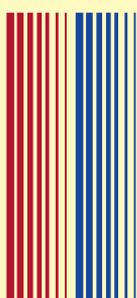
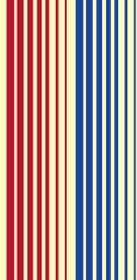


# 2009 Semiannual Report

For the six-month period ended September 30, 2008

TONAMI HOLDINGS 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
- 12 Consolidated Subsidiaries
- 13 Board of Directors and Statutory Auditors
- 13 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, 2008.

Amid worldwide economic deceleration brought about by disarray in financial markets in the U.S., the economic slowdown in Japan deepened during the period under review as falling stock prices, yen appreciation, and a spike in the price of crude oil pushed up prices of consumer goods.

In the distribution industry, the business environment remains adverse. Domestic freight volumes are expected to decrease following a decline last year owing to sluggish growth in individual consumption

and decreases in public-sector investment and housing-related investment. The price of diesel oil, though trending downward, remains above the prior-year level.

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

## UNAUDITED CONSOLIDATED FINANCIAL HIGHLIGHTS

TONAMI HOLDINGS CO., LTD. AND CONSOLIDATED SUBSIDIARIES

|  | Millions of yen                              |                                 | Thousands of<br>U.S. dollars                 |
|--|--|---------------------------------|--|
|  | Six months<br>ended<br>September 30,<br>2008 | Year ended<br>March 31,<br>2008 | Six months<br>ended<br>September 30,<br>2008 |
| <b>For the period:</b>                   |  |                                 |  |
| Operating revenues .....                 | ¥ 65,291                                     | ¥130,188                        | \$ 630,405                                   |
| Logistics .....                          | 59,739                                       | 117,614                         | 576,799                                      |
| Information processing .....             | 1,244  | 2,446                           | 12,011                                       |
| Other .....                              | 4,308  | 10,128                          | 41,595                                       |
| Operating income .....                   | 558  | 1,887                           | 5,388  |
| Net income (loss) .....                  | 142  | (911)                           | 1,371  |
| <b>Per share (yen and U.S. dollars):</b> |  |                                 |  |
| Net income (loss), basic .....           | ¥ 1.57                                       | ¥ (10.03)                       | \$ 0.0152                                    |
| Net income, diluted .....                | 1.44   | —                               | 0.0139                                       |
| Cash dividends .....                     | 3.00   | 6.00                            | 0.0290                                       |
| <b>At period-end:</b>                    |  |                                 |  |
| Total assets .....                       | ¥113,206                                     | ¥112,511                        | \$1,093,038                                  |
| Total net assets .....                   | 45,495                                       | 45,962                          | 439,268                                      |

Notes: 1. U.S. dollar amounts presented herein are included solely for convenience. The rate of ¥103.57 = U.S.\$1, prevailing on September 30, 2008, 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.

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

As a result of these efforts, in the six-month period under review consolidated operating revenues increased 3.4% or ¥2,163 million compared with the same period of the previous year to ¥65,291 million. The increase was partly attributable to the expansion of the Group as a result of consolidation of additional subsidiaries. With regard to profit, operating income fell 29.4% or ¥232 million to ¥558 million. Although we strove to increase transport efficiency, integrate operations, and reduce indirect expenses, costs increased owing to a sharp increase in the price of diesel oil that exceeded expectations. Net income was ¥142 million, an improvement of ¥1,658 million compared with the same period of the previous year, partly owing to the recording of an impairment loss on fixed assets as an extraordinary loss.

By business segment, operating revenues from the logistics-related business increased 3.6% or ¥2,050 million compared with the same period of the previous year to ¥59,739 million. This increase was attributable to the expansion of the Group resulting from the consolidation of additional subsidiaries as well as promotion of the 3PL business as a high-priority business and the development of logistics solutions, despite lower volume of freight transport of the road haulage operations in the truck transport business and the freight forwarding business.

Operating revenues from the information processing business increased 11.9% or ¥132 million compared with the same period of the previous year to ¥1,244 million.

Operating revenues from other businesses, which include automobile repair and merchandising, decreased 0.4% or ¥19 million compared with the same period of the previous year to ¥4,308 million.

