The Sumitomo Warehouse Co., Ltd.
Consolidated Balance Sheets (Unaudited)
30 September 2005 and 2006

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
ASSETS	2005	2006	*2006*
Current assets:			
Cash and cash equivalents	\ 12,221	\ 10,383	*$ 88,066*
Short-term investments (Note 5)	598	1,337	*11,340*
Receivables			
Trade notes and accounts	13,917	17,944	*152,197*
Other	1,721	2,350	*19,932*
Allowance for doubtful receivables	(184)	(163)	*(1,383)*
	15,454	20,131	*170,746*
Real estate inventories (Note 3)	—	392	*3,325*
Deferred tax assets	559	916	*7,769*
Other	1,616	1,855	*15,734*
Total current assets	30,448	35,014	*296,980*
Investments and other non-current assets:			
Investment securities (Notes 4 and 5)	68,981	97,221	*824,606*
Long-term loans receivable	227	420	*3,562*
Other (Notes 4 and 5)	4,737	6,158	*52,231*
Allowance for doubtful receivables	(368)	(257)	*(2,180)*
	73,577	103,542	*878,219*
Property and equipment (Note 5)**:**			
Land	28,136	40,548	*343,919*
Buildings and structures	135,005	147,741	*1,253,104*
Machinery and equipment	20,652	23,626	*200,390*
Construction in progress	2,782	3,866	*32,791*
	186,575	215,781	*1,830,204*
Less accumulated depreciation	(94,339)	(105,327)	*(893,359)*
	92,236	110,454	*936,845*
Intangibles:			
Goodwill	—	2,535	*21,501*
Leasehold (Note 5)	3,287	2,867	*24,317*
Software	183	326	*2,765*
Other	453	1,113	*9,441*
	3,923	6,841	*58,024*
Deferred tax assets	5	175	*1,484*
	\ 200,189	\ 256,026	*$ 2,171,552*

See accompanying notes.

The Sumitomo Warehouse Co., Ltd.
Consolidated Balance Sheets (Unaudited)
30 September 2005 and 2006

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
LIABILITIES AND NET ASSETS	2005	2006	*2006*
Current liabilities:			
Bank loans (Note 5)	¥ 5,368	¥ 16,509	*$ 140,025*
Long-term debt due within one year (Note 5)	1,017	3,140	*26,633*
Payables:			
Trade notes and accounts	7,802	10,066	*85,377*
Other	2,976	4,853	*41,162*
	10,778	14,919	*126,539*
Income taxes payable	2,669	1,838	*15,589*
Accrued employees' bonuses	1,415	1,594	*13,520*
Reserve for bonuses to directors	—	5	*42*
Deferred tax liabilities	3	—	—
Other	1,270	1,783	*15,124*
Total current liabilities	22,520	39,788	*337,472*
Long-term debt due after one year (Note 5)	10,802	21,173	*179,584*
Deferred tax liabilities	24,898	33,402	*283,308*
Employees' retirement benefits	6,423	3,795	*32,188*
Directors' and corporate auditors' retirement benefits	27	131	*1,111*
Deposits on contracts	15,213	14,762	*125,208*
Other non-current liabilities	941	882	*7,482*
Contingent liabilities (Note 8)			
Net assets:			
Shareholders' equity:			
Common stock			
Authorized — 395,872,000 shares			
Issued — 182,119,078 shares at 30 September 2005			
— 193,305,760 shares at 30 September 2006	18,604	21,210	*179,898*
Capital surplus	16,043	18,650	*158,185*
Retained earnings	54,652	56,867	*482,332*
Treasury stock, at cost			
— 283,393 shares at 30 September 2005			
— 339,670 shares at 30 September 2006	(95)	(145)	*(1,229)*
Total shareholders' equity	89,204	96,582	819,186
Valuation and translation adjustments:			
Unrealized gains on investment securities	29,703	42,137	*357,396*
Foreign currency translation adjustments	(537)	(193)	*(1,637)*
Total valuation and translation adjustments	29,166	41,944	355,759
Minority interest in consolidated subsidiaries	995	3,567	*30,254*
Total net assets	119,365	142,093	1,205,199
	¥ 200,189	¥ 256,026	*$ 2,171,552*

See accompanying notes.

