

Nagoya Railroad Co., Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheets (Unaudited)

31 March 2015 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2016	2016
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 15,776	¥ 16,922	\$ 149,752
Short-term investments	731	794	7,027
Trade notes and accounts receivable	54,064	55,711	493,018
Inventories	62,410	64,029	566,628
Deferred tax assets	5,387	3,411	30,186
Others	19,076	17,260	152,743
Less allowance for doubtful accounts	(824)	(203)	(1,797)
Total current assets	156,620	157,924	1,397,557
Property and equipment:			
Land	363,959	359,804	3,184,106
Buildings and structures	680,184	677,307	5,993,867
Machinery, equipment and vehicles	301,720	307,164	2,718,266
Other properties	63,846	65,146	576,513
Construction in progress	22,750	27,785	245,885
	1,432,459	1,437,206	12,718,637
Less accumulated depreciation	(656,193)	(663,008)	(5,867,327)
Property and equipment, net	776,266	774,198	6,851,310
Investments and other assets:			
Investment securities	72,121	66,317	586,876
Investments in unconsolidated subsidiaries and affiliates	28,420	30,763	272,239
Deferred tax assets	9,056	10,573	93,566
Intangible assets	10,069	10,605	93,850
Other assets	16,236	16,239	143,708
Allowance for doubtful accounts	(1,802)	(2,012)	(17,805)
Total investments and other assets	134,100	132,485	1,172,434
Total assets	¥ 1,066,986	¥ 1,064,607	\$ 9,421,301

See Notes to Consolidated Financial Statements.

Nagoya Railroad Co., Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheets (Unaudited)

31 March 2015 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2016	2016
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term borrowings	¥ 33,646	¥ 26,287	\$ 232,628
Current portion of long-term debt	52,588	59,114	523,133
Trade notes and accounts payable	74,234	69,403	614,186
Accrued expenses	15,119	15,472	136,920
Income taxes payable	4,822	6,246	55,274
Provisions	2,012	2,142	18,956
Other current liabilities	73,970	75,386	667,133
Total current liabilities	256,391	254,050	2,248,230
Non-current liabilities:			
Long-term debt	389,114	372,968	3,300,602
Accrued retirement benefits for directors and corporate auditors	1,630	1,738	15,381
Deferred tax liabilities	6,443	3,638	32,195
Deferred tax liabilities for land revaluation	57,515	54,245	480,044
Provisions	8,391	8,564	75,788
Employee retirement benefit liability	36,408	37,340	330,442
Other non-current liabilities	19,609	18,516	163,858
Total non-current liabilities	519,110	497,009	4,398,310
Total liabilities	775,501	751,059	6,646,540
Contingent liabilities (Note 3)			
Net assets:			
Shareholders' equity :			
Common stock: authorised - 1,800,000 thousand shares issued - 919,773 thousand shares in 2015 and 2016	88,864	88,864	786,407
Capital surplus	23,107	23,042	203,911
Retained earnings	63,237	80,615	713,407
Treasury stock - at cost: 202 thousand shares in 2015 and 449 thousand shares in 2016	(51)	(170)	(1,504)
Total shareholders' equity	175,157	192,351	1,702,221
Accumulated other comprehensive income (loss):			
Net unrealised gains on available-for-sale securities	23,910	20,355	180,133
Deferred gains and losses on hedges	(189)	(615)	(5,443)
Land revaluation increment	75,748	82,538	730,425
Foreign currency translation adjustments	(9)	(9)	(80)
Retirement benefit adjustments	(2,285)	(3,628)	(32,106)
Total accumulated other comprehensive income (loss)	97,175	98,641	872,929
Non-controlling interests	19,153	22,556	199,611
Total net assets	291,485	313,548	2,774,761
Total liabilities and net assets	¥ 1,066,986	¥ 1,064,607	\$ 9,421,301

Nagoya Railroad Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Income (Unaudited)

