

## Consolidated Balance Sheets

**C&G SYSTEMS INC. and consolidated subsidiaries**

**As of Sep 30, 2016, and December 31, 2015**

(in thousand Yen)

	<b>December 31, 2015</b>	<b>Sep 30, 2016</b>
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and bank deposits	1,617,385	1,812,145
Notes and accounts receivable	760,250	814,603
Inventories	146,531	145,677
Other current assets	170,650	177,715
Allowance for doubtful accounts	(2,563)	(1,643)
<b>Total current assets</b>	<b>2,692,253</b>	<b>2,948,499</b>
<b>Non current assets</b>		
<b>Tangible fixed assets</b>	247,818	230,952
<b>Intangible fixed assets</b>	105,054	80,922
<b>Investments</b>		
Investments securities	123,164	132,396
Net investments in real estates	421,683	414,329
Insurance funds	413,472	427,488
Other investments	160,628	153,593
Allowance for doubtful accounts	(22,778)	(17,393)
<b>Total investments</b>	<b>1,096,170</b>	<b>1,110,414</b>
<b>Total non current assets</b>	<b>1,449,043</b>	<b>1,422,289</b>
<b>Total assets</b>	<b>4,141,297</b>	<b>4,370,788</b>

	<b>December 31, 2015</b>	<b>Sep 30, 2016</b>
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Accounts payable	83,725	91,224
Income taxes payable	59,647	142,078
Provision for bonuses	—	45,012
Advances from customers	714,316	783,740
Other current liabilities	226,345	123,327
<b>Total current liabilities</b>	<b>1,084,035</b>	<b>1,185,383</b>
<b>Non current liabilities</b>		
Accrued pension and severance costs for officers	123,751	132,020
Net defined benefit liability	651,289	711,384
Other non current liabilities	111,285	119,350
<b>Total non current liabilities</b>	<b>886,326</b>	<b>962,755</b>
<b>Total liabilities</b>	<b>1,970,362</b>	<b>2,148,138</b>
<b>(Net assets)</b>		
<b>Shareholders' equity</b>		
Capital stock	500,000	500,000
Additional paid-in capital	125,000	125,000
Retained earnings	1,472,260	1,565,229
Treasury stock	(43)	(43)
<b>Total shareholders' equity</b>	<b>2,097,217</b>	<b>2,190,186</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	843	5,787
Foreign currency translation adjustments	26,610	(15,468)
<b>Total accumulated other comprehensive income</b>	<b>27,453</b>	<b>(9,680)</b>
<b>Non-controlling interests</b>	46,263	42,144
<b>Total net assets</b>	<b>2,170,934</b>	<b>2,222,649</b>
<b>Total liabilities and net assets</b>	<b>4,141,297</b>	<b>4,370,788</b>

## Consolidated Statements of Income

**C&G SYSTEMS INC. and consolidated subsidiaries**

**For the nine months ended Sep 30, 2016**

(in thousand Yen)

	For the nine months ended Sep 30, 2015	For the nine months ended Sep 30, 2016
<b>Sales</b>	3,290,365	3,231,309
Costs of goods sold	1,243,227	1,263,716
<b>Gross profit</b>	2,047,137	1,967,592
<b>Selling, general and administrative expenses</b>	1,644,901	1,633,441
<b>Operating income</b>	<b>402,236</b>	<b>334,151</b>
<b>Other income</b>		
Interest received	1,052	798
Dividends income	2,030	2,017
Rent income	61,784	65,801
Reversal of allowance for doubtful accounts	1,131	6,305
Other	21,846	2,383
<b>Total other income</b>	<b>87,845</b>	<b>77,307</b>
<b>Other expenses</b>		
Interest expense	375	331
Maintenance of investment properties	54,827	50,344
Other	3,709	3,136
<b>Total other expenses</b>	<b>58,911</b>	<b>53,812</b>
<b>Ordinary income</b>	<b>431,170</b>	<b>357,645</b>
<b>Net income before income taxes and minority interests</b>	<b>431,170</b>	<b>357,645</b>
Income tax expense - current	77,122	151,802
Income tax expense - deferred	60,748	(13,210)
<b>Total income tax expense</b>	<b>137,871</b>	<b>138,592</b>
<b>Net income</b>	<b>293,299</b>	<b>219,053</b>
<b>Profit attributable to non-controlling interests</b>	23,147	28,069
<b>Profit attributable to owners of parent</b>	<b>270,151</b>	<b>190,983</b>

	For the nine months ended Sep 30, 2015	For the nine months ended Sep 30, 2016
<b>Net income</b>	293,299	219,053
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	3,616	4,943
Foreign currency translation adjustment	(10,904)	(49,881)
<b>Total other comprehensive income</b>	<b>(7,287)</b>	<b>(44,937)</b>
<b>Total comprehensive income</b>	<b>286,011</b>	<b>174,116</b>
Total comprehensive income attributable to:		
Owners of the parent	263,750	153,849
Non-controlling interests	22,260	20,266