

The Sumitomo Warehouse Co., Ltd.
Consolidated Balance Sheets (Unaudited)
30 September 2007 and 2008

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2008	2008
Current assets:			
Cash and cash equivalents (Note 4)	¥ 12,288	¥ 13,480	\$ 130,154
Short-term investments (Note 5)	993	1,383	13,353
Receivables			
Trade notes and accounts	18,905	18,374	177,407
Other	2,607	2,526	24,389
Allowance for doubtful receivables	(106)	(98)	(946)
	21,406	20,802	200,850
Real estate inventories (Note 3)	321	320	3,090
Deferred tax assets	1,012	1,075	10,379
Other	1,794	1,484	14,328
Total current assets	37,814	38,544	372,154
Investments and other non-current assets:			
Investment securities (Notes 4)	103,895	62,972	608,014
Long-term loans receivable	347	826	7,975
Deferred tax assets	155	215	2,076
Other (Notes 4)	6,795	6,601	63,735
Allowance for doubtful receivables	(269)	(248)	(2,395)
	110,923	70,366	679,405
Property and equipment:			
Land	45,963	46,335	447,379
Buildings and structures	154,619	163,866	1,582,176
Machinery and equipment	24,845	26,350	254,417
Construction in progress	3,888	1,067	10,302
Other	—	7	68
	229,315	237,625	2,294,342
Less accumulated depreciation	(110,165)	(114,889)	(1,109,288)
	119,150	122,736	1,185,054
Intangibles:			
Goodwill	2,910	2,586	24,969
Leasehold	3,514	3,592	34,682
Software	352	815	7,869
Other	1,861	2,111	20,382
	8,637	9,104	87,902
	¥ 276,524	¥ 240,750	\$ 2,324,515

See accompanying notes.

The Sumitomo Warehouse Co., Ltd.
Consolidated Balance Sheets (Unaudited)
30 September 2007 and 2008

LIABILITIES AND NET ASSETS	Millions of yen		<i>Thousands of U.S. dollars (Note 1)</i>
	2007	2008	2008
Current liabilities:			
Bank loans (Note 5).....	¥ 28,338	¥ 9,243	\$ 89,244
Long-term debt due within one year (Note 5).....	3,009	2,937	28,358
Payables :			
Trade notes and accounts	10,744	10,533	101,699
Other.....	3,702	3,617	34,924
	14,446	14,150	136,623
Income taxes payable.....	2,022	1,818	17,553
Accrued employees' bonuses.....	1,581	1,592	15,371
Other.....	1,991	2,036	19,658
Total current liabilities.....	51,387	31,776	306,807
Long-term debt due after one year (Note 5).....	25,045	53,852	519,958
Deferred tax liabilities.....	33,855	16,710	161,340
Employees' retirement benefits.....	3,373	3,210	30,994
Directors' and corporate auditors' retirement benefits.....	69	72	695
Deposits on contracts.....	14,209	13,572	131,042
Other non-current liabilities.....	920	874	8,438
Contingent liabilities (Note 7)			
Net assets:			
Shareholders' equity:			
Common stock			
Authorized — 395,872,000 shares			
Issued — 195,936,231 shares at 30 September 2007			
— 195,936,231 shares at 30 September 2008	21,823	21,823	210,708
Capital surplus.....	19,180	19,178	185,169
Retained earnings.....	60,594	63,526	613,363
Treasury stock, at cost			
— 1,484,245 shares at 30 September 2007			
— 10,471,697 shares at 30 September 2008	(1,304)	(6,118)	(59,071)
Total shareholders' equity.....	100,293	98,409	950,169
Valuation and translation adjustments:			
Unrealized gains on investment securities.....	42,508	17,915	172,975
Deferred gains and losses on hedges.....	20	19	183
Foreign currency translation adjustments	651	16	155
Total valuation and translation adjustments.....	43,179	17,950	173,313
Subscription rights to shares.....	32	64	618
Minority interests in consolidated subsidiaries.....	4,162	4,261	41,141
Total net assets.....	147,666	120,684	1,165,241
	¥ 276,524	¥ 240,750	\$ 2,324,515

See accompanying notes.