For the Years Ended 31 March 2015 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2016	2016
Operating revenues (Note 4)	¥ 609,380	¥ 610,154	\$ 5,399,593
Operating expenses			
Transportation, other services and cost of sales	521,593	514,051	4,549,124
Selling, general and administrative expenses	49,714	51,238	453,434
Total operating expenses	571,307	565,289	5,002,558
Operating income	38,073	44,865	397,035
Other income (expenses):			
Interest and dividend income	1,200	1,367	12,097
Interest expense	(5,580)	(4,855)	(42,964)
Equity in net earnings of affiliates	2,526	3,054	27,027
Impairment loss on fixed assets	(2,274)	(5,970)	(52,832)
Loss on sale or disposition of property and equipment, net	(2,259)	(706)	(6,248)
Gain on contributions for construction	2,305	1,771	15,673
Loss on reduction of property and equipment	(2,206)	(1,584)	(14,018)
Provision for loss on liquidation	(514)	(554)	(4,903)
Others, net	(1,488)	1,985	17,567
Other income (expenses), net	(8,290)	(5,492)	(48,601)
Profit before income taxes	29,783	39,373	348,434
Income taxes:			
Current	7,869	9,878	87,416
Deferred	2,175	1,526	13,505
Total income taxes	10,044	11,404	100,921
Profit	19,739	27,969	247,513
Profit attributable to:			
Owners of the parent	17,789	24,533	217,106
Non-controlling interests	1,950	3,436	30,407
Total profit	¥ 19,739	¥ 27,969	\$ 247,513
Per share:			
Net income:			
- Basic	¥ 19.67	¥ 26.68	\$ 0.24
- Diluted	17.70	23.30	0.21
Cash dividends	4.50	5.00	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 2015 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2016	2016
Profit	¥ 19,739	¥ 27,969	\$ 247,513
Other comprehensive income:			
Net unrealised gains and losses on available-for-sale securities	10,544	(3,447)	(30,504)
Deferred gains and losses on hedges	(213)	(432)	(3,823)
Land revaluation increment	6,951	3,883	34,363
Foreign currency translation adjustments	19	—	—
Retirement benefit adjustments	1,512	(947)	(8,381)
Share of other comprehensive income of affiliates accounted for using the equity method	788	(399)	(3,531)
Total other comprehensive income	19,601	(1,342)	(11,876)
Comprehensive income	¥ 39,340	¥ 26,627	\$ 235,637
Comprehensive income attributable to:			
Owners of the parent	¥ 36,879	¥ 22,984	\$ 203,398
Non-controlling interests	2,461	3,643	32,239
Total comprehensive income	¥ 39,340	¥ 26,627	\$ 235,637

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 2015 and 2016

Number of shares of common stock issued Thousands	Shareholders' equity					Accumulated other comprehensive income								
	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	Total net assets	
Millions of yen														
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	3,728	—	—	7,456	—	—	—	—	—	—	—	7,456	
—	—	—	(3,556)	—	(3,556)	—	—	—	—	—	—	—	(3,556)	
—	—	—	(1,846)	—	(1,846)	—	—	—	—	—	—	—	(1,846)	
—	—	43	(43)	—	—	—	—	—	—	—	—	—	—	
—	—	(43)	—	57	14	—	—	—	—	—	—	—	14	
—	—	—	—	—	—	11,066	(192)	8,588	19	1,455	20,936	1,630	22,566	
919,773	88,864	23,107	63,237	(51)	175,157	23,910	(189)	75,748	(9)	(2,285)	97,175	19,153	291,485	
—	—	—	—	—	—	—	—	—	—	—	—	—	—	
919,773	88,864	23,107	63,237	(51)	175,157	23,910	(189)	75,748	(9)	(2,285)	97,175	19,153	291,485	
—	—	—	24,533	—	24,533	—	—	—	—	—	—	—	24,533	
—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	(4,139)	—	(4,139)	—	—	—	—	—	—	—	(4,139)	
—	—	—	(3,016)	—	(3,016)	—	—	—	—	—	—	—	(3,016)	
—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	(119)	(119)	—	—	—	—	—	—	—	(119)	
—	—	(65)	—	—	(65)	—	—	—	—	—	—	—	(65)	
—	—	—	—	—	—	(3,555)	(426)	6,790	—	(1,343)	1,466	3,403	4,869	
919,773	¥ 88,864	¥ 23,042	¥ 80,615	¥ (170)	¥ 192,351	¥ 20,355	¥ (615)	¥ 82,538	¥ (9)	¥ (3,628)	¥ 98,641	¥ 22,556	¥ 313,548	

