

**Nagoya Railroad Co., Ltd. and Consolidated Subsidiaries**

**Consolidated Balance Sheets (Unaudited)**

31 March 2016 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2017	2017
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	¥ 16,922	¥ 21,944	\$ 197,694
Short-term investments	794	759	6,838
Trade notes and accounts receivable	55,711	57,828	520,973
Inventories	64,029	70,284	633,189
Deferred tax assets	3,411	4,241	38,207
Others	17,260	18,325	165,090
Less allowance for doubtful accounts	(203)	(323)	(2,910)
Total current assets	157,924	173,058	1,559,081
<b>Property and equipment:</b>			
Land	359,804	361,851	3,259,919
Buildings and structures	677,307	683,926	6,161,495
Machinery, equipment and vehicles	307,164	314,249	2,831,072
Other properties	65,146	62,283	561,108
Construction in progress	27,785	33,583	302,550
	1,437,206	1,455,892	13,116,144
Less accumulated depreciation	(663,008)	(676,977)	(6,098,892)
Property and equipment, net	774,198	778,915	7,017,252
<b>Investments and other assets:</b>			
Investment securities	66,317	73,181	659,288
Investments in unconsolidated subsidiaries and affiliates	30,763	33,157	298,712
Deferred tax assets	10,573	11,913	107,324
Intangible assets	10,605	9,157	82,496
Other assets	16,239	16,386	147,622
Allowance for doubtful accounts	(2,012)	(1,884)	(16,973)
Total investments and other assets	132,485	141,910	1,278,469
<b>Total assets</b>	<b>¥ 1,064,607</b>	<b>¥ 1,093,883</b>	<b>\$ 9,854,802</b>

See Notes to Consolidated Financial Statements.

Nagoya Railroad Co., Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheets (Unaudited)

31 March 2016 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2017	2017
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities:</b>			
Short-term borrowings	¥ 26,287	¥ 20,790	\$ 187,297
Current portion of long-term debt	59,114	79,673	717,775
Trade notes and accounts payable	69,403	71,411	643,342
Accrued expenses	15,472	15,424	138,955
Income taxes payable	6,246	9,158	82,505
Provisions	2,142	2,257	20,333
Other current liabilities	75,386	80,247	722,946
Total current liabilities	254,050	278,960	2,513,153
<b>Non-current liabilities:</b>			
Long-term debt	372,968	344,138	3,100,342
Accrued retirement benefits for directors and corporate auditors	1,738	1,699	15,306
Deferred tax liabilities	3,638	4,196	37,802
Deferred tax liabilities for land revaluation	54,245	56,672	510,559
Provisions	8,564	13,135	118,333
Employee retirement benefit liability	37,340	34,315	309,144
Other non-current liabilities	18,516	17,955	161,757
Total non-current liabilities	497,009	472,110	4,253,243
Total liabilities	751,059	751,070	6,766,396
<b>Contingent liabilities (Note 3)</b>			
<b>Net assets:</b>			
<b>Shareholders' equity :</b>			
Common stock: authorised - 1,800,000 thousand shares issued - 919,773 thousand shares in 2016 and 2017	88,864	88,864	800,577
Capital surplus	23,042	23,156	208,613
Retained earnings	80,615	93,165	839,324
Treasury stock - at cost: 449 thousand shares in 2016 and 625 thousand shares in 2017	(170)	(271)	(2,442)
Total shareholders' equity	192,351	204,914	1,846,072
<b>Accumulated other comprehensive income (loss):</b>			
Net unrealised gains on available-for-sale securities	20,355	23,908	215,388
Deferred gains and losses on hedges	(615)	(197)	(1,775)
Land revaluation increment	82,538	88,835	800,315
Foreign currency translation adjustments	(9)	(13)	(117)
Retirement benefit adjustments	(3,628)	(1,127)	(10,153)
Total accumulated other comprehensive income (loss)	98,641	111,406	1,003,658
<b>Non-controlling interests</b>	22,556	26,493	238,676
Total net assets	313,548	342,813	3,088,406
<b>Total liabilities and net assets</b>	¥ 1,064,607	¥ 1,093,883	\$ 9,854,802

