

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2019
(Based on Japanese GAAP)**

May 10, 2019

Company name: ISEWAN TERMINAL SERVICE CO.,LTD.
 Stock exchange listing: Nagoya
 Stock code: 9359 URL <https://www.isewan.co.jp/>
 Representative: President Shozo Goto
 Inquiries: Managing Director Akihiko Takahashi TEL 052-661-5181
 Scheduled date of ordinary general meeting of shareholders: June 27, 2019
 Scheduled date to file Securities Report: June 27, 2019
 Scheduled date to commence dividend payments: June 28, 2019
 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, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2019	51,133	9.1	3,432	53.7	3,745	35.2	2,168	31.9
Year ended March 31, 2018	46,870	9.1	2,233	37.4	2,769	48.6	1,644	45.2

	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, 2019	87.43	—	6.8	8.3	6.7
Year ended March 31, 2018	66.29	—	5.4	6.3	4.8

(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, 2019	45,237	33,363	71.4	1,302.98
As of March 31, 2018	45,062	32,391	69.7	1,266.78

(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, 2019	3,772	(399)	(1,751)	8,735
Year ended March 31, 2018	2,944	(1,663)	(1,048)	7,216

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, 2018	—	11.00	—	11.00	22.00	570	33.2	1.8
Year ended March 31, 2019	—	15.00	—	11.00	26.00	674	29.7	2.0
Year ending March 31, 2020 (Forecast)	—	11.00	—	11.00	22.00		24.8	

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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, 2019	24,500	(3.5)	1,480	(1.9)	1,570	(2.3)	1,050	(10.4)	42.33
Full year	50,000	(2.2)	3,190	(7.1)	3,550	(5.2)	2,200	1.4	88.69

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(changes in specified subsidiaries resulting in the change in scope of consolidation):

Yes

(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, 2019	27,487,054 shares	As of March 31, 2018	27,487,054 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	2,681,176 shares	As of March 31, 2018	2,680,681 shares
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Average number of shares during the period

Year ended March 31, 2019	24,806,205 shares	Year ended March 31, 2018	24,806,414 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	7,315,624	8,862,896
Notes and accounts receivable - trade	7,841,874	7,904,793
Other	1,059,375	1,014,125
Allowance for doubtful accounts	(31,304)	(26,112)
Total current assets	16,185,569	17,755,703
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,971,150	20,202,866
Accumulated depreciation	(12,856,537)	(13,064,005)
Buildings and structures, net	8,114,613	7,138,860
Machinery, equipment and vehicles	7,362,909	7,225,295
Accumulated depreciation	(6,413,213)	(6,392,250)
Machinery, equipment and vehicles, net	949,696	833,045
Land	12,830,485	12,693,643
Leased assets	237,974	238,223
Accumulated depreciation	(112,802)	(137,920)
Leased assets, net	125,171	100,303
Construction in progress	55,004	200,880
Other	1,177,520	1,192,781
Accumulated depreciation	(934,864)	(961,626)
Other, net	242,656	231,155
Total property, plant and equipment	22,317,628	21,197,887
Intangible assets		
Other	44,493	37,483
Total intangible assets	44,493	37,483
Investments and other assets		
Investment securities	3,880,306	3,496,309
Investments in capital	161,881	1,660
Long-term loans receivable	1,093,194	1,070,764
Deferred tax assets	812,026	1,141,887
Other	643,213	592,070
Allowance for doubtful accounts	(76,215)	(55,825)
Total investments and other assets	6,514,406	6,246,865
Total non-current assets	28,876,528	27,482,236
Total assets	45,062,097	45,237,940

(Thousands of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	3,565,746	3,587,287
Short-term loans payable	363,060	63,060
Current portion of long-term loans payable	687,084	685,198
Lease obligations	48,353	53,038
Income taxes payable	694,352	796,935
Provision for bonuses	834,638	881,909
Other	1,111,801	1,232,181
Total current liabilities	7,305,036	7,299,611
Non-current liabilities		
Long-term loans payable	1,441,932	752,595
Lease obligations	98,752	73,361
Retirement benefit liability	3,302,718	3,249,139
Asset retirement obligations	213,584	218,569
Other	308,573	281,398
Total non-current liabilities	5,365,562	4,575,063
Total liabilities	12,670,598	11,874,674
Net assets		
Shareholders' equity		
Capital stock	2,046,941	2,046,941
Capital surplus	1,464,060	1,464,060
Retained earnings	27,947,057	29,441,818
Treasury shares	(1,217,822)	(1,218,184)
Total shareholders' equity	30,240,235	31,734,635
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,116,831	841,607
Foreign currency translation adjustment	237,452	(176,957)
Remeasurements of defined benefit plans	(170,207)	(77,755)
Total accumulated other comprehensive income	1,184,075	586,893
Non-controlling interests	967,186	1,041,736
Total net assets	32,391,498	33,363,265
Total liabilities and net assets	45,062,097	45,237,940

