

## Financial Results for the year ended March 31, 2008

April 24, 2008

Listed Company: **Hitachi Transport System, Ltd.**

Stock exchange: First section of Tokyo

Code number: 9086

URL: <http://www.hitachi-hb.co.jp/>

Representative: Takao Suzuki, President and Chief Executive Officer

Date of the Ordinary General Meeting of Shareholders (Schedule) : June 25, 2008

Date of the Start of Dividend Payment (Schedule) : May 30, 2008

Date of the Release of Asset Securities Report (Schedule) : June 25, 2008

(Figures are rounded off to the nearest million yen)

### 1. Consolidated Financial Highlights for the year ended March 2008 (April 1, 2007 to March 31, 2008)

#### (1) Consolidated Financial Results

(% indicates the percentage change over year)

	Service revenues		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Years ended:								
March 31, 2008	338,217	11.3	14,002	19.2	14,280	17.4	7,747	14.1
March 31, 2007	303,958	6.4	11,746	15.7	12,168	18.1	6,787	33.4

	Net income per share	Net income per share (Diluted)	Return on equity	Ordinary income to Total assets	Operating margin
	Yen	Yen	%	%	%
Years ended:					
March 31, 2008	69.45	-	5.7	6.6	4.1
March 31, 2007	60.84	-	5.2	5.9	3.9

(Reference) Equity in earnings of affiliated companies:

March 2008: 138 million yen    March 2007: 70 million yen

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Years ended:				
March 31, 2008	222,805	139,952	61.9	1,236.96
March 31, 2007	208,283	133,393	63.8	1,191.96

(Reference) Equity: March 2008: 137,987 million yen    March 2007: 132,968 million yen

#### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of term
	Million yen	Million yen	Million yen	Million yen
Years ended:				
March 31, 2008	16,204	(15,018)	(5,893)	32,386
March 31, 2007	9,858	(9,319)	(1,710)	37,263

### 2. Dividend

(Date of standard)	Dividend per share			Cash dividends (Annual)	Payout ratio (Consolidated)	Dividends on Net assets (Consolidated)
	Interim	Year-end	Total			
Years ended:	Yen	Yen	Yen	Million yen	%	%
March 31, 2007	8.00	8.00	16.00	1,785	26.3	1.4
March 31, 2008	9.00	9.00	18.00	2,008	25.9	1.5
March 31, 2009 (Forecast)	10.00	10.00	20.00			

### 3. Consolidated Financial Forecasts for the year ending March 31, 2009 (April 1, 2008 to March 31, 2009)

(% indicates the percentage change over year)

	Service revenues		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Half year	180,000	8.5	6,700	0.4	6,600	(3.9)	3,500	(2.4)	31.38
Full year	370,000	9.4	15,000	7.1	14,800	3.6	7,800	0.7	69.92

4. Others

(1) Changes in major subsidiaries during the period (Changes in specified subsidiaries due to changes in the scope of consolidation): None

(2) Changes in accounting policies

(a) Changes due to the modification in accounting method: Yes

(b) Any other changes: None

(3) Issued shares (Common stock)

(a) Issued shares at end of term (Including Treasury stock)

March 2008: 111,776,714 shares    March 2007: 111,776,714 shares

(b) Treasury stock at cost

March 2008: 223,478 shares    March 2007: 222,384 shares

(Reference) Non-consolidated Financial Highlights

(Figures are rounded down)

1. Non-consolidated Financial Highlights for the year ended March 2008 (April 1, 2007 to March 31, 2008)

(1) Non-consolidated Financial Results

(% indicates the percentage change over year)

	Service revenues		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Years ended:								
March 31, 2008	245,442	4.7	7,975	32.1	9,390	28.1	5,523	18.9
March 31, 2007	234,359	5.0	6,039	25.9	7,332	20.3	4,644	23.2

	Net income per share	Net income per share (Diluted)
	Yen	Yen
Years ended:		
March 31, 2008	49.51	-
March 31, 2007	41.64	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Years ended:				
March 31, 2008	181,227	111,290	61.4	997.64
March 31, 2007	177,622	108,004	60.8	968.17

(Reference) Equity: March 2008: 111,290 million yen    March 2007: 108,004 million yen

2. Non-consolidated Financial Forecasts for the year ending March 31, 2009 (April 1, 2008 to March 31, 2009)

(% indicates the percentage change over year)

	Service revenues		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Half year	123,000	2.0	3,200	(11.8)	4,500	(6.2)	2,700	(8.6)	24.20
Full year	254,000	3.5	7,200	(9.7)	8,800	(6.3)	5,300	(4.0)	47.51

\* The financial forecasts above are based on current estimates and uncertain factors. The Company's actual results may be materially different and the figures have remained those announced before.

