

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2016 (Based on Japanese GAAP)

May 12, 2016

Company name: ISEWAN TERMINAL SERVICE CO.,LTD.
 Stock exchange listing: Nagoya
 Stock code: 9359 URL <http://www.isewan.co.jp>
 Representative: President Shozo Goto
 Inquiries: Executive Officer Masayoshi Nakano TEL 052-661-5181
 Scheduled date of ordinary general meeting of shareholders: June 29, 2016
 Scheduled date to file Securities Report: June 29, 2016
 Scheduled date to commence dividend payments: June 30, 2016
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2016	46,351	(0.3)	1,996	18.2	2,056	(12.5)	1,229	(1.1)
Year ended March 31, 2015	46,486	12.1	1,688	14.2	2,351	26.9	1,243	32.7

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2016	49.58	–	4.1	4.8	4.3
Year ended March 31, 2015	50.01	–	4.2	5.8	3.6

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	43,067	30,323	68.4	1,189.08
As of March 31, 2015	42,637	31,045	70.4	1,207.25

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2016	2,410	(3,503)	447	6,365
Year ended March 31, 2015	1,926	(1,556)	1,396	7,352

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2015	–	11.00	–	11.00	22.00	570	44.0	1.9
Year ended March 31, 2016	–	11.00	–	11.00	22.00	570	44.4	1.8
Year ending March 31, 2017 (Forecast)	–	11.00	–	11.00	22.00		39.0	

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2016	23,000	(3.5)	900	(24.8)	950	(28.5)	650	(14.2)	26.21
Full year	47,000	1.4	2,050	2.7	2,100	2.1	1,400	13.9	56.45

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2016

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2016	27,487,054 shares	As of March 31, 2015	27,487,054 shares
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Number of treasury shares at the end of the period

As of March 31, 2016	2,727,318 shares	As of March 31, 2015	2,631,209 shares
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Average number of shares during the period

Year ended March 31, 2016	24,799,959 shares	Year ended March 31, 2015	24,856,045 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	7,493,787	6,557,842
Notes and accounts receivable - trade	7,074,562	6,672,958
Deferred tax assets	393,433	409,074
Other	1,311,512	1,555,351
Allowance for doubtful accounts	(19,863)	(46,941)
Total current assets	16,253,433	15,148,285
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,035,065	20,361,128
Accumulated depreciation	(11,466,673)	(11,831,118)
Buildings and structures, net	6,568,391	8,530,009
Machinery, equipment and vehicles	7,321,203	7,117,672
Accumulated depreciation	(6,334,232)	(6,084,717)
Machinery, equipment and vehicles, net	986,970	1,032,955
Land	11,764,048	11,638,181
Leased assets	263,911	249,626
Accumulated depreciation	(101,625)	(111,470)
Leased assets, net	162,286	138,156
Construction in progress	731,439	700,509
Other	1,047,896	1,169,897
Accumulated depreciation	(885,119)	(890,501)
Other, net	162,776	279,395
Total property, plant and equipment	20,375,913	22,319,208
Intangible assets		
Other	73,288	51,752
Total intangible assets	73,288	51,752
Investments and other assets		
Investment securities	3,437,859	2,939,974
Investments in capital	347,611	190,051
Long-term loans receivable	987,374	1,040,154
Deferred tax assets	285,762	559,624
Other	934,985	852,565
Allowance for doubtful accounts	(58,739)	(34,424)
Total investments and other assets	5,934,853	5,547,946
Total non-current assets	26,384,055	27,918,906
Total assets	42,637,488	43,067,192

(Thousands of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Accounts payable - trade	3,362,739	3,022,011
Short-term loans payable	339,988	61,396
Current portion of long-term loans payable	87,096	687,084
Lease obligations	45,899	45,210
Income taxes payable	586,907	575,396
Provision for bonuses	795,346	809,652
Other	991,706	972,432
Total current liabilities	6,209,683	6,173,183
Non-current liabilities		
Long-term loans payable	2,047,328	2,829,767
Lease obligations	121,531	112,116
Net defined benefit liability	2,690,804	3,110,107
Asset retirement obligations	206,380	211,198
Other	316,590	307,650
Total non-current liabilities	5,382,634	6,570,840
Total liabilities	11,592,317	12,744,023
Net assets		
Shareholders' equity		
Capital stock	2,046,941	2,046,941
Capital surplus	1,463,440	1,463,448
Retained earnings	25,642,757	26,304,625
Treasury shares	(1,180,604)	(1,248,761)
Total shareholders' equity	27,972,534	28,566,253
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	869,321	536,310
Foreign currency translation adjustment	1,314,806	662,837
Remeasurements of defined benefit plans	(149,497)	(324,170)
Total accumulated other comprehensive income	2,034,630	874,977
Non-controlling interests	1,038,005	881,937
Total net assets	31,045,170	30,323,168
Total liabilities and net assets	42,637,488	43,067,192

