Creating Value at a New Stage

ANNUAL REPORT 2015

Hankyu Hanshin Holdings

Securities code: 9042

Contents

Definition of the areas served by Hankyu and Hanshin lines: Below are lists of areas with Hankyu Corporation and Hanshin Electric Railway stations (including tier 2 operators).

Osaka Prefecture: Osaka City (Fukushima, Konohana, Nishi, Naniwa, Nishi-Yodogawa, Higashi-Yodogawa, Yodogawa, Kita and Chuo, out of a total of 24 wards); and Toyonaka, Ikeda, Suita, Takatsuki, Ibaraki, Minoh, Settsu cities and Shimamoto town

Hyogo Prefecture: Kobe City (Higashi-Nada, Nada, Hyogo, Nagata and Chuo, out of a total of 9 wards); and Amagasaki, Nishinomiya, Ashiya, Itami, Takarazuka and Kawanishi cities

Kyoto Prefecture: Kyoto City (Nakagyo, Shimogyo, Ukyo, Nishikyo, out of a total of 11 wards); and Muko and Nagaokakyo cities and Oyamazaki town

Forward-looking Statements

The reader is advised that this report contains forward-looking statements regarding the future plans, strategies, and earnings performance of Hankyu Hanshin Holdings, Inc., which are not statements of historical fact but constitute estimates or projections based on facts known to the Company's management as of the time of writing. Actual results may therefore differ substantially from such statements.

About the compilation of this Annual Report and the auditing company used

The financial section of this Annual Report includes a digest of information including consolidated financial statements in the Company's Securities Report for the 177th period, audited by KPMG AZSA LLC presented in somewhat changed format. We have presented this information in such a way as to ensure that there is no discrepancy with the data presented in the Annual Securities Report. However, the Annual Report itself has not been audited by KPMG AZSA LLC.

Definition

"Fiscal 2015" refers to the fiscal year ended 31st March 2015. Other fiscal years are referred to in a corresponding manner in this Annual Report. Figures are basically rounded off. Sums expressed in units of ¥100 million are rounded to the nearest ¥100 million.

Mission

What we are trying to achieve

Serenity and well-being, inspiration and dreams — by delivering these to our customers, we will create satisfaction and make a positive contribution to society.

Values

What is important to us

Customers Come First

Everything we do is for the customer. That’s where it all starts.

Integrity

Build trust by always acting with integrity.

Foresight & Creativity

With our progressive spirit and flexible thinking, we can create a new sense of value.

Respect for People

Each of our employees is an invaluable resource.

Business Model

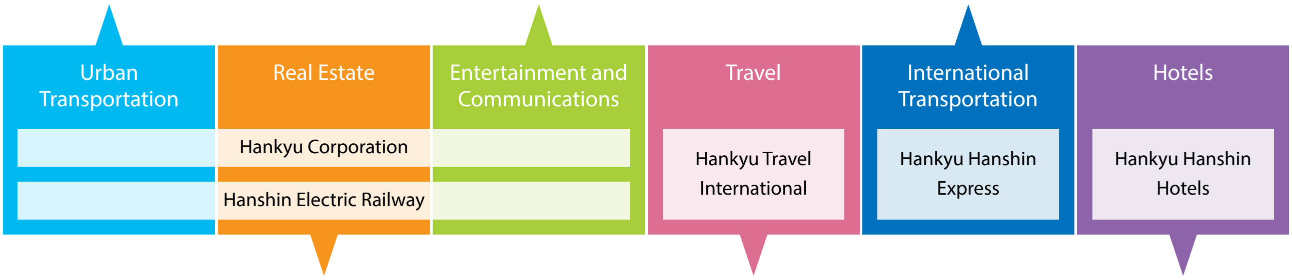
Pursuing Business Synergies, Aiming for Growth

With the Urban Transportation Business and the Real Estate Business as its mainstays, the Hankyu Hanshin Holdings Group realises synergies by developing businesses that have strong links with railways and real estate development. These include the Entertainment and Communications Business, the Travel Business, the International Transportation Business, and the Hotels Business. The Urban Transportation Business and the Real Estate Business generate stable cash flows, accounting for approximately 60% of revenues from operations and 80% of operating income. A comparatively stable contribution to revenues from operations and operating income from the Entertainment and Communications Business is a feature of the profit structure of the Group that differentiates it from other companies in the same business.

Coordinating the Group's trains, buses, and taxis to form a major network that provides diverse urban transportation services in the Kansai area

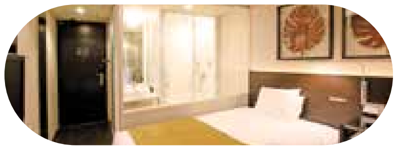
Advancing businesses with high brand value, including the Hanshin Tigers and the Hanshin Koshien Stadium and the Takarazuka Revue

Offering high-quality global logistics services mainly through Hankyu Hanshin Express



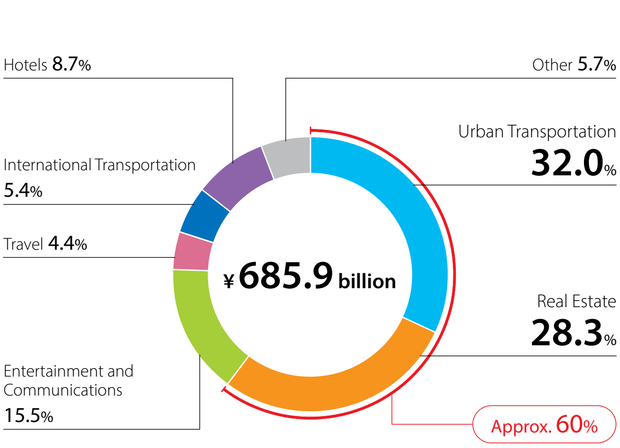
Developing and managing housing, commercial facilities, and offices primarily in areas served by our lines

Promoting sales of a rich lineup of travel packages under the mainstay *Trapics* brand through various media, including newspapers, member magazines, and the Internet

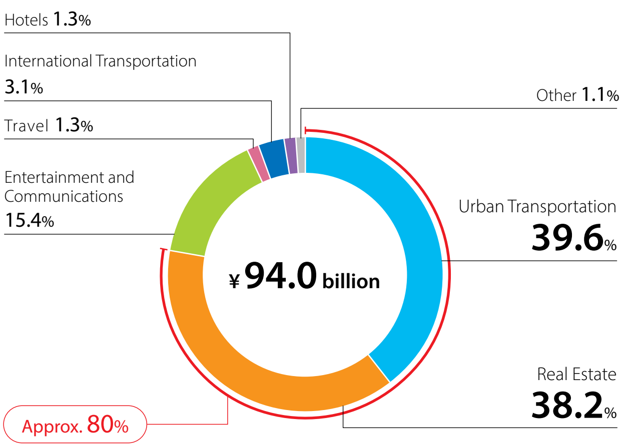


Operating one of Japan's major hotel groups through the Hankyu-Hanshin-Daiichi Hotel Group and managing The Ritz-Carlton, Osaka

Revenues from operations breakdown



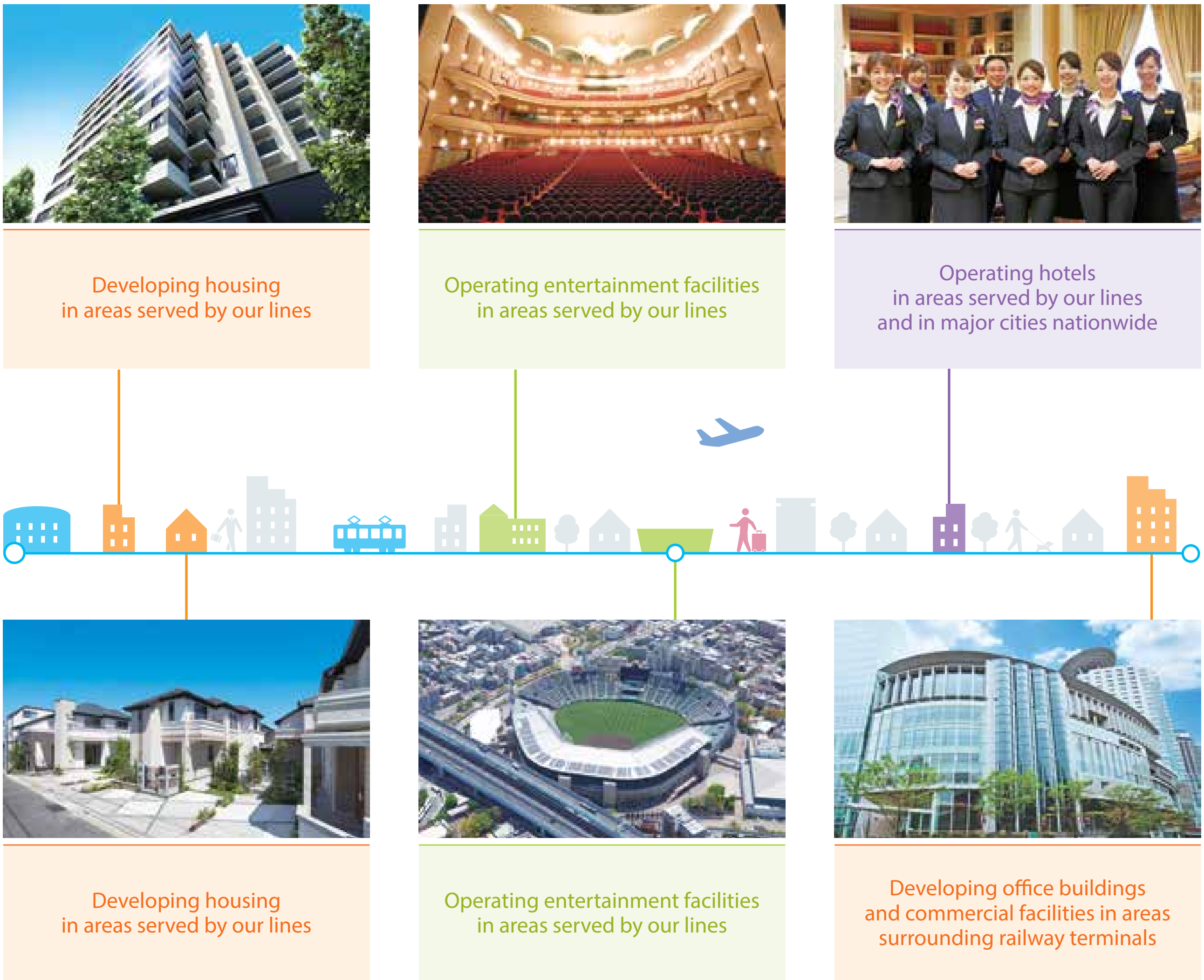
Operating income breakdown



Note: For detailed figures, please see page 8.

From the Enhancement of Line-Side Area Value to Corporate Value Creation

While railway operations remained the core business, the Hankyu Hanshin Holdings Group began developing line-side areas soon after its establishment. In other words, we have pursued a business model that promotes population growth in line-side areas to increase passengers using our railway services. We have heightened the appeal of the areas our lines serve not only by developing housing but also by establishing a baseball stadium, theatres, and other entertainment facilities and such commercial facilities as office buildings and shopping centres.



Thanks to continuous efforts to heighten their value, areas served by Hankyu and Hanshin lines are some of the most sought after residential zones in the Kansai area. Their higher-than-average population densities testify to this popularity. Because they increase passengers, higher population densities underpin railway transportation efficiency and cash flow stability. Furthermore, high population densities give us opportunities to bolster cash flows and foster new growth drivers. For example, they enable us to attract customers to entertainment facilities and commercial facilities in line-side areas and provide everyday services to line-side area residents to diversify our earnings sources.

At a Glance

Major Operating Companies | **Fiscal 2015 Results**

Urban Transportation

阪急電鉄 Hankyu

Hankyu Corporation

阪神電気鉄道

Hanshin Electric Railway

Revenues from Operations	¥233.4 billion (YoY –0.5%)
Operating Income	¥38.6 billion (YoY +0.2%)
Segment Assets	¥778.6 billion (YoY +1.9%)

Real Estate

Revenues from Operations	¥206.4 billion (YoY –1.0%)
Operating Income	¥37.2 billion (YoY –2.2%)
Segment Assets	¥993.3 billion (YoY –1.6%)

Entertainment and Communications

© Hanshin Tigers

Revenues from Operations	¥112.6 billion (YoY +2.1%)
Operating Income	¥15.0 billion (YoY +5.8%)
Segment Assets	¥143.2 billion (YoY +0.3%)

Travel

心に届く旅 阪急交通社 Direct to your heart

Hankyu Travel International

Revenues from Operations	¥32.0 billion (YoY –3.2%)
Operating Income	¥1.2 billion (YoY +0.2%)
Segment Assets	¥68.0 billion (YoY –8.6%)

International Transportation

HANKYU HANSHIN EXPRESS

Hankyu Hanshin Express

Revenues from Operations	¥39.4 billion (YoY +4.6%)
Operating Income	¥3.1 billion (YoY +48.8%)
Segment Assets	¥45.8 billion (YoY +15.2%)

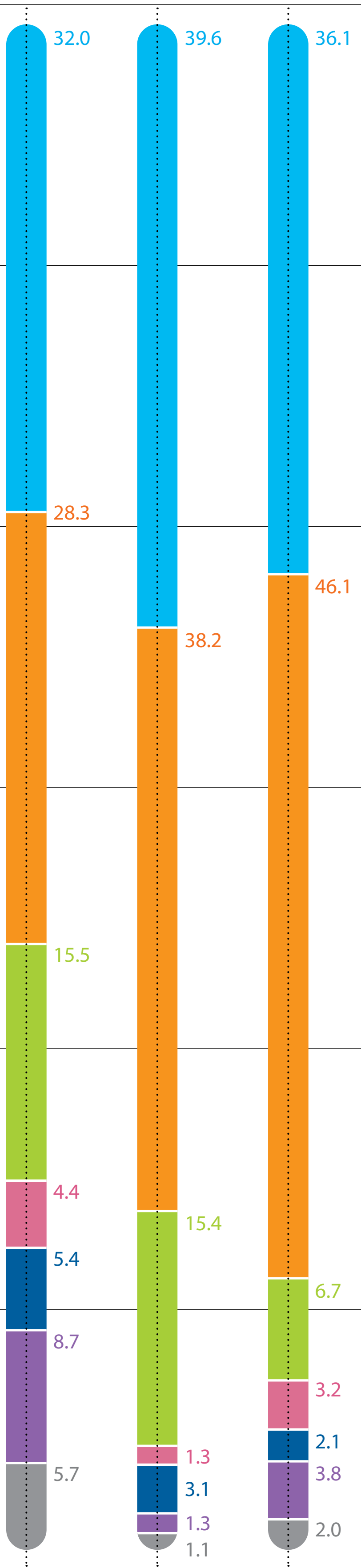
Hotels

阪急阪神ホテルズ

Hankyu Hanshin Hotels

Revenues from Operations	¥63.0 billion (YoY –1.0%)
Operating Income	¥1.2 billion (YoY +50.2%)
Segment Assets	¥82.2 billion (YoY –4.1%)

% of Revenues from Operations, Operating Income, and Segment Assets



Nature of Business

This segment comprises railway operations (with Hankyu Corporation operating the Kobe, Takarazuka and Kyoto lines out of Osaka-Umeda and Hanshin Electric Railway lines directly linking Kobe with Osaka's major northern and southern terminals, Osaka-Umeda and Namba). Together, the Hankyu and Hanshin network, combined with other lines, and bus, taxi and other urban transportation services, form a single large-scale network in the Kansai area, centred on the cities of Kyoto, Osaka and Kobe.

Total length of lines operated:
Hankyu Corporation: 143.6 km Hanshin Electric Railway: 48.9 km
(Including tier 2 railway operator)

The Real Estate segment derives its core revenue from leasing and management of commercial facilities and office buildings and its condominium business. Its attractive business portfolio includes rental properties located mainly in the Umeda area and along the Group's rail lines, such as Umeda Hankyu Building, Hankyu Sanban Gai Shopping Centre, HERBIS OSAKA, HERBIS ENT, GRAND FRONT OSAKA, Hankyu Nishinomiya Gardens and the highly regarded *Geo* condominium brand in the Kansai area and Tokyo metropolitan area.

This segment offers a wide variety of live entertainment, centred on the sports business—the nationally popular and famous Hanshin Tigers professional baseball team and their home ground and high-school baseball mecca, Hanshin Koshien Stadium—and the stage revue business, based on the hugely popular Takarazuka Revue, which celebrated its 100th anniversary in 2014. In addition, this segment runs a wide range of businesses such as broadcast and communications business and the information services business.

Since its establishment in 1948, while meeting the diversified needs of customers through always taking their perspective, Hankyu Travel International has sold its products via various media through its five brands. They are the *Trapics* brand that provides enhanced content at a reasonable price, the "Crystal Heart" brand, the "Hanshin Aviation Friends' Tour" brand for relaxed travel, the "e-very" brand for self-planning travel, and the "Royal Collection" brand for luxurious travel. It provides safe, comfortable travel for customers' inspiration and dreams, ranging from package tours through to original plans for individual customers, travel to Japan, and business travel services.

In 1948, as Japan's first International Air Transport Association (IATA) certified freight agency, Hankyu Hanshin Express (Hankyu Corporation at that time) began international airline freight transportation operations. Since then, regardless of whether for imports or exports, it has been providing fast and safe door-to-door international transportation services. As a pioneer in international logistics, it utilises the track record and experience it has cultivated in developing its overseas business over many years and provides high-quality customised logistic services and support for its customers with optimised supply chain management.

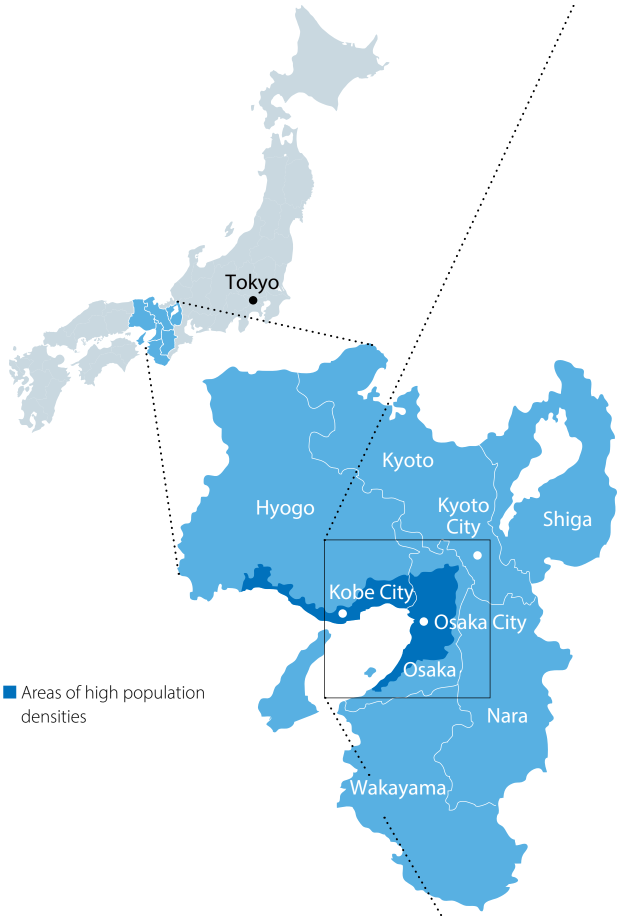
The Hankyu-Hanshin-Daiichi Hotel Group operates 49 hotels, consisting of 17 that are directly managed and 32 belonging to chains operated by franchises. It is one of Japan's leading hotel chains with 10,626 guest rooms (as of 1st April 2015). As a hotel operator with many directly managed hotels in the Tokyo and Kansai areas, Japan's two largest markets, it offers a wide range of hotel formats, from general-purpose "city hotels" to new style hotels (with very limited function facilities). In addition to chain operations, it also manages The Ritz-Carlton, Osaka, a venerable international luxury brand with which it has formed an alliance.

Figures for % of revenues from operations and operating income are calculated based on the simple aggregate amount (including intersegment transactions) of each segment. Revenues from operations and operating income in other businesses accounted for 5.7% and 1.1%, respectively.

Location of Our Business Base

The Hankyu Hanshin Holdings Group's business base is the Kansai area, which has a population of approximately 20 million. This is second only to the Kanto area, centred on Tokyo. Further, the Kansai area is one of Asia's economic powerhouses. According to a Cabinet Office survey,* in the fiscal year ended March 2013, the Kansai area's gross production reached US$936.5 billion, surpassing that of Indonesia.

* Cabinet Office, *Report on Prefectural Accounts for the Fiscal Year Ended March 2013*



The Group's railway network links the Kansai area's major cities: Osaka-Umeda, Kobe, and Kyoto. By heightening customer satisfaction and transportation efficiency simultaneously, we have established an unshakable presence in the Kansai area.

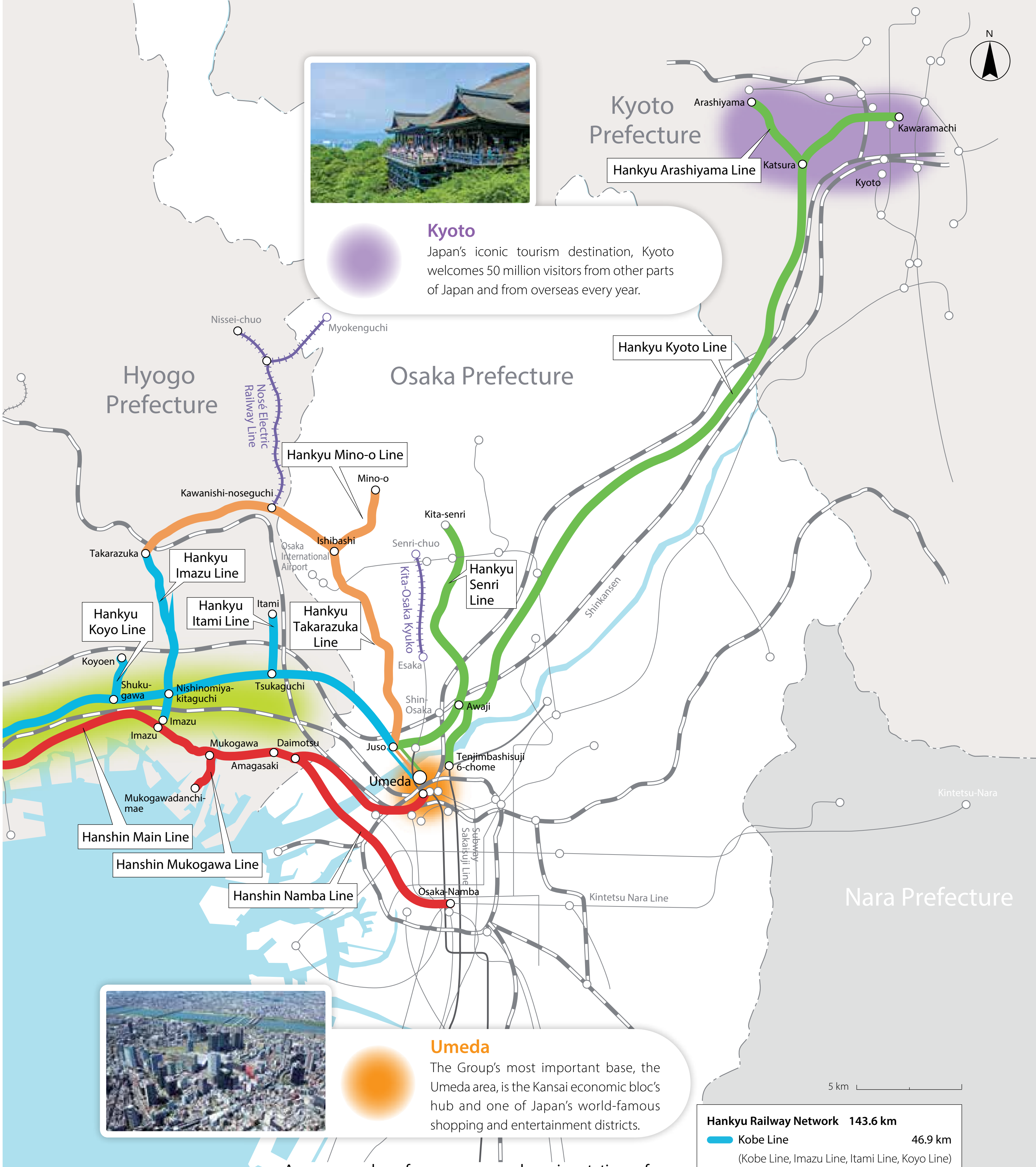
Since the earliest days of its railway operations, the Group has developed housing, entertainment facilities, and commercial facilities in the areas served by its lines. Furthermore, thanks to efforts to attract universities, almost 50 universities and colleges are located in the areas served by our lines. Easy access to the Kansai area's major cities and plentiful infrastructure for everyday life make our line-side areas some of the most popular places to live in the region. Consequently, in the Kansai area, high population densities differentiate these areas.

Hanshin area

Questionnaires about where local people would prefer to live rank it as one of the most popular residential areas.

Kansai International Airport

The largest airport in western Japan, this is the Kansai area's gateway to the world.



Kyoto

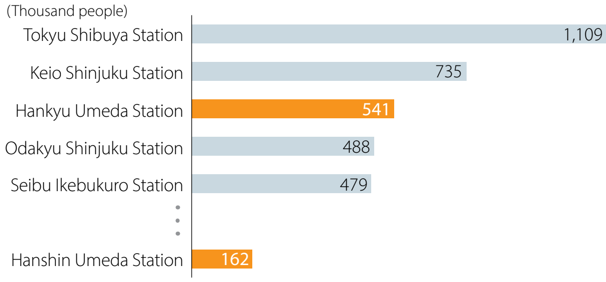
Japan's iconic tourism destination, Kyoto welcomes 50 million visitors from other parts of Japan and from overseas every year.

Umeda

The Group's most important base, the Umeda area, is the Kansai economic bloc's hub and one of Japan's world-famous shopping and entertainment districts.

Average number of passengers per day using stations of private railway operators (non-JR) in fiscal 2015

(Thousand people)

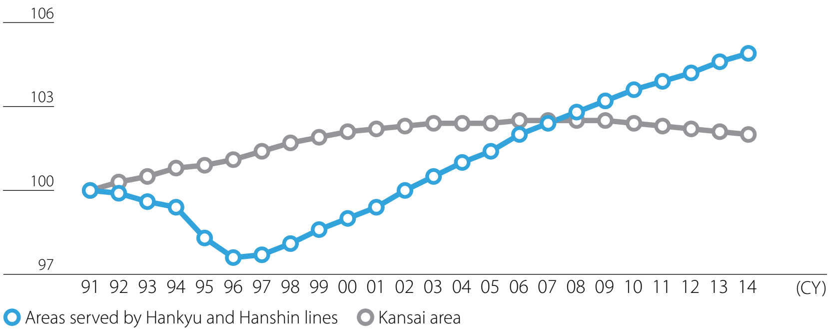


Source: Prepared by the Group based on documents released by respective companies

Hankyu Railway Network	**143.6 km**
Kobe Line	46.9 km
(Kobe Line, Imazu Line, Itami Line, Koyo Line)	
Takarazuka Line	28.5 km
(Takarazuka Line, Mino-o Line)	
Kyoto Line	65.4 km
(Kyoto Line, Senri Line, Arashiyama Line)	
Kobe Rapid Transit Railway Line	2.8 km
Hanshin Electric Railway Network	**48.9 km**
Hanshin Line	43.9 km
(Hanshin Main Line, Hanshin Namba Line, Mukogawa Line)	
Kobe Rapid Transit Railway Line	5.0 km

Business Environment

Population of areas served by Hankyu and Hanshin Lines (1991 = 100)

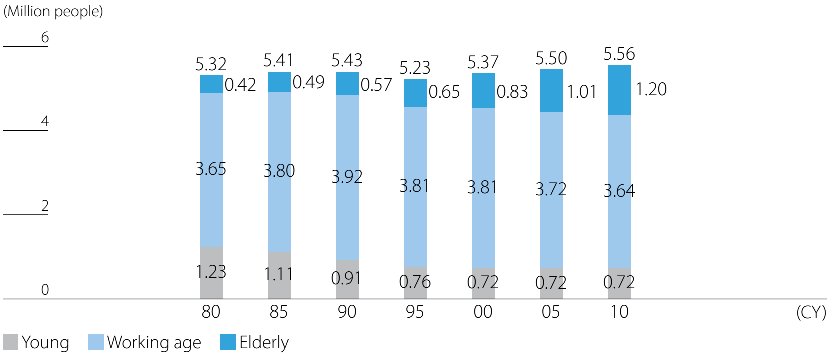


Sources: Prepared by the Company based on data from "Local Economy Directory," published by Toyo Keizai, Inc. and "Basic Resident Register," published by the Ministry of Internal Affairs and Communications.

Due to aging of society, the Kansai area's overall population is declining gradually. Meanwhile, the population is comparatively large in areas served by Hankyu and Hanshin lines, a testament to convenience and brand popularity. In these areas, the population has been trending upward since bottoming in 1996, the year after the Great Hanshin (Kobe) Earthquake.

Note: See the contents page for the definition of the areas served by Hankyu and Hanshin lines.

Population by age group, along Hankyu and Hanshin Lines (Population Census of Japan)

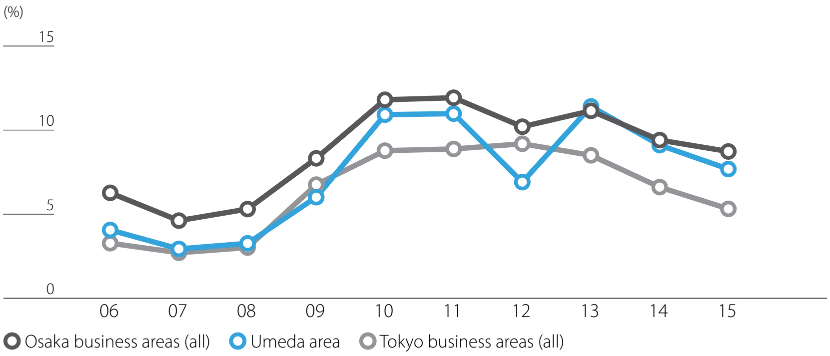


Source: Prepared by the Company based on data from "2010 Population Census of Japan," published by the Ministry of Internal Affairs and Communications.

According to the official Population Census of Japan, although the population aged below 15 remains stable, the population aged between 15 and 64 is declining. The latter group is the working-age population—the main purchasers of commuter passes.

Note: Tallies do not add up to the total at the top for each year as the age group is not known in many cases. Unknowns account for the difference.

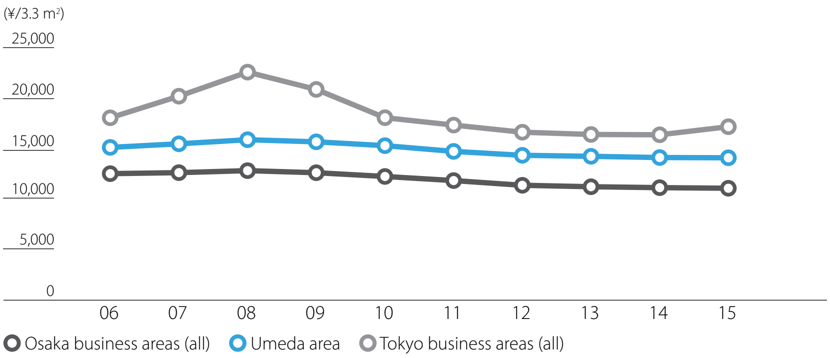
Average vacancy rates at office buildings



Source: Miki Shoji. "Office Data." (Comparison of average rents in April of respective years)

Favourable corporate results are fuelling demand for office expansion and the integration of previously discrete offices. While vacancy rates in Umeda spiked in fiscal 2014 due to the April 2013 opening of the GRAND FRONT OSAKA Office Tower building, they have been improving significantly since fiscal 2015.

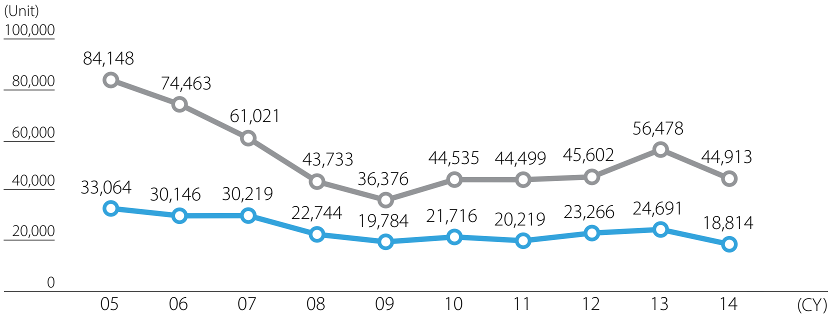
Average rents at office buildings



Source: Miki Shoji. "Office Data." (Comparison of average rents in April of respective years)

Solid demand for offices is slowing the decline in office rents. However, a full-fledged recovery in rents will require a marked reduction in office vacancy rates.

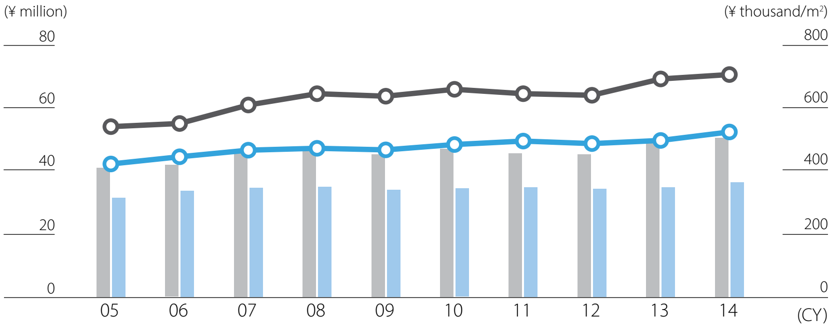
New supply of condominiums



Tokyo metropolitan area Kansai area
Source: Real Estate Economic Institute Co., Ltd. "National Condominium Market Trends."

In 2014, the new supply of condominiums decreased year on year due to rush demand in 2013 prior to the consumption tax increase in April 2014. The number of condominiums sold was particularly low in suburban areas. In the Tokyo metropolitan area and the Kansai area, however, demand for condominiums in city centre areas is steady thanks to the popularity of their convenience and value as assets.

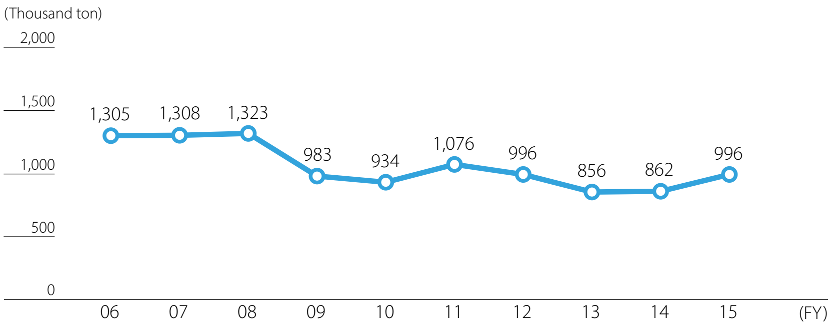
Condominium prices (Tokyo metropolitan and Kansai areas)



Tokyo metropolitan area (average) Kansai area (average) Tokyo metropolitan area (right axis)
Kansai area (right axis)
Source: Real Estate Economic Institute Co., Ltd. "National Condominium Market Trends."

Due to steady demand, condominium prices have been stable. However, they are trending upward as a result of rising construction costs accompanying higher material prices and a labour shortage in the construction industry.

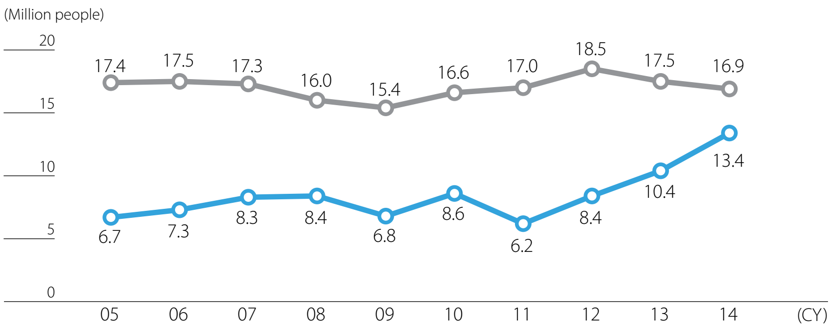
Consolidated air cargo originating in Japan



Source: Japan Aircargo Forwarders Association. "Airfreight Forwarding Results."

International airfreight originating in Japan is trending upwards, reflecting export industries' favourable performances as the yen depreciates and Japanese companies' business expansion overseas. Over the medium term, international air transportation demand is expected to grow centred on Asia, which is seeing continued economic development.

Overseas visitors to Japan and Japanese travellers going overseas



Overseas visitors to Japan Japanese travellers going overseas
Source: Japan National Tourist Organization. "Visitors Arrivals, Japanese Overseas Travellers."

Since 2011, the number of overseas visitors to Japan has been growing in step with yen depreciation, the relaxation of requirements for the issuance of tourist visas to individuals, and a rise in the number of routes budget airlines cover. In 2014, Japan welcomed more than 13 million visitors, a record high. Given that the government aims to increase this to 20 million by 2020, the number of overseas visitors to Japan is likely to continue growing.

Performance Highlights (Consolidated)

Key Financial Indicators

(¥ million)

FY		2007[2]	2008	2009	2010	2011	2012	2013
Result of Operations:								
Revenues from operations		¥ [813,613]	¥ 752,300	¥ 683,715	¥ 653,287	¥ 638,770	¥ 649,703	¥ 682,439
Operating income		[94,800]	90,724	77,823	70,126	64,743	73,809	87,921
EBITDA[3]		[146,500]	145,200	135,300	133,200	127,100	133,500	145,100
Ordinary income		74,869	74,882	57,445	50,409	46,494	65,393	74,914
Income before income taxes and minority interests		65,305	26,098	34,064	33,899	32,760	43,419	62,192
Net income		[40,507]	627	20,550	10,793	18,068	39,252	39,702
Comprehensive income		—	—	—	12,541	14,728	44,992	54,081
Capital expenditure		53,795	134,307	109,688	132,386	68,431	55,267	59,512
Depreciation and amortisation		43,888	51,577	54,798	60,418	59,669	56,968	54,540
Cash Flows:								
Cash flows from operating activities		¥ 78,981	¥ 74,902	¥ 108,597	¥ 146,955	¥ 103,252	¥ 124,525	¥ 127,655
Cash flows from investing activities		(199,578)	(100,058)	(115,047)	(132,737)	(62,516)	(44,295)	(58,923)
Free cash flow[4]		(120,596)	(25,155)	(6,449)	14,217	40,735	80,230	68,732
Cash flows from financing activities		132,289	36,718	7,014	(24,200)	(39,544)	(78,978)	(69,195)
Financial Position:								
Total assets		¥2,366,694	¥2,348,476	¥2,307,332	¥2,337,331	¥2,314,669	¥2,274,380	¥2,281,007
Total net assets		522,286	476,639	473,878	480,633	486,947	524,801	573,154
Interest-bearing debt		1,209,382	1,271,100	1,275,620	1,282,583	1,251,665	1,183,647	1,126,633
Per Share Data (yen and U.S. dollars):								
Net income	Basic	¥ 31.84	¥ 0.50	¥ 16.28	¥ 8.55	¥ 14.32	¥ 31.13	¥ 31.48
	Diluted	—	0.41	16.18	8.51	14.27	31.13	31.47
Net assets		405.35	369.25	366.96	371.70	377.17	407.01	443.63
Dividend		5.00	5.00	5.00	5.00	5.00	5.00	5.00
Ratios:								
Operating income margin (%)		[11.7]	12.1	11.4	10.7	10.1	11.4	12.9
ROA (%)[5]		3.8	3.2	2.5	2.2	2.0	2.8	3.3
ROE (%)[6]		[8.4]	0.1	4.4	2.3	3.8	7.9	7.4
Interest-bearing debt/EBITDA (times)		8.3[10]	8.8	9.4	9.6	9.8	8.9	7.8
Equity ratio (%)		21.7	19.9	20.1	20.1	20.6	22.6	24.5
Debt/equity (D/E) ratio (times)[7]		2.4	2.7	2.8	2.7	2.6	2.3	2.0
Stock Price Index:								
Stock price at the end of fiscal year (yen and U.S. dollars)		¥ 713	¥ 431	¥ 447	¥ 433	¥ 384	¥ 361	¥ 569
Market capitalisation (¥ billion, $ million)		906.5	548.0	568.3	550.5	488.2	459.0	723.4
PER (times)		22.4	862.0	27.5	50.6	26.8	11.6	18.1
PBR (times)		1.8	1.2	1.2	1.2	1.0	0.9	1.3
Business Data:								
Hankyu Railway (thousand)[8]		618,877	618,373	618,585	605,963	603,233	608,632	615,324
Hanshin Electric Railway (thousand)[8]		179,871	180,906	182,997	193,620	205,202	218,560	221,133
Average vacancy rates of rental office buildings (Umeda area, Osaka; %)[9]		2.95	3.08	5.88	8.90	11.22	7.29	11.50

1. The U.S. dollar amounts have been translated, for convenience only, at ¥120 = $1, the prevailing exchange rate on the Tokyo Foreign Exchange Market at 31st March 2015.
2. Since the second quarter of fiscal 2007, the results of Hanshin Electric Railway Co., Ltd. have been included in consolidated results due to its inclusion within the scope of consolidation as a result of management integration. Figures in parentheses have been calculated based on the assumption that management integration was executed at the beginning of the fiscal year.
3. EBITDA = operating income + depreciation expenses + amortisation of goodwill. EBITDA figures are rounded to the nearest ¥100 million.
4. Free cash flow = cash flows from operating activities + cash flows from investing activities
5. ROA = ordinary income/total assets (average of period-start and period-end totals)
6. ROE = net income/equity (average of period-start and period-end totals)
7. D/E ratio = interest-bearing debt/equity
8. Annual number of passengers carried
9. Average vacancy rate figures are overall rates for the Umeda city centre area at the end of March for major rental office buildings (including properties not owned by the Group) with a total floor area of at least 3,300 m² and are based on "Latest Trends in the Office-Building Market in Osaka," Miki Shoji Office Data.
10. The figure has been calculated using EBITDA, which has been calculated based on the assumption that management integration was executed at the beginning of the fiscal year.

