

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2018

[Japanese GAAP]

Company name:	Maruzen Showa Unyu Co., Ltd.	Listing:	Tokyo Stock Exchange, First Section
Stock code:	9068	URL:	http://www.maruzenshowa.co.jp/
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 28, 2018		
Scheduled date of payment of dividend:	June 29, 2018		
Scheduled date of filing of Annual Securities Report:	June 28, 2018		
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, 2018 (April 1, 2017 – March 31, 2018)

(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, 2018	110,685	5.6	6,091	9.7	6,786	10.3	4,699	6.3
Fiscal year ended Mar. 31, 2017	104,824	4.9	5,555	4.9	6,149	4.9	4,420	11.1

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2018 5,884 (down 8.7%)
Fiscal year ended Mar. 31, 2017: 6,444 (up 274.9%)

	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, 2018	51.61	46.07	6.1	5.4	5.5
Fiscal year ended Mar. 31, 2017	49.41	43.32	6.2	5.2	5.3

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2018 233
Fiscal year ended Mar. 31, 2017 207

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2018	128,046	81,096	63.3	846.95
As of Mar. 31, 2017	122,647	73,705	60.0	822.80

Reference: Shareholders' equity (million yen) As of Mar. 31, 2018: 80,990 As of Mar. 31, 2017: 73,608

(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, 2018	7,592	(4,373)	(2,541)	20,710
Fiscal year ended Mar. 31, 2017	6,486	(3,528)	(1,067)	19,996

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, 2017	-	5.00	-	6.00	11.00	1,002	22.3	1.4
Fiscal year ended Mar. 31, 2018	-	5.50	-	6.50	12.00	1,138	23.3	1.4
Fiscal year ending Mar. 31, 2019 (forecasts)	-	6.00	-	30.00	-	-	21.4	-

Note: The Company plans to conduct a consolidation of shares according to a ratio of 1:5 effective on October 1, 2018. Dividend per share forecast for the fiscal year ending March 31, 2019 is based on the number of shares after the consolidation of shares. No forecast for the total dividend per share is shown. Prior to this adjustment, the forecast was a Year-end dividend of 6 yen and total of 12 yen per share. Please refer to the "Cautionary statement with respect to forward-looking statements, and other special items" for details.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(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	57,500	5.8	3,250	9.4	3,600	7.3	2,550	5.6	28.01
Full year	115,000	3.9	6,500	6.7	7,200	6.1	5,100	8.5	280.07

Note: Net income per share forecast for the fiscal year ending March 31, 2019 has been adjusted to reflect the consolidation of shares. Prior to this adjustment, the forecast was a net income per share of 56.01 yen. Please refer to the "Cautionary statement with respect to forward-looking statements, and other special items" for details.

*** 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: None
 2) Changes in accounting policies other than 1) above: None
 3) Changes in accounting-based estimates: None
 4) Restatements: None

(3) Number of issued shares (common shares)

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

As of Mar. 31, 2018: 98,400,882 shares As of Mar. 31, 2017: 98,221,706 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2018: 2,774,482 shares As of Mar. 31, 2017: 8,760,639 shares

3) Average number of shares during the period

Fiscal year ended Mar. 31, 2018: 91,047,466 shares Fiscal year ended Mar. 31, 2017: 89,463,931 shares

Note: For the number of shares used for the calculation of consolidated net income per share, please refer to “Per-share Information” on page 18.

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (April 1, 2017– March 31, 2018)

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

	Operating revenue		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2018	87,096	4.8	5,182	9.0	6,126	13.3	4,360	6.2
Fiscal year ended Mar. 31, 2017	83,117	7.1	4,754	7.1	5,405	9.4	4,105	20.6

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2018	47.03	42.06
Fiscal year ended Mar. 31, 2017	45.05	39.57

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2018	111,844	72,265	64.6	742.71
As of Mar. 31, 2017	107,418	65,439	60.9	718.05

Reference: Shareholders' equity (million yen) As of Mar. 31, 2018 72,265 As of Mar. 31, 2017 65,439

2. Non-consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Percentages represent year-on-year changes)

	Operating revenue		Ordinary profit		Profit		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	45,500	6.3	3,200	6.9	2,250	6.3	24.27
Full year	91,000	4.5	6,400	4.5	4,500	3.2	242.66

Note: Net income per share forecast for the fiscal year ending March 31, 2019 has been adjusted to reflect the consolidation of shares. Prior to this adjustment, the forecast was a net income per share of 48.53 yen. Please refer to the “Cautionary statement with respect to forward-looking statements, and other special items” for details.

