

Consolidated Statement of Income

J. FRONT RETAILING Co., Ltd. and Consolidated Subsidiaries

Year ended February 28, 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Net sales (Notes 13 and 27):			
Net sales of goods	¥1,138,801	¥1,136,124	\$9,548,093
Rent income of real estate (Note 7)	10,727	10,195	89,939
	1,149,529	1,146,319	9,638,040
Cost of sales (Notes 12, 13, 22 and 27):			
Cost of goods sold	899,379	896,153	7,540,698
Cost of real estate rent (Note 7)	6,486	6,035	54,381
	905,865	902,189	7,595,078
Gross profit	243,663	244,130	2,042,953
Selling, general and administrative expenses (Notes 12, 13, 18 and 27)	201,572	202,313	1,690,048
Operating income (Note 27)	42,091	41,816	352,905
Other income (expenses):			
Interest income	372	391	3,119
Dividend income	434	461	3,639
Gain on derecognition of unutilized gift certificates	3,084	3,191	25,857
Equity in earnings of unconsolidated subsidiaries and affiliates	735	419	6,162
Interest expenses	(1,481)	(1,741)	(12,417)
Provision for loss on utilization of gift certificates	(3,550)	(3,585)	(29,764)
Gain on sales of fixed assets (Note 7)	84	1,628	704
Gain on sales of investment securities, net (Note 10)	2,811	51	23,568
Gain on sales of shares of a subsidiary	-	18,479	-
Compensation income	-	4,711	-
Loss on disposal of fixed assets (Note 7)	(2,679)	(4,421)	(22,462)
Loss on devaluation of investment securities (Note 10)	(36)	(25)	(302)
Loss on impairment of fixed assets (Notes 7, 19 and 27)	(965)	(1,463)	(8,091)
Loss on store reconstruction (Notes 7, 20 and 27)	-	(3,235)	-
Business structure improvement expenses	-	(4,725)	-
Construction indemnification expenses	(650)	-	(5,450)
Loss on business liquidation (Notes 21 and 27)	(654)	(110)	(5,483)
Other, net	(706)	(502)	(5,919)
Income before income taxes and minority interests	38,888	51,342	326,050
Income taxes (Note 25)			
Current	16,396	11,371	137,470
Deferred	(500)	5,352	(4,192)
	15,896	16,724	133,277
Income before minority interests	22,992	34,618	192,773
Minority interests in income	3,073	3,049	25,765
Net income (Note 26)	¥19,918	¥31,568	\$166,999

See accompanying notes to the consolidated financial statements.