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

December 31, 2015 and 2014

	Millions of Yen	
ASSETS	2015	2014
CURRENT ASSETS:		
Cash and deposits	¥ 67,382	¥ 60,277
Notes and accounts receivable trade	22,000	21,753
Allowance for doubtful accounts	(31)	(31)
Inventories	114	106
Advances paid to suppliers	13,065	14,129
Deferred tax asset	1,927	1,728
Prepaid expenses and other current assets	2,861	5,218
Total current assets	107,321	103,182
PROPERTY AND EQUIPMENT, at cost:		
Land	982	1,224
Buildings	4,314	4,269
Equipment	3,773	4,333
Construction in progress	0	· -
Accumulated depreciation	(6,593)	(6,963)
Total property and equipment	2,477	2,863
INTANGIBLE ASSETS		
Software	3,122	4,944
Other	14	35
Total intangible assets	3,136	4,980
INVESTMENTS AND OTHER ASSETS:		
Investment securities	5,335	4,556
Lease deposits	4,994	5,160
Long-term loans receivable	140	161
Allowance for doubtful accounts	(431)	(440)
Deferred tax asset	1,225	1,631
Other assets	1,480	1,950
Total investments and other assets	12,744	13,018
Total assets	¥ 125,679	¥ 124,045

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

December 31, 2015 and 2014

LIABILITIES         2015         2014           CURRENT LIABILITIES:         Accounts payable trade         ¥ 15,286         ¥ 15,151           Advances received         74,034         74,916           Employees' savings deposits         860         831           Accrued income taxes         645         495           Deferred tax liability         1         530           Accrued expenses and other current liabilities         2,874         2,213           Total current liabilities         93,702         94,139           DEFERRED TAX LIABILITY         723         284           ALLOWANCE FOR LOSSES ON UNCOLLECTED         1,252         1,208           GIFT COUPON FOR FUTURE USE         1,252         1,208           NET DIFINED BENEFIT LIABILITY         559         2,012           OTHER LONG-TERM LIABILITIES         2,656         2,696           Total liabilities         98,893         100,340           STOCKHOLDERS' EQUITY:         Common stock,         4           Authorized - 380,000,000 shares         1         5,256           Issued - 270,530,635 shares         7,915         7,862           Capital surplus         7,078         7,025           Retained earnings         9,490         5,		Millions of Yen	
Accounts payable trade         ¥ 15,286         ¥ 15,151           Advances received         74,034         74,916           Employees' savings deposits         860         831           Accrued income taxes         645         495           Deferred tax liability         1         530           Accrued expenses and other current liabilities         2,874         2,213           Total current liabilities         93,702         94,139           DEFERRED TAX LIABILITY         723         284           ALLOWANCE FOR LOSSES ON UNCOLLECTED         1,252         1,208           GIFT COUPON FOR FUTURE USE         1         559         2,012           OTHER LONG-TERM LIABILITIES         2,656         2,696         2,696           Total liabilities         98,893         100,340           STOCKHOLDERS' EQUITY:           Common stock,         4         7,915         7,862           Capital surplus         7,078         7,025           Retained earnings         9,490         5,149           Treasury stock         (7)         (4)           Total stockholders' couity         24,476         20,033           APPRAISAL AND TRANSLATION DIFFERENCES         Net unrealized holding gains on securities </th <th>LIABILITIES</th> <th>2015</th> <th>2014</th>	LIABILITIES	2015	2014
Accounts payable trade         ¥ 15,286         ¥ 15,151           Advances received         74,034         74,916           Employees' savings deposits         860         831           Accrued income taxes         645         495           Deferred tax liability         1         530           Accrued expenses and other current liabilities         2,874         2,213           Total current liabilities         93,702         94,139           DEFERRED TAX LIABILITY         723         284           ALLOWANCE FOR LOSSES ON UNCOLLECTED         1,252         1,208           GIFT COUPON FOR FUTURE USE         1         559         2,012           OTHER LONG-TERM LIABILITIES         2,656         2,696         2,696           Total liabilities         98,893         100,340           STOCKHOLDERS' EQUITY:           Common stock,         4         7,915         7,862           Capital surplus         7,078         7,025           Retained earnings         9,490         5,149           Treasury stock         (7)         (4)           Total stockholders' couity         24,476         20,033           APPRAISAL AND TRANSLATION DIFFERENCES         Net unrealized holding gains on securities </td <td>CURRENT LIABILITIES:</td> <td></td> <td></td>	CURRENT LIABILITIES:		
