SEINO

Annual Report 2018

Year Ended March 31,2018

Profile

Seino Holdings Co., Ltd. ("the Company") began business as a trucking company in 1930 and was incorporated in 1946. Based in the city of Ogaki, Gifu.

Prefecture, we are a leading trucking company, expanding in step with the growth of the Japanese economy and the development of the nation's extensive expressway network. On October 1, 2005, the Company transferred its transportation business and other operations to a new company—which has taken the original name Seino Transportation Co., Ltd.—and was renamed Seino Holdings Co., Ltd., adopting a pure holding company structure.

The Seino Group currently consists of the pure holding company Seino Holdings, 76 consolidated subsidiaries and 21 affiliates engaged in transportation services, vehicle sales, merchandise sales, leasing for real estate services and other services.

In its mainstay transportation services business, the Company has taken steps to build even more convenient logistics systems, all the while adhering to its "customer-first" principle.

As of March 31, 2018, Seino offers efficient transportation services throughout Japan via its 675 domestic terminals, a fleet of 24,384 trucks and a trucking network that averages 4,000 routes daily.

In addition, with the aim of establishing a three-temperature zone logistics network within Japan and Asia, Showa Reizo Co., Ltd., which has three large-scale refrigerated and freezer warehouses in the Tokyo's surrounding metro area, and Shoreifit Co., Ltd. have been made into subsidiaries while PT Seino Indomobil Logistics in Indonesia has begun domestic transportation of frozen foods.

The Seino Group is committed to providing rapid services that deliver total customer satisfaction and will proceed down the "Road to Success" to become a highly profitable company through initiatives to develop a progressive business model that will become the standard for next-generation transportation business.

Forward-looking Statements:
In this annual report, statements other than historical facts are forward-looking statements that reflect the plans and expectations of the Company. These forward-looking statements involve risks, uncertainties and other factors that may cause the Company's actual results and achievements to differ materially from those anticipated in these statements.

Contents

Board of Directors

(As of June 27, 2018)

President	Yoshitaka Taguchi
Representative Director	Takao Taguchi
Directors	Masahiro Kamiya Hidemi Maruta Harumi Furuhashi Nobuyuki Nozu
Outside Directors	Kenjiro Ueno Meyumi Yamada Shintaro Takai
Standing Statutory Auditors	Shingo Terada Nobuhiko Ito
Outside Statutory Auditors	Fumio Kato Eiji Kasamatsu

Seino Holdings Co., Ltd.

Financial Highlights

For the Years Ended March 31, 2018, 2017 and 2016

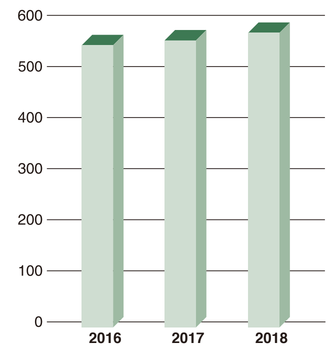
	Millions of Yen			Thousands of U.S. Dollars (Note)
	2018	2017	2016	2017
CONSOLIDATED BASIS:				
Operating revenue	**¥ 596,130**	¥ 567,539	¥ 555,457	**$ 5,623,868**
Operating income	**27,879**	27,117	26,186	**263,010**
Profit before income taxes	**30,545**	28,690	27,957	**288,160**
Net income	**20,047**	18,206	18,864	**189,123**
Net income per share (yen)	**101.88**	92.09	94.87	**0.96**

	Millions of Yen			Thousands of U.S. Dollars (Note)
	2018	2017	2016	2017
CONSOLIDATED BASIS:				
Cash and cash equivalents, and short-term investments	**¥104,197**	¥ 98,031	¥ 91,444	**$ 982,991**
Property and equipment, net of accumulated depreciation	**295,321**	290,706	290,151	**2,786,047**
Total assets	**629,063**	594,264	579,565	**5,934,557**
Long-term debt and other long-term liabilities	**97,453**	106,486	104,351	**919,368**
Net assets	**405,739**	381,299	371,007	**3,827,727**
Net assets per share (yen)	**1,998.90**	1,912.12	1,835.78	**18.86**

(Note) U.S. dollar amounts are translated at ¥106 = U.S. $1, only for the convenience of readers.

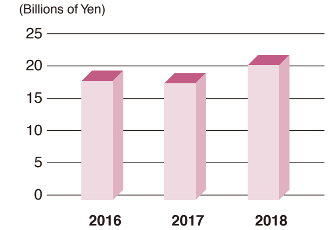
Operating revenue

(Billions of Yen)



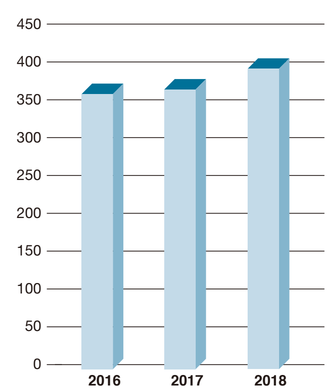
Net income

(Billions of Yen)



Net assets

(Billions of Yen)



Corporate Data

(As of March 31, 2018)

Company Name	Seino Holdings Co., Ltd.
Head Office	1, Taguchi-cho, Ogaki, Gifu 503-8501, Japan Tel: 81-584-82-3881 Fax: 81-584-82-5043
Date of Establishment	November 1, 1946
Paid-in Capital	¥42,482 million
Number of Shares Issued	207,679,783
Stock Listings	The First Section of Tokyo Stock Exchange (code 9076) The First Section of Nagoya Stock Exchange (code 9076)
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation
Independent Auditors	KPMG AZSA LLC

Message from the Management

To Our Shareholders, Customers and Friends

We would like to take this opportunity to express our appreciation to our stakeholders, including shareholders and other investors, for the consistent support you have shown us over the years. The results for the fiscal year ending March, 2018 (April 1, 2017 to March 31, 2018) are presented herein.

Medium-term Management Plan "Value-Up Challenge 2020"2017/4-2020/3

The following is a brief report on the performance of Seino Holdings Co., Ltd. for the fiscal year ended March 31, 2018, our 97th term (from April 1, 2017 to March 31, 2018).

In the fiscal year under review, Japan's economy continued to recover moderately against a backdrop of improvements in corporate earnings and the employment environment, a pickup in personal consumption, among other factors. Despite this improvement, however, the outlook remains uncertain amid concerns over how the Japanese economy will be affected by instability in the international situation and financial and capital markets, and other uncertainties.

In the transportation industry, the Seino Group's mainstay business, while facing various management challenges, such as rising outsourcing costs and increasing personnel expenses under a strained labor supply/demand environment, we have been steadily increasing freight volumes amid the improving economic landscape and have started to see the results of our initiatives aimed at receiving reasonable transport fees and charges.

Facing such circumstances, the Seino Group has formulated the medium-term management plan "Value-Up Challenge 2020: Take Off Toward Growth," which commenced in the fiscal year under review. While seeking to stretch our "strengths" accrued up until now, we have united to pursue maximization of our corporate value, and to create new value.

As part of these measures, Seino Holdings Co., Ltd. entered into a capital and business alliance agreement with Hankyu Hanshin Holdings, Inc. and HANKYU HANSHIN EXPRESS Co., Ltd. on December 25, 2017 so that the signing parties could play complementary roles to provide new logistics services to customers inside and outside Japan.

Furthermore, in order to provide logistics supporting three temperature zones across Japan and the Asian region, we made Showa Reizo Co., Ltd. (Chuo Ward, Tokyo), which owns three large-scale refrigerating/freezing warehouses in suburban areas of Tokyo's metropolitan area, and ice manufacturer SHOREIFIT (Chuo Ward, Tokyo) our subsidiaries on October 2, 2017, and at Indonesia's PT Seino Indomobil Logistics, we started the transportation of refrigerated foods in that country on October 11, 2017.

In addition, on May 30, 2017, we also acquired 100% of the shares of Shin-ota Taxi Co., Ltd. (Minokamo City, Gifu Prefecture), Kani Taxi Co., Ltd. (Kani City, Gifu Prefecture), and Tajimi Taxi Co., Ltd. (Tajimi City, Gifu Prefecture) to make each of them our subsidiaries. We aim to contribute to the local regions and society through the taxi businesses and community bus operations and other businesses of these companies.

As a result, operating revenue for the fiscal year ended March 31, 2018 was ¥596,130 million (up 5.0% year on year), operating profit was ¥27,879 million (up 2.8% year on year), ordinary profit was ¥29,120 million (up 0.7% year on year), and profit attributable to owners of parent was ¥20,046 million (up 10.1% year on year).

Future Outlook

In our outlook for the Japanese economy, we expect that the moderate tone of recovery will continue amid the ongoing improvement in the employment and income environments, with positive effects also expected from various policy measures. Nevertheless, there are lingering uncertainties reflecting concerns such as the impact of various problems in overseas countries and fluctuation in the financial and capital markets.

Facing such circumstances, the Seino Group will steadily implement the various measures of the three-year medium-term management plan "Value-Up Challenge 2020: Take Off Toward Growth," which is currently in the second year. While seeking to stretch our "strengths" accrued up until now and pursue maximization of our corporate value, we will accelerate our reforms and bold initiatives to create new value.

In our mainstay Transportation Services Business, we are seeing various optimistic signs such as an increase in consumer-related freight and production-related freight against the backdrop of robust increases in domestic private-sector demand as well as positive trends in regard to receiving reasonable transport fees and charges. On the other hand, with increasing personnel expenses and rising outsourcing costs as well as persistently high fuel costs and the like, it is important that the Seino Group not only implement initiatives aimed at securing sustainable revenues and profits, but also take measures in response to the labor shortage.

As part of this response we continue to implement initiatives to receive reasonable transport fees and charges, and fuel surcharges, carry out strategies to acquire new customers and improve the ratio of new customers who continue to consign with us, and work to strengthen the logistics business. In addition, we will work to streamline operations through various efforts including initiatives for expansion of model shifts and introduction of articulated trucks, promotion of the transition to EDI (electronic data interchange), and provision of positional data of transportation vehicles (Ichishiru). As the improvements in time productivity are gained through such measures, we expect to enjoy improvements in not only customer satisfaction but also employee satisfaction.

Meanwhile, bearing in mind that the volume of freight transportation in Japan will shrink as the population declines and the conditions of low birthrate and aging population advance, we plan to further strengthen our cooperation with HANKYU HANSHIN EXPRESS Co., Ltd., which has strength in the international transportation business, in order to realize sustainable growth both in Japan and overseas.

In passenger vehicle sales in the Vehicle Sales Business, we expect that the growth in the number of new vehicles sold will be eroded by the changes in the social structure such as low birthrate and aging population, and declining car ownership among young adults. As a result, we plan on keeping the business stable through expanding our portfolio of businesses relating to used car sales, car part sales, vehicle inspections and automotive repairs while focusing on new vehicle sales of mini-sized vehicles with small engine displacement. In truck sales also, we will make efforts to expand and enhance our portfolio of businesses relating to vehicle inspection and automotive repairs. While carrying out initiatives for used vehicle part sales, and working to boost customer satisfaction through store renewal and introducing the latest equipment, we will carry out sales activities that are locally based.

In the Merchandise Sales Business and Other Business, we will expand our sales by strengthening existing businesses and develop new products designed from the viewpoint of the customer.

In the Leasing for Real Estate Services Business, we will work to develop our leasing and sales of idle real estate while effectively utilizing underutilized real estate.

While making steady efforts to achieve these business challenges, the Seino Group will work to strengthen the business foundation and contribute to our customers' prosperity to achieve further growth.

To all shareholders, we sincerely ask for your ongoing encouragement and support into the future.

June 2018

Yoshitaka Taguchi,
President and Chief Operating Officer

Special Feature

Expanding Our Operations Scope and Creating New Value

2018 marked the second year of the three-year medium-term management plan "Value-Up Challenge 2020: Takeoff Toward Growth." As we pursue the maximization of our value, using the strength we have cultivated until now, we will swiftly set forth reform and the spirit of challenge to create new values.

Main Topics for 2018

Cooperative Business with Seven-Eleven

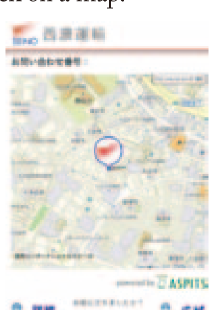
Seino Holdings (President Yoshitaka Taguchi, headquarters in Taguchi-cho, Ogaki City) concluded a business collaboration agreement with Seven-Eleven Japan in the aim of cooperation with expanding its order taking and delivery service.

GENie was established as a dedicated delivery company for Seven-Eleven Japan, and its staff ("heartists") act as *regional concierges*, delivering and taking orders for Seven Meals (a Seven-Eleven Japan delivery service) and Seven-Eleven products, and acts as a watchful eye for the communities they serve.

Beginning of "Ichishiru"

Seino Transportation (President Masahiro Kamiya, headquarters in Taguchi-cho, Ogaki City) began Ichishiru (roughly meaning "location recognition") , a service for products being delivered to corporations and a first in the special loading transportation industry, which provides the location of delivery trucks during their runs through the use of smartphone GPS capabilities.

The service offers customers a sense of ease as they can make time to prepare for the delivery's reception and rest assured the product is on its way by tracking them on the internet and seeing the location of the truck on a map.



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Increasing Work Efficiency with Robots

Seino Transportation introduced RPA (Robotic Process Automation) into its operations, allowing regular work done through the repetition of fixed tasks to be automatically done by software robots.

It was introduced with the aim of saving labor and increasing efficiency in back office operations to let employees put their talents to more rewarding and creative work. At present, use of it has begun in sales support as well as such fields as accounting and labor management in the headquarters, and it is planned to be introduced to each branch and sales location later on.

Integrated Optimization Plan Certification

A mutual effort by Seino Transportation and JR Freight was certified by the Ministry of Land, Infrastructure, Transport and Tourism as an Integrated Optimization Plan. The effort entails logistics from Tokyo to Kyushu, previously done solely with 10-ton trucks which now carry cargo until an en route Osaka freight terminal station from which the cargo is loaded onto freight trains bound for Kyushu.

The Integrated Optimization Plan system acknowledges efforts to help reduce burdens on the environment and save labor by two or more parties coming together to integrate and optimize the logistics business.

Beginning of a Cold Chain Overseas

PT Seino Indomobil Logistics (President Andrew Nasuri, headquarters in Jakarta, Indonesia) began the domestic transportation of frozen foods in Indonesia.

This effort was mutually undertaken by Indonesia's Salim Group and Seino Holdings as the country's demand for refrigerated logistics is increasing in the food industry. Refrigerated trucks which can be adapted to Indonesia's environments were co-developed, and Kanto-Unyu's refrigerated transportation know-how to be applied there was reviewed. With the refrigerated trucks being operated by the company SIL, the transportation of frozen foods became a reality.

Parenting Award

The Children's Meals-on-Wheels project which Seino Transportation and Coconet (President Shuji Kawai, headquarters in Chuo-ku, Tokyo) participate in was selected for the Actions category of the 10th annual Parenting Award.

Children's Meals-on-Wheels is a new safety net project delivering free meals once every one or two months to impoverished single-parent and other families, thus working to solve the problems faced by underprivileged children. Seino Transportation and Coconet work in the logistics of the project.

Linked Business Capital with Hankyu Hanshin Express

Seino Holdings concluded a capital investment and business partnership agreement with Hankyu Hanshin Holdings and Hankyu Hanshin Express. From now on, Hankyu Hanshin Express will combine its globally constructed transportation network with Seino Holdings' entire domestic Japanese transportation network and warehousing. By additionally sharing information with one another with the use of IT, the two will proceed with efforts to provide their customers with the best possible supply chain management.

Addition of Two More Companies to the Group

Seino Holdings added the two companies Showa Reizo Co., Ltd. and Shoreifit Co., Ltd. to the Seino Group on October 2.

