

Consolidated Statement of Cash Flows

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
Cash flows from operating activities:			
Income before income taxes and minority interests	¥34,698	¥38,965	\$305,386
Depreciation and amortization	18,345	17,963	161,459
Loss on impairment of fixed assets	5,905	985	51,971
Amortization of goodwill	499	632	4,392
Increase (decrease) in allowance for doubtful accounts	167	(156)	1,470
Increase (decrease) in provision for bonuses to employees	88	(86)	775
(Decrease) increase in liability for retirement benefits	(1,832)	2,399	(16,124)
Increase in asset for retirement benefits	(1,367)	(535)	(12,031)
Decrease in provision for sales promotion expenses	(13)	(13)	(114)
Increase in provision for loss on business liquidation	930	26	8,185
Increase in provision for loss on utilization of gift certificates	672	909	5,914
Increase (decrease) in provision for loss on store reconstruction	1,676	(560)	14,751
Interest and dividend income	(734)	(806)	(6,460)
Interest expenses	1,419	1,481	12,489
Equity in earnings of unconsolidated subsidiaries and affiliates	(1,886)	(735)	(16,599)
Loss (gain) on sales of fixed assets, net	30	(64)	264
Loss on disposal of fixed assets	3,493	2,679	30,743
Gain on sales of investment securities	(960)	(2,811)	(8,449)
Loss on devaluation of investment securities	-	36	-
Gain on sales of shares of an affiliate	(131)	-	(1,153)
Decrease (increase) in notes and accounts receivable - trade	7,507	(9,288)	66,071
Decrease (increase) in inventories	2,680	(1,590)	23,587
(Decrease) increase in notes and accounts payable - trade	(4,251)	8,519	(37,414)
Increase in accounts receivable - other	(5,092)	(4,170)	(44,816)
Decrease in long-term prepaid expenses	553	416	4,867
Other, net	(5,719)	926	(50,334)
Subtotal	56,682	55,120	498,873
Interest and dividend income received	616	677	5,422
Interest expenses paid	(1,446)	(1,530)	(12,727)
Income taxes paid	(20,733)	(10,405)	(182,477)
Income taxes refunded	1,680	788	14,786
Net cash provided by operating activities	¥36,799	¥44,650	\$323,878

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Cash flows from investing activities:			
Purchases of securities and investment securities	¥(12,470)	¥(1,056)	\$(109,752)
Proceeds from sales of securities and investment securities	4,113	6,020	36,200
Proceeds from sales of shares of an affiliate	1,632	-	14,364
Purchases of property and equipment and intangible assets	(37,254)	(23,606)	(327,882)
Proceeds from sales of property and equipment and intangible assets	40	133	352
Net decrease (increase) in short-term loans receivable	6	(33)	53
Increase in long-term loans receivable	(43)	(47)	(378)
Collection of long-term loans receivable	59	51	519
Other, net	4,174	2,266	36,736
Net cash used in investing activities	(39,741)	(16,272)	(349,771)
Cash flows from financing activities:			
Net decrease in short-term loans payable	(829)	(4,962)	(7,296)
Net increase (decrease) in commercial papers	2,107	(3,500)	18,544
Proceeds from long-term loans payable	21,200	6,000	186,587
Repayments of long-term loans payable	(13,008)	(17,034)	(114,487)
Proceeds from issuance of bonds	15,000	-	132,019
Redemption of bonds payable	(12,000)	-	(105,615)
Purchase of treasury stock	(5,031)	(64)	(44,279)
Cash dividends paid	(6,814)	(6,312)	(59,972)
Cash dividends paid to minority interests	(789)	(734)	(6,944)
Other, net	(876)	(979)	(7,710)
Net cash used in financing activities	(1,041)	(27,587)	(9,162)
Effect of exchange rate changes on cash and cash equivalents	(0)	65	(0)
Net (decrease) increase in cash and cash equivalents	(3,985)	856	(35,073)
Cash and cash equivalents at the beginning of the year	32,132	31,276	282,802
Cash and cash equivalents at the end of the year (Note 24)	¥28,147	¥32,132	\$247,729

See accompanying notes to the consolidated financial statements.