Advances received         74,034         74,916           Employees' savings deposits         860         831           Accrued income taxes         645         495           Deferred tax liability         1         530           Accrued expenses and other current liabilities         2,874         2,213           Total current liabilities         93,702         94,139           DEFERRED TAX LIABIILITY         723         284           ALLOWANCE FOR LOSSES ON UNCOLLECTED         1,252         1,208           GIFT COUPON FOR FUTURE USE         1         559         2,012           OTHER LONG-TERM LIABILITIES         2,656         2,696           Total liabilities         98,893         100,340           STOCKHOLDERS' EQUITY:         Common stock,           Authorized - 380,000,000 shares         1         7,915         7,862           Capital surplus         7,078         7,025         7,025           Retained earnings         9,490         5,149         5,149           Treasury stock         (7)         (4)         7,025         24,476         20,033           APPRAISAL AND TRANSLATION DIFFERENCES         Net unrealized holding gains on securities         1,803         1,197         6,51		¥ 15.286	¥ 15.151
Employees' savings deposits         860         831           Accrued income taxes         645         495           Deferred tax liability         1         530           Accrued expenses and other current liabilities         2,874         2,213           Total current liabilities         93,702         94,139           DEFERRED TAX LIABILITY         723         284           ALLOWANCE FOR LOSSES ON UNCOLLECTED GIFT COUPON FOR FUTURE USE         1,252         1,208           NET DIFINED BENEFIT LIABILITY         559         2,012           OTHER LONG-TERM LIABILITIES         2,656         2,696           Total liabilities         98,893         100,340           STOCKHOLDERS' EQUITY:         Common stock, Authorized - 380,000,000 shares         3,7078         7,862           Lisued - 270,530,635 shares         7,915         7,862         7,862           Capital surplus         7,078         7,025         7,025           Retained earnings         9,490         5,149         7,025           Treasury stock         (7)         (4)         20,033           APPRAISAL AND TRANSLATION DIFFERENCES         Net unrealized holding gains on securities         1,803         1,197           Gains or losses on deffered hedge accountings         (277)<	- ·		
Accrued income taxes         645         495           Deferred tax liability         1         530           Accrued expenses and other current liabilities         2,874         2,213           Total current liabilities         93,702         94,139           DEFERRED TAX LIABILITY         723         284           ALLOWANCE FOR LOSSES ON UNCOLLECTED         1,252         1,208           GIFT COUPON FOR FUTURE USE         1,252         1,208           NET DIFINED BENEFIT LIABILITY         559         2,012           OTHER LONG-TERM LIABILITIES         2,656         2,696           Total liabilities         98,893         100,340           STOCKHOLDERS' EQUITY:         2         2           Common stock,         4         34,244           Authorized - 380,000,000 shares         1         34,244           Issued - 270,530,635 shares         7,915         7,862           Capital surplus         7,078         7,025           Retained earnings         9,490         5,149           Treasury stock         (7)         (4)           Total stockholders' couity         24,476         20,033           APPRAISAL AND TRANSLATION DIFFERENCES         Net unrealized holding gains on securities         1,803 <td>Employees' savings deposits</td> <td>*</td> <td>· · · · · · · · · · · · · · · · · · ·</td>	Employees' savings deposits	*	· · · · · · · · · · · · · · · · · · ·
Deferred tax liability		645	495
