

*Notes

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries associated with change in scope of consolidation) : None

(2) Use of accounting methods specifically for the preparation of the quarterly consolidated financial statements : None

(3) Changes in accounting principles and estimates, and retrospective restatement

(a) Changes due to revision of accounting standards : Yes

(b) Changes other than in (a) : None

(c) Changes in accounting estimates : Yes

(d) Retrospective restatement : None

(Note) Changes to be stated in the section "Changes in significant matters providing the basis for preparing consolidated financial statements". For more information, please see "Changes in accounting principles and estimates, and retrospective restatements." on page 4.

(4) Shares outstanding (Common shares)

(a) Shares outstanding (including treasury stocks)

As of September 30, 2012	128,989,476 shares	As of March 31, 2012	128,989,476 shares
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(b) Treasury stock

As of September 30, 2012	3,169,086 shares	As of March 31, 2012	3,183,467 shares
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(c) Average number of shares (quarterly consolidated cumulative period)

Period ended September 30, 2012	125,823,604 shares	Period ended September 30, 2011	125,813,853 shares
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*Information concerning quarterly review procedure

This quarterly financial report is not subject to the quarterly review procedure prescribed by the Financial Instruments and Exchange Law. The review procedure prescribed by the Financial Instruments and Exchange Law for the quarterly consolidated financial statements had not been completed when this quarterly 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 2013" on page 3.

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1. Results of Operations and Financial Condition

(1) Results of Operations

In the first half of the fiscal year ending in March 2013 (April 1, 2012 to September 30, 2012), there was a slow recovery in production activity, consumer spending and other economic indicators due primarily to public-works expenditures and other demand associated with earthquake recovery activities and to the benefits of the eco-car subsidy and other government programs. However, the condition of the Japanese economy is uncertain because of the effects of slowing economic growth in China and emerging countries, the yen's strength, the end of the eco-car subsidy, and other factors.

In the logistics industry, there was a recovery in cargo volume following the downturn after the Great East Japan Earthquake in 2011 and an improvement in the volume of cargo handled along with a slow recovery in manufacturing activity and consumer spending. However, negative signs concerning cargo volume began to emerge late in the second quarter as exports and manufacturing activity weakened.

The current fiscal year is the final year of the Senko Group's three-year medium-term business plan that started in April 2010 and uses the corporate slogan "Moving Global." In this final year of the plan, we are taking many actions in Japan and overseas.

In Japan, the Great East Japan Earthquake has caused companies that ship cargo to spread out their manufacturing and inventory storage operations over more locations and to increase the number of suppliers of raw materials and components. The Senko Group is making preparations to establish new logistics facilities in Hokkaido, the Kanto region, the Chubu region, the Kansai region and other areas of Japan. More facilities will enable us to meet logistics needs associated with these activities by shippers as well as to capture new customers by conducting aggressive activities to increase sales. Overseas, we are pursuing growth in many ways, such as by signing new agreements to perform logistics operations for customers in China and other Asian countries.

As one step to strengthen the commerce and trade business, Obata Co., Ltd. became a subsidiary of Senko in September 2012. This company is a wholesaler of health food and beverages, household products, cosmetics and other products in Hokkaido and the Tohoku region.

First half performance reflected aggressive measures to capture new customers, the contributions of large capital expenditures in the previous fiscal year, such as new facilities in Chiba, Hokkaido and Miyazaki, and the acquisitions of Smile Corp. and Chugoku Piano Transport Co., Ltd. in the previous fiscal year. As a result, first half consolidated operating revenues increased 13.9% from one year earlier to ¥144,412 million.

Earnings benefited from the growth in sales, the new subsidiaries, cost-cutting measures and actions to increase productivity. Operating income increased 22.6% to ¥4,658 million, ordinary income increased 28.9% to ¥4,711 million, and net income increased 62.5% to ¥2,674 million.

First half business segment performance was as follows.

Distribution

In the distribution logistics business, there was an increase in cargo volume for general merchandise stores because of the start of operations at large logistics facilities in the previous fiscal year. In the housing distribution business, there was an increase in cargo volume involving housing materials. Chugoku Piano Transport Co., Ltd., which became a subsidiary in the previous fiscal year, also contributed to first half performance. As a result, segment operating revenues increased 1.9% from one year earlier to ¥112,516 million.

