2012
Annual Report
For the year ended March 31, 2012

TONAMI

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

Contents

Forward-Looking Statements

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

Consolidated Financial Highlights

TONAMI HOLDINGS CO., LTD.
AND CONSOLIDATED SUBSIDIARIES

Years ended March 31, 2012 and 2011

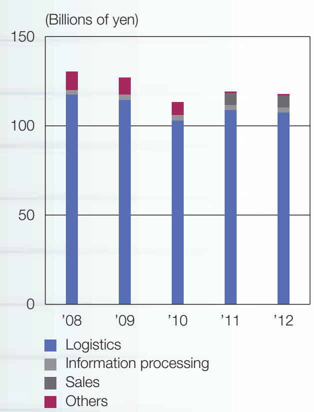
	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
FOR THE YEAR:			
Operating revenues:	¥117,710	¥118,979	$1,432,165
Logistics	107,500	109,031	1,307,940
Information processing	2,718	2,689	33,072
Sales	6,697	6,459	81,478
Others	795	800	9,675
Operating income	1,404	1,199	17,073
Net income	633	315	7,698
Comprehensive income	1,470	102	17,881
PER SHARE (Yen and U.S. dollars):			
Net income, basic	¥6.97	¥3.47	$0.0848
Net income, diluted	—	—	—
Cash dividends	4.00	4.00	0.0487
AT YEAR-END:			
Total assets	¥116,085	¥117,412	$1,412,403
Total net assets	46,046	44,945	560,238

Notes: 1. U.S. dollar amounts presented herein are included solely for convenience. The rate of ¥82.19 = U.S.$1, prevailing on March 31, 2012, has been used for the translation into U.S. dollar amounts.

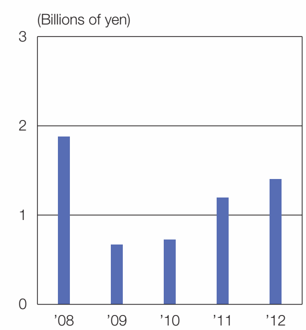
2. The computation of net income per share of common stock is based on the weighted average number of shares outstanding (which represents the number of issued shares less treasury stock.) during each financial year.

3. Diluted net income per share is not presented for the years ended March 31, 2012 and 2011, since there were no residual securities.

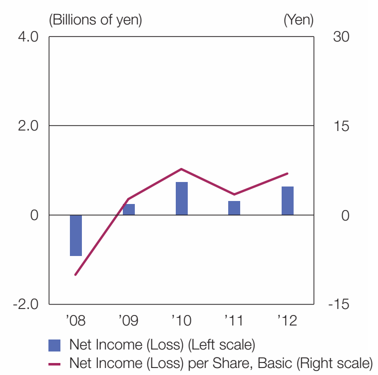
Operating Revenues by Business Segment



Operating Income



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



President, Katsusuke Watanuki

During the fiscal year ended March 31, 2012, the Japanese economy showed signs of recovery owing to faster-than-expected restoration of supply chains disrupted by the Great East Japan Earthquake. Nevertheless, slowing of overseas economies and the unprecedentedly strong yen led to a decrease in exports and the damage caused by flooding in Thailand slowed production. As a result, the Japanese economy lost momentum. The outlook remained unclear in view of the slowing tempo of growth of overseas economies, the impact of the strong yen on exporters, rising crude oil prices, and electricity shortages in Japan.

Although the distribution industry experienced lower domestic freight volumes owing to a decline in production in the aftermath of the Great East Japan Earthquake, transport demand showed signs of recovery in line with the restoration of supply chains. However, subsequently, owing to the negative impact of the appreciation of the yen and the flooding in Thailand on exports and production, domestic distribution was lackluster.

In these circumstances, the Tonami Holdings Group strove to expand logistics-related businesses centering on truck transport, freight forwarding, and third-party logistics (3PL) while at the same time analyzing the profitability of transactions in order to improve margins. As a result, operating revenues amounted to ¥117,710 million, a decrease of 1.1% or ¥1,269 million from the previous year.

With regard to profits, despite revisions to freight charges and unit rates, increased fuel costs, and other negative factors, cost-reduction measures including improvement of operational efficiency resulted in increased profits. Operating income increased 17.0% or ¥205 million from the previous year to ¥1,404 million and net income increased 101.1% or ¥318 million to ¥633 million.

Total annual dividends for the year ended March 2012 amounted to ¥4 per share, including an interim dividend of ¥2 per share.

Results by Segment

Although the Group strove to expand business with existing customers and cultivate new customers for road haulage and 3PL services, export-related logistics demand remained sluggish. The Group also sought to minimize unprofitable transactions. As a result, operating revenues from the logistics-related business decreased 1.4% or ¥1,530 million from the previous year to ¥107,500 million. Segment income increased 137.7% or ¥387 million to ¥670 million owing to the improvement of operational efficiency and reduction of expenses despite the increased burden of fuel costs.

Operating revenues from the information processing business amounted to ¥2,718 million, an increase of 1.1% or ¥28 million from the previous year. Revisions to charges resulted in lower segment income. Segment income was ¥103 million, a decrease of 73.1% or ¥279 million.

Operating revenues from the sales business, which includes merchandising, consignment sales, and a non-life insurance agency, amounted to ¥6,697 million, an increase of 3.7% or ¥237 million from the previous year. Segment income increased 13.5% or ¥51 million to ¥430 million.

Operating revenues from other businesses, which include automobile repair, travel agency, and direct mail service, amounted to ¥795 million, a decrease of 0.6% or ¥4 million from the previous year. Segment income increased 115.7% or ¥60 million to ¥114 million.

Outlook for the Year ending March 31, 2013

There are hopes that a broad recovery of the Japanese economy may take hold in the second half of the year to March 2013, underpinned by public investment related to reconstruction associated with the Great East Japan Earthquake and rising exports. However, the outlook remains unclear because of concerns about downside risks, including the European sovereign debt crisis, trends in China and other emerging economies, increases in crude oil prices, electricity shortages in the summer in Japan, and persistence of the unprecedentedly strong yen.

In this challenging business environment, positioning the enhancement of profitability through structural reform of our business and the expansion of the scale of business and the strengthening of market competitiveness through the creation of new logistics businesses as vital management issues, the Group launched the 19th Three-year Medium-Term Business Plan in April 2012 under the slogan “The Road to Self-Innovation! Innovation Plan 19.”

In order to continue to expand business in the future in an environment marked by the market contraction caused by the decreasing population in Japan and the continuing yen’s appreciation, logistics companies need not only to fulfill domestic logistics demand but also to respond to globalization and seek opportunities in other countries, including emerging nations.

The Group will aim to further strengthen the complementary functions between the business divisions of the Group companies and promote M&A and business alliances with other companies. We will also take steps to improve our performance by steadily increasing revenue from the logistics business and strengthening our integrated logistics system that covers both Japan and overseas as we expand business at our overseas subsidiaries (Dalian and Thailand).

In addition, the Group will strive to expand business by strengthening its 3PL (third-party logistics) service that combines logistics IT systems and logistics services, continually improving quality and cutting costs of logistics services with customer cooperation by adopting cloud-based logistics systems, proposing optimal logistics services, actively conducting promotional activities aimed at gaining new orders, and streamlining operations through the reconstruction of operations of existing distribution centers.

The Tonami Holdings Group will vigorously promote joint sales & marketing among Group companies. As the business environment becomes increasingly sophisticated and diversified, we will promote restructuring by making full use of information and communication technology (ICT) as a management strategy and starting operation of a “business management system” that provides powerful support to the core business with the aim of maximizing corporate value.

Taking the above into consideration, our forecast for the Group’s business results for the year ending March 31, 2013, is as follows:

Forecast of consolidated business results

Operating revenues	¥120,200 million (an increase of 2.1% year on year)
Operating income	¥2,000 million (an increase of 42.6% year on year)
Net income	¥1,020 million (an increase of 61.4% year on year)

Note: The forecast of consolidated business results presented above is based on certain assumptions that management believes reasonable at the time of announcement and may be revised.