The Sumitomo Warehouse Co., Ltd.
Consolidated Statements of Income (Unaudited)
Six months ended 30 September 2007 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2007	2008	2008	
Net sales	¥ 68,050	¥ 69,542	\$	671,449
Cost of sales	60,361	61,921		597,866
Selling, general and administrative expenses	3,566	3,757		36,275
Operating income	4,123	3,864		37,308
Other income (expenses):				
Interest and dividend income.....	718	783		7,560
Interest expense.....	(351)	(452)	(4,364)
Equity in earnings of affiliates.....	90	93		898
Gain on sale of investment securities.....	856	—		—
Loss on write-down of investment securities.....	(44)	(216)	(2,086)
Provision of allowance for doubtful receivables.....	(45)	(—)	(—)
Loss on disposal of property and equipment.....	(39)	(30)	(290)
Impairment losses on fixed assets.....	(—)	(67)	(647)
Cost of compensation for damage.....	(410)	(—)	(—)
Loss on dissolution of the welfare pension fund of consolidated subsidiaries.....	(206)	(—)	(—)
Other, net.....	85	57		551
Income before income taxes and minority interests	4,777	4,032		38,930
Income taxes				
Current.....	1,805	1,715		16,559
Deferred.....	76	(123)	(1,188)
	1,881	1,592		15,371
Minority interests	225	148		1,429
Net income	¥ 2,671	¥ 2,292	\$	22,130
		Yen	U.S. dollars (Note 1)	
Basic net income per share	¥ 13.74	¥ 12.23	\$	0.12
Dilutive net income per share	¥ 13.67	¥ 12.17	\$	0.12

See accompanying notes.

The Sumitomo Warehouse Co., Ltd.
Consolidated Statements of Changes in Net Assets (Unaudited)
Six months ended 30 September 2007 and 2008

Millions of yen

	Shareholders' equity					Valuation and translation adjustments			
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains on investment securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments
Balance at 31 March 2007	¥ 21,270	¥ 18,711	¥ 58,862	¥ (1,466)	¥ 97,377	¥ 47,009	¥ 6	¥ 147	¥ 47,162
Conversion of convertible bonds	553	553			1,106				
Net income			2,671		2,671				
Employee welfare fund			(1)		(1)				
Increase resulting from a newly consolidated subsidiary			22		22				
Cash dividends at ¥5.0 per share			(960)		(960)				
Net increase in treasury stock		(84)		162	78				
Net changes in items other than shareholders' equity						(4,501)	14	504	(3,983)
Total changes in items during the period	553	469	1,732	162	2,916	(4,501)	14	504	(3,983)
Balance at 30 September 2007	¥ 21,823	¥ 19,180	¥ 60,594	¥ (1,304)	¥ 100,293	¥ 42,508	¥ 20	¥ 651	¥ 43,179

	Subscription rights to shares	Minority interests in consolidated subsidiaries	Total net assets
Balance at 31 March 2007	¥ 32	¥ 3,801	¥ 148,372
Conversion of convertible bonds			1,106
Net income			2,671
Employee welfare fund			(1)
Increase resulting from a newly consolidated subsidiary			22
Cash dividends at ¥5.0 per share			(960)
Net increase in treasury stock			78
Net changes in items other than shareholders' equity		361	(3,622)
Total changes in items during the period		361	(706)
Balance at 30 September 2007	¥ 32	¥ 4,162	¥ 147,666

See accompanying notes.

