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

March 31, 2017 and 2016

	Millions of Yen	
ASSETS	March 31, 2017	March 31, 2016
CURRENT ASSETS:		
Cash and deposits	¥ 66,155	¥ 65,437
Marketable securities	+ 00,155	+ 05,457
Notes and accounts receivable trade	23,950	21,152
Allowance for doubtful accounts	(22)	(19)
Inventories	105	111
Advances paid to suppliers	16,119	13,380
Deferred tax asset	1,852	3,124
Prepaid expenses and other current assets	4,438	3,487
Total current assets	112,599	106,675
PROPERTY AND EQUIPMENT, at cost:		
Land	162	956
Buildings	3,020	4,342
Equipment	3,833	3,619
Construction in progress	64	-
Accumulated depreciation	(5,483)	(6,405)
Total property and equipment	1,597	2,513
INTANGIBLE ASSETS		
Software	899	3,041
Other	14	14
Total intangible assets	913	3,055
INVESTMENTS AND OTHER ASSETS:		
Investment securities	4,901	4,682
Lease deposits	4,861	4,976
Long-term loans receivable	123	140
Allowance for doubtful accounts	(406)	(418)
Net Defined Benefit Asset	1,153	-
Deferred tax asset	2,022	1,185
Other assets	1,125	1,458
Total investments and other assets	13,780	12,025 V 124,270
Total assets	¥ 128,890	¥ 124,270

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

March 31, 2017 and 2016

LIABILITIES March 31, 2017 March 31, 2016 CURRENT LIABILITIES: Accounts payable trade ¥ 27,640 ¥ 24,406 Advances received 67,942 66,698 Accrued income taxes 617 84 Deferred tax liability 0 0 Accrued expenses and other current liabilities 3,708 4,863 Total current liabilities 99,908 96,053 DEFERRED TAX LIABILITY 820 411 ALLOWANCE FOR LOSSES ON UNCOLLECTED 1,121 1,189 GIFT COUPON FOR FUTURE USE 1,121 1,189 March 31, 2017 - 146 OTHER LONG-TERM LIABILITY - 146 OTHER LONG-TERM LIABILITIES 2,521 2,684 Total liabilities 104,372 100,484 STOCKHOLDERS' EQUITY: Common stock, . Authorized - 380,000,000 shares . . Issued - 273,310,135 shares 8,041 7,918 Capital surplus 7,204 7,081 Retained earnings 6,318 7,647 Total stockholders' couity 21,556 22,639		Millions of Yen	
Accounts payable trade $¥ 27,640$ $¥ 24,406$ Advances received $67,942$ $66,698$ Accrued income taxes 617 84 Deferred tax liability 0 0 Accrued expenses and other current liabilities $3,708$ $4,863$ Total current liabilities $99,908$ $96,053$ DEFERRED TAX LIABILLITY 820 411 ALLOWANCE FOR LOSSES ON UNCOLLECTED $1,121$ $1,189$ GIFT COUPON FOR FUTURE USE $1,121$ $1,189$ NET DIFINED BENEFIT LIABILITY- 146 OTHER LONG-TERM LIABILITIES $2,521$ $2,684$ Total liabilities $104,372$ $100,484$ STOCKHOLDERS' EQUITY:Common stock, Authorized - 380,000,000 shares Issued - 273,310,135 shares $8,041$ $7,918$ Capital surplus $7,204$ $7,081$ Retained earnings $6,318$ $7,647$ Treasury stock(8) (7) Total stockholders' couity $21,556$ $22,639$ APPRAISAL AND TRANSLATION DIFFERENCES $1,498$ $1,379$ Gains of Defered hedge accountings 645 (915)Foreign currency translation adjisument 352 392 Remeasurements of difined benefit plans 373 212 Total appraisal and translation differences $2,869$ $1,069$ NON-CONTROLLING INTERESTS 91 76 Total Net Assets $24,517$ $23,785$	LIABILITIES	March 31, 2017	March 31, 2016
