Performance Highlights (Consolidated)

Key Financial Indicators

(Millions of yen)

FY		2008	2009	2010	2011	2012	2013	2014
Result of Operations:								
Revenues from operations		¥ 752,300	¥ 683,715	¥ 653,287	¥ 638,770	¥ 649,703	¥ 682,439	¥ 679,157
Operating income		90,724	77,823	70,126	64,743	73,809	87,921	91,828
EBITDA[1]		145,200	135,300	133,200	127,100	133,500	145,100	149,200
Ordinary income		74,882	57,445	50,409	46,494	65,393	74,914	81,191
Income before income taxes		26,098	34,064	33,899	32,760	43,419	62,192	83,542
Net income attributable to owners of the parent		627	20,550	10,793	18,068	39,252	39,702	46,352
Comprehensive income		—	—	12,541	14,728	44,992	54,081	55,941
Capital expenditure		134,307	109,688	132,386	68,431	55,267	59,512	80,722
Depreciation and amortisation		51,577	54,798	60,418	59,669	56,968	54,540	54,474
Cash Flows:								
Cash flows from operating activities		¥ 74,902	¥ 108,597	¥ 146,955	¥ 103,252	¥ 124,525	¥ 127,655	¥ 146,991
Cash flows from investing activities		(100,058)	(115,047)	(132,737)	(62,516)	(44,295)	(58,923)	(45,517)
Free cash flow[2]		(25,155)	(6,449)	14,217	40,735	80,230	68,732	101,474
Cash flows from financing activities		36,718	7,014	(24,200)	(39,544)	(78,978)	(69,195)	(105,079)
Financial Position:								
Total assets		¥2,348,476	¥2,307,332	¥2,337,331	¥2,314,669	¥2,274,380	¥2,281,007	¥2,286,928
Total net assets		476,639	473,878	480,633	486,947	524,801	573,154	617,598
Interest-bearing debt		1,271,100	1,275,620	1,282,583	1,251,665	1,183,647	1,126,633	1,032,307
Per Share Data (Yen):								
Net income attributable to owners of the parent	Basic	¥ 0.50	¥ 16.28	¥ 8.55	¥ 14.32	¥ 31.13	¥ 31.48	¥ 36.76
	Diluted	0.41	16.18	8.51	14.27	31.13	31.47	36.75
Net assets		369.25	366.96	371.70	377.17	407.01	443.63	477.69
Dividend		5.00	5.00	5.00	5.00	5.00	5.00	6.00
Ratios:								
Operating income margin (%)		12.1	11.4	10.7	10.1	11.4	12.9	13.5
ROA (%)[3]		3.2	2.5	2.2	2.0	2.8	3.3	3.6
ROE (%)[4]		0.1	4.4	2.3	3.8	7.9	7.4	8.0
Interest-bearing debt/EBITDA (Times)		8.8	9.4	9.6	9.8	8.9	7.8	6.9
Equity ratio (%)		19.9	20.1	20.1	20.6	22.6	24.5	26.3
Debt/equity (D/E) ratio (Times)[5]		2.7	2.8	2.7	2.6	2.3	2.0	1.7
Stock Price Index:								
Stock price at the end of fiscal year (Yen)		¥ 431	¥ 447	¥ 433	¥ 384	¥ 361	¥ 569	¥ 562
Market capitalisation (¥ billion)		5,480	5,683	5,505	4,882	4,590	7,234	7,145
PER (Times)		862.0	27.5	50.6	26.8	11.6	18.1	15.3
PBR (Times)		1.2	1.2	1.2	1.0	0.9	1.3	1.2
Business Data:								
Hankyu Railway (Thousand)[6]		618,373	618,585	605,963	603,233	608,632	615,324	629,125
Hanshin Electric Railway (Thousand)[6]		180,906	182,997	193,620	205,202	218,560	221,133	226,004
Average vacancy rates of rental office buildings (Umeda area, Osaka; %)[7]		3.08	5.88	8.90	11.22	7.29	11.50	9.22

1. EBITDA = operating income + depreciation expenses + amortisation of goodwill
   EBITDA figures are rounded to the nearest ¥100 million.
2. Free cash flow = cash flows from operating activities + cash flows from investing activities
3. ROA = ordinary income / total assets (average of period-start and period-end totals)
4. ROE = net income attributable to owners of the parent / equity (average of period-start and period-end totals)
5. D/E ratio = interest-bearing debt / equity
6. Annual number of passengers carried
7. 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 m^2 and are based on "Latest Trends in the Office-Building Market in Osaka," Miki Shoji, "Office Data."
8. Regarding transactions related to such items as the export of mixed cargo of the International Transportation Business, the Company has changed the recognition of revenues from operations from net presentation to gross presentation as of fiscal 2017. As a result of this change, the amount of revenues from operations for fiscal 2016 is the amount after retrospective application (gross presentation).
   Further, the Company consolidated shares at the ratio of 5 shares to 1 share with an effective date of 1st August 2016. Net income per share, diluted net income attributable to owners of the parent per share, net assets per share, and dividend per share have been calculated based on the assumption that the said reverse stock split was executed on 1st April 2015.