This addition to the group was done in the aim of expanding the cold chain network and securing new bases providing three-temperature zone logistics, and allows the group to increase its ability to work in the growing food market.

Establishment of the Taguchi Fukuju Society Scholarship

In commemoration of its 50th year of establishment, the Taguchi Fukuju Society (President Yoshitaka Taguchi, headquarters in Taguchi-cho, Ogaki City) established the Taguchi Fukuju Society Scholarship to provide scholarships aiding university students from single-parent families.

Students enrolled in public high schools in Japan's Gifu Prefecture who are looking to further their education in a national, public university within Japan and who meet 5 criteria such as being from a single-parent family may apply. A ¥300,000 lump-sum is given for enrollment and regular monthly payments of ¥50,000 are provided for the shortest period of enrollment in the institution with no need to repay any of the money back. Students given provisional offers are decided by the end of November in their last year of high school to encourage them to concentrate on their studies for entrance into university.

Expanding Our Operations Scope and Creating New Value

Transportation Services Business

In the Transportation Services Business, working under our medium-term management plan, we responded to the issue of the population decline and shortage of labor caused by the aging population and low birth rate by promoting our strategic vision “Gain efficiency through virtuous cycles,” and striving to improve efficiency by making best use of the potential of our personnel.

At Seino Transportation Co., Ltd., the core company of the Transportation Services Business group, we continued negotiations to receive reasonable transport fees and charges, and fuel surcharges, as a measure to place importance on profitability in order to continue to ensure stable transportation quality. In addition, we focused on increasing the volume of freight handled through capturing and keeping new freight consignors. On the other hand, while proceeding with further improving delivery precision for fixed-time, fixed-route deliveries by using a multiple-trip system on routes between Tokyo and Osaka, we strengthened efforts to switch part of the long-distant routes to rail, which led to improved revenues, shortened labor hours and reduced environmental burden.

Moreover, in the field of logistics, by incorporating the “manufacturing/processing work” of our customers in addition to our existing “Logistics + Transportation,” we were able to add factory functions and offer added value.

Furthermore, for the purpose of recruiting and training personnel amid the shrinking population of Japan’s labor force, we promoted the establishment of subsidies for acquiring motor vehicle licenses and the enhancement of social service facilities through the establishment and extension of facilities. We also strove to improve employee retention rates by shortening labor hours through working style reform and reducing the burden of operations. In addition, our safety promotion instructors lead efforts to conduct safety education and training courses for the entire company to improve skills and awareness.

As a result of the above, operating revenue for this segment was ¥443,168 million, up 4.8% year on year, and operating profit was ¥20,965 million, up 4.7% year on year.

Vehicle Sales Business

In passenger vehicle sales, we worked to promote campaigns and other activities centered on establishing original cars with special specifications and new vehicle models. However, the cycle of the new-model effect for the biggest selling car models came to an end and this led to the number of new vehicles sold in the current fiscal year ending slightly lower than that of the previous fiscal year. In used vehicle sales, however, the number of vehicles sold grew year on year as a result of increased retail sales through local-area oriented sales activities. In the service division, we strove to secure revenues by promoting vehicle inspections and vehicle maintenance and garage services, as well as the sales of products that lead to repeat visits such as maintenance packages and automotive coatings.

In truck sales, sales were robust in Japan and the number of vehicles sold at SUBIC GS AUTO INC. in the Philippines increased significantly. Moreover, the number of new vehicles sold increased year on year. While increasing the number of garage services through promoting vehicle maintenance and garage services, such as vehicle inspections, we also focused on sales of used-parts.

As a result of the above, operating revenue for this segment was ¥103,342 million, up 3.1% year on year, and operating profit was ¥4,922 million, down 2.6% year on year.

Merchandise Sales Business

The Merchandise Sales Business engages in the sale of fuel, paper and paper products, and other products. As a result of an increased unit sales price and higher sales volume in the sales of fuel and firm sales of domestic tissue papers, operating revenue for this segment was ¥31,575 million, up 13.8% year on year, and operating profit was ¥810 million, up 5.7 % year on year.

Leasing for Real Estate Services Business

In the Leasing for Real Estate Services Business, we strive to effectively utilize business resources by leasing the former truck terminal and store sites, which had been replaced mainly due to the impact of urban development and increasingly cramped conditions.

Operating revenue for this segment was ¥1,599 million, up 3.6% year on year, and operating profit was ¥1,239 million, down 3.1% year on year.

Other Business

Our Other Business segment includes the information services business, the housing sales business, the passenger transportation business, the construction contract business, and the personnel services business. As a result of strong sales for software development, cloud services and information device sales in the information services business and other factors, operating revenue for this segment was ¥16,446 million, up 8.6% year on year, and operating profit was ¥921 million, up 26.6% year on year.

Operating Revenue by Business Segment

(Millions of yen)

	FY Ended March 31, 2018		FY Ended March 31, 2017		
	Results	Composition	Results	Composition	Year-on-Year
Transportation Services	443,168	74.3%	422,870	74.5%	4.8%
Vehicle Sales	103,342	17.3%	100,237	17.6%	3.1%
Merchandise Sales	31,575	5.3%	27,749	4.9%	13.8%
Leasing for Real Estate Services	1,599	0.3%	1,543	0.3%	3.6%
Other	16,446	2.8%	15,140	2.7%	8.6%
Total	596,130	100.0%	567,539	100.0%	5.0%

Operating Income by Business Segment

(Millions of yen)

	FY Ended March 31, 2018		FY Ended March 31, 2017		
	Results	Composition	Results	Composition	Year-on-Year
Transportation Services	20,965	75.2%	20,020	73.8%	4.7%
Vehicle Sales	4,922	17.7%	5,055	18.7%	(2.6%)
Merchandise Sales	810	2.9%	766	2.8%	5.7%
Leasing for Real Estate Services	1,239	4.4%	1,279	4.7%	(3.1%)
Other	921	3.3%	728	2.7%	26.6%
Total	28,857	103.5%	27,848	102.7%	3.6%
Elimination	(978)	(3.5%)	(731)	(2.7%)	—
Consolidated	27,879	100.0%	27,117	100.0%	2.8%

Financial Review

Operating Results

The consolidated sales of Seino Holdings for the fiscal year ending March 2018 was ¥596,130 million (a 5.0% increase from the previous fiscal year). This was due to a rise in individual shipping charge prices as well as the growth of logistics business.

The operating costs amounted to ¥529,196 million, which was a 5.2% increase from the previous fiscal year, due to a rise in outsourcing costs of vehicles used, but the operating cost rate to sales was 88.8%, a 0.3% increase from the previous fiscal year.

Selling expenses and general administrative expenses came to ¥39,055 million (a 3.4% increase from the same period of the previous year) due to a rising labor cost, and operating revenue came to ¥27,879 million.

As a result, this term's net income before income taxes and minority interests was 6.5% more than the previous fiscal year, coming to ¥30,545 million, and the net income for this term came to 10.1% more than the previous fiscal year at ¥20,047 million.

This term's net income per share was ¥101.88 and the return on equity was 5.2%. The annual cash dividend per share rose to ¥30.00, which was a 11.1% increase from the previous fiscal year.

Financial Position

Total assets at the end of the current consolidated fiscal year totaled ¥629,063 million, which was an increase of ¥34,799 million from the end of the previous consolidated fiscal year. The main factor in this was things like an increase in trade receivables and inventories. Liabilities totaled ¥223,324 million, which was a ¥10,359 million increase from the end of the previous consolidated fiscal year. Lastly, net assets grew ¥24,440 million from the end of the previous consolidated fiscal year, amounting to ¥405,739 million. Retained earnings, etc. were the main factor in the increase.

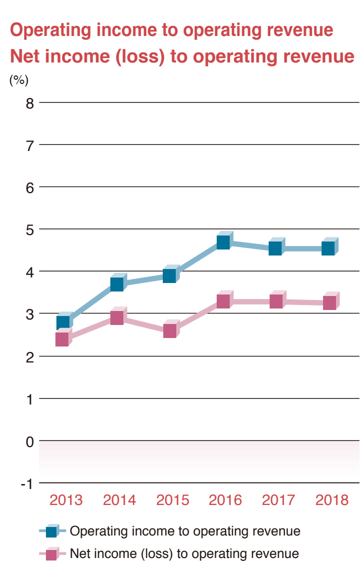
Cash Flows

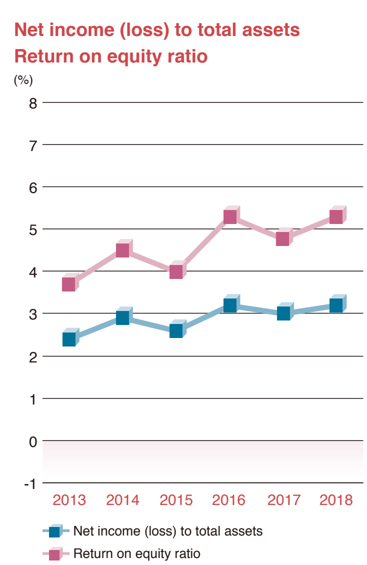
Cash flow from operating activities amounted to ¥41,287 million; ¥6,416 million up from the previous consolidated fiscal year, due to an increase in this term's net income before taxes and minority interests and a decrease in things like corporate taxes.

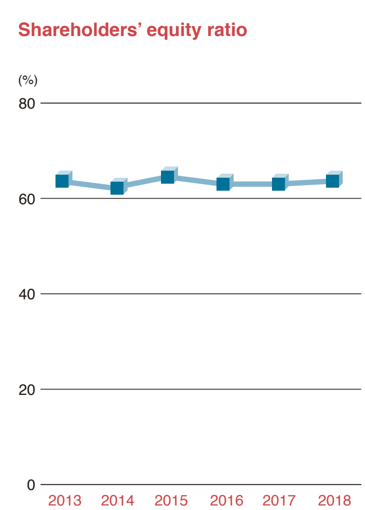
Cash flow from investment activities came to −¥26,272 million, which was a ¥8,432 million increase from the previous consolidated fiscal year, resulting from an increase in expenditures from the purchase of investments in securities.

Cash flow from financial activities fell ¥1,304 million from the previous consolidated fiscal year, coming to −¥7,180 million because of a decrease in expenditures from the purchase of treasury stock.

As a result, cash and cash equivalents in the current consolidated fiscal year increased ¥7,848 million from the previous consolidated fiscal year, totaling ¥80,214 million.







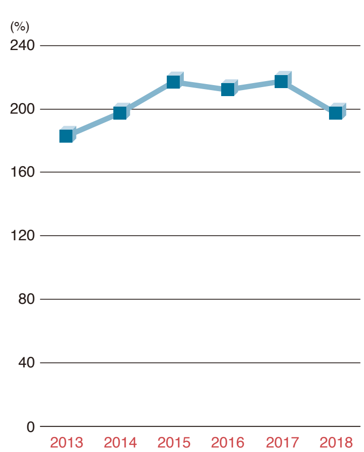
SEINO HOLDINGS CO., LTD. and Consolidated Subsidiaries

Six-year Summary

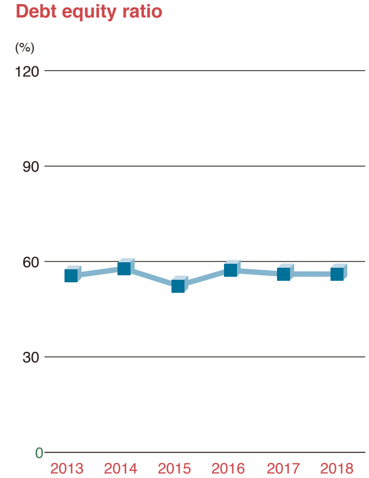
For the Years Ended March 31, 2017, 2016, 2015, 2014, 2013 and 2012

	Millions of Yen					
	2018	2017	2016	2015	2014	2013
For the year:						
Operating revenue:	¥ 596,130	¥ 567,539	¥ 555,457	¥ 542,452	¥ 543,407	¥ 516,185
Transportation services	443,168	422,870	416,113	398,972	393,320	371,546
Vehicle sales	103,342	100,237	94,441	95,351	100,569	96,148
Merchandise sales	31,575	27,749	28,029	32,699	33,306	32,457
Leasing for real estate services	1,599	1,543	1,472	1,401	1,421	1,438
Other	16,446	15,140	15,402	14,029	14,791	14,596
Operating costs	529,196	502,639	492,802	487,664	490,002	467,596
Selling, general and administrative expenses	39,055	37,783	36,469	33,402	33,216	34,243
Operating income	27,879	27,117	26,186	21,386	20,189	14,346
Net income (loss)	20,047	18,206	18,864	14,456	15,490	12,151
At year-end:						
Current assets	249,405	232,792	221,278	221,338	221,873	196,803
Total assets	629,063	594,264	579,565	548,525	542,411	510,467
Current liabilities	125,871	106,479	104,207	101,829	112,396	107,171
Short-term borrowings	3,610	2,704	2,768	2,519	2,465	2,473
Long-term debt, including current maturities	21,776	26,468	25,293	10,125	10,214	314
Net assets	405,739	381,299	371,007	363,314	346,339	331,702
	Yen					
Per share data:						
Net (loss) income:						
-Basic	¥ 101.88	¥ 92.09	¥ 94.87	¥ 72.67	¥ 77.85	¥ 61.05
Cash dividends	30.00	27.00	28.00	21.00	11.00	11.00
	Thousands					
Number of shares issued	207,679	207,679	207,679	207,679	207,679	207,679
	Percent					
Ratios:						
Operating income to operating revenue	4.7	4.8	4.7	3.9	3.7	2.8
Net income (loss) to operating revenue	3.3	3.2	3.3	2.7	2.9	2.4
Net income (loss) to total assets	3.2	3.1	3.3	2.6	2.9	2.4
Return on equity ratio	5.2	4.9	5.3	4.2	4.7	3.8
Shareholders' equity ratio	63.4	63.1	63.0	64.5	62.2	63.4
Current ratio	198.1	218.6	212.3	217.4	197.4	183.6
Debt equity ratio	56.0	56.8	57.2	52.4	58.3	55.3
Payout ratio	29.4	29.3	29.5	28.9	14.1	18.0

