



**FUJI YAKUHIN CO., Ltd.**

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

<b>ASSETS</b>	Millions of yen	Thousands of
	2017	U.S. dollars
	2017	2017
<b>Current assets:</b>		
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)
<b>Total current assets</b>	<b>82,369</b>	<b>734,200</b>
<b>Property, plant and equipment:</b>		
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
<b>Total property, plant and equipment</b>	<b>62,199</b>	<b>554,412</b>
<b>Intangible assets:</b>		
Goodwill	328	2,925
Other	1,256	11,200
<b>Total intangible assets</b>	<b>1,584</b>	<b>14,126</b>
<b>Investments and other assets:</b>		
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)
<b>Total investments and other assets</b>	<b>20,994</b>	<b>187,134</b>
<b>Total non-current assets</b>	<b>84,778</b>	<b>755,673</b>
<b>Total assets</b>	<b>¥ 167,148</b>	<b>\$ 1,489,874</b>

**CONSOLIDATED BALANCE SHEET (continued)**

FUJI YAKUHIN CO., Ltd. and consolidated subsidiaries

As of March 31, 2017

	Millions of yen	Thousands of U.S. dollars
	2017	2017
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
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
<b>Total current liabilities</b>	<b>69,153</b>	<b>616,395</b>
<b>Non-current liabilities:</b>		
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
<b>Total non-current liabilities</b>	<b>18,056</b>	<b>160,944</b>
<b>Total liabilities</b>	<b>87,209</b>	<b>777,340</b>
<b>NET ASSET</b>		
<b>Shareholders' equity:</b>		
Capital stock	314	2,803
Capital surplus	236	2,105
Retained earnings	77,953	694,838
Treasury shares	(21)	(191)
<b>Total shareholders' equity</b>	<b>78,483</b>	<b>699,555</b>
<b>Accumulated other comprehensive income:</b>		
Valuation difference on available-for-sale securities	268	2,393
Foreign currency translation adjustments	97	868
Remeasurements of defined benefit plans	(446)	(3,984)
<b>Total accumulated other comprehensive income</b>	<b>(81)</b>	<b>(722)</b>
<b>Non-controlling interests</b>	<b>1,537</b>	<b>13,700</b>
<b>Total net assets</b>	<b>79,939</b>	<b>712,533</b>
<b>Total liabilities and net assets</b>	<b>¥ 167,148</b>	<b>\$ 1,489,874</b>

**CONSOLIDATED STATEMENT OF INCOME**

FUJI YAKUHIN CO., Ltd. and consolidated subsidiaries

Year ended March 31, 2017

	Millions of yen	Thousands of U.S. dollars
	2017	2017
<b>Net sales</b>	¥ 362,827	\$ 3,234,043
<b>Cost of sales</b>	(251,583)	(2,242,472)
<b>Gross profit</b>	111,244	991,570
<b>Selling, general and administrative expenses:</b>	(101,897)	(908,257)
<b>Operating income</b>	9,346	83,313
<b>Non-operating income (expenses):</b>		
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
<b>Ordinary income</b>	10,291	91,728
<b>Extraordinary gains (losses):</b>		
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)
<b>Profit before income taxes</b>		
Current	4,077	36,346
Deferred	(888)	(7,923)
Total income taxes	3,188	28,423
<b>Profit</b>	5,732	51,100
<b>Profit attributable to non-controlling interests</b>	180	1,604
<b>Profit attributable to owners of parent</b>	¥ 5,552	\$ 49,495

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

FUJI YAKUHIN CO., Ltd. and consolidated subsidiaries

Year ended March 31, 2017

	Millions of yen	Thousands of U.S. dollars
	<u>2017</u>	<u>2017</u>
<b>Profit</b>	¥ 5,732	\$ 51,100
<b>Other comprehensive income:</b>		
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	<u>(69)</u>	<u>(619)</u>
<b>Comprehensive income</b>	<u>¥ 5,663</u>	<u>\$ 50,480</u>
<b>Comprehensive income attributable to:</b>		
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	
<b>Number of shares of common stock:</b>		
Balance at the beginning of the year	8,354,840	
Balance at the end of the year	8,354,840	
	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 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
	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

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
FUJI YAKUHIN CO., Ltd. and consolidated subsidiaries  
Year ended March 31, 2017

	Millions of yen	Thousands of U.S. dollars
	2017	2017
Cash flows from operating activities		
Profit before income taxes	¥ 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 allowance for doubtful accounts	(41)	(368)
Increase (decrease) in provision for point card certificates	339	3,023
Increase (decrease) in net defined benefit liability	781	6,969
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 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	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
	Millions of yen	Thousands of U.S. dollars
	2017	2017
Cash flows from investing activities		
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	(0)	(7)
Proceeds from sales of investment securities	3	34
Purchase of move of shares of subsidiaries resulting in change in scope of consolidation	(41)	(370)
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
Net cash provided by (used in) investing activities	(8,184)	(72,953)

	Millions of yen	Thousands of U.S. dollars
	<u>2017</u>	<u>2017</u>
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	<u>(7,291)</u>	<u>(64,988)</u>
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	<u>¥ 6,857</u>	<u>\$ 61,123</u>