($ thousand[1])

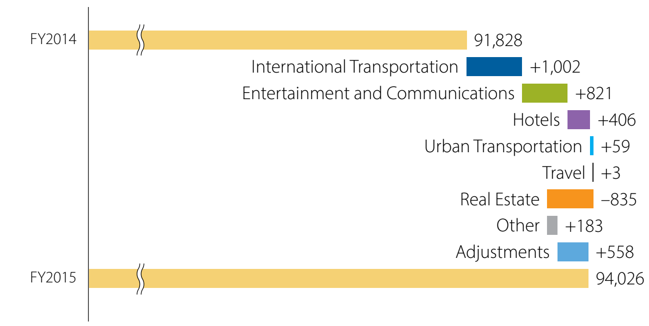
2014	2015	2015
¥ 679,157	¥ 685,906	$ 5,715,883
91,828	94,026	783,550
149,200	150,100	1,250,833
81,191	85,590	713,250
83,542	77,620	646,833
46,352	54,201	451,675
55,941	71,034	591,950
80,722	68,115	567,625
54,474	53,143	442,858
¥ 146,991	¥ 131,881	$ 1,099,008
(45,517)	(52,529)	(437,742)
101,474	79,352	661,266
(105,079)	(81,746)	(681,217)
¥2,286,928	¥2,279,638	$18,996,983
617,598	679,482	5,662,350
1,032,307	955,828	7,965,233
¥ 36.76	¥ 42.98	$ 0.36
36.75	42.95	0.36
477.69	525.56	4.38
6.00	6.00	0.05
13.5	13.7	—
3.6	3.7	—
8.0	8.6	—
6.9	6.4	—
26.3	29.1	—
1.7	1.4	—
¥ 562	¥ 743	$ 6.19
714.5	944.7	7,873
15.3	17.3	—
1.2	1.4	—
629,125	627,536	—
226,004	227,203	—
9.22	7.84	—

Revenues from operations: ¥685.9 billion
(up 1.0%, or ¥6.7 billion, from the previous fiscal year)
Operating income: ¥94.0 billion
(up 2.4%, or ¥2.2 billion, from the previous fiscal year)

The International Transportation Business performed well due to special demand and a pickup in freight demand, while the Entertainment and Communications Business saw the Hanshin Tigers professional baseball team and the Takarazuka Revue post favourable results. Thanks to contributions from these businesses, revenues from operations increased 1.0%, or ¥6.7 billion, year on year, to ¥685.9 billion, and operating income rose 2.4%, or ¥2.2 billion, to ¥94.0 billion.

Operating income: Factor analysis (YoY change)

(¥ million)



Net income: ¥54.2 billion
(up 16.9%, or ¥7.8 billion, from the previous fiscal year)

Net non-operating loss (total non-operating expenses net of total non-operating income) improved 20.7%, or ¥2.1 billion, year on year, to ¥8.4 billion, due to an increase in equity in income of affiliates. Further, total extraordinary income net of total extraordinary loss was a loss of ¥8.0 billion, compared with the previous fiscal year's income of ¥2.3 billion, because gain on sales of investment securities did not fully compensate for a decrease in gain on sales of noncurrent assets.

Net income was up 16.9%, or ¥7.8 billion, year on year, to ¥54.2 billion. In addition to the abovementioned factors, this increase reflected higher operating income and a reversal of deferred tax assets and liabilities that resulted from a revision of the tax system, which mainly comprised a reduction in total income taxes.

Net income: Factor analysis (YoY change)

Increase in revenues from operations	+¥6.7 billion
Decrease in selling, general and administrative expenses	+¥1.9 billion
Decrease in total non-operating expenses	+¥1.6 billion
Increase in total non-operating income	+¥0.6 billion
Increase in minority interests in income	+¥0 billion
Decrease in total income taxes	+¥13.8 billion
Increase in operating expenses and costs of sales of transportation	–¥6.4 billion
Decrease in total extraordinary income	–¥2.5 billion
Increase in total extraordinary loss	–¥7.9 billion

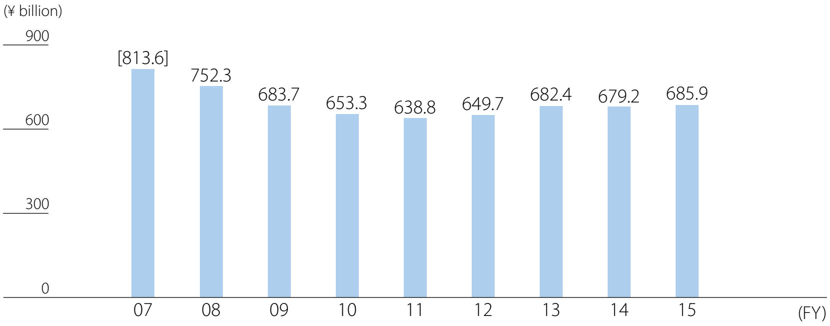
Interest-bearing debt: ¥955.8 billion
(down 7.4%, or ¥76.5 billion, from the previous fiscal year-end)

The outstanding balance of interest-bearing debt at the end of the fiscal year under review amounted to ¥955.8 billion, a decrease of 7.4%, or ¥76.5 billion, from the previous fiscal year-end. This was because proceeds from sales of investment securities and net cash provided by operating activities were used to repay interest-bearing debt.

Performance Highlights (Consolidated)

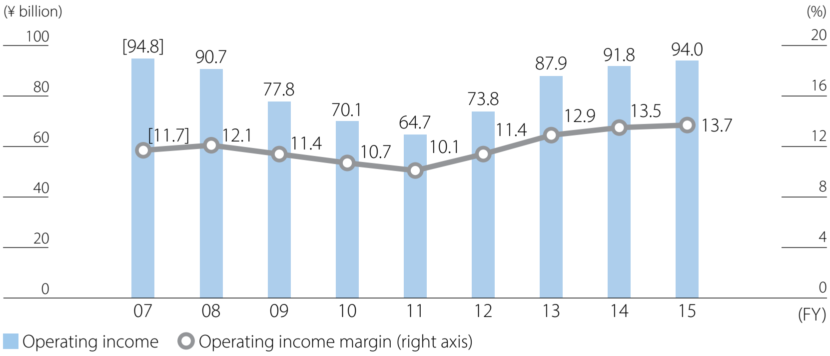
Key Financial Indicators (Graphs)

Revenues from operations



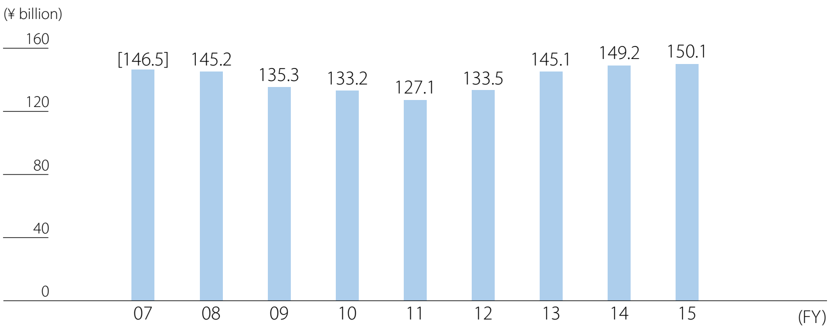
In fiscal 2015, revenues from operations increased 1.0%, or ¥6.7 billion, year on year, to ¥685.9 billion. This reflected a favourable performance by the Entertainment and Communications Business due to the Hanshin Tigers professional baseball team reaching the Japan Series and the popularity of the performances of the Takarazuka Revue, which celebrated its 100th anniversary, and higher revenues from construction and other businesses of the Other segment.

Operating income and operating income margin



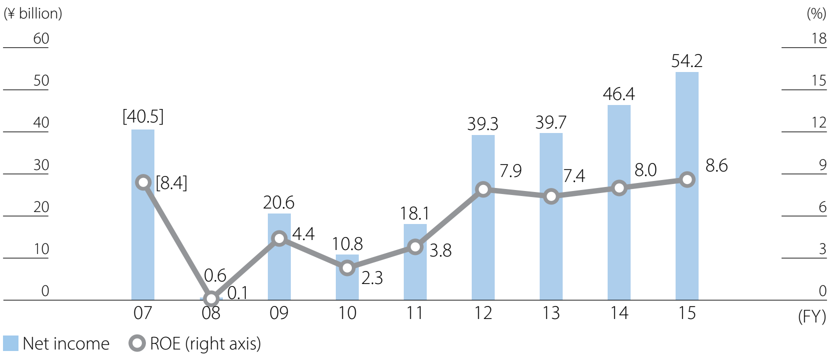
Operating income was ¥94.0 billion, reaching a new record for the second consecutive fiscal year. This resulted from a 48.8% year-on-year rise in the operating income of the International Transportation Business—due to currency rate fluctuations and special demand for air transportation—and steady railway operation revenue. These positive factors as well as the abovementioned factors contributing to the increase in revenues from operations more than offset a decrease in earnings accompanying the sale by the Real Estate Business of land for facilities in the previous fiscal year.

EBITDA



Operating income rose 2.4% year on year, to ¥94.0 billion; depreciation and amortisation decreased 2.4%, to ¥53.1 billion; and amortisation of goodwill edged up 0.4%, to ¥2.9 billion. As a result, EBITDA reached ¥150.1 billion, surpassing ¥150.0 billion for the first time since the Group's establishment in 2007.

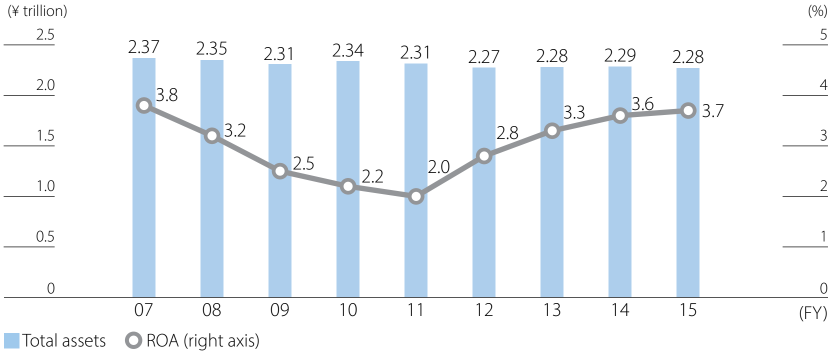
Net income and ROE



Net income rose 16.9%, or ¥7.8 billion, year on year, to a new record of ¥54.2 billion, due to a decrease in income taxes—deferred accompanying a reduction in total income taxes and a reversal of deferred tax assets and liabilities. As a result, ROE increased 0.6 percentage points, to 8.6%.

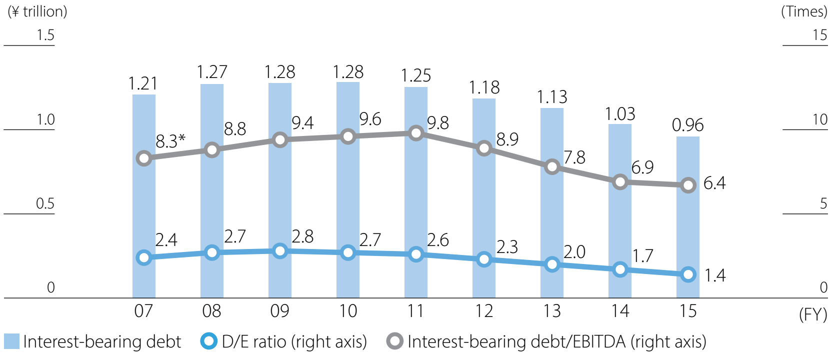
Note: From the second quarter of fiscal 2007, consolidated results of Hanshin Electric Railway Co., Ltd. are included as a result of management integration in the scope of consolidation of the Group. Figures in [ ] are calculated assuming the management integration had entered effect from the beginning of the term.

Total assets and ROA



Total assets edged down 0.3%, or ¥7.3 billion, from the previous fiscal year-end, to ¥2,279.6 billion, due to a decrease in land and buildings. ROA edged up 0.1 percentage points, to 3.7%, reflecting the record ordinary income that resulted from higher revenues from operations.

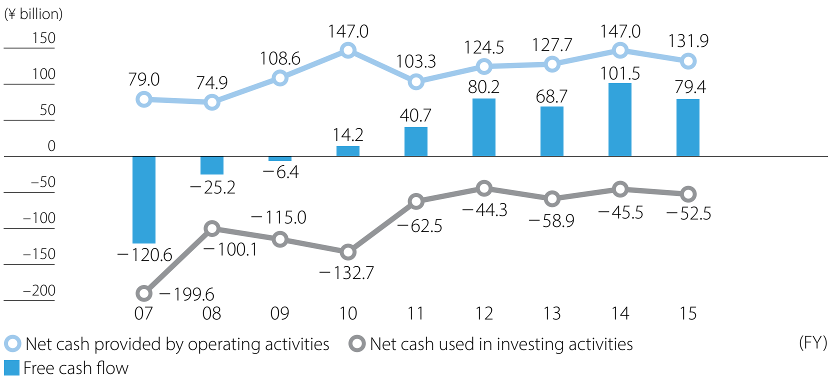
Interest-bearing debt, D/E ratio, and interest-bearing debt/EBITDA



* The figure has been calculated using EBITDA, which has been calculated based on the assumption that management integration was executed at the beginning of the fiscal year.

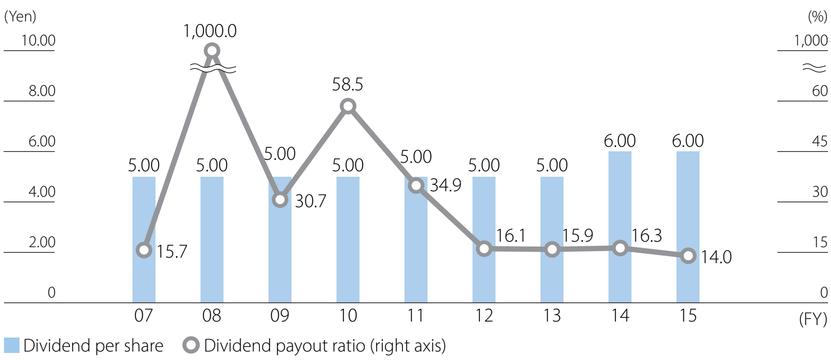
The outstanding balance of interest-bearing debt was down 7.4%, or ¥76.5 billion, from the previous fiscal year-end, to ¥955.8 billion, due to the use of net cash provided by operating activities to repay interest-bearing debt. Consequently, the D/E ratio decreased to 1.4 times. Also, the interest-bearing debt/EBITDA ratio declined from 6.9 times to 6.4 times, reflecting steady improvement in the Company's financial position.

Cash flows



Net cash provided by operating activities was ¥131.9 billion, reflecting a decrease in income before income taxes and minority interests and loss on impairment of fixed assets. Net cash used in investing activities was ¥52.5 billion, reflecting lower proceeds from sales of noncurrent assets. Net cash used in financing activities was ¥81.7 billion due to repayment of long-term debt.

Returns to shareholders



In accordance with its policy of stable dividend payments, the Company has paid dividends based on a minimum level set at ¥6 per share since the appropriation of profits for fiscal 2014. In fiscal 2016, the Company will further enhance returns to shareholders by raising the dividend to ¥7 per share and purchasing treasury stock with a view to realizing a total payout ratio of 25%, a newly established indicator.

Moving to a new management stage, the Hankyu Hanshin Holdings Group will make a concerted effort to realise medium-to-long-term growth by enhancing the value of the areas served by its lines while pursuing business opportunities in new markets.

Kazuo Sumi
President and
Representative Director

In fiscal 2015, the year ended 31st March 2015, the Hankyu Hanshin Holdings Group achieved higher revenues and earnings for the second consecutive year, posting record operating income, ordinary income, and net income. These business results reflect steady efforts to strengthen the competitiveness of each core business and improve our financial position, strategies we have been implementing for some time. Moreover, the interest-bearing debt/EBITDA ratio, which we view as the most important management indicator, improved from the previous fiscal year's 6.9 times to 6.4 times. Favourable evaluation of this steady improvement in our financial position and of our commitment to continuing to improve it while investing for growth in the medium-to-long term has led credit rating agencies to upgrade our credit rating in each of the past two fiscal years. In light of this progress, in fiscal 2016, the year ending 31st March 2016, we have begun full-fledged efforts as part of a new management phase in which we will establish the foundations of future growth.

Fiscal 2015 Business Results

Before giving an overview of initiatives to date and explaining those going forward, I will report on business results in fiscal 2015.

In fiscal 2015, yen depreciation and concerns about security overseas weakened the performance of the Travel Business. In the Entertainment and Communications Business, however, the Hanshin Tigers reached the Japan Series, and the performances of the Takarazuka Revue, which celebrated its centenary, were well received. Other business segments achieved favourable business results overall. In the Urban Transportation Business, the Hankyu and Hanshin lines performed steadily. As for the Real Estate Business, office occupancy rates in the Umeda area rose, while the International Transportation Business and the Hotels Business realised solid business results. Consequently, the Group recorded year-on-year increases of 1.0%, or ¥6.7 billion, in revenues from operations, to ¥685.9 billion, and 2.4%, or ¥2.2 billion, in operating income, to ¥94.0 billion. Further, thanks to an improvement in the financial account balance resulting from the reduction of interest-bearing debt, ordinary income rose 5.4%, or ¥4.4 billion, year on year, to ¥85.6 billion, while net income grew 16.9%, or ¥7.8 billion, year on year, to ¥54.2 billion.

Net income was up significantly year on year. This improvement was primarily attributable to a reversal of deferred tax assets and liabilities that arose from revision of the tax system and which was a one-time factor limited to fiscal 2015. Nevertheless, even excluding this one-time factor, net income rose year on year.

Fiscal 2015 business results overview

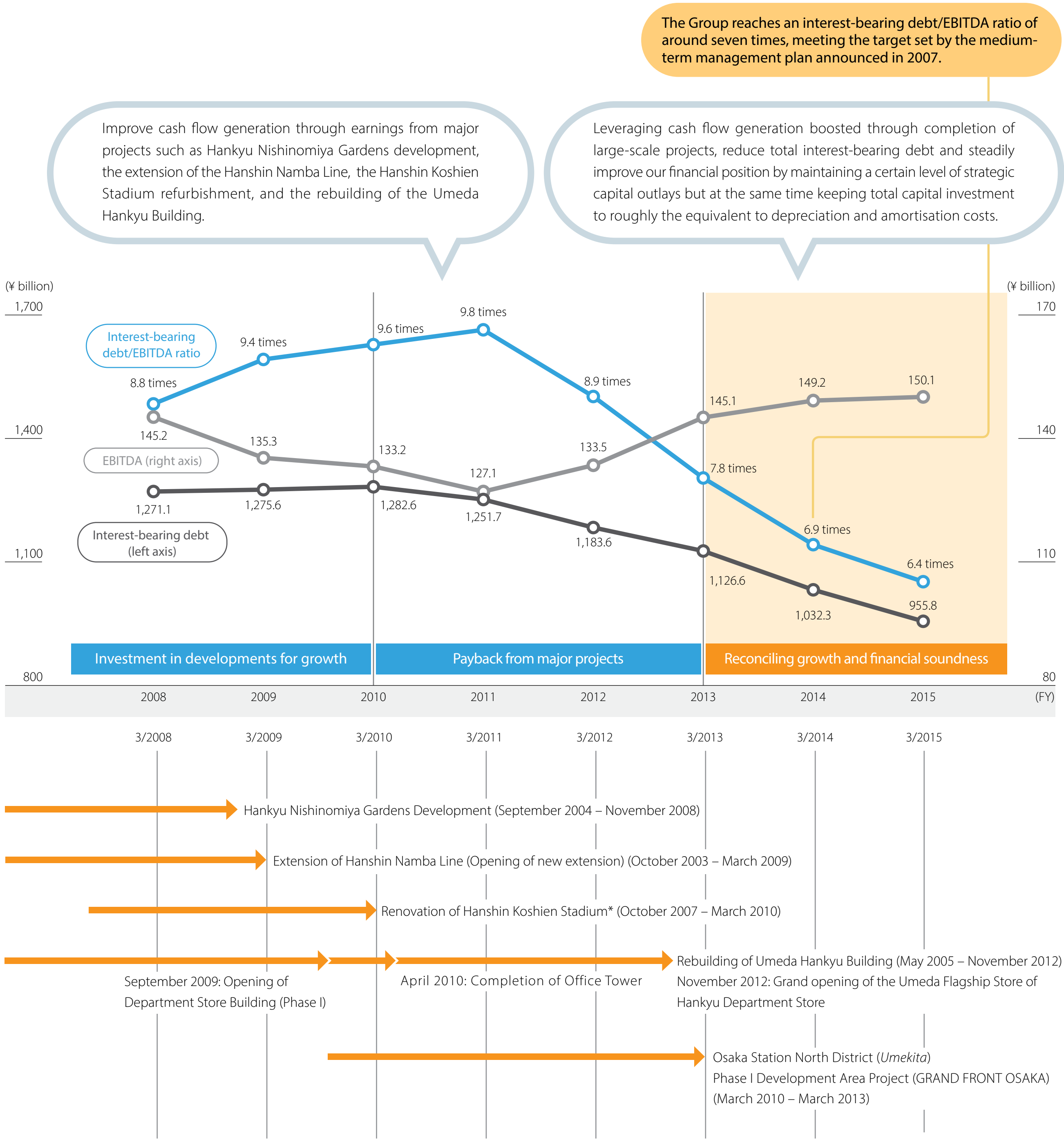
(¥ billion)

	FY2014 results	FY2015 results	YoY	
			(Increase)	(%)
Revenues from operations	679.2	685.9	6.7	1.0
Operating income	91.8	94.0	2.2	2.4
Ordinary income	81.2	85.6	4.4	5.4
Net income	46.4	54.2	7.8	16.9

Overview of Initiatives to Date

Established through the management integration of Hankyu Holdings, Inc. and Hanshin Electric Railway Co., Ltd. in October 2006, Hankyu Hanshin Holdings, Inc. announced its inaugural medium-term management plan, Hankyu Hanshin Holdings Group 2007 Medium-Term Management Plan, in March 2007. When the plan began, the Group was advancing several large projects simultaneously, including the rebuilding of Umeda Hankyu Building and the extension of the Hanshin Namba Line. Consequently, interest-bearing debt rose temporarily, reaching more than ¥1,280 billion, while the interest-bearing debt/EBITDA ratio increased to more than nine times. Given this level of debt, improving our financial position became an urgent management task. In particular, we viewed lowering the interest-bearing debt/EBITDA ratio to around seven times as our most important target and worked towards its achievement.

Specifically, we curbed capital investment with depreciation and amortisation levels as a benchmark. Furthermore, based on the stronger cash flow generation capabilities that accompanied the completion of such major projects as Umeda Hankyu Building, we gave priority to using surplus funds to improve our financial position through the reduction of interest-bearing debt. As a result, in fiscal 2014, we were able to reach the medium-term management plan's management target of an interest-bearing debt/EBITDA ratio of around seven times. In fiscal 2015, EBITDA grew further, increasing ¥0.9 billion year on year, to ¥150.1 billion, and surpassing ¥150 billion for the first time since management integration in 2006. Meanwhile, interest-bearing debt moved below ¥1 trillion, to ¥955.8 billion, because we allocated proceeds from the sale of investment securities and net cash provided by operating activities to repayment. As a result, the interest-bearing debt/EBITDA ratio decreased to 6.4 times, one of the lowest levels among major private (non-JR) railway operators in Japan.



* Renovation work conducted during three off-seasons.

Note: Project start times are as of works commencement. Also, finish times are project completion dates (completion of A and B blocks for Osaka Station North District (*Umekita*) Phase I Development Area Project).

New Medium-Term Management Plan

Changes in Business Conditions

The business conditions facing the Hankyu Hanshin Holdings Group have changed dramatically. The features of current conditions are the growing scale of the market in the Tokyo metropolitan area, the growth of markets in Asia centred on the ASEAN region, and market expansion accompanying the rapid increase in tourists from overseas. As our new medium-term management plan shows, we see such changes in business conditions as new business opportunities and believe we must take further action to sustain corporate value growth.

Basic Approach of the Medium-Term Management Plan

I believe that one of our strengths is progressiveness. In other words, we are ahead of the times and open to new ideas. However, for a long time we have had to be defensive. We have curbed growth investment and given priority to reducing interest-bearing debt because improving our financial position has been our most important management task. Having become more profitable by cementing earnings foundations and improving our financial position, we can finally realise our inherent progressiveness and provide customers with new value.

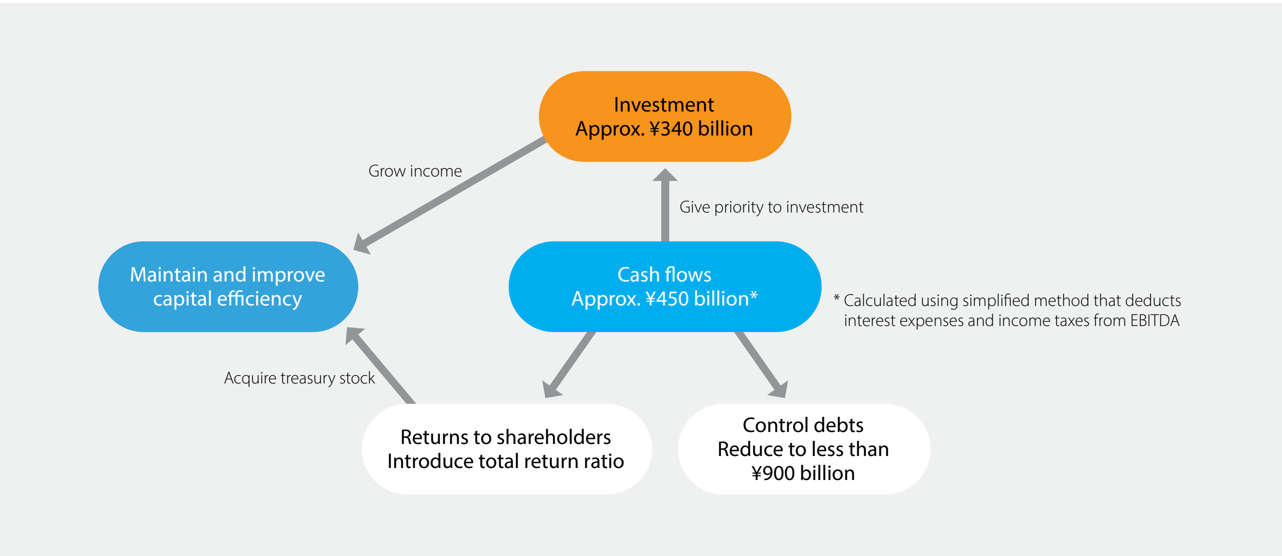
In this new management phase, we will lay foundations for future growth. Accordingly, the two main business strategies of our new medium-term management plan call on us to *enhance value of the Umeda area* and *other line-side areas and develop new markets for medium-to-long-term growth*.

Under the plan, with a view to growing future earnings, we have earmarked roughly ¥340 billion for investment during the four years from fiscal 2016. Of this, we will allocate approximately ¥130 billion to investment in such major development projects as the Umeda 1-1 Project and the development of new markets, topics I will touch on later. This is more than twice the amount invested from fiscal 2012 to fiscal 2015 and is approximately the same investment level that we had between fiscal 2008 and fiscal 2011, when we were advancing several major projects, such as the rebuilding of Umeda Hankyu Building.

Meanwhile, we will continue strengthening our financial position because maintaining financial discipline over the medium-to-long term as we steadily invest for growth is critical to ensure fund-raising capabilities, and, by extension, investment capabilities. Specifically, we will reduce interest-bearing debt to less than ¥900 billion by the end of fiscal 2019.

As well as investing for growth and strengthening our financial position, we will endeavour to further enhance returns to shareholders through dividends and acquisition of treasury stock. Furthermore, to promote flexible allocation of cash flows to returns to shareholders, we have introduced a total return ratio as an indicator from fiscal 2016.

The preparation and implementation of growth strategies
premised on maintaining financial discipline (fiscal 2016 – fiscal 2019)



Business Strategy 1 Enhance Value of the Umeda Area and Other Line-Side Areas

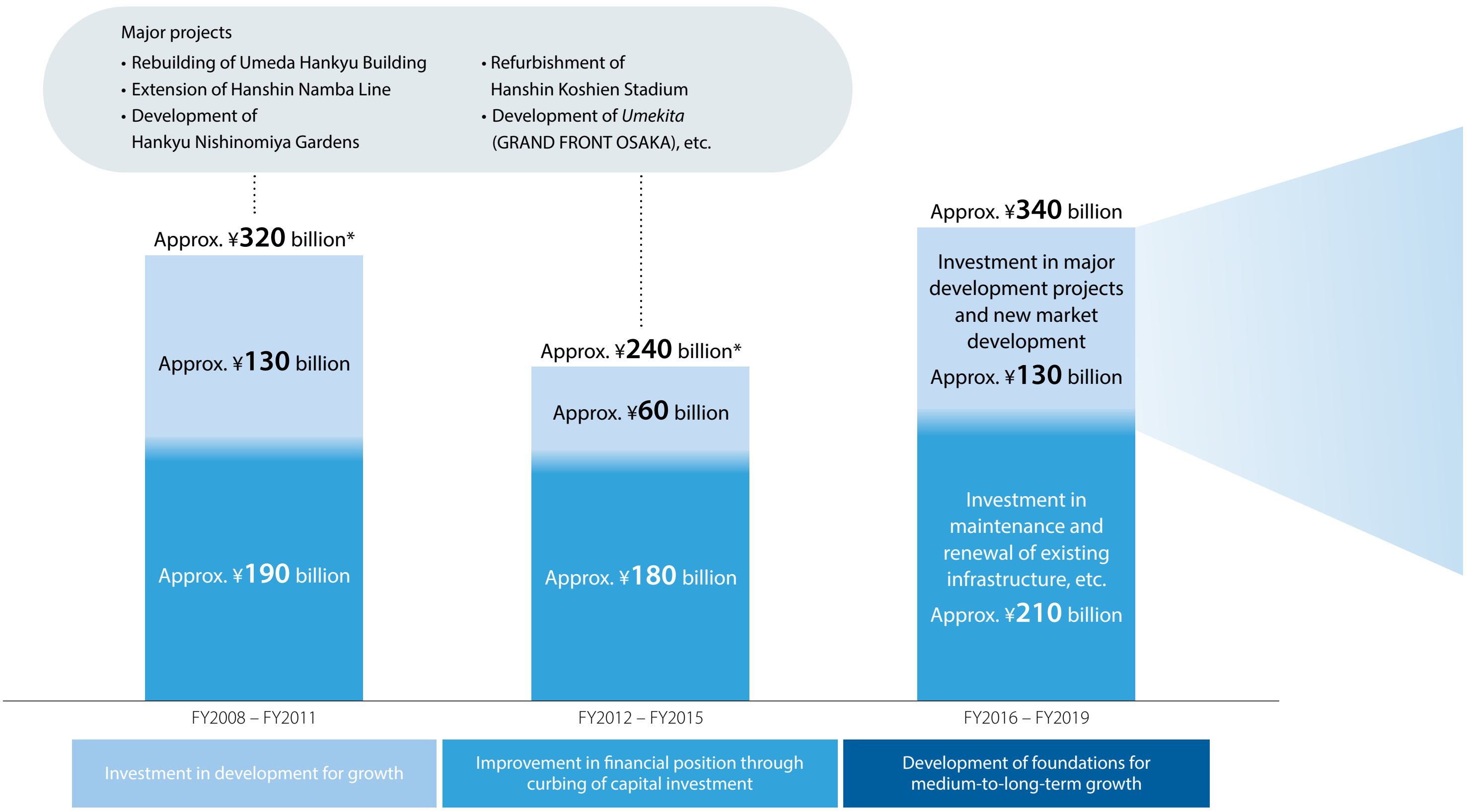
With respect to the areas served by its lines, the Group will promote further development by giving priority to allocation of management resources to the Umeda area, which is its largest business base. At the same time, we will take measures to heighten the value of areas served by Hankyu and Hanshin lines. Through these measures, the Group will maintain and enhance the value of its assets.

Begun in October 2014, the Umeda 1-1 Project is a large-scale redevelopment project that entails creating a single integrated building by reconstructing Dai Hanshin Building and the adjacent Shin Hankyu Building, which are situated at the centre of the Umeda area. This project is only possible thanks to the management integration of Hankyu Holdings and Hanshin Electric Railway nine years ago. Moreover, in conjunction with this project, we have begun construction work to upgrade Hanshin Umeda Station. The completion of these closely interlinked projects will enable the creation of new foot traffic flows centred on Hanshin Umeda Station and promises to make touring the entire Umeda area more enjoyable for visitors, thereby helping invigorate it.

Further, to make the Umeda area somewhere people want to visit frequently, developing such physical infrastructure as office buildings and commercial facilities is not enough. To invigorate the area, I believe proactively fostering intangible infrastructure through area management is indispensable. Specifically, with local landowners we are developing initiatives to energise the whole area, such as area events and emergency drills that help create a sense of community. In addition, in 2014, we opened a support base for entrepreneurs, GVH#5, which provides start-ups with small comfortable offices at affordable rents. Being the largest landowner in the Umeda area makes us uniquely qualified to facilitate this initiative. In this way, through efforts to improve tangible and intangible infrastructure, we will create business opportunities from a medium-to-long-term perspective. I am confident that, ultimately, our efforts will raise Umeda's prestige as an urban area, and enhance the value of our assets as a consequence.

In areas other than the Umeda area that are served by Hankyu and Hanshin lines, we will redouble efforts to enhance value. As part of these efforts, we aim to develop businesses that address social issues in line-side areas. For example, we are developing private after-school day-care centres, After-School Kippo, to help working parents with child rearing. Also, we are

Approach to investment (and trends in capital investment)



* Excluding capital investment related to the repurchase of securitised assets and the exchange of the assets with Hankyu REIT Inc.

developing a provider of comprehensive support for the elderly that establishes environments enabling the elderly to lead active lives. Providing these services helps create urban areas in which different generations can live with peace of mind. As a result, people will want to live in, remain long-term in, or keep visiting areas served by Hankyu and Hanshin lines, which will foster demand and add value to our line-side areas.

Business Strategy 2 Develop New Markets for Medium-to-Long-Term Growth

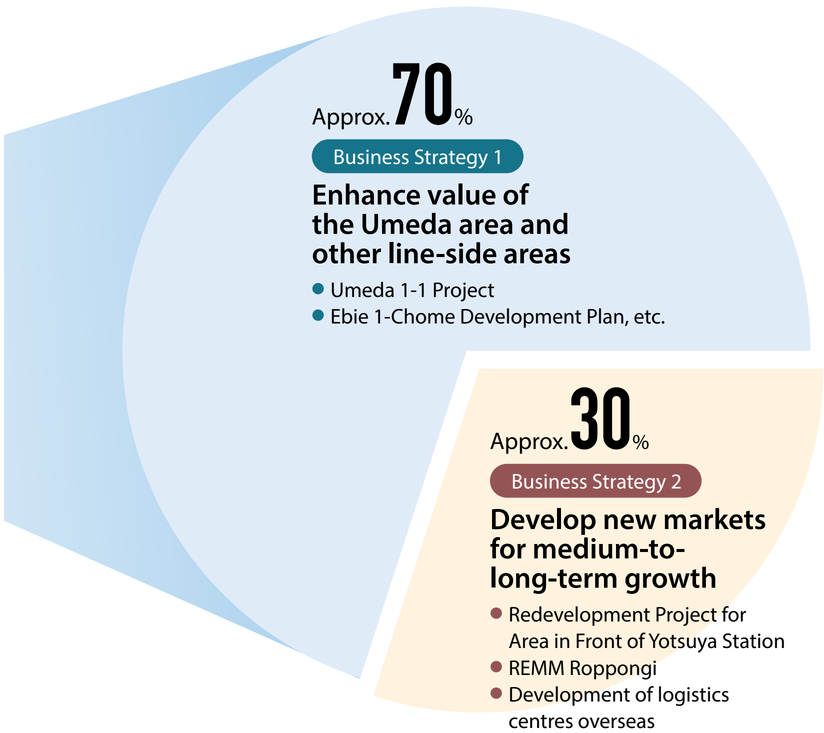
With a view to extending earnings foundations through the development of new markets, the Hankyu Hanshin Holdings Group is concentrating efforts on expanding businesses in the Tokyo metropolitan area and developing overseas markets. At the moment, the population is rising in areas served by the Group's lines. However, given the aging of Japan's population overall, decline of the population in line-side areas is inevitable over the medium-to-long term. Therefore, developing new markets will establish foundations for sustained growth.

In the Tokyo metropolitan area, we have decided to participate in an urban redevelopment project in front of Yotsuya Station in Tokyo's Shinjuku-ku. With its sights set on completion in 2019, the Real Estate Business is already holding discussions with project partners and other related parties. Also, in the residential business, which develops condominiums and houses under the *Geo* and *Hapia* brands, we intend to create and acquire business opportunities while carefully analysing market trends.

The Hotels Business plans to open its fifth, and largest, hotel under the REMM brand in spring 2017. Situated in one of Tokyo's most famous quarters, Roppongi in Minato-ku, it will be the chain's third hotel in the Tokyo metropolitan area. Mainly for overnight stays, the hotel will have 400 guest rooms, and cater to the growing demand from non-Japanese tourists.

As for the International Transportation Business, in response to the increasing demand for logistics services in the ASEAN region, we are creating comprehensive logistics businesses. Specifically, in August 2014, we established a company in Indonesia that will offer logistics and warehousing services. Also, construction of a logistics centre is under way. And, we began developing a new logistics centre in Singapore in July 2015. In addition, we intend to participate in a business that develops and sells condominiums in Vietnam. Through this initiative, we want to acquire business know-how with a view to expanding our real estate business in the ASEAN region.

Other initiatives included the second visit of the Takarazuka Revue to Taiwan in August 2015, with its performances again proving hugely popular. Rather than limiting the success of these performances to the entertainment area, we want to leverage it in businesses throughout the Group. For example, we will emphasise the appeal of our quality entertainment overseas to create demand from non-Japanese visitors.



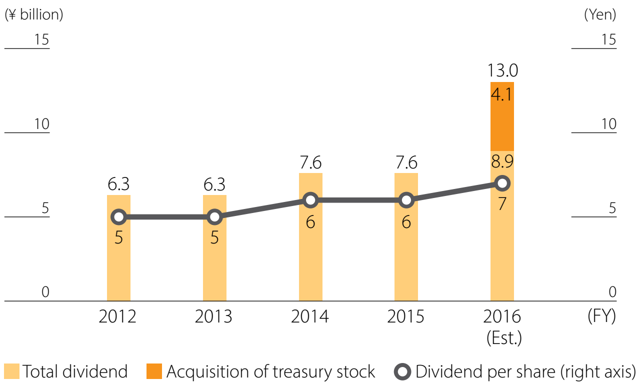
Policy on Returns to Shareholders

Regarding returns to shareholders, given the achievement of an interest-bearing debt/EBITDA ratio of around seven times, which was our most important management target, we changed our dividend policy by increasing the annual dividend by ¥1 per share for fiscal 2014 and endeavouring to pay stable annual dividends going forward with ¥6 per share as a lower limit. Since then, our financial position has improved further, and we have deemed that we can maintain net income at the ¥40 billion level. Therefore, we have introduced a new approach to returns to shareholders by setting a total return ratio* of 25% as an indicator. Aiming for returns to shareholders based on this indicator, for fiscal 2016's profit distribution, we plan to increase the annual dividend by ¥1 per share to ¥7 per share and acquire treasury stock so that we realise a total return ratio of 25%.

While strengthening returns to shareholders, I believe that we should also meet the expectations of shareholders and investors by sustaining growth. As we advance into a new management phase, we are committed to taking maximum advantage of our inherent progressiveness to enhance corporate value.

* The aggregate of the total annual dividend and purchases of treasury stock as a percentage of consolidated net income

Returns to shareholders



Targeted Management Indicators (for the period through to fiscal 2019)

In light of the aforementioned, for the period from fiscal 2016 through to fiscal 2019, we have established three management indicators that measure profitability, capital efficiency, and financial soundness.

Firstly, in relation to profitability, earnings levels are expected to decrease due to higher depreciation and amortisation associated with the advancement of the Umeda 1-1 Project and the manufacture of rolling stock. However, by focusing efforts on developing foundations with a view to medium-to-long-term growth, we will maintain operating income at the ¥80 billion level. Further, we will realise stable net income at the ¥40 billion level.

Secondly, with regard to capital efficiency, while strengthening our financial position, we will achieve stable net income and acquire treasury stock to maintain ROE at around 6%.

Lastly, to reinforce financial soundness, we will mitigate the risk of interest rate increases and ensure fund-raising capabilities through the steady reduction of interest-bearing debt and the lowering of it to less than ¥900 billion by the end of fiscal 2019. Further, we will manage businesses mindful of the medium-to-long-term targets for financial soundness—keeping the interest-bearing debt/EBITDA ratio between five and six times and the D/E ratio around one time—although we have not specified fiscal years for reaching these targets.

Numerical targets (for the period through to fiscal 2019)

Profitability	Keep operating income at ¥80 billion level and keep net income at ¥40 billion level
Capital efficiency	Keep ROE at 6% level while strengthening financial standing
Financial soundness	Reduce interest-bearing debt to less than ¥900 billion by end of fiscal 2019

Financial soundness targeted over medium-to-long term	Keep interest-bearing debt/EBITDA ratio between 5 and 6 times and D/E ratio around 1 time

Fiscal 2016 Business Results Outlook

In fiscal 2016, the first fiscal year of our new management phase, we expect a 2.1%, or ¥14.1 billion, year-on-year increase in revenues from operations, to ¥700 billion, and a 2.2%, or ¥2.0 billion, decrease in operating income, to ¥92 billion. Although electricity fees and depreciation and amortisation are likely to rise, the Urban Transportation Business is expected to perform steadily. In addition, while the Real Estate Business will see rental income decline as work progresses under the Umeda 1-1 Project, earnings from sales of land for facilities are expected to rise. Meanwhile, the Entertainment and Communications Business is projected to record lower earnings due to the absence of the benefit of the Takarazuka Revue's centenary year in 2014. In the Real Estate Business, although the outlook for the housing market is uncertain, the Group will continue concerted efforts to grow earnings.

Fiscal 2016 management indicators outlook

	FY2015 result	FY2016 estimate
Operating income	¥94.0 billion	¥92.0 billion
EBITDA	¥150.1 billion	¥150.0 billion
Interest-bearing debt	¥955.8 billion	¥950.0 billion
Interest-bearing debt/EBITDA ratio	6.4 times	6.3 times
D/E ratio	1.4 times	1.4 times
Net income	¥54.2 billion	¥52.0 billion
ROE	8.6%	7.8%

(Reference)

Net interest-bearing debt*	¥930.2 billion	¥925.0 billion
Net interest-bearing debt/EBITDA ratio	6.2 times	6.2 times

* Amount of interest-bearing debt less cash and deposits

Conclusion

Since management integration, the Hankyu Hanshin Holdings Group has given first priority to strengthening its management foundations and financial position. Having strengthened our financial position, we are now able to move to a new management stage. Therefore, the whole Group will show a greater appetite for taking on challenges and seize new business opportunities proactively to reach management goals and sustain growth and development going forward.

September 2015

Kazuo Sumi
President and Representative Director

Overview of the Hankyu Hanshin Holdings Group's Medium-Term Management Plan (Fiscal 2016–Fiscal 2019)

The Hankyu Hanshin Holdings Group's Medium-Term Management Plan calls for the development of foundations for medium-to-long-term growth in the period through to fiscal 2019. In accordance with this new management direction, we are advancing measures with a view to future growth.

Medium-Term Management Plan (fiscal 2016–fiscal 2019)

Period of developing foundations for medium-to-long-term growth

Business strategies Implementing two business strategies with a view to medium-to-long-term growth

Business strategy 1

Enhance value of the Umeda area and other line-side areas

Create line-side areas people want to live in permanently or visit frequently

Develop line-side areas ⇄ Enhancing line-side area value ⇄ Develop additional value in line-side areas

Business strategy 2

Develop new markets for medium-to-long-term growth

Expand businesses in Tokyo metropolitan area and begin developing new businesses overseas

Tokyo metropolitan area

Overseas

Combine business strategies 1 and 2

Capture burgeoning demand from non-Japanese tourists

Offset Japan's sluggish consumer market and step up efforts to capture rapidly growing demand from visitors to Japan

Financial strategy Focus on *forward-looking investment*, while distributing cash flows in a flexible, balanced manner to realise *continuous strengthening of financial standing* and *returns to shareholders*

Forward-looking investment

Follow business strategies 1 and 2 and give priority to funding investment regardless of previous investment levels

Returns to shareholders

Endeavour to increase them while maintaining balance with investment and strengthening of financial standing

Continuous strengthening of financial standing

Continue strengthening financial standing to mitigate risk of future interest rate rises and secure funding capacity over medium-to-long term

Numerical targets

Profitability	Keep operating income at **¥80 billion** level and keep net income at **¥40 billion** level	While focusing efforts on developing foundations for medium-to-long-term growth, we will maintain operating income at a certain level and achieve stable net income.
Capital efficiency	Keep ROE at **6%** level	Given that we expect to achieve stable net income while strengthening our financial standing, we will maintain ROE at a certain level.
Financial soundness	Reduce interest-bearing debt to **less than ¥900 billion** by end of fiscal 2019	We will continue steadily strengthening our financial standing as a provision for the risk of interest rate rises.

