Hitachi Transport System

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Financial Section
Annual Report 2015
Year ended March 31, 2015

Consolidated financial statements,
Notes to the consolidated financial statements and
Independent Auditors' Report

Hitachi Transport System, Ltd.

Consolidated Financial Statements
Consolidated Statement of Financial Position

	Millions of yen			Thousands of U.S. dollars
	As of March 31, 2015	As of March 31, 2014	Transition date As of April 1, 2013	**As of March 31, 2015**
Assets				
Current assets				
Cash and cash equivalents (Note 7)	**¥ 34,544**	¥ 33,614	¥ 33,057	**$ 287,459**
Trade receivables (Note 8)	**127,753**	116,399	101,897	**1,063,102**
Inventories (Note 10)	**959**	1,084	707	**7,980**
Other financial assets (Notes 7 and 25)	**6,362**	6,075	7,289	**52,942**
Other current assets	**8,817**	6,997	4,628	**73,371**
Total current assets	**178,435**	164,169	147,578	**1,484,855**
Non-current assets				
Investments accounted for using the equity method (Note 11)	**1,576**	1,394	1,140	**13,115**
Property, plant and equipment (Notes 12 and 26)	**173,123**	162,071	145,807	**1,440,651**
Goodwill (Notes 6 and 13)	**31,437**	30,568	26,068	**261,604**
Intangible assets (Note 13)	**40,582**	42,579	36,138	**337,705**
Deferred tax assets (Note 14)	**8,899**	9,220	8,857	**74,053**
Other financial assets (Note 25)	**16,851**	15,683	14,398	**140,226**
Other non-current assets (Note 17)	**8,483**	9,112	8,280	**70,592**
Total non-current assets	**280,951**	270,627	240,688	**2,337,946**
Total assets	**459,386**	434,796	388,266	**3,822,801**
Liabilities				
Current liabilities				
Trade payables (Note 15)	**55,023**	49,952	42,833	**457,876**
Short-term debt (Note 25)	**11,680**	11,392	9,393	**97,196**
Current portion of long-term debt (Notes 9, 25 and 26)	**24,927**	14,181	31,039	**207,431**
Income tax payable	**4,660**	6,106	4,451	**38,778**
Other financial liabilities (Note 25)	**18,983**	22,446	12,225	**157,968**
Other current liabilities (Note 16)	**28,618**	24,641	23,096	**238,146**
Total current liabilities	**143,891**	128,718	123,037	**1,197,395**
Non-current liabilities				
Long-term debt (Notes 9, 25 and 26)	**64,267**	64,468	39,286	**534,801**
Retirement and severance benefits (Note 17)	**29,517**	29,905	28,621	**245,627**
Deferred tax liabilities (Note 14)	**13,371**	14,454	12,965	**111,267**
Other financial liabilities (Notes 25 and 26)	**9,574**	8,588	8,243	**79,670**
Other non-current liabilities (Note 16)	**2,011**	1,900	1,895	**16,735**
Total non-current liabilities	**118,740**	119,315	91,010	**988,100**
Total liabilities	**262,631**	248,033	214,047	**2,185,496**
Equity				
Equity attributable to stockholders of the parent company				
Common stock (Note 18)	**16,803**	16,803	16,803	**139,827**
Capital surplus (Note 18)	**9,855**	12,732	13,004	**82,009**
Retained earnings (Note 18)	**150,927**	140,707	138,149	**1,255,946**
Accumulated other comprehensive income (Note 19)	**7,424**	4,232	1,372	**61,779**
Treasury stock, at cost (Note 18)	**(179)**	(179)	(178)	**(1,490)**
Total equity attributable to stockholders of the parent company	**184,830**	174,295	169,150	**1,538,071**
Non-controlling interests	**11,925**	12,468	5,069	**99,234**
Total equity	**196,755**	186,763	174,219	**1,637,305**
Total liabilities and equity	**¥ 459,386**	¥ 434,796	¥ 388,266	**$ 3,822,801**

See accompanying notes to consolidated financial statements.

Consolidated Statement of Profit or Loss

	Millions of yen				Thousands of U.S. dollars	
	2015		2014		**2015**	
Revenues (Note 5)	**¥**	**678,573**	¥	625,466	**$**	**5,646,775**
Cost of sales		**(614,941)**		(563,728)		**(5,117,259)**
Gross profit		**63,632**		61,738		**529,517**
Selling, general and administrative expenses		**(40,274)**		(38,176)		**(335,142)**
Other income (Note 21)		**732**		793		**6,091**
Other expenses (Note 21)		**(2,625)**		(8,765)		**(21,844)**
Operating income		**21,465**		15,590		**178,622**
Financial income (Note 22)		**1,476**		513		**12,283**
Financial expenses (Note 22)		**(1,264)**		(1,660)		**(10,518)**
Share of profits of investments accounted for using the equity method (Note 11)		**329**		275		**2,738**
Income before income taxes		**22,006**		14,718		**183,124**
Income taxes (Note 14)		**(7,217)**		(9,007)		**(60,057)**
Net income	**¥**	**14,789**	¥	5,711	**$**	**123,067**
Net income attributable to:						
Stockholders of the parent company		**13,250**		5,338		**110,260**
Non-controlling interests		**1,539**		373		**12,807**

	Yen				U.S. dollars	
	2015		2014		**2015**	
Earnings per share attributable to stockholders of the parent company						
Basic (Note 23)	**¥**	**118.78**	¥	47.85	**$**	**0.99**
Diluted (Note 23)		-		-		-

Consolidated Statement of Comprehensive Income

	Millions of yen				Thousands of U.S. dollars	
	2015		2014		**2015**	
Net income	**¥**	**14,789**	¥	5,711	**$**	**123,067**
Other comprehensive income (OCI)						
Items not to be reclassified into net income						
Net changes in financial assets measured at fair value through OCI (Note 19)		**421**		69		**3,503**
Remeasurements of defined benefit plans (Note 19)		**(851)**		73		**(7,082)**
Total items not to be reclassified into net income		**(430)**		142		**(3,578)**
Items that can be reclassified into net income						
Foreign currency translation adjustments (Note 19)		**3,438**		3,224		**28,609**
Net changes in cash flow hedges (Note 19)		**63**		34		**524**
Share of OCI of investments accounted for using the equity method (Note 19)		**72**		138		**599**
Total items that can be reclassified into net income		**3,573**		3,396		**29,733**
Other comprehensive income (OCI)		**3,143**		3,538		**26,155**
Comprehensive income	**¥**	**17,932**	¥	9,249	**$**	**149,222**
Comprehensive income attributable to:						
Stockholders of the parent company		**16,367**		8,207		**136,199**
Non-controlling interests		**1,565**		1,042		**13,023**

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

	Millions of yen							
	2015							
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total equity attributable to stockholders of the parent company	Non-controlling interests	Total equity
Balance at beginning of year	**¥ 16,803**	**¥ 12,732**	**¥ 140,707**	**¥ 4,232**	**¥ (179)**	**¥174,295**	**¥ 12,468**	**¥186,763**
Changes in equity								
Net income	**-**	**-**	**13,250**	**-**	**-**	**13,250**	**1,539**	**14,789**
Other comprehensive income (Note 19)	**-**	**-**	**-**	**3,117**	**-**	**3,117**	**26**	**3,143**
Transactions with non-controlling interests (Note 18)	**-**	**(2,877)**	**-**	**57**	**-**	**(2,820)**	**(2,048)**	**(4,868)**
Dividends (Note 20)	**-**	**-**	**(3,012)**	**-**	**-**	**(3,012)**	**(60)**	**(3,072)**
Transfer to retained earnings (Notes 19 and 25)	**-**	**-**	**(18)**	**18**	**-**	**-**	**-**	**-**
Acquisition and sales of treasury stock (Note 18)	**-**	**0**	**-**	**-**	**0**	**0**	**-**	**0**
Total changes in equity	**-**	**(2,877)**	**10,220**	**3,192**	**0**	**10,535**	**(543)**	**9,992**
Balance at end of year	**¥ 16,803**	**¥ 9,855**	**¥ 150,927**	**¥ 7,424**	**¥ (179)**	**¥184,830**	**¥ 11,925**	**¥196,755**

	Millions of yen							
	2014							
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total equity attributable to stockholders of the parent company	Non-controlling interests	Total equity
Balance at beginning of year	¥ 16,803	¥ 13,004	¥ 138,149	¥ 1,372	¥ (178)	¥ 169,150	¥ 5,069	¥174,219
Changes in equity								
Net income	-	-	5,338	-	-	5,338	373	5,711
Other comprehensive income (Note 19)	-	-	-	2,869	-	2,869	669	3,538
Transactions with non-controlling interests (Note 18)	-	(272)	-	-	-	(272)	(279)	(551)
Dividends (Note 20)	-	-	(2,789)	-	-	(2,789)	(50)	(2,839)
Transfer to retained earnings (Notes 19 and 25)	-	-	9	(9)	-	-	-	-
Changes due to business combinations (Note 6)	-	-	-	-	-	-	6,686	6,686
Acquisition and sales of treasury stock (Note 18)	-	0	-	-	(1)	(1)	-	(1)
Total changes in equity	-	(272)	2,558	2,860	(1)	5,145	7,399	12,544
Balance at end of year	¥ 16,803	¥ 12,732	¥ 140,707	¥ 4,232	¥ (179)	¥ 174,295	¥ 12,468	¥186,763

	Thousands of U.S. dollars							
	2015							
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total equity attributable to stockholders of the parent company	Non-controlling interests	Total equity
Balance at beginning of year	**$139,827**	**$ 105,950**	**$1,170,900**	**$ 35,217**	**$ (1,490)**	**$1,450,404**	**$ 103,753**	**$ 1,554,157**
Changes in equity								
Net income	**-**	**-**	**110,260**	**-**	**-**	**110,260**	**12,807**	**123,067**
Other comprehensive income (Note 19)	**-**	**-**	**-**	**25,938**	**-**	**25,938**	**216**	**26,155**
Transactions with non-controlling interests (Note 18)	**-**	**(23,941)**	**-**	**474**	**-**	**(23,467)**	**(17,043)**	**(40,509)**
Dividends (Note 20)	**-**	**-**	**(25,064)**	**-**	**-**	**(25,064)**	**(499)**	**(25,564)**
Transfer to retained earnings (Notes 19 and 25)	**-**	**-**	**(150)**	**150**	**-**	**-**	**-**	**-**
Acquisition and sales of treasury stock (Note 18)	**-**	**0**	**-**	**-**	**0**	**0**	**-**	**0**
Total changes in equity	**-**	**(23,941)**	**85,046**	**26,562**	**0**	**87,667**	**(4,519)**	**83,149**
Balance at end of year	**$139,827**	**$ 82,009**	**$1,255,946**	**$ 61,779**	**$ (1,490)**	**$1,538,071**	**$ 99,234**	**$1,637,305**

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Cash flows from operating activities:			
Net income	**¥ 14,789**	¥ 5,711	**$ 123,067**
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	**18,715**	16,982	**155,738**
Impairment losses	**261**	3,501	**2,172**
Share of profits of investments accounted for using the equity method	**(329)**	(275)	**(2,738)**
Income taxes	**7,217**	9,007	**60,057**
Increase (decrease) in retirement and severance benefits	**(374)**	1,064	**(3,112)**
Interest and dividend income	**(557)**	(509)	**(4,635)**
Interest expenses	**1,264**	1,022	**10,518**
Losses on sale of property, plant and equipment	**0**	1,911	**0**
Increase in trade receivables	**(8,583)**	(5,376)	**(71,424)**
(Increase) decrease in inventories	**87**	(303)	**724**
Increase in trade payables	**3,395**	1,040	**28,252**
Increase (decrease) in other assets and other liabilities	**6,643**	(84)	**55,280**
Other	**841**	975	**6,998**
Subtotal	**43,369**	34,666	**360,897**
Interest and dividends received	**768**	668	**6,391**
Interest paid	**(1,287)**	(1,043)	**(10,710)**
Income taxes paid	**(10,584)**	(8,508)	**(88,075)**
Net cash provided by operating activities	**32,266**	25,783	**268,503**
Cash flows from investing activities:			
Purchase of property, plant and equipment and intangible assets (Note 24)	**(20,069)**	(15,397)	**(167,005)**
Proceeds from sale of property, plant and equipment and intangible assets	**813**	2,904	**6,765**
Proceeds from withdrawal of deposits	**-**	2,500	**-**
Payments for acquisition of subsidiaries' shares (Note 24)	**-**	(12,727)	**-**
Other	**(630)**	(664)	**(5,243)**
Net cash used in investing activities	**(19,886)**	(23,384)	**(165,482)**
Cash flows from financing activities:			
Decrease in short-term debt, net	**(204)**	(1,474)	**(1,698)**
Proceeds from long-term debt	**10,712**	33,287	**89,140**
Repayments of long-term debt	**(11,279)**	(28,422)	**(93,859)**
Repayments of lease obligations	**(3,561)**	(3,240)	**(29,633)**
Purchase of shares of consolidated subsidiaries from non-controlling interests	**(4,661)**	(573)	**(38,787)**
Dividends paid to stockholders of the parent company (Note 20)	**(3,012)**	(2,789)	**(25,064)**
Dividends paid to non-controlling interests	**(60)**	(50)	**(499)**
Other	**(0)**	(1)	**(0)**
Net cash used in financing activities	**(12,065)**	(3,262)	**(100,399)**
Effect of exchange rate changes on cash and cash equivalents	**615**	1,420	**5,118**
Net increase in cash and cash equivalents	**930**	557	**7,739**
Cash and cash equivalents at beginning of year (Note 7)	**33,614**	33,057	**279,720**
Cash and cash equivalents at end of year (Note 7)	**¥ 34,544**	¥ 33,614	**$ 287,459**

See accompanying notes to consolidated financial statements.

1. Nature of Operations

Hitachi Transport System, Ltd. (the Company) is a corporation domiciled in Japan, whose shares are listed on the Tokyo Stock Exchange. The addresses of its registered headquarters and major business offices are disclosed on the Company's website (http://www.hitachi-hb.co.jp/). The accompanying consolidated financial statements, for the year ended March 31, 2015 comprise the Company, its subsidiaries and its interests in associates and joint ventures (the Group). The Group is principally engaged in the rendering of comprehensive and high-quality logistics services through domestic logistics, global logistics and other services segments.

2. Basis of Presentation

(a) Compliance with IFRS and First-time Adoption

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). As the Company meets the requirements of a "Specified Company" pursuant to Article 1-2 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements, the Company applies the provision of Article 93 of the Ordinance. These are the Group's first consolidated financial statements prepared in accordance with IFRS. The date of transition to IFRS (the transition date) is April 1, 2013, and the Group applied IFRS 1 "First-time Adoption of International Financial Reporting Standards" (IFRS 1). (See note 31 for the impact of the transition to IFRS on the consolidated financial position, financial performance and cash flows.)

Except for IFRS that the Group has not early applied and the exemptions permitted by the provision of IFRS 1, accounting policies of the Group have been complied with IFRS effective as of March 31, 2015.

The consolidated financial statements were approved by Yasuo Nakatani, the Company's Representative Executive Officer, President and Chief Executive Officer, and Nobukazu Hayashi, the Company's Chief Financial Officer, Vice President and Executive Officer, on June 23, 2015.

(b) Basis of Measurement

The Group's consolidated financial statements have been prepared on a historical cost basis, except for derivative assets and liabilities measured at fair value, financial assets and liabilities measured at fair value through profit or loss (FVTPL), financial assets measured at fair value through other comprehensive income (FVTOCI) and assets and liabilities associated with defined benefit plans.

(c) Presentation Currency

The consolidated financial statements are presented in Japanese yen, the functional currency of the Company, and rounded to the nearest million yen.

(d) Use of Estimates and Judgments

Management of the Company has made a number of judgments, estimates and assumptions relating to the application of accounting policies, reporting of revenues and expenses and assets and liabilities in the preparation of these consolidated financial statements. However, actual results could differ from those estimates due to the nature.

Estimates and assumptions are continually evaluated. The effect of a change in accounting estimates, if any, is recognized in the reporting period in which the change was made and in future periods.

Judgments, estimates and assumptions that could have a material effect on the Company's consolidated financial statements are as follows:

- Scope of consolidated subsidiaries and investments accounted for using the equity method (note 3. (a) Basis of Consolidation)
- Significant assumptions used to calculate discounted cash flow projections in impairment testing of goodwill and intangible assets (note 3. (j) Impairment of Non-financial Assets)
- Accounting treatment for leases (note 3. (i) Leases)

The information regarding uncertainties arising from assumptions and estimates that could result in material adjustments in the subsequent consolidated financial statements is included in the following notes:

- Impairment of financial assets (note 25. (b) Financial Risks)
- Impairment of non-financial assets (note 12. Property, Plant and Equipment and note 13. Goodwill and Intangible Assets)
- Measurement of fair value of defined benefit obligations and plan assets under defined benefit retirement plans (note 3. (k) Retirement and Severance Benefits and note. 17 Employee Benefits)
- Recoverability of deferred tax assets (note 14. Deferred Taxes and Income Taxes)
- Fair value of financial instruments (note 25. (c) Fair Value of Financial Instruments)

(e) New Accounting Standards, Interpretations and Amendments that Have Been Early Adopted

The Group has early adopted IFRS 9 “Financial Instruments” (issued in November 2009, amended in October 2010).

(f) Accounting Standards and Interpretations Issued but Not Yet Adopted by the Group

The following table lists the principal new accounting standards and interpretations issued or amended prior to the approval date of the consolidated financial statements that are not yet early adopted by the Group as of March 31, 2015. The Group is currently evaluating the potential impact of adopting these new standards and amendments and cannot estimate the impact at this point.

IFRSs	Title	Mandatory effective date (Fiscal year beginning on or after)	To be adopted by the Company	Description of new standards and amendments
IFRS 9	Financial Instruments	January 1, 2018	To be determined	Amendments for hedge accounting (amended in November 2013) Amendments for the classification and measurement of financial instruments, and adoption of expected credit loss impairment model for financial assets (amended in July 2014)
IFRS 15	Revenue from Contracts with Customers	January 1, 2017	To be determined	Revised of accounting standard for revenue recognition

3. Summary of Significant Accounting Policies

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control is obtained when the Group is exposed, or has right to variable returns from its involvement with the investee, and the Group has the ability to affect those returns through its power over the investee.

All subsidiaries of the Company are included in the scope of consolidation from the date on which the Group acquires control until the date on which the Group loses control. In preparing for the consolidated financial statements, amounts of internal transactions, unrealized profits arising from internal transactions and balances of receivables and payables between consolidated companies are eliminated.
Subsidiaries’ financial statements are adjusted, if necessary, when their accounting policies differ from those of the Group.

Changes in the Group’s ownership interests in subsidiaries without a loss of control are accounted for as equity transactions.
Changes in ownership interests in subsidiaries with a loss of control are accounted for by derecognizing the assets and liabilities, non-controlling interests, equity and accumulated other comprehensive income (AOCI) attributable to the subsidiaries.

(ii) Associates and Joint Ventures

Associates are entities over which the Group has the ability to exercise significant influence over their financial and operational policies, but which are not controlled by the Group.

Joint ventures are entities jointly controlled by multiple parties, including the Company, and require unanimous agreement of all parties in deciding financial and operational policies of the entity.

Investments in associates and joint ventures are accounted for using the equity method.
The consolidated financial statements of the Group include changes in profit or loss and other comprehensive income (OCI) of these associates and joint ventures from the date on which the Group obtains significant influence or joint control to the date on which it loses significant influence or joint control. The financial statements of the associates and joint ventures are adjusted, if necessary, when their accounting policies differ from those of the Group.