## **[Review of Operations]**

### **I. Operating Results**

#### **1. Analysis of Operating Results**

##### (1) Overview of the current term

In the fiscal year ended March 2008, the global economy faced the influence of factors such as the escalation in the prices of raw materials, including oil, and the deceleration of the U.S. economy due to the subprime loan problem. While showing a slowdown due to the drop in housing investment and the like, the Japanese economy has basically been in the trend of a moderate expansion. Meanwhile, the severe business climate has continued in the logistics industry due to the fact that oil prices remained high and intercorporate competition has been increasingly intensified.

Under these circumstances, we restructured our business organization in our efforts to improve competitiveness while utilizing our advantages as a leading company, and clearly hammering out the differences from our competitors in the market on the basis of our core business, the integrated support of corporate logistics, namely, "third party logistics (3PL: Comprehensive logistics services)." Our domestic and overseas sales systems were integrated in April last year, aiming to form a consistent business system, both internationally and domestically, in the 3PL business. At the same time, regional representative offices were set up in North America, Europe, China and Asia for the prompt deployment of global businesses at overseas sites.

Consolidated service revenues for this fiscal year was ¥338,217 million, an increase of 11 percent compared with the previous fiscal year, mainly due to the continuous expansion of the 3PL business. Consolidated operating income reached ¥14,002 million, an increase of 19 percent compared with the previous year, thanks to the smooth launch of new contracts and efficient operation of business projects as well as an increase in service revenues. The consolidated ordinary income was ¥14,280 million, an increase of 17 percent compared with the previous year, while consolidated net income was ¥7,747 million, an increase of 14 percent compared with the previous year.

The interim dividend was raised by ¥1 as in the preceding term to ¥9 a share, while an equivalent sum of ¥9 a share, an increase of ¥1, is also planned for the year-end dividend, totaling ¥18 for the annual dividend.

The sales results of the main segments in the year are shown below.

In the domestic logistics business, we established an efficient logistics operation system for distributors, and implemented optimal, meticulous services, including procurement logistics, for manufacturers.

During the fiscal year, a subsidiary distribution company having taken over from Shiseido Co., Ltd. started operations in April last year within a new system and a new company named Hitachi Collabonext Transport System Co., Ltd. In addition, we implemented a number of new business projects for our customers in various industries, including retail sales, food, and medical equipment industries. We also carried out heavy load

transportations, such as the transportation of railroad vehicles, as well as the integrated operation of information equipment from transportation, installation, and setup to disposal. We entered into a business alliance with Senkon Logistics Co., Ltd. last December and decided to strengthen our operational capabilities, including enhancing our business foundation in the Tohoku region, with capital participation in the company.

Consequently, the consolidated service revenues of these businesses reached ¥243,946 million, an increase of 13 percent compared with the previous year, because the 3PL business remained strong, mainly in the domains of information and communications, medicine and people's lifestyles. Consolidated operating income increased 15 percent to ¥19,056 million compared with the previous year, thanks to increased revenues and decreased expenses, owing to the smooth launch of new business projects, and enhanced workability, productivity, and transportation efficiency.

In the global logistics business, given the global expansion of the 3PL business, with increased demand for integrated operations, both domestically and overseas, from procurement to sales, our focus has been placed on sales in profitable regions like North America and China as well as those newly emerging, such as east European nations, in our efforts to establish optimal, highly qualified logistics systems to meet the global strategies of our customers.

