

**Consolidated Financial Results  
for the Fiscal Year Ended March 31, 2018  
[Japanese GAAP]**



May 15, 2018

Company name: Meiji Shipping Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 9115  
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 Scheduled date of Annual General Meeting of Shareholders: June 28, 2018  
 Scheduled date of commencing dividend payments: June 29, 2018  
 Scheduled date of filing annual securities report: June 28, 2018  
 Availability of supplementary briefing material on annual financial results: No  
 Schedule of annual financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

**1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)**

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2018	41,768	11.7	5,591	(4.7)	4,491	(1.3)	1,810	56.2
March 31, 2017	37,404	5.5	5,865	32.1	4,551	7.4	1,159	9.0

(Note) Comprehensive income: Fiscal year ended March 31, 2018: ¥3,498 million [99.8%]

Fiscal year ended March 31, 2017: ¥1,751 million [(44.0) %]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income to total assets	Operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2018	55.29	–	12.4	3.0	13.4
March 31, 2017	35.35	–	8.6	3.2	15.7

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2018: ¥672 million

Fiscal year ended March 31, 2017: ¥351 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2018	153,511	36,203	9.9	466.32
As of March 31, 2017	141,413	32,985	9.8	425.04

(Reference) Equity: As of March 31, 2018: ¥15,265 million

As of March 31, 2017: ¥13,914 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2018	14,441	(16,591)	6,677	18,743
March 31, 2017	12,098	(2,000)	(8,904)	14,452

## 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2017	–	–	–	5.00	5.00	179	14.1	1.2
March 31, 2018	–	–	–	5.00	5.00	179	9.0	1.1
Fiscal year ending March 31, 2019 (Forecast)	–	–	–	–	–		–	

(Note) Dividend forecast for fiscal year ending March 31, 2019 is not available at this point.

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
First half	19,500	(0.3)	1,600	(33.6)	700	(63.8)	200	(68.8)	6.11	
Full year	41,600	(0.4)	4,100	(26.7)	2,500	(44.3)	1,200	(33.7)	36.66	

### \* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: No
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (3) Total number of issued shares (common shares)
  - 1) Total number of issued shares at the end of the period (including treasury shares):
    - March 31, 2018: 36,000,000 shares
    - March 31, 2017: 36,000,000 shares
  - 2) Total number of treasury shares at the end of the period:
    - March 31, 2018: 3,263,245 shares
    - March 31, 2017: 3,263,245 shares
  - 3) Average number of shares during the period:
    - Fiscal Year ended March 31, 2018: 32,736,755 shares
    - Fiscal Year ended March 31, 2017: 32,788,884 shares

(Reference) Summary of Non-consolidated Financial Results

**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)**

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2018	10,136	24.6	646	28.3	639	(17.6)	437	(16.2)
March 31, 2017	8,132	0.3	503	24.2	775	28.7	522	27.5

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended				
March 31, 2018	12.17		-	
March 31, 2017	14.51		-	

(2) Non-consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%	Yen		
As of March 31, 2018	22,763		6,087		26.7	169.14		
As of March 31, 2017	23,188		5,781		24.9	160.65		

(Reference) Equity: As of March 31, 2018: ¥6,087 million

As of March 31, 2017: ¥5,781 million

\* These consolidated financial results are outside the scope of audit by certified public accountants and audit corporations.

\* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on the information available at the time of preparation of this report and certain assumptions believed to be reasonable, and the Company does not assure the achievement of any of these. Actual results may differ significantly from the forecast due to a wide range of factors. Please refer to “(4) Future Outlook” on page 3 of the attached supplementary materials for information regarding the underlying assumptions for financial results forecast, as well as explanatory and other notes regarding the use of financial results forecast.