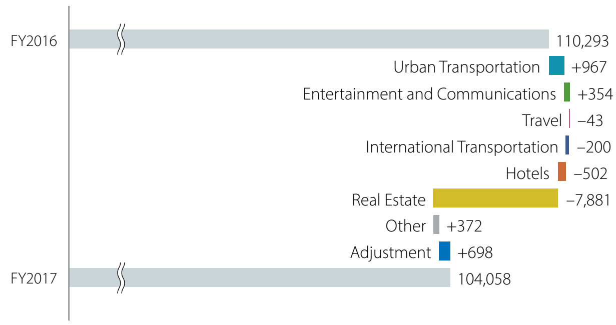
2015	2016[8]	2017
¥ 685,906	¥ 746,792	¥ 736,763
94,026	110,293	104,058
150,100	166,500	159,300
85,590	104,479	100,607
77,620	96,087	100,805
54,201	69,971	71,302
71,034	63,842	79,288
68,115	66,639	86,212
53,143	53,701	52,800
¥ 131,881	¥ 124,838	¥ 115,633
(52,529)	(78,843)	(84,845)
79,352	45,995	30,788
(81,746)	(47,278)	(30,595)
¥2,279,638	¥2,282,180	¥2,349,831
679,482	724,237	804,659
955,828	916,570	899,523
¥ 42.98	¥ 277.88	¥ 285.11
42.95	277.67	284.86
525.56	2,815.96	3,150.67
6.00	35.00	35.00
13.7	14.8	14.1
3.7	4.6	4.3
8.6	10.3	9.4
6.4	5.5	5.6
29.1	31.0	33.5
1.4	1.3	1.1
¥ 743	¥ 718	¥ 3,620
9,447	9,129	9,205
17.3	12.9	12.7
1.4	1.3	1.1
627,536	644,563	647,369
227,203	234,226	236,766
7.84	5.54	3.20

Revenues from operations[8]: ¥736.8 billion
(down 1.3%, or ¥10.0 billion, from the previous fiscal year)
Operating income: ¥104.1 billion
(down 5.7%, or ¥6.2 billion, from the previous fiscal year)

The Group recorded year-on-year declines of 1.3%, or ¥10.0 billion, in revenues from operations, to ¥736.8 billion, and 5.7%, or ¥6.2 billion, in operating income, to ¥104.1 billion, due to the sale of land for facilities in the Real Estate Business in the previous fiscal year and the lower yen-equivalent value of revenues and earnings in the International Transportation Business.

Operating income: Factor analysis (YoY change)

(¥ million)



Net income attributable to owners of the parent: ¥71.3 billion
(up 1.9%, or ¥1.3 billion, from the previous fiscal year)

Net non-operating loss (total non-operating expenses net of total non-operating income) declined ¥2.4 billion, year on year, to ¥3.5 billion, due to an increase in equity in income of affiliates. Total extraordinary income net of total extraordinary loss was ¥0.2 billion, an improvement compared with the previous fiscal year's loss of ¥8.6 billion. This improvement reflected decreases in losses on revaluation of investment securities and in impairment loss.

Due to the above, net income attributable to owners of the parent increased 1.9%, or ¥1.3 billion, year on year, to ¥71.3 billion.

Net income attributable to owners of the parent: Factor analysis (YoY change)

Improvement in total extraordinary income net of total extraordinary loss	+¥8.6 billion
Increase in equity in income of affiliates	+¥2.9 billion
Increase in total income taxes	−¥3.4 billion
Decrease in operating income	−¥6.2 billion

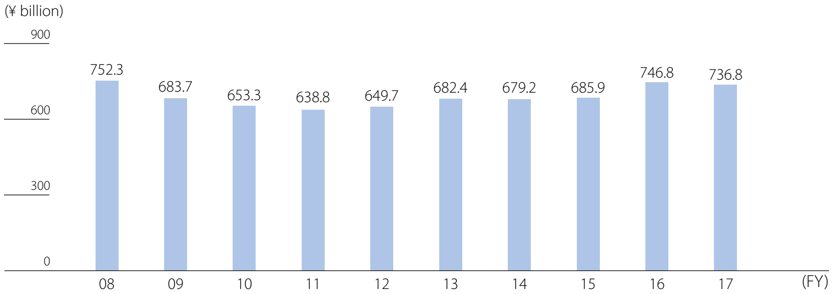
Interest-bearing debt: ¥899.5 billion
(down 1.9%, or ¥17.0 billion, from the previous fiscal year-end)

The outstanding balance of interest-bearing debt at the end of the fiscal year under review amounted to ¥899.5 billion, a decrease of 1.9%, or ¥17.0 billion, from the previous fiscal year-end. This was because free cash flow was used to repay interest-bearing debt.

Note: Billions of yen figures are rounded to one decimal place.