Financial soundness targeted over medium-to-long term	Keep interest-bearing debt/EBITDA ratio **between 5 and 6 times** and D/E ratio **around 1 time**

Urban Transportation | Real Estate | Entertainment and Communications | Travel | International Transportation | Hotels

Business strategy 1 Enhance value of the Umeda area and other line-side areas

Umeda 1-1 Project
(Dai Hanshin Building and Shin Hankyu Building rebuilding project)

Begun in October 2014, this project is rebuilding Dai Hanshin Building, which includes Hanshin Department Store's Umeda Flagship Store, and Shin Hankyu Building. We are making steady progress and plan to complete construction in 2022.

A conceptual illustration of the Umeda 1-1 Project upon completion

Ebie 1-Chome Development Plan

In December 2014, we acquired land for a large-scale development near Hanshin Noda Station, a stop for express services. We are examining a development plan that will invigorate the line-side area and create a new urban area.

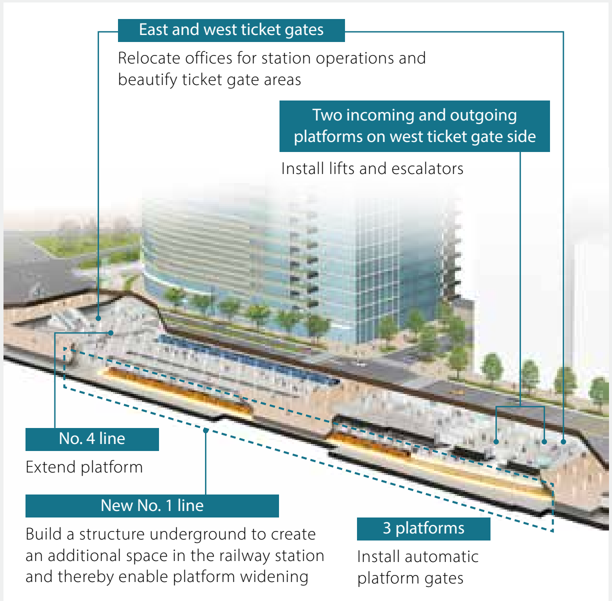
Plan summary

Location	1-9, Ebie 1-chome, Fukushima-ku, Osaka-city
Site area	Approx. 27,900 square metres

Construction Work to Upgrade Hanshin Umeda Station

To coincide with the implementation of the Umeda 1-1 Project, in March 2015 we began construction work to upgrade Hanshin Umeda Station and make it a facility befitting Hanshin Electric Railway's largest terminal station. Aiming to complete the work in spring 2023, we are widening station spaces and platforms and installing automatic platform gates.

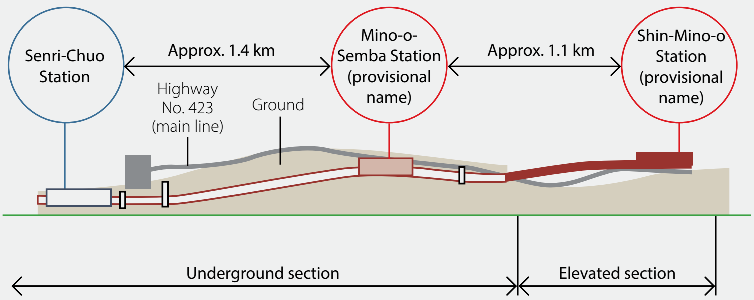
A conceptual illustration of the Hanshin Umeda Station upon completion of upgrading work



Note: We may change the locations of lifts and escalators.

Kita-Osaka Kyuko Railway Line Extension and Improvement Project

We plan to extend the Kita-Osaka Kyuko Railway Line 2.5 kilometres north from its terminal station, Senri-Chuo Station. Aiming to obtain approval for railway operations and a charter for railway track operations in fiscal 2016 and begin operations in fiscal 2021, the Osaka Prefectural Government, Minoh City, Kita-Osaka Kyuko Railway, and Hankyu Corporation are advancing the project.



Business strategy 1 Enhance value of the Umeda area and other line-side areas

Business Providing Comprehensive Support to the Elderly

Through a capital tie-up with Royal Communication Club Co., Ltd., we participated in a business that provides one-stop everyday support for active elderly people. In areas served by Hankyu and Hanshin lines, we have established salons that provide an environment conducive to developing new friendships after retirement. Moreover, the salons give elderly people peace of mind. As well as providing a lively, fulfilling environment, the salons include a help centre offering comprehensive support that ranges from addressing day-to-day problems through to responding in the event of sudden illness.

Business concept

Culture classes	Recreation	+	Responding to sudden illness	Safety confirmation
Providing fulfilment			Providing peace of mind	
Travel	Resort		Support in everyday life	Nursing-care support

One-stop services for elderly people	Members can solve any type of problem arising in day-to-day life by telephoning the club at any time.

After-School Kippo

To help parents bringing up children in areas served by our lines, we opened a private after-school day-care centre on 1st April 2015. By helping with child rearing, we hope to help working men and women who are pursuing careers.

Main Initiatives for New Businesses

● **Watching over Children Going to and Returning from School**

In this system, children carry IC tags. When a child passes through the school gates on their way to or from school, the system automatically notifies their guardian by e-mail.



● **Hanshin Ikiiki Day Service**

This day-care service specialises in providing half-day rehabilitation programs. We provide physical and emotional support to help clients have active lives in their local towns.

Note: As of July 2015, we operate facilities in Nishinomiya, Amagasaki Kuise, Osaka Noda, and Minami-ibaraki.

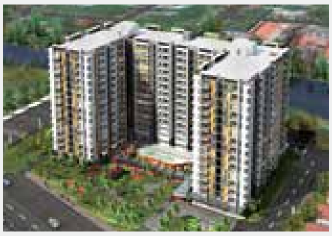
Business strategy 2 Develop new markets for

REMM Roppongi Plan

In Roppongi, we will open our fifth hotel under the REMM brand (our third in the Tokyo metropolitan area). REMM hotels mainly comprise guest rooms for overnight stays. Scheduled to open in spring 2017, the new hotel will have 400 guest rooms, making it the REMM chain's largest hotel.

Condominium Project in Ho Chi Minh City, Vietnam

We will participate in a condominium project in Ho Chi Minh City, Vietnam, which one of the country's major housing developers, Nam Long Investment Corporation, is advancing.



A conceptual illustration of the condominium upon completion

Geo and *Hapia* Residential Businesses

While carefully monitoring market trends, we will exploit condominium-related business opportunities and heighten recognition of the *Geo* brand. At the same time, we intend to strengthen our business that develops detached houses in towns under the *Hapia* brand.

Geo Gyoen Naito-cho

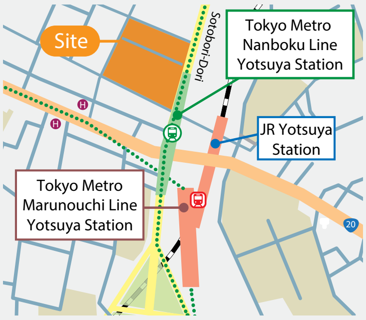
Urban Transportation | Real Estate | Entertainment and Communications | Travel | International Transportation | Hotels

medium-to-long-term growth

Tokyo metropolitan area | Overseas

Redevelopment Project for Area in Front of Yotsuya Station

We are participating in an urban redevelopment project in front of Yotsuya Station. The Urban Renaissance Agency is implementing the project, which is slated for completion in fiscal 2020.



A conceptual illustration of the building upon completion

Development of Logistics Centres Overseas

The International Transportation Business is creating comprehensive logistics businesses in the ASEAN region by developing the Group's logistics centres to enable the provision not only of forwarding services but also warehousing services. As part of this initiative, the International Transportation Business and the Real Estate Business are collaborating to develop logistics centres in the ASEAN region.

A conceptual illustration of the Singapore logistics centre upon completion

Takarazuka Revue Performance in Taiwan

A press conference on 27th January 2015

Following acclaimed performances in 2013, the Takarazuka Revue held encore performances in Taiwan in August 2015.

Combine business strategies **1** and **2**

Capture burgeoning demand from non-Japanese tourists

By exploiting existing operational foundations, we will step up efforts to capture demand from visitors from overseas and develop new business opportunities.

Development of Travel Products for Non-Japanese Tourists

Provide travel products that make the facilities of the Group more convenient to use and encourage non-Japanese tourists to make excursions to areas served by its lines

Main travel products

- HANKYU TOURIST PASS, HANSHIN TOURIST PASS
- ROKKOSAN TOURIST PASS
- Arima Onsen (hot spring) Taiko no Yu coupon for non-Japanese tourists

Strengthening of Promotion

Heighten Group's profile overseas and unearth demand from non-Japanese tourists

Main travel products

- Establish base in South Korea and implement sales and promotion activities
- Display at overseas travel expos in Taiwan, South Korea, Hong Kong, Thailand, etc.
- Strengthen overseas sales division of the Hotels Business

Develop Capabilities for Accommodating Needs of Non-Japanese Tourists

Increase convenience and comfort for non-Japanese tourists visiting our line-side areas

Main travel products

- Establish Hankyu Tourist Centre and Hanshin Train Services Centre
- Provide free Wi-Fi (HANKYU-HANSHIN WELCOME WI-FI) for non-Japanese tourists
- Introduce China UnionPay card settlement terminals to the Group's facilities
- Open reservation web site (Travel to Japan) for domestic travel products under *Trapics* brand

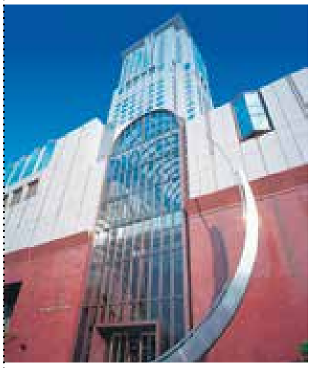
An Impressive Track Record of Accomplishing Major Projects

For more than a century, we have led development of the area surrounding our terminal railway stations in Umeda. This continuous investment and development has enhanced the Umeda area's urban functions and value.

Heightening Corporate Value through Constant Evolution of the Umeda Area

❶ 1992 ● Chayamachi Applause

This building gave a new lease of life to the Chayamachi area and became its landmark. With a 161-meter tower, the building includes one of the Group's flagship luxury hotels, Hotel Hankyu International; high-end boutiques; two theatres, Umeda Arts Theater and Theater Drama City that host premium live entertainment from around the world; and offices.



❷ 1997 ● HERBIS OSAKA

Aiming to create a world-class urban area befitting the 21st century, we constructed HERBIS OSAKA as phase one of the Hanshin Nishi-Umeda Development Project. Our overall concept for this high-rise multi-purpose building was to realise an international business complex and an urban hub for exchanges. Accordingly, it incorporates Japan's first Ritz-Carlton hotel, The Ritz-Carlton, Osaka; commercial facilities; a multifunctional hall, HERBIS HALL; and intelligent offices.

1990

2000

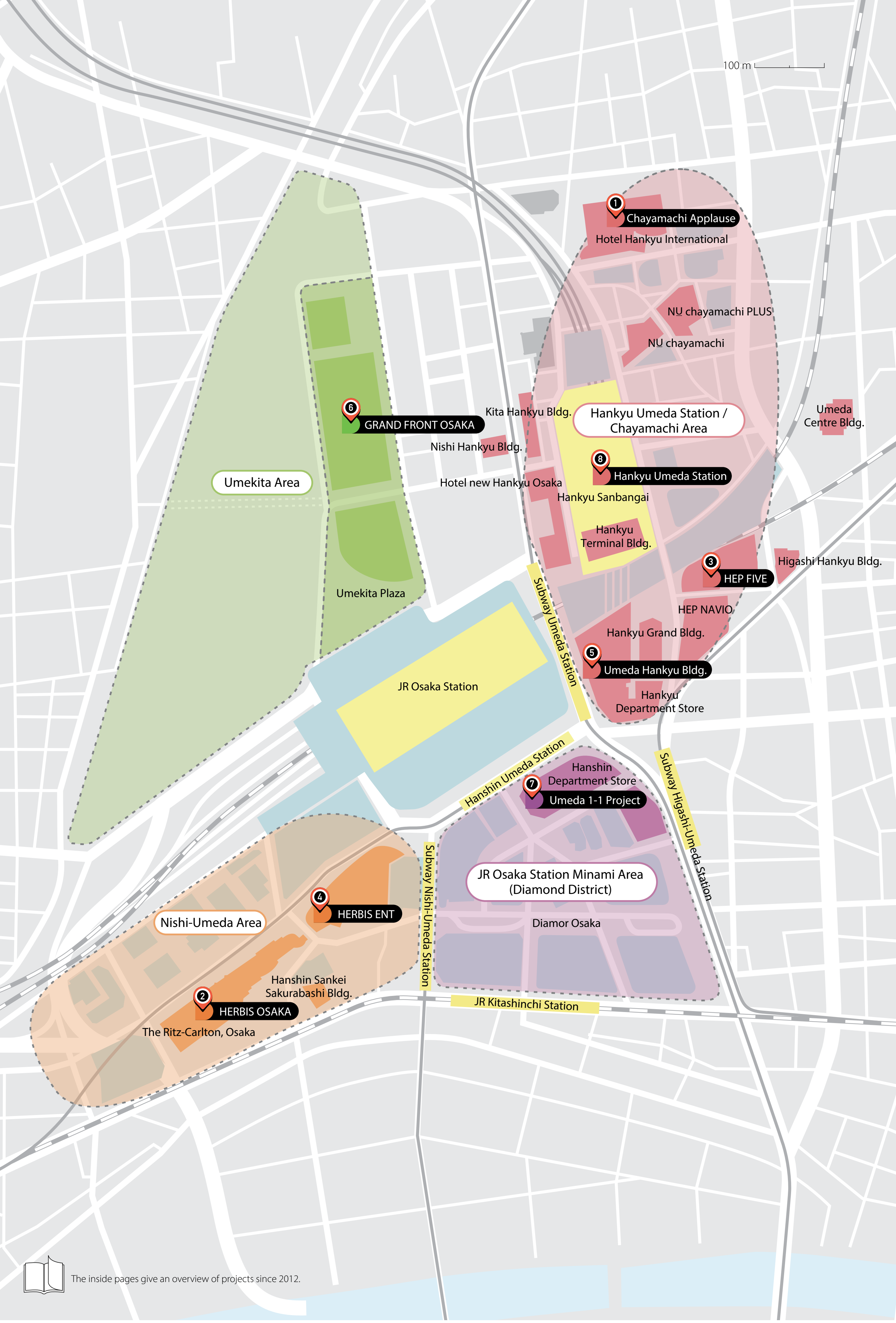
❸ 1998 ● HEP FIVE

Comprising 153* famous specialty shops and restaurants from Japan and overseas, an event hall, and amusement centres, this commercial facility offers a wealth of entertainment choices. In particular, HEP FIVE attracted significant attention because it had the first air-conditioned Ferris wheel in Japan on its roof.

* Number of shops and restaurants when opened

❹ 2004 ● HERBIS ENT

Following on from phase one of the Hanshin Nishi-Umeda Development Project, which built HERBIS OSAKA, the project's second phase constructed HERBIS ENT. The building has added to the selection of sophisticated entertainment available in the area. As well as including commercial facilities and intelligent offices, it is home to entertainment facilities, such as a theatre dedicated to the Shiki Theatre Company, Osaka Shiki Theatre, and a restaurant featuring live music, Billboard Live Osaka.



The inside pages give an overview of projects since 2012.

6

2013 ● GRAND FRONT OSAKA

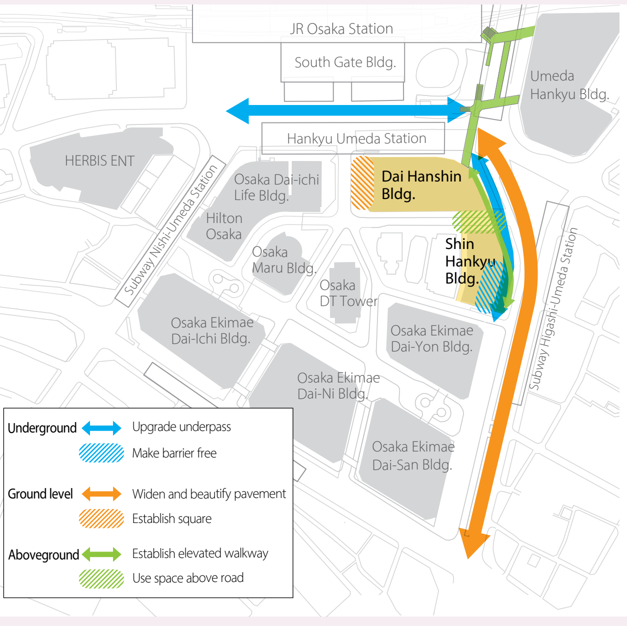
Situated in the Phase One Development Area (approximately 7 hectares) of the Osaka Station North District (*Umekita*) (approximately 24 hectares), this multi-purpose facility has offices, commercial facilities, a hotel, and condominiums. A consortium of 12 companies including Hankyu Corporation developed the facility, which celebrated its second anniversary in April 2015. In the space of two years, it has received 12.3 million visitors, helping boost the Umeda area's vitality.

7

Connecting the Umeda Area: Redeveloping

From 2014 ● Umeda 1-1 Project

A conceptual illustration of development plans for the surrounding area



2014

2010

5

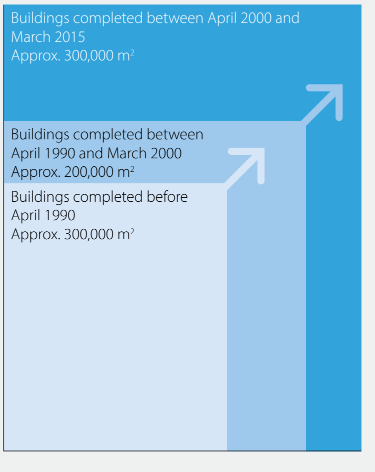
2012 ● Umeda Hankyu Building*

Over seven and half years, we replaced the building in which the Umeda Flagship Store of Hankyu Department Store (opened in 1929) was located while it remained open for business. We constructed a high-rise multipurpose building with two floors below ground and 41 floors above ground and a floor area of approximately 254,000 square metres. The building has advanced environmental performance and is barrier free. At the same time, we redeveloped pedestrian flow lines that link Hankyu Umeda Station, Hanshin Umeda Station, JR Osaka Station, and underground railway stations. As a result, roughly 30,000 pedestrians per hour—one and a half times more than before redevelopment—pass along the flow lines during commuting periods. This initiative has added to the convenience of the Umeda area as a transportation hub.

* 2009: Opening of phase I department store annex; 2010: Opening of office tower; 2012: Opening of phase II department store annex and full opening

Increasing rentable floor space in the Umeda Area

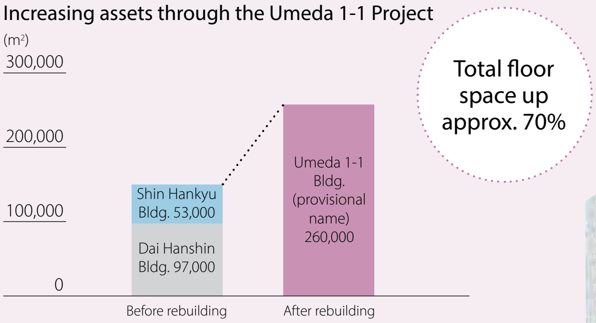
Thanks to continuous investment and development, the rentable floor space of the Hankyu Hanshin Holdings Group's properties reached 800,000 square metres as of 31st March 2015.



the Area South of Railway Stations

Symbolising the integration of Hankyu Corporation and Hanshin Electric Railway, the Umeda 1-1 Project began in earnest in 2014. The project will rebuild two separate buildings to create a single integrated high-rise complex. Specifically, we will rebuild Dai Hanshin Building, which includes Hanshin Department Store's Umeda Flagship Store, and the adjacent Shin Hankyu Building. Moreover, the project will use the space above a road separating the two buildings. At the same time, plans call for the development of surrounding public facilities to strengthen urban functions, improve disaster countermeasures, create public spaces, and give the area an aesthetically appealing appearance. Through these efforts, we will realise a comfortable, sophisticated urban area that heightens the Umeda area's international competitiveness.

Increasing assets through the Umeda 1-1 Project



8 Pursuing Growth by Catering to the Increasing Number of Visitors to the Umeda Area and Diversifying Needs

2015 ● Makeover Construction Work in Hankyu Umeda Station

Hankyu Umeda Station boasts the most platforms and railway lines of any private (non-JR) railway station in Japan, and about half a million people use it each day. The March 2015 completion of makeover construction work, begun five years earlier, transformed the 40-year-old Hankyu Umeda Station into an even more attractive and convenient space. In addition to providing safe flow lines for customers, the upgraded railway station incorporates more information technology and is better able to accommodate the needs of non-Japanese customers. For example, the railway station has more digital signage for advertising and terminals that display information in five languages: Japanese, English, Korean, and Chinese (traditional and simplified Chinese characters).

Urban Development that Attracts People and Ideas

Efforts to enhance the value of the Umeda area, our most important base, do not stop at building redevelopment. To heighten the appeal of the area, we are advancing a variety of initiatives in partnership with local stakeholders.

Developing and Heightening Umeda's Potential through Area Management

The Umeda area is a transportation hub that has become synonymous with the Kansai area. As well as the Hankyu Umeda and Hanshin Umeda terminal stations, it is the site of JR Osaka Station. The resulting convenience has increased the area's reputation as a business district in recent years. Also, it is a mecca for shopping, with Hankyu Department Store, Hanshin Department Store, and many other department stores clustered in the area. In fact, the Umeda area has Japan's highest concentration of shop floor space, surpassing that of Shinjuku in Tokyo.

With a view to raising the Umeda area's value even further, the Council for Collaboration in the Management of the Umeda Area was established in 2009. The council traces its origins to discussions held among West Japan Railway Company, Hankyu Corporation, Hanshin Electric Railway, and the City of Osaka at a symposium in the same year. At the time, many large development projects were under way. As well as the rebuilding of Umeda Hankyu Building, JR Osaka Station was undergoing major redevelopment. While the concentration of commercial facilities was rising in the Umeda area, companies were proceeding with projects in comparative isolation from other projects. A member of the council who is familiar with the situation at the time recalls this caused concern that the area's problem of being difficult to understand and difficult to walk through might not be addressed.

The symposium discussions reached a consensus that rather than creating cutthroat competition in a limited market, all parties should develop the potential of the Umeda area together to maximise economic benefits. This consensus laid the foundations for the council's establishment by four companies: West Japan Railway Company, Hankyu Corporation, Hanshin Electric Railway, and GRAND FRONT OSAKA TMO General Incorporated Association.

Comparison of commercial facilities' shop areas by district

(m^2)

Commercial district (official designation)	6/2008	6/2010	6/2012	7/2015
Umeda (Kita-ku, Osaka)	480,148	520,910	599,875	673,413
Namba / Shinsaibashi (Chuo-ku, Osaka)*	438,856	472,963	453,713	491,575
Tennnoji (Abeno-ku, Osaka)	127,577	137,527	216,963	223,592
Shibuya / Omotesando (Shibuya-ku, Tokyo)	419,226	416,304	424,164	413,934
Shinjuku (Shinjuku-ku, Tokyo)	424,994	445,729	419,056	432,056
Ikebukuro (Toshima-ku, Tokyo)	389,093	369,946	378,117	393,781
Ginza / Nihombashi (Chuo-ku, Tokyo)	347,969	343,877	358,448	332,076
Marunouchi / Yurakucho (Chiyoda-ku, Tokyo)	364,588	355,378	339,351	346,222

Source: Toyo Keizai, Inc. "List of Large-Scale Retail Outlets 2016."
Notes: Shop area calculated on basis of official designation in the above table. Shops surveyed are those with areas in excess of 1,000 square metres, as of July 2015, based on data on large-scale stores registered with prefectural governments under the Large-Scale Retail Stores Location Law.
* Including 54,042 square metres for Namba Parks (Naniwa-ku, Osaka)

Naoya Kuriyama
Real Estate Development Dept.
Real Estate Business Headquarters
Hankyu Corporation

Satoko Doi
Real Estate Development Dept.
Hanshin Electric Railway

Cultivating Awareness of Urban Development through Area Management

The first task of the Council for Collaboration in the Management of the Umeda Area was to improve the guidance information available in the area. Visitors complained about a lack of uniformity. Prior to the establishment of the council, respective companies independently produced the maps and signs installed in the Umeda area. To exacerbate matters, construction accompanying the multiple large-scale development projects under way was blocking or diverting access routes to certain areas. Concern that the area would lose favour with visitors if nothing was done spurred the creation of an Umeda area map. A council member explains, "After preparing a map, we distributed it to information counter personnel of commercial facilities and repeatedly upgraded it based on feedback from visitors. This process heightened our awareness of area management."

In recent years, national and local government agencies have been responding flexibly to such initiatives. Consequently, collaborations have begun between the public and private sectors to heighten the value of areas without being impeded by distinctions between public property, such as roads, and the premises of nearby facilities. For example, the Ministry of Land, Infrastructure, Transport and Tourism has provided grants to initiatives aimed at improving the business environment, including projects to establish multilingual area maps and street signs. Also, the City of Osaka recently enforced an ordinance that promotes area management activities in Osaka and began operating a system enabling bodies that manage public spaces to occupy pavement space free of charge.


A street-side cafe using part of a public pavement (GRAND FRONT OSAKA)

Establishing Networks among Tenants and Local Companies that Underpin Visitor Endorsement

Another aspect of the activities of the Council for Collaboration in the Management of the Umeda Area is using public spaces to hold seasonal events. The council is steadily accumulating quantitative data on the measurable benefits of area management. These efforts include conducting questionnaires targeting visitors to such events as the Umeda Yukata Festival in summer and the Umeda Snowman Festival in winter and assessing the advertising impact of articles on Umeda area events in a range of media.

A member of the council emphasises that the benefits of holding events extend beyond attracting additional visitors and generating publicity. The events help cultivate and steadily strengthen collaborative networks that are essential intangible

Yuhei Kawabata
Real Estate Development Dept.
Hanshin Electric Railway

Shiho Fujiwara
Real Estate Development Dept.
Real Estate Business Headquarters
Hankyu Corporation

assets in urban development. These networks comprise such Umeda area stakeholders as tenants of commercial facilities that the Hankyu Hanshin Holdings Group owns and companies and commercial facilities that are not council members. According to the member, the council already has its sights set on the next step. "We want to create new activities and accelerate efforts to create and publicise the appeal of Umeda by using the area's collaborative network to propose initiatives based on matching stakeholders with complementary attributes."


The Umeda Yukata Festival

Aiming to Enhance the Umeda Area's Value as a Business Base

Attracting attention as a source of new value in the Umeda area, our business-support membership office, GVH#5, opened in November 2014. This Hankyu Hanshin Holdings Group initiative aims to make the Umeda area, one of Osaka's most famous business districts and the Group's most important base, the birthplace of new businesses.

Of the 55 companies that newly listed on the stock and securities exchanges of Japan Exchange Group, Inc. between January and July 2015, only four* are headquartered in Osaka. Rather than a lack of start-ups in Osaka, the conspicuous concentration of new companies in Tokyo is attributable to Osaka's lack of a strong support infrastructure that is able to continuously attract start-ups. The manager of GVH#5 explains the situation. "What gives Tokyo an overwhelming advantage is a lively community centred on start-ups, which provides the basis for friendly rivalry between entrepreneurs and support from more experienced entrepreneurs and other start-up supporters.

We established GVH#5 to help form such a community." GVH#5 provides its members, venture companies, with office space. Also, based on a tie-up with SunBridge Global Ventures Inc., which has incubated many venture companies, GVH#5 provides business support through such specialists as lawyers and accountants and other "supporter members." The goal of this initiative is to gather quality start-ups aiming to develop global businesses with Osaka as their base at GVH#5, form a community, and heighten the Umeda area's profile as an incubator for new businesses. Moreover, in March 2015, Hankyu Corporation provided financial backup by establishing and investing in a fund, Umeda Start-up Fund No. 1, which provides businesses with seed capital. In this way, we have evolved GVH#5 into a business base that provides three essentials: personnel, infrastructure, and capital.

* Calculated by the Group based on the "New Listings" information of Japan Exchange Group, Inc.

Creating a Place Conducive to Intellectual Exchanges

The Hankyu Hanshin Holdings Group enables gatherings of personnel who create value that is unique to the Umeda area. Established in 2012, Umeda MAG aims to become a "magnetic field" that creates the future by attracting highly creative, intelligent individuals who will shape the coming era and providing a base for personnel development and exchanges among personnel from different industries. To date, Umeda

Shisa Yoshimi
Umeda Business Creation Group
Real Estate Development Dept.
Real Estate Business Headquarters
Hankyu Corporation

Fumito Otani
Manager
Real Estate Development Dept.
Real Estate Business Headquarters
Hankyu Corporation

The Umeda Snowman Festival (right) and a promotional business card used by members of the Council for Collaboration in the Management of the Umeda Area

MAG has provided a wide range of opportunities for exchanges among personnel who are responsible for invigorating the Umeda area. These include management strategy seminars for business people; the "Overseas Student Summit," which promotes networking and exchanges among those working in the Umeda area and students from overseas; seminars on such traditional culture as *kamigata kodan* storytelling; and hands-on-experience workshops encouraging participants to consider the practicalities of urban development.

During the more than three years since the establishment of Umeda MAG, total net participants in its activities has surpassed 600, with many people returning to participate in successive events. "Participants in previous management strategy seminars interact with those participating in the current year's seminars. This widens networks among participants and forms communities." explains a manager of Umeda MAG. Because they have unique knowledge, some seminar participants become speakers at subsequent seminars or become involved in the planning of seminars. Thus, Umeda MAG is building a distinctive position as a place for intellectual exchanges.

Underlying this initiative is a belief that people create the value of urban areas. With the development of a series of new office buildings, maintaining the competitiveness of existing buildings based on functionality alone will be challenging. However, the added value of being a hub for personnel exchanges will become a feature of buildings and the area, thereby strengthening their competitiveness.

Umeda MAG, a base for personnel development and exchanges among personnel from different industries

Enhancing the Area's Value from a Long-Term Perspective

Current activities, including urban development, the fostering of venture companies, and exchanges among personnel, will take time to come to fruition. Therefore, the focus of these activities must be on maximising the creation of future value, something that is not easily measured on a cost-benefit basis. A member of the council emphasises the importance of long-term commitment. "In urban development, setting out a far-sighted vision for the future is critical."

Today, large numbers of people visit the Umeda area for shopping, tourism, and business. To ensure the area continues to attract people and businesses going forward, we must continuously heighten its appeal from new perspectives. Through area management, we aim to raise the area's value and heighten the Umeda area's profile and reputation not only domestically but also worldwide. The Hankyu Hanshin Holdings Group will continue taking on the challenge of enhancing the value of the Umeda area as the foundation of its business.

Takeshi Hashimoto
Manager
Real Estate Development Dept.
Hanshin Electric Railway

Megumi Momo
Real Estate Development Dept.
Hanshin Electric Railway

Core Business Highlights

Main Business Lines

Urban Transportation P.40

Railway operations:
Hankyu Corporation, Hanshin Electric Railway, Nosé Electric Railway, Kita-Osaka Kyuko Railway, Hokushin Kyuko Railway, Kobe Rapid Transit Railway

Automobile business (bus, taxi):
Hankyu Bus, Hanshin Bus, Hankyu Kanko Bus, Osaka Airport Transport, Hankyu Denen Bus, Hankyu Taxi, Hanshin Taxi

Retailing business:
Eki Retail Service Hankyu Hanshin, Hankyu Style Labels

Advertising business:
Hankyu Corporation, Hankyu Advertising Agency

Real Estate P.44

Real estate leasing business:
Extensive property holdings, mainly in the Umeda area and along Hankyu and Hanshin lines (for details of major properties, please see page 106)
Major companies: Hankyu Corporation, Hanshin Electric Railway, Hankyu Realty

Real estate sales and other business:
We market condominiums, residential land lots, and detached houses, mainly alongside the Hankyu and Hanshin lines in the Kansai area. In recent years we have also focused on the Tokyo metropolitan area. We are engaged in property management, building maintenance and other building operation and management services, as well as real estate fund management, including private placement funds, and J-REIT businesses.
Major companies: Hankyu Corporation, Hanshin Electric Railway, Hankyu Realty, Hankyu Hanshin Building Management, Hankyu REIT Asset Management

Entertainment and Communications P.48


©Takarazuka Revue Company

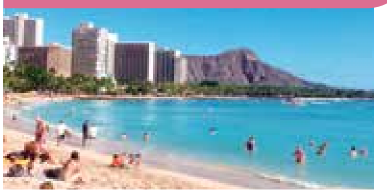
Sports business:
Professional baseball business (the Hanshin Tigers) and management and operation of Hanshin Koshien Stadium, and related businesses; music business (Billboard Live)

Stage businesses:
Takarazuka Revue and related businesses, operation of Umeda Arts Theatre and promotion of stage productions

Communication and media businesses:
Information services business, broadcast and communications business

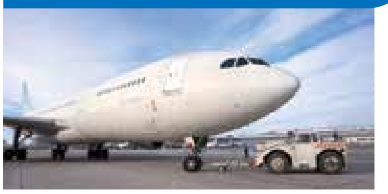
Leisure businesses:
Management of Mt. Rokko business

Travel P.50



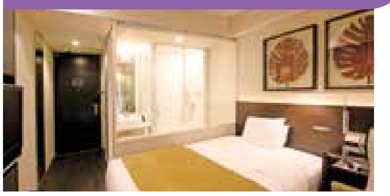
Travel Business:
Hankyu Travel International, Hankyu Hanshin Business Travel, Hankyu Travel Support

International Transportation P.52



International Transportation Business:
Hankyu Hanshin Express, Hankyu Hanshin Logipartners, 19 overseas subsidiaries of Hankyu Hanshin Express

Hotels P.54

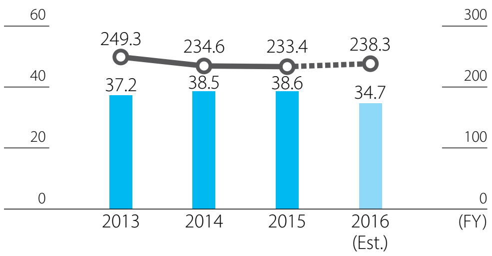


Principal directly operated hotels:
Hotel Hankyu International
Hotel new Hankyu Osaka
Dai-ichi Hotel Tokyo
The Ritz-Carlton, Osaka*

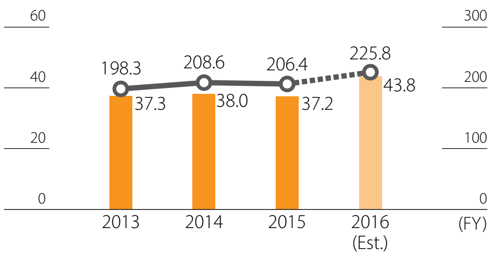
* The Ritz-Carlton, Osaka is operated by the Ritz-Carlton hotel chain under the management of Hanshin Hotel Systems.

Revenues from Operations (¥ billion) (right axis) and Operating Income (¥ billion)

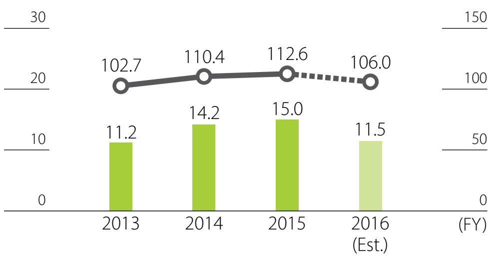
Market Conditions



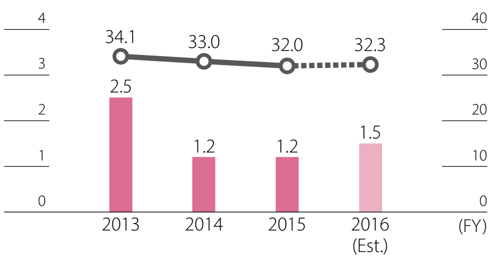
In the Kansai area, the population has been declining in recent years as society ages. The decrease is particularly pronounced in the group aged between 15 and 64. Consequently, the Urban Transportation Business faces challenging business conditions. Areas served by the Group's railway lines, however, are comparatively popular. As a result, in these areas the population has been trending upward since bottoming in 1996, the year after the Great Hanshin (Kobe) Earthquake.



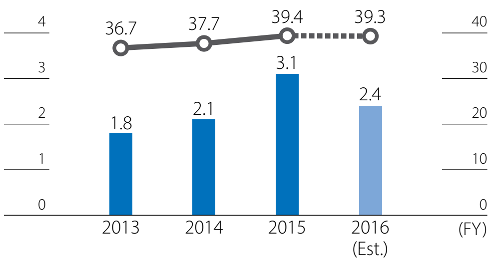
In the Umeda area, the market for rentable office space has seen vacancy rates improve gradually. They deteriorated temporarily due to a significant supply of new office floor space following the opening of the Grand Front Osaka Office Tower building in April 2013. Subsequently, however, the number of contracts concluded picked up thanks to tenants relocating from other areas and large-scale business relocations accompanying the merging and consolidation of offices. As for the conditions in the housing market, despite an upward trend in sales prices stemming from higher land prices and construction costs, sales have been steady in the Tokyo metropolitan area and the Kansai area. As a result, the sales inventory is at a low level.



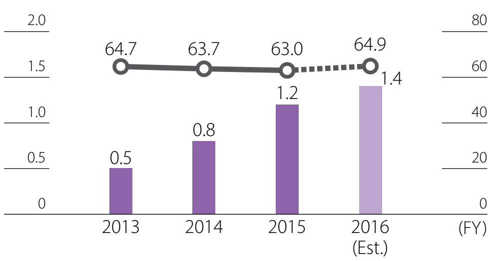
According to the Ministry of Internal Affairs and Communications Statistics Bureau's Family Income and Expenditure Survey, recreational service expenditure of total households in 2014 decreased 4.1% year on year. This decline is attributable to an increase in consumption tax. Nevertheless, demand for recreational services remains firm.



External factors, including economic trends, currency fluctuations, social conditions, earthquakes, and other natural disasters, affect the business conditions of the Travel Business. Partly as a result of such factors, the number of Japanese overseas travellers has been stagnant. Meanwhile, the number of overseas visitors to Japan has been rising steadily due to such factors as yen depreciation and an increase in the number of flights that low cost carriers provide to the country.



Although air freight exports have been declining in recent years due to the transfer of manufacturing overseas, worldwide logistics demand promises to grow steadily centred on Asia. Further, as the manufacturing industry and other industries globalise their business activities, supply chains extending from raw material procurement through to the delivery of products to consumers are becoming more complex, which is heightening demand for forwarders able to provide comprehensive solutions.



According to the "White Paper on Leisure 2015," hotel revenues rose 11% year on year, achieving double-digit growth for the second consecutive year. The main driver of this growth has been a surge in the number of overseas visitors to Japan. A shortage of accommodation for the Tokyo Summer Olympic and Paralympic Games 2020 has led to stepped-up building of new hotels and renovation of existing hotels. On the other hand, there is concern that hotel operators' expense burden could increase due to the enforcement of the amended Act for Promotion of Renovation for Earthquake-Resistant Structures of Buildings, which makes checking the earthquake resistance of large facilities mandatory.

Urban Transportation

Priority Tasks

1 Provide quality railway services and other related services

- Develop personnel
- Strengthen Group collaboration
- Enhance services and convenience
- Enhance value of line-side areas and publicise them
- Enhance appeal of railway stations

2 Increase convenience of existing infrastructure and expand railway network

- Develop railway stations and construct continuous grade separations
- Expand and strengthen railway network

3 Ensure safe, reliable transportation and peace of mind

- Enhance security
- Develop rolling stock

4 Expand feeder transportation and extend catchment areas of railway lines and stations

- Strengthen coordination with buses, taxis, station car parks, and rental bicycles

Basic Strategy

The Urban Transportation Business will grow by strengthening the operational foundations that enable safe, reliable, and comfortable services while creating advanced urban transportation services in an environmentally and socially responsible manner. Specifically, we will strengthen coordination with connecting transportation services and feeder transportation services and extend their coverages areas. Also, we will increase and improve railway stations' ability to provide services and information. Such efforts will expand the Group's businesses in line-side areas, attract outside companies to the areas, strengthen lifestyle services and economic functions, and heighten line-side value.

Fiscal 2015 Review of Operations

In the Urban Transportation Business, railway operation revenue declined only slightly because steady performances by the Hankyu and Hanshin lines offset the absence of rush demand toward the end of the previous fiscal year, prior to the consumption tax increase. However, revenues from operations edged down 0.5%, or ¥1,135 million, year on year, to ¥233,419 million, reflecting the suspension of certain express bus routes and a reduction in the number of taxis in operation in the automobile business. Meanwhile, operating income rose 0.2%, or ¥59 million, year on year, to ¥38,553 million, thanks to lower expenses arising from railway station name changes and the introduction of railway station numbering and from opening of a new railway station (Nishiyama Tennozan Station) in the railway business.

The railway business completed makeover construction work in Hankyu Umeda Station, renewing the interior decoration to give a greater sense of unity and increasing advertising media by installing more digital signage. Also, we began construction work to upgrade Hanshin Umeda Station and proceeded with construction work to upgrade Koshien Station. Further, in a project for continuous grade separation on the Hanshin Main Line within Nishinomiya (between Koshien and Mukogawa stations), we changed the outbound line to an elevated railway track to shorten interruptions due to railway crossings and increase the safety and comfort of customers. Other initiatives included an effort to attract more customers through the joint launch by Hankyu Corporation and Hanshin Electric Railway of a Kobe Rapid Transit Railway Line round-trip ticket limited to week-ends and national holidays.

In the automobile business, we heightened customer convenience by beginning sales of IC card (hanica) passes for those commuting to work or school.

As for the retailing business, in April 2014, the Group integrated businesses responsible for the management of stores inside and near railway stations with a view to strengthening services and raising management efficiency.

Hankyu Corporation and Hanshin Electric Railway: Performance results

		Fare revenues (¥ million)*				Passenger volumes (thousands)*			
		FY2015	FY2014	Change	%	FY2015	FY2014	Change	%
Hankyu	Other tickets	60,910	61,630	−719	−1.2%	308,843	313,241	−4,397	−1.4%
	Commuter pass	31,549	31,299	250	0.8%	318,692	315,884	2,807	0.9%
	Total	92,459	92,929	−469	−0.5%	627,536	629,125	−1,589	−0.3%
Hanshin	Other tickets	20,286	20,260	26	0.1%	112,000	112,360	−359	−0.3%
	Commuter pass	11,107	11,008	99	0.9%	115,203	113,644	1,558	1.4%
	Total	31,394	31,269	125	0.4%	227,203	226,004	1,199	0.5%

* Sum of tier 1 and tier 2 operators for both Hankyu and Hanshin

Fiscal 2016 Outlook

In the railway business, we anticipate a pickup from fiscal 2015's decrease in revenues from operations, which resulted from the absence of fiscal 2014's rush demand prior to the consumption tax increase. Also, population growth in line-side areas is likely to boost railway operation revenue. Consequently, in fiscal 2016, ending 31st March 2016, we project a 2.1%, or ¥4.9 billion, year-on-year increase in revenues from operations, to ¥238.3 billion. However, due to higher power costs and depreciation and amortization, we expect operating income to decrease 10.0%, or ¥3.9 billion year on year, to ¥34.7 billion.

