

Consolidated Financial Results for the Six Months Ended June 30, 2016 [Japanese GAAP]



August 8, 2016

Company name: FUJITA KANKO INC.

Stock exchange listing: Tokyo Stock Exchange

Code number: 9722

URL: <http://www.fujita-kanko.co.jp/>

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Scheduled date of filing quarterly securities report: August 8, 2016

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, 2016 (January 1, 2016 to June 30, 2016)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended June 30, 2016	32,225	6.5	(438)	-	(432)	-	199	-
Six months ended June 30, 2015	30,249	(1.9)	(845)	-	(838)	-	(824)	-

(Note) Comprehensive income: Six months ended June 30, 2016: ¥(3,949) million [- %]

Six months ended June 30, 2015: ¥2,280 million [- %]

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended June 30, 2016	1.66	-
Six months ended June 30, 2015	(6.88)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2016	100,839	22,575	22.2
As of December 31, 2015	104,732	27,012	25.6

(Reference) Equity: As of June 30, 2016: ¥22,391 million

As of December 31, 2015: ¥26,826 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, 2015	-	0.00	-	4.00	4.00
Fiscal year ending December 31, 2016	-	0.00			
Fiscal year ending December 31, 2016 (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, 2016 (January 1, 2016 to December 31, 2016)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	69,500	8.6	1,800	-	1,600	-	500	-	4.17

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

(Note) Change from the previous corresponding period in operating income and net income attributable to owners of parent for the consolidated financial results forecast of the full year of the fiscal year ending December 31, 2016 is listed as “-,” since it exceeds 1,000%.

* 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: No
 - 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, 2016: 122,074,243 shares
December 31, 2015: 122,074,243 shares
 - 2) Total number of treasury shares at the end of the period:
June 30, 2016: 2,234,455 shares
December 31, 2015: 2,232,854 shares
 - 3) Average number of shares during the period:
Six months ended June 30, 2016: 119,840,833 shares
Six months ended June 30, 2015: 119,849,875 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 5 of the attached material.

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

(1) Qualitative Information on Consolidated Operating Results

The Japanese economy during the six months ended June 30, 2016 was on a moderate recovery trend, as corporate earnings and the employment situation began to improve, on the back of measures by the government and the Bank of Japan. Meanwhile, the outlook for the future remained uncertain, due to concerns over the downturn in the economies of China and other Asian countries, the concern of prolonged appreciation of the yen and growing uncertainty surrounding overseas economies including confusion in the financial markets following the BREXIT vote, as well as the impact of the Kumamoto Earthquakes.

In the tourism industry, the number of foreign visitors to Japan continued to grow since last year, marking a favorable increase of more than 30% during the January to March 2016 period compared to the same period of the previous fiscal year. However, the rate of growth has slowed down since April with the occurrence of the Kumamoto Earthquakes. Moreover, per person consumption by foreign visitors to Japan is also on a declining trend, as the shopping spree by Chinese visitors is showing signs of easing.

From a medium- to long-term perspective, the number of foreign visitors to Japan is still expected to increase and demand for accommodation and purchasing activities are expected to grow, thanks to the promotion of the government's tourism policy geared towards such world-class events as the 2020 Tokyo Olympic and Paralympic Games. However, during the six months ended June 30, 2016, as described above, changes became evident in the environment surrounding the tourism industry.

Under these circumstances, in the second year of the five-year medium-term management plan which commenced in the fiscal year ended December 31, 2015, the Group continued from the previous year to make aggressive investments towards the future, accelerated new openings of accommodation facilities and restaurants and strengthened the quality of its existing businesses.

During the six months ended June 30, 2016, the large-scale renovation of all rooms of the main building of Shinjuku Washington Hotel in Nishi-Shinjuku, Tokyo, which started last April, was completed at the end of March as initially planned, and the hotel re-opened its doors to guests from April 1. As a result, together with the Hotel Gracery Shinjuku, which opened last April in Kabukicho, Shinjuku, the Group was able to operate a total of 2,586 guest rooms in the Shinjuku area. Furthermore, on April 7, the Group opened Hotel Gracery Naha on Kokusai-dori in Naha, Okinawa Prefecture's busiest commercial hub.

In addition to initiatives to strengthen the quality of our facilities, we have also been fortifying the quality of our services by improving the services offered to the Group's guest program members including the commencement of a new service that provides priority reservations to members and allows them to secure a single room 72 hours prior to arrival in the event of urgent business such as unexpected business trips, as part of efforts to further enhance customer satisfaction.

