

CRE Inc.
Summary of Consolidated Financial Statements (Unaudited)
For the Fiscal Year ending July 31, 2019
(Translated from the Japanese original)

Corporate Information

Code: 3458 Listing: First Section of the Tokyo Stock Exchange

(URL <https://www.cre-jpn.com/english/>)

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Anticipated date of annual general meeting of shareholders: October 30, 2019

Expected date of payment for dividends: October 11, 2019

Anticipated date for filing Yuka Shoken Hokokusho (a Japanese-language business report): October 30, 2019

Preparation of supplementary explanation material for financial results: Yes

Presentation meeting for financial results: Yes (for institutional investors and analysts)

(Rounded down to the nearest million)

1. Consolidated Performance for Fiscal 2019 (August 1, 2018 through July 31, 2019)**(1) Consolidated Operating Results**

(Percentages represent changes from corresponding period of previous year)

	Net sales		Operating profit		Recurring profit		Net income attributable to owners of the parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2019	23,941	(28.7)	1,651	(48.2)	1,382	(55.5)	696	(66.9)
Fiscal 2018	33,584	(17.0)	3,186	(38.6)	3,103	(37.4)	2,103	(41.3)

(Note) Comprehensive income: 966 million yen ((55.3) %) (Fiscal 2019), 2,160 million yen ((39.2) %) (Fiscal 2018)

	Net income per share	Fully diluted net income per share	Return (net income) on equity	Return (recurring profit) on assets	Return (operating profit) on sales
	Yen	Yen	%	%	%
Fiscal 2019	27.86	27.68	4.1	2.9	6.9
Fiscal 2018	83.30	81.90	12.9	7.8	9.5

(Reference) Equity in earnings or losses of affiliates: (48) million yen (Fiscal 2019), 48 million yen (Fiscal 2018)

(Note) CRE executed a two-for-one stock split on August 1, 2018, and net income per share and net income per share after adjustment for diluted shares have been calculated on the assumption that the two-for-one stock splits of common stock were conducted at the beginning of fiscal 2018.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2019	54,712	17,545	31.9	696.15
Fiscal 2018	42,252	16,975	39.9	677.97

(Reference) Equity capital: 17,473 million yen (July 31, 2019), 16,861 million yen (July 31, 2018)

(Note) CRE executed a two-for-one stock split on August 1, 2018, and net assets per share has been calculated on the assumption that the two-for-one stock splits of common stock were conducted at the beginning of fiscal 2018.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2019	(13,350)	(1,529)	10,522	9,032
Fiscal 2018	2,974	(3,807)	(278)	13,384

2. Payment of Dividends

	Dividends per share					Total dividends (For the year)	Dividend payout ratio (Consolidated)	Dividends on net assets (Consolidated)
	First quarter- end	At end of first half	Third quarter- end	Year-end	For the year			
	yen	yen	yen	yen	yen			
Fiscal 2018	—	0.00	—	40.00	40.00	497	24.0	3.1
Fiscal 2019	—	0.00	—	21.00	21.00	527	75.4	3.1
Fiscal 2020 (Estimated)	—	0.00	—	22.00	22.00		42.5	

(Notes) 1. CRE executed a two-for-one stock split on August 1, 2018, and for fiscal 2018, the Company has recorded actual dividends before the stock split occurred.

3. Anticipated Consolidated Results for Fiscal 2020 (August 1, 2019 through July 31, 2020)

(Percentages represent changes from corresponding period of previous year)

	Net sales		Operating profit		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full year	43,600	82.1	2,500	51.4	2,100	52.0

	Net income attributable to owners of the parent company		Net income per share
	Millions of yen	%	Yen
Full year	1,300	86.6	51.79

*Notes:

(1) Major reclassifications of subsidiaries during the term (changes in specified subsidiaries resulting in change in scope of consolidation): None

(2) Changes in accounting policy, changes in accounting estimate and retrospective restatement

- Changes associated with revision of accounting standards, etc: None
- Changes other than 1: None
- Changes in accounting estimates: None
- Restatements: None

(3) Number of outstanding shares (common stock)

- Number of outstanding shares, including treasury stock, at end of term:

26,161,300 shares (July 31, 2019)

25,931,000 shares (July 31, 2018)

- Number of shares of treasury stock at end of term:

1,060,832 shares (July 31, 2019)

1,059,964 shares (July 31, 2018)

- Average outstanding number of shares (during the fiscal year):

25,004,324 shares (July 31, 2019)

25,249,980 shares (July 31, 2018)

(Note) CRE executed a two-for-one stock split on August 1, 2018, and number of outstanding shares (common stock) has been calculated on the assumption that the two-for-one stock split of common stock was conducted at the beginning of fiscal 2018.