The Sumitomo Warehouse Co., Ltd.
Consolidated Statements of Changes in Net Assets (Unaudited)
Six months ended 30 September 2007 and 2008

Millions of yen

	Shareholders' equity					Valuation and translation adjustments			
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains on investment securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments
Balance at 31 March 2008	¥ 21,823	¥ 19,179	¥ 62,180	¥ (3,115)	¥ 100,067	¥ 19,999	¥ 25	¥ 352	¥ 20,376
Net income			2,292		2,292				
Increase resulting from application of PITF No.18 (Note 2)			10		10				
Cash dividends at ¥5.0 per share			(956)		(956)				
Net increase in treasury stock		(1)		(3,003)	(3,004)				
Net changes in items other than shareholders' equity						(2,084)	(6)	(336)	(2,426)
Total changes in items during the period		(1)	1,346	(3,003)	(1,658)	(2,084)	(6)	(336)	(2,426)
Balance at 30 September 2008	¥ 21,823	¥ 19,178	¥ 63,526	¥ (6,118)	¥ 98,409	¥ 17,915	¥ 19	¥ 16	¥ 17,950

	Subscription rights to shares	Minority interests in consolidated subsidiaries	Total net assets
Balance at 31 March 2008	¥ 52	¥ 4,218	¥ 124,713
Net income			2,292
Increase resulting from application of PITF No.18 (Note 2)			10
Cash dividends at ¥5.0 per share			(956)
Net increase in treasury stock			(3,004)
Net changes in items other than shareholders' equity	12	43	(2,371)
Total changes in items during the period	12	43	(4,029)
Balance at 30 September 2008	¥ 64	¥ 4,261	¥ 120,684

See accompanying notes.

The Sumitomo Warehouse Co., Ltd.
Consolidated Statements of Changes in Net Assets (Unaudited)
Six months ended 30 September 2007 and 2008

Thousands of U.S. dollars (Note 1)

	Shareholders' equity					Valuation and translation adjustments			
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains on investment securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments
Balance at 31 March 2008	\$ 210,708	\$ 185,179	\$ 600,366	\$ (30,076)	\$ 966,177	\$ 193,097	\$ 241	\$ 3,399	\$ 196,737
<i>Net income</i>			22,130		22,130				
<i>Increase resulting from application of PITF No.18 (Note 2)</i>			97		97				
<i>Cash dividends at ¥5.0 (U.S.\$0.05) per share</i>			(9,230)		(9,230)				
<i>Net increase in treasury stock</i>		(10)		(28,995)	(29,005)				
<i>Net changes in items other than shareholders' equity</i>						(20,122)	(58)	(3,244)	(23,424)
<i>Total changes in items during the period</i>		(10)	12,997	(28,995)	(16,008)	(20,122)	(58)	(3,244)	(23,424)
Balance at 30 September 2008	\$ 210,708	\$ 185,169	\$ 613,363	\$ (59,071)	\$ 950,169	\$ 172,975	\$ 183	\$ 155	\$ 173,313

	Subscription rights to shares	Minority interests in consolidated subsidiaries	Total net assets
Balance at 31 March 2008	\$ 502	\$ 40,726	\$ 1,204,142
<i>Net income</i>			22,130
<i>Increase resulting from application of PITF No.18 (Note 2)</i>			97
<i>Cash dividends at ¥5.0 (U.S.\$0.05) per share</i>			(9,230)
<i>Net increase in treasury stock</i>			(29,005)
<i>Net changes in items other than shareholders' equity</i>	116	415	(22,893)
<i>Total changes in items during the period</i>	116	415	(38,901)
Balance at 30 September 2008	\$ 618	\$ 41,141	\$ 1,165,241

See accompanying notes.

The Sumitomo Warehouse Co., Ltd.
Consolidated Statements of Cash Flows (Unaudited)
Six months ended 30 September 2007 and 2008