(b) Business Combinations

Business combinations are accounted for using the acquisition method. Consideration is measured as the sum of the fair value of the consideration transferred at acquisition date and non-controlling interests in the acquired company. The Company determines, on a transaction by transaction basis, whether to measure non-controlling interests in the acquired company at fair value or by the proportionate share of the fair value of identifiable net assets of the acquired company. Acquisition-related costs are expensed as incurred.

The Group has applied the exemptions permitted by IFRS 1 and has not applied IFRS 3 "Business Combinations" retrospectively to business combinations that had been completed prior to the transition date on April 1, 2013.

(c) Cash and Cash Equivalents

Cash and cash equivalents are cash on hand, demand deposits, and investments with readily convertible to cash and insignificant risk of changes in value, with original maturities of three months or less from the date of acquisition.

(d) Foreign Currency Translation

The consolidated financial statements of the Group are presented in Japanese yen, which is the Company's functional currency. Each company in the Group has set its own functional currency and transactions of each company are measured in each functional currency.

(i) Foreign Currency Transactions

Foreign currency transactions are converted into the functional currency using the exchange rate prevailing at the transaction date or a rate that approximates such rate. Monetary assets and liabilities denominated in foreign currencies are converted into the functional currency using the exchange rate at the end of the reporting period. Foreign exchange gains and losses resulting from the currency conversion and settlement are recognized in profit or loss, except where foreign exchange effects relating to financial assets measured at FVTOCI and cash flow hedges are recognized in OCI.

(ii) Foreign Operations

Assets and liabilities of foreign entities are translated into Japanese yen using the exchange rate at the end of the reporting period, and revenue and expense items are translated using the average exchange rates during the corresponding period. Gains or losses derived from translating foreign entities' financial statements are recognized in OCI. When a foreign entity of the Group is disposed of, cumulative foreign currency translation adjustments relating to the foreign entity are reclassified to profit or loss at the time of disposal.

The Group has applied the exemptions permitted by IFRS 1, and cumulative foreign currency translation adjustments relating to foreign entities that existed on the transition date were fully reclassified to retained earnings on that date.

(e) Financial Instruments

(i) Non-derivative Financial Assets

The Group initially recognizes trade and other receivables on the date such receivables arise. All other financial assets are initially recognized at the transaction date, on which the Group becomes a party to the agreement.
The classification and measurement model of non-derivative financial assets is summarized as follows:

<u>Financial Assets Measured at Amortized Cost</u>

Financial assets are measured at amortized cost when they meet all of the following requirements:

- The financial asset is held within a business model the objective of which is to hold the asset to collect contractual cash flows.
- The contractual terms of the financial asset provide cash flows on specified dates that are solely payments of principal and interest on the outstanding principal amount outstanding.

Financial assets measured at amortized cost are initially measured at fair value (including direct transaction costs). Subsequent to the initial recognition, the carrying amount of financial assets measured at amortized cost is measured using the effective interest method, less impairment losses, if necessary.

Impairment of Financial Assets Measured at Amortized Cost

The Group evaluates financial assets measured at amortized cost for impairment regularly at least on a quarterly basis. Impairment is deemed to have occurred when there is an objective evidence of impairment after the initial recognition and when the estimated future cash flows from the financial assets fall below their respective carrying amounts. Objective evidence of impairment includes historical credit loss experience, existence of overdue payments, extended payment terms, a negative evaluation by third party credit rating agencies, and deteriorated financial position and operating results, such as insolvency.

Impairment losses on debt instruments are recognized when the carrying amount of the financial asset exceeds either its estimated future cash flows discounted by the initial effective interest rate or its estimated fair value using the observable market price, and the amount of the difference is measured as the impairment losses.

Assessing impairment losses on trade and other receivables requires reasonable judgment, based on historical experience and analysis, including the current creditworthiness of each customer. The Group measures an impairment loss based on the credit loss ratio calculated taking into consideration factors including the historical experience or the estimate of collectible amount after assessing multiple potential risks associated with a country in which a debtor conducts its business or business environment including special business customs particular to the region.

Impairment losses on debt instruments directly reduce the carrying amount, while impairment losses on trade and other receivables indirectly reduce the carrying amount through the allowance account. For trade and other receivables, account balances are generally written off against the allowance only after all means of collection have been exhausted and the potential for recovery is considered remote. When subsequent events or circumstances decrease the amount of the impairment loss recognized, the impairment loss is reversed through profit or loss.

FVTPL Financial Assets

The Group classifies equity instruments not designated as FVTOCI financial assets and debt instruments not classified as financial assets measured at amortized cost at initial recognition as FVTPL financial assets. These instruments are subsequently measured at fair value and the subsequent changes in fair value are recognized in profit or loss.

FVTOCI Financial Assets

The Group holds certain equity instruments with the purpose of expanding its revenue base by maintaining and strengthening business relations with the investees. These equity instruments are irrevocably designated as FVTOCI financial assets at initial recognition. They are subsequently measured at fair value, and the subsequent changes in fair value are recognized in OCI. Dividends from FVTOCI financial assets are recognized in profit or loss, unless they are clearly considered to be a return of the investment.

Derecognition of Financial Assets

The Group derecognizes financial assets when contractual rights to cash flows from the financial assets expire or when the contractual rights to receive cash flows from the financial assets are transferred and the risks and economic rewards of owning the financial assets are substantially transferred. In transactions where the risks and economic rewards of owning the financial assets are neither substantially transferred nor retained, the Group derecognizes such financial assets when the Group does not hold control over the assets. When FVTOCI financial assets are derecognized, the amount of AOCI is directly reclassified to retained earnings and not recognized in profit or loss.

(ii) Non-derivative Financial Liabilities

The Group initially recognizes debt instruments on the date of issuance. All other financial liabilities are initially recognized at the transaction date, on which the Group becomes a party to the agreement.

The Group derecognizes financial liabilities when extinguished, such as when its contractual obligation is performed or when liability is discharged, cancelled or expired.

The Group holds debts, trade payables and other financial liabilities as non-derivative financial liabilities. They are initially measured at fair value (less direct transaction costs), and subsequently measured at amortized cost using the effective interest method.

(iii) Derivatives and Hedge Accounting

The Group uses derivative instruments including forward exchange contracts and interest rate swaps in order to hedge foreign currency exchange risks and interest rate risks. All derivatives are measured at fair value irrespective of the objective and intent of holding them.
The Group accounts for hedging derivatives as follows.

Cash flow hedge: a hedge of a forecast transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability. The changes in fair value of the derivatives designated as cash flow hedges are recorded in OCI to the extent that the hedge is considered highly effective. This treatment continues until profit or loss is affected by the variability of future cash flows or the unrecognized firm commitment of the designated hedged item, at which point changes in fair value of the derivative are recognized in profit or loss.

The Group follows the documentation requirements as prescribed by International Accounting Standards (IAS) 39 "Financial Instruments: Recognition and Measurement," which includes the risk management objective and strategy for undertaking various hedge transactions. In addition, a formal assessment is made at the hedge's inception and subsequently on a periodic basis, as to whether the derivative used in hedging activities is highly effective in offsetting changes in fair values or future cash flows of the hedged items. Hedge accounting is discontinued if a hedge becomes ineffective, and the ineffective portion is immediately recorded in profit or loss.

(iv) Offsetting Financial Assets and Liabilities

Financial assets and liabilities are offset and reported at net amounts in the consolidated statements of financial position, only when the Group currently has a legally enforceable right to set off the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

(f) Inventories

Inventories are stated at the lower of cost or net realizable value. Changes in the carrying amount due to remeasurement of inventories are recognized in cost of sales.

Cost includes purchase, processing and all other costs incurred during the process until the inventories reach their current location and state. Cost is determined generally by the moving average method for merchandise, finished goods, raw materials and supplies, and by the specific identification method for work in process.

Net realizable value is calculated as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to sell.

(g) Property, Plant and Equipment

The Group uses the cost method to measure property, plant and equipment. They are stated at cost, less accumulated depreciation and impairment losses. Acquisition cost includes direct costs of acquisition, costs of dismantling, removing and restoration of the assets. Material components that exist in items of property, plant and equipment are recorded as individual items of property, plant and equipment.

Except for non-depreciable assets, such as land, property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives for major classes of assets:

Buildings and structures	2 to 50 years
Machinery, equipment and vehicles	2 to 15 years
Tools, furniture and fixtures	3 to 30 years

The residual value, estimated useful lives and the method of depreciation of property, plant and equipment are reviewed at fiscal year end, and any changes are accounted for on a prospective basis as a change in accounting estimate.

(h) Goodwill and Other Intangible Assets

(i) Goodwill

Goodwill is recognized as the amount of consideration transferred that is measured at fair value at the acquisition date, including the amount of all non-controlling interests of the acquired entity, in excess of the net amount of identifiable assets acquired and liabilities assumed at the acquisition date. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortized but tested for impairment annually or whenever there is an indication of impairment, and impairment losses are recorded, if necessary. Impairment losses relating to goodwill are not reversed.

(ii) Intangible Assets

Intangible assets are measured by the cost model and stated at cost less accumulated amortization and impairment losses. Individually acquired intangible assets are measured at cost at initial recognition, and cost of intangible assets acquired in business combinations are measured at fair value at the acquisition date. Costs of internally generated intangible assets are fully expensed when incurred, except for those that meet the capitalization requirements.

Intangible assets with finite useful lives are amortized using the straight-line method over the following estimated useful lives for major classes of assets:

Software	4 to 5 years
Customer-related intangible assets	7 to 20 years

The residual value, estimated useful lives and the method of amortization of intangible assets are reviewed at each fiscal year end, and any changes are accounted for on a prospective basis as a change in accounting estimate.

(i) Leases

Whether or not a contract is a lease, or whether the contract contains a lease is determined by the substance of the contract at the inception of the lease based on whether the right to use a certain asset is substantially transferred, rather than the legal form.

Leases are classified as finance leases when all the risks and benefits of ownership of the assets are transferred substantially to the lessee, and as operating leases in any other cases.

(i) Lessee

Finance leases are capitalized at the lower of fair value of the leased property at the inception of the lease or the present value of minimum lease payments at the inception of the lease. Lease assets are depreciated using the straight-line method over the shorter period of the lease term or the estimated useful lives, except for the cases where it is reasonably certain that the ownership is transferred by the end of the lease term. Lease payments are apportioned between financial expenses and repayments for the outstanding lease obligations, and financial expenses are allocated so as to produce a constant periodic rate of interest on the outstanding lease obligations.

Operating lease payments are recognized as expenses using the straight-line method over the lease term.

(ii) Lessor

For finance leases, net investment in the lease at the inception of the lease is recognized as lease receivables. Lease income is apportioned between the financial income and the collection of the outstanding lease receivables, and the financial income is allocated so as to produce a constant periodic rate of interest on the outstanding net investment in the lease.

Operating lease income is recognized as revenue using the straight-line method over the lease term.

(j) Impairment of Non-Financial Assets

For non-financial assets excluding inventories, deferred tax assets and net defined benefit assets, the Group reviews the presence of an indication of impairment in each reporting period. When there is an indication of impairment, the recoverable amount of the asset is estimated. Irrespective of any indications of impairment, the Group annually estimates the recoverable amounts of goodwill and intangible assets with indefinite useful lives or that are not yet available for use.

In performing impairment testing, individual assets are grouped into the smallest identifiable group of assets that generates cash flows independently from each other.

The recoverable amount is measured as the higher of value in use or fair value less costs of disposal. Value in use is calculated by discounting the estimated future cash flows using a discount rate which reflects time value of money and risks specific to the asset. If the carrying amount of the asset or asset allocated to a cash generating unit (CGU) exceeds its recoverable amount, the excess is recognized as an impairment loss.

Impairment losses relating to goodwill are not reversed. For other assets, the Group determines whether there is an indication that impairment losses previously recognized may no longer exist or have decreased. If there is an indication of reversal of impairment losses, and the estimated recoverable amount for the asset or the CGU exceeds the carrying amount, the previously recognized impairment loss is reversed to the extent of the carrying amount that would have been recorded, net of depreciation or amortization, if the impairment had not been recognized.

(k) Retirement and Severance Benefits

The Company and certain consolidated subsidiaries have defined benefit pension plans and severance lump-sum payment plans to provide retirement and severance benefits to employees. The present value of defined benefit obligations and retirement benefit costs are measured based on the projected unit credit method.

Differences in remeasurement of the net amount of defined benefit asset or liability are fully recognized in OCI and are not subsequently reclassified into profit or loss. Any prior service cost is recognized immediately in profit or loss.

The net amount of defined benefit asset or liability is calculated as the present value of defined benefit obligations less the fair value of plan assets, and recognized as assets or liabilities in the consolidated statement of financial position.

Certain consolidated subsidiaries have defined contribution plans. A defined contribution pension plan is a retirement benefit plan in which the employer makes a certain amount of contributions to third party entities and does not have legal or constructive obligations for any payment beyond the contributions. Contributions made to defined contribution pension plans are expensed in the period when the employees rendered their services.

(l) Provisions

The Group recognizes provisions when it has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of obligation can be reliably estimated.

In case that the time value of money is material, the amount of a provision is measured by discounting estimated future cash flows using the pretax discount rate reflecting the time value of money and risks specific to the obligation to the present value. Unwinding of the discount over time is recognized as financial expenses.

(m) Equity

(i) Common Stock and Capital Surplus

For shares issued by the Company, the issue price is recorded in common stock and capital surplus, and expenses incurred in direct relation to the issuance are deducted from capital surplus.

(ii) Treasury Stock

When treasury stock is acquired, the acquisition cost is recognized as a deduction from equity. When treasury stock is sold or disposed of, the difference between the carrying amount and consideration at the time of sale or disposal is recognized in capital surplus.

(n) Revenue

The Group is principally engaged in the rendering of logistics services. Revenue is generally recognized when services are rendered, the amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Group.

Revenue is measured at fair value of the consideration received or receivable less discounts and taxes such as consumption taxes.

(o) Income Taxes

Income taxes consist of current tax expenses and deferred tax expenses, which are changes in deferred tax assets and liabilities. These expenses are recognized in profit or loss, except for items recognized directly in equity or OCI and items arising from business combinations.

Current tax expenses are measured at the amount which is expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that are enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are recognized on temporary differences between the carrying amount on the reporting date and the tax base of assets and liabilities. Deferred tax assets and liabilities are not recognized for future taxable temporary differences arising from initial recognition of goodwill, temporary differences arising from the initial recognition of an asset or liability in a transaction other than a business combination, which at the time of transaction affects neither accounting nor taxable profit or loss; and future taxable temporary difference arising from investments in subsidiaries and associates where the Group is able to control the timing of reversal of the temporary difference while it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be reversed. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss and OCI in the period that includes the enactment date.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which unused tax losses, unused tax credits and future deductible temporary differences can be utilized. Deferred tax assets are reviewed at the end of fiscal year and reduced to the extent that it is no longer probable that the tax benefits will be realized.

Deferred tax assets and liabilities are offset where the Group currently has a legally enforceable right to set off the deferred tax assets and liabilities, and income taxes are levied by the same taxation authority on the same taxable entity, or income taxes are levied on different taxable entities but these entities intend to settle the deferred tax assets and liabilities on a net basis or these deferred tax assets and liabilities will be realized simultaneously.

(p) Earnings per Share

Basic earnings per share (EPS) for net income attributable to stockholders of the parent company is calculated by dividing net income attributable to stockholders of the parent company by the weighted average number of ordinary shares outstanding adjusted for treasury stock during the period. Diluted EPS for net income attributable to stockholders of the parent company is not calculated as there are no potential dilutive ordinary shares.

(q) Government Grants

Government grants are recognized at fair value when the Group meets all requirements incidental to government grants and there is reasonable assurance that the Group will receive the government grants. Government grants for the acquisition of assets are recognized as deferred revenue and regularly recognized in profit or loss over the useful lives of the relevant assets.

4. Basis of Translation of the Consolidated Financial Statements

The accompanying consolidated financial statements are expressed in Japanese yen and, solely for the convenience of the reader, have been translated into United States dollars at the rate of ¥120.17 = U.S.$1.00, the approximate exchange rate prevailing at the Tokyo Foreign Exchange Market as of March 31, 2015. This translation should not be construed as a representation that the amounts shown have been or could be converted into U.S. dollars at such a rate.

5. Segment Information

(a) Reporting Segments

The business segments of the Group are business units for which the Group is able to obtain separate financial information and for which operating performance is evaluated regularly by the Executive Committee of the Company, the highest decision-making authority, to decide on the allocation of management resources and assess performance.

The Company’s operations are divided into domestic logistics business, global logistics business and other service businesses. Consolidated subsidiaries conduct their businesses as autonomous business units and their operations are periodically reviewed by the Executive Committee of the Company. Each subsidiary develops comprehensive strategies and conducts business activities.

Consequently, business segments of the Group consist of the Company’s businesses mentioned above and other services provided by the consolidated subsidiaries. The Group’s reporting segments have been designated as domestic logistics and global logistics in order to provide appropriate information about the business activities and the business environment, by combining a number of business segments that are similar in terms of economic and service characteristics.

For domestic logistics, the Group provides comprehensive logistics services that include the establishment of a logistics system, control of information, inventories and sales orders, value-added services, distribution center operation, factory logistics, and transportation and delivery. For global logistics, the Group provides comprehensive logistics services that include customs clearance, and international intermodal transportation by land, sea and air.

The accounting policies of the reported business segments are substantially consistent with those of the Group described in note 3. "Summary of Significant Accounting Policies." Profit (loss) in reporting segments is based on operating income. Intersegment transactions are those that take place between companies and are based on market prices. The Executive Committee of the Company does not use the information on assets and liabilities allocated to business segments.

	Millions of yen						
	Reporting segment						
For the year ended March 31, 2015	Domestic logistics	Global logistics	Subtotal	Other services (Note 1)	Total	Adjustments and eliminations (Note 2)	Amount recorded in the consolidated financial statements
Revenues							
Revenues from outside customers	**¥397,954**	**¥258,231**	**¥656,185**	**¥22,388**	**¥678,573**	**¥-**	**¥678,573**
Revenues from intersegment transactions or transfers	**-**	**-**	**-**	**10,597**	**10,597**	**(10,597)**	**-**
Total	**¥397,954**	**¥258,231**	**¥656,185**	**¥32,985**	**¥689,170**	**¥(10,597)**	**¥678,573**
Segment profit	**¥25,965**	**¥6,305**	**¥32,270**	**¥2,835**	**¥35,105**	**¥(13,640)**	**¥21,465**
Financial income							**1,476**
Financial expenses							**(1,264)**
Share of profits of investments accounted for using the equity method							**329**
Income before income taxes							**¥22,006**
Others							
Depreciation and amortization	**¥9,366**	**¥6,856**	**¥16,222**	**¥2,057**	**¥18,279**	**¥436**	**¥18,715**
Impairment losses	**¥82**	**¥179**	**¥261**	**¥-**	**¥261**	**¥-**	**¥261**

(Notes) 1 "Other services" includes information system development, service, sale and maintenance of motor vehicles, and travel agency service, which are excluded from the reporting segments.
2 Adjustments for segment income include ¥1 million of elimination of inter-segment transactions and ¥13,641 million of company-wide expenses that are not allocated to the reporting segments. Company-wide expenses are mainly corporate general and administrative expenses incurred by the parent company.

