

Summary of Financial Statements for the Fiscal Year Ended March 31, 2015 [Japan GAAP]

May 7, 2015

Name of Listed Company:	SENKO Co., Ltd.	Stock Listed on:	The First Section of the Tokyo Stock Exchange
Code Number:	9069	URL	http://www.senko.co.jp/en/
Representative:	Title: President	Name:	Yasuhisa Fukuda
Inquiries:	Title: Managing Executive Officer, Public Relations	Name:	Noburoh Sasaki
Scheduled Date of Annual Shareholders Meeting:	June 26, 2015	Scheduled Date of Dividend Paid:	June 29, 2015
Scheduled Date of Issue of Financial Report:	June 26, 2015		
Supplemental Information Materials:	Yes		
Information Meeting for Financial Results:	Yes (for institutional investors)		

1. Consolidated Operating Results for the Fiscal Year Ended March 2015 (From April 1, 2014 to March 31, 2015)

(1) Consolidated Operating Results

Note: Amounts less than one million yen have been rounded down.

	Operating revenues		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2015	398,447	19.3	13,649	12.6	13,234	17.1	7,073	8.8
Fiscal year ended March 31, 2014	333,883	13.7	12,122	22.3	11,305	11.9	6,503	25.0

(Note) Comprehensive income:

Fiscal year ended March 31, 2015: 9,804 million yen (39.2 %) Fiscal year ended March 31, 2014: 7,045 million yen (20.7 %)

	Net income per share	Diluted net income per share	Return on shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to operating revenues
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2015	55.06	50.41	9.5	5.0	3.4
Fiscal year ended March 31, 2014	51.89	45.17	9.8	5.0	3.6

(Reference) Equity in earnings (losses) of affiliates:

Fiscal year ended March 31, 2015: —

Fiscal year ended March 31, 2014: —

The figures for the consolidated operating results for the fiscal year ended March 31, 2014 are after the retrospective application of the changes to accounting principles following the revision of accounting standards.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal year ended March 31, 2015	285,309	92,743	28.4	581.46
Fiscal year ended March 31, 2014	243,570	72,302	27.8	539.52

(Reference) Shareholders' equity:

Fiscal year ended March 31, 2015: 81,026 million yen

Fiscal year ended March 31, 2014: 67,819 million yen

The figures for the consolidated financial position for the fiscal year ended March 31, 2014 are after the retrospective application of the changes to accounting principles following the revision of accounting standards.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at fiscal year-end
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2015	19,228	(17,978)	6,209	25,476
Fiscal year ended March 31, 2014	10,689	(24,956)	14,551	17,667

2. Dividends

	Annual dividend					Aggregate amount (Annual)	Payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2014	—	8.00	—	8.00	16.00	2,054	30.8	3.0
Fiscal year ended March 31, 2015	—	8.00	—	9.00	17.00	2,308	30.9	2.9
Fiscal year ending March 31, 2016 (Forecast)	—	9.00	—	9.00	18.00		28.8	

3. Forecast of Consolidated Operating Results for the Year Ending March 2016 (From April 1, 2015 to March 31, 2016)

(Percentage figures represent year on year changes)

	Operating revenues		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half ending September 2015	216,000	17.5	7,300	35.8	6,900	34.5	3,600	17.3	25.83
Fiscal year ending March 2016	440,000	10.4	16,800	23.1	16,000	20.9	8,700	23.0	62.43

Notes

- (1) Changes in significant subsidiaries during the fiscal year (Changes in specified subsidiaries associated with change in scope of consolidation): None
- (2) Changes in accounting principles and estimates, and retrospective restatements
- (a) Changes due to revision of accounting standards: Yes
 - (b) Changes other than in (a): None
 - (c) Changes in accounting estimates: None
 - (d) Retrospective restatements: None

(3) Shares outstanding (Common shares)

(a) Shares outstanding (including treasury stocks)

As of March 31, 2015: 141,927,426 shares As of March 31, 2014: 128,989,476 shares

(b) Treasury stock

As of March 31, 2015: 2,577,118 shares As of March 31, 2014: 3,284,287 shares

(c) Average number of shares (quarterly consolidated cumulative period)

Fiscal year ended March 31, 2015: 128,467,414 shares Fiscal year ended March 31, 2014: 125,338,438 shares

(Note) Starting with the first quarter of the consolidated fiscal year ended March 31, 2015 (the three months ended June 30, 2014), the number of shares of treasury stock at term-end includes Senko shares owned by the employee stock ownership plan (ESOP) trust, following revisions to accounting principles due to the amendment of accounting standards. (As of March 31, 2015: 1,954,000 shares; as of March 31, 2014: 2,680,000 shares.)