**Nagoya Railroad Co., Ltd. and Consolidated Subsidiaries**

**Consolidated Statements of Income (Unaudited)**

For the Years Ended 31 March 2016 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2017	2017
<b>Operating revenues (Note 4)</b>	¥ 610,154	¥ 599,570	\$ 5,401,532
<b>Operating expenses</b>			
Transportation, other services and cost of sales	514,051	503,422	4,535,334
Selling, general and administrative expenses	51,238	51,967	468,171
Total operating expenses	565,289	555,389	5,003,505
<b>Operating income</b>	44,865	44,181	398,027
<b>Other income (expenses):</b>			
Interest and dividend income	1,367	1,448	13,045
Interest expense	(4,855)	(4,151)	(37,396)
Equity in net earnings of affiliates	3,054	2,822	25,423
Impairment loss on fixed assets	(5,970)	(4,174)	(37,604)
Loss on sale or disposition of property and equipment, net	(706)	(1,187)	(10,694)
Gain on contributions for construction	1,771	945	8,514
Loss on reduction of property and equipment	(1,584)	(703)	(6,333)
Provision for loss on liquidation	(554)	(4,986)	(44,919)
Others, net	1,985	2,747	24,748
Other income (expenses), net	(5,492)	(7,239)	(65,216)
<b>Profit before income taxes</b>	39,373	36,942	332,811
<b>Income taxes:</b>			
Current	9,878	13,128	118,271
Deferred	1,526	(1,978)	(17,820)
Total income taxes	11,404	11,150	100,451
<b>Profit</b>	27,969	25,792	232,360
<b>Profit attributable to:</b>			
Owners of the parent	24,533	23,433	211,108
Non-controlling interests	3,436	2,359	21,252
Total profit	¥ 27,969	¥ 25,792	\$ 232,360
<b>Per share:</b>			
Net income:			
- Basic	¥ 26.68	¥ 25.49	\$ 0.23
- Diluted	23.30	22.26	0.20
Cash dividends	5.00	5.00	0.05

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 2016 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2017	2017
<b>Profit</b>	¥ 27,969	¥ 25,792	\$ 232,360
<b>Other comprehensive income:</b>			
Net unrealised gains and losses on available-for-sale securities	(3,447)	3,515	31,667
Deferred gains and losses on hedges	(432)	430	3,874
Land revaluation increment	3,883	14	126
Foreign currency translation adjustments	—	(4)	(36)
Retirement benefit adjustments	(947)	2,583	23,270
Share of other comprehensive income of affiliates accounted for using the equity method	(399)	153	1,379
Total other comprehensive income	(1,342)	6,691	60,280
<b>Comprehensive income</b>	¥ 26,627	¥ 32,483	\$ 292,640
<b>Comprehensive income attributable to:</b>			
Owners of the parent	¥ 22,984	¥ 29,913	\$ 269,487
Non-controlling interests	3,643	2,570	23,153
Total comprehensive income	¥ 26,627	¥ 32,483	\$ 292,640

See Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Net Assets (Unaudited)

