2018
Annual Report

For the year ended March 31, 2018

TONAMI HOLDINGS CO., LTD.

Capitalizing on expertise originally gained in the transportation business, the Tonami Group has long been a trailblazer in logistics.

We were among the first in the industry to introduce computer systems.

In recent years, we have taken systematized distribution services fully utilizing IT to new heights. In particular, our third-party logistics (3PL), offering companies the optimum solutions to their logistics needs, has enabled us to cultivate a loyal and growing customer base.

Tonami Holdings Co., Ltd. is now strengthening the fundamentals of the business as it embarks on a new round of development, bringing its capabilities as a pure holding company into full play. Leveraging the accumulated expertise and business know-how of the Tonami Holdings Group, we are sharpening our responsiveness to customer needs not only in the field of logistics but also in related businesses and new fields.

We strive to offer value-added services that transcend the traditional conception of logistics. As a pioneer with strengths in information processing, we are committed to delivering value a stride ahead.

By deploying IT infrastructure attuned to the increasingly diverse and sophisticated needs of the era, we aim to maximize the corporate value of the Tonami Holdings Group and be an enterprise needed and respected by society.

We are taking a big stride toward realization of our "More Than Transportation" vision.

We Want to Deliver Value a Stride Ahead

Contents

Forward-Looking Statements

This annual report includes forward-looking statements that represent Tonami's assumptions and expectations in light of currently available information. These statements reflect industry trends, clients' situations and other factors, and involve risks and uncertainties which may cause actual performance results to differ from those discussed in the forward-looking statements in accordance with changes in the business environment.

Consolidated Financial Highlights

TONAMI HOLDINGS CO., LTD.
AND CONSOLIDATED SUBSIDIARIES

Years ended March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
FOR THE YEAR:			
Operating revenues:	¥130,886	¥125,509	$1,231,993
Logistics	120,751	115,592	1,136,593
Information processing	2,673	2,853	25,164
Sales	5,857	5,734	55,131
Others	1,604	1,328	15,105
Operating income	5,631	5,118	53,010
Net income	3,159	3,762	29,742
Comprehensive income	3,852	4,706	36,266
PER SHARE (Yen and U.S. dollars):			
Net income, basic	¥ 348.47	¥ 414.83	$ 3.2800
Net income, diluted	—	—	—
Cash dividends	44.00	7.50	0.4142
AT YEAR-END:			
Total assets	¥129,578	¥126,769	$1,219,675
Total net assets	64,257	61,152	604,835

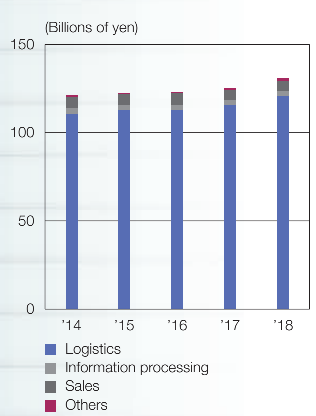
Notes: 1. U.S. dollar amounts presented herein are included solely for convenience. The rate of ¥106.24 = U.S.$1, prevailing on March 31, 2018, has been used for the translation into U.S. dollar amounts. Such translations should not be construed as indications that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. The computation of net income per share of common stock is based on the weighted average number of shares outstanding (which represents the number of issued shares less treasury stock) during each fiscal year.

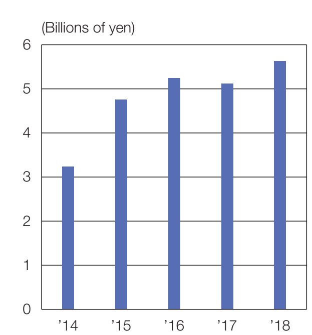
3. Diluted net income per share is not presented for the years ended March 31, 2018 and 2017, since there were no potential securities.

4. The Company conducted a 1-for-10 reverse stock split of its shares of common stock effective October 1, 2017. Accordingly, net income per share was calculated under the assumption that the said reverse stock split had been conducted at the beginning of the fiscal year ended March 31, 2017.

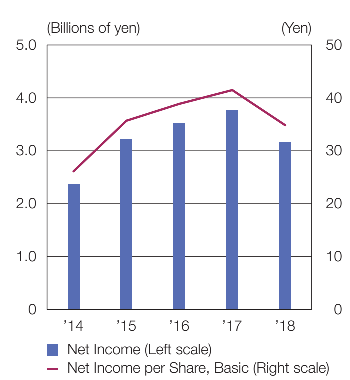
Operating Revenues by Business Segment



Operating Income



Net Income and Net Income per Share, Basic



To Our Shareholders and Investors

President, Katsusuke Watanuki

I welcome this opportunity to report to our shareholders and investors on the Group's operating environment and business results for the fiscal year ended March 31, 2018.

Regarding corporate earnings of listed companies for the fiscal year ended March 31, 2018, net sales are expected to be the highest ever and net income is forecast to be up 30% year on year, having tripled over the last five years, setting a new record for the second consecutive year.

The Group implemented measures for the final year of the Three-year Medium-Term Business Plan covering the period from April 1, 2015 to March 31, 2018, "Leading step up 2017 — Aiming for even higher-quality management!"

As a result, although operating revenues did not reach the target, in terms of profits, while costs increased due to such factors as expenses associated with the promotion of "work-style reform" and a sharp rise in fuel prices, the cost burden decreased through "appropriate collection of freight charges and rates" and "enhancement of productivity," and the Group virtually achieved its target for ordinary income.

Meanwhile, in response to increasingly active logistics needs along Tokyo's Metropolitan Inter-City Expressway, KYK Co., Ltd. (Kashiwa-shi, Chiba Prefecture) joined the Group, becoming an operating subsidiary as of June 1, 2018.

Capitalizing on the Group's "actual forwarding capabilities" and "know-how in region-based delivery services," we will strive to create synergy for future business expansion, including "strengthening of business capabilities," "creation of new corporate value," and "sophistication of transportation services."

The Group is continuing its efforts to improve customer satisfaction by offering high-quality logistics services and to further improve the efficiency of operations. We are also making efforts to expand our operations by promoting "work-style reform" including "improvement of hourly productivity per worker," "establishment of a comfortable work environment," as well as "promotion of hiring activities" to cope with the progress of population aging and the shrinking of the workforce and improvement of human-resource retention through "introduction of a mentor program."

Based on comprehensive consideration of operating results, the financial position, future business environment, and other factors, the Company will pay out a year-end ordinary dividend of ¥40 per share.

With an interim dividend of ¥4 per share and year-end ordinary dividend of ¥40 per share, which factors in the impact of the 1-for-10 reverse stock split of the Company's shares of common stock, total annual dividends for the year ended March 31, 2018 amounted to ¥44 per share.

The Group's New Medium-Term Business Plan (April 1, 2018 to March 31, 2021) kicked off in April 2018 under the slogan "Try & Growth 2020 — Evolving into a continuous growth company!" with "work-style reform" set as a pillar of management. Under the plan, the Group will endeavor to expand operating revenues through efforts such as appropriate collection of freight charges and rates, in order to secure resources for investments for future growth, including improvement of the work environment for better employee benefits and continuous growth, relocation and renovation of aging business offices, and development of new operation bases.

In all our endeavors, we will be grateful for your continued support and guidance.

Overview of Operations

In the logistics industry, while consumption-related and production-related cargo movement was robust, further change in the business structure became evident owing to the increase of small-lot, high-frequency transportation and delivery, diversification of logistics needs and other factors.

In these circumstances, the Group implemented measures for the final year of the Three-year Medium-Term Business Plan covering the period from April 1, 2015 to March 31, 2018, "Leading step up 2017 — Aiming for even higher-quality management!" to improve the "quality and comprehensive strength" of the entire Group with the aim of becoming a "strong corporate Group" creating greater synergy.

The Group is continuing its efforts to improve customer satisfaction by offering high-quality logistics services and to further improve the efficiency of operations. We are also making efforts to expand our operations by promoting "work-style reform" including "improvement of hourly productivity per worker," "establishment of a comfortable work environment," as well as "promotion of hiring activities" to cope with the progress of population aging and the shrinking of the workforce and improvement of human-resource retention through "introduction of a mentor program."

In the road haulage business and the freight forwarding business, we strove to secure stable earnings by rectifying freight charges and rates, expanding sales to new customers and deepening the relationships with existing customers and to expand our businesses, including third-party logistics (3PL), as an area of focus.

As a result, the Group's operating revenues amounted to ¥130,886 million, an increase of ¥5,377 million or 4.3% from the previous year.

With regard to profits, whereas costs increased due to expenses associated with the promotion of "work-style reform" and a sharp rise in unit fuel prices and the size-based business tax increased because of the increased labor cost in order to maintain logistics quality and services, the cost burden decreased through collection of appropriate fees, including freight charges and rates. As a result, operating income increased by ¥513 million or 10.0% from the previous year to ¥5,631 million.

Ordinary income was ¥6,110 million, an increase of ¥726 million or 13.5% from the previous year. Owing to the recording of impairment losses and the application of deferred tax accounting, net income attributable to owners of the parent was ¥3,159 million, a decrease of ¥602 million or 16.0% from the previous year.

Results by Segment

Operating revenues from the logistics-related business amounted to ¥120,751 million, an increase of ¥5,159 million or 4.5% from the previous year due to efforts for appropriate collection of freight charges and rates and superior operation of distribution centers for the 3PL services amid moderate recovery of transportation demand.

Segment income was ¥4,977 million, an increase of ¥501 million or 11.2% from the previous year owing to the decreased burden reflecting the impact of adjustment of freight charges and rates and improved transportation efficiency despite increases in the labor cost, including that for the external workforce, and in subcontracting costs, including outsourcing costs.

Operating revenues from the information processing business were ¥2,673 million, a decrease of ¥179 million or 6.3% from the previous year. Segment income was ¥292 million, a decrease of ¥19 million or 6.2%.

Operating revenues from the sales business, which includes merchandising, consignment sales, and a non-life insurance agency, amounted to ¥5,857 million, an increase of ¥122 million or 2.1% from the previous year. Segment income was ¥308 million, an increase of ¥13 million or 4.7%.

Operating revenues from other businesses, which include automobile repair and other services, amounted to ¥1,604 million, an increase of ¥275 million or 20.8% from the previous year. Segment income was ¥100 million, a decrease of ¥49 million or 32.9%.

Outlook for the Year Ending March 31, 2019

Although the moderate recovery of the Japanese economy is expected to continue with robust corporate earnings, the business environment of the logistics industry is likely to remain challenging, in view of such factors as an increasingly tight labor supply/demand situation in Japan and rising prices of raw materials.

In its efforts to continue to offer high-quality logistics services, having set work-style reform as a pillar of management and setting the three years from April 1, 2018 to March 31, 2021 as the period in which the Group is to evolve into an enterprise capable of achieving stable growth, the Group formulated the 21st Medium-Term Business Plan centering on six reforms with a corporate slogan "Try & Growth 2020 — Evolving into a continuous growth company!" and is working to strengthen the management foundation for ensuring business continuity.

While "improving labor productivity" primarily through the utilization of IT and vigorously promoting "work-style reform" including reduction of total working hours and improvement of the work environment and employee benefits, we will expand business with the aim of becoming an enterprise contributing to sustainable growth by "strengthening business competitiveness" through "improvement of transportation functions and enhancement of operational efficiency and reliability of the mainstay special loading business," "strengthening of 3PL services and expansion of the market share," and "proactive promotion of capital and business alliances and M&A," as well as "facilitating collection of appropriate fees" for logistics services.

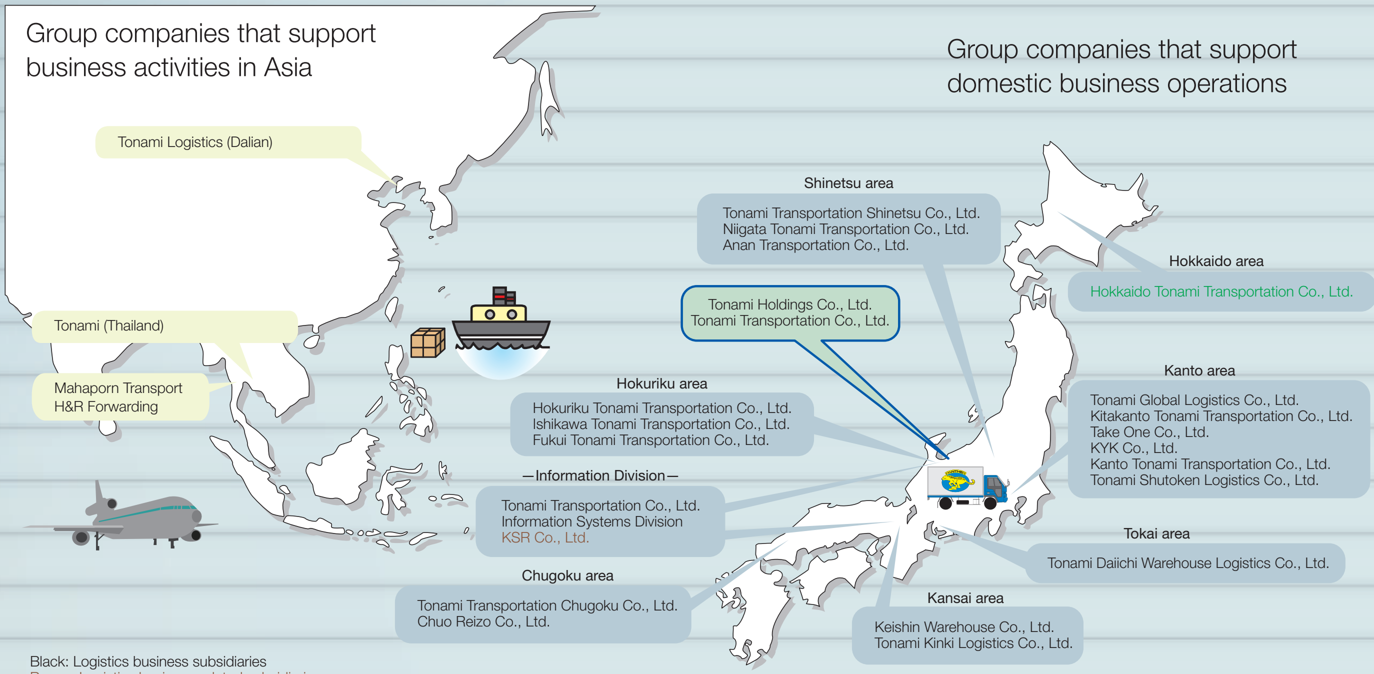
Meanwhile, KYK Co., Ltd. (Kashiwa-shi, Chiba Prefecture) became the Group's operating subsidiary in June 2018. Going forward, the Group will continue its efforts to expand added value, including by offering increasingly sophisticated transportation services.

