

Notes to Consolidated Financial Statements

Year Ended March 31, 2019

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications and rearrangements have been made in the 2018 consolidated financial statements to conform them to the classifications and presentations used in 2019.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Yamato Holdings Co., Ltd. (the “Company”) is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥110.99 to \$1, the approximate rate of exchange at March 31, 2019. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation—The consolidated financial statements as of March 31, 2019, include the accounts of the Company and its 39 significant (40 in 2018) subsidiaries (together, the “Group”).

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Yamato Multi-Maintenance Solutions Co., Ltd. has been dissolved upon absorption-type merger with Yamato Logistics Co., Ltd. as surviving company, and is excluded from the scope of consolidation from the fiscal year ended March 31, 2019.

The unconsolidated subsidiaries, whose combined assets, net sales, profit and retained earnings in the aggregate are not significant to the consolidated financial statements, have not been consolidated with the Company.

There were 17 (16 in 2018) affiliates accounted for by the equity method.

Effective from the fiscal year ended March 31, 2019, GDEX PROPERTIES SDN. BHD. is included in the scope of the equity method due to GD EXPRESS CARRIER BHD., an affiliate accounted for using equity method, newly acquiring its shares.

Investments in the unconsolidated subsidiaries and several affiliates not accounted for by equity method are stated at cost, less a valuation allowance representing possible losses on the investments that are deemed to be other than temporary. If the equity method of accounting had been applied to the investments in such companies, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements—

Under Accounting Standards Board of Japan (“ASBJ”) Practical Issues Task Force (“PITF”) No. 18, “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements,” the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, except for the following items which should be adjusted in the consolidation process so that profit is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; and (d) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting.

c. Unification of Accounting Policies Applied to Foreign Affiliated Companies for the Equity Method—ASBJ Statement No. 16, “Accounting Standard for Equity Method of Accounting for Investments,” requires adjustments to be made to conform the affiliate’s accounting policies for similar transactions and events under similar circumstances to those of the parent company when the affiliate’s financial statements are used in applying the equity method, unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign affiliated companies in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted so that profit is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; and (d) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting.

d. Recognition of Operating Revenues—The Group recognizes freight charge income as operating revenue at the time when freight has been received from the shipping customer for transportation.

Fees from customers based on installment sales contracts are recognized by the equal installment method.

e. Cash Equivalents—Cash equivalents in the consolidated statement of cash flows are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents in the consolidated statement of cash flows include time deposits, certificates of deposit, and mutual funds investing in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

The difference between cash and cash equivalents in the accompanying consolidated balance sheet and cash and cash equivalents in the accompanying consolidated statement of cash flows was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Cash and cash equivalents presented in the consolidated balance sheet	¥195,955	¥204,422	\$1,765,519
Time deposits due beyond three months	(1,304)	(1,559)	(11,752)
Cash and cash equivalents presented in the consolidated statement of cash flows	¥194,651	¥202,863	\$1,753,767

f. Inventories—Inventories are stated at the lower of cost determined by the first-in, first-out method or net selling value.

g. Marketable and Investment Securities—Marketable and investment securities are classified and accounted for, depending on management’s intent, as follows: (1) trading securities, which are held for the purpose of earning capital gains in near term, are reported at fair value, and the related unrealized gains and losses are included in earnings; (2) held-to-maturity debt securities, for which there is a positive intent and ability to hold to maturity, are reported at amortized cost; and (3) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The Group had no trading securities at March 31, 2019 and 2018.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

h. Property, Plant and Equipment—Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment excluding leased assets of the Company and its domestic consolidated subsidiaries is computed substantially by the declining-balance method, while the straight-line method is applied to buildings acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016. Depreciation of leased assets is computed by the straight-line method over the lease period with no residual value carried.

The depreciation of property, plant and equipment of foreign consolidated subsidiaries is computed by the straight-line method over the estimated useful lives of the assets. The range of useful lives is principally as follows:

Buildings and structures	7–60 years
Vehicles	2– 7 years
Machinery and equipment	2–20 years

Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.

Notes to Consolidated Financial Statements

i. Long-Lived Assets—The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

j. Other Assets—Amortization of intangible assets is computed by the straight-line method.

Depreciation of leased assets is computed by the straight-line method over the lease period with no residual value carried.

k. Retirement and Pension Plan—The Company and consolidated subsidiaries mainly have a contributory trusted pension plan and an unfunded retirement benefit plan. In addition, a defined contribution retirement plan was introduced along with these defined benefit pension plans.

In calculating the retirement benefit obligations, the straight-line basis is used in determining the amount of the expected retirement benefit obligations attributed to service performed up to the end of the current fiscal year.

Past service costs are recognized in profit or loss in full in the fiscal year in which it arises. Actuarial gains and losses are amortized on a straight-line basis over a period within the average remaining service period of the eligible employees (mainly five years) on and after the fiscal year following the fiscal year in which it arises.

Actuarial gains and losses are recognized within equity on the consolidated balance sheet after adjusting for tax effects, and funded status is recognized as a liability or asset.

l. Asset Retirement Obligations—An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as reconciliation to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

m. Leases—For a lessee, all finance lease transactions are capitalized to recognize lease assets and lease obligations in the balance sheet.

