

Consolidated Financial Statements For the Year ended March 31,2017

CONSOLIDATED BALANCE SHEET

FUJI YAKUHIN CO., Ltd. and consolidated subsidiaries As of March 31,2017

	Millions of yen	Thousands of U.S. dollars
<u>ASSETS</u>	2017	2017
Current assets:		
Cash and deposits	¥ 7,156	\$ 63,792
Notes and accounts receivable - trade	11,478	102,309
Merchandise and finished goods	49,208	438,615
Work in process	590	5,263
Raw materials and supplies	1,329	11,852
Deferred tax assets	4,270	38,066
Other	8,476	75,555
Allowance for doubtful accounts	(140)	(1,253)
Total current assets	82,369	734,200
Property. plant and equipment:		
Buildings and structures	67,320	600,059
Accumulated depreciation	(38,306)	(341,444)
Buildings and structures. net	29,013	258,614
Machinery, equipment and vehicles	16,750	149,305
Accumulated depreciation	(13,541)	(120,699)
Machinery, equipment and vehicles. net	3,209	28,606
Tools, furniture and fixtures	17,195	153,267
Accumulated depreciation	(13,391)	(119,362)
Tools, furniture and fixtures. net	3,803	33,905
Land	23,048	205,446
Leased assets	4,066	36,243
Accumulated depreciation	(2,320)	(20,682)
Leased assets. net	1,745	15,561
Construction in progress	1,242	11,077
Other	134	1,201
Total property. plant and equipment	62,199	554,412
Intangible assets:		
Goodwill	328	2,925
Other	1,256	11,200
Total intangible assets	1,584	14,126
Investments and other assets:		
Investment securities	877	7,818
Long - term loans receivables	175	1,565
Deferred tax assets	2,739	24,414
Lease and guarantee deposits	10,874	96,928
Construction assistance fund receivables	4,870	43,409
Other	2,252	20,075
Allowance for doubtful accounts	(793)	(7,076)
Total investments and other assets	20,994	187,134
Total non-current assets	84,778	755,673
Total assets	¥ 167,148	\$ 1,489,874

CONSOLIDATED BALANCE SHEET (continued)

FUJI YAKUHIN CO., Ltd. and consolidated subsidiaries As of March 31,2017

	Milli	ons of yen	ousands of .S. dollars
		2017	 2017
LIABILITIES AND NET ASSETS			
Current liabilities:			
Notes and accounts payable - trade	¥	38,978	\$ 347,433
Short-term borrowings		3,032	27,027
Current portion of long-term debt		2,150	19,163
Accounts payable-other		7,298	65,054
Lease obligations		707	6,308
Accrued expenses		2,201	19,626
Income taxes payable		2,965	26,431
Provision for bonuses		2,731	24,344
Provision for point card certificates		7,650	68,195
Asset retirement obligations		19	175
Other		1,417	12,633
Total current liabilities		69,153	616,395
Non-current liabilities:			
Long-term debt		5,634	50,222
Lease obligations		1,306	11,648
Deferred tax liabilities		89	795
Provision for directors' retirement benefits		725	6,467
Net defined benefit liability		8,030	71,577
Asset retirement obligations		1,608	14,336
Other		661	5,896
Total non-current liabilities	-	18,056	160,944
Total liabilities		87,209	777,340
NET ASSET			
Shareholders' equity:			
Capital stock		314	2,803
Capital surplus		236	2,105
Retained earnings		77,953	694,838
Treasury shares		(21)	(191)
Total shareholders' equity		78,483	699,555
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities		268	2,393
Foreign currency translation adjustments		97	868
Remeasurements of defined benefit plans	_	(446)	 (3,984)
Total accumulated other comprehensive income		(81)	 (722)
Non-controlling interests		1,537	 13,700
Total net assets		79,939	 712,533
Total liabilities and net assets	¥	167,148	\$ 1,489,874

