

To Our Shareholders:

Information Disclosed on the Internet in connection with
the Notice of the 54th Ordinary General Shareholders' Meeting
(items which are deemed as provided to the shareholders based on the
applicable laws and regulations and the Articles of Incorporation)

Based on the applicable laws and regulations and Article 16 of the Articles of Incorporation, we have posted the following items on our website (<http://www.g-taste.co.jp/>) for your reference, instead of attaching them to the notice of the 54th ordinary general shareholders' meeting.

The following items which are related to Proposal No. 1 of the reference documents for the shareholders' meeting:

- (1) Contents of documents including the financial statements, etc. for the most recent fiscal year of G.networks CO., LTD. and SAKAI CO., LTD.
- (2) Joint Incorporation-Type Split Plan

G.taste Co., Ltd.

- (1) Contents of documents including the financial statements, etc. for the most recent fiscal year of G.networks CO., LTD.

Business Report for the 47th Fiscal Term

(From April 1, 2012 to March 31, 2013)

1. Current Conditions

(1) Business Conditions and Results

During the period under review, the deterioration in the Japanese economy was stemmed by the weakening of the yen and the sharp rise in the Nikkei Stock Average based on expectations for monetary stimulus following the recent election. However, there is lingering uncertainty about growth in domestic demand, for example in corporate production and personal consumption.

The dining out industry continues to be hurt by stagnation in personal consumption and price-cutting reflecting customer frugality, and combined with sharp increases in the cost of raw materials and other factors, the operating environment surrounding the industry remains challenging.

Amidst this environment, in our core dining out business, the Company has continued to steadily improve menus and operations in each of our business categories under the theme of “enhancement of pure product power.”

① In our eating establishments business, we have promoted the “enhancement of pure product power” as our theme to carry out significant improvements to menus and operations. By restaurant category, our flagship category, Omuraisu Tei, has seen a steady rise in sales, and larger Karubi Tairiku and Shabushabu Sukiyaki Shimizu premises are also performing well.

(Omuraisu Tei)

By introducing a menu structure that incorporates seasonal touches (parfait in the summer and doria in the winter), we have seen some improvement to sales at dinner time. Further, we have trialed the “Japanese Taste” menu to appeal to a wider audience, as a result of which we have identified products that can contribute to profits.

(Nagasaki Chanmen)

We have embarked upon significant product improvements in this business year. We have reviewed the noodles and soup, which form the basis for this business, to improve customer satisfaction. We have also endeavored to enhance our appeal to customers through measures including the introduction of new seasonal menus.

② In our educational business, together with improving the skills of our lecturers through professional development, we have focused on sales promotion in an effort to increase student numbers, which forms the basis for our sales. Although this has temporarily affected our profits, we have seen a net increase in student numbers.

③ In the food processing business, we have made peace of mind and safety in the manufacture and sale of “Osechi” our top priority, and have focused on building a reliable system for the manufacture and sale of “Osechi”. As regards the manufacture and sale of “Osechi”, although sales declined due to a reduction in the volume of consignment sales, we have already taken steps to secure sales in the coming business year based on this reliable system.

④ As regards other businesses, we are also engaged in building construction and facility maintenance. This business has been progressing steadily, and has seen significant profit improvements through the acquisition of high-margin contracts.

As a result of the above, this fiscal year we reported 7,297 million yen in sales (3.0% decrease year on year), operating profits of 102 million yen (8.2% decrease year on year), recurring income of 96 million yen (5.3% decrease year on year) and net profits of 28 million yen (net loss of 465 million yen in the previous term).

Sales per Segment this Fiscal Year (47th Term)

Item			Sales	Breakdown	% increase from previous term	
Eating Establishments Business	Restaurants	Nagasaki Chanmen Tonkou Omuraisu Tei Karubi Tairiku, etc.	thousands of yen 4,502,694	% 61.7	% 0.0	
		Taverns	Toriaezu Gohei Otaru Shokudo, etc.	1,158,542	15.9	-9.3
		Other	87,863	1.2	12.4	
	Total		5,749,101	78.8	-1.9	
Education Business	Ekimae Ryugaku NOVA ITTO Kobetsu Shido Gakuin		783,684	10.7	7.2	
Food Processing Business	“Kogen Bokujo Ham” Osechi cuisine “Aji no Hana,” etc.		452,224	6.2	-25.9	
Other Businesses	Building construction and facility maintenance		312,274	4.3	-3.0	
Total for All Businesses			7,297,284	100.0	-3.0	

(Note) Amounts above do not include consumption tax.

(2) Capital Investments

This fiscal year, we have undertaken capital investments totaling 362,674 thousand yen, mainly for establishing new stores and renovating existing stores.

(3) Funds Procurement

In order to appropriate funds to repay loans from financial institutions, on March 18, 2013 the Company issued 300,000 thousand yen first series unsecured convertible bonds with share options, 300,000 thousand yen second series unsecured convertible bonds with share options, and 300,000 thousand yen third series unsecured convertible bonds with share options.

(4) Transfer of Businesses

No businesses were transferred during this fiscal year.

(5) Issues that Need to be Addressed

- ① Establish new stores, develop new franchise member stores and improve brand profitability for flagship brands (Omuraisu Tei, Nagasaki Chanmen, Annyon and others)
- ② Increase store capabilities, development of human resources
- ③ Open up new sales routes for processed food products and Osechi merchandise
- ④ Pursuit of true “Peace of Mind, Safety and Health”
- ⑤ Strengthen compliance regimes
- ⑥ Expand “local production / local consumption” and promote CSR activities

(6) Changes in Assets and Profits/Losses

Category \ By Term	44 th Term (March 2010 term)	45 th Term (March 2011 term)	46 th Term (March 2012 term)	47 th Term (March 2013 term) (This Fiscal Year)
Sales	7,804 million yen	7,348 million yen	7,521 million yen	7,297 million yen
Recurring Income	207 million yen	219 million yen	101 million yen	96 million yen
Net Profits or Losses (-) this Term	57 million yen	11 million yen	-465 million yen	28 million yen
Net Profits or Losses (-) this Term per Share	2.45 yen	0.50 yen	-19.75 yen	1.21 yen
Total Assets	5,320 million yen	5,245 million yen	4,652 million yen	4,491 million yen
Net Assets	2,658 million yen	2,670 million yen	2,204 million yen	2,233 million yen
Net Assets per Share	112.74 yen	113.24 yen	93.49 yen	94.71 yen

(Note) Net Profits or Losses (-) this Term per Share are calculated from the average number of shares outstanding during the term, and Net Assets per Share are calculated from the total number of shares outstanding at the end of term.

(7) Status of Important Parent Companies

Parent Companies, etc.	Type	% of Voting Rights Held by Parent Company	Main Business
Cook Innoventure Co., Ltd.	Parent Company	Indirect 45.82	Controls and manages business activities of companies by holding shares and equity of those companies
G.communications Co., Ltd.	Parent Company	Direct 45.82	Group holdings company, consulting business

(Note) 1. G.communications Co., Ltd., which is the parent company of G.networks CO., LTD., implemented an allocation of new shares to a third party on February 15, 2013, and shares with voting rights equivalent to 68.2% of G.communications Co., Ltd. have been acquired by Cook Innoventure Co., Ltd. As a result, Cook Innoventure Co., Ltd. has become a parent company of G.networks CO., LTD.

2. In an announcement dated May 21, 2013, KOBE BUSSAN CO., LTD. disclosed that Cook Innoventure Co., Ltd., in which it holds 18.9% of the voting rights, will come under the scope of its consolidations and be treated as consolidated subsidiary from the October term (second quarter) of 2013. As a result, as of that date, KOBE BUSSAN CO., LTD. has become a parent company of G.networks CO., LTD.

(Transactional Relationship)

G.networks CO., LTD. has borrowed funds of 445,000 thousand yen from G.communications Co., Ltd., its parent company.

(8) Details of Main Businesses (as of March 31, 2013)

Main Business	Business Type	Major Products Sold and Business Operations
Eating Establishments	Restaurant and Regular Meal Business	Nagasaki Chanmen, Tonkou, Omuraisu Tei, Annyon, Agetenya, Karubi Tairiku, Shabu Shabu Sukiyaki Shimizu, Udon honokawa, others
	Tavern Business	Toriaezu Gohei, Otaru Shokudo, others
Sale of Manufactured Goods	Processed Food Products, etc.	Kogen Bokujo Ham, Osechi cuisine Aji no Hana, others
Education Business	English Conversation and General Tutoring	Ekimae Ryugaku NOVA, ITTO Kobetsu Shidou Gakuin

(9) Major Offices and Plants (as of March 31, 2013)

① Headquarters, Offices and Plants

Name	Location
Yamaguchi HQ	1198-4 Aza Nishiotsuka, Oaza, Nishi Takadomari, Sanyoonoda City, Yamaguchi Prefecture
Food Processing Plant	676-9-1, Aza Eboshiiwaoki, Oaza, Nishi Takadomari, Sanyo Onoda City, Yamaguchi Prefecture
Fukuoka Branch	Brother Hakataekimae Building 4F, 3-12 Hakataekimae 2-chome, Hakata-ku, Fukuoka City
Nagoya Office	8 Arako 2-chome, Nakagawa-ku, Nagoya City
Kobe Office	Bookloan Kobe Building, West Wing 7A, 4-4 Tamondori 2-chome, Chuo-ku, Kobe City

② Eating Establishments in Operation (Units : Stores)

Restaurant name	Tokyo metropolitan	Kansai Region	Okayama Pref.	Hiroshima Pref.	Yamaguchi Pref.	Fukuoka Pref.	Others	Total	Of which FC stores
Omuraisu Tei	9	4		1	2	9	20	45	16
Nagasaki Chanmen		2	8	6	23		1	40	13
Toriaezu Gohei		11	1				1	13	
Tonkou				1	4			5	
Shabushabu Sukiyaki Shimizu		2	1	2	1		1	7	
Annyon				1		2	6	9	3
Karubi Tairiku				1	4			5	
Udon honokawa		4		2			1	7	
Danchu							4	4	4
Juttetsu				1		1	2	4	2
Agetenya	2	2				2	1	7	2
Otaru Shokudo				1				1	
Sumi Ittetsu			2					2	2
Chanko Edosawa			1					1	
Haikaraya		1						1	
Sendai Getaya				1				1	
Total	11	26	13	17	34	14	37	152	42

(10) Employees (as of March 31, 2013)

Number of Employees	Change from Last Term
232	+ 6

(Note) Other than employees shown above, the company employs a large number of part-time and casual workers. Average annual employee numbers based on an 8.0-hour work day is 604 employees.

(11) Major Lenders (as of March 31, 2013)

There are no relevant items.

2. Shares (as of March 31, 2013)

- ① Total Number of Shares Authorized to be Issued by the Company: 36,000,000 shares
- ② Total Number of Issued Shares: 23,584,000 shares (of which 4,726 shares of treasury stock)
- ③ Number of Shareholders as of the End of the Fiscal Year: 7,792
- ④ Major Shareholders (Top 10)

Shareholder Name	Number of Shares Held	Percentage of Shares Held
G.communications Co., Ltd.	10,802,000 shares	45.81%
Client stock ownership	1,021,000 shares	4.33%
Tsuyoshi Higuchi	431,000 shares	1.83%
Japan Trustee Services Bank, Ltd. (Trust account 4)	300,000 shares	1.27%
Nippon Life Insurance Company	260,000 shares	1.10%
Nobuhiro Kawashima	240,000 shares	1.02%
Kineo Okada	200,000 shares	0.85%
Ariake Japan Co., Ltd.	200,000 shares	0.85%
Employee stock ownership	116,358 shares	0.49%
Fujimac Co., Ltd.	104,000 shares	0.44%

(Note) Calculation of percentage of shares held excludes treasury stock (4,726 shares).

3. The Company's Share Options

(1) Status of share options, etc. granted as consideration for performance of duties held by the Company's Directors
Not applicable

(2) Status of share options, etc. granted to the Company's employees, etc. as consideration for performance of duties during the fiscal year under review
Not applicable

(3) Other important matters concerning share options, etc.

(i) First series of unsecured convertible bonds with share options

A summary of share options attached to the Company's first series of unsecured convertible bonds with share options that were issued based on a resolution of the Board of Directors meeting held on February 15, 2013 is shown below.

Issuance date	March 18, 2013
Number of share options	30
Type of shares issued for share options	Common stock
Number of shares issued for share options	The maximum whole number obtained by dividing the total amount of the par value of the bonds associated with exercise requests by the conversion price
Conversion price	Initially ¥87.0 (The conversion price will be adjusted under

	certain conditions.)
Issue price of share options	Gratis
Period for exercise of share options	From April 1, 2013 to March 18, 2020
Conditions for exercise of share options	Partial exercise of each of these share options shall not be permitted.

(ii) Second series of unsecured convertible bonds with share options

A summary of share options attached to the Company's second series of unsecured convertible bonds with share options that were issued based on a resolution of the Board of Directors meeting held on February 15, 2013 is shown below.

Issuance date	March 18, 2013
Number of share options	30
Type of shares issued for share options	Common stock
Number of shares issued for share options	The maximum whole number obtained by dividing the total amount of the par value of the bonds associated with exercise requests by the conversion price
Conversion price	Initially ¥87.0 (The conversion price will be adjusted under certain conditions.)
Issue price of share options	Gratis
Period for exercise of share options	From April 1, 2013 to March 18, 2020
Conditions for exercise of share options	Partial exercise of each of these share options shall not be permitted. If, as a result of the exercise of these share options, the number of voting rights associated with the shares of the Company or its successor company that G.communications Co., Ltd. or its successor company holds (excluding applicable shares that are held via a third party) is less than 40% of the voting rights of all the shareholders of the Company or its successor company, the exercise of these share options shall not be permitted.

(iii) Third series of unsecured convertible bonds with share options

A summary of share options attached to the Company's third series of unsecured convertible bonds with share options that were issued based on a resolution of the Board of Directors meeting held on February 15, 2013 is shown below.

Issuance date	March 18, 2013
Number of share options	30
Type of shares issued for share options	Common stock
Number of shares issued for share options	The maximum whole number obtained by dividing the total amount of the par value of the bonds associated with exercise requests by the conversion price
Conversion price	Initially ¥87.0 (The conversion price will be adjusted under certain conditions.)
Issue price of share options	Gratis
Period for exercise of share options	From March 18, 2014 to March 18, 2020
Conditions for exercise of share options	Partial exercise of each of these share options shall not be permitted. If, as a result of the exercise of these share options, the number of voting rights associated with the shares of the Company or its successor company that G.communication Co., Ltd. or its successor company holds (excluding applicable shares that are held via a third party) is less than 40% of the voting rights of all the shareholders of the Company or its successor company, the

	exercise of these share options shall not be permitted.
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4. Corporate Officers

(1) Directors and Auditors (as of March 31, 2013)

Position	Name	Area of Responsibility	Significant Concurrent Posts
Representative Director and President	Takafumi Akutsu		
Director	Kazuhiko Harada	General Manager of Sales Division I	
Director	Ichiro Kawakami		Director of G.communications Co., Ltd. Director and Vice President of G.taste Co., Ltd. Director of SAKAI CO., LTD.
Director	Yoshinobu Inazumi		Director of G.communications Co., Ltd. Outside Director of G.taste Co., Ltd.
Full-time Auditor	Yoshiharu Matsukane		
Auditor	Daisuke Yamamoto		Director of G.communications Co., Ltd.
Auditor	Kayoko Sato		Corporate Auditor of G.communications Co., Ltd. Outside Auditor of G.taste Co., Ltd. Outside Auditor of SAKAI CO., LTD.
Auditor	Yoshitaka Hata		Director of Hata Accounting Office

- (Note) 1. Directors Ichiro Kawakami and Yoshinobu Inazumi are Outside Directors.
 2. Auditors Daisuke Yamamoto and Kayoko Sato are Outside Auditors.
 3. G.communications Co., Ltd. is the parent company of G.networks CO., LTD. and G.communications Co., Ltd. advises G.networks CO., LTD. regarding the operation and management of the company, as well as provides loans.
 4. G.networks CO., LTD. has signed a comprehensive business partnership agreement with G.taste Co., Ltd. regarding the food and beverage businesses.
 5. G.networks CO., LTD. and SAKAI CO., LTD. have signed an agreement (general licensing agreement) regarding the operation of Yakunikuya Sakai.
 6. G.networks CO., LTD. has appointed Auditor Yoshitaka Hata as its independent officer in accordance with rules of the Tokyo Stock Exchange and have reported this to the Tokyo Stock Exchange. There are no special interests between G.networks CO., LTD. and Auditor Yoshitaka Hata or Hata Accounting Office.

(2) Remuneration of Directors and Auditors

Category	Number of Officers	Amount of Remuneration
Directors	2	23,078 thousand yen
Auditors	3	5,226 thousand yen
Total	5	28,304 thousand yen

(3) Outside Officers

① Main Activities during this Fiscal Year

Category	Name	Main Activities
Outside Director	Ichiro Kawakami	Attended most Board of Directors meetings held in this fiscal year and contributed comments from the point of view of the appropriateness and effectiveness of business management.
Outside Director	Yoshinobu Inazumi	Attended most Board of Directors meetings held after being appointed as a director and contributed comments from the point of view of the appropriateness and effectiveness of business management.
Outside Auditor	Daisuke Yamamoto	Attended most Board of Directors meetings held in this fiscal year and contributed appropriate comments at appropriate times. He also attended most Board of Auditors meetings held and discussed important matters regarding auditing.
Outside Auditor	Kayoko Sato	Attended most Board of Directors meetings held in this fiscal year and contributed appropriate comments at appropriate times. She also attended most Board of Auditors meetings held and discussed important matters regarding auditing.