For a lessor, all finance leases that deem to transfer ownership of the leased property to the lessee are recognized as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee are recognized as investments in leases.

n. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

On February 16, 2018, the ASBJ issued ASBJ Statement No. 28, "Partial Amendments to Accounting Standard for Tax Effect Accounting," which requires deferred tax assets and deferred tax liabilities to be classified as investments and other assets and long-term liabilities, respectively. Deferred tax assets were previously classified as current assets and investments and other assets, and deferred tax liabilities were previously classified as current liabilities and long-term liabilities under the previous accounting standard. The revised accounting standard is effective for annual periods beginning on or after April 1, 2018. The Company retrospectively applied the revised accounting standard effective April 1, 2018.

As a result, in the consolidated balance sheet for the fiscal year ended March 31, 2018, deferred tax assets under current assets decreased by ¥19,246 million and deferred tax assets under investments and other assets increased by

¥18,682 million. In addition, deferred tax liabilities included in other current liabilities and deferred tax liabilities under long-term liabilities decreased by ¥2 million and ¥562 million, respectively.

Note that total assets decreased by ¥564 million, as deferred tax assets and liabilities of the same taxable entity were offset.

o. Foreign Currency Transactions—All short and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date.

p. Foreign Currency Financial Statements—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as “Foreign currency translation adjustments” under accumulated other comprehensive income in a separate component of equity.

Revenue and expense accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet date.

q. Per Share Information—Basic earnings per share is computed by dividing profit attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted earnings per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted earnings per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

For the years ended March 31, 2019 and 2018, diluted earnings per share is not disclosed because the Company had no dilutive securities.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

r. Accounting Changes and Error Corrections—Under ASBJ Statement No. 24, “Accounting Standard for Accounting Changes and Error Corrections,” and ASBJ Guidance No. 24, “Guidance on Accounting Standard for Accounting Changes and Error Corrections,” accounting treatments are required as follows:

(1) Changes in Accounting Policies—When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, those statements are restated.

s. New Accounting Pronouncements

Accounting Standards for Revenue Recognition—In March 2018, the ASBJ issued ASBJ Statement No. 29, “Accounting Standard for Revenue Recognition,” and ASBJ Guidance No. 30, “Implementation Guidance on Accounting Standard for Revenue Recognition.” An entity should recognize revenue by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The accounting standard and guidance will be applied from the beginning of the fiscal year that begins on or after April 1, 2021.

The Company is now in the process of measuring the effect of applying the accounting standard and guidance.

Notes to Consolidated Financial Statements

3. BUSINESS COMBINATION

Transactions under Common Control

The Company resolved implementation of organizational restructuring, absorption-type split and merger, among wholly owned subsidiaries of the Group at the Board of Directors meeting held on December 21, 2017, and implemented the organizational restructuring based on the resolution in the fiscal year ended March 31, 2019.

Outline of Business Combination

(1) Absorption-type split with Yamato Logistics Co., Ltd. ("YLC") as the successor company

Name and content of business involved in the business combination

Name: Technical Network business of Yamato Home Convenience Co., Ltd. ("YHC")

Content: Business support service regarding household and business equipment

Name: e-Logistics solution business, e-On Demand solutions business, and Setup and Logistics solutions business of Yamato System Development Co., Ltd. ("YSD")

Content: Storage and distribution processing of cargo, on-demand printing, and kitting support service with logistics information management system

Name: Documents Logistics business of Yamato Packing Service Co., Ltd. ("YPC")

Content: Enclosing periodicals and sealing service

Date of business combination

April 1, 2018 (effective date)

Legal form of business combination

Absorption-type split with YHC, YSD, and YPC as the absorbed companies and YLC as the successor company

Name of company after business combination

Yamato Logistics Co., Ltd.

(2) Absorption-type merger with YLC as surviving company

Name and business of company involved in the business combination

Surviving company

Name: Yamato Logistics Co., Ltd.

Business: Logistics business

Dissolving company

Name: Yamato Multi-Maintenance Solutions Co., Ltd. ("YMM")

Business: Maintenance and repair service for home appliances and total support service regarding recalls

Date of business combination

April 1, 2018 (effective date)

Legal form of business combination

Absorption-type merger with YMM as dissolving company and YLC as surviving company

Name of company after business combination

Yamato Logistics Co., Ltd.

(3) Absorption-type split with Yamato Global Logistics Japan Co., Ltd. ("YGL") as the successor company

Name and content of business involved in the business combination

Name: Fine Arts Transport business and Overseas Relocation Support business of YLC

Content: Transportation of art and overseas relocation support service including international moving

Date of business combination

April 1, 2018 (effective date)

Legal form of business combination

Absorption-type split with YLC as the absorbed company and YGL as the successor company

Name of company after business combination

Yamato Global Logistics Japan Co., Ltd.

(4) Outline and purpose of business combination

In promoting reform of organizational structures and innovation of the management system under the “KAIKAKU 2019 for NEXT100” medium-term management plan, the Company implemented the organizational restructuring in order to establish a management structure to meet the sophisticated logistics needs of corporate clients more quickly and accurately and to improve efficiency of operations by integrating similar distinct business of YLC and YGL.

