

May 13, 2019

## Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2019

**[Japanese GAAP]**

Company name:	Maruzen Showa Unyu Co., Ltd.	Listing:	Tokyo Stock Exchange, First Section
Stock code:	9068	URL:	https://www.maruzenshowa.co.jp/
Representative:	Toshiyuki Asai, President		
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Scheduled date of Annual General Meeting of Shareholders:	June 27, 2019		
Scheduled date of payment of dividend:	June 28, 2019		
Scheduled date of filing of Annual Securities Report:	June 27, 2019		
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, 2019 (April 1, 2018 – March 31, 2019)

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

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2019	116,967	5.7	7,502	23.2	8,315	22.5	5,937	26.3
Fiscal year ended Mar. 31, 2018	110,685	5.6	6,091	9.7	6,786	10.3	4,699	6.3

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2019: 4,173 (down 29.1%)  
 Fiscal year ended Mar. 31, 2018: 5,884 (down 8.7%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to operating revenue
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2019	298.97	-	7.1	6.5	6.4
Fiscal year ended Mar. 31, 2018	258.06	230.36	6.1	5.4	5.5

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2019: 201  
 Fiscal year ended Mar. 31, 2018: 233

Notes: 1. The Company conducted a 1-for-5 reverse common stock split effective on October 1, 2018. Net income per share and diluted net income per share were calculated as if the reverse stock split had taken place at the beginning of the previous fiscal year.  
 2. Diluted net income per share for the fiscal year ended March 31, 2019 is not presented since there is no dilutive share.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2019	130,167	86,388	66.3	4,255.43
As of Mar. 31, 2018	127,608	81,096	63.5	4,234.74

Reference: Shareholders' equity (million yen) As of Mar. 31, 2019: 86,272 As of Mar. 31, 2018: 80,990

Note: The Company conducted a 1-for-5 reverse common stock split effective on October 1, 2018. Net assets per share was calculated as if the reverse stock split had taken place at the beginning of the previous fiscal year.

(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, 2019	8,705	(3,680)	(1,814)	23,896
Fiscal year ended Mar. 31, 2018	7,592	(4,373)	(2,541)	20,710

### 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, 2018	-	5.50	-	6.50	12.00	1,138	23.3	1.4
Fiscal year ended Mar. 31, 2019	-	6.00	-	35.00	-	1,333	21.7	1.5
Fiscal year ending Mar. 31, 2020 (forecasts)	-	32.50	-	32.50	65.00		15.9	

Note: The Company conducted a 1-for-5 reverse common stock split effective on October 1, 2018. Dividend per share forecast for the fiscal year ended March 31, 2019 is based on the number of shares after the reverse common stock split. No figures for the total dividend per share is shown. After adjustment to reflect the reverse stock split, year-end dividends per share for the fiscal years ended March 31, 2018 and 2019 comes to 60 yen and 65 yen, respectively.

### 3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(Percentages represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	63,000	10.8	4,200	19.6	4,400	16.6	5,100	82.5	256.81
Full year	126,500	8.1	8,400	12.0	8,900	7.0	8,100	36.4	407.87

**\* Notes**

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

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

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

(3) Number of issued shares (common shares)

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

As of Mar. 31, 2019: 20,612,844 shares As of Mar. 31, 2018: 19,680,176 shares

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

As of Mar. 31, 2019: 339,401 shares As of Mar. 31, 2018: 554,896 shares

3) Average number of shares during the period

Fiscal year ended Mar. 31, 2019: 19,859,080 shares Fiscal year ended Mar. 31, 2018: 18,209,493 shares

Note: The Company conducted a 1-for-5 reverse common stock split effective on October 1, 2018. Number of shares issued at the end of the period, number of treasury shares at the end of the period and average number of shares during the period were calculated as if the reverse stock split had taken place at the beginning of the previous fiscal year.

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

**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)**

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

	Operating revenue		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2019	92,502	6.2	5,955	14.9	6,953	13.5	5,125	17.5
Fiscal year ended Mar. 31, 2018	87,096	4.8	5,182	9.0	6,126	13.3	4,360	6.2

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2019	253.79	-
Fiscal year ended Mar. 31, 2018	235.16	210.28

Notes: 1. The Company conducted a 1-for-5 reverse common stock split effective on October 1, 2018. Net income per share and diluted net income per share were calculated as if the reverse stock split had taken place at the beginning of the previous fiscal year.  
 2. Diluted net income per share for the fiscal year ended March 31, 2019 is not presented since there is no dilutive share.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2019	113,874	76,910	67.5	3,732.02
As of Mar. 31, 2018	111,480	72,265	64.8	3,713.54

Reference: Shareholders' equity (million yen) As of Mar. 31, 2019: 76,910 As of Mar. 31, 2018: 72,265

Note: The Company conducted a 1-for-5 reverse common stock split effective on October 1, 2018. Net assets per share was calculated as if the reverse stock split had taken place at the beginning of the previous fiscal year.

