2009
Annual Report

For the year ended March 31, 2009

TONAMI HOLDINGS CO., LTD.

Capitalizing on expertise originally gained in the road haulage industry, the Tonami Group has always been a trailblazer in the field of logistics.

We were among the first in the industry to introduce computer systems. In recent years, we have taken systematized distribution services fully utilizing IT to new heights. In particular, our third-party logistics (3PL), which offers companies the optimum solutions to their logistics needs, has enabled us to cultivate a loyal and growing customer base.

With the establishment of Tonami Holdings Co., Ltd., we have entered a new phase of development. We intend to bring the accumulated expertise and business know-how of the Tonami Holdings Group into full play not only in the field of logistics but also in related businesses and new fields.

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

By vigorously engaging in initiatives and businesses that contribute to local communities and the environment, we aim to be an enterprise needed and welcomed by society. We are convinced that it is a big stride toward realization of our vision: "More Than Transportation."

We Want to Deliver Value a Stride Ahead

Contents

Forward-Looking Statements

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

Consolidated Financial Highlights

TONAMI HOLDINGS CO., LTD.
AND CONSOLIDATED SUBSIDIARIES

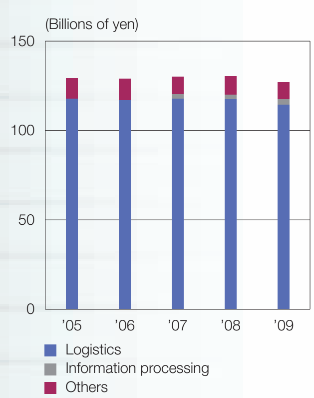
Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
FOR THE YEAR:			
Operating revenues	¥126,930	¥130,188	$1,292,172
Logistics	114,646	117,614	1,167,118
Information processing	2,829	2,446	28,800
Others	9,455	10,128	96,254
Operating income	670	1,887	6,821
Net income (loss)	244	(911)	2,484
PER SHARE (Yen and U.S. dollars):			
Net income (loss), basic	¥ 2.69	¥ (10.03)	$ 0.0274
Net income, diluted	2.47	—	0.0251
Cash dividends	5.00	6.00	0.0509
AT YEAR-END:			
Total assets	¥113,141	¥112,511	$1,151,797
Total net assets	44,882	45,962	456,907

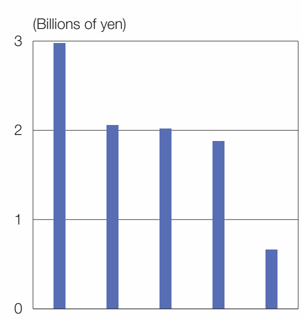
Notes: 1. U.S. dollar amounts presented herein are included solely for convenience. The rate of ¥98.23 = U.S.$1, prevailing on March 31, 2009, has been used for the translation into U.S. dollar amounts.

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

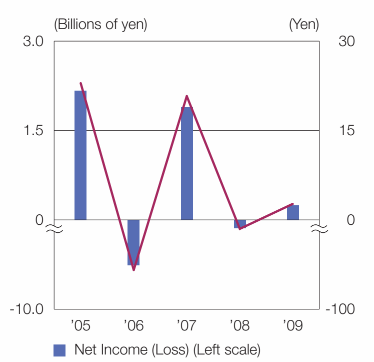
Operating Revenues by Business Segment



Operating Income



Net Income (Loss) and Net Income (Loss) per Share, basic



To Our Shareholders and Investors

Chairman, Yoshihiro Minami

President, Katsusuke Watanuki

Operating Environment and Business Results

During the fiscal year ended March 31, 2009, there was mounting concern about the possibility of further deterioration of the Japanese economy as weak stock prices and appreciation of the yen adversely affected corporate earnings amid rapid deceleration of the world economy brought about by turmoil in U.S. financial markets.

In the distribution industry, the business environment remained challenging. A large decline in domestic and international freight transport volumes owing to production cuts and moves to reduce inventories in line with the rapid deterioration of the economy resulted in a worsening of the balance between revenues and expenditures.

In these circumstances, the Tonami Group launched the 18th three-year medium-term business plan in April 2008. The Group completed the shift to a holding company structure on October 1, 2008. Eyeing possibilities of M&A and business partnerships, we endeavored to become a highly profitable concern that delivers high added value through expansion of the third-party logistics (3PL) business, so as to increase the Group's enterprise value. In these endeavors, we adhered to our fundamental policy of providing our customers with high-quality services that are highly valued and inspire their trust in the Tonami Group.

In particular, we have positioned the 3PL business as a high-priority business, seeking to strengthen our sales and marketing capabilities by focusing on the proposal of a system that optimizes the entire flow of activities from raw materials procurement and purchasing to final delivery as well as on improvement of logistics. We have worked to increase synergy between the 3PL business and the mainstay road haulage business.

Despite these efforts, owing to the rapid slowdown of the economy, the volume of freight transport in the mainstay road haulage business began declining in the third quarter, with the decline being especially marked in the fourth quarter. Although the increase in the number of consolidated subsidiaries was a factor increasing operating revenues, consolidated operating revenues for the year under review decreased 2.5% or ¥3,258 million from the previous year to ¥126,930 million.

With regard to profits, despite efforts to improve overall efficiency by increasing transport efficiency, integrating operations, and cutting indirect expenses, a rapid decline in the freight volume handled had a heavy impact on profitability. Operating income plunged 64.5% or ¥1,217 million to ¥670 million. Net income amounted to ¥244 million, an improvement of ¥1,155 million from the net loss recorded for the previous year. Whereas a loss on impairment of property and equipment was recorded as an extraordinary loss for the previous year, there was no such item this year.

Total annual dividends for the year ended March 2009 amount to ¥5 per share, including the interim dividend of ¥3 per share.

Regarding the results by business segment, operating revenues from logistics-related businesses were ¥114,646 million, a decrease of 2.5% or ¥2,968 million from the previous year. Although the increase in the number of consolidated subsidiaries had a positive impact on revenues and we made a concerted effort to expand the scope of business by promoting the 3PL business as a high-priority business and developing logistics solutions, lower operating revenues reflected a sharp decrease in the volume of freight transport of the road haulage operations in the truck transport business and the freight forwarding business.

Operating revenues from the information processing business increased 15.6% or ¥383 million from the previous year to ¥2,829 million.

Operating revenues from other businesses, which include automobile repair and merchandising, decreased 6.6% or ¥673 million from the previous year to ¥9,455 million.

Outlook for the Year Ending March 2010

Although the global economy appears to be stabilizing, albeit slowly, after a sharp deceleration, a decisive recovery is not expected to materialize for some time and the outlook for the Japanese economy will remain uncertain. Management expects the business environment to remain a source of concern throughout the fiscal year ending March 2010 owing to negative factors, such as the sluggishness of the volume of freight transport in Japan and overseas.

For the fiscal year ending March 2009, we intend to promote reshaping of the operations to strengthen the fundamentals through improvement of profitability. As a result, we expect operating revenues of ¥118.9 billion, a decrease of 6.3% year on year, operating income of ¥1,450 million, an increase of 116.7%, and net income of ¥1,150 million, an increase of 371.3%.

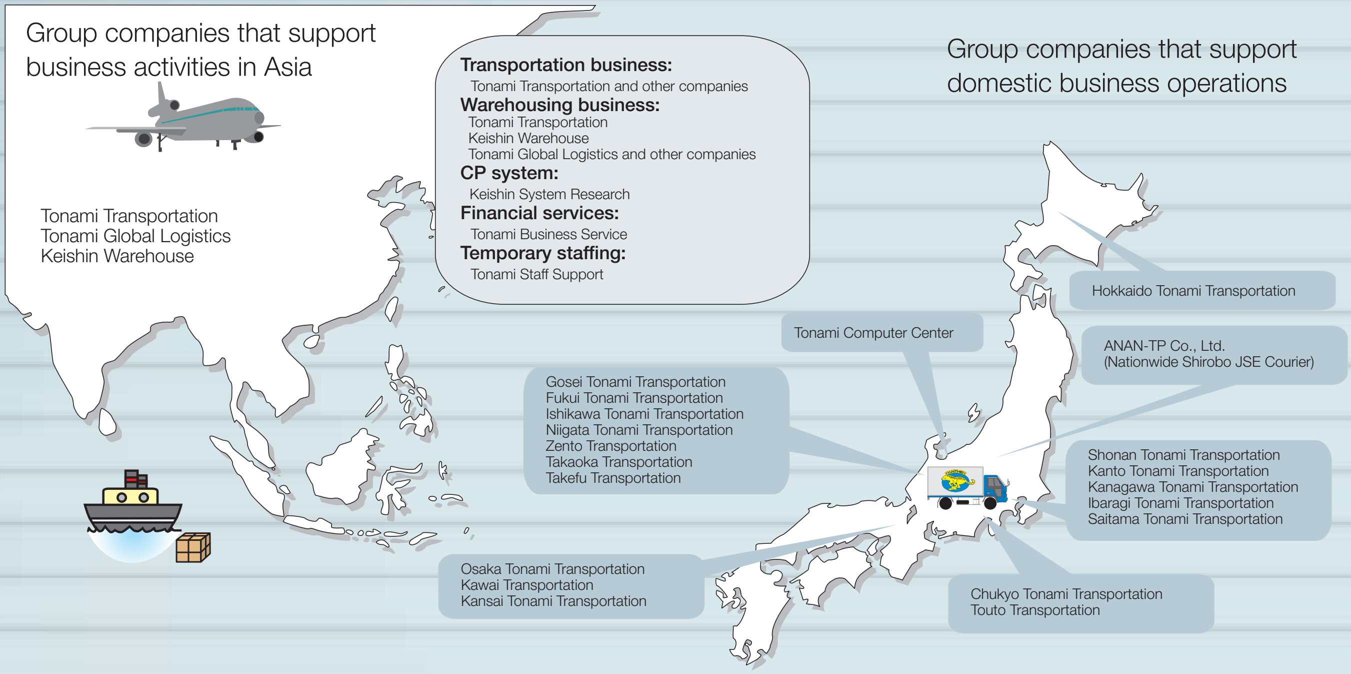
We will continue to strive to improve business performance so as to meet the expectations of our shareholders. We request your continued support of our endeavors.

