The Road to Success

Seino Holdings Co., Ltd.
Annual Report 2007
Year Ended March 31, 2007

Profile

Seino Holdings Co., Ltd. began business as a trucking company in 1930, and was incorporated in 1946. Based in the city of Ogaki, Gifu Prefecture, located nearly at the center of the Japanese archipelago, we are a leading trucking company, expanding in step with the growth of the Japanese economy and the development of the nation's extensive expressway network. On October 1, 2005, the Company transferred its transportation business and other operations to a new company—which has taken the original name Seino Transportation Co., Ltd.—and was renamed Seino Holdings, Co., Ltd., adopting a pure leasing services holding company structure.

The Seino Group currently consists of the pure holding company Seino Holdings, 50 consolidated subsidiaries, and 10 affiliates engaged in transportation services, vehicle sales, leasing for real estate services and other services.

In its mainstay transportation services business, the Company has taken steps to optimize its network, all the while adhering to its "customer-first" principle. As of March 31, 2007, Seino offers efficient transportation services throughout Japan via its 415 domestic terminals, a fleet of 21,466 trucks, and a trucking network that averages 5,000 routes daily. Overseas, Seino has transferred its international forwarding operations to Schenker-Seino Co., Ltd., a joint venture established with Schenker AG in Germany. Through this alliance, the Company aims to bolster its competitiveness by optimizing the synergies of Seino's domestic transportation network and Schenker's global network and cutting-edge IT systems.

The Seino Group focuses on its three core businesses: the Less-than-Truck Load (LTL) commercial cargo transportation business, the logistics business, and the vehicle sales business. The Group is committed to providing rapid services that deliver total customer satisfaction, and will proceed down the "Road to Success" to become a highly profitable company through initiatives to develop a progressive business model that will become the standard for next-generation transportation business.

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.

Contents

Board of Directors

(As of June 26, 2007)

Chairman and Chief Executive Officer
Yoshikazu Taguchi

President and Chief Operating Officer
Yoshitaka Taguchi

Directors
Takao Taguchi
Masataka Nasuno
Mitsuo Mekata
Shizutoshi Otsuka
Hidemi Maruta

Outside Directors
Yuji Tanahashi
Kenjiro Ueno

Standing Statutory Auditors
Yoshio Matsuoka
Yoshinori Takigawa

Outside Statutory Auditors
Fumio Kato
Eiji Kasamatsu

Seino Holdings Co., Ltd.

Financial Highlights

For the Years Ended March 31, 2007, 2006 and 2005

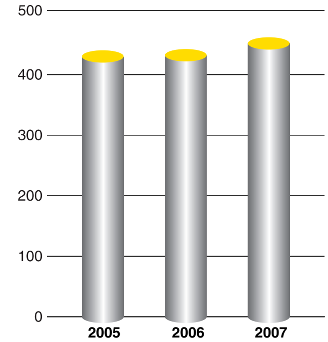
	Millions of Yen			Thousands of U.S. Dollars [2]
	2007	2006	2005	**2007**
CONSOLIDATED BASIS:				
Operating revenue	**¥ 449,486**	¥ 427,520	¥ 423,833	**$ 3,809,203**
Operating income	**10,796**	10,082	12,047	**91,492**
Income (loss) before income taxes and minority interests	**14,579**	(1,188)	22,144	**123,551**
Net income (loss)	**8,797**	(8,334)	14,273	**74,551**
Net income (loss) per share (in the whole yen and dollars):				
-Basic	**¥ 44.71**	¥ (43.35)	¥ 72.26	**$ 0.38**
-Diluted	**—**	—	70.67	**—**

	Millions of Yen			Thousands of U.S. Dollars [2]
	2007	2006	2005	**2007**
CONSOLIDATED BASIS:				
Cash and cash equivalents, and short-term investments	**¥ 52,421**	¥ 62,582	¥ 70,441	**$ 444,246**
Property and equipment, net of accumulated depreciation	**242,374**	225,815	248,832	**2,054,017**
Total assets	**468,006**	446,933	470,492	**3,966,153**
Long-term debt and other long-term liabilities	**76,178**	69,689	59,330	**645,576**
Net assets	**292,848**	278,916	283,352	**2,481,763**
Net assets [3] per share (in the whole yen and dollars)	**¥1,451.36**	¥1,420.60	¥1,457.82	**$ 12.30**

(Notes) 1. Yen and U.S. dollar amounts have been rounded off to the nearest whole number.
2. U.S. dollar amounts are translated at ¥118 = US$1, solely for the convenience of readers.
3. For details regarding net assets for the fiscal year ended March 31, 2007, see (s-i) on page 18.

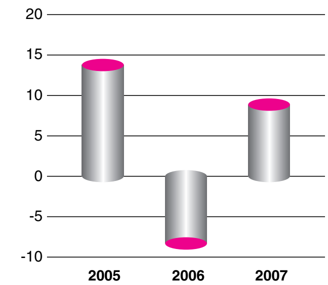
Operating revenue

(Billions of Yen)



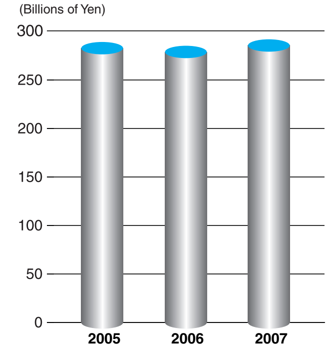
Net income (loss)

(Billions of Yen)



Net assets

(Billions of Yen)



Corporate Data

(As of March 31, 2007)

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

To Our Shareholders, Customers and Friends

On November 1, 2006, Seino Holding Co., Ltd. marked the 60th anniversary of its incorporation. We take this opportunity to express our gratitude to our stakeholders, including shareholders and other investors, for the consistent support they have shown us over the years. It is our pleasure to present the results for the fiscal year ended March 31, 2007 (from April 1, 2006 to March 31, 2007).

Operating Environment

The Japanese economy was able to sustain a moderate recovery in the fiscal year under review. Rising capital investment, improved employment and robust exports outweighed negative factors such as lackluster personal spending and surging prices of crude oil and other raw materials.

In the transportation industry, however, although the freight market situation began to pick up, customer requests became increasingly sophisticated and competing service from other companies remained severe. Also, additional costs such as higher fuel costs, expenses to ensure adherence to safety and environmental standards, and expenses associated with strategies to respond to recent revisions to the Road Traffic Law could not be reflected in freight charges. Consequently, the operating environment continued to be extremely challenging.

Initiatives Taken During FY2007 and Results

In this environment, the Seino Group endeavored to expand its business by primarily focusing on the G5 (Group 5) Plan, the Group's medium-term management plan. (FY2007 was the second year of the Plan, which runs from April 2005 to March 2008.)

To improve the value and profitability of the overall Group, and to optimize capital allocation through stronger equity ties within the Group, the Company instituted business restructuring. Specifically, we included seven group companies as consolidated subsidiaries.

Meanwhile, Seino Business Support Co., Ltd., established in January 2006 to consolidate back office operations of Seino Group companies, has began to deliver significant cost savings.

The Group is united in its commitment toward achieving the G5 Plan, its medium-term management plan. For instance, we are creating added value by placing the Company, a pure holding company, at the center of Group management. Moreover, never forgetting the "customer-first" principle on which we were founded, we have called on the entire Group to focus on the basics, with a commitment to delivering customer satisfaction as a means of sustaining our expansion and contributing to local communities.

As a result of these initiatives, consolidated operating revenue for the year under review increased 5.1% from the previous year to ¥449,486 million owing to an increase in the number of consolidated subsidiaries. Operating income rose 7.1% to ¥10,796 million and net income stood at ¥8,797 million.

Focusing on the G5 Plan

In the transportation industry, Seino's core business segment, despite the ongoing economic recovery, the total volume of freight handled is unlikely to increase. Competition is also expected to become increasingly fierce with the continued increase in the number of industry players, investments to meet safety and environmental standards, and the effects of revisions to the Road Traffic Law and the Law Concerning the Rational Use of Energy.

Although the transportation business confronts a difficult management environment, as outlined above, actual total domestic freight distributed via trucks, including both commercial and private trucks, is believed to amount to 5.3 billion tons annually. To capture a share of this immense volume, we will remain focused on our medium-term management plan, the G5 Plan, during its final year. By concentrating on the two main themes, namely, secure earings through sales operations focusing on profits, and cost cutting through the pursuit of efficiency, we will continue to improve management efficiency and establish a profitable structure.

In the vehicle sales business, with ever greater competition among dealers, there are concerns that sales of new vehicles are likely to be sluggish. In response, the Company will aim to step up sales of used cars and maintenance services to generate steady revenues.

As a result of these measures, the Company anticipates operating revenue of ¥450,000 million and net income of ¥9,000 million for the term ending on March 31, 2008.

Corporate Governance

Seino employs a corporate auditor system. As of March 31, 2007, the Board of Directors consisted of 10 directors, including two outside directors. In addition to making swift and appropriate decisions on such important matters as business restructuring and strategic investments, the Board of Directors is taking important steps to strengthen auditing functions and achieve greater management transparency.

The Company also has four corporate auditors, social including two outside auditors. Auditors are committed to improving compliance and enhancing trust that society has in the Company through such activities as attending meetings of the Board of Directors, conferences of directors, and other important gatherings, and carrying out auditing operations.

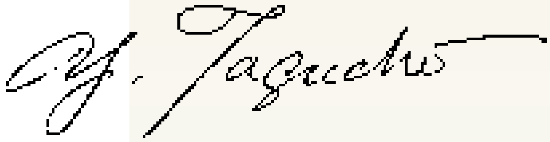
To Our Shareholders

In keeping with its basic business policy, Seino seeks to enhance shareholders' equity and improve profitability from a long-term perspective, while maintaining stable dividends. Accordingly, Seino has maintained a regular annual cash dividend per share of ¥11.00 for the fiscal year ended March 31, 2007, the same amount as in the previous year.

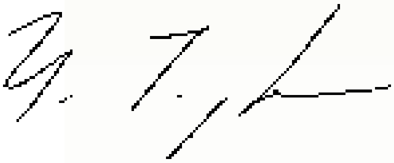
In accordance with its new medium-term management plan, management is fully committed to making Seino the preeminent freight transportation company in Japan, while at the same time raising corporate and shareholder value. We take this opportunity to ask our shareholders, customers and friends for their continued support.

August 2007

Yoshikazu Taguchi
Chairman and Chief Executive Officer



Yoshitaka Taguchi
President and Chief Operating Officer



Status of New G5 Plan

Striving to Achieve the Goals of the New Three-year Medium-term Management Plan — The Group has taken initiatives across the board to create added value.

FY 2007 was the middle year in the G5 Plan, our new three-year medium-term management plan, which extends to FY 2008.
To establish a more robust corporate structure, each division of the Group will act to enhance efficiency, create added value, and improve customer satisfaction.

