

The Sumitomo Warehouse Co., Ltd.
Consolidated Balance Sheets
31 March 2007 and 2008

ASSETS	Millions of yen		<i>Thousands of U.S. dollars (Note 1)</i>
	2007	2008	2008
Current assets:			
Cash and cash equivalents (Note 4).....	¥ 13,977	¥ 11,718	\$ 116,958
Short-term investments (Note 6).....	907	1,257	12,546
Receivables			
Trade notes and accounts.....	18,256	18,042	180,078
Other.....	2,034	2,261	22,567
Allowance for doubtful receivables.....	(115)	(110)	(1,098)
	20,175	20,193	201,547
Real estate inventories (Note 3).....	379	287	2,865
Deferred tax assets (Note 10).....	1,012	996	9,941
Other.....	1,155	1,113	11,109
Total current assets.....	37,605	35,564	354,966
Investments and other noncurrent assets:			
Investment securities (Notes 4, 5 and 6).....	111,015	66,436	663,100
Long-term loans receivable.....	400	598	5,969
Deferred tax assets (Note 10).....	226	205	2,046
Other (Notes 4, 5 and 6).....	6,292	6,792	67,791
Allowance for doubtful receivables.....	(228)	(269)	(2,685)
	117,705	73,762	736,221
Property and equipment (Note 6) :			
Land.....	44,428	46,067	459,796
Buildings and structures.....	150,271	156,210	1,559,138
Machinery and equipment.....	24,137	24,758	247,111
Construction in progress.....	4,117	7,380	73,660
	222,953	234,415	2,339,705
Less accumulated depreciation.....	(107,480)	(112,451)	(1,122,378)
	115,473	121,964	1,217,327
Intangibles:			
Goodwill.....	3,071	2,748	27,428
Leasehold (Note 6).....	3,476	3,576	35,692
Software.....	325	338	3,374
Other.....	1,502	2,440	24,353
	8,374	9,102	90,847
	¥ 279,157	¥ 240,392	\$ 2,399,361

See accompanying notes.

The Sumitomo Warehouse Co., Ltd.
Consolidated Balance Sheets
31 March 2007 and 2008

	Millions of yen		<i>Thousands of U.S. dollars (Note 1)</i>
	2007	2008	2008
LIABILITIES AND NET ASSETS			
Current liabilities:			
Bank loans (Note 6).....	¥ 28,315	¥ 8,416	\$ 84,000
Long-term debt due within one year (Note 6).....	3,693	2,776	27,707
Payables:			
Trade notes and accounts	10,319	10,292	102,725
Other.....	3,102	4,515	45,064
	13,421	14,807	147,789
Income taxes payable.....	2,436	2,300	22,956
Reserve for bonuses.....	1,529	1,513	15,101
Reserve for bonuses to directors	10	—	—
Other.....	1,881	2,043	20,393
Total current liabilities.....	51,285	31,855	317,946
Long-term debt due after one year (Note 6).....	23,660	47,746	476,555
Deferred tax liabilities (Note 10).....	36,948	18,207	181,725
Employees' retirement benefits (Note 8).....	3,688	3,306	32,997
Directors' and corporate auditors' retirement benefits	198	86	858
Deposits on contracts	14,137	13,556	135,303
Other noncurrent liabilities	869	923	9,212
Contingent liabilities (Note 12)			
Net assets:			
Shareholders' equity:			
Common stock			
Authorized — 395,872,000 shares			
Issued — 193,563,270 shares at 31 March 2007			
— 195,936,231 shares at 31 March 2008.....	21,270	21,823	217,816
Capital surplus.....	18,711	19,179	191,426
Retained earnings.....	58,862	62,180	620,621
Treasury stock, at cost			
— 1,667,091 shares at 31 March 2007			
— 4,690,909 shares at 31 March 2008.....	(1,466)	(3,115)	(31,091)
Total shareholders' equity.....	97,377	100,067	998,772
Valuation and translation adjustments:			
Unrealized gains on investment securities.....	47,009	19,999	199,611
Deferred gains and losses on hedges	6	25	250
Foreign currency translation adjustments	147	352	3,513
Total valuation and translation adjustments.....	47,162	20,376	203,374
Subscription rights to shares	32	52	519
Minority interests in consolidated subsidiaries	3,801	4,218	42,100
Total net assets.....	148,372	124,713	1,244,765
	¥ 279,157	¥ 240,392	\$ 2,399,361

See accompanying notes.

The Sumitomo Warehouse Co., Ltd.
Consolidated Statements of Income
Years Ended 31 March 2007 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2008	2008
Net sales	¥ 121,588	¥ 137,732	\$ 1,374,708
Cost of sales	107,493	122,135	1,219,034
Selling, general and administrative expenses	6,728	7,140	71,264
Operating income	7,367	8,457	84,410
Other income (expenses):			
Interest and dividend income.....	1,092	1,307	13,045
Interest expense.....	(437)	(753)	(7,516)
Equity in earnings of affiliates.....	168	160	1,597
Gain on sale of investment securities (Note 4).....	1,615	972	9,702
Gain on sale of property and equipment.....	20	34	339
Loss on write-down of investment securities.....	(147)	(69)	(689)
Loss on disposal of property and equipment.....	(176)	(127)	(1,268)
Bond conversion expense.....	(6)	(7)	(70)
Fee for arrangement of syndicated loans.....	(126)	(40)	(399)
Contributions.....	(10)	(25)	(250)
Lawsuit expense.....	(116)	(—)	(—)
Loss on business restructuring (Note 13).....	(—)	(237)	(2,366)
Cost of compensation for damage.....	(-)	(410)	(4,092)
Loss on dissolution of the welfare pension fund of consolidated subsidiaries (Note 8).....	(-)	(190)	(1,896)
Other, net.....	110	97	969
Income before income taxes and minority interests	9,354	9,169	91,516
Income taxes			
Current.....	4,074	3,620	36,131
Deferred.....	(131)	(113)	(1,128)
	3,943	3,507	35,003
Minority interests	201	432	4,312
Net income	¥ 5,210	¥ 5,230	\$ 52,201
		Yen	U.S. dollars (Note 1)
Basic net income per share	¥ 27.12	¥ 27.02	\$ 0.27
Dilutive net income per share	¥ 26.51	¥ 26.88	\$ 0.27
Cash dividends applicable to the year	¥ 10.00	¥ 10.00	\$ 0.10

See accompanying notes.

