

2008 Semiannual Report

For the six-month period ended September 30, 2007

TONAMI TRANSPORTATION CO., LTD.



TONAMI

Contents

1	A Message from the President
4	Unaudited Consolidated Balance Sheets
6	Unaudited Consolidated Statements of Operations
7	Unaudited Consolidated Statements of Cash Flows
8	Notes to the Unaudited Consolidated Financial Statements
13	Consolidated Subsidiaries
OBC	Board of Directors and Statutory Auditors
OBC	Corporate Data

Forward-Looking Statements

This 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.

A MESSAGE FROM THE PRESIDENT

Performance

I welcome this opportunity to report to our shareholders on the operating environment and business results for the six-month period ended September 30, 2007.

During the period under review, the Japanese economy remained on a moderate recovery track as capital investment continued to increase supported by improved corporate earnings and personal consumption was robust, despite uncertainties reflecting a hike in crude oil prices and concerns about the possibility of an increase in interest rates.

In the distribution industry, the business environment remained severe. While the downward trend of domestic freight volumes is expected to continue throughout the current

year, customer demands for more efficient distribution and intensifying competition among companies as well as an increase in the number of new contenders in the industry resulted in little or no growth in unit freight charges. Also, crude oil prices, which were already at a high level, resumed their upward trend.

In these circumstances, inspired by the “Committed to Corporate Innovation” slogan, the Tonami Group moved ahead in the final year of its three-year medium-term business plan. In June 2007, we reshaped our organizational structure: the Solutions Business Group was reorganized as a strategic business organization and renamed 3PL Business Group and the Corporate Planning Group was newly established with the aim of strengthening organizations involved in corporate strategy. Also, we introduced a divisional system with

UNAUDITED CONSOLIDATED FINANCIAL HIGHLIGHTS

TONAMI TRANSPORTATION CO., LTD. AND CONSOLIDATED SUBSIDIARIES

Six months ended September 30, 2007 and 2006

	Millions of yen		Thousands of
	2007	2006	U.S. dollars
			2007
For the period:			
Operating revenues	¥ 63,128	¥ 64,257	\$ 546,894
Logistics	57,689	58,426	499,775
Information processing	1,112	1,257	9,633
Other	4,327	4,574	37,486
Operating income	790	755	6,844
Net income (loss)	(1,516)	615	(13,134)
Per share (yen and U.S. dollars):			
Net income (loss), basic	¥ (16.68)	¥ 6.76	\$ (0.1445)
Net income, diluted	—	6.30	—
Cash dividends	3.00	3.00	0.0260
At period-end:			
Total assets	¥112,307	¥119,986	\$ 972,945
Total net assets	46,259	47,388	400,754

Notes: 1. U.S. dollar amounts presented herein are included solely for convenience. The rate of ¥115.43 = U.S.\$1, prevailing on September 30, 2007, has been used for the translation into U.S. dollar amounts.

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

eight divisions to strengthen business operations, emphasizing profitability.

Specifically, we endeavored to strengthen and expand the highly profitable third-party logistics (3PL) business by integrating comprehensive physical distribution services that combine business processes, including existing transport, storage, distribution processing, inventory management, delivery, and information processing with consulting capabilities while strengthening sales power characterized by improved logistics.

However, operating revenues decreased 1.8% or ¥1,129 million compared with the same period of the previous year to ¥63,128 million, because the Group did not fully make up for the decline in revenues from the mainstay road haulage operations. On the other hand, operating income increased 4.6% or ¥35 million compared with the same period of the previous year to ¥790 million because of the positive impacts of improved efficiency of long-distance transport operations and reduction in fixed costs, despite a sharp increase in crude oil prices. However, the reporting of a loss on impairment of fixed assets amounting to ¥971 million as an extraordinary loss and reporting of reversal of deferred tax assets resulted in a net loss of ¥1,516 million.

Results by business segment are described below.

Logistics-related Business

While domestic freight volumes continued to be lackluster, handling of international freight was buoyant. Positioning the 3PL business as a priority business, an effort was made to expand sales through the promotion of the logistics solutions business and an emphasis on high-quality transportation services. As a result, although unit freight charges increased

compared with the previous year in the mainstay road haulage operations, the volume of freight transport handled by the Group declined owing to a selective approach to business. Affected by this decline, operating revenues from the logistics-related business decreased 1.3% or ¥744 million compared with the same period of the previous year to ¥57,694 million.