Seino Holdings

Hokkaido Seino Transportation Co., Ltd. and Seino Information Service Co., Ltd. become wholly owned subsidiaries

On October 1, 2006, Seino Holdings Co., Ltd. made Hokkaido Seino Transportation Co., Ltd. and Seino Information Service Co., Ltd. as well as three other companies wholly owned subsidiaries through stock swaps. The Company originally made three transport operators wholly owned subsidiaries through stock swaps in August 2001. On October 1, 2005, we adopted a holding company structure, and during October 2005 we made four more automobile dealerships wholly owned subsidiaries through similar stock swaps.

With the latest stock swaps, the Seino Group aims to enhance the solidarity and profitability of Group companies. It also seeks to optimize overall Group capital by strengthening capital ties within the Group. We believe that these initiatives will enable us to flexibly and efficiently respond to changes in an increasingly challenging operating environment, and that this will lead to further improvements in the corporate value of the Seino Group.

Transportation Services Business

Establishment of S&N Logistics Co., Ltd., a Logistics Service Company

On October 2, 2006, Seino Holdings Co., Ltd. and Nippon Konpo Unyu Soko Co., Ltd. jointly established S&N Logistics Co., Ltd., a logistics service company.

The Seino Transportation Group has a superior nationwide network of domestic distribution systems and the Nippon Unyu Soko Group possesses extensive technologies and know-how in packing operations, distribution processing, and warehouse business. By effectively leveraging each of these advantages, the two companies aim to provide comprehensive and optimal global distribution solutions to establish supply chain management (SCM) for customers.

The “S” in “S&N” stands for the supply chain and the “N” stands for neutral, whereby we aspire to develop comprehensive and optimal logistics from a neutral perspective.

New Strategic Alliance with Deutsche Bahn AG and Schenker AG

On September 15, 2006, Seino Holdings Co., Ltd. entered into a new alliance with Deutsche Bahn AG (based in Berlin, Germany) and Schenker AG (based in Essen, Germany).

We first established a strategic alliance with Schenker in 1999, developing cooperative relationships in the international freight transportation and logistics businesses, including the establishment of Schenker-Seino Co., Ltd. in 2002. This alliance has enabled us to develop SCM in Japan by providing our distribution network to Schenker’s customers, which include leading Western companies. Under the alliance, we also established a system to make Schenker’s worldwide network available to our own Japanese corporate clients, many of which are rapidly expanding their overseas operations. In addition, we have been able to develop truly comprehensive logistics operations by adopting Schenker’s advanced technologies and know-how.

In February 2006, Deutsche Bahn AG, the parent company of Schenker, announced that it would acquire Bax Global Inc. a major international freight forwarder based in Irvine, the United States, and would integrate the operations of Schenker and Bax by the end of 2007. Following this development, Seino Holdings Co., Ltd., Deutsche Bahn AG, and Schenker concluded a new strategic alliance agreement under which the three companies agreed to continue to expand their existing cooperative ties following the integration of Schenker and Bax.

Redevelopment of Main Systems

In January 2007, Seino Holdings Co., Ltd. and Seino Information Service Co., Ltd. redeveloped the main systems of the Transportation Group. Compared with the conventional system, which employed two processes through large- and medium-scale servers, the new system has streamlined the process, using only a single medium-scale server. By employing this new main system, we will be able to halve system management costs, such as computer management fees, including expenses for developing a disaster response system.

Two years ago in the fall, we began operating a disaster response system using funds that would become available as a result of cost savings achieved with the introduction of the redeveloped main system. We managed to improve the availability of the main system by installing the existing disaster response system in the newly redeveloped main system. We will continue to improve our infrastructure so that we can bolster our services for customers.

Nationwide Operation of the Box Charter Delivery — Capital Participation from Nippon Express Co., Ltd. and Others —

The Box Charter business is a transportation business operated based on a rolling box pallet unit to achieve just-in-time and high-quality transportation. The target business is the distribution of the products of manufacturers, who require SCM, and the products of makers of components and raw materials, who must meet just-in-time delivery requirements. On March 1, 2006, Yamato Holdings Co., Ltd. and the Company established Box Charter Co., Ltd., taking 85% and 15% stakes, respectively. Box Charter subsequently launched a new service called "JITBOX Charter Delivery" on April 3. A new agreement has recently been reached by twelve companies, including Nippon Express Co., Ltd., to participate in the Box Charter business as new partners to swiftly extend the Box Charter business nationwide. We will aim to strengthen the sales and management structure and establish new de facto standards for commercial distribution in the future.

Introduction of Estimated Delivery Time Service

In August 2006, Seino Transportation launched the Estimated Delivery Time Service via the Internet through which customers can easily determine the time required from collection to delivery of their freight. With this service, customers can also find out when their freight needs to be sent out so that it will be delivered on the desired date. In addition, since last October, drivers have been able to carry out Internet searches on the road, using their mobile phones, and this has boosted customer satisfaction.

Vehicle Sales Business

Gifu Hino Motor Co., Ltd. Opens an Around-the-clock Maintenance Factory

Gifu Hino Motor Co., Ltd. sells commercial trucks in the Gifu area. After upgrading the maintenance factory of its Gifu branch, it began providing new services in June 2006.

The new factory is one of the largest in the commercial truck industry and is equipped with 17 lanes, including six for large and midsize trucks. The factory employs state-of-the-art equipment, including an automatic components transportation system. The new factory can conduct vehicle inspections around the clock.

Toyota Corolla Gifu Co., Ltd. Introduces Mobile Credit Card Terminals

In August 2006, Toyota Corolla Gifu Co., Ltd. introduced mobile credit card terminals that enable customers to pay for repair and other services via credit card without having to visit a branch.

Previously, when a vehicle was returned to the home of a customer after repair work, if the customer wanted to pay by credit card, a visit to the branch was required. Toyota Corolla Gifu has installed a total of 80 terminals in 41 branches with service facilities, with one to three terminals at each branch. The introduction of mobile credit card terminals was a pioneering step in Japan, and has greatly improved convenience for customers.

CSR Topics

Commitment as a Corporate Citizen

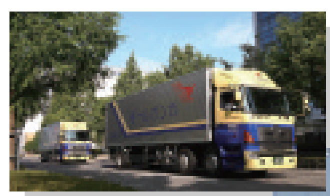
On November 1, 2006, Seino Holdings Co., Ltd. celebrated 60 years in business. Since its establishment, the Company has been growing based on a pursuit of its corporate mission: "Contribute to the nation and society by providing preeminent transportation services esteemed by customers." Today, the Seino Group stills aims to contribute to the development of industry and improvements in living standards by building the foundations of a distribution infrastructure and by bolstering logistics efficiency in Japan through the operations of its Group companies in its core transportation services. Companies in the Seino Group also strive to fulfill their corporate social responsibilities, as a critical management issue that must be addressed to meet the expectations of all stakeholders and earn society's trust as a corporate citizen.
The following pages briefly introduce the activities of Seino Group companies, which aspire to preserve the global environment, ensure safety, show respect for humanity and coexist with local communities.

The Environment

Transportation Group

The Seino Transportation Group is committed to innovation in its vehicles and transportation systems. To protect the global environment, we also focus on environmentally friendly and energy saving operations.

- **Introducing environmentally friendly vehicles**
  We have introduced low-emission vehicles, such as hybrid vehicles and electric forklifts. In particular, we are adopting 5,500 hybrid vehicles in an effort to reduce carbon dioxide emissions by 2013.
- **Shifting transportation modes**
  We seek to both save energy and maintain service levels by facilitating a shift in transport modes, combining road transportation with shipping by rail and sea.
- **Achieving efficient transportation**
  We save energy by efficiently transporting the volume of cargo handled. We strive to:
  ▶Improve load efficiency.
  ▶Raise efficiency by using large vehicles such as trailers and 25-ton trucks.
  ▶Promote cooperative transportation.
  ▶Respond to changes in freight loading during trucking off-seasons.
- **Developing an energy saving and environmentally friendly vehicle fleet**
  We study ways to save energy and improve our vehicles accordingly. We take comprehensive measures such as using clean diesel engines, adopting cylinder cowling, adopting energy saving tires, and reducing vehicle weight.
- **Environmentally friendly and energy saving driving**
  We are fully committed to practicing "eco-driving" at every level to minimize the adverse effect on the environment. Specific initiatives including providing an "eco-Driving Experience Seminar" to 200 leaders among the sales drivers of our branches. After taking the seminar, these leaders encourage eco-driving in their own branches as instructors for other drivers. We also take actions throughout the Company, such as attaching the eco-driving sticker to all vehicles and having our employees make the eco-driving declaration on our website.



Seino Transportation Co., Ltd.

All employees have been registered as team members of "Team Minus 6%"

In July 2005, Seino Transportation Co., Ltd. made a team declaration as a company to participate in the Ministry of the Environment's "Team Minus 6%" project. As a result, at Seino Transportation Co., Ltd., all 13,300 employees (as of August 2006) have been registered as team members of the "Team Minus 6%" project, an entirely voluntary initiative that aims to reduce emissions of greenhouse gases in Japan to 6% below the 1990 level and raise awareness of activities to prevent global warming.

Seino Transportation Co., Ltd.

Providing customers with data on energy consumed

Accompanying the revision to the Law concerning the Rational Use of Energy (the “Energy Conservation Law”) in April 2006, those companies that place shipping orders of 30 million ton-kilometers or more per year are required to submit an energy saving plan to the government once a year, as well as report the actual energy consumption of their transportation volume and the specific energy consumption of their distribution division. Seino Transportation has been providing customers with basic transportation data since October 2006, helping them to calculate their energy consumption under the amended Energy Conservation Law.

Mie Seino Transportation Co., Ltd.

All offices acquire Green Management Certificate

In December 2006, Mie Seino Transportation Co., Ltd. introduced to all offices the Green Management Certificate provided by the Transportation Ecology Mobility Foundation.

The Transportation Ecology Mobility Foundation is a public entity authorized by the Ministry of Land, Infrastructure and Transport to promote both mobility (barrier-free transportation) in transportation and related areas and measures to preserve the environment. Green Management is part of the activities to facilitate activities by transportation companies to protect the environment on an ongoing basis by making it easier to set and assess the goals of their initiatives with the preparation of a manual based on ISO 14001 standards.

Safety

Netz Toyota Gifu Co., Ltd.

Received a letter of appreciation for its efforts to raise employee awareness using the SD Card

Netz Toyota Gifu Co., Ltd. actively uses the SD Card (proving no traffic accidents or violations) issued by the Japan Safe Driving Center to bolster the awareness of its employees about traffic safety. The subsidiary has been encouraging its employees to acquire the SD Card since 2003, significantly reducing the number of accidents.

