SENKO

Annual Report 2004

For the year ended March 31, 2004

SENKO Co., Ltd.

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

TRANSPORT WAREHOUSE INTERNATIO DISTRIBUTIO CONSULTING TRANSPORT WAREHOUSE INTERNATIO DISTRIBUTIO

Profile

Established in Osaka in July 1946, Senko Co., Ltd. is an integrated distribution services company. The Company has grown steadily over the years, listing on the First Section of the Osaka Securities Exchange in 1975 and on the First Section of the Tokyo Stock Exchange in 1990.

Senko boasts a national network in Japan of more than 200 offices, 2,514 vehicles, 6 cargo ships, and 718,345 square meters of commercial warehouse space. The Company 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 lies in supplying integrated distribution services, from distribution consulting to system design and operations, that closely match customer needs.

Based on the provision of efficient transportation and distribution systems by constructing customer supply chains management systems centered on the Company's Best Partner System, a new logistics system that takes full advantage of information technology, these efficient distribution services have an excellent reputation in the market.

Senko plans to take another major step forward in its transformation from an integrated distribution services company to a logistics information company through the even greater utilization of information technology to provide customers with high-quality, efficient logistics solutions.

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 the light of the information currently available to it, and thus involve a certain element of risk and uncertainty.

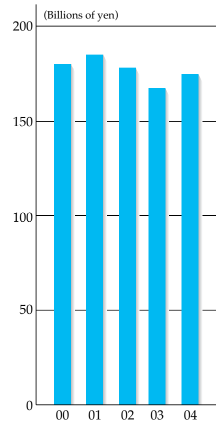
Consolidated Financial Highlights

SENKO Co., Ltd. and Consolidated Subsidiaries

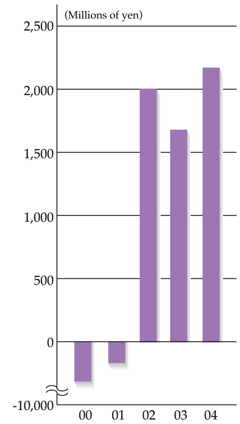
Years ended March 31	Millions of yen 2004	Millions of yen 2003	Thousands of U.S. dollars 2004
For the year:			
Operating revenues	**¥172,974**	¥167,498	**$1,637,391**
Operating income	**5,042**	4,852	**47,728**
Net income	**2,175**	1,681	**20,589**
At year end:			
Total assets	**124,717**	127,104	**1,180,585**
Shareholders' equity	**43,161**	41,777	**408,567**
Per share data: (Yen and U.S. dollars)			
Net income	**¥19.20**	¥14.80	**$0.18**
Cash dividends	**7.50**	7.50	**0.07**
Diluted net income	**18.02**	12.92	**0.17**
Shareholders' equity	**388.42**	375.95	**3.68**

Note : U.S. dollar amounts are converted from yen, for convenience only, at the prevailing rate of ¥105.64 to U.S.$1 on March 31, 2004.

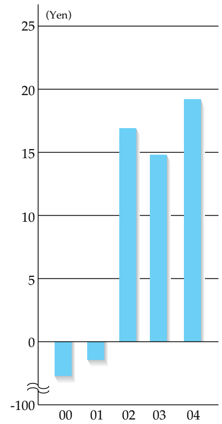
Operating revenues



Net income (loss)



Net income (loss) per share



New Medium-Term Business Plan Goes on

Business Environment
In the fiscal year ended March 31, 2004, the Company achieved growth in revenues and income. Consolidated operating revenues advanced 3.3%, to ¥172,974 million while consolidated operating income increased 3.9%, to ¥5,042 million. Consolidated net income surged 29.4%, to ¥2,175 million.

During the fiscal year under review, improvement in certain economic indicators demonstrated positive signs in the Japanese economy. Despite the lack of recovery in personal consumption due to the effects of the prolonged economic deflation, exports expanded thanks to the rebound in the U.S. economy, private sector capital investment increased, and the stock market swung upward.

In the transport and distribution industry, although there were encouraging signs of improvement in some freight volume categories, conditions remained difficult. Price declines continued in the general market, and the intensified competition between companies was further aggravated by demands for distribution expense cuts by customers.

Under these conditions, in the third and final year of the medium-term business plan implemented in April 2001, the Company pursued the development of new business in the wholesale and retail logistics and procurement and supply logistics sectors. These efforts were based on the provision of efficient transportation and distribution systems by constructing customer supply chains management systems centered on the Company's Best Partner System, a new logistics system that takes full advantage of information technology. Among other efforts to develop new demand, the Company opened a new distribution center in Ibaraki Prefecture in July 2003. One of Senko's largest yet, the distribution center specializes in serving wholesale chain stores.

