

Flash Report on the Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending February 28, 2018

January 10, 2018

Listed Company Name: Lawson, Inc.

Tokyo Stock Exchange (First Section)

Code No.: 2651

(URL <http://www.lawson.jp/en/ir>)

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Scheduled date for submission of quarterly securities report: January 12, 2018

Scheduled date for payment of dividend: —

Supplementary materials for quarterly financial results: Yes

Holding of presentation of quarterly results: None

(Amounts less than one million yen are truncated)

1. Consolidated operating results for the third quarter ended November 30, 2017 (from March 1, 2017 to November 30, 2017)

(1) Consolidated operating results (cumulative)

Note: Percentages represent increases (decreases) compared with the corresponding period of the previous fiscal year.

	Gross operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the third quarter ended November 30, 2017	494,053	6.9	54,261	(5.9)	53,781	(5.5)	32,795	(3.1)
November 30, 2016	461,955	6.1	57,685	(7.0)	56,906	(6.2)	33,855	7.6

Note: Comprehensive income:

For the third quarter ended November 30, 2017	34,421 million yen	9.2%
For the third quarter ended November 30, 2016	31,529 million yen	(4.6)%

	Profit per share	Diluted profit per share
	Yen	Yen
For the third quarter ended November 30, 2017	327.82	327.63
November 30, 2016	338.51	338.26

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2017	914,648	286,959	30.7
February 28, 2017	866,577	285,995	31.7

Reference: Shareholders' equity:

As of November 30, 2017	280,941 million yen
As of February 28, 2017	274,880 million yen

2. Dividends

	Annual dividends per share				
	1Q	1H	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2016 fiscal year	—	125.00	—	125.00	250.00
2017 fiscal year	—	127.50	—		
2017 fiscal year (forecast)				127.50	255.00

Note: Revision of the most recent dividends forecast: None

3. Forecast of consolidated operating results for the 2017 fiscal year ending February 28, 2018 (from March 1, 2017 to February 28, 2018)

Note: Percentages represent increases (decreases) compared with the corresponding period of the previous fiscal year.

	Gross operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2017 fiscal year	672,000	6.4	68,500	(7.1)	65,500	(10.3)	33,500	(8.0)	334.81

Note: Revision of the most recent consolidated operating results forecast: None

4. Notes

(1) Change in significant subsidiaries during the quarterly consolidated period (Changes in certain specified subsidiaries resulting in changes in scope of consolidation): None

Added: None

Excluded: None

(2) Adoptions of specific accounting methods for preparing quarterly financial statements: None

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

1. Changes in accounting policies associated with revision in accounting standards: None

2. Changes in accounting policies other than 1. above: None

3. Changes in accounting estimates: None

4. Retrospective restatements: None

(4) Number of shares outstanding (common stock)

1. Number of shares outstanding at the end of period (including treasury shares)

As of November 30, 2017: 100,300,000 As of February 28, 2017: 100,300,000

2. Number of treasury shares at the end of period

As of November 30, 2017: 245,121 As of February 28, 2017: 285,191

3. Average number of shares during the period (cumulative nine months)

As of November 30, 2017: 100,041,377 As of November 30, 2016: 100,009,087

Note: This flash report is exempt from quarterly review.

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

Forward-looking statements presented herein such as financial forecasts are based on currently available information and certain presumptions deemed to be reasonable as of the date of announcement. The achievement of said forecasts cannot be guaranteed. Actual results may be materially different from those in the forecast as a result of various 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 Statements" on page 8.

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1. Qualitative Information Regarding Quarterly Financial Results

(1) Explanation Regarding Consolidated Operating Results

During the third quarter of fiscal 2017, nine months from March 1 to November 30, 2017, we have advanced and accelerated our “1000-Day Action Plan”, which is in its second year, and focused our business activities on building Lawson’s next-generation convenience store model. The convenience store industry is now undergoing a period of drastic transformation. This is attributable to changes in community needs resulting from an aging population and the prevalence of the nuclear family, among others, which have triggered a reorganization of the industry. We have made efforts to evolve our business model as a manufacturing retailer targeting small catchment areas and to raise our store productivity to an unprecedented level toward the goal of fulfilling our customers’ needs in everyday life by serving as an essential part of their communities.

