## The six months ended June 30, 2016

(1) Explanation of Results of Operations

**Consolidated Income Statement for the six months ended June 30, 2016** (millions of yen)

| | 2Q of FY2015 (A) | 2Q of FY2016 (B) | Increase/(decrease) | |
|---|---|---|---|---|
| | | | Amount(C) (B)-(A) | Percentage (C)/(A) |
| Sales | 5,551 | 5,431 | (120) | (2.2%) |
| Operating income | 1,076 | 982 | (94) | (8.8%) |
| Ordinary income | 1,055 | 875 | (180) | (17.1%) |
| Profit attributable to owners of parent | 695 | 596 | (98) | (14.2%) |
| No. of Tankcontainers (as of June 30) | 5,948 | 6,538 | +590 | +9.9% |
| Utilization rate (over 6 months) | 75.3% | 72.9% | (2.4%) | |

During the six months ended June 30, 2016, the recovery of the Japanese economy was sluggish. Despite the continued trend of recovery in corporate earnings and employment, the return of a strong yen since entering the new year, the stagnation of overseas economies and other factors, contributed to this stagnation. Under these circumstances, in late June, the UK citizens voted for the Brexit to leave the European Union, causing a sharp appreciation of the yen in foreign exchange markets, further increasing the risk of a downturn in the economy.

In the U.S., stable growth continued owing to brisk domestic demand backed primarily by private consumption. However, in Europe, there was further uncertainty in the outlook of the political and economic situation, as issues with regard to the situation in Russia, the financial crisis in Greece, and the influx of refugees continued to smolder. In emerging countries, resource prices were stagnant, and with the exception of certain countries including India, economic recovery was limited.

Under such circumstances, the Group conducted vigorous sales activities, such as export transactions from Japan, import transactions, domestic transactions and third-country trade (which does not transit through Japan) all increased compared to the same period of the previous fiscal year.
However, while the exchange rate hovered at around ¥120 to the U.S. dollar last year, yen appreciation had begun since the start of 2016. In the second quarter, it further strengthened to reach an exchange rate of ¥99 to the U.S. dollar in June.

As it is common business practice to conduct transactions denominated in the U.S. dollar in international logistics, the core business of the Company, our operating results were inevitably heavily affected by the unexpected sharp appreciation of the yen. Furthermore, transport sales per transaction declined as there were more overseas transactions with fewer shipping days than in the same period of the previous fiscal year, despite the substantial increase in transactions. Coupled with the fact that most of

the overseas transactions were denominated in the U.S. dollar, sales in the second quarter were limited to ¥5,431 million (2.2% decrease year on year).

In terms of profits, we secured ¥982 million of operating income (8.8% decrease year on year), owing to the entire Group working as one to increase its sales promotion activities, including efforts to increase domestic transactions which were not affected by exchange rates, despite increased depreciation and amortization due to investments made in domestic facilities for future development. Regarding ordinary income, although foreign exchange losses of ¥52 million (foreign exchange gains of ¥76 million in the same period last year) due to yen appreciation were recorded, finance-related expenses were curbed through minimizing liabilities and conversions under low interest rates. As a result, ordinary income was ¥875 million (17.1% decrease year on year). Recording ¥100 million or more of ordinary income each month, we achieved ¥596 million (14.2% decrease year on year) of profit attributable to owners of parent.

(2) Explanation of Financial Position

**Consolidated Balance Sheet as of June 30, 2016** (millions of yen)

| ASSET | FY2015 (A) | 2Q of FY2016 (B) | Increase/(decrease) | |
|---|---|---|---|---|
| | | | Amount (C) (B)-(A) | Percentage (C)/(A) |
| Total current assets | 4,147 | 3,693 | (454) | (11.0%) |
| Total non-current assets | 10,822 | 11,021 | +198 | +1. 8% |
| Deferred assets | 1 | 0 | (0) | (49.1%) |
| **Total** | **14,971** | **14,715** | **(256)** | **(1.7%)** |

| LIABILITIES AND SHAREHOLDERS' EQUITY | FY2015 (A) | 2Q of FY2016 (B) | Increase/(decrease) | |
|---|---|---|---|---|
| | | | Amount (C) (B)-(A) | Percentage (C)/(A) |
| Total current liabilities | 3,256 | 3,279 | + 22 | +0.7% |
| Total non-current liabilities | 5,359 | 4,783 | (576) | (10.8%) |
| **Total liabilities** | **8,616** | **8,062** | **(553)** | **(6.4%)** |
| Shareholders' equity | 6,283 | 6,736 | +452 | +7.2% |
| Total accumulated other comprehensive income | 72 | (83) | (155) | (216.1%) |
| **Total Shareholders' equity** | **6,355** | **6,652** | **+297** | **+4.7%** |
| **Total** | **14,971** | **14,677** | **(256)** | **(1.7%)** |

Total assets at the end of the second quarter ended June 30, 2016 decreased by ¥256 million (1.7% decrease) when compared to the end of the previous fiscal year, to ¥14,715 million.

Total current assets fell by ¥454 million (11.0% decrease) as compared to the end of the previous fiscal year, to ¥3,693 million. This was primarily due to declines of ¥248 million in accounts receivable-trade, and ¥253 million in other current assets, despite an increase of ¥46 million in cash and deposits.

Total non-current assets increased by ¥198 million (1.8% increase) when compared to the end of the previous fiscal year, to ¥11,021 million. This was primarily due to an increase of ¥199 million in property, plant and equipment attributable to the construction of company dormitory and other factors.

Total current liabilities increased by ¥22 million (0.7% increase), as compared to the end of the previous fiscal year, to ¥3,279 million. This was primarily due to increases of ¥92 million in short-term loans payable and ¥203 million in other current liabilities, despite declines of ¥116 million in accounts payable-trade, ¥44 million in the current portion of long-term loans payable, and ¥118 million in income taxes payable,

Total non-current liabilities fell by ¥576 million (10.8% decrease), when compared to the end of the previous fiscal year, to ¥4,783 million. This was primarily due to decreases of ¥30 million in bonds payable and ¥631 million in long-term loans payable, against an increase of ¥101 million in lease obligations.

Total shareholders' equity rose by ¥297 million (4.7% increase), as compared to the end of the previous fiscal year, to ¥6,652 million. This was primarily due to an increase of ¥452 million in retained earnings, against a decline of ¥155 million in foreign currency translation adjustment.

(3) Explanation of Consolidated Results Projections and Other Future Forecast Information

(Results Projections)

Sales and income in the second quarter of the fiscal year were lower than the projected due to the yen appreciating beyond levels of the expected exchange rate since the start of the year. As a result, we have made amendments to the consolidated and non-consolidated results projections for fiscal 2016 announced in the financial results for the fiscal year ended December 31, 2015, released on February 12, 2016.

(Dividends Forecast)

The dividends forecast remains unchanged from the figures announced on May 13, 2016.

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