

Financial Results for the Year Ended March 31, 2016 [J-GAAP]

Company name: AIRPORT FACILITIES CO., LTD. (AFC)
 Stock exchange listed on: Tokyo Stock Exchange (First Section)
 Company code: 8864 URL: <http://www.afc-group.jp>
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 The date of the ordinary general shareholders' meeting: June 29, 2016
 The date of the dividend payment start: June 30, 2016
 The date of filing the securities report: June 29, 2016
 Preparation of earnings presentation material: Yes
 Holding of earnings announcement: Yes (for analysts)

(Figures are rounded off to the nearest million yen.)

1. Consolidated Financial Results for the Year Ended March 2016 (April 1, 2015 - March 31, 2016)

(1) Consolidated Business Results (Percentages are changes from the same period of the previous year.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2016	20,697	(2.0)	2,944	(7.0)	3,173	0.3	1,935	28.6
March 31, 2015	21,111	0.7	3,166	(9.5)	3,164	2.4	1,505	37.8

(Note) Comprehensive income: Fiscal year ended March 31, 2016: 1,558 million yen ((53.9%))
 Fiscal year ended March 31, 2015: 3,378 million yen (107.1%)

Fiscal year ended	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating margin
	Yen	Yen	%	%	%
March 31, 2016	37.46	37.43	3.9	3.7	14.2
March 31, 2015	29.14	—	3.1	3.9	15.0

(Reference) Equity in earnings of affiliates: Fiscal year ended March 31, 2016: — million yen
 Fiscal year ended March 31, 2015: — million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	85,214	51,644	58.5	965.69
As of March 31, 2015	84,270	50,715	58.3	951.16

(Reference) Equity capital: As of March 31, 2016: 49,888 million yen As of March 31, 2015: 49,138 million yen

(3) Consolidated Cash Flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year end
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2016	6,374	(8,018)	1,731	5,974
March 31, 2015	3,478	(4,772)	4,500	5,891

2. Dividends

	Dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	Q1	Q2	Q3	Q4	Annual			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2015	—	6.00	—	6.00	12.00	620	41.2	1.2
March 31, 2016	—	6.00	—	6.00	12.00	619	32.0	1.2
Fiscal year ending March 31, 2017 (Forecasts)	—	6.00	—	6.00	12.00		29.2	

3. Forecast of Consolidated Earnings for the Year Ending March 2017 (April 1, 2016 - March 31, 2017)

(Percentages are changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	10,850	5.0	1,680	7.2	1,610	4.7	1,040	17.5	20.13
Full fiscal year	21,630	4.5	3,490	18.5	3,290	3.7	2,130	10.1	41.23

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting from changes in scope of consolidation):
No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

1) Changes in accounting policies with revision of accounting standards, etc. : Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Restatement of revisions: No

(3) Number of issued shares (common shares)

1) Number of issued shares (including treasury stock)

2) Number of treasury stock

3) Average number of shares during the period

As of March 31, 2016:	54,903,750 shares	As of March 31, 2015:	54,903,750 shares
As of March 31, 2016:	3,242,974 shares	As of March 31, 2015:	3,242,446 shares
Year ended March 31, 2016:	51,660,953 shares	Year ended March 31, 2015:	51,661,583 shares

(Reference) Summary of Non-consolidated Results

1. Non-consolidated Financial Results for the Year Ended March 2016 (April 1, 2015 - March 31, 2016)

(1) Non-consolidated Business Results

(Percentages are changes from the same period of the previous year.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2016	17,813	(2.9)	2,005	(20.0)	2,489	(8.6)	1,679	17.9
March 31, 2015	18,349	0.3	2,507	(12.4)	2,723	1.5	1,424	46.7

Fiscal year ended	Net income per share	Diluted net income per share
	Yen	Yen
March 31, 2016	32.50	32.47
March 31, 2015	27.56	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	75,249	48,749	64.7	943.07
As of March 31, 2015	76,598	48,146	62.9	931.95

(Reference) Equity capital As of March 31, 2016: 48,719 million yen As of March 31, 2015: 48,146 million yen

2. Forecast of Non-consolidated Earnings for the Year Ending March 2017 (April 1, 2016 – March 31, 2017)

(Percentages are changes from the same period of the previous year.)