As a result, for the third quarter of fiscal 2017 on a consolidated basis, gross operating revenue increased to 494,053 million yen (up 6.9% from previous fiscal year), operating income decreased to 54,261 million yen (down 5.9% from previous fiscal year) and ordinary income decreased to 53,781 million yen (down 5.5% from previous fiscal year). Profit attributable to owners of parent decreased to 32,795 million yen (down 3.1% from previous fiscal year).

Furthermore, we also focused on addressing operating risks based on the 2017 Basic Policy for Improvement of Internal Control Systems. We will continue promoting internal control even more.

Operating results by business segment were as follows:

(Domestic Convenience Store Business)

In our convenience store business, we continued to develop products with features distinct to Lawson and strengthened our mainstay products including counter fast food items, rice balls, and bento boxed lunches. We also endeavored to enhance store productivity by such measures as beginning the phased introduction of tablet terminals in August 2017 at LAWSON stores nationwide to facilitate proper sales management of counter fast food items. Furthermore, new point-of-sale (POS) cash registers (for sales information management) equipped with an automatic change dispenser function began to be introduced in November 2017 with the aim of achieving higher cash-handling efficiency at stores, including expediting cash register transactions. These cash registers will be installed at more LAWSON stores.

[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. Furthermore, we also actively promoted not only existing stores but also new stores by strengthening our product lineup, and improving operations and franchise support by headquarters.

Furthermore, in October 2017, we opened the Lawson Open Innovation Center, which gathers together world-leading IT technologies in order to explore how they can be put to practical use at our stores. A plan is underway to commence a pilot trial of unmanned cash registers during nighttime hours at several stores in the metropolitan Tokyo area by around spring of 2018. We will continue harnessing diverse technologies to create a model for our next-generation convenience store.

[Merchandising and Service Strategies]

On the merchandise side, we revamped our lineup of regular items including bento boxed lunches by reconsidering their basic ingredients and production methods with uncompromising care. First, in October 2017, we launched afresh our original rice ball brand, “Onigiriya,” by changing the preparation methods and mix of rice, seaweed and salt—the basic ingredients of rice balls—and by making improvements to the fillings. The new Onigiriya lineup was hugely popular, recording steady growth in sales. Subsequently, in November 2017, we launched the “Korega Hamburger Steak Bento Boxed Lunch,” which is based on our popular regular hamburger bento, but with new ingredients and a new production method. We will be releasing in phases additional items under the Korega (meaning, “This is”) bento series.

In the dessert range, the “Uchi Café SWEETS X GODIVA” series produced in collaboration with Godiva with well-selected ingredients and a special production method remained popular. As of the end of November 2017, five products were offered from the series, and all were huge hits.

In the counter fast food range, the “Deka Yakitori” (large grilled chicken) and “L-Chiki” (fried chicken) continued to record strong performance, while on October 17, 2017, hot milk made using 100% raw milk was released, also enjoying huge popularity.

In addition, we continued to strengthen our merchandise assortment under our “Lawson Select” brand with a focus on daily delivered food and frozen food, as well as in our readymade dish lineup with a change in our salad range.

Furthermore, in November 2017 we reviewed the composition of rice bran and oat bran in the bread dough for the bran bread series*¹ in order to enhance the fragrance and texture, successfully making the bread series even more popular among health-conscious customers.

In addition to thus strengthening our merchandise lineup, we also enhanced our service offerings, one of which is our “Gift Cards” *², whose transaction value continued to remain solid.

On our sales promotion side, as our effort to increase the number of purchased items per customer, we rolled out a monthly promotional “Lawson Tokuchi!” campaign, where a 10% discount was offered on “Lawson Select” chilled/frozen foods as well as some items offered in the counter cases. Furthermore, effective measures to attract customers were launched, including a “speed lottery” themed on “GENERATIONS from EXILE TRIBE,” which demonstrated our strength in the entertainment field, and through the application of social media.

