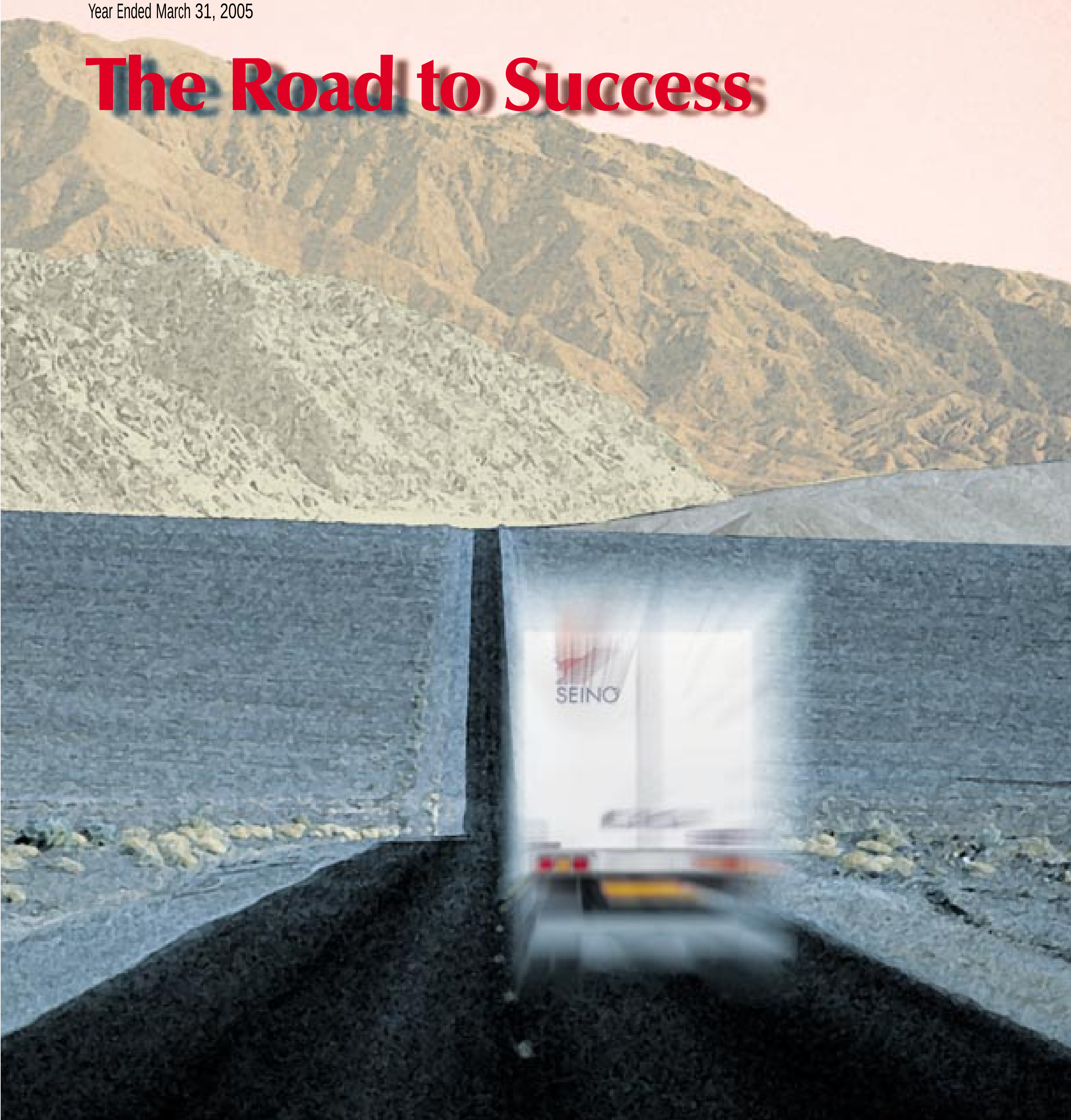
Seino Transportation Co., Ltd.
Annual Report 2005

Year Ended March 31, 2005

The Road to Success



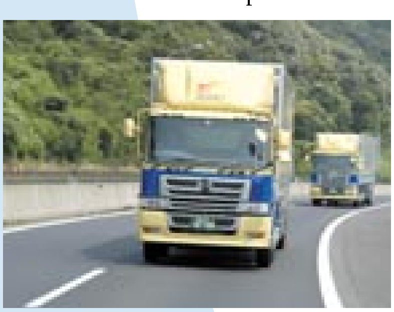
Profile

Seino Transportation Co., Ltd. (the Company) was founded as a trucking company in 1930 and incorporated under its current name in 1946. The Company is headquartered in Ogaki, Gifu Prefecture, in central Japan. 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 Japan s leading trucking companies. Currently, the Seino Group comprises 44 consolidated subsidiaries and 17 affiliates engaged in such key areas as transportation services, merchandise sales and information services businesses.

Adhering to its customer first principle, Seino has worked to optimize its network. Today, as of March 31, 2005, Seino provides efficient transportation services throughout Japan via its 402 terminals, including 151 owned by the Company and 251 by subsidiaries, a fleet of 10,391 trucks and its network that averages 6,000 routes daily. Overseas, international forwarding operations have been transferred to the joint venture company Schenker-Seino Co., Ltd., and the Company s global network and leading-edge IT systems are being effectively utilized to expand this business.

Seino is aiming to further enhance its competitiveness by exploiting the synergies among its Group alliances.

Seino aims to be in the leader in Less-than-Truck Load (LTL) commercial cargo transportation for the domestic market by designating this field as its core business and concentrating management resources accordingly. The Company will provide customers with competitive and highly satisfying services and create new models for distribution services within the evolving transportation market in order to proceed down the Road to Success toward becoming a highly profitable company.



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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 Transportation Co., Ltd. and Subsidiaries

Financial Highlights

For the Years March 31, 2005, 2004 and 2003

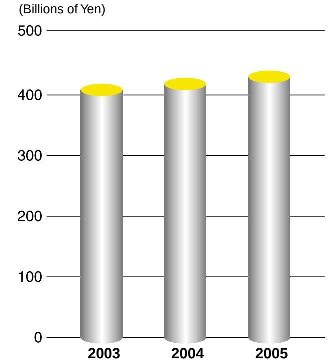
	Millions of Yen			Thousands of U.S. Dollars*
	2005	2004	2003	**2005**
NON-CONSOLIDATED BASIS:				
Operating revenues	**¥ 265,501**	¥ 259,295	¥ 261,590	**$2,481,318**
Operating income	**6,426**	6,858	5,170	**60,056**
Income before income taxes	**8,318**	7,911	7,073	**77,738**
Net income	**4,562**	4,173	3,502	**42,636**
Net income per share (in yen and U.S. dollars):				
-Basic	**23.07**	23.53	19.87	**0.22**
-Diluted	**22.77**	20.43	17.04	**0.21**
CONSOLIDATED BASIS:				
Operating revenues	**¥ 423,833**	¥ 417,705	¥ 409,399	**$3,961,056**
Operating income	**12,047**	12,665	10,194	**112,589**
Income before income taxes	**22,144**	21,221	21,841	**206,953**
Net income	**14,273**	13,439	13,622	**133,393**
Net income per share (in yen and U.S. dollars):				
-Basic	**72.26**	76.11	77.47	**0.68**
-Diluted	**70.67**	63.33	63.41	**0.66**

	Millions of Yen			Thousands of U.S. Dollars*
	2005	2004	2003	**2005**
NON-CONSOLIDATED BASIS:				
Cash and cash equivalents, and short-term investments	**¥ 32,150**	¥ 54,553	¥ 36,933	**$300,467**
Property and equipment, net of accumulated depreciation	**165,062**	162,278	160,409	**1,542,636**
Total assets	**321,960**	348,879	344,165	**3,008,972**
Long-term debt and other long-term liabilities	**39,701**	47,352	46,621	**371,037**
Net assets	**230,792**	229,917	205,654	**2,156,935**
Net assets per share (in yen and U.S. dollars)	**1,182.60**	1,161.85	1,171.04	**11.05**
CONSOLIDATED BASIS:				
Cash and cash equivalents, and short-term investments	**¥ 70,441**	¥ 89,020	¥ 73,445	**$658,327**
Property and equipment, net of accumulated depreciation	**248,832**	246,925	242,864	**2,325,533**
Total assets	**470,429**	494,743	494,583	**4,397,121**
Long-term debt and other long-term liabilities	**59,330**	73,870	79,094	**554,486**
Net assets	**283,352**	272,694	238,825	**2,648,150**
Net assets per share (in yen and U.S. dollars)	**1,457.82**	1,383.88	1,366.43	**13.62**

(Note) U.S. Dollars amounts are translated at ¥107 = U.S.$1 solely for the convenience of readers.

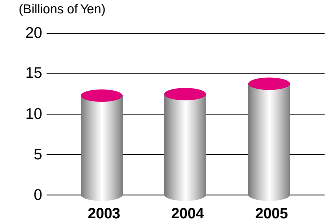
Operating revenues

(Billions of Yen)



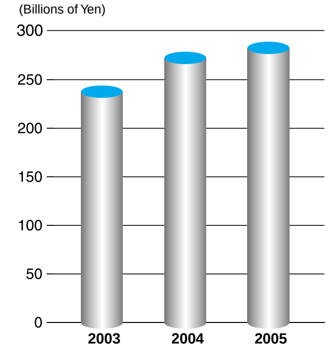
Net income

(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 Transportation Co., Ltd. for the fiscal year ended March 31, 2005 (April 1, 2004 - March 31, 2005).

Operating Environment

In the fiscal year under review, a steady, albeit gentle recovery in the Japanese economy was fueled by favorable exports and capital investments. In the second half of the term, however, the economy entered a severe correction phase due to the effects of soaring crude oil prices and natural disasters.

In the transportation industry, despite improved signs in freight transportation volume, the operating environment grew even more competitive on account of such cost-reduction pressures as strong demands by customers for reduced freight transportation charges, the ongoing entry of new participants into the market and rising fuel costs, as well as increased costs associated with implementation of environmental and safety countermeasures.