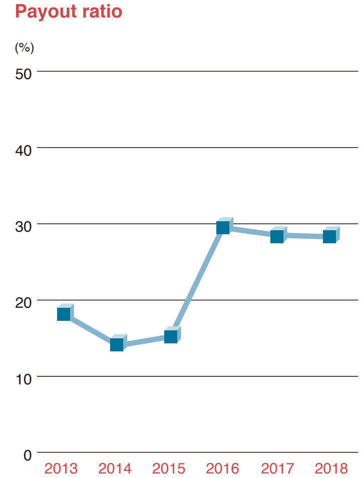
Current ratio



Debt equity ratio



Payout ratio



SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Balance Sheets

March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Assets:			
Current assets:			
Cash and cash equivalents (Note 3)	¥ 80,214	¥ 72,366	$ 756,736
Short-term investments (Notes 3 and 5)	23,983	25,665	226,255
Trade receivables (Note 3)	119,774	112,651	1,129,943
Inventories (Note 4)	14,889	12,546	140,462
Deferred tax assets (Note 17)	5,522	5,209	52,094
Other current assets	5,234	4,564	49,377
Allowance for doubtful accounts	(211)	(209)	(1,990)
Total current assets	249,405	232,792	2,352,877
Property and equipment (Notes 6, 7 and 9):			
At cost	607,177	589,383	5,728,085
Accumulated depreciation	(311,856)	(298,677)	(2,942,038)
Net property and equipment	295,321	290,706	2,786,047
Investments and other assets:			
Investment securities (Notes 3 and 5)	48,231	33,115	455,009
Investments in and long-term loans to affiliates (Note 5)	3,255	4,119	30,708
Goodwill	14,081	14,699	132,840
Deferred tax assets (Note 17)	9,466	9,984	89,302
Employee retirement benefit asset (Note 12)	—	235	—
Other assets	9,304	8,614	87,774
Total investments and other assets	84,337	70,766	795,633
Total assets	¥ 629,063	¥ 594,264	$ 5,934,557
Current liabilities:			
Short-term borrowings (Notes 3, 9, 10 and 11)	¥ 3,610	¥ 2,704	$ 34,057
Current portion of long-term debt (Notes 3, 9 and 11)	7,917	1,481	74,689
Trade payables (Note 3)	51,620	44,960	486,981
Accrued expenses	15,829	14,896	149,330
Income taxes payable	5,635	4,079	53,160
Other current liabilities	41,260	38,359	389,245
Total current liabilities	125,871	106,479	1,187,462
Long-term debt (Notes 3, 9 and 11)	13,859	24,987	130,745
Employee retirement benefit liability (Note 12)	74,803	73,739	705,689
Asset retirement obligations (Note 8)	2,958	2,550	27,906
Accrued severance indemnities for directors and corporate auditors	1,492	1,643	14,075
Deferred tax liabilities (Note 17)	3,556	2,797	33,547
Other long-term liabilities	785	770	7,406
Total liabilities	223,324	212,965	2,106,830
Commitments and contingent liabilities (Notes 13 and 14)			
Net assets:			
Shareholders' equity (Note 15):			
Common stock: 794,524,668 shares authorized and 207,679,783 shares issued	42,482	42,482	400,774
Capital surplus	82,040	80,631	773,962
Retained earnings	274,994	260,275	2,594,283
Less treasury stock at cost: 8,108,445 shares in 2018 and 11,459,026 shares in 2017	(8,956)	(12,554)	(84,490)
Total shareholders' equity	390,560	370,834	3,684,529
Accumulated other comprehensive income			
Net unrealized gains on available-for-sale securities	14,716	11,574	138,830
Land revaluation decrement	(114)	(114)	(1,075)
Retirement benefit adjustment	(5,934)	(6,785)	(55,981)
Foreign currency translation adjustments	(304)	(311)	(2,868)
Total accumulated other comprehensive income	8,364	4,364	78,906
Non-controlling interests	6,815	6,101	64,292
Total net assets	405,739	381,299	3,827,727
Total liabilities and net assets	¥ 629,063	¥ 594,264	$ 5,934,557

See accompanying Notes to Consolidated Financial Statements.

SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Statements of Income

For the Years Ended March 31, 2018, 2017 and 2016

	Millions of yen			Thousands of U.S. dollars
	2018	2017	2016	**2018**
Operating revenue (Note 21)	**¥ 596,130**	¥ 567,539	¥ 555,457	**$ 5,623,868**
Operating costs and expenses (Note 12):				
Operating costs	**529,196**	502,639	492,802	**4,992,415**
Selling, general and administrative expenses	**39,055**	37,783	36,469	**368,443**
	568,251	540,422	529,271	**5,360,858**
Operating income	**27,879**	27,117	26,186	**263,010**
Other income (expenses):				
Interest and dividend income	**709**	610	647	**6,688**
Interest expense	**(231)**	(235)	(199)	**(2,179)**
Commission for syndicate loan	**—**	—	(121)	**—**
Loss on investments in partnerships	**(33)**	(54)	—	**(311)**
Loss on cancellation of leasehold contracts	**—**	(82)	—	**—**
Gain (loss) on sale or disposal of property and equipment	**596**	(13)	210	**5,622**
Gain (loss) on sale of investment securities	**292**	84	(106)	**2,755**
Share of (loss) profit of entities accounted for using equity method	**(472)**	296	606	**(4,453)**
Impairment loss on fixed assets (Notes 2(i) and 21)	**(191)**	(221)	(446)	**(1,802)**
Compensation received for the exercise of eminent domain	**509**	—	—	**4,802**
Gain on negative goodwill (Note 21)	**63**	—	25	**594**
Miscellaneous, net	**1,424**	1,188	1,155	**13,434**
	2,666	1,573	1,771	**25,150**
Profit before income taxes	**30,545**	28,690	27,957	**288,160**
Income taxes (Note 17):				
Current	**11,984**	10,809	11,336	**113,056**
Deferred	**(1,443)**	(423)	(2,049)	**(13,613)**
Total income taxes	**10,541**	10,386	9,287	**99,443**
Profit	**20,004**	18,304	18,670	**188,717**
Loss (profit) attributable to non-controlling interests	**(43)**	98	(194)	**(406)**
Profit attributable to owners of parent	**¥ 20,047**	¥ 18,206	¥ 18,864	**$ 189,123**

	Yen			U.S. dollars
Per share:				
Profit attributable to owners of parent				
-Basic	**¥ 101.88**	¥ 92.09	¥ 94.87	**0.96**
-Diluted	**98.48**	89.01	91.77	**0.93**
Cash dividends	**30.00**	27.00	28.00	**0.28**

See accompanying Notes to Consolidated Financial Statements.

SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended March 31, 2018, 2017 and 2016

	Millions of yen			Thousands of U.S. dollars
	2018	2017	2016	**2018**
Profit	¥ **20,004**	¥ 18,304	¥ 18,670	$ **188,717**
Other comprehensive income (Note 18):				
Net unrealized gains on available-for-sale securities	**3,144**	947	(1,324)	**29,660**
Remeasurements of defined benefit plans, net of tax	**888**	(394)	(5,278)	**8,377**
Foreign currency translation adjustments	**24**	(63)	(139)	**227**
Share of other comprehensive income of affiliates accounted for using equity method	**(35)**	(50)	(18)	**(330)**
Total other comprehensive income	**4,021**	440	(6,759)	**37,934**
Comprehensive income	¥ **24,025**	¥ 18,744	¥ 11,911	$ **226,651**
Comprehensive income attributable to:				
Owners of the parent	¥ **24,046**	¥ 18,719	¥ 12,126	$ **226,849**
Non-controlling interests	**(21)**	25	(215)	**(198)**

SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Statements of Changes in Net Assets

For the Years Ended March 31, 2018, 2017 and 2016

		Shareholders' equity					Accumulated other comprehensive income						
	Number of shares of common stock issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Land revaluation decrement	Retirement benefit adjustment	Foreign currency translation adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
		Millions of yen											
Balance at March 31, 2015	207,679,783	¥ 42,482	¥ 74,261	¥ 235,133	¥ (8,704)	¥ 343,172	¥ 11,949	¥ (131)	¥ (1,143)	¥ (102)	¥ 10,573	¥ 9,569	¥ 363,314
Profit attributable to owners of parent	—	—	—	18,864	—	18,864	—	—	—	—	—	—	18,864
Cash dividends	—	—	—	(6,364)	—	(6,364)	—	—	—	—	—	—	(6,364)
Reversal of land revaluation decrement	—	—	—	(16)	—	(16)	—	—	—	—	—	—	(16)
Purchases of treasury stock and fractional shares, net	—	—	816	—	(963)	(147)	—	—	—	—	—	—	(147)
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	—	5,508	—	—	5,508	—	—	—	—	—	—	5,508
Net changes in items other than shareholders' equity	—	—	—	—	—	—	(1,331)	17	(5,280)	(128)	(6,722)	(3,430)	(10,152)
Balance at March 31, 2016	207,679,783	42,482	80,585	247,617	(9,667)	361,017	10,618	(114)	(6,423)	(230)	3,851	6,139	371,007
Profit attributable to owners of parent	—	—	—	18,206	—	18,206	—	—	—	—	—	—	18,206
Cash dividends	—	—	—	(5,548)	—	(5,548)	—	—	—	—	—	—	(5,548)
Reversal of land revaluation decrement	—	—	—	—	—	—	—	—	—	—	—	—	—
Purchases of treasury stock and fractional shares, net	—	—	4	—	(2,887)	(2,883)	—	—	—	—	—	—	(2,883)
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	—	42	—	—	42	—	—	—	—	—	—	42
Net changes in items other than shareholders' equity	—	—	—	—	—	—	956	—	(362)	(81)	513	(38)	475
Balance at March 31, 2017	207,679,783	42,482	80,631	260,275	(12,554)	370,834	11,574	(114)	(6,785)	(311)	4,364	6,101	381,299
Profit attributable to owners of parent	—	—	—	20,047	—	20,047	—	—	—	—	—	—	20,047
Cash dividends	—	—	—	(5,328)	—	(5,328)	—	—	—	—	—	—	(5,328)
Reversal of land revaluation decrement	—	—	—	—	—	—	—	—	—	—	—	—	—
Purchases of treasury stock and fractional shares, net	—	—	1,275	—	3,598	4,873	—	—	—	—	—	—	4,873
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	—	134	—	—	134	—	—	—	—	—	—	134
Net changes in items other than shareholders' equity	—	—	—	—	—	—	3,142	—	851	7	4,000	714	4,714
Balance at March 31, 2018	207,679,783	¥ 42,482	¥ 82,040	¥ 274,994	¥ (8,956)	¥ 390,560	¥ 14,716	¥ (114)	¥ (5,934)	¥ (304)	¥ 8,364	¥ 6,815	¥ 405,739
		Thousands of U.S. dollars											
Balance at March 31, 2017		$ 400,774	$ 760,670	$2,455,424	$(118,434)	$3,498,434	$ 109,188	$ (1,075)	$ (64,009)	$ (2,934)	$ 41,170	$ 57,556	$3,597,160
Profit attributable to owners of parent		—	—	189,123	—	189,123	—	—	—	—	—	—	189,123
Cash dividends		—	—	(50,264)	—	(50,264)	—	—	—	—	—	—	(50,264)
Reversal of land revaluation decrement		—	—	—	—	—	—	—	—	—	—	—	—
Purchases of treasury stock and fractional shares, net		—	12,028	—	33,944	45,972	—	—	—	—	—	—	45,972
Change in treasury shares of parent arising from transactions with non-controlling shareholders		—	1,264	—	—	1,264	—	—	—	—	—	—	1,264
Net changes in items other than shareholders' equity		—	—	—	—	—	29,642	—	8,028	66	37,736	6,736	44,472
Balance at March 31, 2018		$ 400,774	$ 773,962	$2,594,283	$ (84,490)	$3,684,529	$ 138,830	$ (1,075)	$ (55,981)	$ (2,868)	$ 78,906	$ 64,292	$3,827,727

See accompanying Notes to Consolidated Financial Statements.

SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended March 31, 2018, 2017 and 2016

	Millions of yen			Thousands of U.S. dollars
	2018	2017	2016	**2018**
Cash flows from operating activities:				
Profit before income taxes	**¥ 30,545**	¥ 28,690	¥ 27,957	**$ 288,160**
Adjustments for:				
Depreciation	**17,775**	16,977	16,039	**167,689**
Impairment loss on fixed assets	**191**	221	446	**1,802**
Amortization of goodwill	**1,165**	1,109	837	**10,991**
Gain on negative goodwill	**(63)**	—	(25)	**(594)**
Net increase in employee retirement benefit liability	**2,518**	2,515	1,577	**23,754**
(Gain) loss on sale or disposal of property and equipment	**(596)**	13	(210)	**(5,622)**
Share of loss (profit) of entities accounted for using equity method	**472**	(296)	(606)	**4,453**
Loss on investments in partnership	**33**	54	—	**311**
(Gain) loss on sale of investment securities	**(292)**	(84)	106	(2,755)
Net (reversal) provision for accrued severance indemnities for directors and corporate auditors	**(203)**	8	92	**(1,915)**
Increase in trade receivables	**(6,914)**	(3,589)	(1,752)	**(65,227)**
Increase in inventories	**(2,270)**	(3,254)	(769)	**(21,415)**
Increase (decrease) in trade payables	**6,489**	1,873	(3,046)	**61,217**
Other, net	**2,000**	2,731	(2,150)	**18,868**
Subtotal	**50,850**	46,968	38,496	**479,717**
Interest and dividend received	**1,109**	1,081	938	**10,462**
Interest paid	**(232)**	(242)	(199)	**(2,189)**
Income taxes paid	**(10,440)**	(12,936)	(8,591)	**(98,490)**
Net cash provided by operating activities	**41,287**	34,871	30,644	**389,500**
Cash flows from investing activities:				
Increase in property and equipment	**(18,556)**	(16,138)	(23,878)	**(175,057)**
Increase in long-term investments and loans	**(11,748)**	(4,636)	(484)	**(110,830)**
Decrease in property and long-term investments	**3,540**	1,000	755	**33,396**
Decrease (increase) in short-term investments	**1,687**	1,941	(2,387)	**15,915**
Purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 16)	**(1,195)**	(7)	(14,905)	**(11,273)**
Net cash used in investing activities	**(26,272)**	(17,840)	(40,899)	**(247,849)**
Cash flows from financing activities:				
Increase in long-term debt	**—**	1,360	11,900	**—**
Repayment of long-term debt	**(3,191)**	(484)	(5,382)	**(30,104)**
Net increase (decrease) in short-term borrowings	**903**	(149)	156	**8,519**
Proceeds from share issuance to non-controlling shareholders	**936**	43	4,917	**8,830**
Dividends paid to shareholders	**(5,328)**	(5,548)	(6,364)	**(50,264)**
Dividends paid to non-controlling interests	**(38)**	(46)	(66)	**(359)**
Purchases of treasury stock, net of disposals	**393**	(2,925)	(2)	**3,708**
Proceeds from maturity of trust account for acquisition of treasury stock	**—**	—	2,011	**—**
Other, net	**(855)**	(735)	189	**(8,066)**
Net cash (used in) provided by financing activities	**(7,180)**	(8,484)	7,359	**(67,736)**
Effect of exchange rate changes on cash and cash equivalents	**13**	(20)	(43)	**123**
Net increase (decrease) in cash and cash equivalents	**7,848**	8,527	(2,939)	**74,038**
Cash and cash equivalents at beginning of year	**72,366**	63,839	66,778	**682,698**
Cash and cash equivalents at end of year	**¥ 80,214**	¥ 72,366	¥ 63,839	**$ 756,736**

See accompanying Notes to Consolidated Financial Statements.

SEINO HOLDINGS CO., LTD. and Subsidiaries

Notes to Consolidated Financial Statements

1. Basis of Consolidated Financial Statements

The accompanying consolidated financial statements of SEINO HOLDINGS CO., LTD. (the "Company") and its subsidiaries (together with the Company, the "Seino Group") have been prepared in accordance with the provisions set forth in the Financial Instrument and Exchange Law of Japan and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards ("IFRS").

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instrument and Exchange Law of Japan. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the approximate exchange rate prevailing at March 31, 2018, which was ¥106 to U.S. $1.00. The translation should not be construed as a representation that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and all of its subsidiaries. Investments in significant affiliates are accounted for by the equity method. Investments in affiliates not accounted for by the equity method are stated at cost. Differences between the acquisition cost of investments in subsidiaries and the underlying equity in their net assets, adjusted based on the fair value at the time of the acquisition, are deferred as goodwill and amortized over the estimated useful life, 5-15 years, on a straight-line basis. All intercompany transactions and accounts have been eliminated on consolidation.

Under accounting standards for consolidation, a subsidiary is defined as an enterprise which is controlled by another enterprise and is a majority (more than 50%) owned enterprise or a 40% to 50% owned enterprise that meets certain criteria. An affiliated company is defined as an enterprise in which the investor has significant influence and is an enterprise other than a subsidiary that is a 20% or more owned enterprise or a 15% to less than 20% owned enterprise that meets certain criteria. For each of the years ended March 31, 2018, 2017 and 2016, there were six companies that were not a more than 50% owned enterprise but were nevertheless classified as subsidiaries based on the judgment of the Company in accordance with the applicable accounting standards.