**2. Non-consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)**

(Percentages represent year-on-year changes)

	Operating revenue		Ordinary profit		Profit		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	48,500	8.2	4,100	27.8	3,300	32.2	163.42
Full year	97,000	4.9	7,800	12.2	6,100	19.0	302.07

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

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

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 for a number of reasons. Please refer to "1. Overview of Results of Operations, (4) Outlook" on page 5 for forecast assumptions and notes of caution for usage.

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## 1. Overview of Results of Operations

### (1) Results of Operations

During the fiscal year ended March 31, 2019 (hereinafter, “the current fiscal year”), the Japanese economy saw steady growth in capital investment and consumer spending caused by increased corporate earnings and improved employment environment with the continued support of the government’s economic stimulus measures and the Bank of Japan’s monetary easing policy. However, while the global economy was on a track of moderate recovery, the trade conflict caused by the US’s hardline foreign policy cast a shadow over some part of it—represented by sluggish growth in exports and production activities as a result of a slowdown of the Chinese economy.

The current status of the logistics industry is summarized as follows. For the domestic cargo, despite a continued growth of the volume of both consumer goods and producer goods backed by resilient consumer spending and capital investment, the gross volume of cargo fell into a negative growth for the first time in three years due to a plunge in construction-related cargo which caused by sluggish housing investments. For the international cargo, the volume of cargo maintained a strong performance backed by the world economy staying on a path to expansion. Specifically, for the air cargo, the export of producer goods maintained a positive growth trend thanks to an expansion of demand for semiconductor-related cargo as well as automotive parts in the process of the transition to electric vehicles and the increasing use of automotive electronics despite a downturn in the import of food, clothing and other consumer goods, affected partly by the closure of Kansai Airport struck by Typhoon No.21. For the ship cargo, we observed, after the new year, a slowdown of the export cargo of chemical products and wastepaper as well as machinery including general and electric machinery which had been solid thus far. As for automotive parts, however, the shipment to ASEAN and the United States remained solid despite a slowdown in the cargo to China and EU. For the import cargo, we saw food, clothing and other consumer goods accelerated its increasing trend; capital investment goods continued a growth trend; and general and electric machinery and machine parts remained stable.

However, the industry continued to suffer problems of the shortage of drivers and the price-based competition among cargo transport companies as well as the increasing fuel cost for trucks. While we see some positive signs with a solid increase in the volume of cargo, operating environments for logistics companies remain in unstable situation.

Under such circumstances, the current fiscal year marked the final year of the Sixth Medium-term Management Plan for the Maruzen Showa Unyu Group (hereinafter, “the Group”)—a three-year plan that started in April 2016. By defining a more globalized and technologically advanced world as the “NEXT STAGE,” we committed ourselves to further strengthening our corporate infrastructure during this three-year period so that we can continue to build our presence in the “NEXT STAGE” world. We have set the Group’s vision as “a logistics partner for creating the best possible supply chains from a global perspective” and strove to achieve our sales and profit targets through “1) ensuring sales growth, 2) strengthening the corporate infrastructure, and 3) enhancing sales capabilities” as the top three priority measures.

As a result, these efforts made us exceed the financial performance of the past two fiscal years, in which we achieved the long-sought target of consolidated operating revenue of over 100 billion yen, with year-on-year increases in both sales and profits for the six consecutive years. Specifically, the year-on-year increase in operating revenue for the current fiscal year was attributable to expanded business volume of motor-related products and the third-party logistics (3PL) for housing materials; and increased handling volume of construction machinery, household products and vehicle parts on top of the continued strong performance of our existing client companies in the steel and chemical product sectors.

Consequently, the Group’s results of operation for the current fiscal year were as follows: operating revenue increased by 5.7% year-on-year to 116,967 million yen, operating profit increased by 23.2% year-on-year to 7,502 million yen, ordinary profit increased by 22.5% year-on-year to 8,315 million yen, and profit attributable to owners of parent increased by 26.3% year-on-year to 5,937 million yen.