[Reference] Overview of Non-Consolidated Operating Results

1. Non-Consolidated Operating Results for the Fiscal Year Ended March 2015 (From April 1, 2014 to March 31, 2015)

(1) Non-Consolidated Operating Results

(Percentage figures represent year on year changes)

	Operating revenues		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2015	199,624	2.2	6,246	(5.7)	7,242	(1.0)	4,324	(5.0)
Fiscal year ended March 31, 2014	195,322	5.0	6,621	6.9	7,318	14.7	4,551	42.9

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2015	33.66	30.82
Fiscal year ended March 31, 2014	36.31	31.61

The figures for the non-consolidated operating results for the fiscal year ended March 31, 2014 are after the retrospective application of the changes to accounting principles following the revision of accounting standards.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal year ended March 31, 2015	215,941	70,328	32.4	502.62
Fiscal year ended March 31, 2014	199,693	61,300	30.6	485.78

(Reference) Shareholders' equity:

Fiscal year ended March 31, 2015: 70,040 million yen Fiscal year ended March 31, 2014: 61,064 million yen

The figures for the non-consolidated financial position for the fiscal year ended March 31, 2014 are after the retrospective application of the changes to accounting principles following the revision of accounting standards.

Status of implementation of auditing procedure

The auditing procedure for the consolidated financial statements that is prescribed by the Financial Instruments and Exchange Act had not been completed when this financial report was released.

Cautionary statement regarding forecasts of operating results and special notes

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons. For information about the assumptions used for forecasts and precautions concerning the use of forecasts, please see "Forecast for fiscal year ending March 2016" on page 4.

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1. Results of Operations and Financial Condition

(1) Results of Operations

1) Fiscal year performance

In the fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015), the Japanese economy remained sluggish as consumer spending declined due to the consumption tax rate hike, unfavorable weather, and a climb in prices caused by depreciation of the yen. In addition, with some overseas economies showing a slowdown, the outlook of the economy remained uncertain.

In the logistics industry, cargo volumes declined in consumer spending-related goods and construction-related materials, due to the fall in consumer spending and housing investment caused by the consumption tax rate hike. Moreover, the industry environment remained severe because costs increased, due to rising outsourcing costs caused by a shortage of trucks and drivers, while fuel prices leveled off for the present because of a drop in crude oil prices.

In this environment, the Senko Group established a four-year medium-term business plan that began in the fiscal year ended March 31, 2014 and is based on the slogan "Moving Global." The plan has three goals: "go beyond logistics," "make the world go round," and "revolutionize business." The Group has been working to achieve growth in the distribution business and commerce and trade business as well as to foster an even greater degree of trust among its customers by building a structure for services with high quality and outstanding performance in relation to cost.

The following provides an outline of our main activities in the fiscal year ended March 31, 2015.

In retail product logistics, the Company started operation of large-scale distribution centers in the Kanto, Chubu and Kansai regions. It opened its new warehouse at the Tawaramoto Distribution Center (Shiki County, Nara Prefecture) in May 2014, the Moriyama PD Center No. 3 Warehouse (Moriyama City, Shiga Prefecture) in June 2014, the Kitakanto PD Center (Ota City, Gunma Prefecture) in July 2014, and the Nagoya PD Center No. 2 (Nagoya City, Aichi Prefecture) in October 2014 to expand distribution operations.

In addition, as companies increasingly outsource their distribution operations, we obtained an order for distribution operations in the Kyushu area from a major beverage manufacturer in May 2014 and took over the general cargo distribution business and customs clearance business in October 2014 from a large gas sales company's distribution affiliate.

Furthermore, as part of our efforts to enhance the food logistics business, we welcomed several logistics companies with specialist expertise into the Senko Group. The Company brought the following companies into subsidiaries: In June 2014 Sankyo Butsuryu Niyaku Co., Ltd. (Kasai County, Hokkaido Prefecture) and Sankyo Logistics Co., Ltd. (also in Kasai County), two companies that engage in the distribution of agricultural products in Hokkaido, and in October 2014 Runtec Corporation (Fukuoka City, Fukuoka Prefecture). Runtec operates its low temperature logistics business (in cold and freezer storage) nationwide, with more than 1,000 units of cold and freezer storage trucks and low temperature warehouses with an area of around 20,000 tsubo (approximately 66,000 square meters); its expertise in the low temperature logistics business is based on more than 50 years' experience.

In the housing logistics domain, we started operation of the Yawara Housing Distribution Center (Tsukubamirai City, Ibaraki Prefecture) in November 2014 to strengthen delivery capabilities of housing material in the Kanto area. In addition, we obtained an outsourcing order from a major solar panel manufacturer for all of its logistics operations ranging from distribution within plants to warehousing, cargo handling, shipment, and delivery, some of which were launched in January 2015.

In the chemicals logistics area, Senwamaru, a heavy oil vessel, entered service in November 2014. We also managed to expand business by making proposals for efficient transportation using bulk containers that we developed, which resulted in obtaining new contracts.