Outside Auditor	Yoshitaka Hata	Attended most Board of Directors meetings held in this fiscal year and contributed appropriate comments at appropriate times. He also attended most Board of Auditors meetings held and discussed important matters regarding auditing.
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② Other Posts held by Outside Officers

Rank	Name	Other Company	Other Post Held
Director	Ichiro Kawakami	G.communications Co., Ltd. G.taste Co., Ltd. SAKAI CO., LTD.	Director Director Outside Director
Director	Yoshinobu Inazumi	G.communications Co., Ltd. G.taste Co., Ltd.	Director Outside Director
Auditor	Daisuke Yamamoto	G.communications Co., Ltd.	Director
Auditor	Kayoko Sato	G.communications Co., Ltd. G.taste Co., Ltd. SAKAI CO., LTD.	Auditor Outside Auditor Outside Auditor

③ Summary of Limitation of Liability Agreements.

No agreements on limitation of liability have been signed.

④ Total Amount of Remuneration for Outside Officers

Remuneration paid to outside officer this fiscal year was 399 thousand yen, which was paid to one officer.

⑤ Remuneration received as an officer from a parent company or its subsidiary in this fiscal year.

Outside Director 28,000 thousand yen

Outside Auditor 14,618 thousand yen

5. Accounting Auditor

① Name Nagisa Auditing Firm

② Remuneration Pertaining to this Fiscal Year Paid to Accounting Auditor

1. Amount of remuneration pertaining to this fiscal year	16,200 thousand yen
2. Total money and other material benefits owed by the Company to the Accounting Auditor	16,200 thousand yen

(Note) The Auditing Agreement concluded between the Company and the Accounting Auditor does not distinguish between auditing pursuant to the Companies Act and auditing pursuant to the Financial Instruments and Exchange Law, and as these are indistinguishable in practice, the amounts shown above are total amounts.

③ Non Auditing Duties

N/A

④ Policy Regarding Dismissal or Non-reappointment of Accounting Auditor

If the Accounting Auditor is deemed to fall under items stipulated in Article 340, Paragraph 1 of the Companies Act, the Accounting Auditor is dismissed upon agreement by the Board of Auditors.

Aside from the above, where difficulty in the execution of duties by the Accounting Auditor has been recognized, the dismissal or non-reappointment of the Accounting Auditor is put forward at the General Meeting of Shareholders by request or agreement of the Board of Auditors.

6. Summary of Decisions regarding Establishment of Systems to Ensure Correctness of Duties

(1) **Systems for ensuring the execution of duties by directors and employees complies with legislation and the Articles of Incorporation**

- ① The Representative Director and President shall repeatedly communicate the principles of the Company's management philosophy to officers and employees to ensure that full compliance with legislation and ethical norms in society are preconditions for corporate activity.
- ② The administrative headquarters shall be responsible for supervising compliance. The manager in charge of the administrative headquarters shall also serve as the Executive Officer in charge of compliance, and shall be committed to establishing a companywide compliance system and maintaining a grasp on its challenges. A Compliance Committee (which shall include outside members) chaired by the Executive Officer in charge of compliance shall be established within the management board, and this shall discuss important issues regarding compliance and report discussion outcomes to the Board of Directors. Directors in charge of various operations shall analyze compliance specific to their respective departments and formulate practical countermeasures.
- ③ The Company shall build a system to immediately share compliance issues within the administrative headquarters when they are discovered by the Executive Officer in charge of compliance or any Directors or Auditors. It shall also set up an internal reporting system that allows employees to report matters to an internal auditing office. Upon receipt of a report, the internal auditing office shall carry out an investigation and report to the Representative Director and President to implement reoccurrence prevention measures throughout the company.
- ④ Punishment for breach of legislation or the Articles of Incorporation by an employee shall be decided upon by the administrative headquarters. Where there is a breach of legislation or the Articles of Incorporation by an officer, the Compliance Committee shall present concrete punitive measures to the Board of Directors.

(2) **Storage and management of information relating to the execution of duties as director**

The Representative Director and President shall put the manager of the administrative headquarters in charge of the storage and management of information relating to the execution of duties as a Director for the Company as a whole. Based on the document handling regulations laid down by that manager, information regarding the execution of duties shall be recorded in writing or via electronic media and stored. Directors and Auditors shall be able to view such documents at any time in accordance with the document management regulations. Document management regulations require the approval of the Board of Directors.

(3) Regulations and other systems related to risk management for losses

Under the risk management regulations, responsible departments are allocated for each risk category within the Company. The manager of the administrative headquarters shall be appointed as the general manager of risks throughout the company, and comprehensive and unified management of all risks carried by the company shall be carried out by the administrative headquarters. Any new risks that may occur shall be allocated to a responsible department immediately. The internal auditing department shall audit risk management statuses of each department and periodically report audit outcomes to the management board. Improvement measures shall be discussed and decided upon at meetings of the management board.

(4) Systems to ensure the effective execution of duties as a director

The following business management systems shall be administered to allow improved effectiveness in the execution of duties as a Director.

- ① Formulate rules for decision making and limits of authority.
- ② Establish a management board with Directors and Executive Officers as its members.
- ③ Establish performance goals and budget allocations for each business department based on a midterm management plan set out by the Board of Directors, and undertake monthly and quarterly performance management utilizing information technology.
- ④ Undertake monthly performance reviews and implement improvement measures through the management board and the Board of Directors.

(5) Systems to ensure the correct execution of duties in the corporate group comprising the Company and its parent companies and subsidiary companies

The Company shares a common management philosophy and vision for the corporate group with Cook Innoventure Co., Ltd. and the parent company, G.communications Co., Ltd. The functions and role of the Company within the group are clearly defined. When necessary, the various rules and regulations pertaining to the Company's internal controls are revised or newly drafted. All of this is to ensure that business execution of the corporate group and the Company is conducted properly.

(6) Where an Auditor requests an employee as an assistant, matters pertaining to that employee and matters pertaining to ensuring the independence of that employee from the Directors

- ① When requested by an Auditor, an auditing office shall be established, staffed by employees who shall assist with auditing duties.
- ② The Board of Auditors shall receive reports from the manager of the administrative headquarters regarding staffing changes in the auditing office prior to such changes, and where necessary, can request amendments to staffing changes citing reasons for the request to the manager of the administrative headquarters. Also, where relevant employees are to be reprimanded, the manager of the administrative headquarters shall receive the prior approval of the Board of Auditors.

(7) Systems for Directors and employees to report to auditors and other systems for reporting to Auditors

- ① Directors shall report the following matters to the Board of Auditors.
 - (a) Decisions of the management board
 - (b) Matters that may cause significant harm to the company
 - (c) Matters that are significant to the monthly business administration status
 - (d) Matters significant to internal audit conditions and risk management
 - (e) Serious breaches of legislation and the Articles of Incorporation
 - (f) Internal reports and their content
 - (g) Other matters significant to compliance
- ② Employees are able to directly report matters to Auditors if they discover significant facts pertaining to items (b) and (e) above.

(8) Other systems to ensure that audits by Auditors are carried out effectively

The Company shall establish a system that allows Auditors to interview Directors, Executive Officers and important employees and periodically discuss matters with the Representative Director and President, the internal auditing department and the Accounting Auditor.

(9) Basic way of thinking and procedures for removing antisocial elements

- (1) Respond to antisocial elements in a firm manner and block any ties or dealings with such elements.
- (2) Deal with inappropriate demands from antisocial elements as an entire organization while ensuring the safety of officers and employees who deal with such elements.
- (3) Strengthen partnerships with police, lawyers and other external professional agencies in normal times to prepare for possible contact with antisocial elements, and establish systems to be able to immediately report and discuss matters with external professional agencies.
- (4) Utilize internal and external agencies to assess new dealings or similar events to confirm that the parties involved are not antisocial elements.

Balance Sheet
(as of March 31, 2013)

Units : thousand yen

Item	Amount	Item	Amount
【Assets】		【Liabilities】	
Current Assets	806,800	Current Liabilities	1,147,020
Cash and Deposits	138,057	Accounts Payable - Trade	210,971
Bills Receivable	109	Short-term Loans Payable to affiliates	445,000
Accounts Receivable - Trade	249,088	Accounts Payable-Other	346,531
Products and Merchandise	57,767	Accrued Corporation Tax, etc.	61,886
Goods in Progress	1,900	Accrued Consumption Tax, etc.	22,323
Raw Materials and Stored Goods	72,676	Accrued Expenses	2,222
Prepaid Expenses	90,612	Deposits Received	12,036
Current Portion of Construction Assistance Fund Receivables	29,232	Reserve for Bonuses	13,440
Deferred Tax Assets	56,553	Asset Retirement Obligations	3,669
Deposits Paid	93,447	Other	28,938
Accounts Receivable - Other	23,859	Fixed Liabilities	1,111,312
Other	10,478	Bonds with Share Options	882,091
Allowance for Doubtful Accounts	-16,985	Asset Retirement Obligations	150,889
Fixed Assets	3,684,632	Long-term Deposits Received	70,643
(Tangible Fixed Assets)	2,380,299	Other	7,688
Buildings	962,219	Total Liabilities	2,258,332
Structures	60,003	【Net Assets】	
Machinery and Equipment	18,690	Shareholder's Equity	2,233,099
Vehicles and Transport Equipment	73	Capital Stock	1,715,000
Tools and Equipment	125,730	Capital Surplus	521,970
Land	1,212,922	Capital Reserves	521,970
Construction in Progress	660	Retained Earnings	-3,132
(Intangible Fixed Assets)	51,472	Other Retained Earnings	-3,132
Leasehold Rights	20,577	Deferred Retained Earnings	-3,132
Software	8,608	Treasury Stock	-738
Telephone Subscription Rights	22,075	Total Net Assets	2,233,099
Rights to Use of Facilities	210	Total Liabilities and Net Assets	4,491,432
(Investments and Other Assets)	1,252,859		
Investment Securities	13,172		
Long-term Loans	18,388		
Claims provable in rehabilitation from bankruptcy	3,497		
Long-term Prepaid Expenses	15,166		
Deferred Tax Assets	162,745		
Construction Assistance Fund Receivables	195,995		
Guarantee Deposits	852,784		
Other	5,364		
Allowance for Doubtful Accounts	-14,255		
Total Assets	4,491,432		

Profit and Loss Statement

(For the period between April 1, 2012 and March 31, 2013)

Units: thousand yen

Item	Amount	
Sales		7,297,284
Cost of Sales		2,866,661
Gross Profit		4,430,622
Selling, General and Administrative Expenses		4,328,227
Operating Profits		102,395
Non-operating Income		
Interests and Dividends Received	3,476	
Sponsorship Income	19,231	
Lease Income	71,502	
Other	28,566	122,777
Non-operating Expenses		
Interest Paid	25,967	
Interest on Bonds	91	
Bond Issuance Expenses	9,239	
Guarantees Paid	10,105	
Lease Expenses	79,647	
Other	3,861	128,911
Recurring Income		96,260
Extraordinary Profits		
Gain on Sales of Fixed Assets	84,177	84,177
Extraordinary Losses		
Loss on Sales of Fixed Assets	56	
Loss on Retirement of Fixed Assets	16,467	
Loss on Store Closures	20,370	
Impairment Losses	117,070	153,965
Current Term Profit Before Tax		26,473
Corporate and Other Taxes		
Corporate Tax, Residence Tax and Business Tax	53,823	
Corporate Taxes etc. Adjustment	-55,970	-2,147
Current Term Net Profit		28,620

Statement of Shareholders' Equity

(For the period between April 1, 2012 and March 31, 2013)

Units: thousand yen.

	Shareholders' Equity				
	Capital	Capital Surplus		Retained Earnings	
		Capital Reserves	Total Capital Surplus	Other Retained Earnings Deferred Retained Earnings	Total Retained Earnings
Opening Balance at the Start of this Fiscal Year	1,715,000	521,970	521,970	-31,752	-31,752
Changes During the Current Fiscal Year					
Current Term Net Profit				28,620	28,620
Acquisition of Treasury Stock					
Total Changes during this Fiscal Year	—	—	—	28,620	28,620
Closing Balance at the End of this Fiscal Year	1,715,000	521,970	521,970	-3,132	-3,132

	Shareholders' Equity		Total Net Assets
	Treasury Stock	Total Shareholders' Equity	
Opening Balance at the Start of this Fiscal Year	-727	2,204,490	2,204,490
Changes During this Fiscal Year			
Current Term Net Profit		28,620	28,620
Acquisition of Treasury Shares	-11	-11	-11
Total Changes during this Fiscal Year	-11	28,609	28,609
Closing Balance at the End of this Fiscal Year	-738	2,233,099	2,233,099

Notes to Financial Statements

(Notes on matters related to important accounting policies)

1. Evaluation standards and methods for securities
 - Other securities
 - With current price Market value method based on market price or similar on the last day of the settlement period is applied (unrealized gains and losses shall be reported as a component of net assets, sale cost shall be calculated using the moving-average method).
 - Without current price Cost accounting method using the moving-average method is applied.

2. Evaluation standards and methods for inventory
 - (1) Products, work-in-progress and raw materials (purchased by factories) Cost accounting method using the weighted-average method is applied (values on the balance sheet are calculated using the book value write-down method based on declining profitability).
 - (2) Work-in-progress (building construction and facility maintenance business) Cost accounting method using the identified cost method is applied (values on the balance sheet are calculated using the book value write-down method based on declining profitability).
 - (3) Merchandise, raw materials (purchased by stores) and supplies Last cost method is applied (values on the balance sheet are calculated using the book value write-down method based on declining profitability).

3. Depreciation method for fixed assets
 - (1) Tangible fixed assets Fixed rate method
(Excluding leased assets) However, buildings acquired after April 1, 1998 (excludes building fixtures and fittings) are accounted for using the straight line method. Also, buildings acquired prior to March 31, 2007 are depreciated using a method that applies straight line depreciation for 5 years from the year after the asset has finished depreciating to the depreciable price.
 - (2) Small depreciable assets..... Assets with an acquisition price of between 100 thousand yen and 200 thousand yen are depreciated using the straight line method over a 3-year period.
 - (3) Intangible fixed assets..... Straight line method is used.
(Excluding leased assets) Further, software used by the Company is accounted for based on the usable period within the company (5 years).
 - (4) Leased assets Straight line method that deems the lease period as the service life and the remaining value as 0 is applied.

4. Deferred assets
 - Bond issuance expenses Treated as the total amount of expenses at the time of outlay.

5. Accounting standards for allowances
 - Allowances for doubtful accounts..... To prepare for losses on doubtful accounts, estimated unrecoverable amounts are calculated on general loans using previous loan loss ratios, and for specific loans with the potential for default, the potential for recovery is considered on an individual basis.
 - Allowances for bonuses..... To prepare for bonus payments to employees, allowances are calculated based on projected payment amounts.
 - Allowances for losses on store closures... To prepare for store closures and accompanying losses, projected losses related to store closures are calculated using costs that can be projected rationally, such as early withdrawal penalties for contracts. Provided, however, that there is no expected loss caused by store closure for this fiscal year. Thus, no such projected loss is calculated.

6. Accounting standards for income and expenses
 - In the building construction and facility maintenance business, the percentage of completion method is used for projects to account for progress made by the end of the fiscal year (percentage of progress

of projects is estimated by the cost-to-cost method). The completed contract method is applied for other construction projects.

7. Accounting for consumption taxes.
Tax exclusion method is applied.

(Notes to Change of accounting policy)

change of depreciation and amortization methods

Following revisions to the Corporate Tax Law, starting in this fiscal year, a modified depreciation method based on the revised Corporate Tax Law has been applied to tangible fixed assets acquired after April 1, 2012.

Due to this change, operating profits, recurring income and net profits before tax in this fiscal year have increased by 7,902 thousand yen compared to the previous method.

(Notes regarding the Balance Sheet)

1. Total depreciation for tangible fixed assets	3,847,506 thousand yen
2. Monetary claims and monetary liabilities relating to affiliated companies	
Short-term monetary claims related to affiliates	100 thousand yen
Short-term monetary liabilities related to affiliates	459,739

(Notes to the Profit and Loss Statement)

1. Transaction amounts with consolidated companies	
Transaction amounts for business transactions	
Sales	1,594 thousand yen
Amount of purchase	55
Selling, general & administrative expenses	24,671
Transaction amount other than for business transactions	455,142

2. Impairment losses

The Company has accrued impairment losses for the following asset groups.

Usage	Type	Location
Stores / School Buildings	Buildings, Structures and Land	Hagi City, Yamaguchi Pref. and others 20 locations in total
Idle Assets	Land	One location in Ube City, Yamaguchi Pref.

The Company groups assets using the store as the minimum unit for generating cash flow and per property for leased assets and idle assets.

We have deemed it necessary to apply asset impairment accounting to stores and other properties that have generated losses stemming from their sales activities and are expected to continue to do so, and to properties and idle assets experiencing plummeting land values. For those assets that were considered to be impairment targets, book values have been reduced to the recoverable amount and the applicable reduction was booked under extraordinary losses as an impairment loss of 117,070 thousand yen under special losses. The breakdown was buildings 66,892 thousand yen, structures 1,764 thousand yen and land 48,412 thousand yen.

Further, for recoverable amounts for these asset groups, a discount rate measured from usage value of 1.9% is applied in most cases, but for the recoverable amount for idle assets, the net sale value calculated based on the fixed assets tax appraisal values etc. is used.

(Notes regarding the Statement of Shareholders' Equity)

1. Type and Number of Shares Outstanding as of the end of this Fiscal Year	
Common Shares	23,584,000 shares
2. Type and Number of Treasury Stock as of the end of this Fiscal Year	
Common Shares	4,726 shares

(Notes regarding Tax Effect Accounting Methods)

1. Breakdown of Deferred Tax Assets and Deferred Tax Liabilities by Main Causes
Deferred Tax Assets

Allowance for Doubtful Accounts	9,664 thousand yen
Unpaid Business Tax	3,079
Deferred Losses	166,535
Impairment Losses	219,350
Valuation Loss on Investment Securities	7,093
Allowance for Bonuses	5,080
Deferred Income	9,466
Asset Retirement Obligations	54,801
Other	4,677
Subtotal	479,749
Valuation Reserve	-239,310
Deferred Tax Assets Total	240,438
Deferred Tax Liabilities	
Asset Retirement Expenses	-21,138
Deferred Tax Liabilities Total	-21,138
Net Value of Deferred Tax Assets	219,299

(Notes regarding Financial Products)

1. Matters regarding Status of Financial Products

(1) Methods for Handling Financial Products

The Company operates its business with eating establishments and educational facilities at its core. We procure funds required (mainly loans or issuance of bonds), based on facility investment plans for these activities.