As a result of these measures, operating revenues of the retail logistics business, which combines the wholesale and retail and medical treatment and pharmaceutical fields, rose 13.7% year on year. The revenue contribution of the retail logistics business to total operating revenues increased 1.3 percentage points.

Although the introduction of an integrated compensation system for the national health insurance plan result in higher health insurance costs, the Company worked to maintain profitability by consolidating its bases, improving productivity, and promoting greater efficiency through such actions as introducing an electronic purchasing system to reduce operating expenses. Senko also actively made efforts to increase profitability through low cost operations by undertaking financial structural reforms, such as targeting more efficient use of assets and returning the substituted portion of the Japanese government's welfare pension insurance scheme. Through these measures, the Company worked to establish a business base from which to launch a major leap forward starting in the current fiscal year.

Outline and Goals of New Medium-Term Business Plan
Built upon the framework of values underlying our slogan "The Challenge of Creative Logistics," our new medium-term business plan got under way in April 2004.

The keynote of the plan's strategy is to pursue originality and superiority in supporting the optimization of our customers' production and logistics activities. Senko will achieve this goal through the provision of logistics and information services offering "Greater Safety and Quality" and "More Efficient Costs."

The plan's sales strategy seeks to expand sales based on the development of supply chain management (SCM) business while nurturing growth fields that will become important sources of earnings in the future. In addition, we are proceeding to strengthen our financial and profitability structures while also reinforcing our corporate social responsibility (CSR) activities. Through these activities, we are striving to increase the enterprise value of our entire corporate group.

Among specific strategies, we have set individual sales strategies for each category of product handled.

First, in our retail logistics business, which combines the wholesale and retail and medical treatment and pharmaceutical sectors and has continued to post double digit growth in recent years, we are developing and supply logistic services for each chain store category while starting up a network system that comprehensively covers the medical business. Based on these strategies, we are targeting expanding retail logistics business operating revenue by 1.5 times, to ¥40.0 billion in the final year of the business plan, compared with ¥25.8 billion in the fiscal year under review.

In our housing-related business, we are developing our SCM business for housing construction, adapting our processes to the trend

Offensive, Targeting Growth

toward cooperative logistics within the housing construction industry. We are offering a service encompassing procurement to just-in-time delivery of materials to the factory workplace. We are taking measures to comply with the zero emissions policy of workplaces. And we are enlarging the distribution area for the renovation exterior materials that housing manufacturers have been concentrating marketing efforts on.

Leveraging our nationwide business development capabilities and our diversified logistics system, we are expanding SCM activities, including support for customers entering overseas markets, in our petroleum-related products and plastics business. We are focusing our efforts on maintaining our top-ranking shares of the general-purpose resin and targeting the top share of the lubricant oil distribution markets.

To serve overseas companies and modal-shift companies, we are expanding our overseas logistics network centered on the People's Republic of China, which is steadily becoming the production base of Japanese manufacturers. We are working to strengthen and extend our integrated overseas and domestic transport system for our major customers.

Among new businesses, we are developing our temporary staffing service that specializes in the logistics field. We also are strengthening our moving business, which is linked to our housing-related business strategy. Other efforts to increase consolidated operating revenues through new business include reinforcing our trading business, which is based on our electronic purchasing system.

Through the pursuit of the above strategies, we aim to reach the quantitative goals of our new medium-term business plan by the fiscal year ending March 2007, the final year of the plan. The goals are operating revenues of ¥200.0 billion (currently ¥173.0 billion), operating income of ¥6.5 billion (currently ¥5.0 billion), and net income of ¥3.0 billion (currently ¥2.2 billion).

Corporate Social Responsibility Activities

We are pursuing a structure that will ensure a high reputation for our corporate group among our customers and in society for social responsibility (CSR). We are working toward that goal by bolstering the internal guidance and promotional organizations within the Group through thorough implementation of corporate governance and compliance, improved safety and quality, and environmental preservation practices.

Among these efforts, Senko has made corporate governance its top priority management issue, and has given the board of directors an important role in this area. Meeting at least once a month, the board of directors is responsible for monitoring compliance with matters stipulated in the law, deciding important matters related to the management of the Company, and monitoring business execution.

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

On June 29, 2004, Senko reinforced the function of the board of directors by introducing a corporate officer system. The purpose of the new system is to separate the business decision and monitoring roles of the board from the business execution role of managers. In addition to clarifying the roles and responsibilities of these two functions, the new system also aims to provide an opportunity to achieve placement of the right person in the right job for a diverse range of the Company's personnel.