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	46,486,957	46,351,923
Cost of sales	37,200,443	36,676,612
Gross profit	9,286,514	9,675,310
Selling, general and administrative expenses		
Directors' compensations	476,510	465,150
Salaries and bonuses	3,586,415	3,647,300
Retirement benefit expenses	189,065	206,626
Provision for bonuses	451,020	468,335
Depreciation	394,587	196,819
Other	2,500,296	2,694,757
Total selling, general and administrative expenses	7,597,896	7,678,988
Operating income	1,688,618	1,996,322
Non-operating income		
Interest income	51,426	68,079
Dividend income	61,220	57,193
Foreign exchange gains	322,243	–
Share of profit of entities accounted for using equity method	35,527	32,939
Rent income	79,584	75,157
Other	140,774	161,513
Total non-operating income	690,776	394,883
Non-operating expenses		
Interest expenses	15,211	20,927
Foreign exchange losses	–	275,769
Depreciation	8,680	7,656
Provision of allowance for doubtful accounts	–	28,074
Other	4,053	2,029
Total non-operating expenses	27,945	334,456
Ordinary income	2,351,449	2,056,748
Extraordinary income		
Gain on sales of non-current assets	9,292	7,290
Gain on sales of investments in capital of subsidiaries and affiliates	–	117,104
Total extraordinary income	9,292	124,394
Extraordinary losses		
Loss on sales of non-current assets	2,280	12,213
Loss on retirement of non-current assets	31,992	3,522
Impairment loss	–	41,457
Loss on valuation of shares of subsidiaries and associates	72,527	–
Loss on liquidation of subsidiaries and associates	3,185	–
Total extraordinary losses	109,984	57,192
Profit before income taxes	2,250,757	2,123,950
Income taxes - current	845,678	1,035,702
Income taxes - deferred	8,081	(47,218)
Total income taxes	853,760	988,484
Profit	1,396,997	1,135,466
Profit (loss) attributable to non-controlling interests	153,844	(94,051)
Profit attributable to owners of parent	1,243,152	1,229,517

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Profit	1,396,997	1,135,466
Other comprehensive income		
Valuation difference on available-for-sale securities	322,131	(331,452)
Foreign currency translation adjustment	583,118	(677,384)
Remeasurements of defined benefit plans, net of tax	31,709	(174,672)
Share of other comprehensive income of entities accounted for using equity method	3,936	(959)
Total other comprehensive income	940,896	(1,184,469)
Comprehensive income	2,337,893	(49,003)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,140,171	69,864
Comprehensive income attributable to non-controlling interests	197,722	(118,868)

Consolidated statements of changes in equity

Fiscal year ended March 31, 2015

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,046,941	1,463,440	25,053,732	(1,180,464)	27,383,650
Cumulative effects of changes in accounting policies			(60,671)		(60,671)
Restated balance	2,046,941	1,463,440	24,993,061	(1,180,464)	27,322,978
Changes of items during period					
Dividends of surplus			(593,456)		(593,456)
Profit attributable to owners of parent			1,243,152		1,243,152
Purchase of treasury shares				(140)	(140)
Disposal of treasury shares					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	649,695	(140)	649,555
Balance at end of current period	2,046,941	1,463,440	25,642,757	(1,180,604)	27,972,534

	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	544,050	774,768	(181,207)	1,137,611	511,977	29,033,239
Cumulative effects of changes in accounting policies						(60,671)
Restated balance	544,050	774,768	(181,207)	1,137,611	511,977	28,972,567
Changes of items during period						
Dividends of surplus						(593,456)
Profit attributable to owners of parent						1,243,152
Purchase of treasury shares						(140)
Disposal of treasury shares						-
Net changes of items other than shareholders' equity	325,270	540,038	31,709	897,018	526,028	1,423,046
Total changes of items during period	325,270	540,038	31,709	897,018	526,028	2,072,602
Balance at end of current period	869,321	1,314,806	(149,497)	2,034,630	1,038,005	31,045,170