Outline of accounting treatment applied

Based on ASBJ Statement No. 21, “Accounting Standard for Business Combinations,” and ASBJ Guidance No. 10, “Guidance on Accounting Standards for Business Combinations and Business Divestitures,” the Company accounted for the business combination as transaction under common control.

4. INSTALLMENT RECEIVABLES

Sales recorded on the installment basis were 0.3% of operating revenues in both 2019 and 2018.

Annual maturities of installment receivables at March 31, 2019, and related amortization of deferred profit on installment sales are as follows:

Year Ending March 31	Millions of Yen		Thousands of U.S. Dollars	
	Receivables	Deferred Profit on Installment Sales	Receivables	Deferred Profit on Installment Sales
2020	¥22,667	¥2,142	\$204,222	\$19,295
2021	10,854	1,465	97,795	13,205
2022	6,080	884	54,779	7,962
2023	3,025	464	27,252	4,177
2024	1,362	227	12,274	2,049
2025 and thereafter	814	160	7,336	1,438
Total	¥44,802	¥5,342	\$403,658	\$48,126

5. INVENTORIES

Inventories at March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Merchandise	¥ 643	¥ 750	\$ 5,792
Work in process	194	146	1,749
Raw materials and supplies	2,411	1,920	21,721
Total	¥3,248	¥2,816	\$29,262

Notes to Consolidated Financial Statements

6. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Non-current:			
Marketable equity securities	¥33,742	¥34,218	\$304,008
Non-marketable equity securities	944	1,210	8,508
Other	1,543	804	13,900
Total	¥36,229	¥36,232	\$326,416

Information regarding each category of the securities classified as available-for-sale at March 31, 2019 and 2018, is as follows:

	Millions of Yen			
	2019			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale: Equity securities	¥15,002	¥18,765	¥25	¥33,742
	Millions of Yen			
	2018			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale: Equity securities	¥14,798	¥19,426	¥6	¥34,218
	Thousands of U.S. Dollars			
	2019			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale: Equity securities	\$135,164	\$169,068	\$224	\$304,008

Information for available-for-sale securities, which were sold during the years ended March 31, 2019 and 2018, is as follows:

	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
March 31, 2019			
Available-for-sale: Equity securities	¥72	¥37	¥—
	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
March 31, 2018			
Available-for-sale:			
Equity securities	¥2,672	¥1,639	¥—
Other			
Total	¥2,672	¥1,639	¥—
	Thousands of U.S. Dollars		
	Proceeds	Realized Gains	Realized Losses
March 31, 2019			
Available-for-sale: Equity securities	\$650	\$334	\$—

Loss on valuation of available-for-sale equity securities for the year ended March 31, 2019 and 2018, were ¥39 million (\$352 thousand) and ¥1 million, respectively.

7. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of the years ended March 31, 2019 and 2018. As a result, the Group recognized an impairment loss of ¥2,087 million (\$18,808 thousand) as other expense for the asset groups of the head office and the Kansai Regional Branch of Yamato Home Convenience Co., Ltd. and 21 other asset groups for the year ended March 31, 2019, and ¥3,241 million as other expense for the asset groups of the Miyagi Regional Branch of Yamato Transport Co., Ltd. and 14 other asset groups for the year ended March 31, 2018, due to continuous operating losses of those units or significant declines in market prices. The carrying amounts of the relevant asset groups were written down to their recoverable amounts. In the case where the net selling prices were used as recoverable amounts, the relevant asset groups were evaluated mainly based on Real Estate Appraisal Standards, assessed value of fixed assets, and posted land prices. In the case where the recoverable amounts were measured at its value in use, the discount rates used for computation of present value of future cash flows for years ended March 31, 2019 and 2018, were 4.55% and 5.26%, respectively.

8. BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2019 and 2018, consisted of notes to banks and bank overdrafts. The weighted-average interest rates applicable to the bank loans as of March 31, 2019 and 2018, were approximately 0.040% and 0.134%, respectively.

Long-term debt at March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
0.030% to 0.299% loans from banks due 2019 to 2022	¥ 60,300		\$ 543,292
0.010% to 0.299% loans from banks due 2018 to 2022		¥ 93,900	
Lease obligations	22,934	5,789	206,627
Unsecured 0.050% bonds due in March 2019		10,000	
Unsecured 0.090% bonds due in March 2021	10,000	10,000	90,098
Total	93,234	119,689	840,017
Less current portion	(43,592)	(45,840)	(392,751)
Total	¥ 49,642	¥ 73,849	\$ 447,266

Annual maturities of long-term debt at March 31, 2019, are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2020	¥43,592	\$392,751
2021	17,527	157,918
2022	15,454	139,237
2023	1,201	10,821
2024	1,052	9,481
2025 and thereafter	14,408	129,809
Total	¥93,234	\$840,017

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9. RETIREMENT AND PENSION PLANS

The Group has defined benefit pension plans and defined contribution retirement plans for employees.

The defined benefit pension plans provide, under most circumstances, that employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from the consolidated subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages exceeding the standard retirement age.