## Supplementary Materials: Table of Contents

1. Overview of Business Results, etc. ....	2
(1) Overview of Business Results for the Fiscal Year under Review .....	2
(2) Overview of Financial Position for the Fiscal Year under Review .....	3
(3) Overview of Cash Flows for the Fiscal Year under Review .....	3
(4) Future Outlook .....	4
(5) Dividend Policy and Payments for This Period and Next Period .....	5
2. Basic Stance Concerning Choice of Accounting Standards .....	5
3. Consolidated Financial Statements and Primary Notes .....	6
(1) Consolidated Balance Sheets .....	6
(2) Consolidated Statements of Income and Comprehensive Income .....	8
(3) Consolidated Statements of Changes in Net Assets .....	10
(4) Consolidated Statements of Cash Flows .....	12
(5) Notes to the Consolidated Financial Statements .....	14
(Notes on Going Concern Assumption) .....	14
(Segment Information) .....	14
(Per Share Information) .....	16
(Significant Subsequent Events) .....	17

## 1. Overview of Business Results, etc.

### (1) Overview of Business Results for the Fiscal Year under Review

#### <Business environment>

During the fiscal year under review, the recovery of the global economy gained strength led by developed nations, recording a 3.7% worldwide economic growth rate, while significant political events took place such as general elections in major European countries and the National Congress of the Communist Party of China. However, uncertain factors remained, including the tensioning situation in North Korea and geopolitical risk in the Middle East. In addition, economies in resource-exporting countries also improved with increased and stable prices in resources amid a global economy led by developed nations.

Meanwhile, looking at the Japanese economy, the real economic growth rate was 1.5%, which was higher than the rate in the previous year owing to the recovery in the global economy and heightened growth in exports. Although the Nikkei Stock Average significantly rose toward the end of 2017 and improvements were seen in the employment and income environment, namely a rise in the unemployment rate, the lower stock price in a global scale at the beginning of 2018 caused a move toward risk aversion, resulting in yen's appreciation and shift to adjustment phase in domestic stock market.

#### <International shipping business>

Under these circumstances, the foreign exchange rate remained in the ¥110 range in 2017 in general, but trended toward yen appreciation at the beginning of 2018, which progressed to the ¥104 range in March. In addition, bunker prices fell below US\$300.00 per metric ton before increasing to US\$380.00 by the end of the year in line with the increase in crude oil prices.

In the large tanker market, the charter hire rate began low at around US\$28,000. Although import volume by China and transport distance grew as expected, an increase in shipping capacity outweighed positive factors in demand, and the charter hire rate remained at low levels of around US\$27,000 despite the anticipation for higher rates going forward. Meanwhile, a total of 20 old vessels were scrapped during the first three months of 2018, which is already far more than the number of vessels scrapped in 2017, providing a prospect toward positive effects on the recovery of the market.

In the bulk carrier market, the situation improved significantly from the previous year, when the lowest historic levels were recognized, contrarily recording the highest rate since 2014 for all types of bulk carriers, including the mark of US\$30,000 for charter hire rates for a capesize carrier during the demand season between October and December. Although the market situation continued to be relatively strong even after entering 2018 and there is a sense of prospect for the future, the market is expected to continue to be volatile.

In the car carrier market, cargo volume increased slightly and shipping capacity also grew to a moderate degree. While tall and heavy freight, plants, and trains, etc., to resource-exporting countries such as those in the Middle East and Africa remained sluggish, finished car transportation to the U.S. and Europe was favorable. The short-time charter market, which appeared to have been oversupplied, is on a recovery trend in line with a decrease in completion of new shipbuilding.

Under these conditions, net sales in the international shipping business for the fiscal year under review were ¥28,770 million (an increase of 19.6% year on year). This is mainly attributable to the new operation of five vessels, comprised of one container ship, two tankers and two car carriers. However, segment profit in the international shipping business was ¥3,874 million (a decrease of 4.2% year on year) in part due to an increase in docking expenses. In addition, the Company reported ¥37 million of impairment loss in extraordinary losses from the sale of one vessel owned by the Company's subsidiary.

