

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

**Summary of Consolidated Financial Results
for the Year Ended March 31, 2017
(Based on Japanese GAAP)**

May 12, 2017

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, 2017
 Scheduled date to file Securities Report: June 29, 2017
 Scheduled date to commence dividend payments: June 30, 2017
 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, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2017	42,962	(7.3)	1,625	(18.6)	1,863	(9.4)	1,132	(7.9)
Year ended March 31, 2016	46,351	(0.3)	1,996	18.2	2,056	(12.5)	1,229	(1.1)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2017	45.67	–	3.8	4.3	3.8
Year ended March 31, 2016	49.58	–	4.1	4.8	4.3

(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, 2017	43,176	30,860	69.4	1,208.08
As of March 31, 2016	43,067	30,323	68.4	1,189.08

(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, 2017	2,157	(249)	(1,253)	6,902
Year ended March 31, 2016	2,410	(3,503)	447	6,365

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, 2016	–	11.00	–	11.00	22.00	570	44.4	1.8
Year ended March 31, 2017	–	11.00	–	11.00	22.00	570	48.2	1.8
Year ending March 31, 2018 (Forecast)	–	11.00	–	11.00	22.00		40.4	

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		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, 2017	21,000	(1.6)	800	12.0	900	89.8	650	192.2	26.21
Full year	44,000	2.4	1,700	4.6	1,900	1.9	1,350	19.2	54.44

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017

(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, 2017	27,487,054 shares	As of March 31, 2016	27,487,054 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2017	2,680,609 shares	As of March 31, 2016	2,727,318 shares
----------------------	------------------	----------------------	------------------

Average number of shares during the period

Year ended March 31, 2017	24,797,266 shares	Year ended March 31, 2016	24,799,959 shares
---------------------------	-------------------	---------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	6,557,842	7,125,841
Notes and accounts receivable - trade	6,672,958	7,206,262
Deferred tax assets	409,074	368,682
Other	1,555,351	1,859,907
Allowance for doubtful accounts	(46,941)	(29,687)
Total current assets	15,148,285	16,531,005
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,361,128	20,902,149
Accumulated depreciation	(11,831,118)	(12,353,420)
Buildings and structures, net	8,530,009	8,548,729
Machinery, equipment and vehicles	7,117,672	7,258,691
Accumulated depreciation	(6,084,717)	(6,215,166)
Machinery, equipment and vehicles, net	1,032,955	1,043,525
Land	11,638,181	11,587,927
Leased assets	249,626	293,067
Accumulated depreciation	(111,470)	(158,601)
Leased assets, net	138,156	134,465
Construction in progress	700,509	8,214
Other	1,169,897	1,130,483
Accumulated depreciation	(890,501)	(892,429)
Other, net	279,395	238,054
Total property, plant and equipment	22,319,208	21,560,917
Intangible assets		
Other	51,752	44,400
Total intangible assets	51,752	44,400
Investments and other assets		
Investment securities	2,939,974	3,461,422
Investments in capital	190,051	161,881
Long-term loans receivable	1,040,154	322,464
Deferred tax assets	559,624	499,523
Other	852,565	672,259
Allowance for doubtful accounts	(34,424)	(77,373)
Total investments and other assets	5,547,946	5,040,176
Total non-current assets	27,918,906	26,645,494
Total assets	43,067,192	43,176,500

