Japan Transcity Corporation

Consolidated Financial Statements

March 31, 2010 and 2009

Independent Auditors' Report

To the Board of Directors of Japan Transcity Corporation:

We have audited the accompanying consolidated balance sheets of Japan Transcity Corporation and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in net assets and cash flows for the years then ended expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

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 opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Japan Transcity Corporation and subsidiaries as of March 31, 2010 and 2009, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.
Nagoya, Japan
June 29, 2010

Japan Transcity Corporation and Consolidated Subsidiaries
Consolidated Balance Sheets
March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Current assets:			
Cash and cash equivalents (Note 3)	¥ 10,878	¥ 10,702	$ 116,968
Short-term investments (Notes 3,4 and 5)	395	251	4,247
Trade receivables (Note3) :			
Notes	545	611	5,860
Accounts	11,732	10,352	126,151
Allowance for doubtful accounts	(23)	(16)	(247)
	12,254	10,947	131,764
Inventories	96	117	1,032
Deferred tax assets (Note 10)	480	472	5,161
Other current assets	1,333	1,449	14,334
Total current assets	25,436	23,938	273,506
Property and equipment (Note 5):			
Land	30,150	29,028	324,193
Buildings and structures	47,070	47,149	506,129
Machinery and equipment	11,981	11,204	128,828
Vehicles and vessels	6,922	7,118	74,430
Construction in progress	34	1	366
Total property and equipment	96,157	94,500	1,033,946
Less accumulated depreciation	(46,269)	(44,177)	(497,516)
Net property and equipment	49,888	50,323	536,430
Investments and other assets:			
Investment securities (Notes 3 and 4)	5,728	5,337	61,591
Investments in unconsolidated subsidiaries and affiliates	3,937	3,442	42,333
Deferred tax assets (Note 10)	621	701	6,678
Lease deposits	931	978	10,011
Other assets	2,021	1,731	21,731
Allowance for doubtful accounts	(16)	(35)	(172)
Total investments and other assets	13,222	12,154	142,172
Total assets	¥ 88,546	¥ 86,415	$ 952,108

See accompanying Notes to Consolidated Financial Statements.

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Current liabilities:			
Short-term borrowings (Notes 3 and 5)	¥ 4,058	¥ 3,661	$ 43,634
Current maturities of long-term debt (Notes 3 and 5)	3,599	3,495	38,699
Trade payables (Note 3) :			
Notes	1,135	1,232	12,204
Accounts	5,861	5,027	63,022
	6,996	6,259	75,226
Accrued expenses	1,530	1,605	16,452
Income taxes payable	844	123	9,075
Other current liabilities	1,552	1,289	16,688
Total current liabilities	18,579	16,432	199,774
Long-term debt (Notes 3 and 5)	21,220	22,884	228,172
Employee retirement benefit liability (Note 6)	1,853	2,015	19,925
Guarantee deposits received (Note 3)	3,935	4,115	42,312
Deferred tax liabilities for revaluation	5,281	5,281	56,785
Deferred tax liabilities (Note 10)	883	528	9,495
Accrued severance indemnities for directors and corporate auditors	43	52	462
Other long-term liabilities	540	663	5,806
Total liabilities	52,334	51,970	562,731
Commitments and contingent liabilities (Notes 8 and 9)			
Net assets (Note 7):			
Shareholders' equity:			
Common stock: 240,000,000 shares authorized and 67,142,417 shares issued	8,428	8,428	90,624
Capital surplus	6,735	6,735	72,419
Retained earnings	22,458	20,933	241,484
Less treasury stock, at cost: 2,179,265 shares in 2010 and 2,169,742 shares in 2009	(944)	(941)	(10,150)
Total shareholders' equity	36,677	35,155	394,377
Accumulated losses from valuation and translation adjustment	(1,487)	(1,731)	(15,989)
Minority interests	1,022	1,021	10,989
Total net assets	36,212	34,445	389,377
Total liabilities and net assets	¥ 88,546	¥ 86,415	$ 952,108

Japan Transcity Corporation and Consolidated Subsidiaries
Consolidated Statements of Income
For the Years Ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Operating revenue (Note 12)	¥ 76,446	¥ 82,496	$ 822,000
Operating costs and expenses (Notes 6, 9 and 12)	73,079	80,178	785,796
Operating income	3,367	2,318	36,204
Other income (expenses):			
Interest and dividend income	205	230	2,204
Interest expenses	(388)	(391)	(4,172)
Equity in net earnings of unconsolidated subsidiaries and affiliates	289	349	3,108
Loss on sale or disposal of property and equipment	(89)	(61)	(957)
Impairment loss on fixed assets (Note 2(i))	-	(47)	-
Other, net	80	2	860
	97	82	1,043
Income before income taxes and minority interests	3,464	2,400	37,247
Income taxes:			
Current	1,074	514	11,548
Deferred	292	382	3,140
Total income taxes	1,366	896	14,688
Less minority interests in net income of consolidated subsidiaries	21	51	226
Net income	¥ 2,077	¥ 1,453	$ 22,333

	Yen		U.S. dollars
Per share:			
Net income:			
-Basic	¥ 31.98	¥ 22.21	$ 0.34
-Diluted	-	21.03	-
Cash dividends	8.50	8.50	0.09

See accompanying Notes to Consolidated Financial Statements.

