Consolidated Statement of Income

Year Ended March 31, 2018

Mallow Jero Jero Jero Jero Jero Jero Jero Jero				Thousands of U.S. Dollars
OPERATING REVENUES Y1,68,813 Y1,466,852 \$14,848,313 OPERATING COSTS AND EXPENSES: Operating costs 1,452,485 1,385,492 13,671,742 Selling, general and administrative expenses 50,642 46,475 476,675 Total operating costs and expenses 1,503,127 1,431,967 14,148,417 Operating profit 35,686 34,885 335,896 OTHER INCOME (EXPENSES): Interest and dividend income 981 847 9,232 Interest expense (272) (430) (2,556) Loss on sales and disposal of property, plant and equipment—net (1,042) (66) (9,806) Loss on impairment of long-lived assets (Note 6) (3,241) (1,284) (30,507) Gain on sales of marketable and investment securities (Note 5) 1,639 600 15,428 Loss on valuation of investment securities (Note 5) (1) (1) (9) Loss on valuation of investment in unconsolidated subsidiaries and affiliates (55) (209) (514) Share of loss of entities accounted for using equity method (1,355) (799) (12,758)		Millions of Yen		
OPERATING COSTS AND EXPENSES: Operating costs 1,452,485 1,385,492 13,671,742 Selling, general and administrative expenses 50,642 46,475 476,675 Total operating costs and expenses 1,503,127 1,431,967 14,148,417 Operating profit 35,686 34,885 335,986 OTHER INCOME (EXPENSES): Interest and dividend income 981 847 9,232 Interest expense (272) (430) (2,556) Loss on sales and disposal of property, plant and equipment—net (10,42) (66) (3,806) Loss on impairment of long-lived assets (Note 6) (3,241) (1,284) (30,507) Gain on sales of marketable and investment securities (Note 5) 1,639 600 15,428 Loss on valuation of investment securities (Note 5) (1) (1) (9) Loss on valuation of investment in unconsolidated subsidiaries and affiliates (55) (209) (514 Share of loss of entities accounted for using equity method (1,355) (799) (12,758) Provision of allowance for investment loss of unc		2018	2017	2018
Operating costs 1,452,485 1,385,492 13,671,742 Selling, general and administrative expenses 50,642 46,475 476,675 Total operating costs and expenses 1,503,127 1,431,967 14,148,417 Operating profit 35,686 34,885 335,896 OTHER INCOME (EXPENSES): Interest and dividend income 981 847 9,232 Interest expenses (272) (430) (2,556) Loss on sales and disposal of property, plant and equipment—net (1,042) (66) (3,806) Loss on impairment of long-lived assets (Note 6) (3,241) (1,284) (30,507) Gain on sales of marketable and investment securities (Note 5) 1,639 600 15,428 Loss on valuation of investment in unconsolidated subsidiaries and affiliates (55) (209) (514) Share of loss of entities accounted for using equity method (1,355) (799) (12,758) Provision of allowance for investment loss of unconsolidated subsidiaries (12) (88) Disaster recovery expenses for the Kumamoto Earthquake (88) (88)	OPERATING REVENUES	¥1,538,813	¥1,466,852	\$14,484,313
Operating costs 1,452,485 1,385,492 13,671,742 Selling, general and administrative expenses 50,642 46,475 476,675 Total operating costs and expenses 1,503,127 1,431,967 14,148,417 Operating profit 35,686 34,885 335,896 OTHER INCOME (EXPENSES): Interest and dividend income 981 847 9,232 Interest expenses (272) (430) (2,556) Loss on sales and disposal of property, plant and equipment—net (1,042) (66) (3,806) Loss on impairment of long-lived assets (Note 6) (3,241) (1,284) (30,507) Gain on sales of marketable and investment securities (Note 5) 1,639 600 15,428 Loss on valuation of investment in unconsolidated subsidiaries and affiliates (55) (209) (514) Share of loss of entities accounted for using equity method (1,355) (799) (12,758) Provision of allowance for investment loss of unconsolidated subsidiaries (12) (88) Disaster recovery expenses for the Kumamoto Earthquake (88) (88)				