We implemented new business projects for our customers in the food and automotive parts industries, etc. in North America during the year. Our focus in Europe was placed on the logistics of liquid crystal panel related materials, and we succeeded in heavy load transportation, such as the transportation of railroad vehicles shipped to England. In China, we implemented new business projects of mail-order goods and household electronics goods. In addition, we established a new company in growing India last November and opened an office in booming Dubai in the Middle East, in order to enhance the business foundation for full-scale business deployment. In November last year, we also drew ESA s.r.o., a logistics company in the Czech Republic, into our group; enabling us to participate in the national logistics business as part of our efforts to improve logistics services and thus our Europe-wide competitiveness, centering on East Europe.

As a result, the consolidated service revenues of this business increased 10 percent to ¥76,311 million compared with the previous year, thanks to increased overseas logistics and import/export related businesses, while the consolidated operating income was ¥1,270 million, a decrease of 25 percent compared with the previous year, due to aggravated profitability caused by the decreased handling volumes of flat-panel televisions in North America, and expenses incurred in opening overseas business sites.

In other services business, while information system related businesses recorded a decrease in service revenues due to the specialization in logistics businesses, flagging businesses related to auto sales recorded a decrease in operating income.

The consolidated service revenues of these businesses decreased 1 percent to ¥17,960 million compared with the previous year, and consolidated operating income reached ¥1,222 million, a decrease of 16 percent compared with the previous year.

(2) Prediction for the next year

Given the negative factors involved in the economic downturn ensuing from the U.S. economic slowdown, the soaring prices of raw materials such as crude oil, and the intensifying competitive environment, the business climate for the future is forecast as unpredictable.

Under such circumstances, we will strive for the expansion of global 3PL business via enhanced coordination between Japanese and overseas operations under the business structure which we reformed last April; targeting reinforced global business consistency. Additionally in fiscal year 2008, the full operation of domestic logistics centers such as Kita-kashiwa, Tosu and Saitama-kita, as well as the consolidation of ESA s.r.o. in the Czech Republic, which is now under our umbrella, will begin to contribute to our business performance. Furthermore, we will endeavor to strengthen our business foundations in India and Dubai in the Middle East where market growth is expected in future. On top of that, we will attempt to develop the European network by optimally exploiting the group synergy with ESA s.r.o. With all these efforts combined, we will steadily achieve the plans of the 2008 full fiscal term and dash forward to realize the Vision 2010.

The predictions for the following year's business results are as follows:

Consolidated service revenues	¥370,000 million	(9% increase from the previous year)
Consolidated operating income	¥15,000 million	(7% increase from the previous year)
Consolidated ordinary income	¥14,800 million	(4% increase from the previous year)
Consolidated net income	¥7,800 million	(1% increase from the previous year)

## 2. Analysis of the Financial Position

(1) The state of assets, liabilities and net assets

Total assets at the end of the current term are ¥222,805 million, an increase of ¥14,522 million compared with the end of the previous term. Current assets are ¥110,597 million, an increase of ¥2,538 million compared with the previous term, while fixed assets are ¥112,208 million, likewise an increase of ¥11,984 million. The principal factor for the increase in current assets was that while the deposit to parent company decreased by ¥5,063 million from the previous term, trade receivables increased by ¥7,110 million at the same time. The principal factor for the increase in fixed assets was, among other things, the fact that the buildings and structures increased by ¥4,292 million from the previous term, and goodwill also increased by ¥4,087 million.

Total liabilities are ¥82,853 million, an increase of ¥7,963 million from the previous term, while current liabilities are ¥54,968 million, an increase of ¥5,336 million. Non-current liabilities are ¥27,885 million, an increase by ¥2,627 million likewise. The principal factor for the increase in current liabilities was, among other things, the fact that the trade payables of accounts and notes increased by ¥3,462 million from the previous term, and that other current liabilities also increased by ¥2,954 million. The principal factor for the increase in non-current liabilities was, among other things, the fact that the long-term debt increased by ¥2,063 million from the previous term.

Net assets at the end of the current term are ¥139,952 million, an increase of ¥6,559 million from the previous term. Consequently, the equity ratio is 61.9% (63.8% in the previous term) and net assets per share are ¥1,236.96 (¥1,191.96 in the previous term).

## (2) Cash Flows

Cash and cash equivalents at the end of the current term increased, thanks to the cash flows provided by operating activities. However, due to a decrease in the cash flows from investing and financing activities, cash and cash equivalents declined by ¥5,104 million from the end of the previous term. On the other hand, as a result of an increase of ¥227 million held by newly consolidated subsidiaries, they came to be ¥32,386 million.

