

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

March 31, 2017 and 2016

| ASSETS | Millions of Yen | |
|-------------------------------------------|-----------------|----------------|
| | March 31, 2017 | March 31, 2016 |
| CURRENT ASSETS: | | |
| Cash and deposits | ¥ 66,155 | ¥ 65,437 |
| Marketable securities | | |
| 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 |
| Total assets | ¥ 128,890 | ¥ 124,270 |

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March 31, 2017 and 2016

| LIABILITIES | Millions of Yen | |
|-------------------------------------------------------------------|-----------------|----------------|
| | 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 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' equity | 21,556 | 22,639 |
| APPRAISAL AND TRANSLATION DIFFERENCES | | |
| Net unrealized holding gains on securities | 1,498 | 1,379 |
| Gains or losses on deffered 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 |
| Total liabilities and Net Assets | ¥ 128,890 | ¥ 124,270 |