

# Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 [Japanese GAAP]



May 9, 2019

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 27, 2019  
 Scheduled date of commencing dividend payments: June 28, 2019  
 Scheduled date of filing annual securities report: June 27, 2019  
 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, 2019 (April 1, 2018 to March 31, 2019)

(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, 2019	42,604	2.0	4,927	(11.9)	4,378	(2.5)	2,049	13.2
March 31, 2018	41,768	11.7	5,591	(4.7)	4,491	(1.3)	1,810	56.2

(Note) Comprehensive income: Fiscal year ended March 31, 2019: ¥3,502 million [0.1%]

Fiscal year ended March 31, 2018: ¥3,498 million [99.8%]

	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, 2019	62.61	–	12.8	2.7	11.6
March 31, 2018	55.29	–	12.4	3.0	13.4

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2019: ¥690 million

Fiscal year ended March 31, 2018: ¥672 million

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2019	166,629	39,089	10.1	514.87
As of March 31, 2018	153,511	36,203	9.9	466.32

(Reference) Equity: As of March 31, 2019: ¥16,855 million

As of March 31, 2018: ¥15,265 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, 2019	13,975	(25,894)	9,653	16,223
March 31, 2018	14,441	(16,591)	6,677	18,743

## 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, 2018	–	–	–	5.00	5.00	179	9.0	1.1
March 31, 2019	–	–	–	5.00	5.00	179	8.0	1.0
Fiscal year ending March 31, 2020 (Forecast)	–	–	–	–	–		–	

(Note) Dividend forecast for fiscal year ending March 31, 2020 is not available at this point.

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% 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	21,000	4.5	2,000	3.6	1,500	(29.2)	500	(47.4)	15.27
Full year	43,400	1.9	4,500	(8.7)	3,100	(29.2)	1,400	(31.7)	42.77

### \* 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, 2019: 36,000,000 shares
    - March 31, 2018: 36,000,000 shares
  - 2) Total number of treasury shares at the end of the period:
    - March 31, 2019: 3,263,245 shares
    - March 31, 2018: 3,263,245 shares
  - 3) Average number of shares during the period:
    - Fiscal Year ended March 31, 2019: 32,736,755 shares
    - Fiscal Year ended March 31, 2018: 32,736,755 shares

(Reference) Summary of Non-consolidated Financial Results

**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)**

(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, 2019	10,969	8.2	671	3.9	1,014	58.7	689	57.4
March 31, 2018	10,136	24.6	646	28.3	639	(17.6)	437	(16.2)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended				
March 31, 2019	19.15		—	
March 31, 2018	12.17		—	

(2) Non-consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of March 31, 2019	22,285		6,515		29.2		181.04	
As of March 31, 2018	22,763		6,087		26.7		169.14	

(Reference) Equity: As of March 31, 2019: ¥6,515 million

As of March 31, 2018: ¥6,087 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 4 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.

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## 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, uncertainty increased in the global economy as trade friction between the U.S. and China intensified in the second half of the year, but expansion continued in developed countries centered on the U.S., and the global economic growth rate was around 3.7%.

The U.S. economy continued at a growth rate of around 3%, as personal consumption and capital investment remained firm, supported by increased government spending and tax cuts. The European economy is seeing continued moderate expansion, exceeding its potential growth rate. The Chinese economy continues to be sluggish due in part to a slowdown in capital investment resulting from the impact of debt reduction.

The Japanese economy remained firm due to continued recovery in the global economy centered on the U.S., a continued favorable employment environment, and steady personal consumption despite downward pressure from factors such as earthquakes, heavy rainfall, and other natural disasters.

In the fiscal year under review, the foreign exchange rate began at a level below ¥110, but subsequently trended toward yen depreciation, and was generally in the range of ¥110 to ¥113 to the U.S. dollar. While the U.S. economy remained favorable and the Federal Reserve Board (FRB) increasing interest rates caused the U.S. dollar to rise, the stabilization of long-term interest rates in the U.S. helped to control the dollar's appreciation.

#### <International shipping business>

VLCC (Very Large Crude Carrier) market at the beginning of the year remained weak, continuing from the previous year, and fell to a record low by around May, but rapid recovery was seen in the winter as seasonal demand increased in addition to progress being made in the scrapping of old vessels in the first half of the year. Product tanker market was still in a state of oversupply, but they are expected to gradually rise on the back of increased demand from developing countries, etc., for petroleum products.