The Sumitomo Warehouse Co., Ltd.
Consolidated Statements of Income (Unaudited)
Six Months Ended 30 September 2005 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2005	2006	*2006*
Net sales	¥ 51,035	¥ 55,238	*$ 468,516*
Cost of sales	45,186	48,612	*412,316*
Selling, general and administrative expenses	3,106	3,330	*28,244*
Operating income	2,743	3,296	*27,956*
Other income (expenses):			
Interest and dividend income	566	597	*5,064*
Interest expense	(73)	(152)	*(1,289)*
Equity in earnings of affiliates	61	79	*670*
Net gain on sale of investment securities	3,395	—	*—*
Reversal of allowance for doubtful receivables	58	32	*271*
Loss on liquidation of a subsidiary	(141)	(—)	*(—)*
Loss on disposal of property and equipment	(97)	(11)	*(93)*
Impairment losses on fixed assets (Note 11)	(804)	(—)	*(—)*
Fee for arrangement of syndicated loans	(400)	(106)	*(899)*
Other, net	89	24	*203*
Income before income taxes and minority interests	5,397	3,759	*31,883*
Income taxes			
Current	2,483	1,599	*13,563*
Deferred	(38)	(151)	*(1,281)*
	2,445	1,448	*12,282*
Minority interests	41	62	*526*
Net income	¥ 2,911	¥ 2,249	*$ 19,075*

	Yen		U.S. dollars (Note 1)
Basic net income per share	¥ 16.45	¥ 11.75	*$ 0.10*
Dilutive net income per share	¥ 14.79	¥ 11.43	*$ 0.10*

See accompanying notes.

The Sumitomo Warehouse Co., Ltd.
Consolidated Statements of Changes in Net Assets (Unaudited)
Six Months Ended 30 September 2005 and 2006

Millions of yen

	Shareholders' equity					Valuation and translation adjustments				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains on investment securities	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interest in consolidated subsidiaries	Total net assets
Balance at 31 March 2005	¥ 17,177	¥ 14,617	¥ 52,413	¥ (102)	¥ 84,105	¥ 22,816	¥ (656)	¥ 22,160	¥ 587	¥ 106,852
Conversion of convertible bonds	1,427	1,426			2,853					2,853
Net income			2,911		2,911					2,911
Increase resulting from newly consolidated subsidiaries			532		532					532
Increase due to changes in affiliates accounted for by the equity method			66		66					66
Cash dividends at ¥5.0 per share			(1,230)		(1,230)					(1,230)
Bonuses to directors and corporate auditors			(40)		(40)					(40)
Net decrease in treasury stock				7	7					7
Net changes of items other than shareholders' equity						6,887	119	7,006	408	7,414
Total changes of items during the period	1,427	1,426	2,239	7	5,099	6,887	119	7,006	408	12,513
Balance at 30 September 2005	¥ 18,604	¥ 16,043	¥ 54,652	¥ (95)	¥ 89,204	¥ 29,703	¥ (537)	¥ 29,166	¥ 995	¥ 119,365

	Shareholders' equity					Valuation and translation adjustments				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains on investment securities	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interest in consolidated subsidiaries	Total net assets
Balance at 31 March 2006	¥ 20,785	¥ 18,224	¥ 55,614	¥ (129)	¥ 94,494	¥ 45,648	¥ (231)	¥ 45,417	¥ 1,130	¥ 141,041
Conversion of convertible bonds	425	425			850					850
Net income			2,249		2,249					2,249
Cash dividends at ¥5.0 per share			(956)		(956)					(956)
Bonuses to directors and corporate auditors			(40)		(40)					(40)
Net increase in treasury stock		1		(16)	(15)					(15)
Net changes of items other than shareholders' equity						(3,511)	38	(3,473)	2,437	(1,036)
Total changes of items during the period	425	426	1,253	(16)	2,088	(3,511)	38	(3,473)	2,437	1,052
Balance at 30 September 2006	¥ 21,210	¥ 18,650	¥ 56,867	¥ (145)	¥ 96,582	¥ 42,137	¥ (193)	¥ 41,944	¥ 3,567	¥ 142,093

Thousands of U.S. dollars (Note 1)