Commerce and Trade

Segment performance benefited primarily from the acquisition of Smile Corp. in the previous fiscal year and higher revenues in the trade business and petroleum marketing business. The result was a 103.7% increase in segment operating revenues from one year earlier to ¥30,369 million.

Others

Segment operating revenues increased 4.6% to ¥1,526 million mainly because of an increase in data processing sales.

(2) Financial Condition

1) Assets, liabilities and net assets

Total assets

Total assets at the end of the first half were ¥202,402 million, down ¥445 million from the end of the previous fiscal year. There was a ¥447 million increase in guarantee deposits but a ¥955 million decrease in property, plant and equipment.

Liabilities

Liabilities decreased ¥2,019 million from the end of the previous fiscal year to ¥137,553 million. There were increases of ¥5,000 million in convertible bonds and ¥1,364 million in long-term loans payable and decreases of ¥2,869 million in notes and operating accounts payable, ¥4,900 million in the current portion of convertible bonds and ¥490 million in income taxes payable.

Net assets

Net assets increased ¥1,574 million from the end of the previous fiscal year to ¥64,848 million. There were decreases of ¥217 million in valuation differences on available-for-sale securities and ¥208 million in deferred gains or losses on hedges and a ¥1,915 million increase in retained earnings. The equity ratio increased by 0.8 percentage points to 31.1%.

2) Cash flows

Cash and cash equivalents at the end of the first half totaled ¥13,715 million, an increase of ¥361 million from the end of the previous fiscal year.

Net cash provided by operating activities was ¥3,885 million. Major sources of cash were income before income taxes of ¥4,675 million and depreciation and amortization of ¥3,325 million and uses of cash included a ¥2,158 million decrease in notes and accounts payable-trade and income taxes paid of ¥2,203 million.

Net cash used in investing activities was ¥3,570 million. The main use of cash was purchases of property, plant and equipment totaling ¥3,256 million.

Net cash provided by financing activities was ¥37 million. There were proceeds of ¥6,506 million from long-term loans payable and ¥5,000 million from the issuance of convertible bonds. Cash was used mainly by a ¥2,283 million net decrease in short-term loans payable, repayments of ¥2,310 million for long-term loans payable, payments of ¥4,900 million for the redemption of convertible bonds, repayments of ¥1,100 million for finance lease obligations, and cash dividends of ¥713 million.

(3) Forecast for Fiscal Year Ending March 2013

The outlook for the Japanese economy is expected to remain uncertain. The economy is benefiting from healthy public-works expenditures and consumer spending. However, exports and manufacturing activity are weakening because of renewed concerns about the European debt problem, slowing economic growth in China, emerging countries and other overseas regions, the prolonged strength of the yen, and other issues.

In this environment, based on its medium-term management vision, the Senko Group's goal is to become a "logistics and information organization" that can coexist with society, increase employees' dedication to growth, and be a source of services with outstanding performance in relation to their cost on a global scale.

Based on current economic conditions and trends in cargo volumes, the consolidated operating revenues forecast for the fiscal year has been lowered 1.7% to ¥ 295,000 million and the operating income forecast has been lowered 2.0% to ¥10,000 million. There are no changes to the ordinary income and net income forecasts. The Senko Group will continue to work aggressively on increasing sales.

(Reference)

Fundamental policy for distribution of earnings and dividend for the current fiscal year The fundamental policy is to return earnings to shareholders by paying stable dividends and dividends that are linked to results of operations while maintaining the internal reserves needed for future business development and management structure reinforcement.

In accordance with this policy, based on first half consolidated results of operations, Senko plans to pay a dividend of ¥13.00 per share for the current fiscal year, the sum of a ¥7.00 interim dividend and ¥6.00 year-end dividend.

