SEINO

Annual Report 2014

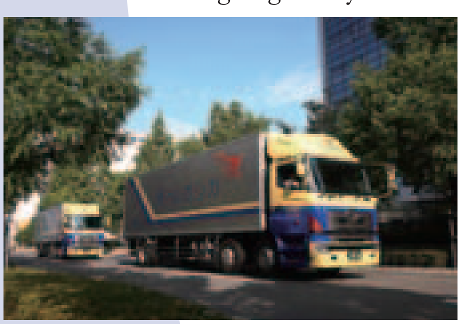
Year Ended March 31, 2014

Profile

Seino Holdings Co., Ltd. ("the Company") began business as a trucking company in 1930 and was incorporated in 1946. Based in the city of Ogaki, Gifu Prefecture, we are a leading trucking company, expanding in step with the growth of the Japanese economy and the development of the nation's extensive expressway network. On October 1, 2005, the Company transferred its transportation business and other operations to a new company—which has taken the original name Seino Transportation Co., Ltd.—and was renamed Seino Holdings Co., Ltd., adopting a pure holding company structure.

The Seino Group currently consists of the pure holding company Seino Holdings, 59 consolidated subsidiaries and 14 affiliates engaged in transportation services, vehicle sales, merchandise sales, leasing for real estate services and other services.

In its mainstay Transportation Services business, the Company has taken steps to build even more convenient logistics systems, all the while adhering to its "customer-first" principle. As of March 31, 2013, Seino offers efficient transportation services throughout Japan via its 646 domestic terminals, a fleet of 23,815 trucks and a trucking network that averages 4,000 routes daily. Overseas, Seino has transferred its international forwarding operations to Schenker-Seino Co., Ltd., a joint venture established with Schenker AG in Germany. Through this alliance, the Company aims to bolster its competitiveness by optimizing the synergies of Seino's domestic transportation network and Schenker's global network and cutting-edge IT systems.



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

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

Contents

Board of Directors

(As of June 26, 2014)

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

SEINO HOLDINGS CO., LTD.

Financial Highlights

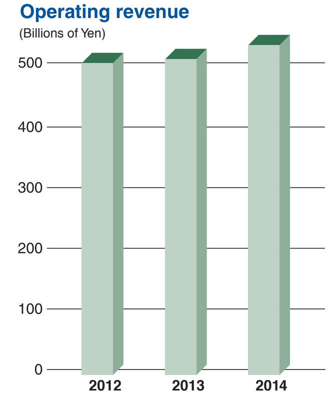
For the Years Ended March 31, 2014, 2013 and 2012

	Millions of Yen			Thousands of U.S. Dollars (Note)
	2014	2013	2012	**2014**
CONSOLIDATED BASIS:				
Operating revenue	**¥ 543,407**	¥ 516,185	¥ 504,277	**$ 5,275,796**
Operating income	**20,189**	14,346	13,867	**196,010**
Income before income taxes	**25,038**	17,574	18,514	**243,087**
Net income	**15,490**	12,151	12,542	**150,388**
Net income per share	**77.85**	61.05	63.02	**0.76**

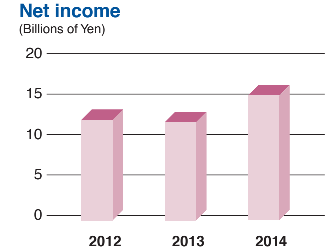
	Millions of Yen			Thousands of U.S. Dollars (Note)
	2014	2013	2012	**2014**
CONSOLIDATED BASIS:				
Cash and cash equivalents, and short-term investments	**¥ 97,729**	¥ 76,934	¥ 64,826	**$ 948,825**
Property and equipment, net of accumulated depreciation	**270,888**	270,367	274,475	**2,629,981**
Total assets	**542,411**	510,467	500,963	**5,266,126**
Long-term debt and other long-term liabilities	**83,676**	71,594	74,094	**812,388**
Net assets	**346,339**	331,702	318,650	**3,362,515**
Net assets per share	**1,696.37**	1,625.30	1,561.32	**16.47**

(Note) U.S. dollar amounts are translated at ¥103 = U.S. $1, only for the convenience of readers.

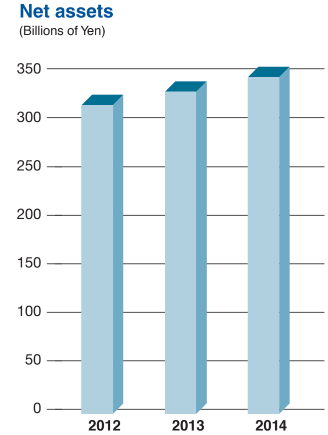
Operating revenue



Net income



Net assets



Corporate Data

(As of March 31, 2014)

Company Name	Seino Holdings Co., Ltd.
Head Office	1, Taguchi-cho, Ogaki, Gifu 503-8501, Japan Tel: 81-584-82-3881 Fax: 81-584-82-5040
Date of Establishment	November 1, 1946
Paid-in Capital	¥42,482 million
Number of Shares Issued	207,679,783
Stock Listings	The First Section of Tokyo Stock Exchange (code 9076) The First Section of Nagoya Stock Exchange (code 9076)
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation
Independent Auditors	KPMG AZSA LLC

Message from the Management

To Our Shareholders, Customers and Friends

We would like to take this opportunity to express our appreciation to our stakeholders, including shareholders and other investors, for the consistent support you have shown us over the years. The results for the fiscal year ending March, 2014 (April 1, 2013 to March 31, 2014) are presented herein.

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

In this fiscal year under review, although Japan's economy began to show signs of modest recovery due to the reconstruction demand associated with the Great East Japan Earthquake, factors such as the continuously declining financial stability of EU countries, the deceleration of emerging nations' economies, the effects of the strong yen and so on, have given rise to a situation where the future remains uncertain. In addition, there are signs of economic vitalization due to the change in political administration at the end of last year, which has had favorable effects on currency and financial markets, however this is yet to ripple down to the real economy.

Even in the transportation industry, which is the core business of the Seino Group, despite slight recovery in the volume of freight being transported due to restoration of production capabilities and the rebound after the low standard of the previous year brought about by the tsunami and earthquake disaster, etc., the level remains low, and on top of the intensifying competition between industry players, the burden of high fuel prices is heavy to bear and we have endured through a rough period.

Elsewhere, on March 12, 2013, Seino Group entered a business alliance with Fukuyama Transporting Co., Ltd. (Fukuyama, Hiroshima) as part of the "Mutual Cooperation Treaty in the case of Large-Scale Disasters".

Regarding vehicle sales, in order to strengthen our maintenance plant network in the Kanto region and contribute to the internalization of maintenance operations, Tokyo Sharyo (Iruma, Saitama) was made a subsidiary of Seino Group as of April 1, 2012.

By placing the selection and concentration of operational resources foremost in this way, we have engaged in a united effort to improve corporate value while achieving optimization of the group overall.

Consequently, we have achieved the following results for the financial year under review. An operating revenue of 516,184 million yen (up 2.4% year-on-year), an operating income of 14, 346 million yen (up 3.5% year-on-year), ordinary profit of 19,461 million yen (down 1.4% year-on-year) and net income was 12,150 million yen (down 3.1% year-on-year).

Initiatives and Results for the Fiscal Year under Review

Amidst such a business environment, the Seino Group has continued to steadily implement each policy of our medium-term management plan, now in its second year, entitled "Challenging towards Change". At the same time as aiming to achieve numerical targets, we also exerted efforts to consolidate the strengths of each group company and offer our customers that "extra special luxury".

In our transportation business, in order to further strengthen our competitiveness in Kyushu, following on from the integration of Seino Transportation Kyushu and Kyushu Seino Transportation Company of the previous fiscal year, on April 1, 2012, Kyushu Seino Transportation and Kyushu Seibu Transportation were integrated.

This is the final move which completes the integration of our Kyushu network, and we have successfully further improved transportation quality and customer service in addition to streamlining redundant elements.

Similarly, on April 1, 2012, Seino Express absorbed Seino Logistics with the goal of streamlining personnel, vehicles, equipment and so on. Also, on January 15, 2013, the Seino Group acquired all the shares of Asahi Conpou (Sumida, Tokyo), which has a strong performance record with government agencies, making it our 59th subsidiary. This move means that packaging and sealing work which had been outsourced until now, is internalized, which will also lead to better efficiency and allow for a multi-layered operations structure.

Future Outlook

The outlook for Japan's economy is that, despite the heightened mentality regarding economic recovery backed by the effects of an improved export environment, proactive economy rehabilitation policies and bold financial policies, there are still many problems such as unstable, uncertain foreign economies, geopolitical risk, the defining of new economic growth strategies promoted as government measures and so on, and it is thought it will take time until the real economy is back on a steady, stable course.

In our core business of transportation, there is still the trend of a shrinking market and the strengthening of social regulations such as environmental restrictions and the prolonged high fuel prices, etc., are causing significant strain on management. Meanwhile, issues such as a shortage of drivers and an aging population across the industry on the whole are beginning to surface, and we believe that the harsh business environment will continue.

Amidst this climate, this year, the final year of our medium-term management plan entitled "Challenging towards Change", in addition to delivering precise instruction so that each group company may achieve their individual directives with certainty, we also intend to exert efforts in the selection and concentration of management resources in order to earnestly drive expansion and development of our businesses.

In the transportation business, while continuing to remain focused on securing the planned profit, we will also engage in activities with the reorganization of our subsidiaries in our sight, as part of an effort to strengthen competitiveness of our group even further and establish a profitable framework.

Also, regarding the business alliance with Fukuyama Transporting Co., Ltd., we will do our best to expand the scope of this alliance to achieve more real results, contribute to the local community and improve the corporate value of both companies.

In regards to passenger vehicle sales, as a part of promoting sales which do not primarily focus on new vehicle sales but also include strengthening our service framework for business expansion and promotion of used parts, the Seino Group will introduce a vehicle inspection reservation management system to achieve appropriate work management and time reduction.

In our truck sales business, we will focus on further strengthening our maintenance plant network in the Kanto region in order to increase profitability of our vehicle maintenance business.

Amidst a rapidly evolving, dynamic business environment, in order to crystallize the strengths of our 59 group companies and achieve solid results, Seino will adhere to our company slogan of "Execution", and ensure various measures are boldly implemented based on self-motivated action.

Corporate Governance

Seino employs a corporate auditor system. As of March 31, 2013, the Board of Directors consisted of 8 directors, including 2 outside directors. In addition to making swift and appropriate decisions on such important matters as business restructuring and strategic investments, the Board of Directors is strengthening auditing functions and achieving greater management transparency.

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

To Our Shareholders

In keeping with our basic business policy, Seino seeks to enhance shareholders' equity and improve profitability from a long-term perspective, while maintaining stable dividends. This fiscal year, Seino has maintained a regular annual cash dividend per share of ¥11, the same as for the previous fiscal year.

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

Yoshikazu Taguchi
Chairman and Chief Executive Officer

Yoshitaka Taguchi
President and Chief Operating Officer

Special Feature

Expanding Our Operations Scope and Creating New Value

The Seino Group established "Challenging towards Change", a medium-term management plan beginning in the fiscal year of 2012, and vigorously promoted the forming of new systems which match group company functions and customers to provide a logistics service which "connects to the needs" of all customers. In addition, the Seino Group has strove to become a corporation where each of its individual companies is the one chosen by customers in their respective industries, thereby building an unshakeable business foundation.

