

# Consolidated Financial Results for the Year Ended March 31, 2018 (Japanese GAAP)

May 10, 2018

Company name: Kyushu Railway Company  
 Stock exchange listings: Tokyo and Fukuoka  
 Securities code: 9142  
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 Scheduled date of dividend payment commencement: June 25, 2018  
 Scheduled date of release of annual securities report: June 22, 2018  
 Preparation of supplementary explanations for financial results: Yes  
 Holding of a briefing on financial results: Yes

(Amounts less than one million yen, except for per share amounts, are omitted.)

## 1. Consolidated Financial Results for the Year Ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

### (1) Consolidated operating results

(Percentages show year-on-year changes.)

	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2018	413,371	8.0	63,963	8.9	67,045	10.7	50,410	12.6
Year ended March 31, 2017	382,912	1.3	58,743	181.2	60,565	89.1	44,751	—

(Note) Comprehensive income:

Year ended March 31, 2018: ¥46,957 million (9.6%),  
 Year ended March 31, 2017: ¥42,862 million (—%)

	Net income per share — basic	Net income per share — diluted	Return on equity	Ordinary income to total assets	Operating income to operating revenues
	Yen	Yen	%	%	%
Year ended March 31, 2018	315.07	—	14.0	9.4	15.5
Year ended March 31, 2017	279.70	—	13.9	9.2	15.3

(Reference) Equity in net income (losses) of affiliated companies

Year ended March 31, 2018: ¥35 million,  
 Year ended March 31, 2017: ¥52 million

(Note) On August 18, 2016, the Company conducted a stock split at a ratio of 500 shares for each share of common stock. Calculations of net income per share were made under the assumption that the stock split had occurred at the beginning of the previous consolidated fiscal year.

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2018	749,573	383,201	50.3	2,357.27
As of March 31, 2017	676,669	348,447	50.7	2,144.00

(Reference) Shareholders' equity:

As of March 31, 2018: ¥377,163 million,  
 As of March 31, 2017: ¥343,039 million

(Note) On August 18, 2016, the Company conducted a stock split at a ratio of 500 shares for each share of common stock. Calculations of net assets per share were made under the assumption that the stock split had occurred at the beginning of the previous consolidated fiscal year.

**(3) Consolidated cash flows**

	Net cash provided by operating activities	Net cash provided by (used in) investing activities	Net cash used in financing activities	Cash and cash equivalents, end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2018	87,689	(68,379)	(9,197)	64,379
Year ended March 31, 2017	28,580	(18,366)	(692)	54,263

**2. Dividends**

	Annual dividends					Total dividends (Fiscal)	Payout ratio (Consolidated)	Dividends to net assets ratio (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2017	—	0.00	—	38.50	38.50	6,160	13.8	1.9
Year ended March 31, 2018	—	39.00	—	44.00	83.00	13,280	26.3	3.7
Year ended March 31, 2019 (Forecast)	—	41.50	—	41.50	83.00		28.0	

**3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)**

(Percentages show year-on-year changes.)

	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	439,700	6.4	60,700	(5.1)	62,600	(6.6)	47,500	(5.8)	296.88

## Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018 (changes in specified subsidiaries affecting the scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and restatement of revisions

- i Changes in accounting policies with revision of accounting standards: No
- ii Changes in accounting policies other than the above: No
- iii Changes in accounting estimates: No
- iv Restatement of revisions: No

(3) Number of shares outstanding (common stock)

i Number of shares issued and outstanding at end of period (including treasury stock)	As of March 31, 2018	160,000,000 shares	As of March 31, 2017	160,000,000 shares
ii Number of shares of treasury stock at end of period	As of March 31, 2018	—	As of March 31, 2017	—
iii Average number of shares during the period	As of March 31, 2018	160,000,000 shares	As of March 31, 2017	160,000,000 shares

(Note) On August 18, 2016, the Company conducted a stock split at a ratio of 500 shares for each share of common stock.

Calculations for the number of shares issued and outstanding (common stock) were made under the assumption that the stock split had occurred at the beginning of the previous consolidated fiscal year.

(Reference)

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2018

(April 1, 2017–March 31, 2018)

(1) Non-consolidated operating results

(Percentages show year-on-year changes.)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2018	219,725	3.5	46,746	7.5	52,270	10.0	41,654	10.7
Year ended March 31, 2017	212,214	0.5	43,490	704.0	47,530	159.9	37,630	—

	Net income per share — basic	Net income per share — diluted
	Yen	Yen
Year ended March 31, 2018	260.34	—
Year ended March 31, 2017	235.19	—

(Note) On August 18, 2016, the Company conducted a stock split at a ratio of 500 shares for each share of common stock. Calculations of net income per share were made under the assumption that the stock split had occurred at the beginning of the previous consolidated fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2018	581,351	326,388	56.1	2,039.93
As of March 31, 2017	555,569	297,510	53.6	1,859.44

(Reference) Shareholders' equity:

As of March 31, 2018: ¥326,388 million,

As of March 31, 2017: ¥297,510 million

(Note) On August 18, 2016, the Company conducted a stock split at a ratio of 500 shares for each share of common stock. Calculations of net assets per share were made under the assumption that the stock split had occurred at the beginning of previous consolidated fiscal year.

## 2. Non-Consolidated Forecasts for the Fiscal Year Ending March 31, 2019 (April 1, 2018–March 31, 2019)

(Percentages show year-on-year changes.)

	Operating revenues		Operating income		Ordinary income		Net income		Net income per share — basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	222,800	1.4	44,800	(4.2)	50,300	(3.8)	41,700	0.1	260.63

\* This summary of financial results is not subject to audits by certified public accountants or accounting auditors.

### Explanation of Appropriate Uses of Performance Forecasts and Other Important Items

Performance forecasts and other forward-looking statements appearing in this document are based on currently available information and specific assumptions deemed rational and are not assurances that the Company will achieve these forecasts. Actual performance may vary greatly depending on various factors such as fluctuations in interest rates, fluctuations in share prices, changes in exchange rates, fluctuations in the value of assets, changes in the economic and financial environment, changes in the conditions of competition, occurrences of large-scale and other disasters, and changes in regulations.

