



Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2017 [Japanese GAAP]

October 31, 2016

Company name: TOKAI Holdings Corporation Stock listing: Tokyo Stock Exchange
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 Scheduled date of dividend payment: November 30, 2016
 Supplementary materials on quarterly financial results: Yes
 Quarterly financial results briefing: Yes (For institutional investor)

(Figures are rounded to the nearest million yen)

1. Consolidated Financial Results for the Six-months period Ended September 30, 2016 (April 1, 2016 to September 30, 2016)

(1) Consolidated Operating Results (cumulative)

(% figures represent year-on-year changes)

| | Sales | | Operating Profit | | Recurring Profit | | Quarterly Net Income Attributable to Owners of the Parent | |
|-------------------------------------|-----------------|-------|------------------|-------|------------------|-------|-----------------------------------------------------------|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Six months ended September 30, 2016 | 82,201 | (3.0) | 4,406 | 137.4 | 4,428 | 148.9 | 2,384 | 760.2 |
| Six months ended September 30, 2015 | 84,773 | (2.9) | 1,856 | 2.2 | 1,779 | 12.2 | 277 | 22.8 |

(Note) Comprehensive income: 2,906 million yen in the six months ended September 30, 2016 (--%)
 (403) million yen in the six months ended September 30, 2015 (--%)

| | Quarterly Net Income per Share | Quarterly Net Income per Share (Diluted) |
|-------------------------------------|--------------------------------|------------------------------------------|
| | Yen | Yen |
| Six months ended September 30, 2016 | 21.00 | 18.21 |
| Six months ended September 30, 2015 | 2.39 | 2.21 |

(2) Consolidated Financial Position

| | Total Assets | Net Assets | Equity Ratio | Net Assets per Share |
|-------------------------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| Six months ended September 30, 2016 | 153,384 | 44,004 | 28.2 | 380.74 |
| Year ended March 31, 2016 | 160,303 | 41,970 | 25.6 | 362.77 |

(Reference) Equity: 43,258 million yen for the six months ended September 30, 2016
 41,063 million yen for the year ended March 31, 2016

2. Dividends

| | Annual Dividend | | | | |
|---------------------------------------|-----------------|-----------|-----------|----------|-------|
| | End of Q1 | End of Q2 | End of Q3 | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended March 31, 2016 | — | 6.00 | — | 8.00 | 14.00 |
| Year ending March 31, 2017 | — | 11.00 | — | — | — |
| Year ending March 31, 2017 (Forecast) | — | — | — | 17.00 | 28.00 |

(Note) Revisions to most recently announced dividend forecasts: Yes

(Note) The breakdown of the year-end dividend(forcast) are ordinary dividend of 11 yen and commemorative dividend of 6 yen.

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)
 (% figures represent year-on-year changes)

| | Sales | | Operating Profit | | Recurring Profit | | Net Income Attributable to Owners of the Parent | | Net Income per Share |
|----------------------------|-----------------|-------|------------------|------|------------------|------|-------------------------------------------------|------|----------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Year ending March 31, 2017 | 179,700 | (0.7) | 12,750 | 54.7 | 12,360 | 51.6 | 6,500 | 88.0 | 57.23 |

(Note) Revisions to most recently announced earnings forecasts: Yes

*Notes

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries affecting the scope of consolidation): No

(2) Application of special accounting procedures in the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, estimates, and restatements

1) Changes in accounting policies accompanying revisions in accounting standards, etc.: Yes

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

3) Changes in accounting estimates: No

4) Restatements: No

(Note) For details, please see page 5 of the attached materials: "2. Summary Information (Notes): (3) Changes in Accounting Policies, Estimates, and Restatements."