Selling, general and administrative expenses 50,642 46,475 476,675 Total operating costs and expenses 1,503,127 1,431,967 14,148,417 Operating profit 35,686 34,885 335,896 OTHER INCOME (EXPENSES): Interest and dividend income 981 847 9,232 Interest expense (272) (430) (2,556) Loss on sales and disposal of property, plant and equipment—net (1,042) (66) (9,806) Loss on impairment of long-lived assets (Note 6) (3,241) (1,284) (30,507) Gain on sales of marketable and investment securities (Note 5) 1,639 600 15,428 Loss on valuation of investment securities (Note 5) (1) (1) (9 Loss on valuation of investment is ecurities (Note 5) (1) (1) (99) (12,758) Provision of allowance for investment loss of unconsolidated subsidiaries (127) (1,193) (1,193) (1,194) (1,284) (1,284) (1,284) (1,284) (1,284) (1,284) (1,284) (2,563) (1,847) (24,117)	OPERATING COSTS AND EXPENSES:			
Total operating costs and expenses 1,503,127 1,431,967 14,148,417	Operating costs	1,452,485	1,385,492	13,671,742
Operating profit 35,686 34,885 335,896 OTHER INCOME (EXPENSES): Interest and dividend income 981 847 9,232 Interest expense (272) (430) (2,556) Loss on sales and disposal of property, plant and equipment—net (1,042) (66) (9,806) Loss on impairment of long-lived assets (Note 6) (3,241) (1,284) (30,507) Gain on sales of marketable and investment securities (Note 5) 1,639 600 15,428 Loss on valuation of investment securities (Note 5) (1) (1) (9) Loss on valuation of investment in unconsolidated subsidiaries and affiliates (55) (209) (514) Share of loss of entities accounted for using equity method (1,355) (799) (12,758) Provision of allowance for investment loss of unconsolidated subsidiaries (127) (1,193) Provision of allowance for doubtful accounts (186) (1,284) Disaster recovery expenses for the Kumamoto Earthquake (886) (1,847) (24,117) PROFIT BEFORE INCOME TAXES 33,123 33,038 311,779	Selling, general and administrative expenses	50,642	46,475	476,675
OTHER INCOME (EXPENSES): Interest and dividend income 981 847 9,232 Interest and dividend income (272) (430) (2,556) Loss on sales and disposal of property, plant and equipment—net (1,042) (66) (9,806) Loss on sales and disposal of property, plant and equipment—net (1,042) (66) (9,806) Loss on impairment of long-lived assets (Note 5) (3,241) (1,284) (30,507) Gain on sales of marketable and investment securities (Note 5) (1) (1) (1) (9) Loss on valuation of investment in unconsolidated subsidiaries and affiliates (55) (209) (514) Share of loss of entities accounted for using equity method (1,355) (799) (12,758) Provision of allowance for investment loss of unconsolidated subsidiaries (127) (1,193) Provision of allowance for doubtful accounts (136) (186) (1,284) Disaster recovery expenses for the Kumamoto Earthquake (886) (886) (1,284) Other expenses—net (2,563) (1,847) (24,117) PROFIT BEFORE INCOME TAXES <	Total operating costs and expenses	1,503,127	1,431,967	14,148,417
Interest and dividend income 981 847 9,232 Interest expense (272) (430) (2,556) Loss on sales and disposal of property, plant and equipment—net (1,042) (66) (9,806) Loss on impairment of long-lived assets (Note 6) (3,241) (1,284) (30,507) Gain on sales of marketable and investment securities (Note 5) (1) (1) (1) (9) Loss on valuation of investment securities (Note 5) (1) (1) (1) (9) Loss on valuation of investment in unconsolidated subsidiaries and affiliates (55) (209) (514) Share of loss of entities accounted for using equity method (1,355) (799) (12,758) Provision of allowance for investment loss of unconsolidated subsidiaries (127) (1,193) Provision of allowance for doubtful accounts (136) (1,284) Disaster recovery expenses for the Kumamoto Earthquake (886) Other—net (2,563) (1,847) (24,117) PROFIT BEFORE INCOME TAXES (Note 11): Current	Operating profit	35,686	34,885	335,896