The number of subsidiaries and affiliates for the years ended March 31, 2018, 2017 and 2016 was as follows:

	2018	2017	2016
Subsidiaries:			
Domestic	70	64	65
Overseas	6	6	6
Affiliates accounted for by the equity method	7	6	5
Affiliates stated at cost	14	15	13

The Company and most of its subsidiaries have a fiscal year that ends on March 31. The overseas subsidiary closes its books on December 31. The Company has consolidated the overseas subsidiary's financial statements as of its year-end because the difference between its fiscal year-end and that of the Company was not more than three months. Significant transactions for the period between the subsidiary's year-end and the Company's year-end were adjusted for on consolidation.

The consolidated financial statements include the accounts of the overseas subsidiary prepared under IFRS in accordance with Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements," issued by the Accounting Standards Board of Japan ("ASBJ").

(b) Cash and cash equivalents

The Seino Group considers highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

(c) Investments and marketable securities

The Seino Group classifies certain investments in debt and equity securities as "held-to-maturity," "trading" or "available-for-sale." The classification determines the respective accounting method as stipulated by the accounting standard for financial instruments. Held-to-maturity securities are stated at amortized cost. Marketable securities with market quotations for available-for-sale securities are stated at fair value, and net unrealized gains and losses on these securities are reported as accumulated other comprehensive income in net assets, net of applicable income taxes. Gains and losses on the disposition of available-for-sale securities are computed based on the moving average method. Nonmarketable securities without available market quotations for available-for-sale securities are carried at cost determined by the moving average method. Adjustments in carrying values of individual securities are charged to income through write-downs when a decline in value is deemed other than temporary. Investments in partnerships are stated at the amount of net assets attributed to the ownership percentage of the Company.

(d) Accounting for derivatives

As of March 31, 2018 and 2017, the Seino Group did not hold nor had it issued any derivative instruments.

(e) Allowance for doubtful accounts

Allowance for doubtful accounts is provided for at the aggregate amount of estimated credit loss based on an individual financial review of certain doubtful or troubled receivables and a general reserve for other receivables based on the historical loss experience for a certain past period.

(f) Inventories

Inventories for merchandise, products, raw materials and supplies are stated principally at the lower of moving average cost or net realizable value, and inventories for vehicles and work-in-process are stated principally at the lower of specific identification cost or net realizable value.

(g) Property and equipment and depreciation

Property and equipment, including significant renewals and additions, are stated at cost. Property and equipment of the Company and certain subsidiaries are depreciated by the straight-line method for buildings and vehicles and by the declining balance method for other property.

Property and equipment of other subsidiaries have been depreciated principally by the declining balance method, except for buildings acquired on and after April 1, 1998, property held for lease and facilities attached to buildings and structures acquired on and after April 1, 2016. Buildings acquired on and after April 1, 1998 and facilities attached to buildings and structures acquired on and after April 1, 2016 by the domestic subsidiaries are depreciated by the straight-line method. Some of the subsidiaries capitalize property for which the cost was not less than ¥100,000 but below ¥200,000 and depreciate it over three years on a straight-line basis.

The Seino Group, as lessee, capitalizes assets used under finance leases, except for certain immaterial or short-term finance leases accounted for as operating leases. Depreciation of leased assets capitalized in finance lease transactions as lessee is computed by the straight-line method over the lease term as the useful life with the assumption of no residual value. The leased property of a certain subsidiary engaged in leasing operations as lessor is recorded at cost in property and equipment in the accompanying consolidated balance sheets under operating lease accounting and is depreciated over the term of the lease contract by the straight-line method to the amount equal to the estimated disposal value at the lease termination date.

Expenditures on maintenance and repairs are charged to operating income as incurred. Upon the disposal of the property, the cost and accumulated depreciation are removed from the accounts and any gain or loss is recorded as income or expense.

(Changes in accounting policies)

Due to amendments to the Japanese Corporation Tax Act, the Company and its domestic subsidiaries adopted "Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016" (Practice Issue Task Force No. 32, June 17, 2016) for application from the year ended March 31, 2017 and changed the depreciation method for buildings, facilities attached to buildings and structures acquired on and after April 1, 2016 from the declining balance method to the straight line method.

(h) Intangible assets

Intangible assets are amortized on a straight-line basis. Software, which is included in intangible assets, is amortized using the straight-line method over the estimated useful life of five years.

(i) Accounting standard for impairment of fixed assets

The Company and its domestic subsidiaries have adopted the "Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Council of Japan and the related practical guidance issued by ASBJ. The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss shall be recognized in the income statement by reducing the carrying amount of the impaired asset or group of assets to the recoverable amount, to be measured as the higher of the asset's net selling price or value in use. Fixed assets include intangible assets as well as land, buildings and other forms of property and are to be grouped at the lowest level for which there are identifiable cash flows distinguishable from other groups of assets. For the purpose of recognition and measurement of impairment loss, fixed assets are grouped into cash-generating units, such as operating business branches other than idle or unused property. The method used to group assets to measure impairment of fixed assets in the transportation services segment is a method that groups assets by the entire segment. At March 31, 2018, 2017 and 2016, recoverable amounts of assets were measured based on value in use using discounted future cash flows at interest rates principally of 7.5%, 6.6% and 6.8%, respectively, or net selling prices using primarily appraisal valuations. As a result, the Seino Group recognized impairment loss as follows:

	Millions of yen			Thousands of U.S. dollars
	2018	2017	2016	2018
Property subject to impairment:	8 business branches and 2 idle property	3 business branches and 1 idle property	6 business branches and 5 idle properties	
Impairment loss recorded for:				
land	¥ 181	¥ 163	¥ 380	$ 1,708
buildings and structures	10	57	65	94
other property	—	1	1	—
	¥ 191	¥ 221	¥ 446	$ 1,802

Accumulated impairment losses have been directly deducted from the applicable assets.

(j) Employee retirement benefits

Employees who terminate their service with the Seino Group are entitled to retirement benefits determined generally by reference to basic rates of pay at the time of termination, length of service and conditions under which the termination occurs.

The Seino Group has recognized retirement benefits for employees, including pension cost and related liability, based on the actuarial present value of retirement benefit obligation using the actuarial appraisal approach and the fair value of pension plan assets available for benefits at the fiscal year-end. In the calculation of the retirement benefit obligation, the expected retirement benefits are attributed to the period up to the end of the respective fiscal year based on the straight-line method. Actuarial differences arising from changes in the retirement benefit obligation or the value of pension plan assets resulting from actual outcomes different from that which were assumed and from changes in the assumptions themselves are amortized on a straight-line basis over principally ten years, a period within the average remaining service years of employees, from the year following the year in which they arise. Past service cost is amortized using the straight-line method over principally ten years, a period within the average remaining service years of employees, from the year in which it occurs.

(k) Severance indemnities for directors and corporate auditors

The Seino Group pays severance indemnities to directors and corporate auditors subject to the approval of the shareholders. The Company and certain subsidiaries provide for accrued severance indemnities for directors and corporate auditors at the amount that would have been payable if the directors and corporate auditors had retired at the end of the fiscal year based on internal rules, in accordance with the Japanese Institute of Certified Public Accountants ("JICPA") Audit and Assurance Committee Report No. 42, "Treatment for Auditing of Reserve Under Special Taxation Measures Law, Reserve Under Special Laws and Reserve for Retirement

Benefits to Directors and Corporate Auditors."

(l) Revenue recognition for freight charges

The Seino Group recognizes freight charges as revenue when freight is received for shipment. In relation to its revenue recognition, the Seino Group records freight charges from customers and charges paid to interline carriers as operating revenue and operating costs and expenses, respectively.

(m) Income taxes

Income taxes are accounted for by the asset-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date and the promulgation date for the fiscal year ended March 31, 2016.

(Additional Information)

The Company and its domestic subsidiaries adopted "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016 (hereinafter, "Guidance No. 26)) from the year ended March 31, 2017.

(n) Enterprise taxes

The Seino Group records local corporate enterprise taxes based on the "added value" and "capital" amounts when levied as size-based corporate taxes for local government enterprise taxes, which are included in selling, general and administrative expenses.

(o) Appropriation of retained earnings

Cash dividends are recorded in the fiscal year during which a proposed appropriation of retained earnings is approved by the Board of Directors and/or shareholders.

(p) Translation of foreign currency accounts

Receivables, payables and securities, other than stocks of subsidiaries, are translated into Japanese yen at the exchange rates prevailing at the fiscal year-end. Transactions in foreign currencies are recorded based on the prevailing exchange rates on the transaction dates. Resulting translation gains and losses are included in current earnings.

In respect to the financial statement items of overseas subsidiaries, all asset, liability, income and expense accounts are translated into yen by applying the exchange rates in effect at the fiscal year-end. Translation differences, after allocations of portions attributable to minority interests, are reported as foreign currency translation adjustments in a component of net assets on the accompanying consolidated balance sheets.

(q) Per share data

Basic net income per share is computed by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding during the respective year, retroactively adjusted for stock splits. Unless there is an anti-dilutive effect, diluted net income per share is calculated to reflect the potential dilution assuming that all convertible bonds are converted at the time of issue.

Cash dividends per share shown for each fiscal year in the accompanying consolidated statements of income represent dividends declared as applicable to the respective years.

(r) Adoption of consolidated taxation system

The Company and some of its subsidiaries have adopted the consolidated taxation system, with the Company as the taxable parent company.

(s) Changes in accounting policies for business combinations

The Company and its domestic subsidiaries have adopted and apply "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013 (hereinafter, "Statement No. 21")), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013 (hereinafter, "Statement No. 22")) and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013 (hereinafter, "Statement No. 7")) (together, the "Business Combination Accounting Standards") from the prior fiscal year. As a result, the Company changed its accounting policies to recognize in capital surplus the differences arising from changes in the Company's ownership interest of subsidiaries over which the Company continues to maintain control and to record acquisition related costs as expenses in the fiscal year in which the costs were incurred. In addition, the Company changed its accounting policy for the reallocation of acquisition costs due to completion following provisional accounting to reflect such reallocation in the consolidated financial statements for the fiscal year in which the business combination took place. The Company also changed the presentation of net income, and the term "non-controlling interests" is used instead of "minority interests."

With regard to the application of the Business Combination Accounting Standards, the Company followed the provisional treatments in Article 58-2(4) of Statement No. 21, Article 44-5(4) of Statement No. 22 and Article 57-4(4) of Statement No. 7, with application from the beginning of the year ended March 31, 2016 prospectively. As a result, operating income decreased by ¥133 million, profit before income taxes for the year ended March 31, 2016 decreased by ¥5,605 million, goodwill and capital surplus as of the end of the March 31, 2016 decreased and increased by ¥97 million and ¥5,508 million, respectively.

In the consolidated statement of cash flows, cash flows from acquisition or disposal of shares of subsidiaries with no changes in the scope of consolidation are included in "Cash flows from financing activities," and cash flows from acquisition related costs for shares of subsidiaries with changes in the scope of consolidation or costs related to acquisition or disposal of shares of subsidiaries with no changes in the scope of consolidation are included in "Cash flows from operating activities."

Capital surplus as of the end of March 31, 2016 in the consolidated statement of changes in net assets increased by ¥5,508 million. Net assets per share, earnings per share and diluted earnings per share for the year ended March 31, 2016 decreased by ¥0.48, ¥28.19 and ¥27.28, respectively.

(Accounting policies issued but not yet adopted)

In February 2018, the ASBJ revised ASBJ Guidance No. 28, "Implementation Guidance on Tax Effect Accounting", and ASBJ Guidance No. 26, "Implementation Guidance on Recoverability of Deferred Tax Assets."

(1) Outline

In the course of transferring practical guidance related to accounting for income tax effects prescribed by the Japanese Institute of Certified Public Accountants to the ASBJ, the ASBJ basically followed the contents and made required modifications to the "Implementation Guidance on Tax Effect Accounting," etc.

Major modified accounting treatments

- Treatment of taxable temporary differences related to subsidiary shares in nonconsolidated financial statements

- Treatment of recoverability of deferred tax assets for companies that fall under Category 1

(2) Date of adoption

The guidance will be adopted from the beginning of the fiscal year ending March 31, 2019.

(3) Effect of adoption

The Company is currently assessing the effect of adopting the guidance on the consolidated financial statements.

In March 2018, the ASBJ issued ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition", and ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition."

(1) Outline

International Accounting Standards Board (IASB) and Financial Accounting Standards Board (FASB) jointly developed a comprehensive accounting standard for revenue recognition and issued "Revenue" from Contracts with Customers" (International Financial Reporting Standards (IFRS) No. 15 issued by IASB and Topic 606 issued by FASB) in May 2014. Considering that IFRS No. 15 has become applicable for fiscal years beginning on and after January 1, 2018 and Topic 606 for fiscal years beginning after December 15, 2017, the ASBJ developed a comprehensive accounting standard for revenue recognition and issued it together with the implementation guidance. ASBJ's basic policy in developing the accounting standard for revenue recognition was to establish accounting standards as a starting point to adopt basic principles of IFRS No. 15 from the viewpoint of comparability of financial statements, which is one of the benefits of maintaining consistency with IFRS No. 15, and to add alternative treatments to the extent not to impair comparability in cases in which previous practices and other issues in Japan should be considered.

(2) Date of adoption

The guidance will be adopted from the beginning of the fiscal year ending March 31, 2022.

(3) Effect of adoption

The Company is currently assessing the effect of adopting the standard and guidance on the consolidated financial statements.

(t) Additional information

Employee Shareholding Incentive Plan (E-Ship®)

The Company has introduced an Employee Shareholding Incentive Plan (E-Ship®) for the welfare of its employees. The plan is an incentive plan that covers all employees participating in the Shareholding Association.

Under the plan, the Company, as the trustor, entered into a specified trust cash funding agreement (the "E-Ship Agreement") with a trust bank, as a trustee to set up the trust (the "E-Ship Trust"). The E-Ship Trust purchases the number of shares of the Company that the Shareholding Association rationally expects to purchase over the next three years and subsequently sells them periodically to the Shareholding Association in accordance with certain conditions and methods stipulated in the E-Ship Agreement over the three-year period. At the end of the trust period, the E-Ship Trust's retained earnings, the accumulation of net gain on sales of its shares of the Company, are distributed to the eligible employees in accordance with the E-Ship Agreement. For its part, the Company will guarantee retained loss, accumulation of net loss on sales of its shares of the Company and will pay off the amount of outstanding debt at the end of the trust period, as it shall guarantee the debt of E-Ship Trust.

The shares of the Company held by the E-Ship Trust were accounted for as treasury stock under net assets. The assets, liabilities, income and expenses of the E-Ship Trust were consolidated in the accompanying consolidated financial statements. The book value and number of shares held by the E-Ship Trust at March 31, 2018 and 2017 were ¥963 million ($9,085 thousand) and 723 thousand shares, ¥1,358 million and 1,019 thousand shares, respectively. The book value of bank loans of the E-Ship Trust recorded in the consolidated balance sheet as of March 31, 2018 and 2017 were ¥867 million ($8,179 thousand) and ¥1,360 million.

3. Financial Instruments

(1) Qualitative information on financial instruments

(a) Policies on Financial Instruments

The Seino Group implements its Cash Management System for effective investments and funding. The Company invests in short-term, low-risk instruments in accordance with its internal fund management rules. The Company raises funds mainly through indirect financing such as bank loans for investments in facilities, taking immediate liquidity into consideration.

(b) Details of Financial Instruments and Risks

Trade receivables are exposed to the credit risk of customers. Some of the subsidiaries have receivables in foreign currency and are exposed to foreign currency fluctuation risk.

Marketable and investment securities, which consist of held-to-maturity securities and equity securities of business entities with which the Seino Group has business relationships, are exposed to stock market fluctuation risk.

