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

March 31, 2018 and 2017

ASSETS	Millions of Yen	
	March 31, 2018	March 31, 2017
CURRENT ASSETS:		
Cash and deposits	¥ 68,140	¥ 66,155
Notes and accounts receivable trade	24,337	23,950
Allowance for doubtful accounts	(15)	(22)
Inventories	109	105
Advances paid to suppliers	15,284	16,119
Deferred tax asset	1,918	1,852
Prepaid expenses and other current assets	3,157	4,438
Total current assets	112,931	112,599
PROPERTY AND EQUIPMENT, at cost:		
Land	134	162
Buildings	2,938	3,020
Equipment	4,136	3,833
Construction in progress	16	64
Accumulated depreciation	(5,518)	(5,483)
Total property and equipment	1,708	1,597
INTANGIBLE ASSETS		
Software	2,282	899
Other	14	14
Total intangible assets	2,296	913
INVESTMENTS AND OTHER ASSETS:		
Investment securities	5,188	4,901
Lease deposits	4,697	4,861
Long-term loans receivable	79	123
Allowance for doubtful accounts	(410)	(406)
Net Defined Benefit Asset	1,564	1,153
Deferred tax asset	757	2,022
Other assets	1,602	1,125
Total investments and other assets	13,479	13,780
Total assets	¥ 130,416	¥ 128,890

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

March 31, 2018 and 2017

LIABILITIES March 31, 2018 March 31, 2017 CURRENT LIABILITIES: Accounts payable trade ¥ 30,156 ¥ 27,640 Advances received 66,923 67,942 Accrued income taxes 505 617 Deferred tax liability - 0 Accrued expenses and other current liabilities 4,045 3,708 Total current liabilities 101,631 99,908 DEFERRED TAX LIABILITY - 820 ALLOWANCE FOR LOSSES ON UNCOLLECTED GIFT COUPON FOR FUTURE USE 1,041 1,121 OTHER LONG-TERM LIABILITIES 2,439 2,521 Total liabilities 105,111 104,372 STOCKHOLDERS' EQUITY: Common stock, 4 4 Authorized - 380,000,000 shares 1 1,241 Issued - 273,310,135 shares 8,041 8,041 Capital surplus 7,204 7,204 Retained earnings 7,731 6,318 Treasury stock (10) (8) Total stockholders' eouity 22,966 21,556		Millions of Yen	
Accounts payable trade ¥ 30,156 ¥ 27,640 Advances received 66,923 67,942 Accrued income taxes 505 617 Deferred tax liability - 0 Accrued expenses and other current liabilities 4,045 3,708 Total current liabilities 101,631 99,908 DEFERRED TAX LIABILITY - 820 ALLOWANCE FOR LOSSES ON UNCOLLECTED GIFT COUPON FOR FUTURE USE 1,041 1,121 OTHER LONG-TERM LIABILITIES 2,439 2,521 Total liabilities 105,111 104,372 STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares Issued - 273,310,135 shares 8,041 8,041 Capital surplus 7,204 7,204 7,204 Retained earnings 7,731 6,318 Treasury stock (10) (8) Total stockholders' equity 22,966 21,556 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,693 1,498 Gains or losses on deffered hedge accountings (265) 645	LIABILITIES	March 31, 2018	March 31, 2017
Accounts payable trade ¥ 30,156 ¥ 27,640 Advances received 66,923 67,942 Accrued income taxes 505 617 Deferred tax liability - 0 Accrued expenses and other current liabilities 4,045 3,708 Total current liabilities 101,631 99,908 DEFERRED TAX LIABIILITY - 820 ALLOWANCE FOR LOSSES ON UNCOLLECTED GIFT COUPON FOR FUTURE USE 1,041 1,121 OTHER LONG-TERM LIABILITIES 2,439 2,521 Total liabilities 105,111 104,372 STOCKHOLDERS' EQUITY: Common stock, 4 Authorized - 380,000,000 shares Issued - 273,310,135 shares 8,041 8,041 Capital surplus 7,204 7,204 7,204 Retained earnings 7,731 6,318 1,631 Treasury stock (10) (8) Total stockholders' equity 22,966 21,556 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,693 1,498 Gains or losses	CURRENT LIABILITIES:		
Advances received Accrued income taxes 505 617,942 Accrued income taxes 505 617 Deferred tax liability - 0 Accrued expenses and other current liabilities 4,045 3,708 Total current liabilities 101,631 99,908 DEFERRED TAX LIABILITY - 820 ALLOWANCE FOR LOSSES ON UNCOLLECTED GIFT COUPON FOR FUTURE USE 1,041 1,121 OTHER LONG-TERM LIABILITIES 2,439 2,521 Total liabilities 105,111 104,372 STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares 8,041 8,041 Issued - 273,310,135 shares 8,041 8,041 Capital surplus 7,204 7,204 Retained earnings 7,731 6,318 6,318 6,318 1,631 1,631 Treasury stock (10) (8) 6,000 6,000 6,000 6,000 6,000 6,000 6,000 6,000 6,000 6,000 6,000 6,000 6,000 6,000 6,000		¥ 30 156	¥ 27 640