June 2009

Yoshihiro Minami
Chairman and Representative Director

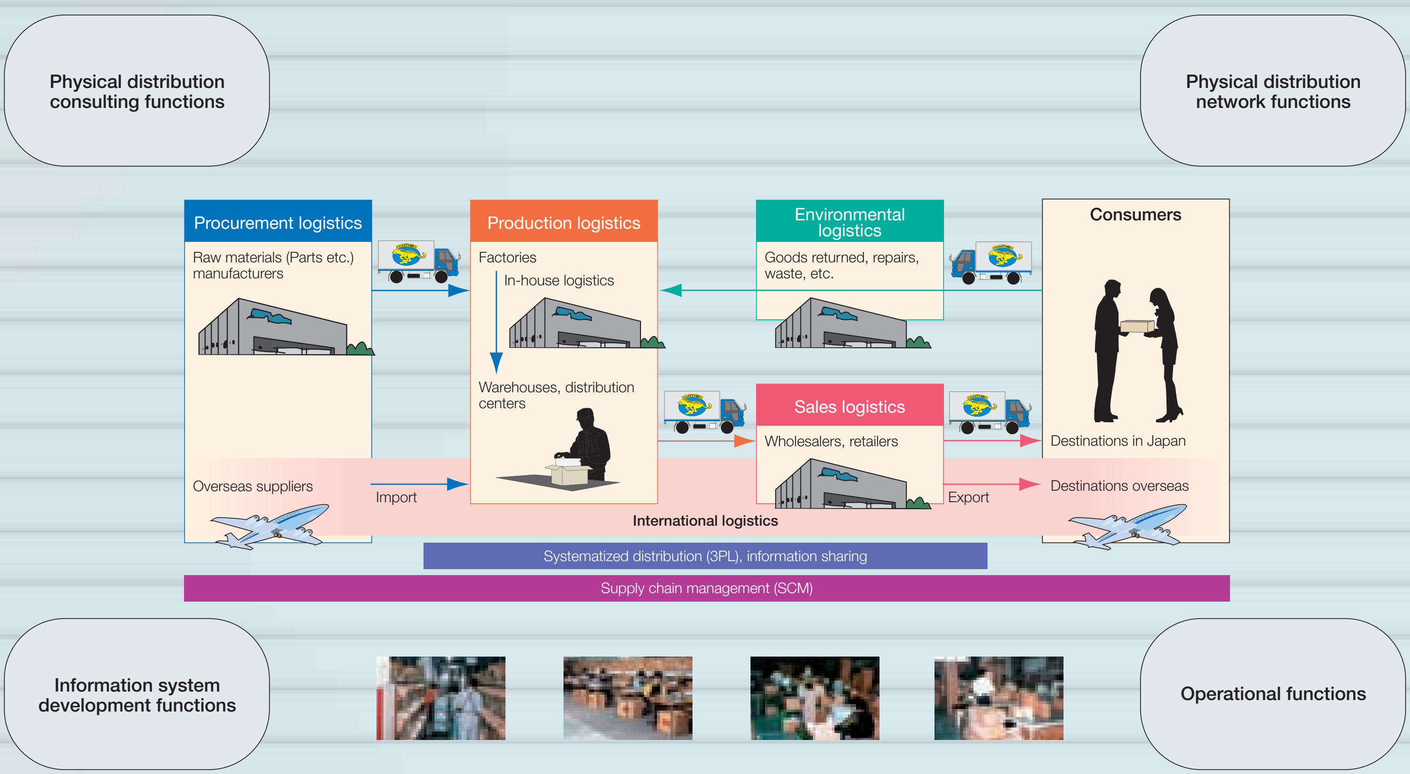
Katsusuke Watanuki
President and Representative Director

Operating Subsidiaries and Affiliates



Tonami Trading, Toyo Gomu Hokuriku Hanbai, Toyama Jizake Hanbai,
Toyo Tire Toyama shop, ATS, Jessco, Takaoka Cable Network, Shogawa Kanko, etc.

Tonami Logistics Solutions



As of October 1, 2008, the Company adopted a pure holding company system and started operating under the trade name Tonami Holdings Co., Ltd.
At a meeting of the Board of Directors held on October 1, 2008, the Company passed a resolution concerning a basic policy for internal control systems. The Company, with the Internal Control Committee in a central role, is constructing sound internal control systems based on the policy with the aim of increasing the corporate value of the Tonami Holdings Group.

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

1) Basic Explanation of the Management Organization

The Board of Directors of the Company is the organization responsible for important matters concerning business policy and business strategy. It convenes, in principle, once a month in accordance with the Board of Directors Regulations. Meetings of the Board of Directors are held as necessary, enabling the directors to attain mutual understanding and engage in mutual supervision of the execution of business. The Board of Directors deliberates and makes decisions on important matters concerning business policy and business strategy. The Board of Directors utilizes the services of outside experts as necessary to prevent violations of the law or the Articles of Incorporation.

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

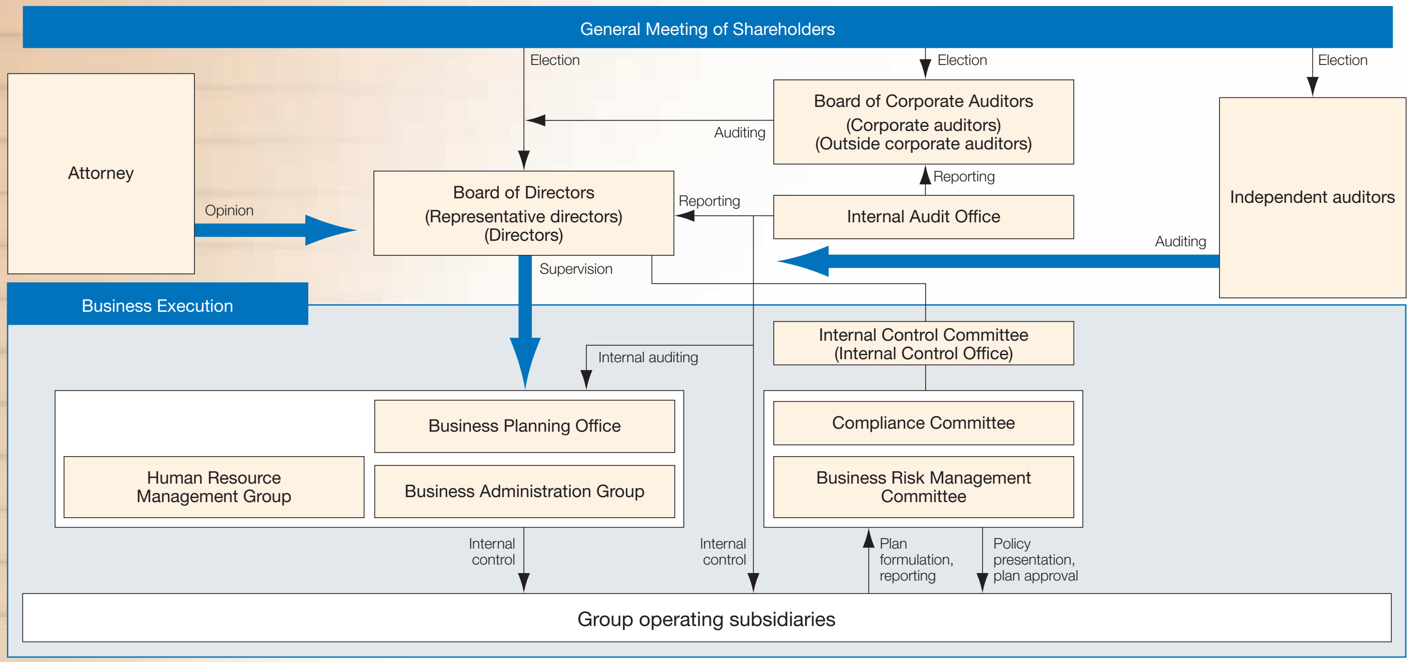
The corporate auditors, including the outside corporate auditors, audit the execution of business by the directors in accordance with the auditing policy and task assignments decided by the Board of Corporate Auditors. In the event that a director discovers a violation of the law or the Articles of Incorporation on the part of another director, the director is required to promptly report the violation to the Corporate Auditors and the Board of Directors and a remedy will be sought. The Company also has an internal auditing unit, the Internal Audit Office, which is an organization independent of the business units. The Company employs an executive officer system and separates responsibility of directors for business supervision from that of executive officers for the execution of business.

The Company has established the Tonami Group Employee Code of Conduct as the foundation of the Group's compliance system. In order to promote construction of internal control systems, the Company has established the Internal Control Committee, which is chaired by the president, and its subordinate organizations: the Internal Control Supervisor Committee and the Internal Control Office. The Company has established the Compliance Committee, a compliance control organization, and the Business Risk Management Committee, the cornerstone of the risk management structure, for control, operation and provision of training in order to maintain and enhance internal control systems.

Furthermore, in order to ensure appropriateness of operations of operating subsidiaries, the Company has established the Tonami Group Employee Code of Conduct and the Group Operation Regulations, which apply to all operating subsidiaries. Individual operating subsidiaries have established their own regulations based on the Group Operation Regulations.

With regard to administration of operating subsidiaries, the Group Company Administration Procedures specify matters requiring approval by the headquarters and those to be reported.

2) The Relationship between the Management Organization and Internal Control



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

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

The Company recognizes the importance of legal compliance and has established the Compliance Committee to ensure compliance. The Company has appointed compliance promotion officers to inculcate corporate ethics and compliance among the officers and employees of operating subsidiaries based on the Tonami Group Employee Code of Conduct and engages in education and holds briefings concerning compliance.

To promote the detection of potential violations in business activities and prevent their occurrence, the Company is establishing a compliance structure to ensure reporting on the state of compliance implementation, swift correction of any violations that occur, and the devising of measures to prevent recurrence.

The Company has adopted an executive officer system in order to separate management supervision and business execution while clearly defining authority and responsibility. The executive officers attend meetings of the Management Council, an organization that deliberates on important matters related to business execution, strive to promptly execute business in accordance with the basic policy decided by the Board of Directors, and, as necessary, obtain and refer to advice from certified public accountants, attorneys, and other specialists concerning compliance matters.

The Company has put in place a structure enabling a rapid response to changes in the business environment and strives to ensure sound management. To this end, operating subsidiaries have established their own regulations based on the Group Operation Regulations and the Company conducts administration of operating subsidiaries in accordance with the Group Company

Administration Procedures that specify matters requiring approval by the headquarters and those to be reported.

