Seino Transportation Co., Ltd.
Annual Report 2002

Year Ended March 31, 2002

The Road to Success

Profile

Seino Transportation Co., Ltd. (the "Company") was founded as a trucking company in 1930 and incorporated under its current name in 1946. It is now based in Ogaki in central Japan. Capitalizing on a growing Japanese market and the emergence of an extensive domestic expressway network, Seino has developed steadily into one of the nation's leading trucking companies.

With customer care as its first priority, the Company aggressively expanded and improved its network, and now encompasses 173 domestic bases as of March 31, 2002. Overseas, the Company transferred the operations for the international forwarding division to Schenker-Seino Co. Ltd., which was established through a joint venture with Stinnes AG, headquartered in Mulheim an der Ruhr, Germany, and is effectively utilizing both a global network and a superb IT system to expand the business.

To further provide customers with satisfying services as a leading company, the Seino Group designated Less-than-Truck-Load (LTL) commercial freight transportation for the domestic market as its groupwide core business, and will focus management resources in this area accordingly. Seino is pursuing a strategy that entails forming alliances with other transportation companies to compensate for weaknesses while concurrently enhancing its core strengths. Using this strategy, Seino Transportation will pursue the "Road to Success" to construct a new transportation model for the 21st century and become a highly profitable company.

Contents

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

Seino Transportation Co., Ltd. and Consolidated Subsidiaries

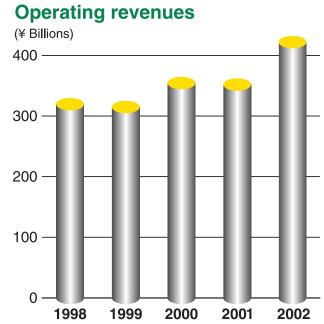
Financial Highlights

For the Years March 31, 2002, 2001, 2000, 1999 and 1998

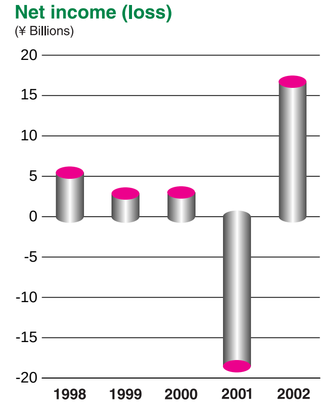
	Millions of Yen					Thousands of U.S. Dollars*
	2002	2001	2000	1999	1998	**2002**
For the year:						
Operating revenues	**¥ 418,835**	¥ 352,595	¥ 354,255	¥ 314,773	¥ 319,500	**$3,149,135**
Operating income	**3,543**	895	2,146	1,664	3,016	**26,639**
Income (loss) before income taxes and minority interests	**25,036**	(28,875)	6,286	7,385	10,948	**188,241**
Net income (loss)	**16,475**	(18,403)	3,043	2,991	5,381	**123,872**
	Yen					U.S. Dollars*
Net income (loss) per share:						
-Basic	**¥ 99.59**	¥ (122.29)	¥ 20.11	¥ 19.56	¥ 35.18	**$ 0.75**
-Diluted	**78.10**	(122.29)	16.63	16.10	28.43	**0.59**
	Millions of Yen					Thousands of U.S. Dollars*
At year-end:						
Cash and cash equivalents, and short-term investments	**¥ 70,002**	¥ 32,671	¥ 130,345	¥ 130,201	¥ 118,630	**$ 526,331**
Property and equipment, net of accumulated depreciation	**236,051**	166,898	172,323	187,135	161,910	**1,774,820**
Total assets	**522,753**	453,250	447,304	454,880	431,885	**3,930,474**
Long-term debt and other long-term liabilities	**132,851**	115,540	96,839	106,229	89,898	**998,880**
Net assets	**227,104**	201,912	220,092	220,792	219,188	**1,707,549**
	Yen					U.S. Dollars*
Net assets per share (in the whole yen and dollars)	**¥ 1,305.54**	¥ 1,344.98	¥ 1,454.49	¥ 1,443.86	¥ 1,433.37	**$ 9.82**

**Note: U.S. dollar amounts are translated at ¥133 = US$1 only for convenience of readers.*

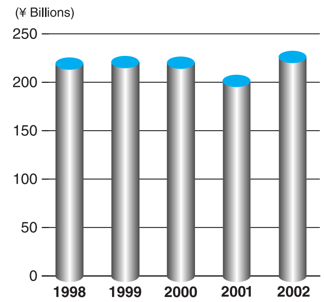
Operating revenues



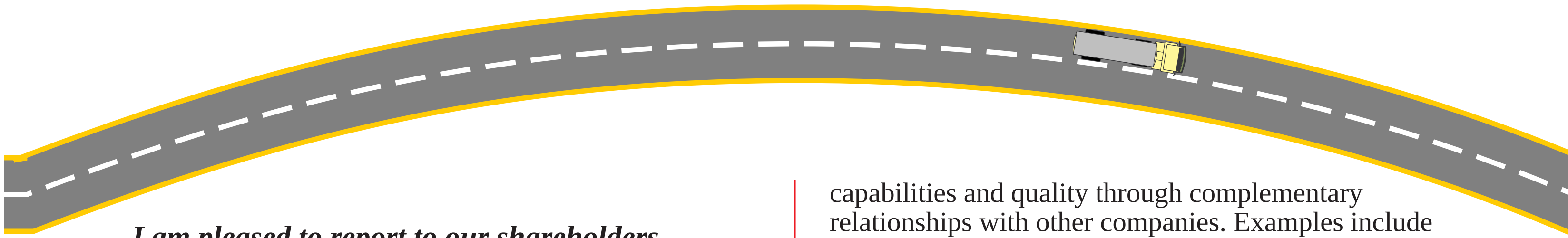
Net income (loss)



Net assets



To Our Shareholders, Customers and Friends



I am pleased to report to our shareholders, investors and friends on the consolidated financial results of Seino Transportation Co., Ltd. and its consolidated subsidiaries for the fiscal year ended March 31, 2002.

Operating Environment

In the fiscal year under review, a general downturn in the Japanese economy was unavoidable due to such structural elements as the hollowing out of industry and increased anxieties concerning employment insecurity compounded with a rapid downturn in IT-related industries and a slowdown in imports, further dampening both capital investment and consumer spending.

Freight movement in the transportation industry became noticeably less active, while the overabundance of truck transport companies contributed to a supply-demand imbalance. Moreover, higher costs from safety management and environmental activities have hampered operations and resulted in a continuation of the harsh operating environment of the previous fiscal year.

Business Results

To address these conditions, Seino worked to regain and improve Group profitability by reducing costs through groupwide streamlining of operations. Additionally, we positioned the domestic LTL commercial freight transportation field as our core business, as outlined in the LTL No. 1 Plan, and are working to expand operations. Seino's LTL No. 1 Plan is a medium-term management plan that promotes concentration solely on LTL handling and adjustment of freight charges to proper levels.

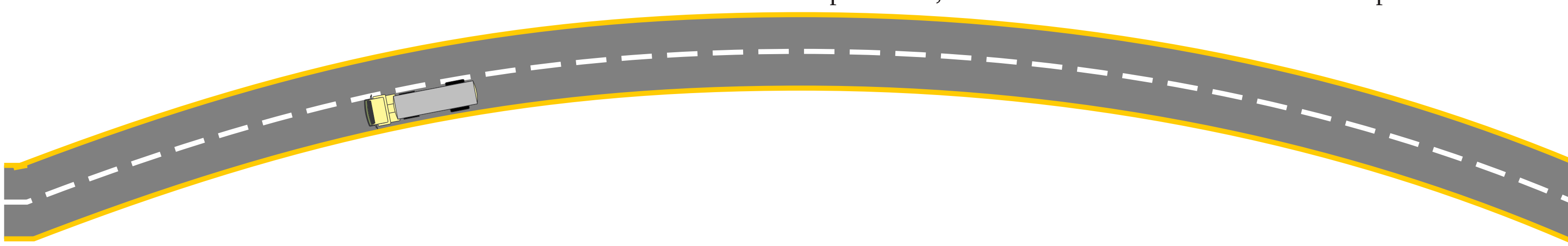
In the removal and small parcel businesses, we strove to raise profitability by augmenting our capabilities and quality through complementary relationships with other companies. Examples include alliances with specialists in each of these two fields and the establishment of Logiwell Co., Ltd., a joint venture with a major general trading company, in the third-party logistics (3PL) field.

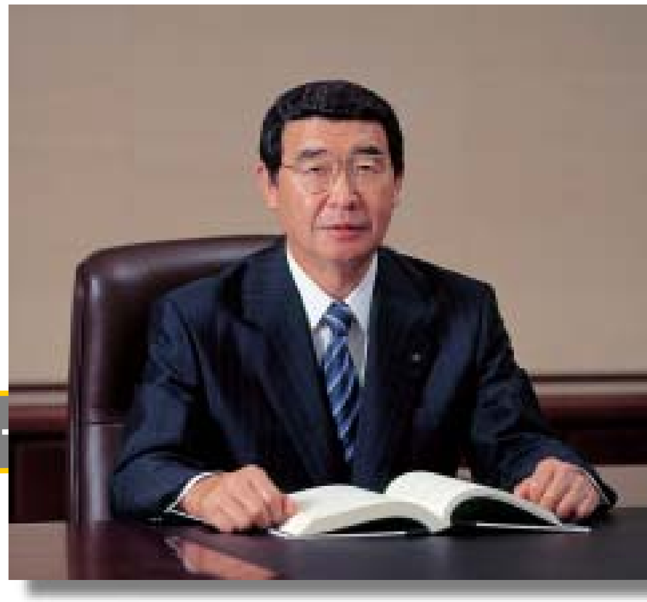
Similarly, we set out to reorganize Group operations to bolster the cohesiveness of the Seino Group, raise profitability and enhance corporate value. Seino aims to make the transition to a genuine holding company in the near future. The first stage of reorganization entailed establishing Nohi Seino Transportation Co., Ltd., Tokai Seino Transportation Co., Ltd. and Kanto Seino Transportation Co., Ltd., which were formerly affiliated companies of the Seino Group, as wholly-owned subsidiaries. This stage also included increasing equity ownership to 40% in the automobile dealers Toyota Corolla Gifu Co., Ltd. and Gifu Hino Motor Co., Ltd. and incorporating these entities into the scope of consolidation through a takeover bid.

As a result of the above measures, operating revenues increased 18.8% to ¥418,835 million (US$3,149 million) and operating income jumped 295.9% to ¥3,543 million (US$27 million) on a consolidated basis. Consolidated net income was ¥16,475 million (US$124 million) due to the occurrence of ¥18,895 million (US$142 million) in extraordinary income arising from settlement of the Employees' Pension Fund.

Management Strategy and Specific Measures

LTL commercial freight transportation services have been positioned as the core of the Seino Group's business since the Company's inception. To maintain its solid position as a leading logistics service provider and enhance customer satisfaction with outstanding and reliable services, Seino will continue to focus management resources on LTL commercial freight transportation services for the domestic market in particular, as the core business of the entire Group.