Accounts payable trade $¥ 27,640$ $¥ 24,406$ Advances received $67,942$ $66,698$ Accrued income taxes 617 84 Deferred tax liability 0 0 Accrued expenses and other current liabilities $3,708$ $4,863$ Total current liabilities $99,908$ $96,053$ DEFERRED TAX LIABILLITY 820 411 ALLOWANCE FOR LOSSES ON UNCOLLECTED $1,121$ $1,189$ GIFT COUPON FOR FUTURE USE $1,121$ $1,189$ NET DIFINED BENEFIT LIABILITY- 146 OTHER LONG-TERM LIABILITIES $2,521$ $2,684$ Total liabilities $104,372$ $100,484$ STOCKHOLDERS' EQUITY:Common stock, Authorized - 380,000,000 shares Issued - 273,310,135 shares $8,041$ $7,918$ Capital surplus $7,204$ $7,081$ Retained earnings $6,318$ $7,647$ Treasury stock(8) (7) Total stockholders' couity $21,556$ $22,639$ APPRAISAL AND TRANSLATION DIFFERENCES $1,498$ $1,379$ Gains of Defered hedge accountings 645 (915)Foreign currency translation adjisument 352 392 Remeasurements of difined benefit plans 373 212 Total appraisal and translation differences $2,869$ $1,069$ NON-CONTROLLING INTERESTS 91 76 Total Net Assets $24,517$ $23,785$	CURPENT LIARII ITIES:		
Advances received67,94266,698Accrued income taxes61784Deferred tax liability00Accrued expenses and other current liabilities3,7084,863Total current liabilities99,90896,053DEFERRED TAX LIABIILITY820411ALLOWANCE FOR LOSSES ON UNCOLLECTED1,1211,189GIFT COUPON FOR FUTURE USE1,1211,189NET DIFINED BENEFIT LIABILITY-146OTHER LONG-TERM LIABILITIES2,5212,684Total liabilities104,372100,484STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares Issued - 273,310,135 shares8,0417,918Capital surplus7,2047,081Retained earnings6,3187,647Treasury stock(8) (7)(7)Total stockholders' couity21,55622,639APPRAISAL AND TRANSLATION DIFFERENCES(815)(915)Net unrealized holding gains on securities1,4981,379Gains ot losses on deffered hedge accountings645(915)Foreign currency translation adjisument352392Remeasurements of difined benefit plans373212Total appraisal and translation differences2,8691,069NON-CONTROLLING INTERESTS9176Total Net Assets24,51723,785		¥ 27 640	¥ 24 406
Accrued income taxes61784Deferred tax liability00Accrued expenses and other current liabilities3,7084,863Total current liabilities99,90896,053DEFERRED TAX LIABILITY820411ALLOWANCE FOR LOSSES ON UNCOLLECTED1,1211,189GIFT COUPON FOR FUTURE USE1,1211,189NET DIFINED BENEFIT LIABILITY-146OTHER LONG-TERM LIABILITIES2,5212,684Total liabilities104,372100,484STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares Issued - 273,310,135 shares8,0417,918Retained earnings7,2047,081Retained earnings6,3187,647Total stockholders' eouity21,55622,639APPRAISAL AND TRANSLATION DIFFERENCES1,4981,379Gains or losses on deffered hedge accountings6,45(915)Foreign currency translation adjisument352392Remeasurements of difined benefit plans373212Total appraisal and translation differences2,8691,069NON-CONTROLLING INTERESTS24,51723,785			
Deferred tax liability00Accrued expenses and other current liabilities3,7084,863Total current liabilities99,90896,053DEFERRED TAX LIABILITY820411ALLOWANCE FOR LOSSES ON UNCOLLECTED1,1211,189GIFT COUPON FOR FUTURE USE1,1211,189NET DIFINED BENEFIT LIABILITY-146OTHER LONG-TERM LIABILITIES2,5212,684Total liabilities104,372100,484STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares Issued - 273,310,135 shares8,0417,918Capital surplus7,2047,081Retained earnings6,3187,647Total stockholders' eouity21,55622,639APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities1,4981,379Gains or losses on deffered hedge accountings6,45(915)Foreign currency translation adjisument352392Remeasurements of difined benefit plans373212Total appraisal and translation differences2,8691,069NON-CONTROLLING INTERESTS917676NON-CONTROLLING INTERESTS24,51723,785		,	,
Accrued expenses and other current liabilities3,7084,863Total current liabilities99,90896,053DEFERRED TAX LIABILITY820411ALLOWANCE FOR LOSSES ON UNCOLLECTED1,1211,189GIFT COUPON FOR FUTURE USE1,1211,189NET DIFINED BENEFIT LIABILITY-146OTHER LONG-TERM LIABILITIES2,5212,684Total liabilities104,372100,484STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares Issued - 273,310,135 shares8,0417,918Capital surplus7,2047,081Retained earnings6,3187,647Treasury stock(8) (7) Total stockholders' couity21,55622,639APPRAISAL AND TRANSLATION DIFFERENCES1,4981,379Gains or losses on deffered hedge accountings6,45(915)Foreign currency translation adjisument Total appraisal and translation differences NON-CONTROLLING INTERESTS Total Net Assets24,51723,785			
