

Quarterly consolidated financial statements
(1) Quarterly consolidated balance sheet

(Millions of yen)

| | As of March 31, 2018 | As of June 30, 2018 |
|--|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 20,317 | 20,209 |
| Notes and accounts receivable - trade | 31,199 | 20,907 |
| Securities | 51 | 6 |
| Land and buildings for sale | 105,070 | 109,523 |
| Merchandise | 1,772 | 1,835 |
| Other | 10,099 | 10,342 |
| Allowance for doubtful accounts | (243) | (249) |
| Total current assets | 168,266 | 162,575 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 193,388 | 191,417 |
| Machinery, equipment and vehicles, net | 16,672 | 18,700 |
| Land | 217,866 | 217,884 |
| Construction in progress | 19,065 | 22,194 |
| Other, net | 8,632 | 8,361 |
| Total property, plant and equipment | 455,624 | 458,558 |
| Intangible assets | 9,267 | 9,071 |
| Investments and other assets | | |
| Investment securities | 43,676 | 45,208 |
| Long-term loans receivable | 689 | 664 |
| Deferred tax assets | 9,500 | 9,677 |
| Net defined benefit asset | 704 | 994 |
| Other | 11,340 | 11,388 |
| Allowance for doubtful accounts | (283) | (291) |
| Total investments and other assets | 65,627 | 67,642 |
| Total non-current assets | 530,519 | 535,271 |
| Total assets | 698,786 | 697,847 |

(Millions of yen)

| | As of March 31, 2018 | As of June 30, 2018 |
|---|----------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 11,588 | 10,531 |
| Short-term loans payable | 80,202 | 80,965 |
| Short-term bonds payable | – | 2,500 |
| Current portion of bonds | 10,045 | 10,045 |
| Income taxes payable | 4,524 | 1,657 |
| Advances received | 7,521 | 10,323 |
| Provision for bonuses | 2,555 | 1,315 |
| Provision for loss on unused gift certificate | 565 | 579 |
| Other | 44,596 | 39,537 |
| Total current liabilities | 161,600 | 157,455 |
| Non-current liabilities | | |
| Bonds payable | 80,125 | 80,120 |
| Long-term loans payable | 146,026 | 143,334 |
| Long-term accounts payable - other | 536 | 511 |
| Deferred tax liabilities | 10,915 | 11,368 |
| Deferred tax liabilities for land revaluation | 33,137 | 33,137 |
| Provision for directors' retirement benefits | 345 | 341 |
| Net defined benefit liability | 18,790 | 18,656 |
| Other | 23,749 | 23,893 |
| Total non-current liabilities | 313,626 | 311,363 |
| Total liabilities | 475,226 | 468,819 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 51,466 | 51,466 |
| Capital surplus | 28,787 | 28,787 |
| Retained earnings | 117,384 | 122,159 |
| Treasury shares | (21,603) | (21,607) |
| Total shareholders' equity | 176,033 | 180,805 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 10,787 | 11,367 |
| Revaluation reserve for land | 36,088 | 36,088 |
| Foreign currency translation adjustment | 6 | (14) |
| Remeasurements of defined benefit plans | (2,540) | (2,548) |
| Total accumulated other comprehensive income | 44,341 | 44,892 |
| Share acquisition rights | 44 | 44 |
| Non-controlling interests | 3,139 | 3,285 |
| Total net assets | 223,559 | 229,028 |
| Total liabilities and net assets | 698,786 | 697,847 |

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income
Quarterly consolidated statement of income (cumulative)

(Millions of yen)

| | Three months ended June 30, 2017 | Three months ended June 30, 2018 |
|---|-------------------------------------|-------------------------------------|
| Operating revenue | 65,948 | 78,685 |
| Operating expenses | | |
| Operating expenses and cost of sales of transportation | 48,313 | 58,271 |
| Selling, general and administrative expenses | 9,302 | 10,035 |
| Total operating expenses | 57,615 | 68,306 |
| Operating profit | 8,333 | 10,378 |
| Non-operating income | | |
| Interest income | 18 | 14 |
| Dividend income | 466 | 561 |
| Miscellaneous income | 183 | 206 |
| Total non-operating income | 668 | 783 |
| Non-operating expenses | | |
| Interest expenses | 626 | 608 |
| Share of loss of entities accounted for using equity method | 10 | 5 |
| Miscellaneous expenses | 337 | 188 |
| Total non-operating expenses | 975 | 803 |
| Ordinary profit | 8,026 | 10,358 |
| Extraordinary income | | |
| Subsidy | 175 | 154 |
| Gain on sales of non-current assets | 22 | 92 |
| Contribution for construction | – | 15 |
| Gain on sales of shares of subsidiaries and associates | 3,164 | – |
| Other | – | 7 |
| Total extraordinary income | 3,361 | 269 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 164 | 92 |
| Loss on reduction of non-current assets | 29 | 33 |
| Other | 8 | – |
| Total extraordinary losses | 201 | 125 |
| Profit before income taxes | 11,186 | 10,502 |
| Income taxes - current | 3,417 | 3,387 |
| Income taxes - deferred | 85 | 22 |
| Total income taxes | 3,503 | 3,410 |
| Profit | 7,682 | 7,091 |
| Profit attributable to non-controlling interests | 125 | 172 |
| Profit attributable to owners of parent | 7,557 | 6,919 |

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

| | Three months ended June 30, 2017 | Three months ended June 30, 2018 |
|--|-------------------------------------|-------------------------------------|
| Profit | 7,682 | 7,091 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 158 | 579 |
| Remeasurements of defined benefit plans, net of tax | 145 | (7) |
| Share of other comprehensive income of entities accounted for using equity method | 2 | (20) |
| Total other comprehensive income | 306 | 551 |
| Comprehensive income | 7,989 | 7,642 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 7,845 | 7,470 |
| Comprehensive income attributable to non- controlling interests | 143 | 172 |

(3) Notes on quarterly consolidated financial statements

Notes on premise of going concern

No items to report.

Notes on significant changes in the amount of shareholders' equity

No items to report.

Additional information

(Application of “Partial Amendments to Accounting Standard for Tax Effect Accounting” and relevant Guidances)

The Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the first quarter of the fiscal year ending March 31, 2019. Accordingly, deferred tax assets were presented under “Investments and other assets” and deferred tax liabilities were presented under “Non-current liabilities.”

(Issuance of unsecured bonds)

Pursuant to a comprehensive resolution on the issuance of bonds approved at a meeting of the Board of Directors held on May 28, 2018, the Company issued the 30th series of unsecured bonds under the following conditions.

- | | |
|------------------------|---|
| (1) Total issue amount | 10,000 million yen |
| (2) Issue price | 100 yen per bond with face value of 100 yen |
| (3) Payment date | July 18, 2018 |
| (4) Maturity date | July 16, 2038 |
| (5) Interest rate | 0.740% per year |
| (6) Fund usage | Redemption of bonds |