### (Net cash provided by operating activities)

Net cash provided by operating activities came to ¥16,204 million, mainly reflecting an increase in trade receivables and a decrease in expenses, including income taxes paid, attained by higher net income from sales.

### (Net cash used in investing activities)

Net cash used in investing activities came to ¥15,018 million. These funds were used primarily for the purchase of property and equipment at a cost of ¥10,121 million.

### (Net cash used in financing activities)

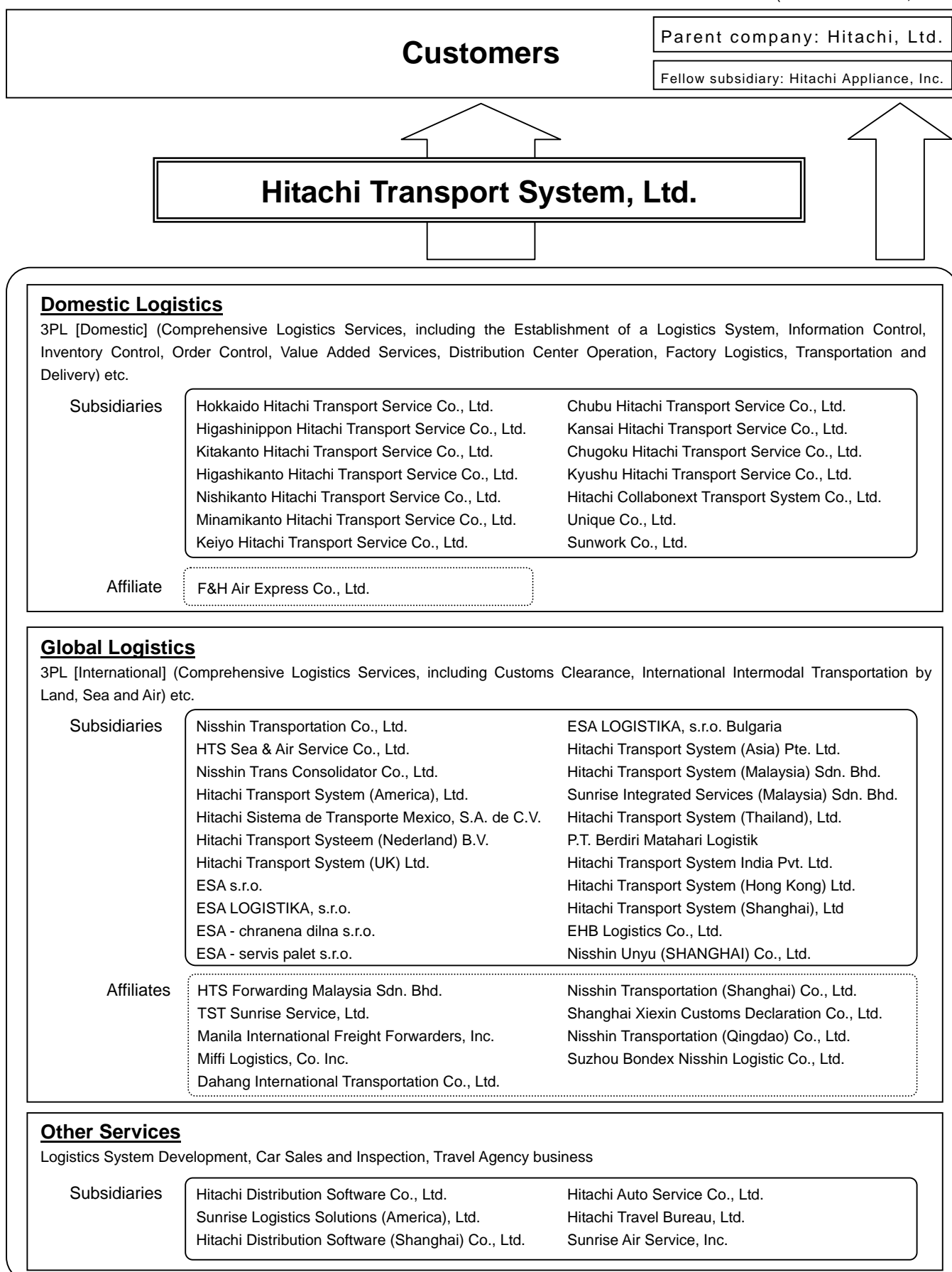
Net cash used in financing activities came to ¥5,893 million. These funds were used primarily for the repayment of long-term debt.