To Our Shareholders

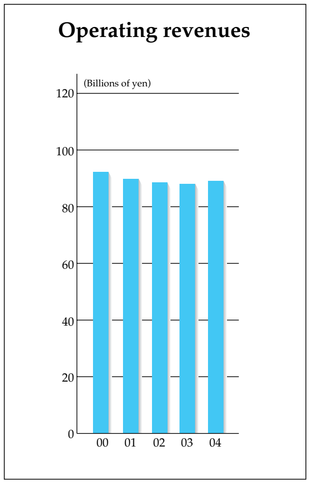
The Company regards distribution of to shareholders as a management priority. Our basic policy on profit distribution is to continue to pay stable dividends that reflect underlying business performance while also retaining the internal reserves necessary to provide for future business development and strengthen the business structure. We are committed to improving earnings and continuing to provide stable dividends to our shareholders. In these endeavors, we look forward to the continued support of our shareholders.

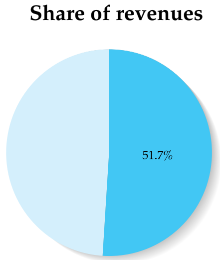
Y. Fukuda

June 2004

Yasuhisa Fukuda
President and Representative Director

Truck Transport





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, 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 carrying, and refrigerated trucks. The ability to transport items and materials correctly has won Senko high marks from manufacturers and other customers.

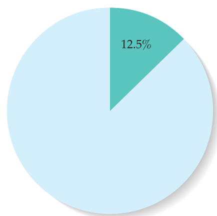
In the fiscal year ended March 31, 2004, consolidated operating revenues from the truck transport business increased 4.7% compared with the previous fiscal year, to ¥89,402 million. In July 2003, full-scale operations got under way of a new distribution center in Mitsukaido, Ibaraki Prefecture that specializes in serving major home center customers. We also targeted new home-center-related business utilizing existing PD centers. These and other measures resulted in greater volumes of freight business with wholesale and retail stores. Furthermore, the lubricant oil distribution business expanded favorably as did the housing construction material and other material procurement freight business.

Warehousing

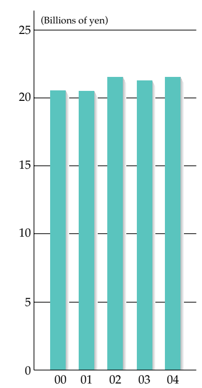
Senko warehouses present a very different image from the warehouses of the past. These multifunctional distribution centers offer services that combine the storage, delivery, set assembly, and labeling processes of a warehouse with advanced information functions. Senko operates 154 facilities at major distribution points nationwide, providing total storage space of approximately 720,000 square meters. With these warehousing bases as the core of our operations, we use systems designed in anticipation of diverse customer needs to combine information services and distribution services. These capabilities allow us to offer a full range of logistics services that assist our customers' production and sales operations.

In the fiscal year under review, consolidated operating revenues from the warehousing business amounted to ¥21,581 million, climbing 1.4% from a year earlier. Revenues were negatively affected by reduced overall warehousing space resulting from the consolidation of bases undertaken to increase the efficiency of our business structure. Nevertheless, efforts to develop new wholesale and retail-related freight business resulted in overall growth in the warehousing business.

Share of revenues



Operating revenues



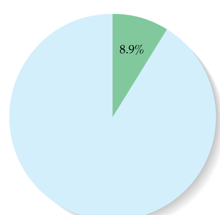
Review of Operations

In-Factory Work

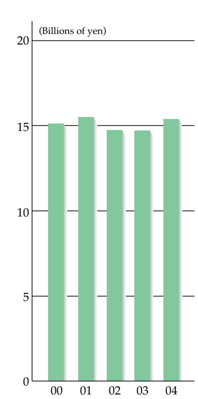
In-factory work comprises distribution and production processes spanning everything from loading and unloading raw materials at our customers' factories and warehouses to wrapping, packaging, and loading finished products. These professional distribution services support the management of the flow of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

In the fiscal year under review, consolidated operating revenues from the in-factory work business rose 4.8% year on year, to ¥15,396 million. The development of an apparel distribution center business in the Tokyo region contributed to revenue growth.

