

## Consolidated Balance Sheets

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

**As of September 30, 2017, and December 31, 2016**

(in thousand Yen)

	<b>December 31, 2016</b>	<b>September 30, 2017</b>
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and bank deposits	1,932,275	2,196,137
Notes and accounts receivable	748,677	647,822
Inventories	41,627	108,250
Other current assets	149,370	182,426
Allowance for doubtful accounts	(3,596)	(980)
<b>Total current assets</b>	<b>2,868,355</b>	<b>3,133,656</b>
<b>Non current assets</b>		
<b>Tangible fixed assets</b>	231,686	229,364
<b>Intangible fixed assets</b>	87,173	52,298
<b>Investments</b>		
Investments securities	136,077	168,342
Net investments in real estates	411,877	404,959
Insurance funds	429,377	435,042
Other investments	150,449	148,834
Allowance for doubtful accounts	(15,591)	(10,192)
<b>Total investments</b>	<b>1,112,189</b>	<b>1,146,987</b>
<b>Total non current assets</b>	<b>1,431,050</b>	<b>1,428,649</b>
<b>Total assets</b>	<b>4,299,405</b>	<b>4,562,306</b>

	December 31, 2016	September 30, 2017
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Accounts payable	53,415	63,615
Income taxes payable	120,006	84,153
Provision for bonuses	—	49,597
Advances from customers	615,757	742,181
Other current liabilities	203,345	161,206
<b>Total current liabilities</b>	<b>992,525</b>	<b>1,100,753</b>
<b>Non current liabilities</b>		
Accrued pension and severance costs for officers	134,776	143,260
Net defined benefit liability	730,540	803,088
Other non current liabilities	115,053	103,438
<b>Total non current liabilities</b>	<b>980,370</b>	<b>1,049,787</b>
<b>Total liabilities</b>	<b>1,972,896</b>	<b>2,150,541</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	1,706,528
Treasury stock	(86)	(86)
<b>Total shareholders' equity</b>	<b>2,242,043</b>	<b>2,331,441</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	8,904	31,232
Foreign currency translation adjustments	17,214	13,266
<b>Total accumulated other comprehensive income</b>	<b>26,119</b>	<b>44,499</b>
<b>Non-controlling interests</b>	58,346	35,824
<b>Total net assets</b>	<b>2,326,509</b>	<b>2,411,764</b>
<b>Total liabilities and net assets</b>	<b>4,299,405</b>	<b>4,562,306</b>

## Consolidated Statements of Income

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

**For the nine months ended September 30, 2017**

(in thousand Yen)

	For the nine months ended September 30, 2016	For the nine months ended September 30, 2017
<b>Sales</b>	3,231,309	3,029,748
Costs of goods sold	1,263,716	1,119,834
<b>Gross profit</b>	1,967,592	1,909,913
<b>Selling, general and administrative expenses</b>	1,633,441	1,611,420
<b>Operating income</b>	<b>334,151</b>	<b>298,493</b>
<b>Other income</b>		
Interest received	798	717
Dividends income	2,017	2,002
Rent income	65,801	65,937
Reversal of allowance for doubtful accounts	6,305	8,016
Other	2,383	8,561
<b>Total other income</b>	<b>77,307</b>	<b>85,235</b>
<b>Other expenses</b>		
Interest expense	331	203
Maintenance of investment properties	50,344	49,479
Other	3,136	894
<b>Total other expenses</b>	<b>53,812</b>	<b>50,577</b>
<b>Ordinary income</b>	<b>357,645</b>	<b>333,151</b>
<b>Net income before income taxes and minority interests</b>	<b>357,645</b>	<b>333,151</b>
Income tax expense - current	151,802	162,209
Income tax expense - deferred	(13,210)	(28,222)
<b>Total income tax expense</b>	<b>138,592</b>	<b>133,987</b>
<b>Net income</b>	<b>219,053</b>	<b>199,164</b>
<b>Profit attributable to non-controlling interests</b>	28,069	11,752
<b>Profit attributable to owners of parent</b>	<b>190,983</b>	<b>187,411</b>

	For the nine months ended September 30, 2016	For the nine months ended September 30, 2017
<b>Net income</b>	293,299	199,164
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	3,616	22,328
Foreign currency translation adjustment	(10,904)	(6,009)
<b>Total other comprehensive income</b>	<b>(7,287)</b>	<b>16,319</b>
<b>Total comprehensive income</b>	<b>286,011</b>	<b>215,483</b>
Total comprehensive income attributable to:		
Owners of the parent	263,750	205,791
Non-controlling interests	22,260	9,692