Annual Report 2003

For the year ended March 31, 2003

SENKO Co., Ltd.

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

TRANSPORT
WAREHOUS
INTERNATIO
DISTRIBUTIO
CONSULTING
TRANSPORT
WAREHOUS
INTERNATIO
DISTRIBUTIO

Profile

Established in July 1947, Senko Co., Ltd. is one of Japan's leading distribution services companies. The Senko Group consists of the parent company, 29 subsidiaries, and 5 affiliated companies. Senko operates a network of more than 200 offices throughout Japan, 2,601 trucks, 6 cargo ships, and 697,706 square meters of warehouse space.

Listed on the first sections of the Tokyo Stock Exchange and Osaka Securities Exchange, Senko engages in wide-ranging business operations centered on trucking and extending to warehousing, marine transport, railway forwarding, in-factory work, and multimodal international transportation.

Senko's forte is in supplying integrated distribution services, from distribution consulting to system design and operation, that closely match customer needs. The Company plans to develop as a logistics information company by integrating its distribution network with highly advanced information technology and further expanding services that improve efficiency at every link in the supply chain, from materials procurement to production and sales.

Contents

Cautionary Statement with Respect to Forward-looking Statements

Plans and strategies concerning future business performance included in this annual report are forward-looking statements based not on historical facts but on management's assumptions and beliefs in light of the information currently available to it, and thus involve a certain element of risk and uncertainty.

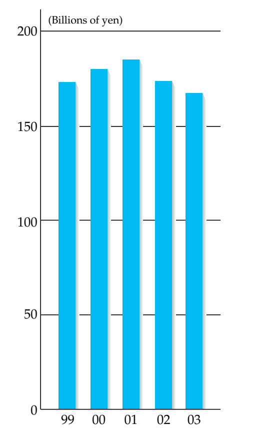
Consolidated Financial Highlights

SENKO Co., Ltd. and Consolidated Subsidiaries

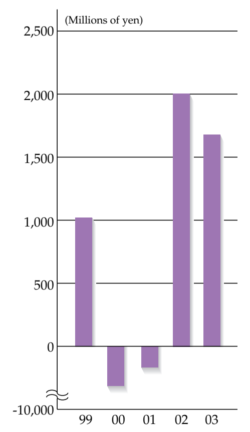
	Millions of yen		Thousands of U.S. dollars
Years ended March 31	**2003**	2002	**2003**
For the year:			
Operating revenues	**¥167,498**	¥173,578	**$1,393,494**
Operating income	**4,852**	4,878	**40,366**
Net income	**1,681**	2,004	**13,985**
At year end:			
Total assets	**127,104**	132,845	**1,057,438**
Shareholders' equity	**41,777**	41,089	**347,563**
Per share data: (Yen and U.S. dollars)			
Net income	**¥14.80**	¥17.69	**$0.12**
Cash dividends	**7.50**	7.50	**0.06**
Diluted net income	**12.92**	15.35	**0.11**
Shareholders' equity	**375.95**	367.74	**3.13**

Note : U.S. dollar amounts are converted from yen, for convenience only, at the prevailing rate of ¥120.20 to U.S.$1 on March 31, 2003.

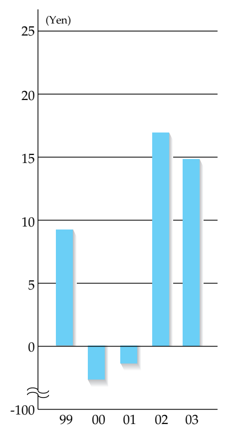
Operating revenues



Net income (loss)



Net income (loss) per share



A Message from the President

Strengthening Corporate Fundamentals by

Business Environment

In the fiscal year ended March 31, 2003, the Company posted decreases in revenues and income: consolidated operating revenues were ¥167,498 million, having declined 3.5% year on year, consolidated operating income edged downward 0.5% to ¥4,852 million, and net income was 16.1% lower at ¥1,681 million.

During the fiscal year under review, although signs of a bottoming out appeared in some sectors of the Japanese economy owing to an increase in imports at the beginning of the year, concerns about the outlook for the U.S. economy and slumping stock prices coupled with a decline in private sector capital investment and depressed personal consumption due to the grim employment situation led to continuation of harsh business conditions. In the transport and distribution industry, the adverse trading environment continued as a decline in the volume of freight transport and a downward price trend in the market resulted in intensification of customer demands for lower distribution costs. In these circumstances, in the second year of the three-year business plan the Company aggressively moved forward with the provision of efficient transportation and distribution systems by constructing customer supply chain management systems centered on the Company's Best Partner System (BPS), a new logistics system that takes full advantage of information technology. We also aggressively implemented initiatives to achieve a low-cost operating structure with the aim of boosting profits. These initiatives included measures to improve the financial position by means of root-and-branch efficiency promotion, including site integration, productivity increases, and cost cutting.

As a result of these measures, income before income taxes and minority interests increased 6.7% year on year to ¥3,728 million, a clear indication that the Company's business restructuring reforms have borne fruit. Consolidated net income, however, fell by 16.1% owing to a reversal of deferred tax assets attendant on a change in the tax rate due to the introduction of the pro forma standard taxation system for the corporate enterprise tax.

Progress with the Medium-term Business Plan and Future Business Development

With the current medium-term business plan, the Company aims to increase revenues by implementing supply chain logistics centered on the Best Partner System and to boost earning power through business structure reform based on greater organizational efficiency, optimization of human resources, and the reduction of interest-bearing debt. During the fiscal year under review, the Company leveraged BPS to cultivate new demand sectors. Successful initiatives included developing new business opportunities in the areas of logistics for chain stores and other retailers and procurement logistics, entry to a new business (new value logistics) beginning with mail order catalog delivery, and the undertaking of lubricating oil transport and distribution in the Honshu and Shikoku regions.

The Company has successfully introduced its Best Partner System in principal transport and distribution activities in the core housing-related products, petroleum-related products and plastics, and wholesale and retail-related products and has developed the BPS to the point where it now accounts for ¥46.6 billion or 28% of overall operating revenues. In the coming years we plan to expand revenues from BPS to ¥100 billion or 50% of overall operating revenues.

Aggressively Pursuing Business Structure Reform

In the area of business structure reform, the number of employees groupwide was 6,440 as of March 31, 2003, a reduction of 1,520 from the level at March 31, 1997. We moved forward with the integration and realignment of low-profit warehousing bases, withdrawing from eleven warehouses with about 56,000 square meters of leased warehouse space and consolidating and realigning three fleet yards.

In addition to these measures, aggressive moves to reduce interest-bearing debt resulted in a reduction of ¥4.8 billion or 10% year on year to ¥43.9 billion at the fiscal year-end. As a result, the ratio of interest-bearing debt to total assets improved 2 percentage points to 35% at the end of the term. The Company plans to reduce interest-bearing debt to ¥38. 4 billion at March 31, 2004, half the level at March 31, 1998.

The current medium-term business plan extends through the fiscal year ending March 31, 2004. We consider the plan a means to lay the foundation for the next step in the Company's development and believe we have achieved a certain amount of success from the standpoint of shoring up the Company's defensive posture. In the next stage of development we will build on the current plan and formulate a new three-year business plan to start in the fiscal year ending March 2005. In the new plan we will seek to shift to an offensive management posture, leveraging the unique logistics strategy developed to date and the improved business structure in order to increase revenues and earnings.