Business Results and Launch of New Medium-term Management Plan

Amid this challenging environment, the Seino Group undertook business development efforts to achieve its targets in the final year of the three-year medium-term plan (April 2002 - March 2005) based on expanding the share of the highly profitable LTL commercial cargo consolidation market. Specifically, we worked to secure stable transportation volume and profits by focusing on reducing transportation times and raising precision through measures geared toward small-and medium-sized bussiness - to - business (BtoB) cargo shipment clients as well as improving efficiency in arterial transportation. In particular, a high growth margin has been achieved for Kangaroo Business Delivery, a guaranteed next-morning delivery service for an additional fee, launched in fiscal 2004 targeting the LTL business, with future growth in this business appearing very promising. On the cost side, we also continued streamlining arterial transportation by promoting speedy and highly efficient transportation services, allowing us to reduce and curb operational costs such as personnel and expressway toll expenses.

The merchandise sales business remained brisk on the back of continued demand for replacement trucks following implementation of stricter exhaust emission regulations. Moreover, as an aid to strengthening Group management, management resolved to convert four automobile dealers into wholly-owned subsidiaries in October 2005 through stock swaps. This move was aimed at reinforcing the base for the merchandise sales business and establishing a structure to enable more fluid adaptation to changes in the operating environment.

As a result of these measures, on a consolidated basis operating revenues edged up 1.5% to · 423,833 million (US$3,961 million), operating income declined 4.9% to · 12,047 million (US$113 million) and net income increased 6.2% to · 14,273 million (US$133 million).

Formulation of New Three-year Medium-term Management Plan

From this fiscal year, the G5 (Group 5) Plan will be initiated as a new three-year medium-term management plan seeking to achieve an operating income margin of 5% by continuing to strengthen well-developed business foundations as a stronger platform for the Group as a whole, while concurrently developing the LTL commercial cargo transportation, logistics business and the information services and automobile sales business as the three main pillars. The G5 Plan has been positioned and is a first step of a mid-to-long-term strategy that will aid the Company in its aim to establish an advanced business model that will be become the next standard in the transportation business by enabling speedy and highly satisfying transportation services.

Beginning in the fiscal year ending March 31, 2006, which is the first year of the new plan, management forecasts operating revenues of · 428,000 million and a net loss of · 7,000 million arising from the introduction of asset impairment accounting.

Transition to a Pure Holding Company Structure

As mentioned previously, Seino has decided to convert four automobile dealerships to wholly-owned subsidiaries in October 2005. The conversion is geared toward reinforcing the Transportation, Merchandise Sales and Information Services business segments.

Concurrently, management resolved to separate the transportation business from Seino Transportation Co., Ltd. and transition to a pure holding company structure. The holding company that emerges after the company separation, whose name will be changed to Seino Holdings Co., Ltd., will specialize in overseeing the Group and strategic decision making, while the newly formed company, to be named Seino Transportation Co., Ltd., and Seino Group companies will conduct business operations in respective segments.

Corporate Governance

Seino employs a corporate auditor system. 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 along with achieving greater management transparency.

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 of operational 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$0.10) for the fiscal year ended March 31, 2005. Through the G5 Plan, management is dedicated toward making Seino the preeminent freight transportation company while raising corporate and shareholder value. We ask shareholders, customers and friends for their continued support.

July 2005

Yoshikazu Taguchi
Chairman and Chief Executive Officer

Yoshitaka Taguchi
President and Chief Operating Officer

New G5 Plan

— Aiming to Achieve an Operating Income Margin of 5% Centering on LTL Commercial Cargo Transportation —

A speedy and efficient transportation business foundation was established through execution of the Commercial Cargo No. 1 Plan, Seino's previous medium-term management plan.

The G5 Plan was established as the new three-year medium-term plan seeking to achieve an operating income margin of 5% by continuing to strengthen well-developed business foundations while realizing further growth focusing on the three main pillars of the LTL commercial cargo transportation business, logistics business and the automobile sales business.

Results of the Commercial Cargo No. 1 Plan

Through the previous medium-term management plan, which targeted an expanded share of the highly profitable LTL commercial cargo consolidation market, Seino augmented medium-sized cargo transportation capabilities, reduced collection and delivery and transportation times and raised precision by promoting increased efficiency in arterial transportation as well as acquired and expanded short-distance, medium-sized cargo clients. The Company also worked to promote strategic alliances with other companies and expand bulk consignment orders for handling distribution for companies. As a result, Seino s efficient transportation business foundation was enhanced by the expansion of its network and streamlining of information systems, which in turn led to bolstering customer satisfaction.

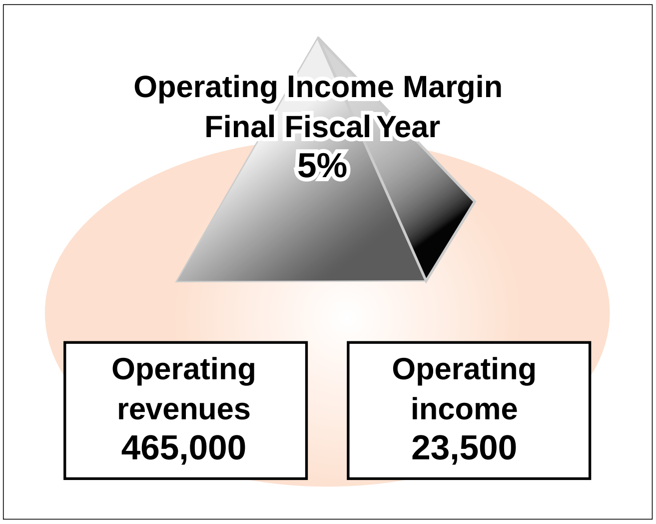
Results of Commercial Cargo No. 1 Plan

	Initial Targets	FY2005	Achievement Ratio
Operating revenues	418,500	423,833	101.3%
Transportation services	302,500	307,264	101.6%
Merchandise sales	96,300	98,259	102.0%
Information services/Others	19,700	18,310	92.9%
Operating income	11,500	12,047	104.7%

As the figures show, Seino has achieved results that exceeded initial targets.

New Three-year Medium-term Management Plan-G5 Plan

The G5 Plan targets an operating income margin of 5% by the fiscal year ending March 2008 in the three pillars of the LTL commercial cargo transportation business, logistics business and the automobile sales business. To this end, Seino will raise revenues and income by increasing efficiency of operations as well as seek to improve customer



satisfaction. Are specific measures to be pursued for the three businesses.

LTL Commercial Cargo Transportation Business

In continuation with the previous medium-term management plan, the main target of the Seino Group continues to be medium-sized and BtoB cargo shipment clients. The following measures will be pursued to further expand sales for LTL cargo.

Expand Sales of “Designated Time” Product Line-Fast, Highly Precise Delivery

Our Kangaroo Business Delivery service, launched in fiscal 2004, is a designated time service that promises next-morning delivery for BtoB cargo and is displaying strong growth in orders due to its popularity. Seino intends to gradually expand the areas where this service is offered. In addition, the Company will develop and expand sales for products that offer time savings and precision for a premium fee, including the Kangaroo Super Express service that offers same-day delivery utilizing the Shinkansen (bullet trains) operating between Tokyo and Osaka and Tokyo and Nagoya.

Collection and delivery vehicle loaded with the world’s most pioneering functions

Raise Transportation Quality – Offering Real-time Delivery Estimates

Seino is the first transportation company in Japan to offer customers the ability to obtain delivery estimates updated every 20 minutes by having its drivers carry mobile phones to provide updates on parcel delivery progress that then become viewable online via Seino s website or by mobile phone (patent pending). This service is highly popular among customers, and is contributing to such improvements as a reduced volume of inquiries regarding estimated delivery times from customers to branches.

Seino aims to pursue further introduction within branches of its own Inter-Seino Standard Operation (ISSO), which is more stringent than ISO 9001 international quality assurance certification already obtained at 210 locations within the Seino Group. Plans also call for raising transportation quality by improving express delivery and lead-time reduction and adherence to delivery schedule ratios as well as reducing the rate of parcel accidents.

Enlarge Network – Expand Tokyo Metropolitan Bases

The hub of the Japanese economy lies in Tokyo. To speed up delivery and raise customer service especially in the Tokyo area, Seino aims to ramp up the number of drivers in the three metropolitan areas of Tokyo, Osaka and Nagoya by 500 over the next three years, and increase the number of bases by 10.

Logistics Business

Among small- and medium-sized companies, which the Seino Group has cultivated in its transportation business, many have begun concentrating limited management resources on their core operations and outsourcing their logistics operations.

Capitalizing on speed and precision accumulated in the transportation business as well as already existing nationwide transportation networks and facilities, Seino is aggressively expanding businesses through the provision of unified services in consolidation, storage, processing, handling and transportation, while also remaining watchful for M&A opportunities.

Osaka West Terminal possesses such diverse functions as storage, logistics and processing operations.

Specifically, Seino aims to strengthen the alliance between the Distribution Center Department and logistics sections (currently integrated as the Logistics Department) and the Group company Seino Information Service Co., Ltd. (SIS), as well as integrate SIS Lead Logistics Provider (LLP) logistical analysis and operating management service with Seino s Strategic Logistics Information Management Systems (SLIM) software. In addition, based on its 60 delivery centers totaling 148,500 m^2 in area, Seino will capitalize on an integrated terminal system that offers a countrywide network of routes and that can perform storage, logistics, processing and a wide variety of other functions.

Automobile Sales Business

In the automobile sales business, which is the third pillar of the G5 Plan, Seino aims to expand business by developing flexible sales capabilities tailored to customers and by expanding after-market share.

Seino will also work to raise profitability by increasing the handling of both environmental-friendly and high-end luxury automobiles as well as expanding sales for used automobiles. The Company will also develop a business structure that can flexibly adapt to possible future reorganization of dealerships by converting four dealerships to wholly-owned subsidiaries in October 2005. This move is expected to improve efficiency in indirect operations.