(Reference) Non-consolidated Financial Results for Fiscal 2019 (August 1, 2018 through July 31, 2019)**1. Non-consolidated Performance for Fiscal 2019 (August 1, 2018 through July 31, 2019)****(1) Non-consolidated Operating Results**

	Net sales		Operating profit		Recurring profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2019	20,477	(24.4)	1,685	(39.6)	1,317	(51.0)	595	(64.1)
Fiscal 2018	27,085	20.7	2,790	(45.1)	2,688	(45.3)	1,655	(52.8)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Fiscal 2019	23.80	23.65
Fiscal 2018	65.58	64.48

(Note) CRE executed a two-for-one stock split on August 1, 2018, and net income per share and net income per share after adjustment for diluted shares have been calculated on the assumption that the two-for-one stock splits of common stock were conducted at the beginning of fiscal 2018.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2019	50,700	16,768	33.1	668.07
Fiscal 2018	41,187	16,252	39.5	653.46

(Reference) Equity capital: 16,768 million yen (July 31, 2019), 16,252 million yen (July 31, 2018)

(Note) CRE executed a two-for-one stock split on August 1, 2018, and net assets per share has been calculated on the assumption that the two-for-one stock splits of common stock were conducted at the beginning of fiscal 2018.

***Audit Status**

These materials are not subject to audit procedure requirements under Japan's Financial Instruments and Exchange Act which require auditing by certified public accountants or an accounting firm.

***Cautionary Note on Forward-Looking Statements and Other Important Matters**

This report contains forward-looking statements about plans and expectations pertaining to CRE's business activities, based on information available to management at the time of preparation and on certain assumptions that management believes to be reasonable. These forward-looking statements are not guarantees of future performance, and actual results, performance, achievements and financial position may differ materially from statements expressed or implied herein due to various factors.

Ratios for cash flow analysis are as follows:

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Equity ratio (%)	33.0	30.4	42.7	39.9	31.9
Equity ratio (market value basis) (%)	63.4	37.7	52.9	56.4	52.2
Cash flow to interest-bearing debt ratio (years)	—	3.4	4.9	4.4	—
Interest coverage ratio (times)	—	33.7	20.0	27.5	—

Equity ratio: Equity capital / Total assets

Equity ratio (market-value basis): Total market value of stocks / Total assets

Cash flow to interest-bearing debt: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow / Interest payments

(Notes) 1. All indicators were calculated using consolidated financial statement data.

2. Total market value of stocks is based on the number of shares issued and outstanding, excluding treasury stock.

3. Cash flow draws on cash flow from operating activities.

4. "Interest-bearing debt" is all debt on the consolidated balance sheet on which interest is payable.

