



UTILITIES AND TRANSPORTATION  
COMMISSION

**HOUSEHOLD GOODS CARRIER  
PERMIT APPLICATION**

TV-081080-CT



**RECEIVED**

JUN 19 2008

WASH. UT. & TP. COMM

Type of Household Goods Authority Requested – Check one	Fee Required
<input type="checkbox"/> Emergency temporary authority (to meet an urgent need for up to thirty days) - Complete pages 2 - 6 and Attachment E	\$ 50
<input type="checkbox"/> Temporary authority (to meet a short-term need) – Complete pages 2 - 6 and Attachment A	\$ 250
<input checked="" type="checkbox"/> Permanent authority (at least six months must be served on a temporary provisional basis) – Complete pages 2 - 6 and Attachment A	\$ 550
<input type="checkbox"/> Permanent authority to transfer or acquire control resulting in a change in ownership or controlling interest (at least six months must be served on a temporary provisional basis) – Complete pages 2 - 6 and Attachment B	\$ 550
<input type="checkbox"/> Permanent authority to transfer or acquire control under the exceptions in WAC 480-15-260 – Complete pages 2 - 6 and Attachments B & C	\$ 250
<input type="checkbox"/> Reinstatement of permit (must be filed within 30 or 60 days of cancellation, depending on criteria set forth in WAC 480-15-460) – Complete pages 2 - 3 and include a statement justifying the reinstatement	\$ 250
<input type="checkbox"/> Name Change – Complete pages 2 - 3 and Attachment D	\$ 35
<input type="checkbox"/> Extension of authority – Complete pages 2 - 6 and Attachment A	\$ 550

**TYPE OF PAYMENT**

Check     Money Order     Amex     Mastercard     Visa

Amount: \_\_\_\_\_ Expiration Date: \_\_\_\_\_

CERTIFICATION: I, the undersigned, under penalty for false statement, certify that the following information is true and correct, that I am authorized to execute and file this document on behalf of the applicant and that all information on file is current and valid.

Name (printed): Yamato Transport USA Inc. Date: \_\_\_\_\_  
Signature: \_\_\_\_\_ Title: \_\_\_\_\_

**FOR OFFICIAL USE ONLY**

Date Filed: <u>6/19/08</u>	DOL/SOS: <u>ok</u>	ID: <u>5116</u>	Permit Issued: HG-
Staff Assigned: <u>[Signature]</u>	Insurance: <u>ok</u>	Inspection:	Docket #
Reception #: <u>111-0268-207-02</u>	<u>550.00</u>	111-0268-202-01	111-0268-013-20

**BUSINESS INFORMATION**

Name of Applicant YAMATO TRANSPORT USA INC.  
(must be individual, partners of a partnership or corporation)

Trade Name, if applicable \_\_\_\_\_

Physical Address 18202 80th AVE. SO. KNET , WA 98032

Mailing Address SAMAE AS ABOVE

Telephone Number (206) 292-9696 Fax Number (425) 251-9697

UBI # 601-017-165 *DA* Email: dizawa@nekonet-us.com

**TYPE OF BUSINESS STRUCTURE**

Individual     Partnership     Corporation     Other \_\_\_\_\_  
(LP, LLP, LLC)

List the name, title and percentage of partner's share or stock distribution for major stockholders:

<u>Name</u>	<u>Title</u>	<u>Stock Distribution or Percentage of Shares</u>
<u>N/A</u>		

Choose one of the following for the territory in which you wish to operate:

- All counties in the State of Washington
- The following named counties only: \_\_\_\_\_

Describe the services you wish to provide. Explain how your services will enhance customer choice, promote competition, or fill an unmet need for service:

SINCE WE ARE A JAPANESE OWNED COMPANY, WE ARE ABLE TO CATER TO THE JAPANESE SPEAKING COMMUNITY IN THE AREA.

Briefly describe your experience in the transportation/household goods moving industry:

SINCE 1980 OUR YAMATO OFFICES HAVE BEEN PROVIDING HOUSEHOLD GOODS MOVES ALL ACROSS THE U.S., WITH BRANCH OFFICES IN 20 STATES.

Do you currently hold, or have you ever held, a permit to operate as a motor carrier of property?

No  Yes If yes, please indicate your permit number: \_\_\_\_\_

Have you ever applied for and been denied a permit to operate as a motor carrier of property?