	Net sales		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	9,150	3.0	1,320	12.6	920	19.1	17.81
Full fiscal year	18,520	4.0	2,590	4.1	1,810	7.8	35.04

*** Implementation status of audit procedures**

The audit procedures stipulated in the Financial Instruments and Exchange Act are not applicable to this Financial Results report, and the procedures have not been completed when this Financial Results report was disclosed.

*** Explanation of the proper use of earnings forecasts and other special notes**

The statements about future described on this report such as earnings forecasts have been made based on information currently available and some conditions that we judge rational. Actual earnings may differ greatly from the above forecasts for various reasons. For the assumptions for earnings forecasts and cautions regarding the use of the earnings forecasts, please refer to page 3 “1. Analysis of Business Results and Financial Position (1) Analysis of Business Results”.

1. Analysis of Business Results and Financial Position

(1) Analysis of Business Results

During the year ended March 31, 2016, the Japanese economy continued to show a gradual recovery with continued improvement of income and employment environment as a result of various government policies such as enhanced monetary easing by the Bank of Japan. However, both domestic and global economy remained stagnant in the second half due to an economic downturn in Asian emerging countries including China and resource-rich countries.

In the aviation industry, performance showed a favorable growth in general due to a lower fuel cost because of a continuing decline in the crude oil price and the resulting removal of fuel surcharges in March 2016 for the first time in six years, and especially in international flights due to a significant increase in foreign passengers visiting Japan.

The current market environment has been tough for both international and domestic flights due to factors including further business expansion by LCCs and a competition with Shinkansen. In order to survive such tough environment, airline companies are working on expansion of route network as well as further cost reduction by measures such as increasing advanced flight equipment with high fuel consumption efficiency and consolidating facilities.

Under such economic conditions, the Group (the Company and its consolidated subsidiaries) recorded net sales of ¥20,697 million (down 2.0 % from the previous fiscal year), operating income of ¥ 2,944 million (down 7.0 %) and ordinary income of ¥ 3,173 million (down 0.3 %) and profit attributable to owners of parent of ¥ 1,935 million (down 28.6 %), partly due to the effect of the move-out from certain facilities by major airline companies.

Performance by business segment is as follows:

(i) Real Estate Business

Real Estate Business recorded net sales of ¥ 15,311 million (down 1.6% from the previous fiscal year), as a result of the move-out from the facilities by and rent reduction for major airline companies in Tokyo International Airport in the previous year, despite additions of a simulator facility at Tokyo International Airport and two properties including a small hangar and an engine maintenance shop by a consolidated subsidiary in Singapore. Operating income was ¥2,021 million (down 13.8%).

(ii) Area Heating & Cooling Business

Area Heating & Cooling Business recorded net sales of ¥3,166 million (down 0.8% from the previous fiscal year), as our service in the 1-chome District of Tokyo International Airport was terminated at the end of May 2014, despite a steady growth of sales from cooling service in the reclaimed land area offshore Tokyo International Airport by Tokyo Airport Heating & Cooling Co., Ltd., a consolidated subsidiary. Operating income was ¥830 million (up 37.2%) due to decreased rates of electricity and gas.

(iii) Water Supply & Drainage Service and Other Business

Water Supply & Drainage Service and Other Business recorded net sales of ¥2,219 million (down 5.6% from the previous fiscal year) as a result of a decrease in the number of shared telecommunication lines due to partial cancellation, despite a steady growth in the sales of water supply due to an increase in the number of passengers of international flights at Tokyo International Airport. Operating income was ¥92 million (down 57.0 %) due to an increase in depreciation expense associated with renewal of PBX, equipment for shared telecommunication network.

