2019
Annual Report

For the year ended March 31, 2019

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, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2018	2019
FOR THE YEAR:			
Operating revenues:	¥137,436	¥130,886	$1,238,282
Logistics	126,211	120,751	1,137,140
Information processing	2,836	2,673	25,557
Sales	6,723	5,857	60,580
Others	1,665	1,604	15,005
Operating income	7,275	5,631	65,551
Net income	4,539	3,159	40,897
Comprehensive income	6,237	3,852	56,196
PER SHARE (Yen and U.S. dollars):			
Net income, basic	¥ 500.74	¥ 348.47	$ 4.5116
Net income, diluted	—	—	—
Cash dividends	90.00	44.00	0.8109
AT YEAR-END:			
Total assets	¥136,759	¥128,953	$1,232,178
Total net assets	69,754	64,257	628,480

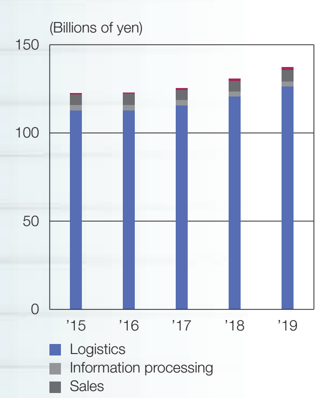
Notes: 1. U.S. dollar amounts presented herein are included solely for convenience. The rate of ¥110.99 = U.S.$1, prevailing on March 31, 2019, has been used for the translation into U.S. dollar amounts. Such translations should not be construed as indications that the Japanese yen amounts could be converted 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.

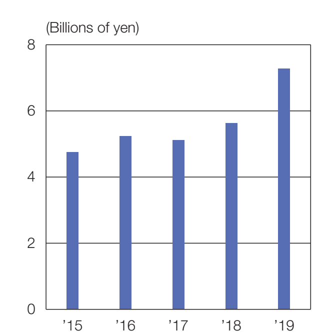
3. Diluted net income per share is not presented for the years ended March 31, 2018 and 2017, since there were no potential securities.

4. Effective from the beginning of the fiscal year ending March 31, 2020, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28, February 16, 2018) and other standards. The figure presented for total assets for the fiscal year ended March 31, 2019 is after retrospective application of the said accounting standards.

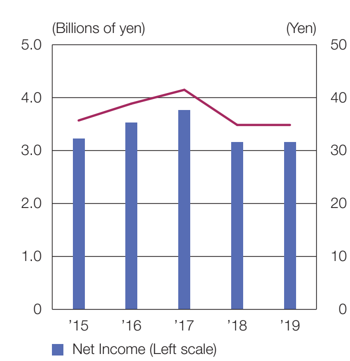
Operating Revenues by Business Segment



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, 2019.

In the logistics industry, increasingly serious labor shortages caused by the shrinking of the workforce and other factors are increasing costs such as labor costs to secure drivers and consignment fees. To respond to these factors, there is an urgent need to improve productivity by establishing a structure that ensures collection of appropriate fees, including freight charges and rates, and by reviewing existing businesses.

Amid such circumstances, 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 vigorously implemented measures for the first year of the plan.

In pursuit of a comfortable working environment and work-style reform, the Group implemented initiatives aimed at "building a safe, secure and stable work environment," "improvement of hourly productivity" through introduction of ICT tools and other means, "strengthening hiring activities" to cope with the progress of population aging and the shrinking of the workforce, and promotion of the "mentor program" to improve human-resource retention.

Moreover, we continuously strove to enhance our logistics services by implementing meticulous strategies attuned to the competitive environment and regional characteristics relevant to each of our business sites and increasing the quality and speed of sales and marketing activities by precisely identifying customer needs.

As a result, the Group's operating revenues amounted to ¥137,436 million, an increase of ¥6,549 million or 5.0% from the previous year.

With regard to profits, owing to an improvement in the earnings power as a result of negotiations to revise freight charges, an expansion of our operations through cost control, and improvement of productivity of existing businesses, operating income increased by ¥1,643 million or 29.2% from the previous year to ¥7,275 million.

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 ¥50 per share, an increase of ¥10 per share from the previous year. Combined with the interim dividend of ¥40 per share already paid out, total annual dividends amount to ¥90 per share.

The work-style reform-related laws came into force on April 1, 2019. As a result, upper limits will be imposed on overtime working hours of vehicle drivers effective from April 2024, after a 5-year grace period, and employers violating the laws will be penalized.

For the logistics industry, compliance with these laws has become an important management issue. The Group will continuously endeavor to strengthen the business foundation through efforts such as appropriate collection of freight charges and rates and to proactively promote capital and business alliances and M&A 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, amid concerns about the impact of frequent occurrence of natural disasters, the amount of domestic freight remained robust and maintained a moderate recovery trend. However, there are concerns over an increase in costs resulting from increased labor cost and subcontracting cost due to a tight labor supply/demand situation and fluctuations in fuel prices. The business environment remains challenging.

In these circumstances, 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.

In pursuit of a comfortable working environment and work-style reform, the Group implemented initiatives aimed at "building a safe, secure and stable work environment," "improvement of hourly productivity" through introduction of ICT tools and other means, "strengthening hiring activities" to cope with the progress of population aging and the shrinking of the workforce, and promotion of the "mentor program" to improve human-resource retention.

Moreover, we strove to enhance our logistics services by implementing meticulous strategies attuned to the competitive environment and regional characteristics relevant to each of our business sites and increasing the quality and speed of sales and marketing activities by precisely identifying customer needs.

In the road haulage business and the freight forwarding business, we conducted sales and marketing to further expand business by expanding sales to new customers and deepening relationships with existing customers. By offering proposals for improvements from the viewpoint of total optimization of logistics, we strove to expand our businesses, including third-party logistics (3PL), as an area of focus.

As a result, the Group's operating revenues amounted to ¥137,436 million, an increase of ¥6,549 million or 5.0% from the previous year.

With regard to profits, owing to increased revenues as a result of negotiations to revise freight charges and initiatives such as thorough profit management through cost control and improvement of productivity of existing businesses, operating income increased by ¥1,643 million or 29.2% to ¥7,275 million from the previous year.

Net income attributable to owners of the parent was ¥4,539 million, an increase of ¥1,379 million or 43.7% from the previous year.

Results by Segment

In the logistics-related business, we strove to win contracts with new customers by making proposals utilizing the entire Group's resources. With regard to existing customers, while continuing negotiations to revise freight charges according to transportation costs, we worked to enhance efficiency of pick-up and delivery operations through reduction of the workload by clearly distinguishing between forwarding and ancillary work.

As a result, operating revenues amounted to ¥126,211 million, an increase of ¥5,459 million or 4.5% from the previous year.

Segment income was ¥6,600 million, an increase of ¥1,623 million or 32.6% from the previous year owing to the positive impact of revisions to freight charges, improved transportation efficiency, and enhanced operation of distribution centers.

Operating revenues from the information processing business were ¥2,836 million, an increase of ¥163 million or 6.1% from the previous year.

Segment income was ¥341 million, an increase of ¥49 million or 16.9% from the previous year.

Operating revenues from the sales business, which includes merchandising, consignment sales, and a non-life insurance agency, amounted to ¥6,723 million, an increase of ¥866 million or 14.8% from the previous year.

Segment income was ¥304 million, a decrease of ¥3 million or 1.1% from the previous year.

Operating revenues from other businesses, which include automobile repair and other services, amounted to ¥1,665 million, an increase of ¥60 million or 3.8% from the previous year.

Segment income was ¥113 million, an increase of ¥13 million or 13.4% from the previous year.

Outlook for the Year Ending March 31, 2020

The Japanese economy is expected to remain on a moderate recovery trend amid continuing improvement of the employment and personal income environments despite persisting weakness in certain areas of exports and production. On the other hand, the economic outlook is expected to remain unclear due to the impact of political situations overseas.

