Notes to Consolidated Financial Statements

Years Ended March 31, 2003 and 2002

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 Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

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.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Yamato Transport 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 ¥120.20 to $1, the approximate rate of exchange at March 31, 2003. 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.

Certain reclassifications and rearrangements have been made in the 2002 financial statements to conform to classifications and presentations used in 2003.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation—The consolidated financial statements include the accounts of the Company and its 27 significant subsidiaries (together, the “Group”).

Under the control or influence concept, those companies in which the Parent, 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.

Investments in 3 affiliates are accounted for by the equity method.

Investments in the remaining non-consolidated subsidiaries and affiliates are stated at cost less a valuation allowance representing possible losses on the investments that is 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 allocated to identifiable assets, and the remaining amount 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. 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.

c. 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
	2003	2002	2003
Cash	¥132,320	¥152,863	$1,100,833
Time deposits	241	2,763	2,003
Total	132,561	155,626	1,102,836
Time deposits due beyond three months		(323)	
Bank overdraft included in cash	(168)		(1,395)
Cash and cash equivalents	¥132,393	¥155,303	$1,101,441

d. Inventories—Inventories which mainly consist of supplies are stated at cost as determined by the first-in, first-out method.

e. 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 the 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 shareholders’ equity. The Group has no such trading securities.

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.

f. Property, Plant and Equipment—Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is computed by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is applied to the buildings acquired after April 1, 1998, and to the equipment used for refrigerated delivery service. 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.

g. Other Assets—Amortization of intangible assets is computed on the straight-line method over the period specified by the Japanese Commercial Code (the “Code”).

Bond discounts are deferred as other assets and amortized on the straight-line method over the lives of the bonds.

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

h. Retirement and Pension Plan—The Company and certain consolidated subsidiaries have a contributory trusteed pension plan and an unfunded retirement benefits plan which cover 35% and 65%, respectively, of retirement benefits. One consolidated subsidiary has a non-contributory trusteed pension plan to cover the retirement benefits for employees who retire at 55 years or more with at least 10 years of service. The foreign subsidiaries also have a defined contribution retirement plan which covers employees who have worked over 1 year, subject to certain limitations. Other consolidated subsidiaries have an unfunded retirement benefits plan.

The contributory funded defined benefit pension plan, which is established under the Japanese Welfare Pension Insurance Law, covers a substitutional portion of the governmental pension program managed by the Company on behalf of the government and a corporate portion established at the discretion of the Company. According to the enactment of the Defined Benefit Pension Plan Law in April 2002, the Company applied for an exemption from obligation to pay benefits for future employee services related to the substitutional portion which would result in the transfer of the pension obligations and related assets to the government by another subsequent application. The Company obtained an approval of exemption from future obligation by the Ministry of Health, Labour and Welfare on December 16, 2002.

As a result of this exemption, the Company and certain subsidiaries recognized a gain on exemption from future pension obligation of the governmental program in the amount of ¥45,703 million in accordance with a transitional measurement of the accounting standard for employees' retirement benefits for the year ended March 31, 2003.

The substitutional portion of the plan assets which will be transferred to the government in the subsequent year is measured to be approximately ¥111,902 million ($930,967 thousand) as at March 31, 2003.

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 approval of the shareholders.

i. Leases—All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

j. 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.

k. 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.

l. 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.

m. 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 shareholders' 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 shareholders' 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.

n. 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. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Current:			
Government and corporate bonds	¥ 6,011	¥ 2,531	$ 50,005
Other	501	3,803	4,169
Total	¥ 6,512	¥ 6,334	$ 54,174
Non-current:			
Marketable equity securities	¥ 7,409	¥10,219	$ 61,637
Non-marketable equity securities	1,560	676	12,980
Government and corporate bonds	4,704	6,212	39,131
Other	5,730	1,162	47,673
Total	¥19,403	¥18,269	$161,421

Information regarding each category of the securities classified as available-for-sale and held-to-maturity at March 31, 2003 and 2002 was as follows:

	Millions of Yen			
	2003			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale—equity securities	¥ 6,988	¥ 824	¥ 403	¥ 7,409
Held-to-maturity	15,819	3	5	15,817

	Millions of Yen			
	2002			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale—equity securities	¥ 8,700	¥ 1,733	¥ 214	¥ 10,219
Held-to-maturity	12,546	14	8	12,552