(1) Defined Benefit Pension Plans

The changes in defined benefit obligation for the years ended March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Balance at beginning of year	¥169,653	¥158,382	\$1,528,544
Service cost	12,141	12,221	109,387
Interest cost	169	151	1,522
Actuarial (gain) loss arising during the year	(2,658)	5,884	(23,954)
Retirement benefits paid	(7,387)	(6,985)	(66,547)
Past service cost arising during the year	291		2,623
Balance at end of year	¥172,209	¥169,653	\$1,551,575

The changes in plan assets for the years ended March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Balance at beginning of year	¥94,287	¥87,547	\$849,508
Expected return on plan assets	943	875	8,495
Actuarial gain arising during the year	295	3,565	2,657
Contributions from the employer	4,386	4,343	39,518
Retirement benefits paid	(2,048)	(2,043)	(18,451)
Balance at end of year	¥97,863	¥94,287	\$881,727

Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Defined benefit obligation of funded plan	¥ 65,259	¥ 64,355	\$ 587,976
Plan assets	(97,863)	(94,287)	(881,727)
	(32,604)	(29,932)	(293,751)
Defined benefit obligation of unfunded plan	106,950	105,298	963,599
Net liability arising from defined benefit obligation	¥ 74,346	¥ 75,366	\$ 669,848

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Liability for employees' retirement benefits	¥74,508	¥75,495	\$671,305
Asset for employees' retirement benefits	(162)	(129)	(1,457)
Net liability arising from defined benefit obligation	¥74,346	¥75,366	\$669,848

The amount of the liability and asset for employees' retirement benefits that are offset individually by the Company and subsidiaries are combined.

The components of net periodic benefit costs for the years ended March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Service cost	¥12,141	¥12,221	\$109,387
Interest cost	169	151	1,522
Expected return on plan assets	(943)	(875)	(8,495)
Recognized actuarial loss	712	2,321	6,417
Past service cost	291		2,623
Others	(47)	(29)	(428)
Net periodic benefit costs	¥12,323	¥13,789	\$111,026

Amounts recognized in other comprehensive income (before income tax effect adjustments) in respect of defined retirement benefit plans for the years ended March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Actuarial gain	¥3,665	¥2	\$33,028
Total	¥3,665	¥2	\$33,028

Amounts recognized in accumulated other comprehensive income (before income tax effect adjustments) in respect of defined retirement benefit plans as of March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Unrecognized actuarial loss	¥(4,363)	¥(8,028)	\$(39,306)
Total	¥(4,363)	¥(8,028)	\$(39,306)

Plan assets as of March 31, 2019 and 2018, consisted of the following:

	2019	2018
General accounts	32%	30%
Debt investments	25	25
Equity investments	22	23
Others	21	22
Total	100%	100%

Assumptions used for the years ended March 31, 2019 and 2018, were set forth as follows:

	2019	2018
Discount rate	0.1%	0.1%
Expected rate of return on plan assets	1.0%	1.0%

The expected rate of return on plan assets is determined on the basis of the distribution of plan assets, past performance of respective assets that make up investments of plan assets, and market trends.

(2) Defined Contribution Retirement Plans

The amounts contributed to the defined contribution retirement plans of the Group for the years ended March 31, 2019 and 2018, were ¥2,432 million (\$21,910 thousand) and ¥2,330 million, respectively.

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10. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Balance at beginning of year	¥5,800	¥5,535	\$52,254
Additional provisions associated with the acquisition of property, plant and equipment	2,263	257	20,393
Reconciliation associated with passage of time	106	104	953
Reconciliation associated with changes in accounting estimates	629	(1)	5,670
Reduction associated with settlement of asset retirement obligations	(92)	(85)	(826)
Others	(20)	(10)	(185)
Balance at end of year	¥8,686	¥5,800	\$78,259

Changes in accounting estimates were recorded as it became evident that the estimate of the discounted cash flows required for future asset retirement would change at the beginning of the year. A reconciliation has been prepared for the change, which resulted in an increase and decrease of the asset retirement obligation for the years ended March 31, 2019 and 2018, by ¥629 million (\$5,670 thousand) and ¥1 million, respectively.

11. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

c. Treasury Stock

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity.

12. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes, which, in the aggregate, resulted in normal effective statutory tax rates of 30.6% and 30.9% for the years ended March 31, 2019 and 2018, respectively.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Deferred tax assets:			
Accrued expenses	¥ 10,956	¥ 10,146	\$ 98,716
Legal welfare expense	1,808	1,659	16,292
Enterprise tax	2,309	1,502	20,803
Allowance for doubtful accounts	623	543	5,611
Tax loss carryforwards	7,433	10,466	66,968
Liability for employees' retirement benefits	22,909	23,184	206,406
Loss on valuation of land	20,759	20,759	187,038
Loss on impairment of long-lived assets	4,732	4,211	42,636
Loss on valuation of investment securities	1,771	1,731	15,955
Unrealized profit	2,763	2,457	24,892
Loss on valuation of telephone subscription rights	404	469	3,637
Other	7,719	6,009	69,548
Total of tax loss carryforwards and temporary differences	84,186	83,136	758,502
Less valuation allowance for tax loss carryforwards	(7,400)		(66,674)
Less valuation allowance for temporary differences	(27,306)		(246,024)
Total valuation allowance	(34,706)	(31,885)	(312,698)
Deferred tax assets	¥ 49,480	¥ 51,251	\$ 445,804
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	¥ (5,073)	¥ (5,125)	\$ (45,702)
Other	(4,202)	(3,192)	(37,864)
Deferred tax liabilities	¥ (9,275)	¥ (8,317)	\$ (83,566)
Deferred tax assets – net	¥ 40,205	¥ 42,934	\$ 362,238

