

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended March 31, 2017  
(Based on Japanese GAAP)**

May 9, 2017

Company name: HAMAKYOREX CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 9037 URL <http://www.hamakyorex.co.jp>  
 Representative: President Hidenori Osuka  
 Inquiries: Executive officer Rikiya Yamada TEL 053-444-0054  
 Scheduled date of ordinary general meeting of shareholders: June 15, 2017  
 Scheduled date to file Securities Report: June 15, 2017  
 Scheduled date to commence dividend payments: June 16, 2017  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2017	99,191	4.2	7,948	(2.0)	8,420	1.2	5,053	6.9
Year ended March 31, 2016	95,204	3.6	8,108	20.5	8,322	18.6	4,726	21.5

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2017	265.88	–	11.3	7.8	8.0
Year ended March 31, 2016	257.79	–	12.5	8.3	8.5

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	109,725	53,078	42.6	2,461.73
As of March 31, 2016	105,952	47,885	39.9	2,225.18

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2017	11,764	(1,887)	(5,639)	8,909
Year ended March 31, 2016	7,791	(13,341)	3,094	4,671

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2016	–	12.50	–	15.00	27.50	522	10.7	1.3
Year ended March 31, 2017	–	20.00	–	20.00	40.00	760	15.0	1.7
Year ending March 31, 2018 (Forecast)	–	22.50	–	22.50	45.00		15.0	

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	105,000	5.9	9,800	23.3	10,000	18.8	5,700	12.8	299.91

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2017	19,012,000 shares	As of March 31, 2016	19,012,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2017	6,382 shares	As of March 31, 2016	6,342 shares
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Average number of shares during the period

Year ended March 31, 2017	19,005,634 shares	Year ended March 31, 2016	18,334,650 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	5,028	9,314
Notes and accounts receivable - trade	12,907	12,815
Merchandise	2	19
Supplies	90	97
Deferred tax assets	493	431
Other	1,567	1,019
Allowance for doubtful accounts	(31)	(30)
Total current assets	20,059	23,667
Non-current assets		
Property, plant and equipment		
Buildings and structures	59,290	60,999
Accumulated depreciation	(29,735)	(31,506)
Buildings and structures, net	29,554	29,492
Machinery and equipment	4,541	4,742
Accumulated depreciation	(1,534)	(2,062)
Machinery and equipment, net	3,007	2,680
Vehicles	7,988	7,595
Accumulated depreciation	(7,559)	(7,130)
Vehicles, net	429	465
Land	39,537	39,614
Leased assets	10,105	11,464
Accumulated depreciation	(3,748)	(4,410)
Leased assets, net	6,356	7,053
Construction in progress	406	4
Other	2,216	2,254
Accumulated depreciation	(1,886)	(1,871)
Other, net	329	383
Total property, plant and equipment	79,620	79,694
Intangible assets	1,944	2,045
Investments and other assets		
Investment securities	1,206	1,420
Long-term loans receivable	8	9
Long-term prepaid expenses	117	134
Lease and guarantee deposits	2,064	1,837
Deferred tax assets	525	510
Other	484	476
Allowance for doubtful accounts	(78)	(70)
Total investments and other assets	4,328	4,318
Total non-current assets	85,893	86,058
Total assets	105,952	109,725

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	5,812	6,038
Short-term loans payable	20,650	19,221
Lease obligations	1,577	1,878
Income taxes payable	1,663	1,221
Accrued consumption taxes	365	1,337
Provision for bonuses	827	801
Deferred tax liabilities	–	0
Provision for directors' bonuses	40	34
Reserve for loss on dissolution of employee's pension fund	6	6
Other	3,992	3,605
<b>Total current liabilities</b>	<b>34,937</b>	<b>34,146</b>
<b>Non-current liabilities</b>		
Long-term loans payable	10,308	9,000
Lease obligations	5,197	5,656
Deferred tax liabilities	489	548
Net defined benefit liability	5,694	5,656
Reserve for loss on dissolution of employee's pension fund	27	42
Other	1,412	1,596
<b>Total non-current liabilities</b>	<b>23,129</b>	<b>22,500</b>
<b>Total liabilities</b>	<b>58,067</b>	<b>56,647</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	6,547	6,547
Capital surplus	6,466	6,466
Retained earnings	29,406	33,794
Treasury shares	(9)	(9)
<b>Total shareholders' equity</b>	<b>42,411</b>	<b>46,799</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	178	251
Remeasurements of defined benefit plans	(298)	(264)
<b>Total accumulated other comprehensive income</b>	<b>(120)</b>	<b>(12)</b>
<b>Non-controlling interests</b>	<b>5,594</b>	<b>6,291</b>
<b>Total net assets</b>	<b>47,885</b>	<b>53,078</b>
<b>Total liabilities and net assets</b>	<b>105,952</b>	<b>109,725</b>

## Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Operating revenue	95,204	99,191
Operating cost	85,021	88,839
Operating gross profit	10,182	10,351
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	11	2
Directors' compensations	487	546
Salaries and allowances	448	495
Provision for bonuses	45	67
Provision for directors' bonuses	44	23
Retirement benefit expenses	20	25
Provision for directors' retirement benefits	6	–
Taxes and dues	255	396
Other	754	844
Total selling, general and administrative expenses	2,074	2,403
Operating profit	8,108	7,948
Non-operating income		
Interest income	1	0
Dividend income	31	29
Rent income	85	85
Commission fee	53	48
Gain on sales of non-current assets	174	122
Amortization of negative goodwill	–	9
Subsidy income	52	220
Electrical Sales Income	290	386
Miscellaneous income	109	140
Total non-operating income	799	1,044
Non-operating expenses		
Interest expenses	254	220
Loss on sales and retirement of non-current assets	18	20
Cost of electricity sales	209	263
Miscellaneous loss	101	67
Total non-operating expenses	584	572
Ordinary profit	8,322	8,420
Extraordinary income		
Gain on sales of non-current assets	–	39
Gain on reversal of asset retirement obligations	39	–
Gain on sales of investment securities	–	65
Total extraordinary income	39	105