As a result of the above, during the six months ended June 30, 2016, the average sales per customer in the accommodations business rose to levels exceeding that of the previous year, and net sales for the entire Group amounted to ¥32,225 million, an increase of ¥1,976 million year on year.

On the income front, despite incurring expenses associated with the renovation of the main building of the Shinjuku Washington Hotel and the opening of the Hotel Gracery Shinjuku and the Hotel Gracery Kyoto Sanjo North (opening on July 1), operating loss improved by ¥406 million year on year to ¥438 million and ordinary loss improved by ¥406 million year on year to ¥432 million. Net income attributable to owners of parent increased by ¥1,023 million year on year to ¥199 million, due to factors including the gain on sales of investment securities.

Operating income before depreciation, which the Group has established as a key indicator, increased by ¥788 million year on year to ¥2,322 million.

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, 2016” announced today (August 8, 2016).

(Million yen)

	Actual results for the current period	YoY change	Difference from forecasts
Net sales	32,225	1,976	(274)
Operating income (loss)	(438)	406	761
Ordinary income (loss)	(432)	406	767
Net income attributable to owners of parent	199	1,023	1,199

Operating income before depreciation	2,322	788	722
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The overview of business results by segment is as follows.

WHG Business

With the year-long major renovations conducted on the main building of the Shinjuku Washington Hotel, we have enhanced the quality in line with the needs of our business guests and foreign visitors to Japan, such as by increasing the percentage of non-smoking rooms, which has increasingly been in demand, from 40% to 70%, increasing the number of twin rooms and enhancing security through the adoption of elevators with card key sensors. At the Hotel Gracery Naha, which opened on April 7, 60% of the guest rooms are twin rooms and all guest rooms have “independent bathrooms” with toilets separate from the bathroom, in an effort to meet the needs of domestic tourists as well as foreign visitors to Japan.

Additionally, we placed concierges at all Hotel Gracery locations, and by providing information on local tourist sites and restaurants, we have made efforts to improve the convenience of our guests.

Furthermore, to secure repeat customers, we have been carrying out initiatives to improve customer satisfaction. Such initiatives include extending the service that allows members to pay with accumulated bonus points to the entire Group in April, as part of services offered by “Fujita Kanko Group Members Card Waon,” the Group’s membership program. In May, we commenced the new “72-hour in Advance Reservation Service with Priority.”

In the accommodation business, sales increased by ¥2,351 million year on year to ¥12,395, as a result of the full-year operations of Hotel Gracery Shinjuku.

As a result, net sales for this segment increased by ¥2,274 million year on year to ¥15,156 million and operating income increased by ¥276 million year on year to ¥242 million.

Resort Business

The accommodation business has been recovering from the effects of the volcanic earthquakes, which occurred in Hakone in the previous year, and Hakone Hotel Kowakien has been successfully attracting individual travelers, which has led to a rise in average sales per customer compared to the previous fiscal year.

Additionally, as part of our redevelopment of the Hakone area, we have been steadily making preparations for the opening in spring 2017 of Ten-yu, an accommodation facility featuring open-air hot spring baths in each room. As the first step, the Hakone Kowakien Miyamafurin, a hot-spring hotel with special emphasis on accommodation, opened in March, which was followed by the openings of two restaurants, Soba KIHINKAN and Teppan-Yaki GEIHINKAN, which utilize the registered tangible cultural properties held by the Company, and offer Japanese cuisine and hospitality. Sales for the accommodation business overall increased by ¥8 million year on year to ¥2,201 million.

In the leisure business, the number of visitors to the hot spring theme park, Hakone Kowakien Yunessun, decreased due to the lingering effects of the partial suspension of operations of the Hakone Ropeway, a major Hakone tourist route, and the closure of the roads surrounding Owakudani (on July 26, full operations of the Ropeway were resumed and road closures were lifted). Consequently, net sales for the leisure business decreased by ¥84 million year on year to ¥637 million.

As a result, net sales for this segment decreased by ¥65 million year on year to ¥2,993 million, and due to the increase in expenses associated with the preparation for the re-development of the Hakone area, operating loss deteriorated by ¥115 million year on year to ¥509 million.

Luxury & Banquet Business

In the wedding business, overall sales decreased by ¥243 million year on year to ¥5,392 million, due to the decline in the number of customers of Hotel Chinzanso Tokyo, and the effects of the closing of Minami Aoyama CONVIVION last December, despite the strong performance of Taiko-en in Osaka, which opened its new Shinto-style wedding hall, Hoseiden, last October.