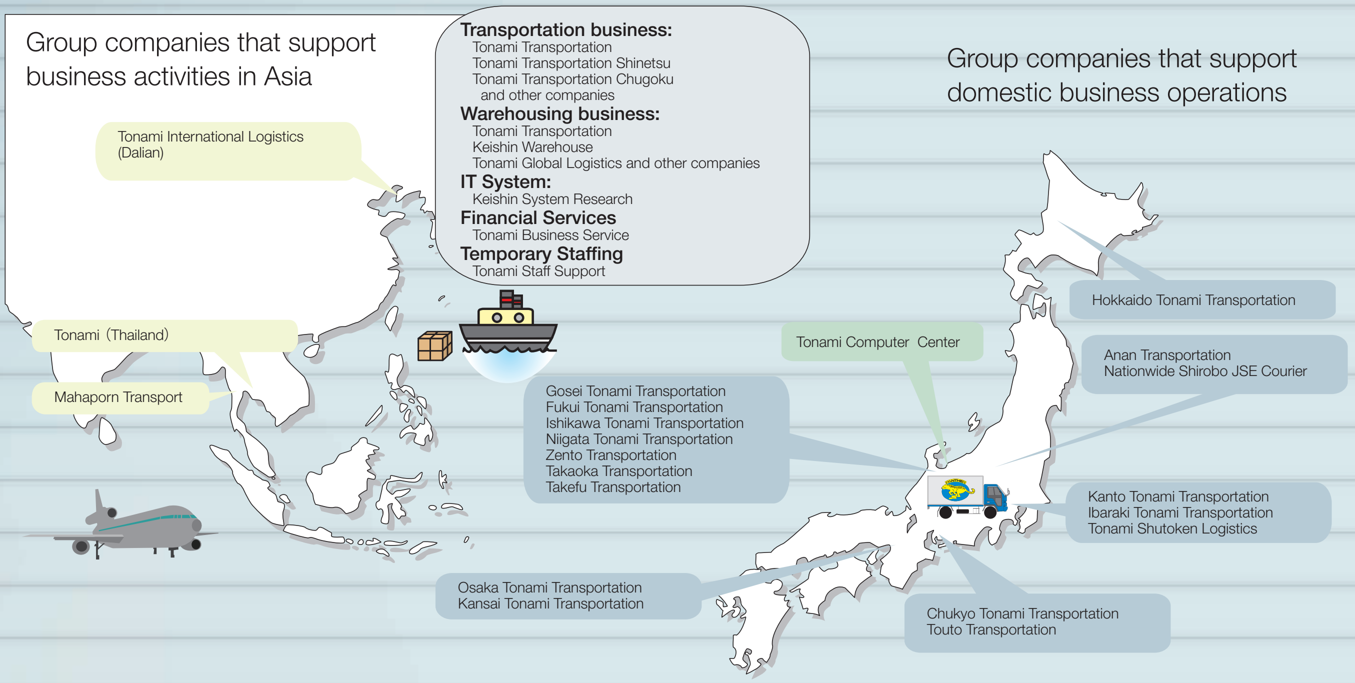
We will continue making a concerted effort to raise business performance so as to meet the expectations of our shareholders. In all our endeavors, we will be grateful for your continued support.

June 2012

K. Watanuki

Katsusuke Watanuki
President and Representative Director

Operating Subsidiaries and Affiliates

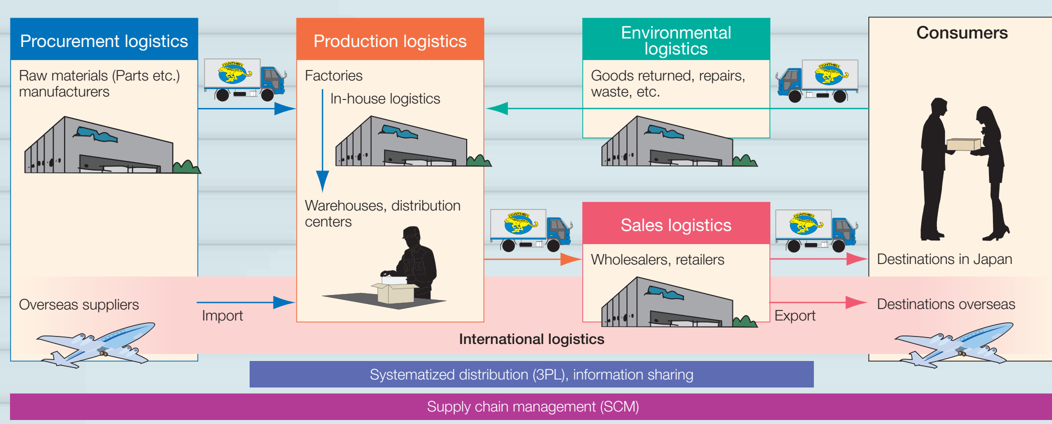


Tonami Trading, Toyo Gomu Hokuriku Hanbai, Tonami Business Service,
Tonami Staff Support, Takaoka Cable Network, Shogawa Kanko, etc.

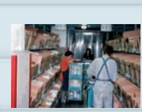
Tonami Logistics Solutions

Physical distribution consulting functions

Physical distribution network functions



Information system development functions




Operational functions

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.

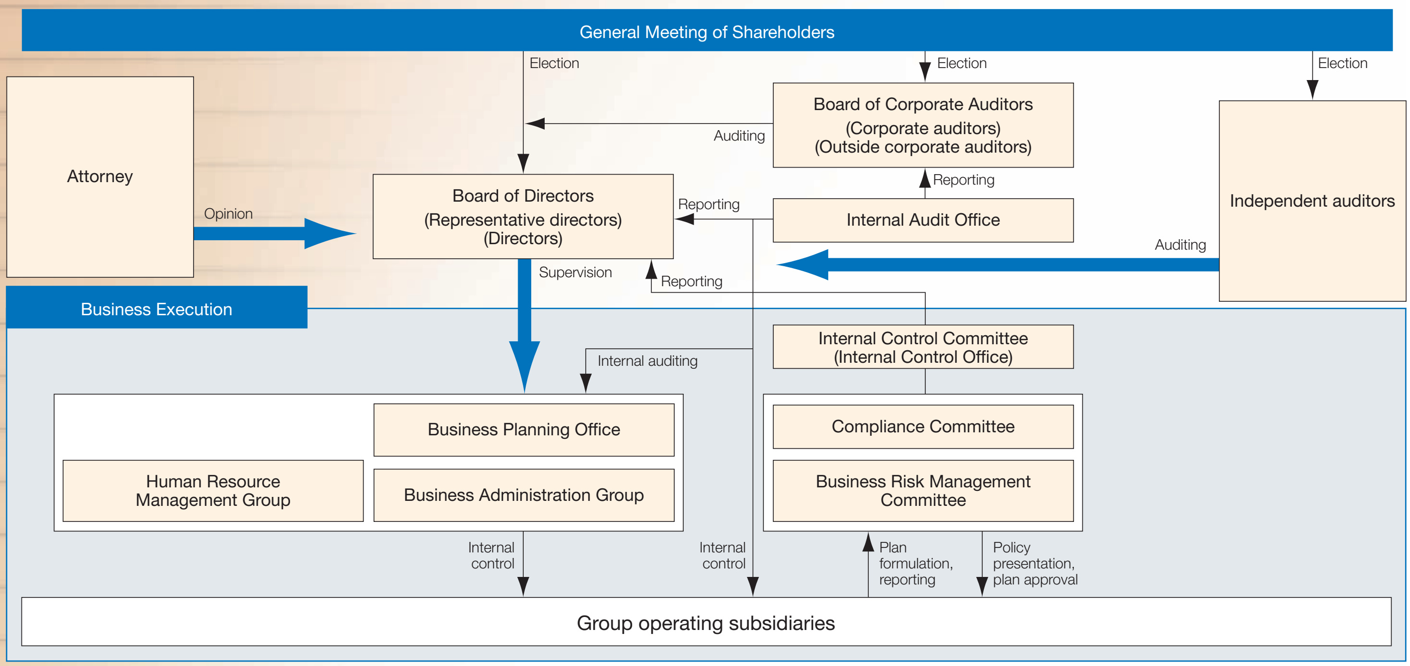
Moreover, the Company has established the Tonami Group Employee Code of Conduct as the foundation of the Group's compliance system and the Internal Control Committee, chaired by the president, as the decision-making body. The Company's effort to enhance its internal control systems is led by an officer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

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 headquarters and those to be reported.