Trade payables have general terms and conditions and are mostly due within one year. However, some of the subsidiaries have them denominated in foreign currency, which exposes them to foreign currency fluctuation risk.

Some bank loans and convertible bonds are used principally for capital investments and are partially exposed to interest rate fluctuation risk.

(c) Risk Management for Financial Instruments

(1) Monitoring of credit risk

In accordance with internal policies for credit risk management, each subsidiary monitors the creditworthiness of its customers and manages the terms and conditions of payment, due dates and remaining balances to reduce such risk. Regarding held-to-maturity securities, the Company invests in high credit-rating bonds in accordance with its internal fund management rules. As a result, the risk is insignificant.

(2) Monitoring market risk

The Board of the Directors regularly monitors market risk using management methods which comply with internal market risk management rules. For marketable securities, the Seino Group monitors market prices every quarter and reviews the market conditions and the financial position of and business relationship with the issuers.

(3) Monitoring liquidity risk

The Company has a Cash Management System with its subsidiaries and becomes the paying agent for the subsidiaries under the system. The subsidiaries report their cash flow projections to the Company. The Company has sufficient bank credit lines, including credit lines with overdrafts, enabling the Seino Group to manage liquidity risk.

(d) Supplemental information on fair values

The fair values of financial instruments are based on their market prices. The fair values of financial instruments with no available market prices are determined by using prices calculated in a reasonable manner. However, since certain assumptions are used in the computation of the reasonable estimates, the result may be different if alternative assumptions are used.

(2) Fair values of financial instruments

The fair and carrying values of the financial instruments included in the consolidated balance sheets at March 31, 2018 and 2017, other than those for which the fair value was extremely difficult to determine, are set forth in the table below.

	Carrying value	Fair value	Difference
	Millions of yen		
At March 31, 2018:			
Cash and cash equivalents	¥ 80,214	¥ 80,214	¥ —
Short-term investments	23,983	23,983	—
Trade receivables	119,774	119,774	—
Investment securities	34,570	34,570	—
Total assets	¥ 258,541	¥ 258,541	¥ —
Short-term borrowings	¥ 3,610	¥ 3,610	¥ —
Trade payables	51,620	51,620	—
Convertible bonds	5,883	7,906	2,023
Current portion of long-term bank loans	1,086	1,086	—
Long-term bank loans	10,807	10,705	(102)
Total liabilities	¥ 73,006	¥ 74,927	¥ 1,921

	Carrying value	Fair value	Difference
	Millions of yen		
At March 31, 2017:			
Cash and cash equivalents	¥ 72,366	¥ 72,366	¥ —
Short-term investments	25,665	25,665	—
Trade receivables	112,651	112,651	—
Investment securities	30,735	30,735	—
Total assets	¥ 241,417	¥ 241,417	¥ —
Short-term borrowings	¥ 2,704	¥ 2,704	¥ —
Trade payables	44,960	44,960	—
Convertible bonds	10,015	10,475	460
Current portion of long-term bank loans	677	677	—
Long-term bank loans	12,192	12,104	(88)
Total liabilities	¥ 70,548	¥ 70,920	¥ 372

	Carrying value	Fair value	Difference
	Thousands of U.S. dollars		
At March 31, 2018:			
Cash and cash equivalents	$ 756,736	$ 756,736	$ —
Short-term investments	226,255	226,255	—
Trade receivables	1,129,943	1,129,943	—
Investment securities	326,132	326,132	—
Total assets	$ 2,439,066	$ 2,439,066	$ —
Short-term borrowings	$ 34,057	$ 34,057	$ —
Trade payables	486,981	486,981	—
Convertible bonds	55,500	74,585	19,085
Current portion of long-term bank loans	10,245	10,245	—
Long-term bank loans	101,953	100,990	(963)
Total liabilities	$ 688,736	$ 706,858	$ 18,122

Notes:

i) Methods of measuring the fair value of financial instruments are as follows:

Assets:

(1) Cash and cash equivalents
As these instruments are settled within a short term, their fair value and carrying value are nearly identical, and their carrying values are assumed as their fair values.

(2) Trade receivables
The fair value of installment sales receivables is measured by the carrying amount, which is based on the present value of future cash flows through maturity discounted using an estimated credit risk adjusted interest rate. The carrying amounts of trade receivables other than installment sales receivables approximate fair value because of the short maturity of these instruments.

(3) Short-term investments and investment securities
The fair value of marketable securities equals the quoted market price, if available. The fair value of debt securities equals the quoted market price or the price provided by financial institutions. Marketable and investment securities classified according to the purpose for which they are held are described in Note 5.

Liabilities:

(1) Trade payables
As these instruments are settled within a short term, their fair values and carrying values are nearly identical, and, their carrying values are assumed as their fair values.

(2) Short-term borrowings and current portion of long-term bank loans
As these instruments are settled within a short term, their fair values and carrying values are nearly identical, and their carrying values are assumed as their fair values.

(3) Convertible bonds
The fair value of convertible bonds is based on the price quoted by the correspondent financial institution.

(4) Long-term bank loans
The fair value of long-term debt is based on the present value of future cash flows discounted using the current borrowing rate for similar debt of comparable maturity.

ii) The following were not included in the table above because the fair value was extremely difficult to determine:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Carrying value:			
Unlisted equity securities, other than those of affiliates	¥ 12,078	¥ 1,399	$ 113,943
Investments in partnership	1,583	981	14,934
	¥ 13,661	¥ 2,380	$ 128,877

iii) The redemption schedule for financial assets with maturities at March 31, 2018 was as follows:

	Due within 1 year	Due after 1 years through 5 years	Due after 5 years through 10 years	Due after 10 years
	Millions of yen			
At March 31, 2018:				
Cash and cash equivalents	¥ 80,214	¥ —	¥ —	¥ —
Short-term investments	23,983	—	—	—
Trade receivables	89,802	29,186	785	1
Investment securities – bonds and other	—	106	—	—
	¥ 193,999	¥ 29,292	¥ 785	¥ 1

	Due within 1 year	Due after 1 years through 5 years	Due after 5 years through 10 years	Due after 10 years
	Thousands of U.S. dollars			
At March 31, 2018:				
Cash and cash equivalents	$ 756,736	$ —	$ —	$ —
Short-term investments	226,255	—	—	—
Trade receivables	847,189	275,339	7,406	9
Investment securities – bonds and other	—	1,000	—	—
	$ 1,830,180	$ 276,339	$ 7,406	$ 9

iv)For the repayment schedule for convertible bonds and long-term bank loans at March 31, 2018, see Note 9, "Short-term Borrowings and Long-term Debt."

4. Inventories

Inventories at March 31, 2018 and 2017 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Merchandise and finished products	¥ 12,896	¥ 10,731	$ 121,660
Work in process	1,214	1,116	11,453
Raw materials and supplies	779	699	7,349
	¥ 14,889	¥ 12,546	$ 140,462

5. Investments

At March 31, 2018 and 2017, short-term investments consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Marketable securities:			
Bonds and other	¥ 12,100	¥ 12,100	$ 114,151
Total marketable securities	12,100	12,100	114,151
Time deposits with an original maturity of more than three months	11,883	13,565	112,104
	¥ 23,983	¥ 25,665	$ 226,255

At March 31, 2018 and 2017, investment securities consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Marketable securities:			
Equity securities	¥ 34,406	¥ 30,566	$ 324,585
Bonds	101	108	953
Other	63	61	594
Total marketable securities	34,570	30,735	326,132
Other non-marketable securities	13,661	2,380	128,877
	¥ 48,231	¥ 33,115	$ 455,009

Marketable securities classified as available-for-sale are stated at fair value with unrealized gains and losses excluded from current earnings and reported as a net amount within the net assets account until realized. At March 31, 2018 and 2017, gross unrealized gains and losses for marketable securities classified as available-for-sale were as follows:

	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
	Millions of yen			
At March 31, 2018:				
Equity securities	¥ 12,934	¥ 21,523	¥ (51)	¥ 34,406
Bonds	118	—	(17)	101
Other	12,127	36	—	12,163
	¥ 25,179	¥ 21,559	¥ (68)	¥ 46,670
At March 31, 2017:				
Equity securities	¥ 12,959	¥ 17,776	¥ (169)	¥ 30,566
Bonds	118	—	(10)	108
Other	12,128	33	—	12,161
	¥ 25,205	¥ 17,809	¥ (179)	¥ 42,835
	Thousands of U.S. dollars			
At March 31, 2018:				
Equity securities	$ 122,019	$ 203,047	$ (481)	$ 324,585
Bonds	1,113	—	(160)	953
Other	114,406	339	—	114,745
	$ 237,538	$ 203,386	$ (641)	$ 440,283

At March 31, 2018 and 2017 investments in and long-term loans to affiliates consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Investments accounted for by the equity method for significant affiliates and at cost for others	¥ 3,255	¥ 4,119	$ 30,708

6. Property and Equipment

At March 31, 2018 and 2017, property and equipment consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Property and equipment, at cost:			
Land	¥ 174,468	¥ 173,281	$ 1,645,925
Buildings and structures	271,743	263,608	2,563,613
Vehicles	106,998	106,237	1,009,415
Machinery and equipment	43,685	38,369	412,123
Construction in progress	2,892	1,294	27,283
Other	7,391	6,594	69,726
	607,177	589,383	5,728,085
Less accumulated depreciation	(311,856)	(298,677)	(2,942,038)
Total property and equipment	¥ 295,321	¥ 290,706	$ 2,786,047

One of the consolidated subsidiaries elected to carry out a one-time revaluation to restate the cost of land used for business operations at values reassessed on March 31, 2002, reflecting adjustments for land shape and other factors based on appraisal values issued by the Japanese National Tax Agency in accordance with the Law Concerning Revaluation of Land. According to the law, the excess of the original book value over reassessed value, net of the tax effect and minority interests portions, is recorded in net assets as land revaluation decrement account in the accompanying consolidated balance sheets. At March 31, 2018 and 2017, the difference between the carrying values of land used for business operations after revaluation over the current market values of the land at the fiscal year-end amounted to ¥1,834 million ($17,302 thousand) and ¥1,792 million, respectively.

7. Real Estate for Rent

Some of the Company's subsidiaries own land and facilities for rent at locations where the business branches were closed or redeployed branches used to be. The carrying values in the consolidated balance sheets, changes during the years ended March 31, 2018 and 2017 and the fair values of the rental properties were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Carrying value at the beginning of year	¥ 14,096	¥ 14,031	$ 132,981
Net changes during the year	526	65	4,962
Carrying value at the end of year	14,622	14,096	137,943
Fair value at the end of year *	¥ 19,371	¥ 19,243	$ 182,745

*Note: * Fair value was measured at the reasonable estimated value based principally on a real estate appraisal or property tax bases.*

Profit and loss recorded for rental properties for the fiscal years ended March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Operating revenue	¥ 1,599	¥ 1,543	$ 15,085
Operating costs	412	292	3,887
Income from rental operations	1,187	1,251	11,198
Profit (loss) on disposal of rental property and other	¥ 602	¥ (243)	$ 5,679

8. Asset Retirement Obligations

Asset retirement obligations are based upon estimated future restoration obligations pursuant to office rental agreements. The asset retirement obligations are calculated based upon the useful life designated by law or the estimated office rental period and are discounted by the yield rate of government bonds.

Asset retirement obligations for the years ended March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
At the beginning of year	¥ 2,627	¥ 2,586	$ 24,783
New consolidations	443	—	4,179
New obligations	36	18	340
Changes in estimated obligations and accretion	47	46	443
Settlement payments	(190)	(23)	(1,792)
At the end of year	¥ 2,963	¥ 2,627	$ 27,953

9. Short-term Borrowings and Long-term Debt

At March 31, 2018 and 2017, short-term borrowings consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Unsecured bank overdrafts with interest rates of 1.475% per annum at March 31, 2018	¥ 2,440	¥ 110	$ 23,019
Short-term bank loans, secured with interest rates ranging from 0.975% to 1.300% per annum at March 31, 2018	25	117	236
Short-term bank loans, unsecured with interest rates ranging from 0.130% to 3.300% per annum at March 31, 2018	1,145	2,477	10,802
	¥ 3,610	¥ 2,704	$ 34,057

At March 31, 2018, the Company and certain subsidiaries had unsecured overdraft agreements with 11 banks. Under the agreements, the Company and the subsidiaries were entitled to withdraw up to ¥43,910 million ($414,245 thousand). The Company and the subsidiaries were not obligated to pay commitment fees on the unused portions of the overdraft facilities.

At March 31, 2018 and 2017, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Zero coupon convertible bonds due October 2018, including unamortized premium (¥3 million ($28 thousand) at March 31, 2018)	¥ 5,883	¥ 10,015	$ 55,500
Loans from government agencies and banks, repayable due through 2023, with interest rates ranging from 0.810% to 1.400% per annum at March 31, 2018:			
Secured	10,625	11,344	100,236
Unsecured	1,268	1,525	11,962
Capitalized lease obligations	4,000	3,584	37,736
	21,776	26,468	205,434
Less current portion	(7,917)	(1,481)	(74,689)
	¥ 13,859	¥ 24,987	$ 130,745

At March 31, 2018, the current conversion price of zero coupon convertible bonds due in 2018 was ¥1,463 ($14) per share and was subject to adjustment in certain circumstances, including in the event of a stock split. At March 31, 2018, the number of shares of common stock necessary for conversion of all convertible bonds outstanding was approximately 4 million.

At March 31, 2018 and 2017, respectively, the following assets were pledged as collateral for certain long-term debt:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Land	¥ 5,007	¥ 5,169	$ 47,236
Buildings and structures	1,506	1,778	14,208
Cash and deposits	1,330	1,611	12,547
Shares of subsidiaries and associates	1,133	1,133	10,689
Long-term loans receivable from subsidiaries and associates	10	10	94

The aggregate annual maturities of long-term debt as of March 31, 2018 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2019	¥ 7,914	$ 74,661
2020	2,547	24,028
2021	1,570	14,811
2022	1,405	13,255
2023	7,937	74,877
Thereafter	400	3,774
	¥ 21,773	$ 205,406

10. Commitment line Agreement

Consolidated subsidiary Kanto Transportation Co., Ltd. had a commitment line agreement of ¥1,000 million ($ 9,434 thousand) as of March 31, 2018 to ensure its access to financing. At March 31, 2018, there were no borrowings under this agreement.

11. Financial Covenants

Consolidated subsidiary Kanto Transportation Co., Ltd. is a party to a syndicated loan agreement that includes the following financial covenants.

1. The operating loss on a consolidated basis of Kanto Transportation Co., Ltd. before amortization of goodwill is allowed on the profit and loss statement for the two consecutive years as of the previous fiscal year at March 31, 2017 or later.

2. The amount of equity (except subscription rights to shares, non-controlling interests and deferred gains or losses on hedges) on the balance sheets on a consolidated basis of Kanto Transportation Co., Ltd. is required to be equal to or greater than 80% of equity on the balance sheet as of the previous fiscal year at March 31, 2017 or later.

Remaining balances of debt were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	**2018**
Short-term borrowings	**¥ —**	¥ —	**$ —**
Current portion of long-term debt	**725**	650	**6,840**
Long-term debt	**9,900**	10,625	**93,396**
	¥ 10,625	¥ 11,275	**$ 100,236**

12. Employee Retirement Benefits

The Company and its subsidiaries have mainly unfunded defined benefit plans with rules and regulations determined by each subsidiary. In addition, some subsidiaries have Smaller Enterprise Retirement Allowance Mutual Aid or Specific Retirement Allowance Mutual Aid.

