

**Summary of Financial Statements for the Third Quarter of the Fiscal Year Ending March 31, 2014  
[Japanese GAAP]**

January 30, 2014

Name of Listed Company:	SENKO Co., Ltd.	Stock Listed on:	The First Section of the Tokyo Stock Exchange
Code Number:	9069	URL	<a href="http://www.senko.co.jp/en/">http://www.senko.co.jp/en/</a>
Representative:	Title: President	Name:	Yasuhisa Fukuda
Inquiries:	Title: Executive Officer, Public Relations	Name:	Noburoh Sasaki
Scheduled Date of Issue of Financial Report:	February 13, 2014	Tel. (06) 6440-5155	Scheduled Date of Dividend Paid: —
Supplemental Information Materials:	None		
Scheduled Date of Quarterly Information Meeting:	None		

1. Consolidated Operating Results for the Nine Months Ended December 31, 2013)

(1) Consolidated Operating Results

Note: Amounts less than ¥1 million have been rounded down.

	Operating revenues		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2013	241,354	8.9	9,404	15.5	8,747	6.0	5,527	17.9
Nine months ended December 31, 2012	221,627	10.5	8,140	17.6	8,252	22.1	4,687	69.3

(Note) Comprehensive income

Nine months ended December 31, 2013: ¥6,166 million (32.6%)

Nine months ended December 31, 2012: ¥4,650 million (67.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2013	43.25	36.26
Nine months ended December 31, 2012	37.29	33.70

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2013	242,845	73,900	28.6	541.46
As of March 31, 2013	208,095	67,327	31.3	521.48

(Reference) Shareholders' equity:

As of December 31, 2013 ¥69,516 million      As of March 31, 2013 ¥65,139 million

2. Dividends

	Annual dividend				
	June 30	September 30	December 31	March 31	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2013	-	7.00	-	7.00	14.00
Fiscal year ending March 31, 2014	-	8.00	-		
Fiscal year ending March 31, 2014 (Forecast)				8.00	16.00

(Note) Change in the estimation of dividend for the fiscal year in this period: None

3. Forecast of Consolidated Operating Results for the Fiscal Year Ending March 31, 2014 (From April 1, 2013 to March 31, 2014)

(Percentage figures represent year on year changes)

	Operating revenues		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending March 31, 2014	325,000	10.7	12,200	23.1	11,400	12.9	6,400	23.0	50.08

(Note) Change in the forecast made in this period: None

## 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: None
  - (d) Retrospective restatement: None

(4) Shares outstanding (Common shares)

(a) Shares outstanding (including treasury stocks)

As of December 31, 2013	128,989,476 shares	As of March 31, 2013	128,989,476 shares
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(b) Treasury stock

As of December 31, 2013	600,878 shares	As of March 31, 2013	4,077,506 shares
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(c) Average number of shares (quarterly consolidated cumulative period)

Nine months ended December 31, 2013	127,797,301 shares	Nine months ended December 31, 2012	125,714,021 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 the Fiscal Year Ending March 31, 2014" on page 4.

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## 1. Results of Operations and Financial Condition

### (1) Results of operations

In the nine-month period of the fiscal year ending March 31, 2014 (April 1, 2013 to December 31, 2013), the Japanese economy moved on a recovery trend, with increased consumer spending due to last-minute demand before the consumption tax hike and rising expectations regarding the government's economic stimulation measures as well as improved corporate earnings. The uptrend in corporate earnings was driven by a recovery in industrial production due to sound domestic demand and an improved export environment reflecting the correction from yen appreciation.

In the logistics industry, growth was seen in the cargo volume of consumer spending-related goods, reflecting robust consumer spending, and of construction-related materials, on the back of increases in public projects and housing-related goods due to a spike in demand ahead of the consumption tax hike. Meanwhile, the industry environment remained severe, with fuel prices kept at a high level and an increase in outsourcing cost due to a shortage of trucks and drivers.

In this environment, the Senko Group established a new four-year medium-term business plan that began in the fiscal year under review 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 is 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.