June 2018

K. Watanuki

Katsusuke Watanuki
President and Representative Director

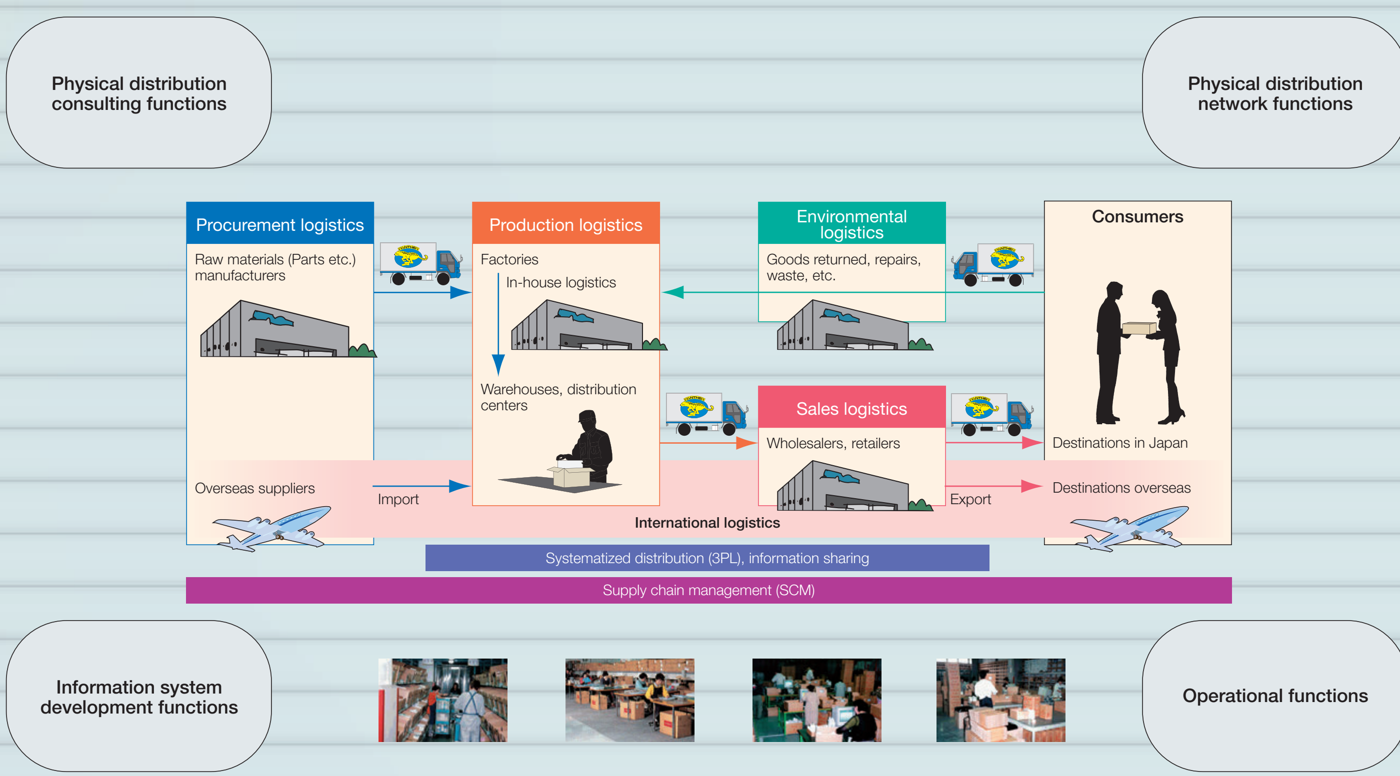
Operating Subsidiaries and Affiliates



Black: Logistics business subsidiaries
Brown: Logistics business-related subsidiaries
Green: Affiliates
Blue: Overseas subsidiaries

Tonami Business Service Co., Ltd., Toyo Gomu Hokuriku Hanbai Co., Ltd., Tonami Trading Co., Ltd.,
Takaoka Cable Network Co., Ltd., Takaoka Transportation Co., Ltd., Touto Transportation Co., Ltd., etc.

Tonami Logistics Solutions



At a meeting of the Board of Directors held on October 1, 2008, the Company passed a resolution concerning a basic policy for the corporate governance. The Company, with the Internal Control Committee in a central role, is implementing sound internal control systems in accordance with the policy, aiming to increase the corporate value of the Tonami Holdings Group.

(1) Corporate Governance System

1) Overview of the Corporate Governance System and Reason for Adopting the System

The Board of Directors of the Company is the organization responsible for important matters concerning business policy and business strategy. The Board of Directors meets, in principle, once a month, in accordance with the Board of Directors Regulations.

The meetings of the Board of Directors are held, in principle, once a month, and as necessary, enabling the directors to attain mutual understanding and engage in mutual supervision of the execution of business. The Board of Directors utilizes the services of outside experts as necessary to prevent violations of the law or the Articles of Incorporation.

The Company employs a corporate auditor system as part of its internal control framework. The Board of Corporate Auditors consists of four corporate auditors (two standing corporate auditors and two outside corporate auditors). The corporate auditors audit the legality of the directors' actions by attending meetings of the Board of Directors and other important meetings, by offering their opinions, and by other means.

The corporate auditors, including the outside corporate auditors, audit the execution of business by the directors in accordance with the auditing policy and task assignments decided by the Board of Corporate Auditors.

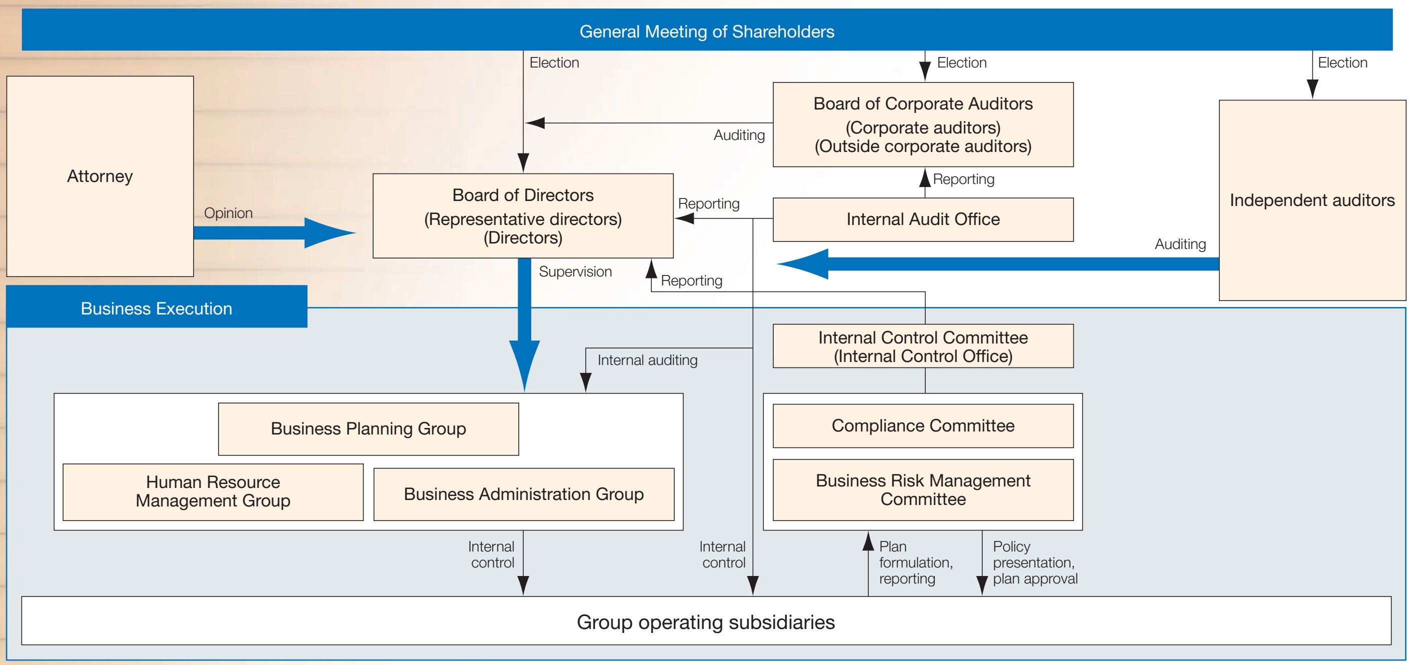
In the event that a director discovers a violation of the law or the Articles of Incorporation on the part of another director, the director is required to promptly report the violation to the corporate auditors and the Board of Directors and a remedy will be sought. The Company has an internal auditing unit, the Internal Audit Office, which is an organization independent of the business units.

Moreover, the Company has established the Tonami Group Employee Code of Conduct as the foundation of the Group's compliance system and the Internal Control Committee, chaired by the president, as the decision-making body. The Company's effort to enhance its internal control systems is led by an officer responsible for internal control.

The Compliance Committee is a compliance control organization, and the Internal Control Team within the Internal Audit Office performs control, operation and training in order to maintain and enhance internal control systems.

To ensure the propriety of business operations of the Group's operating subsidiaries, the Company applies the Tonami Group Employee Code of Conduct and the Group Operation Regulations to all operating subsidiaries of the Group, and each of the Group's operating subsidiaries has established its own regulations based on them. With regard to administration of operating subsidiaries, the Group Company Administration Procedures specify matters requiring approval by the headquarters and those to be reported.

2) The Relationship between the Management Organization and Internal Control



3) Description of Management Organization and State of Development of Internal Control Systems

With regard to the design of its internal control systems, the Company has established a basic policy concerning business risk management for the Tonami Holdings Group and is working to appropriately respond to various types of risk that might affect the operation of operating subsidiaries, in order to stabilize the fundamentals of the Group and, should a business risk materialize, to minimize the impact and as far as possible ensure that neither a business loss nor a social loss is incurred.

The Company recognizes the importance of legal compliance and has established the Compliance Committee to ensure compliance. The Group's operating subsidiaries have appointed compliance promotion officers and hold compliance education briefings to inculcate corporate ethics and compliance among their officers and employees in accordance with the Tonami Group Employee Code of Conduct.

Within the Company, activity plans etc. are required to be reported to the Compliance Committee to enable potential violations in the course of business activities to be detected in advance and their occurrence prevented. This system enables swift correction of any violations that occur and implementation of measures to prevent recurrence.

The executive officers strive to promptly execute business in accordance with the basic policy decided by the Board of Directors. The Board of Directors obtains and refers to advice from certified public accountants, attorneys, and other specialists concerning compliance matters related to management, as necessary.

The Company has put in place a structure enabling a rapid response to changes in the business environment and strives to ensure sound management. To this end, the Group's operating subsidiaries have established their own regulations based on the Group Operation Regulations and the Company conducts administration of the Group's operating subsidiaries in accordance with the Group Company Administration Procedures that specify matters requiring approval by the headquarters and those to be reported.

The Internal Audit Office conducts internal audits to verify whether business is executed appropriately and efficiently. It reports to the corporate auditors and the Board of Directors.

Specifically, a system is in place for subsidiaries to report to the Company on matters concerning performance of duties of subsidiaries' directors, executive officers, employees with executive functions, etc., whereby subsidiaries make a monthly report to the Company's Affiliated Company Management Division on the statuses of execution of businesses by subsidiaries' directors and details of their businesses as well as a quarterly report to the Company's Board of Directors on the details of their businesses.

In addition, as a system for ensuring efficient performance of duties by subsidiaries' directors etc., the Company assigns part-time directors and part-time corporate auditors to subsidiaries for supervision and auditing of appropriateness of decision-making and execution of business.

Important matters concerning management of Group companies require prior deliberation by the Company and approval at the Company's Board of Directors. Regarding execution of business based on the decision made by the Board of Directors, persons responsible for execution, details of responsibilities, and execution procedures are stipulated in the Organizational Regulations and the Regulations for Segregation of Duties to ensure efficient performance of duties.

4) State of Internal Auditing and Auditing by Corporate Auditors

Internal auditing at the Company is led by the Internal Audit Office, which is independent of the business units, and its staff assists with the work of the corporate auditors. The Internal Audit Office's independence from the Board of Directors is ensured since decisions of the Board of Directors on Internal Audit Office staff changes require approval of the Board of Corporate Auditors. The Internal Audit Office conducts periodic and unscheduled internal audits of the Company's business, reports to the Board of Corporate Auditors and the Board of Directors, and requests improvements.

The Company's corporate auditors exchange information with the independent auditors, cooperate with the Internal Audit Office, conduct appropriate audits, and hold periodic meetings of the Board of Corporate Auditors.

One standing corporate auditor and two outside corporate auditors possess significant expertise concerning financial and accounting matters gained through their experience over many years. In addition, one substitute corporate auditor has been elected under Article 329, Paragraph 3 of the Companies Act to prepare for any situation in which the number of corporate auditors falls below the number prescribed by laws and regulations.

5) Relationships between Outside Directors and Outside Corporate Auditors

The Company has appointed two outside directors. Directors Mr. Shinichiro Inushima and Mr. Ichiro Tanaka have no capital or business relationships with the Company or other interests in the Company.

The Company considers individuals who have no personal, capital, or business relationships with the Company or other interests in the Company, possess expertise, and are capable of overseeing the Company's overall management based on excellent insight to be suitable for election as outside directors.

Neither of the two outside directors have any of the above-mentioned relationships with the Company. The Company appointed one of the outside directors as an independent officer as required by the Tokyo Stock Exchange and has notified the Tokyo Stock Exchange accordingly.