Japan Transcity Corporation and Consolidated Subsidiaries
Consolidated Statements of Changes in Net Assets
For the Years Ended March 31, 2010 and 2009

		Shareholders' equity					Accumulated (losses) gains from valuation and translation adjustment					
	Number of shares of common stock issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Land revaluation decrement	Foreign currency translation adjustment	Total accumulated losses from valuation and translation adjustment	Minority interests	Total net assets
		Millions of yen										
Balance at March 31, 2008	67,142,417	¥ 8,428	¥ 6,738	¥ 19,978	¥ (645)	¥ 34,499	¥ 1,839	¥ (2,018)	¥ 84	¥ (95)	¥ 1,118	¥ 35,522
Net income for the year	-	-	-	1,453	-	1,453	-	-	-	-	-	1,453
Cash dividends	-	-	-	(558)	-	(558)	-	-	-	-	-	(558)
Increase in retained earnings upon changes in scope of consolidation	-	-	-	59	-	59	-	-	-	-	-	59
Purchase of treasury stock and fractional shares, net	-	-	(3)	-	(296)	(299)	-	-	-	-	-	(299)
Reversal of land revaluation decrement	-	-	-	1	-	1	-	-	-	-	-	1
Net changes other than shareholders' equity	-	-	-	-	-	-	(1,395)	(1)	(240)	(1,636)	(97)	(1,733)
Balance at March 31, 2009	67,142,417	8,428	6,735	20,933	(941)	35,155	444	(2,019)	(156)	(1,731)	1,021	34,445
Net income for the year	-	-	-	2,077	-	2,077	-	-	-	-	-	2,077
Cash dividends	-	-	-	(552)	-	(552)	-	-	-	-	-	(552)
Purchase of treasury stock and fractional shares, net	-	-	-	-	(3)	(3)	-	-	-	-	-	(3)
Net changes other than shareholders' equity	-	-	-	-	-	-	198	-	46	244	1	245
Balance at March 31, 2010	67,142,417	¥ 8,428	¥ 6,735	¥ 22,458	¥ (944)	¥ 36,677	¥ 642	¥ (2,019)	¥ (110)	¥ (1,487)	¥ 1,022	¥ 36,212
		Thousands of U.S. dollars										
Balance at March 31, 2009		$ 90,624	$ 72,419	$ 225,086	$ (10,118)	$ 378,011	$ 4,774	$ (21,710)	$ (1,677)	$ (18,613)	$ 10,978	$ 370,376
Net income for the year		-	-	22,333	-	22,333	-	-	-	-	-	22,333
Cash dividends		-	-	(5,935)	-	(5,935)	-	-	-	-	-	(5,935)
Purchase of treasury stock and fractional shares, net		-	-	-	(32)	(32)	-	-	-	-	-	(32)
Net changes other than shareholders' equity		-	-	-	-	-	2,129	-	495	2,624	11	2,635
Balance at March 31, 2010		$ 90,624	$ 72,419	$ 241,484	$ (10,150)	$ 394,377	$ 6,903	$ (21,710)	$ (1,182)	$ (15,989)	$ 10,989	$ 389,377

See accompanying Notes to Consolidated Financial Statements.

Japan Transcity Corporation and Consolidated Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 3,464	¥ 2,400	$ 37,247
Adjustments for:			
Depreciation	3,121	3,137	33,559
Net reversal of employee retirement benefit liability	(164)	(728)	(1,763)
Loss on sale or disposal of property and equipment	89	61	957
Impairment loss on fixed assets	-	47	-
(Increase) decrease in trade receivables	(1,281)	2,861	(13,774)
Decrease (increase) in inventories	22	(37)	237
Increase (decrease) in trade payables	852	(1,968)	9,161
Increase in prepaid pension cost	(332)	(79)	(3,570)
Other, net	(189)	(578)	(2,032)
Sub-total	5,582	5,116	60,022
Interest and dividend received	248	358	2,667
Interest paid	(388)	(401)	(4,172)
Income taxes paid	(378)	(755)	(4,065)
Net cash provided by operating activities	5,064	4,318	54,452
Cash flows from investing activities:			
Increase in property and equipment and intangible assets	(2,771)	(5,444)	(29,796)
Decrease in property and equipment and intangible assets	138	95	1,484
Increase in investments in subsidiaries	(10)	(23)	(107)
(Increase) decrease in short-term investments	(141)	128	(1,516)
Other, net	(325)	(214)	(3,495)
Net cash used in investing activities	(3,109)	(5,458)	(33,430)
Cash flows from financing activities:			
Increase in long-term debt	2,000	11,050	21,505
Repayment of long-term debt	(2,073)	(2,364)	(22,290)
Redemption of bonds	(1,500)	(8,000)	(16,129)
Increase in short-term borrowings	397	986	4,269
Purchase of treasury stock and fractional shares, net	(3)	(299)	(32)
Dividends paid	(552)	(558)	(5,935)
Other, net	(83)	(46)	(893)
Net cash (used in) provided by financing activities	(1,814)	769	(19,505)
Effect of exchange rate changes on cash and cash equivalents	35	(139)	376
Net increase (decrease) in cash and cash equivalents	176	(510)	1,893
Cash and cash equivalents at beginning of year	10,702	11,143	115,075
Increase in cash and cash equivalents upon inclusion of additional subsidiary on consolidation	-	69	-
Cash and cash equivalents at end of year	¥ 10,878	¥ 10,702	$ 116,968

See accompanying Notes to Consolidated Financial Statements.

1. Basis of Consolidated Financial Statements

The accompanying consolidated financial statements of Japan Transcity Corporation (the "Company") and its consolidated subsidiaries (together with the Company, the "Japan Transcity Group") have been prepared in accordance with the provisions set forth in the Financial Instrument 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 Instrument 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.

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

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2010, which was approximately ¥93 to U.S. $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) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its significant subsidiaries. Investments in significant unconsolidated subsidiaries and affiliates are accounted for by the equity method. Investments in unconsolidated subsidiaries and 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, adjusted based on the fair value at the time of acquisition, are principally deferred as goodwill or negative goodwill and amortized over five years.

The number of consolidated subsidiaries, unconsolidated subsidiaries and affiliates for the years ended March 31, 2010 and 2009 was as follows:

	2010	2009
Consolidated subsidiaries:		
Domestic	24	24
Overseas	3	3
Unconsolidated subsidiaries and affiliates accounted for by the equity method	6	5
Unconsolidated subsidiaries stated at cost	14	13
Affiliates stated at cost	5	5

All intercompany accounts and transactions have been eliminated on consolidation.