For the Years Ended 31 March 2016 and 2017

	Shareholders' equity					Accumulated other comprehensive income					Total net assets				
	Number of shares of common stock issued Thousands	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealised gains on available-for-sale securities		Deferred gains and losses on hedges	Land revaluation increment		Foreign currency translation adjustments	Retirement benefit adjustments	Total accumulated other comprehensive income	Non-controlling interests
							Millions of yen	Millions of yen							
<b>Balance as of 1 April 2015</b>	919,773	¥ 88,864	¥ 23,107	¥ 63,237	¥ (51)	¥ 175,157	¥ 23,910	¥ (189)	¥ 75,748	¥ (9)	¥ 97,175	¥ 19,153	¥ 291,485		
Profit attributable to owners of the parent	—	—	—	24,533	—	24,533	—	—	—	—	—	—	24,533		
Cash dividends	—	—	—	(4,139)	—	(4,139)	—	—	—	—	—	—	(4,139)		
Reversal for land revaluation increment	—	—	—	(3,016)	—	(3,016)	—	—	—	—	—	—	(3,016)		
Transfer from retained earnings to capital surplus	—	—	—	—	—	—	—	—	—	—	—	—	—		
Issuance of treasury stock upon conversion of convertible bonds and other, net of fractional shares acquired	—	—	—	—	(119)	(119)	—	—	—	—	—	—	(119)		
Change in ownership interest of parent related to transactions with non-controlling interests	—	—	(65)	—	—	(65)	—	—	—	—	—	—	(65)		
<b>Balance as of 31 March 2016</b>	919,773	¥ 88,864	¥ 23,042	¥ 80,615	¥ (170)	¥ 192,351	¥ (3,555)	¥ (426)	¥ 6,790	—	¥ 1,466	¥ 3,403	¥ 313,548		
Profit attributable to owners of the parent	—	—	—	23,433	—	23,433	—	(615)	82,538	(9)	98,641	22,556	23,433		
Cash dividends	—	—	—	(4,597)	—	(4,597)	—	—	—	—	—	—	(4,597)		
Reversal for land revaluation increment	—	—	—	(6,285)	—	(6,285)	—	—	—	—	—	—	(6,285)		
Transfer from retained earnings to capital surplus	—	—	—	(1)	—	(1)	—	—	—	—	—	—	(1)		
Issuance of treasury stock upon conversion of convertible bonds and other, net of fractional shares acquired	—	—	(2)	—	(101)	(103)	—	—	—	—	—	—	(103)		
Change in ownership interest of parent related to transactions with non-controlling interests	—	—	115	—	—	115	—	—	—	—	—	—	115		
<b>Balance as of 31 March 2017</b>	919,773	¥ 88,864	¥ 23,156	¥ 93,165	¥ (271)	¥ 204,914	¥ 23,908	¥ (418)	¥ 6,297	¥ (4)	¥ 12,765	¥ 3,937	¥ 342,813		

	Shareholders' equity					Accumulated other comprehensive income					Total net assets				
	Number of shares of common stock issued Thousands	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealised gains on available-for-sale securities		Deferred gains and losses on hedges	Land revaluation increment		Foreign currency translation adjustments	Retirement benefit adjustments	Total accumulated other comprehensive income	Non-controlling interests
							Thousands of U.S. dollars (Note 1)	Thousands of U.S. dollars (Note 1)							
<b>Balance as of 1 April 2016</b>	—	\$ 800,577	\$ 207,586	\$ 726,261	\$ (1,532)	\$ 1,732,892	\$ 183,378	\$ (5,540)	\$ 743,586	\$ (81)	\$ 888,658	\$ 203,207	\$ 2,824,757		
Profit attributable to owners of the parent	—	—	—	211,108	—	211,108	—	—	—	—	—	—	211,108		
Cash dividends	—	—	—	(41,414)	—	(41,414)	—	—	—	—	—	—	(41,414)		
Reversal for land revaluation increment	—	—	—	(56,622)	—	(56,622)	—	—	—	—	—	—	(56,622)		
Transfer from retained earnings to capital surplus	—	—	9	(9)	—	—	—	—	—	—	—	—	—		
Issuance of treasury stock upon conversion of convertible bonds and other, net of fractional shares acquired	—	—	(18)	—	(910)	(928)	—	—	—	—	—	—	(928)		
Change in ownership interest of parent related to transactions with non-controlling interests	—	—	1,036	—	—	1,036	—	—	—	—	—	—	1,036		
<b>Balance as of 31 March 2017</b>	—	\$ 800,577	\$ 208,613	\$ 839,324	\$ (2,442)	\$ 1,846,072	\$ 215,388	\$ (1,775)	\$ 800,315	\$ (117)	\$ 1,003,658	\$ 238,676	\$ 3,088,406		