Forecast for the fiscal year ending March 31, 2017

With factors including the operation of Haneda Asahi Cho Hotel and Maison Haneda and the business expansion in the overseas subsidiary, our forecast for the fiscal year ending March 31, 2017 is net sales of ¥21,630 million (up 4.5% from the previous fiscal year), operating income of ¥3,490 million (up 18.5%), and ordinary income of ¥3,290 million (up 3.7%), and profit attributable to owners of parent of ¥2,130 million (up 10.1%).

(2) Analysis of Financial Position

(i) Assets, liabilities and net assets

Total assets as of March 31, 2016 amounted to ¥85,214 million, an increase by ¥944 million (1.1%) compared to March 31, 2015 as a result of new investments in a consolidated subsidiary in Singapore as well as in hotel business and solar power generation business in Japan.

Liabilities slightly increased by ¥15 million (0.0%) to ¥33,570 million, mainly due to an increase in long-term loans payable and guarantee deposits received compared to March 31, 2015.

Net assets increased by ¥929 million (1.8%) compared to March 31, 2015 to ¥51,644 million mainly due to an increase in retained earnings.

As a result, equity ratio as of March 31, 2016 increased by 0.2 points to 58.5% compared to March 31, 2015.

(ii) Cash Flows

Cash and cash equivalents (“cash”) as of March 31, 2016 amounted to ¥5,974 million, an increase of ¥83 million (1.4%) from March 31, 2015. Cash flows from each activity for the year ended March 31, 2016 and their significant factors are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was ¥6,374 million (previous fiscal year: ¥ 3,478 million), attributable to income before income taxes of ¥3,278 million adjusted with non-cash items such as depreciation and amortization, and operating receivables and payables.

(Cash flows from investing activities)

Net cash used in investing activities was ¥8,018 million (previous fiscal year: ¥4,771 million used), mainly attributable to an operating loans associated with investments by an overseas subsidiary and purchase of noncurrent assets.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥1,731 million (previous fiscal year: ¥4,500 million provided). This increase is mainly attributable to new borrowings for the purpose of funding Group’s capital investments and overseas subsidiarys’ business expansion.

(Reference) Cash Flow Indicators

	FY2014/3	FY2015/3	FY2016/3
Equity ratio (%)	59.9	58.3	58.5
Equity ratio at market value (%)	50.7	43.9	32.8
Debt repayment period (years)	4.3	6.6	3.8
Interest coverage ratio (times)	16.1	11.4	19.8

Equity ratio: Equity capital / Total assets

Equity ratio at market value: Market capitalization / Total assets

Debt repayment period: Interest-bearing debt / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest expense

- (Notes)
1. All indicators are calculated using financial figures on a consolidated basis.
 2. Interest-bearing debt includes all debt recorded on the consolidated balance sheets on which interest is paid.
 3. Operating cash flows and interest expense are based on “Cash flows from operating activities” and “Interest paid” presented on the consolidated statement of cash flows.

(3) Basic Policy Regarding Distribution of Earnings and Dividends for the Year Ended March 31, 2016 and the Year Ending March 31, 2017

The Real Estate Business, the Company's primary business, requires large amounts of funds for construction and purchase of facilities. Also business planning based on a long-term point of view, such as coordinating with the airport project of the government, is essential in our business operation. Accordingly, we must plan distribution of earnings taking into consideration maintenance of management base and enhancement of financial strength.

As for internal reserves, we intend to use it for capital investment aimed at future business development and improvement of business performance.

Our dividend policy is to stably return profits to shareholders based on the comprehensive consideration over the current and future performance. Based on the above policy, the dividend for the year ended March 31, 2016 is expected to be ¥12 per share (including interim dividend of ¥6 per share). The dividend for the year ending March 31, 2017 is also expected to be ¥12 per share (including interim dividend of ¥6 per share).

