Consolidated Financial Results
for the Six Months Ended June 30, 2015
[Japanese GAAP]

August 7, 2015

Company name: FUJITA KANKO INC.
Stock exchange listing: Tokyo Stock Exchange
Code number: 9722
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Scheduled date of filing quarterly securities report: August 7, 2015
Scheduled date of commencing dividend payments: –
Availability of supplementary briefing material on quarterly financial results: Available
Schedule of quarterly financial results briefing session: Scheduled (for institutional investors and securities analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended June 30, 2015 (January 1, 2015 to June 30, 2015)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended June 30, 2015	30,249	(1.9)	(845)	-	(838)	-	(824)	-
Six months ended June 30, 2014	30,826	5.2	(73)	-	(92)	-	(255)	-

(Note) Comprehensive income: Six months ended June 30, 2015: ¥2,280 million [–%]
Six months ended June 30, 2014: ¥(141) million [–%]

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended June 30, 2015	(6.88)	-
Six months ended June 30, 2014	(2.13)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2015	106,360	29,064	27.1
As of December 31, 2014	100,881	27,774	27.3

(Reference) Equity: As of June 30, 2015: ¥28,848 million
As of December 31, 2014: ¥27,570 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2014	-	0.00	-	4.00	4.00
Fiscal year ending December 31, 2015	-	0.00			
Fiscal year ending December 31, 2015 (Forecast)			-	4.00	4.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2015 (January 1, 2015 to December 31, 2015)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	64,200	(0.1)	(1,300)	-	(1,500)	-	(500)	-	(4.17)

(Note) Revision to the financial results forecast announced most recently: No

*** Notes:**

(1) Changes in significant subsidiaries during the period under review: No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes
For details, please see “2. Matters Concerning Summary Information (Notes)” on page 7 of the attached material.

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: Yes
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No
4) Retrospective restatement: No

(4) Total number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):
June 30, 2015: 122,074,243 shares
December 31, 2014: 122,074,243 shares

2) Total number of treasury shares at the end of the period:
June 30, 2015: 2,225,403 shares
December 31, 2014: 2,223,421 shares

3) Average number of shares during the period:
Six months ended June 30, 2015: 119,849,875 shares
Six months ended June 30, 2014: 119,853,989 shares

* Presentation regarding implementation status of the quarterly review procedures

These quarterly financial results are outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act. At the time of disclosure of these quarterly financial results, review procedures for the quarterly financial statements under the Financial Instruments and Exchange Act have been completed.

* Explanation of the proper use of financial results forecast and other notes

The financial results forecasts and other forward-looking statements herein are made based on currently available information and include a number of uncertainties. Accordingly, actual results may differ materially due to various factors. For the assumptions underlying the financial results forecasts, please see “1. Qualitative Information on Quarterly Financial Results for the Period under Review, (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information ” on page 6 of the attached material.

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

The Japanese economy during the six month ended June 30, 2015 continued its moderate recovery trend, as corporate performance recovered and employment and income improved due to the growth strategy of the government and the monetary policy of the Bank of Japan. In the tourism industry, the number of foreign visitors to Japan reached a record high of 9.14 million during the period of January to June, according to the statistics of the Japan National Tourism Organization (JNTO), on the back of factors such as the relaxed requirements for visa issuance, an increase in Low Cost Carrier (LCC) flights, and the depreciated yen. The number of foreign visitors is expected to further increase in the future. Meanwhile, tourists decreased in Hakone Town (Kanagawa Prefecture), where Hakone Hotel Kowakien, the leading operating facility of the Resort Business of FUJITA KANKO INC. (the "Company") and its group companies (collectively, the "Group") and other facilities are located, since the volcanic alert for Hakone Owakudani was raised to level 2 on May 6 and to level 3 on June 30 following increased volcanic activity. Even after the volcanic alert level was raised, the Company's facilities are outside the area into which entry is restricted and we continue to operate our business by giving top priority to the safety and security of customers.

Under such circumstances, the Group is steadily taking actions such as new openings and strengthening the quality of existing businesses in accordance with the new five-year medium-term management plan, FUJITA PREMIUM VALUE CREATION 2015 ~Our goal: to be Japan's leading tourism company~ announced in February of this year, with the fiscal year ending December 31, 2015 as the first year of this plan.