Information Processing Business

The information processing business, which was previously included in the Other Businesses segment, is treated as an independent business segment starting from the year under review. Operating revenues from the information processing business were ¥1,265 million, a decrease of 9.9% or ¥140 million compared with the same period of the previous year.

Other Businesses

Operating revenues from other businesses, which include automobile repair and merchandising, were ¥7,861 million, a decrease of 4.6% or ¥377 million compared with the same period of the previous year.

With regard to capital expenditures, a construction project to extend the Kawasaki Distribution Center (in Kawasaki City, Kanagawa prefecture) is scheduled for completion and commencement of operations in fiscal 2008. We will continue to strategically expand and upgrade our transport network and distribution facilities.

Full-Year Outlook

Although there are concerns centering on the slowing of the U.S. economy, foreign exchange rate fluctuations, crude oil prices and materials prices that are already at high levels, and the

trend of interest rates, the Japanese economy is likely to continue to grow at a modest pace as corporate earnings are expected to remain buoyant, thanks in large measure to brisk exports.

However, the operating environment of the distribution industry is expected to remain challenging, partly owing to rising costs reflecting recent sharp increases in fuel prices.

In this context, in the final year of the 17th medium-term business plan launched in April 2005, we are stepping up our efforts to achieve the plan's goals. By striving to gain an appropriate level of freight charges and fees, we intend to secure operating revenues and to enhance the Group's earning power.

For the full year ending March 31, 2008, we forecast operating revenues of ¥131.0 billion (100.8% of the previous year), operating income of ¥2.3 billion (114.0%), and net loss of ¥200 million (net income of ¥1,889 million for the previous year).

Issues to Be Addressed

In the distribution industry, domestic freight volumes are expected to decline for the eighth consecutive year, even though the Japanese economy is expected to remain on a recovery track. In these circumstances, the Tonami Group is addressing various issues, including the increase in fuel costs due to a spike in crude oil prices, the strengthening of governmental regulations regarding the environment and safety, globalization of logistics, and the wider implementation of information and communication technologies in physical distribution.

In this business environment, we are working to achieve the six objectives of the 17th medium-term business plan under the slogan "Aiming for a New Value-Added Corporate Group-Committed to Corporate Innovation." The business plan's six core objectives are as follows:

- 1) Develop the distribution solutions business;
- 2) Upgrade the quality of distribution services;
- 3) Strengthen international operations;
- 4) Increase revenues from road haulage operations;
- 5) Recruit, retain, and develop human resources; and
- 6) Build an internal control structure.

By concentrating on these objectives, we intend to enhance Group management by increasing competitive advantage and enhancing the Group's value to society through the creation of additional value in our distribution operations and the fulfillment of corporate social responsibility. Specific numerical targets for the final year of the plan (the year ending March 2008) are operating revenues of ¥142 billion, operating income of ¥2.7 billion, and an operating margin of 1.9%. However, in view of changes in the business environment, these initial targets are extremely challenging.

We plan to pay annual dividends of ¥6.0 per share for the fiscal year ending March 31, 2008, including the ¥3.0 per share interim dividend.

We request your continued support for our endeavors.

December 2007



Katsusuke Watanuki
President and Representative Director

UNAUDITED CONSOLIDATED BALANCE SHEETS
 TONAMI TRANSPORTATION CO., LTD. AND CONSOLIDATED SUBSIDIARIES

As of September 30, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	2007
ASSETS			
Current assets:			
Cash and time deposits	¥ 10,141	¥ 11,956	\$ 87,854
Marketable securities (Note 3)	—	1,000	—
Trade receivables:			
Notes and accounts (Note 2)	21,928	22,507	189,968
Less: allowance for doubtful accounts	(35)	(30)	(303)
Inventories	733	673	6,350
Deferred tax assets	689	667	5,969
Other current assets	2,511	2,509	21,754
Total current assets	35,967	39,282	311,592
Property and equipment (Note 4):			
Land	36,915	38,293	319,804
Buildings and structures	20,481	21,904	177,432
Machinery and vehicles.....	2,901	3,126	25,132
Construction in progress.....	553	—	4,791
Other	638	711	5,527
Total property and equipment	61,488	64,034	532,686
Investments and other assets:			
Investments in securities (Note 3)	8,759	9,275	75,881
Deferred tax assets	723	2,055	6,264
Goodwill	69	95	598
Other	5,301	5,245	45,924
Total investments and other assets	14,852	16,670	128,667
Total assets	¥112,307	¥119,986	\$972,945

