

2011 Semiannual Report

For the six-month period ended September 30, 2010

TONAMI HOLDINGS CO., LTD.



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 Corporate Auditors
- 13 Corporate Data

Forward-Looking Statements

This report includes forward-looking statements that represent Tonami Group'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, 2010.

During the first six-month period, the Japanese economy shifted to a moderate recovery track as production and corporate earnings picked up thanks to the government's economic stimulus package and increasing exports to emerging economies. However, prospects for a self-sustaining recovery were undermined by the slowdown of the world economy, the appreciation of the yen to a 15-year high, and weak stock prices, as well as the fact that the economic stimulus package has largely done what it is capable of doing.

In the distribution industry, although domestic freight volumes are expected to decrease for the 11th consecutive year, there were signs of recovery of transport demand despite disparities among regions and industry sectors. However, negative factors persisted, such as decreases in freight charges and unit rates owing to intensifying competition among companies. Thus, the business environment remained unpredictable.

In these circumstances, the Tonami Group expanded the logistics-related business centering on truck transport and freight forwarding. As a result, operating revenues increased 5.7% or ¥3,155 million compared with the same period of the previous year to ¥58,317 million.

UNAUDITED CONSOLIDATED FINANCIAL HIGHLIGHTS

TONAMI HOLDINGS CO., LTD. AND CONSOLIDATED SUBSIDIARIES

	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30, 2010	Six months ended September 30, 2009	Six months ended September 30, 2010
For the period:			
Operating revenues	¥ 58,317	¥ 55,162	\$ 698,826
Logistics	53,859	50,817	645,405
Information processing	1,239	1,379	14,847
Sales	2,852	—	34,176
Others	367	2,966	4,398
Operating income	393	171	4,710
Net income (loss)	48	(110)	575
Per share (yen and U.S. dollars):			
Net income (loss), basic	¥ 0.54	¥ (1.21)	\$ 0.0065
Net income, diluted	—	—	—
Cash dividends	2.00	2.00	0.0240
At period-end:			
Total assets	¥114,484	¥110,159	\$1,371,887
Total net assets	44,698	44,545	535,626

Notes: 1. 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 ¥83.45 = U.S.\$1, prevailing on September 30, 2010, has been used for the translation into U.S. dollar amounts in the unaudited financial statements.
 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.
 3. Effective from the first quarter of the fiscal year ending March 31, 2011, the Company revised its business segments. The result of the sales business for the previous year is not presented because the Company made no reclassifications of business results for the previous year.

Increased revenues contributed to profitability. Despite negative factors, including decreases in freight charges and unit rates and an increase in fuel costs, operating income jumped 130.8% or ¥222 million compared with the same period of the previous year to ¥393 million as a result of the Group's efforts to reduce costs through more efficient deployment of the workforce in line with the scale of revenues and improved operational efficiency.

As a result of recording of income taxes—deferred through the application of deferred tax accounting, net income was ¥48 million, an improvement of ¥158 million compared with the net loss recorded for the same period of the previous year.

Regarding the results by business segment, operating revenues from the logistics-related business, which includes road haulage, third party logistics (3PL), and harbor transport amounted to ¥53,859 million. The Group's efforts to expand business with existing customers and cultivate new customers resulted in an upturn in the logistics demand compared with the same period of the previous year.

Operating revenues from the information processing business amounted to ¥1,239 million.

Operating revenues from the sales business, which includes merchandising, consignment sales, and a non-life insurance agency, amounted to ¥2,852 million.

Operating revenues from other businesses, which include automobile repair and direct mail service, amounted to ¥367 million.

The principal item of capital expenditures is the relocation of the Okegawa Branch of Tonami Transportation Co., Ltd., the Group's core company. The branch will be relocated from Okegawa City to

Kuki City in Saitama prefecture in view of the Metropolitan Inter-City Expressway construction project. Construction of the new facility in Kuki is scheduled for completion within fiscal 2011 ending March 31, 2011.

