

## Consolidated Balance Sheets

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

As of **March 31, 2018, and December 31, 2017**

(in thousand Yen)

	<b>December 31, 2017</b>	<b>March, 31 2018</b>
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and bank deposits	2,241,417	2,051,143
Notes and accounts receivable	672,482	763,371
Inventories	52,516	49,133
Other current assets	161,649	171,852
Allowance for doubtful accounts	(196)	(147)
<b>Total current assets</b>	<b>3,127,869</b>	<b>3,035,353</b>
<b>Non current assets</b>		
<b>Tangible fixed assets</b>	233,426	258,250
<b>Intangible fixed assets</b>	54,594	55,066
<b>Investments</b>		
Investments securities	164,928	169,103
Net investments in real estates	402,653	400,484
Insurance funds	428,493	430,171
Other investments	411,020	418,434
Allowance for doubtful accounts	(8,981)	(6,581)
<b>Total investments</b>	<b>1,398,114</b>	<b>1,411,613</b>
<b>Total non current assets</b>	<b>1,686,136</b>	<b>1,724,930</b>
<b>Total assets</b>	<b>4,814,005</b>	<b>4,760,284</b>

	<b>December 31, 2017</b>	<b>March, 31 2018</b>
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Accounts payable	62,508	108,103
Income taxes payable	104,169	45,698
Provision for bonuses	—	41,852
Advances from customers	667,299	627,257
Other current liabilities	180,830	242,538
<b>Total current liabilities</b>	<b>1,014,808</b>	<b>1,065,450</b>
<b>Non current liabilities</b>		
Accrued pension and severance costs for officers	145,799	140,188
Net defined benefit liability	817,839	834,577
Other non current liabilities	100,357	100,269
<b>Total non current liabilities</b>	<b>1,063,996</b>	<b>1,075,034</b>
<b>Total liabilities</b>	<b>2,078,804</b>	<b>2,140,485</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	1,937,802
Treasury stock	(86)	(86)
<b>Total shareholders' equity</b>	<b>2,647,664</b>	<b>2,562,716</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	29,195	31,766
Foreign currency translation adjustments	15,027	1,872
<b>Total accumulated other comprehensive income</b>	<b>44,223</b>	<b>33,638</b>
<b>Non-controlling interests</b>	43,312	23,443
<b>Total net assets</b>	<b>2,735,200</b>	<b>2,619,798</b>
<b>Total liabilities and net assets</b>	<b>4,814,005</b>	<b>4,760,284</b>

## Consolidated Statements of Income

C&G SYSTEMS INC. and consolidated subsidiaries

For the three months ended March 31, 2018

(in thousand Yen)

	For the three months ended March 31, 2017	For the three months ended March 31, 2018
<b>Sales</b>	979,324	1,032,547
Costs of goods sold	360,152	417,125
<b>Gross profit</b>	619,171	615,421
<b>Selling, general and administrative expenses</b>	525,898	523,572
<b>Operating income</b>	<b>93,273</b>	<b>91,848</b>
<b>Other income</b>		
Interest received and dividends income	262	253
Rent income	21,765	21,758
Reversal of allowance for doubtful accounts	4,286	2,448
Other	3,080	397
<b>Total other income</b>	<b>29,394</b>	<b>24,857</b>
<b>Other expenses</b>		
Interest expense	50	41
Maintenance of investment properties	17,430	17,286
Other	9	7,350
<b>Total other expenses</b>	<b>17,491</b>	<b>24,678</b>
<b>Ordinary income</b>	<b>105,176</b>	<b>92,027</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>105,176</b>	<b>76,427</b>
Income tax expense - current	68,115	45,610
Income tax expense - deferred	(23,260)	(11,877)
<b>Total income tax expense</b>	<b>44,855</b>	<b>33,733</b>
<b>Net income</b>	<b>60,321</b>	<b>42,694</b>
<b>Profit attributable to non-controlling interests</b>	(615)	225
<b>Profit attributable to owners of parent</b>	<b>60,936</b>	<b>42,468</b>

	For the three months ended March 31, 2017	For the three months ended March 31, 2018
<b>Net income</b>	60,321	42,694
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,741	2,571
Foreign currency translation adjustment	(11,117)	(16,514)
<b>Total other comprehensive income</b>	(8,375)	(13,943)
<b>Total comprehensive income</b>	51,945	28,750
Total comprehensive income attributable to:		
Owners of the parent	55,046	31,884
Non-controlling interests	(3,100)	(3,133)