The Sumitomo Warehouse Co., Ltd.
Consolidated Statements of Changes in Net Assets
Years Ended 31 March 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 2006	¥ 20,785	¥ 18,224	¥ 55,614	¥ (129)	¥ 94,494	¥ 45,648	¥ —	¥ (231)	¥ 45,417
Conversion of convertible bonds	485	485			970				
Net income			5,210		5,210				
Cash dividends at ¥10.0 per share			(1,921)		(1,921)				
Bonuses to directors and corporate auditors			(41)		(41)				
Net increase in treasury stock		2		(1,337)	(1,335)				
Net changes in items other than shareholders' equity						1,361	6	378	1,745
Total changes in items during the period	485	487	3,248	(1,337)	2,883	1,361	6	378	1,745
Balance at 31 March 2007	¥ 21,270	¥ 18,711	¥ 58,862	¥ (1,466)	¥ 97,377	¥ 47,009	¥ 6	¥ 147	¥ 47,162

	Subscription rights to shares	Minority interest in consolidated subsidiaries	Total net assets
Balance at 31 March 2006	¥ —	¥ 1,130	¥ 141,041
Conversion of convertible bonds			970
Net income			5,210
Cash dividends at ¥10.0 per share			(1,921)
Bonuses to directors and corporate auditors			(41)
Net increase in treasury stock			(1,335)
Net changes in items other than shareholders' equity	32	2,671	4,448
Total changes in items during the period	32	2,671	7,331
Balance at 31 March 2007	¥ 32	¥ 3,801	¥ 148,372

See accompanying notes.

The Sumitomo Warehouse Co., Ltd.
Consolidated Statements of Changes in Net Assets
Years Ended 31 March 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			5,230		5,230				
Employee welfare fund			(2)		(2)				
Increase resulting from a newly consolidated subsidiary			22		22				
Cash dividends at ¥10.0 per share			(1,932)		(1,932)				
Net increase in treasury stock		(85)		(1,649)	(1,734)				
Net changes in items other than shareholders' equity						(27,010)	19	205	(26,786)
Total changes in items during the period	553	468	3,318	(1,649)	2,690	(27,010)	19	205	(26,786)
Balance at 31 March 2008	¥ 21,823	¥ 19,179	¥ 62,180	¥ (3,115)	¥ 100,067	¥ 19,999	¥ 25	¥ 352	¥ 20,376

	Subscription rights to shares	Minority interest in consolidated subsidiaries	Total net assets
Balance at 31 March 2007	¥ 32	¥ 3,801	¥ 148,372
Conversion of convertible bonds			1,106
Net income			5,230
Employee welfare fund			(2)
Increase resulting from a newly consolidated subsidiary			22
Cash dividends at ¥10.0 per share			(1,932)
Net increase in treasury stock			(1,734)
Net changes in items other than shareholders' equity	20	417	(26,349)
Total changes in items during the period	20	417	(23,659)
Balance at 31 March 2008	¥ 52	¥ 4,218	¥ 124,713

See accompanying notes.

The Sumitomo Warehouse Co., Ltd.
Consolidated Statements of Changes in Net Assets
Years Ended 31 March 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 2007	\$ 212,296	\$ 186,755	\$ 587,504	\$ (14,632)	\$ 971,923	\$ 469,199	\$ 60	\$ 1,467	\$ 470,726
Conversion of convertible bonds	5,520	5,520			11,040				
Net income			52,201		52,201				
Employee welfare fund			(20)		(20)				
Increase resulting from a newly consolidated subsidiary			219		219				
Cash dividends at ¥10.0 (U.S.\$0.10) per share			(19,283)		(19,283)				
Net increase in treasury stock		(849)		(16,459)	(17,308)				
Net changes in items other than shareholders' equity						(269,588)	190	2,046	(267,352)
Total changes in items during the period	5,520	4,671	33,117	(16,459)	26,849	(269,588)	190	2,046	(267,352)
Balance at 31 March 2008	\$ 217,816	\$ 191,426	\$ 620,621	\$ (31,091)	\$ 998,772	\$ 199,611	\$ 250	\$ 3,513	\$ 203,374

	Subscription rights to shares	Minority interest in consolidated subsidiaries	Total net assets
Balance at 31 March 2007	\$ 319	\$ 37,938	\$ 1,480,906
Conversion of convertible bonds			11,040
Net income			52,201
Employee welfare fund		(20)	
Increase resulting from a newly consolidated subsidiary			219
Cash dividends at ¥10.0 (U.S.\$0.10) per share			(19,283)
Net increase in treasury stock			(17,308)
Net changes in items other than shareholders' equity	200	4,162	(262,990)
Total changes in items during the period	200	4,162	(236,141)
Balance at 31 March 2008	\$ 519	\$ 42,100	\$ 1,244,765

See accompanying notes.