With regard to capital expenditures, expansion of the Kawasaki Distribution Center (Kawasaki City, Kanagawa Prefecture) of Tonami Transportation Co., Ltd. and new construction of the Kobe Distribution Center (Yasakadai, Suma-ku, Kobe City) of Keishin Warehouse Co., Ltd. are expected to be completed during the current fiscal year.

## **Full-Year Outlook**

Turning to the outlook for the full year, we expect the business environment to remain a source of concern owing to the impact of deceleration of the U.S. economy on the Japanese economy and the downward trend of the volume of freight transport resulting from a reduction in the movement of goods triggered by sharp increases in raw material prices and changes in distribution patterns.

As a result, for the full year ending March 31, 2009, we expect operating revenues of ¥133,600 million, an increase of 2.6% year on year, operating income of ¥1,770 million, a decrease of 6.2%, and net income of ¥850 million.

## **Issues to Be Addressed**

Concerning issues to be addressed, in April 2008 the Company launched the 18th three-year medium-term business plan under the slogan “Running start to jump to the new stage—Challenging issues to reform—Growing into a genuine integrated logistics provider.” Our key objectives under the new plan are as follows:

- (1) Develop into a highly profitable company, and raise our value within society
- (2) Extend 3PL business and develop overseas business
- (3) Realize quality that is highly valued and trusted by our customers
- (4) Take steps to increase our activities in regard to the environment
- (5) Improve the workplace to ensure that our employees can find their job rewarding, take pride and experience satisfaction through their work.

By working to achieve these objectives, we will strengthen group management capabilities and cost competitiveness in order to facilitate business reorganization. At the same time, we will increase the scope of group management by emphasizing creation of greater value in our logistics businesses and fulfillment of corporate social responsibility.

The Tonami Holdings Group's quantitative targets for the final year (the year ending March 31, 2011) of the medium-term business plan are: consolidated operating revenues of ¥142 billion, operating income of ¥4 billion (operating income ratio of 2.8%), and net income of ¥2,140 million.

We plan to pay annual dividends of ¥6.0 per share for the fiscal year ending March 31, 2009, including an interim dividend of ¥3.0 per share.

We request your continued support for our endeavors.

December 2008



Katsusuke Watanuki  
President and Representative Director

**UNAUDITED CONSOLIDATED BALANCE SHEETS**  
**TONAMI HOLDINGS CO., LTD. AND CONSOLIDATED SUBSIDIARIES**

|   | Millions of yen       |                   | Thousands of<br>U.S. dollars<br>(Note 1) |
|---|-----------------------|-------------------|--|
|   | September 30,<br>2008 | March 31,<br>2008 | September 30,<br>2008                    |
| <b>ASSETS</b>                               |                       |                   |  |
| <b>Current assets:</b>                      |                       |                   |  |
| Cash and time deposits .....                | ¥ 10,047              | ¥ 11,686          | \$ 97,007                                |
| Marketable securities (Note 2) .....        | —                     | 20                | —  |
| Trade receivables:                          |                       |                   |  |
| Notes and accounts .....                    | 21,994                | 21,169            | 212,359                                  |
| Less: allowance for doubtful accounts ..... | (57)                  | (51)              | (550)                                    |
| Inventories (Note 5) .....                  | 1,006                 | 542               | 9,713                                    |
| Deferred tax assets .....                   | 594                   | 544               | 5,735                                    |
| Other current assets .....                  | 2,676                 | 2,107             | 25,837                                   |
| Total current assets .....                  | 36,260                | 36,017            | 350,101                                  |
| <b>Property and equipment (Note 3):</b>     |                       |                   |  |
| Land .....                                  | 37,737                | 37,291            | 364,362                                  |
| Buildings and structures .....              | 20,573                | 21,008            | 198,639                                  |
| Machinery and vehicles .....                | 2,625                 | 2,684             | 25,345                                   |
| Construction in progress .....              | 642                   | 592               | 6,199                                    |
| Other .....                                 | 2,280                 | 619               | 22,014                                   |
| Total property and equipment .....          | 63,857                | 62,194            | 616,559                                  |
| <b>Investments and other assets:</b>        |                       |                   |  |
| Investments in securities (Note 2) .....    | 6,555                 | 7,594             | 63,290                                   |
| Deferred tax assets .....                   | 879                   | 917               | 8,487                                    |
| Goodwill .....                              | 418                   | 476               | 4,036                                    |
| Other .....                                 | 5,237                 | 5,313             | 50,565                                   |
| Total investments and other assets .....    | 13,089                | 14,300            | 126,378                                  |
| Total assets .....                          | ¥113,206              | ¥112,511          | \$1,093,038                              |