No  Yes If yes, please explain: \_\_\_\_\_

Do you currently operate interstate?  No  Yes If yes, please indicate your: DOT# 260219  
MC# 175578

Do you operate interstate as an agent of another company?  No  Yes If yes, what is the name of the company? \_\_\_\_\_

Do you have, or have you ever had a business related legal proceeding against you in Washington, or in any other state?  No  Yes If yes, please explain: \_\_\_\_\_

Have you ever been convicted of a Class A or B Felony?  No  Yes If yes, please explain: \_\_\_\_\_

Have you been cited for violation of state laws or Commission rules?  No  Yes If yes, please explain: \_\_\_\_\_

### FINANCIAL STATEMENT

You must complete the following financial statement or attach a balance sheet, profit and loss statement, or

*pls. see attached* business plan

ASSETS		LIABILITIES	
Cash in Bank	\$	Salaries/Wages Payable	\$
Notes Receivable	\$	Accounts Payable	\$
Accounts Receivable	\$	Notes Payable	\$
Investments	\$	Mortgages Payable	\$
Other Current Assets	\$	Other	\$
Prepaid Expenses	\$	<b>TOTAL LIABILITIES</b>	\$
Land and Buildings	\$	<b>NET WORTH</b>	
Trucks and Trailers	\$	Preferred Stock	\$
Office Furniture	\$	Common Stock	\$
Other Equipment	\$	Retained Earnings	\$
Other Assets	\$	Capital	\$
<b>TOTAL ASSETS</b>	\$	<b>TOTAL LIABILITIES &amp; NET WORTH</b>	\$

## EQUIPMENT LIST

Describe the equipment you will use (attach additional sheets if necessary).

Year	Make	License Number	Vehicle ID Number	Gross Vehicle Weight
2004	CHEV. W4500	A53819W	J8BC4B16557009184	14,500lbs
2004	DODGE SPRINTER	A06590U	WD2PD443145603285	9,900lbs
205	HINO 268A	A68296Z	5PVNJ8JT752S10309	26,000lbs

### SAFETY AND OPERATIONS

List the person and position responsible for understanding and complying with the Federal Motor Carrier Safety Regulations (FMCSR) and Washington State Laws and commission rules (WAC) as described below. Please refer to the WAC rules, Fact Sheets and publication "Your Guide to Achieving a Satisfactory Safety Rating" for assistance with requirements that may apply to your specific operations.

### SAFETY RESPONSIBILITIES

- **COMMERCIAL DRIVER'S LICENSE (CDL) STANDARDS REQUIREMENTS AND PENALTIES** (Title 49, Code of Federal Regulations Part 383). If you operate commercial motor vehicles, your drivers must have a valid CDL.
- **DRIVER QUALIFICATION REQUIREMENTS** (Title 49, Code of Federal Regulations Part 391). Each of your drivers must meet minimum qualification requirements. You must maintain driver qualification files for each driver.
- **DRIVERS HOURS OF SERVICE** (Title 49, Code of Federal Regulations Part 395). Each of your drivers must maintain hours of service logs. You must maintain true and accurate hours of service records for each driver.
- **CONTROLLED SUBSTANCE AND ALCOHOL USE AND TESTING** (Title 49, Code of Federal Regulations Part 382 and Part 40). If you operate commercial motor vehicles, your drivers must be in a Controlled Substance and Alcohol Use and Testing program. You must have an alcohol and controlled substances testing program.
- **INSPECTION, REPAIR AND MAINTENANCE** (Title 49, Code of Federal Regulations Part 396). You must systematically inspect, repair and maintain all motor vehicles.
- **SAFETY REGULATIONS, GENERAL** (Title 49, Code of Federal Regulations Part 390). You must follow safety regulations.
- **DRIVING COMMERCIAL MOTOR VEHICLES** (Title 49, Code of Federal Regulations Part 392). You must follow regulations for driving commercial motor vehicles.
- **PARTS AND ACCESSORIES NECESSARY FOR SAFE OPERATION** (Title 49, Code of Federal Regulations Part 393). You must maintain parts and accessories in safe condition.
- **LIABILITY INSURANCE REQUIREMENTS** (WAC 480-15-530). You must file and maintain proof of public liability and property damage insurance (\$300,000 minimum coverage for vehicles under 10,000 pounds GVWR and \$750,000 minimum coverage for vehicles 10,000 pounds GVWR or more).
- **CARGO INSURANCE REQUIREMENTS** (WAC 480-15-550). You must maintain cargo insurance coverage (\$10,000 for household goods transported in motor vehicles under 10,000 pounds GVWR and \$20,000 for vehicles 10,000 pounds GVWR or more).

Name:

Daisaku Iwano

Position:

Branch Manager.

**OPERATIONAL RESPONSIBILITIES**

**ANNUAL REPORTS and REGULATORY FEES (WAC 480-15-480).** You must annually file a report of your financial operations and pay regulatory fees.

Name: Daisaku Izawa

Position: Branch Manager

**STATE OF WASHINGTON – general laws, rules and regulations:** Individuals and companies doing business in the state of Washington must comply with the regulations of local, state, and federal agencies. Please state the name and position of the person in your organization who will be responsible for ensuring compliance with the laws of the state of Washington, such as, but not limited to the Department of Labor and Industries (industrial insurance, safety, prevailing wage); Department of Licensing (vehicle and drivers licenses, business licensing, Unified Business Identifier (UBI number), fuel permits, fuel tax; Secretary of State (corporate registrations); Department of Transportation (over-size or over-weight permits); Department of Revenue and Internal Revenue Service (taxes); and Employment Security.

Name: Daisaku Izawa

Position: Branch Manager

**DECLARATION OF APPLICANT:**

I understand that filing this application **does not** in itself constitute authority to operate as a household goods mover.