Total current liabilities99,90896,053DEFERRED TAX LIABILLITY820411ALLOWANCE FOR LOSSES ON UNCOLLECTED1,1211,189GIFT COUPON FOR FUTURE USE1,1211,189NET DIFINED BENEFIT LIABILITY-146OTHER LONG-TERM LIABILITIES2,5212,684Total liabilities104,372100,484STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares Issued - 273,310,135 shares8,0417,918Capital surplus7,2047,081Retained earnings6,3187,647Treasury stock(8)(7)Total stockholders' eouity21,55622,639APPRAISAL AND TRANSLATION DIFFERENCES1,4981,379Gains or losses on deffered hedge accountings645(915)Foreign currency translation adjisument352392Remeasurements of difined benefit plans373212Total appraisal and translation differences2,8691,069NON-CONTROLLING INTERESTS9176Total Net Assets24,51723,785			•
DEFERRED TAX LIABIILITY820411ALLOWANCE FOR LOSSES ON UNCOLLECTED1,1211,189GIFT COUPON FOR FUTURE USE1,1211,189NET DIFINED BENEFIT LIABILITY-146OTHER LONG-TERM LIABILITIES2,5212,684Total liabilities104,372100,484STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares Issued - 273,310,135 shares8,0417,918Capital surplus7,2047,081Retained earnings6,3187,647Treasury stock(8)(7)Total stockholders' couity21,55622,639APPRAISAL AND TRANSLATION DIFFERENCES1,4981,379Gains or losses on deffered hedge accountings645(915)Foreign currency translation adjisument352392Remeasurements of difined benefit plans373212Total appraisal and translation differences2,8691,069NON-CONTROLLING INTERESTS9176Total Net Assets24,51723,785			
ALLOWANCE FOR LOSSES ON UNCOLLECTED1,1211,189GIFT COUPON FOR FUTURE USE1-146NET DIFINED BENEFIT LIABILITY-146OTHER LONG-TERM LIABILITIES2,5212,684Total liabilities104,372100,484STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares Issued - 273,310,135 shares8,0417,918Capital surplus7,2047,081Retained earnings6,3187,647Treasury stock(8)(7)Total stockholders' eouity21,55622,639APPRAISAL AND TRANSLATION DIFFERENCES(45(915)Foreign currency translation adjisument352392Remeasurements of difined benefit plans373212Total appraisal and translation differences2,8691,069NON-CONTROLLING INTERESTS9176Total Net Assets24,51723,785	Total current haofinties	99,908	90,033
GIFT COUPON FOR FUTURE USE146NET DIFINED BENEFIT LIABILITY-146OTHER LONG-TERM LIABILITIES2,5212,684Total liabilities104,372100,484STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares Issued - 273,310,135 shares8,0417,918Capital surplus7,2047,081Retained earnings6,3187,647Treasury stock(8)(7)Total stockholders' eouity21,55622,639APPRAISAL AND TRANSLATION DIFFERENCES1,4981,379Gains or losses on deffered hedge accountings645(915)Foreign currency translation adjisument352392Remeasurements of difined benefit plans373212Total appraisal and translation differences2,8691,069NON-CONTROLLING INTERESTS9176Total Net Assets24,51723,785	DEFERRED TAX LIABIILITY	820	411
NET DIFINED BENEFIT LIABILITY-146OTHER LONG-TERM LIABILITIES2,5212,684Total liabilities104,372100,484STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares Issued - 273,310,135 shares8,0417,918Capital surplus7,2047,081Retained earnings6,3187,647Treasury stock(8)(7)Total stockholders' eouity21,55622,639APPRAISAL AND TRANSLATION DIFFERENCES1,4981,379Gains or losses on deffered hedge accountings645(915)Foreign currency translation adjisument352392Remeasurements of difined benefit plans373212Total appraisal and translation differences2,8691,069NON-CONTROLLING INTERESTS9176Total Net Assets24,51723,785	ALLOWANCE FOR LOSSES ON UNCOLLECTED	1,121	1,189
