

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31, 2016 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2017	2017
Cash flows from operating activities:			
Income before income taxes	¥ 42,576	¥ 39,712	\$ 356,670
Depreciation and amortization	47,308	46,937	421,562
Loss on impairment of fixed assets	2,450	5,380	48,323
Amortization of goodwill	175	185	1,661
Increase (decrease) in provision for bonuses	412	(106)	(956)
Increase (decrease) in net defined benefit liabilities	(3,235)	574	5,158
Increase (decrease) in allowance for doubtful accounts	19	219	1,963
Increase (decrease) in allowance for unredeemed gift certificates and others	509	65	587
Interest and dividends income	(1,421)	(1,563)	(14,041)
Interest expenses	7,898	7,016	63,016
Equity in losses (earnings) of affiliates	(1,087)	(1,224)	(10,997)
Construction costs allotted to and received from others	(1,425)	(1,340)	(12,035)
Loss (gain) on sales of stocks of subsidiaries and affiliates	(318)	89	796
Loss (gain) on sale of property and equipment, net	(67)	(104)	(935)
Loss on deduction of property and equipment	1,390	1,219	10,949
Loss on disposal of property and equipment	1,827	1,713	15,391
Loss (gain) on valuation of investment securities	0	98	880
Loss on valuation of inventories	291	60	542
Decrease (increase) in trade receivables	(1,424)	841	7,559
Decrease (increase) in inventories	6,439	74	661
Increase (decrease) in accounts payables	62	(434)	(3,893)
Other	(2,748)	(1,792)	(16,094)
Subtotal	99,631	97,619	876,767
Interest and dividends received	1,560	1,759	15,795
Interest paid	(7,888)	(7,141)	(64,139)
Income taxes paid	(14,600)	(12,742)	(114,444)
Net cash provided by (used in) operating activities	78,703	79,495	713,979
Cash flows from investing activities:			
Purchase of investment securities	(1,809)	(2,337)	(20,991)
Proceeds from sales of investment securities	2,624	568	5,105
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	267	—	—
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(63)	(566)
Acquisition of property and equipment	(61,481)	(74,731)	(671,197)
Proceeds from sales of property and equipment	1,003	293	2,631
Decrease (increase) in short-term loans receivable	(9)	(8)	(70)
Payments of long-term loans receivable	(121)	(65)	(588)
Collection of long-term loans receivable	106	22	202
Proceeds from advances received for contract consignment	6,034	5,512	49,503
Proceeds from long-term advances received	3,936	3,403	30,563
Other	174	353	3,171
Net cash provided by (used in) investing activities	(49,276)	(67,053)	(602,237)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans	(1,790)	5,210	46,794
Proceeds from long-term loans	34,117	39,397	353,840
Repayments of long-term loans	(31,974)	(27,905)	(250,628)
Proceeds from issuance of bonds	40,000	30,000	269,445
Redemption of bonds	(45,000)	(50,000)	(449,075)
Redemption of accounts payable to Japan Railway Construction, Transport and Technology Agency	(9,852)	(10,000)	(89,811)
Cash dividends paid	(6,503)	(6,505)	(58,421)
Acquisition of treasury stock	(137)	(52)	(469)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(200)	(1,795)
Other	(335)	(419)	(3,765)
Net cash provided by (used in) financing activities	(21,474)	(20,474)	(183,885)
Effect of exchange rate changes on cash and cash equivalents	0	0	0
Net increase (decrease) in cash and cash equivalents	7,953	(8,032)	(72,143)
Cash and cash equivalents at beginning of the year	19,372	27,326	245,432
Increase in cash and cash equivalents from newly consolidated subsidiaries	1	—	—
Cash and cash equivalents at end of the year Note 10	¥ 27,326	¥ 19,294	\$ 173,289

See accompanying Notes to Consolidated Financial Statements.