Interest and dividend income 981 847 9,232 Interest expense (272) (430) (2,556) Loss on sales and disposal of property, plant and equipment—net (1,042) (66) (9,806) Loss on impairment of long-lived assets (Note 6) (3,241) (1,284) (30,507) Gain on sales of marketable and investment securities (Note 5) (1) (1) (1) (9) Loss on valuation of investment securities (Note 5) (1) (1) (1) (9) Loss on valuation of investment in unconsolidated subsidiaries and affiliates (55) (209) (514) Share of loss of entities accounted for using equity method (1,355) (799) (12,758) Provision of allowance for investment loss of unconsolidated subsidiaries (127) (1,193) Provision of allowance for doubtful accounts (136) (1,284) Disaster recovery expenses for the Kumamoto Earthquake (886) Other—net (2,563) (1,847) (24,117) PROFIT BEFORE INCOME TAXES (Note 11): Current				
Interest expense (272) (430) (2,556) Loss on sales and disposal of property, plant and equipment—net (1,042) (66) (9,806) Loss on impairment of long-lived assets (Note 6) (3,241) (1,284) (30,507) Gain on sales of marketable and investment securities (Note 5) 1,639 600 15,428 Loss on valuation of investment securities (Note 5) (1) (1) (9) Loss on valuation of investment securities (Note 5) (1) (1) (9) Loss on valuation of investment in unconsolidated subsidiaries and affiliates (55) (209) (514) Share of loss of entities accounted for using equity method (1,355) (799) (12,758) Provision of allowance for investment loss of unconsolidated subsidiaries (127) (1,193) Provision of allowance for doubtful accounts (136) (1,284) Disaster recovery expenses for the Kumamoto Earthquake (886) Other—net (2,563) (1,847) (24,117) PROFIT BEFORE INCOME TAXES (Note 11): Current (1,862 22,094 137,628) Deferred (187) (7,421) (1,755) Total income taxes 14,435 14,673 135,873 PROFIT PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS 456 311 4,296	OTHER INCOME (EXPENSES):			
Loss on sales and disposal of property, plant and equipment—net (1,042) (66) (9,806) Loss on impairment of long-lived assets (Note 6) (3,241) (1,284) (30,507) Gain on sales of marketable and investment securities (Note 5) 1,639 600 15,428 Loss on valuation of investment securities (Note 5) (1) (1) (1) (9) Loss on valuation of investment in unconsolidated subsidiaries and affiliates (55) (209) (514) Share of loss of entities accounted for using equity method (1,355) (799) (12,758) Provision of allowance for investment loss of unconsolidated subsidiaries (127) (1,193) Provision of allowance for doubtful accounts (136) (1,284) Disaster recovery expenses for the Kumamoto Earthquake (886) (886) Other—net 1,046 381 9,850 Other expenses—net (2,563) (1,847) (24,117) PROFIT BEFORE INCOME TAXES 33,123 33,038 311,779 INCOME TAXES (Note 11): 22,094 137,628 Deferred (187) (7,421) (1,755) Total income taxes 14,435 14,673 <td>Interest and dividend income</td> <td>981</td> <td>847</td> <td>9,232</td>	Interest and dividend income	981	847	9,232
Loss on impairment of long-lived assets (Note 6) (3,241) (1,284) (30,507) Gain on sales of marketable and investment securities (Note 5) 1,639 600 15,428 Loss on valuation of investment securities (Note 5) (1) (1) (9) Loss on valuation of investment in unconsolidated subsidiaries and affiliates (55) (209) (514) Share of loss of entities accounted for using equity method (1,355) (799) (12,758) Provision of allowance for investment loss of unconsolidated subsidiaries (127) (1,193) Provision of allowance for doubtful accounts (136) (886) Other—net 1,046 381 9,850 Other expenses—net (2,563) (1,847) (24,117) PROFIT BEFORE INCOME TAXES 33,123 33,038 311,779 INCOME TAXES (Note 11): Current 14,622 22,094 137,628 Deferred (187) (7,421) (1,755) Total income taxes 14,435 14,673 135,873 PROFIT 18,688 18,365 175,906 PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS 456 311 4,296 </td <td>Interest expense</td> <td>(272)</td> <td>(430)</td> <td>(2,556)</td>	Interest expense	(272)	(430)	(2,556)
