MARUZEN SHOWA UNYU CO.,LTD.

May 10, 2016

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2016

[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: Kenichi Ishikawa, Director, General Manager of Accounting Division — Tel: +81-45-671-5879
Scheduled date of Annual General Meeting of Shareholders: June 29, 2016
Scheduled date of payment of dividend: June 30, 2016
Scheduled date of filing of Annual Securities Report: June 29, 2016
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, 2016 (April 1, 2015 – March 31, 2016)

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

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2016	99,902	5.5	5,293	11.0	5,864	8.8	3,978	8.7
Fiscal year ended Mar. 31, 2015	94,672	5.8	4,770	11.2	5,391	14.7	3,660	17.2

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2016: 1,719 (down 72.7%)
Fiscal year ended Mar. 31, 2015: 6,308 (up 57.0%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income on total assets	Operating income to operating revenue
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2016	44.46	38.97	5.9	5.1	5.3
Fiscal year ended Mar. 31, 2015	40.90	35.84	5.7	4.8	5.0

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2016: 212
Fiscal year ended Mar. 31, 2015: 294

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2016	114,382	68,222	59.6	761.52
As of Mar. 31, 2015	116,037	67,379	58.0	751.95

Reference: Shareholders' equity (million yen) As of Mar. 31, 2016: 68,131 As of Mar. 31, 2015: 67,289

(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, 2016	6,588	(1,874)	(1,648)	18,147
Fiscal year ended Mar. 31, 2015	6,880	(4,821)	(1,695)	15,101

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2015	-	4.00	-	5.00	9.00	820	22.0	1.2
Fiscal year ended Mar. 31, 2016	-	4.50	-	5.50	10.00	911	22.5	1.3
Fiscal year ending Mar. 31, 2017 (forecasts)	-	5.00	-	5.00	10.00		21.8	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(Percentages represent year-on-year changes)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	53,500	7.6	2,800	8.4	3,000	2.8	2,050	6.0	22.91
Full year	107,000	7.1	5,600	5.8	6,000	2.3	4,100	3.1	45.82

*** 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, 2016: 98,221,706 shares As of Mar. 31, 2015: 98,221,706 shares

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

As of Mar. 31, 2016: 8,754,016 shares As of Mar. 31, 2015: 8,734,650 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2016: 89,476,671 shares Fiscal year ended Mar. 31, 2015: 89,488,447 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 31.

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015 – March 31, 2016)

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

	Operating revenue		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2016	77,621	(0.6)	4,440	11.1	4,939	10.7	3,402	11.0
Fiscal year ended Mar. 31, 2015	78,081	5.2	3,998	11.4	4,461	14.5	3,066	22.2

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2016	37.33	32.77
Fiscal year ended Mar. 31, 2015	33.64	29.51

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2016	99,882	60,541	60.6	664.26
As of Mar. 31, 2015	100,542	59,833	59.5	656.35

Reference: Shareholders' equity (million yen) As of Mar. 31, 2016: 60,541 As of Mar. 31, 2015: 59,833

2. Non-consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(Percentages represent year-on-year changes)

	Operating revenue		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	42,200	10.0	2,600	8.6	1,800	11.3	19.75
Full year	84,500	8.9	5,200	5.3	3,600	5.8	39.50

* Information regarding the implementation of audit procedures

The current financial statements are exempted from audit procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the audit procedure for these consolidated statements has not been completed.

* 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. Analysis of Results of Operations and Financial Position, (1) Analysis of Results of Operations, Forecast for the fiscal year ending on March 31, 2017" on page 3 for forecast assumptions and notes of caution for usage.

Contents of Attachments

1. Analysis of Results of Operations and Financial Position

(1) Analysis of Results of Operations

1) Summary of the fiscal year

During the fiscal year ended March 31, 2016, the Japanese economy was in a recovery mode though its pace was slow. 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 in some areas. In addition, lower prices of crude oil had a positive impact on the Japanese economy. However, the outlook remained unclear for a number of reasons. There are many concerns in the global economy including economic slowdown in China and the chaotic situation in the Middle East. In the second half of the fiscal year, we saw a movement toward an appreciation of yen and the Bank of Japan’s introduction of a negative interest rate policy.

In the logistics industry, the volume of international cargo declined in both imports and exports. Specifically, Japan’s exports to ASEAN and China both by sea and air sank into the doldrums because world economic slowdown including China became evident. Furthermore, the exports to the United States and EU, both of which had been solid thus far, were also beginning to stall as steel and chemical products, in addition to machineries and equipment including construction machinery, electrical machinery and automobile parts, showed weak tone.

The volume of the domestic cargo also declined as a whole. The downturn in the volume of construction-related cargo became larger due to a fall in public investment, while the volume of consumer and production-related cargo increased. As problems such as a shortage of drivers and price-based competition among cargo transport companies are still prevailing, operating environment for logistics companies remained difficult despite a decrease in the fuel cost for trucks.

Under such circumstances, the Maruzen Showa Group (the “Group”) had a final year of the Fifth Medium-term Management Plan, a three-year plan, which started in April 2013. The main objective of this three-year plan is to evolve the Group into “a logistics partner for creating the best possible supply chains from a global perspective.” Reform of the corporate structure and raising consolidated revenue to more than 100 billion yen are the plan’s targets. To reach the earnings target, we have taken actions, focusing on three goals: (1) Sales growth, (2) A stronger workforce, and (3) A more powerful corporate infrastructure. In particular, Maruzen Densan Logistics Corporation (formerly Nidec Logistics Corporation) joined the Group in February 2015, which helped the Group to have a more powerful corporate infrastructure and achieve sales growth. Given a very challenging operating environment for the Group, we have barely missed the target of consolidated revenue of at least 100 billion yen. Nevertheless, our consolidated financial results reached record figures as both sales and profit showed positive growth.

Consequently, the Group’s results of operations for the current fiscal year were as follows. Operating revenue increased by 5.5% year-on-year to 99,902 million yen, operating income increased by 11.0% year-on-year to 5,293 million yen, and ordinary income increased by 8.8% year-on-year to 5,864 million yen. Profit attributable to owners of parent increased by 8.7% year-on-year to 3,978 million yen.
Business segment performance was as follows.

Logistics Operations

In the freight truck transportation sector, in the Kanto region, there was a growth in the handling volume of industrial gases and homebuilding materials as well as household products and precision equipment, while there was a decrease in the volume of construction machinery. In the Chubu region, the handling volume of oils and fats and playground equipment increased. There was a growth in the handling volume of household products as well as housing equipment and insulators in the Kansai region. In addition, the handling volume of motor-related parts increased because of an increase in the number of consolidated subsidiaries. As a result, operating revenue in this sector increased.

In the harbor transportation sector, there was a decline in the export volume of construction machinery and automobile parts in the Kanto region, though we had started an import of chemical materials. Furthermore, the relocation project to Southeast Asia was completed. As a result, operating revenue in this sector significantly decreased.

In the warehousing operations sector, there were decreases in the volume of non-ferrous metals and appliances for play in the Kanto region and the volume of highly functional resins in the Kansai region. However, there were increases in the volume of food and de-icing salt storage in the Kashima region as well as household products in the Kanto region. In addition, there was a rise in the handling volume of motor-related parts due to an increase in the number of consolidated subsidiaries. Overall, operating revenue in this sector slightly increased.

In the rail logistics sector, operating revenue increased as the use of JR containers for a one-time project for industrial gases, insulators, pet food, moving business and other products increased.

In operations related to logistics, while ocean transportation revenues and packaging revenues declined because of decreases in the handling volume of construction machinery, the export volume of synthetic rubber, and the completion of projects for industrial plants exported to Southeast Asia, coastal transportation revenues increased along with rise in the volume of insulators and electric facilities. Moreover, revenue from machinery relocation projects raised due to an increase in the number of consolidated subsidiaries. Overall, operating revenue in this sector increased.

As a result, operating revenue in this segment increased by 6.7% year-on-year to 83,362 million yen and operating income increased by 17.2% year-on-year to 3,901 million yen.

Yard Operations and Mechanical Cargo Handling

In yard operations, increases in the handling volume of electrical equipment and beverage-related cargo as well as the motor-related parts due to an increase in the number of consolidated subsidiaries were offset by decreases in the handling volume of construction machinery and steel sheets, resulting in a decrease in operating revenue of this sector.

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

As a result, operating revenue in this segment decreased by 1.4% year-on-year to 13,553 million yen and operating income decreased by 7.7% to 851 million yen.

Other Operations

Revenue from renting land increased because there was a significant increase in a floor space, and construction revenues also increased along with growth in orders for relocation projects in Japan.

As a result, operating revenue in this segment increased by 6.3% year-on-year to 2,987 million yen and operating income increased by 4.4% to 539 million yen.