Seino will work to expand aftermarket share by pursuing aggressive marketing via collaboration with the Sales Department and Information Services Department. Further, SIS has branches in Gifu Prefecture where areas have been designated to concentrate IT infrastructure development. Accordingly, the Company therefore plays a pivotal role in broadening such activities as seminars and efforts to improve recognition for Seino locally along with improving technologies.

New Wako Branch

Reforming Cost Structure

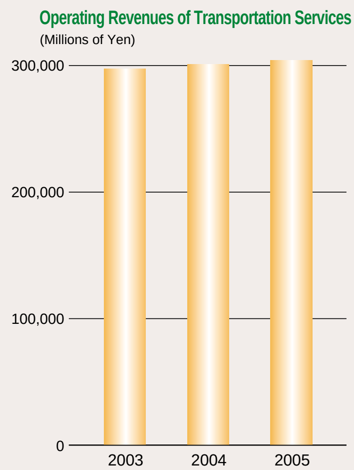
Seino will reduce costs by raising efficiency in route delivery service and in indirect operations. To raise efficiency in route delivery, we will continue to employ unit load carriers developed by Seino. By employing these unit load carriers to maximize volumetric capacity for route delivery service, Seino is increasing operating efficiency, reducing personnel expenses and increasing route efficiency through more efficient truck loading and shorter unloading times. As of March 2005, Seino introduced unit load carriers over an expanse of 200 km of its route delivery service, with plans calling for extending the range of use in the coming fiscal term. The Company is working to streamline arterial transportation through such measures as reducing two-man driving teams to a single driver and using liner transportation, while striving to reduce and curb such transportation costs as maintenance fees, personnel expenses and toll expenses.

To raise efficiency in indirect operations, Seino will work to reduce costs by standardizing Group operations and unifying duplicated services, in tandem with improving customer satisfaction by shifting personnel in indirect operations to direct operations. Indirect operations common to the Group will be carried out by specialized departments such as the Hotline Center, which is in charge of contact with and handling of customers and responds to all inquiries regarding requests for shipping and the status of deliveries that were previously handled directly by branches; the Administrative Center, which conducts payment operations for such expenses as utility and rental expenses; and the Group Management Department, which engages in work to integrate systems and consolidate the operations of the Accounting Department.

In the freight vehicle industry, despite an expected recovery in freight transportation volume in Japan, forecasts call for a continued fierce operating environment on account of challenging demands by customers, investment in improved safety and environmental measures as well as rising fuel costs stemming from rising crude oil prices. Although the annual volume of freight in Japan is expected to top 5,600 million tons, Seino s annual volume of handled freight does not exceed 11.2 million tons. In order to tap into this freight volume, raise operating efficiency and establish a solid earnings structure, Seino will steadily pursue the G5 management plan in the current term together with improving corporate and shareholder value.

Okinawa Hotline Center

Review of Operations



Transportation Services

During the fiscal year under review, severe conditions continued in the transportation industry, the Seino Group's main area of business. Despite signs of improvement in freight transportation volume, the transportation industry witnessed strong customer demands for reducing freight transportation charges and an ongoing entry of new participants into the market. These conditions were further aggravated by several cost-related factors that included a tightening of environmental countermeasures, implementation of safety management for truck operations and rising fuel costs.

In fiscal 2005, the final year of the Commercial Cargo No. 1 Plan, our three-year management plan, we continued to emphasize the concentration and specialization of management resources on LTL commercial cargo services and aimed to standardize and raise the quality of our transportation services. At the same time, we focused on securing new business for and increasing volumes of highly profitable freight.

Thanks to these efforts, Seino achieved a 3.8% rise in the volume of freight handled compared with the previous fiscal year. Operating revenues in the Transportation Services segment rose 2.2% to ¥307,264 million (US$2,872 million), 1.6% above the target of our three-year management plan. Operating revenues in the Transportation Services business thus accounted for 72.5% of total consolidated operating revenues. Seino recorded a 2.5% increase in operating income in Transportation Services to ¥7,931 million (US$74 million), owing to a rise in the volume of LTL freight handled and to the implementation of cost-curbing measures such as pursuing speedy and highly efficient driving operations.

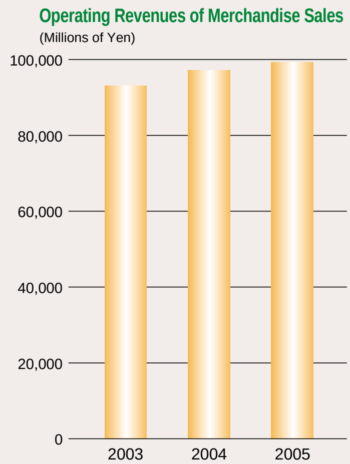
By business sector, the LTL commercial freight transportation business recorded a 2.4% increase in operating revenues to ¥183,120 million (US$1,711 million)*. This gain mirrored efforts to achieve increases in customers, freight volumes and revenues, with an emphasis on commercial freight for small- and medium-sized companies, freight suitable for LTL commercial cargo transportation routes and medium-sized customers that ship 10 to 100 packages per shipment. Also contributing to the rise in operating income were efforts to raise levels of customer satisfaction by offering an online inquiry service for estimated delivery times.

In the small parcel transportation business, operating revenues increased 1.1% to ¥49,728 million (US$465 million)*. This rise was due particularly to increased sales of and expanded response capabilities for our "Kangaroo Business Delivery," a designated time service for BtoB shipping that guarantees next-morning delivery, as well as to the provision of an inquiry service for estimated delivery times as part of efforts to raise the quality of transportation.

In the moving business, operating revenues declined 21.0% to ¥2,555 million (US$24 million)*, due to such factors as a decrease in large-scale orders for the relocation of companies.

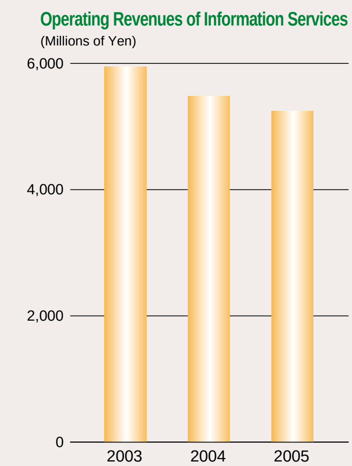
In air and sea freight forwarding, Seino recorded a 16.3% rise in freight volume and a 9.1% increase in operating revenues to ¥7,237 million (US$68 million)*, reflecting increased demand for domestic air freight transportation.

*As consolidated figures are not available, parent company figures are shown throughout.



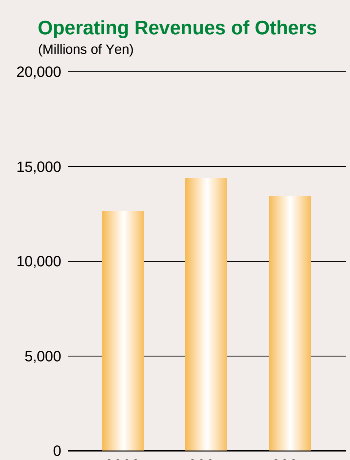
Merchandise Sales

Operating revenues in this segment edged up 1.1% to ¥98,259 million (US$918 million), accounting for 23.2% of consolidated operating revenues. Operating income declined 23.1% to ¥2,374 million (US$22 million). In automobile sales, although the sales volume of new-model vehicles declined, robust truck sales were underpinned by firm replacement demand for trucks that meet exhaust emission regulations and by ongoing demand for environment-friendly trucks. In merchandise sales, revenues from fuel sales also rose due in part to soaring crude oil prices. However, a decline in unit sales prices for vehicles due to escalating competition, coupled with narrowing profit margins in fuel sales, caused the decline in operating income.



Information Services

Operating revenues in this segment decreased 3.9% to ¥5,268 million (US$49 million). However, we recorded operating income of ¥74 million (US$0.7 million), an improvement compared with an operating loss recorded in the previous fiscal year. Operating revenues accounted for 1.2% of consolidated operating revenues. Despite sluggish sales of computer-related equipment, operating income improved due mainly to a reduction in costs and increases in sales of systems operations services and sales for systems development and upgrades.



Others

This segment consists of leasing operations carried out by Asahi Leasing Co., Ltd., equipment installation subcontracting operations undertaken by Seino Engineering Co., Ltd. and travel agency operations performed by Asahi Travel Service Co., Ltd. This segment also includes a variety of other businesses such as real estate operations, advertising, taxi services, insurance agency business, temporary personnel services business and medical waste disposal. During the fiscal year under review, the Group carried out business activities aimed at creating new demand and securing appropriate earnings by providing value-added services.

During the fiscal year, operating revenues in this segment decreased 9.6% to ¥13,042 million (US$122 million) and accounted for 3.1% of consolidated operating revenues. Operating income declined 19.7% to ¥1,673 million (US$16 million). Although each company in this segment performed favorably, this segment recorded decreases due to a change in the method of segmentation for income and expenses related to rental fees.

Financial Review

Operating Results

Consolidated operating revenues for the Seino Group for the fiscal year ended March 31, 2005 rose 1.5% to ¥423,833 million (US$3,961 million). Operating costs of revenues increased 1.7% to ¥381,970 million (US$3,570 million). The ratio of operating costs of revenues to operating revenues was 90.1%, virtually the same as in the previous fiscal year.

Selling, general and administrative (SG&A) expenses were ¥29,816 million (US$279 million), approximately the same amount as in the previous fiscal year. Operating income declined 4.9% to ¥12,047 million (US$113 million).

Other income increased ¥1,541 million, or 18.0%, to ¥10,097 million (US$94 million). Although Seino posted a ¥205 million (US$2 million) loss on liquidation of subsidiaries and affiliates, the Company recorded a ¥829 million increase in miscellaneous, net to ¥1,349 million (US$13 million).

As a result, income before income taxes and minority interests rose 4.3% to ¥22,144 million (US$207 million), and net income increased 3.4% to ¥14,273 million (US$133 million).

Net income to operating revenues was 6.2%; net income per share declined ¥3.85 to ¥72.26 (US$0.68), and the return on equity ratio was 5.1%. Annual cash dividends per share were maintained at ¥11.00 (US$0.10).