#### <Hotel-related business>

In the hotel-related business, each hotel recorded firm performance in the accommodation division. In the banquet division, general banquets remained at the level of the previous fiscal year while wedding banquets declined compared to the previous fiscal year. As a result, net sales in the hotel-related business were ¥12,466

million (a decrease of 2.9% year on year), and segment profit in the hotel-related business was ¥1,389 million (a decrease of 8.0% year on year), reflecting increases in facility renewal investment and repairs, etc.

<Real estate leasing business>

Net sales in the real estate leasing business were ¥531 million (an increase of 2.2% year on year), and segment profit in the real estate leasing business was ¥327 million (an increase of 5.1% year on year).

As a result, for the fiscal year under review, net sales were ¥41,768 million (an increase of 11.7% year on year), operating income was ¥5,591 million (a decrease of 4.7% year on year), and ordinary income was ¥4,491 million (a decrease of 1.3% year on year). Furthermore, impairment loss of ¥37 million was recorded in extraordinary losses, and profit attributable to owners of parent amounted to ¥1,810 million (an increase of 56.2% year on year).

## (2) Overview of Financial Position for the Fiscal Year under Review

Assets as of the end of the fiscal year under review increased by ¥12,098 million from the end of previous fiscal year to ¥153,511 million. This is mainly attributable to an increase in vessels due to the launch of newly-built ships and an increase in cash and deposits.

Liabilities increased by ¥8,880 million from end of previous fiscal year to ¥117,308 million. This is mainly attributable to an increase in loans payable due to the purchase of vessels. Furthermore, net assets increased by ¥3,217 million from the end of previous fiscal year to ¥36,203 million. This is mainly attributable to increases in retained earnings and non-controlling interests.

## (3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents as of the end of the fiscal year under review increased by ¥4,290 million from the end of previous fiscal year to ¥18,743 million. The conditions of each cash flow as of the end of the fiscal year under review are as follows.

### (Cash flows from operating activities)

Net cash provided by operating activities as of the end of the fiscal year under review increased by ¥2,342 million from the previous fiscal year to ¥14,441 million. This is mainly attributable to ¥4,454 million of profit before income taxes which was adjusted with ¥9,786 million of depreciation and amortization, etc.

### (Cash flows from investing activities)

Net cash used in investing activities as of the end of the fiscal year under review increased by ¥14,591 million from the previous fiscal year to ¥16,591 million. This is mainly attributable to the payment of ¥24,020 million of expenses for new shipbuilding, etc., and proceeds of ¥7,615 million from sales of vessels.

### (Cash flows from financing activities)

Net cash provided by financing activities as of the end of the fiscal year under review was ¥6,677 million (¥8,904 million of cash outflow for the previous fiscal year). This is mainly attributable to the difference of ¥4,769 million between the sum of proceeds from long-term loans payable and the issuance of bonds of ¥24,188 million, and repayments of long-term loans payable and redemption of bonds of ¥19,419 million.

#### (4) Future Outlook

Looking ahead to the future global economy, it is expected to continue to grow at a moderate pace, while continued vigilance is required concerning downward risk due to commitment to protectionist policies and heightened geopolitical tension, etc. The U.S. economy is expected to perform steadily with strengthened capital investment and personal consumption backed by improvement in employment and wages, and the implementation of individual and corporate income tax reductions as well. However, there are concerns regarding continued uncertainty over the feasibility of Trump administration's policies. The European economy is expected to continue to expand steadily with lowered risk of political turmoil relating to negotiations on the UK's exit from the European Union, while political and financial risks still remain. The Chinese economy is expected to slow moderately as issues of real estate prices and excess debt still remain despite possible favorable effects of a robust global economy on its exports.

The Japanese economy is expected to continue to grow, with the anticipated economic effects of the 2020 Tokyo Olympic Games on the tourism industry, etc. Although the global economy is steadily growing in general, careful attention is required due to the concern over rapid yen's appreciation trend triggered by a sudden external factor.

