SEINO

Annual Report 2015

Year Ended March 31, 2015

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, 61 consolidated subsidiaries and 14 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, 2013, Seino offers efficient transportation services throughout Japan via its 631 domestic terminals, a fleet of 23,791 trucks and a trucking network that averages 4,000 routes daily. Overseas, Seino has transferred its international forwarding operations to Schenker-Seino Co., Ltd., a joint venture established with Schenker AG in Germany. Through this alliance, the Company aims to bolster its competitiveness by optimizing the synergies of Seino's domestic transportation network and Schenker's global network and cutting-edge IT systems.

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 26, 2015)

Chairman and Chief Executive Officer	Yoshikazu Taguchi
President and Chief Operating Officer	Yoshitaka Taguchi
Directors	Takao Taguchi Shizutoshi Otsuka Hidemi Maruta Harumi Furuhashi
Outside Directors	Yuji Tanahashi Kenjiro Ueno
Standing Statutory Auditors	Takahiko Kumamoto Shingo Terada
Outside Statutory Auditors	Fumio Kato Eiji Kasamatsu

SEINO HOLDINGS CO., LTD.

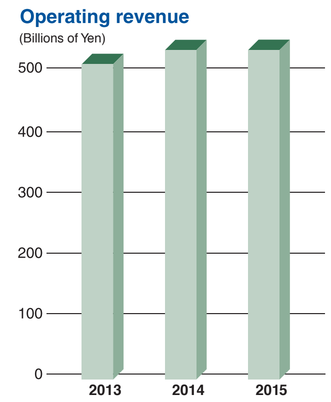
Financial Highlights

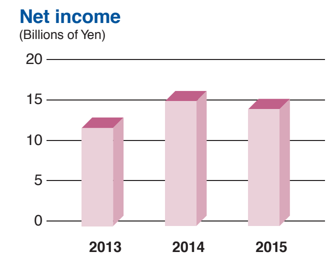
For the Years Ended March 31, 2015, 2014 and 2013

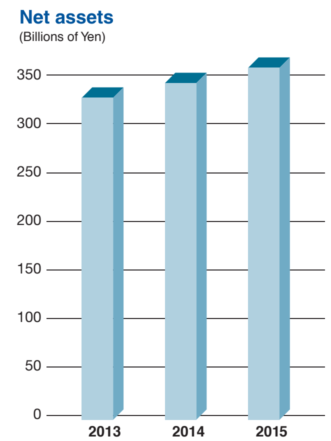
	Millions of Yen			Thousands of U.S. Dollars (Note)
	2015	2014	2013	**2015**
CONSOLIDATED BASIS:				
Operating revenue	**¥ 542,452**	¥ 543,407	¥ 516,185	**$ 4,520,433**
Operating income	**21,386**	20,189	14,346	**178,216**
Income before income taxes	**23,262**	25,038	17,574	**193,850**
Net income	**14,456**	15,490	12,151	**120,467**
Net income per share	**72.67**	77.85	61.05	**0.61**

	Millions of Yen			Thousands of U.S. Dollars (Note)
	2015	2014	2013	**2015**
CONSOLIDATED BASIS:				
Cash and cash equivalents, and short-term investments	**¥ 91,998**	¥ 97,729	¥ 76,934	**$ 766,650**
Property and equipment, net of accumulated depreciation	**275,034**	270,888	270,367	**2,291,950**
Total assets	**548,525**	542,411	510,467	**4,571,042**
Long-term debt and other long-term liabilities	**83,382**	83,676	71,594	**694,850**
Net assets	**363,314**	346,339	331,702	**3,027,617**
Net assets per share	**1,778.29**	1,696.37	1,625.30	**14.81**

(Note) U.S. dollar amounts are translated at ¥120 = U.S. $1, only for the convenience of readers.







Corporate Data

(As of March 31, 2015)

Company Name	Seino Holdings Co., Ltd.
Head Office	1, Taguchi-cho, Ogaki, Gifu 503-8501, Japan Tel: 81-584-82-3881 Fax: 81-584-82-5040
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, 2015 (April 1, 2014 to March 31, 2015) are presented herein.

New Medium-term Management Plan "JUMPUP 70" 2014/4 -2017/3

The following is a brief report on the performance of Seino Holdings Co., Ltd. for the fiscal year ended March 31, 2015, our 94th term (from April 1, 2014 to March 31, 2015).

In the fiscal year under review, Japan's economy continued along a recovery track, albeit moderately, due mainly to the effects of economic and financial measures in addition to an increase in capital investment and an improvement in the employment situation. Nevertheless, prospects for the economy remained unclear, partly reflecting concerns such as weakness in personal consumption and a slowdown in exports due to downswings in overseas economies.

In the transportation industry, the Seino Group's mainstay business, freight volume declined owing to a pullback in demand, which was the result of a rush that occurred in the previous fiscal year, and other factors including unseasonable weather in the summer and prolonged stagnation in personal consumption. Against this background, problems such as a shortage of drivers and rising transportation costs also put pressure on businesses, and the operating environment for this industry continued to be difficult.

Initiatives and Results for the Fiscal Year under Review

In this environment, we steadily implemented the various measures in our new three-year, medium-term management plan "JUMP UP 70: Change for the Future," which started this fiscal year, in order to achieve our numerical targets. In parallel with this, all of our Group companies came together in making efforts to create new value with the aim of enhancing corporate value.

As a result, operating revenue for the fiscal year ended March 31, 2015 was ¥542,452 million (down 0.2% year on year), operating income was ¥21,386 million (up 5.9% year on year), ordinary income was ¥23,507 million (down 7.2% year on year), and net income was ¥14,456 million (down 6.7% year on year).

Future Outlook

In our outlook for the Japanese economy, we expect that the moderate tone of recovery will continue on the back of various policy measures and firmness in the employment situation. Nevertheless, there are lingering uncertainties reflecting concerns such as a slowdown in exports due to downswings in overseas economies and prolonged weakness in personal consumption.

In the transportation industry, the primary industry of the Seino Group, we expect freight volume to continue its tendency to decline. Given this situation we forecast that the operating environment will continue to be unpredictable due partly to problems such as rising outsourcing costs reflecting a shortage of manpower and a shortage of drivers.

Against this background, we will aim to achieve our numerical targets by steadily implementing the various measures in our medium-term management plan, which will be in its second year. In addition, we will work to achieve further selection and concentration of business resources and make all-out efforts to realize expansion and development in our businesses, including growing our finance service for companies.

In the Transportation Services Business, we will not only work to acquire new customers and expand our logistics business, but also carry out vigorous negotiations to ensure that we receive reasonable transport fees and charges, and fuel surcharges. We will also work to properly manage our capabilities and our costs. In these ways we will endeavor to secure revenue and profit. Furthermore, we will change our framework for frequency of transportation by promoting docking on routes within a 600 kilometer area, and improve our retention of crew members on routes and our ability to recruit such crew members. We will also further enhance quality and accuracy with the virtuous cycle of our transport services.

In the Vehicle Sales Business, we will continue working to firmly maintain our profit structure not only with respect to sales of new vehicles but also with a stronger focus on sales of used vehicles, vehicle inspections, vehicle maintenance and garage services, and other operations, by accurately grasping changing consumer needs.

In addition, we took the decision to make our six consolidated 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. into wholly-owned subsidiaries on April 1, 2015.

We believe that this move will further strengthen the capital relationships across the whole Group and allow us to respond nimbly and flexibly to changes in the increasingly difficult business environment.

The operating environment surrounding the Seino Group is changing at every moment, and the speed of these changes is accelerating. Amid this situation, we intend to push forward with the aim of further growth in order to become Japan's top corporate group, in accordance with this year's slogan of "Forging Ahead," through the combined efforts of the Seino Group's 61 companies with the Company at their center.

Corporate Governance

Seino employs a corporate auditor system. As of March 31, 2015, the Board of Directors consisted of 9 directors, including 2 outside directors. In addition to making swift and appropriate decisions on such important matters as business restructuring and strategic investments, the Board of Directors is strengthening auditing functions and achieving greater management transparency.

The company also has 4 corporate auditors, including 2 outside auditors. Auditors are committed to improving compliance and enhancing the trust that society has in the company through such activities as attending meetings of the Board of Directors, conferences of directors and other important gatherings, and auditing business execution.

To Our Shareholders

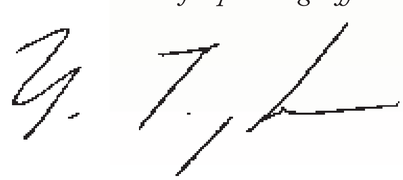
Our company considers the profit of our shareholders to be one of our core management policies.

Regarding profit allocation, at the same time as enhancing shareholders' equity and improving profitability from a mid-to-long term perspective, we endeavor to implement interim dividends and in principle, set an annual cash dividend per share of ¥11 per year and aim for a consolidated dividend payout ratio of 30%.

Through the implementation of our new medium-term management plan, we aim to be the top commercial freight transportation company in Japan while at the same time raising corporate and shareholder value. We ask our shareholders, customers and friends for your continued understanding and support.

Yoshikazu Taguchi
Chairman and Chief Executive Officer

Yoshitaka Taguchi
President and Chief Operating Officer



Special Feature

Expanding Our Operations Scope and Creating New Value

The Seino Group established "Challenging towards Change", a medium-term management plan beginning in the fiscal year of 2013, and vigorously promoted the forming of new systems which match group company functions and customers to provide a logistics service which "connects to the needs" of all customers. In addition, the Seino Group has strove to become a corporation where each of its individual companies is the one chosen by customers in their respective industries, thereby building an unshakeable business foundation.

The following outlines initiatives implemented by respective business groups in the fiscal year of 2014.

Business Group Initiatives

Transportation Services/Business Group

Opening Ceremony to Mark Completion of a New Sendai Branch

On June 30th, Seino Transportation held a ceremony to mark both the completion and opening of its new Sendai branch (Miyagino ward, Sendai city) that it had been working on since last year.

The former Sendai branch (Wakabayashi ward, Sendai city), as the central base for the Tohoku region, handled one of the highest volumes in the Seino Group, and was becoming too cramped as a result. Amidst these circumstances, the administration building was damaged in the Great East Japan Earthquake that struck in 2011, instigating the decision to relocate and build a new branch.

The new Sendai branch boasts the largest scale in the Tohoku area, and in addition to having a storehouse, automated sorting machine and inspection/maintenance area, it is also the location of Seino Super Express (former Seibu Transportation). As such, it serves as the Seino Group's northern stronghold, boasting an environment that can provide a complete service consisting of consolidated route deliveries, express deliveries and air freight. Furthermore, in August, the freight-forwarding to the northern Tohoku region tasks currently carried out by the Sendai South branch will be taken over by the new Sendai branch.