The accompanying consolidated financial statements include the accounts of overseas consolidated subsidiaries (three subsidiaries in 2010 and 2009). These overseas consolidated subsidiaries close their books at December 31, three months earlier than the Company and the domestic consolidated subsidiaries. The Company consolidated the overseas subsidiaries' financial statements as of their year-end. Significant transactions for the period between the subsidiaries' year-end and the Company's year-end are adjusted for on consolidation.

(Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements)
On March 17, 2006, the Accounting Standards Board of Japan issued Practical Issues Task Force No. 18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" ("PITF No. 18"). PITF No. 18 requires that accounting policies and procedures applied by a parent company and its subsidiaries to similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. PITF No. 18, however, as a tentative measure, allows a parent company to prepare consolidated financial statements using foreign subsidiaries' financial statements prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles. In this case, adjustments for the following six items are required in the consolidation process so that their impact on net income is accounted for in accordance with Japanese GAAP unless the impact is immaterial.
(a) Goodwill not subject to amortization
(b) Actuarial gains and losses of defined-benefit retirement plans recognized outside profit or loss
(c) Capitalized expenditures for research and development activities
(d) Fair value measurement of investment properties and revaluation of property, plant and equipment and intangible assets
(e) Retrospective treatment of changes in accounting policies
(f) Accounting for net income attributable to minority interests

The adoption of PITF No. 18 had no effect on the consolidated financial statements for the year ended March 31, 2009.

(b) Cash equivalents

The Japan Transcity Group considers cash equivalents to be highly liquid debt instruments purchased with an original maturity of three months or less.

(c) Investments and marketable securities

The Japan Transcity Group classifies certain investments in debt and equity securities as "held-to-maturity", "trading" or "available-for-sale", the classification of which determines the respective accounting method as stipulated by the accounting standard for financial instruments. Marketable securities with available 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. Non-marketable 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.

(d) Accounting for derivatives

Derivatives are valued at fair value, if hedge accounting is not appropriate or where there is no hedging designation, and the gains or losses on the derivatives are recognized in current earnings.

According to the special treatment permitted by the accounting standard for financial instruments, hedging interest rate swaps are accounted for on an accrual basis and recorded net of interest expenses generated from the hedged borrowings if certain conditions are met.

(e) Inventories

Inventories consisted of supplies and other. Supplies are stated at cost, using the moving-average method.

(New accounting standard for inventories)
On July 5, 2006, the Accounting Standards Board of Japan issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories". As permitted under the superseded accounting standard, the Company and domestic consolidated subsidiaries previously stated inventories at cost. The new accounting standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net realizable value. Replacement cost may be used in lieu of the net realizable value, if appropriate.

The adoption of the new standard had no effect on the consolidated financial statements for the year ended March 31, 2009.

(f) Allowance for doubtful accounts

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

(g) Property and equipment, and depreciation (except for leases)

Property and equipment, including significant renewals and additions, are stated at cost, and depreciated principally by the declining-balance method at rates based on the estimated useful life of the asset. Buildings acquired on and after April 1, 1998 are depreciated by the straight-line method. Property with the cost of not less than ¥100,000 but below ¥200,000 each is capitalized and depreciated over three years on a straight-line basis.

Expenditures on maintenance and repairs are charged to operating income as incurred.

The capital gains directly offset against the acquisition costs of tangible fixed assets to obtain tax benefits were ¥100 million ($1,075) for the year ended March 31, 2010 and 2009.

(Additional information)
In accordance with the amendment of the Corporation Tax Law of Japan, the Company and its domestic consolidated subsidiaries changed the useful life of machinery from a range of 5 to 7 years to 10 to 12 years based on the reassessment of the useful lives in light of the change in the Corporation Tax Law of Japan. As a result, operating income and income before income tax and minority interests increased by ¥71 million for the year ended March 31, 2009 as compared with the previous accounting method. The effects on segment information are described in Note 12.

(h) Accounting for leases

Prior to April 1, 2008, the Company and its domestic consolidated subsidiaries accounted for finance leases which do not transfer ownership of the leased property to the lessee as operating leases with disclosure of certain "as if capitalized" information in the notes to the consolidated financial statements.
On March 31, 2007, the Accounting Standards Board of Japan issued Statement No. 13,

"Accounting Standard for Lease Transactions" and Guidance No. 16, "Guidance on Accounting Standard for Lease Transactions". The new accounting standards require that all finance lease transactions be treated as capital leases.

Effective April 1, 2008, the Company and its domestic consolidated subsidiaries adopted the new accounting standards for finance leases commencing after March 31, 2008 and capitalized assets used under such leases, except for certain immaterial or short-term finance leases, which are accounted for as operating leases. As permitted, finance leases which commenced prior to April 1, 2008 and have been accounted for as operating leases, continue to be accounted for as operating leases with disclosure of certain "as if capitalized" information.
The adoption of the new standards had no effect on income or loss for the year ended March 31, 2009.

(i) Accounting standard for impairment of fixed assets

The Company and its domestic consolidated subsidiaries adopted the "Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Council of Japan 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. Impairment loss is to be recognized in the income statement by reducing the carrying amount of the impaired asset or group of assets to the recoverable amount, 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. For the purpose of recognition and measurement of impairment loss, fixed assets are principally grouped into cash-generating units, such as regional business divisions, other than idle or unused property. For the year ended March 31, 2009, the Japan Transcity Group recognized impairment loss as follows:

	Millions of yen
Buildings and structures to be disposed	¥ 47

(j) Revaluation of land

In accordance with the Law Concerning Revaluation of Land ("Law"), the Company elected the one-time revaluation to restate the cost of land used for the Company's business at values rationally reassessed effective on March 31, 2002, reflecting adjustments for land shape and other factors and based on municipal property tax bases. According to the Law, an amount equivalent to the tax effect on the difference between the original book value and the reassessed value is recorded as deferred tax liability for revaluation account. The rest of the difference, net of the tax effect and minority interests portion, is recorded as a component of the net assets section in the land revaluation decrement account in the accompanying consolidated balance sheets. At March 31, 2010 and 2009, the difference between the carrying value of land used for the Company's business after reassessment and the current market value at the fiscal year-end amounted to ¥7,826 million ($84,151 thousand) and ¥7,223 million, respectively.