As the applicant for a household goods permit, I understand the responsibilities of a motor carrier and I am in compliance with all local, state and federal regulations governing businesses, including household goods movers, in the state of Washington.

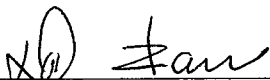
I understand that if the commission grants my application as a new entrant I will receive temporary authority to provide service as a household goods carrier on a provisional basis for at least six months. During this time, the commission will evaluate whether I have met the criteria in WAC 480-15-330 to obtain permanent authority. I also understand that I must comply with all conditions placed on my temporary permit and that failure to do so will result in cancellation of my permit.

My employees are sufficiently trained to comply with commission rules regarding estimates, bills of lading, rates and charges and terms and conditions of household goods moves. In addition, my employees are sufficiently trained to comply with commission rules regarding vehicle operation, maintenance, and all other safety requirements. My company will provide a copy of the customer survey to each customer for whom we provide transportation service.

I certify or declare under penalty of perjury under the laws of the State of Washington that the information contained in this application is true and correct.

Daisaku Izawa

Print name of applicant



Signature of Applicant

5/9/06 Kent, WA

Date and Location

***Yamato Transport  
U.S.A., Inc.***

*Financial Statements and Additional Information as  
of and for the Years Ended December 31, 2007 and  
2006, and Independent Auditors' Report*



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Two World Financial Center  
New York, NY 10281-1414  
USA

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Fax: +1 212 436 5000  
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## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholder of  
Yamato Transport U.S.A., Inc.

We have audited the accompanying balance sheets of Yamato Transport U.S.A., Inc. (the "Company") (a wholly-owned subsidiary of Yamato Holdings Co., Ltd.) as of December 31, 2007 and 2006, and the related statements of income, stockholder's equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, such financial statements present fairly, in all material respects, the financial position of Yamato Transport U.S.A., Inc. as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information on page 15 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the Company's management. Such information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

*Deloitte & Touche LLP*

March 6, 2008

**YAMATO TRANSPORT U.S.A., INC.**  
**(A Wholly-Owned Subsidiary of Yamato Holdings Co., Ltd.)**

**BALANCE SHEETS**  
**DECEMBER 31, 2007 AND 2006**

<b>ASSETS</b>	<b>2007</b>	<b>2006</b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 4,858,402	\$ 5,566,541
Accounts receivable—trade, less allowance for doubtful accounts of \$242,296 in 2007 and \$387,811 in 2006	15,769,083	15,994,249
Prepaid income taxes	636,281	33,866
Deferred income taxes	362,325	505,768
Other current assets	<u>761,102</u>	<u>816,991</u>
Total current assets	22,387,193	22,917,415
PROPERTY AND EQUIPMENT—Net	3,742,958	4,081,247
DEFERRED INCOME TAXES	232,390	220,006
OTHER ASSETS	<u>317,345</u>	<u>297,469</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 26,679,886</u></b>	<b><u>\$ 27,516,137</u></b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable—trade	\$ 8,769,815	\$ 9,966,978
Current portion of capital lease obligations	242,030	319,649
Accrued expenses and other current liabilities	<u>1,418,165</u>	<u>1,884,394</u>
Total current liabilities	10,430,010	12,171,021
CAPITAL LEASE OBLIGATIONS	347,901	589,931
OTHER LIABILITIES	<u>154,005</u>	<u>79,730</u>
Total liabilities	<u>10,931,916</u>	<u>12,840,682</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDER'S EQUITY:</b>		
Common stock; no par value—authorized, 1,600 shares; outstanding, 1,193 shares	4,659,000	4,659,000
Retained earnings	10,922,103	9,996,862
Accumulated other comprehensive income	<u>166,867</u>	<u>19,593</u>
Total stockholder's equity	<u>15,747,970</u>	<u>14,675,455</u>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b><u>\$ 26,679,886</u></b>	<b><u>\$ 27,516,137</u></b>

See notes to financial statements.



**YAMATO TRANSPORT U.S.A., INC.**  
**(A Wholly-Owned Subsidiary of Yamato Holdings Co., Ltd.)**

**STATEMENTS OF INCOME**  
**YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<b>2007</b>	<b>2006</b>
<b>REVENUES:</b>		
Net sales from freight forwarding operations	\$ 69,019,852	\$ 69,727,304
Sales from other operations	<u>3,094,028</u>	<u>4,056,606</u>
Total revenues	<u>72,113,880</u>	<u>73,783,910</u>
<b>COSTS AND EXPENSES:</b>		
Cost of freight forwarding operations	51,557,234	53,352,430
Cost of other operations	1,554,525	2,116,921
General and administrative expenses	<u>14,901,749</u>	<u>14,241,867</u>
Total costs and expenses	<u>68,013,508</u>	<u>69,711,218</u>
<b>OPERATING INCOME</b>	<u>4,100,372</u>	<u>4,072,692</u>
<b>OTHER INCOME (EXPENSE) :</b>		
Foreign exchange loss	(141,916)	(57,426)
Interest income (expense)—net of interest expense of \$70,158 in 2007 and net of interest income of \$41,934 in 2006	77,877	(28,771)
Other income—net	<u>90,331</u>	<u>53,840</u>
Total other income (expense), net	<u>26,292</u>	<u>(32,357)</u>
<b>INCOME BEFORE PROVISION FOR INCOME TAXES</b>	4,126,664	4,040,335
<b>PROVISION FOR INCOME TAXES</b>	<u>1,701,423</u>	<u>1,687,480</u>
<b>NET INCOME</b>	<u>\$ 2,425,241</u>	<u>\$ 2,352,855</u>

See notes to financial statements.