* The current financial report is not subject to audit by certified public accountants and auditing firms.

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

1. 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.
2. Dividend and earnings forecasts after consolidation of shares

The Board of Directors of the Company approved a resolution on May 11, 2018 to discuss a consolidation of shares in the 116th Annual General Meeting of Shareholders that is scheduled to be held on June 28, 2018. Subject to the approval in this meeting, we plan to conduct a consolidation of shares according to a ratio of 1:5 effective on October 1, 2018. Effective on the same date, we will change the share trading unit from 1,000 to 100. Dividend and earnings forecasts for the fiscal year ending March 31, 2019 are the followings.

(1) Dividend forecast for the fiscal year ending March 31, 2019

Dividend per share: 2Q-end 6.00 yen Year-end 6.00 yen Total 12.00 yen

(2) Earnings forecasts for the fiscal year ending March 31, 2019

Net income per share: Consolidated 56.01 yen Non-consolidated 48.53 yen

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1. Overview of Results of Operations

(1) Results of Operations

During the fiscal year ended March 31, 2018 (hereinafter, “the current fiscal year”), the Japanese economy saw steady growth in capital investment and consumer spending caused by increased corporate earnings and improved employment environment with the continued support of the government’s economic stimulus measures and the Bank of Japan’s monetary easing policy. The global economy also remained on its path to expansion despite uncertainties hanging over the U.S. administration and its policy management as well as tension building up over North Korean and Middle Eastern situation.

In the logistics industry, the volume of international cargo remained firm thanks to a pick-up of the world economy. Specifically, for the air cargo, steady growth was seen in both export and import shipments of semiconductors and other electronic devices as well as in the movement of producer goods used for mechanical products. For the ship cargo, export shipment to the ASEAN region increased, high level of growth continued for general machinery cargoes, and shipments for electrical equipment and chemical products remained solid. Import shipment did well as demand for capital investments provided good ground for materials-related and general machinery cargoes, and consumer goods also grew steadily.

The volume of domestic cargo turned into an increase owing to an increase in consumption-related cargoes brought by improvement in consumer spending. Increase in production-related cargoes due to robust capital investments and an increase in industrial production also contributed to the performance.

However, we continued to suffer problems of the shortage of drivers and the price-based competition among cargo transport companies as well as the sustained high fuel cost for trucks. While we see some positive signs with an increase in the volume of cargo, operating environments for logistics companies are still not free from unstable factors.

Under such circumstances, the Maruzen Showa Group (hereinafter, “the Group”) is engaged in the business in line with the Sixth Medium-term Management Plan, a three-year plan that started from April 2016. By defining a more globalized and technologically advanced world as the “NEXT STAGE,” we have committed ourselves to further strengthening our corporate infrastructure in the next 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 striven 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.

As a result, these efforts made us exceed the financial performance of the previous fiscal year, in which we achieved the long-sought target of consolidated operating revenue of over 100 billion yen, with year-on-year increases in both sales and profits for the five consecutive years. Specifically, this year-on-year increase in operating revenue was caused by expanded business volume of motor-related products and the third-party logistics (3PL) for housing materials, increased handling volume of stainless steel, semiconductor-related equipment and transformers in addition to the continued strong performance of our existing client companies in the steel and chemical product sectors.

Consequently, the Group’s results of operation for the current fiscal year were as follows: operating revenue increased by 5.6% year-on-year to 110,685 million yen, operating profit increased by 9.7% year-on-year to 6,091 million yen, and ordinary profit increased by 10.3% year-on-year to 6,786 million yen, and profit attributable to owners of parent increased by 6.3% year-on-year to 4,699 million yen.

Business segment performance was as follows.

