# Annual Report 2001

For the year ended March 31, 2001

SENKO Co., Ltd.

*Logistics of the Future* *Logistics of the Future* *Logisti*

# Profile

Established in July 1946, Senko Co., Ltd. is an integrated distribution services company. In addition to the parent company, a total of 34 subsidiaries and 8 affiliates (as of March 31, 2001) operate under the umbrella of the Senko Group. One of the leading distribution services companies in Japan, Senko boasts a national network of more than 200 offices, 2,852 trucks, 7 cargo ships, and 672,068 square meters of warehouse space.

Listed on the first sections of the Tokyo Stock Exchange and the Osaka Securities Exchange, the Company's operations cover a wide-range of businesses, centering on its nationwide trucking network but extending to warehousing, marine transport, railway forwarding, in-factory work, and door-to-door international transportation.

Senko specializes in supplying integrated distribution services, from distribution consulting to system design and operations, that closely match customer needs.

The Company plans to further expand services that improve the efficiency of the supply chain, including sourcing, production, and sales, by combining its systems with the latest information technology. Through these and other efforts, Senko will continue to develop as a logistics information company.

Disclaimer Regarding Forward-Looking Statements

Forward looking statements made in this annual report concerning performance or business strategies have been determined according to assumptions and beliefs based on information available at the time and contain elements of risk and uncertainty.

# Contents

# *Consolidated Financial Highlights*

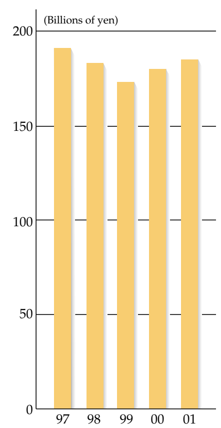
SENKO Co., Ltd. and Consolidated Subsidiaries

| For the years ended March 31 | Millions of yen<br>**2001** | <br>2000 | Thousands of U.S. dollars<br>**2001** |
|---|---|---|---|
| Operating revenues | **¥185,603** | ¥180,553 | **$1,498,006** |
| Operating income | **5,509** | 6,380 | **44,463** |
| Net income (loss) | **(3,189)** | (6,144) | **(25,738)** |
| Total assets | **151,874** | 151,459 | **1,225,779** |
| Shareholders' equity | **40,572** | 44,764 | **327,458** |

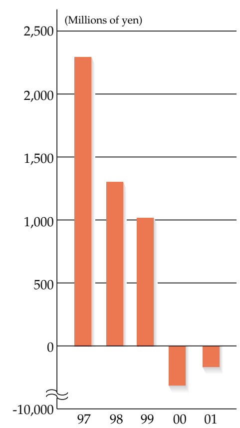
| For the years ended March 31 | Yen<br>**2001** | <br>2000 | U.S. dollars<br>**2001** |
|---|---|---|---|
| Per share of common stock: | | | |
| Net income (loss) | **(27.93)** | (53.02) | **(0.23)** |
| Cash dividends | **7.50** | 7.50 | **(0.06)** |
| Shareholders' equity | **355.33** | 392.05 | **(2.87)** |

Note : U.S. dollar amounts are converted from yen, for convenience only, at the prevailing rate of ¥123.90 to U.S.$1 on March 31, 2001.

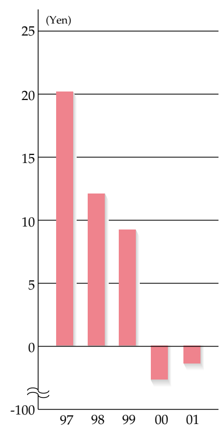
**Operating revenues**




**Net income (loss)**




**Net income (loss) per share**



# A Message from the President

**A Message from the President**
Pressing forward with its three-year medium-term business plan, which got under way in April 2001, the Company is aiming to boost the efficiency of its entire supply chain in becoming an information distribution company.

**Business Environment**
In the first half of the fiscal year under review, the Japanese economy showed signs of moving toward a self-sustained recovery thanks to growth in capital investment by the private sector driven by IT-related companies. In the second half, however, a slowdown in the U.S. economy, a stock market slump, and the stagnation in personal consumption prompted a reemergence of the difficult business climate.

Facing these circumstances, Senko further sophisticated its distribution systems by introducing its Best Partner System, a logistics system newly developed by the Senko Group. Furthermore, the Company aggressively worked to develop new demand as well as to achieve low cost operations.

Consequently, consolidated operating revenues increased 2.8%, to ¥185,603 million. This increase was achieved despite the decline in housing-related business due to a cut back in housing starts because of growth in business from the chain store-related market, primarily due to new customers. Business expansion by our sales-related subsidiaries, dealing mainly in petroleum, also contributed to the growth in operating revenues.

Consolidated operating income declined 13.7%, to ¥5,509 million under pressure from lower demand for housing-related cargo services, price competition, and demand for more efficient transportation and distribution services.

Consolidated loss for the fiscal year amounted to ¥3,189 million. The loss mainly resulted from other expenses of ¥10,391 million from writing off the difference on conversion to a new accounting standard for severance and retirement benefits and ¥852 million from establishing a severance and retirement benefits investment trust. Other expenses were taken to restore the Company's pension plan finances to health and to clear the way for profit improvement in the future. With the booking of these charges, the total amount of unfunded obligations for severance and retirement benefits has been expensed.

**Business Strategies**
Over the past three years beginning with the fiscal year ended March 1998, the Senko Group has reformed its business structure by increasing the efficiency of its organization and staff, reducing its interest burden, and reforming unprofitable offices. These efforts have met with a degree of success. Starting with the current fiscal year, we have introduced a new three-year medium-term business plan that has a good balance of "offense and defense," aiming to stimulate a new leap in growth through the aggressive expansion of our businesses and to protect our competitiveness through achieving low cost operations. The medium-term business plan addresses the issue of profits and financial structure by targeting

improvement in our various profitability indicators and by strengthening our balance sheet. In particular, we are aiming to rebuild shareholders' equity, which has suffered from the impact of the write off of severance and retirement benefit obligations. At the same time, we want to continue to reduce interest-bearing debt.

Among our strategies for business development, we are being selective and focus in our allocation of business resources, looking to further expand our business with the growing chain store-related market. In the housing-related and petrochemical distribution markets, we are proceeding with plans to offer services for the entire supply chain, from purchasing to delivery to end-users. Whereas previously we focused on developing upstream business, we are now concentrating our business resources on a shift to downstream business with consumers in mind.

To increase competitiveness, we are supporting our business strategies through the introduction of the Best Partner System, a comprehensive system for managing orders, inventories, factory processes, and transportation and delivery, and introducing more advanced IT systems.

Furthermore, to prepare for further intensification of competition and the need to cope with significant declines in prices, we are targeting low cost operations throughout the companies of the Senko Group.

I believe that, based on the previously mentioned strategies, we should be able to get close to our record income level by achieving consolidated operating income of ¥700 million in the fiscal year ending March 2004, the final year of the plan.

| Medium-Term Business Plan Consolidated Performance Goals (fiscal year ended March 2004) |
|---|
| Operating Revenues: ¥182.0 billion |
| Operating Income: ¥7.0 billion |
| Shareholders' Equity: ¥45.5 billion |
| Interest-bearing Debt Reduction: ¥45.0 billion |
| Return on Equity: 6.6% |
| Return on Assets: 4.5% |

**To Our Shareholders**

As a Company, we consider the distribution of profits to shareholders as one of our most important management issues. Accordingly, our basic dividend policy is to target stable dividend payments that reflect underlying corporate performance while also retaining sufficient internal capital reserves to provide for business development and strengthening our business structure.

During the fiscal year under review, we paid interim and year-end cash dividends of ¥3.75 per share for a full-year cash dividend of ¥7.50 per share.

In meeting the challenges of the current fiscal year, we look forward to the continued support of our shareholders.

June 2001

H. Koike

Hiroshi Koike

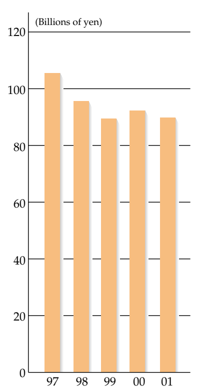
President and Representative Director

## Truck Transport

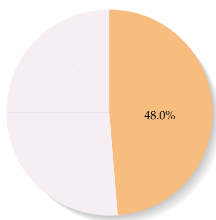
Although chain store-related business expanded firmly, demand from the housing-related demand dropped especially in the first half and materials-related transportation also declined. Truck transport operating revenues decreased 3.3%, to ¥89,054 million. Contribution to total operating revenues declined 3.0%, to 48.0%.