Notes to Consolidated Financial Statements

The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2019, are as follows:

Year Ending March 31	Millions of Yen		
	Deferred Tax Assets Relating to Tax Loss Carryforwards	Less Valuation Allowances for Tax Loss Carryforwards	Net Deferred Tax Assets Relating to Tax Loss Carryforwards
2020	¥ 400	¥ (400)	¥—
2021	509	(482)	27
2022	432	(432)	
2023	451	(451)	
2024	446	(446)	
2025 and thereafter	5,195	(5,189)	6
Total	¥7,433	¥(7,400)	¥33

Year Ending March 31	Thousands of U.S. Dollars		
	Deferred Tax Assets Relating to Tax Loss Carryforwards	Less Valuation Allowances for Tax Loss Carryforwards	Net Deferred Tax Assets Relating to Tax Loss Carryforwards
2020	\$ 3,608	\$ (3,608)	\$ —
2021	4,582	(4,336)	246
2022	3,893	(3,893)	
2023	4,063	(4,063)	
2024	4,022	(4,022)	
2025 and thereafter	46,800	(46,752)	48
Total	\$66,968	\$(66,674)	\$294

Reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2019, with the corresponding figures for 2018 was as follows:

	2019	2018
Normal effective statutory tax rate	30.6%	30.9%
Per capita levy of local taxes	6.1	9.2
Difference of tax rates for foreign subsidiaries	3.6	2.8
Valuation allowance	5.4	(0.0)
Other—net	4.6	0.7
Actual effective tax rate	50.3%	43.6%

13. LEASES

(1) Lessee

The Group leases certain building, machinery, computer equipment and other assets.

Future rental payments under non-cancelable operating leases at March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Due within one year	¥ 5,176	¥ 3,066	\$ 46,635
Due after one year	29,339	32,812	264,337
Total	¥34,515	¥35,878	\$310,972

(2) Lessor

The net investments in lease as of March 31, 2019 and 2018, were summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Gross lease receivables	¥51,428	¥49,797	\$463,356
Unguaranteed residual values	6,969	6,584	62,793
Unearned interest income	(4,246)	(3,739)	(38,254)
Investments in leases—current	¥54,151	¥52,642	\$487,895

Maturities of lease receivables for finance leases that deem to transfer ownership of the leased property to the lessee as of March 31, 2019, are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2020	¥ 86	\$ 772
2021	85	761
2022	83	751
2023	88	791
2024	78	707
2025 and thereafter	5	49
Total	¥425	\$3,831

Maturities of investments in lease for finance leases that deem not to transfer ownership of the leased property to the lessee as of March 31, 2019, are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2020	¥17,858	\$160,899
2021	14,128	127,292
2022	10,365	93,387
2023	6,236	56,180
2024	2,394	21,571
2025 and thereafter	447	4,027
Total	¥51,428	\$463,356

The minimum rental commitments under non-cancelable operating leases at March 31, 2019 and 2018, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Due within one year	¥4,024	¥ 4,399	\$36,254
Due after one year	5,621	7,154	50,643
Total	¥9,645	¥11,553	\$86,897

Notes to Consolidated Financial Statements

14. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Group uses financial instruments, mainly long-term debt including bank loans and bonds, in order to expand its business based on its investment plan to expand its network. Cash surpluses, if any, are invested in low risk financial assets. Derivatives are used, not for speculative purposes, but to manage exposure to interest fluctuation risk. Certain consolidated subsidiaries conduct leasing or installment sales operations.

(2) Nature and Extent of Risks Arising from Financial Instruments and the Risk Management for Financial Instruments

Receivables such as notes and accounts receivable and installment sales receivable are exposed to customer credit risk. Therefore, the Group minimizes customers' credit risk by monitoring collections and accrued receivables at due dates.

Marketable and investment securities are mainly equity securities of the companies with which the Group has business relationships or capital alliances. Such securities are exposed to the risk of market price fluctuations.

Most payment terms of payables such as notes and accounts payable are less than one year.

Short-term bank loans and long-term bank loans are mainly related to a financial business. Most of the bank loans are fixed interest rate loans.

Accounts payable and bank loans exposed to liquidity risks are managed by each company of the Group, such as through fund settlement, bookkeeping, monitoring of the balances outstanding, and managing cash flows.

(3) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead. The value could vary depending on the technique used.