Accrued expenses and other current liabilities         2,874         2,213           Total current liabilities         93,702         94,139           DEFERRED TAX LIABIILITY         723         284           ALLOWANCE FOR LOSSES ON UNCOLLECTED GIFT COUPON FOR FUTURE USE         1,252         1,208           NET DIFINED BENEFIT LIABILITY         559         2,012           OTHER LONG-TERM LIABILITIES         2,656         2,696           Total liabilities         98,893         100,340           STOCKHOLDERS' EQUITY:         200,000         200,000           Common stock,         3,000         3,000           Authorized - 380,000,000 shares         1,591         7,862           Lissued - 270,530,635 shares         7,915         7,862           Capital surplus         7,078         7,025           Retained earnings         9,490         5,149           Treasury stock         (7)         (4)           Total stockholders' couity         24,476         20,033           APPRAISAL AND TRANSLATION DIFFERENCES         Net unrealized holding gains on securities         1,803         1,197           Gains or losses on deffered hedge accountings         (277)         1,651           Foreign currency translation adjisument         461         <		1	530
Total current liabilities         93,702         94,139           DEFERRED TAX LIABIILITY         723         284           ALLOWANCE FOR LOSSES ON UNCOLLECTED GIFT COUPON FOR FUTURE USE         1,252         1,208           NET DIFINED BENEFIT LIABILITY         559         2,012           OTHER LONG-TERM LIABILITIES         2,656         2,696           Total liabilities         98,893         100,340           STOCKHOLDERS' EQUITY:           Common stock, Authorized - 380,000,000 shares         7,915         7,862           Lasued - 270,530,635 shares         7,915         7,862           Capital surplus         7,078         7,025           Retained earnings         9,490         5,149           Treasury stock         (7)         (4)           Total stockholders' eouity         24,476         20,033           APPRAISAL AND TRANSLATION DIFFERENCES         Net unrealized holding gains on securities         1,803         1,197           Gains or losses on deffered hedge accountings         (277)         1,651           Foreign currency translation adjisument         461         529           Remeasurements of difined benefit plans         235         274           Total appraisal and translation differences         2,223         3,653		2,874	2,213
ALLOWANCE FOR LOSSES ON UNCOLLECTED GIFT COUPON FOR FUTURE USE  NET DIFINED BENEFIT LIABILITY  559  2,012  OTHER LONG-TERM LIABILITIES  2,656  2,696  Total liabilities  98,893  100,340  STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares Issued - 270,530,635 shares  7,915  7,862 Capital surplus  7,078  7,025 Retained earnings  9,490  5,149 Treasury stock  7 Total stockholders' eouity  APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,803 1,197 Gains or losses on deffered hedge accountings (277) 1,651 Foreign currency translation adjisument 461 529 Remeasurements of diffined benefit plans 235 Total appraisal and translation differences MINORITY INTERESTS 86 17 Total Net Assets 26,786			94,139
GIFT COUPON FOR FUTURE USE         NET DIFINED BENEFIT LIABILITY       559       2,012         OTHER LONG-TERM LIABILITIES       2,656       2,696         Total liabilities       98,893       100,340         STOCKHOLDERS' EQUITY:         Common stock,       4       4         Authorized - 380,000,000 shares       1       5         Issued - 270,530,635 shares       7,915       7,862         Capital surplus       7,078       7,025         Retained earnings       9,490       5,149         Treasury stock       (7)       (4)         Total stockholders' eouity       24,476       20,033         APPRAISAL AND TRANSLATION DIFFERENCES         Net unrealized holding gains on securities       1,803       1,197         Gains or losses on deffered hedge accountings       (277)       1,651         Foreign currency translation adjisument       461       529         Remeasurements of difined benefit plans       235       274         Total appraisal and translation differences       2,223       3,653         MINORITY INTERESTS       86       17         Total Net Assets       26,786       23,704	DEFERRED TAX LIABIILITY	723	284
OTHER LONG-TERM LIABILITIES         2,656         2,696           Total liabilities         98,893         100,340           STOCKHOLDERS' EQUITY:           Common stock,         Authorized - 380,000,000 shares           Issued - 270,530,635 shares         7,915         7,862           Capital surplus         7,078         7,025           Retained earnings         9,490         5,149           Treasury stock         (7)         (4)           Total stockholders' eouity         24,476         20,033           APPRAISAL AND TRANSLATION DIFFERENCES         Net unrealized holding gains on securities         1,803         1,197           Gains or losses on deffered hedge accountings         (277)         1,651           Foreign currency translation adjisument         461         529           Remeasurements of difined benefit plans         235         274           Total appraisal and translation differences         2,223         3,653           MINORITY INTERESTS         86         17           Total Net Assets         26,786         23,704		1,252	1,208