	Shareholders' equity					*Valuation and translation adjustments*				
	Common stock	*Capital surplus*	*Retained earnings*	*Treasury stock*	*Total shareholders' equity*	*Unrealized gains on investment securities*	*Foreign currency translation adjustments*	*Total valuation and translation adjustments*	*Minority interest in consolidated subsidiaries*	*Total net assets*
Balance at 31 March 2006	*$ 176,293*	*$ 154,572*	*$ 471,705*	*$ (1,094)*	*$ 801,476*	*$ 387,175*	*$ (1,959)*	*$ 385,216*	*$ 9,584*	*$ 1,196,276*
Conversion of convertible bonds	*3,605*	*3,605*			*7,210*					*7,210*
Net income			*19,075*		*19,075*					*19,075*
Cash dividends at ¥5.0 (U.S.$0.04) per share			*(8,109)*		*(8,109)*					*(8,109)*
Bonuses to directors and corporate auditors			*(339)*		*(339)*					*(339)*
Net increase in treasury stock		*8*		*(135)*	*(127)*					*(127)*
Net changes of items other than shareholders' equity						*(29,779)*	*322*	*(29,457)*	*20,670*	*(8,787)*
Total changes of items during the period	*3,605*	*3,613*	*10,627*	*(135)*	*17,710*	*(29,779)*	*322*	*(29,457)*	*20,670*	*8,923*
Balance at 30 September 2006	*$ 179,898*	*$ 158,185*	*$ 482,332*	*$ (1,229)*	*$ 819,186*	*$ 357,396*	*$ (1,637)*	*$ 355,759*	*$ 30,254*	*$ 1,205,199*

See accompanying notes.

The Sumitomo Warehouse Co., Ltd.
Consolidated Statements of Cash Flows (Unaudited)
Six Months Ended 30 September 2005 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2005	2006	*2006*
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 5,397	¥ 3,759	*$ 31,883*
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	2,413	2,371	*20,110*
Impairment loss on fixed assets	804	—	—
Equity in earnings of affiliates	(61)	(79)	*(670)*
Interest and dividend income	(566)	(597)	*(5,064)*
Interest expense	73	152	*1,289*
Loss on disposal of property and equipment	97	11	*93*
Net gain on sale of investment securities	(3,395)	—	—
Increase in notes and accounts receivable	(388)	(62)	*(526)*
Decrease in notes and accounts payable	(240)	(1,015)	*(8,609)*
Net decrease in allowance for doubtful receivables	(58)	(49)	*(416)*
Decrease in employees' retirement benefits	(124)	(65)	*(551)*
Decrease in directors' and corporate auditors' retirement benefits	(775)	(11)	*(93)*
Increase (decrease) in deposits on contracts	(1,039)	5	*43*
Fee for arrangement of syndicated loans	400	106	*899*
Other, net	(644)	(611)	*(5,182)*
Sub-total	1,894	3,915	*33,206*
Interest and dividends received	569	599	*5,081*
Interest paid	(70)	(81)	*(687)*
Income taxes paid	(1,976)	(1,926)	*(16,336)*
Net cash provided by operating activities	417	2,507	*21,264*
Cash flows from investing activities:			
Acquisition of securities	(6,639)	(720)	*(6,107)*
Payments for acquisition of subsidiaries' stock resulting in change in scope of consolidation	—	(5,475)	*(46,438)*
Proceeds from sale or redemption of securities	4,464	—	—
Acquisition of intangible fixed assets	—	(343)	*(2,909)*
Acquisition of property and equipment	(2,917)	(3,119)	*(26,454)*
Proceeds from sale of property and equipment	10	17	*144*
Advance on loans receivable	(33)	(29)	*(246)*
Collection of loans receivable	25	25	*212*
Time deposits, maturing after three months and other, net	(421)	(359)	*(3,045)*
Net cash used in investing activities	(5,511)	(10,003)	*(84,843)*
Cash flows from financing activities:			
Dividends paid	(1,237)	(956)	*(8,108)*
Proceeds from short-term debt	2,329	7,898	*66,989*
Repayments of short-term debt	(3,017)	(9,106)	*(77,235)*
Proceeds from long-term debt	—	12,100	*102,629*
Repayments of long-term debt	—	(810)	*(6,870)*
Proceeds from bond redemption funds	8,121	—	—
Payment of fee for arrangement of syndicated loans	(400)	(106)	*(899)*
Purchase of treasury stock	(17)	(15)	*(127)*
Cash dividends paid to minority shareholders	—	(18)	*(153)*
Net cash provided by financing activities	5,779	8,987	*76,226*
Effect of exchange rate changes on cash and cash equivalents	78	10	*84*
Net increase in cash and cash equivalents	763	1,501	*12,731*
Cash and cash equivalents of newly consolidated subsidaiaries	768	—	—
Cash and cash equivalents at beginning of period	10,690	8,882	*75,335*
Cash and cash equivalents at end of period	¥ 12,221	¥ 10,383	*$ 88,066*

See accompanying notes.