(k) Employee retirement benefits

Employees who terminate their service with the Japan Transcity Group are entitled to retirement benefits generally determined by 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 Japan Transcity Group recognizes retirement benefits for employees, including pension cost and related liability, based on actuarial present value of projected benefit obligation using actuarial appraisal approach and the value of pension plan assets available for benefits at the fiscal year-ends. Unrecognized actuarial differences as changes in the projected benefit obligation or pension plan assets resulting from the experience different from that assumed and from changes in the assumptions are amortized on a straight-line basis over ten years, a period within the remaining service years of the employees, from the year after which they arise. Unrecognized prior service cost is amortized using the straight-line method over ten years from the year in which it occurs.

(l) Accrued severance indemnities for directors and corporate auditors

The Japan Transcity Group may pay severance indemnities to directors and corporate auditors, which are subject to the approval of the shareholders. The Japan Transcity Group has provided for the full amount of the liabilities for directors' and corporate auditors' severance indemnities at the respective balance sheet dates.

(Additional information)

The Company has abolished the system of retirement benefits for directors and corporate auditors and was approved to pay the liabilities which were recognized prior to the abolishment by the resolution of shareholder's meeting at June 27, 2008. With this change, the liabilities in "Accrued severance indemnities for directors and corporate auditors" were reclassified to "Other long-term liabilities".

(m) Translation of foreign currency accounts

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

For financial statement items of overseas consolidated subsidiaries, all asset and liability accounts are translated into Japanese yen by applying the exchange rates in effect at the fiscal year-end. All income and expense accounts are translated at the average rates of exchange prevailing during the fiscal year. Translation differences are reported as foreign currency translation adjustment in a component of net assets in the accompanying consolidated balance sheets.

(n) Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases and operating loss 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.

(o) Enterprise taxes

The Japan Transcity Group records enterprise taxes 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.

(p) Appropriations of retained earnings

Cash dividends are recorded in the fiscal year when a proposed appropriation of retained earnings is approved by the Board of Directors and/or shareholders.

(q) Per share data

Basic net income per share is computed by dividing income available to common shareholders by the weighted-average number of shares of common stock outstanding during the fiscal year. Diluted net income per share is computed assuming convertible bonds were converted at the time of issue unless having anti-dilutive effects. Cash dividends per share for each fiscal year in the accompanying consolidated statements of income represent dividends declared by the Company as applicable to the respective years. Diluted net income per share is not presented as of March 31, 2010 due to not having any dilutive shares.

3. Fair values of financial instruments

(Additional information)
Effective from the fiscal year ended March 31, 2010, the Company and its domestic subsidiaries adopted the revised Accounting Standard, "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan ("ASBJ") Statement No. 10 revised on March 10, 2008) and the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19 revised on March 10, 2008). Information on financial instruments for the year ended March 31, 2010 required pursuant to the revised accounting standards is as follows.

(a) Qualitative information on financial instruments

① Policies for using financial instruments
The capital operation of the Company is limited to short-term deposits and Company raises capital through bank loans and bond issuances. Derivative instruments are mainly used for hedging against variable interest rate risk and compensate a loss when an earthquake occurs, not for speculation details.

② Details of financial instruments, risks, and risk management system
Trade receivables (notes and accounts) carry credit risk of trading partners. Regarding the said risk, pursuant to internal regulations of the Company, due dates and balances are managed appropriately for each counterparties and the credit risks of main trading partners are identified every half year.
Although investments in securities are exposed to market price fluctuation risk, the Company regularly understands fair values of shares of companies with which the Company has business relationships.
Trade payables (notes and accounts) are due within one year.
With regard to loans payable, short-term loan payable are mainly used to raise capital for operating dealings and long-term loans payable fund capital investment.
Loans with a variable interest rate involved the risk of an interest rate fluctuation. For hedging purposes, the Japan Transcity Group is a party to derivative instruments such as interest rate swap contracts in the normal course of business to reduce its own exposure to fluctuations in interest rates. The method of evaluating the effectiveness of the hedge is omitted because of the exceptional treatment of interest rate swaps.
Guarantee deposits received is mainly deposited money of golf club.
The Company entered into a derivative contract with high creditworthiness financial institutions to reduce credit risk.
The Japan Transcity Group controls liquidity risk associated with operating payables and loans by cash management system which controls the capital of the group unitary.

③ Supplemental information on fair values
Contract amounts of derivative instrument in "Fair value of financial instruments" don't show its own marketable price.

(b) Fair values of financial instruments
Book values of the financial instruments included in the consolidated balance sheet and their values at March 31, 2010 are as follows. Some financial instruments are excluded because it is extremely difficult to identify their fair value.

		Consolidated balance sheet amounts		fair value		differences
				Millions of yen		
(1)Cash and cash equivalents	¥	10,878	¥	10,878	¥	-
(2)Short-term investments		395		395		-
(3)Trade receivables		12,277		12,277		-
(4)Investment securities						
marketable securities		4,924		4,924		-
Total assets	¥	28,474	¥	28,474	¥	-
(1)Trade payables	¥	6,996	¥	6,996	¥	-
(2)Short-term borrowings		4,058		4,058		-
(3)Long-term debt		24,819		24,787		(32)
Total liabilities	¥	35,873	¥	35,841	¥	(32)
				Thousands of U.S. dollars		
(1)Cash and cash equivalents	$	116,968	$	116,968	$	-
(2)Short-term investments		4,247		4,247		-
(3)Trade receivables		132,011		132,011		-
(4)Investment securities						
marketable securities		52,946		52,946		-
Total assets	$	306,172	$	306,172	$	-
(1)Trade payables	$	75,226	$	75,226	$	-
(2)Short-term borrowings		43,634		43,634		-
(3)Long-term debt		266,871		266,527		(344)
Total liabilities	$	385,731	$	385,387	$	(344)

Note1. Method of calculating fair value of financial instruments and other matters concerning securities and derivatives.

