2011 Annual Report For the year ended March 31, 2011

TONAMI HOLDINGS CO., LTD.



Capitalizing on expertise originally gained in the transportation business, the Tonami Group has long been a trailblazer in 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), offering companies the optimum solutions to their logistics needs, has enabled us to cultivate a loyal and growing customer base.

Tonami Holdings Co., Ltd. is now strengthening the fundamentals of the business as it embarks on a new round of development, bringing its capabilities as a pure holding company into full play. Leveraging the accumulated expertise and business know-how of the Tonami Holdings Group, we are sharpening our responsiveness to customer needs 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 deploying IT infrastructure attuned to the increasingly diverse and sophisticated needs of the era, we aim to maximize the corporate value of the Tonami Holdings Group and be an enterprise needed and respected by society.

We are taking a big stride toward realization of our "More Than Transportation" vision.

We Want to Deliver Value a Stride Ahead

el iii un

of Manager

RESERVED IN



Contents

- 1 Consolidated Financial Highlights
- 2 To Our Shareholders and Investors
- 5 Corporate Governance
- 8 Corporate Social Responsibility Activities
- 9 Financial Section
- 37 Consolidated Subsidiaries
- 38 Board of Directors and Corporate Auditors
- 38 Corporate Data

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

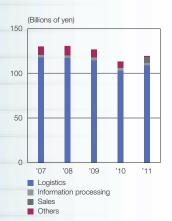
TONAMI HOLDINGS CO., LTD. AND CONSOLIDATED SUBSIDIARIES

Years ended March 31, 2011 and 2010

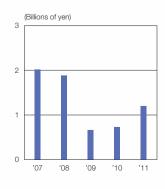
	Milliano	Millions of yen			
	2011	2010	(Note 1) 2011		
FOR THE YEAR:	•				
Operating revenues:	¥118,979	¥113,601	\$1,430,891		
Logistics	109,031	103,339	1,311,251		
Information processing	2,689	2,950	32,342		
Sales	6,459	6,593	77,679		
Others	800	719	9,619		
Operating income	1,199	734	14,419		
Net income	315	702	3,783		
Comprehensive income	102	972	1,223		
PER SHARE (Yen and U.S. dollars):					
Net income, basic	¥3.47	¥7.73	\$0.0417		
Net income, diluted	_	7.42	_		
Cash dividends	4.00	4.00	0.0481		
AT YEAR-END:					
Total assets	¥117,412	¥115,502	\$1,412,049		
Total net assets	44,945	45,229	540,533		
Notes: 1. U.S. dollar amounts presented herein are included solely	for convenience. The rate of ¥83.15 = U	S.\$1. prevailing	on March 31, 201		

- Notes: 1. U.S. dollar amounts presented herein are included solely for convenience. The rate of ¥83.15 = U.S.\$1, prevailing on March 31, 2011, 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.
 - 3. Diluted net income per share is not presented for the year ended March 31, 2011, since there were no residual securities.

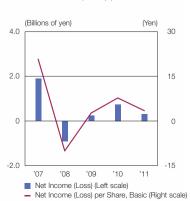
Operating Revenues by Business Segment



Operating Income



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





President, Katsusuke Watanuki

We offer our deepest sympathy to all the people affected by the Great East Japan Earthquake.

During the fiscal year ended March 31, 2011, a broadly based improvement in the business results of Japanese companies indicated an economic recovery was gaining traction led by rising exports to emerging economies centering on Asia. However, the impact of the Great East Japan Earthquake of March 11 on the domestic economy is difficult to estimate and the outlook for the Japanese economy is unclear.

Factors contributing to this uncertainty include the strong yen, weak stock prices, deterioration of the labor market, and cooling of personal consumption.

The distribution industry continues to operate in a challenging business environment. Despite a moderate recovery of transport demand, the downward trend of freight charges and unit rates owing to intensifying competition among companies continued and the upward trend of fuel prices became more apparent.

In these circumstances, the Tonami Group strove to expand logistics-related businesses centering on truck transport, freight forwarding, and third-party logistics (3PL). As a result, operating revenues increased 4.7% or ¥5,378 million from the previous year to ¥118,979 million.

With regard to profits, despite the increased cost burden due to increases of both fuel prices and prices of raw materials, operating income surged 63.3% or ¥465 million from the previous year to ¥1,199 million as a result of the Group's efforts to reduce costs through improved operational efficiency in addition to the impact of increased revenues.

However, partly due to increased income taxes, net income decreased 55.2% or ¥387 million from the previous year to ¥315 million.

Total annual dividends for the year ended March 2011 amounted to ¥4 per share, including the interim dividend of ¥2 per share.

Results by Segment

Operating revenues from the logistics-related business amounted to ¥109,031 million. The Group's efforts to expand business with existing customers and cultivate new customers resulted in an upturn in the demand for logistics services from mainstay operations, including truck transport, freight forwarding, third-party logistics (3PL), and harbor transport. Segment income was ¥281 million owing to improved labor productivity as a result of the revised workforce structure in addition to the impact of increased revenues.

Operating revenues from the information processing business amounted to ¥2,689 million and segment income was ¥382 million.

Operating revenues from the sales business, which includes merchandising, consignment sales, and a non-life insurance agency, amounted to ¥6,459 million and segment income was ¥379 million.

Operating revenues from other businesses, which include automobile repair and direct mail services, amounted to ¥800 million and segment income was ¥53 million.

Outlook for the Year ending March 31, 2012

The Great East Japan Earthquake cast a shadow over a Japanese economy that had been showing signs of a moderate recovery and anxiety is mounting.

The natural disaster's economic impact is by no means limited to the Tohoku region, much of which was devastated by the earthquake and tsunami, but extends to parts suppliers far from the areas that suffered physical damage. There is concern that electricity shortages in the Kanto and Tohoku regions will constrain economic activities and it is necessary to monitor the evolving situation.

In the distribution industry, it is difficult to forecast transport demand because of mounting uncertainty concerning prospects for domestic freight volumes owing to the impact of possible electricity shortages and the difficulty of procuring certain parts in the aftermath of the earthquake. In addition, intensifying competition among companies and an increase in costs owing to sharp increases in fuel prices are likely to make the operating environment more challenging.

In these circumstances, the Tonami Holdings Group completed the final year of its three-year medium-term business plan at the end of March 2011. Positioning fiscal 2012 as a year for grasping the features of the rapidly changing business environment and reinforcing the fundamentals of our business for the next three-year plan, we have formulated a single-year plan for the year ending March 31, 2012.

The Tonami Holdings Group will strive to improve earnings by precisely responding to fluctuations in the business environment and vigorously implementing comprehensive sales & marketing through effective utilization of the Group's resources.

As there may be a shift of logistics demand from East Japan to West Japan reflecting adjustments to production sites and supply chains, we intend to control costs flexibly through reform of the earnings structure.

Taking the above into consideration, our forecast for the Group's business results for the year ending March 31, 2012, is as follows:

Forecast of consolidated business results

Operating revenues ¥120,200 million (an increase of 1.0% year on year)

Operating income ¥1,400 million (an increase of 16.9% year on year)

Net income ¥700 million (an increase of 122.9% year on year)

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.

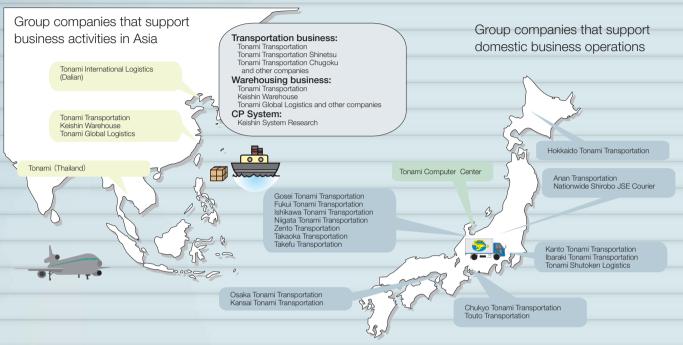
June 2011

Katsusuke Watanuki

President and Representative Director

L. Wotanuhi

Operating Subsidiaries and Affiliates

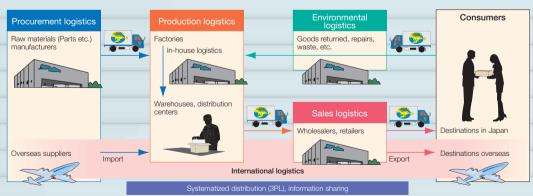


Tonami Trading, Toyo Gomu Hokuriku Hanbai, Tonami Business Service, Tonami Stuff Support, Takaoka Cable Network, Shogawa Kanko, etc.