Financial Position

Total assets at the end of the fiscal year amounted to ¥470,492 million (US$4,397 million), down 4.9% from the end of the previous fiscal year. Total current assets were down 10.8% to ¥164,129 million (US$1,534 million). Net property and equipment amounted to ¥248,832 million (US$2,326 million), approximately the same amount as at the previous fiscal year-end. Investments and other assets declined 9.9% to ¥57,531 million (US$538 million) due mainly to a decrease in investment securities.

On the liabilities side, total current liabilities decreased 19.0% to ¥91,252 million (US$853 million) owing to a decline in short-term borrowings.

Long-term liabilities decreased 19.7% to ¥59,330 million (US$554 million). Total shareholders' equity increased 3.9% to ¥283,352 million (US$2,648 million). The shareholders' equity ratio rose 5.1 percentage points to 60.2%.

Cash Flows

Net cash provided by operating activities increased ¥2,789 million to ¥19,323 million (US$181 million), due to a decrease in trade receivables.

Net cash used in investing activities amounted to ¥2,422 million (US$23 million), compared with ¥2,889 million in net cash provided by investing activities in the previous year, due to a decrease in proceeds from the sale of investment securities.

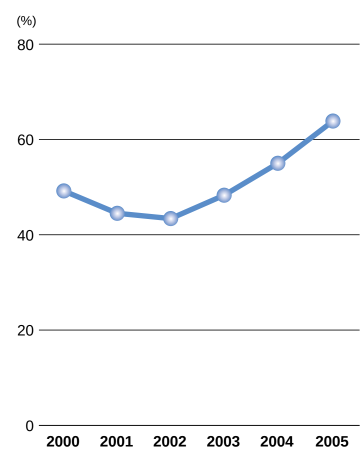
Net cash used in financing activities amounted to ¥31,617 million (US$295 million) due to a net decrease in short-term borrowings.

As a result of the previous activities, cash and cash equivalents at end of year decreased ¥14,714 million to ¥50,606 million (US$473 million).

Operating income to operating revenues
Net income to operating revenues

Net income to total assets
Return on equity ratio

Shareholders' equity ratio

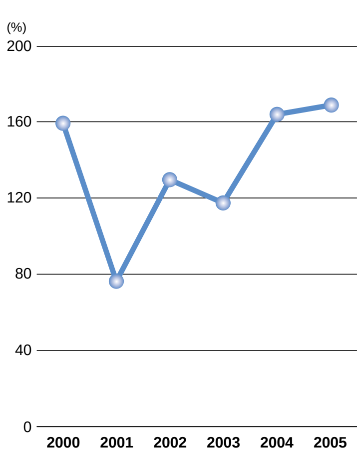


Six-year Summary

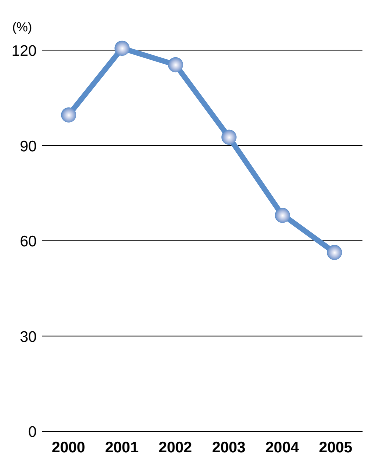
For the Years Ended March 31, 2005, 2004, 2003, 2002, 2001 and 2000

	Millions of Yen					
	2005	2004	2003	2002	2001	2000
For the year:						
Operating revenues:	423,533	¥ 417,705	¥ 409,399	¥ 418,835	¥ 352,595	¥ 354,255
Transportation services	307,264	300,645	297,514	306,003	292,969	293,319
Merchandise sales	98,259	97,155	93,322	92,667	36,796	36,326
Information services	5,268	5,483	5,938	5,224	4,920	5,952
Others	13,042	14,422	12,625	14,941	17,910	18,658
Operating costs of revenues	381,970	375,403	368,866	382,637	334,034	336,311
Selling, general and administrative expenses	29,816	29,637	30,339	32,655	17,666	15,798
Operating income	12,047	12,665	10,194	3,543	895	2,146
Net income (loss)	14,273	13,439	13,622	16,475	(18,403)	3,043
At year-end:						
Current assets	164,129	183,933	166,861	167,395	97,645	194,804
Total assets	490,492	494,743	494,583	522,753	453,250	447,304
Current liabilities	91,252	112,668	142,085	129,117	127,986	122,397
Short-term borrowings	4,815	31,170	14,590	44,601	60,013	57,644
Long-term debt, including current maturities	17,974	18,341	61,839	70,853	79,487	82,467
Shareholders' equity	283,352	272,694	238,825	227,104	201,912	220,092
	Yen					
Per share data:						
Net income (loss):						
-Basic	72.26	¥ 76.11	¥ 77.47	¥ 98.73	¥ (122.00)	¥ 20.11
-Diluted	70.67	63.33	63.41	77.52	(122.00)	16.63
Cash dividends	11.00	11.00	11.00	11.00	11.00	11.00
	Thousands					
Number of shares issued	198,631	198,631	176,820	176,820	152,919	152,919
	Percent					
Ratios:						
Operating income to operating revenues	2.8	3.0	2.5	0.8	0.3	0.6
Net income to operating revenues	3.4	3.2	3.3	3.9	(5.2)	0.9
Net income to total assets	3.0	2.7	2.8	3.2	(4.1)	0.7
Return on equity ratio	5.1	5.3	5.8	7.7	(8.7)	1.4
Shareholders' equity ratio	60.3	55.1	48.3	43.4	44.5	49.2
Current ratio	179.9	163.3	117.4	129.6	76.3	159.2
Debt equity ratio	53.1	68.4	92.6	115.4	120.6	99.6
Payout ratio	15.1	14.2	14.2	10.1	(9.1)	55.3

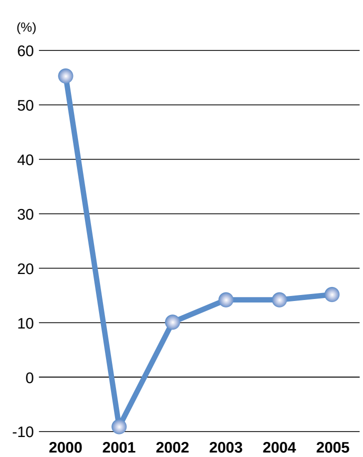
Current ratio



Debt equity ratio



Payout ratio



Seino Transportation Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Assets			
Current assets:			
Cash and cash equivalents	**¥ 50,606**	¥ 65,320	**$ 472,953**
Short-term investments (Notes 3 and 5)	**19,835**	23,700	**185,374**
Trade receivables	**79,120**	80,401	**739,439**
Inventories	**6,817**	6,997	**63,711**
Deferred tax assets (Note 11)	**5,014**	5,218	**46,860**
Other current assets	**4,263**	3,770	**39,841**
Allowance for doubtful accounts	**(1,526)**	(1,473)	**(14,262)**
Total current assets	**164,129**	183,933	**1,533,916**
Property and equipment, at cost			
(Notes 4 and 5):	**418,257**	412,397	**3,908,888**
Less, accumulated depreciation	**(169,419)**	(165,472)	**(1,583,355)**
Net property and equipment	**248,832**	246,925	**2,325,533**
Investments and other assets:			
Investment securities (Note 3)	**34,864**	40,329	**325,832**
Investments in and long-term loans to affiliates (Note 3)	**7,708**	8,021	**72,037**
Deferred tax assets (Note 11)	**8,016**	7,945	**74,916**
Deferred tax assets arising on revaluation (Note 4)	**120**	120	**1,121**
Other assets	**6,823**	7,470	**63,766**
	57,531	63,885	**537,672**
	¥ 470,492	¥ 494,743	**$ 4,397,121**
Liabilities, Minority Interests and Shareholders' Equity			
Current liabilities:			
Short-term borrowings (Note 5)	**¥ 4,815**	¥ 31,170	**$ 45,000**
Current portion of long-term debt (Note 5)	**9,475**	291	**88,551**
Trade payables	**50,578**	51,375	**472,692**
Accrued expenses	**12,771**	13,555	**119,355**
Income taxes payable	**4,807**	3,942	**44,925**
Employees' savings deposits	**—**	3,871	**—**
Other current liabilities	**8,806**	8,464	**82,299**
Total current liabilities	**91,252**	112,668	**852,822**
Long-term debt (Note 5)	**8,499**	18,050	**79,430**
Employee retirement benefit liability (Note 6)	**40,688**	39,007	**380,261**
Deferred tax liabilities (Note 11)	**2,235**	2,398	**20,888**
Consolidating adjustment account (negative goodwill) (Note 2 (a-ii))	**6,555**	13,051	**61,262**
Other long-term liabilities	**1,353**	1,364	**12,645**
Commitments and contingent liabilities (Notes 7 and 8)			
Minority interests in subsidiaries	**36,558**	35,511	**341,663**
Shareholders' equity (Note 10)**:**			
Common stock, no par value – Authorized: 400,000,000 shares; Issued: 198,631,167 shares in 2005 and 2004	**42,482**	42,482	**397,028**
Capital surplus	**64,895**	64,874	**606,495**
Retained earnings	**175,227**	163,242	**1,637,636**
Land revaluation decrement (Note 4)	**(379)**	(413)	**(3,542)**
Net unrealized gains on available-for-sale securities	**4,916**	3,742	**45,944**
Foreign currency translation adjustment	**(577)**	(676)	**(5,392)**
Less, treasury stock, at cost - 4,320,118 shares in 2005 and 1,656,113 shares in 2004	**(3,212)**	(557)	**(30,019)**
Total shareholders' equity	**283,352**	272,694	**2,648,150**
	¥ 470,492	¥ 494,743	**$ 4,397,121**

See accompanying Notes to Consolidated Financial Statements.

