

# CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31, 2015 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2016	2016
<b>Cash flows from operating activities:</b>			
Income before income taxes	¥ 47,259	¥ 42,576	\$ 378,418
Depreciation and amortization	46,692	47,308	420,477
Loss on impairment of fixed assets	844	2,450	21,780
Amortization of goodwill	54	175	1,556
Increase (decrease) in provision for bonuses	(271)	412	3,661
Increase (decrease) in net defined benefit liabilities	(2,828)	(3,235)	(28,754)
Increase (decrease) in allowance for doubtful accounts	179	19	170
Increase (decrease) in allowance for unredeemed gift certificates and others	(60)	509	4,522
Interest and dividends income	(1,302)	(1,421)	(12,626)
Interest expenses	8,358	7,898	70,201
Equity in losses (earnings) of affiliates	(1,064)	(1,087)	(9,662)
Construction costs allotted to and received from others	(2,881)	(1,425)	(12,664)
Increase (decrease) in special reserve for expansion of railway transport facilities	(4,700)	—	—
Loss (gain) on sales of stocks of subsidiaries and affiliates	(1,150)	(318)	(2,827)
Loss (gain) on sale of property and equipment, net	276	(67)	(597)
Loss on deduction of carrying amounts of property and equipment	2,600	1,390	12,351
Loss on disposal of property and equipment	1,924	1,827	16,238
Loss (gain) on valuation of investment securities	27	0	3
Loss on valuation of inventories	177	291	2,584
Decrease (increase) in trade receivables	(112)	(1,424)	(12,655)
Decrease (increase) in inventories	(1,873)	6,439	57,227
Increase (decrease) in accounts payables	1,071	62	549
Other	1,136	(2,748)	(24,418)
Subtotal	94,356	99,631	885,534
Interest and dividends received	1,442	1,560	13,865
Interest paid	(8,430)	(7,888)	(70,112)
Income taxes paid	(16,241)	(14,600)	(129,769)
Net cash provided by (used in) operating activities	71,127	78,703	699,518
<b>Cash flows from investing activities:</b>			
Purchase of investment securities	(1,919)	(1,809)	(16,078)
Proceeds from sales of investment securities	4,385	2,624	23,319
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,408)	—	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	267	2,372
Acquisition of property and equipment	(55,821)	(61,481)	(546,445)
Proceeds from sales of property and equipment	987	1,003	8,911
Decrease (increase) in short-term loans receivable	30	(9)	(81)
Payments of long-term loans receivable	(61)	(121)	(1,079)
Collection of long-term loans receivable	18	106	940
Proceeds from advances received for contract consignment	6,870	6,034	53,630
Proceeds from long-term advances received	3,757	3,936	34,980
Other	(33)	174	1,559
Net cash provided by (used in) investing activities	(43,195)	(49,276)	(437,972)
<b>Cash flows from financing activities:</b>			
Net decrease in short-term loans	129	(1,790)	(15,910)
Proceeds from long-term loans	13,088	34,117	303,235
Repayments of long-term loans	(20,400)	(31,974)	(284,191)
Proceeds from issuance of bonds	25,000	40,000	355,524
Redemption of bonds	(40,000)	(45,000)	(399,964)
Redemption of accounts payable to Japan Railway Construction, Transport and Technology Agency	(10,566)	(9,852)	(87,566)
Cash dividends paid	(5,786)	(6,503)	(57,804)
Acquisition of treasury stock	(191)	(137)	(1,215)
Other	(272)	(335)	(2,968)
Net cash provided by (used in) financing activities	(38,998)	(21,474)	(190,859)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	0	0	0
<b>Net increase (decrease) in cash and cash equivalents</b>	(11,066)	7,953	70,687
<b>Cash and cash equivalents at beginning of the year</b>	30,438	19,372	172,177
<b>Increase in cash and cash equivalents from newly consolidated subsidiaries</b>	—	1	15
<b>Cash and cash equivalents at end of the year Note 10</b>	¥ 19,372	¥ 27,326	\$ 242,879

See accompanying Notes to Consolidated Financial Statements.