Introduction of a Global Internship Program

Seino Transportation has introduced a global internship program aimed at nurturing employees which can respond to this global age.

The aim of the program is to nurture employees who can form the know-how and international strategies of the Seino Group in order to respond to our customers' global logistic needs.

The three interns will complete training in Japan, then be assigned to customer service duties, etc. at Schenker-Seino bases in Bangkok, Singapore and Jakarta for a period of seven months. Upon return to Japan, the interns will work in the Logistics Department and R&D Department.

Takeo Branch Completion Ceremony

A completion ceremony has been held by Kyushu Seino Transportation (headquartered in Hakata ward, Fukuoka city) to mark the completion of its Takeo branch.

Kyushu Seino Transportation's three business offices in Karatsu, Imari and Kashima had all become too cramped and were beginning to show signs of age-related deterioration, therefore a new branch was built in Takeo city, Saga prefecture, integrating the three sales offices in what will serve as the heart of the Kyushu operations area.

The new Takeo branch will enable improvement in operation efficiency and aims to increase revenue and enhance customer service in a market with future potential.

Provision of a Transport Network

Seino Super Express (headquartered in Koto ward, Tokyo) has begun providing a transportation and delivery service to the nationwide speed delivery network operated by Express Network (headquartered in Minato ward, Tokyo)

Express Network has built a low-cost transport network which links multiple corporate logistics networks, and provides the speed delivery service, "S-PAT." With the inclusion of Seino Super Express's air freight and truck freight into this transport network, a further increase in delivery speed is expected.

Establishment of SP Express

A new group company, SP Express Co., Ltd. (headquartered in Chuo ward, Tokyo) has been established within Seino Holdings. SP Express is a joint venture between Seino Holdings and the Korean company, Pantos. It was established with the aim of incorporating courier services in Asia, with a focus on China, and as such will first focus on custom-related duties for freight imported from China. On April 8th, a signing ceremony for SP Express was held at Seino Transportation's head office in the presence of President Taguchi and President Otsuka.

Commencement of an Urban-style On-the-Spot Shopping Service

Since May 8th, COCONET Co., Ltd. (headquartered in Chuo ward, Tokyo) has been providing a shopping service called "Sugu-tsuku" in the Toyosu area of Koto ward, Tokyo.

This service has a dedicated site operated by COCONET Co., Ltd. within the Yahoo! Shopping site and consists of purchasing everyday groceries and food (for which there is a highly urgent need) for customers from actual stores and delivering it to their homes in the service area within a two-hour timeframe.

In addition to the extremely short delivery time, the strength of this service is the careful attention to detail by the "heartists" (female delivery staff).

Vehicle Sales & Other Businesses

Establishment of a Service Center in the Philippines

On November 27th, SUBIC GS AUTO INC., a joint venture formed by GIFU HINO MOTOR CO., LTD. (headquartered in Anpachi, Gifu prefecture) and KILTON INVESTMENT HOLDINGS CO., INC., established a service center in the City of Parañaque, one of the cities that make up Metro Manila.

Since SUBIC GS AUTO INC. was established, it has enjoyed strong new car sales and in order to establish an advantage over other companies as soon as possible, it has constructed the largest-scale service center exclusively for large vehicles in the Philippines. This move will enhance the after-sales service framework.

Takayama Branch Completion Ceremony

On April 8th, a completion ceremony was held by Gifu Hino Motor (headquartered in Anpachi, Gifu prefecture) to mark the completion of its Takayama branch.

This move was in order to improve the issues the branch had been facing such as deterioration of its building, a cramped site and entry from a national highway. Moreover, the new Takayama branch has thoroughly implemented environmental and safety countermeasures for factory equipment, included the latest computer inspection system, a pit floor lift and oil/water separation tank. Also, in order to prevent the road surface at the delivery entrance and front of the branch freezing in winter, a non-sprinkled snow melting method using well water is adopted, securing safety.

Shinsei Branch Completion Ceremony

On October 2nd, a completion ceremony was held by Toyota Corolla Gifu to mark the relocation and new construction of its Shinsei branch (Motosu city, Gifu prefecture).

The original Shinsei branch was expropriated due to plans related to National Highway 475, Tokai-Kanjo Expressway, therefore a new branch was built along the Gifu Sekigahara prefectural highway in a location approximately 800 meters west of the original branch.

The new branch has been built on a wider lot, therefore offering more room to display vehicles outdoors and a wider customer parking lot. Through this move, Toyota Corolla Gifu aims to offer customers a more comfortable car life experience.

Renewal of Car Lots Tajimi

Toyota Corolla Gifu (headquartered in Rokujoomizo, Gifu city) has held a completion ceremony to mark completion of its Car Lots Tajimi repair shop and consultation/waiting room.

By adding a repair shop to the existing used car dealership, the renewal of Car Lots Tajimi has improved the functionality of the branch by relocating the retail side and purchase side of operations in the one area, thus consolidating the functions of used car retail, maintenance and purchase. Completion is planned for mid-November following additional work such as a new surface for the used-car display area and changing the name on the sign to "Car Lots."

Introduction of Big Data Utilization Examples

Seino Information Service (headquartered in Ogaki city, Gifu prefecture) participated in a business forum hosted by Ashisuto in Nagoya.

In this forum, Seino Information Service representatives introduced examples of how big data was being utilized by Seino Transportation in order to support sales strategies.

Expanding Our Operations Scope and Creating New Value

Transportation Services Business

In the Transportation Services Business, based on our new medium-term management plan, we sought to expand revenue and secure profit by steadily implementing primary policies such as the achievement of stability in the transportation network, expansion of the logistics business and addressing globalization.

With respect to office expansion efforts, we worked to make improvements such as strengthening our sales capabilities and enhancing operational efficiency through the relocation and new establishment of the Sendai branch (Sendai City) by Seino Transportation Co., Ltd., and the establishment of the Takeo branch (Takeo City, Saga Prefecture) through the integration of the Karatsu, Imari and Kashima sales offices by Kyushu Seino Transportation, Co., Ltd.

In particular, at the new Sendai branch, which functions as our hub in the Tohoku region following a significant increase in branch size, it is now possible to use automatic sorting machines in operations for forwarding parcels to the northern Tohoku area. Furthermore, the Sendai freight center of Seino Super Express Co., Ltd. and the Sendai sales office of Tohoku Seino Transportation Co., Ltd. were both relocated to within the new Sendai branch, concentrating road transport, express delivery and air transport functions into one site. With this new Sendai branch, we aim to increase speed and enhance efficiency.

At Seino Transportation Co., Ltd., the core company of the Transportation Services Business group, we fell short of our initial target for freight volume. In response, we worked to secure revenue not only by acquiring new customers but also by endeavoring to receive reasonable transport fees and charges, and fuel surcharges, and to carry out new development and management of freighters with a focus on the continuation of delivery prices. In parallel, we worked to continue securing stable profit by properly managing our capabilities and our costs in accordance with freight volume.

In addition, aiming to enhance the series of transport services linking the stages of collection, line-haul routes and delivery, we worked to achieve further improvements in customer satisfaction through further advancement of the virtuous transportation cycle by providing the stable transportation capabilities that are a source of pride for Seino Transportation Co., Ltd. along with good timing, positive impressions and accuracy.

As a result of the above, operating revenue for this segment was ¥398,972 million, up 1.4% year on year, and operating income was ¥14,698 million, up 15.0% year on year.

Vehicle Sales Business

In the passenger vehicle sales, in order to minimize the impacts from a pullback in demand following a rush ahead of a consumption tax hike in April 2014 and a delayed recovery in individual consumption, we carried out sales activities centered on environment-responsive vehicles, for which there are high customer needs, and sales operations taking advantage of the effects of new vehicle model launches. Despite these efforts, the number of new vehicles sold was down year on year.

The number of used vehicles sold also decreased year on year, reflecting not only a decline in vehicles traded in due to the slump in sales of new vehicles but also weakness in the auction market. On the other hand, we worked to secure service revenue by promoting vehicle inspections focused on enhancing customer service, and vehicle maintenance and garage services.

In truck sales, the number of new vehicles sold increased year on year due partly to an increase in strong demand for construction-use trucks, despite the pullback in demand following the rush ahead of the consumption tax hike. Furthermore, operating income was up year on year as a result of efforts to capture demand for vehicle inspections and other forms of vehicle maintenance and make sales of used vehicles and parts.

Our office expansion efforts consisted of the relocation and new establishment of Shinsei store (Motosu City, Gifu Prefecture) and the renewal of the Car Lots Tajimi store (Tajimi City, Gifu Prefecture) by Toyota Corolla Gifu Co., Ltd., the relocation and new establishment of the Takayama store (Takayama City, Gifu Prefecture) by Gifu Hino Motor Co., Ltd. and the establishment of the Tajimi store (Tajimi City, Gifu Prefecture) by Jms Gifu Co., Ltd.

As a result of the above, operating revenue for this segment was ¥95,351 million, down 5.2% year on year, and operating income was ¥4,890 million, down 8.6% year on year.

Merchandise Sales Business

The Merchandise Sales Business engages in the sale of fuel, paper and paper products. In this segment, although sales of domestic tissue papers were firm, operating revenue for this segment was ¥32,698 million, down 1.8% year on year, due partly to fuel sales, in which sales unit prices fell due to the impact of a dramatic fall in the price of crude oil. Operating income was ¥754 million, up 3.3% year on year.

Leasing for Real Estate Services Business

In the Leasing for Real Estate Services Business, we strove to effectively utilize business resources by leasing the former truck terminals and the sites where there used to be stores, which had been replaced mainly due to the impact of urban development and current operating space becoming increasingly cramped.

Operating revenue for this segment was ¥1,400 million, down 1.4% year on year, and operating income was ¥1,199 million, down 1.9% year on year.

Other Business

Our Other Business segment includes the information services business, the housing sales business, the construction contract business, the passenger transportation business, and the personnel services business. In order to enhance the added value provided by our transportation services, we have also started a new finance service for companies, which provides support for customers' commercial transactions and funding.

The housing sales business faced a considerable struggle due to the impact of the consumption tax hike, while in the information services business, profitability of software development improved. Partly reflecting these factors, operating revenue for this segment was ¥14,029 million, down 5.2% year on year, and operating income was ¥546 million, up 0.2% year on year.

