

# Consolidated Statement of Income

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

Year ended February 29, 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Net sales (Notes 13 and 27):			
Net sales of goods	¥1,151,469	¥1,138,801	\$10,134,387
Rent income of real estate (Note 7)	12,094	10,727	106,443
	<b>1,163,564</b>	<b>1,149,529</b>	<b>10,240,838</b>
Cost of sales (Note 22):			
Cost of goods sold	910,927	899,303	8,017,312
Cost of real estate rent (Note 7)	7,104	6,486	62,524
	<b>918,031</b>	<b>905,789</b>	<b>8,079,836</b>
Gross profit	<b>245,532</b>	<b>243,739</b>	<b>2,160,993</b>
Selling, general and administrative expenses (Note 18)	197,494	201,572	1,738,198
Operating income (Note 27)	<b>48,038</b>	<b>42,167</b>	<b>422,795</b>
Other income (expenses):			
Interest income	369	372	3,248
Dividend income	365	434	3,212
Gain on derecognition of unutilized gift certificates	2,866	3,084	25,224
Equity in earnings of unconsolidated subsidiaries and affiliates	1,886	735	16,599
Interest expenses	(1,419)	(1,481)	(12,489)
Provision for loss on utilization of gift certificates	(3,159)	(3,550)	(27,803)
Gain on sales of fixed assets (Note 7)	-	84	-
Gain on sales of investment securities (Note 10)	960	2,811	8,449
Gain on sales of shares of an affiliate	131	-	1,153
Loss on disposal of fixed assets (Note 7)	(3,493)	(2,679)	(30,743)
Loss on devaluation of investment securities (Note 10)	-	(36)	-
Loss on impairment of fixed assets (Notes 7, 19 and 27)	(1,570)	(965)	(13,818)
Loss on store reconstruction (Notes 20 and 27)	(7,492)	-	(65,939)
Construction indemnification expenses	-	(650)	-
Loss on business liquidation (Notes 7, 21 and 27)	(1,719)	(654)	(15,129)
Other, net	(1,062)	(706)	(9,347)
Income before income taxes and minority interests	<b>34,698</b>	<b>38,965</b>	<b>305,386</b>
Income taxes (Note 25)			
Current	14,626	16,396	128,727
Deferred	(9,791)	(472)	(86,173)
	<b>4,834</b>	<b>15,923</b>	<b>42,545</b>
Income before minority interests	<b>29,863</b>	<b>23,041</b>	<b>262,832</b>
Minority interests in income	3,549	3,073	31,236
Net income (Note 26)	<b>¥26,313</b>	<b>¥19,967</b>	<b>\$231,588</b>

See accompanying notes to the consolidated financial statements.