Overseas, in East Asia we entered into an agreement in October 2014 to start new transportation operations of automobile parts within China, which is scheduled to commence in June 2015. In South Korea, we worked to establish an integrated distribution system between Japan and South Korea utilizing the KO-SENKO Logistics Center that was launched in the previous fiscal year, while in North America we opened the Mexico branch in July 2014 under the jurisdiction of our U.S. subsidiary, seeking to expand business by starting transportation operations within Mexico as well as with the U.S. In Thailand, we are constructing a distribution center that handles import/export cargo at the country's largest harbor, Laem Chabang Port. It is expected to begin operation this summer.

In the commerce and trade business segment, we developed products with our trade company subsidiaries using their expertise, and promoted joint sales activities to customers of our trade company subsidiaries' and ours. In addition, we have been working to generate synergy with the distribution business by actively proposing our logistics service to the suppliers and customers of each trade company subsidiary as well as by carrying out logistics operations of merchandise from subsidiaries within the Group.

We have also been promoting green logistics as part of our efforts to reduce our environmental burden as well as resolving the issue of the shortage of drivers. We were the first in the logistics industry to be awarded with the Prize for the Best Business Entities Working on Modal Shift by the Japan Federation of Freight Industries in March 2015 for our proposals for a modal shift to use

railways in our efforts to obtain new customers, and, as a result, for managing to significantly improve the efficiency of transportation and reduce the environmental burden.

As for our efforts to secure financial soundness, in April 2014 we established Senko Asset Management Co., Ltd. (Osaka City, Osaka Prefecture), a company that manages the assets of a real estate investment trust (a private REIT), and in February 2015 we obtained approval and license necessary for operations. We will raise funds for new facilities investment by putting our distribution centers into a private REIT originated by Senko Asset Management and further promote the growth and expansion of the distribution center business.

The full-year performance was as follows:

	(Unit: Millions of Yen)			
	FY ended March 2014	FY ended March 2015	Change	%
Operating revenues	333,883	398,447	64,563	19.3
Operating income	12,122	13,649	1,527	12.6
Ordinary income	11,305	13,234	1,929	17.1
Net income	6,503	7,073	569	8.8

Consolidated operating revenues for the fiscal year ended March 31, 2015 increased 19.3% year on year to ¥398,447 million due to efforts to aggressively expand sales and the consolidation of AST CORPORATION and Runtec Corporation through M&A in 2013 and October 2014, respectively.

Consolidated operating income grew to ¥13,649 million, up 12.6%, while consolidated ordinary income rose to ¥13,234 million, up 17.1%. This reflected positive factors, such as a rise in operating revenues, a price revision, M&A, and a drop in fuel costs due to the decline in oil prices, despite cost increases, including the hike in outsourcing costs, together with negative effects from the depreciation of the yen in the commerce and trade business. Net income increased to ¥7,073 million, up 8.8%.

The business segment performance was as follows:

Distribution

In the retail product logistics business, the Company received an order for distribution operations from a major beverage manufacturer; cargo volume increased for companies in the fashion industry; and the M&A of Sankyo Butsuryu Niyaku Co., Ltd., Sankyo Logistics Co., Ltd. and Runtec Corporation had a positive effect on business. In the housing logistics business, the Company saw cargo volumes decrease due to the effect of the consumption tax rate hike, despite aggressive sales promotion activities. In the chemicals logistics business, there was a positive effect from large-scale capital expenditure, such as an asphalt tanker that was built in the previous fiscal year, as well as orders in new operations due to expanded sales. Consequently, operating revenues for the consolidated fiscal year under review increased to ¥273,663 million, up 14.2% from the previous year.

Commerce and trade

In the commerce and trade business, operating revenues increased to ¥120,685 million, up 33.1% from the previous year, due to the impact of acquiring AST CORPORATION as a consolidated subsidiary and sales growth in the petroleum marketing business.

Others

In this segment, operating revenues grew to ¥4,098 million, up 19.1% from the previous year, due to a rise in orders received for outsourced data processing services and the launch of the solar electricity sales business in September 2013.

2) Forecast for fiscal year ending March 2016

The Japanese economy is expected to see a mild recovery, supported by an improvement in the employment environment, a recovery in consumer spending due to unified wage increases, and a rise in capital expenditure on the back of companies' improved operating results. In the logistics industry, although consumer-related and production-related cargo volumes are forecast to gradually recover, the total traffic volume is expected to remain unchanged from the previous fiscal year due to a decrease in construction-related cargo owing to a decline in public spending. Furthermore, the business environment is expected to remain severe, with outsourcing costs growing sharply due to a shortage of human resources and trucks.

In this environment, the Senko Group will tackle the following tasks during the third year of its four-year medium-term business plan: improving its profitability, enhancing its competitiveness, and upgrading its operation system.

To improve our profitability, we plan to reorganize our operation system to better fit the actual conditions of the regions and businesses, improve unprofitable businesses, and revise our charges by assessing cost increases due to a shortage of human resources.

