

The Sumitomo Warehouse Co., Ltd.
Consolidated Balance Sheets
31 March 2003 and 2004

ASSETS	Millions of yen		<i>Thousands of U.S.dollars (Note 1)</i>
	2003	2004	2004
Current assets:			
Cash and cash equivalents	¥ 15,561	¥ 16,704	\$ 158,047
Short-term investments (Note 5)	966	588	5,563
Marketable securities (Note 3)	18	13	123
Receivables			
Trade notes and accounts	12,469	12,846	121,544
Other	1,150	1,637	15,489
Allowance for doubtful receivables	(318)	(488)	(4,617)
	13,301	13,995	132,416
Deferred tax assets (Note 8)	637	546	5,166
Other	778	906	8,572
Total current assets	31,261	32,752	309,887
Investments and other non-current assets:			
Investment securities (Notes 3, 4 and 5)	24,726	52,187	493,774
Long-term loans receivable	439	401	3,794
Other (Notes 3, 4 and 5)	4,932	4,898	46,343
Allowance for doubtful receivables	(299)	(242)	(2,289)
	29,798	57,244	541,622
Property and equipment (Note 5) :			
Land	26,033	28,837	272,845
Buildings and structures	126,115	131,650	1,245,624
Machinery and equipment	19,734	19,766	187,019
Construction in progress	1,136	767	7,257
	173,018	181,020	1,712,745
Less accumulated depreciation	(84,669)	(88,182)	(834,346)
	88,349	92,838	878,399
Intangibles:			
Leasehold (Note 5)	3,264	3,264	30,883
Software	175	201	1,902
Other	167	159	1,504
	3,606	3,624	34,289
Deferred tax assets (Note 8)	98	14	133
	¥ 153,112	¥ 186,472	\$ 1,764,330

See accompanying notes.

The Sumitomo Warehouse Co., Ltd.
Consolidated Balance Sheets
31 March 2003 and 2004

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		<i>Thousands of U.S.dollars (Note 1)</i>
	2003	2004	2004
Current liabilities:			
Bank loans (Note 5).....	¥ 6,158	¥ 5,761	\$ 54,509
Long-term debt due within one year (Note 5).....	6,192	15,620	147,791
Payables :			
Trade notes and accounts	7,160	7,579	71,710
Other.....	3,396	3,293	31,157
	10,556	10,872	102,867
Income taxes payable.....	1,847	1,183	11,193
Accrued employees' bonuses.....	1,570	1,399	13,237
Deferred tax liabilities (Note 8).....	4	3	28
Other.....	1,495	1,246	11,789
Total current liabilities.....	27,822	36,084	341,414
Long-term debt due after one year (Note 5).....	19,406	18,307	173,214
Deferred tax liabilities (Note 8).....	11,107	21,170	200,303
Employees' retirement benefits (Note 7).....	6,673	6,525	61,737
Directors' and corporate auditors' retirement benefits ..	775	886	8,383
Deposits on contracts	17,422	16,329	154,499
Other non-current liabilities	399	358	3,387
Minority interest in consolidated subsidiaries	368	535	5,062
Contingent liabilities (Note 10)			
Shareholders' equity:			
Common stock			
Authorized - 395,872,000 shares			
Issued - 138,611,208 shares at 31 March 2003			
- 138,611,208 shares at 31 March 2004.....	9,452	9,452	89,431
Capital surplus.....	6,323	6,323	59,826
Retained earnings.....	46,730	49,097	464,538
Unrealized gains on investment securities.....	8,240	23,876	225,906
Foreign currency translation adjustments	(375)	(640)	(6,055)
Treasury stock, at cost			
- 4,262,344 shares at 31 March 2003			
- 6,179,229 shares at 31 March 2004.....	(1,230)	(1,830)	(17,315)
Total shareholders' equity.....	69,140	86,278	816,331
	¥ 153,112	¥ 186,472	\$ 1,764,330

See accompanying notes.