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

4) State of Internal Auditing and Auditing by Corporate Auditors

The Internal Audit Office (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

No outside directors are appointed by the Company.

In accordance with the provisions of Paragraph 3, Article 335 of the Companies Act, five corporate auditors, including standing and part-time corporate auditors, are appointed by the Company, three of whom are outside corporate auditors, and therefore uninvolved in the execution of the business of the Company, who conduct auditing from a third-party standpoint in order to strengthen the auditing function.

The Company considers that outside 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.

Three outside corporate auditors are appointed by the Company. Their function is to state appropriate opinions, as necessary, as experienced experts. The role of outside corporate auditors is to contribute to enhancement of transparency and accountability of the Board of Directors through auditing of the compliance of the directors by attending meetings of the Board of Directors and other important meetings, by offering their opinions, and by other means.

The Company considers individuals who have no personal, capital, or business relationships with the Company or other interests in the Company, possess expertise, and are capable of overseeing management based on excellent insight to be suitable for election as outside corporate auditors.

None of the three outside corporate auditors have any of the above-mentioned relationships with the Company. The Company appointed one of the three outside corporate auditors as an independent officer as required by the Tokyo Stock Exchange and has notified the Tokyo Stock Exchange accordingly.

Although Outside Corporate Auditor Mr. Yohji Ishiguro, who is the independent officer appointed by the Company, owns shares of the Company, the capital relationship between him and the Company is negligible and he has no business relationships with the Company or other interests in the Company.

Outside Corporate Auditor Mr. Toshio Kaido has no capital or business relationships with the Company or other interests in the Company.

Outside Corporate Auditor Mr. Shinichiro Inushima used to work for The Hokuriku Bank, Ltd., which is a customer of the Company and is also a shareholder of the Company. These facts. however, have no impact on objective decisions of shareholders and investors because Outside Corporate Auditor Mr. Inushima himself has no interests in the Company. Outside Corporate Auditor Mr. Inushima has no capital relationships with the Company or other interests in the Company.

The Company has concluded limited liability contracts with the outside corporate auditors. The outside corporate auditor's liability for damages is limited to the sum of compensation and other fees that the outside corporate auditor received from the Company during his/her term of office or the sum of property benefits that he/she is to receive for each fiscal year, whichever the higher.

(Internal structure as an alternative to a structure under which outside directors are elected and reasons for adopting such a structure)

The Company has adopted a "company with auditors and with board of auditors" system as its corporate governance structure based on the judgment that management by the Board of Directors consisting of internal directors who are well versed in the Company's operations is suitable for the Company, which is a logistics company. Meanwhile, the Company is enhancing the effectiveness of the audit function of corporate auditors.

Regarding management transparency, the Company believes that a structure is in place that can fully function in terms of management supervision because the Company has appointed three independent 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.

Corporate Social Responsibility Activities

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.

This truck runs on natural gas

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.

A clean-up in progress

Financial Section

Consolidated Five-Year Summary

TONAMI HOLDINGS CO., LTD
AND CONSOLIDATED SUBSIDIARIES

Years ended March 31

	Millions of yen					Thousands of U.S. dollars
	2008	2009	2010	2011	2012	2012
RESULTS OF OPERATIONS:						
Operating revenues	¥130,188	¥126,930	¥113,601	¥118,979	¥117,710	$1,432,165
Operating cost	121,875	119,596	106,522	111,355	110,069	1,339,203
Selling, general and administrative expenses	6,426	6,664	6,345	6,425	6,237	75,889
Operating income	1,887	670	734	1,199	1,404	17,073
Net income (loss)	(911)	244	702	315	633	7,698
Depreciation expenses	2,594	2,848	3,157	3,504	3,882	47,236
PER SHARE (yen and U.S. dollars):						
Net income (loss)	¥ (10.03)	¥ 2.69	¥ 7.73	¥ 3.47	¥ 6.97	$ 0.0848
Cash dividends	6.00	5.00	4.00	4.00	4.00	0.0487
YEAR-END FINANCIAL POSITION:						
Total current assets	¥ 36,017	¥ 34,702	¥ 33,860	¥ 35,723	¥ 33,045	$ 402,054
Net property and equipment	62,194	66,633	69,447	70,037	71,597	871,122
Total assets	112,511	113,141	115,502	117,412	116,085	1,412,403
Total current liabilities	36,991	34,248	32,617	33,989	34,222	416,381
Long-term liabilities, excluding of current portion thereof	29,558	34,011	37,656	38,478	35,817	435,784
Total net assets	45,962	44,882	45,229	44,945	46,046	560,238
OTHER YEAR-END DATA:						
Number of employees	7,310	7,361	7,235	7,025	6,762	

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, 2012, operating revenues decreased 1.1% year on year to ¥117,710 million, partly due to sluggish export-related logistics demand. This result also reflected the Group's efforts to minimize unprofitable transactions in its mainstay business, namely the road haulage operations and freight forwarding operations, as well as in the 3PL services.

Composition of Operating Revenues

	Composition	Percentage point change from the previous year
Logistics:	91.3%	−0.3
Road haulage operations and freight forwarding operations	69.5	+0.7
Warehousing operations	16.7	−1.0
Harbor transport operations	5.1	−0.0
Information processing business	2.3	+0.0
Sales businesses	5.7	+0.3
Other businesses	0.7	−0.0

Operating Cost

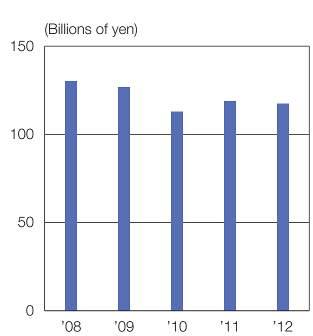
Operating cost decreased 1.2% year on year to ¥110,069 million. Although there were factors increasing costs, such as soaring prices of diesel oil and raw materials, the Group's efforts to improve operational efficiency and reduce facilities costs as well as the drive to minimize unprofitable transactions resulted in enhanced profitability. As a result, the ratio of operating cost to operating revenues decreased 0.1 percentage points from the previous year to 93.5%.

Selling, General and Administrative Expenses

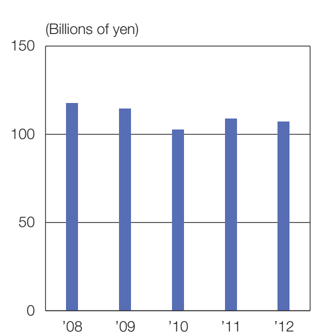
Selling, general and administrative expenses decreased 2.9% year on year to ¥6,237 million. The main reason is management integration of subsidiaries included in the scope of consolidation. The ratio of selling, general and administrative expenses to operating revenues decreased 0.1 percentage points to 5.3%.

As a result, operating income increased 17.0% year on year to ¥1,404 million. The ratio of operating income to operating revenues was 1.2%, an increase of 0.2 percentage points from the previous year.

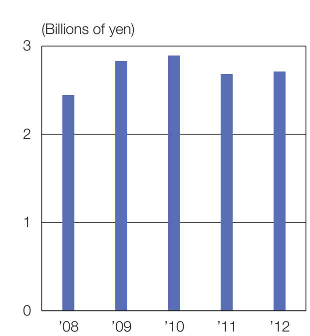
Operating Revenues



Sales of Logistics



Sales of Information Processing Business



Net Income

Income before income taxes and minority interests was ¥1,871 million, up 59.2% year on year. Despite an increase in income taxes, net income soared 101.1% year on year to ¥633 million.