The Senko Group's truck transport operations have developed an extensive nationwide network, providing our customers with transportation and delivery services that match their products and distribution structure, including exclusive, combination, route, and joint transport services. We transport industrial raw materials, machine products, construction materials, housing materials, agricultural products, general commodities as well as providing moving service–handling almost anything to do with clothing, food, and housing. Moreover, our fleet comprises regular trucks, large-trucks, and trailers as well as specialty cargo trucks, such as tanker, loose powder carrying, and refrigerated trucks. Consequently, our ability to transport items and materials correctly is highly evaluated by manufacturers and other customers.

**Operating revenues**




**Share of revenues**



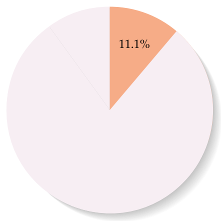

# Warehousing

During the fiscal year, efforts were made to expand sales of retail-related cargo services, but there was a slow down in cargo movement, particularly for storage of general commodities. Consequently, warehousing operating revenues edged down 0.3%, to ¥20,503 million. The proportion of total operating revenues accounted for by warehousing declined 0.3%, to 11.1%.

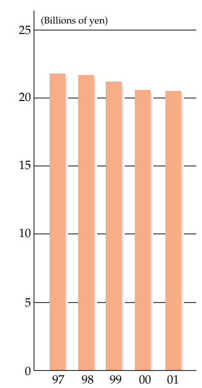
Our warehouses present a very different image from the warehouses of the past. They are integrated function distribution centers that combine a warehouse's distribution processing functions, such as storage, delivery, set assembly, and labeling with advanced information system services.

Currently, we have approximately 165 facilities at our major distribution points nationwide, with total storage space of 672,000 square meters. Based on these warehousing bases, we combine information services with distribution services that utilize a system that anticipates the needs of our diversified customers to offer a full range of distribution services that support our customers' production and sales operations.

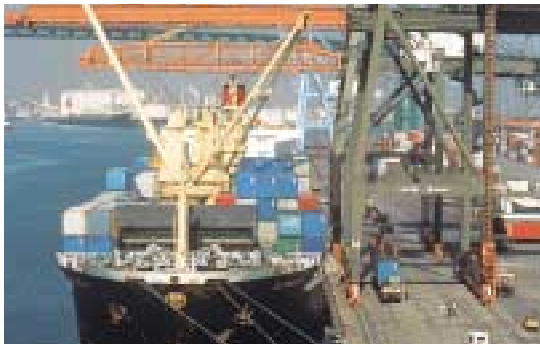
Share of revenues




Operating revenues




# *Review of Operations*

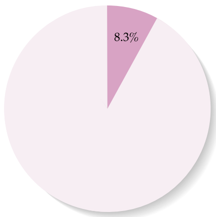


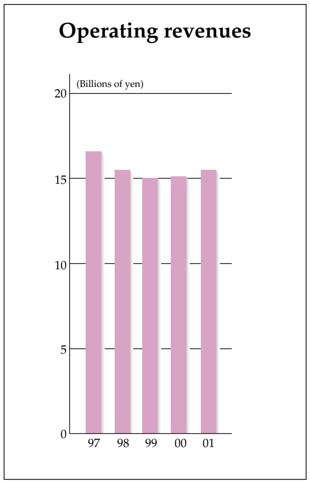
## In-Factory Work

Despite the decline in business volume from housing-related markets, in-factory work advanced thanks to the development of new customers for in factory services. Operating revenues climbed 2.5%, to ¥15,462 million. The operations accounted for 8.3% of total operating revenues, down 0.1% from the previous fiscal year.

In-factory work comprises such distribution and production processes as unloading raw materials at our customers' factories, warehouses, and other sites and wrapping, packaging, and loading products. Our professional distribution services support the management of the flow of materials and products within the factory.

**Share of revenues**



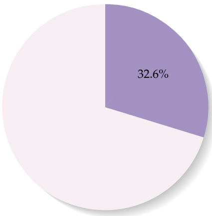



# Others

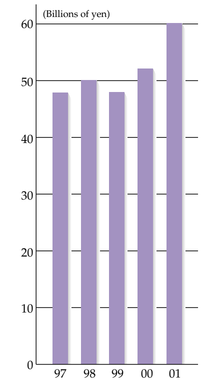
Expanded petroleum-related sales to new customers and new business from the chain store-related market supported revenue growth during the fiscal year under review, as others operating revenues rose 14.7%, to ¥60,584 million.
Contribution to total operating revenues advanced 3.4%, to 32.6% of net sales.

The others business category of the Senko Group includes railway forwarding on trunk routes; marine transport by container, mixed cargo scheduled, and specialty ships; leasing of specialized warehouses for customers and warehouse space; door-to-door international freight forwarding; petroleum sales; merchandise sales; data processing; software development; general leasing; and vehicle maintenance.

**Share of revenues**




**Operating revenues**




# *Financial Review*

**Performance**
Operating revenues for the fiscal year ended March 2001 increased 2.8%, to ¥185,603 million. Despite the decline in housing-related business due to a cut back in housing starts, operating revenues increased because of growth in business from the chain store-related market due to our emphasis on developing new customers. Business expansion by our sales-related subsidiaries, dealing mainly in petroleum, also contributed to the growth in operating revenues.

Looking at profitability, the positive contributors to income growth, such as increased business volume from chain stores, the cut in personnel expenses by reducing the overall number of employees, and the decrease in depreciation expenses achieved by curtailing capital expenditures, were not able to come to the fore. Instead, negative factors, such as the impact of lower demand for housing-related cargo services, the decline in fees due to price competition, and the demand for more efficient distribution services, prevailed. As a result, operating income decreased 13.7%, to ¥5,509 million and the operating income ratio declined 0.5%, to 3.0%.

The Company recorded a loss before income taxes of ¥4,773 million. The loss resulted from the posting of other expenses of ¥10,391 million from writing off the difference on conversion to a new accounting standard for its severance and retirement benefits and ¥852 million from establishing a severance and retirement benefits investment trust.

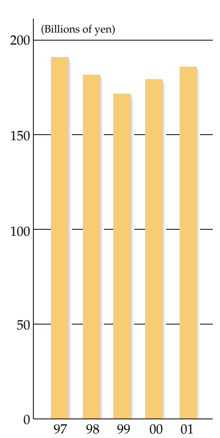
Consequently, despite favorable taxes adjustments of ¥4,123 million, consolidated loss amounted to ¥3,189 million.

**Performance by Business Segment**
Truck transport operating revenues slid ¥3,032 million, or 3.3%, to ¥89,054 million, generating 48.0% of total operating revenues. Operating revenues decreased despite the greater volume of cargo handled for chain stores achieved through an emphasis on developing new customers because of the drop in housing-related cargo in the first half and a decrease in factory volume cargo, mainly materials-related cargo.

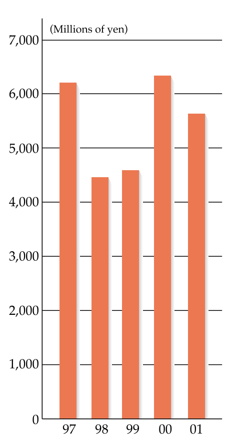
The operating revenues of our warehousing business, which accounted for 11.1% of total operating revenues, declined ¥68 million, or 0.3%, to ¥20,503 million. This decrease resulted from worsening cargo movement, particularly general commodity cargo. Chain store-related cargo business, however, expanded.

Accounting for 8.3% of total operating revenues, in-factory operating revenues advanced ¥378 million, or 2.5%, to ¥15,462 million thanks to the development of new customers for in-factory services.

