2010
Annual Report

For the year ended March 31, 2010

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.

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

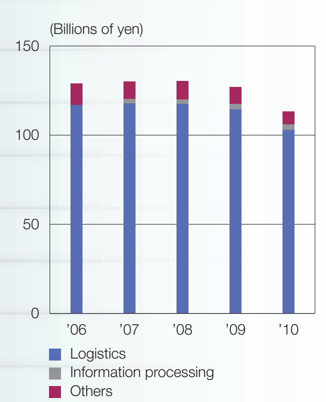
Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
FOR THE YEAR:			
Operating revenues:	¥113,601	¥126,930	$1,215,504
Logistics	103,339	114,646	1,105,703
Information processing	2,950	2,829	31,564
Others	7,312	9,455	78,237
Operating income	734	670	7,854
Net income	702	244	7,511
PER SHARE (Yen and U.S. dollars):			
Net income, basic	¥7.73	¥2.69	$0.0827
Net income, diluted	7.42	2.47	0.0794
Cash dividends	4.00	5.00	0.0428
AT YEAR-END:			
Total assets	¥115,502	¥113,141	$1,235,844
Total net assets	45,229	44,882	483,940

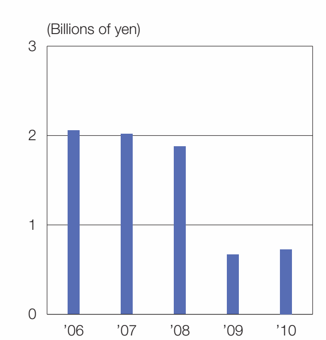
Notes: 1. U.S. dollar amounts presented herein are included solely for convenience. The rate of ¥93.46 = U.S.$1, prevailing on March 31, 2010, has been used for the translation into U.S. dollar amounts.

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

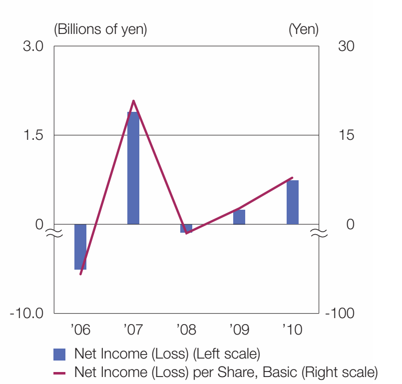
Operating Revenues by Business Segment



Operating Income



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



Chairman, Yoshihiro Minami

President, Katsusuke Watanuki

Operating Environment and Business Results

During the fiscal year ended March 31, 2010, the deterioration of the Japanese economy halted, partly owing to the impact of a series of economic stimulus measures by the government. However, the situation remained challenging because of the appreciation of the yen and increasing deflationary pressure coupled with sluggish corporate earnings, curtailment of capital investment, and a worsening of the employment situation.

The distribution industry continued to operate in a tough business environment. Although freight volumes edged upward as exports picked up, a decisive recovery of domestic freight volumes did not materialize.

In these circumstances, the Tonami Group strove to expand the logistics-related businesses centering on the truck transport business, the freight forwarding business, and the third-party logistics (3PL) business. However, operating revenues decreased 10.5% from the previous year to ¥113.6 billion.

With regard to profits, operating income increased 9.6% to ¥734 million, reflecting lower fuel costs owing to a decline in fuel prices, reduction of fixed expenses through work sharing, and cost reductions achieved by reviewing operations. Net income soared 187.3% to ¥702 million partly as a result of a marked improvement of non-operating income.

Total annual dividends for the year ended March 2010 amount to ¥4 per share, including the interim dividend of ¥2 per share.

Regarding the results by segment, operating revenues from logistics-related businesses were ¥103,339 million, a decrease of 9.9% from the previous year. Although logistics demand showed signs of recovery in the fourth quarter, reflecting our efforts to expand transactions with existing customers and to cultivate new customers, weak demand affecting the main operations, namely, road haulage, 3PL, and harbor transport, in the first three quarters was not fully offset.

Operating revenues from the information processing business increased 4.3% from the previous year to ¥2,950 million.

Operating revenues from other businesses, which include automobile repair and merchandising, decreased 22.7% to ¥7,312 million.

Outlook for the Year Ending March 2011

The recovery of the Japanese economy is expected to proceed at a moderate pace led by exports spurred by growth of the emerging economies.

In the distribution industry, despite the anticipated export-led recovery, the outlook for domestic freight volumes is unclear. In view of intensifying competition among logistics service providers in a severe business environment, further consolidation of the industry through tie-ups and M&A is in prospect.

Regarding international logistics, the trend is definitely toward the upgrading of international logistics centers in high-growth emerging economies to meet the increasingly sophisticated needs of customers.

The year to March 2011 is the final year of the Group's 18th three-year medium-term business plan. Throughout its businesses, the Group will emphasize selection and focus in current operations. We will deploy IT to integrate logistics information, covering goods receipt/goods issue, storage, transport and distribution, warehouse management, and delivery routes, in order to enhance our ability to propose logistics solutions that give our customers the advantage in terms of operational efficiency and reduced costs. Moreover, we intend to strengthen the fundamentals of our business by expanding its scope.

While strengthening complementary functions among operations of Group companies, we will seek to broaden the base of the business by promoting M&A and alliances as well as through development of international logistics services.

In the fiscal year ending March 2011, we will continue reshaping our operations with a view to strengthening the fundamentals through improvement of profitability. As a result, we expect to record operating revenues of ¥115.0 billion, an increase of 1.2% year on year, operating income of ¥1,280 million, an increase of 74.3%, and net income of ¥710 million, an increase of 1.2%.

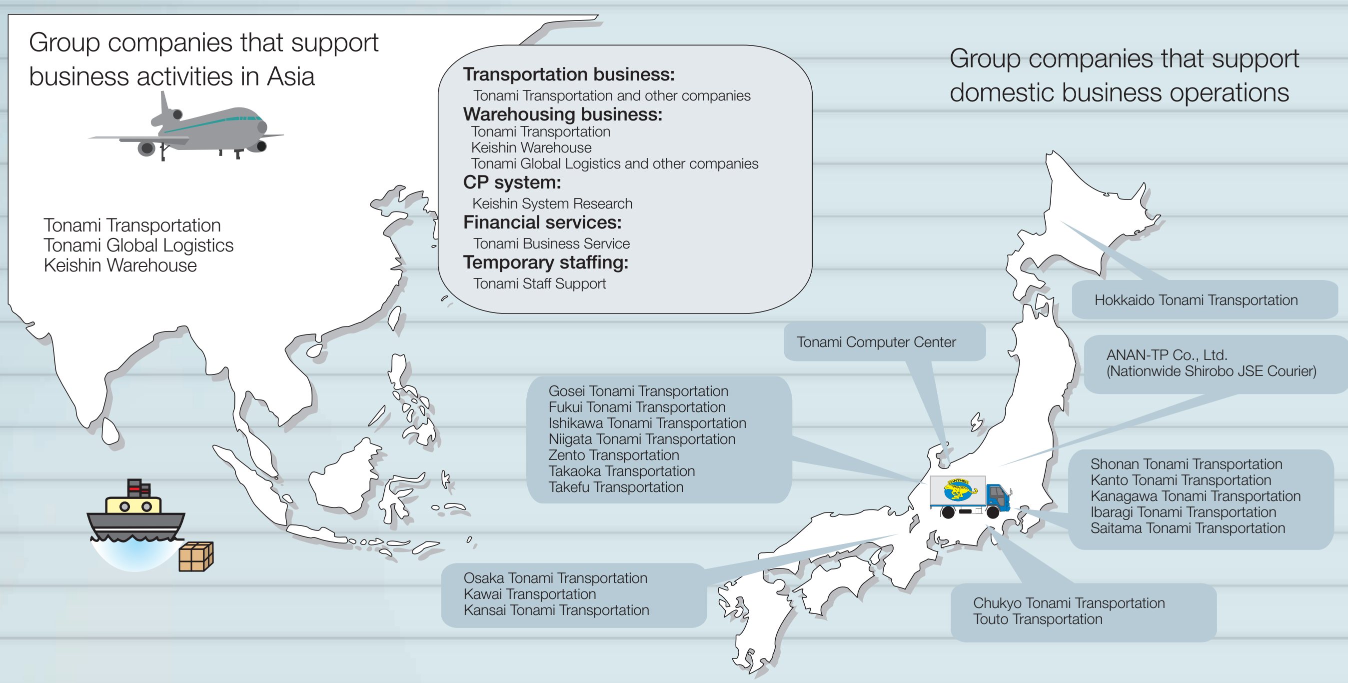
We will continue making a concerted effort to raise business performance so as to meet the expectations of our shareholders. In all our endeavors, we will be grateful for your continued support.