Supplementary materials have been attached to this summary of financial results.

A financial results briefing for securities analysts is scheduled to be held on May 11, 2018 (Friday). The presentation materials used for this briefing will be posted on the Company's website promptly after the conclusion of this briefing.

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(Explanatory Materials) Financial results for the fiscal year ended March 31, 2018

## 1. Qualitative Information on Consolidated Financial Performance

### (1) Qualitative Information on Consolidated Operating Results

#### [1] Overview of the fiscal year ended March 31, 2018

Japan's economy showed a gradual expansion trend in the fiscal year ended March 31, 2018, due to a rise in exports and production stimulated by the steady growth of the global economy as well as increasingly solid consumer spending supported by improvements in the job market and wages. Meanwhile, restoration and reconstruction demand related to the Kumamoto earthquakes that took place in April 2016 came into full swing while recovery continued in tourism and other industries due to improvements in inbound travel demand and other conditions.

Amid these conditions, the JR Kyushu Group aims to be a kind-hearted and powerful corporate group that engages in comprehensive city-building based on the JR Kyushu Group Medium-Term Business Plan 2016–2018. We have been working to further improve our services with safety as the foundation in all of our businesses and have been making efforts to increase revenues through active project development in each business. At the same time, we have been promoting more efficient business operations and intensive cost reductions.

As a result, operating revenues in the fiscal year ended March 31, 2018, were ¥413,371 million, up 8.0% year on year. Furthermore, the Company recorded operating income of ¥63,963 million, up 8.9%; EBITDA of ¥81,832 million, up 11.7%; ordinary income of ¥67,045 million, up 10.7%; and net income attributable to owners of the parent of ¥50,410 million, up 12.6%.

(Note) EBITDA in the fiscal year ended March 31, 2018, is the numerical value of operating income plus the cost of depreciation (excluding depreciation of leased assets held for subleasing purposes).

Business performance by segment is as follows.

#### a. Transportation Group

In the railway business, we continued to develop operations founded on safety and service quality. At the same time, we utilized our network centered on the Kyushu Shinkansen to deploy sales measures from the customer's perspective in order to secure profits.

As part of safety measures, we engaged in activities that promoted safety under the slogan "feeling empowered to deliver the best possible performance in one's position" in order to create a safety-oriented corporate culture for the entire JR Kyushu Group. In addition, we implemented such activities as large-scale earthquake scenario and comprehensive derailment recovery training in an effort to improve our ability to respond to abnormal conditions. For safety investments, we steadily carried out the replacement of aging facilities and, as a disaster prevention measure, enhanced the heavy-rain resistance of our existing facilities. At the same time, we continued efforts to set up derailment prevention guards for the Kyushu Shinkansen. Furthermore, in November 2017, we commenced demonstration tests for lightweight platform screen doors at Kyudai-Gakkentoshi Station on the Chikuhui Line. In regard to services, we promoted initiatives to welcome customers through the thorough enforcement of the 5S (sort, set in order, shine, standardize, sustain) methodology as a basic part of daily operations and the

foundation for all our services, and made conscious efforts to greet customers with a smile and in a manner that leaves an impression on them.

From the perspective of marketing, we promoted sales of all our products with the purpose of encouraging the use of railways, primarily the Kyushu Shinkansen. These efforts included the discount ticket campaign “Kyushu Shinkansen Nimai Kippu,” which involves train coupon books, and the Shinkansen commuter pass “Shinkansen Excel Pass.” At the same time, we carried out the “GO! GO!! Kiss-My Kumamoto Oita” campaign. As for our “JR Kyushu Internet Reservation Service,” we enhanced our lineup of products available only online and worked to improve the service’s convenience through collaboration with train transfer search engines, integration with our point system JR Kyupo, and other means. In addition, we promoted sales through the “Internet Reservations for Trains Too!” campaign.

Also, we undertook initiatives to boost the recognition level of Kyushu-based brands and to encourage visitors to Kyushu. These initiatives included the cruise train “Seven Stars in Kyushu” as well as the Kawasemi Yamasemi special express train, which commenced service in March 2017, and 10 other “Design & Story” trains, in addition to the promotion of Kyushu’s natural environment, food, hot springs, and historical culture and the hospitality of local community members. Furthermore, we cooperated with local community members to establish attractive walking courses for our “Station Manager Recommends JR Kyushu Walking” initiative, which aims to invigorate local communities in Kyushu. A large number of customers took part in this initiative.

Moreover, through the introduction of a web sales system, we commenced direct sales of the “JR Kyushu Rail Pass,” a mainstay product geared toward customers from overseas, and also launched an advanced seat reservation service with regard to this product. In addition, we communicated information on and encouraged sales of the pass in a manner that catered to specific countries and regions, primarily South Korea, Taiwan, Hong Kong, China, and Thailand.

Turning to transportation, we implemented detailed transportation-oriented initiatives, making concerted efforts to establish an efficient transportation organization that meets the demand for each train line. At the same time, we promoted the use of our railways by further enhancing our transportation network, which is centered on the Kyushu Shinkansen.

Also, due to the impacts of heavy rain that occurred in northern Kyushu in July 2017 and typhoon No. 18, which struck in September of the same year, railway facilities on the Kyudai Main Line, the Hitahikosan Line, the Nippo Main Line, and other lines sustained damage, and we are currently implementing substitute forms of transportation on certain sections of these lines. Train service on the Nippo Main Line between Usuki Station and Saiki Station resumed in December 2017. Moreover, with regard to operations between Higo-Ozu Station and Aso Station on the Hohi Main Line, which were suspended due to the impacts of the 2016 Kumamoto earthquakes, we are making coordinated efforts with relevant organizations to help advance erosion control, reforestation, and road repair measures of the central and local governments centered on the Hohi Main Line Repair Office established in April 2017.

In our travel business, we enhanced our lineups of products for domestic travel via railways centered on Kyushu, an area of strength for the Company, as well as products sold online. In addition, we promoted sales of products for travel to and from South Korea that make use of the hydrofoil ferry service Beetle, and products for overseas travel that leverage our alliance with JTB Corporation.