2) Forecast for the fiscal year ending on March 31, 2017

The outlook for the global economy remains unclear. We are closely watching how an apparently overheated Chinese economy will eventually land. Looking at the U.S. economy, which is expected to be a key driver of the world economy, we are concerned about a slowdown of its domestic economy due to the interest rate hike and its impact on the emerging economies. Japanese economic future is uncertain, too. While it is sensitive to global economic trends, we see conflicting factors coexisting: positive factors including TPP, inbound consumption, or consumption by foreigners visiting Japan, and demand associated with the Tokyo Olympic Games; and a negative factor due to a front-loaded increase and subsequent decline in demand with respect to the consumption tax hike scheduled in 2017. It remains to be seen which factor is more influential.

Under such circumstances, the Group established the Sixth Medium-term Management Plan, a three-year plan which the Group started in April 2016. In this plan, we are fully aware that we must be flexible to the environmental changes in medium- and long-term. At the same time, precisely because our business climate is substantially changing now, we will reassess our “quality,” a base for our growth since our foundation, and enhance our presence in the market. By defining a more globalized and technologically advanced world as the “NEXT STAGE,” we will further strengthen our corporate infrastructure in the next three years so that we can continue to build our presence in the “NEXT STAGE” world. The Group will strive to become “a logistics partner for creating the best possible supply chains from a global perspective” with three goals of (1) ensuring sales growth, (2) strengthening the corporate infrastructure, and (3) enhancing the sales capabilities.

Based on this outlook, we forecast to achieve operating revenue of 107,000 million yen, operating income of 5,600 million yen, ordinary income of 6,000 million yen, and profit attributable to owners of parent of 4,100 million yen on a consolidated basis for the fiscal year ending March 31, 2017.

(2) Analysis of Financial Position

1) Balance sheet position

Total assets

The balance of total assets at the end of the current fiscal year was 114,382 million yen, down 1,654 million yen from the end of the previous fiscal year. The main factors of the decrease were a decrease of 584 million yen in notes and accounts receivable under current assets, and decreases of 2,619 million yen in investment securities and 1,120 million yen in buildings and structures under non-current assets. On the other hand, there were increases of 1,000 million yen in securities and 1,599 million yen in trust beneficiary right included in “Other” under current assets.

Liabilities

The balance of total liabilities at the end of the current fiscal year was 46,160 million yen, down 2,497 million yen from the end of the previous fiscal year. This decrease was mainly due to decreases of 3,425 million yen in short-term loans payable and 725 million yen in accrued consumption taxes under current liabilities. There was also a decrease of 1,232 million yen in deferred tax liabilities under non-current liabilities while there was an increase of 2,986 million yen in long-term loans payable.

Net assets

The balance of net assets at the end of the current fiscal year was 68,222 million yen, up 842 million yen from the end of the previous fiscal year. This was mainly due to an increase of 3,103 million yen in shareholders’ equity while there were decreases of 1,930 million yen in valuation difference on available-for-sale securities and 307 million yen in remeasurements of defined benefit plans under accumulated other comprehensive income. The equity ratio was 59.6%, up 1.6 percentage point from the end of the previous fiscal year.

2) Cash flows

Cash and cash equivalents (hereinafter, “net cash”) at the end of the current fiscal year were 18,147 million yen, an increase of 3,046 million yen from the previous fiscal year. The main factors include recording of profit before income taxes of 5,878 million yen (an increase of 415 million yen from the previous fiscal year), a decrease in accrued consumption taxes and repayments of long-term loans payable.

Cash flows by category were as follows.

Cash flows from operating activities

Net cash provided by operating activities totaled 6,588 million yen, a decrease of 291 million yen from the previous fiscal year.

This was mainly due to recording of profit before income taxes of 5,878 million yen and depreciation of 3,263 million yen, income taxes paid of 2,143 million yen and a decrease of 725 million yen in accrued consumption taxes.

Cash flows from investing activities

Net cash used in investing activities totaled 1,874 million yen, a decrease of 2,947 million yen from the previous fiscal year.

This was mainly due to payments of 1,749 million yen for the purchase of property, plant and equipment and 153 million yen for the purchase of investment securities.

Cash flows from financing activities

Net cash used in financing activities totaled 1,648 million yen, a decrease of 47 million yen from the previous fiscal year.

The main factors were proceeds of 4,028 million yen from long-term loans payable, repayments of long-term loans payable of 4,386 million yen and cash dividends paid of 865 million yen.

Reference: Cash flow indicators

	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16
Equity ratio (%)	58.9	59.2	57.3	58.0	59.6
Equity ratio based on market value (%)	25.4	30.3	28.8	31.5	30.9
Interest-bearing debt to cash flow ratio (years)	4.0	4.4	5.3	3.1	3.2
Interest coverage ratio (times)	19.6	19.6	16.9	29.7	30.1

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.

(3) 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 10 yen per share for the fiscal year that ended on March 31, 2016. This is the sum of a 4.50 yen interim dividend and a 5.50 yen year-end dividend.

For the fiscal year ending on March 31, 2017, we plan to pay a dividend of 10 yen per share, the sum of a 5 yen interim dividend and a 5 yen year-end dividend.

(4) Business Risks

Listed below are the risk factors that may affect operating results and financial condition as well as the stock price and other performance indices of the Group.

1) Price competition

Intense price-based competition in the logistics industry in which the Group operates is causing fees received for logistics services to decline steadily. In Japan, the volume of cargo is decreasing in part because of the shift of manufacturing activity to other countries. The consolidation of logistics operations by many companies is also contributing to this heated competition.

Our goal is to remain among the winners in the logistics industry by building new IT systems for third-party logistics, comprehensive contracting services for logistics operations, so that we can offer logistics services with outstanding quality and added value. However, there is no assurance that we can retain our competitive edge in the future. If we lose customers due to the inability in the future to compete in terms of prices and services, there may be an impact on the Group's results of operations and financial condition.

2) Higher cost of crude oil

Transporting cargo using trucks is one of the Group's core businesses. An increase in the cost of crude oil will almost certainly lead to increases in the prices of diesel fuel and naphtha, which is a key raw material used to make tires. If the cost of fuel and tires rises and the Group is unable to increase truck cargo rates to incorporate the resulting higher cost of operations, there may be an impact on the Group's results of operations and financial condition.

3) Accidents

The Group is implementing a Safety Visualization Campaign that consists of safety and hygiene, quality management and other activities. The aim is to eliminate vehicle and cargo accidents, workplace accidents, and accidents involving financial matters, documents and other items. However, there is no assurance that this campaign will prevent these accidents or that an accident will not occur in the future. We have purchased insurance policies for risks involving these accidents, but there is no assurance that these policies will cover all expenses associated with an accident. Increasing coverage regarding an incident resulting in the payment of substantial damages would raise insurance premiums. In addition, any payments that exceed the limits of insurance policies would result in an extraordinary loss. Furthermore, an incident would probably cause sales to fall by damaging the Group's reputation among customers. Consequently, the occurrence of an accident may impact the Group's results of operations and financial condition.

4) Tighter environmental regulations

In the truck cargo transport business, we must comply with legal restrictions on emissions of trucks with diesel engines. Laws place restrictions on nitrogen oxides and particulate matter in these emissions in order to combat global warming associated with the loss of the ozone layer. In some regions of Japan, trucks, buses and other vehicles that fail to meet these restrictions cannot be used after a certain date. As a result, we must replace older vehicles with models that comply with the latest regulations. Purchasing these vehicles is raising the cost of procuring and using vehicles and the cost of transporting cargo because the restrictions have been stricter year by year and truck manufactures need to raise the prices of vehicles to collect development costs for new engines. We are purchasing vehicles that meet the environmental regulations at the normal replacement times of existing vehicles. However, if vehicles need to be replaced sooner because of the enactment of tighter regulations, there would probably be a larger increase in the cost of purchasing vehicles. If we are unable to increase truck cargo transport fees to offset the higher cost of purchasing vehicles, there may be an impact on the Group's results of operations and financial condition.

5) IT systems

We use an outsourcing center with the required equipment and capabilities for disaster preparedness, security measures, uninterrupted service and other items involving key components of our IT infrastructure (the Group's network, the logistics operations system and groupware). Despite these measures, data may be lost, altered or leaked in the event of an unexpected disaster, computer virus, unauthorized external access or other incident. Any of these events may force us to suspend IT system operations or some of our services. If this damages the Group's reputation among customers, there may be an impact on the Group's results of operations and financial condition.

6) Laws and regulations

The Group must comply with a large number of legal restrictions in association with the business operations listed in the Articles of Incorporation. Compliance is one of our highest priorities. We have a Compliance Committee that is overseen by the CSR Promotion Council, which is chaired by the company president. However, a law or regulation may restrict some of our business activities or we may be subject to penalty due to the violation of a law or regulation. Any of these events may impact the Group's results of operations and financial condition.