5. Neither cash flow to interest-bearing debt ratio nor interest coverage ratio for fiscal 2015 and fiscal 2019 are provided because CRE posted negative cash flow from operating activities.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Fiscal 2018 As of July 31, 2018 Thousands of yen	Fiscal 2019 As of July 31, 2019 Thousands of yen
Assets		
Current assets		
Cash and deposits	13,384,989	9,032,949
Accounts receivable-trade	356,202	422,384
Accounts receivable from completed construction contracts	168,999	292,503
Securities	112,000	—
Real estate for sale	5,999,942	9,931,410
Real estate for sale in process	6,272,182	14,669,953
Prepaid expenses	435,572	782,650
Others	1,515,338	1,138,755
Allowance for doubtful accounts	(159,711)	(25,260)
Total current assets	28,085,515	36,245,345
Fixed assets		
Tangible fixed assets		
Buildings and structures	2,091,963	3,604,049
Accumulated depreciation	(937,881)	(1,829,915)
Buildings and structures (net)	1,154,082	1,774,134
Machinery, equipment and vehicles	355,209	418,413
Accumulated depreciation	(147,705)	(197,261)
Machinery, equipment and vehicles (net)	207,504	221,151
Tools, furniture and fixtures	91,119	109,299
Accumulated depreciation	(67,785)	(79,442)
Tools, furniture and fixtures (net)	23,333	29,856
Land	1,116,385	1,558,832
Lease assets	483,926	480,631
Accumulated depreciation	(205,687)	(231,499)
Lease assets (net)	278,238	249,131
Construction in progress	11,574	71,478
Total tangible fixed assets	2,791,119	3,904,584
Intangible fixed assets		
Goodwill	205,201	1,533,085
Others	91,481	130,444
Total intangible assets	296,682	1,663,530
Investments and other fixed assets		
Investment securities	6,225,214	6,708,305
Claims provable in bankruptcy, claims provable in rehabilitation and other	12,989	37,476
Deferred tax assets	293,604	59,593
Lease and guarantee deposits	4,432,522	5,730,005
Others	130,732	404,247
Allowance for doubtful accounts	(16,239)	(40,726)
Total investments and other fixed assets	11,078,823	12,898,902
Total fixed assets	14,166,625	18,467,017
Total assets	42,252,141	54,712,362

	Fiscal 2018 As of July 31, 2018 Thousands of yen	Fiscal 2019 As of July 31, 2019 Thousands of yen
Liabilities		
Current liabilities		
Accounts payable-trade	4,182,243	1,917,810
Accounts payable for construction contracts	144,902	399,470
Short-term loans payable	—	25,000
Current portion of long-term loans payable	3,581,613	3,601,592
Lease obligations	27,375	28,045
Accrued corporate and other taxes	436,612	208,507
Deposits received	438,037	450,815
Unearned revenue	1,205,707	1,564,691
Allowance for employees' bonuses	42,371	47,242
Allowance for directors' bonuses	116,520	—
Allowance for sublease losses	13,272	42,274
Asset retirement obligations	—	119,124
Others	275,976	425,738
Total current liabilities	10,464,632	8,770,312
Fixed liabilities		
Long-term loans payable	9,094,705	20,913,299
Lease obligations	344,111	315,767
Liability for retirement benefits	240,951	236,960
Allowance for loss on guarantees	—	32,405
Asset retirement obligations	138,896	218,279
Lease and guarantee deposits received	4,814,418	6,497,059
Others	178,481	183,037
Total fixed liabilities	14,811,564	28,396,809
Total liabilities	25,276,196	37,167,121
Net assets		
Shareholders' equity		
Common stock	2,145,976	2,195,714
Capital surplus	3,734,876	3,784,614
Retained earnings	11,886,295	12,085,463
Treasury stock	(955,107)	(955,107)
Total shareholders' equity	16,812,040	17,110,684
Accumulated other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	88,860	407,944
Deferred gains (losses) on hedges	(30,250)	(31,935)
Foreign currency translation adjustment	(8,956)	(12,997)
Total accumulated other comprehensive income	49,653	363,011
Non-controlling interests	114,251	71,545
Total net assets	16,975,944	17,545,241
Total liabilities and net assets	42,252,141	54,712,362