Operating Revenue by Business Segment

(Millions of yen)

	FY3/15		FY3/14		
	Results	Composition	Results	Composition	Year-on-Year
Transportation Services	398,972	73.5%	393,320	72.4%	1.4%
Vehicle Sales	95,351	17.6%	100,569	18.5%	(5.2%)
Merchandise Sales	32,699	6.0%	33,306	6.1%	(1.8%)
Leasing for Real Estate Services	1,401	0.3%	1,421	0.3%	(1.4%)
Other	14,029	2.6%	14,791	2.7%	(5.2%)
Total	542,452	100.0%	543,407	100.0%	(0.2%)

Operating Income by Business Segment

(Millions of yen)

	FY3/15		FY3/14		
	Results	Composition	Results	Composition	Year-on-Year
Transportation Services	14,699	68.7%	12,779	63.3%	15.0%
Vehicle Sales	4,890	22.9%	5,352	26.5%	(8.6%)
Merchandise Sales	755	3.5%	731	3.6%	3.3%
Leasing for Real Estate Services	1,199	5.6%	1,222	6.1%	(1.9%)
Other	546	2.6%	544	2.7%	0.2%
Total	22,089	103.3%	20,628	102.2%	7.1%
Elimination	(703)	(3.3%)	(439)	(2.2%)	—
Consolidated	21,386	100.0%	20,189	100.0%	5.9%

Financial Review

Operating Results

Consolidated operating revenue for Seino Holdings for the fiscal year ended March 31, 2015 decreased 0.2% from the previous fiscal year to ¥542,452 million (US$4,520,433 thousand). This was due to decreased sales in Vehicle sales, Merchandises sales Leasing for real estate services and other services.

Operating costs of revenues decrease 0.4% from the previous fiscal year to ¥487,664 million (US$4,520,433 thousand). The ratio of operating costs to operating revenue was 89.8%, down 0.3 percentage point from the previous fiscal year.

Selling, general and administrative expenses increase 0.5% to ¥33,402 million (US$278,350 thousand), while operating income increased 5.9% to ¥21,386 million (US$178,216 thousand).

Other income (expenses) stood at ¥1,876 million (US$15,634 thousand). Key negative factors were the anoritization of negative goodwill of ¥3 million (US$25 thousand).

As a result, income before income taxes and minority interests amounted to ¥23,262 million (US$193,850 thousand), down 7.0% year-on-year. Net income decreased 6.6% to ¥14,456 million (US$120,467 thousand).

Net income per share was ¥72.67 (US$0.61), and return on equity was 4.0%. Annual cash dividends per share were maintained at ¥21.00 (US$0.18), up to 90.9% in the previous year.

Financial Position

Total assets at the end of the fiscal year under review were ¥548,525 million (US$4,571,042 thousand), up 1.1% versus the previous fiscal year-end.

Total current assets decreased 0.2% to ¥221,338 million (US$1,844,483 thousand) compared with the previous fiscal year-end. Total fixed assets increased 2.0% from the previous fiscal year-end to ¥327,187 million (US$2,726,559 thousand).

Total current liabilities decreased 9.4% compared with the previous fiscal year-end to ¥101,829 million (US$1,543,425 thousand). This was due primarily to trade payables and income tax payable.

Long-term liabilities decreased 5.5% from the previous fiscal year-end to ¥83,382 million (US$694,850 thousand). The main factors behind this result were decreased in deferred tax liabilities.

Net assets rose 4.9% from the previous fiscal year-end to ¥363,314 million (US$3,027,617 thousand). The major factor was an increase in retained earnings derived from the posting of net income. Shareholders' equity decreased 2.3 percentage point to 64.5%.

Cash Flows

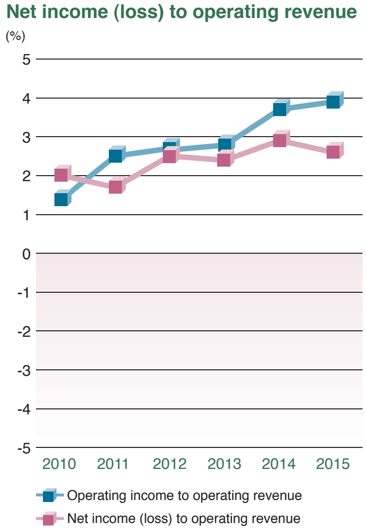
Net cash provided by operating activities decreased ¥9,004 million compared with the previous fiscal year to ¥18,496 million (US$154,133 thousand) due mainly to decrease in trade receivables in the previous fiscal year.

Net cash used in investing activities increased ¥33,566 million compared with the previous fiscal year to ¥▲1 million (US$▲8 thousand) due primarily to an increase in short-term investments.

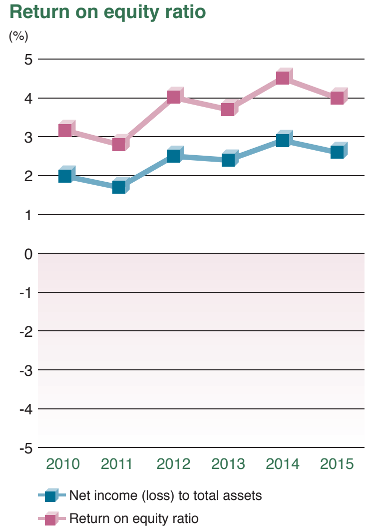
Net cash used in financing activities decreased ¥14,836 million compared with the previous fiscal year to ¥▲7,284million (US$▲60,700 thousand).

Consequently, cash and cash equivalents at end of year increased ¥11,221 million compared with the previous fiscal year to ¥66,778 million (US$556,483 thousand).

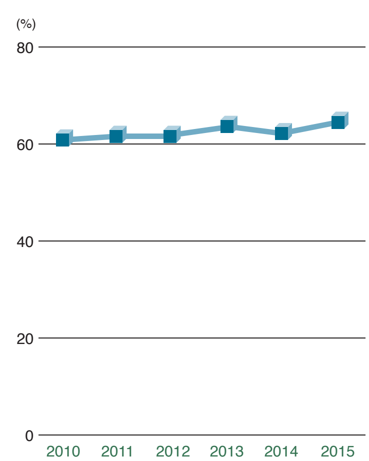
Operating income to operating revenue
Net income (loss) to operating revenue



Net income (loss) to total assets
Return on equity ratio



Shareholders' equity ratio



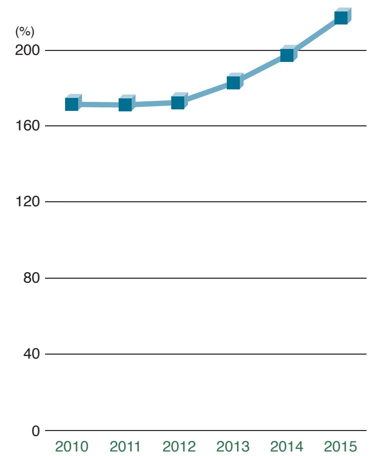
SEINO HOLDINGS CO., LTD. and Consolidated Subsidiaries

Six-year Summary

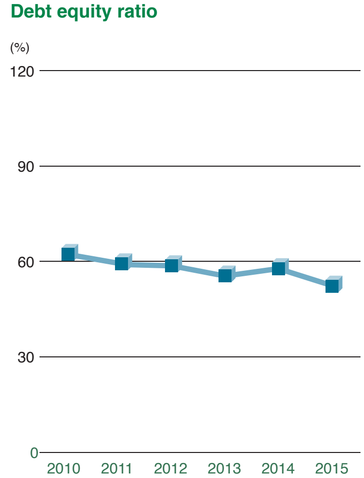
For the Years Ended March 31, 2015, 2014, 2013, 2012, 2011 and 2010

	Millions of Yen					
	2015	2014	2013	2012	2011	2010
For the year:						
Operating revenue:	¥ 542,452	¥ 543,407	¥ 516,185	¥ 504,277	¥ 497,612	¥ 485,808
Transportation services	398,972	393,320	371,546	370,592	368,771	362,628
Vehicle sales	95,351	100,569	96,148	87,755	87,075	87,132
Merchandise sales	32,699	33,306	32,457	30,144	27,104	21,779
Leasing for real estate services	1,401	1,421	1,438	1,416	1,429	1,265
Other	14,029	14,791	14,596	14,370	13,233	13,004
Operating costs	487,664	490,002	467,596	457,512	452,263	445,845
Selling, general and administrative expenses	33,402	33,218	34,243	32,898	33,023	33,342
Operating income	21,386	20,189	14,346	13,867	12,326	6,621
Net income (loss)	14,456	15,490	12,151	12,542	8,449	9,477
At year-end:						
Current assets	221,338	221,873	196,803	186,255	166,726	165,451
Total assets	548,525	542,411	510,467	500,963	487,701	484,674
Current liabilities	101,829	112,396	107,171	108,219	97,614	96,433
Short-term borrowings	2,519	2,465	2,473	2,475	2,515	2,315
Long-term debt, including current maturities	10,125	10,214	314	565	648	982
Net assets	363,314	346,339	331,702	318,650	307,806	301,792
	Yen					
Per share data:						
Net (loss) income:						
-Basic	¥ 72.67	¥ 77.85	¥ 61.05	¥ 63.02	¥ 42.44	¥ 47.60
Cash dividends	21.00	11.00	11.00	11.00	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	3.9	3.7	2.8	2.7	2.5	1.4
Net income (loss) to operating revenue	2.6	2.9	2.4	2.5	1.7	2.0
Net income (loss) to total assets	2.6	2.9	2.4	2.5	1.7	2.0
Return on equity ratio	4.0	4.5	3.7	4.0	2.8	3.2
Shareholders' equity ratio	64.5	62.2	63.4	62.0	61.6	60.7
Current ratio	217.4	197.4	183.6	172.1	170.8	171.6
Debt equity ratio	52.3	57.7	55.3	58.7	59.9	62.1
Payout ratio	15.1	14.1	18.0	17.5	26.2	23.2