Record date	Dividends per share		
	Second quarter	Year-end	Annual dividend
Previous forecast (announced on April 26, 2012)	6.00 Yen	6.00 Yen	12.00 Yen
New forecast		6.00 Yen	13.00 Yen
Results for second quarter ended September 30, 2012	7.00 Yen		
Results for FY ended March 31, 2012	6.00 Yen (Commemorative dividend 1.00 Yen)	6.00 Yen (Commemorative dividend 1.00 Yen)	12.00 Yen (Commemorative dividend 2.00 Yen)

2. Other Information

- (1) Changes in significant subsidiaries

None

- (2) Use of accounting methods specifically for the preparation of the quarterly consolidated financial statements

None

- (3) Changes in accounting principles and estimates, and retrospective restatement

(Changes in accounting policies for items that are difficult to categorize as changes in accounting estimates)

In conjunction with a revision in Japan's Corporate Income Tax Law, Senko and its consolidated subsidiaries in Japan have revised the method used for depreciation starting with the first quarter of the current fiscal year. The revised depreciation method, which is based on the amended Corporate Income Tax Law, is applied to property and equipment purchased on or after April 1, 2012. This revision had only a negligible effect on earnings.

3. Consolidated financial statements

(1) Consolidated Balance Sheets

(Unit : Millions of Yen)

	As of March 31, 2012	As of September 30, 2012
Assets		
Current assets		
Cash and deposits	13,354	13,715
Notes and accounts receivable	40,688	40,318
Merchandise	4,087	3,900
Real estate for sale	3	3
Work in process	150	230
Supplies	188	168
Other	5,834	6,021
Allowance for doubtful accounts	(53)	(70)
Total current assets	64,254	64,288
Noncurrent assets		
Property, plant and equipment		
Buildings and structures (net)	45,806	45,150
Land	39,837	39,852
Other (net)	10,495	10,181
Total property, plant and equipment	96,139	95,184
Intangible assets		
Goodwill	3,730	3,588
Other	3,505	3,546
Total intangible assets	7,235	7,135
Investments and other assets		
Guarantee deposits	8,810	9,257
Deferred tax assets	4,000	4,192
Other	22,687	22,611
Allowance for doubtful accounts	(280)	(268)
Total investments and other assets	35,217	35,794
Total noncurrent assets	138,592	138,113
Total assets	202,847	202,402

(Unit : Millions of Yen)

	As of March 31, 2012	As of September 30, 2012
Liabilities		
Current liabilities		
Notes and operating accounts payable- trade	32,297	29,428
Current portion of bonds with subscription rights	4,900	—
Short-term loans payable	13,936	14,484
Income taxes payable	2,281	1,790
Provision for bonuses	3,125	3,364
Provision for directors' bonuses	172	76
Reserve for loss on disaster	43	—
Other	11,327	10,946
Total current liabilities	68,084	60,091
Noncurrent liabilities		
Bonds payable	12,000	12,000
Convertible bond-type bonds with subscription rights	—	5,000
Long-term loans payable	40,422	41,787
Provision for retirement benefits	9,468	9,498
Provision for directors' retirement benefits	66	61
Provision for special repairs	52	61
Asset retirement obligations	316	320
Other	9,162	8,733
Total noncurrent liabilities	71,489	77,462
Total liabilities	139,573	137,553
Net assets		
Shareholders' equity		
Capital stock	20,521	20,521
Capital surplus	18,782	18,782
Retained earnings	22,901	24,816
Treasury stock	(1,049)	(1,044)
Total shareholders' equity	61,155	63,075
Accumulated other comprehensive income		
Valuation differences on available-for-sale securities	157	(60)
Deferred gains or losses on hedges	156	(52)
Foreign currency translation adjustment	(44)	(35)
Total accumulated other comprehensive income	269	(147)
Subscription rights to shares	149	195
Minority interests	1,700	1,725
Total net assets	63,274	64,848
Liabilities and net assets	202,847	202,402

(2) Consolidated Statements of (Comprehensive) Income
(Consolidated Statements of Income)
(For the six months ended September 30, 2011 and 2012)

(Unit : Millions of Yen)