## **3. Basic policy for returning profit to shareholders, and dividend payments for the current and the next terms**

Our basic policy on returning profit to shareholders is to strive for stable dividend payouts and return profit in correlation to earnings. For the current term, we have decided, under the management policy focused on shareholders' value, to raise dividends as in the previous term to make an interim dividend of ¥9, an increase of ¥1. We also intend to pay a year-end dividend of ¥9, including a ¥1 increase, which makes a total annual dividend of ¥18. For the next term, we are aiming to raise the annual dividend to ¥20, incorporating an increased payout of ¥2.

## II. Hitachi Transport System Group

(As of March 31, 2008)



Consolidated subsidiaries (42 companies)

Affiliates (10 companies)

## Consolidated Balance Sheets

(Millions of yen, rounded off)

Term  Item	Year ended March 2008 (As of March 31, 2008)		Year ended March 2007 (As of March 31, 2007)		Increase & Decrease
	Amount	Composition	Amount	Composition	Amount
<b>Assets:</b>		%		%	
Current assets:	110,597	49.6	108,059	51.9	2,538
Cash	4,818		4,116		702
Trade receivables of accounts and notes	70,958		63,848		7,110
Inventories	988		507		481
Deposit to parent company	28,138		33,201		(5,063)
Deferred tax assets	3,531		3,545		(14)
Other current assets	2,758		3,156		(398)
Allowance for doubtful receivables	(594)		(314)		(280)
Fixed assets:	112,208	50.4	100,224	48.1	11,984
Property and equipment:	89,699	40.3	82,459	39.6	7,240
Buildings and structures	48,442		44,150		4,292
Machinery, equipment and vehicles	5,107		5,086		21
Tool, furniture and fixtures	2,611		2,499		112
Land	32,557		30,717		1,840
Leased assets	773		-		773
Construction in progress	209		7		202
Intangible assets:	7,569	3.4	3,707	1.8	3,862
Goodwill	4,087		-		4,087
Other intangible assets	3,482		3,707		(225)
Investments and other assets:	14,940	6.7	14,058	6.7	882
Investments in securities	2,693		2,900		(207)
Long-term loan receivables	204		297		(93)
Deferred tax assets	2,515		1,691		824
Other assets	9,595		9,235		360
Allowance for doubtful receivables	(67)		(65)		(2)
<b>Total assets</b>	<b>222,805</b>	<b>100.0</b>	<b>208,283</b>	<b>100.0</b>	<b>14,522</b>

(Millions of yen, rounded off)

Item	Term	Year ended March 2008 (As of March 31, 2008)		Year ended March 2007 (As of March 31, 2007)		Increase & Decrease Amount
		Amount	Composition	Amount	Composition	
<b>Liabilities:</b>						
Current liabilities:		54,968	24.7	49,632	23.9	5,336
Trade payables of accounts and notes		25,692		22,230		3,462
Short-term bank loans		942		-		942
Current portion of long-term debt		-		4,000		(4,000)
Lease obligation		336		-		336
Income taxes payable		4,271		3,136		1,135
Accrued expenses		10,069		9,562		507
Other current liabilities		13,658		10,704		2,954
Non-current liabilities:		27,885	12.5	25,258	12.1	2,627
Long-term debt		14,063		12,000		2,063
Lease obligation		524		-		524
Accrued retirement and severance benefits		10,380		10,386		(6)
Accrued retirement benefits for directors		761		683		78
Negative goodwill		42		59		(17)
Other non-current liabilities		2,115		2,130		(15)
<b>Total liabilities</b>		<b>82,853</b>	<b>37.2</b>	<b>74,890</b>	<b>36.0</b>	<b>7,963</b>
<b>Net assets:</b>						
Shareholders' equity:		137,776	61.8	131,927	63.3	5,849
Common stock		16,803	7.5	16,803	8.1	-
Additional paid-in capital		13,427	6.0	13,427	6.4	0
Retained earnings		107,721	48.4	101,870	48.9	5,851
Treasury stock at cost		(175)	(0.1)	(173)	(0.1)	(2)
Valuation, translation, adjustments and others:		211	0.1	1,041	0.5	(830)
Net unrealized holding gain on securities		306	0.1	669	0.3	(363)
Foreign currency translation adjustments		(95)	(0.0)	372	0.2	(467)
Minority interests		1,965	0.9	425	0.2	1,540
<b>Total net assets</b>		<b>139,952</b>	<b>62.8</b>	<b>133,393</b>	<b>64.0</b>	<b>6,559</b>
Commitments and contingencies		222,805	100.0	208,283	100.0	14,522