Tonami Logistics Solutions

Physical distribution consulting functions

Physical distribution network functions



Supply chain management (SCM)

Information system development functions









Operational functions

Corporate Governance

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 implementing sound internal control systems in accordance with the policy, aiming to increase the corporate value of the Tonami Holdings Group.

(1) Overview of the Corporate Governance System and Reason for Adopting the System

1) Description of Management Organization and Internal Control Systems

The Board of Directors of the Company is the organization responsible for important matters concerning business policy and business strategy. 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.

Moreover, the Company has established the Tonami Group Employee Code of Conduct as the foundation of the Group's compliance system and the Internal Control Committee, chaired by the president, as the decision-making body. The Company's effort to enhance its internal control systems is led by an officer responsible for internal control.

The Compliance Committee is a compliance control organization, and the Internal Control Team within the Internal Audit Office performs control, operation and training in order to maintain and enhance internal control systems.

To ensure the propriety of business operations of the Group's operating subsidiaries, the Company applies the Tonami Group Employee Code of Conduct and the Group Operation Regulations to all operating subsidiaries of the Group, and each of the Group's operating subsidiaries has established its own regulations based on them.

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

General Meeting of Shareholders Flection Flection Flection Board of Corporate Auditors (Corporate auditors) (Outside corporate auditors) Auditina Attornev ▲ Reporting Board of Directors Independent auditors Reporting Opinion (Representative directors) Internal Audit Office (Directors) Auditina Supervision Reporting **Business Execution** Internal Control Committee (Internal Control Office) Internal auditing Compliance Committee **Business Planning Office** Human Resource Business Risk Management **Business Administration Group** Management Group Committee formulation, reporting plan approval Group operating subsidiaries

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 Holdings Group and is working to appropriately respond to various types of risk that might affect 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 Group's operating subsidiaries have appointed compliance promotion officers to inculcate corporate ethics and compliance among their officers and employees. The compliance promotion officers conduct education and hold briefings concerning compliance.

Within the Company, activity plans etc. are required to be reported to the Compliance Committee to enable potential violations in the course of business activities to be detected in advance and their occurrence prevented. This system enables swift correction of any violations that occur and implementation 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. The Board of Directors obtains and refers to advice from certified public accountants, attorneys, and other specialists concerning compliance matters related to management, as necessary.

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 the Group's operating subsidiaries in accordance with the Group Company Administration Procedures that specify matters requiring approval by the head-quarters 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 (six 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. The Internal Audit Office's independence from the Board of Directors is ensured since decisions of the Board of

Directors on Internal Audit Office staff changes require approval of the Board of Corporate Auditors. The Internal Audit Office conducts periodic and unscheduled internal audits of the Company's business, reports to the Board of 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 concerning 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 a 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, which is the main function of the Board of Directors.

The three outside corporate auditors are experienced experts who have no business relationships with the Group or other interests concerning the Group. Corporate auditors' principal activities are the attending of meetings of the Board of Directors and meetings of the Board of Corporate Auditors, stating of appropriate opinions, as necessary, and auditing of the compliance of directors.

The Company considers individuals possessing insight and expertise who are capable of overseeing management to be suitable for election as outside corporate auditors.

(2) 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 operations of the Group's operating subsidiaries, the Company has established the Tonami Group Employee Code of Conduct, consisting of action guidelines, and the Group's operating subsidiaries have established regulations based on the code of conduct.

With regard to administration of the Group's operating subsidiaries, matters requiring approval by the headquarters and those to be reported are specified in the Group Company Administration Procedures and management of operations is in accordance with the Group Operation Regulations.

In the event that a director discovers a violation of the law or any other important matter related to compliance in an operating subsidiary of the Group, the director is required to report the matter to a corporate auditor. In the event that an operating subsidiary of the Group finds that the administration by the Company or management instructions issued by the Company violate the law or becomes aware of any other compliance-related problem, the subsidiary is required to report the matter to the Internal Audit Office. In such a case, the Internal Audit Office promptly reports the matter to a corporate auditor and the corporate auditor receiving the report may express an opinion and request improvement measures.

The Company has established the Tonami Group Internal Reporting Regulations and operates an internal reporting system concerning violations of the law and other matters related to compliance covering the entire Tonami Holdings Group.

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.

Basic Policy on Corporate Social Responsibility Activities

Adhering to the action principle "Ensure compliance throughout business activities," by means of 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, accord 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 be 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 centering on the "Society and the Environment" theme, aiming to contribute to the establishment of a recycling-based society. Our Ecolock System supports locally self-sufficient recycling of resources. Additionally, 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 a wide geographical area.

We are currently working to realize practical application of the Ecozo System for proposing the optimum recycling route for industrial waste, positioning it at the heart of our environmental logistics. We own a business model patent for the Ecozo System (business model patent publication number 2009-110333).

We are reinforcing 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, adhering to our principle — "Contribute to society through transportation and strive to protect the environment" — we will act in accordance with the following policies.

- 1. We will do the following to mitigate environmental pollution associated with 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 more efficient 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 continuous 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, and 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.



This truck runs on natural gas

A clean-up in progress

Financial Section

10	Consolidated Five-Year Summary
11	Consolidated Financial Review
14	Consolidated Balance Sheets
16	Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
17	Consolidated Statements of Changes in Net Assets
18	Consolidated Statements of Cash Flows

Notes to the Consolidated Financial Statements

Consolidated Five-Year Summary

TONAMI HOLDINGS CO., LTD AND CONSOLIDATED SUBSIDIARIES

Years ended March 31

	2007	2008	2009	2010	2011	Thousands of U.S. dollars
RESULTS OF OPERATIONS:	2007	2008	2009	2010	2011	
Operating revenues	¥130,020	¥130,188	¥126,930	¥113,601	¥118,979	\$1,430,891
Operating cost	122,065	121,875	119,596	106,522	111,355	1,339,200
Selling, general and administrative expenses	5,936	6,426	6,664	6,345	6,425	77,272
Operating income	2,019	1,887	670	734	1,199	14,419
Net income (loss)	1,889	(911)	244	702	315	3,783
Depreciation expenses	2,650	2,594	2,848	3,157	3,504	42,139
PER SHARE (yen and U.S. dollars):						
Net income (loss)	¥ 20.77	¥ (10.03)	¥ 2.69	¥ 7.73	¥ 3.47	\$ 0.0417
Cash dividends	6.00	6.00	5.00	4.00	4.00	0.0481
YEAR-END FINANCIAL POSITION:						
Total current assets	¥ 40,425	¥ 36,017	¥ 34,702	¥ 33,860	¥ 35,723	\$ 429,622
Net property and equipment	62,758	62,194	66,633	69,447	70,037	842,304
Total assets	119,341	112,511	113,141	115,502	117,412	1,412,049
Total current liabilities	34,509	36,991	34,248	32,617	33,989	408,766
Long-term liabilities, excluding of current portion thereof	36,509	29,558	34,011	37,656	38,478	462,750
Total net assets	48,323	45,962	44,882	45,229	44,945	540,533
OTHER YEAR-END DATA:						
Number of employees	7,129	7,310	7,361	7,235	7,025	

Forward-looking statements in the discussion below represent the best judgment of the Tonami Holdings Group 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

Operating Revenues

During the fiscal year ended March 31, 2011, operating revenues increased 4.7% or ¥5,378 million from the previous year to ¥118,979 million, owing to a great increase in transportation demand with respect to the road haulage operations and freight forwarding operations and recovery of exports to emerging economies in Asia with respect to the harbor transport operations.