The accompanying Notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	2007
LIABILITIES			
Current liabilities:			
Short-term bank loans (Note 4)	¥ 11,820	¥ 14,094	\$102,400
Current portion of long-term debt (Note 4)	698	729	6,047
Current portion of bonds (Note 4)	7,000	—	60,643
Trade notes and accounts payable (Note 2)	10,390	10,895	90,011
Income taxes payable	407	376	3,526
Other current liabilities	6,889	7,906	59,681
Total current liabilities	37,204	34,000	322,308
Long-term liabilities:			
Long-term debt, less current portion (Note 4)	4,643	12,291	40,224
Deferred tax liabilities from revaluation reserve for land	5,455	5,801	47,258
Employees' severance and retirement benefits	17,242	18,278	149,372
Retirement benefits for directors and statutory auditors	182	—	1,577
Negative goodwill	91	260	788
Other long-term liabilities	1,231	1,968	10,664
Total long-term liabilities	28,844	38,598	249,883
Total liabilities	66,048	72,598	572,191
NET ASSETS			
Shareholders' equity:			
Common stock:			
Authorised: 299,200,000 shares in 2007			
299,200,000 shares in 2006			
Issued: 97,610,118 shares in 2007			
97,610,118 shares in 2006	14,183	14,183	122,871
Capital surplus	12,502	12,775	108,308
Retained earnings	13,542	13,600	117,318
Treasury stock, at cost: 6,710,391 shares in 2007 and			
6,656,403 shares in 2006	(1,989)	(1,972)	(17,231)
Total shareholders' equity	38,238	38,586	331,266
Valuation and translation adjustments:			
Unrealized gain on securities	1,661	2,006	14,390
Revaluation reserve for land	5,787	6,245	50,134
Total valuation and translation adjustments	7,448	8,251	64,524
Minority interest:			
Minority interest	573	551	4,964
Total net assets	46,259	47,388	400,754
Total liabilities and net assets	¥112,307	¥119,986	\$972,945

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
TONAMI TRANSPORTATION CO., LTD. AND CONSOLIDATED SUBSIDIARIES

For the six months ended September 30, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	2007
Operating revenues:			
Operating revenues	¥63,128	¥64,257	\$546,894
	63,128	64,257	546,894
Operating costs and selling, general and administrative expenses:			
Operating cost	59,203	60,564	512,891
Selling, general and administrative expenses	3,135	2,938	27,159
	62,338	63,502	540,050
Operating income	790	755	6,844
Other income and expenses:			
Interest and dividend income	184	154	1,594
Equity in earnings of unconsolidated subsidiaries and affiliates	73	69	632
Loss on sells of property and equipment, net	(63)	(72)	(546)
Interest expenses	(133)	(114)	(1,152)
Impairment losses (Note 6)	(971)	—	(8,412)
Other, net (Note 7)	(261)	287	(2,261)
	(1,171)	324	(10,145)
Income (loss) before income taxes and minority interests	(381)	1,079	(3,301)
Income taxes (Note 8):			
Current	348	312	3,015
Deferred	787	140	6,818
	1,135	452	9,833
Minority interests	0	12	0
Net income (loss)	¥(1,516)	¥ 615	\$ (13,134)

The accompanying Notes are an integral part of these statements.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
TONAMI TRANSPORTATION CO., LTD. AND CONSOLIDATED SUBSIDIARIES

