

## Financial Section

## Consolidated Balance Sheets

	Millions of yen	
As of March 31	2016	2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	42,750	55,587
Cash for Transportation Security Services	73,142	66,745
Notes and accounts receivable-trade	45,643	50,118
Lease receivables and investment assets	4,114	4,336
Short-term investment securities	419	803
Raw materials and supplies	6,150	5,375
Costs on uncompleted construction contracts	436	451
Advances paid	6,030	6,340
Deferred tax assets	1,880	2,183
Other	7,682	7,881
Allowance for doubtful accounts	(236)	(197)
<b>Total current assets</b>	<b>188,013</b>	<b>199,627</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	47,269	48,336
Accumulated depreciation	(24,252)	(25,480)
Buildings and structures, net	23,016	22,856
Machinery, equipment and vehicles	127,800	130,824
Accumulated depreciation	(108,573)	(111,367)
Machinery, equipment and vehicles, net	19,227	19,457
Land	23,180	23,018
Lease assets	13,394	29,444
Accumulated depreciation	(6,712)	(13,513)
Lease assets, net	6,682	15,931
Construction in progress	1,274	992
Other	14,340	16,227
Accumulated depreciation	(10,381)	(11,509)
Other, net	3,958	4,717
<b>Total property, plant and equipment</b>	<b>77,340</b>	<b>86,974</b>
<b>Intangible assets</b>		
Software	4,033	3,411
Goodwill	10,149	18,615
Other	1,210	2,973
<b>Total intangible assets</b>	<b>15,394</b>	<b>25,000</b>
<b>Investments and other assets</b>		
Investment securities	37,633	40,300
Long-term loans receivable	350	359
Lease and guarantee deposits	8,282	8,935
Insurance funds	1,955	2,167
Net defined benefit asset	341	533
Deferred tax assets	10,810	10,394
Other	9,788	11,975
Allowance for doubtful accounts	(347)	(392)
<b>Total investments and other assets</b>	<b>68,813</b>	<b>74,275</b>
<b>Total noncurrent assets</b>	<b>161,548</b>	<b>186,250</b>
<b>Total assets</b>	<b>349,561</b>	<b>385,877</b>

	Millions of yen	
As of March 31	2016	2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	22,602	21,426
Short-term loans payable	21,122	27,438
Current portion of long-term loans payable	2,616	3,378
Current portion of bonds	64	54
Accounts payable-other	15,357	17,060
Lease obligations	3,192	4,090
Income taxes payable	6,188	6,214
Accrued consumption taxes	3,043	3,849
Provision for bonuses	1,470	1,958
Provision for directors' bonuses	137	100
Deferred tax liabilities	2	0
Other	11,424	12,534
<b>Total current liabilities</b>	<b>87,222</b>	<b>98,104</b>
<b>Noncurrent liabilities</b>		
Bonds payable	51	47
Long-term loans payable	11,928	11,161
Lease obligations	8,235	19,429
Deferred tax liabilities	332	621
Deferred tax liabilities for land revaluation	314	314
Net defined benefit liability	31,210	29,572
Provision for directors' retirement benefits	1,669	1,778
Asset retirement obligations	75	77
Other	2,900	2,539
<b>Total noncurrent liabilities</b>	<b>56,717</b>	<b>65,542</b>
<b>Total liabilities</b>	<b>143,939</b>	<b>163,647</b>

<b>Net Assets</b>		
<b>Shareholders' equity</b>		
Capital stock	18,675	18,675
Capital surplus	32,117	31,485
Retained earnings	144,551	157,596
Treasury stock	(1,991)	(2,019)
<b>Total shareholders' equity</b>	<b>193,352</b>	<b>205,737</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	6,570	7,306
Revaluation reserve for land	(5,286)	(5,286)
Foreign currency translation adjustment	113	69
Remeasurements of defined benefit plans	(13,309)	(11,204)
<b>Total accumulated other comprehensive income</b>	<b>(11,912)</b>	<b>(9,114)</b>
<b>Non-controlling interests</b>	<b>24,182</b>	<b>25,607</b>
<b>Total net assets</b>	<b>205,622</b>	<b>222,230</b>
<b>Total liabilities and net assets</b>	<b>349,561</b>	<b>385,877</b>

## Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

### Consolidated Statements of Income

Fiscal years ended March 31	Millions of yen	
	2016	2017
Net sales	381,818	413,343
Cost of sales	282,880	310,704
Gross profit	98,937	102,639
Selling, general and administrative expenses	69,901	74,217
Operating income	29,036	28,422
Non-operating income		
Interest income	209	176
Dividends income	617	587
Gain on sales of investment securities	24	6
Rent income	263	277
Gain from insurance claim	63	57
Equity in earnings of affiliates	790	1,420
Penalty income	358	274
Other	739	999
Total non-operating income	3,066	3,798
Non-operating expenses		
Interest expenses	652	1,005
Loss on sales of investment securities	7	3
Loss on retirement of noncurrent assets	217	162
Financing expenses	297	296
Other	260	443
Total non-operating expenses	1,436	1,911
Ordinary income	30,667	30,309
Extraordinary income		
Gain on sales of investment securities	60	59
Compensation income	33	—
Total extraordinary income	93	59
Extraordinary loss		
Loss on valuation of investment securities	2	12
Impairment loss	75	45
Provision for loss on dissolution of the employees' pension fund	—	95
Total extraordinary loss	77	153
Income before income taxes	30,682	30,215
Income taxes—current	10,429	10,940
Income taxes—deferred	855	(659)
Total income taxes	11,284	10,281
Net income	19,398	19,934
Profit attributable to non-controlling interests	1,529	1,603
Profit attributable to owners of parent	17,868	18,330

