

Consolidated Balance Sheets

C&G SYSTEMS INC. and consolidated subsidiaries

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

(in thousand Yen)

	December 31, 2016	June 30, 2017
(Assets)		
Current assets		
Cash and bank deposits	1,932,275	2,110,100
Notes and accounts receivable	748,677	706,065
Inventories	41,627	50,596
Other current assets	149,370	151,270
Allowance for doubtful accounts	(3,596)	(1,014)
Total current assets	2,868,355	3,017,017
Non current assets		
Tangible fixed assets	231,686	234,800
Intangible fixed assets	87,173	60,168
Investments		
Investments securities	136,077	164,767
Net investments in real estates	411,877	407,265
Insurance funds	429,377	433,154
Other investments	150,449	149,750
Allowance for doubtful accounts	(15,591)	(11,991)
Total investments	1,112,189	1,142,946
Total non current assets	1,431,050	1,437,915
Total assets	4,299,405	4,454,932

	December 31, 2016	June 30, 2017
(Liabilities)		
Current liabilities		
Accounts payable	53,415	55,519
Income taxes payable	120,006	103,834
Advances from customers	615,757	741,920
Other current liabilities	203,345	160,005
Total current liabilities	992,525	1,061,280
Non current liabilities		
Accrued pension and severance costs for officers	134,776	140,289
Net defined benefit liability	730,540	781,965
Other non current liabilities	115,053	108,614
Total non current liabilities	980,370	1,030,869
Total liabilities	1,972,896	2,092,149
(Net assets)		
Shareholders' equity		
Capital stock	500,000	500,000
Additional paid-in capital	125,000	125,000
Retained earnings	1,617,129	1,662,910
Treasury stock	(86)	(86)
Total shareholders' equity	2,242,043	2,287,824
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,904	28,626
Foreign currency translation adjustments	17,214	9,317
Total accumulated other comprehensive income	26,119	37,943
Non-controlling interests	58,346	37,015
Total net assets	2,326,509	2,362,782
Total liabilities and net assets	4,299,405	4,454,932