In the banquet business, Hotel Chinzanso Tokyo steadily tapped into the banquet demand of its corporate customers and captured MICE demand including conferences and seminars by both Japanese and overseas companies, while events organized by the Company also performed strongly, resulting in a rise in the number of users and sales per customer from the previous year, and sales increased by ¥207 million year on year to ¥2,929 million.

In the accommodation business, thanks to the sales of rooms at the Hotel Chinzanso Tokyo, which have been renovated as part of a four-year plan beginning October 2014, sales per customer rose and overall sales increased by ¥34 million year on year to ¥1,250 million.

As a result, net sales for this segment, including the golf business, decreased by ¥51 million year on year to ¥12,621 million, while operating income increased by ¥240 million year on year to ¥119 million, as a result of reviewing the cost structure of the wedding business.

(2) Explanation of Financial Position

1) Assets, liabilities and net assets

Total assets as of June 30, 2016 decreased by ¥3,893 million from the end of the previous fiscal year to ¥100,839 million. Non-current assets decreased by ¥3,478 million, due to factors including the sales of investment securities and the decline in the market value of investments and other assets, despite an increase in property, plant and equipment associated with the capital investments in new openings.

Liabilities increased by ¥544 million from the end of the previous fiscal year to ¥78,264 million due to increased payments for capital investments. The balance of loans payable as of June 30, 2016 was ¥44,712 million.

Net assets decreased by ¥4,437 million from the end of the previous fiscal year to ¥22,575 million. Valuation difference on available-for-sale securities decreased by ¥4,149 million, while retained earnings decreased by ¥280 million, due to cash dividends paid and other factors.

2) Cash flows

Cash and cash equivalents for the six months ended June 30, 2016 amounted to ¥3,907 million, down ¥156 million from the end of the previous fiscal year.

i) Cash flows from operating activities

Net cash provided by operating activities was ¥626 million, an increase of ¥2,532 million compared with the same period of the previous fiscal year. This was mainly due to an improvement in operating loss of ¥406 million, in addition to a decrease in income taxes paid of ¥607 million.

ii) Cash flows from investing activities

Net cash used in investing activities was ¥150 million, a decrease of ¥6,284 million compared with the same period of the previous fiscal year. This was mainly due to sales of investment securities of ¥1,954 million and collection of guarantee deposits of ¥1,795 million, despite cash outflows of ¥3,704 million for the purchase of property, plant, equipment and intangible assets, including the renovation of Shinjuku Washington Hotel and the construction of “Ten-yu” an accommodation facility in Hakone.

iii) Cash flows from financing activities

Net cash used in financing activities was ¥605 million, a decrease of ¥7,348 million compared with the same period of the previous fiscal year. This was mainly due to cash dividends paid and repayments of loans payable.

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

As described in “Notice Concerning Differences between Business Results Forecast and Actual Results for the Six Months Ended June 30, 2016” announced today (August 8, 2016), a solid performance mainly in the accommodations business is expected in the future due to an increase in the number of foreign visitors. However, the Company recognizes that the outlook for the future is uncertain due to factors such as a downturn in Asian economies, concern of prolonged appreciation of the yen as well as the lingering impact of the Kumamoto Earthquakes.

Under such circumstances, for the consolidated performance of the Company, net sales for the first half of the year (six months ended June 30, 2016, January to June) were generally in line with its initial forecasts (announced on February 15, 2016). Furthermore, operating income and ordinary income in the period exceeded forecasts by approximately ¥800 million, as a rise in the number of foreign visitors to Japan and a significant increase in average sales per customer, among other factors, bolstered sales in the accommodations business. For the second half of the fiscal year (July to December 2016), the Company anticipates that the growth rate of foreign visitors to Japan will slow down, and the average sales per customer will be in line with its initial forecast.

Consequently, for the full year (January to December 2016), the Company expects that net sales will stand roughly in line with its initial forecast, and operating income and ordinary income will increase ¥800 million, which will be about the same as the first half of the fiscal year. For net income attributable to owners of parent, although there are cut-off errors between the first half and second half, it is expected to increase by ¥200 million from the initial forecast for the full year.

Forecast for the consolidated business results and business results by segment for the fiscal year ending December 31, 2016 is as follows.