**YAMATO TRANSPORT U.S.A., INC.**  
(A Wholly-Owned Subsidiary of Yamato Holdings Co., Ltd.)

**STATEMENTS OF STOCKHOLDER'S EQUITY**  
**YEARS ENDED DECEMBER 31, 2007 AND 2006**

	Comprehensive Income	Common Stock Shares	Common Stock Amount	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholder's Equity
BALANCE—January 1, 2006		1,193	\$ 4,659,000	\$ 8,544,007	\$ 9,832	\$ 13,212,839
Comprehensive income:						
Net income	\$ 2,352,855	-	-	2,352,855	-	2,352,855
Dividend paid	-	-	-	(900,000)	-	(900,000)
Other comprehensive income— Foreign currency translation adjustments	9,761	-	-	-	9,761	9,761
Comprehensive income	<u>\$ 2,362,616</u>	-	-	-	-	-
BALANCE—December 31, 2006		1,193	4,659,000	9,996,862	19,593	14,675,455
Comprehensive income:						
Net income	\$ 2,425,241	-	-	2,425,241	-	2,425,241
Dividend paid	-	-	-	(1,500,000)	-	(1,500,000)
Other comprehensive income— Foreign currency translation adjustments	147,274	-	-	-	147,274	147,274
Comprehensive income	<u>\$ 2,572,515</u>	-	-	-	-	-
BALANCE—December 31, 2007		<u>1,193</u>	<u>\$ 4,659,000</u>	<u>\$ 10,922,103</u>	<u>\$ 166,867</u>	<u>\$ 15,747,970</u>

See notes to financial statements.

**YAMATO TRANSPORT U.S.A., INC.**  
**(A Wholly-Owned Subsidiary of Yamato Holdings Co., Ltd.)**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2007 AND 2006**

	2007	2006
OPERATING ACTIVITIES:		
Net income	\$ 2,425,241	\$ 2,352,855
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss (gain) on disposal of property and equipment	6,452	(13,960)
Foreign exchange loss	141,916	57,426
Depreciation and amortization	806,598	846,138
(Recovery of) provision for doubtful accounts receivable	(142,659)	186,429
Deferred income taxes	131,059	(116,314)
Changes in operating assets and liabilities:		
Accounts receivable—trade	328,275	138,864
Prepaid income taxes	(599,277)	267,163
Other current assets	64,480	(48,353)
Other assets	(14,796)	(6,453)
Accounts payable—trade	(1,265,226)	(914,881)
Accrued expenses and other current liabilities	(489,501)	(1,236)
Income tax payable	-	(60,626)
Other liabilities	74,275	(26,381)
Net cash provided by operating activities	<u>1,466,837</u>	<u>2,660,671</u>
INVESTING ACTIVITIES:		
Purchase of property and equipment	(469,582)	(193,666)
Proceeds from sale of property and equipment	<u>-</u>	<u>258,700</u>
Net cash (used in) provided by investing activities	<u>(469,582)</u>	<u>65,034</u>
FINANCING ACTIVITIES:		
Dividend paid to stockholder	(1,500,000)	(900,000)
Repayments of capital lease obligations	<u>(319,649)</u>	<u>(365,803)</u>
Net cash used in financing activities	<u>(1,819,649)</u>	<u>(1,265,803)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>114,255</u>	<u>5,772</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(708,139)	1,465,674
CASH AND CASH EQUIVALENTS—Beginning of year	<u>5,566,541</u>	<u>4,100,867</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 4,858,402</u>	<u>\$ 5,566,541</u>

(Continued)

**YAMATO TRANSPORT U.S.A., INC.**  
**(A Wholly-Owned Subsidiary of Yamato Holdings Co., Ltd.)**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2007 AND 2006**

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	2007	2006
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	<u>\$ 70,158</u>	<u>\$ 70,706</u>
Income taxes—net of refunds	<u>\$ 2,183,830</u>	<u>\$ 1,724,590</u>

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES:

The Company acquired property and equipment which are under capital lease obligations of \$529,589 during 2006.

See notes to financial statements.