	Shareholders' equity					Accumulated other comprehensive income								
	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	Total net assets	
Thousands of U.S. dollars (Note 1)														
\$ 786,407	\$ 204,487	\$ 559,619	\$ (451)	\$ 1,550,062	\$ 211,593	\$ (1,673)	\$ 670,337	\$ (80)	\$ (20,221)	\$ 859,956	\$ 169,496	\$ 2,579,514		
—	—	—	—	—	—	—	—	—	—	—	—	—		
786,407	204,487	559,619	(451)	1,550,062	211,593	(1,673)	670,337	(80)	(20,221)	859,956	169,496	2,579,514		
—	—	217,106	—	217,106	—	—	—	—	—	—	—	217,106		
—	—	—	—	—	—	—	—	—	—	—	—	—		
—	—	(36,628)	—	(36,628)	—	—	—	—	—	—	—	(36,628)		
—	—	(26,690)	—	(26,690)	—	—	—	—	—	—	—	(26,690)		
—	—	—	—	—	—	—	—	—	—	—	—	—		
—	—	—	(1,053)	(1,053)	—	—	—	—	—	—	—	(1,053)		
—	(576)	—	—	(576)	—	—	—	—	—	—	—	(576)		
—	—	—	—	—	—	(31,460)	(3,770)	60,088	—	(11,885)	12,973	30,115	43,088	
\$ 786,407	\$ 203,911	\$ 713,407	\$ (1,504)	\$ 1,702,221	\$ 180,133	\$ (5,443)	\$ 730,425	\$ (80)	\$ (32,106)	\$ 872,929	\$ 199,611	\$ 2,774,761		

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 2015 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2016	2016
Cash flows from operating activities:			
Profit before income taxes	¥ 29,783	¥ 39,373	\$ 348,434
Adjustments for:			
Depreciation and amortisation	38,708	38,914	344,372
Impairment loss on fixed assets	2,274	5,970	52,832
Loss on sale or disposition of property and equipment, net	2,643	1,215	10,752
Gain on contributions for construction	(2,305)	(1,771)	(15,673)
Increase (decrease) in employee retirement benefit liability	4,120	(774)	(6,850)
Decrease (increase) in trade notes and accounts receivable	2,657	(2,440)	(21,593)
Decrease (increase) in inventories	2,878	(3,827)	(33,867)
Decrease in trade notes and accounts payable	(537)	(3,729)	(33,000)
Others, net	3,096	4,931	43,637
Subtotal	83,317	77,862	689,044
Interest and dividends received	1,538	1,851	16,381
Interest paid	(5,770)	(4,880)	(43,186)
Extra retirement benefits paid	(20)	—	—
Income taxes paid	(8,685)	(7,427)	(65,726)
Net cash provided by operating activities	70,380	67,406	596,513
Cash flows from investing activities:			
Purchases of property and equipment	(47,876)	(51,954)	(459,770)
Proceeds from sales of property and equipment	3,994	6,038	53,434
Proceeds for contributions for construction	9,443	6,731	59,566
Purchases of investments securities	(822)	(898)	(7,947)
Proceeds from sales or redemptions of investment securities	1,138	1,168	10,336
Collections of loans receivable	851	741	6,558
Others, net	342	(1,952)	(17,274)
Net cash used in investing activities	(32,930)	(40,126)	(355,097)
Cash flows from financing activities:			
Increase in long-term debt	99,137	57,373	507,726
Repayment of long-term debt	(102,868)	(71,778)	(635,204)
Net decrease in short-term borrowings	(27,222)	(7,310)	(64,690)
Dividends paid to shareholders	(3,544)	(4,133)	(36,575)
Dividends paid to non-controlling shareholders	(518)	(171)	(1,513)
Others, net	(79)	(115)	(1,018)
Net cash used in financing activities	(35,094)	(26,134)	(231,274)
Effect of exchange rate changes on cash and cash equivalents	15	—	—
Net increase in cash and cash equivalents	2,371	1,146	10,142
Cash and cash equivalents at beginning of year	13,405	15,776	139,610
Cash and cash equivalents at end of year	¥ 15,776	¥ 16,922	\$ 149,752

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 2016, which was ¥113 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 2015 and 2016 from those for the years ended 31 March 2014 and 2015, respectively.