## Consolidated Statements of Income

(Millions of yen, rounded off)

Term Item	Year ended March 2008 〔 From April 1, 2007 To March 31, 2008 〕		Year ended March 2007 〔 From April 1, 2006 To March 31, 2007 〕		Increase & Decrease
	Amount	%	Amount	%	Amount
Service revenues	338,217	100.0	303,958	100.0	34,259
Cost of service	305,959	90.5	276,229	90.9	29,730
<u>Gross profit</u>	<u>32,258</u>	<u>9.5</u>	<u>27,729</u>	<u>9.1</u>	<u>4,529</u>
Selling, general and administrative expenses	18,256	5.4	15,983	5.2	2,273
<u>Operating income</u>	<u>14,002</u>	<u>4.1</u>	<u>11,746</u>	<u>3.9</u>	<u>2,256</u>
Other income	639	0.2	671	0.2	(32)
( Interest income )	( 268 )		( 162 )		( 106 )
( Dividends income )	( 44 )		( 45 )		( 1 )
( Equity in earnings of affiliated companies )	( 138 )		( 70 )		( 68 )
( Reversal of allowance for doubtful receivables )	( - )		( 131 )		( 131 )
( Others )	( 189 )		( 263 )		( 74 )
Other expenses	361	0.1	249	0.1	112
( Interest expenses )	( 137 )		( 140 )		( 3 )
( Exchange loss )	( 103 )		( - )		( 103 )
( Others )	( 121 )		( 109 )		( 12 )
<u>Ordinary income</u>	<u>14,280</u>	<u>4.2</u>	<u>12,168</u>	<u>4.0</u>	<u>2,112</u>
Extraordinary profit	14	0.0	544	0.2	(530)
( Gain on sales of property, plant and equipment )	( 14 )		( 544 )		( 530 )
Extraordinary loss	888	0.2	1,153	0.4	(265)
( Loss on sales of property, plant and equipment )	( 61 )		( 24 )		( 37 )
( Loss on disposal of property, plant and equipment )	( 479 )		( 439 )		( 40 )
( Area business restructuring cost )	( 289 )		( 141 )		( 148 )
( Additional retirement benefits )	( 44 )		( 416 )		( 372 )
( Impairment loss )	( 15 )		( 133 )		( 118 )
<u>Income before income taxes and minority interests</u>	<u>13,406</u>	<u>4.0</u>	<u>11,559</u>	<u>3.8</u>	<u>1,847</u>
Current income taxes	5,776	1.7	4,312	1.4	1,464
Deferred income taxes	(295)	(0.1)	432	0.2	(727)
Minority interests	178	0.1	28	0.0	150
<u>Net income</u>	<u>7,747</u>	<u>2.3</u>	<u>6,787</u>	<u>2.2</u>	<u>960</u>

## Consolidated Statements of Changes in Net Assets

For the year ended March 2008 (From April 1, 2007 to March 31, 2008)

(Millions of yen, rounded off)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2007	16,803	13,427	101,870	(173)	131,927
Changes during the year					
Cash dividends			(1,896)		(1,896)
Net income			7,747		7,747
Purchase of treasury stock				(2)	(2)
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes during the year	-	0	5,851	(2)	5,849
Balance at March 31, 2008	16,803	13,427	107,721	(175)	137,776