7) Value of non-current assets

If there is a decline in the value of non-current assets held by the Group due to a drop in the fair value, lower profitability or any other reason, there may be an impact on the Group's results of operations and financial condition.

8) Overseas operations

We are enlarging global logistics operations by using an overseas network centered in Southeast Asia that also has locations in the United States and Europe. In all these regions, our operations are vulnerable to many risk factors. Risks include, but are not limited to, political changes, instability caused by terrorism or other violence, unforeseen revisions to regulations, the outbreak of a new infectious disease or other type of disease, and a sudden change in foreign exchange rates. The occurrence of any of these problems may impact the Group's results of operations and financial condition.

9) Reliance on specific client industries and companies

Services provided to manufacturers of chemical products account for a large percentage of consolidated revenue. Consequently, any changes in the chemical products industry, demands from client companies to streamline operations or other events involving this industry may impact the Group's results of operations and financial condition.

10) Other significant risk factors

In addition to the preceding nine risk factors, our operations are vulnerable to the following risks. Equipment may be damaged or the supply of water or electricity may be limited due to natural disasters such as an earthquake, typhoon, tsunami, volcanic eruption and human disasters such as a fire and dispute. Also, there may be the outbreak of a new strain of influenza or other infectious disease or a significant fluctuation in stock and bond markets. The occurrence of any of these events may impact the Group's results of operations and financial condition.

2. Corporate Group

The Maruzen Showa Group includes Maruzen Showa Unyu Co., Ltd. (the "Company"), 36 subsidiaries and six affiliates. Freight truck transportation, harbor transportation and yard operations are the main business activities. The goal of the Group is to strengthen and deepen operations while improving the corporate structure in order to become the best logistics partner for customers.

To conduct business activities, all group companies cooperate with each other by providing additional geographic coverage and facilitating the efficient use of equipment.

Business activities are categorized by using the characteristics of individual activities and the relationships of these activities with one another.

	Positioning of the business activities of the Group companies
Logistics Operations	This segment includes freight truck transportation, harbor transportation, warehousing operations, customs brokerage and other activities. These activities are performed by the following companies: Maruzen Showa Unyu Co., Ltd. (the Company) 21 domestic subsidiaries: Marujyu Unyu Soko Co., Ltd., Maruzen Mito Unyu Co., Ltd., Maruzen Hokkaido Unyu Co., Ltd., Maruzen Kawasaki Unyu Co., Ltd., Maruzen Kyushu Unyu Co., Ltd., Maruso Unyu Co., Ltd., Maruzen Keiyo Butsuryu Co., Ltd., Maruzen Keihin Butsuryu Co., Ltd., Maruzen Kashima Butsuryu Co., Ltd., Maruzen Chubu Butsuryu Co., Ltd., Maruzen Kansai Butsuryu Co., Ltd., Showa Distribution K.K., Showa Alumi Service Co., Ltd. and its subsidiary SAS Logistics Co.,Ltd., Smile Line Distribution Co.,Ltd., Maruzen Koun Co.,Ltd., Bushu Distribution Co.,Ltd., Maruzen Transpack Co., Ltd., Kashima Tank Terminal Co., Ltd., Maruzen Densan Logistics Corporation and Kashima Bulk Terminal K.K. Eight overseas subsidiaries: Maruzen of America, Inc., Maruzen Showa (Taiwan) Co., Ltd., Maruzen Showa Singapore Pte Ltd., Maruzen Showa (Hong Kong) Ltd. and its subsidiary Maruzen Showa Logistics Co., Ltd., Maruzen Densan Logistics (Pinghu) Corporation and Maruzen Densan Logistics Vietnam Co., Ltd. (both of which are subsidiaries of Maruzen Densan Logistics Corporation), and Maruzen SH Logistics Sdn. Bhd. The Company and its subsidiaries work together to provide integrated cargo transportation services. The goals are performing transportation and storage operations efficiently and providing complementary geographic support. Affiliates Kokusai Bulk Terminal Co., Ltd., Xuzhou Sinotrans Maruzen Transportation Co.,Ltd., Unithai Maruzen Logistics (Vietnam) Corp., PT.Maruzen Samudera Taiheiyo, Maruzen Showa (Thailand) Ltd. are also engaged in the logistics business, working with the Company in order to conduct integrated cargo transportation services.
Yard Operations and Mechanical Cargo Handling	This segment includes 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. These activities are performed by Maruzen Showa Unyu Co., Ltd., Marujyu Unyu Soko Co., Ltd., Maruzen Ibaraki Ryutsu Co., Ltd., Maruzen Ryutsu Service Co., Ltd., Maruzen Kansai Ryutsu Co., Ltd., Maruzen Chiba Ryutsu Co., Ltd., Maruzen Chubu Ryutsu Co., Ltd., Maruzen Co-op Co., Ltd., Maruzen Keiyo Butsuryu Co., Ltd., Showa Alumi Service Co., Ltd., Maruzen Densan Logistics Corporation and its subsidiary Maruzen Densan Logistics (Pinghu) Corporation. The following companies function as partner companies for the Company: Maruzen Ibaraki Ryutsu Co., Ltd., Maruzen Ryutsu Service Co., Ltd., Maruzen Chiba Ryutsu Co., Ltd., Maruzen Chubu Ryutsu Co., Ltd., and Maruzen Co-op Co., Ltd.
Other Businesses	This segment includes the construction, real estate, insurance agent, vehicle maintenance, security and other businesses. The Company is engaged in the construction business and other businesses. (Subsidiaries) Marusho Automobile Industry Co., Ltd. operates a vehicle maintenance business to service the vehicles of the Company, Maruzen Kawasaki Unyu Co., Ltd., Maruso Unyu Co., Ltd. and Maruzen Keihin Butsuryu Co., Ltd. Showa Alumi Service Co., Ltd. provides security services. (Affiliates) Maruzen Shoji Co., Ltd. leases office equipment, rents cargo pallets and has an insurance agency business and provides these services mainly to the Group companies.

An organizational chart of the Group is as follows.

Clients

Maruzen Showa Unyu Co., Ltd.

Logistics Operations

Domestic subsidiaries

- Marujyu Unyu Soko Co., Ltd. *1
- Maruzen Mito Unyu Co., Ltd. *1
- Maruzen Hokkaido Unyu Co., Ltd. *1
- Maruzen Keihin Butsuryu Co., Ltd. *1
- Maruzen Kashima Butsuryu Co. Ltd. *1
- Maruzen Chubu Butsuryu Co., Ltd. *1
- Maruzen Kansai Butsuryu Co., Ltd. *1
- Showa Distribution K.K. *1
- Showa Alumi Service Co., Ltd. *1
- SAS Logistics Co.,Ltd. *1
- Maruzen Keiyo Butsuryu Co., Ltd. *1
- Smile Line Distribution Co.,Ltd. *1
- Maruzen Kyushu Unyu Co., Ltd. *1
- Maruzen Koun Co.,Ltd. *1
- Bushu Distribution Co.,Ltd. *1
- Maruzen Transpack Co., Ltd. *1
- Kashima Tank Terminal Co., Ltd. *1
- Maruzen Densan Logistics Corporation *1
- Maruzen Kawasaki Unyu Co., Ltd.
- Maruso Unyu Co., Ltd.
- Kashima Bulk Terminal K.K.

Overseas subsidiaries

- Maruzen of America, Inc. *1
- Maruzen Densan Logistics (Pinghu) Corporation *1
- Maruzen Showa (Hong Kong) Ltd.
- Maruzen Showa (Taiwan) Co., Ltd.
- Maruzen Showa Singapore Pte Ltd.
- Maruzen Showa Logistics Co., Ltd.
- Maruzen Densan Logistics Vietnam Co., Ltd.
- Maruzen SH Logistics Sdn. Bhd.

Affiliates

- Kokusai Bulk Terminal Co., Ltd. *2
- Xuzhou Sinotrans Maruzen Transportation Co.,Ltd.
- Unithai Maruzen Logistics (Vietnam) Corp.
- PT.Maruzen Samudera Taiheiyo
- Maruzen Showa (Thailand) Ltd.

Yard Operations and Mechanical Cargo Handling

Domestic subsidiaries

- Marujyu Unyu Soko Co., Ltd. *1
- Showa Alumi Service Co., Ltd. *1
- Maruzen Keiyo Butsuryu Co., Ltd. *1
- Maruzen Ibaraki Ryutsu Co., Ltd. *1
- Maruzen Ryutsu Service Co., Ltd. *1
- Maruzen Kansai Ryutsu Co., Ltd. *1
- Maruzen Chubu Ryutsu Co., Ltd. *1
- Maruzen Densan Logistics Corporation *1
- Maruzen Chiba Ryutsu Co., Ltd.
- Maruzen Co-op Co., Ltd.

