

Nagoya Railroad Co., Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheets (Unaudited)

31 March 2013 and 2014

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|--------------------|--------------------|--|
| | 2013 | 2014 | 2014 |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | ¥ 9,711 | ¥ 13,405 | \$ 130,146 |
| Short-term investments | 712 | 993 | 9,641 |
| Trade notes and accounts receivable | 59,922 | 56,724 | 550,718 |
| Inventories | 67,890 | 62,459 | 606,398 |
| Deferred tax assets | 5,805 | 6,142 | 59,631 |
| Others | 19,897 | 20,337 | 197,447 |
| Less, allowance for doubtful accounts | (263) | (317) | (3,078) |
| Total current assets | 163,674 | 159,743 | 1,550,903 |
| Property and equipment: | | | |
| Land | 367,197 | 364,383 | 3,537,699 |
| Buildings and structures | 672,493 | 674,406 | 6,547,631 |
| Machinery, equipment and vehicles | 300,236 | 302,663 | 2,938,476 |
| Other properties | 60,337 | 61,126 | 593,456 |
| Construction in progress | 50,327 | 16,520 | 160,388 |
| | 1,450,590 | 1,419,098 | 13,777,650 |
| Less accumulated depreciation | (629,596) | (641,744) | (6,230,524) |
| Property and equipment, net | 820,994 | 777,354 | 7,547,126 |
| Investments and other assets: | | | |
| Investment securities | 53,195 | 57,503 | 558,282 |
| Investments in unconsolidated subsidiaries and affiliates | 25,676 | 25,632 | 248,854 |
| Deferred tax assets | 12,807 | 10,905 | 105,874 |
| Intangible assets | 11,902 | 9,217 | 89,485 |
| Other assets | 16,575 | 16,182 | 157,107 |
| Allowance for doubtful accounts | (1,848) | (1,857) | (18,029) |
| Total investments and other assets | 118,307 | 117,582 | 1,141,573 |
| Total assets | ¥ 1,102,975 | ¥ 1,054,679 | \$ 10,239,602 |

See Notes to Consolidated Financial Statements.

Nagoya Railroad Co., Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheets (Unaudited)

31 March 2013 and 2014

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|-----------------|-------------|--|
| | 2013 | 2014 | 2014 |
| LIABILITIES AND NET ASSETS | | | |
| Current liabilities: | | | |
| Short-term borrowings | ¥ 72,144 | ¥ 60,980 | \$ 592,039 |
| Current portion of long-term debt | 66,820 | 78,685 | 763,932 |
| Trade notes and accounts payable | 67,391 | 73,753 | 716,049 |
| Accrued expenses | 14,994 | 14,454 | 140,330 |
| Income taxes payable | 3,651 | 5,419 | 52,612 |
| Provisions | 1,872 | 2,266 | 22,000 |
| Other current liabilities | 96,817 | 66,475 | 645,388 |
| Total current liabilities | 323,689 | 302,032 | 2,932,350 |
| Non-current liabilities: | | | |
| Long-term debt | 421,056 | 369,673 | 3,589,058 |
| Employee retirement liability | 28,905 | — | — |
| Accrued retirement benefits for directors and corporate auditors | 1,727 | 1,672 | 16,233 |
| Deferred tax liabilities | 3,697 | 3,920 | 38,058 |
| Deferred tax liabilities for land revaluation | 63,971 | 63,592 | 617,398 |
| Provisions | 4,761 | 9,256 | 89,864 |
| Net defined benefit liability | — | 34,432 | 334,291 |
| Other non-current liabilities | 19,579 | 18,550 | 180,098 |
| Total non-current liabilities | 543,696 | 501,095 | 4,865,000 |
| Total liabilities | 867,385 | 803,127 | 7,797,350 |
| Contingent liabilities (Note 3) | | | |
| Net assets: | | | |
| Shareholders' equity : | | | |
| Common stock, authorised - 1,800,000 thousand shares issued - 881,585 thousand shares in 2013 and 889,340 thousand shares in 2014 | 84,186 | 85,136 | 826,563 |
| Capital surplus | 18,429 | 19,379 | 188,146 |
| Retained earnings | 43,394 | 53,096 | 515,495 |
| Treasury stock - at cost: 2,451 thousand shares in 2013 and 287 thousand shares in 2014 | (757) | (108) | (1,049) |
| Total shareholders' equity | 145,252 | 157,503 | 1,529,155 |
| Accumulated other comprehensive income: | | | |
| Net unrealised gains on available-for-sale securities | 9,387 | 12,844 | 124,699 |
| Deferred gains on hedges | 11 | 3 | 29 |
| Land revaluation increment | 63,140 | 67,160 | 652,039 |
| Foreign currency translation adjustments | (53) | (28) | (272) |
| Remeasurements of defined benefit plans | — | (3,740) | (36,311) |
| Total accumulated other comprehensive income | 72,485 | 76,239 | 740,184 |
| Minority interests | 17,853 | 17,810 | 172,913 |
| Total net assets | 235,590 | 251,552 | 2,442,252 |
| Total liabilities and net assets | ¥ 1,102,975 | ¥ 1,054,679 | \$ 10,239,602 |

