

Nagoya Railroad Co., Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheets (Unaudited)

31 March 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 13,405	¥ 15,776	\$ 131,467
Short-term investments	993	731	6,092
Trade notes and accounts receivable	56,724	54,064	450,533
Inventories	62,459	62,410	520,083
Deferred tax assets	6,142	5,387	44,892
Others	20,337	19,076	158,967
Less allowance for doubtful accounts	(317)	(824)	(6,867)
Total current assets	<u>159,743</u>	<u>156,620</u>	<u>1,305,167</u>
Property and equipment:			
Land	364,383	363,959	3,032,992
Buildings and structures	674,406	680,184	5,668,200
Machinery, equipment and vehicles	302,663	301,720	2,514,333
Other properties	61,126	63,846	532,050
Construction in progress	16,520	22,750	189,583
	<u>1,419,098</u>	<u>1,432,459</u>	<u>11,937,158</u>
Less accumulated depreciation	(641,744)	(656,193)	(5,468,275)
Property and equipment, net	<u>777,354</u>	<u>776,266</u>	<u>6,468,883</u>
Investments and other assets:			
Investment securities	57,503	72,121	601,008
Investments in unconsolidated subsidiaries and affiliates	25,632	28,420	236,833
Deferred tax assets	10,905	9,056	75,467
Intangible assets	9,217	10,069	83,908
Other assets	16,182	16,236	135,300
Allowance for doubtful accounts	(1,857)	(1,802)	(15,016)
Total investments and other assets	<u>117,582</u>	<u>134,100</u>	<u>1,117,500</u>
Total assets	<u>¥ 1,054,679</u>	<u>¥ 1,066,986</u>	<u>\$ 8,891,550</u>

See Notes to Consolidated Financial Statements.

Nagoya Railroad Co., Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheets (Unaudited)

31 March 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term borrowings	¥ 60,980	¥ 33,646	\$ 280,383
Current portion of long-term debt	78,685	52,588	438,233
Trade notes and accounts payable	73,753	74,234	618,617
Accrued expenses	14,454	15,119	125,992
Income taxes payable	5,419	4,822	40,183
Provisions	2,266	2,012	16,767
Other current liabilities	66,475	73,970	616,416
Total current liabilities	<u>302,032</u>	<u>256,391</u>	<u>2,136,591</u>
Non-current liabilities:			
Long-term debt	369,673	389,114	3,242,617
Accrued retirement benefits for directors and corporate auditors	1,672	1,630	13,583
Deferred tax liabilities	3,920	6,443	53,692
Deferred tax liabilities for land revaluation	63,592	57,515	479,292
Provisions	9,256	8,391	69,925
Employee retirement benefit liability	34,432	36,408	303,400
Other non-current liabilities	18,550	19,609	163,408
Total non-current liabilities	<u>501,095</u>	<u>519,110</u>	<u>4,325,917</u>
Total liabilities	<u>803,127</u>	<u>775,501</u>	<u>6,462,508</u>
Contingent liabilities (Note 3)			
Net assets:			
Shareholders' equity :			
Common stock: authorised - 1,800,000 thousand shares issued - 889,340 thousand shares in 2014 and 919,773 thousand shares at in 2015	85,136	88,864	740,533
Capital surplus	19,379	23,107	192,559
Retained earnings	53,096	63,237	526,975
Treasury stock - at cost: 402 thousand shares in 2014 and 202 thousand shares in 2015	(108)	(51)	(425)
Total shareholders' equity	<u>157,503</u>	<u>175,157</u>	<u>1,459,642</u>
Accumulated other comprehensive income (loss):			
Net unrealised gains on available-for-sale securities	12,844	23,910	199,250
Deferred gains or losses on hedges	3	(189)	(1,575)
Land revaluation increment	67,160	75,748	631,233
Foreign currency translation adjustments	(28)	(9)	(75)
Retirement benefit adjustments	(3,740)	(2,285)	(19,041)
Total accumulated other comprehensive income (loss)	<u>76,239</u>	<u>97,175</u>	<u>809,792</u>
Minority interests	<u>17,810</u>	<u>19,153</u>	<u>159,608</u>
Total net assets	<u>251,552</u>	<u>291,485</u>	<u>2,429,042</u>
Total liabilities and net assets	<u>¥ 1,054,679</u>	<u>¥ 1,066,986</u>	<u>\$ 8,891,550</u>