Two key objectives in this effort are to ensure uniform transportation services of outstanding quality and centralized transportation information management throughout the Group by improving and expanding the domestic network and reorganizing Group companies by function. As a first step toward strengthening Group management and establishing a strong consolidated financial base, the Company entered into stock-for-stock exchange agreements with its three affiliates and consolidated these entities as wholly-owned subsidiaries. We also increased equity ownership of two automobile dealers through a takeover bid, making these companies significant subsidiaries.

In preparation for forming alliances and mergers with leading companies in the fields of international forwarding, we plan to spin off removal, small parcel and chartered truck as independent specialized companies. Specifically, on October 1, 2002, we aim to establish Seino Customs Clearance Service Co., Ltd. as a spin-off company of our customs brokerage division.

In line with pursuing the establishment of both a profitable earnings structure as well as a management approach that prioritizes shareholder value, Seino is endeavoring to increase transparency in disclosure of division earnings, add vitality to the corporate organizational structure, strengthen core businesses and raise operational efficiency in Group companies.

In addition, to further raise incentive and morale for improved performance among the Company's directors, statutory auditors, executive officers and directors of consolidated subsidiaries toward maximizing corporate value, management decided to issue stock options through a new stock option plan.

Through the above measures, Seino will raise Group operational efficiency, establish a profitable earnings structure and pursue a shareholder-centered management approach. For the current fiscal year, projections call for operating revenues to decline 2.8% to ¥407,000 million and net income to decrease 33.2% to ¥11,000 million on a consolidated basis.

Cash Dividend

In line with its basic business policy, the Company strives to enhance shareholder equity and improve profitability over the long term, while also paying regular dividends. For the fiscal year under review, the Company paid an annual dividend of ¥11.00 (US$0.08) per share.

Seino established guidelines for buyback of treasury stock as an aid to improving the Company's stock price and maximizing shareholder value. The number of shares purchased will be limited to 8,800,000 at a maximum cost of ¥7.5 billion.

I, and all members of the management team, greatly appreciate the support and encouragement we receive from the Company's shareholders, customers and friends as we continue our efforts to respond to shareholder expectations through strengthening of the entire Seino Group.

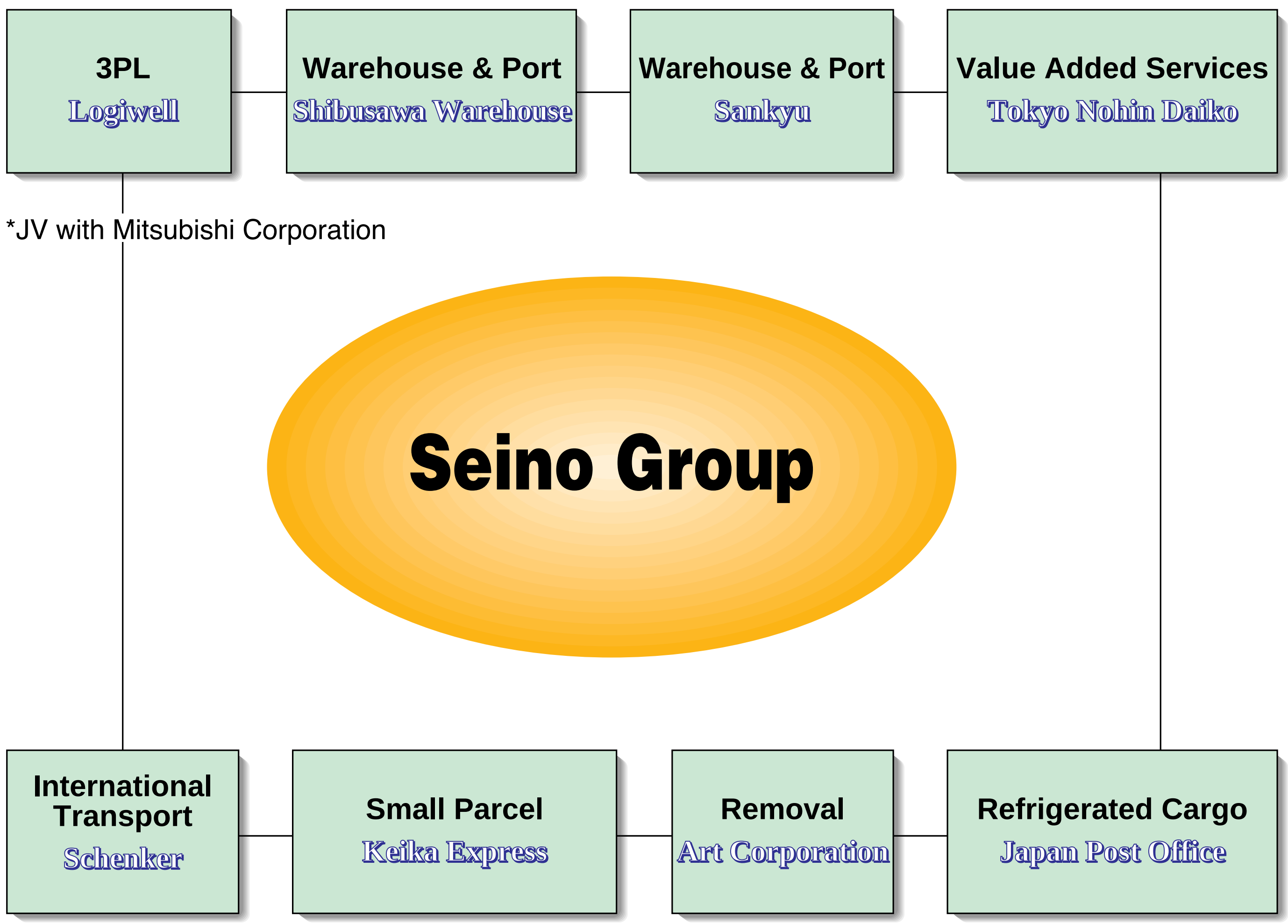
July, 2002

Yoshikazu TAGUCHI
Chief Executive Officer
Chairman of Board of Directors

Concentrating Management Resources on LTL Commercial Cargo Transportation

— Pursuit of LTL No. 1 Plan —

Strategic Business Alliance Partners



Currently within the transportation industry, the decline of freight volume amid a trend of transfer of manufacturing bases to Mainland China and increasing streamlining of physical distribution structures has become an entrenched phenomenon. In combination with continued declines in unit prices of freight, freight handlers are currently engaged in cutthroat competition with one another to stay in business.

Within this intensely competitive industry, Seino has designated the domestic LTL commercial freight transportation as its core business. The reason for this move was that a large portion of the Company's earnings derive from domestic LTL commercial freight transportation given its high profitability, and also because the market for this business field still has a fair degree of growth potential. Toward this end, Seino formulated its LTL No. 1 Plan, a new three-year medium-term management plan being implemented throughout the Group, which took effect from the fiscal year ending March 31, 2003.

Specializing in LTL Commercial Freight

Considering that Seino possesses transportation routes that link the entire nation via Company offices as well as an expansive network, it becomes apparent that LTL commercial freight transportation is Seino's forte. Seino plans to expand its market share in handling commercial freight of companies in Japan by focusing solely on LTL commercial freight averaging up to 20kg in per-unit weight. The reason the Company chose this range is that the per-kilogram unit price of shipping LTL commercial freight is higher than that of large-lot and long-distance freight, and thus much more profitable. Concurrently, by combining the multiple forwarding services that Seino excels at, we can provide a more economic shipping alternate to customers. Moreover, providing reliable collection and delivery, shipping routes and delivery schedules provides customers with greater peace of mind and satisfaction, thereby securing Seino a superior position over competitors.

To achieve targets outlined in its LTL No. 1 Plan, Seino aims to improve its brand strength using the following measures so that consumers will automatically think of Seino first when they think of commercial freight:

1) Acquisition of short-distance, medium-sized cargo clients
2) Achievement of highly efficient transportation service operations
3) Development of a profitable freight rate structure
4) Execution of structural reorganization
5) Pursuit of strategic alliances

Acquisition of Short-Distance, Medium-Sized Cargo Clients

When Seino conducted studies into the distance that commercial freight travels within Japan, it discovered that freight tended to travel 200km within the same economic zone, and that such shipments were highly profitable. Consequently, medium-size customers with no internal physical distribution divisions within that 200km economic zone generally tended to ship 10 to 100 pieces of freight at once, and are the most profitable customers to handle. Seino aims to raise the profitability of commercial freight by aggressively developing new inroads targeting this category of users.

It has also been noted

that operating within a 200km radius is the most efficient in maximizing overall performance. In consideration of this range, the Company is using a system that uses two delivery trucks to every one driver. This system entails having a driver drive a loaded truck to a hub point, wherein the packages are reloaded onto other trucks and distributed by local drivers, and thereafter a separate unloaded vehicle is driven back to the original physical distribution site. A 200km zone is small enough that a single driver can make all their deliveries roundtrip within the span of a single working day. In this way, Seino will continue to raise both the skills and number of its sales force and drivers while acquiring more cargo clients for greater profitability.

Introduction of Hub & Spoke System

Seino is working to establish rapid, highly efficient transport operations. Up until now, Seino's transport operations entailed shipping freight from customer bases directly to their destinations without any stops in between. This type of operation faces difficulties when there are numerous packages to be delivered, when changes are made to freight volume or

especially when there are reductions in freight volume. For this reason, Seino introduced "Hub & Spoke" transport operations tailored to the existing conditions within Japan, and now transports the bulk of its freight between these hub delivery points. In the process, freight collected at respective branches (satellites) is transported (spokes) to forward relay stations (hubs) located in key regions. Next, the relay stations repack items into units and ship them to their respective final distribution points. In this way, Seino can optimally capitalize on its forte in multiple forwarding services and raise efficiency in transport through such means as optimal use of unused truck space, reduction in shipping trips and on-time delivery. Achieving these aims will contribute significantly to reducing costs and, in turn, expanding profits.

Development of a Profitable Freight Rate Structure

Until recently, Seino's freight rate structure had remain unchanged since the officially approved freight rate of the Land, Infrastructure and Transportation Ministry (LITM) had been eliminated in 1995, resulting in the problem of declining profitability for long-distance shipping the farther the freight was shipped.

Seino was thus inspired to subsequently work to overhaul its previously unprofitable transport operations and improve the freight rate per ton. In particular, the Company has undertaken efforts to increase rate for both low-margin long-distance freight as well as large-lot freight in order to achieve higher profitability. To curb requests for lower freight rate from customers, the

Seino Group recently submitted a notification of a rate change of 6% to the LITM and received approval. The Seino Group is now diligently pursuing pricing negotiations with customers regarding its freight cost structure to return prices to a reasonable level and develop highly profitable businesses.

Execution of Structural Reorganization

Seino Group companies reorganized their corporate structures to efficiently carry out Seino's core competency in LTL commercial freight transportation. The first steps entailed measures to include Nohi Seino Transportation Co., Ltd., Tokai Seino Transportation Co., Ltd. and Kanto Seino Transportation Co., Ltd. into the scope of consolidation as wholly-owned subsidiaries through stock-for-stock exchange transactions, integrating overlapping transportation territories and reassessing freight collection zones. The Company is also now redrawing and expanding its domestic network by restructuring the original region-based Group organization into a function-based one that comprises the elements of route, collection and delivery, chartered trucks, moving and international freight. By raising efficiency of overall Group operations, Seino can build a system capable of providing the nation's highest-quality transport services that will enable us to centralize transport management information, as well as gain a huge advantage over the competition. Given the uniquely diverse elements within the Company's various businesses, Seino aims to spin off these businesses as independent, specialized companies, which will in turn pursue alliances with other leading distribution-related companies in their respective fields to achieve business growth centered around Seino's core competence of LTL commercial freight transportation.

