

# Consolidated Financial Results for the Nine Months Ended September 30, 2016 [Japanese GAAP]



November 11, 2016

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 Scheduled date of filing quarterly securities report: November 14, 2016  
 Scheduled date of commencing dividend payments: –  
 Availability of supplementary briefing material on quarterly consolidated financial results: Available  
 Schedule of quarterly consolidated financial results briefing session: Not scheduled

(Figures are rounded down to the nearest million yen)

## 1. Consolidated Financial Results for the Nine Months Ended September 30, 2016 (From January 1, 2016 to September 30, 2016)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Nine Months ended September 30, 2016	32,928	–	3,587	–	3,262	–	2,226	–
Nine Months ended December 31, 2015	–	–	–	–	–	–	–	–

(Note) Comprehensive income: Nine Months ended September 30, 2016: 857 million yen [–%]  
 Nine Months ended December 31, 2015: – million yen [–%]

	Net income per share	Diluted net income per share
	Yen	Yen
Nine Months ended September 30, 2016	167.63	–
Nine Months ended December 31, 2015	–	–

The Company changed its fiscal year-end date from March 31 to December 31 starting from the fiscal year ended December 31, 2015. As a result, consolidated financial statements for the nine months ended December 31, 2015 have not been prepared, and year-on-year rates of change for the nine months ended September 30, 2016 and the consolidated operating results for the nine months ended December 31, 2015 are not on the list.

[Reference]

Percentages shown below are rates of change comparing the previous fiscal year's nine-month results of the Company and subsidiaries with the financial results from January 1 to September 30, 2016.

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Nine Months ended September 30, 2016	32,928	(4.6)	3,587	(10.0)	3,262	(9.8)	2,226	7.1
Nine Months ended September 30, 2015 (Adjusted)	34,530	–	3,986	–	3,618	–	2,078	–

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of September 30, 2016	35,457	19,545	55.1	1,561.97
As of December 31, 2015	37,980	22,910	60.3	1,608.94

(Reference) Equity: As of September 30, 2016: 19,545 million yen  
As of December 31, 2015: 22,910 million yen

## 2. Dividends

	Annual dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2015	—	30.00	—	30.00	60.00
Fiscal year ending December 31, 2016	—	30.00	—		
Fiscal year ending December 31, 2016 (Forecast)				30.00	60.00

(Note) Revision of dividend forecasts from recently announced figures: No

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2016 (From January 1 to December 31, 2016)

(% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full year	43,500	—	3,400	—	3,100	—	2,000	—	152.80

(Note) Revision of financial results forecasts from recently announced figures: No

The Company has changed its fiscal year-end date and the fiscal year ended December 31, 2015 was the nine-month period from April 1 to December 31. Therefore, year-on-year rates of change are not on the list.

[Reference]

Percentages shown below are rates of change comparing the previous fiscal year's twelve-month results of the Company and subsidiaries (January 1, 2015 to December 31, 2015) with the financial results for the fiscal year ending December 31, 2016.

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Full year	43,500	(7.5)	3,400	(36.7)	3,100	(37.4)	2,000	(40.4)
Previous fiscal year (Adjusted)	47,024	—	5,371	—	4,955	—	3,358	—

**\* Notes**

- (1) Significant changes of subsidiaries during the nine months ended September 30, 2016 (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Adoption of special accounting methods for preparing Quarterly Consolidated Financial Statement: No
- (3) Changes in accounting policies, changes in accounting estimates and corrections of errors
- 1) Changes in accounting policies due to the revision of accounting standards: Yes
  - 2) Any changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Corrections of errors: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

Nine months ended September 30, 2016	12,656,311 shares
Fiscal year ended December 31, 2015	14,385,511 shares

2) Total number of treasury shares at the end of the period:

Nine months ended September 30, 2016	143,117 shares
Fiscal year ended December 31, 2015	146,000 shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year):

Nine months ended September 30, 2016	13,280,471 shares
Nine months ended December 31, 2015	– shares

(Note) The total number of treasury shares at the end of the nine months ended September 30, 2016 and at the end of the fiscal year ended December 31, 2015 includes the number of shares of the Company held by the Director Stock Benefit Trust and J-ESOP Trust (143,000 shares). The number of treasury shares excluded from calculation of the average number of shares during the period for the nine months ended September 30, 2016 includes the number of shares of the Company held by the Director Stock Benefit Trust and J-ESOP Trust (143,000 shares).