Business segment performance was as follows.

## Logistics Operations

The freight truck transportation sector as a whole saw an increase in operating revenue. In the Kanto region, while there was a decrease in the handling volume of stainless steel materials, chemical products and precision machinery, there was an increase in the handling volume of housing materials and construction machinery. In the Chubu region, there was an increase in the handling volume of cooling equipment. In the Kansai region, there was an increase in the handling volume of household products and housing materials. Furthermore, there was an increase in the handling volume of motor-related products.

The harbor transportation sector as a whole saw an increase in operating revenue. In the Kanto region, while there was a decrease in the handling volume of imported non-ferrous metals, there was an increase in the handling volume of imported coal and vehicles for export.

The warehousing operations sector as a whole saw a significant increase in operating revenue. In the Kanto region, there was an increase in the handling volume of housing materials, wood pellets and educational materials for preschoolers. In the Chubu region, there was an increase in the handling volume of chemical products. In the Kansai region, there was an increase in the handling volume of household products and vehicle parts.

The railway logistics sector saw a decrease in operating revenue. There was a decrease in the handling volume of JR Freight's cargo to Kyushu due to the interruption of the railway service of the Sanyo Line caused by the western Japan torrential rain disaster.

The operations related to logistics as a whole saw a slight increase in operating revenue. Ocean transportation revenues decreased due to a decrease in the handling volume of transportation for exporting plant-related projects in the Middle East and equipment in the Southeast Asia, as well as for importing plant equipment from Europe. Coastal transportation revenues also decreased due to a decrease in the handling volume of non-ferrous metals. Cargo handling work revenues increased due to an increase in the handling volume of medical film and housing materials, which was partly offset by a decrease in the handling volume of precision equipment and vehicle parts. Air transportation revenues also decreased due to a decrease in the handling volume of machinery parts.

Overall, operating revenue of the segment increased by 6.5% year-on-year to 99,417 million yen and segment profit (operating profit) increased by 28.8% year-on-year to 5,970 million yen.

## Yard Operations and Mechanical Cargo Handling

Operating revenue from the yard operations increased with an increase in the handling volume of industrial gas and machine tools, which was partly offset by a decrease in the handling volume of non-ferrous metals and coal. Operating revenue from the mechanical cargo handling increased due to an increase in the volume of cargo moved by cranes.

As a result, operating revenue of the segment increased by 3.4% year-on-year to 14,796 million yen and segment profit (operating profit) increased by 11.5% year-on-year to 1,025 million yen.

## Other Operations

Construction revenue decreased due to a decrease of orders for relocation projects in Japan and revenue from renting land also decreased due to a decrease in a floor space caused by the termination of contracts, resulting in a decrease in operating revenue from this sector.

As a result, segment operating revenue decreased by 7.5% year-on-year to 2,752 million yen and segment profit (operating profit) decreased by 5.3% to 507 million yen.

**(2) Financial Position**

## Assets

The balance of total assets at the end of the current fiscal year was 130,167 million yen, up 2,559 million yen from the end of the previous fiscal year. This increase was mainly due to increases of 1,786 million yen in cash and deposits, 1,764 million yen in notes and operating accounts receivable-trade, and 1,399 million yen in securities under current assets, which were partly offset by a decrease of 2,229 million yen in investment securities under non-current assets.

## Liabilities

The balance of total liabilities at the end of the current fiscal year was 43,779 million yen, down 2,732 million yen from the end of the previous fiscal year. This decrease was mainly due to decreases of 5,437 million yen in short-term loans payable and 2,453 million yen in current portion of bonds under current liabilities, which were partly offset by an increase of 5,281 million yen in long-term loans payable under non-current liabilities.

## Net assets

The balance of net assets at the end of the current fiscal year was 86,388 million yen, up 5,291 million yen from the end of the previous fiscal year. This increase was mainly due to increases of 4,692 million yen in retained earnings, 1,121 million yen in capital surplus, and 963 million yen in capital stock, which were partly offset by a decrease of 1,676 million yen in valuation difference on available-for-sale securities under accumulated other comprehensive income. The equity ratio was 66.3%, up 2.8 percentage points from the end of the previous fiscal year.