In accordance with the provision of the Companies Act (Article 335, Paragraph 3), the Company has appointed four corporate auditors, including standing and part-time corporate auditors, of whom two are outside corporate auditors who are working to strengthen the audit function from a third-party stance without being involved in business execution of the Company.

Currently, regarding the supervisory function, which is the principal function of the Board of Directors, outside corporate auditors are working to strengthen the audit function from a third-party stance without being involved in business execution of the Company.

The Company has appointed two outside corporate auditors. Although Corporate Auditor Mr. Yohji Ishiguro owns shares of the Company, the capital relationship between him and the Company is negligible and he has no business relationships with the Company or other interests in the Company. Corporate Auditor Mr. Atsuki Matsumura has no capital or business relationships with the Company or other interests in the Company.

The Company considers individuals who have no personal, capital, or business relationships with the Company or other interests in the Company, possess expertise, and are capable of overseeing management based on excellent insight to be suitable for election as outside corporate auditors.

Neither of the two outside corporate auditors have any of the above-mentioned relationships with the Company. The Company appointed one of the outside corporate auditors as an independent officer as required by the Tokyo Stock Exchange and has notified the Tokyo Stock Exchange accordingly.

The Company has selected one candidate for substitute corporate auditor as provided for in Article 329, Paragraph 3 of the Companies Act in case the number of outside corporate auditors falls below the number prescribed by laws and regulations.

Linkage among auditing by corporate auditors, including outside corporate auditors, internal auditing, and accounting auditing as well as relationships with the internal control unit are described in 4) State of Internal Auditing and Auditing by Corporate Auditors. Through reporting and exchange of opinions at meetings of the Board of Directors, the Company strives to strengthen collaboration among supervision by the outside directors, auditing by corporate auditors, internal auditing, and accounting auditing and establish fruitful relationships between the outside directors and the internal control unit.

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded contracts with the outside directors and outside corporate auditors that limit their liability under Article 423, Paragraph 1 of the said Act. The liability for damages pursuant to these contracts is limited to the liability amount prescribed by laws and regulations. The limitation of liability stated above is only applicable if the outside director or outside corporate auditor is without knowledge and is not grossly negligent in performing his duties causing such liability.

(2) State of Development of the Risk Management Structure

In accordance with the Tonami Group Business Risk Management Regulations, the president serves as the Chief Risk Management Officer, risk management officers are appointed for each type of risk, and a risk management structure is established.

In the event of unforeseen circumstances, in accordance with the Tonami Group Large-scale Disaster Response Regulations and the Tonami Group Emergency Response Regulations, the Company will establish an Emergency Response Headquarters, which will be headed by the president. The Company will mount a rapid and appropriate response in accordance with the regulations and put in place a structure to prevent the spread of damage and minimize damage.

The status of operation of systems for ensuring appropriateness of business operations of the

Company in the fiscal year ended March 31, 2017 is as follows. Periodic meetings of the Company's Board of Directors were held 11 times during the year under review. In addition to regular reporting and confirmation of matters, the Board of Directors deliberated and made decisions on important matters stipulated in the Board of Directors Regulations. Also, the results of monitoring of the statuses of directors' performance of duties were reported to the Board of Directors.

The Compliance Committee consisting of the president, directors in charge of compliance, and other members met every month and reported the statuses of compliance and operational risk management to subsidiaries' boards of directors and the Company's Board of Directors. Regarding retention and management of information concerning directors' performance of duties, documents pertaining to the Board of Directors meetings and other documents concerning directors' performance of duties were retained in chronological order in accordance with the Document Handling Regulations and the Document Retention Regulations.

To manage risks of loss, the Company received periodic reporting on major risks to which the Group's operating subsidiaries are exposed from the president of each operating subsidiary or its officer in charge via the Compliance Committee and checked the statuses of risk management.

To ensure the propriety of business operations of the Group's operating subsidiaries, the Company has established the Tonami Group Employee Code of Conduct, consisting of action guidelines, and the Group's operating subsidiaries have established regulations based on the code of conduct.

With regard to administration of the Group's operating subsidiaries, matters requiring approval by the headquarters and those to be reported are specified in the Group Company Administration Procedures and management of operations is in accordance with the Group Operation Regulations.

In the event that a director discovers a violation of the law or any other important matter related to compliance in an operating subsidiary of the Group, the director is required to report the matter to a corporate auditor. In the event that an operating subsidiary of the Group finds that the administration by the Company or management instructions issued by the Company violate the law or becomes aware of any other compliance-related problem, the subsidiary is required to report the matter to the Internal Audit Office. In such a case, the Internal Audit Office promptly reports the matter to a corporate auditor and the corporate auditor receiving the report may express an opinion and request improvement measures.

The Company has established the Tonami Group Internal Reporting Regulations and operates an internal reporting system concerning violations of the law and other matters related to compliance covering the entire Tonami Holdings Group.

The Company prohibits disadvantageous treatment of the Company's directors or employees who made such reports to the Group's corporate auditors on the grounds that they made such reports and ensures that the Group's directors and employees are thoroughly aware of this policy.

The Company will have no relationships with antisocial forces. The Company will take resolute action against any undue claims or actions by antisocial forces on the basis of cross-organizational cooperation in close collaboration with the police and other external specialist organizations and will never provide any benefit to antisocial forces.

Corporate Social Responsibility Activities

Basic Policy on Corporate Social Responsibility

Having positioned management that emphasizes fulfillment of social responsibility based on compliance as an essential element of its Three-year Medium-Term Business Plan, the Tonami Holdings Group aspires to contribute to society continuously from an increasingly global perspective.

Amid rapid change in the environment in which the logistics industry operates, the Legal Division is leading the Group's efforts to strengthen appropriate and flexible responses to legal and contractual risks.

Adhering to the Tonami Group Employee Code of Conduct, and with the action principle "Ensure compliance throughout business activities," the Tonami Holdings Group endeavors to create further value through its business and fulfill its corporate social responsibility (CSR).

In addition, we are working to bolster systems to ensure compliance based on appropriate operation of business processes by inspecting premises and issuing guidance to them through the business process improvement projects and periodic auditing of business processes by the Internal Audit Office.

As a logistics enterprise, we must ensure transportation safety, accord consideration to the environment, ensure legal compliance and compliance with other rules, respect human rights, and contribute to local communities. We are committed to further strengthening corporate governance and promoting compliance management.

Mindful that transportation is an aspect of social infrastructure and based on the concept of building a safe society, we are striving to protect the environment by promoting environmentally friendly business activities involving minimal waste of energy through our initiatives to improve logistics efficiency, encourage fuel-efficient driving by using digital tachographs, and promote joint transportation and delivery.

In view of the frequent occurrence of unprecedented disasters, we are working to compile business continuity plans (BCP) based on the Large-scale Disaster Response Regulations in order to swiftly obtain information on core business processes and fulfill our role as a logistics enterprise in the event of a disaster.

With an eye to the prosperity and quality of life of future generations, the Group endeavors to achieve sustainable growth of the business while minimizing environmental impacts. In this way, we are striving to fulfill our social responsibility far into the future.

Principal CSR Initiatives and State of Implementation

Annual social and environmental report

Environmental Protection Activities

Recognizing that environmental protection is a crucially important theme that concerns the maintenance of the ecosystem, adhering to our principle—"Contribute to society through transportation and strive to protect the environment"—we will act in accordance with the following policies.

This truck runs on natural gas

1. We will do the following to mitigate environmental pollution associated with transportation services:
   (a) We will introduce environmentally friendly vehicles.
   (b) We will practice environmentally friendly driving.
   (c) We will create eco-friendly distribution systems through more efficient distribution.
   (d) We will establish a recycling system to contribute to establishment of a recycling-based society.
   (e) We will promote development and provision of environmentally friendly products.
   (f) We will make continuous efforts to save resources and energy and to achieve improvements every day.
2. We will ensure compliance with environment-related laws and regulations at the national and municipal levels and other requirements that the Company undertakes to fulfill in its efforts to protect the environment.
3. We will set specific environmental objectives and environmental goals, conduct periodic reviews, and work to achieve continuous improvement of environmental management systems.
4. We will communicate these policies to all employees through internal environmental education and awareness-raising initiatives, and we will disclose these policies to the public. We will also vigorously participate in environmental protection activities in local communities.


Encouraging local people to take up badminton

Social Contributions

The Tonami Holdings Group is contributing to society through involvement in various community activities, including providing support to welfare facilities and fostering of the next generation.

Our social contribution activities include participation in voluntary clean-up campaigns, such as "neighborhood adoption" programs promoted by local government, and the donation of vehicles to social welfare facilities through the General Incorporated Association "Tonami Holdings Shozyukai."

We transport relief supplies when natural disasters occur. The Tonami Transportation Badminton Club offers badminton coaching as a local sports promotion activity.


A clean-up in progress

Financial Section

Consolidated Five-Year Summary

TONAMI HOLDINGS CO., LTD
AND CONSOLIDATED SUBSIDIARIES

Years ended March 31

	Millions of yen					Thousands of U.S. dollars
	2014	2015	2016	2017	2018	2018
RESULTS OF OPERATIONS:						
Operating revenues	¥121,129	¥122,547	¥122,959	¥125,509	¥130,886	$1,231,993
Operating cost	111,651	111,775	111,666	113,674	118,141	1,112,026
Selling, general and administrative expenses	6,237	6,019	6,053	6,716	7,113	66,956
Operating income	3,240	4,752	5,239	5,118	5,631	53,010
Net income	2,370	3,238	3,526	3,762	3,159	29,742
Depreciation expenses	4,361	4,365	4,687	4,939	5,089	47,910
PER SHARE (yen and U.S. dollars):						
Net income	¥ 26.13	¥ 35.69	¥ 38.88	¥ 41.48	¥ 348.47	$ 3.2800
Cash dividends	4.50	6.00	6.50	7.50	44.00	0.4142
YEAR-END FINANCIAL POSITION:						
Total current assets	¥ 34,204	¥ 36,076	¥ 37,418	¥ 40,352	¥ 43,473	$ 409,203
Net property and equipment	70,837	71,168	70,857	71,465	70,669	665,189
Total assets	117,149	120,887	121,212	126,769	129,578	1,219,675
Total current liabilities	37,480	39,333	34,761	34,209	34,612	325,798
Long-term liabilities, excluding of current portion thereof	30,376	26,906	29,280	31,407	30,707	289,042
Total net assets	49,292	54,647	57,169	61,152	64,257	604,835
OTHER YEAR-END DATA:						
Number of employees	6,492	6,447	6,431	6,494	6,440	

Note: The Company conducted a 1-for-10 reverse stock split of its shares of common stock effective October 1, 2017. Accordingly, net income per share was calculated under the assumption that the said reverse stock split had been conducted at the beginning of the fiscal year ended March 31, 2015.

Forward-looking statements in the discussion below represent the best judgment of the Tonami Holdings Group as of the end of the fiscal year under review.

Significant Accounting Policies and Estimates

The consolidated financial statements of the Tonami Holdings Group have been prepared in accordance with accounting principles generally accepted in Japan. Estimates used in the preparation of the consolidated financial statements that may affect the reported amounts of assets and liabilities on the closing date and the reported revenues and expenses for the reporting period are principally deferred tax assets, the allowance for doubtful accounts, net defined benefit liability, and income taxes. These estimates are subject to continuous, reasonable assessment.

Estimates, judgments, and assessments are made on the basis of factors that are deemed reasonable in light of past performance and conditions. However, since estimates invariably involve uncertainties, actual results may differ from the estimates.

Analysis of Consolidated Operating Results

Operating Revenues

Operating revenues amounted to ¥130,886 million, an increase of 4.3% or ¥5,377 million year on year, owing to improved demand for 3PL services and other logistics services.

Composition of Operating Revenues

	Composition	Percentage point change from the previous year
Logistics:	92.3%	+4.5%
Road haulage operations and freight forwarding operations	69.4	+3.7
Warehousing operations	18.9	+8.1
Harbor transport operations	4.0	+1.2
Information processing business	2.0	−6.3
Sales businesses	4.5	+2.1
Other businesses	1.2	+20.8

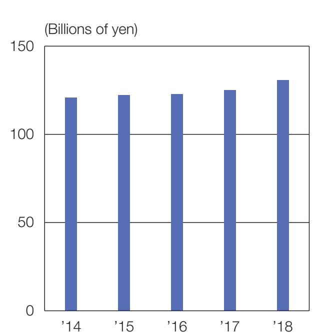
Operating income

Whereas costs increased due to expenses associated with the promotion of "work-style reform" and a sharp rise in unit fuel prices and the size-based business tax increased because of the increased labor cost in order to maintain logistics quality and services, the cost burden decreased through collection of appropriate fees, including freight charges and rates. As a result, operating income amounted to ¥5,631 million, an increase of 10.0% or ¥513 million year on year.

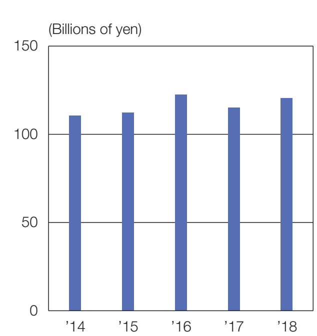
Net income attributable to owners of the parent

Owing to the recording of impairment losses and the application of deferred tax accounting, net income attributable to owners of the parent amounted to ¥3,159 million, a decrease of 16.0% or ¥602 million year on year.

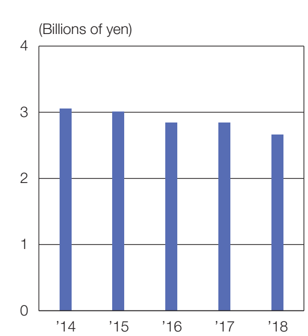
Operating Revenues



Sales of Logistics



Sales of Information Processing Business



Analysis of the Financial Position

Assets

Current assets were ¥43,473 million, an increase of 7.7% from the previous fiscal year-end. This increase was mainly attributable to a ¥1,690 million increase in cash and time deposits and a ¥1,121 million increase in trade accounts receivable.