In the first three quarters, we started operation of the Sapporo PD Center No. 2 Warehouse (Sapporo City, Hokkaido Prefecture) and new warehouses at the Daimon Distribution Center (Moriyama City, Shiga Prefecture) in April 2013, the Chubu Housing Distribution Center (Nagoya City, Aichi Prefecture) in August 2013, and the Komaki No. 2 PD Center (Komaki City, Aichi Prefecture) in September 2013. We also placed in commission an asphalt tanker that was constructed under a joint investment by the Company and a shipper in May 2013. In addition, in October 2013 we opened the Tokyo Bay Fashion Arena (Ichikawa City, Chiba Prefecture), a large-scale distribution center to serve as a core of apparel distribution for the Tokyo metropolitan area.

Overseas, we continued to take actions aimed at strengthening and enlarging our international distribution business. Our actions include the following: component procurement and transportation services for Japanese automobile plants in Thailand that started in April 2013; the construction of a distribution center at Busan New Port in South Korea that began in June 2013; and distribution services for Japanese retailers in China that commenced in September 2013.

In the commerce and trade business segment, in October 2013 AST CORPORATION, one of the largest wholesalers of household paper products, joined the Senko Group as a consolidated subsidiary. We will develop a business model featuring the integration of the flow of trading activities and the physical flow of goods by making full use of AST's abilities to both plan and sell products and Senko's expertise in logistics and a nationwide distribution network.

In addition, we have achieved progress in new businesses, including the development of an invoice search system and other new products and services as well as the solar electricity sales business.

The nine-month-period performance was as follows.

	Nine months ended December 31, 2012	Nine months ended December 31, 2013	Change	(Unit: Millions of Yen) %
Operating revenues	221,627	241,354	19,726	8.9
Operating income	8,140	9,404	1,264	15.5
Ordinary income	8,252	8,747	495	6.0
Net income	4,687	5,527	839	17.9

Consolidated operating revenues for the nine-month period ended December 31, 2013 increased 8.9% year on year to ¥241,354 million due to increased revenues in the distribution segment and the merger effect of AST CORPORATION as a consolidated subsidiary in the commerce and trade business segments. Earnings benefited from the growth in sales, cost-cutting measures and activities to raise productivity. The consolidation of special-purpose companies associated with a revision to an accounting standard also affected earnings. As a result, operating income rose 15.5% to ¥9,404 million, ordinary income increased 6.0% to ¥8,747 million, and net income advanced 17.9% to ¥5,527 million.

The nine-month-period business segment performance was as follows.

### **Distribution**

In retail product logistics, an increase in the volume of cargo for general merchandise stores, discount stores, and apparel volume retailers contributed to growth in operating revenues and efforts were continued to develop relationships with new customers in the electrical machinery and other machinery sectors. In the housing logistics business, the cargo volume was higher along with the increase in housing starts in Japan. In the chemicals logistics business, the Senko Group conducted aggressive sales promotion activities. The result was operating revenues of ¥179,339 million, a 3.9% year-on-year increase.

### **Commerce and trade**

In the commerce business, progress was supported by activities that boosted sales in the petroleum marketing business and a contribution to revenues from the merger effect of AST CORPORATION and Obata Co., Ltd., a wholesaler of household products that joined the Senko Group in October 2012. In the trade business, there was a rise in exports of electronic components to China. As a result, operating revenues increased 27.4% year on year to ¥59,738 million.

### **Others**

In this segment, operating revenues rose 3.8% year on year to ¥2,277 million, partly due to the launch of the solar electricity sales business.

## (2) Financial condition

### 1) Assets, liabilities and net assets

#### **Total assets**

Total assets as of December 31, 2013 were ¥242,845 million, ¥34,749 million higher than at the end of the previous fiscal year. There were increases of ¥13,620 million in current assets and ¥31,637 million in property, plant and equipment, while investments and other assets decreased ¥10,380 million. The consolidation of special-purpose companies caused increases of ¥2,036 million in current assets and ¥13,477 million in property, plant and equipment, and a decrease of ¥10,975 million in investments and other assets.