Overseas subsidiaries

- Maruzen Densan Logistics (Pinghu) Corporation *1

Other Businesses

Domestic subsidiaries

- Marusho Automobile Industry Co., Ltd.
- Showa Alumi Service Co., Ltd. *1

Domestic affiliates

- Maruzen Shoji Co., Ltd. *2

Clients

Notes:

1. *1 Consolidated subsidiaries　　*2 Equity-method affiliates
2. The Company established its subsidiary (Maruzen SH Logistics Sdn. Bhd.) in Malaysia as of October 12, 2015.

3. Management Policies

(1) Basic Management Policy

The central philosophy that guides our operations is a commitment to providing quality logistics services based on the spirit of customers first in the field of logistics. We want to be the best possible logistics partner for our customers. To accomplish this goal, we offer ideas for optimizing logistics by using systems that unify the flow of goods and information. We are constantly upgrading the quality of our services and steadily enlarging our operations. We are determined to be a corporate group that meets the expectations of shareholders and other stakeholders and makes significant contributions to society.

(2) Medium- and Long-term Business Strategy

In March 2016 we formulated the Sixth Medium-term Management Plan, “Making a Further Leap Forward with Passion and Effort,” which covers the three-year period from April 2016 to March 2019.

I. Operating Environment and Objectives of the Plan

The outlook for the global economy remains unclear. We are closely watching how an apparently overheated Chinese economy will eventually land. Looking at the U.S. economy, which is expected to be a key driver of the world economy, we are concerned about a slowdown of its domestic economy due to the interest rate hike and its impact on the emerging economies.

The environment in which companies operate is about to change substantially. For instance, free movements of people, goods and money through economic partnership by countries such as Trans-Pacific Partnership (TPP) will bring unprecedented risks as well as opportunities to the companies.

In addition, the technological advance including artificial intelligence and Internet of Things (IoT) is often called the fourth industrial revolution. It has a great impact on a way you do business and a way you work.

We are fully aware that we must be flexible to the environmental changes in medium- and long-term. At the same time, precisely because our business climate is substantially changing now, we will reassess our “quality,” a base for our growth since our foundation, and enhance our presence in the market.

By defining a more globalized and technologically advanced world as the “NEXT STAGE,” we will further strengthen our corporate infrastructure in the next three years so that we can continue to build our presence in the “NEXT STAGE” world.

The primary objectives of the Plan are described as follows:

1. Develop a structure enabling the Group to provide quality logistics service without interruption.
2. Build an organization with creativity and execution capability by creating an environment that draws out the vigor of the Group’s employees.
3. Reinforce our commitments to CSR, such as compliance and risk management while meeting the expectations of stakeholders.

For the above ends, the Group will emphasize on three items: reinforcement of governance, improvement of quality (service level) and enhancement of sales capabilities to achieve sustainable growth and increase corporate value in the medium and long-term.

II. The vision we should pursue

“A logistics partner for creating the best possible supply chains from a global perspective”

III. Management targets

1. Qualitative target

(1) Ensuring sales growth

1) Expand third-party logistics business

2) Expand global logistics business

3) Create new services

(2) Strengthening the corporate infrastructure

1) Strengthen governance

2) Improve quality (service level)

3) Enhance IT and material handling capabilities

4) Utilize M&A

(3) Enhancing sales capabilities

1) Strengthen sales function

2) Strengthen individual business sectors

3) Strengthen overseas sales

2. Quantitative target

(Billions of yen)

	Fiscal years ending	March 31, 2017	March 31, 2018	March 31, 2019
Consolidated	Sales	107.0	109.0	111.0
	Ordinary income	6.0	6.1	6.2
	ROE	5.8%	5.9%	6.0%
Non-consolidated	Sales	84.5	86.0	87.5
	Ordinary income	5.2	5.3	5.4

IV. Investment plan

Capital expenditures: 20 billion yen

Investment in M&A: 5 billion yen

V. Key measures to be taken

(1). Ensuring sales growth

1) Expand third-party logistics business

i) Expand third-party logistics business with electronic devices-related and consumer goods-related companies

ii) Introduce third-party logistics to existing clients and win new third-party logistics contracts

2) Expand global logistics business

i) Expand sales by increasing assets of overseas subsidiaries and branches

<Key areas>

Vietnam, Malaysia, Indonesia, China, the United States and Mexico

ii) Expand sales from forwarding business

iii) Expand sales from plant engineering and plant businesses

3) Create new services

i) Expand service range

ii) Respond to IoT (Internet of Things)

(2) Strengthening the corporate infrastructure

1) Strengthen governance

i) Strengthen corporate structure

ii) Ensure and utilize human resources

iii) Make efforts to fulfil CSR (corporate social responsibility)

2) Improve quality (service level)

i) Improve service quality

ii) Implement safety measures

3) Enhance IT and material handling capabilities

i) Develop differentiated information systems and sell them to third parties

ii) Accelerate operational efficiency through IT and material handling

4) Utilize M&A

i) M&A of domestic companies

ii) M&A of foreign companies

(3) Enhancing sales capabilities

1) Strengthen sales function

i) Put in place sales operations structure

ii) Establish and operate a business support organization

iii) Strengthen a structure to promote third-party logistics

2) Strengthen individual business sectors

i) Strengthen transportation network

ii) Expand domestics logistics bases

3) Strengthen overseas sales

i) Streamline the structure of overseas subsidiaries and branches

ii) Expand overseas logistics network

4. 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.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	FY3/15 (As of Mar. 31, 2015)	FY3/16 (As of Mar. 31, 2016)
Assets		
Current assets		
Cash and deposits	7,101	7,547
Notes and accounts receivable	20,896	20,312
Securities	6,899	7,899
Supplies	113	99
Prepaid expenses	588	564
Deferred tax assets	626	611
Other	2,166	3,790
Allowance for doubtful accounts	(5)	(4)
Total current assets	38,387	40,822
Non-current assets		
Property, plant and equipment		
Buildings and structures	66,926	67,414
Accumulated depreciation	(42,267)	(43,876)
Buildings and structures, net	24,658	23,538
Machinery and equipment	11,088	11,205
Accumulated depreciation	(8,784)	(9,092)
Machinery and equipment, net	2,304	2,112
Vehicles	9,328	9,510
Accumulated depreciation	(8,658)	(8,602)
Vehicle, net	670	908
Tools, furniture and fixtures	706	730
Accumulated depreciation	(642)	(643)
Tools, furniture and fixtures, net	63	87
Land	19,983	20,239
Leased assets	1,822	1,845
Accumulated depreciation	(908)	(941)
Leased assets, net	913	904
Construction in progress	40	76
Total property, plant and equipment	48,635	47,867
Intangible assets		
Goodwill	2,049	1,839
Other	880	906
Total intangible assets	2,929	2,745
Investments and other assets		
Investment securities	19,526	16,906
Long-term loans receivable	598	363
Deferred tax assets	35	91
Net defined benefit asset	348	10
Other	5,626	5,598
Allowance for doubtful accounts	(50)	(23)
Total investments and other assets	26,085	22,947
Total non-current assets	77,649	73,559
Total assets	116,037	114,382

(Millions of yen)

	FY3/15 (As of Mar. 31, 2015)	FY3/16 (As of Mar. 31, 2016)
Liabilities		
Current liabilities		
Notes and operating accounts payable-trade	10,108	9,694
Short-term loans payable	12,794	9,368
Current portion of bonds	29	31
Accounts payable-other	672	899
Income taxes payable	1,199	1,114
Accrued consumption taxes	1,126	400
Accrued expenses	1,689	1,680
Provision for bonuses	1,367	1,375
Provision for directors’ bonuses	3	3
Other	596	550
Total current liabilities	29,588	25,120
Non-current liabilities		
Bonds payable	5,054	5,023
Long-term loans payable	8,669	11,655
Deferred tax liabilities	3,535	2,302
Provision for directors’ retirement benefits	14	16
Net defined benefit liability	140	212
Asset retirement obligations	636	682
Other	1,018	1,146
Total non-current liabilities	19,069	21,040
Total liabilities	48,658	46,160
Net assets		
Shareholders’ equity		
Capital stock	9,117	9,117
Capital surplus	7,849	7,849
Retained earnings	46,683	49,795
Treasury shares	(2,477)	(2,486)
Total shareholders’ equity	61,172	64,276
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,131	4,201
Foreign currency translation adjustment	(98)	(123)
Remeasurements of defined benefit plans	84	(222)
Total accumulated other comprehensive income	6,117	3,855
Non-controlling interests	89	90
Total net assets	67,379	68,222
Total liabilities and net assets	116,037	114,382