	Millions of yen						
	Reporting segment						
For the year ended March 31, 2014	Domestic logistics	Global logistics	Subtotal	Other services (Note 1)	Total	Adjustments and eliminations (Note 2)	Amount recorded in the consolidated financial statements
Revenues							
Revenues from outside customers	¥388,871	¥215,430	¥604,301	¥21,165	¥625,466	¥-	¥625,466
Revenues from intersegment transactions or transfers	-	-	-	10,616	10,616	(10,616)	-
Total	¥388,871	¥215,430	¥604,301	¥31,781	¥636,082	¥(10,616)	¥625,466
Segment profit (loss)	¥26,006	¥(74)	¥25,932	¥2,671	¥28,603	¥(13,013)	¥15,590
Financial income							513
Financial expenses							(1,660)
Share of profits of investments accounted for using the equity method							275
Income before income taxes							¥14,718
Others							
Depreciation and amortization	¥9,024	¥5,694	¥14,718	¥1,860	¥16,578	¥404	¥16,982
Impairment losses	¥62	¥3,439	¥3,501	¥-	¥3,501	¥-	¥3,501

(Notes) 1 "Other services" includes information system development, service, sale and maintenance of motor vehicles, and travel agency service, which are excluded from the reporting segments.
2 Adjustments for segment income include ¥3 million of elimination of inter-segment transactions and ¥13,010 million of company-wide expenses that are not allocated to the reporting segments. Company-wide expenses are mainly corporate general and administrative expenses incurred by the parent company.

	Thousands of U.S. dollars						
	Reporting segment						
For the year ended March 31, 2015	Domestic logistics	Global logistics	Subtotal	Other services (Note 1)	Total	Adjustments and eliminations (Note 2)	Amount recorded in the consolidated financial statements
Revenues							
Revenues from outside customers	**$3,311,592**	**$2,148,881**	**$5,460,473**	**$186,303**	**$5,646,775**	**$-**	**$5,646,775**
Revenues from intersegment transactions or transfers	**-**	**-**	**-**	**88,183**	**88,183**	**(88,183)**	**-**
Total	**$3,311,592**	**$2,148,881**	**$5,460,473**	**$274,486**	**$5,734,959**	**$(88,183)**	**$5,646,775**
Segment profit	**$216,069**	**$52,467**	**$268,536**	**$23,592**	**$292,128**	**$(113,506)**	**$178,622**
Financial income							**12,283**
Financial expenses							**(10,518)**
Share of profits of investments accounted for using the equity method							**2,738**
Income before income taxes							**$183,124**
Others							
Depreciation and amortization	**$77,940**	**$57,053**	**$134,992**	**$17,117**	**$152,110**	**$3,628**	**$155,738**
Impairment losses	**$682**	**$1,490**	**$2,172**	**$-**	**$2,172**	**$-**	**$2,172**

(Notes) 1 "Other services" includes information system development, service, sale and maintenance of motor vehicles, and travel agency service, which are excluded from the reporting segments.

2 Adjustments for segment income include $8 thousand of elimination of inter-segment transactions and $113,514 thousand of company-wide expenses that are not allocated to the reporting segments. Company-wide expenses are mainly corporate general and administrative expenses incurred by the parent company.

(b) Geographic Information

The following table shows revenues attributed to geographic areas based on the location of the customers for the years ended March 31, 2015 and 2014.

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Japan	**¥474,391**	¥468,311	**$3,947,666**
Europe	**64,236**	45,669	**534,543**
China	**47,278**	36,123	**393,426**
Asia	**45,446**	38,217	**378,181**
North America	**41,363**	33,561	**344,204**
Other Areas	**5,859**	3,585	**48,756**
Overseas Revenues Subtotal	**204,182**	157,155	**1,699,110**
Total Consolidated Revenues	**¥678,573**	¥625,466	**$5,646,775**

The following table shows the balances of non-current assets for each geographic area as of March 31, 2015 and 2014.

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2015	As of March 31, 2014	**As of March 31, 2015**
Japan	**¥208,222**	¥203,806	**$1,732,729**
Europe	**14,186**	15,270	**118,049**
Asia	**10,926**	7,321	**90,921**
North America	**10,475**	8,915	**87,168**
Other Areas	**6,438**	5,290	**53,574**
Total	**¥250,247**	¥240,602	**$2,082,442**

Non-current assets are classified based on the location of the assets and exclude financial instruments, deferred tax assets and net defined benefit asset.

(c) Significant Customer Information

The customer group that accounts more than 10% of the Group's revenues is the Hitachi, Ltd. Group and revenues from the Hitachi, Ltd. Group amounted to ¥91,364 million ($760,290 thousand) (all segments) and ¥82,653 million (all segments) for the years ended March 31, 2015 and 2014, respectively.

6. Business Combinations

For the year ended March 31, 2015

There were no significant business combinations for the year ended March 31, 2015.

For the year ended March 31, 2014

Major business combinations for the year ended March 31, 2014 are as follows:

(Acquisition of James J. Boyle & Co.)

The Company acquired shares in James J. Boyle & Co., which is engaged in the forwarding business, etc., and its two consolidated subsidiaries on May 15, 2013. Consequently, the Company has owned 87.4% of the voting rights and acquired control over James J. Boyle & Co., which became a consolidated subsidiary of the Company. The Group has been promoting business expansion and working to expand the global business by strengthening networks as part of its growth strategies. Amid such circumstances, the Group concluded that the addition of James J. Boyle & Co. Group to the Group would enhance the Group's forwarding business and expand network, which could contribute to expansion of global business. Specifically, the Group expects that the addition of enhanced custom business (air cargo), which is the strength of James J. Boyle & Co., to the 3PL management capabilities and truck transportation capacity of the Company's existing group companies in North America will improve the quality of our service and promote the business expansion in the North America region. Furthermore, JJB Link Logistics Co. Limited and Multiplus Logistics China Limited have strong procurement power of air transportation space between India, Middle and Near East, and Africa in and out of Shanghai and Hong Kong. Thus, the Company concluded that the addition of JJB Link Logistics Co. Limited to the Group will enable us to share the procurement power within the Group and establish a new route for Middle and Near East and Africa which had been untouched so far.

The following table shows the fair value of the consideration paid, non-controlling interests, assets acquired and liabilities assumed recognized as of the acquisition date:

	Millions of yen Amount
Fair value of consideration paid	¥3,846
Current assets	
Cash and cash equivalents	1,195
Trade receivables	2,479
Other	183
Non-current assets	
Intangible assets	2,593
Other	52
Total Assets	6,502
Current liabilities	2,835
Non-current liabilities	282
Total Liabilities	3,117
Total Equity	3,385
Non-controlling interests	867
Goodwill	¥1,328

The consideration paid was fully settled in cash with no contingent consideration.

Non-controlling interests are measured as the proportionate share of non-controlling interests in fair value of the identifiable equity of the acquired company.

Goodwill mainly represents excess earning power and expected synergies with the existing business and is included in the global logistics segment. The goodwill is not deductible for tax purposes.

Acquisition-related costs for the business combination of ¥308 million were recorded in other expenses in the consolidated statement of profit or loss.

(Acquisition of Mars Lojistik Grup Anonim Sirketi)
The Company acquired 51.0% of shares in Mars Lojistik Grup Anonim Sirketi, which is engaged in the land transportation business and the forwarding business, etc., on October 1, 2013. Consequently, the Company has owned 51.0% of the voting rights and acquired control over Mars Lojistik Grup Anonim Sirketi, which became a consolidated subsidiary of the Company. Turkey is expected to show high economic growth since it is a high potential market as a stopping point to Europe, Russia, Africa and the Middle East and it has abundant labor forces. To achieve one of the Group's growth strategy, "expansion of global business by strengthening network," the Group concluded that addition of Mars Lojistik Grup Anonim Sirketi to the Group will aim for further expansion of the global business through entry to Turkish market, business expansion in Europe and business development in the Middle East and North Africa.

The following table shows the fair value of the consideration paid, non-controlling interests, assets acquired and liabilities assumed recognized as of the acquisition date:

	Millions of yen Amount
Fair value of consideration paid	¥10,237
Current assets	
Cash and cash equivalents	639
Trade receivables	4,240
Other	722
Non-current assets	
Intangible assets	6,556
Other	4,407
Total Assets	16,564
Current liabilities	2,760
Non-current liabilities	1,857
Total Liabilities	4,617
Total Equity	11,947
Non-controlling interests	5,854
Goodwill	¥4,144

The consideration paid was fully settled in cash with no contingent consideration.

Non-controlling interests are measured as the proportionate share of non-controlling interests in fair value of the identifiable equity of the acquired company.

Goodwill mainly represents excess earning power and expected synergies with the existing business and is included in the global logistics segment. The goodwill is not deductible for tax purposes.

Acquisition-related costs for the business combination of ¥331 million were recorded in other expenses in the consolidated statement of profit or loss.

(Operating results since the acquisition date)
The following table shows operating results of Mars Lojistik Grup Anonim Sirketi that are included in the consolidated statement of profit or loss.

	Millions of yen Amount
Revenues	¥13,505
Net income	¥901
Net income attributable to stockholders of the parent company	¥558

(Pro forma information)

The following table shows pro forma information assuming that the business combination of Mars Lojistik Grup Anonim Sirketi took place on April 1, 2013.

	Millions of yen Amount
Revenues	¥637,981
Net income	¥6,464
Net income attributable to stockholders of the parent company	¥5,722

7. Cash and Cash Equivalents

The components of cash and cash equivalents are as follows:

	Millions of yen			Thousands of U.S. dollars
	March 31, 2015	March 31, 2014	April 1, 2013	**March 31, 2015**
Cash and cash equivalents	**¥20,502**	¥17,397	¥13,430	**$170,608**
Deposits	**14,478**	16,597	22,269	**120,479**
Time deposits with maturities of over 3 months	**(436)**	(380)	(2,642)	**(3,628)**
Cash and cash equivalents in the consolidated statement of financial position	**¥34,544**	¥33,614	¥33,057	**$287,459**

The balances of cash and cash equivalents in the consolidated statement of financial position as of March 31, 2015 and 2014 and April 1, 2013 were equal to the balances of “cash and cash equivalents” in the consolidated statement of cash flows.

8. Trade Receivables

The components of trade receivables are as follows:

	Millions of yen			Thousands of U.S. dollars
	March 31, 2015	March 31, 2014	April 1, 2013	**March 31, 2015**
Notes receivable	**¥4,281**	¥4,055	¥3,135	**$35,625**
Accounts receivable	**118,048**	107,280	93,936	**982,342**
Lease receivables	**6,398**	5,903	5,532	**53,241**
Allowance for doubtful receivables	**(974)**	(839)	(706)	**(8,105)**
Total	**¥127,753**	¥116,399	¥101,897	**$1,063,102**

Information on credit risk management is provided in note 25. Financial Instruments and Related Disclosures. Information on lease receivables that are expected to be collected over one year after the reporting period is provided in note 9. Leases.

9. Leases

(a) Lessee

The Company and certain consolidated subsidiaries lease buildings and machinery, equipment and vehicles, etc. under finance lease or operating lease.

Depreciation of assets under finance lease is included in depreciation expense.

The following table shows the undiscounted amounts, present value of future minimum lease payments under finance leases and the adjustments as of March 31, 2015 and 2014 and April 1, 2013.

	Millions of yen						Thousands of U.S. dollars	
	March 31, 2015		March 31, 2014		April 1, 2013		**March 31, 2015**	
	Future minimum lease payments	**Present value of future minimum lease payments**	Future minimum lease payments	Present value of future minimum lease payments	Future minimum lease payments	Present value of future minimum lease payments	**Future minimum lease payments**	**Present value of future minimum lease payments**
Within one year	**¥4,186**	**¥3,599**	¥3,301	¥3,042	¥3,176	¥2,975	**$34,834**	**$29,949**
Over one year through five years	**11,592**	**9,819**	7,249	6,614	6,247	5,833	**96,463**	**81,709**
Over five years	**12,119**	**9,584**	4,367	3,522	1,446	1,288	**100,849**	**79,754**
Total	**27,897**	**¥23,002**	14,917	¥13,178	10,869	¥10,096	**232,146**	**$191,412**
Finance charges	**(4,895)**		(1,739)		(773)		**(40,734)**	
Present value of total minimum lease payments	**¥23,002**		¥13,178		¥10,096		**$191,412**	

The following table shows the future minimum lease payments under non-cancelable operating leases as of March 31, 2015 and 2014 and April 1, 2013.

	Millions of yen			Thousands of U.S. dollars
	March 31, 2015	March 31, 2014	April 1, 2013	**March 31, 2015**
Within one year	**¥18,250**	¥20,165	¥14,769	**$151,868**
Over one year through five years	**50,379**	45,280	41,829	**419,231**
Over five years	**¥41,900**	¥42,991	¥42,032	**$348,673**

Total operating lease expenses for the years ended March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Minimum lease payments	**¥43,665**	¥38,048	**$363,360**

(b) Lessor

Certain consolidated subsidiaries of the Company lease machinery, equipment and vehicles, etc. under finance lease or operating lease.

The following table shows the undiscounted amounts and present value of minimum lease payments receivable under finance leases and the adjustments as of March 31, 2015 and 2014 and April 1, 2013.

	Millions of yen						Thousands of U.S. dollars	
	March 31, 2015		March 31, 2014		April 1, 2013		**March 31, 2015**	
	Gross investment in lease	**Present value of minimum lease payments receivable**	Gross investment in lease	Present value of minimum lease payments receivable	Gross investment in lease	Present value of minimum lease payments receivable	**Gross investment in lease**	**Present value of minimum lease payments receivable**
Within one year	**¥2,397**	**¥2,216**	¥2,439	¥2,258	¥2,205	¥2,037	**$19,947**	**$18,441**
Over one year through five years	**4,420**	**4,103**	3,833	3,536	3,721	3,417	**36,781**	**34,143**
Over five years	**36**	**34**	60	56	30	29	**300**	**283**
Total	**6,853**	**¥6,353**	6,332	¥5,850	5,956	¥5,483	**57,028**	**$52,867**
Unearned financial income	**(455)**		(429)		(424)		**(3,786)**	
Net investment in the lease	**6,398**		5,903		5,532		**53,241**	
Unguaranteed residual value	**(45)**		(53)		(49)		**(374)**	
Present value of minimum lease payments receivable	**¥6,353**		¥5,850		¥5,483		**$52,867**	

The following table shows the future minimum lease payments receivable under non-cancelable operating leases as of March 31, 2015 and 2014 and April 1, 2013.

	Millions of yen			Thousands of U.S. dollars
	March 31, 2015	March 31, 2014	April 1, 2013	**March 31, 2015**
Within one year	**¥164**	¥128	¥145	**$1,365**
Over one year through five years	**337**	211	212	**2,804**
Over five years	**¥2**	¥2	¥-	**$17**

10. Inventories

The components of inventories are as follows:

	Millions of yen			Thousands of U.S. dollars
	March 31, 2015	March 31, 2014	April 1, 2013	**March 31, 2015**
Merchandise	**¥417**	¥564	¥362	**$3,470**
Work in process	**17**	16	4	**141**
Raw materials and supplies	**525**	504	341	**4,369**
Total	**¥959**	¥1,084	¥707	**$7,980**

11. Investments Accounted for Using the Equity Method

The aggregated carrying amounts of investments in associates and joint ventures that are not individually material are as follows:

	Millions of yen			Thousands of U.S. dollars
	March 31, 2015	March 31, 2014	April 1, 2013	**March 31, 2015**
Investments in associates	**¥1,562**	¥1,379	¥1,121	**$12,998**
Investments in joint ventures	**14**	15	19	**117**
Total	**¥1,576**	¥1,394	¥1,140	**$13,115**

Financial information on associates and joint ventures that are not individually material is as follows. These amounts represent the Group's share of ownership interests per ownership percentage.

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Financial information on associates			
Net income	**¥330**	¥279	**$2,746**
OCI	**72**	138	**599**
Total comprehensive income	**402**	417	**3,345**
Financial information on joint ventures			
Net income	**(1)**	(4)	**(8)**
OCI	**-**	-	**-**
Total comprehensive income	**(1)**	(4)	**(8)**
Total			
Net income	**329**	275	**2,738**
OCI	**72**	138	**599**
Total comprehensive income	**¥401**	¥413	**$3,337**

12. Property, Plant and Equipment

The following table shows the changes in the net carrying amounts, and the gross carrying amount and accumulated depreciation and impairment losses of property, plant and equipment.

	Millions of yen					
Net carrying amount	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
April 1, 2013	¥60,849	¥18,789	¥6,759	¥56,855	¥2,555	¥145,807
Additions through business combinations	35	4,179	249	-	8	4,471
Additions	4,499	5,031	2,585	335	13,516	25,966
Sales and disposals	(884)	(742)	(80)	(3,264)	(2)	(4,972)
Depreciation	(5,318)	(4,592)	(1,989)	-	-	(11,899)
Impairment losses	(8)	-	(5)	(62)	-	(75)
Transfers from construction in progress	12,547	543	390	-	(13,480)	-
Foreign currency translation adjustments	986	955	30	250	100	2,321
Other	191	27	84	71	79	452
March 31, 2014	72,897	24,190	8,023	54,185	2,776	162,071
Additions	7,447	8,982	3,645	228	3,138	23,440
Sales and disposals	(128)	(994)	(141)	(24)	-	(1,287)
Depreciation	(5,696)	(5,411)	(2,382)	-	-	(13,489)
Impairment losses	(161)	-	(1)	(99)	-	(261)
Transfers from construction in progress	1,537	2,911	97	29	(4,574)	-
Foreign currency translation adjustments	698	935	193	58	(31)	1,853
Other	205	367	27	195	2	796
March 31, 2015	**¥76,799**	**¥30,980**	**¥9,461**	**¥54,572**	**¥1,311**	**¥173,123**

	Thousands of U.S. dollars					
Net carrying amount	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
March 31, 2014	$606,616	$201,298	$66,764	$450,903	$23,101	$1,348,681
Additions	61,971	74,744	30,332	1,897	26,113	195,057
Sales and disposals	(1,065)	(8,272)	(1,173)	(200)	-	(10,710)
Depreciation	(47,400)	(45,028)	(19,822)	-	-	(112,249)
Impairment losses	(1,340)	-	(8)	(824)	-	(2,172)
Transfers from construction in progress	12,790	24,224	807	241	(38,063)	-
Foreign currency translation adjustments	5,808	7,781	1,606	483	(258)	15,420
Other	1,706	3,054	225	1,623	17	6,624
March 31, 2015	**$639,086**	**$257,801**	**$78,730**	**$454,123**	**$10,910**	**$1,440,651**

	Millions of yen					
Gross carrying amount	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
April 1, 2013	¥140,684	¥58,830	¥20,511	¥58,749	¥2,555	¥281,329
March 31, 2014	155,895	67,986	23,405	56,045	2,776	306,107
March 31, 2015	**¥165,193**	**¥72,451**	**¥25,947**	**¥56,536**	**¥1,311**	**¥321,438**

Gross carrying amount	Thousands of U.S. dollars					
	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
March 31, 2015	**$1,374,661**	**$602,904**	**$215,919**	**$470,467**	**$10,910**	**$2,674,861**

Accumulated depreciation and impairment losses	Millions of yen					
	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
April 1, 2013	¥ (79,835)	¥ (40,041)	¥ (13,752)	¥ (1,894)	¥-	¥ (135,522)
March 31, 2014	(82,998)	(43,796)	(15,382)	(1,860)	-	(144,036)
March 31, 2015	**¥ (88,394)**	**¥ (41,471)**	**¥ (16,486)**	**¥ (1,964)**	**¥-**	**¥ (148,315)**

Accumulated depreciation and impairment losses	Thousands of U.S dollars					
	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
March 31, 2015	**$(735,575)**	**$(345,103)**	**$(137,189)**	**$(16,344)**	**$-**	**$(1,234,210)**

The following table shows the net carrying amount of assets under finance lease included in the net carrying amount of each item of property, plant and equipment.