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

4) State of Internal Auditing and Auditing by Corporate Auditors

The Internal Audit Office (four personnel) of the Company is an internal auditing unit independent of the business units and its staff assists with the work of the corporate auditors. As a means of ensuring the Internal Audit Office's independence from the Board of Directors, Internal Audit Office staff changes are decided by the Board of Directors after being approved by the Board of Corporate Auditors. The Internal Audit Office conducts periodic and unscheduled internal audits of the Company's business, reports to the corporate auditors and the Board of Directors, and requests improvements.

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

State of Development of the Risk Management Structure

In accordance with the Tonami Group Business Risk Management Regulations, the president serves as the Chief Risk Management Officer, risk management officers are appointed for each type of risk, and a risk management structure is established. In the event of unforeseen circumstances, in accordance with the Tonami Group Large-scale Disaster Response Regulations and the Tonami Group Emergency Response Regulations, the Company will establish an Emergency Response Headquarters run by the president, mount a rapid and appropriate response in accordance with the regulations, and put in place a structure to prevent the spread of damage and minimize damage.

To ensure the propriety of business at Group companies, the Company has established the Tonami Group Employee Code of Conduct, conduct guidelines that apply to all group companies. Group companies have established regulations based on the code of conduct.

With regard to subsidiary management, matters requiring parent company approval and reporting are specified in the Management Council Regulations and subsidiaries are managed in accordance with the Subsidiary Management Regulations.

In the event that a director discovers a violation of the law or another important matter related to compliance in a group company, the director is required to report the matter to a corporate auditor. In the event that a subsidiary finds that the administration by the Company or management instructions issued by the Company violate the law or becomes aware of another compliance-related problem, the subsidiary is required to report the matter to the Internal Audit Office or the Compliance Office. The Internal Audit Office or the Compliance Office promptly reports the matter to a corporate auditor so that the corporate auditor can express an opinion and request improvement measures.

The Company has established the Tonami Group Internal Reporting Regulations as a group-wide internal reporting system concerning violations of the law and other matters related to compliance.

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

Corporate Social Responsibility Activities

Basic Policy on Corporate Social Responsibility Activities

Adhering to the management policy "Contribute to society through transportation and seek business prosperity" and the action principle "Ensure compliance throughout business activities," the Tonami Holdings Group endeavors to fulfill its corporate social responsibility.

The Group's social responsibility includes ensuring transportation safety, giving consideration to the environment, ensuring legal compliance and compliance with other rules, respecting human rights, and contributing to local communities. As a logistics expert, it is incumbent on us to fulfill these responsibilities.

In view of the increasing concern about the impact of CO_2 emissions on climate and recognizing the need for more efficient use of energy, the Group is making a concerted effort to minimize the waste of energy throughout its business activities. This effort involves improved logistics efficiency, introduction of low-pollution vehicles, modal shift, and our initiative to promote environmentally friendly driving involving all employees.

The Environmental Division is spearheading the Group's efforts centered on the theme "Society and the Environment" with the aim of contributing to establishment of a recycling-based society. Our Ecolock System supports locally self-sufficient recycling of resources. Also, as we are a certified wide-area waste disposal agent under the Ministry of the Environment's certification system, we can implement highly efficient, recycling activities covering an extensive geographical area.

At present, we are working to realize practical application of the Ecozo System, which is used for proposing the optimum recycling route for industrial waste, positioning it at the heart of our environmental logistics. We have filed a business model patent application for the Ecozo System.

We intend to reinforce our commitment to CSR by executing socially responsible business activities in accordance with our mission: to achieve corporate growth while protecting the environment for future generations. Through continuous and sustainable activities, we strive to enhance corporate value and fulfill our social responsibility to stakeholders.

Principal CSR Initiatives and State of Implementation

Environmental Protection Activities

Annual social and environmental report

This truck runs on natural gas

Tonami Transportation Co., Ltd., which is an operating subsidiary, has put in place environmental management systems for the promotion of environmental activities. We set targets for various activities and review results in order to strengthen the systems through continual improvement.

Specific environmental protection activities include the following: 1) the introduction of environmentally friendly vehicles (low-pollution vehicles); 2) the practice of environmentally friendly driving; 3) the creation of eco-friendly distribution systems through greater efficiency in distribution; 4) the establishment of a recycling system for stretch films and confidential documents used in offices; and 5) development, provision, and procurement of environmentally friendly products.

Social Contributions

We are eager to contribute to local communities through various activities as a corporate citizen.

Encouraging local people to take up badminton

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

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

A clean-up in progress

Financial Section

Consolidated Five-Year Summary

TONAMI HOLDINGS CO., LTD
AND CONSOLIDATED SUBSIDIARIES

Years ended March 31

	Millions of yen					Thousands of U.S. dollars
	2005	2006	2007	2008	2009	2009
RESULTS OF OPERATIONS:						
Operating revenues	¥129,068	¥129,098	¥130,020	¥130,188	¥126,930	$1,292,172
Operating cost	119,722	120,924	122,065	121,875	119,596	1,217,510
Selling, general and administrative expenses	6,363	6,117	5,936	6,426	6,664	67,841
Operating income	2,983	2,057	2,019	1,887	670	6,821
Net income (loss)	2,173	(5,050)	1,889	(911)	244	2,484
Depreciation expenses	2,689	2,508	2,650	2,594	2,848	28,993
PER SHARE (yen and U.S. dollars):						
Net income (loss)	¥ 22.94	¥ (56.02)	¥ 20.77	¥ (10.03)	¥ 2.69	$ 0.0274
Cash dividends	6.00	6.00	6.00	6.00	5.00	0.0509
YEAR-END FINANCIAL POSITION:						
Total current assets	¥ 42,447	¥ 40,682	¥ 40,425	¥ 36,017	¥ 34,702	$ 353,273
Net property and equipment	71,790	64,450	62,758	62,194	66,633	678,337
Total assets	127,909	121,577	119,341	112,511	113,141	1,151,797
Total current liabilities	37,010	36,004	34,509	36,991	34,248	348,651
Long-term liabilities, excluding of current portion thereof	37,759	37,995	36,509	29,558	34,011	346,239
Total net assets	52,496	47,029	48,323	45,962	44,882	456,907
OTHER YEAR-END DATA:						
Number of employees	7,289	7,278	7,129	7,310	7,361	

Forward-looking statements in the discussion below represent the best judgment of the Tonami Holdings Group (the Company and its consolidated subsidiaries) as of the end of the fiscal year under review.

Significant Accounting Policies and Estimates

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

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

Analysis of Consolidated Operating Results

Overview

During the fiscal year ended March 31, 2009, domestic and international freight transport volumes decreased greatly owing to production cuts and inventory reductions in line with the rapid deterioration of the economy, while cost competition increased owing to customer demands for greater efficiency in physical distribution and the intensification of competition. As a result, operating income decreased.

Operating Revenues

Although unit freight charges in the mainstay road haulage operations and the freight forwarding operations remained the same level as the previous year, a plunge in freight transport volumes in the fourth quarter had a negative impact on revenues, while an increase in the number of consolidated subsidiaries had a positive impact on revenues. Despite the Group's efforts to expand the warehousing operations and other businesses, operating revenues decreased 2.5% or ¥3,258 million from the previous year to ¥126,930 million.

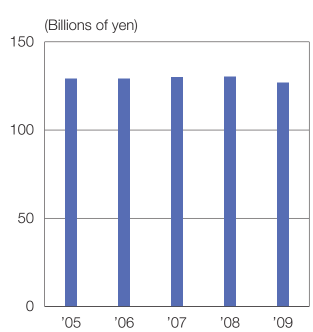
Composition of Operating Revenues

	Composition	Percentage point change from the previous year
Logistics:	90.3%	−2.5
Road haulage operations and freight forwarding operations	66.4	−1.1
Warehousing operations	18.4	+1.3
Harbor transport operations	5.5	−0.2
Information processing business	2.2	+0.3
Other businesses	7.5	−0.3

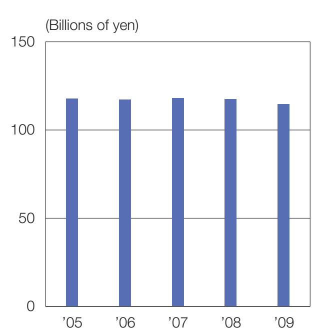
Operating Cost

Although diesel prices trended downward in the second quarter of the year under review, the average price for the year remained higher than for the previous. The increase in the number of consolidated subsidiaries was also a factor contributing to an increase in operating cost. However, operating cost decreased 1.9% or ¥2,279 million from the previous year because of a decrease in variable costs, which reflects lower operating revenues, enhanced efficiency of long-distance transport and reduced fixed costs. The ratio of operating cost to operating revenues increased 0.6 percentage points from the previous year.

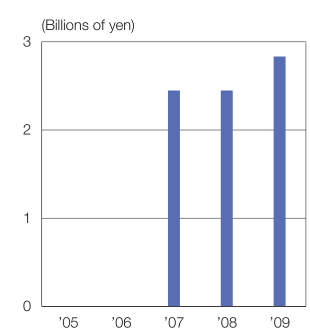
Operating Revenues



Sales of Logistics



Sales of Information Processing



Selling, General and Administrative Expenses
Selling, general and administrative expenses increased 3.7% or ¥238 million year on year as a result of increased expenses reflecting an increase in the number of consolidated subsidiaries during the fiscal year under review and expenses associated with the change to the pure holding company system in October 2008.

Operating Income
Operating income decreased ¥1,217 million year on year to ¥670 million. The rate of increase in the aggregate amount of operating cost and selling, general and administrative expenses was -1.6% and the rate of growth in operating revenues was -2.5%, resulting in a decrease of 0.9 percentage points in the ratio of operating income to operating revenues to 0.5%.

Net Income
Net income amounted to ¥244 million, an improvement of ¥1,155 million from the net loss recorded for the previous year. The principal reason for this upturn was that a loss on impairment of fixed assets amounting to ¥971 million was recorded as an extraordinary loss and reversal of deferred tax assets was recorded as deferred income taxes for the previous year.

Analysis of Cash Flows

Cash Flows from Operating Activities
Net cash provided by operating activities totaled ¥1,720 million (a decrease in net cash of ¥2,189 million year on year). Principal factors were a ¥1,515 million increase in cash owing to a decrease in trade receivables and a ¥2,187 million cash outflow because of a decrease in accounts payable.

Cash Flows from Investing Activities
Net cash used in investing activities totaled ¥1,801 million (a decrease in net cash of ¥271 million year on year). The principal factor was payments of ¥3,305 million for the purchase of property and equipment, while proceeds from sales and redemption of investments in securities amounted to ¥1,410 million.

