

Summary of Consolidated Financial Results [IFRS] for the Fiscal Year Ended March 31, 2018

April 27, 2018

Listed Company: **Hitachi Transport System, Ltd.** Stock Exchange: First Section of Tokyo
 Code Number: 9086 URL: <http://www.hitachi-transportssystem.com/en/>
 Representative: Yasuo Nakatani, President and Chief Executive Officer
 Person in charge: Isao Takaoka, General Manager of Public Relations Department, Corporate Strategy Office
 Date of the Annual General Meeting of Shareholders (Schedule): June 19, 2018
 Date of the Start of Dividend Payment (Schedule): June 4, 2018
 Date of the Release of Annual Securities Report (Schedule): June 20, 2018
 Creates supplementary materials for annual financial results: Yes
 Briefing held on annual settlement of accounts: Yes (for analysts, institutional investors and press)

(Figures are rounded off to the nearest million yen)

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

(1) Consolidated Financial Results (Cumulative) (% indicates the percentage change over year)

	Revenues		Adjusted operating income ¹		EBIT ²		Income before income taxes		Net income		Net income attributable to stockholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2018	700,391	5.3	29,803	1.1	33,093	4.9	32,262	6.2	22,108	11.0	20,916	11.8
March 31, 2017	665,377	(2.2)	29,466	4.0	31,555	13.6	30,385	12.9	19,919	28.5	18,703	33.5

	Basic earnings per share attributable to stockholders of the parent company	ROE ³	ROA ⁴	Adjusted operating income ratio	EBIT ratio
	Yen	%	%	%	%
March 31, 2018	187.50	10.7	3.8	4.3	4.7
March 31, 2017	167.66	10.3	3.7	4.4	4.7

(Reference) Share of profit of investments accounted for using equity method

April 1, 2017 to March 31, 2018: 5,557 million yen April 1, 2016 to March 31, 2017: 3,741 million yen

*1. [Adjusted operating income] = [Revenues] - [Cost of sales] - [Selling, general and administrative expenses]

*2. EBIT (Earnings Before Interest and Taxes) = [Income before income taxes] - [Interest income] + [Interest expenses]

*3. ROE = [Net income attributable to stockholders of the parent company] / [Total equity attributable to stockholders of the parent company (Average between the end of current fiscal year and the end of previous fiscal year)] × 100

*4. ROA = [Net income attributable to stockholders of the parent company] / [Total assets (Average between the end of current fiscal year and the end of previous fiscal year)] × 100

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to stockholders of the parent company	Total equity attributable to stockholders of the parent company ratio	Total equity per share attributable to stockholders of the parent company
	Million yen	Million yen	Million yen	%	Yen
March 31, 2018	564,903	208,291	204,328	36.2	1,831.72
March 31, 2017	549,924	190,919	187,482	34.1	1,680.70

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financial activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
March 31, 2018	27,924	(6,178)	(16,445)	63,497
March 31, 2017	26,372	(69,004)	55,592	57,483

2. Dividends

	Dividend per share					Total dividend (Annual)	Dividend payout ratio (Consolidated)	Dividend ratio of equity attributable to stockholders of the parent company (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Total			
March 31, 2017	Yen —	Yen 17.00	Yen —	Yen 17.00	Yen 34.00	Million yen 3,793	% 20.3	% 2.1
March 31, 2018	—	18.00	—	18.00	36.00	4,016	19.2	2.0
March 31, 2019 (Forecasts)	—	19.00	—	20.00	39.00		20.2	

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

(% indicates the percentage change over year)

	Revenues		Adjusted operating income		EBIT		Income before income taxes		Net income		Net income attributable to stockholders of the parent company	Basic earnings per share attributable to stockholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
Full year	710,000	1.4	31,000	4.0	34,700	4.9	33,600	4.1	22,900	3.6	21,500	2.8	Yen 192.74

* Notes

(1) Changes in significant subsidiaries during the term (Change in specified subsidiaries causing changes in scope of consolidation):
None

(2) Changes in accounting policies, accounting estimates and retrospective restatements

(a) Changes in accounting policies required by IFRS: None

(b) Changes other than (a) above: None

(c) Changes in accounting estimates: None

(3) Number of Shares Issued (Common Stock)

(a) Number of shares at the end of the term (Including treasury stock)

As of March 31, 2018: 111,776,714 shares,

As of March 31, 2017: 111,776,714 shares

(b) Number of treasury stock at the end of the term

As of March 31, 2018: 226,948 shares,

As of March 31, 2017: 226,728 shares

(c) Average number of shares during the term

Year ended March 31, 2018: 111,549,885 shares,

Year ended March 31, 2017: 111,550,171 shares

(Note) Summary of Consolidated Financial Results is outside the scope of an audit by certified public accountants or an audit corporation.