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Extraordinary losses		
Loss on retirement of non-current assets	15	47
Impairment loss	4	26
Loss on valuation of investment securities	1	–
Compensation for damage	–	51
Loss on transfer and closing of logistics center	78	45
Provision of reserve for loss on dissolution of employee's pension fund	34	–
Subsidiary transfer cost	–	61
Total extraordinary losses	133	232
Profit before income taxes	8,229	8,293
Income taxes - current	2,821	2,429
Income taxes - deferred	(52)	51
Total income taxes	2,768	2,480
Profit	5,460	5,812
Profit attributable to		
Profit attributable to owners of parent	4,726	5,053
Profit attributable to non-controlling interests	733	759
Other comprehensive income		
Valuation difference on available-for-sale securities	(60)	90
Remeasurements of defined benefit plans, net of tax	(126)	40
Total other comprehensive income	(186)	131
Comprehensive income	5,273	5,943
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,578	5,161
Comprehensive income attributable to non-controlling interests	694	782

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,045	3,951	25,101	(9)	33,089
Changes of items during period					
Issuance of new shares	2,502	2,502			5,004
Change in ownership interest of parent due to transactions with non-controlling interests		12			12
Dividends of surplus			(421)		(421)
Profit attributable to owners of parent			4,726		4,726
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	2,502	2,515	4,305	(0)	9,322
Balance at end of current period	6,547	6,466	29,406	(9)	42,411

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	226	(199)	27	5,027	38,144
Changes of items during period					
Issuance of new shares					5,004
Change in ownership interest of parent due to transactions with non-controlling interests					12
Dividends of surplus					(421)
Profit attributable to owners of parent					4,726
Purchase of treasury shares					(0)
Net changes of items other than shareholders' equity	(48)	(99)	(147)	566	419
Total changes of items during period	(48)	(99)	(147)	566	9,741
Balance at end of current period	178	(298)	(120)	5,594	47,885

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,547	6,466	29,406	(9)	42,411
Changes of items during period					
Issuance of new shares					
Change in ownership interest of parent due to transactions with non-controlling interests					
Dividends of surplus			(665)		(665)
Profit attributable to owners of parent			5,053		5,053
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	4,388	(0)	4,387
Balance at end of current period	6,547	6,466	33,794	(9)	46,799

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	178	(298)	(120)	5,594	47,885
Changes of items during period					
Issuance of new shares					
Change in ownership interest of parent due to transactions with non-controlling interests					
Dividends of surplus					(665)
Profit attributable to owners of parent					5,053
Purchase of treasury shares					(0)
Net changes of items other than shareholders' equity	73	34	107	697	805
Total changes of items during period	73	34	107	697	5,193
Balance at end of current period	251	(264)	(12)	6,291	53,078



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	8,229	8,293
Depreciation	3,820	4,716
Amortization of negative goodwill	–	(9)
Increase (decrease) in allowance for doubtful accounts	9	(12)
Increase (decrease) in provision for bonuses	45	(36)
Increase (decrease) in provision for directors' bonuses	(14)	(5)
Increase (decrease) in net defined benefit liability	88	19
Increase (decrease) in provision for directors' retirement benefits	(506)	–
Increase (decrease) in provision of reserve for loss on dissolution of employee's pension fund	34	–
Interest and dividend income	(33)	(30)
Interest expenses	254	220
Loss on sales and retirement of noncurrent assets	33	76
Loss (gain) on valuation of investment securities	1	–
Decrease (increase) in notes and accounts receivable - trade	(516)	388
Increase (decrease) in notes and accounts payable - trade	(94)	(0)
Increase (decrease) in accrued consumption taxes	(1,025)	1,133
Decrease (increase) in consumption taxes refund receivable	(415)	415
Loss on compensation for damage	–	51
Increase/decrease in other assets/liabilities	1,211	(27)
Other, net	(123)	(183)
Subtotal	11,000	15,005
Interest and dividend income received	33	30
Interest expenses paid	(251)	(218)
Compensation for damage paid	(17)	(51)
Income taxes paid	(2,980)	(3,003)
Income taxes refund	6	1
Net cash provided by (used in) operating activities	7,791	11,764
Cash flows from investing activities		
Payments into time deposits	(989)	(593)
Proceeds from withdrawal of time deposits	973	596
Purchase of property, plant and equipment	(13,096)	(2,136)
Proceeds from sales of property, plant and equipment	178	280
Purchase of intangible assets	(180)	(312)
Purchase of investment securities	(0)	(1)
Proceeds from sales of investment securities	7	88
Payments for lease deposits	(250)	(48)
Collection of lease deposits	181	413
Payments of loans receivable	(19)	(25)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(69)	(100)
Other, net	(76)	(46)
Net cash provided by (used in) investing activities	(13,341)	(1,887)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	215	(500)
Proceeds from long-term loans payable	3,490	1,771
Repayments of long-term loans payable	(3,426)	(4,280)
Proceeds from issuance of common shares	4,976	–
Net decrease (increase) in treasury shares	(1)	(0)
Cash dividends paid	(421)	(665)
Dividends paid to non-controlling interests	(114)	(112)
Repayments of lease obligations	(1,621)	(1,846)
Other, net	(1)	(5)
Net cash provided by (used in) financing activities	3,094	(5,639)
Effect of exchange rate change on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	(2,455)	4,238
Cash and cash equivalents at beginning of period	7,126	4,671
Cash and cash equivalents at end of period	4,671	8,909