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

*2 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 categories	Previous 3rd Quarter From March 1, 2016 to November 30, 2016		Current 3rd Quarter From March 1, 2017 to November 30, 2017	
	Net sales (Millions of yen)	Percentage of total (%)	Net sales (Millions of yen)	Percentage of total (%)
Processed foods	812,155	52.6	862,096	52.8
Fast foods	364,641	23.6	385,984	23.6
Daily delivered foods	222,472	14.4	237,747	14.6
Non-food products	145,027	9.4	146,945	9.0
Total	1,544,297	100.0	1,632,773	100.0

(Note) These figures include stores operated by both Lawson, Inc. and Lawson Sanin, Inc. as well as LAWSON THREE F and LAWSON POPLAR brand stores.

[Store Development]

In opening new stores, the Group continued to focus on developing profitable stores.

Regarding the entire Lawson Group, the total number of LAWSON, NATURAL LAWSON, and LAWSON STORE100 stores opened and closed during the current fiscal year stood at 832 and 250 stores, respectively, with the total number of stores in Japan reaching 13,693 as of the end of November 2017. ^{*3}

With regard to our partnership initiatives with other chain retailers in Japan, based on business integration agreements, we are remodeling THREE F stores operated by Three F Co., Ltd. into LAWSON THREE F stores, and SAVE ON stores operated by Save On Corp. into LAWSON stores.

With regard to THREE F stores, 60 stores were remodeled into LAWSON THREE F stores as of the end of November 2017. The remodeling of THREE F stores into LAWSON THREE F stores will be largely completed by the end of the current fiscal year ending February 2018. Meanwhile, a total of 121 SAVE ON stores have been remodeled into LAWSON stores as of the end of November 2017. The remodeling of SAVE ON stores into LAWSON stores will be completed by the end of the next fiscal year ending February 2019.

Furthermore, by building partnerships with dispensing pharmacy and drug store chains, we offer not only OTC pharmaceuticals, cosmetics, and daily necessities, but also offer a more numerous assortment of merchandise than conventional LAWSON stores. The number of stores offering non-prescription drugs has reached 169 stores (includes 47 pharmacy LAWSON stores equipped with drug-dispensing pharmacies) as of the end of November 2017. Furthermore, the number of stores offering nursing care consultation services has reached 11 as of the end of November 2017. We will continue to engage in establishing convenience store models that address and deal with social changes such as the aging population and increased health awareness.

With respect to LAWSON STORE100, we will continue to increase the product composition ratio of 100-yen items (excluding tax) by scaling down product portions to respond to customer needs for value.

^{*3} The numbers of store openings and closings and total number of stores in Japan include stores operated by Lawson, Inc., Lawson Sanin, Inc. and three equity-method affiliates, Lawson Kochi, Inc., Lawson Minamikyushu, Inc. and Lawson Okinawa, Inc. as well as LAWSON THREE F and LAWSON POPLAR brand stores.

[Change in the Total Number of Domestic Stores]

	Total stores as of February 28, 2017	Change during period	Total stores as of November 30, 2017
LAWSON	12,172	579	12,751
NATURAL LAWSON	141	3	144
LAWSON STORE100	798	—	798
Total	13,111	582	13,693

(Note) These figures include stores operated by Lawson, Inc., subsidiary Lawson Sanin, Inc. and equity-method affiliates, Lawson Kochi, Inc., Lawson Minamikyushu, Inc. and Lawson Okinawa, Inc.

[Number of LAWSON stores by prefecture (As of November 30, 2017)]

Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores
Hokkaido	656	Ibaraki	208	Kyoto	338	Ehime	218
Aomori	243	Tokyo	1,631	Shiga	154	Tokushima	134
Akita	188	Kanagawa	953	Nara	137	Kochi	136
Iwate	169	Shizuoka	264	Wakayama	142	Fukuoka	492
Miyagi	233	Yamanashi	129	Osaka	1,111	Saga	70
Yamagata	109	Nagano	176	Hyogo	673	Nagasaki	106
Fukushima	137	Aichi	672	Okayama	182	Oita	183
Niigata	156	Gifu	171	Hiroshima	209	Kumamoto	150
Tochigi	191	Mie	138	Yamaguchi	118	Miyazaki	104
Gunma	117	Ishikawa	104	Tottori	140	Kagoshima	194
Saitama	656	Toyama	189	Shimane	148	Okinawa	218
Chiba	600	Fukui	113	Kagawa	133	Total (domestic)	13,693

(Note) These figures include stores operated by Lawson, Inc., subsidiary Lawson Sanin, Inc. and equity-method affiliates, Lawson Kochi, Inc., Lawson Minamikyushu, Inc. and Lawson Okinawa, Inc.

