The six months ended June 30, 2018

(1) Explanation of Results of Operations

Consolidated Income Statement for the six months ended June 30, 2018 (millions of yen)

	2Q of FY2017 (A)	2Q of FY2018 (B)	Increase/(decrease)	
			Amount(C) (B)-(A)	Percentage (C)/(A)
Sales	5,638	5,931	293	+5.2%
Operating income	967	887	(80)	(8.3%)
Ordinary income	926	878	(47)	(5.1%)
Profit attributable to owners of the parent	649	615	(33)	(5.2%)
No. of Tank containers (as of June 30)	6,970	7,523	553	+7.9%
Utilization rate (over 6 months)	74.4%	78.7%	+4.3%	
				(yen)
USD/JPY	112.88	108.91	(3.97)	-

During the six months ended June 30, 2018, although the production of electronic parts and devices turned upward, the Japanese economy saw the industrial production at a standstill due to the decline in transportation equipment. Meanwhile, in non-manufacturing industries, construction-related business continued to perform well, and the economic recovery trend continued, reflecting the improvement in diffusion index of business sentiment (DI) for the first time in six months backed by solid inbound demands for services for individuals as well as accommodation and food/ beverages services.

Looking at the global economy, in the U.S., consumer spending has remained firm backed by the income tax cuts implemented by the Trump administration as well as good employment and income situations. The mining industry also kept its increasing trend with crude oil prices increasing as well, which led to the firm rise in industrial production. In Europe, although PMI in the manufacturing industry continued to fall for six straight months, Eurozone Composite PMI increased for the first time in five months to 54.8 due to upturn of PMI in the service industry. In China, although some weak movements are seen in exports and investments in non-current assets, the Chinese economy remained strong supported by continuous firm growth in industrial production and imports.

Under such circumstances, as evidenced by the fact the Group significantly increased the number of tank containers compared to the same period of the previous fiscal year and improved the utilization rate to the level of almost full operation, export/import transactions from/to Japan, third-country trade (which does not transit through Japan), and

domestic transactions such as domestic transfers have accomplished achievements which were significantly greater than those in the same period of the previous fiscal year. Additionally, the sales of new gas tank containers business entered into full swing from April this year. As a result, net sales in the consolidated cumulative second quarter period were at ¥5,931 million, exceeding the result in the same period of the previous fiscal year despite yen's appreciation against U.S. dollar by 4 yen. In terms of profits, despite increases in initial costs relating to gas tank containers business (land-rent for opening branch handling gas and expenses related to facilities etc.) and in expenses due to the increase of the numbers of containers held, we secured operating income of ¥887 million. On the other hand, as non-operating profit and loss improved compared to the same period of the previous fiscal year due to posting of foreign exchange gain of ¥7 million (¥17 million of foreign exchange loss in the same period of the previous fiscal year), etc., ordinary income resulted in ¥878 million.

As a result, we achieved quarterly profit attributable to owners of the parent of ¥615 million.

(2) Explanation of Financial Position

1) Status of Assets, Liabilities and Shareholders' Equity

Consolidated Balance Sheet as of June 30, 2018 (millions of yen)

ASSET	FY2017 (A)	2Q of FY2018 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current assets	4,164	5,525	1,361	+32.7%
Total non-current assets	11,493	12,081	588	+5.1%
Total	15,657	17,607	1,949	+12.5%

LIABILITIES AND SHAREHOLDERS' EQUITY	FY2017 (A)	2Q of FY2018 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current liabilities	3,332	3,159	(173)	(5.2%)
Total non-current liabilities	4,390	5,069	678	+15.5%
Total liabilities	7,723	8,228	505	+6.5%
Shareholders' equity	7,875	9,362	1,487	+18.9%
Total accumulated other comprehensive income	59	15	(43)	(73.4%)
Total shareholders' equity	7,934	9,378	1,444	+18.2%
Total	15,657	17,607	1,949	+12.5%

(a) Assets

Total assets at the end of the second quarter ended June 30, 2018 increased by ¥1,949 million (12.5% increase) when compared to the end of the previous fiscal year, to ¥17,607 million.

Total current assets increased by ¥1,361 million yen (32.7% increase) as compared to the end of the previous fiscal year, to ¥5,525 million. This was primarily due to increases of ¥1,320 million in cash and deposits and ¥59 million in other current assets, despite a decrease of ¥18 million in accounts receivable-trade.

Total non-current assets increased by ¥588 million (5.1% increase) as compared to the end of the previous fiscal year, to ¥12,081 million. This was primarily due to an increase of ¥365 million in buildings and structures (net), as well as an increase of ¥515 million in tangible assets as a result of the increase in tank container (net) of ¥394 million despite the completion of the Hanshin Branch in January, which caused a decrease of ¥232 million in construction in progress that was included in other non-current assets (net).

(b) Liabilities

Total current liabilities decreased by ¥173 million (5.2% decrease), as compared to the end of the previous fiscal year, to ¥3,159 million. This was primarily due to decreases of ¥115 million in accounts payable-trade, ¥181 million in short-term loans payable and ¥34 million in income taxes payable despite increases of ¥62 million in current portion of long-term loans payable, ¥42 million in lease obligations and ¥62 million in other current liabilities.

Total non-current liabilities increased by ¥678 million (15.5% increase), as compared to the end of the previous fiscal year, to ¥5,069 million. This was primarily due to increases of ¥260 million in long-term loans payable, ¥342 million in lease obligations and ¥68 million in other non-current liabilities.

(c) Shareholder's equity

Total shareholders' equity increased by ¥1,444 million (18.2 % increase) as compared to the end of the previous fiscal year, to ¥9,378 million. This was primarily due to increases of ¥534 million in both capital stock and capital surplus, resulting from third party share allotment and increase of ¥419 million in retained earnings, despite ¥43 million decrease in foreign currency translation adjustment.

2) Status of Cash Flows

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the second quarter ended June 30, 2018 increased by ¥1,381 million compared to the end of the previous fiscal year to ¥3,529 million. The status of cash flows for the second quarter ended June 30, 2018 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 ¥1,011 million (compared to a cash inflow of ¥943 million in the same period of the previous fiscal year). This was primarily due to cash inflows from profit before income taxes of ¥878 million, as well as depreciation and amortization of ¥495 million, in contrast to cash outflows for income taxes paid of ¥295 million, and a decrease of ¥101 million in notes and accounts payable-trade.

(b) Net cash used in investing activities

Funds used in investing activities resulted in a cash outflow of ¥449 million (compared to a cash outflow of ¥646 million in the same period of the previous fiscal year). This was primarily due to cash inflow of ¥50 million in net decrease in time deposits, in contrast to cash outflows of ¥427 million in purchase of property, plant and equipment, and ¥62 million in purchase of intangible assets.

(c) Net cash provided by financing activities

Funds provided by financing activities resulted in a cash inflow of ¥842 million (compared to a cash outflow of ¥787 million in the same period of the previous fiscal year). This was primarily due to cash inflows from long-term loans payable of ¥842 million and the issuance of shares of ¥1,068 million, in contrast to cash outflows of ¥181 million in a net decrease of short-term loans payable, repayment of long-term loans of ¥519 million, repayment of lease obligations of ¥162 million, and payment of dividends to shareholders of ¥195 million.

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

The consolidated results projections remain unchanged from the figures announced on February 13, 2018.

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