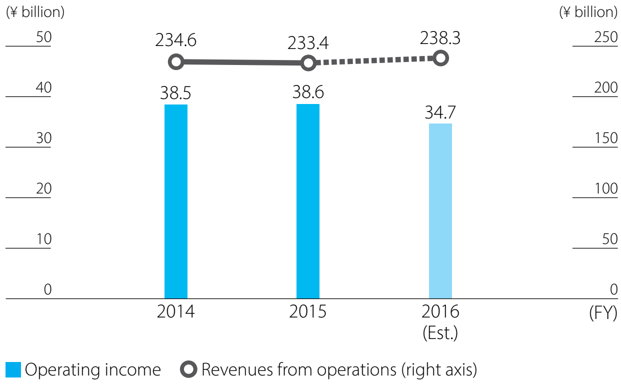
Hankyu Corporation and Hanshin Electric Railway: Performance forecasts (fiscal 2016)

	Fare revenues (¥ million)*			
	FY2016	FY2015	Change	%
Hankyu	94,378	92,459	1,918	2.1%
Hanshin	31,762	31,394	368	1.2%

	Passenger volumes (thousands)*			
	FY2016	FY2015	Change	%
Hankyu	640,351	627,536	12,814	2.0%
Hanshin	229,966	227,203	2,762	1.2%

* Sum of tier 1 and tier 2 operators for both Hankyu and Hanshin

Urban Transportation Business: Outlook for revenues from operations and operating income



Medium-Term Management Plan: Ongoing Project

Kita-Osaka Kyuko Railway Line Extension and Improvement Project

The Osaka Prefectural Government, Minoh City, Kita-Osaka Kyuko Railway, and Hankyu Corporation explored the possibility of extending the Kita-Osaka Kyuko Railway Line from Senri-Chuo Station to Shin-Mino-o Station (provisional name). The aims of these deliberations were to strengthen Osaka's north-south axis, reduce traffic congestion on National Highway No. 423 (Shin-Midosuji), and improve the convenience of public transportation in northern Osaka. In March 2014, the four parties concluded a basic agreement on the overview of the line and the cost burden ratio. Going forward, the project will undertake the legal procedures needed to establish commercial operations, including finalization of urban development plans and application for railway project licenses and permits. The project will begin after the conclusion of a basic contract. Furthermore, to maximise the project's benefits, the parties plan to consider specific plans for urban development in line-side areas.

Development plan summary

● Extension distance:	2.5 km, from Senri-Chuo Station to Shin-Mino-o Station (provisional name)
● New stations:	Mino-o-Semba Station (provisional name) and Shin-Mino-o Station (provisional name)
● Estimated project cost:	¥65 billion
● Demand:	42,000 people per day

Fiscal 2015 Initiatives

Completion of Makeover Construction Work in Hankyu Umeda Station

From the summer of 2010, Hankyu Corporation began makeover construction work in Hankyu Umeda Station to render it a unified, sophisticated space befitting the "face" of the Osaka-Umeda area. Completed in March 2015, this construction project followed a design concept that sought to create a "Hankyu-style theatre space." Accordingly, as well as construction, the project has made effective use of lighting to renew the Hankyu Umeda Station's spaces based on five themes: approach, gate, lobby, stage, and galleria. In a passage that many customers use and which links the central ticket gate exit on the first floor to JR Osaka Station and Grand Front Osaka, we have established a new "rest area," usable for short breaks or as a meeting point. Also, the area has stools and includes multifunctional 20-inch touch panels that customers can use to view maps of Hankyu Umeda Station and its environs, train timetables, and locker availability.

Renovation of Hanshin Umeda Station Begins

On 3rd March 2015, Hanshin Electric Railway began construction work to upgrade Hanshin Umeda Station in Kita-ku, Osaka. Currently, the company is working with Hankyu Corporation to rebuild the Dai Hanshin Building, which Hanshin Department Store's Umeda Flagship Store occupies, and upgrading surrounding public facilities under the Umeda 1-1 Project. In conjunction with this work, on the north side of Hanshin Umeda Station we have begun widening and upgrading an east-west underpass (the urban development project's passageway No. 1 in front of Osaka Station). While implementing this widening work, we plan to construct an integrated structure on the floor directly beneath the underpass to create additional space in the railway station, thereby enabling the widening of platforms. Also, we plan to install automatic platform gates and make the west ticket gate exit area barrier free. This construction work to upgrade Hanshin Umeda Station will transform it into a station customers can use even more comfortably and with greater peace of mind.

The new "rest area" in the passage on the first floor linking the Hankyu Umeda Station and JR Osaka Station

A conceptual illustration of the renovated Hanshin Umeda Station

Introduction of New Rolling Stock That Offers Comfortable Cabins While Saving Energy

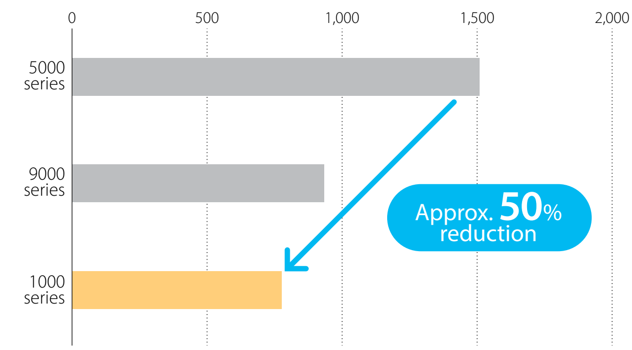
Since fiscal 2014, Hankyu Corporation has been steadily introducing 1000 series and 1300 series rolling stock to all of its railway lines. As well as more comfortable cabins, the new rolling stock features dramatically improved environmental performance. Further, in the summer of 2015, Hanshin Electric Railway introduced to local services new 5700 series rolling stock that benefits passengers and the environment. As a company responsible for urban transportation infrastructure, after confirming safety and reliability, we will incorporate leading-edge technology and advance the development of new rolling stock that realises comfortable cabins and energy-saving performance simultaneously.

Hankyu Corporation 1000 Series and 1300 Series Rolling Stock

Hankyu Corporation's new 1000 series and 1300 series rolling stock reduces noise within trains, making them more comfortable for passengers, and saves energy. To realise significant energy saving and noise reduction, we adopted an adjustable voltage adjustable frequency (AVAF) inverter controller and, for the 1000 series, a totally enclosed, self-cooling-type permanent magnet synchronous motor. In addition, we introduced light-emitting diode (LED) lighting throughout, including cabin lighting, headlights, tail lights, and marker lights. As a result, the new rolling stock consumes approximately 50% less energy than the existing 5000 series rolling stock and about 20% less than the previous 9000 series and 9300 series rolling stock.

Hankyu Corporation 1000 series rolling stock

Power consumed during one round trip between Hankyu Umeda and Kobe Sannomiya Stations*



* Operating as a local service: Travel distance of 64.6 km

Hanshin Electric Railway 5700 Series Rolling Stock

On 24th August 2015, we began operating Jet Silver 5700 series rolling stock on local services to make them more passenger and environment friendly. Incorporating the latest technology, this new rolling stock has inherited many of the basic features of Jet Car rolling stock, including advanced acceleration and deceleration performance. The design of the new rolling stock reflects feedback from customers. To ensure worry-free, comfortable conditions inside trains, we have arranged the seating partitions in a generous manner so that those sitting or standing are comfortable, included buttons for opening and closing doors to maintain a comfortable cabin temperature when trains are stationary, and introduced liquid crystal displays inside trains showing journey information. Furthermore, we have reduced energy consumption roughly 60% versus standard local service rolling stock, which uses resistance control, by introducing the main circuit system that we adopted for the previously introduced Hankyu Corporation 1000 series and 1300 series rolling stock and by introducing LED lighting.

Hanshin Electric Railway 5700 series rolling stock

A barrier-free design that also improves comfort

Real Estate

Priority Tasks

1 Enhance appeal of and revitalise Umeda area and other areas served by our lines

- Promote Umeda 1-1 Project steadily (Dai Hanshin Building and Shin Hankyu Building rebuilding project)
- Enhance value of the Umeda area and other areas served by Hankyu and Hanshin lines by planning and advancing new development projects and implementing plans for renewal of facilities in line-side areas

2 Respond flexibly in anticipation of changes in business conditions for real estate sales business

- Plan and develop condominiums matching customer needs and advance business and sales in anticipation of changes in market conditions
- Develop detached houses in towns while marketing residential land lots steadily (Yamatedai, Nakajima, and Saito)
- Develop supply network and acquire business opportunities in Tokyo metropolitan area and increase brand recognition of *Geo* condominiums and *Hapia* detached houses

3 Grow Group's Real Estate Business further through stable management of real estate funds and REIT businesses

- Pursue external growth of Real Estate Business through linkage with Hankyu REIT
- Increase fee-based revenues from asset and property management

4 Strengthen business in Tokyo metropolitan area and develop businesses overseas

- Increase rental revenue over medium-to-long term by acquiring revenue-generating properties and participating in redevelopment projects in Tokyo metropolitan area
- Accumulate business expertise by developing and owning logistics warehouses and participating in condominium businesses overseas

Basic Strategy

The Umeda area is the Hankyu Hanshin Holdings Group's most important business base. Centred on this area, the Real Estate Business will strengthen its management and operation of the leasing business and maintain or improve the vacancy rates of owned properties. At the same time, we will enhance the entire area's appeal and ability to attract customers. Further, through the real estate sales business we will heighten the value of areas served by Hankyu and Hanshin lines. Moreover, we will develop a presence in such new markets as the Tokyo metropolitan area and overseas markets to broaden earnings foundations.

Fiscal 2015 Review of Operations

The Real Estate Business recorded year-on-year decreases of 1.0%, or ¥2,166 million, in revenues from operations, to ¥206,444 million, and 2.2%, or ¥835 million, in operating income, to ¥37,173 million. Rental revenue rose because higher occupancy rates of offices in Grand Front Osaka and other parts of the Umeda area counteracted a decrease in rental revenue (rental floor space) accompanying the beginning of demolition under the Umeda 1-1 Project. However, operating income declined year on year due to the absence of the previous fiscal year's gain on sale of land for commercial facilities.

Amid tough business conditions, the real estate leasing business took steps to heighten competitiveness and maintain the occupancy rates of commercial facilities and office buildings. For example, the business completed renewal of a commercial facility of Hanshin Kuise Station, Yotte Kuise (Amagasaki, Hyogo Prefecture), in May 2014 and of NU chayamachi (Kita-ku, Osaka) in August of the same year.

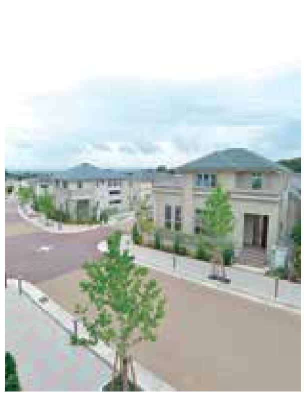
To help entrepreneurs create new businesses and heighten the competitiveness of Osaka-Umeda as a business base, we opened a membership office, GVH#5, in November 2014 and formed and invested in a fund that provides businesses with seed capital, Umeda Start-up Fund No. 1, in March 2015. Other initiatives included commencing a new large-scale development project, the Umeda 1-1 Project, in October 2014; beginning the demolition of Shin Hankyu Building in the same month; and beginning the demolition of the Dai Hanshin Building East Wing in February 2015.

In the real estate sales business, sales of condominiums in the Kansai area included *Geo*-Tower Takatsuki Muse Garden (Takatsuki, Osaka Prefecture), *Geo*-Shinmachi (Nishi-ku, Osaka), and *Geo*-Hankyu Kawanishi Residence Mark (Kawanishi, Hyogo Prefecture). Sales of condominiums in the Tokyo metropolitan area included *Geo*-Daikanyama (Meguro-ku, Tokyo) and *Geo*-Kaminoge (Setagaya-ku, Tokyo).* As for sales of residential land lots and detached houses, we sold Osaka Nakajima Koen Toshi *Hapia* Garden (Nishi-Yodogawa-ku, Osaka), Saito Mino-o Residence (Minoh, Osaka Prefecture), *Hapia* Garden Neyagawa (Neyagawa, Osaka Prefecture), and Hankyu Takarazuka Yamatedai Cleas (Takarazuka, Hyogo Prefecture).

* Condominium unit sales in the previous fiscal year (fiscal 2014) were 1,356 units. Condominium unit sales in the fiscal year under review (fiscal 2015) were 1,374 units. The number of condominiums sold (number of deliveries) includes units in shared buildings in which the Group only owns a portion of the units.

GVH#5

Geo-Tower Takatsuki Muse Garden

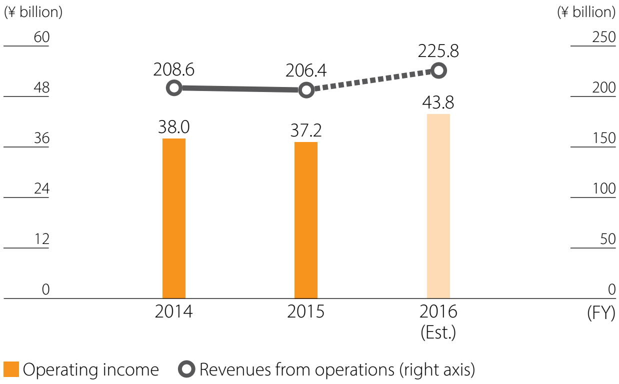


Saito Mino-O Residence

Fiscal 2016 Outlook

Earnings from sales of land for facilities are likely to compensate for a decrease in rental revenue (rental floor space) as work on the Umeda 1-1 Project progresses. As a result, in fiscal 2016, ending 31st March 2016, we expect revenues from operations to increase 9.4%, or ¥19.4 billion, year on year, to ¥225.8 billion. We also anticipate a 17.8%, or ¥6.6 billion, year-on-year rise in operating income, to ¥43.8 billion.

Real Estate Business: Outlook for revenues from operations and operating income



Medium-Term Management Plan: Ongoing Project

Umeda 1-1 Project (Dai Hanshin Building and Shin Hankyu Building Rebuilding Project)

In accordance with the Medium-Term Management Plan, the Hankyu Hanshin Holdings Group is implementing a business strategy that will *enhance value of the Umeda area and other line-side areas*. A large-scale development project, the Umeda 1-1 Project, is a major pillar of this strategy. After initiating work under phase I of the project (the demolition of Shin Hankyu Building) in October 2014, we began demolishing the Dai Hanshin Building East Wing in February 2015 and began the new construction work of phase I in July 2015. Aiming to complete construction in spring 2022, we will rebuild the Dai Hanshin Building while continuing operations of Hanshin Department Store's Umeda Flagship Store, which occupies the building.

Even by the Umeda area's high standards, the Umeda 1-1 area has outstanding accessibility. Therefore, we plan to exploit the advantages of this location not only to build multipurpose buildings for commercial premises and offices but also to establish a conference zone that will invigorate businesses in the area by providing a venue for business-related information distribution, personnel development, and exchanges. Also, to improve pedestrian access to the area surrounding the location, we will strengthen the network of pedestrian routes on three levels—an aboveground level, an underground level, and a deck level.

The project began in October 2014. With a view to completing construction in 2022, we are advancing the project steadily with the cooperation of local governments and other related parties.

Project summary

Location	1-1 Umeda, Kita-ku, Osaka
Site area	Approx. 12,200 square metres*
Total floor space	Approx. 260,000 square metres
Size	38 floors above ground and 3 below
Purpose	Department store, offices, halls, etc.
Planned total investment	¥89.7 billion
Construction completion	Around spring 2022

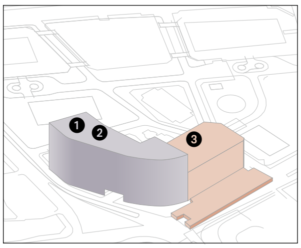
* Including 750 square metres of road between Dai Hanshin Building and Shin Hankyu Building

Construction plan summary

October 2014	Phase I (begin Shin Hankyu Building demolition)
February 2015	Phase I (begin Dai Hanshin Building East Wing demolition)
Around autumn 2015	Phase I (begin phase I construction)
Around spring 2018	Complete phase I construction (Shin Hankyu Building and Dai Hanshin Building East Wing) and partially open new department store
Around spring 2018	Phase II (Begin Dai Hanshin Building West Wing demolition)
Around spring 2019	Phase II (begin phase II construction)
Around autumn 2021	Complete phase II construction (new department store part) and fully open new department store
Around spring 2022	Complete all construction and open offices

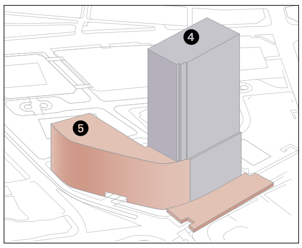
Conceptual illustration of the building exterior

Phase I



❶ Dai Hanshin Building East Wing (under construction)
❷ Shin Hankyu Building (under construction)
❸ Dai Hanshin Building West Wing (businesses operating)

Phase II



❹ Dai Hanshin Building West Wing (under construction)
❺ Phase I (businesses operating)

Opening a New Market

Following on from the development and ownership of logistics warehouses through collaboration with the International Transportation Business, the Real Estate Business will participate in a new venture to develop and sell condominiums in Vietnam's Ho Chi Minh City. Through such initiatives the Real Estate Business will gather information about real estate in ASEAN countries, gain an understanding of local business conditions, and accumulate expertise in business advancement, which it will use to develop new markets overseas.

With Nishi-Nippon Railroad Co., Ltd., Hankyu Realty Co., Ltd. will participate in a condominium project in District 9 of Ho Chi Minh City. One of southern Vietnam's major housing developers, Nam Long Investment Corporation, is advancing this project.

Fiscal 2015 Initiatives

Steady Advancement of the Real Estate Sales Business

The Hankyu Hanshin Holdings Group's real estate sales business sells condominiums, residential land lots, and detached houses. The mainstay of this business is the sale of condominiums under the *Geo* brand. We provide high-value-added condominiums in excellent locations mainly in areas served by Hankyu and Hanshin lines but also in other parts of the Kansai area and in the Tokyo metropolitan area. In keeping with the *Geo* brand's slogan, "quality and functionality, wherever you live," we are involved in all aspects of operations, from development through to sales and management. Thanks to these efforts, market research shows that the *Geo* brand has earned a strong reputation.

Looking at trends in the condominium market in 2014, the number of individual condominium units supplied was 80,205, the first decrease since 2009. This decline was attributable to a slump in demand after the rush demand associated with the consumption tax increase. The Group supplied 1,256 individual condominium units in the Kansai area and the Tokyo metropolitan area, placing it 13th in the nationwide condominium supply ranking and second in the ranking for the Kansai area. Further, from April 2014 to March 2015, the Group supplied 1,374 individual condominium units.

In the near term, business conditions are expected to become tougher due to a polarisation of sales as sales prices rise because of high land prices, construction material prices, and labour costs. However, the Group will ensure its operations are viable by acquiring carefully selected land based on monitoring of market trends and by reducing costs without sacrificing functionality or quality.

Note: All of the figures above are from Real Estate Economic Institute Co., Ltd. Reference was made to "National Condominium Market Trends 2014."

Main properties delivered in fiscal 2015

(Ordered by highest total number of condominium units first, with Kansai area and Tokyo metropolitan area categorised separately)

Property name	Location	Total number of condominium units
Geo-Tower Takatsuki Muse Garden*	Takatsuki, Osaka	477
Geo Shinmachi*	Osaka, Osaka	382
Geo Nishinomiya Kitaguchi Gardens*	Nishinomiya, Hyogo	160
Geo Tsurigane-cho	Osaka, Osaka	123
Geo Hankyu Kawanishi Residence Mark	Kawanishi, Hyogo	104
Geo Karasuma Gojo	Kyoto, Kyoto	60
Geo Ikeda Jonan 1-chome	Ikeda, Osaka	56
Geo-Grande Ashiya	Ashiya, Hyogo	16
Geo Kachidoki	Chuo, Tokyo	68
Geo Kaminoge	Setagaya, Tokyo	41
Geo Daikanyama	Meguro, Tokyo	20

* Joint-venture properties

Main properties scheduled for delivery in fiscal 2016

(Ordered by highest total number of condominium units first, with Kansai area and Tokyo metropolitan area categorised separately)

Property name	Location	Total number of condominium units
Geo Senri Chuo[1]	Toyonaka, Osaka	514[2]
Geo Hankyu Rakusaiguchi North Residence	Muko, Kyoto	231
Geo Seishin Chuo	Kobe, Hyogo	205
Geo-Tower Minamihorie	Osaka, Osaka	205[2]
Geo Hankyu Rakusaiguchi South Residence[1]	Muko, Kyoto	161
Geo Nishinomiya Kitaguchi Hinokuchi-cho	Nishinomiya, Hyogo	36
Geo Kobe Yamamotodori	Kobe, Hyogo	36
Geo Nishinomiya Kitaguchi Crowns	Nishinomiya, Hyogo	20
Tomihisa Cross Comfort Tower[1]	Shinjuku, Tokyo	1,093[2]
Geo Todoroki	Setagaya, Tokyo	69
Geo Akasaka Tango-cho	Minato, Tokyo	23

1. Joint-venture properties
2. Including unsold condominium units

Entertainment and Communications

©Takarazuka Revue Company

Priority Tasks

1 Maximise value of Hanshin Tigers and Koshien brands and Takarazuka brand

- Improve appeal of live events (create superior attractions, train and acquire star talent, and increase appeal of live-event venues)
- Broaden fan base and improve customer retention (develop sales by taking maximum advantage of content appeal and strengthen promotions through external media)
- Create value chain for live events, media, and secondary contents (enhance appeal of established media, broaden range of media channels)

2 Sustain growth of communications media

- Establish competitive advantage and retain customers in broadcast and communications business through marketing rooted in local communities and strengthening of communications business
- Concentrate efforts on growth areas, expand in the Tokyo metropolitan area, and advance business growth through M&A in information services business

3 Use leisure resources effectively

- Make maximum use of Mt. Rokko's potential as a management resource

Basic Strategy

With loyal fans and fame not only in the Kansai area but also nationwide, the Hanshin Tigers and the Hanshin Koshien Stadium and the Takarazuka Revue contribute significantly to the enhancement of the Hankyu Hanshin Holdings Group's brand value as unique strengths that other companies in the industry do not possess. By continuing to develop powerful brands and high-quality performances that inspire and excite customers, we will enhance customer loyalty and maximise brand value.

Fiscal 2015 Review of Operations

The Entertainment and Communications Business achieved year-on-year increases of 2.1%, or ¥2,282 million, in revenues from operations, to ¥112,632 million, and 5.8%, or ¥821 million, in operating income, to ¥14,993 million. The business grew revenues and earnings because a favourable performance by the sports business, which saw the Hanshin Tigers reach the Japan Series, and the popularity of the performances of the Takarazuka Revue, which celebrated its 100th anniversary, more than offset the effect of divesting part of the publishing business on 1st October 2014.

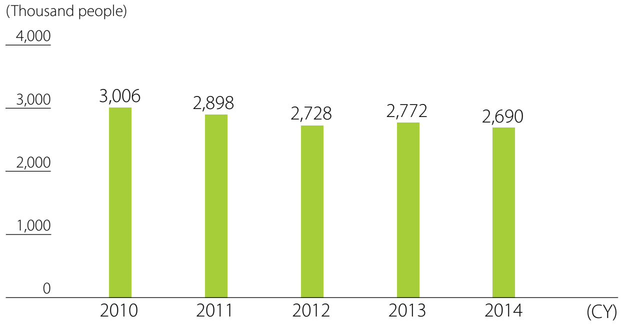
In the sports business, the Hanshin Tigers competed at the top of the league until the end of the regular season; placed second in the league to enter the Climax Series, which they won; and reached the Japan Series. We heightened the appeal of the Hanshin Koshien Stadium by introducing a new official team of cheerleaders, Tigers Girls, and rolling out a range of merchandising and catering promotions. We also conducted promotions celebrating the stadium's 90th anniversary. These efforts attracted large numbers of customers to the stadium.

In the stage business, the stage revue business celebrated the 100th anniversary of the Takarazuka Revue with commemorative events and other related events, all of which sold out. All performances hosted by the Takarazuka Grand Theatre and the Tokyo Takarazuka Theatre received favourable reviews. The theatre business produced a range of performances that attracted strong public interest, including a stage version of the popular film *Oceans 11*, held in Osaka and Tokyo, and the Broadway musical *Chicago*, featuring stars from successive generations of the Takarazuka Revue.

In the communications and media business, the broadcast and communications business sought to increase subscriber numbers amid intense competition by stepping up the marketing of discount plans for long-term cable television contracts and mobile phone set-menu contracts.

As for the leisure business, in the Mt. Rokko area, we attracted more customers through promotions integrating diverse content with the natural beauty of Mt. Rokko. These included a Midsummer Snow Festival and Rokko Meets Art Walk 2014. In addition, the Mt. Rokko Snow Park welcomed large numbers of visitors, including groups of non-Japanese tourists.

Total attendances at Hanshin Tigers home games



Fiscal 2016 Outlook

In fiscal 2016, ending 31st March 2016, the Entertainment and Communications Business is projected to record year-on-year decreases of 5.9%, or ¥6.6 billion, in revenues from operations, to ¥106.0 billion, and 23.3%, or ¥3.5 billion, in operating income, to ¥11.5 billion. These decreases are likely to stem from the absence of the previous fiscal year's increase in revenues in the sports business, which accompanied the Hanshin Tigers advance to the Japan series, and lower earnings in the stage business, resulting from the ending of the Takarazuka Revue's 100th anniversary events.

Entertainment and Communications Business: Outlook for revenues from operations and operating income

Travel

Priority Tasks

1 Raise customer satisfaction levels

- Manage quality rigorously
- Manage risk rigorously

2 Strengthen product planning

- Create products customers support
- Expand product lineup centred on original range of core brand travel packages

3 Establish foundations of stable earnings

- Improve structure of back-office departments

4 Expand and improve management resources

- Strengthen bases of overseas subsidiaries
- Strengthen focus on tourists from overseas
- Develop diverse personnel for the future

Basic Strategy

In the Travel Business, the mainstay operating company is Hankyu Travel International, which promotes the *Trapics* brand and has earned customer endorsement for many years. As well as marketing travel packages through such traditional media as newspapers, the company has also been focusing efforts on mail-order sales and online sales in recent years. Through dynamic, high-paced marketing and product roll-outs that exploit the characteristics of mail-order sales and online sales, we are developing an extensive lineup of travel products that cater to diversifying travel demand.

Never resting on our laurels, we will continue to embrace change and improve our products even further to create travel products that reflect customer feedback and ensure we are a company society needs.

行きたい旅、見つかる。 trapics

見つけた！私だけの旅 e-very

旅。あなたにふさわしく Crystal heart

ともに、感動。深まる。 阪神航空 フレンドツアー

人生の一番いい時だから RC ロイヤルコレクション

Fiscal 2015 Review of Operations

Revenues from operations decreased 3.2%, or ¥1,041 million, year on year, to ¥31,965 million. However, thanks to cost reductions, operating income edged up 0.2%, or ¥3 million, year on year, to ¥1,227 million.

Demand was favourable for overseas travel to destinations for which flights from Haneda Airport have increased, such as Canada, Taiwan, and other Asian destinations. However, demand for travel to Europe—the mainstay destination of the business—softened slightly, reflecting further yen depreciation and security concerns.

Meanwhile, for domestic travel we expanded and improved our lineup of timely products that take advantage of specific events. For example, products for travel to Shikoku, marking 1,200 years since the establishment of the 88 Sacred Places of Shikoku, sold briskly. Nevertheless, overall demand for domestic travel declined year on year due to lower consumer confidence after the consumption tax increase and the favourable performances of products related to the ceremonies to move the shrines at Ise Jingu Shrine and the Grand Shrine of Izumo in the previous fiscal year.

In relation to travel products for visitors to Japan, we advanced marketing activities steadily in Europe and Asia and grew the number of customers visiting Japan from overseas that used our travel products.

Total travel billings (FY2015)

Rank	Company name	¥ billion
1	JTB	1,509.3
2	KNT-CT Holdings	514.3
3	HIS	425.5
4	Nippon Travel Agency	419.8
5	Rakuten Travel	388.9
6	Hankyu Travel International*	372.9
7	JTB World Vacations	246.5
8	ANA Sales	210.3
9	JALPAK	177.5
10	Top Tour	113.1

Overseas travel billings (FY2015)

Rank	Company name	¥ billion
1	JTB	477.9
2	HIS	365.1
3	JTB World Vacations	246.5
4	Hankyu Travel International*	234.7
5	KNT-CT Holdings	161.0
6	Nippon Travel Agency	141.2
7	JALPAK	63.5
8	JTB Business Travel Solutions	53.7
9	Travel Plaza International	50.0
10	Nissin Travel Service	44.8

Domestic travel billings (FY2015)

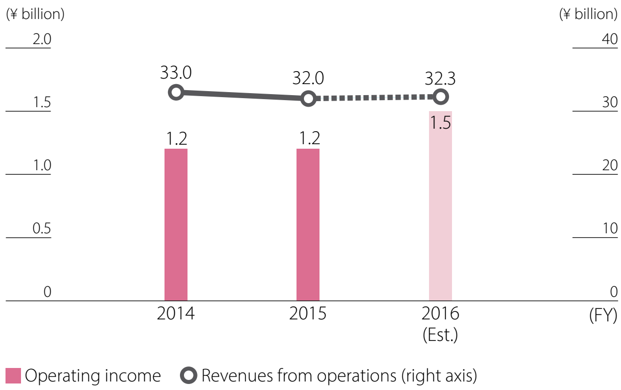
Rank	Company name	¥ billion
1	JTB	979.8
2	Rakuten Travel	369.0
3	KNT-CT Holdings	340.5
4	Nippon Travel Agency	256.4
5	ANA Sales	181.3
6	Hankyu Travel International*	136.8
7	JALPAK	114.0
8	JR TOKAI TOURS	94.0
9	Top Tour	78.9
10	Meitetsu World Travel	72.7

Source: Japan Tourism Agency Bulletin: Business Volume for Major Travel Agents (April 2014 to March 2015)
Note: Billings are rounded down to the nearest ¥100 million.
* The total of both Hankyu Travel International and Hankyu Hanshin Business Travel

Fiscal 2016 Outlook

In fiscal 2016, ending 31st March 2016, the Travel Business is expected to achieve increases of 1.0%, or ¥0.3 billion, in revenues from operations, to ¥32.3 billion, and 22.2%, or ¥0.3 billion, in operating income, to ¥1.5 billion. We plan to achieve these increases by attracting more customers for domestic travel products, which will counteract the continuing negative effect on demand for overseas travel products of yen depreciation, security concerns, and low consumer confidence.

Travel Business: Outlook for revenues from operations and operating income



International Transportation

Priority Tasks

1 Build a global governance system

- Strengthen control capabilities of bases

2 Provide comprehensive solutions to growth industries

- Promote investment to expand logistics business and increase sales catering to growth industries

3 Construct a sales system that meets customer needs

- Promote sales that emphasise customers and expand sales, including sales to non-Japanese companies

4 Build a system that can create high-value-added services

- Advance BPR[1] and WSI[2] and reform product development and existing services

5 Expand the network in promising markets and strengthen existing bases

- Step up business development in emerging countries of Africa, Latin America, and the ASEAN region

6 Control information, knowledge, and finances and employ and train personnel

- Inculcate Hankyu Hanshin Express Way among personnel, employ and train personnel, and promote ERM[3]

7 Expand new business areas

- Strengthen logistics and marine transportation businesses and create new businesses

1. BPR: Business Process Re-Engineering
2. WSI: Working Style Innovation
3. ERM: Enterprise Risk Management

Basic Strategy

The Hankyu Hanshin Holdings Group's International Transportation Business began in 1948, when it became Japan's first International Air Transport Association (IATA) certified freight agency. The business developed a logistics business that offers services including airfreight, sea freight, and product management. Since establishing a representative office in New York in 1961, the International Transportation Business has built a global network comprising 100 bases and spanning 22 countries.

We aim to be an innovative logistics provider that offers progressive high-value-added services worldwide centred on Asia. Furthermore, the International Transportation Business uses the global perspective and expertise that it has developed over many years to assist the Group's development of businesses overseas.

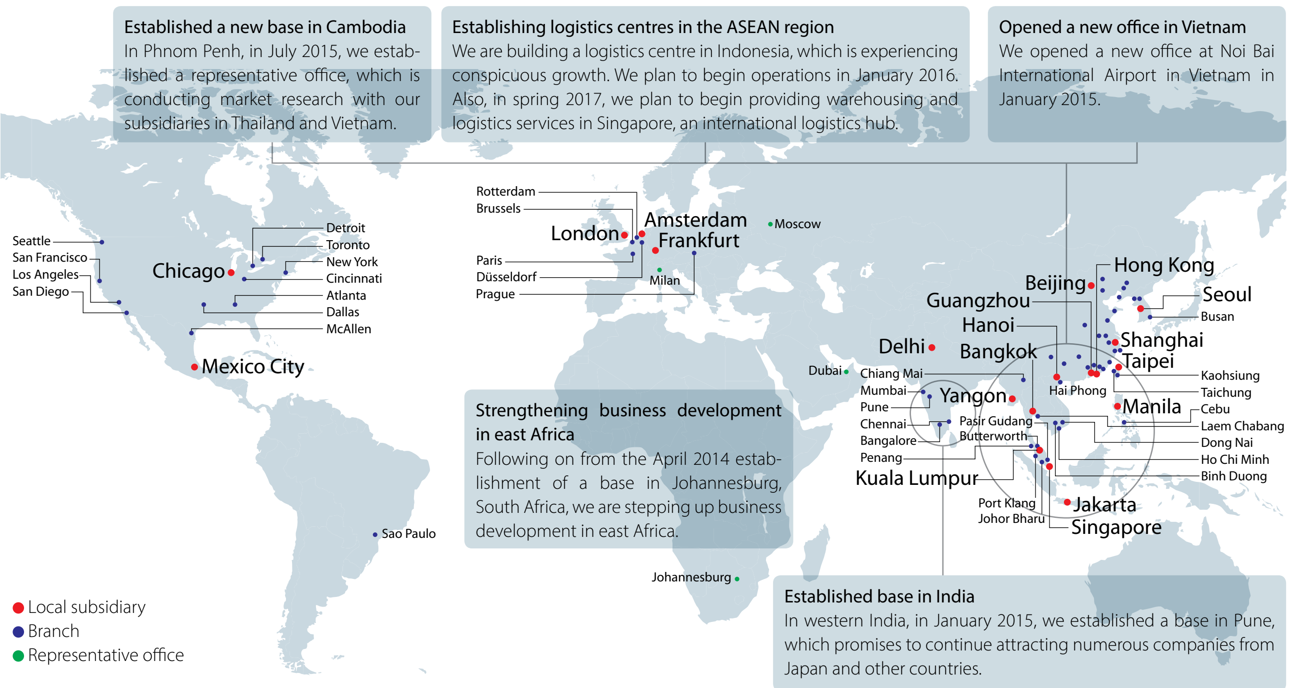
Fiscal 2015 Review of Operations

In the International Transportation Business, revenues from operations rose 4.6%, or ¥1,723 million, year on year, to ¥39,419 million, as currency fluctuations boosted the business results of overseas subsidiaries. Operating income was up 48.8%, or ¥1,002 million, year on year, to ¥3,053 million.

Overseas subsidiaries posted solid results as the United States, the ASEAN region, and China continued to drive the recovery in freight demand. Meanwhile, subsidiaries in Japan saw import-handling demand soften amid further yen depreciation, while exports remained steady.

With sights set on expanding and improving our global network even further, we established a base in Africa's growing market—in Johannesburg, South Africa—and a base in Changchun in China's northeast, where many Japanese companies have established operations. Also, aiming to expand our business in Indonesia, we established a company that will offer logistics and warehousing services, PT. Hankyu Hanshin Logistics Indonesia, through a joint investment by Hankyu Corporation, Hanshin Electric Railway Co., Ltd., and Hankyu Hanshin Express Co., Ltd., in August 2014. Construction of a logistics centre is under way and due for completion in December 2015. Once the new company completes construction, it will manage the logistics centre with an existing subsidiary in Indonesia. Our goal is to expand and improve our logistics network and offer high-quality logistics services.

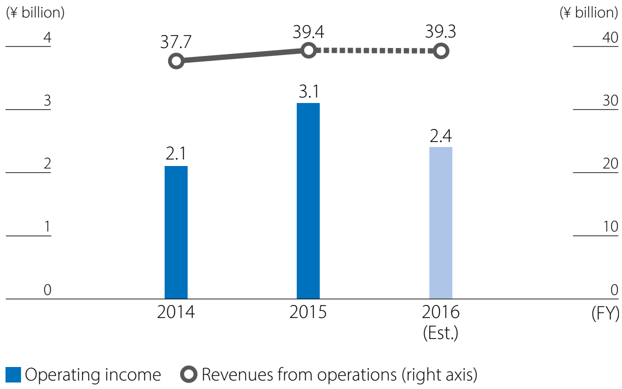
Network of bases: 34 domestic bases and 100 overseas bases (as of 31st March 2015)



Fiscal 2016 Outlook

In fiscal 2016, ending 31st March 2016, the International Transportation Business is expected to post year-on-year decreases of 0.3%, or ¥0.1 billion, in revenues from operations, to ¥39.3 billion, and 21.4%, or ¥0.7 billion, in operating income, to ¥2.4 billion, reflecting the absence of fiscal 2015's special demand for air transportation and a relative decrease in yen depreciation's positive effect on earnings.

Travel Business: Outlook for revenues from operations and operating income



Hotels

Priority Tasks

1. Improve profitability of existing hotels
2. Expand network by opening new hotels
   - Implement plan to open new REMM hotels centred on Tokyo metropolitan area
3. Extend and enhance chain
   - Enhance service functions of chain headquarters
   - Increase chain franchises

Basic Strategy

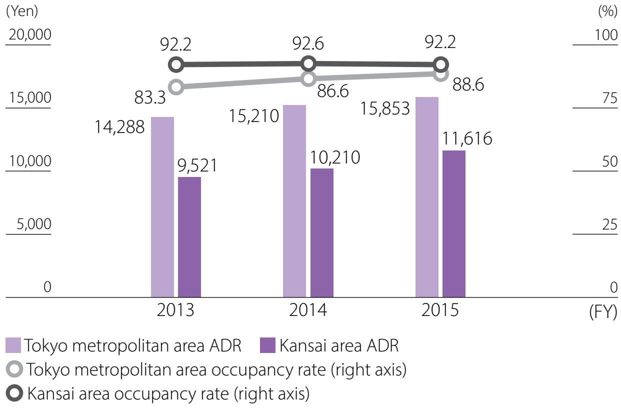
The Hankyu-Hanshin-Daiichi Hotel Group traces its origins to the opening of the Takarazuka Hotel in 1926. Today, we are one of Japan's leading hotel groups and manage many different types of hotels. Our chain comprises 49 hotels with 10,626 guest rooms as of 1st April 2015.

Fiscal 2015 Review of Operations

In the Hotels Business, revenues from operations declined 1.0%, or ¥663 million, year on year, to ¥63,031 million, reflecting withdrawal from a directly managed business engaged in the manufacture and sale of confectionery and the closure of certain restaurants in the restaurant business in fiscal 2014. However, thanks to a solid performance in the accommodation area, which accompanied a rise in non-Japanese overnight guests, and the benefit arising from withdrawals and closures, operating income was up 50.2%, or ¥406 million, year on year, to ¥1,216 million.

In fiscal 2015, we took measures to strengthen competitiveness. These measures included renewing restaurants and banquet halls in stages. For example, we renewed Hotel Hankyu International's *NIGHT and DAY* café restaurant and Dai-ichi Hotel Tokyo's *L'Etoile* restaurant. Furthermore, we began refurbishing the guest rooms of Hotel new Hankyu Annex and Hotel new Hankyu Kyoto to cater to customer demand. In addition, we planned and marketed a range of different promotional packages for respective hotels, such as Hotel new Hankyu Osaka, which celebrated its 50th anniversary in August 2014.

Average daily rates (ADR) and occupancy rates of Hankyu Hanshin Hotels in the Tokyo metropolitan area[1] and Kansai area[2]

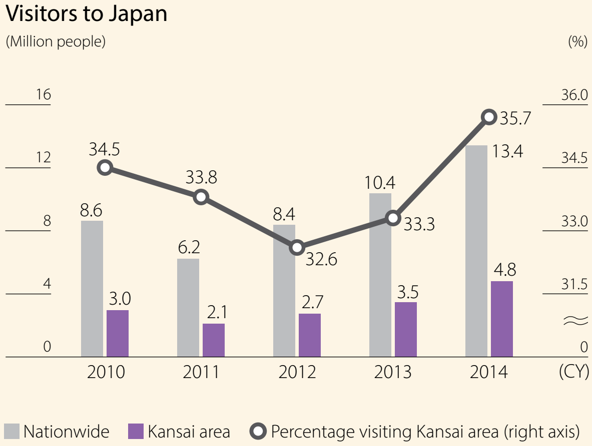


1. Hotels in Tokyo metropolitan area excluding Hotel new Hankyu Tsukiji
2. Hotels in Kansai area including REMM Shin-Osaka, which opened in September 2012

Fiscal 2016 Outlook

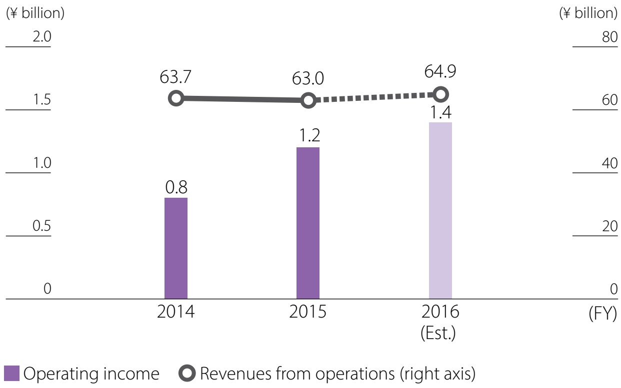
In fiscal 2016, ending 31st March 2016, the Hotels Business is expected to achieve year-on-year growth of 3.0%, or ¥1.9 billion, in revenues from operations, to ¥64.9 billion, and 15.1%, or ¥0.2 billion, in operating income, to ¥1.4 billion. We anticipate that this growth will result from a favourable performance by the accommodation area, as respective hotels see a continuation of fiscal 2015's upward trend in demand from visitors to Japan, and an increase in banquet hall and restaurant guests.

Visitors to Japan



Source: Japan Tourism Agency. "Consumption Trend Survey for Foreigners Visiting Japan."