[Other]

We continued to work on enhancing 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. In October 2017, in partnership with Rakuten, Inc., we commenced a pilot delivery service, in which merchandise is delivered to customers from a hub LAWSON store in Minamisoma-shi, Fukushima Prefecture, by using “Mobile Lawson-Go” vehicles and drones.

Led by the Japanese Ministry of Economy, Trade and Industry, Lawson, Inc. and other domestic convenience store operators jointly issued the Declaration of Plan to Introduce 100 Billion Electronic Tags for Products in Convenience Stores. By using electronic tags, we aim to enhance store operating efficiency and continue to respond quickly to changing customer expectations.

As a result, Domestic Convenience Store Business posted gross operating revenue of 336,317 million yen

(up 4.6% from previous fiscal year) and segment profit of 45,467 million yen (down 6.3% from previous fiscal year).

(Seijo Ishii Business)

The number of directly operated Seijo Ishii high-end supermarket chain stores offering quality foods reached 140 as of the end of November 2017, and sales were also strong. In September 2017, we opened our first “grocerant,” a new store format that combines a supermarket and a restaurant, in Chofu-shi, Tokyo. The grocerant offers a selection of items on its menu, all of which use Seijo Ishii’s well-selected products in season, attracting a broad range of customers. We remain committed to enhancing the brand image and corporate value of Seijo Ishii, while absorbing the company’s product development expertise, know-how acquired as a manufacturing retailer, and sales methods, to strengthen our domestic convenience store business.

As a result, Seijo Ishii Business posted gross operating revenue of 59,490 million yen (up 11.5% from previous fiscal year) and segment profit of 4,513 million yen (up 17.2% from previous fiscal year).

(Entertainment-related Business)

With regards to our entertainment-related business, Lawson HMV Entertainment, Inc., which forms the core of the business, continued to secure top-class ticket transaction value in the ticketing industry. HMV, which sells music CDs and DVDs, also operates the HMV Record Shop specializing in second-hand analog records and CDs. Including the HMV Record Shop, the number of HMV stores totaled 54 as of the end of November 2017. We will strive to offer an even wider selection of products and services to better respond to customer needs by, for example, expanding the scope of our entertainment business. As of the end of November 2017, United Cinemas Co., Ltd. operates cinemas at 39 sites, offering 353 screens nationwide including those operated on commission.

As a result, Entertainment-related Business posted gross operating revenue of 56,917 million yen (up 5.0% from previous fiscal year) and segment profit of 3,137 million yen (up 1.7% from previous fiscal year).

(Other Business)

In addition to the aforementioned businesses, the Group is also involved in the Overseas Business and the Financial Services-related Business.

With regards to Overseas Business, the Group’s operating companies opened LAWSON stores in the People’s Republic of China, Thailand, Indonesia, the Philippines, and the United States of America (Hawaii).

In the People’s Republic of China, after being the first Japanese convenience store operator to advance into Shanghai, we made inroads into Chongqing, Dalian, Beijing, Wuhan, and Nanjing. Our network of stores is steadily expanding, with the number of LAWSON stores in Dalian exceeding the 100 mark in September 2017. The number of LAWSON stores in the entire country reached 1,318 stores as of the end of November 2017. Furthermore, preparations are underway to launch stores in Anhui Province, with the first one scheduled to open in Hefei in spring of 2018.