The Sumitomo Warehouse Co., Ltd.
Notes to Consolidated Interim Financial Statements (Unaudited)
30 September 2005 and 2006

1. Basis of Presenting Consolidated Interim Financial Statements

(a) The accompanying consolidated interim financial statements of The Sumitomo Warehouse Co., Ltd. (the "Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

The accounts of 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 interim financial statements have been restructured and translated into English (with some expanded descriptions and the inclusion of consolidated statements of shareholders' equity) from the consolidated interim 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 Securities and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated interim financial statements, but not required for fair presentation, is not presented in the accompanying consolidated interim financial statements.

In preparing the accompanying consolidated interim financial statements, certain reclassifications have been made in the previous consolidated interim financial statements to conform to the presentation for the current six month period.

(b) The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at 30 September 2006, which was ¥117.90 to U.S. $1.00. The convenience translations should not be construed as representations 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. Significant Accounting Policies

(a) Consolidation

The consolidated financial statements include the accounts of the Company and 27 and 33 significant subsidiaries for the six months ended 30 September 2005 and 2006, respectively. All significant intercompany transactions and accounts have been eliminated. The fiscal six-month end of all the consolidated foreign subsidiaries and one consolidated domestic subsidiary is 30 June and 31 August, respectively. Significant transactions arising from the use of different fiscal six-month ends are reflected in the consolidated financial statements.

In the elimination of investments in subsidiaries, the assets and liabilities of each subsidiary, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiary.

The equity method is applied to 4 affiliates for the six months ended 30 September 2005 and 2006, respectively. Other unconsolidated subsidiaries and affiliates are not accounted for by the equity method because they are immaterial.

(b) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the rate at the end of each six-month period and resulting gains and losses are recognized in the statements of income.

The financial statements of consolidated foreign subsidiaries and affiliates are translated into Japanese yen at the rate at the end of each six-month period, except that shareholders’ equity accounts are translated at historical rates.

(c) Allowance for doubtful receivables

The Company and its consolidated subsidiaries (the "Companies") provide for doubtful accounts principally at an amount computed based on the actual ratio of bad debts in the past plus estimated uncollectible amounts based on an analysis of certain individual receivables.

(d) Securities

The Companies classify securities as 1) securities held for trading purposes (hereafter, “trading securities”), 2) debt securities intended to be held to maturity (hereafter, “held-to-maturity debt securities”), 3) equity securities issued by subsidiaries and affiliates and 4) all other securities that are not classified in any of the above categories (hereafter, “available-for-sale securities”).

The Companies have no trading securities.

Held-to-maturity debt securities are stated at amortized cost.

Equity securities issued by subsidiaries and affiliates which are not consolidated or accounted for using the equity method are stated at moving average cost.

Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gain or loss on the sale of such securities is computed using moving average cost. Other securities with no available fair market value are stated at moving average cost.

If the market value of held-to-maturity debt securities and available-for-sale securities declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as loss in the period of the decline. If the fair market value of equity securities issued by unconsolidated subsidiaries and affiliated companies not on the equity method is not readily available, such securities should be written down to net asset value with a corresponding charge in the income statement in the event net asset value declines significantly.

(e) Derivative financial instruments and hedging

1) Derivatives

Derivatives are revaluated by the market value method.

2) Hedge accounting

The Companies adopt the deferred hedge accounting method. However, when an interest rate swap contract meets certain criteria, the Companies adopt the exceptional method.

3) Hedging instruments and hedged items

Hedging instruments	Hedged items
Foreign exchange forward contracts	Accounts receivable and accounts payable in foreign currencies
Interest rate swap contracts	Bank loans

4) Hedging policy

The Companies utilize financial instruments to hedge risks of fluctuation in currency exchange rates and interest in accordance with their internal policies and procedures.