The Sumitomo Warehouse Co., Ltd.
Consolidated Statements of Cash Flows
Years Ended 31 March 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	¥ 9,354	¥ 9,169	\$ 91,516
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	5,165	5,709	56,982
Amortization of goodwill	150	324	3,234
Decrease in allowance for doubtful receivables	(127)	(4)	(40)
Decrease in employees' retirement benefits	(172)	(382)	(3,813)
Increase (decrease) in directors' and corporate auditors' retirement benefits	57	(112)	(1,118)
Decrease in accrued employees' bonuses	—	(37)	(369)
Interest and dividend income	(1,093)	(1,307)	(13,045)
Interest expense	437	753	7,516
Equity in earnings of affiliates	(168)	(160)	(1,597)
Gain on sale of property and equipment	(20)	(34)	(339)
Loss on disposal of property and equipment	174	127	1,268
Gain on sale of investment securities	(1,615)	(972)	(9,702)
Loss on write-down of investment securities	147	69	689
Loss on business restructuring	—	237	2,366
Increase (decrease) in notes and accounts receivable	(16)	271	2,705
Decrease in notes and accounts payable	(852)	(152)	(1,517)
Decrease in deposits on contracts	(969)	(485)	(4,841)
Fees for arrangement of syndicated loans	126	40	399
Other, net	410	(83)	(830)
Subtotal	10,988	12,971	129,464
Interest and dividends received	1,131	1,309	13,065
Interest paid	(329)	(678)	(6,767)
Income taxes paid	(4,059)	(3,775)	(37,678)
Net cash provided by operating activities	7,731	9,827	98,084
Cash flows from investing activities:			
Acquisition of time deposits maturing after three months	(1,011)	(747)	(7,456)
Proceeds from time deposits maturing after three months	1,086	398	3,972
Acquisition of property and equipment	(12,215)	(10,767)	(107,466)
Proceeds from sale of property and equipment	326	108	1,078
Acquisition of intangible fixed assets	(1,401)	(1,099)	(10,969)
Acquisition of securities	(7,813)	(1,255)	(12,526)
Proceeds from sale and redemption of securities	2,985	1,227	12,247
Payments for acquisition of subsidiaries' stock resulting in change in scope of consolidation	(6,405)	-	-
Advances on loans receivable	(71)	(370)	(3,693)
Collection of loans receivable	154	140	1,397
Other, net	(73)	(598)	(5,968)
Net cash used in investing activities	(24,438)	(12,963)	(129,384)
Cash flows from financing activities:			
Proceeds from short-term debt	21,764	4,405	43,966
Repayments of short-term debt	(11,204)	(4,313)	(43,048)
Proceeds from long-term debt	17,161	8,150	81,345
Repayments of long-term debt	(2,696)	(3,782)	(37,748)
Purchase of treasury stock	(1,336)	(1,831)	(18,275)
Dividends paid	(1,921)	(1,932)	(19,283)
Dividends paid to minority shareholders	(43)	(97)	(968)
Payment of fees for arrangement of syndicated loans	(126)	(40)	(399)
Other, net	—	5	49
Net cash provided by financing activities	21,599	565	5,639
Effect of exchange rate changes on cash and cash equivalents	203	146	1,457
Net increase (decrease) in cash and cash equivalents	5,095	(2,425)	(24,204)
Cash and cash equivalents at beginning of period	8,882	13,977	139,505
Cash and cash equivalents of a newly consolidated subsidiary	—	166	1,657
Cash and cash equivalents at end of period	¥ 13,977	¥ 11,718	\$ 116,958

See accompanying notes.

The Sumitomo Warehouse Co., Ltd.
Notes to Consolidated Financial Statements
31 March 2007 and 2008

1. Basis of Presenting Consolidated Financial Statements

- (a) The accompanying consolidated 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 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 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 financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

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

- (b) The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at 31 March 2008, which was ¥100.19 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 36 significant subsidiaries for the years ended 31 March 2007 and 2008. All significant intercompany transactions and accounts have been eliminated. The fiscal year-end of all the consolidated foreign subsidiaries and one consolidated domestic subsidiary is 31 December and 29 February, respectively. Significant transactions arising from the use of different fiscal year-end 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.

Goodwill and negative goodwill are amortized using the straight-line method over periods between 5 and 10 years. If the amount is small, it is fully recognized as incurred.

The equity method is applied to 3 affiliates for the yearended 31 March 2007 and 5 affiliates for the yearended 31 March 2008, respectively. Other unconsolidated subsidiaries and affiliates are not accounted for by the equity method because they are immaterial.

- (b) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the year-end rates 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 year-end rates, except for shareholders’ equity accounts, which 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 the 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 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. In these cases, fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

(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 and real estate for sale in progress 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.

Starting from this period, pursuant to an amendment to the Japanese Corporate Tax Law, the Company and its consolidated domestic subsidiaries have depreciated tangible fixed assets acquired on or after 1 April 2007 in accordance with the method stipulated in the amended Japanese Corporation Tax Law. As a result, for the year ended 31 March 2008, operating income and income before income taxes and minority interests were each ¥70 million (*US\$ 699 thousand*) less than they would have been using the previous method. For the impact on segment information, please refer to “Segment Information.”

Pursuant to an amendment to the Japanese Corporate Tax Law, after having fully depreciated tangible fixed assets acquired on or before 31 March 2007 up to 5% of the acquisition cost based on the prior Japanese Corporate Tax Law, the Company and its consolidated domestic subsidiaries depreciate the difference between 5% of the acquisition cost and the memorandum price using a straight-line method over 5 years and expense the amounts as “Depreciation and amortization.” The straight-line depreciation starts from the year following the year, when the book value of the tangible asset acquired on or before 31 March 2007 reaches 5% of the acquisition cost. As a result, for the year ended 31 March 2008, operating income and income before income taxes and minority interests were each ¥181 million (*US\$ 1,807 thousand*) less than they would have been using the previous method. For the impact on segment information, please refer to “15. Segment Information.”

