Flash Report on the Consolidated Result

for the First Quarter of the Fiscal Year Ended February 29, 2016

July 7, 2015

Listed Company Name: Lawson, Inc. Tokyo Stock Exchange (First Section)
Code No.: 2651 (URL http://www.lawson.co.jp/company/ir/index.html)
Company Representative: Genichi Tamatsuka, Representative Director, President and CEO
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Scheduled date for submission of quarterly earnings report: July 13, 2015
Scheduled date for payment of dividend: ー
Supplementary documents quarterly results: Yes
Presentation of quarterly results: None

(Amounts below one million yen are truncated)

1. Consolidated performance for the first quarter of the current period (from March 1, 2015, to May 31, 2015)

(1) Consolidated operating results (accumulated)

Note: Percentages for gross operating revenue, operating income, ordinary income and net income show increase (decrease) compared to the corresponding period of previous year.

	Gross operating revenue		Operating income		Ordinary income		Net income	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
Current 1st Quarter	140,213	19.7	19,133	13.7	19,145	16.0	7,718	(15.2)
Previous 1st Quarter	117,128	(2.0)	16,820	17.6	16,509	14.5	9,099	26.5

Note: Comprehensive income: Current 1st Quarter 8,299 million yen (7.7%)
Previous 1st Quarter 8,990 million yen 7.0%

	Net income per share	Fully diluted profit per share
	¥	¥
Current 1st Quarter	77.18	77.12
Previous 1st Quarter	91.10	90.91

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	¥ Million	¥ Million	%
Current 1st Quarter	832,591	260,512	30.3
Previous fiscal year	764,614	263,797	33.5

Reference: Shareholders' equity: Current 1st Quarter 252,502 million yen
Previous 1st Quarter 256,122 million yen

2. Dividends status

	Annual dividends per share				
	1Q	1H	3Q	Year-end	Total
	¥	¥	¥	¥	¥
2014 fiscal year	ー	120.00	ー	120.00	240.00
2015 fiscal year	ー				
2015 fiscal year (forecast)		122.50	ー	122.50	245.00

Note: Revision of forecast for dividends published in the most recent: None

3. Forecast consolidated performance for 2015 fiscal year (from March 1, 2015 to February 29, 2016)

Note: Percentages for gross operating revenue, operating income, ordinary income and net income show increase (decrease) compared to the corresponding period of previous year.

	Gross operating revenue		Operating income		Ordinary income		Net income		Net profit per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	¥
2015 1H (accumulated)	287,000	18.6	37,000	(7.5)	36,000	(9.1)	18,400	(15.9)	184.00
2015 fiscal year	578,000	16.1	71,000	0.7	68,900	(3.9)	35,200	7.7	352.00

Note: Revision of forecast for dividends published in the most recent: None

4. Notes

(1) Change in important subsidiaries during this quarterly consolidated period (Changes in certain specified subsidiaries resulting in revised scope of consolidation): None

Added: None　　Excluded: None

(2) Adoptions of special accounting methods in presentation of quarterly financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, retrospective restatements

1. Changes of accounting policies associated with revision in accounting standards: Yes
2. Other changes: None
3. Changes in accounting estimates: None
4. Retrospective restatements: None

(4) Number of issued shares:

1. The number of the stocks issued in the end of term
   May, 2015: 100,300,000　　February, 2014: 100,300,000
2. The number of treasury shares in the end of term
   May, 2015: 301,487　　February, 2014: 301,084
3. Average number of shares during the term
   May, 2015: 99,998,635　　May, 2014: 99,876,949

Note: Implementation status of quarterly review procedures

This flash report is exempt from quarterly review procedures under the Financial Instruments and Exchange Act. As of the time of disclosure of this report, quarterly review procedures for the financial statements are incomplete.

Note: Descriptions on appropriate use of financial performance forecasts and other special notes

Forward-looking statements presented in this material such as financial forecasts are based on currently available information and certain presumptions deemed to be reasonable as of the date of announcement. They are not intended to guarantee the Company's achievement. Actual results may differ significantly from these forecasts due to many factors. For preconditions of these financial forecasts and notes concerning their use, please refer to "1. Qualitative Information Regarding Quarterly Financial Results, (3) Explanation Regarding Forward-looking Information Such As Forecast Consolidated Performance" on page 7.