In these economic conditions, there shall be no change to the Group's management policy, and the Company will endeavor to further enhance its management foundations based on safety, security and stability.

In the international shipping business, although the operation of vessels launched in the fiscal year under review will increase and two new vessels will begin operating in the next fiscal year, net sales are expected to be ¥28,600 million, unchanged from the fiscal year under review, owing to estimates calling for a stronger yen for the average foreign exchange rate. Meanwhile, segment profit in the business is expected to be ¥2,500 million due mainly to an increase in docking expenses compared to the current fiscal year, owing to a rise in the number of vessels docked. From the next period onward, the Company plans to continue controlling budgets for shipping expenses thoroughly, focusing on docking expenses as a countermeasure against yen appreciation, and endeavor to ensure a stable profit structure based on time charter party over the medium-to long-term. Moreover, in April 2018, the Company started operation of a training center for seafarers in the Philippines, which is one of the seafarer recruitment and training bases of the Company. Going forward, for safe vessel operation, active initiatives will be taken to ensure the acquisition of high quality seafarers and the enhancement of their education.

In the hotel-related business, net sales and segment profit in the business are expected to be ¥12,500 million and ¥1,350 million, respectively, unchanged from the fiscal year under review. While the situations in the wedding banquet division is expected to remain at the level of the previous fiscal year, we will strive to further promote sales activities in the relatively robust accommodation division, with the aim to compensate for the banquet division. In Addition, proactive recruitment activities will be implemented by assigning dedicated persons to actively hire personnel regardless of whether they are new graduates or mid-career job seekers.

In the real estate leasing business, the Company will aim to secure stable earnings in the future by maintaining and enhancing the quality of the Company's real estate properties. Net sales in the real estate leasing business are expected to be ¥500 million while segment profit in the business is expected to be ¥250 million.

As a result of the above, the Company expects full-year consolidated net sales of ¥41,600 million (a decrease of 0.4% compared with the current fiscal year), consolidated operating income of ¥4,100 million (a decrease of 26.7% compared with the current fiscal year), consolidated ordinary income of ¥2,500 million (a decrease of 44.3% compared with the current fiscal year), and profit attributable to owners of parent of ¥1,200 million (a decrease of 33.7% compared with the current fiscal year). Furthermore, the Company projects an average foreign exchange rate for next year of ¥105 per U.S. dollar.

## (5) Dividend Policy and Payments for This Period and Next Period

The Group's basic policy is to pay a stable dividend that corresponds to business performance on an ongoing basis while strengthening the management structure in order to enhance corporate value and withstand changes in the management environment and shipping market conditions, and build appropriate internal reserves in preparation for future business development.

Taking into consideration such factors as business performance for the fiscal year under review, the year-end cash dividend for the fiscal year ended March 31, 2018 was ¥5.0 per share.

Furthermore, the year-end cash dividend for the fiscal year ending March 31, 2019 is not determined at the present time owing to the uncertainty of forecasts regarding the future business environment.

## 2. Basic Stance Concerning Choice of Accounting Standards

Taking into consideration the comparability of consolidated financial statements across periods and among companies, the Group's policy is to prepare its consolidated financial statements using Japanese GAAP for the time being. With regard to application of International Financial Reporting Standards (IFRS), the Group's policy is to respond appropriately based on consideration of the situation in Japan and overseas.

