The Road to Success

Seino Holdings Co., Ltd.
Annual Report 2006
Year Ended March 31, 2006

Profile

Seino Holdings Co., Ltd. (the "Company") was founded as a trucking company in 1930, incorporated in 1946 and renamed Seino Transportation Co., Ltd. in 1955. The Company is headquartered in Ogaki, Gifu Prefecture, which is situated in central Japan and convenient for transporting commercial cargo. Together with the expansion of the Japanese economy and the development of Japan's extensive expressway network, Seino has achieved steady growth over the years to become one of the nation's leading trucking companies. On October 1, 2005, Seino transitioned to a pure holding company structure after separating and reorganizing its transportation business and other businesses. The new holding company has assumed the name Seino Holdings while the newly formed transportation company has taken the original name, Seino Transportation.

The Seino Group currently comprises the pure holding company, Seino Holdings, 43 consolidated subsidiaries and 16 affiliates engaged in such key areas as transportation services, vehicle sales, leasing for real estate services and other services. Adhering to its "customer first" principle, Seino has worked solidly to optimize its extensive network. Today, as of March 31, 2006, Seino provides efficient transportation services throughout Japan via its 400 domestic terminals, a fleet of 21,258 trucks and a sophisticated network that averages 5,300 routes daily. Overseas, Seino is working to further enhance its competitiveness by exploiting the synergies among its Group alliances through such measures as transferring international forwarding operations to joint venture company Schenker-Seino Co., Ltd. and effectively utilizing the Company's global network and leading-edge IT systems to expand this business.

The Seino Group will proceed down the "Road to Success" to become a highly profitable company by providing customers with fast and highly satisfying services through a reliable collaborative network based on its medium-term management plan, which focuses on the three main pillars of the Less-than-Truck Load (LTL) commercial cargo transportation business, the logistics business and the vehicle sales business.

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Forward-looking Statements:
In this annual report, statements other than historical facts are forward-looking statements that reflect the plans and expectations of the Company. These forward-looking statements involve risks, uncertainties and other factors that may cause the Company's actual results and achievements to differ materially from those anticipated in these statements.

Seino Holdings Co., Ltd.

Financial Highlights

For the Years Ended March 31, 2006, 2005 and 2004

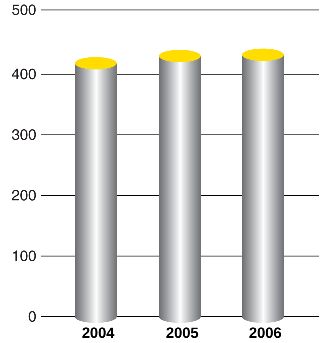
	Millions of Yen			Thousands of U.S. Dollars [2]
	2006	2005	2004	**2006**
NON-CONSOLIDATED BASIS:				
Operating revenue	**¥ 129,684**	¥ 265,501	¥ 259,295	**$ 1,108,410**
Operating income	**1,112**	6,426	6,858	**9,504**
(Loss) income before income taxes	**(15,130)**	8,318	7,911	**(129,316)**
Net (loss) income	**(18,793)**	4,562	4,173	**(160,624)**
Net (loss) income per share (in whole yen and U.S. dollars) [1] :				
-Basic	**(95.79)**	23.07	23.53	**(0.82)**
-Diluted	**—**	22.77	20.43	**—**
CONSOLIDATED BASIS:				
Operating revenue	**¥ 427,520**	¥ 423,833	¥ 417,705	**$ 3,654,017**
Operating income	**10,082**	12,047	12,665	**86,171**
(Loss) income before income taxes and minority interests	**(1,188)**	22,144	21,221	**(10,154)**
Net (loss) income	**(8,334)**	14,273	13,439	**(71,231)**
Net (loss) income per share (in whole yen and U.S. dollars):				
-Basic	**¥ (43.35)**	¥ 72.26	¥ 76.11	**$ (0.37)**
-Diluted	**—**	70.67	63.33	**—**

	Millions of Yen			Thousands of U.S. Dollars [2]
	2006	2005	2004	**2006**
NON-CONSOLIDATED BASIS:				
Cash and cash equivalents, and short-term investments	**¥ 27,540**	¥ 32,150	¥ 54,553	**$ 235,384**
Property and equipment, net of accumulated depreciation	**1**	165,062	162,278	**9**
Total assets	**281,029**	321,960	348,879	**2,401,957**
Long-term debt and other long-term liabilities	**6,416**	39,701	47,352	**54,838**
Net assets	**237,549**	230,792	229,917	**2,030,333**
Net assets per share (in whole yen and U.S. dollars)	**1,196.61**	1,182.60	1,161.85	**10.23**
CONSOLIDATED BASIS:				
Cash and cash equivalents, and short-term investments	**¥ 62,582**	¥ 70,441	¥ 89,020	**$ 534,889**
Property and equipment, net of accumulated depreciation	**225,815**	248,832	246,925	**1,930,043**
Total assets	**446,933**	470,492	494,743	**3,819,940**
Long-term debt and other long-term liabilities	**69,689**	59,330	73,870	**595,633**
Net assets	**278,916**	283,352	272,694	**2,383,897**
Net assets per share (in yen and U.S. dollars)	**¥1,420.60**	¥1,457.82	¥1,383.88	**$ 12.14**

(Notes) 1.Yen and U.S.dollar amounts have been rounded off to the nearest whole number.
2.U.S. dollar amounts are translated at ¥117 = US$1, solely for the convenience of readers.

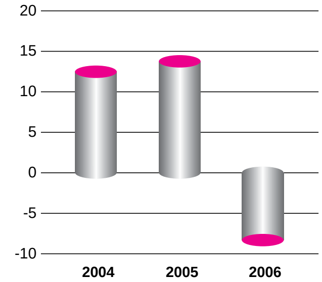
Operating revenue

(Billions of Yen)



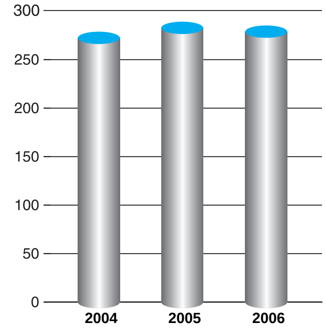
Net (loss) income

(Billions of Yen)



Net assets

(Billions of Yen)



A Message from the Management

To Our Shareholders, Customers and Friends

We are pleased to have this opportunity to report to shareholders, investors and other stakeholders on the consolidated business results of Seino Holdings for the fiscal year ended March 31, 2006 (April 1, 2005 - March 31, 2006).

Operating Environment

In the fiscal year under review, despite such negative influences as mounting prices for crude oil and other materials, the Japanese economy underwent a mild recovery amid expanded capital investment, strong consumer sentiment fueled by improved wage and employment conditions and modest exports.

In the transportation industry, we were faced with such pressures as continued requests from customers for more precision-enhanced logistics technologies and streamlining as well as substantial outlays as a result of skyrocketing fuel prices and required safety and environmental measures. Other obstacles included a dwindling pool of human resources as the baby-boom generation enters retirement.

Affirmative Measures and Business Results

Against this backdrop, Seino Transportation transitioned to a pure holding company structure on October 1, 2005 in order to raise corporate value by promoting further expansion and cohesiveness within the Group, improve profitability and further augment and raise management efficiency. The new holding company, Seino Holdings, oversees respective companies within the Group and strategic decision-making while the newly formed Seino Transportation engages in Less-than-Truck Load (LTL) commercial cargo transportation and other businesses.

With that groundwork now in place, we are focused on maximizing Group synergies through effective resource allocation and developing a structure that can rapidly and flexibly adapt to changes in the environments of each business, while concurrently working to clarify responsibilities and powers.

On October 1, 2005, we conducted a stock swap with four consolidated subsidiary automobile dealerships and converted them into wholly owned subsidiaries with the aim of raising the value of the entire Group.

In order to achieve the goals of our medium-term management plan, “G5 (Group 5) Plan,” which calls for a Groupwide operating income margin of 4%, we pursued a strategy of expanding businesses Groupwide through a reliable collaborative network managed chiefly by Seino Holdings. To increase customer satisfaction, Seino has also worked solidly to boost transportation quality. Measures geared toward this goal include improvements to our online track and trace service, making Seino the first transportation company in Japan to offer customers estimated delivery time updates every 20 minutes. We also introduced a cash management system (CMS) and reduced costs through such means as curbing Group loans and commissions paid.

As a result of these measures, consolidated operating revenue edged up 0.9% to ¥427,520 million (US$3,654 million), while operating income fell 16.3% to ¥10,082 million (US$86 million). A net loss of ¥8,334 million (US$71 million) was recorded from an impairment loss on fixed assets following application of the “Accounting Standard for Impairment of Fixed Assets.”

Working Steadily to Accomplish Goals of the G5 Plan

Despite the economic recovery, the transportation industry, Seino’s core business, shows little hope of expansion in terms of total volume handled. Competition is also growing increasingly fierce as a result of high crude oil prices, which show little sign of abating, an increase in industry players, investments required to meet safety and environmental standards along with other factors related to corporate social responsibility (CSR), and the effects of revisions to traffic and energy conservation legislation.

In the fiscal year ending March 31, 2007, which is the halfway mark for the G5 Plan, we, as a Group, will make utmost efforts to further improve transportation technologies and expand sales for “Designated Time” products in order to fulfill our mission as a true service provider.

In particular, we will start offering “JITBOX Charter Delivery” as a new “Designated Service” product in cooperation with Yamato Holdings Co., Ltd. The service offers just-in-time (JIT) delivery charged per rolling box palette within the Seino Group’s main operating areas, including nationwide route delivery and delivery west of Shizuoka Prefecture, which is located between Tokyo and Osaka metropolitan areas.

Looking ahead, projections for fiscal 2007 call for operating revenue of ¥434,000 million and net income of ¥13,000 million.

Corporate Governance

Seino employs a corporate auditor system. As of March 31, 2006, the Board of Directors comprises 10 internal and two external directors, each of whom holds a one-year term. Together with making swift and accurate decisions regarding such important matters as business restructuring and strategic investments, the Board of Directors is taking important steps to strengthen auditing functions and achieve greater management transparency taking into account the objective feedback of external directors.

All four corporate auditors, including two outside auditors, attend the Meeting of the Board of Directors and other relevant meetings. Auditors also make efforts to enhance compliance and increase societal trust through such activities as auditing operational business execution. We have also established the Internal Controls Project to guide internal audits in an effort to build and maintain an ethical framework for audits of Group operations and financial performance.

To Our Shareholders

In keeping with its basic business policy, Seino strives to enhance shareholders' equity and improve profitability from a long-term perspective while maintaining stable dividends. Accordingly, Seino maintained regular annual cash dividends per share at ¥11.00 (US$0.09) for the fiscal year ended March 31, 2006. Through the G5 Plan, management is fully committed to making Seino the preeminent freight transportation company while concurrently raising corporate and shareholder value. We would like to take this opportunity to ask shareholders, customers and friends for their continued support.