(4) Number of shares issued (common stock)

1) Shares issued at the end of each period (including treasury stock):

| | | | |
|-------------|--------------------|-------------|--------------------|
| Q2 FY3/2017 | 139,679,977 shares | FY3/2016 | 139,679,977 shares |
| Q2 FY3/2017 | 26,065,096 shares | FY3/2016 | 26,488,216 shares |
| Q2 FY3/2017 | 113,546,363 shares | Q1 FY3/2016 | 115,846,636 shares |

2) Number of shares of treasury stock at the end of each period:

3) Average number of shares during the period (cumulative):

(Note) Board benefit trust shares(BBT) is included in the number of year-end treasury stock.(420,000 stocks at Q2 FY3/2017) And the company shares held in ESOP trust accounts are included in the treasury stock, which is subtracted from calculations of the average number of shares during the period (2,295 shares for the six months ended September 30, 2016; 241,667 shares for the six months ended September 30, 2015).

*Information Regarding Execution of Quarterly Review Procedures

This quarterly financial statement is not subject to the quarterly review procedures pursuant to the Financial Instruments and Exchange Act, and the review procedures of quarterly financial statements pursuant to the Financial Instruments and Exchange Act have not been completed as of the release of this document.

* Explanation regarding the Appropriate Uses of Earnings Forecasts and Other Notes

All earnings forecasts provided within this document are based on the most accurate information available at the time of the release of this document. Actual results may differ from forecasts due to various factors going forward.

[Attachment]

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1. Qualitative Information on Financial Results for the Period Under Review

(1) Explanation of Consolidated Operating Performance

During the first six months of the fiscal year ending March 31, 2017, the Japanese economy was in a modest recovery phase. However, the economic outlook remained uncertain, due to economic deceleration in China and emerging markets, further yen appreciation, and stagnant stock market prices.

The Group's medium-term management plan, "Innovation Plan 2016 'Growing,'" is positioned as a period to realize "strengthened business profitability," and the fiscal year ending March 31, 2017, is the final year of the plan. The Group has adopted TLC (Total Life Concierge) as its vision, themed on increasing transaction channels and creating strong customer relationships. Taking this approach, in April 2016 the Company added electricity services to its existing lineup of household services, including gas, ISP, CATV, and Aqua. Along with our efforts to attract customers, we focused on acquiring customers through sales of set offerings of household services (set discounts and the granting of points multiplied by the number of contracts).

During the six months ended September 30, 2016, the Group booked sales of 82,201 million yen (down 3.0% year on year), affected by such factors as a decrease in gas selling prices. However, we made steady progress on improving earnings in the Hikari Collaboration and Aqua businesses—area of focus for the fiscal year ending March 31, 2017. As a result, the Company recorded operating profit of 4,406 million yen (up 137.4%), recurring profit of 4,428 million yen (up 148.9%) and quarterly net income attributable to owners of the parent of 2,384 million yen (up 760.2%).

The number of continuing customers was 2,554 thousand, slightly down from March 31, 2016. Members of the TLC Membership Service numbered 535 thousand as of September 30, 2016.

Performance by segment was as follows.

(Gas and Petroleum)

In the liquefied petroleum gas (LP gas) business, while the number of customers was unchanged from March 31, 2016, at 580 thousand, and sales volume of LP gas was flat year on year, sales were down year on year as selling prices were lowered during the previous fiscal year to reflect a drop in procurement prices.

In the city gas business, the number of customers was 54 thousand, unchanged from the level as of March 31, 2016, but sales fell year on year due to a decline in selling prices stemming from the raw material price adjustment system.

Due to these factors, segment sales came to 32,496 million yen (down 14.4% year on year), but operating profit was 1,768 million yen (up 5.3%), reflecting a decrease in prices of raw materials for gas.

(Building and Real Estate)

In the Building and Real Estate business, although trends in orders received were strong, delays in the periods when project sales are booked led to segment sales of 8,040 million yen (down 13.6% year on year) and operating profit of 28 million yen (down 57.0%).