Nagoya Railroad Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Income (Unaudited)

For the Years Ended 31 March 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Operating revenues (Note 4)	¥ 627,797	¥ 609,380	\$ 5,078,167
Operating expenses			
Transportation, other services and cost of sales	541,241	521,593	4,346,609
Selling, general and administrative expenses	49,478	49,714	414,283
Total operating expenses	<u>590,719</u>	<u>571,307</u>	<u>4,760,892</u>
Operating income	<u>37,078</u>	<u>38,073</u>	<u>317,275</u>
Other income (expenses):			
Interest and dividend income	1,283	1,200	10,000
Interest expense	(6,824)	(5,580)	(46,500)
Equity in net earnings of affiliates	1,112	2,526	21,050
Impairment loss on fixed assets	(3,142)	(2,274)	(18,950)
Loss on sale or disposition of property and equipment, net	(1,347)	(2,259)	(18,825)
Gain on contributions for construction	38,635	2,305	19,208
Loss on reduction of property and equipment	(36,605)	(2,206)	(18,383)
Provision for loss on liquidation	(4,893)	(514)	(4,283)
Others, net	620	(1,488)	(12,400)
Other income (expenses), net	<u>(11,161)</u>	<u>(8,290)</u>	<u>(69,083)</u>
Income before income taxes and minority interests	<u>25,917</u>	<u>29,783</u>	<u>248,192</u>
Income taxes:			
Current	7,343	7,869	65,575
Deferred	2,539	2,175	18,125
Total income taxes	<u>9,882</u>	<u>10,044</u>	<u>83,700</u>
Income before minority interests	<u>16,035</u>	<u>19,739</u>	<u>164,492</u>
Minority interests in net income of consolidated subsidiaries	<u>1,131</u>	<u>1,950</u>	<u>16,250</u>
Net income	<u>¥ 14,904</u>	<u>¥ 17,789</u>	<u>\$ 148,242</u>
Per share:			
Net income:			
- Basic	¥ 16.95	¥ 19.67	\$ 0.16
- Diluted	15.69	17.70	0.15
Cash dividends	4.00	4.50	0.04

See Notes to Consolidated Financial Statements.

Nagoya Railroad Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Comprehensive Income (Unaudited)

For the Years Ended 31 March 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Income before minority interests	¥ 16,035	¥ 19,739	\$ 164,492
Other comprehensive income:			
Net unrealised gains and losses on available-for-sale securities	3,410	10,544	87,866
Deferred gains and losses on hedges	—	(213)	(1,775)
Land revaluation increment	1,610	6,951	57,925
Foreign currency translation adjustments	26	19	158
Retirement benefit adjustments	—	1,512	12,600
Share of other comprehensive income of affiliates accounted for using the equity method	137	788	6,567
Total other comprehensive income	<u>5,183</u>	<u>19,601</u>	<u>163,341</u>
Comprehensive income	<u>¥ 21,218</u>	<u>¥ 39,340</u>	<u>\$ 327,833</u>
Comprehensive income attributable to:			
Owners of the parent	¥ 19,987	¥ 36,879	\$ 307,325
Minority interests	1,231	2,461	20,508
Total comprehensive income	<u>¥ 21,218</u>	<u>¥ 39,340</u>	<u>\$ 327,833</u>

See Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Net Assets (Unaudited)