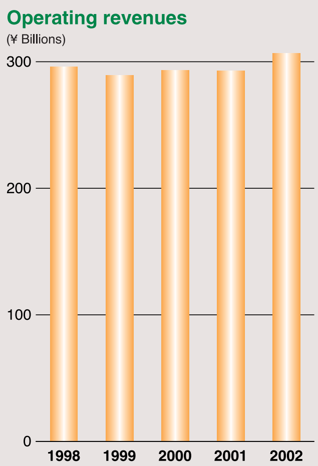
Pursuing Strategic Alliances in Domestic and Overseas

Seino is pursuing strategic alliances with companies who are leaders in their respective industries as a means of building a physical distribution platform. This move is aimed at establishing a "one-stop service" system that can address the transport needs of customers, and is expected to generate growth in bulk consignment orders.

In international freight forwarding business, for example, Seino formed an alliance with the Schenker AG, the leading worldwide freight forwarder, to establish the joint venture Schenker-Seino Co. Ltd. in April 2002, and transferred Seino's international transport division to the newly established Company. The newly acquired access to the 1,000 worldwide bases of the Schenker as a result of this alliance has provided the Seino Group with a major advantage in the international transport business. Since both large- and medium-sized Japanese companies are relocating their manufacturing bases to Mainland China, the Seino Group will begin working aggressively to cultivate this market of customers in the international transport business.

Opening Reception of Schenker-Seino Co., Ltd. (April 2002)

Review of Operations



Transportation Services

In the transportation industry, intensified competition and the push among customers to reduce physical distribution costs continued to escalate. In response, Seino focused efforts on further enhancing transportation service quality while acquiring greater competitiveness and profitability by promoting such measures as business alliances and establishing and relocating multifunctional terminals.

For the fiscal year under review, operating revenues in this segment rose 4.4% to ¥306,003 million (US$2,301 million). A major factor was the inclusion of Nohi Seino Transportation Co., Ltd., Tokai Seino Transportation Co., Ltd. and Kanto Seino Transportation Co., Ltd. into the scope of consolidation. Operating loss of ¥864 million (US$6 million) was recorded from the considerable impact of increased losses incurred by such overseas subsidiaries as Seino America, Inc. following the September terrorist attacks.

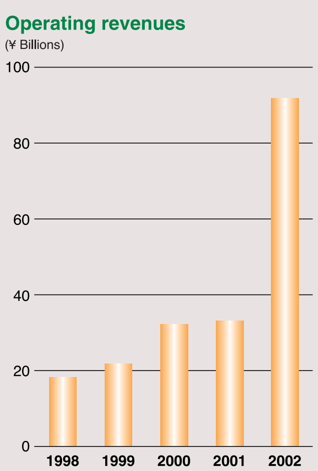
In the LTL commercial freight transportation business, despite working toward and achieving a degree of success in reducing the scope of business solely to LTL operations and normalizing prices for consigned freight, freight volume declined 6.3% from the effects of the deteriorating economy.*

In the small parcel transportation business, freight volume declined 3.5% as a result of reduced mail marketing campaigns among companies against the backdrop of the sluggish economy.*

In the removal business, despite acquiring new clients through reliance on the expertise of the industry leader Art Corporation (headquarters: Daito, Osaka) via a alliance, operating revenues declined 3.9% to ¥3,333 million (US$25 million), owing to lower rates of office relocation and intensifying competition.*

In air and sea freight forwarding, the Company was able to expand market share through aggressive promotion of marketing activities through a coalition with Schenker AG. In October, the Company constructed the Narita Logistics Center as the largest international distribution base in Japan. Nevertheless, the effects of the IT recession in combination with the terrorist attacks of September, 2001 drastically reduced freight volume in this business. Consequently, operating revenues declined 8.0% to ¥22,007 million (US$165 million).*

*Parent company figures are shown throughout because consolidated figures are not available.

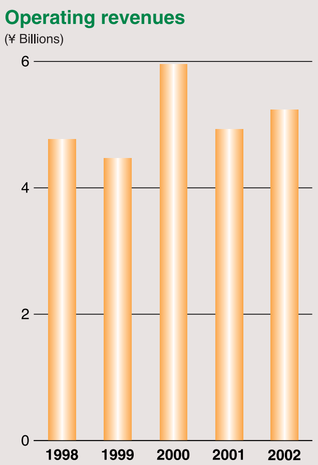


Merchandise Sales

Operating revenues in this segment jumped 151.8% to ¥92,667 million (US$697 million), and operating income climbed 412.1% to ¥2,803 million (US$21 million). The key factor for this increase was the inclusion of Toyota Corolla Gifu Co., Ltd. and Gifu Hino Motor Co., Ltd. to the scope of consolidation.

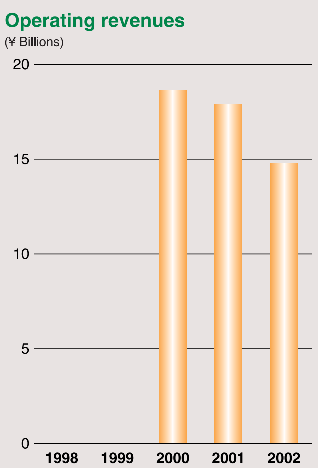
By business, the merchandise sales business made full use of the Seino Group's transport and information network to provide original new items and services. While aggressive efforts were made to develop and expand sales of appealing products predominately through operations at Seino Trading Co., Ltd., overall merchandise sales declined 24.3% to ¥14,326 million (US$108 million).

In automobiles sales, net sales jumped 338.3% to ¥60,400 million (US$454 million) owing to the inclusion of the above-mentioned automobile dealers to the scope of consolidation through a takeover bid.



Information Services

Despite operating revenues in this segment rising 6.2% to ¥5,224 million (US$39 million), an operating loss of ¥186 million (US$1 million) was posted. By business, the information-related business worked aggressively amid sluggish IT industry conditions to construct a logistics gateway via Seino Information Service Co., Ltd., while expanding business in such areas as third-party logistics and such next generation fields as EDI(Electronic Data Interchange) and network solutions. Despite a 20.3% decline in sales from systems development and improvements to ¥854 million (US$6 million) as a result of a downturn in related demand, sales of computer-related equipment jumped 65.5% to ¥1,908 million (US$14 million).



Others

This segment includes leasing operations conducted by Asahi Leasing Co., Ltd., equipment installation subcontracting operations conducted by Seino Engineering Co., Ltd. and travel agency operations conducted by Asahi Travel Service Co., Ltd., as well as a number of other businesses in the fields of real estate, advertising, taxi service, insurance, security service and medical waste disposal. In the fiscal year under review, the Group endeavored to create new demand by providing high value-added services and promote operational activities to secure a more reasonable return on services provided.

Despite a 16.6% decrease in operating revenues for this segment to ¥14,941 million (US$112 million), operating income rose 82.9% to ¥1,692 (US$13 million), owing to an increase in rental rates from the inclusion of Toyota Corolla Gifu and Gifu Hino Motor into the scope of consolidation, the addition of operating income produced by Seino Engineering and a reduction in losses at Medical Support Co., Ltd.

Financial Review

Operating Results

Consolidated operating revenues for the year ended March 31, 2002 rose 18.8% to ¥418,835 million (US$3,149 million).

Operating costs of revenues rose 14.6% to ¥382,637 million (US$2,877 million), while the ratio of operating costs of revenues to operating revenues decreased 3.3 percentage points to 91.4%.

Selling, general and administrative expenses climbed 84.8% to ¥32,655 million (US$246 million), and operating income jumped 295.9% to ¥3,543 million (US$27 million). Net other income of ¥21,493 million (US$162 million) as a result of reversal of employee retirement benefit liability of ¥18,895 million (US$142 million) and amortization of consolidating adjustment account (negative goodwill) of ¥6,435 million (US$48 million), following the inclusion of Nohi Seino Transportation Co., Ltd., Tokai Seino Transportation Co., Ltd. and Kanto Seino Transportation Co., Ltd., as well as Toyota Corolla Gifu Co., Ltd. and Gifu Hino Motor Co., Ltd. into the Company's scope of consolidation.

Accordingly, income before income taxes and minority interests were ¥25,036 million (US$188 million) and net income was ¥16,475 million (US$124 million).

The ratio of net income to net revenues was 3.9%; net income per share was rose to ¥99.59 (US$0.75); and return on equity (ROE) was 7.7%. Cash dividends per share were ¥11.00 (US$0.08).

Financial Position

As of March 31, 2002, total assets were ¥522,753 million (US$3,930 million), up 15.3% from the previous fiscal term.

Total current assets rose 71.4% to ¥167,395 million (US$1,259 million), mainly due to the inclusion of current assets from five newly consolidated subsidiaries. Net property and equipment increased 41.4% to ¥236,051 million (US$1,775 million).

Total current liabilities edged up 0.9% to ¥129,117 million (US$971 million), and long-term debt rose 3.4% to ¥67,739 million (US$509 million). Total shareholders' equity increased 12.5% to ¥227,104 million (US$1,708 million), and the shareholders' equity ratio edged down 1.1 percentage points to 43.4%.

Cash Flows

Net cash provided by operating activities rose ¥2,093 million to ¥16,135 million (US$121 million). Despite decreases arising from a net reversal for employee retirement benefit liability and amortization of consolidated adjustment account, this was offset by higher income before income taxes and minority interests and an increase in depreciation.

Despite an increase in property and equipment, the sale of investment securities contributed to net cash provided by investing activities of ¥36,157 million (US$272 million), compared with net cash used in investing activities of ¥14,291 million in the previous fiscal term.

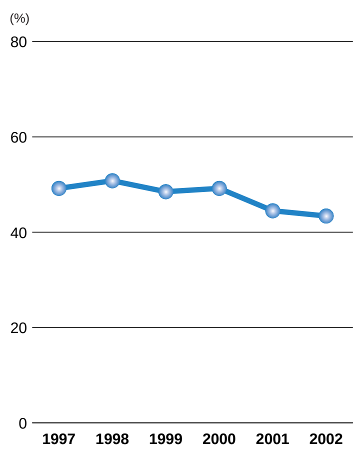
Net cash used in financing activities increased ¥27,192 million to ¥30,283 million (US$228 million) from an increase in repayment of long-term debt.

Cash and cash equivalents at end of year totaled ¥50,218 million (US$378 million), up 285.0% from the previous fiscal year.