Logistics Operations

The freight truck transportation sector as a whole saw an increase in operating revenue. In the Kanto region, while there was a decrease in the handling volume of household products and bridge parts, there was an increase in the handling volume of stainless steel, precision equipment, housing materials and construction machinery for exports.

In the Chubu region, there was an increase in the handling volume of stainless steel. In the Kansai region, while there was a decrease in the handling volume of housing equipment and thermal insulators, there was an increase in the handling volume of household products and transformers. Furthermore, there was an increase in the handling volume of motor-related products.

The harbor transportation sector as a whole saw an increase in operating revenue. In the Kanto region, while there was a decrease in the handling volume of non-ferrous metals as well as imported thermal insulators and agricultural equipment, there was an increase in the handling volume of exported semiconductor equipment and plant-related projects in the Middle East.

The warehousing operations sector as a whole saw an increase in operating revenue. In the Kanto region, while there was a decrease in the handling volume of household products and thermal insulators, there was an increase in the handling volume of housing materials and educational materials for preschoolers. In the Kansai region, there was an increase in the handling volume of household products while there was a decrease in the handling volume of thermal insulators. Furthermore, there was an increase in handling volume of motor-related products.

The railway logistics sector saw an increase in operating revenue. In the Kanto region, there was an increase in the handling volume of housing materials and resin products.

The operations related to logistics as a whole saw an increase in operating revenue. Specifically, ocean transportation revenues increased due to an increase in the handling volume of ocean transportation for exporting automotive parts, plant-related projects in the Middle East, synthetic rubber and industrial gas. Coastal transportation revenues decreased due to a decrease in the handling volume of grains, which was partly offset by an increase in the handling volume of coal. Air transportation revenues increased due to an increase in the volume of imported construction machinery parts as well as a newly acquired order of electric power substation equipment for exports. Cargo handling work revenues increased due to an increase in the handling volume of motor-related products.

Overall, operating revenue of this segment increased by 5.2% year-on-year to 93,392 million yen and segment profit (operating profit) increased by 8.9% year-on-year to 4,636 million yen.

Yard Operations and Mechanical Cargo Handling

Operating revenue from the yard operations increased with an increase in the handling volume of steel-related products, which was partly offset by a decrease in the handling volume of machine tools.

Operating revenue from the mechanical cargo handling increased due to an increase in the volume of cargo moved by cranes.

As a result, segment operating revenue increased by 4.3% year-on-year to 14,315 million yen and segment profit (operating profit) increased by 5.0% year-on-year to 919 million yen.

Other Operations

Construction revenue increased significantly due to an increase of orders for relocation projects in Japan and revenue from renting land also increased slightly, resulting in a significant overall increase in operating revenue from this sector.

As a result, segment operating revenue increased by 26.2% year-on-year to 2,977 million yen and segment profit (operating profit) increased by 26.5% to 535 million yen.

(2) Financial Position

Assets

The balance of total assets at the end of the current fiscal year was 128,046 million yen, up 5,398 million yen from the end of the previous fiscal year. This increase was mainly due to increases of 2,147 million yen in notes and operating accounts receivable-trade, 1,800 million yen in securities and 2,150 million yen in investment securities

under non-current assets, which were partly offset by a decrease of 685 million yen in cash and deposits under current assets.

Liabilities

The balance of total liabilities at the end of the current fiscal year was 46,949 million yen, down 1,993 million yen from the end of the previous fiscal year. This decrease was mainly due to decreases of 5,005 million yen in bonds payable and 5,631 million yen in long-term loans payable, which were partly offset by increases of 4,519 million yen in short-term loans payable under current liabilities, 2,438 million yen in current portion of bonds, 880 million yen in notes and operating accounts payable-trade, and 527 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 81,096 million yen, up 7,391 million yen from the end of the previous fiscal year. This increase was mainly due to increases of 3,664 million yen in retained earnings, 907 million yen in capital surplus and 1,084 million yen in valuation difference on available-for-sale securities under accumulated other comprehensive income, which were partly offset by a decrease of 1,600 million yen in treasury shares under shareholders' equity. The equity ratio was 63.3%, up 3.3 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 20,710 million yen, an increase of 714 million yen from the previous fiscal year. The main factors include recording of profit before income taxes of 7,065 million yen (an increase of 563 million yen from the previous fiscal year), purchase of property, plant and equipment, and income taxes paid.