Analysis of Cash Flows

Cash and cash equivalents on a consolidated basis for the year under review decreased ¥2,549 million from the previous year to ¥8,591 million as a result of net cash provided by operating activities amounting to ¥4,364 million, net cash used in investing activities amounting to ¥3,452 million, and net cash used in financing activities amounting to ¥3,461 million.

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥4,364 million, an increase of ¥93 million from the previous year.

Principal items were income before income taxes and minority interests amounting to ¥1,871 million and depreciation and amortization amounting to ¥3,882 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥3,452 million, an increase of ¥703 million from the previous year.

The principal item was payments of ¥3,609 million for the purchase of property and equipment.

Cash Flows from Financing Activities

Net cash used in financing activities totaled ¥3,461 million, an increase of ¥2,720 million from the previous year.

Cash outflows included repayment of long-term debt amounting to ¥1,354 million and repayment of lease obligations amounting to ¥1,638 million.

Analysis of the Financial Position

Assets

Current assets were ¥33,045 million, a decrease of 7.5% from the previous fiscal year-end. This decrease was mainly attributable to a ¥2,647 million decrease in cash and time deposits.

Property and equipment amounted to ¥71,597 million, an increase of 2.2% from the previous fiscal year-end. This increase was attributable to a ¥1,537 million increase in buildings and structures.

Investments and other assets were ¥11,443 million, a decrease of 1.8% from the previous fiscal year-end, mainly owing to a ¥564 million decrease in deferred tax assets.

As a result, total assets amounted to ¥116,085 million, a decrease of 1.1% from the previous fiscal year-end.

Liabilities

Current liabilities were ¥34,222 million, an increase of 0.7% from the previous fiscal year-end, mainly due to a ¥423 million increase in lease obligations.

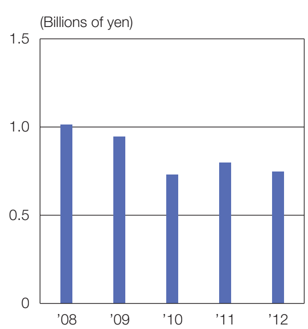
Long-term liabilities were ¥35,817 million, a decrease of 6.9% from the previous fiscal year-end. This decrease was mainly attributable to a ¥1,207 million decrease in long-term debt including corporate bonds and a ¥713 million decrease in deferred tax liabilities from revaluation reserve for land.

As a result, total liabilities amounted to ¥70,039 million, a decrease of 3.3% from the previous fiscal year-end.

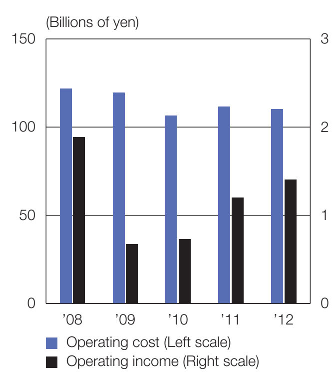
Net assets

Net assets amounted to ¥46,046 million, an increase of 2.4% from the previous fiscal year-end. Main factors were a ¥321 million increase in retained earnings as a result of booking of net income of ¥633 million and a ¥626 million increase in revaluation reserve for land.

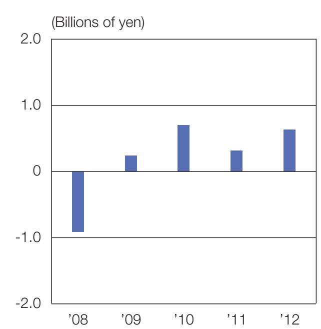
Sales of Other Business



Operating Cost and Operating Income



Net Income (Loss)



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 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 position.

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.

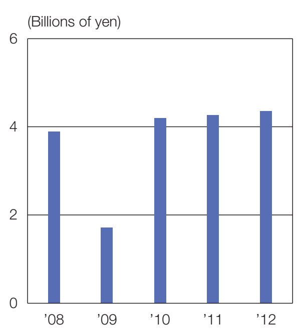
Strategic Position and Outlook

Positioning the enhancement of profitability through structural reform of our business and the expansion of the scale of business and the strengthening of market competitiveness through the creation of new logistics businesses as vital management issues, the Group launched the 19th Three-year Medium-Term Business Plan in April 2012 under the slogan "The Road to Self-Innovation! Innovation Plan 19."

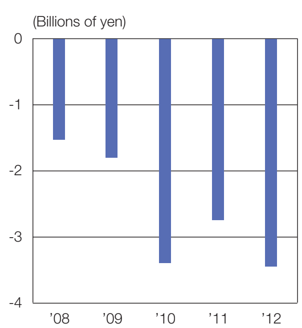
In order to continue to expand business in the future in an environment marked by the market contraction caused by the decreasing population in Japan and the continuing yen's appreciation, logistics companies need not only to fulfill domestic logistics demand but also to respond to globalization and seek opportunities in other countries, including emerging nations.

The Group will aim to further strengthen the complementary functions between the business divisions of the Group companies and promote M&A and business alliances with other companies. We will also take steps to improve our performance by steadily increasing revenue from the logistics business and strengthening our integrated logistics system that covers both Japan and overseas as we expand business at our overseas subsidiaries (Dalian and Thailand).

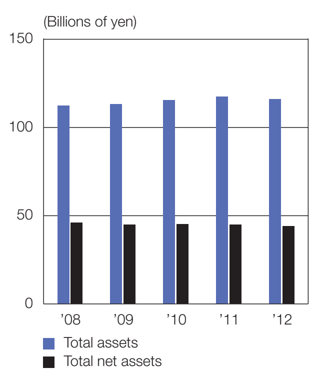
Net Cash Provided by Operating Activities



Net Cash Used in Investing Activities



Total Assets and Total Net Assets



Consolidated Balance Sheets

TONAMI HOLDINGS CO., LTD.
AND CONSOLIDATED SUBSIDIARIES

As of March 31, 2012 and 2011

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Current assets:			
Cash and time deposits (Notes 10 and 12)	¥ 8,636	¥ 11,283	$ 105,069
Marketable securities (Note 12 and 13)	—	17	—
Trade receivables:			
Notes and accounts (Notes 5, 8 and 12)	20,019	20,437	243,575
Less: allowance for doubtful accounts	(45)	(33)	(551)
Investments in lease assets	376	514	4,582
Inventories	606	675	7,369
Deferred tax assets (Note 17)	511	598	6,214
Other current assets	2,942	2,232	35,796
Total current assets	33,045	35,723	402,054
Property and equipment (Notes 3, 4 and 6):			
Land	41,304	40,919	502,540
Buildings and structures	21,341	19,804	259,654
Machinery and vehicles	2,050	2,067	24,947
Leased assets (Note 11)	6,057	5,556	73,691
Construction in progress	92	990	1,119
Other	753	701	9,171
Total property and equipment	71,597	70,037	871,122
Investments and other assets:			
Investments in securities (Notes 12 and 13)	5,631	5,340	68,511
Deferred tax assets (Note 17)	298	862	3,628
Good will	95	198	1,157
Other	5,419	5,252	65,931
Total investments and other assets	11,443	11,652	139,227
Total assets	¥116,085	¥117,412	$1,412,403