Corporate Governance

The Company's board of directors meets at least once a month. In addition to monitoring compliance with matters stipulated in the law, the board serves as a body to decide important matters related to the management of the Company and to monitor the execution of business.

The Company has adopted the auditor system by which four corporate auditors including two external auditors attend meetings of the board of directors, monitor the directors' execution of their duties, and cooperate with the internal audit department and external audit corporation to conduct rigorous audits of the Company and its subsidiaries.

To Our Shareholders

The Company regards distribution of profits to its shareholders as a management priority. Our basic policy on profit distribution is to continue to pay stable dividends that reflect underlying business performance while also retaining the internal reserves necessary to provide for future business development and strengthen the business structure. In the coming years we will work to improve earnings and continue to provide stable dividends to our shareholders. I request the continuing guidance and encouragement of our shareholders regarding the Company's endeavors.

H. Koike

June 2003

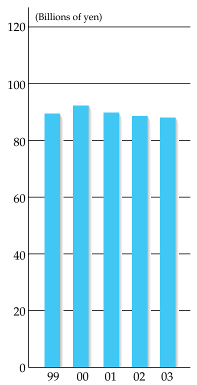
Hiroshi Koike
President and Representative Director

Truck Transport

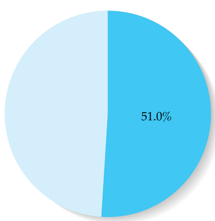
In the fiscal year ended March 31, 2003, consolidated operating revenues from the truck transport business slipped 0.5% or ¥436 million year on year to ¥85,382 million. This operation successfully developed the inbound freight business, notably in wholesale and retail and construction materials sectors, such as obtaining new transport business for home centers that utilizes existing PD centers in the Tokyo area, and developing the construction materials and piping materials and equipment transport business owing to the opening of a new distribution center in the Shiga area. These gains were offset, however, by a reduction in factory shipment transport volumes due to lower construction demand, notably that for housing-related products.

The Senko Group's truck transport operations have developed an extensive nationwide network and provide 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, and consumer items and provide moving services. In short, we handle almost any freight related to food, shelter, and clothing. We operate a diversified fleet comprised of medium-duty trucks, heavy-duty trucks, and tractor-trailers as well as specialty transport trucks, such as tankers, specialty loose powder trucks, and refrigerated trucks. The ability to dependably transport goods and materials has won Senko high marks from customers.

Operating revenues



Share of revenues

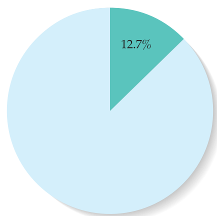


Warehousing

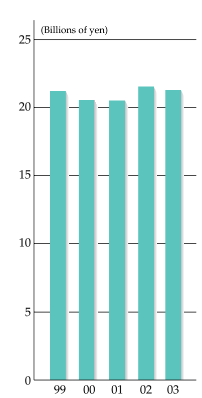
In the fiscal year under review, consolidated operating revenues from the warehousing business fell 1.1% or ¥244 million year on year to ¥21,287 million. Although this operation aggressively developed new business in wholesale and retail sector, integration of warehousing bases in the restructuring of operations led to a reduction in revenues.

Senko warehouses present a very different image from the warehouses of the past. These multifunctional distribution centers offer services that combine the storage, delivery, set assembly, and labeling processes of a warehouse with advanced information functions. Senko operates 157 facilities at major distribution points nationwide, providing total storage space of nearly 700,000 square meters. To reap maximum advantage from these warehousing bases, we use systems designed in anticipation of diverse customer needs to combine information services with distribution services in order to offer a full range of logistics services that support our customers' production and sales operations.

Share of revenues



Operating revenues



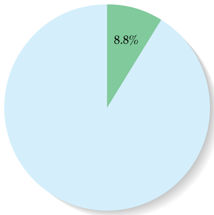
Review of Operations

In-Factory Work

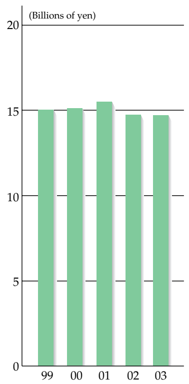
In the fiscal year ended March 2003, consolidated operating revenues from the in-factory work business edged downward 0.1% or ¥10 million year on year to ¥14,692 million. Newly contracted work, principally materials-related cargo, nearly compensated for a drop-off in the volume of work in the construction sector.

In-factory work comprises distribution and production processes spanning everything from loading and unloading raw materials at our customers' factories and warehouses to wrapping, packaging, and loading finished products. These professional distribution services support the management of the flow of materials and products within factories.

Share of revenues



Operating revenues

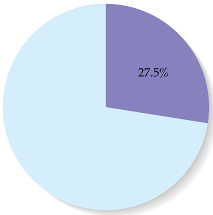


Other Businesses

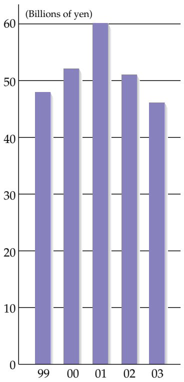
In the fiscal year ended under review, consolidated operating revenues from other business fell 10.5% or ¥5,390 million year on year to ¥46,137 million. Although various operations won new business involving the multimodal sea and air transport of synthetic resins using special containers and achieved an increase in the volume of marine transport by means of environmentally friendly modal shift proposals such as the provision of joint transport systems, the petroleum and merchandise sales operations contracted owing to a reduction in the number of customers as part of efforts to improve efficiency in management of receivables.

The others business category includes railway forwarding on trunk routes, marine transport by container ship, mixed cargo steamer and specialty ship, the leasing of warehouses to specific customers and warehouse space rental, intermodal international freight forwarding, petroleum sales, merchandise sales, information processing and software development, and vehicle maintenance.

Share of revenues



Operating revenues



Financial Review

Performance
Consolidated operating revenues for the fiscal year ended March 31, 2003, decreased 3.5% year on year to ¥167,498 million. The decrease was attributable to changes in the trading environment for the entire physical distribution industry, including a decline in the volume of freight transport, a downward price trend, and demands from customers for lower distribution costs as well as the contraction of the petroleum and merchandise sales operations owing to a reduction in the number of customers as part of efforts to improve efficiency in management of receivables.

As for income, groupwide efforts to achieve low-cost operations in the form of cost reductions, productivity improvements, and the promotion of operational reform resulted in a 4.0% year on year reduction in the cost of revenues (operating revenues decreased 3.5%), and gross margin increased 4.1% to ¥12,115 million. However, selling, general, and administrative expenses increased 7.4%. Consequently, consolidated operating income edged downward 0.5% to ¥4,852 million. The operating income ratio improved 0.1 percentage points to 2.9%. Income before income taxes and minority interests increased 6.7% to ¥3,728 million, benefiting from lower interest expenses attendant on the reduction in interest-bearing debt and the elimination of loss on redemption of bonds or loss on sale of investment securities. Consolidated net income after income taxes and minority interests fell by 16.1% to ¥1,681 million. This was attributable to a reversal of deferred tax assets in line with a change in the tax rate caused by the introduction of the pro forma standard taxation system for the corporate enterprise tax. As a result of these developments, the ratio of net income to operating revenues fell 0.2 percentage points to 1.0%.