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 7,592 million yen, an increase of 1,105 million yen from the previous fiscal year.

This was mainly due to recording of profit before income taxes of 7,065 million yen and depreciation of 3,344 million yen, as well as an increase of 873 million yen in notes and accounts payable-trade, which were partly offset by income taxes paid of 2,252 million yen and an increase of 2,130 million yen in notes and accounts receivable-trade.

Cash flows from investing activities

Net cash used in investing activities totaled 4,373 million yen, an increase of 844 million yen from the previous fiscal year.

This was mainly due to payments of 3,464 million yen for purchase of property, plant and equipment, 584 million yen for purchase of investment securities and 381 million yen for purchase of intangible assets.

Cash flows from financing activities

Net cash used in financing activities totaled 2,541 million yen, an increase of 1,474 million yen from the previous fiscal year.

This was mainly due to cash dividends paid of 1,052 million yen and repayments of long-term loans payable of 1,046 million yen.

Reference: Cash flow indicators

	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18
Equity ratio (%)	57.3	58.0	59.6	60.0	63.3
Equity ratio based on market value (%)	28.8	31.5	30.9	32.2	38.1
Interest-bearing debt to cash flow ratio (years)	5.3	3.1	3.2	3.3	2.7
Interest coverage ratio (times)	16.9	29.7	30.1	34.5	42.9

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

The Japanese economy is expected to make a well-balanced, domestic demand-led growth in both corporate and household sectors for the moment as the steady growth of consumer spending and capital investment continue to support the economic expansion. Export should also stay on the track of expansion backed by the recovery of the global economy although the momentum for expansion is expected to decelerate. However, if uncertainty over the outlook of global economy should increase due to factors such as continued financial market turmoil and geopolitical risk or increased protectionist move, we must particularly be vigilant to the downside risk of the Japanese economy.

Under such circumstances, the Group tackled the second year of the Sixth Medium-term Management Plan and recorded the highest sales and profit ever. Factors contributing to the revenue increase are the strong performance of existing clients in steel and chemical products businesses, increases in motor-related products and 3PL business for housing materials, and increase in the handling volume of products including stainless steel, semiconductor-related devices, and transformers. In addition, in an aim to express our resolution to improving productivity through our commitment to the government-led "work style reform," we launched "Work Style Reform Project for Maruzen" and implemented part of the measure formulated by the project. We will continue our actions to pursue maintaining and advancing employee health as well as promoting "health and productivity management" to increase productivity and corporate value of the Company by emphasizing a promotion of employee health and viewing health management as a management agenda.

For the fiscal year ending March 31, 2019, the final year of the Sixth Medium-term Management Plan, we will increase sales of the 3PL business and global logistics business by 1) improving "quality" through putting in place the workplace environment and enhancing IT-enabled operations, 2) strengthening the corporate foundation through an organizational change, and 3) enhancing sales capabilities through asset expansion, while looking ahead anticipated economic conditions after the 2020 Tokyo Olympics as well as a new stage of business characterized by further developments of globalization and technology.

Based on this outlook, we forecast to achieve operating revenue of 115,000 million yen, operating profit of 6,500 million yen, ordinary profit of 7,200 million yen, and profit attributable to owners of parent of 5,100 million yen on a consolidated basis for the fiscal year ending March 31, 2019.

(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 12 yen per share for the fiscal year ended on March 31, 2018. This is the sum of a 5.50 yen interim dividend and a 6.50 yen year-end dividend.

Regarding the dividends for the fiscal year ending on March 31, 2019, the amount of dividend per share will be affected by a 1-for-5 share consolidation that we plan to conduct with an effective date of October 1, 2018 subject to approval at the 116th Annual General Meeting of Shareholders to be held on June 28, 2018. Accordingly, on a post-share consolidation basis, we plan to pay a dividend of 30 yen per share, which is five times the amount per share on a pre-share consolidation basis, reflecting the share consolidation ratio.