*The accompanying Notes are an integral part of these statements.*



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

For the six months ended September 30, 2008 and 2007

|  | Millions of yen |                  | Thousands of<br>U.S. dollars<br>(Note 1) |
|--|-----------------|------------------|--|
|  | 2008            | 2007             | 2008                                     |
| <b>Operating revenues:</b>   |                 |                  |  |
| Operating revenues .....   | ¥65,291         | ¥63,128          | \$630,405                                |
|  | 65,291          | 63,128           | 630,405                                  |
| <b>Operating costs and selling, general and administrative expenses:</b> |                 |                  |  |
| Operating cost .....   | 61,564          | 59,203           | 594,419                                  |
| Selling, general and administrative expenses .....                       | 3,169           | 3,135            | 30,598                                   |
|  | 64,733          | 62,338           | 625,017                                  |
| <b>Operating income</b>  | <b>558</b>      | <b>790</b>       | <b>5,388</b>                             |
| <b>Other income and expenses:</b>  |                 |                  |  |
| Interest and dividend income .....                                       | 195             | 184              | 1,883                                    |
| Equity in earnings of unconsolidated subsidiaries and affiliates .....   | 61              | 73               | 589                                      |
| Loss on sells of property and equipment, net .....                       | (39)            | (63)             | (377)                                    |
| Interest expenses .....  | (182)           | (133)            | (1,757)                                  |
| Impairment losses .....  | (11)            | (971)            | (106)                                    |
| Other, net .....   | 104             | (261)            | 1,004                                    |
|  | 128             | (1,171)          | 1,236                                    |
| <b>Income (loss) before income taxes and minority interests .....</b>    | <b>686</b>      | <b>(381)</b>     | <b>6,624</b>                             |
| <b>Income taxes:</b>   |                 |                  |  |
| Current .....  | 324             | 348              | 3,129                                    |
| Deferred .....   | 212             | 787              | 2,047                                    |
|  | 536             | 1,135            | 5,176                                    |
| <b>Minority interests .....</b>  | <b>8</b>        | <b>0</b>         | <b>77</b>                                |
| <b>Net income (loss) .....</b>   | <b>¥ 142</b>    | <b>¥ (1,516)</b> | <b>\$ 1,371</b>                          |