Composition of Operating Revenues

		Percentage point change from the
	Composition	previous year
Logistics:	91.6%	+0.6
Road haulage operations and freight forwarding operations	68.8	+1.2
Warehousing operations	17.7	-1.0
Harbor transport operations	5.1	+0.4
Information processing business	2.3	-0.3
Sales businesses	5.4	-0.4
Other businesses	0.7	+0.1

Operating Cost

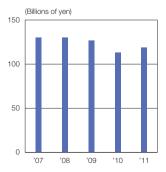
Operating cost increased 4.5% or \$4,833 million from the previous year to \$111,355 million as a result of an increase in subcontracting expenses in line with the increase in operating revenues, as well as sharp increases in prices of diesel fuel and raw materials since the second half of the year under review. On the other hand, the ratio of operating cost to operating revenues decreased 0.2 percentage points from the previous year to 93.6% owing to improved operational efficiency and a review of facility expenses.

Selling, General and Administrative Expenses

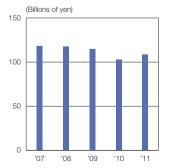
Selling, general and administrative expenses increased 1.3% or ¥80 million from the previous year to ¥6,425 million mainly because of a change in the scope of consolidation. The ratio of selling, general and administrative expenses to operating revenues decreased 0.2 percentage points to 5.4%.

As a result, operating income increased 63.3% or \$465 million from the previous year to \$1,199 million. The ratio of operating income to operating revenues was 1.0%, an increase of 0.4 percentage points from the previous year.

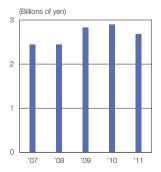
Operating Revenues



Sales of Logistics



Sales of Information Processing Business



Net Income

Net income plunged 55.2% or ¥387 million from the previous year to ¥315 million. This decrease was attributable to a 66.9% or ¥341 million increase in income taxes compared with the amount for the previous year.

Analysis of Cash Flows

Cash and cash equivalents on a consolidated basis for the year under review increased \$781 million from the previous year to \$11,140 million as a result of net cash provided by operating activities amounting to \$4,271 million, net cash used in investing activities amounting to \$2,749 million, and net cash used in financing activities amounting to \$741 million.

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥4,271 million, an increase of ¥47 million from the previous year.

Principal items were trade notes and accounts payable amounting to \$1,149 million and depreciation and amortization amounting to \$3,504 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥2,749 million, a decrease of ¥739 million from the previous year. The principal item was payments of ¥2,786 million for the purchase of property and equipment.

Cash Flows from Financing Activities

Net cash used in financing activities totaled ¥741 million, a decrease of ¥1,112 million from the previous year. While proceeds from long-term debt amounted to ¥3,309 million, cash outflows included repayment of long-term debt amounting to ¥1,738 million and repayment of lease obligations amounting to ¥1,508 million.

Analysis of the Financial Position

Assets

Current assets were ¥35,723 million, an increase of 5.5% from the previous fiscal year-end. This increase was mainly attributable to a ¥772 million increase in cash and time deposits and a ¥723 million increase in notes and accounts receivable.

Property and equipment amounted to \$70,037 million, an increase of 0.8%. This increase was attributable to a \$522 million increase in land and a \$304 million increase in leased assets.

Investments and other assets were \$11,652 million, a decrease of 4.5%, mainly owing to a \$378 million decrease in investments in securities.

As a result, total assets amounted to ¥117,412 million, an increase of 1.7% from the previous fiscal year-end.

Liabilities

Current liabilities amounted to \$33,989 million, an increase of 4.2% from the previous fiscal year-end, mainly due to a \$1,149 million increase in trade notes and accounts payable.

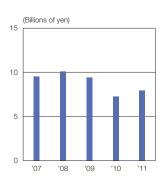
Long-term liabilities amounted to ¥38,478 million, an increase of 2.2% from the previous fiscal year-end. This increase was mainly attributable to a ¥1,324 million increase in long-term debt including corporate bonds. As a result, total liabilities amounted to ¥72,467 million, an increase of 3.1% from the previous fiscal year-end.

Net Assets

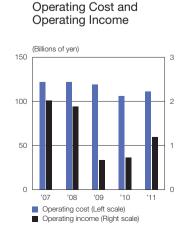
Net assets amounted to \$44,945 million, a decrease of 0.6% from the previous fiscal year-end. The main factor was a \$223 million decrease in accumulated other comprehensive income.

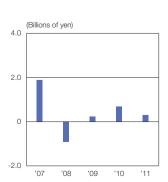
Risk Factors

The principal business of the Tonami Holdings Group is the logistics-related business centering on road haulage operations and freight forwarding operations. The Group's business is subject to impacts of fluctuation of the



Sales of Other Business





Net Income (Loss)

Japanese economy and the world economy, customers' streamlining of logistics, restructuring, and deterioration of business results, and suspension of business transactions with customers. The business environment in which the Group operates entails the risk of difficulty in absorbing cost increases due to such factors as sharp increases in the price of crude oil and interest rate increases that exceed expectations.

In the event of the occurrence of a major disaster, such as an earthquake, in the regions where the Group operates, there is a risk that damage to facilities may greatly affect the Group's business operations.

In the event that the retention, development and recruitment of human resources indispensable for business expansion do not progress as envisaged in the plan, strategic tie-ups including acquisitions 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 and strives to appropriately manage such information. However, in the event of leakage of information owing to trouble concerning safekeeping, 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 caused by a natural disaster, computer virus infection, etc., there may be an adverse impact on the Group's business results and financial condition.

There is also a possibility of cost increases due to the strengthening of environmental regulations and for ensuring compliance with stricter safety regulations, and the increased cost burden may have an adverse impact on the Group's business results and financial condition.

In the event of occurrence of a serious problem, 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 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 of future taxable income and reversal of deferred tax assets is required, there may be an adverse impact on the Group's business results and financial position.

Strategic Position and Outlook

The Great East Japan Earthquake cast a shadow over a Japanese economy that had been showing signs of a moderate recovery and anxiety is mounting.

The natural disaster's economic impact is by no means limited to the Tohoku region, much of which was devastated by the earthquake and tsunami, but extends to parts suppliers far from the areas that suffered physical damage. There is concern that electricity shortages in the Kanto and Tohoku regions will constrain economic activities and it is necessary to monitor the evolving situation.

In the distribution industry, it is difficult to forecast transport demand because of mounting uncertainty concerning prospects for domestic freight volumes owing to the impact of possible electricity shortages and the difficulty of procuring certain parts in the aftermath of the earthquake. In addition, intensifying competition among companies and an increase in costs owing to sharp increases in fuel prices are likely to make the operating environment more challenging.

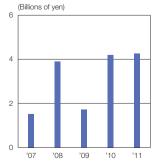
In view of the anticipated shift of production to emerging economies whose markets are expanding, increase in procurement overseas, and progress in globalization of logistics, consolidation of the industry through tie-ups and mergers & acquisitions is also likely to continue.

In these circumstances, the Group completed the final year of its three-year medium-term business plan at the end of March 2011. Positioning fiscal 2012 as a year for grasping the features of the rapidly changing business environment and reinforcing the fundamentals of our business for the next three-year plan, we have formulated a single-year plan for the year ending March 31, 2012.

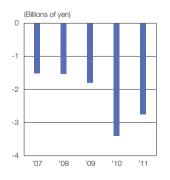
The Tonami Holdings Group will strive to improve earnings by precisely responding to fluctuations in the business environment and vigorously implementing comprehensive sales & marketing through effective utilization of the Group's resources.

As there may be a shift of logistics demand from East Japan to West Japan reflecting adjustments to production sites and supply chains, we intend to control costs flexibly through reform of the earnings structure.