Operating income to operating revenues
Net income to operating revenues

Net income to total assets
Return on equity ratio

Shareholders' equity ratio



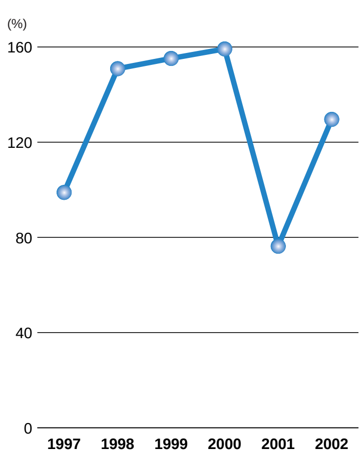
Seino Transportation Co., Ltd. and Consolidated Subsidiaries

Six-year Summary

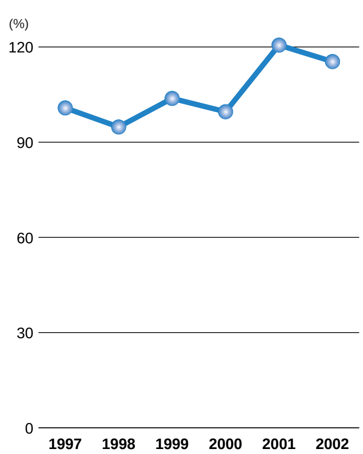
For the Years Ended March 31, 2002, 2001, 2000, 1999, 1998 and 1997

	Millions of Yen					
	2002	2001	2000	1999	1998	1997
For the year:						
Operating revenues:	¥ 418,835	¥ 352,595	¥ 354,255	¥ 314,773	¥ 319,500	¥ 324,307
Transportation	306,003	292,969	293,319	289,376	295,805	304,287
Merchandise sales	92,667	36,796	36,326	20,934	18,933	14,501
Information services	5,224	4,920	5,952	4,463	4,762	5,519
Others	14,941	17,910	18,658	—	—	—
Operating costs of revenues	382,637	334,034	336,311	303,199	306,692	308,838
Selling, general and administrative expenses	32,655	17,666	15,798	9,910	9,792	8,575
Operating income	3,543	895	2,146	1,664	3,016	6,894
Net income (loss)	16,475	(18,403)	3,043	2,991	5,381	8,603
At year-end:						
Current assets	167,395	97,645	194,804	190,931	177,833	126,369
Total assets	522,753	453,250	447,304	454,880	431,885	437,977
Current liabilities	129,117	127,986	122,397	122,998	117,845	127,737
Short-term borrowings	44,601	60,013	57,644	62,244	59,796	20,985
Long-term debt, including current maturities	70,853	79,487	82,467	94,867	75,817	126,556
Net assets	227,104	201,912	220,092	220,792	219,188	215,682
	Yen					
Per share data:						
Net income (loss):						
-Basic	¥ 99.59	¥ (122.29)	¥ 20.11	¥ 19.56	¥ 35.18	¥ 56.25
-Diluted	78.10	(122.29)	16.63	16.10	28.43	47.86
Cash dividends	11.00	11.00	11.00	11.00	11.00	11.00
	Thousands					
Number of shares issued	176,820	152,919	152,919	152,919	152,919	152,919
	Percent					
Ratios:						
Operating income to operating revenues	0.8	0.3	0.6	0.5	0.9	2.1
Net income to operating revenues	3.9	(5.2)	0.9	1.0	1.7	2.7
Net income to total assets	3.2	(4.1)	0.7	0.7	1.2	2.0
Return on equity ratio	7.7	(8.7)	1.4	1.4	2.5	4.1
Net assets ratio	43.4	44.5	49.2	48.5	50.8	49.2
Current ratio	129.6	76.3	159.2	155.2	150.9	98.9
Debt equity ratio	115.4	120.6	99.6	103.8	94.8	100.8
Payout ratio	10.1	(9.1)	55.3	56.2	31.3	19.6

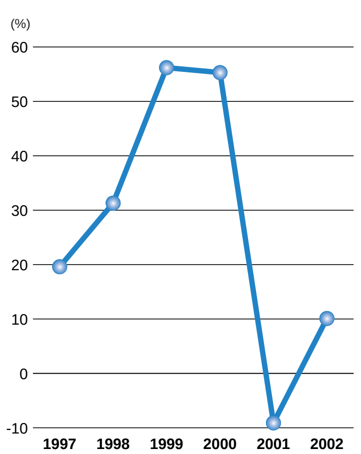
Current ratio



Debt equity ratio



Payout ratio



Consolidated Balance Sheets

March 31, 2002 and 2001

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Assets			
Current assets:			
Cash and cash equivalents	**¥ 50,218**	¥ 13,044	**$ 377,579**
Short-term investments (Notes 3 and 5)	**19,784**	19,627	**148,752**
Trade receivables	**79,348**	51,905	**596,602**
Inventories	**6,927**	2,057	**52,083**
Deferred tax assets (Note 11)	**5,517**	827	**41,481**
Other current assets	**7,414**	11,360	**55,744**
Allowance for doubtful accounts	**(1,813)**	(1,175)	**(13,632)**
Total current assets	**167,395**	97,645	**1,258,609**
Property and equipment, at cost			
(Notes 4 and 5):	**400,378**	288,539	**3,010,361**
Less, accumulated depreciation	**(164,327)**	(121,641)	**(1,235,541)**
Net property and equipment	**236,051**	166,898	**1,774,820**
Investments and other assets:			
Investment securities (Notes 3 and 5)	**92,181**	133,383	**693,090**
Investments in and long-term loans to affiliates (Note 3)	**5,520**	31,497	**41,504**
Deferred tax assets (Note 11)	**6,869**	11,947	**51,647**
Deferred tax assets arising on revaluation (Note 4)	**90**	—	**677**
Other assets	**14,647**	11,880	**110,127**
	119,307	188,707	**897,045**
	¥ 522,753	¥ 453,250	**$ 3,930,474**
Liabilities, Minority Interests and Shareholders' Equity			
Current liabilities:			
Short-term borrowings (Note 5)	**¥ 44,601**	¥ 60,013	**$ 335,346**
Current portion of long-term debt (Note 5)	**3,114**	14,000	**23,414**
Trade payables	**53,901**	33,046	**405,271**
Accrued expenses	**11,409**	7,881	**85,782**
Income taxes payable	**2,793**	2,616	**21,000**
Employees' savings deposits	**3,941**	4,198	**29,631**
Other current liabilities (Note 11)	**9,358**	6,232	**70,361**
Total current liabilities	**129,117**	127,986	**970,805**
Long-term debt (Note 5)	**67,739**	65,487	**509,316**
Employee retirement benefit liability (Note 6)	**35,263**	49,766	**265,135**
Deferred tax liabilities (Note 11)	**2,076**	119	**15,609**
Consolidating adjustment account (negative goodwill) (Note 2 (a-ii))	**26,592**	92	**199,940**
Other long-term liabilities	**1,181**	76	**8,880**
Commitments and contingent liabilities (Notes 7 and 8)			
Minority interests in consolidated subsidiaries	**33,681**	7,812	**253,240**
Shareholders' equity (Note 10):			
Common stock, no par value-Authorized: 400,000,000 shares; Issued: 176,820,926 shares in 2002 and 152,919,216 shares in 2001	**32,471**	31,276	**244,143**
Additional paid-in capital	**54,875**	43,321	**412,594**
Land revaluation decrement (Note 4)	**(425)**	–	**(3,195)**
Retained earnings	**140,169**	125,436	**1,053,902**
Net unrealized gains on available-for-sale securities	**1,479**	3,385	**11,120**
Foreign currency translation adjustment	**(654)**	(731)	**(4,917)**
Less, treasury stock at cost – 2,867,468 shares in 2002 and 2,796,531 shares in 2001	**(811)**	(775)	**(6,098)**
Total shareholders' equity	**227,104**	201,912	**1,707,549**
	¥ 522,753	¥ 453,250	**$ 3,930,474**

See accompanying Notes to Consolidated Financial Statements.

Seino Transportation Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Operations

For the Years Ended March 31, 2002, 2001 and 2000

	Millions of Yen			Thousands of U.S. Dollars
	2002	2001	2000	**2002**
Operating revenues (Note 12)	**¥ 418,835**	¥ 352,595	¥ 354,255	**$ 3,149,135**
Operating costs and expenses (Notes 6 and 12):				
Operating costs of revenues	**382,637**	334,034	336,311	**2,876,970**
Selling, general and administrative expenses	**32,655**	17,666	15,798	**245,526**
	415,292	351,700	352,109	**3,122,496**
Operating income	**3,543**	895	2,146	**26,639**
Other income (expenses):				
Interest and dividend income	**4,250**	4,021	4,348	**31,955**
Interest expenses	**(1,257)**	(1,137)	(1,169)	**(9,451)**
(Loss) gain on sale or disposal of property and equipment	**(2,664)**	313	137	**(20,030)**
Equity in net (loss) income of affiliates	**(224)**	(874)	110	**(1,684)**
Reversal of employee retirement benefit liability (Note 6)	**18,895**	—	—	**142,068**
Transitional provision of adoption of new accounting standard for retirement benefits (Note 6)	**—**	(30,976)	—	**—**
Amortization of consolidating adjustment account (negative goodwill)	**6,435**	—	—	**48,383**
Loss on write-down of investment securities	**(3,792)**	—	—	**(28,511)**
(Loss) gain on sale of investment securities	**(605)**	1,492	671	**(4,549)**
Loss on investments in and loans to affiliates	**—**	(1,495)	—	**—**
Miscellaneous, net	**455**	(1,114)	43	**3,421**
	21,493	(29,770)	4,140	**161,602**
Income (loss) before income taxes and minority interests	**25,036**	(28,875)	6,286	**188,241**
Income tax expenses (benefits) (Note 11)	**7,794**	(10,652)	2,716	**58,602**
Less, minority interests in net income of consolidated subsidiaries	**767**	180	527	**5,767**
Net income (loss)	**¥ 16,475**	¥ (18,403)	¥ 3,043	**$ 123,872**
	Yen			U.S. Dollars
Per share:				
Net income (loss)				
-Basic	**¥ 99.59**	¥ (122.29)	¥ 20.11	**$ 0.75**
-Diluted	**78.10**	(122.29)	16.63	**0.59**
Cash dividends	**11.00**	11.00	11.00	**0.08**

See accompanying Notes to Consolidated Financial Statements.