The Company changed its fiscal year-end date from March 31 to December 31 starting from the fiscal year ended December 31, 2015. As a result, consolidated financial statements for the nine months ended December 31, 2015 have not been prepared, and the average number of shares during the nine months ended December 31, 2015 (cumulative from the beginning of the fiscal year) is not on the list.

\* Presentation regarding the implementation status of the quarterly review process

These Consolidated Financial Results are not subject to the quarterly review procedures provided for by the Japanese Financial Instruments and Exchange Act. However, at the time of the disclosure of these Consolidated Financial Results, the quarterly review procedures of the Consolidated Financial Statement based on the Law have been completed.

\* Explanation of the proper use of financial results forecast and other notes

Financial results forecast was prepared based on available information at the time of the release of this document, and the Company does not in any way guarantee the achievement of the projections. Actual results may be different from the projections due to various factors. For the notes concerning the use of financial results forecast, please refer to “Explanation of Future Forecast Information such as Consolidated Performance Forecast” on page 9 of the Appendix.

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## 1. Qualitative Information on Financial Results

### (1) Explanation of Results of Operations

The Company changed its fiscal year-end date from March 31 to December 31 starting from the previous fiscal year. For the previous fiscal year, which served as a transitional period, the period for consolidation was the nine-month period from April to December for the Company, and for foreign consolidated subsidiaries with a fiscal year-end in December, the twelve-month period from January to December. As a result, for comparisons with the corresponding period of the previous fiscal year, rates of increase and decrease are shown with figures of results from the corresponding period of the previous fiscal year adjusted to match the same period as the current period of consolidation.

During the nine months ended September 30, 2016 (from January 1, 2016 to September 30, 2016), the world economy saw a moderate recovery trend overall in the United States and Europe. However, the outlook remains uncertain due to various factors causing a risk of economic decline, such as a deceleration in growth in emerging markets such as China and Brazil, and stagnation of economies in resource-rich countries, in addition to high volatility in financial markets and heightened geopolitical risk. Furthermore, partly due to the UK's decision to leave the European Union (EU) made in June, concerns are growing stronger toward the future of the Japanese economy as well, as seen in a rapid rise in the value of the yen and an ongoing decline in stock prices.

Amid such conditions, the group formulated a five-year medium-term business plan beginning in FY 2016, and started implementation from the current term. The medium-term business plan emphasizes "GrowthOne: Sustainable growth through innovation" as the basic policy, and by working toward the three major issues of (1) accelerating new business developments in growing markets, (2) transforming to a solutions provider, and (3) transforming into an innovation-focused group, we aim to create a high value-added market and achieve sustainable growth.

During the nine months ended September 30, 2016, in addition to activities in the mainstay sign (advertising and sign production) market, we focused on new growth sectors such as proposing original product creation in retail markets and textile printing in textile markets, in addition to dental milling machines in the dental (dental medical) market.

As a result of the above, sales for the nine months ended September 30, 2016 decreased by 4.6% over the same period of the previous term to 32,928 million yen, due to the negative effects of foreign exchange. In terms of expenses, cost of sales rose slightly from the previous year, while selling, general and administrative expenses decreased year on year, due to a stronger yen and efforts to reduce business expenses. As a result, operating income decreased by 10.0% compared with the same period of the previous term to 3,587 million yen. Ordinary income decreased by 9.8% compared with the same period of the previous term to 3,262 million yen. Profit attributable to owners of parent was up 7.1% compared with the same period of the previous term to 2,226 million yen due to factors such as posting of extraordinary losses for the same period of the previous term, arising from loss on sales and retirement of non-current assets, mainly consisting of the retirement of software assets, and a decrease of income taxes.

The exchange rates for major currencies during the nine months ended September 30, 2016 (average rate during the period from January 2016 to September 2016) were 108.72 yen to the U.S. dollar (120.91 yen for the same period of the previous term) and 121.24 yen to the euro (134.81 yen for the same period of the previous term).

