

Notes to Consolidated Financial Statements

Years Ended March 31, 2009 and 2008

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications and rearrangements have been made in the 2008 consolidated financial statements to conform to the classifications and presentations used in 2009.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Yamato Holdings Co., Ltd. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥98.23 to \$1, the approximate rate of exchange at March 31, 2009. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation—The consolidated financial statements as of March 31, 2009 include the accounts of the Company and its 32 significant (29 in 2008) subsidiaries (together, the "Group").

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

The remaining non-consolidated subsidiaries, whose combined assets, net sales, net income and retained earnings in the aggregate are not significant to the consolidated financial statements, have not been consolidated with the Company.

There were no affiliates accounted for by the equity method in 2009 or 2008.

Investments in the remaining non-consolidated subsidiaries and affiliates are stated at cost less a valuation allowance representing possible losses on the investments that are deemed to be other than temporary. If the equity method of accounting had been applied to the investments in such companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the costs over the underlying net equity of investments in consolidated subsidiaries is recognized as goodwill and amortized on a straight-line basis over a five-year period, with the exception of minor amounts which are charged or credited to income in the period of acquisition.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements—In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18 prescribes (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting; (e) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and (f) exclusion of minority interests from net income, if contained. PITF No. 18 was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

The Company applied this accounting standard effective April 1, 2008, and adjusted the beginning balance of retained earnings at April 1, 2008 as if this accounting standard had been retrospectively applied.

The effect of this change on the consolidated financial statements was not material.

c. Recognition of Operating Revenues—The Group recognizes freight charge income as operating revenues at the time when freight has been received from the shipping customer for transportation.

The Group also records installment sales receivables, which include principal and fees from customers, after the Group has accepted the relevant contracts which are referred to the Group by participating member stores. Fees from customers and member stores were generally recognized in equal installments over the lives of each respective contract.

d. Cash Equivalents—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, certificate of deposits and mutual funds investing in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

The difference between cash and time deposits in the accompanying consolidated balance sheets and cash and cash equivalents in the accompanying consolidated statements of cash flows is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Cash	¥179,753	¥147,569	\$1,829,920
Time deposits due beyond three months	(5,000)	(5,000)	(50,901)
Bank overdraft included in cash	(251)	(248)	(2,551)
Cash and cash equivalents	¥174,502	¥142,321	\$1,776,468

e. Inventories—Prior to April 1, 2008, inventories were stated at cost, determined by the first-in, first out method. In July 2006, the ASBJ issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories," which was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate.

The Company applied the new accounting standard for measurement of inventories effective April 1, 2008.

The effect of this change on the consolidated financial statements was not material.

f. Marketable and Investment Securities—Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: (1) trading securities, which are held for the purpose of earning capital gains in near term are reported at fair value, and the related unrealized gains and losses are included in earnings, (2) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost and (3) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The Group has no trading securities at March 31, 2009 and 2008, respectively.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

g. Property, Plant and Equipment—Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment excluding leased assets of the Company and its domestic consolidated subsidiaries is computed substantially by the declining-balance method, while the straight-line method is applied to the buildings acquired after April 1, 1998. Depreciation of leased assets is computed on the straight-line method over the lease period with no residual value carried. Because of a revision in the tax law in fiscal year 2009 the Group revised its estimated useful lives of plant from 7–15 years to 12–15 years.

The depreciation of property, plant and equipment of foreign consolidated subsidiaries is computed on the straight-line method over the estimated useful lives of the assets. The range of useful lives is principally as follows:

Buildings and structures	7–60 years
Vehicles	2–7 years
Machinery and equipment	2–20 years

Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.

h. Long-lived Assets—The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

i. Other Assets—Amortization of intangible assets is computed on the straight-line method.

Bond issuance costs are deferred as other assets and amortized on the straight-line method over a repayment method.

Depreciation of leased assets is computed on the straight-line method over the lease period with no residual value carried.

j. Retirement and Pension Plan—The Company and substantially most domestic consolidated subsidiaries have a contributory trustee pension plan and an unfunded retirement benefit plan. In addition, a defined contribution retirement plan was introduced for these defined benefit pension plans on December 1, 2006. Certain domestic consolidated subsidiary participates a cooperative welfare pension fund as a substitution for the aforementioned contributory trustee pension plan. The foreign subsidiaries have respective defined contribution retirement plans.