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Thousands of yen)	
	FY3/15 (As of March 31, 2015)	FY3/16 (As of March 31, 2016)
Assets		
Current assets		
Cash and deposits	2,891,402	4,974,638
Notes and accounts receivable-trade	1,133,796	1,006,211
Securities	3,000,000	1,000,000
Lease receivables and investment assets	3,429,585	3,874,634
Operating loans	—	5,392,481
Raw materials and supplies	23,395	13,083
Deferred tax assets	306,501	165,175
Others	211,950	141,027
Total current assets	10,996,629	16,567,252
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	151,893,840	152,471,802
Accumulated depreciation and impairment loss	(104,553,047)	(107,361,515)
Buildings and structures, net	47,340,793	45,110,286
Machinery, equipment and vehicles	16,395,378	16,746,614
Accumulated depreciation	(11,518,257)	(11,693,470)
Machinery, equipment and vehicles, net	4,877,121	5,053,144
Tools, furniture and fixtures	239,676	257,079
Accumulated depreciation	(209,626)	(218,169)
Tools, furniture and fixtures, net	30,050	38,910
Land	9,544,939	9,592,528
Construction in progress	177,653	1,562,242
Total property, plant and equipment	61,970,556	61,357,112
Intangible assets	41,196	25,064
Investments and other assets		
Investment securities	6,764,238	5,976,316
Long-term loans receivable	4,167	3,429
Deferred tax assets	323,237	468,895
Net defined benefit asset	180,682	198,997
Others	4,105,469	652,251
Allowance for doubtful accounts	(115,948)	(34,567)
Total investments and other assets	11,261,845	7,265,322
Total noncurrent assets	73,273,597	68,647,500
Total assets	84,270,226	85,214,753

(Thousands of yen)

	FY3/15 (As of March 31, 2015)	FY3/16 (As of March 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	998,571	1,114,793
Short-term loans payable	5,290,218	4,379,428
Accounts payable	1,617,997	519,280
Income taxes payable	595,161	488,020
Accrued expenses	801,135	269,075
Unearned revenue	756,115	948,317
Provision for bonuses	121,481	131,496
Provision for directors' bonuses	25,796	25,880
Provision for removal cost of property, plant and equipment	490,991	223,321
Others	811,819	363,151
Total current liabilities	11,509,284	8,462,765
Noncurrent liabilities		
Long-term loans payable	16,820,248	19,621,404
Long-term guarantee deposited	4,809,516	5,083,361
Long-term accounts payable	205,412	394,749
Net defined benefit liability	3,146	5,370
Provision for directors' retirement benefits	207,132	2,436
Total noncurrent liabilities	22,045,454	25,107,322
Total liabilities	33,554,738	33,570,088
Net assets		
Shareholders' equity		
Capital stock	6,826,100	6,826,100
Capital surplus	6,982,920	6,982,920
Retained earnings	34,103,121	35,418,621
Treasury stock	(1,562,347)	(1,562,688)
Total shareholders' equity	46,349,795	47,664,953
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,718,548	2,234,058
Foreign currency translation adjustment	69,583	(10,292)
Total accumulated other comprehensive income	2,788,131	2,223,766
Subscription rights to shares	—	29,359
Non-controlling interests	1,577,562	1,726,586
Total net assets	50,715,488	51,644,665
Total liabilities and net assets	84,270,226	85,214,753

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**(Consolidated Statements of Income)**

(Thousands of yen)