Contents of Attachments

1. Qualitative Information Regarding Quarterly Financial Results

(1) Explanation Regarding Consolidated Operating Results

During the first quarter of fiscal 2015, three months from March 1 to May 31, 2015, the Lawson Group (hereinafter, the "Group") implemented business activities with the aim of realizing the Group's corporate philosophy of "Creating Happiness and Harmony in Our Communities." In particular, we reinforced the foundation of our convenience store business, for example, by enhancing our retail space, merchandise assortment, and relationship with franchise store owners. In addition, while addressing changes in each neighborhood such as an increase in the number of working women, the declining birth rate and the aging population, we also focused on areas unique to Lawson, including over-the-counter fast food, health-oriented products, home convenience, and entertainment.

Meanwhile, we also focused on promoting internal control and addressing operating risks across the entire Group based on the 2015 Basic Policy for Improvement of Internal Control Systems. We will continue promoting internal control across the board including companies that newly joined the Group.

As a result, for the first quarter of fiscal 2015 on a consolidated basis, gross operating revenue increased to ¥140,213 million (up 19.7% from last year), resulting from an increase of ¥5,988 million in operating revenue due to an increase in number of franchised stores, and an increase of ¥17,097 million in net sales resulting from acquiring United Cinemas Co., Ltd. and SEIJO ISHII CO., LTD. from second quarter and third quarter of previous fiscal year respectively, despite a decrease in the number of company-operated stores. As a result, cost of sales increased to ¥37,490 million (up 32.8% from last year) and selling, general and administrative expenses increased by ¥11,523 million to ¥83,589million (up 16.0% from last year). Thus, operating income increased by ¥2,312 million to ¥19,133 million (up 13.7% from last year). Furthermore, despite ordinary income grew ¥2,636 million to ¥19,145 million (up 16.0% from last year), since extraordinary losses increased by ¥2,953 million, net income decreased by ¥1,380 million to ¥7,718 million (down 15.2% from last year).

Operating results by business segment were as follows:

(Domestic Convenience Store Business)

[Merchandising Strategies]

On the merchandise front, we stepped up initiatives to strengthen merchandise appeal by upholding "Convenience Store (CVS) Core Products" and "Supermarket Alternative Products" as focal areas in product development.

With respect to "CVS Core Products," we changed the containers and packages of carbohydrate-based staple foods to help customers understand the entire layout of the retail spaces. Furthermore, we leveraged our strong expertise in ingredients procurement to launch a "Large Sockeye Salmon Lunchbox" and a "Thick Pork Loin and Tenderloin Katsu Lunchbox," both of which were well-received.

For "Supermarket Alternative Products," we not only expanded the retail space for daily delivered foods and strengthened our merchandise assortment of fast food dishes cooked in stores, but also implemented measures to appeal to customers, including changing packages of some "Lawson Select" products and implementing sales promotion campaigns.

We also stepped up our efforts to meet the rising demand for coffee, a significant growth area in recent years. We exclusively adopted “MACHI café” coffee beans produced at Rainforest Alliance Certified farms, achieving improved quality, environmental conservation and social contribution at the same time. In addition, as a result of reducing the price of café lattes made with specially brewed espresso and quality milk, sales increased significantly. In April 2015, we started selling “Doughnuts” over the counter in anticipation of encouraging purchases of “MACHI café” coffee, and plan to do the same at around 8,000 stores by the end of August.

Moreover, as a “Health Station in Town,” we also placed emphasis on selling health-oriented products. Specifically, we expanded “Bran Bread”[*1] on an ongoing basis for carbohydrate-conscious consumers, and offered a large selection of products, including confectionery and chilled drinks from the NATURAL LAWSON brand, nutritionally balanced lunchboxes, rice balls made with brown rice, and “Pre-cut Vegetables” and salads made with vegetables produced based on the “Nakashima Farming Method”[*2]. There are currently 23 Lawson Farms in which Lawson, Inc. holds equity stakes. The farms assume the role of supplying safe and fresh fruits and vegetables to the Group’s stores and factories that produce LAWSON’s original products. Lawson Farm Niigata, the 23rd Lawson Farm, which was established in March 2015, is the first special agricultural corporation established by taking advantage of the deregulated system in the National Strategic Special Zones. The Group will continue to support the health of customers through such initiatives.

In addition to strengthening the above products, we are increasing our lineup of “Gift Cards”[*3] offered at our stores, which are received well.

For sales promotions, we implemented measures to attract customers mainly to our mainstay category, including offering rice balls at “Rice Ball 100 Yen Sale” in May.