Cash Flows from Financing Activities
Net cash used in financing activities totaled ¥81 million (an increase in net cash of ¥5,043 million year on year). The principal factors were a ¥3,432 million net increase in short-term loans, a ¥3,094 million increase in long-term debt, issuance of bonds amounting to ¥3,000 million, redemption of bonds amounting to ¥7,000 million, and repayment of long-term debt amounting to ¥1,327 million.

Analysis of the Financial Position

Assets
Current assets were ¥34,702 million, a decrease of ¥3.7% or ¥1,315 million from the previous fiscal year-end. This decrease was mainly attributable to a ¥1,515 million decrease in trade notes and accounts receivable.

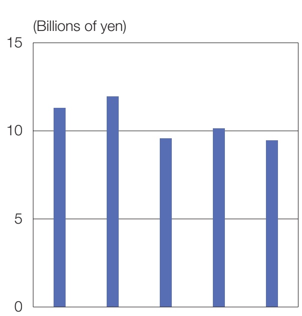
Property and equipment amounted to ¥66,633 million, an increase of 7.1% or ¥4,439 million. This increase was mainly attributable to recording of leased assets amounting to ¥3,463 million in accordance with the change in the accounting standard for lease transactions.

Investments and other assets amounted to ¥11,806 million, a decrease of 17.4% or ¥2,494 million. This decrease was mainly attributable to a ¥2,630 million decrease in investments in securities.

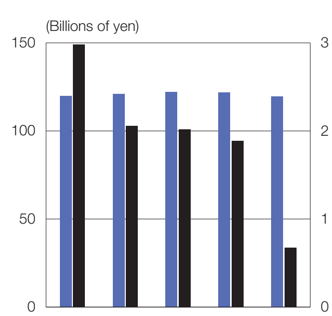
As a result, total assets amounted to ¥113,141 million, up 0.6% or ¥630 million.

Liabilities
Current liabilities amounted to ¥34,248 million, a decrease of 7.4% or ¥2,743 million from the previous fiscal year-end. While trade notes and accounts payable decreased ¥2,187 million and the current portion of bonds decreased ¥7,000 million, short-term bank loans increased ¥3,433 million and the current portion of bonds

Sales of Others

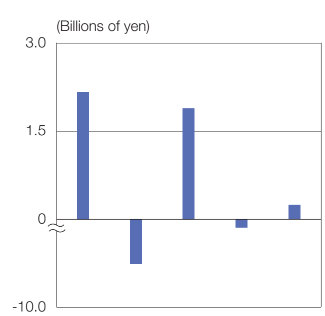


Operating Cost and Operating Income



Operating cost (Left scale)
Operating income (Right scale)

Net Income (Loss)



with stock acquisition rights increased ¥2,500 million.

Long-term liabilities amounted to ¥34,011 million, up ¥15.1% or ¥4,453 million. In addition to a ¥2,263 million increase in long-term debt, lease obligations amounting to ¥3,114 million were recorded in accordance with the revision of the accounting standard for lease transactions. On the other hand, employees' severance and retirement benefits decreased ¥899 million.

As a result, total liabilities amounted to ¥68,259 million, an increase of 2.6% or ¥1,710 million.

Net Assets

Net assets amounted to ¥44,882 million, a decrease of 2.3% or ¥1,080 million from the previous fiscal year-end. The main factor was a ¥787 million decrease in unrealized gains on securities.

Risk Factors

The business environment in which the Tonami Holdings Group operates entails the risk of difficulty in absorbing cost increases due to such factors as further increases in the price of crude oil and interest rate increases that exceed expectations.

There is also risk of difficulty in absorbing cost increases due to the further strengthening of environmental regulations, such as regulations on diesel engine vehicle emissions and for ensuring compliance with stricter safety regulations. In addition, the ability to recoup investment may be impeded because of factors such as deteriorating business conditions experienced by customers or the suspension of business transactions with customers.

Should any serious problems occur, such as a vehicle accident, there is a risk of loss of customer confidence and public trust that could have an adverse impact on the Tonami Holdings Group's business activities and business results.

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

The Group handles a huge amount of customer information. In the event of leakage of information, the credibility of the Group may be undermined and claims may be made for damages against the Group. In the event of trouble concerning IT systems, there may be an adverse impact on the Group's business results and financial condition.

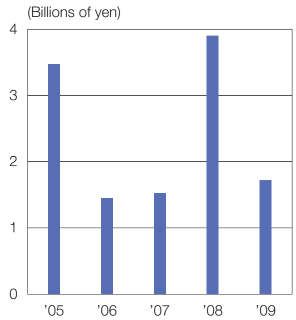
In the event that impairment becomes necessary in accordance with the impairment accounting applicable to fixed assets for business use or there is a great change in the estimates for future taxable income, reversal of deferred tax assets will be required, and, as a result, there may be an adverse impact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

Strategic Position and Outlook

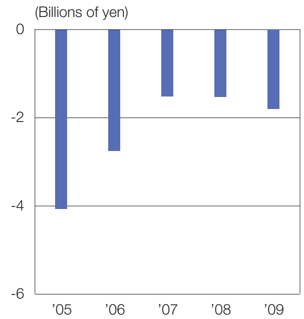
There are indications that the global economy is beginning to stabilize following the dramatic economic downturn worldwide. However, since it is expected to take some time for a full-scale recovery of the global economy to take hold, prospects for the Japanese economy are likely to uncertain.

In this economic situation, the Group's operating environment is expected to remain a source of concern, in view of the persisting downward trend of domestic and international freight transport volumes. In accordance with the 18th medium-term business plan launched in April 2008 covering the three years to March 2011, the Group is reinforcing group management. With the adoption of the pure holding company system on October 1, 2008, the Group aims to develop into a highly profitable concern and thus enhance the Group's enterprise value.

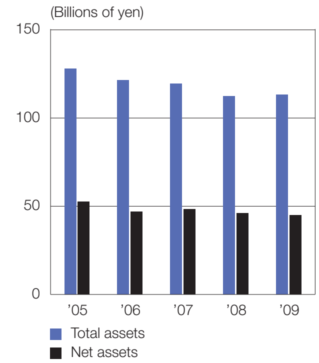
Net Cash Provided by Operating Activities



Net Cash Used in Investing Activities



Total Assets and Net Assets



Consolidated Balance Sheets

TONAMI HOLDINGS CO., LTD.
AND CONSOLIDATED SUBSIDIARIES

As of March 31, 2009 and 2008

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Current assets:			
Cash and time deposits	¥ 11,498	¥ 11,686	$ 117,052
Marketable securities (Note 4)	—	20	—
Trade receivables:			
Notes and accounts (Note 14)	19,654	21,169	200,082
Less: allowance for doubtful accounts	(39)	(51)	(397)
Investments in lease assets	227	—	2,311
Inventories	673	542	6,851
Deferred tax assets (Note 10)	645	544	6,566
Other current assets	2,044	2,107	20,808
Total current assets	34,702	36,017	353,273
Property and equipment (Notes 5, 6, 8 and 15):			
Land	37,744	37,291	384,241
Buildings and structures	22,142	21,008	225,410
Machinery and vehicles	2,447	2,684	24,911
Leased assets	3,463	—	35,254
Construction in progress	147	592	1,497
Other	690	619	7,024
Total property and equipment	66,633	62,194	678,337
Investments and other assets:			
Investments in securities (Note 4)	4,964	7,594	50,535
Deferred tax assets (Note 10)	1,301	917	13,244
Goodwill	361	476	3,675
Other	5,180	5,313	52,733
Total investments and other assets	11,806	14,300	120,187
Total assets	¥113,141	¥112,511	$1,151,797

The accompanying Notes are an integral part of these statements.

LIABILITIES AND NET ASSETS

	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars (Note 1) 2009
Current liabilities:			
Short-term bank loans (Note 6)	¥ 12,941	¥ 9,508	$ 131,742
Current portion of long-term debt (Note 6)	1,216	1,213	12,379
Current portion of bonds (Note 6)	—	7,000	—
Current portion of bonds with stock acquisition rights (Note 6)	2,500	—	25,450
Trade notes and accounts payable	10,001	12,188	101,812
Lease obligations	769	—	7,829
Income taxes payable	399	599	4,062
Other current liabilities	6,422	6,483	65,377
Total current liabilities	34,248	36,991	348,651
Long-term liabilities:			
Long-term debt, less current portion thereof (Note 6)	8,404	6,141	85,554
Lease obligations	3,114	—	31,701
Deferred tax liabilities from revaluation reserve for land (Note 15)	5,455	5,455	55,533
Employees' severance and retirement benefits (Note 9)	15,643	16,542	159,249
Retirement benefits for directors and corporate auditors	211	214	2,148
Negative goodwill	4	7	41
Other long-term liabilities	1,180	1,199	12,013
Total long-term liabilities	34,011	29,558	346,239
Total liabilities	68,259	66,549	694,890
Net assets			
Shareholders' equity (Note 16):			
Common stock:			
Authorized: 299,200,000 shares in 2009			
299,200,000 shares in 2008			
Issued: 97,610,118 shares in 2009			
97,610,118 shares in 2008	14,183	14,183	144,386
Capital surplus	11,682	12,229	118,925
Retained earnings	14,392	14,148	146,513
Treasury stock, at cost: 6,803,610 shares in 2009			
6,765,163 shares in 2008	(2,008)	(2,001)	(20,442)
Total shareholders' equity	38,249	38,559	389,382
Valuation and translation adjustments:			
Unrealized gain on securities	233	1,020	2,372
Revaluation reserve for land (Note 15)	5,787	5,787	58,913
Total valuation and translation adjustments	6,020	6,807	61,285
Minority interests:			
Minority interests	613	596	6,240
Total net assets	44,882	45,962	456,907
Total liabilities and net assets	¥113,141	¥112,511	$1,151,797

Consolidated Statements of Operations

TONAMI HOLDINGS CO., LTD.
AND CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Operating revenues:			
Operating revenues	¥126,930	¥130,188	$1,292,172
	126,930	130,188	1,292,172
Operating costs and selling, general and administrative expenses:			
Operating cost (Note 17)	119,596	121,875	1,217,510
Selling, general and administrative expenses (Note 17)	6,664	6,426	67,841
	126,260	128,301	1,285,351
Operating income	670	1,887	6,821
Other income and expenses:			
Interest and dividend income	322	326	3,278
Equity in earnings of unconsolidated subsidiaries and affiliates	89	42	906
Loss on sale of property and equipment, net	(257)	(104)	(2,616)
Interest expenses	(363)	(278)	(3,696)
Impairment losses (Note 8)	(145)	(971)	(1,476)
Other, net	831	104	8,460
	477	(881)	4,856
Income before income taxes and minority interests	1,147	1,006	11,677
Income taxes (Note 10):			
Current	852	676	8,674
Deferred	22	1,216	224
	874	1,892	8,898
Minority interests	29	25	295
Net income (loss)	¥ 244	¥ (911)	$ 2,484