The following outlines initiatives implemented by respective business groups in the fiscal year of 2013.

Business Group Initiatives

Transportation Services/Business Group

Business Alliance with Fukuyama Transporting

On March 12th, Seino Holdings signed a basic agreement relating to construction of a strategic logistics system and entered a business alliance with Fukuyama Transporting (headquartered in Fukuyama city, Hiroshima prefecture).

The alliance consists of the following two items. 1) Mutual cooperation in the event of a large-scale disaster, and 2) Provision of eco delivery. The first item involves mutual cooperation regarding seven items including mutual utilization of logistics facilities in disaster-affected regions with the goal of continuing logistics operations and early recovery. The second item involves providing a "Joint batch delivery service" with the goal of solving problems for customers, society and industry.

Planet-friendly Initiative - Lending Roofs for Solar Power Generation

As part of its environmental initiatives, Seino Holdings has lent the roofs of 18 of its logistics facilities to Orix Corporation (Minato ward, Tokyo) for the installation of solar power generation equipment to start a new power generation initiative.

The annual power generation is predicted to be enough for approximately 1580 households. By continuing to lend roofs which satisfy installation conditions, we plan to advance our initiatives which consider the planet environment.

Participating in a Regional Disaster Drill

At the request of the Gifu Truck Association, one vehicle from Seino Transportation's Gifu branch took part in a regional disaster drill on February 7th.

This was part of the first ever comprehensive drill program carried out by the Cabinet Office and related institutions of the Chubu prefectures in preparation for a Nankai megathrust earthquake, and involved practicing emergency transportation of relief goods, etc. at the venue.

Installation of a Device Integrating Digital Tacographs and Drive Recorders in all Vehicles

In the name of safer driving, Seino Transportation has begun introducing devices which integrate digital tacographs and drive recorders.

By utilizing these devices, not only can driving control managers and drivers easily look back over driving records, they can also receive audio advice. Moreover, in the unlikely event of an accident, this device is useful in identifying the cause using visual records and helping to prevent reoccurrence. We plan to have this device installed on all vehicles by March of next year.

Commencement of Monitoring-type Proxy Shopping

Coconet (headquartered in Chuo ward, Tokyo) has begun a new service called "Oyakokonet" which involves staff visiting the homes of people on a regular basis and informing their family, who live far away, by email, etc. of the person's condition. If the person's family pays a monthly membership fee of 880 yen, the Coconet staff member will also go shopping for the person they are monitoring. The service will start in Minami and Jyonan wards of Fukuoka city, then gradually be rolled out across Japan. This service is also adopted as a "Service for People in Need of Shopping Support" by the Ministry of Economy, Trade and Industry.

おやここネット

Vehicle Sales & Other Businesses

Strengthening Sales – Establishment of our 2nd Philippine's Branch

On July 12th, Subic GS Auto, a joint venture formed by Gifu Hino Motor (headquartered in Anpachi, Gifu prefecture) and Kilton Motors, established their second store in the center of

Manila, the capital of the Philippines.

The demand for trucks in the Philippines is high in line with the country's strong economic growth and the market is starting to shift from used to new cars. As such, the second location was established following the establishment of the first location in July of last year in an effort to strengthen new truck sales in the country.

Strengthening Sales Framework within Trading Zone – New Construction and Relocation of the Seki Branch

Netz Toyota Gifu (headquartered in Hashima, Gifu prefecture) newly constructed and relocated its Seki branch on April 12th. This was part of efforts to strengthen their sales framework by expanding their trading zone to the north-eastern part of Gifu city.

This move was spurred on not only by the deterioration of the old location and the confined space of the original land block, but also in order to acquire a trading zone which differed to the neighboring Seki Higashi branch.

The new store is located alongside a national highway with a high traffic volume and is anticipated to attract a high number of customers due to being part of a collection of commercial facilities.

JMS Gifu – Opening of Tajimi Store

JMS Gifu (headquartered in Kakamigahara city, Gifu prefecture) has opened a new JMS Tajimi store as a new concept car accessory and car maintenance store which targets women, families and couples.

The store is located in a commercial complex, making it easy for people to casually go in and look around. It also features a joint café which services authentic coffee. Moreover, real vehicles are used in the store, with a sales floor where customers can easily imagine the various situations their cars will be in depending on the season.

Toyota Home Gifu - New Construction and Relocation of Headquarters

On March 27th, Toyota Home Gifu (headquartered in Gifu city, Gifu prefecture) established a new show room displaying house designs, interior and so on in an area easily accessible. The new location is in a great environment which attracts large volumes of people, and is in close proximity to the Museum of Fine Arts, Gifu and the library. The show room will be used to strengthen the appeal of the Toyota Home brand.

Toyota Home headquarters has been relocated to the second floor above the show room. The third floor of the building has a room for seminars on building a home, etc. and will strengthen Toyota Home's response to diversifying customer needs.

Simpler Logistics Control – Sales Launch of 2 New Systems

In autumn, Seino Information Service (Taguchicho, Ogaki city) launched the sale of a production performance control system "SPENCER" and transportation management system "ASPITS".

SPENCER is a system that can do everything from factory inventory control to process control and cost management and achieves "visualization" of the production floor. It also enables prevention of task oversights, assesses inventory and helps to reduce labor costs. ASPITS is a system which makes it possible to assess the location of delivery vehicles, issue automatic notifications to recipients and so on. The systems can be easily installed at low cost by simply preparing a smartphone or mobile phone with GPS in vehicles and an intranet environment in administration offices.

In the future, these systems will be sold externally with the aim of acquiring new orders and expanding business areas.

Expanding Our Operations Scope and Creating New Value

Transportation Services

In our transportation service business, we exerted our efforts to increase income and secure profit by further enhancing our main business of small volume, consolidated route deliveries as well as activities based on our medium-term management plan such as expansion of our logistics business, sales expansion of “time-providing products”, improving transportation fee collection ratio, as well as improving loading ratio of routes and transportation quality.

Apart from this, we have responded to globalization by providing an environment where we can offer our customers the benefits of PPP (Pusan Platform Project) which utilizes the new Busan port, Korea - part of the free trade zone, in an effort to improve efficiency of the overall supply chain.

In the roll out of our bases, the new construction and relocation of Shikoku Seino Transportation’s Tokushima branch (Itano, Tokushima prefecture) has contributed to improving operations efficiency and customer service as well as sales enhancement.

Seino Transportation, as the center firm, in addition to further improving customer service by creating a sound transportation cycle and providing customers with reliable transportation ability excelling in all aspects of time, service and accuracy, has poured efforts into acquiring new customers, charging for out-of-pocket-expenses and services, and collecting appropriate fares and fuel surcharges in order to secure income. At the same time we have adequately controlled expenses to correlate with the amount of materials and secured stable profit.

Moreover, Seibu Transportation, which oversees our group’s express and air freight services (trading name changed to “Seino Super Express Co., Ltd” as of April 1st, 2014), has promoted the expansion of express services as its core business to expand profit and adequately control expenses.

The results were operating revenue of ¥393,320 million, up 5.9% year-on-year, and an operating income of ¥12,778 million, up 84.7% year-on-year.

Vehicle Sales

Passenger vehicle sales were down in the first half of the year due to termination of the eco-car subsidization scheme, however after this downturn reached its lowest, we saw the effects of introducing new vehicle models from September onwards, and as a result of focusing on locally-based sales activities when demand was high due to the rush before the consumption tax hike, we sold more new vehicles than the same period of the preceding year.

Meanwhile, used car sales greatly exceeded those of the same period from the previous year due to proactive sales promotion activities such as holding large-scale events and distributing direct mail, in addition to strengthening our wholesales to a favorable auction market.

In truck sales, the number of new vehicles sold was higher than the same period of the preceding year due to a steady demand created by an increase in construction investment and freight movement. Moreover, we strengthened our businesses such as vehicle inspection and parts sales. Also, the sale of used parts got firmly on track in line with our recycle parts center becoming fully operational.

Regarding the roll out of our bases, Netz Toyota Gifu newly built and relocated their Seki store (Seki city, Gifu prefecture) and carried out full renovations on their Tajimi store (Tajimi city, Gifu prefecture) in an effort to improve operations efficiency and customer service.

The results were operating revenue of ¥100,568 million, up 4.6% year-on-year, and an operating income of ¥5,351 million, down 1.7% year-on-year.

Merchandise Sales

In merchandise sales, Seino sells merchandise best represented by fuel, paper and paper products. In addition to the sale of our mainstay product, fuel, we saw steady performance in the sale of paper products, transportation materials and cellphones.

The results were operating revenue of ¥33,305 million, up 2.6% year-on-year, and an operating income of ¥730 million, down 0.8% year-on-year.

Leasing for Real Estate Services

In this business, we strove to effectively utilize management resources by leasing vacant store and truck terminal lots for which alternative measures had been taken due primarily to the impact of urban development and lack of space.

Operating revenue was ¥1,421 million, down 1.2% year-on-year, and operating income was ¥1,221 million, up 0.6% year-on-year.

Other

Among information-related services, housing sales, construction consignment, taxi service and labor dispatch services, performances of information-related services and labor dispatch services were strong.

The results were operating revenue of ¥14,791 million, up 1.3% year-on-year, and an operating income of ¥544 million, up 10.1% year-on-year.

Operating Revenue by Business Segment

(Millions of yen)

	FY3/14		FY3/13		
	Results	Composition	Results	Composition	Year-on-Year
Transportation Services	393,320	72.4%	371,546	72.0%	5.9%
Vehicle Sales	100,569	18.5%	96,148	18.6%	4.6%
Merchandise Sales	33,306	6.1%	32,457	6.3%	2.6%
Leasing for Real Estate Services	1,421	0.3%	1,438	0.3%	(1.2%)
Other	14,791	2.7%	14,596	2.8%	1.3%
Total	543,407	100.0%	516,185	100.0%	5.3%

Operating Income by Business Segment

(Millions of yen)

	FY3/14		FY3/13		
	Results	Composition	Results	Composition	Year-on-Year
Transportation Services	12,779	63.3%	6,918	48.2%	84.7%
Vehicle Sales	5,352	26.5%	5,442	37.9%	(1.7%)
Merchandise Sales	731	3.6%	736	5.1%	(0.8%)
Leasing for Real Estate Services	1,222	6.1%	1,215	8.5%	0.6%
Other	544	2.7%	495	3.5%	10.1%
Total	20,628	102.2%	14,806	103.2%	39.3%
Elimination	(439)	(2.2%)	(460)	(3.2%)	—
Consolidated	20,189	100.0%	14,346	100.0%	40.7%

Financial Review

Operating Results

Consolidated operating revenue for Seino Holdings for the fiscal year ended March 31, 2014 increased 5.3% from the previous fiscal year to ¥543,407 million (US$5,275,796 thousand). This was due to increased sales in all segments.

Operating costs of revenues increased 4.8% from the previous fiscal year to ¥490,002 million (US$4,757,301 thousand). The ratio of operating costs to operating revenue was 90.2%, down 0.4 percentage point from the previous fiscal year.