Nagoya Railroad Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Income (Unaudited)

For the Years Ended 31 March 2013 and 2014

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|--|-----------------|-----------|--|
| | 2013 | 2014 | 2014 |
| Operating revenues (Note 4) | ¥ 609,836 | ¥ 627,797 | \$ 6,095,117 |
| Operating expenses | | | |
| Transportation, other services and cost of sales | 528,271 | 541,241 | 5,254,767 |
| Selling, general and administrative expenses | 49,237 | 49,478 | 480,369 |
| Total operating expenses | 577,508 | 590,719 | 5,735,136 |
| Operating income | 32,328 | 37,078 | 359,981 |
| Other income (expenses): | | | |
| Interest and dividends income | 1,139 | 1,283 | 12,456 |
| Interest expenses | (7,714) | (6,824) | (66,252) |
| Equity in net earnings of affiliates | 369 | 1,112 | 10,796 |
| Impairment loss on fixed assets | (6,249) | (3,142) | (30,505) |
| Loss on sale or disposition of property and equipment | (473) | (1,347) | (13,078) |
| Gain on contributions for construction | 4,479 | 38,635 | 375,097 |
| Loss on reduction of property and equipment | (4,171) | (36,605) | (355,388) |
| Provision for loss on liquidation | (1,985) | (4,893) | (47,505) |
| Others, net | 2,338 | 620 | 6,019 |
| Other expenses, net | (12,267) | (11,161) | (108,360) |
| Income before income taxes and minority interests | 20,061 | 25,917 | 251,621 |
| Income taxes: | | | |
| Current | 5,286 | 7,343 | 71,291 |
| Deferred | 893 | 2,539 | 24,650 |
| Total income taxes | 6,179 | 9,882 | 95,941 |
| Income before minority interests | 13,882 | 16,035 | 155,680 |
| Minority interests in net income of consolidated subsidiaries | 1,155 | 1,131 | 10,981 |
| Net income | ¥ 12,727 | ¥ 14,904 | \$ 144,699 |
| Per share: | | | |
| Net income: | | | |
| - Basic | ¥ 14.48 | ¥ 16.95 | \$ 0.16 |
| - Diluted | 13.88 | 15.69 | 0.15 |
| Cash dividends | 3.00 | 4.00 | 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 2013 and 2014

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|--|-----------------|----------|--|
| | 2013 | 2014 | 2014 |
| Income before minority interests | ¥ 13,882 | ¥ 16,035 | \$ 155,680 |
| Other comprehensive income: | | | |
| Net unrealised gains or losses on available-for-sale securities | 1,900 | 3,410 | 33,107 |
| Land revaluation increment | 997 | 1,610 | 15,631 |
| Foreign currency translation adjustments | 11 | 26 | 252 |
| Share of other comprehensive income of affiliates accounted for using the equity method | 318 | 137 | 1,330 |
| Total other comprehensive income | 3,226 | 5,183 | 50,320 |
| Comprehensive income | 17,108 | 21,218 | 206,000 |
| Comprehensive income attributable to: | | | |
| Owners of the parent | 15,823 | 19,987 | 194,049 |
| Minority interests | 1,285 | 1,231 | 11,951 |
| Total comprehensive income | ¥ 17,108 | ¥ 21,218 | \$ 206,000 |

See Notes to Consolidated Financial Statements.