June 2010

Yoshihiro Minami
Chairman and Representative Director

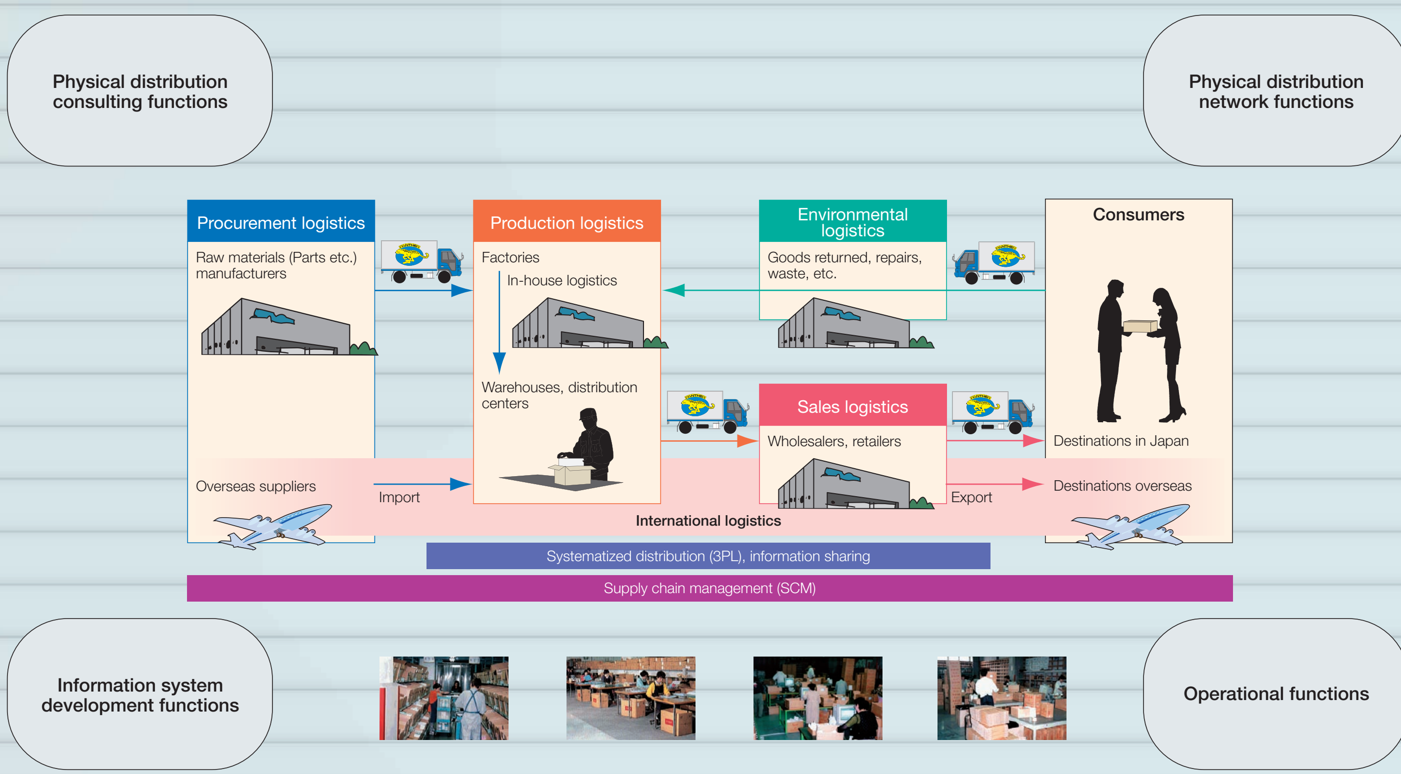
Katsusuke Watanuki
President and Representative Director

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



In line with the adoption of a pure holding company system, 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, in principle, once a month, and as necessary, enabling the directors to attain mutual understanding and engage in mutual supervision of the execution of business. The Board of Directors utilizes the services of outside experts as necessary to prevent violations of the law or the Articles of Incorporation.

The Company employs a corporate auditor system as part of its internal control framework. The Board of Corporate Auditors consists of 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.

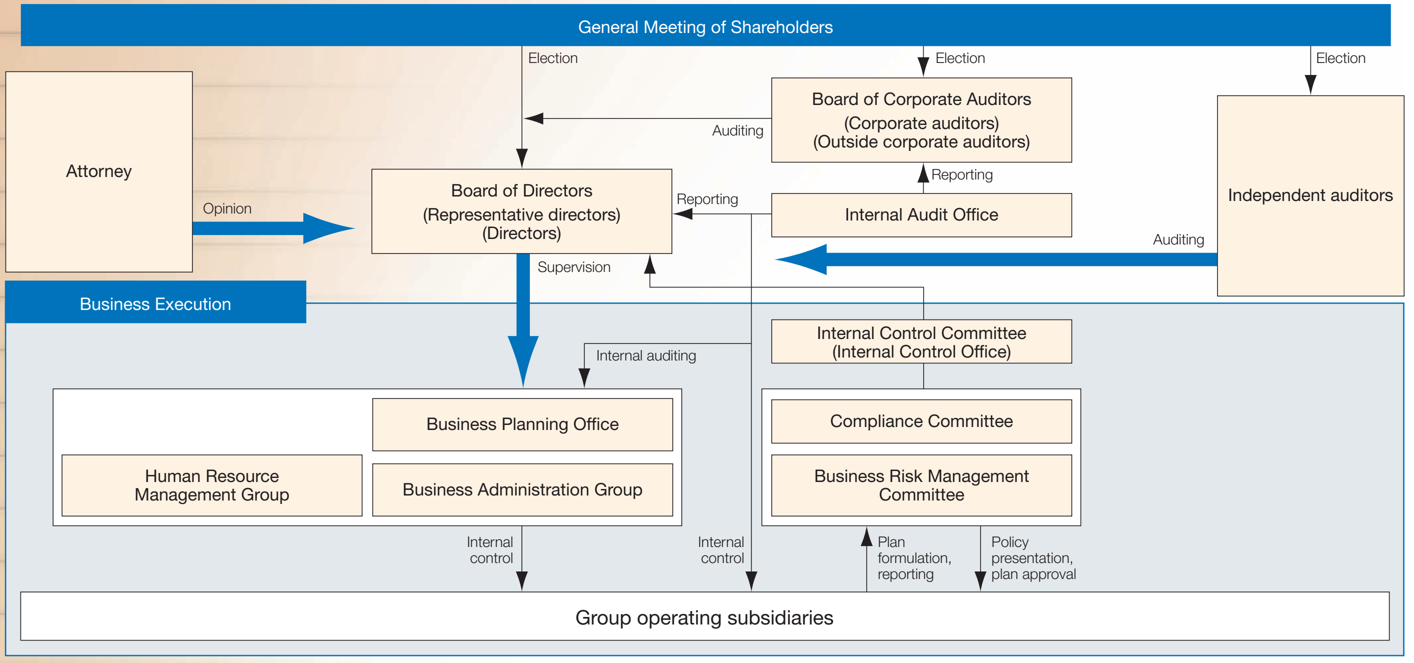
In the event that a director discovers a violation of the law or the Articles of Incorporation on the part of another director, the director is required to promptly report the violation to the corporate auditors and the Board of Directors and a remedy will be sought. The Company has an internal auditing unit, the Internal Audit Office, which is an organization independent of the business units.

