

May 11, 2017

**Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2017**
**[Japanese GAAP]**

Company name:	Maruzen Showa Unyu Co., Ltd.	Listing:	Tokyo Stock Exchange, First Section
Stock code:	9068	URL:	<a href="http://www.maruzenshowa.co.jp/">http://www.maruzenshowa.co.jp/</a>
Representative:	Toshiyuki Asai, President		
Contact:	Kazuyuki Honda, General Manager of Accounting Division	Tel:	+81-45-671-5923
Scheduled date of Annual General Meeting of Shareholders:	June 29, 2017		
Scheduled date of payment of dividend:	June 30, 2017		
Scheduled date of filing of Annual Securities Report:	June 29, 2017		
Preparation of supplementary materials for financial results:	None		
Holding of financial results meeting:	None		

*(All amounts are rounded down to the nearest million yen)*
**1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)**

(1) Consolidated results of operations (Percentages for operating revenue and profits represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2017	104,824	4.9	5,555	4.9	6,149	4.9	4,420	11.1
Fiscal year ended Mar. 31, 2016	99,902	5.5	5,293	11.0	5,864	8.8	3,978	8.7

Note: Comprehensive income (million yen)

Fiscal year ended Mar. 31, 2017: 6,444 (up 274.9%)

Fiscal year ended Mar. 31, 2016: 1,719 (down 72.7%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to operating revenue
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2017	49.41	43.32	6.2	5.2	5.3
Fiscal year ended Mar. 31, 2016	44.46	38.97	5.9	5.1	5.3

Reference: Equity in earnings of affiliates (million yen)

Fiscal year ended Mar. 31, 2017: 207

Fiscal year ended Mar. 31, 2016: 212

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2017	122,647	73,705	60.0	822.80
As of Mar. 31, 2016	114,382	68,222	59.6	761.52

Reference: Shareholders' equity (million yen)

As of Mar. 31, 2017: 73,608

As of Mar. 31, 2016: 68,131

(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
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2017	6,486	(3,528)	(1,067)	19,996
Fiscal year ended Mar. 31, 2016	6,588	(1,874)	(1,648)	18,147

**2. Dividends**

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Mar. 31, 2016	Yen -	Yen 4.50	Yen -	Yen 5.50	Yen 10.00	Million yen 911	% 22.5	% 1.3
Fiscal year ended Mar. 31, 2017	-	5.00	-	6.00	11.00	1,002	22.3	1.4
Fiscal year ending Mar. 31, 2018 (forecasts)	-	5.50	-	5.50	11.00		22.4	

**3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)**

(Percentages represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	54,500	6.4	2,900	9.6	3,200	8.7	2,200	9.7	24.59
Full year	109,000	4.0	5,800	4.4	6,300	2.4	4,400	(0.5)	49.18

**\* Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

(2) Changes in accounting policies and accounting-based estimates, and restatements

- |   |      |
|---|------|
| 1) Changes in accounting policies due to revisions in accounting standards, others: | Yes  |
| 2) Changes in accounting policies other than 1) above:                              | None |
| 3) Changes in accounting-based estimates:   | None |
| 4) Restatements:  | None |

(3) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Mar. 31, 2017:	98,221,706 shares	As of Mar. 31, 2016:	98,221,706 shares
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2) Number of treasury shares at the end of the period

As of Mar. 31, 2017:	8,760,639 shares	As of Mar. 31, 2016:	8,754,016 shares
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3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2017:	89,463,931 shares	Fiscal year ended Mar. 31, 2016:	89,476,671 shares
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Note: For the number of shares used for the calculation of consolidated net income per share, please refer to “Per-share Information” on page 17.

**Reference: Summary of Non-consolidated Financial Results**

**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)**

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2017	83,117	7.1	4,754	7.1	5,405	9.4	4,105	20.6
Fiscal year ended Mar. 31, 2016	77,621	(0.6)	4,440	11.1	4,939	10.7	3,402	11.0

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2017	45.05	39.57
Fiscal year ended Mar. 31, 2016	37.33	32.77

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2017	107,418	65,439	60.9	718.05
As of Mar. 31, 2016	99,882	60,541	60.6	664.26

Reference: Shareholders' equity (million yen) As of Mar. 31, 2017: 65,439 As of Mar. 31, 2016: 60,541

**2. Non-consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)**

(Percentages represent year-on-year changes)

	Operating revenue		Ordinary profit		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	43,500	6.8	2,800	8.3	2,000	8.2	21.94
Full year	87,000	4.7	5,500	1.7	4,000	(2.6)	43.89

\* The current financial report is not subject to audit procedures.