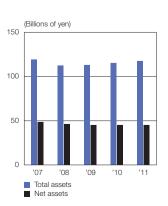
Net Cash Provided by Operating Activities



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, 2011 and 2010

ASSETS	Millions	of yen	(Note 1)			
	2011	2010	2011			
Current assets:						
Cash and time deposits	¥ 11,283	¥ 10,511	\$ 135,691			
Marketable securities (Note 11)	17	_	208			
Trade receivables:						
Notes and accounts (Note 5)	20,437	19,714	245,782			
Less: allowance for doubtful accounts	(33)	(32)	(397)			
Investments in lease assets	514	325	6,188			
Inventories	675	609	8,115			
Deferred tax assets (Note 15)	598	671	7,190			
Other current assets	2,232	2,062	26,845			
Total current assets	35,723	33,860	429,622			

roperty and equipment (Notes 3, 4, 6 and 9):			
Land	40,919	40,397	492,111
Buildings and structures	19,804	20,871	238,174
Machinery and vehicles	2,067	2,257	24,864
Leased assets	5,556	5,252	66,820
Construction in progress	990	_	11,906
Other	701	670	8,429
Total property and equipment	70,037	69,447	842,304

Investments and other assets:			
Investments in securities (Note 11)	5,340	5,718	64,221
Deferred tax assets (Note 15)	862	749	10,364
Other	5,450	5,728	65,538
Total investments and other assets	11,652	12,195	140,123
Total assets	¥117,412	¥115,502	\$1,412,049

The accompanying Notes are an integral part of these statements.

LIABILITIES AND NET ASSETS	Millions 2011	Thousands of U.S. dollars (Note 1)	
Current liabilities:			
Short-term bank loans (Note 4)	¥ 13,590	¥ 14,023	\$ 163,440
Current portion of long-term debt (Note 4)	1,354	1,108	16,287
Trade notes and accounts payable	10,960	9,811	131,806
Lease obligations	1,507	1,117	18,121
Income taxes payable	527	497	6,338
Other current liabilities	6,051	6,061	72,774
Total current liabilities	33,989	32,617	408,766
Long-term liabilities:			
Long-term debt, less current portion thereof (Note 4)	11,660	10,336	140,232
Lease obligations	5,067	4,895	60,938
Deferred tax liabilities from revaluation reserve for land (Note 6)	5,455	5,455	65,607
Employees' severance and retirement benefits (Note 13)	14,654	15,306	176,237
Retirement benefits for directors and corporate auditors	196	190	2,353
Negative goodwill	307	385	3,688
Other long-term liabilities	1,139	1,089	13,695
Total long-term liabilities	38,478	37,656	462,750
Total liabilities	72,467	70,273	871,516
Net assets			
Shareholders' equity (Note 14):			
Common stock:		_	
Authorized: 299,200,000 shares in 2011			
299,200,000 shares in 2010			
Issued: 97,610,118 shares in 2011			
97,610,118 shares in 2010	14,183	14,183	170,567
Capital surplus	11,682	11,682	140,495
Retained earnings	14,686	14,734	176,616
Treasury stock, at cost: 6,822,582 shares in 2011			
6,803,610 shares in 2010	(2,015)	(2,012)	(24,230)
Total shareholders' equity	38,536	38,587	463,448
Other comprehensive income			
Unrealized gain on other securities	257	480	3,092
Revaluation reserve for land (Note 6)	5,787	5,787	69,598
Accumulated other comprehensive income	6,044	6,267	72,690
Minority interests:			
Minority interests	365	375	4,395
Total net assets	44,945	45,229	540,533
Total liabilities and net assets	¥117,412	¥115,502	\$1,412,049

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

TONAMI HOLDINGS CO., LTD. AND CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2011 and 2010

	Millions	Thousands of U.S. dollars (Note 1)		
	2011	2010	2011	
Operating revenues:				
Operating revenues	¥118,979	¥113,601	\$ 1,430,891	
	118,979	113,601	1,430,891	
Operating costs and selling, general and administrative expenses:				
Operating cost (Note 16)	111,355	106,522	1,339,200	
Selling, general and administrative expenses (Note 16)	6,425	6,345	77,272	
	117,780	112,867	1,416,472	
Operating income	1,199	734	14,419	
Other income and expenses:				
Interest and dividend income	268	237	3,228	
Equity in earnings of unconsolidated subsidiaries and affiliates	50	62	604	
Loss on sale of property and equipment, net	(40)	(110)	(488)	
Interest expenses	(502)	(344)	(6,043)	
Impairment losses	(54)	_	(654)	
Other, net	255	655	3,071	
	(23)	500	(282)	
Income before income taxes and minority interests	1,176	1,234	14,137	
Income taxes (Note 15):				
Current	720	852	8,665	
Deferred	130	22	1,560	
	850	509	10,225	
Net income before minority interests	326	725	3,912	
Minority interests	11	23	129	
Net income	¥ 315	¥ 702	\$ 3,783	
Minority income	11	23	129	
Net income before minority interests	326	725	3,912	
Other comprehensive income				
Valuation difference on other securities	(224)	247	(2,689)	
Total other comprehensive income	(224)	247	(2,689)	
Total comprehensive income for the year	102	972	1,223	
Total comprehensive income attributable to:				
Owners of the parent	92	948	1,104	
Minority interests	10	24	119	

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, 2011 and 2010

						Million	s of yen				
	Shares of						1. 1	_ , .	Accumulated		
	common stock	Common	Capital	Retained	Treasury	Total chareholders'	Unrealized gain on other	Revaluation reserve	other com- prehensive	Minority	Total
	(thousands)	stock	surplus	earnings	stock	equity	securities	for land	income	interests	net assets
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 (¥4.00 per share)				(363)		(363))				(363)
Net income				702		702					702
Transfer of capital surplus to											
retained earnings				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
Cash dividends applicable to											
the year (¥4.00 per share)				(363)		(363)					(363)
Net income				315		315					315
Increase in retained earnings due to sales of											
investments in consolidated subsidiaries						_					_
Treasury stock					(3)	(3))				(3)
Net changes in items other than											
shareholders' equity						_	(223)		(223)	(9)	(232)
Balance as at March 31, 2011	97,610	¥14,183	¥11,682	¥14,686	¥(2,015)	¥38,536	¥257	¥5,787	¥6,044	¥365	¥44,945

	Thousands of U.S. dollars (Note 1)									
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain on other securities	Revaluation reserve for land	Accumulated other comprehensive income	Minority interests	Total net assets
Balance as at March 31, 2010	\$170,567	\$140,495	\$177,201	\$ (24,199)	\$464,064	\$5,772	\$69,598	\$75,370	\$4,507	\$543,941
Cash dividends applicable to										
the year (\$0.0481 per share)			(4,368)		(4,368)					(4,368)
Net income			3,783		3,783					3,783
Increase in retained earnings due to sales of										
investments in consolidated subsidiaries										
Treasury stock				(31)	(31)					(31)
Net changes in items other than										
shareholders' equity					_	(2,680)		(2,680)	(112)	(2,792)
Balance as at March 31, 2011	\$170,567	\$140,495	\$176,616	\$ (24,230)	\$463,448	\$3,092	\$69,598	\$72,690	\$4,395	\$540,533