Non-current assets amounted to ¥86,104 million, a decrease of 0.4% from the previous fiscal year-end. This decrease was mainly attributable to a ¥831 million decrease in buildings and structures, a ¥510 million decrease in leased assets, and an ¥807 million decrease in goodwill, whereas construction in progress and investments in securities increased ¥293 million and ¥775 million, respectively.

As a result, total assets amounted to ¥129,578 million, an increase of 2.2% or ¥2,808 million from the previous fiscal year-end.

Liabilities

Current liabilities were ¥34,612 million, an increase of 1.2% from the previous fiscal year-end. This increase was mainly attributable to a ¥510 million increase in trade accounts payable and a ¥116 million increase in income taxes payable, whereas trade notes payable decreased ¥556 million.

Long-term liabilities were ¥30,707 million, a decrease of 2.2% from the previous fiscal year-end. This decrease was mainly attributable to a ¥609 million decrease and a ¥503 million decrease in long-term debt and in lease obligations, respectively.

As a result, total liabilities amounted to ¥65,320 million, a decrease of 0.5% or ¥296 million from the previous fiscal year-end.

Net assets

Net assets amounted to ¥64,257 million, an increase of 5.1% from the previous fiscal year-end. The main factor was a ¥2,459 million increase in retained earnings as a result of recording net income attributable to owners of the parent of ¥3,159 million.

Analysis of Cash Flows

Cash and cash equivalents on a consolidated basis for the year under review increased ¥1,690 million from the previous year to ¥17,262 million as a result of net cash provided by operating activities amounting to ¥8,846 million, net cash used in investing activities amounting to ¥2,888 million, and net cash used in financing activities amounting to ¥4,266 million.

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥8,846 million, a decrease of ¥60 million from the previous year. Principal items were income before income taxes amounting to ¥5,268 million, a ¥1,114 million increase in trade receivables, and income taxes paid amounting to ¥2,312 million.

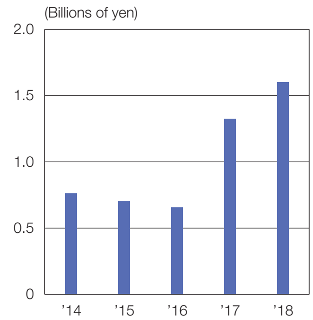
Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥2,888 million, a decrease of ¥500 million from the previous year. The principal items were payments of ¥2,775 million and ¥198 million for the purchase of property and equipment and for the purchase of shares of subsidiaries resulting in change in scope of consolidation, respectively.

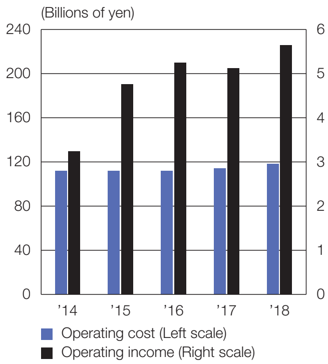
Cash Flows from Financing Activities

Net cash used in financing activities totaled ¥4,266 million, an increase of ¥960 million from the previous year. Cash outflows included repayment of long-term debt amounting to ¥829 million, repayment of lease obligations amounting to ¥2,800 million, and dividends paid amounted to ¥725 million, whereas cash inflows included proceeds from long-term debt amounting to ¥100 million.

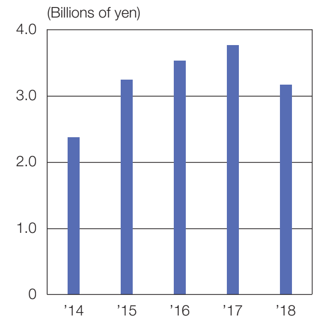
Sales of Other Business



Operating Cost and Operating Income



Net Income



Risk Factors

The principal business of the Tonami Holdings Group is the logistics-related business centering on road haulage operations and freight forwarding operations. The Group's business is subject to impacts of fluctuation of the Japanese economy and the world economy, customers' streamlining of logistics, restructuring, and deterioration of business results, and suspension of business transactions with customers. The business environment in which the Group operates entails the risk of difficulty in absorbing cost increases due to such factors as sharp increases in the price of crude oil and interest rate increases that exceed expectations.

In the event of the occurrence of a major disaster, such as an earthquake, in the regions where the Group operates, there is a risk that damage to facilities may greatly affect the Group's business operations.

In the event that the retention, development and recruitment of human resources indispensable for business expansion do not progress as envisaged in the plan, strategic tie-ups including acquisitions and capital partnerships do not develop as planned, or that social risks materialize with respect to the Group's overseas business expansion, there may be an adverse impact on the Group's business activities and business results.

The Group handles a huge amount of customer information and strives to appropriately manage such information. However, in the event of leakage of information owing to trouble concerning safekeeping, the credibility of the Group may be undermined and claims may be made for damages against the Group. In the event of trouble concerning IT systems caused by a natural disaster, computer virus infection, etc., there may be an adverse impact on the Group's business results and financial condition.

There is also a possibility of cost increases due to the strengthening of environmental regulations and for ensuring compliance with stricter safety regulations, and the increased burden may have an adverse impact on the Group's business results and financial condition.

In the event of the occurrence of a serious problem, such as a vehicle accident, there is a risk of loss of customer confidence and public trust that could have an adverse impact on the Group's business results and financial position.

In the event that impairment becomes necessary in accordance with the impairment accounting applicable to fixed assets for business use or there is a great change in the estimates of future taxable income and reversal of deferred tax assets is required, there may be an adverse impact on the Group's business results and financial position.

The Group may launch a new business or invest in or acquire other companies in order to further expand the growth field. Such investment may not have the expected impact, a joint-venture company may not be operated in a manner the Company considers appropriate, the Company may bear an economic burden, and operations of the investing companies other than the Company may deteriorate or they may withdraw from the business.

Strategic Position and Outlook

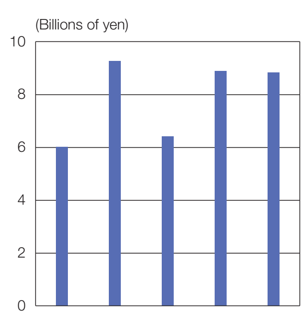
Although the moderate recovery of the Japanese economy is expected to continue with robust corporate earnings, the business environment of the logistics industry is likely to remain challenging, in view of such factors as an increasingly tight labor supply/demand situation in Japan and rising prices of raw materials.

In its efforts to continue to offer high-quality logistics services, having set work-style reform as a pillar of management and setting the three years from April 1, 2018 to March 31, 2021 as the period in which the Group is to evolve into an enterprise capable of achieving stable growth, the Group formulated the 21st Medium-Term Business Plan centering on six reforms with a corporate slogan "Try & Growth 2020 — Evolving into a continuous growth company!" and is working to strengthen the management foundation for ensuring business continuity.

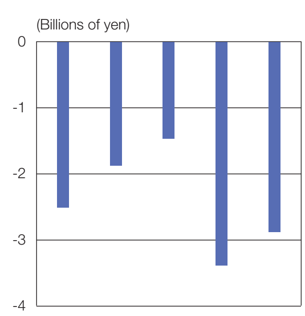
While "improving labor productivity" primarily through the utilization of IT and vigorously promoting "work-style reform" including reduction of total working hours and improvement of the work environment and employee benefits, we will expand business with the aim of becoming an enterprise contributing to sustainable growth by "strengthening business competitiveness" through "improvement of transportation functions and enhancement of operational efficiency and reliability of the mainstay special loading business," "strengthening of 3PL services and expansion of the market share," and "proactive promotion of capital and business alliances and M&A," as well as "facilitating collection of appropriate fees" for logistics services.

Meanwhile, KYK Co., Ltd. (Kashiwa-shi, Chiba Prefecture) became the Group's operating subsidiary in June 2018. Going forward, the Group will continue its efforts to expand added value, including by offering increasingly sophisticated transportation services.

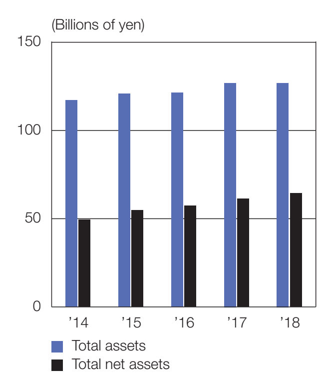
Net Cash Provided by Operating Activities



Net Cash Used in Investing Activities



Total Assets and Total Net Assets



Consolidated Balance Sheets

TONAMI HOLDINGS CO., LTD.
AND CONSOLIDATED SUBSIDIARIES

As of March 31, 2018 and 2017

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Current assets:			
Cash and time deposits (Notes 12 and 14)	¥ 17,283	¥ 15,592	$ 162,681
Trade receivables:			
Notes and accounts (Notes 5, 8 and 14)	22,028	20,908	207,349
Less: allowance for doubtful accounts	(17)	(27)	(167)
Investments in lease assets	43	55	407
Inventories	552	571	5,203
Deferred tax assets (Note 19)	829	774	7,806
Income taxes receivable	559	240	5,263
Other current assets	2,195	2,236	20,661
Total current assets	43,473	40,352	409,203
Property and equipment (Notes 3, 4 and 6):			
Land	40,844	40,713	384,452
Buildings and structures	19,521	20,352	183,746
Machinery and vehicles	2,629	2,493	24,753
Leased assets (Note 13)	6,697	7,208	63,045
Construction in progress	293	—	2,758
Other	683	696	6,435
Total property and equipment	70,669	71,465	665,189
Investments and other assets:			
Investments in securities (Note 15)	9,654	8,879	90,873
Deferred tax assets (Note 19)	539	—	5,079
Goodwill	67	875	637
Other	5,173	5,196	48,694
Total investments and other assets	15,434	14,951	145,283
Total assets	¥129,578	¥126,769	$1,219,675

The accompanying Notes are an integral part of these statements.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Current liabilities:			
Short-term bank loans (Notes 7 and 14)	¥ 9,700	¥ 9,690	$ 91,303
Current portion of long-term debt (Notes 4, 7 and 16)	654	701	6,158
Trade notes and accounts payable (Notes 8 and 14)	12,484	12,531	117,509
Lease obligations (Note 14)	2,568	2,593	24,178
Income taxes payable	1,522	1,362	14,331
Other current liabilities	7,682	7,330	72,309
Total current liabilities	34,612	34,209	325,797
Long-term liabilities:			
Long-term debt, less current portion thereof (Notes 4, 7, 14 and 16)	10,953	11,562	103,099
Lease obligations (Note 14)	4,979	5,482	46,868
Deferred tax liability (Note 17)	2,520	1,620	23,727
Deferred tax liabilities from revaluation reserve for land (Note 6)	3,765	3,776	35,442
Retirement benefits for directors and corporate auditors	153	153	1,445
Net defined benefit liability (Note 17)	6,931	7,109	65,241
Provision for loss on guarantees	57	—	538
Other long-term liabilities	1,347	1,701	12,682
Total long-term liabilities	30,707	31,407	289,043
Total liabilities	65,320	65,617	614,840
Net assets			
Shareholders' equity (Note 18):			
Common stock:			
Authorized: 29,920,000 shares in 2018			
29,920,000 shares in 2017			
Issued: 9,761,011 shares in 2018			
9,761,011 shares in 2017	14,182	14,182	133,496
Capital surplus	11,699	11,699	110,121
Retained earnings	30,770	28,310	289,627
Treasury stock, at cost: 695,472 shares in 2018			
692,061 shares in 2017	(2,055)	(2,037)	(19,345)
Total shareholders' equity	54,596	52,154	513,899
Other comprehensive income			
Unrealized gain on other securities	2,901	2,355	27,309
Revaluation reserve for land (Note 6)	6,352	6,378	59,798
Remeasurements of defined benefit plans (Note 17)	368	231	3,472
Accumulated other comprehensive income (Note 11)	9,623	8,965	90,580
Minority interests:			
Minority interests	37	32	355
Total net assets	64,257	61,152	604,835
Total liabilities and net assets	¥129,578	¥126,769	$1,219,675

The Company conducted a 1-for-10 reverse stock split of its shares of common stock effective October 1, 2017. Accordingly, the number of shares of common stock and the number of shares of treasury stock were calculated under the assumption that the said reverse stock split had been conducted at the end of the fiscal year ended March 31, 2017.