Selling, general and administrative expenses decerase 3.0% to ¥33,216 million (US$322,485 thousand), while operating income increased 40.7% to ¥20,189 million (US$196,010 thousand).

Other income (expenses) stood at ¥4,849 million (US$47,077 thousand). Key positive factors were the impairment loss on fixed assets of ¥440 million (US$4,272 thousand).

As a result, income before income taxes and minority interests amounted to ¥25,038 million (US$243,087 thousand), up 42.5% year-on-year. Net income increased 42.5% to ¥15,490 million (US$150,388 thousand).

Net income per share was ¥77.85 (US$0.76), and return on equity was 4.5%. Annual cash dividends per share were maintained at ¥11.00 (US$0.11), the same as in the previous fiscal year.

Financial Position

Total assets at the end of the fiscal year under review were ¥542,411 million (US$5,266,126 thousand), up 6.3% versus the previous fiscal year-end.

Total current assets increased 12.7% to ¥221,873 million (US$2,154,107 thousand) compared with the previous fiscal year-end. Total fixed assets increased 2.2% from the previous fiscal year-end to ¥320,538 million (US$3,112,019 thousand).

Total current liabilities increased 4.5% compared with the previous fiscal year-end to ¥112,396 million (US$1,091,223 thousand). This was due primarily to accrued expenses and income tax payable.

Long-term liabilities increased 16.9% from the previous fiscal year-end to ¥83,676 million (US$812,389 thousand). The main factors behind this result were increased in long-term and employee retirement benefits.

Net assets rose 4.4% from the previous fiscal year-end to ¥346,339 million (US$3,362,514 thousand). The major factor was an increase in retained earnings derived from the posting of net income. Shareholders' equity decreased 1.2 percentage point to 62.2%.

Cash Flows

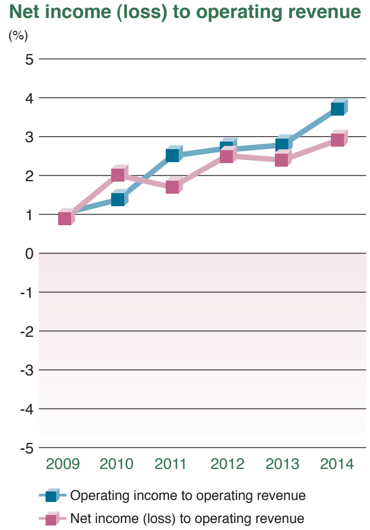
Net cash provided by operating activities increased ¥1,411million compared with the previous fiscal year to ¥27,500million (US$266,990 thousand) due mainly to increase in trade receivables in the previous fiscal year.

Net cash used in investing activities increased ¥6,501million compared with the previous fiscal year to ¥33,567million (US$325,893 thousand) due primarily to an increase in short-term investments.

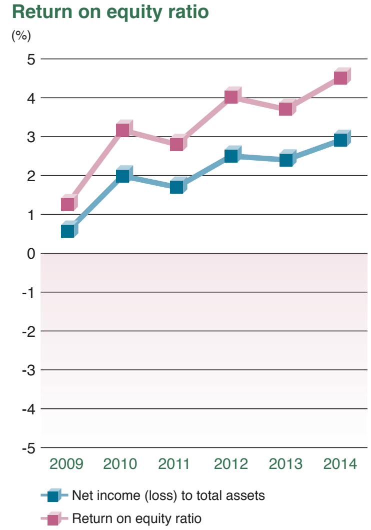
Net cash used in financing activities increased ¥10,133million compared with the previous fiscal year to ¥7,552million (US$73,321 thousand).

Consequently, cash and cash equivalents at end of year increased ¥1,502 million compared with the previous fiscal year to ¥65,557 million (US$539,388 thousand).

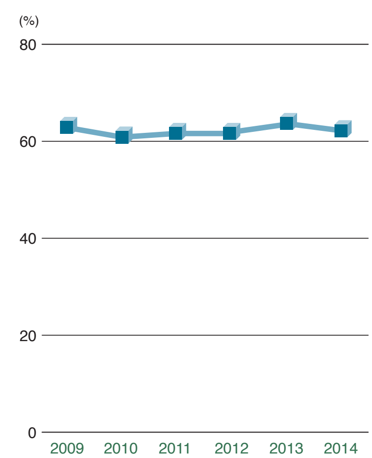
Operating income to operating revenue
Net income (loss) to operating revenue



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



Shareholders' equity ratio



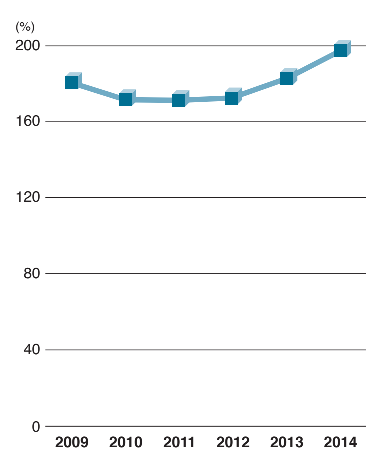
SEINO HOLDINGS CO., LTD. and Consolidated Subsidiaries

Six-year Summary

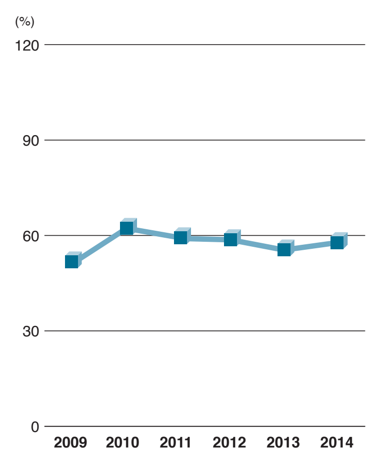
For the Years Ended March 31, 2014, 2013, 2012, 2011, 2010 and 2009

	Millions of Yen					
	2014	2013	2012	2011	2010	2009
For the year:						
Operating revenue:	¥ 543,407	¥ 516,185	¥ 504,277	¥ 497,612	¥ 485,808	¥ 433,766
Transportation services	393,320	371,546	370,592	368,771	362,628	316,341
Vehicle sales	100,569	96,148	87,755	87,075	87,132	78,722
Merchandise sales	33,306	32,457	30,144	27,104	21,779	23,302
Leasing for real estate services	1,421	1,438	1,416	1,429	1,265	1,187
Other	14,791	14,596	14,370	13,233	13,004	14,214
Operating costs	490,002	467,596	457,512	452,263	445,845	397,826
Selling, general and administrative expenses	33,218	34,243	32,898	33,023	33,342	32,607
Operating income	20,189	14,346	13,867	12,326	6,621	3,333
Net income (loss)	15,490	12,151	12,542	8,449	9,477	3,391
At year-end:						
Current assets	221,873	196,803	186,255	166,726	165,451	150,140
Total assets	542,411	510,467	500,963	487,701	484,674	439,372
Current liabilities	112,396	107,171	108,219	97,614	96,433	82,996
Short-term borrowings	2,465	2,473	2,475	2,515	2,315	2,135
Long-term debt, including current maturities	10,214	314	565	648	982	1,462
Net assets	346,339	331,702	318,650	307,806	301,792	291,564
	Yen					
Per share data:						
Net (loss) income:						
-Basic	¥ 77.85	¥ 61.05	¥ 63.02	¥ 42.44	¥ 47.60	¥ 17.03
Cash dividends	11.00	11.00	11.00	11.00	11.00	11.00
	Thousands					
Number of shares issued	207,679	207,679	207,679	207,679	207,679	207,679
	Percent					
Ratios:						
Operating income to operating revenue	3.7	2.8	2.7	2.5	1.4	0.8
Net income (loss) to operating revenue	2.9	2.4	2.5	1.7	2.0	0.8
Net income (loss) to total assets	2.9	2.4	2.5	1.7	2.0	0.8
Return on equity ratio	4.5	3.7	4.0	2.8	3.2	1.2
Shareholders' equity ratio	62.2	63.4	62.0	61.6	60.7	64.9
Current ratio	197.4	183.6	172.1	170.8	171.6	180.9
Debt equity ratio	57.7	55.3	58.7	59.9	62.1	51.8
Payout ratio	14.1	18.0	17.5	26.2	23.2	65.1

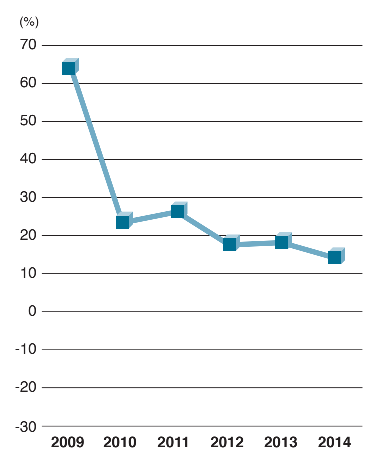
Current ratio



Debt equity ratio



Payout ratio



SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Balance Sheets

March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Assets:			
Current assets:			
Cash and cash equivalents (Note 3)	**¥ 55,557**	¥ 54,055	**$ 539,388**
Short-term investments (Notes 3 and 5)	**42,172**	22,879	**409,437**
Trade receivables (Note 3)	**106,846**	102,618	**1,037,340**
Inventories (Note 4)	**8,281**	8,588	**80,398**
Deferred tax assets (Note 14)	**4,863**	4,627	**47,214**
Other current assets	**4,348**	4,285	**42,213**
Allowance for doubtful accounts	**(194)**	(249)	**(1,883)**
Total current assets	**221,873**	196,803	**2,154,107**
Property and equipment (Notes 6, 7 and 9):			
At cost	**539,526**	533,295	**5,238,117**
Accumulated depreciation	**(268,638)**	(262,928)	**(2,608,136)**
Net property and equipment	**270,888**	270,367	**2,629,981**
Investments and other assets:			
Investment securities (Notes 3 and 5)	**25,231**	21,816	**244,961**
Investments in and long-term loans to affiliates (Note 5)	**3,297**	2,994	**32,010**
Deferred tax assets (Note 14)	**10,990**	9,487	**106,699**
Employee retirement benefit asset (Note 10)	**1,569**	—	**15,233**
Other assets	**8,563**	9,000	**83,135**
Total investments and other assets	**49,650**	43,297	**482,038**
Total assets	**¥ 542,411**	¥ 510,467	**$ 5,266,126**
Current liabilities:			
Short-term borrowings (Notes 3 and 9)	**¥ 2,465**	¥ 2,473	**$ 23,932**
Current portion of long-term debt (Notes 3 and 9)	**81**	137	**786**
Trade payables (Note 3)	**57,588**	57,767	**559,107**
Accrued expenses	**13,325**	12,336	**129,369**
Income taxes payable	**6,680**	2,377	**64,854**
Other current liabilities	**32,257**	32,081	**313,175**
Total current liabilities	**112,396**	107,171	**1,091,223**
Long-term debt (Notes 3 and 9)	**10,133**	177	**98,379**
Employee retirement benefit liability (Note 10)	**60,707**	—	**589,388**
Provision for employee retirement benefits (Note 10)	**—**	56,591	**—**
Asset retirement obligations (Note 8)	**2,508**	2,478	**24,350**
Accrued severance indemnities for directors and corporate auditors	**1,493**	1,490	**14,495**
Deferred tax liabilities (Note 14)	**8,475**	7,463	**82,282**
Negative goodwill (Note 16)	**3**	3,045	**29**
Other long-term liabilities	**357**	350	**3,466**
Total liabilities	**196,072**	178,765	**1,903,612**
Commitments and contingent liabilities (Notes 11 and 12)			
Net assets:			
Shareholders' equity (Note 13):			
Common stock: 794,524,668 shares authorized and 207,679,783 shares issued	**42,482**	42,482	**412,447**
Capital surplus	**74,261**	74,261	**720,980**
Retained earnings	**222,861**	209,561	**2,163,699**
Less treasury stock at cost: 8,741,295 shares in 2014 and 8,660,804 shares in 2013	**(8,687)**	(8,612)	**(84,340)**
Total shareholders' equity	**330,917**	317,692	**3,212,786**
Accumulated other comprehensive income:			
Net unrealized gains on available-for-sale securities	**7,922**	6,172	**76,913**
Land revaluation decrement	**(133)**	(133)	**(1,291)**
Retirement benefit adjustment	**(1,068)**	—	**(10,369)**
Foreign currency translation adjustments	**(163)**	(264)	**(1,583)**
Total accumulated other comprehensive income	**6,558**	5,775	**63,670**
Minority interests	**8,864**	8,235	**86,058**
Total net assets	**346,339**	331,702	**3,362,514**
Total liabilities and net assets	**¥ 542,411**	¥ 510,467	**$ 5,266,126**

See accompanying Notes to Consolidated Financial Statements.

SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Statements of Income

For the Years Ended March 31, 2014, 2013 and 2012

	Millions of yen			Thousands of U.S. dollars
	2014	2013	2012	**2014**
Operating revenue (Note 16)	**¥ 543,407**	¥ 516,185	¥ 504,277	**$ 5,275,796**
Operating costs and expenses (Note 10):				
Operating costs	**490,002**	467,596	457,512	**4,757,301**
Selling, general and administrative expenses	**33,216**	34,243	32,898	**322,485**
	523,218	501,839	490,410	**5,079,786**
Operating income	**20,189**	14,346	13,867	**196,010**
Other income (expenses):				
Interest and dividend income	**538**	473	624	**5,223**
Interest expense	**(24)**	(31)	(38)	**(233)**
Gain on sale or disposal of property and equipment	**104**	259	18	**1,010**
Gain on sale of investment securities	**7**	2	115	**68**
Equity in net income of affiliates	**435**	249	28	**4,223**
Amortization of negative goodwill (Note 16)	**3,042**	3,055	3,255	**29,534**
Impairment loss on fixed assets (Notes 2(i) and 16)	**(440)**	(2,199)	(1,093)	**(4,272)**
Loss on write-down of investment securities	**(20)**	(20)	(22)	**(194)**
Gain on abolishment of retirement benefit plan (Note 10)	**—**	—	149	**—**
Bond issuance cost	**(48)**	—	—	**(466)**
Gain on negative goodwill (Note 16)	**—**	36	—	**—**
Special extra retirement payments (Note 10)	**—**	—	(421)	**—**
Miscellaneous, net	**1,255**	1,404	2,032	**12,184**
	4,849	3,228	4,647	**47,077**
Income before income taxes and minority interests	**25,038**	17,574	18,514	**243,087**
Income taxes (Note 14):				
Current	**10,188**	6,544	7,655	**98,912**
Deferred	**(1,095)**	(1,498)	(2,028)	**(10,631)**
Total income taxes	**9,093**	5,046	5,627	**88,281**
Income before minority interests	**15,945**	12,528	12,887	**154,806**
Minority interests in net income of subsidiaries	**455**	377	345	**4,418**
Net income	**¥ 15,490**	¥ 12,151	¥ 12,542	**$ 150,388**

	Yen			U.S. dollars
Per share:				
Net income:				
-Basic	**¥ 77.85**	¥ 61.05	¥ 63.02	**$ 0.76**
-Diluted	**76.56**	—	—	**0.74**
Cash dividends	**11.00**	11.00	11.00	**0.11**

See accompanying Notes to Consolidated Financial Statements.

SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended March 31, 2014, 2013 and 2012

	Millions of yen			Thousands of U.S. dollars
	2014	2013	2012	**2014**
Income before minority interests	**¥ 15,945**	¥ 12,528	¥ 12,887	**$ 154,806**
Other comprehensive income (Note 15):				
Net unrealized gains on available-for-sale securities	**1,767**	2,667	221	**17,155**
Foreign currency translation adjustments	**101**	96	(44)	**981**
Share of other comprehensive income of affiliates accounted for using equity method	**4**	2	—	
Total other comprehensive income	**1,872**	2,765	177	**18,175**
Comprehensive income	**¥ 17,817**	¥ 15,293	¥ 13,064	**$ 172,981**
Comprehensive income attributable to:				
Owners of the parent	**¥ 17,340**	¥ 14,909	¥ 12,719	**$ 168,350**
Minority interests	**477**	384	345	**4,631**

SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Statements of Changes in Net Assets

For the Years Ended March 31, 2014, 2013 and 2012

		Shareholders' equity					Accumulated other comprehensive income						
	Number of shares of common stock issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Land revaluation decrement	Retirement benefit adjustment	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
		Millions of yen											
Balance at April 11, 2011	207,679,783	¥ 42,482	¥ 74,266	¥ 189,207	¥ (8,606)	¥ 297,349	¥ 3,288	¥ (93)	¥ —	¥ (316)	¥ 2,879	¥ 7,578	¥ 307,806
Net income for the year	—	—	—	12,542	—	12,542	—	—	—	—	—	—	12,542
Cash dividends	—	—	—	(2,189)	—	(2,189)	—	—	—	—	—	—	(2,189)
Reversal of land revaluation decrement	—	—	—	39	—	39	—	—	—	—	—	—	39
Sales of treasury stock and fractional shares, net	—	—	(5)	—	3	(2)	—	—	—	—	—	—	(2)
Net changes in items other than shareholders' equity	—	—	—	—	—	—	221	(39)	—	(44)	138	316	454
Balance at March 31, 2012	207,679,783	42,482	74,261	199,599	(8,603)	307,739	3,509	(132)	—	(360)	3,017	7,894	318,650
Net income for the year	—	—	—	12,151	—	12,151	—	—	—	—	—	—	12,151
Cash dividends	—	—	—	(2,189)	—	(2,189)	—	—	—	—	—	—	(2,189)
Purchases of treasury stock and fractional shares, net	—	—	—	—	(9)	(9)	—	—	—	—	—	—	(9)
Net changes in items other than shareholders' equity	—	—	—	—	—	—	2,663	(1)	—	96	2,758	341	3,099
Balance at March 31, 2013	207,679,783	42,482	74,261	209,561	(8,612)	317,692	6,172	(133)	—	(264)	5,775	8,235	331,702
Net income for the year	—	—	—	15,490	—	15,490	—	—	—	—	—	—	15,490
Cash dividends	—	—	—	(2,189)	—	(2,189)	—	—	—	—	—	—	(2,189)
Reversal of land revaluation decrement	—	—	—	(1)	—	(1)	—	—	—	—	—	—	(1)
Purchases of treasury stock and fractional shares, net	—	—	—	—	(75)	(75)	—	—	—	—	—	—	(75)
Net changes in items other than shareholders' equity	—	—	—	—	—	—	1,750	—	(1,068)	101	783	629	1,412
Balance at March 31, 2014	207,679,783	¥ 42,482	¥ 74,261	¥ 222,861	¥ (8,687)	¥ 330,917	¥ 7,922	¥ (133)	¥ (1,068)	¥ (163)	¥ 6,558	¥ 8,864	¥ 346,339
		Thousands of U.S. dollars											
Balance at March 31, 2013		$ 412,447	$ 720,980	$2,034,573	$ (83,612)	$3,084,388	$ 59,922	$ (1,291)	$ —	$ (2,563)	$ 56,068	$ 79,951	$ 3,220,407
Net income for the year		—	—	150,388	—	150,388	—	—	—	—	—	—	150,388
Cash dividends		—	—	(21,252)	—	(21,252)	—	—	—	—	—	—	(21,252)
Reversal of land revaluation decrement		—	—	(10)	—	(10)	—	—	—	—	—	—	(10)
Purchases of treasury stock and fractional shares, net		—	—	—	(728)	(728)	—	—	—	—	—	—	(728)
Net changes in items other than shareholders' equity		—	—	—	—	—	16,991	—	(10,369)	980	7,602	6,107	13,709
Balance at March 31, 2014		$ 412,447	$ 720,980	$2,163,699	$ (84,340)	$3,212,786	$ 76,913	$ (1,291)	$ (10,369)	$ (1,583)	$ 63,670	$ 86,058	$ 3,362,514

See accompanying Notes to Consolidated Financial Statements.

SEINO HOLDINGS CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended March 31, 2014, 2013 and 2012

	Millions of yen			Thousands of U.S. dollars
	2014	2013	2012	**2014**
Cash flows from operating activities:				
Income before income taxes and minority interests	**¥ 25,038**	¥ 17,574	¥ 18,514	**$ 243,087**
Adjustments for:				
Depreciation	**14,317**	14,486	15,324	**139,000**
Impairment loss on fixed assets	**440**	2,199	1,093	**4,272**
Amortization of negative goodwill	**(3,042)**	(3,055)	(3,255)	**(29,534)**
Amortization of goodwill	**67**	499	503	**650**
Gain on negative goodwill	**—**	(36)	—	**—**
Bond issuance cost	**48**	—	—	**466**
Net increase in employee retirement benefit liability	**1,148**	—	—	**11,146**
Net increase in provision for employee retirement benefits	**—**	1,317	249	**—**
Gain on sale or disposal of property and equipment	**(104)**	(259)	(18)	**(1,010)**
Equity in net income of affiliates	**(435)**	(249)	(28)	**(4,223)**
Loss on write-down of investment securities	**20**	20	22	**194**
Gain on sale of investment securities	**(7)**	(2)	(115)	**(68)**
Net provision (reversal) for accrued severance indemnities for directors and corporate auditors	**3**	20	(4)	**29**
Decrease in provision for loss on disaster	**—**	(51)	(134)	**—**
Increase in trade receivables	**(4,265)**	(525)	(7,738)	**(41,408)**
(Increase) decrease in inventories	**(205)**	324	(2,422)	**(1,990)**
(Decrease) increase in trade payables	**(184)**	1,312	6,612	**(1,786)**
Other, net	**(56)**	1,337	2,494	**(543)**
Subtotal	**32,783**	34,911	31,097	**318,282**
Interest and dividend received	**660**	620	755	**6,407**
Interest paid	**(24)**	(31)	(38)	**(233)**
Income taxes paid	**(5,919)**	(9,411)	(6,907)	**(57,466)**
Net cash provided by operating activities	**27,500**	26,089	24,907	**266,990**
Cash flows from investing activities:				
Increase in property and equipment	**(14,835)**	(12,539)	(14,555)	**(144,029)**
Increase in long-term investments and loans	**(1,162)**	(288)	(425)	**(11,281)**
Decrease in property and long-term investments	**1,722**	1,389	1,441	**16,718**
Increase in short-term investments	**(19,292)**	(15,628)	(187)	**(187,301)**
Net cash used in investing activities	**(33,567)**	(27,066)	(13,726)	**(325,893)**
Cash flows from financing activities:				
Increase in long-term debt	**10,002**	—	—	**97,107**
Repayment of long-term debt	**(120)**	(257)	(192)	**(1,165)**
Net decrease in short-term borrowings	**(8)**	(4)	(56)	**(78)**
Dividends paid to shareholders	**(2,189)**	(2,189)	(2,189)	**(21,252)**
Dividends paid to minority shareholders	**(37)**	(39)	(30)	**(359)**
Purchases of treasury stock, net of disposals	**(76)**	(9)	(2)	**(738)**
Other, net	**(20)**	(83)	(103)	**(194)**
Net cash provided by (used in) financing activities	**7,552**	(2,581)	(2,572)	**73,321**
Effect of exchange rate changes on cash and cash equivalents	**17**	18	(6)	**165**
Net increase (decrease) in cash and cash equivalents	**1,502**	(3,540)	8,603	**14,583**
Cash and cash equivalents at beginning of year	**54,055**	57,595	48,992	**524,805**
Cash and cash equivalents at end of year	**¥ 55,557**	¥ 54,055	¥ 57,595	**$ 539,388**

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Basis of Consolidated Financial Statements

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

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

Certain comparative figures have been reclassified to conform to the current year's presentation.