During the six month ended June 30, 2015, in January we acquired all the shares of Kawano Co., Ltd., which owns two guest houses and produces original weddings in Hiroshima, and Hotel Gracery Shinjuku, which opened in April, also started its operation smoothly as a large-scale hotel with 970 rooms at the site of the former Shinjuku Kabukicho Koma Theater in Tokyo. In addition, in April we commenced the large-scale renovation of all rooms of the main building of Shinjuku Washington Hotel, which is the largest in the Group with 1,297 rooms, taking approximately one year, as well as renovated rooms at each facility by keeping in mind a further increase in demand of foreign customers and undertook preparations for re-development of the Hakone area. Through these and other initiatives, we are aggressively making investments with an eye to the future. At the same time, we are pursuing measures to further capture demand from fast-growing Asia, such as opening new overseas representative offices in Bangkok and Jakarta in June and holding workshops and other events there.

During the six month ended June 30, 2015, sales were strong in the accommodations business, as the occupancy rate remained at a high level and average sales per customer also rose to nearly the pre-Lehman crisis level. Meanwhile, affected by factors such as a decrease in the number of guests at Hakone Hotel Kowakien and Hakone Kowakien Yunessun due to raising of the volcanic alert level for Hakone Owakudani and the closing of Kyoto Kokusai Hotel, etc. last year, net sales for the entire Group amounted to ¥30,249 million, a decrease of ¥577 million year on year.

On the cost front, as a result of upfront expenses for new projects such as preparation expenses for Hotel Gracery Shinjuku and expenses associated with the acquisition of the shares of Kawano Co., Ltd., operating loss deteriorated by ¥771 million year on year to ¥845 million. Operating income before depreciation, which the Group has established as a key indicator, decreased by ¥620 million year on year to ¥1,534 million, ordinary loss deteriorated by ¥745 million year on year to ¥838 million, and net loss deteriorated by ¥568 million year on year to ¥824 million.

Nevertheless, fiscal year 2015, the first year of the new medium-term management plan, is the period of upfront investment and we expected a temporary downturn in revenue in the plan. Therefore, results for the six month ended June 30, 2015 all exceeded the business results forecast on an overall consolidated basis.

The overview of business results is as follows.

For details of comparison with business results forecast, please see "Notice Concerning Differences between Business Results Forecast and Actual Results for the Six Month Ended June 30, 2015" announced today (August 7, 2015).

(Million yen)

	Actual results for the current period	YoY change	Difference from forecasts
Net sales	30,249	(577)	249
Operating income (loss)	(845)	(771)	854
Ordinary income (loss)	(838)	(745)	961
Net income (loss)	(824)	(568)	675

Operating income before depreciation	1,534	(620)	734

The overview of business results by segment is as follows.

WHG Business

We are aggressively accelerating expansion of the segment as the key driver for company growth as well as successively strengthening the competitiveness of existing facilities. In April, we opened Hotel Gracery Shinjuku (970 rooms) at the site of the former Shinjuku Kabukicho Koma Theater. Operation has been steady since its opening with average sales per customer exceeding initial estimates. Also in April, we embarked on the large-scale renovation in phases over one year of all 1,297 rooms of the main building of Shinjuku Washington Hotel located near the west exit of Shinjuku station. Such renovation, too, is making steady progress as planned.

In the accommodations business, average sales per room rose significantly for the business overall, surpassing ¥10,000 for hotels in the Tokyo metropolitan area due to the effects of attraction of visitors from overseas and renovation of guest rooms, despite a decrease in revenue resulting from low operating rate due to the renovation of Shinjuku Washington Hotel. With the occupancy rate maintained at 90%, the number of guests increased by 46,000 year on year to 1,513,000 and sales increased by ¥924 million year on year to ¥10,044 million.

As a result, net sales for this segment increased by ¥542 million year on year to ¥12,882 million; however, operating income deteriorated by ¥169 million year on year to a loss of ¥33 million due to the substantial effects of temporary costs such as preparation expenses for the opening of Hotel Gracery Shinjuku and a decline in the operating rate resulting from the large-scale renovation of Shinjuku Washington Hotel.

Resort Business

Operating facilities in the Hakone area such as Hakone Hotel Kowakien and Hakone Kowakien Yunessun are outside the area subject to restriction of entry even after the volcanic alert level for Hakone Owakudani was raised as mentioned above, and we continue to operate our business by giving top priority to the safety and security of customers.