Gain on sales of marketable and investment securities (Note 5) 1,639 600 15,428 Loss on valuation of investment securities (Note 5) (1) (1) (9) Loss on valuation of investment in unconsolidated subsidiaries and affiliates (55) (209) (514) Share of loss of entities accounted for using equity method (1,355) (799) (12,758) Provision of allowance for investment loss of unconsolidated subsidiaries (127) (1,193) Provision of allowance for doubtful accounts (136) (1,284) Disaster recovery expenses for the Kumamoto Earthquake (886) (886) Other—net 1,046 381 9,850 Other expenses—net (2,563) (1,847) (24,117) PROFIT BEFORE INCOME TAXES 33,123 33,038 311,779 INCOME TAXES (Note 11): 14,622 22,094 137,628 Deferred (187) (7,421) (1,755) Total income taxes 14,435 14,673 135,873 PROFIT 18,688 18,365 175,906 PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS 456 311 4,296	Loss on sales and disposal of property, plant and equipment—net	(1,042)	(66)	(9,806)
Loss on valuation of investment securities (Note 5) (1) (1) (9) Loss on valuation of investment in unconsolidated subsidiaries and affiliates (55) (209) (514) Share of loss of entities accounted for using equity method (1,355) (799) (12,758) Provision of allowance for investment loss of unconsolidated subsidiaries (127) (1,193) Provision of allowance for doubtful accounts (136) (1,284) Disaster recovery expenses for the Kumamoto Earthquake (886) (886) Other—net 1,046 381 9,850 Other expenses—net (2,563) (1,847) (24,117) PROFIT BEFORE INCOME TAXES 33,123 33,038 311,779 INCOME TAXES (Note 11): 22,094 137,628 Deferred (187) (7,421) (1,755) Total income taxes 14,435 14,673 135,873 PROFIT 18,688 18,365 175,906 PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS 456 311 4,296	Loss on impairment of long-lived assets (Note 6)	(3,241)	(1,284)	(30,507)
Loss on valuation of investment in unconsolidated subsidiaries and affiliates (55) (209) (514) Share of loss of entities accounted for using equity method (1,355) (799) (12,758) Provision of allowance for investment loss of unconsolidated subsidiaries (127) (1,193) Provision of allowance for doubtful accounts (136) (1,284) Disaster recovery expenses for the Kumamoto Earthquake (886) Other—net 1,046 381 9,850 Other expenses—net (2,563) (1,847) (24,117) PROFIT BEFORE INCOME TAXES 33,123 33,038 311,779 INCOME TAXES (Note 11): 14,622 22,094 137,628 Deferred (187) (7,421) (1,755) Total income taxes 14,435 14,673 135,873 PROFIT 18,688 18,365 175,906 PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS 456 311 4,296	Gain on sales of marketable and investment securities (Note 5)	1,639	600	15,428
Share of loss of entities accounted for using equity method (1,355) (799) (12,758) Provision of allowance for investment loss of unconsolidated subsidiaries (127) (1,193) Provision of allowance for doubtful accounts (136) (1,284) Disaster recovery expenses for the Kumamoto Earthquake (886) Other—net 1,046 381 9,850 Other expenses—net (2,563) (1,847) (24,117) PROFIT BEFORE INCOME TAXES 33,123 33,038 311,779 INCOME TAXES (Note 11): 2 22,094 137,628 Deferred (187) (7,421) (1,755) Total income taxes 14,435 14,673 135,873 PROFIT 18,688 18,365 175,906 PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS 456 311 4,296	Loss on valuation of investment securities (Note 5)	(1)	(1)	(9)
Provision of allowance for investment loss of unconsolidated subsidiaries (127) (1,193) Provision of allowance for doubtful accounts (136) (1,284) Disaster recovery expenses for the Kumamoto Earthquake (886) (886) Other—net 1,046 381 9,850 Other expenses—net (2,563) (1,847) (24,117) PROFIT BEFORE INCOME TAXES 33,123 33,038 311,779 INCOME TAXES (Note 11): Current 14,622 22,094 137,628 Deferred (187) (7,421) (1,755) Total income taxes 14,435 14,673 135,873 PROFIT 18,688 18,365 175,906 PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS 456 311 4,296	Loss on valuation of investment in unconsolidated subsidiaries and affiliates	(55)	(209)	(514)