	Millions of yen		Thousands of U.S.dollars (Note 1)
	2007	2008	2008
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 4,777	¥ 4,032	\$ 38,930
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	2,771	3,121	30,134
Impairment loss on fixed assets	—	67	647
Amortization of goodwill	162	162	1,564
Increase (decrease) in allowance for doubtful receivables	34	(65)	(628)
Decrease in employees' retirement benefits	(315)	(96)	(927)
Decrease in directors' and corporate auditors' retirement benefits	(129)	(14)	(135)
Increase in accrued employees' bonuses	52	68	657
Interest and dividend income	(718)	(783)	(7,560)
Interest expense	351	452	4,364
Equity in earnings of affiliates	(90)	(93)	(898)
Loss on disposal of property and equipment	15	30	290
Gain on sale of investment securities	(856)	—	—
Loss on write-down of investment securities	44	216	2,086
Increase in notes and accounts receivable	(462)	(457)	(4,412)
Increase (decrease) in notes and accounts payable	(199)	340	3,283
Other, net	(40)	(48)	(464)
Subtotal	5,397	6,932	66,931
Interest and dividends received	724	778	7,512
Interest paid	(338)	(413)	(3,988)
Income taxes paid	(2,173)	(2,264)	(21,860)
Net cash provided by operating activities	3,610	5,033	48,595
Cash flows from investing activities:			
Acquisition of time deposits maturing after three months	(124)	(437)	(4,219)
Proceeds from time deposits maturing after three months	40	351	3,389
Acquisition of property and equipment	(5,682)	(5,020)	(48,470)
Proceeds from sale of property and equipment	49	19	183
Acquisition of intangible fixed assets	(460)	(671)	(6,479)
Acquisition of securities	(678)	(83)	(801)
Proceeds from sale and redemption of securities	766	—	—
Advances on loans receivable	(33)	(316)	(3,051)
Collection of loans receivable	32	29	280
Other, net	(540)	(65)	(627)
Net cash used in investing activities	(6,630)	(6,193)	(59,795)
Cash flows from financing activities:			
Proceeds from short-term debt	2,077	5,057	48,827
Repayments of short-term debt	(2,073)	(4,226)	(40,803)
Proceeds from long-term debt	3,600	7,400	71,449
Repayments of long-term debt	(1,701)	(1,133)	(10,939)
Purchase of treasury stock	(16)	(3,007)	(29,034)
Dividends paid	(960)	(957)	(9,240)
Other, net	(59)	(52)	(502)
Net cash provided by financing activities	868	3,082	29,758
Effect of exchange rate changes on cash and cash equivalents	297	(160)	(1,545)
Net increase (decrease) in cash and cash equivalents	(1,855)	1,762	17,013
Cash and cash equivalents at beginning of period	13,977	11,718	113,141
Cash and cash equivalents of a newly consolidated subsidiary	166	—	—
Cash and cash equivalents at end of period	¥ 12,288	¥ 13,480	\$ 130,154

See accompanying notes.

The Sumitomo Warehouse Co., Ltd.
Notes to Consolidated Interim Financial Statements (Unaudited)
30 September 2007 and 2008

1. Basis of Presenting Consolidated Interim Financial Statements

- (a) The accompanying consolidated interim financial statements of the Sumitomo Warehouse Co., Ltd. (the “Company”) and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accompanying consolidated interim financial statements have been restructured and translated into English, with some expanded descriptions and the inclusion of consolidated statements of changes in net assets from the consolidated interim financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated interim financial statements, but not required for fair presentation, is not presented in the accompanying consolidated interim financial statements.

In preparing the accompanying consolidated interim financial statements, certain reclassifications have been made in the previous consolidated interim financial statements to conform to the presentation for the current six month period.

- (b) The translation of the Japanese yen amounts into U.S. dollars amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at 30 September 2008, which was ¥103.57 to U.S. \$1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Significant Accounting Policies

(a) Consolidation

The consolidated financial statements include the accounts of the Company and 37 and 35 significant subsidiaries for the six months ended 30 September 2007 and 2008, respectively. All significant intercompany transactions and accounts have been eliminated. The fiscal six-month end of all the consolidated foreign subsidiaries and one consolidated domestic subsidiary is 30 June and 31 August, respectively. Significant transactions arising from the use of different fiscal six-month ends are reflected in the consolidated financial statements.

In the elimination of investments in subsidiaries, the assets and liabilities of each subsidiary, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiary.

The equity method is applied to 5 affiliates for the six months ended 30 September 2007 and 2008, respectively. Other unconsolidated subsidiaries and affiliates are not accounted for by the equity method because they are immaterial.

Effective from the consolidated interim financial statement for six months ended 30 September 2008, the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (Practical Issues Task Force (PITF) No. 18, 17 May 2006) is applied and necessary revisions have been made in terms of consolidated closing.

(b) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the rate at the end of each six-month period, and the resulting gains and losses are recognized in the statements of income.