	Valuation, translation, adjustments and others			Minority interests	Total net assets
	Net unrealized holding gain on securities	Foreign currency translation adjustments	Total valuation, translation, adjustments and others		
Balance at March 31, 2007	669	372	1,041	425	133,393
Changes during the year					
Cash dividends					(1,896)
Net income					7,747
Purchase of treasury stock					(2)
Disposal of treasury stock					0
Net changes of items other than shareholders' equity	(363)	(467)	(830)	1,540	710
Total changes during the year	(363)	(467)	(830)	1,540	6,559
Balance at March 31, 2008	306	(95)	211	1,965	139,952

For the year ended March 2007 (From April 1, 2006 to March 31, 2007)

(Millions of yen, rounded off)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2006	16,803	13,427	96,888	(172)	126,946
Changes during the year					
Cash dividends			(1,672)		(1,672)
Directors' bonuses			(136)		(136)
Net income			6,787		6,787
Changes in scope of consolidation			3		3
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes during the year	-	0	4,982	(1)	4,981
Balance at March 31, 2007	16,803	13,427	101,870	(173)	131,927

	Valuation, translation, adjustments and others			Minority interests	Total net assets
	Net unrealized holding gain on securities	Foreign currency translation adjustments	Total valuation, translation, adjustments and others		
Balance at March 31, 2006	807	86	893	294	128,133
Changes during the year					
Cash dividends					(1,672)
Directors' bonuses					(136)
Net income					6,787
Changes in scope of consolidation					3
Purchase of treasury stock					(1)
Disposal of treasury stock					0
Net changes of items other than shareholders' equity	(138)	286	148	131	279
Total changes during the year	(138)	286	148	131	5,260
Balance at March 31, 2007	669	372	1,041	425	133,393

## Consolidated Statements of Cash Flows

(Millions of yen, rounded off)

Term Item	Year ended March 2008 ( From April 1, 2007 To March 31, 2008 )	Year ended March 2007 ( From April 1, 2006 To March 31, 2007 )
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests	13,406	11,559
Depreciation and amortization	8,280	7,568
Depreciation of long-term prepaid expenses	912	-
Impairment losses for fixed assets	15	133
Depreciation of goodwill	169	-
Gain on sales of property and equipment	(14)	(544)
Decrease in accrued retirement and severance benefits	(623)	(951)
Increase (Decrease) in accrued retirement benefits for directors	78	(279)
Decrease in other allowance	217	27
Interest income and dividends	(312)	(207)
Interest expenses	137	140
Increase in trade receivables	(2,494)	(3,902)
Increase (Decrease) in inventories	33	(67)
Increase (Decrease) in trade payables	(10)	282
Bonuses paid to directors	-	(138)
Change in other assets and liabilities	514	(731)
Other, net	672	743
Subtotal	20,980	13,633
Receipts of interest income and dividends	312	207
Interest paid	(138)	(142)
Income taxes paid	(4,950)	(3,840)
Net cash provided by operating activities	16,204	9,858
<b>Cash flows from investing activities:</b>		
Increase in time deposits	(30)	(30)
Decrease in time deposits	64	65
Purchase of property and equipment	(10,121)	(8,512)
Proceeds from sales of property and equipment	78	760
Purchase of investments in securities	(386)	(2)
Proceeds from sales of investments in securities	1	72
Purchase of long-term prepaid expenses	(805)	(1,881)
Expenditure through purchase of subsidiaries causing change in consolidation range	(3,308)	-
Other, net	(511)	209
Net cash used in investing activities	(15,018)	(9,319)
<b>Cash flows from financing activities:</b>		
Decrease in short-term bank loans	-	(75)
Proceeds from long-term bank loans	50	-
Payment of long-term bank loans	(4,000)	-
Dividends paid to shareholders	(1,896)	(1,672)
Dividends paid to minority shareholders of subsidiaries	(40)	(7)
Other, net	(7)	44
Net cash used in financing activities	(5,893)	(1,710)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(397)	123
<b>Net decrease in cash and cash equivalents</b>	(5,104)	(1,048)
<b>Cash and cash equivalents at beginning of year</b>	37,263	38,311
<b>Cash and cash equivalents at beginning of year held by newly consolidated subsidiaries</b>	227	-
<b>Cash and cash equivalents at end of year</b>	32,386	37,263

## Segment Information

### 1. Business Segment Information

For the year ended March 2008 (From April 1, 2007 to March 31, 2008)