Share of revenues



Operating revenues

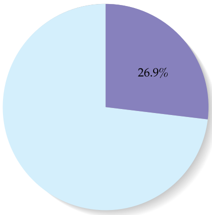


Other Businesses

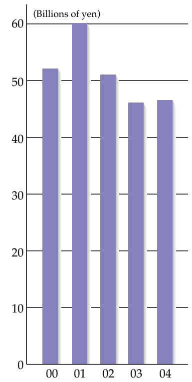
The others business category includes railway forwarding on trunk routes; marine transport by container ship, mixed cargo steamer, and specialty ship; leasing of warehouses to specific customers and warehouse space rental; intermodal international freight forwarding; petroleum sales; merchandise sales;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

During the fiscal year, consolidated operating revenues from other business edged forward 1.0% from the prior fiscal year, to ¥46,595 million. Distribution processing business revenues expanded thanks to the start up of the distribution center in Mitsukaido, Ibaraki Prefecture and new wholesale and retail-related freight business at existing distribution centers. We worked to develop demand for marine transport through active sales proposals to companies for model shifts in their cargo systems in consideration of the environment, achieving revenue growth in this sector. International cargo distribution revenues were also up due to active development of new distribution business along with the expansion of the overseas networks of existing customers.

Share of revenues



Operating revenues



Financial Review

Performance
Consolidated operating revenues for the fiscal year ended March 2004 advanced 3.3%, to ¥172,974 million. Contributing to the overall increase was higher operating revenues in each business segment and particularly strong growth in the truck transport segment, which accounts for the major portion of operating revenues.

Senko restrained growth in operating expenses during the fiscal year through companywide efforts to achieve low cost operations, consolidation of bases, and productivity improvements. As a result, gross margin climbed 7.4%, to ¥13,011 million and consolidated operating income rose 3.9%, to ¥5,042 million. Due to aggressive sales efforts, selling, general and administrative expenses increased 9.7% year on year, resulting in the operating income ratio remaining unchanged, at 2.9%.

Income before income tax and minority interests surged 13.5% year on year, to ¥4,233 million. Although there was an increase in health insurance costs due to the introduction of an integrated compensation system for the national health insurance plan, the decline in interest expenses due to a reduction in interest-bearing debt and the gain on return of the substituted portion of the Japanese government's welfare pension insurance scheme supported an overall increase in income before income taxes and minority interests.

Despite an increase in income taxes, the adjusted amount of taxes to be paid declined due to a change in the enterprise tax rate caused by the introduction of the pro forma standard tax system. Consolidated net income, therefore, jumped 29.4%, to ¥2,175 million, and the ratio of net income to operating revenues improved 0.2 percentage points, to 1.2%.

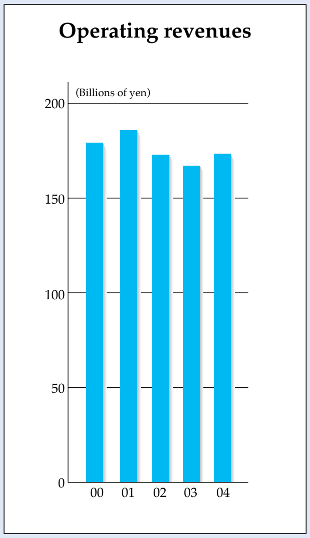
Performance by Business Segment
By business segment, truck transport operating revenues for the fiscal year under review rose ¥4,020 million, or 4.7%, to ¥89,402 million, generating 51.7% of total operating revenues. In addition to a substantial increase in the shipping volume in the retail logistics-related sector, which combines wholesale and retail and medical treatment and pharmaceutical logistics, shipments in the core housing-related sector and the petroleum-related and plastics sector were also favorable.

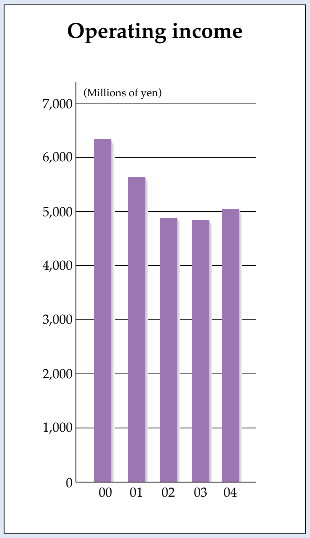
The operating revenues from the warehousing business edged up ¥294 million, or 1.4%, to ¥21,581 million, accounting for 12.5% of total operating revenues. Although efforts to increase the efficiency of the segment's operating structure by consolidating warehousing bases resulted in a decrease in storage space available, the volume of business in the retail logistics-related sector expanded.