(Note) Explanation on the appropriate use of financial forecasts and other important items

- The financial forecasts shown on this report are estimated based on information available as of the issuing date of this report, and therefore the actual results for the future terms may differ from these forecasted figures due to various unknown factors. For the assumptions for forecasts and cautions regarding the use of the forecasts, please refer to "1. Summary of Operating Results, etc." on Page 2.
- The Company plans to post the supplementary material and the presentation material on financial results on the Company's website promptly after the financial results briefing.

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1. Summary of Operating Results, etc.

(1) Summary of Operating Results for the Fiscal Year Ended March 31, 2018

For the fiscal year ended March 31, 2018, consolidated financial results of the Hitachi Transport System Group (herein called “the Group”) are as follows.

(Million yen)

	Year Ended March 31, 2017	Year Ended March 31, 2018	Y on Y change
Revenues	665,377	700,391	105%
Adjusted operating income	29,466	29,803	101%
EBIT	31,555	33,093	105%
Net income attributable to stockholders of the parent company	18,703	20,916	112%

Revenues increased by 5% year-on-year to ¥700,391 million, and adjusted operating income, EBIT, and net income attributable to stockholders of the parent company also increased by 1%, 5%, and 12% year-on-year, to ¥29,803 million, ¥33,093 million, and ¥20,916 million respectively.

Results by business segment during the fiscal year are as follows.

【Domestic logistics business】

(Million yen)

	Year Ended March 31, 2017	Year Ended March 31, 2018	Y on Y change
Revenues	411,796	417,835	101%
Segment profit (Adjusted operating income)	21,830	21,740	100%

Revenues of domestic logistics business increased by 1% year-on-year to ¥417,835 million due to full-scale operations of new projects launched in the previous fiscal year (retail products and foods, etc.) and the effects of collaborative innovation with business partners.

Segment profit remained flat year-on-year and was ¥21,740 million mainly due to upfront investments for the next generation/advanced technologies and working method transformation despite revenues increase and the effects of productivity enhancements.

【Global logistics business】

(Million yen)

	Year Ended March 31, 2017	Year Ended March 31, 2018	Y on Y change
Revenues	231,727	260,285	112%
Segment profit (Adjusted operating income)	5,693	6,280	110%

Revenues of global logistics business increased by 12% year-on-year to ¥260,285 million due to the recovery in handling volume in forwarding business especially in overseas, full-scale operations of new projects launched in the previous fiscal year (automobile and apparel-related), and positive impact of foreign exchange rates.

Segment profit increased by 10% year-on-year to ¥6,280 million due to the effect of revenues increase.

【Other services (logistics related businesses)】

(Million yen)

	Year Ended March 31, 2017	Year Ended March 31, 2018	Y on Y change
Revenues	21,854	22,271	102%
Segment profit (Adjusted operating income)	1,943	1,783	92%

Revenues of other services remained flat year-on-year and were ¥22,271 million.

Segment profit decreased by 8% year-on-year to ¥1,783 million due to a decrease in volume of automobile maintenance business.

(2) Summary of Financial Position as of March 31, 2018

Total assets as of March 31, 2018 amounted to ¥564,903 million, an increase of ¥14,979 million compared with the end of the previous fiscal year. Current assets increased by ¥15,290 million due to increases of ¥10,387 million in trade receivables and ¥6,014 million in cash and cash equivalents. Non-current assets decreased by ¥311 million because of a decrease of ¥2,933 million in intangible assets despite an increase of ¥3,831 million in investments accounted for using the equity method.

Total liabilities as of March 31, 2018 amounted to ¥356,612 million, a decrease of ¥2,393 million compared with the end of the previous fiscal year. Current liabilities decreased by ¥3,318 million due to decrease of ¥17,474 million in other financial liabilities despite increases of ¥9,663 million in current portion of long-term debt and ¥3,292 million in trade payables. Non-current liabilities increased by ¥925 million due to increases of ¥10,980 million in other financial liabilities and ¥1,309 million in other non-current liabilities despite a decrease of ¥11,670 million in long-term debt.