[*1] Bran: The external layer of wheat. Contains abundant nutrition including dietary fiber, iron, calcium, magnesium, zinc, and copper. The food is noted for its low level of carbohydrate.

[*2] Nakashima Farming Method: A cultivation method that supplies appropriate nutrients in accordance with the growth status of crops and the nutritional balance of the soil (mineral balance). Uses techniques for developing healthy soil based on diagnosis of soil conditions in conjunction with techniques to control the growth process of crops to maintain healthy growth.

[*3] Gift cards: Collective term for prepaid cards that can be used for online transactions.

[Breakdown of Sales by Merchandise Category at Chain Stores in Domestic Convenience Store Business]

Fiscal period / Product group	Previous 1st Quarter March 1, 2014 to May 31, 2014		Current 1st Quarter March 1, 2015 to May 31, 2015	
	Sales (Millions of yen)	Percentage of total (%)	Sales (Millions of yen)	Percentage of total (%)
Processed foods	262,122	54.4	256,916	53.5
Fast foods	103,140	21.4	109,788	22.8
Daily delivered foods	70,378	14.6	68,581	14.3
Nonfood products	46,353	9.6	45,391	9.4
Total	481,994	100.0	480,678	100.0

[Store Operations]

In store operations, we continued to focus on reinforcing adherence to the Three Essential Practices, which emphasizes (1) serving customers courteously; (2) offering a merchandise assortment focused on basic items with high demand; and (3) keeping our stores and communities clean, while strengthening guidance to franchise store owners and revising order placement methods as a way of reforming store operations. In addition to concluding a new franchise agreement with existing stores ahead of schedule to offer enhanced support to franchise store owners, we strived to create retail spaces that stimulate potential demand from customers and offer what they need at any time.

[Store Development and Store Format Strategy]

In opening new stores, the Group prioritized profitability based on its proprietary return on investment (ROI)-focused store development standard.

In April 2015, newly established Lawson Kochi, Inc. started operating LAWSON stores in Kochi prefecture. Also in April, Lawson, Inc. concluded a business alliance agreement with Metro Commerce Co., Ltd., a group company of Tokyo Metro Co., Ltd., agreeing to transform METRO'S, shops operated by Tokyo Metro at Tokyo Metro stations, into LAWSON stores. In May, it was decided that part of the rights and obligations associated with the convenience store business run by SAVE ON Co., Ltd. in Nagano prefecture would be succeeded by Lawson, Inc. SAVE ON stores will be transformed into LAWSON stores in phases starting in July.

Furthermore, the Group has been striving to expand the number of stores offering non-prescription drugs, and it reached 102 stores (included 35 Pharmacy Lawson stores equipped with drug-dispensing pharmacies) as of the end of May 2015. Moreover, by building partnerships in local area**,** in addition of healthcare items including OTC pharmaceuticals, cosmetics, and daily necessities, the stores offer a merchandise assortment of around 5,000 items, twice as many as conventional Lawson stores. Under a business alliance agreement entered into with Wisnet Co., Ltd., Lawson, Inc. has been preparing to launch Wisnet-owned franchise LAWSON stores housing an office base for home nursing care or a nursing care hub center equipped with a lounge space. In April 2015, the first LAWSON store under this partnership was opened.

Under the business revitalization plan currently implemented by LAWSON STORE100 stores, unprofitable stores are being closed. During the first quarter of current fiscal year, 266 LAWSON STORE100 stores were closed.

As a result, the total number of LAWSON, NATURAL LAWSON, and LAWSON STORE100 (including LAWSON MART) stores opened and closed during current fiscal year stood at 188 and 403 stores, respectively, with the total number of stores in Japan reaching 11,557 as of the end of May 2015.

[Change in the Total Number of Domestic Stores]

	Total stores as of February 28, 2015	Change during fiscal year	Total stores as of May 31, 2015
LAWSON	10,633	(78)	10,555
NATURAL LAWSON	116	2	118
LAWSON STORE100／LAWSONMART	1,151	(267)	884
Total	11,900	(343)	11,557

[Number of LAWSON stores by prefecture (As of May 31, 2015)]

Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores
Hokkaido	616	Ibaraki	147	Kyoto	311	Ehime	205
Aomori	210	Tokyo	1,502	Shiga	152	Tokushima	133
Akita	182	Kanagawa	825	Nara	128	Fukuoka	439
Iwate	161	Shizuoka	219	Wakayama	124	Saga	67
Miyagi	217	Yamanashi	113	Osaka	1,001	Nagasaki	105
Yamagata	79	Nagano	148	Hyogo	627	Oita	167
Fukushima	102	Aichi	556	Okayama	147	Kumamoto	137
Niigata	133	Gifu	149	Hiroshima	181	Miyazaki	104
Tochigi	139	Mie	110	Yamaguchi	122	**Total (domestic)**	11,557
Gunma	94	Ishikawa	102	Tottori	112		
Saitama	503	Toyama	186	Shimane	117		
Chiba	456	Fukui	106	Kagawa	123		

In addition to the above, Lawson Kochi, Inc. operates 130 LAWSON chain stores in Kochi prefecture, Lawson Minamikyushu, Inc. operates 202 LAWSON chain stores in Kagoshima prefecture and Lawson Okinawa, Inc. operates 177 LAWSON chain stores in Okinawa prefecture as of the end of May 2015.

(**Other**)

With regards to our efforts in Home Convenience, in April 2015, Lawson, Inc. entered into a business alliance with SG Holdings Co., Ltd., which owns Sagawa Express Co., Ltd. as the core operating company, agreeing to jointly establish an operating company that offers delivery and order-taking service with LAWSON stores serving as hubs. We will strive to enhance customer convenience by additionally partnering with other companies to establish an “Open Platform” based on the networks of LAWSON stores that offer a range of services encompassing ordering, collection, and home delivery.

(**Seijo Ishii Business**)

The number of directly operated Seijo Ishii stores, a high-end supermarket chain offering quality foods, reached 110 as of the end of May 2015. Performance was strong, driven by sales of coconut oil and perilla oil that became popular after their positive health effects were introduced on television and other media. We will continue to enhance the brand image and corporate value of SEIJO ISHII Co., Ltd., while absorbing the company's product development expertise, knowhow acquired as a manufacturing retailer, and sales methods, to strengthen our Domestic Convenience Store Business.

(Entertainment-related Business)

With regards to Entertainment-related Business, Lawson HMV Entertainment, which forms the core of entertainment related business, posted a solid performance led by an increase in ticket sales and continued to secure top position in the ticketing industry. The number of HMV stores that sell music CDs and DVDs totaled 54 as of the end of May 2015. Furthermore, United Cinemas Co., Ltd. operates a total of 37 sites (includes YEBISU GARDEN CINEMA opened in March) with 333 screens (includes management contract) at its cinemas nationwide. We will strive to offer an even wider selection of products and services to better respond to customer needs, for example, by expanding our ticketing business.

(Other Business)

In addition to Domestic Convenience Store Business, Seijo Ishii Business, Entertainment-related Business, the Group also involved in Overseas Business, Financial Services-related Business and other businesses.

With regards to overseas business, the Group's operating companies opened LAWSON stores in the People's Republic of China (Shanghai, Chongqing, Dalian, and Beijing), Thailand, United States of America (Hawaii), Indonesia and Philippine. In March 2015, acquisition of equity in PG Lawson Company, Inc., which is a joint venture established with Puregold Price Club, Inc., a leading retailer in the Philippines, was completed and the first store in the Philippines was opened.

[Distribution of LAWSON Brand Stores Overseas by Region]

Country/Region	Number of stores (As of February 28, 2015)	Change during fiscal year	Number of stores (As of May 31, 2015)
China Shanghai and surrounding area	354	17	371
China Chongqing	104	2	106
China Dalian	30	1	31
China Beijing	19	1	20
Thailand	32	6	38
Indonesia	48	(13)	35
Philippines	—	2	2
United States of America Hawaii	3	—	3
Total	590	16	606

Lawson ATM Networks, Inc., which operates a financial services-related business, continued contributing to consolidated results owing to an increase in the number of ATMs installed. In this fiscal year 2015, we strengthened partnership with new financial institution bringing the total number of our financial institution partners to 77 nationwide (up 6 year on year), including online banks, and the number of ATMs installed nationwide to 10,798 (up 31 year on year) as of the end of May 2015.

(2) Explanation Regarding Consolidated Financial Position

Total current assets stood at ¥283,350 million yen, climbing ¥59,707 million from February 28, 2015, the end of the previous fiscal year. This reflected an increase of ¥59,748 million in cash and deposits mainly due to third party bill settlement. Non-current assets grew ¥8,270 million from February 28, 2015 to ¥549,241 million, mainly owing to an increase of ¥3,743 million in property and store equipment resulting from an increase of lease assets and an increase of ¥3,308 million in intangible assets resulting from an increase of software. Consequently, total assets climbed ¥67,977million from the end of the previous fiscal year to ¥832,591 million.