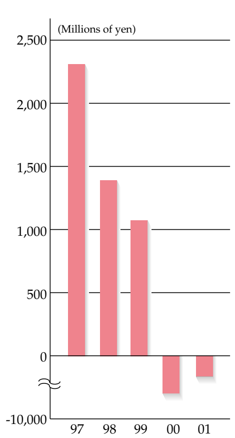
**Operating revenues**



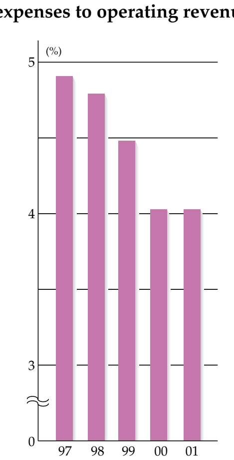

**Operating income**




**Net income**




**Ratio of SG&A**
**expenses to operating revenues**



Others operating revenues rose ¥7,772 million, or 14.7%, to ¥60,584 million, supported especially by the substantial growth in operating revenues from petroleum-related sales. Others operating revenues contributed 32.6% of total operating revenues. The others segment comprises railway forwarding, marine transport, leasing of specialized warehouses for customers and warehouse space, door-to-door international freight forwarding, petroleum-related sales, merchandise sales, and others.

**Performance by Products Handled**

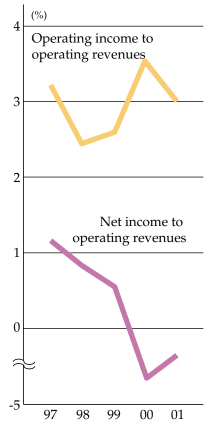
The three core products types handled by the Company are housing-related, petroleum-related and plastic, and wholesale and retail-related products. In the fiscal year under review, they accounted for 46.8% of our operating revenues. Among these three core product types, operating revenues from housing-related products decreased 5.7%, to ¥38,330 million and accounted for 20.7% of total operating revenues. Petroleum-related and plastic operating revenues declined 3.8%, to ¥33,110 million, and contributed 17.8% of total operating revenues. Operating revenues from wholesale and retail-related products increased 13.0%, to ¥15,470 million, accounting for 8.3% of total operating revenues.

**Consolidated Operating Revenues by Products Handled**

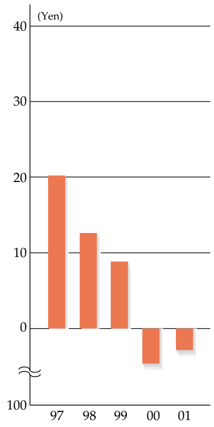
(Units: billions of yen, %)

| | Year ended March 2001 | | Year ended March 2000 | | | |
|---|---|---|---|---|---|---|
| | Revenues | Composition | Revenues | Composition | Change | % Change |
| **Housing** | 40.3 | 21.7 | 41.8 | 23.2 | -2.2 | -5.4 |
| **Petroleum-related products, and plastics** | 33.1 | 17.8 | 34.4 | 19.1 | -1.3 | -3.8 |
| **Wholesale and retail** | 15.4 | 8.3 | 13.6 | 7.6 | 1.7 | 13.0 |
| **Chemicals and fertilizers** | 5.4 | 2.9 | 6.0 | 3.3 | -0.3 | -6.2 |
| **Foods** | 4.1 | 2.2 | 4.2 | 2.3 | 0.0 | -2.3 |
| **Electronics products and machinery** | 2.8 | 1.5 | 2.9 | 1.6 | -0.1 | -3.5 |
| **Textile goods** | 3.3 | 1.8 | 3.1 | 1.7 | 0.2 | 6.9 |
| **Others** | 80.8 | 43.8 | 74.3 | 41.2 | 7.2 | 8.9 |
| **Total** | 185.6 | 100.0 | 180.5 | 100.0 | 5.0 | 2.8 |

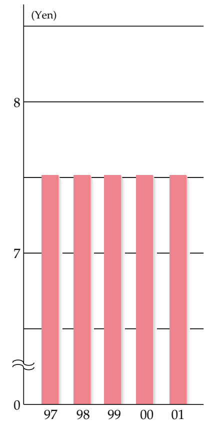
**Operating income / net income to operating revenues**



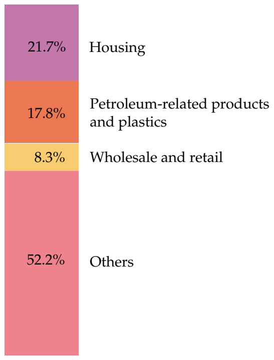

**Net income per share**




**Cash dividends per share**




**Composition of products handled**
**(Year ended March 2001)**



In housing-related products operating revenues, the drop in housing starts strongly influenced the decline in revenues, but the supply business for factory materials grew favorably. Petroleum-related and plastic products operating revenues fell because of lower volumes of plastic raw materials cargo. The fact that a customer, a major plastic manufacturer, transferred the business rights for its vinyl chloride business to another company also contributed to the drop in petroleum-related and plastic operating revenues. On the other hand, wholesale and retail-related products operating revenues achieved double-digit growth thanks to new business from a major apparel chain store and increased business volume from major direct sales companies, home centers and other existing customers.

**Financial Position**

Total assets at the end of the fiscal year under review were approximately the same as in the previous fiscal year, at ¥151,874 million. Current assets increased by ¥3,137 million, mainly because of growth in trade accounts and notes receivable in line with the expansion in operating revenues and higher inventories.

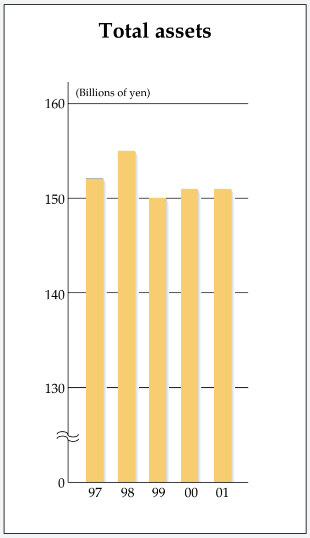
Fixed assets declined ¥2,647 million, to ¥99,343 million. During the fiscal year under review, property and equipment expanded ¥2,716 million because of the purchase of land for the construction of new facilities, such as distribution centers. However, investments and other assets dropped ¥5,363 million overall because of the transfer of held-to-maturity securities to the severance and retirement benefits investment trust.

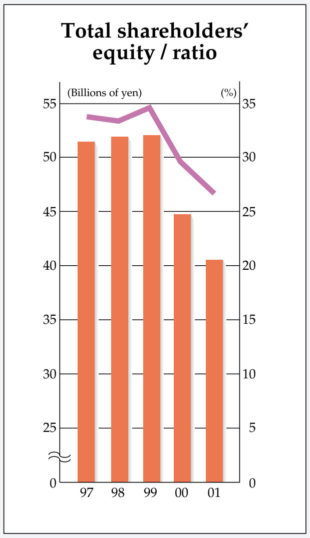
Among liabilities, current liabilities increased ¥6,388 million, to ¥43,861 million. The increase can mainly be attribute to expanded trade accounts and notes payable and short-term loans.

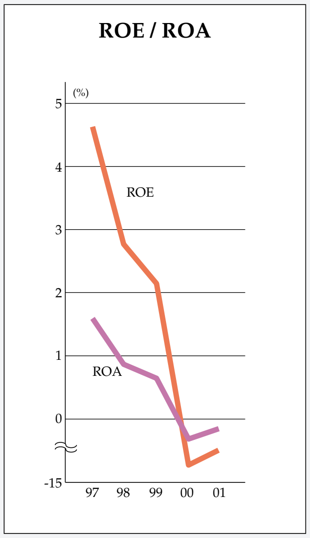
Among long-term liabilities, liabilities related to severance indemnities and retirement benefits rose ¥6,782 million because unfunded obligations arising from the change to a new accounting standard during the fiscal year under review were written off in a lump sum. Because retained earning was reduced by this write off of unfunded obligations, shareholders' equity declined ¥4,192 million, to ¥40,572 million.

**Cash Flows**

Net cash provided by operating activities declined ¥2,180 million, to ¥9,876 million. As a result of maintaining capital investment within the scope of cash flows from operating activities, at ¥8,865 million, combined with gains on sales of property, plant and equipment and stock, net cash used in investing activities amounted to ¥6,721 million.



# *REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS*

To the Board of Directors of SENKO Co., Ltd.

We have examined the accompanying consolidated balance sheets of SENKO Co., Ltd. and its consolidated subsidiaries at March 31, 2000 and 2001 and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above, expressed in Japanese yen, present fairly the consolidated financial position of SENKO Co., Ltd. and its consolidated subsidiaries at March 31, 2000 and 2001, the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis, except for the change effective April 1,2000, with which we concur, in the computation method of depreciation of buildings acquired before March 31, 1998 described in Note 3.