#### **Liabilities**

Liabilities rose ¥28,177 million from the end of the previous fiscal year to ¥168,944 million, reflecting increases of ¥7,567 million in trade notes and operating accounts payable, ¥7,040 million in the current portion of bonds, ¥4,653 million in short-term loans payable, ¥7,033 million in convertible bond-type bonds with subscription rights and ¥12,300 million in long-term loans payable and decreases of ¥6,960 million in bonds payable and ¥3,188 million in provision for retirement benefits. The consolidation of special-purpose companies caused increases of ¥1,599 million in current liabilities and ¥2,945 million in noncurrent liabilities.

#### **Net assets**

Net assets rose ¥6,572 million from the end of the previous fiscal year to ¥73,900 million, reflecting increases of ¥3,619 million in retained earnings, ¥262 million in valuation differences on available-for-sale securities and ¥2,155 million in minority interests. The equity ratio decreased by 2.7 percentage points to 28.6%.

(3) Forecast for the fiscal year ending March 31, 2014

Although the Japanese economy has staged a mild recovery with increased domestic demand, such as last-minute demand before the consumption tax hike as well as from public projects and a rise in capital expenditures by private companies, there are concerns about a downturn in the economy from April 2014 due to the impact of the consumption tax rate hike.

In this environment, based on its medium-term management plan, the Senko Group will develop and provide high-value-added services, expand the distribution center business, strengthen businesses in the Asian region, develop new businesses, and enhance profitability.

Operating results as of December 31, 2013 were generally as planned, and there is no revision to the forecast of operating results for the fiscal year ending March 2014 announced on October 31, 2013.

## 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

Change in accounting principle

(Application of accounting standard for consolidated financial statements)

Starting with the six-month period of the fiscal year ending March 31, 2014, Senko is applying the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, March 25, 2011), Guidance on Disclosure about Certain Special Purpose Entities (ASBJ Guidance No. 15, March 25, 2011), Guidance on Determining a Subsidiary and an Affiliate (ASBJ Guidance No. 22, March 25, 2011), and Practical Solution on Application of the Control Criteria and Influence Criteria to Investment Associations (ASBJ Practical Issues Task Force No. 20, March 25, 2011). As a result, Y.K. SK Urawa and five other companies have become consolidated subsidiaries.

For the application of the above accounting standards and other items to the six newly consolidated subsidiaries, in accordance with the transitional handling prescribed in Section 44-4 (3) of the Accounting Standard for Consolidated Financial Statements, at the beginning of the first fiscal year of applying this standard the assets and liabilities of the six newly consolidated subsidiaries were valued at a suitable book value for inclusion in the consolidated balance sheet.

The consolidation of these six companies did not have a material effect on retained earnings at the beginning of the nine-month period of the fiscal year ending March 31, 2014.

### 3. Consolidated Financial Statements

#### (1) Consolidated balance sheets

(Unit: Millions of Yen)

	As of March 31, 2013	As of December 31, 2013
<b>Assets</b>		
Current assets		
Cash and deposits	15,690	12,940
Notes and accounts receivable	42,387	54,902
Merchandise	4,399	6,931
Real estate for sale	3	3
Work in process	190	227
Supplies	186	203
Other	6,072	7,345
Allowance for doubtful accounts	(66)	(71)
Total current assets	68,863	82,483
Noncurrent assets		
Property, plant and equipment		
Buildings and structures (net)	44,117	60,661
Land	40,098	56,159
Other (net)	11,389	10,422
Total property, plant and equipment	95,605	127,243
Intangible assets		
Goodwill	3,452	3,248
Other	3,477	3,554
Total intangible assets	6,930	6,802
Investments and other assets		
Guarantee deposits	9,252	9,399
Deferred tax assets	3,435	2,766
Other	24,407	14,569
Allowance for doubtful accounts	(399)	(419)
Total investments and other assets	36,696	26,315
Total noncurrent assets	139,232	160,361
<b>Total assets</b>	<b>208,095</b>	<b>242,845</b>