The accompanying Notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

TONAMI HOLDINGS CO., LTD.
AND CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2009 and 2008

		Millions of yen									
	Shares of common stock (thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain on securities	Revaluation reserve for land	Total valuation and translation adjustments	Minority interests	Total net assets
Balance as at March 31, 2007	97,610	¥14,183	¥12,502	¥15,163	¥(1,981)	¥39,867	¥1,919	¥5,956	¥7,875	¥581	¥48,323
Cash dividends applicable to the year (¥6.00 per share)			(273)	(273)		(546)			—		(546)
Net loss				(911)		(911)			—		(911)
Revaluation reserve for land				169		169			—		169
Treasury stock					(15)	(15)			—		(15)
Portion of treasury stock of newly consolidated subsidiaries assumed by the Company					(5)	(5)			—		(5)
Net changes in items other than shareholders' equity						—	(899)	(169)	(1,068)	15	(1,053)
Balance as at March 31, 2008	97,610	¥14,183	¥12,229	¥14,148	¥(2,001)	¥38,559	¥1,020	¥5,787	¥6,807	¥596	¥45,962
Cash dividends applicable to the year (¥6.00 per share)			(545)			(545)			—		(545)
Net income				244		244			—		244
Treasury stock					(14)	(14)			—		(14)
Sales of treasury stock			(2)		7	5			—		5
Net changes in items other than shareholders' equity						—	(787)		(787)	17	(770)
Balance as at March 31, 2009	97,610	¥14,183	¥11,682	¥14,392	¥(2,008)	¥38,249	¥233	¥5,787	¥6,020	¥613	¥44,882

	Thousands of U.S. dollars (Note 1)									
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain on securities	Revaluation reserve for land	Total valuation and translation adjustments	Minority interests	Total net assets
Balance as at March 31, 2008	$144,386	$124,494	$144,029	$(20,371)	$392,538	$10,384	$58,913	$69,297	$6,067	$467,902
Cash dividends applicable to the year ($0.061 per share)		(5,548)			(5,548)			—		(5,548)
Net income			2,484		2,484			—		2,484
Treasury stock				(142)	(142)			—		(142)
Sales of treasury stock		(21)		71	50			—		50
Net changes in items other than shareholders' equity					—	(8,012)		(8,012)	173	(7,839)
Balance as at March 31, 2009	$144,386	$118,925	$146,513	$(20,442)	$389,382	$2,372	$58,913	$61,285	$6,240	$456,907

The accompanying Notes are an integral part of these statements.

Consolidated Statements of Cash Flows

TONAMI HOLDINGS CO., LTD.
AND CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Cash flows from operating activities:			
Net income before income taxes and minority interests	¥ 1,147	¥ 1,006	$ 11,677
Depreciation and amortization	2,848	2,594	28,993
Impairment losses	145	971	1,476
Loss on disposal of property and equipment	257	104	2,616
Gain on sales of investments in securities	(855)	(0)	(8,704)
Loss on devaluation of investments in securities	297	7	3,024
Loss on devaluation of golf club memberships	22	0	224
Amortization of goodwill	112	(119)	1,140
Equity in earnings of unconsolidated subsidiaries and affiliates	(89)	(42)	(906)
Increase (decrease) in allowance for doubtful accounts	9	(101)	92
Decrease in employees' severance and retirement benefits	(899)	(1,259)	(9,152)
(Decrease) increase in directors' and corporate auditors' retirement benefits	(3)	197	(31)
Decrease in accrued bonuses to employees	(73)	(117)	(743)
Interest and dividend income	(322)	(326)	(3,278)
Interest expenses	363	278	3,695
Decrease in trade receivables	1,515	131	15,423
Increase in inventories	(131)	(16)	(1,334)
(Decrease) increase in accounts payable	(2,187)	776	(22,264)
Decrease in accrued consumption taxes	(323)	(43)	(3,288)
Other, net	380	237	3,869
Subtotal	2,213	4,278	22,529
Interest and dividends received	919	326	9,356
Interest paid	(332)	(204)	(3,380)
Income taxes paid	(1,080)	(491)	(10,995)
Net cash provided by operating activities	1,720	3,909	17,510
Cash flows from investing activities:			
Purchase of time deposits	(27)	(34)	(275)
Proceeds from redemption of time deposits	37	258	377
Proceeds from sales of marketable securities	20	—	203
Purchase of property and equipment	(3,305)	(2,231)	(33,646)
Proceeds from sales of property and equipment	210	567	2,138
Purchase of investments in securities	(69)	(121)	(702)
Proceeds from sales of investments in securities	910	0	9,264
Proceeds from redemption of investments in securities	500	—	5,090
Payments for acquisition of subsidiaries resulting in changes in scope of consolidation	—	(52)	—
Investments in loans receivable	(23)	(7)	(234)
Proceeds from collection of loans receivable	34	27	346
Other, net	(88)	63	(896)
Net cash used in investing activities	(1,801)	(1,530)	(18,335)
Cash flows from financing activities:			
Net decrease in short-term loans	3,432	(4,480)	34,938
Proceeds from long-term debt	3,094	987	31,498
Repayment of long-term debt	(1,327)	(1,063)	(13,509)
Proceeds from issuance of bonds	3,000	—	30,541
Redemption of bonds	(7,000)	—	(71,261)
Proceeds from sales of treasury stock	5	—	51
Purchase of treasury stock	(14)	(15)	(143)
Dividends paid	(545)	(545)	(5,548)
Dividends paid to minority interests	(10)	(8)	(102)
Repayment of lease obligations	(716)	—	(7,289)
Net cash used in financing activities	(81)	(5,124)	(824)
Net decrease in cash and cash equivalents	(162)	(2,745)	(1,649)
Cash and cash equivalents at beginning of year	11,638	14,383	118,477
Cash and cash equivalents at end of year (Note 12)	¥11,476	¥11,638	$116,828

The accompanying Notes are an integral part of these statements.

1 Basis of presenting financial statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by Tonami Holdings Co., Ltd. (the "Company") and consolidated subsidiaries in accordance with accounting principles generally accepted in Japan, which differ in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the Company's consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2008 financial statements to conform to the classifications used in 2009.

U.S. dollar amounts presented in the financial statements are included solely for convenience and should not be construed as representations that Japanese yen amounts have been or could in the future be converted into U.S. dollars. The rate of ¥98.23 = U.S.$1, prevailing on March 31, 2009, has been used for the translation into U.S. dollar amounts in the financial statements.

2 Summary of significant accounting policies

(a) Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its 31 significant majority-owned subsidiaries for the year ended March 31, 2009 (31 for 2008).

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

Five of the investments in unconsolidated subsidiaries or affiliates (7 for 2008) are accounted for by the equity method.

Differences between the acquisition cost and the underlying net equity of subsidiaries at the time of acquisition are amortized on the straight-line basis over the period of five or 20 years.

When those amounts are not significant, however, the differences are fully charged or credited to income at the dates of acquisition.

(b) Marketable securities and investments in securities

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

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

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

(c) Derivatives

Derivative financial instruments are stated at fair value.

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

(d) Inventories

Inventories are stated at cost, until March 31, 2008, and at lower of cost or net realizable value effective April 1, 2008, cost being determined principally by the last purchase price method. The specific identification cost method is used for certain inventories.

(e) Allowance for doubtful accounts

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

(f) Property and equipment and intangible assets

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

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

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

Buildings and structures . . 2-50 years
Machinery and vehicles . . 2-15 years

Leased assets under the finance lease arrangements which do not transfer ownership of the leased assets to the lessee are depreciated by the straight-line method over the respective lease periods without residual values.

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

Amortization of intangible assets is principally computed using the straight-line method on the presumption of having no salvage value.

(g) Employees' severance and retirement benefits

Full-time employees of the Company and its consolidated subsidiaries are entitled to a lump-sum payment upon retirement or severance of employment. In order to provide for the employees' severance and retirement benefits, the Company and its consolidated subsidiaries assume a liability for severance and retirement benefits, which is included in the liability section of the consolidated balance sheet, based on the estimated amounts of projected benefit obligation and plan assets at the balance sheet dates.

Past service costs are recognized in expenses using the straight-line method over 10 years (a period not exceeding the employees average remaining service years) commencing with the year incurred.

Actuarial gains and losses are recognized in expenses using the straight-line method over 10 years (a period not exceeding the employees' average remaining service years) commencing with the year following their occurrence.

(Additional information)

Prior to April 1, 2008, past service costs and actuarial gains and losses had been recognized over 11 years. However, as a result of the review on the employees' remaining service years, the recognition period was changed from 11 years to 10 years effective the year ended March 31, 2009. As a result of this change, as compared to the previous accounting treatment, operating income and income before income taxes and minority interests for the year ended March 31, 2009 decreased by ¥65 million (US$662 thousand).

The effect on the segment information is described in Note 21, "Segment Information".

(h) Retirement benefits for directors and corporate auditors

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

(i) Income taxes

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

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

(j) Statements of cash flows

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

(k) Foreign currency translation

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

(l) Net income per share

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

3 Changes in accounting policy

Accounting standard for lease transactions

Prior to April 1, 2008, finance leases which do not transfer ownership of the leased assets to the lessee were accounted for as operating lease transactions under the previous accounting standard for lease transactions. Effective the year ended March 31, 2009, the Group adopted ASBJ Statement No.13, "Accounting Standard for Lease Transactions" which was issued by the Accounting Standards Board of Japan on March 30, 2007. Under the revised accounting standard, all the finance leases are accounted for as if they were purchased or sold in the ordinary buy or sell transactions.

Finance leases which commenced prior to April 1, 2008 and do not transfer ownership of the leased assets to the lessee are accounted for as operating lease transactions as permitted by the revised accounting standard. As a result, investments in lease assets in an amount of ¥227 million ($2,311 thousand) are recorded under current assets and leased assets in an amount of ¥3,463 million ($35,254 thousand) are recorded under property and equipment at March 31, 2009, compared to the previous accounting treatment. The effect of this change on the income was immaterial.

