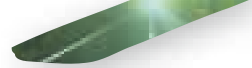
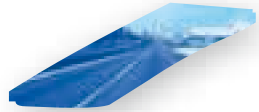
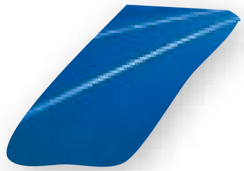





The Road to Success

Seino Holdings Co., Ltd. Annual Report 2008

Year Ended March 31, 2008

Profile

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

The Seino Group currently consists of the pure holding company Seino Holdings, 49 consolidated subsidiaries and 14 affiliates engaged in transportation services, vehicle sales, leasing for real estate services and other services.

In its mainstay transportation services business, the Company has taken steps to optimize its network, all the while adhering to its "customer-first" principle. As of March 31, 2008, Seino offers efficient transportation services throughout Japan via its 416 domestic terminals, a fleet of 21,479 trucks and a trucking network that average 5,000 routes daily. Overseas, Seino has transferred its international forwarding operations to Schenker-Seino Co., Ltd., a joint venture established with Schenker AG in Germany. Through this alliance, the Company aims to bolster its competitiveness by optimizing the synergies of Seino's domestic transportation network and Schenker's global network and cutting-edge IT systems.

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

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

Contents

Board of Directors

(As of June 26, 2008)

Chairman and Chief Executive Officer
Yoshikazu Taguchi

President and Chief Operating Officer
Yoshitaka Taguchi

Directors
Takao Taguchi
Yoshiataka Nasuno
Mitsuo Mekata
Shizutoshi Otsuka
Hidemi Maruta

Outside Directors
Yuji Tanahashi
Kenjiro Ueno

Standing Statutory Auditors
Yoshio Matsuoka
Takahiko Kumamoto

Outside Statutory Auditors
Fumio Kato
Eiji Kasamatsu

Seino Holdings Co., Ltd.

Financial Highlights

For the Years Ended March 31, 2008, 2007 and 2006

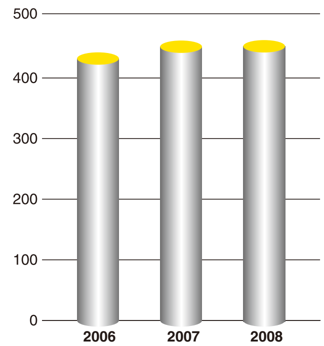
	Millions of Yen			Thousands of U.S. Dollars [2]
	2008	2007	2006	**2008**
CONSOLIDATED BASIS:				
Operating revenue	**¥ 451,978**	¥ 449,486	¥ 427,520	**$ 4,519,780**
Operating income	**9,925**	10,796	10,082	**99,250**
Income (loss) before income taxes and minority interests	**13,383**	14,579	(1,188)	**133,830**
Net income (loss)	**6,018**	8,797	(8,334)	**60,180**
Net income (loss) per share (in the whole yen and U.S. dollars):				
-Basic	**¥ 30.27**	¥ 44.71	¥ (43.35)	**$ 0.30**
-Diluted	**—**	—	—	**—**

	Millions of Yen			Thousands of U.S. Dollars [2]
	2008	2007	2006	**2008**
CONSOLIDATED BASIS:				
Cash and cash equivalents, and short-term investments	**¥ 54,299**	¥ 52,421	¥ 62,582	**$ 542,990**
Property and equipment, net of accumulated depreciation	**240,444**	242,374	225,815	**2,404,440**
Total assets	**457,871**	468,006	446,933	**4,578,710**
Long-term debt and other long-term liabilities	**70,842**	76,178	69,689	**708,420**
Net assets	**293,985**	292,848	278,916	**2,939,850**
Net assets [3] per share (in the whole yen and U.S. dollars)	**¥1,445.62**	¥1,451.36	¥1,420.60	**$ 14.46**

(Notes) 1. Yen and U.S.dollar amounts have been rounded off to the nearest whole number.
2. U.S. dollar amounts are translated at ¥100 = US$1, solely for the convenience of readers.
3. For details regarding net assets for the fiscal years ended March 31, 2007 and 2008, see (b) on page 17.

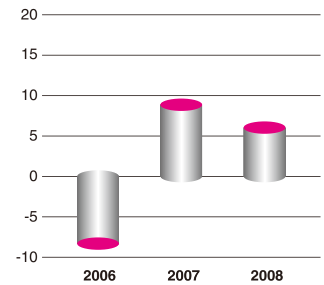
Operating revenue

(Billions of Yen)



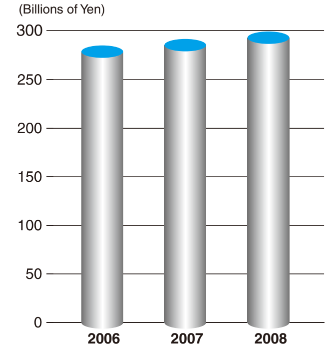
Net (loss) income

(Billions of Yen)



Net assets

(Billions of Yen)



Corporate Data

(As of March 31, 2008)

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

To Our Shareholders, Customers and Friends

We would like to take this opportunity to express our appreciation to our stakeholders, including shareholders and other investors, for the consistent support they have shown us over the years. We are pleased to present the results for the fiscal year ended March 31, 2008 (from April 1, 2007 to March 31, 2008).

♦ Operating Environment

The Japanese economy was able to sustain a moderate trend of growth in the fiscal year under review. Solid corporate earnings backed by firm capital investment and increased exports outweighed negative factors such as the subprime loan crisis and surging prices of crude oil and other raw materials.

In the transportation industry, however, competition with other companies intensified in line with lackluster demand. Consistently high fuel costs could not be reflected in freight charges, and a widespread labor shortage developed. Consequently, the operating environment continued to be extremely challenging.

♦ Initiatives Taken During Fiscal 2008 and Results

In this environment, the Seino Group endeavored to expand its business by primarily focusing on the G5 (Group 5) Plan, the Group's medium-term management plan (which ran from April 2005 to March 2008). The plan was in its final year and focused on the Group's three core businesses: the Less-than-Truck Load (LTL) commercial cargo transportation business, the logistics business and the vehicle sales business.

Under the company slogan "Advance," we took action with passion. This slogan expresses our expectation that everyone will undertake their work with foresight, speed and enthusiasm.

The Group also increased the number of sectional meetings held for Group companies to streamline the organizational structure and improve management efficiency. In addition, we reviewed operating systems and areas beyond Group company boundaries to share management resources and consolidate overlapping back-office operations.

Despite these initiatives, consolidated operating revenue for the year under review increased only 0.6% from the previous year to ¥451,978 million. Operating income declined 8.1% to ¥9,925 million and net income fell 31.6% to ¥6,018 million.

♦ CS Improvement Plan, the Group's New Medium-Term Management Plan

In the transportation industry, the Seino Group's core business segment, the total volume of freight handled is unlikely to increase given the reduction in public works investment and slower growth in personal spending. The operating environment is also expected to remain difficult, reflecting consistently high fuel prices, investments to meet safety and environmental standards and intensified competition with other industry players.

Although the transportation services business is facing a difficult management environment, as summarized above, actual total domestic freight distributed via trucks, including both commercial and private trucks, is believed to amount to 5.3 billion tons annually. To capture a share of this immense volume, we will focus on our new medium-term management plan, the CS Improvement Plan (which runs from April 2008 to March 2011). By concentrating on the two main themes, namely (1) increase earnings by collecting appropriate freight charges, pursuing efficiency gains and managing cost budgets, and (2) secure earnings by managing existing shipping clients, acquiring new clients and expanding sales of "Designated Time" products, we will continue to improve management efficiency and establish a profitable structure.

In the vehicle sales business, with ever-greater competition among dealers, there are concerns that sales of new vehicles are likely to be sluggish. In response, the Company will aim to expand the market through M&A and offer new businesses and services to generate steady revenue streams.

As a result of these measures, the Company anticipates operating revenue of ¥460,000 million and net income of ¥8,500 million for the term ending on March 31, 2009.

Corporate Governance

Seino employs a corporate auditor system. As of March 31, 2008, the Board of Directors consisted of nine directors, including two outside directors. In addition to making swift and appropriate decisions on such important matters as business restructuring and strategic investments, the Board of Directors is taking important steps to strengthen auditing functions and achieve greater management transparency.

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

To Our Shareholders

In keeping with its basic business policy, Seino seeks to enhance shareholders' equity and improve profitability from a long-term perspective, while maintaining stable dividends. Accordingly, Seino has maintained a regular annual cash dividend per share of ¥11.00 for the fiscal year ended March 31, 2008, the same amount as in the previous year.

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

August 2008

Yoshikazu Taguchi
Chairman and Chief Executive Officer

Yoshitaka Taguchi
President and Chief Operating Officer

Status of New G5 Plan

Striving to Achieve the Goals of the CS Improvement Plan, the New Three-Year Medium-Term Management Plan — Summary of the G5 Plan and endeavors in each business

Fiscal 2008 was the final year of the G5 Plan, the Group's former three-year medium-term management plan. To establish a more robust corporate structure, each division of the Group acted to enhance efficiency, create added value and improve customer satisfaction (CS). The results of the G5 Plan and our efforts to achieve the goals of the CS Improvement Plan, the Group's new three-year management plan, are as follows.

Seino Holdings

G5 Plan Results

In line with the G5 Plan, the Group's medium-term management plan from April 2005, we sought to achieve a ratio of operating income to operating revenue of 5% by the close of the fiscal year ended March 31, 2008. As part of its business strategy, the Group took initiatives across the board to create added value based on its solid cooperative structure with Seino Holdings at the center of Group management. We also worked tirelessly to reduce costs and improve customer satisfaction by requiring Group employees to deliver on time and with precision.

Unfortunately, however, we were unable to achieve our targets. The ratio of operating income to operating revenue for the fiscal year ended March 31, 2008 was 2.2%. In the transportation services business, competition with other industry players intensified, and the volume of cargo handled was lower than expected due to the macro economy slowing further. In the vehicle sales business, competition among dealers became increasingly fierce, meaning operating revenue did not meet expected targets. New car sales declined, reflecting cautious consumer spending due to the rising prices of gasoline and other fuels. Since our efforts to reduce costs were not able to offset these negative factors, operating income was lower than forecast.

On the policy front, we produced tangible outcomes by improving route operation and expanding sales of "Designated Time" products. With respect to route operation improvements, although the amount of cargo handled by the end of March 2008 was 105.0% of the March 2005 total, we were able to limit the number of services to 99.6%. The volume of highly profitable "Designated Time" products soared to 281.3% versus the March 2005 level, while the collection and recovery volume rose to 131.3%. Although revenue in the logistics business and the warehouse area also increased to 134.0% and 119.3%, respectively, we need to further accelerate growth.

The Plan to Improve CS, the Group's New Three-Year Medium-Term Management Plan

The Seino Group has formulated its CS Improvement Plan, a new medium-term management plan that will commence in the fiscal year ending March 31, 2009. The goals of the new plan are to improve customer satisfaction and increase the Group's corporate value by shifting the focus from quantity to quality, based on providing services that customers will value.

Specifically, we will implement the following initiatives:
Expand the logistics business: As a freight forwarder capable of one-stop receipt of orders, we will expand our services by designing and proposing optimum logistics services for customers. Specifically, we will manage the overall supply chain for customers at our distribution management centers, leveraging the Seino Group's IT networks to optimize customer distribution and inventories.
Improve transportation quality: To improve customer satisfaction and become a preferred provider of transportation services, we will promote regular services and increasing the cargo shipments of our main routes, and work to improve operational accuracy and pursue efficiency gains.
Bolster other businesses: We will expand our vehicle sales business, strengthen our temporary staffing business and improve the efficiency of overlapping operations by effective use of management resources and introducing shared services.