\* Cautionary statement with respect to forward-looking statements, and other special items

Forecasts of future performance in these materials are based on assumption judged to be valid and information available to the Company's management at the time the materials were prepared. Actual results may differ materially from the forecasts. Please refer to “1. Overview of Results of Operations, (4) Outlook” on page 5 for forecast assumptions and notes of caution for usage.

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## 1. Overview of Results of Operations

### (1) Results of Operations

During the fiscal year ended March 31, 2017 (hereinafter, “the current fiscal year”), the Japanese economy continued its recovery though its pace was slow. While the consumer spending remained at a standstill, with the support of government economic stimulus measures and monetary easing by the Bank of Japan, corporate earnings as well as the employment and income situation were improved. However, outlook for the global economy remained unclear due to such concerns as the economic downturn in the Asian emerging markets including China, the UK’s decision to leave the EU, and the US’s policy shift led by the Trump administration.

In the logistics industry, the volume of international cargo increased as a whole thanks to improving global economy. More specifically, the air cargo grew significantly due to a substantial increase in semiconductor-related cargo to Asia, and also the export and import shipments bottomed out and increased in consumer goods, as well as electric and electronic-related cargo. As for the ship cargo, both in export and import, handling volume of consumer goods, machinery and equipment, and chemical products also increased for China and ASEAN, and was solid for the United States and EU.

The volume of domestic cargo returned to profitability for the first time in five years as a result of steady growth of construction-related cargo brought by increased handling volume of housing materials, and also contributed by an increase in strong consumer-related cargo. However, as problems such as a shortage of drivers and price-based competition among cargo transport companies are still prevailing, and the fuel cost, which was favorable at one time due to lowered crude oil prices, is on a rising trend, operating environment for logistics companies show some positive signs but still are not free from concern.

Under such circumstances, the Maruzen Showa Group (hereinafter, “the Group”) formulated the Sixth Medium-term Management Plan, a three year plan starting from the current fiscal year. By defining a more globalized and technologically advanced world as the “NEXT STAGE,” we have committed ourselves to further strengthen our corporate infrastructure during the period of three years so that we can continue to build our presence in the “NEXT STAGE” world. We have set the Group’s vision as “a logistics partner for creating the best possible supply chains from a global perspective” and have been making our efforts to achieve our sales and profit targets through “1) ensuring sales growth, 2) strengthening the corporate infrastructure, and 3) enhancing sales capabilities” as the top three priority measures.

These efforts made us achieve the long-sought target of consolidated operating revenue of over 100 billion yen, owing to revenue increase arising from newly started third-party logistics (3PL) business for housing materials, increased handling volume of household products due to our business expansion, and increased yard operation for the electric power equipment manufacturers.

Consequently, the Group’s results of operation for the current fiscal year were as follows: operating revenue increased by 4.9% year-on-year to 104,824 million yen, operating profit increased by 4.9% year-on-year to 5,555 million yen, and ordinary profit increased by 4.9% year-on-year to 6,149 million yen, and profit attributable to owners of parent increased by 11.1% year-on-year to 4,420 million yen.

Business segment performance was as follows.

### Logistics Operations

The freight truck transportation sector saw a significant increase in operating revenue. In the Kanto region, while there were decreases in the handling volume of steel, chemical-related products and office relocation projects, there were increases in new 3PL orders received for housing materials, household products and non-ferrous metals. There were increases in the handling volume of resin products, housing equipment and household products in Kansai region.

The harbor transportation sector saw an increase in operating revenue. In the Kanto region, while there was a decrease in the handling volume of construction machinery for exports and those of grains and housing materials for imports, there were increases in handling volume of industrial springs, imports of fresh fruits and vegetables, and

industrial plants-related projects exported to Middle East and Southeast Asia. While there was a decrease in handling volume of solar panels for exports, there was an increase loading operations on shore in the Chubu region.

The warehousing operations sector saw an increase in operating revenue. While there were decreases in the handling volume of construction machinery, non-ferrous metals and government-controlled rice in the Kanto region, there were increases in new 3PL orders received for housing materials and the handling volume of household products due to the revision in contract formats.