As described in Notes 2, effective April 1, 2000, the consolidated financial statements have been prepared in accordance with new accounting standard for Retirement Benefit, Financial Instruments and Translating Foreign Currencies.

The United States dollar amounts shown in the accompanying consolidated financial statements have been translated solely for convenience. We have reviewed this translation and, in our opinion, the consolidated financial statements expressed in Japanese yen have been translated into United States dollars on the basis described in Note1.

Ohtemae Audit Co.

Ohtemae Audit Corporation
Osaka, Japan
June 28,2001

# *Consolidated Balance Sheets*

*SENKO Co., Ltd. and Consolidated Subsidiaries at March 31, 2001 and 2000*

| ASSETS | Millions of yen | | Thousands of U.S.dollars |
|---|---|---|---|
| | **2001** | 2000 | **2001** |
| **Current assets:** | | | |
| Cash and cash equivalents | ¥ 17,869 | ¥ 17,882 | $ 144,221 |
| Marketable securities (Note 4) | — | 638 | — |
| Trade accounts and notes receivable — | | | |
| Non-consolidated subsidiaries and affiliates | 177 | 101 | 1,428 |
| Others | 25,526 | 23,741 | 206,021 |
| Less allowance for doubtful accounts | (63) | (42) | (508) |
| Inventories | 5,669 | 4,126 | 45,755 |
| Short-term loans to non-consolidated subsidiaries and affiliates | 333 | 508 | 2,688 |
| Prepaid expenses and other current assets | 3,020 | 2,440 | 24,374 |
| **Total current assets** | 52,531 | 49,394 | 423,979 |
| Investments in and long-term loans to non-consolidated subsidiaries and affiliates | 501 | 909 | 4,044 |
| Investment securities (Notes 4 and 8) | 1,128 | 9,240 | 9,104 |
| Property and equipment, at cost (Notes 5 and 8) | 144,053 | 140,000 | 1,162,655 |
| Less accumulated depreciation | (64,669) | (63,332) | (521,945) |
| Net property and equipment | 79,384 | 76,668 | 640,710 |
| Deferred tax assets-non-current (Note 11) | 9,563 | 5,651 | 77,183 |
| Other assets | 8,767 | 9,522 | 70,759 |
| Translation adjustments of foreign currency financial statements | — | 75 | — |
| **Total assets** | ¥ 151,874 | ¥ 151,459 | $ 1,225,779 |

## LIABILITIES AND SHAREHOLDERS' EQUITY

| | Millions of yen | | Thousands of U.S.dollars |
|---|---|---|---|
| | **2001** | 2000 | **2001** |
| **Current liabilities:** | | | |
| Short-term loans (Note 6) | ¥ 5,700 | ¥ 2,755 | $ 46,005 |
| Current portion of long-term debt (Note 6) | 7,541 | 8,310 | 60,864 |
| Trade accounts and notes payable— | | | |
| Non-consolidated subsidiaries and affiliates | 158 | 364 | 1,275 |
| Others | 19,764 | 16,386 | 159,516 |
| Accrued expenses | 3,054 | 2,915 | 24,649 |
| Accrued income taxes | 1,654 | 832 | 13,349 |
| Other current liabilities | 5,990 | 5,911 | 48,345 |
| **Total current liabilities** | 43,861 | 37,473 | 354,003 |
| Long-term debt, less current portion (Note 6) | 46,140 | 50,788 | 372,397 |
| Accrued severance indemnities (Note 7) | 17,422 | 10,640 | 140,613 |
| Other long-term liabilities | 3,879 | 7,721 | 31,308 |
| **Total liabilities** | 111,302 | 106,622 | 898,321 |
| **Minority Interests** | — | 73 | — |
| **Contingent liabilities (Note 9)** | | | |
| **Shareholders' equity (Note 10):** | | | |
| Common stock, ¥50 per value | | | |
| Authorised-300,000,000 shares at March 31, 2000 and 297,433,000 shares at March 31, 2001 | | | |
| Issued-114,180,167 shares | 18,296 | 18,296 | 147,667 |
| Additional paid-in capital | 17,001 | 17,001 | 137,216 |
| Retained earnings | 5,275 | 9,467 | 42,575 |
| | 40,572 | 44,764 | 327,458 |
| Less: treasury stock | (0) | (0) | (0) |
| **Total shareholders' equity** | 40,572 | 44,764 | 327,458 |
| **Total liabilities and shareholders' equity** | ¥ 151,874 | ¥ 151,459 | $ 1,225,779 |

See the accompanying notes to the consolidated financial statements.

# *Consolidated Statements of Income*

*SENKO Co., Ltd. and Consolidated Subsidiaries Years ended March 31, 2001 and 2000*

| | Millions of yen | | Thousands of U.S.dollars |
|---|---|---|---|
| | **2001** | 2000 | **2001** |
| **Operating revenues:** | | | |
| Truck transport | ¥ 89,054 | ¥ 92,086 | $ 718,757 |
| Others | 96,549 | 88,467 | 779,249 |
| **Total operating revenues** | 185,603 | 180,553 | 1,498,006 |
| **Operating costs and expenses:** | | | |
| Truck transport | 83,134 | 84,940 | 670,976 |
| Others | 89,345 | 81,898 | 721,106 |
| Selling, general and administrative expenses | 7,615 | 7,335 | 61,461 |
| **Total operating costs and expenses** | 180,094 | 174,173 | 1,453,543 |
| **Operating income** | 5,509 | 6,380 | 44,463 |
| **Other income (expenses):** | | | |
| Interest and dividend income | 355 | 369 | 2,865 |
| Interest expenses | (1,061) | (1,190) | (8,563) |
| Others, net | (9,576) | (15,754) | (77,288) |
| | (10,282) | (16,575) | (82,986) |
| **Loss before income taxes and minority interests** | (4,773) | (10,195) | (38,523) |
| **Income taxes (Note11):** | | | |
| Current | 2,541 | 1,717 | 20,508 |
| Deferred | (4,123) | (5,795) | (33,277) |
| | (1,582) | (4,078) | (12,769) |
| **Loss before minority interests** | (3,191) | (6,117) | (25,754) |
| **Minority Interests** | 2 | (27) | 16 |
| **Net loss** | ¥ (3,189) | ¥ (6,144) | $ (25,738) |

| | Yen | | U.S.dollars |
|---|---|---|---|
| **Net loss per share** | ¥ (27.93) | ¥ (53.02) | $ (0.23) |

See the accompanying notes to the consolidated financial statements.

# *Consolidated Statements of Shareholders' Equity*

*SENKO Co., Ltd. and Consolidated Subsidiaries Years ended March 31, 2001 and 2000*

| | Thousands | Millions of yen | | | |
|---|---|---|---|---|---|
| | Number of shares of common stock issued | Common stock | Additional paid-in capital | Retained earnings | Treasury Stock |
| **Balance at April 1, 1999** | 116,747 | ¥ 18,296 | ¥ 17,664 | ¥ 16,133 | ¥ (2) |
| Prior years' tax effect | — | — | — | 404 | — |
| Net loss | — | — | — | (6,144) | — |
| Cash dividends | — | — | — | (901) | — |
| Bonuses to directors and corporate auditors | — | — | — | (25) | — |
| Decrease of treasury stock | — | — | — | — | 2 |
| Retirement treasury stock | (2,567) | — | (663) | — | — |
| **Balance at March 31, 2000** | 114,180 | 18,296 | 17,001 | 9,467 | (0) |
| Increase as a result of merger | — | — | — | 24 | — |
| Net loss | — | — | — | (3,189) | — |
| Cash dividends | — | — | — | (856) | — |
| Bonuses to directors and corporate auditors | — | — | — | — | — |
| Increase of treasury stock | — | — | — | — | (0) |
| Decrease in translation adjustments of foreign currency financial statements | — | — | — | (171) | — |
| **Balance at March 31, 2001** | 114,180 | ¥ 18,296 | ¥ 17,001 | ¥ 5,275 | ¥ (0) |

| | Thousands of U.S. dollars | | | |
|---|---|---|---|---|
| | Common stock | Additional paid-in capital | Retained earnings | Treasury Stock |
| **Balance at March 31, 2000** | $ 147,667 | $ 137,216 | $ 76,408 | $ (0) |
| Increase as a result of merger | — | — | 194 | — |
| Net loss | — | — | (25,738) | — |
| Cash dividends | — | — | (6,909) | — |
| Bonuses to directors and corporate auditors | — | — | — | — |
| Increase of treasury stock | — | — | — | (0) |
| Decrease in translation adjustments of foreign currency financial statements | — | — | (1,380) | — |
| **Balance at March 31, 2001** | $ 147,667 | $ 137,216 | $ 42,575 | $ (0) |

See the accompanying notes to the consolidated financial statements.