In our passenger ship business, we renovated one of our Beetle hydrofoil ferries as part of our efforts to provide high-quality transportation services.

For our bus business, we introduced Internet-exclusive discount tickets through our “JR Kyushu Internet Reservation Service” for the high-speed bus B&S Miyazaki, which connects with the Kyushu Shinkansen, thereby improving convenience levels for our customers. In addition, we endeavored to secure earnings through such means as rolling out limited-time discount campaigns for our other high-speed bus routes.

As a result of the above efforts, the Transportation Group recorded operating revenues of ¥183,750 million, up 4.2% year on year; operating income of ¥29,216 million, up 13.6%; and EBITDA of ¥34,398 million, up 20.5%.

#### **b. Construction Group**

In the construction business, work orders have been received for the construction of elevated tracks and Shinkansen-related, condominium-related, and other projects, with construction being steadily executed. Cost reductions were also pursued.

As a result, the Construction Group recorded operating revenues of ¥88,001 million, up 10.9% year on year; operating income of ¥6,271 million, up 5.4%; and EBITDA of ¥7,072 million, up 4.4%.

#### **c. Real Estate Group**

As for the real estate lease business, we opened the Higo Yokamon market underneath the elevated tracks at Kumamoto Station in March 2018 while pursuing increased revenues through renovations and proactive events at various station buildings. In addition, we opened Ropponmatsu 421 in September 2017, promoting the development of an attractive downtown area through collaboration with local communities that helped create a lively atmosphere. Moreover, rental units at RJR Precia Hakata were made available for move-in in February 2017 and we acquired Higashi Jujo Rental Apartments in June of the same year. Other initiatives included the November 2017 establishment of JR Kyushu Business Development (Thailand) Co., Ltd., in Bangkok, Thailand, and acquisition of service apartments by this business in December of the same year, which marked the Company’s entry into the real estate market of Thailand.

In the real estate sale business, sales were recorded from MJR Akasaka Tower and we sought to promote sales of MJR the Garden Oe and MJR the Garden Kagoshima-Chuo.

As a result, the Real Estate Group posted operating revenues of ¥69,419 million, up 2.9% year on year; operating income of ¥23,205 million, up 2.4%; and EBITDA of ¥32,042 million, up



2.9%.

#### **d. Retail and Restaurant Group**

Turning to our retail and restaurant business, we actively opened new stores throughout the fiscal year. We opened our first drugstore in Tokyo in July 2017. Additionally, we opened our first café in Osaka in August as well as a tonkatsu pork cutlet restaurant in Fukuoka in December, which represents a new area of business for the Company.

In the agriculture business, we made efforts to expand profits through the opening of Yaoya Kyuchan, which sells fresh vegetables grown in Kyushu, at Ropponmatsu 421 in September 2017.

As a result, the Retail and Restaurant Group recorded operating revenues of ¥103,180 million, up 2.7% year on year; operating income of ¥3,650 million, up 5.0%; and EBITDA of ¥5,336 million, up 2.8%.

#### **e. Other Groups**

In the hotel business, we made concerted efforts to expand our business area and to improve profits in such ways as opening JR Kyushu Hotel Blossom Naha in June 2017, our first hotel in Okinawa, and unveiling Okuhita Onsen Umehibiki in November of the same year.

In the seniors business, we opened SJR Ropponmatsu, our fifth residence-style private retirement home, in September 2017 and worked to enhance our services with the aim of having our facilities be continuously selected by our customers.

In addition, the Company entered into the construction equipment sales and rental business by converting Caterpillar Kyushu, Ltd., which was acquired in October 2017, into a consolidated subsidiary.

As a result, Other Groups posted operating revenues of ¥67,419 million, up 10.6% year on year; operating income of ¥2,410 million, down 5.2%; and EBITDA of ¥3,961 million, up 18.3%.

(Note) Segment EBITDA is the numerical value (excluding depreciation of leased assets held for subleasing purposes and before elimination of transactions between segments) of operating income for each segment plus the cost of depreciation.

### **[2] Forecasts for the Fiscal Year Ending March 31, 2019**

In the JR Kyushu Group's operating environment, the Japanese economy continues to witness a gradual expansion trend due to higher exports and production stimulated by the steady growth of the global economy as well as increasingly solid consumer spending supported by improvements in the job market and wages. Conversely, the Company will be forced to respond to factors including the shrinking and aging population, falling birthrates, intensified competition with other transportation providers, and frequent natural disasters. Moreover, the special tax measures that the Company has benefited from since its founding will be abolished at the end of the fiscal year ending March 31, 2019. These factors are projected to result in a consistently challenging

operating environment.

In this environment, we will seek to complete the measures set forth in the JR Kyushu Group Medium-Term Business Plan 2016–2018, which will conclude together with the fiscal year ending March 31, 2019. Accordingly, this fiscal year will see us acting in accordance with the three pillars that form the JR Kyushu Group’s code of conduct—Integrity, Growth and Evolution, and Local Community Invigoration—to make progress toward “what the JR Kyushu Group aims to be,” which is “a corporate group that invigorates Kyushu, Japan, and Greater Asia with safety and service as its foundation.”

For the fiscal year ending March 31, 2019, operating revenues are forecast to increase 6.4% year on year, to ¥439,700 million, as a result of the rebound from the impacts on railway transportation revenues of the heavy rain that occurred in northern Kyushu in July 2017 and of typhoon No. 18, which struck in September of the same year, as well as the benefits of the newly consolidated Caterpillar Kyushu, Ltd. Conversely, operating income is slated to decrease 5.1%, to ¥60,700 million; ordinary income is anticipated to decline 6.6%, to ¥62,600 million; and net income attributable to owners of the parent is projected be down 5.8%, to ¥47,500 million. These income movements will be due to the impacts of higher depreciation costs in the railway business as well as a decline in the profit margins of the Construction segment. Meanwhile, EBITDA will rise 0.2%, to ¥82,000 million.

Forecasts for operating revenues, operating income, and EBITDA by segment are as follows.