The Sumitomo Warehouse Co., Ltd.
Consolidated Statements of Income
Years ended 31 March 2003 and 2004

	Millions of yen		<i>Thousands of U.S.dollars (Note 1)</i>
	2003	2004	2004
Net sales	¥ 91,739	¥ 93,690	\$ 886,460
Cost of sales	79,834	81,736	773,356
Selling, general and administrative expenses	6,508	6,108	57,791
Operating income	5,397	5,846	55,313
Other income (expenses):			
Interest and dividend income.....	392	380	3,596
Interest expense..... (	473)	(456)	(4,315)
Equity in earnings (losses) of affiliates..... (	152)	146	1,381
Net gain on sale of investment securities.....	7	0	0
Amortization of the net transition excess of retirement plans.....	25	-	-
Loss on disposal of property and equipment..... (	191)	(268)	(2,536)
Unrealized loss on deposits for golf club memberships..... (	169)	(25)	(237)
Loss on write-down of investment securities..... (	733)	(13)	(123)
Bad debt loss..... (	72)	-	-
Special retirement benefits..... (	50)	(12)	(114)
Gain on sale of property and equipment.....	8	4	38
Cost of renovation of warehouses and rental properties.....	-	(609)	(5,762)
Bond issue expenses.....	-	(83)	(785)
Other, net.....	179	201	1,902
Income before income taxes and minority interests	4,168	5,111	48,358
Income taxes			
Current.....	2,553	2,262	21,402
Deferred..... (	368)	(360)	(3,406)
	2,185	1,902	17,996
Minority interests	88	1	9
Net income	¥ 1,895	¥ 3,208	\$ 30,353
		Yen	<i>U.S.dollars (Note 1)</i>
Basic net income per share	¥ 13.61	¥ 23.78	\$ 0.22
Dilutive net income per share	¥ 11.30	¥ 19.14	\$ 0.18

See accompanying notes.

The Sumitomo Warehouse Co., Ltd.
Consolidated Statements of Shareholders' Equity
Years ended 31 March 2003 and 2004

	Millions of yen						
	Shares of common stock (Thousands)	Common stock	Capital surplus	Retained earnings	Unrealized gains on investment securities	Foreign currency translation adjustments	Treasury stock
Balance at 31 March 2002	138,611	¥ 9,452	¥ 6,323	¥ 45,698	¥ 15,193	¥ (244)	¥ (5)
Net income				1,895			
Cash dividends at ¥6.0 per share				(823)			
Bonuses to directors and corporate auditors				(40)			
Net decrease in unrealized gains on investment securities, net of tax					(6,953)		
Foreign currency translation adjustments						(131)	
Net increase in treasury stock							(1,225)
Balance at 31 March 2003	138,611	9,452	6,323	46,730	8,240	(375)	(1,230)
Net income				3,208			
Cash dividends at ¥6.0 per share				(801)			
Bonuses to directors and corporate auditors				(40)			
Loss on disposal of treasury stock				(0)			
Net increase in unrealized gains on investment securities, net of tax					15,636		
Foreign currency translation adjustments						(265)	
Net increase in treasury stock							(600)
Balance at 31 March 2004	138,611	¥ 9,452	¥ 6,323	¥ 49,097	¥ 23,876	¥ (640)	¥ (1,830)

	Thousands of U.S.dollars (Note 1)					
	Common stock	Capital surplus	Retained earnings	Unrealized gains on investment securities	Foreign currency translation adjustments	Treasury stock
Balance at 31 March 2003	\$ 89,431	\$ 59,826	\$ 442,142	\$ 77,964	\$ (3,548)	\$ (11,638)
Net income			30,353			
Cash dividends at ¥6.0 (U.S.\$0.06) per share			(7,579)			
Bonuses to directors and corporate auditors			(378)			
Loss on disposal of treasury stock			(0)			
Net increase in unrealized gains on investment securities, net of tax				147,942		
Foreign currency translation adjustments					(2,507)	
Net increase in treasury stock						(5,677)
Balance at 31 March 2004	\$ 89,431	\$ 59,826	\$ 464,538	\$ 225,906	\$ (6,055)	\$ (17,315)

See accompanying notes.