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

Consolidated Statements of Income

	Fiscal 2018 (August 1, 2017 through July 31, 2018) Thousands of yen	Fiscal 2019 (August 1, 2018 through July 31, 2019) Thousands of yen
Net sales	33,584,652	23,941,977
Cost of sales	27,224,453	18,758,825
Gross profit	6,360,199	5,183,151
Selling, general and administrative expenses	3,174,176	3,531,864
Operating profit	3,186,022	1,651,286
Non-operating income		
Interest received	4,750	5,063
Equity in income of affiliates	48,074	—
Foreign exchange gains	—	6,794
Penalty income	50,776	—
Settlement received	15,960	4,000
Simplified tax income, including consumption tax	14,911	—
Others	2,489	17,543
Total non-operating income	136,962	33,401
Non-operating expenses		
Interest paid	128,654	161,350
Commission fee	68,713	86,237
Equity in loss of affiliates	—	48,607
Others	22,511	6,464
Total non-operating expenses	219,879	302,659
Recurring profit	3,103,105	1,382,028
Extraordinary income		
Gain on sales of investment securities	181	17,825
Reversal of allowance for doubtful accounts	—	112,000
Gain on change in equity	163,292	—
Gain on reversal of asset retirement obligations	—	21,202
Others	1,621	17,941
Total extraordinary income	165,095	168,968
Extraordinary expenses		
Loss on valuation of investment securities	199,999	139,050
Litigation settlement	70,500	—
Provision for loss on guarantees	—	32,405
Others	6,504	29,297
Total extraordinary expenses	277,004	200,753
Income before income taxes	2,991,196	1,350,244
Corporate, inhabitant and business taxes	898,752	593,486
Adjustments to corporate and other taxes	10,540	103,205
Total income taxes	909,292	696,692
Net income	2,081,903	653,552
Net income (loss) attributable to non-controlling interests	(21,328)	(43,036)
Net income attributable to owners of the parent company	2,103,231	696,588

Consolidated Statements of Comprehensive Income

	Fiscal 2018 (August 1, 2017 through July 31, 2018) Thousands of yen	Fiscal 2019 (August 1, 2018 through July 31, 2019) Thousands of yen
Net income	2,081,903	653,552
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	88,303	319,522
Foreign currency translation adjustment	(6,969)	936
Share of other comprehensive income of entities accounted for using equity method	(2,528)	(7,098)
Total other comprehensive income	78,805	313,361
Comprehensive income	2,160,709	966,913
Comprehensive income attributable to owners of the parent company	2,182,365	1,009,946
Comprehensive income attributable to non-controlling interests	(21,656)	(43,033)

(3) Consolidated statements of changes in shareholders' equity

Fiscal 2018 (August 1, 2017 through July 31, 2018)

(Thousands of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of fiscal year	2,088,248	3,677,148	10,067,335	(350)	15,832,382
Changes					
Issuance of new shares-exercise of subscription rights to shares	57,727	57,727			115,455
Dividends from surplus			(254,221)		(254,221)
Net income attributable to owners of the parent company			2,103,231		2,103,231
Purchase of treasury stock				(954,757)	(954,757)
Change in scope of consolidation			(30,050)		(30,050)
Net changes in items other than shareholders' equity during fiscal year					
Total changes	57,727	57,727	1,818,959	(954,757)	979,658
Balance at end of fiscal year	2,145,976	3,734,876	11,886,295	(955,107)	16,812,040

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gains (losses) on other securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of fiscal year	331	(26,566)	(3,246)	(29,480)	16,103	—	15,819,005
Changes							
Issuance of new shares-exercise of subscription rights to shares							115,455
Dividends from surplus							(254,221)
Net income attributable to owners of the parent company							2,103,231
Purchase of treasury stock							(954,757)
Change in scope of consolidation							(30,050)
Net changes in items other than shareholders' equity during fiscal year	88,528	(3,684)	(5,710)	79,133	(16,103)	114,251	177,281
Total changes	88,528	(3,684)	(5,710)	79,133	(16,103)	114,251	1,156,939
Balance at end of fiscal year	88,860	(30,250)	(8,956)	49,653	—	114,251	16,975,944

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of fiscal year	2,145,976	3,734,876	11,886,295	(955,107)	16,812,040
Changes					
Issuance of new shares-exercise of subscription rights to shares	49,738	49,738			99,476
Dividends from surplus			(497,420)		(497,420)
Net income attributable to owners of the parent company			696,588		696,588
Net changes in items other than shareholders' equity during fiscal year					
Total changes	49,738	49,738	199,167	—	298,643
Balance at end of fiscal year	2,195,714	3,784,614	12,085,463	(955,107)	17,110,684

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized gains (losses) on other securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of fiscal year	88,860	(30,250)	(8,956)	49,653	114,251	16,975,944
Changes						
Issuance of new shares-exercise of subscription rights to shares						99,476
Dividends from surplus						(497,420)
Net income attributable to owners of the parent company						696,588
Net changes in items other than shareholders' equity during fiscal year	319,084	(1,685)	(4,040)	313,358	(42,705)	270,652
Total changes	319,084	(1,685)	(4,040)	313,358	(42,705)	569,296
Balance at end of fiscal year	407,944	(31,935)	(12,997)	363,011	71,545	17,545,241