3. Consolidated Financial Statements and Primary Notes  
(1) Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2017	As of March 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	14,493,937	18,769,596
Accounts receivable - trade	883,433	838,358
Merchandise and finished goods	26,359	28,253
Raw materials and supplies	750,397	746,169
Deferred tax assets	59,053	56,012
Other	2,330,723	2,426,713
Total current assets	18,543,904	22,865,102
Noncurrent assets		
Property, plant and equipment		
Vessels, net	83,973,213	93,521,014
Buildings and structures, net	12,964,810	12,501,130
Land	8,407,970	8,430,474
Construction in progress	4,178,752	2,198,625
Other, net	646,863	576,809
Total property, plant and equipment	110,171,611	117,228,055
Intangible assets		
Other	106,410	87,528
Total intangible assets	106,410	87,528
Investments and other assets		
Investment securities	9,996,847	10,513,094
Long-term loans receivable	629,746	833,220
Deferred tax assets	897,119	950,311
Other	1,067,870	1,034,348
Total investments and other assets	12,591,583	13,330,974
Total noncurrent assets	122,869,605	130,646,558
Total assets	141,413,509	153,511,660

(Thousand yen)

	As of March 31, 2017	As of March 31, 2018
<b>Liabilities</b>		
Current liabilities		
Accounts payable - shipping	1,122,565	1,451,677
Current portion of bonds	1,151,000	1,172,000
Short-term loans payable	19,627,932	28,278,036
Lease obligations	187,242	2,275,872
Accounts payable - other	1,531,793	905,757
Income taxes payable	338,611	385,254
Provision for bonuses	39,683	45,368
Deferred tax liabilities	—	144
Other	2,946,699	3,071,080
Total current liabilities	26,945,528	37,585,191
Noncurrent liabilities		
Bonds payable	3,757,500	3,236,500
Long-term loans payable	68,149,816	67,174,489
Lease obligations	2,829,116	2,562,758
Deferred tax liabilities	512,279	370,651
Deferred tax liabilities for land revaluation	1,043,086	1,043,086
Provision		
Provision for directors' retirement benefits	271,141	238,771
Provision for periodic dry docking of vessels	1,066,082	1,526,327
Total provisions	1,337,223	1,765,099
Net defined benefit liability	307,010	340,992
Liabilities from application of equity method	965,991	1,047,202
Other	2,580,036	2,182,548
Total noncurrent liabilities	81,482,061	79,723,328
<b>Total liabilities</b>	<b>108,427,590</b>	<b>117,308,520</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,800,000	1,800,000
Capital surplus	21,128	21,128
Retained earnings	9,106,279	10,736,493
Treasury shares	(675,520)	(675,520)
Total shareholders' equity	10,251,887	11,882,102
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	595,362	625,473
Deferred gains or losses on hedges	(315,500)	(321,616)
Revaluation reserve for land	1,906,276	1,906,276
Foreign currency translation adjustment	1,476,328	1,173,573
Total accumulated other comprehensive income	3,662,467	3,383,706
Non-controlling interests	19,071,564	20,937,331
<b>Total net assets</b>	<b>32,985,919</b>	<b>36,203,140</b>
<b>Total liabilities and net assets</b>	<b>141,413,509</b>	<b>153,511,660</b>

(2) Consolidated Statements of Income and Comprehensive Income  
 Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2018
Net sales	37,404,264	41,768,196
Cost of sales	27,880,069	32,396,286
Gross profit	9,524,195	9,371,909
Selling, general and administrative expenses	3,659,182	3,780,706
Operating income	5,865,012	5,591,203
Non-operating income		
Interest income	41,357	64,141
Dividend income	57,958	56,532
Equity in earnings of affiliates	351,401	672,412
Other	278,047	359,282
Total non-operating income	728,764	1,152,368
Non-operating expenses		
Interest expenses	1,580,078	1,713,815
Foreign exchange losses	56,279	223,758
Other	405,671	314,440
Total non-operating expenses	2,042,030	2,252,014
Ordinary income	4,551,747	4,491,557
Extraordinary loss		
Impairment loss	1,564,966	37,260
Total extraordinary losses	1,564,966	37,260
Profit before income taxes	2,986,780	4,454,296
Income taxes - current	560,715	606,738
Income taxes - deferred	361,509	(331,309)
Total income taxes	922,224	275,428
Profit	2,064,556	4,178,868
Profit attributable to non-controlling interests	905,395	2,368,712
Profit attributable to owners of parent	1,159,160	1,810,155

## Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2018
Profit	2,064,556	4,178,868
Other comprehensive income		
Valuation difference on available-for-sale securities	232,869	20,956
Deferred gains or losses on hedges	57,114	(61,297)
Revaluation reserve for land	17,392	—
Foreign currency translation adjustment	(490,101)	(450,808)
Share of other comprehensive income of entities accounted for using equity method	(130,602)	(189,477)
Total other comprehensive income	(313,326)	(680,626)
Comprehensive income	1,751,229	3,498,241
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,134,828	1,531,394
Comprehensive income attributable to non-controlling interests	616,400	1,966,846

(3) Consolidated Statements of Changes in Net Assets  
For the fiscal year ended March 31, 2017

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,800,000	21,128	8,055,392	(587,044)	9,289,477
Cumulative effects of changes in accounting policies			71,666		71,666
Restated balance	1,800,000	21,128	8,127,059	(587,044)	9,361,144
Changes of items during period					
Dividends of surplus			(179,941)		(179,941)
Profit attributable to owners of parent			1,159,160		1,159,160
Purchase of treasury shares				(88,476)	(88,476)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	979,219	(88,476)	890,743
Balance at end of current period	1,800,000	21,128	9,106,279	(675,520)	10,251,887

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	387,617	(432,063)	1,899,893	1,831,352	3,686,799	19,108,243	32,084,520
Cumulative effects of changes in accounting policies					-	-	71,666
Restated balance	387,617	(432,063)	1,899,893	1,831,352	3,686,799	19,108,243	32,156,187
Changes of items during period							
Dividends of surplus							(179,941)
Profit attributable to owners of parent							1,159,160
Purchase of treasury shares							(88,476)
Net changes of items other than shareholders' equity	207,745	116,563	6,383	(355,023)	(24,332)	(36,679)	(61,011)
Total changes of items during period	207,745	116,563	6,383	(355,023)	(24,332)	(36,679)	829,732
Balance at end of current period	595,362	(315,500)	1,906,276	1,476,328	3,662,467	19,071,564	32,985,919

For the fiscal year ended March 31, 2018

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,800,000	21,128	9,106,279	(675,520)	10,251,887
Cumulative effects of changes in accounting policies			—		—
Restated balance	1,800,000	21,128	9,106,279	(675,520)	10,251,887
Changes of items during period					
Dividends of surplus			(179,941)		(179,941)
Profit attributable to owners of parent			1,810,155		1,810,155
Purchase of treasury shares				—	—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,630,214	—	1,630,214
Balance at end of current period	1,800,000	21,128	10,736,493	(675,520)	11,882,102

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	595,362	(315,500)	1,906,276	1,476,328	3,662,467	19,071,564	32,985,919
Cumulative effects of changes in accounting policies					—	—	—
Restated balance	595,362	(315,500)	1,906,276	1,476,328	3,662,467	19,071,564	32,985,919
Changes of items during period							
Dividends of surplus							(179,941)
Profit attributable to owners of parent							1,810,155
Purchase of treasury shares							—
Net changes of items other than shareholders' equity	30,110	(6,115)	—	(302,755)	(278,760)	1,865,766	1,587,005
Total changes of items during period	30,110	(6,115)	—	(302,755)	(278,760)	1,865,766	3,217,220
Balance at end of current period	625,473	(321,616)	1,906,276	1,173,573	3,383,706	20,937,331	36,203,140