Surplus funds that are available temporarily are invested as financial assets with a high level of security. Short-term funds are procured mainly via loans. Our policy is not to engage in speculative transactions.

(2) Financial Products and Their Risks

Accounts receivable-trade, which are trade receivables, are subject to credit risk from customers.

We also engage in long-term loans to franchisees, which are subject to credit risk from borrowers.

Deposits for leases and guarantee deposits mainly accompany leases for land and buildings used for stores, and are subject to credit risk from lessors.

Accounts payable-trade and accounts payable-other, which are both trade liabilities, mostly have payment deadlines within a 3-month period.

(3) Risk Management Systems for Financial Products

① Credit Risk Management (risk pertaining to breach of contract, etc. by the transaction partner)

In accordance with credit management regulations, each business department periodically monitors the status of major trading partners with regards to trade liabilities and long-term loans, and manages settlement dates and balances for each transaction partner, while working to recognize recovery concerns stemming from a deterioration in financial standing etc. at an early stage and to mitigate such issues.

② Liquidity Risk Management pertaining to Funds Procurement (risk that payment cannot be made on payment dates)

Based on reports from each department, the department in charge will draft and update financing plans in a timely manner to manage liquidity risks.

(4) Additional Explanation of Matters Regarding Current Price of Financial Products.

The current price of financial products is not only the value based on market prices. Where market prices are not available, rationally calculated values are inserted. As fluctuation factors are incorporated into the calculation of these values, valuations may differ if using different preconditions.

2. Matters Regarding Current Value of Financial Products

Amounts shown on the Balance Sheet as of March 31, 2013, current values and their differences are as shown below. Where it is considered extremely difficult to grasp the current value, those items are not included. (Refer to (Note 2).)

	Value on Balance Sheet	Current Value	Difference
(1) Cash and deposits	138,057 thousand yen	138,057 thousand yen	- thousand yen
(2) Accounts Receivable - Trade	249,088	249,088	—
(3) Short-term and Long-term Loans (includes current portions)	20,779		
Allowance for Doubtful Accounts (*)	-11,371		
Total	9,408	10,784	1,375
(4) Construction Assistance Fund Receivables (includes current portions)	225,227	231,856	6,629
(5) Guarantee Deposits	95,384	94,863	-520
Total Assets	717,167	724,651	7,484
(1) Accounts Payable-trade	210,971	210,971	—
(2) inter-company short-term loans	445,000	445,000	—
(3) Accounts Payable-other	346,531	346,531	—
(4) Corporate Bonds	882,091	882,091	—
Total Liabilities	1,884,594	1,884,594	—

(*) Excludes allowances for doubtful debts accounted for individually under loans.

(Note 1) Method for Calculating Current Value of Financial Products

Assets

(1) Cash and Deposits

As cash and deposits are settled on a short-term basis, the current value is similar to the book value. Therefore, we have used the book value.

(2) Accounts Receivable - Trade

As accounts receivable - trade is settled on a short-term basis, the current value is similar to the book value. Therefore, we have used the book value.

(3) Short-term and Long-term Loans

The current value of loans is calculated using a discounted present value of the projected collectable amount of the principle and interest reflecting collectability, derived by discounting the projected collectable amount using an appropriate index relevant to the projected recovery period such as government bond yields.

(4) Construction Assistance Fund Receivables

The current value of construction assistance fund receivables is calculated using a discounted present value of the projected collectable amount reflecting collectability, derived by discounting the projected collectable amount using an appropriate index relevant to the projected recovery period such as government bond yields.

(5) Guarantee Deposits

The current value of guarantee deposits is calculated using a discounted present value of the projected collectable amount reflecting collectability, derived by discounting the collectable amount using an appropriate index relevant to the projected recovery period such as government bond yields.

Liabilities

(1) Accounts Payable-trade, (2) Inter-company short-term loans and (3) Accounts Payable-other

As these are settled on a short-term basis, the current value is similar to the book value. Therefore, we have used the book value.

(4) Bonds with share options

It is calculated by the present value, in which the aggregate amount of principal and interest is discounted by the expected rate of similar bond issuance.

(Note 2) Financial Products with Current Values that are Very Difficult to Ascertain

Category	Value on Balance Sheet
Unlisted Shares	13,172 thousand yen
Guarantee Deposits	757,400

Unlisted shares do not have a market value, and the current value is deemed highly difficult to ascertain, so they are not included in the Balance Sheet.

Also, certain guarantee deposits have repayment periods which cannot be estimated logically, and the current value is deemed very difficult to ascertain, so they are not included under "(5) Guarantee Deposits".

(Notes on Equity Earnings of Affiliates)

N/A

(Notes on Asset Retirement Obligations)

Asset retirement obligations (hereinafter, "ARO") included in the balance sheet:

1. Overview of AROs Included in the Balance Sheet

These are mainly current recovery obligations associated with stores and school buildings and real estate lease agreements for sites for stores and school buildings.

2. Calculation Method of Monetary Amounts for these AROs

The usage period is estimated to be the useful life of these buildings, and discount rates between 0.050% and 2.294% are applied to calculate the monetary amounts.

3. Changes in the Total Amount of these AROs during this Fiscal Year

Opening Balance	132,769 thousand yen
Increase due to Tangible Fixed Asset Acquisition	47,702
Adjustments based on Passage of Time	1,320
Reductions from Executing Asset Retirement Obligations	-27,233
Closing Balance	154,558

(Notes on Transactions with Related Parties)

(1) Parent Companies and Major Corporate Shareholders, etc.

Type	Name of Company, etc.	Percentage of Voting Rights Held	Relationship to related party	Description of transaction	Transaction Amount (thousand yen) (Note 1)	Category	Closing Balance (thousand yen)
Parent Company	G.communications Co., Ltd.	Direct 45.82% (held)	Group holding company Consulting business	Loan*1	445,000	Inter-company short-term loan	445,000
				Payment of interest	36	Unpaid portion	36

Transaction conditions and policy for deciding transaction conditions, etc.:

(Note 1) Of the amount above, transaction amounts do not include consumption tax but the closing balance includes consumption tax.

(Note 2) Decision making policy, etc. for transaction and transaction conditions

*1 As to loan, interest rate is reasonably decided based on market interest rate. No collateral is provided.

(2) Notes on the Parent Company.

Parent Company Data:

Cook Innoventure Co., Ltd. (unlisted)

G.communications Co., Ltd. (unlisted)

(Notes on Per Share Data)

Net Assets per Share 94.71 yen

Current Term Net Profit per Share 1.21 yen

(Notes on Significant Events After the Reporting Period)

1. At the meeting of the Board of Directors held on May 15, 2013, a resolution was passed to conduct a joint incorporation-type company split of the respective restaurant operation businesses of G.taste Co., Ltd. ("G.taste"), SAKAI CO., LTD. ("SAKAI") and the Company to establish Cook Operation Co., Ltd. ("Cook Operation") with an effective date of August 1, 2013.

(1) Purpose of the joint incorporation-type company split

The purpose of this action is to delegate authority to the business operation subsidiary to be formed by this demerger over the portion of the food service business being operated by the combination of the three companies consisting of the direct restaurant business in order to accurately seize upon the changing wishes and lifestyles of consumers, respond to the trends and conditions present at competing stores, and respond flexibly to the changing environment.

(2) Method for conducting the joint incorporation-type company split

A company split will be conducted by the combined three companies to jointly establish Cook Operation as a new company by a joint-incorporation-type company split.

(3) Summary of new company established by the joint incorporation-type company split

Trade Name:	Cook Operation Co., Ltd.
Location of Head Office:	Nagoya, Kita-ku
Name of Representative:	Takafumi Akutsu, Director; Fumiyasu Inayoshi, Director
Amount of Capital:	¥50,000,000
Content of Business:	Operation of restaurants

(4) Summary of accounting procedures to be implemented

Since this action will result in G.communications Co., Ltd. becoming the parent company of all the three companies upon their integration, it corresponds to the transactions, etc. will be under common control.

2. At the meeting of the Board of Directors held on May 15, 2013, a resolution was passed to conduct an absorption-type merger effective August 1, 2013 of G.taste, SAKAI and the Company with G.taste to be the surviving company. The following is a summary of the merger.

(1) Purpose of the merger

The purpose of combining the operations of G.taste, SAKAI and the Company will be to promote the standardization of transaction relationships nationwide that include stocking and distribution, create an integrated system of operation and management, strengthen competitiveness by concentrating managerial resources and raising efficiency, expand sales and improve the rate of profitability.

(2) Method for conducting the merger

An absorption-type merger will be conducted with G.taste as the surviving company, and SAKAI and the Company as the companies absorbed in the merger.

(3) Basis for calculating the allotment details pertaining to the merger

To ensure fairness and appropriateness concerning the merger ratios, the three companies each hired a third-party appraiser that is independent from each of the others to calculate the merger ratios. G.taste hired Albaace Securities Co., Ltd., SAKAI hired Matsuyama Accounting Firm and the Company hired Frontier Management Co., Ltd. With regard to the calculation, since market prices exist for the common stock of each of the three companies, a method that averages the stock prices will be employed with the calculation carried out by means of this method.

(4) Summary of the surviving company in the merger

Trade Name:	G.taste Co., Ltd.
Location of Head Office:	Sendai, Miyagino-ku
Name of Representative:	Hideo Sugimoto, Representative Director and President (to be appointed on August 1, 2013); Fumiyasu Inayoshi, Representative Director and Vice President (currently Representative Director and President)
Amount of Capital:	¥1,785,000,000 (as of end of March 2013)
Content of Business:	Direct operation of restaurants, franchise business, education and training business (as of end of March 2013)

(5) Summary of accounting procedures to be implemented

Since this action will result in G.communications Co., Ltd. becoming the parent company of all three companies upon their integration under the Accounting Standard for Business Combination, transactions will be under common control and, thus, there is an expectation that no goodwill will accrue.

Certified Copy of Audit Report by Accounting Auditor

Independent Auditor's Report

May 24, 2013

To the Board of Directors
G.networks Co., Ltd.

Nagisa Auditing Firm

Representative

Partner

Engagement

Partner

Representative

Partner

Engagement

Partner

Hiroki Nishii, CPA ·seal

Yutaka Ohira, CPA ·seal

In accordance with the provisions of Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the financial statements, comprising the Balance Sheet, the Profit and Loss Statement, the Statement of Shareholders' Equity, the notes to the financial statements and their attachments, of G.networks Co., Ltd. applicable to the 47th fiscal year from April 1, 2012 to March 31, 2013.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements and their attachments according to corporate accounting standards that are generally accepted as fair and appropriate in Japan. This includes establishing and applying internal controls that management deems necessary to prepare and present financial statements and their attachments that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and their attachments based on our audit as an independent auditor. We carried out our audit in accordance with auditing standards that are generally accepted as fair and appropriate in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and their attachments are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the monetary amounts and disclosures in the financial statements and their attachments. Auditing procedures are chosen and applied depending on our judgment based on the assessment of the risks of material misstatement of the financial statements and their attachments, whether due to fraud or error. The purpose of the audit is not to express opinions on the validity of internal controls. However, in making risk assessments, we consider internal controls relevant to the preparation and fair presentation of the financial statements and their attachments to design auditing procedures that are appropriate in the circumstances. Also, the audit includes an assessment of the accounting policies adopted by the management and their accounting estimates, as well as evaluating the overall presentation of the financial statements and their attachments.

We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the financial statements and their attachments referred to above were prepared in accordance with corporate accounting standards that are generally accepted as fair and appropriate in Japan, and that the state of assets and profits and losses pertaining to the accounting period for the financial statements and their attachments are presented fairly in all significant aspects.

Points for emphasis

1. As stated in the Notes Concerning Material Subsequent Events, at the meeting of its Board of Directors held on May 15, 2013, the Company resolved to conduct a joint incorporation-type company split among itself, G.taste Co., Ltd. and SAKAI CO., LTD. with an effective date of August 1, 2013 whereby their respective restaurant operations will be assumed by Cook Operation Co., Ltd.
2. As stated in the Notes Concerning Material Subsequent Events, at the meeting of its Board of Directors held on May 15, 2013, the Company resolved to conduct an absorption merger among itself, G.taste Co., Ltd. and SAKAI CO., LTD. with an effective date of August 1, 2013 with G.taste Co., Ltd. to be the surviving company.

Neither of the above-mentioned events has affected the conclusions of the audit firm.

Conflict of Interest

Our firm and engaged partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law.

END

Certified Copy of the Audit Report by the Board of Auditors

Audit Report

The Board of Auditors has reviewed and discussed the audit report prepared by each Auditor with respect to the execution of duties by Directors during the 47th fiscal year, starting on April 1, 2012, and ending on March 31, 2013, and has prepared the following audit report.

1. Means and methods of audits used by Auditors and the Board of Auditors

The Board of Auditors established audit policies, division of duties and other relevant matters. It received reports from each Auditor regarding their execution of audits and results thereof, as well as reports from Directors, etc., and Accounting Auditors regarding the execution of their duties, and requested explanations where necessary.

In accordance with auditing standards for Auditors set forth by the Board of Auditors and following audit policies, division of duties and other relevant guidelines, each Auditor communicated with Directors, the internal auditing department and other employees; made efforts to develop the audit environment and collect information; attended Board of Directors meetings and other significant meetings; received reports from Directors and employees regarding the execution of their duties; requested explanations as necessary; examined significant approval records and associated information; and investigated the status of operations and property at the head office and other major offices. In addition, Auditors monitored and verified the contents of the resolution of the Board of Directors regarding the development of systems necessary to ensure that the execution of duties by Directors complies with legislation and the Articles of Incorporation, and other systems, deemed to be necessary for ensuring the properness of a joint-stock company under Article 100, Paragraph 1 and Paragraph 3 of the Ordinance for the Enforcement of the Companies Act and the operations of the system developed based on such resolution (internal control system). Based on the above means and methods, each Auditor examined the business reports and attachments pertaining to this fiscal year.

Further, while monitoring and verifying whether the Accounting Auditor maintained its independence and implemented appropriate audits, each Auditor received reports from the Accounting Auditor regarding the execution of its duties and requested explanations as necessary. In addition, each Auditor received notification from the Accounting Auditor that 'systems to ensure the fair execution of duties' (prescribed under Article 130 of the Ordinance of Companies Accounting in Japan) were established in accordance with the 'Quality Management Standards Regarding Audits (published by the Business Accounting Council, as of October 28, 2005), etc., and requested explanations as necessary. Based on the above means and methods, each Auditor examined the financial statements (Balance Sheet, Profit and Loss Statement, Statement of Shareholders' Equity and notes to financial statements) and their attachments pertaining to this fiscal year.

2. Audit Results

(1) Results of the audits of the business reports and other documents

- (1) The Board confirms that the business reports and their attachments give an accurate indication of the present state of the Company in compliance with applicable legislation and the Articles of Incorporation.
- (2) The Board has found no wrongdoing or significant breaches of legislation or the Articles of Incorporation in regard to the execution of duties by Directors.
- (3) The Board has confirmed that the content of the resolution of the Board of Directors regarding the internal control system is appropriate, and there are no matters to report regarding the execution of duties by Directors in relation to the internal control system.

(2) Results of the audits of the financial statements and their attachments

The Board has confirmed that the methods and results of the audits by the Accounting Auditor, Nagisa Auditing Firm, are appropriate.

May 27 2013

Board of Auditors, G.networks CO., LTD.

Full-time Auditor	Yoshiharu Matsukane	•seal
Auditor	Daisuke Yamamoto	•seal
Auditor	Kayoko Sato	•seal
Auditor	Yoshitaka Hata	•seal

(Note) Auditors Daisuke Yamamoto, Kayoko Sato and Yoshitaka Hata are Outside Auditors, pursuant to Article 2, Item 16 and Article 335, Paragraph 3 of the Companies Act.

END

Contents of documents including the financial statements, etc. for the most recent fiscal year of SAKAI CO., LTD.

BUSINESS REPORT

From: April 1, 2012

To: March 31, 2013

1. Matters Concerning the Current Status of the Company

(1) Progress and results of business

During the fiscal year under review, the Japanese economy experienced a moderate recovery supported by reconstruction demand after the Great East Japan Earthquake, but showed a weak trend due to the downturn in the European and US markets and the slowdown in emerging economies. However, since the change of administration in December 2012, the future outlook remained uncertain as the yen continued to depreciate dramatically and stock prices rose. In the restaurant industry, deflation continued due to anxiety regarding the future of the income environment, amid a tendency toward saving caused by concern about a hike in the rate of consumption tax and a trend where consumers refrained from eating out. Furthermore, owing to competition within the industry, the surrounding business environment remained severe.

Against this backdrop, in order to enhance customer satisfaction, the Company devised the slogans “I want to go there again, I’ll never get tired of it” and “It’s fun”, and implemented special menus on a regular basis with the aim of creating restaurants that bring customers back again. In addition, utilizing the knowledge and experience regarding meat that we have cultivated over many years, we engaged in initiatives to strengthen the existing yakiniku type of business and make it more attractive. For example, after inspecting meat processing plants, adequately checking manufacturing processes and confirming quality, we carried out sales of yukhoe based on thorough “security and safety” standards. In addition to the yakiniku business format, which is our major type of business, during the fiscal year under review, we converted two restaurants to directly operated Italian order buffet “Buffet Olive” establishments, which is a format that meets the diversifying needs of customers.

As a result, in the fiscal year under review, the Company posted net sales of ¥5,483 million (down 5.3% year on year), operating income of ¥121 million (compared to an operating loss of ¥97 million in the previous fiscal year), ordinary income of ¥185 million (compared to an ordinary loss of ¥31 million), and net income of ¥73 million (versus a net loss of ¥292 million).

(2) Status of capital investment

The total amount of capital investment in the fiscal year under review was ¥108 million. The main uses of this investment were the following.