In the bulk carrier market, the situation varied depending on the size. Large vessels recovered rapidly from below the mark of US\$10,000 at the beginning of the year to well above US\$20,000 in summer, but remained below US\$10,000 from February 2019. On the other hand, for small and medium-sized vessels, a stable rise was seen compared to large vessels due to an improvement of the supply and demand environment.

Car carrier market, although steady demand remained for transportation to the U.S., Europe and Asia at the same level as the previous fiscal year, except for a temporary decline in April, stayed at a low level overall due to the imbalance in supply and demand.

In the container ship market, while strong global shipments was seen and the overall situation remained generally stable, concern has increased in regard to the continued delivery of large vessels into the market impacting the future of supply and demand for vessels and the slowdown of cargo transportation due to the impact of economic friction between the U.S. and China.

Under these conditions, net sales in the international shipping business for the fiscal year under review were ¥29,932 million (an increase of 4.0% year on year). This is mainly attributable to an increase in the operation of vessels delivered or acquired in the previous fiscal year in addition to the new operation of three vessels, comprised of one tanker, one container ship, and one car carrier in the fiscal year under review. However, segment profit in the international shipping business was ¥3,341 million (a decrease of 13.8% year on year) due to an increase in docking expenses, etc.

#### <Hotel-related business>

In the hotel-related business, firm performance was recorded in the accommodation division, but some hotels were affected by the Hokkaido Eastern Iwate Earthquake that occurred in September 2018, and performance slightly fell below that of the previous year. Net sales in the hotel-related business were ¥12,144 million (a decrease of 2.6% year on year), and segment profit in the hotel-related business was ¥1,315 million

(a decrease of 5.3% year on year).

<Real estate leasing business>

Net sales in the real estate leasing business were ¥527 million (a decrease of 0.8% year on year), remaining at the level of the previous year, and segment profit in the real estate leasing business was ¥270 million (a decrease of 17.4% year on year) due to an increase in repair expenses for the Company's buildings.

As a result, for the fiscal year under review, net sales were ¥42,604 million (an increase of 2.0% year on year), operating income was ¥4,927 million (a decrease of 11.9% year on year), ordinary income was ¥4,378 million (a decrease of 2.5% year on year) in part due to recording ¥416 million of foreign exchange losses, and profit attributable to owners of parent amounted to ¥2,049 million (an increase of 13.2% 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 ¥13,117 million from the end of previous fiscal year to ¥166,629 million. This is mainly attributable to an increase in vessels due to the launch of newly-built ships and an increase in investment securities.

Liabilities increased by ¥10,231 million from end of previous fiscal year to ¥127,540 million. This is mainly attributable to an increase in loans payable due to the purchase of vessels. Furthermore, net assets increased by ¥2,885 million from the end of previous fiscal year to ¥39,089 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 decreased by ¥2,519 million from the end of previous fiscal year to ¥16,223 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 decreased by ¥465 million from the previous fiscal year to ¥13,975 million. This is mainly attributable to ¥4,434 million of profit before income taxes which was adjusted with ¥10,515 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 ¥9,302 million from the previous fiscal year to ¥25,894 million. This is mainly attributable to the payment of ¥22,802 million of expenses for new shipbuilding.

(Cash flows from financing activities)

Net cash provided by financing activities as of the end of the fiscal year under review increased by ¥2,976 million from the previous fiscal year to ¥9,653 million. This is mainly attributable to the difference of ¥14,055 million between the sum of proceeds from long-term loans payable and proceeds from issuance of bonds of ¥31,829 million, and repayments of long-term loans payable and redemption of bonds of ¥17,773 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 risks for both developed and emerging countries. The U.S. economy is expected to continue expanding with growing personal consumption backed by improvement in employment and wages, but uncertainty remains in regard to situations such as the possibility of prolonged trade friction between the U.S. and China and slowdown accompanying the expiration of fiscal stimulus measures. The European economy is expected to continue to grow steadily through recovery in exports, but still vigilance is required in regard to the risk of political turmoil such as to trends in negotiations on the UK's exit from the European Union. The Chinese economy is likely to see a downward trend in exports due to the strengthening of U.S. sanctions, and the growth rate is expected to continue to decline due to the impact of trade friction. The Japanese economy is expected to see a continued trend of firm performance and expansion of personal consumption due to improvements in employment, despite concern over the impact of the consumption tax increasing. Due to the concern over the yen's rapid appreciation trend triggered by the increased risk of slowdown in the global economy and external factors, careful attention continues to be required.