Full-Year Outlook

Turning to the outlook for the full year, the business environment does not encourage optimism as low growth of the Japanese economy is likely in view of uncertain prospects owing to the slowing tempo of economies overseas and the continuing strength of the yen.

Although there is rising demand for transportation, reflecting buoyant foreign demand centering on emerging economies and the recovery of the financial performance of Japanese companies, the Group's business environment is expected to be challenging as decreases in freight charges and unit rates owing to intensifying competition are likely to continue and rapid appreciation of the yen against the U.S. dollars would adversely affect export freight.

In these circumstances, the Group reorganized its core company, Tonami Transportation, based on a regional strategy in October 2010. This reorganization into region-based operations, involving establishment of two regional subsidiaries by separating operations from Tonami Transportation, is in accordance with one of our objectives, namely, "to develop into a highly profitable company and raise our value within society," in the final year of its 18th three-year medium-term business plan.

From now on, we intend to promote structural reform, including expansion of the 3PL business. For this purpose, we will work to fully capitalize on the advantages of the establishment of region-based

operations and enhance our abilities to gather customer information so as to strengthen the Group's comprehensive sales & marketing structure and abilities to precisely identify customer needs and respond to them.

At the same time, we intend to strengthen the fundamentals of our business through reorganization of Group companies involving selection and focus in current operation, alliances, and M&A, so as to increase enterprise value.

For the full year ending March 31, 2011, we forecast operating revenues of ¥117,100 million, an increase of 3.1% year on year, operating income of ¥1,070 million, an increase of 45.8%, and net income of ¥540 million, a decrease of 23.0%.

Issues to be Addressed

The Company is promoting initiatives in the final year of its 18th three-year medium-term business plan launched in April 2008 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 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 work rewarding, take pride in their work and experience satisfaction through their work.

By working to achieve these objectives, we will facilitate business reorganization and strengthen group management capabilities and cost competitiveness in order to create greater value in our logistics businesses and fulfill our corporate social responsibility.

Eying possibilities of M&A and business partnerships, we are endeavoring to become a highly profitable concern that delivers high added value through expansion of the 3PL business, so as to increase the Group's enterprise value. In these endeavors, we adhere to our fundamental policy of providing our customers with high-quality services that are highly valued and inspire their trust in the Tonami Group.

The Tonami 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 ¥113,300 million, operating income of ¥1,300 million (operating income ratio of 1.1%), and net income of ¥600 million.

We plan to pay annual dividends of ¥4.0 per share for the fiscal year ending March 31, 2011, including an interim dividend of ¥2.0 per share.

We request your continued support for our endeavors.

December 2010



Katsusuke Watanuki
President and Representative Director

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	September 30, 2010	March 31, 2010	September 30, 2010
ASSETS			
Current assets:			
Cash and time deposits	¥ 8,960	¥ 10,511	\$ 107,370
Trade receivables:			
Notes and accounts	19,815	19,714	237,448
Less: allowance for doubtful accounts	(26)	(32)	(312)
Inventories (Note 3)	937	609	11,228
Deferred tax assets	547	671	6,555
Other current assets	2,429	2,387	29,107
Total current assets	32,662	33,860	391,396
Property and equipment:			
Land	40,397	40,397	484,086
Buildings and structures	20,351	20,871	243,871
Machinery and vehicles	2,298	2,257	27,537
Other	7,302	5,922	87,501
Total property and equipment	70,348	69,447	842,995
Investments and other assets:			
Investments in securities (Note 5)	5,032	5,718	60,300
Deferred tax assets	908	749	10,881
Goodwill	249	—	2,984
Other	5,285	5,728	63,331
Total investments and other assets	11,474	12,195	137,496
Total assets	¥114,484	¥115,502	\$1,371,887