The accompanying Notes are an integral part of these statements.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Current liabilities:			
Short-term bank loans (Notes 4 and 12)	¥ 13,490	¥ 13,590	$ 164,132
Current portion of long-term debt (Notes 4, 7, 12 and 14)	1,208	1,354	14,693
Trade notes and accounts payable (Notes 8 and 12)	10,928	10,960	132,958
Lease obligations (Note 12)	1,930	1,507	23,487
Income taxes payable	416	527	5,064
Other current liabilities	6,250	6,051	76,047
Total current liabilities	34,222	33,989	416,381
Long-term liabilities:			
Long-term debt, less current portion thereof (Notes 4, 7, 12 and 14)	10,453	11,660	127,177
Lease obligations (Note 12)	5,083	5,067	61,839
Deferred tax liabilities from revaluation reserve for land (Note 6)	4,742	5,455	57,693
Employees' severance and retirement benefits (Note 15)	14,079	14,654	171,302
Retirement benefits for directors and corporate auditors	154	196	1,880
Negative goodwill	230	307	2,798
Other long-term liabilities	1,076	1,139	13,095
Total long-term liabilities	35,817	38,478	435,784
Total liabilities	70,039	72,467	852,165
Net assets			
Shareholders' equity (Note 16):			
Common stock:			
Authorized: 299,200,000 shares in 2012			
299,200,000 shares in 2011			
Issued: 97,610,118 shares in 2012			
97,610,118 shares in 2011	14,183	14,183	172,559
Capital surplus	11,682	11,682	142,136
Retained earnings	15,007	14,686	182,591
Treasury stock, at cost: 6,828,800 shares in 2012			
6,822,582 shares in 2011	(2,016)	(2,015)	(24,530)
Total shareholders' equity	38,856	38,536	472,756
Other comprehensive income			
Unrealized gain on other securities (Note 13)	427	257	5,194
Revaluation reserve for land (Note 6)	6,413	5,787	78,031
Accumulated other comprehensive income	6,840	6,044	83,225
Minority interests:			
Minority interests	350	365	4,257
Total net assets	46,046	44,945	560,238
Total liabilities and net assets	¥116,085	¥117,412	$1,412,403

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

TONAMI HOLDINGS CO., LTD.
AND CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Operating revenues (Note 20):			
Operating revenues	¥117,710	¥118,979	$ 1,432,165
	117,710	118,979	1,432,165
Operating costs and selling, general and administrative expenses:			
Operating cost (Note 18)	110,069	111,355	1,339,203
Selling, general and administrative expenses (Note 18)	6,237	6,425	75,889
	116,306	117,780	1,415,092
Operating income (Note 20)	1,404	1,199	17,073
Other income and expenses:			
Interest and dividend income	292	268	3,549
Equity in earnings of unconsolidated subsidiaries and affiliates	53	50	651
Loss on sale of property and equipment, net	304	(40)	3,699
Interest expenses	(500)	(502)	(6,081)
Impairment losses	—	(54)	—
Other, net	318	255	3,872
	467	(23)	5,690
Income before income taxes and minority interests	1,871	1,176	22,763
Income taxes (Note 17):			
Current	701	720	8,532
Deferred	548	130	6,667
	1,249	850	15,199
Net income before minority interests	622	326	7,564
Minority interests	(11)	11	(134)
Net income	¥ 633	¥ 315	$ 7,698
Minority income	(11)	11	(134)
Net income before minority interests	622	326	7,564
Other comprehensive income (Note 9)			
Valuation difference on other securities	175	(224)	2,129
Revaluation reserve for land	678	—	8,251
Share of other comprehensive loss of associates accounting for using the equity method	(5)	—	(63)
Total other comprehensive income	848	(224)	10,317
Total comprehensive income for the year	1,470	102	17,881
Total comprehensive income attributable to:			
Owners of the parent	1,481	92	18,015
Minority interests	(11)	10	(134)

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, 2012 and 2011

		Millions of yen									
	Shares of common stock (thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain on other securities	Revaluation reserve for land	Accumulated other com-prehensive income	Minority interests	Total net assets
Balance as at April 1, 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
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
Balance as at April 1, 2011	97,610	¥14,183	¥11,682	¥14,686	¥(2,015)	¥38,536	¥257	¥5,787	¥6,044	¥365	¥44,945
	Shares of common stock (thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain on other securities	Revaluation reserve for land	Accumulated other com-prehensive income	Minority interests	Total net assets
Cash dividends applicable to the year (¥4.00 per share)				(363)		(363)					(363)
Net income				633		633					633
Reversal of Revaluation reserve for land				52		52					52
Treasury stock					(1)	(1)					(1)
Net changes in items other than shareholders' equity						—	170	626	796	(16)	780
Balance as at March 31, 2012	97,610	¥14,183	¥11,682	¥15,007	¥(2,016)	¥38,856	¥427	¥6,413	¥6,840	¥350	¥46,046

	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 com-prehensive income	Minority interests	Total net assets
Balance as at April 1, 2011	$172,559	$142,136	$178,679	$ (24,513)	$468,861	$3,128	$70,411	$73,539	$4,447	$546,847
Cash dividends applicable to the year ($0.0486 per share)			(4,418)		(4,418)					(4,418)
Net income			7,699		7,699					7,699
Reversal of Revaluation reserve for land			631		631					631
Treasury stock				(17)	(17)					(17)
Net changes in items other than shareholders' equity					—	2,065	7,620	9,685	(189)	9,496
Balance as at March 31, 2012	$172,559	$142,136	$182,590	$ (24,530)	$472,756	$5,194	$78,031	$83,224	$4,257	$560,238

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, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Cash flows from operating activities:			
Net income before income taxes and minority interests	¥ 1,871	¥ 1,176	$ 22,763
Depreciation and amortization	3,882	3,504	47,236
Impairment losses	—	54	—
(Gain) loss on disposal of property and equipment	(304)	40	(3,699)
Loss on sales of investments in securities	0	25	5
Loss on devaluation of investments in securities	13	29	160
Loss on devaluation of golf club memberships	2	—	24
Amortization of goodwill	26	33	315
Equity in earnings of unconsolidated subsidiaries and affiliates	(53)	(50)	(651)
Decrease in allowance for doubtful accounts	(3)	(2)	(36)
Decrease in employees' severance and retirement benefits	(575)	(651)	(6,993)
(Decrease) increase in directors' and corporate auditors' retirement benefits	(41)	6	(501)
Increase (decrease) in accrued bonuses to employees	0	(64)	1
Interest and dividend income	(291)	(268)	(3,549)
Interest expenses	500	502	6,081
Decrease (increase) in trade receivables	417	(723)	5,078
Decrease (increase) in inventories	69	(65)	841
(Decrease) increase in accounts payable	(32)	1,149	(386)
(Decrease) increase in accrued consumption taxes	(222)	39	(2,702)
Other, net	153	487	1,859
Subtotal	5,412	5,221	65,846
Interest and dividends received	292	268	3,549
Interest paid	(502)	(513)	(6,104)
Income taxes paid	(838)	(705)	(10,195)
Net cash provided by operating activities	4,364	4,271	53,096
Cash flows from investing activities:			
Purchase of time deposits	(34)	(44)	(408)
Proceeds from redemption of time deposits	22	53	268
Purchase of property and equipment	(3,609)	(2,786)	(43,914)
Proceeds from sales of property and equipment	439	119	5,344
Purchase of investments in securities	(20)	(104)	(246)
Proceeds from sales of investments in securities	3	77	37
Purchase of investments in subsidiaries	(0)	(23)	(0)
Investments in loans receivable	(251)	(31)	(3,050)
Proceeds from collection of loans receivable	42	4	515
Other, net	(44)	(14)	(541)
Net cash used in investing activities	(3,452)	(2,749)	(41,995)
Cash flows from financing activities:			
Net decrease in short-term loans	(100)	(433)	(1,217)
Proceeds from long-term debt	—	3,309	—
Repayment of long-term debt	(1,354)	(1,738)	(16,477)
Purchase of treasury stock	(1)	(3)	(17)
Dividends paid	(363)	(363)	(4,418)
Dividends paid to minority interests	(5)	(5)	(55)
Repayment of lease obligations	(1,638)	(1,508)	(19,926)
Net cash used in financing activities	(3,461)	(741)	(42,110)
Net (decrease) increase in cash and cash equivalents	(2,549)	781	(31,009)
Cash and cash equivalents at beginning of year	11,140	10,359	135,542
Cash and cash equivalents at end of year (Note 10)	¥ 8,591	¥11,140	$104,533

The accompanying Notes are an integral part of these statements.

1 Basis of presenting financial statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by Tonami Holdings Co., Ltd. (the "Company") and consolidated subsidiaries in accordance with accounting principles generally accepted in Japan, which differ in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the Company's consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2011 financial statements to conform to the classifications used in 2012.