For the six months ended September 30, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	2007
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥ (381)	¥ 1,079	\$ (3,301)
Depreciation and amortization	1,227	1,250	10,630
Impairment losses	971	—	8,412
Gain on disposal of property and equipment	63	73	546
Loss on devaluation of investments in securities	5	—	43
Loss on devaluation of golf club memberships	1	—	9
Amortization of goodwill	(71)	(71)	(615)
Equity in earnings of unconsolidated subsidiaries and affiliates	(73)	(69)	(632)
(Decrease) increase in allowance for doubtful accounts	(20)	25	(173)
Decrease in employees' severance and retirement benefits	(525)	(438)	(4,548)
Increase in retirement benefits for directors and statutory auditors	182	—	1,577
(Decrease) increase in accrued bonuses to employees	(12)	121	(104)
Interest and dividend income	(184)	(154)	(1,594)
Interest expenses	170	114	1,473
Decrease in trade receivables	808	607	7,000
Increase in inventories	(221)	(171)	(1,915)
Decrease in accounts payable	(405)	(896)	(3,509)
(Decrease) increase in accrued consumption taxes	(17)	159	(148)
Other, net	(517)	(989)	(4,479)
Subtotal	1,001	640	8,672
Interest and dividends received	184	155	1,594
Interest paid	(133)	(114)	(1,152)
Income taxes paid	(360)	(2)	(3,119)
Net cash provided by operating activities	692	679	5,995
Cash flows from investing activities:			
Purchase of time deposits	(28)	(117)	(242)
Proceeds from redemption of time deposits	124	99	1,074
Purchase of property and equipment	(966)	(1,223)	(8,369)
Proceeds from sales of property and equipment	489	87	4,236
Purchase of investments in securities	(74)	(67)	(641)
Proceeds from sales of investments in securities	—	1	—
Investments in loans receivable	(4)	(3)	(35)
Proceeds from collection of loans receivable	13	15	113
Other, net	21	5	182
Net cash used in investing activities	(425)	(1,203)	(3,682)
Cash flows from financing activities:			
Net decrease in short-term loans	(3,944)	(1,846)	(34,168)
Proceeds from long-term debt	—	1,790	—
Repayment of long-term debt	(402)	(439)	(3,483)
Purchase of treasury stock	(9)	(8)	(78)
Dividends paid	(273)	(273)	(2,365)
Dividends paid to minority interests	(7)	(6)	(60)
Net cash used in financing activities	(4,635)	(782)	(40,154)
Net decrease in cash and cash equivalents	(4,368)	(1,306)	(37,841)
Cash and cash equivalents at beginning of period	14,383	14,034	124,604
Cash and cash equivalents at end of period	¥10,015	¥12,728	\$ 86,763

The accompanying Notes are an integral part of these statements.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
TONAMI TRANSPORTATION CO., LTD. AND CONSOLIDATED SUBSIDIARIES

1. Basis of presenting financial statements

The accompanying unaudited consolidated financial statements of Tonami Transportation Co., Ltd. (the "Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

U.S. dollar amounts presented in the unaudited financial statements are included solely for convenience and should not be construed as representations that Japanese yen amounts have been or could in the future be converted into U.S. dollars. The rate of ¥115.43 = U.S.\$1, prevailing on September 30, 2007, has been used for the translation into U.S. dollar amounts in the unaudited financial statements.

Change in Important Items that Form the Basis for Preparation of Interim Consolidated Financial Statements

(Reserve for retirement benefits for directors and statutory auditors)

Previously, certain consolidated subsidiaries of the Company recorded retirement benefits for directors and statutory auditors as expenses upon payment. Effective the six months ended September 30, 2007, such subsidiaries have adopted the Auditing Treatment concerning Reserves Defined under the Special Taxation Measures Law, Allowances and Reserves Defined under Special Laws, and Reserve for Directors' Retirement Benefits (Japanese Institute of Certified Public Accountants (JICPA) Auditing and Assurance Practice Committee Report No. 42, April 13, 2007) and the estimated amount of retirement benefits required at the end of a first six-month period is recorded as reserve for retirement benefits for directors and statutory auditors.

As a result of this change, operating income decreased ¥15 million (US\$130 thousand) and loss before income taxes and minority interests increased ¥190 million (US\$1,646 million).

The impact of this change on segment information is described in Segment Information.