Total current liabilities increased ¥68,493 million from the end of the previous fiscal year to ¥369,562 million, mainly reflecting an increase of ¥61,441 million in deposits received owing to third party bill settlement. Non-current liabilities stood at ¥202,516 million, growing ¥2,769million from February 28, 2015, mainly owing to an increase of ¥3,256 million in lease obligations due to new store investments. Consequently, total liabilities increased by ¥71,262 million from the end of the previous fiscal year to ¥572,078 million.

Total net assets stood at ¥260,512 million, decreased by ¥3,284 million from February 28, 2015. This was mainly due to an increase resulting from net income of the first quarter ¥7,718 million, a decrease resulting from payment of ¥11,999 million in dividends, and a decline of ¥3,981 million in retained earnings. Consequently, shareholders' equity ratio amounted to 30.3%, down from 33.5% as of the end of the previous fiscal year.

(3) Explanation Regarding Forward-looking Information Such As Forecast Consolidated Performance

Regarding to forecasts for the first half and full year of the current fiscal year ended February 29, 2016, the financial forecasts remains unchanged from those announced on April 9, 2015.

2. Matters Related To Summary Information (Notes)

(1) Change in important subsidiaries during the period (Changes in certain specified subsidiaries resulting in revised scope of consolidation): Not Applicable

(2) Adoptions of accounting methods particular to presentation of quarterly financial statements: Not Applicable

(3) Changes in accounting policies, changes in accounting estimation, retrospective restatement

(Changes in accounting policies)

The Company adopted “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26 issued on May 17, 2012, hereinafter “Accounting Standard Retirement Benefits”) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 issued on May 17, 2012, hereinafter “Guidance Retirement Benefits”) from the first quarter of the consolidated fiscal year under review included stipulations stated in the main clause of paragraph 35 of ASBJ Statement No. 26, and the main clause of paragraph 67 of ASBJ Guidance No. 25. The Company reviewed the calculation method of retirement benefit liabilities and service cost, changed the standard of payment period of retirement benefits estimated amounts from period straight-line basis recorded to benefit formula basis. The method for calculating the discount rate was changed from the method in which bond duration, a base used for calculating the discount rate, was decided based on the number of years that approximates the average remaining service period of the employees, to the method in which multiple discount rates are calculated in accordance with the expected payment period of retirement benefits.

The application of Accounting Standards for Retirement Benefits, etc. has followed the transitional treatment stipulated in paragraph 37 of ASBJ Statement No. 26, and the impact due to change of calculation method of retirement benefit liabilities and service cost was charged to Retained earnings at the beginning of the first quarter of the consolidated fiscal year under review.

As a result, net defined benefit liability as of the beginning of the first quarter of the consolidated fiscal year under review decreased ¥2,130 million, while retained earnings increased ¥1,411 million yen. The impact of this change to operating income, ordinary income, and income before income taxes and minority interests for the first quarter of the consolidated fiscal year under review is immaterial.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

As of February 28, 2015 and May 31, 2015

(Millions of yen)

	Previous fiscal year As of February 28, 2015	Current 1st Quarter As of May 31, 2015
Assets		
Current assets:		
Cash and deposits	76,758	136,506
Accounts receivable−due from franchised stores	37,052	34,040
Merchandise	17,044	16,756
Accounts receivable−other	58,666	62,109
Deferred tax assets	5,299	3,348
Other	31,400	30,610
Allowance for doubtful accounts	(2,578)	(22)
Total current assets	223,642	283,350
Non-current assets:		
Property and store equipment:		
Buildings and structures	313,867	310,166
Accumulated depreciation	(160,491)	(153,001)
Buildings and structures, net	153,375	157,164
Vehicles, tools, furniture and fixtures	74,270	73,049
Accumulated depreciation	(59,445)	(58,144)
Vehicles, tools, furniture and fixtures, net	14,825	14,904
Lease assets	154,932	160,662
Accumulated depreciation	(63,270)	(66,939)
Lease assets, net	91,661	93,722
Other	15,022	12,843
Accumulated depreciation	(448)	(455)
Other, net	14,574	12,388
Total property and store equipment	274,436	278,180
Intangible assets:		
Software	18,800	22,325
Goodwill	48,189	48,124
Right of trademark	11,989	11,837
Other	550	551
Total intangible assets	79,530	82,838
Investments and other assets:		
Long-term loans receivable	37,232	37,916
Guarantee deposits	93,205	93,534
Deferred tax assets	26,251	24,213
Other	31,435	33,631
Allowance for doubtful accounts	(1,121)	(1,073)
Total investments and other assets	187,004	188,222
Total non-current assets	540,971	549,241
Total assets	764,614	832,591