The financial statements of consolidated foreign subsidiaries and affiliates are translated into Japanese yen at the rate at the end of each six-month period, except that shareholders' equity accounts are translated at historical rates.

(c) Allowance for doubtful receivables

The Company and its consolidated subsidiaries (the "Companies") provide for doubtful accounts principally at an amount computed based on the actual ratio of bad debts in the past plus estimated uncollectible amounts of certain individual receivables.

(d) Securities

The Companies classify securities as 1) securities held for trading purposes (hereafter, "trading securities"), 2) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), 3) equity securities issued by subsidiaries and affiliates or 4) all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities"). The Companies have no trading securities. Held-to-maturity debt securities are stated at amortized cost. Equity securities issued by subsidiaries and affiliates which are not consolidated or accounted for using the equity method are stated at moving average cost. Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gain or loss on the sale of such securities is computed using moving average cost. Other securities with no available fair market value are stated at moving average cost.

If the market value of held-to-maturity debt securities and available-for-sale securities declines significantly, the securities are stated at fair market value and the difference between the fair market value and the carrying amount is recognized as loss in the period of the decline. If the fair market value of equity securities issued by unconsolidated subsidiaries and affiliated companies not on the equity method is not readily available, the securities should be written down to net asset value with a corresponding charge in the income statement in the event net asset value declines significantly.

(e) Derivative financial instruments and hedging

1) Derivatives

Derivatives are revaluated by the market value method.

2) Hedge accounting

The Companies use the deferred hedge accounting method. However, when foreign exchange forward contracts meet certain conditions, accounts receivable and accounts payable covered by these contracts are translated by using the contract rates. In addition, when an interest rate swap contract meets certain conditions, the net amount to be paid or received under the contract is added to or deducted from the interest on the hedged items.

3) Hedging instruments and hedged items

Hedging instruments	Hedged items
Foreign exchange forward contracts	Accounts receivable and accounts payable in foreign currencies
Interest rate swap contracts	Bank loans
Crude oil average swap	Fuel prices

4) Hedging policy

The Companies utilize financial instruments to hedge risk of fluctuations in currency exchange rates, interest rates and fuel prices in accordance with internal policies and procedures.

5) Method for assessing hedge effectiveness

The Companies evaluate the effectiveness of their hedging activities by comparing the cumulative changes in fair value or the cumulative changes in cash flows on hedging instruments and the related hedged items. However, when a foreign exchange forward contract and an interest rate swap contract meet certain criteria for applying exceptional methods, an assessment of hedge effectiveness is not performed.

(f) Inventories

Real estate for sale, real estate for sale in process and work in process are stated at specific cost. Supplies are stated at moving average cost.

(g) Property and equipment

Property and equipment are carried at cost. The Company and its consolidated domestic subsidiaries provide for depreciation of property and equipment mainly by the declining balance method over the estimated useful life of the asset. However, depreciation for buildings, except building fixtures, acquired after 31 March 1998 is computed by the straight-line method.

Consolidated foreign subsidiaries compute depreciation on the straight-line method over the estimated useful life of the asset.

(h) Finance leases

With regard to finance leases without ownership transfer, the Company and certain consolidated subsidiaries have formerly applied accounting treatment consistent with that for rental transactions. However, with the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, First Committee of the Business Accounting Council, 17 June 1993; amended 30 March 2007) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16, 18 January 1994 (Accounting System Committee, Japanese Institute of Certified Public Accountants); amended 30 March 2007) becoming available for application to consolidated interim financial statements for fiscal years beginning on or after 1 April 2008, the Company and certain consolidated subsidiaries apply these accounting standards to lease contracts that begin on or after 1 April 2008, using accounting treatment consistent with regular purchase transactions.

With regard to depreciation charges applicable to lease assets under finance leases without ownership transfer, the Company and certain consolidated subsidiaries use the straight-line method with the contract term as the useful life of the lease asset and with a residual value of zero.

For finance leases without ownership transfer whose start-date predates the first applicable fiscal year, the Company and certain consolidated subsidiaries continue to use accounting treatment consistent with ordinary rental transactions.