In the accommodations business, our mainstay Hakone Hotel Kowakien showed strong performance for the period from January through April compared to the same period of the previous fiscal year. However, ever since the volcanic alert for Hakone Owakudani was raised to level 2 on May 6, the hotel was substantially affected by factors such as cancellation of reservations and a decline in the number of guests. Sales for the accommodations business overall decreased by ¥157 million year on year to ¥2,193 million partly affected by the shutdown of Hakone Kowakien Yunessun Inn in October of the previous year for the construction of the new accommodation facility.

In the leisure business, as in the accommodations business, the number of guests at Hakone Kowakien Yunessun declined mainly among families due to the effects of the raising of the volcanic alert level for Owakudani. Owing to these and other factors, sales for the leisure business overall decreased by ¥76 million year on year to ¥721 million.

As a result, net sales for this segment decreased by ¥241 million year on year to ¥3,059 million, and operating loss deteriorated by ¥215 million year on year to ¥393 million.

Luxury & Banquet Business

In the wedding business, overall sales decreased by ¥161 million year on year to ¥5,636 million due mainly to the decline in the number of customers of Hotel Chinzanso Tokyo, despite the revenue increase due to the acquisition of shares of Kawano Co., Ltd. in January. In July, we newly opened Hotel Chinzanso Tokyo For wedding GINZA as our first outside wedding salon located in Ginza 4-chome in Tokyo. We will enhance convenience and functionality in order to respond to customer needs.

In the accommodations business, renovation of all 260 guest rooms in Hotel Chinzanso Tokyo being carried out over a three-year plan since October last year is making steady progress, and mainly owing to this effect, average sales per customer rose. However, sales for the accommodations business overall decreased by ¥324 million year on year to ¥1,215 million, substantially affected by the closing of business of Kyoto Kokusai Hotel in December last year. After excluding the effect of the closing of Kyoto Kokusai Hotel, sales increased by ¥131 million year on year.

In the banquet business, sales decreased by ¥136 million year on year to ¥2,722 million partly due to the effects of the closing of business of Kyoto Kokusai Hotel, despite strong performance of events such as the annual "Firefly Evenings Dinner Buffet" held at Hotel Chinzanso Tokyo.

As a result, net sales for this segment decreased by ¥972 million year on year to ¥12,673 million, and operating loss deteriorated by ¥223 million year on year to ¥121 million partly due to expenses incurred in conjunction with the acquisition of shares of Kawano Co., Ltd.

(2) Explanation of Financial Position

1) Assets, liabilities and net assets

Total assets as of June 30, 2015 increased by ¥5,479 million from the end of the previous fiscal year to ¥106,360 million. This is attributable to the increase in non-current assets by ¥7,129 million, due to factors including the higher market prices of investment securities, the inclusion of assets of Kawano Co., Ltd., a newly consolidated subsidiary, the acquisition of assets for the opening of Hotel Gracery Shinjuku and payments for guarantee deposits, despite the decrease in current assets by ¥1,649 million, due mainly to the decrease in cash and deposits that were maintained at sufficient amount at the beginning of the period for the acquisition of all shares of Kawano Co., Ltd. in January 2015.

Liabilities increased by ¥4,190 million from the end of the previous fiscal year to ¥77,296 million. Accounts payable decreased due to payments for renovations and income taxes payable decreased due to payments of income taxes, while loans payable increased. The balance of loans payable as of June 30, 2015 was ¥44,739 million, an increase of ¥7,275 million from the end of the previous fiscal year.

Net assets increased by ¥1,289 million from the end of the previous fiscal year to ¥29,064 million. Valuation difference on available-for-sale securities increased by ¥3,086 million, while retained earnings decreased by ¥1,806 million, due to the recognition of net loss and cash dividends paid as well as the revision of the Accounting Standard for Retirement Benefits.

2) Cash flows

Cash and cash equivalents for the six months ended June 30, 2015 amounted to ¥4,329 million, down ¥1,595 million from the end of the previous fiscal year.

i) Cash flows from operating activities

Net cash used in operating activities was ¥1,905 million, an increase of ¥2,654 million compared with the same period of the previous fiscal year. This was mainly due to a decrease in in-flows related to operating and ordinary losses, in addition to an increase in out-flows for consumption taxes and income taxes.

ii) Cash flows from investing activities

Net cash used in investing activities was ¥6,434 million, an increase of ¥4,507 million compared with the same period of the previous fiscal year. This was mainly due to purchase of property, plant and equipment and intangible assets of ¥4,963 million for the opening of Hotel Gracery Shinjuku and the renovation of Shinjuku Washington Hotel as well as payments for guarantee deposits of ¥934 million.