	Millions of yen			Thousands of U.S. dollars
	March 31, 2015	March 31, 2014	April 1, 2013	**March 31, 2015**
Buildings and structures	**¥9,665**	¥3,728	¥344	**$80,428**
Machinery, equipment and vehicles	**7,513**	4,867	5,306	**62,520**
Tools, furniture and fixtures	**5,539**	4,145	3,667	**46,093**
Total	**¥22,717**	¥12,740	¥9,317	**$189,041**

The amount of depreciation recognized for the years ended March 31, 2015 and 2014 is included in cost of sales and selling, general and administrative expenses in the consolidated statement of profit or loss.
Impairment losses recognized for the years ended March 31, 2015 and 2014 are included in other expenses in the consolidated statement of profit or loss. There were no reversals of impairment losses for the years ended March 31, 2015 and 2014.

Expenditures related to items of property, plant and equipment under construction are stated in construction in progress in the above tables.

The amounts of additions to property, plant and equipment that have been committed but not executed as of March 31, 2015 and 2014 and April 1, 2013 were ¥6,440 million ($53,591 thousand), ¥2,078 million and ¥8,318 million, respectively.

13. Goodwill and Intangible Assets

The following table shows the changes in the net carrying amounts, and the gross carrying amount and accumulated amortization and impairment losses of goodwill and intangible assets.

	Millions of yen				
		Intangible assets			
Net carrying amount	Goodwill	Customer-related Intangible assets	Software	Other	Total
April 1, 2013	¥26,068	¥28,752	¥5,573	¥1,813	¥36,138
Additions through business combinations	7,431	9,049	5	95	9,149
Internal developments	-	-	1,677	-	1,677
Purchases	-	-	452	14	466
Amortization	-	(2,508)	(2,353)	(74)	(4,935)
Impairment losses	(3,383)	(40)	(2)	(1)	(43)
Foreign currency translation adjustments	474	417	7	44	468
Other	(22)	11	7	(359)	(341)
March 31, 2014	30,568	35,681	5,366	1,532	42,579
Internal developments	-	-	1,478	-	1,478
Purchases	-	-	515	1,101	1,616
Amortization	-	(2,714)	(2,246)	(129)	(5,089)
Disposals	-	-	(50)	(21)	(71)
Foreign currency translation adjustments	869	(67)	14	91	38
Other	-	19	32	(20)	31
March 31, 2015	**¥31,437**	**¥32,919**	**¥5,109**	**¥2,554**	**¥40,582**

	Thousands of U.S. dollars				
		Intangible assets			
Net carrying amount	Goodwill	Customer-related intangible assets	Software	Other	Total
March 31, 2014	$254,373	$296,921	$44,653	$12,749	$354,323
Internal developments	-	-	12,299	-	12,299
Purchases	-	-	4,286	9,162	13,448
Amortization	-	(22,585)	(18,690)	(1,073)	(42,348)
Disposals	-	-	(416)	(175)	(591)
Foreign currency translation adjustments	7,231	(558)	117	757	316
Other	-	158	266	(166)	258
March 31, 2015	**$261,604**	**$273,937**	**$42,515**	**$21,253**	**$337,705**

Gross carrying amount	Millions of yen				
		Intangible assets			
	Goodwill	Customer-related intangible assets	Software	Other	Total
April 1, 2013	¥26,068	¥33,164	¥20,910	¥1,961	¥56,035
March 31, 2014	34,000	42,554	22,602	1,736	66,892
March 31, 2015	**¥35,020**	**¥42,620**	**¥22,992**	**¥2,853**	**¥68,465**

Gross carrying amount	Thousands of U.S. dollars				
		Intangible assets			
	Goodwill	Customer-related intangible assets	Software	Other	Total
March 31, 2015	**$291,420**	**$354,664**	**$191,329**	**$23,741**	**$569,735**

Accumulated amortization and impairment losses	Millions of yen				
		Intangible assets			
	Goodwill	Customer-related intangible assets	Software	Other	Total
April 1, 2013	¥-	¥ (4,412)	¥ (15,337)	¥ (148)	¥ (19,897)
March 31, 2014	¥ (3,432)	¥ (6,873)	¥ (17,236)	¥ (204)	¥ (24,313)
March 31, 2015	**¥ (3,583)**	**¥ (9,701)**	**¥ (17,883)**	**¥ (299)**	**¥ (27,883)**

Accumulated amortization and impairment losses	Thousands of U.S. dollars				
		Intangible assets			
	Goodwill	Customer-related intangible assets	Software	Other	Total
March 31, 2015	**$(29,816)**	**$(80,727)**	**$(148,814)**	**$(2,488)**	**$(232,030)**

Of intangible assets, the net carrying amounts of assets under finance lease as of March 31, 2015 and 2014 and April 1, 2013 were ¥317 million ($2,638 thousand), ¥370 million and ¥409 million, respectively, and they are included in software.

Amortization expenses recognized for the years ended March 31, 2015 and 2014 are included in cost of sales and selling, general and administrative expenses in the consolidated statement of profit or loss.

Impairment losses recognized for the years ended March 31, 2015 and 2014 are included in other expenses in the consolidated statement of profit or loss. There were no reversals of impairment losses for the years ended March 31, 2015 and 2014.

The net carrying amounts of internally generated intangible assets as of March 31, 2015 and 2014 and April 1, 2013 amounted to ¥4,046 million ($33,669 thousand), ¥4,103 million, and ¥3,909 million, respectively, and they are included in software.

Research and development expenses recognized for the year ended March 31, 2015 were ¥382 million ($3,179 thousand), and they are included in selling, general and administrative expenses in the consolidated statement of profit or loss.

There were no significant amounts of additions to intangible assets that have been committed but not executed.

As a general rule, the Group determines a CGU which is a business unit that is managed for internal reporting purposes.
The recoverable amount per CGU is calculated based on value in use. Value in use is calculated by the estimated future cash flows based on business plans approved by management, discounted at the discount rate which is derived from the weighted average cost of capital. The business plan used is based on external information, reflects historical experiences, and generally has a maximum of five years. Estimated future cash flows beyond the period covered by the business plan are calculated using the estimated growth rate not exceeding the long-term average growth rate of the market to which the CGU belongs.

Significant goodwill of the Group is as follows:

Group of CGUs	Millions of yen			Thousands of U.S. dollars		
	As of March 31, 2015	As of March 31, 2014	As of April 1, 2013	**As of March 31, 2015**	Growth rate	Discount rate
VANTEC CORPORATION, domestic logistics operations	**¥6,140**	¥6,140	¥6,140	**$51,094**	1.0%	4.8%
VANTEC CORPORATION, global logistics operations	**¥8,886**	¥8,886	¥8,886	**$73,945**	1.0% to 2.0%	7.0% to 8.7%

Since the recoverable amount of the group of CGUs for the above goodwill sufficiently exceeds the carrying amount, the Group considers that it is unlikely that the recoverable amount of the group of CGUs would fall below the carrying amount even if the primary assumptions changed within a reasonable range.

For the year ended March 31, 2014, the Group recognized impairment losses for goodwill related to Flyjac Logistics Pvt. Ltd., ESA s.r.o. and Eternity Grand Logistics Public Co., Ltd. because future cash flows originally assumed in the business plans could no longer be expected and the goodwill was written down to the recoverable amounts. The recoverable amounts were calculated based on value in use by discounting the future cash flows at a pretax discount rate (9.8% to 16.5%). The impairment losses are included in the global logistics business. Consequently, impairment losses of goodwill recognized amounted to ¥3,383 million, and they are included in other expenses in the consolidated statement of profit or loss.

14. Deferred Taxes and Income Taxes

The components of income taxes recognized in the consolidated statement of profit or loss and deferred taxes recognized in the consolidated statement of comprehensive income are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Income taxes			
Current tax expense	**¥8,121**	¥10,121	**$67,579**
Deferred tax expense			
Temporary differences originated and reversed	**(387)**	(865)	**(3,220)**
Changes in realizability of deferred tax assets	**(363)**	(522)	**(3,021)**
Adjustments to deferred tax assets and liabilities for enacted changes in tax laws and tax rates in Japan	**(154)**	273	**(1,282)**
Total deferred tax expense	**(904)**	(1,114)	**(7,523)**
Total	**7,217**	9,007	**60,057**
Deferred taxes recognized in OCI			
Net changes in financial assets measured at fair value through OCI	**91**	58	**757**
Remeasurements of defined benefit plans	**(127)**	90	**(1,057)**
Net changes in cash flow hedges	**43**	28	**358**
Total	**¥7**	¥176	**$58**

The Company and its domestic subsidiaries are principally subject to national corporate tax, inhabitant tax and business tax, and the combined statutory income tax rates calculated based on them for the years ended March 31, 2015 and 2014 were 35.7% and 38.0%, respectively. Overseas subsidiaries of the Company are subject to corporate taxes and other taxes in their locations.

Following the promulgation of “Act for Partial Amendment of the Income Tax Act, etc.” on March 31, 2014, the special corporate tax for reconstruction ceased to be imposed for the fiscal years beginning on or after April 1, 2014. Consequently, for the year ended March 31, 2014, the combined statutory income tax rate used to calculate deferred tax assets and liabilities for temporary differences expected to be reversed from the year beginning on April 1, 2014 was changed to 35.7% from 38.0%.

Also, “Act for Partial Amendment of the Income Tax Act, etc.”(Act No. 9 of 2015) and “Act for Partial Amendment of the Local Tax Act, etc.” (Act No. 2 of 2015) were promulgated on March 31, 2015, and as a result, the combined statutory income tax rate used to calculate deferred tax assets and liabilities has been changed from 35.7%, which was used at March 31, 2014, to 33.1% for temporary differences that are expected to be reversed during the period between April 1, 2015 and March 31, 2016, and to 32.4% for temporary differences that are expected to be reversed on or after April 1, 2016.

Reconciliations between the combined statutory income tax rate and the average effective income tax rate for the years ended March 31, 2015 and 2014 are as follows:

	2015	2014
Combined statutory income tax rate	35.7%	38.0%
Non-deductible expenses for tax purposes	2.4	4.7
Adjustments for enacted changes in tax laws and tax rates	(0.7)	1.9
Impairment of goodwill	-	8.7
Unrecognized tax benefits for net operating loss of subsidiaries	1.7	3.5
Tax penalties	-	2.4
Other, net	(6.3)	2.0
Average effective income tax rate	32.8%	61.2%

Changes in deferred tax assets and liabilities are as follows:

	Millions of yen				
	March 31, 2014	Recognized in profit or loss	Recognized in OCI (note)	Changes in scope of consolidation, etc.	**March 31, 2015**
Deferred tax assets					
Accrued bonuses	¥2,610	¥ (24)	¥-	¥-	**¥2,586**
Retirement and severance benefits	10,449	(384)	(280)	-	**9,785**
Depreciation	2,432	(194)	-	-	**2,238**
Other	3,892	(1,052)	158	-	**2,998**
Total deferred tax assets	19,383	(1,654)	(122)	-	**17,607**
Deferred tax liabilities					
Deferred profit on sale of properties	(7,364)	749	-	-	**(6,615)**
Valuation differences due to business combinations	(11,114)	1,681	(20)	-	**(9,453)**
Net defined benefit asset	(1,321)	147	53	-	**(1,121)**
FVTOCI financial assets	(1,012)	-	(61)	-	**(1,073)**
Depreciation	(2,342)	(204)	(44)	-	**(2,590)**
Other	(1,464)	185	52	-	**(1,227)**
Total deferred tax liabilities	(24,617)	2,558	(20)	-	**(22,079)**
Net deferred tax assets (liabilities)	¥ (5,234)	¥904	¥ (142)	¥-	**¥ (4,472)**

(Note) The difference between the total amount recognized in OCI and deferred taxes recognized in OCI is due to fluctuations in exchange rates.

	Millions of yen				
	April 1, 2013	Recognized in profit or loss	Recognized in OCI (note)	Changes in scope of consolidation, etc.	March 31, 2014
Deferred tax assets					
Accrued bonuses	¥2,758	¥ (148)	¥-	¥-	¥2,610
Retirement and severance benefits	10,458	(154)	101	44	10,449
Depreciation	2,212	220	-	-	2,432
Other	4,925	(1,049)	(13)	29	3,892
Total deferred tax assets	20,353	(1,131)	88	73	19,383
Deferred tax liabilities					
Deferred profit on sale of properties	(8,512)	1,148	-	-	(7,364)
Valuation differences due to business combinations	(10,375)	898	(79)	(1,558)	(11,114)
Net defined benefit asset	(921)	(192)	(208)	-	(1,321)
FVTOCI financial assets	(983)	-	(29)	-	(1,012)
Depreciation	(1,332)	(519)	(111)	(380)	(2,342)
Other	(2,338)	910	6	(42)	(1,464)
Total deferred tax liabilities	(24,461)	2,245	(421)	(1,980)	(24,617)
Net deferred tax assets (liabilities)	¥ (4,108)	¥1,114	¥ (333)	¥ (1,907)	¥ (5,234)

(Note) The difference between the total amount recognized in OCI and deferred taxes recognized in OCI is due to fluctuations in exchange rates.

	Thousands of U.S. dollars				
	March 31, 2014	Recognized in profit or loss	Recognized in OCI (note)	Changes in scope of consolidation, etc.	**March 31, 2015**
Deferred tax assets					
Accrued bonuses	$21,719	$(200)	$-	$-	**$21,520**
Retirement and severance benefits	86,952	(3,195)	(2,330)	-	**81,426**
Depreciation	20,238	(1,614)	-	-	**18,624**
Other	32,387	(8,754)	1,315	-	**24,948**
Total deferred tax assets	161,296	(13,764)	(1,015)	-	**146,517**
Deferred tax liabilities					
Deferred profit on sale of properties	(61,280)	6,233	-	-	**(55,047)**
Valuation differences due to business combinations	(92,486)	13,989	(166)	-	**(78,664)**
Net defined benefit asset	(10,993)	1,223	441	-	**(9,328)**
FVTOCI financial assets	(8,421)	-	(508)	-	**(8,929)**
Depreciation	(19,489)	(1,698)	(366)	-	**(21,553)**
Other	(12,183)	1,539	433	-	**(10,211)**
Total deferred tax liabilities	(204,851)	21,287	(166)	-	**(183,731)**
Net deferred tax assets (liabilities)	$(43,555)	$7,523	$(1,182)	$-	**$(37,214)**

(Note) The difference between the total amount recognized in OCI and deferred taxes recognized in OCI is due to fluctuations in exchange rates.

Deferred tax liabilities are not recognized for temporary differences where the Group is able to control the timing of reversal of the temporary differences while it is unlikely that the temporary difference will reverse in the foreseeable future. Temporary differences related to investments in subsidiaries and associates for which deferred tax liabilities are not recognized were ¥14,364 million ($119,531 thousand) and ¥9,353 million for the years ended March 31, 2015 and 2014, respectively. Unrecognized deferred tax liabilities are not calculated because it is impracticable.

In assessing the realizability of deferred tax assets, the Group considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning. As a result of the assessment, the Group has not recorded deferred tax assets for certain future deductible temporary differences and net operating loss carryforwards.

Deductible future temporary differences and net operating loss carryforwards for unrecognized deferred tax assets are as follows:

	Millions of yen			Thousands of U.S. dollars
	March 31, 2015	March 31, 2014	April 1, 2013	**March 31, 2015**
Deductible future temporary differences	**¥545**	¥966	¥1,756	**$4,535**
Net operating loss carryforwards	**940**	1,664	-	**7,822**
Total	**¥1,485**	¥2,630	¥1,756	**$12,357**

Net operating loss carryforwards for unrecognized deferred tax assets will expire as follows:

	Millions of yen			Thousands of U.S. dollars
	March 31, 2015	March 31, 2014	April 1, 2013	**March 31, 2015**
Within five years	**¥-**	¥-	¥-	**$-**
Over five years through ten years	**-**	-	-	**-**
Over ten years	**940**	1,664	-	**7,822**
Total	**¥940**	¥1,664	¥-	**$7,822**

15. Trade Payables

The components of trade payables are as follows:

	Millions of yen			Thousands of U.S. dollars
	March 31, 2015	March 31, 2014	April 1, 2013	**March 31, 2015**
Notes payable	**¥434**	¥279	¥24	**$3,612**
Accounts payable	**54,589**	49,673	42,809	**454,265**
Total	**¥55,023**	¥49,952	¥42,833	**$457,876**

16. Provisions

The components and changes in the balance of provisions included in other current liabilities and other non-current liabilities for the year ended March 31, 2015 are as follows:

	Millions of yen	Thousands of U.S. dollars
	Asset retirement obligations	
April 1, 2014	¥970	$8,072
Additions	195	1,623
Utilized for intended purpose	(20)	(166)
Unwinding of discounts	19	158
Others	2	17
March 31, 2015	**1,166**	**9,703**
Current liabilities	**5**	**42**
Non-current liabilities	**¥1,161**	**$9,661**

The Group recognizes asset retirement obligations in the amount of expected future expenditures based on the third party estimates to prepare for its obligations to restore logistics centers and other facilities used by the Group to their original states. These expenses are principally expected to be paid in one year or later, but the timing of the payment will be affected by a future business plan and other factors.

17. Employee Benefits

(a) Retirement and Severance Benefits

The Company and certain consolidated subsidiaries have funded defined benefit corporate pension plans and unfunded severance lump-sum payment plans as the defined benefit plans.

The benefits of the defined benefit corporate pension plans and unfunded severance lump-sum payment plans are calculated based on factors such as salary levels and service years of employees. Additional termination benefits may be paid to the employees in case of their early retirement.

The Company and certain consolidated subsidiaries have contract-type pension plans under the pension bylaws. The Company and certain consolidated subsidiaries make contributions to the Hitachi Transport System Corporate Pension Fund to provide for required expenses, taking into consideration various factors including the funded status of pension assets, cash flows and actuarial calculations, etc.

Pursuant to the Japanese Defined Benefit Corporate Pension Plan Act, the bylaws of the Hitachi Transport System Corporate Pension Fund stipulate that the amount of contributions at the end of the fiscal year as a record date every five years shall be recalculated for the purpose of maintaining financial balance into the future. Basic assumptions (expected interest rates, mortality rates, withdrawal rate, etc.) of pension financing are reviewed to recalculate the appropriate level of contribution. The pension system is managed by entering into agreements with trust banks and insurance companies, etc. on payment of contributions and management of pension funds.

Certain consolidated subsidiaries have adopted defined contribution pension plans and have enrolled in the Smaller Enterprise Retirement Allowance Mutual Aid System.

Changes in the present value of defined benefit obligations and the fair value of plan assets for the years ended March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Defined benefit obligations at beginning of year	**¥44,089**	¥43,185	**$366,889**
Service cost	**2,447**	2,522	**20,363**
Interest cost	**423**	367	**3,520**
Actuarial losses	**2,177**	433	**18,116**
Prior service cost	**-**	106	
Settlements/curtailments	**(819)**	(866)	**(6,815)**
Benefits paid	**(4,088)**	(2,166)	**(34,018)**
Other	**(116)**	508	**(965)**
Defined benefit obligations at end of year	**¥44,113**	¥44,089	**$367,088**

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Fair value of plan assets at beginning of year	**¥17,885**	¥16,985	**$148,831**
Interest income	**203**	194	**1,689**
Return on plan assets (excluding interest income)	**1,199**	596	**9,978**
Employers' contributions	**553**	1,537	**4,602**
Settlements/curtailments	**(1,036)**	(860)	**(8,621)**
Benefits paid	**(786)**	(690)	**(6,541)**
Other	**(56)**	123	**(466)**
Fair value of plan assets at end of year	**¥17,962**	¥17,885	**$149,472**

Certain domestic consolidated subsidiaries transferred to severance lump-sum payment plans and the Smaller Enterprise Retirement Allowance Mutual Aid System from defined benefit corporate pension plans. As a result of this transfer, gain or loss on settlement was recognized for the years ended March 31, 2015 and 2014.