Total equity as of March 31, 2018 amounted to ¥208,291 million, an increase of ¥17,372 million compared with the end of the previous fiscal year. Total equity attributable to stockholders of the parent company ratio increased from 34.1% at the end of the previous fiscal year to 36.2%.

(3) Summary of Cash Flows for the Fiscal Year Ended March 31, 2018

Cash and cash equivalents (herein called “cash”) as of March 31, 2018 was ¥63,497 million, an increase of ¥6,014 million from March 31, 2017.

Cash flows from each activity for the year ended March 31, 2018 and their significant components are as follows:

Net cash provided by operating activities was ¥27,924 million, an increase of ¥1,552 million compared with the fiscal year ended March 31, 2017. This is mainly due to an increase in cash from net income of ¥22,108 million and depreciation and amortization of ¥19,030 million, partly offset by a decrease in cash from increase in trade receivables of ¥9,667 million, and share of profits of investments accounted for using the equity methods of ¥5,557 million.

Net cash used in investing activities was ¥6,178 million, a decrease of ¥62,826 million compared with the fiscal year ended March 31, 2017. This is mainly due to an increase in cash from proceeds from sale of property, plant and equipment and intangible assets of ¥5,485 million, and a decrease in cash from purchase of property, plant and equipment and intangible assets of ¥12,197 million.

Net cash used in financing activities was ¥16,445 million, an increase of ¥72,037 million compared with the fiscal year ended March 31, 2017. This is mainly due to a decrease in cash from purchase of shares of consolidated subsidiaries from non-controlling interests of ¥7,484 million, repayments of lease obligations of ¥4,849 million, and dividends paid to stockholders of the parent company of ¥3,904 million.

(4) Outlook for the Future

While the global economy continues to show a growth trend, attention must still be paid to concerns over a shift to protectionism/block economies and geopolitical risks, etc. In Japan, especially in the logistics industry, the business environment is becoming severe due to intensifying competitions across industries caused by labor shortage and expansion of EC market.

Under these circumstances, the Group will strive to achieve the following targets during the year ending March 31, 2019 which is the final year of the Mid-term Management Plan.

- Forecasts for the fiscal year ending March 31, 2019

Revenues:	¥710 billion
Adjusted operating income:	¥31.0 billion
EBIT:	¥34.7 billion
Net income attributable to stockholders of the parent company:	¥21.5 billion

The Hitachi Transport System Group will exceed the domain of smart logistics and start our new business concept “LOGISTEED” which reflects the Group’s commitment toward our brand slogan “Taking on the Future.”

*[LOGISTEED]: LOGISTICS + Exceed, Proceed, Succeed & Speed

LOGISTEED is a word representing our determination to lead businesses to new domain beyond the conventional domain of logistics.

(5) Basic Policy of Management

1) Basic Policy of Management

Under the corporate philosophy “to deliver high-quality services that will help make the world a better place for people and nature for generations to come,” the Hitachi Transport System Group aims to become the most preferred solution provider for all of our stakeholders, including customers, shareholders, and employees, in the sophisticated, diversified and wide-ranging global supply chain, and strives to achieve sustainable growth by solving issues and creating “values” through various “collaborative innovation.”

2) Medium-to-Long-Term Management Strategies

[Basic Policy]

The Hitachi Transport System Group started Mid-term Management Plan (FY2017-FY2018) “Value Creation 2018” in April 2016. Under the Mid-term Management Plan, based on the basic strategy for our core businesses to “Drive thorough enhancement of 3PL business and increase market share,” “Enhance forwarding business” and “Enhance Heavy Machinery and Plant Logistics,” we strive to create “values” by invigorating “collaborative innovation” with our customers and business partners and also to improve the Group’s corporate value by enhancing our “Earning capability” and “Growing power” as well as “Sustainable capability” these abilities.

[Priority Measures]

Amid a breakthrough in technologies including “IoT,” “AI (Artificial Intelligence),” “Robotics” and diversification of services, methods and values in the society such as “FinTech” and “Sharing Economy,” we will promote various measures to achieve new innovations by expanding collaborative areas across businesses and industries, with “enhancement of logistics as a function” as our core target.

i. Enhance and evolve our 3PL business

(i) Enhance domestic 3PL business

- a. We will enhance delivery solution. (expand “B to B” business to “B to B to C” business)
- b. We will accelerate the development of region-based business under the leadership of regional business companies.
- c. We will implement new smart logistics technologies to improve on-site operation and differentiation.
- d. We will establish and implement standard 3PL model to expand industry-based (medical, automotive, distribution and daily commodities, etc.) and area-based Platform Business.