(i) Software costs

The Companies depreciate software using the straight-line method over the estimated useful life of 5 years.

(j) Income taxes

The Companies recognize tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(k) Bonuses

The Company and its consolidated domestic subsidiaries follow the general Japanese practice of paying bonuses to employees mainly in June and December. Accrued bonus liabilities at the balance sheet date are calculated based upon managements' estimates of annual amounts thereof.

(l) Retirement benefits

1) Employees

The Company and certain consolidated subsidiaries provide two types of defined benefit plans, unfunded lump-sum payment plans and funded non-contributory pension plans, under which all eligible employees are entitled to benefits based on the level of wages and salaries at the time of retirement or termination, length of service and certain other factors. Certain consolidated subsidiaries provide defined contribution plans.

The liabilities and expenses for retirement benefits are determined based on the amounts actuarially calculated using certain assumptions. The Company and its consolidated domestic subsidiaries provide for the liability for employees' retirement benefits at the balance sheet date based on the estimated amount of projected benefit obligation and the fair value of plan assets at that date. Actuarial gains and losses are recognized in expenses using the straight-line method within the average of the estimated remaining service years commencing with the following period.

2) Directors and corporate auditors

Certain subsidiaries accrue the liability for directors' and corporate auditors' retirement benefits equal to the amount that would be required if they retired their positions at the balance sheet date.

(m) Net income per share

The computation of basic net income per share of common stock shown in the consolidated statements of income is based on the weighted average number of shares outstanding during the period and net income available to common shareholders. The computation of dilutive net income per share of common stock is based on the weighted average number of shares of common stock outstanding increased by the number of shares which would have been outstanding assuming the conversion of all outstanding dilutive bonds at the beginning of the period. The related interest expense, net of income taxes, has been eliminated for the purposes of this calculation.

(n) Cash and cash equivalents

Cash and cash equivalents include cash on hand, readily available deposits and short-term investments which have original maturities of three months or less, and which are easily convertible into cash and present insignificant risk of change in value.

3. Inventories

Inventories at 30 September 2007 and 2008 consisted of the following:

	Millions of yen		Thousands of U. S. dollars
	2007	2008	2008
Real estate for sale	¥ 321	¥ 222	\$ 2,144
Real estate for sale in process	—	3	29
Work in process	—	95	917
Total	¥ 321	¥ 320	\$ 3,090

4. Securities

The following tables summarize the acquisition costs, book values and fair value of securities with available fair values as of 30 September 2007:

Held-to-maturity debt securities:

	Millions of yen
Book value	¥ 791
Fair value	781
Difference	¥ (10)

These debt securities are pledged as deposits on contracts for the lease of land.

Available-for-sale securities:

	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥ 29,750	¥ 101,728	¥ 71,978
Other	2	2	—
Total	¥ 29,752	¥ 101,730	¥ 71,978

The following table summarizes the book values of securities with no available fair values as of 30 September 2007:

	Millions of yen
Available-for-sale securities:	
Non-listed equity securities	¥ 993
Other	60
Equity securities issued by subsidiaries and affiliates	1,171
Total	¥ 2,224

The following tables summarize the acquisition costs, book values and fair value of securities with available fair values as of 30 September 2008:

Held-to-maturity debt securities:

	Millions of yen	Thousands of U.S. dollars
	Book value	¥ 775
Fair value	774	7,473
Difference	¥ (1)	\$ (10)

These debt securities are pledged as deposits on contracts for the lease of land.

Available-for-sale securities:

	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥ 30,163	¥ 60,501	¥ 30,338
Other	3	2	(1)
Total	¥ 30,166	¥ 60,503	¥ 30,337

	Thousands of U. S. dollars		
	Acquisition cost	Book value	Difference
Equity securities	\$ 291,233	\$ 584,156	\$ 292,923
Other	29	19	(10)
Total	\$ 291,262	\$ 584,175	\$ 292,913

The following table summarizes the book values of securities with no available fair values as of 30 September 2008:

	Millions of yen	Thousands of U.S. dollars
	Available-for-sale securities:	
Non-listed equity securities	¥ 994	\$ 9,597
Other	60	579
Equity securities issued by subsidiaries and affiliates	1,474	14,232
Total	¥ 2,528	\$ 24,408

5. Bank Loans and Long-term Debt

Short-term bank loans at 30 September 2007 and 2008 bore interest ranging from 0.86% to 3.06% and from 1.05% to 4.60%, respectively.