2. Notes due at the end of a first six-month period

Notes due at the end of a first six-month period are treated as if they were settled on the due date. Since the last day of the six months ended September 30, 2007, was a holiday for financial institutions, the following notes due at the end of the first six-month period were treated as if they were settled on the due date and excluded from the balance outstanding at the end of the first six-month period.

	Millions of yen	Thousands of U.S. dollars
Notes receivable	¥436	\$3,777
Notes payable	342	2,963

3. Fair value of securities

No trading securities or held-to-maturity securities were held at September 30, 2007 or 2006. Securities classified as other securities are included in "marketable securities" and "investments in securities" in the accompanying unaudited consolidated balance sheets.

The components of unrealized gain or loss on marketable securities classified as other securities at September 30, 2007 and 2006 are summarized as follows:—

	Millions of yen		
	Acquisition costs	2007 Carrying value	Unrealized gain(loss)
Unrealized gain:			
Stocks			
Bonds:	¥2,405	¥5,254	¥2,849
Corporate bonds	20	21	1
Other	—	—	—
Other	—	—	—
Unrealized loss:			
Stocks	319	262	(57)
Bonds:			
Corporate bonds	—	—	—
Other	100	65	(35)
Other	100	98	(2)
Total	¥2,944	¥5,700	¥2,756

Note: Compound financial instruments were marked to market during the six months ended September 30, 2007, and a valuation difference amounting to ¥13 million (US\$113 thousand) is recorded as a loss. The figures indicated under "acquisition costs" are the initial acquisition costs.

	Millions of yen		
	Acquisition costs	2006 Carrying value	Unrealized gain(loss)
Unrealized gain:			
Stocks	¥2,512	¥5,912	¥3,400
Bonds:			
Corporate bonds	20	21	1
Other	—	—	—
Other	—	—	—
Unrealized loss:			
Stocks	78	62	(16)
Bonds:			
Corporate bonds	101	94	(7)
Other	—	—	—
Other	100	98	(2)
Total	¥2,811	¥6,187	¥3,376

	Thousands of U.S. dollars		
	2007		
	Acquisition costs	Carrying value	Unrealized gain(loss)
Unrealized gain:			
Stocks	\$20,835	\$45,517	\$24,682
Bonds:			
Corporate bonds	173	182	9
Other	—	—	—
Other	—	—	—
Unrealized loss:			
Stocks	2,764	2,270	(494)
Bonds:			
Corporate bonds	—	—	—
Other	866	563	(303)
Other	866	849	(17)
Total	\$25,504	\$49,381	\$23,877

4. Short-term bank loans and long-term debt

(a) Short-term bank loans

Short-term bank loans as at September 30, 2007 and 2006 was as follows:—

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
1.3%-2.0% bank loans:			
Secured	¥ 2,720	¥ 3,255	\$ 23,564
Unsecured	9,100	10,839	78,836
Total	¥11,820	¥21,094	\$102,400

(b) Long-term debt

Long-term debt as at September 30, 2007 and 2006 was as follows:—

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
0.89% ¥6.4 billion unsecured straight bonds due 2008	¥6,400	¥ 6,400	\$55,445
0.52% ¥0.6 billion unsecured straight bonds due 2008	600	600	5,198
0.00% ¥2.5 billion unsecured convertible bond type-bonds with stock acquisition rights due 2009	2,500	2,500	21,658
0.8%-3.6% loans from financial institutions due 2008 to 2012 and thereafter			
Secured	956	1,140	8,282
Unsecured	1,885	2,380	16,331
Total	12,341	13,020	106,914
Less: amount due within one year	7,698	729	66,690
Total	¥4,643	¥12,291	\$40,224

The maturity date of the ¥6.4 billion 0.89% unsecured straight bonds, issued in June 2003, is June 30, 2008.

The maturity date of the ¥0.6 billion 0.52% unsecured straight bonds, issued in June 2003, is June 30, 2008.

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

(c) Pledged assets

Property and equipment having a net value of ¥13,671 million (\$118,435 thousand) was pledged as collateral for short-term bank loans and long-term debt.