(i) Major facilities completed during the fiscal year under review

Buffet Olive Iwatsuka restaurant

Refurbishment work, etc. associated with change of format

(ii) Opening, expansion or modification of ongoing major facilities during the fiscal year under review

Not applicable

(3) Status of financing

For the purpose of appropriation as part of funds for the repayment of borrowings from financial institutions, on March 18, 2013, the Company issued ¥300 million of second series unsecured convertible bonds with share options, ¥300 million of third series unsecured convertible bonds with share options, and ¥300 million of fourth series unsecured convertible bonds with share options.

(4) Status of business transfers, absorption-type company splits or new company splits

Not applicable

(5) Issues to address

In regard to the Company's business management, competition is expected to intensify among companies in the industry and the management environment is forecast to remain severe amid growing consumer awareness regarding food safety and the diversification of customer tastes.

Under these conditions, the Company aims to establish new brands that can meet the diversifying desires of customers, with a focus on strengthening brand power in order to enhance customer satisfaction and the ability to attract customers. To achieve this goal, we are tackling the following issues.

(i) Enhancement of restaurant capabilities and development of human resources

Securing human resources and developing human resources are important issues for the Company's growth. In regard to securing human resources, the Company will actively recruit new graduates that will become future management candidates and engage in hiring mid-career employees that will immediately become effective personnel. As for human resource development, we will focus our efforts on developing and implementing an education system that will provide education systematically with the aim of strengthening the management of skills training to enhance customer satisfaction as well as customer service training and the development of management candidates.

(ii) Provision of better secure and safe products

We recognize that ensuring the safety of products is the highest priority for a restaurant company. In our restaurants, we have been appropriately reviewing manuals for the handling of meals and ingredients, thoroughly carrying out employee education and endeavoring to bolster restaurant operations. In addition, in regard to purchasing, we have been inspecting overseas meat processing plants with which suppliers have concluded contracts as well as checking and inspecting quality and shipment systems as occasion calls. To provide a stable supply of secure and safe products, we will continue efforts to ensure even more thorough management.

(6) Trends in status of assets, and profits and losses

Category	30th Fiscal Year (ended March 31, 2010)	31st Fiscal Year (ended March 31, 2011)	32nd Fiscal Year (ended March 31, 2012)	33rd Fiscal Year (ended March 31, 2013)
Sales (in thousand yen)	7,483,929	7,020,620	5,787,373	5,483,071
Ordinary income (loss) (in thousand yen)	121,324	118,901	(31,884)	185,850
Net income (loss) (in thousand yen)	(162,336)	(263,063)	(292,979)	73,053
Net income (loss) per share (¥)	(7.29)	(11.48)	(12.51)	3.12
Total assets (in thousand yen)	5,009,672	4,770,995	4,384,455	4,282,859
Net assets (in thousand yen)	1,977,272	1,814,203	1,521,223	1,594,276

yen)				
Net assets per share (¥)	87.95	77.45	64.94	68.06

Notes:

1. In the 30th fiscal year, the Company converted eight restaurants to the “Osaka Karubi” format, a low-priced yakiniku business format. However, owing to deterioration in restaurant sales caused by the transfer of product and distribution transactions and sluggish consumer spending, sales and profits declined, as in the previous fiscal year.
2. In the 31st fiscal year, the Company aggressively developed the Osaka Karubi format (by opening two new restaurants and converting the format of 11), as in the previous year. Nevertheless, sales and profits ended up declining year on year due to the cooling of consumer sentiment stemming from weak personal income and severe employment conditions.
3. In the 32nd fiscal year, sales and profits declined year on year due to the impact of damage from the occurrence of yukhoe food poisoning and harmful rumors caused by cattle fed with cesium-contaminated rice straw.
4. In regard to the fiscal year under review, please refer to “(1) Progress and results of business” above.

(7) Status of major parent companies

Parent company, etc.	Attribute	Parent company's percentage of voting rights held (%)	Main business activities
Cook Innoventure Co., Ltd.	Parent company	48.8 (indirect)	Control and management of the business activities of the applicable company based on ownership of the company's shares and interests in the company
G.communications Co., Ltd.	Parent company	48.8 (direct)	Group holding company Consulting business

Notes:

1. G.communications, the parent company of the Company, made a third-party allocation of shares on February 15, 2013, and this resulted in Cook Innoventure Co., Ltd. holding an equity stake in G.communications equivalent to 68.2% of voting rights. Consequently, Cook Innoventure Co., Ltd. became a parent company of the Company.
2. On 21 May, 2013, KOBE BUSSAN CO., LTD. disclosed in regard to Cook Innoventure Co., Ltd., in which it has voting rights of 18.9%, that it would make Cook Innoventure Co., Ltd. a consolidated subsidiary and include it in the scope of consolidation from the second quarter of the fiscal year ending October 2013. As a result, on the same date, KOBE BUSSAN CO., LTD. became a parent company of the Company.

(Business relationships)

The Company has borrowed the sum of ¥840 million from G.communications Co., Ltd.

(8) Major business activities

- (i) Management of restaurants
- (ii) Management consulting relating to restaurants
- (iii) Affiliation recruitment of restaurant franchise chain stores
- (iv) Provision of technical assistance and management guidance to restaurant franchise chain stores

(9) Main places of business

Head office: 2-46 Kurokawahondori, Kita-ku, Nagoya City, Aichi Prefecture

Restaurants: 64 directly operated restaurants, 57 franchise restaurants

	Directly operated restaurants	Franchise restaurants	Total
Hokkaido	-	1	1
Hokkaido, Tohoku region total	-	1	1
Ibaraki Prefecture	-	2	2
Saitama Prefecture	2	1	3
Chiba Prefecture	2	-	2
Tokyo	6	-	6
Kanagawa Prefecture	8	4	12
Kanto region total	18	7	25
Nagano Prefecture	3	3	6
Niigata Prefecture	-	5	5
Toyama Prefecture	-	1	1
Ishikawa Prefecture	-	2	2
Fukui Prefecture	-	2	2
Hokuriku koushinetsu region total	3	13	16
Shizuoka Prefecture	14	5	19
Aichi Prefecture	11	1	12
Gifu Prefecture	4	3	7
Mie Prefecture	4	2	6
Tokai region total	33	11	44

	Directly operated restaurants	Franchise restaurants	Total
Shiga Prefecture	-	1	1
Kyoto Prefecture	3	-	3
Osaka Prefecture	6	-	6
Hyogo Prefecture	1	-	1
Wakayama Prefecture	-	4	4
Kinki region total	10	5	15
Tottori Prefecture	-	2	2
Shimane Prefecture	-	5	5
Hiroshima Prefecture	-	4	4
Yamaguchi Prefecture	-	4	4
Chugoku region total	-	15	15
Kochi Prefecture	-	2	2
Shikoku region total	-	2	2
Nagasaki Prefecture	-	2	2

Kyushu region total	-	2	2
Overseas	-	1	1
Total	64	57	121

(10) Status of employees

Number of employees	Year on year change	Average age	Average years of continuous service
133	Decrease of 15	33 years, 0 months	8 years, 2 months

Note: In addition to the above, the Company employs 453 temporary and part-time staff (annual average based on conversion using 8 hours per day).

(11) Status of main lenders

Not applicable

(12) Significant matters concerning current status of other companies

In regard to the directly operated restaurant operations business, the Company aims to carry out agile and flexible decision-making and operations in order to precisely ascertain changes and trends in the orientation and lifestyles of consumers as well as the status of competing establishments, and to respond flexibly to changes in the environment. With this objective, the Company has resolved to carry out a joint incorporation-type split with G.taste and G.networks and to transfer their respective eating establishment business operations to Cook Operation Co., Ltd., a new company to be established, with an effective date of August 1, 2013.

In addition, the Company aims to promote the integration of business relationships, etc., including nationwide purchasing and distribution, to establish a comprehensive management and administration system, to reinforce competitiveness by concentrating management resources and improving efficiency, to expand sales and to enhance profitability. With this objective, the Company has decided to carry out an absorption-type merger effective August 1, 2013, where G.taste Co., Ltd. will be the surviving company while G.networks CO., LTD. and the Company will be dissolved.

For details regarding the absorption-type merger and the joint incorporation-type split, please refer to Item 1 “Approval of Absorption-type Merger Agreement, with G.taste Co., Ltd. as the Surviving Company and the Company and G.networks CO., LTD. to Be Dissolved” in the Shareholders Meeting Reference Material (pages 37 to 46).

2. Matters Concerning Shares of the Company

- (1) Total number of authorized shares 45,000,000 shares of common stock
(2) Total number of issued shares 23,605,396 shares of common stock
(including 181,366 treasury shares)
(3) Number of shareholders at term-end 12,971
(4) Number of shares in 1 trading unit 100 shares
(5) Major shareholders

Name of shareholder	Number of shares held	Shareholding ratio
G.communications Co., Ltd.	11,423,396	48.77%
Takeshi Higuchi	581,000	2.48%
Ariake Japan Co., Ltd.	435,000	1.86%
J•ART Industry Co., Ltd.	401,000	1.71%
Oomitsu Co., Ltd.	308,000	1.31%

Nobuhiro Kawashima	219,000	0.93%
Takashi Kawabata	209,900	0.90%
Takeshi Nakagawa	107,400	0.46%
Farmland Co., Ltd.	100,000	0.43%
To-a Syokusan Co., Ltd.	100,000	0.43%

Note: Shareholding ratios have been calculated after deducting treasury shares (181,366 shares).

3. Matters Concerning the Company's Share Options

(1) Status of share options, etc. granted as consideration for performance of duties held by the Company's Directors

Not applicable

(2) Status of share options, etc. granted to the Company's employees, etc. as consideration for performance of duties during the fiscal year under review

Not applicable

(3) Other important matters concerning share options, etc.

(i) Second series of unsecured convertible bonds with share options

A summary of share options attached to the Company's second series of unsecured convertible bonds with share options that were issued based on a resolution of the Board of Directors meeting held on February 15, 2013 is shown below.

Issuance date	March 18, 2013
Number of share options	30
Type of shares issued for share options	Common stock
Number of shares issued for share options	The maximum whole number obtained by dividing the total amount of the par value of the bonds associated with exercise requests by the conversion price
Conversion price	Initially ¥81.7 (The conversion price will be adjusted under certain conditions.)
Issue price of share options	Gratis
Period for exercise of share options	From April 1, 2013 to March 18, 2020
Conditions for exercise of share options	Partial exercise of each of these share options shall not be permitted.

(ii) Third series of unsecured convertible bonds with share options

A summary of share options attached to the Company's third series of unsecured convertible bonds with share options that were issued based on a resolution of the Board of Directors meeting held on February 15, 2013 is shown below.

Issuance date	March 18, 2013
Number of share options	30
Type of shares issued for share options	Common stock
Number of shares issued for share options	The maximum whole number obtained by dividing the total amount of the par value of the bonds associated with exercise requests by the conversion

	price
Conversion price	Initially ¥81.7 (The conversion price will be adjusted under certain conditions.)
Issue price of share options	Gratis
Period for exercise of share options	From April 1, 2013 to March 18, 2020
Conditions for exercise of share options	Partial exercise of each of these share options shall not be permitted. If, as a result of the exercise of these share options, the number of voting rights associated with the shares of the Company or its successor company that G.communications Co., Ltd. or its successor company holds (excluding applicable shares that are held via a third party) is less than 40% of the voting rights of all the shareholders of the Company or its successor company, the exercise of these share options shall not be permitted.

(iii) Fourth series of unsecured convertible bonds with share options

A summary of share options attached to the Company's fourth series of unsecured convertible bonds with share options that were issued based on a resolution of the Board of Directors meeting held on February 15, 2013 is shown below.

Issuance date	March 18, 2013
Number of share options	30
Type of shares issued for share options	Common stock
Number of shares issued for share options	The maximum whole number obtained by dividing the total amount of the par value of the bonds associated with exercise requests by the conversion price
Conversion price	Initially ¥81.7 (The conversion price will be adjusted under certain conditions.)
Issue price of share options	Gratis
Period for exercise of share options	From March 18, 2014 to March 18, 2020
Conditions for exercise of share options	Partial exercise of each of these share options shall not be permitted. If, as a result of the exercise of these share options, the number of voting rights associated with the shares of the Company or its successor company that G.communication Co., Ltd. or its successor company holds (excluding applicable shares that are held via a third party) is less than 40% of the voting rights of all the shareholders of the Company or its successor company, the exercise of these share options shall not be permitted.

4. Matters Concerning Company Directors

(1) Names, etc. of Directors and Corporate Auditors

Position	Name	Status of duties and important concurrent positions
Representative Director and President	Hideo Sugimoto	Representative Director, G.communications Co., Ltd. Director, G.taste Co., Ltd.
Executive Vice President	Satoshi Ogata	Director, B-Supply Co., Ltd.
Director	Atsushi Yamashita	Division Manager of Executive Management Division
Director	Ichiro Kawakami	Director, G.communications Co., Ltd. Executive Vice President, G.taste Co., Ltd. Director, G.networks CO., LTD. Director, Ginga System Solution Co., Ltd.
Corporate Auditor (Standing Statutory Auditor)	Tomohisa Mamiya	
Corporate Auditor	Kayoko Sato	Corporate Auditor, G.communications Co., Ltd. Corporate Auditor, G.taste Co., Ltd. Corporate Auditor, G.networks CO., LTD.
Corporate Auditor	Akifumi Kajiura	
Corporate Auditor	Takao Kurokawa	

Notes:

1. Ichiro Kawakami, Director, is an Outside Director as stipulated in Article 2, Item 15 of the Companies Act.
2. Corporate Auditors Kayoko Sato, Akifumi Kajiura and Takao Kurokawa are Outside Corporate Auditors as stipulated in Article 2, Item 16 of the Companies Act.
3. Kayoko Sato, Corporate Auditor, is concurrently serving as Corporate Auditor at G.communications Co., Ltd., G.taste Co., Ltd. and G.networks CO., LTD. and has considerable knowledge concerning accounting and taxation.
4. Akifumi Kajiura, Corporate Auditor, is engaged in account settlement procedures and the preparation of financial statements, etc. as Accounting Manager at G.communications Co., Ltd. and has considerable knowledge concerning accounting and taxation.
5. The Company has designated Corporate Auditor Takao Kurokawa as an Independent Corporate Officer based on the provisions of the Osaka Securities Exchange and notified the same exchange of that fact.
6. Yukiya Hamano resigned as Director due to the expiry of his term of office at the end of the 32nd Annual Shareholders Meeting held on June 29, 2012.
7. As of April 1, 2013, the following changes in the positions and duties of Directors occurred.

Name	New position	Former position
Atsushi Yamashita	Representative Director & President	Director and Division Manager of Executive Management Division
Hideo Sugimoto	Director	Representative Director and President
Satoshi Ogata	Director	Executive Vice President

8. As of April 1, 2013, the following changes in the important concurrent positions of Directors occurred.

Name	After change	Before change
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Satoshi Ogata	Director and President, B-Supply Co., Ltd.	Director, B-Supply Co., Ltd.
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(2) Directors and Corporate Auditors that resigned during the fiscal year under review

Not applicable

(3) Total amount of remuneration paid to Corporate Officers

Category	Number of persons paid	Amount of remuneration, etc.	Comments
Directors	3	¥29,245,000	
Corporate Auditors (of whom, Outside Corporate Auditors)	2 (1)	¥9,565,000 (¥3,600,000)	
Total	5	¥38,810,000	

Notes:

- The limit of remuneration paid to Directors (excluding the portion of remuneration paid for serving as an employee to Directors serving concurrently as employees) based on a resolution of a Shareholders Meeting (amended on June 20, 1994) is ¥1,000,000,000 per year, and the limit of remuneration paid to Corporate Auditors based on a resolution of a Shareholders Meeting (amended on June 20, 1994) is ¥200,000,000 per year.
- The amount of remuneration, etc. includes corporate officers' bonuses of ¥1,400,000 (¥1,000,000 for Directors, ¥400,000 for Corporate Auditors).
- As of the end of the fiscal year under review, there are four Directors and four Corporate Auditors. In addition, there are one Director and two Corporate Auditors with no remuneration.
 - The total amount of Corporate Officers' remuneration received by Outside Directors from a parent company or a subsidiary of the applicable parent company was ¥17,853,000.
- The total amount of Corporate Officers' remuneration received by Outside Corporate Auditors from a parent company or a subsidiary of the applicable parent company was ¥4,538,000.

(4) Matters concerning Outside Corporate Officers

(i) Status of important concurrent positions of Outside Corporate Officers

Director Ichiro Kawakami is concurrently serving as Director and Vice President of G.taste Co., Ltd., as well as a Director of G.communications Co., Ltd., G.networks CO., LTD., and Ginga System Solution Co., Ltd.

Corporate Auditor Kayoko Sato is concurrently serving as a Corporate Auditor of G.communications Co., Ltd., G.taste Co., Ltd., and G.networks CO., LTD.

In addition, G.communications Co., Ltd., is a parent company of the Company and there is a business relationship that includes the borrowing of funds with the Company. G.taste Co., Ltd. and G.networks CO., LTD. are fellow subsidiaries of the Company, and there are business relationships involving products and services with the Company. Ginga System Solution Co., Ltd. is a fellow subsidiary of the Company, and there is a business relationship involving services with the Company.

(ii) Status of main activities of Outside Corporate Officers

Category	Name	Status of main activities
Director	Ichiro Kawakami	Mr. Kawakami attended nearly all of the meetings of the Board of Directors during the fiscal year under review and made appropriate statements from an expert standpoint.
Corporate Auditor	Kayoko Sato	Ms. Sato attended all of the meetings of the Board of Corporate Auditors and the Board of Directors during the fiscal year under review, and made appropriate statements mainly from the viewpoint of finance and accounting.

Corporate Auditor	Akifumi Kajiura	Mr. Kajiura attended all of the meetings of the Board of Corporate Auditors and the Board of Directors during the fiscal year under review, and made appropriate statements mainly from the viewpoint of finance and accounting.
Corporate Auditor	Takao Kurokawa	Mr. Kurokawa attended all of the meetings of the Board of Corporate Auditors and the Board of Directors during the fiscal year under review, and made appropriate statements mainly from an expert standpoint regarding franchise business.

(iii) Summary of contents of liability limitation agreements

The Company has established provisions regarding liability limitation agreements for Outside Directors and Outside Corporate Auditors stipulated in Article 427, Paragraph 1 of the Companies Act in the Articles of Incorporation, but there are currently no applicable matters.