5) Assessment method of hedging effectiveness

The Companies evaluate the effectiveness of their hedging activities by comparing the cumulative changes in fair value or cumulative changes in cash flow on hedging instruments and the related hedged items. However, when an interest rate swap contract meets certain criteria for applying the exceptional method, assessment of hedge effectiveness is not performed.

(f) Inventories

Real estate for sale and real estate for sale in progress are stated at specific cost. Supplies are stated at moving average cost.

(g) Property and equipment

Property and equipment are carried at cost. The Company and its domestic subsidiaries provide depreciation mainly on a declining balance method over estimated useful lives. However, depreciation for buildings, except building fixtures, acquired after 31 March 1998 is stated on the straight-line method.

Consolidated foreign subsidiaries compute depreciation on the straight-line method over estimated useful lives.

(h) Finance leases

Finance leases of the Company and certain consolidated subsidiaries which do not transfer ownership are accounted for in the same manner as operating leases in accordance with Japanese GAAP. Under Japanese accounting policies for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain information is disclosed in the notes to the lessee's financial statements.

(i) Software costs

The Company and its consolidated domestic subsidiaries depreciate software using the straight-line method over the estimated useful life within five years.

(j) Income taxes

The Companies recognize tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(k) Bonuses

The Company and its consolidated domestic subsidiaries follow the general Japanese practice of paying bonuses mainly in June and December. Accrued bonus liabilities at the balance sheet date are calculated based upon management's estimate of annual amounts thereof.

Certain subsidiaries provide for bonuses to directors calculated based upon estimates of amounts incurred for the current six-month period.

(l) Retirement benefits

1) Employees:

The Company and its consolidated domestic subsidiaries provide two types of post-employment benefit plans, unfunded lump-sum payment plans and funded non-contributory pension plans, under which all eligible employees are entitled to benefits based on the level of wages and salaries at the time of retirement or termination, length of service and certain other factors. Certain consolidated foreign subsidiaries have unfunded lump-sum benefit plans.

The liabilities and expenses for retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

The Company and its consolidated domestic subsidiaries provide for the liability for employees' retirement benefits at the balance sheet date based on the estimated amount of projected benefit obligation and fair value of plan assets at that date.

Actuarial gains and losses are recognized in expenses using the straight-line method within the average of the estimated remaining service years commencing with the following period.

2) Directors and corporate auditors:

Certain subsidiaries accrue the liability for directors' and corporate auditors' retirement benefits equal to the amount of their retirement payment required if they retired from their positions at the balance sheet date.

On 29 June 2005, the Company terminated its retirement benefits plan for directors and corporate auditors. The balance of benefits granted prior to the termination date is included in other non-current liabilities.

(m) Net income per share

The computation of basic net income per share of common stock shown in the consolidated statements of income is based on the weighted average number of shares outstanding during the period and net income available to common shareholders. The computation of dilutive net income per share of common stock is based on the weighted average number of shares of common stock outstanding increased by the number of shares which would have been outstanding assuming the conversion of outstanding dilutive bonds at the beginning of the period. The related interest expense, net of income taxes, has been eliminated for the purposes of this calculation.

(n) Cash and cash equivalents

Cash and cash equivalents include cash on hand, readily-available deposits and short-term investments which have original maturities of three months or less, are easily convertible into cash and present insignificant risk of change in value.

3. Real Estate Inventories

Real estate inventories at 30 September 2006 consisted of the following:

	Millions of yen	*Thousands of U.S. dollars*
Real estate for sale	¥ 391	*$ 3,316*
Real estate for sale in progress	1	*9*
Total	¥ 392	*$ 3,325*

4. Securities

The following tables summarize the acquisition costs, book values and fair values of securities with available fair values as of 30 September 2005:

Held-to-maturity debt securities:

	Millions of yen
Book value	¥ 811
Fair value	801
Difference	¥ (10)

These debt securities are pledged as deposits on contracts for the lease of land.

