KNT-CT HOLDINGS CO., LTD. CONSOLIDATED BALANCE SHEETS

December 31, 2014 and 2013

	Millions of Yen	
ASSETS	2014	2013
CURRENT ASSETS:		
Cash and deposits	¥ 60,277	¥ 57,369
Notes and accounts receivable trade	21,753	23,674
Allowance for doubtful accounts	(31)	(25)
Inventories	106	120
Advances paid to suppliers	14,129	16,073
Deferred tax asset	1,728	2,444
Prepaid expenses and other current assets	5,218	3,435
Total current assets	103,182	103,092
PROPERTY AND EQUIPMENT, at cost:		
Land	1,224	1,282
Buildings	4,269	4,304
Equipment	4,333	4,133
• •	9,827	9,720
Accumulated depreciation	(6,963)	(6,590)
Total property and equipment	2,863	3,130
INTANGIBLE ASSETS		
Software	4,944	5,755
Goodwill	-	2,902
Other	35	81
Total intangible assets	4,980	8,739
INVESTMENTS AND OTHER ASSETS:		
Investment securities	4,556	4,202
Lease deposits	5,160	5,192
Long-term loans receivable	161	194
Allowance for doubtful accounts	(440)	(414)
Deferred tax asset	1,631	2,319
Other assets	1,950	2,853
Total investments and other assets	13,018	14,347
Total assets	¥ 124,045	¥ 129,308

