

# Consolidated Statement of Cash Flows

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

Year ended February 28, 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
<b>Cash flows from operating activities:</b>			
Income before income taxes	¥40,550	¥34,698	\$359,645
Depreciation and amortization	17,189	18,345	152,452
Loss on impairment of fixed assets	2,657	5,905	23,565
Amortization of goodwill	359	499	3,184
Increase in allowance for doubtful accounts	176	167	1,560
(Decrease) increase in provision for bonuses to employees	(214)	88	(1,898)
Decrease in liability for retirement benefits	(1,160)	(1,832)	(10,288)
Decrease in asset for retirement benefits	(1,131)	(1,367)	(10,031)
Decrease in provision for sales promotion expenses	(263)	(13)	(2,332)
Increase in provision for loss on business liquidation	803	930	7,121
Increase in provision for loss on utilization of gift certificates	579	672	5,135
(Decrease) increase in provision for loss on store reconstruction	(723)	1,676	(6,412)
Interest and dividend income	(744)	(734)	(6,598)
Interest expenses	1,181	1,419	10,474
Equity in earnings of unconsolidated subsidiaries and affiliates	(308)	(1,886)	(2,731)
(Gain) loss on sales of fixed assets, net	(1,997)	30	(17,711)
Loss on disposal of fixed assets	2,031	3,493	18,013
Gain on sales of investment securities	(1,259)	(960)	(11,166)
Gain on sales of shares of an affiliate	-	(131)	-
(Increase) decrease in notes and accounts receivable - trade	(948)	7,507	(8,407)
(Increase) decrease in inventories	(6,293)	2,680	(55,813)
Decrease in notes and accounts payable - trade	(2,803)	(4,251)	(24,860)
Increase in accounts receivable - other	(4,438)	(5,092)	(39,361)
Decrease in long-term prepaid expenses	292	553	2,589
Decrease in accounts payable - other	(1,963)	(499)	(17,410)
Other, net	2,836	(5,220)	25,152
Subtotal	44,409	56,682	393,871
Interest and dividend income received	793	616	7,033
Interest expenses paid	(1,296)	(1,446)	(11,494)
Proceeds from compensation income	7,855	-	69,667
Income taxes paid	(17,323)	(20,733)	(153,640)
Income taxes refunded	1,799	1,680	15,955
Net cash provided by operating activities	¥36,239	¥36,799	\$321,410

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
<b>Cash flows from investing activities:</b>			
Purchases of securities and investment securities	¥(2,463)	¥(12,470)	\$(21,844)
Proceeds from sales of securities and investment securities	4,462	4,113	39,574
Proceeds from sales of shares of an affiliate	-	1,632	-
Purchases of property and equipment and intangible assets	(41,966)	(37,254)	(372,203)
Proceeds from sales of property and equipment and intangible assets	10,423	40	92,443
Net (increase) decrease in short-term loans receivable	(248)	6	(2,199)
Increase in long-term loans receivable	(156)	(43)	(1,383)
Collection of long-term loans receivable	93	59	824
Other, net	(499)	4,174	(4,425)
Net cash used in investing activities	(30,353)	(39,741)	(269,206)
<b>Cash flows from financing activities:</b>			
Net decrease in short-term loans payable	(119)	(829)	(1,055)
Net increase in commercial papers	3,001	2,107	26,616
Proceeds from long-term loans payable	46,000	21,200	407,982
Repayments of long-term loans payable	(42,005)	(13,008)	(372,549)
Proceeds from issuance of bonds	-	15,000	-
Redemption of bonds payable	-	(12,000)	-
Purchase of treasury stock	(21)	(5,031)	(186)
Cash dividends paid	(7,305)	(6,814)	(64,789)
Cash dividends paid to non-controlling interests	(846)	(789)	(7,503)
Other, net	(892)	(876)	(7,911)
Net cash used in financing activities	(2,189)	(1,041)	(19,414)
Effect of exchange rate changes on cash and cash equivalents	2	(0)	17
Net increase (decrease) in cash and cash equivalents	3,699	(3,985)	32,807
Cash and cash equivalents at the beginning of the year	28,147	32,132	249,640
Cash and cash equivalents at the end of the year (Note 24)	¥31,846	¥28,147	\$282,447

See accompanying notes to the consolidated financial statements.