OTHER LONG-TERM LIABILITIES2,5212,684Total liabilities104,372100,484STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares Issued - 273,310,135 shares8,0417,918Capital surplus7,2047,081Retained earnings6,3187,647Treasury stock(8)(7)Total stockholders' eouity21,55622,639APPRAISAL AND TRANSLATION DIFFERENCES1,4981,379Gains or losses on deffered hedge accountings645(915)Foreign currency translation adjisument352392Remeasurements of difined benefit plans373212Total appraisal and translation differences2,8691,069NON-CONTROLLING INTERESTS9176Total Net Assets24,51723,785	GIFT COUPON FOR FUTURE USE		
Total liabilities104,372100,484STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares Issued - 273,310,135 shares8,0417,918Capital surplus7,2047,081Retained earnings6,3187,647Treasury stock(8)(7)Total stockholders' eouity21,55622,639APPRAISAL AND TRANSLATION DIFFERENCES1,4981,379Gains or losses on deffered hedge accountings645(915)Foreign currency translation adjisument352392Remeasurements of difined benefit plans373212Total appraisal and translation differences2,8691,069NON-CONTROLLING INTERESTS9176Total Net Assets24,51723,785	NET DIFINED BENEFIT LIABILITY	-	146
STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares Issued - 273,310,135 shares8,0417,918Capital surplus7,2047,081Retained earnings6,3187,647Treasury stock(8)(7)Total stockholders' eouity21,55622,639APPRAISAL AND TRANSLATION DIFFERENCES1,4981,379Gains or losses on deffered hedge accountings645(915)Foreign currency translation adjisument352392Remeasurements of difined benefit plans373212Total appraisal and translation differences2,8691,069NON-CONTROLLING INTERESTS9176Total Net Assets24,51723,785	OTHER LONG-TERM LIABILITIES	2,521	2,684
Common stock, Authorized - 380,000,000 sharesIssued - 273,310,135 shares8,0417,2047,918Capital surplus7,204Retained earnings6,3187,647Treasury stock(8)Total stockholders' eouity21,556APPRAISAL AND TRANSLATION DIFFERENCESNet unrealized holding gains on securities1,4981,4981,379Gains or losses on deffered hedge accountings645Foreign currency translation adjisument352392Remeasurements of difined benefit plans373212Total appraisal and translation differences2,869NON-CONTROLLING INTERESTS917676Total Net Assets24,51723,785	Total liabilities	104,372	100,484
Authorized - 380,000,000 sharesIssued - 273,310,135 shares8,041Capital surplus7,204Capital surplus7,204Retained earnings6,318Treasury stock(8)Total stockholders' eouity21,556APPRAISAL AND TRANSLATION DIFFERENCES1,498Net unrealized holding gains on securities1,4981,379Gains or losses on deffered hedge accountingsGains or losses on deffered hedge accountings645Foreign currency translation adjisument352Total appraisal and translation differences2,869NON-CONTROLLING INTERESTS91Total Net Assets24,51723,785	STOCKHOLDERS' EQUITY:		
Issued - 273,310,135 shares8,0417,918Capital surplus7,2047,081Retained earnings6,3187,647Treasury stock(8)(7)Total stockholders' eouity21,55622,639APPRAISAL AND TRANSLATION DIFFERENCES1,4981,379Gains or losses on deffered hedge accountings645(915)Foreign currency translation adjisument352392Remeasurements of difined benefit plans373212Total appraisal and translation differences2,8691,069NON-CONTROLLING INTERESTS9176Total Net Assets24,51723,785	Common stock,		