The accompanying Notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	September 30, 2010	March 31, 2010	September 30, 2010
LIABILITIES			
Current liabilities:			
Short-term bank loans (Note 2)	¥ 14,180	¥ 14,023	\$ 169,922
Current portion of long-term debt (Note 2)	937	1,108	11,228
Trade notes and accounts payable	10,097	9,811	120,995
Income taxes payable	344	497	4,122
Other current liabilities	7,066	7,178	84,673
Total current liabilities	32,624	32,617	390,940
Long-term liabilities:			
Long-term debt, less current portion (Note 2)	9,795	10,336	117,376
Deferred tax liabilities from revaluation reserve for land	5,455	5,455	65,368
Employees' severance and retirement benefits	15,106	15,306	181,019
Retirement benefits for directors and corporate auditors	184	190	2,205
Negative goodwill	346	385	4,146
Other long-term liabilities	6,276	5,984	75,207
Total long-term liabilities	37,162	37,656	445,321
Total liabilities	69,786	70,273	836,261
NET ASSETS			
Shareholders' equity:			
Common stock:			
Authorized: 299,200,000 shares at September 30, 2010			
299,200,000 shares at March 31, 2010			
Issued: 97,610,118 shares at September 30, 2010			
97,610,118 shares at March 31, 2010	14,183	14,183	169,958
Capital surplus	11,682	11,682	139,988
Retained earnings	14,601	14,734	174,967
Treasury stock, at cost: 6,829,661 shares at September 30, 2010 and			
6,822,582 shares at March 31, 2010	(2,013)	(2,012)	(24,122)
Total shareholders' equity	38,453	38,587	460,791
Valuation and translation adjustments:			
Unrealized gain on securities	105	480	1,258
Revaluation reserve for land	5,787	5,787	69,347
Total valuation and translation adjustments	5,892	6,267	70,605
Minority interest:			
Minority interest	353	375	4,230
Total net assets	44,698	45,229	535,626
Total liabilities and net assets	¥114,484	¥115,502	\$1,371,887

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

For the six months ended September 30, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Operating revenues:			
Operating revenues	¥58,317	¥55,162	\$698,826
	58,317	55,162	698,826
Operating costs and selling, general and administrative expenses:			
Operating cost	54,769	51,771	656,309
Selling, general and administrative expenses	3,155	3,220	37,807
	57,924	54,991	694,116
Operating income	393	171	4,710
Other income and expenses:			
Interest and dividend income	146	136	1,750
Equity in earnings of affiliates	24	18	287
Loss on sells of property and equipment, net	(46)	(62)	(551)
Interest expenses	(251)	(166)	(3,008)
Other, net	225	294	2,696
	98	220	1,174
Income before income taxes and minority interests	491	391	5,884
Income taxes:			
Current	248	266	2,972
Deferred	198	233	2,373
	446	499	5,345
Income before minority interests	45	—	539
Minority interests	(3)	2	(36)
Net income (loss)	¥ 48	¥ (110)	\$ 575