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 ¥82.19 to U.S. $1, the approximate rate of exchange at March 31, 2012. 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, 2012 include the accounts of the Company and its 27 (30 in 2011) consolidated subsidiaries and 6 (6 in 2011) 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. Three subsidiaries considered insignificant in view of total assets, operating revenues, net income and retained earnings are excluded from the scope of consolidation and not 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.

(j) Income taxes

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

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

(k) Cash equivalents

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

(l) Net income per share

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

(Additional information)

Effective from the fiscal year ended March 31, 2012, the Company adopted the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24) issued in December 2009.

3 Property and equipment

Depreciable property is stated at the net book value in the consolidated balance sheets. The amounts of accumulated depreciation were ¥52,541 ($639,266 thousand) million and ¥50,068 million on March 31, 2012 and 2011, 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 ($2,192 thousand) and ¥180 million on March 31, 2012 and 2011, respectively.

4 Short-term bank loans and long-term debt

(a) Short-term bank loans

Short-term bank loans as at March 31, 2012 and 2011 were as follows:—

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Secured	¥ 3,120	¥ 3,220	$ 37,961
Unsecured	10,370	10,370	126,171

Interest rates range from 0.610% to 1.600%.

(b) Long-term debt

Long-term debt as at March 31, 2012 and 2011 was as follows:—

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
2.11% ¥3.0 billion unsecured straight bonds due 2013	¥ 3,000	¥ 3,000	$ 36,501
0.625%-2.520% loans from financial institutions due 2012 to 2016 and thereafter			
Secured	1,053	1,958	12,808
Unsecured	6,400	8,056	77,868
Total	10,453	13,014	127,177
Less: amount due within one year	1,208	1,354	14,693
	¥ 9,245	¥11,660	$112,484

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, 2012 are as follows:—

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2013	¥ 1,208	$ 14,693
2014	3,057	37,193
2015	3,461	42,107
2016	589	7,166
2017 and thereafter	99	1,204

(c) Pledged assets

Property and equipment having a net value of ¥14,559 million ($155,775 thousand) was pledged as collateral for short-term bank loans and long-term debt as at March 31, 2012.

5 Contingent liabilities

As at March 31, 2012, the Company was contingently liable as follows:—

	Millions of yen	Thousands of U.S. dollars
Notes endorsed	¥ 11	$ 132
Others	348	4,233

6 Revaluation reserve for land

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

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

	Millions of yen	Thousands of U.S. dollars
Difference between the fair market value of revalued land at March 31, 2011 and the revalued book value	¥11,179	$136,015

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, 2012, was as follows:

	Millions of yen	Thousands of U.S. dollars
Maximum credit line of overdraft facility and commitment agreement	¥3,000	$36,501
Used credit	—	—
Total	¥3,000	$36,501

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, 2012: ¥7,140 million ($86,872 thousand)) include restrictive financial covenants requiring assets at a fiscal year-end to exceed the predetermined amount.

8 Notes due at the end of the fiscal year

Notes due at the end of the fiscal year are treated as if they were settled on the due date.

Since the last day of the fiscal year, March 31, 2012, was a holiday for financial institutions, the following notes due at the end of the fiscal year were treated as if they were settled on the due date.

	Millions of yen	Thousands of U.S. dollars
Notes receivable	¥424	$5,166
Notes payable	175	5,124

9 Consolidated statement of comprehensive income

Reclassification adjustments and tax effects relating to other comprehensive income

	Millions of yen	Thousands of U.S. dollars
Valuation difference on other securities		
Amount arising during the year	¥233	$2,838
Reclassification adjustment	9	109
Before tax-effect adjustment	242	2,947
Tax effect	(67)	(818)
Valuation difference on other securities	175	2,129
Revaluation reserve for land		
Tax effect	678	8,251
Share of other comprehensive income of affiliates accounted for using equity method		
Amount arising during the year	(5)	(63)
Total other comprehensive income	848	10,317

10 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, 2012 and 2011 are as follows:—

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Cash and time deposits	¥8,636	¥11,283	$105,069
Time deposits with maturities exceeding three months	(45)	(142)	(536)
Cash and cash equivalents	¥8,591	¥11,141	$104,533

11 Leases

(a) Finance leases other than those which are deemed to transfer the ownership of the leased assets to the lessee

- Contents of leased assets: Tangible fixed assets (mainly, machinery, equipment and vehicles for distribution related business)
- Depreciation method: Leased assets are depreciated by the straight-line method over the respective lease periods without residual values. However, if the guaranteed salvage value is specified in the lease contracts, they are depreciated by the straight-line method considering such salvage value.

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

The following are pro forma amounts of the acquisition costs, accumulated depreciation, accumulated impairment losses and net book value of leased property if they were capitalized as of March 31, 2012 and 2011 for finance leases accounted for as operating leases:—

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Acquisition costs:			
Machinery and tools	¥ 5,345	¥ 7,581	$ 65,032
Other assets	5,834	5,834	70,982
	¥11,179	¥13,415	$136,014
Accumulated depreciation:			
Machinery and tools	¥ 4,648	¥ 5,955	$ 56,552
Other assets	2,227	1,947	27,096
	¥ 6,876	¥ 7,902	$ 83,660
Accumulated impairment losses:			
Machinery and tools	¥ —	¥ —	$ —
Other assets	756	756	9,198
	¥ 756	¥ 756	$ 9,198
Net book value:			
Machinery and tools	¥ 697	¥ 1,626	$ 8,480
Other assets	2,850	3,131	34,676
	¥ 3,547	¥ 4,757	$ 43,156

Amounts of depreciation expense equivalents and interest expense equivalents for the years ended March 31, 2012 and 2011 are as follows:—

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Depreciation expense	¥979	¥1,424	$11,911
Interest expense	134	168	1,630

Lease payments relating to finance leases accounted for as operating leases amounted to ¥1,231 million ($14,977 thousands) and ¥1,713 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, 2012 and 2011, 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, 2012 and 2011, reversal of impairment losses on leased assets amounting to ¥42 million ($511 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, 2012 and 2011 for finance leases accounted for as operating leases are summarized as follows:—

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Due within one year	¥ 796	¥ 1,242	$ 9,685
Due over one year	3,337	4,167	40,601
Total	¥ 4,133	¥ 5,409	$ 50,286
Impairment losses on leased assets	¥ 462	¥ 504	$ 5,621

(c) Operating leases

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Due within one year	¥ 274	¥ 274	$ 3,334
Due over one year	3,027	3,300	36,829
Total	¥ 3,300	¥ 3,574	$40,151

12 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, 2012 and 2011 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, 2012	Millions of yen		
	Carrying amount	Fair value	Difference
Assets:			
Cash and time deposits	¥ 8,636	¥ 8,636	—
Trade receivables – notes	3,636	3,636	—
Trade receivables – accounts	16,383	16,383	—
Investments in securities (other securities)	3,330	3,330	—
Total assets	¥31,985	¥31,985	—
Liabilities:			
Trade notes payable	¥ 787	¥ 787	—
Trade accounts payable	10,141	10,141	—
Short-term bank loans	13,490	13,490	—
Bonds	3,000	3,042	42
Lease obligations	7,013	7,087	74
Long-term debt	8,661	8,782	122
Total liabilities	¥43,092	¥43,329	¥238
Derivatives:	—	—	—

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, 2012	Thousands of U.S. dollars		
	Carrying amount	Fair value	Difference
Assets:			
Cash and time deposits	$105,069	$105,069	—
Trade receivables – notes	44,246	44,246	—
Trade receivables – accounts	199,329	199,329	—
Investments in securities (other securities)	40,517	40,517	—
Total assets	$389,161	$389,161	—
Liabilities:			
Trade notes payable	$ 9,579	$ 9,579	—
Trade accounts payable	123,379	123,379	—
Short-term bank loans	164,132	164,132	—
Bonds	36,501	37,014	513
Lease obligations	85,326	86,228	902
Long-term debt	105,369	106,853	1,484
Total liabilities	$524,286	$527,185	$2,899
Derivatives:	—	—	—

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 ¥2,300 million ($27,994 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 14 “Derivative transactions”.