(Concluded)

**YAMATO TRANSPORT U.S.A., INC.**  
(A Wholly-Owned Subsidiary of Yamato Holdings Co., Ltd.)

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2007 AND 2006**

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**1. ORGANIZATION AND BUSINESS**

Yamato Transport U.S.A., Inc. (the "Company") was incorporated on March 10, 1980 under the laws of the State of New York as a wholly-owned subsidiary of Yamato Holdings Co., Ltd. (renamed from Yamato Transport Co., Ltd. on November 1, 2005) (the "Parent," a Japanese corporation). The Company is primarily engaged in freight forwarding, household moving, warehousing, customs brokerage and unaccompanied package shipping primarily between the United States of America and Japan.

Effective January 1, 2005, the Company and Yamato Transport (Canada) Inc., which was a wholly-owned subsidiary of the Parent, entered into a common control transaction whereby the Company agreed to purchase all of Yamato Transport (Canada) Inc.'s assets and assume a portion of Yamato Transport (Canada) Inc.'s liabilities and obligations. The transferred assets and liabilities were recorded by the Company at Yamato Transport (Canada) Inc.'s carryover value. Yamato Transport (Canada) Inc. had net loss of \$59,105 and \$22,183 for the years ended December 31, 2007 and 2006, respectively.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Cash Equivalents**—The Company considers all highly-liquid short-term interest bearing investments with original maturities of three months or less at the time of purchase to be cash equivalents. Cash equivalents included interest-bearing deposits of \$250,000 and \$3,044,772 as of December 31, 2007 and 2006, respectively.

**Bank Credit Lines**—The Company had credit lines with banks totaling \$3,500,000 and \$5,000,000 at December 31, 2007 and 2006, respectively, of which no amounts were outstanding.

**Property and Equipment**—Depreciation is computed by the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized by the straight-line method over the shorter of the estimated useful lives of the assets or the lease terms.

**Impairment of Long-Lived Assets**—In accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company's long-lived assets are reviewed for impairment periodically or whenever events or changes in circumstances indicate that the carrying amount of the asset in question may not be recoverable.

**Environmental Remediation Costs**—The Company accrues for losses associated with environmental remediation obligations when such losses are probable and reasonably estimable. Such accruals are adjusted as developments and circumstances change.

***Income Taxes***—Income taxes are accounted for in accordance with SFAS No. 109, *Accounting for Income Taxes*. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using 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 income in the period that includes the enactment date.

A valuation allowance is provided when, in assessing the realizability of deferred tax assets, management considers it more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

***Foreign Currency Transactions***—Foreign currency transactions are accounted for in accordance with SFAS No. 52, *Foreign Currency Translation*, and, accordingly, all realized and unrealized foreign exchange gains and losses are included in the determination of net income.

***Foreign Currency Translation***—Translation of the financial statements of the Canadian branch into U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for revenue and expense accounts using a weighted-average exchange rate during the periods. Gains or losses from the translation are included in stockholder's equity as a component of accumulated other comprehensive income.

***Use of Estimates***—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Fair Value of Financial Instruments***—The carrying amounts of cash and cash equivalents, accounts receivable-trade, prepaid income taxes, deferred income taxes, other current assets, accounts payable-trade, current portion of capital lease obligations, accrued expenses and other current liabilities, and income tax payable approximate their fair values principally because of the short-term maturities of these instruments.

***Revenue Recognition***—The Company has established specific revenue recognition policies for each of its product lines. Revenues for international export lines of business, such as air export, ocean export or moving export, are recognized when the cargo is tendered to the carriers. Revenues for international import lines of business are recognized when the import cargo leaves the custody of the Company, which is usually the time when the delivery order is issued.

***Reporting Revenue***—Revenue is presented in accordance with Emerging Issues Task Force (“EITF”) Issue No. 99-19, *Reporting Revenue Gross as a Principal versus Net as an Agent*. The issue discusses whether a company should report revenue based on the gross amount billed to a customer because it has earned revenue from the sale of goods or services or the net amount retained because it has earned a commission or fee. The Company presents the transactions where it acts as principal as net sales and cost of sales and the transactions where it acts as agent as commission income.

**Reporting Comprehensive Income**—In accordance with SFAS No. 130, *Reporting Comprehensive Income*, the Company has included foreign currency translation adjustments in other comprehensive income. Accumulated other comprehensive income, which is the cumulative amount of other comprehensive income, is reported as a separate component of stockholder's equity.

**Guarantees**—Financial Accounting Standards Board (“FASB”) Interpretation No. (“FIN”) 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others*, requires that the Company record a liability, if any, for the fair value of certain guarantees in the balance sheet. The Company did not have any guarantees at December 31, 2007 and 2006.