Assets

(1) Cash and cash equivalents, (2) Short-term investments and (3) Trade receivables

The carrying values of cash and cash equivalents, short-term investments and trade receivable are approximate fair value because of their short maturities.

(4) Investment securities

The fair values of listed equity shares in investment securities are based on quoted market prices. For matters concerning securities according to the purpose for which they are held, please see Note 4.

Liabilities

(1) Trade payables and (2) Short-term borrowings

The carrying values of trade payables and short-term borrowings are approximate fair value because of their short maturities.

(3) Long-term debt

The fair value of long-term debt is computed on the basis of the total amount of principal and interest discounted at the interest rate applicable to new loans carrying the same conditions.

Derivatives

① Derivative transactions to which hedge accounting is not applied: Not applicable.

② Derivative transactions to which hedge accounting is applied: The contract amount or amount equivalent to the principal set forth in the contract, as of the consolidated closing date, are as follows:

Method of hedge accounting	Type of derivative transaction	Hedged item	Contract amount		Contract amount due after one year		Fair value
		Millions of yen					
Hedge accounting (Exceptional treatment of interest rate swap)	Interest rate swap (fixed rate payment, floating rate receipt)	Long-term debt	¥	18,189	¥ 15,689	¥	(278)

Method of hedge accounting	Type of derivative transaction	Hedged item	Contract amount		Contract amount due after one year		Fair value
		Thousands of U.S. dollars					
Hedge accounting (Exceptional treatment of interest rate swap)	Interest rate swap (fixed rate payment, floating rate receipt)	Long-term debt	$	195,581	$ 168,699	$	(2,989)

The Company uses the price presented by financial institution.

Note2. Financial instruments whose fair value cannot be reliably determined.

	Millions of yen		Thousand of U.S. dollars	
Non-marketable securities (*1)	¥	804	$	8,645
Guarantee deposits received (*2)	¥	3,935	$	42,312
Derivative relating to earthquakes (*3)	¥	14	$	151

(*1) It is extremely difficult to determine the fair values of non-marketable securities because they do not have quoted market prices and their future cash flow cannot be estimated. Therefore, they are excluded from (4) Investment securities.

(*2) It is extremely difficult to determine the fair values of guarantee deposits received because their scheduled redemption cannot be estimated.

(*3) During the year ended March 31, 2007, the Company entered into a derivative contract relating to earthquakes for hedging purposes. The outstanding contract amount was ¥300 million ($3,226 thousand) at March 31, 2010 and 2009, respectively. As the fair value for such a contract is not considered determinable, that derivative contract has not been accounted for at fair value.

Note3. Scheduled redemption amounts after the consolidated closing date for monetary claims and securities with maturity period.

	Due in one year or less		Due after one year		Due in one year or less		Due after one year	
	Millions of yen				Thousand of U.S. dollars			
Cash and cash equivalents	¥	10,878	¥	-	$	116,968	$	-
Short-term investments		395		-		4,247		-
Trade receivables		12,277		-		132,011		-
Total	¥	23,550	¥	-	$	253,226	$	-

4. Investments

At March 31, 2010 and 2009, short-term investments consisted of time deposits with an original maturity of more than three months.

At March 31, 2010 and 2009, investment securities consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Marketable securities:			
Equity securities	¥ 4,916	¥ 4,393	$ 52,860
Other	8	7	86
	4,924	4,400	52,946
Other non-marketable securities	804	937	8,645
	¥ 5,728	¥ 5,337	$ 61,591

Marketable investment 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, 2010 and 2009, 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			
Available-for-sale securities at March 31, 2010:				
Equity securities	¥ 3,762	¥ 1,373	¥ (219)	¥ 4,916
Other	10	-	(2)	8
	¥ 3,772	¥ 1,373	¥ (221)	¥ 4,924
Available-for-sale securities at March 31, 2009:				
Equity securities	¥ 3,572	¥ 1,138	¥ (317)	¥ 4,393
Other	10	-	(3)	7
	¥ 3,582	¥ 1,138	¥ (320)	¥ 4,400

	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
	Thousands of U.S. dollars			
Available-for-sale securities at March 31, 2010:				
Equity securities	$ 40,452	$ 14,763	$ (2,355)	$ 52,860
Other	107	-	(21)	86
	$ 40,559	$ 14,763	$ (2,376)	$ 52,946

5. Short-term Borrowings and Long-term Debt

At March 31, 2010 and 2009, short-term borrowings consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Short-term bank loans and bank overdrafts with interest rates ranging from 0.50% to 1.10% per annum at March 31, 2010:			
Unsecured	¥ 4,058	¥ 3,661	$ 43,634

At March 31, 2010 and 2009, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Zero coupon unsecured convertible bonds due September 2009	¥ -	¥ 1,500	$ -
Long-term loans from banks and other financial institutions due through 2022 with interest rates ranging from 0.86% to 6.97% per annum at March 31, 2010:			
Collateralized	378	409	4,065
Unsecured	24,441	24,470	262,806
	24,819	26,379	266,871
Less current maturities	(3,599)	(3,495)	(38,699)
	¥ 21,220	¥ 22,884	$ 228,172

At March 31, 2009, the current conversion price of zero coupon convertible bonds due September 2009 was ¥410 per share, all of which are subject to adjustment under certain circumstances, including stock splits. At March 31, 2009, the number of shares of common stock necessary for conversion of all convertible bonds outstanding was approximately 4 million.