The railway logistics sector saw an increase in operating revenue. While there was a decrease in handling volume of chemical-related products, there were increases in handling volume of housing materials and agricultural equipment.

The operations related to logistics saw a slight increase in operating revenue. Specifically, coastal transportation revenues decreased due to a decrease in the handling volume of coal and grains, and termination of a contract to transport construction waste soil. Ocean transportation revenues also decreased due to decreases in the export volume of solar panel and the handling volume of non-ferrous metal, which were partly offset by increases in the ocean transportation of synthetic rubber and industrial springs. Cargo handling work revenues increased due to increases in the handling volume of medical-purpose films and transformers, which were partly offset by decreases in the handling volume of motor-related parts and electric appliances for exports.

Overall, operating revenue of this segment increased by 6.5% year-on-year to 88,741 million yen and segment profit (operating profit) increased by 9.1% year-on-year to 4,256 million yen.

### **Yard Operations and Mechanical Cargo Handling**

Operating revenue from the yard operations increased with an increase in the handling volume of household products, transformers and housing equipment, which was offset by decreases in the handling volume of construction machinery and steel sheets.

Operating revenue from the mechanical cargo handling decreased due to a decrease in the handling volume of cargo moved by cranes.

As a result, segment operating revenue increased by 1.3% year-on-year to 13,723 million yen and segment profit (operating profit) increased by 2.8% year-on-year to 875 million yen.

### **Other Operations**

Revenue from renting land decreased significantly due to the revision in contract formats. Construction revenue decreased due to a drop in orders for relocation projects in Japan.

As a result, segment operating revenue decreased by 21.0% year-on-year to 2,359 million yen and segment profit (operating profit) decreased by 21.6% year-on-year to 423 million yen.

## **(2) Financial Position**

### **Assets**

The balance of total assets at the end of the current fiscal year was 122,647 million yen, up 8,265 million yen from the end of the previous fiscal year. This increase was mainly due to increases of 4,548 million yen in cash and deposits under current assets and 3,638 million yen in investment securities under non-current assets.

### **Liabilities**

The balance of total liabilities at the end of the current fiscal year was 48,942 million yen, up 2,782 million yen from the end of the previous fiscal year. This increase was mainly due to increases of 1,184 million yen in notes and operating accounts payable-trade, and 757 million yen in short-term loans payable under current liabilities as well as an increase of 843 million yen in deferred tax liabilities under non-current liabilities.

## Net assets

The balance of net assets at the end of the current fiscal year was 73,705 million yen, up 5,482 million yen from the end of the previous fiscal year. This increase was mainly due to increases of 3,463 million yen in retained earnings, 1,904 million yen in valuation difference on available-for-sale securities, and 180 million yen in remeasurements of defined benefit plans. The equity ratio was 60.0%, up 0.4 percentage point from the end of the previous fiscal year.

### (3) Cash Flows

Cash and cash equivalents (hereinafter, “net cash”) at the end of the current fiscal year were 19,996 million yen, an increase of 1,848 million yen from the previous fiscal year. The main factors include recording of profit before income taxes of 6,501 million yen (an increase of 623 million yen from the previous fiscal year), payments for purchase of property, plant and equipment, and repayments of long-term loans payable.

Cash flows for the current fiscal year and the main factors for changes are described as below.

#### Cash flows from operating activities

Net cash provided by operating activities totaled 6,486 million yen, a decrease of 102 million yen from the previous fiscal year.

This was mainly due to recording of profit before income taxes of 6,501 million yen and depreciation of 3,219 million yen, an increase of 1,208 million yen in notes and accounts payable-trade, which were partly offset by an increase of 2,439 million yen in notes and accounts receivable-trade, and income taxes paid of 2,087 million yen.

#### Cash flows from investing activities

Net cash used in investing activities totaled 3,528 million yen, an increase of 1,654 million yen from the previous fiscal year.

This was mainly due to payments of 3,167 million yen for the purchase of property, plant and equipment.

#### Cash flows from financing activities

Net cash used in financing activities totaled 1,067 million yen, a decrease of 580 million yen from the previous fiscal year.

This was mainly due to cash dividends paid of 956 million yen.