For your reference, the year-end dividend without considering the effect of the share consolidation would be 6 yen per share, resulting in an annual total of 12 yen per share.

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)	
	FY3/17 (As of Mar. 31, 2017)	FY3/18 (As of Mar. 31, 2018)
Assets		
Current assets		
Cash and deposits	12,096	11,410
Notes and operating accounts receivable-trade	22,718	24,866
Securities	5,799	7,600
Supplies	111	118
Prepaid expenses	580	608
Deferred tax assets	623	657
Other	3,577	3,150
Allowance for doubtful accounts	(0)	(1)
Total current assets	45,505	48,409
Non-current assets		
Property, plant and equipment		
Buildings and structures	67,561	70,267
Accumulated depreciation	(45,081)	(46,668)
Buildings and structures, net	22,480	23,598
Machinery and equipment	10,972	11,095
Accumulated depreciation	(8,807)	(9,135)
Machinery and equipment, net	2,165	1,960
Vehicles	9,649	9,977
Accumulated depreciation	(8,667)	(8,669)
Vehicles, net	981	1,308
Tools, furniture and fixtures	742	773
Accumulated depreciation	(663)	(678)
Tools, furniture and fixtures, net	78	94
Land	20,175	20,291
Leased assets	1,945	1,803
Accumulated depreciation	(1,069)	(1,104)
Leased assets, net	875	698
Construction in progress	1,392	274
Total property, plant and equipment	48,150	48,227
Intangible assets		
Goodwill	1,629	1,439
Other	923	1,047
Total intangible assets	2,552	2,487
Investments and other assets		
Investment securities	20,544	22,695
Long-term loans receivable	15	397
Deferred tax assets	98	78
Net defined benefit asset	110	190
Other	5,687	5,574
Allowance for doubtful accounts	(17)	(14)
Total investments and other assets	26,439	28,922
Total non-current assets	77,141	79,636
Total assets	122,647	128,046

	(Millions of yen)	
	FY3/17	FY3/18
	(As of Mar. 31, 2017)	(As of Mar. 31, 2018)
Liabilities		
Current liabilities		
Notes and operating accounts payable-trade	10,878	11,758
Short-term loans payable	10,125	14,645
Current portion of bonds	15	2,453
Accounts payable-other	1,155	1,143
Income taxes payable	1,330	1,383
Accrued consumption taxes	448	368
Accrued expenses	1,702	1,970
Provision for bonuses	1,381	1,460
Provision for directors' bonuses	1	4
Other	578	748
Total current liabilities	27,616	35,936
Non-current liabilities		
Bonds payable	5,405	400
Long-term loans payable	10,782	5,150
Deferred tax liabilities	3,146	3,674
Provision for directors' retirement benefits	24	32
Net defined benefit liability	150	154
Asset retirement obligations	692	702
Other	1,123	897
Total non-current liabilities	21,325	11,012
Total liabilities	48,942	46,949
Net assets		
Shareholders' equity		
Capital stock	9,117	9,154
Capital surplus	7,850	8,758
Retained earnings	53,258	56,923
Treasury shares	(2,489)	(889)
Total shareholders' equity	67,736	73,946
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,106	7,190
Foreign currency translation adjustment	(191)	(187)
Remeasurements of defined benefit plans	(42)	40
Total accumulated other comprehensive income	5,872	7,044
Non-controlling interests	96	106
Total net assets	73,705	81,096
Total liabilities and net assets	122,647	128,046

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

(Millions of yen)