Total liabilities         98,893         100,340           STOCKHOLDERS' EQUITY:         Common stock,           Authorized - 380,000,000 shares         Issued - 270,530,635 shares         7,915         7,862           Capital surplus         7,078         7,025           Retained earnings         9,490         5,149           Treasury stock         (7)         (4)           Total stockholders' eouity         24,476         20,033           APPRAISAL AND TRANSLATION DIFFERENCES           Net unrealized holding gains on securities         1,803         1,197           Gains or losses on deffered hedge accountings         (277)         1,651           Foreign currency translation adjisument         461         529           Remeasurements of difined benefit plans         235         274           Total appraisal and translation differences         2,223         3,653           MINORITY INTERESTS         86         17           Total Net Assets         26,786         23,704	NET DIFINED BENEFIT LIABILITY	559	2,012
STOCKHOLDERS' EQUITY:         Common stock,       Authorized - 380,000,000 shares         Issued - 270,530,635 shares       7,915       7,862         Capital surplus       7,078       7,025         Retained earnings       9,490       5,149         Treasury stock       (7)       (4)         Total stockholders' eouity       24,476       20,033         APPRAISAL AND TRANSLATION DIFFERENCES         Net unrealized holding gains on securities       1,803       1,197         Gains or losses on deffered hedge accountings       (277)       1,651         Foreign currency translation adjisument       461       529         Remeasurements of difined benefit plans       235       274         Total appraisal and translation differences       2,223       3,653         MINORITY INTERESTS       86       17         Total Net Assets       26,786       23,704	OTHER LONG-TERM LIABILITIES	2,656	2,696
Common stock,         Authorized - 380,000,000 shares         Issued - 270,530,635 shares       7,915       7,862         Capital surplus       7,078       7,025         Retained earnings       9,490       5,149         Treasury stock       (7)       (4)         Total stockholders' eouity       24,476       20,033         APPRAISAL AND TRANSLATION DIFFERENCES         Net unrealized holding gains on securities       1,803       1,197         Gains or losses on deffered hedge accountings       (277)       1,651         Foreign currency translation adjisument       461       529         Remeasurements of difined benefit plans       235       274         Total appraisal and translation differences       2,223       3,653         MINORITY INTERESTS       86       17         Total Net Assets       26,786       23,704	Total liabilities	98,893	100,340
Common stock,         Authorized - 380,000,000 shares         Issued - 270,530,635 shares       7,915       7,862         Capital surplus       7,078       7,025         Retained earnings       9,490       5,149         Treasury stock       (7)       (4)         Total stockholders' eouity       24,476       20,033         APPRAISAL AND TRANSLATION DIFFERENCES         Net unrealized holding gains on securities       1,803       1,197         Gains or losses on deffered hedge accountings       (277)       1,651         Foreign currency translation adjisument       461       529         Remeasurements of difined benefit plans       235       274         Total appraisal and translation differences       2,223       3,653         MINORITY INTERESTS       86       17         Total Net Assets       26,786       23,704	STOCKHOLDERS' FOUITY:		
Authorized - 380,000,000 shares       7,915       7,862         Capital surplus       7,078       7,025         Retained earnings       9,490       5,149         Treasury stock       (7)       (4)         Total stockholders' eouity       24,476       20,033         APPRAISAL AND TRANSLATION DIFFERENCES         Net unrealized holding gains on securities       1,803       1,197         Gains or losses on deffered hedge accountings       (277)       1,651         Foreign currency translation adjisument       461       529         Remeasurements of difined benefit plans       235       274         Total appraisal and translation differences       2,223       3,653         MINORITY INTERESTS       86       17         Total Net Assets       26,786       23,704			
