

Consolidated Statement of Cash Flows

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
Cash flows from operating activities:			
Income before income taxes and minority interests	¥38,888	¥51,342	\$326,050
Depreciation and amortization	17,963	17,698	150,608
Loss on impairment of fixed assets	985	3,265	8,259
Amortization of goodwill	632	349	5,299
Decrease in allowance for doubtful accounts	(156)	(501)	(1,308)
Decrease in provision for bonuses to employees	(86)	(347)	(721)
Decrease in accrued retirement benefits	-	(4,722)	-
Increase in liability for retirement benefits	2,399	-	20,114
Increase in asset for retirement benefits	(535)	-	(4,486)
(Decrease) increase in provision for sales promotion expenses	(13)	43	(109)
Increase in provision for loss on business liquidation	26	24	218
Increase in provision for loss on utilization of gift certificates	909	902	7,621
(Decrease) increase in provision for loss on store reconstruction	(560)	1,320	(4,695)
Interest and dividend income	(806)	(853)	(6,758)
Interest expenses	1,481	1,741	12,417
Equity in earnings of unconsolidated subsidiaries and affiliates	(735)	(419)	(6,162)
Gain on sales of fixed assets, net	(64)	(1,628)	(537)
Loss on disposal of fixed assets	2,679	4,421	22,462
Gain on sales of investment securities, net	(2,811)	(51)	(23,568)
Loss on devaluation of investment securities	36	25	302
Compensation income	-	(4,711)	-
Gain on sales of shares of a subsidiary	-	(18,479)	-
Increase in notes and accounts receivable - trade	(9,288)	(2,989)	(77,874)
Increase in inventories	(1,513)	(952)	(12,686)
Increase in notes and accounts payable - trade	8,519	2,821	71,426
Increase in accounts receivable - other	(4,170)	(2,616)	(34,963)
Decrease in long-term prepaid expenses	416	10	3,488
Other, net	926	(7,272)	7,764
Subtotal	55,120	38,420	462,145
Interest and dividend income received	677	704	5,676
Interest expenses paid	(1,530)	(1,790)	(12,828)
Income taxes paid	(10,405)	(16,192)	(87,239)
Income taxes refunded	788	9,950	6,607
Payments for cancellation of rental contracts	-	(999)	-
Proceeds from compensation	-	7,438	-
Net cash provided by operating activities	¥44,650	¥37,532	\$374,361

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Cash flows from investing activities:			
Purchases of securities and investment securities	¥(1,056)	¥(1,530)	\$(8,854)
Proceeds from sales of securities and investment securities	6,020	3,536	50,474
Purchases of property and equipment and intangible assets	(23,606)	(49,514)	(197,921)
Proceeds from sales of property and equipment and intangible assets	133	3,341	1,115
Purchases of shares of a subsidiary resulting in change in scope of consolidation	-	(1,947)	-
Proceeds from sales of shares of a subsidiary resulting in change in scope of consolidation	-	27,649	-
Net (increase) decrease in short-term loans receivable	(33)	10	(277)
Increase in long-term loans receivable	(47)	(8)	(394)
Collection of long-term loans receivable	51	144	428
Other, net	2,266	9,459	18,999
Net cash used in investing activities	(16,272)	(8,858)	(136,430)
Cash flows from financing activities:			
Net decrease in short-term loans payable	(4,962)	(34,713)	(41,603)
Net (decrease) increase in commercial papers	(3,500)	12,193	(29,345)
Proceeds from long-term loans payable	6,000	25,500	50,306
Repayments of long-term loans payable	(17,034)	(27,274)	(142,819)
Redemption of bonds payable	-	(1,000)	-
Purchase of treasury stock	(64)	(114)	(537)
Cash dividends paid	(6,312)	(4,987)	(52,922)
Cash dividends paid to minority interests	(734)	(733)	(6,154)
Other, net	(979)	(897)	(8,208)
Net cash used in financing activities	(27,587)	(32,027)	(231,299)
Effect of exchange rate changes on cash and cash equivalents	65	53	545
Net increase (decrease) in cash and cash equivalents	856	(3,299)	7,177
Cash and cash equivalents at the beginning of the year	31,276	34,576	262,229
Cash and cash equivalents at the end of the year	¥32,132	¥31,276	\$269,406

See accompanying notes to the consolidated financial statements.