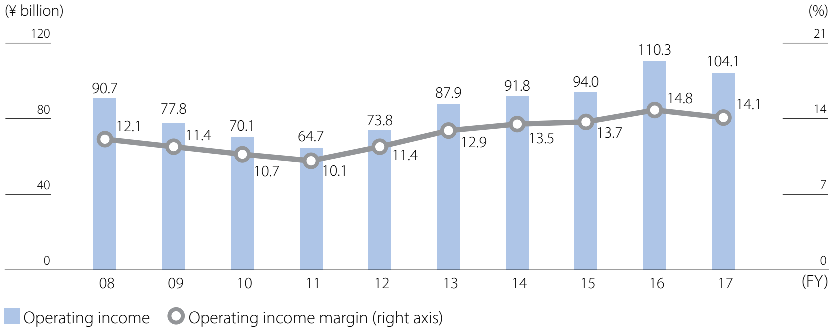
Key Financial Indicators (Graphs)

Revenues from operations



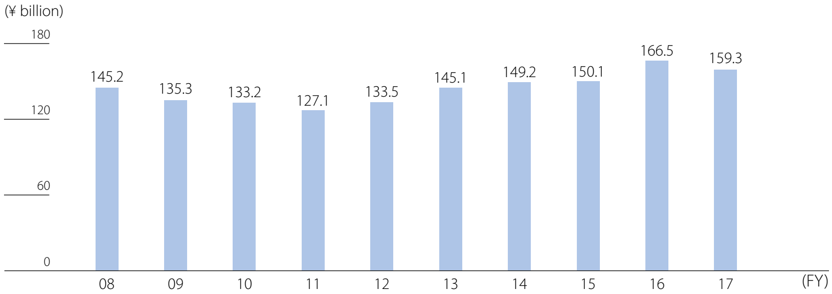
Revenues from operations decreased 1.3%, or ¥10.0 billion, year on year, to ¥736.8 billion, due to the sale of land for facilities in the Real Estate Business in the previous fiscal year and the lower yen-equivalent value of revenues and earnings in the International Transportation Business.

Operating income and operating income margin



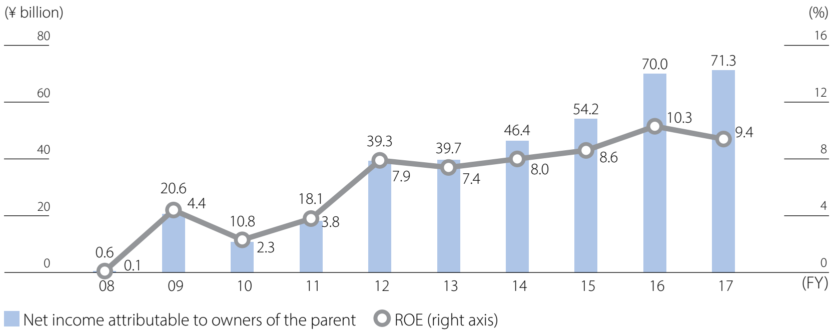
Operating income was down 5.7%, or ¥6.2 billion, year on year, to ¥104.1 billion, due to the above-mentioned decrease in revenues from operations and lower revenues from the accommodation and banquet areas in the Hotels Business.

EBITDA



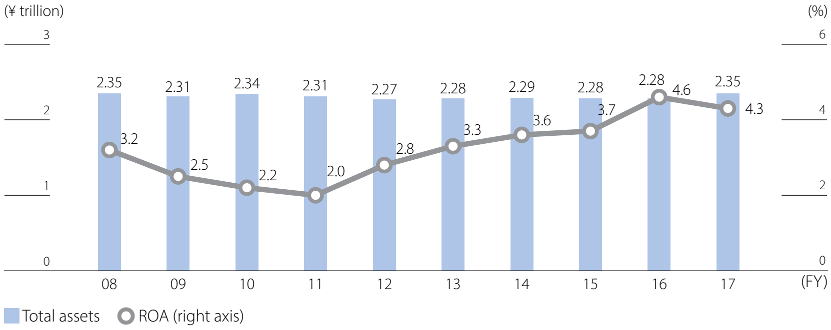
Operating income decreased 5.7%, or ¥6.2 billion, year on year, to ¥104.1 billion; depreciation and amortisation declined 1.7%, or ¥0.9 billion, to ¥52.8 billion; and amortisation of goodwill declined 1.8%, to ¥2.4 billion. As a result, EBITDA was ¥159.3 billion.

Net income attributable to owners of the parent and ROE



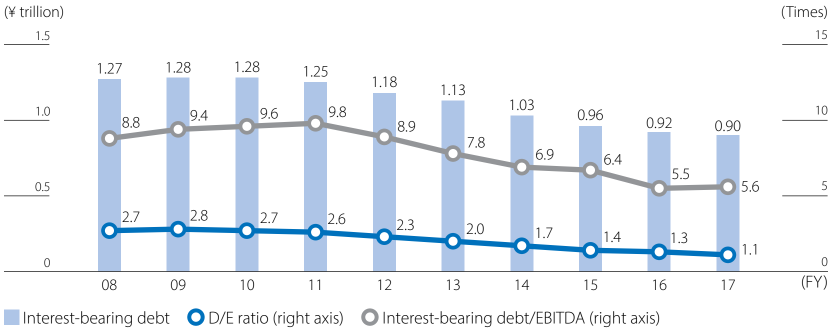
Total income taxes were up from the previous fiscal year, but higher income before income taxes caused net income attributable to owners of the parent to increase 1.9%, or ¥1.3 billion, year on year, to ¥71.3 billion, breaking the previous record for the sixth consecutive year. Due to higher equity, ROE decreased 0.9 percentage point, to 9.4%.

