

Consolidated Statement of Income

Brother Industries, Ltd. and Consolidated Subsidiaries
Year ended March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
NET SALES	¥ 616,835	¥ 516,067	\$ 5,988,689
COST OF SALES (Note 14)	349,015	300,007	3,388,495
Gross profit	267,820	216,060	2,600,194
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 14)	224,519	186,284	2,179,796
Operating income	43,301	29,776	420,398
OTHER INCOME (EXPENSES):			
Interest and dividend income	1,516	1,452	14,718
Interest expense	(277)	(451)	(2,689)
Sales discount	(2,628)	(2,086)	(25,515)
Loss on sales and disposals of property, plant and equipment, net	(459)	(170)	(4,456)
Foreign exchange loss	(11,612)	(1,614)	(112,738)
Loss on impairment of long-lived assets (Notes 2 (10) and 6)	(2,122)	(269)	(20,602)
Gain (loss) on valuation of derivatives	4,461	(4,625)	43,311
Gain on sales of investment securities (Note 4)	468	1,724	4,544
Gain on negative goodwill (Note 21)	—	7,194	—
Loss on step acquisitions	—	(3,843)	—
Other - net	879	858	8,534
Other expenses, net	(9,774)	(1,830)	(94,893)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	33,527	27,946	325,505
INCOME TAXES (Note 13):			
Current	9,562	8,763	92,835
Deferred	4,089	1,326	39,699
Total income taxes	13,651	10,089	132,534
NET INCOME BEFORE MINORITY INTERESTS	19,876	17,857	192,971
MINORITY INTERESTS IN NET INCOME	655	31	6,359
NET INCOME	¥ 19,221	¥ 17,826	\$ 186,612
PER SHARE OF COMMON STOCK (Note 19):			
Basic net income	¥ 72.20	¥ 66.65	\$ 0.70
Diluted net income	72.06	66.54	0.70
Cash dividends applicable to the year	24.00	24.00	0.23

See notes to consolidated financial statements.