5. Overdraft facility agreements and loan commitment

The Company has entered into overdraft facility agreements and loan commitment agreements with ten banks for the purpose of efficient procurement of working capital. Outstanding balance of unused credit concerning overdraft facility agreements and loan commitment agreements at the end of the six months ended September 30, 2007, was as follows:

	Millions of yen	Thousands of U.S. dollars
Maximum credit line of overdraft facility and loan commitment	¥3,000	\$25,990
Used credit	1,500	12,995
Total	¥1,500	\$12,995

6. Impairment losses

During the six months ended September 30, 2007, the Group recorded impairment losses concerning the following asset groupings.

	Usage	Type	Location	Impairment losses (millions of yen)	Impairment losses (thousands of U.S. dollars)
Tonami Transportation	Haulage and warehouse facilities	Land and buildings	5 sites, including Nishikasugai Ward, Aichi prefecture	¥971	\$8,412

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

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

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

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

Regarding the asset groupings for which impairment losses were recorded, future cash flow losses were projected to be short owing to sharp increases in fuel costs reflecting high oil prices and increases in costs of payment to subcontractors. Thus, the carrying values of the asset groupings were reduced by the unrecoverable values and an impairment loss amounting to ¥971 million (US\$8,412 thousand) was recorded as an extraordinary loss.

The breakdown of the impairment losses is as follows: ¥548 million (US\$4,747 thousand) concerning land and ¥423 million (US\$3,665 thousand) concerning buildings.

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

7. Retirement benefits for directors and statutory auditors

At the annual general meeting of shareholders held on June 28, 2007, it was decided to abolish the Company's system for retirement benefits for directors and statutory auditors and to pay a one-time lump sum.

8. Income taxes-deferred

Income taxes payable and income taxes-deferred for the six months ended September 30, 2007, are calculated based on the assumption of provision and reversal of reserve for advanced depreciation of fixed assets scheduled for the fiscal year ending March 31, 2008.

9. Cash flow statements

Reconciliation of cash and time deposits shown in the unaudited consolidated balance sheets and cash and cash equivalents shown in the unaudited consolidated statements of cash flows as at September 30, 2007 and 2006 is as follows:—

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Cash and time deposits	¥10,141	¥11,956	\$87,854
Time deposits with maturities exceeding three months	(126)	(228)	(1,091)
Cash equivalents included in marketable securities	—	1,000	—
Bonds with maturities exceeding three months	—	—	—
Cash and cash equivalents	¥10,015	¥12,728	\$86,763

10. Amounts per share

Amounts per share of common stock for the six months ended September 30, 2007 and 2006 were as follows:—

	Yen		U.S. dollars
	2007	2006	2007
Net income (loss) per share:			
Basic	(¥ 16.68)	¥ 6.76	(\$0.1445)
Diluted	—	6.30	—
Cash dividends	3.00	3.00	0.0260
Net assets per share	¥502.70	¥515.05	\$4.3550

Although dilutive securities were outstanding, diluted net income per share for the six months ended September 30, 2007 was not disclosed because of the net loss in this period.

Basis for the calculation of net assets per share for the six months ended September 30, 2007 and 2006 was as follows:—

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Total net assets as reported on the unaudited consolidated balance sheets	¥46,259	¥47,388	\$400,754
Deduction:			
Adjusted net assets allocated in common stock	45,686	46,837	395,790
Minority interests	573	551	4,964
	Shares		
Number of shares of common stock issued	97,610,118	97,610,118	
Number of shares of common stock in treasury	6,727,971	6,673,983	
Number of shares of common stock outstanding at the end of year on which net assets per share is calculated	90,882,147	90,936,135	

Basis for the calculation of basic and diluted net (loss) income per share for the six months ended September 30, 2007 and 2006 was as follows:—

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Net (loss) income available to shareholders of common stock:			
Net (loss) income	(¥1,516)	¥615	(\$13,134)
Net (loss) income not available to shareholders of common stock	—	—	—
Net (loss) income available to shareholders of common stock	(1,516)	615	(13,134)
Weighted-average number of shares of common stock outstanding	90,899,545	90,952,300	
Diluted net income available to shareholders of common stock:			
Adjustments to net income	¥—	¥—	\$—
Incremental number of shares of common stock	—	6,738,544	
(of which stock acquisition rights)	(—)	(6,738,544)	
Common stock equivalents not included in calculation of diluted net income per share due to their non-dilutive effect	—		
		(Stock option)	
		Stock options (stock acquisition rights) approved at the annual shareholders' meeting of the Company held on June 29, 2005 (The number of stock acquisition rights was 1,340.)	