The Sumitomo Warehouse Co., Ltd.
Consolidated Statements of Cash Flows
Years ended 31 March 2003 and 2004

	Millions of yen		Thousands of U.S.dollars (Note 1)
	2003	2004	2004
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 4,168	¥ 5,111	\$ 48,358
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	5,133	5,066	47,933
Equity in losses (earnings) of affiliates	152	(146)	(1,381)
Interest and dividend income	(392)	(380)	(3,596)
Interest expense	473	456	4,315
Net gain on sale of investment securities	(7)	(0)	(0)
Loss on write-down of investment securities	733	13	123
Gain on sale of property and equipment	(8)	(4)	(38)
Loss on disposal of property and equipment	136	33	312
Increase in notes and accounts receivable	(54)	(445)	(4,210)
Increase (decrease) in notes and accounts payable	(26)	476	4,504
Net increase of allowance for doubtful receivables	262	112	1,060
Decrease in employees' retirement benefits	(46)	(148)	(1,400)
Increase in directors' and corporate auditors' retirement benefits	53	111	1,050
Other, net	(1,975)	(2,466)	(23,333)
Sub-total	8,602	7,789	73,697
Interest and dividends received	405	404	3,822
Interest paid	(476)	(458)	(4,333)
Income taxes paid	(2,819)	(2,924)	(27,666)
Net cash provided by operating activities	5,712	4,811	45,520
Cash flows from investing activities:			
Acquisition of securities	(31)	(1,045)	(9,887)
Proceeds from sale or redemption of securities	870	20	189
Acquisition of property and equipment	(3,974)	(9,811)	(92,828)
Proceeds from sale of property and equipment	34	256	2,422
Advance of loans receivable	(158)	(29)	(274)
Collection of loans receivable	52	57	539
Time deposits, maturing after three months and other, net	515	232	2,195
Net cash used in investing activities	(2,692)	(10,320)	(97,644)
Cash flows from financing activities:			
Dividends paid	(825)	(804)	(7,607)
Proceeds from short-term debt	2,890	3,977	37,629
Repayments of short-term debt	(4,397)	(5,284)	(49,995)
Proceeds from long-term debt	759	15,199	143,807
Repayments of long-term debt	(292)	(5,885)	(55,682)
Capital contributions from minority shareholders	-	120	1,136
Purchase of treasury stock	(1,197)	(600)	(5,677)
Net cash provided by (used in) financing activities	(3,062)	6,723	63,611
Effect of exchange rate changes on cash and cash equivalents	(44)	(71)	(672)
Net increase (decrease) in cash and cash equivalents	(86)	1,143	10,815
Cash and cash equivalents at beginning of period	15,647	15,561	147,232
Cash and cash equivalents at end of period	¥ 15,561	¥ 16,704	\$ 158,047

See accompanying notes.

The Sumitomo Warehouse Co., Ltd.
Notes to Consolidated Financial Statements
31 March 2003 and 2004

1. Basis of Presenting Consolidated Financial Statements

- (a) The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to 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 shareholders' equity) 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 Securities 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.

- (b) The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at 31 March 2004, which was ¥105.69 to U.S. \$1. The convenience 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 21 and 23 significant subsidiaries for the years ended 31 March 2003 and 2004, respectively. All significant intercompany transactions and accounts have been eliminated. The fiscal year-end of all the consolidated foreign subsidiaries is 31 December and is different from the Company's. Significant transactions between 31 December and 31 March are reflected in the consolidated financial statements.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries. Excess of cost over equity in net assets acquired is amortized within five years.

The equity method is applied to two subsidiaries and four affiliates. 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 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 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 the estimated uncollectible amounts based on the analysis 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, and 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 shareholders' equity. Realized gains or losses on sales of such securities are 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, such 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, such 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, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

(e) Property and equipment

Property and equipment are carried at cost. The Company and its domestic subsidiaries provide depreciation on a declining balance method over estimated useful lives in accordance with Japanese tax laws. However, depreciation for buildings, except building fixtures, acquired after 31 March 1998 is stated on the straight-line method.

Consolidated foreign subsidiaries compute depreciation on the straight-line method over estimated useful lives.

In the year ended 31 March 2004, the Company did not adopt early the new accounting standard for impairment of fixed assets ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on 9 August 2002) and the implementation guidance for the accounting standard for impairment of fixed assets (the Financial Accounting Standard Implementation Guidance No. 6 issued by the Accounting Standards Board of Japan on 31 October 2003). The new accounting standard is required to be adopted by the period beginning on 1 April 2005, but the standard does not prohibit earlier adoption.

The Company has not yet completed its analysis of the effect of adoption of the new standard.

(f) Finance leases

Finance leases of the Company and certain consolidated subsidiaries which 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.

(g) Software costs

The Company and its consolidated domestic subsidiaries depreciate software using the straight-line method over the estimated useful life of five years.

(h) 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.