The aggregate annual maturities of long-term debt at March 31, 2010 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥ 3,599	$ 38,699
2012	887	9,537
2013	7,723	83,043
2014	4,073	43,796
2015	1,125	12,097
2016 and thereafter	7,412	79,699
	¥ 24,819	$ 266,871

The aggregate annual maturities of long-term lease obligations at March 31, 2010 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥ 104	$ 1,118
2012	104	1,118
2013	90	968
2014	61	656
2015	17	183
2016 and thereafter	21	226
	¥ 397	$ 4,269

At March 31, 2010 and 2009, the following assets were pledged as collateral for short-term borrowings and long-term liabilities:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Time deposits included in short-term investments	¥ 32	¥ 32	$ 344
Buildings and structures	696	743	7,484

As is customary in Japan, substantially all loans from banks (including short-term loans) are made under general agreements which provide that, at the request of the relevant bank, the Japan Transcity Group is required to provide collateral or guarantors (or additional collateral or guarantors, as appropriate) with respect to the loans and that all assets pledged as collateral under such agreements will be applicable to all present and future indebtedness to the bank concerned. The Japan Transcity Group has not received such requests. The general agreements further provide that the banks have the right, as indebtedness matures or becomes due prematurely by reason of default thereon, to offset deposits at the banks against indebtedness due to the banks.

6. Employee Retirement Benefits

The Company has defined benefit retirement plans that cover 100% of the retirement benefits for the employees of the Company who terminate at the compulsory retirement age and 80% of other retirement benefits of the Company. Some of the consolidated subsidiaries have similar retirement benefit plans. In addition, two consolidated subsidiaries have a defined contribution pension plan in certain pension funds organized by others.

The following table reconciles the benefit liability and net periodic retirement benefit expense as at or for the years ended March 31, 2010 and 2009:

	Millions of yen		Thousands of U.S dollars
	2010	2009	2010
Reconciliation of benefit liability:			
Projected benefit obligation	¥ 12,014	¥ 12,969	$ 129,183
Less fair value of pension plan assets at end of year	(9,565)	(8,468)	(102,850)
	2,449	4,501	26,333
Unrecognized actuarial differences (loss)	(1,723)	(3,341)	(18,527)
Unrecognized prior service cost of retroactive benefits granted by the pension plan amendment	358	418	3,850
Accrued retirement and severance benefits	1,084	1,578	11,656
Prepaid pension cost	769	437	8,269
Net amount of employee retirement benefit liability recognized on the consolidated balance sheets	¥ 1,853	¥ 2,015	$ 19,925

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

	Millions of yen		Thousands of U.S dollars
	2010	2009	2010
Components of net periodic retirement benefit expense:			
Service cost	¥ 446	¥ 575	$ 4,796
Interest cost	223	234	2,398
Expected return on pension plan assets	(155)	(201)	(1,667)
Amortization of actuarial differences	(60)	153	(645)
Amortization of prior service cost	437	(46)	4,699
Net periodic retirement benefit expense	¥ 891	¥ 715	$ 9,581

Major assumptions used in the calculation of the above information for the years ended March 31, 2010 and 2009 were as follows:

	2010	2009
Method to attribute the projected benefits to the periods of service	Straight-line method	Straight-line method
Discount rate	2.0%	2.0%
Expected rate of return on pension plan assets	2.0%	2.0%
Amortization of actuarial differences	10 years	10 years
Amortization of prior service cost	10 years	10 years

7. Net Assets

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 can 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, 2010 and 2009, 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 ¥1,200 million ($12,903 thousand) at March 31, 2010and 2009, 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.

During the year ended March 31, 2010, the Company paid interim dividends of ¥4.00 per share. In addition, at the annual shareholders' meeting held on June 29, 2010, the shareholders approved cash dividends of ¥4.50 per share, amounting to ¥292 million ($3,140 thousand). These appropriations have not been accrued in the consolidated financial statements as of March 31, 2010 as such appropriations are recognized in the period in which they are approved by the shareholders.

8. Contingent Liabilities

At March 31, 2010 and 2009, the Japan Transcity Group was contingently liable for guarantees of indebtedness of others in the amounts of ¥994 million ($10,688 thousand) and ¥934 million, respectively. Such amounts included the guarantees of indebtedness of 50%-ownded affiliates in the amount of ¥601 million ($6,462 thousand) and ¥911 million at March 31, 2010 and 2009, respectively.

9. Lease Commitments (Contracted before March 31, 2008)

The Japan Transcity Group leases, as lessee, land and buildings to be used for office spaces and warehouses principally under long-term cancelable or non-cancelable operating lease agreements. The Japan Transcity Group also leases computer equipment, other equipment and vehicles under leases which are not generally cancelable.

Total rental and lease expenses, including cancelable and non-cancelable leases, for the years ended March 31, 2010 and 2009 were ¥6,241 million ($67,108 thousand) and ¥4,641 million, respectively. For the years ended March 31, 2010 and 2009, the lease expenses for non-cancelable lease agreements which were categorized as financing leases amounted to ¥491 million ($5,280 thousand) and ¥516 million, respectively.

The aggregate future minimum payments for non-cancelable operating leases and financing leases, including the imputed interest, at March 31, 2010 and 2009 were as follows:

	Millions of yen				Thousands of U.S. dollars	
	2010		2009		2010	
Operating leases:						
Due within one year	¥	742	¥	757	$	7,979
Due after one year		2,591		3,343		27,860
	¥	3,333	¥	4,100	$	35,839
Financing leases:						
Due within one year	¥	448	¥	494	$	4,817
Due after one year		1,506		1,956		16,194
	¥	1,954	¥	2,450	$	21,011

10. Income Taxes

The tax effects of temporary differences that gave rise to a significant portion of the deferred tax assets and liabilities at March 31, 2010 and 2009 were as follows:

	Millions of yen				Thousands of U.S. dollars	
	2010		2009		2010	
Deferred tax assets:						
Enterprise tax accruals	¥	66	¥	11	$	710
Accrued bonuses to employees		407		446		4,376
Employee retirement benefit liability		1,355		1,526		14,570
Accrued severance indemnities for directors and corporate auditors		18		21		194
Long-term accounts payable		72		148		774
Intercompany capital gains		275		322		2,957
Net operating loss carryforwards		196		175		2,108
Impairment loss on fixed assets		1,187		1,187		12,763
Other		330		381		3,548
		3,906		4,217		42,000
Less valuation allowance		(1,582)		(1,556)		(17,011)
Deferred tax assets		2,324		2,661		24,989
Deferred tax liabilities:						
Deferred capital gain		1,215		1,263		13,064
Unrealized gains on available-for-sale securities		466		333		5,011
Other		425		420		4,570
Deferred tax liabilities		2,106		2,016		22,645
Net deferred tax assets	¥	218	¥	645	$	2,344

At March 31, 2010 and 2009, deferred tax assets and liabilities were as follows:

	Millions of yen				Thousands of U.S. dollars	
	2010		2009		2010	
Deferred tax assets:						
Current	¥	480	¥	472	$	5,161
Non-current		621		701		6,678
Deferred tax liabilities:						
Non-current		883		528		9,495

In assessing the realizability of deferred tax assets, management of the Japan Transcity 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, 2010 and 2009, a valuation allowance was provided to reduce the deferred tax assets to the extent that management believes that the deferred tax assets were realizable.