11. Subsequent event

At a meeting held on November 14, 2007, the board of directors of the Company resolved the following interim cash dividends:—

	Millions of yen	Thousands of U.S. dollars
Dividends (¥3.00 per share)	¥273	\$2,365

12. Segment information

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

A summary of segment information by business segment for the six months ended September 30, 2007 and 2006 was as follows:—

	For the six months ended September 30, 2007					Consolidated
	Logistics	Information processing	Others	Total	Eliminations (Note 1)	
Net Sales:						
Outside customers	¥57,689	¥1,112	¥4,327	¥63,128	¥ —	¥63,128
Inter segment sales	5	153	3,534	3,692	(3,692)	—
Total	57,694	1,265	7,861	66,820	(3,692)	63,128
Costs and expenses	57,298	1,083	7,573	65,954	(3,616)	62,338
Operating income	¥ 396	¥ 182	¥ 288	¥ 866	¥ (76)	¥ 790

For the six months ended September 30, 2006

	Millions of yen				Consolidated
	Logistics	Others	Total	Eliminations (Note 1)	
Net Sales:					
Outside customers	¥58,426	¥5,831	¥64,257	¥ —	¥64,257
Inter segment sales	12	3,804	3,816	(3,816)	—
Total	58,438	9,635	68,073	(3,816)	64,257
Costs and expenses	57,826	9,461	67,287	(3,785)	63,502
Operating income	¥ 612	¥ 174	¥ 786	¥ (31)	¥ 755

For the six months ended September 30, 2007

	Thousands of U.S. dollars				Consolidated
	Logistics	Information processing	Others	Total	
Net Sales:					
Outside customers	\$499,775	\$9,633	\$37,486	\$546,894	\$ —
Inter segment sales	43	1,326	30,616	31,985	(31,985)
Total	499,818	10,959	68,102	578,879	(31,985)
Costs and expenses	496,388	9,382	65,607	571,377	(31,327)
Operating income	\$ 3,430	\$1,577	\$ 2,495	\$ 7,502	\$ (658)

- Notes: 1. Operating cost and expenses included in the column "Eliminations" mainly consist of those charged by the general affairs and finance divisions of the Company, amounting to ¥89 million (\$771 thousand) and ¥64 million (\$554 thousand) for the six months ended September 30, 2007 and 2006, respectively.
2. Change in the accounting policy (Reserve for retirement benefits for directors and statutory auditors)
As described in the Basis of presenting financial statements, effective the six months ended September 30, 2007, certain consolidated subsidiaries of the Company changed the accounting policy for reserve for retirement benefits for directors and statutory auditors and the estimated amount of retirement benefits required at the end of a first six-month period is recorded as reserve for retirement benefits for directors and statutory auditors. The impact of this change on the segment information is negligible.
3. Previously, the Company's operations were classified into two segments, namely, Logistics and Others. However, in order to ensure that segments reflect the actual situation of the Company's operations, effective the six months ended September 30, 2007, the information processing operations, which were previously included in the Others segment, are classified as a separate segment in view of the information processing operations' increased importance, and, as a result, the Company's operations are classified into three segments. A summary of segment information by business segment according to the previous segment classification is as follows:

For the six months ended September 30, 2007

	Millions of yen				Consolidated
	Logistics	Others	Total	Eliminations (Note 1)	
Net Sales:					
Outside customers	¥57,689	¥5,439	¥63,128	¥ —	¥63,128
Inter segment sales	5	3,659	3,664	(3,664)	—
Total	57,694	9,098	66,792	(3,664)	63,128
Costs and expenses	57,298	8,627	65,925	(3,587)	62,338
Operating income	¥ 396	¥ 471	¥ 867	¥ (77)	¥ 790

The business segments mainly consist of the following services:

Logistics	Road haulage, freight forwarding, warehousing, and harbor transport and customs services
Information processing	Information processing
Others	Vehicle maintenance, casualty insurance, leasing, merchandising and commissioned sales and purchases, travel services, mail order services, travel inn, and other businesses

Neither geographical segment information nor overseas sales have been presented because none of the Company's consolidated subsidiaries are domiciled outside Japan, and the Company and its consolidated subsidiaries had no overseas sales for the six months ended September 30, 2007 and 2006.