(i) Bonuses

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

Bonuses to directors and corporate auditors, which are subject to approval at the shareholders' meeting, are accounted for as an appropriation of retained earnings.

(j) Retirement benefits

i Employees:

The Company and its consolidated domestic subsidiaries provide two types of post-employment 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.

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 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 the plan assets at that date.

The excess of the total of the fair value of pension assets as of 1 April 2000 and the liabilities for retirement benefits recorded as of 1 April 2000 over the projected benefit obligation (the "net transition excess") amounted to ¥ 75 million. This net transition excess has been recognized in gain in equal amounts over 3 years commencing with the year ended 31 March 2001. Actuarial gains and losses are recognized in expenses using the straight-line method within the average of the estimated remaining service lives commencing with the following period.

ii Directors and corporate auditors:

The Company and certain subsidiaries accrue the liability for directors' and corporate auditors' retirement benefits equal to the amount of their retirement payment required if they retired their positions at the balance sheet dates.

(k) Bond issue expenses

Bond issue expenses are charged to income as incurred.

(l) Net income per share

The computations 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 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.

(m) Cash and cash equivalents

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

3. Securities

The following tables summarize acquisition costs, book values and fair value of securities with available fair values as of 31 March 2003:

Held-to-maturity debt securities:

Securities with available fair values exceeding book values:

	Millions of yen	
Book value	¥	868
Fair value		893
Difference	¥	25

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

Available-for-sale securities:

Securities with book values exceeding acquisition cost:

	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥ 6,067	¥ 20,821	¥ 14,754
Bonds	23	32	9
Total	¥ 6,090	¥ 20,853	¥ 14,763

Securities with book values not exceeding acquisition cost:

	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥ 2,743	¥ 2,054	¥ (689)
Other	4	3	(1)
Total	¥ 2,747	¥ 2,057	¥ (690)

The following table summarizes book values of securities with no available fair values as of 31 March 2003:

	Millions of yen	
Available-for-sale securities:		
Non-listed equity securities	¥	1,019
Equity securities issued by subsidiaries and affiliates		816
Total	¥	1,835

Available-for-sale securities with maturities and held-to-maturity debt securities at 31 March 2003 mature as follows:

	Millions of yen			
	Within one year	Over one year but	Over five years but	Over ten years
		within five years	within ten years	
Government bonds	¥ 14	¥ 83	¥ 767	¥ -
Bonds	18	13	-	-
Total	¥ 32	¥ 96	¥ 767	¥ -

Total sales of available-for-sale securities in the year ended 31 March 2003 amounted to ¥220 million and the related gains and losses amounted to ¥75 million and ¥68 million, respectively.

The following tables summarize acquisition costs, book values and fair value of securities with available fair values as of 31 March 2004:

Held-to-maturity debt securities:

Securities with available fair values exceeding book values:

	Millions of yen	Thousands of U.S. dollars
Book value	¥ 84	\$ 795
Fair value	86	814
Difference	¥ 2	\$ 19

Securities with available fair values not exceeding book values:

	Millions of yen	Thousands of U.S. dollars
Book value	¥ 787	\$ 7,446
Fair value	764	7,229
Difference	¥ (23)	\$ (217)

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

Available-for-sale securities:

Securities with book values exceeding acquisition cost:

	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥ 8,732	¥ 49,101	¥ 40,369
Bonds	9	13	4
Other	0	0	0
Total	¥ 8,741	¥ 49,114	¥ 40,373

	Thousands of U. S. dollars		
	Acquisition cost	Book value	Difference
Equity securities	\$ 82,619	\$ 464,576	\$ 381,957
Bonds	85	123	38
Other	0	0	0
Total	\$ 82,704	\$ 464,699	\$ 381,995

Securities with book values not exceeding acquisition cost:

	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥ 90	¥ 76	¥ (14)
Other	4	3	(1)
Total	¥ 94	¥ 79	¥ (15)

	Thousands of U. S. dollars		
	Acquisition cost	Book value	Difference
Equity securities	\$ 851	\$ 719	\$ (132)
Other	38	28	(10)
Total	\$ 889	\$ 747	\$ (142)

The following table summarizes book values of securities with no available fair values as of 31 March 2004:

	Millions of yen	Thousands of U.S. dollars
Available-for-sale securities:		
Non-listed equity securities	¥ 2,033	\$ 19,236
Equity securities issued by subsidiaries and affiliates	973	9,206
Total	¥ 3,006	\$ 28,442