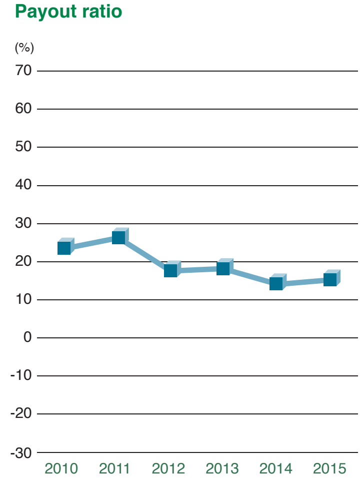
Current ratio



Debt equity ratio



Payout ratio



SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Balance Sheets

March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Assets:			
Current assets:			
Cash and cash equivalents (Note 3)	**¥ 66,778**	¥ 55,557	**$ 556,483**
Short-term investments (Notes 3 and 5)	**25,220**	42,172	**210,167**
Trade receivables (Note 3)	**105,257**	106,846	**877,142**
Inventories (Note 4)	**9,965**	8,281	**83,042**
Deferred tax assets (Note 14)	**4,951**	4,863	**41,258**
Other current assets	**9,379**	4,348	**78,158**
Allowance for doubtful accounts	**(212)**	(194)	**(1,767)**
Total current assets	**221,338**	221,873	**1,844,483**
Property and equipment (Notes 6, 7 and 9):			
At cost	**549,691**	539,526	**4,580,758**
Accumulated depreciation	**(274,657)**	(268,638)	**(2,288,808)**
Net property and equipment	**275,034**	270,888	**2,291,950**
Investments and other assets:			
Investment securities (Notes 3 and 5)	**30,335**	25,231	**252,792**
Investments in and long-term loans to affiliates (Note 5)	**3,419**	3,297	**28,492**
Deferred tax assets (Note 14)	**5,761**	10,990	**48,008**
Employee retirement benefit asset (Note 10)	**4,386**	1,569	**36,550**
Other assets	**8,252**	8,563	**68,767**
Total investments and other assets	**52,153**	49,650	**434,609**
Total assets	**¥ 548,525**	¥ 542,411	**$ 4,571,042**
Current liabilities:			
Short-term borrowings (Notes 3 and 9)	**¥ 2,519**	¥ 2,465	**$ 20,992**
Current portion of long-term debt (Notes 3 and 9)	**34**	81	**283**
Trade payables (Note 3)	**44,082**	57,588	**367,350**
Accrued expenses	**13,624**	13,325	**113,533**
Income taxes payable	**3,300**	6,680	**27,500**
Other current liabilities	**38,270**	32,257	**318,917**
Total current liabilities	**101,829**	112,396	**848,575**
Long-term debt (Notes 3 and 9)	**10,091**	10,133	**84,092**
Employee retirement benefit liability (Note 10)	**64,453**	60,707	**537,108**
Asset retirement obligations (Note 8)	**2,548**	2,508	**21,233**
Accrued severance indemnities for directors and corporate auditors	**1,543**	1,493	**12,858**
Deferred tax liabilities (Note 14)	**4,364**	8,475	**36,367**
Negative goodwill (Note 16)	**—**	3	**—**
Other long-term liabilities	**383**	357	**3,192**
Total liabilities	**185,211**	196,072	**1,543,425**
Commitments and contingent liabilities (Notes 11 and 12)			
Net assets:			
Shareholders' equity (Note 13):			
Common stock: 794,524,668 shares authorized and 207,679,783 shares issued	**42,482**	42,482	**354,017**
Capital surplus	**74,261**	74,261	**618,842**
Retained earnings	**235,133**	222,861	**1,959,442**
Less treasury stock at cost: 8,755,890 shares in 2015 and 8,741,295 shares in 2014	**(8,704)**	(8,687)	**(72,534)**
Total shareholders' equity	**343,172**	330,917	**2,859,767**
Accumulated other comprehensive income:			
Net unrealized gains on available-for-sale securities	**11,949**	7,922	**99,575**
Land revaluation decrement	**(131)**	(133)	**(1,092)**
Retirement benefit adjustment	**(1,143)**	(1,068)	**(9,525)**
Foreign currency translation adjustments	**(102)**	(163)	**(850)**
Total accumulated other comprehensive income	**10,573**	6,558	**88,108**
Minority interests	**9,569**	8,864	**79,742**
Total net assets	**363,314**	346,339	**3,027,617**
Total liabilities and net assets	**¥ 548,525**	¥ 542,411	**$ 4,571,042**

See accompanying Notes to Consolidated Financial Statements.

SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Statements of Income

For the Years Ended March 31, 2015, 2014 and 2013

	Millions of yen			Thousands of U.S. dollars
	2015	2014	2013	**2015**
Operating revenue (Note 16)	**¥ 542,452**	¥ 543,407	¥ 516,185	**$ 4,520,433**
Operating costs and expenses (Note 10):				
Operating costs	**487,664**	490,002	467,596	**4,063,867**
Selling, general and administrative expenses	**33,402**	33,216	34,243	**278,350**
	521,066	523,218	501,839	**4,342,217**
Operating income	**21,386**	20,189	14,346	**178,216**
Other income (expenses):				
Interest and dividend income	**596**	538	473	**4,967**
Interest expense	**(26)**	(24)	(31)	**(217)**
(Loss) gain on sale or disposal of property and equipment	**(41)**	104	259	**(342)**
Gain on sale of investment securities	**2**	7	2	**17**
Equity in net income of affiliates	**401**	435	249	**3,342**
Amortization of negative goodwill (Note 16)	**3**	3,042	3,055	**25**
Impairment loss on fixed assets (Notes 2(i) and 16)	**(127)**	(440)	(2,199)	**(1,058)**
Loss on write-down of investment securities	**(3)**	(20)	(20)	**(25)**
Compensation received for the exercise of eminent domain	**236**	—	—	**1,967**
Expenses related to change of business name	**(255)**	—	—	**(2,125)**
Bond issuance cost	**—**	(48)	—	**—**
Gain on negative goodwill (Note 16)	**—**	—	36	**—**
Miscellaneous, net	**1,090**	1,255	1,404	**9,083**
	1,876	4,849	3,228	**15,634**
Income before income taxes and minority interests	**23,262**	25,038	17,574	**193,850**
Income taxes (Note 14):				
Current	**8,526**	10,188	6,544	**71,050**
Deferred	**(241)**	(1,095)	(1,498)	**(2,008)**
Total income taxes	**8,285**	9,093	5,046	**69,042**
Income before minority interests	**14,977**	15,945	12,528	**124,808**
Minority interests in net income of subsidiaries	**521**	455	377	**4,341**
Net income	**¥ 14,456**	¥ 15,490	¥ 12,151	**$ 120,467**

	Yen			U.S. dollars
Per share:				
Net income:				
-Basic	**¥ 72.67**	¥ 77.85	¥ 61.05	**$ 0.61**
-Diluted	**70.30**	76.56	—	**0.59**
Cash dividends	**21.00**	11.00	11.00	**0.18**

See accompanying Notes to Consolidated Financial Statements.

SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended March 31, 2015, 2014 and 2013

	Millions of yen			Thousands of U.S. dollars
	2015	2014	2013	**2015**
Income before minority interests	¥ **14,977**	¥ 15,945	¥ 12,528	$ **128,808**
Other comprehensive income (Note 15):				
Net unrealized gains on available-for-sale securities	**4,030**	1,767	2,667	**33,583**
Foreign currency translation adjustments	**61**	101	96	**508**
Retirement benefit adjustment	**82**	—	—	**684**
Share of other comprehensive income of affiliates accounted for using equity method	**43**	4	2	**358**
Total other comprehensive income	**4,216**	1,872	2,765	**35,133**
Comprehensive income	¥ **19,193**	¥ 17,817	¥ 15,293	$ **159,941**
Comprehensive income attributable to:				
Owners of the parent	¥ **18,469**	¥ 17,340	¥ 14,909	$ **153,908**
Minority interests	**724**	477	384	**6,033**

SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Statements of Changes in Net Assets

For the Years Ended March 31, 2015, 2014 and 2013

		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	Minority interests	Total net assets
		Millions of yen											
Balance at April 11, 2012	207,679,783	¥ 42,482	¥ 74,261	¥ 199,599	¥ (8,603)	¥ 307,739	¥ 3,509	¥ (132)	¥ —	¥ (360)	¥ 3,017	¥ 7,894	¥ 318,650
Net income for the year	—	—	—	12,151	—	12,151	—	—	—	—	—	—	12,151
Cash dividends	—	—	—	(2,189)	—	(2,189)	—	—	—	—	—	—	(2,189)
Purchases of treasury stock and fractional shares, net	—	—	—	—	(9)	(9)	—	—	—	—	—	—	(9)
Net changes in items other than shareholders' equity	—	—	—	—	—	—	2,663	(1)	—	96	2,758	341	3,099
Balance at March 31, 2013	207,679,783	42,482	74,261	209,561	(8,612)	317,692	6,172	(133)	—	(264)	5,775	8,235	331,702
Net income for the year	—	—	—	15,490	—	15,490	—	—	—	—	—	—	15,490
Cash dividends	—	—	—	(2,189)	—	(2,189)	—	—	—	—	—	—	(2,189)
Reversal of land revaluation decrement	—	—	—	(1)	—	(1)	—	—	—	—	—	—	(1)
Purchases of treasury stock and fractional shares, net	—	—	—	—	(75)	(75)	—	—	—	—	—	—	(75)
Net changes in items other than shareholders' equity	—	—	—	—	—	—	1,750	—	(1,068)	101	783	629	1,412
Balance at March 31, 2014	207,679,783	42,482	74,261	222,861	(8,687)	330,917	7,922	(133)	(1,068)	(163)	6,558	8,864	346,339
Net income for the year	—	—	—	14,456	—	14,456	—	—	—	—	—	—	14,456
Cash dividends	—	—	—	(2,188)	—	(2,188)	—	—	—	—	—	—	(2,188)
Reversal of land revaluation decrement	—	—	—	4	—	4	—	—	—	—	—	—	4
Purchases of treasury stock and fractional shares, net	—	—	—	—	(17)	(17)	—	—	—	—	—	—	(17)
Net changes in items other than shareholders' equity	—	—	—	—	—	—	4,027	2	(75)	61	4,015	705	4,720
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
		Thousands of U.S. dollars											
Balance at March 31, 2014		$ 354,017	$ 618,842	$1,857,175	$ (72,392)	$2,757,642	$ 66,017	$ (1,109)	$ (8,900)	$ (1,358)	$ 54,650	$ 73,867	$ 2,886,159
Net income for the year		—	—	120,467	—	120,467	—	—	—	—	—	—	120,467
Cash dividends		—	—	(18,233)	—	(18,233)	—	—	—	—	—	—	(18,233)
Reversal of land revaluation decrement		—	—	33	—	33	—	—	—	—	—	—	33
Purchases of treasury stock and fractional shares, net		—	—	—	(142)	(142)	—	—	—	—	—	—	(142)
Net changes in items other than shareholders' equity		—	—	—	—	—	33,558	17	(625)	508	33,458	5,875	39,333
Balance at March 31, 2015		$ 354,017	$ 618,842	$1,959,442	$ (72,534)	$2,859,767	$ 99,575	$ (1,092)	$ (9,525)	$ (850)	$ 88,108	$ 79,742	$ 3,027,617

See accompanying Notes to Consolidated Financial Statements.

SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended March 31, 2015, 2014 and 2013

	Millions of yen			Thousands of U.S. dollars
	2015	2014	2013	2015
Cash flows from operating activities:				
Income before income taxes and minority interests	¥ **23,262**	¥ 25,038	¥ 17,574	$ **193,850**
Adjustments for:				
Depreciation	**14,841**	14,317	14,486	**123,675**
Impairment loss on fixed assets	**127**	440	2,199	**1,058**
Amortization of negative goodwill	**(3)**	(3,042)	(3,055)	**(25)**
Amortization of goodwill	**6**	67	499	**50**
Gain on negative goodwill	**—**	—	(36)	**—**
Bond issuance cost	**—**	48	—	**—**
Net increase in employee retirement benefit liability	**1,157**	1,148	—	**9,642**
Net increase in provision for employee retirement benefits	**—**	—	1,317	**—**
Loss (gain) on sale or disposal of property and equipment	**41**	(104)	(259)	**342**
Equity in net income of affiliates	**(401)**	(435)	(249)	**(3,342)**
Loss on write-down of investment securities	**3**	20	20	**25**
Gain on sale of investment securities	**(2)**	(7)	(2)	**(17)**
Net provision for accrued severance indemnities for directors and corporate auditors	**50**	3	20	**417**
Decrease in provision for loss on disaster	**—**	—	(51)	**—**
Decrease (increase) in trade receivables	**1,516**	(4,265)	(525)	**12,633**
(Increase) decrease in inventories	**(2,078)**	(205)	324	**(17,317)**
(Decrease) increase in trade payables	**(13,507)**	(184)	1,312	**(112,558)**
Other, net	**4,487**	(56)	1,337	**37,392**
Subtotal	**29,499**	32,783	34,911	**245,825**
Interest and dividend received	**933**	660	620	**7,775**
Interest paid	**(26)**	(24)	(31)	**(217)**
Income taxes paid	**(11,910)**	(5,919)	(9,411)	**(99,250)**
Net cash provided by operating activities	**18,496**	27,500	26,089	**154,133**
Cash flows from investing activities:				
Increase in property and equipment	**(17,808)**	(14,835)	(12,539)	**(148,400)**
Increase in long-term investments and loans	**(493)**	(1,162)	(288)	**(4,108)**
Decrease in property and long-term investments	**1,048**	1,722	1,389	**8,733**
Increase in short-term investments	**17,252**	(19,292)	(15,628)	**143,767**
Net cash used in investing activities	**(1)**	(33,567)	(27,066)	**(8)**
Cash flows from financing activities:				
Increase in long-term debt	**—**	10,002	—	**—**
Repayment of long-term debt	**(76)**	(120)	(257)	**(633)**
Net increase (decrease) in short-term borrowings	**54**	(8)	(4)	**450**
Dividends paid to shareholders	**(2,188)**	(2,189)	(2,189)	**(18,233)**
Dividends paid to minority shareholders	**(60)**	(37)	(39)	**(500)**
Purchases of treasury stock, net of disposals	**(17)**	(76)	(9)	**(142)**
Payments made to trust account for acquisition of treasury stock	**(5,000)**	-	-	**(41,667)**
Other, net	**3**	(20)	(83)	**25**
Net cash (used in) provided by financing activities	**(7,284)**	7,552	(2,581)	**(60,700)**
Effect of exchange rate changes on cash and cash equivalents	**10**	17	18	**83**
Net increase (decrease) in cash and cash equivalents	**11,221**	1,502	(3,540)	**93,508**
Cash and cash equivalents at beginning of year	**55,557**	54,055	57,595	**462,975**
Cash and cash equivalents at end of year	¥ **66,778**	¥ 55,557	¥ 54,055	$ **556,483**

See accompanying Notes to Consolidated Financial Statements.

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, 2015, which was ¥120 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-i) 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 five years on a straight-line basis. From April 1, 2010, negative goodwill resulting from business combinations, measured by the excess of the underlying equity in the net assets over the acquisition cost, is credited to income. Negative goodwill resulting from acquisitions incurred prior to April 1, 2010, however, is amortized over five 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 the years ended March 31, 2015, 2014 and 2013, there was one company that was not a more than 50% owned enterprise but was nevertheless classified as a subsidiary based on the judgment of the Company in accordance with the accounting standards.

The number of subsidiaries and affiliates for the years ended March 31, 2015, 2014 and 2013 was as follows:

	2015	2014	2013
Subsidiaries:			
Domestic	59	58	58
Overseas	2	1	1
Affiliates accounted for by the equity method	4	4	4
Affiliates stated at cost	10	10	10

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").

(a-ii) Corporate separation and merger for the year ended March 31, 2013.

Effective on April 1, 2012, Kyushu Seibu Transportation Co., Ltd. ("Kyushu Seibu"), a subsidiary, underwent a corporate separation in which its transportation business in the Kyushu region was transferred to Kyushu Seino Transportation Co., Ltd. At the same time, Kyushu Seibu was merged into Seibu Transportation Co., Ltd., another subsidiary. These subsidiaries had been engaged in the transportation service business, and the Company was aiming to increase service efficiencies for transportation services and to integrate the operations of these subsidiaries in the Kyushu region of Japan. The transactions were accounted for as business transactions under common control in accordance with ASBJ Statement No. 21 and ASBJ Guidance No. 10.

(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.

(d) Accounting for derivatives

As of March 31, 2015 and 2014, 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 and property held for lease. Buildings acquired on and after April 1, 1998 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, capitalize 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 contracts 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 with amendment of respective law or regulation that are not distinguishable from changes in accounting estimates)

From the year ended March 31, 2013, in accordance with the amendment in Corporate Tax Law, the Company and its domestic subsidiaries have changed its depreciation method for property and equipment. Assets acquired on or after April 1, 2012 are depreciated using the method prescribed in the amended Corporate Tax Law. The effects of this change on profit or loss for the year ended March 31, 2013 were not material.

(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. From the year ended March 31, 2015, the Seino Group has changed the method used to group assets to measure impairment of fixed assets in the transportation services segment from a method that grouped assets by each operating business branch to a method that groups assets by entire segment. At March 31, 2015, 2014 and 2013, recoverable amounts of assets were measured based on value in use using discounted future cash flows at interest rates principally of 7.8%, 1.7% and 1.9%, 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
	2015	2014	2013	**2015**
Property subject to impairment:	2 business branches and 8 idle properties	20 business branches and 4 idle properties	42 business branches and 5 idle properties	
Impairment loss recorded:				
for land	**¥ 69**	¥ 396	¥ 2,174	**$ 575**
for buildings and structures	**58**	44	20	**483**
for other property	**—**	—	5	**—**
	¥ 127	**¥ 440**	**¥ 2,199**	**$ 1,058**

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.

(Changes in accounting policies)

Effective from the year ended March 31, 2015, the Company and its consolidated domestic subsidiaries adopted Article 35 of the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012 (hereinafter, "Statement No. 26")) and Article 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015 (hereinafter, "Guidance No. 25")) from the current fiscal year and have changed the method used to determine retirement benefit obligation and current service cost. In addition, the Company and its consolidated domestic subsidiaries have changed the method used to determine the discount rate from a method based on the expected average remaining years of service of the eligible employees to a method using a single weighted average discount rate reflecting the estimated timing and amount of benefit payment. The effects of this change in the retained earnings at the beginning of the current fiscal year and profit or loss for the current fiscal year were not material.

Effective from the year ended March 31, 2014, the Company and its domestic subsidiaries have applied the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, revised on May 17, 2012 (hereinafter, "Statement No. 26")) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, revised on May 17, 2012 (hereinafter, "Guidance No. 25")), except Article 35 of Statement No. 26 and Article 67 of Guidance No. 25, and accordingly, actuarial differences and past service cost that had yet to be recognized in profit or loss have been recognized as retirement benefit adjustment of accumulated other comprehensive income within net assets, after adjusting for tax effects, and the difference between retirement benefit obligation and plan assets has been recognized as employee retirement benefit asset or liability in the balance sheet. In accordance with Article 37 of Statement No. 26, this accounting change has not been retrospectively applied to the financial statements of prior years, and the effect of the change in accounting policies arising from the initial application has been recognized in retirement benefit adjustment in accumulated other comprehensive income.

As a result of the application, at March 31, 2014, the Seino Group recognized employee retirement benefit asset in the amount of ¥1,569 million and employee retirement benefit liability in the amount of ¥60,707 million. Also, accumulated other comprehensive income was ¥1,068 million less and minority interests ¥188 million more at March 31, 2014 than the amounts that would have been reported without the change.

Until the year ended March 31, 2013, unrecognized actuarial differences and unrecognized past service cost were not recognized in the balance sheet, and the difference between the retirement benefit obligation and plan assets adjusted by such unrecognized amounts was recorded as "Provision for employee retirement benefits" in the accompanying consolidated balance sheet.

(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 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 promulgation date.

(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. Diluted net income per share is not disclosed as Seino Group had no dilutive common shares for the year ended March 31, 2013.

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

Effective from the fiscal year ended March 31, 2013, the Company and some of its subsidiaries have adopted the consolidated taxation system, with the Company as the taxable parent company.

(s) Accounting standard issued but not yet adopted

ASBJ statement No. 21, No. 22, No. 7, No. 2 and ASBJ Guidance No. 10, No. 4 have been issued but not yet adopted or early adopted in these consolidated financial statements.

(1) Summary

The above standards and guidance have been revised primarily to account for:

① How the changes in the holding of shares in subsidiaries over which the Company continues to control should be treated by the Company when additional stock of a subsidiary is acquired.

② Treatment of acquisition related costs

③ Presentation of current net income and the change in shareholders' equity from minority interests to non-controlling interests

④ Provisional application of accounting treatments

(2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2016. Provisional application of the accounting standards is scheduled to begin for business combinations effective after the beginning of the fiscal year ending March 31, 2016.

(3) Effect of application of the standards

The Company and its consolidated domestic subsidiaries are currently in the process of determining the effects of these new standards on the consolidated financial statements.

(t) Additional Information

(Partial change in the method used to group assets for impairment accounting)

In the transportation services segment, the Company has endeavored to construct the best national transportation network and improve customer satisfaction by merging its subsidiaries in Kyushu, and in April 1, 2014, reorganized Seino Transportation Co., Ltd. and other 3 subsidiaries in Honshu. For a strategic change in making investment decisions in operating business branches to maintain and expand the future national transportation network, the board of directors meeting held on April 7, 2014 determined that the Company decide strategic investment and profit and loss management in the entire transportation services segment. Accordingly, from the year ended March 31, 2015, the Seino Group has changed the method used to group assets for impairment of fixed assets in the transportation services segment from a method that grouped assets by each operating business branch to a method that groups assets by the entire transportation services segment. As a result of this change, income before income taxes and minority interests increased by ¥333 million ($2,775 thousand) for the fiscal year ended March 31, 2015.