Endeavors of Each Business

The Seino Group has been taking action in response to targeted items in the CS Improvement Plan since the beginning of the fiscal year ended March 31, 2008. Representative efforts are as follows.

Transportation Services

Businesses Restructured in the Kyushu Region

Showa Seino Transportation Co., Ltd., a subsidiary of Seino Holdings Co., Ltd., which operates transportation services in part of the Kyushu region, changed its trading name to Kyushu Seino Transportation Co., Ltd. as of March 1, 2008. As of April 1, it took over most of the business of Sengoku Seino Transportation Co., Ltd., which also operates a logistics business in part of the Kyushu region. Although both companies have conducted transportation services in Kyushu, the two business areas overlapped and were thus inefficient. With this takeover, we will aim to provide more consistent transportation services to customers using our nationwide network. In addition, we will further improve efficiency and make effective use of management resources by consolidating the networks of both companies in the Kyushu region through the transfer of the business from Sengoku Seino Transportation Co., Ltd.

Ichikawa Logistics Center Opened

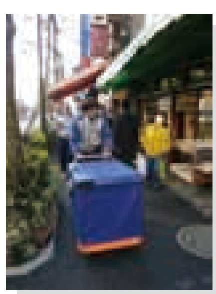
The Ichikawa Logistics Center of Seino Transportation Co., Ltd. in the city of Ichikawa, Chiba Prefecture, was completed and began operating on August 17, 2007. This is the Group's 18th as well as largest logistics center. It has excellent access to Narita International Airport, Tokyo (Haneda) International Airport and Ohi Pier in the Port of Tokyo, and is efficient for deliveries to commercial business areas of Tokyo.

The Center's storage facilities conform to the standards of the Transported Asset Protection Association (TAPA). It is fully equipped with security and monitoring systems, meaning that it is optimized to carry out logistics operations for high-value products such as high-tech goods. We will improve the efficiency of our logistics operations by offering integrated services, including cargo storage, distribution, processing and nationwide transportation and delivery. We will also aim to expand our logistics services for foreign affiliated companies through our business and marketing collaboration with Schenker-Seino Co., Ltd.

Kangaroo Business Centers Opened

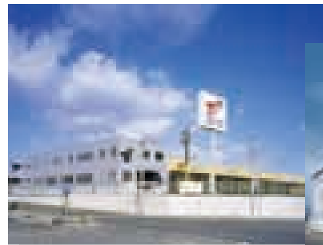
Seino Transportation Co., Ltd. has 12 locations in central Tokyo where large trucks can stop. We have also established two new Kangaroo Business Centers as satellite offices in central Tokyo business districts, which began operating on February 14.

Seino Transportation plans to establish Kangaroo Business Centers in eight business districts of Tokyo by the end of 2008. This will mean that they will be able to provide more customer-oriented services, such as faster delivery and pickup in each area. Since the centers do not use trucks for delivery, this will contribute to alleviating traffic jams on streets in Tokyo and benefit the environment.



Two New Branches Opened

The new Nagano branch of Seino Transportation Co., Ltd., which was under construction, was completed and began operating on February 4, 2008. It is situated in a prime location only a three-minute drive from an expressway interchange. It has an area of 21,800m^2, 2.2 times the size of the former Nagano branch. Since the new branch has a platform equipped with automatic sorting machines and storage quarters with an air-conditioned distribution processing room, further service improvement is anticipated.



In addition, Tokai Seino Transportation Co., Ltd. integrated its Taketoyo and Tokai branches into the newly opened Chita branch in Aichi Prefecture on February 18, 2008. Given that companies are expanding onto the Chita Peninsula due to the benefits of the Central Japan International Airport, freight loading is expected to increase on the peninsula, one of the branch's operating areas. The new branch is therefore expected to become an important operating base for handling international and air cargo and the logistics business.

Vehicle Sales and Other Businesses

Business Restructuring within Gifu Hino Motor Co., Ltd. and Asahi Enterprise Co., Ltd.

By way of a business transfer, Gifu Hino Motor Co., Ltd. acquired the Kaizu Maintenance Factory and the Minokamo Maintenance Factory from Asahi Enterprise Co., Ltd., a Seino Group company engaged in used car auctions. Gifu Hino began operations in the factories on April 1, 2008.

Through this transfer, overlapping businesses inside the Group were consolidated, and Asahi Enterprise can now concentrate on operating its used car auction and export businesses. We will promote efficient business operations, with each company focusing on its core competencies.

Commencement of Bus Operations

Suito Taxi Co., Ltd. obtained a contract for the community bus service initiated by the city of Ichinomiya, Aichi Prefecture, and began operating the service in November 2007. The company operates two routes: one connects Ichinomiya Station and the city's hospitals, while the other runs from Ichinomiya Station to areas which previously had no public transport. Both routes have made a promising start, with a total of 4,500 passengers using the routes in November.

CSR Topics

Commitment as a Corporate Citizen

Companies in the Seino Group strive to fulfill their corporate social responsibilities as a critical management issue that must be addressed to meet the expectations of all stakeholders and earn society's trust as a corporate citizen. The following section briefly introduces the activities of Seino Group companies, which aspire to preserve the global environment, ensure safety, show respect for humanity and coexist with local communities.

The Environment

Transportation Group

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

- **Introducing environmentally friendly vehicles**
  We have introduced low-emission vehicles, such as natural gas vehicles, hybrid vehicles and electric forklifts. In particular, we are adopting hybrid vehicles in an effort to reduce CO_2 emissions.
- **Shifting transportation modes**
  We seek to both save energy and maintain service levels by facilitating a shift in transport modes, combining road transportation with shipping by rail and sea.
- **Achieving efficient transportation**
  We save energy by improving load efficiency by increasing and decreasing the number of truck routes; using large vehicles; and reviewing main transportation routes along with responding to changes in freight loading during trucking off-seasons.
- **Developing an energy-saving and environmentally friendly vehicle fleet**
  We take comprehensive measures such as adopting cylinder cowling, adopting energy-saving tires and reducing vehicle weight.
- **Environmentally friendly and energy-saving driving**
  We are fully committed to practicing "eco-driving" at every level to minimize the adverse effect on the environment.

Seino Tsu-un Transportation Co., Ltd.
Received Award in Eco-Driving Contest

In December 2007, Seino Tsu-un Transportation Co., Ltd. participated in an eco-driving contest held by the Ministry of the Environment and the Environmental Restoration and Conservation Agency of Japan (ERCA). The Company won a prize for actively promoting eco-driving. Since 2003, all Seino Tsu-un Transportation employees have focused on eco-driving skills. In 2007, in particular, the Company worked to raise employee awareness through activities such as providing "Eco-Driving Experience Seminars" for all sales drivers from the head office, disclosing fuel consumption data by vehicle type, group and individual drivers, and soliciting eco-driving slogans. As a result, fuel consumption for fiscal 2007 improved 117.08% for 11-ton trucks and 122.78% for trailers compared with fiscal 2003.

Safety

Seino Transportation Co., Ltd.
Kangaroo Campaign

From October 1, 2007, Seino Transportation Co., Ltd. ran the month-long Kangaroo Campaign, which emphasized improvements in safety. Marking the campaign's 41st year, in 2007 the Company focused on raising the awareness of safety among employees. By doing so, the Company aims to prevent accidents, thereby protecting our drivers, our customers' packages and vehicles. Throughout the campaign, safety is our top priority.

Prior to the Kangaroo Campaign, the Company conducted a voluntary safe driving assessment on September 22, 2007 in the Yoro Service Area inbound and outbound parking facilities of the Meishin Expressway. We reminded the drivers of the 453 trucks in operation to inspect their vehicles, fasten their safety belts, check their uniforms and adhere to the speed limit.

The Environment and Local Communities

Taguchi Fukujukai Foundation
Forest Creation Agreement with Gifu Prefecture and Ogaki City

On February 25, the Taguchi Fukujukai Foundation (President: Yoshikazu Taguchi, Chairman of Seino Holdings Co., Ltd.) collaborated with Gifu Prefecture and Ogaki City in an environmental initiative to plant a forest in Ogaki City. The agreement is based on the "Creating Forests in Cooperation with Companies" project created by Gifu Prefecture.

Over the next seven years, local residents and Seino Transportation employees will participate in various tree-planting activities. Ogaki City has plans to thin the cedar and cypress forest with the help of financial assistance provided by the Taguchi Fukujukai Foundation, after which they will plant young maple and Japanese cherry trees that local residents have grown from seedlings.

Information Security and the Environment

Confidential Document Collection Boxes with GPS

On September 10, 2007, Seino Transportation Co., Ltd. launched the Confidential Document Collection Box service. This service involves collection and destruction of confidential documents such as personal information from companies and government offices in special cardboard boxes

A Seino Transportation driver delivers the special cardboard boxes to customers free of charge and collects them when full. The documents are then shredded and dissolved at a paper manufacturing company and recycled into containerboard. Thereafter, a "Certificate of Destruction" is issued to customers. A global positioning system (GPS) terminal is attached to each box in order that its location can be accurately determined until destruction is complete. It is the first service in the industry to collect confidential documents in boxes fitted with GPS, ensuring customers can use this service with reassurance.

Review of Operations

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

Transportation Services

Operating revenue in the Transportation Services segment increased 1.3% from the previous year to ¥331,862 million (US$3,319 million), mainly because the segment was able to secure similar cargo volumes to the previous year. Operations were, however, affected by rising crude oil prices despite our efforts to reduce costs through improved efficiency, resulting in a 19.7% decline in operating income to ¥4,458 million (US$45 million).

Our Transportation Services segment consists of two key businesses, the first of which is our Less-than-Truck Load (LTL) commercial cargo transportation business and the second of which is our logistics business. During the term, we stepped up our sales activities with a core focus on these two mainstay businesses. For instance, we expanded cargo services for small businesses, promoted the collection of appropriate freight charges, boosted sales of "Designated Time" products, acquired new shipping clients and improved our market share with existing clients. In the logistics business, our sales operations took a proactive approach, strongly promoting third party logistics (3PL) and supporting customer supply chain management (SCM).

In particular, with respect to "Designated Time" products, we concentrated our focus on enhancement by launching New Business Delivery for delivery of packages by the next morning; Super 9.10 for delivery by 9 a.m. or 10 a.m. the next morning; Kangaroo Super-Express Delivery for delivery within the same day using the Shinkansen; and JITBOX Charter Delivery for delivery of medium-lot freight within the designated time for middle and long distances.

Capturing potential demand in response to environmental conservation awareness and the Personal Information Protection Act, we developed and launched the Confidential Document Collection Box service with GPS, an industry first.

The Group also opened the Ichikawa Logistics Center, the largest in the Group, and expanded its logistics business for foreign affiliated companies in collaboration with Schenker-Seino Co., Ltd.

With respect to its overseas strategy, the Company launched its Overseas Division to bolster its international logistics business by increasing the amount of imported and exported cargo generated from the domestic sales network. This stems from the rapid growth of international logistics, particularly in Asia.

In addition, the Company enhanced its service network by establishing the new Nagano branch in Suzaka City, Nagano Prefecture, and integrating the Taketoyo and Tokai branches into the newly opened Chita branch in Aichi Prefecture. We also launched more customer-oriented services such as faster delivery and pickup by establishing two Kangaroo Business Centers, as satellite offices in central Tokyo business districts. The center provides market-oriented pickup and delivery services.

As indicated above, the Company sought not only to secure earnings based on sales with an emphasis on profits but also to bolster customer satisfaction by improving delivery, operations and information accuracy. In addition, the Transportation Group introduced innovations in the cost structure by raising the efficiency of its operational processes, route operation and back-office operations. We also promoted eco-driving as a means of promoting environmental conservation by reducing fuel consumption and harmful emissions.