	Thousands of U.S. Dollars			
	2003			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale—equity securities	$ 58,134	$6,856	$3,353	$ 61,637
Held-to-maturity	131,607	24	46	131,585

The majority of available-for-sale securities whose fair value is not readily determinable as of March 31, 2003 and 2002 was as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Available-for-sale:			
Equity securities	¥1,560	¥ 676	$12,980
Preferred shares	1,000	1,000	8,319

Proceeds from sales of available-for-sale securities for the years ended March 31, 2003 and 2002 were ¥9 million ($72 thousand) and ¥369 million, respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥1 million ($7 thousand) and ¥0 million ($0 thousand), respectively, for the year ended March 31, 2002 and ¥1 million and ¥72 million, respectively, for the year ended March 31, 2002.

The carrying values of debt securities by contractual maturities for securities classified as held-to-maturity at March 31, 2003 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	Held to Maturity	Held to Maturity
Due in one year or less	¥ 6,512	$ 54,174
Due after one year through five years	9,307	77,433
Total	¥15,819	$131,607

4. BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2003 and 2002 consisted of notes to banks and bank overdrafts. The annual interest rates applicable to the bank loans ranged from 0.05% to 6% and 0.4% to 1.375% at March 31, 2003 and 2002, respectively.

Long-term debt at March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
1.49% to 3.2% loans from Japanese banks, and other financial institutions due 2009		¥ 10,305	
Secured 3.0% bonds due in August 2002		200	
Unsecured 2.2% bonds due in November 2002		15,000	
Unsecured 2.6% bonds due in July 2004	¥15,000	15,000	$124,792
Unsecured 1.975% bonds due in July 2005		10,000	
Unsecured 1.65% bonds due in December 2005		15,000	
Unsecured 0.8% bonds due in December 2004	2,000	2,000	16,639
Unsecured 1.7% convertible debentures, convertible into common stock at ¥1,071.80 per share, due in September 2002		8,516	
Unsecured 1.2% convertible debentures, convertible into common stock at ¥1,211.80 per share, due in September 2009	13,425	13,425	111,689
Total	30,425	89,446	253,120
Less current portion		(27,522)	
Total	¥30,425	¥ 61,924	$253,120

Based on debt assumption agreements with financial institutions, the Company has transferred the debt repayment obligation for certain bonds to such financial institutions and provided such financial institutions with cash for the payment of principal and interest on these bonds. As a result of such transactions, the balance of such bonds derecognized amounted to ¥25,000 million ($207,987 thousand) as of March 31, 2003 (see Note 9).

Annual maturities of long-term debt at March 31, 2003 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2005	¥17,000	$141,431
2010	13,425	111,689
Total	¥30,425	$253,120

Investment securities with a carrying amount of ¥21 million ($178 thousand) were deposited as security for dealings at March 31, 2003.

All outstanding convertible debentures of the Company at March 31, 2003, were convertible into 11 thousand shares of common stock of the Company. The conversion prices are subject to adjustments to reflect stock splits and certain other events.

5. RETIREMENT AND PENSION PLANS

The Company and its consolidated subsidiaries have severance payment plans for employees.

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, 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 paid subject to the approval of the shareholders.

The liability for employees' retirement benefits at March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Projected benefit obligation	¥126,763	¥ 285,399	$1,054,599
Fair value of plan assets	(28,457)	(149,414)	(236,746)
Unrecognized actuarial loss	(50,582)	(63,130)	(420,818)
Net liability	¥ 47,724	¥ 72,855	$ 397,035

The components of net periodic benefit costs for the years ended March 31, 2003 and 2002 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Service cost	¥ 11,336	¥11,120	$ 94,314
Interest cost	6,316	7,887	52,547
Expected return on plan assets		(3,641)	
Recognized actuarial loss	15,337	11,625	127,593
Net periodic benefit costs	32,989	26,991	274,454
Amortization of prior service cost		(5,222)	
Gain on exemption from future pension obligation of the governmental program	(45,703)		(380,226)
Total benefit costs—net	¥(12,714)	¥21,769	$(105,772)

Assumptions used for the years ended March 31, 2003 and 2002 are set forth as follows:

	2003	2002
Discount rate	2.0%	2.8%
Expected rate of return on plan assets	0.0%	2.5%
Amortization period of prior service cost	1 year	1 year
Recognition period of actuarial gain/loss:		
Company	7 years	7 years
Consolidated subsidiaries	5 years	5 years

6. SHAREHOLDERS' EQUITY

Japanese companies are subject to the Code to which certain amendments became effective from October 1, 2001.