In the logistics industry, the business environment is expected to become increasingly challenging, as the labor supply/demand situation is becoming tighter and the work-style reform-related laws, which are intended to correct the practice of long working hours and promote equal pay for equal work, are coming into effect one after another.

In these circumstances, the Group is promoting the following six reforms:

- Strengthen the business foundation to respond to changes in the market and customer needs
- Promote work-style reform
- Unify systems, standards, and methods to make the administration departments more efficient
- Promote high-quality management
- Strengthen the roles and functions as well as management infrastructure of Group companies
- Proactively promote capital and business alliances and M&A

By ensuring stable progress of the 21st Medium-Term Business Plan centering on the six reforms, we aim to achieve sustainable growth and enhancement of corporate value.

Labor and subcontracting costs are expected to increase due to factors such as work-style reform and reinforcement of the collection and delivery systems intended to meet customers' trust and expectations. The Group will strive, however, to improve its earnings power by promoting its efforts such as appropriate collection of freight charges and rates in the road haulage business and the 3PL business.

June 2019

K. Watanuki

Katsusuke Watanuki
President and Representative Director

Tonami Holdings' Operating Subsidiaries and Affiliates

Tonami Holdings Group (consolidated company)

Subsidiary (logistics companies)

- Tonami Transportation Co.,Ltd. (Core Company)
- Tonami Transportation Shinetsu Co.,Ltd.
- Tonami Transportation Chugoku Co.,Ltd.
- Keishin Warehouse Co.,Ltd.
- Tonami Global Logistics Co.,Ltd.
- Kitakanto Tonami Transportation Co.,Ltd.
- Take One Co.,Ltd.
- KYK Co.,Ltd.
- Kanto Tonami Transportation Co.,Ltd.
- Tonami Shutoken Logistics Co.,Ltd.
- Niigata Tonami Transportation Co.,Ltd.
- Hokuriku Tonami Transportation Co.,Ltd.
- Ishikawa Tonami Transportation Co.,Ltd.
- Fukui Tonami Transportation Co.,Ltd.
- Anan Transportation Co.,Ltd.
- Tonami Daiichi Warehouse Logistics Co.,Ltd.
- Tonami Kinki Logistics Co.,Ltd.
- Chuo Reizo Co.,Ltd.

Subsidiary

- Tonami Buisiness Service Co.,Ltd.
- Toyo Gomu Hokuriku Hanbai Co.,Ltd.
- Tonami Trading Co.,Ltd.
- KSR Co.,Ltd.

Associates

- Hokkaido Tonami Transportation Co., Ltd.
- Japan Tranz Line, Inc.
- JESSCO Co., Ltd.
- Takaoka Cable Network Co., Ltd.
- Takaoka Transportation Co., Ltd.
- Touto Transportation Co., Ltd.

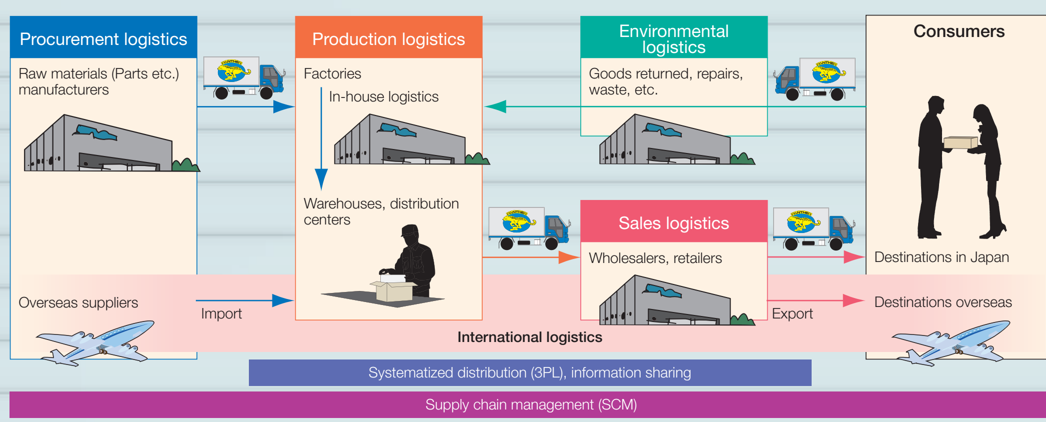
Overseas subsidiaries

- Tonami Logistics (Dalian) Co., Ltd.
- Tonami (Thailand) Co., Ltd.
- Mahaporn Transport Co., Ltd.
- H&R Forwarding Co., Ltd.

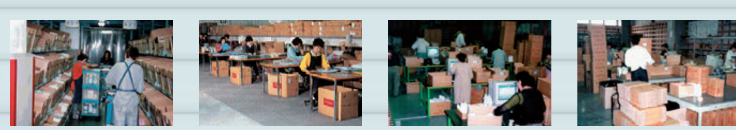
Tonami Logistics Solutions

Physical distribution consulting functions

Physical distribution network functions



Information system development functions



Operational functions

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

1) Overview of the Corporate Governance 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 Company's Board of Directors consists of nine directors: Katsusuke Watanuki, Kazuo Takata, Shinichi Izumi, Yasuo Terabayashi, Toyonobu Terahai, Yasuhiro Saegusa, and Masaaki Sato, and Outside Directors Shinichiro Inushima and Ichiro Tanaka.

The meetings of the Board of Directors, chaired by President and Director Katsusuke Watanuki, 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: Standing Corporate Auditors Masafumi Takebe and Mitsuharu Wadachi and Outside Corporate Auditors Atsuki Matsumura and Toshiyuki Oda.

The Board of Corporate Auditors, led by Standing Corporate Auditor Masafumi Takebe, who chairs the board, audits the execution of business by the directors and its legality in accordance with the auditing policy and task assignments decided by the Board of Corporate Auditors, by attending meetings of the Board of Directors and other important meetings, expressing their opinions, and other means.

The progress of their audits is reported to and confirmed at periodic meetings of the Board of Corporate Auditors.

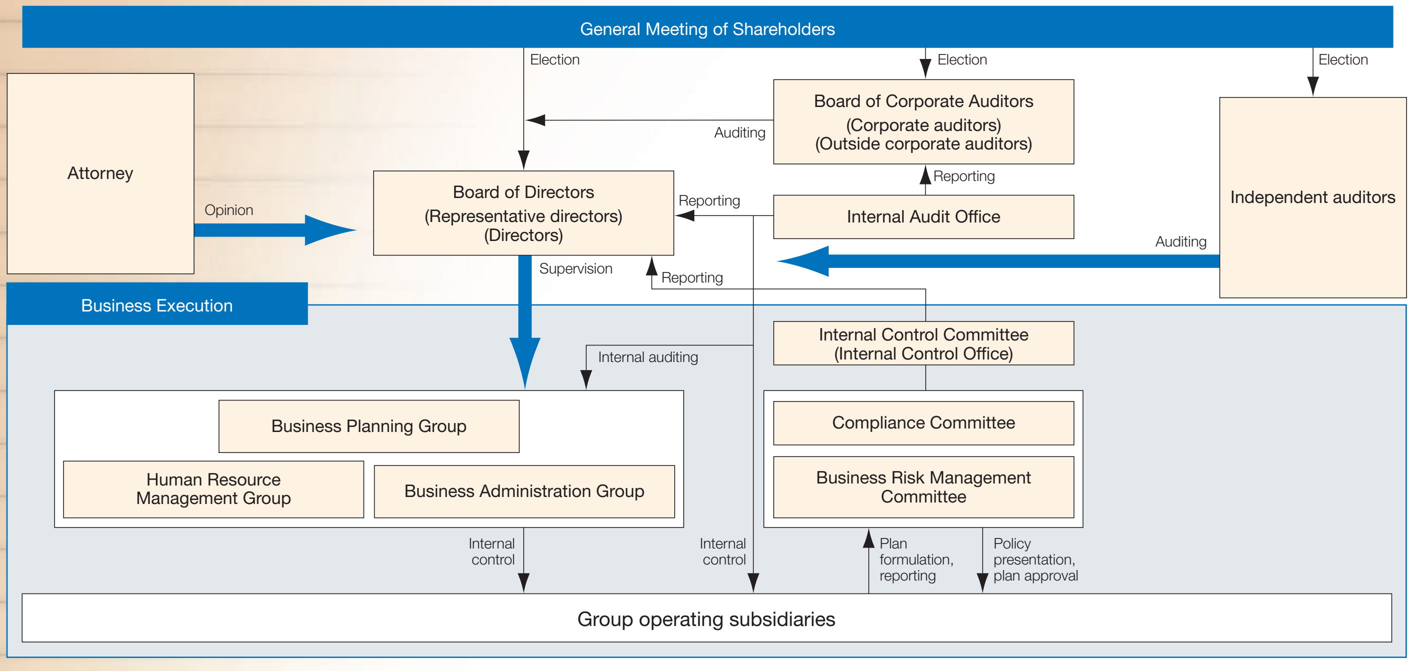
In the event that a director discovers a violation of the law or the Articles of Incorporation on the part of another director, the director is required to promptly report the violation to the corporate auditors and the Board of Directors and a remedy will be sought. The Company has an internal auditing 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 President and Director Katsusuke Watanuki, 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) Reason for Adopting the System