Available-for-sale securities:

	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥ 15,597	¥ 65,885	¥ 50,288
Other	4	4	—
Total	¥ 15,601	¥ 65,889	¥ 50,288

The following table summarizes the book values of securities with no available fair values as of 30 September 2005:

	Millions of yen
Available-for-sale securities:	
Non-listed equity securities	¥ 2,134
Equity securities issued by subsidiaries and affiliates	958
Total	¥ 3,092

The following tables summarize the acquisition costs, book values and fair values of securities with available fair values as of 30 September 2006:

Held-to-maturity debt securities:

	Millions of yen	*Thousands of U.S. dollars*
Book value	¥ 791	*$ 6,709*
Fair value	776	*6,582*
Difference	¥ (15)	*$ (127)*

These debt securities are pledged as deposits on contracts for the lease of land.

Available-for-sale securities

	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥ 22,337	¥ 93,692	¥ 71,355
Other	2	2	—
Total	¥ 22,339	¥ 93,694	¥ 71,355

	Thousands of U. S. dollars		
	Acquisition cost	*Book value*	*Difference*
Equity securities	*$ 189,457*	*$ 794,673*	*$ 605,216*
Other	*17*	*17*	—
Total	*$ 189,474*	*$ 794,690*	*$ 605,216*

The following table summarizes the book values of securities with no available fair values as of 30 September 2006:

	Millions of yen	*Thousands of U.S. dollars*
Available-for-sale securities:		
Non-listed equity securities	¥ 2,329	*$ 19,754*
Equity securities issued by subsidiaries and affiliates	1,197	*10,153*
Total	¥ 3,526	*$ 29,907*

5. Bank Loans and Long-term Debt

Short-term bank loans at 30 September 2005 and 2006 bore interest ranging from 0.47% to 3.74% and from 0.32% to 3.98%, respectively.

Long-term debt at 30 September 2005 and 2006 consisted of the following:

	Millions of yen		*Thousands of U. S. dollars*
Secured	2005	2006	*2006*
Loans principally from banks 0.55% — 4.20% maturing though 2019	¥ 2,373	¥ 6,074	*$51,518*
Unsecured			
Zero Coupon convertible bonds due 2009, convertible into shares of the Company' common stock at a price of ¥466 (*US$3.95*) per share	6,982	1,769	*15,004*
Loans principally from banks 0.48% — 3.23% maturing though 2011	2,464	16,470	*139,695*
	11,819	24,313	*206,217*
Less amounts due within one year	(1,017)	(3,140)	*(26,633)*
	¥ 10,802	¥ 21,173	*$179,584*

The aggregate annual maturities of long-term debt at 30 September 2006 were as follows:

30 September	Millions of yen	*Thousands of U. S. dollars*
2007	¥ 3,140	*$ 26,633*
2008	2,899	*24,589*
2009	3,658	*31,026*
2010	1,302	*11,043*
2011	617	*5,233*
2012 and thereafter	12,697	*107,693*
	¥ 24,313	*$ 206,217*

At 30 September 2006, assets pledged as collateral for short-term bank loans of ¥6,817 million (*US$57,820 thousand*) and secured long-term debt were as follows:

	Millions of yen	*Thousands of U. S. dollars*
Deposits placed with banks with maturities of over three months (short-term investments)	¥ 225	*$ 1,909*
Investments securities	9,306	*78,931*
Property and equipment, net of accumulated depreciation	4,338	*36,794*
Leasehold and other	368	*3,121*
	¥ 14,237	*$ 120,755*

The Company has concluded commitment line agreements with seven financial institutions in order to obtain funds for operations in a stable and efficient manner.

The commitment lines of credit at 30 September 2006 were as follows:

	Millions of yen	*Thousands of U. S. dollars*
Total commitment line of credit	¥ 20,000	*$ 169,635*
Outstanding borrowings	8,000	*67,854*
Net outstanding credit	¥ 12,000	*$ 101,781*

6. Leases

(a) Finance leases as lessee

At 30 September 2005 and 2006, non-capitalized finance leases for machinery and equipment were as follows:

	Millions of yen		*Thousands of U. S. dollars*
	2005	2006	*2006*
Original lease obligations	¥ 1,595	¥ 2,400	*$ 20,356*
Lease payments	(888)	(1,258)	*(10,670)*
Remaining lease obligations	¥ 707	¥ 1,142	*$ 9,686*

Total lease payments under non-capitalized finance lease arrangements were ¥171 million and ¥197 million (*US$1,671 thousand*) for the six months ended 30 September 2005 and 2006, respectively.