August 2006

Yoshikazu Taguchi
Chairman and Chief Executive Officer

Yoshitaka Taguchi
President and Chief Operating Officer

G5 Plan

Working to Achieve the Goals of the New Three-year Medium-term Management Plan

- Aiming for an operating income margin of 4%

The Seino Group established the G5 Plan in 2005 as its new three-year, medium-term management plan directed toward realizing a targeted operating income margin of 4%. Measures to be undertaken in each of the Group's business segments to achieve that goal are outlined below.

Seino Holdings

Transition to a Pure Holding Company Structure

On October 1, 2005, Seino Holdings (previously Seino Transportation) transitioned to a pure holding company after separating its transportation and other businesses into separate companies. The newly formed transportation company, meanwhile, assumed the original name—Seino Transportation.

This transition has accelerated decision-making by deferring Group oversight and strategic decision-making to the holding company, and has raised operational efficiency by enabling the Group companies to more swiftly adapt to changes in the environments of their business segments.

Four Automobile Dealerships Converted into Wholly Owned Subsidiaries

In preparation for the transition to a pure holding company, Seino converted three transportation businesses within the Group—Nohi Seino Transportation Co., Ltd., Kanto Seino Transportation Co., Ltd. and Tokai Seino Transportation Co., Ltd.—into wholly owned subsidiaries through a stock swap in August 2001. On October 1, 2005, four consolidated subsidiaries, automobile dealerships Toyota Corolla Gifu Co., Ltd., Gifu Hino Motor Co., Ltd., Netz Toyota Gifu Co., Ltd. and Netz Toyota Centro Gifu Co., Ltd., which makeup the core of the vehicle sales business segment, also became wholly owned subsidiaries following a similar stock swap. The goal of this business reorganization was to enable more rapid and flexible adaptation to changes in the increasingly fierce business environment, and expand business by optimizing the return on investments made within the Group.

Introduction of Cash Management System (CMS)

Seino has started introducing CMS to comprehensively manage the capital of Group companies. In February 2005, Seino began asset pooling, in which the surplus funds of Seino Trading Co., Ltd. and nine other Group companies are collected and then managed in a joint account at the Head Office. Group companies in need of funds can then draw from this account, thereby raising asset efficiency.

Since April 2005, the Head Office has taken care of payments to customers of Group companies along with transfers of salaries and bonuses to employees. From November, the accounts receivable and payable between Group companies are compared and only the balance transferred. The unification of such management operations enables the personnel resources of Group companies to be allocated to such direct divisions as marketing, thereby serving to increase profitability. As of March 31, 2006, a total of 30 companies were using the CMS, while plans call for eventually extending the system to cover 43 consolidated subsidiaries.

Launch of Seino Business Support Co., Ltd.

On January 5, 2006, Seino launched Seino Business Support Co., Ltd. to unify the accounting operations of Seino Group companies. Seino Business Support aims to streamline and increase the efficiency of Group management divisions by managing such back office operations as accounting, settlements, and payment and collection of debts and credits.

For the time being, it will be responsible for the payment operations of Seino Transportation and all of the accounting for Seino Trading Co., Ltd. and Seino Information Service Co., Ltd.

During 2006, 17 Group companies that have their head offices in Gifu Prefecture and the surrounding prefectures are targeted to have part of their operations transferred to Seino Business Support, while the end goal will see all Group companies having a portion of their operations handled there.

Raising the efficiency of Group accounting is expected to contribute to improved management efficiency and augmented marketing capability within the entire Group.

Implementation of a Trust-type Rights Plan

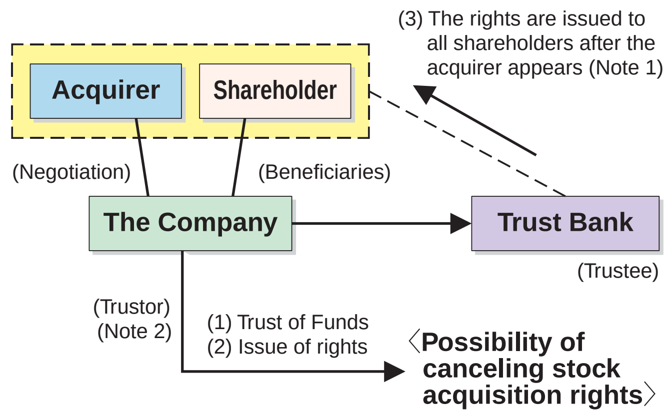
At the Ordinary General Meeting of Shareholders held on June 24, 2005, Seino's shareholders approved the adoption of a trust-type rights plan as an acquisition defense measure.

Once a rarity in Japan, hostile takeovers are now being seen more frequently. There are certain types of takeovers that clearly pose a threat to corporate value in view of the purpose of the takeover and the management policies that are likely to follow. In order to safeguard against unsuitable takeovers, Seino has introduced a trust-type rights plan designed to protect its corporate value and the common interests of all shareholders.

The plan that has been adopted involves the creation of a trust pursuant to a trust agreement with The Sumitomo Trust & Banking Co., Ltd., as trustee. The trust assets are comprised initially of funds that will be used for payment of the fees for the trustee and others, and, thereafter, stock acquisition rights issued by Seino without consideration. Upon the occurrence of certain defined trigger events in connection with a potential acquisition of Seino, the stock acquisition rights held in trust may be distributed to shareholders (other than the potential acquirer and its related persons) on a pro rata basis and become exercisable for a nominal price. Such a distribution of stock acquisition rights is intended to thwart an unwanted takeover by diluting the shares that are held by the hostile acquirer. Additionally, the existence of the rights plan is intended to encourage potential acquirers to initially approach management with their plans instead of launching a preemptory hostile bid.

In order to ensure the fair and efficient administration of the rights plan, an independent committee composed of individuals with no affiliation with Seino management has been formed and charged with determining whether the stock acquisition rights should in fact become exercisable in the event a takeover event arises. The independent committee's decision is to be made in accordance with established guidelines and reported to Seino's board of directors, which has the responsibility of taking corporate action based on the recommendation of the independent committee.

〈Overview of Trust-type Rights Plan〉



(Note 1) Including the acquirer and excluding the Company as a holder of treasury shares
(Note 2) In addition to its position as a trustor, the Company is also in a position of a beneficiary, but has no rights with regard to the rights comprising the trust assets.

For more details, please see:
http://www.seino.co.jp/seino/e/news/pdf/14jun2005_FAQ.pdf

Transportation Services Business

Box Charter Joint Venture with Yamato Holdings Co., Ltd.

Seino concluded a joint capital investment agreement with Yamato Holdings Co., Ltd. for the establishment of Box Charter Co., Ltd. Launched on March 1, 2006, Box Charter, in which Yamato and Seino hold a respective 85% and 15% stake, began operations in April with the start of “JITBOX Charter Delivery.”

This service offers shipping for freight up to 600 kg on rolling box palette cargo containers. Rather than charge fees based on each actual parcel being shipped,

“JITBOX Charter Delivery” service

“JITBOX Charter Delivery” charges according to palette space used, thereby encouraging maximum use of available space and raising the load efficiency of each truck. In addition, the palette structure eliminates accidents during the reloading process. Target users of this service are manufacturers shipping products in need of supply chain management (SCM) and manufacturers of components and materials that must be sent just in time (JIT).

As a partner in the expansion of this business nationwide, the Seino Transportation Group is responsible for marketing Box Charter, nationwide route delivery and delivery west of Shizuoka Prefecture approximately midway between the Tokyo and Osaka metropolitan areas.

Through this new business, Seino, with its expertise in route delivery, and Yamato aim to establish a new standard in the transport business by offering the kind of optimized transport demanded by customers, as well as promote the entry of other businesses into the industry by offering franchise opportunities.

Participation in “Team Minus 6%”

Seino vigorously promotes activities to prevent global warming as a participant in the Ministry of the Environment’s “Team Minus 6%” project, which aims to reduce greenhouse gas emissions in Japan to 6% below 1990 levels, as pledged by the government in the Kyoto Protocol that came into effect from February 2005.

Seino’s mission—“Contribute to the nation and society by providing preeminent transportation services esteemed by customers”—not only entails contributions to the economy through logistics, but also efforts to alleviate environmental concerns and to be vigilant in traffic safety as a good corporate citizen.

To date, Seino has supplied employees with special summer uniforms, introduced hybrid vehicles (671 on the road as of March 31, 2006), installed energy-saving tires (2,000 units installed on 10-ton route trucks), implemented “eco-driving” (driving under 2,000 rpm, idling stops, optimized air pressure) and is encouraging a modality shift (switching from route delivery for 150 trucks worth of freight to train container transport).

As a participating company of the national Japanese government campaign, “Team Minus 6%,” Seino will work to alleviate global warming through the regular daily activities of each and every employee.

“Team Minus 6%” activities

Expansion of Bases to Augment Logistics Business

Seino has also instituted improvements at a number of bases in order to augment the logistics business.

Of particular note, the Wako terminal (Saitama Prefecture) was completed in April 2005, and Sakura Logistics Center, which is located between the Tokyo metropolitan area and Narita International Airport, was completed in February 2006. Both centers have large-sized terminal and warehouse functions that address a wide variety of logistics needs. Moreover, Sakura Logistic Center has expansive air conditioning systems and automated racks that enable storing and controling of inventories with various and dedicated requirements efficiently. These logistics centers take advantage of a competitive location and equipment to meet customers' requests.

Automatic rack at the Sakura Logistics Center

Vehicle Sales Business

Toyota Corolla Gifu —Opening of Lexus Yabuta Branch

In the term under review, Toyota Corolla Gifu opened two new retail outlets in Gifu City.

The Lexus Yabuta retail outlet for Lexus brand models produced by Toyota targets affluent consumers and buyers of foreign luxury automobiles. With innovative new Lexus models scheduled to be released, efforts will focus on increasing sales in the luxury automobile segment in combination with further penetration of the Volkswagen brand models sold under an agreement with Toyota.

Toyota Corolla Gifu also established “Value Mart” for sales of used cars as a new kind of specialty retail outlet that collects all of the showroom automobiles from the company's respective retail outlets and sells them at a reasonable price. Aggressive regional expansion will be pursued as one of Toyota Corolla Gifu's leading sales bases.

Other Businesses

Retail and Housing Sales Businesses

In the Other segment, Seino worked aggressively to expand sales through Seino Trading which operates in this segment's mainstay of merchandise sales, as well as through the sales of residential properties of Toyota Home Gifu Co., Ltd.

Seino Trading achieved a 10.9% increase in operating revenue and 10.3% increase in operating income as a result of increased sales of such products as office paper and fuels, the latter of which have been affected by soaring crude oil prices. In addition, the company worked to renovate facilities for mobile phone stores and make them barrier free.

Toyota Home Gifu worked to expand orders among buyers for single detached homes with attached land using open house exhibits as well as by developing its lineup of new concept homes. As a result, operating revenue rose 30.4%. Nevertheless, net income declined 37.1% owing to am impairment loss on fixed assets on idle business properties.

Efforts to make facilities barrier free

Review of Operations

Performance by segment is outlined below.

Business segments have been revised from the fiscal year under review, with the addition of the Vehicle Sales segment and the integration of Merchandise Sales and Information Services into the Other segment. Leasing for Real Estate Services, which was previously included in Others, is now an independent business segment.