# *Consolidated Statements of Cash Flows*

*SENKO Co., Ltd. and Consolidated Subsidiaries Years ended March 31, 2001 and 2000*

| | Millions of yen | | Thousands of U.S.dollars |
|---|---|---|---|
| | **2001** | 2000 | **2001** |
| **Cash flows from operating activities:** | | | |
| Loss before income tax and minority interests | ¥ (4,773) | ¥ (10,195) | $ (38,523) |
| Adjustments for: | | | |
| Depreciation and amortization | 6,903 | 7,771 | 55,714 |
| Amortization of transitional obligation for employees' severance indemnities | 10,391 | — | 83,866 |
| Retirements benefit trust loss | 852 | — | 6,877 |
| Decrease in employees' past severance indemnities | (3,243) | — | (26,174) |
| Provision for accrued severance indemnities | — | 6,202 | — |
| Interest and dividends income | (355) | (369) | (2,865) |
| Interest expense | 1,061 | 1,190 | 8,563 |
| Equity in loss of affiliated companies | — | 283 | — |
| Write-down of marketable securities | — | 1,221 | — |
| Devaluation of land | 851 | — | 6,868 |
| Write-off of investment securities | 500 | — | 4,036 |
| Increase in trade receivable | (1,884) | — | (15,206) |
| Increase in inventories | (1,543) | (428) | (12,454) |
| Increase in trade payable | 3,322 | 529 | 26,812 |
| Increase in long term accrued expense | — | 7,113 | — |
| Other | 217 | 1,517 | 1,752 |
| **Sub total** | 12,299 | 14,834 | 99,266 |
| Interest and dividend income received | 351 | 374 | 2,833 |
| Interest expenses paid | (1,049) | (1,176) | (8,467) |
| Income tax paid | (1,725) | (1,976) | (13,923) |
| **Net cash provided by operating activities** | 9,876 | 12,056 | 79,709 |
| **Cash flows from investing activities:** | | | |
| Payments for purchases of marketable securities | — | (92) | — |
| Proceeds from sales of marketable securities | — | 141 | — |
| Payments for purchases of fixed assets | (8,865) | (5,496) | (71,550) |
| Proceeds from sales of fixed assets | 1,165 | 114 | 9,403 |
| Payments for purchases of investment securities | (758) | — | (6,118) |
| Proceeds from sales of investment securities | 1,033 | 91 | 8,337 |
| Payments for long-term loans receivable | — | (388) | — |
| Other | 704 | (110) | 5,683 |
| **Net cash used in investing activities** | (6,721) | (5,740) | (54,245) |
| **Cash flows from financing activities:** | | | |
| Increase in short-term dept, net | 2,945 | — | 23,769 |
| Proceeds from long-term debt | 2,898 | 8,231 | 23,390 |
| Repayments of long-term debt | (8,315) | (13,132) | (67,110) |
| Purchases of treasury stock retired | — | (662) | — |
| Dividends paid | (856) | (901) | (6,909) |
| Other | (0) | (29) | (0) |
| **Net cash provided by financing activities** | (3,328) | (6,493) | (26,860) |
| Effect of exchange rate changes on cash and cash equivalents | 4 | 61 | 32 |
| Net decrease in cash and cash equivalents | (169) | (116) | (1,364) |
| Cash and cash equivalents at beginning of year | 17,882 | 17,998 | 144,326 |
| Cash and cash equivalents increased by merger | 156 | — | 1,259 |
| Cash and cash equivalents at end of year | ¥ 17,869 | ¥ 17,882 | $ 144,221 |

See the accompanying notes to the consolidated financial statements.

# *Notes to the Consolidated Financial Statements*

**1. Basis of Presenting Consolidated Financial Statements:**

SENKO Co., Ltd. (the "Company") and its domestic subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Commercial Code of Japan (the "Code") and the Securities and Exchange Law and in conformity with accounting principles and practices generally accepted in Japan, which are different from the accounting and disclosure requirements of International Accounting Standards.

The Company's overseas subsidiary maintains its accounts and records in conformity with generally accepted accounting principles and practices prevailing in the country of its domicile.

The accompanying consolidated financial statements are prepared based on consolidated financial statements of the Company and its subsidiaries (the"Companies") which were filed with the Director of Kanto Local Finance Bureau as required by the Securities and Exchange Law.

In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of the reader, using the exchange rate prevailing at March 31, 2001, which was ¥123.90 to US$1.00. These convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S.dollars at this or any other rate of exchange.

**2. Summary of Significant Accounting Policies:**

(a) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its significant subsidiaries. All significant intercompany balances and transactions are eliminated. Non-consolidation of subsidiaries, whose combined assets, net sales, net income and retained earnings in the aggregate are not significant in relation to those of the consolidated with the Companies.

Adjustment for consolidated account, at the time of acquisition, between the cost and underlying net equity of investments in consolidated subsidiaries are amortized over a five-year period on straight-line method.

The Company has adopted the equity method of accounting for investments in significant affiliates. The investments in other insignificant unconsolidated subsidiaries and affiliates are stated at cost.

(b) Marketable and Investment Securities

Through March 31, 2000, Marketable securities were stated at lower of cost or market. Investment securities, except for those accounted for by the equity method, were carried at cost determined by the moving average method.

Effective April 1, 2000, the Companies adopted the Accounting Standards for Financial Instruments which issued by the Business Accounting Deliberation Council. In accordance with the new standards, securities are classified into three categories: trading securities, held-to-maturity debt securities, equity investments in associates and other securities. Based on this classification, the Companies have no trading securities and no held-to-maturity debt securities. All other securities have been included in investment securities as noncurrent assets. Other securities are stated at cost determined by the moving average method.

(c) Consolidated Statement of Cash Flows

In 2000, the Companies adopted the Accounting Standards for Consolidated Statement of Cash Flows, which was issued by Business Accounting Deliberation Council. For the purpose of cash flow statements, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of overdrafts and all highly liquid investments with maturities of three months or less.

(d) Allowance for Doubtful Accounts

The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding.

(e) Inventories

Purchased goods are stated at cost determined by the first-in first-out method. Supplies are stated at cost determined by the moving-average cost method. Real estate for sale is stated at cost determined by the specific cost method.

(f) Property and Equipment and Depreciation

Property and equipment are stated at cost. Depreciation is principally computed at rates based on the estimated useful lives of assets using the declining-balance method except for buildings for which the straight-line method is applied.

The principal estimated useful lives are as follows:

| | |
|---|---|
| Buildings and structures | 3 to 60 years |
| Machinery and equipment | 3 to 17 years |

(g) Accrued Severance Indemnities and Pension Plan

Effective April 1, 2000, the Companies adopted the Accounting Standards for Retirement Benefit which was issued by the Business Accounting Deliberation Council. In accordance with the new standards, accrued severance indemnities are provided based on the account of projected benefit obligation reduced by pension plan assets at fair value at the end of annual period.

Employees' retirement benefits, covering employees of the Company and certain consolidated subsidiaries, are provided through unfunded lump-sum benefit plans and funded noncontributory pensions plans.

Under the plans, eligible employees are entitled, under most circumstances, to severance payments based on compensation at the time of severance and years of service.

In addition, the Company and certain consolidated subsidiaries have a contributory funded pension plan for most employees.

The Company and certain consolidated subsidiaries also have a severance indemnity plan for directors and corporate auditors, whose accrued severance indemnities are stated at 100% of the amount which is computed according to internal rules.

(h) Income Taxes

Deferred income taxes are recognized by the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are determined based on difference of between financial reporting and the tax basis of the assets and liabilities, and are measured using the enacted tax rate and laws that will be in effect when the differences are expected to reverse.

(i) Appropriation of Retained Earnings

Cash dividends, transfers to legal reserve and bonuses to directors and corporate auditors are recorded in the financial year in which a proposed appropriation of retained earnings is approved by shareholders.