To enhance our competitiveness, we will open new distribution centers in the Kanto and Tohoku regions as well as work to build a business foundation for three-temperature zone logistics (cold, freezer, and normal temperature storage) together with Runtec Corporation. Overseas, we give priority to the four areas of East Asia, ASEAN, Central Asia, and North America, where we intend to strengthen our business by opening new distribution centers and expanding the local transportation business. In addition, we plan to explore business opportunities in new markets by expanding the agriculture business and embarking on the establishment and development of the life support business.

As measures to upgrade our operation system, we will focus on the systematic hiring of drivers to boost the utilization of our own trucks, instead of those currently used by subcontractors. In addition, we plan to open a driving school within the company where students can acquire driver's licenses for large, medium-sized and hauling cars to foster in-house drivers, as well as establish a work environment where employees can thrive.

As a result of pursuing such corporate activity, the Group's consolidated forecasts for the next fiscal year are for operating revenues of ¥440.0 billion, operating income of ¥16.8 billion, ordinary income of ¥16.0 billion, and profit attributable to owners of parent of ¥8.7 billion.

(2) Financial Condition

1) Assets, liabilities and net assets

Total assets

Total assets at the end of the fiscal year under review were ¥285,309 million, ¥41,739 million higher than at the end of the previous fiscal year.

Current assets amounted to ¥98,248 million, up ¥14,094 million from March 31, 2014. This was due to increases in cash and deposits of ¥7,918 million, notes and operating accounts receivable of ¥4,837 million, and merchandise and finished goods of ¥403 million.

Noncurrent assets totaled ¥187,061 million, up ¥27,644 million from March 31, 2014. This was due to increases in property, plant and equipment of ¥21,353 million, goodwill of ¥1,132 million, and investments and other assets of ¥5,203 million.

Liabilities

Liabilities rose ¥21,298 million from the end of the previous fiscal year to ¥192,565 million.

Current liabilities amounted to ¥92,554 million, up ¥13,213 million from March 31, 2014. This was due to increases in trade notes and operating accounts payable of ¥1,386 million, and short-term loans payable of ¥12,890 million.

Noncurrent liabilities totaled ¥100,011 million, up ¥8,084 million from March 31, 2014. This was due to increases in bonds payable of ¥6,980 million, long-term loans payable of ¥4,372 million, and net defined benefit liability of ¥2,577 million, despite a decrease in convertible bond-type bonds with subscription rights to shares of ¥5,162 million.

Net assets

Net assets expanded by ¥20,441 million from the end of the previous fiscal year to ¥92,743 million. This reflected increases in capital stock and capital surplus of ¥2,577 million each due to the conversion of convertible bond-type bonds with subscription rights to shares to common shares, while retained earnings, valuation difference on available-for-sale securities, and minority interests grew by ¥5,611 million, ¥1,081 million and ¥7,181 million, respectively. The equity ratio increased by 0.6 percentage points from the end of the previous fiscal year to 28.4%.

2) Cash flows

Cash and equivalents at the end of the term increased by ¥7,808 million year on year to ¥25,476 million.

Net cash provided by operating activities was ¥19,228 million. This was mainly due to income before income taxes of ¥13,053 million and depreciation and amortization of ¥8,856 million, despite income taxes paid of ¥4,230 million.

Net cash used in investing activities was ¥17,978 million. This was mainly due to the purchase of property, plant and equipment of ¥13,030 million, purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥3,609 million, and the purchase of shares of subsidiaries and associates of ¥510 million.

Net cash provided by financing activities was ¥6,209 million. This was mainly due to an increase in short-term loans payable of ¥13,032 million, proceeds from long-term loans payable of ¥6,800 million, and proceeds from issuance of bonds of ¥7,000 million, despite repayment of long-term loans payable of ¥9,402 million, repayments of finance lease obligations of ¥2,135 million, redemption of bonds of ¥7,040 million, and cash dividends paid of ¥2,075 million.

3) Performance indicators associated with cash flows

Fiscal years ended March 31	2011	2012	2013	2014	2015
Equity ratio (%)	33.3	30.3	31.3	27.8	28.4
Market capitalization equity ratio (%)	19.1	20.6	29.7	23.6	38.1
Interest-bearing debt to cash flow ratio	8.2	7.6	6.6	9.2	5.7
Interest coverage ratio	6.2	7.9	9.6	8.6	15.5

Notes:

Equity ratio: Shareholders' equity / Total assets

Market capitalization equity ratio: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest expenses

- All figures are based on the consolidated financial statements.
- Market capitalization is calculated by multiplying the fiscal year-end stock price and the number of shares issued at the end of the fiscal year (after deducting treasury stock).
- Operating cash flows are the figure shown in the consolidated statement of cash flows. Interest-bearing debt is the sum of all liabilities on the consolidated balance sheet on which interest is paid. Interest expenses are the figure shown in the consolidated statement of cash flows.