#### Reference: Cash flow indicators

	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17
Equity ratio (%)	59.2	57.3	58.0	59.6	60.0
Equity ratio based on market value (%)	30.3	28.8	31.5	30.9	32.2
Interest-bearing debt to cash flow ratio (years)	4.4	5.3	3.1	3.2	3.3
Interest coverage ratio (times)	19.6	16.9	29.7	30.1	34.5

Notes: Equity ratio: Shareholders' equity / Total assets

Equity ratio based on market value: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest payments

1) All indicators are calculated based on consolidated figures.

2) Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of shares outstanding at the end of the period, excluding treasury shares.

3) Operating cash flows are the figures for operating cash flows in the consolidated statement of cash flows.

Interest-bearing debt includes all debts on the consolidated balance sheet that incur interest. Interest payments use the amount of interest expenses paid stated on the consolidated statement of cash flows.

**(4) Outlook**

We expect that the Japanese economy will moderately recover due to reviving consumer spending brought by improvements in employment and income situation, as well as increase in exports propelled by recovery of global economy. However, the outlook still remains unclear. The domestic logistic market is enjoying limited benefits of economic recovery and the gross volume of cargo is expected to stay flat. Meanwhile, in the international logistic market, export will increase due to the recovering global economy, while import is expected to be sluggish as improvement in consumer spending lacks momentum.

Under such circumstances, the Group tackled the first year of the Sixth Medium-term Management Plan and achieved the long-sought target of consolidated operating revenue of over 100 billion yen. Factors contributing to the revenue increase are the newly started 3PL business for housing materials, increased handling volume of household products due to our business expansion, and increased yard operation for the electric power equipment manufacturers. We will further continue our efforts to increase handling volume of electronic products which we started in 2015.

For the fiscal year ending March 31, 2018, as shown in the Medium-term Management Plan, we will strengthen the corporate infrastructure by expanding 3PL business and global logistics business, utilizing M&A to broaden the contents of business and solving each problem such as long working hours and securing adequate number of personnel despite of labor shortage.

Based on this outlook, we forecast to achieve operating revenue of 109,000 million yen, operating profit of 5,800 million yen, ordinary profit of 6,300 million yen, and profit attributable to owners of parent of 4,400 million yen on a consolidated basis for the fiscal year ending March 31, 2018.

**(5) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years**

Distributing earnings to shareholders is one of our highest priorities. The basic policy is to pay a dividend that is stable over the long term while taking into consideration results of operations, the dividend payout ratio, the return on equity and all other applicable items.

Retained earnings are used for investments aimed at building an even stronger operating foundation in order to maintain the long-term stability of performance. Major investments include new warehouses and other facilities, vehicles and machinery needed to increase transportation capacity and meet environmental regulations, and IT systems to keep pace with advances in technology. Based on this policy, in consideration of results of operations, financial position and other factors, we plan to pay a dividend of 11 yen per share for the fiscal year ended on March 31, 2017. This is the sum of a 5.00 yen interim dividend and a 6.00 yen year-end dividend.

For the fiscal year ending on March 31, 2018, we plan to pay a dividend of 11 yen per share, the sum of a 5.50 yen interim dividend and a 5.50 yen year-end dividend.

**2. Basic Approach to the Selection of Accounting Standards**

We plan to continue using Japanese accounting standards for preparing consolidated financial statements for the time being. One reason is that shareholders, lenders and customers in Japan account for most of the stakeholders of the Group. In addition, using Japanese accounting standards allows comparing financial information with prior years and with the financial information of other companies in Japan.