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the approximate exchange rate prevailing at March 31, 2014, which was ¥103 to U.S. $1.00. The translation should not be construed as a representation that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(a-i) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and all of its subsidiaries. Investments in significant affiliates are accounted for by the equity method. Investments in affiliates not accounted for by the equity method are stated at cost. Differences between the acquisition cost of investments in subsidiaries and the underlying equity in their net assets, adjusted based on the fair value at the time of the acquisition, are deferred as goodwill and amortized over five years on a straight-line basis. From April 1, 2010, negative goodwill resulting from business combinations, measured by the excess of the underlying equity in the net assets over the acquisition cost, is credited to income. Negative goodwill resulting from acquisitions incurred prior to April 1, 2010, however, is amortized over five years on a straight-line basis. All intercompany transactions and accounts have been eliminated on consolidation.

Under accounting standards for consolidation, a subsidiary is defined as an enterprise which is controlled by another enterprise and is a majority (more than 50%) owned enterprise or a 40% to 50% owned enterprise that meets certain criteria. An affiliated company is defined as an enterprise in which the investor has significant influence and is an enterprise other than a subsidiary that is a 20% or more owned enterprise or a 15% to less than 20% owned enterprise that meets certain criteria. For the years ended March 31, 2014, 2013 and 2012, the number of the companies that were not more than 50% owned enterprises, but were nevertheless classified as subsidiaries based on the judgment of the Company in accordance with the accounting standards was one.

The number of subsidiaries and affiliates for the years ended March 31, 2014, 2013 and 2012 was as follows:

	2014	2013	2012
Subsidiaries:			
Domestic	58	58	58
Overseas	1	1	1
Affiliates accounted for by the equity method	4	4	4
Affiliates stated at cost	10	10	9

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

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

(a-ii) Corporate separation for the year ended March 31, 2012

On April 1, 2011, the Company restructured the transportation business in the Kyushu region. Seino Transportation Co., Ltd., a subsidiary, underwent a corporate separation in which its transportation business in Kyushu region was transferred to the newly founded subsidiary, Kyushu Seino Transportation Co., Ltd. The Company applied ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised on December 26, 2008, and ASBJ Guidance No. 10, "Guidance on Accounting Standard for Business Combinations and Business Divestitures," revised on December 26, 2008, and accounted for the separation as a business transaction under common control.

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

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

(b) Cash and cash equivalents

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

(c) Investments and marketable securities

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

(d) Accounting for derivatives

As of March 31, 2014 and 2013, the Seino Group did not hold nor had it issued any derivative instruments.

(e) Allowance for doubtful accounts

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

(f) Inventories

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

(g) Property and equipment and depreciation

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

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

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

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

(Changes in accounting policies with amendment of respective law or regulation that are not distinguishable from changes in accounting estimates)

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

(h) Intangible assets

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

(i) Accounting standard for impairment of fixed assets

The Company and its domestic subsidiaries have adopted the "Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Council of Japan and the related practical guidance issued by ASBJ. The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss shall be recognized in the income statement by reducing the carrying amount of the impaired asset or group of assets to the recoverable amount to be measured as the higher of the asset's net selling price or value in use. Fixed assets include intangible assets as well as land, buildings and other forms of property and are to be grouped at the lowest level for which there are identifiable cash flows distinguishable from other groups of assets. For the purpose of recognition and measurement of impairment loss, fixed assets are grouped into cash-generating units such as operating business branches other than idle or unused property. At March 31, 2014, 2013 and 2012, recoverable amounts of assets were measured based on value in use calculated using discounted future cash flows at interest rates principally of 1.7%, 1.9% and 2.5%, respectively, or net selling prices using primarily appraisal valuations. As a result, the Seino Group recognized impairment loss as follows:

	Millions of yen			Thousands of U.S. dollars
	2014	2013	2012	**2014**
Property subject to impairment:	20 business branches and 4 idle properties	42 business branches and 5 idle properties	36 business branches and 9 idle properties	
Impairment loss recorded:				
for land	¥ **396**	¥ 2,174	¥ 845	$ **3,845**
for buildings and structures	**44**	20	244	**427**
for other property	**—**	5	4	**—**
	¥ **440**	¥ 2,199	¥ 1,093	$ **4,272**

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

(j) Employee retirement benefits

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

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

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

As a result of the application, at March 31, 2014, the Seino Group recognized employee retirement benefit asset in the amount of ¥1,569 million ($15,233 thousand) and employee retirement benefit liability in the amount of ¥60,707 million ($589,388 thousand). Also, accumulated other comprehensive income was ¥1,068 million ($10,369 thousand) less and minority interests ¥188 million ($1,825 thousand) more at March 31, 2014 than the amounts that would have been reported without the change.

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

(k) Severance indemnities for directors and corporate auditors

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

(l) Revenue recognition for freight charges

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

(m) Bond issuance cost

Bond issuance cost is charged to income as incurred.

(n) Income taxes

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

(o) Enterprise taxes

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

(p) Appropriation of retained earnings

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

(q) Translation of foreign currency accounts

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

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

(r) Per share data

Basic net income per share is computed by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding during the respective year, retroactively adjusted for stock splits. Unless there is an anti-dilutive effect, diluted net income per share is calculated to reflect the potential dilution assuming that all convertible bonds are converted at the time of issue. Diluted net income per share is not disclosed as Seino Group had no dilutive common shares for the years ended March 31, 2013 and 2012.

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

(s) Adoption of consolidated taxation system

Effective from the fiscal year ended March 31, 2013, the Company and some of its subsidiaries have adopted the consolidated taxation system, with the Company as the taxable parent company. Effective from the fiscal year ended March 31, 2012, accounting treatment and presentation regarding deferred taxes are based on ASBJ PITF No. 5, "Practical Solution on Tax Effect Accounting Under the Consolidation Taxation System (Part1)" and ASBJ PITF No. 7, "Practical Solution on Tax Effect Accounting under the Consolidation Taxation System (Part 2)," under the assumption that the Company would adopt the consolidated taxation system, as the Company received approval from Commissioner of the National Tax Agency of Japan to adopt the consolidated taxation system effective from the following year.

(t) Adoption of Accounting Standards for Accounting Changes and Error Corrections

The Company and its domestic subsidiaries have adopted "Accounting Standards for Accounting Changes and Error Corrections" (ASBJ Statement No. 24, issued on December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, issued on December 4, 2009) for accounting changes and corrections of prior period errors made after the beginning of the fiscal year ended March 31, 2012.

(u) Accounting standard issued but not yet adopted

ASBJ statement No. 26 and ASBJ Guidance No. 25 have been issued but not yet adopted or early adopted in these consolidated financial statements.

(1) Major changes due to the issuance of the above new standard and related guidance are as follows:
In determining the method of attributing expected benefit to periods, the revised standard allows a choice between the benefit formula method and the straight-line method. The revised standard also amends the method for determining the discount rate.

(2) Effective dates
Amendments related to determination of retirement benefit obligations and current service costs are effective from the beginning of the fiscal year ending March 31, 2015 and are not retrospectively applied to the consolidated financial statements in prior years.

(3) Effect of application of the standard
The Company and its domestic subsidiaries are currently in the process of determining the effects of these standards on the consolidated financial statements.

3. Financial Instruments

Information on financial instruments for the years ended March 31, 2014 and 2013 is set forth below.

(1) Qualitative information on financial instruments

(a) Policies on Financial Instruments

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

(b) Details of Financial Instruments and Risks

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

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

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

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

(c) Risk Management for Financial Instruments

(1) Monitoring of credit risk
In accordance with internal policies for credit risk management, each subsidiary monitors the creditworthiness of its customers and manages the terms and conditions of payment, due dates and remaining balances to reduce such risk. Regarding held-to-maturity

securities, the Company invests in high credit-rating bonds in accordance with its internal fund management rules. As a result, the risk is de-minimis.

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

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

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

(2) Fair values of financial instruments

The fair and carrying values of the financial instruments included in the consolidated balance sheets at March 31, 2014 and 2013, other than those for which the fair value was extremely difficult to determine, are set forth in the table below.

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

	Carrying value	Fair value	Difference
		Millions of yen	
At March 31, 2013:			
Cash and cash equivalents	¥ 54,055	¥ 54,055	¥ —
Short-term investments	22,879	22,879	—
Trade receivables	102,618	102,618	—
Investment securities	19,753	19,753	—
Total assets	¥ 199,305	¥ 199,305	¥ —
Trade payables	¥ 57,767	¥ 57,767	¥ —
Short-term borrowings	2,473	2,473	—
Long-term bank loans, including current portion	289	288	(1)
Total liabilities	¥ 60,529	¥ 60,528	¥ (1)

	Carrying value	Fair value	Difference
		Thousands of U.S. dollars	
At March 31, 2014:			
Cash and cash equivalents	$ 539,388	$ 539,388	$ —
Short-term investments	409,437	409,437	—
Trade receivables	1,037,340	1,037,340	—
Investment securities	225,136	225,136	—
Total assets	$ 2,211,301	$ 2,211,301	$ —
Trade payables	$ 559,107	$ 559,107	$ —
Short-term borrowings	23,932	23,932	—
Convertible bonds	97,524	102,378	4,854
Long-term bank loans, including current portion	1,583	1,583	—
Total liabilities	$ 682,146	$ 687,000	$ 4,854

Notes:

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

Assets:

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

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

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

Liabilities:

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

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

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

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

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

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Carrying value:			
Unlisted equity securities, other than those of affiliates	**¥ 1,542**	¥ 1,563	**$ 14,971**
Preferred equity securities	**500**	500	**4,854**
	¥ 2,042	¥ 2,063	**$ 19,825**

iii) The redemption schedule for financial assets with maturities at March 31, 2014 were as follows:

	Due in 1 year	Due after 1 years through 5 years	Due after 5 years through 10 years	Due after 10 years
		Millions of yen		
At March 31, 2014:				
Cash and cash equivalents	¥ 55,557	¥ —	¥ —	¥ —
Short-term investments	42,172	—	—	—
Trade receivables	83,579	22,089	1,178	—
Investment securities – bonds and other	—	300	—	—
	¥ 181,308	¥ 22,389	¥ 1,178	¥ —

	Due in 1 year	Due after 1 years through 5 years	Due after 5 years through 10 years	Due after 10 years
		Thousands of U.S. dollars		
At March 31, 2014:				
Cash and cash equivalents	$ 539,388	$ —	$ —	$ —
Short-term investments	409,437	—	—	—
Trade receivables	811,447	214,456	11,437	—
Investment securities – bonds and other	—	2,913	—	—
	$ 1,760,272	$ 217,369	$ 11,437	$ —

iv) For the repayment schedule for convertible bonds and long-term bank loans at March 31, 2014, see Note 9, "Short-term Borrowings and Long-term Debt."