Local communities

Seino Transportation Co., Ltd.

Elementary School children visit Shinmei Office

A total of 80 5th graders of Akashi Elementary School, attached to Kobe University, visited our Shinmei branch office (Nishi-ku, Kobe) on November 6, as part of a social studies field trip.

After hearing a talk on the system of how collected cargo is sent overnight by trucks and then delivered to final destinations the following day, the pupils were shown around the logistics center located in the basement of the branch office and witnessed the processing operation. They were also allowed to board the trucks, and were given an opportunity to deepen their knowledge of the distribution of freight.

Toyota Corolla Gifu Co., Ltd.

Certified as a “Friendly Company Contributing to the Development of a Safe and Secure Town”

A certificate has been bestowed by Gifu Prefecture to Toyota Corolla Gifu Co., Ltd., certifying that this subsidiary is considered a “Friendly Company Contributing to the Development of a Safe and Secure Town.” This certificate is issued to organizations that cooperate in activities to monitor the safety of the local community.

Toyota Corolla Gifu places a magnet sticker bearing the words “Anti-Crime Patrol” on its 100 sales vehicles, and pays attention to the safety of children and other residents in local communities while carrying out its sales activities

Respect for Humanity/Business Continuity Plan

Seino Transportation Co., Ltd.

Confirming the safety of employees by email at times of disaster

Working together with Seino Information Service Co., Ltd., Seino Transportation Co., Ltd. has developed a system that confirms the safety of employees in disaster-stricken areas by exchanging email via mobile phones during times of disaster. The system went into effect in September 2007.

When disaster strikes, Seino Transportation will be able to determine if offices in disaster-stricken areas can continue to operate by quickly confirming the safety of employees and promptly informing customers of the prospect for recovery.

Seino Transportation began developing this system in April 2007, and started registering the email addresses of approximately 13,000 employees on August 1, 2007. Full-scale operations began in September.

Review of Operations

The performance of each of our business segments is outlined below.

Transportation Services

Operating revenue in the Transportation Services segment increased 6.4% from the previous year to ¥327,574 million (US$2,776 million) mainly because of an increase in the number of consolidated subsidiaries. Operations were, however, influenced by rising fuel prices, chartered truck fees and the costs of environmental measures, resulting in a 5.4% decline in operating income to ¥5,555 million (US$47 million).

Our Transportation Services segment consists of three key businesses, the first of which is our Less-than-Truck Load (LTL) commercial cargo transportation business and the second of which is our logistics business. During the term, we stepped up our sales activities with a core focus on these two mainstay businesses. For instance, we expanded cargo services for small businesses, boosted sales of “Designated Time” products, acquired new shipping clients, and improved our market share with existing clients. Our sales operations have emphasized a proactive approach, calling on our extensive transportation network in the logistics business.

In particular, with respect to JITBOX Charter Delivery, which the Company began offering using a franchise system in April 2006, a sales structure was put into place in August in cooperation with 15 transportation companies. The number of cargo containers handled remained solid. This product is designed to bolster the efficiency of distribution between companies and is attracting the attention of industry peers as a new strategic product.

The Group also established S&N Logistics Co., Ltd., a new logistics service company, on October 2, 2006 as a joint venture with Nippon Konpo Unyu Soko Co., Ltd. and has been providing logistics solutions geared to constructing supply chain management (SCM) between companies.

Overseas, the Company strengthened its strategic alliance with Deutsche Bahn AG (headquartered in Berlin, Germany) and Schenker AG (headquartered in Essen, Germany) on September 15, 2006, as a strategy for providing better quality services in Japan and abroad in the international cargo shipping and logistics businesses. As a result, the services and mobility of Schenker-Seino Co., Ltd. have been strengthened.

As indicated above, the Company sought not only to secure the stability of freight loading and profit, but also to bolster customer satisfaction by improving operations and information accuracy. In addition, the Transportation Group introduced innovations in the cost structure by raising the efficiency in its operation processes, information system, route operation and back-office operations. We also promoted eco-driving as a means of protecting the environment while reducing fuel costs and increasing traffic safety.

Vehicle Sales

Operating revenue rose 3.9% from the previous year to ¥85,549 million (US$725 million), while operating income amounted to ¥3,121 million (US$26 million), a 44.9% increase year on year partly reflecting changes in accounting procedures.

This segment consists of sales of trucks and passenger vehicles.

In truck sales, sales of all three categories, large,

Operating Revenue by Business Segment

(Millions of yen)

	Fiscal 2007		Fiscal 2006		
	Results	Composition	Results	Composition	Year-on-Year
Transportation Services	327,574	72.9%	307,888	72.0%	6.4%
Vehicle Sales	85,549	19.0%	82,334	19.3%	3.9%
Leasing for Real Estate Services	1,079	0.2%	1,004	0.2%	7.5%
Other	35,284	7.9%	36,294	8.5%	(2.8)%
Total	449,486	100.0%	427,520	100.0%	5.1%

midsize, and small trucks declined in the face of smaller replacement demand reflecting rising fuel costs. Passenger vehicles also confronted a difficult market, as demand for compact cars ran its course and vehicle models generally moved into their final stages.

Although both truck and passenger vehicles sales experienced a difficult business environment, the Vehicle Sales segment not only sought to strengthen its sales capabilities and external sales competitiveness and develop a high flexibility geared to customer needs but it also took steps to reduce costs and improve services as the third of the three mainstay operations of the Company.

In truck sales, Gifu Hino Motors Co., Ltd. opened a 24-hour maintenance factory to improve customer convenience, while in the passenger vehicle sales the Group endeavored to raise customer satisfaction by offering a cashless service by introducing mobile payment terminals that accept credit cards.

In its accounting procedures, the Company changed the account for installment sales fees, and as a result, operating income increased ¥1,043 million compared with the figure calculated using the previous accounting method. As the Group also changed its accounting standard for vehicle sales, operating revenues and operating income rose ¥854 million and ¥110 million, respectively, in comparison with the figures calculated using the previous accounting method.

Leasing for Real Estate Services

Operating revenue totaled ¥1,079 million (US$9 million), a 7.4% increase from the previous year, while operating income stood at ¥905 million (US$8 million), up 8.1% year on year.

In this business segment, when terminals of several transportation group companies, including Seino Transportation Co., Ltd., are relocated to other sites for reasons such as urban development projects or a lack of available land, the old site is leased out to maximize the benefits of management resources. Companies outside the Transportation Group also engage in leasing as the most effective means to generate returns from their assets. Key examples of this have been the former Yotsuhashi (Osaka City), Shinmachi (Osaka City) and Fukui (Fukui Prefecture) terminals.

Other

This business segment consists of sales of merchandise such as fuels and residential properties as well as information services. Although operating revenue declined 2.8% from a year earlier to ¥35,284 million (US$299 million), operating income rose 5.0% year on year to ¥1,288 million (US$11 million).

Operating Income by Business Segment

(Millions of yen)

	Fiscal 2007		Fiscal 2006		
	Results	Composition	Results	Composition	Year-on-Year
Transportation Services	5,555	51.5%	5,874	58.3%	(5.4)%
Vehicle Sales	3,121	28.9%	2,154	21.3%	44.9%
Leasing for Real Estate Services	905	8.4%	837	8.3%	8.1%
Other	1,288	11.9%	1,227	12.2%	5.0%
Total	10,869	100.7%	10,092	100.1%	—
Elimination	(73)	(0.7)%	(10)	(0.1)%	—
Consolidated	10,796	100.0%	10,082	100.0%	7.1%

Financial Review

Operating Results

Consolidated operating revenue for Seino Holdings for the fiscal year ended March 31, 2007 increased 5.1% from the previous year, to ¥449,486 million (US$ 3,809 million). Major factors for higher operating revenue included the increase in cargo volume handled in the Transportation Services business and the larger number of consolidated subsidiaries.

Operating costs rose 5.5%, to ¥408,395 million (US$3,461 million). The ratio of operating costs to operating revenue was 90.9%, up 0.4 percentage point.

Selling, general and administrative expenses declined 0.5% to ¥30,295 million (US$257 million), while operating income rose 7.1% to ¥10,796 million (US$91 million). Although fuel costs and vehicle expenses increased in the Transportation Services segment, operating income expanded with the change in the account for installment sales fees and the change in the accounting standard for vehicle sales in the Vehicle Sales segment.

Other income stood at ¥3,783 million (US$32 million). A major factor was amortization of negative goodwill, which decreased from ¥8,518 million (US$72 million) to ¥4,181 million (US$35 million).

As a result, income before income taxes and minority interests reached ¥14,579 million (US$124 million) compared with a loss before income taxes and minority interests of ¥1,188 million in the previous term. Net income of ¥8,797 million (US$75 million) was recorded, compared with a net loss of ¥8,334 million in the previous fiscal year.

Net income per share was ¥44.71 (US$0.38), and return on equity was 3.1%. Annual cash dividends per share were maintained at ¥11.00 (US$0.09) as in the previous term.

Financial Position

Total assets at the end of the fiscal year under review were ¥468,006 million (US$3,966 million), up 4.7% versus the previous year.

Total current assets increased 5.3% to ¥169,706 million (US$1,438 million), mainly reflecting the larger number of consolidated subsidiaries and an increase in trade receivables.

Property and equipment, net rose 7.3% to ¥242,374 million (US$2,054 million). Although long-term loans receivable declined with the increase in the number of consolidated subsidiaries, tangible and intangible fixed assets increased.

Total current liabilities climbed 6.7% to ¥98,980 million (US$839 million), primarily because of an increase in trade payables resulting from the larger number of consolidated subsidiaries, although long-term debt due within one year was repaid.

Long-term liabilities grew 9.3% to ¥76,178 million (US$646 million), the result of an increase in the provision for employee retirement benefits liability associated with the rise in the number of consolidated subsidiaries.

Net assets rose 3.0% to ¥292,848 million (US$2,482 million). Major factors include an increase in retained earnings derived from the posting of net income and a decrease in treasury stock resulting from stock swaps between the Company, Hokkaido Seino Transportation Co., Ltd. and Seino Information Service Co., Ltd. The shareholders' equity ratio dipped 1.2 percentage points to 61.2%.

Note: Consolidated net assets for the fiscal year under review are calculated by adding shareholders' equity and minority interests in the previous year.