For the Years Ended 31 March 2014 and 2015

Number of shares of common stock issued	Shareholders' equity					Accumulated other comprehensive income					Total net assets		
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealised gains on available-for-sale securities	Deferred gains on hedges	Land revaluation increment	Foreign currency translation adjustments	Retirement benefit adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
	Thousands	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
881,585	¥ 84,186	¥ 18,429	¥ 43,394	¥ (757)	¥ 145,252	¥ 9,387	¥ 11	¥ 63,140	¥ (53)	¥ —	¥ 72,485	¥ 17,853	¥ 235,590
—	—	—	—	—	—	—	—	—	—	—	—	—	—
881,585	84,186	18,429	43,394	(757)	145,252	9,387	11	63,140	(53)	—	72,485	17,853	235,590
7,755	950	—	14,904	—	14,904	—	—	—	—	—	—	—	14,904
—	—	—	1,900	—	1,900	—	—	—	—	—	—	—	1,900
—	—	—	(2,638)	—	(2,638)	—	—	—	—	—	—	—	(2,638)
—	—	—	(2,409)	—	(2,409)	—	—	—	—	—	—	—	(2,409)
—	—	155	(155)	—	—	—	—	—	—	—	—	—	—
—	—	(155)	—	649	494	—	—	—	—	—	—	—	494
—	—	—	—	—	—	3,457	(8)	4,020	25	(3,740)	3,754	(43)	3,711
889,340	85,136	19,379	53,096	(108)	157,503	12,844	3	67,160	(28)	(3,740)	76,239	17,810	251,552
—	—	—	(2,203)	—	(2,203)	—	—	—	—	—	—	(287)	(2,490)
889,340	85,136	19,379	50,893	(108)	155,300	12,844	3	67,160	(28)	(3,740)	76,239	17,523	249,062
—	—	—	17,789	—	17,789	—	—	—	—	—	—	—	17,789
30,433	3,728	—	(3,556)	—	7,456	—	—	—	—	—	—	—	7,456
—	—	—	(1,846)	—	(1,846)	—	—	—	—	—	—	—	(3,556)
—	—	—	(43)	—	(43)	—	—	—	—	—	—	—	(1,846)
—	—	(43)	—	57	14	—	—	—	—	—	—	—	14
—	—	—	—	—	—	11,066	(19)	8,588	19	1,455	20,956	1,630	22,566
919,773	¥ 88,864	¥ 23,107	¥ 63,237	¥ (61)	¥ 175,157	¥ 23,910	¥ (188)	¥ 75,748	¥ (9)	¥ (2,285)	¥ 97,175	¥ 19,153	¥ 291,485

Number of shares of common stock issued	Shareholders' equity					Accumulated other comprehensive income					Total net assets		
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealised gains on available-for-sale securities	Deferred gains on hedges	Land revaluation increment	Foreign currency translation adjustments	Retirement benefit adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
	Thousands	Thousands of U.S. dollars (Note 1)	Thousands of U.S. dollars (Note 1)	Thousands of U.S. dollars (Note 1)	Thousands of U.S. dollars (Note 1)	Thousands of U.S. dollars (Note 1)	Thousands of U.S. dollars (Note 1)	Thousands of U.S. dollars (Note 1)	Thousands of U.S. dollars (Note 1)	Thousands of U.S. dollars (Note 1)	Thousands of U.S. dollars (Note 1)	Thousands of U.S. dollars (Note 1)	Thousands of U.S. dollars (Note 1)
709,467	\$ 161,492	\$ 42,466	\$ (900)	\$ (900)	\$ 1,312,525	\$ 107,033	\$ 25	\$ 559,666	\$ (233)	\$ (31,166)	\$ 635,325	\$ 148,417	\$ 2,096,267
—	—	(18,358)	—	—	(18,358)	—	—	—	—	—	—	(2,392)	(20,750)
709,467	161,492	42,466	(900)	(900)	1,294,167	107,033	25	559,666	(233)	(31,166)	635,325	146,025	2,075,517
—	—	148,242	—	—	148,242	—	—	—	—	—	—	—	148,242
31,067	31,067	(29,633)	—	—	62,133	—	—	—	—	—	—	—	62,133
—	—	(15,384)	—	—	(15,384)	—	—	—	—	—	—	—	(29,633)
—	—	(558)	—	—	(558)	—	—	—	—	—	—	—	(15,384)
—	—	—	—	475	117	—	—	—	—	—	—	—	117
—	—	—	—	—	—	92,217	(1,600)	71,567	158	12,125	174,467	13,583	188,050
740,533	\$ 192,559	\$ 526,975	\$ (425)	\$ (425)	\$ 1,459,642	\$ 199,250	\$ (1,575)	\$ 631,233	\$ (75)	\$ (19,041)	\$ 809,792	\$ 159,608	\$ 2,429,042

See Notes to Consolidated Financial Statements.