Nagoya Railroad Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets (Unaudited)

For the Years Ended 31 March 2013 and 2014

| 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 | Remeasurements of defined benefit plans | | Total accumulated other comprehensive income |
| | | | | | | | | | | | | |
| 881,585 | ¥ 84,186 | ¥ 18,429 | ¥ 34,253 | ¥ (747) | ¥ 136,121 | ¥ 7,314 | ¥ — | ¥ 60,078 | ¥ (64) | ¥ — | ¥ 67,328 | ¥ 220,247 |
| — | — | — | 12,727 | — | 12,727 | — | — | — | — | — | — | 12,727 |
| — | — | — | (1,759) | — | (1,759) | — | — | — | — | — | — | (1,759) |
| — | — | — | (2,065) | — | (2,065) | — | — | — | — | — | — | (2,065) |
| — | — | 3 | (3) | — | — | — | — | — | — | — | — | — |
| — | — | — | 241 | — | 241 | — | — | — | — | — | — | 241 |
| — | — | (3) | — | (10) | (13) | — | — | — | — | — | — | (13) |
| — | — | — | — | — | — | 2,073 | 11 | 3,062 | 11 | — | 5,157 | 6,212 |
| 881,585 | 84,186 | 18,429 | 43,394 | (757) | 145,252 | 9,387 | 11 | 63,140 | (53) | — | 72,485 | 235,590 |
| — | — | — | 14,904 | — | 14,904 | — | — | — | — | — | — | 14,904 |
| 7,755 | 950 | 950 | — | — | 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 | — |
| 889,340 | ¥ 85,136 | ¥ 19,379 | ¥ 53,096 | ¥ (108) | ¥ 157,503 | ¥ 12,844 | ¥ 3 | ¥ 67,160 | ¥ (28) | ¥ (3,740) | ¥ 26,239 | ¥ 251,552 |

| 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 | Remeasurements of defined benefit plans | | Total accumulated other comprehensive income |
| | | | | | | | | | | | | |
| 881,585 | \$ 817,340 | \$ 178,923 | \$ 421,301 | \$ (7,350) | \$ 1,410,214 | \$ 91,136 | \$ 107 | \$ 613,010 | \$ (515) | \$ — | \$ 703,738 | \$ 2,287,282 |
| — | — | — | 144,699 | — | 144,699 | — | — | — | — | — | — | 144,699 |
| — | 9,223 | 9,223 | (25,612) | — | 18,446 | — | — | — | — | — | — | 18,446 |
| — | — | — | (23,388) | — | (23,388) | — | — | — | — | — | — | (23,388) |
| — | — | 1,505 | (1,505) | — | — | — | — | — | — | — | — | — |
| — | — | (1,505) | — | 6,301 | 4,796 | — | — | — | — | — | — | 4,796 |
| — | — | — | — | — | — | 33,563 | (78) | 39,029 | 243 | (36,311) | 36,446 | — |
| — | — | — | — | — | — | 124,699 | \$ 29 | \$ 652,039 | \$ (272) | \$ (36,311) | \$ 740,184 | \$ 36,029 |
| 889,340 | \$ 826,563 | \$ 188,146 | \$ 515,495 | \$ (1,049) | \$ 1,529,155 | \$ 124,699 | \$ 29 | \$ 652,039 | \$ (272) | \$ (36,311) | \$ 740,184 | \$ 2,442,252 |

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 2013 and 2014

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|-----------------|----------|--|
| | 2013 | 2014 | 2014 |
| Cash flows from operating activities: | | | |
| Income before income taxes and minority interests | ¥ 20,061 | ¥ 25,917 | \$ 251,621 |
| Adjustments for: | | | |
| Depreciation and amortisation | 39,448 | 38,857 | 377,252 |
| Impairment loss on fixed assets | 6,249 | 3,142 | 30,505 |
| Gain on sale or disposition of property and equipment | 955 | 2,686 | 26,078 |
| Gain on contributions for construction | (4,479) | (38,635) | (375,097) |
| Decrease (increase) in trade notes and accounts receivable | 2,410 | (2,444) | (23,728) |
| Decrease in inventories | 10,898 | 5,504 | 53,437 |
| (Decrease) increase in trade notes and accounts payable | (2,763) | 9,864 | 95,767 |
| Others, net | 12,631 | 48,678 | 472,602 |
| Subtotal | 85,410 | 93,569 | 908,437 |
| Interest and dividends received | 1,358 | 1,587 | 15,408 |
| Interest paid | (7,855) | (6,919) | (67,175) |
| Extra retirement benefits paid | (172) | (43) | (417) |
| Income taxes paid | (5,436) | (5,920) | (57,476) |
| Net cash provided by operating activities | 73,305 | 82,274 | 798,777 |
| Cash flows from investing activities: | | | |
| Purchases of property and equipment | (43,004) | (44,175) | (428,883) |
| Proceeds from sales of property and equipment | 4,231 | 5,519 | 53,583 |
| Proceeds for contributions for construction | 11,467 | 12,467 | 121,039 |
| Purchases of investments securities | (763) | (610) | (5,922) |
| Proceeds from sales or redemptions of investment securities | 222 | 1,349 | 13,097 |
| Payments for acquisition of subsidiaries' stock, net of cash acquired | (581) | — | — |
| Collections of loans receivable | 1,954 | 828 | 8,039 |
| Others, net | (585) | (953) | (9,253) |
| Net cash used in investing activities | (27,059) | (25,575) | (248,300) |
| Cash flows from financing activities: | | | |
| Increase in long-term debt | 95,046 | 29,375 | 285,194 |
| Repayment of long-term debt | (87,093) | (93,665) | (909,369) |
| Proceeds from issuance of bonds | — | 24,905 | 241,796 |
| Net decrease in short-term borrowings | (51,568) | (10,716) | (104,039) |
| Dividends paid to shareholders | (1,757) | (2,627) | (25,505) |
| Dividends paid to minority shareholders | (185) | (258) | (2,505) |
| Others, net | (18) | (44) | (427) |
| Net cash used in financing activities | (45,575) | (53,030) | (514,855) |
| Effect of exchange rate changes on cash and cash equivalents | 9 | 20 | 194 |
| Net increase in cash and cash equivalents | 680 | 3,689 | 35,816 |
| Cash and cash equivalents at beginning of year | 9,031 | 9,711 | 94,282 |
| Increase in cash and cash equivalents from newly consolidated subsidiary | — | 5 | 48 |
| Cash and cash equivalents at end of year | ¥ 9,711 | ¥ 13,405 | \$ 130,146 |