Cash Flows

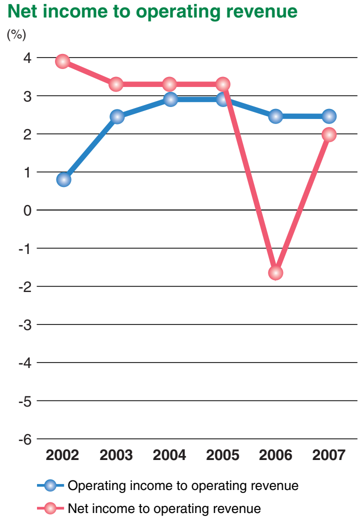
Net cash provided by operating activities declined ¥2,222 million to ¥17,520 million (US$148 million). Trade payables and accrued expenses rose to ¥6,193 million (US$52 million) after adopting a lump-sum factoring system, while an increase in beneficial interest in trusts in relation to trade payables amounted to ¥11,714 million (US$99 million).

Net cash used in investing activities grew ¥23,164 million (US$196 million), to ¥16,753 million (US$142 million), primarily because of a decrease in proceeds from the redemption of securities.

Net cash used in financing activities decreased ¥6,855 million (US$58 million), to ¥14,679 million (US$124 million). This result reflected a decline in the purchase of treasury stock.

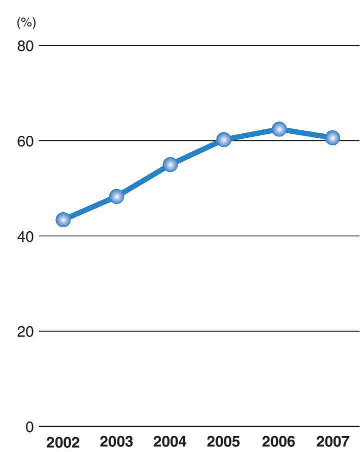
Consequently, cash and cash equivalents at the end of year fell ¥12,473 million (US$106 million), to ¥42,753 million (US$362 million).

Operating income to operating revenue
Net income to operating revenue



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

Shareholders' equity ratio



Seino Holdings Co., Ltd. and Consolidated Subsidiaries

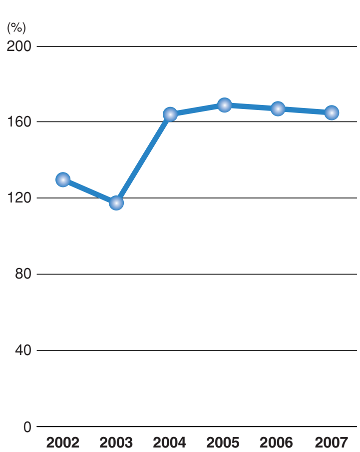
Six-year Summary

For the Years Ended March 31, 2007, 2006, 2005, 2004, 2003 and 2002

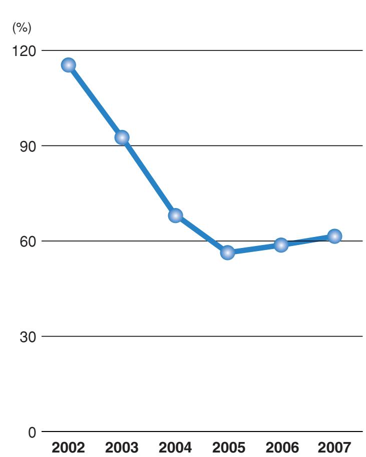
	2007	2006	2005	2004	2003	2002
	Millions of Yen					
For the year:						
Operating revenue:	¥ 449,486	¥ 427,520	¥ 423,833	¥ 417,705	¥ 409,399	¥ 418,835
Transportation services	327,574	307,888	307,264	300,645	297,514	306,003
Vehicle sales	85,549	82,334	98,259	97,155	93,322	92,667
Leasing for real estate services	1,079	1,004	5,268	5,483	5,938	5,224
Other	35,284	36,294	13,042	14,422	12,625	14,941
Operating costs	408,395	386,995	381,970	375,403	368,866	382,637
Selling, general and administrative expenses	30,295	30,443	29,816	29,637	30,339	32,655
Operating income	10,796	10,082	12,047	12,665	10,194	3,543
Net income (loss)	8,797	(8,334)	14,273	13,439	13,622	16,475
At year-end:						
Current assets	169,706	161,208	164,129	183,933	166,861	167,395
Total assets	468,006	446,933	470,492	494,743	494,583	522,753
Current liabilities	98,980	92,800	91,252	112,668	142,085	129,117
Short-term borrowings	3,700	4,371	4,815	31,170	14,590	44,601
Long-term debt, including current maturities	3,435	8,247	17,974	18,341	61,839	70,853
Net assets*	292,848	278,916	283,352	272,694	238,825	227,104
	Yen					
Per share data:						
Net income (loss):						
-Basic	¥ 44.71	¥ (43.35)	¥ 72.26	¥ 76.11	¥ 77.47	¥ 98.73
-Diluted	—	—	70.67	63.33	63.41	77.52
Cash dividends	11.00	11.00	11.00	11.00	11.00	11.00
	Thousands					
Number of shares issued	207,679	207,679	198,631	198,631	176,820	176,820
	Percent					
Ratios:						
Operating income to operating revenue	2.4	2.4	2.8	3.0	2.5	0.8
Net income (loss) to operating revenue	2.0	(1.9)	3.4	3.2	3.3	3.9
Net income (loss) to total assets	1.9	(1.9)	3.0	2.7	2.8	3.2
Return on equity ratio	3.1	(3.0)	5.1	5.3	5.8	7.7
Shareholders' equity ratio	61.2	62.4	60.2	55.1	48.3	43.4
Current ratio	171.5	173.7	179.9	163.3	117.4	129.6
Debt equity ratio	61.2	58.3	53.1	68.4	92.6	115.4
Payout ratio	24.5	(25.5)	15.1	14.2	14.2	10.1

* For details regarding net assets for the fiscal year ended March 31, 2007, see (s-i) on page 18.

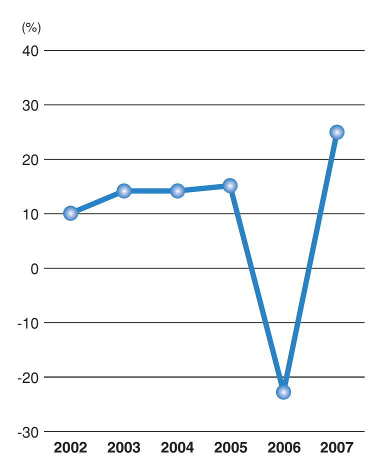
Current ratio



Debt equity ratio



Payout ratio



Seino Holdings Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

March 31, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2006	**2007**
Assets:			
Current assets:			
Cash and cash equivalents	¥ 42,753	¥ 55,226	$ 362,314
Short-term investments (Notes 3 and 5)	9,668	7,356	81,932
Trade receivables	90,153	79,414	764,008
Inventories	6,694	9,309	56,729
Deferred tax assets (Note 10)	4,560	4,533	38,644
Other current assets	16,631	6,165	140,940
Allowance for doubtful accounts	(753)	(795)	(6,381)
Total current assets	169,706	161,208	1,438,186
Property and equipment (Notes 4 and 5)**:**			
At cost	446,628	400,764	3,784,983
Accumulated depreciation	(204,254)	(174,949)	(1,730,966)
Property and equipment, net	242,374	225,815	2,054,017
Investments and other assets:			
Investment securities (Note 3)	33,926	35,891	287,509
Investments in and long-term loans to affiliates (Note 3)	3,593	6,907	30,449
Deferred tax assets (Note 10)	10,380	9,713	87,966
Other assets	8,027	7,399	68,026
Total investment and other assets	55,926	59,910	473,950
Total assets	¥ 468,006	¥ 446,933	$ 3,966,153
Liabilities:			
Current liabilities:			
Short-term borrowings (Note 5)	¥ 3,700	¥ 4,371	$ 31,356
Current portion of long-term debt (Note 5)	1,023	7,187	8,669
Trade payables	66,317	54,333	562,009
Accrued expenses	13,060	12,446	110,678
Income taxes payable	4,445	5,265	37,670
Other current liabilities (Note 10)	10,435	9,198	88,432
Total current liabilities	98,980	92,800	838,814
Long-term debt (Note 5)	2,412	1,061	20,441
Employee retirement benefit liability (Note 6)	48,652	41,842	412,305
Deferred tax liabilities (Note 10)	9,563	7,626	81,042
Negative goodwill	14,642	18,250	124,085
Other long-term liabilities	909	910	7,703
Total liabilities	175,158	162,489	1,484,390
Equity (Note 9)**:**			
Common stock	42,482	—	360,017
Capital surplus	73,582	—	623,576
Retained earnings	171,034	—	1,449,441
Less, treasury stock, at cost	(9,557)	—	(80,992)
Total shareholders' equity	277,541	—	2,352,042
Other components of equity	8,810	—	74,661
Minority interests	6,497	—	55,060
Total equity	292,848	—	2,481,763
Total liabilities and equity	¥ 468,006	—	$ 3,966,153
Minority interests	—	5,528	—
Shareholders' equity:			
Common stock	—	42,482	—
Capital surplus	—	73,353	—
Retained earnings	—	164,490	—
Land revaluation decrement	—	(295)	—
Net unrealized gains on available-for-sale securities	—	9,860	—
Foreign currency translation adjustment	—	(402)	—
Less, treasury stock, at cost	—	(10,572)	—
Total shareholders' equity	—	278,916	—
Total liabilities, minority interests and shareholders' equity	—	¥ 446,933	—

See accompanying Notes to Consolidated Financial Statements.

Seino Holdings Co., Ltd. and Subsidiaries

Consolidated Statements of Operations

For the Years Ended March 31, 2007, 2006 and 2005

	Millions of Yen			Thousands of U.S. Dollars
	2007	2006	2005	**2007**
Operating revenue (Note 11)	**¥ 449,486**	¥ 427,520	¥ 423,833	**$ 3,809,203**
Operating costs and expenses (Notes 6 and 11)**:**				
Operating costs	**408,395**	386,995	381,970	**3,460,974**
Selling, general and administrative expenses	**30,295**	30,443	29,816	**256,737**
	438,690	417,438	411,786	**3,717,711**
Operating income	**10,796**	10,082	12,047	**91,492**
Other income (expenses):				
Interest and dividend income	**825**	2,008	2,306	**6,992**
Interest expenses	**(164)**	(243)	(353)	**(1,390)**
(Loss) gain on sale or disposal of property and equipment	**(386)**	(458)	154	**(3,271)**
Equity in net (loss) income of affiliates	**(368)**	(485)	238	**(3,119)**
Amortization of negative goodwill	**4,181**	8,518	6,521	**35,432**
Impairment loss on fixed assets	**(1,727)**	(21,924)	—	**(14,636)**
Loss on liquidation or sale of subsidiaries and affiliates	**—**	(136)	(205)	**—**
Recoveries of bad debts previously written-off	**—**	—	211	**—**
Miscellaneous, net	**1,422**	1,450	1,225	**12,051**
	3,783	(11,270)	10,097	**32,059**
Income (loss) before income taxes and minority interests	**14,579**	(1,188)	22,144	**123,551**
Income taxes (Note 10)	**5,617**	7,822	6,643	**47,602**
Minority interests in net income (loss) of subsidiaries	**165**	(676)	1,228	**1,398**
Net income (loss)	**¥ 8,797**	¥ (8,334)	¥ 14,273	**$ 74,551**
	Yen			U.S. Dollars
Per share:				
Net income (loss)				
-Basic	**¥ 44.71**	¥ (43.35)	¥ 72.26	**$ 0.38**
-Diluted	**—**	—	70.67	**—**
Cash dividends	**11.00**	11.00	11.00	**0.09**

See accompanying Notes to Consolidated Financial Statements.