Transportation Services

Operating revenue in the Transportation Services segment held relatively steady from the previous term at ¥307,888 million (US$2,632 million). However, rising fuel prices, vehicle expenses and the costs of environmental and safety measures significantly impacted operations, resulting in a 25.9% decline in operating income to ¥5,874 million (US$50 million).

During the fiscal year under review, along with continued requests for more precision-enhanced transport technologies and streamlining and the aforementioned mounting costs associated with escalating fuel prices and environmental and safety measures, the Company also had to contend with difficulties securing the necessary labor.

Within this segment, much effort was focused on providing more precise information as a way to boost customer satisfaction levels. Seino now provides online updates of the status of parcels every 20 minutes until their delivery. This tool, which is a first nationwide, is marketed by focusing purely on customer convenience. Currently, the Transportation Services group delivers 90% of its parcels as scheduled on the online updates.

The Group as a whole also worked to trim costs by reducing the number of two-man driving teams on long-range route deliveries, streamlining operations by employing a single driver for multiple short-range deliveries and optimally dispatching personnel. Seino also promoted streamlining by concentrating on building a finely tailored unit load system structure for greater transport efficiency.

Twenty-two transportation companies within the Group are currently targeted for consolidation. The main businesses operated by Seino Transportation, the newly formed subsidiary that stands at the core of the Transportation Services segment, are outlined below.

In the fiscal year under review, Seino Transportation worked actively to expand business by bolstering sales in such key strategic “Designated Time” product lines as the Kangaroo Super 9 and Super 10 services, which offer deliveries by 9 or 10 a.m. the following morning, as well as the Kangaroo Super Express service, which offers same-day delivery utilizing Shinkansen bullet trains operating between Tokyo and Osaka. Cognizant that the logistics business is the strategic core of the Transportation Services segment, the Company also expanded facilities and equipment and trained personnel in the marketing of logistics solutions.

In regard to capital investment, Seino Transportation focused on offering logistics services, which are relevant to modern needs, and established the Wacko Terminal (Saitama Prefecture), which features truck terminal and expanded logistics operations, and the Sakura Logistics Center (Chiba Prefecture), which features automated racks.

Operating Revenue by Business Segment

(Millions of yen)

	Fiscal 2006			Fiscal 2005		
	Results	Composition		Results	Composition	Year-on-Year
Transportation Services	307,888	72.0%	Transportation Services	307,264	72.5%	0.2%
Vehicle Sales	82,334	19.3%	Merchandise Sales	98,259	23.2%	—
Leasing for Real Estate Services	1,004	0.2%	Information Services	5,268	1.2%	—
Other	36,294	8.5%	Others	13,042	3.1%	—
Total	427,520	100.0%	Total	423,833	100.0%	0.9%

Vehicle Sales

Operating revenue was ¥82,334 million (US$704 million), while operating income was ¥2,154 million (US$18 million).

This segment comprises sales of trucks and passenger vehicles.

In truck sales, while sales of mid-sized trucks were promising, large trucks languished and sales of standard trucks were roughly equivalent to the previous fiscal year. Sales of passenger vehicles were up slightly from the previous term due to increased demand for compact cars, but sales of used cars were lower than fiscal 2005 due to a delayed recovery.

Leasing for Real Estate Services

Operating revenue was ¥1,004 million (US$9 million), while operating income was ¥837 million (US$7 million). In this business segment, when terminals of several transportation group companies, including Seino Transportation, are relocated to other sites due to such reasons as urban development projects and lack of available land, the remaining site is leased out to maximize the benefits of management resources. There are also companies outside the transportation group that engage in leasing to optimally capitalize on assets. Key examples of this have been the former Yotsuhashi (Osaka City), Shinmachi (Osaka City) and Fukui (Fukui Prefecture) terminals.

Other

This business segment comprises such merchandise sales as fuels and residential properties as well as information services. Operating revenue was ¥36,294 million (US$310 million) and operating income was ¥1,227 million (US$10 million).

Operating Income by Business Segment

(Millions of yen)

	Fiscal 2006			Fiscal 2005		
	Results	Composition		Results	Composition	Year-on-Year
Transportation Services	5,874	58.2%	Transportation Services	7,931	65.8%	(25.9)%
Vehicle Sales	2,154	21.4%	Merchandise Sales	2,374	19.7%	—
Leasing for Real Estate Services	837	8.3%	Information Services	74	0.6%	—
Other	1,227	12.2%	Others	1,673	13.9%	—
Total	10,092	100.1%	Total	12,052	100.0%	(16.3)%
Elimination	(10)	(0.1)%	Elimination	(5)	(0.0)%	—
Consolidated	10,082	100.0%	Consolidated	12,047	100.0%	(16.3)%

Financial Review

Operating Results

Consolidated operating revenue for the Seino Group for the fiscal year ended March 31, 2006 increased 0.9% to ¥427,520 million (US$3,654 million). Operating costs increased 1.3% to ¥386,995 million (US$3,308 million). The ratio of operating costs to operating revenues was 90.5%, up 0.4 percentage point.

Selling, general and administrative expenses rose 2.1% to ¥30,443 million (US$260 million), while operating income declined 16.3% to ¥10,082 million (US$86 million).

Other expenses stood at ¥11,270 million (US$96 million). Amortization of consolidation adjustment account (negative goodwill) totaled ¥8,518 million (US$73 million), while ¥21,924 million (US$187 million) in commercial assets and idle assets were recorded as an impairment loss on fixed assets.

As a result, loss before income taxes and minority interests was ¥1,188 million (US$10 million), compared with income before income taxes of ¥22,144 million in the previous term. A net loss of ¥8,334 million (US$71 million) was recorded, compared with net income of ¥14,273 million in the previous fiscal year.

Net loss per share was ¥43.35 (US$0.37), and return on equity was a negative 3.0%. Annual cash dividends per share were maintained at ¥11.00 (US$0.09).

Financial Position

Total assets at the end of the fiscal year amounted to ¥446,933 million (US$3,820 million), down 5.0% versus the previous year. Total current assets edged down 1.8% to ¥161,208 million (US$1,378 million). Net property and equipment declined 9.3% to ¥225,815 million (US$1,930 million). Investment and other assets increased 4.1% to ¥59,910 million (US$512 million), mainly due to the effects of increased investment securities and deferred tax assets.

Total current liabilities climbed 1.7% to ¥92,800 million (US$793 million), while long-term liabilities grew 17.5% to ¥69,689 million (US$596 million), reflecting the ¥18,250 million (US$156 million) recorded in the consolidating adjustment account (negative goodwill).

Total shareholders' equity dipped 1.6% to ¥278,916 million (US$2,384 million). The shareholders' equity ratio rose 2.2 percentage points to 62.4%.

Cash Flows

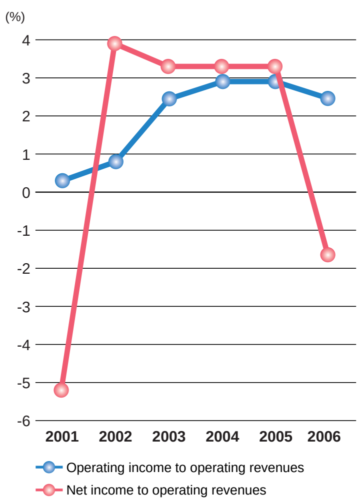
Net cash provided by operating activities grew ¥419 million to ¥19,742 million (US$169 million) owing to a decrease in income taxes paid.

Net cash provided by investing activities was ¥6,411 million (US$55 million), compared with net cash used in investing activities of ¥2,422 million in the previous term, on the back of a decrease in time deposit payments.

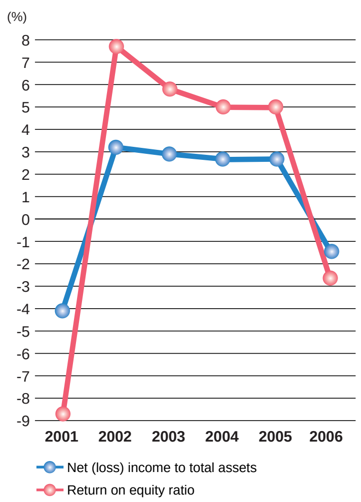
Net cash used in financing activities decreased ¥10,083 million to ¥21,534 million (US$184 million) owing to a net decrease in short-term borrowings.

Consequently, cash and cash equivalents at end of year rose ¥4,620 million to ¥55,226 million (US$472 million).

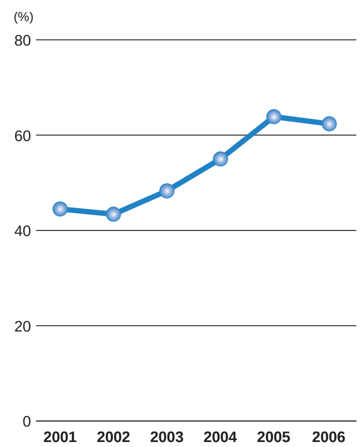
Operating income to operating revenue
Net income to operating revenue



Net (loss) income to total assets
Return on equity ratio



Shareholders' equity ratio



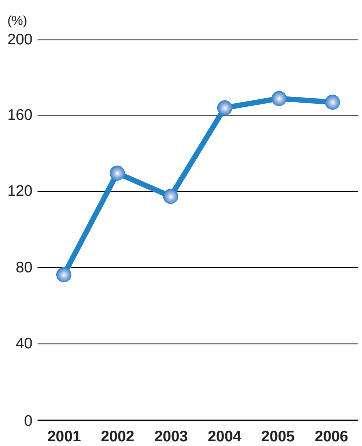
Seino Holdings Co., Ltd. and Consolidated Subsidiaries

Six-year Summary

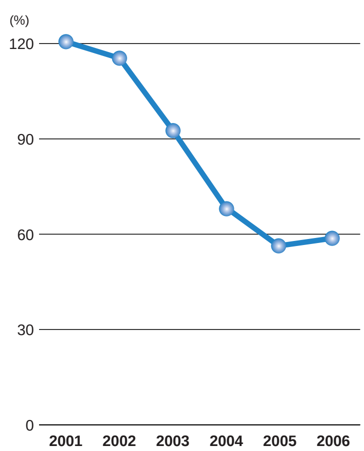
For the Years Ended March 31, 2006, 2005, 2004, 2003, 2002 and 2001