Nagoya Railroad Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows (Unaudited)

For the Years Ended 31 March 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 25,917	¥ 29,783	\$ 248,192
Adjustments for:			
Depreciation and amortisation	38,857	38,708	322,567
Impairment loss on fixed assets	3,142	2,274	18,950
Loss on sale or disposition of property and equipment, net	2,686	2,643	22,025
Gain on contributions for construction	(38,635)	(2,305)	(19,208)
(Decrease) increase in employee retirement benefit liability	(701)	4,120	34,333
(Increase) decrease in trade notes and accounts receivable	(2,444)	2,657	22,141
Decrease in inventories	5,504	2,878	23,983
Increase (decrease) in trade notes and accounts payable	9,864	(537)	(4,475)
Others, net	49,379	3,096	25,800
Subtotal	93,569	83,317	694,308
Interest and dividends received	1,587	1,538	12,817
Interest paid	(6,919)	(5,770)	(48,083)
Extra retirement benefits paid	(43)	(20)	(167)
Income taxes paid	(5,920)	(8,685)	(72,375)
Net cash provided by operating activities	82,274	70,380	586,500
Cash flows from investing activities:			
Purchases of property and equipment	(44,175)	(47,876)	(398,966)
Proceeds from sales of property and equipment	5,519	3,994	33,283
Proceeds for contributions for construction	12,467	9,443	78,692
Purchases of investments securities	(610)	(822)	(6,850)
Proceeds from sales or redemptions of investment securities	1,349	1,138	9,483
Collections of loans receivable	828	851	7,092
Others, net	(953)	342	2,850
Net cash used in investing activities	(25,575)	(32,930)	(274,416)
Cash flows from financing activities:			
Increase in long-term debt	54,280	99,137	826,142
Repayment of long-term debt	(93,665)	(102,868)	(857,233)
Net decrease in short-term borrowings	(10,716)	(27,222)	(226,850)
Dividends paid to shareholders	(2,627)	(3,544)	(29,533)
Dividends paid to minority shareholders	(258)	(518)	(4,317)
Others, net	(44)	(79)	(658)
Net cash used in financing activities	(53,030)	(35,094)	(292,450)
Effect of exchange rate changes on cash and cash equivalents	20	15	125
Net increase in cash and cash equivalents	3,689	2,371	19,759
Cash and cash equivalents at beginning of year	9,711	13,405	111,708
Increase in cash and cash equivalents upon inclusion of additional subsidiary on consolidation	5	—	—
Cash and cash equivalents at end of year	¥ 13,405	¥ 15,776	\$ 131,467

See Notes to Consolidated Financial Statements.

1. Basis of consolidated financial statements

The accompanying consolidated financial statements of Nagoya Railroad Co., Ltd. (the “Company”) and its consolidated subsidiaries (together with the Company, the “Group”) have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements of the International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Japanese Financial Instruments and Exchange Act. In preparing these consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements. In addition, certain comparative figures have been reclassified to conform to the current year’s presentation.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan, using the approximate rate prevailing at 31 March 2015, which was ¥120 to U.S. \$1.00. Such translations should not be construed as a representation that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant accounting policies

(a) Basis of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its significant subsidiaries. Investments in significant unconsolidated subsidiaries and affiliated companies are accounted for using the equity method. Investments in unconsolidated subsidiaries and affiliated companies not accounted for using the equity method are stated at cost. There were no material changes in the scope of consolidated subsidiaries, unconsolidated subsidiaries and affiliated companies accounted for using the equity method for the years ended 31 March 2014 and 2015 from those for the years ended 31 March 2013 and 2014, respectively.

(b) Accounting changes

(Adoption of accounting standard for retirement benefits)

Effective from the year ended 31 March 2015, the Group has applied the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, 17 May 2012 (hereinafter, the “Statement No. 26”)) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, 26 March 2015 (hereinafter, the “Guidance No. 25”)) for provisions set in the main clauses of the article 35 of the Statement No. 26 and the article 67 of the Guidance No. 25. Accordingly, the Group has changed the method of attributing expected benefits to periods in relation to the calculation method of retirement benefit obligations and current service costs from the point per year basis and straight-line basis to the benefit formula basis. In addition, the Group has changed the method of determining the discount rate from the method using the discount rate determined based on the period approximate to the expected average remaining service period of the employees to the method using the single weighted average discount rate reflecting the estimated timing and amount of benefit payment. In accordance with the article 37 of the Statement No. 26, the effect of the change in calculation

method of retirement benefit obligations and current service costs have been recognised as an adjustment to the opening balance of retained earnings as of the beginning of the year ended 31 March 2015.

