

## Consolidated Balance Sheets

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

**As of September 30, 2018, and December 31, 2017**

(in thousand Yen)

	<b>December 31, 2017</b>	<b>September 30, 2018</b>
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and bank deposits	2,241,417	2,184,605
Notes and accounts receivable	672,482	712,181
Inventories	52,516	141,423
Other current assets	161,649	198,582
Allowance for doubtful accounts	(196)	(136)
<b>Total current assets</b>	<b>3,127,869</b>	<b>3,236,654</b>
<b>Non current assets</b>		
<b>Tangible fixed assets</b>	233,426	265,913
<b>Intangible fixed assets</b>	54,594	21,630
<b>Investments</b>		
Investments securities	164,928	158,519
Net investments in real estates	402,653	396,146
Insurance funds	428,493	433,528
Other investments	411,020	432,278
Allowance for doubtful accounts	(8,981)	(3,881)
<b>Total investments</b>	<b>1,398,114</b>	<b>1,416,591</b>
<b>Total non current assets</b>	<b>1,686,136</b>	<b>1,704,136</b>
<b>Total assets</b>	<b>4,814,005</b>	<b>4,940,791</b>

## Consolidated Balance Sheets

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

**As of September 30, 2018, and December 31, 2017**

(in thousand Yen)

	December 31, 2017	September 30, 2018
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Accounts payable	62,508	102,618
Income taxes payable	104,169	11,438
Provision for bonuses	-	50,178
Advances from customers	667,299	818,471
Other current liabilities	180,830	168,106
<b>Total current liabilities</b>	<b>1,014,808</b>	<b>1,150,814</b>
<b>Non current liabilities</b>		
Accrued pension and severance costs for officers	145,799	146,328
Net defined benefit liability	817,839	868,725
Other non current liabilities	100,357	102,041
<b>Total non current liabilities</b>	<b>1,063,996</b>	<b>1,117,095</b>
<b>Total liabilities</b>	<b>2,078,804</b>	<b>2,267,909</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	2,022,751	1,971,978
Treasury stock	(86)	(86)
<b>Total shareholders' equity</b>	<b>2,647,664</b>	<b>2,596,891</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	29,195	23,930
Foreign currency translation adjustments	15,027	16,601
<b>Total accumulated other comprehensive income</b>	<b>44,223</b>	<b>40,531</b>
<b>Non-controlling interests</b>	43,312	35,458
<b>Total net assets</b>	<b>2,735,200</b>	<b>2,672,881</b>
<b>Total liabilities and net assets</b>	<b>4,814,005</b>	<b>4,940,791</b>

## Consolidated Statements of Income

**C&G SYSTEMS INC. and consolidated subsidiaries**  
**For the nine months ended September 30, 2018**

(in thousand Yen)

	For the nine months ended September 30, 2017	For the nine months ended September 30, 2018
<b>Sales</b>	3,029,748	2,998,565
Costs of goods sold	1,119,834	1,159,188
<b>Gross profit</b>	1,909,913	1,839,377
<b>Selling, general and administrative expenses</b>	1,611,420	1,684,776
<b>Operating income</b>	<b>298,493</b>	<b>154,600</b>
<b>Other income</b>		
Interest received and dividends income	2,720	2,880
Rent income	65,937	66,063
Reversal of allowance for doubtful accounts	8,016	5,159
Other	8,561	3,030
<b>Total other income</b>	<b>85,235</b>	<b>77,135</b>
<b>Other expenses</b>		
Interest expense	203	183
Maintenance of investment properties	49,479	48,995
Other	894	4,217
<b>Total other expenses</b>	<b>50,577</b>	<b>53,397</b>
<b>Ordinary income</b>	<b>333,151</b>	<b>178,338</b>
<b>Extraordinary losses</b>		
Directors' retirement benefits	—	15,600
<b>Total extraordinary losses</b>	—	15,600
<b>Net income before income taxes and minority interests</b>	<b>333,151</b>	<b>162,738</b>
Income tax expense - current	162,209	104,701
Income tax expense - deferred	(28,222)	(28,245)
<b>Total income tax expense</b>	<b>133,987</b>	<b>76,456</b>
<b>Net income</b>	<b>199,164</b>	<b>86,282</b>
<b>Profit and losses attributable to non-controlling interests</b>	11,752	9,638
<b>Profit attributable to owners of parent</b>	<b>187,411</b>	<b>76,644</b>

	For the nine months ended September 30, 2017	For the nine months ended September 30, 2018
<b>Net income</b>	199,164	86,282
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	22,328	(5,265)
Foreign currency translation adjustment	(6,009)	817
<b>Total other comprehensive income</b>	16,319	(4,447)
<b>Total comprehensive income</b>	215,483	81,834
Total comprehensive income attributable to:		
Owners of the parent	205,791	72,952
Non-controlling interests	9,692	8,882