Available-for-sale securities with maturities and held-to-maturity debt securities at 31 March 2004 mature as follows:

	Millions of yen			
	Within one year	Over one year but	Over five years but	Over ten years
		within five years	within ten years	
Government bonds	¥ 49	¥ 45	¥ 774	¥ -
Bonds	13	-	-	-
Total	¥ 62	¥ 45	¥ 774	¥ -

	Thousands of U. S. dollars			
	Within one year	Over one year but	Over five years but	Over ten years
		within five years	within ten years	
Government bonds	\$ 464	\$ 426	\$ 7,323	\$ -
Bonds	123	-	-	-
Total	\$ 587	\$ 426	\$ 7,323	\$ -

Total sales of available-for-sale securities in the year ended 31 March 2004 amounted to ¥2 million (*US\$ 19 thousand*) and the related gains amounted to ¥0 million (*US\$ 0 thousand*).

4. Investments in Related Companies

Investments in non-consolidated subsidiaries and affiliates included in the balance sheet at 31 March 2003 and 2004 were as follows:

	Millions of yen		Thousands of U. S. dollars
	2003	2004	2004
Investment securities and investment in capital	¥ 819	¥ 976	\$ 9,235

5. Bank Loans and Long-term Debt

Bank loans at 31 March 2003 and 2004 bore interest ranging from 0.45% to 2.88% and from 0.46% to 2.20%, respectively.

Long-term debt at 31 March 2003 and 2004 consisted of the following:

	Millions of yen		Thousands of U. S. dollars
	2003	2004	2004
Secured			
Loans principally from banks 0.90%- 6.60% maturing through 2019	¥ 3,488	¥ 2,977	\$ 28,167
Unsecured			
2.3% convertible bonds due 2004, convertible into shares of the Company's common stock at a price of ¥1,068 (<i>US\$10.11</i>) per share	5,206		
1.0% convertible bonds due 2005, convertible into shares of the Company's common stock at a price of ¥401 (<i>US\$3.79</i>) per share	14,658	14,658	138,689
Zero Coupon convertible bonds due 2009, convertible into shares of the Company's common stock at a price of ¥466 (<i>US\$4.41</i>) per share		13,000	123,001
Loans principally from banks 0.83%- 2.13% in 2003, 0.53%-2.13% in 2004 maturing through 2008	2,246	3,292	31,148
	25,598	33,927	321,005
Less amounts due within one year	(6,192)	(15,620)	(147,791)
	¥ 19,406	¥ 18,307	\$ 173,214

The aggregate annual maturities of long-term debt at 31 March 2004, were as follows:

<u>Year ending 31 March</u>	Millions of yen	Thousands of U. S. dollars
2005	¥ 15,620	\$ 147,791
2006	939	8,884
2007	1,095	10,361
2008	965	9,130
2009	13,844	130,987
2010 and thereafter	1,464	13,852
	<u>¥ 33,927</u>	<u>\$ 321,005</u>

At 31 March 2004, assets pledged as collateral for short-term bank loans of ¥4,144 million (*US\$39,209 thousand*) and secured long-term debt 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	\$ 2,129
Investments securities	5,543	52,445
Property and equipment, net of accumulated depreciation	5,489	51,935
Leasehold and other	368	3,482
	<u>¥ 11,625</u>	<u>\$ 109,991</u>

6. Leases

(a) Finance leases as lessee

At 31 March 2003 and 2004, non-capitalized finance leases for machinery and equipment were as follows:

	Millions of yen		Thousands of U. S. dollars
	2003	2004	2004
Original lease obligations	¥ 1,842	¥ 1,859	\$ 17,589
Lease payments	(953)	(969)	(9,168)
Remaining lease obligations	<u>¥ 889</u>	<u>¥ 890</u>	<u>\$ 8,421</u>

Total lease payments under non-capitalized finance leases arrangements were ¥372 million and ¥372 million (*US\$3,520 thousand*) for the years ended 31 March 2003 and 2004, respectively.