(3) Fundamental Policy for Distribution of Earnings and Dividend for the Current and the Next Fiscal Years

While securing internal reserves necessary for future business development and management structure reinforcement, the basic policy is to return profits to shareholders by implementing stable dividends and dividends that are linked to business results.

In accordance with this policy, the year-end dividend for the fiscal year ended March 31, 2015 is set at ¥9.00 per share, in view of operating results for the full year. Combined with the already declared interim dividend of ¥8.00, the total annual dividend is expected to be ¥17.00.

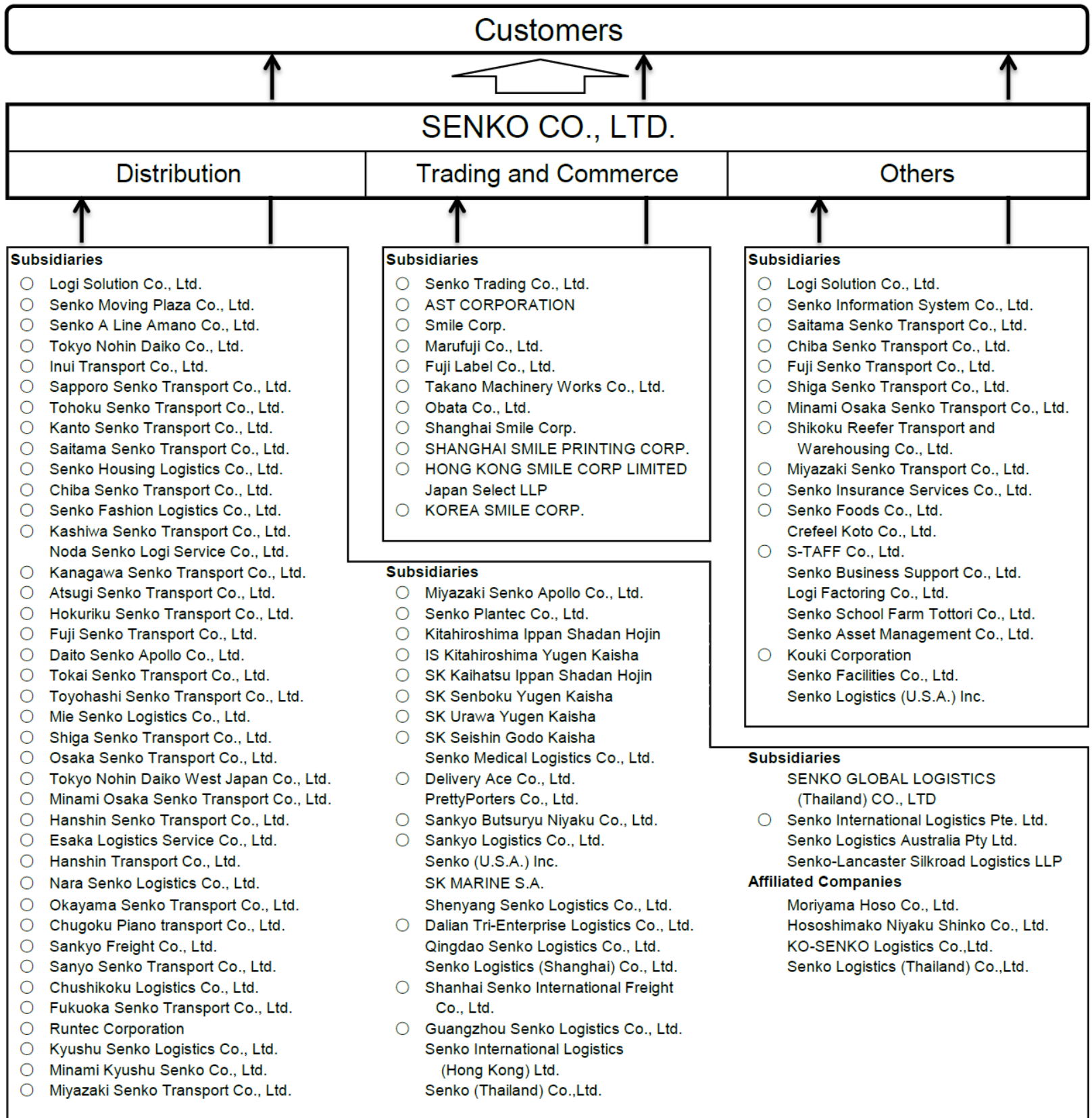
For the next fiscal year's dividend, we expect an annual dividend of ¥18.00 per share (interim dividend of ¥9.00, year-end dividend of ¥9.00), in accordance with our basic policy on profit distribution.

(4) Business Risk

No discussion of business and other risks is presented here because there have been no significant changes involving these risks since the most recent Securities Report (dated June 27, 2014), which includes a section about business and other risks.