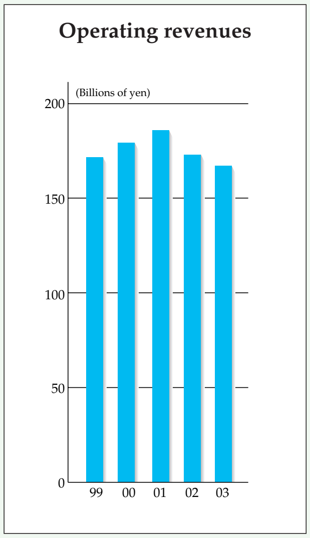
Performance by Business Segment
By business segment, truck transport operating revenues for the fiscal year under review decreased ¥436 million or 0.5% year on year to ¥85,382 million, accounting for 51.0% of total operating revenues. Although inbound freight volumes increased, notably in wholesale and retail-related and housing-related sectors, slumping demand brought about a reduction in transport volumes of factory shipments.

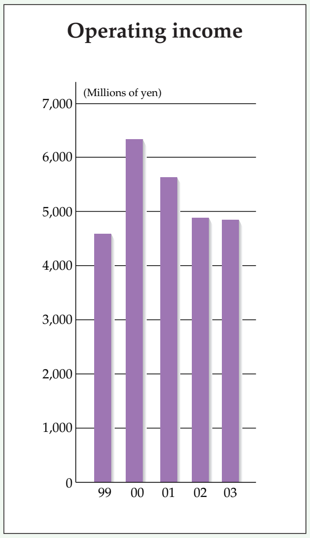
Operating revenues from the warehousing business fell 1.1% or ¥244 million to ¥21,287 million. This business accounts for 12.7% of total operating revenues. Although this operation aggressively developed new business in wholesale and retail-related sector, notably from home center and drugstore chains, integration of warehousing bases in the restructuring of operations led to a reduction in revenues.

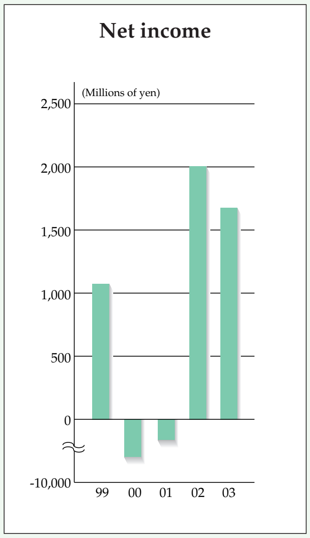
Operating revenues from the in-factory work business were virtually unchanged, 0.1% or ¥10 million lower at ¥14,692 million, accounting for 8.8% of total operating revenues. This operation was able to secure operating revenues at the same level as the previous year by compensating for a drop-off in the volume of work in the housing-related by obtaining new business, principally materials-related freight.

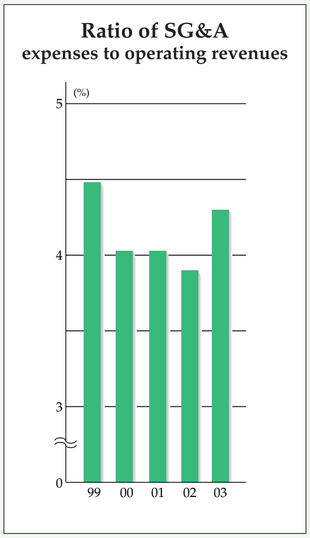
Operating revenues from other businesses, which include railway forwarding, marine transport, the leasing of warehouses to specific customers and warehouse space rental, international freight forwarding, petroleum sales, and merchandise sales, fell 10.5% or ¥5,389 million year on year to ¥46,137 million. Other businesses account for 27.5% of overall operating revenues.

Although revenues from marine transport and international distribution increased on account of orders for multimodal sea and air transport using special containers and the provision of









joint transport systems, the contraction of the petroleum and merchandise sales operations owing to efforts to improve efficiency in management of receivables had a significant adverse effect on revenues.

Performance by Principal Product Category

The Company handles three principal product categories: housing-related; petroleum-related and plastics; and wholesale and retail-related products. These core product categories accounted for 57.0% of total operating revenues in the fiscal year ended March 31, 2003. Operating revenues from housing –related products decreased ¥560 million or 1.4% year on year to ¥38,520 million; these products account for 23.0% of overall revenues. On the positive side, revenues from petroleum-related and plastics increased ¥930 million or 2.7% year on year to ¥35,870 million, accounting for 21.4% of overall revenues. Revenues from wholesale and retail-related products rose ¥1,910 million or 10.0% year on year to ¥21,080 million, accounting for 12.6% of overall revenues.

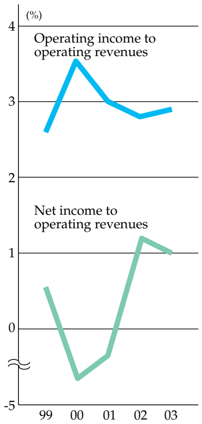
In the housing-related products sector, although factory shipments fell 3% year on year in line with a fall-off in new housing starts, inbound shipments of factory materials grew 10%; consequently, the overall decline in revenues was slight. Revenues from the petroleum-related and plastics sector rose 3% as the Company took on the entire physical distribution center operations of a major chemicals manufacturer and obtained new business including the transport of lubricating oil for a petroleum manufacturer and the transport of plastic film for a chemicals manufacturer. Revenues from

Consolidated Operating Revenues by Products Handled

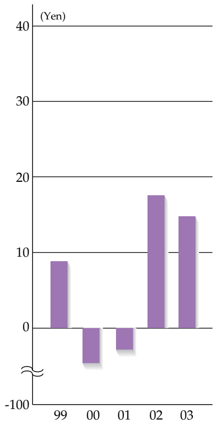
(Units: billions of yen, %)

	Year ended March 2003		Year ended March 2002			
	Revenues	Composition	Revenues	Composition	Change	% Change
Housing	38.5	23.0	38.6	22.3	-0.1	0.7
Petroleum-related products, and plastics	35.9	21.4	32.7	18.9	3.2	2.5
Wholesale and retail	21.1	12.6	18.8	10.9	2.3	1.7
Chemicals and fertilizers	4.9	2.9	5.2	3.0	-0.3	-0.1
Foods	4.0	2.4	4.1	2.4	-0.1	0.0
Electronics products and machinery	3.3	2.0	2.8	1.7	0.5	0.3
Textile goods	3.5	2.1	3.0	1.8	0.5	0.3
Others	56.3	33.6	67.9	39.0	-11.6	-5.4
Total	167.5	100.0	173.5	100.0	-6.0	-3.5

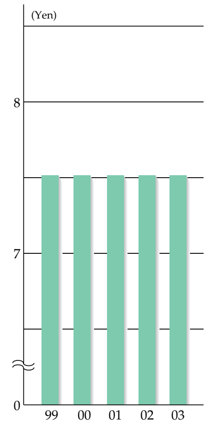
Operating income / net income to operating revenues



Net income per share

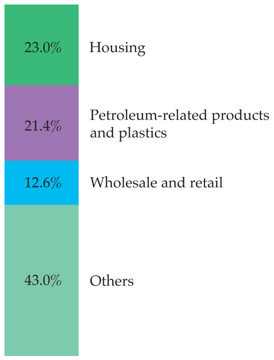


Cash dividends per share



Composition of products handled

(Year ended March 2003)



wholesale and retail-related products grew 10%, fueled by the acquisition of new customers including a general apparel manufacturer, a pet food manufacturer, a food products trading company, and a food products wholesaler. The company has achieved double-digit growth in revenues from wholesale and retail-related products category for five consecutive years.