In order to make decisions swiftly and accurately in response to the rapidly changing business environment, the Company needs to have human resources well versed in the characteristics of the logistics business. The Board of Directors includes outside directors who are specialists in their fields and have objective viewpoints, in addition to other directors with a wealth of experience and insight, which secures management transparency and soundness. Corporate auditors audit the decision-making at the Board of Directors and the directors' performance of duties. The effectiveness of the monitoring function is ensured by appointment of independent outside corporate auditors. Thus, it is judged that necessary systems are put in place for the Group to further enhance corporate value.

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

Corporate Social Responsibility 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.

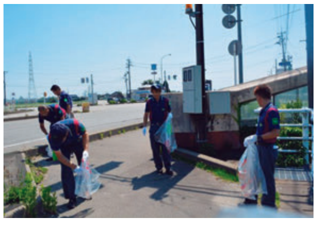

Encouraging local people to take up badminton

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
	2015	2016	2017	2018	2019	2019
RESULTS OF OPERATIONS:						
Operating revenues	¥122,547	¥122,959	¥125,509	¥130,886	¥137,436	$1,238,282
Operating cost	111,775	111,666	113,674	118,141	122,932	1,107,601
Selling, general and administrative expenses	6,019	6,053	6,716	7,113	7,228	65,129
Operating income	4,752	5,239	5,118	5,631	7,275	65,551
Net income	3,238	3,526	3,762	3,159	4,539	40,897
Depreciation expenses	4,365	4,687	4,939	5,089	5,134	46,263
PER SHARE (yen and U.S. dollars)**:**						
Net income	¥ 356.89	¥ 388.82	¥ 414.83	¥ 348.47	¥ 500.74	$ 4.5116
Cash dividends	6.00	6.50	7.50	44.00	90.00	0.8109
YEAR-END FINANCIAL POSITION:						
Total current assets	¥ 36,076	¥ 37,418	¥ 40,352	¥ 42,644	¥ 45,871	$ 413,295
Net property and equipment	71,168	70,857	71,465	70,669	71,421	643,498
Total assets	120,887	121,212	126,769	128,953	136,759	1,232,178
Total current liabilities	39,333	34,761	34,209	34,612	39,632	357,078
Long-term liabilities, excluding of current portion thereof	26,906	29,280	31,407	30,083	27,372	246,619
Total net assets	54,647	57,169	61,152	64,257	69,754	628,480
OTHER YEAR-END DATA:						
Number of employees	6,447	6,431	6,494	6,440	6,436	

Note: 1. 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.
2. Effective from the beginning of the fiscal year ending March 31, 2020, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28, February 16, 2018) and other standards. Figures presented for key performance indicators, etc. for the fiscal year ended March 31, 2019 are after retrospective application of the said accounting standards.

Consolidated Financial Review

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 ¥137,436 million, an increase of 5.0% or ¥6,549 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:	91.8%	+4.5%
Road haulage operations and freight forwarding operations	68.8	+4.2
Warehousing operations	19.5	+8.5
Harbor transport operations	3.5	−7.9
Information processing business	2.1	+6.1
Sales businesses	4.9	+14.8
Other businesses	1.2	+3.8

Operating income

Owing to increased revenues as a result of negotiations to revise freight charges and initiatives such as thorough profit management through cost control and improvement of productivity of existing businesses, operating income increased by ¥1,643 million or 29.2% to ¥7,275 million from the previous year.

Net income attributable to owners of the parent

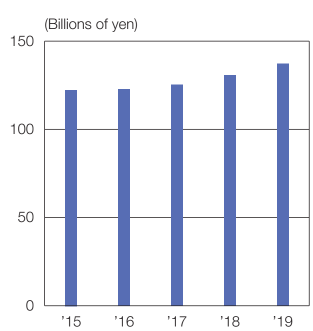
Net income attributable to owners of the parent was ¥4,539 million, an increase of ¥1,379 million or 43.7% from the previous year.

Analysis of the Financial Position

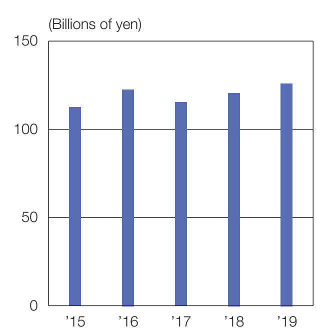
Assets

Current assets were ¥45,871 million, an increase of 7.6% from the previous fiscal year-end. This increase was mainly attributable to a ¥2,124 million increase in cash and time deposits and a ¥626 million increase in trade accounts receivable.

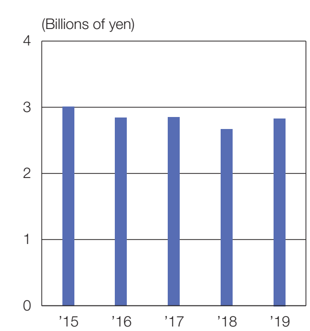
Operating Revenues



Sales of Logistics



Sales of Information Processing Business



Non-current assets amounted to ¥90,887 million, an increase of 5.3% from the previous fiscal year-end. This increase was mainly attributable to a ¥801 million increase in buildings and structures and a ¥3,306 million increase in investments in securities, whereas leased assets and construction in progress decreased ¥413 million and ¥287 million, respectively.

As a result, total assets amounted to ¥136,759 million, an increase of 6.1% or ¥7,805 million from the previous fiscal year-end.

Liabilities

Current liabilities were ¥39,632 million, an increase of 14.5% from the previous fiscal year-end. This increase was mainly attributable to a ¥378 million increase in trade accounts payable, a ¥3,203 million increase in current portion of long-term debt, and a ¥370 million increase in income taxes payable, whereas lease obligations decreased ¥1,204 million.

Long-term liabilities were ¥27,372 million, a decrease of 9.0% from the previous fiscal year-end. This decrease was mainly attributable to a ¥3,022 million decrease and a ¥329 million decrease in long-term debt and lease obligations, respectively, whereas deferred tax assets increased ¥776 million.

As a result, total liabilities amounted to ¥67,004 million, an increase of 3.6% or ¥2,308 million from the previous fiscal year-end.

Net assets

Net assets amounted to ¥69,754 million, an increase of 8.6% from the previous fiscal year-end. The main factors included a ¥3,813 million increase in retained earnings as a result of recording net income attributable to owners of the parent of ¥4,539 million as well as a ¥1,796 million increase in unrealized gain on other securities.