**(3) Cash Flows**

Cash and cash equivalents (hereinafter, “net cash”) at the end of the current fiscal year were 23,896 million yen, an increase of 3,186 million yen from the end of the previous fiscal year. The main factors include recording of profit before income taxes of 8,189 million yen (an increase of 1,124 million yen from the end of the previous fiscal year), which was partly offset by purchase of property, plant and equipment, and income taxes paid.

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

## Cash flows from operating activities

Net cash provided by operating activities totaled 8,705 million yen, an increase of 1,113 million yen from the previous fiscal year.

This was mainly due to recording of profit before income taxes of 8,189 million yen and depreciation of 3,557 million yen, as well as increases of 581 million yen in notes and accounts payable-trade and 323 million yen in accrued consumption taxes, which were partly offset by income taxes paid of 2,435 million yen and an increase of 1,825 million yen in notes and accounts receivable-trade.

## Cash flows from investing activities

Net cash used in investing activities totaled 3,680 million yen, a decrease of 692 million yen from the previous fiscal year.

This was mainly due to payments of 3,736 million yen for purchase of property, plant and equipment and a cash outflow of 504 million yen due to an acquisition of other investments, which were partly offset by proceeds of 500 million yen from sales of securities.

## Cash flows from financing activities

Net cash used in financing activities totaled 1,814 million yen, a decrease of 726 million yen from the previous fiscal year.

This was mainly due to cash dividends paid of 1,244 million yen.

Reference: Cash flow indicators

	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19
Equity ratio (%)	58.2	59.7	60.2	63.5	66.3
Equity ratio based on market value (%)	31.7	31.0	32.3	38.2	46.7
Interest-bearing debt to cash flow ratio (years)	3.1	3.2	3.3	2.7	2.3
Interest coverage ratio (times)	29.7	30.1	34.5	42.9	53.4

Notes: Equity ratio: Shareholders' equity / Total assets

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

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

Interest coverage ratio: Operating cash flows / Interest payments

1) All indicators are calculated based on consolidated figures.

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

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

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

#### (4) Outlook

We expect that the Japanese economy will maintain a recovery trend which is supported by the domestic demand led by continued solid investment to be made for manpower saving and factory automation while capital investment mainly by export-oriented companies would slow down due to sluggish export growth as the impact of moderate slowdown of global economy. However, the consumption tax increase that is scheduled for October this year will inevitably have a negative impact on consumer behavior through an effective reduction in disposable income although the degree of impact seems to be smaller than the previous tax increase. The strength of the Japanese economy will be tested whether it is endurable to price increases caused by the consumption tax increase.

Under such circumstances, the Group established the Seventh Medium-term Management Plan, a three-year plan that started in April 2019. As the Group that plays an important role to support the social infrastructure, we are determined, in this plan, to strengthen our capability to make compelling proposals to our customers to identify their challenges and solve them so that we can fulfill a mission as “a logistic partner” for our customers, while continuing to provide stable logistic service, which has been our foundation of growth since our establishment. In this plan, we aim to:

- (1) Develop a human resources system and an organization that satisfy the needs of diverse talents;
- (2) Mechanize manual tasks at logistics site, further introduce IT to process clerical work, and increase the percentage of in-house transportation;
- (3) Strengthen “solution-oriented businesses” through further developing the 3PL business; and
- (4) Strengthen initiatives with a focus on ESG (Environmental, Social, Governance).

With the above targets in mind, all the officers and employees of the Group strive as one to carry out the Seventh Medium-term Management Plan with “1) enhancement of our competitiveness and 2) reinforcement of our corporate foundation” as the top two priority measures.

Based on this outlook, we forecast to achieve operating revenue of 126,500 million yen, operating profit of 8,400 million yen, ordinary profit of 8,900 million yen, and profit attributable to owners of parent of 8,100 million yen on a consolidated basis for the fiscal year ending March 31, 2020.

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

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

Retained earnings are used for investments aimed at building an even stronger operating foundation in order to maintain the long-term stability of performance. Major investments include new warehouses and other facilities, vehicles and machinery needed to increase transportation capacity and to 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 paid an interim dividend of 6 yen per share and also plan to pay a year-end dividend of 35 yen per share (reflecting the effect of the 1-for-5 reverse common stock split with an effective date of October 1, 2018) for the fiscal year ended on March 31, 2019.

For the fiscal year ending on March 31, 2020, we plan to pay a dividend of 65 yen per share, the sum of a 32.50 yen interim dividend and a 32.50 yen year-end dividend.