Lease obligations under non-capitalized finance leases, including finance charges, at 30 September 2005 and 2006 were as follows:

	Millions of yen		*Thousands of U. S. dollars*
	2005	2006	*2006*
Due within one year	¥ 289	¥ 445	*$ 3,774*
Due after one year	418	697	*5,912*
Total	¥ 707	¥ 1,142	*$ 9,686*

(b) Finance leases as lessor

At 30 September 2005 and 2006, buildings and structures leased by a consolidated subsidiary under finance leases were as follows:

	Millions of yen		*Thousands of U. S. dollars*
	2005	2006	*2006*
Acquisition cost	¥ 6	—	—
Less accumulated depreciation	(6)	—	—
Total	—	—	—

(c) Operating leases as lessee

At 30 September 2005 and 2006, lease costs under operating leases were as follows:

	Millions of yen		*Thousands of U. S. dollars*
	2005	2006	*2006*
Due within one year	¥ 1	¥ 52	*$ 441*
Due after one year	3	132	*1,120*
Total	¥ 4	¥ 184	*$ 1,561*

(d) Operating leases as lessor

At 30 September 2005 and 2006, lease receipts under operating leases were as follows:

	Millions of yen		*Thousands of U. S. dollars*
	2005	2006	*2006*
Due within one year	¥ 544	¥ 776	*$ 6,582*
Due after one year	4,222	3,907	*33,138*
Total	¥ 4,766	¥ 4,683	*$39,720*

7. Shareholders' Equity

Under the Company Law of Japan, the entire amount of the issue price of shares is required to be accounted for as capital, although a company may, by resolution of its Board of Directors, account for an amount not exceeding one-half of the issue price of the new shares as additional paid-in capital, which is included in capital surplus.

The Company Law of Japan provides that an amount equal to at least 10% of cash dividends and other cash appropriations shall be appropriated and set aside as a legal reserve until the total amount of legal reserve and additional paid-in capital equals 25% of common stock. The legal reserve and additional paid-in capital may be used to eliminate or reduce a deficit by resolution of the shareholders' meeting or may be capitalized by resolution of the Board of Directors. On condition that the total amount of legal reserve and additional paid-in capital remains equal to or exceeding 25% of common stock, they are available for distribution by resolution of the shareholders' meeting. Legal reserve is included in retained earnings in the accompanying financial statements.

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 the Company Law.

Effective from the period ended 30 September 2006, the Companies adopted Accounting Standards Board of Japan Statement No.5 "Accounting Standard for Presentation of Net Assets in the Balance Sheet" issued by the Accounting Standards Board of Japan on 9 December 2005 and Accounting Standards Board of Japan Guidance No.8 "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" issued by the Accounting Standards Board of Japan on 9 December 2005. The amount corresponding to conventional "total shareholder' equity" in the balance sheet is ¥138,526 million (*US$1,174,945 thousand*).

8. Contingent Liabilities

At 30 September 2005 and 2006, the Companies were contingently liable for the following:

	Millions of yen		*Thousands of U. S. dollars*
	2005	2006	*2006*
Guarantees of indebtedness	¥ 4,191	¥ 3,806	*$ 32,282*
Trade notes receivable discounted	—	25	*212*
Trade notes receivable endorsed	514	655	*5,556*

9. Derivatives

For the six months ended 30 September 2006, certain consolidated subsidiaries utilized derivative financial instruments as follows:

		Millions of yen		
Type of product	Type of trading	Contract amount	Estimated fair value	Valuation gain
Commodity	Crude oil average swap	¥ 3	¥ 22	¥ 22

		Thousands of U. S. dollars		
Type of product	*Type of trading*	*Contract amount*	*Estimated fair value*	*Valuation gain*
Commodity	*Crude oil average swap*	*$ 25*	*$ 187*	*$ 187*

The estimated fair value amount was determined using the price which the corresponding financial institution presented.

Excludes transactions for derivative financial instruments to which hedge accounting is applied.