(Unit: Millions of Yen)

	As of March 31, 2013	As of December 31, 2013
<b>Liabilities</b>		
Current liabilities		
Notes and operating accounts payable–trade	31,377	38,945
Current portion of bonds	–	7,040
Short-term loans payable	14,475	19,129
Income taxes payable	2,540	998
Provision for bonuses	3,118	2,076
Provision for directors' bonuses	181	112
Other	12,142	13,064
Total current liabilities	63,835	81,367
Noncurrent liabilities		
Bonds payable	12,000	5,040
Convertible bond-type bonds with subscription rights	5,000	12,033
Long-term loans payable	41,749	54,049
Provision for retirement benefits	9,269	6,080
Provision for directors' retirement benefits	65	178
Provision for special repairs	61	49
Asset retirement obligations	324	372
Other	8,462	9,773
Total noncurrent assets	76,931	87,577
<b>Total liabilities</b>	<b>140,767</b>	<b>168,944</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	20,521	20,521
Capital surplus	18,782	18,878
Retained earnings	26,468	30,088
Treasury stock	(1,353)	(1,127)
Total shareholders' equity	64,418	68,359
Accumulated other comprehensive income		
Valuation differences on available-for-sale securities	673	935
Deferred gains or losses on hedges	(4)	73
Foreign currency translation adjustment	52	147
Total accumulated other comprehensive income	720	1,156
Subscription rights to shares	195	235
Minority interests	1,992	4,148
<b>Total net assets</b>	<b>67,327</b>	<b>73,900</b>
<b>Liabilities and net assets</b>	<b>208,095</b>	<b>242,845</b>



**(2) Consolidated statements of (comprehensive) income**

(Consolidated statements of income)

(For the nine months ended December 31, 2012 and 2013)

(Unit: Millions of Yen)

	Nine months ended December 31, 2012 (April 1, 2012–December 31, 2012)	Nine months ended December 31, 2013 (April 1, 2013–December 31, 2013)
Operating revenues	221,627	241,354
Cost of sales	198,813	215,902
Gross profit	22,814	25,452
Selling, general and administrative expenses	14,674	16,047
Operating income	8,140	9,404
Non-operating income		
Interest income	125	120
Dividend income	742	89
Other	375	393
Total non-operating income	1,243	603
Non-operating expenses		
Interest expenses	876	931
Other	255	329
Total non-operating expenses	1,131	1,260
Ordinary income	8,252	8,747
Extraordinary income		
Gain on sales of investment securities	-	549
Gain on revision of retirement benefit plan	-	239
Gain on sales of noncurrent assets	-	151
Insurance income	-	32
Total extraordinary income	-	973
Extraordinary loss		
Loss on retirement of noncurrent assets	94	136
Loss on valuation of investments in capital of subsidiaries and affiliates	-	104
Loss on cancellation of lease contracts	-	64
Soil improvement cost	-	61
Provision of allowance for doubtful accounts for subsidiaries and affiliates	-	22
Loss on valuation of investment securities	42	-
Total extraordinary loss	137	389
Income before income taxes	8,115	9,331
Income taxes—current	2,490	2,355
Income taxes—deferred	880	1,330
Total income taxes	3,371	3,686
Income before minority interests	4,743	5,644
Minority interest in income or loss	56	117
Net income	4,687	5,527

(Consolidated statements of comprehensive income)  
(For the nine months ended December 31, 2012 and 2013)

(Unit: Millions of Yen)

	Nine months ended December 31, 2012 (April 1, 2012–December 31, 2012)	Nine months ended December 31, 2013 (April 1, 2013–December 31, 2013)
Income before minority interests	4,743	5,644
Other comprehensive income		
Valuation difference on available-for-sale securities	36	284
Deferred gains or losses on hedges	(136)	85
Foreign currency translation adjustment	6	152
Share of other comprehensive income of associates accounted for using the equity method	(0)	-
Total other comprehensive income	(93)	521
Comprehensive income	4,650	6,166
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,590	5,963
Comprehensive income attributable to minority interests	59	203