	2006	2005	2004	2003	2002	2001
	Millions of Yen					
For the year:						
Operating revenue:	¥ 427,520	¥ 423,833	¥ 417,705	¥ 409,399	¥ 418,835	¥ 352,595
Transportation services	307,888	307,264	300,645	297,514	306,003	292,969
Vehicle sales	82,334	98,259	97,155	93,322	92,667	36,796
Leasing for real estate services	1,004	5,268	5,483	5,938	5,224	4,920
Others	36,294	13,042	14,422	12,625	14,941	17,910
Operating costs	386,995	381,970	375,403	368,866	382,637	334,034
Selling, general and administrative expenses	30,443	29,816	29,637	30,339	32,655	17,666
Operating income	10,082	12,047	12,665	10,194	3,543	895
Net (loss) income	(8,334)	14,273	13,439	13,622	16,475	(18,403)
At year-end:						
Current assets	161,208	164,129	183,933	166,861	167,395	97,645
Total assets	446,933	470,492	494,743	494,583	522,753	453,250
Current liabilities	92,800	91,252	112,668	142,085	129,117	127,986
Short-term borrowings	4,371	4,815	31,170	14,590	44,601	60,013
Long-term debt, including current maturities	8,247	17,974	18,341	61,839	70,853	79,487
Shareholders' equity	278,916	283,352	272,694	238,825	227,104	201,912
	Yen					
Per share data:						
Net (loss) income:						
-Basic	¥ (43.35)	¥ 72.26	¥ 76.11	¥ 77.47	¥ 98.73	¥ (122.00)
-Diluted	—	70.67	63.33	63.41	77.52	(122.00)
Cash dividends	11.00	11.00	11.00	11.00	11.00	11.00
	Thousands					
Number of shares issued	207,679	198,631	198,631	176,820	176,820	152,919
	Percent					
Ratios:						
Operating income to operating revenue	2.4	2.8	3.0	2.5	0.8	0.3
Net (loss) income to operating revenue	(1.9)	3.4	3.2	3.3	3.9	(5.2)
Net (loss) income to total assets	(1.9)	3.0	2.7	2.8	3.2	(4.1)
Return on equity ratio	(3.0)	5.1	5.3	5.8	7.7	(8.7)
Shareholders' equity ratio	62.4	60.2	55.1	48.3	43.4	44.5
Current ratio	173.7	179.9	163.3	117.4	129.6	76.3
Debt equity ratio	58.3	53.1	68.4	92.6	115.4	120.6
Payout ratio	(25.5)	15.1	14.2	14.2	10.1	(9.1)

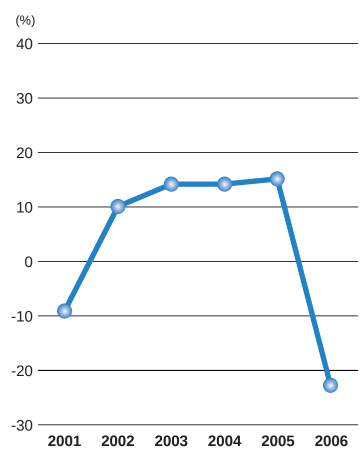
Current ratio



Debt equity ratio



Payout ratio



Seino Holdings Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

March 31, 2006 and 2005

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	**2006**
Assets			
Current assets:			
Cash and cash equivalents	**¥ 55,226**	¥ 50,606	**$ 472,017**
Short-term investments (Notes 3 and 5)	**7,356**	19,835	**62,872**
Trade receivables	**79,414**	79,120	**678,752**
Inventories	**9,309**	6,817	**79,564**
Deferred tax assets (Note 10)	**4,533**	5,014	**38,744**
Other current assets	**6,165**	4,263	**52,692**
Allowance for doubtful accounts	**(795)**	(1,526)	**(6,795)**
Total current assets	**161,208**	164,129	**1,377,846**
Property and equipment, at cost (Notes 4 and 5)	**402,785**	418,251	**3,442,607**
Less, accumulated depreciation	**(176,970)**	(169,419)	**(1,512,564)**
Net property and equipment	**225,815**	248,832	**1,930,043**
Investments and other assets:			
Investment securities (Note 3)	**35,891**	34,864	**306,761**
Investments in and long-term loans to affiliates (Note 3)	**6,907**	7,708	**59,034**
Deferred tax assets (Note 10)	**9,713**	8,016	**83,017**
Deferred tax assets arising on revaluation (Note 4)	**—**	120	**—**
Other assets	**7,399**	6,823	**63,239**
	59,910	57,531	**512,051**
	¥ 446,933	¥ 470,492	**$ 3,819,940**
Liabilities, Minority Interests and Shareholders' Equity			
Current liabilities:			
Short-term borrowings (Note 5)	**¥ 4,371**	¥ 4,815	**$ 37,359**
Current portion of long-term debt (Note 5)	**7,187**	9,475	**61,427**
Trade payables	**54,333**	50,578	**464,385**
Accrued expenses	**12,446**	12,771	**106,376**
Income taxes payable	**5,265**	4,807	**45,000**
Other current liabilities (Note 10)	**9,198**	8,806	**78,615**
Total current liabilities	**92,800**	91,252	**793,162**
Long-term debt (Note 5)	**1,061**	8,499	**9,068**
Employee retirement benefit liability (Note 6)	**41,842**	40,688	**357,624**
Deferred tax liabilities (Note 10)	**7,626**	2,235	**65,180**
Consolidating adjustment account (negative goodwill) (Note 2 (a-ii))	**18,250**	6,555	**155,983**
Other long-term liabilities	**910**	1,353	**7,778**
Minority interests in subsidiaries	**5,528**	36,558	**47,248**
Shareholders' equity (Note 9):			
Common stock, no par value – Authorized: 794,524,668 shares in 2006 and 400,000,000 shares in 2005;			
Issued: 207,679,783 shares in 2006 and 198,631,167 shares in 2005	**42,482**	42,482	**363,094**
Capital surplus	**73,353**	64,895	**626,949**
Retained earnings	**164,490**	175,227	**1,405,897**
Land revaluation decrement (Note 4)	**(295)**	(379)	**(2,521)**
Net unrealized gains on available-for-sale securities	**9,860**	4,916	**84,273**
Foreign currency translation adjustment	**(402)**	(577)	**(3,436)**
Less, treasury stock, at cost - 11,417,339 shares in 2006 and 4,320,118 shares in 2005	**(10,572)**	(3,212)	**(90,359)**
Total shareholders' equity	**278,916**	283,352	**2,383,897**
Commitments and contingent liabilities (Notes 7 and 8)			
	¥ 446,933	¥ 470,492	**$ 3,819,940**

See accompanying Notes to Consolidated Financial Statements.

Seino Holdings Co., Ltd. and Subsidiaries

Consolidated Statements of Operations

For the Years Ended March 31, 2006, 2005 and 2004

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2006	2005	2004	**2006**
Operating revenue (Note 11)	¥ **427,520**	¥ 423,833	¥ 417,705	$ **3,654,017**
Operating costs and expenses (Notes 6 and 11)**:**				
Operating costs	**386,995**	381,970	375,403	**3,307,649**
Selling, general and administrative expenses	**30,443**	29,816	29,637	**260,197**
	417,438	411,786	405,040	**3,567,846**
Operating income	**10,082**	12,047	12,665	**86,171**
Other income (expenses):				
Interest and dividend income	**2,008**	2,306	2,285	**17,162**
Interest expenses	**(243)**	(353)	(648)	**(2,077)**
(Loss) gain on sale or disposal of property and equipment	**(458)**	154	(1,263)	**(3,915)**
Equity in net (loss) income of affiliates	**(485)**	238	453	**(4,145)**
Amortization of consolidation adjustment account (negative goodwill)	**8,518**	6,521	6,897	**72,803**
Impairment loss on fixed assets	**(21,924)**	—	—	**(187,385)**
Loss on liquidation or sale of subsidiaries and affiliates	**(136)**	(205)	(8)	**(1,162)**
Gain (loss) on sale of investment securities	**16**	(107)	415	**137**
Recoveries of bad debts previously written-off	**—**	211	—	**—**
Miscellaneous, net	**1,434**	1,332	425	**12,257**
	(11,270)	10,097	8,556	**(96,325)**
(Loss) income before income taxes and minority interests	**(1,188)**	22,144	21,221	**(10,154)**
Income tax expenses (Note 10)	**7,822**	6,643	6,819	**66,855**
Minority interests in net (loss) income of subsidiaries	**(676)**	1,228	963	**(5,778)**
Net (loss) income	¥ **(8,334)**	¥ 14,273	¥ 13,439	$ **(71,231)**

	Yen			U.S. Dollars (Note 1)
Per share data:				
Net (loss) income:				
-Basic	¥ **(43.35)**	¥ 72.26	¥ 76.11	$ **(0.37)**
-Diluted	**—**	70.67	63.33	**—**
Cash dividends	**11.00**	11.00	11.00	**0.09**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Shareholders' Equity

For the Years Ended March 31, 2006, 2005 and 2004

	Number of common shares issued	Common stock	Capital surplus	Retained earnings	Land revaluation decrement	Net unrealized gains on available-for-sale securities	Foreign currency translation adjustment	Treasury stock
		Millions of Yen						
Balance at March 31, 2003	176,820,926	¥ 32,471	¥ 54,876	¥ 151,797	¥ (413)	¥ 1,642	¥ (745)	¥ (803)
Net income for the year	—	—	—	13,439	—	—	—	—
Conversion of convertible bonds	21,810,241	10,011	9,989	—	—	—	—	—
Treasury stock reissued upon exercise of stock option	—	—	9	—	—	—	—	297
Cash dividends	—	—	—	(1,914)	—	—	—	—
Bonuses to directors and statutory auditors	—	—	—	(80)	—	—	—	—
Net change in unrealized gains on available-for-sale securities, net of applicable income taxes	—	—	—	—	—	2,100	—	—
Translation adjustment	—	—	—	—	—	—	69	—
Fractional shares acquired, net	—	—	—	—	—	—	—	(51)
Balance at March 31, 2004	198,631,167	42,482	64,874	163,242	(413)	3,742	(676)	(557)
Net income for the year	—	—	—	14,273	—	—	—	—
Treasury stock reissued upon exercise of stock option	—	—	21	—	—	—	—	179
Cash dividends	—	—	—	(2,158)	—	—	—	—
Bonuses to directors and statutory auditors	—	—	—	(97)	—	—	—	—
Reversal of land revaluation decrement	—	—	—	(33)	33	—	—	—
Decrease due to a change of voting interest on a subsidiary	—	—	—	—	1	—	—	—
Net change in unrealized gains on available-for-sale securities, net of applicable income taxes	—	—	—	—	—	1,174	—	—
Translation adjustment	—	—	—	—	—	—	99	—
Purchase of treasury stock and fractional shares, net	—	—	—	—	—	—	—	(2,834)
Balance at March 31, 2005	198,631,167	42,482	64,895	175,227	(379)	4,916	(577)	(3,212)
Net loss for the year	—	—	—	**(8,334)**	—	—	—	—
Stocks issued under stock-for-stock exchange offerings (Note 2 (a-ii))	**9,048,616**	—	**8,489**	—	—	—	—	**3,143**
Cash dividends	—	—	—	**(2,129)**	—	—	—	—
Bonuses to directors and statutory auditors	—	—	—	**(75)**	—	—	—	—
Reversal of land revaluation decrement	—	—	—	**(84)**	**84**	—	—	—
Net change in unrealized gains on available-for-sale securities, net of applicable income taxes	—	—	—	—	—	**4,944**	—	—
Translation adjustment	—	—	—	—	—	—	**175**	—
Purchase of treasury stock and increase in treasury stock held by group companies, net	—	—	**(31)**	**(115)**	—	—	—	**(10,503)**
Balance at March 31, 2006	**207,679,783**	**¥ 42,482**	**¥ 73,353**	**¥ 164,490**	**¥ (295)**	**¥ 9,860**	**¥ (402)**	**¥ (10,572)**

	Common stock	Capital surplus	Retained earnings	Land revaluation decrement	Net unrealized gains on available-for-sale securities	Foreign currency translation adjustment	Treasury stock
	Thousands of U.S. Dollars (Note 1)						
Balance at March 31, 2005	$ 363,094	$ 554,658	$1,497,667	$ (3,239)	$ 42,017	$ (4,932)	$ (27,453)
Net loss for the year	—	—	**(71,231)**	—	—	—	—
Stocks issued under stock-for-stock exchange offerings (Note 2 (a-ii))	—	**72,556**	—	—	—	—	**26,863**
Cash dividends	—	—	**(18,197)**	—	—	—	—
Bonuses to directors and statutory auditors	—	—	**(641)**	—	—	—	—
Reversal of land revaluation decrement	—	—	**(718)**	**718**	—	—	—
Net change in unrealized gains on available-for-sale securities, net of applicable income taxes	—	—	—	—	**42,256**	—	—
Translation adjustment	—	—	—	—	—	**1,496**	—
Purchase of treasury stock and increase in treasury stock held by group companies, net	—	**(265)**	**(983)**	—	—	—	**(89,769)**
Balance at March 31, 2006	**$ 363,094**	**$ 626,949**	**$1,405,897**	**$ (2,521)**	**$ 84,273**	**$ (3,436)**	**$ (90,359)**

See accompanying Notes to Consolidated Financial Statements.