Seino Transportation Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Shareholders' Equity

For the Years Ended March 31, 2002, 2001 and 2000

	Number of common shares issued	Common stock	Additional paid-in capital	Land revaluation decrement	Retained earnings	Net unrealized gains on available-for-sale securities	Foreign currency translation adjustment	Treasury stock
		Millions of Yen						
Balance at March 31, 1999	152,919,216	¥ 31,276	¥ 43,321	¥ —	¥ 146,196	¥ —	¥ —	¥ (1)
Net income for the year	—	—	—	—	3,043	—	—	—
Cash dividends	—	—	—	—	(1,682)	—	—	—
Bonuses to directors and statutory auditors	—	—	—	—	(46)	—	—	—
Cumulative effect on initial adoption of deferred income tax accounting	—	—	—	—	(700)	—	—	—
Decrease in retained earnings through consolidation of additional subsidiaries	—	—	—	—	(438)	—	—	—
Adjustments for elimination of intercompany profits on consolidation of additional subsidiaries	—	—	—	—	(802)	—	—	—
Fractional shares acquired, net	—	—	—	—	—	—	—	(75)
Balance at March 31, 2000	152,919,216	31,276	43,321	—	145,571	—	—	(76)
Net loss for the year	—	—	—	—	(18,403)	—	—	—
Cash dividends	—	—	—	—	(1,682)	—	—	—
Bonuses to directors and statutory auditors	—	—	—	—	(50)	—	—	—
Net unrealized gains on available-for-sale securities, net of applicable income taxes	—	—	—	—	—	3,385	—	—
Translation adjustment	—	—	—	—	—	—	(731)	—
Purchases of 1,195,000 shares of treasury stock under the stock option plan	—	—	—	—	—	—	—	(698)
Fractional shares acquired, net	—	—	—	—	—	—	—	(1)
Balance at March 31, 2001	152,919,216	31,276	43,321	—	125,436	3,385	(731)	(775)
Net income for the year	—	—	—	—	**16,475**	—	—	—
Stocks issued under exchange offerings (Note 2(a-ii))	**23,901,710**	**1,195**	**11,554**	—	—	—	—	—
Cash dividends	—	—	—	—	**(1,669)**	—	—	—
Bonuses to directors and statutory auditors	—	—	—	—	**(50)**	—	—	—
Increase in retained earning through consolidation of additional subsidiaries	—	—	—	—	**45**	—	—	—
Adjustments for elimination of intercompany profits on consolidation of additional subsidiaries	—	—	—	—	**(68)**	—	—	—
Revaluation decrement on land	—	—	—	**(425)**	—	—	—	—
Net change in unrealized gains on available-for-sale securities, net of applicable income taxes	—	—	—	—	—	**(1,906)**	—	—
Translation adjustment	—	—	—	—	—	—	**77**	—
Fractional shares acquired, net	—	—	—	—	—	—	—	**(36)**
Balance at March 31, 2002	**176,820,926**	**¥ 32,471**	**¥ 54,875**	**¥ (425)**	**¥ 140,169**	**¥ 1,479**	**¥ (654)**	**¥ (811)**
		Thousands of U.S. Dollars						
Balance at March 31, 2001		$ 235,158	$ 325,722	$ —	$ 943,128	$ 25,451	$ (5,496)	$ (5,827)
Net income for the year		—	—	—	**123,872**	—	—	—
Stocks issued under exchange offerings (Note 2(a-ii))		**8,985**	**86,872**	—	—	—	—	—
Cash dividends		—	—	—	**(12,549)**	—	—	—
Bonuses to directors and statutory auditors		—	—	—	**(376)**	—	—	—
Increase in retained earning through consolidation of additional subsidiaries		—	—	—	**338**	—	—	—
Adjustments for elimination of intercompany profits on consolidation of additional subsidiaries		—	—	—	**(511)**	—	—	—
Revaluation decrement on land		—	—	**(3,195)**	—	—	—	—
Net change in unrealized gains on available-for-sale securities, net of applicable income taxes		—	—	—	—	**(14,331)**	—	—
Translation adjustment		—	—	—	—	—	**579**	—
Fractional shares acquired, net		—	—	—	—	—	—	**(271)**
Balance at March 31, 2002		**$ 244,143**	**$ 412,594**	**$ (3,195)**	**$1,053,902**	**$ 11,120**	**$ (4,917)**	**$ (6,098)**

See accompanying Notes to Consolidated Financial Statements.

Seino Transportation Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended March 31, 2002, 2001 and 2000

	Millions of Yen			Thousands of U.S. Dollars
	2002	2001	2000	**2002**
Cash flows from operating activities:				
Income (loss) before income taxes and minority interests	**¥ 25,036**	¥ (28,875)	¥ 6,286	**$ 188,241**
Adjustments for:				
Depreciation	**12,365**	10,349	14,769	**92,970**
Amortization of consolidated adjustment account	**(6,435)**	50	51	**(48,383)**
Net (reversal) provision for employee retirement benefit liability	**(20,345)**	33,734	467	**(152,970)**
Loss (gain) on sale or disposal of property and equipment	**2,664**	(313)	(137)	**20,030**
Loss on investments in and loans to and affiliates	**—**	1,495	—	**—**
Loss (gain) on sale of investment securities	**605**	(1,492)	(671)	**4,549**
Loss on write-down of investment securities	**3,792**	—	—	**28,511**
Equity in net loss of affiliates	**224**	874	(110)	**1,684**
Decrease (increase) in trade receivables	**6,573**	4,488	(1,398)	**49,421**
Decrease in trade payables and accrued expenses	**(4,529)**	(4,277)	(304)	**(34,053)**
Other, net	**(1,027)**	(1,182)	(785)	**(7,722)**
Subtotal	**18,923**	14,851	18,168	**142,278**
Interest and dividend received	**4,557**	3,940	4,615	**34,263**
Interest paid	**(1,221)**	(1,119)	(1,151)	**(9,180)**
Income taxes paid	**(6,124)**	(3,630)	(4,075)	**(46,045)**
Net cash provided by operating activities	**16,135**	14,042	17,557	**121,316**
Cash flows from investing activities:				
Increase in property and equipment	**(15,728)**	(11,659)	(18,445)	**(118,256)**
Increase in long-term investments and loans	**(24,243)**	(53,155)	(12,956)	**(182,278)**
Decrease in property and long-term investments	**56,043**	26,493	23,112	**421,376**
Net decrease in short-term investments	**20,085**	24,030	17,905	**151,015**
Net cash provided by (used in) investing activities	**36,157**	(14,291)	9,616	**271,857**
Cash flows from financing activities:				
Increase in long-term debt	**8,435**	1,355	2,073	**63,421**
Repayment of long-term debt	**(17,908)**	(4,363)	(10,374)	**(134,646)**
Net (decrease) increase in short-term borrowings	**(18,928)**	2,311	(5,147)	**(142,316)**
Cash dividends paid	**(1,844)**	(1,696)	(1,700)	**(13,865)**
Other	**(38)**	(698)	—	**(286)**
Net cash used in financing activities	**(30,283)**	(3,091)	(15,148)	**(227,692)**
Effect of exchange rate changes on cash and cash equivalents	**34**	33	(77)	**256**
Net increase (decrease) in cash and cash equivalents	**22,043**	(3,307)	11,948	**165,737**
Cash and cash equivalents at beginning of year	**13,044**	16,342	2,029	**98,075**
Increase in cash and cash equivalents upon inclusion of additional subsidiaries on consolidation	**15,131**	9	2,365	**113,767**
Cash and cash equivalents at end of year	**¥ 50,218**	¥ 13,044	¥ 16,342	**$ 377,579**

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Basis of Consolidated Financial Statements

(a) Basis of presenting the consolidated financial statements

The accompanying consolidated financial statements of Seino Transportation Co., Ltd. (the "Company") and its consolidated subsidiaries (together with the Company, the "Seino Group") have been prepared in accordance with the provisions set forth in the Commercial Code of Japan and the Securities and Exchange Law of Japan, and in conformity with accounting principle generally accepted in Japan. Certain items presented in the original consolidated financial statements in Japanese submitted to the Director of Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside 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 ¥133 to $1, the approximate rate of exchange at March 31, 2002. The inclusion of such dollar amounts is solely for the convenience of the readers and is not intended to imply that Yen and the assets and liabilities originating in Yen have been or could be readily converted, realized or settled in dollars at ¥133 to $1 or at any other rate.

(c) Reclassification

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

2. Summary of Significant Accounting Policies

(a-i) Principles of consolidation

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

Under the accounting standard for consolidation, a subsidiary is defined as an enterprise which is controlled by another enterprise, and that is a majority (more than 50%) owned enterprise or 40% to 50% owned enterprise that meets certain criteria. In addition, an affiliated company is defined as an enterprise in which the investor has a significant influence, and that is an enterprise, other than a subsidiary, with 20% or more of voting stock as well as 15% to 19% owned enterprise that meets certain criteria. For the three years ended March 31, 2002, the number of the companies with not exceeding 50% voting interest classified as consolidated subsidiaries based on the self-judgment of the Company in accordance with the accounting standard was eighteen, thirteen and fourteen, respectively.

The number of consolidated subsidiaries and affiliates for the three years ended March 31, 2002 was as follows:

	2002	2001	2000
Consolidated subsidiaries:			
Domestic	**39**	25	25
Overseas	**9**	11	11
Affiliates, accounted for by the equity method	**6**	12	12
Affiliates, stated at cost	**14**	21	20

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

Overseas consolidated subsidiaries adopt accounting principles generally accepted in their respective countries, and no adjustments to conform with 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) Change in consolidation scope

On May 29, 2001, the Company entered into stock-for-stock exchange agreements with its three public affiliates accounted for by the equity method in order to make the Company's respective equity share in the three affiliates increase to 100%. This transaction was expected to fully utilize the advantages and strengths of management resources and maximize the integration of the Seino Group. The agreements were subsequently approved by the shareholders at the annual general meeting held on June 28, 2001.

In accordance with this agreement, on August 10, 2001 (stock-for-stock exchange date), the Company issued 23,901,710 shares of the Company's common 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 three affiliates to their respective shareholders. As a result of this transaction, the common stock account of the Company increased by ¥1,195 million ($8,985 thousand) and the additional paid-in capital account increased by the aggregate amounts of the net assets of the respective companies as of stock-for-stock exchange date except for the equity interest which the Company owned before the stock-for-stock exchange, net of the increased common stock amount, which were adjusted on consolidation based on the fair value of net assets acquired at the time of acquisitions.

The details of information of stock-for-stock exchange transactions for the three public affiliates were as follows:

	original shares held by the Company	Exchange rate of the number of shares of the Company for one share of affiliates	Number of the Company's common stock issued
		(shares)	(shares)
NOHI SEINO TRANSPORTATION CO., LTD. ("NOHI")	26.2%	2.02	8,928,696
TOKAI SEINO TRANSPORTATION CO., LTD. ("TOKAI")	30.8%	0.81	2,184,849
KANTO SEINO TRANSPORTATION CO., LTD. ("KANTO")	35.6%	3.40	12,788,165

The unaudited financial information of the three affiliates as at or for the fiscal year ended March 31, 2002 was as follows:

	NOHI	TOKAI	KANTO
	Millions of Yen		
Operating revenues	¥ 23,123	¥ 10,868	¥ 25,994
Net income (loss) for the year	441	(195)	77
Total assets	32,893	7,491	25,965
Net assets	27,044	4,901	20,301

	Millions of Yen		
Operating revenues	$ 173,857	$ 81,714	$ 195,444
Net income (loss) for the year	3,316	(1,466)	579
Total assets	247,316	56,323	195,226
Net assets	203,338	36,850	152,639

In addition, on May 29, 2001, the Board of Directors of the Company resolved to acquire additional shares of the common stock of two public affiliates accounted for by the equity method by takeover bid for an aggregate amount of ¥1,130 million ($8,496 thousand) in order to strengthen the integration of the Seino Group. As the Company completed this transaction during June 2001, equity share of the two affiliates held by the Company increased to 40% each after this transaction.

The Company consolidated the five companies above as subsidiaries from the year ended March 31, 2002 as though the exchanges or acquisitions were made as of the beginning of the period. Therefore, such subsidiaries' operations from April 1, 2001 were included in the accompanying consolidated statements of operations. The excess of the Company's equity in the fair value of the net assets acquired of such new subsidiaries over the cost of the additional investments was recorded as consolidating adjustment account(negative goodwill).

(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) Accounting for financial instruments

Effective April 1, 2000, the Seino Group adopted "Opinion Concerning Establishment for Accounting Standard for Financial Instruments" issued by the Business Accounting Deliberation Council of Japan ("BADC") and related practical guideline issued by the Japanese Institute of Certified Public Accountants ("JICPA"). This new standard provides the new accounting methods for securities, derivatives and allowance for doubtful accounts as mentioned below.