## (4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2018
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,986,780	4,454,296
Depreciation and amortization	9,199,955	9,786,768
Impairment loss	1,564,966	37,260
Loss (gain) on sales of investment securities	(19,445)	—
Loss (gain) on valuation of investment securities	5,085	—
Interest and dividend income	(99,316)	(120,673)
Loss (gain) on sales and retirement of property, plant and equipment	1,310	109,886
Interest expenses	1,580,078	1,713,815
Foreign exchange losses (gains)	25,990	264,542
Loss (gain) on investments in silent partnership	(13,634)	(46,227)
Loss (gain) on valuation of derivatives	162,817	(55,839)
Equity in earnings losses of affiliates	(351,401)	(672,412)
Increase (decrease) in provision for directors' retirement benefits	(13,325)	(32,369)
Increase (decrease) in net defined benefit liability	37,403	33,982
Increase (decrease) in provision for periodic dry docking of vessels	419,999	545,337
Increase (decrease) in advances received	(122,461)	(60,793)
Decrease (increase) in inventories	(36,962)	2,335
Decrease (increase) in consumption taxes refund receivable	(37,081)	(42,193)
Increase (decrease) in accounts payable - shipping	(47,324)	329,111
Decrease (increase) in other current assets	(411,235)	(94,545)
Other	(679,690)	483,212
Subtotal	14,152,509	16,635,494
Interest and dividend income received	255,624	207,807
Interest expenses paid	(1,677,777)	(1,798,143)
Income taxes paid	(632,126)	(603,938)
Net cash provided by (used in) operating activities	12,098,229	14,441,220
<b>Cash flows from investing activities</b>		
Net decrease (increase) in short-term investment securities	5,715	—
Purchase of property, plant and equipment	(1,403,381)	(24,020,715)
Proceeds from sales of property, plant and equipment	—	7,615,437
Payments into time deposits	(41,000)	(26,000)
Proceeds from withdrawal of time deposits	341,000	41,000
Purchase of investment securities	(195,801)	(905)
Proceeds from sales and redemption of investment securities	188,942	21,930
Payments of loans receivable	(560,694)	(222,838)
Collection of loans receivable	36,636	—
Other	(371,553)	623
Net cash provided by (used in) investing activities	(2,000,136)	(16,591,467)

(Thousand yen)

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(756,490)	3,261,105
Proceeds from long-term loans payable	6,535,267	23,506,367
Repayments of long-term loans payable	(13,994,363)	(18,219,092)
Proceeds from issuance of bonds	1,068,518	682,448
Redemption of bonds	(1,226,000)	(1,200,000)
Cash dividends paid	(179,122)	(180,238)
Dividends paid to non-controlling interests	(5,080)	(749,080)
Purchase of treasury shares	(22)	—
Repayments of lease obligations	(79,158)	(449,282)
Other	(267,735)	25,078
Net cash provided by (used in) financing activities	(8,904,186)	6,677,306
Effect of exchange rate change on cash and cash equivalents	(38,535)	(236,400)
Net increase (decrease) in cash and cash equivalents	1,155,371	4,290,658
Cash and cash equivalents at beginning of period	13,297,566	14,452,937
Cash and cash equivalents at end of period	14,452,937	18,743,596

(5) Notes to the Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Segment Information)

[Segment Information]

1. Description of reportable segments

Reportable segments of the Company are determined as segments whose separate financial information is accessible from among the constituent units of the Company and are regularly examined by the Board of Directors to determine the allocation of management resources and to evaluate achievements.

The reportable segments of the Company are composed of three segments, which are international shipping business, hotel-related business, and real estate leasing business, and the Group companies of the Company conduct business activities in each of these segments.

In the international shipping business, the Company operates businesses relating to shipping, centered on a vessel leasing business, in addition to ship management operations. In the hotel-related business, the Company presently holds hotels and golf courses at various locations, and offers services related to these facilities. In the real estate leasing business, the Company conducts a rental space leasing business, centered on office buildings held by the Group.

2. Method of measurement for the amounts of net sales, profit (loss), assets, liabilities and other items for each reportable segment

The accounting method used for reporting business segments is generally the same as the method used for the preparation of consolidated financial statements.