Seino Holdings Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended March 31, 2006, 2005 and 2004

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2006	2005	2004	**2006**
Cash flows from operating activities:				
(Loss) income before income taxes and minority interests	¥ **(1,188)**	¥ 22,144	¥ 21,221	$ **(10,154)**
Adjustments for:				
Depreciation	**14,660**	13,744	12,941	**125,299**
Impairment loss on fixed assets	**21,924**	—	—	**187,385**
Amortization of consolidating adjustment account	**(8,518)**	(6,521)	(6,897)	**(72,803)**
Net provision for employee retirement benefit liability	**1,154**	1,680	2,035	**9,863**
Loss (gain) on sale or disposal of property and equipment	**458**	(154)	1,263	**3,915**
Equity in net loss (income) of affiliates	**485**	(238)	(453)	**4,145**
Loss on liquidation or sale of subsidiaries and affiliates	**136**	205	8	**1,162**
(Gain) loss on sale of investment securities	**(16)**	107	(415)	**(137)**
Recoveries of bad debts previously written-off	**—**	(211)	—	**—**
(Increase) decrease in trade receivables	**(3,412)**	1,534	(6,318)	**(29,162)**
Increase in inventories	**(3,308)**	(756)	(1,474)	**(28,273)**
Increase (decrease) in trade payables and accrued expenses	**976**	(142)	2,734	**8,342**
Repayments of employees’ saving deposits	**—**	(3,686)	—	**—**
Other, net	**1,370**	(2,987)	(900)	**11,709**
Sub-total	**24,721**	24,719	23,745	**211,291**
Interest and dividend received	**2,083**	2,390	2,439	**17,803**
Interest paid	**(243)**	(369)	(645)	**(2,077)**
Income taxes paid	**(6,819)**	(7,417)	(9,005)	**(58,282)**
Net cash provided by operating activities	**19,742**	19,323	16,534	**168,735**
Cash flows from investing activities:				
Increase in property and equipment	**(15,164)**	(16,402)	(21,351)	**(129,607)**
Increase in long-term investments and loans	**(302)**	(2,558)	(6,232)	**(2,581)**
Decrease in property and long-term investments	**7,045**	3,930	21,372	**60,214**
Decrease in short-term investments	**14,832**	12,608	9,100	**126,769**
Net cash provided by (used in) investing activities	**6,411**	(2,422)	2,889	**54,795**
Cash flows from financing activities:				
Increase in long-term debt	**60**	72	410	**513**
Repayment of long-term debt	**(9,806)**	(438)	(23,881)	**(83,812)**
Net (decrease) increase in short-term borrowings	**(457)**	(26,351)	16,586	**(3,906)**
Cash dividends paid	**(2,232)**	(2,269)	(2,014)	**(19,077)**
Purchase of treasury stock and fractional shares, net	**(9,099)**	(2,631)	254	**(77,769)**
Net cash used in financing activities	**(21,534)**	(31,617)	(8,645)	**(184,051)**
Effect of exchange rate changes on cash and cash equivalents	**1**	2	—	**8**
Net increase (decrease) in cash and cash equivalents	**4,620**	(14,714)	10,778	**39,487**
Cash and cash equivalents at beginning of year	**50,606**	65,320	54,542	**432,530**
Cash and cash equivalents at end of year	¥ **55,226**	¥ 50,606	¥ 65,320	$ **472,017**

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Basis of Consolidated Financial Statements

(a) Basis of presenting the consolidated financial statements

Effective October 1, 2005, Seino Transportation Co., Ltd. ("Seino") underwent a corporate separation, in which Seino's transportation and other businesses were transferred to the newly founded company. After the separation, Seino became a pure holding company and changed its trade name to "Seino Holdings Co., Ltd." (the "Company"), and the company newly established in the corporate separation assumed all of Seino's operations and the trade name of "Seino Transportation Co., Ltd.", based on the resolution of the Board of Directors of Seino on May 17, 2005, the approval of Seino's shareholders at the annual general meeting of shareholders on June 24, 2005 and the acquisition of approval from the relevant regulatory agencies.

The accompanying consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Seino Group") have been prepared in accordance with the provisions set forth in the Commercial Code of Japan, the Securities and Exchange Law of Japan, and on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. These consolidated financial statements are compiled from the original consolidated financial statements in Japanese prepared by the Company as required by the Securities and Exchange Law of Japan and submitted to the Director of the Kanto Finance Bureau of Japan.

(b) U.S. dollar amounts

The Company maintains its accounting records in Japanese Yen. The U.S. dollar amounts included in the accompanying consolidated financial statements and notes thereto represent the arithmetic results of translating Japanese Yen into U.S. dollars at a rate of ¥117 to US $1, the approximate rate of exchange at March 31, 2006. The inclusion of such dollar amounts is solely for the convenience of readers and is not intended to imply that the assets and liabilities originating in Yen have been or could be readily converted, realized or settled in dollars at ¥117 to US$1 or at any other rate.

(c) Reclassification

Certain comparative figures have been reclassified to conform to the current year's presentation.

2. Summary of Significant Accounting Policies

(a-i) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and all of its subsidiaries. Investment in significant affiliates is accounted for by the equity method. Investment in affiliates not accounted for by the equity method is stated at cost. Differences between the acquisition cost of investments in subsidiaries and the underlying equity in their net assets adjusted based on the fair value at the time of acquisition are deferred as a consolidation adjustment account and amortized over five years. All intercompany transactions and accounts have been eliminated.

Under the accounting standard for consolidation, a subsidiary is defined as an enterprise which is controlled by another enterprise, and that is a majority (more than 50%) owned enterprise or 40% to 50% owned enterprise that meets certain criteria. In addition, an affiliated company is defined as an enterprise in which the investor has a significant influence, and that is an enterprise, other than a subsidiary, with 20% or more of voting stock as well as a 15% to 19% owned enterprise that meets certain criteria. For the years ended March 31, 2006, 2005 and 2004, the number of the companies with voting interest not exceeding 50% classified as subsidiaries based on the self-judgment of the Company in accordance with the accounting standard was five, 15, and 16, respectively.

The number of subsidiaries and affiliates for the three years ended March 31, 2006 was as follows:

	2006	2005	2004
Subsidiaries:			
Domestic	**39**	39	39
Overseas	**4**	5	7
Affiliates accounted for by the equity method	**6**	6	6
Affiliates stated at cost	**10**	11	13

The Company's overseas subsidiaries close their books at December 31 every year, three months earlier than the Company and other domestic subsidiaries. The Company consolidated such subsidiaries' financial statements as of their year-end. Significant transactions for the period between subsidiaries' year-end and the Company's year-end are adjusted on consolidation.

Overseas subsidiaries adopt accounting principles generally accepted in their respective countries, and no adjustments to conform to accounting principles generally accepted in Japan have been made to their financial statements on consolidation as allowed under accounting principles and practices generally accepted in Japan.

(a-ii) Stock-for-stock exchange agreements with the subsidiaries

On May 17, 2005, Seino entered into stock-for-stock exchange agreements with its four subsidiaries in order to make Seino's respective equity share in such subsidiaries increase to 100%. This reorganization of the Seino Group is expected to strengthen its integration and improve the optimization and efficiency, and make it possible to dynamically and flexibly correspond to the changes in the business environment. The agreements were subsequently approved by the shareholders at the annual general meeting of Seino and the respective companies held in June 2005.

In accordance with this agreement, on October 1, 2005 (stock-for-stock exchange date), the Company newly issued 9,048,616 shares of the Company's common stock and reissued 3,234,381 shares of the treasury stock at the exchange rates of a certain number of shares of the Company's common stock (see below) for one share of common stock of the four subsidiaries to their respective minority shareholders.

The details of information of stock-for-stock exchange transactions for the subsidiaries were as follows:

	Exchange rate of the number of shares of the Company for one share of subsidiaries
	(shares)
Toyota Corolla Gifu Co., Ltd. ("Corolla")	1.68
Gifu Hino Motor Co., Ltd. ("Hino")	1.11
Netz Toyota Gifu Co., Ltd. ("Netz")	27.80
Netz Toyota Centro Gifu Co., Ltd. ("Centro")	5.12

The unaudited financial information of the above subsidiaries as at or for the six months ended September 30, 2005 was as follows:

	Corolla	Hino	Netz	Centro
	Millions of Yen			
Operating revenue	**¥ 17,172**	**¥ 12,663**	**¥ 9,383**	**¥ 4,990**
Net (loss) income for the period	**(540)**	**(148)**	**103**	**(421)**
Total assets	**35,858**	**28,274**	**11,992**	**7,035**
Net assets	**28,184**	**17,069**	**7,083**	**2,680**
	Thousands of U.S. Dollars			
Operating revenue	**$ 146,769**	**$ 108,231**	**$ 80,197**	**$ 42,650**
Net (loss) income for the period	**(4,615)**	**(1,265)**	**880**	**(3,598)**
Total assets	**306,479**	**241,658**	**102,496**	**60,128**
Net assets	**240,889**	**145,889**	**60,538**	**22,906**

(b) Cash and cash equivalents

The Seino Group considers cash equivalents to be highly liquid debt instruments purchased with an original maturity of three months or less.

(c) Investments and marketable securities

The Seino Group classifies certain investments in debt and equity securities as "held-to-maturity", "trading" or "available-for-sale", whose classification determines the respective accounting method as stipulated by the accounting standard for financial instruments. Held-to-maturity securities are stated at amortized cost. Marketable securities with market quotations for available-for-sale securities are stated at fair value and net unrealized gains or losses on these securities are reported as a separate component of shareholders' equity, net of applicable income taxes. Gains and losses on disposition of available-for-sale securities are computed based on the moving-average method. Nonmarketable securities without available market quotations for available-for-sale securities are carried at cost determined by the moving-average method. Adjustments in carrying values of individual securities are charged to income through write-downs, when a decline in value is deemed other than temporary.