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.

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 of the Group. The Group's 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 the Group's 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 executive officers 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, the Group's 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.

One standing corporate auditor and three outside corporate auditors possess significant expertise on financial and accounting matters gained through their experience over many years.

5) Relationships between Outside Directors and Outside Corporate Auditors

The Company does not elect outside directors.

In accordance with the Companies Act, the Company has elected five corporate auditors of whom three are elected from outside the Company in order to strengthen auditing from the third-party standpoint without being involved in execution of the business of the Company.

The Company considers that corporate auditors who do not execute business and are independent are conducting appropriate auditing of the supervisory function of the Board of Directors, the main function of the Board of Directors.

State of Development of the Risk Management Structure

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

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 action principle “Ensure compliance throughout business activities,” through selection and focus and reinforcement of the fundamentals, the Tonami Holdings Group endeavors to create value through the logistics business and fulfill its corporate social responsibility (CSR).

It is essential to ensure transportation safety, give consideration to the environment, ensure legal compliance and compliance with other rules, respect human rights, and contribute to local communities. As a logistics expert, we are resolved to fulfill these responsibilities by adhering to corporate ethics, ensuring compliance with laws and regulations, and enhancing corporate governance.

In business activities, with the objective of achieving customer satisfaction, we are endeavoring to become an enterprise that contributes to the development of society and strives to protect the environment and where employees can achieve job satisfaction, take pride in their work, and are motivated.

In view of the increasing concern about the impact of CO2 emissions on climate, the Group recognizes the urgent need for more efficient use of energy. The Group is making a concerted effort involving all employees 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 through the introduction of digital tachographs.

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

Annual social and environmental report

Environmental Protection Activities

Recognizing that environmental protection is a crucially important theme that concerns the maintenance of the ecosystem, under the principle, “Contribute to society through transportation and strive to protect the environment,” we will act in accordance with the following policies.

This truck runs on natural gas

1. We will do the following to mitigate environmental pollution caused by provision of transportation services:
   (A) We will introduce environmentally friendly vehicles.
   (B) We will practice environmentally friendly driving.
   (C) We will create eco-friendly distribution systems through greater efficiency in distribution.
   (D) We will establish a recycling system to contribute to establishment of a recycling-based society.
   (E) We will promote development and provision of environmentally friendly products.
   (F) We will make ongoing efforts to save resources and energy and to achieve improvements every day.
2. We will ensure compliance with environment-related laws and regulations at the national and municipal levels and other requirements that the Company undertakes to fulfill in its efforts to protect the environment.
3. We will set specific environmental objectives and environmental goals, conduct periodic reviews, and work to achieve continuous improvement of environmental management systems.
4. We will communicate these policies to all employees through internal environmental education and awareness raising initiatives. At the same time, we will disclose these policies to the public. We will also vigorously participate in environmental protection activities in local communities.


Encouraging local people to take up badminton

Social Contributions

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

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
	2006	2007	2008	2009	2010	2010
RESULTS OF OPERATIONS:						
Operating revenues	¥129,098	¥130,020	¥130,188	¥126,930	¥113,601	$1,215,504
Operating cost	120,924	122,065	121,875	119,596	106,522	1,139,760
Selling, general and administrative expenses	6,117	5,936	6,426	6,664	6,345	67,890
Operating income	2,057	2,019	1,887	670	734	7,854
Net income (loss)	(5,050)	1,889	(911)	244	702	7,511
Depreciation expenses	2,508	2,650	2,594	2,848	3,157	28,993
PER SHARE (yen and U.S. dollars):						
Net income (loss)	¥ (56.02)	¥ 20.77	¥ (10.03)	¥ 2.69	¥ 7.73	$ 0.0827
Cash dividends	6.00	6.00	6.00	5.00	4.00	0.0428
YEAR-END FINANCIAL POSITION:						
Total current assets	¥ 40,682	¥ 40,425	¥ 36,017	¥ 34,702	¥ 33,860	$ 362,294
Net property and equipment	64,450	62,758	62,194	66,633	69,447	743,067
Total assets	121,577	119,341	112,511	113,141	115,502	1,235,844
Total current liabilities	36,004	34,509	36,991	34,248	32,617	348,994
Long-term liabilities, excluding of current portion thereof	37,995	36,509	29,558	34,011	37,656	402,910
Total net assets	47,029	48,323	45,962	44,882	45,229	483,940
OTHER YEAR-END DATA:						
Number of employees	7,278	7,129	7,310	7,361	7,235	

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, 2010, although the domestic shipping index for the period from January to March 2010 showed a clear upturn compared with that for the period from October to December 2009 and that for the same period of the previous year, a decisive recovery for the full year did not materialize. Consequently, operating revenues decreased.

On the other hand, operating income increased as a result of improved productivity through the overhaul of business processes, reduced costs by cutting fixed costs, and reduced burden thanks to a decline in fuel prices.

Operating Revenues

Unit freight charges in the mainstay road haulage operations and the freight forwarding operations was lower than the prior-year level from the second half of the previous fiscal year onward. Despite the Group's efforts to expand the 3PL business and other businesses, operating revenues decreased 10.5% or ¥13,329 million from the previous year to ¥113,601 million.

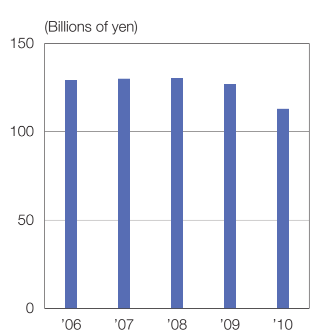
Composition of Operating Revenues

	Composition	Percentage point change from the previous year
Logistics:	91.0%	+0.7
Road haulage operations and freight forwarding operations	67.6	+1.2
Warehousing operations	18.7	+0.3
Harbor transport operations	4.7	−0.8
Information processing business	2.6	+0.4
Other businesses	6.4	−1.1

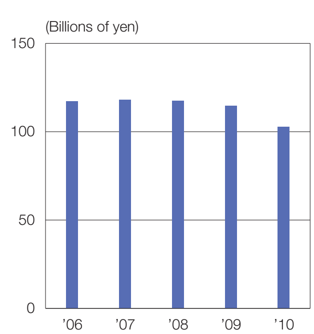
Operating Cost

Operating cost decreased 10.9% or ¥13,074 million from the previous year as a result of a decrease in variable costs, which reflects lower operating revenues, reduced fuel costs thanks to a decline in diesel fuel prices, reduced costs through the overhaul of business processes, and efforts to reduce fixed costs through work sharing. The ratio of operating cost to operating revenues decreased 0.4 percentage points from the previous year.

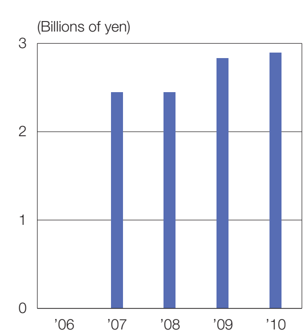
Operating Revenues



Sales of Logistics



Sales of Information Processing



Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased 4.8% or ¥319 million from the previous year because, whereas expenses associated with the change to the holding company system were recorded for the previous year, no such expenses were recorded for the year under review, and because of the overhaul of administrative operations.