Analysis of Cash Flows

Cash and cash equivalents on a consolidated basis for the year under review increased ¥2,000 million from the previous year to ¥19,262 million as a result of net cash provided by operating activities amounting to ¥10,466 million, net cash used in investing activities amounting to ¥4,768 million, and net cash used in financing activities amounting to ¥3,698 million.

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥10,466 million, an increase of ¥1,620 million from the previous year. Principal items were income before income taxes amounting to ¥7,257 million and income taxes paid amounting to ¥2,208 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥4,768 million, an increase of ¥1,879 million from the previous year. The principal items were payment of ¥3,517 million for the purchase of property and equipment, payment of ¥751 million for the purchase of investments in securities, and payment of ¥409 million for the purchase of shares of subsidiaries resulting in change in scope of consolidation.

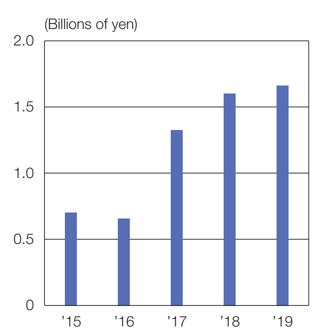
Cash Flows from Financing Activities

Net cash used in financing activities totaled ¥3,698 million, a decrease of ¥568 million from the previous year. The principal items were proceeds from long-term debt amounting to ¥600 million, repayment of long-term debt amounting to ¥711 million, repayment of lease obligations amounting to ¥2,847 million, and dividends paid amounted to ¥725 million.

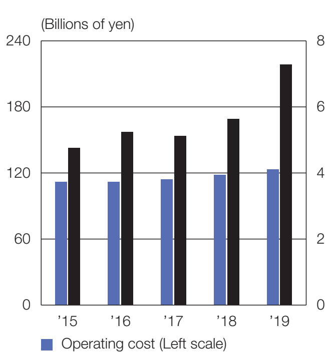
Risk Factors

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

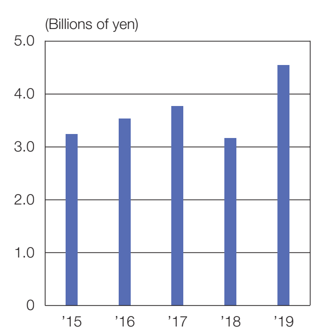
Sales of Other Business



Operating Cost and Operating Income



Net Income



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

The Japanese economy is expected to remain on a moderate recovery trend amid continuing improvement of the employment and personal income environments despite persisting weakness in certain areas of exports and production. On the other hand, the economic outlook is expected to remain unclear due to the impact of political situations overseas.

In the logistics industry, the business environment is expected to become increasingly challenging, as the labor supply/demand situation is becoming tighter and the work-style reform-related laws, which are intended to correct the practice of long working hours and promote equal pay for equal work, are coming into effect one after another.

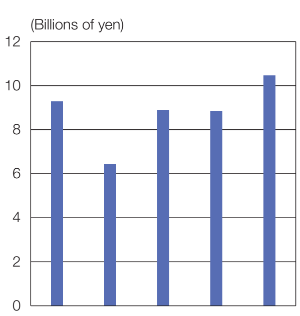
In these circumstances, the Group is promoting the following six reforms:

- Strengthen the business foundation to respond to changes in the market and customer needs
- Promote work-style reform
- Unify systems, standards, and methods to make the administration departments more efficient
- Promote high-quality management
- Strengthen the roles and functions as well as management infrastructure of Group companies
- Proactively promote capital and business alliances and M&A

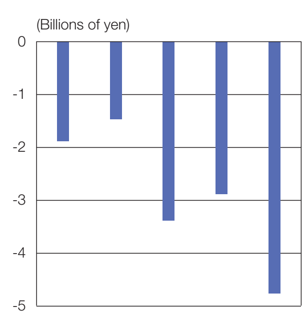
By ensuring stable progress of the 21st Medium-Term Business Plan centering on the six reforms, we aim to achieve sustainable growth and enhancement of corporate value.

Labor and subcontracting costs are expected to increase due to factors such as work-style reform and reinforcement of the collection and delivery systems intended to meet customers' trust and expectations. The Group will strive, however, to improve its earnings power by promoting its efforts such as appropriate collection of freight charges and rates in the road haulage business and the 3PL business.

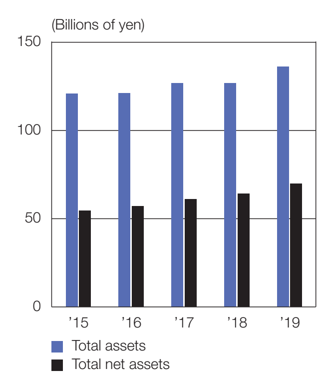
Net Cash Provided by Operating Activities



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, 2019 and 2018

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2018	2019
Current assets:			
Cash and time deposits (Notes 12 and 14)	¥ 19,407	¥ 17,283	$ 174,861
Trade receivables:			
Notes and accounts (Notes 5, 8 and 14)	22,883	22,028	206,178
Less: allowance for doubtful accounts	(114)	(17)	(1,027)
Investments in lease assets	27	43	251
Inventories	689	552	6,212
Income taxes receivable	448	559	4,040
Other current assets	2,528	2,195	22,780
Total current assets	45,871	42,644	413,295
Property and equipment (Notes 3, 4 and 6):			
Land	41,453	40,844	373,490
Buildings and structures	20,322	19,521	183,102
Machinery and vehicles	2,631	2,629	23,710
Leased assets (Note 13)	6,284	6,697	56,619
Construction in progress	5	293	52
Other	724	683	6,526
Total property and equipment	71,421	70,669	643,498
Investments and other assets:			
Investments in securities (Note 15)	12,961	9,654	116,778
Deferred tax assets (Note 19)	758	744	6,836
Goodwill	397	67	3,578
Other	5,348	5,173	48,193
Total investments and other assets	19,465	15,639	175,385
Total assets	¥136,759	¥128,953	$1,232,178

The accompanying Notes are an integral part of these statements.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2018	2019
Current liabilities:			
Short-term bank loans (Notes 4, 7 and 14)	¥ 9,748	¥ 9,700	$ 87,048
Current portion of long-term debt (Notes 4, 7, 14 and 16)	3,857	654	34,449
Trade notes and accounts payable (Notes 8 and 14)	13,043	12,484	116,471
Lease obligations (Note 14)	2,444	2,568	21,825
Income taxes payable	1,892	1,522	16,900
Other current liabilities	8,644	7,682	77,188
Total current liabilities	39,632	34,612	353,890
Long-term liabilities:			
Long-term debt, less current portion thereof (Notes 4, 7, 14 and 16)	7,931	10,953	70,821
Lease obligations (Note 14)	4,650	4,979	41,522
Deferred tax liability (Note 19)	2,672	1,896	23,868
Deferred tax liabilities from revaluation reserve for land (Note 6)	3,765	3,765	33,622
Retirement benefits for directors and corporate auditors	186	153	1,668
Net defined benefit liability (Note 17)	7,095	6,931	63,359
Provision for loss on guarantees	57	57	510
Other long-term liabilities	1,013	1,347	9,047
Total long-term liabilities	27,372	30,083	244,417
Total liabilities	67,004	64,696	598,307
Net assets			
Shareholders' equity (Note 18):			
Common stock:			
Authorized: 29,920,000 shares in 2019			
29,920,000 shares in 2018			
Issued: 9,761,011 shares in 2019			
9,761,011 shares in 2018	14,182	14,182	126,642
Capital surplus	11,699	11,699	104,467
Retained earnings	34,583	30,770	308,812
Treasury stock, at cost: 696,744 shares in 2019			
695,472 shares in 2018	(2,063)	(2,055)	(18,426)
Total shareholders' equity	58,402	54,596	521,495
Other comprehensive income			
Unrealized gain on other securities	4,697	2,901	41,949
Revaluation reserve for land (Note 6)	6,352	6,352	56,728
Remeasurements of defined benefit plans (Note 17)	259	368	2,317
Accumulated other comprehensive income (Note 11)	11,310	9,623	100,994
Minority interests:			
Minority interests	42	37	379
Total net assets	69,754	64,257	622,868
Total liabilities and net assets	¥136,759	¥128,953	$1,221,175

The accompanying Notes are an integral part of these statements.