Operating Revenue by Business Segment

(Millions of yen)

	Fiscal 2008		Fiscal 2007		
	Results	Composition	Results	Composition	Year-on-Year
Transportation Services	331,862	73.4%	327,574	72.9%	1.3%
Vehicle Sales	85,537	18.9%	85,549	19.0%	(0.0)%
Leasing for Real Estate Services	1,146	0.3%	1,079	0.2%	6.2%
Other	33,433	7.4%	35,284	7.9%	(5.2)%
Total	451,978	100.0%	449,486	100.0%	0.6%

Vehicle Sales

Operating revenue was ¥85,537 million (US$855 million), which was almost in line with the previous year, while operating income amounted to ¥3,872 million (US$39 million), a 24.1% increase year on year. This partly reflected improved efficiency in truck sales and the profit achieved per car in passenger vehicle sales.

In truck sales, sales of large and midsize trucks declined in the face of weaker replacement demand, reflecting rising fuel costs. In this environment we stepped up our sales activities, which led to increased sales of small trucks. We also boosted the utilization rate of our 24-hour maintenance factory and held regular used vehicle auctions to meet robust demand. However, these efforts were not able to offset the weaker sales of large and midsize trucks.

Passenger vehicle sales continued to be impacted by the difficult environment. Overall demand contracted significantly, reflecting a declining birthrate, the trend away from car use and surging gasoline prices. Under these circumstances, the vehicle sales group worked to reduce sales costs per vehicle across the board and improve efficiency and customer satisfaction by actively promoting fully remodeled minivans and new wagon models to customers. As a result, the profit per vehicle increased from the previous year, while sales of new vehicles declined year on year. In addition, the automobile supplies business grew, with our second outlet commencing operations.

Leasing for Real Estate Services

Operating revenue totaled ¥1,146 million (US$11 million), a 6.2% increase from the previous year, while operating income stood at ¥971 million (US$10 million), up 7.3% year on year.

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

Other

This business segment consists of sales of merchandise such as fuels and residential properties as well as information services. Operating revenue declined 5.2% from a year earlier to ¥33,433 million (US$334 million), and operating income fell 21.3% year on year to ¥1,014 million (US$10 million).

Operating Income by Business Segment

(Millions of yen)

	Fiscal 2008		Fiscal 2007		
	Results	Composition	Results	Composition	Year-on-Year
Transportation Services	4,458	44.9%	5,555	51.5%	(19.7)%
Vehicle Sales	3,872	39.0%	3,121	28.9%	24.1%
Leasing for Real Estate Services	971	9.8%	905	8.4%	7.3%
Other	1,014	10.2%	1,288	11.9%	(21.3)%
Total	10,315	103.9%	10,869	100.7%	(5.1)%
Elimination	(390)	(3.9)%	(73)	(0.7)%	–
Consolidated	9,925	100.0%	10,796	100.0%	(8.1)%

Financial Review

Operating Results

Consolidated operating revenue for Seino Holdings for the fiscal year ended March 31, 2008 increased 0.6% from the previous year to ¥451,978 million (US$4,520 million). Contributing factors included a marginal rise in operating revenue in the Transportation Services business segment due to cargo volume being practically level with last year, and operating revenue in the Vehicle Sales business segment remaining on a par with last year's results.

Operating costs rose 0.5% to ¥410,579 million (US$4,106 million). The ratio of operating costs to operating revenue was 90.8%, down 0.1 percentage point.

Selling, general and administrative expenses increased 3.9% to ¥31,474 million (US$315 million), while operating income fell 8.1% to ¥9,925 million (US$99 million). Contributing factors included the rise in fuel costs and chartered truck fees in the Transportation Services segment.

Other income stood at ¥3,458 million (US$35 million). A key positive factor was the amortization of negative goodwill of ¥4,357 million (US$44 million), while a major negative factor was a ¥3,315 million (US$33 million) impairment loss on fixed assets.

As a result, income before income taxes and minority interests reached ¥13,383 million (US$134 million), down 8.2% year on year. Net income of ¥6,018 million (US$60 million) was recorded, a decrease of 31.6% from the previous fiscal year.

Net income per share was ¥30.27 (US$0.30), and return on equity was 2.1%. Annual cash dividends per share were maintained at ¥11.00 (US$0.11), the same as in the previous term.

Financial Position

Total assets at the end of the fiscal year under review were ¥457,871 million (US$4,579 million), down 2.2% versus the previous year.

Total current assets dipped 0.7% to ¥168,475 million (US$1,685 million). Net property and equipment fell 0.8% to ¥240,444 million (US$2,404 million), mainly reflecting a ¥7,850 million (US$79 million) decline in investment securities.

Total current liabilities fell 6.0% to ¥93,044 million (US$930 million), primarily because of a decline in trade payables and short-term borrowings.

Long-term liabilities dropped 7.0% to ¥70,842 million (US$708 million) as a result of a decrease in deferred tax liabilities and negative goodwill.

Total shareholders' equity rose 1.9% to ¥282,854 million (US$2,829 million). Major factors included an increase in retained earnings derived from the posting of net income. The shareholders' equity ratio rose 1.7 percentage points to 62.9%.

Cash Flows

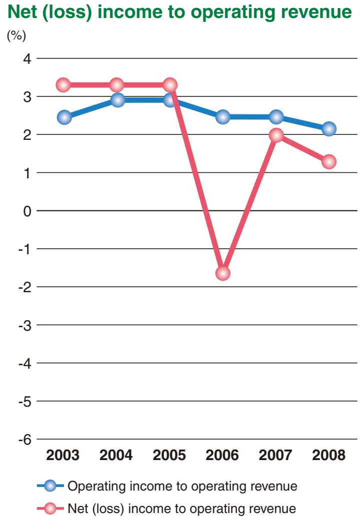
Net cash provided by operating activities increased ¥2,052 million (US$21 million) to ¥19,572 million (US$196 million). Major factors were a decrease in trade receivables and income taxes paid, despite an increase in inventories.

Net cash used in investing activities declined ¥3,058 million (US$31 million) to ¥13,694 million (US$137 million), primarily because of a reduction in payments made for the acquisition of investment securities.

Net cash used in financing activities decreased ¥11,924 million (US$119 million) to ¥2,755 million (US$28 million). This result reflected a decline in the repayment of long-term debt.

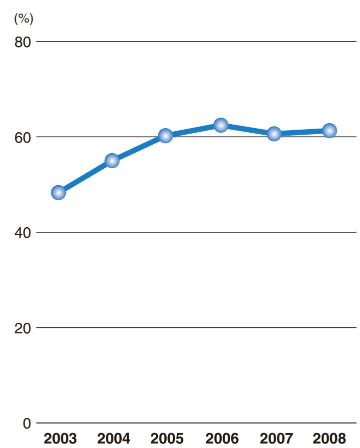
Consequently, cash and cash equivalents at end of year rose ¥3,130 million (US$31 million) to ¥45,884 million (US$459 million).

Operating income to operating revenue
Net (loss) income to operating revenue



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

Shareholders' equity ratio



Seino Holdings Co., Ltd. and Consolidated Subsidiaries

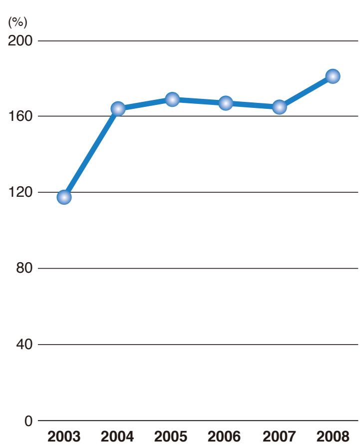
Six-year Summary

For the Years Ended March 31, 2008, 2007, 2006, 2005, 2004 and 2003

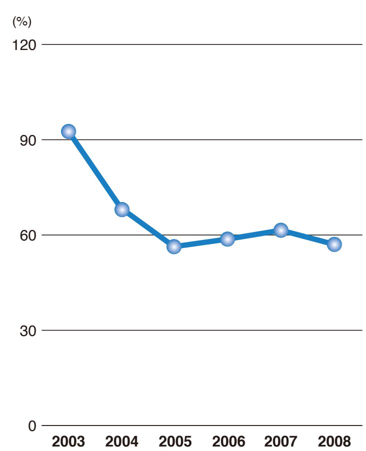
	Millions of Yen					
	2008	2007	2006	2005	2004	2003
For the year:						
Operating revenue:	¥ 451,978	¥ 449,486	¥ 427,520	¥ 423,833	¥ 417,705	¥ 409,399
Transportation services	331,862	327,574	307,888	307,264	300,645	297,514
Vehicle sales	85,537	85,549	82,334	98,259	97,155	93,322
Leasing for real estate services	1,146	1,079	1,004	5,268	5,483	5,938
Other	33,433	35,284	36,294	13,042	14,422	12,625
Operating costs	410,579	408,395	386,995	381,970	375,403	368,866
Selling, general and administrative expenses	31,474	30,295	30,443	29,816	29,637	30,339
Operating income	9,925	10,796	10,082	12,047	12,665	10,194
Net income (loss)	6,018	8,797	(8,334)	14,273	13,439	13,622
At year-end:						
Current assets	168,475	169,706	161,208	164,129	183,933	166,861
Total assets	457,871	468,006	446,933	470,492	494,743	494,583
Current liabilities	93,044	98,980	92,800	91,252	112,668	142,085
Short-term borrowings	2,465	3,700	4,371	4,815	31,170	14,590
Long-term debt, including current maturities	2,114	3,435	8,247	17,974	18,341	61,839
Net assets*	293,985	292,848	278,916	283,352	272,694	238,825
	Yen					
Per share data:						
Net (loss) income:						
-Basic	¥ 30.27	¥ 44.71	¥ (43.35)	¥ 72.26	¥ 76.11	¥ 77.47
-Diluted	—	—	—	70.67	63.33	63.41
Cash dividends	11.00	11.00	11.00	11.00	11.00	11.00
	Thousands					
Number of shares issued	207,679	207,679	207,679	198,631	198,631	176,820
	Percent					
Ratios:						
Operating income to operating revenue	2.2	2.4	2.4	2.8	3.0	2.5
Net income (loss) to operating revenue	1.3	2.0	(1.9)	3.4	3.2	3.3
Net income (loss) to total assets	1.3	1.9	(1.9)	3.0	2.7	2.8
Return on equity ratio	2.1	3.1	(3.0)	5.1	5.3	5.8
Shareholders' equity ratio	62.9	61.2	62.4	60.2	55.1	48.3
Current ratio	181.1	171.5	173.7	179.9	163.3	117.4
Debt equity ratio	56.9	61.2	58.3	53.1	68.4	92.6
Payout ratio	36.6	24.5	(25.5)	15.1	14.2	14.2

* For details regarding net assets for the fiscal years ended March 31, 2007 and 2008, see (b) on page 17.