(b) Accounting changes

The Company and its consolidated domestic subsidiaries have adopted “Revised Accounting Standard for Business Combination” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 21, 13 September 2013 (hereinafter, “Statement No. 21”)), “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, 13 September 2013 (hereinafter, “Statement No. 22”)) and “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, 13 September 2013 (hereinafter, “Statement No. 7”)) (together, the “Business Combination Accounting Standards”) from the beginning of the current fiscal year, as a result, changed the accounting policies: to recognise in capital surplus the differences arising from the changes in the Company’s ownership interest of subsidiaries, over which the Company continues control; and to record the acquisition related costs as expenses in the fiscal year in which the costs are incurred. In addition, the Company changed the accounting policies for the reallocation of acquisition costs due to the completion of the provisional

accounting to reflect such reallocation in the consolidated financial statements for the fiscal year in which the business combination took place. In addition, the Company has changed the presentation of net income and other related items, and the presentation of minority interests to non-controlling interests. In order to reflect these changes in presentation, the reclassification of accounts has been made to the consolidated financial statements for the fiscal year ended 31 March 2015.

In the consolidated statements of cash flows for the year ended 31 March 2016, cash flows from acquisition or disposal of the shares of subsidiaries with no changes in the scope of consolidation are included in “Cash flows from financing activities” and cash flows from acquisition related costs of the shares of subsidiaries with changes in the scope of consolidation or costs related to acquisition or disposal of the shares of subsidiaries with no changes in the scope of consolidation are included in “Cash flows from operating activities”.

With regard to the application of the Business Combination Accounting Standards, the Company followed the provisional treatments in article 58-2 (4) of Statement No. 21, article 44-5 (4) of Statement No. 22 and article 57-4 (4) of Statement No. 7 with application from the beginning of the year ended 31 March 2016 into the future.

The effects on the consolidated financial statements for the year ended 31 March 2016 were not material.

3. Contingent liabilities

At 31 March 2015 and 2016, contingent liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	31 March 2015	31 March 2016	31 March 2016
Contingently liable for:			
Guarantees of loans of others	¥426	¥490	\$4,336
Guarantees under debt assumption agreements	10,000	10,000	88,496
Total	¥10,426	¥10,490	\$92,832

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 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

*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 was treated as intersegment elimination.

*3) Segment assets adjustment amounting to ¥67,834 million consisted of unallocated general corporate assets amounting to ¥94,364 million, net of intersegment elimination of ¥26,530 million. Such general corporate assets consisted mainly of cash, deposits and investment securities.

*4) Depreciation and amortisation adjustment amounting to ¥596 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 2016 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 2016:																		
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

	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 2016:									
Operating revenues:									
External customers	\$ 1,435,195	\$ 1,163,522	\$ 717,779	\$ 473,159	\$ 1,113,637	\$ 496,301	\$ 5,399,593	\$ —	\$ 5,399,593
Intersegment sales/transfer	20,460	4,761	59,283	13,912	93,319	193,177	384,912	(384,912)	—
Total	\$ 1,455,655	\$ 1,168,283	\$ 777,062	\$ 487,071	\$ 1,206,956	\$ 689,478	\$ 5,784,505	\$ (384,912)	\$ 5,399,593
Segment income (*2)	194,726	55,168	84,911	18,611	7,637	32,664	393,717	3,318	397,035
Segment assets (*3)	4,203,566	1,024,363	2,313,080	315,761	401,531	637,053	8,895,354	525,947	9,421,301
Other material items:									
Depreciation and amortisation (*4)	167,053	50,221	51,336	11,726	12,018	56,761	349,115	(4,743)	344,372
Amortisation of goodwill	—	557	1,124	—	115	—	1,796	—	1,796
Impairment loss on fixed assets	10,097	761	15,779	22,956	2,673	566	52,832	—	52,832
Increase in property and equipment and intangible assets	152,168	73,894	97,805	14,929	23,469	74,593	436,858	—	436,858

- *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 (\$3,318 thousand) was treated as intersegment elimination.
- *3) Segment assets adjustment amounting to ¥59,432 million (\$525,947 thousand) consisted of unallocated general corporate assets amounting to ¥87,180 million (\$771,504 thousand), net of intersegment elimination of ¥27,748 million (\$245,558 thousand). Such general corporate assets consisted mainly of cash, deposits and investment securities.
- *4) Depreciation and amortisation adjustment amounting to ¥536 million (\$4,743 thousand) was treated as intersegment elimination.
- 5) Segment income was reconciled to operating income in the accompanying consolidated statements of income.