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

TONAMI HOLDINGS CO., LTD.
AND CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2018	2019
Operating revenues (Note 22):			
Operating revenues	¥137,436	¥130,886	$1,238,282
	137,436	130,886	1,238,282
Operating costs and selling, general and administrative expenses:			
Operating cost (Note 20)	122,932	118,141	1,107,601
Selling, general and administrative expenses (Note 20)	7,228	7,113	65,129
	130,161	125,255	1,172,731
Operating income (Note 22)	7,275	5,631	65,551
Other income and expenses:			
Interest and dividend income	356	348	3,214
Equity in earnings of unconsolidated subsidiaries and affiliates	103	123	931
Loss on sale of property and equipment, net	54	87	490
Interest expenses	(216)	(219)	(1,955)
Impairment losses (Note 9)	(347)	(163)	(3,129)
Loss on impairment of goodwill (Note 10)	—	(639)	—
Other	31	100	284
	(18)	(363)	(165)
Income before income taxes and minority interests	7,257	5,268	65,386
Income taxes (Note 19):			
Current	2,683	2,201	24,177
Deferred	23	(102)	213
	2,707	2,099	24,390
Net income before minority interests	4,550	3,169	40,995
Minority interests	10	9	98
Net income	¥ 4,539	¥ 3,159	$ 40,897
Minority interests	10	9	98
Net income before minority interests	4,550	3,169	40,995
Other comprehensive income (Note 11):			
Valuation difference on other securities	1,794	545	16,165
Revaluation reserve for land	—	—	—
Remeasurement of defined benefit plans	(109)	137	(985)
Share of other comprehensive income (loss) of associates accounting for using the equity method	2	0	22
Total other comprehensive income	1,687	683	15,201
Total comprehensive income for the year	¥ 6,237	¥ 3,852	$ 56,196
Total comprehensive income attributable to:			
Owners of the parent	¥ 6,226	¥ 3,843	$ 56,098
Minority interests	10	9	98

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, 2019 and 2018

		Millions of yen										
	Shares of common stock (thousands)	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	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
Balance as at April 1, 2018	9,761	¥14,182	¥11,699	¥30,770	¥(2,055)	¥54,596	¥2,901	¥6,352	¥368	¥ 9,623	¥37	¥64,257
Cash dividends applicable to the year (¥90 per share)				(725)		(725)						(725)
Net income				4,539		4,539						4,539
Change in ownership interests of the parent arising from transactions with non-controlling shareholders						—						—
Reversal of Revaluation reserve for land						—						—
Change of scope of equity method						—						—
Treasury stock					(8)	(8)						(8)
Net changes in items other than shareholders' equity						—	1,796	—	(109)	1,687	4	1,691
Balance as at March 31, 2019	9,761	¥14,182	¥11,699	¥34,583	¥(2,063)	¥58,402	¥4,697	¥6,352	¥259	¥11,310	¥42	¥69,754

	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 assets
Balance as at April 1, 2018	$127,783	$105,408	$277,232	$(18,517)	$491,906	$26,140	$57,239	$3,324	$ 86,703	$340	$578,950
Cash dividends applicable to the year ($0.8109 per share)			(6,535)		(6,535)				—		(6,535)
Net income			40,897		40,897				—		40,897
Change in ownership interests of the parent arising from transactions with non-controlling shareholders					—				—		—
Reversal of Revaluation reserve for land					—				—		—
Change of scope of equity method					—				—		—
Treasury stock				(75)	(75)				—		(75)
Net changes in items other than shareholders' equity					—	16,186	—	(985)	15,201	42	15,243
Balance as at March 31, 2019	$127,783	$105,408	$311,594	$(18,592)	$526,193	$42,327	$57,239	$2,338	$101,904	$382	$628,480

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)
	2019	2018	2019
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 7,257	¥ 5,268	$ 65,386
Depreciation and amortization	5,134	5,089	46,263
Impairment losses	347	163	3,131
Loss on impairment of goodwill	—	639	—
Gain on disposal of property and equipment	(54)	(87)	(490)
Gain on sales of investment in securities	(0)	0	(0)
Loss on devaluation of investments in securities	114	120	1,029
Loss on devaluation of golf club memberships	—	0	—
Amortization of goodwill	60	203	549
Equity in earnings of unconsolidated subsidiaries and affiliates	(103)	(123)	(931)
(Decrease) increase in allowance for doubtful accounts	(9)	34	(86)
Decrease in net defined benefit liability	27	17	245
Increase (decrease) in directors' and corporate auditors' retirement benefits	16	0	144
Increase in accrued bonuses to employees	157	68	1,419
Interest and dividend income	(356)	(348)	(3,284)
Interest expenses	216	219	1,955
Decrease (increase) in trade receivables	(729)	(1,114)	(6,571)
Decrease (increase) in inventories	(134)	18	(1,209)
(Decrease) increase in accounts payable	158	342	1,430
Increase in accrued consumption taxes	(62)	97	(563)
Other, net	474	418	4,272
Subtotal	12,515	11,030	112,759
Interest and dividends received	375	348	3,381
Interest paid	(215)	(219)	(1,944)
Income taxes paid	(2,208)	(2,312)	(19,896)
Net cash provided by operating activities	10,466	8,846	94,301
Cash flows from investing activities:			
Purchase of time deposits	(30)	(22)	(270)
Proceeds from redemption of time deposits	22	22	198
Purchase of property and equipment	(3,517)	(2,775)	(31,696)
Proceeds from sales of property and equipment	155	184	1,405
Purchase of investments in securities	(751)	(21)	(6,772)
Proceeds from redemption of investments in securities	0	21	0
(Payment for) proceeds from purchase of investments in consolidated subsidiaries	(409)	(198)	(3,691)
Investments in loans receivable	(457)	(314)	(4,118)
Proceeds from collection of loans receivable	277	275	2,502
Other, net	(57)	(60)	(518)
Net cash used in investing activities	(4,768)	(2,888)	(42,959)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans	—	10	—
Proceeds from long-term debt	600	100	5,406
Repayment of long-term debt	(711)	(829)	(6,407)
Repayments of lease obligations	(2,847)	(2,800)	(25,653)
Purchase of treasury stock	(8)	(17)	(75)
Dividends paid	(725)	(725)	(6,535)
Dividends paid to minority interests	(6)	(4)	(56)
Net cash used in financing activities	(3,698)	(4,266)	(33,320)
Net increase (decrease) in cash and cash equivalents	2,000	1,690	18,021
Cash and cash equivalents at beginning of year	17,262	15,571	155,529
Cash and cash equivalents at end of year (Note 12)	¥19,262	¥17,262	$173,551

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 ¥110.99 to U.S.$1, the approximate rate of exchange at March 31, 2019. 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, 2019 include the accounts of the Company and its 24 (23 in 2018) consolidated subsidiaries and 6 (6 in 2018) 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.

(Changes in presentation methods)

(Changes associated with the application of "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.",

Effective from the beginning of the fiscal year ended March 31, 2019, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28, February 16, 2018) and other standards, and accordingly deferred tax assets are presented under investments and other assets and deferred tax liabilities are presented under long-term liabilities.

As a result, on the consolidated balance sheet for the previous fiscal year, of "deferred tax assets" amounting to ¥829 million ($7,805 thousand) under "current assets," ¥205 million ($1,929 thousand) is included in "deferred tax assets" amounting to ¥539 million ($5,079 thousand) under "investments and other assets" and ¥624 million ($5,876 thousand) is offset against "deferred tax liabilities" under "long-term liabilities."