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 the accounting standard for financial reporting under 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.

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 2014, which was ¥103 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. 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 year ended 31 March 2013 and 2014 from those for the years ended 31 March 2012 and 2013, respectively.

(b) Accounting changes

(Change in accounting policies with the amendment of law or regulation that is not distinguishable from change in accounting estimates)

From the year ended 31 March 2013, in accordance with the amendment of the Corporation Tax Act of Japan, the Company and some of the consolidated subsidiaries have changed its depreciation method for property and equipment. Assets acquired on or after 1 April 2012 have been depreciated using the method prescribed in the amended Corporation Tax Act. The effect of this change in the depreciation method has been immaterial.

(Adoption of new accounting standard for retirement benefits)

Effective from the end of the fiscal year ended 31 March 2014, the Company has adopted the “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (“ASBJ”) Statement No.26, 17 May 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No.25, 17 May 2012), excluding those specified by paragraph 35 of the Accounting Standard for Retirement Benefits and paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits. The Company has switched to recognising the

excess of retirement benefit obligations over pension assets as net defined benefit liability and booked previously unrecognised actuarial differences, unrecognised past service costs and unrecognised transitional obligation as net defined benefit liability.

The Accounting Standards for Retirement Benefits and other accounting methods are applied in a transitional manner as stipulated in paragraph 37 of the Accounting Standards for Retirement Benefits. Consequently, the amount affected by this change is reflected in remeasurements of defined benefit plans in accumulated other comprehensive incomes as at the end of the consolidated fiscal year under review.

As a result of such adoption, net defined benefit liability of ¥34,432 million were booked as of 31 March 2014. And also, accumulated other comprehensive incomes decreased by ¥3,740 million.

3. Contingent liabilities

At 31 March 2013 and 2014, the Group was contingently liable for guarantees of loans in the amounts of ¥1,131 million and ¥680 million (\$6,602 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 the like. On the basis of the above activities, the Company's reportable segments are as follows: "Traffic"; "Transport"; "Real Estate"; "Leisure and Services"; and, "Distribution".

The business descriptions of the reportable segments are as follows.