(Millions of yen)

	FY 2019/3 (Forecasts)			FY2018/3 (Results)		
	Operating revenues	Operating income	EBITDA	Operating revenues	Operating income	EBITDA
Transportation	186,900	27,500	34,400	183,750	29,216	34,398
Construction	88,600	5,100	5,900	88,001	6,271	7,072
Real Estate	70,600	22,600	32,100	69,419	23,205	32,042
Retail and Restaurant	105,400	3,600	5,300	103,180	3,650	5,336
Other	87,200	2,700	5,100	67,419	2,410	3,961

## (2) Qualitative Information on Consolidated Financial Position

### [1] Assets, Liabilities, and Net Assets

Total assets as of the end of the fiscal year under review increased 10.8% compared to the previous fiscal year-end, to ¥749,573 million. Due to an increase in work in process and other factors, current assets was up 4.1%, to ¥206,736 million. In addition, non-current assets rose 13.5%, to ¥542,836 million, as a result of the acquisition of property, plant and equipment and other factors.

Meanwhile, total liabilities increased 11.6% compared to the previous fiscal year-end, to ¥366,372 million. Due to an increase in payables and other factors, current liabilities rose 22.1%, to ¥164,725 million. Non-current liabilities were up 4.3%, to ¥201,647 million, as a result of

higher allowance for disaster-damage losses and other factors.

Furthermore, total net assets increased 10.0% compared to the previous fiscal year-end, to ¥383,201 million, as a result of an increase in retained earnings and other factors.

## **[2] Cash Flows**

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥87,689 million, up ¥59,109 million year on year, following an increase for the collection of trade receivables.

(Cash flows from investing activities)

Net cash used in investing activities was ¥68,379 million, up ¥50,012 million year on year, due to the rebound from the gain on sales of trusts recorded in the previous fiscal year.

(Cash flows from financing activities)

Net cash used in financing activities came to ¥9,197 million, up ¥8,504 million year on year, as a result of cash dividends paid.

As a result of the above, cash and cash equivalents, end of year increased ¥10,116 million year on year, to ¥64,379 million.

## **(3) Dividend Policies, Dividends in the Fiscal Year Ended March 31, 2018, and Forecast for Dividends in the Fiscal Year Ending March 31, 2019**

The Company views shareholder returns as an important management task, and therefore adheres to a basic policy of issuing stable and ongoing dividend payments based on operating results.

Seeking to accumulate internal reserves while issuing stable shareholder returns, the Company intends to make consistent per share dividend payments from retained earnings by targeting a consolidated dividend payout ratio of approximately 30% each fiscal year leading up to the fiscal year ending March 31, 2019.

Matters regarding dividends are to be decided at the General Meeting of Shareholders. The record date for year-end dividends is March 31 of each year. The Articles of Incorporation of the Company allow for the payment of interim dividends with a record date of September 30 of each year to be decided via resolution by the Board of Directors.

The Company's basic policy is to issue an interim dividend and a year-end dividend, making for two dividends from retained earnings each year.

In accordance with this policy and based on a comprehensive evaluation of operating results in the fiscal year under review and other factors, the Company will issue a year-end dividend of ¥44.00 per share for the fiscal year ended March 31, 2018.

For the fiscal year ending March 31, 2019, the Company plans to issue an annual dividend of ¥83.00 per share consisting of an interim dividend and a year-end dividend of ¥41.50 each based on the above policy.

Furthermore, the Company intends to allocate internal reserves to investments for maintaining and upgrading railway facilities and to growth investments for building strong operating foundations in order to thoroughly make safety the cornerstone of its operations.

## **2. Basic Policies Regarding the Selection of Accounting Standards**

The Company employs Japanese generally accepted accounting principles (JGAAP). The Company will examine the possibility of adopting International Financial Reporting Standards (IFRS) in the future based on trends in accounting standards in Japan.

### 3. Consolidated Financial Statements and Major Notes

#### (1) Consolidated Balance Sheets

(Millions of Yen)

	FY 2017/3 (As of March 31, 2017)	FY 2018/3 (As of March 31, 2018)
<b>ASSETS</b>		
Current assets		
Cash and time deposits	7,337	15,064
Notes and accounts receivable–trade	45,843	42,833
Fares receivable	1,625	2,294
Securities	64,849	65,077
Merchandise and finished goods	13,945	15,024
Work in process	16,248	23,364
Raw materials and supplies	5,978	6,586
Deferred tax assets	5,661	6,336
Income taxes receivable	9,746	—
Other	27,403	30,272
Allowance for doubtful accounts	(34)	(115)
Total current assets	198,606	206,736
Non-current assets		
Property, plant and equipment		
Buildings and fixtures (net)	195,506	222,772
Machinery, rolling stock and vehicles (net)	11,794	20,928
Land	89,622	105,153
Leased assets, net	165	10,726
Construction in progress	21,907	23,551
Other (net)	7,085	7,557
Net property, plant and equipment	326,081	390,690
Intangible assets	5,824	5,908
Investments and other assets		
Investment securities	17,063	22,687
Deferred tax assets	58,102	55,030
Net defined benefit assets	667	819
Money held in trust	60,109	55,783
Other	10,610	12,770
Allowance for doubtful accounts	(395)	(854)
Total investments and other assets	146,157	146,237
Total noncurrent assets	478,063	542,836
Total assets	676,669	749,573

(Millions of Yen)

	FY 2017/3 (As of March 31, 2017)	FY 2018/3 (As of March 31, 2018)
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Notes and accounts payable–trade	37,089	38,480
Short-term loans	490	4,528
Current portion of long-term debt	791	5,793
Payables	45,573	52,632
Accrued income taxes	3,817	8,047
Fare deposits received with regard to railway connecting services	1,513	1,597
Railway fares received in advance	5,191	5,319
Accrued bonuses	8,607	9,260
Other	31,868	39,066
Total current liabilities	134,945	164,725
Non-current liabilities		
Long-term debt	77,034	77,001
Allowance for safety and environmental measures	5,368	3,198
Allowance for earthquake-damage losses	6,012	7,125
Liability for retirement benefits	62,504	63,426
Asset retirement obligations	1,324	1,545
Other	41,032	49,349
Total noncurrent liabilities	193,276	201,647
Total liabilities	328,222	366,372
EQUITY		
Common stock		
authorized, 640,000,000 shares; issued, 160,000,000 shares in 2016, 2015 and 2014	16,000	16,000
Capital surplus	234,263	234,270
Retained earnings (Deficit)	86,987	124,997
Total common stock	337,250	375,268
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	10,312	9,981
Deferred gains or losses on hedges	—	(47)
Foreign currency translation adjustments	132	133
Defined retirement benefit plans	(4,655)	(8,171)
Total accumulated other comprehensive income	5,789	1,895
Non-controlling interests	5,408	6,037
Total equity	348,447	383,201
TOTAL LIABILITIES AND EQUITY	676,669	749,573