We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

**3. Consolidated Financial Statements and Notes****(1) Consolidated Balance Sheet**

	(Millions of yen)	
	FY3/16 (As of Mar. 31, 2016)	FY3/17 (As of Mar. 31, 2017)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	7,547	12,096
Notes and operating accounts receivable-trade	20,312	22,718
Securities	7,899	5,799
Supplies	99	111
Prepaid expenses	564	580
Deferred tax assets	611	623
Other	3,790	3,577
Allowance for doubtful accounts	(4)	(0)
<b>Total current assets</b>	<b>40,822</b>	<b>45,505</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	67,414	67,561
Accumulated depreciation	(43,876)	(45,081)
Buildings and structures, net	23,538	22,480
Machinery and equipment	11,205	10,972
Accumulated depreciation	(9,092)	(8,807)
Machinery and equipment, net	2,112	2,165
Vehicles	9,510	9,649
Accumulated depreciation	(8,602)	(8,667)
Vehicles, net	908	981
Tools, furniture and fixtures	730	742
Accumulated depreciation	(643)	(663)
Tools, furniture and fixtures, net	87	78
Land	20,239	20,175
Leased assets	1,845	1,945
Accumulated depreciation	(941)	(1,069)
Leased assets, net	904	875
Construction in progress	76	1,392
<b>Total property, plant and equipment</b>	<b>47,867</b>	<b>48,150</b>
<b>Intangible assets</b>		
Goodwill	1,839	1,629
Other	906	923
<b>Total intangible assets</b>	<b>2,745</b>	<b>2,552</b>
<b>Investments and other assets</b>		
Investment securities	16,906	20,544
Long-term loans receivable	363	15
Deferred tax assets	91	98
Net defined benefit asset	10	110
Other	5,598	5,687
Allowance for doubtful accounts	(23)	(17)
<b>Total investments and other assets</b>	<b>22,947</b>	<b>26,439</b>
<b>Total non-current assets</b>	<b>73,559</b>	<b>77,141</b>
<b>Total assets</b>	<b>114,382</b>	<b>122,647</b>



	(Millions of yen)	
	FY3/16	FY3/17
	(As of Mar. 31, 2016)	(As of Mar. 31, 2017)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and operating accounts payable-trade	9,694	10,878
Short-term loans payable	9,368	10,125
Current portion of bonds	31	15
Accounts payable-other	899	1,155
Income taxes payable	1,114	1,330
Accrued consumption taxes	400	448
Accrued expenses	1,680	1,702
Provision for bonuses	1,375	1,381
Provision for directors' bonuses	3	1
Other	550	578
<b>Total current liabilities</b>	<b>25,120</b>	<b>27,616</b>
<b>Non-current liabilities</b>		
Bonds payable	5,023	5,405
Long-term loans payable	11,655	10,782
Deferred tax liabilities	2,302	3,146
Provision for directors' retirement benefits	16	24
Net defined benefit liability	212	150
Asset retirement obligations	682	692
Other	1,146	1,123
<b>Total non-current liabilities</b>	<b>21,040</b>	<b>21,325</b>
<b>Total liabilities</b>	<b>46,160</b>	<b>48,942</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	9,117	9,117
Capital surplus	7,849	7,850
Retained earnings	49,795	53,258
Treasury shares	(2,486)	(2,489)
<b>Total shareholders' equity</b>	<b>64,276</b>	<b>67,736</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,201	6,106
Foreign currency translation adjustment	(123)	(191)
Remeasurements of defined benefit plans	(222)	(42)
<b>Total accumulated other comprehensive income</b>	<b>3,855</b>	<b>5,872</b>
<b>Non-controlling interests</b>	<b>90</b>	<b>96</b>
<b>Total net assets</b>	<b>68,222</b>	<b>73,705</b>
<b>Total liabilities and net assets</b>	<b>114,382</b>	<b>122,647</b>

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

(Millions of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Operating revenue	99,902	104,824
Operating cost	90,809	95,556
Operating gross profit	9,092	9,267
Selling, general and administrative expenses		
Directors' compensations	517	530
Salaries and allowances	1,326	1,280
Bonuses	278	235
Provision for directors' bonuses	3	1
Retirement benefit expenses	44	51
Provision for directors' retirement benefits	9	10
Taxes and dues	50	49
Depreciation	82	84
Provision of allowance for doubtful accounts	0	0
Other	1,483	1,468
Total selling, general and administrative expenses	3,799	3,712
Operating profit	5,293	5,555
Non-operating income		
Interest income	26	18
Dividend income	399	410
Share of profit of entities accounted for using equity method	212	207
Miscellaneous income	220	169
Total non-operating income	859	804
Non-operating expenses		
Interest expenses	219	185
Miscellaneous expenses	69	24
Total non-operating expenses	288	210
Ordinary profit	5,864	6,149
Extraordinary income		
Gain on sales of non-current assets	103	183
Gain on sales of investment securities	-	374
Subsidy income	124	-
Total extraordinary income	227	558
Extraordinary losses		
Loss on sales and retirement of non-current assets	76	114
Loss on valuation of investment securities	15	-
Impairment loss	0	92
Loss on reduction of non-current assets	120	-
Total extraordinary losses	213	206
Profit before income taxes	5,878	6,501
Income taxes-current	1,992	2,143
Income taxes-deferred	(95)	(69)
Total income taxes	1,897	2,074
Profit	3,981	4,427
Profit attributable to non-controlling interests	3	7
Profit attributable to owners of parent	3,978	4,420