5. Matters Concerning Accounting Auditor

(1) Name of the Company's accounting auditor:

Nagisa & Co.

(2) Amount of remuneration paid to the accounting auditor in relation to the fiscal year under review

(i) Amount of remuneration, etc. as accounting auditor in relation to fiscal year under review:

¥15,000,000

(ii) Total amount of money and other economic benefit that the Company needs to pay:

¥15,000,000

Note: As the amount of remuneration, etc. for audits by the accounting auditor under the Companies Act and the amount of remuneration, etc. for audits under the Financial Instruments and Exchange Act has not been clearly separated in the Audit Agreement between the Company and the accounting auditor, and it is also practically impossible to separate these, the amount of remuneration, etc. mentioned above includes the total amount of these.

(3) Details of non-audit work associated with compensation of accounting auditor in relation to the Company

Not applicable

(4) Policy on decisions to dismiss or not reappoint accounting auditor

The Company's policy is to dismiss the accounting auditor when it believes that the accounting auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act. Moreover, the Company's policy on making decisions regarding dismissal or non-reappointment takes into account the status of the development of matters concerning the execution of the accounting auditor's duties.

(5) Matters relating to the current suspension of the work of the accounting auditor

Not applicable

- (6) Matters relating to the suspension of the work of the accounting auditor during the past two years
Not applicable
- (7) Resignation or dismissal of the accounting auditor during the fiscal year under review
Not applicable

6. Company Organization and Policies

(1) System for assuring that execution of duties by directors conforms to applicable laws and the articles of incorporation; system for assuring propriety of other business

(i) System for assuring that execution of duties by directors conforms to applicable laws and the Articles of Incorporation

Effort is made so that the business operations of the Board of Directors are conducted properly and effectively based on the Board of Directors Rules. When necessary, outside specialists are engaged to prevent conduct that violates applicable laws and the Articles of Incorporation. Effort is made to have effective mutual checking functions among officers such as making prompt reports to the auditors and Board of Directors in cases where a director discovers conduct by another director that violates applicable laws and the Articles of Incorporation. There are ongoing arrangements aimed at strengthening the system of governance by directors such as reviews for introducing various rules and regulations when necessary.

(ii) System pertaining to storage and management of information relating to execution of duties by directors

Information relating to the execution of duties by directors is maintained in document form and on electronic media in accordance with the Document Management Rules. Storage and management conditions allow for effective and reliable searching based on the type of storage media. When necessary, it is maintained in a condition that permits access for a 10-year period.

(iii) Rules and other systems pertaining to management of risk of loss

1. Effort is made to have a full understanding of the various risks confronting the Company based on the system for risk management, and rules pertaining to risk management are formulated. Such risks include the risks associated with business promotion such as operation of restaurants and operation of the Corporate Franchise Division, risks associated with environmental problems as well as accidents and disaster, and legal risks associated with contracted business and information management. Persons are appointed to act as managers responsible for individual risks as necessary on a case by case basis, and a system has been created for management and operation.

2. Rules pertaining to risk management are revised when necessary and preparations are made to address the occurrence of new risks.

3. If unforeseen circumstances beyond what is contemplated by the ordinary risk management system arise, an office headed by the President is established at the head office. When necessary, a team for sharing information internally and within the corporate group is organized as well as an outside advisory team that includes lawyers and other parties to prepare a system for quick response and to prevent escalation of damage.

(iv) System for assuring that execution of duties by directors is conducted effectively

1. There is a system for assuring that the execution of duties by directors is conducted effectively. Regular meetings of the Board of Directors are held once each month and ad hoc meetings are held when necessary.

2. To ensure that debate by the Board of Directors is efficient and effective, preliminary discussions on important matters affecting business execution are conducted among directors, auditors and executive officers, and decisions on execution are made based on such deliberations.

3. There are various rules and regulations relating to organizational structure such as the Organization Rules and Rules for Division of Duties concerning business execution based on decisions made by the Board of Directors. These rules and regulations contain details

regarding the respective persons in charge, their responsibilities and procedures for execution.

- (v) System for assuring that execution of duties by employees conforms to applicable laws and the Articles of Incorporation
 1. A Company Code of Conduct has been prescribed based on the compliance system, and effort is made to provide training to employees concerning the rules to which they must adhere as Company employees beginning with compliance.
 2. A Compliance Committee has been established with the President acting as Chairman, and effort is made to prepare and maintain the compliance system. When necessary, rules and guidelines are prepared by each of the business units, and training is provided.
 3. An Internal Audit Office has been established as the business unit in charge of internal auditing that is independent from the business units responsible for business execution. Effort is made to maintain and develop the compliance system on an entity-wide level by working in communication and cooperation with the Compliance Committee.
 4. If a director discovers a serious legal violation in the Company or other important facts pertaining to compliance, a report is promptly made to the Internal Audit Office and auditors.
 5. A reporting desk has been established in order to become aware of facts constituting a legal violation, etc. or with the potential for such. If there is a report, an investigation spearheaded by the Compliance Committee is conducted and necessary measures are taken.
 6. In an auditor becomes aware of a problem with the operation of the Company's compliance system and reporting system, the auditor may express an opinion and ask for remedial measures to be taken.

- (vi) System for assuring the proper conduct of business by the corporate group consisting of the company, parent company and subsidiaries.

The Company shares a common management philosophy and vision for the corporate group with Cook Innoventure Co., Ltd. and the parent company, G.communications Co., Ltd. The functions and role of the Company within the group are clearly defined. When necessary, the various rules and regulations pertaining to the Company's internal controls are revised or newly drafted. All of this is to ensure that business execution of the corporate group and the Company is conducted properly.

- (vii) System pertaining to employees assigned to assist with work undertaken by auditors and independence of such employees from directors
 1. In principle, employees are not assigned to assist with the work undertaken by auditors. When necessary, such as when there is a request from an auditor, opinions are exchanged among directors and auditors, and audit staff may be appointed to assist with the work undertaken by auditors.
 2. When an employee is selected to act as a staff member for auditors, the employee follows instructions given by the auditors. Auditors are regarded as the superiors of such employees for the purpose of personnel reviews, and the opinion of the auditors is given significant weight.

- (viii) System of reporting to auditors and other systems to assure auditing conducted by auditors is effective
 1. There are rules that prescribe the matters that must be reported to auditors by directors and employees as well as the timing for such reports. Directors and employees must make reports to auditors concerning the Company's business and material matters affecting business based on these rules. In addition, auditors may also require directors and employees to make reports at any time.

2. In addition to the foregoing, there are provisions pertaining to internal reporting. By maintaining the proper operation of internal reporting, an appropriate system of reporting legal violations and other compliance-related problems to auditors is assured.

(ix) System for assuring appropriateness of financial reporting

A Basic Policy for Internal Controls has been established to facilitate proper financial reporting and a system that assures the integrity of financial reports has been created in accordance with this Basic Policy. When it is recognized that changes of the Basic Policy and system that is based on this policy are necessary because of various internal and external factors, the Board of Directors is requested to confer and issue measures for improvement.

(x) Policy pertaining to decisions for dividends of surplus and other matters

The Company treats the stable payment of profits based on business performance as an important issue, and dividends are determined with consideration given to maintaining internal reserves to allow for business development. There has been no change of this Basic Policy.

(2) Basic policy concerning control of the company

No applicable items.

Balance Sheet
(March 31, 2013)

(Unit: ¥1,000)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
CURRENT ASSETS	531,618	CURRENT LIABILITIES	1,444,329
Cash and deposits	263,592	Accounts payable-trade	184,363
Accounts receivable-trade	104,667	Short-term loans payable to subsidiaries and affiliates	840,000
Merchandise	18,738	Lease obligations	12,282
Raw materials and supplies	18,095	Accounts payable-other	74,690
Prepaid expenses	71,824	Accrued expenses	135,969
Short term loans receivable	3,652	Income taxes payable	43,058
Other	69,774	Accrued consumption taxes	24,174
Allowance for doubtful accounts	(18,726)	Deferred tax liabilities	350
		Unearned revenue	100,663
NONCURRENT ASSETS	3,751,241	Provision for bonuses	15,000
Property, plant and equipment	2,107,117	Other	13,776
Buildings	740,983		
Structures	85,741	NONCURRENT LIABILITIES	1,244,253
Tools, furniture and fixtures	45,369	Bonds with share options	882,211
Land	1,198,775	Lease obligations	14,662
Lease assets	36,246	Deferred tax liabilities	9,640
Intangible assets	57,983	Asset retirement obligations	87,825
Leasehold interests	48,866	Long-term guarantee deposited	159,903
Software	2,331	Long-term unearned revenue	90,011
Telephone subscription rights	6,125	TOTAL LIABILITIES	2,688,583
Right of using facilities	659	(Net Assets)	
Investments and other	1,586,140	Shareholders' equity	1,594,276

assets			
Long term loans receivable	99,994	Capital stock	1,795,217
Claims provable in bankruptcy, claims provable in rehabilitation and other	107,556	Capital surplus	155,412
Long-term prepaid expenses	17,337	Legal capital reserve	155,412
Guarantee deposits	693,498	Retained earnings	(189,724)
Real estate for investment	860,827	Other retained earnings	(189,724)
Allowance for doubtful accounts	(193,074)	Retained earnings brought forward	(189,724)
		Treasury stock	(166,629)
		TOTAL NET ASSETS	1,594,276
TOTAL ASSETS	4,282,859	TOTAL LIABILITIES AND NET ASSETS	4,282,859

(Note) Above amounts are rounded down to the nearest unit of ¥1,000

Statements of Income
(From April 1, 2012 through March 31, 2013)

(Unit: ¥1,000)

Item	Amount	
Net sales		5,483,071
Cost of sales		1,644,499
Gross profit		3,838,571
Selling, general and administrative expenses		3,717,173
Operating income		121,398
Non-operating income		
Interest and dividends income	3,272	
Real estate rent	103,474	
Co-sponsor fee	87,020	
Other	58,263	252,030
Non-operating expenses		
Interest expenses	46,669	
Interest on bonds	6,731	
Bond issuance cost	8,750	
Rent cost of real estate	99,041	
Other	26,385	187,577
Ordinary income		185,850
Extraordinary income		
Gain on sales of noncurrent assets	4,063	4,063
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	3,685	
Impairment loss	81,236	84,922
Income before income taxes		104,992
Income taxes-current	32,493	
Income taxes-deferred	(553)	31,939
Net income		73,053

(Note) Above amounts are rounded down to the nearest unit of ¥1,000

Statement of Changes in Net Assets
(From April 1, 2012 through March 31, 2013)

Item	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
		Legal Capital Reserve	Other Retained Earnings		
			Retained Earnings Brought Forward		
Balance on April 1, 2012 (thousand yen)	1,795,217	155,412	(262,777)	(166,629)	1,521,223
Change during fiscal year					
Net income			73,053		73,053
Change other than shareholders' equity during fiscal year (net)					
Total change during fiscal year (thousand yen)	—	—	73,053	—	73,053
Balance on March 31, 2013 (thousand yen)	1,795,217	155,412	(189,724)	(166,629)	1,594,276

Balance on April 1, 2012 (thousand yen)	Total Net Assets
Change during fiscal year	1,521,223
Net income	
Change other than shareholders' equity during fiscal year (net)	73,053
Total change during fiscal year (thousand yen)	
Balance on March 31, 2013 (thousand yen)	73,053
Balance on April 1, 2012 (thousand yen)	1,594,276

(Note) Above amounts are rounded down to the nearest unit of ¥1,000

(Notes Concerning Premise of Ongoing Concern)

No applicable items.

(Notes Concerning Matters on Important Accounting Policies)

1. Criteria and methodology for valuation of assets

Criteria and methodology for valuation of inventory:

Inventory is valued at cost (method of writing down from reduced profitability).

Products, raw materials and goods in storage: Last-in cost method.

2. Methodology for depreciation of noncurrent assets

(1) Property, plant and equipment and real estate for investment (excluding lease assets)

Buildings (excluding facilities attached to buildings): Straight-line method.

Other than buildings (excluding facilities attached to buildings):

Declining-balance method.

The following are the key economic lives in number of years:

Buildings: 15-31 years

Structures: 10-20 years

Tools, furniture and fixtures: 5-10 years

Regarding assets acquired prior to March 31, 2007, depreciation is done by a method that averages the depreciation for a five-year period beginning in the following year to the maximum depreciable amount.

(Change of estimates used in accounting and change of accounting policy for assets for which classification is problematic)

Beginning in the current fiscal year, in response to amendment of the Corporation Tax Act, the method of depreciation of tangible fixed assets acquired on and after April 1, 2012 has been changed to conform to the Corporation Tax Act as amended.

The change as resulted in an increase of ¥1,490,000 for operating profit, ordinary profit and pre-tax profit for the term for the given fiscal year, respectively, relative the former method.

(2) Intangible assets (excluding lease assets)

Straight-line method.

Depreciation of software for company use is based on its economic life within the company (5 years).

(3) Lease assets

Leased assets pertaining to finance lease transactions involving a transfer of ownership:

The method employed is the same depreciation method applied to fixed assets owned by the company.

Leased assets pertaining to finance lease transactions not involving a transfer of ownership:

The lease term is used as the economic life in number of years with the remaining value depreciated by the straight-line method until zero.

(4) Long-term prepaid expenses: Straight-line depreciation period of 2-5 years

3. Method for processing deferred assets

Cost of issuing corporate debentures:

Full amount of costs at time of expenditure.

4. Criteria for Booking Allowances

(1) Allowance for doubtful accounts

This is to cover losses from non-payment of claims. For ordinary claims, the actual rate of non-payment is used to post the unrecoverable amount. Individual

consideration is given for specific claims such as those for which there is a concern for non-payment for posting the unrecoverable amount.

(2) Provision for bonuses

This is to cover payments of employee bonuses. The amount posted is the amount for the given fiscal year based on the amount expected to be paid.

5. Other important matters that are fundamental for preparation of accounting documentation

Accounting treatment of consumption and other taxes:

Pre-tax amounts are used.

(Notes Concerning Balance Sheet)

1. Amount of cumulative depreciation on tangible fixed assets:	¥2,782,601,000
Amount of cumulative depreciation on investment real estate:	¥501,068,000
2. Borrowings and loans with affiliates	
Short term loans receivable:	¥3,318,000
Long term loans receivable:	¥24,701,000
Short term loans payable:	¥861,397,000

(Notes Concerning Statements of Income)

Total amount of sales-related and non-sales transactions with affiliates:

Sales transactions (expenditures): ¥23,616,000

Transaction amount of non-sales transactions with affiliates: ¥879,121,000

(Notes Concerning Statement of Change of Shareholders' Equity)

1. Class and Total Number of Issued Shares

Class of Issued Shares	Number of Shares at End of Fiscal Year
Common stock	23,605,396 shares

2. Class and Total Number of Treasury Stock

Class of Treasury Stock	Number of Shares at End of Fiscal Year
Common stock	181,366 shares

(Notes Concerning Financial Instruments)

1. Matters pertaining to condition of financial instruments

(1) Policy for handling financial instruments

The Company procures necessary funds based on the capital investment plan.

Temporary surplus funds are invested in short term deposits. Fund procurement is conducted primarily by borrowings and issuance of bonds. The policy is to refrain from engaging in speculative transactions.

(2) Content of financial instruments and associated risks

As business claims, accounts receivable are affected by the credit risk associated with customers. Security deposits consist primarily of guarantee money in conjunction with leases of land and buildings for use by stores which are affected by the credit risk associated with lessors. Long term lending to franchisees and other parties is also conducted which is affected by the credit risk associated with borrowers. As business liabilities, almost all accounts payable are subject to due dates within six months. Since loans receivable and bonds are primarily used to raise funds needed for capital investment, the redemption dates are as long as greater than seven years from the settlement date and have liquidity risk in terms of lacking the ability to make repayment or perform on the redemption dates.

(3) Risk management pertaining to financial instruments

(i) Management of credit risk

The Company's business claims and long term loans are subject to the Rules for Management of Claims. These are managed by due dates and balances for each counterparty. Regular monitoring of the conditions at principal counterparties is conducted by the sales units and general affairs units. Effort is made to reduce the risk of non-payment resulting from deterioration of financial condition of the borrowers by sharing information with the accounting units.

(ii) Management of liquidity risk pertaining to fund procurement

The company manages liquidity risk by regularly preparing and updating the funding plan.

2. Matters pertaining to market prices and valuations of financial instruments

The amounts posted on the balance sheet for March 31, 2013, market prices and variances (settlement date for the current term) are as follows. The following table does not include items for which obtaining a market price is highly problematic (c.f., Note 2).

(Unit: ¥1,000)

	Amounts Posted on Balance Sheet	Market Price	Variance
(1) Cash and deposits	263,592	263,592	--
(2) Accounts receivable-trade	104,667		
Allowance for doubtful accounts * 1	(16,363)		
	88,304	88,092	(212)
(3) Short term and long term loans receivable	103,647		
Allowance for doubtful accounts * 1	(91,381)		
	12,266	5,916	(6,349)
(4) Guarantee deposits	172,255	176,122	3,866
Total Assets	536,418	533,723	(2,695)
(1) Accounts payable-trade	- 184,363	- 184,363	--
(2) Short-term loans payable to subsidiaries and affiliates	- 840,000	- 840,000	--
(3) Bonds with share options	- 882,211	- 882,211	--
Total Liabilities	- 1,906,574	- 1,906,574	--

*1. Accounts receivable-trade and loans receivable are reduced by the individual amounts of allowances for doubtful accounts.

*2. Items posted to liabilities are indicated by -.

(Note) 1. Method for calculation of market value of financial instruments

Assets

(1) Cash and deposits

Since these are settled in the short term, the market price is almost the same as the book value. Thus, book value is used.

(2) Accounts receivable-trade

Since ordinary claims are settled in the short term, the market price is almost the same as the book value. Thus, book value is used.

For doubtful accounts, the present value of the projected amount of principal and interest to be received that is reflected as recoverable is calculated by discounting with an appropriate index such as the yield on government bonds over the period of time projected for recovery.