Hotel Business: Outlook for revenues from operations and operating income



Directors and Audit & Supervisory Board Members

(As of 16th June 2015)

Directors

Kazuo Sumi

President and Representative Director

1973 Joined Hankyu Corporation
2000 Director, Hankyu Corporation
2002 Managing Director, Hankyu Corporation
2003 President, Hankyu Corporation
2005 President, Hankyu Holdings
2006 President, Hankyu Hanshin Holdings (Current position)
2008 Director, Hankyu Hanshin Hotels (Current position)
2013 Director, Hankyu Travel International (Current position)
2013 Director, Hankyu Hanshin Express (Current position)
2014 Chairman, Hankyu Corporation (Current position)

Shinya Sakai

Representative Director

1970 Joined Hanshin Electric Railway
2002 Director, Hanshin Electric Railway
2005 Managing Director, Hanshin Electric Railway
2006 President, Hanshin Electric Railway
2006 Representative Director, Hankyu Hanshin Holdings (Current position)
2008 Chairman, Hanshin Tigers Baseball Club (Current position)
2011 Chairman, Hanshin Electric Railway (Current position)

Noriyuki Inoue

Director (External*)

1957 Joined Daikin Industries
1994 President, Daikin Industries
2002 Chairman and CEO, Daikin Industries
2003 Director, Hankyu Corporation
2005 Director, Hankyu Holdings
2006 Director, Hankyu Hanshin Holdings (Current position)
2014 Chairman of Daikin Industries and Chief Global Group Officer (Current position)

Shosuke Mori

Director (External*)

1963 Joined Kansai Electric Power
2005 President, Kansai Electric Power
2010 Director, Hankyu Hanshin Holdings (Current position)
2010 Chairman, Kansai Electric Power (Current position)

Shunichi Sugioka

Director (Part-time)

1964 Joined Hankyu Department Store
2000 President, Hankyu Department Store
2000 Director, Hankyu Corporation
2005 Chairman, Hankyu Department Store
2005 Director, Hankyu Holdings
2006 Director, Hankyu Hanshin Holdings (Current position)
2007 Chairman and CEO, H_2O Retailing
2008 Director, Hankyu Hanshin Hotels (Current position)
2008 Chairman, Hankyu Hanshin Department Stores
2015 Director and Senior Corporate Advisor, H_2O Retailing (Current position)
2015 Director and Senior Corporate Advisor, Hankyu Hanshin Department Stores (Current position)

Yoshishige Shimatani

Director (Part-time)

1975 Joined Toho
2011 President, Toho (Current position)
2015 Director, Hankyu Hanshin Holdings (Current position)

Takaoki Fujiwara

Director (Part-time)

1975 Joined Hanshin Electric Railway
2005 Director, Hanshin Electric Railway
2007 Managing Director, Hanshin Electric Railway
2011 President, Hanshin Electric Railway (Current position)
2011 Director, Hankyu Hanshin Holdings (Current position)

Yoshihiro Nakagawa

Director (Part-time)

1976 Joined Hankyu Corporation
2005 Director, Hankyu Corporation
2007 Managing Director, Hankyu Corporation
2013 Representative and Senior Managing Director, Hankyu Corporation
2014 President, Hankyu Corporation (Current position)
2014 Director, Hankyu Hanshin Holdings (Current position)

Ichiro Namai

Director (Part-time)

1971 Joined Hankyu Express International
2000 Director, Hankyu Express International
2008 Vice president, Hankyu Travel International
2008 Audit & Supervisory Board Member, Hankyu Hanshin Hotels (Current position)
2010 President, Hankyu Travel International
2013 Director, Hankyu Hanshin Holdings (Current position)
2014 Chairman, Hankyu Travel International (Current position)

* Mr. Noriyuki Inoue and Mr. Shosuke Mori satisfy the qualifications of external directors as provided in Article 2, Paragraph 15 of the Corporate Law.
The Company has submitted notifications to the stock exchanges on which its shares are listed, naming Mr. Noriyuki Inoue and Mr. Shosuke Mori as external (independent) directors.

Seisaku Okafuji

Director (Part-time)

1974 Joined Hankyu Express International
2005 Director, Hankyu Express International
2008 Director, Hankyu Express International
2009 Director, Hankyu Hanshin Express International
2010 President, Hankyu Hanshin Express International (Current position)
2013 Director, Hankyu Hanshin Holdings (Current position)

Mitsuo Nozaki

Director
In charge of Personnel and General Affairs Div.

1981 Joined Hankyu Corporation
2005 Director, Hankyu Corporation
2006 Director, Hankyu Holdings
2006 Director, Hankyu Hanshin Holdings (Current position)
2007 Managing Director, Hankyu Corporation
2013 Senior Managing Director, Hankyu Corporation (Current position)
2013 Chairman, Hankyu Hanshin Hotels (Current position)

Masao Shin

Director
In charge of Group Planning Div.
(Group Management Planning)

1981 Joined Hanshin Electric Railway
2006 Director, Hanshin Electric Railway
2006 Director, Hankyu Hanshin Holdings (Current position)
2008 Managing Director, Hanshin Electric Railway
2013 Audit & Supervisory Board Member, Hankyu Hanshin Hotels (Current position)
2014 Senior Managing Director, Hanshin Electric Railway (Current position)

Naohisa Nogami

Director
In charge of Group Planning Div.
(Group Business Planning)
General Manager of Corporate Planning Dept.

1982 Joined Hankyu Corporation
2007 Director, Hankyu Corporation
2013 Managing Director, Hankyu Corporation
2014 Senior Managing Director, Hankyu Corporation (Current position)
2014 Audit & Supervisory Board Member, Hankyu Travel International (Current position)
2014 Audit & Supervisory Board Member, Hankyu Hanshin Express (Current position)
2014 Director, Hankyu Hanshin Holdings (Current position)

Audit & Supervisory Board Members

Tsunenori Kawashima

Standing Audit & Supervisory Board Member

1977 Joined Hankyu Corporation
2002 Director, Hankyu Corporation
2005 Director, Hankyu Holdings
2005 Managing Director, Hankyu Corporation
2006 Representative Director, Hankyu Holdings
2006 Representative and Managing Director, Hankyu Corporation
2006 Representative Director, Hankyu Hanshin Holdings
2009 Standing Audit & Supervisory Board Member, Hankyu Corporation (Current position)
2012 Standing Audit & Supervisory Board Member, Hankyu Hanshin Holdings (Current position)

Masayoshi Ishibashi

Standing Audit & Supervisory Board Member

1979 Joined Hanshin Electric Railway
2008 President and Representative Director, Hanshin Contents Link Corporation
2013 Standing Audit & Supervisory Board Member, Hankyu Hanshin Holdings (Current position)
2013 Standing Audit & Supervisory Board Member, Hanshin Electric Railway (Current position)

Takaharu Dohi

Audit & Supervisory Board Member (External)**

1958 Prosecutor
1996 Prosecutor-General (until 1998)
1998 Lawyer (Current position)
2002 Audit & Supervisory Board Member, Hankyu Corporation (Current position)
2005 Audit & Supervisory Board Member, Hankyu Holdings
2006 Audit & Supervisory Board Member, Hankyu Hanshin Holdings (Current position)

Haruo Sakaguchi

Audit & Supervisory Board Member (External)**

1958 Lawyer (Current position)
1989 Vice Chairman, Japan Federation of Bar Associations
2006 Audit & Supervisory Board Member, Hankyu Holdings
2006 Audit & Supervisory Board Member, Hankyu Corporation (Current position)
2006 Audit & Supervisory Board Member, Hankyu Hanshin Holdings (Current position)
2013 Audit & Supervisory Board Member, Hankyu Hanshin Hotels (Current position)

Junzo Ishii

Audit & Supervisory Board Member (External)**

1986 Professor of Faculty of Commerce, Doshisha University
1989 Professor of Faculty of Business Administration, Kobe University
1999 Professor of Faculty of Business Administration, Graduate School of Kobe University
2008 President of the University of Marketing and Distribution Sciences (Current position)
2010 Audit & Supervisory Board Member, Hankyu Hanshin Holdings (Current position)
2010 Audit & Supervisory Board Member, Hanshin Electric Railway (Current position)

** Mr. Takaharu Dohi, Mr. Haruo Sakaguchi, and Mr. Junzo Ishii satisfy the qualifications of external Audit & Supervisory Board Members as provided in Article 2, Paragraph 16 of the Corporate Law. The Company has submitted notifications to the stock exchanges on which its shares are listed, naming Mr. Takaharu Dohi, Mr. Haruo Sakaguchi, and Mr. Junzo Ishii as external (independent) Audit & Supervisory Board members.

Management Organisation

Corporate Governance

Our Corporate Governance System

Hankyu Hanshin Holdings, Inc. (or, the Company) is a pure holding company, and conduct of operations is basically the responsibility of Group member companies. Hankyu Hanshin Holdings' principal role is supervision and oversight of the whole Group—meaning that these functions are separate from conduct of Group businesses.

Under this structure, the Company:

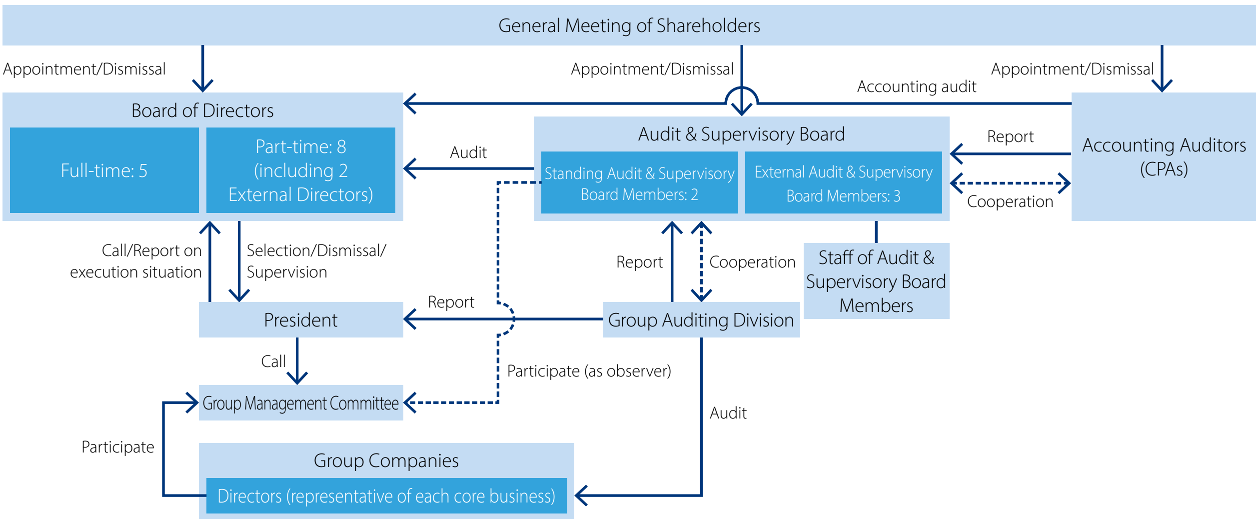
- Makes decisions regarding Group management policy and strategy;
- Approves the medium-term and annual management plans of all core businesses;
- The need for timely reporting of progress reports from operating companies;
- Grants approval in cases where a Group company takes actions that significantly affect Group management (for example, when investments rise above a certain threshold).

In this way, the Company aims to improve its supervision and oversight of all Group companies, and raise overall Group governance standards.

In further governance measures, our Board of Directors, which includes external directors, receives reports with regard to the above matters, and approves management decisions. The Company has set up a Group Management Committee including representatives of core businesses of the Group to undertake preliminary reviews.

In addition to these initiatives, and as part of our efforts to strengthen the Group's overall capabilities, the Group is also strengthening governance with regard to fund procurement. Measures include centralising funding under the Company, and ensuring that necessary funds are distributed to the operating companies within specific parameters laid down in their business plans approved by the Company.

Corporate Governance System



Management Organisation

(1) Board of Directors and Directors

The Board of Directors endeavours to enhance governance of the entire Group and oversight of respective companies by maintaining the authority to approve the management policies and strategies of the Company and the Group as well as the management plans of core businesses and by requiring timely reporting from operating companies about the significant investments of Group companies.

Further, the Company endeavours to raise the standard of decision making and strengthen oversight functions by appointing eight of its 13 directors as part-time directors, including two external directors that are independent of the Company and have abundant experience in corporate management.

In addition, the Company has introduced a compensation system for full-time directors that is linked to business results to encourage the enhancement of corporate value and business results.

Notes

1. Number of members of the Board of Directors
   The articles of incorporation of the Company stipulate that the number of members of the Company's Board of Directors shall be three or more.
2. Requirements for the election of directors
   The articles of incorporation of the Company stipulate that the approval of resolutions for the election of directors shall require the attendance of shareholders that have at least one-third of the voting rights of shareholders for which voting rights can be exercised and shall require a majority of these voting rights. Furthermore, the articles of incorporation stipulate that such resolutions shall not be approved through cumulative voting.

(2) Audit & Supervisory Board, Audit & Supervisory Board Members

The Company adopts the Audit & Supervisory Board system to ensure adequate management oversight. We have five Audit & Supervisory Board members, who monitor the business operations and financial position of the Company and its subsidiaries, and audit the performance of duties by the directors. Three of the five Audit & Supervisory Board members are external, to provide an independent viewpoint and ensure a high degree of professionalism in Group auditing. In this way, we are working to further ensure sound decision-making in the conduct of operations. We provide full backup to Audit & Supervisory Board members, for example by involving them in the Group Management Committee and other meetings within the Group. The Audit & Supervisory Board meets once a month, in principle, to discuss and pass resolutions on important matters.

In addition, as part of the auditing of the Group's business operations, the Audit & Supervisory Board members peruse when appropriate auditing plans and results of audits of the Group Auditing Division, composed of internal audit staff. The Audit & Supervisory Board members also receive from the Group Auditing Division regular reports (and ad hoc reports when required) on internal audits at the Company and its subsidiaries, including on the state of operation of the whistle-blowing system.

At the same time, they receive regular status reports from the accounting auditors (CPAs), and take part in on-site audits by the accounting auditors including those of Group companies.

(3) External Directors and External Audit & Supervisory Board Members

The Company appoints independent external directors and Audit & Supervisory Board members with the aim of further enhancing the governance of the Group through their contributions to meetings of the Board of Directors and the Audit & Supervisory Board, as well as other activities.

The external directors appointed to the Board are selected from amongst persons with extensive experience in corporate management, with the aim of strengthening the management oversight function of the Board of Directors with respect to the Group as a whole, and also in the expectation that the external directors will provide advice to the Company's management from a broad perspective. Similarly, the external Audit & Supervisory Board members whom we appoint are selected from amongst persons possessing high-level specialist expertise in the fields of compliance and business administration.

When selecting candidate external directors and external Audit & Supervisory Board members for appointment, we employ the criteria laid down by the Tokyo Stock Exchange in evaluating the independence of the candidates. By the use of these selection criteria, we ensure that the appointment of external directors and external Audit & Supervisory Board members does not constitute a problem of any kind, and that their appointment poses no risk of conflict of interest with general shareholders.

Relations with External Directors

Name	Reasons for Appointment
Noriyuki Inoue (Independent Director)	Representative Director for many years at Daikin Industries, Ltd. Also served as vice-chairman of Kansai Economic Federation. Appointed for his wealth of management experience, perspective from top business circles, and ability to provide independent input.
Shosuke Mori (Independent Director)	Representative Director for many years at Kansai Electric Power Co., Inc., a company whose operations, like those of the Hankyu Hanshin Holdings Group, are closely bound up with the public good. Also served as chairman of Kansai Economic Federation. Appointed for his wealth of management experience, perspective from top business circles, opinions from the viewpoint of corporate social responsibility, and ability to provide independent input.

Relations with External Audit & Supervisory Board Members

Name	Reasons for Appointment
Takaharu Dohi (Independent Board Member)	Former prosecutor-general, currently a lawyer. Appointed to advise on more compliance-based management and for his ability to provide independent input.
Haruo Sakaguchi (Independent Board Member)	Currently a lawyer. Appointed to advise on more compliance-based management and for his ability to provide independent input.
Junzo Ishii (Independent Board Member)	Former Professor of Business Administration within the Graduate School of Kobe University, currently President of the University of Marketing and Distribution Sciences. Appointed for his ability to express useful opinions based on his high-level specialist expertise in business administration and for his ability to provide independent input.

Attendance at Meetings of the Board of Directors and Audit & Supervisory Board (Figures for Fiscal 2015)

External Directors

Name	Attendance at meetings of the Board of Directors
Noriyuki Inoue	Attended 6 of 10 meetings
Shosuke Mori	Attended 7 of 10 meetings

External Audit & Supervisory Board Members

Name	Attendance at meetings of the Board of Directors	Attendance at meetings of the Audit & Supervisory Board
Takaharu Dohi	Attended 9 of 10 meetings	Attended 11 of 12 meetings
Haruo Sakaguchi	Attended all 10 meetings	Attended all 12 meetings
Junzo Ishii	Attended all 10 meetings	Attended all 12 meetings

Other Deliberative Bodies

(1) Group Management Committee

The Group Management Committee, comprising full-time Directors (President, representative directors, head of Personnel and General Affairs Division and head of Group Planning Division) and representatives of each core business, meets to discuss resolutions of the Board of Directors, Group company management strategy and business planning and systems and rules for maintenance of the holding company system, and major Group management matters, such as investments beyond set parameters and reorganisations.

(2) Core Business Strategy Councils

Each core business has a Core Business Strategy Council, comprising the President, representative directors, the director in charge of the Group Planning Division of the Company and executives of each core business. The councils deliberate future business development for each core business and discuss business plans and progress management (performance evaluation).

(3) The Group Presidents' Meeting—Initiatives to foster solidarity within the Group

The Hankyu Hanshin Holdings Group comprises over 150 group companies. The Group Presidents' Meeting, held twice a year, brings together presidents of those Group subsidiaries and affiliates. It is designed to foster a deeper sense of solidarity within the Group and ensure that the Group philosophy and management policies permeate the whole organisation. The Group Presidents' Meeting aims to encourage a joint sense of commitment to the Medium-Term Management Plan. Awards are made to companies that boost earnings or individuals and groups that successfully launch initiatives or make significant contributions at their units.

Number of Meetings of Deliberative Bodies Held (Figures for Fiscal 2015)

Group Management Committee	15 meetings
Core Business Strategy Councils	2 meetings
The Group Presidents' Meeting	2 meetings

Compensation for Directors and Audit & Supervisory Board Members

Our system for determining compensation for directors is designed to incentivise contributions that enhance the Group's enterprise value and business performance. In this system, compensation comprises two elements: a basic portion determined according to the post held by the director, and a bonus-type element linked to business performance.

Half of the performance-linked compensation is paid into a fund used for the acquisition of shares in the Company (except in cases in which stock option-based compensation is the same amount or greater than was given by the Company or its subsidiaries).

However, the compensation paid to part-time directors, including external directors, and to Audit & Supervisory Board members, comprises only the portion determined by the post held, in light of the nature of their duties.

The total compensation paid to directors and Audit & Supervisory Board members is kept within the total compensation amount approved by the Company's shareholders at the General Meeting of Shareholders. Compensation for individual directors is determined by resolution of the Board of Directors, while compensation for individual Audit & Supervisory Board members is determined by deliberation of Audit & Supervisory Board members.

Note: The payment of retirement benefits to directors and Audit & Supervisory Board members was discontinued in April 2004 in the interests of greater transparency in the compensation system.

The Company does not offer stock options to its directors.

However, the Board of Directors of the Company has passed a resolution to issue warrants as a form of stock option-based compensation to the full-time directors (excluding directors concurrently serving as employees of Hanshin Electric Railway Co., Ltd.) of its subsidiaries, Hankyu Corporation and Hanshin Electric Railway Co., Ltd. This measure has been taken to ensure that the directors of these two companies, which are core members of the Group, share equally with the shareholders both the possibility of gain in the event of a rise in their company's share price and the risk of loss in the event that the share price falls, and that, therefore, they will be further motivated to pursue the improvement of their company's business performance and the enhancement of its enterprise value over the medium-to-long term.

Compensation Paid to Directors and Audit & Supervisory Board Members

	No. of recipients	Total paid out in fiscal 2015 (Millions of yen)
Directors (external)	15 (2)	110 (16)
Audit & Supervisory Board Members (external)	5 (3)	17 (6)
Total (external)	20 (5)	127 (22)

1. Recipients of compensation in fiscal 2015 include two directors who retired at the conclusion of the General Meeting of Shareholders held on 13th June 2014.
2. In addition to the above, compensation received by external directors and Audit & Supervisory Board members from subsidiaries of the Company for their duties as directors and Audit & Supervisory Board members amounted to ¥26 million for fiscal 2015.

Of the Company's full-time Directors and Audit & Supervisory Board members, directors Kazuo Sumi, Mitsuo Nozaki and Naohisa Nogami, and Audit & Supervisory Board member Tsunenori Kawashima are also senior executives at the Company's subsidiary Hankyu Corporation. Director Shinya Sakai, Masao Shin, and Audit & Supervisory Board member Masayoshi Ishibashi, are also senior executives at the Company's subsidiary Hanshin Electric Railway Co., Ltd. They have received additional compensation from each company.

Dialogue with Shareholders and Investors

Measures Taken to Enhance the Effectiveness of the Company's General Meeting of Shareholders and to Facilitate the Exercise of Voting Rights

	Remarks
Early dispatch of notices of convocation	To allow shareholders sufficient time to examine the items for resolution at the shareholders' meeting before exercising their voting rights, we endeavor to send out the notices of convocation at the earliest possible date. We sent out such notices on 28th May 2015, 19 days before the General Meeting of Shareholders.
Avoiding the "busiest day" for shareholder meetings	To enable as many shareholders as possible to attend our general meeting of shareholders, we held our 2015 General Meeting of Shareholders on 16th June, 10 days before the "busiest day" on which a large proportion of Japanese companies hold their general shareholders' meetings.
Online and electronic voting	To enable shareholders who cannot attend our general shareholders' meetings to nevertheless exercise their voting rights, as well as to make voting more convenient, we accept votes made via the internet, and we also participate in the electronic voting platform operated by ICJ Inc.
Other	Notices of convocation of general shareholders' meetings and of resolutions passed at the meetings are posted on the Company's website. We also post translations of the notices of convocation into English.

Investor Relations Activities

As a rule, the Company arranges results meetings for analysts and institutional investors in Japan after earnings announcements twice a year. Earnings results and business plans are discussed by senior management representatives.

Our website (http://www.hankyu-hanshin.co.jp/ir/) includes (mostly Japanese-language) materials necessary for investment judgements (earnings reports, securities reports, due disclosure materials, and summaries of results meetings). The website also carries a profile of the Group and its competitive strengths, mainly for individual investors.

Internal Control System

Overview

Recognising the importance of ensuring that the business operations of the Company are conducted in an appropriate manner, we have established an internal control system for the entire Group, and revise it when deemed necessary. As things stand, our internal control system is characterised as follows:

- A Group Management Philosophy was compiled following the management integration of Hankyu Holdings, Inc. and Hanshin Electric Railway Co., Ltd., along with a Group mission (what we are trying to achieve), statement of values (what we consider important) and a code of conduct (what actions to take to realise them). We ensure that all employees from executive down understand them.
- We ensure compliance-focused management by compiling and distributing a Compliance Manual, and have established a dedicated whistle-blowing system. (For further information on the Company's compliance activities, please refer to the following section.)
- We have established the Group Auditing Division, composed of internal audit staff under the direct control of the President, for independent monitoring of Groupwide business activities. It carries out internal audits into the Hankyu Hanshin Holdings Group and all its operating companies.
- To create a structure for ensuring appropriate operations, the Group vests Audit & Supervisory Board members of each Group company with authority not only in accounting but also in operational audits, and at the same time provides guidance to smaller Group companies on Board of Directors resolutions for creation of an internal control system.
- Audit & Supervisory Board members and the Group Auditing Division receive regular reports from the Risk Management Office with regard to creation and operation of internal controls at the Company and its subsidiaries (including implementation status for risk management and promotion of compliance-based management measures). Through such measures, they deepen their links with, and strengthen the role of, internal control divisions.

- With regard to systems for "Management Assessment and Audit Concerning Internal Control Over Financial Reporting," a section of the Financial Instruments and Exchange Act, the Company responds appropriately by carrying out management evaluations on a consolidated basis, in line with in-house rules.

Measures for Avoidance of Contact with Antisocial Elements

To ensure compliance and protect the interests of the Company, we have a basic policy of avoiding all contact with antisocial elements that pose a threat to public order and safety, such as criminal gangs and companies associated with them, and *sokaiya racketeers* who disrupt shareholder meetings, and of never yielding to extortion. These policies are basic policies in our internal control system and are clearly stated in the Hankyu Hanshin Holdings Group Compliance Manual distributed among executives and employees of Group companies.

Specific measures include routinely strengthening communications with external organisations such as lawyers and the police, and introducing into all contracts signed by Group companies' clauses that forbid contact with antisocial elements.

In addition to working to raise awareness of this issue through information exchange and a range of employee training courses, we are aggressively involved in regional activities and gatherings aimed at rooting out antisocial elements.

When an incident does occur, we respond as a single organisation, rallying round the division in charge, and work in partnership with outside experts.

Compliance

As a system to ensure compliance-focused management, the Group has set up a dedicated compliance office, and is working to raise awareness of compliance issues among executives and employees by means of the measures detailed below.

Compliance Manual and Training Programmes

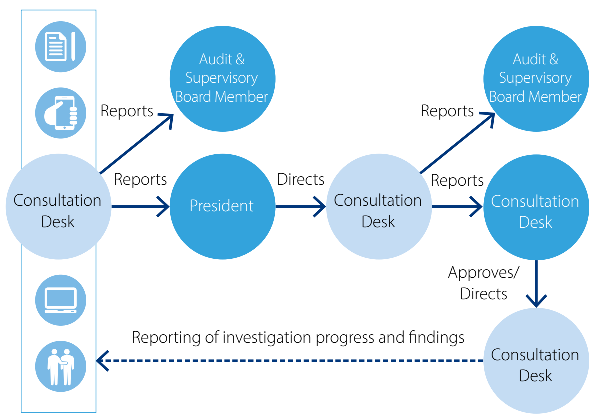
The Company's Compliance Manual and Compliance Card express the Company's determination not to tolerate violation of laws or social norms or betrayal of customer trust, by any Group employee from executives down. It also aims to raise awareness by pointing out cases where compliance errors can easily be made.

The Company provides intensive compliance training on a Groupwide basis for new employees, mid-career hires and newly appointed executives. In addition, all Group companies arrange their own training programmes tailored to job grade and function, with the aim of further increasing compliance awareness.

Corporate Ethics Consultation Desk (internal whistleblower procedures)

We have set up a dedicated whistleblower hotline enabling all employees to discuss or quickly bring to management's notice suspected or known legal violations and unethical conduct. Business partners are also welcome to use this consultation and notification facility, and when necessary we will use lawyers and other outside specialists to improve its effectiveness.

Corporate Ethics Consultation Desk

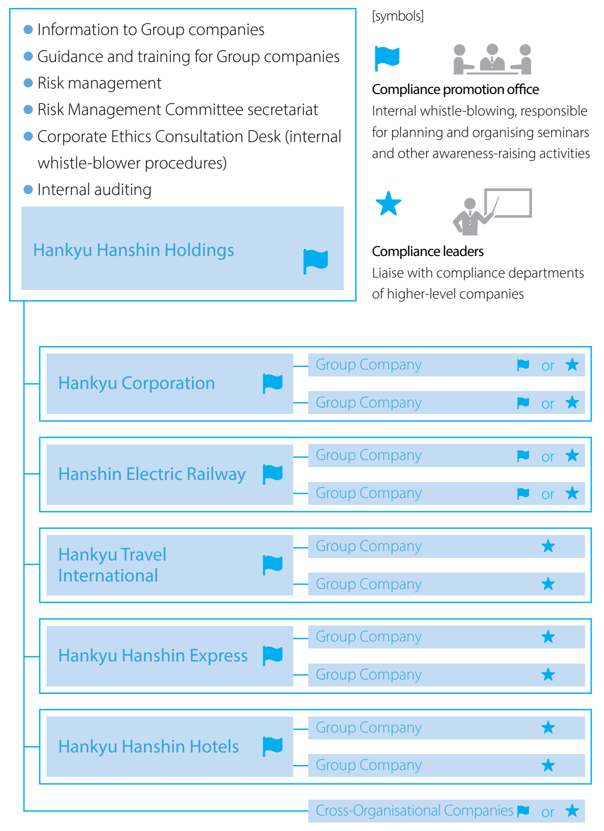


Establishment of Risk Management Committees

In the case of identification of a major compliance issue during the course of an Ethics Consultation, a risk management committee is convened as soon as possible to discuss and decide on appropriate responses.

In addition, we are setting up compliance promotion offices at major Group companies such as Hankyu Corporation, Hanshin Electric Railway Co., Ltd., Hankyu Travel International Co., Ltd., Hankyu Hanshin Express Co., Ltd. and Hankyu Hanshin Hotels Co., Ltd. At other companies we are appointing "compliance leaders," to ensure our response is on a Groupwide basis.

Overview of Group Compliance



Measures to Prevent Takeovers

To secure and further enhance the enterprise value of the Company, and therefore the common interests of its shareholders, we believe that it is imperative to conduct business operations from a medium-to-long-term perspective, to build and maintain a relationship of trust with local government institutions and residents in the areas served by our railway lines, and to place the highest management priority on strengthening cohesion and collaboration within the Group, so as to enhance the Group's comprehensive power.

For this reason, we have introduced a system to prevent a takeover of the Company whereby, in the event of the appearance of a potential buyer of the Company that wishes to raise their stake above 20% or more of the Company's outstanding shares, new share subscription rights are granted to shareholders who are, de facto, shareholders other than the potential buyer, to confirm a potential buyer's intention. This system was approved at the General Meeting of Shareholders held on 16th June 2015, and remains in effect for three years.

For more details (in Japanese) of the Company's basic policies regarding governance of joint-stock companies including these takeover prevention measures, please see:
http://www.hankyuhanshin.co.jp/ir/library/others/data/bouei.pdf
(Available only in Japanese)

Risk Management

At the Company, risks to which many different divisions are exposed are managed by the Risk Management Office, while risks arising in the business operations of individual divisions are managed by risk management units within the divisions themselves. In both cases, risks are identified and analysed, and risk management systems are overhauled from time to time. We evaluate the likelihood of materialisation of each risk and its frequency, as well as the extent of impact in the event of materialisation and its importance. On that basis, we draw up measures to prevent the materialisation of risk or to mitigate its impact ("risk mitigation measures"). These measures are documented in the form of risk management manuals, and the results of risk analysis and how such a risk is being handled when a risk arises are, reported, as appropriate, to the Board of Directors.

We have also established a liaison system enabling the effective transmission of information in the event of unforeseen circumstances. Under this system, in the event of materialisation of a risk, executives and employees immediately take risk-mitigation measures as specified in the above-mentioned documentation and other measures to prevent the further spread of the impact. They also submit reports to pre-appointed risk management liaison personnel.

The Company provides supervision to all companies in the Group so that the same system is operated by them all, and has set up a system enabling the transmission to the Company of accurate information in the event of an unforeseen development.

A particular area of importance in this regard is the Company's core railway business, which entails direct risk to people's lives through accidents. Even in the event of minor mistakes and problems where no individual responsibility arises, it is important to make every effort to bring the number of problems and mistakes that could cause an accident as close to zero as possible, by continuing to meticulously train railway business staff, and share and analyse data. Such painstaking efforts to forestall even one human error are one of the foundation stones on which the Company ensures safety of operations and meets public expectations.

On pages 66 to 70, readers will find a summary of the safety management systems at Hankyu Corporation and Hanshin Electric Railway, both of which are our major private sector railway operators.

Principal Risks and Countermeasures

The Hankyu Hanshin Holdings Group's approaches to risks related to businesses and other risks that may be of concern to investors are stated below.

Further, forward-looking statements in this report reflect the Group's assessments as of 31st March 2015. Moreover, these statements do not negate the possibility of the said risks affecting the Group's business results or financial position.

Principal risks	The Group's countermeasures
Risks related to economic conditions	
■ Borrowing rates could increase due to changes in financial markets or fund raising from markets could become difficult. ■ Sudden changes in financial markets could affect the Group's business results or financial position.	■ The Group limits exposure to the risk of interest rate increases by giving priority to the undertaking of long-term loans with fixed interest rates. ■ The Group secures financing by establishing backup lines of credit based on commitment lines set up with correspondent financial institutions.
■ Changes in the economic climate could cause exchange rate volatility. ■ Greater-than-expected volatility could affect the Group's business results or financial position.	■ The Group uses forward exchange contracts, currency swap contracts and currency option contracts to mitigate exchange rate fluctuation risk associated with certain foreign currency-denominated monetary payables and receivables. Further, the Group's overseas sales were less than 10% of consolidated revenues from operations as of 31st March 2015.
Risks related to businesses	
■ The further aging of society is expected to increase capital investment for safety countermeasures and construction to make facilities barrier-free. ■ Due to population decline resulting from lower birthrates, the Group's railways, buses, and taxis could see demand for passenger transportation decrease. Also, demand could decrease in other business.	■ Through continuous initiatives to heighten the value of the Umeda area and other areas served by Hankyu and Hanshin lines, the Group creates line-side areas in which people want to live permanently or visit frequently. ■ The Group has set its sights on growing by developing such new markets as the Tokyo metropolitan area market and overseas markets.
■ An accident in the railway business could cause customers great suffering.	■ The Group is keenly aware that being entrusted with passengers' lives is a serious responsibility. Therefore, placing first priority on ensuring the safety of customers is the basis of its business management. ■ Based on its strong commitment to putting customers first and giving the highest priority to safety, the Group is implementing a wide range of measures to upgrade tangible and intangible infrastructure and provide customers with improved safety. For details about safety measures in the Urban Transportation Business, please see pages 66 to 70.
■ Power supply shortages could disrupt train operations and other services. Also, higher electric utility rates could increase power and other costs.	■ The Group is steadily introducing energy-saving equipment to curb power consumption as much as possible. ■ The Group takes rigorous measures to ensure employees are aware of the importance of cost reductions. For details about the introduction of energy-saving rolling stock in the Urban Transportation Business, please see page 43.

Principal risks	The Group's countermeasures
■ A loss of trust in the quality and safety of products and services that the Group sells and offers or in the information it provides about them could lower revenues and lead to a deterioration in business results.	■ The Group ensures the quality and safety of its products and services and the appropriateness of the information it provides about them by confirming compliance with relevant laws and regulations and checking quality and hygiene management and food labelling.
■ Natural disasters, such as earthquakes, typhoons, or floods, or acts of terrorism could significantly damage the Group's businesses or transportation network infrastructure.	■ In the areas alongside their railway lines, Hankyu Corporation and Hanshin Electric Railway Co., Ltd. have installed water meters for rivers and rain and wind gauges for collecting observation data. Also, they use real-time information from meteorological observatories to ensure safe train operations. ■ If seismographs detect an earthquake with a seismic intensity of four or above, or if earthquake early warning systems forecast an earthquake of the same seismic intensity, the Group immediately begins procedures for the emergency suspension of the operations of all trains on line segments in earthquake zones. ■ If the Group recognises that continued vigilance is required with respect to acts of terrorism or other acts, or if suspicious items or persons are discovered or damage is incurred, it conducts crisis management appropriate to the threat level. ■ The Group has established emergency response systems for minimising the effect on society in the unlikely event of an incident that causes a long disruption to transportation services or results in a large number of casualties.
■ An outbreak or epidemic of an infectious disease such as severe acute respiratory syndrome (SARS) or a new strain of influenza could restrict economic activities or discourage customers from going out.	■ In preparation for the spread of an infectious disease, such as a new strain of influenza, the Group's core companies have directed the establishment of business continuity plans for each business division. During the outbreak of a new strain of influenza in 2009 and 2010, the Group minimised the effect on its businesses by determining the level of risk through ongoing surveys of each business division in relation to infection rates among employees and their families. ■ In the railway business, which provides a particularly important part of society's transportation infrastructure, the Group has established specific response plans in advance. For example, it has prepared multiple timetables based on scenarios envisaging shortages of transportation personnel due to the sudden spread of an infectious disease.

For further information on risks related to businesses and other risks, please see page 77.

Safety Initiatives in the Railway Business

Safety policy and safety objectives

Every day, countless customers use the services of both Hankyu Corporation and Hanshin Electric Railway and for precisely this reason, our mission is to ensure their absolute safety and peace of mind. Our measures to improve safety on a day-to-day basis, and also to ensure safety when problems occur, are all consolidated in the safety policy and objectives described below.

Hankyu Corporation

Safety objective

Maintaining elimination of accidents for which we bear responsibility

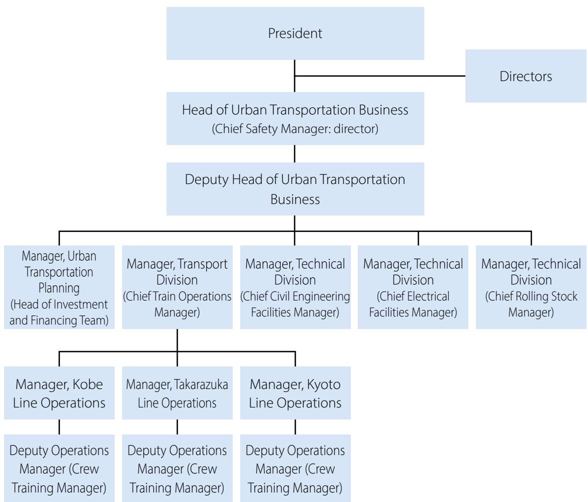
For the fiscal years from fiscal 2015 onward, we again set *elimination of accidents for which we bear responsibility* as our safety objective. This has been our safety objective since 2006, and we will continue to do our utmost to achieve it.

Safety Policy and Safety Priority Measures

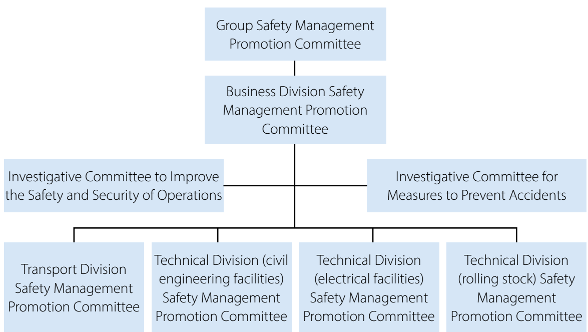
Provide safe, high-quality transportation services that fully justify public trust—Hankyu Corporation: *Safety and comfort*

- Promote awareness to prevent accidents caused by customers
- Heighten employees' safety awareness
- Create open workplace environments
- Conduct training to ensure development of personnel and handing down of skills
- Prevent accident recurrence rigorously by ensuring countermeasure implementation
- Prevent accidents by using accident precursor information and accident examples
- Realise railways with higher safety levels
- Expand and improve emergency responses during natural disasters and other large-scale disasters

Safety Management System



The Safety Management Promotion Committees



Positions and roles

◎President

The President determines the implementation, the management organisation, and the rules of the railway business and when formulating the Medium-Term Management Plan, which includes facilities and transportation, personnel, investment, and budget, the President verifies and ascertains the situation from the perspectives of safety and feasibility and instructs on improvements.

◎Chief Safety Manager

In order to prioritise securing the safety of railway facilities and rolling stock and the handling of operations, and to control and manage transportation operations in each division, the Chief Safety Manager works to disseminate safety management regulations and to ensure compliance with related laws and ordinances; to increase awareness of safety as the Group's most important priority; to confirm the implementation of transportation operations, management conditions, and the progress made in implementing the safety improvement measures stipulated in the Medium-Term Management Plan; and to implement improvement measures.

◎Chief Train Operations Manager

The Chief Train Operations Manager manages operations-related duties, including utilising the employees involved in operations, railway facilities, and rolling stock; setting and revising the operations plan; managing train crews, the operations of rolling stock, and train operations; and providing training for train crews and maintaining their capabilities.

◎Chief Crew Training Manager

Based on the instructions and orders of the Chief Train Operations Manager, the Chief Crew Training Manager maintains and manages the capabilities of train crews and periodically confirms and submits reports on the progress being made in improving their capabilities.

◎Other managers and responsible persons

In each division, other managers and responsible persons maintain and manage the facilities they are responsible for in order to ensure there are no obstacles to realising safe transportation.

The safety management promotion committees discuss, investigate, and report on a variety of proposals for transportation safety management. The safety management promotion committees include the Group Safety Management Promotion Committee, on which the President serves as chairperson; the Business Division Safety Management Promotion Committee, on which the Chief Safety Manager serves as chairperson; and the divisional safety management promotion committees.

Hanshin Electric Railway

Safety objective

Maintaining elimination of accidents for which we bear responsibility

We have maintained elimination of accidents for which we bear responsibility since April 1985 up to the present day.

Safety Policy

Maximum priority on safety

- The president, directors and employees shall do whatever they can to ensure safety of operations, based on the understanding that putting the highest priority on ensuring safety is the mission of railway businesses.

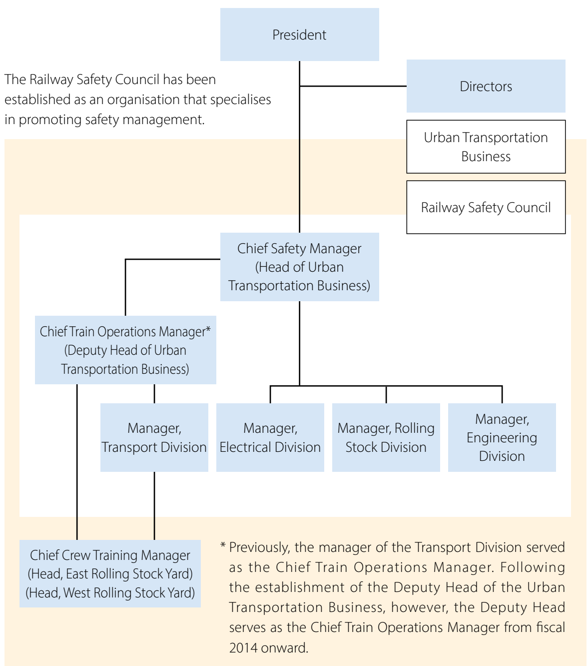
Compliance with laws and regulations

- The Company shall comply with all laws and regulations related to safety and apply them rigorously and sincerely in its operations.

Maintenance of safety management systems

- The Company shall implement continuous verification procedures to ensure safety management systems are operating appropriately.

Safety Management System



Positions and roles

◎ President

The President has the ultimate responsibility for ensuring transport safety.

◎ Chief Safety Manager (Head of Urban Transportation Business)

The Chief Safety Manager is responsible for overseeing all activities related to ensuring transport safety.

◎ Chief Train Operations Manager (Deputy Head of Urban Transportation Business)

Under the direction of the Chief Safety Manager, the Chief Train Operations Manager is responsible for operations including train operations, maintaining the capabilities of train crews, and other related operations.

◎ Transport Division Manager

Under the direction of the Chief Train Operations Manager, the Transport Division Manager assists in train operations.

◎ Chief Crew Training Manager (the heads of the East Rolling Stock Yard and the West Rolling Stock Yard)

Under the direction of the Chief Train Operations Manager, the Chief Crew Training Manager is responsible for ensuring all crew are properly qualified.

◎ Electrical Division Manager

Under the direction of the Chief Safety Manager, the Electrical Division Manager has overall control of items relating to electrical facilities.

◎ Rolling Stock Division Manager

Under the direction of the Chief Safety Manager, the Rolling Stock Division Manager has overall control of items relating to rolling stock.

◎ Engineering Division Manager

Under the direction of the Chief Safety Manager, the Engineering Division Manager has overall control of items relating to track, civil engineering and construction facilities.

Initiatives to Reinforce the Safety Management System (Using the PDCA Cycle)

By applying our safety management system (PDCA cycle) to a range of safety initiatives, we are aiming to create a virtuous cycle of improvement based on even higher safety goals.