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

TONAMI HOLDINGS CO., LTD.
AND CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Operating revenues (Note 22):			
Operating revenues	¥130,886	¥125,509	$1,231,993
	130,886	125,509	1,231,993
Operating costs and selling, general and administrative expenses:			
Operating cost (Note 20)	118,141	113,674	1,112,026
Selling, general and administrative expenses (Note 20)	7,113	6,716	66,956
	125,254	120,390	1,178,982
Operating income (Note 22)	5,631	5,118	53,010
Other income and expenses:			
Interest and dividend income	348	313	3,284
Equity in earnings of unconsolidated subsidiaries and affiliates	123	19	1,161
Loss on sale of property and equipment, net	87	54	822
Interest expenses	(219)	(237)	(2,069)
Impairment losses (Note 9)	(163)	(56)	(1,539)
Loss on impairment of goodwill (Note 10)	(639)	—	(6,021)
Other	100	(3)	944
	(363)	88	(3,418)
Income before income taxes and minority interests	5,268	5,206	49,593
Income taxes (Note 19):			
Current	2,201	1,991	20,723
Deferred	(102)	(556)	(965)
	2,099	1,435	19,758
Net income before minority interests	3,169	3,771	29,835
Minority interests	9	9	93
Net income	¥ 3,159	¥ 3,762	$ 29,742
Minority interests	9	9	93
Net income before minority interests	3,169	3,771	29,835
Other comprehensive income (Note 11):			
Valuation difference on other securities	545	820	5,136
Revaluation reserve for land	—	—	—
Remeasurement of defined benefit plans	137	112	1,294
Share of other comprehensive income (loss) of associates accounting for using the equity method	0	2	1
Total other comprehensive income	683	935	6,432
Total comprehensive income for the year	¥ 3,852	¥ 4,706	$ 36,266
Total comprehensive income attributable to:			
Owners of the parent	¥ 3,843	¥ 4,697	$ 36,173
Minority interests	9	9	93

The accompanying Notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

TONAMI HOLDINGS CO., LTD.
AND CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2018 and 2017

	Shares of common stock (thousands)	Millions of yen										
		Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain on other securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Accumulated other comprehensive income	Minority interests	Total net assets
Balance as at April 1, 2016	97,610	¥14,182	¥11,699	¥25,262	¥(2,035)	¥49,109	¥1,532	¥6,381	¥119	¥8,032	¥28	¥57,169
Cash dividends applicable to the year (¥7.50 per share)				(634)		(634)						(634)
Net income				3,762		3,762						3,762
Change in ownership interests of the parent arising from transactions with non-controlling shareholders						—						—
Reversal of Revaluation reserve for land				2		2						2
Change of scope of equity method				(82)		(82)						(82)
Treasury stock					(2)	(2)						(2)
Net changes in items other than shareholders' equity						—	823	(2)	112	932	4	936
Balance as at March 31, 2017	97,610	¥14,182	¥11,699	¥28,310	¥(2,037)	¥52,154	¥2,355	¥6,378	¥231	¥8,965	¥32	¥61,152
Balance as at April 1, 2017	9,761	¥14,182	¥11,699	¥28,310	¥(2,037)	¥52,154	¥2,355	¥6,378	¥231	¥8,965	¥32	¥61,152
Cash dividends applicable to the year (¥44 per share)				(725)		(725)						(725)
Net income				3,159		3,159						3,159
Change in ownership interests of the parent arising from transactions with non-controlling shareholders						—						—
Reversal of Revaluation reserve for land				25		25						25
Change of scope of equity method						—						—
Treasury stock					(17)	(17)						(17)
Net changes in items other than shareholders' equity						—	545	(25)	137	657	5	663
Balance as at March 31, 2018	9,761	¥14,182	¥11,699	¥30,770	¥(2,055)	¥54,596	¥2,901	¥6,352	¥368	¥9,623	¥37	¥64,257

	Thousands of U.S. dollars (Note 1)										
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain on other securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Accumulated other comprehensive income	Minority interests	Total net assets
Balance as at April 1, 2017	$133,496	$110,121	$266,476	$(19,181)	$490,912	$22,172	$60,038	$2,178	$84,388	$306	$575,606
Cash dividends applicable to the year ($0.4141 per share)			(6,830)		(6,830)				—		(6,830)
Net income			29,742		29,742				—		29,742
Change in ownership interests of the parent arising from transactions with non-controlling shareholders					—				—		—
Reversal of Revaluation reserve for land			239		239				—		239
Change of scope of equity method					—				—		—
Treasury stock				(163)	(163)				—		(163)
Net changes in items other than shareholders' equity					—	5,137	(239)	1,294	6,192	49	6,241
Balance as at March 31, 2018	$133,496	$110,121	$289,627	$(19,345)	$513,899	$27,309	$59,798	$3,472	$90,580	$355	$604,835

1. The accompanying Notes are an integral part of these statements.
2. The Company conducted a 1-for-10 reverse stock split of its shares of common stock effective October 1, 2017. Accordingly, the number of shares of common stock outstanding was calculated under the assumption that the said reverse stock split had been conducted at the beginning of the fiscal year ended March 31, 2018.

Consolidated Statements of Cash Flows

TONAMI HOLDINGS CO., LTD.
AND CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 5,268	¥ 5,206	$ 49,593
Depreciation and amortization	5,089	4,939	47,910
Impairment losses	163	56	1,539
Loss on impairment of goodwill	639	—	6,021
Gain on disposal of property and equipment	(87)	(54)	(822)
Gain on sales of investment in securities	0	(0)	4
Loss on devaluation of investments in securities	120	128	1,138
Loss on devaluation of golf club memberships	0	26	5
Amortization of goodwill	203	103	1,913
Equity in earnings of unconsolidated subsidiaries and affiliates	(123)	(19)	(1,161)
(Decrease) increase in allowance for doubtful accounts	34	83	321
Decrease in net defined benefit liability	17	110	160
Increase (decrease) in directors' and corporate auditors' retirement benefits	0	40	2
Increase in accrued bonuses to employees	68	78	645
Interest and dividend income	(348)	(313)	(3,284)
Interest expenses	219	237	2,069
Decrease (increase) in trade receivables	(1,114)	(102)	(10,490)
Decrease (increase) in inventories	18	61	177
(Decrease) increase in accounts payable	342	741	3,219
Increase in accrued consumption taxes	97	(95)	920
Other, net	418	(101)	3,943
Subtotal	11,030	11,128	103,822
Interest and dividends received	348	313	3,284
Interest paid	(219)	(236)	(2,070)
Income taxes paid	(2,312)	(2,298)	(21,768)
Net cash provided by operating activities	8,846	8,907	83,268
Cash flows from investing activities:			
Purchase of time deposits	(22)	(22)	(207)
Proceeds from redemption of time deposits	22	23	207
Purchase of property and equipment	(2,775)	(1,781)	(26,128)
Proceeds from sales of property and equipment	184	164	1,741
Purchase of investments in securities	(21)	(54)	(201)
Proceeds from redemption of investments in securities	21	2	206
(Payment for) proceeds from purchase of investments in consolidated subsidiaries	(198)	(1,544)	(1,868)
Investments in loans receivable	(314)	(280)	(2,965)
Proceeds from collection of loans receivable	275	297	2,589
Other, net	(60)	(189)	(567)
Net cash used in investing activities	(2,888)	(3,388)	(27,193)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans	10	(1,000)	94
Proceeds from long-term debt	100	3,500	949
Repayment of long-term debt	(829)	(2,699)	(7,809)
Repayments of lease obligations	(2,800)	(2,464)	(26,360)
Purchase of treasury stock	(17)	(2)	(163)
Dividends paid	(725)	(634)	(6,830)
Dividends paid to minority interests	(4)	(4)	(44)
Net cash used in financing activities	(4,266)	(3,305)	(40,163)
Net increase (decrease) in cash and cash equivalents	1,690	2,212	15,912
Cash and cash equivalents at beginning of year	15,571	13,359	146,571
Cash and cash equivalents at end of year (Note 12)	¥17,262	¥15,571	$146,483

The accompanying Notes are an integral part of these statements.

Notes to the Consolidated Financial Statements

TONAMI HOLDINGS CO., LTD.
AND CONSOLIDATED SUBSIDIARIES

1 Basis of presenting financial statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by Tonami Holdings Co., Ltd. (the "Company") and consolidated subsidiaries in accordance with accounting principles generally accepted in Japan, which differ in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the Company's consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥106.24 to U.S.$1, the approximate rate of exchange at March 31, 2018. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2 Summary of significant accounting policies

(a) Consolidation

The accompanying consolidated financial statements as of March 31, 2018 include the accounts of the Company and its 23 (22 in 2017) consolidated subsidiaries and 6 (7 in 2017) affiliates accounted for by the equity method.

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method. Four subsidiaries and one affiliate considered insignificant in view of total assets, operating revenues, net income and retained earnings are excluded from the scope of consolidation and not accounted for by the equity method.

The difference between the cost of an acquisition and the fair value of the net assets of the acquired subsidiary at the date of acquisition is being equally amortized over a period of 5 years after incurred. However, if the amount is immaterial, it is fully charged to income at the date of acquisition.

All significant intercompany balances and transactions have been eliminated in consolidation.

(b) Marketable securities and investments in securities

Securities, except for investments in unconsolidated subsidiaries and affiliates, are classified as trading securities, held-to-maturity securities or other securities. Trading securities are carried at fair value. Held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any unrealized gain or loss reported as a separate component of net assets, net of taxes.

Non-marketable securities classified as other securities are carried at cost determined by the moving-average method.

Cost of securities sold is determined principally by the moving average method.

(c) Inventories

Inventories are stated at the lower of cost, determined principally by the last purchase price method or partially by the specific identification method, or net selling value.

(d) Derivatives

Derivative financial instruments are stated at fair value.

Interest-rate swaps which meet specific matching criteria and qualify for hedge accounting treatment are not re-measured at market value; however, the differentials paid or received under the respective swap agreements are recognized and included as interest expense or income.

(e) Property and equipment and intangible assets

Property and equipment are stated at cost. However, under Japanese tax law, capital gains arisen from disposals and other similar transactions are deducted from the cost of the property and equipment acquired in substitution.

Depreciation of property and equipment, except for leased assets, is computed by the declining balance method over the useful life of the assets as determined by law, except for buildings and structures, which are depreciated by the straight-line method.

The ranges of useful lives of principal property and equipment are as follows:

Buildings and structures	2–67 years
Machinery and vehicles	2–17 years

Leased assets under the finance lease arrangements which do not transfer ownership of the leased assets to the lessee are depreciated by the straight-line method over the respective lease periods without residual values. However, if the guaranteed salvage value is specified in the lease contracts, they are depreciated by the straight-line method considering such salvage value.

(f) Allowance for doubtful accounts

Allowance for doubtful accounts is provided in an amount sufficient to cover possible losses on collection. Said amount is computed by applying the rate of actual losses on collection experienced in the past with respect to general trade receivables and by individually reviewing their collectibility with respect to certain doubtful receivables.

(g) Provision for bonuses

Provision for bonuses is provided based on the estimated amount payable.

(h) Retirement benefits for directors and corporate auditors

Some consolidated subsidiaries provide necessary payments to directors and corporate auditors at the end of the fiscal year determined according to internal company rules to a reserve for retirement benefits for directors and corporate auditors.

(i) Provision for loss on guarantees

Provision for loss on guarantees is provided in an amount sufficient to cover a possible loss on guarantees, taking into consideration the financial condition of the parties to which guarantees have been provided.

(j) Accounting method for retirement benefits

Full-time employees of the Company and its consolidated subsidiaries are entitled to a lump-sum payment upon retirement or severance of employment. In order to provide for the employees' severance and retirement benefits, the Company and its consolidated subsidiaries record a net defined benefit liability, which is included in the liability section of the consolidated balance sheet, based on the estimated amounts of projected benefit obligation and plan assets at the balance sheet dates. In calculating the retirement benefit obligations, the benefit formula basis is used in determining the amount of the expected retirement benefit obligation attributed to service performed up to the end of the current fiscal year.

Actuarial gains and losses are recognized in expenses using the straight-line method over 9 years (a period not exceeding the employees' average remaining service years) commencing with the year following their occurrence.

Certain consolidated subsidiaries use the simplified method whereby the amount that would be required to be paid if all their eligible employees voluntarily terminated their employment as of the balance sheet date is treated as projected benefit obligation for the calculation of net defined benefit liability and retirement benefit cost.

(k) Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies are translated into yen at the current exchange rates at the balance sheet date, and any gain or loss on translation is credited or charged to income.

(l) Income taxes

Income taxes consist of corporate income tax, inhabitant taxes and enterprise tax.

The Company and its consolidated subsidiaries recognize tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting.

(m) Cash equivalents

Cash equivalents include deposits placed with banks on demand and highly liquid investments with insignificant risk of changes in value which have maturities of three months or less when purchased.

(n) Net income per share

Basic income per share is computed using the weighted-average number of shares of common stock outstanding, which represents the number of issued shares less treasury stock, during each year.

Additional Information

From the fiscal year ended March 31, 2018, the Company records a provision for loss on guarantees in an amount sufficient to cover a possible loss on guarantees, taking into consideration the financial condition of the parties to which guarantees have been provided. The balance of provision for loss on guarantees on March 31, 2018 was ¥57 million ($537 thousand).

3 Property and equipment

Property and equipment are stated at the net book value in the consolidated balance sheets.

The amounts of accumulated depreciation were ¥63,045 million ($593,421 thousand) and ¥60,570 million on March 31, 2018 and 2017, respectively. Capital gains resulting from disposals and other similar transactions are deducted from the cost of property and equipment acquired in substitution.

The amounts deducted from the cost of property and equipment were ¥180 million ($1,696 thousand) and ¥180 million on March 31, 2018 and 2017, respectively.

4 Short-term bank loans and long-term debt

(a) Short-term bank loans

Short-term bank loans as at March 31, 2018 and 2017 were as follows:—

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Secured	¥ 1,970	¥ 2,720	$ 18,543
Unsecured	7,730	6,970	72,760

Interest rates range from 0.33% to 1.500%.

(b) Long-term debt

Long-term debt as at March 31, 2018 and 2017 was as follows:—

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
0.48% ¥5.0 billion unsecured straight bonds due 2021	¥ 5,000	¥ 5,000	$ 47,063
1.000%-2.490% loans from financial institutions due 2016 to 2020 and thereafter:			
Secured	227	318	2,140
Unsecured	6,380	6,945	60,054
Total	11,607	12,263	109,257
Less: amount due within one year	654	701	6,158
	¥10,953	¥11,562	$103,099

The maturity date of the ¥5.0 billion 0.48% unsecured straight bonds, issued in February 2016, is February 4, 2021.

The annual maturities of long-term debt outstanding as at March 31, 2018 are as follows:—

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2019	¥ 654	$ 6,158
2020	3,790	35,678
2021	5,060	47,635
2022	2,042	19,223
2023	19	187
2024	40	377

(c) Pledged assets

Property and equipment having a net value of ¥4,362 million ($41,060 thousand) was pledged as collateral for short-term bank loans and long-term debt as at March 31, 2018.

5 Contingent liabilities

As at March 31, 2018, the Company was contingently liable as follows:—

	Millions of yen	Thousands of U.S. dollars
Notes endorsed	¥ 3	$ 37
Others	¥ 27	$ 258

6 Revaluation reserve for land

In accordance with the Law concerning Revaluation of Land enacted on March 31, 1998, the Company has revaluated its owned land used for business operations as at March 31, 2000 and reported a revaluation reserve for land under "Net assets."

The revaluated book value of land was determined based on the value of land registered on the cadastres or their supplementary records, which are provided by the Local Tax Law under the Law Concerning Revaluation of Land, after making reasonable adjustments.