The Code was revised whereby common stock par value was eliminated resulting in all shares being recorded with no par value and at least 50% of the issue price of new shares is required to be recorded as common stock and the remaining net proceeds as additional paid-in capital, which is included in capital surplus. The Code permits Japanese companies, upon approval of the Board of Directors, to issue shares to existing shareholders without consideration as a stock split. Such issuance of shares generally does not give rise to changes within the shareholders' accounts.

The revised Code also provides that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until such reserve and additional paid-in capital equals 25% of common stock. The amount of total additional paid-in capital and legal reserve that exceeds 25% of the common stock may be available for dividends by resolution of the shareholders. In addition, the Code permits the transfer of a portion of additional paid-in capital and legal reserve to the common stock by resolution of the Board of Directors.

The revised Code eliminated restrictions on the repurchase and use of treasury stock allowing Japanese companies to repurchase treasury stock by a resolution of the shareholders at the general shareholders meeting and dispose of such treasury stock by resolution of the Board of Directors beginning April 1, 2002. The repurchased amount of treasury stock cannot exceed the amount available for future dividend plus amount of common stock, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the general shareholders meeting.

The amount of retained earnings available for dividends under the Code was ¥94,194 million ($783,644 thousand) as of March 31, 2003, based on the amount recorded in the parent company's general books of account. In addition to the provision that requires an appropriation for a legal reserve in connection with the cash payment, the Code imposes certain limitations on the amount of retained earnings available for dividends.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

7. 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 41% for the years ended March 31, 2003 and 2002.

Tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2003 and 2002 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Deferred tax assets:			
Current:			
Accrued expenses	¥ 7,875	¥ 6,236	$ 65,513
Enterprise tax	2,086	1,484	17,357
Other	810	55	6,742
Deferred tax assets—current	¥10,771	¥ 7,775	$ 89,612
Non-current:			
Liability for employees' retirement benefits	¥18,105	¥28,066	$150,622
Investment securities	2,536	1,779	21,102
Loss on devaluation of land	2,722		22,649
Unrealized profit	460	432	3,826
Other	(324)	(568)	(2,700)
Less valuation allowance	(2,722)		(22,649)
Deferred tax assets—non-current	¥20,777	¥29,709	$172,850
Deferred tax liabilities:			
Property, plant and equipment		¥ 990	
Revaluation of fixed assets in accordance with special tax measures	¥ 414		$ 3,444
Other	(349)	41	(2,903)
Deferred tax liabilities	¥ 65	¥ 1,031	$ 541

A reconciliation between the normal effective statutory tax rate for the years ended March 31, 2003 and 2002 and the actual effective tax rates reflected in the accompanying consolidated statements of income was as follows:

	2003	2002
Normal effective statutory tax rate	41.0%	41.0%
Per capita levy of local taxes	1.8	3.2
Differences from tax rates of foreign consolidated subsidiaries	0.1	0.3
Valuation allowance	3.0	
Other—net	0.8	
Actual effective tax rate	46.7%	44.5%

On March 31, 2003, a tax reform law was enacted in Japan which changed the normal effective statutory tax rate from 41.0% to 40.0%, effective for years beginning on or after April 1, 2004. The effect of this change on deferred taxes in the consolidated statements of income for the year ended March 31, 2003 was a decrease of approximately ¥422 million ($3,511 thousand).

8. LEASES

Total lease payments under finance lease arrangements that do not transfer ownership of the leased property to the lessee were ¥3,035 million ($25,253 thousand) and ¥2,660 million for the years ended March 31, 2003 and 2002, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation and obligations under finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2003 and 2002 was as follows:

	Millions of Yen				
	2003				
	Buildings and Structures	Vehicles	Machinery and Equipment	Other Assets	Total
Acquisition cost	¥ 5	¥ 72	¥ 14,772	¥ 97	¥ 14,946
Accumulated depreciation	2	34	7,661	64	7,761
Net leased property	¥ 3	¥ 38	¥ 7,111	¥ 33	¥ 7,185