(d) Accounting for derivatives

The Seino Group is a party to derivative instruments such as interest rate swaps in the normal course of business to reduce its own exposure to fluctuations in interest rates for hedging purposes. Derivatives are valued at fair value, if hedging accounting is not appropriate or where there is no hedging designation, and the gains or losses on derivatives are recognized in the current earnings. According to the special treatment as permitted by the accounting standard for financial instruments, the hedging interest rate swap is accounted for on an accrual basis, and recorded net of interest income generated from the hedged investments, if certain conditions are met. Derivative instruments outstanding at March 31, 2005 were accounted for by the certain hedge accounting method. At March 31, 2006, the Seino Group does not hold or has not issued any derivative transactions.

(e) Allowance for doubtful accounts

Allowance for doubtful accounts has been provided for at the aggregate amount of estimated credit loss based on the individual financial review approach for doubtful or troubled receivables and a general reserve for other receivables calculated based on the historical loss experience for a certain past period.

(f) Inventories

Inventories for supplies are principally stated at the moving-average cost, and inventories for vehicles and work-in-process are principally stated at cost determined by the specific identification method.

(g) Property and equipment, and depreciation

Property and equipment, including significant renewals and additions, are stated at cost. Property and equipment of the Company and its certain subsidiaries have been depreciated by the straight-line method for buildings and vehicles, and by the declining-balance method for other property.

Property and equipment of other subsidiaries have been principally depreciated by the declining-balance method, except for the buildings acquired on and after April 1, 1998 and the property held for leases. The buildings acquired on and after April 1, 1998 by domestic subsidiaries have been depreciated by the straight-line method. Some of the subsidiaries capitalize property of the cost of not less than ¥100,000 and below ¥200,000 each and depreciate the property over three years on a straight-line basis.

Expenditure on maintenance and repairs is charged to operating income as incurred. Upon the disposal of property, the cost and accumulated depreciation are removed from the accounts and any gain or loss is recorded as income or expenses.

(h) Leases

Where financing leases do not transfer ownership of the leased property to the lessee during the term of the lease, the leased property of the Company and its domestic subsidiaries as lessee is not capitalized and the relating rental and lease expenses are charged to income as incurred.

The leased property of a certain subsidiary engaged in leasing operations as lessor was recorded at cost as property held for leases, which was included in property and equipment in the accompanying consolidated balance sheets, and was depreciated over the lease contract terms by the straight-line method to the amount equal to the estimated disposal value at the lease termination date.

(i) Employee retirement benefits

Employees who terminate their service with the Seino Group are entitled to retirement benefits generally determined by the reference of current basic rates of pay, length of service and conditions under which the termination occurs.

In accordance with the accounting standard for employee retirement benefits, the Seino Group has recognized the retirement benefits for employees including pension cost and related liability based on actuarial present value of projected benefit obligation using the actuarial appraisal approach and the pension plan assets available for benefits at the fiscal year-ends. Unrecognized actuarial differences as changes in the projected benefit obligation or pension plan assets resulting from the experience different from that assumed and from changes in assumptions are amortized on a straight-line basis over 10 years as a certain period within the average remaining service lives of employees from the next year in which they arise. Unrecognized prior service cost is amortized using the straight-line method over 10 years as a certain period within average remaining service lives of employees from the year in which it occurs.

(j) Accrued severance indemnities for officers

The Seino Group may pay severance indemnities to directors and statutory auditors, which are subject to the approval of the shareholders. Some of the subsidiaries have provided for the full amount of the liabilities of directors' and statutory auditors' severance indemnities at the respective balance sheet dates. At March 31, 2006 and 2005, other long-term liabilities in the accompanying consolidated balance sheets included these accruals for directors and statutory auditors in the amounts of ¥756 million ($6,462 thousand) and ¥803 million, respectively.

(k) Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforward. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date.

(l) Enterprise taxes

With the implementation of the Revision of the Local Tax Law" (Legislation No.9, 2003) on March 31, 2005, size-based corporate taxes for local government enterprise taxes have been levied effective from the fiscal year beginning April 1, 2004. The Company and its domestic subsidiaries record enterprise taxes calculated based on the "added value" and "capital" amounts as selling, general and administrative expenses in accordance with practical guidance issued by the Accounting Standards Board of Japan.

(m) Revenue recognition for freight charges

The Seino Group recognizes freight charges as revenue when freight is received for shipment. In relation to its revenue recognition, the Seino Group records freight charges from customers and paid to interline carriers as operating revenue and operating costs and expenses, respectively.

(n) Appropriation of retained earnings

Cash dividends and bonuses to directors and statutory auditors are recorded in the fiscal year during which a proposed appropriation of retained earnings is approved by the Board of Directors and/or shareholders. Bonuses paid to directors and statutory auditors are recorded as a part of the appropriation of retained earnings, instead of being charged to income, as permitted by the Japanese accounting standard.

(o) Translation of foreign currency accounts

Receivables, payables and securities, other than stocks of subsidiaries and certain other securities, are translated into Japanese Yen at the exchange rates at the fiscal year-end. Transactions in foreign currencies are recorded based on the prevailing exchange rates on the transaction dates. Resulting translation gains or losses are included in the current earnings.

In respect of the financial statement items of overseas subsidiaries, all asset, liability, income and expense accounts are translated into Yen by applying the exchange rates in effect at the fiscal year-end. Translation differences, after allocating to minority interests portions attributable to minority interests, are reported as foreign currency translation adjustment in a separate component of shareholders' equity on the accompanying consolidated balance sheets.

(p) Per share data

Basic net (loss) income per share is computed by dividing (loss) income applicable to common shareholders by the weighted-average number of shares of common stock outstanding during the respective years. Diluted net income per share is computed assuming convertible bonds were converted at the time of issue unless having anti-dilutive effects and as if warrants or stock options were exercised at the beginning of the relevant year or (if later) on their first exercise date and as if the funds obtained thereby were used to purchase common stock at the average market price during the respective years under the treasury stock method.

Cash dividends per share shown for each fiscal year in the accompanying consolidated statements of operations represent dividends declared as applicable to the respective years.

(q) Accounting changes

(Adoption of new accounting standard for impairment of fixed assets)

On August 9, 2002, the Business Accounting Council of Japan issued "Accounting Standard for Impairment of Fixed Assets", which is effective for the fiscal years beginning on and after April 1, 2005, with earlier adoption permitted. The Accounting Standards Board of Japan issued related practical guidance on October 31, 2003. The Company and its domestic subsidiaries have adopted this new accounting standard and related practical guidance effective for the year ended March 31, 2006. The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss shall be recognized in the income statement by reducing the carrying amount of impaired assets or a group of assets to the recoverable amount to be measured as the higher of the asset's net selling price and value in use. Fixed assets include land, buildings and other forms of property as well as intangible assets and are to be grouped at the lowest level for which there are identifiable cash flows from other groups of assets. For the purpose of recognition and measurement of an impairment loss, fixed assets are grouped into cash-generating units, such as operating business branches, other than idle or unused property. Recoverable amounts of the assets were measured based on value in use calculated using discounted future cash flows at interest rate principally of 4.7% or net selling prices primarily using an appraisal valuations. As a result, for the year ended March 31, 2006, the Seino Group recognized impairment loss for the property of 69 business branches and 14 idle properties as follows.

	Millions of Yen	Thousands of U.S. Dollars
Buildings and structures	¥ **2,016**	$ **17,231**
Land	**19,653**	**167,974**
Other property	**255**	**2,180**
	¥ **21,924**	$ **187,385**

Accumulated impairment losses have been directly deducted from the applicable assets.

(Accounting change in the composition of reportable business segments)

Effective for the year ended March 31, 2006, the Company changed the composition of its reportable business segments. (See also Note 11)

3. Investments

At March 31, 2006 and 2005, short-term investments consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	**2006**
Marketable securities:			
Bonds	¥ **2,369**	¥ 8,788	$ **20,248**
Total marketable securities	**2,369**	8,788	**20,248**
Time deposits with an original maturity of more than three months	**4,987**	11,047	**42,624**
	¥ **7,356**	¥ 19,835	$ **62,872**

At March 31, 2006 and 2005, investment securities consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	**2006**
Marketable securities:			
Equity securities	¥ **24,343**	¥ 15,800	$ **208,060**
Bonds	**7,396**	9,145	**63,214**
Other	**227**	187	**1,940**
Total marketable securities	**31,966**	25,132	**273,214**
Other nonmarketable securities	**3,925**	9,732	**33,547**
	¥ **35,891**	¥ 34,864	$ **306,761**

At March 31, 2006 and 2005, fair value of marketable securities classified as held-to-maturity and related net unrealized gains were as follows:

	Carrying value	Fair value	Net unrealized gains
	Millions of Yen		
Bonds included in investment securities			
At March 31, 2006	¥ **500**	¥ **497**	¥ **(3)**
At March 31, 2005	1,700	1,720	20
	Thousands of U.S. Dollars		
Bonds included in investment securities			
At March 31, 2006	$ **4,274**	$ **4,248**	$ **(26)**

Marketable securities classified as available-for-sale are stated at fair value with unrealized gains and losses excluded from the current earnings and reported as a net amount within the shareholders' equity account until realized. At March 31, 2006 and 2005, gross unrealized gains and losses for marketable securities classified as available-for-sale are summarized as follows:

	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
	Millions of Yen			
At March 31, 2006:				
Equity securities	¥ **7,186**	¥ **17,185**	¥ **(28)**	¥ **24,343**
Bonds	**9,326**	**53**	**(114)**	**9,265**
Other	**133**	**100**	**(6)**	**227**
	¥ **16,645**	¥ **17,338**	¥ **(148)**	¥ **33,835**
At March 31, 2005:				
Equity securities	¥ 7,134	¥ 8,696	¥ (30)	¥ 15,800
Bonds	15,903	334	(4)	16,233
Other	155	38	(6)	187
	¥ 23,192	¥ 9,068	¥ (40)	¥ 32,220
	Thousands of U.S. Dollars			
At March 31, 2006:				
Equity securities	$ **61,419**	$ **146,880**	$ **(239)**	$ **208,060**
Bonds	**79,709**	**453**	**(974)**	**179,188**
Other	**1,137**	**855**	**(52)**	**1,940**
	$ **142,265**	$ **148,188**	$ **(1,265)**	$ **289,188**

Expected maturities of held-to-maturity and available-for-sale debt securities at March 31, 2006 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due in one year or less	¥ 2,347	$ 20,060
Due after one year through five years	5,820	49,743
Due after five years through ten years	947	8,094
Due after ten years	700	5,983
	¥ 9,814	$ 83,880

At March 31, 2006 and 2005, investments in and long-term loans to affiliates consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	**2006**
Investments, accounted for by the equity method for significant affiliates and at cost for others	¥ **3,483**	¥ 4,106	$ **29,769**
Interest-bearing long-term loans	**3,424**	3,602	**29,265**
	¥ **6,907**	¥ 7,708	$ **59,034**

4. Property and Equipment

At March 31, 2006 and 2005, property and equipment consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	**2006**
Property held for own use, at cost:			
Land	**¥119,914**	¥139,342	**$1,024,906**
Buildings and structures	**183,678**	182,822	**1,569,897**
Vehicles	**74,236**	72,868	**634,496**
Machinery and equipment	**22,592**	21,505	**193,094**
Construction in progress	**1,674**	1,016	**14,308**
	402,094	417,553	**3,436,701**
Less, accumulated depreciation	**(176,520)**	(168,979)	**(1,508,718)**
Subtotal	**225,574**	248,574	**1,927,983**
Property held for leases, at cost:			
Vehicles, equipment and other	**691**	698	**5,906**
Less, accumulated depreciation	**(450)**	(440)	**(3,846)**
	241	258	**2,060**
Total property and equipment	**¥225,815**	¥248,832	**$1,930,043**

One of the consolidated subsidiaries elected to carry out one-time revaluation to restate the cost of land used for business operations at values rationally reassessed effective on March 31, 2002, reflecting appropriate adjustments for land shape and other factors, based on the appraisal values issued by the Japanese National Tax Agency in accordance with the Law Concerning Revaluation of Land ("Law"). According to the Law, the amount equivalent to the tax effect on the excess of the original book values over sound reassessed values is recorded in the assets as deferred tax assets arising on revaluation account, and the rest of such excess, net of the tax effect and minority interests portion, is recorded as a component of shareholders' equity as land revaluation decrement account in the accompanying consolidated balance sheets. At March 31, 2006 and 2005, the differences between the carrying values of land used for business operations after revaluation over the current market value of such land at the fiscal year-end amounted to ¥266 million ($2,274 thousand) and ¥1,344 million, respectively.