The components of actuarial gains or losses are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2015	March 31, 2014	**March 31, 2015**
Arising from changes in financial assumptions	**¥1,466**	¥ (85)	**$12,199**
Arising from changes in demographic assumptions	**290**	-	**2,413**
Other	**¥421**	¥518	**$3,503**

The amounts related to the defined benefit plan recognized in the consolidated statement of financial position are as follows:

	Millions of yen			Thousands of U.S. dollars
	March 31, 2015	March 31, 2014	April 1, 2013	**March 31, 2015**
Present value of funded defined benefit obligations	**¥14,861**	¥14,613	¥14,768	**$123,666**
Fair value of plan asset	**(17,962)**	(17,885)	(16,985)	**(149,472)**
Sub-total	**(3,101)**	(3,272)	(2,217)	**(25,805)**
Present value of unfunded defined benefit obligations	**29,252**	29,476	28,417	**243,422**
Net asset and liability in the consolidated statement of financial position	**26,151**	26,204	26,200	**217,617**
Net defined benefit asset (Other non-current assets)	**(3,366)**	(3,701)	(2,421)	**(28,010)**
Retirement and severance benefits	**¥29,517**	¥29,905	¥28,621	**$245,627**

The Company and all consolidated subsidiaries measure the defined benefit obligations and plan assets at the end of the fiscal year. Major assumptions used in the actuarial calculations (weighted average) of defined benefit obligations are as follows:

	March 31, 2015	March 31, 2014	April 1, 2013
Discount rate	**0.9%**	1.0%	0.9%

As of March 31, 2015 and 2014, an increase or decrease of 0.5% in the discount rate would have affected the defined benefit obligations as follows.

	Millions of yen		Thousands of U.S. dollars
	March 31, 2015	March 31, 2014	**March 31, 2015**
0.5% increase	**¥ (2,516)**	¥ (2,128)	**$(20,937)**
0.5% decrease	**¥2,703**	¥2,289	**$22,493**

The sensitivity analysis is based on an assumption that all other variables other than the one analyzed are held constant; in reality, changes in other assumptions may impact the outcome of the analysis.

The weighted average duration (expected average maturity) of defined benefit obligations is as follows:

	March 31, 2015	March 31, 2014	April 1, 2013
Duration	**13.4 Years**	11.9 Years	12.0 Years

For the year ending March 31, 2016, the Company and certain consolidated subsidiaries expect to make a contribution of ¥499 million to the defined benefit pension plan.

The fair values of plan assets invested as of March 31, 2015 and 2014 and April 1, 2013 are as follows:

	Millions of yen		
	March 31, 2015		
	With quoted market price in an active market	With no quoted market price in an active market	Total
Life insurance general accounts	**¥-**	**¥11,525**	**¥11,525**
Commingled funds	**-**	**4,585**	**4,585**
Other	**160**	**1,692**	**1,852**
Total	**¥160**	**¥17,802**	**¥17,962**

	Millions of yen		
	March 31, 2014		
	With quoted market price in an active market	With no quoted market price in an active market	Total
Life insurance general accounts	¥-	¥10,758	¥10,758
Commingled funds	-	5,290	5,290
Other	200	1,637	1,837
Total	¥200	¥17,685	¥17,885

	Millions of yen		
	April 1, 2013		
	With quoted market price in an active market	With no quoted market price in an active market	Total
Life insurance general accounts	¥-	¥9,452	¥9,452
Commingled funds	-	5,612	5,612
Other	239	1,682	1,921
Total	¥239	¥16,746	¥16,985

	Thousands of U.S. dollars		
	March 31, 2015		
	With quoted market price in an active market	With no quoted market price in an active market	Total
Life insurance general accounts	**$-**	**$95,906**	**$95,906**
Commingled funds	**-**	**38,154**	**38,154**
Other	**1,331**	**14,080**	**15,412**
Total	**$1,331**	**$148,140**	**$149,472**

For life insurance general accounts, insurance companies provide guarantees for certain expected interest rates and principals.

Commingled funds represent pooled institutional investments. As of March 31, 2015, commingled funds were allocated to 40% in listed stocks, 56% in bonds and 4% in other assets. As of March 31, 2014, they were allocated to 40% in listed stocks, 55% in bonds and 5% in other assets.

The Group’s management policy for plan assets is to secure stable returns for the mid to long-term for ensuring future payments of defined benefit obligations pursuant to internal regulations. The target rate of returns and the investment ratio by investment assets are established within the acceptable risk range every fiscal year, and plan assets are managed according to such ratio. When the investment ratio is reviewed, the Group considers introducing plan assets that are closely related to changes in defined benefit obligations.

In the event an unexpected situation arises in the market environment, temporary weight adjustments of risk assets are allowed in accordance with the internal regulations.

Contributions to defined contribution plans recognized as an expense in profit or loss by certain consolidated subsidiaries for the years ended March 31, 2015 and 2014 were ¥737 million ($6,133 thousand) and ¥682 million, respectively.

(b) Employee Benefit Expenses

The aggregated amounts of employee benefit expenses recognized in the consolidated statement of profit or loss for the years ended March 31, 2015 and 2014 were ¥159,686 million ($1,328,834 thousand) and ¥153,541 million, respectively.

18. Equity

(a) Common Stock

The following table shows changes in the total number of authorized shares and issued shares outstanding of the Company during the year:

	Number of shares	
	2015	2014
Total number of authorized shares	**292,000,000**	292,000,000
Issued shares outstanding		
Balance at beginning of year	**111,776,714**	111,776,714
Changes during the year	**-**	-
Balance at end of year	**111,776,714**	111,776,714

All shares issued by the Company are non-par value common stock and fully paid up.

(b) Surplus

(i) Capital Surplus

The Japanese Company Law ("JCL") mandates that at least half of paid-in capital be appropriated as common stock, and the rest be appropriated as legal reserve within capital surplus. The JCL mandates that legal reserve may be appropriated as common stock by resolution at the shareholders' meeting.

For the year ended March 31, 2015, the change in equity due to a transaction with non-controlling interests conducted primarily to additionally acquire issued shares of Mars Lojistik Grup Anonim Sirketi was treated as a decrease in capital surplus in the amount of ¥2,877 million ($23,941 thousand).

For the year ended March 31, 2014, the change in equity due to a transaction with non-controlling interests conducted primarily to convert Hitachi Transport System (China), Ltd. into a wholly owned subsidiary was accounted for as a decrease in capital surplus in the amount of ¥272 million.

(ii) Retained Earnings

The JCL requires that ten percent of retained earnings appropriated for dividends be retained until the total amount of earned reserves included in capital reserve and retained earnings reaches a quarter of the nominal value of common stock. Earned reserves may be available for dividends used by resolution at the shareholders' meeting.

The amount available for dividends by the Company under the JCL is calculated based on the amount of retained earnings, etc. in the Company's accounting books prepared in accordance with generally accepted accounting principles in Japan.

(iii) Treasury Stock

The following table shows changes in treasury stock for the years ended March 31, 2015 and 2014.

	Number of shares	
	2015	2014
Balance at beginning of year	**225,746**	225,346
Acquisition of treasury stock	**360**	490
Sales of treasury stock	**90**	90
Balance at end of year	**226,016**	225,746

19. Accumulated Other Comprehensive Income (AOCI) and Other Comprehensive Income (OCI)

Components of AOCI, net of related tax effects, presented in the consolidated statement of changes in equity for the years ended March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Net changes in financial assets measured at FVTOCI			
Balance at beginning of year	**¥1,608**	¥1,548	**$13,381**
OCI	**438**	69	**3,645**
Reclassified into retained earnings	**18**	(9)	**150**
Balance at end of year	**2,064**	1,608	**17,176**
Remeasurements of defined benefit plans			
Balance at beginning of year	**58**	-	**483**
OCI	**(823)**	58	**(6,849)**
Balance at end of year	**(765)**	58	**(6,366)**
Foreign currency translation adjustments			
Balance at beginning of year	**2,570**	-	**21,386**
OCI	**3,367**	2,570	**28,019**
Net transfer from non-controlling interests	**57**	-	**474**
Balance at end of year	**5,994**	2,570	**49,879**
Net changes in cash flow hedges			
Balance at beginning of year	**(142)**	(176)	**(1,182)**
OCI	**63**	34	**524**
Balance at end of year	**(79)**	(142)	**(657)**
Share of OCI of investments accounted for using the equity method			
Balance at beginning of year	**138**	-	**1,148**
OCI	**72**	138	**599**
Balance at end of year	**210**	138	**1,748**
Total accumulated other comprehensive income			
Balance at beginning of year	**4,232**	1,372	**35,217**
OCI	**3,117**	2,869	**25,938**
Net transfer from non-controlling interests	**57**	-	**474**
Reclassified into retained earnings	**18**	(9)	**150**
Balance at end of year	**¥7,424**	¥4,232	**$61,779**

The following shows a reconciliation of OCI, including non-controlling interests, to profit or loss items and deferred income tax effect per components of OCI for the years ended March 31, 2015 and 2014.

	Millions of yen		
	2015		
	Before tax	Tax effect	After tax
OCI arising during the year:			
Net changes in financial assets measured at FVTOCI	**¥512**	**¥ (91)**	**¥421**
Remeasurements of defined benefit plans	**(978)**	**127**	**(851)**
Foreign currency translation adjustments	**3,438**	**-**	**3,438**
Net changes in cash flow hedges	**58**	**(25)**	**33**
Share of OCI of investments accounted for using the equity method	**72**	**-**	**72**
Total	**3,102**	**11**	**3,113**
Reconciliation of OCI to profit or loss:			
Net changes in cash flow hedges	**48**	**(18)**	**30**
Total	**48**	**(18)**	**30**
OCI, net of reclassification adjustments:			
Net changes in financial assets measured at FVTOCI	**512**	**(91)**	**421**
Remeasurements of defined benefit plans	**(978)**	**127**	**(851)**
Foreign currency translation adjustments	**3,438**	**-**	**3,438**
Net changes in cash flow hedges	**106**	**(43)**	**63**
Share of OCI of investments accounted for using the equity method	**72**	**-**	**72**
Total	**¥3,150**	**¥ (7)**	**3,143**
OCI, net of reclassification adjustments, attributable to non-controlling interests:			
Net changes in financial assets measured at FVTOCI			**(17)**
Remeasurements of defined benefit plans			**(28)**
Foreign currency translation adjustments			**71**
Total			**26**
OCI, net of reclassification adjustments, attributable to stockholders of the parent company:			
Net changes in financial assets measured at FVTOCI			**438**
Remeasurements of defined benefit plans			**(823)**
Foreign currency translation adjustments			**3,367**
Net changes in cash flow hedges			**63**
Share of OCI of investments accounted for using the equity method			**72**
Total			**¥3,117**

	Millions of yen		
	2014		
	Before tax	Tax effect	After tax
OCI arising during the year:			
Net changes in financial assets measured at FVTOCI	¥127	¥ (58)	¥69
Remeasurements of defined benefit plans	163	(90)	73
Foreign currency translation adjustments	3,224	-	3,224
Net changes in cash flow hedges	41	(20)	21
Share of OCI of investments accounted for using the equity method	138	-	138
Total	3,693	(168)	3,525
Reconciliation of OCI to profit or loss:			
Net changes in cash flow hedges	21	(8)	13
Total	21	(8)	13
OCI, net of reclassification adjustments:			
Net changes in financial assets measured at FVTOCI	127	(58)	69
Remeasurements of defined benefit plans	163	(90)	73
Foreign currency translation adjustments	3,224	-	3,224
Net changes in cash flow hedges	62	(28)	34
Share of OCI of investments accounted for using the equity method	138	-	138
Total	¥3,714	¥ (176)	3,538
OCI, net of reclassification adjustments, attributable to non-controlling interests:			
Remeasurements of defined benefit plans			15
Foreign currency translation adjustments			654
Total			669
OCI, net of reclassification adjustments, attributable to stockholders of the parent company:			
Net changes in financial assets measured at FVTOCI			69
Remeasurements of defined benefit plans			58
Foreign currency translation adjustments			2,570
Net changes in cash flow hedges			34
Share of OCI of investments accounted for using the equity method			138
Total			¥2,869

	Thousands of U.S. dollars		
	2015		
	Before tax	Tax effect	After tax
OCI arising during the year:			
Net changes in financial assets measured at FVTOCI	**$4,261**	**$(757)**	**$3,503**
Remeasurements of defined benefit plans	**(8,138)**	**1,057**	**(7,082)**
Foreign currency translation adjustments	**28,609**	**-**	**28,609**
Net changes in cash flow hedges	**483**	**(208)**	**275**
Share of OCI of investments accounted for using the equity method	**599**	**-**	**599**
Total	**25,813**	**92**	**25,905**
Reconciliation of OCI to profit or loss:			
Net changes in cash flow hedges	**399**	**(150)**	**250**
Total	**399**	**(150)**	**250**
OCI, net of reclassification adjustments:			
Net changes in financial assets measured at FVTOCI	**4,261**	**(757)**	**3,503**
Remeasurements of defined benefit plans	**(8,138)**	**1,057**	**(7,082)**
Foreign currency translation adjustments	**28,609**	**-**	**28,609**
Net changes in cash flow hedges	**882**	**(358)**	**524**
Share of OCI of investments accounted for using the equity method	**599**	**-**	**599**
Total	**$26,213**	**$(58)**	**26,155**
OCI, net of reclassification adjustments, attributable to non-controlling interests:			
Net changes in financial assets measured at FVTOCI			**(141)**
Remeasurements of defined benefit plans			**(233)**
Foreign currency translation adjustments			**591**
Total			**216**
OCI, net of reclassification adjustments, attributable to stockholders of the parent company:			
Net changes in financial assets measured at FVTOCI			**3,645**
Remeasurements of defined benefit plans			**(6,849)**
Foreign currency translation adjustments			**28,019**
Net changes in cash flow hedges			**524**
Share of OCI of investments accounted for using the equity method			**599**
Total			**$25,938**

20. Dividends

Dividends paid on common stock for the years ended March 31, 2015 and 2014 are as follows:

Decision	Type of shares	Cash dividends (Millions of yen)	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors on May 29, 2013	Ordinary shares	¥1,339	¥12	March 31, 2013	June 7, 2013
The Board of Directors on October 28, 2013	Ordinary shares	¥1,450	¥13	September 30, 2013	November 27, 2013
The Board of Directors on May 26, 2014	Ordinary shares	¥1,450	¥13	March 31, 2014	June 9, 2014
The Board of Directors on October 27, 2014	Ordinary shares	¥1,562	¥14	September 30, 2014	November 27, 2014

Decision	Type of shares	Cash dividends (Thousands of U.S. dollars)	Cash dividends per share (U.S. dollars)	Record date	Effective date
The Board of Directors on May 26, 2014	Ordinary shares	$12,066	$0.11	March 31, 2014	June 9, 2014
The Board of Directors on October 27, 2014	Ordinary shares	$12,998	$0.12	September 30, 2014	November 27, 2014

The dividends on common stock whose record date falls in the year ended March 31, 2015 and the effective date falls in the next fiscal year are as follows:

Decision	Type of shares	Cash dividends (Millions of yen)	Appropriation from	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors on May 22, 2015	Ordinary shares	¥1,562	Retained earnings	¥14	March 31, 2015	June 8, 2015

Decision	Type of shares	Cash dividends (Thousands of U.S. dollars)	Appropriation from	Cash dividends per share (U.S. dollars)	Record date	Effective date
The Board of Directors on May 22, 2015	Ordinary shares	$12,998	Retained earnings	$0.12	March 31, 2015	June 8, 2015

21. Other Income and Expenses

The main components of other income and expenses for the years ended March 31, 2015 and 2014 are as follows:

(a) Other Income

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Net gain on sales of fixed assets	**¥245**	¥240	**$2,039**
Government grant income	**39**	-	**325**
Compensation income	**35**	48	**291**
Other	**413**	505	**3,437**
Total	**¥732**	¥793	**$6,091**

(b) Other Expenses

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Net loss on sales of fixed assets	**¥ (245)**	¥ (2,151)	**$(2,039)**
Net loss on disposal of fixed assets	**(294)**	(227)	**(2,447)**
Restructuring charges	**(1,386)**	(1,125)	**(11,534)**
Impairment losses on goodwill	**-**	(3,383)	**-**
Acquisition-related costs	**(17)**	(763)	**(141)**
Loss on withdrawal from employees' pension plan	**-**	(444)	**-**
Other	**(683)**	(672)	**(5,684)**
Total	**¥ (2,625)**	¥ (8,765)	**$(21,844)**

Restructuring charges for the year ended March 31, 2015 were principally ¥1,064 million ($8,854 thousand) of special severance payments. Restructuring charges for the year ended March 31, 2014 consisted of ¥436 million of expenses for office relocation and consolidation and ¥689 million of special severance payments.

22. Financial Income and Expenses

Interest income and expenses for the years ended March 31, 2015 and 2014 are principally from financial assets and liabilities measured at amortized cost.
The main components of financial income and expenses for the years ended March 31, 2015 and 2014 are as follows:

(a) Financial Income

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Interest income	**¥471**	¥437	**$3,919**
Dividend income	**86**	72	**716**
Exchange gain	**919**	-	**7,647**
Other	**-**	4	**-**
Total	**¥1,476**	¥513	**$12,283**

(b) Financial Expenses

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Interest expenses	**¥ (1,264)**	¥ (1,022)	**$(10,518)**
Exchange loss	**-**	(628)	**-**
Other	**-**	(10)	**-**
Total	**¥ (1,264)**	¥ (1,660)	**$(10,518)**

23. Earnings Per Share (EPS)

The basis for computations of basic EPS attributable to stockholders of the parent company for the years ended March 31, 2015 and 2014 is as follows:

	Number of shares (Thousands)	
	2015	2014
Weighted average number of common stock	**111,551**	111,551

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Net income attributable to stockholders of the parent company	**¥13,250**	¥5,338	**$110,260**

	Yen		U.S. dollars
	2015	2014	**2015**
Basic EPS attributable to stockholders of the parent company	**¥118.78**	¥47.85	**$0.99**

(Note) Diluted EPS attributable to stockholders of the parent company is not presented as there are no dilutive shares.

24. Supplementary Cash Flow Information

Acquisition of shares in subsidiaries

For the year ended March 31, 2014

(a) The components of assets and liabilities at the date on which the control was obtained as a result of the consolidation of James J. Boyle & Co. and its nine consolidated subsidiaries through the acquisition of their shares, and the consideration paid are as follows:

	Millions of yen
	Amount
Current assets	¥3,857
Non-current assets	2,645
Current liabilities	(2,835)
Non-current liabilities	(282)
Net assets	3,385
Goodwill and non-controlling interests	461
Consideration paid	3,846
Cash and cash equivalents in assets at the date on which the control was obtained	(1,195)
Payments for acquisition of subsidiaries' shares	¥2,651

(b) The components of assets and liabilities at the date on which the control was obtained as a result of the consolidation of Mars Lojistik Grup Anonim Sirketi through the acquisition of its shares, and the consideration paid are as follows:

	Millions of yen
	Amount
Current assets	¥5,601
Non-current assets	10,963
Current liabilities	(2,760)
Non-current liabilities	(1,857)
Net assets	11,947
Goodwill and non-controlling interests	(1,710)
Consideration paid	10,237
Cash and cash equivalents in assets at the date on which the control was obtained	(639)
Payments for acquisition of subsidiary's shares	¥9,598

Non-cash investing and financing activities for the years ended March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Finance lease assets acquired and obligations incurred	**¥12,927**	¥6,371	**$107,573**

25. Financial Instruments and Related Disclosures

(a) Capital Management

The Group manages its capital under the policy of maintaining an appropriate level of assets, liabilities and capital for current and future business operations, as well as optimizing the efficiency of capital utilization throughout the business operations.