CONSOLIDATED STATEMENT OF INCOME

FUJI YAKUHIN CO., Ltd. and consolidated subsidiaries Year ended March 31, 2017

	Mill	ions of yen	ousands of .S. dollars
		2017	 2017
Net sales Cost of sales	¥	362,827 (251,583)	\$ 3,234,043 (2,242,472)
Gross profit		111,244	 991,570
Selling, general and administrative expenses:		(101,897)	(908,257)
Operating income		9,346	 83,313
Non-operating income (expenses):			
Interest income		73	655
Dividend income		9	85
Real estate rental income		939	8,373
Other income		824	7,352
Interest expenses		(75)	(674)
Real estate rental costs		(617)	(5,501)
Other expenses		(210)	 (1,876)
Total non-operating income (expenses)		944	 8,415
Ordinary income		10,291	 91,728
Extraordinary gains (losses):			
Gain on sales of non-current assets		13	119
Other gains		40	361
Loss on sales and retirement of non-current assets		(205)	(1,834)
Impairment loss		(1,106)	(9,863)
Other losses		(110)	(987)
Total extraordinary income (losses)		(1,369)	 (12,205)
Profit before income taxes			
Current		4,077	36,346
Deferred		(888)	 (7,923)
Total income taxes		3,188	 28,423
Profit		5,732	 51,100
Profit attributable to non-controlling interests		180	 1,604
Profit attributable to owners of parent	¥	5,552	\$ 49,495

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FUJI YAKUHIN CO., Ltd. and consolidated subsidiaries Year ended March 31, 2017

	Millio	ons of yen	Thousands of U.S. dollars		
		2017		2017	
Profit	¥	5,732	\$	51,100	
Other comprehensive income:					
Valuation difference on available-for-sale securities		66		595	
Foreign currency translation adjustments		11		103	
Remeasurements of defined benefit plans		(147)		(1,317)	
Total other comprehensive income		(69)		(619)	
Comprehensive income	¥	5,663	\$	50,480	
Comprehensive income attributable to:					
Owners of the parent	¥	5,483	\$	48,878	
Non-controlling interests		179		1,601	

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

FUJI YAKUHIN CO., Ltd. and consolidated subsidiaries

Year ended March 31, 2017

	Shares	
	2017	
Number of shares of common stock:	0.254.040	
Balance at the beginning of the year Balance at the end of the year	8,354,840 8,354,840	
building at the site of the year	0,001,010	
	Millions of yen	Thousands of U.S. dollars
	2017	2017
Capital stock:		
Balance at beginning of the year	¥ 314	\$ 2,803
Balance at end of the year	314	2,803
Capital surplus:		
Balance at beginning of the year	270	2,411
Change in ownership interest of parent due to transactions	(24)	(206)
with non-controlling interests	(34)	(306)
Balance at end of the year	236	2,105
Retained earnings:		
Balance at beginning of the year	72,556	646,725
Dividends of surplus	(250)	(2,231)
Profit attributable to owners of parent	5,552	49,495
Other	95	849
Balance at end of the year	77,953	694,838
Treasury shares:		
Balance at beginning of the year	(20)	(184)
Purchase of treasury shares	(0)	(6)
Balance at end of the year	(21)	(191)
Total shareholders' equity	78,483	699,555
Valuation difference on available-for-sale securities:		
Balance at beginning of the year	201	1,798
Net changes of items other than shareholders' equity	66	595
Balance at end of the year	268	2,393
Foreign currency translation adjustments:		
Balance at beginning of the year	85	765
Net changes of items other than shareholders' equity	11	103
Balance at end of the year	97	868
Remeasurements of defined benefit plans:		
Balance at beginning of the year	(299)	(2,666)
Net changes of items other than shareholders' equity	(147)	(1,317)
Balance at end of the year	(446)	(3,984)
Total accumulated other comprehensive income	(81)	(722)
	Millions of yen	Thousands of
		U.S. dollars
Non controlling interests	2017	2017
Non-controlling interests Balance at beginning of the year	1,360	12,124
Net changes of items other than shareholders' equity	176	1,576
Balance at end of the year	1,537	13,700
Total net assets	¥ 79,939	\$ 712,533
	<u></u>	-