(CATV)

In the CATV business, we worked to acquire new customers through sales of set discount offerings for broadcasting and communications, in addition to smartphone set discounts through alliances with major mobile phone carriers.

In addition, owing to efforts to improve customer satisfaction such as delivery of regional information via community channels and reinforcing customer support to prevent cancellations, subscribers to the broadcasting service increased by 4 thousand from March 31, 2016, to 503 thousand, and subscribers to telecommunications services increased by 7 thousand from March 31, 2016, to 218 thousand.

Due to an increase in subscribers, segment sales totaled 12,560 million yen (up 2.9% year on year), and combined with cost reductions, operating profit was 1,240 million yen (up 124.8%).

(Information and Communications Service)

In the broadband business, while acquiring new customers, we actively marketed to encourage existing customers to switch to Hikari Collaboration services “@TCOM Hikari” and “TNC Hikari,” so the number of Hikari Collaboration customers increased by 53 thousand from March 31, 2016, to 272 thousand. Amid an increasingly competitive environment due to many new entrants, including major mobile phone carriers, customers for overall FTTH were 739 thousand, and customers for overall broadband, which includes ADSL, fell by 15 thousand from March 31, 2016, to 819 thousand.

Segment sales were 23,750 million yen (up 16.3% year on year), primarily owing to Hikari Collaboration line sales and an increase in paying customers, and operating profit surged to 1,347 million yen (up 270.5%).

(Aqua)

In the Aqua business, the Company moved forward with sales activities for the “The gift of delicious water: Ulunom” brand, mainly targeting large-scale commercial facilities, and succeeded in increasing the number of customers to 135 thousand, up by 2 thousand from March 31, 2016. The number of units sold also increased year on year.

As a result, sales in this segment came to 2,929 million yen (up 6.7% year on year), and by restricting customer acquisition costs and advertising and promotion costs, we succeeded in moving into the black in this segment on an operating basis, with operating profit amounting to 92 million yen (from an operating loss of 699 million yen in the same period of the preceding fiscal year).

(Others)

In the nursing care business, an increase in the number of users led to higher sales year on year.

In the ships business, sales were up, as the number of ships repaired increased.

In the bridal events business, sales rose year on year due to an increase in the number of couples holding ceremonies.

As a result, segment sales came to 2,423 million yen (up 13.8% year on year), and the operating loss was 59 million yen (compared with an operating loss of 291 million yen in the same period of the preceding fiscal year).

(2) Explanation of Consolidated Financial Condition

1) Assets, Liabilities, and Net Assets

Total assets amounted to 153,384 million yen on September 30, 2016, down 6,918 million yen from March 31, 2016. This decline was mainly attributable to a 3,239 million yen decrease in notes and accounts receivable—trade due to seasonal factors, and a 1,920 million yen decrease in property, plant and equipment stemming from depreciation.

Total liabilities were 109,380 million yen, down by 8,952 million yen from March 31, 2016. This was primarily due to a decrease of 1,828 million yen in notes and accounts payable—trade owing to seasonal factors, and a reduction of 5,648 million yen in interest-bearing debt resulting from repayments of borrowings.

As of September 30, 2016, net assets totaled 44,004 million yen, up by 2,033 million yen from March 31, 2016. This increase was principally due to the recording of 2,384 million yen in quarterly net income attributable to owners of the parent and a 716 million yen increase in valuation difference on available-for-sale securities, despite decreases of 905 million yen due to the payment of dividends from surplus.

2) Cash Flows

Cash and cash equivalents stood at 2,580 million yen as of September 30, 2016, down 1,464 million yen from March 31, 2016.

Cash flows from each activity during the six months under review and the factors behind them are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 12,039 million yen (up 7,626 million yen year on year). Funds increased chiefly due to quarterly net income before income taxes and the effect of depreciation and amortization expenses (non-cash items).

Although net cash provided by operating activities was up significantly year on year, the rise was due mainly to an increase in quarterly net income before income taxes, as well as to a partial revision of the securitization of receivables in the corresponding period of the preceding fiscal year.