CONSOLIDATED SUBSIDIARIES

Location (Prefecture)	Company Name	Business Line
Tokyo	Tonami Business Service Co., Ltd.	Financial service
	Tonami Air Service Co., Ltd.	Customs clearance service
Ibaraki	Ibaraki Tonami Transportation Co., Ltd.	Road haulage
Kanagawa	Shonan Tonami Transportation Co., Ltd.	Road haulage
	Kanagawa Tonami Transportation Co., Ltd.	Road haulage
	Tonami Global Logistics Co., Ltd.	Harbor transport service
Saitama	Kanto Tonami Transportation Co., Ltd.	Road haulage
	Saitama Tonami Transportation Co., Ltd.	Road haulage
Niigata	Niigata Tonami Transportation Co., Ltd.	Road haulage
Toyama	Gosei Tonami Transportation Co., Ltd.	Road haulage
	Zento Transportation Co., Ltd.	Road haulage
	ATS Co., Ltd.	Road haulage
	Tonami Trading Co., Ltd.	Trading Company
	Toyo Gomu Hokuriku Hanbai Co., Ltd.	Sale of tires
	Toyama Jizake Hanbai Co., Ltd.	Sale of liquor
	Toyo Tire Toyama shop Co., Ltd.	Sale of tires
	Tonami Staff Support Co., Ltd.	Detached service
Shogawa Kanko Co., Ltd.	Travel inns	
	Tonami Automobile Technology Research Institute Co., Ltd.	Automobile technology R&D
Ishikawa	Ishikawa Tonami Transportation Co., Ltd.	Road haulage
Fukui	Fukui Tonami Transportation Co., Ltd.	Road haulage
	Takefu Transportation Co., Ltd.	Road haulage
Aichi	Chukyo Tonami Transportation Co., Ltd.	Road haulage
Shiga	Kawai Transportation Co., Ltd.	Road haulage
Kyoto	Keishin Warehousing Co., Ltd.	Warehousing
	Keishin System Research Co., Ltd.	Development and sale of software
Osaka	Osaka Tonami Transportation Co., Ltd.	Road haulage
	Kansai Tonami Transportation Co., Ltd.	Road haulage

BOARD OF DIRECTORS AND STATUTORY AUDITORS

Chairman and Representative Director

Yoshihiro Minami

President and Representative Director

Katsusuke Watanuki

Senior Managing Directors

Akiyoshi Kunisada

Kohichi Kishida

Managing Director

Shigeki Sakamoto

Director and Adviser

Yohsuke Konishi

Directors

Yasuo Terabayashi

Yoshinobu Watanabe

Toshiyuki Koroku

Shigeyuki Okada

Masayuki Ishimaru

Yoshimi Nagahara

Kazuo Takata

Shinichi Izumi

Standing Statutory Auditors

Makoto Nagai

Nariyuki Aoki

Statutory Auditors

Shinichiro Inushima

Toshio Yaeda

Yohji Ishiguro

(As of September 30, 2007)

CORPORATE DATA

Head Office

2-12, Showa-machi 3-chome, Takaoka,
Toyama Prefecture 933-8566, Japan

Phone: (0766) 21-1073

Fax: (0766) 21-3640

Tokyo Headquarters

3-8, Higashinohonbashi 3-chome, Chuo-ku,
Tokyo 103-0004, Japan

Phone: (03) 3664-5401

Fax: (03) 3664-5405

Date of Establishment

June 1943

Common Stock

¥14,183 million

Issued and Outstanding Shares

97,610,118 shares

Shareholders

7,633

Employees

5,073

Terminals

81

Warehouses

48

Motor Vehicles

5,525

(As of September 30, 2007)



TONAMI

TONAMI TRANSPORTATION CO., LTD.

URL:<http://www.tonami.co.jp/>