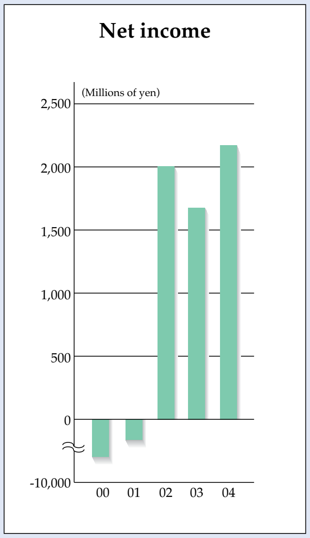
Accounting for 8.9% of total operating revenues, in-factory operating revenues advanced ¥704 million, or 4.8%, to ¥15,396 million. During the fiscal year under review, the Company started up a new apparel distribution center business for a customer in the Tokyo region.

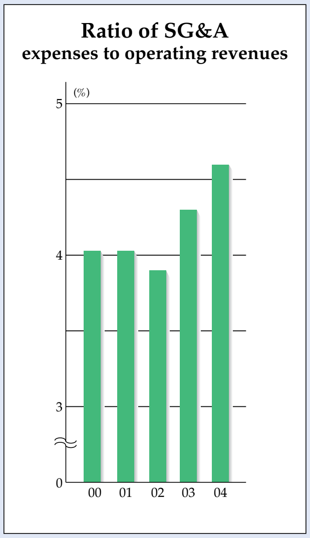
Operating revenues from other businesses edged forward ¥458 million, or 1.0%, to ¥46,595 million, contributing 26.9% of total operating revenues. This segment comprises railway forwarding, marine transport, leasing warehouses to specific customers and logistics processing for warehouse space rental, international freight forwarding, petroleum sales, merchandise sales, and others. Our sales proposals to companies for modal shifts in their shipping in consideration of the environmental stimulated demand, resulting in growth in shipping volume in the marine transport sector as well as the international freight forwarding sector.

Performance by Principal Product Category
The Company has three core product categories: housing-related, petroleum-related and plastics, and retail logistics-related (wholesale and retail and medical treatment and pharmaceuticals logistics fields). For the fiscal year ended March 2004, these three core product categories









accounted for 59.3% of total operating revenues. Operating revenues from housing-related products increased ¥1,120 million, or 2.8%, year on year to ¥41,400 million and accounted for 23.9% of total operating revenues. Contributing to greater operating revenues from housing-related products, revenues from inbound shipments of factory materials edged up 1.9% thanks to favorable housing starts. In addition, revenues from the procurement and supply logistics sector, such as manufacturers of housing construction materials, also benefited from growth in the housing market, rising 7.3%.

Petroleum-related and plastic operating revenues rose ¥1,480 million, or 4.4%, to ¥35,470 million, and contributed 20.5% of total operating revenues. Distribution shipments of resin for automobiles, consumer electronics, and office equipment manufacture were favorable during the fiscal year under review. Among other contributors to greater operating revenues, distribution shipments of lubricating oil for a petroleum manufacturer and plastic film for a chemical manufacturer increased.

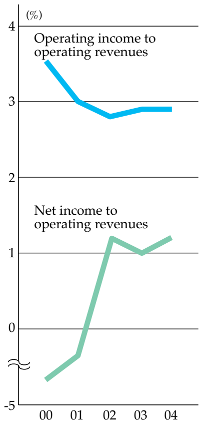
Operating revenues from retail logistics-related products expanded ¥3,100 million, or 13.7%, to ¥25,810 million, accounting for 14.9% of total operating revenues. Wholesale and retail-related products operating revenues increased 13.0% from the previous fiscal year because of the start up of full-scale operations of the distribution center in Mitsukaido, Ibaraki Prefecture that serves major home center chains. Moreover, the volume of home center-related business at existing PD centers also expanded. In the medical treatment and pharmaceutical field, revenues surged 20.1% year on year because of greater new pharmaceutical wholesale-related logistics business.

Consolidated Operating Revenues by Products Handled

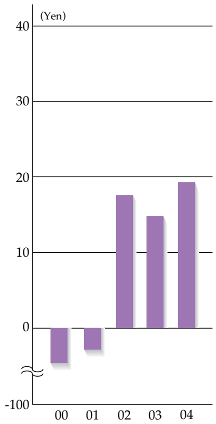
(Units: billions of yen, %)

	Year ended March 2004		Year ended March 2003			
	Revenues	Composition	Revenues	Composition	Change	% Change
Housing	41.4	23.9	40.3	24.1	1.1	2.8
Petroleum-related products, and plastics	35.5	20.5	34.0	20.3	1.5	4.4
Retail logistics-related products	25.8	14.9	22.7	13.6	3.1	13.7
International freight forwarding and modal shifts	14.8	8.5	13.9	8.3	0.9	6.5
Chemicals and fertilizers	4.3	2.5	4.9	2.9	-0.6	-12.2
Foods	4.0	2.3	4.0	2.4	-0.0	-0.3
Electronics products and machinery	3.2	1.9	3.3	2.0	-0.1	-3.0
Others	44.0	25.5	44.4	26.4	-0.4	-0.9
Total	173.0	100.0	167.5	100.0	5.5	3.3