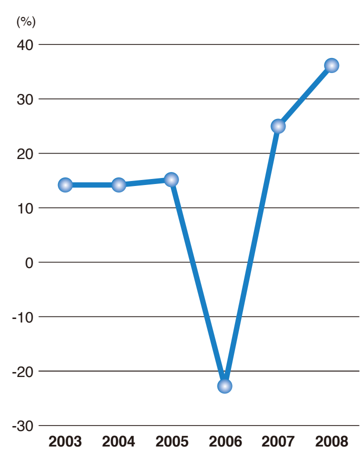
Current ratio



Debt equity ratio



Payout ratio



Consolidated Balance Sheets

March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Assets:			
Current assets:			
Cash and cash equivalents	**¥ 45,884**	¥ 42,753	**$ 458,840**
Short-term investments (Notes 3 and 5)	**8,415**	9,668	**84,150**
Trade receivables	**87,943**	90,153	**879,430**
Inventories	**7,301**	6,694	**73,010**
Deferred tax assets (Note 10)	**4,435**	4,560	**44,350**
Other current assets	**15,114**	16,631	**151,140**
Allowance for doubtful accounts	**(617)**	(753)	**(6,170)**
Total current assets	**168,475**	169,706	**1,684,750**
Property and equipment (Notes 4 and 5):			
At cost	**452,055**	446,628	**4,520,550**
Accumulated depreciation	**(211,611)**	(204,254)	**(2,116,110)**
Net property and equipment	**240,444**	242,374	**2,404,440**
Investments and other assets:			
Investment securities (Note 3)	**26,076**	33,926	**260,760**
Investments in and long-term loans to affiliates (Note 3)	**3,427**	3,593	**34,270**
Deferred tax assets (Note 10)	**10,446**	10,380	**104,460**
Other assets	**9,003**	8,027	**90,030**
Total investment and other assets	**48,952**	55,926	**489,520**
Total assets	**¥ 457,871**	¥ 468,006	**$ 4,578,710**
Current liabilities:			
Short-term borrowings (Note 5)	**¥ 2,465**	¥ 3,700	**$ 24,650**
Current portion of long-term debt (Note 5)	**649**	1,023	**6,490**
Trade payables	**61,705**	66,317	**617,050**
Accrued expenses	**12,481**	13,060	**124,810**
Income taxes payable	**4,870**	4,445	**48,700**
Other current liabilities (Note 10)	**10,874**	10,435	**108,740**
Total current liabilities	**93,044**	98,980	**930,440**
Long-term debt (Note 5)	**1,465**	2,412	**14,650**
Employee retirement benefit liability (Note 6)	**48,694**	48,652	**486,940**
Accrued severance indemnities for directors and statutory auditors	**1,684**	723	**16,840**
Deferred tax liabilities (Note 10)	**7,636**	9,563	**76,360**
Negative goodwill	**11,181**	14,642	**111,810**
Other long-term liabilities	**182**	186	**1,820**
Total liabilities	**163,886**	175,158	**1,638,860**
Commitments and contingent liabilities (Notes 7 and 8)			
Net Assets:			
Shareholders' equity (Note 9):			
Common stock: 794,524,668 shares authorized and 207,679,783 shares issued	**42,482**	42,482	**424,820**
Capital surplus	**74,266**	73,582	**742,660**
Retained earnings	**174,671**	171,034	**1,746,710**
Less, treasury stock at cost: 8,572,508 shares in 2008 and 10,382,693 shares in 2007	**(8,565)**	(9,557)	**(85,650)**
Total shareholders' equity	**282,854**	277,541	**2,828,540**
Accumulated gains from valuation and translation adjustments	**4,979**	8,810	**49,790**
Minority interests	**6,152**	6,497	**61,520**
Total net assets	**293,985**	292,848	**2,939,850**
Total liabilities and net assets	**¥ 457,871**	¥ 468,006	**$ 4,578,710**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Operations

For the Years Ended March 31, 2008, 2007 and 2006

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2008	2007	2006	**2008**
Operating revenue (Note 12)	**¥ 451,978**	¥ 449,486	¥ 427,520	**$ 4,519,780**
Operating costs and expenses (Notes 6 and 12):				
Operating costs	**410,579**	408,395	386,995	**4,105,790**
Selling, general and administrative expenses	**31,474**	30,295	30,443	**314,740**
	442,053	438,690	417,438	**4,420,530**
Operating income	**9,925**	10,796	10,082	**99,250**
Other income (expenses):				
Interest and dividend income	**831**	825	2,008	**8,310**
Interest expenses	**(137)**	(164)	(243)	**(1,370)**
Gain (loss) on sale or disposal of property and equipment	**546**	(386)	(458)	**5,460**
Gain on sale of investment securities	**896**	-	16	**8,960**
Equity in net income (loss) of affiliates	**17**	(368)	(485)	**170**
Amortization of negative goodwill	**4,357**	4,181	8,518	**43,570**
Impairment loss on fixed assets (Note 2 (l))	**(3,115)**	(1,727)	(21,924)	**(31,150)**
Provision for severance indemnities for directors and statutory auditors (Note 2 (n))	**(1,073)**	-	-	**(10,730)**
Loss on liquidation or sale of subsidiaries and affiliates	**(26)**	-	(136)	**(260)**
Miscellaneous, net	**1,162**	1,422	1,434	**11,620**
	3,458	3,783	(11,270)	**34,580**
Income (loss) before income taxes and minority interests	**13,383**	14,579	(1,188)	**133,830**
Income taxes:				
Current	**5,951**	5,912	6,644	**59,510**
Deferred	**742**	(295)	1,178	**7,420**
Total income taxes	**6,693**	5,617	7,822	**66,930**
Minority interests in net income (loss) of subsidiaries	**672**	165	(676)	**6,720**
Net income (loss)	**¥ 6,018**	¥ 8,797	¥ (8,334)	**$ 60,180**

	Yen			U.S. dollars (Note 1)
Per share:				
Net income (loss)	**¥ 30.27**	¥ 44.71	¥ (43.35)	**$ 0.30**
Cash dividends	**11.00**	11.00	11.00	**0.11**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Net Assets

For the Years Ended March 31, 2008, 2007 and 2006

	Number of shares of common stock issued	Common stock	Capital surplus	Retained earnings	Land revaluation decrement	Net unrealized gains on available-for-sale securities	Foreign currency translation adjustments	Treasury stock	Total shareholders' equity
		Millions of yen							
Balance at March 31, 2005	198,631,167	¥ 42,482	¥ 64,895	¥ 175,227	¥ (379)	¥ 4,916	¥ (577)	¥ (3,212)	¥ 283,352
Net loss for the year	—	—	—	(8,334)	—	—	—	—	(8,334)
Stocks issued under stock-for-stock exchange offerings (Note 2(a-ii))	9,048,616	—	8,489	—	—	—	—	3,143	11,632
Cash dividends	—	—	—	(2,129)	—	—	—	—	(2,129)
Bonuses to directors and statutory auditors	—	—	—	(75)	—	—	—	—	(75)
Reversal of land revaluation decrement	—	—	—	(84)	84	—	—	—	—
Net change in unrealized gains on available-for-sale securities, net of applicable income taxes	—	—	—	—	—	4,944	—	—	4,944
Translation adjustments	—	—	—	—	—	—	175	—	175
Purchase of treasury stock and increase in treasury stock held by group companies, net	—	—	(31)	(115)	—	—	—	(10,503)	(10,649)
Balance at March 31, 2006	207,679,783	¥ 42,482	¥ 73,353	¥ 164,490	¥ (295)	¥ 9,860	¥ (402)	¥ (10,572)	¥ 278,916

	Number of shares of common stock issued	Shareholders' equity: Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Accumulated gains from valuation and translation adjustments: Net unrealized gains on available-for-sale securities	Land revaluation decrement	Foreign currency translation adjustments	Total accumulated gains from valuation and translation adjustments	Minority interests	Total net assets
		Millions of yen										
Balance at March 31, 2006	207,679,783	¥ 42,482	¥ 73,353	¥ 164,490	¥ (10,572)	¥ 269,753	¥ 9,860	¥ (295)	¥ (402)	¥ 9,163	¥ 5,528	¥ 284,444
Net income for the year	—	—	—	8,797	—	8,797	—	—	—	—	—	8,797
Treasury stock reissued under stock-for-stock exchange offerings (Note 2 (a-ii))	—	—	229	—	1,105	1,334	—	—	—	—	—	1,334
Cash dividends	—	—	—	(2,151)	—	(2,151)	—	—	—	—	—	(2,151)
Bonuses to directors and statutory auditors	—	—	—	(102)	—	(102)	—	—	—	—	—	(102)
Fractional shares acquired, net	—	—	—	—	(90)	(90)	—	—	—	—	—	(90)
Net changes other than shareholders' equity	—	—	—	—	—	—	(376)	(23)	46	(353)	969	616
Balance at March 31, 2007	207,679,783	¥ 42,482	¥ 73,582	¥ 171,034	¥ (9,557)	¥ 277,541	¥ 9,484	¥ (318)	¥ (356)	¥ 8,810	¥ 6,497	¥ 292,848
Net income for the year	—	—	—	6,018	—	6,018	—	—	—	—	—	6,018
Cash dividends	—	—	—	(2,161)	—	(2,161)	—	—	—	—	—	(2,161)
Decrease in retained earnings through inclusion of additional affiliate accounted for by the equity method	—	—	—	(207)	—	(207)	—	—	—	—	—	(207)
Reversal of land revaluation decrement	—	—	—	(13)	—	(13)	—	—	—	—	—	(13)
Sales of treasury stock and fractional shares, net	—	—	684	—	992	1,676	—	—	—	—	—	1,676
Net changes other than shareholders' equity	—	—	—	—	—	—	(3,929)	13	85	(3,831)	(345)	(4,176)
Balance at March 31, 2008	207,679,783	¥ 42,482	¥ 74,266	¥ 174,671	¥ (8,565)	¥ 282,854	¥ 5,555	¥ (305)	¥ (271)	¥ 4,979	¥ 6,152	¥ 293,985
		Thousands of U.S. dollars (Note 1)										
Balance at March 31, 2007		$424,820	$735,820	$1,710,340	$ (95,570)	$2,775,410	$ 94,840	$ (3,180)	$ (3,560)	$ 88,100	$ 64,970	$2,928,480
Net income for the year		—	—	60,180	—	60,180	—	—	—	—	—	60,180
Cash dividends		—	—	(21,610)	—	(21,610)	—	—	—	—	—	(21,610)
Decrease in retained earnings through inclusion of additional affiliate accounted for by the equity nethod		—	—	(2,070)	—	(2,070)	—	—	—	—	—	(2,070)
Reversal of land revaluation decrement		—	—	(130)	—	(130)	—	—	—	—	—	(130)
Sales of treasury stock and fractional shares, net		—	6,840	—	9,920	16,760	—	—	—	—	—	16,760
Net changes other than shareholders' equity		—	—	—	—	—	(39,290)	130	850	(38,310)	(3,450)	(41,760)
Balance at March 31, 2008		$424,820	$742,660	$1,746,710	$ (85,650)	$2,828,540	$ 55,550	$ (3,050)	$ (2,710)	$ 49,790	$ 61,520	$2,939,850