2. Corporate Group

The Senko Group includes Senko, 92 subsidiaries and four affiliated companies. To meet the increasingly diverse and exacting needs of customers, Group companies conduct a full line of logistics operations extending from the development of strategic logistics systems to the operation of these systems. There are three business segments: Distribution, which includes cargo transport by truck, cargo transport by rail, warehouse operations, the operation of distribution centers, and other activities; Trading and Commerce, which includes sales of petroleum products, trading sales and international trade; and Others, which includes outsourced data processing services, motor vehicle maintenance, insurance agency services and other activities. A diagram of these business operations is presented below.



3. Management Policies

(1) Fundamental Management Policy

The Senko Group is dedicated to becoming a company that earn the trust of shareholders, customers, employees and society and provide benefits to these stakeholders by using highly advanced logistics and information technologies to create and provide services of the highest quality.

To accomplish this goal, group companies seek to maximize corporate value by supplying customers with high-quality, low-cost value-added logistics services. From the standpoint of coexisting with society, the Senko Group also places priority on safety and environmental protection along with helping maintain social order. The aim is to create an energetic organization that is dedicated to growth and trust and able to fulfill its obligations as a leading member of the logistics industry.

(2) Medium and Long-term Strategies

The Company celebrates its 100th anniversary in 2016. To celebrate the 100th anniversary of its foundation, the Company has established a vision of what is needed for "Becoming a logistics information company that can be trusted upon both in Japan and overseas" and has accordingly created a medium-term business plan that covers the four-year period commencing with the fiscal year started in 2013.

Summary of the Senko Group Medium-term Business Plan (April 2013 to March 2017)
<p>1. The shape that the Senko Group aims to achieve "Becoming a logistics information company that can be trusted upon both in Japan and overseas" *A logistics information company means: A company that has a good command of information, including logistics and trade distribution, and provides the appropriate distribution and logistical services on a global scale.</p> <p>2. Corporate slogan: "Moving Global" Go beyond logistics: Provide customers with high-quality services beyond the framework of an existing logistics company. Make the world go round: Conduct a "global" business with social consciousness. Revolutionize business: Offer customers new value by cultivating an awareness of self-development in employees.</p> <p>3. Medium-term management policies (1) Aiming at the provision of comprehensive and integrated services, challenging the creation of products together with expanding the range of our businesses in distribution and in trade logistics operations. (2) Fostering a greater degree of trust among our customers, forming a high-quality and high-service structure. (3) Reinforcing our staff training and employment activities to foster and retain group human resources (including global human resources, and in-house entrepreneurs within the Group). (4) Placing emphasis on compliance, and aiming to become a company that is in the vanguard of environmental, safety, and health issues. (5) Promoting financial policies that are based upon prioritizing the maintenance of financial soundness.</p> <p>4. Medium-term business policies (1) Expanding the operational scope of our "physical distribution business." (2) Expanding the operational scope of our "commerce and trading business." (3) Developing an "international distribution business" that prioritizes earnings (4) Taking on the challenge of "making things." (5) Promoting "business partnerships and M&A."</p>

4. Basic Concept Regarding the Selection of Accounting Standards

To facilitate comparisons of its consolidated financial statements across time periods and with other companies, the Senko Group intends to prepare its consolidated financial statements based on Japanese generally accepted accounting principles (JGAAP) for the time being.

With regard to the adoption of international financial reporting standards (IFRS), Senko intends to monitor developments in Japan and overseas, and to respond appropriately to these developments.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Millions of Yen)

	As of March 31, 2014	As of March 31, 2015
Assets		
Current assets		
Cash and deposits	17,767	25,685
Notes and accounts receivable	51,764	56,602
Merchandise	6,076	6,480
Real estate for sale	3	3
Work in process	214	191
Supplies	209	437
Deferred tax assets	2,397	2,515
Other	5,769	6,374
Allowance for doubtful accounts	(50)	(42)
Total current assets	84,153	98,248
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	118,145	141,085
Accumulated depreciation	(58,006)	(72,650)
Buildings and structures (net)	60,139	68,435
Machinery, equipment and vehicles	22,382	34,048
Accumulated depreciation	(16,103)	(26,073)
Machinery, equipment and vehicles (net)	6,278	7,975
Tools, furniture and fixtures	5,363	6,055
Accumulated depreciation	(4,346)	(4,960)
Tools, furniture and fixtures (net)	1,017	1,094
Land	56,092	66,229
Lease assets	8,508	7,405
Accumulated depreciation	(5,225)	(4,356)
Lease assets (net)	3,283	3,049
Construction in progress	1,646	3,027
Total property, plant and equipment	128,457	149,811
Intangible assets		
Goodwill	3,178	4,311
Other	3,440	3,395
Total intangible assets	6,619	7,706
Investments and other assets		
Investment securities	5,775	8,366
Long-term loans receivable	3,957	4,967
Net defined benefit asset	–	2,009
Guarantee deposits	9,559	10,390
Deferred tax assets	4,234	2,734
Other	1,370	1,815
Allowance for doubtful accounts	(557)	(741)
Total investments and other assets	24,339	29,543
Total noncurrent assets	159,416	187,061
Total assets	243,570	285,309

