The fiscal year ended December 31, 2017

(1) Analysis of Results of Operations

1) Results of operations for the fiscal year ended December 31, 2017

Consolidated Income Statement for the Fiscal Year ended December 31, 2017 (millions of yen)

	FY2016 (A)	FY2017 (B)	Increase/(decrease)	
			Amount(C) (B)-(A)	Percentage (C)/(A)
Sales	10,494	11,705	1,210	+11.5%
Operating income	1,716	1,865	149	+8.7%
Ordinary income	1,583	1,772	188	+11.9%
Profit attributable to owners of the parent	1,079	1,245	165	+15.3%
No. of Tank containers (as of December 31)	6,756	7,209	453	+6.7%
Utilization rate (over 12 months)	69.2%	74.3%	+5.1%	

During the fiscal year ended December 31, 2017, against the backdrop of recovery in the global economy, the Japanese economy saw the industrial production index rise in a wide range of industries, centering on the semiconductor production equipment, and electronic parts and devices for smartphones. In addition, with regard to the employment situation, amid a continuing recovery in the economy, the number of employees continues to increase, and personal consumption maintained a gradual recovery trend. Looking at the global economy, in the U.S., backed by steady growth in the number of employees and improvement in income environment, the number of houses sold rose sharply, with personal consumption also strong. Meanwhile, in the Eurozone, with an increase in exports outside the EU countries, PMI in the manufacturing industry shows continuous improvement. There is a sign of recovery in exports within the EU as well, which had long been sluggish. In China, personal consumption and exports are expanding steadily, but an increasing trend of industrial production slowed down due to the tightening of monetary policies by the government and strengthening of environmental regulations to cope with severe air pollution problems. As a result, exports from Japan have significantly grown with a heightened need for substitutes for Chinese products.

Under such circumstances, the Group conducted vigorous sales activities, and the volume of export transactions from Japan, import transactions, and domestic transactions as well as third-country trade (which does not transit through Japan) significantly increased compared to the previous fiscal year. In addition, partly due to the exchange rate that was stable throughout the year, the Group's sales for the fiscal year ended December 31, 2017 were at ¥11,705 million, an increase of ¥1,210 million when compared to the previous fiscal year.

In terms of profits, we secured ¥1,865 million of operating income, an increase of ¥149 million when compared to the previous fiscal year. This was thanks to the entire Group working as one to advance sales promotion activities, despite increased depreciation expenses from continuous aggressive capital investments for future development, as well as increased cost for re-positioning tank containers from areas with excess inventory of containers to the areas with strong transportation needs for liquid cargo. Ordinary income amounted to ¥1,772 million. Although foreign exchange losses of ¥37 million (¥5 million in the previous fiscal year) were recorded, this was thanks to a decline in interest rates for funding through the refinancing arrangements implemented in 2015 and 2016, resulted in a decrease of interest expenses by ¥51 million from the previous fiscal year. As a result, we achieved ¥1,245 million of profit attributable to owners of the parent, after income taxes and other deductions.

2) Outlook for the next fiscal year

The Japanese economy in 2018 is expected to see a slowdown in the pace of its growth due to the saturated effect of economic measures and corporate movement of stock reconstruction. Meanwhile, employment situation and real wage income will continue with moderate improvement and the economy is expected to be stable. External demand will also be strong, backed by improved appetite for capital investment on a global scale, and an upward trend in exports is expected to continue. On the other hand, looking at the global economy, in the U.S., although tax reform will give only a limited boost to the economy, self-sustained recovery led by the private sector is expected to continue, and the economic growth is forecast to be at the lower 2% range. In the Eurozone, equipment operation rate in the manufacturing industry has been higher than the long-term average. However, deceleration in exports is expected to become more apparent due to a strong euro, and the economic growth is forecast to hover at the higher 1% range. In China, on the back of decreased demand for vehicles in line with the termination of a tax reduction on small-engine vehicles and strengthened environmental regulations, the economy will be on a decelerating trend. The economic growth is expected to be around 6.4%.

Amid these conditions, the Group will focus on capturing Japan-based export and import transactions by addressing favorable transportation needs fueled by a recovery in the global economy. Also, we will strengthen the alliance within the Group and maintain proper inventory level of tank containers in each area through leveraging third-country trade (which do not transit through Japan), while raising the volume of entire transactions. The Group will steadily increase sales through these efforts. Meanwhile, in Japan, the Group will respond to demands for Domestic One-Way Transport Service and value-added services by fully utilizing its logistics network covering major industrial areas. In addition, we will steadily expand transactions by increasing the volume of chlorofluorocarbon and other gases we handle at the Hanshin Branch, which was opened in January 2018 for handling gas tank containers, along with the Keiyo Rinkai Branch. Furthermore, we will launch chlorofluorocarbon destruction business at the Keiyo Rinkai Branch in February this year. Through advertising our capability to offer environmentally-conscious, comprehensive solution services, we will steadily expand the transaction volume by capturing new demands.

