

Consolidated Balance Sheets

C&G SYSTEMS INC. and consolidated subsidiaries

As of March 31, 2020 and December 31, 2019

(in thousand Yen)

	December 31, 2019	March, 31 2020
(Assets)		
Current assets		
Cash and bank deposits	2,335,443	2,237,415
Notes and accounts receivable	445,814	486,355
Electronically recorded monetary claims-operating	288,662	248,832
Inventories	119,239	79,166
Other current assets	178,877	160,270
Allowance for doubtful accounts	(1,120)	(1,203)
Total current assets	3,366,918	3,210,836
Non current assets		
Tangible fixed assets	289,262	290,538
Intangible fixed assets	19,127	10,650
Investments		
Investments securities	77,461	100,168
Net investments in real estates	385,873	384,018
Insurance funds	441,919	443,598
Other investments	457,166	480,204
Allowance for doubtful accounts	(3,980)	(3,903)
Total investments	1,358,441	1,404,085
Total non current assets	1,666,832	1,705,274
Total assets	5,033,750	4,916,110

	December 31, 2019	March, 31 2020
(Liabilities)		
Current liabilities		
Accounts payable	65,701	72,421
Current portion of bonds	100,000	100,000
Income taxes payable	88,043	64,445
Provision for bonuses	-	46,990
Advances from customers	774,556	671,812
Other current liabilities	181,618	162,926
Total current liabilities	1,209,920	1,118,596
Non current liabilities		
Provision for share-based remuneration for directors	3,874	5,166
Net defined benefit liability	944,272	966,321
Other non current liabilities	252,804	254,303
Total non current liabilities	1,200,952	1,225,791
Total liabilities	2,410,872	2,344,387
(Net assets)		
Shareholders' equity		
Capital stock	500,000	500,000
Additional paid-in capital	125,000	125,000
Retained earnings	2,099,914	2,022,972
Treasury stock	(117,889)	(117,889)
Total shareholders' equity	2,607,024	2,530,082
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(43,559)	(3,820)
Foreign currency translation adjustments	14,395	1,603
Total accumulated other comprehensive income	(29,164)	(2,217)
Non-controlling interests	45,017	43,858
Total net assets	2,622,877	2,571,723
Total liabilities and net assets	5,033,750	4,916,110

Consolidated Statements of Income

C&G SYSTEMS INC. and consolidated subsidiaries

For the three months ended March 31, 2020

(in thousand Yen)

	For the three months ended March 31, 2019	For the three months ended March 31, 2020
Sales	1,022,719	1,122,961
Costs of goods sold	360,422	450,310
Gross profit	662,296	672,651
Selling, general and administrative expenses	595,255	551,404
Operating income	67,041	121,247
Other income		
Interest received and dividends income	314	312
Rent income	21,847	23,165
Other	1,414	2,987
Total other income	23,576	26,466
Other expenses		
Interest expense	113	70
Loss on valuation of investment securities	-	65,374
Maintenance of investment properties	17,232	17,850
Other	378	676
Total other expenses	17,724	83,972
Ordinary income	72,894	63,741
Net income before income taxes and minority interests	72,894	63,741
Income tax expense - current	50,440	53,389
Income tax expense - deferred	(23,839)	(24,330)
Total income tax expense	26,600	29,058
Net income	46,293	34,682
Profit attributable to non-controlling interests	4,365	15,610
Profit attributable to owners of parent	41,928	19,071

	For the three months ended March 31, 2018	For the three months ended March 31, 2019
Net income	46,293	34,682
Other comprehensive income		
Valuation difference on available-for-sale securities	(30,263)	39,739
Foreign currency translation adjustment	2,909	(14,212)
Total other comprehensive income	(27,353)	25,526
Total comprehensive income	18,940	60,209
Total comprehensive income attributable to:		
Owners of the parent	14,326	46,018
Non-controlling interests	4,613	14,190