iii) Cash flows from financing activities

Net cash provided by financing activities was ¥6,742 million, an increase of ¥6,752 million compared with the same period of the previous fiscal year. This was mainly due to a net increase in loans payable of ¥7,245 million for investment expenditures and cash dividends paid of ¥486 million.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

As described in "3. Consolidated Business Results Forecast for the Full Year of the Fiscal Year Ending December 31, 2015" in the "Notice Concerning Differences between Business Results Forecast and Actual Results for the Six Month Ended June 30, 2015" announced today (August 7, 2015), with the number of foreign visitors to Japan reaching a record high of 9.14 million during the period of January to June according to the statistics of the Japan National Tourism Organization (JNTO), further increase in the number of foreign visitors and improvement in domestic consumption are expected in the future. Consequently, solid performance mainly in the accommodations business is anticipated. However, outlook for the future remains uncertain due to factors such as further decrease in the number of tourists in the Hakone area after the volcanic alert for Hakone Owakudani was raised from level 2 to level 3 on June 30, 2015.

With regard to the business results forecast for the full year of the fiscal year ending December 31, 2015, the Company expects the WHG Business centered in accommodation services to continue achieving strong results; however, operating facilities in the Hakone area, including the leading operating facilities of the Resort Business, Hakone Hotel Kowakien and Hakone Kowakien Yunessun, are expected to see substantial decrease in the number of customers compared to the initial estimates. In consideration of these factors, sales increase in the WHG Business will possibly be offset by sales decrease in the Resort Business. However, income figures in operating income, ordinary income and net income are likely to be in line with initial forecasts, amid expectations that the accommodations business with high profit margins will continue to record higher sales, as seen in the six months ended June 30, 2015, and the Resort Business will cut down on fixed costs. Based on these assumptions, at present, no change has been made to the forecasts announced on February 13, 2015. Should any revision be required in light of changes in circumstances or performance trends, an announcement will be made immediately.

(Reference)

Consolidated business results forecast for the full year of the fiscal year ending December 31, 2015 (announced on February 13, 2015)

Net sales	¥64,200 million
Operating income	¥(1,300) million
Ordinary income	¥(1,500) million
Net income	¥(500) million

2. Matters Concerning Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Current Quarter

Not applicable.

(2) Accounting Policies Adopted Specially for the Preparation of Quarterly Consolidated Financial Statements

(Calculation of Tax Expenses)

Tax expenses are calculated by multiplying income before income taxes for the six months ended June 30, 2015 by the effective tax rate reasonably estimated after the application of tax-effect accounting to income before income taxes for the fiscal year ending December 31, 2015.

However, if the calculation using the above estimated effective tax rate leads to notably irrational results, tax expenses are calculated by multiplying quarterly income or loss before income taxes by the effective statutory tax rate, after adjusting material differences other than temporary differences.

(3) Changes in Accounting Policies, Changes in Accounting Estimates and Retrospective Restatement

(Changes in Accounting Policies)

(Adoption of Accounting Standard for Retirement Benefits, etc.)

1. Names of accounting standards, etc.

"Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012; the "Standard") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012; the "Guidance")

2. Details of changes in accounting policies

Effective from the first quarter ended March 31, 2015, the Company has adopted the Standard and the Guidance in accordance with the provisions in the main clause of Paragraph 35 of the Standard and the main clause of Paragraph 67 of the Guidance. Accordingly, the Company has reviewed the method of calculating retirement benefit obligations and service costs and changed the method of attributing expected retirement benefits to periods from the straight-line basis to the benefit formula basis. Also, the method of determining the discount rate has been changed from the method in which the period of bonds that serves as a basis for deciding on the discount rate is determined based on the number of years approximate to the average remaining service period of employees to the one using a single weighted average discount rate reflecting the estimated payment period of retirement benefits and the amount for each estimated payment period.

3. Transitional accounting treatments and outline of transitional measures

In accordance with the transitional measures prescribed in Paragraph 37 of the Standard (however, financial statements for the past periods are not subject to retrospective treatments), the effected amount arising from the change in the method of calculating retirement benefit obligations and service costs was adjusted to retained earnings at the beginning of the six months ended June 30, 2015.

4. Amount effected resulting from the change in accounting policies

Net defined benefit liability increased by ¥741 million and retained earnings decreased by ¥502 million at the beginning of the six months ended June 30, 2015. The effect on profit and loss and segment information for the six months ended June 30, 2015 is immaterial.