(Cash flows from investing activities)

Net cash used in investing activities was 4,668 million yen (up 620 million yen year on year). Cash was used mainly for the acquisition of tangible and intangible assets.

(Cash flows from financing activities)

Net cash used in financing activities was 8,833 million yen (down 9,069 million yen year on year). This was mainly due to efforts to reduce interest-bearing debt.

Additionally, cash flows from financing activities decreased significantly year on year, but this was primarily due to the absence of proceeds from issuance of convertible bonds with stock acquisition rights, present in the same period of the preceding year, and aggressive efforts to reduce interest-bearing debt.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information

The Company has revised its consolidated earnings forecasts for the fiscal year ending March 31, 2017, announced on May 10, 2016.

For details, please refer to "Notice Regarding Difference between Earnings Forecasts and Financial Results for the First Half of the Fiscal Year Ending March 31, 2017 and Revision to Full-Year Earnings Forecasts," announced today (October 31, 2016).

2. Summary Information (Notes)

(1) Changes in Significant Subsidiaries During the Period Under Review

Not applicable.

(2) Application of Special Accounting Procedures in the Preparation of Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes in Accounting Policies, Estimates, and Restatements

(Changes in Accounting Policies)

(Application of Practical Solution on a change in depreciation method due to Tax Reform 2016)

In line with revision to the Corporation Tax Act, the Company has applied the “Practical Solution on a change in depreciation method due to Tax Reform 2016” (Practical Issues Task Force(PITF) No. 32, June 17, 2016) from the three months ended June 30, 2016, and the depreciation method for facilities attached to buildings and structures acquired from April 1, 2016, onward has been changed from the declining balance method to the straight-line method.

The effect of this change on profit and loss is immaterial.

(4) Additional Information

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company has applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan Implementation Guidance No. 26, March 28, 2016) from the three months ended June 30, 2016.

(Board Benefit Trust (BBT))

1) Overview of the Transaction

At a Board of Directors meeting on May 10, 2016, the Company resolved to implement a new stock-based compensation system, a Board Benefit Trust, or BBT (“the System” below) with regard to the compensation of the Company’s directors, executive officers, administrative officers, and the directors and administrative officers of some of the Company’s subsidiaries (excluding outside directors; “Executives” below). The System was resolved as compensation for Executives at the 5th Ordinary General Meeting of Shareholders on June 24, 2016.

The System is a stock-based compensation system whereby the Company contributes an appropriate amount of money to a trust and the trust uses this money as funds to acquire shares of the Company. Shares of the Company or cash equivalent to the market value of shares of the Company as of the date of Executives’ resignation are paid to Executives in accordance with executive stock-based compensation rules stipulated by the Company and Company subsidiaries covered by the System. In principle, Executives shall receive payment of shares of the Company or equivalent cash upon their resignation.

In accordance with the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (PITF No. 30, December 25, 2013), the gross price method is employed for this transaction.

2) Shares in the Company Remaining in the Trust

The number of shares in the Company remaining in the Trust shall be recorded as treasury stock within net assets at the carrying amount of the trust (excluding the amount of ancillary expenses). As of September 30, 2016, the carrying amount of this treasury stock was 261 million yen, and the number of shares was 420,000.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