As the business of the Company and its consolidated subsidiaries is the manufacture and sale of computer peripheral device and there are no other segments, it is represented as a single segment. Sales by product are as follows.

Net sales by product

(Millions of Yen)

Product	Nine months ended September 30, 2015 (After adjustment)		Nine months ended September 30, 2016		Changes (After adjustment)	Changes in composition ratio (%) (After adjustment)	Year-on year change (%) (After adjustment)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Printers	14,635	42.4	13,281	40.3	(1,353)	(2.1)	90.8
Plotters	1,090	3.2	993	3.0	(96)	(0.2)	91.1
3D products	2,744	7.9	3,091	9.4	346	1.5	112.6
Supplies	11,275	32.6	10,232	31.1	(1,042)	(1.5)	90.8
Others	4,784	13.9	5,328	16.2	543	2.3	111.4
Total	34,530	100.0	32,928	100.0	(1,601)	—	95.4

[Printers]

In the mainstay sign (advertising and sign production) market, in response to maturing in developed countries, we are working on maintaining and expanding market share by providing high value-added products and high-quality services and support in order to improve customer satisfaction. For emerging economies, we are focusing on market expansion through promotion of aggressive sales and marketing activities while implementing maintenance and enrichment of sales networks. Furthermore, as a future growth sector, we are working on expanding into new markets through UV printers that can print onto a wide range of materials other than paper, and textile printers specializing in printing onto textiles.

In the sign market, during the nine months ended September 30, 2016, we introduced a new low-price model in September 2016, the TrueVIS SG series, following the new standard model introduced in March 2016, the TrueVIS VG series, to realize new solutions to improve users' business competitiveness. Both series are highly appreciated by sign manufacturing professionals for its vivid colors and superb printing quality which are enabled by newly developed heads and ink. However, sales of high-price professional printers remained at low levels against a backdrop of shifting market needs from high-price models to mid- and low-price models and fierce competition with competitors.

Meanwhile, the LEF series of small UV printers showed solid performance in retail markets for use in creating original products such as smartphone cases and novelty items by printing pictures and illustrations. As a measure aiming to increase customer visits and differentiate products at large-scale stores such as shopping centers and do-it-yourself shops, services to produce and sell original products through installing in-store UV printers are increasing, thereby broadening business opportunities. Capturing this growth in demand for small UV printers, in January 2016, we introduced the new product LEF-300 with high productivity to the market, and launched activities by a dedicated team for retail markets. These efforts caused sales to increase mainly in developed countries.

Furthermore, in the textile market, there has been progress in the introduction of specialized textile printers including the XT-640 that went on sale in December 2015 and is primarily used in production of sportswear and original wear.

In this way, during the nine months ended September 30, 2016, our expansion into new printing markets achieved results as seen in a significant increase in sales of UV printers for manufacturing original products and the growth in textile printers for printing onto textiles. However, a decline in sales of printers for our mainstay sign market caused adverse effects. As a result, printer sales reached 13,281 million yen, or 90.8% of the same period of the previous fiscal year.

[Plotters]

Although sales of the GS-24 were favorable due to its attractive pricing, sales of some high-price models were down year on year, resulting in sales of 993 million yen, or 91.1% of the same period of the previous fiscal year.

[3D products]

In addition to activities in the conventional core markets of manufacturing and engraving, we also strengthened measures in health care fields such as the dental market, with its increasing need for digitalization. In particular, the dental (dental medical) market has grown to a mainstay market in the 3D products category due to aggressive measures in each region across the world.

During the nine months ended September 30, 2016, sales of 3D milling machines for manufacturing businesses were sluggish. However, in the dental market, where discovery of new sales networks is steadily in progress, sales grew significantly in Asia as well as in developed countries such as North America, Europe, and Japan, partly due to the solid performance of the two new product models of the DWX series dental milling machines that were introduced in October 2015. Through efficient sales and marketing activities using our sales networks in each region across the world and provision of high-quality services and support, we are steadily expanding business while differentiating us from the industry peers. Care and services tailored to each individual, including dental care, are required in the healthcare field, and it is a field in which we can exert our unique strengths in digital technologies and manufacturing know-how. Moving forward, we will position this field as a growth market and intensify our efforts.