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

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

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



### 3. Consolidated Financial Statements and Notes

#### (1) Consolidated Balance Sheet

	(Millions of yen)	
	FY3/18	FY3/19
	(As of Mar. 31, 2018)	(As of Mar. 31, 2019)
Assets		
Current assets		
Cash and deposits	11,410	13,196
Notes and operating accounts receivable-trade	24,866	26,630
Securities	7,600	8,999
Supplies	118	143
Prepaid expenses	608	613
Other	3,150	2,617
Allowance for doubtful accounts	(1)	(2)
Total current assets	47,752	52,199
Non-current assets		
Property, plant and equipment		
Buildings and structures	70,267	71,459
Accumulated depreciation	(46,668)	(47,579)
Buildings and structures, net	23,598	23,880
Machinery and equipment	11,095	11,607
Accumulated depreciation	(9,135)	(9,519)
Machinery and equipment, net	1,960	2,088
Vehicles	9,977	10,009
Accumulated depreciation	(8,669)	(8,788)
Vehicles, net	1,308	1,221
Tools, furniture and fixtures	773	784
Accumulated depreciation	(678)	(683)
Tools, furniture and fixtures, net	94	101
Land	20,291	20,440
Leased assets	1,803	1,574
Accumulated depreciation	(1,104)	(1,027)
Leased assets, net	698	546
Construction in progress	274	127
Total property, plant and equipment	48,227	48,406
Intangible assets		
Goodwill	1,439	1,224
Other	1,047	1,016
Total intangible assets	2,487	2,241
Investments and other assets		
Investment securities	22,695	20,466
Long-term loans receivable	397	399
Deferred tax assets	297	383
Retirement benefit asset	190	106
Other	5,574	6,006
Allowance for doubtful accounts	(14)	(42)
Total investments and other assets	29,141	27,320
Total non-current assets	79,855	77,967
Total assets	127,608	130,167

	(Millions of yen)	
	FY3/18 (As of Mar. 31, 2018)	FY3/19 (As of Mar. 31, 2019)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and operating accounts payable-trade	11,758	12,314
Short-term loans payable	14,645	9,207
Current portion of bonds	2,453	-
Accounts payable-other	1,143	978
Income taxes payable	1,383	1,539
Accrued consumption taxes	368	687
Accrued expenses	1,970	1,996
Provision for bonuses	1,460	1,524
Provision for bonuses for directors (and other officers)	4	2
Provision for loss on disaster	-	31
Other	748	734
Total current liabilities	35,936	29,016
<b>Non-current liabilities</b>		
Bonds payable	400	400
Long-term loans payable	5,150	10,432
Deferred tax liabilities	3,235	2,279
Provision for retirement benefits for directors (and other officers)	32	38
Retirement benefit liability	154	153
Asset retirement obligations	702	717
Other	897	740
Total non-current liabilities	10,574	14,762
Total liabilities	46,511	43,779
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	9,154	10,117
Capital surplus	8,758	9,879
Retained earnings	56,923	61,616
Treasury shares	(889)	(606)
Total shareholders' equity	73,946	81,006
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	7,190	5,514
Foreign currency translation adjustment	(187)	(230)
Remeasurements of defined benefit plans	40	(17)
Total accumulated other comprehensive income	7,044	5,265
Non-controlling interests	106	116
Total net assets	81,096	86,388
Total liabilities and net assets	127,608	130,167

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

(Millions of yen)

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Operating revenue	110,685	116,967
Operating cost	100,723	105,460
Operating gross profit	9,961	11,507
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	575	600
Salaries and allowances	1,257	1,305
Bonuses	260	267
Provision for bonuses for directors (and other officers)	2	3
Retirement benefit expenses	47	37
Provision for retirement benefits for directors (and other officers)	8	11
Taxes and dues	318	343
Depreciation	105	101
Provision of allowance for doubtful accounts	1	28
Other	1,292	1,306
Total selling, general and administrative expenses	3,870	4,004
Operating profit	6,091	7,502
Non-operating income		
Interest income	21	19
Dividend income	465	571
Share of profit of entities accounted for using equity method	233	201
Miscellaneous income	198	213
Total non-operating income	918	1,005
Non-operating expenses		
Interest expenses	179	157
Commission for syndicate loan	2	21
Miscellaneous expenses	42	12
Total non-operating expenses	224	191
Ordinary profit	6,786	8,315
Extraordinary income		
Gain on sales of non-current assets	86	59
Gain on sales of investment securities	245	0
Subsidy income	308	44
Total extraordinary income	640	104
Extraordinary losses		
Loss on sales and retirement of non-current assets	52	61
Impairment loss	0	0
Loss on disaster	-	116
Loss on reduction of non-current assets	308	43
Loss on valuation of investment securities	-	8
Total extraordinary losses	361	231
Profit before income taxes	7,065	8,189
Income taxes-current	2,346	2,585
Income taxes-deferred	6	(347)
Total income taxes	2,353	2,237
Profit	4,712	5,952
Profit attributable to non-controlling interests	13	14
Profit attributable to owners of parent	4,699	5,937