	Millions of yen	Thousands of U.S. dollars
Difference between the fair market value of revalued land at March 31, 2018 and the revalued book value	¥8,608	$81,030

7 Restrictive financial covenants

(1) The Company has entered into overdraft facility and credit line commitment agreements (term of contract of three years) with ten banks for the purpose of efficient procurement of working capital.

Outstanding balance of unused credit concerning overdraft facility and credit line commitment agreements at March 31, 2018, was as follows:

	Millions of yen	Thousands of U.S. dollars
Maximum credit line of overdraft facility and commitment agreement	¥3,000	$28,238
Used credit	—	—
Total	¥3,000	$28,238

The agreements include restrictive financial covenants requiring net assets as of the fiscal year end to exceed predetermined amount.

(2) Of borrowings of the Company and certain subsidiaries, syndicated loan agreements (outstanding balance at March 31, 2018: ¥600 million ($5,648 thousand)) include restrictive financial covenants requiring assets at a fiscal year-end to exceed the predetermined amount.

8 Notes due at the end of the fiscal year

Notes due at the end of the fiscal year are treated as if they were settled on the due date.

Since the last day of the fiscal year, March 31, 2018, was a holiday for financial institutions, the following notes due at the end of the fiscal year were treated as if they were settled on the due date.

	Millions of yen	Thousands of U.S. dollars
Trade notes receivable	¥342	$3,222
Trade notes payable	¥175	$1,655

9 Impairment losses

The Group recorded impairment losses on the asset groups stated below.

Fiscal year ended March 31, 2017

As a comprehensive logistics enterprise, the Group employs management accounting at offices that belong to road haulage business or other business groups.

The Group's business sites nationwide are the Group's bases for offering services as a comprehensive logistics enterprise to customers and, in many cases, offices of two or more business groups are located at a business site to respond to customers.

Offices of business groups complement one another and a business site is a unit that generates cash flows. Thus, the aggregate of assets of business groups' offices located at a business site constitutes an asset group.

With regard to an asset group for which the Company recognized impairment loss, the future cash flow is expected to be insufficient due to factors such as increases in personnel expenses, fuel costs, and subcontractor fees. Accordingly, the book value of the asset group was reduced to the recoverable amount and ¥56 million ($507 thousand) was recognized as an impairment loss.

The impairment loss comprised ¥55 million ($493 thousand) for land, ¥1 million ($13 thousand) for buildings, and ¥0 million ($0 thousand) for structures.

The recoverable amounts of the impaired asset group are measured by net sales value. Net sales value is assessed principally based on the appraisal value quoted by a real-estate appraiser.

Fiscal year ended March 31, 2018

As a comprehensive logistics enterprise, the Group employs management accounting at offices that belong to road haulage business or other business groups.

The Group's business sites nationwide are the Group's bases for offering services as a comprehensive logistics enterprise to customers and, in many cases, offices of two or more business groups are located at a business site to respond to customers.

Offices of business groups complement one another and a business site is a unit that generates cash flows. Thus, the aggregate of assets of business groups' offices located at a business site constitutes an asset group.

With regard to an asset group for which the Company recognized impairment loss, the future cash flow is expected to be insufficient due to factors such as increases in personnel expenses, fuel costs, and subcontractor fees. Accordingly, the book value of the asset group was reduced to the recoverable amount and ¥163 million ($1,539 thousand) was recognized as an impairment loss.

The impairment loss comprised ¥90 million ($854 thousand) for land, ¥3 million ($30 thousand) for buildings, and ¥1 million ($10 thousand) for structures in Shizuoka City, Shizuoka Prefecture, and ¥68 million ($644 thousand) for land in Kumagaya City, Saitama Prefecture.

The recoverable amounts of the impaired asset group are measured by net sales value. Net sales value is assessed principally based on the appraisal value quoted by a real-estate appraiser.

10 Loss on impairment of goodwill

The Group recorded a loss on impairment of goodwill as stated below.

Fiscal year ended March 31, 2017
Not applicable

Fiscal year ended March 31, 2018
Goodwill had been recorded for Take One Co., Ltd. based on the assumption of the excess earnings power anticipated upon acquisition of its shares. As a result of re-examination of its earnings power and the future business plan, the initially anticipated earnings are no longer expected and the unamortized balance amounting to ¥639 million ($6,021 thousand) was recorded as a loss on impairment of goodwill.

The recoverable amount of the asset in question is measured by value in use. The recoverable amount is assessed to be zero.

11 Consolidated statement of comprehensive income

Reclassification adjustments and tax effects relating to other comprehensive income

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Valuation difference on other securities:			
Amount arising during the year	¥ 783	¥ 1,181	$ 7,375
Reclassification adjustment	1	—	11
Before tax-effect adjustment	784	1,181	7,386
Tax effect	(239)	(360)	(2,250)
Valuation difference on other securities	545	820	5,136
Revaluation reserve for land:			
Tax effect	—	—	—
Remeasurements of defined benefit plans:			
Amount arising during the year	89	(5)	840
Reclassification adjustment	111	165	1,052
Before tax-effect adjustment	200	160	1,892
Tax effect	(63)	(48)	(597)
Remeasurements of defined benefit plans	137	112	1,294
Share of other comprehensive income of affiliates accounted for using equity method:			
Amount arising during the year	0	2	1
Total other comprehensive income	¥ 683	¥ 935	$ 6,432

12 Cash flow statements

Reconciliation of cash and time deposits shown in the consolidated balance sheets and cash and cash equivalents shown in the consolidated statements of cash flows as at March 31, 2018 and 2017 are as follows:—

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Cash and time deposits	¥17,283	¥15,592	$162,681
Time deposits with maturities exceeding three months	(21)	(21)	(138)
Cash and cash equivalents	¥17,262	¥15,571	$162,483

13 Leases

(a) Finance leases other than those which are deemed to transfer the ownership of the leased assets to the lessee

- Contents of leased assets: Tangible fixed assets (mainly, machinery, equipment and vehicles for distribution-related business)
- Depreciation method: Leased assets are depreciated by the straight-line method over the respective lease periods without residual values. However, if the guaranteed salvage value is specified in the lease contracts, they are depreciated by the straight-line method considering such salvage value.

(b) Finance lease transactions which commenced prior to April 1, 2008 and do not transfer ownership of the leased assets to the lessee are accounted for as operating lease transactions as before.

The following are pro forma amounts of the acquisition costs, accumulated depreciation, accumulated impairment losses and net book value of leased property if they were capitalized as of March 31, 2018 and 2017 for finance leases accounted for as operating leases:—

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Acquisition costs:			
Buildings	¥ 5,833	¥ 5,833	$ 54,913
	¥ 5,833	¥ 5,833	$ 54,913
Accumulated depreciation:			
Buildings	¥ 3,656	¥ 3,460	$ 34,417
	¥ 3,656	¥ 3,460	$ 34,417
Accumulated impairment losses:			
Buildings	¥ 756	¥ 756	$ 7,117
	¥ 756	¥ 756	$ 7,117
Net book value:			
Buildings	¥ 1,421	¥ 1,617	$ 13,378
	¥ 1,421	¥ 1,617	$ 13,378

Amounts of depreciation expense equivalents and interest expense equivalents for the years ended March 31, 2018 and 2017 were as follows:—

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Depreciation expense	¥196	¥246	$1,849
Interest expense	59	68	562

Lease payments relating to finance leases accounted for as operating leases amounted to ¥365 million ($3,445 thousand) and ¥427 million, which were equal to the depreciation expense of the leased assets computed by the straight-line method over the lease terms, for the years ended March 31, 2018 and 2017, respectively.

In the year ended March 31, 2018, impairment losses on leased assets amounting to ¥756 million were recorded. Since these leased assets are off-balance-sheet, the equivalent amount is included in "Other long-term liabilities."

Impairment losses on leased assets are realized over the lease term. Reversal of impairment losses on leased assets recorded in the fiscal years ended March 31, 2018 and 2017, amounted to ¥42 million ($395 thousand) and ¥42 million, respectively.

Future minimum lease payments (including the interest portion thereon) and the balance of impairment losses on leased assets as at March 31, 2018 and 2017 for finance leases accounted for as operating leases are summarized as follows:—

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Due within one year	¥ 233	¥ 247	$ 2,198
Due over one year	1,705	1,939	16,057
Total	¥1,939	¥2,186	$18,255
Impairment losses on leased assets	¥ 210	¥ 252	$ 1,977

(c) Operating leases

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Due within one year	¥1,408	¥1,374	$13,253
Due over one year	5,930	7,144	55,818
Total	¥7,338	¥8,518	$69,071

14 Financial instruments and related disclosures

(a) Financial instruments

The Group invests cash surplus, if any, in low risk financial assets and raises funds for short-term working capital by bank borrowings. For capital investment, the Group raises necessary funds in light of the capital investment plan by bank borrowings or issuance of corporate bonds. Derivatives are employed to mitigate the risk of fluctuations in interest rates, and not used for speculative purposes.

Trade receivables such as notes and accounts are exposed to customer credit risk. For such credit risk, the Group has established the risk management system to monitor and control payment term and balances of customers.

Investments in securities such as equity securities are exposed to the market risk of fluctuation in market prices, but major components are equity securities issued by the business partners and their fair values are periodically reported to the directors responsible.

Almost all the trade payables such as notes and accounts payable are due within one year.

Of borrowings, short-term bank loans are used mainly to procure funds for operating transactions and long-term debt and corporate bonds are used to procure funds for capital investment. For floating-rate debt, derivative transactions (interest rate swaps) are used as hedges to avoid the risk of interest rate fluctuations and fix interest payments.

The Company executes and manages derivative transactions in accordance with internal rules that specify transaction authority, and since large borrowings are subject to the decision of the board of directors, the board of directors also decides whether to enter into corresponding swap agreements. Moreover, the Company enters into derivative transactions only with financial institutions with high credit ratings to mitigate counterparty default risk.

Trade payables and loans are exposed to the liquidity risk, but the Group controls such liquidity risk by the monthly cash management plans prepared by each company.

(b) Fair value of financial instruments

The carrying amount, fair value and the related difference of the financial instruments as of March 31, 2018 and 2017 were as indicated below. Financial instruments whose fair values are extremely difficult to determine are not included in the following tables.

For the year ended March 31, 2018	Millions of yen		
	Carrying amount	Fair value	Difference
Assets:			
Cash and time deposits	¥17,283	¥17,283	¥ —
Trade receivables – notes	2,886	2,886	—
Trade receivables – accounts	19,142	19,142	—
Investments in securities (other securities)	7,129	7,129	—
Total asset	¥46,441	¥46,441	¥ —
Liabilities:			
Trade notes payable	¥ 812	¥ 812	¥ —
Trade accounts payable	11,672	11,672	—
Short-term bank loans	9,700	9,700	—
Bonds	5,000	5,008	8
Long-term debt	6,607	6,638	30
Lease obligations	7,547	7,668	120
Total liabilities	¥41,340	¥41,500	¥160
Derivatives:	—	—	—

For the year ended March 31, 2017	Millions of yen		
	Carrying amount	Fair value	Difference
Assets:			
Cash and time deposits	¥15,592	¥15,592	¥ —
Trade receivables – notes	2,888	2,888	—
Trade receivables – accounts	18,020	18,020	—
Investments in securities (other securities)	6,328	6,328	—
Total asset	¥42,830	¥42,830	¥ —
Liabilities:			
Trade notes payable	¥ 1,369	¥ 1,369	¥ —
Trade accounts payable	11,162	11,162	—
Short-term bank loans	9,690	9,690	—
Bonds	5,000	5,023	23
Long-term debt	7,263	7,345	81
Lease obligations	8,075	8,193	117
Total liabilities	¥42,561	¥42,783	¥221
Derivatives:	—	—	—

For the year ended March 31, 2018	Thousands of U.S. dollars		
	Carrying amount	Fair value	Difference
Assets:			
Cash and time deposits	$162,681	$162,681	$ —
Trade receivables – notes	27,172	27,172	—
Trade receivables – accounts	180,178	180,178	—
Investments in securities (other securities)	67,110	67,110	—
Total asset	$437,141	$437,141	$ —
Liabilities:			
Trade notes payable	$ 7,648	$ 7,648	$ —
Trade accounts payable	109,871	109,871	—
Short-term bank loans	91,303	91,303	—
Bonds	47,063	47,142	79
Long-term debt	62,194	62,486	292
Lease obligations	71,047	72,183	1,136
Total liabilities	$389,126	$390,633	$1,507
Derivatives:	—	—	—

For cash and time deposits, trade notes receivable and trade accounts receivable, the carrying amount is presented as the fair value since the fair value approximates the carrying amount because of the short maturity of these instruments.

For investments in securities, the fair value of equity securities is determined using the quoted prices of the stock exchanges. Unlisted equity securities whose fair value is extremely difficult to identify in the carrying amount of ¥2,524 million ($23,763 thousand) are not included in the above table. The unlisted equity securities were restated at fair value and related loss on impairment amounting to ¥88 million was charged to income for the year ended March 31, 2017.

For trade notes payable, trade accounts payable and short-term bank loans, the carrying amount is presented as the fair value since the fair value approximates the carrying amount because of the short maturity of these instruments.

For bonds, lease obligations and long-term debt, the fair value is determined using the present value of aggregated principal and interest discounted at a rate assumed if the new loans or lease arrangements were made.

For derivatives, please see Note 16 “Derivative transactions”.