The method used to group assets in the segments except transportation services segment was as before.

3. Financial Instruments

Information on financial instruments for the years ended March 31, 2015 and 2014 is set forth below.

(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 low-risk and short-term 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 de-minimis.

(2) Monitoring market risk

The Board of the Directors regularly monitors market risk based on 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 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, 2015 and 2014, 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, 2015:			
Cash and cash equivalents	¥ 66,778	¥ 66,778	¥ —
Short-term investments	25,220	25,220	—
Trade receivables	105,257	105,257	—
Investment securities	28,290	28,290	—
Total assets	¥ 225,545	¥ 225,545	¥ —
Short-term borrowings	¥ 2,519	¥ 2,519	¥ —
Trade payables	44,082	44,082	—
Convertible bonds	10,035	11,070	1,035
Long-term bank loans, including current portion	87	87	—
Total liabilities	¥ 56,723	¥ 57,758	¥ 1,035

	Carrying value	Fair value	Difference
	Millions of yen		
At March 31, 2014:			
Cash and cash equivalents	¥ 55,557	¥ 55,557	¥ —
Short-term investments	42,172	42,172	—
Trade receivables	106,846	106,846	—
Investment securities	23,189	23,189	—
Total assets	¥ 227,764	¥ 227,764	¥ —
Short-term borrowings	¥ 2,465	¥ 2,465	¥ —
Trade payables	57,588	57,588	—
Convertible bonds	10,045	10,545	500
Long-term bank loans, including current portion	163	163	—
Total liabilities	¥ 70,261	¥ 70,761	¥ 500

	Carrying value	Fair value	Difference
	Thousands of U.S. dollars		
At March 31, 2015:			
Cash and cash equivalents	$ 556,483	$ 556,483	$ —
Short-term investments	210,167	210,167	—
Trade receivables	877,142	877,142	—
Investment securities	235,750	235,750	—
Total assets	$ 1,879,542	$ 1,879,542	$ —
Short-term borrowings	$ 20,992	$ 20,992	$ —
Trade payables	367,350	367,350	—
Convertible bonds	83,625	92,250	8,625
Long-term bank loans, including current portion	725	725	—
Total liabilities	$ 472,692	$ 481,317	$ 8,625

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 and their fair value and carrying value are nearly identical, their carrying values are assumed as their fair values.

(2) Trade receivables

The carrying amount of installment sales receivables approximates the fair value, which is based on the present value of future cash flows through maturity discounting 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 and their fair values and carrying values are nearly identical, their carrying values are assumed as their fair values.

(2) Short-term borrowings

As these instruments are settled within a short term and their fair values and carrying values are nearly identical, 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
	2015	2014	**2015**
Carrying value:			
Unlisted equity securities, other than those of affiliates	**¥ 1,545**	¥ 1,542	**$ 12,875**
Preferred equity securities	**500**	500	**4,167**
	¥ 2,045	¥ 2,042	**$ 17,042**

iii) The redemption schedule for financial assets with maturities at March 31, 2015 was as follows:

	Due in 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, 2015:				
Cash and cash equivalents	¥ 66,778	¥ —	¥ —	¥ —
Short-term investments	300	—	—	—
Trade receivables	79,855	24,324	1,078	—
Investment securities – bonds and other	24,918	—	—	—
	¥ 171,851	¥ 24,324	¥ 1,078	¥ —

	Due in 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, 2015:				
Cash and cash equivalents	$ 556,483	$ —	$ —	$ —
Short-term investments	2,500	—	—	—
Trade receivables	665,458	202,700	8,984	—
Investment securities – bonds and other	207,650	—	—	—
	$ 1,432,091	$ 202,700	$ 8,984	$ —

iv) For the repayment schedule for convertible bonds and long-term bank loans at March 31, 2015, see Note 9, "Short-term Borrowings and Long-term Debt."

4. Inventories

Inventories at March 31, 2015 and 2014 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Merchandise and finished products	**¥ 8,333**	¥ 6,429	**$ 69,442**
Work in process	**937**	1,068	**7,808**
Raw materials and supplies	**695**	784	**5,792**
	¥ 9,965	¥ 8,281	**$ 83,042**

5. Investments

At March 31, 2015 and 2014, short-term investments consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Marketable securities:			
Bonds and other	¥ 12,301	¥ 28,000	$ 102,508
Total marketable securities	12,301	28,000	102,508
Time deposits with an original maturity of more than three months	12,919	14,172	107,659
	¥ 25,220	¥ 42,172	$ 210,167

At March 31, 2015 and 2014, investment securities consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Marketable securities:			
Equity securities	¥ 28,171	¥ 22,793	$ 234,758
Bonds	—	302	—
Other	119	94	992
Total marketable securities	28,290	23,189	235,750
Other non-marketable securities	2,045	2,042	17,042
	¥ 30,335	¥ 25,231	$ 252,792

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, 2015 and 2014, 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, 2015:				
Equity securities	¥ 9,861	¥ 18,311	¥ (2)	¥ 28,170
Bonds	300	1	—	301
Other	12,054	66	(1)	12,119
	¥ 22,215	¥ 18,378	¥ (3)	¥ 40,590
At March 31, 2014:				
Equity securities	¥ 9,621	¥ 13,224	¥ (52)	¥ 22,793
Bonds	300	2	—	302
Other	28,054	41	(1)	28,094
	¥ 37,975	¥ 13,267	¥ (53)	¥ 51,189
	Thousands of U.S. dollars			
At March 31, 2015:				
Equity securities	$ 82,175	$152,592	$ (17)	$234,750
Bonds	2,500	8	—	2,508
Other	100,450	550	(8)	100,992
	$185,125	$153,150	$ (25)	$338,250

At March 31, 2015 and 2014 investments in and long-term loans to affiliates consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Investments accounted for by the equity method for significant affiliates and at cost for others	¥ 3,419	¥ 3,297	$ 28,492

6. Property and Equipment

At March 31, 2015 and 2014, property and equipment consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Property and equipment, at cost:			
Land	¥ 169,156	¥ 169,567	$ 1,409,633
Buildings and structures	239,071	234,410	1,992,258
Vehicles	100,770	99,387	839,750
Machinery and equipment	34,604	33,239	288,367
Construction in progress	5,812	2,642	48,434
Other	278	281	2,316
	549,691	539,526	4,580,758
Less accumulated depreciation	(274,657)	(268,638)	(2,288,808)
Total property and equipment	¥ 275,034	¥ 270,888	$ 2,291,950

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, 2015 and 2014, 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 ¥1,771 million ($14,758 thousand) and ¥1,756 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, 2015 and 2014 and the fair values of the rental properties were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Carrying value at the beginning of year	¥ 13,654	¥ 13,643	$113,783
Net changes during the year	(266)	11	(2,216)
Carrying value at the end of year	¥ 13,388	¥ 13,654	$111,567
Fair value at the end of year *	¥ 17,857	¥ 18,084	$148,808

*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, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Operating revenue	¥ 1,401	¥ 1,421	$ 11,675
Operating costs	226	218	1,883
Income from rental operations	1,175	1,203	9,792
(Loss) on disposal of rental property and other	¥ (53)	¥ (156)	$ (442)

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, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
At the beginning of year	¥ 2,537	¥ 2,478	$ 21,142
New obligations	20	38	167
Changes in estimated obligations and accretion	44	45	367
Settlement payments	(53)	(24)	(443)
Other	—	—	—
At the end of year	¥ 2,548	¥ 2,537	$ 21,233

9. Short-term Borrowings and Long-term Debt

At March 31, 2015 and 2014, short-term borrowings consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unsecured bank overdrafts with interest rates ranging from 1.3% to 8.35% per annum at March 31, 2015.	¥ 79	¥ 25	$ 658
Short-term bank loans, unsecured with interest rates ranging from 0.230% to 1.475% per annum at March 31, 2015	2,440	2,440	20,334
	¥ 2,519	¥ 2,465	$ 20,992

At March 31, 2015, the Company and certain subsidiaries had unsecured overdraft agreements with 13 banks. Under such agreements, the Company and these subsidiaries were entitled to withdraw up to ¥43,910 million ($365,917 thousand). The Company and the subsidiaries were not obligated to pay commitment fees on the unused portions of such overdraft facilities.

At March 31, 2015 and 2014, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Zero coupon convertible bonds due October 2018, including unamortized premium (¥35 million ($292 thousand) at March 31, 2015)	¥ 10,035	¥ 10,045	$ 83,625
Loans from government agencies and banks, repayable due through 2017, with interest rates ranging from 0.95% to 3.1% per annum at March 31, 2015:			
Secured	34	105	283
Unsecured	53	58	442
Capitalized lease obligations	3	6	25
	10,125	10,214	84,375
Less current portion	(34)	(81)	(283)
	¥ 10,091	¥ 10,133	$ 84,092

At March 31, 2015, the current conversion price of zero coupon convertible bonds due in 2018 were ¥1,503 ($13) per share and were subject to adjustment in certain circumstances, including in the event of a stock split. At March 31, 2015, the number of shares of common stock necessary for conversion of all convertible bonds outstanding was approximately 7 million.

At March 31, 2015 and 2014, respectively the following assets were pledged as collateral for certain long-term debt:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Land	¥ 2,959	¥ 3,238	$ 24,658
Buildings and structures	920	1,210	7,667

The aggregate annual maturities of long-term debt as of March 31, 2015 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2016	¥ 34	$ 283
2017	9	75
2018	7	58
2019	10,002	83,350
2020	2	17
Thereafter	36	300
	¥ 10,090	$ 84,083

10. Employee Retirement Benefits

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

Other subsidiaries had funded defined benefit plans. One company belonged to a comprehensive employees' pension fund for the defined benefit corporate pension plan. One company had established a retirement benefit payment trust.

The retirement benefit obligation of certain subsidiaries was calculated using the simplified calculation method as permitted by the accounting standard for employee retirement benefits.