(h) Finance leases

Finance leases of the Company and certain consolidated subsidiaries that do not transfer ownership are accounted for in the same manner as operating leases in accordance with Japanese GAAP. Under Japanese accounting policies for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain information is disclosed in the notes to the lessee’s financial statements.

(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.

At 31 March 2007, certain subsidiaries provided for bonuses to directors based upon estimates of amounts incurred for the current year.

(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 fair value of the 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 from 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, are easily convertible into cash and present insignificant risk of change in value.

3. Real Estate Inventories

Real estate inventories at 31 March 2007 and 2008 consisted of the following:

	Millions of yen		Thousands of U. S. dollars
	2007	2008	2008
Real estate for sale	¥ 379	¥ 284	\$ 2,835
Real estate for sale in progress	-	3	30
Total	¥ 379	¥ 287	\$ 2,865

4. Securities

The following tables summarize the acquisition costs, book values and fair value of securities with available fair values as of 31 March 2007:

Held-to-maturity debt securities:

Securities with available fair values not exceeding book values

	Millions of yen
Book value	¥ 791
Fair value	778
Difference	¥ (13)

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

Available-for-sale securities:

Securities with book values exceeding acquisition cost:

	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥ 28,597	¥ 108,297	¥ 79,700
Other	1	1	-
Total	¥ 28,598	¥ 108,298	¥ 79,700

Securities with book values not exceeding acquisition cost:

	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥ 801	¥ 725	¥ (76)
Other	2	2	-
Total	¥ 803	¥ 727	¥ (76)

The following table summarizes the book values of securities with no available fair values as of 31 March 2007:

	Millions of yen
Available-for-sale securities	
Non-listed equity securities	¥ 1,026
Other	60
Equity securities issued by subsidiaries and affiliates	963
Total	¥ 2,049

Held-to-maturity debt securities at 31 March 2007 mature as follows:

	Millions of yen		
	Within one year	Over one year but within five years	Over five years but within ten years
Government bonds	¥ -	¥ 22	¥ 767

Total sales of available-for-sale securities in the year ended 31 March 2007 amounted to ¥2,987 million and the related gains amounted to ¥1,615 million.

The following tables summarize the acquisition costs, book values and fair value of securities with available fair values as of 31 March 2008:

Held-to-maturity debt securities:

Securities with available fair values exceeding book values

	Millions of yen	Thousands of U.S. dollars
Book value	¥ 775	\$ 7,735
Fair value	783	7,815
Difference	¥ 8	\$ 80

Securities with available fair values not exceeding book values

	Millions of yen	Thousands of U.S. dollars
Book value	¥ 15	\$ 150
Fair value	15	150
Difference	¥ -	\$ -

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

Available-for-sale securities:

Securities with book values exceeding acquisition cost:

	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥ 20,228	¥ 58,034	¥ 37,806
Other	1	1	-
Total	¥ 20,229	¥ 58,035	¥ 37,806

	Thousands of U. S. dollars		
	Acquisition cost	Book value	Difference
Equity securities	\$ 201,896	\$ 579,239	\$ 377,343
Other	10	10	-
Total	\$ 201,906	\$ 579,249	\$ 377,343

Securities with book values not exceeding acquisition cost:

	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥ 10,047	¥ 6,172	¥ (3,875)
Other	2	1	(1)
Total	¥ 10,049	¥ 6,173	¥ (3,876)

	Thousands of U. S. dollars		
	Acquisition cost	Book value	Difference
Equity securities	\$ 100,279	\$ 61,602	\$ (38,677)
Other	20	10	(10)
Total	\$ 100,299	\$ 61,612	\$ (38,687)

The following table summarizes the book values of securities with no available fair values as of 31 March 2008:

	Millions of yen	Thousands of U.S. dollars
Available-for-sale securities		
Non-listed equity securities	¥ 992	\$ 9,901
Other	60	599
Equity securities issued by subsidiaries and affiliates	1,235	12,327
Total	¥ 2,287	\$ 22,827

Held-to-maturity debt securities at 31 March 2008 mature as follows:

	Millions of yen		
	Within one year	Over one year but within five years	Over five years but within ten years
Government bonds	¥ 15	¥ 774	¥ -

	Thousands of U. S. dollars		
	Within one year	Over one year but within five years	Over five years but within ten years
Government bonds	\$ 150	\$ 7,725	\$ -

Total sales of available-for-sale securities in the year ended 31 March 2008 amounted to ¥1,227 million (US\$12,247 thousand) and the related gains amounted to ¥972 million (US\$9,702 thousand).

5. Investments in Related Companies

Investments in non-consolidated subsidiaries and affiliates included in the balance sheet at 31 March 2007 and 2008 were as follows:

	Millions of yen		Thousands of U. S. dollars
	2007	2008	2008
Investment securities and investment in capital	¥ 1,171	¥ 1,389	\$ 13,864

6. Bank Loans and Long-term Debt

Short-term bank loans at 31 March 2007 and 2008 bore interest ranging from 0.64% to 4.00% and from 0.83% to 2.98%, respectively.