Operating Income

Operating income increased ¥64 million from the previous year to ¥734 million. The aggregate amount of operating cost and selling, general and administrative expenses decreased 10.6% year on year and operating revenues decreased 10.5%. As a result, the ratio of operating income to operating revenues was 0.6%, an increase of 0.1 percentage points from the previous year.

Net Income

Net income amounted to ¥702 million, an increase of ¥458 million from the previous year.

Analysis of Cash Flows

Cash and cash equivalents for the year under review decreased ¥1,116 million from the previous year to ¥10,360 million as a result of net cash provided by operating activities amounting to ¥4,226 million, net cash used in investing activities amounting to ¥3,488 million, and net cash used in financing activities amounting to ¥1,854 million.

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥4,226 million, an increase of ¥2,506 million from the previous year.

Principal items were income before income taxes and minority interests amounting to ¥1,234 million and depreciation and amortization amounting to ¥3,157 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥3,488 million, an increase of ¥1,687 million from the previous year.

The principal item was payments of ¥3,198 million for the purchase of property and equipment.

Cash Flows from Financing Activities

Net cash used in financing activities totaled ¥1,854 million, an increase of ¥1,773 million from the previous year.

While proceeds from long-term debt amounted to ¥2,600 million, cash outflows included redemption of bonds amounting to ¥2,500 million, repayment of long-term debt amounting to ¥1,632 million, and dividends paid amounting to ¥363 million.

Analysis of the Financial Position

Assets

Current assets were ¥33,860 million, a decrease of ¥2.4% from the previous fiscal year-end. This decrease was mainly attributable to a ¥987 million decrease in cash and time deposits.

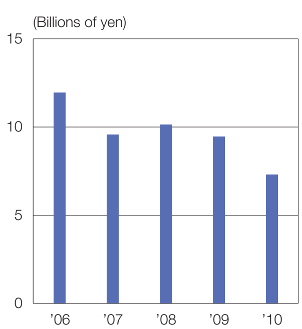
Noncurrent assets amounted to ¥81,642 million, an increase of 4.1%. This increase was attributable to an increase in property and equipment, including a ¥2,653 million increase in land and a ¥1,789 million increase in leased assets.

As a result, total assets amounted to ¥115,502 million, an increase of 2.1% from the previous fiscal year-end.

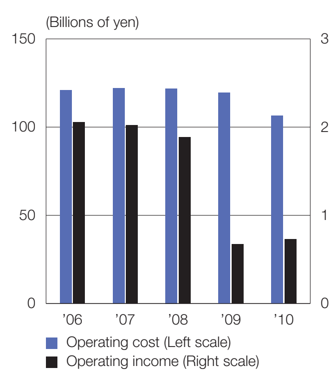
Liabilities

Current liabilities amounted to ¥32,617 million, a decrease of 4.8% from the previous fiscal year-end. While short-term bank loans increased ¥1,082 million, the current portion of convertible bond-type bonds with stock acquisition rights decreased ¥2,500 million.

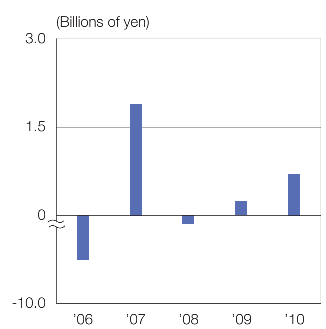
Sales of Others



Operating Cost and Operating Income



Net Income (Loss)



Long-term liabilities amounted to ¥37,656 million, an increase of ¥10.7% from the previous fiscal year-end. This increase was mainly attributable to a ¥1,932 million increase in long-term debt and a ¥1,781 million increase in lease obligations.

As a result, total liabilities amounted to ¥70,273 million, an increase of 3.0% from the previous fiscal year-end.

Net Assets

Net assets amounted to ¥45,229 million, an increase of 0.8% from the previous fiscal year-end. The main factor was a ¥342 million increase in retained earnings.

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

The recovery of the Japanese economy is expected to proceed at a moderate pace led by exports spurred by growth of the emerging economies.

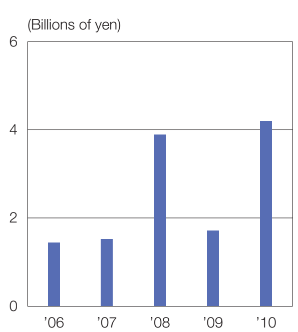
In the distribution industry, despite the anticipated export-led recovery, the outlook for domestic freight volumes is unclear. In view of intensifying competition among logistics service providers in a severe business environment, further consolidation of the industry through tie-ups and merger & acquisition is in prospect.

Regarding international logistics, the trend is definitely toward the upgrading of international logistics centers in high-growth emerging economies to meet the increasingly sophisticated needs of customers.

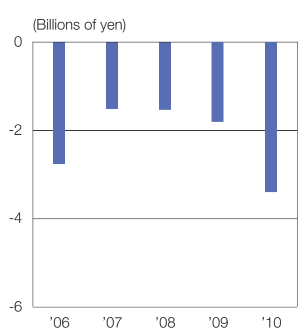
In the final year of the Group's 18th three-year medium-term business plans, the Group will emphasize selection and focus in current operations. We will deploy IT to integrate logistics information, covering goods receipt/goods issue, storage, transport and distribution, warehouse management, and delivery routes, in order to enhance our ability to propose logistics solutions that give our customers the advantage in terms of operational efficiency and reduced costs. Moreover, we intend to strengthen the fundamentals of our business by expanding its scope.

While strengthening complementary functions among operations of Group companies, we will seek to broaden the base of the business by promoting M&A and alliances as well as through development of international logistics services.

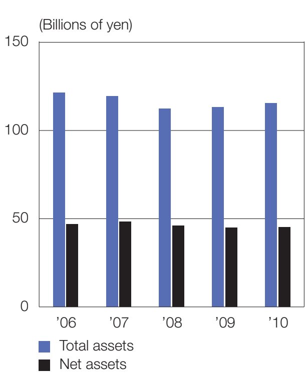
Net Cash Provided by Operating Activities



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, 2010 and 2009

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Current assets:			
Cash and time deposits	¥ 10,511	¥ 11,498	$ 112,465
Marketable securities (Note 11)	—	—	—
Trade receivables:			
Notes and accounts (Note 5)	19,714	19,654	210,935
Less: allowance for doubtful accounts	(32)	(39)	(342)
Investments in lease assets	325	227	3,477
Inventories	609	673	6,516
Deferred tax assets (Note 15)	671	645	7,180
Other current assets	2,062	2,044	22,063
Total current assets	33,860	34,702	362,294
Property and equipment (Notes 3, 4, 6 and 9):			
Land	40,397	37,744	432,238
Buildings and structures	20,871	22,142	223,316
Machinery and vehicles	2,257	2,447	24,149
Leased assets	5,252	3,463	56,195
Construction in progress	—	147	—
Other	670	690	7,169
Total property and equipment	69,447	66,633	743,067
Investments and other assets:			
Investments in securities (Note 11)	5,718	4,964	61,181
Deferred tax assets (Note 15)	749	1,301	8,014
Goodwill	—	361	—
Other	5,728	5,180	61,288
Total investments and other assets	12,195	11,806	130,483
Total assets	¥115,502	¥113,141	$1,235,844