	FY3/17 (Apr. 1, 2016 - Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 - Mar. 31, 2018)
Operating revenue	104,824	110,685
Operating cost	95,556	100,723
Operating gross profit	9,267	9,961
Selling, general and administrative expenses		
Directors' compensations	530	575
Salaries and allowances	1,280	1,257
Bonuses	235	260
Provision for directors' bonuses	1	2
Retirement benefit expenses	51	47
Provision for directors' retirement benefits	10	8
Taxes and dues	312	318
Depreciation	84	105
Provision of allowance for doubtful accounts	0	1
Other	1,206	1,292
Total selling, general and administrative expenses	3,712	3,870
Operating profit	5,555	6,091
Non-operating income		
Interest income	18	21
Dividend income	410	465
Share of profit of entities accounted for using equity method	207	233
Miscellaneous income	169	198
Total non-operating income	804	918
Non-operating expenses		
Interest expenses	185	179
Miscellaneous expenses	24	44
Total non-operating expenses	210	224
Ordinary profit	6,149	6,786
Extraordinary income		
Gain on sales of non-current assets	183	86
Gain on sales of investment securities	374	245
Subsidy income	-	308
Total extraordinary income	558	640
Extraordinary losses		
Loss on sales and retirement of non-current assets	114	52
Impairment loss	92	0
Loss on reduction of non-current assets	-	308
Total extraordinary losses	206	361
Profit before income taxes	6,501	7,065
Income taxes-current	2,143	2,346
Income taxes-deferred	(69)	6
Total income taxes	2,074	2,353
Profit	4,427	4,712
Profit attributable to non-controlling interests	7	13
Profit attributable to owners of parent	4,420	4,699

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY3/17 (Apr. 1, 2016 - Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 - Mar. 31, 2018)
Profit	4,427	4,712
Other comprehensive income		
Valuation difference on available-for-sale securities	1,884	1,065
Foreign currency translation adjustment	(68)	4
Remeasurements of defined benefit plans, net of tax	180	83
Share of other comprehensive income of entities accounted for using equity method	19	18
Total other comprehensive income	2,017	1,172
Comprehensive income	6,444	5,884
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,437	5,871
Comprehensive income attributable to non-controlling interests	7	13

(3) Consolidated Statement of Changes in Equity

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
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		0		1	2
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
Purchase of treasury shares				-		(5)
Disposal of treasury shares				-		2
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

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	9,117	7,850	53,258	(2,489)	67,736
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights	37	37			74
Dividends of surplus			(1,052)		(1,052)
Profit attributable to owners of parent			4,699		4,699
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares		870		1,607	2,478
Change of scope of consolidation			17		17
Net changes of items other than shareholders' equity					-
Total changes of items during period	37	907	3,664	1,600	6,209
Balance at end of current period	9,154	8,758	56,923	(889)	73,946

	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	6,106	(191)	(42)	5,872	96	73,705
Changes of items during period						
Issuance of new shares - exercise of share acquisition rights				-		74
Dividends of surplus				-		(1,052)
Profit attributable to owners of parent				-		4,699
Purchase of treasury shares				-		(6)
Disposal of treasury shares				-		2,478
Change of scope of consolidation				-		17
Net changes of items other than shareholders' equity	1,084	4	83	1,172	9	1,181
Total changes of items during period	1,084	4	83	1,172	9	7,391
Balance at end of current period	7,190	(187)	40	7,044	106	81,096

(4) Consolidated Statement of Cash Flows

	(Millions of yen)	
	FY3/17	FY3/18
	(Apr. 1, 2016 - Mar. 31, 2017)	(Apr. 1, 2017 - Mar. 31, 2018)
Cash flows from operating activities		
Profit before income taxes	6,501	7,065
Depreciation	3,219	3,344
Amortization of goodwill	210	212
Increase (decrease) in provision for directors' retirement benefits	5	8
Increase (decrease) in provision for bonuses	5	78
Increase (decrease) in provision for directors' bonuses	(2)	3
Increase (decrease) in allowance for doubtful accounts	(8)	(2)
Decrease (increase) in net defined benefit asset	47	(36)
Increase (decrease) in net defined benefit liability	(61)	4
Interest and dividend income	(428)	(487)
Interest expenses	185	179
Share of loss (profit) of entities accounted for using equity method	(207)	(233)
Loss (gain) on sales and retirement of non-current assets	(69)	(33)
Loss (gain) on sales of investment securities	(374)	(245)
Decrease (increase) in notes and accounts receivable-trade	(2,439)	(2,130)
Decrease (increase) in inventories	(11)	(7)
Increase (decrease) in notes and accounts payable-trade	1,208	873
Increase (decrease) in accrued consumption taxes	71	(69)
Loss on reduction of non-current assets	-	308
Subsidy income	-	(308)
Other, net	419	609
Subtotal	8,271	9,134
Interest and dividend income received	490	577
Interest expenses paid	(188)	(176)
Income taxes paid	(2,087)	(2,252)
Proceeds from subsidy income	-	308
Net cash provided by (used in) operating activities	6,486	7,592
Cash flows from investing activities		
Purchase of securities	-	(500)
Purchase of property, plant and equipment	(3,167)	(3,464)
Proceeds from sales of property, plant and equipment	319	148
Purchase of investment securities	(982)	(584)
Proceeds from sales of investment securities	691	365
Purchase of intangible assets	(58)	(381)
Payments into time deposits	-	(300)
Proceeds from withdrawal of time deposits	-	300
Purchase of shares of subsidiaries	(119)	(1)
Collection of short-term loans receivable	13	15
Collection of long-term loans receivable	0	0
Acquisition of other investments	(501)	(439)
Proceeds on sale of other investments	398	527
Payments of loans receivable	(54)	(18)
Other, net	(69)	(39)
Net cash provided by (used in) investing activities	(3,528)	(4,373)