Long-term debt at 31 March 2007 and 2008 consisted of the following:

	Millions of yen		Thousands of U. S. dollars
	2007	2008	2008
Secured			
Loans principally from banks at 0.68% - 4.20%, maturing through 2019	¥ 5,829	¥ 6,737	\$ 67,242
Unsecured			
Zero coupon convertible bonds, due 2009, convertible into shares of the Company's common stock at a price of ¥466 (US\$4.65) per share	1,649	450	4,492
Loans principally from banks at 0.53% - 3.48%, maturing through 2017	19,875	43,335	432,528
	27,353	50,522	504,262
Less amounts due within one year	(3,693)	(2,776)	(27,707)
	23,660	47,746	\$ 476,555

The aggregate annual maturities of long-term debt at 31 March 2008 were as follows:

Year ending 31 March	Millions of yen	Thousands of U. S. dollars
2009	¥ 2,776	\$ 27,707
2010	2,186	21,818
2011	1,416	14,133
2012	755	7,536
2013	20,535	204,961
2014 and thereafter	22,854	228,107
	¥50,522	\$ 504,262

At 31 March 2008, assets pledged as collateral for short-term bank loans of ¥6,941 million (US\$69,278 thousand) and secured long-term debt of ¥6,737 million (US\$67,242 thousand) were as follows:

	Millions of yen	Thousands of U. S. dollars
Deposits placed with banks with maturities of over three months (short-term investments)	¥225	\$ 2,246
Investment securities	2,406	24,014
Property and equipment, net of accumulated depreciation	10,954	109,332
Leasehold and other	368	3,673
	¥13,953	\$ 139,265

The Company has concluded commitment line agreements with seven financial institutions in order to ensure the availability of funds for operations in a stable and efficient manner. The commitment lines of credit at 31 March 2007 and 2008 were as follows:

	Millions of yen		Thousands of U. S. dollars
	2007	2008	2008
Total commitment lines of credit	¥ 20,000	¥ 5,000	\$ 49,905
Outstanding borrowings	20,000	5,000	49,905
Net outstanding credit	¥ -	¥ -	\$ -

7. Leases

(a) Finance leases as lessee

Non-capitalized finance leases for machinery and equipment at 31 March 2007 and 2008 were as follows:

	Millions of yen		Thousands of U. S. dollars
	2007	2008	2008
Original lease obligations	¥ 2,616	¥ 3,190	\$ 31,840
Lease payments	(1,269)	(1,294)	(12,916)
Remaining lease obligations	¥ 1,347	¥ 1,896	\$ 18,924

Total lease payments under non-capitalized finance leases arrangements were ¥502 million and ¥576 million (US\$5,749 thousand) for the years ended 31 March 2007 and 2008, respectively.

Lease obligations under non-capitalized finance leases, including finance charges, at 31 March 2007 and 2008 were as follows:

	Millions of yen		Thousands of U. S. dollars
	2007	2008	2008
Due within one year	¥ 482	¥ 588	\$ 5,869
Due after one year	865	1,308	13,055
Total	¥ 1,347	¥ 1,896	\$ 18,924

(b) Operating leases as lessee

Lease obligations under operating leases at 31 March 2007 and 2008 were as follows:

	Millions of yen		Thousands of U. S. dollars
	2007	2008	2008
Due within one year	¥ 56	¥ 80	\$ 798
Due after one year	120	398	3,973
Total	¥ 176	¥ 478	\$ 4,771

(c) Operating leases as lessor

Lease receipts under operating leases at 31 March 2007 and 2008 were as follows:

	Millions of yen		Thousands of U. S. dollars
	2007	2008	2008
Due within one year	¥ 1,042	¥ 1,043	\$ 10,410
Due after one year	3,816	3,417	34,105
Total	¥ 4,858	¥ 4,460	\$ 44,515

8. Employees' Retirement Benefits

The liabilities for employees' retirement benefits included in the liability section of the consolidated balance sheets as of 31 March 2007 and 2008 consisted of the following:

	Millions of yen		Thousands of U. S. dollars
	2007	2008	2008
Projected retirement benefit obligation	¥ (11,910)	¥ (11,638)	\$ (116,159)
Plan assets	8,637	6,823	68,100
Unfunded retirement benefit obligation	(3,273)	(4,815)	(48,059)
Less unrecognized actuarial differences	(415)	1,509	15,062
Liability for retirement benefits	¥ (3,688)	¥ (3,306)	\$ (32,997)

Included in the consolidated statements of income for the years ended 31 March 2007 and 2008 were retirement benefit expenses comprising the following:

	Millions of yen		Thousands of U. S. dollars
	2007	2008	2008
Service costs – benefits earned during the year	¥ 621	¥ 706	\$ 7,047
Interest cost on projected benefit obligation	253	254	2,535
Expected return on plan assets	(90)	(93)	(928)
Amortization of actuarial differences	81	35	349
Subtotal	865	902	9,003
Contributions for defined contribution pension plan	-	40	399
Contributions for welfare pension funds	-	114	1,138
Additional contributions for the dissolution of the welfare pension fund	-	190	1,896
Total	¥ 865	¥ 1,246	\$ 12,436

The assumptions and bases used for the calculation of retirement benefit obligations for the years ended 31 March 2007 and 2008 were as follows:

	2007	2008
Discount rate	2.0% - 2.5%	2.0% - 2.5%
Expected return rate for plan assets	2.0%	2.0%
Amortization period for actuarial differences	3 years - 10 years	3 years - 10 years

The estimated amount of all retirement benefits to be paid at future retirement dates is allocated equally to each service year using the estimated number of total service years.

9. Stock Option Plans

(a) Expenses for stock option plans for the year ended 31 March 2007 and 2008 were recorded in selling general and administrative expenses in the amount of ¥32 million and ¥19 million (*US\$190 thousand*), respectively.