In addition, repayments of lease obligations included in lease payments which were recorded under "Net cash provided by operating activities" in the consolidated statements of cash flows for the year ended March 31, 2008 are reclassified to "Net cash used in financing activities" in the consolidated statements of cash flows for the year ended March 31, 2009. As a result, "Net cash provided by operating activities" increased by ¥716 million ($7,289 thousand) and "Net cash used in financing activities" decreased by ¥716 million ($7,289 thousand). The effect of this change on the segment information was immaterial.

4 Fair value of securities

No trading securities or held-to-maturity securities were held at March 31, 2009 or 2008. Securities classified as other securities are included in "marketable securities" and "investments in securities" in the accompanying consolidated balance sheets.

The components of unrealized gain or loss on marketable securities classified as other securities at March 31, 2009 are summarized as follows:—

	Millions of yen		
	2009		
	Acquisition costs	Carrying value	Unrealized gain (loss)
Unrealized gain:			
Stocks (Note 1)	¥1,176	¥1,724	¥548
Bonds:			
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Unrealized loss:			
Stocks (Note 1)	1,319	1,151	(168)
Bonds:			
Corporate bonds	—	—	—
Other (Note 2)	100	19	(81)
Other	50	50	(0)
Total	¥2,645	¥2,944	¥299

	Thousands of U.S. dollars		
	2009		
	Acquisition costs	Carrying value	Unrealized gain (loss)
Unrealized gain:			
Stocks (Note 1)	$11,972	$17,551	$5,579
Bonds:			
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Unrealized loss:			
Stocks (Note 1)	13,428	11,717	(1,711)
Bonds:			
Corporate bonds	—	—	—

Other (Note 2)	1,018	193	(825)
Other	509	509	(0)
Total	$26,927	$29,970	$3,043

Note 1: Equity securities with fair value, classified as other securities, are restated at the fair value and related loss on impairment in an amount of ¥244 million ($2,484 thousand) is charged to income for the year ended March 31, 2009. Equity securities whose fair value is 50% or less than the acquisition cost are necessarily restated at fair value and those whose fair value is between 50% and 30% of the acquisition cost are restated at fair value, if they are judged to be unrecoverable considering the trend of the market value for the past certain period and performances of the issuers.

Note 2: "Other" refers to compound financial instruments and the difference between the acquisition cost and carrying value in an amount of ¥17 million ($173 thousand) is charged as a loss. "Acquisition costs" refer to the original acquisition costs.

The components of unrealized gain or loss on marketable securities classified as other securities at March 31, 2008 are summarized as follows:—

	Millions of yen		
	2008		
	Acquisition costs	Carrying value	Unrealized gain (loss)
Unrealized gain:			
Stocks	¥2,138	¥3,949	¥1,811
Bonds:			
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Unrealized loss:			
Stocks	589	454	(135)
Bonds:			
Corporate bonds	20	20	—
Other (Note)	100	36	(64)
Other	100	99	(1)
Total	¥2,947	¥4,558	¥1,611

(Note)
"Other" refers to compound financial instruments and the difference between the acquisition cost and carrying value in an amount of ¥42 million is charged as a loss in the fiscal year ended March 2008. "Acquisition costs" refer to the original acquisition costs.

Non-marketable securities classified as other securities at March 31, 2009 and 2008 amounted to ¥1,069 million ($10,883 thousand) and ¥3,053 million, respectively.

Proceeds from sales of securities classified as other securities amounted to ¥1 million ($10 thousand) and ¥0 million for the years ended March 31, 2009 and 2008, respectively.

The aggregate gain realized on those sales totaled ¥1 million ($10 thousand) and ¥0 million for the years ended March 31, 2009 and 2008, respectively.

The redemption schedule at March 31, 2009 for bonds with maturity dates is summarized as follows:—

	Millions of yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Corporate bonds	¥ —	¥ —	¥ —	¥ —
Other	—	¥ 68	—	—
Total	¥ —	¥ 68	¥ —	¥ —

	Thousands of U.S. dollars			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Corporate bonds	$ —	$ —	$ —	$ —
Other	—	$692	—	—
Total	$ —	$692	$ —	$ —

5 Property and equipment

Depreciable property is stated at the net book value in the consolidated balance sheets. The amounts of accumulated depreciation were ¥47,818 ($486,796 thousand) million and ¥49,154 million on March 31, 2009 and 2008, respectively.

Capital gains resulting from disposals and other similar transactions are deducted from the cost of property and equipment acquired in substitution. The amounts deducted from the cost of property and equipment was ¥195 million ($1,985 thousand) and ¥195 million on March 31, 2009 and 2008, respectively.

6 Short-term bank loans and long-term debt

(a) Short-term bank loans

Short-term bank loans as at March 31, 2009 and 2008 were as follows:—

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Secured	¥ 3,010	¥ 2,720	$ 30,643
Unsecured	9,931	6,788	101,099

Interest rates range from 0.928% to 2.500%.

(b) Long-term debt

Long-term debt as at March 31, 2009 and 2008 was as follows:—

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
0.89% ¥6.4 billion unsecured straight bonds due 2008	¥ —	¥ 6,400	$ —
0.52% ¥0.6 billion unsecured straight bonds due 2008	—	600	—
0.00% ¥2.5 billion unsecured convertible bond type-bonds with stock acquisition rights due 2009	2,500	2,500	25,450
2.11% ¥3.0 billion unsecured straight bonds due 2013	3,000	—	30,541
1.000%-2.416% loans from financial institutions due 2010 to 2014 and thereafter			
Secured	989	1,635	10,068
Unsecured	5,631	3,219	57,325
Total	12,120	14,354	123,384
Less: amount due within one year	3,716	8,213	37,830
	¥ 8,404	¥ 6,141	$ 85,554

The maturity date of the ¥2.5 billion 0.00% unsecured convertible bond type- bonds, issued in July 2004 is September 30, 2009.

The maturity date of the ¥3.0 billion 2.11% unsecured straight bonds, issued in June 2008 is June 5, 2013.

The annual maturities of long-term debt outstanding as at March 31, 2009 are as follows:—

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2010	¥1,070	$10,893
2011	671	6,831
2012	476	4,846
2013	5,402	54,993
2014 and thereafter	785	7,991

(c) Pledged assets

Property and equipment having a net value of ¥14,540 million ($148,020 thousand) was pledged as collateral for short-term bank loans and long-term debt as at March 31, 2009.

7 Overdraft facility and credit line commitment agreements

The Company has entered into overdraft facility and credit line commitment agreements with ten banks for the purpose of efficient procurement of working capital.

Outstanding balance of unused credit concerning overdraft facility and credit line commitment agreements at March 31, 2009, was as follows:

	Millions of yen	Thousands of U.S. dollars
Maximum credit line of overdraft facility and commitment agreement	¥3,000	$30,541
Used credit	—	—
Total	¥3,000	$30,541

8 Impairment losses

During the fiscal year ended March 31, 2009, the Group recorded impairment losses concerning the following asset groupings.

	Usage	Type	Location	Impairment losses (millions of yen)	Impairment losses (thousands of U.S. dollars)
Tonami Transportation, etc.	Haulage and warehouse facilities	Land and buildings	7 sites, including Kanazawa City, Ishikawa prefecture	¥145	$1,476

The Company is a comprehensive logistics enterprise including the road haulage operation. Organizations belonging to operations implement management accounting.

Business facilities in various locations are bases for providing the Company's comprehensive distribution solution services to customers. In many cases, organizations of operations are located at these business facilities and deal with their customers.

Organizations of operations have complementary relationships. Business facilities constitute the unit for generating cash flows. The aggregate assets of organizations located at each business facility constitute an asset grouping.

At consolidated subsidiaries, decision-making on investment is done by each business unit. Accordingly, the aggregate assets of organizations belonging to a business unit constitute an asset grouping.

Regarding the asset groupings for which impairment losses were recorded, future cash flow losses were projected partly to be short owing to deteriorated profitability and decline of price of land. Thus, the carrying values of the asset groupings were reduced by the unrecoverable values and an impairment loss amounting to ¥145 million (US$1,476 thousand) was recorded as an extraordinary loss.

The breakdown of the impairment losses is as follows:

¥32 million (US$326 thousand) concerning land and ¥113 million (US$1,150 thousand) concerning buildings.

In regard to asset groupings, recoverable value of land and buildings is measured based on the net sales value. Net sales value is assessed based mainly on appraisal value provided by real-estate appraisers. Immaterial assets are assessed based on carrying value.

9 Employees' severance and retirement benefits

Employees who terminate their service with the Company and consolidated subsidiaries are, in most cases, entitled to pension annuity payments or to a lump-sum severance payment determined by reference to the basic rate of pay, length of service and the conditions under which the termination occurs.

The Company and certain consolidated subsidiaries have defined benefit plans, including a lump-sum payment plan and a contributory welfare pension plan and an approved retirement annuity plan. The Company revised its pension plans and shifted them to a cash balance plan (money market-interest-rate linked type) on June 1, 2004.