(ii) Enhance overseas 3PL business

[Asia] We will expand truck network (expand cross-border logistics within the area, etc.) and cold chain logistics.

[North America] We will expand 3PL business of automobile parts by enhancing NAFTA transportation network and start operation of a next generation distribution center. (Non-Auto field)

[Europe] We will expand intermodal business from Turkey. (to Northern Europe and Central Asia)

[China] We will expand business in inland area. (Xian, Chongqing and Chengdu)

(iii) Evolve into a SCM partner from a logistics partner

Design the best SCM network through consulting capability and 3PL management capability.

ii. Enhance Heavy Machinery and Plant Logistics

- (i) We will increase domestic and overseas orders of social infrastructure-related business such as electricity/energy, transportation and industrial/production equipment.
- (ii) We will expand plant 3PL business and plant logistics/environment business.

iii. Enhance forwarding business

- (i) We will improve profitability and enhance offshore business through globally-unified management.
- (ii) We will expand project forwarding by combining 3PL, Heavy Machinery and Plant Logistics.

iv. Promote collaborative innovation and collaboration to realize seamless general logistics service

- (i) Promote collaborative innovation and collaboration with SG Holdings
- (ii) Promote vertical and horizontal collaboration in logistics/supply chain
- (iii) Implement a portfolio strategy suitable for business domain

- v. Continue to work on working-style reform
“Secure, retain and foster human resources” and “Improve productivity” through measures such as “Diversity & Inclusion,” “Standardize systems (improve workers’ treatment),” “Improve on-site environment including logistics centers” and “Education for all employees.”

- vi. Behavior based on corporate ethics
 - (i) We will promote various initiatives focusing on corporate social responsibility (CSR) in ESG (Environment, Society and Governance)
 - (ii) We will ensure to bear in mind the notion of “Basics and Ethics.” (Enhance compliance and governance)
 - (iii) We will promote enhancement of “Logistics quality,” “Information security,” “AEO/export management” and “Green logistics,” etc.
 - (iv) We will promote preventive maintenance measures under the slogans of “Safety is of the Highest Priority” and “Safety Management by Walking Around. Stop and Remove Unsafe Conditions.”

2. Basic Stance on Accounting Standard Selection

The Group adopted IFRS voluntarily for its consolidated financial statements contained in the Annual Securities Report for the fiscal year ended March 31, 2015, with the aim to respond to globalization, establish the unified performance evaluation criteria of the Group, standardize operations and improve management efficiency.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Statement of Financial Position

(Million yen)

	As of March 31, 2017	As of March 31, 2018
(Assets)		
Current assets		
Cash and cash equivalents	57,483	63,497
Trade receivables	125,600	135,987
Inventories	1,466	1,711
Other financial assets	7,086	7,868
Other current assets	13,227	11,089
Total current assets	204,862	220,152
Non-current assets		
Investments accounted for using the equity method	71,518	75,349
Property, plant and equipment	177,520	175,015
Goodwill	28,067	27,869
Intangible assets	34,766	31,833
Deferred tax assets	8,193	8,466
Other financial assets	16,858	18,320
Other non-current assets	8,140	7,899
Total non-current assets	345,062	344,751
Total assets	549,924	564,903

(Million yen)

	As of March 31, 2017	As of March 31, 2018
(Liabilities)		
Current liabilities		
Trade payables	51,786	55,078
Short-term debt	8,557	10,747
Current portion of long-term debt	5,644	15,307
Income tax payable	7,253	6,782
Other financial liabilities	<u>46,523</u>	<u>29,049</u>
Other current liabilities	31,347	30,829
Total current liabilities	<u>151,110</u>	<u>147,792</u>
Non-current liabilities		
Long-term debt	149,914	138,244
Retirement and severance benefits	31,187	32,077
Deferred tax liabilities	11,481	10,897
Other financial liabilities	<u>12,741</u>	<u>23,721</u>
Other non-current liabilities	2,572	3,881
Total non-current liabilities	<u>207,895</u>	<u>208,820</u>
Total liabilities	<u>359,005</u>	<u>356,612</u>
(Equity)		
Equity attributable to stockholders of the parent company		
Common stock	16,803	16,803
Retained earnings	<u>171,633</u>	<u>186,373</u>
Accumulated other comprehensive income	(774)	<u>1,333</u>
Treasury stock, at cost	(180)	(181)
Total equity attributable to stockholders of the parent company	<u>187,482</u>	<u>204,328</u>
Non-controlling interests	<u>3,437</u>	<u>3,963</u>
Total equity	<u>190,919</u>	<u>208,291</u>
Total liabilities and equity	549,924	564,903