| | Fiscal Year Ended March 31, 2016 | Six Months Ended September 30, 2016 |
|----------------------------------------|-------------------------------------|----------------------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 4,077 | 2,704 |
| Notes and accounts receivable—trade | 21,305 | 18,066 |
| Merchandise and finished goods | 4,307 | 3,998 |
| Work in process | 610 | 943 |
| Raw materials and supplies | 694 | 678 |
| Other | 7,512 | 6,472 |
| Allowance for doubtful accounts | (391) | (398) |
| Total current assets | 38,117 | 32,465 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 35,178 | 34,060 |
| Machinery, equipment and vehicles, net | 22,074 | 21,673 |
| Land | 21,825 | 21,825 |
| Other, net | 15,986 | 15,584 |
| Total property, plant and equipment | 95,064 | 93,144 |
| Intangible assets | | |
| Goodwill | 6,589 | 6,399 |
| Other | 4,350 | 4,639 |
| Total intangible assets | 10,940 | 11,038 |
| Investments and other assets | | |
| Net defined benefit asset | 2,360 | 2,400 |
| Other | 14,387 | 14,962 |
| Allowance for doubtful accounts | (599) | (652) |
| Total investments and other assets | 16,149 | 16,709 |
| Total non-current assets | 122,153 | 120,892 |
| Deferred assets | 31 | 26 |
| Total assets | 160,303 | 153,384 |

(Millions of yen)

| | Fiscal Year Ended March 31, 2016 | Six Months Ended September 30, 2016 |
|-------------------------------------------------------|-------------------------------------|----------------------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable–trade | 13,511 | 11,682 |
| Short-term loans payable | 27,828 | 23,532 |
| Current portion of bonds | 758 | 758 |
| Income taxes payable | 1,954 | 2,021 |
| Accruals | 1,459 | 1,648 |
| Other | 17,446 | 15,975 |
| Total current liabilities | 62,958 | 55,618 |
| Non-current liabilities | | |
| Bonds payable | 984 | 605 |
| Convertible bonds with stock acquisition rights | 10,000 | 10,000 |
| Long-term loans payable | 31,839 | 30,866 |
| Accruals | 68 | 26 |
| Net defined benefit liability | 308 | 334 |
| Other | 12,172 | 11,928 |
| Total non-current liabilities | 55,373 | 53,761 |
| Total liabilities | 118,332 | 109,380 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 14,000 | 14,000 |
| Capital surplus | 19,258 | 19,548 |
| Retained earnings | 9,870 | 11,349 |
| Treasury stock | (6,409) | (6,466) |
| Total shareholders' equity | 36,719 | 38,431 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,153 | 1,869 |
| Deferred gains (losses) on hedges | 230 | 113 |
| Foreign currency translation adjustment | 1 | (37) |
| Remeasurement of defined benefit plans | 2,958 | 2,881 |
| Total accumulated other comprehensive income | 4,343 | 4,826 |
| Stock acquisition rights | 208 | – |
| Non-controlling interests | 699 | 746 |
| Total net assets | 41,970 | 44,004 |
| Total liabilities and net assets | 160,303 | 153,384 |

(2) Quarterly Consolidated Statements of Income, Consolidated Statements of Comprehensive Income
 (Quarterly Consolidated Statements of Income)
(Six Months Ended September 30, 2016)

| | (Millions of yen) | |
|----------------------------------------------------------------|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| | Six Months Ended September 30, 2015 (April 1, 2015 to September 30, 2015) | Six Months Ended September 30, 2016 (April 1, 2016 to September 30, 2016) |
| Sales | 84,773 | 82,201 |
| Cost of sales | 52,565 | 48,577 |
| Gross profit | 32,207 | 33,624 |
| Selling, general and administrative expenses | 30,351 | 29,218 |
| Operating profit | 1,856 | 4,406 |
| Non-operating profit | | |
| Interest income | 7 | 5 |
| Dividend income | 91 | 103 |
| Commission fee | 40 | 41 |
| Other | 258 | 234 |
| Total non-operating profit | 398 | 385 |
| Non-operating expenses | | |
| Interest expenses | 376 | 283 |
| Other | 98 | 79 |
| Total non-operating expenses | 474 | 362 |
| Recurring profit | 1,779 | 4,428 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 6 | 5 |
| Transmission line facility subsidies | 28 | 15 |
| Subsidy income | 70 | 2 |
| Gain on reversal of stock acquisition rights | — | 98 |
| Total extraordinary income | 105 | 121 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 0 | 0 |
| Loss on retirement of non-current assets | 563 | 329 |
| Bad debt losses | 234 | — |
| Total extraordinary losses | 797 | 329 |
| Quarterly net income before income taxes | 1,087 | 4,220 |
| Income taxes (current) | 736 | 1,731 |
| Income taxes (deferred) | 49 | 64 |
| Total income taxes | 786 | 1,795 |
| Quarterly net income | 301 | 2,425 |
| Quarterly net income attributable to non-controlling interests | 24 | 41 |
| Quarterly net income attributable to owners of the parent | 277 | 2,384 |

