

Financial Section

Consolidated Balance Sheets

Millions of yen		
As of March 31, 2016 and 2015	2015	2016
Assets		
Current assets		
Cash and deposits	46,113	42,750
Cash for Transportation Security Services	96,760	73,142
Notes and accounts receivable-trade	44,020	45,643
Lease receivables and investment assets	3,108	4,114
Short-term investment securities	861	419
Raw materials and supplies	4,759	6,150
Costs on uncompleted construction contracts	393	436
Advances paid	6,301	6,030
Deferred tax assets	1,868	1,880
Other	6,502	7,682
Allowance for doubtful accounts	(243)	(236)
Total current assets	210,445	188,013
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	42,599	47,269
Accumulated depreciation	(23,758)	(24,252)
Buildings and structures, net	18,840	23,016
Machinery, equipment and vehicles	124,784	127,800
Accumulated depreciation	(106,286)	(108,573)
Machinery, equipment and vehicles, net	18,498	19,227
Land	23,219	23,180
Lease assets	11,063	13,394
Accumulated depreciation	(6,126)	(6,712)
Lease assets, net	4,937	6,682
Construction in progress	2,712	1,274
Other	13,310	14,340
Accumulated depreciation	(9,814)	(10,381)
Other, net	3,495	3,958
Total property, plant and equipment	71,704	77,340
Intangible assets		
Software	4,192	4,033
Goodwill	11,172	10,149
Other	1,489	1,210
Total intangible assets	16,853	15,394
Investments and other assets		
Investment securities	38,629	37,633
Long-term loans receivable	395	350
Lease and guarantee deposits	8,039	8,282
Insurance funds	2,053	1,955
Net defined benefit asset	9,514	341
Deferred tax assets	5,587	10,810
Other	11,192	9,788
Allowance for doubtful accounts	(552)	(347)
Total investments and other assets	74,859	68,813
Total noncurrent assets	163,418	161,548
Total assets	373,863	349,561

Millions of yen		
As of March 31, 2016 and 2015	2015	2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	23,946	22,602
Short-term loans payable	59,538	21,122
Current portion of long-term loans payable	3,459	2,616
Current portion of bonds	64	64
Accounts payable-other	15,680	15,357
Lease obligations	2,775	3,192
Income taxes payable	4,232	6,188
Accrued consumption taxes	8,544	3,043
Provision for bonuses	1,460	1,470
Provision for directors' bonuses	186	137
Deferred tax liabilities	0	2
Other	10,576	11,424
Total current liabilities	130,464	87,222
Noncurrent liabilities		
Bonds payable	115	51
Long-term loans payable	1,915	11,928
Lease obligations	5,832	8,235
Deferred tax liabilities	615	332
Deferred tax liabilities for land revaluation	332	314
Net defined benefit liability	25,484	31,210
Provision for directors' retirement benefits	1,725	1,669
Asset retirement obligations	68	75
Other	2,946	2,900
Total noncurrent liabilities	39,035	56,717
Total liabilities	169,500	143,939

Net Assets		
Shareholders' equity		
Capital stock	18,675	18,675
Capital surplus	32,117	32,117
Retained earnings	130,753	144,551
Treasury stock	(1,989)	(1,991)
Total shareholders' equity	179,557	193,352
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	8,235	6,570
Revaluation reserve for land	(5,293)	(5,286)
Foreign currency translation adjustment	173	113
Remeasurements of defined benefit plans, net of tax	(1,725)	(13,309)
Total valuation and translation adjustments	1,389	(11,912)
Non-controlling interest	23,415	24,182
Total net assets	204,363	205,622
Total liabilities and net assets	373,863	349,561