Seino Holdings Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended March 31, 2007, 2006 and 2005

	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	Total shareholders' equity
	Millions of Yen								
Balance at March 31, 2004	198,631,167	¥ 42,482	¥ 64,874	¥ 163,242	¥ (413)	¥ 3,742	¥ (676)	¥ (557)	¥272,694
Net income for the year	—	—	—	14,273	—	—	—	—	14,273
Treasury stock reissued upon exercise of stock option	—	—	21	—	—	—	—	179	200
Cash dividends	—	—	—	(2,158)	—	—	—	—	(2,158)
Bonuses to directors and statutory auditors	—	—	—	(97)	—	—	—	—	(97)
Reversal of land revaluation decrement	—	—	—	(33)	33	—	—	—	—
Decrease due to a change of voting interest on a subsidiary	—	—	—	—	1	—	—	—	1
Net change in unrealized gains on available-for-sale securities, net of applicable income taxes	—	—	—	—	—	1,174	—	—	1,174
Translation adjustment	—	—	—	—	—	—	99	—	99
Purchase of treasury stock and fractional shares, net	—	—	—	—	—	—	—	(2,834)	(2,834)
Balance at March 31, 2005	198,631,167	42,482	64,895	175,227	(379)	4,916	(577)	(3,212)	283,352
Net loss for the year	—	—	—	(8,334)	—	—	—	—	(8,334)
Stocks issued under stock-for-stock exchange offerings	9,048,616	—	8,489	—	—	—	—	3,143	11,632
Cash dividends	—	—	—	(2,129)	—	—	—	—	(2,129)
Bonuses to directors and statutory auditors	—	—	—	(75)	—	—	—	—	(75)
Reversal of land revaluation decrement	—	—	—	(84)	84	—	—	—	—
Net change in unrealized gains on available-for-sale securities, net of applicable income taxes	—	—	—	—	—	4,944	—	—	4,944
Translation adjustment	—	—	—	—	—	—	175	—	175
Purchase of treasury stock and increase in treasury stock held by group companies, net	—	—	(31)	(115)	—	—	—	(10,503)	(10,649)
Balance at March 31, 2006	207,679,783	¥ 42,482	¥ 73,353	¥ 164,490	¥ (295)	¥ 9,860	¥ (402)	¥(10,572)	¥278,916

		Shareholder's equity					Other components of equity					
	Number of common shares issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Land revaluation decrement	Foreign currency translation adjustment	Total other components of equity	Minority interests	Total equity
	Millions of Yen											
Balance at March 31, 2006	207,679,783	¥ 42,482	¥ 73,353	¥ 164,490	¥(10,572)	¥ 269,753	¥ 9,860	¥ (295)	¥ (402)	¥ 9,163	¥ 5,528	¥ 284,444
Net income for the year	—	—	—	8,797	—	8,797	—	—	—	—	—	8,797
Treasury stock reissued under stock-for-stock exchange offerings (Note 2 (a-ii))	—	—	229	—	1,105	1,334	—	—	—	—	—	1,334
Cash dividends	—	—	—	(2,151)	—	(2,151)	—	—	—	—	—	(2,151)
Bonuses to directors and statutory auditors	—	—	—	(102)	—	(102)	—	—	—	—	—	(102)
Fractional shares aquired, net		—	—	—	(90)	(90)	—	—	—	—	—	(90)
Net changes other than shareholders' equity	—	—	—	—	—	—	(376)	(23)	46	(353)	969	616
Balance at March 31, 2007	207,679,783	¥ 42,482	¥ 73,582	¥ 171,034	¥ (9,557)	¥ 277,541	¥ 9,484	¥ (318)	¥ (356)	¥ 8,810	¥ 6,497	¥ 292,848
		Thousands of U.S. Dollars										
Balance at March 31, 2006		$360,017	$621,635	$1,393,983	$(89,593)	$2,286,042	$ 83,559	$ (2,500)	$ (3,407)	$ 77,652	$ 46,848	$2,410,542
Net income for the year		—	—	74,551	—	74,551	—	—	—	—	—	74,551
Treasury stock reissued under stock-for-stock exchange offerings (Note 2 (a-ii))		—	1,941	—	9,364	11,305	—	—	—	—	—	11,305
Cash dividends		—	—	(18,229)	—	(18,229)	—	—	—	—	—	(18,229)
Bonuses to directors and statutory auditors		—	—	(864)	—	(864)	—	—	—	—	—	(864)
Fractional shares aquired, net		—	—	—	(763)	(763)	—	—	—	—	—	(763)
Net changes other than shareholders' equity		—	—	—	—	—	(3,186)	(195)	390	(2,991)	8,212	5,221
Balance at March 31, 2007		$360,017	$623,576	$1,449,441	$(80,992)	$2,352,042	$ 80,373	$ (2,695)	$ (3,017)	$ 74,661	$ 55,060	$2,481,763

See accompanying Notes to Consolidated Financial Statements.

Seino Holdings Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended March 31, 2007, 2006 and 2005

	Millions of Yen			Thousands of U.S. Dollars
	2007	2006	2005	**2007**
Cash flows from operating activities:				
Income (loss) before income taxes and minority interests	**¥ 14,579**	¥ (1,188)	¥ 22,144	**$ 123,551**
Adjustments for:				
Depreciation	**16,253**	14,660	13,744	**137,737**
Impairment loss on fixed assets	**1,727**	21,924	—	**14,636**
Amortization of negative goodwill	**(4,181)**	(8,518)	(6,521)	**(35,432)**
Net provision for employee retirement benefit liability	**1,442**	1,154	1,680	**12,220**
Loss (gain) on sale or disposal of property and equipment	**386**	458	(154)	**3,271**
Equity in net loss (income) of affiliates	**368**	485	(238)	**3,119**
Loss on liquidation or sale of subsidiaries and affiliates	**—**	136	205	**—**
(Gain) loss on sale of investment securities	**—**	(16)	107	**—**
Recoveries of bad debts previously written-off	**—**	—	(211)	**—**
(Increase) decrease in trade receivables	**(3,432)**	(3,412)	1,534	**(29,085)**
Decrease (Increase) in inventories	**1,976**	(3,308)	(756)	**16,746**
Increase (decrease) in trade payables and accrued expenses	**6,193**	976	(142)	**52,483**
Repayments of employees' saving deposits	**—**	—	(3,686)	**—**
Increase in beneficial interest in trusts in relation to trade payables	**(11,714)**	—	—	**(99,271)**
Other, net	**(326)**	1,370	(2,987)	**(2,763)**
Sub-total	**23,271**	24,721	24,719	**197,212**
Interest and dividend received	**824**	2,083	2,390	**6,983**
Interest paid	**(169)**	(243)	(369)	**(1,432)**
Income taxes paid	**(6,406)**	(6,819)	(7,417)	**(54,288)**
Net cash provided by operating activities	**17,520**	19,742	19,323	**148,475**
Cash flows from investing activities:				
Increase in property and equipment	**(16,310)**	(15,164)	(16,402)	**(138,221)**
Increase in long-term investments and loans	**(3,768)**	(302)	(2,558)	**(31,932)**
Decrease in property and long-term investments	**1,448**	7,045	3,930	**12,271**
Decrease in short-term investments	**1,877**	14,832	12,608	**15,907**
Net cash (used in) provided by investing activities	**(16,753)**	6,411	(2,422)	**(141,975)**
Cash flows from financing activities:				
Increase in long-term debt	**1**	60	72	**9**
Repayment of long-term debt	**(8,689)**	(9,806)	(438)	**(73,636)**
Net decrease in short-term borrowings	**(3,755)**	(457)	(26,351)	**(31,822)**
Cash dividends paid	**(2,158)**	(2,232)	(2,269)	**(18,288)**
Other, net	**(78)**	(9,099)	(2,631)	**(661)**
Net cash used in financing activities	**(14,679)**	(21,534)	(31,617)	**(124,398)**
Effect of exchange rate changes on cash and cash equivalents	**8**	1	2	**68**
Net (decrease) increase in cash and cash equivalents	**(13,904)**	4,620	(14,714)	**(117,830)**
Cash and cash equivalents at beginning of year	**55,226**	50,606	65,320	**468,017**
Increase in cash and cash equivalents upon inclusion of additional subsidiaries on consolidation	**1,431**	—	—	**12,127**
Cash and cash equivalents at end of year	**¥ 42,753**	¥ 55,226	¥ 50,606	**$ 362,314**

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 HOLDINGS CO., LTD. (the "Company") and its subsidiaries (together with the Company, the "Seino Group") have been prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the 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 ¥118 to $1, the approximate rate of exchange at March 31, 2007. The inclusion of such dollar amounts is solely for the convenience of the readers and is not intended to imply that the assets and liabilities originating in Yen have been or could be readily converted, realized or settled in dollars at ¥118 to $1 or at any other rate.

2. Summary of Significant Accounting Policies

(a-i) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and all of its subsidiaries. Investment in significant affiliates is accounted for by the equity method. Investment in affiliates not accounted for by the equity method is stated at cost. Differences between the acquisition cost of investments in subsidiaries and the underlying equity in their net assets adjusted based on the fair value at the time of acquisition are deferred as goodwill or negative goodwill, which were presented as consolidating adjustment account in the prior years' consolidated financial statements, and amortized over five years on a straight-line basis. 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, 2007, 2006 and 2005, 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 five, five and fifteen, respectively.

The number of subsidiaries and affiliates for the three years ended March 31, 2007 was as follows:

	2007	2006	2005
Subsidiaries:			
Domestic	**46**	39	39
Overseas	**4**	4	5
Affiliates accounted for by the equity method	**2**	6	6
Affiliates, stated at cost	**8**	10	11

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 has consolidated such subsidiaries' financial statements as of their year-end. Significant transactions for the period between subsidiaries' year-end and the Company's year-end are adjusted on consolidation.