(b) The details, scale and movement of stock options

Year ended 31 March 2007

1) The following table summarizes the details of stock options as of 31 March 2007:

Company name	The Sumitomo Warehouse Co., Ltd.
Date of the annual shareholders' meeting	13 February 2007
Position and number of grantees	Directors: 7
Number of shares and class of stock	125,000 shares of common stock
Date of issue	1 March 2007
Conditions on settlement of rights	-
Period grantees provide service in return for stock options	-
Period in which subscription rights are to be exercised	From 14 February 2009 to 13 February 2017

2) The following tables summarize the scale and movement of stock options as of 31 March 2007:

Non-exercisable stock options

Stock options outstanding at 1 April 2006	-
Stock options granted	125,000
Forfeitures	-
Conversion to exercisable stock options	125,000
Stock options outstanding at 31 March 2007	-

Exercisable stock options

Stock options outstanding at 1 April 2006	-
Already exercisable	125,000
Stock options exercised	-
Forfeitures	-
Stock options outstanding at 31 March 2007	125,000

The following tables summarize price information on stock options as of 31 March 2007:

Paid-in value	¥986
Average market price of stock at time of exercise	-
Fair market value on grant date	¥262

Year ended 31 March 2008

1) The following table summarizes the details of stock options as of 31 March 2008:

Company name	The Sumitomo Warehouse Co., Ltd.	
Name	Stock options (stock acquisition rights) for the fiscal year ending 31 March 2007	Stock options (stock acquisition rights) for the fiscal year ending 31 March 2008
Position and number of grantees	Directors: 7	Directors: 7
Number of shares and class of stock	125,000 shares of common stock	125,000 shares of common stock
Date of issue	1 March 2007	17 December 2007
Conditions on settlement of rights	-	-
Period grantees provide service in return for stock options	-	-
Period in which subscription rights are to be exercised	From 14 February 2009 to 13 February 2017	From 30 November 2009 to 29 November 2017

2) The following tables summarize the scale and movement of stock options as of 31 March 2008:

Non-exercisable stock options

Company name	The Sumitomo Warehouse Co., Ltd.	
Name	Stock options (stock acquisition rights) for the fiscal year ending 31 March 2007	Stock options (stock acquisition rights) for the fiscal year ending 31 March 2008
Stock options outstanding at 1 April 2007	-	-
Stock options granted	-	125,000
Forfeitures	-	-
Conversion to exercisable stock options	-	125,000
Stock options outstanding at 31 March 2008	-	-

Exercisable stock options

Company name	The Sumitomo Warehouse Co., Ltd.	
Name	Stock options (stock acquisition rights) for the fiscal year ending 31 March 2007	Stock options (stock acquisition rights) for the fiscal year ending 31 March 2008
Stock options outstanding at 1 April 2007	125,000	-
Already exercisable	-	125,000
Stock options exercised	-	-
Forfeitures	-	-
Stock options outstanding at 31 March 2008	125,000	125,000

The following tables summarize price information of stock options as of 31 March 2008:

Company name	The Sumitomo Warehouse Co., Ltd.	
Name	Stock options (stock acquisition rights) for the fiscal year ending 31 March 2007	Stock options (stock acquisition rights) for the fiscal year ending 31 March 2008
Paid-in value	¥986 (US\$9.84)	¥618 (US\$6.17)
Average market price of stock at time of exercise	-	-
Fair market value on grant date	¥262 (US\$2.62)	¥153 (US\$1.53)

(c) Estimation of fair value of stock options

Stock options (stock acquisition rights) for the fiscal year ending 31 March 2007

The method: Black-Scholes formula

Volatility of stock price (*1)	30.688%
Expected life of the stock option (*2)	6 years
Forecasted dividends per share (*3)	¥10.00
Risk-free interest rate (*4)	1.326%

(*1) Calculated on the price of stock from 1 March 2001 to 1 March 2007.

(*2) Assumed that the stock options are exercised at the halfway point of the exercise period because there is insufficient data to estimate otherwise.

(*3) Based on the dividends for the year ended 31 March 2007.

(*4) The interest on government bonds corresponding to the expected life of the stock option.

Stock options (stock acquisition rights) for the fiscal year ending 31 March 2008

The method: Black-Scholes formula

Volatility of stock price (*1)	29.939%
Expected life of the stock option (*2)	6 years
Forecasted dividends per share (*3)	¥10.00
Risk-free interest rate (*4)	1.123%

(*1) Calculated on the price of stock from 17 December 2001 to 17 December 2007.

(*2) Assumed that the stock options are exercised at the halfway point of the exercise period because there is insufficient data to estimate otherwise.

(*3) Based on the dividends for the year ended 31 March 2007.

(*4) The interest on government bonds corresponding to the expected life of the stock option.

10. Deferred Income Taxes

Significant components of the Companies' deferred tax assets and liabilities at 31 March 2007 and 2008 were as follows:

	Millions of yen		Thousands of U. S. dollars
	2007	2008	2008
Deferred tax assets:			
Employees' retirement benefits	¥ 2,500	¥ 2,385	\$ 23,805
Accrued employees' bonuses	620	613	6,118
Directors' and corporate auditors' retirement benefits	394	363	3,623
Impairment loss on fixed assets	364	355	3,543
Enterprise taxes	199	197	1,966
Allowance for doubtful receivables	111	163	1,627
Accrued real estate acquisition tax	81	68	679
Other	551	768	7,666
Total deferred tax assets	4,820	4,912	49,027
Less valuation allowance	(1,027)	(1,188)	(11,858)
Net deferred tax assets	3,793	3,724	37,169
Deferred tax liabilities:			
Unrealized gains on investment securities	(32,378)	(13,799)	(137,728)
Deferred gains on properties for tax purposes	(6,720)	(6,597)	(65,845)
Reserve for special depreciation	(106)	(69)	(689)
Other	(299)	(265)	(2,645)
Total deferred tax liabilities	(39,503)	(20,730)	(206,907)
Net deferred tax liabilities	¥ (35,710)	¥ (17,006)	\$(169,738)

Classifications of "Deferred tax liabilities, net" on the consolidated balance sheet as of 31 March 2007 and 2008 were as follows:

Balance sheet item		Millions of yen		Thousands of U. S. dollars
		2007	2008	2008
Current assets	Deferred tax assets	¥ 1,012	¥ 996	\$ 9,941
Noncurrent assets	Deferred tax assets	226	205	2,046
Noncurrent liabilities	Deferred tax liabilities	(36,948)	(18,207)	(181,725)
		¥ (35,710)	¥ (17,006)	\$(169,738)

The differences between the aggregate statutory income tax rates and the effective income tax rates for the year ended 31 March 2007 were immaterial.