Lease obligations under non-capitalized finance leases, including finance charges, at 31 March 2003 and 2004, were as follows:

	Millions of yen		Thousands of U. S. dollars
	2003	2004	2004
Due within one year	¥ 325	¥ 328	\$ 3,103
Due after one year	564	562	5,318
Total	<u>¥ 889</u>	<u>¥ 890</u>	<u>\$ 8,421</u>

(b) Finance leases as lessor

At 31 March 2003 and 2004, buildings and structures leased by a consolidated subsidiary under finance leases were as follows:

	Millions of yen		Thousands of U. S. dollars
	2003	2004	2004
Acquisition cost	¥ 6	¥ 6	\$ 57
Less accumulated depreciation	(4)	(4)	(38)
Total	<u>¥ 2</u>	<u>¥ 2</u>	<u>\$ 19</u>

7. Employees' Retirement Benefits

The liabilities for employees' retirement benefits included in the liability section of the consolidated balance sheet as of 31 March 2003 and 2004 consisted of the following:

	Millions of yen		Thousands of U. S. dollars
	2003	2004	2004
Projected retirement benefit obligation	¥ (12,133)	¥ (11,956)	\$ (113,123)
Plan assets	3,678	4,060	38,414
Unfunded retirement benefit obligation	(8,455)	(7,896)	(74,709)
Less unrecognized actuarial differences	1,782	1,371	12,972
Liability for retirement benefits	¥ (6,673)	¥ (6,525)	\$ (61,737)

Included in the consolidated statements of income for the years ended 31 March 2003 and 2004 are retirement benefit expenses comprised of the following:

	Millions of yen		Thousands of U. S. dollars
	2003	2004	2004
Service costs – benefits earned during the year	¥ 754	¥ 542	\$ 5,128
Interest cost on projected benefit obligation	284	248	2,347
Expected return on plan assets	(69)	(67)	(634)
Amortization of net transition excess	(25)	-	-
Amortization of actuarial differences	119	195	1,845
Retirement benefit expenses	¥ 1,063	¥ 918	\$ 8,686

The assumptions and basis used for the calculation of retirement benefit obligations for the years ended 31 March 2003 and 2004 were as follows:

	2003	2004
Discount rate	2.5%	2.5%
Expected return rate for plan assets	2.0%	2.0%
Amortization period for actuarial differences	10 years	10 years
Amortization period for net transition excess	3 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.

8. Deferred Income Taxes

Significant components of the Companies' deferred tax assets and liabilities at 31 March 2003 and 2004 were as follows:

	Millions of yen		Thousands of U. S. dollars
	2003	2004	2004
Deferred tax assets:			
Employees' retirement benefits	¥ 2,200	¥ 2,309	\$ 21,847
Accrued employees' bonuses	566	580	5,488
Directors' and corporate auditors' retirement benefits	450	471	4,456
Enterprise taxes	166	99	937
Accrued real estate acquisition tax	19	69	653
Allowance of doubtful receivables	216	29	274
Other	698	660	6,245
Total deferred tax assets	4,315	4,217	39,900
Less valuation allowance	(698)	(639)	(6,046)
Net deferred tax assets	3,617	3,578	33,854
Deferred tax liabilities			
Unrealized gain on investment securities	(5,818)	(16,425)	(155,407)
Special reserves	(7,589)	(7,258)	(68,673)
Reserve for special depreciation	(296)	(258)	(2,441)
Other	(290)	(250)	(2,365)
Total deferred tax liabilities	(13,993)	(24,191)	(228,886)
Net deferred tax liabilities	¥ (10,376)	¥ (20,613)	\$ (195,032)

The significant differences between the aggregate statutory income tax rates and the effective income tax rates for the years ended 31 March 2003 and 2004 were follows:

	2003	2004
Statutory income tax rate	42.1%	42.1%
Non-deductible expenses	1.9%	1.0%
Net loss of consolidated subsidiaries	3.6%	0.8%
Utilization of previously unrecognized tax loss carry forward of a consolidated subsidiary	-	(2.7%)
Non-taxable dividend income	(1.7%)	(1.3%)
(Decrease) increase in valuation allowance	7.9%	(1.2%)
Decrease of deferred tax assets and liabilities by the change in the aggregate statutory income tax rate	(2.3%)	-
Other	0.9%	(1.5%)
Effective income tax rate	52.4%	37.2%

Effective for years commencing on 1 April 2004 or later, according to the revised local tax law, income tax rates for enterprise taxes will be reduced. Based on the change in income tax rates, for calculation of deferred income tax assets and liabilities, the Company and consolidated domestic subsidiaries used the aggregate statutory income tax rates of 42.1% and 41.3% for current items and non-current items, respectively, at 31 March 2003.