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

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

On May 17, 2005, the Company entered into the stock-for-stock exchange agreements with its four subsidiaries in order to make the Company's respective equity share in such subsidiaries increase to 100%. The agreements were subsequently approved by the shareholders at the annual general meeting of the Company and the respective companies held in June 2005. In accordance with this agreement, on October 1, 2005 (stock-for-stock exchange date), the Company newly issued 9,048,616 shares of the Company's common stock and reissued 3,234,381 shares of the treasury stock at the exchange rates of a certain number of shares of the Company's common stock (see below) for one share of common stock of the four subsidiaries to their respective minority shareholders.

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

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

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

	Corolla	Hino	Netz	Centro
	Millions of Yen			
Operating revenue	**¥ 17,172**	**¥ 12,663**	**¥ 9,383**	**¥ 4,990**
Net (loss) income for the period	**(540)**	**(148)**	**103**	**(421)**
Total assets	**35,858**	**28,274**	**11,992**	**7,035**
Net assets	**28,184**	**17,069**	**7,083**	**2,680**

On October 1, 2006, the Company exercised the stock-for-stock exchange transaction with an affiliate, Hokkaido Seino Transportation Co., Ltd. ("Hokkaido Seino"), in order to make the Company's equity share in the affiliate increase from 39.05% to 100%. This reorganization of the Seino Group is expected to strengthen its integration, improve the efficiency, and correspond to the change in the business environment mobile and flexibly. On October 1, 2006, the Company reissued 438,840 shares of the Company's treasury stock at the exchange rate of 0.24 shares of the Company's treasury stock for 1 share of common stock of the affiliate to its shareholders. As a result of this transaction, negative goodwill of ¥147 million ($1,246 thousand) was recorded as the excess of the underlying equity in the fair value of acquired net assets over the acquisition cost of ¥533 million ($4,517 thousand).

The assets acquired and the liabilities assumed of Hokkaido Seino as of October 1, 2006 was as follows:

	Millions of Yen	Thousands of U.S. Dollars
Assets:		
Current assets	**¥ 2,831**	**$ 23,991**
Non-current assets	**5,628**	**47,695**
Total assets	**¥ 8,459**	**$ 71,686**

	Millions of Yen	Thousands of U.S. Dollars
Liabilities:		
Current liabilities	¥ 4,247	$ 35,992
Non-current liabilities	2,021	17,127
Total liabilities	¥ 6,268	$ 53,119

The unaudited effect of this transaction on the consolidated results of operations of the Seino Group for the year ended March 31, 2007, assuming the transaction was completed as of April 1, 2006 (the beginning of the fiscal year), is as follows:

	Millions of Yen	Thousands of U.S. Dollars
Operating revenue	¥ 2,576	$ 21,831
Operating loss	(116)	(983)
Net loss	¥ (75)	$ (636)

In addition, on October 1, 2006, the Company exercised the stock-for-stock exchange transaction with its subsidiary "Seino Information Service Co., Ltd.", in order to make the Company's equity share in such a subsidiary increase to 100%. On October 1, 2006, the Company reissued 673,128 shares of the Company's treasury stock at the exchange rate of 280.47 shares of the Company's treasury stock for 1 share of common stock of the subsidiary. As a result of this transaction, negative goodwill of ¥31 million ($263 thousand) was recognized as the excess of the underlying equity of net assets of the subsidiary over the acquisition cost of ¥814 million ($6,898 thousand).

(a-iii) Acquisition for the current year

During the year ended March 31, 2007, as the Company acquired additional equity share of Shikoku Seino Transportation Co., Ltd. ("Shikoku Seino"), which was previously an affiliate accounted for by the equity method, Shikoku Seino became to a subsidiary. The assets and the liabilities as of the initial consolidation of Shikoku Seino were as follows.

	Millions of Yen	Thousands of U.S. Dollars
Assets:		
Current assets	¥ 3,941	$ 33,398
Non-current assets	9,033	76,511
Total assets	¥ 12,974	$ 109,949
Liabilities:		
Current liabilities	¥ 4,987	$ 42,263
Non-current liabilities	5,966	50,559
Total liabilities	¥ 10,953	$ 92,822

During the year ended March 31, 2007, the Company acquired additional common shares of two affiliates, which were Showa Seino Transportation Co., Ltd. ("Showa Seino") and Hinomaru Seino Transportation Co., Ltd. ("Hinomaru Seino"), and the companies became subsidiaries of the Company effective October 1, 2006. The assets and the liabilities as of the initial consolidation of the companies were as follows.

	Showa Seino		Hinomaru Seino	
	Millions of Yen	Thousands of U.S. Dollars	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 1,977	$ 16,754	¥ 1,238	$ 10,491
Non-current assets	3,528	29,899	3,275	27,754
Current liabilities	(2,193)	(18,585)	(1,319)	(11,178)
Non-current liabilities	(5,152)	(43,661)	(2,168)	(18,373)
Goodwill	387	3,280	33	280
Minority interests	—	—	(498)	(4,220)
Equity interests held by the Company	1,463	12,398	(382)	(3,237)
Additional acquisition cost	10	85	179	1,517
Cash and cash equivalents held by the Company	420	3,560	134	1,136
Increase (decrease) in cash presented on the accompanying consolidated statements on cash flows	¥ 410	$ 3,475	¥ (45)	$ (381)

(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 component of equity, net of applicable income taxes. Gains and losses on disposition of available-for-sale securities are computed based on the moving-average method. Nonmarketable securities without available market quotations for available-for-sale securities are carried at cost determined by the moving-average method. Adjustments in carrying values of individual securities are charged to income through write-downs, when a decline in value is deemed other than temporary.

(d) Accounting for derivatives

At March 31, 2007 and 2006, the Seino Group does not hold or has not issued any derivative transactions.

(e) Allowance for doubtful accounts

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

(f) Inventories

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

(g) Property and equipment, and depreciation

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

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

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

(h) Leases

Where financing leases do not transfer ownership of the leased property to the lessee during the term of the lease, the leased property of the Company and its domestic subsidiaries as lessee is not capitalized and the relating rental and lease expenses are charged to income as incurred as accepted by the "Opinion Concerning Accounting Standard for Leases" issued by the Business Accounting Council of Japan ("BACJ") and the related practical guideline issued by the Japanese Institute of Certified Public Accountants.

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) Intangible assets

Intangible assets are amortized on a straight-line basis. Software, which is included in intangible assets, is amortized using the straight-line method over a five-year period as its estimated useful life.

(j) Accounting standard for impairment of fixed assets

On August 9, 2002, BACJ issued "Accounting Standard for Impairment of Fixed Assets", which is effective for the fiscal years beginning on and after April 1, 2005. The Accounting Standards Board of Japan ("ASBJ") issued related practical guidance on October 31, 2003. The Company and its domestic subsidiaries adopted this accounting standard and related practical guidance effective from the year ended March 31, 2006. The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss shall be recognized in the income statement by reducing the carrying amount of impaired assets or a group of assets to the recoverable amount to be measured as the higher of the asset's net selling price or value in use. Fixed assets include land, buildings and other forms of property as well as intangible assets and are to be grouped at the lowest level for which there are identifiable cash flows from other groups of assets. For the purpose of recognition and measurement of an impairment loss, fixed assets are grouped into cash-generating units, such as operating business branches, other than idle or unused property. At March 31, 2007 and 2006, recoverable amounts of the assets were measured based on value in use calculated using discounted future cash flows at rates principally of 5.4% and 4.7%, respectively, or net selling prices primarily using appraisal valuations. As a result, the Seino Group recognized impairment loss for the property of 38 business branches, 4 idle properties and goodwill for the year ended March 31, 2007 and 69 business branches and 14 idle properties for the year ended March 31, 2006 as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Buildings and structures	**¥ 90**	¥ 2,016	**$ 763**
Land	**1,227**	19,653	**10,398**
Other property	**23**	255	**195**
Goodwill	**387**	—	**3,280**
	¥ 1,727	¥ 21,924	**$ 14,636**

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

(k) Employee retirement benefits

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

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

(l) Accrued severance indemnities for directors and statutory auditors

The Seino Group may pay severance indemnities to directors and statutory auditors, which are subject to the approval of the shareholders. Some of the subsidiaries have provided for at the full amount of the liabilities of directors' and statutory auditors' severance indemnities at the respective balance sheet dates. At March 31, 2007 and 2006, other long-term liabilities in the accompanying consolidated balance sheets included these accruals for directors and statutory auditors in the amounts of ¥723 million ($6,127 thousand) and ¥756 million, respectively.

(m) 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.

(n) Enterprise taxes

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

(o) Revenue recognition for freight charges

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

(p) 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. See Note 2 (s-iii) for the accounting for bonuses to directors and statutory auditors.

(q) 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 component of equity on the accompanying consolidated balance sheets.

(r) Per share data

Basic net income (loss) per share is computed by dividing income (loss) applicable to common shareholders by the weighted-average number of shares of common stock outstanding during the respective years. Diluted net income per share is computed assuming convertible bonds were converted at the time of issue unless having anti-dilutive effects and as if warrants or stock options were exercised at the beginning of the relevant year or (if later) on their first exercise date and as if the funds obtained thereby were used to purchase common stock at the average market price during the respective years under the treasury stock method. Diluted net income per share is not disclosed as the Seino Group had no diluted common shares for the years ended March 31, 2007 and 2006.

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

(s) Accounting changes for the current year

(s-i) Adoption of accounting standard for presentation of net assets in the balance sheet

ASBJ issued "Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No.5)" and Implementation Guidance "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8)" on December 9, 2005, which are applied for the period ending on and after May 1, 2006. The standard requires presenting the equity section in the balance sheet as similar to International Financial Reporting Standards. The Seino Group has adopted these new accounting standards effective for the year ended March 31, 2007. If the previous accounting method had been applied for the consolidated balance sheet at March 31, 2007, equity would have amounted to ¥286,351 million ($2,426,703 thousand).

(s-ii) Adoption of accounting standard for business combinations

BACJ issued "Accounting Standard for Business Combinations" on October 31, 2003, and ASBJ issued "Accounting Standard for Business Divestitures (ASBJ Statement No.7)" on December 27, 2005 and Implementation Guidance "Guidance on Accounting Standard for Business Combinations and Accounting Standard on Business Divestitures (ASBJ Guidance No. 10)" on December 22, 2006, which are applied for the year beginning on and after April 1, 2006. The Seino Group has adopted these standards effective for the year ended March 31, 2007. This accounting change resulted in no material effect on the operational results of the Seino Group.

(s-iii) Adoption of accounting standard for directors' bonus

From the year ended March 31, 2007, the Seino Group has adopted "Accounting Standard for Directors' Bonus (ASBJ Statement No.4)" issued by ASBJ on November 29, 2005. The standard requires that the directors' bonuses, including those for statutory auditors, shall be accounted for as an expense of the accounting period in which such bonuses are accrued. Until the year ended March 31, 2006, bonuses to directors and statutory auditors were recorded as a part of the appropriation of retained earnings in the fiscal year when a proposed appropriation of retained earnings for directors' bonuses was approved by the Board of Directors and/or shareholders. As a result, as compared with the previous accounting method, operating income and income before income taxes and minority interests decreased by ¥111 million ($941 thousand), respectively, for the year ended March 31, 2007.

