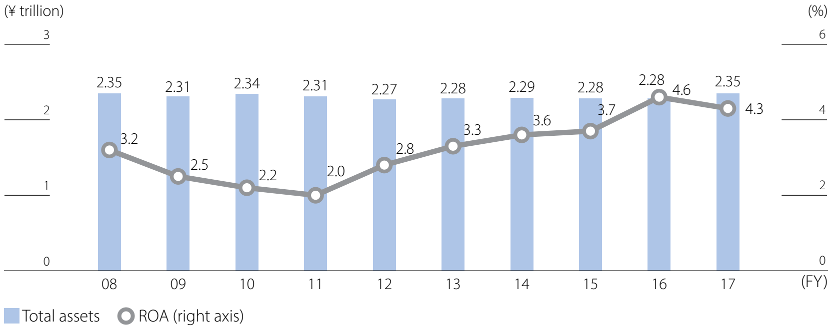
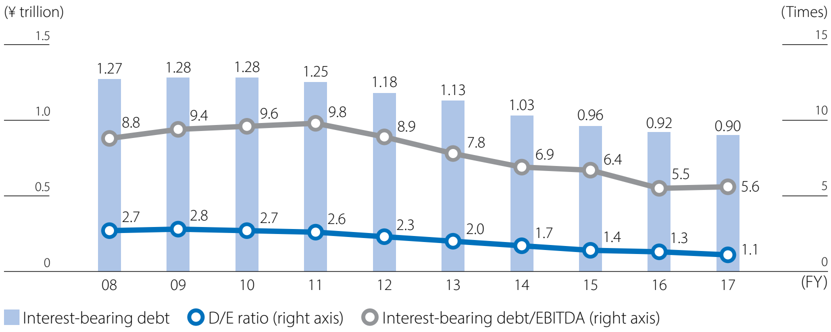
Total assets and ROA



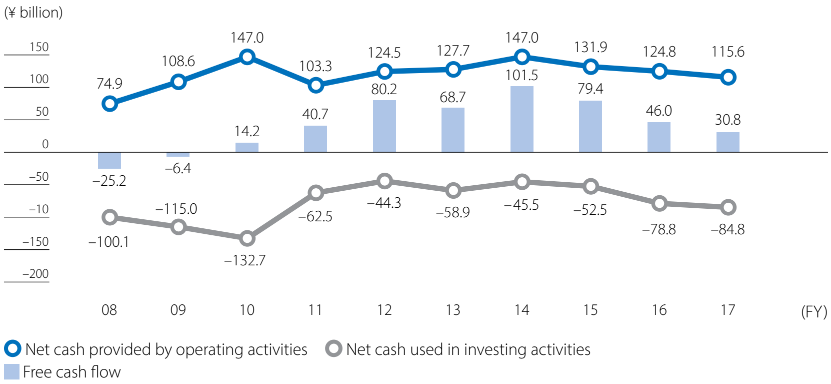
Total assets rose ¥67.7 billion from the previous fiscal year-end, to ¥2,349.8 billion, due to an increase in construction in progress. ROA edged down 0.3 percentage point, to 4.3%, reflecting lower ordinary income.

Interest-bearing debt, D/E ratio, and interest-bearing debt/EBITDA



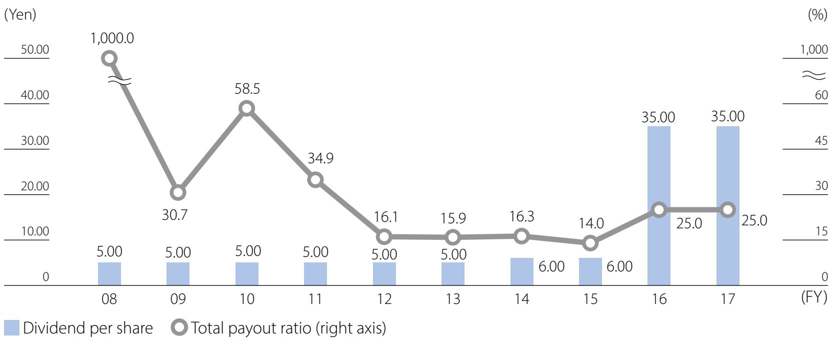
The outstanding balance of interest-bearing debt at the end of the fiscal year under review amounted to ¥899.5 billion, a decrease of 1.9%, or ¥17.0 billion, from the previous fiscal year-end. As a result, the Group reduced interest-bearing debt to less than ¥900 billion ahead of the previous medium-term management plan's schedule, which envisaged achieving this by the end of fiscal 2019. Consequently, the D/E ratio decreased to 1.1 times. Further, the interest-bearing debt/EBITDA ratio was 5.6 times, remaining below 6 times for the second consecutive fiscal year.