Total assets and ROA



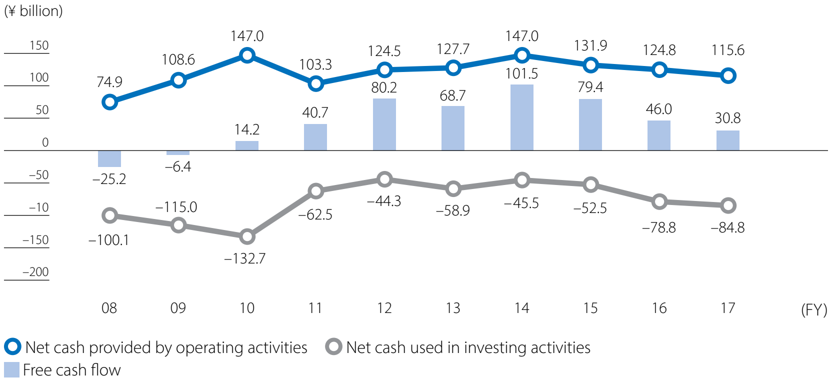
Total assets rose ¥67.7 billion from the previous fiscal year-end, to ¥2,349.8 billion, due to an increase in construction in progress. ROA edged down 0.3 percentage point, to 4.3%, reflecting lower ordinary income.

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



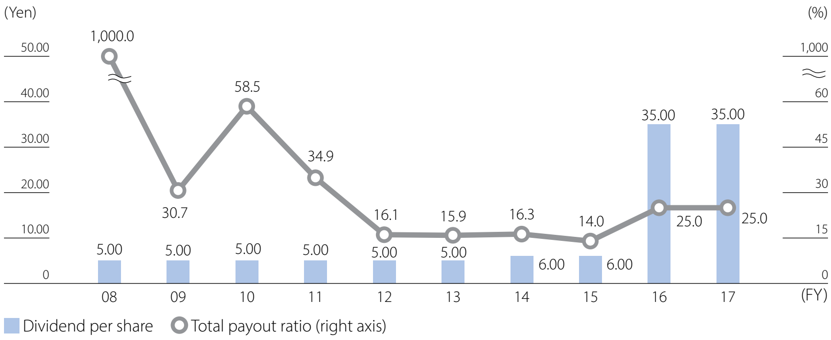
The outstanding balance of interest-bearing debt at the end of the fiscal year under review amounted to ¥899.5 billion, a decrease of 1.9%, or ¥17.0 billion, from the previous fiscal year-end. As a result, the Group reduced interest-bearing debt to less than ¥900 billion ahead of the previous medium-term management plan's schedule, which envisaged achieving this by the end of fiscal 2019. Consequently, the D/E ratio decreased to 1.1 times. Further, the interest-bearing debt/EBITDA ratio was 5.6 times, remaining below 6 times for the second consecutive fiscal year.

Cash flows



Net cash provided by operating activities was ¥115.6 billion, reflecting income before income taxes, depreciation and amortisation, and income taxes paid. Net cash used in investing activities was ¥84.8 billion due to purchases of noncurrent assets. Net cash used in financing activities was ¥30.6 billion as a result of redemption of bonds.

Returns to shareholders



Notes: The total payout ratio for fiscal 2017 includes purchase of treasury stock (amounting to ¥9.1 billion).
The Company conducted a 1-for-5 reverse stock split with an effective date of 1st August 2016. The figures for dividend per share above are after the reverse stock split.

The Company's basic policy is to pay stable annual dividends and acquire treasury stock with a total payout ratio (the total of purchases of treasury stock and the total annual dividend as a percentage of net income attributable to owners of the parent) of 25% as a target. Regarding dividend payments from profits in fiscal 2017, the Company paid a dividend of ¥35 per share, which was the same as the dividend paid in the previous fiscal year. The Company purchased treasury stock (amounting to ¥9.1 billion) based on the target of a total payout ratio of 25%.

Fiscal 2017 Business Results

In fiscal 2017, the year ended 31st March 2017, although we achieved our earnings targets, revenues from operations, operating income, and ordinary income declined year on year. These declines resulted from the sale of land for facilities in the Real Estate Business in the previous fiscal year as well as the lower yen-equivalent value of revenues and earnings of overseas subsidiaries in the International Transportation Business, which accompanied exchange rate fluctuations. However, reflecting an improvement in total extraordinary income net of total extraordinary loss, net income attributable to owners of the parent reached a record high for the sixth consecutive fiscal year. Further, despite steady investment for growth, we reduced interest-bearing debt to less than ¥900 billion ahead of the previous medium-term management plan's schedule, which envisaged achieving this by the end of fiscal 2019. As a result, the interest-bearing debt/EBITDA ratio was below 6 times for the second fiscal year in a row.