## (2) Consolidated Statements of Income and Comprehensive Income

### Consolidated Income Statements

(Millions of Yen)

	FY 2017/3 (April 1, 2016 – March 31, 2017)	FY 2018/3 (April 1, 2017 – March 31, 2018)
OPERATING REVENUES	382,912	413,371
OPERATING EXPENSES		
Transportation, other services and cost of sales	235,885	253,518
Selling, general and administrative expenses	88,284	95,889
Total operating expenses	324,169	349,408
OPERATING INCOME	58,743	63,963
NON-OPERATING INCOME		
Interest income	293	57
Dividend income	106	305
Gains on investment securities	245	1,085
Gain on assets held in trust	1,699	1,773
Other	652	688
Total non-operating income	2,998	3,910
NON-OPERATING EXPENSES		
Interest expense	695	698
Fees associated with listing	286	—
Other	194	129
Total non-operating expenses	1,176	827
ORDINARY INCOME	60,565	67,045
EXTRAORDINARY GAINS		
Construction grants received	26,424	13,418
Gain on sales of trusts	3,014	—
Other	1,170	3,253
Total extraordinary gains	30,609	16,672
EXTRAORDINARY LOSSES		
Losses from provision for cost reduction of fixed assets	25,275	13,317
Provision for loss on disaster	6,012	2,677
Earthquake-damage losses	3,058	1,212
Other	1,205	1,676
Total extraordinary losses	35,551	18,883
INCOME BEFORE INCOME TAXES	55,623	64,834
INCOME TAXES	5,760	9,973
Current	4,865	4,036
Deferred	10,626	14,009
NET INCOME	44,997	50,824
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	246	414
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	44,751	50,410

## Consolidated Comprehensive Income Statements

(Millions of Yen)

	FY 2017/3 (April 1, 2016 – March 31, 2017)	FY 2018/3 (April 1, 2017 – March 31, 2018)
NET INCOME	44,997	50,824
OTHER COMPREHENSIVE INCOME		
Unrealized gain on available-for-sale securities	(2,481)	(319)
Deferred gains or losses on hedges	—	(47)
Foreign currency translation adjustments	(13)	(2)
Defined retirement benefit plans	360	(3,499)
Total other comprehensive income	(2,134)	(3,867)
COMPREHENSIVE INCOME	42,862	46,957
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	42,619	46,516
Non-controlling interests	243	440



### (3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2017

(Millions of Yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total Shareholders' equity
Balance at beginning of current year	16,000	559,735	(283,381)	292,354
Changes of items during the year				
Net income attributable to owners of the parent			44,751	44,751
Change of scope of consolidation			29	29
Changes in the ownership interest by purchases of shares of consolidates subsidiaries		114		114
Deficit disposition		(325,586)	325,586	—
Net changes of items other than shareholders' equity				
Total changes of items during the year	—	(325,471)	370,368	44,896
Balance at end of current year	16,000	234,263	86,987	337,250

	Accumulated other comprehensive income				Non-controlling interests	Total equity
	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current year	12,791	145	(5,015)	7,921	5,469	305,745
Changes of items during the year						
Net income attributable to owners of the parent						44,751
Change of scope of consolidation						29
Changes in the ownership interest by purchases of shares of consolidates subsidiaries						114
Deficit disposition						—
Net changes of items other than shareholders' equity	(2,479)	(13)	360	(2,132)	(61)	(2,194)
Total changes of items during the year	(2,479)	(13)	360	(2,132)	(61)	42,702
Balance at end of current year	10,312	132	(4,655)	5,789	5,408	348,447

For the fiscal year ended March 31, 2018

(Millions of Yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total Shareholders' equity
Balance at beginning of current year	16,000	234,263	86,987	337,250
Changes of items during the year				
Dividends of surplus			(12,400)	(12,400)
Net income attributable to owners of the parent			50,410	50,410
Changes in the ownership interest by purchases of shares of consolidates subsidiaries		7		7
Net changes of items other than shareholders' equity				
Total changes of items during the year	—	7	38,010	38,017
Balance at end of current year	16,000	234,270	124,997	375,268

	Accumulated other comprehensive income					Non-controlling interests	Total equity
	Unrealized gain on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current year	10,312	—	132	(4,655)	5,789	5,408	348,447
Changes of items during the year							
Dividends of surplus							(12,400)
Net income attributable to owners of the parent							50,410
Changes in the ownership interest by purchases of shares of consolidates subsidiaries							7
Net changes of items other than shareholders' equity	(330)	(47)	0	(3,516)	(3,893)	629	(3,264)
Total changes of items during the year	(330)	(47)	0	(3,516)	(3,893)	629	34,753
Balance at end of current year	9,981	(47)	133	(8,171)	1,895	6,037	383,201