Fair values of financial instruments at March 31, 2019 and 2018, were as follows:

March 31, 2019	Millions of Yen		
	Carrying Amount	Fair Value	Difference
Assets:			
Cash and cash equivalents	¥195,955	¥195,955	
Trade notes and accounts receivable	220,159		
Allowance for doubtful accounts	(108)		
	220,051	219,922	¥ (129)
Installment sales receivable	44,802		
Allowance for doubtful accounts	(1,129)		
Deferred profit on installment sales	(5,342)		
	38,331	43,602	5,271
Available-for-sale securities	33,742	33,742	
Shares of affiliates	9,036	9,036	
Liabilities:			
Trade notes and accounts payable	158,938	158,938	
Short-term loans	60,800	60,789	(11)
Long-term loans	19,500	19,507	7

March 31, 2018	Millions of Yen		
	Carrying Amount	Fair Value	Difference
Assets:			
Cash and cash equivalents	¥204,422	¥204,422	
Trade notes and accounts receivable	224,099		
Allowance for doubtful accounts	(113)		
	223,986	223,781	¥ (205)
Installment sales receivable	46,693		
Allowance for doubtful accounts	(755)		
Deferred profit on installment sales	(5,900)		
	40,038	45,782	5,744
Available-for-sale securities	34,218	34,218	
Shares of affiliates	13,592	21,259	7,667
Liabilities:			
Trade notes and accounts payable	155,324	155,324	
Short-term loans	66,952	66,966	14
Long-term loans	60,300	60,283	(17)

March 31, 2019	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Difference
Assets:			
Cash and cash equivalents	\$1,765,519	\$1,765,519	
Trade notes and accounts receivable	1,983,596		
Allowance for doubtful accounts	(979)		
	1,982,617	1,981,457	\$ (1,160)
Installment sales receivable	403,658		
Allowance for doubtful accounts	(10,180)		
Deferred profit on installment sales	(48,126)		
	345,352	392,849	47,497
Available-for-sale securities	304,008	304,008	
Shares of affiliates	81,417	81,417	
Liabilities:			
Trade notes and accounts payable	1,432,003	1,432,003	
Short-term loans	547,797	547,694	(103)
Long-term loans	175,691	175,754	63

Notes to Consolidated Financial Statements

Cash and cash equivalents

The carrying values of cash and cash equivalents approximate fair value because of their short maturities.

Trade notes and accounts receivable

The fair values of receivables are measured at the amount to be received at maturity discounted at the Group's assumed corporate discount rate. A portion of these receivables is determined by discounting the future cash flows related to the receivables at the rate of government bonds.

Installment sales receivable

Allowances for doubtful accounts and deferred profit on installment sales are deducted from the fair values of installment sales receivable, which are determined by discounting the future cash flows related to the installment sales receivable at the market interest rate.

Marketable and investment securities

The fair values of marketable and investment securities are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. Fair value information for marketable and investment securities by classification is included in Note 6.

Trade notes and accounts payable

The fair values of payables, all of which are substantially paid within one year, are measured at the amount to be paid.

Short-term loans and long-term loans

The fair values of short-term bank loans and long-term loans are determined by discounting the future cash flows related to the debt at the Group's assumed corporate borrowing rate.

The current portion of long-term bank loans is included in short-term loans in the above table in addition to short-term bank loans on the consolidated balance sheet. Lease payments are not included in long-term loans in the above table.

(4) Financial Instruments Whose Fair Value Cannot Be Reliably Determined

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Shares of affiliates	¥5,650	¥6,412	\$50,907
Other	5,585	5,620	50,319

(5) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

March 31, 2019	Millions of Yen		
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years
Cash and cash equivalents	¥195,955		
Trade notes and accounts receivable	203,228	¥16,898	¥ 33
Installment sales receivable	22,667	21,321	814
Total	¥421,850	¥38,219	¥847

March 31, 2018	Millions of Yen		
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years
Cash and cash equivalents	¥204,422		
Trade notes and accounts receivable	205,743	¥18,165	¥ 191
Installment sales receivable	23,306	22,571	816
Total	¥433,471	¥40,736	¥1,007

March 31, 2019	Thousands of U.S. Dollars		
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years
Cash and cash equivalents	\$1,765,519		
Trade notes and accounts receivable	1,831,055	\$152,249	\$ 292
Installment sales receivable	204,222	192,100	7,336
Total	\$3,800,796	\$344,349	\$7,628

(6) Maturity Analysis for Long-Term Loans

Year Ending March 31	Thousands of U.S. Dollars	
	Millions of Yen	Thousands of U.S. Dollars
2020	¥40,800	\$367,601
2021	5,500	49,554
2022	14,000	126,137
Total	¥60,300	\$543,292

Please see Note 8 for annual maturities of long-term loans.

Notes to Consolidated Financial Statements

15. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Unrealized gain on available-for-sale securities:			
Adjustments arising during the year	¥ (132)	¥ 5,567	\$ (1,184)
Reclassification adjustments to profit or loss	(37)	(1,639)	(334)
Amount before income tax effect	(169)	3,928	(1,518)
Income tax effect	53	(1,414)	474
Total	¥ (116)	¥ 2,514	\$ (1,044)
Foreign currency translation adjustments:			
Adjustments arising during the year	¥(1,661)	¥ 1,658	\$ (14,968)
Reclassification adjustments to profit or loss		(89)	
Total	¥(1,661)	¥ 1,569	\$ (14,968)
Remeasurements of defined employees' retirement benefit plans:			
Adjustments arising during the year	¥ 2,953	¥(2,319)	\$ 26,611
Reclassification adjustments to profit or loss	712	2,321	6,417
Amount before income tax effect	3,665	2	33,028
Income tax effect	(1,124)	(1)	(10,128)
Total	¥ 2,541	¥ 1	\$ 22,900
Share of other comprehensive income of entities accounted for using equity method:			
Adjustments arising during the year	¥ 274	¥ —	\$ 2,466
Total other comprehensive income	¥ 1,038	¥ 4,084	\$ 9,354

16. EARNINGS PER SHARE

Basic earnings per share ("EPS") for the years ended March 31, 2019 and 2018, was as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Profit Attributable to Owners of Parent	Weighted-average Shares	EPS	
Year Ended March 31, 2019				
Basic EPS—Profit attributable to common shareholders	¥25,682	394,275	¥65.14	\$0.59
Year Ended March 31, 2018				
Basic EPS—Profit attributable to common shareholders	¥18,232	394,277	¥46.24	

17. SEGMENT INFORMATION

(1) Description of Reportable Segments

The Group identifies operating segments as components of entity for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors in order to make decisions about resources to be allocated to the segments and assess their performance.