Fiscal 2017 business results overview

(Billions of yen)

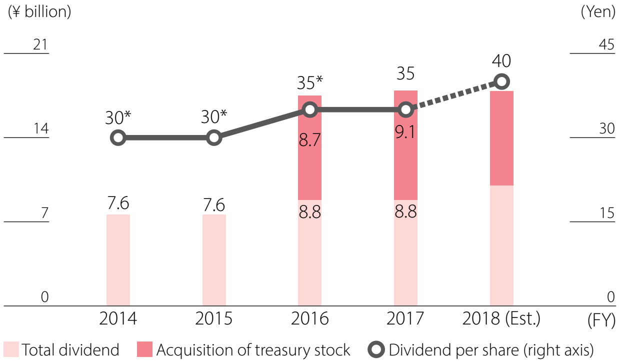
	FY2017 results	FY2016 results	YoY	
			Increase / Decrease	(%)
Revenues from operations	736.8	746.8	−10.0	−1.3
Operating income	104.1	110.3	−6.2	−5.7
Ordinary income	100.6	104.5	−3.9	−3.7
Net income attributable to owners of the parent	71.3	70.0	1.3	1.9
Interest-bearing debt	899.5	916.6	−17.0	−1.9
Interest-bearing debt/EBITDA ratio (Times)	5.6	5.5	0.1 pt	

Returns to Shareholders

In fiscal 2017, in accordance with the Group's policy, annual dividend payments from profits were ¥35 per share, representing total annual dividend payments of approximately ¥8.8 billion. In addition, based on a target of 25% for the total payout ratio, total treasury stock purchases amounted to roughly ¥9.1 billion.

In light of stable performance trends recently and steady improvement in our financial position, we intend to enhance returns to shareholders even further. In fiscal 2018, the year ending 31st March 2018, we plan to increase annual dividend payments from profits from ¥35 per share to ¥40 per share and to raise our target total payout ratio from 25% to 30%.

Returns to shareholders



* Shares were consolidated at the ratio of 5 shares to 1 share with 1st August 2016 as the effective date.
Annual dividends for fiscal 2016 and earlier are converted based on this share consolidation.

Corporate Governance

With a view to increasing the transparency of the Board of Directors, we increased the proportion of external directors by reducing the number of directors from 14 to nine while continuing to appoint two external directors. Meanwhile, we introduced an executive officer system to enhance the execution of duties. Further, external Audit & Supervisory Board members continue to account for three of our five Audit & Supervisory Board members. As a result, five of the 14 directors and Audit & Supervisory Board members that attend meetings of the Board of Directors are external directors or external Audit & Supervisory Board members who are independent of the Company.

Also, given that we currently do not have senior advisors, we took the opportunity that this presents to abolish the senior advisor system, which was stipulated in the articles of incorporation.

Note: Billions of yen figures are rounded to one decimal place.

Consolidated Six-Year Summary

FY		2012	2013	2014	2015	2016[6]	2017	2017
Result of Operations (Millions of yen and thousands of U.S. dollars)[1]:								
Revenues from operations		¥ 649,703	¥ 682,439	¥ 679,157	¥ 685,906	¥ 746,792	**¥ 736,763**	**$ 6,578,241**
Operating income		73,809	87,921	91,828	94,026	110,293	**104,058**	**929,089**
EBITDA[2]		133,500	145,100	149,200	150,100	166,500	**159,300**	**1,422,321**
Ordinary income		65,393	74,914	81,191	85,590	104,479	**100,607**	**898,277**
Income before income taxes		43,419	62,192	83,542	77,620	96,087	**100,805**	**900,045**
Net income attributable to owners of the parent		39,252	39,702	46,352	54,201	69,971	**71,302**	**636,625**
Comprehensive income		44,992	54,081	55,941	71,034	63,842	**79,288**	**707,929**
Capital expenditure		55,267	59,512	80,722	68,115	66,639	**86,212**	**769,750**
Depreciation and amortisation		56,968	54,540	54,474	53,143	53,701	**52,800**	**471,429**
Cash Flows (Millions of yen and thousands of U.S. dollars):								
Cash flows from operating activities		¥ 124,525	¥ 127,655	¥ 146,991	¥ 131,881	¥ 124,838	**¥ 115,633**	**$ 1,032,438**
Cash flows from investing activities		(44,295)	(58,923)	(45,517)	(52,529)	(78,843)	**(84,845)**	**(757,545)**
Cash flows from financing activities		(78,978)	(69,195)	(105,079)	(81,746)	(47,278)	**(30,595)**	**(273,170)**
Increase (decrease) in cash and cash equivalents		767	817	(1,840)	(1,125)	(1,978)	**(480)**	**(4,286)**
Cash and cash equivalents at end of year		23,572	25,581	24,497	23,497	22,363	**22,530**	**201,161**
Financial Position (Millions of yen and thousands of U.S. dollars):								
Total assets		¥2,274,380	¥2,281,007	¥2,286,928	¥2,279,638	¥2,282,180	**¥2,349,831**	**$20,980,634**
Total net assets		524,801	573,154	617,598	679,482	724,237	**804,659**	**7,184,455**
Interest-bearing debt		1,183,647	1,126,633	1,032,307	955,828	916,570	**899,523**	**8,031,455**
Per Share Data (Yen and U.S. dollars):								
Net income attributable to owners of the parent	Basic	¥ 31.13	¥ 31.48	¥ 36.76	¥ 42.98	¥ 277.88	**¥ 285.11**	**$ 2.55**
	Diluted	31.13	31.47	36.75	42.95	277.67	**284.86**	**2.54**
Net assets		407.01	443.63	477.69	525.56	2,815.96	**3,150.67**	**28.13**
Dividend		5.00	5.00	6.00	6.00	35.00	**35.00**	**0.31**
Ratios:								
Operating income margin (%)		11.4	12.9	13.5	13.7	14.8	**14.1**	—
ROA (%)[3]		2.8	3.3	3.6	3.7	4.6	**4.3**	—
ROE (%)[4]		7.9	7.4	8.0	8.6	10.3	**9.4**	—
Interest-bearing debt/EBITDA (Times)		8.9	7.8	6.9	6.4	5.5	**5.6**	—
Equity ratio (%)		22.6	24.5	26.3	29.1	31.0	**33.5**	—
Debt/equity (D/E) ratio (Times)[5]		2.3	2.0	1.7	1.4	1.3	**1.1**	—
Others:								
Number of outstanding shares (Thousands)		1,271,406	1,271,406	1,271,406	1,271,406	254,281	**254,281**	—
Number of employees		20,811	20,751	20,913	21,037	21,607	**21,860**	—