(Consolidated Statements of Comprehensive Income)
(Six Months Ended September 30, 2016)

(Millions of yen)

| | Six Months Ended September 30, 2015 (April 1, 2015 to September 30, 2015) | Six Months Ended September 30, 2016 (April 1, 2016 to September 30, 2016) |
|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Quarterly net income | 301 | 2,425 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (333) | 716 |
| Deferred gains (losses) on hedges | (281) | (116) |
| Foreign currency translation adjustment | (13) | (22) |
| Remeasurement of defined benefit plans, net of tax | (85) | (76) |
| Share of other comprehensive income of entities accounted for using the equity method | 9 | (20) |
| Total other comprehensive income | (704) | 480 |
| Quarterly comprehensive income | (403) | 2,906 |
| (Breakdown) | | |
| Quarterly comprehensive income attributable to owners of the parent | (427) | 2,865 |
| Quarterly comprehensive income attributable to non- controlling interests | 24 | 41 |

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

| | Six Months Ended September 30, 2015 (April 1, 2015 to September 30, 2015) | Six Months Ended September 30, 2016 (April 1, 2016 to September 30, 2016) |
|---------------------------------------------------------------------------|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Cash flows from operating activities | | |
| Quarterly net income before income taxes | 1,087 | 4,220 |
| Depreciation | 7,325 | 7,205 |
| Amortization of goodwill | 1,050 | 605 |
| Increase (decrease) in net defined benefit asset and liability | 29 | (122) |
| Interest and dividend income | (98) | (109) |
| Interest expenses | 376 | 283 |
| (Gain) loss on sales of non-current assets | (6) | (5) |
| Loss on retirement of non-current assets | 563 | 329 |
| (Increase) decrease in notes and accounts payable | 2,172 | 3,184 |
| (Increase) decrease in inventories | 353 | (7) |
| Increase (decrease) in notes and accounts payable–trade | (1,884) | (1,794) |
| Increase (decrease) in accrued consumption taxes | (1,574) | (284) |
| Increase (decrease) in deposits received | (2,094) | (210) |
| Other | (901) | 301 |
| Subtotal | 6,398 | 13,597 |
| Income taxes paid | (1,985) | (1,558) |
| Net cash provided by (used in) operating activities | 4,412 | 12,039 |
| Cash flows from investing activities | | |
| Interest and dividend income received | 124 | 138 |
| Purchase of securities | (7) | (7) |
| Purchase of tangible and intangible assets | (5,558) | (4,887) |
| Proceeds from sales of tangible and intangible assets | 94 | 89 |
| Collection of loans receivable | 134 | 34 |
| Other | (76) | (35) |
| Net cash provided by (used in) investing activities | (5,289) | (4,668) |
| Cash flows from financing activities | | |
| Interest expenses paid | (390) | (291) |
| Net increase (decrease) in short-term loans payable | (882) | (3,300) |
| Repayments of lease obligations | (2,061) | (2,025) |
| Proceeds from long-term loans payable | 4,000 | 4,950 |
| Repayment of long-term loans payable | (8,321) | (6,919) |
| Payments for redemption of bonds payable | (1,629) | (379) |
| Proceeds from issuance of convertible bonds with stock acquisition rights | 9,980 | – |
| Payments for acquisition of treasury stock | (0) | (261) |
| Proceeds from disposal of treasury stock | 272 | 384 |
| Cash dividends paid | (694) | (904) |
| Other | (36) | (84) |
| Net cash provided by (used in) financing activities | 236 | (8,833) |
| Effect of exchange rate change on cash and cash equivalents | (5) | (1) |