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 delivered in the fiscal year under review will increase and one new vessel will begin operating in the next fiscal year, net sales are expected to be ¥30,500 million and segment profit in the business is expected to be ¥2,800 million due in part to estimates calling for a stronger yen for the average foreign exchange rate in addition to an increase in docking expenses compared to the current fiscal year. From the next fiscal year 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 the medium-to long-term time charter. Going forward, for safe vessel operation, active initiatives will be taken to maintain 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 ¥12,400 million and ¥1,400 million, respectively, unchanged from the fiscal year under review. In order to secure the employment of personnel, the Company will actively accept foreign employees and continue to provide a better working environment by giving thought to reforms in working styles.

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 ¥300 million.

As a result of the above, the Company expects full-year consolidated net sales of ¥43,400 million (an increase of 1.9% compared with the current fiscal year), consolidated operating income of ¥4,500 million (a decrease of 8.7% compared with the current fiscal year), consolidated ordinary income of ¥3,100 million (a decrease of 29.2% compared with the current fiscal year), and profit attributable to owners of parent of ¥1,400 million (a decrease of 31.7% compared with the current fiscal year). Furthermore, the Company projects the foreign exchange rate for next year to shift toward ¥105 to the U.S. dollar.

## 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, 2018	As of March 31, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	18,769,596	16,471,715
Accounts receivable - trade	838,358	839,769
Merchandise and finished goods	28,253	27,405
Raw materials and supplies	746,169	720,042
Other	2,426,713	2,691,877
Total current assets	22,809,090	20,750,810
Noncurrent assets		
Property, plant and equipment		
Vessels, net	93,521,014	102,070,321
Buildings and structures, net	12,501,130	12,346,029
Land	8,430,474	8,679,167
Construction in progress	2,198,625	5,378,500
Other, net	576,809	471,546
Total property, plant and equipment	117,228,055	128,945,564
Intangible assets		
Other	87,528	85,744
Total intangible assets	87,528	85,744
Investments and other assets		
Investment securities	10,513,094	13,907,502
Long-term loans receivable	833,220	895,165
Deferred tax assets	1,006,323	992,167
Other	1,034,348	1,052,307
Total investments and other assets	13,386,986	16,847,142
Total noncurrent assets	130,702,570	145,878,451
<b>Total assets</b>	<b>153,511,660</b>	<b>166,629,261</b>

(Thousand yen)

	As of March 31, 2018	As of March 31, 2019
<b>Liabilities</b>		
Current liabilities		
Accounts payable - shipping	1,451,677	1,544,406
Current portion of bonds	1,172,000	1,095,500
Short-term loans payable	28,278,036	26,400,206
Lease obligations	2,275,872	178,498
Accounts payable - other	905,757	943,583
Income taxes payable	385,254	336,849
Provision for bonuses	45,368	50,799
Other	3,071,080	4,443,856
Total current liabilities	37,585,047	34,993,699
Noncurrent liabilities		
Bonds payable	3,236,500	2,606,000
Long-term loans payable	67,174,489	80,929,529
Lease obligations	2,562,758	2,347,065
Deferred tax liabilities	370,796	191,952
Deferred tax liabilities for land revaluation	1,043,086	1,043,086
Provision		
Provision for directors' retirement benefits	238,771	235,494
Provision for periodic dry docking of vessels	1,526,327	2,013,784
Total provisions	1,765,099	2,249,278
Net defined benefit liability	340,992	352,701
Liabilities from application of equity method	1,047,202	1,035,790
Other	2,182,548	1,791,061
Total noncurrent liabilities	79,723,473	92,546,465
Total liabilities	117,308,520	127,540,164
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,800,000	1,800,000
Capital surplus	21,128	21,128
Retained earnings	10,736,493	12,606,156
Treasury shares	(675,520)	(675,520)
Total shareholders' equity	11,882,102	13,751,764
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	625,473	513,140
Deferred gains or losses on hedges	(321,616)	(329,896)
Revaluation reserve for land	1,906,276	1,906,276
Foreign currency translation adjustment	1,173,573	1,013,991
Total accumulated other comprehensive income	3,383,706	3,103,510
Non-controlling interests	20,937,331	22,233,821
Total net assets	36,203,140	39,089,096
Total liabilities and net assets	153,511,660	166,629,261