Adoption of the new accounting standard resulted in a decrease in loss before income taxes and minority interests for the year ended March 31, 2001 by ¥574 million, as compared with the previous accounting method.

(c-i) Investments and marketable securities

Until the year ended March 31, 2000, securities with market quotations on stock exchanges were stated at the lower of moving-average cost or market, using a valuation allowance method. Other securities were stated at moving-average cost. Effective April 1, 2000, 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 standard. Held-to-maturity securities are stated at amortized cost. Marketable securities with market quotations for available-for-sale securities are stated at fair value and net unrealized gains or losses on these securities are reported as a separate component of shareholders' equity, net of applicable income taxes. Gains and losses on disposition of available-for-sale securities are computed based on the moving-average method. Nonmarketable securities without available market quotations for available-for-sale securities are carried at cost determined by the moving-average method. Adjustments in carrying values of individual securities are charged to income through write-downs, when a decline in value is deemed other than temporary.

(c-ii) Accounting for derivatives

Effective April 1, 2000, derivatives are valued at fair value, if hedging accounting is not appropriate or where there is no hedging designation, and the gains or losses on derivatives are recognized in the current earnings. According to the special treatment as permitted by the accounting standard for financial instruments, the hedging interest rate swap is accounted for on an accrual basis, and recorded net of interest income generated from investments, hedged items, if certain conditions are met.

(c-iii) Allowance for doubtful accounts

Effective April 1, 2000, in accordance with the amendment of the accounting standard, allowance for doubtful accounts has been provided for at the aggregate amount of estimated credit loss for doubtful or troubled receivables and a general reserve for other receivables calculated based on the historical loss experience for a certain past period. Until the year ended March 31, 2000, allowance for doubtful accounts was provided for as a general reserve at the maximum amount which could be charged to income under the Japanese income tax laws.

(d) 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 specific identification method.

(e) 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 consolidated subsidiaries have been depreciated by the straight-line method for buildings and vehicles, and by the declining-balance method for other property.

Property and equipment of the other consolidated 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 consolidated subsidiaries have been depreciated by the straight-line method.

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

(f) 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 consolidated subsidiaries as lessee is not capitalized and the relating rental and lease expenses are charged to income as incurred.

The leased property of a certain consolidated 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.

(g) 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.

The Seino Group has established defined benefit pension plans which cover 18 % to 36% of such retirement benefits for employees of the Company and 42% to 100% of those for employees of some of the consolidated subsidiaries, who retire at retirement age after 20 years or more service. Until the year ended March 31, 2000, the contribution to the pension plan was charged to income when paid, and the Seino Group provided for accrued severance indemnities principally at 100% of the amount which would be payable assuming all employees voluntarily terminate their service at the balance sheet date, net of the net assets of the funded pension plans, except for certain consolidated subsidiaries.

Effective April 1, 2000, the Seino Group adopted "Opinion Concerning Establishment of Accounting Standard for Retirement Benefits" established by BADC and related practical guideline issued by JICPA. In accordance with the new accounting standard, the Seino Group has recognized the retirement benefits including pension cost and related liability based on the accrual amount calculated from actuarial present value of projected benefit obligation using actuarial appraisal approach and the pension plan assets available for benefits at the respective fiscal year-ends. A transitional provision of adoption of this new accounting standard in the aggregate amount of ¥30,976 million was charged to income as other expenses in the year ended March 31, 2001. Unrecognized actuarial differences as changes in the projected benefit obligation or pension plan assets resulting from the experience different from that assumed and from changes in assumptions are amortized on a straight-line basis principally over ten years within remaining service lives of employees from the next year in which they arise. As a result, for the year ended March 31, 2001, operating income decreased by ¥1,835 million and loss before income taxes and minority interests increased by ¥32,811 million, as compared with the previous accounting method.

(h) 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. As the Seino Group adopted this deferred income tax accounting from the year ended March 31, 2000, cumulative effect on initial adoption of deferred income tax accounting in the debit amount of ¥700 million was included in the change in retained earnings in the accompanying consolidated statements of shareholders' equity for the year ended March 31, 2000.

(i) Revenue recognition for freight charges

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

(j) 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.

(k) Translation of foreign currency accounts

Effective April 1, 2000, the Seino Group adopted "Opinion Concerning Revision of Accounting Standard for Foreign Currency Translation" issued by BADC. In accordance with this new standard, 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. Until the year ended March 31, 2000, receivables and payables denominated in foreign currencies and covered by firm forward exchange contracts were translated into Yen at such forward contract rates. Current receivables and payables denominated in foreign currencies not covered by forward exchanges contracts were translated into Yen at the exchange rates in effect at the year-end. Non-current assets and liabilities denominated in foreign currencies not covered by forward exchange contracts were translated into Yen at historical exchange rates, unless having significant exchange loss. Adoption of the revised accounting standard resulted in no effect on the consolidated financial statements for the year ended March 31, 2001.

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

(l) Per share data

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

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

3. Investments

At March 31, 2002 and 2001, short-term investments consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Marketable securities:			
Bonds	**¥ 9,678**	¥ 12,613	**$ 72,767**
Total marketable securities	**9,678**	12,613	**72,767**
Other nonmarketable securities	**1,400**	1,600	**10,526**
Time deposits with an original maturity of more than three months	**8,706**	5,414	**65,459**
	¥ 19,784	¥ 19,627	**$ 148,752**

At March 31, 2002 and 2001, investment securities consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Marketable securities:			
Equity securities	**¥ 10,376**	¥ 8,886	**$ 78,015**
Bonds	**43,574**	74,730	**327,624**
Other	**1,122**	171	**8,436**
Total marketable securities	**55,072**	83,787	**414,075**
Other nonmarketable securities	**37,109**	49,596	**279,015**
	¥ 92,181	¥133,383	**$ 693,090**

At March 31, 2002 and 2001, 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		
At March 31, 2002:			
Bonds included in investment securities	¥ 5,471	¥ 6,042	¥ 571
At March 31, 2001:	¥ 5,071	¥ 5,722	¥ 651
Bonds included in investment securities			
	Thousands of U.S. Dollars		
At March 31, 2002:			
Bonds included in investment securities	$ 41,135	$ 45,428	$ 4,293

Effective from the year ended March 31, 2001, marketable securities classified as available-for-sale are stated at fair value with unrealized gains and losses excluded from the current earnings and reported as a net amount within the shareholders' equity account until realized. At March 31, 2002 and 2001, 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, 2002:				
Equity securities	¥ 5,415	¥ 5,008	¥ (47)	¥ 10,376
Bonds	49,546	410	(2,092)	47,864
Other	1,203	8	(89)	1,122
	¥ 56,164	¥ 5,426	¥ (2,228)	¥ 59,362
At March 31, 2001:	¥ 4,641	¥ 4,443	¥ (198)	¥ 8,886
Equity securities	80,667	2,192	(587)	82,272
Bonds	279	2	(110)	171
Other	¥ 85,587	¥ 6,637	¥ (895)	¥ 91,329
	Thousands of U.S. Dollars			
At March 31, 2002:				
Equity securities	$ 40,714	$ 37,654	$ (353)	$ 78,015
Bonds	372,527	3,083	(15,730)	359,880
Other	9,045	60	(669)	8,436
	$ 422,286	$ 40,797	$(16,752)	$ 446,331

During the year ended March 31, 2002, the Seino Group sold available-for-sale securities and recorded a gain of ¥211 million ($1,586 thousand) and a loss of ¥900 million ($6,767 thousand) on the accompanying consolidated statements of operations. For the year ended March 31, 2001, the Seino Group recorded a gain on sale of available-for-sale securities in the amount of ¥1,491 million.

Expected maturities of debt securities held-to-maturity and available-for-sale at March 31, 2002 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due in one year or less	¥ 11,199	$ 84,203
Due after one year through five years	44,666	335,835
Due after five years through ten years	37,250	280,075
Due after ten years	100	752
	¥ 93,215	$ 700,865

At March 31, 2002 and 2001, investments in and long-term loans to consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Investments, accounted for by the equity method for significant affiliates and at cost for others	**¥ 2,835**	¥ 31,461	**$ 21,316**
Interest bearing long-term loans	**2,685**	36	**20,188**
	¥ 5,520	¥ 31,497	**$ 41,504**

4. Property and Equipment

At March 31, 2002 and 2001, property and equipment consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Property held for own use, at cost:			
Land	**¥133,180**	¥ 85,469	**$1,001,354**
Buildings and structures	**172,602**	128,265	**1,297,759**
Vehicles	**72,161**	56,415	**542,564**
Machinery and equipment	**20,682**	18,016	**155,504**
Construction in progress	**1,107**	374	**8,323**
	399,732	288,539	**3,005,504**
Less, accumulated depreciation	**(163,893)**	(121,641)	**(1,232,278)**
Subtotal	**235,839**	166,898	**1,773,226**
Property held for leases, at cost:			
Vehicles, equipment and other	**646**	—	**4,857**
Less, accumulated depreciation	**(434)**	—	**(3,263)**
	212	—	**1,594**
Total property and equipment	**¥236,051**	¥166,898	**$1,774,820**

One of the consolidated subsidiaries elected to carry out a one-time revaluation to restate the cost of land used for the business operations at values rationally reassessed effective on March 31, 2002, reflecting appropriate adjustments for land shape and other factors, based on the appraisal values issued by the Japanese National Tax Agency in accordance with the Law Concerning Revaluation of Land. According to the Law, the amount equivalent to the tax effect on the excess of the original book values over sound reassessed values is recorded in the assets as deferred tax assets arising on revaluation account, and the rest of such excess, net of the tax effect and minority interests portion, is recorded in the shareholders' equity as land revaluation decrement account in the accompanying consolidated balance sheets. Carrying amounts of such land after and before revaluation at March 31, 2002 were ¥6,100 million ($45,865 thousand) and ¥6,576 million ($49,444 thousand), respectively.

5. Short-term Borrowings and Long-term Debt

At March 31, 2002 and 2001, short-term borrowings consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Unsecured bank overdrafts with interest rates ranging from 0.202% to 11.0% per annum at March 31, 2002	**¥ 8,026**	¥ 3,148	**$ 60,346**
Short-term bank borrowings principally represented by notes with interest rates ranging from 0.237% to 5.3% per annum at March 31, 2002:			
Secured	**390**	385	**2,932**
Unsecured	**36,185**	56,480	**272,068**
	¥ 44,601	¥ 60,013	**$ 335,346**

At March 31, 2002, the Company and certain consolidated subsidiaries had unsecured overdraft agreements with 40 banks. Under such agreements, the Company and such subsidiaries were entitled to withdraw up to ¥43,439 million ($326,609 thousand). The Company and such subsidiaries are not obligated to pay commitment fees on the unused portions of such overdraft facilities.