Capital surplus7,2047,081Retained earnings6,3187,647Treasury stock(8)(7)Total stockholders' eouity21,55622,639APPRAISAL AND TRANSLATION DIFFERENCES1,4981,379Gains or losses on deffered hedge accountings645(915)Foreign currency translation adjisument352392Remeasurements of difined benefit plans373212Total appraisal and translation differences2,8691,069NON-CONTROLLING INTERESTS9176Total Net Assets24,51723,785	Authorized - 380,000,000 shares		
Retained earnings6,3187,647Treasury stock(8)(7)Total stockholders' eouity21,55622,639APPRAISAL AND TRANSLATION DIFFERENCES1,4981,379Gains or losses on deffered hedge accountings645(915)Foreign currency translation adjisument352392Remeasurements of difined benefit plans373212Total appraisal and translation differences2,8691,069NON-CONTROLLING INTERESTS9176Total Net Assets24,51723,785	Issued - 273,310,135 shares	8,041	7,918
Treasury stock(8)(7)Total stockholders' eouity21,55622,639APPRAISAL AND TRANSLATION DIFFERENCES1,4981,379Gains or losses on deffered hedge accountings645(915)Foreign currency translation adjisument352392Remeasurements of difined benefit plans373212Total appraisal and translation differences2,8691,069NON-CONTROLLING INTERESTS9176Total Net Assets24,51723,785	Capital surplus	7,204	7,081
Total stockholders' eouity21,55622,639APPRAISAL AND TRANSLATION DIFFERENCES1,4981,379Net unrealized holding gains on securities1,4981,379Gains or losses on deffered hedge accountings645(915)Foreign currency translation adjisument352392Remeasurements of difined benefit plans373212Total appraisal and translation differences2,8691,069NON-CONTROLLING INTERESTS9176Total Net Assets24,51723,785	Retained earnings	6,318	7,647
APPRAISAL AND TRANSLATION DIFFERENCESNet unrealized holding gains on securities1,4981,379Gains or losses on deffered hedge accountings645(915)Foreign currency translation adjisument352392Remeasurements of difined benefit plans373212Total appraisal and translation differences2,8691,069NON-CONTROLLING INTERESTS9176Total Net Assets24,51723,785	Treasury stock	(8)	(7)
Net unrealized holding gains on securities1,4981,379Gains or losses on deffered hedge accountings645(915)Foreign currency translation adjisument352392Remeasurements of difined benefit plans373212Total appraisal and translation differences2,8691,069NON-CONTROLLING INTERESTS9176Total Net Assets24,51723,785	Total stockholders' eouity	21,556	22,639
Gains or losses on deffered hedge accountings645(915)Foreign currency translation adjisument352392Remeasurements of difined benefit plans373212Total appraisal and translation differences2,8691,069NON-CONTROLLING INTERESTS9176Total Net Assets24,51723,785	APPRAISAL AND TRANSLATION DIFFERENCES		
Gains or losses on deffered hedge accountings645(915)Foreign currency translation adjisument352392Remeasurements of difined benefit plans373212Total appraisal and translation differences2,8691,069NON-CONTROLLING INTERESTS9176Total Net Assets24,51723,785	Net unrealized holding gains on securities	1,498	1,379
Foreign currency translation adjisument352392Remeasurements of difined benefit plans373212Total appraisal and translation differences2,8691,069NON-CONTROLLING INTERESTS9176Total Net Assets24,51723,785			
Total appraisal and translation differences2,8691,069NON-CONTROLLING INTERESTS9176Total Net Assets24,51723,785		352	392
NON-CONTROLLING INTERESTS9176Total Net Assets24,51723,785	Remeasurements of difined benefit plans	373	212
NON-CONTROLLING INTERESTS9176Total Net Assets24,51723,785	•	2,869	1,069
Total Net Assets 24,517 23,785		91	76
Total liabilities and Net Assets ¥128.890 ¥124.270	Total Net Assets	24,517	23,785
112,270	Total liabilities and Net Assets	¥ 128,890	¥ 124,270