The accompanying Notes are an integral part of these statements.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Current liabilities:			
Short-term bank loans (Note 4)	¥ 14,023	¥ 12,941	$ 150,043
Current portion of long-term debt (Note 4)	1,108	1,216	11,855
Current portion of bonds with stock acquisition rights (Note 4)	—	2,500	—
Trade notes and accounts payable	9,811	10,001	104,975
Lease obligations	1,117	769	11,952
Income taxes payable	497	399	5,318
Other current liabilities	6,061	6,422	64,851
Total current liabilities	32,617	34,248	348,994
Long-term liabilities:			
Long-term debt, less current portion thereof (Note 4)	10,336	8,404	110,593
Lease obligations	4,895	3,114	52,375
Deferred tax liabilities from revaluation reserve for land (Note 6)	5,455	5,455	58,367
Employees' severance and retirement benefits (Note 13)	15,306	15,643	163,771
Retirement benefits for directors and corporate auditors	190	211	2,033
Negative goodwill	385	4	4,119
Other long-term liabilities	1,089	1,180	11,652
Total long-term liabilities	37,656	34,011	402,910
Total liabilities	70,273	68,259	751,904
Net assets			
Shareholders' equity (Note 14):			
Common stock:			
Authorized: 299,200,000 shares in 2010			
299,200,000 shares in 2009			
Issued: 97,610,118 shares in 2010			
97,610,118 shares in 2009	14,183	14,183	151,755
Capital surplus	11,682	11,682	124,995
Retained earnings	14,734	14,392	157,650
Treasury stock, at cost: 6,822,582 shares in 2010			
6,803,610 shares in 2009	(2,012)	(2,008)	(21,528)
Total shareholders' equity	38,587	38,249	412,872
Valuation and translation adjustments:			
Unrealized gain on securities	480	233	5,136
Revaluation reserve for land (Note 6)	5,787	5,787	61,920
Total valuation and translation adjustments	6,267	6,020	67,056
Minority interests:			
Minority interests	375	613	4,012
Total net assets	45,229	44,882	483,940
Total liabilities and net assets	¥115,502	¥113,141	$1,235,844

Consolidated Statements of Income

TONAMI HOLDINGS CO., LTD.
AND CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Operating revenues:			
Operating revenues	¥113,601	¥126,930	$1,215,504
	113,601	126,930	1,215,504
Operating costs and selling, general and administrative expenses:			
Operating cost (Note 16)	106,522	119,596	1,139,760
Selling, general and administrative expenses (Note 16)	6,345	6,664	67,890
	112,867	126,260	1,207,650
Operating income	734	670	7,854
Other income and expenses:			
Interest and dividend income	237	322	2,536
Equity in earnings of unconsolidated subsidiaries and affiliates	62	89	663
Loss on sale of property and equipment, net	(110)	(257)	(1,177)
Interest expenses	(344)	(363)	(3,681)
Impairment losses	—	(145)	—
Other, net	655	831	7,008
	500	477	5,349
Income before income taxes and minority interests	1,234	1,147	13,203
Income taxes (Note 15):			
Current	852	852	8,674
Deferred	22	22	224
	509	874	5,446
Minority interests	23	29	246
Net income	¥ 702	¥ 244	$ 7,511

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, 2010 and 2009

		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, 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
Cash dividends applicable to the year (¥5.00 per share)				(363)		(363)					(363)
Net income				702		702					702
Increase in retained earnings due to sales of investments in consolidated subsidiaries				4		4					4
Treasury stock					(4)	(4)					(4)
Net changes in items other than shareholders' equity						—	247		247	(238)	8
Balance as at March 31, 2010	97,610	¥14,183	¥11,682	¥14,734	¥(2,012)	¥38,587	¥480	¥5,787	¥6,267	¥375	¥45,229

	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, 2009	$151,755	$124,995	$153,985	$(21,482)	$409,253	$2,495	$61,920	$64,415	$6,563	$480,231
Cash dividends applicable to the year ($0.0535 per share)			(3,887)		(3,887)					(3,887)
Net income			7,511		7,511					7,511
Increase in retained earnings due to sales of investments in consolidated subsidiaries			41		41					41
Treasury stock				(46)	(46)					(46)
Net changes in items other than shareholders' equity					—	2,641		2,641	(2,551)	90
Balance as at March 31, 2010	$151,755	$124,995	$157,650	$(21,528)	$412,872	$5,136	$61,920	$67,056	$4,012	$483,940

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, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Cash flows from operating activities:			
Net income before income taxes and minority interests	¥ 1,234	¥ 1,147	$ 13,203
Depreciation and amortization	3,157	2,848	33,777
Impairment losses	—	145	—
Loss on disposal of property and equipment	110	257	1,175
Loss (gain) on sales of investments in securities	0	(855)	0
Loss on devaluation of investments in securities	7	297	72
Loss on devaluation of golf club memberships	—	22	—
Amortization of goodwill	104	112	1,116
Equity in earnings of unconsolidated subsidiaries and affiliates	(62)	(89)	(659)
(Decrease) increase in allowance for doubtful accounts	(57)	9	(607)
Decrease in employees' severance and retirement benefits	(396)	(899)	(4,239)
Decrease in directors' and corporate auditors' retirement benefits	(18)	(3)	(189)
Increase (decrease) in accrued bonuses to employees	20	(73)	214
Interest and dividend income	(237)	(322)	(2,532)
Interest expenses	344	363	3,680
(Increase) decrease in trade receivables	(11)	1,515	(115)
Decrease (increase) in inventories	58	(131)	621
Decrease increase in accounts payable	(189)	(2,187)	(2,020)
Increase (decrease) in accrued consumption taxes	447	(323)	4,787
Other, net	186	380	1,995
Subtotal	4,697	2,213	50,279
Interest and dividends received	237	919	2,532
Interest paid	(355)	(332)	(3,797)
Income taxes paid	(355)	(1,080)	(3,798)
Net cash provided by operating activities	4,224	1,720	45,216
Cash flows from investing activities:			
Purchase of time deposits	(138)	(27)	(1,477)
Proceeds from redemption of time deposits	18	37	193
Proceeds from sales of marketable securities	—	20	—
Purchase of property and equipment	(3,198)	(3,305)	(34,217)
Proceeds from sales of property and equipment	71	210	765
Purchase of investments in securities	(198)	(69)	(2,118)
Proceeds from sales of investments in securities	11	910	116
Proceeds from redemption of investments in securities	50	500	535
Proceeds from acquisition of investments in subsidiaries	31	—	328
Proceeds from sales of investments in subsidiaries	6	—	61
Payments for acquisition of subsidiaries resulting in changes in scope of consolidation	(35)	0	(378)
Investments in loans receivable	(250)	(23)	(2,676)
Proceeds from collection of loans receivable	300	34	3,215
Other, net	(156)	(88)	(1,668)
Net cash used in investing activities	(3,488)	(1,801)	(37,321)
Cash flows from financing activities:			
Net decrease in short-term loans	950	3,432	10,159
Proceeds from long-term debt	2,600	3,094	27,819
Repayment of long-term debt	(1,632)	(1,327)	(17,463)
Proceeds from issuance of bonds	—	3,000	—
Redemption of bonds	(2,500)	(7,000)	(26,749)
Proceeds from sales of treasury stock	—	5	—
Purchase of treasury stock	(4)	(14)	(46)
Dividends paid	(363)	(545)	(3,887)
Dividends paid to minority interests	(4)	(10)	(46)
Repayment of lease obligations	(900)	(716)	(9,631)
Net cash used in financing activities	(1,853)	(81)	(19,844)
Net decrease in cash and cash equivalents	(1,117)	(162)	(11,949)
Cash and cash equivalents at beginning of year	11,476	11,638	122,790
Cash and cash equivalents at end of year (Note 8)	¥10,359	¥11,476	$110,841

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 2009 financial statements to conform to the classifications used in 2010.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥93.04 to U.S.$1, the approximate rate of exchange at March 31, 2010. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2 Summary of significant accounting policies

(a) Consolidation

The accompanying consolidated financial statements as of March 31, 2010 include the accounts of the Company and its 30 (31 in 2009) consolidated subsidiaries and 6 (5 in 2009) affiliates accounted for by the equity method.

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method. A subsidiary which is considered to be insignificant as a whole in view of total assets, operating revenues, net income and retained earnings is excluded from the scope of consolidation, nor accounted for by the equity method.