At March 31, 2002 and 2001, long-term debt consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
0.9% convertible bonds, due March 2002	**¥ —**	¥ 9,742	**$ —**
1.0% convertible bonds, due March 2004	**27,239**	29,670	**204,804**
0.125% convertible bonds, due March 2004	**20,000**	20,000	**150,376**
1.1% convertible bonds, due March 2006	**9,562**	9,562	**71,895**
Loans from banks, partly secured, due through 2014 repayable on an installment basis with interest rates ranging from 0.59% to 11.0% per annum at March 31, 2002	**13,739**	10,214	**103,301**
Loans from government agencies, principally mortgage, repayable on an installment basis with interest rates ranging from 1.2% to 4.3% per annum at March 31, 2002	**313**	299	**2,354**
	70,853	79,487	**532,730**
Less, current portion	**(3,114)**	(14,000)	**(23,414)**
	¥ 67,739	¥ 65,487	**$ 509,316**

At March 31, 2002 and 2001, the following assets were pledged as collateral for certain short-term borrowings and long-term debt:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Land	**¥ 1,066**	¥ 743	**$ 8,015**
Buildings and structures	**1,249**	379	**9,391**
Vehicles	**3**	—	**23**
Marketable securities included in investment securities	**501**	501	**3,767**
Time deposits included in short-term investments	**214**	77	**1,609**

The following is a summary of the conversion price and the terms of optional redemption of the convertible bonds as at March 31, 2002:

	Conversion price	Redemption at the option of the Company
1.0% convertible bonds, due 2004	¥1,755.60	At 103% to 100% of principal after April 1, 2000, decreasing 1% annually
0.125% convertible bonds, due 2004	¥ 917.00	—
1.1% convertible bonds, due 2006	¥1,755.60	At 104% to 100% of principal after April 1, 2001, decreasing 1% annually

The Company reserves the right to redeem the outstanding convertible bonds, in whole or in part, at its call option, at the percentages of the principal amount listed in the table above. At March 31, 2002, the number of shares of common stock necessary for conversion of convertible bonds outstanding was approximately 43 million.

The aggregate annual maturities of long-term debt as at March 31, 2002 were as follows:

Years ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2003	¥ 3,114	$ 23,414
2004	47,744	358,978
2005	357	2,684
2006	10,974	82,511
2007	7,249	54,504
Thereafter	1,415	10,639

6. Employee Retirement Benefits

The Seino Group has defined benefit pension plans and lump-sum retirement benefit plans, which substantially cover all employees.

The following table reconciles the benefit liability and net periodic retirement benefit expense as at or for the years ended March 31, 2002 and 2001:

	Millions of Yen		Thousands of U.S. Dollars
Reconciliation of benefit liability:	**2002**	2001	**2002**
Projected benefit obligation	**¥ 65,856**	¥127,049	**$ 495,158**
Less, fair value of pension plan assets at end of year	**(18,870)**	(66,146)	**(141,880)**
	46,986	60,903	**353,278**
Less, unrecognized actuarial differences (loss)	**(11,672)**	(11,137)	**(87,759)**
other	**(51)**	—	**(384)**
Net amounts of employee retirement benefit liability recorded on the consolidated balance sheets	**¥ 35,263**	¥ 49,766	**$ 265,135**

On March 15, 2002, the Company received an approval from the Minister of Health, Labor and Welfare for the liquidation of the welfare pension funds organized by the Company and its domestic subsidiaries pursuant to the enforcement of the Defined Benefit Enterprise Pension Plan Law. As a result, the Seino Group recorded a gain of ¥18,895 million ($142,068 thousand) due to the extinguishment of retirement benefit obligation of the welfare pension funds for the year ended March 31, 2002.

Components of net periodic retirement benefit expense:	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Service cost	**¥ 5,100**	¥ 4,195	**$ 38,346**
Interest cost	**4,776**	4,135	**35,910**
Expected return of pension plan assets	**(2,470)**	(2,506)	**(18,572)**
Amortization of actuarial differences	**1,221**	—	**9,180**
Initial transitional provision	**17**	30,976	**128**
Net periodic retirement benefit expense	**¥ 8,644**	¥ 36,800	**$ 64,992**

Major assumptions used in calculation of the above information for the years ended March 31, 2002 and 2001 were as follows:

	2002	2001
Method attributing the projected benefits to periods of services	Straight-line method	Straight-line method
Discount rate	2.5%	3.5%
Expected rate of return on pension plan assets	principally 3.5%	3.5%
Amortization of actuarial differences	principally 10 years	principally 10 years

7. Contingent Liabilities

At March 31, 2002 and 2001, the Seino Group was contingently liable for trade notes endorsed to affiliates and the third parties, for trade notes discounted with banks in the normal course of business, and for guarantees, including substantial guarantees principally of indebtedness of affiliates and the third parties in the aggregate amounts of ¥5,865 million ($44,098 thousand) and ¥6,759 million, respectively. During the years ended March 31, 2002 and 2001, the Seino Group sold trade notes receivable of ¥956 million ($7,188 thousand) and ¥4,062 million to a certain financial institution. In relation to this transaction, the Seino Group was obligated under the terms of the recourse provision to repurchase receivables sold up to ¥260 million ($1,955 thousand) and ¥773 million at March 31, 2002 and 2001, respectively.

8. Lease Commitments

The Seino Group has entered into various rental and lease agreements for land and buildings to be used for truck terminals and warehouses which are generally cancelable with a few months' advance notice and also non-cancelable lease agreements for computer equipment and radio facilities with three-to-seven year contract terms as lessee. The aggregate minimum future lease payments for such non-cancelable lease agreements, including the imputed interest portion, as at March 31, 2002 and 2001 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Due within one year	**¥ 1,966**	¥ 2,413	**$ 14,782**
Due after one year	**2,904**	4,292	**21,835**
	¥ 4,870	¥ 6,705	**$ 36,617**

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, 2002, the aggregate future minimum lease commitments to be received for such non-cancelable lease agreements, excluding the imputed interest, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥ 157	$ 1,180
Due after one year	214	1,609
	¥ 371	$ 2,789

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, 2002 and 2001, the future minimum commitments under such agreements, including the imputed interest portion, were as follows:

	Minimum rentals to be paid (Millions of Yen)	Minimum rentals to be received (Millions of Yen)	Minimum rentals to be paid (Thousands of U.S. Dollars)	Minimum rentals to be received (Thousands of U.S. Dollars)
At March 31, 2002:				
Due within one year	¥ 3,608	¥ 3,844	$ 27,128	$ 28,902
Due after one year	5,618	6,018	42,240	45,248
	¥ 9,226	¥ 9,862	$ 69,368	$ 74,150
At March 31, 2001:				
Due within one year	¥ 4,749	¥ 5,049		
Due after one year	7,518	8,035		
	¥ 12,267	¥ 13,084		

9. Derivative Instruments

The Seino Group is a party to derivative instruments such as interest rate swap or currency swap contracts in the normal course of business to reduce its own exposure to fluctuations in interest rates or foreign currency exchange rates on investments of the Seino Group for the hedge purposes. The Seino Group is exposed to credit loss in the event of nonperformance by the other parties. However, the Seino Group does not expect nonperformance by the counterparties. All derivative instruments are accounted for by the certain hedge accounting methods as at March 31, 2002 and 2001.

10. Shareholders' Equity

(a) The authorized number of shares of common stock, without par value, is 400 million at March 31, 2002, unless there may be a reduction due to a cancellation of treasury stock acquired.

Pursuant to the Commercial Code of Japan and the resolution by shareholders at the annual general meeting on June 27, 2002, the Company can purchase the treasury stock of the Company up to 8,800,000 shares in maximum consideration for ¥7,500 million ($56,391 thousand) for the period through the date of its next annual shareholders' general meeting.

(b) At March 31, 2002 and 2001, retained earnings included legal reserve of the Company in the amounts of ¥4,262 million ($32,045 thousand) and ¥4,082 million, respectively. The Commercial Code of Japan provides that an amount equivalent to at least 10% of cash payments as an appropriation of retained earnings shall be appropriated as a legal reserve until a total amount of additional paid-in capital and such legal reserve equals 25% of common stock. Such legal reserve is not available for distribution as dividends, but may be used to reduce a deficit or may be transferred to common stock by proper actions of the Board of Directors and/or shareholders of the Company.

Under the terms of the 1.0% and 1.1% convertible bonds, as long as any of the relevant bonds remains outstanding, the Company may not pay any cash dividends if, upon giving effect thereto, the aggregate amount of all cash dividends paid after March 31, 1995, less income before special credits or charges (as defined in the Ministry of Finance Ordinance) net of income taxes since such a date, would exceed ¥15 billion ($113 million).

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

(c) On June 29, 2000, shareholders approved to implement the stock option plan in accordance with the Commercial Code of Japan. The stock option was granted to 15 members of the Board of Directors and 575 executive employees as of June 29, 2000, and each stock option is exercisable from July 1, 2002 to June 30, 2005. Up to 1,195,000 shares of common stock of the Company would be issuable for exercise of this option at the exercise price of ¥600 per share, which is subject to adjustment in certain circumstances including stock splits. The Company purchased 1,195,000 shares of treasury stock during the year ended March 31, 2001.

In addition, on June 27, 2002, shareholders also approved to implement the stock option plan using the new share subscription right method in accordance with the Commercial Code of Japan. Under the plan, the stock option was granted to members of the Board of Directors and selected executive employees of the Company, its consolidated subsidiaries and affiliates and each stock option is exercisable for the period from July 1, 2004 to June 30, 2007. Up to 3,000,000 shares of the common stock of the Company would be issuable for exercise of this option at the exercise price determined based on the fair market value at the date of grant.

(d) The shareholders of the Company approved the following appropriations of retained earnings at the annual general meeting of shareholders on June 27, 2002:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends	¥ 1,932	$ 14,526

11. Income Taxes

Income tax expenses (benefits) for the three years ended March 31, 2002 consisted of the following:

	Millions of Yen			Thousands of U.S. Dollars
	2002	2001	2000	2002
Income tax expenses (benefits):				
Current	¥ 5,686	¥ 4,532	¥ 4,019	$ 42,752
Deferred	2,108	(15,184)	(1,303)	15,850
	¥ 7,794	¥ (10,652)	¥ 2,716	$ 58,602

The tax effects on temporary differences that give rise to a significant portion of deferred tax assets and liabilities at March 31, 2002 and 2001 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Deferred tax assets:			
Employee retirement benefit liability	¥ 13,955	¥ 17,831	$ 104,925
Enterprise tax accruals	260	290	1,955
Intercompany capital gain	1,103	614	8,293
Loss on assets transferred	5,040	783	37,895
Unrealized losses on available-for-sale securities	1,002	368	7,534
Other	2,886	1,632	21,699
	24,246	21,518	182,301
Less, valuation allowance	(1,734)	(605)	(13,038)
	22,512	20,913	169,263
Deferred tax liabilities:			
Deferred capital gain	5,793	5,479	43,556
Unrealized gains on available-for-sale securities	2,330	2,759	17,519
Consolidating valuation differences	4,004	—	30,105
Other	75	24	564
	12,202	8,262	91,744
Net deferred tax assets	¥ 10,310	¥ 12,651	$ 77,519

At March 31, 2002 and 2001, deferred tax assets and liabilities were recorded as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Deferred tax assets:			
Current	¥ 5,517	¥ 827	$ 41,481
Non-current	6,869	11,947	51,647
Deferred tax liabilities:			
Current	—	4	—
Non-current	2,076	119	15,609

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, 2002 and 2001, a valuation allowance was provided to reduce the deferred tax assets to the extent that the management believes that the amount of the deferred tax assets is expected not to be realizable.