	(Millions of yen)	
	FY3/17	FY3/18
	(Apr. 1, 2016 - Mar. 31, 2017)	(Apr. 1, 2017 - Mar. 31, 2018)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	772	(732)
Proceeds from long-term loans payable	645	667
Repayments of long-term loans payable	(1,533)	(1,046)
Proceeds from issuance of bonds	400	-
Redemption of bonds	(31)	(15)
Cash dividends paid	(956)	(1,052)
Dividends paid to non-controlling interests	(2)	(3)
Other, net	(360)	(358)
Net cash provided by (used in) financing activities	(1,067)	(2,541)
Effect of exchange rate change on cash and cash equivalents	(41)	2
Net increase (decrease) in cash and cash equivalents	1,848	679
Cash and cash equivalents at beginning of period	18,147	19,996
Increase in cash and cash equivalents from newly consolidated subsidiary	-	35
Cash and cash equivalents at end of period	19,996	20,710

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

Not applicable.

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 methods for reportable operating segments are largely the same as those described in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements."

Profits for reportable business segments are operating profit figures.

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

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

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.

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(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	93,392	14,315	107,708	2,977	110,685	-	110,685
(2) Inter-segment sales and transfers	-	-	-	502	502	(502)	-
Total	93,392	14,315	107,708	3,479	111,187	(502)	110,685
Segment profit	4,636	919	5,556	535	6,091	-	6,091
Segment assets	71,083	6,960	78,043	2,312	80,355	47,690	128,046
Other items:							
Depreciation	2,903	237	3,140	204	3,344	-	3,344
Increase in property, plant and equipment and intangible assets	3,455	410	3,865	139	4,005	-	4,005

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 (502) million yen is elimination of inter-segment transactions.

The adjustment to segment assets of 47,690 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

FY3/17 (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.

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

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

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Millions of yen)

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

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Millions of yen)

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

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

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Millions of yen)

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

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Millions of yen)

	Logistics Operations	Yard Operations and Mechanical Cargo Handling	Other businesses	Elimination or corporate	Total
Amortization for the period	204	8	0	-	212
Balance at the end of period	1,383	55	0	-	1,439

Information related to gain on bargain purchase for each reportable segment

Not applicable.

Per-share Information

(Yen)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Net assets per share	822.80	846.95
Net income per share	49.41	51.61
Diluted net income per share	43.32	46.07

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

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Net income per share		
Profit attributable to owners of parent (Millions of yen)	4,420	4,699
Profit not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent applicable to common shareholders (Millions of yen)	4,420	4,699
Average number of common shares outstanding during period (Thousand shares)	89,463	91,047
Diluted net income per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	(20)	(9)
[Of which, administration charge (After deducting amount equivalent to tax) (Millions of yen)]	[(20)]	[(9)]
Increase in the number of common shares (Thousand shares)	12,101	10,750
[Of which, convertible bonds (Thousand shares)]	[12,101]	[10,750]

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.