Cash flows



Net cash provided by operating activities was ¥115.6 billion, reflecting income before income taxes, depreciation and amortisation, and income taxes paid. Net cash used in investing activities was ¥84.8 billion due to purchases of noncurrent assets. Net cash used in financing activities was ¥30.6 billion as a result of redemption of bonds.

Returns to shareholders



Notes: The total payout ratio for fiscal 2017 includes purchase of treasury stock (amounting to ¥9.1 billion).
The Company conducted a 1-for-5 reverse stock split with an effective date of 1st August 2016. The figures for dividend per share above are after the reverse stock split.

The Company's basic policy is to pay stable annual dividends and acquire treasury stock with a total payout ratio (the total of purchases of treasury stock and the total annual dividend as a percentage of net income attributable to owners of the parent) of 25% as a target. Regarding dividend payments from profits in fiscal 2017, the Company paid a dividend of ¥35 per share, which was the same as the dividend paid in the previous fiscal year. The Company purchased treasury stock (amounting to ¥9.1 billion) based on the target of a total payout ratio of 25%.

Fiscal 2017 Business Results

In fiscal 2017, the year ended 31st March 2017, although we achieved our earnings targets, revenues from operations, operating income, and ordinary income declined year on year. These declines resulted from the sale of land for facilities in the Real Estate Business in the previous fiscal year as well as the lower yen-equivalent value of revenues and earnings of overseas subsidiaries in the International Transportation Business, which accompanied exchange rate fluctuations. However, reflecting an improvement in total extraordinary income net of total extraordinary loss, net income attributable to owners of the parent reached a record high for the sixth consecutive fiscal year. Further, despite steady investment for growth, we reduced interest-bearing debt to less than ¥900 billion ahead of the previous medium-term management plan's schedule, which envisaged achieving this by the end of fiscal 2019. As a result, the interest-bearing debt/EBITDA ratio was below 6 times for the second fiscal year in a row.

Fiscal 2017 business results overview

(Billions of yen)

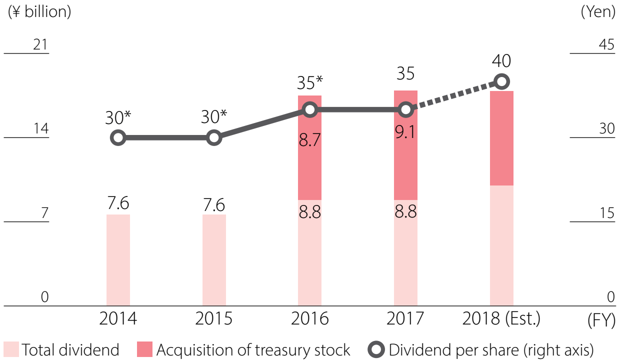
	FY2017 results	FY2016 results	YoY Increase / Decrease	YoY (%)
Revenues from operations	736.8	746.8	−10.0	−1.3
Operating income	104.1	110.3	−6.2	−5.7
Ordinary income	100.6	104.5	−3.9	−3.7
Net income attributable to owners of the parent	71.3	70.0	1.3	1.9
Interest-bearing debt	899.5	916.6	−17.0	−1.9
Interest-bearing debt/EBITDA ratio (Times)	5.6	5.5	0.1 pt	

Returns to Shareholders

In fiscal 2017, in accordance with the Group's policy, annual dividend payments from profits were ¥35 per share, representing total annual dividend payments of approximately ¥8.8 billion. In addition, based on a target of 25% for the total payout ratio, total treasury stock purchases amounted to roughly ¥9.1 billion.

In light of stable performance trends recently and steady improvement in our financial position, we intend to enhance returns to shareholders even further. In fiscal 2018, the year ending 31st March 2018, we plan to increase annual dividend payments from profits from ¥35 per share to ¥40 per share and to raise our target total payout ratio from 25% to 30%.

Returns to shareholders



* Shares were consolidated at the ratio of 5 shares to 1 share with 1st August 2016 as the effective date.
Annual dividends for fiscal 2016 and earlier are converted based on this share consolidation.

Corporate Governance

With a view to increasing the transparency of the Board of Directors, we increased the proportion of external directors by reducing the number of directors from 14 to nine while continuing to appoint two external directors. Meanwhile, we introduced an executive officer system to enhance the execution of duties. Further, external Audit & Supervisory Board members continue to account for three of our five Audit & Supervisory Board members. As a result, five of the 14 directors and Audit & Supervisory Board members that attend meetings of the Board of Directors are external directors or external Audit & Supervisory Board members who are independent of the Company.

Also, given that we currently do not have senior advisors, we took the opportunity that this presents to abolish the senior advisor system, which was stipulated in the articles of incorporation.

Note: Billions of yen figures are rounded to one decimal place.