The fiscal year ended December 31, 2018

(1) Analysis of Results of Operations

1) Results of operations for the fiscal year ended December 31, 2018

Consolidated Income Statement for the Fiscal Year ended December 31, 2018 (millions of yen)

	FY2017 (A)	FY2018 (B)	Increase/(decrease)	
			Amount(C) (B)-(A)	Percentage (C)/(A)
Sales	11,705	12,165	460	+3.9%
Operating income	1,865	1,939	73	+3.9%
Ordinary income	1,772	1,914	142	+8.0%
Profit attributable to owners of the parent	1,245	1,346	101	+8.2%
No. of Tank containers (as of December 31)	7,209	7,691	482	+6.7%
Utilization rate (over 12 months)	74.3%	77.4%	+3.1%	

During the fiscal year ended December 31, 2018, capital investments and consumer spending maintained the recovery trend, backed by improvements in corporate earnings as well as employment and income situations. With regard to Japanese trade, both imports and exports maintained a favorable trend in the first half of 2018, posting an increase when compared to previous fiscal year. However, export growth slowed in the second half due to the unstable world economy attributable to the US–China trade issue and other factors.

Looking at the global economy, growth generally remained solid, particularly in the US, but China and Europe saw their economies stalling in the second half of 2018 against the backdrop of escalated trade friction between the US and China and political instability in EU countries.

Despite these circumstances, we succeeded in increasing traffic volume and improving tank containers operational efficiency (utilization rate) by leveraging on our overseas network. Sales of the gas tank containers business increased, despite the fact that the business recorded limited sales due to significant initial delay (i.e., to end–March) in our obtaining the operating license for fluorocarbon recycling and destruction. In addition, we increased sales of our Domestic One–Way Transport Service that utilizes our branch offices, as well as sales of accompanying services such as storage. As a result, the Group's net sales for the fiscal year ended

December 31, 2018 were ¥12,165 million, an increase of ¥460 million when compared to previous fiscal year.
In terms of profits, operating income was ¥1,939 million, an increase of ¥73 million when compared to previous fiscal year. While depreciation and amortization increased due to continuous capital investments for future development, the increase in cost of sales was limited owing to efficient operation of tank containers. As a result, we secured ¥1,914 million of ordinary income. Also, we achieved ¥1,346 million of profit attributable to owners of the parent, after income taxes and other deductions.

2) Outlook for the next fiscal year
Regarding the outlook for next fiscal year, destabilizing factors in the global economy, such as the US-China trade friction issue and Brexit, are unlikely to be resolved. We are concerned about the negative impact that these factors may have on global trade, including Japan, and hence on the volume of export and import transactions, the mainstay of our sales.
Despite these circumstances, the Group will fully utilize its overseas logistics network to conduct sales activities more vigorously, so as to develop new customers by promoting a shift from tankers and dry containers to tank containers, in addition to maintaining business with our existing major customers. We will also promote a shift from transportation relying entirely on trucks (i.e., tank lorries) to our One-Way Integrated Transport Service, which seamlessly interconnects domestic branch offices, truck, railroad and domestic vessel transportation by utilizing tank containers, thus continuing to address truck shortage and environmental issues.
As a result of the above, the Group's forecast for next fiscal year calls for ¥12,710 million in sales, ¥1,985 million in operating income, ¥1,950 million in ordinary income and ¥1,349 million in profit attributable to owners of the parent, assuming an exchange rate of ¥109.00 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, 2018 (millions of yen)

ASSET	FY2017 (A)	FY2018 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current assets	4,164	5,744	1,580	+38.0%
Total non-current assets	11,493	11,992	498	+4.3%
Total	15,657	17,736	2,079	+13.3%

LIABILITIES AND SHAREHOLDERS' EQUITY	FY2017 (A)	FY2018 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current liabilities	3,332	2,993	(338)	(10.2%)
Total non-current liabilities	4,390	4,852	461	+10.5%
Total liabilities	7,723	7,845	122	+1.6%
Shareholders' equity	7,875	9,886	2,011	+25.5%
Total accumulated other comprehensive income	59	5	(54)	(91.3%)
Total shareholders' equity	7,934	9,891	1,956	+24.7%
Total	15,657	17,736	2,079	+13.3%

(a) Assets

Total current assets rose by ¥1,580 million (38.0% increase) as compared to the end of previous fiscal year, to ¥5,744 million. This was primarily due to increases of ¥1,280 million in cash and deposits, ¥83 million in accounts receivable–trade and ¥200 million in other current assets.

Total non-current assets increased by ¥498 million (4.3% increase) when compared to the end of previous fiscal year, to ¥11,992 million. This was primarily due to increases of ¥327 million in buildings and structures (net), ¥67 million in machinery, equipment and vehicles (net), ¥412 million in tank containers (net), as well as ¥65 million in intangible assets and ¥19 million in investments and other assets, despite a decrease of ¥395 million in construction in progress attributable to the completion of the Hanshin Branch in January and the delivery of tank containers that had been ordered.

As a result, total assets increased by ¥2,079 million (13.3% increase) when compared to the end of previous fiscal year, to ¥17,736 million.

(b) Liabilities

Total current liabilities decreased by ¥338 million (10.2% decrease), as compared to the end of previous fiscal year, to ¥2,993 million. This was primarily due to decreases of ¥103 million in accounts payable-trade, ¥268 million in short-term loans payable, ¥29 million in lease obligations, despite increases of ¥25 million in income taxes payable and ¥19 million in other current liabilities.

Total non-current liabilities rose by ¥461 million (10.5% increase), when compared to the end of previous fiscal year, to ¥4,852 million. This was primarily due to increases of ¥592 million in lease obligations and ¥67 million in other non-current liabilities, despite a decrease of ¥212 million in long-term loans payable.

(c) Shareholders' equity

Total shareholders' equity rose by ¥1,956 million (24.7% increase) as compared to the end of previous fiscal year, to ¥9,891 million. This was primarily due to increases of ¥534 million in both capital stock and capital surplus, resulting from third party share allotment, and an increase of ¥942 million in retained earnings, despite a decrease of ¥54 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, 2018 rose by ¥1,317 million, as compared to the end of previous fiscal year, to ¥3,466 million. The status of cash flows for the fiscal year ended December 31, 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 ¥2,034 million (compared to a cash inflow of ¥2,102 million for previous fiscal year). This was primarily due to cash inflow from profit before income taxes of ¥1,912 million, as well as depreciation and amortization of ¥1,007 million, in contrast to cash outflow for income taxes paid of ¥569 million and an increase of ¥114 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 ¥516 million (compared to a cash outflow of ¥1,490 million for previous fiscal year). This was primarily due to ¥474 million in purchase of property, plant and equipment, and ¥68 million in purchase of intangible assets.

(c) Net cash used in financing activities

Funds used in financing activities resulted in a cash outflow of ¥166 million (compared to a cash outflow of ¥1,042 million for previous fiscal year). This was mainly because of cash outflow for a net decrease of short-term loans of ¥268 million, repayment of long-term loans of ¥1,046 million, repayment of lease obligations of ¥344 million and payment of dividends to shareholders of ¥402 million, despite cash inflow from long-term loans payable of ¥842 million and the issuance of shares of ¥1,068 million.