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Operating revenue	94,672	99,902
Operating cost	86,437	90,809
Operating gross profit	8,234	9,092
Selling, general and administrative expenses		
Directors' compensations	519	517
Salaries and allowances	1,237	1,326
Bonuses	294	278
Provision for directors' bonuses	3	3
Retirement benefit expenses	44	44
Provision for directors' retirement benefits	1	9
Taxes and dues	29	50
Depreciation	81	82
Provision of allowance for doubtful accounts	2	0
Other	1,249	1,483
Total selling, general and administrative expenses	3,464	3,799
Operating income	4,770	5,293
Non-operating income		
Interest income	18	26
Dividend income	376	399
Share of profit of entities accounted for using equity method	294	212
Miscellaneous income	189	220
Total non-operating income	879	859
Non-operating expenses		
Interest expenses	235	219
Miscellaneous expenses	22	69
Total non-operating expenses	258	288
Ordinary income	5,391	5,864
Extraordinary income		
Gain on sales of non-current assets	64	103
Gain on sales of investment securities	58	-
Subsidy income	3	124
Total extraordinary income	126	227
Extraordinary losses		
Loss on sales and retirement of non-current assets	28	76
Loss on valuation of investment securities	21	15
Impairment loss	1	0
Loss on reduction of non-current assets	3	120
Total extraordinary losses	54	213
Profit before income taxes	5,462	5,878
Income taxes-current	1,912	1,992
Income taxes-deferred	(114)	(95)
Total income taxes	1,798	1,897
Profit	3,664	3,981
Profit attributable to non-controlling interests	4	3
Profit attributable to owners of parent	3,660	3,978

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Profit	3,664	3,981
Other comprehensive income		
Valuation difference on available-for-sale securities	2,321	(1,913)
Foreign currency translation adjustment	79	(24)
Remeasurements of defined benefit plans, net of tax	221	(307)
Share of other comprehensive income of entities accounted for using equity method	21	(17)
Total other comprehensive income	2,644	(2,262)
Comprehensive income	6,308	1,719
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,304	1,716
Comprehensive income attributable to non-controlling interests	4	3

(3) Consolidated Statement of Changes in Equity

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	9,117	7,848	43,932	(2,474)	58,424
Cumulative effects of changes in accounting policies			(196)		(196)
Restated balance	9,117	7,848	43,736	(2,474)	58,227
Changes of items during period					
Dividends of surplus			(729)		(729)
Increase by merger			16		16
Profit attributable to owners of parent			3,660		3,660
Disposal of treasury shares		0		1	2
Purchase of treasury shares				(4)	(4)
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	0	2,947	(3)	2,944
Balance at end of current period	9,117	7,849	46,683	(2,477)	61,172

	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	3,789	(178)	(136)	3,473	87	61,985
Cumulative effects of changes in accounting policies						(196)
Restated balance	3,789	(178)	(136)	3,473	87	61,788
Changes of items during period						
Dividends of surplus				-		(729)
Increase by merger				-		16
Profit attributable to owners of parent				-		3,660
Disposal of treasury shares				-		2
Purchase of treasury shares				-		(4)
Net changes of items other than shareholders' equity	2,342	79	221	2,644	1	2,645
Total changes of items during period	2,342	79	221	2,644	1	5,590
Balance at end of current period	6,131	(98)	84	6,117	89	67,379

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
Cumulative effects of changes in accounting policies					-
Restated balance	9,117	7,849	46,683	(2,477)	61,172
Changes of items during period					
Dividends of surplus			(865)		(865)
Increase by merger					-
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
Cumulative effects of changes in accounting policies						-
Restated balance	6,131	(98)	84	6,117	89	67,379
Changes of items during period						
Dividends of surplus				-		(865)
Increase by merger				-		-
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

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Cash flows from operating activities		
Profit before income taxes	5,462	5,878
Depreciation	3,163	3,263
Amortization of goodwill	52	210
Increase (decrease) in provision for directors' retirement benefits	(5)	(0)
Increase (decrease) in provision for bonuses	111	7
Increase (decrease) in provision for directors' bonuses	3	0
Increase (decrease) in allowance for doubtful accounts	(24)	(10)
Decrease (increase) in net defined benefit asset	(11)	(131)
Increase (decrease) in net defined benefit liability	(1)	72
Interest and dividend income	(394)	(425)
Interest expenses	235	219
Share of (profit) loss of entities accounted for using equity method	(294)	(212)
Loss (gain) on sales and retirement of non-current assets	(35)	(26)
Loss (gain) on sales of investment securities	(58)	-
Loss (gain) on valuation of investment securities	21	15
Decrease (increase) in notes and accounts receivable-trade	(309)	574
Decrease (increase) in inventories	10	14
Increase (decrease) in notes and accounts payable-trade	(67)	(394)
Increase (decrease) in accrued consumption taxes	930	(725)
Loss on reduction of non-current assets	3	120
Subsidy income	(3)	(124)
Other, net	(249)	48
Subtotal	8,538	8,373
Interest and dividend income received	419	453
Interest expenses paid	(231)	(219)
Income taxes paid	(1,848)	(2,143)
Proceeds from subsidy income	3	124
Net cash provided by (used in) operating activities	6,880	6,588
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,432)	(1,749)
Proceeds from sales of property, plant and equipment	69	112
Purchase of intangible assets	(125)	(244)
Purchase of investment securities	(237)	(153)
Proceeds from sales of investment securities	96	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,493)	-
Purchase of shares of subsidiaries	-	(27)
Collection of short-term loans receivable	31	22
Collection of long-term loans receivable	0	272
Acquisition of other investments	(681)	(672)
Proceeds on sale of other investments	813	646
Payments of loans receivable	(326)	(54)
Other, net	464	(27)
Net cash provided by (used in) investing activities	(4,821)	(1,874)

(Millions of yen)

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Cash flows from financing activities		
Increase in short-term loans payable	200	-
Decrease in short-term loans payable	(347)	(81)
Proceeds from long-term loans payable	654	4,028
Repayments of long-term loans payable	(1,182)	(4,386)
Redemption of bonds	(29)	(29)
Cash dividends paid	(729)	(865)
Dividends paid to non-controlling interests	(2)	(2)
Other, net	(258)	(311)
Net cash provided by (used in) financing activities	(1,695)	(1,648)
Effect of exchange rate change on cash and cash equivalents	30	(19)
Net increase (decrease) in cash and cash equivalents	394	3,046
Cash and cash equivalents at beginning of period	14,688	15,101
Increase in cash and cash equivalents from newly consolidated subsidiary	18	-
Cash and cash equivalents at end of period	15,101	18,147

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Accounting Policies in the Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 24

Names of consolidated subsidiaries:
Marujyu Unyu Soko Co., Ltd.
Maruzen Mito Unyu Co., Ltd.
Maruzen Hokkaido Unyu Co., Ltd.
Maruzen of America, Inc.
Maruzen Keihin Butsuryu Co., Ltd.
Maruzen Chubu Butsuryu Co., Ltd.
Maruzen Kansai Butsuryu Co., Ltd.
Maruzen Kashima Butsuryu Co., Ltd.
Showa Distribution K.K.
Showa Alumi Service Co., Ltd.
SAS Logistics Co.,Ltd.
Smile Line Distribution Co.,Ltd.
Maruzen Keiyo Butsuryu Co., Ltd.
Maruzen Koun Co.,Ltd.
Maruzen Ryutsu Service Co., Ltd.
Maruzen Ibaraki Ryutsu Co., Ltd.
Maruzen Kyushu Unyu Co., Ltd.
Bushu Distribution Co.,Ltd.
Maruzen Kansai Ryutsu Co., Ltd.
Maruzen Chubu Ryutsu Co., Ltd.
Maruzen Transpack Co., Ltd.
Kashima Tank Terminal Co., Ltd.
Maruzen Densan Logistics Corporation
Maruzen Densan Logistics (Pinghu) Corporation

(2) Names of major non-consolidated subsidiaries

Maruzen Kawasaki Unyu Co., Ltd.
Reason for exclusion
This subsidiary is not included in the scope of consolidation since it is a small-scale business whose assets, operating revenue, net income/loss (equity in earnings) and retained earnings (equity in earnings) have no significant effect on the overall results of consolidated financial statements.

2. Application of equity method

(1) Number of affiliates accounted for by the equity method: 2

Names of affiliates accounted for by the equity method
Kokusai Bulk Terminal Co., Ltd.
Maruzen Shoji Co., Ltd.

(2) Names of major non-consolidated subsidiaries and affiliates not accounted for by the equity method

Xuzhou Sinotrans Maruzen Transportation Co., Ltd.
Maruzen Kawasaki Unyu Co., Ltd.