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

(2) Basis of measurement about 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, entitled the "Summary of Significant Accounting Policies." Reportable segment income figures are on an operating income basis. Intersegment sales and transfers are based on the 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 2013 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 2013: | | | | | | | | | |
| Operating revenues: | | | | | | | | | |
| External customers | ¥ 154,547 | ¥ 133,189 | ¥ 86,623 | ¥ 52,946 | ¥ 129,510 | ¥ 53,021 | ¥ 609,836 | ¥ — | ¥ 609,836 |
| Intersegment sales/transfer | 2,328 | 489 | 6,697 | 850 | 12,974 | 18,879 | 42,217 | (42,217) | — |
| Total | ¥ 156,875 | ¥ 133,678 | ¥ 93,320 | ¥ 53,796 | ¥ 142,484 | ¥ 71,900 | ¥ 652,053 | ¥ (42,217) | ¥ 609,836 |
| Segment income (*2) | 14,098 | 3,628 | 8,698 | 1,087 | 1,543 | 2,794 | 31,848 | 480 | 32,328 |
| Segment assets (*3) | 531,312 | 114,868 | 265,078 | 40,378 | 45,148 | 64,785 | 1,061,569 | 41,406 | 1,102,975 |
| Other material items: | | | | | | | | | |
| Depreciation and amortisation (*4) | 19,893 | 5,534 | 5,919 | 1,687 | 1,185 | 5,883 | 40,101 | (653) | 39,448 |
| Amortisation of goodwill | 62 | 63 | — | 3 | 13 | 5 | 146 | — | 146 |
| Impairment losses on fixed assets | 539 | 157 | 1,909 | 3,162 | 354 | 128 | 6,249 | — | 6,249 |
| Increase in property and equipment and intangible assets | 15,849 | 5,814 | 5,083 | 1,842 | 1,096 | 5,605 | 35,289 | — | 35,289 |

*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 the like.

*2) Segment income adjustment amounting to ¥480 million was treated as intersegment elimination.

*3) Segment assets adjustment amounting to ¥41,406 million consisted of unallocated general corporate assets amounting to ¥72,395 million, net of intersegment elimination of ¥30,989 million. Such general corporate assets consisted mainly of cash, deposits and investment securities.

*4) Depreciation and amortisation adjustment amounting to ¥653 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 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 losses 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 |

| | 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 2014: | | | | | | | | | |
| Operating revenues: | | | | | | | | | |
| External customers | \$ 1,520,641 | \$ 1,309,476 | \$ 872,883 | \$ 527,971 | \$ 1,314,369 | \$ 549,777 | \$ 6,095,117 | \$ — | \$ 6,095,117 |
| Intersegment sales/transfer | 23,136 | 4,699 | 63,932 | 13,815 | 141,913 | 189,524 | 437,019 | (437,019) | — |
| Total | \$ 1,543,777 | \$ 1,314,175 | \$ 936,815 | \$ 541,786 | \$ 1,456,282 | \$ 739,301 | \$ 6,532,136 | \$ (437,019) | \$ 6,095,117 |
| Segment income (*2) | 130,883 | 35,097 | 104,883 | 15,981 | 20,816 | 38,602 | 346,262 | 13,719 | 359,981 |
| Segment assets (*3) | 4,692,757 | 1,102,583 | 2,472,893 | 396,699 | 456,049 | 635,485 | 9,756,466 | 483,136 | 10,239,602 |
| Other material items: | | | | | | | | | |
| Depreciation and amortisation (*4) | 188,078 | 53,719 | 56,990 | 14,718 | 11,660 | 58,058 | 383,223 | (5,971) | 377,252 |
| Amortisation of goodwill | — | 641 | 10 | 204 | 213 | 58 | 1,126 | — | 1,126 |
| Impairment losses on fixed assets | 5,311 | 97 | 15,815 | 4,835 | 3,049 | 1,398 | 30,505 | — | 30,505 |
| Increase in property and equipment and intangible assets | 140,651 | 48,175 | 71,155 | 15,592 | 12,689 | 74,398 | 362,660 | — | 362,660 |

- *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 the like.
- *2) Segment income adjustment amounting to ¥1,413 million (\$13,719 thousand) was treated as intersegment elimination.
- *3) Segment assets adjustment amounting to ¥49,763 million (\$483,136 thousand) consisted of unallocated general corporate assets amounting to ¥78,000 million (\$757,282 thousand), net of intersegment elimination of ¥28,237 million (\$274,146 thousand). Such general corporate assets consisted mainly of cash, deposits and investment securities.
- *4) Depreciation and amortisation adjustment amounting to ¥615 million (\$5,971 thousand) was treated as intersegment elimination.
- 5) Segment income was reconciled to operating income in the accompanying consolidated statements of income.

5. Subsequent events

On 17 March 2014 the Board of Directors of the Company resolved to issue bonds. Based on this resolution, the Company determined to issue the 48th Series Unsecured Straight Bonds as shown below.

The details are as follows:

1. Bonds : 48th Series Unsecured Straight Bonds
2. Total amount of issue : 15 billion yen
3. Issue value : 100 yen per face value of 100 yen
4. Coupon : 0.557% per annum
5. Payment date : 25 April 2014
6. Maturity date : 23 April 2021
7. Use of proceeds : Capital expenditure and repayment of borrowings