

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	

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: (4,962) (34,713) (41,603) Net decrease in short-term loans payable (4,962) (34,713) (41,603) Proceeds from long-term loans payable 6,000 25,500 50,306		Millions of yen		Thousands of U.S. dollars (Note 1)	
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 (4,962) (34,713) (41,603) Net decrease in short-term loans payable (4,962) (34,713) (41,603)		2015	2014	2015	
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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)	Purchases of property and equipment and intangible assets	(23,606)	(49,514)	(197,921)	
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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 flows from financing activities:				
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	Net decrease in short-term loans payable	(4,962)	(34,713)	(41,603)	
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	Net (decrease) increase in commercial papers	(3,500)	12,193	(29,345)	
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	Proceeds from long-term loans payable	•	25,500	50,306	
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	Repayments of long-term loans payable	(17,034)	(27,274)	(142,819)	
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	Redemption of bonds payable	-	(1,000)	-	
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	Purchase of treasury stock	` '	(114)	(537)	
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 dividends paid	(6,312)	(4,987)	(52,922)	
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 dividends paid to minority interests	(734)	(733)	(6,154)	
Effect of exchange rate changes on cash and cash equivalents6553545Net increase (decrease) in cash and cash equivalents856(3,299)7,177Cash and cash equivalents at the beginning of the year31,27634,576262,229	Other, net	(979)	(897)	(8,208)	
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	Net cash used in financing activities	(27,587)	(32,027)	(231,299)	
Cash and cash equivalents at the beginning of the year 31,276 34,576 262,229	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 end of the year \text{\text{\frac{\x232,132}}} \text{\frac{\x269,406}}	Cash and cash equivalents at the beginning of the year	·	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.