Reason for not being accounted for by the equity method
These non-consolidated subsidiaries and affiliates are not accounted for by the equity method, given the fact that it has a very minor effect on consolidated net income (loss) and retained earnings and is relatively insignificant in the context of consolidated financial statements.

(3) Some equity-method subsidiaries and affiliates end their fiscal years on a date that differs from the end of the fiscal year for the consolidated financial statements, and financial statements for the fiscal years of these companies are used to prepare the consolidated financial statements.

3. Fiscal year of consolidated subsidiaries

The fiscal year-end of Maruzen of America, Inc. and Maruzen Densan Logistics (Pinghu) Corporation is December 31. The consolidated financial statements include the financial statements of these consolidated subsidiaries as of December 31. Necessary adjustments have been made for the consolidation concerning material transactions arising between January 1 and March 31.

4. Accounting policies

(1) Valuation standards and methods for principal assets

1) Marketable securities

Available-for-sale securities
Securities with market quotations
Stated at fair value at the end of the fiscal year. (Unrealized gain or loss is included in net assets. Cost of securities sold is determined by the moving-average method.)

Securities without market quotations
Stated at cost determined by the moving-average method.

2) Supplies
Stated at cost, cost being determined by the last purchased cost method. (The carrying value on the balance sheet is written down to reflect declines in profitability).

(2) Depreciation and amortization of significant depreciable assets

1) Property, plant and equipment (excluding leased assets)
Primarily calculated by using the declining-balance method, except for buildings (excluding attached structures) acquired on or after April 1, 1998 on which depreciation is calculated by the straight-line method.

Useful lives of principle assets are as follows:

Buildings and structures:	2-65 years
Machinery and equipment:	2-17 years

2) Intangible assets (excluding leased assets)
Amortization of intangible assets is calculated by the straight-line method.
Software for internal use is amortized over an expected internal useful life of 5 years by the straight-line method.

3) Leased assets
The straight-line method with no residual value is applied with the lease period used as the useful life of the asset.

(3) Recognition of significant allowances

1) Allowance for doubtful accounts
To prepare for credit losses on accounts receivable, allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectibility.

2) Provision for bonuses
To provide for employees' bonus obligation, allowances equal to the estimated bonus obligations are recorded.

3) Provision for directors' bonuses
To provide for directors' bonuses, certain domestic consolidated subsidiaries provide an allowance based on the estimated bonus obligations in the current fiscal year.

4) Provision for directors' retirement benefits
To provide for directors' retirement benefits, certain domestic consolidated subsidiaries provide an allowance for the aggregate amount payable at the end of the fiscal year pursuant to the Company's rules on directors' retirement benefits.

(4) Accounting method for retirement benefits

1) Method of attributing estimated retirement benefit obligations to periods

In calculation of retirement benefit obligations, the Company uses the benefit formula basis as the method for attributing estimated retirement benefit obligations to periods.

2) Amortization of actuarial differences

Actuarial differences are amortized and charged to expenses in the year following the fiscal year in which such gain or loss is recognized by the straight-line method over a certain period (10 years) which is within the average remaining years of service of the eligible employees.

3) Use of simplified method at consolidated subsidiaries

Some consolidated subsidiaries calculate net defined benefit liability and retirement benefit expenses by using a simplified method in which the retirement benefit obligations are equal to the amount that would be paid if all employees voluntarily requested retirement benefits at the end of the fiscal year.

(5) Translation of significant foreign currency-denominated assets and liabilities

Foreign currency-denominated monetary assets and liabilities are translated into yen at the spot exchange rate in effect on the consolidated balance sheet date. Exchange gain or loss is accounted as income or loss. The balance sheet and income statement accounts of overseas consolidated subsidiaries are also translated into yen at the spot exchange rate in effect on the balance sheet date. Translation adjustments are included in the foreign currency translation adjustments in net assets.

(6) Method and period of goodwill amortization

Goodwill is amortized over 10 years by the straight-line method, except that immaterial amounts are charged or credited to income as incurred.

(7) Scope of cash and cash equivalents on consolidated statement of cash flows

Cash and cash equivalents consist of cash on hand, deposits that can be withdrawn on demand, and short-term investments, with original maturities of three months or less, that are readily convertible to known amounts of cash and present insignificant risk of change in value.

(8) Other significant accounting policies in the preparation of consolidated financial statements

Accounting for consumption taxes

National and local consumption taxes are accounted by the tax-exclusion method.

Changes in Accounting Policies

Application of the Accounting Standard for Business Combinations, etc.

The Company has applied the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), etc. from the current fiscal year. Accordingly, difference arising from changes in the Company’s ownership interests in subsidiaries in cases where control is retained is recognized in capital surplus, and the acquisition costs in connection with business combinations are recognized as expenses in the fiscal year in which they arise. Regarding business combinations that take place on or after the beginning of the current fiscal year, the Company has revised the method to reflect reviewed allocation of the acquisition costs arising from determination of the provisional accounting treatment on the consolidated financial statements to which the date of the business combination belongs. In addition, the presentation of net income and other items has been revised, and the minority interests item has been renamed non-controlling interests. For consistency with these changes, the consolidated financial statements for the previous fiscal year have been revised.

The Company has adopted these accounting standards, etc. from the beginning of the current fiscal year, in accordance with the transitional accounting treatments set forth in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Article 57-4 (4) of the Accounting Standard for Business Divestitures.

There is no impact of these changes on the consolidated financial statements.

Reclassifications

Consolidated statement of cash flows

"Collection of long-term loans receivable," which was included in the "Other, net" under the "Cash flows from investing activities" for the previous fiscal year, is presented separately from the current fiscal year due to an increase in its monetary materiality. To reflect this change of presentation method, we have reclassified the financial statements for the previous fiscal year.

As a result, 0 million yen, which was included in the "Other, net" under the "Cash flows from investing activities" of the consolidated statement of cash flows for the previous fiscal year, is reclassified into 0 million yen in "Collection of long-term loans receivable."

Additional Information

Not applicable.

Notes to Consolidated Balance Sheet

*1. Assets pledged as collateral and liabilities with collateral

Assets pledged as collateral are as follows.

(Millions of yen)

	FY3/15 (As of Mar. 31, 2015)		FY3/16 (As of Mar. 31, 2016)	
Buildings and structures	1,596	[1,596]	1,461	[1,461]
Machinery and equipment	254	[254]	225	[225]
Land	3,072	[1,525]	3,072	[1,525]
Total	4,924	[3,376]	4,760	[3,212]

Liabilities with collateral are as follows.

(Millions of yen)

	FY3/15 (As of Mar. 31, 2015)		FY3/16 (As of Mar. 31, 2016)	
Current portion of long-term loans payable	901	[689]	856	[644]
Long-term loans payable	3,429	[3,012]	3,131	[2,926]
Total	4,331	[3,702]	3,987	[3,570]

Figures in brackets are for harbor transportation, road transport business foundation mortgages, factory foundation mortgages and associated liabilities.

*2. Investment securities for non-consolidated subsidiaries and affiliates are as follows.

(Millions of yen)

	FY3/15 (As of Mar. 31, 2015)	FY3/16 (As of Mar. 31, 2016)
Investment securities (stock)	2,856	3,173
Other (investments in capital)	341	341

3. Guarantee liabilities

The Company guarantees following affiliates' bank loans.

(Millions of yen)

	FY3/15 (As of Mar. 31, 2015)	FY3/16 (As of Mar. 31, 2016)
World Cargo Distribution Center Co., Ltd.	254	148
Aomi Cargo Distribution Center	17	4
Total	272	153

4. Notes receivable endorsed

(Millions of yen)

	FY3/15 (As of Mar. 31, 2015)	FY3/16 (As of Mar. 31, 2016)
Notes receivable endorsed	60	53

5. The Company and its consolidated subsidiaries have current account overdraft agreements with three banks in order to raise funds efficiently. The balance of unused credit lines under these agreements as of the end of the fiscal year is as follows.

(Millions of yen)

	FY3/15 (As of Mar. 31, 2015)	FY3/16 (As of Mar. 31, 2016)
Current account overdraft	1,650	1,615
Credit used	120	90
Credit available	1,530	1,525

*6. Reduction entry due to government subsidies, etc.

During the fiscal year ended March 31, 2016, reduction entries resulting from the use of government subsidies, etc. were 82 million yen for buildings and 38 million yen for land.

Cumulative reduction entry associated with government subsidies, etc. for property, plant and equipment is as follows.

(Millions of yen)

	FY3/15 (As of Mar. 31, 2015)	FY3/16 (As of Mar. 31, 2016)
Buildings and structures	77	159
Machinery and equipment	60	60
Land	-	38

Notes to Consolidated Statement of Income

*1. Provisions for reserves included in operating cost

(Millions of yen)

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Provision for bonuses	1,182	1,258

*2. Breakdown of gain on sales of non-current assets is as follows.