(4) Consolidated statements of cash flows

	Fiscal 2018 (August 1, 2017 through July 31, 2018) Thousands of yen	Fiscal 2019 (August 1, 2018 through July 31, 2019) Thousands of yen
Cash flows from operating activities		
Income before income taxes	2,991,196	1,350,244
Depreciation and amortization	163,206	280,756
Amortization of goodwill	35,143	280,671
Share of (profit) loss of entities accounted for using equity method	(48,074)	48,607
Increase (decrease) in allowance for doubtful accounts	(128,877)	(111,637)
Increase (decrease) in allowance for employees' bonuses	1,738	280
Increase (decrease) in allowance for sublease losses	(5,151)	(54,456)
Increase (decrease) in allowance for loss on guarantees	—	32,405
Increase (decrease) in allowance for directors' bonuses	(129,366)	(116,520)
Increase (decrease) in liability for retirement benefits	2,032	1,282
Interest and dividends received	(65,746)	(5,186)
Interest paid	128,654	161,350
Loss (gain) on sales of investment securities	(181)	(17,825)
Loss (gain) on valuation of investment securities	199,999	139,050
Loss (gain) on change in equity	(163,292)	7,964
Gain on reversal of asset retirement obligations	—	(21,202)
(Increase) decrease in notes and accounts receivable	99,553	(169,777)
(Increase) decrease in inventories	(1,322,639)	(12,106,262)
Increase (decrease) in notes and accounts payable	2,467,873	(2,100,773)
Decrease (increase) in advance payments	(526,628)	549,136
Increase (decrease) in accrued consumption taxes	(39,430)	(117,443)
(Increase) decrease in guarantee deposits	(208,532)	(67,488)
Increase (decrease) in lease and guarantee deposits received	265,063	(621)
Others	86,125	(210,046)
Subtotal	3,802,665	(12,247,491)
Proceeds from interest and dividend income	3,506	1,687
Payment of interest	(108,085)	(144,367)
Payment of income taxes	(723,751)	(959,986)
Net cash provided by operating activities	2,974,334	(13,350,157)
Cash flows from investing activities		
Purchase of marketable and investment securities	(3,992,681)	(449,921)
Proceeds from sales and redemption of marketable and investment securities	659,597	360,893
Purchase of shares of subsidiaries resulting from change of scope of consolidation	—	(864,092)
Proceeds from purchase of shares of subsidiaries resulting from change of scope of consolidation	57,967	—
Purchase of property, plant and equipment	(501,286)	(685,317)
Proceeds from sales of property, plant and equipment	1,621	163,500
Purchase of intangible fixed assets	(33,472)	(67,272)
Others	1,101	13,110
Net cash (used in) investing activities	(3,807,152)	(1,529,098)

	Fiscal 2018 (August 1, 2017 through July 31, 2018) Thousands of yen	Fiscal 2019 (August 1, 2018 through July 31, 2019) Thousands of yen
Cash flows from financing activities		
Proceeds from short-term loans	—	5,050,000
Repayment of short-term loans	(600,000)	(5,568,750)
Proceeds from long-term loans	9,955,250	16,162,071
Repayment of long-term loans	(8,516,489)	(4,627,907)
Repayment of lease obligations	(24,601)	(27,270)
Execution of stock option	94,241	32,298
Purchase of treasury shares	(959,644)	—
Cash dividends paid	(253,392)	(497,854)
Others	25,780	—
Net cash provided by (used in) financing activities	(278,855)	10,522,587
Effect of exchange rate change on cash and cash equivalents	16,620	4,627
Net increase (decrease) in cash and cash equivalents	(1,095,052)	(4,352,040)
Cash and cash equivalents at beginning of fiscal year	14,392,598	13,384,989
Increase in cash and cash equivalents from newly consolidated subsidiary	87,443	—
Cash and cash equivalents at end of fiscal year	13,384,989	9,092,949