The difference between the cost of an acquisition and the fair value of the net assets of the acquired subsidiary at the date of acquisition is being equally amortized over a period of 5 years or 20 years after incurred. However, if the amount is immaterial, it is fully charged to income at the date of acquisition.

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

(b) Marketable securities and investments in securities

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

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

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

(c) Inventories

Inventories are stated at the lower of cost, determined principally by the last purchase price method or partially by the specific identification method, or net selling value.

(d) Derivatives

Derivative financial instruments are stated at fair value.

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

(e) Property and equipment and intangible assets

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

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

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

Buildings and structures . 2—65 years

Machinery and vehicles . . 2—17 years

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

However, if the guaranteed salvage value is specified in the lease contracts, they are depreciated by the straight-line method considering such salvage value.

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.

(f) Allowance for doubtful accounts

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

(g) 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 9 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 9 years (a period not exceeding the employees' average remaining service years) commencing with the year following their occurrence.

(Change in accounting policy)

Effective the year ended March 31, 2010, the Company adopted ASBJ Statement No. 19 "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)", issued by the ASBJ in July 2008.

Under the previous accounting standard, the Company could use a rate considering the yield during certain period as the discount rate to be applied in computing the projected benefit obligation, but decided to use the discount rate determined by reference to market yields at the end of the fiscal year pursuant to the amended accounting standard. There is no effect of this change on operating income and income before income taxes and minority interests, since unrecognized actuarial difference is to be amortized from the following year. The unrecognized amount of projected benefit obligation incurred from the adoption of the amended accounting standard amounts to ¥202 million ($2,167 thousand) at March 31, 2010.

(Additional information)

Prior to April 1, 2009, past service costs and actuarial gains and losses had been recognized over 10 years. However, as a result of the review on the employees' remaining service years, the recognition period was changed from 10 years to 9 years effective the year ended March 31, 2010. 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, 2010 decreased by ¥217 million (US$2,329 thousand).

The effect on the segment information is described in Note 18, "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) 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.

(j) 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.

(k) Cash equivalents

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

(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 Property and equipment

Depreciable property is stated at the net book value in the consolidated balance sheets. The amounts of accumulated depreciation were ¥51,972 ($556,098 thousand) million and ¥47,818 million on March 31, 2010 and 2009, respectively.

Capital gains resulting from disposals and other similar transactions are deducted from the cost of property and equipment acquired in substitution. The amounts deducted from the cost of property and equipment were ¥195 million ($2,083 thousand) and ¥195 million on March 31, 2010 and 2009, respectively.

4 Short-term bank loans and long-term debt

(a) Short-term bank loans

Short-term bank loans as at March 31, 2010 and 2009 were as follows:—

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Secured	¥ 3,453	¥ 3,010	$ 36,946
Unsecured	10,570	9,931	113,097

Interest rates range from 0.655% to 2.550%.

(b) Long-term debt

Long-term debt as at March 31, 2010 and 2009 was as follows:—

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
0.00% ¥2.5 billion unsecured convertible bond type-bonds with stock acquisition rights due 2009	¥ —	¥ 2,500	$ —
2.11% ¥3.0 billion unsecured straight bonds due 2013	3,000	3,000	32,099
1.000%-3.300% loans from financial institutions due 2011 to 2015 and thereafter			
Secured	1,675	989	17,922
Unsecured	6,769	5,631	72,427
Total	11,444	12,120	122,448
Less: amount due within one year	1,108	3,716	11,855
	¥10,336	¥ 8,404	$110,593

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, 2010 are as follows:—

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥1,108	$11,855
2012	778	8,324
2013	632	6,762
2014	2,481	26,546
2015 and thereafter	3,445	36,862

(c) Pledged assets

Property and equipment having a net value of ¥15,166 million ($162,272 thousand) was pledged as collateral for short-term bank loans and long-term debt as at March 31, 2010.

5 Contingent liabilities

As at March 31, 2010, the Company was contingently liable as follows:—

	Millions of yen	Thousands of U.S. dollars
Notes endorsed	¥ 20	$ 214
Others	429	4,590

6 Revaluation reserve for land

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

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

	Millions of yen	Thousands of U.S. dollars
Difference between the fair market value of revalued land at March 31, 2010 and the revalued book value	¥10,491	$112,251

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, 2010, was as follows:

	Millions of yen	Thousands of U.S. dollars
Maximum credit line of overdraft facility and commitment agreement	¥4,000	$42,799
Used credit	—	—
Total	¥4,000	$42,799

The agreements include restrictive financial covenants requiring net assets as of the fiscal year end to exceed predetermined amount.

8 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, 2010 and 2009 are as follows:—

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Cash and time deposits	¥10,511	¥11,498	$112,465
Time deposits with maturities exceeding three months	(151)	(22)	(1,619)
Cash and cash equivalents	¥10,360	¥11,476	$110,846

9 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. However, if the guaranteed salvage value is specified in the lease contracts, they are depreciated by the straight-line method considering such salvage value.

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

The following are pro forma amounts of the acquisition costs, accumulated depreciation, accumulated impairment losses and net book value of leased property if they were capitalized as of March 31, 2010 and 2009 for finance leases accounted for as operating leases:—

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Acquisition costs:			
Machinery and tools	¥ 9,473	¥12,857	$101,359
Other assets	5,837	5,866	62,455
	¥15,310	¥18,723	$163,814
Accumulated depreciation:			
Machinery and tools	¥ 6,481	¥ 8,049	$ 69,345
Other assets	1,738	1,518	18,596
	¥ 8,219	¥ 9,567	$ 87,941
Accumulated impairment losses:			
Machinery and tools	¥ —	¥ —	$ —
Other assets	756	756	8,089
	¥ 756	¥ 756	$ 8,089
Net book value:			
Machinery and tools	¥ 2,992	¥ 4,808	$ 32,014
Other assets	3,343	3,592	35,769
	¥ 6,335	¥ 8,400	$ 67,783

Amounts of depreciation expense equivalents and interest expense equivalents for the years ended March 31, 2010 and 2009 are as follows:—

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Depreciation expense	¥1,816	¥2,279	$19,431
Interest expense	228	292	2,440

Lease payments relating to finance leases accounted for as operating leases amounted to ¥2,136 million ($22,851 thousands) and ¥2,634 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, 2010 and 2009, 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, 2010 and 2009, reversal of impairment losses on leased assets amounting to ¥42 million ($449 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, 2010 and 2009 for finance leases accounted for as operating leases are summarized as follows:—

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Due within one year	¥ 1,694	¥ 2,000	$ 18,125
Due over one year	5,376	7,073	57,522
Total	¥ 7,070	¥ 9,073	$ 75,647
Impairment losses on leased assets	¥ 546	¥ 588	$ 5,842

(c) Operating leases

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Due within one year	¥ 274	¥ 274	$ 2,932
Due over one year	3,574	3,847	38,241
Total	¥ 3,848	¥ 4,121	$41,173

10 Financial instruments and related disclosures

The Company adopted ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and ASBJ Guidance No. 19 "Guidance on Disclosures about Fair Value of Financial Instruments" issued by the ASBJ in March 2008 and discloses about information regarding financial instruments, fair value of financial instruments and maturities of financial instruments.

(a) Financial instruments

The Group invests cash surplus, if any, in low risk financial assets and raises funds for short-term working fund by bank borrowings. For capital investment, the Group raises necessary funds in light of capital investment plan by bank borrowings or issuance of corporate bonds. Derivatives are employed to mitigate the risk of fluctuations in interest rates, and not used for speculative purposes.

Trade receivables such as notes and accounts are exposed to customer credit risk. For such credit risk, the Group has established the risk management system to monitor and control payment term and balances of customers.

Investments in securities such as equity securities are exposed to the market risk of fluctuation in market prices, but major components are equity securities issued by the business partners and their fair values are periodically reported to the in-charge directors.