**Consolidated Statement of Comprehensive Income**

(Millions of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Profit	3,981	4,427
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,913)	1,884
Foreign currency translation adjustment	(24)	(68)
Remeasurements of defined benefit plans, net of tax	(307)	180
Share of other comprehensive income of entities accounted for using equity method	(17)	19
Total other comprehensive income	(2,262)	2,017
Comprehensive income	1,719	6,444
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,716	6,437
Comprehensive income attributable to non-controlling interests	3	7

**(3) Consolidated Statement of Changes in Equity**

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	9,117	7,849	46,683	(2,477)	61,172
Changes of items during period					
Dividends of surplus			(865)		(865)
Profit attributable to owners of parent			3,978		3,978
Disposal of treasury shares		0		0	1
Purchase of treasury shares				(9)	(9)
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	0	3,112	(8)	3,103
Balance at end of current period	9,117	7,849	49,795	(2,486)	64,276

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	6,131	(98)	84	6,117	89	67,379
Changes of items during period						
Dividends of surplus				-		(865)
Profit attributable to owners of parent				-		3,978
Disposal of treasury shares				-		1
Purchase of treasury shares				-		(9)
Net changes of items other than shareholders' equity	(1,930)	(24)	(307)	(2,262)	1	(2,261)
Total changes of items during period	(1,930)	(24)	(307)	(2,262)	1	842
Balance at end of current period	4,201	(123)	(222)	3,855	90	68,222

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	9,117	7,849	49,795	(2,486)	64,276
Changes of items during period					
Dividends of surplus			(956)		(956)
Profit attributable to owners of parent			4,420		4,420
Disposal of treasury shares		0		1	2
Purchase of treasury shares				(5)	(5)
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	0	3,463	(3)	3,460
Balance at end of current period	9,117	7,850	53,258	(2,489)	67,736

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	4,201	(123)	(222)	3,855	90	68,222
Changes of items during period						
Dividends of surplus				-		(956)
Profit attributable to owners of parent				-		4,420
Disposal of treasury shares				-		2
Purchase of treasury shares				-		(5)
Net changes of items other than shareholders' equity	1,904	(68)	180	2,017	5	2,022
Total changes of items during period	1,904	(68)	180	2,017	5	5,482
Balance at end of current period	6,106	(191)	(42)	5,872	96	73,705

**(4) Consolidated Statement of Cash Flows**

(Millions of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Cash flows from operating activities		
Profit before income taxes	5,878	6,501
Depreciation	3,263	3,219
Amortization of goodwill	210	210
Increase (decrease) in provision for directors' retirement benefits	(0)	5
Increase (decrease) in provision for bonuses	7	5
Increase (decrease) in provision for directors' bonuses	0	(2)
Increase (decrease) in allowance for doubtful accounts	(10)	(8)
Decrease (increase) in net defined benefit asset	(131)	47
Increase (decrease) in net defined benefit liability	72	(61)
Interest and dividend income	(425)	(428)
Interest expenses	219	185
Share of (profit) loss of entities accounted for using equity method	(212)	(207)
Loss (gain) on sales and retirement of non-current assets	(26)	(69)
Loss (gain) on sales of investment securities	-	(374)
Loss (gain) on valuation of investment securities	15	-
Decrease (increase) in notes and accounts receivable-trade	574	(2,439)
Decrease (increase) in inventories	14	(11)
Increase (decrease) in notes and accounts payable-trade	(394)	1,208
Increase (decrease) in accrued consumption taxes	(725)	71
Loss on reduction of non-current assets	120	-
Subsidy income	(124)	-
Other, net	48	419
Subtotal	8,373	8,271
Interest and dividend income received	453	490
Interest expenses paid	(219)	(188)
Income taxes paid	(2,143)	(2,087)
Proceeds from subsidy income	124	-
Net cash provided by (used in) operating activities	6,588	6,486
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,749)	(3,167)
Proceeds from sales of property, plant and equipment	112	319
Purchase of intangible assets	(244)	(58)
Purchase of investment securities	(153)	(982)
Proceeds from sales of investment securities	-	691
Purchase of shares of subsidiaries	(27)	(119)
Collection of short-term loans receivable	22	13
Collection of long-term loans receivable	272	0
Acquisition of other investments	(672)	(501)
Proceeds on sale of other investments	646	398
Payments of loans receivable	(54)	(54)
Other, net	(27)	(69)
Net cash provided by (used in) investing activities	(1,874)	(3,528)