	FY3/15 (April 1, 2014 –March 31, 2015)	FY3/16 (April 1, 2015 –March 31, 2016)
Net sales	21,111,344	20,697,667
Cost of sales	16,249,240	16,073,629
Gross profit	4,862,104	4,624,037
Selling, general, and administrative expenses		
Directors' compensations	253,173	268,263
Salaries and bonuses	505,279	494,208
Provision for bonuses	76,768	80,321
Provision for directors' bonuses	25,796	25,880
Transportation and communication expenses	99,912	98,635
Depreciation	32,232	18,233
Taxes and dues	70,353	94,646
Others	632,913	599,640
Total selling, general, and administrative expenses	1,696,426	1,679,828
Operating income	3,165,678	2,944,208
Non-operating income		
Interest income	374	207
Dividends income	334,803	121,063
Commission fee	104,935	442,465
Gain on investments in silent partnership	101,875	—
Foreign exchange gains	—	1,043
Others	121,159	130,151
Total non-operating income	663,146	694,932
Non-operating expenses		
Interest expenses	295,720	319,291
Removal cost of property, plant and equipment	78,014	62,695
Provision for removal cost	273,366	9,515
Depreciation	—	72,988
Others	17,554	1,332
Total non-operating expenses	664,654	465,823
Ordinary income	3,164,170	3,173,316
Extraordinary income		
Compensation for remaining book value	4,160	—
Gain on sales of noncurrent assets	39,873	125,009
Others	263	—
Total extraordinary income	44,296	125,009
Extraordinary loss		
Loss on retirement of noncurrent assets	320,366	7,516
Loss on sales of non-current assets	—	12,609
Others	2	—
Total extraordinary loss	320,368	20,125
Income before income taxes	2,888,099	3,278,200
Income taxes	889,345	846,312
Income taxes - deferred	376,740	309,100
Total income taxes	1,266,085	1,155,412
Profit	1,622,013	2,122,787
Profit attributable to non-controlling interests	116,735	187,353
Profit attributable to owners of parent	1,505,278	1,935,434

(Consolidated statements of comprehensive income)

(Thousands of yen)

	FY3/15 (April 1, 2014 – March 31, 2015)	FY3/16 (April 1, 2015 – March 31, 2016)
Profit	1,622,013	2,122,787
Other comprehensive income		
Valuation difference on available-for-sale securities	1,685,987	(484,489)
Foreign currency translation adjustment	69,583	(79,875)
Total other comprehensive income	1,755,570	(564,365)
Comprehensive income	3,377,583	1,558,422
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,260,848	1,371,069
Comprehensive income attributable to non-controlling interests	116,735	187,353

(3) Consolidated Statements of Changes in Net Assets

For the Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity
Balance at the beginning of current period	6,826,100	6,982,920	33,219,444	(1,562,002)	45,466,463
Changes of items during the period					
Dividends from surplus			(619,940)		(619,940)
Profit attributable to owners of parent			1,505,278		1,505,278
Purchase of treasury stock				(345)	(345)
Change of scope of consolidation			(1,661)		(1,661)
Net changes of items other than shareholders' equity					—
Total changes of items during the period	—	—	883,677	(345)	883,332
Balance at the end of current period	6,826,100	6,982,920	34,103,121	(1,562,347)	46,349,794

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at the beginning of current period	1,032,562	—	1,032,562	—	1,499,155	47,998,180
Changes of items during the period						
Dividends from surplus			—			(619,940)
Profit attributable to owners of parent			—			1,505,278
Purchase of treasury stock			—			(345)
Change of scope of consolidation			—			(1,661)
Net changes of items other than shareholders' equity	1,685,986	69,583	1,755,569		78,406	1,833,975
Total changes of items during the period	1,685,986	69,583	1,755,569	—	78,406	2,717,308
Balance at the end of current period	2,718,548	69,583	2,788,131	—	1,577,561	50,715,488

For the Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity
Balance at the beginning of current period	6,826,100	6,982,920	34,103,121	(1,562,347)	46,349,794
Changes of items during the period					
Dividends from surplus			(619,933)		(619,933)
Profit attributable to owners of parent			1,935,434		1,935,434
Purchase of treasury stock				(341)	(341)
Change of scope of consolidation					—
Net changes of items other than shareholders' equity					—
Total changes of items during the period	—	—	1,315,500	(341)	1,315,159
Balance at the end of current period	6,826,100	6,982,920	35,418,621	(1,562,688)	47,664,953