**Consolidated Statement of Comprehensive Income**

(Millions of yen)

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Profit	4,712	5,952
Other comprehensive income		
Valuation difference on available-for-sale securities	1,065	(1,672)
Foreign currency translation adjustment	4	(43)
Remeasurements of defined benefit plans, net of tax	83	(58)
Share of other comprehensive income of entities accounted for using equity method	18	(3)
Total other comprehensive income	1,172	(1,778)
Comprehensive income	5,884	4,173
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,871	4,158
Comprehensive income attributable to non-controlling interests	13	14

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

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Millions of yen)

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

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	6,106	(191)	(42)	5,872	96	73,705
Changes of items during period						
Issuance of new shares - exercise of share acquisition rights				-		74
Dividends of surplus				-		(1,052)
Profit attributable to owners of parent				-		4,699
Purchase of treasury shares				-		(6)
Disposal of treasury shares				-		2,478
Change of scope of consolidation				-		17
Net changes of items other than shareholders' equity	1,084	4	83	1,172	9	1,181
Total changes of items during period	1,084	4	83	1,172	9	7,391
Balance at end of current period	7,190	(187)	40	7,044	106	81,096

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	9,154	8,758	56,923	(889)	73,946
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights	963	963			1,926
Dividends of surplus			(1,244)		(1,244)
Profit attributable to owners of parent			5,937		5,937
Purchase of treasury shares				(13)	(13)
Disposal of treasury shares		158		296	454
Net changes of items other than shareholders' equity					-
Total changes of items during period	963	1,121	4,692	282	7,060
Balance at end of current period	10,117	9,879	61,616	(606)	81,006

	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	7,190	(187)	40	7,044	106	81,096
Changes of items during period						
Issuance of new shares - exercise of share acquisition rights				-		1,926
Dividends of surplus				-		(1,244)
Profit attributable to owners of parent				-		5,937
Purchase of treasury shares				-		(13)
Disposal of treasury shares				-		454
Net changes of items other than shareholders' equity	(1,676)	(43)	(58)	(1,778)	9	(1,768)
Total changes of items during period	(1,676)	(43)	(58)	(1,778)	9	5,291
Balance at end of current period	5,514	(230)	(17)	5,265	116	86,388

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

(Millions of yen)

	FY3/18 (Apr. 1, 2017 - Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 - Mar. 31, 2019)
Cash flows from operating activities		
Profit before income taxes	7,065	8,189
Depreciation	3,344	3,557
Amortization of goodwill	212	214
Increase (decrease) in provision for retirement benefits for directors (and other officers)	8	-
Increase (decrease) in provision for bonuses	78	64
Increase (decrease) in provision for bonuses for directors (and other officers)	3	(1)
Increase (decrease) in allowance for doubtful accounts	(2)	27
Decrease (increase) in retirement benefit asset	(36)	(35)
Increase (decrease) in retirement benefit liability	4	(1)
Interest and dividend income	(487)	(590)
Interest expenses	179	157
Share of loss (profit) of entities accounted for using equity method	(233)	(201)
Loss (gain) on sales and retirement of non-current assets	(33)	2
Loss (gain) on sales of investment securities	(245)	(0)
Loss (gain) on valuation of investment securities	-	8
Decrease (increase) in notes and accounts receivable-trade	(2,130)	(1,825)
Decrease (increase) in inventories	(7)	(25)
Increase (decrease) in notes and accounts payable-trade	873	581
Loss on reduction of non-current assets	308	43
Loss on disaster	-	116
Subsidy income	(308)	(44)
Increase (decrease) in accrued consumption taxes	(69)	323
Other, net	609	86
Subtotal	9,134	10,649
Interest and dividend income received	577	695
Interest expenses paid	(176)	(163)
Income taxes paid	(2,252)	(2,435)
Proceeds from subsidy income	308	44
Payments for loss on disaster	-	(85)
Net cash provided by (used in) operating activities	7,592	8,705
Cash flows from investing activities		
Purchase of securities	(500)	-
Proceeds from sales of securities	-	500
Purchase of property, plant and equipment	(3,464)	(3,736)
Proceeds from sales of property, plant and equipment	148	182
Purchase of investment securities	(584)	(59)
Proceeds from sales of investment securities	365	21
Purchase of intangible assets	(381)	(127)
Payments into time deposits	(300)	-
Proceeds from withdrawal of time deposits	300	-
Purchase of shares of subsidiaries	(1)	(0)
Collection of short-term loans receivable	15	15
Collection of long-term loans receivable	0	0
Acquisition of other investments	(439)	(504)
Proceeds on sale of other investments	527	124
Payments of loans receivable	(18)	(25)
Other, net	(39)	(71)
Net cash provided by (used in) investing activities	(4,373)	(3,680)