5. Short-term Borrowings and Long-term Debt

At March 31, 2006 and 2005 short-term borrowings consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	**2006**
Unsecured bank overdrafts with interest rates ranging from 7.3% to 8.5% per annum at March 31, 2006	**¥ 51**	¥ 86	**$ 436**
Short-term bank borrowings, principally unsecured and represented by notes with interest rates ranging from 0.29% to 5.8% per annum at March 31, 2006	**4,320**	4,729	**36,923**
	¥ 4,371	¥ 4,815	**$ 37,359**

At March 31, 2006, the Company and certain subsidiaries had unsecured overdraft agreements with nine banks. Under such agreements, the Company and such subsidiaries were entitled to withdraw up to ¥20,276 million ($173,299 thousand). The Company and such subsidiaries are not obligated to pay commitment fees on the unused portions of such overdraft facilities.

At March 31, 2006 and 2005, long-term debt consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	**2006**
1.1% convertible bonds, due March 2006	**¥ —**	¥ 9,017	**$ —**
Loans from banks, partly secured, due through 2020 repayable on an installment basis with interest rates ranging from 0.63% to 2.85% per annum at March 31, 2006	**8,066**	8,718	**68,940**
Loans from government agencies, principally mortgage, repayable on an installment basis with interest rates ranging from 0.224% to 3.0% per annum at March 31, 2006	**182**	239	**1,555**
	8,248	17,974	**70,495**
Less, current portion	**(7,187)**	(9,475)	**(61,427)**
	¥ 1,061	¥ 8,499	**$ 9,068**

At March 31, 2006 and 2005, the following assets were pledged as collateral for certain short-term borrowings and long-term debt:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	**2006**
Land	**¥ 104**	¥ 971	**$ 889**
Buildings and structures	**692**	1,179	**5,915**
Time deposits included in short-term investments	**20**	127	**171**

The aggregate annual maturities of long-term debt as at March 31, 2006 were as follows:

Years ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2007	¥ 7,187	$ 61,427
2008	172	1,470
2009	126	1,077
2010	127	1,086
2011	105	897
Thereafter	531	4,538
	¥ 8,248	$ 70,495

6. Employee Retirement Benefits

The Company and its domestic subsidiaries have defined benefit plans. The following table reconciles the benefit liability as at March 31, 2006 and 2005:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	**2006**
Reconciliation of benefit liability:			
Projected benefit obligation	**¥ 47,647**	¥ 47,142	**$ 407,239**
Less, fair value of pension plan assets at end of year	**(1,421)**	(1,155)	**(12,145)**
	46,226	45,987	**395,094**
Less, unrecognized actuarial differences (loss)	**(2,437)**	(2,567)	**(20,829)**
Less, unrecognized prior service cost	**(1,947)**	(2,732)	**(16,641)**
Net amounts of employee retirement benefit liability recorded on the consolidated balance sheets	**¥ 41,842**	¥ 40,688	**$ 357,624**

Notes: 1. Projected benefit obligation of certain subsidiaries was calculated using the simplified calculation method as permitted by the accounting standard for employee retirement benefits.

2. The above table excluded the amounts for the assets not separately allocatable to some of the domestic subsidiaries in certain pension funds organized by others together with the subsidiaries or effectively restricted so that they cannot be used by the employees for other purposes, which amounted to ¥7,159 million ($61,188 thousand) and ¥5,465 million at March 31, 2006 and 2005, respectively.

The component of net periodic retirement benefit expense for the three years ended March 31, 2006 was as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2006	2005	2004	**2006**
Net periodic retirement benefit expenses:				
Service cost	**¥ 2,492**	¥ 2,618	¥ 2,766	**$ 21,299**
Interest cost	**925**	914	866	**7,906**
Expected return on pension plan assets	**(22)**	(21)	(23)	**(188)**
Amortization of actuarial differences	**482**	615	618	**4,120**
Amortization of prior service cost	**295**	179	65	**2,521**
Other	**—**	17	17	**—**
Total retirement benefit expense	**¥ 4,172**	¥ 4,322	¥ 4,309	**$ 35,658**

Major assumptions used in the calculation of the above information for the three years ended March 31, 2006 were as follows:

	2006	2005	2004
Method attributing the projected benefits to periods of services	Straight-line method	Straight-line method	Straight-line method
Discount rate	2.0%	2.0%	2.0%
Expected rate of return on pension plan assets	2.0%	2.0%	2.0%
Amortization of prior service cost	10 years	10 years	10 years
Amortization of actuarial differences	principally 10 years	principally 10 years	principally 10 years

7. Contingent Liabilities

At March 31, 2006 and 2005, the Seino Group was contingently liable for trade notes endorsed to affiliates and third parties, and for guarantees, including substantial guarantees, principally of indebtedness of affiliates and third parties in the aggregate amounts of ¥4,488 million ($38,359 thousand) and ¥5,171 million, respectively.

8. Lease Commitments

The Seino Group has entered into various rental and lease agreements for land and buildings to be used for truck terminals and warehouses, which are generally cancelable with a few months' advance notice, and also non-cancelable lease agreements for computer equipment and radio facilities with three-to-seven year contract terms as lessee. The aggregate minimum future lease payments for such non-cancelable lease agreements, including the imputed interest portion, as at March 31, 2006 and 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	**2006**
Due within one year	**¥ 881**	¥ 1,281	**$ 7,530**
Due after one year	**984**	1,622	**8,410**
	¥ 1,865	¥ 2,903	**$ 15,940**

A certain consolidated subsidiary engaged in leasing operations entered into various lease agreements principally for vehicles with third parties as lessor, which were categorized as financing leases. At March 31, 2006 and 2005, the aggregate future minimum lease commitments to be received for such non-cancelable lease agreements, including the imputed interest, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	**2006**
Due within one year	**¥ 162**	¥ 168	**$ 1,384**
Due after one year	**261**	268	**2,231**
	¥ 423	¥ 436	**$ 3,615**

In addition to the above, a certain consolidated subsidiary engaged in leasing operations leases the property as lessee and also leases the same property to affiliates and third parties as lessor. At March 31, 2006 and 2005, the future minimum commitments under such agreements, including the imputed interest portion, were as follows:

	Minimum rentals		Minimum rentals	
	to be paid	to be received	to be paid	to be received
	Millions of Yen		Thousands of U.S. Dollars	
At March 31, 2006:				
Due within one year	**¥ 519**	**¥ 553**	**$ 4,436**	**$ 4,726**
Due after one year	**209**	**224**	**1,786**	**1,915**
	¥ 728	**¥ 777**	**$ 6,222**	**$ 6,641**
At March 31, 2005:				
Due within one year	¥ 1,037	¥ 1,101		
Due after one year	822	874		
	¥ 1,859	¥ 1,975		

9. Shareholders' Equity

(a) Capital surplus principally consisted of additional paid-in capital. At March 31, 2006 and 2005, respectively, retained earnings included legal reserve of the Company in the amount of ¥4,262 million ($36,427 thousand) and ¥4,262 milion, respectively. The Commercial Code of Japan provides that an amount equivalent to at least 10% of cash payments as an appropriation of retained earnings shall be appropriated as a legal reserve until a total amount of additional paid-in capital and such legal reserve equals 25% of common stock. Such legal reserve is not available for distribution as dividends, but may be used to reduce a deficit or may be transferred to common stock by proper actions of the Board of Directors and/or shareholders of the Company.

Under the Commercial Code of Japan, the carrying values of treasury stock and net unrealized gains on available-for-sale securities are not available for distribution as dividends.

(b) On July 1, 2005, Seino implemented a rights plan using stock acquisition rights and a trust mechanism ("trust-type rights plan") as a means of dealing with the acquisition of the Company's common stock resulting in a particular shareholder holding of more than 20% of the Company's common stock and proposals of acquisition without the prior approval of the Board of Directors, and issued stock acquisition rights to The Sumitomo Trust & Banking Co., Ltd. at no charge as part of the plan based on the approval of shareholders at the annual general meeting of shareholders in June 2005. Up to 397,262,334 shares of the common stock would be issuable at a certain price for exercise of these stock acquisition rights for the period from July 1, 2005 to June 30, 2008.

(c) The shareholders of the Company approved the following appropriations of retained earnings at the annual general meeting of shareholders on June 23, 2006:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends	¥ 2,184	$ 18,667

10. Income Taxes

Income tax expenses for the three years ended March 31, 2006 consisted of the following:

	Millions of Yen			Thousands of U.S. Dollars
	2006	2005	2004	**2006**
Income tax expenses:				
Current	**¥ 6,644**	¥ 7,483	¥ 6,964	**$ 56,786**
Deferred	**1,178**	(840)	(145)	**10,069**
	¥ 7,822	¥ 6,643	¥ 6,819	**$ 66,855**

The tax effects on temporary differences that give rise to a significant portion of deferred tax assets and liabilities at March 31, 2006 and 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	**2006**
Deferred tax assets:			
Employee retirement benefit liability	**¥ 17,160**	¥ 15,769	**$ 146,667**
Enterprise tax accruals	**480**	524	**4,103**
Accrued bonuses	**3,596**	3,594	**30,735**
Intercompany capital gain	**932**	1,055	**7,966**
Loss on assets transferred	**1,971**	1,518	**16,846**
Impairment loss on fixed assets	**8,699**	—	**74,350**
Unrealized losses on available-for-sale securities	**43**	11	**367**
Other	**3,588**	3,255	**30,667**
	36,469	25,726	**311,701**
Less, valuation allowance	**(12,448)**	(814)	**(106,393)**
	24,021	24,912	**205,308**
Deferred tax liabilities:			
Deferred capital gain	**5,956**	5,841	**50,906**
Unrealized gains on available-for-sale securities	**6,839**	3,649	**58,453**
Consolidation valuation adjustment	**4,614**	4,627	**39,436**
	17,409	14,117	**148,795**
Net deferred tax assets	**¥ 6,612**	¥ 10,795	**$ 56,513**

At March 31, 2006 and 2005, deferred tax assets and liabilities were recorded as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	**2006**
Deferred tax assets:			
Current	**¥ 4,533**	¥ 5,014	**$ 38,744**
Non-current	**9,713**	8,016	**83,017**
Deferred tax liabilities:			
Current	**8**	—	**68**
Non-current	**7,626**	2,235	**65,180**

In assessing the realizability of deferred tax assets, management of the Seino Group considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of the future taxable income during the periods in which those temporary differences become deductible. At March 31, 2006 and 2005, a valuation allowance was provided to reduce the deferred tax assets to the extent that the management believes that the amount of the deferred tax assets is expected to be realizable.