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

(Thousand yen)

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
Net sales	41,768,196	42,604,106
Cost of sales	32,396,286	33,523,392
Gross profit	9,371,909	9,080,713
Selling, general and administrative expenses	3,780,706	4,153,069
Operating income	5,591,203	4,927,644
Non-operating income		
Interest income	64,141	87,485
Dividend income	56,532	104,236
Foreign exchange gains	—	416,964
Equity in earnings of affiliates	672,412	690,368
Other	359,282	262,671
Total non-operating income	1,152,368	1,561,726
Non-operating expenses		
Interest expenses	1,713,815	1,901,672
Foreign exchange losses	223,758	—
Other	314,440	209,299
Total non-operating expenses	2,252,014	2,110,971
Ordinary income	4,491,557	4,378,399
Extraordinary income		
Other	—	55,670
Total extraordinary income	—	55,670
Extraordinary loss		
Impairment loss	37,260	—
Total extraordinary losses	37,260	—
Profit before income taxes	4,454,296	4,434,069
Income taxes - current	606,738	609,846
Income taxes - deferred	(331,309)	(92,972)
Total income taxes	275,428	516,874
Profit	4,178,868	3,917,194
Profit attributable to non-controlling interests	2,368,712	1,867,591
Profit attributable to owners of parent	1,810,155	2,049,603

## Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
Profit	4,178,868	3,917,194
Other comprehensive income		
Valuation difference on available-for-sale securities	20,956	(136,524)
Deferred gains or losses on hedges	(61,297)	136,889
Foreign currency translation adjustment	(450,808)	(266,792)
Share of other comprehensive income of entities accounted for using equity method	(189,477)	(147,789)
Total other comprehensive income	(680,626)	(414,216)
Comprehensive income	3,498,241	3,502,977
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,531,394	1,769,406
Comprehensive income attributable to non-controlling interests	1,966,846	1,733,570

(3) Consolidated Statements of Changes in Net Assets  
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
Changes of items during period					
Dividends of surplus			(179,941)		(179,941)
Profit attributable to owners of parent			1,810,155		1,810,155
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
Changes of items during period							
Dividends of surplus							(179,941)
Profit attributable to owners of parent							1,810,155
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

For the fiscal year ended March 31, 2019

(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	10,736,493	(675,520)	11,882,102
Changes of items during period					
Dividends of surplus			(179,941)		(179,941)
Profit attributable to owners of parent			2,049,603		2,049,603
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,869,662	—	1,869,662
Balance at end of current period	1,800,000	21,128	12,606,156	(675,520)	13,751,764

	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	625,473	(321,616)	1,906,276	1,173,573	3,383,706	20,937,331	36,203,140
Changes of items during period							
Dividends of surplus							(179,941)
Profit attributable to owners of parent							2,049,603
Net changes of items other than shareholders' equity	(112,333)	(8,280)	—	(159,582)	(280,196)	1,296,490	1,016,294
Total changes of items during period	(112,333)	(8,280)	—	(159,582)	(280,196)	1,296,490	2,885,956
Balance at end of current period	513,140	(329,896)	1,906,276	1,013,991	3,103,510	22,233,821	39,089,096