(c) Information about maturities of financial instruments

Annual maturities of monetary receivables and other securities with contractual maturities as of March 31, 2012 and 2011 are as follows:

For the year ended March 31, 2012	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	¥ 8,612	¥—	¥—	¥—
Trade notes receivable	3,636	—	—	—
Trade accounts receivable	16,383	—	—	—
Investments in securities (other securities with contractual maturities)	—	59	—	—
Total	¥28,631	¥59	¥—	¥—

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, 2012	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	$104,782	$ —	$—	$—
Trade notes receivable	44,239	—	—	—
Trade accounts receivable	199,331	—	—	—
Investments in securities (other securities with contractual maturities)	—	718	—	—
Total	$348,352	$718	$—	$—

Annual maturities of monetary payables as of March 31, 2012 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	1,930	1,743	1,102	731	414	1,093
Long-term debt	1,208	3,057	3,461	589	99	247
Total	¥3,138	¥7,800	¥4,563	¥1,320	¥513	¥1,340

	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	$ —	$36,501	$ —	$ —	$ —	$ —
Lease obligations	23,482	21,207	13,408	8,894	5,037	13,298
Long-term debt	14,707	37,192	42,107	7,165	1,204	3,004
Total	$38,190	$94,900	$55,515	$16,059	$6,241	$16,304

13 Marketable securities and investments in securities

No trading securities or held-to-maturity securities were held at March 31, 2012 or 2011. 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, 2012 and 2011 are summarized as follows:—

For the year ended March 31, 2012	Millions of yen		
	2012		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Unrealized gain:			
Stocks (Note)	¥1,892	¥1,018	¥874
Bonds:			
Corporate bonds	—	—	—
Other	—	—	—
Other	50	50	0
Unrealized loss:			
Stocks (Note)	1,378	1,663	(285)
Bonds:			
Corporate bonds	—	—	—
Other	—	—	—
Other	10	10	(0)
Total	¥3,330	¥2,741	¥589

For the year ended March 31, 2011	Millions of yen		
	2011		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Unrealized gain:			
Stocks	¥1,730	¥1,019	¥712
Bonds:			
Corporate bonds	—	—	—
Other	—	—	—
Other	50	50	0
Unrealized loss:			
Stocks	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, 2012	Thousands of U.S. dollars		
	2012		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Unrealized gain:			
Stocks (Note)	$ 23,021	$ 12,389	$ 10,632
Bonds:			
Corporate bonds	—	—	—
Other	—	—	—
Other	609	608	1
Unrealized loss:			
Stocks (Note)	16,769	20,232	(3,463)
Bonds:			
Corporate bonds	—	—	—
Other	—	—	—
Other	118	122	(4)
Total	$ 40,517	$ 33,351	$ 7,166

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 ¥13 million ($158 thousand) is charged to income for the year ended March 31, 2012.

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, 2012, and the year ended March 31, 2011, amounted to ¥3 million ($36 thousand) and ¥1 million, respectively, of which a gain on sales amounted to ¥0 million ($5 thousand) and ¥0 million, respectively.

14 Derivative transactions

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

There is no applicable transaction.

(b) Derivative transactions to which hedge accounting is applied

Hedge accounting method: Special treatment for interest rate swaps

Type of transactions: Interest rate swaps:

Fixed rate payment/Floating rate receipt

Major hedged item: Long-term debt

		Millions of yen		Thousands of U.S. dollars
		2012	2011	2012
Contract amount	Total	¥7,140	¥7,880	$86,872
	Due after one year	6,400	7,140	77,868
Fair value		*	*	*

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

15 Employees' severance and retirement benefits

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

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

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

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Projected benefit obligation	¥(19,527)	¥(20,013)	$(237,584)
Plan assets	4,005	3,519	48,729
Net unrecognized amount	1,443	1,840	17,557
Employees' severance and retirement benefits	¥(14,079)	¥(14,654)	$(171,298)

The net unrecognized amounts were as follows:—

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Unrecognized benefit obligation:			
Adjustment for actuarial assumptions	¥ 2,230	¥ 3,209	$ 27,132
Past service cost	(787)	(1,369)	(9,575)
Net unrecognized amounts	¥ 1,443	¥ 1,840	$ 17,557

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

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Service cost	¥ 732	¥ 836	$ 8,906
Interest cost on projected benefit obligation	253	260	3,078
Expected return on plan assets	(50)	(74)	(608)
Amortization of adjustment for actuarial assumptions	1,075	1,117	13,079
Amortization of past service cost	(582)	(582)	(7,081)
Net periodic pension and severance costs	¥1,428	¥1,557	$17,374

The assumptions used were as follows:—

	2012	2011
Discount rates	1.3%	1.3%
Expected rates of return on plan assets	2.5%	2.5%

16 Net assets

The Company Law provides that an amount equal to at least 10% of the aggregate amount to be distributed as cash dividends or cash appropriations must be transferred to the legal reserve until the additional paid-in capital, which is part of the capital surplus account, and the legal reserve, which is part of retained earnings, equals 25% of the common stock account.

Transfers from the legal reserve to common stock, additional paid-in capital, and other reserves may be made by resolution of the shareholders.

Under the Company Law, distributions of reserves to shareholders may be made at any time by resolution of the shareholders.

The Company's Articles of Incorporation also provide that the Board of Directors may make distributions to shareholders based on a resolution of the Board of Directors, provided that such distributions are limited to once per fiscal year.

Information concerning changes in net assets

Treasury stock

Class of shares	At March 31, 2011	Increase	Decrease	At March 31, 2012
Common stock (shares)	6,837,767	8,103	—	6,845,870

Reason for the change:
The increase attributable to the purchase of shares less than one unit: 8,103 shares

17 Income taxes

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

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

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Deferred tax assets:			
Excess bonuses accrued	¥ 417	¥ 455	$ 5,079
Excess employees' severance and retirement benefits accrued	5,018	5,949	61,050
Excess loss on impairment of tangible fixed assets (except for leased assets)	2,748	3,216	33,429
Accumulated loss on impairment of leased assets	163	204	1,989
Other	1,220	1,180	14,850
Gross deferred tax assets	9,566	11,004	116,396
Valuation allowance	(4,226)	(4,530)	(51,428)
Total deferred tax assets	5,340	6,474	64,968
Deferred tax liabilities:			
Unrealized gain on other securities	(161)	(91)	(1,958)
Reserve under Special Taxation Measures Law	(4,370)	(4,922)	(53,165)
Total deferred tax liabilities	(4,531)	(5,014)	(55,125)
Net deferred tax assets	¥ 809	¥ 1,460	$ 9,843

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, 2012 and 2011 were as follows:—

	2012	2011
Statutory tax rate:	40.43%	40.43%
Increase (reduction) in tax resulting from:		
Nondeductible expenses including entertainment, etc.	3.29	4.42
Nontaxable income including dividends received deduction, etc.	(7.14)	(10.54)
Per capita portion of inhabitant taxes	12.33	19.09
Equity in earnings of affiliates	(1.16)	(1.73)
Elimination of dividends received from consolidated subsidiaries, etc.	6.30	9.52
Change in valuation allowance related to deferred tax assets	6.12	6.24
Adjustment of deferred tax assets following a change in statutory tax rates	4.75	—
Other	1.26	5.80
Effective tax rate	66.18%	73.23%

18 Supplementary income information

Supplementary income information for the years ended March 31, 2012 and 2011 is as follows:—

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Depreciation expenses	¥3,882	¥3,504	$47,236
Lease and rental	4,928	5,368	59,958

19 Amounts per share

Amounts per share of common stock for the years ended March 31, 2012 and 2011 were as follows:—

	Yen		U.S. dollars
	2012	2011	2012
Net income per share:			
Basic	¥ 6.97	¥ 3.47	$ 0.0848
Diluted	—	—	—
Cash dividends	4.00	4.00	0.0487
Net assets per share:	¥503.46	¥491.12	$ 6.1256

Basis for the calculation of net assets per share for the years ended March 31, 2012 and 2011 were as follows:—

