

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2014	2014
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 30,320	¥ 39,003	\$ 377,867
Depreciation and amortization	50,424	48,652	471,341
Loss on impairment of fixed assets	11,403	845	8,191
Amortization of goodwill	809	48	467
Increase (decrease) in provision for bonuses	79	116	1,124
Increase (decrease) in employees' retirement benefits	(1,474)	—	—
Increase (decrease) in net defined benefit liabilities	—	(1,805)	(17,485)
Increase (decrease) in allowance for doubtful accounts	(45)	(126)	(1,216)
Increase (decrease) in allowance for unredeemed gift certificates and others	71	2	23
Interest and dividends income	(1,078)	(1,202)	(11,650)
Interest expenses	10,003	9,343	90,515
Equity in losses (earnings) of affiliates	(1,169)	(882)	(8,545)
Construction costs allotted to and received from others	(52,372)	(3,785)	(36,667)
Increase (decrease) in special reserve for expansion of railway transport facilities	(4,700)	(4,700)	(45,534)
Loss (gain) on sale of property and equipment, net	(3,002)	4,826	46,752
Loss on disposal of property and equipment	2,832	1,941	18,807
Loss on deduction of carrying amounts of property and equipment	52,347	3,785	36,665
Loss (gain) on valuation of investment securities	107	17	165
Loss on valuation of inventories	1,519	267	2,582
Decrease (increase) in trade receivables	(591)	(1,966)	(19,050)
Decrease (increase) in inventories	1,840	(1,396)	(13,521)
Increase (decrease) in accounts payables	1,331	595	5,760
Other	(1,860)	3,515	34,052
Subtotal	96,794	97,093	940,643
Interest and dividends received	1,217	1,342	13,000
Interest paid	(10,122)	(9,500)	(92,035)
Income taxes paid	(16,406)	(15,297)	(148,199)
Net cash provided by (used in) operating activities	71,483	73,638	713,409
Cash flows from investing activities:			
Purchase of investment securities	(8)	(33)	(318)
Proceeds from sales of investment securities	39	13	126
Acquisition of property and equipment	(57,592)	(49,667)	(481,175)
Proceeds from sales of property and equipment	4,357	15,766	152,744
Decrease (increase) in short-term loans receivable	1	(29)	(284)
Payments of long-term loans receivable	(264)	(3)	(25)
Collection of long-term loans receivable	35	33	316
Proceeds from advances received for contract consignment	9,863	7,190	69,651
Proceeds from long-term advances received	8,348	1,815	17,586
Other	472	1,865	18,065
Net cash provided by (used in) investing activities	(34,749)	(23,050)	(223,314)
Cash flows from financing activities:			
Net decrease in short-term loans	(4,677)	(1,814)	(17,573)
Proceeds from long-term loans	44,135	33,467	324,230
Repayments of long-term loans	(57,584)	(34,862)	(337,744)
Proceeds from issuance of bonds	40,000	40,000	387,522
Redemption of bonds	(45,000)	(70,000)	(678,163)
Redemption of accounts payable to Japan Railway Construction, Transport and Technology Agency	(8,698)	(10,345)	(100,222)
Cash dividends paid	(5,418)	(5,782)	(56,013)
Acquisition of treasury stock	(154)	(244)	(2,369)
Other	(375)	(473)	(4,583)
Net cash provided by (used in) financing activities	(37,771)	(50,053)	(484,915)
Effect of exchange rate changes on cash and cash equivalents	0	0	0
Net increase (decrease) in cash and cash equivalents	(1,037)	535	5,180
Cash and cash equivalents at beginning of the year	30,898	29,861	289,293
Increase in cash and cash equivalents resulting from merger	—	42	412
Cash and cash equivalents at end of the year Note 10	¥ 29,861	¥ 30,438	\$ 294,885

See accompanying Notes to Consolidated Financial Statements.