Trade payables and loans are exposed to the liquidity risk, but the Group controls such liquidity risk by the monthly cash management plans prepared by each company.

(b) Fair value of financial instruments

The carrying amount, fair value and the related difference of the financial instruments as of March 31, 2010 are as follows:

	Millions of yen		
	2010		
	Carrying amount	Fair value	Difference
Assets:			
Cash and time deposits	¥10,511	¥10,511	—
Trade receivables – notes	3,218	3,218	—
Trade receivables – accounts	16,496	16,496	—
Investments in securities (other securities)	3,453	3,453	—
Total assets	¥33,678	¥33,678	—
Liabilities:			
Trade notes payable	¥ 893	¥ 893	—
Trade accounts payable	8,918	8,918	—
Short-term bank loans	14,023	14,023	—
Bonds	3,000	3,040	40
Lease obligations	6,012	6,939	927
Long-term debt	8,444	8,633	189
Total liabilities	¥41,290	¥42,446	¥1,156
Derivatives:	—	—	—

	Thousands of U.S. dollars		
	2010		
	Carrying amount	Fair value	Difference
Assets:			
Cash and time deposits	$112,465	$112,465	—
Trade receivables – notes	34,432	34,432	—
Trade receivables – accounts	176,503	176,503	—
Investments in securities (other securities)	36,946	36,946	—
Total assets	$360,346	$360,346	—
Liabilities:			
Trade notes payable	$ 9,555	$ 9,555	—
Trade accounts payable	95,420	95,420	—
Short-term bank loans	150,043	150,043	—
Bonds	32,099	32,527	428
Lease obligations	64,327	74,246	9,919
Long-term debt	90,349	92,371	2,022
Total liabilities	$441,793	$454,162	$12,369
Derivatives:	—	—	—

For cash and time deposits, trade receivables-notes and trade receivables-accounts, the carrying amount is presented as the fair value since the carrying value approximates the carrying amount.

For investments in securities, the fair value of equity securities is determined using the quoted price of the stock exchanges. Unlisted equity securities whose fair value is extremely difficult to identify in the carrying amount of ¥2,265 million ($24,235 thousand) are not included in the above table.

For trade notes payable, trade accounts payable and short-term bank loans, the carrying amount is presented as the fair value since these items mature in a short time period.

For bonds, lease obligations and long-term debt, the fair value is determined using the present value of aggregated principal and interest discounted at a rate assumed if the new loans or lease arrangements were made.

For derivatives, please see Note 12 "Derivative transactions".

(c) Information about maturities of financial instruments

Annual maturities of monetary receivables and other securities with contractual maturities as of March 31, 2010 are as follows:

	Millions of yen			
	Due in one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Time deposits	¥10,476	¥ —	¥ —	¥ —
Trade receivables-notes	3,218	—	—	—
Trade receivables-accounts	16,496	—	—	—
Investments in securities (other securities with contractual maturities)	—	68	9	—
Total	¥30,190	¥ 68	¥ 9	¥ —

	Thousands of U.S. dollars			
	Due in one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Time deposits	$112,091	$ —	$ —	$ —
Trade receivables-notes	34,432	—	—	—
Trade receivables-accounts	176,503	—	—	—
Investments in securities (other securities with contractual maturities)	—	728	96	—
Total	$323,026	$728	$ 96	$ —

Annual maturities of monetary payables as of March 31, 2010 are as follows:

	Millions of yen					
	Due in one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds	¥ —	¥ —	¥ —	¥3,000	¥ —	¥ —
Lease obligations	1,117	1,133	1,183	1,130	290	1,159
Long-term debt	1,108	778	631	2,482	2,879	566
Total	¥2,224	¥1,911	¥1,814	¥6,612	¥3,169	¥1,725

	Thousands of U.S. dollars					
	Due in one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds	$ —	$ —	$ —	$32,099	$ —	$ —
Lease obligations	11,952	12,123	12,658	12,091	3,103	12,400
Long-term debt	11,855	8,324	6,752	26,557	30,805	6,056
Total	$23,807	$20,447	$19,410	$70,747	$33,908	$18,456

11 Marketable securities and investments in securities

No trading securities or held-to-maturity securities were held at March 31, 2010 or 2009. 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, 2010 are summarized as follows:—

	Millions of yen		
	2010		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Unrealized gain:			
Stocks	¥2,752	¥1,902	¥850
Bonds:			
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Unrealized loss:			
Stocks	623	728	(105)
Bonds:			
Corporate bonds	—	—	—
Other	19	100	(81)
Other	59	60	(1)
Total	¥3,453	¥2,790	¥663

	Thousands of U.S. dollars		
	2010		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Unrealized gain:			
Stocks	$29,446	$20,351	$9,095
Bonds:			
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Unrealized loss:			
Stocks	6,666	7,789	(1,123)
Bonds:			
Corporate bonds	—	—	—
Other	203	1,070	(867)
Other	631	642	(11)
Total	$36,946	$29,852	$7,094

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		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Unrealized gain:			
Stocks (Note 1)	¥1,724	¥1,176	¥548
Bonds:			
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Unrealized loss:			
Stocks (Note 1)	1,151	1.319	(168)
Bonds:			
Corporate bonds	—	—	—
Other (Note 2)	19	100	(81)
Other	50	50	0
Total	¥2,944	¥2,645	¥299

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 is charged to income for the year ended March 31, 2010. 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 is charged as a loss. "Acquisition costs" refer to the original acquisition costs.

Non-marketable securities classified as other securities at March 31, 2010 and 2009 amounted to ¥1,074 million ($11,492 thousand) and ¥1,069 million, respectively.

Proceeds from sales of securities classified as other securities amounted to ¥10 million ($107 thousand) and ¥1 million for the years ended March 31, 2010 and 2009, respectively.

12 Derivative transactions

(a) Derivative transactions to which hedge accounting is not applied

There is no applicable transaction.

(b) Derivative transactions to which hedge accounting is applied

Hedge accounting method : Special treatment for interest rate swaps

Type of transactions : Interest rate swaps:

Fixed rate payment/Floating rate receipt

Major hedged item : Long-term debt

		Millions of yen		Thousands of U.S. dollars
		2010	2009	2010
Contract amount	Total	¥5,895	¥4,500	$63,075
	Due after one year	5,680	4,500	60,775
Fair value		*	*	*

*The fair value is regarded to be included in the fair value of the long-term debt as hedged instruments, since the interest rate swaps which qualify for hedge accounting and meet specific criteria are not remeasured at market value, but the differentials paid or received under the swap agreements are recognized and included in interest expenses or income (special treatment).

13 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
	2010	2009	2010
Projected benefit obligation	¥(20,563)	¥(19,429)	$(220,019)
Plan assets	3,072	2,662	32,870
Net unrecognized amount	2,186	1,124	23,390
Employees' severance and retirement benefits	¥(15,305)	¥(15,643)	$(163,759)

The net unrecognized amounts were as follows:—

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Unrecognized benefit obligation:			
Adjustment for actuarial assumptions	¥ 4,243	¥ 3,718	$ 45,399
Past service cost	(2,058)	(2,594)	(22,020)
Net unrecognized amounts	¥ 2,185	¥ 1,124	$ 23,379

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
	2010	2009	2010
Service cost	¥ 792	¥ 773	$ 8,474
Interest cost on projected benefit obligation	471	494	5,040
Expected return on plan assets	(61)	(23)	(653)
Amortization of adjustment for actuarial assumptions	1,141	740	12,208
Amortization of past service cost	(582)	(472)	(6,227)
Net periodic pension and severance costs	¥1,761	¥1,512	$18,842

The assumptions used were as follows:—

	2010	2009
Discount rates	1.3%	2.5%
Expected rates of return on plan assets	2.5%	2.5%