As of and for the year ended March 31, 2015 and 2014, defined benefit plans, including plans applying the simplified method were as follows:

i) Movement in retirement benefit obligations:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
At the beginning of year	¥ 65,254	¥ 64,878	$ 543,784
Service cost	3,631	3,596	30,258
Interest cost	583	581	4,858
Actuarial differences	4,015	42	33,458
Benefits paid	(3,407)	(3,867)	(28,392)
Past service cost	278	24	2,317
At the end of year	¥ 70,354	¥ 65,254	$ 586,283

ii) Movements in plan assets:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
At the beginning of year	¥ 6,116	¥ 2,792	$ 50,967
Actuarial differences	4,166	3,383	34,716
Contributions paid by the employer	6	5	50
Benefits paid	(1)	(64)	(8)
At the end of year	¥ 10,287	¥ 6,116	$ 85,725

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Funded retirement benefit obligation	¥ 6,113	¥ 4,750	$ 50,942
Plan assets	(10,287)	(6,116)	(85,725)
	(4,174)	(1,366)	(34,783)
Unfunded retirement benefit obligation	64,241	60,504	535,341
Net employee retirement benefit liability	¥ 60,067	¥ 59,138	$ 500,558
Employee retirement benefit liability	64,453	60,707	537,108
Employee retirement benefit asset	(4,386)	(1,569)	(36,550)
Net employee retirement benefit liability	¥ 60,067	¥ 59,138	$ 500,558

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Service cost	¥ 3,631	¥ 3,596	$ 30,258
Interest cost	583	581	4,858
Amortization of actuarial differences	248	553	2,067
Amortization of past service cost	113	226	942
Net periodic retirement benefit expenses	¥ 4,575	¥ 4,956	$ 38,125

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Past service cost	¥ 165	¥ —	$ 1,375
Actual differences	(392)	—	(3,267)
Total balance	¥ (227)	¥ —	$ (1,892)

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Past service cost that yet to be recognized	¥ (67)	¥ (232)	$ (558)
Actuarial differences yet to be recognized	1,239	1,631	10,325
Total balance	¥ 1,172	¥ 1,399	$ 9,767

vii) Plan assets

1. Plan assets comprise:

	Percent	
	2015	2014
Cash and cash equivalents	**1%**	—
Bonds	**—**	1%
Equity securities	**99%**	99%
Total*	**100%**	100%

**99% of total plan assets consisted 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):

	2015	2014
Discount rate	**mainly 1.0%**	mainly 1.0%
Long-term expected rate of return	**0.0%**	0.0%

11. Contingent Liabilities

At March 31, 2015 and 2014, 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 ¥1,604 million ($13,367 thousand) and ¥1,660 million, respectively.

12. 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 which 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, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Operating leases:			
Due within one year	**¥ 323**	¥ 460	**$ 2,692**
Due after one year	**982**	1,209	**8,183**
	¥ 1,305	¥ 1,669	**$ 10,875**

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, 2015 and 2014, 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
	2015	2014	**2015**
Operating leases:			
Due within one year	**¥ 263**	¥ 287	**$ 2,192**
Due after one year	**427**	566	**3,558**
	¥ 690	¥ 853	**$ 5,750**

13. 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, 2015 and 2014, 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 ($35,517 thousand) at March 31, 2015 and 2014.

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) At the annual shareholders' meeting held on June 25, 2015, the shareholders approved cash dividends of ¥21 per share, amounting to ¥4,177 million ($34,808 thousand). The appropriation has not been accrued in the consolidated financial statements as of March 31, 2015 as such appropriations are recognized in the period in which they are approved by the shareholders.

14. Income Taxes

The tax effects of temporary differences that give rise to a significant portion of deferred tax assets and liabilities at March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Deferred tax assets:			
Employee retirement benefit liability	**¥ 22,898**	¥ 22,111	**$ 190,817**
Enterprise tax accruals	**459**	524	**3,825**
Accrued bonuses	**3,593**	3,587	**29,942**
Intercompany capital gains	**1,114**	1,044	**9,283**
Operating loss carryforwards	**356**	383	**2,967**
Loss on assets transferred	**1,561**	1,433	**13,008**
Impairment loss on fixed assets	**14,282**	14,774	**119,017**
Allowance for doubtful accounts	**115**	136	**958**
Other	**4,053**	4,318	**33,775**
	48,431	48,310	**403,592**
Less valuation allowance	**(17,672)**	(18,282)	**(147,267)**
	30,759	30,028	**256,325**
Deferred tax liabilities:			
Deferred capital gains	**5,445**	5,774	**45,375**
Unrealized gains on available-for-sale securities	**5,372**	4,241	**44,767**
Valuation adjustments for consolidation	**11,536**	12,137	**96,133**
Employee retirement benefit asset	**1,551**	192	**12,925**
Other	**507**	306	**4,226**
	24,411	22,650	**203,426**
Net deferred tax assets	**¥ 6,348**	¥ 7,378	**$ 52,899**

At March 31, 2015 and 2014, deferred tax assets and liabilities were recorded as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Deferred tax assets:			
Current	**¥ 4,951**	¥ 4,863	**$ 41,258**
Noncurrent	**5,761**	10,990	**48,008**
Deferred tax liabilities:			
Noncurrent	**4,364**	8,475	**36,367**

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, 2015 and 2014, 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.

A reconciliation of the differences between the Japanese statutory tax rate and the effective income tax rate on pretax income reflected in the accompanying consolidated statements of income for the years ended March 31, 2015 and 2014 was not disclosed because the difference was not material. The reconciliation for the year ended March 31, 2013 was as follows:

	Percentage of pretax income
	2013
Japanese statutory tax rate	37.2%
Increase (decrease) due to:	
Permanently nondeductible expenses	0.7
Tax exempt income	(0.4)
Local minimum taxes - per capita levy	3.7
Amortization of goodwill and negative goodwill	(6.3)
Equity in net income of affiliates	(0.5)
Changes in valuation allowance	(6.3)
Other	0.6
Effective income tax rate	28.7%

On March 31, 2015, amendments to the Japanese tax regulations were enacted into law. Based on the amendments, the statutory income tax rates utilized for the measurement of deferred tax assets and liabilities expected to be settled or realized from April 1, 2015 to March 31, 2016 and on or after April 1, 2016 have been changed for the fiscal year ended March 31, 2015 from 34.8% to 32.3% and 31.5%, respectively, as of March 31, 2015. Due to these changes in statutory income tax rates, net deferred tax assets (after deducting the deferred tax liabilities) decreased by ¥97 million ($808 thousand) as of March 31, 2015, deferred income tax expense recognized for the fiscal year ended March 31, 2015 increased by ¥476 million ($3,967 thousand), evaluation differences of other securities increased by ¥461 million ($3,842 thousand) and accumulated adjustments for employee retirement benefits decreased by ¥82 million ($683 thousand).

Following the promulgation on March 31, 2014 of the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 10 of 2014), a special surtax to be applied to restoration work in connection with the Great East Japan Earthquake has been abolished from the fiscal year beginning on or after April 1, 2014. In line with this revision, the Company has changed the statutory tax rate used to calculate deferred tax assets and liabilities from 37.2% to 34.8% for temporary differences expected to be reversed in the fiscal year beginning on April 1, 2014. As a result of this tax rate change, deferred tax assets were ¥323 million less at March 31, 2014 and deferred income taxes ¥323 million more for the year ended March 31, 2014 than the amounts that would have been reported without the change.

15. 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, 2015, 2014 and 2013 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2015	2014	2013	2015
Net unrealized gains on available-for-sale securities:				
Increase during the year	¥ 5,162	¥ 2,649	¥ 3,742	$ 43,016
Reclassification adjustments	(1)	(4)	3	(8)
Subtotal, before tax	5,161	2,645	3,745	43,008
Tax effect	(1,131)	(878)	(1,078)	(9,425)
Subtotal, net of tax	4,030	1,767	2,667	33,583
Foreign currency translation adjustments:				
Increase during the year	61	101	96	508
Reclassification adjustments	—	—	—	—
Subtotal, before tax	61	101	96	508
Tax effect	—	—	—	—
Subtotal, net of tax	61	101	96	508
Retirement benefit adjustment:				
(Decrease) during the year	(131)	—	—	(1,092)
Reclassification adjustments	358	—	—	2,984
Subtotal, before tax	227	—	—	1,892
Tax effect	(145)	—	—	(1,208)
Subtotal, net of tax	82	—	—	684
Shares of other comprehensive income of affiliates accounted for using equity method:				
Increase (decrease) during the year	45	4	2	375
Reclassification adjustments	(2)	—	—	(17)
Subtotal	43	4	2	358
Total other comprehensive income	¥ 4,216	¥ 1,872	¥ 2,765	$ 35,133

16. Subsequent Events

(i) Stock-for-stock exchange agreements with the subsidiaries

On February 17, 2015, the Company entered into stock-for-stock exchange agreements with four 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 make the Company's equity share in such subsidiaries increase 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 ($26,583 thousand).

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

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.

(ii) Acquisition for the shares of Kanto Unyu Co., Ltd.

On May 13, 2015, the Board of Directors determined that the Company purchase all of the shares of Kanto Unyu 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 Unyu Co., Ltd.
② Name of the absorbed business and its description
Name of business: Kanto Unyu Co., Ltd. and its five subsidiaries.
Business description: Transportation services

(2) Main reason for business combination
To improve our 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 got 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 Unyu Co., Ltd. and its four subsidiaries: 50%

17. 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, 2015, 2014 and 2013 is summarized as follows:

For the year 2015:	Transportation services	Vehicle sales	Merchandise sales	Real estate leasing services	Other (*4)	Total	Adjustments (*1)	Consolidated
	Millions of yen							
Operating revenue:								
External customers	**¥ 398,972**	**¥ 95,351**	**¥ 32,699**	**¥ 1,401**	**¥ 14,029**	**¥ 542,452**	**¥ —**	**¥ 542,452**
Intersegment sales or transfer	**1,494**	**7,868**	**24,776**	**—**	**13,691**	**47,829**	**(47,829)**	**—**
Total operating revenue	**400,466**	**103,219**	**57,475**	**1,401**	**27,720**	**590,281**	**(47,829)**	**542,452**
Segment income (*2)	**¥ 14,699**	**¥ 4,890**	**¥ 755**	**¥ 1,199**	**¥ 546**	**¥ 22,089**	**¥ (703)**	**¥ 21,386**
Segment assets (*3)	**¥ 405,415**	**¥ 104,153**	**¥ 13,840**	**¥ 12,477**	**¥ 39,916**	**¥ 575,801**	**¥ (27,276)**	**¥ 548,525**
Depreciation	**13,062**	**1,710**	**45**	**32**	**296**	**15,145**	**(304)**	**14,841**
Amortization of goodwill	**6**	**—**	**—**	**—**	**—**	**6**	**—**	**6**
Investments in affiliates accounted for using the equity method	**3,096**	**—**	**—**	**231**	**—**	**3,327**	**(4)**	**3,323**
Increase in tangible and intangible fixed assets	**17,244**	**2,536**	**9**	**189**	**595**	**20,573**	**(479)**	**20,094**
For the year 2014:								
Operating revenue:								
External customers	¥ 393,320	¥ 100,569	¥ 33,306	¥ 1,421	¥ 14,791	¥ 543,407	¥ —	¥ 543,407
Intersegment sales or transfer	1,548	8,110	26,875	—	9,735	46,268	(46,268)	—
Total operating revenue	394,868	108,679	60,181	1,421	24,526	589,675	(46,268)	543,407
Segment income (*2)	¥ 12,779	¥ 5,352	¥ 731	¥ 1,222	¥ 544	¥ 20,628	¥ (439)	¥ 20,189
Segment assets (*3)	¥ 393,469	¥ 100,313	¥ 15,067	¥ 12,707	¥ 22,510	¥ 544,066	¥ (1,655)	¥ 542,411
Depreciation	12,569	1,680	51	33	253	14,586	(269)	14,317
Amortization of goodwill	6	59	—	—	2	67	—	67
Investments in affiliates accounted for using the equity method	3,036	—	—	168	—	3,204	(3)	3,201
Increase in tangible and intangible fixed assets	13,448	2,852	30	4	270	16,604	(461)	16,143
For the year 2013:								
Operating revenue:								
External customers	¥ 371,546	¥ 96,148	¥ 32,457	¥ 1,438	¥ 14,596	¥ 516,185	¥ —	¥ 516,185
Intersegment sales or transfer	1,536	7,908	25,094	—	9,394	43,932	(43,932)	—
Total operating revenue	373,082	104,056	57,551	1,438	23,990	560,117	(43,932)	516,185
Segment income (*2)	¥ 6,918	¥ 5,442	¥ 736	¥ 1,215	¥ 495	¥ 14,806	¥ (460)	¥ 14,346
Segment assets (*3)	¥ 379,649	¥ 97,683	¥ 14,357	¥ 12,653	¥ 19,129	¥ 523,471	¥ (13,004)	¥ 510,467
Depreciation	12,639	1,732	65	48	256	14,740	(254)	14,486
Amortization of goodwill	415	78	—	—	6	499	—	499
Investments in affiliates accounted for using the equity method	2,783	—	—	107	—	2,890	(2)	2,888
Increase in tangible and intangible fixed assets	9,877	3,524	14	25	349	13,789	(336)	13,453

For the year 2015:	Transportation services	Vehicle sales	Merchandise sales	Real estate leasing services	Other (*4)	Total	Adjustments (*1)	Consolidated
	Thousands of U.S. dollars							
Operating revenue:								
External customers	**$ 3,324,767**	**$ 794,591**	**$ 272,492**	**$ 11,675**	**$ 116,908**	**$ 4,520,433**	**$ —**	**$ 4,520,433**
Intersegment sales or transfer	**12,450**	**65,567**	**206,466**	**—**	**114,092**	**398,575**	**(398,575)**	**—**
Total operating revenue	**3,337,217**	**860,158**	**478,958**	**11,675**	**231,000**	**4,919,008**	**(398,575)**	**4,520,433**
Segment income (*2)	**$ 122,492**	**$ 40,750**	**$ 6,291**	**$ 9,992**	**$ 4,550**	**$ 184,075**	**$ (5,859)**	**$ 178,216**
Segment assets (*3)	**$ 3,378,458**	**$ 867,942**	**$ 115,333**	**$ 103,975**	**$ 332,634**	**$ 4,798,342**	**$ (227,300)**	**$ 4,571,042**
Depreciation	**108,850**	**14,250**	**375**	**267**	**2,466**	**126,208**	**(2,533)**	**123,675**
Amortization of goodwill	**50**	**—**	**—**	**—**	**—**	**50**	**—**	**50**
Investments in affiliates accounted for using the equity method	**25,800**	**—**	**—**	**1,925**	**—**	**27,725**	**(33)**	**27,692**
Increase in tangible and intangible fixed assets	**143,700**	**21,133**	**75**	**1,575**	**4,959**	**171,442**	**(3,992)**	**167,450**

*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 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 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 had 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 2015	¥ 39	¥ 61	¥ —	¥ 27	¥ —	¥ 127
For the year 2014	154	69	—	217	—	440
For the year 2013	1,422	84	—	691	2	2,199
	Thousands of U.S. dollars					
Impairment loss:						
For the year 2015	$ 325	$ 508	$ —	$ 225	$ —	$ 1,058

5. Information on goodwill and negative goodwill incurred due to business combinations before April 1, 2010 by reportable segments:

	Transportation services	Vehicle sales	Merchandise sales	Real estate leasing services	Other	Total
	Millions of yen					
For the year 2015:						
Amortization of goodwill	¥ 6	¥ —	¥ —	¥ —	¥ —	¥ 6
Amortization of negative goodwill	3	—	—	—	—	3
As of March 31, 2015:						
Balance of goodwill	5	—	—	—	—	5
Balance of negative goodwill	—	—	—	—	—	—
For the year 2014:						
Amortization of goodwill	¥ 6	¥ 59	¥ —	¥ —	¥ 2	¥ 67
Amortization of negative goodwill	2,972	—	9	—	61	3,042
As of March 31, 2014:						
Balance of goodwill	11	—	—	—	—	11
Balance of negative goodwill	3	—	—	—	—	3
For the year 2013:						
Amortization of goodwill	¥ 415	¥ 78	¥ —	¥ —	¥ 6	¥ 499
Amortization of negative goodwill	2,972	—	19	—	64	3,055
As of March 31, 2013:						
Balance of goodwill	17	59	—	—	2	78
Balance of negative goodwill	2,975	—	9	—	61	3,045

	Transportation services	Vehicle sales	Merchandise sales	Real estate leasing services	Other	Total
	Thousands of U.S. dollars					
For the year 2015:						
Amortization of goodwill	$ 50	$ —	$ —	$ —	$ —	$ 50
Amortization of negative goodwill	25	—	—	—	—	25
As of March 31, 2015:						
Balance of goodwill	42	—	—	—	—	42
Balance of negative goodwill	—	—	—	—	—	—

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 2015	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
For the year 2014	—	—	—	—	—	—
For the year 2013	20	16	—	—	—	36

	Transportation services	Vehicle sales	Merchandise sales	Real estate leasing services	Other	Total
	Thousands of U.S. dollars					
Gain on negative goodwill:						
For the year 2015	$ —	$ —	$ —	$ —	$ —	$ —

Report of Independent Auditors

Independent Auditors' 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, 2015 and 2014, 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, 2015, 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 amount 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 basic 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, 2015 and 2014, and their financial performance and cash flows for each of the years in the three-year period ended March 31, 2015, in conformity with accounting principles generally accepted in Japan.

Convenience Translation

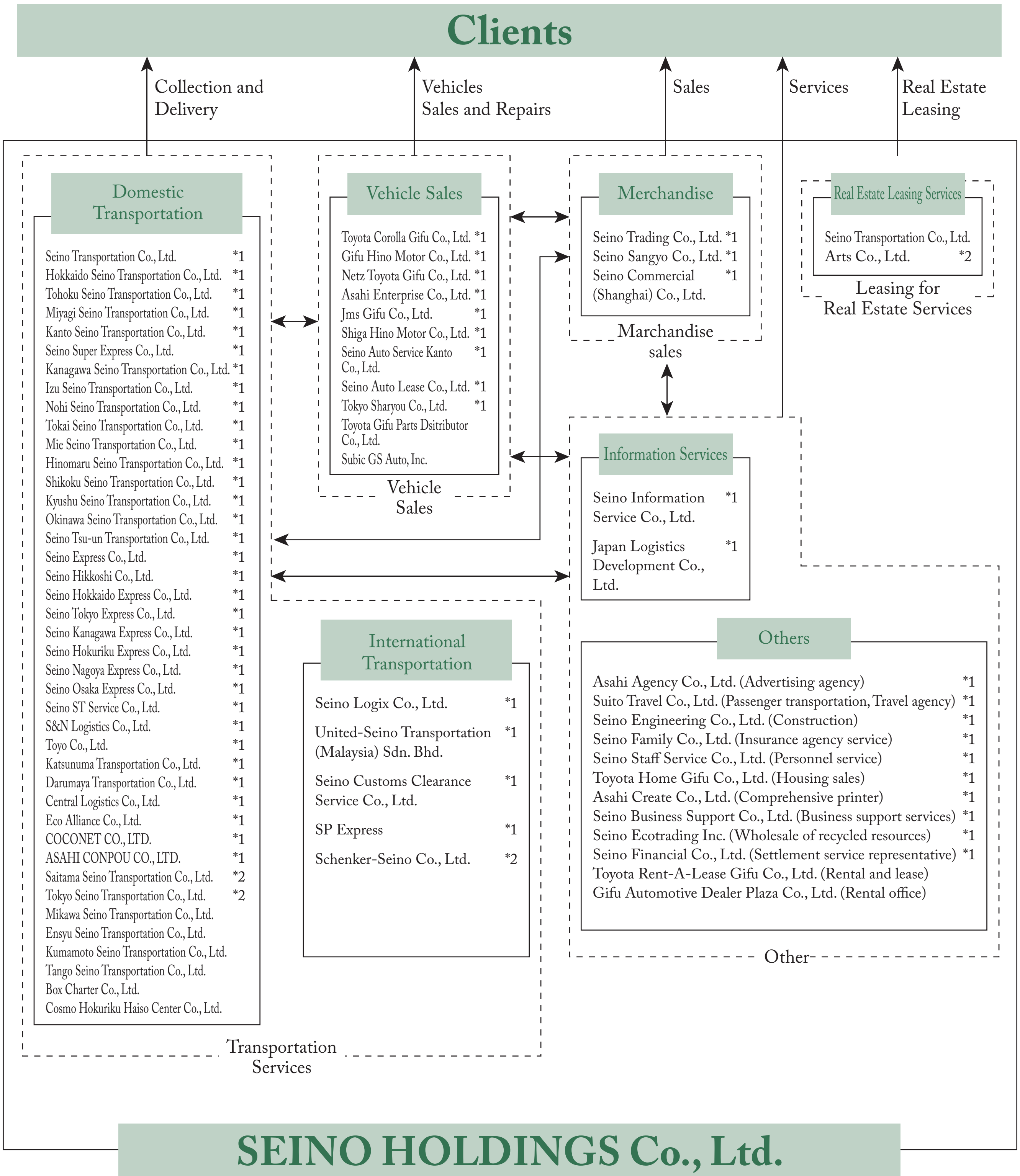
The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2015 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 of the Notes to Consolidated Financial Statements.

KPMG AZSA LLC

August 21, 2015
Nagoya, Japa

Seino Group

The Seino Group consists of Seino Holdings Co., Ltd. and 61 consolidated subsidiaries and 14 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.



Note	*1: Consolidated subsidiaries	61
	*2: Affiliates (under the equity method)	4
	Companies except those mentioned above are affiliates under the cost method.	10

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