(3) Short-term and long-term loans receivable

The present value of the projected amount of principal and interest to be received that is reflected as recoverable is calculated by discounting with an appropriate index such as the yield on government bonds over the period of time projected for recovery.

(4) Guarantee deposits

The present value of future cash flow is calculated by discounting with an appropriate index such as the yield on government bonds.

Liabilities

(1) Notes and accounts payable and (2) short term borrowings from affiliates

Since these are settled in the short term, the market price is almost the same as the book value. Thus, book value is used.

(3) Bonds with share options

Bonds with share options issued by the Company do not pay interest. Since the credit condition of the Company has not changed significantly following issuance, the market price is believed to be close to the book value. Thus, book value is used.

(Note) 2. The following are financial instruments for which obtaining a market price is highly problematic.

(Unit: ¥1,000)

Classification	Amount Posted on Balance Sheet
Security Deposits	521,242

N
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market value for some of the security deposits is indicated since a reasonable estimate of the time for their return is not possible and obtaining a market price is highly problematic.

(Notes Concerning Leased Real Estate)

1. Matters pertaining to conditions of real estate for rent

The company holds stores for lease (including land) in Aichi Prefecture and other areas.

2. Matters pertaining to market prices of real estate for rent

(Unit: ¥1,000)

Amount Posted on Balance Sheet	Market Price
897,101	879,924

(Note) 1. The amounts posted in the balance sheet are the amounts after deducting the amount of cumulative depreciation and amount of cumulative impairment losses from acquisition cost. The amounts posted in the balance sheet also include an amount of ¥3,333,000 which is the cost of retirement associated with the asset retirement obligations.

(Note) 2. The market prices at the end of the term are amounts based on a real estate appraisal report (including adjustments made using indices, etc.) prepared by an outside real estate appraiser.

(Notes Concerning Gains and Losses by the Equity Method)

No applicable items.

(Notes Concerning Tax Effecting Accounting)
Itemization of Occurrence of Deferred Tax Credits and Liabilities
(Unit: ¥1,000)

(1) Current Assets

Deferred tax assets

Allowance for doubtful accounts	6 , 0 2 0
Provision for bonuses	5 , 6 8 2
Accrued enterprise taxes	2 , 7 5 2
Accrued expenses	7 , 5 4
Unearned revenue	3 4 , 7 2 2
Accrued taxes	2 , 9 1 0
Other	1 , 1 6 7
Subtotal deferred tax assets	5 4 , 0 1 0
Provision for valuation	(5 4 , 0 1 0)
Total tax assets	-
Deferred tax liabilities	
Prepaid expenses	(3 5 0 , 0 0 0)
Total deferred tax liabilities	(3 5 0 , 0 0 0)
Net deferred tax liabilities	(3 5 0 , 0 0 0)

(2) Noncurrent Assets

Deferred tax assets	
Depreciable assets	3 4 0 , 5 5 4
Allowance for doubtful accounts	5 8 , 1 9 1
Land	5 5 , 6 8 8
Leasehold rights	9 , 9 0 3
Guarantee deposits	1 , 4 5 6
Unearned revenue	3 1 , 9 6 2
Asset retirement obligations	3 1 , 1 8 6
Assets depreciable in lump sum	1 , 1 2 4
Deferred losses	9 5 7 , 9 0 6
Other	3 , 8 3
Subtotal tax deferred credits	1 , 4 8 8 , 3 5 6
Provision for valuation	(1 , 4 8 8 , 3 5 6)
Total deferred tax credits	-
Deferred tax liabilities	
Cost of retirement for asset retirement obligations	(9 , 6 4 0)
Total deferred tax liabilities	(9 , 6 4 0)
Net deferred tax liabilities	(9 , 6 4 0)

(Notes Concerning Transactions with Related Parties)

1. Parent Company and Significant Corporate Shareholders

Type	Name of Company	Location	Capital (¥1,000)	Content of Business	Ratio of Voting Rights (Coverage) (%)	Relationship With Related Party	Content of Transaction	Transaction Amount (¥1,000)	Account	Balance at End of Term (¥1,000)
Parent Company	G. communications Co., Ltd..	Kita-ku, Nagoya City,	5,254,010	Group holdings company consulting business	(Coverage) Direct 48.8	Business Entrustment Agreement	Borrowing of funds *1 Payment of Interest	840,000 69	Short term borrowing from affiliate Accrued expenses	840,000 69

(Note)

- Amounts stated do not include consumption taxes applicable to transactions. Consumption taxes are included in the balance at end of term.
- Decision-making policy, etc. for transaction and transaction conditions.
*1 The rate of interest for borrowings is reasonably determined based on market interest rates. No collateral is involved.

2. Sister Companies, Etc.

Type	Name of Company	Location	Capital (¥1,000)	Content of Business	Ratio of Voting Rights (Coverage) (%)	Relationship With Related Party	Content of Transaction	Transaction Amount (¥1,000)	Account	Balance at End of Term (¥1,000)
Subsidiary of Parent Company	B. Supply Co., Ltd..	Tokyo, Toshiki	50,000	Entrustment business for all phases of operation and management for dining manufacturing	None	Stocking of food materials, etc.	Stocking of food materials *1	1,397,716	Notes and accounts payable	161,886

(Note)

- Amounts stated do not include consumption taxes applicable to transactions. Consumption taxes are included in the balance at end of term.
- Decision-making policy, etc. for transaction and transaction conditions.
*1 Transaction conditions such as price are determined after negotiations on a case by case basis based on prevailing market prices.

(Notes Concerning Per-Share Information)

Net assets per share: ¥68.06
Current net assets per share: ¥3.12

(Notes Concerning Material Subsequent Events)

- At the meeting of the Board of Directors held on May 15, 2013, a resolution was passed to conduct a joint incorporation-type company split of the respective restaurant operation businesses of G.taste Co., Ltd. (“G.taste”), G.networks CO., LTD. (“G.networks”) and the Company to establish Cook Operation Co., Ltd. (“Cook Operation”) with an effective date of August 1, 2013.
 - Purpose of the joint incorporation-type company split
The purpose of this action is to delegate authority to the business operation subsidiary to be formed by this demerger over the portion of the food service business being operated by the combination of the three companies consisting of the direct restaurant business in order to accurately seize upon the changing wishes and lifestyles of consumers, respond to the trends and conditions present at competing stores, and respond flexibly to the changing environment.

(2) Method for conducting the joint incorporation-type company split

A company split will be conducted by the combined three companies to jointly establish Cook Operation as a new company by a joint-incorporation-type company split.

(3) Summary of new company established by the joint incorporation-type company split

Trade Name:	Cook Operation Co., Ltd.
Location of Head Office:	Nagoya, Kita-ku
Name of Representative:	Takafumi Akutsu, Director; Fumiyasu Inayoshi, Director
Amount of Capital:	¥50,000,000
Content of Business:	Operation of restaurants

(4) Summary of accounting procedures to be implemented

Since this action will result in G.communications Co., Ltd. becoming the parent company of all the three companies upon their integration, it is expected that transactions, etc. will be under common control.

2. At the meeting of the Board of Directors held on May 15, 2013, a resolution was passed to conduct an absorption-type merger effective August 1, 2013 of G.taste, G.networks and the Company with G.taste to be the surviving company. The following is a summary of the merger.

(1) Purpose of the merger

The purpose of combining the operations of G.taste, G.networks and the Company will be to promote the standardization of transaction relationships nationwide that include stocking and distribution, create an integrated system of operation and management, strengthen competitiveness by concentrating managerial resources and raising efficiency, expand sales and improve the rate of profitability.

(2) Method for conducting the merger

An absorption-type merger will be conducted with G.taste as the surviving company and G.networks and the Company as the companies absorbed in the merger.

(3) Basis for calculating the allotment details pertaining to the merger

To ensure fairness and appropriateness concerning the merger ratios, the three companies each hired a third-party appraiser that is independent from each of the others to calculate the merger ratios. G.taste hired Albaace Securities Co., Ltd., G.networks hired Frontier Management Co., Ltd., and the Company hired Matsuyama Accounting Firm. With regard to the calculation, since market prices exist for the common stock of each of the three companies, a method that averages the stock prices will be employed with the calculation carried out by means of this method.

(4) Summary of the surviving company in the merger

Trade Name:	G.taste Co., Ltd.
Location of Head Office:	Sendai, Miyagino-ku
Name of Representative:	Hideo Sugimoto, Representative Director and President (to be appointed on August 1, 2013); Fumiyasu Inayoshi, Representative Director and Vice President (currently Representative Director and President)

Amount of Capital:	¥1,785,000,000 (as of end of March 2013)
Content of Business:	Direct operation of restaurants, franchise business, education and training business (as of end of March 2013)

(5) Summary of accounting procedures to be implemented

Since this action will result in G.communications Co., Ltd. becoming the parent company of all three companies upon their integration under the Accounting Standard for Business Combination, transactions will be under common control and, thus, there is an expectation that no goodwill will accrue.

(Other Notes)

1. Notes concerning impairment losses

The Company posted impairment losses with respect to the following asset group for the fiscal year.

Use	Type	Location	Impairment Loss
Stores	Buildings, etc.	4 buildings in Suzuka City, Mie Prefecture, etc.	¥81,236,000

recognizing impairment losses, the Company designates the store as the basic unit for the minimum unit that generates cash flow. For leased assets and idle assets, the grouping is for each building unit. For the head office, the grouping is as assets for the Company as a whole.

With respect to stores and leased assets, where profit and loss is continuing to be generated from sales activity, the book values of asset groups that are negative or expected to be negative are reduced to the recoverable amounts. With respect to idle assets and other assets, the book values of asset groups for which there is no expectation of future use are reduced to the recoverable amounts. The amounts of such reductions are booked to extraordinary losses as impairment losses.

(Itemization of Impairment Losses)

Type	Amount (¥1,000)
Buildings	69,195
Structures	6,694
Furniture and fixtures	4,908
Telephone subscription rights	436
Total	81,236

The recoverable amounts for asset groups are measured by means of net sale value. Valuation of net sale value is conducted by means of the amount calculated based on the expected price to be received upon disposition.

2. Notes concerning asset retirement obligations

Items of the asset removal liability posted to the balance sheet

(1) Summary of asset retirement obligations

There is an obligation to restore stores and land for use by stores to their original condition under the real estate lease agreements.

(2) Method for calculating amount of asset retirement obligations

The expected number of years of use is used for estimating the economic lives in number of years for the subject buildings. A discounting rate of between 0.727% and 2.293% is used for calculating the asset retirement obligations.

(3) Change of total amount of asset retirement obligations for the fiscal year

Balance at start of term	(¥1,000)
	86,632

Increase from acquisition of property plant and equipment	5,087
Increase from change of estimate	2,559
Adjustment from the passage of time	1,596
Decrease from performing asset retirement obligations	3,400
Transfer from exclusion of performance obligation	4,650
Balance at end of term	87,825

ACCOUNTING AUDITOR'S AUDIT REPORT CERTIFIED COPY

INDEPENDENT AUDITOR'S AUDIT REPORT

May 21, 2013

To: Board of Directors
SAKAI CO., LTD.

Nagisa & Co.		
Representative	Hiroo Nishii	
Partner	Certified Public	[Seal]
Executive Officer	Accountant	
Representative	Yutaka Ohira	
Partner	Certified Public	[Seal]
Executive Officer	Accountant	

The audit firm conducted an audit pursuant to Article 436(2)i of the Companies Act of the financial statements of SAKAI CO., LTD. for the 33rd fiscal year covering the period from April 1, 2012 through March 31, 2013 consisting of the Balance Sheet, Statements of Income, Statements of Changes in Net Assets and supporting documentation.

Responsibility of business operators for financial documentation

Business operators are responsible for preparing financial statements and supporting documentation in conformity with corporate accounting standards that are generally accepted as fair and appropriate in Japan and disclose the same properly. This responsibility includes establishing and operating a system of internal controls as judged to be necessary by the business operators for preparing and properly disclosing financial statements and supporting documentation that contain no material false disclosures from inaccuracies or errors.

Responsibility of auditor

The audit firm is responsible for providing an opinion on the financial statements and supporting documentation from an independent position based on auditing conducted by the firm in conformity with standards that are generally accepted as fair and appropriate in Japan. The standards for auditing require that an audit plan be formulated and that auditing be conducted based thereon to provide reasonable assurance for the audit firm as to whether or not the financial statements and supporting documentation contain any material falsehoods.

Auditing involves procedures undertaken in order to obtain evidence for inspection concerning the amounts and disclosures contained in the financial statements and supporting documentation. The auditing procedures prescribe that the audit firm makes selections and applications at its discretion based on an assessment of the risk of material false disclosures from inaccuracies or errors contained in the financial statements and supporting documentation. While the purpose of an audit is not to provide an opinion regarding the effectiveness of internal controls, in conducting a risk assessment, the audit firm has reviewed the system of internal controls relating to the preparation of and proper disclosure in the financial statements and supporting documentation in order to draft appropriate audit procedures that are based on the situation. Auditing also included a review of the overall disclosures made in the financial statements and supporting documentation that also encompassed an assessment of the accounting policies adopted by the business operator, the method by which such policies are implemented and estimates conducted by the business operator.

The audit firm has determined that it has obtained evidentiary materials that are sufficient and proper to serve as a basis for expressing an opinion.

Audit opinion

It is the opinion of this firm that the disclosures provided in the aforementioned financial

statements and supporting documentation are in conformity with standards that are generally accepted as fair and appropriate in Japan with respect to all material points with regard to the condition of property, profits and losses for the term pertaining to said financial statements and supporting documentation.

Points for emphasis

1. As stated in the Notes Concerning Material Subsequent Events, at the meeting of its Board of Directors held on May 15, 2013, the Company resolved to conduct a joint incorporation-type company split among itself, G.taste Co., Ltd. and G.networks CO., LTD. with an effective date of August 1, 2013 whereby their respective restaurant operations will be assumed by Cook Operation Co., Ltd.
2. As stated in the Notes Concerning Material Subsequent Events, at the meeting of its Board of Directors held on May 15, 2013, the Company resolved to conduct an absorption merger among itself, G.taste Co., Ltd. and G.networks CO., LTD. with an effective date of August 1, 2013 with G.taste Co., Ltd. to be the surviving company.

Neither of the above-mentioned events has affected the conclusions of the audit firm.

Conflicts of interest

There exist no conflicts of interest between the Company and the audit firm or its executive officers that must be stated under the provisions of the Certified Public Accountants Act.

End

TRANSCRIPT OF THE BOARD OF AUDITORS' AUDIT REPORT

AUDIT REPORT

Pursuant to deliberations, the Board of Auditors has prepared the following report representing the unanimous opinion of all the auditors based on audit reports prepared by auditors in relation to the performance of duties by directors for the 33rd fiscal year covering the period from April 1, 2012 through March 31, 2013.

1. Methodology and content of auditing by the auditors and Board of Auditors

In addition to prescribing the policy for audits, division of duties and other matters pertaining thereto as well as obtaining reports from the auditors regarding the status and findings from audits, the Board of Auditors has obtained reports from the directors and accounting auditor concerning the performance of their duties, and has also requested explanations as necessary.

The auditors have attempted to communicate with the directors, internal audit sections, employees and other parties in conformity with the standards for auditing prescribed by the Board of Auditors and in accordance with the policy and division of duties for auditing. In addition to gathering information and striving to create the environment for inspections, auditors also attended meetings of the Board of Directors and other important meetings, obtained reports from directors and employees concerning the performance of their duties with additional explanations requested when necessary, reviewed important settlement and other documentation, and examined the status of business operations and property at the head office and key business offices. Additionally, with respect to the content of resolutions passed by the Board of Directors concerning the establishment of procedures prescribed in Article 100(1) and 100(3) of the Ordinance for Enforcement of the Companies Act as measures necessary to ensure the integrity of the system for ensuring that the performance of duties by directors stated in the business reports is in conformity with applicable laws and the Articles of Incorporation and the propriety of other business performed as a joint stock company as well as the actual system created pursuant to these resolutions (internal control system), regular reports are obtained from directors and employees regarding the status of its creation and operation with additional explanations requested when necessary, and opinions are provided with respect thereto. The business reports and supporting documentation pertaining to the fiscal year have been reviewed based on the above-mentioned methodology.

In addition to conducting oversight and verification that the accounting auditor is maintaining an independent position and whether auditing is conducted properly, reports have been obtained from the accounting auditor concerning the performance of its duties with additional explanations requested when necessary. Notices have also been obtained from the accounting auditor to the effect that a "system for ensuring that the performance of duties is being conducted properly" (matters stated in the subparagraphs of Article 131 of the Ordinance on Company Accounting) has been established in accordance with the "Quality Control Standards Concerning Auditing" (Business Accounting Council, October 28, 2005) and other guidelines with additional explanations requested when necessary. The financial statements (Balance Sheet, Profit and Loss Statement, Statement of Change of Shareholders' Equity) and supporting documentation pertaining to the fiscal year have been reviewed based on the above-mentioned methodology.

2. Audit Results

- (1) Audit results from business reports and other materials
 - i. The business reports and supporting documentation are recognized as correctly reflecting the condition of the Company in accordance with applicable laws and the Articles of Incorporation.
 - ii. No material facts constituting inappropriate conduct or a violation of applicable laws or the Articles of Incorporation were found to exist in relation to the performance of duties by directors.
 - iii. The content of resolutions of the Board of Directors pertaining to the internal control system was found to be appropriate. Additionally, no matters of concern were found to exist with respect to the content of business reports pertaining to the internal control system and performance of duties by directors.
- (2) Audit results from financial statements and supporting documentation
The methodology of auditing conducted by the accounting auditor and Nagisa & co. and the findings therefrom were found to be appropriate.