As a result of the change in the aggregate statutory income tax rates, deferred income tax assets at 31 March 2003 decreased by ¥51 million and deferred income tax liabilities decreased by ¥253 million including ¥108 million related to unrealized gains on investment securities and deferred income tax expense decreased by ¥94 million compared with what would have been recorded under the previous local tax law.

9. Shareholders' Equity

Under the Commercial Code 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 Commercial Code of Japan provides that an amount equal to at least 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 condition that the total amount of legal reserve and additional paid-in capital remains being equal to or exceeding 25% of common stock, they are available for distribution by the resolution of 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 Commercial Code.

10. Contingent Liabilities

At 31 March 2003 and 2004, the Companies were contingently liable as follows:

	Millions of yen		<i>Thousands of U. S. dollars</i>
	2003	2004	2004
As endorser of notes endorsed	¥ 713	¥ 632	\$ 5,980
As guarantor of indebtedness	5,690	4,729	44,744

11. Segment Information

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 leasing, warehouse and logistics facilities leasing

Year ended 31 March 2003	Millions of yen			
	Logistics	Real estate	Corporate & Elimination	Consolidated
Sales to outside customers	¥ 76,987	¥ 14,752	¥ -	¥ 91,739
Inter-segment transfers	37	444	(481)	-
Total sales	77,024	15,196	(481)	91,739
Operating cost	76,555	6,858	2,929	86,342
Operating income	¥ 469	¥ 8,338	¥ (3,410)	¥ 5,397
Assets	¥ 68,130	¥ 43,745	¥ 41,237	¥ 153,112
Depreciation	2,601	2,312	220	5,133
Capital expenditures	1,514	2,409	93	¥ 4,016

Year ended 31 March 2004	Millions of yen			
	Logistics	Real estate	Corporate & Elimination	Consolidated
Sales to outside customers	¥ 79,979	¥ 13,711	¥ -	¥ 93,690
Inter-segment transfers	36	414	(450)	-
Total sales	80,015	14,125	(450)	93,690
Operating cost	78,253	6,923	2,668	87,844
Operating income	¥ 1,762	¥ 7,202	¥ (3,118)	¥ 5,846
Assets	¥ 67,560	¥ 50,183	¥ 68,729	¥ 186,472
Depreciation	2,367	2,482	217	5,066
Capital expenditures	1,317	8,299	166	¥ 9,782

Year ended 31 March 2004	Thousands of U.S. dollars			
	Logistics	Real estate	Corporate & Elimination	Consolidated
Sales to outside customers	\$ 756,732	\$ 129,728	\$ -	\$ 886,460
Inter-segment transfers	340	3,918	(4,258)	-
Total sales	757,072	133,646	(4,258)	886,460
Operating cost	740,401	65,503	25,243	831,147
Operating income	\$ 16,671	\$ 68,143	\$ (29,501)	\$ 55,313
Assets	\$ 639,228	\$ 474,813	\$ 650,289	\$ 1,764,330
Depreciation	22,396	23,484	2,053	47,933
Capital expenditures	12,461	78,522	1,571	92,554

Corporate costs and expenses of ¥3,410million and ¥3,118 million (*US\$ 29,501 thousand*) for years ended 31 March 2003 and 2004, respectively, mainly consisted of expenses of administrative departments of the Company.

Corporate assets of ¥41,964 million and ¥69,335 million (*US\$ 656,022 thousand*) at 31 March 2003 and 2004, respectively, mainly consisted of cash and cash equivalents, investment securities and assets of the administrative departments of the Company.

Sales and assets of the consolidated foreign subsidiaries were immaterial. Accordingly, information by geographic segment is not disclosed.

Overseas sales, which represent sales to customers outside Japan, of the Companies were immaterial. Accordingly, overseas sales are not disclosed.

12. Subsequent Event

At the ordinary shareholders' meeting of the Company held on 29 June 2004, the appropriation of retained earnings at 31 March 2004 was duly approved as follows;

	Millions of yen	<i>Thousands of U. S. dollars</i>
Cash dividends at ¥ 3.0 (<i>U. S. \$0.03</i>) per share.....	¥ 398	\$ 3,766
Bonuses to directors and corporate auditors.....	40	378