Financial Position

Total assets at March 31, 2003, were ¥127,104 million, ¥5,741 million lower than the previous term. Current assets decreased ¥953 million to ¥42,705 million. The decrease was mainly attributable to a decline in cash and cash equivalents resulting from successful efforts to reduce interest-bearing debt and a reduction in trade receivables in line with lower operating revenues.

Total fixed assets declined ¥4,788 million year on year to ¥84,399 million.

Property and equipment declined ¥2,074 million year on year to ¥67,298 million. The decrease was primarily attributable to depreciation and amortization, which increased to ¥3,150 million as against capital outlays of ¥1,486 million. Total capital expenditures during the period were ¥2,493 million, the chief items being ¥230 million for the Daimon Distribution Center and ¥613 million for vehicles. Investments and other assets fell ¥2,708 million to ¥16,214 million, primarily owing to a decrease in deferred tax assets.

Current liabilities increased ¥2,293 million year on year to ¥48,286 million. The reason for the decrease was the reclassification of ¥13,330 million in new corporate bonds from long-term liabilities to current liabilities, which offset reductions of ¥5,665 million in short-term loans and ¥5,045 million in bonds due within one year.

Long-term liabilities decreased ¥8,722 million to ¥37,041 million as a result of the above reclassification of bonds. Consequently, interest-bearing debt at fiscal year-end decreased ¥4,833 million to ¥43,868 million. The ratio of interest-bearing debt to total assets improved 2.2% to 34.5%.

Shareholders' equity at fiscal year-end was ¥41,777 million, nearly the same level as at the end of the previous term. As a result of these developments, the equity ratio improved 2.0 points to 32.9%.

Cash Flows

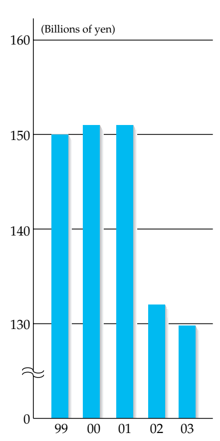
Net cash provided by operating activities for the year ended March 31, 2003, increased ¥2,576 million or 63.9% year on year to ¥6,607 million. The improvement was mainly attributable to the increase in net income before income taxes and minority interests, a decrease in working capital and a reduction in income tax paid.

Net cash used in investing activities was ¥1,985 million. The amount of ¥2,497 million was invested in property and equipment to improve business competitiveness. Consequently, free cash flow at the end of the term increased ¥1,674 million or 56.8% to ¥4,622 million.

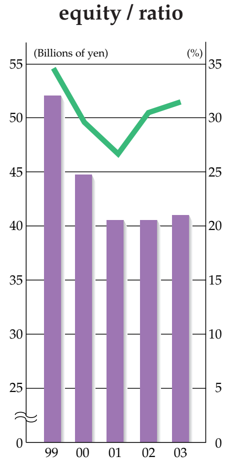
Net cash used in financing activities was ¥5,860 million. To make effective use of free cash flow, the Company reduced interest-bearing debt as part of an initiative to improve its financial position begun the previous term and also acquired its own shares.

As a result of these developments, the balance of cash and cash equivalents at the end of the fiscal year ended March 31, 2003, was ¥14,026 million, a decrease of ¥1,238 million or 8.1% from the previous term.

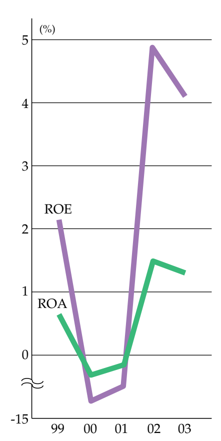
Total assets



Total shareholders' equity / ratio



ROE / ROA



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying consolidated balance sheets of SENKO CO., Ltd. and its consolidated subsidiaries as of March 31, 2003 and 2002, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of SENKO CO., Ltd. and its consolidated subsidiaries as of March 31, 2003 and 2002, and 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.

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 Note 1.

Ohtemae Audit Co.

Ohtemae Audit Corporation

Osaka, Japan

June 27, 2003

Consolidated Balance Sheets

SENKO Co., Ltd. and Consolidated Subsidiaries
March 31, 2003 and 2002

ASSETS	Millions of yen		Thousands of U.S.dollars
	2003	2002	**2003**
Current assets:			
Cash and cash equivalents	**¥ 14,026**	¥ 15,264	**$ 116,689**
Trade accounts and notes receivable—			
Non-consolidated subsidiaries and affiliates	**112**	105	**932**
Others	**25,035**	24,809	**208,278**
Less allowance for doubtful accounts	**(62)**	(180)	**(515)**
Inventories	**620**	1,018	**5,158**
Short-term loans to non-consolidated subsidiaries and affiliates	**215**	323	**1,789**
Prepaid expenses and other current assets	**2,759**	2,319	**22,953**
Total current assets	**42,705**	43,658	**355,284**
Investments in and long-term loans to non-consolidated subsidiaries and affiliates	**502**	441	**4,176**
Investment securities (Notes 3 and 7)	**758**	874	**6,306**
Property and equipment, at cost (Notes 4 and 7)	**119,415**	121,063	**993,469**
Less accumulated depreciation	**(52,117)**	(51,691)	**(433,585)**
Net property and equipment	**67,298**	69,372	**559,884**
Deferred tax assets-non-current (Note 11)	**7,548**	9,615	**62,795**
Other assets	**8,293**	8,885	**68,993**
Total assets	**¥ 127,104**	¥ 132,845	**$ 1,057,438**

See the accompanying notes to the consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

	Millions of yen		Thousands of U.S.dollars
	2003	2002	**2003**
Current liabilities:			
Short-term loans (Note 5)	**¥ 10,300**	¥ 8,650	**$ 85,691**
Current portion of long-term debt (Note 5)	**15,709**	14,739	**130,691**
Trade accounts and notes payable—			
Non-consolidated subsidiaries and affiliates	**143**	141	**1,190**
Others	**13,729**	13,027	**114,218**
Accrued expenses	**2,333**	2,422	**19,409**
Accrued income taxes	**217**	837	**1,805**
Other current liabilities	**5,855**	6,177	**48,710**
Total current liabilities	**48,286**	45,993	**401,714**
Long-term debt, less current portion (Note 5)	**17,832**	25,284	**148,353**
Accrued severance indemnities (Note 6)	**16,976**	17,357	**141,231**
Other long-term liabilities	**2,233**	3,122	**18,577**
Total liabilities	**85,327**	91,756	**709,875**
Contingent liabilities (Note 8)			
Shareholders' equity (Note 10):			
Common stock:			
Authorized—294,999,000 shares			
Issued—111,746,167 shares	**18,296**	18,296	**152,213**
Additional paid-in capital	**16,387**	16,387	**136,331**
Retained earnings	**7,267**	6,422	**60,458**
Unrealized holding loss on securities	**(1)**	(13)	**(8)**
Less treasury stock, at cost			
(707,462 shares in 2003 and 10,222 shares in 2002)	**(172)**	(3)	**(1,431)**
Total shareholders' equity	**41,777**	41,089	**347,563**
Total liabilities and shareholders' equity	**¥ 127,104**	¥ 132,845	**$ 1,057,438**

See the accompanying notes to the consolidated financial statements.