*The accompanying Notes are an integral part of these statements.*

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

For the six months ended September 30, 2008 and 2007

|   | Millions of yen |                | Thousands of<br>U.S. dollars<br>(Note 1) |
|---|-----------------|----------------|--|
|   | 2008            | 2007           | 2008                                     |
| <b>Cash flows from operating activities:</b>  |                 |                |  |
| Income (loss) before income taxes and minority interests .....                        | ¥ 686           | ¥ (381)        | \$ 6,624                                 |
| Depreciation and amortization .....   | 1,282           | 1,227          | 12,378                                   |
| Impairment losses .....   | 11              | 971            | 106                                      |
| Loss on disposal of property and equipment .....                                      | 39              | 63             | 377                                      |
| Loss on sales of investments in securities .....                                      | 4               | —              | 39                                       |
| Loss on devaluation of investments in securities .....                                | 41              | 5              | 396                                      |
| Loss on devaluation of golf club memberships .....                                    | 14              | 1              | 135                                      |
| Amortization of goodwill .....  | 56              | (71)           | 541                                      |
| Equity in earnings of unconsolidated subsidiaries and affiliates .....                | (61)            | (73)           | (589)                                    |
| Increase (decrease) in allowance for doubtful accounts .....                          | 23              | (20)           | 222                                      |
| Decrease in employees' severance and retirement benefits .....                        | (509)           | (525)          | (4,915)                                  |
| Increase (decrease) in retirement benefits for directors and statutory auditors ..... | (18)            | 182            | (174)                                    |
| Increase (decrease) in accrued bonuses to employees .....                             | 43              | (12)           | 415                                      |
| Interest and dividend income .....  | (195)           | (184)          | (1,883)                                  |
| Interest expenses .....   | 182             | 170            | 1,757                                    |
| (Increase) decrease in trade receivables .....  | (836)           | 808            | (8,072)                                  |
| Increase in inventories .....   | (464)           | (221)          | (4,480)                                  |
| Decrease in accounts payable .....  | (700)           | (405)          | (6,759)                                  |
| Decrease in accrued consumption taxes .....   | (94)            | (17)           | (908)                                    |
| Other, net .....  | (689)           | (517)          | (6,652)                                  |
| Subtotal .....  | (1,185)         | 1,001          | (11,442)                                 |
| Interest and dividends received .....   | 195             | 184            | 1,883                                    |
| Interest paid .....   | (124)           | (133)          | (1,197)                                  |
| Income taxes paid .....   | (662)           | (360)          | (6,392)                                  |
| Net cash provided by (used in) operating activities .....                             | (1,776)         | 692            | (17,148)                                 |
| <b>Cash flows from investing activities:</b>  |                 |                |  |
| Purchase of time deposits .....   | (21)            | (28)           | (203)                                    |
| Proceeds from redemption of time deposits .....                                       | 25              | 124            | 241                                      |
| Proceeds from sales of marketable securities .....                                    | 20              | —              | 193                                      |
| Purchase of property and equipment .....  | (1,304)         | (966)          | (12,591)                                 |
| Proceeds from sales of property and equipment .....                                   | 56              | 489            | 541                                      |
| Purchase of investments in securities .....   | (43)            | (74)           | (415)                                    |
| Proceeds from sales of investments in securities .....                                | 1               | —              | 10                                       |
| Proceeds from redemption of investments in securities .....                           | 500             | —              | 4,828                                    |
| Investments in loans receivable .....   | (3)             | (4)            | (29)                                     |
| Proceeds from collection of loans receivable .....                                    | 12              | 13             | 116                                      |
| Other, net .....  | 320             | 21             | 3,090                                    |
| Net cash used in investing activities .....   | (437)           | (425)          | (4,219)                                  |
| <b>Cash flows from financing activities:</b>  |                 |                |  |
| Net (decrease) increase in short-term loans .....                                     | 3,447           | (3,944)        | 33,282                                   |
| Proceeds from long-term debt .....  | 2,458           | —              | 23,733                                   |
| Repayment of long-term debt .....   | (901)           | (402)          | (8,699)                                  |
| Proceeds from issuance of bonds .....   | 3,000           | —              | 28,966                                   |
| Redemption of bonds .....   | (7,000)         | —              | (6,7587)                                 |
| Purchase of treasury stock .....  | (7)             | (9)            | (68)                                     |
| Dividends paid .....  | (273)           | (273)          | (2,636)                                  |
| Dividends paid to minority interests .....  | (7)             | (7)            | (68)                                     |
| Other, net .....  | (123)           | —              | (1,188)                                  |
| Net cash provided by (used in) financing activities .....                             | 594             | (4,635)        | 5,735                                    |
| <b>Net decrease in cash and cash equivalents .....</b>                                | <b>(1,619)</b>  | <b>(4,368)</b> | <b>(15,632)</b>                          |
| <b>Cash and cash equivalents at beginning of period .....</b>                         | <b>11,638</b>   | <b>14,383</b>  | <b>112,369</b>                           |
| <b>Cash and cash equivalents at end of period .....</b>                               | <b>¥10,019</b>  | <b>¥10,015</b> | <b>\$ 96,737</b>                         |

The accompanying Notes are an integral part of these statements.

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

## TONAMI HOLDINGS CO., LTD. AND CONSOLIDATED SUBSIDIARIES

### 1. Basis of presenting financial statements

The accompanying unaudited 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 unaudited 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.