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at the beginning of current period	2,718,548	69,583	2,788,131	—	1,577,561	50,715,488
Changes of items during the period						
Dividends from surplus			—			(619,933)
Profit attributable to owners of parent			—			1,935,434
Purchase of treasury stock			—			(341)
Change of scope of consolidation			—			—
Net changes of items other than shareholders' equity	(484,489)	(79,875)	(564,365)	29,359	149,024	(385,981)
Total changes of items during the period	(484,489)	(79,875)	(564,365)	29,359	149,024	929,177
Balance at the end of current period	2,234,058	(10,292)	2,223,766	29,359	1,726,586	51,644,665

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	FY3/15 (April 1, 2014 – March 31, 2015)	FY3/16 (April 1, 2015 – March 31, 2016)
Cash flows from operating activities		
Income before income taxes	2,888,099	3,278,200
Depreciation and amortization	3,433,918	3,551,381
Increase (decrease) in provision for removal cost of property, plant and equipment	105,622	(267,670)
Increase (decrease) in provision for retirement benefits	(9,252)	2,225
Decrease (increase) in net defined benefit asset	(105,428)	(18,315)
Increase (decrease) in provision for directors' retirement benefits	(3,426)	(204,695)
Increase (decrease) in provision for bonuses	5,902	10,015
Increase (decrease) in provision for directors' bonuses	(1,804)	84
Increase (decrease) in allowance for doubtful accounts	75,081	(81,381)
Interest and dividend income	(335,177)	(121,089)
Share-based compensation expenses	—	29,359
Interest expenses	295,720	319,291
Interest on securities	(279)	(181)
Loss on disposal of property, plant and equipment	320,365	7,516
Loss (gain) on sales of noncurrent assets	(39,871)	(112,399)
Decrease (increase) in notes and accounts receivable	97,784	233,280
Decrease (increase) in inventories	1,414	10,312
Net decrease (increase) in lease receivables and investment assets	(857,297)	2,759,173
Increase (decrease) in notes and accounts payable	(206,940)	116,222
Increase (decrease) in unearned revenue	(82,792)	187,663
Increase (decrease) in accrued expenses	658,175	(529,136)
Increase (decrease) in accrued consumption taxes	686,863	(626,466)
Decrease (increase) in other assets	(3,152,361)	(798,572)
Increase (decrease) in other liabilities	65,089	(189,787)
Subtotal	3,839,406	7,555,028
Interest and dividends received	335,456	121,271
Interest paid	(265,744)	(322,214)
Income taxes paid	(431,069)	(979,100)
Net cash provided by operating activities	3,478,048	6,374,984
Cash flows from investing activities		
Purchase of investments in capital of subsidiaries	(210,420)	—
Purchase of noncurrent assets	(5,095,211)	(3,476,107)
Purchase of investment securities	—	(10,000)
Decrease (increase) in operating loans receivable	—	(5,565,515)
Collection of long-term loans receivable	935	737
Proceeds from sales of noncurrent assets	532,791	1,032,116
Net cash used in investing activities	(4,771,904)	(8,018,769)

(Thousands of yen)

	FY3/15 (April 1, 2014 – March 31, 2015)	FY3/16 (April 1, 2015 – March 31, 2016)
Cash flows from financing activities		
Increase in short-term loans payable	2,302,269	3,890,491
Decrease in short-term loans payable	(1,391,920)	(4,863,515)
Proceeds from long-term debt	7,465,249	6,156,389
Payments of long-term debt	(3,177,224)	(3,063,024)
Proceeds from guarantee deposits received	318,258	366,620
Repayments of guarantee deposits received	(358,628)	(97,386)
Purchase of treasury stock	(345)	(341)
Payment of cash dividends	(619,292)	(619,717)
Cash dividends paid to non-controlling interests	(38,329)	(38,329)
Net cash used in financing activities	4,500,037	1,731,186
Effect of exchange rate change on cash and cash equivalents	(1,575)	(4,166)
Net increase (decrease) in cash and cash equivalents	3,204,607	83,236
Cash and cash equivalents at beginning of period	2,232,163	5,891,402
Increase in cash and cash equivalents resulting from addition of consolidated subsidiaries	454,632	—
Cash and cash equivalents at end of period	5,891,402	5,974,638

(Segment Information)

a. Segment information

1. Overview of reportable segments

The reportable segments of the Company are units for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors in order to decide how to allocate management resources and evaluate their performances.