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	3,022,011	3,281,295
Short-term loans payable	61,396	61,396
Current portion of long-term loans payable	687,084	687,084
Lease obligations	45,210	53,472
Income taxes payable	575,396	370,883
Provision for bonuses	809,652	792,248
Other	972,432	1,094,554
Total current liabilities	6,173,183	6,340,934
Non-current liabilities		
Long-term loans payable	2,829,767	2,134,578
Lease obligations	112,116	104,998
Net defined benefit liability	3,110,107	3,229,456
Asset retirement obligations	211,198	208,714
Other	307,650	296,841
Total non-current liabilities	6,570,840	5,974,589
Total liabilities	12,744,023	12,315,523
Net assets		
Shareholders' equity		
Capital stock	2,046,941	2,046,941
Capital surplus	1,463,448	1,464,060
Retained earnings	26,304,625	26,872,962
Treasury shares	(1,248,761)	(1,217,774)
Total shareholders' equity	28,566,253	29,166,189
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	536,310	878,353
Foreign currency translation adjustment	662,837	199,835
Remeasurements of defined benefit plans	(324,170)	(276,199)
Total accumulated other comprehensive income	874,977	801,988
Non-controlling interests	881,937	892,798
Total net assets	30,323,168	30,860,976
Total liabilities and net assets	43,067,192	43,176,500

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

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	46,351,923	42,962,217
Cost of sales	36,676,612	33,596,719
Gross profit	9,675,310	9,365,498
Selling, general and administrative expenses		
Directors' compensations	465,150	455,000
Salaries and bonuses	3,647,300	3,659,767
Retirement benefit expenses	206,626	245,064
Provision for bonuses	468,335	467,840
Depreciation	196,819	262,237
Other	2,694,757	2,650,302
Total selling, general and administrative expenses	7,678,988	7,740,212
Operating profit	1,996,322	1,625,285
Non-operating income		
Interest income	68,079	57,599
Dividend income	57,193	52,816
Share of profit of entities accounted for using equity method	32,939	37,295
Rent income	75,157	103,729
Other	161,513	117,995
Total non-operating income	394,883	369,437
Non-operating expenses		
Interest expenses	20,927	16,009
Foreign exchange losses	275,769	96,125
Depreciation	7,656	6,752
Provision of allowance for doubtful accounts	28,074	9,535
Other	2,029	2,465
Total non-operating expenses	334,456	130,889
Ordinary profit	2,056,748	1,863,833
Extraordinary income		
Gain on sales of non-current assets	7,290	4,236
Gain on sales of investment securities	–	1,249
Gain on sales of shares of subsidiaries and associates	–	46,639
Gain on sales of investments in capital of subsidiaries and affiliates	117,104	–
Total extraordinary income	124,394	52,124
Extraordinary losses		
Loss on sales of non-current assets	12,213	–
Loss on retirement of non-current assets	3,522	2,959
Impairment loss	41,457	15,941
Loss on valuation of investment securities	–	4,249
Loss on sales of investments in capital	–	19,382
Total extraordinary losses	57,192	42,532
Profit before income taxes	2,123,950	1,873,426
Income taxes - current	1,035,702	813,955
Income taxes - deferred	(47,218)	(73,604)
Total income taxes	988,484	740,350
Profit	1,135,466	1,133,075
Profit (loss) attributable to non-controlling interests	(94,051)	681
Profit attributable to owners of parent	1,229,517	1,132,394

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	1,135,466	1,133,075
Other comprehensive income		
Valuation difference on available-for-sale securities	(331,452)	343,704
Foreign currency translation adjustment	(677,384)	(479,148)
Remeasurements of defined benefit plans, net of tax	(174,672)	47,970
Share of other comprehensive income of entities accounted for using equity method	(959)	(1,014)
Total other comprehensive income	(1,184,469)	(88,487)
Comprehensive income	(49,003)	1,044,587
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	69,864	1,053,317
Comprehensive income attributable to non-controlling interests	(118,868)	(8,729)

Consolidated statements of changes in equity

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
Changes of items during period					
Dividends of surplus			(567,649)		(567,649)
Profit attributable to owners of parent			1,229,517		1,229,517
Change of scope of consolidation					–
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
Changes of items during period						
Dividends of surplus						(567,649)
Profit attributable to owners of parent						1,229,517
Change of scope of consolidation						–
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