The significant differences between the aggregate statutory income tax rates and the effective income tax rates for the year ended 31 March 2008 were as follows:

	2008
Statutory income tax rate	40.7%
Non-deductible expenses	1.3%
Increase in valuation allowance	1.0%
Nontaxable dividend income	(3.2%)
Difference in tax rate applied to foreign subsidiaries	(2.4%)
Equity in earnings of affiliates	(0.7%)
Other	1.5%
Effective income tax rate	38.2%

11. 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.

12. Contingent Liabilities

At 31 March 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	¥ 3,510	¥ 3,107	\$ 31,011
Trade notes receivable discounted	54	59	589
Trade notes receivable endorsed	665	370	3,693

13. Loss on business restructuring

Loss from the transfer of business from the affiliated companies in Indonesia.

14. Supplemental Cash Flow Information

Supplemental cash flow information for the year ended 31 March 2007 and 2008 was as follows:

Noncash financing activities:

Conversion of convertible bonds:	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Increase in common stock by conversion of convertible bonds	¥ 485	¥ 553	\$ 5,520
Increase in capital surplus by conversion of convertible bonds	485	553	5,520
Treasury stock used for conversion of convertible bonds	-	93	928
Total	¥ 970	¥1,199	\$ 11,968

Assets and liabilities of the newly consolidated subsidiaries by acquisition of shares at the inception of their consolidation, related acquisition cost and net expenditure for the acquisition of shares:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Current assets	¥ 5,889	¥ -	\$ -
Noncurrent assets	14,323	-	-
Goodwill	3,215	-	-
Current liabilities	(8,007)	-	-
Noncurrent liabilities	(5,121)	-	-
Minority interests in consolidated subsidiaries	(2,499)	-	-
Acquisition cost of shares or investments accounted for by the equity method at beginning of year	(96)	-	-
Acquisition cost of shares for the year	7,704	-	-
Cash and cash equivalents	(1,299)	-	-
Payment for acquisition of shares of newly consolidated subsidiaries	¥ 6,405	¥ -	\$ -

15. 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

Year ended 31 March 2007	Millions of yen			
	Logistics	Real Estate	Corporate & Elimination	Consolidated
Sales to outside customers	¥ 112,249	¥ 9,339	¥ -	¥ 121,588
Intersegment transfers	2	379	(381)	-
Total sales	112,251	9,718	(381)	121,588
Operating cost	106,655	4,550	3,016	114,221
Operating income	¥ 5,596	¥ 5,168	¥ (3,397)	¥ 7,367
Assets	¥ 126,040	¥ 37,323	¥ 115,794	¥ 279,157
Depreciation	¥ 2,954	¥ 2,062	¥ 149	¥ 5,165
Capital expenditures	¥ 10,638	¥ 1,693	¥ 671	¥ 13,002

Year ended 31 March 2008	Millions of yen			
	Logistics	Real Estate	Corporate & Elimination	Consolidated
Sales to outside customers	¥ 127,776	¥ 9,956	¥ -	¥ 137,732
Intersegment transfers	2	386	(388)	-
Total sales	127,778	10,342	(388)	137,732
Operating cost	121,238	4,633	3,404	129,275
Operating income	¥ 6,540	¥ 5,709	¥ (3,792)	¥ 8,457
Assets	¥ 135,037	¥ 35,219	¥ 70,136	¥ 240,392
Depreciation	¥ 3,441	¥ 2,103	¥ 165	¥ 5,709
Capital expenditures	¥ 11,995	¥ 676	¥ 535	¥ 13,206

<u>Year ended 31 March 2008</u>	Thousands of U. S. dollars			
	Logistics	Real Estate	Corporate & Elimination	Consolidated
Sales to outside customers	\$ 1,275,337	\$ 99,371	\$ -	\$ 1,374,708
Intersegment transfers	20	3,853	(3,873)	-
Total sales	1,275,357	103,224	(3,873)	1,374,708
Operating cost	1,210,081	46,242	33,975	1,290,298
Operating income	\$ 65,276	\$ 56,982	\$ (37,848)	\$ 84,410
Assets	\$ 1,347,809	\$ 351,522	\$ 700,030	\$ 2,399,361
Depreciation	\$ 34,345	\$ 20,990	\$ 1,647	\$ 56,982
Capital expenditures	\$ 119,723	\$ 6,747	\$ 5,340	\$ 131,810

Corporate costs and expenses of ¥3,397 million and ¥ 3,792 million (*US\$ 37,848 thousand*) for years ended 31 March 2007 and 2008, respectively, consisted mainly of expenses of administrative departments of the Company and some of its consolidated subsidiaries.

Corporate assets of ¥122,720 million and ¥77,005 million (*US\$ 768,590 thousand*) at 31 March 2007 and 2008, respectively, consisted mainly of cash and cash equivalents, investment securities and assets of the administrative departments of the Company and some of its consolidated subsidiaries.