Directors and corporate auditors are not covered by the retirement and pension plans described above. Benefits paid to such persons are charged to income as paid. Any amounts payable to directors and corporate auditors upon retirement are subject to the approval of the shareholders.

k. Retirement Allowances for Directors and Corporate Auditors—Retirement allowances for directors and corporate auditors for certain subsidiaries are recorded to state the liability at the amount that would be required if all directors and corporate auditors retired at each balance sheet date.

l. Leases—In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet.

The Company applied the revised accounting standard effective April 1, 2008. The effect of this change as lessor was to increase current assets by ¥19,778 million (\$201,344 thousand) and to decrease property, plant and equipment-at cost by the same amount.

The effect of this change as lessee was to increase property, plant and equipment-at cost by ¥15,338 million (\$156,146 thousand), current liabilities by ¥4,141 million (\$42,154 thousand) and long-term liabilities by ¥4,878 million (\$49,662 thousand).

The effect of this change on the consolidated statements of income was not material.

m. Bonuses to Directors—Bonuses to directors is accrued at the year end to which such bonuses are attributable.

n. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

o. Appropriations of Retained Earnings—Appropriations of retained earnings at each year end are reflected in the consolidated financial statements for the following year upon shareholders' approval.

p. Foreign Currency Transactions—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date.

q. Derivative Financial Instruments—Certain consolidated subsidiaries use derivative financial instruments to manage their exposures to fluctuations in interest rates. Interest rate swaps are utilized by the consolidated subsidiaries to reduce interest rate risks. The consolidated subsidiaries do not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the statements of income and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense or income.

r. Foreign Currency Financial Statements—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation were shown as "Foreign currency translation adjustments" in a separate component of equity.

Revenue and expense accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet date.

s. Per Share Information—Basic net income per share is computed by dividing net income available to common shareholders, by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

3. NOTES AND ACCOUNTS RECEIVABLE

Sales recorded on the installment basis were 0.7% and 0.8% of operating revenues in 2009 and 2008, respectively.

Annual maturities of notes and accounts receivable—installment at March 31, 2009 and related amortization of deferred profit on installment sales are as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	Receivables	Deferred Profit on Installment Sales	Receivables	Deferred Profit on Installment Sales
2010	¥34,452	¥ 5,264	\$350,730	\$ 53,586
2011	15,239	3,278	155,138	33,371
2012	7,657	1,812	77,949	18,441
2013	3,134	794	31,899	8,083
2014	1,154	290	11,752	2,956
2015 and thereafter	426	118	4,332	1,206
Total	¥62,062	¥11,556	\$631,800	\$117,643

4. INVENTORIES

Inventories at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Merchandise	¥ 855	¥ 693	\$ 8,701
Work in process	325	520	3,313
Raw materials and supplies	1,208	1,085	12,298
Total	¥2,388	¥2,298	\$24,312

5. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Non-current:			
Marketable equity securities	¥16,944	¥28,475	\$172,492
Non-marketable equity securities	1,870	3,015	19,034
Other	116	10,236	1,183
Total	¥18,930	¥41,726	\$192,709

Information regarding each category of the securities classified as available-for-sale and held-to-maturity at March 31, 2009 and 2008 was as follows:

	Millions of Yen			
	2009			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥15,068	¥2,560	¥684	¥16,944

	Millions of Yen			
	2008			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥20,126	¥8,932	¥582	¥28,476
Other	10,025	95		10,120

	Thousands of U.S. Dollars			
	2009			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	\$153,396	\$26,059	\$6,963	\$172,492

The majority of available-for-sale securities whose fair value is not readily determinable as of March 31, 2009 and 2008 were as follows:

	Carrying Amount		Thousands of U.S. Dollars
	Millions of Yen	2008	2009
Available-for-sale:			
Equity securities	¥1,870	¥3,015	\$19,034

Proceeds from the sales of available-for-sale securities for the years ended March 31, 2009 and 2008 were ¥10,158 million (\$103,414 thousand) and ¥4,231 million, respectively. Gross realized gains on these sales, computed on the moving average cost basis, were ¥128 million (\$1,305 thousand) and ¥1,216 million for the years ended March 31, 2009 and 2008, respectively.

6. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of the years ended March 31, 2009. As a result, the Group recognized an impairment loss of ¥974 million (\$9,920 thousand) as other expense for the asset groups of the Chitose Regional Branch of Yamato Transport Co., Ltd. and another five regional branches for the year ended March 31, 2009 due to continuous operating losses of those units. The carrying amounts of the relevant asset groups were written down to the recoverable amounts. In the case where net selling prices were used as recoverable amounts, relevant buildings were evaluated based on assessed value of fixed assets, and relevant land was evaluated based on posted land price. No impairment loss was recognized for the year ended March 31, 2008.

7. BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2009 and 2008 consisted of notes to banks and bank overdrafts. The annual interest rates applicable to the bank loans ranged from 0.650% to 8.50% and 1.020% to 4.750% at March 31, 2009 and 2008, respectively. Long-term debt at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
0.650% to 2.100% loans from a Japanese bank due 2009 to 2013	¥ 65,895	¥ 75,903	\$ 670,823
Lease obligations due in November 2015	9,019		91,816
Unsecured 1.59% bonds due in November 2010	5,000	5,000	50,901
Unsecured 1.2% convertible debentures, convertible into common stock at ¥1,211.80 per share, due in September 2009	13,063	13,070	132,984
Total	92,977	93,973	946,524
Less current portion	(32,889)	(22,008)	(334,814)
Total	¥ 60,088	¥ 71,965	\$ 611,710

Annual maturities of long-term debt at March 31, 2009 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥45,952	\$467,798
2011	14,296	145,532
2012	13,568	138,125
2013	18,995	193,379
2014	154	1,569
2015 and thereafter	12	121
Total	¥92,977	\$946,524

Convertible debentures of the Company at March 31, 2009, were convertible into 10,780 thousand shares of common stock of the Company. The conversion prices are subject to adjustments to reflect stock splits and certain other events.

8. RETIREMENT AND PENSION PLANS

The Group has severance payment plans for employees.

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of government bonds, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from the consolidated subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age. The retirement benefits for directors and corporate auditors are not included in aforementioned plans, which are paid subject to the approval of the shareholders.

The liability for employees' retirement benefits at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Projected benefit obligation	¥ 82,691	¥ 81,422	\$ 841,806
Fair value of plan assets	(48,520)	(56,988)	(493,941)
Unrecognized actuarial (loss) gain	(5,982)	2,728	(60,900)
Prepaid pension cost	208	53	2,121
Net liability	¥ 28,397	¥ 27,215	\$ 289,086

The components of net periodic benefit costs for the years ended March 31, 2009 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Service cost	¥ 4,718	¥ 4,567	\$ 48,031
Interest cost	1,615	1,562	16,445
Expected return on plan assets	(1,127)	(1,199)	(11,478)
Recognized actuarial loss	795	1,691	8,097
Net periodic benefit costs	¥ 6,001	¥ 6,621	\$ 61,095

Assumptions used for the years ended March 31, 2009 and 2008 are set forth as follows:

	2009	2008
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	2.0%	2.0%
Amortization period of prior service cost	1 year	1 year
Recognition period of actuarial gain/loss	5 years	5 years

9. EQUITY

On and after May 1, 2006, Japanese companies have been subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity.

10. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40% for the years ended March 31, 2009 and 2008.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Deferred tax assets:			
Current:			
Accrued expenses	¥ 10,703	¥ 10,878	\$ 108,959
Enterprise tax	1,691	1,964	17,216
Allowance for doubtful accounts	1,643	1,417	16,724
Legal welfare expense	1,453	1,460	14,788
Other	2,667	2,109	27,154
Deferred tax assets—current	¥ 18,157	¥ 17,828	\$ 184,841
Non-current:			
Liability for employees' retirement benefits	¥ 11,278	¥ 10,833	\$ 114,813
Investment securities	3,734	3,541	38,009
Investment in and advances to non-consolidated subsidiaries and affiliates	29	265	297
Loss on devaluation of land	27,181	27,181	276,712
Loss on impairment of long-lived assets	3,663	3,265	37,287
Loss on devaluation of telephone subscription rights	615	600	6,261
Unrealized profit	898	760	9,139
Other	3,486	2,167	35,489
Less valuation allowance	(34,677)	(34,079)	(353,014)
Deferred tax assets—non-current	¥ 16,207	¥ 14,533	\$ 164,993
Deferred tax liabilities:			
Current—other	¥ 140	¥ 142	\$ 1,425
Deferred tax liabilities—current	¥ 140	¥ 142	\$ 1,425
Non-current:			
Unrealized gain on available-for-sale securities	¥ 532	¥ 2,741	\$ 5,421
Other	789	596	8,033
Deferred tax liabilities—non-current	¥ 1,321	¥ 3,337	\$ 13,454
Deferred tax assets—net	¥ 32,903	¥ 28,882	\$ 334,955

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2009 and 2008 were as follows:

	2009	2008
Normal effective statutory tax rate	40.0%	40.0%
Per capita levy of local taxes	5.5	3.7
Valuation allowance	1.2	2.8
Other—net	1.0	0.0
Actual effective tax rate	47.7%	46.5%

11. LEASES

(1) Lessee

The Group leases certain machinery, computer equipment and other assets.

Pro forma information for the year ended March 31, 2008 of leased assets such as acquisition cost, accumulated depreciation, and obligations under finance leases that do not transfer ownership of the leased assets to the lessee on an "as if capitalized" basis was as follows:

	Millions of Yen				
	2008				
	Buildings and Structures	Vehicles	Machinery and Equipment	Other Assets	Total
Acquisition cost	¥102	¥647	¥20,221	¥471	¥21,441
Accumulated depreciation	55	287	10,083	243	10,668
Net leased property	¥ 47	¥360	¥10,138	¥228	¥10,773

Obligations under finance leases which included the imputed interest expense portion, and noncancelable operating leases as of March 31, 2008 was as follows:

	Millions of Yen	
	2008	
	Finance Lease	Operating Lease
Due within one year	¥ 4,152	¥485
Due after one year	6,621	80
Total	¥10,773	¥565

The minimum rental commitments under noncancelable operating leases at March 31, 2009 was as follows :

	Millions of Yen	Thousands of U.S. Dollars
	2009	2009
Due within one year	¥135	\$1,372
Due after one year	63	648
Total	¥198	\$2,020

(2) Lessor

The net investment in lease as of March 31, 2009 are summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2009	2009
Gross lease receivables	¥21,674	\$220,647
Unguaranteed residual values	1,926	19,602
Unearned interest income	(3,822)	(38,905)
Investments in lease, current	¥19,778	\$201,344

Maturities of lease receivables for finance leases that deem to transfer ownership of the leased property to the lessee are as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
		2009
2010	¥ 7,385	\$ 75,186
2011	6,020	61,280
2012	4,766	48,524
2013	2,819	28,695
2014	678	6,898
2015 and thereafter	6	64
Total	¥21,674	\$220,647

The minimum rental commitments under noncancelable operating leases at March 31, 2009 was as follows :

	Millions of Yen	Thousands of U.S. Dollars
	2009	2009
Due within one year	¥ 74	\$ 755
Due after one year	275	2,796
Total	¥349	\$3,551

12. CONTINGENT LIABILITIES

Contingent liabilities for guarantees and items of a similar nature at March 31, 2009 amounted to ¥76 million (\$769 thousand) as guarantees of loans of a non-consolidated subsidiary.

13. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the year ended March 31, 2009 and 2008 is as follows:

Year ended March 31, 2009	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income	Weighted-average Shares	EPS	
Basic EPS—Net income available to common shareholders	¥25,523	443,140	¥57.60	\$0.59
Effect of dilutive securities— Convertible bonds	99	10,782		
Diluted EPS—Net income for computation	¥25,622	453,922	¥56.45	\$0.57

Year ended March 31, 2008

Year ended March 31, 2008	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Basic EPS—Net income available to common shareholders	¥35,353	443,023	¥79.80	
Effect of dilutive securities— Convertible bonds	98	10,788		
Diluted EPS—Net income for computation	¥35,451	453,811	¥78.12	