A reconciliation of the difference between the Japanese statutory effective tax rate and the actual effective income tax rate on pre-tax income reflected in the accompanying consolidated statements of income for the year ended March 31, 2009 was as follows:

	Percentage of pre-tax income
Japanese statutory effective tax rate	40.1%
Increase (decrease) due to:	
Permanently non-deductible expenses	2.3
Tax exempt income	(4.9)
Local minimum taxes per capita levy	1.6
Equity in net earnings of unconsolidated subsidiaries and affiliates	(5.8)
Change in valuation allowance	0.5
Other	3.5
Actual effective income tax rate	37.3%

A reconciliation for the year ended March 31, 2010 was not disclosed because the difference was immaterial.

11. Related Party Transaction

Information on related party transactions for the year ended March 31, 2009 and the related amounts as of this date is summarized as follows:

	Millions of Yen
Guarantees of indebtedness	¥ 761

(Additional information)

ASBJ Statement No. 11, "Accounting Standard for Related Party Disclosures" and ASBJ Guidance No. 13, "Guidance on Accounting Standard for Related Party Disclosures" issued by the Accounting Standards Board of Japan on October 17, 2006, require certain additional related party disclosures effective for years beginning on or after April 1, 2008. Pursuant to the new accounting standards, information on Chubu Coal Center Co., Ltd. is disclosed for the year ended March 31, 2010 and 2009.

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Total current assets	¥ 739	¥ 537	$ 7,946
Total fixed assets	¥ 10,494	¥ 9,633	$ 112,839
Total current liabilities	¥ 2,842	¥ 2,363	$ 30,559
Total fixed liabilities	¥ 3,422	¥ 3,199	$ 36,796
Total net assets	¥ 4,969	¥ 4,608	$ 53,430
Operating revenue	¥ 3,013	¥ 3,350	$ 32,398
Income before income taxes	¥ 757	¥ 1,003	$ 8,140
Net income	¥ 452	¥ 599	$ 4,860

12. Segment Information

The Japan Transcity Group's operations are classified into two major segments: "Integrated logistics services" and "Other services". The "Other services" segment includes the real estate trading operations, golf club operations and other services. Information by industry segment for the years ended March 31, 2010 and 2009 is summarized as follows:

	Integrated logistics services	Others	Total	Elimination	Consolidated
	Millions of yen				
For the year ended March 31, 2010:					
Operating revenue:					
External customers	¥ 75,006	¥ 1,440	¥ 76,446	¥ -	¥ 76,446
Intersegment sales	24	1,016	1,040	(1,040)	-
Total operating revenue	75,030	2,456	77,486	(1,040)	76,446
Operating costs and expenses	71,812	2,297	74,109	(1,030)	73,079
Operating income	¥ 3,218	¥ 159	¥ 3,377	¥ (10)	¥ 3,367
Identifiable assets	¥ 88,625	¥ 2,216	¥ 90,841	¥ (2,295)	¥ 88,546
Depreciation	3,071	50	3,121	-	3,121
Capital expenditures	2,773	4	2,777	-	2,777
For the year ended March 31, 2009:					
Operating revenue:					
External customers	¥ 81,384	¥ 1,112	¥ 82,496	¥ -	¥ 82,496
Intersegment sales	26	1,077	1,103	(1,103)	-
Total operating revenue	81,410	2,189	83,599	(1,103)	82,496
Operating costs and expenses	79,260	2,066	81,326	(1,148)	80,178
Operating income	¥ 2,150	¥ 123	¥ 2,273	¥ 45	¥ 2,318
Identifiable assets	¥ 87,474	¥ 1,760	¥ 89,234	¥ (2,819)	¥ 86,415
Depreciation	3,085	52	3,137	-	3,137
Impairment loss on fixed assets	47	-	47	-	47
Capital expenditures	5,272	11	5,283	-	5,283
	Thousands of U.S. dollars				
For the year ended March 31, 2010:					
Operating revenue:					
External customers	$ 806,516	$ 15,484	$ 822,000	$ -	$ 822,000
Intersegment sales	258	10,925	11,183	(11,183)	-
Total operating revenue	806,774	26,409	833,183	(11,183)	822,000
Operating costs and expenses	772,172	24,699	796,871	(11,075)	785,796
Operating income	$ 34,602	$ 1,710	$ 36,312	$ (108)	$ 36,204
Identifiable assets	$ 952,957	$ 23,828	$ 976,785	$ (24,677)	$ 952,108
Depreciation	33,021	538	33,559	-	33,559
Capital expenditures	29,817	43	29,860	-	29,860

(Additional information)

In accordance with the amendment of the Corporation Tax Law of Japan, the Company and its domestic consolidated subsidiaries change the useful life of machinery from in a range of 5 to 7 years to in the range of 10 to 12 years based on the reassessment of the useful lives in light of the change in the Corporation Tax Law of Japan. As a result, operating income for the "Integrated logistics services" segment and for the "Other" segment increased by ¥69 million and ¥2 million, respectively, for the year ended March 31, 2009 as compared with the previous accounting method.

Geographic segment information is not shown, as operating revenue of the overseas subsidiaries was immaterial. Information for overseas sales is not disclosed, as such sales were also immaterial.

13. Condensed Financial Statements of Japan Transcity Corporation (Parent)

Presented below are the condensed nonconsolidated balance sheets, nonconsolidated statements of income and changes in net assets of Japan Transcity Corporation, the parent company.