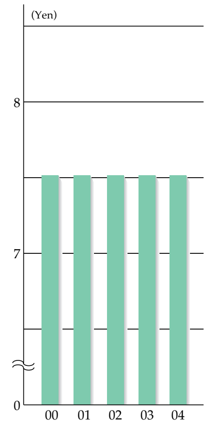
Operating income / net income to operating revenues



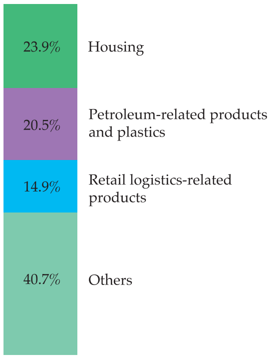
Net income per share



Cash dividends per share



Composition of products handled
(Year ended March 2004)



Financial Position

Total assets at March 31, 2004 contracted compared with the previous fiscal year, decreasing ¥2,387 million, to ¥124,717 million. Current assets decreased ¥1,713 million, to ¥40,992 million. The decline in current assets principally resulted from a decline in cash and cash equivalents resulting from efforts to reduce interest-bearing debt.

Total fixed assets edged down ¥674 million year on year, to ¥83,725 million. Net property and equipment declined ¥485 million, to ¥66,813 million. The decline can be mainly attributed to the reduction in land due to the consolidation of warehousing bases for the purpose of increasing the efficiency of the business structure.

Total capital expenditures during the period under review amounted to ¥3,273 million, up ¥780 million from the previous fiscal year. The major component was the new distribution center for chain stores, one of the Company's biggest centers.

In accordance with the pursuit of the business strategies under the new medium-term business plan, the Company plans to invest ¥25,000 million over a three-year period for the maintenance and renewal of existing facilities and for strategic investments.

Investments and other assets declined ¥181 million from a year earlier, to ¥16,033 million, chiefly because of a reduction in deferred tax assets.

At March 31, 2004, current liabilities totaled ¥38,489 million, decreasing ¥9,797 million from the previous fiscal year. The decrease can be principally attributed to the redemption of ¥13,330 million in convertible bonds classified as current portion of long-term debt in the prior fiscal year and to an increase in accrued income taxes.

Long-term liabilities increased ¥6,026 million, to ¥43,067 million, primarily because of a rise in long-term loans in relation to the redemption of the convertible bonds. Consequently, interest-bearing debt at fiscal year-end declined ¥5,532 million, to ¥38,309 million. The ratio of interest-bearing debt to total assets improved 3.8 percentage points, to 30.7%. The Company successfully reached its medium-term business plan target of reducing interest-bearing debt to ¥38,400 million by the fiscal year under review.

Shareholders' equity at fiscal year-end amounted to ¥43,161 million, advancing ¥1,384 million from a year earlier. The rise in shareholders' equity came mainly from an increase in retained earnings as a result of growth in net income. The equity ratio, therefore, improved 1.7 percentage points, to 34.6%.

Cash Flows

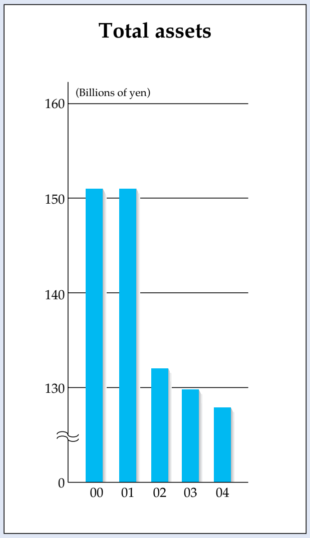
Net cash provided by operating activities for the year ended March 31, 2004, declined ¥427 million, or 6.5%, to ¥6,180 million. This decrease can primarily be attributed to a reduction in allowance for employee retirement.

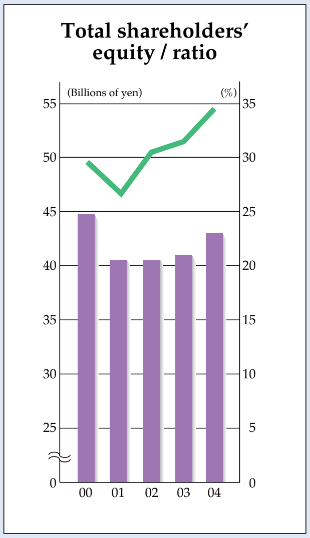
Net cash used in investing activities increased ¥335 million, or 16.8%, to ¥2,320 million from the previous fiscal year. Payments for purchases of fixed assets were primarily responsible for this increase.