#### (4) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY 2017/3 (April 1, 2016– March 31, 2017)	FY 2018/3 (April 1, 2017 – March 31, 2018)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income taxes	55,623	64,834
Depreciation costs	14,537	17,914
Gain on sales of trusts	(3,014)	—
Losses from provision for cost reduction of fixed assets	25,275	13,317
Earthquake-damage losses	3,058	1,212
Increase in provision for loss on disaster	6,012	2,677
Increase (Decrease) in allowance for doubtful accounts	(57)	141
Increase (Decrease) in liability for retirement benefits	(5,644)	(4,260)
Increase (Decrease) in allowance for safety and environmental measures	(1,937)	(2,170)
Interest and dividends income	(400)	(363)
Interest expense	695	698
Construction grants received	(26,424)	(13,418)
(Increase) decrease in trade receivables	(19,343)	9,913
(Increase) decrease in inventories	489	(4,834)
Increase (Decrease) in trade payables	2,750	(1,882)
Gain on assets held in trust	(1,699)	(1,773)
Fees associated with listing	286	—
Other	11,948	3,486
Subtotal	62,154	85,493
Proceeds from insurance income	128	—
Interest and dividends income received	412	383
Interest expense paid	(604)	(619)
Gain on assets held in trust received	1,991	1,780
Fees associated with listing paid	(286)	—
Loss on disaster paid	(2,141)	(3,019)
Income taxes (paid) refund	(33,073)	3,672
Net cash provided by operating activities	28,580	87,689

(Millions of Yen)

	FY 2017/3 (April 1, 2016 – March 31, 2017)	FY 2018/3 (April 1, 2017 – March 31, 2018)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment, and Intangible assets	(93,156)	(82,323)
Purchases of marketable securities	(98,890)	(41,600)
Proceeds from redemption of marketable securities	95,370	43,500
Purchases of investment securities	(8,866)	(4,386)
Proceeds from sales of trusts	59,160	—
Proceeds from construction grants received	18,622	15,643
Other	9,392	786
Net cash provided by (used in) investing activities	(18,366)	(68,379)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net increase (decrease) in short-term loans payable	(173)	(1,177)
Proceeds from long-term loans payable	50	5,739
Repayment of long-term loans payable	(889)	(791)
Payments for long-term accounts payable	(330)	(336)
Proceeds from lease and guarantee deposits received	2,075	947
Repayments of lease and guarantee deposits received	(1,149)	(1,256)
Cash dividends paid	—	(12,400)
Cash dividends paid to non-controlling shareholders	(53)	(48)
Other	(222)	126
Net cash used in financing activities	(692)	(9,197)
Effect of exchange rate change on cash and cash equivalents	10	4
Net increase (decrease) in cash and cash equivalents	9,530	10,116
Cash and cash equivalents, beginning of year	44,690	54,263
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	42	—
Cash and cash equivalents, end of year	54,263	64,379

## **(5) Notes to Consolidated Financial Statements**

### **(Notes on Going Concern Assumption)**

No relevant events

### **(Segment Information, etc.)**

#### **(1) Outline of Reportable Segments**

The reportable segments the Company reports are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors, etc., to regularly evaluate how to allocate resources and assess their business performance.

The Company primarily engages in the railway business and has four reportable segments: Transportation, Construction, Real Estate, and Retail and Restaurant.

The Transportation segment conducts the railway, bus, and passenger ship businesses. The Construction segment performs construction, vehicle equipment- and machinery-related operations, and electrical work. The Real Estate segment leases station buildings and other real estate and sells condominiums and other properties. The Retail and Restaurant engages in retail, restaurant, and agriculture businesses.

#### **(2) Methods for Calculating Sales, Income, Assets, and Other Items by Reportable Segment**

The accounting principles and procedures used for reportable segments are the same as those used to prepare the consolidated financial statements. Intersegment transactions are transactions between consolidated subsidiaries and are calculated based on market prices.

### (3) Information on Sales, Income, Assets, and Other Items by Reportable Segment

For the fiscal year ended March 31, 2017

(Millions of yen)

	Reportable Segments				Other (Note 1)	Total	Adjustment (Note 2)	Amount on the consolidated financial statements (Note 3)
	Transportation	Construction	Real Estate	Retail and Restaurant				
Operating Revenues								
Outside Customers	171,607	23,299	60,966	100,126	26,912	382,912	—	382,912
Inside Group	4,800	56,030	6,508	350	34,025	101,716	(101,716)	—
Total	176,407	79,329	67,475	100,477	60,938	484,628	(101,716)	382,912
Segment income	25,719	5,951	22,658	3,475	2,542	60,348	(1,605)	58,743
Segment assets	236,533	59,634	294,226	44,372	76,616	711,383	(34,713)	676,669
Other items								
Depreciation costs	2,817	825	8,490	1,713	806	14,652	(115)	14,537
Increase in fixed assets	31,636	2,318	32,644	2,468	1,485	70,552	(3,434)	67,117

(Notes) 1. “Others” represents categories of business that are not included in reportable segments and includes hotel operations.

2. The following adjustments have been made.

(1) The ¥1,605 million deduction from segment income reflects the elimination of intersegment transactions.

(2) The ¥34,713 million deduction from segment assets includes a downward adjustment of ¥101,180 million in reflection of the elimination of intersegment liabilities and ¥66,466 million in corporate assets not allocated to reportable segments

(3) The ¥115 million deduction under depreciation costs reflects the elimination of intersegment transactions.

(4) The ¥3,434 million deduction under increase in fixed assets reflects the elimination of intersegment transactions.

3. Segment income has been adjusted for the operating income figure on the consolidated income statements.

For the fiscal year ended March 31, 2018

(Millions of yen)

	Reportable Segments				Other (Note 1)	Total	Adjustment (Note 2)	Amount on the consolidated financial statements (Note 3)
	Transportation	Construction	Real Estate	Retail and Restaurant				
Operating Revenues								
Outside Customers	178,715	31,164	62,955	102,878	37,657	413,371	—	413,371
Inside Group	5,034	56,837	6,464	301	29,761	98,399	(98,399)	—
Total	183,750	88,001	69,419	103,180	67,419	511,771	(98,399)	413,371
Segment income	29,216	6,271	23,205	3,650	2,410	64,754	(791)	63,963
Segment assets	237,934	68,201	318,366	47,302	108,766	780,571	(30,997)	749,573
Other items								
Depreciation costs	5,182	800	8,837	1,686	1,595	18,102	(187)	17,914
Increase in fixed assets	28,102	2,021	33,610	2,637	5,610	71,981	(298)	71,683

(Notes) 1. “Others” represents categories of business that are not included in reportable segments and includes hotel operations.