**Recent Accounting Pronouncements**—In July 2006, the FASB issued FIN 48, *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes*. FIN 48 prescribes detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions. Tax positions must meet a more likely than not recognition threshold to be recognized upon the adoption of FIN 48 and in subsequent periods. The provisions of FIN 48 shall be applied to all tax positions upon initial adoption of this interpretation. The cumulative effect of applying the provisions of this interpretation shall be reported as an adjustment to the opening balance of retained earnings. In February 2008, the FASB issued FASB Staff Position (“FSP”) No. FIN 48-2, *Effective Date of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, for Certain Nonpublic Enterprises*. FSP No. FIN 48-2 deferred the effective date of FIN 48 for certain nonpublic enterprises to fiscal years beginning after December 15, 2007. The Company has elected to defer the adoption of FIN 48 until January 1, 2008 based on the provisions of FSP No. FIN 48-2. The Company is currently evaluating the impact that FIN 48 will have on its results of operations, financial position and cash flows.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, which is effective for fiscal years beginning after November 15, 2007. This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. The Company is currently evaluating the impact that this standard will have on its results of operations, financial position and cash flows.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, which offers an irrevocable option to carry the vast majority of financial assets and liabilities at fair value, with changes in fair value recorded in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact that this standard will have on its results of operations, financial position and cash flows.

### 3. RELATED PARTY TRANSACTIONS

Transactions and balances with the Parent and affiliated companies as of and for the years ended December 31, 2007 and 2006 are as follows:

	2007	2006
Accounts receivable—trade	\$ 5,473,263	\$ 5,029,702
Accounts payable—trade	5,229,807	6,794,927
Net sales from freight forwarding operations	32,063,951	30,533,480
Sales from other operations	51,670	147,778
Cost of freight forwarding operations	12,189,450	13,823,263
Cost of other operations	137,379	85,955
General and administrative expenses	240,768	254,548

### 4. PROPERTY AND EQUIPMENT

At December 31, 2007 and 2006, property and equipment consisted of (see Note 5 for capital lease obligations):

	2007	2006	Useful Lives
Land	\$ 924,692	\$ 924,692	
Buildings	2,369,332	2,369,332	31.5 years
Furniture and equipment	4,629,643	4,848,073	3–5 years
Leasehold improvements	596,031	602,644	3–5 years
Automobiles	474,378	450,347	3–5 years
Total	8,994,076	9,195,088	
Less: accumulated depreciation and amortization	<u>(5,251,118)</u>	<u>(5,113,841)</u>	
Net property and equipment	<u>\$ 3,742,958</u>	<u>\$ 4,081,247</u>	

Depreciation and amortization expense amounted to \$806,598 and \$846,138 for the years ended December 31, 2007 and 2006, respectively.

### 5. CAPITAL LEASES

The Company entered into several capital lease agreements with three to five-year lease terms. The agreements include bargain purchase options at the end of the lease terms. The leases, which are accounted for as capital leases and are included in property and equipment, consisted of:

	2007	2006
Furniture and equipment	\$ 1,645,244	\$ 1,646,488
Automobiles	65,198	65,198
Less: accumulated depreciation	<u>(1,128,842)</u>	<u>(818,171)</u>
Capitalized leases—net	<u>\$ 581,600</u>	<u>\$ 893,515</u>



The charge to income resulting from depreciation of assets recorded under capital lease obligations is included within depreciation expense for the years ended December 31, 2007 and 2006. The depreciation expense amounted to \$311,915 and \$325,827 for the years ended December 31, 2007 and 2006, respectively.

The following is a schedule by years of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2007:

<b>Years Ending December 31</b>	
2008	\$ 285,132
2009	177,759
2010	143,276
2011	<u>66,767</u>
Total minimum lease payments	672,934
Less: amount representing interest	<u>(83,003)</u>
Present value of net minimum lease payments	589,931
Less: current portion of obligation under capital leases	<u>242,030</u>
Long-term portion of obligation under capital leases	<u>\$ 347,901</u>

## 6. INCOME TAXES

The income tax provision (benefit) for the years ended December 31, 2007 and 2006 consisted of:

	<b>2007</b>	<b>2006</b>
Current:		
Federal	\$ 1,274,478	\$ 1,469,620
States	325,634	345,303
Foreign	<u>(29,748)</u>	<u>(11,129)</u>
	<u>1,570,364</u>	<u>1,803,794</u>
Deferred:		
Federal	105,944	(99,411)
States	21,903	(14,605)
Foreign	<u>3,212</u>	<u>(2,298)</u>
	<u>131,059</u>	<u>(116,314)</u>
	<u>\$ 1,701,423</u>	<u>\$ 1,687,480</u>

The difference between the effective tax rate on income before provision for income taxes and the Federal statutory rate of 34% is primarily due to state income taxes and certain permanent differences.

The components of temporary differences giving rise to deferred tax assets are the allowance for doubtful accounts, accrued expenses, and different depreciation methods for tax and financial reporting purposes. No valuation allowance was recorded at December 31, 2007 and 2006, since the Company has determined that it is more likely than not that the deferred tax assets will be realized through future taxable income. The tax effects of temporary differences between the financial reporting and tax bases of assets that are included in the net deferred tax assets at December 31, 2007 and 2006 are summarized as follows:

	<b>2007</b>	<b>2006</b>
Current deferred tax assets:		
Allowance for doubtful accounts	\$ 89,815	\$ 149,943
Accrued expenses and other	<u>272,510</u>	<u>355,825</u>
Current net deferred tax assets	<u>\$ 362,325</u>	<u>\$ 505,768</u>
Noncurrent deferred tax assets:		
Depreciation and amortization	\$ 163,253	\$ 180,107
Other	<u>69,137</u>	<u>39,899</u>
Noncurrent net deferred tax assets	<u>\$ 232,390</u>	<u>\$ 220,006</u>