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 ¥103.57 = U.S.\$1, prevailing on September 30, 2008, 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 quarterly consolidated financial statements*

(a) Changes in matters concerning the scope of consolidation

The newly established Tonami Transportation Demerger Preparatory Co., Ltd. has been included in the scope of consolidation since the first quarter of the fiscal year ending March 31, 2009. Tonami Air Service Co., Ltd. has been excluded from the scope of consolidation owing to a merger with consolidated subsidiary Keishin Warehouse Co., Ltd. during the second quarter of the fiscal year ending March 31, 2009.

(b) Changes in accounting policies

(Application of the Accounting Standard for Lease Transactions)

The Company has applied the Accounting Standard for Lease Transactions (Accounting Standards Board of Japan Statement No. 13, issued on June 17, 1993, and revised on March 30, 2007) and the Guidance on Accounting Standard for Lease Transactions (Accounting Standards Board of Japan Guidance No. 16, issued on January 18, 1994, and revised on March 30, 2007) from the first quarter of the fiscal year ending March 31, 2009. With respect to finance lease transactions that do not transfer ownership, the Company has changed from an accounting method similar to the accounting treatment for ordinary operating lease transactions to an accounting treatment similar to the accounting treatment for ordinary sales and purchase transactions and recorded the lease transactions as leased assets.

The Company has adopted a straight line method for calculation of depreciation of leased assets based on the assumption that the lease period is the useful life and the residual value equals zero.

With respect to finance lease transactions that do not transfer ownership for which lease transaction commencement dates are prior to the beginning of the fiscal year in which application of the Accounting Standard for Lease Transactions started, the Company continues to apply an accounting treatment similar to the accounting treatment for ordinary operating lease transactions.

As a result of this change, property and equipment includes leased assets for the six-month period ended September 30, 2008, amounting to ¥1,600 million. The impact of this change on operating income and income before income taxes and minority interests is negligible. The impact of this change on the segment information is negligible.

#### *Simplified accounting treatment*

(Method of calculating depreciation of fixed assets)

For assets depreciated using the declining-balance method, depreciation expenses for the fiscal year are calculated on a pro-rata basis.

### 2. Fair value of securities

There is no significant change in the amount of marketable securities on the consolidated balance sheet or other amounts compared with those on the final day of the previous fiscal year.

### 3. Short-term bank loans and long-term debt

#### (a) Short-term bank loans

|                           | Millions of yen       |                   | Thousands of<br>U.S. dollars |
|---------------------------|-----------------------|-------------------|------------------------------|
|                           | September 30,<br>2008 | March 31,<br>2008 | September 30,<br>2008        |
| 1.287%-2.375% bank loans: |                       |                   |                              |
| Secured .....             | ¥ 3,010               | ¥2,720            | \$ 29,062                    |
| Unsecured .....           | 9,946                 | 6,788             | 96,032                       |
| Total .....               | ¥12,956               | ¥9,508            | \$125,094                    |

**(b) Long-term debt**

|  | Millions of yen       |                   | Thousands of                          |
|--|-----------------------|-------------------|---------------------------------------|
|  | September 30,<br>2008 | March 31,<br>2008 | U.S. dollars<br>September 30,<br>2008 |
| 0.89% ¥6.4 billion unsecured straight bonds due 2008 .....   | ¥ —                   | ¥ 6,400           | \$ —                                  |
| 0.52% ¥0.6 billion unsecured straight bonds due 2008 .....   | —                     | 600               | —                                     |
| 0.00% ¥2.5 billion unsecured convertible bond type-bonds<br>with stock acquisition rights due 2009 ..... | 2,500                 | 2,500             | 24,138                                |
| 2.11% ¥3.0 billion unsecured straight bonds due 2013 .....   | 3,000                 | —                 | 28,966                                |
| 1.000%–3.550% loans from financial institutions due 2009 to 2013 and thereafter                          |                       |                   |                                       |
| Secured .....  | 1,139                 | 1,635             | 10,998                                |
| Unsecured .....  | 5,271                 | 3,219             | 50,893                                |
| Total .....  | 11,910                | 14,354            | 114,995                               |
| Less: amount due within one year .....   | 3,659                 | 8,213             | 35,329                                |
|  | ¥ 8,251               | ¥ 6,141           | \$ 79,666                             |

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.