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Fiscal years ended March 31, 2016 and 2015	Millions of yen	
	2015	2016
Net sales	365,749	381,818
Cost of sales	276,116	282,880
Gross profit	89,632	98,937
Selling, general and administrative expenses	66,660	69,901
Operating income	22,971	29,036
Non-operating income		
Interest income	249	209
Dividends income	548	617
Gain on sales of investment securities	159	24
Rent income	247	263
Gain from insurance claim	89	63
Equity in earnings of affiliates	641	790
Amortization of negative goodwill	60	—
Penalty income	268	358
Other	952	739
Total non-operating income	3,217	3,066
Non-operating expenses		
Interest expenses	689	652
Loss on sales of investment securities	0	7
Loss on retirement of noncurrent assets	228	217
Financing expenses	290	297
Other	279	260
Total non-operating expenses	1,488	1,436
Ordinary income	24,700	30,667
Extraordinary income		
Gain on sales of investment securities	2	60
Compensation income	13	33
Total extraordinary income	16	93
Extraordinary loss		
Loss on valuation of investment securities	49	2
Impairment loss	0	75
Loss on extinguishment of tie-in shares	13	—
Total extraordinary loss	63	77
Income before income taxes	24,653	30,682
Income taxes—current	8,653	10,429
Income taxes—deferred	1,127	855
Total income taxes	9,780	11,284
Net income	14,872	19,398
Profit attributable to non-controlling interest	1,337	1,529
Profit attributable to owners of parent	13,534	17,868

Consolidated Statements of Comprehensive Income

Fiscal years ended March 31, 2016 and 2015	Millions of yen	
	2015	2016
Net income	14,872	19,398
Other comprehensive income		
Valuation difference on available-for-sale securities	2,413	(1,787)
Revaluation reserve for land	33	17
Foreign currency translation adjustment	29	(23)
Remeasurements of defined benefit plans, net of tax	4,416	(11,742)
Share of other comprehensive income (loss) of associates accounted for using equity method	335	(111)
Total other comprehensive income (loss)	7,228	(13,648)
Comprehensive income	22,100	5,749
[Contents]		
Comprehensive income attributable to owners of parent	20,400	4,566
Comprehensive income attributable to non-controlling interest	1,700	1,183

Consolidated Statements of Changes in Net Assets

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2014	18,675	32,117	114,961	(1,988)	163,766
Cumulative effects of changes in accounting policies			5,776		5,776
Balance at the beginning of current period reflecting changes in accounting policies	18,675	32,117	120,738	(1,988)	169,542
Changes of items during the period					
Dividends from surplus			(3,518)		(3,518)
Profit attributable to owners of parent			13,534		13,534
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	10,015	(0)	10,015
Balance as of March 31, 2015	18,675	32,117	130,753	(1,989)	179,557

	Valuation and translation adjustments					Non-controlling interest	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans, net of tax	Total valuation and translation adjustments		
Balance as of April 1, 2014	5,969	(5,343)	46	(6,148)	(5,475)	21,914	180,205
Cumulative effects of changes in accounting policies						190	5,966
Balance at the beginning of current period reflecting changes in accounting policies	5,969	(5,343)	46	(6,148)	(5,475)	22,104	186,171
Changes of items during the period							
Dividends from surplus							(3,518)
Profit attributable to owners of parent							13,534
Purchase of treasury stock							(0)
Net changes of items other than shareholders' equity	2,266	49	126	4,423	6,865	1,311	8,176
Total changes of items during the period	2,266	49	126	4,423	6,865	1,311	18,192
Balance as of March 31, 2015	8,235	(5,293)	173	(1,725)	1,389	23,415	204,363

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2015	18,675	32,117	130,753	(1,989)	179,557
Cumulative effects of changes in accounting policies					—
Balance at the beginning of current period reflecting changes in accounting policies	18,675	32,117	130,753	(1,989)	179,557
Changes of items during the period					
Dividends from surplus			(4,071)		(4,071)
Profit attributable to owners of parent			17,868		17,868
Purchase of treasury stock				(2)	(2)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	13,797	(2)	13,794
Balance as of March 31, 2016	18,675	32,117	144,551	(1,991)	193,352