Fiscal year ended March 31, 2017

(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	1,463,448	26,304,625	(1,248,761)	28,566,253
Changes of items during period					
Dividends of surplus			(568,997)		(568,997)
Profit attributable to owners of parent			1,132,394		1,132,394
Change of scope of consolidation			4,940		4,940
Purchase of treasury shares				(21)	(21)
Disposal of treasury shares		611		31,007	31,619
Net changes of items other than shareholders' equity					
Total changes of items during period	-	611	568,337	30,986	599,935
Balance at end of current period	2,046,941	1,464,060	26,872,962	(1,217,774)	29,166,189

	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	536,310	662,837	(324,170)	874,977	881,937	30,323,168
Changes of items during period						
Dividends of surplus						(568,997)
Profit attributable to owners of parent						1,132,394
Change of scope of consolidation						4,940
Purchase of treasury shares						(21)
Disposal of treasury shares						31,619
Net changes of items other than shareholders' equity	342,042	(463,001)	47,970	(72,988)	10,861	(62,127)
Total changes of items during period	342,042	(463,001)	47,970	(72,988)	10,861	537,808
Balance at end of current period	878,353	199,835	(276,199)	801,988	892,798	30,860,976

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	2,123,950	1,873,426
Depreciation	957,180	967,214
Impairment loss	41,457	15,941
Increase (decrease) in provision for bonuses	14,576	(16,998)
Increase (decrease) in allowance for doubtful accounts	3,498	27,032
Increase (decrease) in net defined benefit liability	184,271	199,099
Interest and dividend income	(125,273)	(110,416)
Interest expenses	20,927	16,009
Foreign exchange losses (gains)	278,182	91,688
Share of (profit) loss of entities accounted for using equity method	(32,939)	(37,295)
Loss (gain) on sales of property, plant and equipment	4,922	(4,236)
Loss on retirement of property, plant and equipment	3,522	2,959
Loss (gain) on sales of investments in capital of subsidiaries and affiliates	(117,104)	–
Decrease (increase) in notes and accounts receivable - trade	361,070	(586,461)
Increase (decrease) in notes and accounts payable - trade	(286,344)	296,615
Other, net	(77,410)	363,954
Subtotal	3,354,489	3,098,532
Interest and dividend income received	135,088	118,770
Interest expenses paid	(20,697)	(16,199)
Income taxes paid	(1,060,718)	(1,043,595)
Income taxes refund	2,024	–
Net cash provided by (used in) operating activities	2,410,185	2,157,507
Cash flows from investing activities		
Payments into time deposits	(390,650)	(215,352)
Proceeds from withdrawal of time deposits	333,057	214,899
Purchase of property, plant and equipment	(3,442,948)	(374,797)
Proceeds from sales of property, plant and equipment	16,509	11,952
Purchase of investment securities	(50,360)	(111,705)
Proceeds from sales of investments in capital of subsidiaries and associates	31,248	199,517
Payments of loans receivable	(95,000)	(95,000)
Collection of loans receivable	78,112	39,637
Proceeds from collection of guarantee deposits	29,925	21,267
Other, net	(13,889)	60,138
Net cash provided by (used in) investing activities	(3,503,995)	(249,443)

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(278,592)	–
Proceeds from long-term loans payable	1,518,000	–
Repayments of long-term loans payable	(137,095)	(687,084)
Purchase of treasury shares	(233)	(21)
Proceeds from disposal of treasury shares	34	–
Cash dividends paid	(566,836)	(568,844)
Dividends paid to non-controlling interests	(37,200)	(31,000)
Repayments of finance lease obligations	(50,504)	(50,062)
Proceeds from sales of shares of parent held by subsidiaries	–	83,717
Net cash provided by (used in) financing activities	447,571	(1,253,295)
Effect of exchange rate change on cash and cash equivalents	(339,881)	(171,533)
Net increase (decrease) in cash and cash equivalents	(986,119)	483,234
Cash and cash equivalents at beginning of period	7,352,008	6,365,889
Increase in cash and cash equivalents from newly consolidated subsidiary	–	53,128
Cash and cash equivalents at end of period	6,365,889	6,902,252