(c) Information about maturities of financial instruments

Annual maturities of monetary receivables and other securities with contractual maturities as of March 31, 2018 and 2017 were as follows:

For the year ended March 31, 2018	Millions of yen			
	Due in one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Time deposits	¥17,262	¥—	¥—	¥—
Trade notes receivable	2,886	—	—	—
Trade accounts receivable	19,142	—	—	—
Total	¥39,291	¥—	¥—	¥—

For the year ended March 31, 2017	Millions of yen			
	Due in one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Time deposits	¥15,574	¥—	¥—	¥—
Trade notes receivable	2,888	—	—	—
Trade accounts receivable	18,020	—	—	—
Total	¥36,483	¥—	¥—	¥—

For the year ended March 31, 2018	Thousands of U.S. dollars			
	Due in one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Time deposits	$162,488	$—	$—	$—
Trade notes receivable	27,172	—	—	—
Trade accounts receivable	180,178	—	—	—
Total	$369,838	$—	$—	$—

Annual maturities of bonds, long-term debt, lease obligations, and other interest-bearing debts as of March 31, 2018 and 2017 are as follows:

For the year ended March 31, 2018	Millions of yen					
	Due in one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term debt	¥ 9,700	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	—	—	5,000	—	—	—
Long-term debt	654	3,790	60	2,042	19	40
Lease obligations	2,568	1,997	1,450	841	432	257
Total	¥12,922	¥5,788	¥6,511	¥2,883	¥ 452	¥297

For the year ended March 31, 2017	Millions of yen					
	Due in one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term debt	¥ 9,690	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	—	—	—	5,000	—	—
Long-term debt	701	644	3,779	50	2,032	55
Lease obligations	2,593	2,168	1,597	1,035	422	257
Total	¥12,984	¥2,813	¥5,377	¥6,086	¥2,455	¥313

For the year ended March 31, 2018	Thousands of U.S. dollars					
	Due in one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term debt	$ 91,303	$ —	$ —	$ —	$ —	$ —
Bonds	—	—	47,063	—	—	—
Long-term debt	6,158	35,678	571	19,223	187	377
Lease obligations	24,178	18,803	13,654	7,919	4,068	2,424
Total	$121,639	$54,481	$61,288	$27,142	$ 4,256	$2,801

15 Marketable securities and investments in securities

No trading securities or held-to-maturity securities were held at March 31, 2018 or 2017. Securities classified as other securities are included in "marketable securities" and "investments in securities" in the accompanying consolidated balance sheets.

The components of unrealized gain or loss on marketable securities classified as other securities at March 31, 2018 and 2017 are summarized as follows:—

At March 31, 2018	Millions of yen		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Unrealized gain:			
Stocks	¥6,406	¥2,159	¥4,246
Bonds	—	—	—
Other	—	—	—
Unrealized loss:			
Stocks	723	864	(140)
Bonds	—	—	—
Other	—	—	—
Total	¥7,129	¥3,023	¥4,105

At March 31, 2017	Millions of yen		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Unrealized gain:			
Stocks	¥5,495	¥2,129	¥3,366
Bonds	—	—	—
Other	—	—	—
Unrealized loss:			
Stocks	833	879	(46)
Bonds	—	—	—
Other			(0)
Total	¥6,328	¥3,008	¥3,320

At March 31, 2018	Thousands of U.S. dollars		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Unrealized gain:			
Stocks	$60,298	$20,329	$39,969
Bonds	—	—	—
Other	—	—	—
Unrealized loss:			
Stocks	6,812	8,133	(1,321)
Bonds	—	—	—
Other	—	—	—
Total	$67,110	$28,462	$38,648

Equity securities classified as other securities were restated at fair value and related loss on impairment amounting to ¥1 million was charged to income for the year ended March 31, 2018.

Equity securities whose fair value is 50% or less than the acquisition cost are necessarily restated at fair value and those whose fair value is between 50% and 30% of the acquisition cost are restated at fair value, if they are judged to be unrecoverable considering the trend of the market value for a past certain period and performances of the issuers.

16 Derivative transactions

(a) Derivative transactions to which hedge accounting is not applied

There is no applicable transaction.

(b) Derivative transactions to which hedge accounting is applied

Hedge accounting method: Special treatment for interest rate swaps
Type of transactions: Interest rate swaps:
Fixed rate payment/Floating rate receipt
Major hedged item: Long-term debt

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Contract amount	¥600	¥1,000	$5,648
Contract amount due after one year	200	600	$1,883
Fair value	*	*	*

*The fair value is included in the fair value of the long-term debt as hedged instruments, since the interest rate swaps which qualify for hedge accounting and meet specific criteria are not remeasured at market value, but the differentials paid or received under the swap agreements are recognized and included in interest expenses or income (special treatment).

17 Employees' severance and retirement benefits

(a) Outline of retirement benefit plans

In order to provide for the employees' severance and retirement benefits, the Company and its consolidated subsidiaries have funded and unfunded defined benefit plans and defined contribution plans.

Under the defined benefit corporate pension plans (all of which are funded plans), a lump sum or a pension based on the salary and the service years is paid. However, the Company and certain consolidated subsidiaries have introduced cash balance plans for the defined benefit corporate pension plans. In these plans, hypothetical individual employee accounts correspond to the funded amount and the principal of the pension amount for each participant. In each hypothetical individual employee account, the contributions based on the salary standard and interest amount based principally on the market interest rates are accumulated.

Under the lump-sum payment plans (all of which are unfunded plans), a lump sum based on the salary and service years are is paid as retirement benefits. The Company and certain consolidated subsidiaries transferred part of the lump-sum payment plans to the defined contribution pension plans.

In the defined benefit corporate pension plans and lump-sum payment plans of certain consolidated subsidiaries, net defined benefit liability and retirement benefit cost are calculated by the simplified method.

(b) Defined benefit plans

Reconciliation of beginning and ending balances of retirement benefit obligation (excluding the plan for which the simplified method is applied)

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Retirement benefit obligation at beginning of year	¥12,598	¥12,611	$118,585
Cumulative effects of changes in accounting policies	—	—	—
Restated balance at beginning of year	12,598	12,611	118,585
Service cost	650	657	6,121
Interest cost	100	100	948
Actuarial gain or loss	82	21	780
Payment of retirement benefits	(877)	(793)	(8,262)
Retirement benefit obligation at end of year	¥12,554	¥12,598	$118,173

Reconciliation of beginning and ending balances of plan assets (excluding the plan for which the simplified method is applied)

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Plan assets at beginning of year	¥6,428	¥6,440	$60,512
Expected return on plan assets	160	161	1,513
Actuarial gain or loss	172	16	1,620
Contributions by the Company	83	82	783
Employee contributions	69	68	649
Payment of retirement benefits	(357)	(339)	(3,368)
Plan assets at end of year	¥6,556	¥6,428	$61,710

Reconciliation of beginning and ending balances of net defined benefit liability for which the simplified method is applied

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Net defined benefit liability at beginning of year	¥940	¥922	$8,851
Retirement benefit costs	118	119	1,114
Payment of retirement benefits	(106)	(96)	(1,005)
Contributions to the plan	(19)	(18)	(182)
Increase resulting from change in scope of consolidation	—	13	—
Net defined benefit liability at end of year	¥932	¥940	$8,778

Reconciliation of ending balances of retirement benefit obligation and plan assets and net defined benefit liability/asset on the consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Funded retirement benefit obligation	¥ 7,668	¥ 7,651	$ 72,181
Plan assets	(6,691)	(6,566)	(62,988)
	976	1,084	919
Unfunded retirement benefit obligation	5,954	6,025	56,048
Net amount of liability (asset) on the consolidated balance sheets	6,931	7,109	65,241
Net defined benefit liability	6,931	7,109	65,241
Net defined benefit asset	—	—	—
Net amount of liability (asset) on the consolidated balance sheets	¥ 6,931	¥ 7,109	$ 65,241

Note: Including the plans for which the simplified method is applied

Retirement benefit costs and breakdown

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Service cost (Note 1)	¥ 581	¥ 589	$ 5,471
Interest cost	100	100	948
Expected return on plan assets	(160)	(161)	(1,513)
Amortization of actuarial gain or loss	111	165	1,052
Retirement benefit costs calculated by the simplified method	118	119	1,114
Retirement benefit costs for defined benefit plans	¥ 751	¥ 814	$ 7,073

(Note 1) Employee contributions to the corporate pension fund are not included in the amounts shown.

Items recorded in other comprehensive income

Breakdown of items recorded in remeasurements of defined benefit plans (before tax effect deduction)

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Actuarial gain or loss	¥200	¥160	$1,892

Items recorded in accumulated other comprehensive income

Breakdown of items recorded in remeasurements of defined benefit plans (before tax effect deduction)

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Unrecognized actuarial gain or loss	¥(540)	¥(339)	$(5,087)

Plan assets

Plan asset components as a percentage of total plan assets

	2018	2017
Bonds	44.1%	31.4%
Stocks	31.5%	32.9%
Insurance company general accounts	11.8%	11.9%
Cash and time deposits	1.3%	14.2%
Other	11.3%	9.6%
Total	100.0%	100.0%

Long-term expected rate of return on plan assets is determined considering the pension asset allocation and long-term expected return on plan assets composed of various types of assets, at the present and in the future.

Basis of actuarial calculation

	2018	2017
Discount rate	0.8%	0.8%
Long-term expected return on plan assets	2.5%	2.5%

(c) Defined contribution plan

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Required contributions to the defined contribution pension plan	¥320	¥327	$3,021

18 Net assets

The Companies Act provides that an amount equal to at least 10% of the aggregate amount to be distributed as cash dividends or cash appropriations must be transferred to capital surplus, which is part of the capital surplus account, or retained earnings, which is part of the retained earnings account, until the aggregate amount of capital surplus and retained earnings equals 25% of the common stock account.

Transfers from the retained earnings to common stock, capital surplus, retained earnings, other capital surplus, and other retained earnings may be made by resolution of the shareholders.

Under the Companies Act, distributions of surplus to shareholders may be made at any time by resolution of the shareholders.

The Company's Articles of Incorporation also provide that the Company may make distributions to shareholders based on a resolution of the Board of Directors, provided that such distributions are limited to once per fiscal year.

Information concerning changes in net assets

Treasury stock

Class of shares	At March 31, 2017	Increase	Decrease	At March 31, 2018
Common stock (shares)	6,920,613	3,182	6,228,323	695,472

Reason for the change:

The Company conducted a 1-for-10 reverse stock split of its shares of common stock effective October 1, 2017.

Breakdown of the increase:

Increase attributable to purchase of shares constituting less than one unit	2,169 shares
Increase attributable to purchase of fractional shares as a result of the reverse stock split	1,013 shares

Breakdown of the decrease:

Decrease resulting from the reverse stock split	6,228,323 shares

19 Income taxes

As described in Note 2(j), the Company and its consolidated subsidiaries recognize tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting.

Significant components of deferred tax assets and liabilities were as follows:—

	Millions of yen		Thousands of U.S. dollars	
	2018	2017	2018	2017
Deferred tax assets:				
Provision for bonuses	¥ 480	¥ 462	$ 4,525	$ 4,120
Net defined benefit liability	2,162	2,192	20,353	19,541
Allowance for doubtful accounts in excess of deductible limit	165	152	1,558	1,356
Depreciation and amortization in excess of deductible limit	120	122	1,131	1,088
Accounts payable upon transfer to defined contribution pension plan	327	462	3,080	4,122
Accumulated loss on impairment of property and equipment	2,129	2,135	20,042	19,031
Accumulated loss on impairment of leased assets	63	76	602	685
Accrued enterprise tax	146	146	1,378	1,309
Other	255	356	2,400	3,176
Gross deferred tax assets	5,850	6,106	55,069	54,428
Valuation allowance	(2,236)	(2,348)	(21,048)	(20,937)
Total deferred tax assets	3,614	3,757	34,022	33,491
Deferred tax liabilities:				
Unrealized gain on other securities	(1,201)	(962)	(11,313)	
Reserve for advanced depreciation of non-current assets	(3,396)	(3,488)	(31,966)	
Undistributed earnings	(168)	(152)	(1,585)	
Total deferred tax liabilities	(4,766)	(4,603)	(44,864)	
Net deferred tax assets	¥(1,151)	¥ (846)	$(10,842)	

Income taxes applicable to the Company consist of corporate income tax, inhabitant taxes and enterprise tax.

Significant differences between the statutory tax rate and the Company's effective tax rate after applying the deferred tax accounting for the years ended March 31, 2018 and 2017 were as follows:—

	2018	2017
Statutory tax rate:	30.69%	30.69%
Increase (reduction) in tax resulting from:		
Nondeductible expenses including entertainment, etc.	0.82	0.87
Nontaxable income including dividends received deduction, etc.	(15.27)	(5.75)
Per capita portion of inhabitant taxes	4.40	4.68
Equity in earnings of affiliates	(0.72)	(0.11)
Elimination of dividends received from consolidated subsidiaries, etc.	15.11	5.63
Amortization of goodwill	1.18	0.61
Change in valuation allowance related to deferred tax assets	3.60	(10.27)
Other	0.03	1.22
Effective tax rate	39.84%	27.57%

20 Supplementary income information

Supplementary income information for the years ended March 31, 2018 and 2017 is as follows:—

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Depreciation expenses	¥5,089	¥4,939	$47,910
Lease and rental	6,654	5,425	62,640

21 Amounts per share

Amounts per share of common stock for the years ended March 31, 2018 and 2017 were as follows:—

	Yen		U.S. dollars
	2018	2017	2018
Net income per share:			
Basic	¥ 348.47	¥ 414.83	$ 3.2800
Diluted	—	—	—
Cash dividends	44.00	7.50	0.4142
Net assets per share	¥7,083.96	¥6,739.46	$66.6788

Note: The Company conducted a 1-for-10 reverse stock split of its shares of common stock effective October 1, 2017.
Net income per share and net assets per share are calculated under the assumption that the said reverse stock split had been conducted at the beginning of the previous fiscal year.

Basis for the calculation of net assets per share for the years ended March 31, 2018 and 2017 were as follows:—

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Total net assets as reported on the consolidated balance sheets	¥64,257	¥61,152	$604,835
Deduction from total net assets:			
Non-controlling interests	37	32	355
Adjusted net assets allocated in common stock	64,219	61,119	604,479
Number of shares of common stock outstanding at the end of year on which net assets per share is calculated	9,065,539	9,068,950	

Basis for the calculation of basic and diluted net income per share for the years ended March 31, 2018 and 2017 was as follows:—

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Net income attributable to owners of the parent	¥3,159	¥3,762	$29,742
Amounts not attributable to shareholders of common stock	—	—	—
Net income attributable to common shareholders of the parent	3,159	3,762	29,742
Weighted-average number of shares of common stock outstanding (shares)	9,067,476	9,069,430	

22 Segment information

(1) Overview of reportable segments

The Company's segments are the Group's components for which discrete financial information is available and whose operating results are regularly reviewed by the Company's board of directors to make decisions on the allocation of resources to the segments and to assess their performance.