Accrued income taxes 505 617 Deferred tax liability - 0 Accrued expenses and other current liabilities 4,045 3,708 Total current liabilities 101,631 99,908 DEFERRED TAX LIABILITY - 820 ALLOWANCE FOR LOSSES ON UNCOLLECTED GIFT COUPON FOR FUTURE USE 1,041 1,121 GIFT COUPON FOR FUTURE USE 2,439 2,521 Total liabilities 105,111 104,372 STOCKHOLDERS' EQUITY: 2 2 Common stock, Authorized - 380,000,000 shares 8,041 8,041 Issued - 273,310,135 shares 8,041 8,041 7,204 Retained earnings 7,731 6,318 6,318 Treasury stock (10) (8) Total stockholders' couity 22,966 21,556 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,693 1,498 Gains or losses on deffered hedge accountings (265) 645 Foreign currency translation adjisument 235 352 Reme	<u> </u>	-	•
Deferred tax liability - 0 Accrued expenses and other current liabilities 4,045 3,708 Total current liabilities 101,631 99,908 DEFERRED TAX LIABIILITY - 820 ALLOWANCE FOR LOSSES ON UNCOLLECTED GIFT COUPON FOR FUTURE USE 1,041 1,121 OTHER LONG-TERM LIABILITIES 2,439 2,521 Total liabilities 105,111 104,372 STOCKHOLDERS' EQUITY: Common stock, 4 4 4 Authorized - 380,000,000 shares 8,041 8,041 8,041 Capital surplus 7,204<		·	·
Accrued expenses and other current liabilities 4,045 3,708 Total current liabilities 101,631 99,908 DEFERRED TAX LIABIILITY - 820 ALLOWANCE FOR LOSSES ON UNCOLLECTED GIFT COUPON FOR FUTURE USE 1,041 1,121 OTHER LONG-TERM LIABILITIES 2,439 2,521 Total liabilities 105,111 104,372 STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares 8,041 8,041 Issued - 273,310,135 shares 8,041 8,041 24,042 Retained earnings 7,204 7,204 7,204 Retained earnings 7,731 6,318 6,318 Treasury stock (10) (8) APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,693 1,498 Gains or losses on deffered hedge accountings (265) 645 Foreign currency translation adjisument 235 352 Remeasurements of difined benefit plans 597 373 Total appraisal and translation differences 2,261 2,869 NON-CONTROLLING		505	
DEFERRED TAX LIABIILITY	· ·	4 045	•
DEFERRED TAX LIABIILITY - 820 ALLOWANCE FOR LOSSES ON UNCOLLECTED GIFT COUPON FOR FUTURE USE 1,041 1,121 OTHER LONG-TERM LIABILITIES 2,439 2,521 Total liabilities 105,111 104,372 STOCKHOLDERS' EQUITY:			
ALLOWANCE FOR LOSSES ON UNCOLLECTED GIFT COUPON FOR FUTURE USE 1,041 1,121 OTHER LONG-TERM LIABILITIES 2,439 2,521 Total liabilities 105,111 104,372 STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares Issued - 273,310,135 shares 8,041 8,041 Capital surplus 7,204 7,204 Retained earnings 7,731 6,318 Treasury stock (10) (8) Total stockholders' eouity 22,966 21,556 APPRAISAL AND TRANSLATION DIFFERENCES 1,693 1,498 Gains or losses on deffered hedge accountings (265) 645 Foreign currency translation adjusument 235 352 Remeasurements of difined benefit plans 597 373 Total appraisal and translation differences 2,261 2,869 NON-CONTROLLING INTERESTS 77 91 Total Net Assets 25,304 24,517	Total current habilities	101,031	77,700
OTHER LONG-TERM LIABILITIES 2,439 2,521 Total liabilities 105,111 104,372 STOCKHOLDERS' EQUITY: Common stock, 30,000,000 shares Issued - 273,310,135 shares 8,041 8,041 Capital surplus 7,204 7,204 Retained earnings 7,731 6,318 Treasury stock (10) (8) Total stockholders' eouity 22,966 21,556 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,693 1,498 Gains or losses on deffered hedge accountings (265) 645 Foreign currency translation adjisument 235 352 Remeasurements of difined benefit plans 597 373 Total appraisal and translation differences 2,261 2,869 NON-CONTROLLING INTERESTS 77 91 Total Net Assets 25,304 24,517	DEFERRED TAX LIABIILITY	-	820