The projected benefit obligation and the funded status of the plans summarized as follows:—

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Projected benefit obligation	¥(19,429)	¥(20,401)	($197,792)
Plan assets	2,662	3,175	27,100
Net unrecognized amount	1,124	684	11,443
Employees' severance and retirement benefits	¥(15,643)	¥(16,542)	($159,249)

The net unrecognized amounts were as follows:—

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Unrecognized benefit obligation:			
Adjustment for actuarial assumptions	¥ 3,718	¥ 3,688	$ 37,850
Past service cost	(2,594)	(3,004)	(26,407)
Net unrecognized amounts	¥ 1,124	¥ 684	$ 11,443

The components of net periodic pension and severance costs excluding the employees' contributory portion were as follows:—

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Service cost	¥ 773	¥ 852	$ 7,869
Interest cost on projected benefit obligation	494	519	5,029
Expected return on plan assets	(23)	(39)	(234)
Amortization of adjustment for actuarial assumptions	740	577	7,533
Amortization of past service cost	(472)	(410)	(4,805)
Net periodic pension and severance costs	¥1,512	¥1,499	$15,392

The assumptions used were as follows:—

	2009	2008
Discount rates	2.5%	2.5%
Expected rates of return on plan assets	2.5%	2.5%

10 Income taxes

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

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

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Deferred tax assets:			
Excess bonuses accrued	¥ 348	¥ 307	$ 3,543
Excess employees' severance and retirement benefits accrued	6,300	6,512	64,135
Excess loss on impairment of tangible fixed assets (except for leased assets)	3,493	1,393	35,559
Accumulated loss on impairment of leased assets	237	264	2,413
Other	1,390	4,084	14,150
Gross deferred tax assets	11,768	12,560	119,800
Valuation allowance	(4,503)	(4,856)	(45,841)
Total deferred tax assets	7,265	7,704	73,959
Deferred tax liabilities:			
Unrealized gain on securities	(214)	(654)	(2,179)
Reserve under Special Taxation Measures Law	(5,105)	(5,589)	(51,970)
Total deferred tax liabilities	(5,319)	(6,243)	(54,149)
Net deferred tax assets	¥ 1,946	¥ 1,461	$ 19,810

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

Significant differences between the statutory tax rate and the Company's effective tax rate after applying the deferred tax accounting for the years ended March 31, 2009 and 2008 were as follows:—

	2009	2008
Statutory tax rate	40.43%	41.53%
Increase (reduction) in tax resulting from:		
Nondeductible expenses including entertainment, etc.	8.08	3.58
Nontaxable income including dividends received deduction, etc.	(38.97)	(10.39)
Per capita portion of inhabitant taxes	20.93	21.26
Equity in earnings of affiliates	(3.15)	(1.73)
Elimination of dividends received from consolidated subsidiaries, etc.	37.42	—
Change in valuation allowance related to deferred tax assets	7.96	136.54
Other	3.54	(2.68)
Effective tax rate	76.24%	188.11%

11 Derivative transactions

The Group utilizes hybrid financial instruments with embedded derivatives for the purpose of utilizing excess funds and interest rate swaps to manage its exposure to interest-rate fluctuations with respect to its borrowings, but does not enter into such transactions for highly speculative purpose.

Interest rate swaps are not re-measured at market value but the differentials paid or received under the respective swap agreements are recognized and included as interest expense, as the interest rate swaps meet the specific hedging criteria under Japanese accounting standards. Also, the Group does not conduct an assessment of the hedging effectiveness of interest rate swaps because the relationship between the anticipated cash flows fixed by the swaps and the avoidance of interest rate risk is so clear.

The Group is exposed to equity market price risk, interest rate risk and, credit risk in the event of nonperformance by the counterparties to the derivative transactions, but any such losses would not be material because the Group enters into transactions only with financial institutions with high credit ratings.

The Group enters into the hybrid financial instruments with embedded derivative transactions within predetermined limit and 'Ring' pre-approval process is required for execution and the finance department is responsible for execution and controls.

Interest rate swap contracts are resolved at the board of directors meeting together with related borrowings whose interests are hedged items.

12 Cash flow statements

Reconciliation of cash and time deposits shown in the consolidated balance sheets and cash and cash equivalents shown in the consolidated statements of cash flows as at March 31, 2009 and 2008 are as follows:—

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Cash and time deposits	¥11,498	¥11,686	$117,052
Time deposits with maturities exceeding three months	(22)	(48)	(224)
Cash and cash equivalents	¥11,476	¥11,638	$116,828

13 Finance leases

(a) Finance leases other than those which are deemed to transfer the ownership of the leased assets to the lessee
·Contents of leased assets: Tangible fixed assets (mainly, machinery, equipment and vehicles for distribution related business)
·Depreciation method: Leased assets are depreciated by the straight-line method over the respective lease periods without residual values.

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

The following are pro forma amounts of the acquisition costs, accumulated depreciation, accumulated impairment losses and net book value of leased property if they were capitalized as of March 31, 2009 and 2008 for finance leases accounted for as operating leases:—

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Acquisition costs:			
Machinery and tools	¥12,857	¥15,759	$130,887
Other assets	5,866	5,866	59,717
	¥18,723	¥21,625	$190,604
Accumulated depreciation:			
Machinery and tools	¥ 8,049	¥ 8,643	$ 81,940
Other assets	1,518	1,269	15,454
	¥ 9,567	¥ 9,912	$ 97,394
Accumulated impairment losses:			
Machinery and tools	¥ —	¥ —	$ —
Other assets	756	756	7,696
	¥ 756	¥ 756	$ 7,696
Net book value:			
Machinery and tools	¥ 4,808	¥ 7,116	$ 48,946
Other assets	3,592	3,841	36,567
	¥ 8,400	¥10,957	$ 85,513

Amounts of depreciation expense equivalents and interest expense equivalents for the years ended March 31, 2009 and 2008 are as follows:—

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Depreciation expense	¥2,279	¥2,567	$23,201
Interest expense	292	315	2,973

Lease payments relating to finance leases accounted for as operating leases amounted to ¥2,634 million ($26,815 thousands) and ¥2,934 million, which were equal to the depreciation expense of the leased assets computed by the straight-line method over the lease terms, for the years ended March 31, 2009 and 2008, respectively.

In the year ended March 31, 2006, impairment losses on leased assets amounting to ¥756 million were recorded. Since these leased assets are off-balance-sheet, the equivalent amount is included in "Other long-term liabilities". Impairment losses on leased assets is realized over the lease term. In the fiscal year ended March 31, 2009 and 2008, reversal of impairment losses on leased assets amounting to ¥42 million ($428 thousand) was recorded.

Future minimum lease payments (including the interest portion thereon) and the balance of impairment losses on leased assets as at March 31, 2009 and 2008 for finance leases accounted for as operating leases are summarized as follows:—

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Due within one year	¥ 2,001	¥ 2,525	$ 20,371
Due over one year	7,073	9,074	72,004
Total	¥ 9,074	¥11,599	$ 92,375
Impairment losses on leased assets	¥ 588	¥ 630	$ 5,986

(b) Operating leases

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Due within one year	¥ 274	¥ 274	$ 2,789
Due over one year	3,848	4,121	39,173
Total	¥ 4,122	¥ 4,395	$41,962

14 Contingent liabilities

As at March 31, 2009, the Company was contingently liable as follows:—

	Millions of yen	Thousands of U.S. dollars
Notes endorsed	¥ 34	$ 346
Others	614	6,251

15 Revaluation reserve for land

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

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

	Millions of yen	Thousands of U.S. dollars
Difference between the fair market value of revalued land at March 31, 2009 and the revalued book value	¥10,714	$109,071

16 Net assets

The Company Law provides that an amount equal to at least 10% of the aggregate amount to be distributed as cash dividends or cash appropriations must be transferred to the legal reserve until the additional paid-in capital, which is part of the capital surplus account, and the legal reserve, which is part of retained earnings, equals 25% of the common stock account. Transfers from the legal reserve to common stock, additional paid-in capital, and other reserves may be made by resolution of the shareholders. Under the Company Law, distributions of reserves to shareholders may be made at any time by resolution of the shareholders. The Company's Articles of Incorporation also provide that the Board of Directors may make distributions to shareholders based on a resolution of the Board of Directors, provided that such distributions are limited to once per fiscal year.

(a) Information concerning changes in net assets

Treasury stock

Class of shares	At March 31, 2008	Increase	Decrease	At March 31, 2009
Common stock (shares)	6,765,163	59,871	21,424	6,803,610

Reason for the change:

The increase attributable to the purchase of shares less than one unit: 59,871 shares

The decrease attributable to sales of shares in the Company owned by a consolidated subsidiary: 21,424 shares

Stock acquisition rights

			Number of shares to be issued or transferred upon exercise of stock acquisition rights				
Company name		Class of shares to be issued or transferred upon exercise of stock acquisition rights	At March 31, 2008	Increase	Decrease	At March 31, 2009	Balance at March 31, 2009 (millions of yen)
Tonami Holdings Co., Ltd.	Stock acquisition rights granted in 2004	Common stock	8,012,820	—	—	8,012,820	—

The number of shares to be issued or transferred upon exercise of stock acquisition rights is the number of exercisable stock acquisition rights.

Stock acquisition rights granted in 2004 pertain to yen-denominated convertible bond type-bonds with stock acquisition rights.

(b) Stock options

(1) Details of the stock options

Company name	Tonami Holdings Co., Ltd.
Date of resolution	June 29, 2005
Category and number of individuals to whom stock options were granted*2	Directors of the Company: 12 Corporate auditors of the Company: 5 Executive officers of the Company: 11 Chairmen and presidents of consolidated subsidiaries who were deemed eligible by the directors of the Company: 22
Class of shares and number of stock options granted (shares)*1 and 2	Common stock: 1,340,000
Grant date	August 9, 2005
Conditions for vesting	Not defined
Eligible service period	Not defined
Exercisable period	From July 1, 2007, to June 30, 2010

Notes:

1. The number is converted to the number of shares for presentation.
2. Individuals to whom stock options were granted and the number of stock options granted are those at the time of resolution.

(2) Scale of stock options and changes
1) Number of stock options

Company name	Tonami Holdings Co., Ltd.
Date of resolution	June 29, 2005
Prior to vesting	
At beginning (shares)	—
Granted (shares)	—
Expired (shares)	—
Vested (shares)	—
Unvested (shares)	—
After vesting	
At beginning (shares)	1,130,000
Vested (shares)	—
Exercised (shares)	—
Expired (shares)	90,000
Unexercised (shares)	1,040,000

2) Unit price

Company name	Tonami Holdings Co., Ltd.
Date of resolution	June 29, 2005
Exercise price (yen)	393
Average stock price upon exercise (yen)	—
Fair value on the grant date (yen)	—

17 Supplementary income information

Supplementary income information for the years ended March 31, 2009 and 2008 is as follows:—

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Depreciation expenses	¥2,848	¥2,594	$28,993
Lease and rental	6,456	6,312	65,723

18 Amounts per share

Amounts per share of common stock for the years ended March 31, 2009 and 2008 were as follows:—

	Yen		U.S. dollars
	2009	2008	2009
Net income (loss) per share:			
Basic	¥ 2.69	¥ (10.03)	$ 0.0274
Diluted	2.47	—	0.0251
Cash dividends	5.00	6.00	0.0509
Net assets per share:	¥487.51	¥499.38	$ 4.9629

Although dilutive securities were outstanding, diluted net income per share for the year ended March 31, 2008 was not disclosed because of the net loss in this year.

Cash dividends per share represent the cash dividends paid during the respective years together with the interim cash dividends paid.