Seino Transportation Co., Ltd. and Subsidiaries

Consolidated Statements of Income

For the Years Ended March 31, 2005, 2004 and 2003

	Millions of Yen			Thousands of U.S. Dollars
	2005	2004	2003	**2005**
Operating revenues (Note 12)	**¥ 423,833**	¥ 417,705	¥ 409,399	**$ 3,961,056**
Operating costs and expenses (Notes 6 and 12)**:**				
Operating costs of revenues	**381,970**	375,403	368,866	**3,569,813**
Selling, general and administrative expenses	**29,816**	29,637	30,339	**278,654**
	411,786	405,040	399,205	**3,848,467**
Operating income	**12,047**	12,665	10,194	**112,589**
Other income (expenses):				
Interest and dividend income	**2,306**	2,285	2,805	**21,551**
Interest expenses	**(353)**	(648)	(803)	**(3,299)**
Gain (loss) on sale or disposal of property and equipment	**154**	(1,263)	619	**1,439**
Equity in net income of affiliates	**238**	453	444	**2,224**
Reversal of employee retirement benefit liability (Note 6)	**—**	—	1,542	**—**
Loss on settlement of qualified retirement benefit pension plan	**—**	—	(863)	**—**
Amortization of consolidating adjustment account (negative goodwill)	**6,521**	6,897	6,896	**60,944**
Recoveries from bad debts previously written-off	**211**	—	—	**1,972**
Loss on write-down of investment securities	**(4)**	(21)	(288)	**(37)**
(Loss) gain on sale of investment securities	**(107)**	415	4	**(1,000)**
Loss on investments in and loans to affiliates	**(13)**	(74)	(4)	**(121)**
Loss on liquidation of subsidiaries and affiliates	**(205)**	(8)	—	**(1,916)**
Miscellaneous, net	**1,349**	520	1,295	**12,607**
	10,097	8,556	11,647	**94,364**
Income before income taxes and minority interests	**22,144**	21,221	21,841	**206,953**
Income tax expenses (Note 11)	**6,643**	6,819	6,846	**62,084**
Less, minority interests in net income of subsidiaries	**1,228**	963	1,373	**11,476**
Net income	**¥ 14,273**	¥ 13,439	¥ 13,622	**$ 133,393**

	Yen			U.S. Dollars
Per share:				
Net income:				
-Basic	**¥ 72.26**	¥ 76.11	¥ 77.47	**$ 0.68**
-Diluted	**70.67**	63.33	63.41	**0.66**
Cash dividends	**11.00**	11.00	11.00	**0.10**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Shareholders' Equity

For the Years Ended March 31, 2005, 2004 and 2003

	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, 2002	176,820,926	¥ 32,471	¥ 54,875	¥ 140,169	¥ (425)	¥ 1,479	¥ (654)	¥ (811)
Net income for the year	—	—	—	13,622	—	—	—	—
Treasury stock issued upon exercise of stock option	—	—	1	—	—	—	—	43
Cash dividends	—	—	—	(1,932)	—	—	—	—
Bonuses to directors and statutory auditors	—	—	—	(62)	—	—	—	—
Net change in unrealized gains on available-for-sale securities, net of applicable income taxes	—	—	—	—	—	124	—	—
Translation adjustment	—	—	—	—	—	—	(91)	—
Adjustment for applicable income taxes	—	—	—	—	12	39	—	—
Fractional shares acquired and other	—	—	—	—	—	—	—	(35)
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 issued 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 issued 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 acquired, net	—	—	—	—	—	—	—	(2,834)
Balance at March 31, 2005	198,631,167	¥ 42,482	¥ 64,895	¥ 175,227	¥ (379)	¥ 4,916	¥ (577)	¥ (3,212)
		Thousands of U.S. Dollars						
Balance at March 31, 2004		$ 397,028	$ 606,299	$1,525,626	$ (3,859)	$ 34,972	$ (6,318)	$ (5,206)
Net income for the year		—	—	133,393	—	—	—	—
Treasury stock issued upon exercise of stock option		—	196	—	—	—	—	1,673
Cash dividends		—	—	(20,168)	—	—	—	—
Bonuses to directors and statutory auditors		—	—	(907)	—	—	—	—
Reversal of land revaluation decrement		—	—	(308)	308	—	—	—
Decrease due to a change of voting interest on a subsidiary		—	—	—	9	—	—	—
Net change in unrealized gains on available-for-sale securities, net of applicable income taxes		—	—	—	—	10,972	—	—
Translation adjustment		—	—	—	—	—	926	—
Purchase of treasury stock and fractional shares acquired, net		—	—	—	—	—	—	(26,486)
Balance at March 31, 2005		$ 397,028	$ 606,495	$1,637,636	$ (3,542)	$ 45,944	$ (5,392)	$ (30,019)

See accompanying Notes to Consolidated Financial Statements.

Seino Transportation Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended March 31, 2005, 2004 and 2003

	Millions of Yen			Thousands of U.S. Dollars
	2005	2004	2003	**2005**
Cash flows from operating activities:				
Income before income taxes and minority interests	**¥ 22,144**	¥ 21,221	¥ 21,841	**$ 206,953**
Adjustments for:				
Depreciation	**13,744**	12,941	11,287	**128,449**
Amortization of consolidating adjustment account	**(6,521)**	(6,897)	(6,896)	**(60,944)**
Net provision for employee retirement benefit liability	**1,680**	2,035	1,710	**15,701**
(Gain) loss on sale or disposal of property and equipment	**(154)**	1,263	(619)	**(1,439)**
Equity in net income of affiliates	**(238)**	(453)	(444)	**(2,224)**
Recoveries from bad debts previously written-off	**(211)**	—	—	**(1,972)**
Loss on write-down of investment securities	**4**	21	288	**37**
Loss (gain) on sale of investment securities	**107**	(415)	(4)	**1,000**
Loss on investments in and loans to affiliates	**13**	74	4	**121**
Loss on liquidation of subsidiaries and affiliates	**205**	8	—	**1,916**
Decrease (increase) in trade receivables	**1,534**	(6,318)	5,340	**14,336**
(Increase) decrease in inventories	**(756)**	(1,474)	1,436	**(7,065)**
(Decrease) increase in trade payables and accrued expenses	**(142)**	2,734	(2,762)	**(1,327)**
Repayments of employees' saving deposits	**(3,686)**	—	—	**(34,448)**
Other, net	**(3,004)**	(995)	(2,255)	**(28,075)**
Sub-total	**24,719**	23,745	28,926	**231,019**
Interest and dividends received	**2,390**	2,439	2,978	**22,337**
Interest paid	**(369)**	(645)	(844)	**(3,449)**
Income taxes paid	**(7,417)**	(9,005)	(5,468)	**(69,318)**
Net cash provided by operating activities	**19,323**	16,534	25,592	**180,589**
Cash flows from investing activities:				
Increase in property and equipment	**(16,402)**	(21,351)	(18,744)	**(153,290)**
Increase in long-term investments and loans	**(2,558)**	(6,232)	(4,964)	**(23,907)**
Decrease in property and long-term investments	**3,930**	21,372	31,151	**36,729**
Decrease in short-term investments	**12,608**	9,100	12,308	**117,832**
Net cash (used in) provided by investing activities	**(2,422)**	2,889	19,751	**(22,636)**
Cash flows from financing activities:				
Increase in long-term debt	**72**	410	569	**673**
Repayment of long-term debt	**(438)**	(23,881)	(9,556)	**(4,093)**
Net (decrease) increase in short-term borrowings	**(26,351)**	16,586	(29,927)	**(246,271)**
Cash dividends paid	**(2,269)**	(2,014)	(2,030)	**(21,206)**
Other	**(2,631)**	254	(19)	**(24,589)**
Net cash used in financing activities	**(31,617)**	(8,645)	(40,963)	**(295,486)**
Effect of exchange rate changes on cash and cash equivalents	**2**	—	(56)	**19**
Net (decrease) increase in cash and cash equivalents	**(14,714)**	10,778	4,324	**(137,514)**
Cash and cash equivalents at beginning of year	**65,320**	54,542	50,218	**610,467**
Cash and cash equivalents at end of year	**¥ 50,606**	¥ 65,320	¥ 54,542	**$ 472,953**

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

The accompanying consolidated financial statements of Seino Transportation Co., Ltd. (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 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 ¥107 to $1, the approximate rate of exchange at March 31, 2005. The inclusion of such dollar amounts is solely for the convenience of the readers and is not intended to imply that yen and the assets and liabilities originating in yen have been or could be readily converted, realized or settled in dollars at ¥107 to $1 or at any other rate.

(c) Reclassification

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

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 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 15% to 19% owned enterprise that meets certain criteria. For the years ended March 31, 2005, 2004 and 2003, the number of the companies with not exceeding 50% voting interest classified as subsidiaries based on the self-judgment of the Company in accordance with the accounting standard was 15, 16, and 16, respectively.

The number of subsidiaries and affiliates for the three years ended March 31, 2005 was as follows:

	2005	2004	2003
Subsidiaries:			
Domestic	**39**	39	39
Overseas	**5**	7	8
Affiliates, accounted for by the equity method	**6**	6	6
Affiliates, stated at cost	**11**	13	14

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 Company's certain subsidiaries

On May 17, 2005, the Company entered into the stock-for-stock exchange agreements with its certain subsidiaries in order to make the Company'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 the efficiency, and correspond to the change in the business environment in a mobile and flexible manner. The agreements were subsequently approved by the shareholders at the annual general meeting held on June 24, 2005. The transaction is planned to complete effective on October 1, 2005.

The details of stock-for-stock exchange between the Company and the companies are as follows:

	Current equity share directly held by the Company	Exchange rate of one share of the Company for
		(shares)
TOYOTA COROLLA GIFU CO., LTD. ("COROLLA")	41.29 %	1.68
GIFU HINO MOTOR CO., LTD. ("HINO")	41.26 %	1.11
NETZ TOYOTA GIFU CO., LTD. ("NETZ")	71.50 %	27.80
NETZ TOYOTA CENTRO-GIFU CO., LTD. ("CENTRO")	97.46 %	5.12

The unaudited financial information of the subsidiaries as at or for the fiscal year ended March 31, 2005 (recent fiscal year-end) was as follows:

	COROLLA	HINO	NETZ	CENTRO
	Millions of Yen			
Operating revenues	**¥ 38,014**	**¥ 24,653**	**¥ 19,359**	**¥ 10,152**
Net income for the year	**663**	**475**	**482**	**178**
Total assets	**37,569**	**26,116**	**11,740**	**7,604**
Net assets	**28,631**	**17,250**	**6,920**	**3,113**
	Thousands of U.S. Dollars			
Operating revenues	**$ 355,271**	**$ 230,402**	**$ 180,925**	**$ 94,879**
Net income for the year	**6,196**	**4,439**	**4,505**	**1,664**
Total assets	**351,112**	**244,075**	**109,720**	**71,065**
Net assets	**267,579**	**161,215**	**64,673**	**29,093**

(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 appli cable 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

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 investments, hedged items, if certain conditions are met.