(2) Consolidated Statement of Profit or Loss and Comprehensive Income

Consolidated Statement of Profit or Loss

(Million yen)

	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Revenues	665,377	700,391
Cost of sales	(590,126)	(620,011)
Gross profit	75,251	80,380
Selling, general and administrative expenses	(45,785)	(50,577)
Adjusted operating income	29,466	29,803
Other income	3,118	3,461
Other expenses	(4,377)	(3,998)
Operating income	28,207	29,266
Financial income	103	88
Financial expenses	(496)	(1,818)
Share of profits of investments accounted for using the equity method	3,741	5,557
Earnings before interest and tax	31,555	33,093
Interest income	762	1,031
Interest expenses	(1,932)	(1,862)
Income before income taxes	30,385	32,262
Income taxes	(10,466)	(10,154)
Net income	19,919	22,108
Attributable to:		
Stockholders of the parent company	18,703	20,916
Non-controlling interests	1,216	1,192

	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Earnings per share attributable to stockholders of the parent company		
Basic	¥167.66	¥187.50
Diluted	—	—

Consolidated Statement of Comprehensive Income

(Million yen)

	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Net income	19,919	22,108
Other comprehensive income (OCI)		
Items not to be reclassified into net income		
Net changes in financial assets measured at fair value through OCI	(171)	457
Remeasurements of defined benefit plans	374	(60)
Share of OCI of investments accounted for using the equity method	(18)	123
Total items not to be reclassified into net income	185	520
Items that can be reclassified into net income		
Foreign currency translation adjustments	(2,653)	1,798
Net changes in cash flow hedges	36	—
Share of OCI of investments accounted for using the equity method	(58)	5
Total items that can be reclassified into net income	(2,675)	1,803
Other comprehensive income (OCI)	(2,490)	2,323
Comprehensive income	17,429	24,431
Attributable to:		
Stockholders of the parent company	16,846	22,486
Non-controlling interests	583	1,945

(3) Consolidated Statement of Changes in Equity

(Million yen)

Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)							
					Total equity attributable to stockholders of the parent company	Non-controlling interests	Total equity
	Common stock	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost			
Balance at beginning of year	16,803	<u>157,362</u>	<u>1,558</u>	(180)	<u>175,543</u>	<u>3,009</u>	<u>178,552</u>
Changes in equity							
Net income	—	18,703	—	—	18,703	1,216	19,919
Other comprehensive income	—	—	(1,857)	—	(1,857)	(633)	(2,490)
Dividends	—	(3,569)	—	—	(3,569)	(96)	(3,665)
Acquisition and sales of treasury stock	—	—	—	(0)	(0)	—	(0)
<u>Changes in liabilities for written put options over non-controlling interests</u>	<u>—</u>	<u>(863)</u>	<u>(475)</u>	<u>—</u>	<u>(1,338)</u>	<u>(59)</u>	<u>(1,397)</u>
Total changes in equity	—	<u>14,271</u>	<u>(2,332)</u>	(0)	<u>11,939</u>	<u>428</u>	<u>12,367</u>
Balance at end of year	16,803	<u>171,633</u>	<u>(774)</u>	(180)	<u>187,482</u>	<u>3,437</u>	<u>190,919</u>

(Million yen)

Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)							
					Total equity attributable to stockholders of the parent company	Non-controlling interests	Total equity
	Common stock	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost			
Balance at beginning of year	16,803	<u>171,633</u>	<u>(774)</u>	(180)	<u>187,482</u>	<u>3,437</u>	<u>190,919</u>
Changes in equity							
Net income	—	20,916	—	—	20,916	1,192	22,108
Other comprehensive income	—	—	1,570	—	1,570	753	2,323
Transactions with non-controlling interests	—	—	(64)	—	(4,927)	(2,666)	(7,593)
Dividends	—	(3,904)	—	—	(3,904)	(131)	(4,035)
Transfer to retained earnings	—	10	(10)	—	—	—	—
Acquisition and sales of treasury stock	—	—	—	(1)	(1)	—	(1)
<u>Changes in liabilities for written put options over non-controlling interests</u>	<u>—</u>	<u>(2,291)</u>	<u>547</u>	<u>—</u>	<u>(1,744)</u>	<u>(1,166)</u>	<u>(2,910)</u>
Total changes in equity	—	<u>14,740</u>	<u>2,107</u>	(1)	<u>16,846</u>	<u>526</u>	<u>17,372</u>
Balance at end of year	16,803	<u>186,373</u>	<u>1,333</u>	(181)	<u>204,328</u>	<u>3,963</u>	<u>208,291</u>

(4) Consolidated Statement of Cash Flows

(Million yen)

	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Cash flows from operating activities		
Net income	19,919	22,108
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	18,741	19,030
Impairment losses	2,190	1,254
Reversals of impairment losses	(461)	—
Share of profits of investments accounted for using the equity method	(3,741)	(5,557)
Income taxes	10,466	10,154
Increase (decrease) in retirement and severance benefits	(43)	863
Interest and dividends income	(849)	(1,117)
Interest expenses	1,932	1,862
Gain on sale of property, plant and equipment	(2,151)	(2,780)
Increase in trade receivables	(7,942)	(9,667)
Increase in inventories	(356)	(227)
Increase in trade payables	3,620	2,738
Decrease in other assets and liabilities	(1,840)	(2,596)
Other	1,377	956
Subtotal	40,862	37,021
Interest and dividends received	1,081	2,917
Interest paid	(1,890)	(1,748)
Income taxes paid	(13,681)	(10,266)
Net cash provided by operating activities	26,372	27,924
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(12,517)	(12,197)
Proceeds from sale of property, plant and equipment and intangible assets	6,248	5,485
Proceeds from withdrawal of deposits	3,500	—
Acquisition of investments accounted for using the equity method	(66,843)	—
Other	608	534
Net cash used in investing activities	(69,004)	(6,178)

	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Cash flows from financing activities		
Increase (decrease) in short-term debt, net	(3,002)	1,834
Proceeds from long-term debt	124,511	—
Repayments of long-term debt	(55,325)	(1,502)
Repayments of lease obligations	(4,672)	(4,849)
Purchase of shares of consolidated subsidiaries from non-controlling interests	(2,137)	(7,484)
Dividends paid to stockholders of the parent company	(3,569)	(3,904)
Dividends paid to non-controlling interests	(88)	(108)
Other	(126)	(432)
Net cash provided by (used in) financing activities	55,592	(16,445)
Effect of exchange rate changes on cash and cash equivalents	(623)	713
Net increase in cash and cash equivalents	12,337	6,014
Cash and cash equivalents at beginning of year	45,146	57,483
Cash and cash equivalents at end of year	57,483	63,497

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

None

(Notes to Consolidated Statement of Profit or Loss)

1. Other income

(Million yen)

	Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Net gain on sales of fixed assets	2,271	2,869
Reversals of impairment losses	461	—
Other	386	592
Total	3,118	3,461

2. Other expenses

(Million yen)

	Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Net loss on sales of fixed assets	(120)	(89)
Net loss on disposal of fixed assets	(401)	(249)
Impairment losses	(2,190)	(1,254)
Business structural reform expenses	(996)	(452)
Provision for loss on contracts	—	(1,070)
Other	(670)	(884)
Total	(4,377)	(3,998)

Business structural reform expenses were mainly special severance payments and amounted to ¥868 million and ¥452 million for the year ended March 31, 2017 and 2018, respectively.

For the year ended March 31, 2017, the Group recognized impairment losses for goodwill and customer-related intangible assets related to JJB Link Logistics Co. Limited because future cash flow originally assumed in the business plans could no longer be expected and their net carrying amounts were written down to the recoverable amounts. The recoverable amounts were calculated based on value in use by discounting future cash flow at a pretax discount rate (14.9%). The impairment losses are included in global logistics business. Consequently, impairment losses recognized on goodwill and customer-related intangible assets amounted to ¥782 million and ¥1,003 million, respectively.