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

For the Years Ended March 31, 2008, 2007 and 2006

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2008	2007	2006	**2008**
Cash flows from operating activities:				
Income (loss) before income taxes and minority interests	¥ **13,383**	¥ 14,579	¥ (1,188)	¥ **133,830**
Adjustments for:				
Depreciation	**17,016**	16,253	14,660	**170,160**
Impairment loss on fixed assets	**3,115**	1,727	21,924	**31,150**
Amortization of negative goodwill	**(4,357)**	(4,181)	(8,518)	**(43,570)**
Net provision for employee retirement benefit liability	**41**	1,442	1,154	**410**
(Gain) loss on sale or disposal of property and equipment	**(546)**	386	458	**(5,460)**
Equity in net (income) loss of affiliates	**(17)**	368	485	**(170)**
Gain on sale of investment securities	**(896)**	—	(16)	**(8,960)**
Net provision (reversal) for accrued severance indemnities for directors and statutory auditors	**961**	(33)	(48)	**9,610**
Decrease (increase) in trade receivables	**1,565**	(3,432)	(3,412)	**15,650**
(Increase) decrease in inventories	**(1,373)**	1,976	(3,308)	**(13,730)**
(Decrease) increase in trade payables	**(4,675)**	6,193	976	**(46,750)**
Increase in beneficial interest in trusts in relation to trade payables	**(51)**	(11,714)	—	**(510)**
Other, net	**697**	(293)	1,554	**6,970**
Sub-total	**24,863**	23,271	24,721	**248,630**
Interest and dividend received	**852**	824	2,083	**8,520**
Interest paid	**(138)**	(169)	(243)	**(1,380)**
Income taxes paid	**(6,005)**	(6,406)	(6,819)	**(60,050)**
Net cash provided by operating activities	**19,572**	17,520	19,742	**195,720**
Cash flows from investing activities:				
Increase in property and equipment	**(19,066)**	(16,310)	(15,164)	**(190,660)**
Increase in long-term investments and loans	**(644)**	(3,768)	(302)	**(6,440)**
Decrease in property and long-term investments	**3,516**	1,448	7,045	**35,160**
Decrease in short-term investments	**2,500**	1,877	14,832	**25,000**
Net cash (used in) provided by investing activities	**(13,694)**	(16,753)	6,411	**(136,940)**
Cash flows from financing activities:				
Increase in long-term debt	**—**	1	60	**—**
Repayment of long-term debt	**(1,473)**	(8,689)	(9,806)	**(14,730)**
Net decrease in short-term borrowings	**(1,237)**	(3,755)	(457)	**(12,370)**
Dividends paid to shareholders	**(2,162)**	(2,151)	(2,129)	**(21,620)**
Dividends paid to minority shareholders	**(41)**	(7)	(103)	**(410)**
Purchases of treasury stock, net of sales	**2,158**	(86)	(9,098)	**21,580**
Other, net	**—**	8	(1)	**—**
Net cash used in financing activities	**(2,755)**	(14,679)	(21,534)	**(27,550)**
Effect of exchange rate changes on cash and cash equivalents	**8**	8	1	**80**
Net increase (decrease) in cash and cash equivalents	**3,131**	(13,904)	4,620	**31,310**
Cash and cash equivalents at beginning of year	**42,753**	55,226	50,606	**427,530**
Increase in cash and cash equivalents upon inclusion of additional subsidiaries in consolidation	**—**	1,431	—	**—**
Cash and cash equivalents at end of year	¥ **45,884**	¥ 42,753	¥ 55,226	¥ **458,840**

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Basis of Consolidated Financial Statements

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

The accounts of the Company's overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law of Japan. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

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

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing approximate exchange rate at March 31, 2008, which was ¥100 to US$1.00. The translation should not be construed as a representation that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(a-i) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and all of its subsidiaries. Investments in significant affiliates are accounted for by the equity method. Investments in affiliates not accounted for by the equity method are stated at cost. Differences between the acquisition cost of investments in subsidiaries and the underlying equity in their net assets are adjusted based on the fair value at the time of the acquisition, deferred as goodwill or negative goodwill and amortized over five years on a straight-line basis. All intercompany transactions and accounts have been eliminated.

Under accounting standards for consolidation, a subsidiary is defined as an enterprise which is controlled by another enterprise and is a majority (more than 50%) owned enterprise or a 40% to 50% owned enterprise that meets certain criteria. In addition, an affiliated company is defined as an enterprise in which the investor has significant influence and is an enterprise other than a subsidiary that is a 20% or more owned enterprise or 15% to 19% owned enterprise that meets certain criteria. For the years ended March 31, 2008, 2007 and 2006, the number of the companies that were not more than 50% owned enterprises, but were nevertheless classified as subsidiaries based on the judgment of the Company in accordance with the accounting standards was two, five and five, respectively.

The number of subsidiaries and affiliates for the years ended March 31, 2008, 2007 and 2006 was as follows:

	2008	2007	2006
Subsidiaries:			
Domestic	47	46	39
Overseas	2	4	4
Affiliates accounted for by the equity method	3	2	6
Affiliates stated at cost	11	8	10

The Company's overseas subsidiaries close their books at December 31 every year, three months earlier than the Company and its domestic subsidiaries. The Company has consolidated the overseas subsidiaries' financial statements as of their year-end because the difference between the fiscal year-ends was not more than three months. Significant transactions for the period between subsidiaries' year-end and the Company's year-end are adjusted for on consolidation.

The overseas subsidiaries adopt accounting principles generally accepted in their respective countries (see Note 1). No adjustments to conform to accounting principles generally accepted in Japan have been made to their financial statements on consolidation, as allowed under Japanese GAAP effective at the current fiscal year-end.

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

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

Details of the stock-for-stock exchange transactions with the subsidiaries were as follows:

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

Unaudited financial information of the four subsidiaries as of and for the six months ended September 30, 2005 was as follows:

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

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

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

	Millions of yen
Assets:	
Current assets	¥ 2,831
Non-current assets	5,628
Total assets	¥ 8,459
Liabilities:	
Current liabilities	¥ 4,247
Non-current liabilities	2,021
Total liabilities	¥ 6,268

Unaudited information about the transactions effect on the consolidated operational results of the Seino Group for the year ended March 31, 2007, assuming this transaction had been completed as of April 1, 2006 (the beginning of the fiscal year), was as follows:

	Millions of yen
Operating revenue	¥ 2,576
Operating loss	(116)
Net loss	(75)

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

(a-iii) Acquisition for the current fiscal year

During the year ended March 31, 2008, the Company acquired additional common shares of Izu Seino Transportation Co., Ltd. ("Izu Seino"), and Izu Seino became a 51% owned subsidiary of the Company effective April 1, 2007. The assets and the liabilities of Izu Seino as of the initial consolidation by the Company were as follows.

	Millions of yen	Thousands of U.S. dollars
Assets:		
Current assets	¥ 73	$ 730
Non-current assets	63	630
Goodwill	74	740
Total assets	¥ 210	$ 2,100
Liabilities:		
Current liabilities	¥ 58	$ 580
Non-current liabilities	152	1,520
Total liabilities	¥ 210	$ 2,100

(a-iv) Acquisitions for the years 2006 and 2007

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

	Millions of yen
Assets:	
Current assets	¥ 3,941
Non-current assets	9,033
Total assets	¥ 12,974
Liabilities:	
Current liabilities	¥ 4,987
Non-current liabilities	5,966
Total liabilities	¥ 10,953

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

	Showa Seino	Hinomaru Seino
	Millions of yen	
Current assets	¥ 1,977	¥ 1,238
Non-current assets	3,528	3,275
Current liabilities	(2,193)	(1,319)
Non-current liabilities	(5,152)	(2,168)
Goodwill	387	33
Minority interests	—	(498)
Less, equity interests previously held by the Company	1,463	(382)
Additional acquisition costs	¥ 10	¥ 179

(a-v) Accounting standard for business combinations

The Business Accounting Council of Japan ("BACJ") issued the "Accounting Standard for Business Combinations" on October 31, 2003, and the Accounting Standards Board of Japan ("ASBJ") issued the "Accounting Standard for Business Divestitures (ASBJ Statement No. 7)" on December 27, 2005 and the implementation guidance, "Guidance on Accounting Standard for Business Combinations and Accounting Standard on Business Divestitures (ASBJ Guidance No. 10)," on December 22, 2006. The Seino Group adopted these standards effective from the year ended March 31, 2007. This accounting change had no material effect on the operational results of the Seino Group.

(b) Accounting standard for presentation of net assets in balance sheet

Effective from the year ended March 31, 2007, the Seino Group adopted the new accounting standard, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5), and the implementation guidance for the accounting standard for presentation of net assets in the balance sheet (ASBJ Guidance No. 8.)

The consolidated balance sheets prepared in accordance with the new standards comprise three sections, which are the assets, liabilities and net assets sections. The consolidated balance sheet reported pursuant to the previous presentation rules comprised the assets, liabilities, minority interests and shareholders' equity sections. Under the new standards, the following items are presented differently from the previous reporting. Under the previous presentation rules, companies were required to present minority interests between the non-current liabilities and the shareholders' equity sections. If the previous accounting method had been applied for the consolidated balance sheet at March 31, 2007, equity would have amounted to ¥286,351 million.

(c) Accounting standard for statement of changes in net assets

Effective from the year ended March 31, 2007, the Seino Group adopted the accounting standard, "Accounting Standard for Statement of Changes in Net Assets" (ASBJ Statement No. 6), and the implementation guidance for the accounting standard for statement of changes in net assets (ASBJ Guidance No. 9), and prepared the accompanying consolidated statements of changes in net assets for the years ended March 31, 2008 and 2007 in accordance with these standards. The accompanying consolidated statement of changes in net assets for the year ended March 31, 2006, which was voluntarily prepared for inclusion in the consolidated financial statements, has not been adapted to the new presentation rules.

(d) 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.

(e) Investments and marketable securities

The Seino Group classifies certain investments in debt and equity securities as "held-to-maturity," "trading" or "available-for-sale," whose classification determines the respective accounting method as stipulated by the accounting standard for financial instruments. Held-to-maturity securities are stated at amortized cost. Marketable securities with market quotations for available-for-sale securities are stated at fair value, and net unrealized gains or losses on these securities are reported as a component of net assets, net of applicable income taxes. Gains and losses on the 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.

(f) Accounting for derivatives

At March 31, 2008 and 2007, the Seino Group did not hold or had not issued any derivative transactions.

(g) Allowance for doubtful accounts

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

(h) Inventories

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

(i) Property and equipment and depreciation

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

Property and equipment of other subsidiaries have been principally depreciated by the declining-balance method, except for buildings acquired on and after April 1, 1998 and the property held for leases.

Buildings acquired on and after April 1, 1998 by the domestic subsidiaries are depreciated by the straight-line method. Some of the subsidiaries capitalize property for which the cost of which is not less than ¥100,000 and below ¥200,000 and depreciate it over three years on a straight-line basis.

The leased property of a certain subsidiary engaged in leasing operations as lessor is recorded at cost as property held for leases. The property was included in property and equipment in the accompanying consolidated balance sheets and is 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. Expenditure on maintenance and repairs is charged to operating income as incurred. Upon the disposal of the property, the cost and accumulated depreciation are removed from the accounts and any gain or loss is recorded as income or expenses.

In accordance with the amendment of the Corporation Tax Law of Japan, effective from the year ended March 31, 2008, the Company and its domestic subsidiaries changed the depreciation method of property and equipment acquired on and after April 1, 2007 to the method pursuant to the amended Corporation Tax Law of Japan. As a result, as compared with the previous accounting method, operating income and income before income taxes and minority interests decreased by ¥432 million ($4,320 thousand), respectively, for the year ended March 31, 2008.

As for property and equipment acquired before April 1, 2007, the Company and its domestic subsidiaries previously depreciated up to the depreciable limit of 5% of the acquisition cost in accordance with the Corporation Tax Law of Japan. Effective from the year ended March 31, 2008, the remaining residual value is depreciated over five years using the straight-line method from the fiscal year following the year in which the depreciable limit of 5% of the acquisition cost is reached, pursuant to the amended Corporation Tax Law of Japan. As a result, operating income and income before income taxes and minority interests decreased by ¥693 million ($6,930 thousand), respectively, for the year ended March 31, 2008, as compared with the previous accounting method.