Consolidated Statements of Income

SENKO Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2003 and 2002

	Millions of yen		Thousands of U.S.dollars
	2003	2002	**2003**
Operating revenues:			
Truck transport	**¥ 85,382**	¥ 85,818	**$ 710,333**
Others	**82,116**	87,760	**683,161**
Total operating revenues	**167,498**	173,578	**1,393,494**
Operating costs and expenses:			
Truck transport	**79,370**	80,587	**660,316**
Others	**76,013**	81,353	**632,388**
Selling, general and administrative expenses	**7,263**	6,760	**60,424**
Total operating costs and expenses	**162,646**	168,700	**1,353,128**
Operating income	**4,852**	4,878	**40,366**
Other income (expenses):			
Interest and dividend income	**169**	182	**1,406**
Interest expenses	**(705)**	(816)	**(5,865)**
Others, net	**(588)**	(751)	**(4,892)**
	(1,124)	(1,385)	**(9,351)**
Income before income taxes and minority interests	**3,728**	3,493	**31,015**
Income taxes (Note11):			
Current	**307**	1,614	**2,554**
Deferred	**1,740**	(125)	**14,476**
	2,047	1,489	**17,030**
Net income	**¥ 1,681**	¥ 2,004	**$ 13,985**

Per share of common stock	Yen		U.S.dollars
Net income	**¥ 14.80**	¥ 17.69	**$ 0.12**
Diluted net income	**12.92**	15.35	**0.11**
Cash dividends applicable to the year	**7.50**	7.50	**0.06**

See the accompanying notes to the consolidated financial statements.

Consolidated Statements of Shareholders' Equity

SENKO Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2003 and 2002

	Thousands	Millions of yen				
	Number of shares of common stock issued	Common stock	Additional paid-in capital	Retained earnings	Unrealized holding gain (loss) on securities	Treasury stock
Balance at April 1, 2001	114,180	¥ 18,296	¥ 17,001	¥ 5,275	¥ —	¥ (0)
Net income	—	—	—	2,004	—	—
Cash dividends	—	—	—	(857)	—	—
Unrealized holding loss on securities	—	—	—	—	(13)	—
Increase of treasury stock	—	—	—	—	—	(3)
Retirement treasury stock	(2,434)	—	(614)	—	—	—
Balance at March 31, 2002	111,746	18,296	16,387	6,422	(13)	(3)
Net income	—	—	—	1,681	—	—
Cash dividends	—	—	—	(836)	—	—
Unrealized holding gain on securities	—	—	—	—	12	—
Increase of treasury stock	—	—	—	—	—	(169)
Balance at March 31, 2003	**111,746**	**¥ 18,296**	**¥ 16,387**	**¥ 7,267**	**¥ (1)**	**¥ (172)**

	Thousands of U.S. dollars				
	Common stock	Additional paid-in capital	Retained earnings	Unrealized holding gain (loss) on securities	Treasury stock
Balance at March 31, 2002	$ 152,213	$ 136,331	$ 53,428	$ (108)	$ (25)
Net income	—	—	13,985	—	—
Cash dividends	—	—	(6,955)	—	—
Unrealized holding gain on securities	—	—	—	100	—
Increase of treasury stock	—	—	—	—	(1,406)
Balance at March 31, 2003	**$ 152,213**	**$ 136,331**	**$ 60,458**	**$ (8)**	**$ (1,431)**

See the accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

SENKO Co., Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2003 and 2002

	Millions of yen		Thousands of U.S.dollars
	2003	2002	**2003**
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥ 3,728**	¥ 3,493	**$ 31,015**
Adjustments for:			
Depreciation and amortization	**3,150**	3,477	**26,206**
Gain on sale of affiliates	**—**	(668)	**—**
Loss on disposals of property and equipment	**253**	212	**2,105**
Loss from devaluation of investment securities	**75**	203	**624**
Decrease in allowance for employee retirement	**(380)**	—	**(3,161)**
Decrease in accrued bonuses to employees	**(87)**	(607)	**(724)**
Interest and dividends income	**(169)**	(182)	**(1,406)**
Interest expense	**705**	816	**5,865**
Decrease in trade receivables	**468**	828	**3,894**
Decrease (increase) in inventories	**398**	(246)	**3,311**
Increase in trade payables	**416**	12	**3,461**
Other	**(469)**	(163)	**(3,902)**
Sub total	**8,088**	7,175	**67,288**
Interest and dividend income received	**176**	195	**1,464**
Interest expenses paid	**(730)**	(910)	**(6,073)**
Income tax paid	**(927)**	(2,429)	**(7,712)**
Net cash provided by operating activities	**6,607**	4,031	**54,967**
Cash flows from investing activities:			
Payments for purchases of fixed assets	**(2,497)**	(2,983)	**(20,774)**
Proceeds from sales of fixed assets	**533**	123	**4,434**
Payments for purchases of investment securities	**(23)**	(190)	**(191)**
Proceeds from sales of investment securities	**115**	247	**957**
Decrease in short-term loans, net	**—**	1,313	**—**
Proceeds from sales of subsidiary	**100**	496	**832**
Payments for purchases of non-consolidated subsidiaries	**(68)**	—	**(566)**
Other	**(145)**	(89)	**(1,206)**
Net cash used in investing activities	**(1,985)**	(1,083)	**(16,514)**
Cash flows from financing activities:			
Increase in short-term debt, net	**1,650**	2,950	**13,727**
Proceeds from long-term debt	**8,259**	11,424	**68,710**
Repayment of long-term debt	**(14,741)**	(18,438)	**(122,637)**
Purchases of treasury stock retired	**(169)**	(615)	**(1,406)**
Dividends paid	**(837)**	(857)	**(6,963)**
Other	**(22)**	(18)	**(183)**
Net cash provided by financing activities	**(5,860)**	(5,554)	**(48,752)**
Effect of exchange rate changes on cash and cash equivalents	**(0)**	1	**(0)**
Net decrease in cash and cash equivalents	**(1,238)**	(2,605)	**(10,299)**
Cash and cash equivalents at beginning of year	**15,264**	17,869	**126,988**
Cash and cash equivalents at end of year	**¥ 14,026**	¥ 15,264	**$ 116,689**

See the accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

SENKO Co., Ltd. and Consolidated Subsidiaries

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 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, 2003, which was ¥120.20 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-consolidated subsidiaries, whose combined assets, net sales, net income and retained earnings in the aggregate are not significant in relation to those of the consolidation 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) Cash equivalents

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.

(c) Investment Securities

Investment securities are classified and accounted for, depending on management's intent.

Other securities, which are not classified as either trading securities or held-to-maturity debt securities, are reported at fair value, which unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity.

Non-marketable other securities are stated at cost.