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

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	46,870,021	51,133,864
Cost of sales	36,689,584	39,867,882
Gross profit	10,180,436	11,265,982
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	471,850	531,350
Salaries and bonuses	3,780,701	3,878,421
Retirement benefit expenses	288,213	213,101
Provision for bonuses	493,070	470,880
Depreciation	256,744	218,806
Other	2,656,383	2,520,534
Total selling, general and administrative expenses	7,946,962	7,833,092
Operating profit	2,233,473	3,432,889
Non-operating income		
Interest income	58,094	46,091
Dividend income	89,974	87,548
Foreign exchange gains	107,128	–
Share of profit of entities accounted for using equity method	28,776	22,067
Rent income	111,659	107,303
Other	170,357	186,927
Total non-operating income	565,990	449,938
Non-operating expenses		
Interest expenses	13,922	11,206
Foreign exchange losses	–	119,817
Depreciation	5,955	5,253
Other	9,606	1,514
Total non-operating expenses	29,484	137,791
Ordinary profit	2,769,979	3,745,036
Extraordinary income		
Gain on sales of non-current assets	3,452	6,509
Gain on sales of investment securities	4	–
Gain on liquidation of subsidiaries and associates	–	74,964
Loss on sales of investments in capital of subsidiaries and associates	–	87,460
Total extraordinary income	3,456	168,933
Extraordinary losses		
Loss on sales of non-current assets	2,998	7,522
Loss on retirement of non-current assets	24,039	6,969
Impairment loss	13,831	481,581
Loss on valuation of investment securities	–	39,593
Total extraordinary losses	40,869	535,666
Profit before income taxes	2,732,566	3,378,303
Income taxes - current	1,087,869	1,353,716
Income taxes - deferred	(102,211)	(256,251)
Total income taxes	985,657	1,097,464
Profit	1,746,908	2,280,838
Profit attributable to non-controlling interests	102,463	112,029
Profit attributable to owners of parent	1,644,445	2,168,808

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	1,746,908	2,280,838
Other comprehensive income		
Valuation difference on available-for-sale securities	233,471	(267,751)
Foreign currency translation adjustment	42,312	(415,233)
Remeasurements of defined benefit plans, net of tax	105,992	92,452
Share of other comprehensive income of entities accounted for using equity method	6,335	(6,530)
Total other comprehensive income	388,111	(597,063)
Comprehensive income	2,135,020	1,683,775
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,026,532	1,571,626
Comprehensive income attributable to non-controlling interests	108,488	112,148

Consolidated statements of changes in equity

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
Purchase of treasury shares				(48)	(48)
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
Purchase of treasury shares						(48)
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

Fiscal year ended March 31, 2019

(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	27,947,057	(1,217,822)	30,240,235
Changes of items during period					
Dividends of surplus			(674,047)		(674,047)
Profit attributable to owners of parent			2,168,808		2,168,808
Purchase of treasury shares				(361)	(361)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	1,494,760	(361)	1,494,399
Balance at end of current period	2,046,941	1,464,060	29,441,818	(1,218,184)	31,734,635

	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	1,116,831	237,452	(170,207)	1,184,075	967,186	32,391,498
Changes of items during period						
Dividends of surplus						(674,047)
Profit attributable to owners of parent						2,168,808
Purchase of treasury shares						(361)
Net changes of items other than shareholders' equity	(275,224)	(414,409)	92,452	(597,181)	74,549	(522,632)
Total changes of items during period	(275,224)	(414,409)	92,452	(597,181)	74,549	971,766
Balance at end of current period	841,607	(176,957)	(77,755)	586,893	1,041,736	33,363,265

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	2,732,566	3,378,303
Depreciation	983,789	921,490
Impairment loss	13,831	481,581
Increase (decrease) in provision for bonuses	42,246	47,601
Increase (decrease) in allowance for doubtful accounts	(64)	(15,687)
Increase (decrease) in retirement benefit liability	270,088	153,160
Interest and dividend income	(148,068)	(133,640)
Interest expenses	13,922	11,206
Foreign exchange losses (gains)	(103,841)	106,611
Share of loss (profit) of entities accounted for using equity method	(28,776)	(22,067)
Loss (gain) on sales of property, plant and equipment	(453)	1,013
Loss on retirement of property, plant and equipment	24,039	6,969
Loss (gain) on liquidation of subsidiaries and associates	–	(74,964)
Loss (gain) on sales of investments in capital of subsidiaries and affiliates	–	(87,460)
Decrease (increase) in notes and accounts receivable - trade	(572,634)	(131,099)
Increase (decrease) in notes and accounts payable - trade	242,095	62,983
Other, net	96,890	168,099
Subtotal	3,565,630	4,874,102
Interest and dividend income received	153,908	147,020
Interest expenses paid	(13,493)	(10,967)
Income taxes paid	(761,715)	(1,237,502)
Net cash provided by (used in) operating activities	2,944,330	3,772,653
Cash flows from investing activities		
Payments into time deposits	(167,627)	(184,343)
Proceeds from withdrawal of time deposits	267,230	152,369
Purchase of property, plant and equipment	(1,715,887)	(809,490)
Proceeds from sales of property, plant and equipment	16,057	33,833
Purchase of investment securities	(32,351)	(34,927)
Purchase of shares of subsidiaries	(22,597)	–
Proceeds from liquidation of subsidiaries and associates	–	235,185
Proceeds from sales of investments in capital of subsidiaries and associates	–	192,786
Payments of loans receivable	–	(200,000)
Collection of loans receivable	20,400	220,400
Proceeds from collection of guarantee deposits	46,893	26,817
Other, net	(75,307)	(32,454)
Net cash provided by (used in) investing activities	(1,663,189)	(399,823)

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	301,664	(300,000)
Repayments of long-term loans payable	(687,084)	(686,976)
Purchase of treasury shares	(48)	(361)
Cash dividends paid	(569,074)	(674,169)
Dividends paid to non-controlling interests	(34,100)	(37,200)
Repayments of finance lease obligations	(59,605)	(53,109)
Net cash provided by (used in) financing activities	(1,048,248)	(1,751,816)
Effect of exchange rate change on cash and cash equivalents	56,170	(101,941)
Net increase (decrease) in cash and cash equivalents	289,063	1,519,072
Cash and cash equivalents at beginning of period	6,927,392	7,216,455
Cash and cash equivalents at end of period	7,216,455	8,735,527