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Total net assets as reported on the consolidated balance sheets	¥46,046	¥44,945	$560,238
Deduction:			
Adjusted net assets allocated in common stock:	45,696	44,580	555,981
Minority interests	350	365	4,257
	Shares		
Number of shares of common stock issued	97,610,118	97,610,118	
Number of shares of common stock in treasury	6,845,870	6,837,767	
Number of shares of common stock outstanding at the end of year on which net assets per share is calculated	90,764,248	90,772,351	

Basis for the calculation of basic and diluted net income per share for the years ended March 31, 2012 and 2011 was as follows:—

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Net income available to shareholders of common stock:			
Net income	¥633	¥315	$7,698
Net income not available to shareholders of common stock	—	—	—
Net income available to shareholders of common stock	633	315	7,698
Weighted-average number of shares of common stock outstanding (shares)	90,768,846	90,781,100	

20 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, 2012 Millions of yen

	Reportable segment							
	Logistics	Information processing	Sales	Total	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Operating revenues:								
Revenues from outside customers	¥107,500	¥2,718	¥ 6,697	¥116,915	¥ 795	¥117,710	¥ —	¥117,710
Intersegment revenues or transfers	27	256	5,527	5,810	831	6,641	(6,641)	—
Total	107,527	2,974	12,224	122,725	1,626	124,351	(6,641)	117,710
Segment income	¥ 670	¥ 103	¥ 430	¥ 1,203	¥ 114	¥ 1,317	¥ 87	¥ 1,404
Segment assets	¥105,550	¥2,095	¥ 9,132	¥116,777	¥11,309	¥128,086	¥(12,001)	¥116,085
Other items								
Depreciation	¥ 3,368	¥ 438	¥ 40	¥ 3,846	¥ 26	¥ 3,872	¥ 10	¥ 3,882
Amortization of goodwill	¥ 88	¥ 14	¥ —	¥ 102	¥ —	¥ 102	¥ —	¥ 102
Increases in property and equipment and intangible fixed assets	¥ 5,548	¥ 246	¥ 52	¥ 5,846	¥ 6	¥ 5,852	¥ 8	¥ 5,860

For the year ended March 31, 2011

Millions of yen

	Reportable segment: Logistics	Reportable segment: Information processing	Reportable segment: Sales	Reportable segment: Total	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Operating revenues:								
Revenues from outside customers	¥109,031	¥2,689	¥ 6,459	¥118,179	¥ 800	¥118,979	¥ —	¥118,979
Intersegment revenues or transfers	8	188	5,431	5,627	822	6,449	(6,449)	—
Total	109,039	2,877	11,890	123,806	1,622	125,428	(6,449)	118,979
Segment income	¥ 281	¥ 382	¥ 379	¥ 1,042	¥ 53	¥ 1,095	¥ 104	¥ 1,199
Segment assets	¥105,949	¥1,583	¥ 8,726	¥116,258	¥11,288	¥127,546	¥(10,134)	¥117,412
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 year ended March 31, 2012

Thousands of U.S. dollars

	Reportable segment: Logistics	Reportable segment: Information processing	Reportable segment: Sales	Reportable segment: Total	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Operating revenues:								
Revenues from outside customers	$1,307,940	$33,072	$ 81,478	$1,422,490	$ 9,675	$1,432,165	$ —	$1,432,165
Intersegment revenues or transfers	329	3,117	67,245	70,692	10,115	80,806	(80,806)	—
Total	1,308,269	36,190	148,723	1,493,182	19,789	1,512,971	(80,806)	1,432,165
Segment income	$ 8,147	$ 1,248	$ 5,232	$ 14,627	$ 1,382	$ 16,008	$ 1,064	$ 17,072
Segment assets	$1,284,224	$25,486	$111,104	$1,420,814	$137,596	$1,558,410	$(146,007)	$1,412,403
Other items								
Depreciation	$ 40,982	$ 5,325	$ 486	$ 46,792	$ 315	$ 47,107	$ 129	$ 47,236
Amortization of goodwill	$ 1,073	$ 175	$ —	$ 1,248	$ —	$ 1,248	$ —	$ 1,248
Increases in property and equipment and intangible fixed assets	$ 67,501	$ 3,000	$ 627	$ 71,128	$ 73	$ 71,201	$ 100	$ 71,300

Notes:

1. "Others" corresponds to operating segments that are not included in the reported operating segments and includes automobile repair and direct mail service.
2. Adjustments are as follows:
   (1) Adjustments of segment income
   For the fiscal year ended March 31, 2012 and 2011, adjustments of segment income amounted to ¥87 million ($1,064 thousand) and ¥104 million, respectively. Adjustments include intersegment eliminations and corporate expenses not allocated to any reportable segments.
   For the fiscal year ended March 31, 2012 and 2011, the above-mentioned intersegment eliminations amounted to ¥733 million ($8,921 thousand) and ¥764 million, respectively, and corporate expenses not allocated to any reportable segments amounted to –¥646 million ($7,857 thousand) and –¥660 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, 2012 and 2011, adjustments of segment assets amounted to –¥12,000 million ($146,008 thousand) and –¥10,134 million, respectively. Adjustments include intersegment eliminations and corporate assets not allocated to any reportable segments.

For the fiscal year ended March 31, 2012 and 2011, the above-mentioned intersegment eliminations amounted to –¥19,606 million ($238,545 thousand) and –¥19,411 million, respectively, and corporate assets not allocated to any reportable segments amounted to ¥7,606 million ($92,537 thousand) and ¥9,277 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, 2012 and 2011, adjustments of increases in property and equipment and intangible fixed assets amounted to –¥8 million ($101 thousand) and –¥6 million, respectively. Adjustments include intersegment eliminations and corporate assets not allocated to any reportable segments.

For the fiscal year ended March 31, 2012 and 2011, the above-mentioned intersegment eliminations amounted to –¥12 million ($144 thousand) and –¥7 million, respectively, and corporate assets not allocated to any reportable segments amounted to ¥20 million ($245 thousand) and ¥1 million, respectively.

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

(4) Related information

For the year ended March 31, 2012

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.

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, 2012

Not applicable

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, 2012 — Millions of yen

	Reportable segment						
	Logistics	Information processing	Sales	Total	Others	Adjustment	Total
Goodwill:							
Amortization	¥ 88	¥ 14	¥ —	¥103	¥ —	¥ —	¥103
Balance at end of year	¥ 66	¥ 29	¥ —	¥ 95	¥ —	¥ —	¥ 95
Negative goodwill:							
Amortization	¥ 76	¥ —	¥ —	¥ 76	¥ —	¥ —	¥ 76
Balance at end of year	¥230	¥ —	¥ —	¥230	¥ —	¥ —	¥230

For the year ended March 31, 2011 — Millions of yen

	Reportable segment						
	Logistics	Information 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, 2012 — Thousands of U.S. dollars

	Reportable segment						
	Logistics	Information processing	Sales	Total	Others	Adjustment	Total
Goodwill:							
Amortization	$1,073	$175	$ —	$1,248	$ —	$ —	$1,248
Balance at end of year	$ 807	$350	$ —	$1,157	$ —	$ —	$1,157
Negative goodwill:							
Amortization	$ 933	$ —	$ —	$ 933	$ —	$ —	$ 933
Balance at end of year	$2,798	$ —	$ —	$2,798	$ —	$ —	$2,798

(7) Information on gain on negative goodwill by reportable segment

For the year ended March 31, 2012

Not applicable

For the year ended March 31, 2011

Not applicable

21 Subsequent events

Cash dividends

The annual shareholders' meeting of the Company, which was held on June 28, 2012, duly approved the payment of dividends as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥2.00 per share)	¥181	$2,202

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 Staff Support Co., Ltd.	Temporary Staffing
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 28, 2012)

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Date of Established
June 1943

Common Stock
¥14,183 million

Issued and Outstanding Shares
97,610,118 shares

Shareholders
6,990

Employees
55

(As of March 31, 2012)

TONAMI

TONAMI HOLDINGS CO., LTD.

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