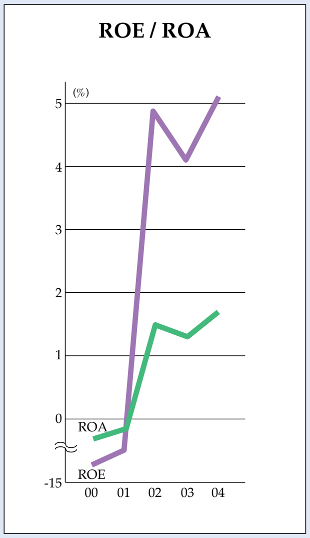
Consequently, free cash flow at fiscal year-end totaled ¥3,860 million, down ¥762 million, or 16.5%, from the previous fiscal year.

Net cash used in financing activities rose ¥623 million, or 10.6%, to ¥6,483 million. This increase resulted chiefly from the Company continuing its efforts from the previous fiscal year todecrease interest-bearing debt.

As a result, cash and cash equivalents at end of year totaled ¥11,400 million, declining ¥2,626 million, or 18.7% from the prior fiscal year.







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, 2004 and 2003, 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, 2004 and 2003, 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 29, 2004

Consolidated Balance Sheets

SENKO Co., Ltd. and Consolidated Subsidiaries
March 31, 2004 and 2003

ASSETS	Millions of yen 2004	Millions of yen 2003	Thousands of U.S.dollars 2004
Current assets:			
Cash and cash equivalents	**¥11,400**	¥ 14,026	**$ 107,914**
Trade accounts and notes receivable—			
Non-consolidated subsidiaries and affiliates	**180**	112	**1,704**
Others	**25,728**	25,035	**243,544**
Less allowance for doubtful accounts	**(81)**	(62)	**(767)**
Inventories	**664**	620	**6,286**
Short-term loans to non-consolidated subsidiaries and affiliates	**123**	215	**1,164**
Prepaid expenses and other current assets	**2,978**	2,759	**28,190**
Total current assets	**40,992**	42,705	**388,035**
Investments in and long-term loans to non-consolidated subsidiaries and affiliates	**554**	502	**5,244**
Investment securities (Notes 3 and 7)	**904**	758	**8,557**
Property and equipment, at cost (Notes 4 and 7)	**119,729**	119,415	**1,133,368**
Less accumulated depreciation	**(52,916)**	(52,117)	**(500,909)**
Net property and equipment	**66,813**	67,298	**632,459**
Deferred tax assets-non-current (Note 11)	**6,928**	7,548	**65,582**
Other assets	**8,526**	8,293	**80,708**
Total assets	**¥124,717**	¥ 127,104	**$1,180,585**

See the accompanying notes to the consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		Thousands of U.S.dollars
	2004	2003	**2004**
Current liabilities:			
Short-term loans (Note 5)	**¥ 10,340**	¥ 10,300	**$ 97,880**
Current portion of long-term debt (Note 5)	**2,287**	15,709	**21,649**
Trade accounts and notes payable—			
Non-consolidated subsidiaries and affiliates	**158**	143	**1,495**
Others	**15,419**	13,729	**145,958**
Accrued expenses	**2,572**	2,333	**24,347**
Accrued income taxes	**1,635**	217	**15,477**
Other current liabilities	**6,078**	5,855	**57,535**
Total current liabilities	**38,489**	48,286	**364,341**
Long-term debt, less current portion (Note 5)	**25,682**	17,832	**243,109**
Accrued severance indemnities (Note 6)	**14,728**	16,976	**139,417**
Other long-term liabilities	**2,657**	2,233	**25,151**
Total liabilities	**81,556**	85,327	**772,018**
Contingent liabilities (Note 8)			
Shareholders' equity (Note 10):			
Common stock:			
Authorized—294,999,000 shares			
Issued—111,746,167 shares	**18,296**	18,296	**173,192**
Capital surplus	**16,387**	16,387	**155,121**
Retained earnings	**8,577**	7,267	**81,191**
Unrealized holding gain (loss) on securities	**82**	(1)	**776**
Less treasury stock, at cost			
(737,628 shares in 2004 and 707,462 shares in 2003)	**(181)**	(172)	**(1,713)**
Total shareholders' equity	**43,161**	41,777	**408,567**
Total liabilities and shareholders' equity	**¥124,717**	¥ 127,104	**$1,180,585**

See the accompanying notes to the consolidated financial statements.