OTHER LONG-TERM LIABILITIES 2,439 2,521 Total liabilities 105,111 104,372 STOCKHOLDERS' EQUITY: Common stock, 30,000,000 shares Issued - 273,310,135 shares 8,041 8,041 Capital surplus 7,204 7,204 Retained earnings 7,731 6,318 Treasury stock (10) (8) Total stockholders' eouity 22,966 21,556 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,693 1,498 Gains or losses on deffered hedge accountings (265) 645 Foreign currency translation adjisument 235 352 Remeasurements of difined benefit plans 597 373 Total appraisal and translation differences 2,261 2,869 NON-CONTROLLING INTERESTS 77 91 Total Net Assets 25,304 24,517	ALLOWANCE FOR LOSSES ON LINCOLLECTED	1.041	1 121
OTHER LONG-TERM LIABILITIES 2,439 2,521 Total liabilities 105,111 104,372 STOCKHOLDERS' EQUITY: Common stock, 30,000,000 shares 30,000,000 shares Issued - 273,310,135 shares 8,041 8,041 Capital surplus 7,204 7,204 Retained earnings 7,731 6,318 Treasury stock (10) (8) Total stockholders' eouity 22,966 21,556 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,693 1,498 Gains or losses on deffered hedge accountings (265) 645 Foreign currency translation adjisument 235 352 Remeasurements of difined benefit plans 597 373 Total appraisal and translation differences 2,261 2,869 NON-CONTROLLING INTERESTS 77 91 Total Net Assets 25,304 24,517		1,041	1,121
Total liabilities 105,111 104,372 STOCKHOLDERS' EQUITY: Common stock, 4 (1) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2	OIL LEGGLOW LOW LOUNCE GET		
STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares Issued - 273,310,135 shares 8,041 8,041 Capital surplus 7,204 7,204 Retained earnings 7,731 6,318 Treasury stock (10) (8) Total stockholders' eouity 22,966 21,556 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,693 1,498 Gains or losses on deffered hedge accountings (265) 645 Foreign currency translation adjisument 235 352 Remeasurements of difined benefit plans 597 373 Total appraisal and translation differences 2,261 2,869 NON-CONTROLLING INTERESTS 77 91 Total Net Assets 25,304 24,517	OTHER LONG-TERM LIABILITIES	2,439	2,521
STOCKHOLDERS' EQUITY: Common stock, Authorized - 380,000,000 shares Issued - 273,310,135 shares 8,041 8,041 Capital surplus 7,204 7,204 Retained earnings 7,731 6,318 Treasury stock (10) (8) Total stockholders' eouity 22,966 21,556 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,693 1,498 Gains or losses on deffered hedge accountings (265) 645 Foreign currency translation adjisument 235 352 Remeasurements of difined benefit plans 597 373 Total appraisal and translation differences 2,261 2,869 NON-CONTROLLING INTERESTS 77 91 Total Net Assets 25,304 24,517	<u> </u>		
Common stock, Authorized - 380,000,000 shares Issued - 273,310,135 shares 8,041 8,041 Capital surplus 7,204 7,204 Retained earnings 7,731 6,318 Treasury stock (10) (8) Total stockholders' eouity 22,966 21,556 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,693 1,498 Gains or losses on deffered hedge accountings (265) 645 Foreign currency translation adjisument 235 352 Remeasurements of difined benefit plans 597 373 Total appraisal and translation differences 2,261 2,869 NON-CONTROLLING INTERESTS 77 91 Total Net Assets 25,304 24,517	Total liabilities	105,111	104,372
Authorized - 380,000,000 shares 8,041 8,041 Capital surplus 7,204 7,204 Retained earnings 7,731 6,318 Treasury stock (10) (8) Total stockholders' eouity 22,966 21,556 APPRAISAL AND TRANSLATION DIFFERENCES 1,693 1,498 Gains or losses on deffered hedge accountings (265) 645 Foreign currency translation adjisument 235 352 Remeasurements of difined benefit plans 597 373 Total appraisal and translation differences 2,261 2,869 NON-CONTROLLING INTERESTS 77 91 Total Net Assets 25,304 24,517	STOCKHOLDERS' EQUITY:		
Issued - 273,310,135 shares 8,041 8,041 Capital surplus 7,204 7,204 Retained earnings 7,731 6,318 Treasury stock (10) (8) Total stockholders' eouity 22,966 21,556 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,693 1,498 Gains or losses on deffered hedge accountings (265) 645 Foreign currency translation adjisument 235 352 Remeasurements of difined benefit plans 597 373 Total appraisal and translation differences 2,261 2,869 NON-CONTROLLING INTERESTS 77 91 Total Net Assets 25,304 24,517	Common stock,		