Provision of allowance for doubtful accounts (136) (1,284) Disaster recovery expenses for the Kumamoto Earthquake (886) Other—net 1,046 381 9,850 Other expenses—net (2,563) (1,847) (24,117) PROFIT BEFORE INCOME TAXES 33,123 33,038 311,779 INCOME TAXES (Note 11): Current 14,622 22,094 137,628 Deferred (187) (7,421) (1,755) Total income taxes 14,435 14,673 135,873 PROFIT 18,688 18,365 175,906 PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS 456 311 4,296	Share of loss of entities accounted for using equity method	(1,355)	(799)	(12,758)
Disaster recovery expenses for the Kumamoto Earthquake (886) Other—net 1,046 381 9,850 Other expenses—net (2,563) (1,847) (24,117) PROFIT BEFORE INCOME TAXES 33,123 33,038 311,779 INCOME TAXES (Note 11): Current 14,622 22,094 137,628 Deferred (187) (7,421) (1,755) Total income taxes 14,435 14,673 135,873 PROFIT 18,688 18,365 175,906 PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS 456 311 4,296	Provision of allowance for investment loss of unconsolidated subsidiaries	(127)		(1,193)
Other—net 1,046 381 9,850 Other expenses—net (2,563) (1,847) (24,117) PROFIT BEFORE INCOME TAXES INCOME TAXES (Note 11): Current 14,622 22,094 137,628 Deferred (187) (7,421) (1,755) Total income taxes 14,435 14,673 135,873 PROFIT PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS 456 311 4,296	Provision of allowance for doubtful accounts	(136)		(1,284)
Other expenses—net (2,563) (1,847) (24,117) PROFIT BEFORE INCOME TAXES 33,123 33,038 311,779 INCOME TAXES (Note 11): Current 14,622 22,094 137,628 Deferred (187) (7,421) (1,755) Total income taxes 14,435 14,673 135,873 PROFIT 18,688 18,365 175,906 PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS 456 311 4,296	Disaster recovery expenses for the Kumamoto Earthquake		(886)	
PROFIT BEFORE INCOME TAXES INCOME TAXES (Note 11): Current 14,622 22,094 137,628 Deferred (187) (7,421) (1,755) Total income taxes 14,435 14,673 135,873 PROFIT 18,688 18,365 175,906 PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS 456 311 4,296	Other—net	1,046	381	9,850
INCOME TAXES (Note 11): Current 14,622 22,094 137,628 Deferred (187) (7,421) (1,755) Total income taxes 14,435 14,673 135,873 PROFIT 18,688 18,365 175,906 PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS 456 311 4,296	Other expenses—net	(2,563)	(1,847)	(24,117)
INCOME TAXES (Note 11): Current 14,622 22,094 137,628 Deferred (187) (7,421) (1,755) Total income taxes 14,435 14,673 135,873 PROFIT 18,688 18,365 175,906 PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS 456 311 4,296				
Current 14,622 22,094 137,628 Deferred (187) (7,421) (1,755) Total income taxes 14,435 14,673 135,873 PROFIT 18,688 18,365 175,906 PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS 456 311 4,296	PROFIT BEFORE INCOME TAXES	33,123	33,038	311,779
Current 14,622 22,094 137,628 Deferred (187) (7,421) (1,755) Total income taxes 14,435 14,673 135,873 PROFIT 18,688 18,365 175,906 PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS 456 311 4,296				
Deferred (187) (7,421) (1,755) Total income taxes 14,435 14,673 135,873 PROFIT 18,688 18,365 175,906 PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS 456 311 4,296	INCOME TAXES (Note 11):			
Total income taxes 14,435 14,673 135,873 PROFIT 18,688 18,365 175,906 PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS 456 311 4,296	Current	14,622	22,094	137,628
PROFIT 18,688 18,365 175,906 PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS 456 311 4,296	Deferred	(187)	(7,421)	(1,755)
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS 456 311 4,296	Total income taxes	14,435	14,673	135,873
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS 456 311 4,296				
,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	PROFIT	18,688	18,365	175,906
PROFIT ATTRIBUTABLE TO OWNERS OF PARENT ¥ 18,232 ¥ 18,054 \$ 171,610	PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	456	311	4,296
	PROFIT ATTRIBUTABLE TO OWNERS OF PARENT	¥ 18,232	¥ 18,054	\$ 171,610

			U.S. Dollars (Note 1)
	Ye	Yen	
	2018	2017	2018
PER SHARE OF COMMON STOCK (Notes 2.r and 16):			
Basic earnings	¥46.24	¥45.37	\$0.44
Cash dividends applicable to the year	27.00	27.00	0.25

See notes to consolidated financial statements.