(Unit: Millions of Yen)

	As of March 31, 2014	As of March 31, 2015
Liabilities		
Current liabilities		
Notes and operating accounts payable–trade	36,603	37,989
Current portion of bonds	7,040	20
Short-term loans payable	16,345	29,235
Lease obligations	1,986	1,837
Income taxes payable	2,766	3,415
Provision for bonuses	3,342	3,905
Provision for directors' bonuses	163	189
Other	11,093	15,960
Total current liabilities	79,340	92,554
Noncurrent liabilities		
Bonds payable	5,020	12,000
Convertible bond-type bonds with subscription rights to shares	12,031	6,868
Long-term loans payable	57,598	61,971
Lease obligations	3,656	3,419
Provision for directors' retirement benefits	187	369
Net defined benefit liability	6,804	9,381
Provision for special repairs	42	33
Asset retirement obligations	440	575
Other	6,146	5,391
Total noncurrent liabilities	91,927	100,011
Total liabilities	171,267	192,565
Net assets		
Shareholders' equity		
Capital stock	20,521	23,098
Capital surplus	19,337	21,914
Retained earnings	31,064	36,676
Treasury stock	(1,532)	(1,183)
Total shareholders' equity	69,390	80,506
Accumulated other comprehensive income		
Valuation differences on available-for-sale securities	738	1,819
Deferred gains or losses on hedges	(9)	(4)
Foreign currency translation adjustment	230	543
Remeasurements of defined benefit plans	(2,530)	(1,839)
Total accumulated other comprehensive income	(1,570)	519
Subscription rights to shares	235	288
Minority interests	4,247	11,428
Total net assets	72,302	92,743
Liabilities and net assets	243,570	285,309

(2) Consolidated Statements of (Comprehensive) Income

(Consolidated Statements of Income)

(Unit: Millions of Yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 – March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 – March 31, 2015)
Operating revenues	333,883	398,447
Cost of sales	299,039	357,431
Gross profit	34,844	41,016
Selling, general and administrative expenses	22,722	27,366
Operating income	12,122	13,649
Non-operating income		
Interest income	163	187
Dividend income	98	115
Other	629	890
Total non-operating income	891	1,193
Non-operating expenses		
Interest expenses	1,242	1,213
Other	465	395
Total non-operating expenses	1,707	1,608
Ordinary income	11,305	13,234
Extraordinary income		
Gain on sales of investment securities	549	306
Gain on sales of noncurrent assets	187	59
Gain on revision of retirement benefit plan	239	-
Insurance income	32	-
Total extraordinary income	1,009	366
Extraordinary loss		
Loss on retirement of noncurrent assets	212	192
Compensation for damage	-	99
Litigation settlement	-	98
Provision of allowance for doubtful accounts for subsidiaries and associates	162	82
Loss on business withdrawal	-	41
Loss on sales of noncurrent assets	-	33
Office transfer expenses	243	-
Loss on valuation of investments in capital of subsidiaries and associates	104	-
Loss on cancellation of lease contracts	77	-
Soil improvement cost	61	-
Impairment loss	42	-
Special retirement expenses	38	-
Loss on disaster	30	-
Total extraordinary loss	971	547
Income before income taxes	11,343	13,053
Income taxes—current	4,314	4,465
Income taxes—deferred	335	958
Total income taxes	4,649	5,424
Income before minority interests	6,693	7,629
Minority interest in income	189	555
Net income	6,503	7,073

	Fiscal year ended March 31, 2014 (April 1, 2013 – March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 – March 31, 2015)
Income before minority interests	6,693	7,629
Other comprehensive income		
Valuation difference on available-for-sale securities	69	1,257
Deferred gains or losses on hedges	(4)	7
Foreign currency translation adjustment	286	257
Remeasurements of defined benefit plans, net of tax	-	652
Total other comprehensive income	351	2,175
Comprehensive income	7,045	9,804
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,742	9,059
Comprehensive income attributable to minority interests	302	745

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(Unit: Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	20,521	18,782	26,468	(1,353)	64,418
Cumulative effects of changes in accounting policies					-
Restated balance	20,521	18,782	26,468	(1,353)	64,418
Changes of items during the period					
Issuance of new shares					-
Dividends from surplus			(1,901)		(1,901)
Net income			6,503		6,503
Purchases of treasury stock		559		(566)	(6)
Disposal of treasury stock		(4)		386	381
Change of scope of consolidation			(6)		(6)
Net changes of items other than shareholders' equity					-
Total changes of items during the period	-	554	4,596	(179)	4,971
Balance at fiscal year end	20,521	19,337	31,064	(1,532)	69,390