In this way, during the nine months ended September 30, 2016, sales of 3D milling machines for manufacturing businesses were sluggish, while dental milling machines, in which we concentrate our activities across the world, grew significantly. As a result, 3D sales reached 3,091 million yen, or 112.6% of the same period of the previous fiscal year.

[Supplies]

Although sales of printer ink for UV printers and textile printers grew, sales of printer ink for the sign market declined year on year. As a result, net sales of supplies were 10,232 million yen, or 90.8% of the same period of the previous fiscal year.

[Others]

Maintenance services, service parts, and other sales were 5,328 million yen, or 111.4% of the same period of the previous fiscal year, due to factors such as an increase in service contracts and service parts to accompany a higher number of printer and dental milling machine installations.

Sales by region are as follows.

Net sales by region

(Millions of Yen)

Region	Nine months ended September 30, 2015 (After adjustment)		Nine months ended September 30, 2016		Changes (After adjustment)	Changes in composition ratio (%) (After adjustment)	Year-on year change (%) (After adjustment)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Japan	3,685	10.7	3,981	12.1	296	1.4	108.0
North America	9,959	28.8	9,384	28.5	(575)	(0.3)	94.2
Europe	11,877	34.4	11,292	34.3	(585)	(0.1)	95.1
Asia	2,478	7.2	2,943	8.9	465	1.7	118.8
Others	6,529	18.9	5,326	16.2	(1,203)	(2.7)	81.6
Total	34,530	100.0	32,928	100.0	(1,601)	—	95.4

[Japan]

In printers, sales of small UV printers offered for manufacturing original products and printers for use in textiles grew significantly, despite sales of printers for the sign market were sluggish. In 3D products, although sales were sluggish in 3D milling machines that we propose for use in monozukuri, or the manufacturing market, trends in the DWX series dental milling machines were favorable.

As a result, sales in Japan were 3,981 million yen, or 108.0% of the same period of the previous fiscal year.

[North America]

In printers, although sales of models with attractive price ranges were solid, centered on the new VG series for the sign market, sales of high-price professional models and UV printers decreased compared to the same period of the previous fiscal year. Meanwhile, in 3D products, sales of dental milling machines grew significantly, owing to factors such as progress in developing new sales networks and implementation of promotional campaigns.

However, under the effect of the stronger yen against the dollar, net sales in North America were 9,384 million yen, or 94.2% of the same period of the previous fiscal year.

[Europe]

In printers, sales of printers for the sign market were at low levels. Meanwhile, in UV printers, sales across the entire European region were higher than the same period of the previous fiscal year, owing to installation of small UV printers at large-scale stores such as shopping centers and do-it-yourself shops. Furthermore, installations increased for textile printers, which were primarily used in sportswear printing. In 3D products, sales of dental milling machines grew significantly.

However, under the effect of the stronger yen against the euro, net sales in Europe were 11,292 million yen, or 95.1% of the same period of the previous fiscal year.

[Asia]

In China, in addition to favorable sales in printers, sales of products such as dental milling machines grew due to steady progress in developing new sales networks. In South Korea, sales of small UV printers and dental milling machines increased significantly. Furthermore, in the ASEAN region and India, we advanced aggressive sales and marketing activities while aiming to strengthen cooperation with local distributors, and sales of printers for the sign market increased.

As a result, sales in Asia were 2,943 million yen, or 118.8% of the same period of the previous fiscal year.



#### [Other Regions]

In Australia, sales of printers for the sign market were sluggish. Meanwhile, primarily for printers, sales decreased and were significantly lower than the same period of the previous fiscal year in Brazil, where political chaos continues to cause long-term economic decline, and in the Middle East and certain South American countries that are being affected by lower resource prices.

Under the effects of these factors and the stronger yen against the Brazilian real, the resulting net sales in these regions were 5,326 million yen, or 81.6% of the same period of the previous fiscal year.

#### (2) Explanation of Financial Position

Total assets as of the end of the third quarter decreased by 2,522 million yen compared with end-of-term consolidated totals last year to a total of 35,457 million yen (93.4% of year-end consolidated totals last term). With regard to current assets, while notes and accounts receivable - trade increased by 317 million yen, cash and deposits, merchandise and finished goods, and other current assets including accounts receivable - other decreased by 860 million yen, 735 million yen and 329 million yen, respectively. In non-current assets, there were no significant changes.