CONSOLIDATED STATEMENT OF CASH FLOWS

FUJI YAKUHIN CO., Ltd. and consolidated subsidiaries Year ended March 31, 2017

Cash flows from operating activities 2017 Profit before income taxes X 8,921 \$ 79,523 Depreciation 6,072 54,129 Impairment loss 1,106 9,863 Amortization of goodwill 123 1,104 Increase (decrease) in provision for bonuses 180 1,612 Increase (decrease) in provision for point card certificates 339 3,023 Increase (decrease) in provision for directors' retirement benefits 233 3,023 Increase (decrease) in provision for directors' retirement benefits 233 1,991 Increase (decrease) in rovision for directors' retirement benefits 233 1,991 Interest and dividend income (83) (741) Interest expenses 75 674 Gain on sales of non-current assets 205 1,834 Decrease (increase) in Investories (634) (5,657) Increase (decrease) in notes and accounts receivable - trade 812 7,239 Increase (decrease) in notes and accounts payable - trade 812 7,239 Increase (decrease) in consumption taxes payable 458<		Million	s of yen		ands of Iollars
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Impairment loss		¥	· ·	\$	•
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Increase (decrease) in provision for directors' retirement benefits 223 1,991 Interest and dividend income (83) (741) Interest expenses 75 674 Gain on sales of non-current assets (13) (119) Loss on sales and retirement of non-current assets 205 1,834 Decrease (increase) in notes and accounts receivable - trade 78 698 Decrease (increase) in notes and accounts payable - trade 812 7,239 Increase (decrease) in consumption taxes payable - trade 812 7,239 Increase (decrease) in consumption taxes payable - trade 812 7,239 Increase (decrease) in consumption taxes payable - trade 812 7,239 Increase (decrease) in consumption taxes payable - trade 812 7,239 Increase (decrease) in consumption taxes payable - trade 812 7,239 Increase (decrease) in consumption taxes payable - trade 813 302 Interest expenses paid (74 (660) Interest expenses paid increase increase paid (74) (660) Net cash provided by (used in) operating activities 14,991 133	Increase (decrease) in provision for point card certificates		339		3,023
Interest and dividend income (83) (741) Interest expenses 75 674 Gain on sales of non-current assets (13) (119) Loss on sales and retirement of non-current assets 205 1,834 Decrease (increase) in notes and accounts receivable - trade 78 698 Decrease (increase) in inventories (634) (5,657) Increase (decrease) in inventories (634) (5,657) Increase (decrease) in consumption taxes payable - trade 812 7,239 Increase (decrease) in consumption taxes payable - trade 458 4,082 Others 310 2,767 Subtotal 18,918 168,629 Interest and dividend income received 83 741 Interest expenses paid (74) (660) Income taxes paid (3,936) (35,088) Net cash provided by (used in) operating activities 14,991 133,621 Payments into time deposits (24) (221) Proceeds from withdrawal of time deposits 8 73 Purchase of property, plant and equipment (8,285) (73,856) Proceeds from sales of property, plant and equipment 578 5,153 Purchase of intangible assets (267) (2,382) Payments for lease and guarantee deposits (637) (5,679) Proceeds from receive of lease and guarantee deposits 95 851 Purchase of investment securities (9) (7) Proceeds from sales of subsidiaries resulting in change in scope of consolidation Net decrease (increase) in short-term loans receivable 71 638 Payments of long-term loans receivable 52 466 Others 298 2,657	Increase (decrease) in net defined benefit liability		781		6,969
Interest expenses	Increase (decrease) in provision for directors' retirement benefits		223		1,991
Gain on sales of non-current assets (13) (119) Loss on sales and retirement of non-current assets 205 1,834 Decrease (increase) in notes and accounts receivable - trade 78 698 Decrease (increase) in inventories (634) (5,657) Increase (decrease) in notes and accounts payable - trade 812 7,239 Increase (decrease) in consumption taxes payable 458 4,082 Others 310 2,767 Subtotal 18,918 166,629 Interest and dividend income received 83 741 Interest expenses paid (74) (660) Income taxes paid (74) (660) Income taxes paid (3,936) (35,088) Net cash provided by (used in) operating activities 14,991 133,621 Thousands of U.S. dollars Payments into time deposits (24) (221) Payments into time deposits (24) (221) Proceeds from withdrawal of time deposits 8 73 Purchase of property, plant and equipment (8,285) (73,856)	Interest and dividend income		(83)		(741)