Capital surplus 7,204 7,204 Retained earnings 7,731 6,318 Treasury stock (10) (8) Total stockholders' eouity 22,966 21,556 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,693 1,498 Gains or losses on deffered hedge accountings (265) 645 Foreign currency translation adjisument 235 352 Remeasurements of difined benefit plans 597 373 Total appraisal and translation differences 2,261 2,869 NON-CONTROLLING INTERESTS 77 91 Total Net Assets 25,304 24,517	Authorized - 380,000,000 shares		
Retained earnings7,7316,318Treasury stock(10)(8)Total stockholders' eouity22,96621,556APPRAISAL AND TRANSLATION DIFFERENCES1,6931,498Net unrealized holding gains on securities1,6931,498Gains or losses on deffered hedge accountings(265)645Foreign currency translation adjisument235352Remeasurements of difined benefit plans597373Total appraisal and translation differences2,2612,869NON-CONTROLLING INTERESTS7791Total Net Assets25,30424,517	Issued - 273,310,135 shares	8,041	8,041
Treasury stock (10) (8) Total stockholders' eouity 22,966 21,556 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,693 1,498 Gains or losses on deffered hedge accountings (265) 645 Foreign currency translation adjisument 235 352 Remeasurements of difined benefit plans 597 373 Total appraisal and translation differences 2,261 2,869 NON-CONTROLLING INTERESTS 77 91 Total Net Assets 25,304 24,517	Capital surplus	7,204	7,204
Treasury stock (10) (8) Total stockholders' eouity 22,966 21,556 APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,693 1,498 Gains or losses on deffered hedge accountings (265) 645 Foreign currency translation adjisument 235 352 Remeasurements of difined benefit plans 597 373 Total appraisal and translation differences 2,261 2,869 NON-CONTROLLING INTERESTS 77 91 Total Net Assets 25,304 24,517	Retained earnings	7,731	6,318
APPRAISAL AND TRANSLATION DIFFERENCES Net unrealized holding gains on securities 1,693 1,498 Gains or losses on deffered hedge accountings (265) 645 Foreign currency translation adjisument 235 352 Remeasurements of difined benefit plans 597 373 Total appraisal and translation differences 2,261 2,869 NON-CONTROLLING INTERESTS 77 91 Total Net Assets 25,304 24,517		(10)	(8)
Net unrealized holding gains on securities1,6931,498Gains or losses on deffered hedge accountings(265)645Foreign currency translation adjisument235352Remeasurements of difined benefit plans597373Total appraisal and translation differences2,2612,869NON-CONTROLLING INTERESTS7791Total Net Assets25,30424,517	Total stockholders' eouity	22,966	21,556
Gains or losses on deffered hedge accountings(265)645Foreign currency translation adjisument235352Remeasurements of difined benefit plans597373Total appraisal and translation differences2,2612,869NON-CONTROLLING INTERESTS7791Total Net Assets25,30424,517	APPRAISAL AND TRANSLATION DIFFERENCES		
Gains or losses on deffered hedge accountings(265)645Foreign currency translation adjisument235352Remeasurements of difined benefit plans597373Total appraisal and translation differences2,2612,869NON-CONTROLLING INTERESTS7791Total Net Assets25,30424,517	Net unrealized holding gains on securities	1,693	1,498
Foreign currency translation adjisument 235 352 Remeasurements of difined benefit plans 597 373 Total appraisal and translation differences 2,261 2,869 NON-CONTROLLING INTERESTS 77 91 Total Net Assets 25,304 24,517		(265)	645
Remeasurements of difined benefit plans597373Total appraisal and translation differences2,2612,869NON-CONTROLLING INTERESTS7791Total Net Assets25,30424,517		235	352
NON-CONTROLLING INTERESTS 77 91 Total Net Assets 25,304 24,517	- · · · · · · · · · · · · · · · · · · ·	597	373
NON-CONTROLLING INTERESTS 77 91 Total Net Assets 25,304 24,517		2,261	2,869
			·
	Total Net Assets	25,304	24,517
	Total liabilities and Net Assets		¥ 128,890