Liabilities as of the end of the third quarter increased by 842 million yen to a total of 15,912 million yen (105.6% of year-end consolidated totals last term). With regard to current liabilities, income taxes payable and other current liabilities including accounts payable - other decreased by 555 million yen and 500 million yen, respectively. In non-current liabilities, although repayment was made on long-term loans payable, funds for the acquisition of treasury shares caused an increase of 1,800 million yen.

Net assets as of the end of the third quarter decreased by 3,365 million yen to a total of 19,545 million yen (85.3% of year-end consolidated totals last term). Despite an increase due to the business performance for the nine months ended September 30, 2016, retained earnings decreased by 1,838 million yen due to retirement of treasury shares, and foreign currency translation adjustment decreased by 1,388 million yen owing mainly to an appreciation of the yen.

#### (3) Explanation of Future Forecast Information such as Consolidated Performance Forecast

No revisions have been made to the consolidated financial results forecasts for the fiscal year ending December 31, 2016, which were announced on August 9, 2016. In profits, full-year forecasts have been achieved as of the third quarter, and currently, we have not recognized factors that may cause any extraordinary losses during the fourth quarter. However, in sales, harsh conditions persist, primarily in printers. We believe that present full-year estimates are not in a condition to reach levels requiring disclosure of revisions to financial results forecasts.

2. Matters Concerning Summary Information (Notes)

Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Errors  
(Changes in Accounting Policies)

In line with the revisions to the Corporation Tax Act, the Company has applied the “Practical solution on a change in depreciation method due to tax reform 2016” (Practical Issues Task Force (“PITF”) No. 32; June 17, 2016) from the second quarter of the current term. As a result, the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 has been changed from the declining balance method to the straight-line method.

The effect of this change to the quarterly consolidated financial statements is immaterial.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Thousands of Yen)

	As of December 31, 2015	As of September 30, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	9,995,232	9,134,310
Notes and accounts receivable - trade	4,427,744	4,745,187
Merchandise and finished goods	6,600,707	5,864,815
Work in process	91,737	45,133
Raw materials and supplies	2,727,720	2,558,122
Deferred tax assets	1,631,226	1,349,934
Other	1,695,092	1,365,835
Allowance for doubtful accounts	(26,846)	(45,187)
Total current assets	27,142,613	25,018,151
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,937,776	6,823,637
Accumulated depreciation	(3,871,027)	(3,964,833)
Buildings and structures, net	3,066,749	2,858,804
Machinery, equipment and vehicles	1,010,189	982,081
Accumulated depreciation	(651,950)	(661,184)
Machinery, equipment and vehicles, net	358,238	320,896
Tools, furniture and fixtures	3,213,349	3,473,409
Accumulated depreciation	(2,615,611)	(2,741,670)
Tools, furniture and fixtures, net	597,737	731,738
Land	3,118,628	3,071,957
Construction in progress	98,735	27,327
Total property, plant and equipment	7,240,089	7,010,725
Intangible assets		
Goodwill	574,971	394,163
Software	1,185,715	1,268,580
Telephone subscription right	7,983	8,902
Total intangible assets	1,768,670	1,671,646
Investments and other assets		
Investment securities	267,173	273,964
Deferred tax assets	605,893	560,133
Other	1,112,437	950,828
Allowance for doubtful accounts	(156,715)	(28,030)
Total investments and other assets	1,828,789	1,756,896
Total non-current assets	10,837,549	10,439,268
Total assets	37,980,162	35,457,419

(Thousands of Yen)