3. Information on net sales, profit (loss), assets, liabilities and other items by reportable segment

For the fiscal year ended March 31, 2017

(Thousand yen)

	Reportable segment				Adjustment	Total
	International shipping business	Hotel-related business	Real estate leasing business	Total		
Net sales						
Net sales to outside customers	24,048,776	12,835,584	519,904	37,404,264	—	37,404,264
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	24,048,776	12,835,584	519,904	37,404,264	—	37,404,264
Segment profit	4,043,413	1,510,097	311,502	5,865,012	—	5,865,012
Segment assets	114,397,870	19,981,750	7,033,889	141,413,509	—	141,413,509
Segment liabilities	87,999,430	15,525,245	4,902,914	108,427,590	—	108,427,590
Other items						
Depreciation and amortization	8,246,397	855,413	98,143	9,199,955	—	9,199,955
Increase in property, plant and equipment and intangible fixed assets	3,848,937	523,858	17,292	4,390,087	—	4,390,087

(Note) Segment profit is equivalent to operating income in the Consolidated Statements of Income.

For the fiscal year ended March 31, 2018

(Thousand yen)

	Reportable segment				Adjustment	Total
	International shipping business	Hotel-related business	Real estate leasing business	Total		
Net sales						
Net sales to outside customers	28,770,348	12,466,322	531,524	41,768,196	—	41,768,196
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	28,770,348	12,466,322	531,524	41,768,196	—	41,768,196
Segment profit	3,874,258	1,389,661	327,282	5,591,203	—	5,591,203
Segment assets	126,978,443	19,328,168	7,205,048	153,511,660	—	153,511,660
Segment liabilities	99,309,272	15,188,971	2,810,276	117,308,520	—	117,308,520
Other items						
Depreciation and amortization	8,843,670	842,876	100,221	9,786,768	—	9,786,768
Increase in property, plant and equipment and intangible fixed assets	25,573,930	332,011	125,309	26,031,251	—	26,031,251

(Note) Segment profit is equivalent to operating income in the Consolidated Statements of Income.

4. Differences between amounts recognized in reporting segments and the corresponding amounts reported in the consolidated financial statements, and the primary items contributing to the difference

There is no relevant information.

[Information concerning impairment loss on noncurrent assets by reportable segment]

For the fiscal year ended March 31, 2017

(Thousand yen)

	Reportable segment			Corporate and elimination	Total
	International shipping business	Hotel-related business	Real estate leasing business		
Impairment loss	1,564,966	—	—	—	1,564,966

For the fiscal year ended March 31, 2018

(Thousand yen)

	Reportable segment			Corporate and elimination	Total
	International shipping business	Hotel-related business	Real estate leasing business		
Impairment loss	37,260	—	—	—	37,260

(Per Share Information)

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2018
Net assets per share	¥425.04	¥466.32
Basic earnings per share	¥35.35	¥55.29

(Notes) 1. Diluted earnings per share is not disclosed since there are no potentially dilutive shares.

2. The basis for the calculation of basic earnings per share is as follows.

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2018
Basic earnings per share		
Profit attributable to owners of parent (Thousand yen)	1,159,160	1,810,155
Amount not attributable to common shareholders (Thousand yen)	—	—
Profit attributable to owners of parent relating to common shares (Thousand yen)	1,159,160	1,810,155
Average number of shares of common shares outstanding during each fiscal year (Thousand shares)	32,788	32,736

3. The basis for the calculation of net assets per share is as follows.

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2018
Total net assets (Thousand yen)	32,985,919	36,203,140
Deductible amount from total net assets (Thousand yen)	19,071,564	20,937,331
[Non-controlling interests (Thousand yen)]	[19,071,564]	[20,937,331]
Net assets relating to common shares at end of year (Thousand yen)	13,914,355	15,265,809
Number of common shares for calculation of net assets per share at end of year (Thousand shares)	32,736	32,736

(Significant Subsequent Events)

There is no relevant information.