	Thousands of U.S. Dollars				
	2003				
	Buildings and Structures	Vehicles	Machinery and Equipment	Other Assets	Total
Acquisition cost	$41	$598	$122,892	$811	$124,342
Accumulated depreciation	18	285	63,730	534	64,567
Net leased property	$23	$313	$ 59,162	$277	$ 59,775

	Millions of Yen			
	2002			
	Buildings and Structures	Vehicles	Machinery and Equipment	Total
Acquisition cost	¥5	¥75	¥12,581	¥12,661
Accumulated depreciation	2	54	5,952	6,008
Net leased property	¥3	¥21	¥ 6,629	¥ 6,653

Obligations under finance leases which included the imputed interest expense portion, and noncancelable operating leases as of March 31, 2003 and 2002 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2003		2003	
	Finance Lease	Operating Lease	Finance Lease	Operating Lease
Due within one year	¥2,861	¥ 328	$23,799	$2,730
Due after one year	4,324	475	35,976	3,954
Total	¥7,185	¥ 803	$59,775	$6,684

	Millions of Yen	
	2002	
	Finance Lease	Operating Lease
Due within one year	¥2,411	¥ 642
Due after one year	4,242	1,448
Total	¥6,653	¥2,090

9. CONTINGENT LIABILITIES

Contingent liabilities for guarantees and items of a similar nature at March 31, 2003 amounted to ¥335 million ($2,787 thousand) representing guarantees of loans of an unaffiliated company jointly and severally by the Company and 18 other unaffiliated companies and ¥137 million ($1,140 thousand) as guarantees of loans of non-consolidated subsidiaries.

Based on debt assumption agreements with financial institutions, the Company has transferred the debt repayment obligation for certain bonds to such financial institutions. At March 31, 2003, the Company had contingent obligations of ¥25,000 million ($207,987 thousand) in respect of these bonds.

10. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2003 and 2002 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2003	Net Income	Weighted-average Shares	EPS	
Basic EPS—Net income available to common shareholders	¥48,346	462,607	¥104.51	$0.87
Effect of dilutive securities—Convertible bonds	106	14,145		
Diluted EPS—Net income for computation	¥48,452	476,752	¥101.63	$0.85

	Millions of Yen	Thousands of Shares	Yen
Year Ended March 31, 2002	Net Income	Weighted-average Shares	EPS
Basic EPS—Net income available to common shareholders	¥27,383	461,320	¥59.36
Effect of dilutive securities—Convertible bonds	189	19,220	
Diluted EPS—Net income for computation	¥27,572	480,540	¥57.38

11. 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, 2003 and 2002 is as follows:

(1) Industry Segments

	Millions of Yen					
	2003					
	Domestic Transportation	International Transportation	Information Communications	Other	Eliminations or Corporate	Consolidated
a. Operating revenues and operating income:						
Operating revenues to customers	¥ 856,827	¥ 74,117	¥ 18,888	¥ 22,303		¥ 972,135
Intersegment operating revenues	3,644	479	11,106	26,831	¥ (42,060)	
Total operating revenues	860,471	74,596	29,994	49,134	(42,060)	972,135
Operating costs and expenses	810,016	72,897	28,305	45,092	(40,993)	915,317
Operating income	¥ 50,455	¥ 1,699	¥ 1,689	¥ 4,042	¥ (1,067)	¥ 56,818
b. Assets, depreciation and capital expenditures:						
Assets	¥ 424,029	¥ 24,671	¥ 20,776	¥ 35,740	¥ 150,661	¥ 655,877
Depreciation	25,233	642	581	5,090	185	31,731
Capital expenditures	33,026	701	4,522	4,285	57	42,591

	Thousands of U.S. Dollars					
	2003					
	Domestic Transportation	International Transportation	Information Communications	Other	Eliminations or Corporate	Consolidated
a. Operating revenues and operating income:						
Operating revenues to customers	$7,128,347	$616,616	$157,139	$185,547		$8,087,649
Intersegment operating revenues	30,311	3,984	92,398	223,226	$ (349,919)	
Total operating revenues	7,158,658	620,600	249,537	408,773	(349,919)	8,087,649
Operating costs and expenses	6,738,901	606,465	235,486	375,139	(341,039)	7,614,952
Operating income	$ 419,757	$ 14,135	$ 14,051	$ 33,634	$ (8,880)	$ 472,697
b. Assets, depreciation and capital expenditures:						
Assets	$3,527,698	$205,247	$172,848	$297,336	$1,253,421	$5,456,550
Depreciation	209,922	5,342	4,836	42,343	1,544	263,987
Capital expenditures	274,759	5,830	37,621	35,653	475	354,338