Total assets for the previous fiscal year decreased by ¥624 million ($5,876 thousand) as a result of offsetting "deferred tax assets" and "deferred tax liabilities" of the same taxable entity.

Moreover, matters described in Note 8 (2) of the "Accounting Standard for Tax Effect Accounting" specified in Paragraphs 3 and 4 of the "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." have been added to the notes to tax effect accounting.

(Notes to consolidated statements of income)

Whereas "Reversal of allowance for doubtful accounts" was included in "Other" under "Other income and expenses" for the previous fiscal year, it is reported as a separate item for the current fiscal year because its amount exceeded ten-100ths of the total amount of other income and expenses. In order to reflect this change in the presentation method, the consolidated financial statements for the previous fiscal year have been restated.

As a result, on the consolidated statement of income for the previous fiscal year, ¥225 million ($2,123 thousand), which was included in "Other" under "Other income and expenses," has been restated as "Reversal of allowance for doubtful accounts" amounting to ¥16 million ($155 thousand) and "Other" amounting to ¥209 million ($1,967 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 ¥64,815 million ($583,974 thousand) and ¥63,045 million on March 31, 2019 and 2018, 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 ($1,623 thousand) and ¥180 million on March 31, 2019 and 2018, respectively.

4 Short-term bank loans and long-term debt

(a) Short-term bank loans
Short-term bank loans as at March 31, 2019 and 2018 were as follows:—

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Secured	¥ 1,970	¥ 1,970	$ 17,749
Unsecured	7,778	7,730	70,083

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
	2019	2018	2019
0.48% ¥5.0 billion unsecured straight bonds due 2021	¥ 5,000	¥ 5,000	$ 45,049
1.000%-2.490% loans from financial institutions due 2016 to 2020 and thereafter:			
Secured	86	227	775
Unsecured	6,703	6,380	60,394
Total	11,789	11,607	106,218
Less: amount due within one year	3,857	654	34,759
	¥ 7,931	¥10,953	$ 71,459

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, 2019 are as follows:—

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2020	¥3,857	$34,759
2021	5,129	46,212
2022	2,200	19,827
2023	61	555
2024	515	4,647
2025	24	219

(c) Pledged assets

Property and equipment having a net value of ¥4,682 million ($42,190 thousand) was pledged as collateral for short-term bank loans and long-term debt as at March 31, 2019.

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	$ 29
Others	¥ 82	$ 744

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	¥8,122	$73,178

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	$27,029
Used credit	—	—
Total	¥3,000	$27,029

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, 2019: ¥200 million ($1,802 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, 2019, 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	¥345	$3,114
Trade notes payable	¥210	$1,894

9 Impairment losses

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

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 ($1,473 thousand) was recognized as an impairment loss.

The impairment loss comprised ¥90 million ($818 thousand) for land, ¥3 million ($29 thousand) for buildings, and ¥1 million ($9 thousand) for structures in Shizuoka City, Shizuoka Prefecture, and ¥68 million ($617 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.

Fiscal year ended March 31, 2019

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 breakdown is as follows: ¥47 million ($432 thousand) for land, ¥29 million ($268 thousand) for buildings, and ¥3 million ($33 thousand) for structures regarding freight forwarding facilities (Hakui-gun, Ishikawa Prefecture, etc.); ¥19 million ($173 thousand) for buildings, ¥3 million ($28 thousand) for structures, and ¥7 million ($69 thousand) for other (machinery) regarding warehouse facilities (Kashiwa-shi, Chiba Prefecture, etc.); ¥229 million ($2,072 thousand) for land and ¥6 million ($55 thousand) for buildings regarding leased property (Toyama-shi, Toyama Prefecture, etc.).

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, 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.

Fiscal year ended March 31, 2019

Not applicable

11 Consolidated statement of comprehensive income

Reclassification adjustments and tax effects relating to other comprehensive income

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Valuation difference on other securities:			
Amount arising during the year	¥ 2,582	¥ 783	$ 23,267
Reclassification adjustment	(0)	1	(0)
Before tax-effect adjustment	2,582	784	23,266
Tax effect	(788)	(239)	(7,102)
Valuation difference on other securities	1,794	545	16,165
Revaluation reserve for land:			
Tax effect	—	—	—
Remeasurements of defined benefit plans:			
Amount arising during the year	(169)	89	(1,526)
Reclassification adjustment	16	111	147
Before tax-effect adjustment	(153)	200	(1,379)
Tax effect	43	(63)	394
Remeasurements of defined benefit plans	(109)	137	(985)
Share of other comprehensive income of affiliates accounted for using equity method:			
Amount arising during the year	2	0	22
Total other comprehensive income	¥ 1,687	¥ 683	$ 15,201

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, 2019 and 2018 are as follows:—

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Cash and time deposits	¥19,407	¥17,283	$174,861
Time deposits with maturities exceeding three months	(145)	(21)	(1,310)
Cash and cash equivalents	¥19,262	¥17,262	$173,551

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, 2019 and 2018 for finance leases accounted for as operating leases:—

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Acquisition costs:			
Buildings	¥ 2,316	¥ 5,833	$ 20,875
	¥ 2,316	¥ 5,833	$ 20,875
Accumulated depreciation:			
Buildings	¥ 1,330	¥ 3,656	$ 11,985
	¥ 1,330	¥ 3,656	$ 11,985
Accumulated impairment losses:			
Buildings	¥ 756	¥ 756	$ 6,813
	¥ 756	¥ 756	$ 6,813
Net book value:			
Buildings	¥ 230	¥ 1,421	$ 2,078
	¥ 230	¥ 1,421	$ 2,078

Amounts of depreciation expense equivalents and interest expense equivalents for the years ended March 31, 2019 and 2018 were as follows:—

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Depreciation expense	¥58	¥196	$523
Interest expense	20	59	181

Lease payments relating to finance leases accounted for as operating leases amounted to ¥187 million ($1,692 thousand) and ¥365 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, 2019 and 2018, respectively.

In the year ended March 31, 2019, 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, 2019 and 2018, amounted to ¥42 million ($378 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
	2019	2018	2019
Due within one year	¥112	¥ 233	$1,012
Due over one year	421	1,705	3,796
Total	¥533	¥1,939	$4,808
Impairment losses on leased assets	¥168	¥ 210	$1,514

(c) Operating leases

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Due within one year	¥ 2,563	¥ 1,408	$ 23,097
Due over one year	9,166	5,930	82,592
Total	¥11,730	¥ 7,338	$105,689

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, 2019 and 2018 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, 2019	Millions of yen		
	Carrying amount	Fair value	Difference
Assets:			
Cash and time deposits	¥19,407	¥19,407	¥ —
Trade receivables – notes	3,115	3,115	—
Trade receivables – accounts	19,768	19,768	—
Investments in securities (other securities)	10,259	10,259	—
Total asset	¥52,550	¥52,550	¥ —
Liabilities:			
Trade notes payable	¥ 993	¥ 993	¥ —
Trade accounts payable	12,051	12,051	—
Short-term bank loans	9,748	9,748	—
Bonds	5,000	5,013	13
Long-term debt	6,789	6,838	49
Lease obligations	7,094	7,262	167
Total liabilities	¥41,676	¥41,907	¥231
Derivatives:	—	—	—

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, 2019	Thousands of U.S. dollars		
	Carrying amount	Fair value	Difference
Assets:			
Cash and time deposits	$174,861	$174,861	$ —
Trade receivables – notes	28,069	28,069	—
Trade receivables – accounts	178,108	178,108	—
Investments in securities (other securities)	92,436	92,436	—
Total asset	$473,475	$473,475	$ —
Liabilities:			
Trade notes payable	$ 8,950	$ 8,950	$ —
Trade accounts payable	108,580	108,580	—
Short-term bank loans	87,832	87,832	—
Bonds	45,049	45,171	122
Long-term debt	61,169	61,617	448
Lease obligations	63,918	65,431	1,513
Total liabilities	$375,498	$377,581	$2,083
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 ¥2,701 million ($24,342 thousand) are not included in the above table. The unlisted equity securities were restated at fair value and related loss on impairment amounting to ¥114 million was charged to income for the year ended March 31, 2018.