A reconciliation of the differences between the Japanese statutory effective tax rate and the actual effective income tax rate on pretax income reflected in the accompanying consolidated statements of operations for the years ended March 31, 2005 and 2004 was as follows:

	Percentage of pretax income	
	2005	2004
Japanese statutory effective tax rate	**40.4%**	41.7%
Increase (decrease) due to:		
Permanently nondeductible expenses	**0.6**	0.6
Tax exempt income	**(0.1)**	(0.1)
Local minimum taxes per capita levy	**2.4**	2.5
Amortization of consolidation adjustment account	**(11.9)**	(13.6)
Equity in net loss of affiliates	**(0.4)**	(0.9)
Other	**(1.0)**	1.9
Actual effective income tax rate	**30.0%**	32.1%

The reconciliation for the year ended March 31, 2006 was not disclosed, as the Seino Group recorded a net loss for the year.

11. Segment Information

During the current year, the Seino Group operates in four business segments: transportation services, vehicle sales, leasing for real estate services and other services. Information by industry segment for the three years ended March 31, 2006 was summarized as follows:

	Transportation services	Vehicle sales	Leasing for real estate services	Other	Total	Elimination	Consolidated
For the year 2006:				Millions of Yen			
Operating revenue:							
External customers	¥ 307,888	¥ 82,334	¥ 1,004	¥ 36,294	¥ 427,520	¥ —	¥ 427,520
Inter-segment sales	1,768	9,153	—	35,719	46,640	(46,640)	—
Total operating revenue	309,656	91,487	1,004	72,013	474,160	(46,640)	427,520
Operating costs and expenses	303,782	89,333	167	70,786	464,068	(46,630)	417,438
Operating income	¥ 5,874	¥ 2,154	¥ 837	¥ 1,227	¥ 10,092	¥ (10)	¥ 10,082
Identifiable assets	¥ 308,671	¥ 83,101	¥ 9,015	¥ 29,178	¥ 429,965	¥ 16,968	¥ 446,933
Depreciation	12,897	1,533	45	413	14,888	(228)	14,660
Impairment loss on fixed assets	17,794	1,991	2,129	10	21,924	—	21,924
Capital expenditures	13,478	2,959	2	120	16,559	(276)	16,283
For the year 2006:				Thousands of U.S. Dollars			
Operating revenue:							
External customers	$ 2,631,521	$ 703,710	$ 8,581	$ 310,205	$ 3,654,017	$ —	$ 3,654,017
Inter-segment sales	15,111	78,230	—	305,291	398,632	(398,632)	—
Total operating revenue	2,646,632	781,940	8,581	615,496	4,052,649	(398,632)	3,654,017
Operating costs and expenses	2,596,427	763,530	1,427	605,009	3,966,393	(398,547)	3,567,846
Operating income	$ 50,205	$ 18,410	$ 7,154	$ 10,487	$ 86,256	$ (85)	$ 86,171
Identifiable assets	$ 2,638,214	$ 710,265	$ 77,051	$ 249,385	$ 3,674,915	$ 145,025	$ 3,819,940
Depreciation	110,231	13,102	385	3,530	127,248	(1,949)	125,299
Impairment loss on fixed assets	152,085	17,017	18,197	86	187,385	—	187,385
Capital expenditures	115,196	25,291	17	1,026	141,530	(2,359)	139,171

	Transportation services	Merchandise sales	Information services	Other	Total	Elimination	Consolidated
For the year 2005:				Millions of Yen			
Operating revenue:							
External customers	¥ 307,264	¥ 98,259	¥ 5,268	¥ 13,042	¥ 423,833	¥ —	¥ 423,833
Inter-segment sales	1,932	27,916	6,001	13,559	49,408	(49,408)	—
Total operating revenue	309,196	126,175	11,269	26,601	473,241	(49,408)	423,833
Operating costs and expenses	301,265	123,801	11,195	24,928	461,189	(49,403)	411,786
Operating income	¥ 7,931	¥ 2,374	¥ 74	¥ 1,673	¥ 12,052	¥ (5)	¥ 12,047
Identifiable assets	¥ 340,636	¥ 92,639	¥ 5,211	¥ 14,794	¥ 453,280	¥ 17,212	¥ 470,492
Depreciation	12,045	1,544	255	127	13,971	(227)	13,744
Capital expenditures	15,163	2,252	111	168	17,694	(373)	17,321

	Transportation services	Merchandise sales	Information services	Other	Total	Elimination	Consolidated
For the year 2004:				Millions of Yen			
Operating revenue:							
External customers	¥ 300,645	¥ 97,155	¥ 5,483	¥ 14,422	¥ 417,705	¥ —	¥ 417,705
Inter-segment sales	1,747	29,109	4,971	11,499	47,326	(47,326)	—
Total operating revenue	302,392	126,264	10,454	25,921	465,031	(47,326)	417,705
Operating costs and expenses	294,653	123,178	10,556	23,838	452,225	(47,185)	405,040
Operating income (loss)	¥ 7,739	¥ 3,086	¥ (102)	¥ 2,083	¥ 12,806	¥ (141)	¥ 12,665
Identifiable assets	¥ 352,938	¥ 91,672	¥ 5,710	¥ 14,191	¥ 464,511	¥ 30,232	¥ 494,743
Depreciation	11,248	1,472	302	118	13,140	(199)	12,941
Capital expenditures	15,549	3,164	320	491	19,524	(612)	18,912

Notes: Identifiable assets in the elimination column represent unallocated general corporate items which are not assigned to a particular industry segment such as cash, short-term and long-term investment securities, net of inter-segment balances.

(Accounting change in measurement method of reportable segments)

Effective from the year ended March 31, 2005, the Company changed the measurement method of the assets for rent and related profits or losses, including operating revenue and expenses, to the method allocating operating revenue and expenses relating to the assets for rent incurred by or attributable to each business segment to the corresponding segment in order to present their actual utilization conditions precisely, while the Company previously reported all of the related profits or losses in the "other" segment. As a result, as compared with the previous accounting method, operating revenue for the "transportation services" segment, "merchandise sales" segment and "information services" segment increased by ¥408 million, ¥69 million and ¥87 million, respectively, and operating revenue for the "other" segment decreased by ¥755 million for the year ended March 31, 2005. Operating income for "transportation services" segment, "merchandise sales" segment and "information services" segment increased by ¥552 million, ¥212 million and ¥90 million, respectively, and operating income for the "other" segment decreased by ¥854 million for the year ended March 31, 2005.

(Accounting change in the composition of reportable business segments)

Effective for the year ended March 31, 2006, the Company changed the composition of its reportable business segments from the "transportation services", "merchandise sales", "information services" and "other" segments to "transportation services", "vehicle sales", "leasing for real estate services" and "other" segments in order to disclose segment information more properly. For the year ended March 31, 2006, the "vehicle sales" segment, which was the core business of the Seino Group, was separately shown, and "merchandise sales, except for vehicle sales" and "information services", which were not material as the Seino Group, were included in the "other" segment. The "leasing for real estate services" segment was separately shown, as operating income of its business segment became material to be disclosed. If the previous reportable business segment composition was applied, operating results for the year ended March 31, 2006 were reclassified as follows:

	Merchandise sales	Information services	Other	Merchandise sales	Information services	Other
	Millions of Yen			Thousands of U.S. Dollars		
Operating revenue	¥ 100,962	¥ 4,954	¥ 13,717	$ 862,923	$ 42,342	$ 117,239
Operating income	2,778	18	1,415	23,744	154	12,094

Geographic segment information is not shown, as operating revenue and total assets of overseas subsidiaries were not material in the three years ended March 31, 2006. Information for overseas sales is not disclosed as such sales were not material.

Report of Independent Auditors

To the Board of Directors and Shareholders of
Seino Holdings Co., Ltd.

We have audited the accompanying consolidated balance sheets of Seino Holdings Co., Ltd. (the "Company") and its subsidiaries (together with the Company, the "Seino Group") as of March 31, 2006 and 2005, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2006, all expressed in Japanese Yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Seino Group as of March 31, 2006 and 2005, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 2006 in conformity with accounting principles generally accepted in Japan.

As described in Note 2(q), effective for the year ended March 31, 2006, the Company and its domestic subsidiaries have adopted a new accounting standard for impairment of fixed assets. As disclosed in Note 11, effective for the year ended March 31, 2006, the Company changed the composition of its reportable business segments.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying consolidated financial statements.

Chuo-Aoyama PricewaterhouseCoopers

ChuoAoyama PricewaterhouseCoopers
Nagoya, Japan
June 23, 2006

Board of Directors

(As of June 23, 2006)

Chairman and
Chief Executive Officer
Yoshikazu Taguchi

President and
Chief Operating Officer
Yoshitaka Taguchi

Directors
Takao Taguchi
Kunitoshi Yamanaka
Mitsuo Mekata
Shizutoshi Otsuka
Hidemi Maruta
Toshitaka Morita

Outside Directors
Yuji Tanahashi
Kenjiro Ueno

Standing Statutory Auditors
Yoshio Matsuoka
Yoshinori Takigawa

Outside Statutory Auditors
Fumio Kato
Eiji Kasamatsu

Corporate Data

(As of March 31, 2006)

Company Name:	Seino Holdings Co., Ltd.
Head Office:	1, Taguchi-cho, Ogaki, Gifu 503-8501, Japan Tel: 81-584-82-3881 Fax: 81-584-82-5040
Date of Establishment:	November 1, 1946
Paid-in Capital:	¥42,482 million
Number of Shares Issued:	207,679,783
Stock Listings:	The First Section of Tokyo Stock Exchange (code 9076) The First Section of Nagoya Stock Exchange (code 9076)
Transfer Agent:	The Mitsubishi UFJ Trust and Banking Corporation
Independent Auditors:	ChuoAoyama PricewaterhouseCoopers

Business Relationship In the Seino Group

The Seino Group consists of Seino Transportation Co., Ltd. and 43 consolidated subsidiaries and 16 affiliates. The Seino Group operates in four business segments, transportation services, vehicle sales, real-estate leasing services and other services. Business relationship in the Seino Group is as follows.

Note	*1: Consolidated subsidiaries	43
	*2: Affiliates (under the equity method)	6
	Companies except those mentioned above are affiliates under the cost method.	10

SEINO

Seino Holdings Co., Ltd.
1, Taguchi-cho, Ogaki, Gifu 503-8501, Japan

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