2. The following adjustments have been made.

- (1) The ¥791 million deduction from segment income reflects the elimination of intersegment transactions.
  - (2) The ¥30,997 million deduction from segment assets includes a downward adjustment of ¥111,559 million in reflection of the elimination of intersegment liabilities and ¥80,561 million in corporate assets not allocated to reportable segments
  - (3) The ¥187 million deduction under depreciation costs reflects the elimination of intersegment transactions.
  - (4) The ¥298 million deduction under increase in fixed assets reflects the elimination of intersegment transactions.
3. Segment income has been adjusted for the operating income figure on the consolidated income statements.

**(Per Share Information)**

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net assets per share	¥2,144.00	¥2,357.27
Net income per share	¥279.70	¥315.07

(Notes) 1. Earnings per share—diluted is not shown because no applicable shares existed.

2. On August 18, 2016, the Company conducted a stock split at a ratio of 500 shares for each share. The figures for net assets per share and net income per share have been calculated based on the assumption that the stock split had been conducted on April 1, 2016.

3. The following is the basis for calculating net assets per share.

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Total net assets (millions of yen)	348,447	383,201
Amount deducted from total net assets (millions of yen)	5,408	6,037
(Included non-controlling interests (millions of yen))	(5,408)	(6,037)
Net assets at end of year relating to common stock (millions of yen)	343,039	377,163
Amount of common stock at end of year used for calculating net assets per share (shares)	160,000,000	160,000,000

4. The following is the basis for calculating net income per share.

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net income attributable to owners of the parent (millions of yen)	44,751	50,410
Amount not belonging to ordinary shareholders (millions of yen)	—	—
Net income attributable to common stock owners of the parent (millions of yen)	44,751	50,410
Weighted-average numbers of ordinary shares (shares)	160,000,000	160,000,000

**(Significant Subsequent Events)**

No relevant events



**(Additional Information)**

(Damage Caused by Heavy Rain in Northern Kyushu and Typhoon No. 18)

Damage was sustained by railway facilities due to heavy rain in northern Kyushu in July 2017 and typhoon No. 18 in September 2017. Under extraordinary losses in the consolidated income statements for the fiscal year ended March 31, 2018, the repair and other expenses that were incurred in the fiscal year under review as a result of these disasters were recorded as disaster-damage losses. In addition, the repair and other expenses that we expect to incur due to these disasters from the fiscal year ending March 31, 2019, onward were recorded as provision for loss on disaster based on rational estimations of their amounts.

However, recovery and other expenses for which amount estimations cannot be rationally made at this time are not included in provision for loss on disaster.

## 4. Non-Consolidated Financial Statements

### (1) Non-Consolidated Balance Sheets

(Millions of Yen)

	FY 2017/3 (As of March 31, 2017)	FY 2018/3 (As of March 31, 2018)
<b>ASSETS</b>		
Current assets		
Cash and time deposits	959	1,223
Fares receivable	1,466	2,128
Accounts receivable-trade	40,033	25,905
Securities	44,476	46,176
Real estate for sale	5,654	3,531
Costs on uncompleted construction contracts	12,642	18,885
Supplies	5,714	6,188
Deferred tax assets	3,418	4,111
Income taxes receivable	9,746	—
Other	2,888	3,903
Allowance for doubtful accounts	(1)	(0)
Total current assets	126,998	112,054
Non-current assets		
Fixed assets for railway business		
Property, plant and equipment	632,167	647,448
Accumulated depreciation	(604,131)	(600,220)
Property, plant and equipment (net)	28,036	47,227
Intangible assets	422	909
Net fixed assets for railway operations	28,459	48,137
Fixed assets for other business		
Property, plant and equipment	234,148	257,050
Accumulated depreciation	(38,194)	(43,278)
Property, plant and equipment (net)	195,953	213,771
Intangible assets	323	525
Net fixed assets for other business	196,277	214,296
Fixed assets relating to both businesses		
Property, plant and equipment	38,009	37,407
Accumulated depreciation	(17,467)	(17,366)
Property, plant and equipment (net)	20,542	20,040
Intangible assets	515	132
Net fixed assets relating to both businesses	21,057	20,172
Construction in progress		
Railway business	17,225	19,340
Other business	3,113	1,761
Relating to both businesses	23	5
Total construction in progress	20,362	21,107
Investments and other assets		
Investment securities	12,823	17,619
Stocks of subsidiaries and affiliated companies	35,701	41,998
Long-term prepaid expenses	2,562	3,488
Deferred tax assets	53,562	48,576
Money held in trust	60,109	55,783
Other	987	1,003
Allowance for doubtful accounts	(80)	(77)
Provision for investment losses	(3,251)	(2,808)
Total investments and other assets	162,414	165,582
Total noncurrent assets	428,570	469,296
Total assets	555,569	581,351

(Millions of Yen)

	FY 2017/3 (As of March 31, 2017)	FY 2018/3 (As of March 31, 2018)
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Current portion of long-term debt	—	5,000
Payables	69,004	67,162
Accrued income taxes	—	3,526
Accrued consumption taxes	1,421	1,040
Fare deposits received with regard to railway connecting services	1,513	1,597
Deposits received	3,139	3,251
Railway fares received in advance	5,068	5,238
Advances received	17,283	19,591
Accrued bonuses	5,728	6,015
Provision for point card certificates	250	443
Other	5,649	4,338
Total current liabilities	109,058	117,203
Non-current liabilities		
Long-term debt	73,000	68,000
Employees' severance and retirement benefits	52,209	47,695
Provision for exchange of travel vouchers	462	383
Allowance for safety and environmental measures	5,368	3,198
Allowance for earthquake-damage losses	6,012	7,125
Provision for guarantee obligations	48	38
Asset retirement obligations	125	128
Other	11,772	11,188
Total noncurrent liabilities	148,999	137,758
Total liabilities	258,058	254,962
EQUITY		
Common stock		
authorized, 640,000,000 shares; issued, 160,000,000 shares in 2016, 2015 and 2014	16,000	16,000
Capital surplus		
Capital surplus	171,908	171,908
Other	62,113	62,113
Total capital surplus	234,021	234,021
Retained earnings (Deficit)		
Other		
Reserve for deferred gain of fixed assets	4,582	5,480
Retained earnings carried forward	33,047	61,404
Total retained earnings (Deficit)	37,630	66,884
Total common stock	287,652	316,906
Valuation and translation adjustment		
Unrealized gain on available-for-sale securities	9,858	9,482
Net valuation and translation adjustment	9,858	9,482
Total equity	297,510	326,388
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>555,569</b>	<b>581,351</b>