As a result of the application, employee retirement benefit liability increased by ¥3,233 million (\$26,942 thousand) and retained earnings decreased by ¥2,203 million (\$18,358 thousand) as of the year ended 31 March 2015. The effect on the income statements for the year ended 31 March 2015 is not material.

3. Contingent liabilities

At 31 March 2014 and 2015, the Group was contingently liable for guarantees of loans in the amounts of ¥680 million and ¥426 million (\$3,550 thousand), respectively.

4. Segment information

(1) General information about reportable segments

The reportable segments of the Company are those units for which separate financial statements can be obtained among the constituent units of the Company and which are regularly examined by the Board of Directors to determine the allocation of management resources and to assess business performance.

The Group is engaged in diversified business activities involving traffic, transport, real estate, leisure, distribution, equipment maintenance and others. On the basis of the above activities, the Company's reportable segments are "Traffic", "Transport", "Real Estate", "Leisure and Services", and "Distribution".

The business descriptions of the reportable segments are as follows:

- Traffic: business related to railroads, buses and taxis
- Transport: business related to trucking and maritime transportation
- Real Estate: Real Estate development and Real Estate leasing
- Leisure and Services: business related to hotels, restaurants, tourist facilities and travel
- Distribution: department store operations and distributions of other merchandise sales

(2) Basis of measurement for reportable segment operating revenues, profit or loss, assets and other material items

The accounting procedures applied to the reportable segments are basically the same as those described in Note 2, "Summary of Significant Accounting Policies." Reportable segment income figures are on an operating income basis. Intersegment sales and transfers are based on prevailing market prices.

(3) Information about reportable segment operating revenues, profit or loss, assets and other material items

Information about reportable segments as of and for the year ended 31 March 2014 was as follows:

	Reportable segments						Total	Adjustments	Consolidated financial statements
	Traffic	Transport	Real Estate	Leisure and Services	Distribution	Others (*1)			
Millions of yen									
For the year 2014:									
Operating revenues:									
External customers	¥ 156,626	¥ 134,876	¥ 89,907	¥ 54,381	¥ 135,380	¥ 56,627	¥ 627,797	¥ —	¥ 627,797
Intersegment sales/transfer	2,383	484	6,585	1,423	14,617	19,521	45,013	(45,013)	—
Total	¥ 159,009	¥ 135,360	¥ 96,492	¥ 55,804	¥ 149,997	¥ 76,148	¥ 672,810	¥ (45,013)	¥ 627,797
Segment income (*2)	13,481	3,615	10,803	1,646	2,144	3,976	35,665	1,413	37,078
Segment assets (*3)	483,354	113,566	254,708	40,860	46,973	65,455	1,004,916	49,763	1,054,679
Other material items:									
Depreciation and amortisation (*4)	19,372	5,533	5,870	1,516	1,201	5,980	39,472	(615)	38,857
Amortisation of goodwill	—	66	1	21	22	6	116	—	116
Impairment loss on fixed assets	547	10	1,629	498	314	144	3,142	—	3,142
Increase in property and equipment and intangible assets	14,487	4,962	7,329	1,606	1,307	7,663	37,354	—	37,354

*1) "Others" is a business segment that is not considered a reportable segment. It includes the business of equipment maintenance, air transportation, building maintenance, insurance agency and others.

*2) Segment income adjustment amounting to ¥1,413 million was treated as intersegment elimination.

*3) Segment assets adjustment amounting to ¥49,763 million consisted of unallocated general corporate assets amounting to ¥78,000 million, net of intersegment elimination of ¥28,237 million. Such general corporate assets consisted mainly of cash, deposits and investment securities.

*4) Depreciation and amortisation adjustment amounting to ¥615 million was treated as intersegment elimination.

5) Segment income was reconciled to operating income in the accompanying consolidated statements of income.