	Reporting Segments				Other Operations (Note 1)	Total	Adjustment (Note 2)	Consolidated statements of income amount (Note 3)
	Real estate management business	Logistics investment business	Asset management business	Total				
Sales								
External customers	18,450,429	14,283,386	756,139	33,489,955	94,697	33,584,652	—	33,584,652
Inter-segment	119,456	2,105	22,100	143,661	—	143,661	(143,661)	—
Total	18,569,885	14,285,491	778,239	33,633,617	94,697	33,728,314	(143,661)	33,584,652
Segment income	1,724,924	1,837,543	382,039	3,944,506	67,642	4,012,149	(826,127)	3,186,022
Segment assets	10,898,592	12,741,853	4,828,607	28,469,053	442,864	28,911,918	13,340,646	42,252,564
Other								
Depreciation and amortization	146,989	3,755	1,386	152,131	33	152,165	11,040	163,206
Amortization of goodwill	6,989	—	28,154	35,143	—	35,143	—	35,143
Investment in affiliates accounted for by equity method	—	1,766,141	—	1,766,141	—	1,766,141	—	1,766,141
Increase on tangible fixed assets and intangible fixed assets	486,967	—	270	487,237	—	487,237	38,963	526,201

(Notes) 1. The classification “Other Operations” represents business segments not included under other reporting segments.

2. Adjustments are as follows:

(1) The (826,127) thousand yen segment income adjustment includes (1,623) thousand yen in inter-segment elimination and (824,503) thousand yen in corporate expenses not included in any segment. Primary corporate expenses are general administrative expenses which are not associated with reporting segments.

(2) The 13,340,646 thousand yen segment assets adjustment includes (2,400) thousand yen in inter-segment elimination and 13,343,046 thousand yen in corporate assets not included in any segment. Primary corporate assets are cash and deposits and general corporate assets which are not associated with reporting segments.

(3) The 11,040 thousand yen depreciation and amortization adjustment are corporate expenses which are not associated with reporting segments.

(4) The 38,963 thousand yen increase on tangible fixed assets and intangible fixed assets adjustment are amount of capital investments related to general corporate.

3. Segment income has been reconciled with operating income on the consolidated statements of income.

	Reporting Segments				Other Operations (Note 1)	Total	Adjustment (Note 2)	Consolidated statements of income amount (Note 3)
	Real estate management business	Logistics investment business	Asset management business	Total				
Sales								
External customers	21,537,610	1,599,994	784,217	23,921,822	20,154	23,941,977	—	23,941,977
Inter-segment	23,339	2,079	3,600	29,018	—	29,018	(29,018)	—
Total	21,560,949	1,602,073	787,817	23,950,840	20,154	23,970,995	(29,018)	23,941,977
Segment income	1,764,475	207,103	406,565	2,378,144	4,421	2,382,566	(731,279)	1,651,286
Segment assets	15,860,061	25,226,772	5,221,419	46,308,253	827,912	47,136,165	7,576,196	54,712,362
Other								
Depreciation and amortization	266,370	4,155	1,380	271,905	16	271,922	8,834	280,756
Amortization of goodwill	256,539	—	24,132	280,671	—	280,671	—	280,671
Investment in affiliates accounted for by equity method	—	1,797,496	—	1,797,496	—	1,797,496	—	1,797,496
Increase on tangible fixed assets and intangible fixed assets	709,592	—	1,150	710,742	—	710,742	44,031	754,773

(Notes) 1. The classification “Other Operations” represents business segments not included under other reporting segments.

2. Adjustments are as follows:

(1) The (731,279) thousand yen segment income adjustment includes (2,071) thousand yen in inter-segment elimination and (733,351) thousand yen in corporate expenses not included in any segment. Primary corporate expenses are general administrative expenses which are not associated with reporting segments.

(2) The 7,576,196 thousand yen segment assets adjustment includes (332) thousand yen in inter-segment elimination and 7,576,529 thousand yen in corporate assets not included in any segment. Primary corporate assets are cash and deposits and general corporate assets which are not associated with reporting segments.

(3) The 8,834 thousand yen depreciation and amortization adjustment are corporate expenses which are not associated with reporting segments.

(4) The 44,031 thousand yen increase on tangible fixed assets and intangible fixed assets adjustment are amount of capital investments related to general corporate.

3. Segment income has been reconciled with operating income on the consolidated statements of income.