## (2) Non-Consolidated Statements of Income

(Millions of Yen)

	FY 2017/3 (April 1, 2016 – March 31, 2017)	FY 2018/3 (April 1, 2017 – March 31, 2018)
<b>RAILWAY BUSINESS</b>		
Operating revenues		
Income from railway passenger traffic	146,490	151,159
Trackage revenue	542	596
Miscellaneous income of transportation	17,944	19,544
Total operating revenues	164,976	171,300
Operating expenses		
Transportation expenses	121,250	120,901
General and administrative expenses	10,870	10,721
Taxes	5,729	7,100
Depreciation costs	2,044	4,355
Total operating expenses	139,896	143,078
Operating income	25,080	28,222
<b>OTHER BUSINESSES</b>		
Operating revenues		
Revenue from real estate sale	21,127	20,410
Revenue from real estate lease	22,805	24,439
Other	3,304	3,575
Total operating revenues	47,237	48,424
Operating expenses		
Cost of sales	23,017	23,496
Selling, general and administrative expenses	501	584
Taxes	296	485
Depreciation costs	5,011	5,334
Total operating expenses	28,827	29,901
Operating income	18,410	18,523
<b>TOTAL OPERATING INCOME</b>	<b>43,490</b>	<b>46,746</b>
<b>NON-OPERATING INCOME</b>		
Interest income	236	6
Dividend income	2,313	2,596
Gains on investment securities	245	1,085
Gain on assets held in trust	1,699	1,773
Provision for investment losses	171	442
Gains on sales of equipment	70	124
Other	379	189
Total non-operating income	5,117	6,219
<b>NON-OPERATING EXPENSES</b>		
Interest expense	654	642
Fees associated with listing	286	—
Other	136	52
Total non-operating expenses	1,077	694
<b>ORDINARY INCOME</b>	<b>47,530</b>	<b>52,270</b>

(Millions of Yen)

	FY 2017/3 (April 1, 2016 – March 31, 2017)	FY 2018/3 (April 1, 2017 – March 31, 2018)
<b>EXTRAORDINARY GAINS</b>		
Construction grants received	26,349	13,366
Gain on sales of trusts	3,014	—
Gains on sales of fixed assets	132	1,337
Other	770	638
Total extraordinary gains	30,267	15,342
<b>EXTRAORDINARY LOSSES</b>		
Losses from provision for cost reduction of fixed assets	25,200	13,268
Provision for loss on disaster	6,012	2,677
Earthquake-damage losses	3,202	1,349
Other	135	425
Total extraordinary losses	34,549	17,719
<b>INCOME BEFORE INCOME TAXES</b>	<b>43,248</b>	<b>49,893</b>
<b>INCOME TAXES</b>		
Current	184	3,716
Deferred	5,432	4,522
Total income taxes	5,617	8,238
<b>NET INCOME</b>	<b>37,630</b>	<b>41,654</b>

### (3) Non-Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2017

(Millions of Yen)

	Shareholders' equity									
	Common stock	Capital surplus			Retained earnings					Total Shareholders' equity
		Additional Paid-in Capital	Other capital surplus	Capital surplus	Other Retained Earnings				Total Retained Earnings	
					Tax effect reserve	Provision of reserve for deferred gain of fixed assets	Provision of reserve for general reserve	Retained Earnings Carried Forward		
Balance at beginning of current year	16,000	171,908	387,700	559,608	27,916	4,479	20,000	(377,982)	(325,586)	250,021
Changes of items during the year										
Net income								37,630	37,630	37,630
Provision of reserve for deferred gain of fixed assets						103		(103)	—	—
Deficit disposition			(325,586)	(325,586)	(27,916)		(20,000)	373,503	325,586	—
Net changes of items other than shareholders' equity										
Total changes of items during the year	—	—	(325,586)	(325,586)	(27,916)	103	(20,000)	411,030	363,217	37,630
Balance at end of current year	16,000	171,908	62,113	234,021	—	4,582	—	33,047	37,630	287,652

	Valuation and Translation Adjustments	Total equity
	Net Unrealized Holding Gains (Losses) on Securities	
Balance at beginning of current year	12,336	262,358
Changes of items during the year		
Net income		37,630
Provision of reserve for deferred gain of fixed assets		—
Deficit disposition		—
Net changes of items other than shareholders' equity	(2,478)	(2,478)
Total changes of items during the year	(2,478)	35,152
Balance at end of current year	9,858	297,510

For the fiscal year ended March 31, 2018

(Millions of Yen)

	Shareholders' equity							
	Retained earnings	Retained earnings			Retained earnings			Total Shareholders' equity
		Additional Paid-in Capital	Other capital surplus	Capital surplus	Other Retained Earnings		Total Retained Earnings	
					Provision of reserve for deferred gain of fixed assets	Retained Earnings Carried Forward		
Balance at beginning of current year	16,000	171,908	62,113	234,021	4,582	33,047	37,630	287,652
Changes of items during the year								
Dividends of surplus						(12,400)	(12,400)	(12,400)
Net income						41,654	41,654	41,654
Provision of reserve for deferred gain of fixed assets					897	(897)	—	—
Net changes of items other than shareholders' equity								
Total changes of items during the year	—	—	—	—	897	28,356	29,254	29,254
Balance at end of current year	16,000	171,908	62,113	234,021	5,480	61,404	66,884	316,906

	Valuation and Translation Adjustments	Total equity
	Net Unrealized Holding Gains (Losses) on Securities	
Balance at beginning of current year	9,858	297,510
Changes of items during the year		
Dividends of surplus		(12,400)
Net income		41,654
Provision of reserve for deferred gain of fixed assets		—
Net changes of items other than shareholders' equity	(376)	(376)
Total changes of items during the year	(376)	28,877
Balance at end of current year	9,482	326,388