Revisions to the Railway Business Law in October 2006 required railway companies to create new safety management systems dedicated to transport safety. Under our new safety management system, we are realising even higher levels of safety by applying the PDCA cycle, ensuring compliance with all related laws and regulations, conducting operations that place the highest priority on safety, and fostering greater awareness of safety issues among employees from directors down.

Safety Management Implementation

To ensure customers' safety and peace of mind, we implement safety measures for such familiar infrastructure as platforms and railway crossings while undertaking such major initiatives as the construction of grade separations and employee training. The following are examples of measures we implement year in, year out.

1. Training and Education

At government designated in-house training centres, Hankyu Corporation and Hanshin Electric Railway foster train drivers, train conductors, and railway station operations personnel. During the training period, trainees hoping to become drivers or conductors receive education on academic subjects and practical skills in accordance with a national curriculum. Also, experienced drivers act as instructors and provide rigorous one-to-one procedural training. Even after personnel have passed certification exams, we maintain and heighten the skills, awareness, and qualifications of drivers, conductors, and operations personnel by holding safety workshops and seminars and conducting training based on a range of scenarios.

Training of Drivers, Conductors, and Operations Personnel through an Instructor System

As well as training drivers, conductors, and railway station operations personnel with national certification by providing education on academic subjects and practical skills, Hankyu Corporation implements training under an instructor system. In this system, when trainees who hope to become drivers, conductors, or railway station operations personnel are learning their respective duties, an experienced employee is designated to act as an instructor and provide them with on-the-job training.

On-the-job training with instructors lasts approximately one month for conductors and approximately three and a half months for drivers. The mentoring relationship that this training process engenders promotes the sharing of a strong commitment to safety and never causing an accident. By performing actual duties under the supervision of an experienced instructor, candidates not only acquire knowledge and skills but also an appreciation of the paramount importance of *ensuring safety* in railway operations.

To foster personnel with advanced safety awareness, knowledge, and skills, securing the outstanding instructors that underpin the instructor system is indispensable. Therefore, Hankyu Corporation concentrates efforts on training instructors. The company appoints as instructors personnel who have at least seven years of operational experience, the recommendation of a superior, and the approval of their division's general manager. Instructors shoulder a considerable responsibility because they must instruct trainees with precision and empathy. At the same time, however, this responsibility provides instructors with an opportunity for personal growth.

The training of drivers and conductors based on the instructor system began roughly 50 years ago. Since then, while adapting the system to reflect changes in current needs, we have kept it at the heart of our safety training.

2. Equipment-Based Countermeasures and Equipment Inspections

Initiatives for Natural Disasters

1. Responding to rain storms

During rain storms, we direct trains to reduce speed or suspend operations based on information obtained from the rain gauges, wind gauges, and water meters installed alongside our railway lines and meteorological information from the Japan Meteorological Agency.

2. Responding to earthquakes

If earthquake early warning systems forecast an earthquake with a seismic intensity of four or above, or if seismographs installed alongside our railway lines detect an earthquake of the same seismic intensity, we immediately begin procedures for the emergency suspension of the operations of trains on line segments in earthquake zones.

3. Responding to actions of third parties, such as acts of terrorism

If there is a warning that the actions of third parties, such as acts of terrorism, could cause serious incidents with extremely significant effects on society, or if such a warning calls for continued vigilance, or if suspicious items or persons are discovered or damage is incurred, we take measures appropriate to the threat level.

Further, we have installed security cameras in railway stations and station concourses to prevent crime.

Maintenance Work: Indispensable for Safe, Comfortable Operations

We have many different types of electrical equipment, including signal safety equipment, secure communication equipment, railway crossing safety equipment, power equipment, railway track equipment, and substation equipment, which we inspect regularly based on prescribed inspection schedules.


Scheduled inspection of a signal


Scheduled inspection of secure communication equipment


Abrasion measurement by an overhead-wire-inspection vehicle


Inspection of substation equipment

Inspection of railway tracks is indispensable to ensuring the safe operation of rolling stock. Further, we implement corrective grinding of slightly uneven parts of rail surfaces to improve ride comfort and implement corrections to reduce noise and vibration.


Railway track inspection vehicle


Vehicle for the corrective grinding of rails

We conduct inspections at our plants to maintain the safety of rolling stock. Regular inspections include train inspections, monthly status and function inspections, main component inspections, and overall inspections. In addition, we conduct unscheduled inspections as required.


A monthly status and function inspection


An overall inspection

Main Component Inspections

We inspect the main components of power generation devices, running devices, brake devices, and other important devices every four years, or before rolling stock covers a distance of 600,000 km in the course of operations, whichever is the shorter period.

Corporate Social Responsibility—
Social Contribution and Environmental Preservation Activities

We believe contributing to local communities and preserving the environment are social responsibilities that it is incumbent upon us to fulfil and which are essential for our medium-to-long-term development. Therefore, the two pillars of our corporate social responsibility activities are social contributions, which develop towns and cities in partnership with local communities, and environmental preservation activities promoting environment-friendly business activities.

Social Contribution Activities

Our businesses are rooted in local communities. Therefore, invigorating areas served by our lines strengthens the foundations of our businesses and grows medium-to-long-term earnings. Further, working in partnership with such stakeholders as customers, citizens' groups, Group companies, and employees and building trust helps enhance brand value. With this in mind, through the Hankyu Hanshin Dreams and Communities of the Future Project, the Group is advancing social contribution activities aimed at working with many different stakeholders to develop towns and cities served by its lines.

私たちは、未来へつなぐ
「環境づくり」と「人づくり」に貢献します。

Basic policy | We intend to promote the creation of towns and cities along our railway lines that people will truly want to live in.

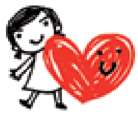
Priority areas Our social contribution activities focus on two priority areas: environment-friendly development, which improves the environment in towns and cities, and human capital development, aimed at fostering the generation that will be responsible for the future of communities.

Environment-friendly development

As a Group with strong local roots, we are committed to sustainable community building with environment-friendly developments that provide local residents with security, peace of mind, and cultural enrichment.

Human capital development

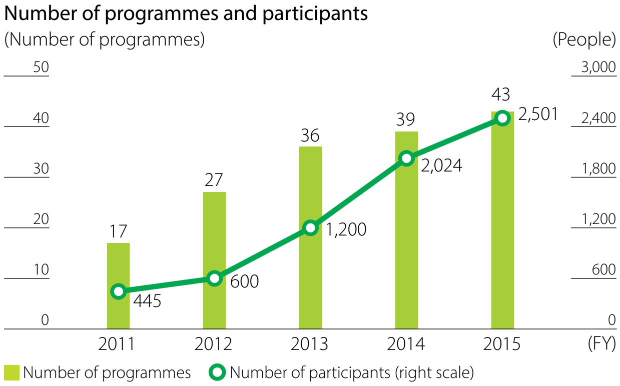
We are creating opportunities for the healthy development of ambitious children, upon whose shoulders the task of building the communities of the future rests.



Example Initiative Fostering the Future Leaders of Communities

The Hankyu Hanshin Dreams and Communities Challenge Troop are experience-based learning programmes for primary school students, which we hold in summer. In response to the Ministry of Education, Culture, Sports, Science and Technology's promotion of career education, we encourage children to cultivate ambitions by providing them with opportunities to learn through first-hand experience. In the programmes, our frontline personnel conduct lessons for children in a variety of workplaces, including railway operations, hotels, baseball stadiums, theatres, and commercial facilities. Since we began the initiative in 2010, we have conducted more than 175 programmes, and 7,174 primary school students have participated in them. The programmes are popular with customers. In fiscal 2015, we received applications from approximately 20,000 students for the programmes' 2,501 places. In 2014, reflecting high evaluation of the variety of our programmes as well as our expansion of them, we received a Good Design Award, which is a commendation that recognises outstanding products and systems. Other initiatives that focus on the sound development of children living in areas served by our lines include helping children experience art and culture. Furthermore, through the Hankyu Hanshin Dreams and Communities of the Future Fund, which is based on donations from employees, we provide grants to citizens' groups that address such problems as child abuse and truancy in areas served by our lines.

Number of programmes and participants



The Hankyu Hanshin Holdings Group conducts a wide range of other social contribution activities. For details about these activities, please visit the Group's web site.

http://www.hankyu-hanshin.co.jp/yume-machi/top.html
(Available only in Japanese)

Environmental Preservation Activities

The Group has established a Basic Environmental Philosophy and Basic Environmental Policies, which guide its environmental preservation activities. We have implemented energy-saving measures for many years with a view to helping prevent global warming. In particular, since the Great East Japan Earthquake, we have been stepping up efforts aimed at saving electricity, which has become a pressing task for society. At the same time, we have taken a variety of measures to reduce our environmental burden. Further, to advance such activities Groupwide, the Group has established the Environment Committee, chaired by the president and representative director of Hankyu Hanshin Holdings, Inc., which exercises control over all environmental preservation activities that Group companies implement within each core business.

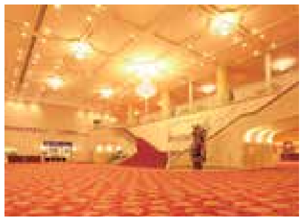
Basic Concept Mindful that global environmental preservation is a task facing all mankind, the Hankyu Hanshin Holdings Group works for a sustainable society through environmental activities aimed at handing down a sounder global and human environment to the next generation.

Example Initiative: Taking Measures to Prevent Global Warming

At all of our facilities, including railway stations, theatres, and office buildings, we are promoting the introduction of LED lighting, which reduces electricity consumption and has a long service life that reduces waste. For example, the Ministry of the Environment has selected our installation of LED lighting in the underground sections of the Hankyu Kyoto Line, from Saiin Station to Kawaramachi Station, as a model project for concentrated support for the development of low-carbon communities. By installing LED lighting in 4,261 light fixtures and signs between fiscal 2012 and fiscal 2013, we reduced electricity use 54%* versus 1990 levels.

In recognition of such initiatives to reduce energy use significantly, Hankyu Corporation received an award for the year ended 31st March 2015, as a superior company in transportation-related efforts to prevent global warming from the director of the Ministry of Land, Infrastructure, Transport and Tourism's Kinki District Transport Bureau.

* Comparison only versus lighting that the project replaced with LED lighting



Example Initiative: Reducing and Recycling Waste

Environment-friendly business management has long been an integral part of the operations of Hankyu Bus Co., Ltd. Since 2005, six of the company's operating bases have acquired green management accreditation for meeting required levels of environmental preservation from the Foundation for Promoting Personal Mobility and Ecological Transportation, an extra-departmental organisation of the Ministry of Land, Infrastructure, Transport and Tourism.

Further, Hankyu Bus has buses that operate on biodiesel fuel refined from used edible oil. The oil is collected from Group hotels, food factories, and the residents of *Geo* brand condominiums that Hankyu Realty Co., Ltd. sells. Thus, the initiative utilises an advantage resulting from the variety of businesses rooted in local communities that the Group operates.

The Hankyu Hanshin Holdings Group conducts a wide range of other environmental preservation activities. For details about these activities, please visit the web site below.

http://www.hankyu-hanshin.co.jp/csr/eco/
(Available only in Japanese)

Consolidated Six-Year Summary

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2015
Result of Operations (millions of yen and thousands of U.S. dollars): *1							
Revenues from operations	¥ 653,287	¥ 638,770	¥ 649,703	¥ 682,439	¥ 679,157	¥ 685,906	$ 5,715,883
Operating income	70,126	64,743	73,809	87,921	91,828	94,026	783,550
EBITDA*2	133,200	127,100	133,500	145,100	149,200	150,100	1,250,833
Ordinary income	50,409	46,494	65,393	74,914	81,191	85,590	713,250
Income before income taxes and minority interests	33,899	32,760	43,419	62,192	83,542	77,620	646,833
Net income	10,793	18,068	39,252	39,702	46,352	54,201	451,675
Comprehensive income	12,541	14,728	44,992	54,081	55,941	71,034	591,950
Capital expenditure	132,386	68,431	55,267	59,512	80,722	68,115	567,625
Depreciation and amortisation	60,418	59,669	56,968	54,540	54,474	53,143	442,858
Cash Flows (millions of yen and thousands of U.S. dollars):							
Cash flows from operating activities	¥ 146,955	¥ 103,252	¥ 124,525	¥ 127,655	¥ 146,991	¥ 131,881	$ 1,099,008
Cash flows from investing activities	(132,737)	(62,516)	(44,295)	(58,923)	(45,517)	(52,529)	(437,742)
Cash flows from financing activities	(24,200)	(39,544)	(78,978)	(69,195)	(105,079)	(81,746)	(681,217)
Increase (decrease) in cash and cash equivalents	(9,680)	474	767	817	(1,840)	(1,125)	(9,375)
Cash and cash equivalents at end of year	21,440	22,592	23,572	25,581	24,497	23,497	195,808
Financial Position (millions of yen and thousands of U.S. dollars):							
Total assets	¥2,337,331	¥2,314,669	¥2,274,380	¥2,281,007	¥2,286,928	¥2,279,638	$18,996,983
Total net assets	480,633	486,947	524,801	573,154	617,598	679,482	5,662,350
Interest-bearing debt	1,282,583	1,251,665	1,183,647	1,126,633	1,032,307	955,828	7,965,233
Per Share Data (yen and U.S. dollars):							
Net income—Basic	¥ 8.55	¥ 14.32	¥ 31.13	¥ 31.48	¥ 36.76	¥ 42.98	$ 0.36
Net income—Diluted	8.51	14.27	31.13	31.47	36.75	42.95	0.36
Net assets	371.70	377.17	407.01	443.63	477.69	525.56	4.38
Dividend	5.00	5.00	5.00	5.00	6.00	6.00	0.05
Ratios:							
Operating income margin (%)	10.7	10.1	11.4	12.9	13.5	13.7	—
ROA (%)*3	2.2	2.0	2.8	3.3	3.6	3.7	—
ROE (%)*4	2.3	3.8	7.9	7.4	8.0	8.6	—
Interest-bearing debt/EBITDA (times)	9.6	9.8	8.9	7.8	6.9	6.4	—
Equity ratio (%)	20.1	20.6	22.6	24.5	26.3	29.1	—
Debt/equity (D/E) ratio (times)*5	2.7	2.6	2.3	2.0	1.7	1.4	—
Interest coverage ratio (times)*6	6.3	4.6	6.0	6.7	8.8	9.2	—
Others:							
Number of outstanding shares (thousands)	1,271,406	1,271,406	1,271,406	1,271,406	1,271,406	1,271,406	—
Number of employees	20,938	21,302	20,811	20,751	20,913	21,037	—

*1. The U.S. dollar amounts have been translated, for convenience only, at ¥120 = $1, the prevailing exchange rate on the Tokyo Foreign Exchange Market as of 31st March 2015.
*2. EBITDA = operating income + depreciation expenses + amortisation of goodwill
EBITDA figures are rounded to the nearest ¥100 million.
*3. ROA = ordinary income/total assets (average of period-start and period-end totals)
*4. ROE = net income/equity (average of period-start and period-end totals)
*5. D/E ratio = interest-bearing debt/equity
*6. Interest coverage ratio = cash flows from operating income / interest expense

Consolidated Financial Review

Analysis of Operating Results for fiscal 2015 (fiscal year ended March 2015)

Revenues from operations increased 1.0%, or ¥6,748 million, year on year, to ¥685,906 million. This reflected a favourable performance by the Entertainment and Communications Business due to the Hanshin Tigers professional baseball team reaching the Japan Series and the popularity of the performances of the Takarazuka Revue, which celebrated its 100th anniversary, and higher revenues from construction and other businesses of the Other segment.

Operating income rose 2.4%, or ¥2,198 million, year on year, to ¥94,026 million, thanks to the abovementioned increase in revenues from operations and the curbing of expenses in each business segment.

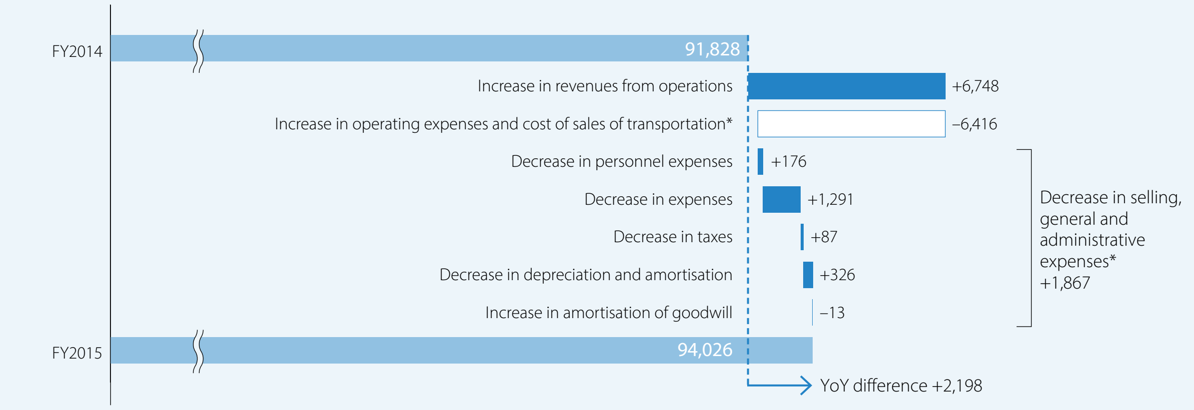
Further, ordinary income was up 5.4%, or ¥4,398 million, year on year, to ¥85,590 million, because of higher equity in income of affiliates and a decrease in interest expenses accompanying lower interest-bearing debt.

Net income grew 16.9%, or ¥7,849 million, year on year, to ¥54,201 million, thanks to a reversal of deferred tax assets and liabilities that resulted from revision of the tax system (a reduction in total income taxes). This positive factor counteracted lower gain on sale of property and equipment—due to sale of part of the equity held in Hankyu Nishinomiya Gardens in the previous fiscal year—and a deterioration in total extraordinary income net of total extraordinary loss, which arose from the recognition of loss on impairment of fixed assets that was incurred as a result of the relocation and reconstruction of Takarazuka Hotel.

Note: Summary of consolidated business results: please also see To Our Stakeholders on pages 18 to 20.

Analysis of operating income

(¥ million)



* Retirement benefit expenses are included in cost of revenues from operations, with the change being –321.

Segment Information

The following table shows business performance for each core segment. For a review of these results, please refer to the page indicated at the foot of the table.

(¥ million)

	Urban Transportation	Real Estate	Entertainment and Communications	Travel	International Transportation	Hotels	Other	Adjustments	Consolidated
Revenues from operations									
FY2015	**233,419**	**206,444**	**112,632**	**31,965**	**39,419**	**63,031**	**41,678**	**–42,684**	**685,906**
FY2014	234,555	208,610	110,350	33,006	37,696	63,695	34,713	–43,469	679,157
YoY difference	–1,135	–2,166	+2,282	–1,041	+1,723	–663	+6,965	+785	+6,748
Operating income									
FY2015	**38,553**	**37,173**	**14,993**	**1,227**	**3,053**	**1,216**	**1,032**	**–3,223**	**94,026**
FY2014	38,494	38,008	14,172	1,224	2,051	809	849	–3,781	91,828
YoY difference	+59	–835	+821	+3	+1,002	+406	+183	+558	+2,198
Reference page	P.41	P.45	P.49	P.51	P.53	P.55	—	—	—

Review of Financial Position

1. Assets, Liabilities, and Net Assets

Total assets at the end of the fiscal year under review stood at ¥2,279,638 million, a decrease of ¥7,290 million from the previous fiscal year-end. This mainly stemmed from the decrease in land and buildings.

Total liabilities decreased ¥69,174 million from the previous fiscal year-end, to ¥1,600,155 million, due partly to the reduction in interest-bearing debt.

Net assets increased ¥61,883 million from the previous fiscal year-end, to ¥679,482 million, due mainly to an increase in retained earnings.

As a result, the equity ratio stood at 29.1%, and ROE was 8.6%.

2. Cash Flows

Cash and cash equivalents decreased ¥1,000 million from the previous fiscal year-end, to ¥23,497 million.

(1) Cash Flows from Operating Activities

Net cash provided by operating activities was ¥131,881 million (down 10.3% year on year). The main factors were income before income taxes and minority interests of ¥77,620 million, depreciation and amortisation of ¥53,143 million, and income taxes paid of ¥10,836 million.

(2) Cash Flows from Investing Activities

Net cash used in investing activities was ¥52,529 million (up 15.4% year on year). This primarily reflected purchases of noncurrent assets of ¥86,970 million, which counteracted receipt of contributions for construction of ¥21,098 million and proceeds from sale of investment securities of ¥19,747 million.

(3) Cash Flows from Financing Activities

Net cash used in financing activities was ¥81,746 million (down 22.2% year on year). This was due partly to a net decrease in borrowings of ¥6,077 million and dividends paid of ¥8,229 million.

Trends in cash flow indicators

	FY2011	FY2012	FY2013	FY2014	**FY2015**
Equity ratio (%)	20.6	22.6	24.5	26.3	**29.1**
Equity ratio (%) (market value basis)	20.9	20.0	31.5	31.0	**41.1**
Cash flows/interest-bearing debt ratio (times)	12.1	9.5	8.8	7.0	**7.2**
Interest coverage ratio (times)	4.6	6.0	6.7	8.8	**9.2**

Notes: Equity ratio = equity/total assets
Equity ratio (market value basis) = market capitalisation/total assets
Cash flows/interest-bearing debt ratio = interest-bearing debt/operating cash flows
Interest coverage ratio = Net cash provided by operating activities/interest expense

* Each index has been calculated in accordance with financial indicators on a consolidated basis.
* Market capitalisation has been calculated as follows: year-end closing stock price × total shares issued at year-end (after deduction of treasury stock).

3. Fund Procurement

The outstanding balance of consolidated interest-bearing debt at the end of the fiscal year under review amounted to ¥955,828 million, a decrease of ¥76,479 million from the previous fiscal year-end. This was because net cash provided by operating activities more than compensated for acquisition of land for the Ebie 1-Chome development plan and capital expenditure for the building of new rolling stock.

The ratio of consolidated interest-bearing debt/EBITDA (operating income before amortisation), which is the benchmark the Company uses for assessing the soundness of its financial position, stood at 6.4 times (compared with 6.9 times in the previous fiscal year).

Consolidated Capital Expenditure and Depreciation and Amortisation

Capital expenditure in the fiscal year under review (consolidated basis; including intangible assets) decreased ¥12,607 million (15.6%) year on year, to ¥68,115 million.

The following is a breakdown for each business segment.

	FY2015	YoY
Urban Transportation	32,072 millions of yen	16.5%
Real Estate	25,828	–40.6
Entertainment and Communications	6,092	9.5
Travel	660	–44.0
International Transportation	476	–17.6
Hotels	1,497	–17.6
Other	960	88.2
Total	67,587	–16.2
Adjustments	527	411.7
Consolidated	68,115	–15.6

Urban Transportation

The railway business carried out capital investment with a focus on safety and service improvement, built new rolling stock, and improved existing rolling stock.

Real Estate

The Real Estate Business acquired land for the Ebie 1-Chome development plan and implemented the Umeda 1-1 Project.

Entertainment and Communications

The Entertainment and Communications Business relocated the Sumire Dormitory to a newly constructed building.

Travel

In the Travel Business, Hankyu Travel International Co., Ltd. invested in systems to strengthen Internet sales.

International Transportation

In the International Transportation Business, Hankyu Hanshin Express Co., Ltd. invested in systems to establish global IT-enabled alliances.

Hotels

In the Hotels Business, Hankyu Hanshin Hotels Co., Ltd. refurbished the guest rooms of its hotels.

Depreciation and amortisation decreased ¥1,331 million (2.4%) from the previous year (consolidated basis), to ¥53,143 million.

Business Risks

The various categories of risk to which the business performance, stock price, financial position and other aspects of operations of the Hankyu Hanshin Holdings Group are subject are detailed below. Nevertheless, these dangers do not encompass all risks attendant on Group activities and there are risks other than those stated below which are difficult to foresee.

Information about future events that appears in this report was determined by the Group to be current as of 31st March 2015.

Legal Risk

In accordance with the stipulations of Article 3 of the Railway Business Law, the Group must obtain separate permissions, from the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), for each category of railway operations on each route that it intends to operate. Moreover, under Article 16 of the Law, a railway operator must obtain the Ministry's approval for the passenger fares it intends to set and on each occasion when it wishes to change the fares. Consequently, there is a certain risk that the Group's railway operations may be constrained in some way by the Ministry's administration of these regulations.

Progress in Large-Scale Development Projects

The Group seeks to utilise its working assets more effectively to facilitate the development of areas served by Hankyu and Hanshin lines. To raise its asset effectiveness, the Group is pursuing the following initiatives: "Umeda 1-1 Project" (rebuilding of the Dai Hanshin Building and the Shin Hankyu Building) and further development of the International Culture Park "Saito" (a new town). These projects are all seen as key to the Group's future growth, and management will be working to steadily complete them. However, in the event of rapid and major changes in the business environment, affecting land prices or urban development plans, the business performance and financial position of the Group could be adversely affected.

Interest-Bearing Debt

The balance of interest-bearing debt held by the Group as of the end of March 2015, on a consolidated basis, was ¥955,828 million. As a result of the acquisition of shares in Hanshin Electric Railway Co., Ltd. through a successful public tender offer (takeover bid) on 27th June 2006, Hanshin Electric Railway has become a consolidated subsidiary of Hankyu Holdings. This acquisition has resulted in an increase in the balance of interest-bearing debt of the Group. On the other hand, management integration between the Hankyu Holdings Group and Hanshin Electric Railway Group has increased cash flows, so the Group is not expected to have any significant difficulty in repaying its debts.

The Group will take measures to diversify its fund procurement methods to deal with an increase in interest-bearing debt resulting from the integration, and will use all possible means to minimise the negative impact of interest rate movements. But in the unlikely event that interest rates rise suddenly and in excess of our projections, this could exert an adverse effect on the business performance and financial position of the Group.

Affiliated Companies

In order to ensure greater convenience for users of the Hokushin Kyuko Railway Line (run by consolidated subsidiary Hokushin Kyuko Railway Co., Ltd.), Hankyu Corporation (a consolidated subsidiary) has agreed to a plan transferring railway facilities held by Hokushin Kyuko Railway to Kobe Rapid Transit Railway Co., Ltd. (a consolidated subsidiary) and retaining railway business as a tier 2 railway operator. To facilitate the plan, in fiscal 2003, Hankyu Corporation provided Kobe Rapid Transit Railway with financing for part of the funds necessary to purchase the facilities.

In September 2007, Kobe Electric Railway Co., Ltd. (an equity method affiliate), temporarily suspended support for the rehabilitation of Hokushin Kyuko Railway. To uphold the rehabilitation project, additional financing was extended to Hokushin Kyuko Railway by Hankyu Corporation. We will continue to provide assistance to ensure that Hokushin Kyuko Railway can conduct smooth and efficient operations as a tier 2 railway operator. However, the business performance and financial position of the Group could be affected by changes in this plan.

Decline in the Market Value of Assets Held by Members of the Hankyu Hanshin Holdings Group

In the case of a substantial decline in the market value of inventory assets, property and equipment and intangible assets, investment securities, and other assets, the recording of impairment losses or valuation losses would likely have a negative impact on the earnings performance and financial position of the Hankyu Hanshin Holdings Group.

Natural Disasters

Operating as it does a very wide range of businesses in its Urban Transportation, Real Estate, Entertainment and Communications, Travel, International Transportation, and Hotels segments, the Group has a correspondingly large assortment of facilities necessary for conduct of business, such as railway installations and buildings and retail outlets for rent. In the event of earthquakes or other major disasters, the business performance and financial position of the Group could be adversely affected by damage to these facilities.

Consolidated Balance Sheets

As of 31st March 2014 and 2015

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Assets:			
Current assets:			
Cash and deposits	¥ 25,368	¥ 25,614	$ 213,450
Trade receivables	80,063	80,673	672,275
Land and buildings for sale	105,147	97,587	813,225
Finished products and merchandise	2,503	2,300	19,167
Work in progress	4,079	4,440	37,000
Materials and supplies	4,206	4,321	36,008
Deferred tax assets	5,736	6,195	51,625
Other	44,163	33,347	277,892
Allowance for doubtful receivables	(349)	(291)	(2,425)
Total current assets	270,919	254,188	2,118,233
Noncurrent assets:			
Property and equipment:			
Buildings and structures—net [NOTE 5 ③]	596,308	580,155	4,834,625
Machinery, equipment and vehicles—net [NOTE 5 ③]	44,762	49,576	413,133
Land [NOTES 5 ③ and ⑤]	921,004	919,147	7,659,558
Construction in progress	94,200	119,077	992,308
Other—net [NOTE 5 ③]	20,349	18,806	156,717
Total property and equipment [NOTES 5 ① and ②]	1,676,624	1,686,763	14,056,358
Intangible assets:			
Goodwill	33,687	30,845	257,042
Other [NOTES 5 ② and ③]	17,718	16,720	139,333
Total intangible assets	51,406	47,565	396,375
Investments and other assets:			
Investment securities [NOTES 5 ③ and ④]	246,617	244,626	2,038,550
Deferred tax assets	4,906	4,245	35,375
Net defined benefit asset	2,395	8,709	72,575
Other	34,532	33,871	282,258
Allowance for doubtful receivables	(473)	(332)	(2,767)
Total investments and other assets	287,978	291,120	2,426,000
Total noncurrent assets	2,016,009	2,025,449	16,878,742
Total assets	2,286,928	2,279,638	18,996,983

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Liabilities:			
Current liabilities:			
Trade payables	¥ 42,943	¥ 42,429	$ 353,575
Accrued expenses	19,373	18,938	157,817
Short-term borrowings [NOTE 5 ③]	313,305	239,566	1,996,383
Current portion of bonds	20,000	—	—
Lease obligations	2,028	1,831	15,258
Income taxes payable	5,729	15,220	126,833
Provision for bonuses	4,214	4,148	34,567
Other [NOTE 5 ③]	156,626	149,639	1,246,992
Total current liabilities	564,220	471,774	3,931,450
Long-term liabilities:			
Long-term debt [NOTE 5 ③]	585,300	594,047	4,950,392
Bonds	102,000	112,000	933,333
Lease obligations	9,673	8,382	69,850
Deferred tax liabilities	189,178	189,698	1,580,817
Deferred tax liabilities related to land revaluation [NOTE 5 ⑤]	5,557	5,277	43,975
Net defined benefit liability	60,093	56,950	474,583
Long-term deferred contribution for construction	37,258	44,941	374,508
Other	116,047	117,082	975,683
Total long-term liabilities	1,105,109	1,128,381	9,403,175
Total liabilities	1,669,330	1,600,155	13,334,625
Net assets:			
Shareholders' equity:			
Common stock	99,474	99,474	828,950
Capital surplus	150,027	150,027	1,250,225
Retained earnings	344,020	389,511	3,245,925
Less treasury stock, at cost	(4,553)	(4,534)	(37,783)
Total shareholders' equity	588,969	634,479	5,287,325
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	8,885	18,052	150,433
Deferred gains or losses on hedges	480	(143)	(1,192)
Revaluation reserve for land [NOTE 5 ⑤]	5,060	5,417	45,142
Foreign currency translation adjustments	366	1,756	14,633
Cumulative adjustments related to retirement benefit plans	(1,712)	3,033	25,275
Total accumulated other comprehensive income	13,081	28,116	234,300
Subscription rights to shares	208	318	2,650
Minority interests [NOTE 5 ⑤]	15,338	16,566	138,050
Total net assets	617,598	679,482	5,662,350
Total liabilities and net assets	2,286,928	2,279,638	18,996,983

Consolidated Statements of Income

Years ended 31st March 2014 and 2015

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Revenues from operations	¥679,157	¥685,906	$5,715,883
Costs of revenues from operations:			
Operating expenses and cost of sales of transportation [NOTE 6 ①]	556,346	562,762	4,689,683
Selling, general and administrative expenses [NOTE 6 ②]	30,983	29,116	242,633
Total costs of revenues from operations [NOTE 6 ③]	587,329	591,879	4,932,325
Operating income	91,828	94,026	783,550
Non-operating income:			
Interest income	130	124	1,033
Dividends income	1,341	1,399	11,658
Equity in income of affiliates	3,798	4,543	37,858
Miscellaneous income	2,575	2,358	19,650
Total non-operating income	7,845	8,425	70,208
Non-operating expenses:			
Interest expenses	16,235	14,013	116,775
Miscellaneous expenses	2,246	2,848	23,733
Total non-operating expenses	18,481	16,862	140,517
Ordinary income	81,191	85,590	713,250
Extraordinary income:			
Gain on contributions for construction	1,885	4,557	37,975
Gain on sales of noncurrent assets [NOTE 6 ④]	8,508	973	8,108
Gain on sales of investment securities	641	3,436	28,633
Other	682	282	2,350
Total extraordinary income	11,718	9,249	77,075
Extraordinary loss:			
Loss on reduction of noncurrent assets	1,910	4,408	36,733
Loss on impairment of fixed assets [NOTE 6 ⑤]	2,297	5,125	42,708
Provision for loss on removal of property and equipment	1,146	—	—
Loss on sales of investment securities	4	4,886	40,717
Other	4,009	2,799	23,325
Total extraordinary loss	9,367	17,219	143,492
Income before income taxes and minority interests	83,542	77,620	646,833
Income taxes—current	7,042	25,095	209,125
Income taxes—deferred	28,578	(3,246)	(27,050)
Total income taxes	35,620	21,848	182,067
Income before minority interests	47,921	55,772	464,767
Minority interests in income	1,569	1,570	13,083
Net income	46,352	54,201	451,675

Consolidated Statements of Comprehensive Income

Years ended 31st March 2014 and 2015

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Income before minority interests	¥47,921	¥55,772	$464,767
Other comprehensive income:			
Valuation difference on available-for-sale securities	4,443	5,920	49,333
Deferred gains or losses on hedges	(293)	(627)	(5,225)
Revaluation reserve for land	(15)	279	2,325
Foreign currency translation adjustments	2,180	1,564	13,033
Remeasurements of defined benefit plans	—	4,594	38,283
Share of other comprehensive income of associates accounted for using equity method	1,704	3,531	29,425
Total other comprehensive income [NOTE 7 ①]	8,019	15,262	127,183
Comprehensive income	55,941	71,034	591,950
Comprehensive income attributable to:			
Owners of the parent	54,201	69,299	577,492
Minority interests	1,739	1,735	14,458

Consolidated Statements of Changes in Net Assets

Years ended 31st March 2014 and 2015

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Less treasury stock, at cost	Total shareholders' equity
Balance as of 1st April 2013	¥99,474	¥150,027	¥307,108	¥(4,209)	¥552,400
Cumulative effect of changes in accounting policies					—
Balance at beginning of the fiscal year under review reflecting changes in accounting policies	99,474	150,027	307,108	(4,209)	552,400
Changes of items during the period					
Dividends from surplus			(9,500)		(9,500)
Net income			46,352		46,352
Reversal of revaluation reserve for land			54		54
Purchase of treasury stock				(385)	(385)
Disposal of treasury stock			(13)	41	28
Change in scope of consolidation			19		19
Changes in equity in affiliates accounted for by equity method-treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	36,912	(344)	36,568
Balance as of 31st March 2014	99,474	150,027	344,020	(4,553)	588,969
Cumulative effect of changes in accounting policies			(398)		(398)
Balance at beginning of the fiscal year under review reflecting changes in accounting policies	99,474	150,027	343,622	(4,553)	588,570
Changes of items during the period					
Dividends from surplus			(8,229)		(8,229)
Net income			54,201		54,201
Reversal of revaluation reserve for land			0		0
Purchase of treasury stock				(169)	(169)
Disposal of treasury stock		0		2	2
Change in scope of consolidation			(83)		(83)
Changes in equity in affiliates accounted for by equity method-treasury stock				186	186
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	0	45,889	19	45,908
Balance as of 31st March 2015	99,474	150,027	389,511	(4,534)	634,479

	Millions of yen								
	Accumulated other comprehensive income								
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Minority interests	Total net assets
Balance as of 1st April 2013	¥ 2,817	¥ 770	¥5,130	¥(1,719)	¥ —	¥ 6,999	¥112	¥13,642	¥573,154
Cumulative effect of changes in accounting policies						—			—
Balance at beginning of the fiscal year under review reflecting changes in accounting policies	2,817	770	5,130	(1,719)	—	6,999	112	13,642	573,154
Changes of items during the period									
Dividends from surplus									(9,500)
Net income									46,352
Reversal of revaluation reserve for land									54
Purchase of treasury stock									(385)
Disposal of treasury stock									28
Change in scope of consolidation									19
Changes in equity in affiliates accounted for by equity method-treasury stock									(0)
Net changes of items other than shareholders' equity	6,067	(289)	(70)	2,086	(1,712)	6,082	96	1,696	7,875
Total changes of items during the period	6,067	(289)	(70)	2,086	(1,712)	6,082	96	1,696	44,443
Balance as of 31st March 2014	8,885	480	5,060	366	(1,712)	13,081	208	15,338	617,598
Cumulative effect of changes in accounting policies						—		(30)	(429)
Balance at beginning of the fiscal year under review reflecting changes in accounting policies	8,885	480	5,060	366	(1,712)	13,081	208	15,307	617,168
Changes of items during the period									
Dividends from surplus									(8,229)
Net income									54,201
Reversal of revaluation reserve for land									0
Purchase of treasury stock									(169)
Disposal of treasury stock									2
Change in scope of consolidation									(83)
Changes in equity in affiliates accounted for by equity method-treasury stock									186
Net changes of items other than shareholders' equity	9,166	(624)	357	1,389	4,745	15,035	109	1,259	16,404
Total changes of items during the period	9,166	(624)	357	1,389	4,745	15,035	109	1,259	62,313
Balance as of 31st March 2015	18,052	(143)	5,417	1,756	3,033	28,116	318	16,566	679,482

Consolidated Statements of Changes in Net Assets

	Thousands of U.S. dollars				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Less treasury stock, at cost	Total shareholders' equity
Balance as of 1st April 2014	$828,950	$1,250,225	$2,866,833	$(37,942)	$4,908,075
Cumulative effect of changes in accounting policies			(3,317)		(3,317)
Balance at beginning of the fiscal year under review reflecting changes in accounting policies	828,950	1,250,225	2,863,517	(37,942)	4,904,750
Changes of items during the period					
Dividends from surplus			(68,575)		(68,575)
Net income			451,675		451,675
Reversal of revaluation reserve for land			0		0
Purchase of treasury stock				(1,408)	(1,408)
Disposal of treasury stock		0		17	17
Change in scope of consolidation			(692)		(692)
Changes in equity in affiliates accounted for by equity method-treasury stock				1,550	1,550
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	0	382,408	158	382,567
Balance as of 31st March 2015	828,950	1,250,225	3,245,925	(37,783)	5,287,325

	Thousands of U.S. dollars								
	Accumulated other comprehensive income								
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Minority interests	Total net assets
Balance as of 1st April 2014	$ 74,042	$ 4,000	$42,167	$ 3,050	$(14,267)	$109,008	$1,733	$127,817	$5,146,650
Cumulative effect of changes in accounting policies						—		(250)	(3,575)
Balance at beginning of the fiscal year under review reflecting changes in accounting policies	74,042	4,000	42,167	3,050	(14,267)	109,008	1,733	127,558	5,143,067
Changes of items during the period									
Dividends from surplus									(68,575)
Net income									451,675
Reversal of revaluation reserve for land									0
Purchase of treasury stock									(1,408)
Disposal of treasury stock									17
Change in scope of consolidation									(692)
Changes in equity in affiliates accounted for by equity method-treasury stock									1,550
Net changes of items other than shareholders' equity	76,383	(5,200)	2,975	11,575	39,542	125,292	908	10,492	136,700
Total changes of items during the period	76,383	(5,200)	2,975	11,575	39,542	125,292	908	10,492	519,275
Balance as of 31st March 2015	150,433	(1,192)	45,142	14,633	25,275	234,300	2,650	138,050	5,662,350

Consolidated Statements of Cash Flows

Years ended 31st March 2014 and 2015

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 83,542	¥ 77,620	$ 646,833
Depreciation and amortisation	54,474	53,143	442,858
Loss on impairment of fixed assets	2,297	5,125	42,708
Amortisation of goodwill	2,916	2,929	24,408
Equity in (income) losses of affiliates	(3,798)	(4,543)	(37,858)
Increase (decrease) in net defined benefit liability	(726)	(4,485)	(37,375)
Increase (decrease) in allowance for doubtful receivables	34	(137)	(1,142)
Increase (decrease) in provision for loss on removal of property and equipment	1,146	(383)	(3,192)
Interest and dividend income	(1,471)	(1,523)	(12,692)
Interest expense	16,235	14,013	116,775
Loss (gain) on sales of noncurrent assets	(8,133)	(492)	(4,100)
Loss on reduction of noncurrent assets	1,910	4,408	36,733
Loss (gain) on sales of investment securities	(637)	1,450	12,083
Gain on contributions for construction	(1,885)	(4,557)	(37,975)
Decrease (increase) in trade receivables	(4,200)	(216)	(1,800)
Decrease (increase) in inventories	12,106	8,362	69,683
Increase (decrease) in trade payables	877	(48)	(400)
Other	20,078	3,540	29,500
Subtotal	174,766	154,204	1,285,033
Interest and dividends received	3,036	2,876	23,967
Interest paid	(16,797)	(14,363)	(119,692)
Income taxes (paid) refunded	(14,013)	(10,836)	(90,300)
Net cash provided by operating activities	146,991	131,881	1,099,008
Cash flows from investing activities:			
Purchases of noncurrent assets	(89,845)	(86,970)	(724,750)
Proceeds from sales of noncurrent assets	21,619	5,588	46,567
Purchases of investment securities	(2,438)	(10,353)	(86,275)
Proceeds from sale of investment securities	1,010	19,747	164,558
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	3,285	—	—
Receipt of contributions for construction	14,115	21,098	175,817
Other	6,736	(1,640)	(13,667)
Net cash used in investing activities	(45,517)	(52,529)	(437,742)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	(13,191)	2,363	19,692
Proceeds from long-term debt	105,350	90,100	750,833
Repayment of long-term debt	(184,737)	(153,170)	(1,276,417)
Proceeds from new bonds issued	9,934	9,930	82,750
Redemption of bonds	(10,000)	(20,000)	(166,667)
Dividends paid	(9,500)	(8,229)	(68,575)
Dividends paid to minority shareholders of consolidated subsidiaries	(329)	(485)	(4,042)
Other	(2,606)	(2,255)	(18,792)
Net cash used in financing activities	(105,079)	(81,746)	(681,217)
Effect of exchange rate changes on cash and cash equivalents	1,765	1,270	10,583
Increase (decrease) in cash and cash equivalents	(1,840)	(1,125)	(9,375)
Cash and cash equivalents at beginning of year	25,581	24,497	204,142
Increase in cash and cash equivalents from newly consolidated subsidiary	755	125	1,042
Cash and cash equivalents at end of year	24,497	23,497	195,808

Notes to the Consolidated Financial Statements

1 Framework for Preparing Consolidated Financial Statements

① Method of preparation for consolidated financial statements

The Company's consolidated financial statements were prepared in accordance with the "Regulations Concerning the Terminology, Forms and Preparation Method of Consolidated Financial Statements" (Finance Ministry Ordinance No. 28 of 1976, hereinafter, "Regulations for Consolidated Financial Statements").

