

CONSOLIDATED BALANCE SHEETS

March 31, 2015 and 2016

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|--|-----------------|------------|--|
| | 2015 | 2016 | 2016 |
| Assets: | | | |
| Current assets: | | | |
| Cash and time deposits | ¥ 19,466 | ¥ 27,394 | \$ 243,484 |
| Notes and accounts receivable | 22,488 | 23,895 | 212,379 |
| Lease receivables and lease investment assets | 1,131 | 1,482 | 13,170 |
| Merchandise and finished goods | 9,665 | 9,597 | 85,299 |
| Real estate developments for sale Notes 6 (5)(7) | 37,311 | 32,673 | 290,407 |
| Work in process | 1,311 | 967 | 8,596 |
| Raw materials and supplies | 1,913 | 1,918 | 17,046 |
| Deferred tax assets | 5,290 | 6,164 | 54,789 |
| Other | 29,360 | 29,550 | 262,642 |
| Allowance for doubtful accounts | (91) | (80) | (712) |
| Total current assets | 127,844 | 133,560 | 1,187,100 |
| Noncurrent assets: | | | |
| Property and equipment: | | | |
| Buildings and structures, net Notes 6 (1)(3)(5)(6) | 474,468 | 467,360 | 4,153,941 |
| Machinery, equipment, rolling stock, and other vehicles, net Notes 6 (1)(3)(6) | 48,295 | 49,686 | 441,611 |
| Land Notes 6 (3)(5)(6)(7) | 431,906 | 432,650 | 3,845,434 |
| Lease assets, net Note 6 (1) | 1,261 | 1,027 | 9,127 |
| Construction in progress Note 6 (5) | 38,576 | 45,403 | 403,550 |
| Other, net Notes 6 (1)(3)(5)(6) | 9,008 | 8,736 | 77,646 |
| Total property and equipment | 1,003,514 | 1,004,862 | 8,931,309 |
| Intangible fixed assets: | | | |
| Goodwill | 1,205 | 1,127 | 10,016 |
| Lease assets | 204 | 162 | 1,446 |
| Other | 12,683 | 13,455 | 119,588 |
| Total intangible assets | 14,092 | 14,744 | 131,050 |
| Investments and other assets: | | | |
| Investment securities Note 6 (2) | 86,067 | 80,977 | 719,734 |
| Long-term loans receivable | 359 | 468 | 4,157 |
| Deferred tax assets | 6,301 | 6,024 | 53,538 |
| Other | 16,566 | 17,621 | 156,621 |
| Allowance for doubtful accounts | (894) | (924) | (8,215) |
| Total investments and other assets | 108,399 | 104,166 | 925,835 |
| Total noncurrent assets | 1,126,005 | 1,123,772 | 9,988,194 |
| Total assets | ¥1,253,849 | ¥1,257,332 | \$11,175,294 |

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|--|-------------------|-------------------|--|
| | 2015 | 2016 | 2016 |
| Liabilities: | | | |
| Current liabilities: | | | |
| Notes and accounts payable | ¥ 29,250 | ¥ 28,769 | \$ 255,706 |
| Short-term loans Note 6 (3) | 191,228 | 185,583 | 1,649,484 |
| Current portion of long-term corporate bonds | 45,000 | 50,000 | 444,405 |
| Current portion of lease obligations | 1,422 | 1,811 | 16,094 |
| Income taxes payable | 8,431 | 6,914 | 61,456 |
| Advances received | 7,037 | 11,140 | 99,012 |
| Deferred tax liabilities | 0 | 0 | 1 |
| Provision for bonuses | 7,134 | 7,522 | 66,852 |
| Allowance for unredeemed gift certificates and others | 741 | 1,250 | 11,106 |
| Asset retirement obligation | 37 | 5 | 40 |
| Other current liabilities Note 6 (3) | 92,114 | 90,983 | 808,668 |
| Total current liabilities | 382,394 | 383,977 | 3,412,824 |
| Long-term liabilities: | | | |
| Long-term bonds | 145,000 | 135,000 | 1,199,893 |
| Long-term loans Note 6 (3) | 228,453 | 234,450 | 2,083,818 |
| Long-term liabilities incurred for purchase of railway transport facilities Note 6 (3) | 110,964 | 100,965 | 897,387 |
| Lease obligations | 956 | 647 | 5,753 |
| Deferred tax liabilities | 13,965 | 9,373 | 83,308 |
| Deferred tax liabilities related to land revaluation Note 6 (7) | 1,064 | 960 | 8,529 |
| Net defined benefit liabilities | 15,177 | 24,110 | 214,295 |
| Asset retirement obligation | 1,324 | 1,375 | 12,219 |
| Long-term construction contract advances received | 5,572 | 9,508 | 84,505 |
| Other Note 6 (3) | 40,770 | 39,944 | 355,025 |
| Total long-term liabilities | 563,245 | 556,332 | 4,944,732 |
| Total liabilities | 945,639 | 940,309 | 8,357,556 |
| Net assets: | | | |
| Shareholders' equity: | | | |
| Common stock | 60,360 | 60,360 | 536,484 |
| Capital surplus | 58,535 | 58,537 | 520,282 |
| Retained earnings | 151,127 | 172,192 | 1,530,464 |
| Treasury stock, at cost | (10,345) | (10,480) | (93,147) |
| Total shareholders' equity | 259,677 | 280,609 | 2,494,083 |
| Accumulated other comprehensive income: | | | |
| Net unrealized gain on securities, net of taxes | 38,895 | 34,656 | 308,027 |
| Reserve for land revaluation Note 6 (7) | 578 | 543 | 4,829 |
| Remeasurements of defined benefit plans | 5,382 | (2,960) | (26,310) |
| Total accumulated other comprehensive income | 44,855 | 32,239 | 286,546 |
| Non-controlling interests | 3,678 | 4,175 | 37,109 |
| Total net assets | 308,210 | 317,023 | 2,817,738 |
| Total liabilities and net assets | ¥1,253,849 | ¥1,257,332 | \$11,175,294 |

See accompanying Notes to Consolidated Financial Statements.