(j) Leases

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

(k) Intangible assets

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

(l) Accounting standard for impairment of fixed assets

The Company and its domestic subsidiaries have adopted the "Accounting Standard for Impairment of Fixed Assets" issued by BACJ and the related practical guidance issued by ASBJ. The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss shall be recognized in the income statement by reducing the carrying amount of impaired asset or group of assets to the recoverable amount to be measured as the higher of the asset's net selling price or value in use. Fixed assets include land, buildings and other forms of property, as well as intangible assets, and are to be grouped at the lowest level for which there are identifiable cash flows distinguishable from other groups of assets. For the purpose of recognition and measurement of impairment loss, fixed assets are grouped into cash-generating units, such as operating business branches, other than idle or unused property. At March 31, 2008, 2007 and 2006, recoverable amounts of assets were measured based on value in use calculated using discounted future cash flows at interest rates principally of 4.7%, 5.4% and 4.7%, respectively, or net selling prices primarily using appraisal valuations. As a result, the Seino Group recognized impairment loss for the property of 48 business branches, 6 idle properties and goodwill for the year ended March 31, 2008, for the property of 38 business branches, 4 idle properties and goodwill for the year ended March 31, 2007, and for the property of 69 business branches and 14 idle properties for the year ended March 31, 2006 as follows:

	Millions of yen			Thousands of U.S dollars
	2008	2007	2006	2008
Buildings and structures	¥ **574**	¥ 90	¥ 2,016	$ **5,740**
Land	**2,443**	1,227	19,653	**24,430**
Other property	**3**	23	255	**30**
Goodwill	**95**	387	—	**950**
	¥ **3,115**	¥ 1,727	¥ 21,924	$ **31,150**

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

(m) Employee retirement benefits

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

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

(n) Severance indemnities for directors and statutory auditors

The Seino Group may pay severance indemnities to directors and statutory auditors that are subject to the approval of the shareholders. Until March 31, 2007, although some of the subsidiaries provided for accrued severance indemnities at the full amount of the liabilities of directors' and statutory auditors' benefits at the respective balance sheet dates, the Company and other subsidiaries did not provide accrued severance indemnities for directors and statutory auditors, and these amounts were charged to income when paid. Effective from the year ended March 31, 2008, the Company and other subsidiaries changed the accounting method to provide for accrued severance indemnities for directors and statutory auditors at the amount that would be payable if the directors and corporate auditors retired at the end of the fiscal year based on internal rules, in accordance with the JICPA Audit and Assurance Committee Report No. 42, "Treatment for Auditing of Reserve Under Special Taxation Measures Law, Reserve Under Special Laws and Reserve for Retirement Benefits to Directors and Corporate Auditors," issued by JICPA on April 13, 2007. As a result, the amount of ¥1,073 million ($10,730 thousand) attributable to the prior years was recorded as other expenses in the accompanying consolidated statements of operations, and operating income and income before income taxes and minority interests for the year ended March 31, 2008 decreased by ¥161 million ($1,610 thousand) and ¥1,235 million ($12,350 thousand), respectively, as compared with the previous accounting method.

(o) Income taxes

Income taxes are accounted for by 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 carryforwards. 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.

(p) Revenue recognition for freight charges

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

(q) Revenue recognition for installment sale commissions

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

(r) Revenue recognition for vehicle sales

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

(s) Enterprise taxes

The Seino Group records local corporate enterprise taxes calculated based on the "added value" and "capital" amounts when levied as size-based corporate taxes for local government enterprise taxes, which are included in selling, general and administrative expenses.

(t) Accounting standard for directors' bonus

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

(u) Appropriation of retained earnings

Cash dividends are recorded in the fiscal year during which a proposed appropriation of retained earnings is approved by the Board of Directors and/or shareholders. See Note 2(t) for the accounting for bonuses to directors and statutory auditors.

(v) Translation of foreign currency accounts

Receivables, payables and securities, other than stocks of subsidiaries and certain other securities, are translated into Japanese yen at the exchange rates prevailing at the fiscal year-end. Transactions in foreign currencies are recorded based on the prevailing exchange rates on the transaction dates. Resulting translation gains and losses are included in the current earnings.

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

(w) Per share data

Basic net income (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted-average number of shares of common stock outstanding during the respective year. Diluted net income per share is computed as if warrants or stock options were exercised at the beginning of the relevant year or (if later) on their first exercise date and as if the funds obtained thereby were used to purchase common stock at the average market price during the respective year under the treasury stock method. Diluted net income per share is not disclosed as Seino Group had no diluted common shares for the years ended March 31, 2008, 2007 and 2006.

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

3. Investments

At March 31, 2008 and 2007, short-term investments consisted of the following:

	Millions of yen		Thousands of U.S dollars
	2008	2007	**2008**
Marketable securities:			
Bonds	**¥ 1,252**	¥ 1,907	**$ 12,520**
Total marketable securities	**1,252**	1,907	**12,520**
Other nonmarketable securities	**—**	2,000	**—**
Time deposits with an original maturity of more than three months	**7,163**	5,761	**71,630**
	¥ 8,415	¥ 9,668	**$ 84,150**

At March 31, 2008 and 2007, investment securities consisted of the following:

	Millions of yen		Thousands of U.S dollars
	2008	2007	**2008**
Marketable securities:			
Equity securities	**¥ 19,918**	¥ 26,411	**$ 199,180**
Bonds	**4,214**	5,430	**42,140**
Other	**168**	225	**1,680**
Total marketable securities	**24,300**	32,066	**243,000**
Other nonmarketable securities	**1,776**	1,860	**17,760**
	¥ 26,076	¥ 33,926	**$ 260,760**

At March 31, 2008 and 2007, the fair value of marketable securities classified as held-to-maturity and the related net unrealized gains were as follows:

	Carrying value	Fair value	Net unrealized gains
	Millions of yen		
Bonds included in investment securities:			
At March 31, 2008	**¥ 200**	**¥ 202**	**¥ 2**
At March 31, 2007	500	499	(1)
	Thousands of U.S. dollars		
Bonds included in investment securities:			
At March 31, 2008	**$ 2,000**	**$ 2,020**	**$ 20**

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 net assets account until realized. At March 31, 2008 and 2007, gross unrealized gains and losses for marketable securities classified as available-for-sale were as follows:

	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
	Millions of yen			
At March 31, 2008:				
Equity securities	**¥ 9,566**	**¥ 10,859**	**¥ (507)**	**¥ 19,918**
Bonds	**5,272**	**27**	**(33)**	**5,266**
Other	**133**	**43**	**(8)**	**168**
	¥ 14,971	**¥ 10,929**	**¥ (548)**	**¥ 25,352**
At March 31, 2007:				
Equity securities	¥ 9,536	¥ 16,920	¥ (45)	¥ 26,411
Bonds	6,876	41	(80)	6,837
Other	133	98	6)	225
	¥ 16,545	¥ 17,059	¥ (131)	¥ 33,473
	Thousands of U.S. dollars			
At March 31, 2008:				
Equity securities	**$ 95,660**	**$ 108,590**	**$ (5,070)**	**$ 199,180**
Bonds	**52,720**	**270**	**(330)**	**52,660**
Other	**1,330**	**430**	**(80)**	**1,680**
	$ 149,710	**$ 109,290**	**$ (5,480)**	**$ 253,520**

Expected maturities of held-to-maturity and available-for-sale debt securities at March 31, 2008 were as follows:

	Millions of yen	Thousands of U.S. dollars
Due in one year or less	¥ 1,250	$ 12,500
Due after one year through five years	2,817	28,170
Due after five years through ten years	1,000	10,000
Due after ten years	400	4,000
	¥ 5,467	$ 54,670

At March 31, 2008 and 2007, investments in and long-term loans to affiliates consisted of the following:

	Millions of yen		Thousands of U.S dollars
	2008	2007	**2008**
Investments, accounted for by the equity method for significant affiliates and at cost for others	**¥ 3,382**	¥ 3,541	**$ 33,820**
Interest bearing long-term loans	**45**	52	**450**
	¥ 3,427	¥ 3,593	**$ 34,270**

4. Property and Equipment

At March 31, 2008 and 2007, property and equipment consisted of the following:

	Millions of yen		Thousands of U.S dollars
	2008	2007	**2008**
Property held for own use, at cost:			
Land	**¥131,631**	¥131,250	**$1,316,310**
Buildings and structures	**205,671**	202,232	**2,056,710**
Vehicles	**88,699**	87,755	**886,990**
Machinery and equipment	**25,295**	24,121	**252,950**
Construction in progress	**30**	553	**300**
	451,326	445,911	**4,513,260**
Less, accumulated depreciation	**(211,110)**	(203,786)	**(2,111,100)**
Sub-total	**240,216**	242,125	**2,402,160**
Property held for leases, at cost:			
Vehicles, equipment and other	**729**	717	**7,290**
Less, accumulated depreciation	**(501)**	(468)	**(5,010)**
	228	249	**2,280**
Total property and equipment	**¥240,444**	¥242,374	**$2,404,440**

One of the consolidated subsidiaries elected to carry out a one-time revaluation to restate the cost of land used for business operations at values reassessed on March 31, 2002, reflecting adjustments for land shape and other factors based on appraisal values issued by the Japanese National Tax Agency in accordance with the Law Concerning Revaluation of Land. According to the Law, the excess of the original book values over reassessed values, net of the tax effect and minority interests portion, is recorded in net assets as land revaluation decrement in the accompanying consolidated balance sheets. At March 31, 2008 and 2007, the difference between the carrying values of land used for the business operations after revaluation over the current market value of the land at the fiscal year-end amounted to ¥1,595 million ($15,950 thousand) and ¥1,281 million, respectively.

5. Short-term Borrowings and Long-term Debt

At March 31, 2008 and 2007 short-term borrowings consisted of the following:

	Millions of yen		Thousands of U.S dollars
	2008	2007	**2008**
Unsecured bank overdrafts with interest rates ranging from 0.95% to 1.45% per annum at March 31, 2008	**¥ 25**	¥ 55	**$ 250**
Short-term bank borrowings, principally unsecured and represented by notes with interest rates ranging from 0.525% to 1.875% per annum at March 31, 2008	**2,440**	3,645	**24,400**
	¥ 2,465	¥ 3,700	**$ 24,650**

At March 31, 2008, the Company and certain subsidiaries had unsecured overdraft agreements with 11 banks. Under such agreements, the Company and these subsidiaries were entitled to withdraw up to ¥53,840 million ($538,400 thousand). The Company and the subsidiaries were not obligated to pay commitment fees on the unused portions of such overdraft facilities.

At March 31, 2008 and 2007, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S dollars
	2008	2007	**2008**
Loans from banks, partly secured, due through 2017 repayable on an installment basis with interest rates ranging from 0.943 % to 2.5% per annum at March 31, 2008	**¥ 827**	¥ 1,681	**$ 8,270**
Loans from government agencies, principally mortgage, repayable on an installment basis with interest rates ranging from 0.504% to 3.6% per annum at March 31, 2008	**1,204**	1,656	**12,040**
Other	**83**	98	**830**
	2,114	3,435	**21,140**
Less, current portion	**(649)**	(1,023)	**(6,490)**
	¥ 1,465	¥ 2,412	**$ 14,650**

At March 31, 2008 and 2007, the following assets were pledged as collateral for certain short-term borrowings and long-term debt in the aggregate amount of ¥1,968 million ($19,680 thousand) and ¥3,129 million, respectively:

	Millions of yen		Thousands of U.S dollars
	2008	2007	**2008**
Land	**¥ 7,804**	¥ 7,936	**$ 78,040**
Buildings and structures	**4,615**	4,990	**46,150**
Time deposits included in short-term investments	**11**	11	**110**

The aggregate annual maturities of long-term debt as at March 31, 2008 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2009	¥ 649	$ 6,490
2010	469	4,690
2011	328	3,280
2012	190	1,900
2013	165	1,650
Thereafter	313	3,130
	¥ 2,114	$ 21,140

6. Employee Retirement Benefits

The Company and its domestic subsidiaries have defined benefit plans. The following table reconciles the benefit liability as of March 31, 2008 and 2007:

	Millions of yen		Thousands of U.S dollars
	2008	2007	**2008**
Reconciliation of benefit liability:			
Projected benefit obligation	**¥ 54,113**	¥ 56,400	**$ 541,130**
Less, fair value of pension plan assets at end of year	**(1,899)**	(2,428)	**(18,990)**
	52,214	53,972	**522,140**
Less, unrecognized actuarial differences (loss)	**(1,799)**	(2,926)	**(17,990)**
Less, unrecognized past service cost	**(1,721)**	(2,394)	**(17,210)**
Net amounts of employee retirement benefit liability recorded on the consolidated balance sheets	**¥ 48,694**	¥ 48,652	**$ 486,940**

Notes: 1. Projected benefit obligation of certain subsidiaries was calculated using the simplified calculation method as permitted by the accounting standard for employee retirement benefits.