As a result of the above, the Group's forecast for the next fiscal year calls for ¥12,284 million in sales, ¥1,935 million in operating income, ¥1,877 million in ordinary income and ¥1,298 million in profit attributable to owners of the parent,

assuming an exchange rate of ¥111.00 to the U.S. dollar.

(2) Analysis of Financial Position

1) Status of Assets, Liabilities and Shareholders' equity

Consolidated Balance Sheet as of December 31, 2017 (millions of yen)

ASSETS	FY2016 (A)	FY2017 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current assets	3,922	4,164	241	+6.2%
Total non-current assets	10,897	11,493	596	+5.5%
Deferred assets	0	-	(0)	-
Total	**14,819**	**15,657**	**837**	**+5.7%**

LIABILITIES AND SHAREHOLDERS' EQUITY	FY2016 (A)	FY2017 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current liabilities	2,884	3,332	447	+15.5%
Total non-current liabilities	4,892	4,390	(501)	(10.2%)
Total liabilities	**7,777**	**7,723**	**(53)**	**(0.7%)**
Shareholders' equity	7,022	7,875	852	+12.1%
Total accumulated other comprehensive income	20	59	39	+194.8%
Total shareholders' equity	**7,042**	**7,934**	**891**	**+12.7%**
Total	**14,819**	**15,657**	**837**	**+5.7%**

(a) Assets

Total current assets rose by ¥241 million (6.2% increase) as compared to the end of the previous fiscal year, to ¥4,164 million. This was primarily due to increases of ¥152 million in accounts receivable-trade and ¥158 million in other current assets, despite a decline of ¥77 million in cash and deposits.

Total non-current assets increased by ¥596 million (5.5% increase) when compared to the end of the previous fiscal year, to ¥11,493 million. This was primarily due to the ongoing development of our next-generation core system, in addition to

the establishment of the Keiyo Rinkai Branch and preparation for the opening of the Hanshin Branch, which caused an increase of ¥352 million in buildings and structures (net), as well as increases of ¥57 million in machinery, equipment and vehicles (net), ¥229 million in construction in progress, ¥91 million in intangible assets and ¥73 million in investments and other assets, despite a decrease of ¥208 million in tank containers (net) owing to depreciation.
As a result, total assets increased by ¥837 million (5.7% increase) when compared to the end of the previous fiscal year, to ¥15,657 million.

(b) Liabilities
Total current liabilities increased by ¥447 million (15.5% increase), as compared to the end of the previous fiscal year, to ¥3,332 million. This was primarily due to increases of ¥106 million in accounts payable-trade, ¥300 million in short-term loans payable, ¥154 million in lease obligations and ¥153 million in income taxes payable, despite decreases of ¥216 million in current portion of long-term loans payable, ¥30 million in current portion of bonds payable and ¥32 million in other current liabilities.
Total non-current liabilities fell by ¥501 million (10.2% decrease), when compared to the end of the previous fiscal year, to ¥4,390 million. This was primarily due to decreases of ¥389 million in long-term loans payable, ¥98 million in lease obligations and ¥10 million in other non-current liabilities.

(c) Shareholders' equity
Total shareholders' equity rose by ¥891 million (12.7% increase) as compared to the end of the previous fiscal year, to ¥7,934 million. This was primarily due to increases of ¥852 million in retained earnings and ¥38 million in foreign currency translation adjustment.

2) Status of Cash Flows
Cash and cash equivalents (hereinafter referred to as "funds") at the end of the fiscal year ended December 31, 2017 fell by ¥416 million compared to the end of the previous fiscal year to ¥2,148 million. The status of cash flows for the fiscal year ended December 31, 2017 and the related factors are as described below.

(a) Net cash provided by operating activities
Funds provided by operating activities resulted in a cash inflow of ¥2,102 million (compared to a cash inflow of ¥1,945 million for the previous fiscal year). This was primarily due to cash inflow from profit before income taxes of ¥1,767 million, as well as depreciation and amortization of ¥904 million, in contrast to cash outflow for income taxes paid of ¥402 million, and an increase of ¥150 million in notes and accounts receivable-trade.

(b) Net cash used in investing activities
Funds used in investing activities resulted in a cash outflow of ¥1,490 million (compared to a cash outflow of ¥678 million for the previous fiscal year). This was primarily due to ¥336 million in net increase in time deposits, ¥999 million in

purchase of property, plant and equipment, and ¥83 million in purchase of intangible assets.

(c) Net cash used in financing activities

Funds used in financing activities resulted in a cash outflow of ¥1,042 million (compared to a cash outflow of ¥1,176 million for the previous fiscal year). This was mainly because of cash outflow for the repayment of short-term loans of ¥690 million, repayment of long-term loans of ¥1,308 million, redemption of bonds of ¥30 million, repayment of lease obligations of ¥283 million and payment of dividends of ¥392 million, despite cash inflow from short-term loans payable of ¥990 million and long-term loans payable of ¥702 million.

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