The Company, as a pure holding company, forms six reportable segments classified according to business content and manages them based on these reportable segments. Therefore, the Group has the following six reporting segments: “Delivery,” “BIZ-Logistics,” “Home Convenience,” “e-Business,” “Financial,” and “Autoworks” based on the above policy.

The Group defines the reporting segments as follows:

Delivery:	Small-parcel delivery services such as <i>TA-Q-BIN</i> (door-to-door parcel delivery) and Kuroneko DM-Bin (posting service)
BIZ-Logistics:	Intercompany logistics services, aimed at the B2B supply-chain management market
Home Convenience:	Lifestyle support services intimately connected with the needs of local markets, such as moving and household effects delivery services
e-Business:	Information services targeted at the business market, including ASP services and the development of information systems
Financial:	Financial services targeted at business customers and consumers, such as settlement and collection
Autoworks:	Vehicle maintenance services and fuel supply targeted at transport companies

(2) Methods of Measurement for the Amounts of Segment Revenues, Segment Profit, Segment Assets, and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, “Summary of Significant Accounting Policies.”

Notes to Consolidated Financial Statements

(3) Information about Segment Revenues, Segment Profit, Segment Assets, and Other Items

Millions of Yen										
2019										
	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial	Autoworks	Other	Total	Reconciliation	Consolidated
Segment revenues:										
Segment revenues from customers	¥1,297,223	¥147,437	¥33,405	¥26,593	¥ 79,967	¥25,985	¥14,705	¥1,625,315	¥ —	¥1,625,315
Intersegment revenues	64,137	12,282	12,623	41,153	2,856	31,416	46,298	210,765	(210,765)	
Total segment revenues	¥1,361,360	¥159,719	¥46,028	¥67,746	¥ 82,823	¥57,401	¥61,003	¥1,836,080	¥(210,765)	¥1,625,315
Segment profit (loss)	¥ 40,788	¥ 3,329	¥ (7,765)	¥ 8,740	¥ 6,245	¥ 4,434	¥19,373	¥ 75,144	¥ (16,798)	¥ 58,346
Segment assets	718,911	77,463	12,281	44,136	257,207	29,379	22,386	1,161,763	(38,103)	1,123,660
Other:										
Depreciation and amortization	37,221	2,575	515	3,531	6,000	645	622	51,109	238	51,347
Investment in entities accounted for using equity method	426	4,836						5,262	9,252	14,514
Increase of tangible and intangible fixed assets	56,896	5,212	764	1,571	7,104	513	7,647	79,707	132	79,839
Millions of Yen										
2018										
	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial	Autoworks	Other	Total	Reconciliation	Consolidated
Segment revenues:										
Segment revenues from customers	¥1,201,770	¥145,148	¥44,868	¥27,303	¥ 82,956	¥24,642	¥12,126	¥1,538,813	¥ —	¥1,538,813
Intersegment revenues	69,670	14,093	13,409	38,724	2,901	30,299	44,273	213,369	(213,369)	
Total segment revenues	¥1,271,440	¥159,241	¥58,277	¥66,027	¥ 85,857	¥54,941	¥56,399	¥1,752,182	¥(213,369)	¥1,538,813
Segment profit	¥ 6,757	¥ 7,054	¥ 199	¥ 7,945	¥ 7,914	¥ 4,141	¥17,217	¥ 51,227	¥ (15,541)	¥ 35,686
Segment assets	662,598	76,556	21,948	47,325	258,500	28,014	13,543	1,108,484	6,386	1,114,870
Other:										
Depreciation and amortization	32,916	2,413	579	3,867	5,233	696	374	46,078	345	46,423
Investment in entities accounted for using equity method	523	5,349						5,872	13,957	19,829
Increase of tangible and intangible fixed assets	34,380	4,088	875	1,546	11,645	830	804	54,168	314	54,482
Thousands of U.S. Dollars										
2019										
	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial	Autoworks	Other	Total	Reconciliation	Consolidated
Segment revenues:										
Segment revenues from customers	\$11,687,744	\$1,328,387	\$300,969	\$239,598	\$ 720,488	\$234,123	\$132,490	\$14,643,799	\$ —	\$14,643,799
Intersegment revenues	577,861	110,657	113,732	370,782	25,737	283,048	417,134	1,898,951	(1,898,951)	
Total segment revenues	\$12,265,605	\$1,439,044	\$414,701	\$610,380	\$ 746,225	\$517,171	\$549,624	\$16,542,750	\$(1,898,951)	\$14,643,799
Segment profit (loss)	\$ 367,489	\$ 29,995	\$ (69,957)	\$ 78,748	\$ 56,264	\$ 39,948	\$174,547	\$ 677,034	\$ (151,351)	\$ 525,683
Segment assets	6,477,260	697,925	110,650	397,658	2,317,390	264,696	201,693	10,467,272	(343,300)	10,123,972
Other:										
Depreciation and amortization	335,355	23,197	4,638	31,817	54,059	5,809	5,603	460,478	2,146	462,624
Investment in entities accounted for using equity method	3,841	43,574						47,415	83,356	130,771
Increase of tangible and intangible fixed assets	512,626	46,962	6,880	14,153	64,001	4,618	68,900	718,140	1,191	719,331