1. The U.S. dollar amounts have been translated, for convenience only, at ¥112 = US$1, the prevailing exchange rate on the Tokyo Foreign Exchange Market as of 31st March 2017.
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 attributable to owners of the parent / equity (average of period-start and period-end totals)
5. D/E ratio = interest-bearing debt / equity
6. Regarding transactions related to such items as the export of mixed cargo of the International Transportation Business, the Company has changed the recognition of revenues from operations from net presentation to gross presentation as of fiscal 2017. As a result of this change, the amount of revenues from operations for fiscal 2016 is the amount after retrospective application (gross presentation).
   Further, the Company consolidated shares at the ratio of 5 shares to 1 share with an effective date of 1st August 2016. Net income per share, diluted net income attributable to owners of the parent per share, net assets per share, dividend per share, and number of outstanding shares have been calculated based on the assumption that the said reverse stock split was executed on 1st April 2015.

Consolidated Financial Review

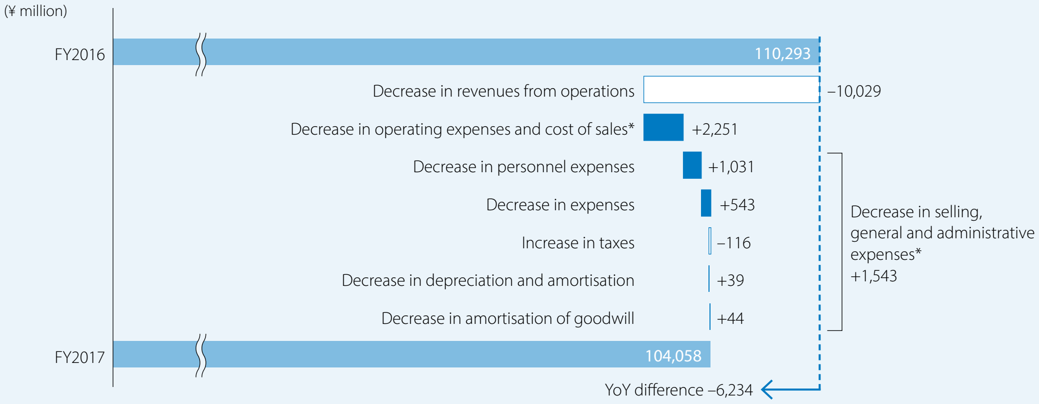
Analysis of Operating Results for Fiscal 2017 (Year ended 31st March 2017)

Although the Group was able to achieve its profit targets, revenues from operations declined 1.3%, or ¥10,029 million, year on year, to ¥736,763 million. This decrease was attributable to the sale of land for facilities in the Real Estate Business in the previous fiscal year and the lower yen-equivalent value of revenues and earnings in the International Transportation Business that accompanied exchange rate fluctuations. As a result of the abovementioned decrease in revenues from operations, operating income was down 5.7%, or ¥6,234 million, year on year, to ¥104,058 million.

Further, ordinary income declined 3.7%, or ¥3,872 million, year on year, to ¥100,607 million, because the abovementioned decrease in revenues from operations counteracted higher equity in income of affiliates and a decrease in interest expenses accompanying lower interest-bearing debt.

Total extraordinary income net of total extraordinary loss was ¥197 million, compared with a loss of ¥8,391 million in the previous fiscal year, due to the recording of losses on revaluation of investment securities in the previous fiscal year. Reflecting the improvement in total extraordinary income net of total extraordinary loss, net income attributable to owners of the parent increased 1.9%, or ¥1,331 million, year on year, to ¥71,302 million.

Analysis of operating income



* Included in cost of revenues from operations, retirement benefit expenses increased ¥2,088 million.

Segment Information

The following table shows business performance for each core business segment. For reviews of these results, please see the respective reference pages at the bottom of the columns in the table below.