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 2016 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2017	2017
<b>Cash flows from operating activities:</b>			
Profit before income taxes	¥ 39,373	¥ 36,942	\$ 332,811
Adjustments for:			
Depreciation and amortisation	38,914	38,748	349,081
Impairment loss on fixed assets	5,970	4,174	37,604
Loss on sale or disposition of property and equipment, net	1,215	1,371	12,351
Gain on contributions for construction	(1,771)	(945)	(8,514)
(Decrease) increase in employee retirement benefit liability	(774)	664	5,982
Increase in trade notes and accounts receivable	(2,440)	(2,494)	(22,468)
Increase in inventories	(3,827)	(8,018)	(72,234)
Decrease in trade notes and accounts payable	(3,729)	(345)	(3,108)
Others, net	5,055	3,724	33,549
Subtotal	77,986	73,821	665,054
Interest and dividends received	1,851	2,010	18,108
Interest paid	(4,880)	(4,225)	(38,063)
Extra retirement benefits paid	(1)	—	—
Income taxes paid	(7,427)	(10,886)	(98,072)
Net cash provided by operating activities	67,529	60,720	547,027
<b>Cash flows from investing activities:</b>			
Purchases of property and equipment	(51,954)	(46,820)	(421,802)
Proceeds from sales of property and equipment	6,038	2,389	21,523
Proceeds for contributions for construction	6,731	6,124	55,171
Purchases of investments securities	(898)	(1,922)	(17,315)
Proceeds from sales or redemptions of investment securities	1,168	1,016	9,153
Collections of loans receivable	741	723	6,514
Others, net	(1,952)	(179)	(1,613)
Net cash used in investing activities	(40,126)	(38,669)	(348,369)
<b>Cash flows from financing activities:</b>			
Increase in long-term debt	57,373	53,365	480,766
Repayment of long-term debt	(71,778)	(61,796)	(556,721)
Net decrease in short-term borrowings	(7,310)	(5,345)	(48,153)
Dividends paid to shareholders	(4,133)	(4,592)	(41,369)
Dividends paid to non-controlling shareholders	(171)	(189)	(1,703)
Others, net	(238)	1,531	13,793
Net cash used in financing activities	(26,257)	(17,026)	(153,387)
Effect of exchange rate changes on cash and cash equivalents	—	(3)	(28)
Net increase in cash and cash equivalents	1,146	5,022	45,243
Cash and cash equivalents at beginning of year	15,776	16,922	152,451
Cash and cash equivalents at end of year	¥ 16,922	¥ 21,944	\$ 197,694

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 from 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 2017, which was ¥111 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 2016 and 2017 from those for the years ended 31 March 2015 and 2016, respectively.

### **(b) Accounting changes**

#### **(Application of Practical Solution on Accounting for Changes in Depreciation Method related to the 2016 Tax Law Changes)**

In accordance with the amendment of the Corporation Tax Act of Japan, some of the consolidated subsidiaries have applied “Practical Solution on Accounting for Changes in Depreciation Method related to the 2016 Tax Law Changes (ASBJ Practical Issues Task Force (“PITF”) No. 32, 17 June 2016)” from the beginning of the year ended 31 March 2017 and changed the depreciation method of facilities attached to the buildings and structures acquired on and after 1 April 2016 from the declining balance method to the straight-line method.

The effects on the consolidated financial statements for the year ended 31 March 2017 were not material.

### (c) Additional information

#### **(Application of Revised Implementation Guidance on Recoverability of Deferred Tax Assets)**

The Group has applied “Revised Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, 28 March 2016)” from the beginning of the year ended 31 March 2017.

### 3. Contingent liabilities

At 31 March 2016 and 2017, contingent liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	31 March 2016	31 March 2017	31 March 2017
Contingently liable for:			
Guarantees of loans of others	¥490	¥605	\$5,451
Guarantees under debt assumption agreements	10,000	10,000	90,090
Total	¥10,490	¥10,605	\$95,541

### 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 2016 was as follows:

	Reportable segments						Total	Adjustments	Consolidated financial statements
	Traffic	Transport	Real Estate	Leisure and Services	Distribution	Others (*1)			
Millions of yen									
<b>For the year 2016:</b>									
Operating revenues:									
External customers	¥ 162,177	¥ 131,478	¥ 81,109	¥ 53,467	¥ 125,841	¥ 56,082	¥ 610,154	¥ —	¥ 610,154
Intersegment sales/transfer	2,312	538	6,699	1,572	10,545	21,829	43,495	(43,495)	—
Total	¥ 164,489	¥ 132,016	¥ 87,808	¥ 55,039	¥ 136,386	¥ 77,911	¥ 653,649	¥ (43,495)	¥ 610,154
Segment income (*2)	22,004	6,234	9,595	2,103	863	3,691	44,490	375	44,865
Segment assets (*3)	475,003	115,753	261,378	35,681	45,373	71,987	1,005,175	59,432	1,064,607
Other material items:									
Depreciation and amortisation (*4)	18,877	5,675	5,801	1,325	1,358	6,414	39,450	(536)	38,914
Amortisation of goodwill	—	63	127	—	13	—	203	—	203
Impairment loss on fixed assets	1,141	86	1,783	2,594	302	64	5,970	—	5,970
Increase in property and equipment and intangible assets	17,195	8,350	11,052	1,687	2,652	8,429	49,365	—	49,365

\*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 ¥375 million was treated as intersegment elimination.