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, 2019 and 2018 were as follows:

For the year ended March 31, 2019	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	¥19,383	¥—	¥—	¥—
Trade notes receivable	3,115	—	—	—
Trade accounts receivable	19,768	—	—	—
Investments in securities (other securities with maturities)	—	—	30	—
Total	¥42,267	¥—	¥30	¥—

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, 2019	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	$174,643	$—	$—	$—
Trade notes receivable	28,069	—	—	—
Trade accounts receivable	178,108	—	—	—
Investments in securities (other securities with maturities)	—	—	270	—
Total	$380,820	$—	$270	$—

Annual maturities of bonds, long-term debt, lease obligations, and other interest-bearing debts as of March 31, 2019 and 2018 are as follows:

For the year ended March 31, 2019	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	¥ 9,748	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	—	5,000	—	—	—	—
Long-term debt	3,857	129	2,200	61	515	24
Lease obligations	2,444	1,870	1,273	869	410	226
Total	¥16,050	¥6,999	¥3,473	¥931	¥926	¥250

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, 2019	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	$ 87,832	$ —	$ —	$ —	$ —	$ —
Bonds	—	45,049	—	—	—	—
Long-term debt	34,759	1,163	19,827	555	4,647	219
Lease obligations	22,022	16,856	11,471	7,835	3,697	2,036
Total	$144,613	$63,068	$31,298	$8,389	$8,344	$2,256

15 Marketable securities and investments in securities

No trading securities or held-to-maturity securities were held at March 31, 2019 or 2018. 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, 2019 and 2018 are summarized as follows:—

At March 31, 2019	Millions of yen		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Unrealized gain:			
Stocks	¥ 9,495	¥2,489	¥7,006
Bonds	—	—	—
Other	—	—	—
Unrealized loss:			
Stocks	733	1,050	(316)
Bonds	30	30	—
Other	—	—	—
Total	¥10,259	¥3,570	¥6,689

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, 2019	Thousands of U.S. dollars		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Unrealized gain:			
Stocks	$85,557	$22,433	$63,124
Bonds	—	—	—
Other	—	—	—
Unrealized loss:			
Stocks	6,609	9,462	(2,853)
Bonds	270	270	—
Other	—	—	—
Total	$92,436	$32,165	$60,271

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
	2019	2018	2019
Contract amount	¥200	¥600	$1,802
Contract amount due after one year	—	200	—
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
	2019	2018	2019
Retirement benefit obligation at beginning of year	¥12,554	¥12,598	$113,115
Cumulative effects of changes in accounting policies	—	—	—
Restated balance at beginning of year	12,554	12,598	113,115
Service cost	650	650	5,859
Interest cost	100	100	905
Actuarial gain or loss	57	82	522
Payment of retirement benefits	(873)	(877)	(7,869)
Retirement benefit obligation at end of year	¥12,490	¥12,554	$112,533

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
	2019	2018	2019
Plan assets at beginning of year	¥6,556	¥6,428	$59,069
Expected return on plan assets	163	160	1,477
Actuarial gain or loss	(111)	172	(1,004)
Contributions by the Company	76	83	691
Employee contributions	62	69	562
Payment of retirement benefits	(366)	(357)	(3,304)
Plan assets at end of year	¥6,380	¥6,556	$57,491

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
	2019	2018	2019
Net defined benefit liability at beginning of year	¥932	¥940	$8,403
Retirement benefit costs	124	118	1,125
Payment of retirement benefits	(65)	(106)	(590)
Contributions to the plan	(19)	(19)	(175)
Increase resulting from change in scope of consolidation	13	—	124
Net defined benefit liability at end of year	¥986	¥932	$8,887

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
	2019	2018	2019
Funded retirement benefit obligation	¥ 7,679	¥ 7,668	$ 69,192
Plan assets	(6,513)	(6,691)	(58,688)
	1,165	976	10,504
Unfunded retirement benefit obligation	5,929	5,954	53,426
Net amount of liability (asset) on the consolidated balance sheets	7,095	6,931	63,930
Net defined benefit liability	7,095	6,931	63,930
Net defined benefit asset	—	—	—
Net amount of liability (asset) on the consolidated balance sheets	¥ 7,095	¥ 6,931	$ 63,930

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

Retirement benefit costs and breakdown

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Service cost (Note 1)	¥ 587	¥ 581	$ 5,298
Interest cost	100	100	905
Expected return on plan assets	(163)	(160)	(1,477)
Amortization of actuarial gain or loss	16	111	147
Retirement benefit costs calculated by the simplified method	124	118	1,125
Retirement benefit costs for defined benefit plans	¥ 665	¥ 751	$ 5,998

(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
	2019	2018	2019
Actuarial gain or loss	¥(153)	¥200	$(1,379)

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
	2019	2018	2019
Unrecognized actuarial gain or loss	¥(387)	¥(540)	$(3,490)

Plan assets

Plan asset components as a percentage of total plan assets

	2019	2018
Bonds	50.4%	44.1%
Stocks	26.3%	31.5%
Insurance company general accounts	12.2%	11.8%
Cash and time deposits	2.0%	1.3%
Other	9.1%	11.3%
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

	2019	2018
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
	2019	2018	2019
Required contributions to the defined contribution pension plan	¥315	¥320	$2,841

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)	695,472	1,272	—	696,744

Reason for the change:

Breakdown of the increase:

Increase attributable to purchase of shares constituting less than one unit 1,272 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	
	2019	2018	2019	2018
Deferred tax assets:				
Provision for bonuses	¥ 533	¥ 480	$ 4,805	$ 4,525
Net defined benefit liability	2,132	2,162	19,212	20,353
Allowance for doubtful accounts in excess of deductible limit	161	165	1,458	1,558
Depreciation and amortization in excess of deductible limit	118	120	1,069	1,131
Accounts payable upon transfer to defined contribution pension plan	216	327	1,953	3,080
Accumulated loss on impairment of property and equipment	2,176	2,129	19,611	20,042
Accumulated loss on impairment of leased assets	51	63	461	602
Accrued enterprise tax	171	146	1,541	1,378
Other	425	255	3,834	2,400
Gross deferred tax assets	5,987	5,850	53,945	55,069
Valuation allowance	(2,397)	(2,236)	(21,600)	(21,048)
Total deferred tax assets	3,590	3,614	32,345	34,022
Deferred tax liabilities:				
Unrealized gain on other securities	(1,989)	(1,201)	(17,928)	
Reserve for advanced depreciation of non-current assets	(3,334)	(3,396)	(30,039)	
Undistributed earnings	(180)	(168)	(1,625)	
Total deferred tax liabilities	(5,504)	(4,766)	(49,592)	
Net deferred tax assets	¥(1,914)	¥(1,151)	$(17,247)	

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, 2019 and 2018 were as follows:—

	2019	2018
Statutory tax rate:	30.45%	30.69%
Increase (reduction) in tax resulting from:		
Nondeductible expenses including entertainment, etc.	0.58	0.82
Nontaxable income including dividends received deduction, etc.	(9.42)	(15.27)
Per capita portion of inhabitant taxes	3.20	4.40
Equity in earnings of affiliates	(0.43)	(0.72)
Elimination of dividends received from consolidated subsidiaries, etc.	9.30	15.11
Amortization of goodwill	0.26	1.18
Change in valuation allowance related to deferred tax assets	2.22	3.60
Other	1.14	0.03
Effective tax rate	37.30%	39.84%

20 Supplementary income information

Supplementary income information for the years ended March 31, 2019 and 2018 is as follows:—