Fiscal year ended March 31, 2016

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,046,941	1,463,440	25,642,757	(1,180,604)	27,972,534
Cumulative effects of changes in accounting policies					–
Restated balance	2,046,941	1,463,440	25,642,757	(1,180,604)	27,972,534
Changes of items during period					
Dividends of surplus			(567,649)		(567,649)
Profit attributable to owners of parent			1,229,517		1,229,517
Purchase of treasury shares				(68,182)	(68,182)
Disposal of treasury shares		8		25	34
Net changes of items other than shareholders' equity					
Total changes of items during period	–	8	661,867	(68,156)	593,719
Balance at end of current period	2,046,941	1,463,448	26,304,625	(1,248,761)	28,566,253

	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	869,321	1,314,806	(149,497)	2,034,630	1,038,005	31,045,170
Cumulative effects of changes in accounting policies						–
Restated balance	869,321	1,314,806	(149,497)	2,034,630	1,038,005	31,045,170
Changes of items during period						
Dividends of surplus						(567,649)
Profit attributable to owners of parent						1,229,517
Purchase of treasury shares						(68,182)
Disposal of treasury shares						34
Net changes of items other than shareholders' equity	(333,010)	(651,969)	(174,672)	(1,159,652)	(156,068)	(1,315,721)
Total changes of items during period	(333,010)	(651,969)	(174,672)	(1,159,652)	(156,068)	(722,002)
Balance at end of current period	536,310	662,837	(324,170)	874,977	881,937	30,323,168

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit before income taxes	2,250,757	2,123,950
Depreciation	1,076,595	957,180
Impairment loss	–	41,457
Increase (decrease) in provision for bonuses	23,567	14,576
Increase (decrease) in allowance for doubtful accounts	(16,000)	3,498
Increase (decrease) in net defined benefit liability	207,689	184,271
Interest and dividend income	(112,647)	(125,273)
Interest expenses	15,211	20,927
Foreign exchange losses (gains)	(343,490)	278,182
Share of (profit) loss of entities accounted for using equity method	(35,527)	(32,939)
Loss (gain) on sales of property, plant and equipment	(7,012)	4,922
Loss on retirement of property, plant and equipment	31,992	3,522
Loss (gain) on sales of investments in capital of subsidiaries and affiliates	–	(117,104)
Loss on valuation of shares of subsidiaries and associates	72,527	–
Loss (gain) on liquidation of subsidiaries and associates	3,185	–
Decrease (increase) in notes and accounts receivable - trade	(911,311)	361,070
Increase (decrease) in notes and accounts payable - trade	322,217	(286,344)
Other, net	(130,264)	(77,410)
Subtotal	2,447,490	3,354,489
Interest and dividend income received	129,720	135,088
Interest expenses paid	(15,290)	(20,697)
Income taxes paid	(639,417)	(1,060,718)
Income taxes refund	3,532	2,024
Net cash provided by (used in) operating activities	1,926,036	2,410,185
Cash flows from investing activities		
Payments into time deposits	(126,065)	(390,650)
Proceeds from withdrawal of time deposits	195,710	333,057
Purchase of property, plant and equipment	(1,255,875)	(3,442,948)
Proceeds from sales of property, plant and equipment	11,758	16,509
Purchase of investment securities	(401,560)	(50,360)
Proceeds from sales of investments in capital of subsidiaries and associates	173,600	31,248
Proceeds from liquidation of subsidiaries and associates	20,008	–
Purchase of shares of subsidiaries	(85,733)	–
Payments of loans receivable	(95,000)	(95,000)
Collection of loans receivable	78,112	78,112
Proceeds from collection of guarantee deposits	33,317	29,925
Other, net	(105,226)	(13,889)
Net cash provided by (used in) investing activities	(1,556,955)	(3,503,995)

(Thousands of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	314,988	(278,592)
Proceeds from long-term loans payable	1,482,000	1,518,000
Repayments of long-term loans payable	(87,096)	(137,095)
Purchase of treasury shares	(140)	(233)
Proceeds from disposal of treasury shares	–	34
Cash dividends paid	(593,355)	(566,836)
Proceeds from share issuance to non-controlling shareholders	362,406	–
Dividends paid to non-controlling interests	(34,100)	(37,200)
Repayments of finance lease obligations	(47,732)	(50,504)
Net cash provided by (used in) financing activities	1,396,970	447,571
Effect of exchange rate change on cash and cash equivalents	211,961	(339,881)
Net increase (decrease) in cash and cash equivalents	1,978,013	(986,119)
Cash and cash equivalents at beginning of period	5,373,995	7,352,008
Cash and cash equivalents at end of period	7,352,008	6,365,889