The Group uses the total equity attributable to stockholders of the parent company ratio as an important indicator in capital management. The target is set in the mid-term management plan and is regularly monitored. The total equity attributable to stockholders of the parent company ratio as of March 31, 2015 and 2014 and April 1, 2013 were 40.2%, 40.1%, and 43.6%, respectively.

The Company is not subject to material capital requirements except for the general rules such as the JCL.

(b) Financial Risks

The Group is engaged in business activities world-wide, and exposed to various risks such as interest rate risk, currency exchange risk and credit risk. The Group carries out risk management in accordance with certain policies to avoid or mitigate these risks.

(i) Market Risks

The Group carries out risk management to mitigate market risks arising in the ordinary course of business. In managing risks, the Group strives to avoid risks by preventing incidence from the underlying cause of such risks, and make efforts to mitigate them in case the risks cannot be avoided. The Group may use derivative transactions to avoid risks described below. Stocks included in investments in securities mainly consist of stocks of the Group's business partners and are exposed to fluctuation risk of market prices.

(i) Interest Rate Risk

The Group raises funds through borrowings. Short-term debt is mainly used for operating transactions and long-term debt (within five years in principle) is mainly used for long-term working capital. Debt with variable interest rates is exposed to fluctuation risk of interest rate. For certain long-term debt with variable interest rates, derivative transactions (interest rate swaps) are used as hedging instruments for each contract to avoid the fluctuation risk of interest payments and to fix interest payments.

Sensitivity analysis for interest rate

The sensitivity analysis for interest rate shown below indicates the impact on income before income taxes in the consolidated statement of profit or loss and OCI (before tax effect) in the consolidated statement of comprehensive income, if interest rates increased by 1% on the financial instruments (floating-interest financial assets and liabilities measured at amortized cost, FVTPL financial assets and liabilities and derivative assets and liabilities) held by the Group as of March 31, 2015 and 2014, while all other variables are held constant.

	Millions of yen		Thousands of U.S. dollars
	March 31, 2015	March 31, 2014	**March 31, 2015**
Impact on income before income taxes	**¥ (513)**	¥ (402)	**$(4,269)**
Impact on OCI	**¥ (285)**	¥ (496)	**$(2,372)**

(ii) Currency Exchange Risk

The Group is engaged in global logistics services and exposed to currency exchange risk for foreign-currency denominated transactions. In order to hedge fluctuation risks of foreign currencies, the Group uses forward exchange contracts.

Sensitivity analysis for currency exchange rate

The sensitivity analysis for major currency exchange rates shown below indicates the impact on income before income taxes in the consolidated statement of profit or loss, if the Japanese yen, the Company's functional currency, depreciated by 1% on the foreign-currency denominated financial instruments held by the Group as of March 31, 2015 and 2014, while all other variables are held constant.

	Millions of yen		Thousands of U.S. dollars
	March 31, 2015	March 31, 2014	**March 31, 2015**
Impact on income before income taxes	**¥24**	¥ (5)	**$200**

(ii) Credit Risk

The Group extends credit to customers mainly as trade and other receivables and is exposed to credit risk that the Group may incur a loss due to customers' default on contractual obligations. For the control of credit risk of customers, the Group conducts periodic credit checks of customers including the customers' financial conditions and credit ratings by third party rating agencies, and establishes a credit limits according to the credit risk. No exposure of significant concentration of credit risk is present in a single customer or customer group as the Group's trade and other receivables consist of receivables with a number of customers in diverse industries and regions. In addition, credit risk arising from financial activities such as deposits, currency transactions and other financial instruments is limited as the Group mainly trades with internationally-recognized financial institutions rated A or higher. The Group also conducts periodic credit checks for the products and the customers' financial conditions and credit ratings, and establishes a credit limit according to the credit risk.

The Group's maximum exposure to the credit risk, excluding those from guarantee obligations, equals the financial assets' carrying amount after impairment in the consolidated statement of financial position, if collateral held is not included. The maximum exposure to the credit risk from guarantee obligations is the outstanding of guarantee obligations disclosed in note 29. Contingencies.

The following table presents the aging of trade and other receivables past due but not impaired as of March 31, 2015 and 2014 and April 1, 2013.

	Millions of yen			Thousands of U.S. dollars
	March 31, 2015	March 31, 2014	April 1, 2013	**March 31, 2015**
Past due within 30 days	**¥5,025**	¥3,233	¥2,741	**$41,816**
Past due between 31 and 90 days	**1,733**	987	988	**14,421**
Past due between 91 days and 1 year	**623**	511	859	**5,184**
Past due over 1 year	**204**	250	238	**1,698**
Total	**¥7,585**	¥4,981	¥4,826	**$63,119**

(Note) There is no property held as collateral or other credit enhancements for trade and other receivables presented above.

When trade and other receivables are impaired, the Group reduces the receivable balance through the use of an allowance account, instead of directly reducing the carrying amount. The changes in the balance of allowance for doubtful receivables for the years ended March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Balance at beginning of year	**¥892**	¥778	**$7,423**
Increase for the year (Provision)	**340**	96	**2,829**
Decrease for the year (Write off)	**(85)**	(91)	**(707)**
Other (Note)	**(95)**	109	**(791)**
Balance at end of year	**¥1,052**	¥892	**$8,754**

(Note) Other includes increases due to business combinations and foreign currency translation differences.

(iii) Liquidity Risk

The Group's financial liabilities including trade payables and long-term debt are exposed to liquidity risk. The Group's ordinary policy on financing activities is to maintain liquidity at the appropriate level to conduct current and future business activities and secure funding flexibly and efficiently. In order to optimize capital efficiency through efficient management of working capital, the Group promotes cash control through a centralized cash management system.

The following tables present the maturities of non-derivative financial liabilities held by the Group.
Trade payables are not included in the tables since the carrying amounts agree with the contractual cash flows and they all mature in less than one year.

	Millions of yen				
	March 31, 2015				
	Carrying amount	Contractual cash flows	Within one year	Over one year through five years	Over five years
Short-term debt	**¥11,680**	**¥11,843**	**¥11,843**	**¥-**	**¥-**
Long-term debt					
Lease obligations	**23,002**	**27,897**	**4,186**	**11,592**	**12,119**
Long-term debt	**66,192**	**66,938**	**21,661**	**44,875**	**402**
Other financial liabilities					
Installment payables	**¥12,525**	**¥12,887**	**¥4,775**	**¥8,105**	**¥7**

	Millions of yen				
	March 31, 2014				
	Carrying amount	Contractual cash flows	Within one year	Over one year through five years	Over five years
Short-term debt	¥11,392	¥11,536	¥11,536	¥-	¥-
Long-term debt					
Lease obligations	13,178	14,917	3,301	7,249	4,367
Long-term debt	65,471	66,090	11,396	54,694	-
Other financial liabilities					
Installment payables	¥10,842	¥11,159	¥4,218	¥6,928	¥13

	Millions of yen				
	April 1, 2013				
	Carrying amount	Contractual cash flows	Within one year	Over one year through five years	Over five years
Short-term debt	¥9,393	¥9,551	¥9,551	¥-	¥-
Long-term debt					
Bonds	2,000	2,024	2,024	-	-
Lease obligations	10,096	10,869	3,176	6,247	1,446
Long-term debt	58,229	58,878	26,331	32,547	-
Other financial liabilities					
Installment payables	¥9,435	¥9,721	¥3,368	¥6,327	¥26

	Thousands of U.S. dollars				
	March 31, 2015				
	Carrying amount	Contractual cash flows	Within one year	Over one year through five years	Over five years
Short-term debt	**$97,196**	**$98,552**	**$98,552**	**$-**	**$-**
Long-term debt					
Lease obligations	**191,412**	**232,146**	**34,834**	**96,463**	**100,849**
Long-term debt	**550,820**	**557,028**	**180,253**	**373,429**	**3,345**
Other financial liabilities					
Installment payables	**$104,227**	**$107,240**	**$39,735**	**$67,446**	**$58**

Guarantee obligations disclosed in note 29. Contingencies are not included in the tables above.

The weighted average interest rates for short-term debt, long-term debt and installment payables are 1.3%, 0.5% and 1.9%, respectively, with maturities ranging from 2015 to 2028.
The following tables show the results of a liquidity analysis of the main types of derivatives, expressed in gross amounts, held by the Group. Derivatives to be net settled are also expressed in gross amounts.

		Millions of yen			
		March 31, 2015			
		Within one year	Over one year through five years	Over five years	Total
Forward exchange contracts	In	**¥-**	**¥-**	**¥-**	**¥-**
	Out	**-**	**-**	**-**	**-**
Interest rate swaps	In	**-**	**-**	**-**	**-**
	Out	**¥73**	**¥36**	**¥-**	**¥109**

		Millions of yen			
		March 31, 2014			
		Within one year	Over one year through five years	Over five years	Total
Forward exchange contracts	In	¥-	¥-	¥-	¥-
	Out	-	-	-	-
Interest rate swaps	In	-	-	-	-
	Out	¥60	¥90	¥-	¥150

		Millions of yen			
		April 1, 2013			
		Within one year	Over one year through five years	Over five years	Total
Forward exchange contracts	In	¥4	¥-	¥-	¥4
	Out	-	-	-	-
Interest rate swaps	In	-	-	-	-
	Out	¥50	¥108	¥-	¥158

		Thousands of U.S. dollars			
		March 31, 2015			
		Within one year	Over one year through five years	Over five years	Total
Forward exchange contracts	In	**$-**	**$-**	**$-**	**$-**
	Out	**-**	**-**	**-**	**-**
Interest rate swaps	In	**-**	**-**	**-**	**-**
	Out	**$607**	**$300**	**$-**	**$907**

(c) Fair Value of Financial Instruments

(i) Fair Value Measurements

The following methods and assumptions are used to measure the fair value of financial assets and liabilities. Information on the classification under the fair value hierarchy is set forth in “(iii) Financial Instruments Measured at Fair Value in Consolidated Statement of Financial Position”.

Cash and cash equivalents, Short-term debt and Trade payables

The carrying amount approximates the fair value because of the short maturity of these instruments.

Trade receivables

For accounts and notes receivables that are settled in short term, the carrying amount approximates their fair value. The fair value of lease receivables is calculated by a certain period of the lease term to maturity using present value of lease receivables discounted at the rate reflecting the time to maturity and the credit risk. Lease receivables are classified as Level 2.

Other financial assets

The carrying amount of other accounts receivable approximates the fair value because they are settled in the short term. The fair value of marketable securities is estimated using the quoted share prices and classified as Level 1. In the absence of an active market for investments in securities, quoted prices for similar investment in securities, non-distressed quoted prices for identical or similar investment securities or other relevant information including observable interest rates, yield curves, credit spreads or default rates are used to determine fair value, and these are classified as Level 2. If significant inputs for fair value measurement are unobservable, the Group uses price information provided by financial institutions to evaluate such investments and classifies them as Level 3. The information provided is verified with the income approach using the Group’s own valuation model, or the market approach using comparisons with prices of similar securities.

Other financial liabilities

Derivative liabilities are measured at fair value based on non-distressed quoted prices, prices in inactive markets, or models using observable interest rates and yield curves, forward and spot rates for foreign currencies and commodities, and they are classified as Level 2. The fair value of installment payables is calculated by a certain period of the installment term to maturity using the present value of the payable discounted at the rate reflecting the time to maturity and credit risk. Installment payables are classified as Level 2.

Long-term debt

The fair value of long-term debt is calculated based on quoted market prices or the present value of future cash flows using the market interest rates applicable to the similar contractual terms. Long-term debt is classified as Level 2.

(ii) Financial Instruments Measured at Amortized Cost

The carrying amounts and fair values of the financial instruments measured at amortized cost are as follows.

	Millions of yen						Thousands of U.S. dollars	
	March 31, 2015		March 31, 2014		April 1, 2013		March 31, 2015	
	Carrying amounts	Estimated fair values	Carrying amounts	Estimated fair values	Carrying amounts	Estimated fair values	Carrying amounts	Estimated fair values
Assets								
Trade receivables								
Accounts receivable	**¥117,074**	**¥117,073**	¥106,441	¥106,439	¥93,230	¥93,229	**$974,236**	**$974,228**
Lease receivables	**6,398**	**6,346**	5,903	5,802	5,532	5,618	**53,241**	**52,809**
Other financial assets								
Other accounts receivable	**5,838**	**5,838**	5,614	5,614	4,602	4,602	**48,581**	**48,581**
Guarantee deposits	**10,461**	**10,461**	9,736	9,736	8,439	8,439	**87,052**	**87,052**
Liabilities								
Long-term debt								
Bonds	**-**	**-**	-	-	2,000	2,022	**-**	**-**
Lease obligations	**23,002**	**25,424**	13,178	13,780	10,096	10,441	**191,412**	**211,567**
Long-term debt	**66,192**	**66,057**	65,471	65,465	58,229	58,274	**550,820**	**549,696**
Other financial liabilities								
Installment payables	**¥12,525**	**¥12,835**	¥10,842	¥11,104	¥9,435	¥9,684	**$104,227**	**$106,807**

(iii) Financial Instruments Measured at Fair Value in Consolidated Statement of Financial Position

Financial instruments measured at fair value on a recurring basis after the initial recognition are classified into three levels of the fair value hierarchy based on the measurement inputs' observability and materiality as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets
Level 2: Valuations measured by direct or indirect observable inputs other than Level 1
Level 3: Valuations measured by significant unobservable inputs

When several inputs are used for a fair value measurement, the level is determined based on the significant input with the lowest level in the fair value measurement as a whole.

Transfers between fair value hierarchy levels are deemed to have occurred at the beginning of each quarter.

The following tables present financial assets and liabilities that are measured at fair value on a recurring basis.

March 31, 2015	Millions of yen			
	Level 1	Level 2	Level 3	Total
Assets				
FVTPL financial assets				
Other financial assets	**¥-**	**¥-**	**¥521**	**¥521**
FVTOCI financial assets:				
Equity securities	**2,358**	**-**	**3,181**	**5,539**
Liabilities				
FVTPL financial liabilities:				
Derivative liabilities	**¥-**	**¥121**	**¥-**	**¥121**

March 31, 2014	Millions of yen			
	Level 1	Level 2	Level 3	Total
Assets				
FVTPL financial assets				
Other financial assets	¥-	¥-	¥611	¥611
FVTOCI financial assets:				
Equity securities	2,034	-	3,014	5,048
Liabilities				
FVTPL financial liabilities:				
Derivative liabilities	¥-	¥185	¥-	¥185

April 1, 2013	Millions of yen			
	Level 1	Level 2	Level 3	Total
Assets				
FVTPL financial assets				
Derivative assets	¥-	¥4	¥-	¥4
Other financial assets	-	-	615	615
FVTOCI financial assets				
Equity securities	2,188	-	2,909	5,097
Liabilities				
FVTPL financial liabilities:				
Derivative liabilities	¥-	¥222	¥-	¥222

March 31, 2015	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
Assets				
FVTPL financial assets				
Other financial assets	**$-**	**$-**	**$4,336**	**$4,336**
FVTOCI financial assets:				
Equity securities	**19,622**	**-**	**26,471**	**46,093**
Liabilities				
FVTPL financial liabilities:				
Derivative liabilities	**$-**	**$1,007**	**$-**	**$1,007**

The following tables present the changes in Level 3 financial instruments measured at fair value on a recurring basis for the years ended March 31, 2015 and 2014.

2015	Millions of yen		
	FVTPL financial assets	FVTOCI financial assets	Total
Balance at beginning of year (April 1, 2014)	**¥611**	**¥3,014**	**¥3,625**
Purchases	**2**	**-**	**2**
Sales / redemption	**(105)**	**(52)**	**(157)**
OCI (Note)	**-**	**223**	**223**
Other	**13**	**(4)**	**9**
Balance at end of year (March 31, 2015)	**¥521**	**¥3,181**	**¥3,702**

(Note) Included in "Net changes in financial assets measured at fair value through OCI" in the consolidated statement of comprehensive income.

2014	Millions of yen		
	FVTPL financial assets	FVTOCI financial assets	Total
Balance at beginning of year (April 1, 2013)	¥615	¥2,909	¥3,524
Purchases	-	-	-
Sales / redemption	(28)	-	(28)
OCI (Note)	-	130	130
Other	24	(25)	(1)
Balance at end of year (March 31, 2014)	¥611	¥3,014	¥3,625

(Note) Included in "Net changes in financial assets measured at fair value through OCI" in the consolidated statement of comprehensive income.

2015	Thousands of U.S. dollars		
	FVTPL financial assets	FVTOCI financial assets	Total
Balance at beginning of year (April 1, 2014)	**$5,084**	**$25,081**	**$30,166**
Purchases	**17**	**-**	**17**
Sales / redemption	**(874)**	**(433)**	**(1,306)**
OCI (Note)	**-**	**1,856**	**1,856**
Other	**108**	**(33)**	**75**
Balance at end of year (March 31, 2015)	**$4,336**	**$26,471**	**$30,806**

(Note) Included in "Net changes in financial assets measured at fair value through OCI" in the consolidated statement of comprehensive income.

(iv) Fair Value of Principal FVTOCI Financial Assets

The following is a list of principal equity instruments designated as FVTOCI and their fair values.

	Millions of yen	Thousands of U.S. dollars
	March 31, 2015	
Principal FVTOCI financial assets	Fair value	
World Trade Center Building, Inc.	**¥1,907**	**$15,869**
AEON Financial Service Co., Ltd.	**719**	**5,983**
Fukuyama Transporting Co., Ltd.	**641**	**5,334**
Senkon Logistics Co., Ltd.	**351**	**2,921**
Yabuki Kaiun Kaisha, Ltd.	**208**	**1,731**
Palenet Co., Ltd.	**192**	**1,598**
Nuclear Fuel Transport Co., Ltd.	**143**	**1,190**
Sawai Pharmaceutical Co., Ltd.	**142**	**1,182**
Toyota Tsusho Corporation	**135**	**1,123**
Okamura Corporation	**122**	**1,015**
Moonstar Company	**¥107**	**$890**

	Millions of yen
	March 31, 2014
Principal FVTOCI financial assets	Fair value
World Trade Center Building, Inc.	¥1,760
Fukuyama Transporting Co., Ltd.	621
AEON Financial Service Co., Ltd.	551
Senkon Logistics Co., Ltd.	316
Yabuki Kaiun Kaisha, Ltd.	188
Palenet Co., Ltd.	166
Nuclear Fuel Transport Co., Ltd.	143
Sawai Pharmaceutical Co., Ltd.	127
Toyota Tsusho Corporation	¥111

	Millions of yen
	April 1, 2013
Principal FVTOCI financial assets	Fair value
World Trade Center Building, Inc.	¥1,760
AEON Financial Service Co., Ltd.	634
Fukuyama Transporting Co., Ltd.	537
Senkon Logistics Co., Ltd.	342
Yabuki Kaiun Kaisha, Ltd.	167
Nuclear Fuel Transport Co., Ltd.	142
Palenet Co., Ltd.	136
Sawai Pharmaceutical Co., Ltd.	112
SNT Corporation	108
Toyota Tsusho Corporation	¥103

(v) Derecognition of FVTOCI Financial Assets

Accumulated gains and losses on valuation of investments in securities recognized as FVTOCI financial assets are reclassified into retained earnings when the relevant assets are derecognized during the fiscal year. The net gain or loss reclassified, net of taxes, for the years ended March 31, 2015 and 2014 were a loss of ¥18 million ($150 thousand) and a gain of ¥9 million, respectively.

These FVTOCI financial assets were derecognized upon reviewing particular business relations.