(j) Net Income Per Share

Net income per share is based on the weighted average number of shares of common stock outstanding during the relevant year.

(k) Translation of Foreign Currencies

Revenue and expenses are translated at the rate of exchange prevailing when transactions are made.

Through March 31, 2000, Current monetary assets and liabilities denominated in foreign currencies were translated into Japanese yen at the rate of exchange in effect at the balance sheet date. Long term monetary assets and liabilities denominated in foreign currencies were translated at the historical exchange rate.

Effective April 1, 2001, the Companies adopted the revised accounting standards for foreign currency transactions which issued by the Business Accounting Deliberation Council. In accordance with the revised standards, all monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate at the balance sheet date.

Assets and liabilities of foreign subsidiary are translated into Japanese yen at the exchange rates in effect on the respective balance sheet dates. Revenue and expenses are translated at the average rate of exchange for the respective years. Translation adjustments of foreign currency financial statements in 2000 are not included in the determination of net income and are reflected in the consolidated balance sheets.

(l) Consumption Tax

The consumption tax is not included in the amount of “Operating revenues” and “Operating costs” and expenses.

**3. Accounting Change**

Depreciation method for buildings

Through March 31, 2000, the computation method of depreciation of buildings was the straight-line method except that the declining-balance method was applied to the buildings acquired before March 31, 1998.

Effective April 1, 2000, the computation method of depreciation for the buildings acquired before March 31, 1998, has been changed to the straight-line method from the declining-balance method.

Due to this change, depreciation and loss before income taxes and minority interests for the year ended March 31, 2001 were decreased by ¥626 million ($5,052 thousand) and increased by ¥625 million ($5,044 thousand), respectively.

**4. Marketable Securities and Investment Securities:**

At March 31, 2001 and 2000, marketable securities consisted of the following:—

| | Millions of yen | | Thousands of U.S.dollars |
|---|---|---|---|
| | **2001** | 2000 | **2001** |
| Marketable equity securities | **¥ —** | ¥ 635 | **$ —** |
| Bonds and other | **—** | 3 | **—** |
| | **¥ —** | ¥ 638 | **$ —** |
| Market value of marketable equity securities | **¥ —** | ¥ 843 | **$ —** |

At March 31,2001 and 2000,investment securities consisted of the following:—

| | Millions of yen | | Thousands of U.S.dollars |
|---|---|---|---|
| | **2001** | 2000 | **2001** |
| Marketable equity securities | **¥ 521** | ¥ 8,144 | **$ 4,205** |
| Other equity securities | **466** | 455 | **3,761** |
| Bonds and other | **141** | 641 | **1,138** |
| | **¥ 1,128** | ¥ 9,240 | **$ 9,104** |
| Market value of marketable equity securities | **¥ 1,091** | ¥ 7,834 | **$ 8,805** |

**5. Property and Equipment:**

At March31, 2001 and 2000, property and equipment at cost consisted of the following:—

| | Millions of yen | | Thousands of U.S.dollars |
|---|---|---|---|
| | **2001** | 2000 | **2001** |
| Land | **¥ 34,475** | ¥ 31,883 | **$ 278,248** |
| Buildings and structures | **63,004** | 61,511 | **508,507** |
| Machinery and equipment, Vehicle and Vessels | **24,683** | 25,050 | **199,217** |
| Tools, furniture and fixtures | **21,358** | 21,463 | **172,381** |
| Construction in Progress | **533** | 93 | **4,302** |
| | **¥ 144,053** | ¥ 140,000 | **$ 1,162,655** |

**6. Short-term Loans and Long-term Debt:**

At March31, 2001 and 2000, short-term loans consisted of the following:—

| | Millions of yen | | Thousands of U.S.dollars |
|---|---|---|---|
| | **2001** | 2000 | **2001** |
| 1.375% to 3.125% unsecured loans from banks | **¥ 5,700** | ¥ 2,755 | **$ 46,005** |

At March 31, 2001 and 2000,long-term debt consisted of the following:—

| | Millions of yen | | Thousands of U.S.dollars |
|---|---|---|---|
| | **2001** | 2000 | **2001** |
| 2.30% mortgage convertible bonds due 2002 | **¥ 45** | ¥ 45 | **$ 363** |
| 0.45% convertible bonds due 2003 | **13,837** | 13,837 | **111,679** |
| 3.25% bonds due 2004 | **10,000** | 10,000 | **80,710** |
| 2.025% bonds due 2002 | **10,000** | 10,000 | **80,710** |
| 1.2% to 2.995% loans from banks and insurance companies: | | | |
| Secured | **6,631** | 7,400 | **53,519** |
| Unsecured | **13,168** | 17,816 | **106,280** |
| | **53,681** | 59,038 | **433,261** |
| Less current portion | **(7,541)** | (8,310) | **(60,864)** |
| | **¥ 46,140** | ¥ 50,788 | **$ 372,397** |

In August 1987,the Company issued ¥5,000 million principal amount of 2.3 per cent. mortgage convertible bonds due 2002. At April 1, 2001, holders of the bonds were entitled to convert such bonds into 82 thousand shares of common stock of the Company. The bonds are convertible at any time before September 27, 2002 at a conversion price of ¥ 545.90 per share.

In April 1996,the Company issued ¥15,000 million principal amount of 0.45 per cent. convertible bonds due 2003. At April 1, 2001, holders of the bonds were entitled to convert such bonds into 21,520 thousand shares of common stock of the Company. The bonds are convertible at any time before September 29, 2003 at a conversion price of ¥697 per share.

The annual maturities of long-term debt at March 31, 2001 for the next five years are as follows:—

| Year ending March 31 | Millions of yen | Thousands of U.S.dollars |
|---|---|---|
| 2002 | ¥ 7,541 | $ 60,864 |
| 2003 | 19,859 | 160,283 |
| 2004 | 15,492 | 125,036 |
| 2005 | 10,789 | 87,078 |
| 2006 | — | — |

**7. Accrued Severance Indemnities:**

The following tables sets forth the changes in benefit obligation, plan assets and funded status of the Company and its subsidiaries at March 31, 2001.

| | Millions of yen | Thousands of U.S.dollars |
|---|---|---|
| | **2001** | **2001** |
| Benefit obligation at the end of year | **¥ (55,806)** | **$ (450,412)** |
| Fair value of plan assets at the end of the year | **32,706** | **263,971** |
| Funded status: | | |
| Benefit obligation in excess of plan assets | **(23,100)** | **(186,441)** |
| Unrecognized net transition obligation at date of adoption | **—** | **—** |
| Unrecognized prior service cost | **—** | **—** |
| Unrecognized actuarial loss | **5,678** | **45,828** |
| Accrued pension liability recognized in the consolidation balance sheets | **¥ (17,422)** | **$ (140,613)** |

Severance and pension costs of the Company and its subsidiaries included the following components for the year ended March 31, 2001

| | Millions of yen | Thousands of U.S.dollars |
|---|---|---|
| | **2001** | **2001** |
| Service cost | **¥ 1,918** | **$ 15,480** |
| Interest cost | **1,942** | **15,674** |
| Expected return on plan assets | **(1,399)** | **(11,291)** |
| Amortization: | | |
| Transition obligation at date of adoption | **10,391** | **83,866** |
| Prior service cost (credit) | **(3,243)** | **(26,174)** |
| Actuarial losses | **—** | **—** |
| Net periodic benefit cost | **¥ 9,609** | **$ 77,555** |

Assumption used in the accounting for the defined benefit plans for the year ended March 31, 2001 is as follows:

| | |
|---|---|
| Method of attributing benefit to periods of service | straight-line basis |
| Discount rate | 3.5% |
| Long-term rate of return on fund assets | primarily 4.8% |
| Amortization period of transition obligation at date of adoption | 1year |
| Amortization period of prior service cost | 1year |
| Amortization period of actuarial losses | 14 years |

**8. Pledged Assets:**

The following assets were pledged as collateral as at March 31, 2001 and 2000:—

| | Millions of yen | | Thousands of U.S.dollars |
|---|---|---|---|
| | **2001** | 2000 | **2001** |
| Land | **¥ 5,483** | ¥ 5,514 | **$ 44,253** |
| Buildings | **3,034** | 3,186 | **24,487** |
| Vehicles | **3** | 6 | **24** |
| Investment securities | **10** | 10 | **81** |
| Lease receivables | **7,945** | 9,842 | **64,124** |
| | **¥ 16,475** | ¥ 18,558 | **$ 132,969** |

Obligations which were secured on the above assets were as follows:—

| | Millions of yen | | Thousands of U.S.dollars |
|---|---|---|---|
| | **2001** | 2000 | **2001** |
| Short-term loans | **¥ —** | ¥ 550 | **$ —** |
| Long-term deb, including carrent portion | **¥ 6,676** | ¥ 7,445 | **$ 53,882** |

**9. Commitments and Contingent Liabilities:**

At March 31, 2001, the Companies were contingently liable for trade notes discounted with banks and for guarantees of loans to non-consolidated subsidiaries and affiliates in the amounts of ¥3,000 million ($24,213 thousand) and ¥77 million ($621 thousand), respectively.