	Millions of Yen					
	2002					
	Domestic Transportation	International Transportation	Information Communications	Other	Eliminations or Corporate	Consolidated
a. Operating revenues and operating income:						
Operating revenues to customers	¥ 834,418	¥ 61,189	¥ 18,431	¥ 18,082		¥ 932,120
Intersegment operating revenues	3,375	202	10,513	13,388	¥ (27,478)	
Total operating revenues	837,793	61,391	28,944	31,470	(27,478)	932,120
Operating costs and expenses	789,809	60,127	27,093	28,574	(26,672)	878,931
Operating income	¥ 47,984	¥ 1,264	¥ 1,851	¥ 2,896	¥ (806)	¥ 53,189
b. Assets, depreciation and capital expenditures:						
Assets	¥ 413,700	¥ 27,780	¥ 15,803	¥ 31,827	¥ 189,829	¥ 678,939
Depreciation	25,648	571	390	4,964	191	31,764
Capital expenditures	32,123	450	2,876	4,840	90	40,379

(2) Geographic Segments
The geographic segments of the Company and consolidated subsidiaries for the years ended March 31, 2003 and 2002 are summarized as follows:

	Millions of Yen					
	2003					
	Japan	U.S.A.	Europe	Asia	Eliminations or Corporate	Consolidated
Operating revenues:						
Outside customers	¥ 950,980	¥ 12,661	¥ 3,573	¥ 4,921		¥ 972,135
Interarea	4,443	2,726	1,197	2,475	¥ (10,841)	
Total operating revenues	955,423	15,387	4,770	7,396	(10,841)	972,135
Operating costs and expenses	899,115	15,141	4,822	7,086	(10,847)	915,317
Operating income (loss)	¥ 56,308	¥ 246	¥ (52)	¥ 310	¥ 6	¥ 56,818
Assets	¥ 495,914	¥ 3,132	¥ 2,003	¥ 2,688	¥ 152,140	¥ 655,877

	Thousands of U.S. Dollars					
	2003					
	Japan	U.S.A.	Europe	Asia	Eliminations or Corporate	Consolidated
Operating revenues:						
Outside customers	$7,911,646	$105,335	$29,726	$40,942		$8,087,649
Interarea	36,961	22,678	9,957	20,591	$ (90,187)	
Total operating revenues	7,948,607	128,013	39,683	61,533	(90,187)	8,087,649
Operating costs and expenses	7,480,151	125,964	40,114	58,958	(90,235)	7,614,952
Operating income (loss)	$ 468,456	$ 2,049	$ (431)	$ 2,575	$ 48	$ 472,697
Assets	$4,125,741	$ 26,054	$16,668	$22,366	$1,265,721	$5,456,550

	Millions of Yen				
	2002				
	Japan	U.S.A.	Other	Eliminations or Corporate	Consolidated
Operating revenues:					
Outside customers	¥ 915,279	¥ 12,873	¥ 3,968		¥ 932,120
Interarea	3,628	2,543	958	¥ (7,129)	
Total operating revenues	918,907	15,416	4,926	(7,129)	932,120
Operating costs and expenses	866,045	15,102	4,815	(7,031)	878,931
Operating income	¥ 52,862	¥ 314	¥ 111	¥ (98)	¥ 53,189
Assets	¥ 482,685	¥ 3,389	¥ 1,802	¥ 191,063	¥ 678,939

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, 2003 and 2002 amounted to ¥24,402 million ($203,011 thousand) and ¥20,845 million, respectively.

12. SUBSEQUENT EVENTS

a. Appropriations of Retained Earnings
The following appropriations of retained earnings at March 31, 2003 were approved at the Company's shareholders meeting held on June 27, 2003:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥8.00 ($0.07) per share	¥3,713	$30,891
Bonuses to directors and corporate auditors	65	541

b. Purchase of Treasury Stock
The Company is authorized to repurchase up to 7,700 thousand shares of the Company's common stock or aggregate amount of ¥10,000 million ($83,195 thousand).