(Million yen)

	First half Six months ended June 30, 2016 (January to June)		Second half (July to December)		Full year (January to December)	
	Actual (Announced on August 8)	Difference from initial forecast (Announced on February 15)	Revised forecast (Announced on August 8)	Difference from initial forecast (Announced on February 15)	Revised forecast (Announced on August 8)	Difference from initial forecast (Announced on February 15)
Net sales	32,225	(274)	37,275	(225)	69,500	(500)
WHG Business	15,156	156	17,844	44	33,000	200
Resort Business	2,993	(6)	4,157	(43)	7,150	(50)
L&B Business (*1)	12,621	(378)	13,529	(271)	26,150	(650)
Other	2,807	(42)	3,096	46	5,903	3
Adjustment amounts (*2)	(1,353)	(3)	(1,350)	0	(2,703)	(3)
Operating income (loss)	(438)	761	2,238	38	1,800	800
WHG Business	242	542	1,808	58	2,050	600
Resort Business	(509)	(9)	409	(41)	(100)	(50)
L&B Business (*1)	119	119	331	31	450	150
Other	(287)	112	(310)	(10)	(597)	103
Adjustment amounts (*2)	(3)	(3)	0	0	(3)	(3)
Ordinary income (loss)	(432)	767	2,032	32	1,600	800
Net income attributable to owners of parent	199	1,199	301	(999)	500	200

*1 L&B Business: Luxury & Banquet Business

*2 Adjustment amounts: Refers to the elimination of inter-segment transactions.

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, 2016 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, 2016.

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
Not applicable.

(4) Additional Information

(Adoption of Accounting Standard for Consolidated Financial Statements)

The Company has adopted the provisions prescribed in Article 39 of the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013). In accordance with these provisions, the Company has changed the presentation of quarterly net income and other related items, and minority interests have been presented as non-controlling interests. To reflect the above changes in presentation, quarterly consolidated financial statements and consolidated financial statements for the three months ended March 31, 2015 and the fiscal year ended December 31, 2015 have been reclassified.

3. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of December 31, 2015	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	4,142	3,983
Notes and accounts receivable - trade	3,875	3,992
Merchandise and finished goods	83	75
Work in process	32	87
Raw materials and supplies	443	363
Other	3,192	2,845
Allowance for doubtful accounts	(47)	(41)
Total current assets	11,722	11,307
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	35,312	34,458
Tools, furniture and fixtures, net	5,513	6,513
Land	12,983	13,002
Construction in progress	1,151	3,900
Golf courses	2,773	2,773
Other, net	1,070	1,098
Total property, plant and equipment	58,805	61,747
Intangible assets		
Goodwill	360	340
Other	794	731
Total intangible assets	1,154	1,071
Investments and other assets		
Investment securities	21,472	14,754
Other	11,594	11,975
Allowance for doubtful accounts	(17)	(17)
Total investments and other assets	33,049	26,712
Total non-current assets	93,010	89,531
Total assets	104,732	100,839

(Million yen)

	As of December 31, 2015	As of June 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,583	1,337
Short-term loans payable	4,725	3,025
Current portion of long-term loans payable	7,931	7,460
Income taxes payable	450	468
Provision for bonuses	157	166
Provision for directors' bonuses	12	4
Provision for point card certificates	92	102
Provision for noncurrent assets removal cost	79	9
Other	6,325	7,986
Total current liabilities	21,356	20,559
Non-current liabilities		
Long-term loans payable	32,157	34,227
Provision for directors' retirement benefits	101	96
Provision for loss on business withdrawal	563	186
Net defined benefit liability	8,953	9,012
Deposits received from members	12,807	12,400
Other	1,780	1,780
Total non-current liabilities	56,363	57,704
Total liabilities	77,719	78,264
Net assets		
Shareholders' equity		
Capital stock	12,081	12,081
Capital surplus	5,432	5,432
Retained earnings	4,356	4,076
Treasury shares	(921)	(921)
Total shareholders' equity	20,949	20,668
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,952	1,803
Foreign currency translation adjustment	6	(9)
Remeasurements of defined benefit plans	(82)	(70)
Total accumulated other comprehensive income	5,877	1,723
Non-controlling interests	186	184
Total net assets	27,012	22,575
Total liabilities and net assets	104,732	100,839