The Companies have entered into various rental and lease agreements for office spaces, housing for employees and warehouses which are generally cancelable upon a few months' notice and also non-cancelable lease agreements for computer equipment, telecopiers, pallets, forklifts, trucks, flexible bags and other equipment. Such rent and lease charges for the year ended March 31, 2001 amounted to ¥12,023 million ($97,038 thousand).

The aggregate annual lease expenses for the non-cancelable lease agreements for the next five years are as follows:—

| Year ending March 31 | Millions of yen | Thousands of U.S.dollars |
|---|---|---|
| 2002 | ¥ 1,540 | $ 12,429 |
| 2003 | 1,179 | 9,516 |
| 2004 | 910 | 7,345 |
| 2005 | 501 | 4,044 |
| 2006 and thereafter | 254 | 2,050 |

**10. Shareholders' Equity**

The Code provides that an amount equal to at least 10% of appropriations paid in cash be transferred to the legal reserve until such reserve equals 25% of stated capital. This reserve amounted to ¥1,463 million ($11,808 thousand) and 1,377 million and at March 31, 2001 and 2000, respectively. This reserve, included in retained earnings, is not available for distribution as dividends but may be used to reduce a deficit or be transferred to stated capital.

**11. Income Taxes**

The Company and its domestic subsidiaries are subject to several taxes based on income, which in the aggregate resulted in statutory tax rates of approximately 42.0% for the years ended March 31, 2001 and 2000.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets at March 31, 2001 and 2000 are presented below:

| | Millions of yen | | Thousands of U.S.dollars |
|---|---|---|---|
| | **2001** | 2000 | **2001** |
| Deferred tax assets: | | | |
| Accrued severance indemnities to employees | **¥ 9,067** | ¥ 6,024 | **$ 73,180** |
| Accrued bonuses to employees | **597** | 422 | **4,818** |
| Revaluation of land | **580** | — | **4,681** |
| Retirement benefit trust loss | **358** | — | **2,889** |
| Unrealized gain on fixed assets and others | **290** | 788 | **2,341** |
| Tax loss carryforwards | **205** | — | **1,655** |
| Accrued severance indemnities to directors and corporate auditors | **151** | — | **1,218** |
| Accrued enterprise tax | **138** | — | **1,114** |
| Other | **284** | 427 | **2,293** |
| Total gross deferred tax assets | **11,670** | 7,661 | **94,189** |
| Less valuation allowance | **(78)** | (173) | **(630)** |
| Net deferred tax assets | **11,592** | 7,488 | **93,559** |
| Deferred tax liabilities: | | | |
| Property and equipment | **(1,033)** | (1,035) | **(8,337)** |
| Other | **(235)** | (254) | **(1,897)** |
| Total gross deferred tax liabilities | **(1,268)** | (1,289) | **(10,234)** |
| Net deferred tax assets | **¥ 10,324** | ¥ 6,199 | **$ 83,325** |

**12. Subsequent Events:**

Shareholders approved the following appropriation of retained earning at the annual meeting held on June 28, 2001

| | Millions of yen | Thousands of U.S.dollars |
|---|---|---|
| Cash dividends | ¥ 428 | $ 3,454 |
| Transfer to legal reserve | ¥ 43 | $ 347 |

**13. Segment Information**

Business segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2001 and 2000 is summarized as follows:

| | Millions of yen | | | | | | |
|---|---|---|---|---|---|---|---|
| | **2001** | | | | | | |
| | Truck Transport | Ware-housing | In-factory works | Other | Total | Elimination or Corporate | Consolidated |
| a. Operating revenues and operating income: | | | | | | | |
| Customers | ¥ 89,054 | ¥ 20,503 | ¥ 15,462 | ¥ 60,584 | ¥ 185,603 | ¥ — | ¥ 185,603 |
| Intersegment | 2,355 | 117 | 3,054 | 8,796 | 14,322 | (14,322) | — |
| Total operating revenues | 91,409 | 20,620 | 18,516 | 69,380 | 199,925 | (14,322) | 185,603 |
| Operating costs and expenses | 88,736 | 19,618 | 17,526 | 68,524 | 194,404 | (14,310) | 180,094 |
| Operating income | ¥ 2,673 | ¥ 1,002 | ¥ 990 | ¥ 856 | ¥ 5,521 | ¥ (12) | ¥ 5,509 |
| b. Asset, depreciation and capital expenditures: | | | | | | | |
| Assets | ¥ 34,689 | ¥ 37,876 | ¥ 8,489 | ¥ 53,868 | ¥ 134,922 | ¥ 16,952 | ¥151,874 |
| Depreciation | 1,132 | 1,200 | 175 | 4,339 | 6,846 | 58 | 6,904 |
| Capital expenditures | 962 | 1,201 | 127 | 9,052 | 11,342 | 542 | 11,884 |

| | Millions of yen | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2000 | | | | | | |
| | Truck Transport | Ware-housing | In-factory works | Other | Total | Elimination or Corporate | Consolidated |
| a. Operating revenues and operating income: | | | | | | | |
| Customers | ¥ 92,086 | ¥ 20,571 | ¥ 15,084 | ¥ 52,812 | ¥ 180,553 | ¥ — | ¥ 180,553 |
| Intersegment | 2,277 | 120 | 2,669 | 8,461 | 13,527 | (13,527) | — |
| Total operating revenues | 94,363 | 20,691 | 17,753 | 61,273 | 194,090 | (13,527) | 180,553 |
| Operating costs and expenses | 90,600 | 20,115 | 16,692 | 60,355 | 187,762 | (13,589) | 174,173 |
| Operating income | ¥ 3,763 | ¥ 576 | ¥ 1,061 | ¥ 918 | ¥ 6,318 | ¥ 62 | ¥ 6,380 |
| b. Asset, depreciation and capital expenditures: | | | | | | | |
| Assets | ¥ 33,532 | ¥ 38,083 | ¥ 7,765 | ¥ 44,969 | ¥ 124,349 | ¥ 27,110 | ¥ 151,459 |
| Depreciation | 1,233 | 1,689 | 217 | 4,551 | 7,690 | 81 | 7,771 |
| Capital expenditures | 1,040 | 1,233 | 113 | 3,171 | 5,557 | 152 | 5,709 |

| | Thousands of U.S. dollars | | | | | | |
|---|---|---|---|---|---|---|---|
| | **2001** | | | | | | |
| | Truck Transport | Ware-housing | In-factory works | Other | Total | Elimination or Corporate | Consolidated |
| a. Operating revenues and operating income: | | | | | | | |
| Customers | $ 718,757 | $ 165,480 | $ 124,794 | $ 488,975 | $ 1,498,006 | $ — | $ 1,498,006 |
| Intersegment | 19,007 | 944 | 24,649 | 70,993 | 115,593 | (115,593) | — |
| Total operating revenues | 737,764 | 166,424 | 149,443 | 559,968 | 1,613,599 | (115,593) | 1,498,006 |
| Operating costs and expenses | 716,190 | 158,337 | 141,453 | 553,059 | 1,569,039 | (115,496) | 1,453,543 |
| Operating income | $ 21,574 | $ 8,087 | $ 7,990 | $ 6,909 | $ 44,560 | $ (97) | $ 44,463 |
| b. Asset, depreciation and capital expenditures: | | | | | | | |
| Assets | $ 279,976 | $ 305,698 | $ 68,515 | $ 434,770 | $ 1,088,959 | $ 136,820 | $ 1,225,779 |
| Depreciation | 9,136 | 9,685 | 1,412 | 35,020 | 55,253 | 469 | 55,722 |
| Capital expenditures | 7,764 | 9,693 | 1,025 | 73,059 | 91,541 | 4,375 | 95,916 |

