

Consolidated Statements of Income

C&G SYSTEMS INC. and consolidated subsidiaries

For the nine months ended September 30, 2017

(in thousand Yen)

	For the nine months ended September 30, 2016	For the nine months ended September 30, 2017
Sales	3,231,309	3,029,748
Costs of goods sold	1,263,716	1,119,834
Gross profit	1,967,592	1,909,913
Selling, general and administrative expenses	1,633,441	1,611,420
Operating income	334,151	298,493
Other income		
Interest received	798	717
Dividends income	2,017	2,002
Rent income	65,801	65,937
Reversal of allowance for doubtful accounts	6,305	8,016
Other	2,383	8,561
Total other income	77,307	85,235
Other expenses		
Interest expense	331	203
Maintenance of investment properties	50,344	49,479
Other	3,136	894
Total other expenses	53,812	50,577
Ordinary income	357,645	333,151
Net income before income taxes and minority interests	357,645	333,151
Income tax expense - current	151,802	162,209
Income tax expense - deferred	(13,210)	(28,222)
Total income tax expense	138,592	133,987
Net income	219,053	199,164
Profit attributable to non-controlling interests	28,069	11,752
Profit attributable to owners of parent	190,983	187,411

	For the nine months ended September 30, 2016	For the nine months ended September 30, 2017
Net income	293,299	199,164
Other comprehensive income		
Valuation difference on available-for-sale securities	3,616	22,328
Foreign currency translation adjustment	(10,904)	(6,009)
Total other comprehensive income	(7,287)	16,319
Total comprehensive income	286,011	215,483
Total comprehensive income attributable to:		
Owners of the parent	263,750	205,791
Non-controlling interests	22,260	9,692