(Millions of yen)

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Machinery and equipment	16	10
Vehicles	47	92
Other	0	-
Total	64	103

*3. Breakdown of loss on sales of non-current assets is as follows.

(Millions of yen)

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Buildings and structures	7	7
Machinery and equipment	1	6
Vehicles	0	10
Tools, furniture and fixtures	1	0
Removal expenses	17	51
Other	0	-
Total	28	76

*4. Impairment loss

The Group recognized impairment losses on the following groups of assets.

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

Location	Use	Item
Yokohama City, Kanagawa, and others	Idle assets	Telephone subscription rights

We principally group business assets according to the Group's operating divisions and idle assets according to each asset type.

Idle assets

The book value of the telephone subscription rights classified as idle assets has been written down to the amount that can be recovered, due to a significant decline in the fair value, and the reduction was recorded as a 1 million yen impairment loss in extraordinary losses.

The recoverable amount of the asset group has been measured based on the estimated net selling price for these telephone subscription rights.

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

Location	Use	Item
Yokohama City, Kanagawa, and others	Idle assets	Telephone subscription rights

We principally group business assets according to the Group's operating divisions and idle assets according to each asset type.

Idle assets

The book value of the telephone subscription rights classified as idle assets has been written down to the amount that can be recovered, due to a significant decline in the fair value, and the reduction was recorded as a 0 million yen impairment loss in extraordinary losses.

The recoverable amount of the asset group has been measured based on the estimated net selling price for these telephone subscription rights.

Notes to Consolidated Statement of Comprehensive Income

* Reclassification adjustments and tax effect with respect to other comprehensive income

(Millions of yen)

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Valuation difference on available-for-sale securities:		
Amount incurred during the period	3,182	(2,968)
Reclassification adjustments	(65)	15
Before tax effect adjustments	3,117	(2,953)
Tax effect	795	(1,040)
Valuation difference on available-for-sale securities	2,321	(1,913)
Foreign currency translation adjustment:		
Amount incurred during the period	79	(24)
Foreign currency translation adjustment	79	(24)
Remeasurements of defined benefit plans, net of tax:		
Amount incurred during the period	302	(468)
Reclassification adjustments	32	23
Before tax effect adjustments	335	(445)
Tax effect	113	(138)
Remeasurements of defined benefit plans, net of tax	221	(307)
Share of other comprehensive income of entities accounted for using equity method:		
Amount incurred during the period	21	(17)
Share of other comprehensive income of entities accounted for using equity method	21	(17)
Total other comprehensive income	2,644	(2,262)

Notes to Consolidated Statement of Changes in Equity

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

1. Type and number of outstanding shares and treasury shares

(Thousand shares)

	Number of shares as of Apr. 1, 2014	Increase	Decrease	Number of shares as of Mar. 31, 2015
Outstanding shares				
Common shares	98,221	-	-	98,221
Total	98,221	-	-	98,221
Treasury shares				
Common shares	8,727	12	5	8,734
Total	8,727	12	5	8,734

Note: An increase in the number of treasury shares of common shares was due to acquisition of 12 thousand odd-lot shares. A decrease in the number of treasury shares of common shares was due to sales of 0 thousand odd-lot shares and appropriation of 4 thousand shares for convertible bonds.

2. Dividends

(1) Dividend payment

Resolution	Type of shares	Total dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders on Jun. 26, 2014	Common shares	364	4.0	Mar. 31, 2014	Jun. 27, 2014
Board of Directors' meeting on Nov. 10, 2014	Common shares	364	4.0	Sep. 30, 2014	Dec. 8, 2014

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of shares	Total dividends (Millions of yen)	Source of funds	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders on Jun. 26, 2015	Common shares	455	Retained earnings	5.0	Mar. 31, 2015	Jun. 29, 2015

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

1. Type and number of outstanding shares and treasury shares

(Thousand shares)

	Number of shares as of Apr. 1, 2015	Increase	Decrease	Number of shares as of Mar. 31, 2016
Outstanding shares				
Common shares	98,221	-	-	98,221
Total	98,221	-	-	98,221
Treasury shares				
Common shares	8,734	21	2	8,754
Total	8,734	21	2	8,754

Note: An increase in the number of treasury shares of common shares was due to acquisition of 21 thousand odd-lot shares. A decrease in the number of treasury shares of common shares was due to sales of 2 thousand odd-lot shares.

2. Dividends

(1) Dividend payment

Resolution	Type of shares	Total dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders on Jun. 26, 2015	Common shares	455	5.0	Mar. 31, 2015	Jun. 29, 2015
Board of Directors' meeting on Nov. 9, 2015	Common shares	410	4.5	Sep. 30, 2015	Dec. 7, 2015

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of shares	Total dividends (Millions of yen)	Source of funds	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders on Jun. 29, 2016	Common shares	501	Retained earnings	5.5	Mar. 31, 2016	Jun. 30, 2016

Notes to Consolidated Statement of Cash Flows

*1. Reconciliation of cash and cash equivalents at the end of the fiscal year and amounts on the consolidated balance sheet is made as follows.

(Millions of yen)

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Cash and deposits	7,101	7,547
Short-term investments (securities), with original maturities of three months or less	6,899	7,899
Trust beneficiary rights with the period of three months or less included in other current assets	1,099	2,699
Cash and cash equivalents	15,101	18,147

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 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 methods listed in “Significant Accounting Policies in the Preparation of Consolidated Financial Statements.”

Profits for reportable business segments are operating income 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

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015) (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	78,122	13,739	91,862	2,809	94,672	-	94,672
(2) Inter-segment sales and transfers	-	-	-	455	455	(455)	-
Total	78,122	13,739	91,862	3,264	95,127	(455)	94,672
Segment profit	3,329	923	4,253	517	4,770	-	4,770
Segment assets	68,709	5,969	74,679	2,894	77,574	38,463	116,037
Other items:							
Depreciation	2,872	168	3,041	122	3,163	-	3,163
Increase in property, plant and equipment and intangible assets	1,287	150	1,438	30	1,468	-	1,468

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 (455) million yen is elimination of inter-segment transactions

The adjustment to segment assets of 38,463 million yen is company-wide assets that are not allocated to reportable segments.

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

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 income as shown on the consolidated financial statements.

Related information

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

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 consolidated operating revenue on the consolidated statement of income.

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 consolidated operating revenue on the consolidated statement of income.

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

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015) (Millions of yen)

	Logistics Operations	Yard Operations and Mechanical Cargo Handling	Other business	Elimination or corporate	Total
Impairment loss	1	-	-	-	1

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

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

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015) (Millions of yen)

	Logistics Operations	Yard Operations and Mechanical Cargo Handling	Other business	Elimination or corporate	Total
Amortization for the period	50	1	-	-	52
Balance at the end of period	1,981	67	-	-	2,049

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

Information related to gain on bargain purchase for each reportable segment

Not applicable.

Per-share Information

(Yen)

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Net assets per share	751.95	761.52
Net income per share	40.90	44.46
Diluted net income per share	35.84	38.97

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

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Net income per share		
Profit attributable to owners of parent (Millions of yen)	3,660	3,978
Profit not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent applicable to common shareholders (Millions of yen)	3,660	3,978
Average number of shares outstanding during period (Thousand shares)	89,488	89,476
Diluted net income per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	(19)	(19)
[Of which, administration charge (After deducting amount equivalent to tax) (Millions of yen)]	[(19)]	[(19)]
Increase in the number of common shares (Thousand shares)	12,106	12,101
[Of which, convertible bonds (Thousand shares)]	[12,106]	[12,101]

Material Subsequent Events

Not applicable.

Omission of Disclosure

Disclosure of the notes on leases, related-parties, deferred tax accounting, financial instruments, marketable securities, retirement benefits, asset retirement obligations, investment and rental property was omitted due to the minor necessity of disclosure.