4. Inventories

Inventories at March 31, 2014 and 2013 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Merchandise and finished products	**¥ 6,429**	¥ 7,118	**$ 62,417**
Work in process	**1,068**	771	**10,369**
Raw materials and supplies	**784**	699	**7,612**
	¥ 8,281	¥ 8,588	**$ 80,398**

5. Investments

At March 31, 2014 and 2013, short-term investments consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Marketable securities:			
Bonds and other	**¥ 28,000**	¥ 10,000	**$ 271,845**
Total marketable securities	**28,000**	10,000	**271,845**
Time deposits with an original maturity of more than three months	**14,172**	12,879	**137,592**
	¥ 42,172	¥ 22,879	**$ 409,437**

At March 31, 2014 and 2013, investment securities consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Marketable securities:			
Equity securities	**¥ 22,793**	¥ 19,327	**$ 221,291**
Bonds	**302**	302	**2,932**
Other	**94**	124	**913**
Total marketable securities	**23,189**	19,753	**225,136**
Other non-marketable securities	**2,042**	2,063	**19,825**
	¥ 25,231	¥ 21,816	**$ 244,961**

Marketable securities classified as available-for-sale are stated at fair value with unrealized gains and losses excluded from current earnings and reported as a net amount within the net assets account until realized. At March 31, 2014 and 2013, gross unrealized gains and losses for marketable securities classified as available-for-sale were as follows:

	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
	Millions of yen			
At March 31, 2014:				
Equity securities	**¥ 9,621**	**¥ 13,224**	**¥ (52)**	**¥ 22,793**
Bonds	**300**	**2**	**—**	**302**
Other	**28,054**	**41**	**(1)**	**28,094**
	¥ 37,975	**¥ 13,267**	**¥ (53)**	**¥ 51,189**
At March 31, 2013:				
Equity securities	¥ 8,784	¥ 10,639	¥ (96)	¥ 19,327
Bonds	300	2	—	302
Other	10,099	27	(2)	10,124
	¥ 19,183	¥ 10,668	¥ (98)	¥ 29,753
	Thousands of U.S. dollars			
At March 31, 2014:				
Equity securities	**$ 93,408**	**$128,388**	**$ (505)**	**$221,291**
Bonds	**2,913**	**19**	**—**	**2,932**
Other	**272,369**	**399**	**(10)**	**272,758**
	$368,690	**$128,806**	**$ (515)**	**$496,981**

At March 31, 2014 and 2013 investments in and long-term loans to affiliates consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Investments accounted for by the equity method for significant affiliates and at cost for others	**¥ 3,297**	¥ 2,985	**$ 32,010**
Interest bearing long-term loans	**—**	9	**—**
	¥ 3,297	¥ 2,994	**$ 32,010**

6. Property and Equipment

At March 31, 2014 and 2013, property and equipment consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Property and equipment, at cost:			
Land	**¥ 169,567**	¥ 169,794	**$ 1,646,282**
Buildings and structures	**234,410**	232,569	**2,275,825**
Vehicles	**99,387**	98,136	**964,922**
Machinery and equipment	**33,239**	32,106	**322,709**
Construction in progress	**2,642**	252	**25,650**
Other	**281**	438	**2,729**
	539,526	533,295	**5,238,117**
Less accumulated depreciation	**(268,638)**	(262,928)	**(2,608,136)**
Total property and equipment	**¥ 270,888**	¥ 270,367	**$ 2,629,981**

One of the consolidated subsidiaries elected to carry out a one-time revaluation to restate the cost of land used for business operations at values reassessed on March 31, 2002, reflecting adjustments for land shape and other factors based on appraisal values issued by the Japanese National Tax Agency in accordance with the Law Concerning Revaluation of Land. According to the law, the excess of the original book value over reassessed value, net of the tax effect and minority interests portions, is recorded in net assets as land revaluation decrement account in the accompanying consolidated balance sheets. At March 31, 2014 and 2013, the difference between the carrying values of land used for business operations after revaluation over the current market values of the land at the fiscal year-end amounted to ¥1,756 million ($17,049 thousand) and ¥1,643 million, respectively.

7. Real Estate for Rent

Some of the Company's subsidiaries own land and facilities for rent at locations where the business branches were closed or redeployed branches used to be. The carrying values in the consolidated balance sheets, changes during the years ended March 31, 2014 and 2013 and the fair values of the rental properties were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Carrying value at the beginning of year	**¥ 13,643**	¥ 13,888	**$132,456**
Net changes during the year	**11**	(245)	**107**
Carrying value at the end of year	**¥ 13,654**	¥ 13,643	**$132,563**
Fair value at the end of year *	**¥ 18,084**	¥ 17,609	**$175,573**

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

Profit and loss recorded for rental properties for the fiscal years ended March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Operating revenue	**¥ 1,421**	¥ 1,438	**$ 13,796**
Operating costs	**218**	241	**2,116**
Income from rental operations	**1,203**	1,197	**11,680**
Gain(loss) of disposal of rental property and other	**¥ (156)**	¥ (707)	**$ (1,515)**

8. Asset Retirement Obligations

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

Asset retirement obligations for the years ended March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
At the beginning of year	**¥ 2,478**	¥ 2,463	**$ 24,058**
New obligations	**38**	5	**369**
Changes in estimated obligations and accretion	**45**	43	**437**
Settlement payments	**(24)**	(39)	**(233)**
Other	**—**	6	**—**
At the end of year	**¥ 2,537**	¥ 2,478	**$ 24,631**

9. Short-term Borrowings and Long-term Debt

At March 31, 2014 and 2013, short-term borrowings consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Unsecured bank overdrafts with interest rates of 1.3% per annum at March 31, 2014.	**¥ 25**	¥ 33	**$ 243**
Short-term bank loans, unsecured with interest rates ranging from 0.246% to 1.475% per annum at March 31, 2014	**2,440**	2,440	**23,689**
	¥ 2,465	¥ 2,473	**$ 23,932**

At March 31, 2014, the Company and certain subsidiaries had unsecured overdraft agreements with 13 banks. Under such agreements, the Company and these subsidiaries were entitled to withdraw up to ¥43,910 million ($426,311 thousand). The Company and the subsidiaries were not obligated to pay commitment fees on the unused portions of such overdraft facilities.

At March 31, 2014 and 2013, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Zero coupon convertible bonds due October 2018, including unamortized premium (2014 - ¥45 million ($437 thousand))	**¥ 10,045**	¥ —	**$ 97,524**
Loans from government agencies and banks, repayable due through 2017, with interest rates ranging from 0.95% to 3.1% per annum at March 31, 2014:			
Secured	**105**	227	**1,020**
Unsecured	**58**	62	**563**
Capitalized lease obligations	**6**	25	**58**
	10,214	314	**99,165**
Less current portion	**(81)**	(137)	**(786)**
	¥ 10,133	¥ 177	**$ 98,379**

At March 31, 2014, the current conversion prices of zero coupon convertible bonds due in 2018 were ¥1,515 per share and were subject to adjustment in certain circumstances, including in the event of a stock split. At March 31, 2014, the number of shares of common stock necessary for conversion of all convertible bonds outstanding was approximately 7 million.

At March 31, 2014 and 2013, respectively the following assets were pledged as collateral for certain long-term debt:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Land	**¥ 3,238**	¥ 3,926	**$ 31,437**
Buildings and structures	**1,210**	1,593	**11,748**

The aggregate annual maturities of long-term debt as of March 31, 2014 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2015	¥ 81	$ 786
2016	34	330
2017	8	78
2018	6	58
2019	10,002	97,107
Thereafter	38	369
	¥ 10,169	$ 98,728

10. Employee Retirement Benefits

At March 31, 2014, The Company and its domestic subsidiaries had mainly unfunded defined benefit plans, with rules and regulations determined by each subsidiary. In addition, some domestic subsidiaries had Smaller Enterprise Retirement Allowance Mutual Aid or Specific Retirement Allowance Mutual Aid.

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

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

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

i) Movement in retirement benefit obligations:

	Millions of yen	Thousands of U.S. dollars
Balance at April 1, 2013	**¥ 64,878**	**$ 629,883**
Service cost	**3,596**	**34,913**
Interest cost	**581**	**5,641**
Actuarial differences	**42**	**408**
Benefits paid	**(3,867)**	**(37,544)**
Past service cost	**24**	**233**
Balance at March 31, 2014	**¥ 65,254**	**$ 633,534**

ii) Movements in plan assets:

	Millions of yen	Thousands of U.S. dollars
Balance at April 1, 2013	**¥ 2,792**	**$ 27,107**
Actuarial differences	**3,383**	**32,845**
Contributions paid by the employer	**5**	**49**
Benefits paid	**(64)**	**(622)**
Balance at March 31, 2014	**¥ 6,116**	**$ 59,379**

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

	Millions of yen	Thousands of U.S. dollars
Funded retirement benefit obligations	**¥ 4,750**	**$ 46,117**
Plan assets	**(6,116)**	**(59,379)**
	(1,366)	**(13,262)**
Unfunded retirement benefit obligations	**60,504**	**587,417**
Net employee retirement benefit (asset)/liability at March 31, 2014	**¥ 59,138**	**$ 574,155**
Employee retirement benefit liability	**60,707**	**589,388**
Employee retirement benefit asset	**(1,569)**	**(15,233)**
Net employee retirement benefit (asset)/liability at March 31, 2014	**¥ 59,138**	**$ 574,155**

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

	Millions of yen	Thousands of U.S. dollars
Service cost	¥ 3,596	$ 34,913
Interest cost	581	5,641
Amortization of actuarial differences	553	5,369
Amortization of past service cost	226	2,194
Net periodic retirement benefit expenses for the fiscal year ended March 31, 2014	¥ 4,956	$ 48,117

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

	Millions of yen	Thousands of U.S. dollars
Past service cost that yet to be recognized	¥ (232)	$ (2,252)
Actuarial differences yet to be recognized	1,631	15,835
Total balance at March 31, 2014	¥ 1,399	$ 13,583

vi) Plan assets

1. Plan assets comprise:

	Percent
Bonds	1%
Equity securities	99%
Total*	100%

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

2. Long-term expected rate of return

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

vii) Actuarial assumptions

The principal actuarial assumptions at March 31, 2014 (expressed as weighted averages):

Discount rate	1.0%
Long-term expected rate of return	0.0%

The following table reconciles the benefit liability as of March 31, 2013:

	Millions of yen
Reconciliation of benefit liability:	
Retirement benefit obligation	¥ 64,878
Less fair value of pension plan assets at end of year	(2,792)
	62,086
Unrecognized past service cost	31
Unrecognized actuarial differences (loss)	(5,526)
Net amounts of provision for employee retirement benefits recorded on the consolidated balance sheets	¥ 56,591

The components of net periodic retirement benefit expenses for the years ended March, 2013 and 2012 were as follows:

	Millions of yen	
	2013	2012
Net periodic retirement benefit expenses:		
Service cost	¥ 3,288	¥ 3,243
Interest cost	1,141	1,173
Expected return on pension plan assets	—	(1)
Amortization of actuarial differences	204	715
Amortization of past service cost	304	247
Gain on abolishment of retirement benefit plan*	—	(149)
Special extra retirement payments*	—	421
Total retirement benefit expenses	¥ 4,937	¥ 5,649

*Note: * Some of the subsidiaries abolished the lump-sum retirement benefit plans for the year ended March 31, 2012. Then, these transactions were accounted for in accordance with the implementation guidance of accounting for transfer between retirement benefit plans and gain on abolishment of retirement benefit plan was recorded as other income. In addition, some subsidiaries paid special extra retirement benefits under the early retirement program for the year ended March 31, 2012.*

Major assumptions used in the calculation of the above information for the years ended March 31, 2013 and 2012 were as follows:

	2013	2012
Method attributing the projected benefits to periods of services	Straight-line method	Straight-line method
Discount rate	principally 1.0%	2.0%
Expected rate of return on pension plan assets	—	2.0%
Amortization of past service cost	principally 10 years	principally 10 years
Amortization of actuarial differences	principally 10 years	principally 10 years

11. Contingent Liabilities

At March 31, 2014 and 2013, the Seino Group was contingently liable for trade notes endorsed to affiliates and third parties and for guarantees, including substantial guarantees, principally of indebtedness of third parties in the aggregate amount of ¥1,660 million ($16,117 thousand) and ¥1,767 million, respectively.

12. Lease Commitments

As lessee, the Seino Group has entered into various rental and lease agreements for land and buildings to be used for truck terminals and warehouses which are generally cancelable with a few months' advance notice, except for certain operating lease agreements. The aggregate minimum future lease payments for such non-cancelable operating lease agreements, including the imputed interest portion, as lessee at March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Finance leases:			
Due within one year	¥ 460	¥ 523	$ 4,466
Due after one year	1,209	1,237	11,738
	¥ 1,669	¥ 1,760	$ 16,204

A certain subsidiary engaged in leasing operations as lessor, enters into various lease agreements with third parties principally for vehicles. The leases are categorized as operating leases. At March 31, 2014 and 2013 the aggregate future minimum lease commitments to be received for such non-cancelable lease agreements, including the imputed interest, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Operating leases:			
Due within one year	¥ 287	¥ 268	$ 2,787
Due after one year	566	580	5,495
	¥ 853	¥ 848	$ 8,282

13. Net Assets

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

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

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

At March 31, 2014 and 2013, capital surplus consisted principally of additional paid-in capital. In addition, retained earnings included legal earnings reserve of the Company in the amount of ¥4,262 million ($41,379 thousand) at March 31, 2014 and 2013.

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

(b) At the annual shareholders' meeting held on June 26, 2014, the shareholders approved cash dividends of ¥11 per share, amounting to ¥2,189 million ($21,252 thousand). The appropriation has not been accrued in the consolidated financial statements as of March 31, 2014 as such appropriations are recognized in the period in which they are approved by the shareholders.

14. Income Taxes

The tax effects of temporary differences that give rise to a significant portion of deferred tax assets and liabilities at March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Deferred tax assets:			
Employee retirement benefit liability	**¥ 22,111**	¥ 21,015	**$ 214,670**
Enterprise tax accruals	**524**	336	**5,087**
Accrued bonuses	**3,587**	3,467	**34,825**
Intercompany capital gains	**1,044**	1,028	**10,136**
Operating loss carryforwards	**383**	590	**3,718**
Loss on assets transferred	**1,433**	1,471	**13,913**
Impairment loss on fixed assets	**14,774**	14,929	**143,437**
Allowance for doubtful accounts	**136**	173	**1,320**
Other	**4,318**	4,383	**41,923**
	48,310	47,392	**469,029**
Less valuation allowance	**(18,282)**	(18,820)	**(177,495)**
	30,028	28,572	**291,534**
Deferred tax liabilities:			
Deferred capital gains	**5,774**	5,870	**56,058**
Unrealized gains on available-for-sale securities	**4,241**	3,363	**41,175**
Valuation adjustments for consolidation	**12,137**	12,373	**117,835**
Employee retirement benefit asset	**192**	—	**1,864**
Other	**306**	315	**2,971**
	22,650	21,921	**219,903**
Net deferred tax assets	**¥ 7,378**	¥ 6,651	**$ 71,631**

At March 31, 2014 and 2013, deferred tax assets and liabilities were recorded as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Deferred tax assets:			
Current	**¥ 4,863**	¥ 4,627	**$ 47,214**
Noncurrent	**10,990**	9,487	**106,699**
Deferred tax liabilities:			
Current	**—**	—	**—**
Noncurrent	**8,475**	7,463	**82,282**

In assessing the realizability of deferred tax assets, management of the Seino Group considers whether some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of the future taxable income during the periods in which those temporary differences become deductible. At March 31, 2014 and 2013, a valuation allowance was provided to reduce deferred tax assets to the extent that the management believed that the amount of the deferred tax assets was not realizable.

A reconciliation of the differences between the Japanese statutory tax rate and the effective income tax rate on pretax income reflected in the accompanying consolidated statements of income for the year ended March 31, 2014 was not disclosed because the difference was not material. The reconciliation for the years ended March 31, 2013 and 2012 was as follows:

	Percentage of pretax income	
	2013	2012
Japanese statutory tax rate	**37.2%**	40.4%
Increase (decrease) due to:		
Permanently nondeductible expenses	**0.7**	0.7
Tax exempt income	**(0.4)**	(0.8)
Local minimum taxes - per capita levy	**3.7**	3.5
Amortization of goodwill and negative goodwill	**(6.3)**	(6.9)
Equity in net (income)/loss of affiliates	**(0.5)**	(0.1)
Changes in valuation allowance	**(6.3)**	(11.6)
Adjustment of deferred tax assets and liabilities for income tax rate changes	**—**	4.0
Other	**0.6**	1.2
Effective income tax rate	**28.7%**	30.4%

On December 2, 2011, amendments to the Japanese tax regulations were enacted into law. As a result of these amendments, the statutory income tax rate for the Company was reduced to 37.2% for years beginning on and after April 1, 2012 and 34.8% for years beginning on and after April 1, 2015. Based on the amendments, the statutory income tax rates utilized for the measurement of deferred tax assets and liabilities expected to be settled or realized from April 1, 2012 to March 31, 2015 and on or after April 1, 2015 were 37.2% and 34.8%, respectively, as of March 31, 2012. Due to these changes in statutory income tax rates, net deferred tax assets were ¥397 million less as of March 31, 2012 and deferred income tax expense recognized for the year ended March 31, 2012 ¥740 million more than the amounts that would have been reported without the change.

Following the promulgation on March 31, 2014 of the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 10 of 2014), a special surtax to be applied to restoration work in connection with the Great East Japan Earthquake has been abolished from the fiscal year beginning on or after April 1, 2014. In line with this revision, the Company has changed the statutory tax rate used to calculate deferred tax assets and liabilities from 37.2% to 34.8% for temporary differences expected to be reversed in the fiscal year beginning on April 1, 2014. As a result of this tax rate change, deferred tax assets were ¥323 million ($3,136 thousand) less at March 31, 2014 and deferred income taxes ¥323 million ($3,136 thousand) more for the year ended March 31, 2014 than the amounts that would have been reported without the change.

15. Comprehensive Income

Amounts reclassified to net income (loss) in the current period that were recognized in other comprehensive income in the current or previous periods and the tax effects for each component of other comprehensive income for the years ended March 31, 2014, 2013 and 2012 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2014	2013	2012	**2014**
Unrealized gains (losses) on securities				
Increase (decrease) during the year	**¥ 2,649**	¥ 3,742	¥ (244)	**$ 25,718**
Reclassification adjustments	**(4)**	3	18	**(39)**
Subtotal, before tax	**2,645**	3,745	(226)	**25,679**
Tax effect	**(878)**	(1,078)	447	**(8,524)**
Subtotal, net of tax	**1,767**	2,667	221	**17,155**
Foreign currency translation adjustments				
Increase (decrease) during the year	**101**	96	(44)	**981**
Reclassification adjustments	**—**	—	—	**—**
Subtotal, before tax	**101**	96	(44)	**981**
Tax effect	**—**	—	—	**—**
Subtotal, net of tax	**101**	96	(44)	**981**
Shares of other comprehensive income of affiliates accounted for using equity method				
Increase (decrease) during the year	**4**	2	—	**39**
Reclassification adjustments	**—**	—	—	**—**
Subtotal	**4**	2	—	**39**
Total other comprehensive income	**¥ 1,872**	¥ 2,765	¥ 177	**$ 18,175**

16. Segment Information

1. General information about reportable segments

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

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

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

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

Information about reportable segment for the years ended March 31, 2014, 2013 and 2012 is summarized as follows:

For the year 2014:	Transportation services	Vehicle sales	Merchandise sales	Leasing for real estate services	Other (*4)	Total	Adjustments (*1)	Consolidated
				Millions of yen				
Operating revenue:								
External customers	**¥ 393,320**	**¥ 100,569**	**¥ 33,306**	**¥ 1,421**	**¥ 14,791**	**¥ 543,407**	**¥ —**	**¥ 543,407**
Intersegment sales or transfer	**1,548**	**8,110**	**26,875**	**—**	**9,735**	**46,268**	**(46,268)**	**—**
Total operating revenue	**394,868**	**108,679**	**60,181**	**1,421**	**24,526**	**589,675**	**(46,268)**	**543,407**
Segment income (*2)	**¥ 12,779**	**¥ 5,352**	**¥ 731**	**¥ 1,222**	**¥ 544**	**¥ 20,628**	**¥ (439)**	**¥ 20,189**
Segment assets (*3)	**¥ 393,469**	**¥ 100,313**	**¥ 15,067**	**¥ 12,707**	**¥ 22,510**	**¥ 544,066**	**¥ (1,655)**	**¥ 542,411**
Depreciation	**12,569**	**1,680**	**51**	**33**	**253**	**14,586**	**(269)**	**14,317**
Amortization of goodwill	**6**	**59**	**—**	**—**	**2**	**67**	**—**	**67**
Investments in affiliates accounted for using the equity method	**3,036**	**—**	**—**	**168**	**—**	**3,204**	**(3)**	**3,201**
Increase in tangible and intangible fixed assets	**13,448**	**2,852**	**30**	**4**	**270**	**16,604**	**(461)**	**16,143**
For the year 2013:								
Operating revenue:								
External customers	¥ 371,546	¥ 96,148	¥ 32,457	¥ 1,438	¥ 14,596	¥ 516,185	¥ —	¥ 516,185
Intersegment sales or transfer	1,536	7,908	25,094	—	9,394	43,932	(43,932)	—
Total operating revenue	373,082	104,056	57,551	1,438	23,990	560,117	(43,932)	516,185
Segment income (*2)	¥ 6,918	¥ 5,442	¥ 736	¥ 1,215	¥ 495	¥ 14,806	¥ (460)	¥ 14,346
Segment assets (*3)	¥ 379,649	¥ 97,683	¥ 14,357	¥ 12,653	¥ 19,129	¥ 523,471	¥ (13,004)	¥ 510,467
Depreciation	12,639	1,732	65	48	256	14,740	(254)	14,486
Amortization of goodwill	415	78	—	—	6	499	—	499
Investments in affiliates accounted for using the equity method	2,783	—	—	107	—	2,890	(2)	2,888
Increase in tangible and intangible fixed assets	9,877	3,524	14	25	349	13,789	(336)	13,453
For the year 2012:								
Operating revenue:								
External customers	¥ 370,592	¥ 87,755	¥ 30,144	¥ 1,416	¥ 14,370	¥ 504,277	¥ —	¥ 504,277
Intersegment sales or transfer	1,574	7,203	25,498	—	10,645	44,920	(44,920)	—
Total operating revenue	372,166	94,958	55,642	1,416	25,015	549,197	(44,920)	504,277
Segment income (*2)	¥ 7,240	¥ 4,464	¥ 723	¥ 1,196	¥ 697	¥ 14,320	¥ (453)	¥ 13,867
Segment assets (*3)	¥ 384,612	¥ 95,399	¥ 14,421	¥ 13,006	¥ 18,397	¥ 525,835	¥ (24,872)	¥ 500,963
Depreciation	13,559	1,613	79	47	275	15,573	(249)	15,324
Amortization of goodwill	419	78	—	—	6	503	—	503
Investments in affiliates accounted for using the equity method	2,724	—	—	67	—	2,791	(3)	2,788
Increase in tangible and intangible fixed assets	12,798	2,726	38	2	121	15,685	(303)	15,382