(Early Adoption of Accounting Standards for Business Combinations, etc.)

1. Names of accounting standards, etc.

"Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013; the "Business Combinations Standard"), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013; the "Consolidated Financial Statements Standard"), and "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013; the "Business Divestitures Standard")

2. Details of changes in accounting policies

These accounting standards became applicable at the beginning of the consolidated fiscal year commencing on or after April 1, 2014; thereby effective from the first quarter ended March 31, 2015, the Company has adopted them (except for the provisions prescribed in Paragraph 39 of the Consolidated Financial Statements Standard). Accordingly, the accounting methods have been changed to record the differences arising from a change in the Company's ownership interest in a subsidiary over which the Company continues to have control as capital surplus and to record acquisition-related costs as expenses for the consolidated fiscal year in which they are incurred. Furthermore, for business combinations to be performed at and after the beginning of the first quarter ended March 31, 2015, the method has been changed to reflect an adjustment to the provisional amount arising from the finalization of the tentative accounting treatment relating to the allocation of acquisition cost in the consolidated financial statements for the quarter to which the date of business combination belongs.

3. Transitional accounting treatments and outline of transitional measures

These accounting standards have been adopted in accordance with transitional treatments stipulated in Paragraph 58-2 (4) of the Business Combinations Standard, Paragraph 44-5 (4) of the Consolidated Financial Statements Standard and Paragraph 57-4 (4) of the Business Divestitures Standard, and they have been prospectively adopted from the beginning of the first quarter ended March 31, 2015.

4. Amount effected resulting from the change in accounting policies

Operating loss, ordinary loss and loss before income taxes and minority interests for the six months ended June 30, 2015 increased by ¥47 million, respectively.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of December 31, 2014	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	5,944	4,408
Notes and accounts receivable - trade	3,651	3,538
Merchandise and finished goods	79	84
Work in process	35	21
Raw materials and supplies	456	328
Other	1,920	2,051
Allowance for doubtful accounts	(36)	(33)
Total current assets	12,051	10,401
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	35,036	35,306
Tools, furniture and fixtures, net	3,661	4,811
Land	12,302	12,955
Construction in progress	242	634
Golf courses	2,773	2,773
Other, net	1,094	1,113
Total property, plant and equipment	55,112	57,594
Intangible assets		
Goodwill	–	380
Other	939	878
Total intangible assets	939	1,258
Investments and other assets		
Investment securities	21,942	26,038
Other	10,853	11,084
Allowance for doubtful accounts	(17)	(17)
Total investments and other assets	32,778	37,106
Total non-current assets	88,829	95,959
Total assets	100,881	106,360

(Million yen)

	As of December 31, 2014	As of June 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,737	1,304
Short-term loans payable	2,885	7,555
Current portion of long-term loans payable	8,436	8,345
Income taxes payable	807	99
Provision for bonuses	143	148
Provision for directors’ bonuses	11	4
Provision for point card certificates	89	110
Provision for noncurrent assets removal cost	406	294
Other	7,771	5,946
Total current liabilities	22,288	23,808
Non-current liabilities		
Long-term loans payable	26,141	28,839
Provision for directors’ retirement benefits	108	88
Provision for loss on contract	298	270
Provision for loss on business withdrawal	1,130	662
Net defined benefit liability	8,385	8,777
Deposits received from members	13,122	12,962
Other	1,630	1,887
Total non-current liabilities	50,817	53,487
Total liabilities	73,106	77,296
Net assets		
Shareholders’ equity		
Capital stock	12,081	12,081
Capital surplus	5,431	5,431
Retained earnings	5,305	3,499
Treasury shares	(916)	(917)
Total shareholders’ equity	21,902	20,094
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,728	8,815
Foreign currency translation adjustment	17	17
Remeasurements of defined benefit plans	(78)	(80)
Total accumulated other comprehensive income	5,668	8,753
Minority interests	204	216
Total net assets	27,774	29,064
Total liabilities and net assets	100,881	106,360

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Six Months Ended June 30

(Million yen)