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, 2011 and 2010

	Millions o	Thousands of U.S. dollars (Note 1)	
Cash flows from operating activities:			
Net income before income taxes and minority interests	¥ 1,176	¥ 1,234	\$ 14,137
Depreciation and amortization	3,504	3,157	42,139
Impairment losses	54		654
Loss on disposal of property and equipment	40	110	488
Loss on sales of investments in securities	25		300
Loss on devaluation of investments in securities	29	7	351
Amortization of goodwill	33	104	398
Equity in earnings of unconsolidated subsidiaries and affiliates	(50)	(62)	(604)
Decrease in allowance for doubtful accounts	(2)	(57)	(27)
Decrease in employees' severance and retirement benefits	(651)	(396)	(7,835)
Increase (decrease) in directors' and corporate auditors' retirement benefits	6	(18)	69
(Decrease) increase in accrued bonuses to employees	(64)	20	(769)
Interest and dividend income	(268)	(237)	(3,228)
Interest expenses	502	344	6,043
Increase in trade receivables	(723)	(11)	(8,692)
(Increase) decrease in inventories	(65)	58	(787)
Increase (decrease) in accounts payable	1,149	(189)	13,815
Increase in accrued consumption taxes	39	447	471
Other, net	487	186	5,852
Subtotal	5,221	4,697	62,775
Interest and dividends received	268	237	3,228
Interest paid	(513)	(355)	(6,167)
Income taxes paid	(705)	(355)	(8,481)
Net cash provided by operating activities	4,271	4,224	51,355
Cash flows from investing activities: Purchase of time deposits Proceeds from redemption of time deposits	(44) 53	(138) 18	(529) 637
Purchase of property and equipment	(2,786)	(3,198)	(33,500)
Proceeds from sales of property and equipment	119	71	1,433
Purchase of investments in securities	(104)	(198)	(1,256)
Proceeds from sales of investments in securities	77	11	932
Proceeds from redemption of investments in securities		50	
Purchase of investments in subsidiaries	(23)		(282)
Proceeds from acquisition of investments in subsidiaries resulting in changes in scope of consolidation	_	31	
Proceeds from sales of investments in subsidiaries	_	6	
Payments for acquisition of investments in subsidiaries resulting in changes in scope of consolidation		(35)	_
Investments in loans receivable	(31)	(250)	(376)
Proceeds from collection of loans receivable	4	300	53
Other, net	(14)	(156)	(167)
Net cash used in investing activities	(2,749)	(3,488)	(33,055)
Cash flows from financing activities: Net (decrease) increase in short-term loans	(422)	050	(5.207)
	(433)	950	(5,207)
Proceeds from long-term debt	3,309	2,600	39,794
Repayment of long-term debt	(1,738)	(1,632)	(20,906)
Redemption of bonds	(2)	(2,500)	
Purchase of treasury stock	(3)	(4)	(31)
Dividends paid	(363)	(363)	(4,368)
Dividends paid to minority interests	(5)	(4)	(58)
Repayment of lease obligations	(1,508)	(900)	(18,134)
Net cash used in financing activities	(741)	(1,853)	(8,910)
Net increase (decrease) in cash and cash equivalents	781	(1,117)	9,390
Cash and cash equivalents at beginning of year	10,359	11,476	124,591
Cash and cash equivalents at end of year (Note 8)	¥11,140	¥10,359	\$133,981

The accompanying Notes are an integral part of these statements.

Notes to the Consolidated Financial Statements

TONAMI HOLDINGS CO., LTD.
AND CONSOLIDATED SUBSIDIARIES

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 2010 financial statements to conform to the classifications used in 2011.

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 \(\)*83.15 to U.S.\(\)*1, the approximate rate of exchange at March 31, 2011. 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, 2011 include the accounts of the Company and its 30 (30 in 2010) consolidated subsidiaries and 6 (6 in 2010) 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 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 . 2-67 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.

(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.

(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.

(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.

(I) 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 ¥50,068 (\$602,140 thousand) million and ¥51,972 million on March 31, 2011 and 2010, 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 ¥180 million (\$2,167 thousand) and ¥195 million on March 31, 2011 and 2010, respectively.

4 Short-term bank loans and long-term debt

(a) Short-term bank loans

Short-term bank loans as at March 31, 2011 and 2010 were as follows:—

	Millions	of yen	U.S. dollars
	2011	2010	2011
Secured	¥ 3,220	¥ 3,453	\$ 38,725
Unsecured	10,370	10,570	124,715

Interest rates range from 0.610% to 1.600%.

(b) Long-term debt

Long-term debt as at March 31, 2011 and 2010 was as follows:—

	Millions	of yen	Thousands of U.S. dollars
	2011	2010	2011
2.11% ¥3.0 billion unsecured straight bonds due 2013	¥ 3,000	¥ 3,000	\$ 36,080
0.625%-2.520% loans from financial institutions due 2012 to 2016			
and thereafter			
Secured	1,958	1,675	23,554
Unsecured	8,056	6,769	96,885
Total	13,014	11,444	156,519
Less: amount due within one year	1,354	1,108	16,287
	¥11,660	¥10,336	\$140,232

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, 2011 are as follows:—

Millions o	of Thousands of
Year ending March 31, yen	U.S. dollars
2012 ¥1,35-	4 \$16,287
2013 1,20	7 14,523
2014 3,05	7 36,764
2015 3,46	1 41,621
2016 and thereafter 93.	5 11,244

(c) Pledged assets

Property and equipment having a net value of ¥14,687 million (\$157,151 thousand) was pledged as collateral for short-term bank loans and long-term debt as at March 31, 2011.

5 Contingent liabilities

As at March 31, 2011, the Company was contingently liable as follows:—

	Millions of	Thousands of
	yen	U.S. dollars
Notes endorsed	¥ 34	\$ 404
Others	419	5,045

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	Thousands of
	yen	U.S. dollars
Difference between the fair market value of revalued land at March 31, 2011		
and the revalued book value	¥11,327	\$136,221

7 Restrictive financial covenants

(1) 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, 2011, was as follows:

Mi	llions of	Thousands of
	yen	U.S. dollars
Maximum credit line of overdraft facility and commitment agreement	¥4,000	\$48,106
Used credit		
Total	¥4,000	\$48,106

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

(2) Of borrowings of the Company and certain subsidiaries, syndicated loan agreements (outstanding balance at March 31, 2011: ¥7,880 million (\$94,768 thousand)) include restrictive financial covenants requiring assets at a fiscal year-end to exceed the 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, 2011 and 2010 are as follows:—

			Thousands of
	Millions of yen		U.S. dollars
	2011	2010	2011
Cash and time deposits	¥11,283	¥10,511	\$135,691
Time deposits with maturities exceeding three months	(142)	(151)	(1,710)
Cash and cash equivalents	¥11,141	¥10,360	\$133,981

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 proforma 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, 2011 and 2010 for finance leases accounted for as operating leases:—

	Million	Millions of yen	
	2011	2010	2011
Acquisition costs:			
Machinery and tools	¥ 7,581	¥ 9,473	\$ 91,173
Other assets	5,834	5,837	70,162
	¥13,415	¥15,310	\$161,335
Accumulated depreciation:			
Machinery and tools	¥ 5,955	¥ 6,481	\$ 71,618
Other assets	1,947	1,738	23,415
	¥ 7,902	¥ 8,219	\$ 95,033
Accumulated impairment losses:			
Machinery and tools	¥ —	¥ —	* —
Other assets	756	756	9,092
	¥ 756	¥ 756	\$ 9,092
Net book value:			
Machinery and tools	¥ 1,626	¥ 2,992	\$ 19,555
Other assets	3,131	3,343	37,655
	¥ 4,757	¥ 6,335	\$ 57,210

Amounts of depreciation expense equivalents and interest expense equivalents for the years ended March 31, 2011 and 2010 are as follows:—

	Millions	of yen	Thousands of U.S. dollars
	2011	2010	2011
Depreciation expense	¥1,424	¥1,816	\$17,126
Interest expense	168	228	2,020

Lease payments relating to finance leases accounted for as operating leases amounted to \$1,713 million (\$20,597 thousands) and \$2,136 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, 2011 and 2010, 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, 2011 and 2010, reversal of impairment losses on leased assets amounting to ¥42 million (\$505 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, 2011 and 2010 for finance leases accounted for as operating leases are summarized as follows:—

	Millions	of yen	Thousands of U.S. dollars
	2011	2010	2011
Due within one year	¥ 1,242	¥ 1,693	\$ 14,937
Due over one year	4,167	5,376	50,114
Total	¥ 5,409	¥ 7,069	\$ 65,051
Impairment losses on leased assets	¥ 504	¥ 546	\$ 6,061

(c) Operating leases

	Millions	Millions of yen	
	2011	2010	2011
Due within one year	¥ 274	¥ 274	\$ 3,295
Due over one year	3,300	3,574	39,687
Total	¥ 3,574	¥ 3,848	\$42,982

10 Financial instruments and related disclosures

(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.

Almost all the trade payables such as notes and accounts payable are due within one year.

Of borrowings, short-term bank loans are used mainly to procure funds for operating transactions and long-term debt and corporate bonds are used to procure funds for capital investment. For floating-rate debt, derivative transactions (interest rate swaps) are used as hedges to avoid the risk of interest rate fluctuations and fix interest payments.

