

## Consolidated Balance Sheets

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

**As of March 31, 2019 and December 31, 2018**

(in thousand Yen)

	<b>December 31, 2018</b>	<b>March, 31 2019</b>
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and bank deposits	2,286,455	2,311,789
Notes and accounts receivable	424,241	429,748
Electronically recorded monetary claims-operating	269,679	220,165
Inventories	121,928	207,816
Other current assets	165,219	163,712
Allowance for doubtful accounts	(1,006)	(1,063)
<b>Total current assets</b>	<b>3,266,517</b>	<b>3,332,169</b>
<b>Non current assets</b>		
<b>Tangible fixed assets</b>	257,624	307,665
<b>Intangible fixed assets</b>	19,538	26,207
<b>Investments</b>		
Investments securities	135,788	130,374
Net investments in real estates	393,978	391,952
Insurance funds	435,206	436,885
Other investments	434,903	462,420
Allowance for doubtful accounts	(3,967)	(3,979)
<b>Total investments</b>	<b>1,395,908</b>	<b>1,417,652</b>
<b>Total non current assets</b>	<b>1,673,072</b>	<b>1,751,525</b>
<b>Total assets</b>	<b>4,939,589</b>	<b>5,083,695</b>

	<b>December 31, 2018</b>	<b>March, 31 2019</b>
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Accounts payable	74,832	100,514
Income taxes payable	10,038	52,838
Provision for bonuses	-	48,273
Advances from customers	734,110	764,699
Other current liabilities	178,938	240,477
<b>Total current liabilities</b>	<b>997,920</b>	<b>1,206,802</b>
<b>Non current liabilities</b>		
Bonds payable	<b>100,000</b>	<b>100,000</b>
Accrued pension and severance costs for officers	149,398	-
Net defined benefit liability	885,053	912,282
Other non current liabilities	106,706	255,413
<b>Total non current liabilities</b>	<b>1,241,157</b>	<b>1,267,696</b>
<b>Total liabilities</b>	<b>2,239,077</b>	<b>2,474,499</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	2,016,436	1,960,351
Treasury stock	(86)	(86)
<b>Total shareholders' equity</b>	<b>2,641,349</b>	<b>2,585,264</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	9,679	(20,583)
Foreign currency translation adjustments	9,280	11,941
<b>Total accumulated other comprehensive income</b>	<b>18,959</b>	<b>(8,642)</b>
<b>Non-controlling interests</b>	40,202	32,574
<b>Total net assets</b>	<b>2,700,511</b>	<b>2,609,196</b>
<b>Total liabilities and net assets</b>	<b>4,939,589</b>	<b>5,083,695</b>

## Consolidated Statements of Income

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

**For the three months ended March 31, 2019**

(in thousand Yen)

	For the three months ended March 31, 2018	For the three months ended March 31, 2019
<b>Sales</b>	1,032,547	1,022,719
Costs of goods sold	417,125	360,422
<b>Gross profit</b>	615,421	662,296
<b>Selling, general and administrative expenses</b>	523,572	595,255
<b>Operating income</b>	<b>91,848</b>	<b>67,041</b>
<b>Other income</b>		
Interest received and dividends income	253	314
Rent income	21,758	21,847
Other	2,845	1,414
<b>Total other income</b>	<b>24,857</b>	<b>23,576</b>
<b>Other expenses</b>		
Interest expense	41	113
Maintenance of investment properties	17,286	17,232
Other	7,350	378
<b>Total other expenses</b>	<b>24,678</b>	<b>17,724</b>
<b>Ordinary income</b>	<b>92,027</b>	<b>72,894</b>
<b>Extraordinary losses</b>		
Directors' retirement benefits	15,600	-
<b>Total extraordinary losses</b>	<b>15,600</b>	<b>-</b>
<b>Net income before income taxes and minority interests</b>	<b>76,427</b>	<b>72,894</b>
Income tax expense - current	45,610	50,440
Income tax expense - deferred	(11,877)	(23,839)
<b>Total income tax expense</b>	<b>33,733</b>	<b>26,600</b>
<b>Net income</b>	<b>42,694</b>	<b>46,293</b>
<b>Profit attributable to non-controlling interests</b>	225	4,365
<b>Profit attributable to owners of parent</b>	<b>42,468</b>	<b>41,928</b>

	For the three months ended March 31, 2018	For the three months ended March 31, 2019
<b>Net income</b>	42,694	46,293
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,571	(30,263)
Foreign currency translation adjustment	(16,514)	2,909
<b>Total other comprehensive income</b>	<b>(13,943)</b>	<b>(27,353)</b>
<b>Total comprehensive income</b>	<b>28,750</b>	<b>18,940</b>
Total comprehensive income attributable to:		
Owners of the parent	31,884	14,326
Non-controlling interests	(3,133)	4,613