	(Millions of yen)	
	FY3/18	FY3/19
	(Apr. 1, 2017 - Mar. 31, 2018)	(Apr. 1, 2018 - Mar. 31, 2019)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(732)	(36)
Proceeds from long-term loans payable	667	6,152
Repayments of long-term loans payable	(1,046)	(6,271)
Redemption of bonds	(15)	(72)
Cash dividends paid	(1,052)	(1,244)
Dividends paid to non-controlling interests	(3)	(4)
Other, net	(358)	(337)
Net cash provided by (used in) financing activities	(2,541)	(1,814)
Effect of exchange rate change on cash and cash equivalents	2	(23)
Net increase (decrease) in cash and cash equivalents	679	3,186
Cash and cash equivalents at beginning of period	19,996	20,710
Increase in cash and cash equivalents from newly consolidated subsidiary	35	-
Cash and cash equivalents at end of period	20,710	23,896



## (5) Notes to Consolidated Financial Statements

### Going Concern Assumption

Not applicable.

### Reclassifications

(Change due to application of Partial Amendments to Accounting Standard for Tax Effect Accounting)

Effective from the beginning of the current fiscal year, the Company applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standard Board of Japan (ASBJ) No. 28, February 16, 2018). Accordingly, deferred tax assets and deferred tax liabilities have been presented in the investments and other assets section and the non-current liabilities section of the balance sheet, respectively.

As a result, in the consolidated balance sheet at the end of the previous fiscal year, “Deferred tax assets” in the current assets section decreased by 657 million yen, “Deferred tax assets” in the investments and other assets section increased by 219 million yen. “Deferred tax liabilities” in the non-current liabilities section decreased by 438 million yen.

It is noted that the balance of total assets decreased by 438 million yen compared with the balance before the change as a result of the offsetting of deferred tax assets and deferred tax liabilities arising from the same taxable entity.

### Segment and Other Information

Segment information

#### 1. Overview of reportable segment

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

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

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

Services by reportable segment are as follows.

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

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

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

Profits for reportable business segments are operating profit figures.

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

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

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Total (Note 3)
	Logistics Operations	Yard Operations and Mechanical Cargo Handling	Total				
Operating revenue							
(1) External sales	93,392	14,315	107,708	2,977	110,685	-	110,685
(2) Inter-segment sales and transfers	-	-	-	502	502	(502)	-
Total	93,392	14,315	107,708	3,479	111,187	(502)	110,685
Segment profit	4,636	919	5,556	535	6,091	-	6,091
Segment assets	71,083	6,960	78,043	2,312	80,355	47,252	127,608
Other items:							
Depreciation	2,903	237	3,140	204	3,344	-	3,344
Increase in property, plant and equipment and intangible assets	3,455	410	3,865	139	4,005	-	4,005

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

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

The adjustment to segment assets of 47,252 million yen is company-wide assets that are not allocated to reportable segments.

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

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(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	99,417	14,796	114,214	2,752	116,967	-	116,967
(2) Inter-segment sales and transfers	-	-	-	507	507	(507)	-
Total	99,417	14,796	114,214	3,259	117,474	(507)	116,967
Segment profit	5,970	1,025	6,995	507	7,502	-	7,502
Segment assets	73,394	7,362	80,756	2,020	82,776	47,390	130,167
Other items:							
Depreciation	3,101	226	3,328	229	3,557	-	3,557
Increase in property, plant and equipment and intangible assets	3,135	722	3,857	80	3,937	0	3,938

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

The adjustment to segment assets of 47,390 million yen is company-wide assets that are not allocated to reportable segments.