10. Segment Information

(a) Information by operational segment

Segment	Main operations
Logistics	Warehousing (stock operations, bonded cargo handling) Harbor transportation, Customs clearance International multimodal transportation, Air cargo agent Land transportation
Real estate	Office space and land leasing

	Millions of yen			
Six months ended 30 September 2005	Logistics	Real estate	Corporate & Elimination	Consolidated
Sales to outside customers	¥ 46,666	¥ 4,369	¥ —	¥ 51,035
Inter-segment transfers	—	87	(87)	—
Total sales	46,666	4,456	(87)	51,035
Operating cost	44,584	2,072	1,636	48,292
Operating income	¥ 2,082	¥ 2,384	¥ (1,723)	¥ 2,743

	Millions of yen			
Six months ended 30 September 2006	Logistics	Real estate	Corporate & Elimination	Consolidated
Sales to outside customers	¥ 50,639	¥ 4,599	¥ —	¥ 55,238
Inter-segment transfers	1	175	(176)	—
Total sales	50,640	4,774	(176)	55,238
Operating cost	48,303	2,161	1,478	51,942
Operating income	¥ 2,337	¥ 2,613	¥ (1,654)	¥ 3,296

	Thousands of U. S. dollars			
Six months ended 30 September 2006	*Logistics*	*Real estate*	*Corporate & Elimination*	*Consolidated*
Sales to outside customers	*$ 429,508*	*$ 39,008*	*$ —*	*$ 468,516*
Inter-segment transfers	*9*	*1,484*	*(1,493)*	*—*
Total sales	*429,517*	*40,492*	*(1,493)*	*468,516*
Operating cost	*409,695*	*18,329*	*12,536*	*440,560*
Operating income	*$ 19,822*	*$ 22,163*	*$ (14,029)*	*$ 27,956*

Corporate costs and expenses of ¥1,723 million and ¥1,654 million (*US$14,029 thousand*) for the six months ended 30 September 2005 and 2006, respectively, mainly consisted of expenses of administrative departments of the Company.

(b) Information by geographic segment

Six months ended 30 September 2006	Millions of yen Japan	Others	Corporate & Elimination	Consolidated
Sales to outside customers	¥ 50,126	¥ 5,112	¥ —	¥ 55,238
Inter-segment transfers	402	2,263	(2,665)	—
Total sales	50,528	7,375	(2,665)	55,238
Operating cost	45,831	7,122	(1,011)	51,942
Operating income	¥ 4,697	¥ 253	¥ (1,654)	¥ 3,296

Six months ended 30 September 2006	*Thousands of U. S. dollars* *Japan*	*Others*	*Corporate & Elimination*	*Consolidated*
Sales to outside customers	*$ 425,157*	*$ 43,359*	*$ —*	*$ 468,516*
Inter-segment transfers	*3,410*	*19,194*	*(22,604)*	—
Total sales	*428,567*	*62,553*	*(22,604)*	*468,516*
Operating cost	*388,728*	*60,407*	*(8,575)*	*440,560*
Operating income	*$ 39,839*	*$ 2,146*	*$ (14,029)*	*$ 27,956*

"Others" consists of Asia, Europe and North America.

Corporate costs and expenses of ¥1,654 million (*US$14,029 thousand*) for the six months ended 30 September 2006, mainly consisted of expenses of administrative departments of the Company.

Information by geographic segment for the six months ended 30 September 2005 was immaterial and is not disclosed.

(c) Overseas sales

The Companies' overseas sales, which represent sales to customers outside Japan, were immaterial. Accordingly, overseas sales are not disclosed.

11. Impairment Loss on Fixed Assets

The Company and its consolidated domestic subsidiaries grouped their business assets based on business management units and assets for leasing based on each asset. The Company recognized impairment loss on business assets due to the decline in land prices or a decrease in profitability and wrote them down to the recoverable amounts.

Impairment loss of ¥804 million was recognized in the period ended 30 September 2005 consisting of loss on land.

The recoverable amounts of these business assets were their net realized values principally calculated based on estimated values by real estate appraisers.

The amount of recognized impairment loss was deducted directly from the acquisition costs of land.

12. Subsequent Event

At the Board of Directors' meeting of the Company held on 16 November 2006, the appropriation of retained earnings at 30 September 2006 was duly approved as follows:

	Millions of yen	*Thousands of U. S. dollars*
Cash dividends of ¥5.0 (*U S $0.04*) per share	¥ 965	*$ 8,185*