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Depreciation expenses	¥5,134	¥5,089	$46,263
Lease and rental	7,060	6,654	63,612

21 Amounts per share

Amounts per share of common stock for the years ended March 31, 2019 and 2018 were as follows:—

	Yen		U.S. dollars
	2019	2018	2019
Net income per share:			
Basic	¥ 500.74	¥ 348.47	$ 4.5116
Diluted	—	—	—
Cash dividends	90.00	44.00	0.8109
Net assets per share	¥7,690.92	¥7,083.96	$69.2938

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, 2019 and 2018 were as follows:—

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Total net assets as reported on the consolidated balance sheets	¥64,754	¥64,257	$583,431
Deduction from total net assets:	42	37	382
Non-controlling interests	42	37	382
Adjusted net assets allocated in common stock	69,712	64,219	628,097
Number of shares of common stock outstanding at the end of year on which net assets per share is calculated	9,064,267	9,065,539	

Basis for the calculation of basic and diluted net income per share for the years ended March 31, 2019 and 2018 was as follows:—

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Net income attributable to owners of the parent	¥4,539	¥3,159	$40,897
Amounts not attributable to shareholders of common stock	—	—	—
Net income attributable to common shareholders of the parent	4,539	3,159	40,897
Weighted-average number of shares of common stock outstanding (shares)	9,064,933	9,067,476	

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, 2019 — 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	¥126,211	¥2,836	¥ 6,723	¥135,771	¥ 1,665	¥137,436	¥ —	¥137,436
Intersegment revenues or transfers	31	252	4,407	4,691	131	4,823	(4,823)	—
Total	126,242	3,088	11,131	140,463	1,796	142,260	(4,823)	137,436
Segment income	¥ 6,600	¥ 341	¥ 304	¥ 7,246	¥ 113	¥ 7,360	¥ (84)	¥ 7,275
Segment assets	¥113,224	¥2,070	¥10,200	¥125,495	¥13,389	¥138,885	¥(2,126)	¥136,759
Other items:								
Depreciation	¥ 4,482	¥ 569	¥ 39	¥ 5,091	¥ 24	¥ 5,115	¥ 18	¥ 5,134
Amortization of goodwill	¥ 49	¥ —	¥ —	¥ 49	¥ 11	¥ 60	¥ —	¥ 60
Impairment losses	¥ 247	¥ —	¥ 100	¥ 347	¥ —	¥ 347	¥ —	¥ 347
Loss on impairment of goodwill	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Increases in property and equipment and intangible fixed assets	¥ 6,095	¥ 123	¥ 147	¥ 6,366	¥ 37	¥ 6,403	¥ (0)	¥ 6,402

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	¥128,982	¥ 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	¥ (4,182)	¥128,953
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, 2019

	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	$1,137,140	$25,557	$ 60,580	$1,223,277	$ 15,005	$1,238,282	$ —	$1,238,282
Intersegment revenues or transfers	$ 287	$ 2,272	$ 39,713	$ 42,273	$ 1,185	$ 43,458	$(43,458)	$ —
Total	1,137,426	$27,830	$100,293	$1,265,549	$ 16,190	$1,281,740	$(43,458)	$1,238,282
Segment income	$ 59,468	$ 3,079	$ 2,746	$ 65,293	$ 1,023	$ 66,316	$ (766)	$ 65,551
Segment assets	$1,020,134	$18,658	$ 91,901	$1,130,693	$120,641	$1,251,333	$(19,156)	$1,232,178
Other items:								
Depreciation	$ 40,384	$ 5,134	$ 353	$ 45,871	$ 221	$ 46,092	$ 171	$ 46,263
Amortization of goodwill	$ 444	$ —	$ —	$ 444	$ 105	$ 549	$ —	$ 549
Impairment losses	$ 2,228	$ —	$ 903	$ 3,131	$ —	$ 3,131	$ —	$ 3,131
Loss on impairment of goodwill	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Increases in property and equipment and intangible fixed assets	$ 54,923	$ 1,111	$ 1,328	$ 57,363	$ 334	$ 57,696	$ (8)	$ 57,688

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, 2019 and 2018, adjustments of segment income amounted to ¥(84) million ($(766) thousand) and ¥(45) million ($(430) thousand), respectively. Adjustments include intersegment eliminations and corporate expenses not allocated to any reportable segments.
   For the fiscal years ended March 31, 2019 and 2018, the above-mentioned intersegment eliminations amounted to ¥814 million ($7,343 thousand) and ¥808 million ($7,610 thousand), respectively, and corporate expenses not allocated to any reportable segments amounted to ¥(899) million ($(8,108) thousand) and ¥(854) million ($(8,040) thousand), respectively. Corporate expenses are mainly expenses of the Company’s operations that do not belong to any reportable segments.
   (2) Adjustments of segment assets
   For the fiscal years ended March 31, 2019 and 2018, adjustments of segment assets amounted to ¥(2,126) million ($(19,156) thousand) and ¥(4,182) million ($(39,368) thousand), respectively. Adjustments include intersegment eliminations and corporate assets not allocated to any reportable segments.
   For the fiscal years ended March 31, 2019 and 2018, the above-mentioned intersegment eliminations amounted to ¥(32,443) million ($(292,311) thousand) and ¥(28,831) million ($(271,379) thousand), respectively, and corporate assets not allocated to any reportable segments amounted to ¥30,317 million ($273,155 thousand) and ¥24,648 million ($232,011 thousand), respectively. Corporate assets are mainly cash and time deposits and investments in securities of the head office that do not belong to any reportable segments.
   (3) Adjustments of increases in property and equipment and intangible fixed assets
   For the fiscal years ended March 31, 2019 and 2018, adjustments of increases in property and equipment and intangible fixed assets amounted to ¥(0) million ($(8) thousand) and ¥23 million ($221 thousand), respectively. Adjustments include intersegment eliminations and corporate assets not allocated to any reportable segments.
   For the fiscal years ended March 31, 2019 and 2018, the above-mentioned intersegment eliminations amounted to ¥(4) million ($(36) thousand) and ¥(5) million ($(54) thousand), respectively, and corporate assets not allocated to any reportable segments amounted to ¥3 million ($28 thousand) and ¥29 million ($275 thousand), respectively.
3. Segment income is adjusted to operating income in the consolidated financial statements.

(4) Related information

For the year ended March 31, 2019

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, 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.

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

For the year ended March 31, 2019

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, 2018

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, 2019 — Millions of yen

	Reportable segments						
	Logistics	Information processing	Sales	Total	Others	Adjustment	Total
Goodwill:							
Amortization	¥ 49	¥ —	¥ —	¥ 49	¥ 11	¥ —	¥ 60
Impairment losses	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Balance at end of year	¥370	¥ —	¥ —	¥370	¥ 26	¥ —	¥397

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

For the year ended March 31, 2019 — Thousands of U.S. dollars

	Reportable segments						
	Logistics	Information processing	Sales	Total	Others	Adjustment	Total
Goodwill:							
Amortization	$ 444	$ —	$ —	$ 444	$105	$ —	$ 549
Impairment losses	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Balance at end of year	$ 3,341	$ —	$ —	$ 3,341	$237	$ —	$ 3,578

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

For the year ended March 31, 2019

Not applicable

For the year ended March 31, 2018

Not applicable

23 Subsequent events

Cash dividends

The annual shareholders' meeting of the Company, which was held on June 24, 2019, duly approved the payment of dividends as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥50.00 per share)	¥453	$4,084

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
Masaaki Sato
Shinichiro Inushima
Ichiro Tanaka

Standing Corporate Auditors
Masafumi Takebe
Mitsuharu Wadachi

Corporate Auditors
Atsuki Matsumura
Toshiyuki Oda

(As of June 24, 2019)

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Date of Established
June 1943

Common Stock
¥14,182 million

Issued and Outstanding Shares
9,761,011 shares

Shareholders
4,761

Employees
69

(As of March 31, 2019)

TONAMI

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