(Millions of yen)

	Previous fiscal year As of February 28, 2015	Current 1st Quarter As of May 31, 2015
Liabilities		
Current liabilities:		
Accounts payable−trade	103,458	112,331
Due to franchised stores	1,507	1,952
Short-term loans payable	1,740	2,130
Current portion of long-term loans payable	575	575
Lease obligations	19,948	20,877
Accounts payable−other	43,518	50,153
Income taxes payable	13,301	4,114
Deposits received	103,634	165,076
Provision for bonuses	2,976	2,216
Other	10,408	10,134
Total current liabilities	301,069	369,562
Non-current liabilities:		
Long-term loans payable	58,425	58,137
Lease obligations	76,174	79,430
Provision for retirement benefits to executive officers and audits & supervisory board members	367	385
Net defined benefit liability	12,958	11,035
Asset retirement obligations	21,530	24,038
Other	30,290	29,488
Total non-current liabilities	199,746	202,516
Total liabilities	500,816	572,078
Net assets		
Shareholders' equity:		
Capital stock	58,506	58,506
Capital surplus	47,696	47,696
Retained earnings	147,177	143,195
Treasury shares	(1,272)	(1,275)
Total shareholders' equity	252,107	248,122
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	(393)	291
Revaluation reserve for land	(566)	(566)
Foreign currency translation adjustment	5,492	5,175
Remeasurements of defined benefit plans	(518)	(520)
Total accumulated other comprehensive income	4,014	4,379
Subscription rights to shares	223	300
Minority interests	7,452	7,710
Total net assets	263,797	260,512
Total liabilities and net assets	764,614	832,591

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

For the first quarter of the fiscal year ended February 29, 2016 (From March 1, 2015 to May 31, 2015)

(Millions of yen)

	Previous 1st Quarter From March 1,2014 to May 31, 2014	Current 1st Quarter From March 1,2015 to May 31, 2015
Gross operating revenue	117,128	140,213
Net sales	37,457	54,554
Cost of sales	28,240	37,490
Gross profit	9,216	17,063
Operating revenue:		
Income from franchised stores	61,724	63,064
Other	17,945	22,594
Total operating revenue	79,670	85,659
Operating gross profit	88,887	102,723
Selling, general and administrative expenses	72,066	83,589
Operating income	16,820	19,133
Non-operating income:		
Interest income	180	179
Foreign exchange gains	—	458
Other	356	517
Total non-operating income	537	1,155
Non-operating expenses:		
Interest expense	332	453
Loss on cancel of lease contracts	307	570
Other	209	120
Total non-operating expenses	848	1,143
Ordinary income	16,509	19,145
Extraordinary income:		
Gain on change in equity	756	892
Total extraordinary income	756	892
Extraordinary losses:		
Loss on retirement of non-current assets	485	938
Impairment loss	1,897	4,414
Other	16	—
Total extraordinary losses	2,399	5,352
Income before income taxes and minority interests	14,866	14,685
Income taxes-current	4,314	3,920
Income taxes-deferred	1,359	2,867
Income taxes	5,673	6,788
Income before minority interests	9,193	7,897
Minority interests in income	94	178
Net income	9,099	7,718

Consolidated Statement of Comprehensive Income

For the first quarter of the fiscal year ended February 29, 2016 (From March 1, 2015 to May 31, 2015)

(Millions of yen)

	Previous 1st Quarter From March 1,2014 to May 31, 2014	Current 1st Quarter From March 1,2015 to May 31, 2015
Income before minority interests	9,193	7,897
Other comprehensive income		
Valuation difference on available-for-sale securities	(43)	684
Foreign currency translation adjustment	(420)	(280)
Remeasurements of defined benefit plans	—	(1)
Share of other comprehensive income of associates accounted for using equity method	260	—
Total other comprehensive income	(203)	402
Comprehensive income	8,990	8,299
Comprehensive income attributable to		
Owners of the parent	8,894	8,083
Minority interests	95	216

(3) Notes to Consolidated Financial Statements

(Notes Concerning Going Concern Assumption)

Not Applicable.

(Notes to Significant Changes in the amount of Shareholders' Equity)

Not Applicable.