#### **7. ENVIRONMENTAL REMEDIATION OBLIGATION**

Prior to 1998, the Company operated two retail petroleum stations located in Leonia, New Jersey, and Tuckahoe, New York. During 1998, the Company closed the two petroleum stations and offered to sell the related real properties (the "sites"). Subsequent to the properties being offered for sale, the two sites were identified as being contaminated, as a result of the Company's performing an environmental investigation in accordance with 1998 UST (Underground Storage Tank) regulations. The Company retained an environmental consulting firm to perform the environmental and engineering remedial work. The environmental consulting firm's services included environmental investigation and the removal and disposal of the petroleum underground storage tanks and contaminated soil.

During 2004, the Company filed its 13th remedial work report ("Supplemental Remedial Investigation/Remedial Action Report") for the Leonia, New Jersey, site detailing the remedial work performed and the results of such work, and petitioned the New Jersey State Environmental Protection Agency (the "agency") for a "No Further Action Required" letter on the soil, because the Company's management believed that all soil-related remedial work had been completed. In 2006, the Company was informed by the agency that more action was required on their part. As such, the Company initiated a reinvestigation of the site.

It is reasonably possible that the Company's costs of environmental remediation may increase in the near term if additional remedial work is deemed necessary in order to comply with the environmental protection standards, as determined by environmental protection authorities; however, the Company believes that for the years ended December 31, 2007 and 2006, it has recorded all necessary amounts in its financial statements. Based on estimates of the extent of the remediation work, which have been provided by the environmental consulting firm, the Company paid \$35,742 and \$54,726 for the years ended December 31, 2007 and 2006, respectively.

As to the Tuckahoe, New York site, the Company has completed the necessary remedial work, including excavating the contaminated soil and replacing it with clean soil, and testing the underground water, and filed a Remedial Investigation/Remedial Action report with the New York State Department of Environmental Conservation for its approval. On February 18, 2005, the Company's environmental consulting firm received confirmation from the New York State Department of Environmental Conservation case manager stating that the case was closed and that no further action on this site would be required at this time.

The Company sold the site for \$257,400, and recognized \$12,660 of gain on the sale of the site for the year ended December 31, 2006.

## 8. COMMITMENTS AND CONTINGENCIES

**Operating Leases**—The Company entered into operating lease agreements with one to five-year lease terms for office space and for office equipment and vehicles. Certain office lease agreements include escalation clauses and renewal options. The aggregate minimum rental commitments of the Company for office space, office equipment, and vehicles under noncancellable lease agreements are as follows:

Year Ending December 31	
2008	\$ 3,117,852
2009	2,372,527
2010	1,748,201
2011	1,402,736
2012	<u>421,314</u>
	<u>\$ 9,062,630</u>

The aggregate minimum rental commitments have not been reduced by minimum sublease rentals of \$295,133 due in the future under noncancelable subleases. The rental expenses for office premises, certain equipment and vehicles for the years ended December 31, 2007 and 2006 were \$4,335,272 and \$4,031,042, respectively. The sublease rental income from office premises for the years ended December 31, 2007 and 2006 was \$67,633 and \$16,803, respectively.

**Letter of Credit**—The Company has a stand-by letter of credit for \$70,000 with a 1.25% annual interest rate which expires on April 25, 2008.

## 9. RETIREMENT PLAN

The Company has a defined contribution retirement plan (the "Plan") which covers employees who have worked over one year, subject to certain limitations. The employees may elect to save, through payroll deductions for each year, no less than 1% and up to 40% of their compensation. The Company contributes 50% of the first 4% of compensation that a participant contributes as the employer's matching contribution. The Company also contributes to the Plan an additional 2% of all eligible employees' basic payroll for each year.

The Plan expenses for the years ended December 31, 2007 and 2006 were \$374,352 and \$335,250, respectively.

\* \* \* \* \*

## **ADDITIONAL INFORMATION**

**YAMATO TRANSPORT U.S.A., INC.**  
**(A Wholly-Owned Subsidiary of Yamato Holdings Co., Ltd.)**

**ADDITIONAL INFORMATION—SCHEDULES OF  
GENERAL AND ADMINISTRATIVE EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<b>2007</b>	<b>2006</b>
Payroll	\$ 2,795,885	\$ 1,915,448
Payroll taxes	129,157	102,484
Employee welfare	268,939	194,731
Automobile expenses	548,674	556,316
Advertising	363,556	321,499
Entertainment	144,514	177,982
Travel and transportation	279,277	284,232
Office rent	3,305,937	3,124,522
Equipment rental	1,029,335	906,520
Communication	1,003,452	976,814
Meeting expenses	46,245	50,894
Dues and subscriptions	91,760	104,317
Business taxes	180,553	248,628
Office supplies and stationary	218,944	222,619
Printing expenses	161,492	181,023
Insurance	690,959	642,285
Donations	4,722	6,185
Repairs and maintenance	1,182,957	1,227,797
Utilities	435,179	450,158
(Recovery) bad debt expenses	(142,659)	186,429
Depreciation and amortization	806,598	846,138
Professional fees	897,265	1,148,475
Computer expenses	45,627	30,274
Moving and relocation	50,330	11,171
Miscellaneous	<u>363,051</u>	<u>324,926</u>
	<u>\$ 14,901,749</u>	<u>\$ 14,241,867</u>