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

**(c) Pledged assets**

Property and equipment having a net value of ¥14,660 million (\$14,547 thousand) was pledged as collateral for short-term bank loans and long-term debt as at September 30, 2008.

**4. Overdraft facility and credit line commitment agreements**

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

Outstanding balance of unused credit concerning overdraft facility and credit line commitment agreements at September 30, 2008, was as follows:

|  | Millions of yen       |                       | Thousands of                          |
|--|-----------------------|-----------------------|---------------------------------------|
|  | September 30,<br>2008 | September 30,<br>2007 | U.S. dollars<br>September 30,<br>2008 |
| Maximum credit line of overdraft facility and commitment agreement ..... | ¥3,000                | —                     | \$28,966                              |
| Used credit .....  | —                     | —                     | —                                     |
| Total .....  | ¥3,000                | —                     | \$28,966                              |

**5. Inventories**

Inventories as at September 30, 2008 consisted of merchandise of ¥629 million (\$6,073 thousand), raw materials of ¥215 million (\$2,076 thousand), and work in process of 162 million (\$1,564 thousand).

**6. 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, 2008 and 2007 is as follows:—

|  | Millions of yen |         | Thousands of         |
|--|-----------------|---------|----------------------|
|  | 2008            | 2007    | U.S. dollars<br>2008 |
| Cash and time deposits .....                               | ¥10,047         | ¥10,141 | \$97,007             |
| Time deposits with maturities exceeding three months ..... | (28)            | (126)   | (270)                |
| Cash and cash equivalents .....                            | ¥10,019         | ¥10,015 | \$96,737             |

## 7. Amounts per share

Amounts per share of common stock were as follows:—

|                              | Yen                                 |                           | U.S. dollars                        |
|------------------------------|-------------------------------------|---------------------------|-------------------------------------|
|                              | Six months ended September 30, 2008 | Year ended March 31, 2008 | Six months ended September 30, 2008 |
| Net income (loss) per share: |                                     |                           |                                     |
| Basic .....                  | ¥ 1.57                              | (¥ 10.03)                 | \$0.0152                            |
| Diluted .....                | 1.44                                | —                         | 0.0139                              |
| Cash dividends .....         | 3.00                                | 6.00                      | 0.0290                              |
| Net assets per share .....   | ¥494.38                             | ¥499.38                   | \$4.7734                            |

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

Basis for the calculation of net assets per share was as follows:—

|   | Millions of yen    |                | Thousands of U.S. dollars |
|---|--------------------|----------------|---------------------------|
|   | September 30, 2008 | March 31, 2008 | September 30, 2008        |
| Total net assets as reported on the unaudited consolidated balance sheets .....                                   | ¥45,495            | ¥45,962        | \$439,268                 |
| Deduction:  |                    |                |                           |
| Adjusted net assets allocated in common stock .....   | 44,898             | 45,366         | 433,504                   |
| Minority interests .....  | 597                | 596            | 5,764                     |
|   | Shares             |                |                           |
| Number of shares of common stock issued .....   | 97,610,118         | 97,610,118     |                           |
| Number of shares of common stock in treasury .....  | 6,793,124          | 6,765,163      |                           |
| Number of shares of common stock outstanding at the end of year on which net assets per share is calculated ..... | 90,816,994         | 90,844,955     |                           |

Basis for the calculation of basic and diluted net (loss) income per share for the six months ended September 30, 2008 and 2007 was as follows:—

|   | Millions of yen   |            | Thousands of U.S. dollars |
|---|---|------------|---------------------------|
|   | 2008  | 2007       | 2008                      |
| Net income (loss) available to shareholders of common stock:  |   |            |                           |
| Net income (loss) .....   | ¥142  | (¥1,516)   | \$1,371                   |
| Net income (loss) not available to shareholders of common stock .....   | —   | —          | —                         |
| Net income (loss) available to shareholders of common stock .....   | 142   | (1,516)    | 1,371                     |
| Weighted-average number of shares of common stock outstanding .....   | 90,837,221  | 90,899,545 |                           |
| Diluted net income available to shareholders of common stock:   |   |            |                           |
| Adjustments to net income .....   | ¥—  | ¥—         | \$—                       |
| Incremental number of shares of common stock .....  | 8,012,820   | —          |                           |
| (of which stock acquisition rights) .....   | (8,012,820)   | (—)        |                           |
| Common stock equivalents not included in calculation of diluted net income per share due to their non-dilutive effect ..... |   | —          |                           |
|   | <small>(Stock option)<br/>           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 1,100.)</small> |            |                           |