# *Consolidated Subsidiaries and Affiliated Companies* *(As of March 31, 2001)*

| Company Name | Paid-in Capital | Equity Ownership | Location | Main Business |
|---|---|---|---|---|
| SENKO TRADING Co., Ltd. | ¥300 million | 100.0% | Tokyo | Sales of petroluem-related products and distribution and information processing equipment |
| SENKO LEASING Co., Ltd. | ¥350 million | 100.0% | Tokyo | General leasing |
| SENKO INFORMATION SYSTEM Co., Ltd. | ¥60 million | 100.0% | Osaka | Information processing |
| KANSAI SENKO AUTO MAINTENANCE Co., Ltd. | ¥40 million | 100.0% | Osaka | Vehicle maintenance |
| SENKO MOVING PLAZA Co., Ltd. | ¥60 million | 100.0% | Tokyo | Trucking, in-factory work, moving services |
| SAPPORO SENKO TRANSPORT Co., Ltd. | ¥30 million | 100.0% | Sapporo | Trucking |
| TOHOKU SENKO TRANSPORT Co., Ltd. | ¥30 million | 100.0% | Miyagi | Trucking, in-factory work |
| KANTO SENKO TRANSPORT Co., Ltd. | ¥90 million | 100.0% | Saitama | Trucking, in-factory work |
| TOKYO SENKO TRANSPORT Co., Ltd. | ¥10 million | 100.0% | Chiba | Trucking, in-factory work |
| CHIBA SENKO TRANSPORT Co., Ltd. | ¥30 million | 100.0% | Chiba | Trucking, in-factory work, vehicle maintenance |
| FUJI SENKO TRANSPORT Co., Ltd. | ¥30 million | 100.0% | Shizuoka | Trucking, in-factory work |
| TOKAI SENKO TRANSPORT Co., Ltd. | ¥30 million | 100.0% | Aich | Trucking, in-factory work |
| SHIGA SENKO TRANSPORT Co., Ltd. | ¥30 million | 100.0% | Shiga | Trucking, in-factory work, vehicle maintenance |
| OSAKA SENKO TRANSPORT Co., Ltd. | ¥50 million | 100.0% | Osaka | Trucking, in-factory work |
| OKAYAMA SENKO TRANSPORT Co., Ltd. | ¥30 million | 100.0% | Okayama | Trucking, in-factory work |
| SANKYO FREIGHT Co., Ltd. | ¥10 million | 100.0% | Hiroshima | Trucking, in-factory work |
| SANYO SENKO TRANSPORT Co., Ltd. | ¥20 million | 100.0% | Yamaguchi | Trucking, in-factory work |
| SHIKOKU REEFER TRANSPORT AND WAREHOUSING Co., Ltd. | ¥50 million | 100.0% | Kagawa | Trucking, warehousing |
| FUKUOKA SENKO TRANSPORT Co., Ltd. | ¥50 million | 100.0% | Fukuoka | Trucking |
| KUMAMOTO SENKO TRANSPORT Co., Ltd. | ¥25 million | 100.0% | Kumamoto | Trucking, in-factory work |
| MIYAZAKI SENKO TRANSPORT Co., Ltd. | ¥90 million | 100.0% | Miyazaki | Trucking, in-factory work, vehicle maintenance |
| SAITAMA SENKO APOLLO Co., Ltd. | ¥50 million | 100.0% | Saitama | In-factory work, vehicle maintenance |
| OSAKA KAIUN Co., Ltd. | ¥20 million | 30.0% | Osaka | Domestic marine transport |
| ASICS PHYSICAL DISTRIBUTION CORPORATION | ¥300 million | 20.0% | Hyogo | Product control, vehicle shipment agency |

# *Board of Directors and Corporate Auditors* *(As of June 28, 2001)*

Chairman and Representative Director
Eiji Baba

President and Representative Director
Hiroshi Koike

Vice-president and Representative Director
Akio Tanaka

**Chairman and Representative Director**

Eiji Baba

**President and Representative Director**

Hiroshi Koike

**Vice-president and Representative Director**

Akio Tanaka

**Managing Directors**

Yasuhisa Fukuda
Isao Kagi
Yasuyuki Kiyomiya

**Directors**

Yoshio Ikeda
Sadayuki Wada
Michiyoshi Tsuge
Tadao Ito
Kazuo Saga
Kazuo Goto
Tetsuo Hatano
Isao Suzuki

**Full-time Corporate Auditors**

Masahiro Hayashi
Saburo Takahashi
Hideo Asano

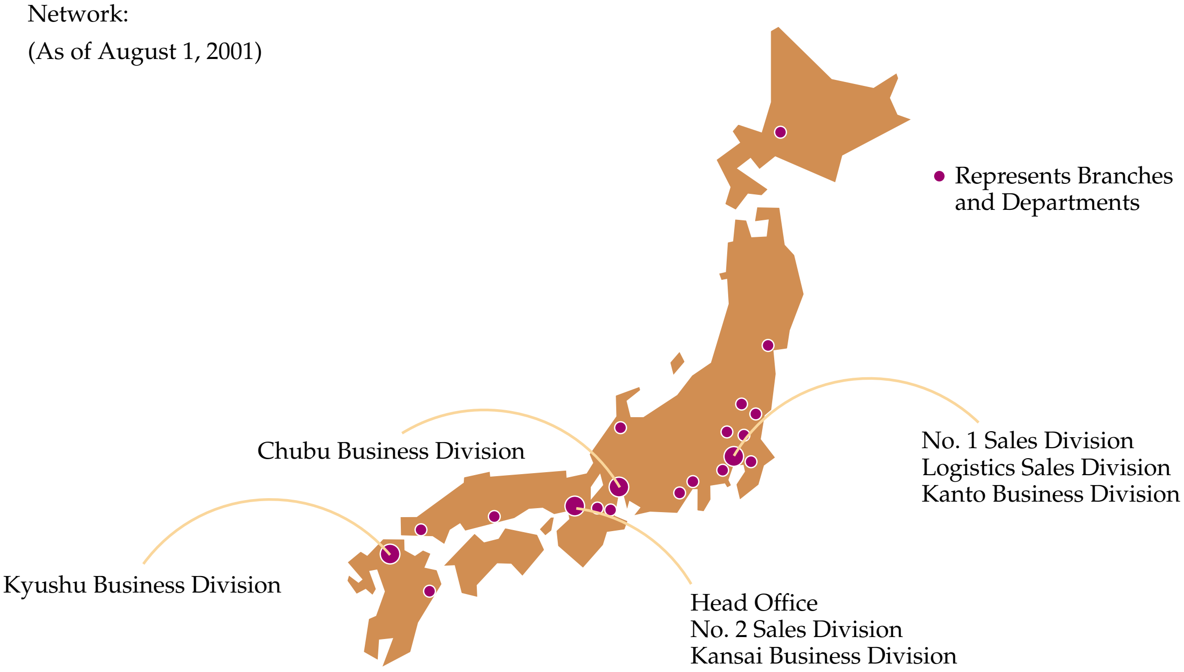
**Corporate Auditor**

Hideyuki Tonomura

# Corporate Data *(As of March 31, 2001)*

| | |
|---|---|
| Date of Establishment: | July 1946 |
| Paid-in Capital: | ¥18,295,643,751 |
| Authorized Shares: | 297,433,000 |
| Outstanding Shares: | 114,180,167 |
| Number of Shareholders: | 9,475 |
| Stock Listing: | Tokyo Stock Exchange<br>Osaka Securities Exchange |
| Transfer Agent: | The Mitsubishi Trust and Banking Corporation<br>11-1, Nagata-cho 2-chome, Chiyoda-ku, Tokyo 171-8508, Japan |

Network:
(As of August 1, 2001)




| | |
|---|---|
| Branches: | Sapporo, Sendai, Ibaraki, Kita Kanto, Saitama, Kashiwa, Tokyo, Kanagawa, Chiba, Shizuoka East, Shizuoka West, Nagoya, Mie, Hokuriku, Keiji, Osaka, Okayama, Yamaguchi, Fukuoka, Nobeoka |
| Departments: | International Distribution, Marine Transport, Railway forwarding |

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Printed in Japan