Information about reportable segments as of and for the year ended 31 March 2015 was as follows:

	Reportable segments						Total	Adjustments	Consolidated financial statements
	Traffic	Transport	Real Estate	Leisure and Services	Distribution	Others (*1)			
Millions of yen									
For the year 2015:									
Operating revenues:									
External customers	¥ 156,653	¥ 132,585	¥ 85,523	¥ 52,070	¥ 127,362	¥ 55,187	¥ 609,380	¥ —	¥ 609,380
Intersegment sales/transfer	2,241	444	6,554	1,434	13,966	19,319	43,958	(43,958)	—
Total	¥ 158,894	¥ 133,029	¥ 92,077	¥ 53,504	¥ 141,328	¥ 74,506	¥ 653,338	¥ (43,958)	¥ 609,380
Segment income (*2)	15,736	4,660	11,956	781	820	3,620	37,573	500	38,073
Segment assets (*3)	478,369	112,853	257,021	37,918	46,558	66,433	999,152	67,834	1,066,986
Other material items:									
Depreciation and amortisation (*4)	18,963	5,504	5,860	1,457	1,370	6,150	39,304	(596)	38,708
Amortisation of goodwill	—	63	95	10	13	2	183	—	183
Impairment loss on fixed assets	463	106	718	217	629	141	2,274	—	2,274
Increase in property and equipment and intangible assets	14,158	5,108	13,024	1,672	2,245	8,604	44,811	—	44,811

	Reportable segments						Total	Adjustments	Consolidated financial statements
	Traffic	Transport	Real Estate	Leisure and Services	Distribution	Others (*1)			
Thousands of U.S. dollars									
For the year 2015:									
Operating revenues:									
External customers	\$ 1,305,442	\$ 1,104,875	\$ 712,691	\$ 433,917	\$ 1,061,350	\$ 459,892	\$ 5,078,167	\$ —	\$ 5,078,167
Intersegment sales/transfer	18,675	3,700	54,617	11,950	116,383	160,992	366,317	(366,317)	—
Total	\$ 1,324,117	\$ 1,108,575	\$ 767,308	\$ 445,867	\$ 1,177,733	\$ 620,884	\$ 5,444,484	\$ (366,317)	\$ 5,078,167
Segment income (*2)	131,134	38,833	99,633	6,508	6,833	30,167	313,108	4,167	317,275
Segment assets (*3)	3,986,409	940,442	2,141,842	315,983	387,983	553,608	8,326,267	565,283	8,891,550
Other material items:									
Depreciation and amortisation (*4)	158,025	45,867	48,833	12,142	11,417	51,250	327,534	(4,967)	322,567
Amortisation of goodwill	—	525	792	83	108	17	1,525	—	1,525
Impairment loss on fixed assets	3,859	883	5,983	1,808	5,242	1,175	18,950	—	18,950
Increase in property and equipment and intangible assets	117,984	42,567	108,533	13,933	18,708	71,700	373,425	—	373,425

*1) "Others" is a business segment that is not considered a reportable segment. It includes the business of equipment maintenance, air transportation, building maintenance, insurance agency and others.

*2) Segment income adjustment amounting to ¥500 million (\$4,167 thousand) was treated as intersegment elimination.

*3) Segment assets adjustment amounting to ¥67,834 million (\$565,283 thousand) consisted of unallocated general corporate assets amounting to ¥94,445 million (\$787,042 thousand), net of intersegment elimination of ¥26,530 million (\$221,083 thousand). Such general corporate assets consisted mainly of cash, deposits and investment securities.

*4) Depreciation and amortisation adjustment amounting to ¥596 million (\$4,967 thousand) was treated as intersegment elimination.

5) Segment income was reconciled to operating income in the accompanying consolidated statements of income.

5. Subsequent events

Based on the resolution of the Board of Directors of the Company on 23 March 2015, the Company issued the 50th Series Unsecured Straight Bonds as shown below.

The details are as follows:

50th Series Unsecured Straight Bonds

1. Total amount of issue : 15 billion yen
2. Issue value : 100 yen per face value of 100 yen
3. Coupon : 0.857% per annum
4. Issue date : 30 April 2015
5. Maturity date : 30 April 2027
6. Use of proceeds : Capital expenditure and repayment of borrowings