The cost of other securities sold is determined by the moving-average method.

The Companies classified all securities as other securities.

(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 and work in process are 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

The Companies adopted the Accounting Standards for Retirement Benefit which was issued by the Business Accounting Deliberation Council. In accordance with the 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.

Actuarial gains and losses is amortized by the straight-line method over a period of 14 years, which is within the estimated average remaining years of service of the Companies' employees. The amortization of such gains and losses is recognized effective the year subsequent to the year in which they are incurred.

(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) Leases

In Japan finance leases other than those that are deemed to transfer the ownership of the leased assets to lessees are accounted for by a method similar to that applicable to ordinary operating leases.

(k) Per Share information

Effective April 1,2002, the Company adopted a new accounting standard for earnings per share of common stock issued by the Accounting Standards Board of Japan. Under the new standards, basic net income per share is computed by dividing net income available to common shareholders, which is more precisely computed than under previous practices, by the weighted-average number of common shares outstanding for the period.

Diluted net income per share of common stock assumes full conversion of the outstanding convertible bonds at the begging of the year or at the date of issuance with an applicable adjustment for related interest expense.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

(l) Translation of Foreign Currencies

All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate at the balance sheet date. Revenue and expenses are translated at the rate of exchange prevailing when transactions are made.

(m) Consumption Tax

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

3. Investment Securities:

The carrying amounts of securities in current assets and investment securities at March 31,2003 and 2002, consisted of the following:—

	Millions of yen		Thousands of U.S.dollars
	2003	2002	**2003**
Marketable securities	**¥ 277**	¥ 378	**$ 2,304**
Non-marketable equity securities	**481**	496	**4,002**
	¥ 758	¥ 874	**$ 6,306**

The following is a summary of marketable securities included in investment securities, at March 31, 2003 and 2002.

	Millions of yen			
2003	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book value (Market value)
Equity security	**¥ 267**	**¥ 16**	**¥ (17)**	**¥ 266**
Bonds and Others	**10**	**1**	**—**	**11**
	¥ 277	**¥ 17**	**¥ (17)**	**¥ 277**

	Millions of yen			
2002	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book value (Market value)
Equity security	¥ 390	¥ 11	¥ (34)	¥ 367
Bonds and Others	11	0	(0)	11
	¥ 401	¥ 11	¥ (34)	¥ 378

	Thousands of U.S.dollars			
2003	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book value (Market value)
Equity security	**$ 2,221**	**$ 133**	**$ (141)**	**$ 2,213**
Bonds and Others	**83**	**8**	**—**	**91**
	$ 2,304	**$ 141**	**$ (141)**	**$ 2,304**

Proceeds from sales of other securities were ¥115 million (US $ 957 thousand) and ¥248 million for the years ended March 31, 2003 and 2002, respectively. The gross realized gains on those sales were ¥24 million (US $ 200 thousand) for the year ended March 31,2003. The gross realized gains and losses on those sales were ¥91 million and ¥100 million, respectively, for the ended March 31,2002.

4. Property and Equipment:

At March31,2003 and 2002,property and equipment at cost consisted of the following:—

	Millions of yen		Thousands of U.S.dollars
	2003	2002	**2003**
Land	**¥ 34,419**	¥ 34,529	**$ 286,348**
Buildings and structures	**64,703**	64,789	**538,294**
Machinery and equipment, Vehicle and Vessels	**17,078**	18,418	**142,080**
Tools, furniture and fixtures	**3,188**	3,191	**26,522**
Construction in Progress	**27**	136	**225**
	¥ 119,415	¥ 121,063	**$ 993,469**

5. Short-term Loans and Long-term Debt:

At March31, 2003 and 2002, short-term loans consisted of the following:—

	Millions of yen		Thousands of U.S.dollars
	2003	2002	**2003**
0.7391% to 1.375% unsecured loans from banks	**¥ 10,300**	¥ 8,650	**$ 85,691**

At March 31, 2003 and 2002, long-term debt consisted of the following:—

	Millions of yen		Thousands of U.S.dollars
	2003	2002	**2003**
2.30% mortgage convertible bonds due 2002	**¥ —**	¥ 45	**$ —**
0.45% convertible bonds due 2003 (Note 1)	**13,330**	13,330	**110,899**
3.25% bonds due 2004 (Note 2)	**5,000**	5,000	**41,597**
2.025% bonds due 2002	**—**	5,000	**—**
0.60% to 4.90% loans from banks and insurance companies:			
Secured	**—**	—	**—**
Unsecured	**15,211**	16,648	**126,548**
	33,541	40,023	**279,044**
Less current portion	**(15,709)**	(14,739)	**(130,691)**
	¥ 17,832	¥ 25,284	**$ 148,353**

Notes: 1. In April 1996,the Company issued ¥15,000 million principal amount of 0.45 per cent. convertible bonds due 2003. At April 1, 2003, 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.

2. The bond was accounted for as redeemed due to a debt assumption contract. The debt assumption contract requires a counterparty to assume obligations of paying principal and interests on bond. See Note 8 for underlying obligations of the Company.

The annual maturities of long-term debt at March 31, 2003 for the next five years are as follows:—

Year ending March 31	Millions of yen	Thousands of U.S.dollars
2004	¥ 15,709	$ 130,691
2005	6,713	55,848
2006	5,787	48,145
2007	4,572	38,037
2008	760	6,323

6. 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, 2003 and 2002.

	Millions of yen		Thousands of U.S.dollars
	2003	2002	**2003**
Benefit obligation at the end of year	**¥ (69,534)**	¥ (58,758)	**$ (578,486)**
Fair value of plan assets at the end of the year	**27,579**	29,809	**229,443**
Funded status:			
Benefit obligation in excess of plan assets	**(41,955)**	(28,949)	**(349,043)**
Unrecognized actuarial loss	**24,979**	11,592	**207,812**
Accrued severance indemnities recognized in the consolidation balance sheets	**¥ (16,976)**	¥ (17,357)	**$ (141,231)**

Severance and pension costs of the Company and its subsidiaries included the following components for the year ended March 31, 2003 and 2002.

	Millions of yen		Thousands of U.S.dollars
	2003	2002	**2003**
Service cost	**¥ 1,855**	¥ 1,808	**$ 15,433**
Interest cost	**2,041**	1,936	**16,980**
Expected return on plan assets	**(1,275)**	(1,336)	**(10,607)**
Amortization:			
Recognized actuarial loss	**857**	406	**7,130**
Net periodic benefit cost	**¥ 3,478**	¥ 2,814	**$ 28,936**

Assumption used in the accounting for the defined benefit plans for the year ended March 31, 2003 and 2002 is as follows:

	2003	2002
Method of attributing benefit to periods of service	**straight-line basis**	straight-line basis
Discount rate	**2.5%**	3.5%
Long-term rate of return on fund assets	**Primarily4.8%**	Primarily4.8%
Amortization period of prior service cost	**1 year**	1 year
Amortization period of actuarial losses	**14 year**	14 years

7. Pledged Assets:

The following assets were pledged as collateral as at March 31, 2003 and 2002:—

	Millions of yen		Thousands of U.S.dollars
	2003	2002	**2003**
Land	**¥ 2,548**	¥ 5,483	**$ 21,198**
Buildings	**1,236**	2,902	**10,283**
Vehicles	**1**	2	**8**
Investment securities	**10**	10	**83**
	¥ 3,795	¥ 8,397	**$ 31,572**

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

	Millions of yen		Thousands of U.S.dollars
	2003	2002	**2003**
Long-term debt, including current portion	**¥ 100**	¥ 45	**$ 832**

8. Contingent Liabilities:

At March 31, 2003 and 2002, contingent liabilities were as follows:

	Millions of yen		Thousands of U.S.dollars
	2003	2002	**2003**
Guarantees of loans to non-consolidated subsidiaries and affiliates	**¥ 94**	¥ 113	**$ 782**
Guarantees of installment obligation and lease obligation for others	**2,148**	2,722	**17,870**
Notes discounted	**27**	29	**225**
Buyback obligations associated with securitization of receivables	**312**	209	**2,596**
	¥ 2,581	¥ 3,073	**$ 21,473**

In addition to the above, at March 31, 2003, the Company was committed to provide guarantees for the following bonds which were transferred to banks under debt assumption agreements.