	(Millions of yen)	
	FY3/16	FY3/17
	(Apr. 1, 2015 – Mar. 31, 2016)	(Apr. 1, 2016 – Mar. 31, 2017)
Cash flows from financing activities		
Increase in short-term loans payable	-	1,200
Decrease in short-term loans payable	(81)	(427)
Proceeds from long-term loans payable	4,028	645
Repayments of long-term loans payable	(4,386)	(1,533)
Redemption of bonds	(29)	(31)
Proceeds from issuance of bonds	-	400
Cash dividends paid	(865)	(956)
Dividends paid to non-controlling interests	(2)	(2)
Other, net	(311)	(360)
Net cash provided by (used in) financing activities	(1,648)	(1,067)
Effect of exchange rate change on cash and cash equivalents	(19)	(41)
Net increase (decrease) in cash and cash equivalents	3,046	1,848
Cash and cash equivalents at beginning of period	15,101	18,147
Cash and cash equivalents at end of period	18,147	19,996

**(5) Notes to Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Changes in Accounting Policies**

Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016

Following the revision of the Corporation Tax Act, the Company has applied the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 32, June 17, 2016) from the current fiscal year, and changed the method for the depreciation of facilities attached to buildings and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method.

The effect of this change on operating profit, ordinary profit and profit before income taxes for the current fiscal year is insignificant.

**Additional Information**

Application of Implementation Guidance on Recoverability of Deferred Tax Assets

Effective from the current fiscal year, the Company has applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016).

**Segment and Other Information**

Segment information

## 1. Overview of reportable segment

Segments used for financial reporting are the Company constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Company’s operations are divided into the logistics operations business, the yard operations and mechanical cargo handling business, and other businesses. Each consolidated subsidiary is an independent business unit that undergoes periodic reviews by the Board of Directors of the Company. Each subsidiary establishes its own comprehensive strategy and conducts its own business activities.

Consequently, the Group’s operations consist of business segments for different services based on the three categories in the preceding paragraph and the activities of consolidated subsidiaries. To provide suitable information about business activities and the operating environment, operations that are generally similar regarding economic characteristics, services and other items are combined into two reportable segments: Logistics Operations, and Yard Operations and Mechanical Cargo Handling.

Services by reportable segment are as follows.

Reportable segment	Services
Logistics Operations	Freight truck transportation, freight forwarding (truck, rail, ocean transportation and coastal transportation, air), harbor transportation (general harbor transportation, loading and unloading (in ships and on shore), barges), warehousing operations, customs brokerage, packaging, marine cargo transportation, air cargo agency
Yard Operations and Mechanical Cargo Handling	On-site moving, assembly, filling and warehouse storage of raw materials, finished products, heavy loads, precision machinery and other items, handling of incoming and outgoing shipments, provision of services associated with these activities, and rental of machinery

## 2. Calculation method for operating revenue, profit or loss, assets, liabilities, and other items for each reportable segment

The accounting method used for reportable business segments is generally the same as the method adopted for preparation of the consolidated financial statements.

Profits for reportable business segments are operating profit figures.

Inter-segment sales and transfers are based on market prices.



## 3. Information related to operating revenue, profit or loss, assets, liabilities, and other items for each reportable segment

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Total (Note 3)
	Logistics Operations	Yard Operations and Mechanical Cargo Handling	Total				
Operating revenue							
(1) External sales	83,362	13,553	96,915	2,987	99,902	-	99,902
(2) Inter-segment sales and transfers	-	-	-	476	476	(476)	-
Total	83,362	13,553	96,915	3,464	100,379	(476)	99,902
Segment profit	3,901	851	4,753	539	5,293	-	5,293
Segment assets	67,246	6,055	73,302	2,687	75,990	38,392	114,382
Other items:							
Depreciation	2,923	199	3,123	140	3,263	-	3,263
Increase in property, plant and equipment and intangible assets	2,181	326	2,508	116	2,625	-	2,625

Notes: 1. "Other" is a business segment not included in reportable segments and provides construction, security, real estate, insurance agency, vehicle maintenance and other services.