As noted in “Significant Accounting Policies”, “(g) Property and equipment,” starting from this period, tangible fixed assets acquired on or after 1 April 2007 are depreciated in accordance with the method stipulated in the amended Japanese Corporation Tax Law. With this change, for the year ended 31 March 2008, operating income for “Logistics,” “Real Estate” and “Corporate & Elimination” was ¥59 million (*US\$589 thousand*), ¥11 million (*US\$110 thousand*) and ¥1 million (*US\$10 thousand*) less, respectively, than the amounts that would have been recorded without the amendment.

Pursuant to an amendment to the Japanese Corporate Tax Law, after having fully depreciated tangible fixed assets acquired on or before 31 March 2007 up to 5% of the acquisition cost, based on the prior Japanese Corporate Tax Law, the Company and its consolidated domestic subsidiaries depreciate the difference between 5% of the acquisition cost and the memorandum price using the straight-line method over 5 years and expense the amounts as “Depreciation and amortization.” The straight-line depreciation starts from the year following the year, when the book value of tangible assets acquired on or before 31 March 2007 reaches 5% of the acquisition cost. With this change, for the year ended 31 March 2008, operating income of “Logistics,” “Real Estate” and “Corporate & Elimination” was ¥134 million (*US\$1,337 thousand*), ¥42 million (*US\$419 thousand*) and ¥5 million (*US\$50 thousand*) less, respectively, than the amounts that would have been recorded without the amendment.

(b) Information by geographic segment

<u>Year ended 31 March 2007</u>	Millions of yen			
	Japan	Others	Corporate & Elimination	Consolidated
Sales to outside customers	¥ 110,511	¥ 11,077	¥ -	¥ 121,588
Intersegment transfers	761	4,759	(5,520)	-
Total sales	111,272	15,836	(5,520)	121,588
Operating cost	101,143	15,201	(2,123)	114,221
Operating income	¥ 10,129	¥ 635	¥ (3,397)	¥ 7,367
Assets	¥ 149,253	¥ 14,265	¥ 115,639	¥ 279,157

<u>Year ended 31 March 2008</u>	Millions of yen			
	Japan	Others	Corporate & Elimination	Consolidated
Sales to outside customers	¥ 124,496	¥ 13,236	¥ -	¥ 137,732
Intersegment transfers	780	4,898	(5,678)	-
Total sales	125,276	18,134	(5,678)	137,732
Operating cost	113,854	17,307	(1,886)	129,275
Operating income	¥ 11,422	¥ 827	¥ (3,792)	¥ 8,457
Assets	¥ 155,418	¥ 14,935	¥ 70,039	¥ 240,392

<u>Year ended 31 March 2008</u>	Thousands of U. S. dollars			
	Japan	Others	Corporate & Elimination	Consolidated
Sales to outside customers	\$ 1,242,599	\$ 132,109	\$ -	\$ 1,374,708
Intersegment transfers	7,785	48,887	(56,672)	-
Total sales	1,250,384	180,996	(56,672)	1,374,708
Operating cost	1,136,381	172,741	(18,824)	1,290,298
Operating income	\$ 114,003	\$ 8,255	\$ (37,848)	\$ 84,410
Assets	\$ 1,551,232	\$ 149,067	\$ 699,062	\$ 2,399,361

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

Corporate costs and expenses of ¥3,397 million and ¥3,792 million (*US\$ 37,848 thousand*) for year ended 31 March 2007 and 2008, respectively, consisted mainly of expenses of administrative departments of the Company and some of its consolidated subsidiaries.

Corporate assets of ¥122,720 million and ¥77,005 million (*US\$ 768,590 thousand*) at 31 March 2007 and 2008, respectively, consisted mainly of cash and cash equivalents, investment securities and assets of the administrative departments of the Company and some of its consolidated subsidiaries.

As noted in “Significant Accounting Policies”, “(g) Property and equipment,” starting from this period, tangible fixed assets acquired on or after 1 April 2007 are depreciated in accordance with the method stipulated in the amended Japanese Corporation Tax Law. With this change, for the year ended 31 March 2008, operating income for “Japan” and “Corporate & Elimination” was ¥69 million (*US\$689 thousand*) and ¥1 million (*US\$10 thousand*) less, respectively, than the amounts that would have been recorded without the amendment.

Pursuant to an amendment to the Japanese Corporate Tax Law, after having fully depreciated tangible fixed assets acquired on or before 31 March 2007 up to 5% of the acquisition cost, based on the prior Japanese Corporate Tax Law, the Company and its consolidated domestic subsidiaries depreciate the difference between 5% of the acquisition cost and the memorandum price using the straight-line method over 5 years and expense the amounts as “Depreciation and amortization.” The straight-line depreciation starts from the year following the year, when the book value of tangible assets acquired on or before 31 March 2007 reaches 5% of the acquisition cost. With this change, for the year ended 31 March 2008, operating income of “Japan” and “Corporate & Elimination” was ¥177 million (*US\$1,767 thousand*) and ¥5 million (*US\$50 thousand*) less, respectively, than the amounts that would have been recorded without the amendment.

(c) Overseas sales

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

15. Subsequent Events

(a) Appropriation

At the ordinary shareholders' meeting of the Company held on 26 June 2008, the appropriation of retained earnings at 31 March 2008 was duly approved as follows:

	Millions of yen	<i>Thousands of U. S. dollars</i>
Cash dividends of ¥ 5.0 (<i>U. S. \$0.05</i>) per share.....	¥ 956	\$ 9,542

(b) Purchases of treasury stock

The Board of Directors of the Company, at its meeting held on 12 May 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	5,900,000 shares (Ratio to the total number of shares issued (treasury stock excluded): 3.08%)
Total value of shares to be acquired	3,000,000,000 yen (maximum)
Acquisition period	15 May 2008 to 22 September 2008