| | | |
|------------------------------------------------------|-------|---------|
| Net increase (decrease) in cash and cash equivalents | (646) | (1,464) |
| Cash and cash equivalents at beginning of period | 2,821 | 4,044 |
| Cash and cash equivalents at end of period | 2,175 | 2,580 |

(4) Notes on Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Segment Information, etc.)

[Segment Information]

I. Six Months Ended September 30, 2015 (April 1, 2015 to September 30, 2015)

Sales and Income of Losses by Reportable Segment

(Millions of yen)

| | Reportable segments | | | | | | Other ¹ | Total | Adjustments ² | Amount in quarterly consolidated statements of Income ³ |
|----------------------------------|---------------------|--------------------------|--------|--------------------------------|-------|----------|--------------------|--------|--------------------------|--------------------------------------------------------------------|
| | Gas and Petroleum | Building and Real Estate | CATV | Information and Communications | Aqua | Subtotal | | | | |
| Sales | | | | | | | | | | |
| Sales to external customers | 37,958 | 9,301 | 12,212 | 20,425 | 2,746 | 82,644 | 2,128 | 84,773 | - | 84,773 |
| Intersegment sales and transfers | 79 | 498 | 412 | 1,532 | 57 | 2,579 | 97 | 2,676 | (2,676) | - |
| Subtotal | 38,037 | 9,799 | 12,624 | 21,957 | 2,804 | 85,224 | 2,225 | 87,449 | (2,676) | 84,773 |
| Segment income (loss) | 1,679 | 66 | 551 | 363 | (699) | 1,961 | (291) | 1,669 | 186 | 1,856 |

(Notes) 1. The "Other" category is a business segment not included in the reportable segments. This category includes businesses such as weddings, ship repair, insurance, and nursing care.

2. Adjustments to segment income (loss) are mainly eliminations due to intersegment transactions.

3. Segment income (loss) is adjusted to match operating profit in the quarterly consolidated statements of income.

II. Six Months Ended September 30, 2016 (April 1, 2016 to September 30, 2016)

Sales and Income of Losses by Reportable Segment

(Millions of yen)

| | Reportable segments | | | | | | Other ¹ | Total | Adjustments ² | Amount in quarterly consolidated statements of Income ³ |
|----------------------------------|---------------------|--------------------------|--------|--------------------------------|-------|----------|--------------------|--------|--------------------------|--------------------------------------------------------------------|
| | Gas and Petroleum | Building and Real Estate | CATV | Information and Communications | Aqua | Subtotal | | | | |
| Sales | | | | | | | | | | |
| Sales to external customers | 32,496 | 8,040 | 12,560 | 23,750 | 2,929 | 79,778 | 2,423 | 82,201 | — | 82,201 |
| Intersegment sales and transfers | 100 | 903 | 396 | 1,499 | 73 | 2,973 | 94 | 3,067 | (3,067) | — |
| Subtotal | 32,597 | 8,944 | 12,957 | 25,250 | 3,002 | 82,752 | 2,517 | 85,269 | (3,067) | 82,201 |
| Segment income (loss) | 1,768 | 28 | 1,240 | 1,347 | 92 | 4,478 | (59) | 4,419 | (13) | 4,406 |

(Notes) 1. The "Other" category is a business segment not included in the reportable segments. This category includes businesses such as weddings, ship repair, insurance, and nursing care.

2. Adjustments to segment income (loss) are mainly eliminations due to intersegment transactions.

3. Segment income (loss) is adjusted to match operating profit in the quarterly consolidated statements of income.