(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 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 the 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.

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 the 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.

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 principally over 10 years within 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 from the year in which it occurs.

(j) 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.

With the implementation of the "Revision of the Local Tax Law" issued on March 31, 2003, a local corporate enterprise tax base such as "added value amount" and "capital amount" was newly introduced from the fiscal year beginning on and after April 1, 2004. Enterprise taxes based on "added value amount" and "capital amount" amounted to ¥788 million ($7,364 thousand) and were included in selling, general and administrative expenses for the year ended March 31, 2005, pursuant to "Practical Treatment for Presentation of Sized Based-Corporate Enterprise Taxes in the Statement of Income" (Accounting Standards Board, Report of Practical Issues No.12). As a result, for the year ended March 31, 2005, operating income and income before income taxes and minority interests decreased by ¥788 million ($7,364 thousand), respectively.

(k) 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 revenues and operating costs and expenses, respectively.

(l) 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.

(m) 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.

(n) Per share data

Basic net income per share is computed by dividing income available 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 income represent dividends declared as applicable to the respective years.

(o) Adoption of new accounting standards

On August 9, 2002, the Business Accounting Council of Japan issued "Accounting Standard for Impairment of Fixed Assets". 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. The standard shall be effective for the fiscal years beginning on April 1, 2005, with earlier adoption permitted. The Seino Group has not adopted this new standard nor has determined the effect of applying it on its consolidated financial statements.

3. Investments

At March 31, 2005 and 2004, short-term investments consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Marketable securities:			
Bonds	¥ 8,788	¥ 13,853	$ 82,131
Total marketable securities	8,788	13,853	82,131
Time deposits with an original maturity of more than three months	11,047	9,847	103,243
	¥ 19,835	¥ 23,700	$ 185,374

At March 31, 2005 and 2004, investment securities consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Marketable securities:			
Equity securities	¥ 15,800	¥ 13,561	$ 147,664
Bonds	9,145	10,259	85,467
Other	187	193	1,748
Total marketable securities	25,132	24,013	234,879
Other nonmarketable securities	9,732	16,316	90,953
	¥ 34,864	¥ 40,329	$ 325,832

At March 31, 2005 and 2004, 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, 2005	¥ 1,700	¥ 1,720	¥ 20
At March 31, 2004	4,493	4,959	466
	Thousands of U.S. Dollars		
Bonds included in investment securities			
At March 31, 2005	$ 15,888	$ 16,075	$ 187

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, 2005 and 2004, 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, 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
At March 31, 2004:				
Equity securities	¥ 6,938	¥ 6,658	¥ (35)	¥ 13,561
Bonds	19,258	433	(72)	19,619
Other	158	41	(6)	193
	¥ 26,354	¥ 7,132	¥ (113)	¥ 33,373
	Thousands of U.S. Dollars			
At March 31, 2005:				
Equity securities	$ 66,673	$ 81,271	$ (280)	$ 147,664
Bonds	148,626	3,122	(38)	151,710
Other	1,449	355	(56)	1,748
	$ 216,748	$ 84,748	$ (374)	$ 301,122

During the year ended March 31, 2005 and 2003, the Seino Group recorded a loss on write-down of marketable investment securities due to a permanent diminution in value in the amount of ¥0 million and ¥261 million, respectively. During the year ended March 31, 2004, the Seino Group recorded no loss on write-down of marketable investment securities.

During the years ended March 31, 2005, 2004 and 2003, the Seino Group sold available-for-sale securities and recorded a gain of ¥86 million ($804 thousand), ¥585 million and ¥7 million, and a loss of ¥175 million ($1,636 thousand), ¥170 million and ¥1 million on the accompanying consolidated statements of income, respectively.

Expected maturities of held-to-maturity and available-for-sale securities at March 31, 2005 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due in one year or less	¥ 8,773	$ 81,991
Due after one year through five years	8,267	77,262
Due after five years through ten years	7,647	71,467
Due after ten years	900	8,411
	¥ 25,587	$ 239,131

At March 31, 2005 and 2004, investments in and long-term loans to affiliates consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Investments, accounted for by the equity method for significant affiliates and at cost for others	¥ 4,106	¥ 4,029	$ 38,374
Interest bearing long-term loans	3,602	3,992	33,663
	¥ 7,708	¥ 8,021	$ 72,037

4. Property and Equipment

At March 31, 2005 and 2004, property and equipment consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Property held for own use, at cost:			
Land	¥139,342	¥137,288	$1,302,262
Buildings and structures	182,822	179,437	1,708,617
Vehicles	72,868	72,644	681,009
Machinery and equipment	21,505	21,034	200,981
Construction in progress	1,016	1,309	9,495
	417,553	411,712	3,902,364
Less, accumulated depreciation	(168,979)	(165,040)	(1,579,243)
Subtotal	248,574	246,672	2,323,121
Property held for leases, at cost:			
Vehicles, equipment and other	698	685	6,524
Less, accumulated depreciation	(440)	(432)	(4,112)
	258	253	2,412
Total property and equipment	¥248,832	¥246,925	$2,325,533

One of the consolidated subsidiaries elected to carry out a one-time revaluation to restate the cost of land used for the 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 in the shareholders' equity as land revaluation decrement account in the accompanying consolidated balance sheets. Carrying amounts of such land after and before revaluation at March 31, 2002 were ¥6,100 million and ¥6,576 million, respectively. At March 31, 2005 and 2004, the differences between the carrying values of land used for the business operations after revaluation over the current market value of such land at the fiscal year-end amounted to ¥1,344 million ($12,561 thousand) and ¥858 million, respectively.

5. Short-term Borrowings and Long-term Debt

At March 31, 2005 and 2004, short-term borrowings consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Unsecured bank overdrafts with interest rates ranging from 0.5% to 8.5% per annum at March 31, 2005	**¥ 86**	¥ 679	**$ 804**
Short-term bank borrowings principally represented by notes with interest rates ranging from 0.29% to 5.6% per annum at March 31, 2005:			
Secured	**323**	616	**3,019**
Unsecured	**4,406**	29,875	**41,177**
	¥ 4,815	¥ 31,170	**$ 45,000**

At March 31, 2005, the Company and certain subsidiaries had unsecured overdraft agreements with 12 banks. Under such agreements, the Company and such subsidiaries were entitled to withdraw up to ¥21,268 million ($198,766 thousand). The Company and such subsidiaries are not obligated to pay commitment fees on the unused portions of such overdraft facilities.

At March 31, 2005 and 2004, long-term debt consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
1.1% convertible bonds, due March 2006	**¥ 9,017**	¥ 9,017	**$ 84,271**
Loans from banks, partly secured, due through 2020 repayable on an installment basis with interest rates ranging from 0.59% to 7.50% per annum at March 31, 2005	**8,718**	9,003	**81,477**
Loans from government agencies, principally mortgage, repayable on an installment basis with interest rates ranging from 0.07% to 3.2% per annum at March 31, 2005	**239**	321	**2,233**
	17,974	18,341	**167,981**
Less, current portion	**(9,475)**	(291)	**(88,551)**
	¥ 8,499	¥ 18,050	**$ 79,430**

At March 31, 2005 and 2004, the following assets were pledged as collateral for certain short-term borrowings and long-term debt:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Land	**¥ 971**	¥ 888	**$ 9,075**
Buildings and structures	**1,179**	1,064	**11,019**
Time deposits included in short-term investments	**127**	147	**1,187**

The following is a summary of the conversion price and the terms of optional redemption of the convertible bonds as at March 31, 2005:

	Conversion price	Redemption at the option of the Company
1.1% convertible bonds, due 2006	¥1,755.60	At 104% to 100% of principal after April 1, 2001, decreasing 1% annually

The Company reserves the right to redeem the outstanding convertible bonds, in whole or in part, at its call option, at the percentages of the principal amount listed in the table above. At March 31, 2005, the number of shares of common stock necessary for conversion of convertible bonds outstanding was approximately 5 million.

The aggregate annual maturities of long-term debt as at March 31, 2005 were as follows:

Years ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2006	¥ 9,475	$ 88,551
2007	7,182	67,121
2008	158	1,477
2009	123	1,150
2010	125	1,168
Thereafter	911	8,514

6. Employee Retirement Benefits

The Seino Group has defined benefit pension plans, which substantially cover all employees.

On April 23, 2002, the Minister of Health, Labour and Welfare approved another liquidation of the group welfare pension funds organized by some of the domestic subsidiaries and affiliates pursuant to the enforcement of the Defined Benefit Enterprise Pension Plan Law. As a result, the Seino Group recorded a gain of ¥1,542 million due to the extinguishment of retirement benefit obligation of such welfare pension funds for the year ended March 31, 2003. During the year ended March 31, 2003, the Company and some of the domestic subsidiaries settled the qualified retirement benefit pension plan, and the Seino Group recorded a loss of ¥863 million in relation to this transaction.

The following table reconciles the benefit liability as at March 31, 2005 and 2004:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Reconciliation of benefit liability:			
Projected benefit obligation	**¥ 47,142**	¥ 45,584	**$ 440,579**
Less, fair value of pension plan assets at end of year	**(1,155)**	(1,322)	**(10,794)**
	45,987	44,262	**429,785**
Less, unrecognized actuarial differences (loss)	**(2,567)**	(4,627)	**(23,991)**
Less, unrecognized prior service cost	**(2,732)**	(611)	**(25,533)**
Other	—	(17)	—
Net amounts of employee retirement benefit liability recorded on the consolidated balance sheets	**¥ 40,688**	¥ 39,007	**$ 380,261**

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 ¥5,465 million ($51,075 thousand) and ¥5,127 million at March 31, 2005 and 2004, respectively.