(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, 2015	For the six months ended June 30, 2016
Net sales	30,249	32,225
Cost of sales	28,840	30,365
Gross profit	1,408	1,860
Selling, general and administrative expenses	2,254	2,298
Operating loss	(845)	(438)
Non-operating income		
Interest income	2	2
Dividend income	324	340
Land and house rent received	28	31
Other	103	81
Total non-operating income	458	456
Non-operating expenses		
Interest expenses	278	286
Share of loss of entities accounted for using equity method	40	24
Other	132	138
Total non-operating expenses	451	449
Ordinary loss	(838)	(432)
Extraordinary income		
Gain on sales of investment securities	168	1,439
State subsidy	37	80
Release from memberships deposits obligation	31	24
Gain on sales of non-current assets	3	–
Total extraordinary income	240	1,543
Extraordinary losses		
Impairment loss	–	413
Provision for loss on business withdrawal	141	49
Special maintenance repairs of idle equipment	–	3
Other	16	–
Total extraordinary losses	158	467
Income (loss) before income taxes	(756)	643
Income taxes	48	438
Profit (loss)	(804)	205
Profit attributable to non-controlling interests	19	5
Profit (loss) attributable to owners of parent	(824)	199

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended June 30

(Million yen)

	For the six months ended June 30, 2015	For the six months ended June 30, 2016
Profit (loss)	(804)	205
Other comprehensive income		
Valuation difference on available-for-sale securities	3,080	(4,146)
Foreign currency translation adjustment	(0)	(16)
Remeasurements of defined benefit plans, net of tax	(1)	12
Share of other comprehensive income of entities accounted for using equity method	5	(2)
Total other comprehensive income	3,085	(4,154)
Comprehensive income	2,280	(3,949)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,260	(3,954)
Comprehensive income attributable to non-controlling interests	19	5

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended June 30, 2015	For the six months ended June 30, 2016
Cash flows from operating activities		
Income (loss) before income taxes	(756)	643
Depreciation	1,928	2,195
Impairment loss	–	413
Amortization of goodwill	20	20
Increase (decrease) in allowance for doubtful accounts	(3)	(5)
Increase (decrease) in provision for directors' retirement benefits	(19)	(4)
Increase (decrease) in provision for bonuses	(4)	9
Increase (decrease) in provision for directors' bonuses	(6)	(8)
Increase (decrease) in provision for point card certificates	21	10
Increase (decrease) in provision for loss on contract	(27)	–
Increase (decrease) in provision for loss on business withdrawal	(467)	(377)
Increase (decrease) in provision of noncurrent assets removal	(112)	(70)
Increase (decrease) in net defined benefit liability	(372)	77
Interest and dividend income	(326)	(343)
Interest expenses	278	286
Foreign exchange losses (gains)	(1)	40
Share of (profit) loss of entities accounted for using equity method	40	24
Loss (gain) on sales of non-current assets	(3)	–
Loss on retirement of non-current assets	53	41
Loss (gain) on sales of short-term and long-term investment securities	(168)	(1,439)
Release from memberships deposits obligation	(31)	(24)
Decrease (increase) in notes and accounts receivable - trade	129	(118)
Decrease (increase) in inventories	144	31
Increase (decrease) in notes and accounts payable - trade	(482)	(245)
Increase (decrease) in accrued consumption taxes	(504)	(159)
Other, net	(555)	(310)
Subtotal	(1,229)	685
Interest and dividend income received	335	353
Interest expenses paid	(281)	(288)
Income taxes paid	(730)	(123)
Net cash provided by (used in) operating activities	(1,905)	626

(Million yen)

	For the six months ended June 30, 2015	For the six months ended June 30, 2016
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(4,963)	(3,704)
Proceeds from sales of property, plant and equipment and intangible assets	5	0
Purchase of investment securities	–	(9)
Proceeds from sales of investment securities	175	1,954
Payments into time deposits	(0)	(0)
Proceeds from withdrawal of time deposits	16	–
Payments for guarantee deposits	(934)	(116)
Proceeds from collection of guarantee deposits	14	1,795
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(746)	–
Other, net	(1)	(70)
Net cash provided by (used in) investing activities	(6,434)	(150)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	4,669	(1,700)
Proceeds from long-term loans payable	6,899	5,806
Repayments of long-term loans payable	(4,322)	(4,207)
Proceeds from sales of treasury shares	0	0
Purchase of treasury shares	(1)	(1)
Cash dividends paid	(478)	(478)
Dividends paid to non-controlling interests	(8)	(7)
Repayments of finance lease obligations	(14)	(17)
Net cash provided by (used in) financing activities	6,742	(605)
Effect of exchange rate change on cash and cash equivalents	1	(27)
Net increase (decrease) in cash and cash equivalents	(1,595)	(156)
Cash and cash equivalents at beginning of period	5,925	4,063
Cash and cash equivalents at end of period	4,329	3,907