A reconciliation of the differences between the Japanese statutory tax rate and the effective income tax rate on pretax income reflected in the accompanying consolidated statements of operations for the years ended March 31, 2002 was as follows:

	Percentage of pretax income
Japanese statutory tax rate	41.7%
Decrease due to:	
Permanently nondeductible expenses	0.6
Tax exempt income	(0.4)
Local minimum taxes-per capita levy	2.0
Amortization of consolidating adjustment account	(10.7)
Equity in net loss of affiliates	0.4
Other	(2.5)
Effective income tax rate	31.1%

For the year ended March 31, 2001, such reconciliation is not presented because the Seino Group recorded net loss.

12. Segment Information

The Seino Group operates in four business segments: transportation services, merchandise sales, information services, and leasing and other services. Information by industry segment for the three years ended March 31, 2002 was summarized as follows:

	Transportation services	Merchandise sales	Information services	Others	Total	Elimination	Consolidated
	Millions of Yen						
For the year 2002:							
Operating revenues:							
Outside customers	¥ 306,003	¥ 92,667	¥ 5,224	¥ 14,941	¥ 418,835	¥ —	¥ 418,835
Inter-segment sales	1,593	24,259	5,619	12,442	43,913	(43,913)	—
Total operating revenues	307,596	116,926	10,843	27,383	462,748	(43,913)	418,835
Operating costs and expenses	308,460	114,123	11,029	25,691	459,303	(44,011)	415,292
Operating income (loss)	¥ (864)	¥ 2,803	¥ (186)	¥ 1,692	¥ 3,445	¥ 98	¥ 3,543
Identifiable assets	¥ 328,598	¥ 88,237	¥ 6,362	¥ 26,953	¥ 450,150	¥ 72,603	¥ 522,753
Depreciation	10,642	1,270	290	334	12,536	(171)	12,365
Capital expenditures	12,940	2,101	162	190	15,393	(225)	15,168
For the year 2001:							
Operating revenues:							
Outside customers	¥ 292,969	¥ 36,796	¥ 4,920	¥ 17,910	¥ 352,595	¥ —	¥ 352,595
Inter-segment sales	1,485	20,684	5,317	8,067	35,553	(35,553)	—
Total operating revenues	294,454	57,480	10,237	25,977	388,148	(35,553)	352,595
Operating costs and expenses	294,874	56,932	10,366	25,053	387,225	(35,525)	351,700
Operating income (loss)	¥ (420)	¥ 548	¥ (129)	¥ 924	¥ 923	¥ (28)	¥ 895
Identifiable assets	¥ 252,831	¥ 22,866	¥ 6,241	¥ 22,588	¥ 304,526	¥ 148,724	¥ 453,250
Depreciation	9,291	245	258	618	10,412	(63)	10,349
Capital expenditures	8,056	385	304	53	8,798	(113)	8,685
For the year 2000:							
Operating revenues:							
Outside customers	¥ 293,319	¥ 36,326	¥ 5,952	¥ 18,658	¥ 354,255	¥ —	¥ 354,255
Inter-segment sales	1,370	23,427	5,367	10,114	40,278	(40,278)	—
Total operating revenues	294,689	59,753	11,319	28,772	394,533	(40,278)	354,255
Operating costs and expenses	295,304	58,810	10,887	27,296	392,297	(40,188)	352,109
Operating income (loss)	¥ (615)	¥ 943	¥ 432	¥ 1,476	¥ 2,236	¥ (90)	¥ 2,146
Identifiable assets	¥ 243,002	¥ 24,093	¥ 5,724	¥ 31,143	¥ 303,962	¥ 143,342	¥ 447,304
Depreciation	8,468	222	212	5,942	14,844	(75)	14,769
Capital expenditures	11,158	202	16	6,408	17,784	(237)	17,547

	Transportation services	Merchandise sales	Information services	Others	Total	Elimination	Consolidated
	Thousands of U.S. Dollars						
For the year 2002:							
Operating revenues:							
Outside customers	**$ 2,300,775**	**$ 696,744**	**$ 39,278**	**$ 112,338**	**$ 3,149,135**	**$ —**	**$ 3,149,135**
Inter-segment sales	**11,977**	**182,399**	**42,248**	**93,549**	**330,173**	**(330,173)**	**—**
Total operating revenues	**2,312,752**	**879,143**	**81,526**	**205,887**	**3,479,308**	**(330,173)**	**3,149,135**
Operating costs and expenses	**2,319,248**	**858,068**	**82,925**	**193,165**	**3,453,406**	**(330,910)**	**3,122,496**
Operating income (loss)	**$ (6,496)**	**$ 21,075**	**$ (1,399)**	**$ 12,722**	**$ 25,902**	**$ 737**	**$ 26,639**
Identifiable assets	**$ 2,470,662**	**$ 663,436**	**$ 47,835**	**$ 202,654**	**$ 3,384,587**	**$ 545,887**	**$ 3,930,474**
Depreciation	**80,015**	**9,549**	**2,181**	**2,511**	**94,256**	**(1,286)**	**92,970**
Capital expenditures	**97,293**	**15,797**	**1,218**	**1,429**	**115,737**	**(1,692)**	**114,045**

Geographic segment information is not shown as operating revenues and total assets of overseas consolidated subsidiaries were not material in the three years ended March 31, 2002. Information for overseas sales is not disclosed as such sales were not material.

Notes:
1. Identifiable assets in the elimination column represent unallocated general corporate items which were not assigned to a particular industry segment such as cash, short-term and long-term investment securities, net of inter-segment balances.
2. As disclosed in Note 2(g), the Seino Group adopted the new accounting standard for retirement benefits from the year ended March 31, 2001. As a result, as compared with the previous accounting method, operating income for transportation services segment, merchandise sales segment, information services segment and other segment decreased by ¥1,701 million, ¥92 million , ¥20 million and ¥21 million, respectively.
3. As disclosed in Note 2(c), the Seino Group also adopted the new accounting standard for financial instruments from the year ended March 31, 2001. As a result, as compared with the previous accounting method, identifiable assets for transportation services segment, merchandise sales segment and other segment increased by ¥5,233 million, ¥585 million and ¥95 million, respectively.

Report of Independent Accountants

Report of Independent Accountants

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

We have audited the accompanying consolidated balance sheets of Seino Transportation Co., Ltd. and its consolidated subsidiaries (the "Seino Group") as of March 31, 2002 and 2001, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years ended March 31, 2002, all expressed in Japanese Yen. Our audits were made in accordance with auditing standards generally accepted in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of the Seino Group as of March 31, 2002 and 2001, and the consolidated results of its operations and its cash flows for each of the three years ended March 31, 2002 in conformity with accounting principles generally accepted in Japan applied on a consistent basis.

As described in Note 2, the Seino Group has adopted the new Japanese accounting standards for financial instruments, retirement benefits and foreign currency translation effective from the year ended March 31, 2001.

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

ChuoAoyama Audit Corporation

ChuoAoyama Audit Corporation
Nagoya, Japan
June 27, 2002

Notice to Readers:

The accompanying consolidated financial statements are not intended to present the consolidated financial position of the Seino Group and results of its operations and its cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan. The standards, procedures and practices used to audit such financial statements are those generally accepted and applied in Japan.

Board of Directors

(As of June 27, 2002)

Chief Executive Officer Chairman of Board of Directors
Yoshikazu Taguchi

Executive Vice President
Yoshitaka Taguchi

Managing Directors
Atsuo Suzuki
Takeshi Morita
Takao Taguchi

Directors
Hideyuki Abe
Kunihiro Tahara
Kunitoshi Yamanaka
Yoshitaka Nasuno
Masashi Otsuka
Kunihiko Oka
Takayoshi Mito
Hidemi Maruta
Toshitaka Morita

Statutory Auditors
Yoshio Matsuoka
Mitsuo Shimizu
Yutaka Tanabe
Fujio Tanaka

Yoshikazu Taguchi
Chief Executive Officer
Chairman of Board of Directors

Yoshitaka Taguchi
Executive Vice President

Corporate Data

(As of June 27, 2002)

Company Name :	Seino Transportation Co., Ltd.
Head Office :	1, Taguchi-cho, Ogaki, Gifu 503-8501, Japan Phone 81-584-81-1111 Fax 81-584-75-3366
Date of Establishment :	November 1, 1946
Paid-in Capital :	¥32,471 million
Number of Shares Issued :	176,820,926
Stock Listings :	The First Section of Tokyo Stock Exchange (code 9076) The First Section of Nagoya Stock Exchange (code 9076)
Transfer Agent :	The Mitsubishi Trust and Banking Corporation
Independent Accountants :	ChuoAoyama Audit Corporation (A member firm of PricewaterhouseCoopers)

Seino Group

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

(As of March 31, 2002)

Transportation Group

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

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

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

Fukushima Seino Transportation Co., Ltd.
General cargo haulage

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

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

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

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

Enshu Seino Transportation Co., Ltd.
General cargo haulage

Mikawa Seino Transportation Co., Ltd.
General cargo haulage

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

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

Tango Seino Transportation, Inc.
General cargo haulage

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

☆ Seino Express Co., Ltd.
General cargo haulage

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

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

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

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

Takuma Seino Transportation Co., Ltd.
General cargo haulage

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

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

☆ Seino America, Inc.
International air and sea cargo forwarder and customs broker in the United States

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

☆ Göritz Intransco International Speditionsgesellschaft m.b.H.
International air cargo forwarder and customs broker in Germany

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

☆ Nantong Seino Transportation Co., Ltd.
General cargo haulage in China

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

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

☆ Seino Air Goal Transportation Co., Ltd.
International air and sea cargo forwarder in Hong Kong

Schenker-Seino Logistic Co., Ltd.
Third Party Logistics (3PL) provider

Seino Hokkaido Express Co., Ltd.
General cargo haulage

☆ Seino Tokyo Express, Inc.
General cargo haulage

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

☆ Seino Nagoya Express, Inc.
General cargo haulage

☆ Seino Osaka Express, Inc.
General cargo haulage

☆ Seino Hokuriku Express, Inc.
General cargo haulage

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

Seino Logistic Hokkaido, Inc.
General cargo haulage

Asahi Bangkok Co., Ltd.
Management in Thailand

Information and Sales Group

☆ Seino Enterprise, Ltd.
Group management and general consultation

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

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

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

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

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

☆ Seino Trading Co., Ltd.
General trading house

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

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

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

☆ Asahi Travel Service Co., Ltd.
Travel agency

☆ Asahi Highland Co., Ltd.
Recreation and leisure

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

☆ Seino Family Co., Ltd.
Insurance agency services

☆ Toyota Home Gifu Co., Ltd.
Housing sales

☆ Asahi Agency Co., Ltd.
Comprehensive advertising agency

☆ Asahi Create Co., Ltd.
Comprehensive printer

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

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

☆ Seino Security Service Co., Ltd.
Security services

☆ Jms Gifu Corporation
Merchandising of automobile components

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

☆ Suito Taxi Co., Ltd.
General passenger transportation

☆ Seino Finance Co., Ltd.
Financial business

NTT Anzen Hokan Center Co., Ltd.
Warehouse management

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

Logiwell Co., Ltd.
Total logistics service provider

Seino International Co., Ltd.
General cargo haulage

SEINO
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