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, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 491	¥ 391	\$ 5,884
Depreciation and amortization	1,673	1,531	20,048
Loss on disposal of property and equipment	46	62	551
Loss on sales of investments in securities	25	11	300
Loss on devaluation of investments in securities	30	—	359
Loss on devaluation of golf club memberships	2	—	24
Amortization of goodwill	14	67	168
Equity in earnings of affiliates	(24)	(18)	(288)
Decrease in allowance for doubtful accounts	(2)	(33)	(24)
Decrease in employees' severance and retirement benefits	(199)	(321)	(2,385)
Decrease in retirement benefits for directors and corporate auditors	(6)	(31)	(72)
Decrease in accrued bonuses to employees	(13)	(37)	(156)
Interest and dividend income	(146)	(136)	(1,750)
Interest expenses	251	166	3,008
(Increase) decrease in trade receivables	(101)	1,517	(1,210)
Increase in inventories	(328)	(241)	(3,930)
Increase (decrease) in accounts payable	286	(1,108)	3,427
(Decrease) increase in accrued consumption taxes	(140)	344	(1,678)
Other, net	(25)	(242)	(300)
Subtotal	1,834	1,922	21,976
Interest and dividends received	146	137	1,750
Interest paid	(289)	(208)	(3,463)
Income taxes paid	(333)	(184)	(3,990)
Net cash provided by operating activities	1,358	1,667	16,273
Cash flows from investing activities:			
Purchase of time deposits	(24)	(19)	(288)
Proceeds from redemption of time deposits	32	12	383
Purchase of property and equipment	(1,677)	(1,301)	(20,096)
Proceeds from sales of property and equipment	39	34	467
Purchase of investments in securities	(28)	(9)	(336)
Proceeds from sales of investments in securities	77	—	923
Proceeds from redemption of investments in securities	—	50	—
Purchase of investments in subsidiaries	(23)	—	(276)
Payments for sales of investments in subsidiaries resulting in changes in scope of consolidation	—	(35)	—
Investments in loans receivable	(30)	(216)	(359)
Proceeds from collection of loans receivable	3	246	36
Other, net	7	(95)	84
Net cash used in investing activities	(1,624)	(1,333)	(19,462)
Cash flows from financing activities:			
Net increase in short-term loans	157	675	1,881
Proceeds from long-term debt	309	2,500	3,703
Repayment of long-term debt	(1,021)	(1,200)	(12,235)
Redemption of bonds	—	(2,500)	—
Purchase of treasury stock	(1)	(3)	(12)
Dividends paid	(182)	(182)	(2,181)
Dividends paid to minority interests	(3)	(1)	(36)
Other, net	(538)	(519)	(6,447)
Net cash used in financing activities	(1,279)	(1,230)	(15,327)
Net decrease in cash and cash equivalents	(1,545)	(896)	(18,516)
Cash and cash equivalents at beginning of period	10,360	11,476	124,146
Cash and cash equivalents at end of period (Note 4)	¥ 8,815	¥10,580	\$105,630

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 ¥83.45 = U.S.\$1, prevailing on September 30, 2010, has been used for the translation into U.S. dollar amounts in the unaudited financial statements.

Scope of consolidation and application of the equity method

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

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

Change in Accounting Policy

(Application of the "Accounting Standard for Asset Retirement Obligations")

Effective from the first quarter of the fiscal year ending March 31, 2011, the Company adopted ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" issued by the ASBJ in March 2008. Accordingly, when corporate or similar obligation with regard to the removal of tangible fixed assets is incurred by acquisition, construction, development or ordinary use of tangible fixed assets, the Company recognizes such an asset retirement obligation as a liability.

The impact of this change on operating income, and net income for the first six-month period of the fiscal year ending March 31, 2011, is negligible.

(Application of the "Accounting Standards for Business Combinations and Related Matters")

Effective from the first quarter of the fiscal year ending March 31, 2011, the Company adopted ASBJ Statement No. 21 "Accounting Standard for Business Combinations," ASBJ Statement No. 22 "Accounting Standard for Consolidated Financial Statements," ASBJ Statement No. 23 "Partial Amendments to Accounting Standard for Research and Development Costs," ASBJ Statement No. 7 "Revised Accounting Standard for Business Divestitures," and ASBJ Statement No. 16 "Revised Accounting Standard for Equity Method of Accounting for Investments" issued by the ASBJ in December 2008.

Change in the Method of Presentation

The Cabinet Office Ordinance No. 5 (March 2009) for partial amendment of the regulations concerning financial statements came into force in accordance with the ASBJ Statement No. 22 "Accounting Standard for Consolidated Financial Statements" issued by the ASBJ in December 2008. Accordingly, "income before minority interests" is presented in the unaudited consolidated statements of operations.