Long-term debt at 30 September 2007 and 2008 consisted of the following:

	Millions of yen		Thousands of
	2007	2008	U. S. dollars
Secured			2008
Loans principally from banks at 0.68% - 4.20%, maturing through 2019	¥ 5,520	¥ 6,252	\$60,365
Unsecured			
Zero coupon convertible bonds, due 2009, convertible into shares of the Company's common stock at a price of ¥466 (US\$3.95) per share	450	450	4,345
Loans principally from banks at 0.53% - 3.48% , maturing through 2017	22,084	50,088	483,615
	28,054	56,790	548,325
Less amounts due within one year	(3,009)	(2,938)	(28,367)
	¥ 25,045	¥ 53,852	\$ 519,958

The aggregate annual maturities of long-term debt at 30 September 2008 were as follows:

30 September	Millions of yen	Thousands of
		U. S. dollars
2009	¥ 2,938	\$ 28,367
2010	1,759	16,984
2011	1,130	10,911
2012	615	5,938
2013	32,567	314,444
2014 and thereafter	17,781	171,681
	¥ 56,790	\$ 548,325

The Company has concluded commitment line agreements with two financial institutions in order to ensure the availability of funds for operations in a stable and efficient manner. The commitment lines of credit at 30 September 2007 and 2008 were as follows:

	Millions of yen		Thousands of
	2007	2008	U. S. dollars
Total commitment lines of credit	¥ 25,000	¥ 6,000	\$ 57,932
Outstanding borrowings	22,000	3,000	28,966
Net outstanding credit	¥ 3,000	¥ 3,000	\$ 28,966

6. Net assets

Under the Company Law of Japan, the entire amount of the issue price of shares is required to be accounted for as capital, although a company may, by resolution of its Board of Directors, account for an amount not exceeding one-half of the issue price of the new shares as additional paid-in capital, which is included in capital surplus.

The Company Law of Japan provides that an amount equal to 10% of cash dividends and other cash appropriations shall be appropriated and set aside as a legal reserve until the total amount of legal reserve and additional paid-in capital equals 25% of common stock. The legal reserve and additional paid-in capital may be used to eliminate or reduce a deficit by resolution of the shareholders' meeting or may be capitalized by resolution of the Board of Directors. On the condition that the total amount of legal reserve and additional paid-in capital remains equal to or exceeding 25% of common stock, they are available for distribution by the resolution of the shareholders' meeting. Legal reserve is included in retained earnings in the accompanying financial statements.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Company Law of Japan.

7. Contingent Liabilities

At 30 September 2007 and 2008, the Companies were contingently liable for the following:

	Millions of yen		Thousands of U. S. dollars
	2007	2008	2008
Guarantees of indebtedness	¥ 3,353	¥ 3,068	\$ 29,622

8. Segment Information

(a) Information by operational segment

Segment	Main operations
Logistics	Warehousing (stock operations, bonded cargo handling) Harbor transportation, Customs clearance International multimodal transportation, Air cargo agent Land transportation
Real estate	Office space and land leasing

Six months ended 30 September 2007	Millions of yen			
	Logistics	Real estate	Corporate & Elimination	Consolidated
Sales to outside customers	¥ 63,086	¥ 4,964	¥ —	¥ 68,050
Inter-segment transfers	1	194	(195)	—
Total sales	63,087	5,158	(195)	68,050
Operating cost	59,897	2,314	1,716	63,927
Operating income	¥ 3,190	¥ 2,844	¥ (1,911)	¥ 4,123