Other subsidiaries have funded defined benefit plans. One company belongs to a comprehensive employees' pension fund for the defined benefit corporate pension plan. One company has established a retirement benefit payment trust. Some of the consolidated subsidiaries have joined a multi-employer welfare pension fund plan. Those for which it is impossible to calculate in a rational manner the amount of the pension assets which corresponds to the amount of the contributions are accounted for in the same way as the defined contribution pension plan. The retirement benefit obligation of certain subsidiaries was calculated using the simplified method as permitted by the accounting standard for employee retirement benefits.

As of and for the year ended March 31, 2018 and 2017, defined benefit plans, including plans applying the simplified method were as follows:

i) Movement in retirement benefit obligation:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	**2018**
At the beginning of year	**¥ 79,920**	¥ 78,425	**$ 753,962**
Service cost	**4,358**	4,293	**41,113**
Interest cost	**182**	180	**1,717**
Actuarial differences	**450**	73	**4,245**
Benefits paid	**(3,527)**	(3,320)	**(33,273)**
Past service cost	**(94)**	270	**(887)**
Others	**86**	(1)	**812**
At the end of year	**¥ 81,375**	¥ 79,920	**$ 767,689**

ii) Movements in plan assets:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	**2018**
At the beginning of year	**¥ 6,416**	¥ 8,044	**$ 60,528**
Actuarial differences	**242**	(1,492)	**2,283**
Contributions paid by the employer	**2**	3	**19**
Benefits paid	**(88)**	(139)	**(830)**
At the end of year	**¥ 6,572**	¥ 6,416	**$ 62,000**

iii) Reconciliation from retirement benefit obligation and plan assets to employee retirement benefit asset or liability:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	**2018**
Funded retirement benefit obligation	**¥ 6,921**	¥ 6,412	**$ 65,292**
Plan assets	**(6,572)**	(6,416)	**(62,000)**
	349	(4)	**3,292**
Unfunded retirement benefit obligation	**74,454**	73,508	**702,397**
Net employee retirement benefit liability	**74,803**	73,504	**705,689**
Employee retirement benefit liability	**74,803**	73,739	**705,689**
Employee retirement benefit asset	**—**	(235)	**—**
Net employee retirement benefit liability	**¥ 74,803**	¥ 73,504	**$ 705,689**

iv) Net periodic retirement benefit expenses, including plans applying the simplified method:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	**2018**
Service cost	**¥ 4,358**	¥ 4,293	**$ 41,113**
Interest cost	**182**	180	**1,717**
Amortization of actuarial differences	**1,431**	1,242	**13,500**
Amortization of past service cost	**31**	(17)	**293**
Net periodic retirement benefit expenses	**¥ 6,002**	¥ 5,698	**$ 56,623**

v) Retirement benefit adjustment included in other comprehensive income, before tax effects:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	**2018**
Past service cost	**¥ (124)**	¥ 287	**$ (1,170)**
Actual differences	**(1,223)**	323	**(11,537)**
Total balance	**¥ (1,347)**	¥ 610	**$ (12,707)**

vi) Retirement benefit adjustment in accumulated other comprehensive income, before tax effects:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	**2018**
Past service cost yet to be recognized	**¥ 148**	¥ 272	**$ 1,396**
Actuarial differences yet to be recognized	**8,347**	9,569	**78,745**
Total balance	**¥ 8,495**	¥ 9,841	**$ 80,141**

vii) Plan assets

1. Plan assets comprise:

	Percent	
	2018	2017
Cash and cash equivalents	**11%**	1%
Bonds	**1%**	1%
Equity securities	**88%**	98%
Total*	**100%**	100%

*99% of total plan assets consisted of assets of a retirement benefit payment trust.

2. Long-term expected rate of return
Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

viii) Actuarial assumptions
The principal actuarial assumptions (expressed as weighted averages):

	2018	2017
Discount rate	**mainly 0.1%**	mainly 0.1%
Long-term expected rate of return	**0.0%**	0.0%

ix) Multi-employer pension plans
Required contributions of multi-employer pension plans, which are accounted for by the same method as defined contribution pension plans, to welfare pension funds that used for was 51 million yen for the year ended March 31, 2017.

The funded status of multi-employer pension plans as of March 31, 2017 and 2016

	Millions of yen	
	2017	2016
Plan assets	¥ —	¥ 20,733
Projected benefit obligation in pension financing	—	20,571
Difference	¥ —	¥ 162

The ratio of contributions of the Company and its consolidated subsidiaries to total contributions of multi-employer pension plans as of March 2017 was 16.9%.

(Supplementary explanation)
Gunma Prefecture Truck Pension Fund, which the Company's subsidiary had joined, was dissolved in March 31, 2017. The Company has omitted the funded status of the related multi-employer pension plans for the year ended March 31, 2017 because this Pension Fund is in liquidation. There is no expected cost to the Company by the dissolution of the Pension Fund.

13. Contingent Liabilities

At March 31, 2018 and 2017, the Seino Group was contingently liable for trade notes endorsed to affiliates and third parties and for guarantees, including substantial guarantees, principally of indebtedness of third parties in the aggregate amount of ¥1,302 million ($12,283 thousand) and ¥1,256 million, respectively.

14. Lease Commitments

As lessee, the Seino Group has entered into various rental and lease agreements for land and buildings to be used for truck terminals and warehouses that are generally cancelable with a few months advance notice, except for certain operating lease agreements. The aggregate minimum future lease payments for such non-cancelable operating lease agreements, including the imputed interest portion, as lessee at March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	**2018**
Operating leases:			
Due within one year	¥ **791**	¥ 682	$ **7,463**
Due after one year	**1,238**	1,204	**11,679**
	¥ **2,029**	¥ 1,886	$ **19,142**

A certain subsidiary engaged in leasing operations as lessor enters into various lease agreements with third parties principally for vehicles. The leases are categorized as operating leases. At March 31, 2018 and 2017, the aggregate future minimum lease commitments to be received for such non-cancelable lease agreements, including the imputed interest, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	**2018**
Operating leases:			
Due within one year	¥ **226**	¥ 230	$ **2,132**
Due after one year	**383**	410	**3,613**
	¥ **609**	¥ 640	$ **5,745**

15. Net Assets

(a) Under the Japanese Corporate Law (the "Law") and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases in which a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Law, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting. Additional paid-in capital and legal earnings reserve may not be distributed as dividends. All additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

At March 31, 2018 and 2017, capital surplus consisted principally of additional paid-in capital. In addition, retained earnings included legal earnings reserve of the Company in the amount of ¥4,262 million ($40,208 thousand) at March 31, 2018 and 2017.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

(b) During the year ended March 31, 2018, the Company paid interim dividends of ¥11 per share, amounting to ¥2,172 million ($19,929 thousand). In addition, at the annual shareholders' meeting held on June 27, 2018, the shareholders approved cash dividends of ¥19 per share, amounting to ¥3,805 million ($35,896 thousand). The appropriation had not been accrued in the consolidated financial statements as of March 31, 2018 as such appropriations are recognized in the period in which they are approved by the shareholders.

16 Consolidated Statements of Cash Flows

Assets and liabilities of newly consolidated subsidiaries by acquisition

The following is the summary of assets acquired and liabilities assumed through the acquisition of shares Kanto Transportation Co., Ltd. and its five subsidiaries for the year ended March 31, 2016, related costs and net payment:

	Millions of yen
Current assets	¥ 5,648
Noncurrent assets	8,524
Goodwill	16,636
Current liabilities	(4,652)
Noncurrent liabilities	(8,289)
Acquisition cost	¥ 17,867
Cash and cash equivalents of newly consolidated subsidiaries	(2,962)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	¥ 14,905

During the year ended March 31, 2018, stock subscription rights were exercised, and the related convertible bonds were converted to common stock without any cash settlement. Details of the movement resulting from the exercise of the stock subscription rights are as follows:

	Millions of yen	Thousands of U.S. dollars
	2018	2018
Gain on disposal of treasury stock	¥ 1,168	$ 11,024
Decrease in treasury stock	2,954	27,866
Decrease in convertible bonds	4,122	38,890

17. Income Taxes

The tax effects of temporary differences that give rise to a significant portion of deferred tax assets and liabilities at March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	**2018**
Deferred tax assets:			
Employee retirement benefit liability	¥ **26,085**	¥ 25,629	$ **246,085**
Enterprise tax accruals	**619**	473	**5,839**
Accrued bonuses	**3,910**	3,754	**36,887**
Intercompany capital gains	**1,179**	1,173	**11,123**
Operating loss carryforwards	**447**	352	**4,217**
Loss on assets transferred	**1,412**	1,376	**13,321**
Impairment loss on fixed assets	**13,404**	14,035	**126,453**
Allowance for doubtful accounts	**206**	224	**1,943**
Other	**3,132**	2,896	**29,547**
	50,394	49,912	**475,415**
Less valuation allowance	**(15,364)**	(15,510)	**(144,944)**
	35,030	34,402	**330,471**
Deferred tax liabilities:			
Deferred capital gains	**5,127**	5,218	**48,368**
Unrealized gains on available-for-sale securities	**6,225**	4,995	**58,726**
Valuation adjustments for consolidation	**11,716**	11,179	**110,528**
Employee retirement benefit asset	**—**	81	**—**
Other	**530**	533	**5,000**
	23,598	22,006	**222,622**
Net deferred tax assets	¥ **11,432**	¥ 12,396	$ **107,849**

At March 31, 2018 and 2017, deferred tax assets and liabilities were recorded as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	**2018**
Deferred tax assets:			
Current	¥ **5,522**	¥ 5,209	$ **52,094**
Noncurrent	**9,466**	9,984	**89,302**
Deferred tax liabilities:			
Noncurrent	**3,556**	2,797	**33,547**

In assessing the realizability of deferred tax assets, management of the Seino Group considers whether some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of the future taxable income during the periods in which those temporary differences become deductible. At March 31, 2018 and 2017, a valuation allowance was provided to reduce deferred tax assets to the extent that the management believed that the amount of the deferred tax assets was not realizable.

The reconciliation for the year ended March 31, 2018 and 2017 were as follows:

	Percentage of pretax income	
	2018	2017
Japanese statutory tax rate	30.2%	30.2%
Increase (decrease) due to:		
Permanently nondeductible expenses	0.4	0.4
Tax exempt income	(0.2)	(0.1)
Local minimum taxes - per capita levy	2.3	2.3
Amortization of goodwill	1.2	1.5
Equity in net income of affiliates	0.5	(0.3)
Changes in valuation allowance	(1.4)	(0.4)
Different tax rates applied to the consolidated subsidiaries	4.4	4.3
Tax credit for salary growth	(2.5)	(2.3)
Other	(0.4)	0.6
Effective income tax rate	34.5%	36.2%

On March 29, 2016, amendments to the Japanese tax regulations were enacted into law. Based on the amendments, the effective statutory tax rate used to measure deferred tax assets and liabilities (expected to be settled or realized on after April 1, 2016) in the fiscal year was changed from the previous rate of 31.5% to 30.2% for temporary differences excepted to be resolved during the period from April 1, 2016 to March 31, 2018 and to 30.2% for temporary differences excepted to be resolved on or after April 1, 2018. Due to these changes in statutory income tax rates, net deferred tax assets (after deducting the deferred tax liabilities) decreased by ¥137 million as of March 31, 2016, deferred income tax expense recognized for the fiscal year ended March 31, 2016 increased by ¥276 million, evaluation differences of other securities increased by ¥211 million and accumulated adjustments for employee retirement benefits decreased by ¥72 million.

Since amendment to the Japanese tax regulations were enacted into law on November 18, 2016, the statutory tax rate utilized for the measurement of deferred tax assets and liabilities in the years ended March 31, 2017 changed from the years ended March 31, 2018.

18. Comprehensive Income

Amounts reclassified to net income (loss) in the current period that were recognized in other comprehensive income in the current or previous periods and the tax effects for each component of other comprehensive income for the years ended March 31, 2018, 2017 and 2016 were as follows:

	Millions of yen 2018	Millions of yen 2017	Millions of yen 2016	Thousands of U.S. dollars 2018
Net unrealized gains on available-for-sale securities:				
Increase (decrease) during the year	**¥ 4,795**	¥ 1,305	¥ (2,032)	**$ 45,236**
Reclassification adjustments	**(292)**	(34)	(1)	**(2,755)**
Subtotal, before tax	**4,503**	1,271	(2,033)	**42,481**
Tax effect	**(1,359)**	(324)	709	**(12,821)**
Subtotal, net of tax	**3,144**	947	(1,324)	**29,660**
Foreign currency translation adjustments:				
Increase (decrease) during the year	**24**	(63)	(139)	**227**
Reclassification adjustments	**—**	—	—	**—**
Subtotal, before tax	**24**	(63)	(139)	**227**
Tax effect	**—**	—	—	**—**
Subtotal, net of tax	**24**	(63)	(139)	**227**
Retirement benefit adjustment:				
Decrease during the year	**(120)**	(1,826)	(8,425)	**(1,132)**
Reclassification adjustments	**1,467**	1,216	365	**13,839**
Subtotal, before tax	**1,347**	(610)	(8,060)	**12,707**
Tax effect	**(459)**	216	2,782	**(4,330)**
Subtotal, net of tax	**888**	(394)	(5,278)	**8,377**
Shares of other comprehensive income of affiliates accounted for using equity method:				
Decrease during the year	**(33)**	(44)	(13)	**(311)**
Reclassification adjustments	**(2)**	(6)	(5)	**(19)**
Subtotal	**(35)**	(50)	(18)	**(330)**
Total other comprehensive income	**¥ 4,021**	¥ 440	¥ (6,759)	**$ 37,934**

19. Business Combinations

For the year ended March 31, 2017

Stock-for-stock exchange agreements with the subsidiaries

On March 4, 2016, the Company entered into stock-for-stock exchange agreements with a subsidiary, Toyota Home Gifu Co., Ltd., in order to increase the Company's equity share in the subsidiary to 100%. In accordance with this agreement, on April 1, 2016 (the stock-for-stock exchange date), the Company reissued 35,925 shares of treasury stock at various exchange rates representing a certain number of shares of the Company's common stock (see below) for one share of common stock to the respective minority shareholders of the subsidiary. The acquisition cost of the acquired companies was ¥41 million.

Details of the stock-for-stock exchange transactions with the subsidiaries were as follows:

	Exchange rate representing the number of shares of common stock of the Company for one share of common stock of the subsidiary (shares)
Toyota Home Gifu Co., Ltd.	359.25

The Company applied ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised on September 13, 2013, and ASBJ Guidance No. 10, "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures," revised on September 13, 2013, and treated them as business transactions under common control.

For the year ended March 31, 2016

Stock-for-stock exchange agreements with the subsidiaries

On February 17, 2015, the Company entered into stock-for-stock exchange agreements with six subsidiaries, Seino Super Express Co., Ltd., Seino Sangyo Co., Ltd., Seino Family Co., Ltd., Seino Tsu-un Transportation Co., Ltd., Suito Travel Co., Ltd. and Seino Engineering Co., Ltd., in order to increase the Company's equity shares in the subsidiaries to 100%. In accordance with these agreements, on April 1, 2015 (the stock-for-stock exchange date), the Company reissued 2,457,806 shares of treasury stock at various exchange rates representing a certain number of shares of the Company's common stock (see below) for one share of common stock to the respective minority shareholders of each of the six subsidiaries. The acquisition cost of the acquired companies was ¥3,190 million.

(1) Details of the stock-for-stock exchange transactions with the subsidiaries were as follows:

	Exchange rate representing the number of shares of common stock of the Company for one share of common stock of the subsidiaries (shares)
Seino Super Express Co., Ltd.	0.054
Seino Sangyo Co., Ltd.	2.020
Seino Family Co., Ltd.	2,662.580
Seino Tsu-un Transportation Co., Ltd.	56.970
Suito Travel Co., Ltd.	29.940
Seino Engineering Co., Ltd.	17.350

(2) Changes in the portion held by the Company in connection with the transactions with non-controlling interests
① Main reason for changes in capital surplus
Additional acquisition of subsidiary's shares
② Increase in capital surplus due to transactions with non-controlling interests
¥5,508 million

The Company applied ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised on September 13, 2013, and ASBJ Guidance No. 10, "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures," revised on September 13, 2013, and treated them as business transactions under common control.