14. SEGMENT INFORMATION

Information about industry segments, geographic segments and operating revenues to foreign customers of the Company and consolidated subsidiaries for the years ended March 31, 2009 and 2008 is as follows:

(1) Industry Segments

		Millions of Yen							
		2009							
	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial	Truck Maintenance	Other	Eliminations or Corporate	Consolidated
a. Operating revenues and operating income:									
Operating revenues to customers	¥ 997,898	¥ 92,947	¥53,315	¥32,273	¥ 53,608	¥17,555	¥ 4,326		¥1,251,922
Intersegment operating revenues	42,478	11,627	16,115	20,076	3,772	25,171	50,406	¥(169,645)	
Total operating revenues	1,040,376	104,574	69,430	52,349	57,380	42,726	54,732	(169,645)	1,251,922
Operating costs and expenses	1,009,253	101,379	69,770	46,290	46,874	41,015	31,829	(150,209)	1,196,201
Operating income (loss)	¥ 31,123	¥ 3,195	¥ (340)	¥ 6,059	¥ 10,506	¥ 1,711	¥22,903	¥ (19,436)	¥ 55,721

b. Assets, depreciation and capital expenditures:									
Assets	¥ 526,645	¥ 45,808	¥24,492	¥28,159	¥186,378	¥16,123	¥10,491	¥ 31,510	¥ 869,606
Depreciation	34,950	1,479	1,212	2,493	784	692	1,062	25	42,697
Capital expenditures	33,923	2,153	627	3,824	1,912	3,099	292	26	45,856

		Thousands of U.S. Dollars							
		2009							
	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial	Truck Maintenance	Other	Eliminations or Corporate	Consolidated
a. Operating revenues and operating income:									
Operating revenues to customers	\$10,158,794	\$ 946,221	\$542,761	\$328,543	\$ 545,733	\$178,709	\$ 44,041		\$12,744,802
Intersegment operating revenues	432,432	118,358	164,054	204,377	38,402	256,247	513,144	\$(1,727,014)	
Total operating revenues	10,591,226	1,064,579	706,815	532,920	584,135	434,956	557,185	(1,727,014)	12,744,802
Operating costs and expenses	10,274,387	1,032,053	710,274	471,238	477,180	417,535	324,034	(1,529,149)	12,177,552
Operating income (loss)	\$ 316,839	\$ 32,526	\$ (3,459)	\$ 61,682	\$ 106,955	\$ 17,421	\$233,151	\$ (197,865)	\$ 567,250

b. Assets, depreciation and capital expenditures:									
Assets	\$ 5,361,342	\$ 466,339	\$249,338	\$286,659	\$1,897,360	\$164,133	\$106,797	\$ 320,782	\$ 8,852,750
Depreciation	355,795	15,052	12,335	25,381	7,985	7,048	10,811	256	434,663
Capital expenditures	345,344	21,920	6,383	38,928	19,466	31,550	2,965	265	466,821

		Millions of Yen							
		2008							
	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial	Truck Maintenance	Other	Eliminations or Corporate	Consolidated
a. Operating revenues and operating income:									
Operating revenues to customers	¥ 981,142	¥ 95,693	¥48,938	¥32,795	¥ 51,458	¥11,396	¥ 4,552		¥1,225,974
Intersegment operating revenues	38,239	12,530	15,199	18,497	6,900	22,951	56,741	¥(171,057)	
Total operating revenues	1,019,381	108,223	64,137	51,292	58,358	34,347	61,293	(171,057)	1,225,974
Operating costs and expenses	979,509	103,075	63,480	45,064	47,433	32,289	31,141	(144,197)	1,157,794
Operating income	¥ 39,872	¥ 5,148	¥ 657	¥ 6,228	¥ 10,925	¥ 2,058	¥30,152	¥ (26,860)	¥ 68,180

b. Assets, depreciation and capital expenditures:									
Assets	¥ 525,683	¥ 49,613	¥24,940	¥25,709	¥193,469	¥14,375	¥ 8,780	¥ 31,650	¥ 874,219
Depreciation	31,149	1,056	878	969	9,852	459	379	30	44,772
Capital expenditures	106,991	1,437	375	606	13,503	1,629	283	8	124,832