The Group, in doing business, classifies business models of operating companies, which are under the Company (pure holding company), according to the nature of services and formulates comprehensive strategies for individual business models.

Therefore, the Group consists of segments according to services based on these business models and the Group's reportable segments are: Logistics, Information Processing, and Sales.

Principal services of the Logistics segment are road haulage, freight forwarding, warehousing, and harbor transport. The principal service of the Information Processing segment is information processing. Principal services of the Sales segment are merchandising, consignment sales, and a non-life insurance agency.

(2) Methods of calculating operating revenues, income/loss, assets/liabilities, and other items by reportable segment

Accounting procedures applied to the reported operating segments are the same as those described in the "Basis of Presenting Consolidated Financial Statements." Income of reportable segments is on an operating income basis. Intersegment revenues and transfers are based on market prices.

(3) Information on operating revenues, income/loss, assets/liabilities, and other items by reportable segment

For the year ended March 31, 2018

Millions of yen

	Reportable segments							
	Logistics	Information processing	Sales	Total	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Operating revenues:								
Revenues from outside customers	¥120,751	¥2,673	¥ 5,857	¥129,282	¥ 1,604	¥130,886	¥ —	¥130,886
Intersegment revenues or transfers	23	277	3,943	4,245	153	4,399	(4,399)	—
Total	120,775	2,951	9,800	133,527	1,758	135,286	(4,399)	130,886
Segment income	¥ 4,977	¥ 292	¥ 308	¥ 5,577	¥ 100	¥ 5,677	¥ (45)	¥ 5,631
Segment assets	¥108,423	¥2,400	¥10,081	¥120,905	¥12,230	¥133,136	¥(3,558)	¥129,578
Other items:								
Depreciation	¥ 4,410	¥ 596	¥ 39	¥ 5,046	¥ 25	¥ 5,071	¥ 17	¥ 5,089
Amortization of goodwill	¥ 188	¥ 3	¥ —	¥ 191	¥ 11	¥ 203	¥ —	¥ 203
Impairment losses	¥ 163	¥ —	¥ —	¥ 163	¥ —	¥ 163	¥ —	¥ 163
Loss on impairment of goodwill	¥ 639	¥ —	¥ —	¥ 639	¥ —	¥ 639	¥ —	¥ 639
Increases in property and equipment and intangible fixed assets	¥ 4,144	¥ 179	¥ 23	¥ 4,347	¥ 30	¥ 4,378	¥ 23	¥ 4,401

For the year ended March 31, 2017

Millions of yen

	Reportable segments							
	Logistics	Information processing	Sales	Total	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Operating revenues:								
Revenues from outside customers	¥115,592	¥2,853	¥ 5,734	¥124,180	¥ 1,328	¥125,509	¥ —	¥125,509
Intersegment revenues or transfers	22	392	3,713	4,127	249	4,377	(4,377)	—
Total	115,615	3,245	9,447	128,308	1,578	129,886	(4,377)	125,509
Segment income	¥ 4,475	¥ 311	¥ 294	¥ 5,081	¥ 149	¥ 5,230	¥ (112)	¥ 5,118
Segment assets	¥108,946	¥2,852	¥ 9,835	¥121,634	¥11,470	¥133,104	¥ (6,334)	¥126,769
Other items:								
Depreciation	¥ 4,300	¥ 545	¥ 42	¥ 4,888	¥ 38	¥ 4,927	¥ 12	¥ 4,939
Amortization of goodwill	¥ 92	¥ 3	¥ —	¥ 96	¥ 7	¥ 103	¥ —	¥ 103
Impairment losses	¥ 56	¥ —	¥ —	¥ 56	¥ —	¥ 56	¥ —	¥ 56
Loss on impairment of goodwill	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Increases in property and equipment and intangible fixed assets	¥ 4,369	¥ 630	¥ 19	¥ 5,018	¥ 32	¥ 5,051	¥ 1	¥ 5,052

For the year ended March 31, 2018

Thousands of U.S. dollars

	Reportable segments							
	Logistics	Information processing	Sales	Total	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Operating revenues:								
Revenues from outside customers	$1,136,593	$25,164	$55,131	$1,216,888	$ 15,105	$1,231,993	$ —	$1,231,993
Intersegment revenues or transfers	$ 225	$ 2,616	$37,122	$ 39,964	$ 1,445	$ 41,408	$(41,408)	$ —
Total	1,136,819	$27,780	$92,253	$1,256,852	$ 16,550	$1,273,401	$(41,408)	$1,231,993
Segment income	$ 46,848	$ 2,750	$ 2,900	$ 52,498	$ 943	$ 53,440	$ (430)	$ 53,010
Segment assets	$1,020,556	$22,598	$94,891	$1,138,045	$115,123	$1,253,167	$(33,492)	$1,219,675
Other items:								
Depreciation	$ 41,512	$ 5,617	$ 376	$ 47,505	$ 236	$ 47,741	$ 169	$ 47,910
Amortization of goodwill	$ 1,770	$ 33	$ —	$ 1,803	$ 110	$ 1,913	$ —	$ 1,913
Impairment losses	$ 1,539	$ —	$ —	$ 1,539	$ —	$ 1,539	$ —	$ 1,539
Loss on impairment of goodwill	$ 6,021	$ —	$ —	$ 6,021	$ —	$ 6,021	$ —	$ 6,021
Increases in property and equipment and intangible fixed assets	$ 39,011	$ 1,690	$ 220	$ 40,921	$ 289	$ 41,210	$ 221	$ 41,431

Notes:

1. "Others" corresponds to operating segments that are not included in the reported operating segments and includes automobile repair and direct mail service.
2. Adjustments are as follows:
   (1) Adjustments of segment income
   For the fiscal years ended March 31, 2018 and 2017, adjustments of segment income amounted to ¥(45) million ($(430) thousand) and ¥(112) million ($(1,044) thousand), respectively. Adjustments include intersegment eliminations and corporate expenses not allocated to any reportable segments.
   For the fiscal years ended March 31, 2018 and 2017, the above-mentioned intersegment eliminations amounted to ¥808 million ($7,610 thousand) and ¥780 million ($6,958 thousand), respectively, and corporate expenses not allocated to any reportable segments amounted to ¥(854) million ($(8,040) thousand) and ¥(893) million ($(7,961) thousand), respectively. Corporate expenses are mainly expenses of the Company's operations that do not belong to any reportable segments.
   (2) Adjustments of segment assets
   For the fiscal years ended March 31, 2018 and 2017, adjustments of segment assets amounted to ¥(3,558) million ($(33,492) thousand) and ¥(6,334) million ($(56,467) thousand), respectively. Adjustments include intersegment eliminations and corporate assets not allocated to any reportable segments.
   For the fiscal years ended March 31, 2018 and 2017, the above-mentioned intersegment eliminations amounted to ¥(28,831) million ($(271,379) thousand) and ¥(28,264) million ($(251,938) thousand), respectively, and corporate assets not allocated to any reportable segments amounted to ¥25,273 million ($237,887 thousand) and ¥21,929 million ($195,472 thousand), respectively. Corporate assets are mainly cash and time deposits and investments in securities of the head office that do not belong to any reportable segments.
   (3) Adjustments of increases in property and equipment and intangible fixed assets
   For the fiscal years ended March 31, 2018 and 2017, adjustments of increases in property and equipment and intangible fixed assets amounted to ¥23 million ($221 thousand) and ¥1 million ($13 thousand), respectively. Adjustments include intersegment eliminations and corporate assets not allocated to any reportable segments.
   For the fiscal years ended March 31, 2018 and 2017, the above-mentioned intersegment eliminations amounted to ¥(5) million ($(54) thousand) and ¥(6) million ($(58) thousand), respectively, and corporate assets not allocated to any reportable segments amounted to ¥29 million ($275 thousand) and ¥7 million ($71 thousand), respectively.
3. Segment income is adjusted to operating income in the consolidated financial statements.

(4) Related information

For the year ended March 31, 2018

1) Information by product and service

Information by product and service is omitted because similar information is presented in the segment information.

2) Information by geographical area

Information about operating revenues by geographical area is omitted because operating revenues from outside customers in Japan exceeded 90% of operating revenues in the consolidated financial statements.

Not applicable for property and equipment because there is no property and equipment located in places other than Japan.

3) Information by major customer

Not applicable because, concerning operating revenues from outside customers, no outside customer accounts for 10% or more of operating revenues in the consolidated financial statements.

For the year ended March 31, 2017

1) Information by product and service

Information by product and service is omitted because similar information is presented in the segment information.

2) Information by geographical area

Information about operating revenues by geographical area is omitted because operating revenues from outside customers in Japan exceeded 90% of operating revenues in the consolidated financial statements.

Not applicable for property and equipment because there is no property and equipment located in places other than Japan.

3) Information by major customer

Not applicable because, concerning operating revenues from outside customers, no outside customer accounts for 10% or more of operating revenues in the consolidated financial statements.

(5) Information on fixed asset impairment losses by reportable segment

For the year ended March 31, 2018

Information on fixed asset impairment losses by reportable segment is omitted because similar information is presented in the segment information.

For the year ended March 31, 2017

Information on fixed asset impairment losses by reportable segment is omitted because similar information is presented in the segment information.

(6) Information on amortization of goodwill and unamortized balance by reportable segment

For the year ended March 31, 2018 — Millions of yen

	Reportable segments						
	Logistics	Information processing	Sales	Total	Others	Adjustment	Total
Goodwill:							
Amortization	¥188	¥ 3	¥ —	¥191	¥ 11	¥ —	¥203
Impairment losses	¥639	¥ —	¥ —	¥639	¥ —	¥ —	¥639
Balance at end of year	¥ 29	¥ —	¥ —	¥ 29	¥ 37	¥ —	¥ 67
Negative goodwill:							
Amortization	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Balance at end of year	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —

For the year ended March 31, 2017 — Millions of yen

	Reportable segments						
	Logistics	Information processing	Sales	Total	Others	Adjustment	Total
Goodwill:							
Amortization	¥ 92	¥ 3	¥ —	¥ 96	¥ 7	¥ —	¥103
Impairment losses	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Balance at end of year	¥822	¥ 3	¥ —	¥825	¥ 49	¥ —	¥875
Negative goodwill:							
Amortization	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Balance at end of year	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —

For the year ended March 31, 2018 — Thousands of U.S. dollars

	Reportable segments						
	Logistics	Information processing	Sales	Total	Others	Adjustment	Total
Goodwill:							
Amortization	$ 1,770	$ 33	$ —	$ 1,803	$110	$ —	$ 1,913
Impairment losses	$ 6,021	$ —	$ —	$ 6,021	$ —	$ —	$ 6,021
Balance at end of year	$ 280	$ —	$ —	$ 280	$357	$ —	$ 637
Negative goodwill:							
Amortization	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Balance at end of year	$ —	$ —	$ —	$ —	$ —	$ —	$ —

(7) Information on gain on negative goodwill by reportable segment

For the year ended March 31, 2018

Not applicable

For the year ended March 31, 2017

Not applicable

23 Subsequent events

Cash dividends

The annual shareholders' meeting of the Company, which was held on June 26, 2018, duly approved the payment of dividends as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥40.00 per share)	¥362	$3,415

Consolidated Subsidiaries

Logistics

Company Name	Business Line
Tonami Transportation Co., Ltd.	Road haulage
Tonami Transportation Shinetsu Co., Ltd.	Road haulage
Tonami Transportation Chugoku Co., Ltd.	Road haulage
Kanto Tonami Transportation Co., Ltd.	Road haulage
Hokuriku Tonami Transportation Co., Ltd.	Road haulage
Tonami Shutoken Logistics Co., Ltd.	Road haulage
Tonami Kinki Logistics Co., Ltd.	Road haulage
Ishikawa Tonami Transportation Co., Ltd.	Road haulage
Tonami Daiichi Warehouse Logistics Co., Ltd.	Road haulage / Warehousing
Fukui Tonami Transportation Co., Ltd.	Road haulage
Niigata Tonami Transportation Co., Ltd.	Road haulage
Anan Transportation Co., Ltd.	Road haulage
Tonami Global Logistics Co., Ltd.	Harbor transport service
Keishin Warehouse Co., Ltd.	Warehousing
Kitakanto Tonami Transportation Co., Ltd.	Road haulage
Take One Co., Ltd.	Road haulage
Hatsutsuru Reizo Co.,Ltd.	Warehousing

Information Processing and Others

Company Name	Business Line
Tonami Trading Co., Ltd.	Trading Company
Toyo Gomu Hokuriku Hanbai Co., Ltd.	Sale of tires
KSR Co., Ltd.	Development and sale of software
Chuo Reizo Co., Ltd.	Other
Tonami Automobile Technology Research Institute Co., Ltd.	Automobile technology R&D
Tonami Business Service Co., Ltd.	Financial service

Board of Directors and Corporate Auditors

President and Representative Director
Katsusuke Watanuki

Senior Managing Directors
Kazuo Takata
Shinichi Izumi

Directors
Yasuo Terabayashi
Toyonobu Terahai
Yasuhiro Saegusa
Mitsuharu Wadachi
Shinichiro Inushima
Ichiro Tanaka

Standing Corporate Auditors
Mitsuo Matsuda
Masafumi Takebe

Corporate Auditors
Yohji Ishiguro
Atsuki Matsumura

(As of June 26, 2018)

Corporate Data

Head Office
2-12, Showa-machi 3-chome, Takaoka,
Toyama Prefecture 933-8788, Japan
Phone: (0766) 32-1073
Fax: (0766) 32-1077

Tokyo Office
8-4, Nihonbashihoridome-cho 2-chome, Chuo-ku,
Tokyo 103-0012, Japan
Phone: (03) 3664-5403
Fax: (03) 3664-5405

Date of Established
June 1943

Common Stock
¥14,182 million

Issued and Outstanding Shares
9,761,011 shares

Shareholders
4,935

Employees
65

(As of March 31, 2018)

TONAMI

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