Acquisition for the shares of Kanto Transportation Co., Ltd.

On May 13, 2015, the Board of Directors determined that the Company purchase all of the shares of Kanto Transportation Co., Ltd. from a fund managed by Polaris Capital Group Co., Ltd. through a fifty-fifty joint venture for investment by the Company and a limited partnership for investment managed by Karita and Company, Inc. etc., of which Development Bank of Japan Inc. was the single limited partner and with regard to which the Company signed a Share Purchase Agreement on the same date.

(1) General description of business combination
① Name of the absorbed business and its description
Name of business: KSK Holdings Co., Ltd.
Business description: Joint venture for purchasing shares of Kanto Transportation Co., Ltd.
② Name of the absorbed business and its description
Name of business: Kanto Transportation Co., Ltd. and its five subsidiaries.
Business description: Transportation services

(2) Main reason for business combination
To improve company performance and increase enterprise value by acquiring a second general transportation business concern. The Company has added a cold chain for which the expansion rate is high and obtained a transportation network that utilizes ordinary, chilling and freezing temperatures, creating new value and advancing our transportation services.

(3) Date of business combination
June 30, 2015

(4) Legal form of business combination
Share acquisition

(5) Acquired voting rights
① KSK Holdings Co., Ltd.: 50%
② Kanto Transportation Co., Ltd. and its five subsidiaries: 50%

(6) Additional acquisition of shares in acquired company
Acquisition cost and consideration paid
① KSK Holdings Co., Ltd.
Consideration paid for acquisition: Cash ¥ 4,911 million
② Kanto Transportation Co., Ltd. and its five subsidiaries
Consideration paid for acquisition: Cash ¥ 17,867 million

(7) Main acquisition related costs
Fees paid : 47 million

(8) Amount of goodwill and amortization method and period
① Amount of goodwill: 16,636 million
② Amortization method and period: Straight-line amortization over 15 years

(9) Asset acquired and liabilities assumed as of the date of the business combination

	Millions of yen
Current assets	¥ 5,649
Noncurrent assets	8,525
Total assets	¥ 14,174
Current liabilities	¥ 4,652
Noncurrent liabilities	8,289
Total liabilities	¥ 12,941

Common control transaction

On January 1, 2016, two consolidated subsidiaries KSK Holdings Co., Ltd. and Kanto Transportation Co., Ltd. merged.

(1) General description of business combination
① Combined Business
Name of business: KSK Holdings Co., Ltd.
Business description: Joint venture for purchasing shares of Kanto Transportation Co., Ltd.
② The Combined Business
Name of business: Kanto Transportation Co., Ltd. and its five subsidiaries.
Business description: Transportation services

(2) Date of business combination
January 1, 2016

(3) Legal form of business combination
Absorption-type merger
Surviving company: KSK Holdings Co., Ltd.
Merged company: Kanto Transportation Co., Ltd.

(4) Name after business combination

Kanto Transportation Co., Ltd. (January 1, 2016, change of trade name from"KSK Holdings Co., Ltd.")

The Company applied ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised on September 13, 2013, and ASBJ Guidance No. 10, "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures," revised on September 13, 2013, and treated them as business transactions under common control.

20. Subsequent Events

Transfer of noncurrent asset

Seino Transportation Co., Ltd., a consolidated subsidiary of the Company, resolved to transfer a noncurrent asset at Board Directors Meeting held on June 1, 2018.

(1) Reason for the transfer
To effectively utilize the Company's resources, Seino Transportation Co., Ltd. resolved to sell the land.

(2) Details of asset to be transferred

Description of asset	Land: former Tokyo branch office
Address	2-8-13 Shiomi, Koto, Tokyo
Area of land	$36,880.90m^2$
Gain on transfer	Approx. ¥16 billion ($151 million)
Current status	Office and rent

(3) Outline of purchasing entity
Based on an agreement with the transferee, the name of the transferee and the transfer price may

not be disclosed. There is no capital relationship, personal relationship, transactional relationship or situation by which the transferee could be seen as a related party between the Company and the transferee or between Seino Transportation Co., Ltd. and the transferee which is required to be disclosed.

(4) Schedule

Date of Board of Directors Meeting	June 1, 2018
Date of contract	June 14, 2018
Date of transfer of property	September 2019 (planned)

(5) Effect on income or loss

The Company plans to post ¥16 billion ($151 million) arising from this transfer of a noncurrent asset under extraordinary income in the consolidated financial statements for the fiscal year ending March 31, 2020.

Equity method affiliates through shares acquisition

The Company decided to conclude a capital and business alliance contract with Hankyu Hanshin Holdings, Inc. and HANKYU HANSHIN EXPRESS Co., Ltd. on December 25, 2017. The Company paid for the third-party allocation of new shares pursuant to this contract on March 30, 2018. The Company acquired 34.01% of HANKYU HANSHIN EXPRESS Co., Ltd.'s shares, making the Company an equity method affiliate for the fiscal year ending March 31, 2019.

(1) Purpose of the capital and business alliance

This capital and business alliance is intended to build and strengthen a long-term partnership to complement each other and to provide new services to customers. The Company expects this contract to provide sustainable growth both domestically and abroad and expand the client base by adding new value provided by the know-how and client and business locations of both companies.

(2) Name and business of company purchasing shares

Name: HANKYU HANSHIN EXPRESS Co., Ltd.

Business: freight forwarding, customs clearing, warehousing, road freight, import/export agency, medical equipment manufacturing

(3) Stock acquisition date

April 1, 2018

Abolition of severance indemnity plans for directors and corporate auditors and termination payments

The Board of Directors meeting held on May 11, 2018, determined to abolish the severance indemnity plans for directors and corporate auditors at the end of the Company's 97th Annual General Meeting of Shareholders on June 27, 2018. The Company's 97th Annual General Meeting of Shareholders on June 27, 2018, approved this determination.

(1) Reason for abolition

The review of executive remuneration for directors and auditors

(2) Date of abolition

The end the Company's 97th Annual General Meeting of Shareholders on June 27, 2018

(3) Termination payment

The Company will continue to pay directors' and auditors' retirement allowances for their terms of service upon retirement until the abolition of this system.

(4) Impact on consolidated profit or loss

The impact on business performance and consolidated profit or loss is minor.

Introduction of a Stock Compensation Plan for Directors

The Company's 97th Annual General Meeting of Shareholders on June 27, 2018 passed a resolution to introduce a Board Benefit Trust ("BBT"), the details of which were determined by the Board of Directors meeting held on May 11, 2018.

1. Background and Purpose

The objective in introducing the Plan is to focus the Eligible Directors' mindset towards enhancing the medium- to long-term corporate value of the Company by clarifying the link between the compensation of the Eligible Directors and the Company's share value so that Eligible Directors share with the shareholders not only the benefits of rising share prices, but also the risks associated with falling shares.

2. Amount of compensation, etc., and reference information related to the Plan

(1) Overview of the Plan

The Plan is a stock compensation plan in which the Company's shares are acquired through a trust set up by the plan (the "Trust") using funds contributed by the Company as capital and the acquired shares and money in the amount equivalent to the value of the Company's shares converted at market value (the "Company's Shares, Etc.") are granted to Eligible Directors through the Trust pursuant to predetermined Rules on Stock Benefits for Directors. In principle, the Company's Shares, Etc. are provided to Eligible Directors at the time of retirement.

(2) Beneficiaries of the Plan

Directors (excluding outside directors)

(3) Trust period

The trust period is from August 27, 2018 until the Trust terminates. (The Trust will continue without an established termination date for as long as the Plan exists. The Plan will terminate if the Company's shares are delisted or the Rules on Stock Benefits for Directors are abolished or for other such reasons.)

(4) Amount of trust (amount of compensation, etc.)

The Company shall introduce the Plan for the three-year period from the fiscal year ending March 31, 2019 to the fiscal year ending March 31, 2021 (the "Initial Target Period") and for each three-year fiscal period ("Target Period") commencing after the Initial Target Period and shall contribute the following amount to the Trust as capital for the Trust to acquire the Company's shares in order to grant the Company's Shares, Etc. to Eligible Directors.

Firstly, the Company shall, upon establishing the Trust, contribute a maximum of ¥360 million ($3,396 thousand) as capital necessary in the Initial Target Period. After the Initial Target Period, the Company shall contribute an additional maximum amount of ¥360 million ($3,396 thousand) to the Trust for every subsequent Target Period, in principle, until the termination of the Plan. However, if an additional contribution is to be made and there are Company's shares (excluding the Company's shares equivalent to the number of points granted to Eligible Directors but not yet delivered to them with respect to each Target Period until the most recent Target Period) and money remaining as Trust's assets (the "Residual Shares, Etc."), the sum of the amount of the Residual Shares, Etc. (with Company's shares calculated by book value as of the last day of the preceding Target Period) and the additional contribution must be within ¥360 million ($3,396 thousand). During a Target Period, the Company may contribute funds to the Trust multiple times until the accumulated amount contributed reaches the maximum amount. The Company will conduct timely and proper disclosure when a decision for additional contributions is made.

(5) Method of acquiring the Company's shares and the number of shares to be acquired

The Company's shares shall be acquired by the Trust through the stock market or the purchase of disposed treasury shares of the Company using the funds contributed by the Company as described in (4) above as capital, and new shares will not be issued. Accordingly, the total number of issued shares of the Company will not increase, and no dilution will occur when the Trust acquires the Company's shares. In the Initial Target Period, a maximum of 120 thousand shares shall be acquired without delay after the establishment of the Trust. Details of the acquisition of the Company's shares by the Trust will be disclosed in a timely and proper manner.

(6) Calculation method for number of the Company's Shares, Etc.

For the Shares, Etc., to be granted to Eligible Directors for each fiscal year, Eligible Directors shall be granted a certain number of points to be determined in consideration of their positions and the like in accordance with the Rules on Stock Benefits for Directors. The total amount of points per fiscal year granted to Eligible Directors is up to 40 thousand points. The Company has taken into consideration the level of compensation current Directors receive, fluctuations in and prospects regarding the number of Eligible Directors and other such matters and has deemed the decision reasonable. The points granted to Eligible Directors shall be exchanged at a rate of one share of the Company's common stock for one point when granting the Company's Shares, Etc. as set forth in (7) below. In the event that the Company conducts a stock split, allotment of shares without consideration, stock consolidation or the like with respect to its shares after the approval of this Proposal, then based on the ratio resulting from the stock split, etc., reasonable adjustments shall be made to the maximum number of points to be granted and already granted or to the ratio of exchange). The number of points, which will be the basis for determining the Company's Shares, Etc. to be granted to an Eligible Director as stated in (7) below, will be the total number of points granted to the Eligible Director up to the time of retirement in principle ("Final Number of Points").

(7) Grant of the Company's Shares, Etc.

In principle, if an Eligible Director retires and fulfills the beneficiary requirements stated in the Rules on Stock Benefits for Directors, then by completing the prescribed procedures for the determination of beneficiaries, the Eligible Director shall be granted from the Trust, the Company's shares in the number equivalent to his or her Final Number of Points determined as stated in (6) above after his or her retirement. However, if the requirements set forth in the Rules on Stock Benefits for Directors are satisfied, a certain percentage of the points must be converted to cash equivalent to the market value of the Company's shares in place of granting those shares. To prepare for the payment in cash, sales of the Company's shares through the Trust may occur.

(8) Exercise of voting rights

The Trust shall uniformly refrain from exercising the voting rights for the shares of the Company held in the Trust's account in accordance with instructions of the trust administrator. In this way, the Trust aims to ensure its neutrality towards the Company's management with regard to the exercise of the voting rights for the shares of the Company held in the Trust's account.

(9) Handling of dividends

Dividends associated with the Company's shares within the Trust's account shall be received by the Trust and allocated to the capital for the acquisition of the Company's shares and Trust fees to be paid to the trustees of the Trust, among others. Dividends that remain as Trust assets upon termination of the Trust, in accordance with the Rules on Stock Benefits for Directors, shall be contributed to a group that does not have any interest in the Company or in the Company's Directors or shall be divided among the Eligible Directors in office at that time in proportion to their respective points.

(10) Procedures upon termination of the Trust

The Trust will terminate in certain circumstances, such as when the Company's shares are delisted or when the Rules on Stock Benefits for Directors are abolished. Any shares of the Company remaining as Trust's assets upon termination of the Trust shall be acquired by the Company without charge and cancelled by a resolution of the Board of Directors. Any money remaining as Trust assets upon termination of the Trust shall be paid to the Company after deducting any amount to be contributed to a group or paid to Eligible Directors pursuant to (9) above.

3. Details of the Trust

Name	Board Benefit Trust (BBT)
Trustor	The Company
Trustee (Re-Trustee)	Mizuho Trust & Banking Co., Ltd. Trust & Custody Services Bank, Ltd.
Beneficiaries	Person(s) who meet the beneficiary requirements set out in the rules on the distribution of shares to executive officers from among retired Directors.
Trust administrator	A third person who has no conflict of interest with the Company will be selected.
Type of trust	Money trust other than a specified money trust for separate investment (third-party benefit trust).
Date of trust agreement	August 27, 2018
Date on which cash is to be transferred to the trust	August 27, 2018
Trust term	From August 27, 2018 until termination of the trust (a specific date of termination is not set, and the trust will continue for as long as the system remains in place).

4. Disposal of treasury shares through third-party allocation.

The Company determined the following disposal of treasury shares through third-party allocation related to its treasury shares, which was resolved at the Board of Directors' meeting held on August 10, 2018.

(1) Outline of disposal

(1)Date of disposal	August 27, 2018
(2)Number of shares disposed	91,500 shares of common stock
(3)Disposal price	¥1,982 ($19) per share
(4)Total disposal amount	¥181,353 thousand ($1,711 thousand)
(5)Disposal to	Trust & Custody Service Bank, Ltd. (Trust E)
(6)Others	The Disposal of treasury shares is executed when a notification is filed pursuant to the Financial Instruments and Exchange Act of Japan.

(2) Purpose of and reason for the disposal

The disposal of treasury shares is intended to dispose of the treasury shares of the Company through allocation to Trust & Custody Service Bank, Ltd. (Trust E), (a re-trustee entrusted by Mizuho Trust & Banking Co., Ltd., which is the trustee of the Trust), which holds and disposes of the shares of the Company for the operation of the Plan.

21. Segment Information

1. General information about reportable segments

The reportable segments are constituent business units of the Seino Group for which separate financial information is obtained and examined regularly by the Board of Directors to evaluate business performance. The Seino Group has established the "Business Promotion Department" as a holding company. Each subsidiary plans and operates each business under its control. In addition, some of the subsidiaries engage in real estate leasing services to make good use of their facilities. Therefore, the Seino Group consists of business segments that are based on the business conducted by each subsidiary. The Seino Group's reportable segments are "transportation services," "vehicle sales," "merchandise sales" and "real estate leasing services."

2. Basis of measurement about reportable segment profit or loss, segment assets and other material items

The principles of segment accounting are basically the same as those described in Note 2, "Summary of Significant Accounting Policies." Intersegment sales and transfer amounts are based on market prices.