Issued - 270,530,635 shares       7,915       7,862         Capital surplus       7,078       7,025         Retained earnings       9,490       5,149         Treasury stock       (7)       (4)         Total stockholders' eouity       24,476       20,033         APPRAISAL AND TRANSLATION DIFFERENCES       Net unrealized holding gains on securities       1,803       1,197         Gains or losses on deffered hedge accountings       (277)       1,651         Foreign currency translation adjisument       461       529         Remeasurements of difined benefit plans       235       274         Total appraisal and translation differences       2,223       3,653         MINORITY INTERESTS       86       17         Total Net Assets       26,786       23,704	•		
Capital surplus       7,078       7,025         Retained earnings       9,490       5,149         Treasury stock       (7)       (4)         Total stockholders' eouity       24,476       20,033         APPRAISAL AND TRANSLATION DIFFERENCES       1,803       1,197         Gains or losses on deffered hedge accountings       (277)       1,651         Foreign currency translation adjisument       461       529         Remeasurements of difined benefit plans       235       274         Total appraisal and translation differences       2,223       3,653         MINORITY INTERESTS       86       17         Total Net Assets       26,786       23,704		7,915	7,862
Retained earnings       9,490       5,149         Treasury stock       (7)       (4)         Total stockholders' eouity       24,476       20,033         APPRAISAL AND TRANSLATION DIFFERENCES       1,803       1,197         Gains or losses on deffered hedge accountings       (277)       1,651         Foreign currency translation adjisument       461       529         Remeasurements of difined benefit plans       235       274         Total appraisal and translation differences       2,223       3,653         MINORITY INTERESTS       86       17         Total Net Assets       26,786       23,704			
Treasury stock         (7)         (4)           Total stockholders' eouity         24,476         20,033           APPRAISAL AND TRANSLATION DIFFERENCES         Net unrealized holding gains on securities         1,803         1,197           Gains or losses on deffered hedge accountings         (277)         1,651           Foreign currency translation adjisument         461         529           Remeasurements of difined benefit plans         235         274           Total appraisal and translation differences         2,223         3,653           MINORITY INTERESTS         86         17           Total Net Assets         26,786         23,704			
Total stockholders' eouity  APPRAISAL AND TRANSLATION DIFFERENCES  Net unrealized holding gains on securities  Net unrealized holding gains on securities  1,803 1,197 Gains or losses on deffered hedge accountings (277) 1,651 Foreign currency translation adjisument 461 529 Remeasurements of difined benefit plans 235 Total appraisal and translation differences 2,223 3,653 MINORITY INTERESTS 86 17 Total Net Assets 26,786 23,704		(7)	(4)
APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,803 1,197 Gains or losses on deffered hedge accountings (277) 1,651 Foreign currency translation adjisument 461 529 Remeasurements of difined benefit plans 235 274 Total appraisal and translation differences 2,223 3,653 MINORITY INTERESTS 86 17 Total Net Assets 26,786 23,704		24,476	20,033
Gains or losses on deffered hedge accountings(277)1,651Foreign currency translation adjisument461529Remeasurements of difined benefit plans235274Total appraisal and translation differences2,2233,653MINORITY INTERESTS8617Total Net Assets26,78623,704	APPRAISAL AND TRANSLATION DIFFERENCES		
Foreign currency translation adjisument 461 529 Remeasurements of difined benefit plans 235 274  Total appraisal and translation differences 2,223 3,653 MINORITY INTERESTS 86 17  Total Net Assets 26,786 23,704	Net unrealized holding gains on securities	1,803	1,197
Remeasurements of difined benefit plans235274Total appraisal and translation differences2,2233,653MINORITY INTERESTS8617Total Net Assets26,78623,704	Gains or losses on deffered hedge accountings	(277)	1,651
Total appraisal and translation differences         2,223         3,653           MINORITY INTERESTS         86         17           Total Net Assets         26,786         23,704	Foreign currency translation adjisument	461	529
MINORITY INTERESTS         86         17           Total Net Assets         26,786         23,704	Remeasurements of difined benefit plans	235	274
Total Net Assets 26,786 23,704	Total appraisal and translation differences	2,223	3,653
	MINORITY INTERESTS	86	17
Total liabilities and Net Assets ¥ 125,679 ¥ 124,045	Total Net Assets	26,786	23,704
	Total liabilities and Net Assets	¥ 125,679	¥ 124,045