Basis for the calculation of net assets per share for the years ended March 31, 2009 and 2008 were as follows:—

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Total net assets as reported on the consolidated balance sheets	¥44,882	¥45,962	$456,907
Deduction:			
Adjusted net assets allocated in common stock	44,269	45,366	450,667
Minority interests	613	596	6,240
	Shares		
Number of shares of common stock issued	97,610,118	97,610,118	
Number of shares of common stock in treasury	6,803,610	6,765,163	
Number of shares of common stock outstanding at the end of year on which net assets per share is calculated	90,806,508	90,844,955	

Basis for the calculation of basic and diluted net (loss) income per share for the years ended March 31, 2009 and 2008 was as follows:—

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Net income (loss) available to shareholders of common stock:			
Net income (loss)	¥244	¥(911)	$2,484
Net income (loss) not available to shareholders of common stock	—	—	—
(of which appropriation of bonuses to directors and corporate auditors)	(—)	(—)	(—)
Net income (loss) available to shareholders of common stock	244	¥(911)	2,484
Weighted-average number of shares of common stock outstanding (shares)	90,822,202	90,881,929	
Diluted net income available to shareholders of common stock:			
Adjustments to net income:	—	—	—
(of which commission for bonds)	(—)	(—)	(—)
Incremental number of shares of common stock	8,012,820	—	
(of which stock acquisition rights)	(8,012,820)	(—)	
Common stock equivalents not included in calculation of diluted net income per share due to their non-dilutive effect	(Stock option) Stock options approved at the annual shareholders' meeting of the Company held on June 29, 2005 (The number of stock acquisition rights was 1,040.)	(Stock option) Stock options approved at the annual shareholders' meeting of the Company held on June 29, 2005 (The number of stock acquisition rights was 1,130.) (Convertible bond-type bonds with stock acquisition rights) Yen-denominated convertible bond-type bond with stock acquisition rights due Sep 30, 2009 (face amount: ¥2,500 million)	

19 Subsequent events

Cash dividends

The annual shareholders' meeting of the Company, which was held on June 26, 2009, duly approved the payment of dividends as followed:—

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥2.00 per share)	¥182	$1,853

20 Segment information

The Company's business segments consist of logistics related services classified as Logistics, information processing operations classified as Information processing, and other services classified as Others.

A summary of segment information by industry segment for the years ended March 31, 2009 and 2008 was as follows:—

For the year ended March 31, 2009	Millions of yen					
	Logistics	Information processing	Others	Total	Eliminations (Notes 1 and 2)	Consolidated
Operating revenues:						
Outside customers	¥114,646	¥2,829	¥ 9,455	¥126,930	¥ —	¥126,930
Inter segment sales	17	326	7,794	8,137	(8,137)	—
Total	114,663	3,155	17,249	135,067	(8,137)	126,930
Costs and expenses	114,901	2,720	17,062	134,683	(8,423)	126,260
Operating income (loss)	¥ (238)	¥ 435	¥ 187	¥ 384	¥ 286	¥ 670
Assets, depreciation, impairment losses and capital expenditures:						
Identifiable assets	¥ 98,373	¥1,471	¥15,083	¥114,927	¥(1,786)	¥113,141
Depreciation	¥ 2,570	¥ 145	¥ 143	¥ 2,858	¥ 10	¥ 2,848
Impairment losses	¥ 145	¥ —	¥ —	¥ 145	¥ —	¥ 145
Capital expenditures	¥ 7,687	¥ 115	¥ 45	¥ 7,847	¥ 3	¥ 7,850

For the year ended March 31, 2008	Millions of yen					
	Logistics	Information processing	Others	Total	Eliminations (Notes 1 and 2)	Consolidated
Operating revenues:						
Outside customers	¥117,614	¥2,446	¥10,128	¥130,188	¥ —	¥130,188
Inter segment sales	54	262	7,550	7,866	(7,866)	—
Total	117,668	2,708	17,678	138,054	(7,866)	130,188
Costs and expenses	116,831	2,284	16,929	136,044	(7,743)	128,301
Operating income	¥ 837	¥ 424	¥ 749	¥ 2,010	¥ (123)	¥ 1,887
Assets, depreciation, impairment losses and capital expenditures:						
Identifiable assets	¥ 89,297	¥1,252	¥20,827	¥111,376	¥ 1,135	¥112,511
Depreciation	¥ 2,307	¥ 163	¥ 134	¥ 2,604	¥ 10	¥ 2,594
Impairment losses	¥ 955	¥ —	¥ 16	¥ 971	¥ —	¥ 971
Capital expenditures	¥ 2,054	¥ 77	¥ 72	¥ 2,203	¥ 8	¥ 2,211

For the year ended March 31, 2009	Thousands of U.S. dollars					
	Logistics	Information processing	Others	Total	Eliminations (Notes 1 and 2)	Consolidated
Operating revenues:						
Outside customers	$1,167,118	$28,800	$ 96,254	$1,292,172	$ —	$1,292,172
Inter segment sales	173	3,319	79,344	82,836	(82,836)	—
Total	1,167,291	32,119	175,598	1,375,008	(82,836)	1,292,172
Costs and expenses	1,169,714	27,690	173,694	1,371,098	(85,747)	1,285,351
Operating income (loss)	$ (2,423)	$ 4,429	$ 1,904	$ 3,910	$ 2,911	$ 6,821
Assets, depreciation, impairment losses and capital expenditures:						
Identifiable assets	$1,001,456	$14,975	$153,548	$1,169,979	$(18,182)	$1,151,797
Depreciation	$ 26,163	$ 1,476	$ 1,456	$ 29,095	$ 102	$ 28,993
Impairment losses	$ 1,476	$ —	$ —	$ 1,476	$ —	$ 1,476
Capital expenditures	$ 78,255	$ 1,171	$ 458	$ 79,884	$ 31	$ 79,915

Note 1. Operating cost and expenses included in the column "Eliminations" mainly consist of those charged by the general affairs and finance divisions of the Company, amounting to ¥87 million ($886 thousand) and ¥182 million for the years ended March 31, 2009 and 2008, respectively.

Note 2. Corporate assets included in the column "Eliminations" mainly consist of surplus working funds (cash and marketable securities), long-term investment funds (investments in securities), and other assets which belong to the administrative department, amounting to ¥14,115 million ($143,693 thousand) and ¥24,816 million for the years ended March, 2009 and 2008, respectively.

Note 3. Change in accounting method

(Actuarial gains and losses on severance and retirement benefits)

As discussed in Note 2.g, prior to April 1, 2008, past service costs and actuarial gains and losses had been recognized over 11 years. However, as a result of the review on the employees' remaining service years, the recognition period was changed from 11 years to 10 years effective the year ended March 31, 2009. As a result of this change, as compared to the previous accounting treatment, costs and expenses of "Logistics", "Information processing" and "Others" increased by ¥62 million ($631 thousand), ¥0 million ($0 thousand) and ¥2 million ($20 thousand), respectively and operating income increase by the same amount.

The three business segments mainly consist of the following services:

Logistics . . . Road haulage, freight forwarding, warehousing, and harbor transport and customs services

Information processing . . . Information processing

Others . . . Vehicle maintenance, casualty insurance, merchandising and commissioned sales and purchases, leasing, mail order services, travel inn, carriage of passengers, and other businesses

Neither geographical segment information nor overseas sales have been presented because none of the Company's consolidated subsidiaries are domiciled outside Japan, and the Company and its consolidated subsidiaries had no overseas sales for the years ended March 31, 2009 and 2008.

Report of Independent Auditors

The Board of Directors
Tonami Holdings Co., Ltd.

We have audited the accompanying consolidated balance sheets of Tonami Holdings Co., Ltd. and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tonami Holdings Co., Ltd. and consolidated subsidiaries at March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Ernst & Young ShinNihon LLC

June 26, 2009

Consolidated Subsidiaries

Logistics

Company Name	Business Line
Tonami Transportation Co., Ltd.	Road haulage
Keishin Warehouse Co., Ltd.	Warehousing
Zento Transportation Co., Ltd.	Road haulage
Osaka Tonami Transportation Co., Ltd.	Road haulage
Fukui Tonami Transportation Co., Ltd.	Road haulage
Ishikawa Tonami Transportation Co., Ltd.	Road haulage
Gosei Tonami Transportation Co., Ltd.	Road haulage
Kansai Tonami Transportation Co., Ltd.	Road haulage
Kanto Tonami Transportation Co., Ltd.	Road haulage
Kanagawa Tonami Transportation Co., Ltd.	Road haulage
Ibaraki Tonami Transportation Co., Ltd.	Road haulage
Chukyo Tonami Transportation Co., Ltd.	Road haulage
Shonan Tonami Transportation Co., Ltd.	Road haulage
Kawai Transportation Co., Ltd.	Road haulage
ATS Co., Ltd.	Road haulage
Takefu Transportation Co., Ltd.	Road haulage
Saitama Tonami Transportation Co., Ltd.	Road haulage
Niigata Tonami Transportation Co., Ltd.	Road haulage
Anan Transportation Co., Ltd.	Road haulage
Nationwide Shirobo JSE Courier Co., Ltd.	Road haulage
Tonami Global Logistics Co., Ltd.	Harbor transport service

Information Processing and Others

Company Name	Business Line
Tonami Trading Co., Ltd.	Trading Company
Toyo Gomu Hokuriku Hanbai Co., Ltd.	Sale of tires
Shogawa Kanko Co., Ltd.	Travel inns
Toyama Jizake Hanbai Co., Ltd.	Sale of liquor
Keishin System Research Co., Ltd.	Development and sale of software
Tonami Staff Support Co., Ltd.	Detached service
Tonami Business Service Co., Ltd.	Financial service
Toyo Tire Toyama shop Co., Ltd.	Sale of tires
Shogawa Pleasure Boat Co., Ltd.	Carriage of passengers
Tonami Automobile Technology Research Institute Co., Ltd.	Automobile technology R&D

Board of Directors and Corporate Auditors

Chairman and Representative Director
Yoshihiro Minami

President and Representative Director
Katsusuke Watanuki

Senior Managing Director
Kohichi Kishida

Directors
Shigeki Sakamoto
Yasuo Terabayashi
Yoshinobu Watanabe
Shigeyuki Okada
Yoshimi Nagahara
Kazuo Takata

Standing Corporate Auditors
Mitsuo Matsuda
Masafumi Takebe

Corporate Auditors
Shinichiro Inushima
Toshio Yaeda
Yohji Ishiguro

(As of June 26, 2009)

Corporate Data

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Date of Established June 1943

Common Stock ¥14,183 million

Issued and Outstanding Shares 97,610,118 shares

Shareholders 7,333

Employees 61

(As of March 31, 2009)

TONAMI

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