Six months ended 30 September 2008	Millions of yen			
	Logistics	Real estate	Corporate & Elimination	Consolidated
Sales to outside customers	¥ 64,454	¥ 5,088	¥ —	¥ 69,542
Inter-segment transfers	5	94	(99)	—
Total sales	64,459	5,182	(99)	69,542
Operating cost	61,503	2,110	2,065	65,678
Operating income	¥ 2,956	¥ 3,072	¥ (2,164)	¥ 3,864

Six months ended 30 September 2008	Thousands of U. S. dollars			
	Logistics	Real estate	Corporate & Elimination	Consolidated
Sales to outside customers	\$ 622,323	\$ 49,126	\$ —	\$ 671,449
Inter-segment transfers	48	908	(956)	—
Total sales	622,371	50,034	(956)	671,449
Operating cost	593,830	20,373	19,938	634,141
Operating income	\$ 28,541	\$ 29,661	\$ (20,894)	\$ 37,308

Corporate costs and expenses of ¥1,911 million and ¥2,164 million (*US\$20,894 thousand*) for the six months ended 30 September 2007 and 2008, respectively, consisted mainly of expenses of administrative departments of the Company and some of its consolidated subsidiaries.

(b) Information by geographic segment

	Millions of yen			
	Japan	Others	Corporate & Elimination	Consolidated
<u>Six months ended 30 September 2007</u>				
Sales to outside customers	¥ 61,284	¥ 6,766	¥ —	¥ 68,050
Inter-segment transfers	390	2,409	(2,799)	—
Total sales	61,674	9,175	(2,799)	68,050
Operating cost	56,064	8,751	(888)	63,927
Operating income	¥ 5,610	¥ 424	¥ (1,911)	¥ 4,123

	Millions of yen			
	Japan	Others	Corporate & Elimination	Consolidated
<u>Six months ended 30 September 2008</u>				
Sales to outside customers	¥ 62,904	¥ 6,638	¥ —	¥ 69,542
Inter-segment transfers	477	2,597	(3,074)	—
Total sales	63,381	9,235	(3,074)	69,542
Operating cost	57,778	8,810	(910)	65,678
Operating income	¥ 5,603	¥ 425	¥ (2,164)	¥ 3,864

	Thousands of U. S. dollars			
	Japan	Others	Corporate & Elimination	Consolidated
<u>Six months ended 30 September 2008</u>				
Sales to outside customers	\$ 607,357	\$ 64,092	\$ —	\$ 671,449
Inter-segment transfers	4,606	25,074	(29,680)	—
Total sales	611,963	89,166	(29,680)	671,449
Operating cost	557,864	85,063	(8,786)	634,141
Operating income	\$ 54,099	\$ 4,103	\$ (20,894)	\$ 37,308

“Others” consists of Asia, Europe and North America.

Corporate costs and expenses of ¥1,911 million and ¥2,164 million (*US\$20,894 thousand*) for the six months ended 30 September 2007 and 2008, respectively, consisted mainly of expenses of administrative departments of the Company and some of its consolidated subsidiaries.

(c) Overseas sales

The Companies’ overseas sales, which represent sales to customers outside Japan, were immaterial. Accordingly, overseas sales were not disclosed.

9. Subsequent Events

(a) Appropriation

At the Board of Directors’ meeting of the Company held on 7 November 2008, the appropriation of retained earnings at 30 September 2008 was duly approved as follows:

	Millions of yen	Thousands of U. S. dollars
Cash dividends of ¥5.0 (<i>US \$0.05</i>) per share	¥ 927	\$ 8,950

(b) Purchases of treasury stock

The Board of Directors of the Company, at its meeting held on 7 November 2008, resolved matters concerning purchases of its treasury stock in accordance with Article 156 of the Company Law of Japan, as applied pursuant to Article 165, Paragraph 3 of the Law.

1) Reason for the purchase of treasury stock

To facilitate the execution of flexible capital policies to cope with changes in the business environment.

2) Details of the purchases

Type of shares to be acquired	Common stock of the Company
Total number of shares to be acquired	8,400,000 shares (Ratio to the total number of shares issued (treasury stock excluded): 4.53%)
Total value of shares to be acquired	3,000,000,000 yen (maximum)
Acquisition period	14 November 2008 to 24 March 2009