

## Consolidated Balance Sheets

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

**As of March 31, 2017, and December 31, 2016**

(in thousand Yen)

	<b>December 31, 2016</b>	<b>March 31, 2017</b>
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and bank deposits	1,932,275	2,015,539
Notes and accounts receivable	748,677	648,185
Inventories	41,627	86,067
Other current assets	149,370	155,292
Allowance for doubtful accounts	(3,596)	(1,110)
<b>Total current assets</b>	<b>2,868,355</b>	<b>2,903,974</b>
<b>Non current assets</b>		
<b>Tangible fixed assets</b>	231,686	231,488
<b>Intangible fixed assets</b>	87,173	67,666
<b>Investments</b>		
Investments securities	136,077	140,421
Net investments in real estates	411,877	409,571
Insurance funds	429,377	431,265
Other investments	150,449	157,998
Allowance for doubtful accounts	(15,591)	(13,791)
<b>Total investments</b>	<b>1,112,189</b>	<b>1,125,465</b>
<b>Total non current assets</b>	<b>1,431,050</b>	<b>1,424,620</b>
<b>Total assets</b>	<b>4,299,405</b>	<b>4,328,594</b>

	<b>December 31, 2016</b>	<b>March 31, 2017</b>
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Accounts payable	53,415	95,774
Income taxes payable	120,006	81,828
Provision for bonuses	—	43,480
Advances from customers	615,757	689,944
Other current liabilities	203,345	168,397
<b>Total current liabilities</b>	<b>992,525</b>	<b>1,079,425</b>
<b>Non current liabilities</b>		
Accrued pension and severance costs for officers	134,776	137,533
Net defined benefit liability	730,540	752,187
Other non current liabilities	115,053	111,221
<b>Total non current liabilities</b>	<b>980,370</b>	<b>1,000,942</b>
<b>Total liabilities</b>	<b>1,972,896</b>	<b>2,080,367</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	1,617,129	1,580,052
Treasury stock	(86)	(86)
<b>Total shareholders' equity</b>	<b>2,242,043</b>	<b>2,204,966</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	8,904	11,646
Foreign currency translation adjustments	17,214	8,582
<b>Total accumulated other comprehensive income</b>	<b>26,119</b>	<b>20,228</b>
<b>Non-controlling Interest</b>	58,346	23,031
<b>Total net assets</b>	<b>2,326,509</b>	<b>2,248,226</b>
<b>Total liabilities and net assets</b>	<b>4,299,405</b>	<b>4,328,594</b>

## Consolidated Statements of Income

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

**For the quarter ended March 31, 2017**

(in thousand Yen)

	For the quarter ended March 31, 2016	For the quarter ended March 31, 2017
<b>Sales</b>	1,104,004	979,324
Costs of goods sold	444,323	360,152
<b>Gross profit</b>	<b>659,680</b>	<b>619,171</b>
<b>Selling, general and administrative expenses</b>	<b>548,585</b>	<b>525,898</b>
<b>Operating income</b>	<b>111,094</b>	<b>93,273</b>
<b>Other income</b>		
Interest received	355	262
Rent income	21,895	21,765
Reversal of allowance for doubtful accounts	2,749	4,286
Other	5,587	3,080
<b>Total other income</b>	<b>30,588</b>	<b>29,394</b>
<b>Other expenses</b>		
Interest expense	158	50
Maintenance of investment properties	17,705	17,430
Other	1,153	9
<b>Total other expenses</b>	<b>19,018</b>	<b>17,491</b>
<b>Ordinary income</b>	<b>122,664</b>	<b>105,176</b>
<b>Net income before for income taxes and minority interests</b>	<b>122,664</b>	<b>105,176</b>
Income tax expense - current	40,505	68,115
Income tax expense - deferred	(5,622)	(23,260)
<b>Total income tax expense</b>	<b>34,882</b>	<b>44,855</b>
<b>Net Income</b>	<b>87,782</b>	<b>60,321</b>
<b>Profit attributable to non-controlling interests</b>	<b>11,903</b>	<b>(615)</b>
<b>Profit attributable to owners of parent</b>	<b>75,878</b>	<b>60,936</b>

	For the quarter ended March 31, 2016	For the quarter ended March 31, 2017
<b>Net Income</b>	<b>87,782</b>	<b>60,321</b>
<b>Other comprehensive Income</b>		
Valuation difference on available-for-sale securities	(7,760)	2,741
Foreign currency translation adjustment	(20,067)	(11,117)
<b>Total other comprehensive income</b>	<b>(27,827)</b>	<b>(8,375)</b>
<b>Total comprehensive income</b>	<b>59,954</b>	<b>51,945</b>
Total Comprehensive Income attributable to:		
Owners of the parent	51,751	55,046
Non-controlling interests	8,203	(3,100)