The Company's head office develops comprehensive business strategies of each segment and pursues business activities.

The Company is, therefore, composed of three business segments with different services determined by the head office as follows: "Real Estate Business," "Area Heating & Cooling Business", and "Water Supply & Drainage Service and Other Business."

"Real Estate Business" leases office buildings, "Area Heating & Cooling Business" supplies cooling and heating services, and "Water Supply & Drainage Service and Other Business" operate and manage waterworks, drainage, and shared telecommunications network business.

2. Method of calculations of sales, profit (loss), assets, liabilities, and other items by reportable segments

Accounting treatments applied to reportable segments are, in general, consistent with those described in "Significant Basis for Preparation of Consolidated Financial Statements."

Inventories are valued at amount before write-off of book value to reflect decline in profitability.

Segment income is based on operating income.

Intersegment sales and transfers are based on prevailing market price.

3. Sales, profit (loss), assets, liabilities, and other items by reportable segments

Fiscal year ended March 2015 (April 1, 2014 – March 31, 2015)

(Thousands of yen)

	Reportable segment				Adjustments Note 1	Carrying amount on consolidated statements of income Note 2
	Real Estate Business	Area Heating & Cooling Business	Water Supply & Drainage Service and Other Business	Total		
Net sales						
Net sales to outside customers	15,568,025	3,192,863	2,350,456	21,111,344	—	21,111,344
Inter-segment net sales/transfers	218,366	825,695	217,590	1,261,651	(1,261,651)	
Total	15,786,391	4,018,558	2,568,046	22,372,995	(1,261,651)	21,111,344
Segment income	2,345,926	605,259	214,493	3,165,678	—	3,165,678
Segment assets	62,206,908	6,574,712	1,295,356	70,076,977	14,193,250	84,270,226
Segment liabilities	8,644,035	333,124	628,769	9,605,928	23,948,810	33,554,738
Other items						
Depreciation and amortization	2,755,757	522,955	92,974	3,401,686	32,232	3,433,918
Increase in property, plant and equipment and intangible assets	1,389,859	596,121	578,396	2,564,376	4,777	2,569,153

(Notes) 1. Adjustments represent elimination of intersegment transactions.

2. Segment income refers to operating income.

Fiscal year ended March 2016 (April 1, 2015 – March 31, 2016)

(Thousands of yen)

	Reportable segment				Adjustments Note 1	Carrying amount on consolidated statements of income Note 2
	Real Estate Business	Area Heating & Cooling Business	Water Supply & Drainage Service and Other Business	Total		
Net sales						
Net sales to outside customers	15,311,763	3,166,273	2,219,630	20,697,667	—	20,697,667
Inter-segment net sales/transfers	218,365	842,607	225,313	1,286,286	(1,286,286)	—
Total	15,530,129	4,008,880	2,444,943	21,983,953	(1,286,286)	20,697,667
Segment income	2,021,510	830,501	92,197	2,944,208	—	2,944,208
Segment assets	64,219,611	6,264,201	1,615,193	72,099,007	13,115,746	85,214,753
Segment liabilities	7,666,599	564,773	156,041	8,387,414	25,182,673	33,570,088
Other items						
Depreciation and amortization	2,753,233	544,596	162,330	3,460,159	18,233	3,478,393
Increase in property, plant and equipment and intangible assets	2,203,179	259,488	508,889	2,971,556	2,192	2,973,748

(Notes) 1. Adjustments represent elimination of intersegment transactions.

2. Segment income refers to operating income.