[Distribution of LAWSON Brand Stores Overseas by Region]

Country/Region	Number of stores (As of February 28, 2017)	Change during period	Number of stores (As of November 30, 2017)
China Shanghai and surrounding area	665	158	823
China Chongqing	136	9	145
China Dalian	82	33	115
China Beijing	48	20	68
China Wuhan	72	95	167
Thailand	85	12	97
Indonesia	36	1	37
Philippines	30	—	30
United States of America Hawaii	2	—	2
Total	1,156	328	1,484

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. We strengthened partnerships with new financial institutions bringing the total number of our financial institution partners to 90 nationwide (up 3 from previous fiscal year), including online banks, and the number of ATMs installed nationwide to 12,423 (up 511 from previous fiscal year) as of the end of November 2017.

As a result, Other Business posted gross operating revenue of 47,407 million yen (up 23.8% from previous fiscal year) and segment profit of 1,142 million yen (down 49.0% from previous fiscal year).

Through Lawson Bank Preparatory Company, Inc. established in November 2016, we are continuing to work on establishing a bank by leveraging Lawson's past experience in financial services. We are proceeding on the assumption that approval from the relevant authorities will be obtained.

(2) Explanation Regarding Consolidated Financial Position

Current assets increased slightly from the end of the previous fiscal year to 249,287 million yen. Non-current assets increased by 48,061 million yen from the end of the previous fiscal year to 665,360 million yen, mainly reflecting an increase of 25,136 million yen in property and store equipment and an increase of 13,720 million yen in intangible assets. Consequently, total assets increased by 48,070 million yen from the end of the previous fiscal year to 914,648 million yen.

Current liabilities increased by 37,404 million yen from the end of the previous fiscal year to 394,187 million yen, mainly reflecting an increase of 18,432 million yen in deposits received and an increase of 17,465 million yen in accounts payable-trade. Non-current liabilities increased by 9,702 million yen from the end of the previous fiscal year to 233,501 million yen, mainly reflecting an increase of 8,144 million yen in lease obligations. Consequently, total liabilities increased by 47,106 million yen from the end of the previous fiscal year to 627,688 million yen.

Net assets increased by 963 million yen from the end of the previous fiscal year to 286,959 million yen, mainly reflecting an increase of 6,972 million yen in retained earnings and a decrease of 4,979 million yen in non-controlling interests. Consequently, shareholders' equity ratio was 30.7%, down from 31.7% as of the end of the previous fiscal year.

(3) Explanation Regarding Forward-looking Statements

The financial forecasts remain unchanged from those announced on October 11, 2017.

2. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

As of February 28, 2017 and November 30, 2017

(Millions of yen)

	Previous fiscal year As of February 28, 2017	Current 3rd Quarter As of November 30, 2017
Assets		
Current assets:		
Cash and deposits	68,115	46,709
Accounts receivable-due from franchised stores	39,982	45,266
Lease receivables	12,336	12,939
Merchandise	18,130	20,045
Accounts receivable-other	78,363	85,844
Deferred tax assets	3,907	2,973
Other	28,493	35,543
Allowance for doubtful accounts	(50)	(34)
Total current assets	249,278	249,287
Non-current assets:		
Property and store equipment:		
Buildings and structures, net	183,747	196,468
Tools, furniture and fixtures, net	18,581	17,764
Leased assets, net	110,472	122,578
Other, net	11,708	12,835
Total property and store equipment	324,510	349,647
Intangible assets:		
Software	37,567	45,304
Goodwill	46,041	43,563
Trademark right	10,691	10,231
Other	499	9,421
Total intangible assets	94,800	108,520
Investments and other assets:		
Long-term loans receivable	44,495	45,887
Guarantee deposits	95,594	98,477
Deferred tax assets	23,138	20,877
Other	35,728	42,975
Allowance for doubtful accounts	(968)	(1,025)
Total investments and other assets	197,988	207,192
Total non-current assets	617,299	665,360
Total assets	866,577	914,648

(Millions of yen)