(s-iv) Accounting change of the recognition for installment sale commission

With effect from the year ended March 31, 2007, the Seino Group changed the accounting method of the income classification to record installment sale commission in the income statement from other income to operating revenue. This change resulted from the increase in the importance of such commission income under the recent business development of the Seino Group and the comparative purposes for the information of the competitors. As a result, as compared with the previous accounting method, operating income increased by ¥1,044 million ($8,847 thousand), although there was no effect on income before income taxes and minority interests for the year ended March 31, 2007.

(s-v) Accounting change of the recognition for vehicle sales

Effective April 1, 2006, the Seino Group changed the accounting method for the recognition for vehicle sales. From the year ended March 31, 2007, the Seino Group recognizes the vehicle sales when a vehicle is registered, rather than when a vehicle is delivered to the customers under the previous accounting method. This accounting change was made for the comparative purposes for the information of the competitors and for the improvement of the effective accounting treatments under the business reorganization of the Seino Group. As a result, as compared with the previous accounting method, operating revenue increased by ¥854 million ($7,237 thousand), and operating income and income before income taxes and minority interests increased by ¥110 million ($932 thousand), respectively, for the year ended March 31, 2007.

3. Investments

At March 31, 2007 and 2006, short-term investments consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Marketable securities:			
Bonds	**¥ 1,907**	¥ 2,369	**$ 16,161**
Total marketable securities	**1,907**	2,369	**16,161**
Other nonmarketable securities	**2,000**	—	**16,949**
Time deposits with an original maturity of more than three months	**5,761**	4,987	**48,822**
	¥ 9,668	¥ 7,356	**$ 81,932**

At March 31, 2007 and 2006, investment securities consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Marketable securities:			
Equity securities	**¥ 26,411**	¥ 24,343	**$ 223,822**
Bonds	**5,430**	7,396	**46,017**
Other	**225**	227	**1,907**
Total marketable securities	**32,066**	31,966	**271,746**
Other nonmarketable securities	**1,860**	3,925	**15,763**
	¥ 33,926	¥ 35,891	**$ 287,509**

At March 31, 2007 and 2006, 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, 2007	**¥ 500**	**¥ 499**	**¥ (1)**
At March 31, 2006	500	497	(3)
	Thousands of U.S. Dollars		
Bonds included in investment securities:			
At March 31, 2007	**$ 4,238**	**$ 4,229**	**$ (9)**

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 equity account until realized. At March 31, 2007 and 2006, 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, 2007:				
Equity securities	**¥ 9,536**	**¥ 16,920**	**¥ (45)**	**¥ 26,411**
Bonds	**6,876**	**41**	**(80)**	**6,837**
Other	**133**	**98**	**(6)**	**225**
	¥ 16,545	**¥ 17,059**	**¥ (131)**	**¥ 33,473**
At March 31, 2006:				
Equity securities	¥ 7,186	¥ 17,185	¥ (28)	¥ 24,343
Bonds	9,326	53	(114)	9,265
Other	133	100	(6)	227
	¥ 16,645	¥ 17,338	¥ (148)	¥ 33,835
	Thousands of U.S. Dollars			
At March 31, 2007:				
Equity securities	**$ 80,813**	**$ 143,390**	**$ (381)**	**$ 223,822**
Bonds	**58,271**	**347**	**(678)**	**57,940**
Other	**1,127**	**831**	**(51)**	**1,907**
	$ 140,211	**$ 144,568**	**$ (1,110)**	**$ 283,669**

Expected maturities of held-to-maturity and available-for-sale debt securities at March 31, 2007 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due in one year or less	¥ 3,900	$ 33,051
Due after one year through five years	3,920	33,220
Due after five years through ten years	847	7,178
Due after ten years	700	5,932
	¥ 9,367	$ 79,381

At March 31, 2007 and 2006, investments in and long-term loans to affiliates consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Investments, accounted for by the equity method for significant affiliates and at cost for others	**¥ 3,541**	¥ 3,483	**$ 30,008**
Interest bearing long-term loans	**52**	3,424	**441**
	¥ 3,593	¥ 6,907	**$ 30,449**

4. Property and Equipment

At March 31, 2007 and 2006, property and equipment consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Property held for own use, at cost:			
Land	**¥131,250**	¥119,914	**$1,112,288**
Buildings and structures	**202,232**	181,657	**1,713,831**
Vehicles	**87,755**	74,236	**743,686**
Machinery and equipment	**24,121**	22,592	**204,415**
Construction in progress	**553**	1,674	**4,687**
	445,911	400,073	**3,778,907**
Less, accumulated depreciation	**(203,786)**	(174,499)	**(1,727,000)**
Sub-total	**242,125**	225,574	**2,051,907**
Property held for leases, at cost:			
Vehicles, equipment and other	**717**	691	**6,076**
Less, accumulated depreciation	**(468)**	(450)	**(3,966)**
	249	241	**2,110**
Total property and equipment	**¥242,374**	¥225,815	**$2,054,017**

One of the consolidated subsidiaries elected to carry out 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 excess of the original book values over sound reassessed values, net of the tax effect and minority interests portion, is recorded in the equity as land revaluation decrement account in the accompanying consolidated balance sheets. At March 31, 2007 and 2006, 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 ¥1,281 million ($10,856 thousand) and ¥1,205 million, respectively.

5. Short-term Borrowings and Long-term Debt

At March 31, 2007 and 2006 short-term borrowings consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Unsecured bank overdrafts with interest rates ranging from 0.95% to 8.5% per annum at March 31, 2007	**¥ 55**	¥ 51	**$ 466**
Short-term bank borrowings, principally unsecured and represented by notes with interest rates ranging from 0.378% to 5.8% per annum at March 31, 2007	**3,645**	4,320	**30,890**
	¥ 3,700	¥ 4,371	**$ 31,356**

At March 31, 2007, 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 ¥22,311 million ($189,076 thousand). The Company and such subsidiaries are not obligated to pay commitment fees on the unused portions of such overdraft facilities.

At March 31, 2007 and 2006, long-term debt consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Loans from banks, partly secured, due through 2017 repayable on an installment basis with interest rates ranging from 0.942% to 2.55% per annum at March 31, 2007	**¥ 1,681**	¥ 7,949	**$ 14,246**
Loans from government agencies, principally mortgage, repayable on an installment basis with interest rates ranging from 0.321% to 3.6% per annum at March 31, 2007	**1,656**	182	**14,034**
Other	**98**	117	**830**
	3,435	8,248	**29,110**
Less, current portion	**(1,023)**	(7,187)	**(8,669)**
	¥ 2,412	¥ 1,061	**$ 20,441**

At March 31, 2007 and 2006, the following assets were pledged as collateral for certain short-term borrowings and long-term debt in the aggregate amounts of ¥3,129 million ($26,517 thousand) and ¥200 million, respectively:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Land	**¥ 7,936**	¥ 104	**$ 67,254**
Buildings and structures	**4,990**	692	**42,288**
Time deposits included in short-term investments	**11**	20	**93**

The aggregate annual maturities of long-term debt as at March 31, 2007 were as follows:

Years ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2008	¥ 1,023	$ 8,669
2009	742	6,288
2010	553	4,687
2011	420	3,559
2012	218	1,848
Thereafter	479	4,059
	¥ 3,435	$ 29,110

6. Employee Retirement Benefits

The Company and its domestic subsidiaries have defined benefit plans. The following table reconciles the benefit liability as at March 31, 2007 and 2006:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Reconciliation of benefit liability:			
Projected benefit obligation	**¥ 56,400**	¥ 47,647	**$ 477,966**
Less, fair value of pension plan assets at end of year	**(2,428)**	(1,421)	**(20,576)**
	53,972	46,226	**457,390**
Less, unrecognized actuarial differences (loss)	**(2,926)**	(2,437)	**(24,797)**
Less, unrecognized prior service cost	**(2,394)**	(1,947)	**(20,288)**
Net amounts of employee retirement benefit liability recorded on the consolidated balance sheets	**¥ 48,652**	¥ 41,842	**$ 412,305**

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 purpose, which amounted to ¥7,585 million ($64,280 thousand) and ¥7,159 million at March 31, 2007 and 2006, respectively.

The component of net periodic retirement benefit expense for the years ended March, 2007, 2006 and 2005 was as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2007	2006	2005	**2007**
Net periodic retirement benefit expenses:				
Service cost	**¥ 2,760**	¥ 2,492	¥ 2,618	**$ 23,390**
Interest cost	**1,033**	925	914	**8,754**
Expected return on pension plan assets	**(34)**	(22)	(21)	**(288)**
Amortization of actuarial differences	**494**	482	615	**4,186**
Amortization of prior service cost	**335**	295	179	**2,839**
Other	**—**	—	17	**—**
Total retirement benefit expense	**¥ 4,588**	¥ 4,172	¥ 4,322	**$ 38,881**

Major assumptions used in the calculation of the above information for the three years ended March 31, 2007 were as follows:

	2007	2006	2005
Method attributing the projected benefits to periods of services	Straight-line method	Straight-line method	Straight-line meathod
Discount rate	2.0%	2.0%	2.0%
Expected rate of return on pension plan assets	2.0%	2.0%	2.0%
Amortization of prior service cost	10 years	10 years	10 years
Amortization of actuarial differences	principally 10 years	principally 10 years	principally 10 years

7. Contingent Liabilities

At March 31, 2007 and 2006, the Seino Group was contingently liable for trade notes endorsed to affiliates and the third parties, and for guarantees, including substantial guarantees, principally of indebtedness of affiliates and the third parties in the aggregate amounts of ¥3,059 million ($ 25,924 thousand) and ¥4,488 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 two-to-six 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, 2007 and 2006 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Due within one year	**¥ 735**	¥ 881	**$ 6,229**
Due after one year	**949**	984	**8,042**
	¥ 1,684	¥ 1,865	**$ 14,271**

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, 2007 and 2006, the aggregate future minimum lease commitments to be received for such non-cancelable lease agreements, including the imputed interest, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Due within one year	**¥ 175**	¥ 162	**$ 1,483**
Due after one year	**233**	261	**1.975**
	¥ 408	¥ 423	**$ 3,458**

In addition to 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, 2007 and 2006, 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, 2007:				
Due within one year	**¥ 145**	**¥ 157**	**$ 1,229**	**$ 1,330**
Due after one year	**33**	**35**	**279**	**297**
	¥ 178	**¥ 192**	**$ 1,508**	**$ 1,627**
At March 31, 2006:				
Due within one year	¥ 519	¥ 553		
Due after one year	209	224		
	¥ 728	¥ 777		

9. Equity

(a) The authorized number of shares of common stock without par value is 794,524,668 shares. At March 31, 2007 and 2006, respectively, the number of shares of common stock issued was 207,679,783 shares. At March 31, 2007 and 2006, respectively, number of treasury stock held by the Seino Group was 10,382,693 and 11,417,339 shares. Capital surplus principally consisted of additional paid-in capital. At March 31, 2007 and 2006, respectively, retained earnings included legal reserve of the Company in the amount of ¥4,262 million ($36,119 thousand). The Corporate Law of Japan (formerly the Commercial Code of Japan) provides that an amount equivalent to 10% of cash dividends 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. The reduction of legal reserve is restricted under the certain circumstance by proper actions of shareholders of the Company.