	Six months ended September 30, 2011 (April 1, 2011 – September 30, 2011)	Six months ended September 30, 2012 (April 1, 2012 – September 30, 2012)
Operating revenues	126,837	144,412
Cost of sales	115,782	129,976
Gross profit	11,055	14,436
Selling, general and administrative expenses	7,253	9,777
Operating income	3,801	4,658
Non-operating income		
Interest income	92	87
Dividends income	430	473
Other	219	282
Total non-operating income	743	843
Non-operating expenses		
Interest expenses	585	586
Other	302	204
Total non-operating expenses	888	790
Ordinary income	3,655	4,711
Extraordinary loss		
Loss on revaluation of investment securities	—	35
Loss on sales of noncurrent assets	299	—
Special retirement expenses	179	—
Loss on retirement of noncurrent assets	68	—
Loss on cancellation of lease contracts	31	—
Total extraordinary loss	578	35
Income before income taxes	3,077	4,675
Income taxes- current	518	1,708
Income taxes- deferred	981	275
Total income taxes	1,500	1,984
Income before minority interests	1,577	2,690
Minority interest in income or loss	(68)	16
Net income	1,645	2,674

(Consolidated Statements of Comprehensive Income)

(For the six months ended September 30, 2011 and 2012)

(Unit : Millions of Yen)

	Six months ended September 30, 2011 (April 1, 2011 – September 30, 2011)	Six months ended September 30, 2012 (April 1, 2012 – September 30, 2012)
Income before minority interests	1,577	2,690
Other comprehensive income		
Valuation difference on available-for-sale securities	20	(218)
Deferred gains or losses on hedges	9	(216)
Foreign currency translation adjustment	3	12
Share of other comprehensive income of associates accounted for using equity method	(0)	0
Total other comprehensive income	33	(421)
Comprehensive income	1,610	2,268
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,667	2,257
Comprehensive income attributable to minority interests	(57)	11

(3) Consolidated statements of cash flows

(Unit: Millions of Yen)

	Six months ended September 30, 2011 (April 1, 2011 – September 30, 2011)	Six months ended September 30, 2012 (April 1, 2012 – September 30, 2012)
Cash flows from operating activities		
Income before income taxes	3,077	4,675
Depreciation and amortization	2,863	3,325
Loss (gain) on revaluation of investment securities	—	35
Loss (gain) on sales of noncurrent assets	299	0
Increase (decrease) in provision for retirement benefits	(431)	29
Increase (decrease) in provision for bonuses	569	239
Increase (decrease) in provision for loss on disaster	(640)	(43)
Interest and dividends income	(523)	(561)
Interest expense	585	586
Decrease (increase) in notes and accounts receivable- trade	(888)	482
Decrease (increase) in inventories	(77)	138
Increase (decrease) in notes and accounts payable- trade	2,268	(2,158)
Other	(746)	(201)
Sub-total	6,356	6,549
Interest and dividends income received	131	119
Interest expenses paid	(596)	(580)
Income taxes paid	(1,625)	(2,203)
Net cash provided by (used in) operating activities	4,266	3,885
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,112)	(3,256)
Proceeds from sales of property, plant and equipment	767	44
Purchase of investment securities	(120)	(23)
Proceeds from sales of investment securities	3	2
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(3,963)	—
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	23
Purchase of stocks of subsidiaries and affiliates	(11)	—
Income from sales of stocks of subsidiaries and affiliates	—	22
Other	206	(385)
Net cash provided by (used in) investing activities	(11,229)	(3,570)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	7,025	(2,283)
Proceeds from long-term loans payable	7,300	6,506
Repayment of long-term loans payable	(3,634)	(2,310)
Repayments of finance lease obligations	(888)	(1,100)
Proceeds from issuance of bonds with subscription rights	—	5,000
Expense from issuance of bonds with subscription rights	—	(4,900)
Purchase of treasury stock	(0)	(1)
Proceeds from sales of treasury stock	—	0
Cash dividends paid	(629)	(713)
Other	(113)	(159)
Net cash provided by (used in) financing activities	9,059	37
Effect of exchange rate change on cash and cash equivalents	6	8
Net increase (decrease) in cash and cash equivalents	2,103	361
Cash and cash equivalents at beginning of period	14,394	13,354
Cash and cash equivalents at end of period	16,497	13,715