The information on FVTOCI financial assets that were derecognized for the years ended March 31, 2015 and 2014 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Fair value at the time of derecognition	**¥28**	¥189	**$233**
Accumulated gain/loss at the time of derecognition	**¥ (27)**	¥41	**$(225)**

(vi) Dividend income

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Investments derecognized during the year	**¥5**	¥4	**$42**
Investments held as of the end of the year	**81**	68	**674**
Total	**¥86**	¥72	**$716**

(d) Derivatives and Hedging Activities

(i) Cash Flow Hedge

Foreign Currency Risk

Changes in the fair value of forward exchange contracts designated as an effective cash flow hedge of forecasted transactions denominated in a foreign currency are recognized as changes in OCI. The amount recognized in OCI is subsequently reclassified into profit or loss when exchange gains or losses on the hedged assets or liabilities are recognized.

Interest Rate Risk

Changes in the fair value of interest rate swaps designated as a hedge of the variability of cash flows associated with long-term debt are recognized in OCI. AOCI is subsequently reclassified to interest expense over the period in which the interest on the debt affects profit or loss.

As of March 31, 2015, the period in which the cash flows from the hedged items are expected to occur and in which they are expected to affect profit or loss is between April 2015 and September 2016.

The fair values of the main types of derivatives designated as hedging instruments as of March 31, 2015 and 2014 and April 1, 2013 are as follows:

	Millions of yen						Thousands of U.S. dollars	
	March 31, 2015		March 31, 2014		April 1, 2013		March 31, 2015	
	Asset	Liability	Asset	Liability	Asset	Liability	Asset	Liability
Cash flow hedge								
Forward exchange contracts	**¥-**	**¥-**	¥-	¥-	¥4	¥-	**$-**	**$-**
Interest rate swaps	**-**	**116**	-	174	-	205	**-**	**965**
Total	**¥-**	**¥116**	¥-	¥174	¥4	¥205	**$-**	**$965**

The fair values of derivative liabilities not applying hedge accounting as of March 31, 2015 and 2014 and April 1, 2013 were ¥5 million ($42 thousand), ¥11 million and ¥17 million, respectively.

The contract amounts and notional amounts of the main types of derivatives are as follows:

	Millions of yen			Thousands of U.S. dollars
	March 31, 2015	March 31, 2014	April 1, 2013	**March 31, 2015**
Forward exchange contracts				
To buy foreign currencies	**¥-**	¥-	¥99	**$-**
Interest rate swaps	**¥20,140**	¥20,144	¥25,154	**$167,596**

The amounts recognized in the consolidated statement of profit or loss and the consolidated statement of comprehensive income for the years ended March 31, 2015 and 2014, related to cash flow hedges are detailed in the following tables. There were no derivative transactions designated as a cash flow hedge which, as a result of evaluation of hedge effectiveness, were considered ineffective.

Gain (Loss) Recognized in OCI - Effective Portion of Derivatives Designated as Hedging Instruments

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Forward exchange contracts	**¥-**	¥10	**$-**
Interest rate swaps	**58**	31	**483**
Total	**¥58**	¥41	**$483**

Gain (Loss) Reclassified from OCI into Profit or Loss - Effective Portion of Derivatives Designated as Hedging Instruments

Derivatives	Recognized in profit or loss	Millions of yen **2015**	Millions of yen 2014	Thousands of U.S. dollars **2015**
Forward exchange contracts	Financial expenses	**¥-**	¥15	**$-**
Total		**¥-**	¥15	**$-**

For the years ended March 31, 2015 and 2014, the amounts excluded from equity and included in the acquisition costs of non-financial assets associated with forecasted transactions involving purchases of such non-financial assets as the hedged items were ¥48 million ($399 thousand) (reduction) and ¥36 million (reduction), respectively.

26. Pledged Assets

Assets pledged as collateral and secured liabilities are as follows:

Assets pledged as collateral	Millions of yen **March 31, 2015**	Millions of yen March 31, 2014	Millions of yen April 1, 2013	Thousands of U.S. dollars **March 31, 2015**
Land	**¥688**	¥688	¥953	**$5,725**
Buildings and structures	**-**	203	590	**-**
Total	**¥688**	¥891	¥1,543	**$5,725**

Secured liabilities	Millions of yen **March 31, 2015**	Millions of yen March 31, 2014	Millions of yen April 1, 2013	Thousands of U.S. dollars **March 31, 2015**
Current portion of long-term debt	**¥-**	¥43	¥97	**$-**
Long-term debt	**-**	-	146	**-**
Other financial liabilities	**319**	319	319	**2,655**
Total	**¥319**	¥362	¥562	**$2,655**

27. Principal Subsidiaries

The Company's consolidated financial statements include the following subsidiaries listed below.

As of March 31, 2015

Name of subsidiary	Business location	Description of principal business	Ownership ratio (%)
Hitachi Transport Direx Co., Ltd.	Nishi-ku, Sapporo	Domestic logistics	94.9
Higashinippon Hitachi Transport Service Co., Ltd.	Hitachi, Ibaraki	Domestic logistics	100.0
Kanto Hitachi Transport Service Co., Ltd.	Omiya-ku, Saitama, Saitama	Domestic logistics	100.0
Shutoken Hitachi Transport Service Co. , Ltd.	Koto-ku, Tokyo	Domestic logistics	100.0
Minamikanto Hitachi Transport Service Co., Ltd.	Naka-ku, Yokohama	Domestic logistics	100.0
Chubu Hitachi Transport Service Co., Ltd.	Naka-ku, Nagoya	Domestic logistics	100.0
Nishinippon Hitachi Transport Service Co., Ltd.	Konohana-ku, Osaka	Domestic logistics	100.0
Kyushu Hitachi Transport Service Co., Ltd.	Hisayama-machi, Fukuoka	Domestic logistics	100.0
Hitachi Collabonext Transport System Co., Ltd.	Koto-ku, Tokyo	Domestic logistics	90.0
Hitachi Finenext Transport System Co., Ltd.	Koto-ku, Tokyo	Domestic logistics	90.0
Nisshin Transportation Co., Ltd.	Konohana-ku, Osaka	Global logistics	100.0
VANTEC HTS FORWARDING, Ltd.	Chuo-ku, Tokyo	Global logistics	100.0
Hitachi Travel Bureau, Ltd.	Koto-ku, Tokyo	Travel agency	100.0
Hitachi Distribution Software Co., Ltd.	Koto-ku, Tokyo	Information system development	75.0
Hitachi Auto Service Co., Ltd.	Koto-ku, Tokyo	Automobile sale and inspection service	100.0
Hitachi Transport System (America), Ltd.	Torrance, U.S.A.	Global logistics	100.0
James J. Boyle & Co.	San Francisco, U.S.A.	Global logistics	87.4
Hitachi Transport System (Europe) B.V.	Waardenburg, The Netherlands	Global logistics	100.0
Mars Lojistik Grup Anonim Sirketi	Istanbul, Turkey	Global logistics	65.0
Vantec Hitachi Transport System (Hong Kong) Ltd.	Hong Kong, China	Global logistics	100.0
Hitachi Transport System (Asia) Pte. Ltd.	Singapore	Global logistics	100.0
Hitachi Transport System (Shanghai), Ltd.	Shanghai, China	Global logistics	100.0
Hitachi Transport System (Malaysia) Sdn. Bhd.	Selangor, Malaysia	Global logistics	58.4
ESA s.r.o.	Kladno, Czech Republic	Global logistics	51.0
Hitachi Transport System Vantec (Thailand), Ltd.	Samutprakarn, Thailand	Global logistics	50.1
Vantec Hitachi Transport System (Taiwan) Ltd.	Taipei, Taiwan	Global logistics	83.2
J.P. Holding Company, Inc.	Anderson, U.S.A.	Global logistics	51.0
Flyjac Logistics Pvt. Ltd.	Mumbai, India	Global logistics	100.0
Hitachi Transport System (China), Ltd.	Shanghai, China	Global logistics	100.0
VANTEC CORPORATION	Kawasaki-ku, Kawasaki, Kanagawa	Domestic logistics and global logistics	100.0
Eternity Grand Logistics Public Co., Ltd.	Samutprakarn, Thailand	Global logistics	100.0
Other 81 subsidiaries			

28. Related Party Transactions

(a) Related Party Transactions between the Company and Related Parties

i. The Company and Major Stockholders (corporate entities only)

The Company's parent company is Hitachi, Ltd., which is headquartered in Japan.

For the year ended March 31, 2015		Millions of yen			
Name	Business relation	Description of transactions	Transaction amount	Account	Ending balance
Hitachi, Ltd.	Service revenues, lease of land and warehouse, purchase of equipment, Deposits with Hitachi Group cash pooling system, concurrent directors, etc.	Service revenues	**¥9,987**	Accounts receivable	**¥3,356**
		Interest expenses	**128**	Long-term debt	**40,000**
		Withdrawal of deposits	**2,093**	Deposits	**¥10,946**
		Interest income	**¥6**		

Notes: Transaction terms and policies to determine transaction terms

1. The Company proposes the fees for commissioned work and transportation by considering the fare which has been notified to the Ministry of Land, Infrastructure, Transport and Tourism, market prices and total costs. The fees are determined through price negotiation for each period.
2. Interest rates on deposit to and borrowings from the cash pooling system which the Company entered into contract with the parent company are decided in a rational manner with market interest rates taken into account.

For the year ended March 31, 2014		Millions of yen			
Name	Business relation	Description of transactions	Transaction amount	Account	Ending balance
Hitachi, Ltd.	Service revenues, lease of land and warehouse, purchase of equipment, Deposits with Hitachi Group cash pooling system, concurrent directors, etc.	Service revenues	¥13,692	Accounts receivable	¥4,477
		Interest expenses	119	Long-term debt	40,000
		Withdrawal of deposits	7,804	Deposits	¥13,033
		Interest income	¥18		

Notes: Transaction terms and policies to determine transaction terms

1. The Company proposes the fees for commissioned work and transportation by considering the fare which has been notified to the Ministry of Land, Infrastructure, Transport and Tourism, market prices and total costs. The fees are determined through price negotiation for each period.
2. Interest rates on deposit to and borrowings from the cash pooling system which the Company entered into contract with the parent company are decided in a rational manner with market interest rates taken into account.

For the year ended March 31, 2015		Thousands of U.S. dollars			
Name	Business relation	Description of transactions	Transaction amount	Account	Ending balance
Hitachi, Ltd.	Service revenues, lease of land and warehouse, purchase of equipment, Deposits with Hitachi Group cash pooling system, concurrent directors, etc.	Service revenues	**$83,107**	Accounts receivable	**$27,927**
		Interest expenses	**1,065**	Long-term debt	**332,862**
		Withdrawal of deposits	**17,417**	Deposits	**$91,088**
		Interest income	**$50**		

Notes: Transaction terms and policies to determine transaction terms

1. The Company proposes the fees for commissioned work and transportation by considering the fare which has been notified to the Ministry of Land, Infrastructure, Transport and Tourism, market prices and total costs. The fees are determined through price negotiation for each period.
2. Interest rates on deposit to and borrowings from the cash pooling system which the Company entered into contract with the parent company are decided in a rational manner with market interest rates taken into account.

ii. Companies that have a common parent company of the Company

For the year ended March 31, 2015			Millions of yen		
Name	Business relation	Description of transactions	Transaction amount	Account	Ending balance
Hitachi Capital Corporation	Lease transaction Factoring transaction	Lease transaction	**¥10,347**	Lease obligations	**¥16,693**

Notes: Transaction terms and policies to determine transaction terms

1. The fees of lease transactions are determined by considering market prices and total costs.

For the year ended March 31, 2014			Millions of yen		
Name	Business relation	Description of transactions	Transaction amount	Account	Ending balance
Hitachi Capital Corporation	Lease transaction Factoring transaction	Lease transaction	¥5,560	Lease obligations	¥8,340

Notes: Transaction terms and policies to determine transaction terms

1. The fees of lease transactions are determined by considering market prices and total costs.

For the year ended March 31, 2015			Thousands of U.S. dollars		
Name	Business relation	Description of transactions	Transaction amount	Account	Ending balance
Hitachi Capital Corporation	Lease transaction Factoring transaction	Lease transaction	**$86,103**	Lease obligations	**$138,912**

Notes: Transaction terms and policies to determine transaction terms

1. The fees of lease transactions are determined by considering market prices and total costs.

(b) Transactions between Consolidated Subsidiaries of the Company and Related Parties

Companies that have a common parent company of the Company

For the year ended March 31, 2015			Millions of yen		
Name	Business relation	Description of transactions	Transaction amount	Account	Ending balance
Hitachi Capital Auto Lease Corporation	Purchase of vehicles by installment	Installment purchase	**¥4,967**	Installment payables	**¥6,138**
		Interest expenses	**¥84**		

Notes: Transaction terms and policies to determine transaction terms

1. Prices for installment purchase of vehicles are determined by considering market prices through price negotiation. Interest rates are decided in rational manner with market interest rates taken into account.

For the year ended March 31, 2014			Millions of yen		
Name	Business relation	Description of transactions	Transaction amount	Account	Ending balance
Hitachi Capital Auto Lease Corporation	Purchase of vehicles by installment	Installment purchase	¥4,897	Installment payables	¥5,987
		Interest expenses	¥79		

Notes: Transaction terms and policies to determine transaction terms

1. Prices for installment purchase of vehicles are determined by considering market prices through price negotiation. Interest rates are decided in rational manner with market interest rates taken into account.

For the year ended March 31, 2015			Thousands of U.S. dollars		
Name	Business relation	Description of transactions	Transaction amount	Account	Ending balance
Hitachi Capital Auto Lease Corporation	Purchase of vehicles by installment	Installment purchase	**$41,333**	Installment payables	**$51,078**
		Interest expenses	**$699**		

Notes: Transaction terms and policies to determine transaction terms

1. Prices for installment purchase of vehicles are determined by considering market prices through price negotiation. Interest rates are decided in rational manner with market interest rates taken into account.

(c) Directors' Remuneration

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Short-term employee benefits	**¥725**	¥656	**$6,033**

29. Contingencies

(a) Guarantee Obligations

Certain subsidiaries provide debt guarantees to third parties. The outstanding balance of guarantee obligations as of March 31, 2015 was ¥73 million ($607 thousand).

30. Subsequent Events

Not applicable

31. First-time Adoption of IFRS

The accompanying consolidated financial statements are the Group's first consolidated financial statements prepared in accordance with IFRS. The accounting policies applied in preparing the first IFRS financial statements are described in note 3. Summary of Significant Accounting Policies.

Upon transition to IFRS, the Group's opening consolidated statement of financial position was prepared as of April 1, 2013, the transition date to IFRS, with required adjustments made to the consolidated balance sheet as of April 1, 2013 prepared in accordance with generally accepted accounting principles (Japanese GAAP). The Group has applied the following transition elections, and the effects of the transition to IFRS are presented below.

(a) Exemptions of IFRS 1

IFRS 1 requires the retrospective application of IFRS for companies initially adopting IFRS, however certain exemptions are granted. The Group has applied the following exemptions permitted by IFRS 1. Impacts from applying these provisions are adjusted in retained earnings or AOCI at the transition date.

- **Business Combinations**
  The Group has elected not to apply IFRS 3 "Business Combinations" retrospectively to business combinations which occurred prior to the transition date.

- **Foreign Currency Translation Adjustments**
  Cumulative foreign currency translation adjustments are deemed to be zero as of the transition date.

- **Designation of Financial Instruments Recognized prior to Transition Date**
  The Group has elected to use facts and circumstances that existed as of the transition date in applying the classification standard under IFRS 9 "Financial Instruments," and designated equity financial assets as financial assets at FVTOCI, with some exceptions.

(b) IFRS 1 Mandatory Exceptions

IFRS 1 prohibits retrospective application of IFRS with respect to "accounting estimates," "derecognition of financial assets and liabilities," "hedge accounting" and "non-controlling interests." The Group has applied the relevant IFRSs to these transactions prospectively from the transition date.

(c) Reconciliations

Reconciliation of Equity as of the Transition Date (April 1, 2013)

Account name under Japanese GAAP	Millions of yen				Notes	Account name under IFRS
	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS		
Assets						Assets
Current assets						Current assets
Cash	¥13,425	¥19,627	¥5	¥33,057	A	Cash and cash equivalents
Trade receivables: Accounts and notes	97,024	4,826	47	101,897	B	Trade receivables
Investment in leases	5,532	(5,532)	-	-		
Merchandise	362	510	(165)	707		Inventories
Work in process	112	(112)	-	-		
Raw materials and supplies	398	(398)	-	-		
Deposit to the parent company	22,269	(22,269)	-	-		
Deferred tax assets	4,805	(4,805)	-	-		
Other current assets	9,148	(1,851)	(8)	7,289		Other financial assets
		4,458	170	4,628		Other current assets
Less allowance for doubtful receivables	(740)	741	(1)	-		
Total current assets	152,335	(4,805)	48	147,578		Total current assets
Non-current assets						Non-current assets
		1,140	-	1,140		Investments accounted for using the equity method
Total property and equipment, net	140,307	(4,251)	9,751	145,807	C	Property, plant and equipment
Goodwill	26,329	-	(261)	26,068	D	Goodwill
Customer-related intangible assets	28,752	(28,752)	-	-		
Other intangible assets	6,210	28,752	1,176	36,138	E	Intangible assets
Deferred tax assets	4,478	4,805	(426)	8,857	F	Deferred tax assets
Investment in securities	3,217	9,116	2,065	14,398	G	Other financial assets
Total investments and other assets	12,697	(6,042)	1,625	8,280		Other non-current assets
Less allowance for doubtful receivables	(119)	37	82	-		
Total non-current assets	221,871	4,805	14,012	240,688		Total non-current assets
Total assets	¥374,206	¥-	¥14,060	¥388,266		Total assets

Account name under Japanese GAAP	Millions of yen				Notes	Account name under IFRS
	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS		
Liabilities						Liabilities
Current liabilities						Current liabilities
Trade payables: Accounts and notes	¥42,741	¥-	¥92	¥42,833		Trade payables
Short-term bank loans	9,393	-	-	9,393		Short-term debt
Current portion of long-term debt	26,064	4,975	-	31,039	H	Current portion of long-term debt
Current portion of bonds	2,000	(2,000)	-	-		
Lease obligations	2,245	(2,975)	730	-		
Income taxes payable	4,451	-	-	4,451		Income tax payable
Accrued expenses	18,164	(18,164)	-	-		
		12,268	(43)	12,225		Other financial liabilities
Other current liabilities	15,822	5,860	1,414	23,096	I	Other current liabilities
Total current liabilities	120,880	(36)	2,193	123,037		Total current liabilities
Non-current liabilities						Non-current liabilities
Long-term debt	32,165	7,121	-	39,286	J	Long-term debt
Lease obligations	6,243	(7,121)	878	-		
Accrued retirement benefits for directors	16,608	-	12,013	28,621	K	Retirement and severance benefits
Deferred tax liabilities	13,737	36	(808)	12,965		Deferred tax liabilities
Provision for directors' retirement benefits	619	(619)	-	-		
		8,046	197	8,243		Other financial liabilities
Other non-current liabilities	9,050	(7,427)	272	1,895		Other non-current liabilities
Total non-current liabilities	78,422	36	12,552	91,010		Total non-current liabilities
Total liabilities	199,302	-	14,745	214,047		Total liabilities
Net assets						Equity
Shareholders' equity						Equity attributable to stockholders of the parent company
Common stock	16,803	-	-	16,803		Common stock
Additional paid-in capital	13,428	-	(424)	13,004	L	Capital surplus
Retained earnings	139,115	-	(966)	138,149	M	Retained earnings
Total accumulated other comprehensive income	159	-	1,213	1,372		Accumulate other comprehensive income
Treasury stock, at cost	(178)	-	-	(178)		Treasury stock, at cost
	169,327	-	(177)	169,150		Total equity attributable to stock holders of the parent company
Minority interests	5,577	-	(508)	5,069		Non-controlling interests
Total net assets	174,904	-	(685)	174,219		Total equity
Total liabilities and net assets	¥374,206	¥-	¥14,060	¥388,266		Total liabilities and equity