The Company executes and manages derivative transactions in accordance with internal rules that specify transaction authority, and since large borrowings are subject to the decision of the board of directors, the board of directors also decides whether to enter into a corresponding swap agreements. Moreover, the Company enters into derivative transactions only with financial institutions with high credit ratings to mitigate counterparty default risk.

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, 2011 and 2010 are as follows:

Financial instruments whose fair values are extremely difficult to determine are not included in the following tables.

For the year ended March 31, 2011		Millions of yen		
	Carrying amount	Fair value	Difference	
Assets:				
Cash and time deposits	¥11,283	¥11,283	_	
Trade receivables – notes	3,501	3,501	_	
Trade receivables – accounts	16,936	16,936	_	
Investments in securities (other securities)	3,089	3,089	_	
Total assets	¥34,809	¥34,809		
Liabilities:				
Trade notes payable	¥ 938	¥ 938		
Trade accounts payable	10,022	10,022		
Short-term bank loans	13,590	13,590	_	
Bonds	3,000	3,067	67	
Lease obligations	6,574	6,840	266	
Long-term debt	10,014	10,151	137	
Total liabilities	¥44,138	¥44,608	¥470	
Derivatives:				

For the year ended March 31, 2010 Millions		Millions of yen	
	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:	_		

For the year ended March 31, 2011	Tho	usands of U.S. do	ollars
	Carrying amount	Fair value	Difference
Assets:		-	
Cash and time deposits	\$135,691	\$135,691	_
Trade receivables – notes	42,107	42,107	_
Trade receivables – accounts	203,675	203,675	_
Investments in securities (other securities)	37,145	37,145	_
Total assets	\$418,618	\$418,618	
Liabilities:	,		
Trade notes payable	\$ 11,276	\$ 11,276	
Trade accounts payable	120,530	120,530	
Short-term bank loans	163,440	163,440	_
Bonds	36,080	36,885	805
Lease obligations	79,059	82,258	3,199
Long-term debt	120,439	122,080	1,641
Total liabilities	\$530,824	\$536,469	\$5,645
Derivatives:	<u> </u>	_	_

For cash and time deposits, trade notes receivable and trade accounts receivable, the carrying amount is presented as the fair value since the fair value approximates the carrying amount because of the short maturity of these instruments.

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 \$2,268 million (\$27,284 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 the fair value approximates the carrying amount because of the short maturity of these instruments.

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, 2011 and 2010 are as follows:

For the year ended March 31, 2011	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	¥11,253	¥—	¥—	¥
Trade notes receivable	3,501	_	_	_
Trade accounts receivable	16,936	_	_	_
Investments in securities (other securities with contractual maturities)	17	60	_	_
Total	¥31,707	¥60	¥—	¥—

For the year ended March 31, 2010	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 notes receivable	3,218	_	_	
Trade accounts receivable	16,496	_		
Investments in securities (other securities with contractual maturities)	_	68	9	
Total	¥30,190	¥68	¥ 9	¥—

For the year ended March 31, 2011	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	\$135,336	\$ —	\$-	\$-
Trade notes receivable	42,107	_	_	
Trade accounts receivable	203,675	_	_	
Investments in securities (other securities with contractual maturities)	208	722	_	
Total	\$381,326	\$722	\$—	\$

Annual maturities of monetary payables as of March 31, 2011 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	1,507	1,502	1,384	718	335	1,128
Long-term debt	1,354	1,207	3,057	3,461	589	346
Total	¥2,861	¥2,709	¥7,441	¥4,179	¥924	¥1,474

	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	\$ —	\$ —	\$36,080	\$ —	\$ —	\$ —
Lease obligations	18,121	18,062	16,639	8,636	4,031	13,570
Long-term debt	16,297	14,523	36,764	41,621	7,083	4,161
Total	\$34,419	\$32,585	\$89,483	\$50,257	\$11,114	\$17,731

11 Marketable securities and investments in securities

No trading securities or held-to-maturity securities were held at March 31, 2011 or 2010. 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, 2011 and 2010 are summarized as follows:—

	Millions of yen			
		2011		
	Carrying value	Acquisition costs	Unrealized gain (loss)	
Unrealized gain:				
Stocks (Note)	¥1,730	¥1,019	¥712	
Bonds:				
Corporate bonds	_	_	_	
Other	_	_		
Other	50	50	0	
Unrealized loss:				
Stocks (Note)	1,281	1,647	(366)	
Bonds:				
Corporate bonds	_		_	
Other	17	100	(83)	
Other	10	10	(0)	
Total	¥3,089	¥2,826	¥263	
For the year ended March 31, 2010		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:	(22	728	(105)	
Unrealized loss: Stocks	623	120	(105)	
	623	120	(103)	
Stocks	623			
Stocks Bonds:	——————————————————————————————————————	——————————————————————————————————————	(81)	
Stocks Bonds: Corporate bonds	_	_		

for the year ended March 31, 2011	Tho	usands of U.S. do	ollars
		2011	
	Carrying value	Acquisition costs	Unrealized gain (loss)
Unrealized gain:			
Stocks (Note)	\$20,810	\$12,252	\$8,558
Bonds:			
Corporate bonds	_	_	
Other	_	_	
Other	606	601	5
Unrealized loss:			
Stocks (Note)	15,405	19,803	(4,398)
Bonds:			
Corporate bonds	_	_	
Other	208	1,206	(998)
Other	116	121	(5)
Total	\$ 37,145	\$33,983	\$3,162

Note: Equity securities with fair value, classified as other securities, are restated at the fair value and related loss on impairment in an amount of \(\frac{4}{2}\)3 million (\(\frac{5}{2}\)78 thousand) is charged to income for the year ended March 31, 2011. 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.

Other securities sold during the year ended March 31, 2011, and the year ended March 31, 2010, amounted to ¥1 million (\$12 thousand) and ¥10 million, respectively, of which a gain on sales amounted to ¥0 million (\$0 thousand) and ¥0 million, 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 ven		U.S. dollars
	2011	2010	2011
Contract amount Total	¥7,880	¥5,895	\$94,768
Due after one year	7,140	5,680	85,869
Fair value	*	*	*

Thousands of

^{*}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		U.S. dollars
	2011	2010	2011
Projected benefit obligation	¥(20,013)	¥(20,563)	\$(240,686)
Plan assets	3,519	3,072	42,321
Net unrecognized amount	1,840	2,186	22,129
Prepaid pension cost	0		0
Employees' severance and retirement benefits	¥(14,654)	¥(15,305)	\$(176,236)

The net unrecognized amounts were as follows:—

	Millions of yen		U.S. dollars
	2011	2010	2011
Unrecognized benefit obligation:			
Adjustment for actuarial assumptions	¥ 3,209	¥ 4,243	\$ 38,593
Past service cost	(1,369)	(2,058)	(16,464)
Net unrecognized amounts	¥ 1,840	¥ 2,185	\$ 22,129

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

	Million	Millions of yen	
	2011	2010	2011
Service cost	¥ 836	¥ 792	\$10,054
Interest cost on projected benefit obligation	260	471	3,127
Expected return on plan assets	(74)	(61)	(890)
Amortization of adjustment for actuarial assumptions	1,117	1,141	13,434
Amortization of past service cost	(582)	(582)	(6,999)
Net periodic pension and severance costs	¥1,557	¥1,761	\$18,726

The assumptions used were as follows:—

	2011	2010
Discount rates	1.3%	1.3%
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, 2010	Increase	Decrease	At March 31, 2011
Common stock (shares)	6,822,582	15,185		6,837,767

Reason for the change:

The increase attributable to the purchase of shares less than one unit: 15,185 shares

(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)	860,000
Vested (shares)	_
Exercised (shares)	_
Expired (shares)	860,000
Unexercised (shares)	_