(Millions of yen, rounded off)

	Domestic Logistics	Global Logistics	Other Services	Subtotal	Intersegment elimination	Total
Service revenues and operating income & loss						
Service revenues						
(1) Service revenues from unaffiliated customers	243,946	76,311	17,960	338,217	-	338,217
(2) Service revenues from intersegment transactions	-	-	5,816	5,816	(5,816)	-
Total	243,946	76,311	23,776	344,033	(5,816)	338,217
Cost of service	224,890	75,041	22,554	322,485	1,730	324,215
Operating income	19,056	1,270	1,222	21,548	(7,546)	14,002
Assets, Depreciation and amortization, Impairment losses and Capital outlay						
Assets	147,868	36,969	23,049	207,886	14,919	222,805
Depreciation and amortization	5,743	932	1,257	7,932	348	8,280
Impairment losses for fixed assets	15	-	-	15	-	15
Capital outlay	9,913	1,088	913	11,914	195	12,109

For the year ended March 2007 (From April 1, 2006 to March 31, 2007)

(Millions of yen, rounded off)

	Domestic Logistics	Global Logistics	Other Services	Subtotal	Intersegment elimination	Total
Service revenues and operating income & loss						
Service revenues						
(1) Service revenues from unaffiliated customers	216,230	69,559	18,169	303,958	-	303,958
(2) Service revenues from intersegment transactions	-	-	5,989	5,989	(5,989)	-
Total	216,230	69,559	24,158	309,947	(5,989)	303,958
Cost of service	199,629	67,861	22,706	290,196	2,016	292,212
Operating income	16,601	1,698	1,452	19,751	(8,005)	11,746
Assets, Depreciation and amortization, Impairment losses and Capital outlay						
Assets	138,724	26,013	21,686	186,423	21,860	208,283
Depreciation and amortization	5,277	693	1,271	7,241	327	7,568
Impairment losses for fixed assets	133	-	-	133	-	133
Capital outlay	9,276	806	756	10,838	129	10,967

(Note) (1) Business segment is based on the aggregation of service revenues.

(2) The major businesses in each segment are as follows:

Business segment	Businesses
Domestic Logistics	<ul style="list-style-type: none"> <li>* Third Party Logistics (3PL) [Domestic] (Comprehensive Logistics Services, including the Establishment of a Logistics System, Information Control, Inventory Control, Order Control, Value Added Services, Distribution Center Operation, Factory Logistics, Transportation and Delivery)</li> <li>* Transportation, Installation and Setting Up of General Cargo, Heavy Machinery and Artworks</li> <li>* Factory and Office Moving</li> <li>* Warehousing and Trunk Room Services</li> <li>* Collection and Transportation of Industrial Waste</li> </ul>
Global Logistics	<ul style="list-style-type: none"> <li>* Third Party Logistics (3PL) [International] (Comprehensive Logistics Services, including Customs Clearance, International Intermodal Transportation by Land, Sea and Air)</li> <li>* Overseas Logistics</li> <li>* Air cargo sales agent business</li> </ul>
Other Services	<ul style="list-style-type: none"> <li>* Logistics Consulting</li> <li>* Logistics System Design and Development</li> <li>* Information System business</li> <li>* Computer sales</li> <li>* Travel Agency business</li> <li>* Automobile Inspection Service, Car Sales and Rental</li> <li>* Real Estate Agent business</li> <li>* Driving School</li> </ul>

(3) In the cost of services, the amount of cost included in the intersegment elimination, which is impossible to be allocate, is as follows:

Year ended March 2008: 7,561 million yen, Year ended March 2007: 7,988 million yen

The main factor is the cost related to the management department in the headquarters of the parent company.

(4) In the assets, the amount of assets included in the intersegment elimination is as follows:

Year ended March 2008: 58,703 million yen, Year ended March 2007: 59,051 million yen

The main factor is the assets related to the funds used at the parent company (Cash and Securities) and to the management department.

## 2. Geographic Segment Information

Geographic segment information is not shown as service revenues in Japan comprises more than 90% of the total service revenues in each segment.

## 3. Overseas Service Revenues

Overseas service revenues are not shown as they comprises less than 10% of the consolidated service revenues.