# ATTACHMENT A

## HOUSEHOLD GOODS STATEMENT OF SUPPORT

Your application must include at least three shipper or public statements supporting the proposed household goods moving service. Shipper statements may come from persons or organizations with a need for household goods moving services, or who support your request for a permit to provide those services. These forms may be copied by you as needed.

Applicant Name:

YAMATO TRANSPORT USA, INC.

### The following must be completed by the Supporter of the applicant

Name, Title, and Business Name:

NAOMI FUJIMOTO, BRANCH MANAGER, SANTA TSUSHO CO LTD.

Address (include street address, mailing address, city, state, zip, and county):

4208 170th CT NE  
REDMOND WA 98052  
U.S.A.

Phone Number:

425-497-1007

Do you currently need the services of a residential household goods moving company?

No  Yes If yes, please describe your current moving needs:

Do you anticipate a future need for the services of a residential household goods moving company?

No  Yes If yes, please describe your future moving needs:

Relocation of our employees.


Briefly describe how granting this company a permit to provide household goods moving services in Washington State will benefit you, your business, and/or your community:

Their level of service has been so exceptional that I have never seen in any other competitors. We hope their existence in Washington State would provide positive influence in its industry.

Is there anything else the Commission should consider when making a determination about this company's application for a household goods permit?

No

I certify (or declare) under penalty of perjury under the laws of the state of Washington that the foregoing is true and correct.



Signature of Person Completing Form

4-30-08, Redmond, WA

Date and Location

ATTACHMENT A

HOUSEHOLD GOODS STATEMENT OF SUPPORT

Your application must include at least three shipper or public statements supporting the proposed household goods moving service. Shipper statements may come from persons or organizations with a need for household goods moving services, or who support your request for a permit to provide those services. These forms may be copied by you as needed.

Applicant Name:

Uesugi USA, Inc ( dba U.B.A, Inc)

The following must be completed by the Supporter of the applicant

Name, Title, and Business Name:

Keiji Nishii, Vice President, Uesugi USA, Inc

Address (include street address, mailing address, city, state, zip, and county):

13547 SE 27th PL, Ste 3B, Bellevue, WA, 98005, USA

Phone Number:

(425) 679-0660

Do you currently need the services of a residential household goods moving company?

No  Yes If yes, please describe your current moving needs:

Do you anticipate a future need for the services of a residential household goods moving company?

No  Yes If yes, please describe your future moving needs:

When we offer relocation for prospective employees, we would need their relocation assistance.

Briefly describe how granting this company a permit to provide household goods moving services in Washington State will benefit you, your business, and/or your community:

Since our parent company is located in Japan, it would be beneficial to have Japanese-speaking that offers moving assistance.

Is there anything else the Commission should consider when making a determination about this company's application for a household goods permit?

I certify (or declare) under penalty of perjury under the laws of the state of Washington that the foregoing is true and correct.

Keiji Nishii

Signature of Person Completing Form

4/15/08 Bellevue, WA

Date and Location

**ATTACHMENT A**

**HOUSEHOLD GOODS STATEMENT OF SUPPORT**

Your application must include at least three shipper or public statements supporting the proposed household goods moving service. Shipper statements may come from persons or organizations with a need for household goods moving services, or who support your request for a permit to provide those services. These forms may be copied by you as needed.

Applicant Name: Yamato Transport USA, Inc

**The following must be completed by the Supporter of the applicant**

Name, Title, and Business Name: Mark W. Cron, North American Operations Manager, Daiken Corp.

Address (include street address, mailing address, city, state, zip, and county):  
18202 80<sup>th</sup> Ave South  
Kent, WA 98032

Phone Number: 425-251-6655

Do you currently need the services of a residential household goods moving company?  
 No  Yes If yes, please describe your current moving needs:

Do you anticipate a future need for the services of a residential household goods moving company?  
 No  Yes If yes, please describe your future moving needs:  
Someone from my Home office may be transferred to this office  
thus needing the assistance of a mover for the move.

Briefly describe how granting this company a permit to provide household goods moving services in Washington State will benefit you, your business, and/or your community:  
Being a Japanese company they make it easier for my office in Japan  
to send trainees here, because they have Japanese speakers.

Is there anything else the Commission should consider when making a determination about this company's application for a household goods permit?

I certify (or declare) under penalty of perjury under the laws of the state of Washington that the foregoing is true and correct.

Mark W. Cron  
Signature of Person Completing Form

4-15-08, Kent, WA  
Date and Location