

Quarterly consolidated financial statements  
(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	20,317	19,474
Notes and accounts receivable - trade	31,199	23,447
Securities	51	6
Land and buildings for sale	105,070	119,537
Merchandise	1,772	2,211
Other	10,099	17,829
Allowance for doubtful accounts	(243)	(250)
Total current assets	168,266	182,257
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	193,388	194,451
Machinery, equipment and vehicles, net	16,672	18,093
Land	217,866	218,153
Construction in progress	19,065	28,838
Other, net	8,632	9,654
Total property, plant and equipment	455,624	469,191
Intangible assets	9,267	8,702
Investments and other assets		
Investment securities	43,676	45,009
Long-term loans receivable	689	565
Deferred tax assets	9,500	8,950
Net defined benefit asset	704	1,126
Other	11,340	12,245
Allowance for doubtful accounts	(283)	(293)
Total investments and other assets	65,627	67,605
Total non-current assets	530,519	545,499
Total assets	698,786	727,756

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	11,588	13,289
Short-term loans payable	80,202	80,253
Short-term bonds payable	–	10,000
Current portion of bonds	10,045	10,045
Income taxes payable	4,524	1,312
Advances received	7,521	11,331
Provision for bonuses	2,555	1,826
Provision for loss on unused gift certificate	565	602
Other	44,596	45,592
Total current liabilities	161,600	174,253
Non-current liabilities		
Bonds payable	80,125	80,087
Long-term loans payable	146,026	151,964
Long-term accounts payable - other	536	483
Deferred tax liabilities	10,915	10,370
Deferred tax liabilities for land revaluation	33,137	33,134
Provision for directors' retirement benefits	345	326
Net defined benefit liability	18,790	18,482
Other	23,749	24,626
Total non-current liabilities	313,626	319,476
Total liabilities	475,226	493,730
Net assets		
Shareholders' equity		
Capital stock	51,466	51,466
Capital surplus	28,787	28,787
Retained earnings	117,384	128,678
Treasury shares	(21,603)	(21,620)
Total shareholders' equity	176,033	187,311
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,787	9,091
Revaluation reserve for land	36,088	36,564
Foreign currency translation adjustment	6	20
Remeasurements of defined benefit plans	(2,540)	(2,564)
Total accumulated other comprehensive income	44,341	43,111
Share acquisition rights	44	75
Non-controlling interests	3,139	3,527
Total net assets	223,559	234,026
Total liabilities and net assets	698,786	727,756

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

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Operating revenue	222,993	226,665
Operating expenses		
Operating expenses and cost of sales of transportation	168,009	170,689
Selling, general and administrative expenses	30,487	30,544
Total operating expenses	198,497	201,233
Operating profit	24,496	25,431
Non-operating income		
Interest income	50	42
Dividend income	782	874
Miscellaneous income	689	775
Total non-operating income	1,521	1,692
Non-operating expenses		
Interest expenses	1,927	1,813
Share of loss of entities accounted for using equity method	43	68
Miscellaneous expenses	760	724
Total non-operating expenses	2,731	2,606
Ordinary profit	23,287	24,517
Extraordinary income		
Gain on sales of investment securities	0	479
Subsidy	400	378
Gain on sales of non-current assets	261	93
Contribution for construction	–	16
Gain on sales of shares of subsidiaries and associates	3,164	–
Other	254	139
Total extraordinary income	4,081	1,107
Extraordinary losses		
Loss on retirement of non-current assets	302	966
Loss on disaster	–	555
Loss on reduction of non-current assets	24	35
Impairment loss	–	6
Loss on sales of investment securities	–	6
Compensation for damage	152	–
Other	8	–
Total extraordinary losses	488	1,570
Profit before income taxes	26,880	24,053
Income taxes - current	7,742	7,084
Income taxes - deferred	532	734
Total income taxes	8,274	7,819
Profit	18,605	16,234
Profit attributable to non-controlling interests	383	443
Profit attributable to owners of parent	18,222	15,790

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit	18,605	16,234
Other comprehensive income		
Valuation difference on available-for-sale securities	1,341	(1,724)
Remeasurements of defined benefit plans, net of tax	435	(23)
Share of other comprehensive income of entities accounted for using equity method	(6)	13
Total other comprehensive income	1,770	(1,734)
Comprehensive income	20,375	14,500
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	19,960	14,084
Comprehensive income attributable to non- controlling interests	415	415

(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."

*Significant subsequent events*

(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 31st 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       | January 24, 2019                                  |
| (4) | Maturity date      | January 24, 2029                                  |
| (5) | Interest rate      | 0.455% per year                                   |
| (6) | Fund usage         | Capital investment for "THE THOUSAND KYOTO," etc. |