KNT-CT HOLDINGS CO., LTD. CONSOLIDATED BALANCE SHEETS

December 31, 2014 and 2013

LIABILITIES 2014 2013 CURRENT LIABILITIES: *** *** Accounts payable trade *** <th></th> <th colspan="2">Millions of Yen</th>		Millions of Yen	
Accounts payable trade ¥ 15,151 ¥ 16,340 Advances received 74,916 79,169 Employees' savings deposits 831 86 Accrued income taxes 495 554 Deferred tax liability 530 147 Accrued expenses and other current liabilities 2,213 2,499 Total current liabilities 94,139 98,797 SEVERANCE AND RETIREMENT - 2,578 ALLOWANCE 1,208 1,138 GIFT COUPON FOR FUTURE USE 1,208 1,138 GIFT COUPON FOR FUTURE USE 1,208 1,138 NET DIFINED BENEFIT LIABILITY 2,012 - OTHER LONG-TERM LIABILITIES 2,696 2,602 TOCKHOLDERS' EQUITY: Common stock, Common stock, Authorized - 380,000,000 shares 1,862 7,825 Issued - 270,530,635 shares 7,025 6,988 Retained earnings 5,149 7,131 Treasury stock (4) (2) Total stockholders' eouity 20,033 21,943	LIABILITIES	2014	2013
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Employees' savings deposits 831 86 Accrued income taxes 495 554 Deferred tax liability 530 147 Accrued expenses and other current liabilities 2,213 2,499 Total current liabilities 94,139 98,797 SEVERANCE AND RETIREMENT ALLOWANCE - 2,578 ALLOWANCE FOR LOSSES ON UNCOLLECTED GIFT COUPON FOR FUTURE USE 1,208 1,138 NET DIFINED BENEFIT LIABILITY 2,012 - OTHER LONG-TERM LIABILITIES 2,696 2,602 Total liabilities 100,340 105,354 STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares Issued - 270,530,635 shares 7,862 7,825 Capital surplus 7,025 6,988 Retained earnings 5,149 7,131 Treasury stock (4) (2) Total stockholders' eouity 20,033 21,943 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,197 844 Gains or losses on deffered hedge accountings 1,651 882 For	1 0		
Accrued income taxes			
Deferred tax liability			
Accrued expenses and other current liabilities 70	Deferred tax liability		147
Total current liabilities 94,139 98,797	-	2,213	2,499
ALLOWANCE DEFERRED TAX LIABIILITY 284 238 ALLOWANCE FOR LOSSES ON UNCOLLECTED GIFT COUPON FOR FUTURE USE NET DIFINED BENEFIT LIABILITY 2,012 - OTHER LONG-TERM LIABILITIES 2,696 2,602 Total liabilities 100,340 105,354 STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares Issued - 270,530,635 shares Stated - 270,530,635 shares Retained earnings 7,025 Capital surplus Retained earnings 5,149 7,131 Treasury stock Total stockholders' eouity 20,033 21,943 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities Net unrealized holding denefit plans 700 1,197 844 Gains or losses on deffered hedge accountings Foreign currency translation adjisument 529 267 Remeasurements of difined benefit plans Total appraisal and translation differences MINORITY INTERESTS 17 17 Total Net Assets 23,704 23,954			98,797
ALLOWANCE FOR LOSSES ON UNCOLLECTED GIFT COUPON FOR FUTURE USE NET DIFINED BENEFIT LIABILITY 2,012 - OTHER LONG-TERM LIABILITIES 2,696 2,602 Total liabilities 100,340 105,354 STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares Issued - 270,530,635 shares 7,862 Capital surplus 7,025 Capital surplus 7,025 6,988 Retained earnings 5,149 7,131 Treasury stock 100,340 105,354 7,825 Capital surplus 7,025 6,988 Retained earnings 1,149 7,131 Treasury stock 140 (2) Total stockholders' eouity 20,033 21,943 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities Net unrealized holding gains on securities 1,197 844 Gains or losses on deffered hedge accountings Foreign currency translation adjisument 529 267 Remeasurements of diffined benefit plans Total appraisal and translation differences MINORITY INTERESTS 17 Total Net Assets 23,704 23,954		-	2,578
STOCKHOLDERS' EQUITY: 2,696 2,602 Total liabilities 100,340 105,354 STOCKHOLDERS' EQUITY: 2 7,825 Common stock, 300,000,000 shares 3,825 Issued - 270,530,635 shares 7,862 7,825 Capital surplus 7,025 6,988 Retained earnings 5,149 7,131 Treasury stock (4) (2) Total stockholders' eouity 20,033 21,943 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,197 844 Gains or losses on deffered hedge accountings 1,651 882 Foreign currency translation adjisument 529 267 Remeasurements of difined benefit plans 274 - Total appraisal and translation differences 3,653 1,994 MINORITY INTERESTS 17 17 Total Net Assets 23,704 23,954	DEFERRED TAX LIABIILITY	284	238
OTHER LONG-TERM LIABILITIES 2,696 2,602 Total liabilities 100,340 105,354 STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares 7,862 7,825 Issued - 270,530,635 shares 7,025 6,988 Retained earnings 5,149 7,131 Treasury stock (4) (2) Total stockholders' eouity 20,033 21,943 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,197 844 Gains or losses on deffered hedge accountings 1,651 882 Foreign currency translation adjisument 529 267 Remeasurements of difined benefit plans 274 - Total appraisal and translation differences 3,653 1,994 MINORITY INTERESTS 17 17 Total Net Assets 23,704 23,954		1,208	1,138
Total liabilities 100,340 105,354 STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares Issued - 270,530,635 shares 7,862 7,825 Capital surplus 7,025 6,988 Retained earnings 5,149 7,131 Treasury stock (4) (2) Total stockholders' eouity 20,033 21,943 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,197 844 Gains or losses on deffered hedge accountings 1,651 882 Foreign currency translation adjisument 529 267 Remeasurements of difined benefit plans 274 - Total appraisal and translation differences 3,653 1,994 MINORITY INTERESTS 17 17 Total Net Assets 23,704 23,954	NET DIFINED BENEFIT LIABILITY	2,012	-
STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares Issued - 270,530,635 shares 7,862 7,825 Capital surplus 7,025 6,988 Retained earnings 5,149 7,131 Treasury stock (4) (2) Total stockholders' eouity 20,033 21,943 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,197 844 Gains or losses on deffered hedge accountings 1,651 882 Foreign currency translation adjisument 529 267 Remeasurements of difined benefit plans 274 - Total appraisal and translation differences 3,653 1,994 MINORITY INTERESTS 17 17 Total Net Assets 23,704 23,954	OTHER LONG-TERM LIABILITIES	2,696	2,602
Common stock, Authorized - 380,000,000 shares Issued - 270,530,635 shares 7,862 7,825 Capital surplus 7,025 6,988 Retained earnings 5,149 7,131 Treasury stock (4) (2) Total stockholders' eouity 20,033 21,943 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,197 844 Gains or losses on deffered hedge accountings 1,651 882 Foreign currency translation adjisument 529 267 Remeasurements of difined benefit plans 274 - Total appraisal and translation differences 3,653 1,994 MINORITY INTERESTS 17 17 Total Net Assets 23,704 23,954	Total liabilities	100,340	105,354
Common stock, Authorized - 380,000,000 shares Issued - 270,530,635 shares 7,862 7,825 Capital surplus 7,025 6,988 Retained earnings 5,149 7,131 Treasury stock (4) (2) Total stockholders' eouity 20,033 21,943 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,197 844 Gains or losses on deffered hedge accountings 1,651 882 Foreign currency translation adjisument 529 267 Remeasurements of difined benefit plans 274 - Total appraisal and translation differences 3,653 1,994 MINORITY INTERESTS 17 17 Total Net Assets 23,704 23,954	STOCKHOLDERS' FOLUTY:		
Authorized - 380,000,000 shares 7,862 7,825 Issued - 270,530,635 shares 7,025 6,988 Retained earnings 5,149 7,131 Treasury stock (4) (2) Total stockholders' eouity 20,033 21,943 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,197 844 Gains or losses on deffered hedge accountings 1,651 882 Foreign currency translation adjisument 529 267 Remeasurements of difined benefit plans 274 - Total appraisal and translation differences 3,653 1,994 MINORITY INTERESTS 17 17 Total Net Assets 23,704 23,954			
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Capital surplus 7,025 6,988 Retained earnings 5,149 7,131 Treasury stock (4) (2) Total stockholders' eouity 20,033 21,943 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,197 844 Gains or losses on deffered hedge accountings 1,651 882 Foreign currency translation adjisument 529 267 Remeasurements of difined benefit plans 274 - Total appraisal and translation differences 3,653 1,994 MINORITY INTERESTS 17 17 Total Net Assets 23,704 23,954		7.862	7.825
Retained earnings5,1497,131Treasury stock(4)(2)Total stockholders' eouity20,03321,943APPRAISAL AND TRANSLATION DIFFERENCESNet unrealized holding gains on securities1,197844Gains or losses on deffered hedge accountings1,651882Foreign currency translation adjisument529267Remeasurements of difined benefit plans274-Total appraisal and translation differences3,6531,994MINORITY INTERESTS1717Total Net Assets23,70423,954			
Treasury stock (4) (2) Total stockholders' eouity 20,033 21,943 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,197 844 Gains or losses on deffered hedge accountings 1,651 882 Foreign currency translation adjisument 529 267 Remeasurements of difined benefit plans 274 - Total appraisal and translation differences 3,653 1,994 MINORITY INTERESTS 17 17 Total Net Assets 23,704 23,954	•		
Total stockholders' eouity APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities Net unrealized holding gains on securities 1,197 844 Gains or losses on deffered hedge accountings 1,651 882 Foreign currency translation adjisument 529 267 Remeasurements of difined benefit plans 274 Total appraisal and translation differences 3,653 1,994 MINORITY INTERESTS 17 17 Total Net Assets 23,704 23,954	<u> </u>		
APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities Gains or losses on deffered hedge accountings Foreign currency translation adjisument Foreign currency translation adjisument Total appraisal and translation differences MINORITY INTERESTS Total Net Assets 1,197 844 1,651 882 267 267 267 274 - 17 17 17 23,704 23,954			21,943
Gains or losses on deffered hedge accountings1,651882Foreign currency translation adjisument529267Remeasurements of diffined benefit plans274-Total appraisal and translation differences3,6531,994MINORITY INTERESTS1717Total Net Assets23,70423,954	•	,	,
Gains or losses on deffered hedge accountings1,651882Foreign currency translation adjisument529267Remeasurements of diffined benefit plans274-Total appraisal and translation differences3,6531,994MINORITY INTERESTS1717Total Net Assets23,70423,954	Net unrealized holding gains on securities	1,197	844
Remeasurements of difined benefit plans274-Total appraisal and translation differences3,6531,994MINORITY INTERESTS1717Total Net Assets23,70423,954		1,651	882
Total appraisal and translation differences MINORITY INTERESTS Total Net Assets 3,653 1,994 17 23,704 23,954	Foreign currency translation adjisument	529	267
MINORITY INTERESTS 17 17 Total Net Assets 23,704 23,954	Remeasurements of difined benefit plans	274	-
Total Net Assets 23,704 23,954	Total appraisal and translation differences	3,653	1,994
	MINORITY INTERESTS		<u>1</u> 7
Total liabilities and Net Assets ¥ 124,045 ¥ 129,308	Total Net Assets	23,704	23,954
	Total liabilities and Net Assets	¥ 124,045	¥ 129,308