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation differences on available-for-securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	673	(4)	52	-	720	195	1,992	67,327
Cumulative effects of changes in accounting policies								-
Restated balance	673	(4)	52	-	720	195	1,992	67,327
Changes of items during the period								
Issuance of new shares								-
Dividends from surplus								(1,901)
Net income								6,503
Purchases of treasury stock								(6)
Disposal of treasury stock								381
Change of scope of consolidation								(6)
Net changes of items other than shareholders' equity	65	(4)	178	(2,530)	(2,291)	40	2,254	3
Total changes of items during the period	65	(4)	178	(2,530)	(2,291)	40	2,254	4,974
Balance at fiscal year end	738	(9)	230	(2,530)	(1,570)	235	4,247	72,302

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	20,521	19,337	31,064	(1,532)	69,390
Cumulative effects of changes in accounting policies			530		530
Restated balance	20,521	19,337	31,595	(1,532)	69,920
Changes of items during the period					
Issuance of new shares	2,577	2,577			5,155
Dividends from surplus			(2,064)		(2,064)
Net income			7,073		7,073
Purchases of treasury stock				(10)	(10)
Disposal of treasury stock				360	360
Change of scope of consolidation			72		72
Net changes of items other than shareholders' equity					-
Total changes of items during the period	2,577	2,577	5,081	349	10,586
Balance at fiscal year end	23,098	21,914	36,676	(1,183)	80,506

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation differences on available-for-securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	738	(9)	230	(2,530)	(1,570)	235	4,247	72,302
Cumulative effects of changes in accounting policies								530
Restated balance	738	(9)	230	(2,530)	(1,570)	235	4,247	72,832
Changes of items during the period								
Issuance of new shares								5,155
Dividends from surplus								(2,064)
Net income								7,073
Purchases of treasury stock								(10)
Disposal of treasury stock								360
Change of scope of consolidation								72
Net changes of items other than shareholders' equity	1,081	5	313	690	2,090	52	7,181	9,324
Total changes of items during the period	1,081	5	313	690	2,090	52	7,181	19,910
Balance at fiscal year end	1,819	(4)	543	(1,839)	519	288	11,428	92,743

(4) Consolidated Statements of Cash Flows

(Unit: Millions of Yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 – March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 – March 31, 2015)
Cash flows from operating activities		
Income before income taxes	11,343	13,053
Depreciation and amortization	7,606	8,856
Loss (gain) on sales of investment securities	(549)	(301)
Loss (gain) on sales of noncurrent assets	(187)	(26)
Loss on retirement of noncurrent assets	212	192
Increase (decrease) in provision for retirement benefits	(9,300)	–
Increase (decrease) in net defined benefit liability	6,804	(638)
Increase (decrease) in provision for bonuses	84	(14)
Interest and dividends income	(261)	(303)
Interest expenses	1,242	1,213
Decrease (increase) in notes and accounts receivable-trade	(2,661)	772
Decrease (increase) in inventories	(295)	(533)
Increase (decrease) in notes and accounts payable-trade	1,923	(1,365)
Increase (decrease) in accrued consumption taxes	(699)	2,998
Other	514	579
Sub-total	15,774	24,483
Interest and dividends income received	174	214
Interest expenses paid	(1,245)	(1,238)
Income taxes paid	(4,014)	(4,230)
Net cash provided by (used in) operating activities	10,689	19,228
Cash flows from investing activities		
Purchase of property, plant and equipment	(23,608)	(13,030)
Proceeds from sales of property, plant and equipment	564	431
Purchase of investment securities	(42)	(77)
Proceeds from sales of investment securities	1,025	126
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,364)	(3,609)
Purchase of shares of subsidiaries and associates	(159)	(510)
Proceeds from sales of shares of subsidiaries and associates	12	9
Other	(382)	(1,318)
Net cash provided by (used in) investing activities	(24,956)	(17,978)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	850	13,032
Proceeds from long-term loans payable	20,520	6,800
Repayment of long-term loans payable	(9,549)	(9,402)
Repayments of finance lease obligations	(2,439)	(2,135)
Redemption of bonds	(20)	(7,040)
Proceeds from issuance of bonds	–	7,000
Proceeds from issuance of bonds with subscription rights to shares	7,035	–
Purchase of treasury stock	(6)	(10)
Proceeds from sales of treasury stock	360	360
Cash dividends paid	(1,898)	(2,075)
Other	(300)	(319)
Net cash provided by (used in) financing activities	14,551	6,209
Effect of exchange rate change on cash and cash equivalents	100	123
Net increase (decrease) in cash and cash equivalents	384	7,583
Cash and cash equivalents at beginning of year	15,690	17,667
Increase in cash and cash equivalents from newly consolidated subsidiary	1,591	225
Cash and cash equivalents at end of year	17,667	25,476