The component of net periodic retirement benefit expense for the three years ended March, 2005 was as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2005	2004	2003	**2005**
Net periodic retirement benefit expenses:				
Service cost	**¥ 2,618**	¥ 2,766	¥ 2,373	**$ 24,467**
Interest cost	**914**	866	1,105	**8,542**
Expected return on pension plan assets	**(21)**	(23)	(158)	**(196)**
Amortization of actuarial differences	**615**	618	530	**5,748**
Amortization of prior service cost	**179**	65	(53)	**1,673**
Other	**17**	17	17	**159**
Sub-total	**4,322**	4,309	3,814	**40,393**
Reversal of employee retirement benefit liability	**—**	—	(1,542)	**—**
Loss on settlement of qualified retirement benefit pension plan	**—**	—	863	**—**
Total retirement benefit expense	**¥ 4,332**	¥ 4,309	¥ 3,135	**$ 40,393**

Major assumptions used in calculation of the above information for the three ended March 31, 2005 were as follows:

	2005	2004	2003
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%	2.5%
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, 2005 and 2004, the Seino Group was contingently liable for trade notes endorsed to affiliates and the third parties, for trade notes discounted with banks in the normal course of business, and for guarantees, including substantial guarantees, principally of indebtedness of affiliates and the third parties in the aggregate amounts of ¥5,171 million ($48,327 thousand) and ¥4,009 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, 2005 and 2004 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Due within one year	**¥ 1,281**	¥ 1,553	**$ 11,972**
Due after one year	**1,622**	2,370	**15,159**
	¥ 2,903	¥ 3,923	**$ 27,131**

A certain consolidated subsidiary engaged in the leasing operations entered into various lease agreements principally for vehicles with the third parties as lessor, which were categorized as financing leases. At March 31, 2005 and 2004, the aggregate future minimum lease commitments to be received for such non-cancelable lease agreements, excluding the imputed interest, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Due within one year	**¥ 168**	¥ 167	**$ 1,570**
Due after one year	**268**	253	**2,410**
	¥ 436	¥ 420	**$ 4,075**

In addition to the above, a certain consolidated subsidiary engaged in the leasing operations leases the property as lessee and also leases the same property to affiliates and the third parties as lessor. At March 31, 2005 and 2004, the future minimum commitments under such agreements, including the imputed interest portion, were as follows:

	Minimum rentals to be paid	Minimum rentals to be received	Minimum rentals to be paid	Minimum rentals to be received
	Millions of Yen		Thousands of U.S. Dollars	
At March 31, 2005:				
Due within one year	**¥ 1,037**	**¥ 1,101**	**$ 9,692**	**$ 10,290**
Due after one year	**822**	**874**	**7,682**	**8,168**
	¥ 1,859	**¥ 1,975**	**$ 17,374**	**$ 18,458**
At March 31, 2004:				
Due within one year	¥ 1,808	¥ 1,926		
Due after one year	2,025	2,153		
	¥ 3,833	¥ 4,079		

9. Derivative Instruments

The Seino Group is a party to derivative instruments such as interest rate swap in the normal course of business to reduce its own exposure to fluctuations in interest rates for the hedge purposes. The Seino Group is exposed to credit loss in the event of nonperformance by the other parties. However, the Seino Group does not expect nonperformance by the counterparties. All derivative instruments are accounted for by the certain hedge accounting methods as at March 31, 2005 and 2004.

10. Shareholders' Equity

(a) The authorized number of shares of common stock, without par value, is 400 million at March 31, 2005, unless there may be a reduction due to a cancellation of treasury stock acquired.

Pursuant to the Commercial Code of Japan and the Company's amended articles of incorporation approved by shareholders at the annual general meeting on June 25, 2004, the Company can purchase the treasury stock subject to the resolution of the Board of Directors from that date.

(b) Capital surplus principally consisted of additional paid-in capital. At March 31, 2005 and 2004, retained earnings included legal reserve of the Company in the amount of ¥4,262 million ($39,832 thousand) and ¥4,262 million, 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 terms of the 1.1% convertible bonds, as long as any of the relevant bonds remains outstanding, the Company may not pay any cash dividends if, upon giving effect thereto, the aggregate amount of all cash dividends paid after March 31, 1995, less income before special credits or charges (as defined in the Ministry of Finance Ordinance) net of income taxes, since such a date would exceed ¥15 billion ($140 million).

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

(c) On June 29, 2000, shareholders approved to implement the stock option plan in accordance with the Commercial Code of Japan. The stock option was granted to 15 members of the Board of Directors and 575 executive employees as of June 29, 2000, and each stock option is exercisable from July 1, 2002 to June 30, 2005. Up to 1,195,000 shares of common stock of the Company would be issuable for exercise of this option at the exercise price of ¥600 per share, which is subject to adjustment in certain circumstances including stock split.

(d) The shareholders of the Company approved the followings appropriations of retained earnings at the annual general meeting of shareholders on June 24, 2005:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends	¥ 2,147	$ 20,065
Bonuses to directors and statutory auditors	10	93

11. Income Taxes

Income tax expenses for the three years ended March 31, 2005, 2004 and 2003 consisted of the following:

	Millions of Yen			Thousands of U.S. Dollars
	2005	2004	2003	**2005**
Income tax expenses:				
Current	**¥ 7,483**	¥ 6,964	¥ 8,636	**$ 69,935**
Deferred	**(840)**	(145)	(1,790)	**(7,851)**
	¥ 6,643	¥ 6,819	¥ 6,846	**$ 62,084**

The tax effects on temporary differences that give rise to a significant portion of deferred tax assets and liabilities at March 31, 2005 and 2004 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Deferred tax assets:			
Employee retirement benefit liability	**¥ 15,769**	¥ 14,436	**$ 147,374**
Enterprise tax accruals	**524**	344	**4,897**
Accrued bonuses	**3,594**	3,889	**33,589**
Intercompany capital gain	**1,055**	1,081	**9,860**
Loss on assets transferred	**1,518**	1,582	**14,187**
Unrealized losses on available-for-sale securities	**11**	41	**103**
Other	**3,255**	3,380	**30,420**
	25,726	24,753	**240,430**
Less, valuation allowance	**(814)**	(726)	**(7,607)**
	24,912	24,027	**232,823**
Deferred tax liabilities:			
Deferred capital gain	**5,841**	5,766	**54,589**
Unrealized gains on available-for-sale securities	**3,649**	2,877	**34,103**
Consolidating valuation adjustment	**4,627**	4,619	**43,243**
	14,117	13,262	**131,935**
Net deferred tax assets	**¥ 10,795**	¥ 10,765	**$ 100,888**

At March 31, 2005 and 2004, deferred tax assets and liabilities were recorded as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Deferred tax assets:			
Current	**¥ 5,014**	¥ 5,218	**$ 46,860**
Non-current	**8,016**	7,945	**74,916**
Deferred tax liabilities:			
Non-current	**2,235**	2,398	**20,888**

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, 2005 and 2004, 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 not 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 income for the years ended March 31, 2005 and 2004 was as follows:

	Percentage of pretax income		
	2005	2004	2005
Japanese statutory effective tax rate	**40.4%**	41.7%	41.7%
Increase (decrease) due to:			
Permanently nondeductible expenses	**0.6**	0.6	0.6
Tax exempt income	**(0.1)**	(0.1)	(0.5)
Adjustment due to a change in tax rates	—	—	1.8
Local minimum taxes-per capita levy	**2.4**	2.5	2.4
Amortization of consolidating adjustment account	**(11.9)**	(13.6)	(13.2)
Equity in net loss of affiliates	**(0.4)**	(0.9)	(0.8)
Other	**(1.0)**	1.9	(0.7)
Actual effective income tax rate	**30.0%**	32.1%	31.1%

With the implementation of the "Revision of the Local Tax Law" on March 31, 2003, the Japanese statutory effective tax rate used in the calculation of deferred tax assets or liabilities effective from the fiscal year beginning on April 1, 2004 has been changed from 41.7% to 40.4%. As a result, deferred income tax expenses increased by ¥392 million for the year ended March 31, 2003.

12. Segment Information

The Seino Group operates in four business segments: transportation services, merchandise sales, information services, and leasing and other services. Information by industry segment for the three years ended March 31, 2005, 2004 and 2003 was summarized as follows:

	Transportation services	Merchandise sales	Information services	Others	Total	Elimination	Consolidated
				Millions of Yen			
For the year 2005:							
Operating revenues:							
Outside 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 revenues	**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**
For the year 2004:							
Operating revenues:							
Outside 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 revenues	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
For the year 2003:							
Operating revenues:							
Outside customers	¥ 297,514	¥ 93,322	¥ 5,938	¥ 12,625	¥ 409,399	¥ —	¥ 409,399
Inter-segment sales	1,905	28,514	5,171	13,818	49,408	(49,408)	—
Total operating revenues	299,419	121,836	11,109	26,443	458,807	(49,408)	409,399
Operating costs and expenses	293,726	118,990	11,259	24,335	448,310	(49,105)	399,205
Operating income (loss)	¥ 5,693	¥ 2,846	¥ (150)	¥ 2,108	¥ 10,497	¥ (303)	¥ 10,194
Identifiable assets	¥ 331,613	¥ 91,184	¥ 4,954	¥ 25,471	¥ 453,222	¥ 41,361	¥ 494,583
Depreciation	9,740	1,294	293	140	11,467	(180)	11,287
Capital expenditures	17,301	2,562	76	51	19,990	(391)	19,599
				Thousands of U.S. Dollars			
For the year 2005:							
Operating revenues:							
Outside customers	**$ 2,871,626**	**$ 918,308**	**$ 49,234**	**$ 121,888**	**$ 3,961,056**	**$ —**	**$ 3,961,056**
Inter-segment sales	**18,056**	**260,897**	**56,084**	**126,720**	**461,757**	**(461,757)**	**—**
Total operating revenues	**2,889,682**	**1,179,205**	**105,318**	**248,608**	**4,422,813**	**(461,757)**	**3,961,056**
Operating costs and expenses	**2,815,561**	**1,157,018**	**104,626**	**232,972**	**4,310,177**	**(461,710)**	**3,848,467**
Operating income	**$ 74,121**	**$ 22,187**	**$ 692**	**$ 15,636**	**$ 112,636**	**$ (47)**	**$ 112,589**
Identifiable assets	**$ 3,183,514**	**$ 865,785**	**$ 48,701**	**$ 138,262**	**$ 4,236,262**	**$ 160,859**	**$ 4,397,121**
Depreciation	**112,570**	**14,430**	**2,383**	**1,187**	**130,570**	**(2,121)**	**128,449**
Capital expenditures	**141,710**	**21,047**	**1,037**	**1,570**	**165,364**	**(3,486)**	**161,878**