14 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, 2009	Increase	Decrease	At March 31, 2010
Common stock (shares)	6,803,610	18,972	—	6,822,582

Reason for the change:
The increase attributable to the purchase of shares less than one unit: 18,972 shares

Stock acquisition rights

Company name		Class of shares to be issued or transferred upon exercise of stock acquisition rights	Number of shares to be issued or transferred upon exercise of stock acquisition rights: At March 31, 2009	Increase	Decrease	At March 31, 2010	Balance at March 31, 2010 (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) notes 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)	1,040,000
Vested (shares)	—
Exercised (shares)	—
Expired (shares)	180,000
Unexercised (shares)	860,000

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)	—

15 Income taxes

As described in Note 2(j), 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 were as follows:—

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Deferred tax assets:			
Excess bonuses accrued	¥ 490	¥ 348	$ 5,243
Excess employees' severance and retirement benefits accrued	6,174	6,300	66,060
Excess loss on impairment of tangible fixed assets (except for leased assets)	3,398	3,493	36,358
Accumulated loss on impairment of leased assets	221	237	2,365
Other	780	1,390	8,346
Gross deferred tax assets	11,063	11,768	118,372
Valuation allowance	(4,333)	(4,503)	(46,362)
Total deferred tax assets	6,730	7,265	72,010
Deferred tax liabilities:			
Unrealized gain on securities	(301)	(214)	(3,221)
Reserve under Special Taxation Measures Law	(5,009)	(5,105)	(53,595)
Total deferred tax liabilities	(5,310)	(5,319)	(56,816)
Net deferred tax assets	¥ 1,420	¥ 1,946	$ 15,194

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, 2010 and 2009 were as follows:—

	2010	2009
Statutory tax rate	40.43%	40.43%
Increase (reduction) in tax resulting from:		
Nondeductible expenses including entertainment, etc.	2.86	8.08
Nontaxable income including dividends received deduction, etc.	(7.77)	(38.97)
Per capita portion of inhabitant taxes	18.47	20.93
Equity in earnings of affiliates	(2.02)	(3.15)
Elimination of dividends received from consolidated subsidiaries, etc.	13.33	37.42
Change in valuation allowance related to deferred tax assets	(20.54)	7.96
Other	(1.61)	3.54
Effective tax rate	43.15%	76.24%

16 Supplementary income information

Supplementary income information for the years ended March 31, 2010 and 2009 is as follows:—

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Depreciation expenses	¥3,157	¥2,848	$33,779
Lease and rental	6,101	6,456	65,279

17 Amounts per share

Amounts per share of common stock for the years ended March 31, 2010 and 2009 were as follows:—

	Yen		U.S. dollars
	2010	2009	2010
Net income per share:			
Basic	¥ 7.73	¥ 2.69	$ 0.0827
Diluted	7.42	2.47	0.0794
Cash dividends	4.00	5.00	0.0428
Net assets per share:	¥494.05	¥487.51	$ 5.2862

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, 2010 and 2009 were as follows:—

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Total net assets as reported on the consolidated balance sheets	¥45,229	¥44,882	$483,940
Deduction:			
Adjusted net assets allocated in common stock:	44,854	44,269	479,927
Minority interests	375	613	4,012
	Shares		
Number of shares of common stock issued	97,610,118	97,610,118	
Number of shares of common stock in treasury	6,822,582	6,803,610	
Number of shares of common stock outstanding at the end of year on which net assets per share is calculated	90,787,536	90,806,508	

Basis for the calculation of basic and diluted net (loss) income per share for the years ended March 31, 2010 and 2009 was as follows:—

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Net income available to shareholders of common stock:			
Net income	¥702	¥244	$7,511
Net income not available to shareholders of common stock	—	—	—
(of which appropriation of bonuses to directors and corporate auditors)	(—)	(—)	(—)
Net income available to shareholders of common stock	702	244	7,511
Weighted-average number of shares of common stock outstanding (shares)	90,797,062	90,822,202	
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	3,710,045	8,012,820	
(of which stock acquisition rights)	(3,710,045)	(8,012,820)	
Common stock equivalents not included in calculation of diluted net income per share due to their non-dilutive effect	*1	*2	

*1 (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 860.)

*2 (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.)

18 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, 2010 and 2009 was as follows:—

For the year ended March 31, 2010 — Millions of yen

	Logistics	Information processing	Others	Total	Eliminations (Note 1)	Consolidated
Operating revenues:						
Outside customers	¥103,339	¥2,950	¥ 7,312	¥113,601	¥ —	¥113,601
Inter segment sales	58	200	5,838	6,096	(6,096)	—
Total	103,397	3,150	13,150	119,697	(6,096)	113,601
Costs and expenses	103,621	2,720	13,295	119,636	(6,769)	112,867
Operating income (loss)	¥ (224)	¥ 430	¥ (145)	¥ 61	¥ 673	¥ 734

Assets, depreciation, impairment losses and capital expenditures:						
Identifiable assets	¥102,888	¥1,738	¥ 14,988	¥119,614	¥(4,112)	¥115,502
Depreciation	¥ 2,922	¥ 161	¥ 74	¥ 3,157	¥ 0	¥ 3,157
Impairment losses	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 0
Capital expenditures	¥ 3,907	¥ 202	¥ 35	¥ 4,144	¥ (5)	¥ 4,139

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, 2010 — Thousands of U.S. dollars

	Logistics	Information processing	Others	Total	Eliminations (Notes 1 and 2)	Consolidated
Operating revenues:						
Outside customers	$1,105,703	$31,564	$ 78,237	$1,215,504	$ —	$1,215,504
Inter segment sales	621	2,140	62,465	65,226	(65,226)	—
Total	1,106,324	33,704	140,702	1,280,730	(65,226)	1,215,504
Costs and expenses	1,108,720	29,103	142,253	1,280,077	(72,427)	1,207,650
Operating income (loss)	$ (2,396)	$ 4,601	$ (1,551)	$ 653	$ 7,201	$ 7,854

Assets, depreciation, impairment losses and capital expenditures:						
Identifiable assets	$1,100,877	$18,596	$160,368	$1,279,842	$(43,997)	$1,235,844
Depreciation	$ 31,265	$ 1,723	$ 792	$ 33,779	$ 0	$ 33,779
Impairment losses	$ —	$ —	$ —	$ —	$ —	$ 0
Capital expenditures	$ 41,804	$ 2,161	$ 374	$ 44,340	$ (53)	$ 44,287

Note 1. 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 ¥18,427 million ($197,165 thousand) and ¥14,115 million for the years ended March, 2010 and 2009, respectively.

Note 2. Change in accounting method

(Actuarial gains and losses on severance and retirement benefits)

As discussed in Note 2.g, prior to April 1, 2009, past service costs and actuarial gains and losses had been recognized over 10 years. However, as a result of the review on the employees' remaining service years, the recognition period was changed from 10 years to 9 years effective the year ended March 31, 2010. As a result of this change, as compared to the previous accounting treatment, costs and expenses of "Logistics", "Information processing" and "Others" increased by ¥208 million ($2,221 thousand), ¥2 million ($24 thousand) and ¥8 million ($84 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, 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, 2010 and 2009.

19 Subsequent events

Cash dividends

The annual shareholders' meeting of the Company, which was held on June 29, 2010, duly approved the payment of dividends as followed:—

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥2.00 per share)	¥182	$1,947

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
Daiichi Warehouse Co., Ltd.	Warehousing

Information Processing and Others

Company Name	Business Line
Tonami Trading Co., Ltd.	Trading Company
Toyo Gomu Hokuriku Hanbai Co., Ltd.	Sale of tires
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
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 29, 2010)

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 7,297

Employees 61

(As of March 31, 2010)

TONAMI HOLDINGS CO., LTD.

URL:http://www.tonamiholdings.co.jp/

Printed in Japan on recycled paper