2. The adjustment of (476) million yen is elimination of inter-segment transactions.

The adjustment to segment assets of 38,392 million yen is company-wide assets that are not allocated to reportable segments.

3. Total of segment profit is operating profit as shown on the consolidated financial statements.

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Total (Note 3)
	Logistics Operations	Yard Operations and Mechanical Cargo Handling	Total				
Operating revenue							
(1) External sales	88,741	13,723	102,465	2,359	104,824	-	104,824
(2) Inter-segment sales and transfers	-	-	-	469	469	(469)	-
Total	88,741	13,723	102,465	2,828	105,293	(469)	104,824
Segment profit	4,256	875	5,131	423	5,555	-	5,555
Segment assets	69,804	6,438	76,243	2,279	78,522	44,125	122,647
Other items:							
Depreciation	2,847	196	3,043	176	3,219	-	3,219
Increase in property, plant and equipment and intangible assets	3,340	414	3,755	150	3,905	-	3,905

Notes: 1. "Other" is a business segment not included in reportable segments and provides construction, security, real estate, insurance agency, vehicle maintenance and other services.

2. The adjustment of (469) million yen is elimination of inter-segment transactions.

The adjustment to segment assets of 44,125 million yen is company-wide assets that are not allocated to reportable segments.

3. Total of segment profit is operating profit as shown on the consolidated financial statements.

## Related information

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

## 1. Information by product and service

This information is omitted since the same information is presented in segment information.

## 2. Information by region

## (1) Operating revenue

This information is omitted since sales to external customers in Japan exceeded 90% of operating revenue on the consolidated statement of income.

## (2) Property, plant and equipment

This information is omitted since property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

## 3. Information by major client

This information is omitted since no external client accounts for more than 10% of operating revenue on the consolidated statement of income.

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

## 1. Information by product and service

This information is omitted since the same information is presented in segment information.

## 2. Information by region

## (1) Operating revenue

This information is omitted since sales to external customers in Japan exceeded 90% of operating revenue on the consolidated statement of income.

## (2) Property, plant and equipment

This information is omitted since property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

## 3. Information by major client

This information is omitted since no external client accounts for more than 10% of operating revenue on the consolidated statement of income.

Information related to impairment of non-current assets for each reportable segment

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(Millions of yen)

	Logistics Operations	Yard Operations and Mechanical Cargo Handling	Other business	Elimination or corporate	Total
Impairment loss	0	-	-	-	0

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Millions of yen)

	Logistics Operations	Yard Operations and Mechanical Cargo Handling	Other business	Elimination or corporate	Total
Impairment loss	92	-	-	-	92

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(Millions of yen)

	Logistics Operations	Yard Operations and Mechanical Cargo Handling	Other business	Elimination or corporate	Total
Amortization for the period	202	7	-	-	210
Balance at the end of period	1,771	68	-	-	1,839

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Millions of yen)

	Logistics Operations	Yard Operations and Mechanical Cargo Handling	Other business	Elimination or corporate	Total
Amortization for the period	202	7	-	-	210
Balance at the end of period	1,567	61	-	-	1,629

Information related to gain on bargain purchase for each reportable segment

Not applicable.

**Per-share Information**

(Yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Net assets per share	761.52	822.80
Net income per share	44.46	49.41
Diluted net income per share	38.97	43.32

Note: The basis for calculating net income per share and diluted net income per share is as follows.

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Net income per share		
Profit attributable to owners of parent (Millions of yen)	3,978	4,420
Profit not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent applicable to common shareholders (Millions of yen)	3,978	4,420
Average number of common shares outstanding during period (Thousand shares)	89,476	89,463
Diluted net income per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	(19)	(20)
[Of which, administration charge (After deducting amount equivalent to tax) (Millions of yen)]	[(19)]	[(20)]
Increase in the number of common shares (Thousand shares)	12,101	12,101
[Of which, convertible bonds (Thousand shares)]	[12,101]	[12,101]

**Material Subsequent Events**

Not applicable.

*This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*