## (4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,454,296	4,434,069
Depreciation and amortization	9,786,768	10,515,360
Impairment loss	37,260	—
Interest and dividend income	(120,673)	(191,722)
Loss (gain) on sales and retirement of property, plant and equipment	109,886	18,135
Interest expenses	1,713,815	1,901,672
Foreign exchange losses (gains)	264,542	(390,637)
Loss (gain) on investments in silent partnership	(46,227)	(40,212)
Loss (gain) on valuation of derivatives	(55,839)	(41,134)
Equity in earnings losses of affiliates	(672,412)	(690,368)
Increase (decrease) in provision for directors' retirement benefits	(32,369)	(3,277)
Increase (decrease) in net defined benefit liability	33,982	11,709
Increase (decrease) in provision for periodic dry docking of vessels	545,337	487,456
Increase (decrease) in advances received	(60,793)	139,160
Decrease (increase) in inventories	2,335	26,975
Decrease (increase) in consumption taxes refund receivable	(42,193)	(4,459)
Increase (decrease) in accounts payable - shipping	329,111	92,729
Decrease (increase) in other current assets	(94,545)	(391,868)
Other	483,212	540,612
Subtotal	16,635,494	16,414,199
Interest and dividend income received	207,807	167,583
Interest expenses paid	(1,798,143)	(1,964,928)
Income taxes paid	(603,938)	(641,578)
Net cash provided by (used in) operating activities	14,441,220	13,975,276
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(24,020,715)	(22,802,255)
Proceeds from sales of property, plant and equipment	7,615,437	1,761
Payments into time deposits	(26,000)	(248,040)
Proceeds from withdrawal of time deposits	41,000	26,000
Purchase of investment securities	(905)	(3,074,837)
Proceeds from sales and redemption of investment securities	21,930	19,992
Payments of loans receivable	(222,838)	(120,000)
Collection of loans receivable	—	333,060
Other	623	(30,102)
Net cash provided by (used in) investing activities	(16,591,467)	(25,894,421)

(Thousand yen)

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	3,261,105	(1,844,303)
Proceeds from long-term loans payable	23,506,367	31,340,389
Repayments of long-term loans payable	(18,219,092)	(16,566,439)
Proceeds from issuance of bonds	682,448	488,960
Redemption of bonds	(1,200,000)	(1,207,000)
Cash dividends paid	(180,238)	(179,304)
Dividends paid to non-controlling interests	(749,080)	(437,080)
Repayments of lease obligations	(449,282)	(2,313,066)
Other	25,078	371,613
Net cash provided by (used in) financing activities	6,677,306	9,653,768
Effect of exchange rate change on cash and cash equivalents	(236,400)	(254,543)
Net increase (decrease) in cash and cash equivalents	4,290,658	(2,519,920)
Cash and cash equivalents at beginning of period	14,452,937	18,743,596
Cash and cash equivalents at end of period	18,743,596	16,223,675

(5) Notes to the Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Additional Information)

Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. (Accounting Standards Board of Japan Statement No. 28; February 16, 2018) have been applied from the beginning of the fiscal year under review. Accordingly, deferred tax assets are presented under investments and other assets, and deferred tax liabilities are presented under noncurrent liabilities.

(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, 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.

For the fiscal year ended March 31, 2019

(Thousand yen)

	Reportable segment				Adjustment	Total
	International shipping business	Hotel-related business	Real estate leasing business	Total		
Net sales						
Net sales to outside customers	29,932,337	12,144,277	527,490	42,604,106	—	42,604,106
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	29,932,337	12,144,277	527,490	42,604,106	—	42,604,106
Segment profit	3,341,400	1,315,938	270,304	4,927,644	—	4,927,644
Segment assets	140,375,271	19,196,876	7,057,113	166,629,261	—	166,629,261
Segment liabilities	110,426,977	14,024,523	3,088,664	127,540,164	—	127,540,164
Other items						
Depreciation and amortization	9,618,281	797,008	100,069	10,515,360	—	10,515,360
Increase in property, plant and equipment and intangible fixed assets	22,126,215	571,639	234,584	22,932,439	—	22,932,439

(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, 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

For the fiscal year ended March 31, 2019

Impairment loss did not occur.

(Per Share Information)

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
Net assets per share	¥466.32	¥514.87
Basic earnings per share	¥55.29	¥62.61

(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, 2018	For the fiscal year ended March 31, 2019
Basic earnings per share		
Profit attributable to owners of parent (Thousand yen)	1,810,155	2,049,603
Amount not attributable to common shareholders (Thousand yen)	—	—
Profit attributable to owners of parent relating to common shares (Thousand yen)	1,810,155	2,049,603
Average number of shares of common shares outstanding during each fiscal year (Thousand shares)	32,736	32,736

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

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
Total net assets (Thousand yen)	36,203,140	39,089,096
Deductible amount from total net assets (Thousand yen)	20,937,331	22,233,821
[Non-controlling interests (Thousand yen)]	[20,937,331]	[22,233,821]
Net assets relating to common shares at end of year (Thousand yen)	15,265,809	16,855,275
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.