3. Information about reportable segment profit or loss, segment assets and other material items

Information about reportable segment for the years ended March 31, 2018, 2017 and 2016 is summarized as follows:

	Transportation services	Vehicle sales	Merchandise sales	Real estate leasing services	Other *(*4)*	Total	Adjustments *(*1)*	Consolidated
	Millions of yen							
For the year 2018:								
Operating revenue:								
External customers	**¥ 443,168**	**¥ 103,342**	**¥ 31,575**	**¥ 1,599**	**¥ 16,446**	**¥ 596,130**	**¥ —**	**¥ 596,130**
Intersegment sales or transfers	**2,046**	**9,606**	**20,629**	**—**	**12,717**	**44,998**	**(44,998)**	**—**
Total operating revenue	**445,214**	**112,948**	**52,204**	**1,599**	**29,163**	**641,128**	**(44,998)**	**596,130**
Segment income *(*2)*	**¥ 20,965**	**¥ 4,922**	**¥ 810**	**¥ 1,239**	**¥ 921**	**¥ 28,857**	**¥ (978)**	**¥ 27,879**
Segment assets *(*3)*	**¥ 468,428**	**¥ 118,103**	**¥ 15,590**	**¥ 13,484**	**¥ 44,569**	**¥ 660,174**	**¥ (31,111)**	**¥ 629,063**
Depreciation	**15,654**	**1,918**	**38**	**62**	**446**	**18,118**	**(343)**	**17,775**
Amortization of goodwill	**1,150**	**1**	**—**	**—**	**14**	**1,165**	**—**	**1,165**
Investments in affiliates accounted for using the equity method	**3,052**	**46**	**—**	**—**	**—**	**3,098**	**(3)**	**3,095**
Increase in tangible and intangible fixed assets	**20,152**	**2,930**	**92**	**458**	**1,444**	**25,076**	**(373)**	**24,703**
For the year 2017:								
Operating revenue:								
External customers	¥ 422,870	¥ 100,237	¥ 27,749	¥ 1,543	¥ 15,140	¥ 567,539	¥ —	¥ 567,539
Intersegment sales or transfers	1,975	8,665	19,621	—	10,093	40,354	(40,354)	—
Total operating revenue	424,845	108,902	47,370	1,543	25,233	607,893	(40,354)	567,539
Segment income *(*2)*	¥ 20,020	¥ 5,055	¥ 766	¥ 1,279	¥ 728	¥ 27,848	¥ (731)	¥ 27,117
Segment assets *(*3)*	¥ 447,153	¥ 110,482	¥ 14,490	¥ 13,153	¥ 41,506	¥ 626,784	¥ (32,520)	¥ 594,264
Depreciation	14,993	1,861	42	54	363	17,313	(336)	16,977
Amortization of goodwill	1,109	—	—	—	—	1,109	—	1,109
Investments in affiliates accounted for using the equity method	3,962	—	—	—	—	3,962	(2)	3,960
Increase in tangible and intangible fixed assets	14,304	4,200	17	257	441	19,219	(343)	18,876
For the year 2016:								
Operating revenue:								
External customers	¥ 416,113	¥ 94,441	¥ 28,029	¥ 1,472	¥ 15,402	¥ 555,457	¥ —	¥ 555,457
Intersegment sales or transfers	1,730	8,436	20,609	—	24,317	55,092	(55,092)	—
Total operating revenue	417,843	102,877	48,638	1,472	39,719	610,549	(55,092)	555,457
Segment income *(*2)*	¥ 19,113	¥ 4,926	¥ 772	¥ 1,228	¥ 1,107	¥ 27,146	¥ (960)	¥ 26,186
Segment assets *(*3)*	¥ 441,635	¥ 107,391	¥ 13,401	¥ 13,402	¥ 42,561	¥ 618,390	¥ (38,825)	¥ 579,565
Depreciation	14,121	1,830	38	38	335	16,362	(323)	16,039
Amortization of goodwill	837	—	—	—	—	837	—	837
Investments in affiliates accounted for using the equity method	3,675	—	—	297	—	3,972	(3)	3,969
Increase in tangible and intangible fixed assets	46,224	2,605	67	360	384	49,640	(387)	49,253

	Transportation services	Vehicle sales	Merchandise sales	Real estate leasing services	Other *(*4)*	Total	Adjustments *(*1)*	Consolidated
	Thousands of U.S. dollars							
For the year 2018:								
Operating revenue:								
External customers	**$ 4,180,830**	**$ 974,925**	**$ 297,877**	**$ 15,085**	**$ 155,151**	**$ 5,623,868**	**$ —**	**$ 5,623,868**
Intersegment sales or transfers	**19,302**	**90,622**	**194,613**	**—**	**119,972**	**424,509**	**(424,509)**	**—**
Total operating revenue	**4,200,132**	**1,065,547**	**492,490**	**15,085**	**275,123**	**6,048,377**	**(424,509)**	**5,623,868**
Segment income *(*2)*	**$ 197,783**	**$ 46,434**	**$ 7,641**	**$ 11,689**	**$ 8,689**	**$ 272,236**	**$ (9,226)**	**$ 263,010**
Segment assets *(*3)*	**$ 4,419,132**	**$ 1,114,179**	**$ 147,076**	**$ 127,208**	**$ 420,462**	**$ 6,228,057**	**$ (293,500)**	**$ 5,934,557**
Depreciation	**147,679**	**18,094**	**359**	**585**	**4,208**	**170,925**	**(3,236)**	**167,689**
Amortization of goodwill	**10,849**	**10**	**—**	**—**	**132**	**10,991**	**—**	**10,991**
Investments in affiliates accounted for using the equity method	**28,792**	**434**	**—**	**—**	**—**	**29,226**	**(28)**	**29,198**
Increase in tangible and intangible fixed assets	**190,113**	**27,641**	**868**	**4,321**	**13,623**	**236,566**	**(3,519)**	**233,047**

*Note: *1) Adjustments column in the table above represents principally the elimination of intersegment transactions and balances, except for (*2) and (*3).*

**2) Segment income is reconciled to operating income in the accompanying consolidated statements of income. Segment income in the adjustments column represents unallocated general corporate expenses which were not assigned to specific reportable segments, net of intersegment transactions.*

**3) Segment assets in the adjustments column represent unallocated general corporate items which were not assigned to specific reportable segments, including items such as cash, short-term and long-term investments in securities, net of intersegment balances.*

**4) Other segment represents the business segment not included in the reportable segments and includes the information services business, the housing sales business, the passenger transportation business and other business.*

(Related information)

1. Information about products and services

The Company has not disclosed information about products and services here because the Company has disclosed the same information above.

2. Information about geographic areas

(1) Operating revenue

The Company has omitted the disclosure of operating revenue by geographic area because operating revenue to external customers in Japan accounts for more than 90% of the amount of operating revenue reported in the consolidated statements of income.

(2) Property and equipment

The Company has omitted the disclosure of property and equipment by geographic area because property and equipment in Japan account for more than 90% of the amount of property and equipment reported in the consolidated balance sheets.

3. Information about major customers

The Company has not disclosed information about major customers because no customer contributed 10% or more to operating revenue in the consolidated statements of income.

4. Information on impairment loss by reportable segments:

	Transportation services	Vehicle sales	Merchandise sales	Real estate leasing services	Other	Total
	Millions of yen					
Impairment loss:						
For the year 2018	¥ 100	¥ 22	¥ —	¥ 69	¥ —	¥ 191
For the year 2017	19	202	—	—	—	221
For the year 2016	39	35	—	372	—	446
	Thousands of U.S. dollars					
Impairment loss:						
For the year 2018	$ 943	$ 208	$ —	$ 651	$ —	$ 1,802

5. Information on goodwill by reportable segments:

	Transportation services	Vehicle sales	Merchandise sales	Real estate leasing services	Other	Total
	Millions of yen					
For the year 2018:						
Amortization of goodwill	¥ 1,150	¥ 1	¥ —	¥ —	¥ 14	¥ 1,165
As of March 31, 2018:						
Balance of goodwill	13,953	3	—	—	125	14,081
For the year 2017:						
Amortization of goodwill	¥ 1,109	¥ —	¥ —	¥ —	¥ —	¥ 1,109
As of March 31, 2017:						
Balance of goodwill	14,695	4	—	—	—	14,699
For the year 2016:						
Amortization of goodwill	¥ 837	¥ —	¥ —	¥ —	¥ —	¥ 837
As of March 31, 2016:						
Balance of goodwill	15,804	—	—	—	—	15,804

	Transportation services	Vehicle sales	Merchandise sales	Real estate leasing services	Other	Total
	Thousands of U.S. dollars					
For the year 2018:						
Amortization of goodwill	$ 10,849	$ 10	$ —	$ —	$ 132	$ 10,991
As of March 31, 2018:						
Balance of goodwill	131,632	29	—	—	1,179	132,840

6. Information on gain on negative goodwill by reportable segments:

	Transportation services	Vehicle sales	Merchandise sales	Real estate leasing services	Other	Total
	Millions of yen					
Gain on negative goodwill:						
For the year 2018	¥ —	¥ —	¥ —	¥ —	¥ 63	¥ 63
For the year 2017	—	—	—	—	—	—
For the year 2016	1	24	—	—	—	25

	Transportation services	Vehicle sales	Merchandise sales	Real estate leasing services	Other	Total
	Thousands of U.S. dollars					
Gain on negative goodwill:						
For the year 2018	$ —	$ —	$ —	$ —	$ 594	$ 594

Report of Independent Auditors

Independent Auditor's Report

To the Board of Directors of
SEINO HOLDINGS CO., LTD.:

We have audited the accompanying consolidated financial statements of SEINO HOLDINGS CO., LTD. (the "Company") and its subsidiaries, which comprise the consolidated balance sheets as at March 31, 2018 and 2017, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for each of the years in the three-year period ended March 31, 2018, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as at March 31, 2018 and 2017, and their financial performance and cash flows for each of the years in the three-year period ended March 31, 2018, in conformity with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2018 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 of the Notes to Consolidated Financial Statements.

KPMG AZSA LLC

September 28, 2018
Nagoya, Japan

Seino Group

The Seino Group consists of Seino Holdings Co., Ltd. and 76 consolidated subsidiaries and 21 affiliates. The Seino Group operates in five business segments: transportation services, vehicle sales, merchandise sales, leasing for real estate services and other services. The business relationship in the Seino Group is as follows.

Clients

Collection and Delivery

Vehicles Sales and Repairs

Sales

Services

Real Estate Leasing

Transportation Services

Domestic Transportation

Seino Transportation Co., Ltd.	*1
Hokkaido Seino Transportation Co., Ltd.	*1
Tohoku Seino Transportation Co., Ltd.	*1
Kanto Seino Transportation Co., Ltd.	*1
Seino Super Express Co., Ltd.	*1
Kanagawa Seino Transportation Co., Ltd.	*1
Izu Seino Transportation Co., Ltd.	*1
Nohi Seino Transportation Co., Ltd.	*1
Tokai Seino Transportation Co., Ltd.	*1
Mie Seino Transportation Co., Ltd.	*1
Hinomaru Seino Transportation Co., Ltd.	*1
Shikoku Seino Transportation Co., Ltd.	*1
Kyushu Seino Transportation Co., Ltd.	*1
Okinawa Seino Transportation Co., Ltd.	*1
Seino Tsu-un Transportation Co., Ltd.	*1
Seino Express Co., Ltd.	*1
Seino Hikkoshi Co., Ltd.	*1
Seino Hokkaido Express Co., Ltd.	*1
Seino Tokyo Express Co., Ltd.	*1
Seino Hokuriku Express Co., Ltd.	*1
Seino Nagoya Express Co., Ltd.	*1
Seino Osaka Express Co., Ltd.	*1
Seino ST Service Co., Ltd.	*1
S&N Logistics Co., Ltd.	*1
Toyo Co., Ltd.	*1
Katsunuma Transportation Co., Ltd.	*1
Darumaya Transportation Co., Ltd.	*1
Central Logistics Co., Ltd.	*1
Eco Alliance Co., Ltd.	*1
COCONET CO., LTD.	*1
GENie Co., Ltd.	*1
ASAHI CONPOU CO., LTD.	*1
Kanto Transportation Co., Ltd.	*1
Osaka Kosoku Nyuhai Corporation	*1
KCS Co., Ltd.	*1
Izumikawa Transportation Co., Ltd.	*1
TMR Kita Kanto,Inc.	*1
Showa Reizo Co., Ltd.	*1
Saitama Seino Transportation Co., Ltd.	*2
Tokyo Seino Transportation Co., Ltd.	*2
Kobaun Co., Ltd.	*2
Mikawa Seino Transportation Co., Ltd.	
Ensyu Seino Transportation Co., Ltd.	
Kumamoto Seino Transportation Co., Ltd.	
Tango Seino Transportation Co., Ltd.	

International Transportation

Seino Logix Co., Ltd.	*1
United-Seino Transportation (Malaysia) Sdn. Bhd.	*1
Seino Customs Clearance Service Co., Ltd.	*1
Seino(Thailand) Co., Ltd.	*1
Seino Saha Logistics Co., Ltd.	*1
PT Seino Indomobil Logistics Services	*1
Schenker-Seino Co., Ltd.	*2
Entsu Logistics Co., Ltd.	*2
PT Seino Indomobil Logistics	*2
SIRACHA TRANSPORT CO., LTD.	

Box Charter Co., Ltd.
Cosmo Hokuriku Haiso Center Co., Ltd.
Gifu Truck Kogyo Co., Ltd.
Aishin Sangyo Co., Ltd.
Ogaki School Lunch Support Co., Ltd.
INTENTS Inc.

Vehicle Sales

Vehicle Sales

Toyota Corolla Gifu Co., Ltd.	*1
Gifu Hino Motor Co., Ltd.	*1
Netz Toyota Gifu Co., Ltd.	*1
Asahi Enterprise Co., Ltd.	*1
Jms Gifu Co., Ltd.	*1
Shiga Hino Motor Co., Ltd.	*1
Seino Auto Service Kanto Co., Ltd.	*1
Seino Auto Lease Co., Ltd.	*1
Tokyo Sharyou Co., Ltd.	*1
Unicla Jiko Co., Ltd.	*1
Subic GS Auto, Inc.	*1
KILTON SEINO HOLDING Co., Ltd.	*2
Toyota Gifu Parts Distributor Co., Ltd.	

Marchandise sales

Merchandise Sales

Seino Trading Co., Ltd.	*1
Seino Sangyo Co., Ltd.	*1
Seino Commercial (Shanghai) Co., Ltd.	*1

Leasing for Real Estate Services

Leasing for Real Estate

Seino Transportation Co., Ltd.
Others

Others

Information Services

Seino Information Service Co., Ltd.	*1
Japan Logistics Development Co., Ltd.	*1

Others

Asahi Agency Co., Ltd. (Advertising agency)	*1
Suito Travel Co., Ltd. (Passenger transportation, Travel agency)	*1
Seino Engineering Co., Ltd. (Construction)	*1
Seino Family Co., Ltd. (Insurance agency service)	*1
Seino Staff Service Co., Ltd. (Personnel service)	*1
Toyota Home Gifu Co., Ltd. (Housing sales)	*1
Asahi Create Co., Ltd. (Comprehensive printer)	*1
Seino Business Support Co., Ltd. (Business support services)	*1
Seino Ecotrading Inc. (Wholesale of recycled resources)	*1
Nihon Oroshiuri Shiire Network Co., Ltd. (Collection agency)	*1
Seino Financial Co., Ltd. (Settlement service representative)	*1
Shin-ota Taxi Co., Ltd.	*1
Kani Taxi Co., Ltd.	*1
Tajimi Taxi Co., Ltd.	*1
Shorei Fit Co., Ltd.	*1
Seino Maintech Co., Ltd.	*1
Toyota Rent-A-Lease Gifu Co., Ltd. (Rental and lease)	
Gifu Automotive Dealer Plaza Co., Ltd. (Rental office)	

Seino Holdings Co., Ltd.

Note		
*1:	Consolidated subsidiaries	76
*2:	Affiliates (under the equity method)	7
	Companies except those mentioned above are affiliates under the cost method.	14

Seino Holdings Co., Ltd.

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