May 24, 2013

SAKAI CO., LTD., Board of Auditors

Tomohisa Mamiya, Statutory Auditor

[Seal]

Kayoko Sato, External Auditor

[Seal]

Akifumi Kajiura, External Auditor

[Seal]

Takao Kurokawa, External Auditor

[Seal]

End

(2) Joint Incorporation-Type Split Plan

Joint Incorporation-type Company Split Plan

G.taste Co., Ltd. (hereinafter "G.taste"), G.networks CO., LTD. (hereinafter "G.networks"), and SAKAI CO., LTD. (hereinafter "SAKAI"), shall create the following joint incorporation-type company split plan (hereinafter referred to as "the Plan") for performing an incorporation-type company split (hereinafter "the Split") in which the new jointly incorporated company succeeds the rights and obligations of the restaurant management business conducted by G.taste (hereinafter "G.taste business"), the restaurant management business conducted by G.networks (hereinafter "G.networks business"), and the restaurant management business conducted by SAKAI (hereinafter "SAKAI business").

Article 1 (Company Incorporated through Incorporation-type Company Split)

1. The name and address of the company incorporated through incorporation-type company split (hereinafter referred to as "the incorporated company") shall be as follows.

(Trade name) Cook Operation Co., Ltd.

(Location of the head office) Nagoya-shi, Aichi

2. In addition to the preceding paragraph, the purpose of the incorporated company, the total number of authorized shares, and other matters specified in the articles of incorporation are as stated in Attachment 1 "Articles of Incorporation".

Article 2 (Names of the Directors at the Time of Establishment of the Incorporated Company)

The directors at the time of establishment of the incorporated company shall be as follows.

Takafumi Akutsu, Director

Fumiyasu Inayoshi, Director

Article 3 (Rights and Obligations Succeeded through the Split)

1. The incorporated company shall assume the assets, debts, contracts and other rights and obligations shown in Attachment 2 "Details of Assumed Rights and Obligations" from G.taste, G.networks and SAKAI on the date of conclusion (defined in Article 6; hereinafter the same).
2. The assumption of obligations under the preceding paragraph shall be cumulative taking of obligations.

Article 4 (Class and Number of Shares Delivered in the Split of the Incorporated Company)

The class and number of the shares issued in the Split of the incorporated company shall be 26,000 common shares, with 10,000 shares being allotted to G.taste, 9,000 to G.networks, and 7,000 to SAKAI.

Article 5 (Matters Relevant to the Capital and Capital Reserve of the Incorporated Company)

Matters relevant to the capital and capital reserve of the incorporated company shall be as follows. However, this may be changed based on conditions such as the assets and liabilities of G.taste, G.networks and SAKAI on the day before the date of conclusion.

- (1) Amount of capital 50,000,000 yen
- (2) Amount of capital reserve 0 yen
- (3) Amount of other capital surplus The amount obtained by deducting the sum of the amount in (1) and (2) above from the change in shareholder equity (referring to the change in shareholder equity calculated in accordance with the provisions in Article 51 of the Ordinance on Accounting of Companies)
- (4) Amount of retained earnings reserve 0 yen

Article 6 (Date of Establishment of the Incorporated Company)

The date of establishment of the incorporated company shall be August 1, 2013 (hereinafter referred to as "date of conclusion"), and the incorporated company shall apply for registration of incorporation on the same day. However, if necessary in the course of procedures, or if necessary for another reason, this may be changed based on deliberation and agreement between G.taste, G.networks and SAKAI.

Article 7 (Duty of Care of a Prudent Manager)

1. G.taste, G.networks and SAKAI shall each maintain and manage the businesses to be assumed by the succeeding company with the due care of a prudent manager for the period from the creation of the Plan until the date of conclusion.
2. G.taste, G.networks and SAKAI shall perform any acts with a material effect on businesses to be assumed by the succeeding company from the creation of the Plan until the date of conclusion based on deliberation and agreement between G.taste, G.networks and SAKAI.

Article 8 (Absence of Obligation Not to Compete)

1. G.taste shall not have any obligation not to compete based on Article 21 of the Companies Act with regard to G.taste's business after the date of conclusion.
2. G.networks shall not have any obligation not to compete based on Article 21 of the Companies Act with regard to G.networks's business after the date of conclusion.
3. SAKAI shall not have any obligation not to compete based on Article 21 of the Companies Act with regard to SAKAI's business after the date of conclusion.

Article 9 (Amendment or Cancellation of the Plan)

G.taste, G.networks and SAKAI shall change the Plan or cancel the Split based on deliberation and agreement between G.taste, G.networks and SAKAI if a serious event occurs or is revealed, which impedes the execution of the Split according to the Plan (including cases in which matters revealed prior to the creation of the Plan are revealed to be material after the creation of the Plan) during the period between the creation of the Plan and the date of conclusion.

Article 10 (Effect of the Plan)

The Plan shall no longer be effective if approval from the relevant government agencies, specified in laws and regulations as being required for the execution of the Plan, is not obtained.

Article 11 (Other Matters)

Other matters required for the Split that are not stipulated in the Plan shall be determined by deliberation between G.taste, G.networks and SAKAI in accordance with the intent of the Split.

May 15, 2013

G.taste
2-10 Tsutsujigaoka 2-chome, Miyagino-ku, Sendai City
G.taste Co., Ltd.
Fumiyasu Inayoshi, Representative Director and President

G.networks
1198-4 Aza Nishiotsuka Oaza, Nishi Takadomari, Sanyo Onoda City, Yamaguchi
Prefecture
G.networks CO., LTD.
Takafumi Akutsu, Representative Director and President

SAKAI
46 Kurokawa Hondori 2-chome, Kita-ku, Nagoya City
SAKAI CO., LTD.
Atsushi Yamashita, Representative Director and President

Articles of Incorporation

Chapter 1 General Provisions

Article 1 (Trade Name)

The company shall be called Cook Operation Co., Ltd.

Article 2 (Purpose)

The purpose of the Company is to conduct the following businesses.

(1) Guidance of management of restaurants via franchise chain and management of restaurants

(2) All operations associated with or related to the previous items, and other businesses necessary for achieving the purpose of the previous items

Article 3 (Address of the Head Office)

The Company's head office shall be located in Nagoya City, Aichi Prefecture.

Article 4 (Organizations)

The Company shall have a general shareholders' meeting and directors.

Article 5 (Method of Public Notice)

The Company's method of public notice shall be to publish in official gazettes.

Chapter 2 Shares

Article 6 (Total Number of Authorized Shares)

The total number of authorized shares of the Company shall be 100,000 shares.

Article 7 (Non-issuance of Share Certificates)

Share certificates shall not be issued for the Company's shares.

Article 8 (Restrictions on the Transfer of Shares)

Acquisition of the Company's shares by transfer shall require approval of the general shareholders' meeting.

Chapter 3 General Shareholders' Meeting

Article 9 (Convocation of the General Shareholders' Meeting)

The Company's ordinary general shareholders' meetings shall be convened within three months of the end of each business year, and extraordinary general shareholders' meetings shall be convened as required.

Article 10 (Record Date of the Ordinary General Shareholders' Meeting)

The record date for voting rights in the Company's ordinary general shareholders' meetings shall be March 31 of each year.

Article 11 (Convenor and Chairperson)

General shareholders' meetings shall be convened by directors unless otherwise provided for by laws and regulations. The general shareholders' meeting shall be chaired by the director who convened it.

Article 12 (Convocation Notices)

1. Convocation notices for general shareholders' meetings shall be sent to each shareholder able to exercise voting rights no later than 2 days before the date of the general shareholders' meeting. However, the above period can be shortened when there is consent among all shareholders able to exercise voting rights.
2. When there is consent among all shareholders able to exercise voting rights, the general shareholders' meeting may be held without convocation procedures unless otherwise provided for by laws and regulations or the articles of incorporation.

Article 13 (Method of Resolution)

1. Resolutions of the general shareholders' meetings shall be made by a majority of votes of attending shareholders able to vote where shareholders holding a majority of votes of shareholders able to vote are in attendance, unless otherwise provided for by laws and regulations or the articles of incorporation.
2. Resolutions pursuant to Article 309 Paragraph 2 of the Companies Act shall be made by 2/3 of the votes with no less than half of the votes of shareholders able to vote in attendance.

Article 14 (Proxy Voting)

Shareholders may exercise voting rights by proxy. In such cases, the shareholder or proxy must provide the Company with documentation proving the right of proxy for each general shareholders' meeting.

Article 15 (Minutes)

Minutes of the general shareholders' meeting shall be created as provided for by laws and regulations, and the Company shall hold these in safekeeping.

Chapter 4 Directors

Article 16 (Number of Directors)

The Company shall have 1 or more directors.

Article 17 (Appointment)

1. Directors shall be appointed by the general shareholders' meeting.
2. Resolutions to appoint directors shall be made by a majority of votes with no less than half of the votes of shareholders able to vote in attendance.
3. Cumulative voting shall not be used for the appointment of directors.

Article 18 (Term of Office of Directors)

1. The term of office of directors shall be until the conclusion of the ordinary general shareholders' meeting concerning the final business year ending within 1 year of their appointment.
2. The term of office of a director appointed as a replacement for a director who has stepped down before the expiration of the term of office and the term of office of a director appointed to increase the number of directors shall be until the term of office of the previous director or the other directors in office.

Article 19 (Representative of the Company)

Each director shall represent the Company.

Article 20 (Directors' Compensation, etc.)

The compensation, bonuses and other financial gains received by directors in exchange for performance of duties shall be determined based on resolutions by the general shareholders' meeting.

Chapter 5 Accounting

Article 21 (Business Year)

The Company's business year shall be from April 1 each year until March 31 the following year.

Article 22 (Dividend of Surplus)

1. The year-end dividend made as a dividend of surplus shall be paid to shareholders and registered pledgees of shares stated or recorded in the final shareholder registry on the last day of each business year.
2. In addition to the preceding paragraph, the Company may specify a record date and pay a dividend of surplus to shareholders and registered pledgees of shares stated or recorded in the final shareholder registry on the record date.

Article 23 (Period of Exclusion of Dividends)

If dividend property is monetary, the Company shall be exempt from the obligation for payment thereof when it has not been accepted for three years from the date payment commenced.

Chapter 6 Supplementary Provisions

Article 24 (First Business Year)

The Company's first business year shall be from the day of incorporation of the Company until March 31, 2014.

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Attachment 2

Details of Assumed Rights and Obligations

The assets, debt, contracts and other rights and obligations assumed by the incorporated company from G.taste, G.networks and SAKAI through the Split concluded on August 1, 2013 shall be as follows.

Of the rights and obligations assumed, the valuation of assets and liabilities shall be based on the balance sheets of G.taste, G.networks and SAKAI for March 31, 2013, and shall be determined after adjustment until the day before the date of conclusion.

1. Assets, debt, contracts and other rights and obligations assumed from G.taste.

(1) Assets

The following assets pertaining to the business on the date of conclusion

1) Current assets

Cash, accounts receivable-trade, accounts receivable-other and inventories pertaining to the directly operated stores in the attachment

Deposits (The amount of deposits subject to the Split shall be the amount rationally calculated to make the amount of net assets assumed by the incorporated company from G.taste to be 100 million yen.)

Deferred tax assets

2) Fixed assets

(i) Tangible assets

Machinery, vehicles, tools, instruments, supplies and low-value depreciable assets pertaining to the directly operated stores in the attachment

(ii) Intangible assets

Telephone subscription rights, rights of using facilities and software pertaining to the directly operated stores in the attachment

(2) Liabilities

The following liabilities pertaining to the business on the date of conclusion

1) Current liabilities

Accounts payable-trade and accounts payable-other pertaining to the directly operated stores in the attachment

Unearned revenue

(3) Contracts, etc. (employment contracts, etc. are described in (4))

All contracts pertaining to the business (excluding, however, real estate lease contracts and leasing agreements pertaining to the business.) All rights and obligations arising based upon the above status and said contracts

(4) Employment contracts, etc.

The status of G.taste's employees engaged in the business on the date of conclusion of the Split under employment contracts, and the rights and obligations arising from said contracts shall not be assumed by the incorporated company, and G.taste shall second the employees of G.taste engaged in the business on the date of conclusion of the Split to the incorporated company while retained by G.taste, and have them engage in the business at the incorporated company. The secondment period and other conditions concerning secondment of the seconded employees shall be determined based upon deliberation between G.taste and the incorporated company.

(5) Assumed permits, etc.

All licenses, authorization, approval and registration, etc. held on the date of conclusion by G.taste in relation to the business that can be legally assumed.

2. Assets, debt, contracts and other rights and obligations assumed from G.networks.

(1) Assets

The following assets pertaining to the business on the date of conclusion

1) Current assets

Cash, accounts receivable-trade and inventories pertaining to the directly operated stores in the attachment

Deposits (The amount of deposits subject to the Split shall be the amount rationally calculated to make the amount of net assets assumed by the incorporated company from G.networks to be 100 million yen.)

Deferred tax assets

2) Fixed assets

(i) Tangible Assets

Machinery, vehicles, tools, instruments, supplies and low-value depreciable assets pertaining to the directly operated stores in the attachment

(ii) Intangible assets

Telephone subscription rights and rights of using facilities pertaining to the directly operated stores in the attachment

(2) Liabilities

The following liabilities pertaining to the business on the date of conclusion

1) Current liabilities

Accounts payable-trade and accounts payable-other pertaining to the directly operated stores in the attachment

Unearned revenue

2) Fixed liabilities

Long-term unearned revenue

(3) Contracts, etc. (employment contracts, etc. are described in (4))

All contracts pertaining to the business (excluding, however, real estate lease contracts and leasing agreements pertaining to the business.) All rights and obligations arising based upon the above status and said contracts

(4) Employment contracts, etc.

The status of G.networks' employees engaged in the business on the date of conclusion of the Split under employment contracts, and the rights and obligations arising from said contracts shall not be assumed by the incorporated company, and G.networks shall second the employees of G.networks engaged in the business on the date of conclusion of the Split to the incorporated company while retained by G.networks, and have them engage in the business at the incorporated company. The secondment period and other conditions concerning secondment of the seconded employees shall be determined based upon deliberation between G.networks and the incorporated company.

(5) Assumed permits, etc.

All licenses, authorization, approval and registration, etc. held on the date of conclusion by G.networks in relation to the business that can be legally assumed.

3. Assets, debt, contracts and other rights and obligations assumed from SAKAI.

(1) Assets

The following assets pertaining to the business on the date of conclusion

1) Current assets

Cash, accounts receivable-trade and inventories pertaining to the directly operated stores in the attachment

Deposits (The amount of deposits subject to the Split shall be the amount rationally calculated to make the amount of net assets assumed by the incorporated company from SAKAI to be 100 million yen.)

2) Fixed assets

(i) Tangible Assets

Tools, instruments, supplies and low-value depreciable assets pertaining to the directly operated stores in the attachment

(ii) Intangible assets

Telephone subscription rights and rights of using facilities pertaining to the directly operated stores in the attachment

(2) Liabilities

The following liabilities pertaining to the business on the date of conclusion

1) Current liabilities

Accounts payable-trade and accounts payable-other pertaining to the directly operated stores in the attachment

Unearned revenue

2) Fixed liabilities

Long-term unearned revenue

(3) Contracts, etc. (employment contracts, etc. are described in (4))

All contracts pertaining to the business (excluding, however, real estate lease contracts and leasing agreements pertaining to the business.) All rights and obligations arising based upon the above status and said contracts

(4) Employment contracts, etc.

The status of SAKAI's employees engaged in the business on the date of conclusion of the Split under employment contracts, and the rights and obligations arising from said contracts shall not be assumed by the incorporated company, and SAKAI shall second the employees of SAKAI engaged in the business on the date of conclusion of the Split to the incorporated company while retained by SAKAI, and have them engage in the business at the incorporated company. The secondment period and other conditions concerning secondment of the seconded employees shall be determined based upon deliberation between SAKAI and the incorporated company.

(5) Assumed permits, etc.

All licenses, authorization, approval and registration, etc. held on the date of conclusion by SAKAI in relation to the business that can be legally assumed.