	As of December 31, 2015	As of September 30, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,135,476	1,849,021
Short-term loans payable	—	46,560
Current portion of long-term loans payable	1,440,000	1,440,000
Income taxes payable	633,476	78,386
Provision for bonuses	675,069	974,438
Provision for directors' bonuses	70,000	60,000
Provision for product warranties	541,736	525,924
Other	3,184,471	2,684,139
Total current liabilities	8,680,229	7,658,469
Non-current liabilities		
Long-term loans payable	4,320,000	6,120,000
Provision for employee stock ownership plan trust	62,635	87,319
Provision for management board incentive plan trust	151,583	207,167
Net defined benefit liability	487,406	482,816
Long-term accounts payable - other	119,093	110,010
Other	1,248,619	1,246,336
Total non-current liabilities	6,389,339	8,253,650
Total liabilities	15,069,568	15,912,120
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,668,700	3,668,700
Capital surplus	3,867,377	3,700,608
Retained earnings	16,167,288	14,328,515
Treasury shares	(635,105)	(625,729)
Total shareholders' equity	23,068,260	21,072,094
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,513	953
Foreign currency translation adjustment	9,700	(1,378,817)
Remeasurements of defined benefit plans	(170,911)	(148,967)
Total accumulated other comprehensive income	(157,697)	(1,526,831)
Non-controlling interests	30	35
Total net assets	22,910,593	19,545,299
Total liabilities and net assets	37,980,162	35,457,419

(2) Consolidated Statements of Operations and Comprehensive Income  
Consolidated Statements of Operations  
(For the nine months ended September 30, 2016)

	(Thousands of Yen)
	For the nine months ended September 30, 2016 (From January 1, 2016 to September 30, 2016)
Net sales	32,928,349
Cost of sales	17,657,120
Gross profit	<u>15,271,228</u>
Selling, general and administrative expenses	
Transportation and warehousing expenses	681,514
Advertising and promotion expenses	852,859
Provision for product warranties	124,947
Salaries and bonuses	5,471,270
Provision for bonuses	508,911
Provision for directors' bonuses	60,000
Provision for employee stock ownership plan trust	17,904
Provision for management board incentive plan trust	54,406
Retirement benefit expenses	243,540
Traveling and transportation expenses	570,010
Depreciation	615,950
Commission fee	905,813
Other	1,576,720
Total selling, general and administrative expenses	<u>11,683,849</u>
Operating income	<u>3,587,379</u>
Non-operating income	
Interest income	11,180
Dividend income of insurance	10,184
Gain on valuation of investments in money held in trust	27,185
Other	28,498
Total non-operating income	<u>77,047</u>
Non-operating expenses	
Interest expenses	28,805
Sales discounts	126,684
Foreign exchange losses	232,976
Other	13,052
Total non-operating expenses	<u>401,518</u>
Ordinary income	<u>3,262,908</u>

(Thousands of Yen)

	For the nine months ended September 30, 2016 (From January 1, 2016 to September 30, 2016)
Extraordinary income	
Gain on sales of non-current assets	7,713
Total extraordinary income	7,713
Extraordinary losses	
Loss on sales and retirement of non-current assets	9,923
Total extraordinary losses	9,923
Income before income taxes and minority interests	3,260,698
Income taxes - current	861,446
Income taxes - deferred	173,018
Total income taxes	1,034,465
Profit	2,226,233
Profit attributable to non-controlling interests	17
Profit attributable to owners of parent	2,226,216

(Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	For the nine months ended September 30, 2016 (From January 1, 2016 to September 30, 2016)
Profit	2,226,233
Other comprehensive income	
Valuation difference on available-for-sale securities	(2,560)
Foreign currency translation adjustment	(1,388,529)
Remeasurements of defined benefit plans, net of tax	21,943
Total other comprehensive income	(1,369,146)
Comprehensive income	857,087
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	857,082
Comprehensive income attributable to non-controlling interests	4

(3) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in Shareholder's Equity)

The Company resolved at the Board of Directors meeting held on May 10, 2016 to acquire treasury stock pursuant to the provisions of Article 156 of the Companies Act as applied in place of the provisions of Article 165, Paragraph 3 of the same Act. Based on this resolution, it acquired 1,726,200 shares of treasury stock in an amount of 3,410,971 thousand yen via the off-auction own share repurchase (ToSTNeT-3) as of May 12, 2016. Furthermore, at the same Board of Directors meeting, it resolved to retire its treasury stock, and completed the retirement of 1,729,200 shares as of June 1, 2016. As a result, treasury stock, capital surplus and retained earnings decreased by 3,420,594 thousand yen, 166,768 thousand yen and 3,253,826 thousand yen, respectively.

(Significant Subsequent Events)

Not applicable.