### Consolidated Statements of Comprehensive Income

Fiscal years ended March 31	Millions of yen	
	2016	2017
Net income	19,398	19,934
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,787)	755
Revaluation reserve for land	17	—
Foreign currency translation adjustment	(23)	48
Remeasurements of defined benefit plans, net of tax	(11,742)	2,091
Share of other comprehensive income (loss) of associates accounted for using equity method	(111)	(6)
Total other comprehensive income (loss)	(13,648)	2,888
Comprehensive income	5,749	22,823
(Contents)		
Comprehensive income attributable to owners of parent	4,566	21,128
Comprehensive income attributable to non-controlling interests	1,183	1,694

## Consolidated Statements of Changes in Net Assets

	Millions of yen				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	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)
Change in treasury stock of parent arising from transactions with non-controlling interest shareholders					—
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

	Accumulated other comprehensive income						Non-controlling interests	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)	
Change in treasury stock of parent arising from transactions with non-controlling interest shareholders							—	
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	

	Millions of yen				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity
Balance as of April 1, 2016	18,675	32,117	144,551	(1,991)	193,352
Cumulative effects of changes in accounting policies			495		495
Balance at the beginning of current period reflecting changes in accounting policies	18,675	32,117	145,046	(1,991)	193,848
Changes of items during the period					
Dividends from surplus			(5,780)		(5,780)
Profit attributable to owners of parent			18,330		18,330
Purchase of treasury stock				(28)	(28)
Change in treasury stock of parent arising from transactions with non-controlling interest shareholders					—
Net changes of items other than shareholders' equity			(632)		(632)
Total changes of items during the period	—	(632)	12,550	(28)	11,889
Balance as of March 31, 2017	18,675	31,485	157,596	(2,019)	205,737

	Accumulated other comprehensive income						Non-controlling interests	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, 2016	6,570	(5,286)	113	(13,309)	(11,912)	24,182	205,622	
Cumulative effects of changes in accounting policies							495	
Balance at the beginning of current period reflecting changes in accounting policies	6,570	(5,286)	113	(13,309)	(11,912)	24,182	206,118	
Changes of items during the period								
Dividends from surplus							(5,780)	
Profit attributable to owners of parent							18,330	
Purchase of treasury stock							(28)	
Change in treasury stock of parent arising from transactions with non-controlling interest shareholders							—	
Net changes of items other than shareholders' equity	735	—	(43)	2,105	2,797	1,425	4,222	
Total changes of items during the period	735	—	(43)	2,105	2,797	1,425	16,112	
Balance as of March 31, 2017	7,306	(5,286)	69	(11,204)	(9,114)	25,607	222,230	

## Consolidated Statements of Cash Flows

	Millions of yen	
Fiscal years ended March 31	2016	2017
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes	30,682	30,215
Depreciation and amortization	12,109	13,773
Impairment loss	75	45
Amortization of goodwill	1,098	1,076
Increase (decrease) in allowance for doubtful accounts	(210)	(20)
Increase (decrease) in net defined benefit liability	(25)	658
Increase (decrease) in provision for bonuses	10	184
Increase (decrease) in provision for directors' bonuses	(49)	(36)
Interest and dividends income	(827)	(763)
Interest expenses	652	1,005
Equity in (earnings) losses of affiliates	(790)	(1,420)
Loss (gain) on sales of noncurrent assets	(1)	(22)
Loss on retirement of noncurrent assets	217	162
Loss (gain) on sales of investment securities	(77)	(62)
Loss (gain) on valuation of investment securities	2	12
Loss (gain) on valuation of derivatives	10	9
Decrease (increase) in notes and accounts receivable-trade	(1,640)	(878)
Decrease (increase) in inventories	(1,451)	844
Increase (decrease) in notes and accounts payable-trade	(1,425)	(2,300)
Decrease (increase) in net defined benefit asset	(2,083)	402
Decrease (increase) in assets and liabilities for Transportation Security Services	(3,538)	18,157
Other	(5,028)	4,135
Subtotal	27,711	65,181
Interest and dividends income received	988	984
Interest expenses paid	(653)	(1,005)
Income taxes paid	(8,378)	(10,617)
Income taxes refund	11	19
Net cash provided by (used in) operating activities	19,678	54,561
<b>Net cash provided by (used in) investing activities</b>		
Decrease (increase) in time deposits	1,066	(741)
Purchase of property, plant and equipment	(13,736)	(11,006)
Proceeds from sales of property, plant and equipment	69	165
Purchase of investment securities	(2,692)	(2,899)
Proceeds from sales of investment securities	1,770	2,106
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(6,424)
Decrease (increase) in short-term loans receivable	(28)	183
Payments of long-term loans receivable	(41)	(90)
Collection of long-term loans receivable	86	110
Other	697	(3,459)
Net cash provided by (used in) investing activities	(12,808)	(22,055)
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	(10,900)	(5,989)
Proceeds from long-term loans payable	12,690	491
Repayment of long-term loans payable	(3,519)	(3,826)
Redemption of bonds	(64)	(104)
Purchase of treasury stock	(0)	(1)
Repayments of lease obligations	(2,903)	(4,265)
Cash dividends paid	(4,071)	(5,780)
Cash dividends paid to non-controlling interests	(406)	(474)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(632)
Net cash provided by (used in) financing activities	(9,176)	(20,582)
<b>Effect of exchange rate change on cash and cash equivalents</b>	(38)	(4)
<b>Net increase (decrease) in cash and cash equivalents</b>	(2,345)	11,919
<b>Cash and cash equivalents at beginning of period</b>	37,976	35,630
<b>Cash and cash equivalents at end of period</b>	35,630	47,549