	Valuation and translation adjustments					Non-controlling interest	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans, net of tax	Total valuation and translation adjustments		
Balance as of April 1, 2015	8,235	(5,293)	173	(1,725)	1,389	23,415	204,363
Cumulative effects of changes in accounting policies							—
Balance at the beginning of current period reflecting changes in accounting policies	8,235	(5,293)	173	(1,725)	1,389	23,415	204,363
Changes of items during the period							
Dividends from surplus							(4,071)
Profit attributable to owners of parent							17,868
Purchase of treasury stock							(2)
Net changes of items other than shareholders' equity	(1,665)	7	(59)	(11,584)	(13,302)	766	(12,535)
Total changes of items during the period	(1,665)	7	(59)	(11,584)	(13,302)	766	1,258
Balance as of March 31, 2016	6,570	(5,286)	113	(13,309)	(11,912)	24,182	205,622

Financial Section

Consolidated Statements of Cash Flows

Millions of yen

Fiscal years ended March 31, 2016 and 2015	2015	2016
Net cash provided by (used in) operating activities		
Income before income taxes	24,653	30,682
Depreciation and amortization	11,331	12,109
Impairment loss	0	75
Amortization of goodwill	768	1,098
Amortization of negative goodwill	(60)	—
Increase (decrease) in allowance for doubtful accounts	(281)	(210)
Increase (decrease) in net defined benefit liability	213	(25)
Increase (decrease) in provision for bonuses	(246)	10
Increase (decrease) in provision for directors' bonuses	(54)	(49)
Interest and dividends income	(797)	(827)
Interest expenses	689	652
Equity in (earnings) losses of affiliates	(641)	(790)
Loss (gain) on sales of noncurrent assets	1	(1)
Loss (gain) on retirement of noncurrent assets	228	217
Loss (gain) on sales of investment securities	(161)	(77)
Loss (gain) on valuation of investment securities	49	2
Loss (gain) on valuation of derivatives	(105)	10
Decrease (increase) in notes and accounts receivable-trade	(5,391)	(1,640)
Decrease (increase) in inventories	(348)	(1,451)
Increase (decrease) in notes and accounts payable-trade	2,676	(1,425)
Decrease (increase) in net defined benefit asset	(1,970)	(2,083)
Decrease (increase) in assets and liabilities for Transportation Security Services	(11,624)	(3,538)
Other	8,953	(5,028)
Subtotal	27,884	27,711
Interest and dividends income received	953	988
Interest expenses paid	(698)	(653)
Income taxes paid	(8,573)	(8,378)
Income taxes refunded	100	11
Net cash provided by (used in) operating activities	19,666	19,678
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	(498)	1,066
Purchase of property, plant and equipment	(12,153)	(13,736)
Proceeds from sales of property, plant and equipment	2	69
Purchase of investment securities	(919)	(2,692)
Proceeds from sales of investment securities	1,357	1,770
Purchase of investments in subsidiaries	(498)	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(11,435)	—
Decrease (increase) in short-term loans receivable	(12)	(28)
Payments of long-term loans receivable	(102)	(41)
Collection of long-term loans receivable	133	86
Other	(168)	697
Net cash provided by (used in) investing activities	(24,295)	(12,808)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	15,802	(10,900)
Proceeds from long-term loans payable	920	12,690
Repayment of long-term loans payable	(3,447)	(3,519)
Redemption of bonds	(57)	(64)
Purchase of treasury stock	(0)	(0)
Repayments of lease obligations	(2,700)	(2,903)
Cash dividends paid	(3,518)	(4,071)
Cash dividends paid to non-controlling interest	(401)	(406)
Net cash provided by (used in) financing activities	6,596	(9,176)
Effect of exchange rate change on cash and cash equivalents	40	(38)
Net increase (decrease) in cash and cash equivalents	2,007	(2,345)
Cash and cash equivalents at beginning of period	35,791	37,976
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	177	—
Cash and cash equivalents at end of period	37,976	35,630