2. Some of the Company's subsidiaries participate in a certain corporate pension plan under the multi-employer pension program established by other employers, together with the subsidiaries. As the information that the pension plan assets calculated based on the proportionate contributions made by the subsidiaries is not available, the Seino Group records the related required contributions to the pension plan as net periodic retirement benefit expense for the period in accordance with the amended accounting standard for employee retirement benefits (ASBJ Statement No. 14). The above table excluded the portion for the pension plan assets under the multi-employer pension program. The information for the funded status of the entire corporate pension plan available at the latest calculation period-end was as follows:

	Millions of yen	Thousands of U.S. dollars
Pension plan assets at March 31, 2007	¥ 20,925	$ 209,250
Related benefit obligation under the program	(18,110)	(181,110)
Plan surplus	¥ 2,815	$ 28,150
Ratio of the subsidiaries' payroll to the totals in the entire plan	¥ 39.6%	

The components of net periodic retirement benefit expenses for the years ended March 31, 2008, 2007 and 2006 were as follows:

	Millions of yen			Thousands of U.S dollars
	2008	2007	2006	2008
Net periodic retirement benefit expenses:				
Service cost	**¥ 2,844**	¥ 2,760	¥ 2,492	**$ 28,440**
Interest cost	**1,084**	1,033	925	**10,840**
Expected return on pension plan assets	**(42)**	(34)	(22)	**(420)**
Amortization of actuarial differences	**553**	494	482	**5,530**
Amortization of past service cost	**294**	335	295	**2,940**
Total retirement benefit expenses	**¥ 4,733**	¥ 4,588	¥ 4,172	**$ 47,330**

Major assumptions used in the calculation of the above information for the years ended March 31, 2008, 2007 and 2006 were as follows:

	2008	2007	**2008**
Method attributing the projected benefits to periods of services	**Straight-line method**	Straight-line method	Straight-line method
Discount rate	**2.0%**	2.0%	2.0%
Expected rate of return on pension plan assets	**2.0%**	2.0%	2.0%
Amortization of past service cost	**principally 10 years**	principally 10 years	10 years
Amortization of actuarial differences	**principally 10 years**	principally 10 years	principally 10 years

7. Contingent Liabilities

At March 31, 2008 and 2007, the Seino Group was contingently liable for trade notes endorsed to affiliates and third parties, and for guarantees, including substantial guarantees, principally of indebtedness of affiliates and third parties in the aggregate amounts of ¥2,462 million ($24,620 thousand) and ¥3,059 million, respectively.

8. Lease Commitments

The Seino Group has entered into various rental and lease agreements for land and buildings to be used for truck terminals and warehouses which are generally cancelable with a few months' advance notice and non-cancelable lease agreements for computer equipment and radio facilities with two-to-nine 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, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S dollars
	2008	2007	**2008**
Due within one year	**¥ 525**	¥ 735	**$ 5,250**
Due after one year	**666**	949	**6,660**
	¥ 1,191	¥ 1,684	**$ 11,910**

A certain consolidated subsidiary engaged in leasing operations, as lessor, entered into various lease agreements principally for vehicles with third parties. The leases were categorized as financing leases. At March 31, 2008 and 2007, the aggregate future minimum lease commitments to be received for such non-cancelable lease agreements, including the imputed interest, were as follows:

	Millions of yen		Thousands of U.S dollars
	2008	2007	**2008**
Due within one year	**¥ 164**	¥ 175	**$ 1,640**
Due after one year	**221**	233	**2,210**
	¥ 385	¥ 408	**$ 3,850**

In addition to the above, a certain consolidated subsidiary engaged in leasing operations leases property as lessee and leases the same property to affiliates and the third parties as lessor. At March 31, 2008 and 2007, the future minimum commitments under such agreements, including the imputed interest portion, were as follows:

	Minimum rentals		Minimum rentals	
	to be paid	to be received	to be paid	to be received
	Millions of yen		Thousands of U.S. dollars	
At March 31, 2008:				
Due within one year	**¥ 7**	**¥ 7**	**$ 70**	**$ 70**
Due after one year	**—**	**—**	**—**	**—**
	¥ 7	**¥ 7**	**$ 70**	**$ 70**
At March 31, 2007:				
Due within one year	¥ 145	¥ 157		
Due after one year	33	35		
	¥ 178	¥ 192		

9. Net Assets

(a) The Japanese Corporate Law ("the Law") became effective on May 1, 2006, replacing the former Japanese Commercial Code. The Law is generally applicable to events and transactions occurring after April 30, 2006 and for fiscal years ending after that date.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Law, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting. Additional paid-in capital and legal earnings reserve may not be distributed as dividends. All additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

At March 31, 2008 and 2007, respectively, capital surplus principally consisted of additional paid-in capital. In addition, retained earnings included legal earnings reserve of the Company in the amount of ¥4,262 million ($42,620 thousand) at March 31, 2008 and 2007, respectively.

The maximum amount that the Company can distribute as dividends is calculated based on the non consolidated financial statements of the Company in accordance with Japanese laws and regulations.

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

(c) At the annual shareholders' meeting held on June 26, 2008, the shareholders approved cash dividends of ¥11 per share, amounting to ¥2,195 million ($21,950 thousand). The appropriations have not been accrued in the consolidated financial statements as of March 31, 2008 as such appropriations are recognized in the period in which they are approved by the shareholders.

10. Income Taxes

The tax effects on temporary differences that give rise to a significant portion of deferred tax assets and liabilities at March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S dollars
	2008	2007	**2008**
Deferred tax assets:			
Employee retirement benefit liability	**¥ 20,243**	¥ 20,226	**$ 202,430**
Enterprise tax accruals	**337**	370	**3,370**
Accrued bonuses	**3,633**	3,768	**36,330**
Intercompany capital gains	**978**	902	**9,780**
Operating loss carryforwards	**1,388**	674	**13,880**
Loss on assets transferred	**1,049**	1,511	**10,490**
Impairment loss on fixed assets	**10,968**	10,089	**109,680**
Allowance for doubtful accounts	**164**	1,252	**1,640**
Other	**4,165**	2,423	**41,650**
	42,925	41,215	**429,250**
Less, valuation allowance	**(16,992)**	(15,877)	**(169,920)**
	25,933	25,338	**259,330**
Deferred tax liabilities:			
Deferred capital gains	**6,443**	6,278	**64,430**
Unrealized gains on available-for-sale securities	**4,107**	6,734	**41,070**
Valuation adjustments for consolidation	**8,140**	6,953	**81,400**
	18,690	19,965	**186,900**
Net deferred tax assets	**¥ 7,243**	¥ 5,373	**$ 72,430**

At March 31, 2008 and 2007, deferred tax assets and liabilities were recorded as follows:

	Millions of yen		Thousands of U.S dollars
	2008	2007	**2008**
Deferred tax assets:			
Current	**¥ 4,435**	¥ 4,560	**$ 44,350**
Non-current	**10,446**	10,380	**104,460**
Deferred tax liabilities:			
Current	**2**	4	**20**
Non-current	**7,636**	9,563	**76,360**

In assessing the realizability of deferred tax assets, management of the Seino Group considers whether 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, 2008 and 2007, a valuation allowance was provided to reduce the deferred tax assets to the extent that the management believed that the amount of the deferred tax assets was not realizable.

A reconciliation of the differences between the Japanese statutory effective tax rate and the actual effective income tax rate on pretax income reflected in the accompanying consolidated statements of operations for the year ended March 31, 2008 was as follows:

	Percentage of pretax income
Japanese statutory effective tax rate	40.4%
Increase (decrease) due to:	
Permanently nondeductible expenses	0.9
Tax exempt income	(0.7)
Local minimum taxes-per capita levy	4.2
Amortization of negative goodwill	(13.1)
Changes in valuation allowance	16.5
Other	1.8
Actual effective income tax rate	50.0%

Reconciliation for the year ended March 31, 2007 and 2006 was not disclosed because the difference was not material for the year ended March 31, 2007 and the Seino Group recorded a net loss for the year ended March 31, 2006.

11. Subsequent Event

Pursuant to the resolution by the Board of Directors of the Company on February 13, 2008, on April 1, 2008, Kyushu Seino Transportation Co., Ltd., a subsidiary of the Company, took over most of the transportation business of Sengoku Seino Transportation Co., Ltd., acquiring the vehicles and operational assets and assuming the liabilities such as employee retirement benefit liability. In addition, Kyushu Seino Transportation Co., Ltd. also acquired land and buildings from Iwasaki Corporation and Shiratsuyu Company, Ltd. on April 1, 2008. This business transfer is expected to strengthen the integration of the Seino Group and improve optimization and efficiency by integrating the Kyushu area into one huge network and making uniform homogeneous the services of the Seino Group. The consideration for this transaction amounted to approximately ¥5,400 million ($54,000 thousand), and goodwill of approximately ¥2,000 million ($20,000 thousand) will be recorded in the year ending March 31, 2009.

12. Segment Information

The Seino Group operates in four business segments: transportation services, vehicle sales, leasing for real estate services and other services. Information by industry segment for the years ended March 31, 2008, 2007 and 2006 was summarized as follows:

	Transportation services	Vehicle sales	Leasing for real estate services	Other	Total	Elimination	Consolidated
For the year 2008:							
	Millions of yen						
Operating revenue:							
External customers	**¥ 331,862**	**¥ 85,537**	**¥ 1,146**	**¥ 33,433**	**¥ 451,978**	**¥ —**	**¥ 451,978**
Inter-segment sales	**1,669**	**8,473**	**—**	**39,644**	**49,786**	**(49,786)**	**—**
Total operating revenue	**333,531**	**94,010**	**1,146**	**73,077**	**501,764**	**(49,786)**	**451,978**
Operating costs and expenses	**329,073**	**90,138**	**175**	**72,063**	**491,449**	**(49,396)**	**442,053**
Operating income	**¥ 4,458**	**¥ 3,872**	**¥ 971**	**¥ 1,014**	**¥ 10,315**	**¥ (390)**	**¥ 9,925**
Identifiable assets	**¥ 338,843**	**¥ 85,364**	**¥ 9,623**	**¥ 29,830**	**¥ 463,660**	**¥ (5,789)**	**¥ 457,871**
Depreciation	**15,269**	**1,690**	**45**	**268**	**17,272**	**(256)**	**17,016**
Impairment loss on fixed assets	**2,713**	**386**	**—**	**16**	**3,115**	**—**	**3,115**
Capital expenditures	**17,923**	**1,915**	**—**	**277**	**20,115**	**(461)**	**19,654**
For the year 2007:							
Operating revenue:							
External customers	¥ 327,574	¥ 85,549	¥ 1,079	¥ 35,284	¥ 449,486	¥ —	¥ 449,486
Inter-segment sales	1,705	10,180	—	36,578	48,463	(48,463)	—
Total operating revenue	329,279	95,729	1,079	71,862	497,949	(48,463)	449,486
Operating costs and expenses	323,724	92,608	174	70,574	487,080	(48,390)	438,690
Operating income	¥ 5,555	¥ 3,121	¥ 905	¥ 1,288	¥ 10,869	¥ (73)	¥ 10,796
Identifiable assets	¥ 338,669	¥ 86,114	¥ 9,260	¥ 27,385	¥ 461,428	¥ 6,578	¥ 468,006
Depreciation	14,555	1,601	49	304	16,509	(256)	16,253
Impairment loss on fixed assets	1,619	97	—	11	1,727	—	1,727
Capital expenditures	14,435	1,675	—	171	16,281	(255)	16,026
For the year 2006:							
Operating revenue:							
External customers	¥ 307,888	¥ 82,334	¥ 1,004	¥ 36,294	¥ 427,520	¥ —	¥ 427,520
Inter-segment sales	1,768	9,153	—	35,719	46,640	(46,640)	—
Total operating revenue	309,656	91,487	1,004	72,013	474,160	(46,640)	427,520
Operating costs and expenses	303,782	89,333	167	70,786	464,068	(46,630)	417,438
Operating income	¥ 5,874	¥ 2,154	¥ 837	¥ 1,227	¥ 10,092	¥ (10)	¥ 10,082
Identifiable assets	¥ 308,671	¥ 83,101	¥ 9,015	¥ 29,178	¥ 429,965	¥ 16,968	¥ 446,933
Depreciation	12,897	1,533	45	413	14,888	(228)	14,660
Impairment loss on fixed assets	17,794	1,991	2,129	10	21,924	—	21,924
Capital expenditures	13,478	2,959	2	120	16,559	(276)	16,283