	For the six months ended June 30, 2014	For the six months ended June 30, 2015
Net sales	30,826	30,249
Cost of sales	28,716	28,840
Gross profit	2,109	1,408
Selling, general and administrative expenses	2,183	2,254
Operating loss	(73)	(845)
Non-operating income		
Interest income	2	2
Dividend income	290	324
Land and house rent received	25	28
Other	80	103
Total non-operating income	399	458
Non-operating expenses		
Interest expenses	305	278
Share of loss of entities accounted for using equity method	16	40
Other	96	132
Total non-operating expenses	418	451
Ordinary loss	(92)	(838)
Extraordinary income		
Gain on sales of investment securities	–	168
State subsidy	–	37
Release from memberships deposits obligation	26	31
Gain on sales of non-current assets	–	3
Other	1	–
Total extraordinary income	27	240
Extraordinary losses		
Provision for loss on business withdrawal	1	141
Impairment loss	8	–
Other	–	16
Total extraordinary losses	10	158
Loss before income taxes and minority interests	(75)	(756)
Income taxes	157	48
Loss before minority interests	(232)	(804)
Minority interests in income	23	19
Net loss	(255)	(824)

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended June 30

(Million yen)

	For the six months ended June 30, 2014	For the six months ended June 30, 2015
Loss before minority interests	(232)	(804)
Other comprehensive income		
Valuation difference on available-for-sale securities	91	3,080
Foreign currency translation adjustment	(2)	(0)
Remeasurements of defined benefit plans, net of tax	–	(1)
Share of other comprehensive income of entities accounted for using equity method	1	5
Total other comprehensive income	91	3,085
Comprehensive income	(141)	2,280
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(164)	2,260
Comprehensive income attributable to minority interests	23	19

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended June 30, 2014	For the six months ended June 30, 2015
Cash flows from operating activities		
Loss before income taxes and minority interests	(75)	(756)
Depreciation	1,857	1,928
Impairment loss	8	–
Amortization of goodwill	–	20
Increase (decrease) in allowance for doubtful accounts	5	(3)
Increase (decrease) in provision for retirement benefits	(37)	–
Increase (decrease) in provision for directors' retirement benefits	12	(19)
Increase (decrease) in provision for bonuses	17	(4)
Increase (decrease) in provision for directors' bonuses	1	(6)
Increase (decrease) in provision for point card certificates	15	21
Increase (decrease) in provision for loss on contract	(27)	(27)
Increase (decrease) in provision for loss on business withdrawal	(664)	(467)
Increase (decrease) in provision of noncurrent assets removal	–	(112)
Increase (decrease) in net defined benefit liability	–	(372)
Interest and dividend income	(293)	(326)
Interest expenses	305	278
Foreign exchange losses (gains)	0	(1)
Share of (profit) loss of entities accounted for using equity method	16	40
Loss (gain) on sales of non-current assets	–	(3)
Loss on retirement of non-current assets	63	53
Loss (gain) on sales of short-term and long-term investment securities	–	(168)
Release from memberships deposits obligation	(26)	(31)
Decrease (increase) in notes and accounts receivable - trade	125	129
Decrease (increase) in inventories	140	144
Increase (decrease) in notes and accounts payable - trade	(322)	(482)
Increase (decrease) in accrued consumption taxes	73	(504)
Other, net	(134)	(555)
Subtotal	1,063	(1,229)
Interest and dividend income received	302	335
Interest expenses paid	(310)	(281)
Income taxes paid	(305)	(730)
Net cash provided by (used in) operating activities	749	(1,905)

(Million yen)

	For the six months ended June 30, 2014	For the six months ended June 30, 2015
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(1,937)	(4,963)
Proceeds from sales of property, plant and equipment and intangible assets	–	5
Purchase of investment securities	(13)	–
Proceeds from sales of investment securities	15	175
Payments into time deposits	–	(0)
Proceeds from withdrawal of time deposits	1	16
Collection of long-term loans receivable	5	–
Payments for guarantee deposits	(2)	(934)
Proceeds from collection of guarantee deposits	10	14
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(746)
Other, net	(6)	(1)
Net cash provided by (used in) investing activities	(1,927)	(6,434)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,660	4,669
Proceeds from long-term loans payable	1,782	6,899
Repayments of long-term loans payable	(3,948)	(4,322)
Proceeds from sales of treasury shares	–	0
Purchase of treasury shares	(0)	(1)
Cash dividends paid	(476)	(478)
Cash dividends paid to minority shareholders	(9)	(8)
Repayments of finance lease obligations	(15)	(14)
Net cash provided by (used in) financing activities	(9)	6,742
Effect of exchange rate change on cash and cash equivalents	(2)	1
Net increase (decrease) in cash and cash equivalents	(1,190)	(1,595)
Cash and cash equivalents at beginning of period	5,026	5,925
Cash and cash equivalents at end of period	3,836	4,329