\*3) Segment assets adjustment amounting to ¥59,432 million consisted of unallocated general corporate assets amounting to ¥87,180 million, net of intersegment elimination of ¥27,748 million. Such general corporate assets consisted mainly of cash, deposits and investment securities.

\*4) Depreciation and amortisation adjustment amounting to ¥536 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 2017 was as follows:

	Reportable segments						Total	Adjustments	Consolidated financial statements
	Traffic	Transport	Real Estate	Leisure and Services	Distribution	Others (*1)			
Millions of yen									
<b>For the year 2017:</b>									
Operating revenues:									
External customers	¥ 162,873	¥ 129,416	¥ 74,251	¥ 53,465	¥ 124,826	¥ 54,739	¥ 599,570	¥ —	¥ 599,570
Intersegment sales/transfer	2,310	449	7,032	1,647	9,572	18,792	39,802	(39,802)	—
Total	¥ 165,183	¥ 129,865	¥ 81,283	¥ 55,112	¥ 134,398	¥ 73,531	¥ 639,372	¥ (39,802)	¥ 599,570
Segment income (*2)	22,723	5,690	8,997	1,766	928	4,031	44,135	46	44,181
Segment assets (*3)	479,513	108,906	281,611	36,466	45,222	77,966	1,029,684	64,199	1,093,883
Other material items:									
Depreciation and amortisation (*4)	18,117	5,985	5,906	1,366	1,632	6,244	39,250	(502)	38,748
Amortisation of goodwill	—	32	127	—	13	—	172	—	172
Impairment loss on fixed assets	182	990	1,035	235	1,711	21	4,174	—	4,174
Increase in property and equipment and intangible assets	18,825	7,458	12,744	1,763	780	6,551	48,121	—	48,121

	Reportable segments						Total	Adjustments	Consolidated financial statements
	Traffic	Transport	Real Estate	Leisure and Services	Distribution	Others (*1)			
Thousands of U.S. dollars									
<b>For the year 2017:</b>									
Operating revenues:									
External customers	\$ 1,467,324	\$ 1,165,910	\$ 668,928	\$ 481,667	\$ 1,124,559	\$ 493,144	\$ 5,401,532	\$ —	\$ 5,401,532
Intersegment sales/transfer	20,811	4,045	63,351	14,838	86,234	169,297	358,576	(358,576)	—
Total	\$ 1,488,135	\$ 1,169,955	\$ 732,279	\$ 496,505	\$ 1,210,793	\$ 662,441	\$ 5,760,108	\$ (358,576)	\$ 5,401,532
Segment income (*2)	204,712	51,261	81,054	15,910	8,361	36,315	397,613	414	398,027
Segment assets (*3)	4,319,937	981,135	2,537,036	328,523	407,405	702,396	9,276,432	578,370	9,854,802
Other material items:									
Depreciation and amortisation (*4)	163,216	53,919	53,207	12,307	14,703	56,252	353,604	(4,523)	349,081
Amortisation of goodwill	—	289	1,144	—	117	—	1,550	—	1,550
Impairment loss on fixed assets	1,640	8,919	9,324	2,117	15,415	189	37,604	—	37,604
Increase in property and equipment and intangible assets	169,595	67,189	114,811	15,883	7,027	59,018	433,523	—	433,523

\*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 ¥46 million (\$414 thousand) was treated as intersegment elimination.

\*3) Segment assets adjustment amounting to ¥64,199 million (\$578,370 thousand) consisted of unallocated general corporate assets amounting to ¥93,126 million (\$838,973 thousand), net of intersegment elimination of ¥28,927 million (\$260,604 thousand). Such general corporate assets consisted mainly of cash, deposits and investment securities.

\*4) Depreciation and amortisation adjustment amounting to ¥502 million (\$4,523 thousand) was treated as intersegment elimination.

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

## 5. Subsequent events

The Company resolved at the meeting of its Board of Directors held on 10 May 2017 to submit a proposal for change in the number of shares per trading unit, a share consolidation and a partial amendment to the Articles of Incorporation, at the ordinary general meeting of shareholders to be held on 28 June 2017.