	Transportation services	Vehicle sales	Leasing for real estate services	Other	Total	Elimination	Consolidated
For the year 2008:							
	Thousands of U.S. dollars						
Operating revenue:							
External customers	**$ 3,318,620**	**$ 855,370**	**$ 11,460**	**$ 334,330**	**$ 4,519,780**	**$ —**	**$ 4,519,780**
Inter-segment sales	**16,690**	**84,730**	**—**	**396,440**	**497,860**	**(497,860)**	**—**
Total operating revenue	**3,335,310**	**940,100**	**11,460**	**730,770**	**5,017,640**	**(497,860)**	**4,519,780**
Operating costs and expenses	**3,290,730**	**901,380**	**1,750**	**720,630**	**4,914,490**	**(493,960)**	**4,420,530**
Operating income	**$ 44,580**	**$ 38,720**	**$ 9,710**	**$ 10,140**	**$ 103,150**	**$ (3,900)**	**$ 99,250**
Identifiable assets	**$ 3,388,430**	**$ 853,640**	**$ 96,230**	**$ 298,300**	**$ 4,636,600**	**$ (57,890)**	**$ 4,578,710**
Depreciation	**152,690**	**16,900**	**450**	**2,680**	**172,720**	**(2,560)**	**170,160**
Impairment loss on fixed assets	**27,130**	**3,860**	**—**	**160**	**31,150**	**—**	**31,150**
Capital expenditures	**179,230**	**19,150**	**—**	**2,770**	**201,150**	**(4,610)**	**196,540**

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

2. *Accounting changes:*

(Change of accounting method for depreciation of property and equipment)

As disclosed in Note 2(i), effective from the year ended March 31, 2008, the Company and its domestic subsidiaries changed the depreciation method for property and equipment acquired on after April 1, 2007 to the method pursuant to the amended Corporation Tax Law of Japan. As a result, as compared with the previous accounting method, operating income of the “transportation services” segment, “vehicle sales” segment and “other” segment decreased by ¥352 million ($3,520 thousand), ¥68 million ($680 thousand) and ¥12 million ($120 thousand) for the year ended March 31, 2008. In addition, from the year ended March 31, 2008, the residual value of property and equipment acquired before April 1, 2007 is depreciated over five years using the straight-line method from the fiscal year following the year in which the depreciable limit (5% of the acquisition cost) is reached pursuant to the amended Corporation Tax Law of Japan. As a result, operating income of the “transportation services” segment, “vehicle sales” segment, “leasing for real estate services” segment and “other” segment decreased by ¥653 million ($6,530 thousand), ¥29 million ($290 thousand), ¥2 million ($20 thousand) and ¥9 million ($90 thousand) for the year ended March 31, 2008, respectively, as compared with the previous accounting method.

(Change of accounting method for severance indemnities for directors and statutory auditors)

As also described in Note 2(n), until March 31, 2007, the Company and some of the subsidiaries did not provide accrued severance indemnities for directors and statutory auditors and such amounts were charged to income when paid. Effective from the year ended March 31, 2008, the Company and such subsidiaries changed the accounting method to provide accrued severance indemnities for directors and statutory auditors As a result, as compared with the previous accounting method, operating income of the “transportation services” segment, “vehicle sales” segment, “other” segment and “elimination” column decreased by ¥94 million ($940 thousand), ¥6 million ($60 thousand), ¥41 million ($410 thousand) and ¥20 million ($200 thousand) for the year ended March 31, 2008, respectively.

(Change of accounting method for revenue recognition for installment sale commissions)

As disclosed in Note 2(q), effective from the year ended March 31, 2007, the Seino Group changed the accounting method of income classification to record installment sale commissions. As a result, as compared with the previous accounting method, operating income of the “vehicle sales” segment increased by ¥1,044 million for the year ended March 31, 2007.

(Change of accounting method for revenue recognition for vehicle sales)

As described in Note 2(r), effective April 1, 2006, the Seino Group changed the accounting method for vehicle sales recognition. As a result, as compared with the previous accounting method, operating revenue and operating income of the “vehicle sales” segment increased by ¥854 million and ¥110 million for the year ended March 31, 2007, respectively.

(Accounting standard for directors’ bonus)

As disclosed in Note 2(t), from the year ended March 31, 2007, the Seino Group has adopted the accounting standard for directors’ bonuses. As a result, as compared with the previous accounting method, operating income of the “transportation services” segment, “vehicle sales” segment and “other” segment decreased by ¥35 million, ¥50 million and ¥26 million for the year ended March 31, 2007, respectively.

Geographic segment information is not shown because operating revenue and total assets of the overseas subsidiaries were not material in the years ended March 31, 2008, 2007 and 2006. Information for overseas sales is not disclosed because such sales were not material.

Report of Independent Auditors

Independent Auditors' Report

To the Board of Directors of
SEINO HOLDINGS CO., LTD.:

We have audited the accompanying consolidated balance sheet of SEINO HOLDINGS CO., LTD. (the "Company") and its subsidiaries (together with the Company, the "Seino Group") as of March 31, 2008, and the related consolidated statements of operations, changes in net assets and cash flows for the year then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Seino Group's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits. The consolidated financial statements of the Seino Group as of March 31, 2007 and 2006 were audited by other auditors who have ceased operations and whose report dated June 26, 2007 expressed an unqualified opinion on those statements.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinon.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Seino Group as of March 31, 2008, and the consolidated results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following:
(1) As discussed in Note 2(n) to the consolidated financial statements, effective from the year ended March 31, 2008, the Company and some of its subsidiaries changed the accounting method for severance indemnities for directors and statutory auditors.
(2) As discussed in Note 11 to the consolidated financial statements, on April 1, 2008, Kyushu Seino Transportation Co., Ltd., a subsidiary of the Company, took over most of the transportation business of Sengoku Seino Transportation Co., Ltd. and acquired land and buildings from other companies.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, the translation was made on the basis described in Note 1 of the Notes to the Consolidated Financial Statements.

KPMG AZSA & Co.

KPMG AZSA & Co.
Nagoya, Japan
June 26, 2008

Seino Group

The Seino Group consists of Seino Holdings Co., Ltd. and 49 consolidated subsidiaries and 14 affiliates. The Seino Group operates in four business segments, transportation services, vehicle sales, real-estate leasing services and other services. Business relationship in the Seino Group is as follows.

Clients

Collection and Delivery | Vehicles Sales and Repairs | Sales and Services | Real Estate Leasing

Transportation Services

Domestic Transportation

- Seino Transportation Co., Ltd. *1
- Hokkaido Seino Transportation Co., Ltd. *1
- Iwate Seino Transportation Co., Ltd. *1
- Miyagi Seino Transportation Co., Ltd. *1
- Kanto Seino Transportation Co., Ltd. *1
- Kanagawa Seino Transportation Co., Ltd. *1
- Nohi Seino Transportation Co., Ltd. *1
- Tokai Seino Transportation Co., Ltd. *1
- Mie Seino Transportation Co., Ltd. *1
- Hinomaru Seino Transportation Co., Ltd. *1
- Shikoku Seino Transportation Co., Ltd. *1
- Kyushu Seino Transportation Co., Ltd. *1
- Okinawa Seino Transportation Co., Ltd. *1
- Seino Tsu-un Transportation Co., Ltd. *1
- Seino Express Co., Ltd. *1
- Seino Hikkoshi Co., Ltd. *1
- Seino Hokkaido Express Co., Ltd. *1
- Seino Tokyo Express Co., Ltd. *1
- Seino Hokuriku Express Co., Ltd. *1
- Seino Nagoya Express Co., Ltd. *1
- Seino Osaka Express Co., Ltd. *1
- Seino ST Service Co., Ltd. *1
- Seino Logistics Hokkaido Co., Ltd. *1
- S&N Logistics Co., Ltd. *1
- Saitama Seino Transportation Co., Ltd. *2
- Tokyo Seino Transportation Co., Ltd. *2
- Mikawa Seino Transportation Co., Ltd.
- Ensyu Seino Transportation Co., Ltd.
- Takuma Seino Transportation Co., Ltd.
- Seino Kanagawa Express Co., Ltd.
- Tango Seino Transportation Co., Ltd.
- Box Charter Co., Ltd.

International Transportation

- Seino Logix Co., Ltd. *1
- United-Seino Transportation (Malaysia) Sdn. Bhd. *1
- Seino Customs Clearance Service Co., Ltd. *1
- Schenker-Seino Co., Ltd. *2
- Asahi Bangkok Co., Ltd.

Vehicle Sales

Vehicle Sales

- Toyota Corolla Gifu Co., Ltd. *1
- Gifu Hino Motor Co., Ltd. *1
- Netz Toyota Gifu Co., Ltd. *1
- Netz Toyota Centro Gifu Co., Ltd. *1
- Asahi Enterprise Co., Ltd. *1
- Jms Gifu Co., Ltd. *1
- Toyota Gifu Parts Dsitributor Co., Ltd.

Real Estate Leasing

Real Estate Leasing Services

- Seino Transportation Co., Ltd.
- etc.

Other

Information Services

- Seino Information Service Co., Ltd. *1
- Japan Logistics Development Co., Ltd. *1

Merchandise

- Seino Trading Co., Ltd. *1
- Seino Sangyo Co., Ltd. *1

Others

- Asahi Leasing Co., Ltd. (Rental and lease) *1
- Asahi Agency Co., Ltd. (Advertising agency) *1
- Seino Do Brasil Armazens Gerais Ltda. (Storage) *1
- Suito Taxi Co., Ltd. (Passenger transportation) *1
- Seino Engineering Co., Ltd. (Construction) *1
- Seino Family Co., Ltd. (Insurance agency service) *1
- Asahi Travel Service Co., Ltd. (Travel agency) *1
- Seino Staff Service Co., Ltd. (Personnel service) *1
- Toyota Home Gifu Co., Ltd. (Housing sales) *1
- Asahi Create Co., Ltd. (Comprehensive printer) *1
- Seino Business Support Co., Ltd. (Business support services) *1
- Toyota Rent-A-Lease Gifu Co., Ltd. (Rental and lease)
- Gifu Automotive Dealer Plaza Co., Ltd. (Rental office)

SEINO HOLDINGS Co., Ltd.

Note	*1: Consolidated subsidiaries	49
	*2: Affiliates (under the equity method)	3
	Companies except those mentioned above are affiliates under the cost method.	11

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