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

## Related information

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

## 1. Information by product and service

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

## 2. Information by region

## (1) Operating revenue

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

## (2) Property, plant and equipment

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

## 3. Information by major client

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

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

## 1. Information by product and service

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

## 2. Information by region

## (1) Operating revenue

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

## (2) Property, plant and equipment

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

## 3. Information by major client

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

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

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Millions of yen)

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

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Millions of yen)

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

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

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Millions of yen)

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

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Millions of yen)

	Logistics Operations	Yard Operations and Mechanical Cargo Handling	Other businesses	Elimination or corporate	Total
Amortization for the period	204	9	0	-	214
Balance at the end of period	1,167	56	0	-	1,224

Information related to gain on bargain purchase for each reportable segment

Not applicable.

**Per-share Information**

(Yen)

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Net assets per share	4,234.74	4,255.43
Net income per share	258.06	298.97
Diluted net income per share	230.36	-

- Notes: 1. The Company conducted the 1-for-5 reverse common stock split effective on October 1, 2018. Net assets per share and net income per share were calculated as if the reverse stock split had taken place at the beginning of the previous fiscal year.
2. Diluted net income per share for the current fiscal year is not presented because there is no share.
3. The basis for calculating net income per share and diluted net income per share is as follows.

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Net income per share		
Profit attributable to owners of parent (Millions of yen)	4,699	5,937
Profit not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent applicable to common shareholders (Millions of yen)	4,699	5,937
Average number of common shares outstanding during period (Thousand shares)	18,209	19,859
Diluted net income per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	(9)	-
[Of which, administration charge (After deducting amount equivalent to tax) (Millions of yen)]	[(9)]	[-]
Increase in the number of common shares (Thousand shares)	2,150	-
[Of which, convertible bonds (Thousand shares)]	[2,150]	[-]

## Material Subsequent Events

### Business Combination through Acquisition

The Board of Directors of the Company approved a resolution on April 26, 2019 to purchase additional shares of Kokusai Bulk Terminal Co. Ltd., our equity-method affiliate. The contract for this transaction was signed on the same day, and the purchase of the shares is scheduled on June 21, 2019. Accordingly, Kokusai Bulk Terminal will become our consolidated subsidiary.

#### (1) Overview of business combination

##### 1) Name of acquired company, business domain and scale

Name:	Kokusai Bulk Terminal Co. Ltd.		
Business domain:	Harbor transportation, warehousing operations, processing of agricultural and mineral products, coastal transportation, cargo freight and shipping service, and others		
Size of business (FY3/19):	Capital stock:	1,800 million yen	
	Operating revenue:	4,377 million yen	
	Ordinary profit:	792 million yen	

##### 2) Primary reasons for business combination

The Company is determined to strengthen its business competitiveness and corporate foundation so that we can fulfill a mission of “a logistic partner” for our customers by continuing to provide stable logistic services as well as by maintaining “quality,” as a company that plays an important role to support the social infrastructure. For the past few years, the labor shortage urged us to focus on enlarging equipment industry type logistic service such as tank-terminal and bulk-terminal businesses operated by our group companies. We have resolved to make the additional purchase of the shares of Kokusai Bulk Terminal because making this company a consolidated subsidiary will allow us to have stronger logistic bases and expand logistic service.

##### 3) Acquisition date

June 21, 2019

##### 4) Legal form of acquisition

Acquisition of shares with cash as consideration

##### 5) Name of the acquired company after acquisition

There is no change in the company’s name.

##### 6) Percentage of voting rights acquired

Voting rights held immediately before acquisition:	35.52%
Voting rights additionally acquired on the acquisition date:	50.10%
Voting rights after acquisition:	85.62%

##### 7) Basis for choosing the acquiring company

The company acquired the business with all consideration paid in cash.

#### (2) Acquisition cost and its details

Consideration for acquisition	Cash	7,400 million yen
Acquisition cost		7,400 million yen

Note: The final acquisition cost could change due to prospective price adjustments or other factors.

(3) Difference between the acquisition cost and the total acquisition cost of actual acquiring deals

Not yet determined at present.

(4) Details of major acquisition-related costs

Advisory fees, etc.: 41 million yen (estimate)

(5) Amount of goodwill, reason for recognition, and its amortization period and method

Not yet determined at present.

(6) Total amounts and breakdowns of assets received and liabilities assumed on the acquisition date

Not yet determined at present.

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