For the year 2014:	Transportation services	Vehicle sales	Merchandise sales	Leasing for real estate services	Other (*4)	Total	Adjustments (*1)	Consolidated
				Thousands of U.S. dollars				
Operating revenue:								
External customers	**$ 3,818,641**	**$ 976,398**	**$ 323,359**	**$ 13,796**	**$ 143,602**	**$ 5,275,796**	**$ —**	**$ 5,275,796**
Intersegment sales or transfer	**15,029**	**78,738**	**260,922**	**—**	**94,515**	**449,204**	**(449,204)**	**—**
Total operating revenue	**3,833,670**	**1,055,136**	**584,281**	**13,796**	**238,117**	**5,725,000**	**(449,204)**	**5,275,796**
Segment income (*2)	**$ 124,068**	**$ 51,961**	**$ 7,097**	**$ 11,864**	**$ 5,282**	**$ 200,272**	**$ (4,262)**	**$ 196,010**
Segment assets (*3)	**$ 3,820,087**	**$ 973,913**	**$ 146,282**	**$ 123,369**	**$ 218,543**	**$ 5,282,194**	**$ (16,068)**	**$ 5,266,126**
Depreciation	**122,029**	**16,311**	**495**	**320**	**2,457**	**141,612**	**(2,612)**	**139,000**
Amortization of goodwill	**58**	**573**	**—**	**—**	**19**	**650**	**—**	**650**
Investments in affiliates accounted for using the equity method	**29,476**	**—**	**—**	**1,631**	**—**	**31,107**	**(29)**	**31,078**
Increase in tangible and intangible fixed assets	**130,563**	**27,689**	**291**	**39**	**2,622**	**161,204**	**(4,476)**	**156,728**

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

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

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

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

(Related information)

1. Information about products and services

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

2. Information about geographic areas

   (1) Operating revenue

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

   (2) Property and equipment

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

3. Information about major customers

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

4. Information on impairment loss by reportable segments:

	Transportation services	Vehicle sales	Merchandise sales	Leasing for real estate services	Other	Total
	Millions of yen					
Impairment loss:						
For the year 2014	¥ 154	¥ 69	¥ —	¥ 217	¥ —	¥ 440
For the year 2013	1,422	84	—	691	2	2,199
For the year 2012	833	247	—	—	13	1,093
	Thousands of U.S. dollars					
Impairment loss:						
For the year 2014	$ 1,495	$ 670	$ —	$ 2,107	$ —	$ 4,272

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

	Transportation services	Vehicle sales	Merchandise sales	Leasing for real estate services	Other	Total
	Millions of yen					
For the year 2014:						
Amortization of goodwill	¥ 6	¥ 59	¥ —	¥ —	¥ 2	¥ 67
Amortization of negative goodwill	2,972	—	9	—	61	3,042
As of March 31, 2014:						
Balance of goodwill	11	—	—	—	—	11
Balance of negative goodwill	3	—	—	—	—	3
For the year 2013:						
Amortization of goodwill	¥ 415	¥ 78	¥ —	¥ —	¥ 6	¥ 499
Amortization of negative goodwill	2,972	—	19	—	64	3,055
As of March 31, 2013:						
Balance of goodwill	17	59	—	—	2	78
Balance of negative goodwill	2,975	—	9	—	61	3,045
For the year 2012:						
Amortization of goodwill	¥ 419	¥ 78	¥ —	¥ —	¥ 6	¥ 503
Amortization of negative goodwill	3,168	—	20	—	67	3,255
As of March 31, 2012:						
Balance of goodwill	432	137	—	—	8	577
Balance of negative goodwill	5,947	—	28	—	125	6,100

	Transportation services	Vehicle sales	Merchandise sales	Leasing for real estate services	Other	Total
	Thousands of U.S. dollars					
For the year 2014:						
Amortization of goodwill	$ 58	$ 573	$ —	$ —	$ 19	$ 650
Amortization of negative goodwill	28,854	—	88	—	592	29,534
As of March 31, 2014:						
Balance of goodwill	107	—	—	—	—	107
Balance of negative goodwill	29	—	—	—	—	29

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

	Transportation services	Vehicle sales	Merchandise sales	Leasing for real estate services	Other	Total
	Millions of yen					
Gain on negative goodwill:						
For the year 2014	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
For the year 2013	20	16	—	—	—	36
For the year 2012	—	—	—	—	—	—

	Transportation services	Vehicle sales	Merchandise sales	Leasing for real estate services	Other	Total
	Thousands of U.S. dollars					
Gain on negative goodwill:						
For the year 2014	$ —	$ —	$ —	$ —	$ —	$ —

Report of Independent Auditors

Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of SEINO HOLDINGS CO., LTD. (the "Company") and its subsidiaries, which comprise the consolidated balance sheets as at March 31, 2014 and 2013, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for each of the years in the three-year period ended March 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as at March 31, 2014 and 2013, and their financial performance and cash flows for each of the years in the three-year period ended March 31, 2014, in conformity with accounting principles generally accepted in Japan.

Convenience Translation

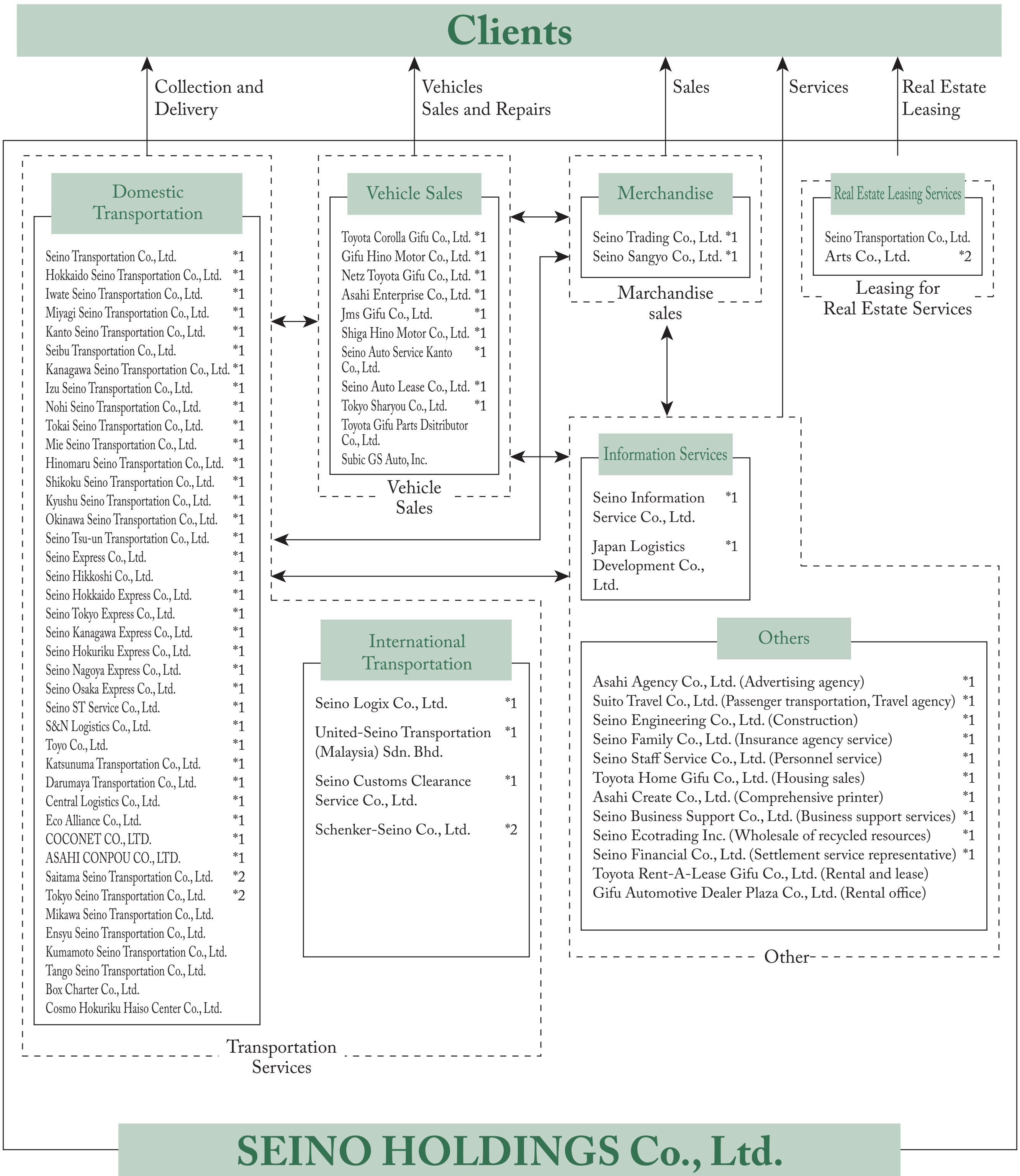
The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2014 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 of the Notes to Consolidated Financial Statements.

KPMG AZSA LLC

August 22, 2014
Nagoya, Japan

Seino Group

The Seino Group consists of Seino Holdings Co., Ltd. and 59 consolidated subsidiaries and 14 affiliates. The Seino Group operates in five business segments: transportation services, vehicle sales, merchandise sales, leasing for real estate services and other services. The business relationship in the Seino Group is as follows.



Note	*1: Consolidated subsidiaries	59
	*2: Affiliates (under the equity method)	4
	Companies except those mentioned above are affiliates under the cost method.	10

Seino Holdings Co., Ltd.
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