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. Short-term bank loans and long-term debt

(a) Short-term bank loans

	Millions of yen		Thousands of U.S. dollars
	September 30, 2010	March 31, 2010	September 30, 2010
0.60%-2.55% bank loans:			
Secured	¥ 3,270	¥ 3,453	\$ 39,185
Unsecured	10,910	10,570	130,737

(b) Long-term debt

	Millions of yen		Thousands of U.S. dollars
	September 30, 2010	March 31, 2010	September 30, 2010
2.11% ¥3.0 billion unsecured straight bonds due 2013	¥ 3,000	¥ 3,000	\$ 35,950
0.625%–2.65% loans from financial institutions due 2011 to 2015 and thereafter			
Secured	1,210	1,675	14,500
Unsecured	6,522	6,769	78,155
Total	10,732	11,444	128,605
Less: amount due within one year	937	1,108	11,228
	¥ 9,795	¥10,336	\$117,377

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

3. Inventories

Inventories as at September 30, 2010 consisted of merchandise of ¥536 million (\$6,423 thousand), raw materials and supplies of ¥173 million (\$2,073 thousand), and work in process of 288 million (\$2,732 thousand).

4. 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, 2010 and 2009 is as follows:—

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Cash and time deposits	¥8,960	¥10,608	\$107,370
Time deposits with maturities exceeding three months	(145)	(28)	(1,740)
Cash and cash equivalents	¥8,815	¥10,580	\$105,630

5. Securities

There has been little change in the amounts of securities recorded on the unaudited consolidated balance sheets and other amounts compared with those at the end of the previous fiscal year.

6. Amounts per share

(a) Net assets per share

	Yen		U.S. dollars
	September 30, 2010	March 31, 2010	September 30, 2010
Net assets per share	¥488.48	¥494.05	\$ 5.8536

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

	Millions of yen		Thousands of U.S. dollars
	September 30, 2010	March 31, 2010	September 30, 2010
Total net assets as reported on the unaudited consolidated balance sheets	¥44,698	¥45,229	\$535,626
Deduction:			
Adjusted net assets allocated in common stock	44,345	44,854	531,396
Minority interests	353	375	4,230
	Shares		
Number of shares of common stock issued	97,610,118	97,610,118	
Number of shares of common stock in treasury	6,829,661	6,822,582	
Number of shares of common stock outstanding at the end of year on which net assets per share is calculated	90,780,457	90,787,536	

(b) Net income (loss) per share

	Yen		U.S. dollars
	Six months ended September 30, 2010	Six months ended September 30, 2009	Six months ended September 30, 2010
Net income (loss) per share:			
Basic	¥0.54	¥(1.21)	¥0.0065
Diluted	—	—	—
Cash dividends	¥2.00	¥ 2.00	¥0.0240

Diluted net income per share for the six months ended September 30, 2010, is not presented since there were no outstanding potentially dilutive securities for the period.

Although there were dilutive securities, diluted net income per share for the six months ended September 30, 2009, is not presented because net loss was recorded for the period.

Basis for the calculation of basic and diluted net income (loss) per share for the six months ended September 30, 2010 and 2009 was as follows:—

	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30, 2010	Six months ended September 30, 2009	Six months ended September 30, 2010
Net income (loss) available to shareholders of common stock:			
Net income (loss)	¥48	¥(110)	\$575
Net income (loss) not available to shareholders of common stock	—	—	—
Net income (loss) available to shareholders of common stock	48	(110)	575
Weighted-average number of shares of common stock outstanding (shares)	90,784,472	90,801,001	
Diluted net income available to shareholders of common stock:			
Adjustments to net income	¥—	¥—	\$—
Incremental number of shares of common stock (of which stock acquisition rights)	(—)	(—)	(—)
Common stock equivalents not included in calculation of diluted net income per share due to their non-dilutive effect	—	—	—

7. Subsequent event

At a meeting held on November 12, 2010, the board of directors of the Company resolved the following interim cash dividends:—

	Millions of yen	Thousands of U.S. dollars
Dividends (¥2.00 per share)	¥181	\$2,169

8. Segment information

Effective from the first quarter of the fiscal year ending March 31, 2011, the Company adopted the revised “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” issued by the ASBJ in March 2009.