	Millions of yen	Thousands of U.S.dollars	Date of agreement
3.25% bonds due 2004	¥ 5,000	$ 41,597	Jul. 24, 2001

9. Lease:

At March 31, 2003 and 2002, financing lease transactions whose ownership are not to be transferred were as follows:

	Millions of yen			Thousands of U.S.dollars
	2003			**2003**
	Purchase cost	Accumulated depreciation	Book value	Book value
Machinery and equipment	**¥ 9,135**	**¥ 4,597**	**¥ 4,538**	**$ 37,754**
Tools, furniture and fixtures	**11,797**	**5,411**	**6,386**	**53,128**
	¥ 20,932	**¥ 10,008**	**¥ 10,924**	**$ 90,882**

	Millions of yen		
	2002		
	Purchase Cost	Accumulated amortization	Book value
Machinery and equipment	¥ 9,265	¥ 4,699	¥ 4,566
Tools, furniture and fixtures	11,025	4,750	6,275
	¥ 20,290	¥ 9,449	¥ 10,841

At March 31, 2003 and 2002, lease obligations were as follows:

	Millions of yen		Thousands of U.S.dollars
	2003	2002	**2003**
Due within one year	**¥ 3,726**	¥ 3,577	**$ 30,998**
Due after one year	**7,737**	7,868	**64,368**
	¥ 11,463	¥ 11,445	**$ 95,366**

10. Shareholder's equity:

The Code provides that an amount equal to at least 10% of the amounts to be disbursed as distributions of earnings be appropriated to the legal reserve until such reserve and additional paid-in capital equals 25% of the common stock account. The Code also stipulates that, to the extent that the sum of the additional paid-in capital and the legal reserve exceeds 25% of the common stock account, the amount of any such excess is available for appropriation by resolution of the shareholders.

The retained earnings account in the accompanying consolidated financial statements at March 31, 2003, included the Company's legal reserve of ¥1,506 million ($12,529 thousand).

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, 2003 and 2002.

Due to a change in enterprise tax rate in Japan, effective for years beginning April 1, 2004, the normal effective statutory tax rate is scheduled to be changed. The effect of the change in the tax rate on the balance of deferred tax assets and liabilities reduced the net deferred assets by approximately ¥243 million (US $2,022 thousand) as of March 31,2003, increased unrealized holding loss on securities by approximately ¥0 million (US $0 thousand) and increased income tax expenses by approximately ¥243 million (US $2,022 thousand) for the year ended March 31,2003.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets at March 31, 2003 and 2002 are presented below:

	Millions of yen		Thousands of U.S.dollars
	2003	2002	**2003**
Deferred tax assets:			
Accrued severance indemnities to employees	**¥ 7,606**	¥ 9,239	**$ 63,278**
Accrued bonuses to employees	**789**	574	**6,564**
Tax loss carryforwards	**367**	81	**3,053**
Revaluation of land	**346**	358	**2,879**
Accrued severance indemnities to directors and corporate auditors	**144**	140	**1,198**
Loss on revaluation of golf club membership	**140**	—	**1,165**
Unrealized gain on fixed assets and others	**110**	200	**915**
Retirement benefit trust loss	**—**	580	**—**
Accrued enterprise tax	**—**	69	**—**
Other	**252**	285	**2,097**
Total gross deferred tax assets	**9,754**	11,526	**81,149**
Less valuation allowance	**(—)**	(36)	**(—)**
Net deferred tax assets	**9,754**	11,490	**81,149**
Deferred tax liabilities:			
Property and equipment	**(996)**	(1,031)	**(8,286)**
Other	**(270)**	(222)	**(2,246)**
Total gross deferred tax liabilities	**(1,266)**	(1,253)	**(10,532)**
Net deferred tax assets	**¥ 8,488**	¥ 10,237	**$ 70,617**

12. Segment information:

Business segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2003 and 2002 is summarized as follows:

Millions of yen — 2003

	Truck Transport	Ware-housing	In-factory works	Other	Total	Elimination or Corporate	Consolidated
a. Operating revenues and operating income:							
Customers	**¥ 85,382**	**¥ 21,287**	**¥ 14,692**	**¥ 46,137**	**¥ 167,498**	**¥ —**	**¥ 167,498**
Intersegment	**2,528**	**139**	**4,408**	**4,899**	**11,974**	**(11,974)**	**—**
Total operating revenues	**87,910**	**21,426**	**19,100**	**51,036**	**179,472**	**(11,974)**	**167,498**
Operating costs and expenses	**85,253**	**20,424**	**18,221**	**50,736**	**174,634**	**(11,988)**	**162,646**
Operating income	**¥ 2,657**	**¥ 1,002**	**¥ 879**	**¥ 300**	**¥ 4,838**	**¥ (-14)**	**¥ 4,852**
b. Assets, depreciation and capital expenditures;							
Assets	**¥ 29,189**	**¥ 41,865**	**¥ 8,604**	**¥ 34,052**	**¥ 113,710**	**¥ 13,394**	**¥ 127,104**
Depreciation	**787**	**1,245**	**132**	**919**	**3,083**	**67**	**3,150**
Capital expenditures	**526**	**318**	**66**	**559**	**1,469**	**17**	**1,486**

Millions of yen — 2002

	Truck Transport	Ware-housing	In-factory works	Other	Total	Elimination or Corporate	Consolidated
a. Operating revenues and operating income:							
Customers	¥ 85,818	¥ 21,531	¥ 14,703	¥ 51,526	¥ 173,578	¥ —	¥ 173,578
Intersegment	2,542	114	4,287	5,305	12,248	(12,248)	—
Total operating revenues	88,360	21,645	18,990	56,831	185,826	(12,248)	173,578
Operating costs and expenses	86,024	20,527	17,913	56,493	180,957	(12,257)	168,700
Operating income	¥ 2,336	¥ 1,118	¥ 1,077	¥ 338	¥ 4,869	¥ (-9)	¥ 4,878
b. Assets, depreciation and capital expenditures;							
Assets	¥ 32,010	¥ 44,242	¥ 8,634	¥ 34,424	¥ 119,310	¥ 13,535	¥ 132,845
Depreciation	974	1,261	140	1,045	3,420	57	3,477
Capital expenditures	610	1,443	135	755	2,943	15	2,958