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:—

			Thousands of	
	Millions of yen		U.S. dollars	
	2011	2010	2011	
Deferred tax assets:				
Excess bonuses accrued	¥ 455	¥ 490	\$ 5,473	
Excess employees' severance and retirement benefits accrued	5,949	6,174	71,544	
Excess loss on impairment of tangible fixed assets (except for leased assets)	3,216	3,398	38,675	
Accumulated loss on impairment of leased assets	204	221	2,451	
Other	1,180	780	14,196	
Gross deferred tax assets	11,004	11,063	132,339	
Valuation allowance	(4,530)	(4,333)	(54,481)	
Total deferred tax assets	6,474	6,730	77,858	
Deferred tax liabilities:				
Unrealized gain on other securities	(91)	(301)	(1,092)	
Reserve under Special Taxation Measures Law	(4,922)	(5,009)	(59,191)	
Total deferred tax liabilities	(5,014)	(5,310)	(60,304)	
Net deferred tax assets	¥ 1,460	¥ 1,420	\$ 17,554	

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, 2011 and 2010 were as follows:—

	2011	2010
Statutory tax rate:	40.43%	40.43%
Increase (reduction) in tax resulting from:		
Nondeductible expenses including entertainment, etc.	4.42	2.86
Nontaxable income including dividends received deduction, etc.	(10.54)	(7.77)
Per capita portion of inhabitant taxes	19.09	18.47
Equity in earnings of affiliates	(1.73)	(2.02)
Elimination of dividends received from consolidated subsidiaries, etc.	9.52	13.33
Change in valuation allowance related to deferred tax assets	6.24	(20.54)
Other	5.80	(1.61)
Effective tax rate	73.23%	43.15%

16 Supplementary income information

Supplementary income information for the years ended March 31, 2011 and 2010 is as follows:—

	Millions of yen		U.S. dollars
	2011	2010	2011
Depreciation expenses	¥3,504	¥ 3,157	\$42,139
Lease and rental	5,368	6,101	64,560

17 Amounts per share

Amounts per share of common stock for the years ended March 31, 2011 and 2010 were as follows:—

	Yen		
	2011	2010	2011
Net income per share:			
Basic	¥ 3.47	¥ 7.73	\$ 0.0417
Diluted	_	7.42	
Cash dividends	4.00	4.00	0.0481
Net assets per share:	¥491.12	¥494.05	\$ 5.9064

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, 2011 and 2010 were as follows:—

Millions of yen	
2010	2011
¥45,22	9 \$540,533
44,85	536,138
55 37	5 4,395
Shares	
97,610,11	8
6,822,58	2
90,787,53	6
	2010 25 ¥45,22 30 44,85 35 37 Shares 8 97,610,11 37 6,822,58

Basis for the calculation of basic and diluted net income per share for the years ended March 31, 2011 and 2010 was as follows:—

Millions of yen		Thousands of U.S. dollars
2011	2010	2011
¥315	¥702	\$3,783
_	_	_
(—)	(—)	(—)
315	702	3,783
90,781,100	90,797,062	
_	_	
(—)	(—)	(—)
_	3,710,045	
(—)	(3,710,045)	
	¥315 — (—) 315	2011 2010 ¥315 ¥702 — — (—) (—) 315 702 90,781,100 90,797,062 — — (—) (—) — 3,710,045

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 860.)

18 Segment information

(1) Overview of reportable segments

The Company's segments are the Group's components for which discrete financial information is available and whose operating results are regularly reviewed by the Company's board of directors to make decisions on the allocation of resources to the segments and to assess their performance.

The Group, in doing business, classifies business models of operating companies, which are under the Company (pure holding company), according to the nature of services and formulates comprehensive strategies for individual business models.

Therefore, the Group consists of segments according to services based on these business models and the Group's reportable segments are: Logistics, Information Processing, and Sales.

Principal services of the Logistics segment are road haulage, freight forwarding, warehousing, and harbor transport. The principal service of the Information Processing segment is information processing. Principal services of the Sales segment are merchandising, consignment sales, and a non-life insurance agency.

(2) Methods of calculating operating revenues, income/loss, assets/liabilities, and other items by reportable segment

Accounting procedures applied to the reported operating segments are the same as those described in the "Basis of Presenting Consolidated Financial Statements." Income of reportable segments is on an operating income basis. Intersegment revenues and transfers are based on market prices.

(3) Information on operating revenues, income/loss, assets/liabilities, and other items by reportable segment

For the year ended March	31,	2011						Millions o	of yen							
				Reporta	ble segi	nent										
		Logistics		rmation cessing		Sales		Total	-	Others Note 1)		Total		stment te 2)		solidated Note 3)
Operating revenues:																
Revenues from out- side customers	¥1	09,031	¥	2,689	¥	6,459	¥1	18,179	¥	800	¥1	18,979	¥	_	¥1	18,979
Intersegment revenues or transfers		8		188		5,431		5,627		822		6,449	(6,449)		_
Total	1	09,039		2,877	1	1,890	1	23,806]	1,622	1	25,428	(6,449)	1	18,979
Segment income	¥	281	¥	382	¥	379	¥	1,042	¥	53	¥	1,095	¥	104	¥	1,199
Segment assets	¥1	05,949	¥	1,583	¥	8,726	¥1	16,258	¥1]	1,288	¥1	27,546	¥(1	0,134)	¥1	17,412
Other items																
Depreciation	¥	3,137	¥	286	¥	40	¥	3,463	¥	29	¥	3,492	¥	12	¥	3,504
Amortization of goodwill	¥	103	¥	14	¥	_	¥	118	¥		¥	118	¥	_	¥	118
Impairment losses	¥	54	¥	_	¥	_	¥	54	¥	_	¥	54	¥	_	¥	54
Increases in property and equipment and intangible fixed assets	¥	4,103	¥	305	¥	25	¥	4,433	¥	8	¥	4,441	¥	(6)	¥	4,435

For the	vear	ended	March	31,	2010
---------	------	-------	-------	-----	------

Mil	lions	of '	ver

				Reporta	ıble seg	ment										
				rmation						Others				ustment		nsolidated
		Logistics	pro	cessing		Sales		Total		(Note 1)		Total	(1)	Note 2)	(Note 3)
Operating revenues:																
Revenues from out- side customers	v	103,339	v	2,950	v	6,593	V	112,882	¥	719	v	113,601	¥		v	113,601
Intersegment reve-	Ť	105,559	+	2,930	Ť	0,393	Ť	112,002	Ť	119	- t	113,001	Ť		Ť	113,001
nues or transfers		58		201		5,315		5,574		626		6,200		(6,200)		_
Total		103,397		3,151		11,908		118,456		1,345		119,801		(6,200)		113,601
Segment income (loss)	¥	(223)	¥	431	¥	411	¥	619	¥	80	¥	699	¥	35	¥	734
Segment assets	¥	102,404	¥	1,738	¥	7,820	¥	111,962	¥	13,173	¥	125,135	¥	(9,633)	¥	115,502
Other items																
Depreciation	¥	2,922	¥	162	¥	38	¥	3,122	¥	19	¥	3,141	¥	16	¥	3,157
Amortization of goodwill	¥	107	¥	_	¥	_	¥	107	¥	_	¥	107	¥	_	¥	107
Increases in property and equipment and intangible fixed assets	¥	3,907	¥	202	¥	22	¥	4,131	¥	10	¥	4,141	¥	(2)	¥	4,139
For the year ended March	31. 2	011					Tl	housands of	U.S. d	ollars						
	, -			Reporta	ıble seg	ment										
		Logistics		rmation cessing		Sales		Total		Others (Note 1)		Total		ustment Note 2)		nsolidated Note 3)
Operating revenues:																
Revenues from out- side customers	\$1,	311,251	\$32	2,342	\$ 7	77,679	\$1,	421,272	\$	9,619	\$1,4	130,891	\$	_	\$1,4	130,891
Intersegment reve- nues or transfers		107		2,258	6	55,312		67,677		9,887		77,564		(77,564)		_
Total	1,	311,358	3	4,600	14	12,991	1,	488,949		19,506	1,5	508,455	((77,564)	1,4	30,891
Segment income	\$	3,388	\$ -	4,593	\$	4,556	\$	12,537	\$	633	\$	13,170	\$	1,249	\$	14,419
Segment assets	\$1,	274,200	\$19	9,032	\$10	04,940	\$1,	398,172	\$13	35,751	\$1,5	533,923	\$(1	21,874)	\$1,4	12,049
Other items																
Depreciation	\$	37,719	\$:	3,445	\$	481	\$	41,645	\$	347	\$	41,992	\$	147	\$	42,139
Amortization of goodwill	\$	1,241	\$	173	\$	_	\$	1,414	\$	_	\$	1,414	\$		\$	1,414
Impairment losses	\$	654	\$	_	\$	_	\$	654	\$	_	\$	654	\$	_	\$	654
Increases in property and equipment and intangible fixed assets	\$	49,359	\$ 1	3,668	\$	295	\$	53,322	\$	91	\$	53,413	\$	(77)	\$	53,336

Note 1. "Others" corresponds to operating segments that are not included in the reported operating segments and includes automobile repair and direct mail service.