3. Financial income

(Million yen)

	Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Dividends income	87	86
Other	16	2
Total	103	88

4. Financial expenses

(Million yen)

	Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Exchange loss	(456)	(1,810)
Other	(40)	(8)
Total	(496)	(1,818)

(Segment Information)

The business segments of the Group are business units for which the Group is able to obtain separate financial information and for which operating performance is evaluated regularly by the Executive Committee of the Company, the highest decision-making authority, to decide on the allocation of management resources and assess performance.

The Company's operations are divided into domestic logistics business, global logistics business and other service businesses. Consolidated subsidiaries conduct their business as autonomous business units and their operations are periodically reviewed by the Executive Committee of the Company. Each subsidiary develops comprehensive strategies and conducts business activities.

Consequently, business segments of the Group consist of the Company's businesses mentioned above and other services provided by consolidated subsidiaries. The Group's reporting segments have been designated as domestic logistics and global logistics in order to provide appropriate information about the business activities and the business environment, by combining a number of business segments that are similar in terms of economic and service characteristics.

For domestic logistics, the Group provides comprehensive logistics services that include the establishment of a logistics system, control of information, inventories and sales orders, value-added services, distribution center operation, factory logistics, and transportation and delivery. For global logistics, the Group provides comprehensive logistics services that include customs clearance and international intermodal transportation by land, sea and air.

Profit (loss) in reporting segments is based on adjusted operating income. Intersegment transactions are those that take place between companies and are based on market prices. The Executive Committee of the Company does not use the information on assets and liabilities allocated to business segments.

For the year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Million yen)

	Reporting segment			Other services ¹	Total	Adjustments and eliminations ²	Amount recorded in consolidated financial statements
	Domestic logistics	Global logistics	Subtotal				
Revenues							
Revenues from outside customers	411,796	231,727	643,523	21,854	665,377	—	665,377
Revenues from intersegment transactions or transfers	—	—	—	10,599	10,599	(10,599)	—
Total	411,796	231,727	643,523	32,453	675,976	(10,599)	665,377
Segment profit	21,830	5,693	27,523	1,943	29,466	—	29,466
Other income							3,118
Other expenses							(4,377)
Financial income							103
Financial expenses							(496)
Share of profits of investments accounted for using the equity method							3,741
Interest income							762
Interest expenses							(1,932)
Income before income taxes							30,385
Others							
Depreciation and Amortization	9,807	6,824	16,631	2,110	18,741	—	18,741
Impairment losses	—	2,190	2,190	—	2,190	—	2,190

Note: 1. "Other services" includes information system development, service, sale and maintenance of motor vehicles, and travel agency service, which are excluded in the reporting segments.

2. Company-wide expenses which do not belong to any business segment such as corporate general and administrative expenses incurred in the parent company are allocated to each business segment in accordance with the rational basis.

For the year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Million yen)

	Reporting segment			Other services ¹	Total	Adjustments and eliminations ²	Amount recorded in consolidated financial statements
	Domestic logistics	Global logistics	Subtotal				
Revenues							
Revenues from outside customers	417,835	260,285	678,120	22,271	700,391	—	700,391
Revenues from intersegment transactions or transfers	—	—	—	10,505	10,505	(10,505)	—
Total	417,835	260,285	678,120	32,776	710,896	(10,505)	700,391
Segment profit	21,740	6,280	28,020	1,783	29,803	—	29,803
Other income							3,461
Other expenses							(3,998)
Financial income							88
Financial expenses							(1,818)
Share of profits of investments accounted for using the equity method							5,557
Interest income							1,031
Interest expenses							(1,862)
Income before income taxes							32,262
Others							
Depreciation and Amortization	9,981	6,775	16,756	2,274	19,030	—	19,030
Impairment losses	136	1,118	1,254	—	1,254	—	1,254

Note: 1. "Other services" includes information system development, service, sale and maintenance of motor vehicles, and travel agency service, which are excluded in the reporting segments.

2. Company-wide expenses which do not belong to any business segment such as corporate general administration expenses incurred in the parent company are allocated to each business segment in accordance with the rational basis.

(Per Share Information)

The basis for computations of basic earnings per share (EPS) attributable to stockholders of the parent company for the years ended March 31, 2017 and 2018 is as follows.

	Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Net income attributable to stockholders of the parent company (Million yen)	18,703	20,916
Weighted average number of common stock (Thousand shares)	111,550	111,550
Basic EPS attributable to stockholders of the parent company (Yen)	167.66	187.50

(Note) Diluted EPS attributable to stockholders of the parent company is not presented as there are no dilutive shares.

(Significant Subsequent Events)

Not applicable