Accordingly, the Company’s segmentation after the revision differs from that before the revision. Thus, below, the segment information for the six months ended September 30, 2009, is presented according to the segmentation before the revision and the segmentation for the six months ended September 30, 2010, is presented according to the segmentation after the revision.

(a) For the six-month ended September 30, 2009

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, 2009 was as follows:—

	Millions of yen					
	Logistics	Information processing	Others	Total	Eliminations	Consolidated
Net Sales:						
Outside customers	¥50,817	¥1,379	¥2,966	¥55,162	¥ —	¥55,162
Inter segment sales	53	125	2,791	2,969	(2,969)	—
Total	50,870	1,504	5,757	58,131	(2,969)	55,162
Costs and expenses	51,070	1,307	5,911	58,288	(3,297)	54,991
Operating income (loss)	¥ (200)	¥ 197	¥ (154)	¥ (157)	¥ 328	¥ 171

(b) For the six-month ended September 30, 2010

i) 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.

ii) Information about operating revenues and income/loss in reportable segments

	Millions of yen							
	Reportable segments				Others *1	Total	Eliminations *2	Consolidated *3
	Logistics	Information processing	Sales	Subtotal				
Operating revenues:								
Outside customers	¥53,860	¥1,239	¥2,852	¥57,951	¥367	¥58,317	¥ —	¥58,317
Inter segment sales	4	99	2,639	2,742	409	3,152	(3,152)	—
Total	53,864	1,338	5,491	60,693	776	61,469	(3,152)	58,317
Segment income	¥ 36	¥ 153	¥ 95	¥ 284	¥ 65	¥ 349	¥ 44	¥ 393

	Thousands of U.S. dollars							
	Reportable segments				Others *1	Total	Eliminations *2	Consolidated *3
	Logistics	Information processing	Sales	Subtotal				
Operating revenues:								
Outside customers	\$645,416	\$14,847	\$34,176	\$694,440	\$4,398	\$698,826	\$ —	\$698,826
Inter segment sales	48	1,186	31,624	32,858	4,901	37,771	(37,771)	—
Total	645,464	16,033	65,800	727,298	9,299	736,597	(37,771)	698,826
Segment income	\$ 431	\$ 1,833	\$ 1,139	\$ 3,404	\$ 779	\$ 4,183	\$ 527	\$ 4,710

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

*2. The eliminations of segment income amounting to ¥44 million (US\$527 thousand) correspond to intersegment eliminations of ¥385 million (US\$4,613 thousand) and corporate expenses of ¥341 million (US\$4,086 thousand) that are not allocated to any specific reportable segments. Corporate expenses are mainly expenses of the Company, which is independent of the reported segments.

*3. Segment income is adjusted to operating income in the quarterly consolidated statement of operations.

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
Saitama Tonami Transportation Co., Ltd.	Road haulage
Kawai Transportation Co., Ltd.	Road haulage
ATS 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

Non-logistics

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 Staff Support Co., Ltd.	Detached service
Tonami Business Service Co., Ltd.	Financial service
Toyo Tire Toyama shop Co., Ltd.	Sale of tires
Tonami Automobile Technology Research Institute Co., Ltd.	Automobile technology R&D

BOARD OF DIRECTORS AND CORPORATE AUDITORS

Chairman and Representative Director

Yoshihiro Minami

President and Representative Director

Katsusuke Watanuki

Senior Managing Director

Kohichi Kishida

Directors

Shigeki Sakamoto

Yasuo Terabayashi

Shigeyuki Okada

Yoshimi Nagahara

Kazuo Takata

Standing Corporate Auditors

Mitsuo Matsuda

Masafumi Takebe

Corporate Auditors

Shinichiro Inushima

Toshio Yaeda

Yohji Ishiguro

(As of September 30, 2010)

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

7,233

Employees

58

(As of September 30, 2010)



TONAMI
TONAMI HOLDINGS CO., LTD.

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