(Millions of yen)

	Urban Transportation	Real Estate	Entertainment and Communications	Travel	International Transportation	Hotels	Other	Adjustment	Consolidated
Revenues from operations									
FY2017	**237,136**	**215,709**	**115,193**	**29,938**	**71,670**	**65,640**	**42,646**	**(41,172)**	**736,763**
FY2016	239,544	220,923	112,490	30,502	76,092	68,042	38,859	(39,660)	746,792
YoY difference	−2,407	−5,213	+2,703	−563	−4,422	−2,401	+3,787	−1,512	−10,029
Operating income									
FY2017	**42,237**	**41,970**	**15,655**	**637**	**1,587**	**2,795**	**1,340**	**(2,167)**	**104,058**
FY2016	41,270	49,851	15,301	680	1,788	3,298	967	(2,866)	110,293
YoY difference	+967	−7,881	+354	−43	−200	−502	+372	+698	−6,234
Reference page	P.37	P.39	P.41	P.43	P.45	P.47	—	—	—

Note: Regarding transactions related to such items as the export of consolidated cargo of the International Transportation Business, the Company has changed the recognition of revenues from operations from net presentation to gross presentation as of the fiscal year under review. As a result of this change, the amount of revenues from operations for the previous fiscal year is the figure after retrospective application (gross presentation). Further, this change has not affected operating income.

Review of Financial Position

1. Assets, Liabilities, and Net Assets

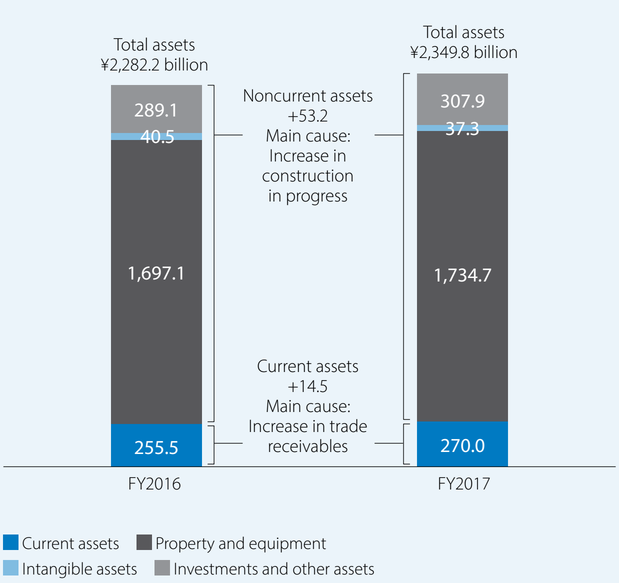
Total assets at the end of the fiscal year under review stood at ¥2,349,831 million, a rise of ¥67,650 million from the previous fiscal year-end. This increase mainly stemmed from investment that exceeded depreciation and amortisation, the recognition of an increase in equity in income of affiliates, a rise in the market value of listed investment securities owned, and an increase in construction in progress. Further, construction in progress increased in tandem with the advancement of the Ginza 3-chome Project and the Umeda 1-1 Project.

As for liabilities, the primary causes of higher total long-term liabilities were increases in long-term debt and bonds. Meanwhile, a decrease in total current liabilities mainly resulted from lower short-term borrowings. Consequently, interest-bearing debt was ¥17,046 million lower than at the previous fiscal year-end. Total liabilities decreased ¥12,771 million from the previous fiscal year-end, to ¥1,545,171 million.

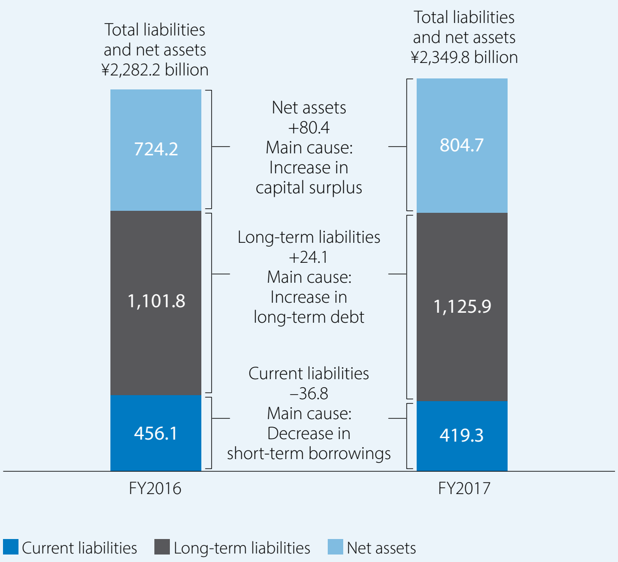
Net assets increased ¥80,422 million from the previous fiscal year-end, to ¥804,659 million, due mainly to higher retained earnings.

As a result, the equity ratio stood at 33.5%, and ROE was 9.4%.

Assets
(¥ billion)



Liabilities and net assets
(¥ billion)



2. Cash Flows

Cash and cash equivalents at end of year increased ¥167 million from the previous fiscal year-end, to ¥22,530 million.

(1) Cash Flows from Operating Activities

Net cash provided by operating activities was ¥115,633 million (down 7.4% year on year). The main factors were income before income taxes of ¥100,805 million, depreciation and amortisation of ¥52,800 million, and income taxes paid of ¥22,714 million.