Reconciliation of Equity as of March 31, 2014

Account name under Japanese GAAP	Millions of yen				Notes	Account name under IFRS
	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS		
Assets						Assets
Current assets						Current assets
Cash	¥17,397	¥16,217	¥-	¥33,614	A	Cash and cash equivalents
Trade receivables: Accounts and notes	111,269	5,064	66	116,399	B	Trade receivables
Investment in leases	5,903	(5,903)	-	-		
Merchandise	564	627	(107)	1,084		Inventories
Work in process	71	(71)	-	-		
Raw materials and supplies	556	(556)	-	-		
Deposit to the parent company	16,597	(16,597)	-	-		
Deferred tax assets	4,728	(4,728)	-	-		
Other current assets	12,809	(6,733)	(1)	6,075		Other financial assets
		7,095	(98)	6,997		Other current assets
Less allowance for doubtful receivables	(857)	857	-	-		
Total current assets	169,037	(4,728)	(140)	164,169		Total current assets
Non-current assets						Non-current assets
		1,360	34	1,394		Investments accounted for using the equity method
Total property and equipment, net	159,207	(3,767)	6,631	162,071	C	Property, plant and equipment
Goodwill	29,911	-	657	30,568	D	Goodwill
Customer-related intangible assets	35,681	(35,681)	-	-		
Other intangible assets	6,098	35,681	800	42,579	E	Intangible assets
Deferred tax assets	7,721	4,728	(3,229)	9,220	F	Deferred tax assets
Investment in securities	3,074	10,416	2,193	15,683	G	Other financial assets
Net defined benefit asset	3,701	(3,701)	-	-		
Other intangible assets	13,420	(4,343)	35	9,112		Other non-current assets
Less allowance for doubtful receivables	(117)	35	82	-		
Total non-current assets	258,696	4,728	7,203	270,627		Total non-current assets
Total assets	¥427,733	¥-	¥7,063	¥434,796		Total assets

Account name under Japanese GAAP	Millions of yen				Notes	Account name under IFRS
	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS		
Liabilities						Liabilities
Current liabilities						Current liabilities
Trade payables: Accounts and notes	¥50,072	¥-	¥(120)	¥49,952		Trade payables
Short-term bank loans	11,392	-	-	11,392		Short-term debt
Current portion of long-term debt	11,139	3,042	-	14,181	H	Current portion of long-term debt
Lease obligations	2,633	(3,042)	409	-		
Income taxes payable	6,106	-	-	6,106		Income tax payable
Accrued expenses	19,391	(19,391)	-	-		
		22,763	(317)	22,446		Other financial liabilities
Other current liabilities	26,442	(3,442)	1,641	24,641	I	Other current liabilities
Total current liabilities	127,175	(70)	1,613	128,718		Total current liabilities
Non-current liabilities						Non-current liabilities
Long-term debt	54,332	10,136	-	64,468	J	Long-term debt
Lease obligations	9,745	(10,136)	391	-		
Net defined benefit liability	29,906	-	(1)	29,905	K	Retirement and severance benefits
Deferred tax liabilities	15,101	70	(717)	14,454		Deferred tax liabilities
Accrued retirement benefits for directors	506	(506)	-	-		
		8,414	174	8,588		Other financial liabilities
Other non-current liabilities	9,567	(7,908)	241	1,900		Other non-current liabilities
Total non-current liabilities	119,157	70	88	119,315		Total non-current liabilities
Total liabilities	246,332	-	1,701	248,033		Total liabilities
Net assets						Equity
Shareholders' equity						Equity attributable to stockholders of the parent company
Common stock	16,803	-	-	16,803		Common stock
Additional paid-in capital	13,428	-	(696)	12,732	L	Capital surplus
Retained earnings	139,313	-	1,394	140,707	M	Retained earnings
Total accumulated other comprehensive income	(682)	-	4,914	4,232		Accumulate other comprehensive income
Treasury stock, at cost	(179)	-	-	(179)		Treasury stock, at cost
	168,683	-	5,612	174,295		Total equity attributable to stockholders of the parent company
Minority interests	12,718	-	(250)	12,468		Non-controlling interests
Total net assets	181,401	-	5,362	186,763		Total equity
Total liabilities and net assets	¥427,733	¥-	¥7,063	¥434,796		Total liabilities and equity

Notes to Reconciliation of Equity

A Cash and cash equivalents

(Reclassification)

Under Japanese GAAP, “Deposit to the parent company” was separately presented, but it is included in “Cash and cash equivalents” under IFRS. In addition, time deposits with a maturity of three months or more are included in “Other financial assets.”

B Trade receivables

(Reclassification)

Under Japanese GAAP, “Investment in leases” and “Less allowance for doubtful receivables” were separately presented in current assets, but they are included in “Trade receivables” under IFRS.

C Property, plant and equipment

(Reclassification)

Under Japanese GAAP, “Building and structures,” “Machinery, equipment and vehicles,” “Tools, furniture and fixtures,” “Land,” “Leased assets,” and “Construction in progress” were separately presented, but they are included in “Property, plant and equipment” under IFRS.

(Differences in recognition and measurement)

(i) Reduction entry of grants other than government grants

Under Japanese GAAP, certain property, plant and equipment acquired with government grants or by an exchange or expropriation of the same type and for the same use were stated at cost less the amount equivalent to the grants. Under IFRS, only government grants are permitted to be deducted from the cost in determining the carrying amount of the asset. As a result, “Property, plant and equipment” increased by ¥9,164 million at the transition date and by ¥6,865 million as of March 31, 2014.

(ii) Recognition of impairment losses

Under Japanese GAAP, if an indicator of possible impairment of a fixed asset existed and the carrying amount of the asset exceeded its undiscounted future cash flows, the excess of the carrying amount over the fair value was recognized as impairment losses. Under IFRS, if an indicator of possible impairment of a fixed asset exists, the excess of the carrying amount of the asset over its recoverable amount, which is the higher of value in use and fair value less costs to dispose, is recognized as impairment losses. As a result, an impairment loss of ¥1,518 million was recognized at the transition date. The impairment loss was related to land and recognized due to a decline in profitability, etc. Value in use is calculated by discounting estimated future cash flows based on the business plan approved by management. The discount rate is determined based on a pre-tax weighted average cost of capital (4.0%) of the cash generating unit. Impairment losses are included in the domestic logistics segment.

(iii) Reversal of impairment losses

Under Japanese GAAP, reversal of impairment losses is not permitted. Under IFRS, at end of each reporting period, the Group assesses whether there is any indication that impairment losses in prior periods no longer exist or have decreased. If such indication exists, the Group estimates the recoverable amount of those assets. If the recoverable amount exceeds the carrying amount of those assets, a reversal of impairment losses is recognized. The carrying amount after the reversal of the impairment losses shall not exceed the carrying amount (after deducting accumulated depreciation) determined if no impairment losses have been recognized. As a result, a reversal of impairment losses of ¥619 million was recognized at the transition date. The reversal of impairment losses was related to land and buildings and recognized due to a recovery of profitability, etc. Value in use is calculated by discounting estimated cash flows based on the business plan approved by management. The discount rate is calculated based on a pre-tax weighted average cost of capital (4.0%) of the cash generating unit. Reversal of impairment losses is included in the domestic logistics segment.

D Goodwill

(Differences in recognition and measurement)

Under Japanese GAAP, goodwill was amortized over certain periods, but not amortized under IFRS. Accordingly, goodwill increased by ¥657 million as of March 31, 2014.

E Intangible assets

(Reclassification)

Under Japanese GAAP, “Customer-related intangible assets” and “Other intangible assets” were separately presented, but they are included in “Intangible assets” under IFRS.

F Deferred tax assets

(Reclassification)

Under Japanese GAAP, deferred tax assets were presented in “Current assets” and “Non-current assets.” Under IFRS, since deferred tax assets shall not be included in “Current assets,” all deferred tax assets are presented in “Non-current assets.”

(Differences in recognition and measurement)

Deferred tax assets are recognized for temporary differences arising from other IFRS adjustments.

G Other financial assets

(Reclassification)

Under Japanese GAAP, guarantee deposits were presented in “Other assets” of “Investment and other assets.” Under IFRS, they are included in “Other financial assets.”

(Differences in recognition and measurement)

Under Japanese GAAP, securities of which fair value was not readily determinable were stated at cost. Under IFRS, securities are stated at fair value regardless of existence of active market for such instruments. Accordingly, “Other financial assets” in “Non-current assets” increased by ¥2,176 million at the transition date and by ¥2,270 million as of March 31, 2014.

H Current portion of long-term debt

(Reclassification)

Under Japanese GAAP, “Current portion of long-term debt,” “Current portion of bonds,” and “Lease obligations” were presented separately, but they are included in “Current portion of long-term debt” under IFRS.

I Other current liabilities

(Differences in recognition and measurement)

Unused paid vacation, which was not recognized under Japanese GAAP, is recognized as liabilities under IFRS.

As a result, “Other current liabilities” increased by ¥1,265 million at the transition date and by ¥1,269 million as of March 31, 2014.

J Long-term debt

(Reclassification)

Under Japanese GAAP, "Long-term debt" and "Lease obligations" were separately presented, but they are included in "Long-term debt" under IFRS.

K Retirement and severance benefits

(Differences in recognition and measurement)

Under Japanese GAAP, actuarial gains and losses were amortized using the straight-line method over the employees' average remaining service period at the time of occurrence. Under IFRS, actuarial gains and losses are recognized in OCI when incurred. Also, the retirement benefit obligation was allocated to periods of service on a straight-line basis under Japanese GAAP, but is allocated on a benefit formula basis under IFRS. As a result, "Retirement and severance benefits" increased by ¥12,039 million at the transition date.

To adjust the above standard differences, AOCI under Japanese GAAP at the transition date was fully reclassified to retained earnings.

L Capital surplus

(Differences in recognition and measurement)

(i) Accounting for past stock issue cost

Stock issue cost was recognized as an expense under Japanese GAAP but is required to be deducted from capital under IFRS. As a result, "Capital surplus" decreased by ¥424 million at the transition date.

(ii) Changes in parent's ownership interest in subsidiaries that do not result in a loss of control

In adopting IFRS, changes in the Group's ownership interests in subsidiaries that do not result in a loss of control are recognized as an equity transaction under IFRS. Accordingly, "Capital surplus" as of March 31, 2014 decreased by ¥272 million.

M Retained earnings

(Differences in recognition and measurement)

Under IFRS, cumulative foreign currency translation adjustments at the transition date may be deemed to be zero.

Accordingly, currency translation adjustments of ¥8 million in "Accumulated other comprehensive income" at the transition date were fully reclassified to "Retained earnings."

Other IFRS transition effects are as follows. Figures in parenthesis represent losses.

	Millions of yen	
	April 1, 2013	March 31, 2014
Reversal of reduction entry for property, plant and equipment	¥6,458	¥4,419
Employee benefits	(6,880)	(3,653)
Non-amortized goodwill	-	1,835
Impairment of property, plant and equipment	(1,232)	(1,017)
Other	688	(190)
Total	¥(966)	¥1,394

Reconciliation of Profit or Loss for the Year Ended March 31, 2014

Account name under Japanese GAAP	Japanese GAAP (Millions of yen)	Reclassification (Millions of yen)	Differences in recognition and measurement (Millions of yen)	IFRS (Millions of yen)	Notes	Account name under IFRS
Service revenues	¥624,504	¥-	¥962	¥625,466	a	Revenues
Cost of services	(563,046)	-	(682)	(563,728)	b	Cost of sales
Gross profit	61,458	-	280	61,738		Gross profit
Selling, general and administrative expenses	(40,466)	763	1,527	(38,176)	b	Selling, general and administrative expenses
		1,393	(600)	793	c	Other income
		(6,558)	(2,207)	(8,765)	d	Other expenses
Operating income	20,992	(4,402)	(1,000)	15,590		Operating income
Non-operating income	1,030	(1,030)	-	-		
Non-operating expenses	(2,061)	2,061	-	-		
Extraordinary income	914	(914)	-	-		
Extraordinary losses	(5,386)	5,386	-	-		
		286	227	513	e	Financial income
		(1,607)	(53)	(1,660)	f	Financial expenses
		220	55	275	g	Share of profits of investments accounted for using the equity method
Income before income taxes and minority interests	15,489	-	(771)	14,718		Income before income taxes
Total income taxes	(9,657)	-	650	(9,007)		Income taxes
Income before minority interests	5,832	-	(121)	5,711		Net income
						Net income attributable to:
Net income	¥5,433	¥-	¥(95)	¥5,338		Stockholders of the parent company
Minority interests	399	-	(26)	373		Non-controlling interests

Reconciliation of Comprehensive Income for the Year Ended March 31, 2014

Account name under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Account name under IFRS
	Millions of yen					
Income before minority interests	¥5,832	¥-	¥(121)	¥5,711		Net income
Other comprehensive income						Other comprehensive income (OCI)
						Items not to be reclassified into net income
Net unrealized holding gains on other securities	15	-	54	69	h	Net changes in financial assets measured at fair value through OCI
Remeasurements of defined benefit plans, net of tax	559	-	(486)	73	i	Remeasurements of defined benefit plans
				142		Total items not to be reclassified into net income
						Items that can be reclassified into net income
Foreign currency translation adjustments	2,979	-	245	3,224	j	Foreign currency translation Adjustments
Deferred gains on hedges	19	-	15	34	k	Net changes in cash flow hedges
Share of other comprehensive income of affiliates accounted for by the equity method	139	-	(1)	138		Share of OCI of investments accounted for using the equity method
				3,396		Total items that can be reclassified into net income
Total other comprehensive income	3,711	-	(173)	3,538		Other comprehensive income (OCI)
Comprehensive income	¥9,543	¥-	¥(294)	¥9,249		Comprehensive income
Comprehensive income attributable to:						Comprehensive income attributable to:
Shareholders of the parents	8,408	-	(201)	8,207		Stockholders of the parent company
Minority interests	1,135	-	(93)	1,042		Non-controlling interests

Notes to Reconciliations of Profit or Loss and Other Comprehensive Income

a Revenues

(Differences in recognition and measurement)

(i) Revenue recognition of installment and lease transactions

Under Japanese GAAP, revenue was recognized when payments are received for installment sales and at the acceptance of lease payments for lease transactions. Under IFRS, if interest components are included in consideration of installment sales and lease transactions, such interest shall be recognized with the passage of time as financial income. As a result, “Revenues” and “Financial income” increased by ¥965 million and by ¥247 million, respectively.

In addition, there were changes in revenues from heavy machinery construction, software development and sales business and forwarding business due to revenue recognition differences.

b Cost of sales and selling, general and administrative expenses

(Differences in recognition and measurement)

(i) Non-amortization of goodwill

Under Japanese GAAP, goodwill was amortized over the period the benefit would continue. Under IFRS, goodwill is not amortized, and accordingly “Selling, general and administrative expenses” decreased by ¥1,835 million.

(ii) Costs related to retirement and severance benefits

Under Japanese GAAP, actuarial gains and losses and prior service costs incurred were amortized over certain periods. Under IFRS, actuarial gains and losses incurred are recognized as OCI, and prior service costs shall be recognized in profit or loss when incurred. Accordingly, the aggregate of “Cost of sales” and “Selling, general and administrative expenses” decreased by ¥711 million.

c Other income

(Reclassification)

Accounts such as “Others”, which were classified as non-operating income, and “Gain on sales of property and equipment”, which were classified as extraordinary income under Japanese GAAP, are included in “Other income” under IFRS.

(Differences in recognition and measurement)

“Gain on sales of property and equipment” under Japanese GAAP included sales of property, plant and equipment subject to reduction entry for grants received other than government grants. Since the carrying amount of the property, plant and equipment was adjusted under IFRS, “Gain on sales of property, plant and equipment” decreased by ¥579 million.

d Other expenses

(Reclassification)

Accounts such as “Others” classified to non-operating expense and “Loss on sales of property and equipment,” “Loss on disposal of property and equipment,” and “Expenses for business structural reform” to extraordinary loss under Japanese GAAP are included in “Other expenses” under IFRS.

(Differences in recognition and measurement)

“Gain on sales of property and equipment” under Japanese GAAP included sales of property, plant and equipment subject to reduction entry of grants other than government grants. Since the carrying amount of such property, plant and equipment are adjusted under IFRS, “Loss on sales of property, plant and equipment” increased by ¥2,115 million.

e Financial income

(Reclassification)

Under Japanese GAAP, “Interest income” and “Dividend income” were presented in non-operating income, but they are included in “Financial income” under IFRS.

In addition, finance-related income, which was presented as “Other” in non-operating and extraordinary income under Japanese GAAP, is included in “Financial income” under IFRS.

f Financial expenses

(Reclassification)

Under Japanese GAAP, “Interest expenses” was presented in non-operating expenses, but it is included in “Financial expenses” under IFRS.

In addition, finance-related expenses, which were presented as “Other” in non-operating expenses and extraordinary loss under Japanese GAAP, are included in “Financial expenses” under IFRS.

g Share of profits of investments accounted for using the equity method

(Reclassification)

Under Japanese GAAP, “Equity in earnings of affiliated companies” was presented in non-operating income, but it is separately presented as “Share of profits of investments accounted for using the equity method” under IFRS.

(Differences in recognition and measurement)

Under Japanese GAAP, amortization of the goodwill equivalent arising from the equity method investments was included in “Equity in earnings of affiliated companies.” Under IFRS, the goodwill equivalent is not amortized, and accordingly “Share of profits of investments accounted for using the equity method” increased by ¥40 million.

h Net changes in financial assets measured at fair value through OCI

(Differences in recognition and measurement)

Under Japanese GAAP, securities for which fair value was not readily determinable were measured at cost. Under IFRS, securities are stated at fair value regardless of the existence of an active market.

i Remeasurements of defined benefit plans

(Differences in recognition and measurement)

Under Japanese GAAP, actuarial gains and losses were amortized from the fiscal year following the year in which they occurred, using the straight line method over the employees’ average remaining service period at the time of occurrence. Under IFRS, actuarial gains and losses are recognized in OCI as “Remeasurements of defined benefit plans” when they occur.

j Foreign currency translation adjustments

(Differences in recognition and measurement)

Under Japanese GAAP, the share of minority interests of insolvent companies was attributed to the parent company. Under IFRS, the share of non-controlling interests is attributed to non-controlling interests. As a result, “Foreign currency translation adjustments” increased.

k Net changes in cash flow hedges

(Differences in recognition and measurement)

Under Japanese GAAP, interest rate swaps were not measured at fair value, but net cash received or paid is added to or deducted from interest related to such assets or liabilities because they meet certain conditions stipulated in Japanese GAAP.

Under IFRS, this accounting method (the special method) is not permitted, and therefore interest rate swaps are measured at fair value. As a result, “Net changes in cash flow hedges” increased.

Reconciliation of Cash Flows for the Year Ended March 31, 2014

There are no material differences between the consolidated statement of cash flows under Japanese GAAP and IFRS.

Building a better
working world

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Independent Auditor's Report

The Board of Directors
Hitachi Transport System, Ltd.

We have audited the accompanying consolidated financial statements of Hitachi Transport System, Ltd. and its consolidated subsidiaries, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for the year then ended and notes to the consolidated financial statements.

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 International Financial Reporting Standards, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we 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 the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls 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. 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 referred to above present fairly, in all material respects, the consolidated financial position of Hitachi Transport System, Ltd. and its consolidated subsidiaries as at March 31, 2015, and their consolidated financial performance and cash flows for the year then ended in conformity with International Financial Reporting Standards.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 4.

Ernst & Young ShinNihon LLC

June 23, 2015
Tokyo, Japan

Hitachi Transport System, Ltd.

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