

Consolidated Statement of Income

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

Year ended February 28, 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
Net sales (Notes 13 and 27):			
Net sales of goods	¥1,094,964	¥1,151,469	\$9,711,432
Rent income of real estate (Note 7)	13,547	12,094	120,150
	1,108,512	1,163,564	9,831,592
Cost of sales (Note 22):			
Cost of goods sold	866,009	910,927	7,680,789
Cost of real estate rent (Note 7)	7,718	7,104	68,452
	873,727	918,031	7,749,241
Gross profit	234,785	245,532	2,082,350
Selling, general and administrative expenses (Note 18)	190,205	197,494	1,686,962
Operating income (Note 27)	44,580	48,038	395,388
Other income (expenses):			
Interest income	349	369	3,095
Dividend income	395	365	3,503
Gain on derecognition of unutilized gift certificates	2,806	2,866	24,886
Compensation income	975	-	8,647
Equity in earnings of unconsolidated subsidiaries and affiliates	308	1,886	2,731
Interest expenses	(1,181)	(1,419)	(10,474)
Provision for loss on utilization of gift certificates	(2,971)	(3,159)	(26,350)
Gain on sales of fixed assets	1,998	-	17,720
Gain on sales of investment securities (Note 10)	1,283	960	11,379
Gain on sales of shares of an affiliate	-	131	-
Loss on disposal of fixed assets (Note 7)	(2,031)	(3,493)	(18,013)
Loss on impairment of fixed assets (Notes 7, 19 and 27)	(748)	(1,570)	(6,634)
Loss on store reconstruction (Notes 20 and 27)	-	(7,492)	-
Loss on business liquidation (Notes 7, 21 and 27)	(4,106)	(1,719)	(36,416)
Other, net	(1,107)	(1,062)	(9,818)
Income before income taxes	40,550	34,698	359,645
Income taxes (Note 25)			
Current	13,577	14,626	120,416
Deferred	(3,413)	(9,791)	(30,270)
	10,164	4,834	90,146
Net income	30,386	29,863	269,498
Net income attributable to:			
Non-controlling interests	3,435	3,549	30,465
Owners of the parent	¥26,950	¥26,313	\$239,024

See accompanying notes to the consolidated financial statements.