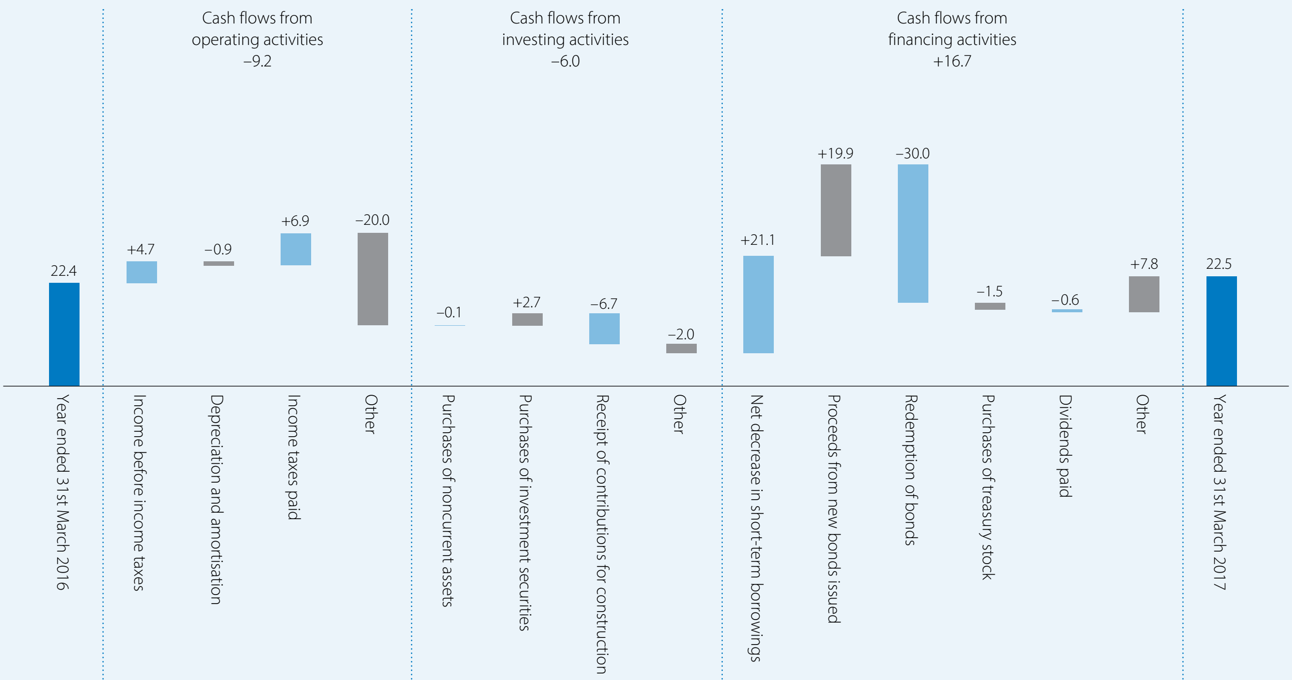
(2) Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥84,845 million (up 7.6% year on year). This primarily reflected purchases of noncurrent assets of ¥92,767 million, purchases of investment securities of ¥11,527 million, and receipt of contributions for construction of ¥13,973 million.

(3) Cash Flows from Financing Activities

Net cash used in financing activities totalled ¥30,595 million (down 35.3% year on year). This was due partly to a net decrease in borrowings of ¥3,932 million, proceeds from new bonds issued of ¥19,858 million, redemption of bonds of ¥30,000 million, purchase of treasury stock of ¥5,271 million, and dividends paid of ¥8,803 million.

Cash flows
(¥ billion)



3. Fund Procurement

The outstanding balance of interest-bearing debt at the end of the fiscal year under review amounted to ¥899,523 million, a decrease of ¥17,046 million from the previous fiscal year-end. This was because net cash provided by operating activities more than compensated for capital expenditure for the Ginza 3-chome Project and the building of new rolling stock.

The ratio of interest-bearing debt/EBITDA (operating income + depreciation expenses + amortisation of goodwill), which is the benchmark the Company uses for assessing the soundness of its financial position, stood at 5.6 times at the end of the fiscal year under review, compared with 5.5 times at the previous fiscal year-end.

Consolidated Capital Expenditure and Depreciation and Amortisation

Capital expenditure in the fiscal year under review (on a consolidated basis; including intangible assets) increased ¥19,573 million, or 29.4%, year on year, to ¥86,212 million.

The following is a breakdown for each business segment.

	(Millions of yen)	(%)
	FY2017	YoY
Urban Transportation	31,158	11.4
Real Estate	43,144	52.5
Entertainment and Communications	7,388	24.8
Travel	528	4.1
International Transportation	384	–63.4
Hotels	3,182	42.5
Other	618	–13.7
Total	86,406	29.6
Adjustment	(193)	–272.6
Consolidated	86,212	29.4

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 moved forward with the Ginza 3-chome Project and continued implementing the Umeda 1-1 Project.

Entertainment and Communications

The Entertainment and Communications Business renewed the transmission lines of main lines.

Travel

In the Travel Business, Hankyu Travel International stepped-up Internet sales and invested in IT systems for in-house operations.

International Transportation

In the International Transportation Business, Hankyu Hanshin Express invested in IT systems for in-house operations.

Hotels

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

Depreciation and amortisation decreased ¥901 million, or 1.7%, from the previous year (on a consolidated basis), to ¥52,800 million.