

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2018 (Based on Japanese GAAP)

May 11, 2018

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 28, 2018
 Scheduled date to file Securities Report: June 28, 2018
 Scheduled date to commence dividend payments: June 29, 2018
 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, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2018	46,870	9.1	2,233	37.4	2,769	48.6	1,644	45.2
Year ended March 31, 2017	42,962	(7.3)	1,625	(18.6)	1,863	(9.4)	1,132	(7.9)

	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, 2018	66.29	–	5.4	6.3	4.8
Year ended March 31, 2017	45.67	–	3.8	4.3	3.8

(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, 2018	45,063	32,391	69.7	1,266.78
As of March 31, 2017	43,176	30,860	69.4	1,208.08

(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, 2018	2,944	(1,663)	(1,048)	7,216
Year ended March 31, 2017	2,157	(224)	(1,253)	6,927

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, 2017	–	11.00	–	11.00	22.00	570	48.2	1.8
Year ended March 31, 2018	–	11.00	–	11.00	22.00	570	33.2	1.8
Year ending March 31, 2019 (Forecast)	–	11.00	–	11.00	22.00		31.9	

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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, 2018	23,000	1.5	1,100	13.9	1,300	6.1	790	6.6	31.85
Full year	47,000	0.3	2,250	0.7	2,770	0.0	1,710	4.0	68.93

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(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:

No

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, 2018	27,487,054 shares	As of March 31, 2017	27,487,054 shares
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Number of treasury shares at the end of the period

As of March 31, 2018	2,680,681 shares	As of March 31, 2017	2,680,609 shares
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Average number of shares during the period

Year ended March 31, 2018	24,806,414 shares	Year ended March 31, 2017	24,797,266 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	7,125,841	7,315,624
Notes and accounts receivable - trade	7,206,262	7,841,874
Deferred tax assets	368,682	388,151
Other	1,859,907	1,059,375
Allowance for doubtful accounts	(29,687)	(31,304)
Total current assets	16,531,005	16,573,720
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,902,149	20,971,150
Accumulated depreciation	(12,353,420)	(12,856,537)
Buildings and structures, net	8,548,729	8,114,613
Machinery, equipment and vehicles	7,258,691	7,362,909
Accumulated depreciation	(6,215,166)	(6,413,213)
Machinery, equipment and vehicles, net	1,043,525	949,696
Land	11,587,927	12,830,485
Leased assets	293,067	237,974
Accumulated depreciation	(158,601)	(112,802)
Leased assets, net	134,465	125,171
Construction in progress	8,214	55,004
Other	1,130,483	1,177,520
Accumulated depreciation	(892,429)	(934,864)
Other, net	238,054	242,656
Total property, plant and equipment	21,560,917	22,317,628
Intangible assets		
Other	44,400	44,493
Total intangible assets	44,400	44,493
Investments and other assets		
Investment securities	3,461,422	3,880,306
Investments in capital	161,881	161,881
Long-term loans receivable	322,464	1,093,194
Deferred tax assets	499,523	425,400
Other	672,259	643,213
Allowance for doubtful accounts	(77,373)	(76,215)
Total investments and other assets	5,040,176	6,127,780
Total non-current assets	26,645,494	28,489,902
Total assets	43,176,500	45,063,623

(Thousands of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Accounts payable - trade	3,281,295	3,565,746
Short-term loans payable	61,396	363,060
Current portion of long-term loans payable	687,084	687,084
Lease obligations	53,472	48,353
Income taxes payable	370,883	694,352
Provision for bonuses	792,248	834,638
Other	1,094,554	1,111,801
Total current liabilities	6,340,934	7,305,036
Non-current liabilities		
Long-term loans payable	2,134,578	1,441,932
Lease obligations	104,998	98,752
Net defined benefit liability	3,229,456	3,302,718
Asset retirement obligations	208,714	213,584
Other	296,841	310,098
Total non-current liabilities	5,974,589	5,367,087
Total liabilities	12,315,523	12,672,124
Net assets		
Shareholders' equity		
Capital stock	2,046,941	2,046,941
Capital surplus	1,464,060	1,464,060
Retained earnings	26,872,962	27,947,057
Treasury shares	(1,217,774)	(1,217,822)
Total shareholders' equity	29,166,189	30,240,235
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	878,353	1,116,831
Foreign currency translation adjustment	199,835	237,452
Remeasurements of defined benefit plans	(276,199)	(170,207)
Total accumulated other comprehensive income	801,988	1,184,075
Non-controlling interests	892,798	967,186
Total net assets	30,860,976	32,391,498
Total liabilities and net assets	43,176,500	45,063,623