Thousands of U.S. dollars — 2003

	Truck Transport	Ware-housing	In-factory works	Other	Total	Elimination or Corporate	Consolidated
a. Operating revenues and operating income:							
Customers	**$ 710,333**	**$ 177,096**	**$ 122,230**	**$ 383,835**	**$ 1,393,494**	**$ —**	**$ 1,393,494**
Intersegment	**21,032**	**1,156**	**36,672**	**40,757**	**99,617**	**(99,617)**	**—**
Total operating revenues	**731,365**	**178,252**	**158,902**	**424,592**	**1,493,111**	**(99,617)**	**1,393,494**
Operating costs and expenses	**709,259**	**169,917**	**151,589**	**422,097**	**1,452,862**	**(99,734)**	**1,353,128**
Operating income	**$ 22,106**	**$ 8,335**	**$ 7,313**	**$ 2,495**	**$ 40,249**	**$(-117)**	**$ 40,366**
b. Assets, depreciation and capital expenditures;							
Assets	**$ 242,837**	**$ 348,295**	**$ 71,581**	**$ 283,294**	**$ 946,007**	**$ 111,431**	**$ 1,057,438**
Depreciation	**6,547**	**10,358**	**1,098**	**7,646**	**25,649**	**557**	**26,206**
Capital expenditures	**4,376**	**2,646**	**549**	**4,651**	**12,222**	**141**	**12,363**

13. Subsequent Event:

(1)On April 15, 2003, the Minister of Health, Labor and Welfare gave the contributory employees' pension plan of the Company and certain domestic consolidated subsidiaries an approval of exemption from the obligation for benefits related to future employee service under the substitutional portion of the pension plan.

The Company and certain consolidated subsidiaries recognized ¥284 million ($2,363 thousand) of gain from the reversal of the liabilities on that approval date.

(2)Shareholders approved the following appropriation of retained earning at the annual meeting held on June 27, 2003

	Millions of yen	Thousands of U.S.dollars
Cash dividends	**¥ 416**	**$ 3,461**
Bonuses to directors and statutory auditors	**32**	**266**

Consolidated Subsidiaries and Affiliated Companies *(As of April 1, 2003)*

Company Name	Paid-in Capital	Equity Ownership	Location	Main Business
SENKO TRADING Co., Ltd.	¥300 million	100.0%	Tokyo	Sales of petroleum-related products and distribution and information processing equipment
SENKO INFORMATION SYSTEM Co., Ltd.	¥60 million	100.0%	Osaka	Information processing
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
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.	¥90 million	100.0%	Osaka	Trucking, in-factory work, vehicle maintenance
CHUSHIKOKU LOGISTICS Co., Ltd.	¥80 million	100.0%	Okayama	Trucking, in-factory work, warehousing
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	Trucking, in-factory work, vehicle maintenance
ASICS PHYSICAL DISTRIBUTION CORPORATION	¥300 million	20.0%	Hyogo	Product control, vehicle shipment agency

Board of Directors and Corporate Auditors *(As of June 27, 2003)*

Chairman and Representative Director
Hiroshi Susumago

President and Representative Director
Hiroshi Koike

Executive Vice-president and Representative Director
Akio Tanaka

Chairman and Representative Director

Hiroshi Susumago

President and Representative Director

Hiroshi Koike

Executive Vice-president and Representative Director

Akio Tanaka

Executive Vice-president

Yasuhisa Fukuda

Senior Managing Director

Isao Kagi

Managing Director

Tadao Ito

Directors

Yoshio Ikeda
Michiyoshi Tsuge
Kazuo Saga
Tetsuo Hatano
Isao Suzuki
Toshiaki Matsuyama
Takeyo Tezuka

Full-time Corporate Auditors

Saburo Takahashi
Kunihiro Sanada
Yutaka Kakuyama

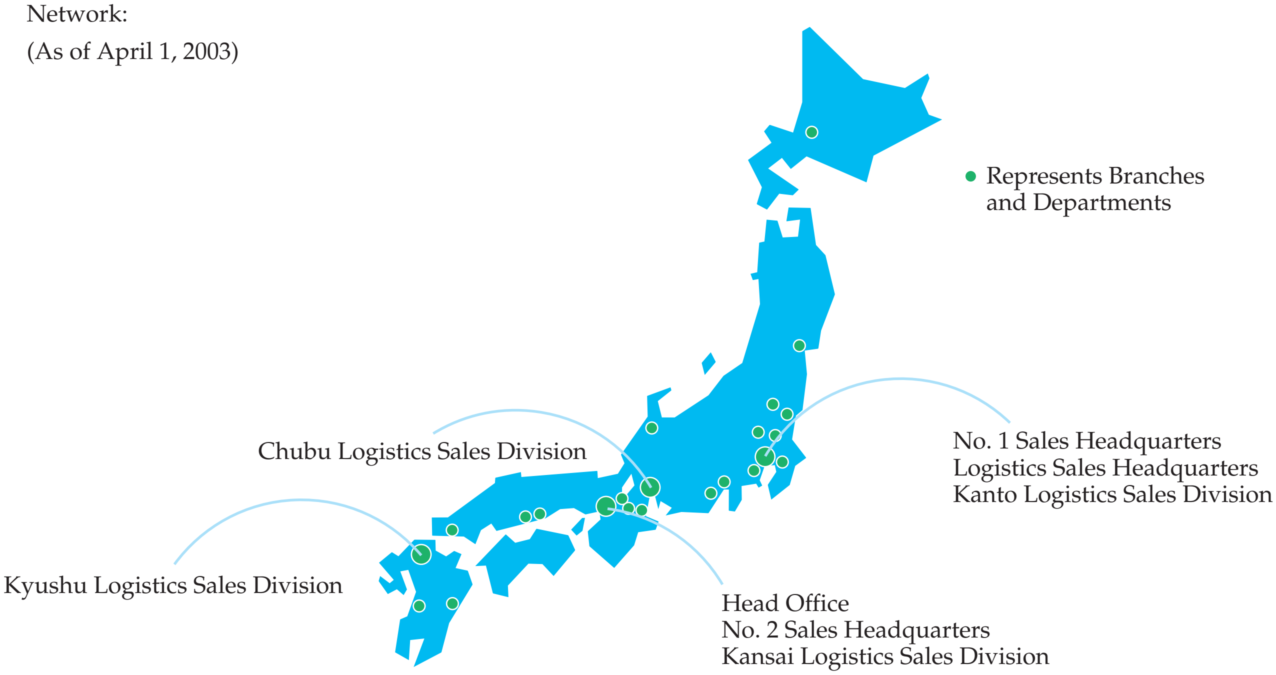
Corporate Auditor

Hiroshi Itawaki

Corporate Data *(As of March 31, 2003)*

Date of Establishment:	July 1946
Paid-in Capital:	¥18,295,643,751
Authorized Shares:	294,999,000
Outstanding Shares:	111,746,167
Number of Shareholders:	8,627
Stock Listing:	Tokyo Stock Exchange Osaka Securities Exchange
Transfer Agent:	The Mitsubishi Trust and Banking Corporation 4-5, Marunouchi, 1-chome Chiyoda-ku, Tokyo 100-8212, Japan

Network:
(As of April 1, 2003)



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

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