Note 2. Adjustments are as follows:

(1) Adjustments of segment income

For the fiscal year ended March 31, 2011 and 2010, adjustments of segment income amounted to \$104 million (\$1,249 thousand) and \$35 million, respectively. Adjustments include intersegment eliminations and corporate expenses not allocated to any reportable segments.

For the fiscal year ended March 31, 2011 and 2010, the above-mentioned intersegment eliminations amounted to \$764 million (\$9,200 thousand) and \$699 million, respectively, and corporate expenses not allocated to any reportable segments amounted to -\$660 million (\$7,949 thousand) and -\$664 million, respectively. Corporate expenses are mainly expenses of the Company's operations that do not belong to any reportable segments.

(2) Adjustments of segment assets

For the fiscal year ended March 31, 2011 and 2010, adjustments of segment assets amounted to –¥10,134 million (\$121,874 thousand) and –¥9,632 million, respectively. Adjustments include intersegment eliminations and corporate assets not allocated to any reportable segments.

For the fiscal year ended March 31, 2011 and 2010, the above-mentioned intersegment eliminations amounted to -\$19,411 million (\$233,439 thousand) and -\$18,171 million, respectively, and corporate assets not allocated to any reportable segments amounted to \$9,277 million (\$111,565 thousand) and \$8,539 million, respectively. Corporate assets are mainly cash and time deposits and investments in securities of the head office that does not belong to any reportable segments.

(3) Adjustments of increases in property and equipment and intangible fixed assets
For the fiscal year ended March 31, 2011 and 2010, adjustments of increases in property and
equipment and intangible fixed assets amounted to –¥6 million (\$77 thousand) and –¥3 million,
respectively. Adjustments include intersegment eliminations and corporate assets not allocated to
any reportable segments.

For the fiscal year ended March 31, 2011 and 2010, the above-mentioned intersegment eliminations amounted to –¥7 million (\$91 thousand) and –¥5 million, respectively, and corporate assets not allocated to any reportable segments amounted to ¥1 million (\$14 thousand) and ¥2 million, respectively.

Note 3. Segment income is adjusted to operating income in the consolidated financial statements.

(Additional information)

Effective from the fiscal year ended March 31, 2011, the Company adopted the revised "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17) issued in March 2009.

(4) Related information

For the year ended March 31, 2011

- 1) Information by product and service
 - Information by product and service is omitted because similar information is presented in the segment information.
- 2) Information by geographical area
 - Not applicable for operating revenues because there are no operating revenues from outside customers other than those in Japan.
 - Not applicable for property and equipment because there is no property and equipment located in places other than Japan.
- 3) Information by major customer
 - Not applicable because, concerning operating revenues from outside customers, no outside customer accounts for 10% or more of operating revenues in the consolidated financial statements.
- (5) Information on fixed asset impairment losses by reportable segment

For the year ended March 31, 2011

Information on fixed asset impairment losses by reportable segment is omitted because similar information is presented in the segment information.

(6) Information on amortization of goodwill and unamortized balance by reportable segment

For the year ended March 31, 2011

lions	

		Reportable	segment				
		Information					
	Logistics	processing	Sales	Total	Others	Adjustment	Total
Goodwill:							
Amortization	¥103	¥ 15	¥ —	¥118	¥ —	¥ —	¥118
Balance at end of year	¥155	¥ 43	¥ —	¥198	¥ —	¥ —	¥198
Negative goodwill:							
Amortization	¥ 83	¥ —	¥ 2	¥ 85	¥ —	¥ —	¥ 85
Balance at end of year	¥307	¥ —	¥ —	¥307	¥ —	¥ —	¥307

For the year ended March 31, 2011

Thousands of	of U.S.	dollars
--------------	---------	---------

		Reportable	e segment				
	Logistics	Information processing	Sales	Total	Others	Adjustment	Total
Goodwill:	208131110	P		- 2004	2 111013		10001
Amortization	\$1,241	\$173	\$ —	\$1,414	\$ —	\$ —	\$1,414
Balance at end of year	\$1,858	\$519	\$ —	\$2,377	\$ —	\$ —	\$2,377
Negative goodwill:							
Amortization	\$ 991	\$ —	\$ 25	\$1,016	\$ —	\$ —	\$1,016
Balance at end of year	\$3,688	\$ —	\$ —	\$3,688	\$ —	\$ —	\$3,688

 $\left(7\right)$ Information on gain on negative goodwill by reportable segment For the year ended March $31,\,2011$

Not applicable

19 Subsequent events

Cash dividends

The annual shareholders' meeting of the Company, which was held on June 29, 2011, duly approved the payment of dividends as follows:

	Millions of	Thousands of
	yen	U.S. dollars
Cash dividends (¥2.00 per share)	¥181	\$2,177

Consolidated Subsidiaries

Logistics

Company Name	Business Line
Tonami Transportation Co., Ltd.	Road haulage
Tonami Transportation Shinetsu Co., Ltd.	Road haulage
Tonami Transportation Chugoku Co., Ltd.	Road haulage
Kanto Tonami Transportation Co., Ltd.	Road haulage
Gosei Tonami Transportation Co., Ltd.	Road haulage
Tonami Shutoken Logistics Co., Ltd.	Road haulage
Osaka Tonami Transportation Co., Ltd.	Road haulage
Zento Transportation Co., Ltd.	Road haulage
Ishikawa Tonami Transportation Co., Ltd.	Road haulage
Ibaraki Tonami Transportation Co., Ltd.	Road haulage
Kansai Tonami Transportation Co., Ltd.	Road haulage
Chukyo Tonami Transportation Co., Ltd.	Road haulage
Fukui Tonami Transportation Co., Ltd.	Road haulage
Niigata Tonami Transportation Co., Ltd.	Road haulage
Takefu 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
Keishin Warehouse Co., Ltd.	Warehousing
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
Keishin System Research Co., Ltd.	Development and sale of software
Tonami Business Service Co., Ltd.	Financial service
Tonami Stuff Support Co., Ltd.	Detached 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

President and Representative Director

Katsusuke Watanuki

Managing Director

Yasuo Terabayashi

Director and Senior Adviser

Yoshihiro Minami

Directors

Shigeki Sakamoto Shigeyuki Okada Yoshimi Nagahara Kazuo Takata Mitsuharu Wadachi

Standing Corporate Auditors

Mitsuo Matsuda Masafumi Takebe

Corporate Auditors

Shinichiro Inushima Yohji Ishiguro Toshio Kaido

(As of June 29, 2011)

Corporate Data

Head Office

2-12, Showa-machi 3-chome, Takaoka, Toyama Prefecture 933-8788, Japan Phone: (0766) 32-1073

Fax: (0766) 32-1077

Tokyo Office

3-8, Higashinihonbashi 3-chome, Chuo-ku,

Tokyo 103-0004, Japan Phone: (03) 3664-5403 Fax: (03) 3664-5405

Date of Established

June 1943

Common Stock

¥14,183 million

Issued and Outstanding Shares

97,610,118 shares

Shareholders

7,225

Employees

55

(As of March 31, 2011)



TONAMI

TONAMI HOLDINGS CO., LTD.

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