Nonconsolidated Balance Sheets（Unaudited）
Japan Transcity Corporation (Parent)

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Current assets:			
Cash and cash equivalents	¥ 9,054	¥ 8,542	$ 97,355
Short-term investments	36	38	387
Trade receivables, net of allowance for doubtful accounts	11,625	10,390	125,000
Inventories	17	16	183
Deferred tax assets	269	262	2,892
Other current assets	1,361	1,879	14,634
Total current assets	22,362	21,127	240,451
Property and equipment, at cost	73,555	71,962	790,914
Less accumulated depreciation	(31,951)	(30,513)	(343,559)
Net property and equipment	41,604	41,449	447,355
Investments and other assets:			
Investment securities	5,298	4,934	56,968
Investments in and long-term loans to subsidiaries and affiliates	3,730	3,081	40,107
Lease deposits	893	938	9,602
Other assets	1,970	1,689	21,183
Allowance for doubtful accounts	(15)	(35)	(161)
Total investments and other assets	11,876	10,607	127,699
Total assets	¥ 75,842	¥ 73,183	$ 815,505

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Current liabilities:			
Short-term borrowings	¥ 7,094	¥ 5,885	$ 76,280
Current maturities of long-term debt	3,269	3,165	35,150
Trade payables	7,508	6,623	80,731
Accrued expenses	761	836	8,183
Income taxes payable	595	18	6,398
Other current liabilities	1,360	1,050	14,624
Total current liabilities	20,587	17,577	221,366
Long-term debt	17,675	19,018	190,054
Employee retirement benefit liability	776	913	8,344
Deferred tax liabilities for revaluation	5,281	5,281	56,785
Deferred tax liabilities	813	465	8,742
Other long-term liabilities	459	629	4,935
Total liabilities	45,591	43,883	490,226
Net assets:			
Common stock	8,428	8,428	90,624
Capital surplus	6,735	6,735	72,419
Retained earnings	17,430	16,663	187,419
Less treasury stock, at cost	(944)	(941)	(10,150)
Total shareholders' equity	31,649	30,885	340,312
Accumulated losses from valuation adjustment	(1,398)	(1,585)	(15,033)
Total net assets	30,251	29,300	325,279
Total liabilities and net assets	¥ 75,842	¥ 73,183	$ 815,505

Nonconsolidated Statements of Income (Unaudited)
Japan Transcity Corporation (Parent)
For the Years Ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Operating revenue	¥ 71,391	¥ 76,507	$ 767,645
Operating costs and expenses	69,111	74,974	743,129
Operating income	2,280	1,533	24,516
Other income (expenses):			
Interest and dividend income	278	394	2,989
Interest expense	(313)	(314)	(3,366)
Miscellaneous, net	(27)	(79)	(290)
	(62)	1	(667)
Income before income taxes	2,218	1,534	23,849
Income taxes:			
Current	683	227	7,344
Deferred	216	380	2,323
Total income taxes	899	607	9,667
Net income	¥ 1,319	¥ 927	$ 14,182

	Yen		U.S. dollars
Per share:			
Net income:			
-Basic	¥ 20.31	¥ 14.17	$ 0.22
-Diluted	-	13.42	-
Cash dividends	8.50	8.50	0.09

Nonconsolidated Statements of Changes in Net Assets (Unaudited)
Japan Transcity Corporation (Parent)
For the Years Ended March 31, 2010 and 2009

	Shareholders' equity					Accumulated (losses) gains from valuation adjustment			
	Common stock	Capital surplus	Retained Earnings	Treasury stock	Total shareholder's equity	Net unrealized gains (losses) on available-for-sale securities	Land revaluation decrement	Total accumulated gains (losses) from valuation adjustment	Total net assets
	Millions of yen								
Balance at March 31, 2008	¥ 8,428	¥ 6,738	¥ 16,293	¥ (645)	¥ 30,814	¥ 1,726	¥ (2,018)	¥ (292)	¥ 30,522
Net income for the year	-	-	927	-	927	-	-	-	927
Cash dividends	-	-	(558)	-	(558)	-	-	-	(558)
Purchase of treasury stock and fractional shares, net	-	(3)	-	(296)	(299)	-	-	-	(299)
Reversal of land revaluation decrement	-	-	1	-	1	-	-	-	1
Net changes in items other than shareholders' equity	-	-	-	-	-	(1,292)	(1)	(1,293)	(1,293)
Balance at March 31, 2009	¥ 8,428	¥ 6,735	¥ 16,663	¥ (941)	¥ 30,885	¥ 434	¥ (2,019)	¥ (1,585)	¥ 29,300
Net income for the year	-	-	1,319	-	1,319	-	-	-	1,319
Cash dividends	-	-	(552)	-	(552)	-	-	-	(552)
Purchase of treasury stock and fractional shares, net	-	-	-	(3)	(3)	-	-	-	(3)
Net changes in items other than shareholders' equity	-	-	-	-	-	187	-	187	187
Balance at March 31, 2010	¥ 8,428	¥ 6,735	¥ 17,430	¥ (944)	¥ 31,649	¥ 621	¥ (2,019)	¥ (1,398)	¥ 30,251
	Thousands of U.S. dollars								
Balance at March 31, 2009	$ 90,624	$ 72,419	$ 179,172	$ (10,118)	$ 332,097	$ 4,667	$ (21,710)	$ (17,043)	$ 315,054
Net income for the year	-	-	14,182	-	14,182	-	-	-	14,182
Cash dividends	-	-	(5,935)	-	(5,935)	-	-	-	(5,935)
Purchase of treasury stock and fractional shares, net	-	-	-	(32)	(32)	-	-	-	(32)
Net changes in items other than shareholders' equity	-	-	-	-	-	2,010	-	2,010	2,010
Balance at March 31, 2010	$ 90,624	$ 72,419	$ 187,419	$ (10,150)	$ 340,312	$ 6,677	$ (21,710)	$ (15,033)	$ 325,279