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Decrease (increase) in inventories	Loss on sales and retirement of non-current assets		205		1,834
Decrease (increase) in inventories	Decrease (increase) in notes and accounts receivable - trade		78		698
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Payments for lease and guarantee deposits Proceeds from receive of lease and guarantee deposits Purchase of investment securities (0) (7) Proceeds from sales of investment securities 3 3 4 Purchase of move of shares of subsidiaries resulting in change in scope of consolidation Net decrease (increase) in short-term loans receivable Payments of long-term loans receivable Collection of long-term loans receivable Others 298 2,657	· · · · · · · · · · · · · · · · · · ·		578		5,153
Proceeds from receive of lease and guarantee deposits Purchase of investment securities (0) (7) Proceeds from sales of investment securities 3 34 Purchase of move of shares of subsidiaries resulting in change in scope of consolidation Net decrease (increase) in short-term loans receivable Payments of long-term loans receivable Collection of long-term loans receivable Others 298 2,657	Purchase of intangible assets		(267)		(2,382)
Purchase of investment securities (0) (7) Proceeds from sales of investment securities 3 34 Purchase of move of shares of subsidiaries resulting in change in scope of consolidation Net decrease (increase) in short-term loans receivable 71 638 Payments of long-term loans receivable (35) (311) Collection of long-term loans receivable 52 466 Others 298 2,657	Payments for lease and guarantee deposits		(637)		(5,679)
Proceeds from sales of investment securities Purchase of move of shares of subsidiaries resulting in change in scope of consolidation Net decrease (increase) in short-term loans receivable Payments of long-term loans receivable Collection of long-term loans receivable Others 3 (41) (370) (370) (38) (311) 638 Payments of long-term loans receivable (35) (311) Collection of long-term loans receivable 52 466 Others	Proceeds from receive of lease and guarantee deposits		95		851
Purchase of move of shares of subsidiaries resulting in change in scope of consolidation Net decrease (increase) in short-term loans receivable Payments of long-term loans receivable Collection of long-term loans receivable Others (41) (370) (370) (371) 638 Payments of long-term loans receivable (35) (311) 298 2,657	Purchase of investment securities		(0)		(7)
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Payments of long-term loans receivable Collection of long-term loans receivable Others (35) (311) 298 2,657			(41)		(370)
Payments of long-term loans receivable Collection of long-term loans receivable Others (35) (311) 298 2,657	Net decrease (increase) in short-term loans receivable		71		638
Collection of long-term loans receivable52466Others2982,657	Payments of long-term loans receivable		(35)		(311)
Others 298 2,657					
					
	Net cash provided by (used in) investing activities				

	Millions of yen	Thousands of U.S. dollars
	2017	2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(4,603)	(41,036)
Repayments of long-term loans payable	(1,812)	(16,156)
Repayments of lease obligations	(916)	(8,166)
Purchase of treasury shares	(0)	(6)
Cash dividends paid	(262)	(2,343)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(34)	(306)
Others	339	3,026
Net cash provided by (used in) financing activities	(7,291)	(64,988)
Effect of exchange rate change on cash and cash equivalents	(0)	(0)
Net increase (decrease) in cash and cash equivalents	(484)	(4,321)
Cash and cash equivalents at beginning of the year	7,342	65,445
Cash and cash equivalents at end of the year	¥ 6,857	\$ 61,123