	Previous fiscal year As of February 28, 2017	Current 3rd Quarter As of November 30, 2017
Liabilities		
Current liabilities:		
Accounts payable-trade	110,834	128,299
Short-term loans payable	31,180	26,240
Current portion of long-term loans payable	575	575
Lease obligations	28,012	31,519
Accounts payable-other	59,734	64,303
Income taxes payable	9,876	6,194
Deposits received	103,156	121,588
Provision for bonuses	3,427	2,731
Other	9,985	12,735
Total current liabilities	356,783	394,187
Non-current liabilities:		
Long-term loans payable	56,703	56,039
Lease obligations	99,983	108,128
Deferred tax liabilities	957	2,072
Provision for retirement benefits to executive officers and audit and supervisory board members	332	334
Net defined benefit liability	13,083	13,614
Asset retirement obligations	26,958	28,296
Other	25,779	25,015
Total non-current liabilities	223,798	233,501
Total liabilities	580,581	627,688
Net assets		
Shareholders' equity:		
Capital stock	58,506	58,506
Capital surplus	49,083	46,689
Retained earnings	165,162	172,134
Treasury shares	(1,210)	(1,041)
Total shareholders' equity	271,541	276,289
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	274	1,695
Revaluation reserve for land	(618)	(618)
Foreign currency translation adjustment	4,610	4,390
Remeasurements of defined benefit plans	(927)	(814)
Total accumulated other comprehensive income	3,338	4,652
Subscription rights to shares	314	197
Non-controlling interests	10,800	5,821
Total net assets	285,995	286,959
Total liabilities and net assets	866,577	914,648

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

Consolidated Statement of Income

For the third quarter of the fiscal year ended February 28, 2017 and the third quarter of the fiscal year ending February 28, 2018

	Previous 3rd Quarter From March 1, 2016 to November 30, 2016	Current 3rd Quarter From March 1, 2017 to November 30, 2017
	(Millions of yen)	
Gross operating revenue	461,955	494,053
Net sales	176,718	196,419
Cost of sales	121,516	135,518
Gross profit	55,201	60,901
Operating revenue:		
Income from franchised stores	208,907	219,975
Other operating revenue	76,329	77,658
Total operating revenue	285,237	297,633
Operating gross profit	340,439	358,535
Selling, general and administrative expenses	282,754	304,273
Operating income	57,685	54,261
Non-operating income:		
Interest income	542	540
Share of profit of entities accounted for using equity method	494	567
Other	1,960	1,758
Total non-operating income	2,997	2,865
Non-operating expenses:		
Interest expenses	1,434	1,485
Loss on cancellation of leases	1,000	964
Other	1,341	895
Total non-operating expenses	3,776	3,346
Ordinary income	56,906	53,781
Extraordinary income:		
Gain on sales of shares of subsidiaries and associates	—	302
Total extraordinary income	—	302
Extraordinary losses:		
Loss on sales of non-current assets	284	256
Loss on retirement of non-current assets	2,420	1,962
Impairment loss	686	1,073
Total extraordinary losses	3,391	3,292
Profit before income taxes	53,514	50,791
Income taxes-current	13,944	14,064
Income taxes-deferred	5,098	3,653
Total income taxes	19,042	17,717
Profit	34,472	33,073
Profit attributable to non-controlling interests	617	277
Profit attributable to owners of parent	33,855	32,795

Consolidated Statement of Comprehensive Income

For the third quarter of the fiscal year ended February 28, 2017 and the third quarter of the fiscal year ending February 28, 2018

(Millions of yen)

	Previous 3rd Quarter From March 1, 2016 to November 30, 2016	Current 3rd Quarter From March 1, 2017 to November 30, 2017
Profit	34,472	33,073
Other comprehensive income		
Valuation difference on available-for-sale securities	(665)	1,420
Foreign currency translation adjustment	(2,341)	(186)
Remeasurements of defined benefit plans	63	113
Total other comprehensive income	(2,942)	1,347
Comprehensive income	31,529	34,421
Comprehensive income attributable to		
Owners of parent	31,023	34,109
Non-controlling interests	505	312

(3) Notes to Consolidated Financial Statements

(Going Concern Assumption)

Not Applicable.

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

Not Applicable.

(Additional Information)

The Company and its domestic consolidated subsidiaries are applying “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan (ASBJ) Guidance No. 26, revised March 28, 2016) from the first quarter of the fiscal year ending February 28, 2018.