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

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	42,962,217	46,870,021
Cost of sales	33,596,719	36,689,584
Gross profit	9,365,498	10,180,436
Selling, general and administrative expenses		
Directors' compensations	455,000	471,850
Salaries and bonuses	3,659,767	3,780,701
Retirement benefit expenses	245,064	288,213
Provision for bonuses	467,840	493,070
Depreciation	262,237	256,744
Other	2,650,302	2,656,383
Total selling, general and administrative expenses	7,740,212	7,946,962
Operating profit	1,625,285	2,233,473
Non-operating income		
Interest income	57,599	58,094
Dividend income	52,816	89,974
Foreign exchange gains	–	107,128
Share of profit of entities accounted for using equity method	37,295	28,776
Rent income	103,729	111,659
Other	117,995	170,357
Total non-operating income	369,437	565,990
Non-operating expenses		
Interest expenses	16,009	13,922
Foreign exchange losses	96,125	–
Depreciation	6,752	5,955
Provision of allowance for doubtful accounts	9,535	–
Other	2,465	9,606
Total non-operating expenses	130,889	29,484
Ordinary profit	1,863,833	2,769,979
Extraordinary income		
Gain on sales of non-current assets	4,236	3,452
Gain on sales of investment securities	1,249	4
Gain on sales of shares of subsidiaries and associates	46,639	–
Total extraordinary income	52,124	3,456
Extraordinary losses		
Loss on sales of non-current assets	–	2,998
Loss on retirement of non-current assets	2,959	24,039
Impairment loss	15,941	13,831
Loss on valuation of investment securities	4,249	–
Loss on sales of investments in capital	19,382	–
Total extraordinary losses	42,532	40,869
Profit before income taxes	1,873,426	2,732,566
Income taxes - current	813,955	1,087,869
Income taxes - deferred	(73,604)	(102,211)
Total income taxes	740,350	985,657
Profit	1,133,075	1,746,908
Profit attributable to non-controlling interests	681	102,463
Profit attributable to owners of parent	1,132,394	1,644,445

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	1,133,075	1,746,908
Other comprehensive income		
Valuation difference on available-for-sale securities	343,704	233,471
Foreign currency translation adjustment	(479,148)	42,312
Remeasurements of defined benefit plans, net of tax	47,970	105,992
Share of other comprehensive income of entities accounted for using equity method	(1,014)	6,335
Total other comprehensive income	(88,487)	388,111
Comprehensive income	1,044,587	2,135,020
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,053,317	2,026,532
Comprehensive income attributable to non-controlling interests	(8,729)	108,488

Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2018

(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	1,464,060	26,872,962	(1,217,774)	29,166,189
Changes of items during period					
Dividends of surplus			(570,350)		(570,350)
Profit attributable to owners of parent			1,644,445		1,644,445
Change of scope of consolidation					–
Purchase of treasury shares				(48)	(48)
Disposal of treasury shares					–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	1,074,095	(48)	1,074,046
Balance at end of current period	2,046,941	1,464,060	27,947,057	(1,217,822)	30,240,235

	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	878,353	199,835	(276,199)	801,988	892,798	30,860,976
Changes of items during period						
Dividends of surplus						(570,350)
Profit attributable to owners of parent						1,644,445
Change of scope of consolidation						–
Purchase of treasury shares						(48)
Disposal of treasury shares						–
Net changes of items other than shareholders' equity	238,478	37,616	105,992	382,086	74,388	456,475
Total changes of items during period	238,478	37,616	105,992	382,086	74,388	1,530,521
Balance at end of current period	1,116,831	237,452	(170,207)	1,184,075	967,186	32,391,498

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	1,873,426	2,732,566
Depreciation	967,214	983,789
Impairment loss	15,941	13,831
Increase (decrease) in provision for bonuses	(16,998)	42,246
Increase (decrease) in allowance for doubtful accounts	27,032	(64)
Increase (decrease) in net defined benefit liability	199,099	270,088
Interest and dividend income	(110,416)	(148,068)
Interest expenses	16,009	13,922
Foreign exchange losses (gains)	91,688	(103,841)
Share of loss (profit) of entities accounted for using equity method	(37,295)	(28,776)
Loss (gain) on sales of property, plant and equipment	(4,236)	(453)
Loss on retirement of property, plant and equipment	2,959	24,039
Decrease (increase) in notes and accounts receivable - trade	(586,461)	(572,634)
Increase (decrease) in notes and accounts payable - trade	296,615	242,095
Other, net	363,954	96,890
Subtotal	3,098,532	3,565,630
Interest and dividend income received	118,770	153,908
Interest expenses paid	(16,199)	(13,493)
Income taxes paid	(1,043,595)	(761,715)
Net cash provided by (used in) operating activities	2,157,507	2,944,330
Cash flows from investing activities		
Payments into time deposits	(190,737)	(167,627)
Proceeds from withdrawal of time deposits	214,899	267,230
Purchase of property, plant and equipment	(374,797)	(1,715,887)
Proceeds from sales of property, plant and equipment	11,952	16,057
Purchase of investment securities	(111,705)	(32,351)
Purchase of shares of subsidiaries	–	(22,597)
Proceeds from sales of investments in capital of subsidiaries and associates	199,517	–
Payments of loans receivable	(95,000)	–
Collection of loans receivable	39,637	20,400
Proceeds from collection of guarantee deposits	21,267	46,893
Other, net	60,138	(75,307)
Net cash provided by (used in) investing activities	(224,828)	(1,663,189)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	–	301,664
Repayments of long-term loans payable	(687,084)	(687,084)
Purchase of treasury shares	(21)	(48)
Cash dividends paid	(568,844)	(569,074)
Dividends paid to non-controlling interests	(31,000)	(34,100)
Repayments of finance lease obligations	(50,062)	(59,605)
Proceeds from sales of shares of parent held by subsidiaries	83,717	–
Net cash provided by (used in) financing activities	(1,253,295)	(1,048,248)
Effect of exchange rate change on cash and cash equivalents	(171,008)	56,170
Net increase (decrease) in cash and cash equivalents	508,374	289,063
Cash and cash equivalents at beginning of period	6,365,889	6,927,392
Increase in cash and cash equivalents from newly consolidated subsidiary	53,128	–
Cash and cash equivalents at end of period	6,927,392	7,216,455