Notes: Delivery: Small-parcel delivery services such as *Takkyubin* (door-to-door parcel delivery) and *Kuroneko Mail*
 BIZ-Logistics: Intercompany logistics services, aimed at the B2B supply-chain management market
 Home Convenience: Lifestyle support services intimately connected with the needs of local markets, such as moving and household effects delivery services
 e-Business: Information services targeted at the business market, including ASP services and the development of information systems
 Financial: Financial services targeted at business customers and consumers, such as settlement and collection
 Truck Maintenance: Vehicle maintenance services and fuel supply targeted at transport companies
 Other: Group support services, shared services centering on arterial transport and staffing services

As discussed in Note 2.1, effective April 1, 2008, the Company and its domestic subsidiaries applied "Accounting Standard for Lease Transactions" and "Application plan of Accounting Standard for Lease Transaction." The effect of this change was to increase assets of Delivery by ¥4,579 million (\$46,094 thousand) and of e-Business by ¥3,738 million (\$38,056 thousand) for the year ended March 31, 2009. The effect for the other industries segments was not material.

(2) Geographic Segments

The geographic segments of the Company and consolidated subsidiaries for the years ended March 31, 2009 and 2008 are summarized as follows:

	Millions of Yen					
	2009					
	Japan	U.S.A.	Europe	Asia	Eliminations or Corporate	Consolidated
Operating revenues:						
Outside customers	¥1,232,517	¥10,672	¥2,745	¥5,988		¥1,251,922
Interarea	4,794	3,848	1,747	3,361	¥(13,750)	
Total operating revenues	1,237,311	14,520	4,492	9,349	(13,750)	1,251,922
Operating costs and expenses	1,181,772	14,131	4,489	9,269	(13,460)	1,196,201
Operating income	¥ 55,539	¥ 389	¥ 3	¥ 80	¥ (290)	¥ 55,721
Assets	¥ 789,878	¥ 2,613	¥1,409	¥3,000	¥ 72,706	¥ 869,606

	Thousands of U.S. Dollars					
	2009					
	Japan	U.S.A.	Europe	Asia	Eliminations or Corporate	Consolidated
Operating revenues:						
Outside customers	\$12,547,260	\$108,644	\$27,942	\$60,956		\$12,744,802
Interarea	48,794	39,171	17,790	34,220	\$(139,975)	
Total operating revenues	12,596,054	147,815	45,732	95,176	(139,975)	12,744,802
Operating costs and expenses	12,030,654	143,852	45,707	94,361	(137,022)	12,177,552
Operating income	\$ 565,400	\$ 3,963	\$ 25	\$ 815	\$ (2,953)	\$ 567,250
Assets	\$ 8,041,109	\$ 26,599	\$14,340	\$30,541	\$ 740,161	\$ 8,852,750

	Millions of Yen					
	2008					
	Japan	U.S.A.	Europe	Asia	Eliminations or Corporate	Consolidated
Operating revenues:						
Outside customers	¥1,201,726	¥12,205	¥4,051	¥7,992		¥1,225,974
Interarea	5,821	3,727	1,930	4,463	¥(15,941)	
Total operating revenues	1,207,547	15,932	5,981	12,455	(15,941)	1,225,974
Operating costs and expenses	1,139,607	15,482	5,922	12,094	(15,311)	1,157,794
Operating income	¥ 67,940	¥ 450	¥ 59	¥ 361	¥ (630)	¥ 68,180
Assets	¥ 803,258	¥ 3,085	¥1,992	¥5,115	¥ 60,769	¥ 874,219

Operating revenues and assets are summarized by geographic area based on the countries where subsidiaries are located.

(3) Operating Revenues to Foreign Customers

Operating revenues to foreign customers for the years ended March 31, 2009 and 2008 amounted to ¥21,042 million (\$214,208 thousand) and ¥26,123 million, respectively.

15. SUBSEQUENT EVENTS

Appropriations of Retained Earnings

The following appropriations of retained earnings at March 31, 2009 were approved at the Company's board of directors meeting held on May 14, 2009:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥11.00 (\$0.11) per share	¥4,874	\$49,618