Notes: Effective from the fiscal year ended March 31, 2019, changes have been made to reportable segments for certain businesses as a result of organizational restructuring being carried out to reform organizational structures and innovate the management system under the "KAIKAKU 2019 for NEXT100" medium-term management plan. As the principal points of change, the Technical Network business, which was previously included in Home Convenience, the e-Logistics solution business, e-On Demand solutions business and Setup and Logistics solutions business, which previously were included in e-Business, are included in Biz-Logistics. The segment information for the fiscal year ended March 31, 2018 has been prepared and presented according to the new classification.

"Other" includes JITBOX charter services and shared services.

Segment revenues and segment profit of "Other" include dividends for the years ended March 31, 2019 and 2018, of ¥18,594 million (\$167,527 thousand) and ¥17,483 million, respectively, which the Company received from its subsidiaries as a pure holding company.

Reconciliations are as follows:

- Reconciliations of segment profit for the years ended March 31, 2019 and 2018, of ¥16,798 million (\$151,351 thousand) and ¥15,541 million, respectively, are intersegment eliminations and others.
- Reconciliations of segment assets at March 31, 2019 and 2018, of ¥38,103 million (\$343,300 thousand) and ¥6,386 million, respectively, include intersegment eliminations of assets and liabilities of ¥184,580 million (\$1,663,029 thousand) and ¥154,869 million, and corporate assets which are not allocated to each reporting segment of ¥146,477 million (\$1,319,729 thousand) and ¥161,255 million, respectively.
- Reconciliations of investments in entities accounted for using equity method at March 31, 2019 and 2018, of ¥9,252 million (\$83,356 thousand) and ¥13,957 million, respectively, are investments which are not allocated to each reporting segment.
- Reconciliations of increases of tangible and intangible fixed assets at March 31, 2019 and 2018, of ¥132 million (\$1,191 thousand) and ¥314 million, respectively, include the Company's capital investment.

Segment profit is reconciled with operating profit in the consolidated statement of income.

[Related Information about Reporting Segments]

(1) Information about Products and Services

Operating revenues from customers for the years ended March 31, 2019 and 2018, were as follows:

2019				2018			
TA-Q-BIN	Kuroneko DM-Bin	Other	Total	TA-Q-BIN	Kuroneko DM-Bin	Other	Total
¥1,139,438	¥69,678	¥416,199	¥1,625,315	¥1,035,053	¥78,789	¥424,971	¥1,538,813

Thousands of U.S. Dollars

2019			
TA-Q-BIN	Kuroneko DM-Bin	Other	Total
\$10,266,131	\$627,792	\$3,749,876	\$14,643,799

(2) Information about Geographical Areas

Operating revenues for the years ended March 31, 2019 and 2018, were as follows:

2019				2018			
Japan	North America	Other	Total	Japan	North America	Other	Total
¥1,595,703	¥12,212	¥17,400	¥1,625,315	¥1,510,742	¥10,848	¥17,223	¥1,538,813

Thousands of U.S. Dollars

2019			
Japan	North America	Other	Total
\$14,376,999	\$110,025	\$156,775	\$14,643,799

Property, plant and equipment at March 31, 2019 and 2018, were as follows:

2019				2018			
Japan	North America	Other	Total	Japan	North America	Other	Total
¥427,384	¥385	¥1,149	¥428,918	¥403,241	¥370	¥1,447	¥405,058

Thousands of U.S. Dollars

2019			
Japan	North America	Other	Total
\$3,850,656	\$3,471	\$10,350	\$3,864,477

(3) Information about Loss on Impairment of Long-Lived Assets by Reporting Segments

Loss on impairment of long-lived assets by reporting segments for the years ended March 31, 2019 and 2018, were as follows:

	Millions of Yen									
	2019									Eliminations or Corporate
Loss on impairment of long-lived assets	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial	Autoworks	Other	Total		
	¥546	¥265	¥1,276					¥2,087		¥2,087

	Millions of Yen									
	2018									Eliminations or Corporate
Loss on impairment of long-lived assets	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial	Autoworks	Other	Total		
	¥2,426	¥685	¥38			¥92		¥3,241		¥3,241

	Thousands of U.S. Dollars									
	2019									Eliminations or Corporate
Loss on impairment of long-lived assets	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial	Autoworks	Other	Total		
	\$4,923	\$2,391	\$11,494					\$18,808		\$18,808

Notes to Consolidated Financial Statements

18. SUBSEQUENT EVENT

Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2019, was approved at the Company's Board of Directors meeting held on May 15, 2019:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥14.00 (\$0.13) per share	¥5,520	\$49,733