## 8. Subsequent event

At a meeting held on November 11, 2008, 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            | \$2,636                   |

## 9. 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, 2008 and 2007 was as follows:—

|                           | For the six months ended September 30, 2008 |                        |        |         |                       | Consolidated |
|---------------------------|---|------------------------|--------|---------|-----------------------|--------------|
|                           | Millions of yen                             |                        |        |         |                       |              |
|                           | Logistics                                   | Information processing | Others | Total   | Eliminations (Note 1) |              |
| Net Sales:                |   |                        |        |         |                       |              |
| Outside customers .....   | ¥59,739                                     | ¥1,244                 | ¥4,308 | ¥65,291 | ¥ —                   | ¥65,291      |
| Inter segment sales ..... | 9   | 182                    | 4,328  | 4,519   | (4,519)               | —            |
| Total .....               | 59,748                                      | 1,426                  | 8,636  | 69,810  | (4,519)               | 65,291       |
| Costs and expenses .....  | 59,462                                      | 1,238                  | 8,481  | 69,181  | (4,448)               | 64,733       |
| Operating income .....    | ¥ 286                                       | ¥ 188                  | ¥ 155  | ¥ 629   | ¥ (71)                | ¥ 558        |

|                           | For the six months ended September 30, 2007 |                        |        |         |                       | Consolidated |
|---------------------------|---|------------------------|--------|---------|-----------------------|--------------|
|                           | Millions of yen                             |                        |        |         |                       |              |
|                           | 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, 2008 |                        |          |           |                       | Consolidated |
|---------------------------|---|------------------------|----------|-----------|-----------------------|--------------|
|                           | Thousands of U.S. dollars                   |                        |          |           |                       |              |
|                           | Logistics                                   | Information processing | Others   | Total     | Eliminations (Note 1) |              |
| Net Sales:                |   |                        |          |           |                       |              |
| Outside customers .....   | \$576,799                                   | \$12,011               | \$41,595 | \$630,405 | \$ —                  | \$630,405    |
| Inter segment sales ..... | 87  | 1,757                  | 41,788   | 43,632    | (43,632)              | —            |
| Total .....               | 576,886                                     | 13,768                 | 83,383   | 674,037   | (43,632)              | 630,405      |
| Costs and expenses .....  | 574,124                                     | 11,953                 | 81,887   | 667,964   | (42,947)              | 625,017      |
| Operating income .....    | \$ 2,762                                    | \$ 1,815               | \$ 1,496 | \$ 6,073  | \$ (685)              | \$ 5,388     |

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, carriage of passengers, and other businesses

Neither geographical segment information nor overseas sales have been presented because none of the Company's consolidated subsidiaries are domiciled outside Japan, and the Company and its consolidated subsidiaries had no overseas sales for the six months ended September 30, 2008 and 2007.

## CONSOLIDATED SUBSIDIARIES

### Logistics

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

### Information Processing and Others

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

## **BOARD OF DIRECTORS AND 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**

Mitsuo Matsuda

Masafumi Takebe

### **Statutory Auditors**

Shinichiro Inushima

Toshio Yaeda

Yohji Ishiguro

(As of October 1, 2008)

## **CORPORATE DATA**

### **Head Office**

2-12, Showa-machi 3-chome, Takaoka,  
Toyama Prefecture 933-8788, Japan

Phone: (0766) 32-1073

Fax: (0766) 32-1077

### **Tokyo Headquarters**

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

Phone: (03) 3664-5403

Fax: (03) 3664-5405

### **Date of Establishment**

June 1943

### **Common Stock**

¥14,183 million

### **Issued and Outstanding Shares**

97,610,118 shares

### **Shareholders**

7,525

### **Employees**

83

(As of October 1, 2008)



**TONAMI**

**TONAMI HOLDINGS CO., LTD.**

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