Notes: Identifiable assets in the elimination column represent unallocated general corporate items which were 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 segment)
With effect from the year ended March 31, 2005, the Company changed the measurement method of the assets for rent and related profits or losses, including revenues and expenses, to the method allocating revenues 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 such profits or losses as “others” segment. As a result, as compared with the previous accounting method, operating revenues for the “transportation services” segment, “merchandise sales” segment and “information services” segment increased by ¥408 million ($3,813 thousand), ¥69 million ($645 thousand) and ¥87 million ($813 thousand), respectively, and operating revenues for the “others” segment decreased by ¥755 million ($7,056 thousand) for the year ended March 31, 2005. Operating income for the “transportation services” segment, “merchandise sales” segment and “information services” segment increased by ¥552 million ($5,159 thousand), ¥212 million ($1,981 thousand) and ¥90 million ($841 thousand), respectively, and operating income for the “others” segment decreased by ¥854 million ($7,981 thousand) for the year ended March 31, 2005.

Geographic segment information is not shown as operating revenues and total assets of overseas subsidiaries were not material in the three years ended March 31, 2005, 2004 and 2003. Information for overseas sales is not disclosed as such sales were not material.

13. Subsequent Events

(a) The Company made the decision, which its Board of Directors came to at its meeting held on May 17, 2005, to implement a rights plan using stock acquisition rights and trust mechanism as a means of dealing with the acquisition of the Company’s stock resulting in a particular shareholder holding more than 20% of the Company’s stock and proposals of acquisition without the prior approval of the Board of Directors, and to issue stock acquisition rights which would allocate to Sumitomo Trust & Banking Co., Ltd. at especially advantageous terms, and that was approved at the annual general meeting of shareholders held on June 24, 2005.

The trust contract between the Company and Sumitomo Trust & Banking Co., Ltd. is scheduled on July 1, 2005.

(b) On May 30, 2005, the Board of Directors of the Company resolved the repurchase of treasury stock pursuant to the provision of the Commercial Code of Japan. Details of the transaction are as follows:

Purpose of repurchase:	The purpose of the repurchase is in order to implement the flexible capital strategies according to the business environment.
Type of shares:	Common stock
Total number of shares to be repurchased:	Up to 9 million shares
Total value of shares to be repurchased:	Up to ¥9,000 million ($84,112 thousand)
Term of repurchase:	From May 31, 2005 to March 27, 2006

Report of Independent Auditors

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

We have audited the accompanying consolidated balance sheets of Seino Transportation Co., Ltd. and its subsidiaries (the "Seino Group") as of March 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2005, 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, 2005 and 2004, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 2005 in conformity with accounting principles generally accepted in Japan.

As described in Note 13, the issuance of stock acquisition rights for a trust-type plan, which was decided at Board of Directors' meeting held on May 17, 2005, was approved at the annual general meeting of shareholders held on June 24, 2005.

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.

ChuoAoyama PricewaterhouseCoopers

ChuoAoyama PricewaterhouseCoopers
Nagoya, Japan
June 24, 2005

Board of Directors

(As of June 24, 2005)

Chairman and Chief Executive Officer
Yoshikazu Taguchi

President and Chief Operating Officer
Yoshitaka Taguchi

Senior Managing Director
Takao Taguchi

Managing Directors
Kunitoshi Yamanaka
Yoshitaka Nasuno
Masashi Otsuka
Takayoshi Mito

Adviser
Atsuo Suzuki

Directors
Hideyuki Abe
Kunihiko Oka
Shizutoshi Otsuka
Masayoshi Ichiyanagi
Hidemi Maruta
Toshitaka Morita
Hisao Sakashita
Hitoshi Sonobe
Masanori Sobajima

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, 2005)

Company Name:	Seino Transportation Co., Ltd.
Head Office:	1, Taguchi-cho, Ogaki, Gifu 503-8501, Japan Tel: 81-584-81-1111 Fax: 81-584-75-3366
Date of Establishment:	November 1, 1946
Paid-in Capital:	¥42,482 million
Number of Shares Issued:	198,631,167
Stock Listings:	The First Section of Tokyo Stock Exchange (code 9076) The First Section of Nagoya Stock Exchange (code 9076)
Transfer Agent:	The Mitsubishi Trust and Banking Corporation
Independent Auditors:	ChuoAoyama PricewaterhouseCoopers.

Seino Group

☆Consolidated subsidiaries
★Subsidiaries and affiliates accounted for by the equity method

(As of March 31, 2005)

Transportation Group

★Hokkaido Seino Transportation Co., Ltd.
General cargo haulage

☆Iwate Seino Transportation Co., Ltd.
General cargo haulage

☆Miyagi Seino Transportation Co., Ltd.
General cargo haulage

Fukushima Seino Transportation Co., Ltd.
General cargo haulage

☆Kanto Seino Transportation Co., Ltd.
General cargo haulage

★Saitama Seino Transportation Co., Ltd.
General cargo haulage

★Tokyo Seino Transportation Co., Ltd.
General cargo haulage

☆Kanagawa Seino Transportation Co., Ltd.
General cargo haulage

Enshu Seino Transportation Co., Ltd.
General cargo haulage

Mikawa Seino Transportation Co., Ltd.
General cargo haulage

☆Tokai Seino Transportation Co., Ltd.
General cargo haulage

☆Nohi Seino Transportation Co., Ltd.
General cargo haulage

Tango Seino Transportation, Inc.
General cargo haulage

☆Seino Tsu-un Transportation Co., Ltd.
Transportation and general cargo haulage

☆Seino Express Co., Ltd.
General cargo haulage

☆Mie Seino Transportation Co., Ltd.
General cargo haulage

★Hinomaru Seino Transportation Co., Ltd.
General cargo haulage

★Shikoku Seino Transportation Co., Ltd.
General cargo haulage

★Showa Seino Transportation Co., Ltd.
General cargo haulage

Takuma Seino Transportation Co., Ltd.
General cargo haulage

☆Okinawa Seino Transportation Co., Ltd.
General cargo haulage

☆Seino Logix Co., Ltd.
Intermodal transportation operator and agency

☆Seino Europe GmbH
International air and sea cargo forwarder in Germany

☆Seino Hikkoshi Co., Ltd.
Moving service

☆United-Seino Transportation (Malaysia) Sdn. Bhd.
General cargo haulage in Malaysia

☆Seino Transportation (Thailand) Co., Ltd.
International air and sea cargo forwarder in Thailand

☆Seino Merchants Singapore Pte Ltd.
International air and sea cargo forwarder in Singapore

Seino Hokkaido Express Co., Ltd.
General cargo haulage

☆Seino Tokyo Express, Inc.
General cargo haulage

Seino Kanagawa Express Co., Ltd.
General cargo haulage and automotive freight handling

☆Seino Nagoya Express, Inc.
General cargo haulage

☆Seino Osaka Express, Inc.
General cargo haulage

☆Seino Hokuriku Express, Inc.
General cargo haulage

☆Seino ST Services, Inc.
General cargo haulage and security services

Asahi Bangkok Co., Ltd.
Management in Thailand

☆Seino Customs Clearance Service Co., Ltd.
Customs broker

Schenker-Seino Co., Ltd.
International sea and air cargo forwarder

Seino Logistic Hokkaido Inc.
Generd cargo haulage

Information and Sales Group

☆Seino Enterprise Co., Ltd.
Group management and general consultation

☆Seino Sangyo Co., Ltd.
Merchandising of automobile components and transportation-related services

☆Gifu Hino Motor Co., Ltd.
Automobile sales agency
[Second section of the Nagoya Stock Exchange]

☆Toyota Corolla Gifu Co., Ltd.
Automobile sales agency
[Second section of the Nagoya Stock Exchange]

☆Netz Toyota Centro Gifu Co., Ltd.
Automobile sales agency

☆Netz Toyota Gifu Co., Ltd.
Automobile sales agency

☆Seino Trading Co., Ltd.
General trading house

☆Seino Information Service Co., Ltd.
Advanced information services and information processing

☆Japan Logistics Development Co., Ltd.
Information and materials distribution systems consulting

☆Asahi Leasing Co., Ltd.
Rental and lease of equipment and machines

☆Asahi Travel Service Co., Ltd.
Travel agency

☆Seino Engineering Co., Ltd.
Construction, drafting, and electrical and air conditioning installation

☆Seino Family Co., Ltd.
Insurance agency services

☆Toyota Home Gifu Co., Ltd.
Housing sales

☆Asahi Agency Co., Ltd.
Comprehensive advertising agency

☆Asahi Create Co., Ltd.
Comprehensive printer

☆Asahi Enterprise Co., Ltd.
Automobile sales and export

☆Seino Do Brasil Armazens Gerais Ltda.
Storage and maintenance in Brazil

☆Seino Security Service Co., Ltd.
Security services

☆Jms Gifu Corporation
Merchandising of automobile components

☆Medical Support Co., Ltd.
Disposal of medical facility wastes

☆Suito Taxi Co., Ltd.
General passenger transportation

Tokyo Nohin Daiko Co., Ltd.
Value-added distribution services to the apparel industry

SEINO

Seino Transportation Co., Ltd.

1, Taguchi-cho, Ogaki, Gifu 503-8501, Japan

Printed in Japan

Seino Transportation Co., Ltd.
Annual Report 2005

Year Ended March 31, 2005

The Road to Success