Comparative information contained in the consolidated financial statements for the consolidated current fiscal year (1st April 2014 to 31st March 2015) has been prepared based on the Regulations for Consolidated Financial Statements before the amendment, in accordance with "Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements" (Cabinet Office Ordinance No. 61, 21st September 2012), Supplementary Provisions Article 3 Paragraph 2.

② Audit verification

The Company's consolidated financial statements for the current fiscal year (1st April 2014 to 31st March 2015) were audited by KPMG AZSA LLC, as per Article 193-2 (1) of the Financial Instruments and Exchange Act.

③ Special measures to ensure the appropriateness of consolidated financial statements and other reports

The Company makes special efforts to ensure the appropriateness of its consolidated financial statements and other reports. In addition to subscribing to related publications, it has joined the Financial Accounting Standards Foundation and participates in seminars and other events held by the Foundation, audit firms and other relevant organisations to establish a system for understanding the accounting standards in detail and responding suitably to changes made to them. The Company also compiles and provides common manuals for preparing the consolidated financial information on a group basis, and arranges training courses for accounting staff at affiliates.

④ Translation into U.S. dollars

The U.S. dollar amounts have been translated, for convenience only, at ¥120 = $1, the prevailing exchange rate on the Tokyo Foreign Exchange Market as of 31st March 2015.

2 Basis of Preparation of Consolidated Financial Statements

① Scope of consolidation

(a) Number and names of consolidated subsidiaries

Number of consolidated subsidiaries—91.

Names of primary consolidated subsidiaries are listed on page 107.

P&P HAMAMATSU Co., Ltd. has been included in the scope of consolidation due to its increased significance.

Globaltech Co., Ltd. and four other companies have been excluded from the scope of consolidation as their liquidation was completed.

(b) Names of major nonconsolidated subsidiaries

Hankyu Mediax Co., Ltd.

Nonconsolidated subsidiaries have been excluded from the scope of consolidation because the total amounts of their entire assets, sales, net income or loss (amount equivalent to equity interests), retained earnings (amount equivalent to equity interests) and other figures are limited, and the effect on the consolidated financial statements as a whole is negligible.

② Items related to application of equity-method accounting

(a) Number and names of affiliates for which equity method is applied

Number of affiliates for which equity method is applied—10.

Names of the major affiliates for which equity method is applied are listed on page 107.

(b) Names of nonconsolidated subsidiaries and affiliates for which equity method is not applied

The nonconsolidated subsidiaries to which the equity method does not apply (Hankyu Mediax Co., Ltd., etc.) and affiliates (OS Co., Ltd., etc.) use the cost method rather than the equity method because the total amounts of their net income or loss (amount equivalent to equity interests), retained earnings (amount equivalent to equity interests) and other figures are limited, and the effect on the consolidated financial statements as a whole is negligible.

③ Items related to fiscal year-ends, etc., for consolidated subsidiaries

The account closing date for Hankyu Hanshin Express (USA) Inc., Hankyu Hanshin Express (Deutschland) GMBH and 20 other consolidated subsidiaries is 31st December. The consolidated financial statements have been prepared using the financial statements based on the closing date of each company, and major transactions conducted between the individual closing dates and the consolidated closing date have been adjusted for as necessary for the consolidation.

④ Items related to accounting treatment and standards

(a) Valuation standards and method for major assets

I. Securities

Available-for-sale securities

Available-for-sale securities with fair market values:

The market value method is applied based on the market price, etc., at the fiscal year-end. (Related valuation differences are directly included under net assets and the cost of securities sold is determined by the moving average method.)

Available-for-sale securities without fair market values:

The moving average cost method is applied.

For investments in limited liability investment partnerships and similar investments, however, the Company's share of assets held by such partnerships is recorded.

II. Derivatives

The market value method is applied.

III. Inventories

Land and buildings for sale:

The identified cost method is applied. (Balance sheet values are calculated by writing down book values based on decreased profitability.)

Other inventories:

The moving average cost method is applied. (Balance sheet values are calculated by writing down book values based on decreased profitability.)

(b) Depreciation methods for major depreciable assets

I. Property and equipment (excluding leased assets)

Replacement assets of railway operations:

Replacement method (mainly declining-balance method) is applied.

Other property and equipment:

While property and equipment (excluding leased assets) are depreciated for the most part using the declining balance method, there is also some use of the straight-line method.

Depreciation of buildings acquired after 1st April 1998 (excluding facilities attached to buildings) is calculated using the straight-line method.

II. Intangible assets (excluding leased assets)
Intangible assets (excluding leased assets) are amortised using the straight-line method.

Furthermore, internal-use software is amortised by the straight-line method over its useful life (mainly 5 years).

III. Lease assets
Lease assets are depreciated using the straight-line method with the lease term as the useful life and the residual value as zero.

(c) Accounting standards for significant transactions
I. Allowance for doubtful receivables
Allowance for doubtful receivables is provided based on the ratio of past loan loss experience for general accounts and individually estimated uncollectible amounts for certain individual accounts.

II. Provision for bonuses
The Company recognises as provision for bonuses the amount expected to be paid to employees as bonuses for the fiscal year.

(d) Accounting methods for retirement benefits
When calculating retirement benefit obligations, the benefit formula method is used to distribute the estimated amount of retirement benefits into the period up to the end of the current fiscal year.

Prior service cost is recorded in expenses using the straight-line method over a certain number of years (mainly 10 years), which is within the average remaining years of service of the employees at the time when these costs are incurred.

Actuarial differences are recorded in expenses using the straight-line method over a certain number of years (mainly 10 years), which is within the average remaining years of service of the employees at the time when these costs are incurred.

(e) Basis for converting significant assets and liabilities in foreign currency into Japanese yen
The assets, liabilities, income and expenses of overseas subsidiaries are converted to yen based on the spot exchange rate on the balance sheet date. Differences in conversion are included in foreign currency translation adjustments and minority interests in the net assets section.

(f) Significant hedge accounting methods
I. Method of hedge accounting
Deferred hedge accounting is applied.

Exceptional accounting applies to interest rate swaps that satisfy the requirements for exceptional accounting for interest rate swaps.

Designation accounting applies to foreign currency denominated assets and liabilities with foreign exchange forward contracts.

II. Hedging instruments and hedged items

Hedging instruments	Hedged items
Foreign exchange contracts Currency swap contracts Currency option contracts	Foreign currency trade receivables and trade payables and future foreign currency transactions
Interest rate swap contracts Interest rate option contracts	Interest on bonds and loans payable

III. Hedging policy
The Group is exposed to the risk of foreign exchange and interest rate fluctuations and uses derivatives as a means of hedging these risks.

IV. Method for evaluating the effectiveness of hedges
Other than when the effectiveness of hedges is obvious, hedge effectiveness is evaluated semiannually using the comparison and analysis method.

V. Other risk management methods concerning hedge accounting
Internal rules regarding the segregation of duties, maximum transaction amounts, etc., have been established for the use of derivative transactions based on which derivative transactions are used. The implementation and management of derivative transactions are carried out by the accounting department with the approval of the decision makers in each Group company. An internal control system has been developed to ensure that the contract signing and termination comply with the internal rules.

(g) Method and period of amortisation of goodwill
Goodwill is amortised, in general, in equal amounts over five years. The goodwill resulting from the management integration with Hanshin Electric Railway Co., Ltd. in the fiscal year ended 31st March 2007 is being amortised in equal amounts over 20 years.

(h) Scope of cash included in consolidated statements of cash flows
In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term highly liquid investments without material risk of changing their value and with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

(i) Other significant matters for preparing consolidated financial statements
I. Accounting for contributions for construction in railway operations
The Company accepts contributions for construction from local governments and other organisations that cover a portion of construction expenses arising from the construction of continuous grade separations in railway operations. When construction is completed, noncurrent assets acquired as a result of accepting these contributions for construction are recognised at acquisition cost after deducting the amounts equivalent to the said contributions for construction.

Furthermore, in the consolidated statements of income, gain on contributions for construction is recognised in extraordinary income and the acquisition cost of noncurrent assets, after deducting the amounts equivalent to the contributions for construction, is recognised in extraordinary loss as loss on reduction of noncurrent assets.

II. Accounting for consumption tax
Accounting for consumption tax is based on the tax exclusion method.

III. Adoption of consolidated tax payment system
A consolidated tax payment system has been adopted.

3 Changes in Accounting Policies

① Application of the accounting standard for retirement benefits

The Company adopted article 35 of the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, 17th May 2012 (hereinafter, "Statement No. 26")) and article 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, 17th May 2012 (hereinafter, "Guidance No. 25")) from the current fiscal year, and have changed the determination of retirement benefit obligations and current service costs. In addition, the Company and its consolidated domestic subsidiaries have changed the method of attributing expected benefit to periods from the straight-line attribution method to a benefit formula basis and determining the discount rates.

In accordance with article 37 of Statement No. 26, the effect of changing the determination of retirement benefit obligations and current service costs has been recognised in retained earnings at the beginning of the current fiscal year.

Furthermore, the effect of these changes on the consolidated financial statements has been immaterial.

4 Accounting Standards Not Applied as Yet

① Accounting standards for business combinations

— Accounting Standards for Business Combinations (ASBJ Statement No. 21, 13th September 2013)
— Accounting Standards for Consolidated Financial Statements (ASBJ Statement No. 22, 13th September 2013)
— Accounting Standard for Business Divestitures (ASBJ Statement No. 7, 13th September 2013)
— Accounting Standard for Earnings per Share (ASBJ Statement No. 2, 13th September 2013)
— Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, 13th September 2013)
— Guidance on Accounting Standard for Earnings per Share (ASBJ Guidance No. 4, 13th September 2013)

(a) Summary

The above standards and guidance have been revised primarily to account for:

1) How the changes of the shares in subsidiaries, over which the Company continues to have control, should be treated by the Company when additional stock of a subsidiary is acquired.
2) Treatment of acquisition-related costs
3) Presentation of current net income and the change of shareholders' equity from minority interests to non-controlling interests
4) Provisional application of accounting treatments

(b) Effective date

Effective from beginning of the fiscal year ending 31st March 2016.

Provisional application of the accounting standards is scheduled to begin for business combinations effective after the beginning of the fiscal year ending 31st March 2016.

(c) Effect of application of the standards

The Company and its consolidated domestic subsidiaries are currently in the process of determining the effects of these new standards on the consolidated financial statements.

5 Consolidated Balance Sheets

① Accumulated depreciation of property and equipment

Millions of yen		Thousands of U.S. dollars
2014	2015	2015
¥1,044,359	¥1,066,829	$8,890,242

② Accumulated contributions for construction directly deducted from the acquisition cost of noncurrent assets

Millions of yen		Thousands of U.S. dollars
2014	2015	2015
¥373,682	¥377,460	$3,145,500

③ Pledged assets and secured liabilities

The following table shows the assets pledged as collateral.

	Millions of yen				Thousands of U.S. dollars	
	2014		2015		2015	
Property and equipment:						
Buildings and structures	¥216,551	[¥212,362]	¥209,800	[¥209,800]	$1,748,333	[$1,748,333]
Machinery, equipment and vehicles	34,633	[34,633]	39,320	[39,320]	327,667	[327,667]
Land	266,480	[255,955]	255,956	[255,956]	2,132,967	[2,132,967]
Other	1,864	[1,864]	1,564	[1,564]	13,033	[13,033]
Intangible assets:						
Other	128	[128]	128	[128]	1,067	[1,067]
Investment and other assets:						
Investment securities	13,236	[—]	9,311	[—]	77,592	[—]
Total	532,895	[504,944]	516,082	[506,770]	4,300,683	[4,223,083]

The following table shows the secured liabilities.

	Millions of yen				Thousands of U.S. dollars	
	2014		2015		2015	
Current liabilities:						
Short-term borrowings	¥ 13,805	[¥ 7,980]	¥ 14,270	[¥ 8,159]	$ 118,917	[$ 67,992]
Other	86	[—]	77	[—]	642	[—]
Long-term liabilities:						
Long-term debt	107,291	[99,703]	111,846	[109,143]	932,050	[909,525]
Total	121,182	[107,683]	126,194	[117,303]	1,051,617	[977,525]

The amounts in brackets are the amounts for the Railway Foundation within the total of each category.

④ The following table shows the securities of nonconsolidated subsidiaries and affiliates.

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Investment securities	¥170,790	¥184,730	$1,539,417

⑤ Two consolidated subsidiaries and an equity-method affiliate revaluated land for business use based on the Law Concerning Revaluations of Land (Law No. 34, promulgated on 31st March 1998) and the Law to Partially Modify the Law Concerning Revaluations of Land (Law No. 19, promulgated on 31st March 2001). Of the valuation differences identified as a result of this, the consolidated subsidiaries recorded the amount corresponding to the taxes on the valuation difference in the liability section as "Deferred tax liabilities related to land revaluation" and the amount belonging to minority shareholders as "Minority interests." The amount remaining after subtracting these was recorded in the net assets section as "Revaluation reserve for land." The equity-method affiliates recorded the amount corresponding to its equity in the valuation difference (after subtracting taxes) in the net assets section as "Revaluation reserve for land."

• Revaluation method

The revaluation amounts were determined based on the revaluated value of noncurrent assets provided for in Article 2, Paragraph 3 of the Enforcement Ordinance for the Law Concerning Land Revaluation (Ordinance No. 119, promulgated on 31st March 1998).

• Date of revaluation: 31st March 2002

• The difference between the market value of the land and the book value after revaluation at the end of the previous fiscal year and current fiscal year:

Millions of yen		Thousands of U.S. dollars
2014	2015	2015
¥(6,067)	¥(6,515)	$(54,292)

⑥ Contingent liabilities

The Company and its subsidiaries provide a liability guarantee for loans of the companies, etc., listed below.

Fiscal year ended 31st March 2014

	Millions of yen
Nishi-Osaka Railway Co., Ltd.	¥22,054
Borrowers on loans for purchase of land and buildings	7,373
Other (one company)	40
Total	29,467

Fiscal year ended 31st March 2015

	Millions of yen	Thousands of U.S. dollars
Nishi-Osaka Railway Co., Ltd.	¥21,067	$175,558
Borrowers on loans for purchase of land and buildings	2,115	17,625
Other (one company)	40	333
Total	23,223	193,525

6 Consolidated Statements of Income

① Closing inventory is the amount after write-down of book value due to a decline in profitability. As a result, valuation loss of inventory included in operating expenses and cost of sales were as follows:

Millions of yen		Thousands of U.S. dollars
2014	2015	2015
¥3,564	¥4,454	$37,117

② The breakdown of selling, general and administrative expenses is shown below.

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Personnel expenses	¥15,297	¥15,121	$126,008
Expenses	11,224	9,933	82,775
Taxes	715	628	5,233
Depreciation and amortisation	829	503	4,192
Amortisation of goodwill	2,916	2,929	24,408
Total	30,983	29,116	242,633

③ The retirement benefit expenses and the main expense items and monetary amounts within the amounts of allowance and provision included in the costs of revenues from operations are shown below.

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Retirement benefit expenses	¥7,067	¥6,746	$56,217
Provision for bonuses	4,415	4,250	35,417

④ The breakdown of the gain on sales of noncurrent assets is as follows:

Fiscal year ended 31st March 2014

	Millions of yen
Land, etc.	¥8,508

Fiscal year ended 31st March 2015

	Millions of yen	Thousands of U.S. dollars
Land, etc.	¥973	$8,108

⑤ Loss on impairment of fixed assets

Fiscal year ended 31st March 2014

The Group recorded a loss on impairment of fixed assets for the following asset groups.

Use	Type of assets	Region	Millions of yen
Gardens, etc. Total: 2	Land, etc.,	Hyogo	¥1,214
Property for rent Total: 6	Land, etc.,	Hyogo, etc.	539
Working assets, etc. Total: 24	Buildings and structures, etc.	Hyogo, etc.	542

(a) Method of grouping assets

Assets are grouped by business based on management accounting or by property.

(b) Recognition of a loss on impairment of fixed assets

The book values of the fixed assets groups, the market values of which have been declining sharply from their book values due to a continuous decrease in land value, and those that have continuously resulted in operating losses and whose profitability is unlikely to recover in the future were reduced to the recoverable amount. The reduction has been recorded as "Loss on impairment of fixed assets" in the amount of ¥2,297 million under extraordinary loss.

(c) Breakdown of the loss on impairment

Type of assets	Millions of yen
Land	¥1,392
Buildings and structures	793
Machinery, equipment and vehicles	111
Total	2,297

(d) Method of determining the recoverable value

The recoverable value is based on the net sale value or value in use.

Net sale values are determined by adjustments of the expected sale prices, appraised values based on the Japanese Real Estate Appraisal Standards, and/or fixed asset tax assessment values. The value in use is based on the discounted future cash flow, mainly used 4.0% as a discount rate.

Fiscal year ended 31st March 2015

The Group recorded a loss on impairment of fixed assets for the following asset groups.

Use	Type of assets	Region	Millions of yen	Thousands of U.S. dollars
Hotel Total: 1	Buildings and structures, etc.	Hyogo	¥4,055	$33,792
Facilities of International Transportation Business Total: 1	Buildings and structures, etc.	Tokyo	545	4,542
Working assets, etc. Total: 15	Land, etc.	Osaka, etc.	524	4,367

(a) Method of grouping assets

The grouping of assets is based on the minimum unit that generates a cash flow that is generally independent of the cash flows of other assets or asset groups.

(b) Procedure up to the recognition of a loss on impairment of fixed assets

The book values of fixed assets groups for which a decision for dismantlement has been taken, those whose market values have been declining sharply from their book values due to a continuous decrease in land value, and those that have continuously resulted in operating losses and whose profitability is unlikely to recover in the future were reduced to the recoverable amount. The reduction has been recorded as "Loss on impairment of fixed assets" in the amount of ¥5,125 million ($42,708 thousand) under extraordinary loss.

(c) Breakdown of the loss on impairment

Type of assets	Millions of yen	Thousands of U.S. dollars
Buildings and structures	¥2,505	$20,875
Land	2,468	20,567
Construction in progress, etc.	151	1,258
Total	5,125	42,708

(d) Method of determining the recoverable value

The recoverable value is based on the net sale value or value in use.

The net sale value is determined by rationally adjusting the expected sale prices, appraised values based on the Japanese Real Estate Appraisal Standards, and/or fixed asset tax assessment values.

7 Consolidated Statements of Comprehensive Income

① Reclassification adjustments and tax effects related to other comprehensive income

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Valuation difference on available-for-sale securities:			
Increase (decrease) during the year	¥ 6,922	¥ 6,399	$ 53,325
Reclassification adjustments	(72)	1,443	12,025
Subtotal, before tax	6,849	7,843	65,358
Tax (expense) or benefit	(2,405)	(1,923)	(16,025)
Valuation difference on available-for-sale securities	4,443	5,920	49,333
Deferred gains or losses on hedges:			
Increase (decrease) during the year	(755)	(1,143)	(9,525)
Reclassification adjustments	221	147	1,225
Subtotal, before tax	(533)	(996)	(8,300)
Tax (expense) or benefit	239	368	3,067
Deferred gains or losses on hedges	(293)	(627)	(5,225)
Revaluation reserve for land:			
Increase (decrease) during the year	—	—	—
Reclassification adjustments	—	—	—
Subtotal, before tax	—	—	—
Tax (expense) or benefit	(15)	279	2,325
Revaluation reserve for land	(15)	279	2,325
Foreign currency translation adjustments:			
Increase (decrease) during the year	2,174	1,456	12,133
Reclassification adjustments	6	107	892
Subtotal, before tax	2,180	1,564	13,033
Tax (expense) or benefit	—	—	—
Foreign currency translation adjustments	2,180	1,564	13,033
Remeasurements of defined benefit plans:			
Increase (decrease) during the year	—	7,467	62,225
Reclassification adjustments	—	(425)	(3,542)
Subtotal, before tax	—	7,041	58,675
Tax (expense) or benefit	—	(2,447)	(20,392)
Adjustments of retirement benefit	—	4,594	38,283
Share of other comprehensive income of associates accounted for using equity method:			
Increase (decrease) during the year	1,718	3,469	28,908
Reclassification adjustments	(14)	62	517
Share of other comprehensive income of associates accounted for using equity method	1,704	3,531	29,425
Total other comprehensive income	8,019	15,262	127,183

8 Consolidated Statements of Changes in Net Assets

① Items related to type and total number of shares issued and type and number of shares of treasury stock

Fiscal year ended 31st March 2014

(Thousands of shares)

	No. of shares as of 1st April 2013	Increase in number of shares	Decrease in number of shares	No. of shares as of 31st March 2014
No. of shares issued				
Common stock	1,271,406	—	—	1,271,406
Total	1,271,406	—	—	1,271,406
Treasury stock, at cost				
Common stock (Notes 1 and 2)	10,441	692	76	11,057
Total	10,441	692	76	11,057

(Overview of reasons for fluctuations)

Notes:

1. The increase of 692 thousand shares of treasury stock included an increase of 401 thousand shares due to the purchase of shares from shareholders whose whereabouts were uncertain and an increase of 291 thousand shares due to the purchase of odd-lot shares.
2. The decrease of 76 thousand shares of treasury stock was due to a decrease of 64 thousand shares in conjunction with the exercise of stock-option rights and a decrease of 12 thousand shares due to the sale of odd-lot shares.

Fiscal year ended 31st March 2015

(Thousands of shares)

	No. of shares as of 1st April 2014	Increase in number of shares	Decrease in number of shares	No. of shares as of 31st March 2015
No. of shares issued				
Common stock	1,271,406	—	—	1,271,406
Total	1,271,406	—	—	1,271,406
Treasury stock, at cost				
Common stock (Notes 1 and 2)	11,057	266	661	10,663
Total	11,057	266	661	10,663

(Overview of reasons for fluctuations)

Notes:

1. The increase of 266 thousand shares of treasury stock was due to the purchase of odd-lot shares.
2. The decrease of 661 thousand shares of treasury stock was due to a decrease of 656 thousand shares due to the change of interest for equity-method affiliates and a decrease of 4 thousand shares due to the sale of odd-lot shares.

② Items related to subscription rights to shares

Fiscal year ended 31st March 2014

Classification	Breakdown of new share subscription rights	Type of shares subject to share subscription rights	Number of shares subject to share subscription rights				Balance as of 31st March 2014 (Millions of yen)
			As of 1st April 2013	Increase	Decrease	As of 31st March 2014	
The Company (Parent company)	Subscription rights as stock options	—	—	—	—	—	¥208
Total		—	—	—	—	—	208

Fiscal year ended 31st March 2015

Classification	Breakdown of new share subscription rights	Type of shares subject to share subscription rights	Number of shares subject to share subscription rights				Balance as of 31st March 2015	
			As of 1st April 2014	Increase	Decrease	As of 31st March 2015	(Millions of yen)	(Thousands of U.S. dollars)
The Company (Parent company)	Subscription rights as stock options	—	—	—	—	—	¥318	$2,650
Total		—	—	—	—	—	318	2,650

③ Items related to dividends

Fiscal year ended 31st March 2014

(a) Dividends paid

(Resolution)	Type of shares	Dividends paid (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
14th June 2013 General meeting of shareholders	Common stock	¥6,333	¥5	31st March 2013	17th June 2013
31st October 2013 Board of Directors	Common stock	3,166	2.5	30th September 2013	3rd December 2013

(b) Dividends whose effective date falls in the fiscal year following the fiscal year of the record date

(Resolution)	Type of shares	Dividends paid (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
13th June 2014 General meeting of shareholders	Common stock	¥4,431	Retained earnings	¥3.5	31st March 2014	16th June 2014

Fiscal year ended 31st March 2015

(a) Dividends paid

(Resolution)	Type of shares	Dividends paid (Millions of yen)	Dividends paid (Thousands of U.S. dollars)	Dividend per share (Yen)	Dividend per share (U.S. dollars)	Record date	Effective date
13th June 2014 General meeting of shareholders	Common stock	¥4,431	$36,925	¥3.5	$0.03	31st March 2014	16th June 2014
29th October 2014 Board of Directors	Common stock	3,797	31,642	3	0.03	30th September 2014	1st December 2014

(b) Dividends whose effective date falls in the fiscal year following the fiscal year of the record date

(Resolution)	Type of shares	Dividends paid (Millions of yen)	Dividends paid (Thousands of U.S. dollars)	Source of dividends	Dividend per share (Yen)	Dividend per share (U.S. dollars)	Record date	Effective date
16th June 2015 General meeting of shareholders	Common stock	¥3,797	$31,642	Retained earnings	¥3	$0.03	31st March 2015	16th June 2015

9 Consolidated Statements of Cash Flows

① Relationship between cash and cash equivalents at fiscal year-end and amounts shown on consolidated balance sheets

	Millions of yen 2014	Millions of yen 2015	Thousands of U.S. dollars 2015
Cash and deposits in the consolidated balance sheets	¥25,368	¥25,614	$213,450
Deposits with maturities over 3 months	(871)	(2,117)	(17,642)
Cash and cash equivalents in the cash flow statements	24,497	23,497	195,808

② Major items of assets and liabilities of a company that has been excluded from the scope of consolidation due to the sale of its shares

Fiscal year ended 31st March 2014

Book 1st. Corporation

	Millions of yen
Current assets	¥5,963
Noncurrent assets	2,619
Current liabilities	4,994
Long-term liabilities	25

Fiscal year ended 31st March 2015

No items

10 Lease Transactions

<As lessee>

Future lease payments for non-cancellable leases in connection with operating lease transactions

	Millions of yen 2014	Millions of yen 2015	Thousands of U.S. dollars 2015
Due within one year	¥ 3,799	¥ 3,992	$ 33,267
Due after one year	13,787	12,813	106,775
Total	17,586	16,806	140,050

<As lessor>

Future lease receivables for non-cancellable leases in connection with operating lease transactions

	Millions of yen 2014	Millions of yen 2015	Thousands of U.S. dollars 2015
Due within one year	¥ 486	¥ 606	$ 5,050
Due after one year	4,539	6,459	53,825
Total	5,025	7,065	58,875

11 Financial Instruments

① Matters regarding financial instruments

(a) Policy on financial instruments

It is the Group's policy to limit the investment of its funds to short-term deposits which are highly secure, and the Group raises funds mainly through loans from financial institutions, bonds and commercial paper. Derivative transactions are used to avoid risk, as discussed later, and it is our policy to refrain from speculative transactions.

(b) Details of the financial instruments used, the risk involved, and the risk management system

Trade receivables, namely note receivables and trade account receivables, are exposed to the credit risk of customers. The Group limits its exposure to this credit risk by controlling due dates and balances by customer and by making periodical checks of the credit conditions of major customers pursuant to the internal regulations of each company.

Marketable and investment securities consist mainly of stocks and bonds and are exposed to market price fluctuation risk. However, fair values and the financial condition of the issuers are checked periodically, and the risk management system is confirmed.

Almost all trade payables, namely note payables and trade account payables, have a payment date that falls within one year. Some assets and liabilities denominated in foreign currency are exposed to exchange rate fluctuation risk (market risk), which is limited through forward exchange contracts.

Short-term borrowings and commercial paper are used mainly to raise short-term funds for working capital, and long-term debt and bonds are used mainly to raise the long-term funds necessary for capital investment plans. Some floating-rate debt is exposed to interest rate fluctuation risk (market risk), which is limited by fixing interest rates through interest rate swap transactions. In addition, liquidity risk, the risk that payment will not be made by the due date, is limited by the timely preparation of financing plans and proper fund management. Also, surplus funds of the Group companies are concentrated and used effectively through centralisation of Group funds by using the cash pool system, etc. The immediate raising of funds from financial institutions became possible through the establishment of backup financing such as commitment lines. In addition, the Company maintained a proper balance between direct financing and indirect financing and diversifies the raising of funds by using multiple financial institutions, thus securing liquidity.

Regarding the use of derivative transactions, internal regulations prescribe the division of duties and transaction limits. Forward exchange contracts are used to hedge exchange rate fluctuation risk involved in a portion of foreign currency-denominated assets and liabilities. The purpose of interest rate swap transactions is to hedge the interest rate fluctuation risk of certain loans. These derivative transactions involve credit risk because, if the other party to a transaction defaults under the terms of contract or becomes bankrupt, the benefit that would have been obtained in the future if the transaction had continued will not be received. However, credit risk is limited by carrying out transactions only with financial institutions with high credit ratings.

More information regarding the means and objectives of hedging, hedging policy, and the method of evaluating the effectiveness of hedges related to hedge accounting for derivative transactions, is described in "④ Items related to accounting treatment and standards" "(g) Significant hedge accounting methods" outlined in "2 Basis of Preparation of Consolidated Financial Statements."

② Matters regarding fair values of financial instruments

Book value, fair value and the differences between them as of the end of the previous fiscal year and current fiscal year are as shown below.

	Millions of yen						Thousands of U.S. dollars		
	2014			2015			2015		
	Book value	Fair value	Difference	Book value	Fair value	Difference	Book value	Fair value	Difference
Assets									
(a) Cash and deposits	¥ 25,368	¥ 25,368	¥ —	¥ 25,614	¥ 25,614	¥ —	$ 213,450	$ 213,450	$ —
(b) Trade receivables	80,063	80,063	—	80,673	80,673	—	672,275	672,275	—
(c) Securities	55,623	55,623	0	43,876	43,876	0	365,633	365,633	0
Liabilities									
(d) Trade payables	42,943	42,943	—	42,429	42,429	—	353,575	353,575	—
(e) Short-term borrowings (*1)	154,616	154,616	—	156,950	156,950	—	1,307,917	1,307,917	—
(f) Bonds (*2)	122,000	125,860	3,860	112,000	116,270	4,270	933,333	968,917	35,583
(g) Long-term debt (*1)	743,988	763,430	19,441	676,663	706,764	30,100	5,638,858	5,889,700	250,833
(h) Derivative transactions	—	(8,595)	—	—	(10,531)	—	—	(87,758)	—

(*1) Current portion of long-term debt is included in (g) Long-term debt.
(*2) Current portion of bonds is included.

(Note 1) Method for calculating the fair values of financial instruments and matters regarding securities and derivative transactions

(a) Cash and deposits, (b) Trade receivables

The fair values of these are almost equal to their book values because they will be settled within a short period of time. As a result, their fair values are based on their book values.

(c) Securities

The fair values of stocks are based on prices quoted by stock exchanges, and the fair values of bonds are based on prices quoted by stock exchanges or prices presented by trading financial institutions. Securities categorised by the purpose for which they are held are described in "12 Securities."

(d) Trade payables, (e) Short-term borrowings

The fair values of these are almost equal to their book values because they will be settled within a short period of time. As a result, their fair values are based on their book values.

(f) Bonds

The fair values of bonds are based on market prices.

(g) Long-term debt

The fair values of fixed-rate long-term debts are based on a method of calculation whereby the total principal and interest is discounted at an interest rate that is assumed for the introduction of similar new debt. The fair values of floating-rate long-term debt are based on their book values because the fair values of floating-rate long-term debts reflect market interest rates within a short period of time and closely approximate their book values.

(h) Derivative transactions

Described in "13 Derivatives."

(Note 2) The book value of financial instruments whose fair value is extremely difficult to ascertain

Classification	Millions of yen 2014	Millions of yen 2015	Thousands of U.S. dollars 2015
Non-listed equity securities	¥ 4,832	¥4,873	$40,608
Investments in limited liability investment partnerships and similar investments	2,265	2,333	19,442
Negotiable certificates of deposit	13,115	8,813	73,442

It is extremely difficult to ascertain the fair value of these financial instruments because market prices are not available and future cash flows cannot be estimated. As a result, they are not included in (c) Securities.

(Note 3) The securities of nonconsolidated subsidiaries and affiliated companies are not included in (c) Securities.

(Note 4) Supplementary explanation regarding fair value of financial instruments

The fair value of financial instruments is based on market price. If market prices are not available, the fair value of financial instruments is reasonably calculated. Certain assumptions are used to calculate the value. As a result, if different assumptions are used, the values may differ. For derivative contracts, the amount of the contract which is indicated in "15 Derivatives" does not indicate the market risk involved in derivative transactions themselves.

(Note 5) Redemption and repayment schedule of monetary claims and securities with maturities

Fiscal year ended 31st March 2014

	Millions of yen			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 25,368	¥—	¥ —	¥—
Trade receivables	80,063	—	—	—
Securities:				
Held-to-maturity debt securities (government bonds, etc.)	9	—	—	—
Available-for-sale securities with maturities (government bonds)	8	37	390	—
Total	105,449	37	390	—

Fiscal year ended 31st March 2015

	Millions of yen				Thousands of U.S. dollars			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 25,614	¥ —	¥ —	¥—	$213,450	$ —	$ —	$—
Trade receivables	80,673	—	—	—	672,275	—	—	—
Securities:								
Held-to-maturity debt securities (government bonds, etc.)	—	9	—	—	—	75	—	—
Available-for-sale securities with maturities (government bonds)	—	185	288	—	—	1,542	2,400	—
Total	106,287	195	288	—	885,725	1,625	2,400	—

(Note 6) Amount of planned redemption and repayment of bonds and long-term debt after the consolidated closing date

Fiscal year ended 31st March 2014

	Millions of yen			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Bonds	¥ 20,000	¥ 40,000	¥ 62,000	¥ —
Long-term debt	158,688	233,975	193,783	157,541
Total	178,688	273,975	255,783	157,541

Fiscal year ended 31st March 2015

	Millions of yen				Thousands of U.S. dollars			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Bonds	¥ —	¥ 60,000	¥ 42,000	¥ 10,000	$ —	$ 500,000	$ 350,000	$ 83,333
Long-term debt	82,615	187,687	236,116	170,244	688,458	1,564,058	1,967,633	1,418,700
Total	82,615	247,687	278,116	180,244	688,458	2,064,058	2,317,633	1,502,033

12 Securities

① Held-to-maturity debt securities

	Millions of yen						Thousands of U.S. dollars		
	2014			2015			2015		
Classification	Book value	Fair value	Difference	Book value	Fair value	Difference	Book value	Fair value	Difference
Securities with fair value exceeding book value	¥9	¥9	¥0	¥9	¥9	¥0	$75	$75	$0

② Available-for-sale securities

		Millions of yen						Thousands of U.S. dollars		
		2014			2015			2015		
Classification		Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
Securities with book value exceeding acquisition cost:	(a) Equity securities	¥35,406	¥22,112	¥ 13,293	¥34,791	¥19,792	¥14,998	$289,925	$164,933	$124,983
	(b) Bonds	426	409	17	459	439	19	3,825	3,658	158
	Subtotal	35,833	22,522	13,310	35,250	20,232	15,018	293,750	168,600	125,150
Securities with book value not exceeding acquisition cost:	(a) Equity securities	19,770	30,093	(10,323)	8,600	12,749	(4,149)	71,667	106,242	(34,575)
	(b) Bonds	10	10	(0)	15	15	(0)	125	125	(0)
	Subtotal	19,780	30,103	(10,323)	8,615	12,764	(4,149)	71,792	106,367	(34,575)
Total		55,613	52,625	2,987	43,866	32,997	10,868	365,550	274,975	90,567

③ Available-for-sale securities sold during previous fiscal year and current fiscal year

Year ended 31st March 2014

Omitted as the significance was negligible.

Year ended 31st March 2015

	Millions of yen			Thousands of U.S. dollars		
Classification	Amount sold	Total gains on sale	Total losses on sale	Amount sold	Total gains on sale	Total losses on sale
Equity securities	¥19,681	¥3,436	¥4,879	$164,008	$28,633	$40,658

13 Derivatives

① Derivative transactions for which hedge accounting has not been applied

No items

② Derivative transactions for which hedge accounting has been applied

(a) Currency

Fiscal year ended 31st March 2014

Classification	Type	Main hedged items	Millions of yen: Contract amount	Millions of yen: Portion of contract amount exceeding one year	Millions of yen: Fair value (Note)
Designation of forward exchange contracts, etc.	Forward exchange contracts				
	Sell contract	Trade receivables			
	U.S. dollar		¥ 421	¥—	¥ 1
	Japanese yen		13	—	(0)
	Buy contract	Trade payables			
	Euro		19,533	—	913
	U.S. dollar		10,030	—	237
	Pound sterling		26	—	0
	Swiss franc		2,057	—	114
	Canadian dollar		846	—	(0)
	New Zealand dollar		199	—	22
	Australian dollar		396	—	17
	Hong Kong dollar		90	—	0
	Singapore dollar		10	—	0
	Thai baht		89	—	(0)
	Japanese yen		690	—	(24)
	Total		34,405	—	1,282

Fiscal year ended 31st March 2015

Classification	Type	Main hedged items	Millions of yen: Contract amount	Millions of yen: Portion of contract amount exceeding one year	Millions of yen: Fair value (Note)	Thousands of U.S. dollars: Contract amount	Thousands of U.S. dollars: Portion of contract amount exceeding one year	Thousands of U.S. dollars: Fair value (Note)
Designation of forward exchange contracts, etc.	Forward exchange contracts							
	Sell contract	Trade receivables						
	U.S. dollar		¥ 840	¥—	¥ (0)	$ 7,000	$—	$ (0)
	Japanese yen		23	—	(0)	192	—	(0)
	Buy contract	Trade payables						
	Euro		16,057	—	(896)	133,808	—	(7,467)
	U.S. dollar		7,839	—	779	65,325	—	6,492
	Pound sterling		21	—	(0)	175	—	(0)
	Swiss franc		1,757	—	156	14,642	—	1,300
	Canadian dollar		1,198	—	(34)	9,983	—	(283)
	New Zealand dollar		150	—	9	1,250	—	75
	Australian dollar		308	—	(7)	2,567	—	(58)
	Hong Kong dollar		67	—	(0)	558	—	(0)
	Singapore dollar		236	—	(9)	1,967	—	(75)
	Thai baht		80	—	0	667	—	0
	Japanese yen		889	—	(13)	7,408	—	(108)
	Total		29,471	—	(17)	245,592	—	(142)

Note: Fair value calculation

Fair value is based mainly on prices quoted from counterparty financial institutions.

(b) Interest rate

Fiscal year ended 31st March 2014

Classification	Type	Main hedged items	Contract amount	Portion of contract amount exceeding one year	Fair value (Note)
			Millions of yen		
Deferral hedge accounting and exceptional accounting of interest rate swaps	Interest rate swap contracts Pay fixed rate/ Receive floating rate	Long-term debt	¥342,802	¥264,440	¥(9,878)
Total			342,802	264,440	(9,878)

Fiscal year ended 31st March 2015

Classification	Type	Main hedged items	Contract amount	Portion of contract amount exceeding one year	Fair value (Note)	Contract amount	Portion of contract amount exceeding one year	Fair value (Note)
			Millions of yen			Thousands of U.S. dollars		
Deferral hedge accounting and exceptional accounting of interest rate swaps	Interest rate swap contracts Pay fixed rate/ Receive floating rate	Long-term debt	¥255,235	¥226,437	¥(10,514)	$2,126,958	$1,886,975	$(87,617)
Total			255,235	226,437	(10,514)	2,126,958	1,886,975	(87,617)

Note: Fair value calculation

Fair value is based mainly on prices quoted from counterparty financial institutions.

14 Retirement Benefits

① Overview of retirement benefit plans

Some consolidated subsidiaries of the Company provide a defined benefit plan (defined benefit pension plan and lump-sum payment plan) or a defined contribution plan. Hankyu Corporation has also established a retirement benefits trust.

In addition, some consolidated subsidiaries subscribe to the employees' pension funds plan in the multi-employer plan. Among them, the Company has used the same accounting treatment as it used for defined contribution plans when the amount of plan assets corresponding to contributions by the Company cannot be rationally calculated.

② Defined benefit plan

(a) Movement in retirement benefit obligations

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Balance at beginning of the year	¥127,240	¥126,263	$1,052,192
Cumulative effect of changes in accounting policies	—	(625)	(5,208)
Balance at beginning of the fiscal year under review reflecting changes in accounting policies	127,240	125,638	1,046,983
Service cost	6,414	7,342	61,183
Interest cost	2,011	1,048	8,733
Actuarial loss (gain)	(378)	105	875
Retirement benefits paid	(7,460)	(7,999)	(66,658)
Loss (gain) in prior service cost	(2,003)	—	—
Other	440	(645)	(5,375)
Balance at end of the year	126,263	125,490	1,045,750

Note: Amounts in the table include the retirement benefit obligations of consolidated subsidiaries using simplified methods.

(b) Movements in plan assets

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Balance at beginning of the year	¥64,541	¥68,565	$571,375
Expected return on plan assets	1,330	1,244	10,367
Actuarial loss (gain)	2,831	7,573	63,108
Contribution paid by the employer	4,281	4,805	40,042
Retirement benefits paid	(4,419)	(4,519)	(37,658)
Other	—	(419)	(3,492)
Balance at end of the year	68,565	77,249	643,742

Note: Amounts in the table include the plan assets of consolidated subsidiaries using simplified methods.

(c) At the end of the year, reconciliation from retirement benefit obligations and plan assets to net defined benefit liability (asset) recorded on the consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Funded retirement benefit obligations	¥ 64,845	¥ 66,970	$ 558,083
Plan assets	(68,565)	(77,249)	(643,742)
	(3,719)	(10,278)	(85,650)
Unfunded retirement benefit obligations	61,418	58,520	487,667
Total net defined benefit liability and asset	57,698	48,241	402,008
Net defined benefit liability	60,093	56,950	474,583
Net defined benefit assets	(2,395)	(8,709)	(72,575)
Total net defined benefit liability and asset	57,698	48,241	402,008

Note: Amounts in the table include the retirement benefit obligations and plan assets of consolidated subsidiaries using simplified methods.

(d) The breakdown of retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Service cost	¥ 6,414	¥ 7,342	$ 61,183
Interest cost	2,011	1,048	8,733
Expected return on plan assets	(1,330)	(1,244)	(10,367)
Amortisation of actuarial differences	577	403	3,358
Amortisation of prior service cost	(689)	(900)	(7,500)
Other	288	141	1,175
Retirement benefit expenses	7,272	6,790	56,583

Notes:
1. Amounts in the table include the retirement benefit expenses of consolidated subsidiaries using simplified methods.
2. In addition to the retirement benefit expenses shown above, the Company made extra retirement payments of ¥26 million in the previous fiscal year and ¥52 million ($433 thousand) in the fiscal year under review, which it recorded as costs of revenues from operations and extraordinary loss.

(e) Remeasurements of defined benefit plans

The breakdown of items related to remeasurements of defined benefit plans (prior to the deduction of the tax effect) is as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Prior service cost	¥—	¥ (900)	$ (7,500)
Actuarial differences	—	7,870	65,583
Other	—	71	592
Total	—	7,041	58,675

(f) Cumulative adjustments related to retirement benefit plans

The breakdown of items related to cumulative adjustments related to retirement benefit plans (prior to the deduction of the tax effect) is as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Unrecognised prior service cost	¥ 2,435	¥1,534	$12,783
Unrecognised actuarial differences	(3,464)	4,405	36,708
Other	(71)	—	—
Total	(1,101)	5,940	49,500

Note: The above relates to consolidated subsidiaries. In addition to the above items, the remeasurements of defined benefit plans include unrecognised items (the amount corresponding to equity) of equity-method affiliates.

(g) Items related to plan assets

I. Breakdown of major plan assets

The ratios of the major types of assets to total plan assets were as follows:

	%	
	2014	2015
Bonds	30	33
Equity securities	32	36
Cash and deposits	6	3
General accounts of life insurance	31	28
Other	1	1
Total	100	100

Note: The retirement benefits trust established for the Company's pension plan constituted 7% of total plan assets in the previous fiscal year and 10% of total plan assets in the fiscal year under review.

II. Method of determining the long-term expected rate of return on plan assets

Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return on plan assets.