6. Non-consolidated Financial Statements

(1) Balance Sheet

(Millions of yen)

	FY3/15 (As of Mar. 31, 2015)	FY3/16 (As of Mar. 31, 2016)
Assets		
Current assets		
Cash and deposits	2,231	2,600
Notes receivable-trade	1,024	1,085
Operating accounts receivable	15,865	15,709
Securities	6,099	6,999
Supplies	92	79
Prepaid expenses	335	332
Deferred tax assets	358	341
Short-term loans receivable	918	1,000
Accounts receivable-other	152	136
Suspense payments	19	14
Advances paid	782	840
Trust beneficiary right	1,099	2,699
Allowance for doubtful accounts	(3)	(4)
Total current assets	28,976	31,837
Non-current assets		
Property, plant and equipment		
Buildings	19,424	18,592
Structures	1,038	948
Machinery and equipment	1,946	1,804
Vehicle	207	322
Tools, furniture and fixtures	31	44
Land	17,213	17,470
Leased assets	40	119
Construction in progress	20	31
Total property, plant and equipment	39,923	39,333
Intangible assets		
Leasehold right	415	415
Trademark right	1	1
Telephone subscription right	8	8
Right of using facilities	20	17
Software	244	390
Software in progress	117	4
Total intangible assets	808	837
Investments and other assets		
Investment securities	15,914	13,127
Shares of subsidiaries and associates	9,330	9,478
Investments in capital	31	29
Investments in capital of subsidiaries and associates	315	315
Long-term loans receivable	745	502
Long-term prepaid expenses	66	49
Prepaid pension cost	188	214
Guarantee deposits	1,528	1,505
The terminable annuity insurance	2,707	2,681
Other	143	111
Allowance for doubtful accounts	(137)	(140)
Total investments and other assets	30,834	27,873
Total non-current assets	71,565	68,044
Total assets	100,542	99,882

(Millions of yen)

	FY3/15 (As of Mar. 31, 2015)	FY3/16 (As of Mar. 31, 2016)
Liabilities		
Current liabilities		
Operating accounts payable	8,304	8,312
Short-term loans payable	7,817	7,817
Current portion of long-term loans payable	4,188	842
Current portion of bonds	29	31
Lease obligations	19	36
Accounts payable-other	418	560
Accrued expenses	698	707
Income taxes payable	956	867
Accrued consumption taxes	592	194
Deposits received	116	93
Unearned revenue	75	74
Provision for bonuses	683	714
Total current liabilities	23,901	20,251
Non-current liabilities		
Bonds payable	5,054	5,023
Long-term loans payable	7,568	10,733
Lease obligations	22	91
Deferred tax liabilities	3,372	2,323
Long-term accounts payable-other	68	66
Asset retirement obligations	482	502
Other	238	347
Total non-current liabilities	16,807	19,089
Total liabilities	40,709	39,340
Net assets		
Shareholders' equity		
Capital stock	9,117	9,117
Capital surplus		
Legal capital surplus	7,842	7,842
Other capital surplus	2	3
Total capital surpluses	7,845	7,845
Retained earnings		
Legal retained earnings	1,658	1,658
Other retained earnings		
Reserve for reduction entry of replaced specific property	1,517	1,517
Reserve for retirement allowance	300	300
General reserve	32,493	34,493
Retained earnings brought forward	2,957	3,494
Total retained earnings	38,926	41,463
Treasury shares	(1,883)	(1,891)
Total shareholders' equity	54,006	56,535
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	5,826	4,006
Total valuation and translation adjustments	5,826	4,006
Total net assets	59,833	60,541
Total liabilities and net assets	100,542	99,882

(2) Statement of Income

(Millions of yen)

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Operating revenue	78,081	77,621
Operating cost	72,004	71,119
Operating gross profit	6,076	6,501
Selling, general and administrative expenses	2,078	2,061
Operating income	3,998	4,440
Non-operating income		
Interest and dividend income	542	600
Miscellaneous income	123	119
Total non-operating income	665	720
Non-operating expenses		
Interest expenses	185	173
Miscellaneous loss	16	47
Total non-operating expenses	202	220
Ordinary income	4,461	4,939
Extraordinary income		
Gain on sales of non-current assets	31	37
Gain on sales of investment securities	58	-
Subsidy income	3	124
Total extraordinary income	93	161
Extraordinary losses		
Loss on sales and retirement of non-current assets	25	40
Loss on valuation of investment securities	21	-
Impairment loss	0	0
Loss on reduction of non-current assets	3	120
Total extraordinary losses	50	162
Profit before income taxes	4,504	4,939
Income taxes-current	1,530	1,582
Income taxes-deferred	(92)	(45)
Total income taxes	1,437	1,536
Profit	3,066	3,402

(3) Statement of Changes in Equity

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

(Millions of yen)

	Shareholders' equity											
		Capital surplus			Retained earnings							
						Other retained earnings						
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for reduction entry of replaced specific property	Reserve for retirement allowance	General reserve	Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	9,117	7,842	1	7,844	1,658	1,479	300	30,693	2,650	36,781	(1,879)	51,864
Cumulative effects of changes in accounting policies				-					(192)	(192)		(192)
Restated balance	9,117	7,842	1	7,844	1,658	1,479	300	30,693	2,458	36,589	(1,879)	51,671
Changes of items during period												
Reversal of reserve for reduction entry of replaced specific property				-		(35)			35	-		-
Change in reserve for advanced depreciation of non-current assets due to change in tax rate				-		73			(73)	-		-
Dividends of surplus				-					(729)	(729)		(729)
Provision of general reserve				-				1,800	(1,800)	-		-
Disposal of treasury shares			0	0						-	1	2
Purchase of treasury shares				-						-	(4)	(4)
Profit				-					3,066	3,066		3,066
Net changes of items other than shareholders' equity				-						-		-
Total changes of items during period	-	-	0	0	-	38	-	1,800	499	2,337	(3)	2,335
Balance at end of current period	9,117	7,842	2	7,845	1,658	1,517	300	32,493	2,957	38,926	(1,883)	54,006

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	3,630	3,630	55,494
Cumulative effects of changes in accounting policies		-	(192)
Restated balance	3,630	3,630	55,301
Changes of items during period			
Reversal of reserve for reduction entry of replaced specific property		-	-
Change in reserve for advanced depreciation of non-current assets due to change in tax rate		-	-
Dividends of surplus		-	(729)
Provision of general reserve		-	-
Disposal of treasury shares		-	2
Purchase of treasury shares		-	(4)
Profit		-	3,066
Net changes of items other than shareholders' equity	2,196	2,196	2,196
Total changes of items during period	2,196	2,196	4,531
Balance at end of current period	5,826	5,826	59,833

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(Millions of yen)

	Shareholders' equity											
	Capital stock	Capital surplus			Retained earnings						Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings		
						Reserve for reduction entry of replaced specific property	Reserve for retirement allowance	General reserve	Retained earnings brought forward			
Balance at beginning of current period	9,117	7,842	2	7,845	1,658	1,517	300	32,493	2,957	38,926	(1,883)	54,006
Cumulative effects of changes in accounting policies				-						-		-
Restated balance	9,117	7,842	2	7,845	1,658	1,517	300	32,493	2,957	38,926	(1,883)	54,006
Changes of items during period												
Reversal of reserve for reduction entry of replaced specific property				-		(35)			35	-		-
Change in reserve for advanced depreciation of non-current assets due to change in tax rate				-		34			(34)	-		-
Dividends of surplus				-					(865)	(865)		(865)
Provision of general reserve				-				2,000	(2,000)	-		-
Disposal of treasury shares			0	0						-	0	1
Purchase of treasury shares				-						-	(9)	(9)
Profit				-					3,402	3,402		3,402
Net changes of items other than shareholders' equity				-						-		-
Total changes of items during period	-	-	0	0	-	(0)	-	2,000	537	2,536	(8)	2,528
Balance at end of current period	9,117	7,842	3	7,845	1,658	1,517	300	34,493	3,494	41,463	(1,891)	56,535

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	5,826	5,826	59,833
Cumulative effects of changes in accounting policies		-	-
Restated balance	5,826	5,826	59,833
Changes of items during period			
Reversal of reserve for reduction entry of replaced specific property		-	-
Change in reserve for advanced depreciation of non-current assets due to change in tax rate		-	-
Dividends of surplus		-	(865)
Provision of general reserve		-	-
Disposal of treasury shares		-	1
Purchase of treasury shares		-	(9)
Profit		-	3,402
Net changes of items other than shareholders' equity	(1,820)	(1,820)	(1,820)
Total changes of items during period	(1,820)	(1,820)	708
Balance at end of current period	4,006	4,006	60,541

7. Others

(1) Changes in Directors

1) Changes in Representative Directors

Not applicable.

2) Changes in other Directors

Director candidate for promotion

Managing Director	Masaya Nakano (currently Director)

Candidate for Director

Director	Kazuko Umewaka

Note: Ms. Kazuko Umewaka is a candidate for outside director.

Candidates for Statutory Auditors

Standing Statutory Auditor	Yasuhiro Shibuya
Statutory Auditor	Nobuyuki Takeuchi

Note: Messrs. Yasuhiro Shibuya and Nobuyuki Takeuchi are candidates for outside statutory auditors.

Retiring Statutory Auditors

Standing Statutory Auditor	Masuo Yokota
Statutory Auditor	Hiroshi Saito

3) Effective date of change

June 29, 2016