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

(c) The shareholders of the Company approved the followings appropriations of retained earnings at the annual general meeting of shareholders on June 26, 2007:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends (¥11 per share)	¥ 2,195	$ 18,602

10. Income Taxes

Income taxes for the years ended March 31, 2007, 2006 and 2005 consisted of the following:

	Millions of Yen			Thousands of U.S. Dollars
	2007	2006	2005	**2007**
Income taxes:				
Current	**¥ 5,912**	¥ 6,644	¥ 7,483	**$ 50,102**
Deferred	**(295)**	1,178	(840)	**(2,500)**
	¥ 5,617	¥ 7,822	¥ 6,643	**$ 47,602**

The tax effects on temporary differences that give rise to a significant portion of deferred tax assets and liabilities at March 31, 2007 and 2006 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Deferred tax assets:			
Employee retirement benefit liability	**¥ 20,226**	¥ 17,160	**$ 171,407**
Enterprise tax accruals	**370**	480	**3,136**
Accrued bonuses	**3,768**	3,596	**31,932**
Intercompany capital gain	**902**	932	**7,644**
Loss on assets transferred	**1,511**	1,971	**12,805**
Impairment loss on fixed assets	**10,089**	8,699	**85,500**
Unrealized losses on available-for-sale securities	**37**	43	**314**
Other	**4,312**	3,588	**36,542**
	41,215	36,469	**349,280**
Less, valuation allowance	**(15,877)**	(12,448)	**(134,551)**
	25,338	24,021	**214,729**
Deferred tax liabilities:			
Deferred capital gain	**6,278**	5,956	**53,203**
Unrealized gains on available-for-sale securities	**6,734**	6,839	**57,068**
Valuation adjustment for consolidation	**6,953**	4,614	**58,924**
	19,965	17,409	**169,195**
Net deferred tax assets	**¥ 5,373**	¥ 6,612	**$ 45,534**

At March 31, 2007 and 2006, deferred tax assets and liabilities were recorded as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Deferred tax assets:			
Current	**¥ 4,560**	¥ 4,533	**$ 38,644**
Non current	**10,380**	9,713	**87,966**
Deferred tax liabilities:			
Current	**4**	8	**34**
Non current	**9,563**	7,626	**81,042**

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, 2007 and 2006, a valuation allowance was provided to reduce the deferred tax assets to the extent that the management believes that the amount of the deferred tax assets is expected to be realizable.

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

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

Such reconciliation for the years ended March 31, 2007 and 2006 was not disclosed, as the difference was not material for the year ended March 31, 2007 and the Seino Group recorded net loss for the year ended March 31, 2006.

11. Segment Information

During the current year, the Seino Group operates in four business segments: transportation services, vehicle sales, leasing for real estate services and other services. Information by industry segment for the years ended March 31, 2007, 2006 and 2005 was summarized as follows:

	Transportation services	Vehicle saless	Leasing for real estate services	Other	Total	Elimination	Consolidated
For the year 2007:				Millions of Yen			
Operating revenue:							
External customers	**¥ 327,574**	**¥ 85,549**	**¥ 1,079**	**¥ 35,284**	**¥ 449,486**	**¥ —**	**¥ 449,486**
Inter-segment sales	**1,705**	**10,180**	**—**	**36,578**	**48,463**	**(48,463)**	**—**
Total operating revenue	**329,279**	**95,729**	**1,079**	**71,862**	**497,949**	**(48,463)**	**449,486**
Operating costs and expenses	**323,724**	**92,608**	**174**	**70,574**	**487,080**	**(48,390)**	**438,690**
Operating income	**¥ 5,555**	**¥ 3,121**	**¥ 905**	**¥ 1,288**	**¥ 10,869**	**¥ (73)**	**¥ 10,796**
Identifiable assets	**¥ 338,669**	**¥ 86,114**	**¥ 9,260**	**¥ 27,385**	**¥ 461,428**	**¥ 6,578**	**¥ 468,006**
Depreciation	**14,555**	**1,601**	**49**	**304**	**16,509**	**(256)**	**16,253**
Impairment loss on fixed assets	**1,619**	**97**	**—**	**11**	**1,727**	**—**	**1,727**
Capital expenditures	**14,435**	**1,675**	**—**	**171**	**16,281**	**(255)**	**16,026**
For the year 2006:							
Operating revenue:							
External customers	¥ 307,888	¥ 82,334	¥ 1,004	¥ 36,294	¥ 427,520	¥ —	¥ 427,520
Inter-segment sales	1,768	9,153	—	35,719	46,640	(46,640)	—
Total operating revenue	309,656	91,487	1,004	72,013	474,160	(46,640)	427,520
Operating costs and expenses	303,782	89,333	167	70,786	464,068	(46,630)	417,438
Operating income	¥ 5,874	¥ 2,154	¥ 837	¥ 1,227	¥ 10,092	¥ (10)	¥ 10,082
Identifiable assets	¥ 308,671	¥ 83,101	¥ 9,015	¥ 29,178	¥ 429,965	¥ 16,968	¥ 446,933
Depreciation	12,897	1,533	45	413	14,888	(228)	14,660
Impairment loss on fixed assets	17,794	1,991	2,129	10	21,924	—	21,924
Capital expenditures	13,478	2,959	2	120	16,559	(276)	16,283
For the year 2007:				Thousands of U.S. Dollars			
Operating revenue:							
External customers	**$ 2,776,051**	**$ 724,991**	**$ 9,144**	**$ 299,017**	**$ 3,809,203**	**$ —**	**$ 3,809,203**
Inter-segment sales	**14,449**	**86,272**	**—**	**309,983**	**410,704**	**(410,704)**	**—**
Total operating revenue	**2,790,500**	**811,263**	**9,144**	**609,000**	**4,219,907**	**(410,704)**	**3,809,203**
Operating costs and expenses	**2,743,424**	**784,813**	**1,474**	**598,085**	**4,127,796**	**(410,085)**	**3,717,711**
Operating income	**$ 47,076**	**$ 26,450**	**$ 7,670**	**$ 10,915**	**$ 92,111**	**$ (619)**	**$ 91,492**
Identifiable assets	**$ 2,870,076**	**$ 729,780**	**$ 78,475**	**$ 232,076**	**$ 3,910,407**	**$ 55,746**	**$ 3,966,153**
Depreciation	**123,348**	**13,568**	**415**	**2,576**	**139,907**	**(2,170)**	**137,737**
Impairment loss on fixed assets	**13,721**	**822**	**—**	**93**	**14,636**	**—**	**14,636**
Capital expenditures	**122,331**	**14,195**	**—**	**1,449**	**137,975**	**(2,161)**	**135,814**

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

Notes: 1. Identifiable assets in the elimination column represent unallocated general corporate items which are not assigned to a particular industry segment such as cash, short-term and long-term investment securities, net of inter-segment balances.

2. Accounting changes:

(Accounting change in the composition of reportable business segment)

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

	Merchandise sales	Information services	Other
		Millions of Yen	
Operating revenue	¥ 100,962	¥ 4,954	¥ 13,717
Operating income	2,778	18	1,415

(Accounting standard for directors' bonus)

As disclosed in Note 2 (s-iii), from the year ended March 31, 2007, the Seino Group has adopted the new accounting standard for directors' bonus. As a result, as compared with the previous accounting method, operating income of "transportation" segment, "vehicle sales" segment and "other" segment decreased by ¥35 million ($297 thousand), ¥50 million ($424 thousand) and ¥26 million ($220 thousand) for the year ended March 31, 2007, respectively.

(Accounting change of the recognition for installment sale commission)

As disclosed in Note 2 (s-iv), with effect from the year ended March 31, 2007, the Seino Group changed the accounting method of the income classification to record installment sale commission. As a result, as compared with the previous accounting method, operating income of "vehicle sales" segment increased by ¥1,044 million ($8,847 thousand) for the year ended March 31, 2007.

(Accounting change of the recognition for vehicle sales)

As also described in Note 2 (s-v), effective April 1, 2006, the Seino Group changed the accounting method for the recognition for vehicle sales. As a result, as compared with the previous accounting method, operating revenue and operating income of "vehicle sales" segment increased by ¥854 million ($7,237 thousand) and ¥110 million ($932 thousand), respectively, for the year ended March 31, 2007.

Geographic segment information is not shown, as operating revenue and total assets of overseas subsidiaries were not material in the three years ended March 31, 2007. Information for overseas sales is not disclosed as such sales were not material.

Report of Independent Auditors

Report of Independent Auditors

To the Board of Directors and Shareholders of
SEINO HOLDINGS Co., Ltd.

We have audited the accompanying consolidated balance sheets of SEINO HOLDINGS CO., LTD. (the “Company”) and its subsidiaries (together with the Company, the “Seino Group”) as of March 31, 2007 and 2006, and the related consolidated statements of operations, changes in equity, and cash flows for each of the three years in the period ended March 31, 2007, all expressed in Japanese Yen. These consolidated financial statements are the responsibility of the Seino Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audit 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, 2007 and 2006, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 2007 in conformity with accounting principles generally accepted in Japan.

As described in Notes 2(s), effective for the year ended March 31, 2007, the Seino Group changed its accounting methods of the recognition for installment sale commission and vehicle sales. As described in Note 2 (j), effective from the year ended March 31, 2006, the Company and its domestic subsidiaries adopted a new accounting standard for impairment of fixed assets. In addition, as disclosed in Note 11, effective from the year ended March 31, 2006, the Company changed the composition of its reportable business segment.

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.

Misuzu Audit Corporation

Misuzu Audit Corporation
Nagoya, Japan
June 26, 2007

Seino Group

The Seino Group consists of Seino Holdings Co., Ltd. and 50 consolidated subsidiaries and 10 affiliates. The Seino Group operates in four business segments, namely transportation services, vehicle sales, real-estate leasing services and other services. Business relationship in the Seino Group is as follows.

Note *1: Consolidated subsidiaries 50
*2: Affiliates (under the equity method) 2
Companies except those mentioned above are affiliates under the cost method. 8

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

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