Attachment

List of Directly Operated G.taste Stores to be Assumed

Store name	
Heiroku Sushi Sendai Aoba Masaoka-dori Store	Heiroku Sushi Miyagi Wakuya Store
Heiroku Sushi Miyagi Iwanuma Store	Heiroku Sushi Miyagi Kami Nakaniida Store
Sendai Getaya Sendai Aoba Kokubun-cho Store	Heiroku Sushi Miyagi Kurihara Wakayanagi Store
Heiroku Sushi Sendai Wakabayashi 6-chome Store	Heiroku Sushi Miyagi Shiogama Suginoiri Store
Heiroku Sushi Sendai Izumi-shi Nasaka Store	Heiroku Sushi Miyagi Shibata Funaoka Store
Heiroku Sushi Sendai Aoba Ichiban-cho Store	Ouu Sushi Seisakusho Akita Senboku Kakunodate Store
Heiroku Sushi Miyagi Okawara Store	Ajikou Sapporo Chuo Susukino Store
Heiroku Sushi Sendai Taihaku Nishitaga Store	Heiroku Sushi Sapporo Nishi Hachiken Store
Heiroku Sushi Sapporo Shiroishi Kikusui Motomachi Store	Heiroku Sushi Iwate Ninohe Store
Heiroku Sushi Sapporo Kita Taihei Store	Heiroku Sushi Fukushima Sukagawa Store
Heiroku Sushi Sapporo Atsubetsu Sunpiazza Store	Heiroku Sushi Miyagi Osaki Furukawa Minami Store
Heiroku Sushi Miyagi Ishinomaki-higashi Nakazato Store	Heiroku Sushi Miyagi Tomiya Akaishidai Store
Heiroku Sushi Sapporo Chuo Susukino Store	Heiroku Sushi Iwate Morioka Mitake Store
Heiroku Sushi Sendai Taihaku Minami-Sendai Store	Ouu Sushi Seisakusho Iwate Kuji Store
Heiroku Sushi Miyagi Natori-Kita Store	Heiroku Sushi Sapporo Higashinaebo Store
Heiroku Sushi Sendai Izumi Nakayama Store	Heiroku Sushi Fukushima Yabuki Store
Heiroku Sushi Sendai Aoba Clisroad Store	Heiroku Sushi Sendai Aoba Ayashi Store
Heiroku Sushi Miyagi Kurihara Tsukidate Store	Heiroku Sushi Hokkaido Asahikawa Store
Heiroku Sushi Yamagata Sagae Store	Heiroku Sushi Sendai Miyagino Shinden-higashi Store
Heiroku Sushi Sendai Aoba Uesugi Store	Heiroku Sushi Hokkaido Tomakomai Store
Heiroku Sushi Miyagi Taiwa Yoshioka Store	Heiroku Sushi Sendai Miyagino Tsutsujiigaoka Store
Heiroku Sushi Fukushima Yanome Store	Heiroku Sushi Sendai Aoba Hachiman-cho Store
Heiroku Sushi Fukushima Shirakawa Store	Heiroku Sushi Aomori Hachinohe Store
Heiroku Sushi Yamagata Higashine Store	Heiroku Sushi Sendai Izumi Park Town Tapio Store
Heiroku Sushi Miyagi Shiraishi Store	Ouu Sushi Seisakusho Iwate Ohshu Esashi Store
Heiroku Sushi Miyagi Misato Kogota Store	Heiroku Sushi Tokyo Shibuya Omotesando Store
Heiroku Sushi Miyagi Tagajo Nishi Store	Heiroku Sushi Tokyo Machida Store
Heiroku Sushi Miyagi Rifu Store	Heiroku Sushi Tokyo Shinjuku Okubo Store
Heiroku Sushi Fukushima Koriyama Yatsuyamada Store	Heiroku Sushi Tokyo Kita-Akabane Store
Ouu Sushi Seisakusho Iwate Morioka Tsushida Store	Heiroku Sushi Yokohama Naka Isezakicho Store

Store name	
Heiroke Sushi Tokyo Toshima Ikebukuro-nishiguchi Store	Mou boo Dining Shijo Omiya Store
Heiroke Sushi Kanagawa Atsugi Store	Mou boo Dining Kanagawa Odawara Store
Heiroke Sushi Saitama Toda Store	Tokyo Yamitsuki Sakaba Kanagawa Kannai Store
Sendai Getaya Chiyoda Marunouchi Tokia Store	Toriaezu Gohei Ishikawa Komatsu Store
Heiroke Sushi Tokyo Edogawa Koiwa-minamiguchi Store	Toriaezu Gohei Toyama Iino Store
Heiroke Sushi Tokyo Katsushika Kanamachi Store	Toriaezu Gohei Ishikawa Hakusan Matsuto Store
Heiroke Sushi Tokyo Katsushika Kameari Store	Toriaezu Gohei Ishikawa Nonoichi Oshino Store
Takuhai Heiroke Sendai Izumichuo Store	Toriaezu Gohei Ishikawa Kanazawa Kuratsuki Store
Omuraisu Tei Ishikawa Apita Matto Store	Toriaezu Gohei Toyama Ekimae Main Store
Antonio Inoki Saka-bar Tokyo Shinjuku Store	Toriaezu Gohei Toyama Nakagawara Store
Tori Backs Hamamatsu Nishi-ibanosu	Toriaezu Gohei Fukui Kaihotsu Store
Tenteketen Saitama Nisshin Store	Toriaezu Gohei Toyama Takaoka Yotsuya Store
Tenteketen Saitama Kitamoto Store	Toriaezu Gohei Ishikawa Kanazawa Takayanagi Store
Tenteketen Tokyo Higashimurayama Store	Toriaezu Gohei Nagano Kawanakajima Store
Enya Tokyo Nakano Store	Toriaezu Gohei Toyama Kurose Store
Enya Tokyo Shimokitazawa Store	Toriaezu Gohei Ishikawa Kanazawa Shinkanda Store
Enya Tokyo Shinkoenji Store	Toriaezu Gohei Fukui Sabae Store
Enya Tokyo Yotsuya Store	Toriaezu Gohei Toyama Takaoka-eki Minami Store
Enya Tokyo Ogikubo Store	Toriaezu Gohei Sendai Miyagino Shinden-higashi Store
Enya Tokyo Chofu Store	Toriaezu Gohei Tochigi Oyama Store
Enya Tokyo Mitaka Store	Toriaezu Gohei Gunma Maebashi Store
Enya Kawasaki Store	Toriaezu Gohei Miyagi Ishinomaki Hebita Store
Enya Saitama Fukaya Store	Toriaezu Gohei Niigata Kashiwazaki Store
Enya Saitama Urawa Store	Toriaezu Gohei Toyama Uozu Store
Jizakanaya Tokyo Shinkawa Store	Toriaezu Gohei Saitama Ina Store
Jizakanaya Saitama Omiya Store	Toriaezu Gohei Saitama Honjo Store
Jizakanaya Tokyo Mita Store	Toriaezu Gohei Nagaoka Kitamachi Store
Jizakanaya Tokyo Hamamatsucho Store	Toriaezu Gohei Fukui Nishikata Store
Mou boo Dining Shizuoka Kannami Store	Toriaezu Gohei Niigata Akamichi Store
Mou boo Dining Chiba Yachiyo Store	Toriaezu Gohei Nagano Matsumoto Murai Store

Store name	
Toriaezu Gohei Tokyo Machida Store	Yururitona Murasaki Mei-ekimae Store
Toriaezu Gohei Saitama Iruma Kuboinari Store	Kaienmaru Musashikosugi Store
Toriaezu Gohei Niigata Tsubame-Sanjo Store	Patapataya Higashi-nihonbashi Store
Toriaezu Gohei Chiba Noda Store	TYOTTOYOROUYA Senrichuo Store
Toriaezu Gohei Yamagata Shironishi Store	Furari Murasaki Saitama Chuo Store
Toriaezu Gohei Fukui Gakuen Store	Patapataya Tokyo Machida Store
Toriaezu Gohei Sendai Wakabayashi Tohmizuka Store	Tenteketen Tokyo Kasai Store
Toriaezu Gohei Kanazawa Ekinishi Store	Yururitona Murasaki Tochi Store
Toriaezu Gohei Shizuoka Numazu Shimokannuki Store	Murasaki Tokyo Nakamurabashi Store
Toriaezu Gohei Ibaraki Tsuchiura Store	Chanko Edosawa Niigata Meike Store
Toriaezu Gohei Saitama Koshigaya Store	Chanko Edosawa Niigata Nagaoka Kesajiro Store
Toriaezu Gohei Chiba Wakaba Store	Chanko Edosawa Toyama Hongo Store
Toriaezu Gohei Tochigi Ashikaga Store	Chanko Edosawa Toyama Takaoka Akasofu Store
Toriaezu Gohei Ibaraki Tsukuba Store	Chanko Edosawa Ishikawa Komatsu Store
Toriaezu Gohei Sendai Taihaku Yanagiu Store	Chanko Edosawa Fukui Sabae Store
Toriaezu Gohei Yamagata Nanyo Store	Chanko Edosawa Fukui Takagi Chuo Store
Toriaezu Gohei Iwate Ohshu Mizusawa Aterui Store	Chanko Edosawa Tokyo Main Store
Otaru Shokudo Tochigi Utsunomiya Store	Chanko Edosawa Shizuoka Kawai Store
Otaru Shokudo Tochigi Oyama Store	Chanko Edosawa Tokyo Ryogoku Store
Otaru Shokudo Toyama Tonami Store	Chanko Edosawa Shizuoka Fuji Store
Otaru Shokudo Toyama Takaoka Naimen Store	Chanko Edosawa Tokyo Edogawa Store
Otaru Shokudo Chiba Nagareyama Store	Chanko Edosawa Shizuoka Shimizu Store
Otaru Shokudo Hamamatsu Maruzuka Store	Chanko Edosawa Chiba Kisarazu Store
Otaru Shokudo Tokyo Machida Hirobakama Store	Chanko Edosawa Shizuoka Fujieda Store
Otaru Shokudo Shizuoka Mishima Store	Chanko Edosawa Tokyo Machida Negishi Store
Marusa Suisan Kanagawa Ayase Store	Chanko Edosawa Kanagawa Atsugi Store
Murasaki Yoga Store	Chanko Edosawa Shizuoka Iwata Store
Murasaki Shinjuku Shin-minamiguchi Store	Chanko Edosawa Shizuoka Numazu Wakaba Store
Murasaki Suidobashi Nishiguchi Store	Chanko Edosawa Saitama Niiza Store
Murasaki Shinosaka Store	Chanko Edosawa Chiba Midori Store
Kaihinte Tokyo Yaesu Store	Amor de Gaudi Tokyo Roppongi Store
Karatakeya Tokyo Toranomom Store	Motomachi Coffee Hamamatsu Nishi-iba Store
Ito Coffee Shizuoka Shimizurou Store	

List of Directly Operated G.networks Stores to be Assumed

Store code	Store name
0212	Karubi Tairiku Yamaguchi Onoda Store
0216	Washoku Nabe Shabushabu Shimizu Yamaguchi Ube Store
0221	Tonkou Yamaguchi Onoda Store
0225	Tonkou Yamaguchi Shunan Store
0226	Tonkou Yamaguchi Ube Store
0227	Kaisan Shuka Tonkou Yamaguchi Shimonoseki Store
0230	Karubi Tairiku Yamaguchi Ube Store
0262	Tonku Hiroshima Naka Store
0283	Karubi Tairiku Hiroshima Hatsukaichi Store
0284	Karubi Tairiku Yamaguchi Hofu Store
0285	Karubi Tairiku Yamaguchi Shunan Store
0286	Otaru Shokudo Hiroshima Saijo Plaza Store
0316	Toriaezu Gohei Omoromachi Store
0317	Sendai Getaya Hiroshima Naka Store
0320	Toriaezu Gohei Hyogo Himeji Store
0321	Toriaezu Gohei Hyogo Taishi Store
0322	Toriaezu Gohei Osaka Hirakata Store
0323	Toriaezu Gohei Osaka Kishiwada Store
0325	Haikaraya Hyogo Akashi Store
0356	Omuraisu Tei Fukuoka Aeon Onojo Store
0370	Omuraisu Tei Hiroshima Fuji Grand Kannabe Store
0371	Omuraisu Tei Yamaguchi Onoda Sunpark Store
0375	Omuraisu Tei Fukuoka Yume Town Hakata Store
0390	Agetenya Fukuoka Yume Town Chikushino Store
0395	Udon Hono Kawa Hiroshima Yume Town Kure Store
0431	Omuraisu Tei Kitakyushu Chacha Town Kokura Store
0432	Omuraisu Tei Fukuoka Yume Town Chikushino Store
0440	Omuraisu Tei Ehime Aeon Niihama Store
0445	Omuraisu Tei Aeon Hayato-Kokubu Store
0465	Omuraisu Tei Fukuoka Yume Town Omuta Store
0466	Omuraisu Tei Kumamoto Yume Town Hikarinomori Store
Store code	Store name

0475	Omuraisu Tei Fukuoka Aeon Nogata Store
0476	Omuraisu Tei Yamachuchi The Mall Shunan Store
0481	Omuraisu Tei Fukuoka Yume Town Yame Store
0494	Omuraisu Tei Saga Yume Town Saga Store
0504	Nagasaki Chanmen Yamaguchi Ube Store
0507	Nagasaki Chanmen Yamaguchi Nagato Store
0510	Nagasaki Chanmen Yamaguchi Asa Store
0513	Nagasaki Chanmen Yamaguchi Ube Kounan Store
0566	Nagasaki Chanmen Yamaguchi Iwakuni Tateishi Store
0620	Ishiyaki Bibinba Annyon Fukuoka Yume Town Hakata Store
0624	Champon-za The Juttetsu Saga Yume Town Saga Store
0626	Honokawa Seimen Oita Yume Town Beppu Store
0627	Omuraisu Tei Oita Yume Town Beppu Store
0628	Annyon Shimane Yume Town Izumo Store
0629	Omuraisu Tei Shimane Yume Town Izumo Store
0631	Annyon Fukuoka Torius Hisayama Store
0633	Annyon Ehime Aeon Niihama Store
0634	Annyon Tottori Aeon Tottori-kita Store
0635	Omuraisu Tei Tottori Aeon Tottori-kita Store
0636	Nagasaki Chanmen Juttetsu Fukuoka Aeon Mall Store
0637	Omuraisu Tei Kochi Aeon Mall Kochi Store
0638	Annyon Kagawa Aeon Mall Ayagawa Store
0640	Omuraisu Tei Osaka Crysta Nagahori Store
0641	Omuraisu Tei Nagoya Aeon Mall Aratama-bashi Store
0642	Omuraisu Tei Tokyo Ario Kitasuna Store
0643	Omuraisu Tei Tokyo Ito-Yokado Kasai Store
0644	Omuraisu Tei Saitama Ario Kawaguchi Store
0645	Omuraisu Tei Nara Nara Family Store
0646	Omuraisu Tei Saitama Ito-Yokado Nishikicho Store
0647	Agetenya Hamamatsu Aeon Mall Hamamatsu Shitoro Store
0648	Omuraisu Tei Kumamoto Yume Town Hamasen Store

Store code	Store name
0649	Agetenya Fukuoka Yume Town Omuta Store
0660	Agetenya Saitama Ito-Yokado Misato Store
0661	Agetenya Saitama Aeon Mall Yono Store
0662	Omuraisu Tei Nara Aeon Mall Nara Tomigaoka Store
0663	Omuraisu Tei Takamatsu Aeon Mall Takamatsu Store
0914	Toriaezu Gohei Sakai-kita Store
0917	Toriaezu Gohei Osaka Kaizuka Store
0918	Shabu-shabu Sukiyaki Shimizu Osaka Hirakata Store
0919	Shabu-shabu Sukiyaki Shimizu Higashi-Osaka Higashi-Konoike Store
0920	Toriaezu Gohei Osaka Izumi Store
0921	Toriaezu Gohei Osaka Chuo Store
0925	Toriaezu Gohei Himeji Agaho Store
0926	Toriaezu Gohei Hyogo Himeji Mitachi Store
0928	Shabu-shabu Sukiyaki Shimizu Okayama Kurashiki Store
0930	Chanko Edosawa Okayama Aoe Store
0931	Toriaezu Gohei Okayama Honmachi Store
0932	Shabu-shabu Sukiyaki Shimizu Hiroshima Fukuyama Store
0933	Shabu-shabu Sukiyaki Shimizu Hiroshima Fukuyama Store (Okinoue)
0934	Shabu-shabu Sukiyaki Shimizu Kagawa Takamatsu Store
1605	Nagasaki Chanmen Hiroshima Kure Store
1606	Nagasaki Chanmen Hiroshima Hatsukaichi Store
1614	Nagasaki Chanmen Hiroshima Saeki Store
1615	Udon Honokawa Hiroshima Minami Store
2703	Nagasaki Chanmen Okayama Ihuku Store
2704	Nagasaki Chanmen Okayama Masuno Store
2706	Nagasaki Chanmen Okayama Fukuhama Store
2709	Nagasaki Chanmen Okayama Kurashiki Store
2710	Nagasaki Chanmen Okayama Soja Store
2714	Nagasaki Chanmen Okayama Hama Store
3713	Nagasaki Chanmen Kobe-nishi Store
3805	Udon Honokawa Osaka Suita Store

Store code	Store name
3806	Nagasaki Chanmen Hyogo Takarazuka Store
3816	Udon Honokawa Osaka Higashi-Sumiyoshi Store
3821	Udon Honokawa Kobe-nishi Store
3826	Udon Honokawa Hyogo Aeon Town Higashi-Kakogawa Store

List of Directly Operated SAKAI Stores to be Assumed

Business line	Store name
Sakai	Kasukabe Store
Sakai	Narita Store
Sakai	Hamura Store
Sakai	Hachioji Mejirodai Store
Sakai	Setagaya Kitami Store
Sakai	Musashino Sakurazutsumi Store
Sakai	Shinjuku Kabukicho Store
Sakai	Hadano Store
Sakai	Yokohama Tennocho Store
Sakai	Hashimoto Store
Sakai	Shonan Life Town Store
Sakai	Kurihama Store
Sakai	Kugenuma-Kaigan Store
Sakai	Kanazawa-Hakkei Store
Sakai	Matsumoto Murai Store
Sakai	Ueda Store
Sakai	Nagano Nagaike Store
Sakai	Ogaki Akasaka Store
Sakai	Kakamigahara Store
Sakai	Akanabe Store
Sakai	Shimizu Tsukimi Store
Sakai	Shimizu Ekimae Store
Sakai	Kannami Store
Sakai	Hamamatsu Morita Store
Sakai	Kakegawa Store
Sakai	Iwata Store
Sakai	Mishimaminami Store
Sakai	Yaizu Sangamyo Store
Sakai	Fuji Yoshiwara Store
Sakai	Shizuoka Interchange Store
Sakai	Shizuoka Fujieda Store
Sakai	Irinaka Store
Sakai	Chiryu Store
Sakai	Nishio Store
Sakai	Yokkaichi Tokiwa Store
Sakai	Yokkaichi Nishi Store
Sakai	Kyoto Rakusai Store
Sakai	Kyoto Ichijoji Store
Sakai	Fushimi Yokooji Store
Sakai	Osaka Visola Minoh Store
Sakai	Shijonawate Store
Sakai	Ikeda Store
Sakai	Sakai Hamadera Store
Sakai	Osaka Kishiwada Imaki Store

Business line	Store name
Sakai	Itami Ojika Store
Osaka Karubi	Chiyoda Uchikanda Store
Osaka Karubi	Gifu Masaki Store
Osaka Karubi	Hamamatsu Interchange Store
Osaka Karubi	Aichi Kasugai Store
Osaka Karubi	Nagoya Minato Store
Osaka Karubi	Aichi Ichinomiya Bypass Store
Osaka Karubi	Aichi Oguchi Store
Osaka Karubi	Aichi Owariasahi Store
Osaka Karubi	Aichi Miyoshi Store
Osaka Karubi	Aichi Nagakute Store
Osaka Karubi	Mie Suzuka Store
Osaka Karubi	Tsu Takachaya Store
Osaka Karubi (all-you-can-eat)	Saitama Iruma Store
Osaka Karubi (all-you-can-eat)	Shin-Narashino Store
Osaka Karubi (all-you-can-eat)	Yokohama Totsuka Store
Tori Backs	Shizuoka Kannami-no-su
Buffet Olive	Kannami Store
Buffet Olive	Nagoya Iwatsuka Store
Buffet Olive	Sakai Senboku Store