(h) Items related to actuarial assumptions

The major actuarial assumptions at the end of the fiscal year

	2014	2015
Discount rate	Mainly 2.0%	Mainly 1.0%
Long-term expected rate of return on plan assets	Mainly 2.0%	Mainly 2.0%

③ Defined contribution plan

The required contribution for the consolidated subsidiaries' defined contribution plan (including employees' pension funds plan in the multi-employer plan to which the same accounting method is applied as for the defined contribution plan) was ¥45 million for the previous fiscal year and ¥48 million ($400 thousand) for the fiscal year under review.

15 Stock Options, etc.

① Cost amount and account associated with stock options

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Operating expenses and cost of sales of transportation and cost of sales	¥118	¥109	$908

② Details and size of stock options and changes therein

(a) Details of stock options

Resolution date	16th June 2011
Classification and number of eligible persons	10 directors of subsidiaries
Class and number of shares (Note)	104,000 shares of common stock
Grant date	25th July 2011
Vesting conditions	Not defined
Service period	Not defined
Exercise period	From 26th July 2011 to 25th July 2041

Resolution date	29th March 2012
Classification and number of eligible persons	11 directors of subsidiaries
Class and number of shares (Note)	112,000 shares of common stock
Grant date	25th April 2012
Vesting conditions	Not defined
Service period	Not defined
Exercise period	From 26th April 2012 to 25th April 2042

Resolution date	14th June 2012
Classification and number of eligible persons	8 directors of subsidiaries
Class and number of shares (Note)	102,000 shares of common stock
Grant date	25th July 2012
Vesting conditions	Not defined
Service period	Not defined
Exercise period	From 26th July 2012 to 25th July 2042

Resolution date	29th March 2013
Classification and number of eligible persons	18 directors of subsidiaries
Class and number of shares (Note)	192,000 shares of common stock
Grant date	25th April 2013
Vesting conditions	Not defined
Service period	Not defined
Exercise period	From 26th April 2013 to 25th April 2043

Resolution date	27th March 2014
Classification and number of eligible persons	20 directors of subsidiaries
Class and number of shares (Note)	203,000 shares of common stock
Grant date	25th April 2014
Vesting conditions	Not defined
Service period	Not defined
Exercise period	From 26th April 2014 to 25th April 2044

Note: Indicated in the equivalent number of shares.

(b) Size of stock options and changes therein

The covered stock options are those which existed during the fiscal year ended 31st March 2015, the number of which is indicated in the equivalent number of shares.

I. Number of stock options

Resolution date	16th June 2011	29th March 2012	14th June 2012	29th March 2013	27th March 2014
Before vested (shares)					
At the end of the previous fiscal year	—	—	—	—	—
Granted	—	—	—	—	203,000
Expired	—	—	—	—	—
Vested	—	—	—	—	203,000
Unvested	—	—	—	—	—
After vested (shares)					
At the end of the previous fiscal year	72,000	80,000	102,000	192,000	—
Vested	—	—	—	—	203,000
Exercised	—	—	—	—	—
Expired	—	—	—	—	—
Unexercised	72,000	80,000	102,000	192,000	203,000

II. Unit price information

Resolution date	16th June 2011	29th March 2012	14th June 2012	29th March 2013	27th March 2014
Exercise price	¥1	¥1	¥1	¥1	¥1 [US$0.01]
Average stock price at exercise	¥ —	¥ —	¥ —	¥ —	¥ — [US$ —]
Fair value unit price at the grant date	¥311	¥361	¥387	¥615	¥541 [US$4.51]

③ Estimation method for fair value unit price of stock options

The following method was applied to fairly valuate the unit price of stock options granted during the current fiscal year.

(a) Valuation method used: Black–Scholes model

(b) Major basic data and estimation method

Resolution date	27th March 2014
Volatility of stock price (Note 1)	22.20%
Expected life (Note 2)	2.586 years
Expected dividends (Note 3)	¥6 [US$0.05] / share
Risk-free interest rate (Note 4)	0.101%

Notes:
1. Volatility of stock price is based on the closing prices in regular transactions for the Company's common stock on individual transaction dates during the period of 2.586 years (23rd September 2011 through 25th April 2014).
2. Expected life is based on the actual length of service of eligible directors of subsidiaries who had resigned in the past, and on the actual length of service of eligible persons as of the grant date.
3. Expected dividends are based on the forecast of dividends to be paid for the fiscal year ended 31st March 2014.
4. Risk-free interest rate is the yield of government bonds for the period corresponding to the expected life.

④ Estimation method for the number of vested stock options

Since the stock options were vested on the grant date, vested and granted stock options are the same in number.

16 Deferred Tax

① Significant components of the Company's deferred tax assets and liabilities

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Deferred tax assets:			
Loss on revaluation of real estate for sale	¥ 29,828	¥ 26,923	$ 224,358
Tax loss carryforwards	21,314	16,536	137,800
Net defined benefit liability	21,008	16,323	136,025
Loss on impairment of fixed assets	11,440	10,213	85,108
Losses on revaluation of investment securities	7,065	6,850	57,083
Loss on adjustment of transferred profit and loss	5,958	6,667	55,558
Unrealised profit from assets	5,904	4,095	34,125
Provision for bonuses	1,964	1,783	14,858
Enterprise taxes and business office taxes	1,156	1,117	9,308
Other	13,663	12,666	105,550
Subtotal of deferred tax assets	119,305	103,177	859,808
Valuation allowance	(47,088)	(48,635)	(405,292)
Less amounts offset against deferred tax liabilities	(61,573)	(44,100)	(367,500)
Total deferred tax assets	10,643	10,440	87,000
Deferred tax liabilities:			
Gain on reversal of difference from land revaluation	(127,707)	(124,437)	(1,036,975)
Revaluation of assets on consolidation	(93,987)	(84,615)	(705,125)
Net unrealised holding gains on securities	(20,288)	(16,300)	(135,833)
Gain on valuation of properties of business reorganisation	(2,250)	(1,995)	(16,625)
Other	(6,550)	(6,499)	(54,158)
Subtotal of deferred tax liabilities	(250,783)	(233,849)	(1,948,742)
Less amounts offset against deferred tax assets	61,573	44,100	367,500
Total deferred tax liabilities	(189,210)	(189,748)	(1,581,233)
Net deferred tax liabilities	(178,566)	(179,307)	(1,494,225)

Note: The Company reversed the "Surplus from land revaluation" when, as a result of a (physical) absorption-type corporate split on 1st April 2005, it handed over all of its land to Hankyu Corporation (which changed its name from Hankyu Corporation Spin-Off Preparation Inc. to Hankyu Corporation on the same day). As a result, "Deferred tax liabilities related to land revaluation" has been recorded as deferred tax liabilities starting from the fiscal year ended 31st March 2006.

② A reconciliation of the significant differences between the statutory tax rate and the effective tax rate reflected in the accompanying consolidated statements of income

	2014	2015
Statutory tax rate	38.0%	35.6%
(Adjustment)		
Elimination of dividends from consolidated subsidiaries	9.8	14.4
Amortisation of goodwill	1.1	5.4
Valuation allowance	1.3	1.4
Nondeductible expenses	0.6	0.6
Per capita amount of inhabitants' tax	0.5	0.5
Non taxable income	(11.0)	(15.6)
Equity in (income) losses of affiliates	(1.7)	(2.1)
Downward adjustment of deferred tax assets (liability) at end of year due to tax rate change	2.0	(16.4)
Other	2.0	4.4
Effective tax rate	42.6	28.2

③ Amendments to the amount of deferred tax assets and liabilities due to changes to the effective tax rate

The "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act for Partial Amendment of the Local Tax Act, etc." (Act No. 2 of 2015) were promulgated on 31st March 2015, and the income tax rate was lowered for consolidated fiscal years beginning on or after 1st April 2015. Accordingly, the effective statutory tax rate used to calculate deferred tax assets and liabilities will be lowered from the previous effective statutory tax rate of 35.6% to 33.0% for the consolidated fiscal year that began on 1st April 2015, due to the temporary differences that are expected to be cancelled, and to 32.2% for consolidated fiscal years beginning on or after 1st April 2016, due to the temporary differences that are expected to be cancelled.

This change in tax rates resulted in decreases of ¥14,478 million ($120,650 thousand) in deferred tax liabilities (net of deferred tax assets), ¥12,708 million ($105,900 thousand) in income taxes–deferred and ¥2 million ($17 thousand) in deferred gains or losses on hedges and increases of ¥1,624 million ($13,533 thousand) in valuation differences on available-for-sale securities and ¥148 million ($1,233 thousand) in cumulative adjustments related to retirement benefit plans.

Furthermore, deferred tax liabilities related to land revaluation decreased ¥279 million ($2,325 thousand), and revaluation reserve for land increased by the same amount.

17 Asset Retirement Obligations

Omitted as the significance was negligible.

18 Rental Property

Some consolidated subsidiaries own rental property, such as office buildings for lease and commercial facilities for lease in the Kita Ward of Osaka and other areas. Rental income related to such rental property in the fiscal year ended 31st March 2014 was ¥30,417 million (significant rental revenues are recorded in revenues from operations and significant rental expenses are recorded in costs of revenues from operations). In the fiscal year ended 31st March 2014, gain on sales of noncurrent assets of ¥8,093 million was recorded as extraordinary income, provision for loss on removal of property and equipment totaling ¥1,146 million was recorded as extraordinary loss. Rental income related to such rental properties in the fiscal year ended 31st March 2015 was ¥31,048 million ($258,733 thousand) (significant rental revenues are recorded in revenues from operations and significant rental expenses are recorded in costs of revenues from operations).

Book value, increase/decrease and fair value were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Book value (Note 1):			
Balance at the beginning of year	¥671,176	¥712,891	$5,940,758
Increase/decrease (Note 2)	41,714	(87,068)	(725,567)
Balance at the end of year	712,891	625,822	5,215,183
Fair value at the end of year (Note 3)	855,359	782,787	6,523,225

Notes:
1. Book value is acquisition cost less accumulated depreciation and loss on impairment of fixed assets.
2. For the amounts for the fiscal year ended 31st March 2014, the main increases were acquisitions of real estate of ¥35,754 million and completion of development properties of ¥32,553 million. The main decreases were depreciation of ¥15,009 million and sales of real estate of ¥10,875 million. For the amounts for the fiscal year ended 31st March 2015, the main increase was acquisitions of real estate of ¥10,822 million ($90,183 thousand). The main decreases were the exclusion of properties for which development has begun of ¥78,334 million ($652,783 thousand), depreciation of ¥14,111 million ($117,592 thousand) and sales of real estate of ¥4,635 million ($38,625 thousand).
3. Fair value as of the end of the fiscal year is the appraisal value according to an outside real estate appraiser based on Japanese Real Estate Appraisal Standards in the case of key properties and the fair value based on indicators such as the assessed value of noncurrent assets and road tax rating in the case of other properties.
4. Property under development has not been included in the above table because of the difficulty of ascertaining the market value of property that is in the process of development. Furthermore, property under development recognised in the consolidated balance sheet for the fiscal year under review was ¥86,101 million ($717,508 thousand).

19 Segment Information

① Segment information

(a) Summary of reportable segments

The Company's reportable segments are regularly reviewed using the segment-specific financial information available to enable the Board of Directors to determine the allocation of management resources and evaluate business results.

The Group comprises six core businesses: "Urban Transportation," "Real Estate," "Entertainment and Communications," "Travel," "International Transportation" and "Hotels." The businesses are operated by five core companies: Hankyu Corporation, Hanshin Electric Railway Co., Ltd., Hankyu Travel International Co., Ltd., Hankyu Hanshin Express Co., Ltd. and Hankyu Hanshin Hotels Co., Ltd., under the leadership of the Company, which manages the Group.

The nature of business in each reportable segment is as follows:

Urban Transportation: railway operations, automobile, retailing and advertising businesses
Real Estate: rental real estate, real estate sales and other businesses
Entertainment and Communications: sports-related businesses, stage events, communications and media, and other businesses
Travel: travel services
International Transportation: international cargo services
Hotels: hotel ownership and management business

(b) Method used to calculate revenues from operations, income (loss), assets and other items for each reportable segment

The accounting treatment for each reportable business segment is based on the methods described in "2 Basis of Preparation of Consolidated Financial Statements," and internal transactions (land and structure leases and rental transactions, etc.) that are calculated through management accounting at companies with businesses spanning multiple segments are included and recorded.

Income (loss) for each reportable segment refers to operating income (loss).

Intersegment revenues from operations and transfers are based mainly on similar data as those of general transaction conditions.

(c) Information regarding totals for revenues from operations, income (loss), assets and other items by reportable segment

Fiscal year ended 31st March 2014

Millions of yen

	Reportable segment							Other (Note 1)	Total	Adjustment (Note 2)	Amounts appearing in the consolidated financial statements (Note 3)
	Urban Transportation	Real Estate	Entertainment and Communications	Travel	International Transportation	Hotels	Subtotal				
Revenues from operations:											
I. Customers	¥228,701	¥ 191,397	¥101,048	¥32,961	¥37,682	¥63,057	¥ 654,850	¥23,795	¥ 678,645	¥ 512	¥ 679,157
II. Intersegment	5,853	17,212	9,301	44	13	637	33,064	10,917	43,981	(43,981)	—
Total	234,555	208,610	110,350	33,006	37,696	63,695	687,914	34,713	722,627	(43,469)	679,157
Segment income (loss)	38,494	38,008	14,172	1,224	2,051	809	94,760	849	95,610	(3,781)	91,828
Segment assets	764,053	1,009,407	142,827	74,473	39,786	85,730	2,116,279	46,094	2,162,374	124,554	2,286,928
Other items											
Depreciation and amortisation	25,951	18,017	7,059	806	703	2,089	54,627	349	54,977	(503)	54,474
Increase in property and equipment and intangible assets	27,522	43,451	5,561	1,178	578	1,817	80,109	510	80,619	103	80,722

Fiscal year ended 31st March 2015

Millions of yen

	Reportable segment							Other (Note 1)	Total	Adjustment (Note 2)	Amounts appearing in the consolidated financial statements (Note 3)
	Urban Transportation	Real Estate	Entertainment and Communications	Travel	International Transportation	Hotels	Subtotal				
Revenues from operations:											
I. Customers	¥228,306	¥189,680	¥104,768	¥31,936	¥39,411	¥62,344	¥ 656,449	¥28,976	¥ 685,425	¥ 480	¥ 685,906
II. Intersegment	5,112	16,763	7,864	28	7	687	30,463	12,701	43,165	(43,165)	—
Total	233,419	206,444	112,632	31,965	39,419	63,031	686,912	41,678	728,591	(42,684)	685,906
Segment income (loss)	38,553	37,173	14,993	1,227	3,053	1,216	96,217	1,032	97,250	(3,223)	94,026
Segment assets	778,565	993,303	143,239	68,037	45,828	82,199	2,111,174	43,769	2,154,943	124,694	2,279,638
Other items											
Depreciation and amortisation	25,433	17,218	7,010	809	738	2,035	53,247	479	53,726	(582)	53,143
Increase in property and equipment and intangible assets	32,072	25,828	6,092	660	476	1,497	66,627	960	67,587	527	68,115

Thousands of U.S. dollars

	Reportable segment							Other (Note 1)	Total	Adjustment (Note 2)	Amounts appearing in the consolidated financial statements (Note 3)
	Urban Transportation	Real Estate	Entertainment and Communications	Travel	International Transportation	Hotels	Subtotal				
Revenues from operations:											
I. Customers	$1,902,550	$1,580,667	$ 873,067	$266,133	$328,425	$519,533	$ 5,470,408	$241,467	$ 5,711,875	$ 4,000	$ 5,715,883
II. Intersegment	42,600	139,692	65,533	233	58	5,725	253,858	105,842	359,708	(359,708)	—
Total	1,945,158	1,720,367	938,600	266,375	328,492	525,258	5,724,267	347,317	6,071,592	(355,700)	5,715,883
Segment income (loss)	321,275	309,775	124,942	10,225	25,442	10,133	801,808	8,600	810,417	(26,858)	783,550
Segment assets	6,488,042	8,277,525	1,193,658	566,975	381,900	684,992	17,593,117	364,742	17,957,858	1,039,117	18,996,983
Other items											
Depreciation and amortisation	211,942	143,483	58,417	6,742	6,150	16,958	443,725	3,992	447,717	(4,850)	442,858
Increase in property and equipment and intangible assets	267,267	215,233	50,767	5,500	3,967	12,475	555,225	8,000	563,225	4,392	567,625

Notes: 1. The "Other" segment is a business segment not included in the reportable segments and includes construction, etc.

2. The main item in the adjusted amount of segment profit and loss for the fiscal year was amortisation of goodwill (refers mainly to the amortisation of goodwill arising from the management integration with Hanshin Electric Railway Co., Ltd. in the fiscal year ended 31st March 2007) of ¥(2,916) million in the previous fiscal year and ¥(2,666) million ($(22,217) thousand) in the fiscal year under review.

In addition to the balance of unamortised goodwill (refers mainly to the goodwill arising from the management integration with Hanshin Electric Railway Co., Ltd. in the fiscal year ended 31st March 2007) of ¥33,511 million in the previous fiscal year and ¥30,205 million ($251,708 thousand) in the fiscal year under review, the segment assets' adjusted amount consists mainly of surplus working capital (cash and deposits); unallocated assets such as long-term investment funds (investment securities) and land, etc.; and intersegment eliminations at the Company, Hankyu Corporation and Hanshin Electric Railway Co., Ltd.

3. Segment profit and loss is adjusted with the operating income of the Consolidated Statements of Income.

② Related information

(a) Information about product and service categories

Information about product and service categories is the same as that described in "① Segment information" "(c) Information regarding totals for revenues from operations, income (loss), assets and other items by reportable segment."

(b) Information by region

I. Revenues from operations

Since over 90% of revenues from operations in the consolidated statements of income are revenues from external customers in Japan, a description of regional breakdown is omitted.

II. Property and equipment

Since over 90% of the total value of property and equipment in the consolidated balance sheets relates to property and equipment in Japan, a breakdown by region is omitted.

(c) Information about important customers

No single external customer accounts for more than 10% of the revenues from operations reported in the consolidated statements of income.

③ Information regarding loss on impairment of fixed assets by reportable segment

Fiscal year ended 31st March 2014

	Millions of yen										
	Reportable segment							Other	Total	Adjustment (Note)	Amounts appearing in the consolidated financial statements
	Urban Transportation	Real Estate	Entertainment and Communications	Travel	International Transportation	Hotels	Subtotal				
Loss on impairment of fixed assets	¥69	¥547	¥1,214	¥—	¥—	¥434	¥2,266	¥—	¥2,266	¥30	¥2,297

Fiscal year ended 31st March 2015

	Millions of yen										
	Reportable segment							Other	Total	Adjustment (Note)	Amounts appearing in the consolidated financial statements
	Urban Transportation	Real Estate	Entertainment and Communications	Travel	International Transportation	Hotels	Subtotal				
Loss on impairment of fixed assets	¥54	¥291	¥46	¥—	¥551	¥4,055	¥4,999	¥—	¥4,999	¥125	¥5,125

	Thousands of U.S. dollars										
	Reportable segment							Other	Total	Adjustment (Note)	Amounts appearing in the consolidated financial statements
	Urban Transportation	Real Estate	Entertainment and Communications	Travel	International Transportation	Hotels	Subtotal				
Loss on impairment of fixed assets	$450	$2,425	$383	$—	$4,592	$33,792	$41,658	$—	$41,658	$1,042	$42,708

Note: The amounts under "Adjustment" are the amounts for land, etc., not allocated to business segments.

④ Information regarding amortisation of goodwill and the balance of unamortised goodwill by reportable segment

Omitted as the significance is negligible.

⑤ Information regarding gains from negative goodwill by reportable segment

Omitted as the significance is negligible.

20 Related Party Transactions

① Related party transactions

(a) Transactions between the company submitting the consolidated financial statements and related parties

No items

(b) Transactions between consolidated subsidiaries of the company submitting the consolidated financial statements and related parties

Directors and principal shareholders (only individual shareholders) of the company submitting the consolidated financial statements

Fiscal year ended 31st March 2014

Type	Name of related party	Address	Amount of capital (Millions of yen)	Business	Voting interest	Relationship with related party	Details of transaction	Transaction amounts (Millions of yen)	Item	Balance as of 31st March 2014 (Millions of yen)
Audit & Supervisory Board Member	Haruo Sakaguchi	—	¥ —	Auditor of the Company	Directly 0.0%	Lease of real estate	Rent income	¥47	Deposit	¥33
Company in which director or close family thereof holds majority of voting rights	Tateishi Sangyo Co., Ltd.	Ikeda City, Osaka	100	Real estate business	0.1%	Operation and management of real estate Concurrent post (director)	Operation and management fee for real estate	34	Accounts receivable	3

Notes: 1. The transaction amount and the balance at the end of the fiscal year do not include consumption tax, etc.
2. Transaction terms and conditions, and method of determining transaction terms and conditions, etc.
(1) The terms and conditions of the property lease are determined with reference to similar transactions in the neighbouring area.
(2) Director of a consolidated subsidiary of the Company, the Hankyu Corporation, Koichi Kobayashi and his close family own 77% of the voting rights in Tateishi Sangyo Co., Ltd. Any decisions on operation and management of real estate are made by reference to neighbourhood transactions.

Fiscal year ended 31st March 2015

Type	Name of related party	Address	Amount of capital		Business	Voting interest	Relationship with related party	Details of transaction	Transaction amounts		Item	Balance as of 31st March 2015	
			(Millions of yen)	(Thousands of U.S. dollars)					(Millions of yen)	(Thousands of U.S. dollars)		(Millions of yen)	(Thousands of U.S. dollars)
Audit & Supervisory Board Member	Haruo Sakaguchi	—	¥ —	$ —	Auditor of the Company	Directly 0.0%	Lease of real estate	Rent income	¥47	$392	Deposit	¥33	$275
Company in which director or close family thereof holds majority of voting rights	Tateishi Sangyo Co., Ltd.	Ikeda City, Osaka	100	833	Real estate business	0.1%	Operation and management of real estate Concurrent post (director)	Operation and management fee for real estate	35	292	Accounts receivable	3	25

Notes: 1. The transaction amount and the balance at the end of the fiscal year do not include consumption tax, etc.
2. Transaction terms and conditions, and method of determining transaction terms and conditions, etc.
(1) The terms and conditions of the property lease are determined with reference to similar transactions in the neighbouring area.
(2) Director of a consolidated subsidiary of the Company, the Hankyu Corporation, Koichi Kobayashi and his close family own 77% of the voting rights in Tateishi Sangyo Co., Ltd. Any decisions on operation and management of real estate are made by reference to neighbourhood transactions.

② Notes about parent company and major affiliated companies

No items

21 Per Share Information

The following tables show net assets per share, net income per share, diluted net income per share, and the basis for their respective calculations.

	2014	2015	2015
① Net assets per share (yen / U S. dollars)	¥477.69	¥525.56	$4.38
(Basis for the calculation)			
Total net assets (Millions of yen / Thousands of U.S. dollars)	¥617,598	¥679,482	$5,662,350
Amount to be deducted from total net assets (Millions of yen / Thousands of U.S. dollars)	¥15,547	¥16,885	$140,708
(Of the amount, subscription rights to shares)	¥[208]	¥[318]	$[2,650]
(Of the amount, minority interests)	¥[15,338]	¥[16,566]	$[138,050]
Net assets at the end of the fiscal year related to common shares (Millions of yen / Thousands of U.S. dollars)	¥602,050	¥662,596	$5,521,633
Common shares issued (Thousands of shares)	1,271,406	1,271,406	
Treasury stock shares (Thousands of shares)	5,312	5,573	
Common shares held by consolidated subsidiaries and equity-method affiliates (Thousands of shares)	5,745	5,089	
Common shares used to calculate net assets per share (Thousands of shares)	1,260,349	1,260,743	

	2014	2015	2015
② Net income per share (yen / U.S. dollars)	¥36.76	¥42.98	$0.36
(Basis for the calculation)			
Net income (Millions of yen / Thousands of U.S. dollars)	¥46,352	¥54,201	$451,675
Amount not belonging to common stockholders (Millions of yen / Thousands of U.S. dollars)	¥—	¥—	$—
Net income related to common shares (Millions of yen / Thousands of U.S. dollars)	¥46,352	¥54,201	$451,675
Average number of common shares during term (Thousands of shares)	1,260,858	1,261,127	
③ Net income per share—diluted (yen / U.S. dollars)	¥36.75	¥42.95	$0.36
(Basis for the calculation)			
Adjustment to net income (Millions of yen / Thousands of U.S. dollars)	¥(0)	¥(7)	$(58)
(Equity in income of affiliates)	¥[(0)]	¥[(7)]	$[(58)]
Increase in number of common shares (Thousands of shares)	432	634	
(Of the amount, subscription rights to shares)	[432]	[634]	
Summary of potential shares that were not included in the calculation of diluted income per share because their effect was not dilutive	—	—	

22 Subsequent Events

No items

23 Consolidated Supplementary Statements

① Corporate Bond Statements

Company	Name	Issue date	Millions of yen Balance as of 1st April 2014	Millions of yen Balance as of 31st March 2015	Thousands of U.S. dollars Balance as of 31st March 2015	Interest rate	Security	Redemption date
Hankyu Hanshin Holdings, Inc.	Series 37 unsecured corporate bonds	23rd Oct. 2009	¥ 10,000	¥ —	$ —	1.10%	None	23rd Oct. 2014
Hankyu Hanshin Holdings, Inc.	Series 38 unsecured corporate bonds	23rd Oct. 2009	10,000	10,000	83,333	1.87	None	23rd Oct. 2019
Hankyu Hanshin Holdings, Inc.	Series 39 unsecured corporate bonds	28th Jan. 2010	20,000	20,000	166,667	1.25	None	27th Jan. 2017
Hankyu Hanshin Holdings, Inc.	Series 40 unsecured corporate bonds	22nd Sept. 2010	15,000	15,000	125,000	1.43	None	18th Sept. 2020
Hankyu Hanshin Holdings, Inc.	Series 41 unsecured corporate bonds	22nd Sept. 2010	7,000	7,000	58,333	1.72	None	22nd Sept. 2022
Hankyu Hanshin Holdings, Inc.	Series 42 unsecured corporate bonds	17th Mar. 2011	10,000	10,000	83,333	1.54	None	17th Mar. 2021
Hankyu Hanshin Holdings, Inc.	Series 43 unsecured corporate bonds	9th Sept. 2011	10,000	10,000	83,333	0.55	None	9th Sept. 2016
Hankyu Hanshin Holdings, Inc.	Series 44 unsecured corporate bonds	25th Oct. 2012	10,000	10,000	83,333	0.406	None	25th Oct. 2017
Hankyu Hanshin Holdings, Inc.	Series 45 unsecured corporate bonds	14th Mar. 2013	10,000	10,000	83,333	0.589	None	13th Mar. 2020
Hankyu Hanshin Holdings, Inc.	Series 46 unsecured corporate bonds	25th Oct. 2013	10,000	10,000	83,333	0.819	None	25th Oct. 2023
Hankyu Hanshin Holdings, Inc.	Series 47 unsecured corporate bonds	18th Jul. 2014	—	10,000	83,333	1.202	None	18th Jul. 2029
Hanshin Electric Railway Co., Ltd.	Series 14 unsecured corporate bonds	23rd June 2004	10,000	—	—	2.22	None	23rd June 2014
Total	—	—	122,000	112,000	933,333	—	—	—

Note: Redemption schedule of bonds for five years subsequent to 31st March 2015

	Millions of yen	Thousands of U.S. dollars
Due within one year	¥ —	$ —
Due after one year through two years	30,000	250,000
Due after two years through three years	10,000	83,333
Due after three years through four years	—	—
Due after four years through five years	20,000	166,667

② Statements of Loans Payable

Item	Millions of yen: Balance as of 1st April 2014	Millions of yen: Balance as of 31st March 2015	Thousands of U.S. dollars: Balance as of 31st March 2015	Average interest rate	Repayment deadline
Short-term borrowings	¥154,616	¥156,950	$1,307,917	0.616%	—
Current portion of long-term debt	158,688	82,615	688,458	1.414	—
Current portion of lease obligations	2,028	1,831	15,258	—	—
Long-term debt (excluding current portion)	585,300	594,047	4,950,392	1.135	2016 – 2034
Lease obligations (excluding current portion)	9,673	8,382	69,850	—	2017 – 2026
Other interest-bearing debt	—	—	—	—	—
Total	910,307	843,828	7,031,900	—	—

Notes: 1. The balances are expressed after the elimination of transactions with companies in the consolidation group.
2. The "Average interest rate" of loans payable is the weighted average interest rate for outstanding loans payable as of the end of the current fiscal year.
3. The "Average interest rate" is not shown for lease obligations because the Company uses mainly the method that includes the amounts equal to interest in total capital lease obligations and that spreads the total amount equal to interest equally over each fiscal year of the lease period.
4. Repayment schedule of long-term debt and lease obligations (excluding current portion) within five years subsequent to 31st March 2015.

Long-term debt	Millions of yen	Thousands of U.S. dollars
Due after one year through two years	¥70,588	$588,233
Due after two years through three years	43,370	361,417
Due after three years through four years	40,615	338,458
Due after four years through five years	33,112	275,933

Lease obligations	Millions of yen	Thousands of U.S. dollars
Due after one year through two years	¥1,608	$13,400
Due after two years through three years	1,400	11,667
Due after three years through four years	922	7,683
Due after four years through five years	834	6,950

③ Schedule of Asset Retirement Obligations

Omitted as the significance is negligible.

24 Others

Quarterly financial information in fiscal year ended 31st March 2015

Cumulative period	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues from operations (Millions of yen)	¥170,787	¥334,633	¥522,501	¥685,906
Income before income taxes and minority interests (Millions of yen)	25,653	47,459	74,592	77,620
Net income (Millions of yen)	16,730	28,963	47,973	54,201
Net income per share (yen)	13.27	22.96	38.04	42.98

Cumulative period	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues from operations (Thousands of U.S. dollars)	$1,423,225	$2,788,608	$4,354,175	$5,715,883
Income before income taxes and minority interests (Thousands of U.S. dollars)	213,775	395,492	621,600	646,833
Net income (Thousands of U.S. dollars)	139,417	241,358	399,775	451,675
Net income per share (U.S. dollars)	0.11	0.19	0.32	0.36

Accounting period	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Net income per share (yen)	¥13.27	¥9.70	¥15.07	¥4.94

Accounting period	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Net income per share (U.S. dollars)	$0.11	$0.08	$0.13	$0.04

Major Rental Properties

(As of 31st March 2015)

Property name	Completed	Leasable area* (1,000 m²)	Use
Kita-ku, Osaka			
Umeda Hankyu Bldg.	2012	213	Department stores (Hankyu Department Store), Offices
Umeda Hanshin Daiichi Bldg. (HERBIS OSAKA)	1997	82	Hotels (The Ritz-Carlton, Osaka), Offices, Commercial facilities, Multifunctional convention hall
Umeda Hanshin Daini Bldg. (HERBIS ENT)	2004	55	Offices, Commercial facilities, Theatre (Osaka Shiki Theatre)
Hankyu Chayamachi Bldg. (Applause Tower)	1992	52	Hotel (Hotel Hankyu International), Offices, Commercial facilities
Hankyu Sanban Gai Shopping Centre	1969	41	Commercial facilities
Hankyu Grand Bldg.	1977	36	Offices, Commercial facilities
GRAND FRONT OSAKA	2013	28	Offices, Commercial facilities, *Knowledge Capital*, Hotel (InterContinental Hotel Osaka)
Hankyu Terminal Bldg.	1972	27	Offices, Commercial facilities
Hankyu Five Bldg. (HEP FIVE)	1998	20	Commercial facilities
Navio Hankyu (HEP NAVIO)	1980	16	Commercial facilities
Kita Hankyu Bldg.	1971	13	Offices, Commercial facilities
NU chayamachi	2005	12	Commercial facilities
Fukushima-ku, Osaka			
Noda Hanshin Bldg. (WISTE)	1992	32	Commercial facilities, Offices
Yodogawa-ku Osaka			
Shin-Osaka Hankyu Bldg.	2012	24	Offices, Hotel (REMM Shin-Osaka), Commercial facilities
Nishinomiya City, Hyogo			
Hankyu Nishinomiya Gardens	2008	108	Commercial facilities, Department stores (Hankyu Department Store)
Shimogyo-ku, Kyoto			
Hankyu Kawaramachi Bldg.	1974	38	Department stores (Takashimaya)

* Leasable area does not include areas for public use.

Major Group Companies

(As of 31st March 2015)

Consolidated Subsidiaries

Urban Transportation

	Name of company
Railway operations	Hankyu Corporation Hanshin Electric Railway Co., Ltd. Nosé Electric Railway Co., Ltd. Kita-Osaka Kyuko Railway Co., Ltd. Hokushin Kyuko Railway Co., Ltd. Kobe Rapid Transit Railway Co., Ltd. Hankyu Hanshin Railway Technology Co., Ltd. Hankyu Hanshin Electric System Co., Ltd.
Automobile	Hankyu Bus Co., Ltd. Hanshin Bus Co., Ltd. Hankyu Kanko Bus Co., Ltd. Osaka Airport Transport Co., Ltd. Hankyu Denen Bus Co., Ltd. Hankyu Taxi Inc. Hanshin Taxi Co., Ltd. Hankyu Hanshin Motor Technology Co., Ltd. Nippon Rent-A-Car Hankyu Inc.
Retailing	Hankyu Corporation Eki Retail Service Hankyu Hanshin Co., Ltd. Iina Dining Co., Ltd.
Advertising	Hankyu Corporation Hankyu Advertising Agency Inc.
Other	Alna Sharyo Co., Ltd.

Real Estate

	Name of company
Real estate leasing	Hankyu Corporation Hanshin Electric Railway Co., Ltd. Hankyu Realty Co., Ltd. Osaka Diamond Chikagai Co., Ltd. Hanshin Real Estate Co., Ltd.
Real estate sales and other business	Hankyu Corporation Hanshin Electric Railway Co., Ltd. Hankyu Realty Co., Ltd. Hankyu Hanshin Building Management Co., Ltd. Hankyu Hanshin High Security Service Co., Ltd. Hankyu Hanshin Clean Service Co., Ltd. Hankyu REIT Asset Management, Inc.

Entertainment and Communications

	Name of company
Sports	Hanshin Electric Railway Co., Ltd. Hanshin Tigers Baseball Club, Ltd. Hanshin Contents Link Corporation Wellness Hanshin Inc.
Stage	Hankyu Corporation Takarazuka Creative Arts Co., Ltd. Takarazuka Stage Co., Ltd. Umeda Arts Theater Co., Ltd.
Communication and media	Itec Hankyu Hanshin Co., Ltd. Bay Communications Inc. Himeji Cable Television Co., Ltd.
Leisure, etc.	Mt. Rokko Cable Car & Tourism Co.

Travel

	Name of company
Travel agency	Hankyu Travel International Co., Ltd. Hankyu Hanshin Business Travel Co., Ltd. Hankyu Travel Support Co., Ltd.

International Transportation

	Name of company
International transportation	Hankyu Hanshin Express Co., Ltd. Hankyu Hanshin Logipartners Co., Ltd. HHE (USA) Inc. HHE (Deutschland) GMBH HHE (HK) Limited HHE (SINGAPORE) PTE. Ltd.

HHE: HANKYU HANSHIN EXPRESS

Hotels

	Name of company
Hotel management	Hankyu Hanshin Hotels Co., Ltd. Hanshin Hotel Systems Co., Ltd. Amanohashidate Hotel Co., Ltd. Arima View Hotel Co., Ltd. Hankyu Hanshin Restaurants Co., Ltd.

Other

	Name of company
Construction	Hanshin Kensetsu Co., Ltd. Chuo Densetsu Co., Ltd.
Group finance	Hankyu Hanshin Financial Support Co., Ltd.
Outsourcing services for personnel and accounting services	Hankyu Hanshin Business Associate Co., Ltd.

Equity-method Affiliates

Main business	Name of company
Department store	H_2O Retailing Corporation [Securities code: 8242]
Railway operations	Nishi-Osaka Railway Co., Ltd.
	Kobe Electric Railway Co., Ltd. [Securities code: 9046]
Real estate leasing	Tokyo Rakutenchi Co., Ltd. [Securities code: 8842]
Motion picture business	Toho Co., Ltd. [Securities code: 9602]
Commercial broadcasting	Kansai Telecasting Corporation

Group History

Hankyu Holdings, Inc.

1907 Founding of Mino-Arima Electric Railway Company (predecessor of Hankyu Corporation) by Ichizo Kobayashi

1910 Opening of Takarazuka Line (Umeda–Takarazuka) and Mino-o Line (Ishihashi–Mino-o)

1913 Formation of Takarazuka Girls' Revue (later Takarazuka Revue Company)

1924 Completion of Takarazuka Grand Theatre

1929 
Opening of Hankyu Department Store, Asia's first railway terminal department store

1948 Launch of services as Pan American Airways agent

1964 Opening of Hotel new Hankyu Osaka

1973 Opening of New Hankyu Umeda Station as one of largest private railway terminals in Japan

Changing of company name from Keihanshin Kyuko Railway Company to Hankyu Corporation

Hanshin Electric Railway Co., Ltd.

1899 Founding of Settsu Electric Railway (renamed Hanshin Electric Railway Co., Ltd. in same year)

1905 
Beginning of operations linking Kobe (Sannomiya) and outer Osaka (Deiribashi)

1924 Opening of Koshien Stadium (later Hanshin Koshien Stadium)

1933 Opening of Hanshin Mart at Hanshin Umeda Station (later Hanshin Department Store)

1935 Establishment of Osaka Baseball Club (Osaka Tigers, later Hanshin Tigers)

1948 Launch of airline agency business

1985 Hanshin Tigers win Japan Series for first time

1995 Considerable damage to transportation and business infrastructure of Hankyu and Hanshin due to Great Hanshin Earthquake

2005 Establishment of Hankyu Holdings, Inc.

2006 Establishment of Hankyu Hanshin Holdings, Inc.

Establishment of Hankyu-Hanshin-Daiichi Hotel Group

2007 Announcement of Hankyu Hanshin Holdings Group 2007 Medium-Term Management Plan

Management integration of Hankyu and Hanshin department store businesses

2008 
Opening of Hankyu Nishinomiya Gardens

2010 

Completion of renovation of Hanshin Koshien Stadium, opening of Museum of Hanshin Koshien Stadium

Completion of Umeda Hankyu Building Office Tower

2012 Completion of Umeda Hankyu Building, full opening of Umeda Flagship Store of Umeda Department Store

2015 Announcement of the Hankyu Hanshin Holdings Group's Medium-Term Management Plan (Fiscal 2016–Fiscal 2019)

Investor Information

(As of 31st March 2015)

Hankyu Hanshin Holdings, Inc.

Head Office:
1-16-1, Shibata, Kita-ku, Osaka 530-0012, Japan
Phone: +81-6-6373-5001
(Group Planning Div., IR Office)
Fax: +81-6-6373-5042

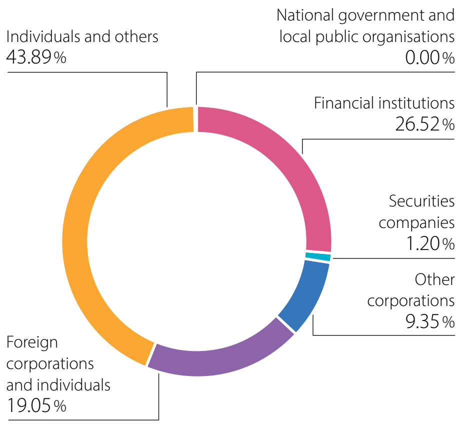
Tokyo Office (Personnel and General Affairs Div.):
Toho Twin Tower Bldg.,
1-5-2, Yurakucho, Chiyoda-ku, Tokyo 100-0006, Japan
Phone: +81-3-3503-1568
Fax: +81-3-3508-0249

Paid-in Capital:	¥99,474 million
Fiscal Year-End:	31st March
Number of Employees:	21,037 (consolidated)
Authorised Shares:	3,200,000,000
Issued Shares:	1,271,406,928
Number of Shareholders:	80,475
Unit of Trading:	1,000 shares
Stock Exchange Listing:	Tokyo
Transfer Agent:	Mitsubishi UFJ Trust and Banking Corporation

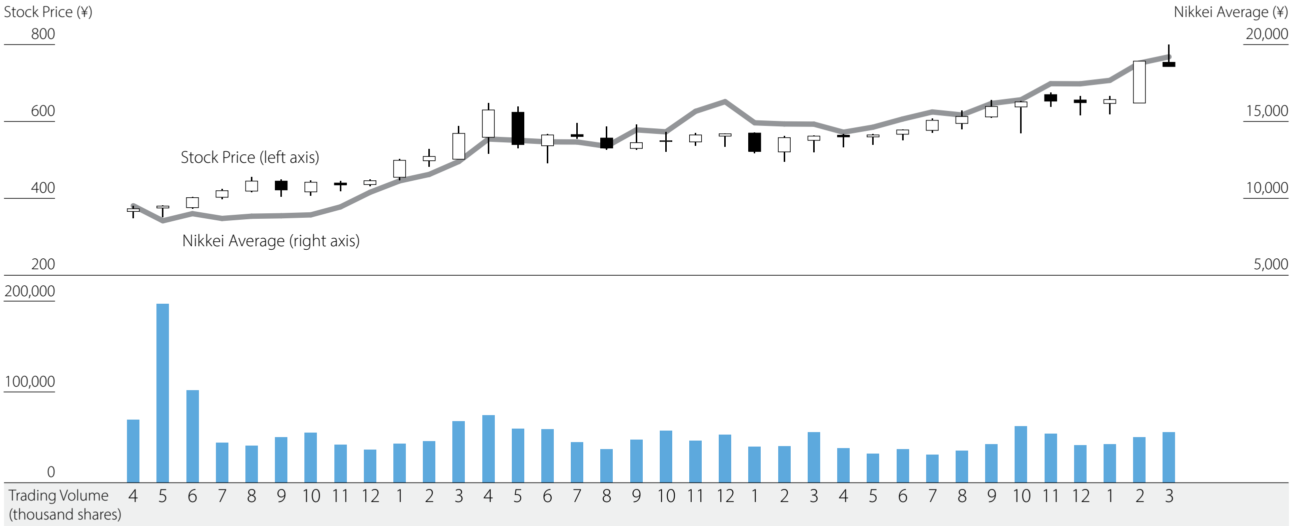
Principal Shareholders:

Name	Number of shares (thousands)	Percentage (%)
Japan Trustee Services Bank, Ltd. (Trust account)	54,338	4.27
The Master Trust Bank of Japan, Ltd. (Trust account)	38,633	3.04
Nippon Life Insurance Company	29,023	2.28
Sumitomo Mitsui Banking Corporation	21,909	1.72
H_2O Retailing Corporation	21,037	1.65
State Street Bank West Client–Treaty 505234 (Standing Proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Division)	14,920	1.17
Japan Trustee Services Bank, Ltd. (Trust account 1)	13,982	1.10
Japan Trustee Services Bank, Ltd. (Trust account 5)	13,972	1.10
CBNY–GOVERNMENT OF NORWAY (Standing Proxy: Citibank Japan Ltd.)	13,936	1.10
Japan Trustee Services Bank, Ltd. (Trust account 6)	13,886	1.09

Ownership Breakdown:



Stock Price Range and Trading Volume (Tokyo Stock Exchange):



	FY2013	FY2014	FY2015
High	588	648	800
Low	349	492	533
At year-end	569	562	743

Hankyu Hanshin Holdings, Inc.

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Hankyu Hanshin Toho Group

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