Consolidated Statements of Income

SENKO Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2004 and 2003

	Millions of yen		Thousands of U.S.dollars
	2004	2003	**2004**
Operating revenues:			
Truck transport	**¥ 89,402**	¥ 85,382	**$ 846,289**
Others	**83,572**	82,116	**791,102**
Total operating revenues	**172,974**	167,498	**1,637,391**
Operating costs and expenses:			
Truck transport	**83,262**	79,370	**788,167**
Others	**76,701**	76,013	**726,060**
Selling, general and administrative expenses	**7,969**	7,263	**75,436**
Total operating costs and expenses	**167,932**	162,646	**1,589,663**
Operating income	**5,042**	4,852	**47,728**
Other income (expenses):			
Interest and dividend income	**145**	169	**1,373**
Interest expenses	**(469)**	(705)	**(4,440)**
Others, net	**(485)**	(588)	**(4,591)**
	(809)	(1,124)	**(7,658)**
Income before income taxes	**4,233**	3,728	**40,070**
Income taxes (Note11):			
Current	**1,798**	307	**17,020**
Deferred	**260**	1,740	**2,461**
	2,058	2,047	**19,481**
Net income	**¥2,175**	¥ 1,681	**$ 20,589**

Per share of common stock	Yen		U.S.dollars
Net income	**¥19.20**	¥ 14.80	**$ 0.18**
Diluted net income	**18.02**	12.92	**0.17**
Cash dividends applicable to the year	**7.50**	7.50	**0.07**

See the accompanying notes to the consolidated financial statements.

Consolidated Statements of Shareholders' Equity

SENKO Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2004 and 2003

	Thousands	Millions of yen				
	Number of shares of common stock issued	Common stock	Capital surplus	Retained earnings	Unrealized holding gain (loss) on securities	Treasury stock
Balance at April 1, 2002	111,746	¥ 18,296	¥ 16,387	¥6,422	¥ (13)	¥ (3)
Net income	—	—	—	1,681	—	—
Cash dividends	—	—	—	(836)	—	—
Unrealized holding gain on securities	—	—	—	—	12	—
Treasury stock	—	—	(0)	—	—	(169)
Balance at March 31, 2003	111,746	18,296	16,387	7,267	(1)	(172)
Net income	—	—	—	2,175	—	—
Cash dividends	—	—	—	(833)	—	—
Bonuses to directors and statutory auditors	—	—	—	(32)	—	—
Unrealized holding gain on securities	—	—	—	—	83	—
Treasury stock	—	—	(0)	—	—	(9)
Balance at March 31, 2004	**111,746**	**¥ 18,296**	**¥ 16,387**	**¥ 8,577**	**¥82**	**¥ (181)**

	Thousands of U.S. dollars				
	Common stock	Capital surplus	Retained earnings	Unrealized holding gain (loss) on securities	Treasury stock
Balance at March 31, 2003	$ 173,192	$155,121	$68,790	$(9)	$(1,628)
Net income	—	—	20,589	—	—
Cash dividends	—	—	(7,885)	—	—
Bonuses to directors and statutory auditors	—	—	(303)	—	—
Unrealized holding gain on securities	—	—	—	785	—
Treasury stock	—	(0)	—	—	(85)
Balance at March 31, 2004	**$ 173,192**	**$155,121**	**$81,191**	**$776**	**$(1,713)**

See the accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

SENKO Co., Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2004 and 2003

	Millions of yen		Thousands of U.S.dollars
	2004	2003	**2004**
Cash flows from operating activities:			
Income before income taxes	**¥4,233**	¥3,728	**$40,070**
Adjustments for:			
Depreciation and amortization	**3,071**	3,150	**29,070**
Loss on disposals of property and equipment	**72**	253	**682**
Loss on sale of property and equipment	**215**	—	**2,035**
Loss from devaluation of investment securities	**—**	75	**—**
Decrease in allowance for employee retirement	**(2,248)**	(380)	**(21,280)**
Increase (decrease) in accrued bonuses to employees	**235**	(87)	**2,225**
Interest and dividends income	**(145)**	(169)	**(1,373)**
Interest expense	**469**	705	**4,440**
Decrease (increase) in trade receivables	**(1,472)**	468	**(13,934)**
Decrease (increase) in inventories	**(44)**	398	**(417)**
Increase in trade payables	**2,237**	416	**21,176**
Other	**286**	(469)	**2,707**
Sub total	**6,909**	8,088	**65,401**
Interest and dividend income received	**150**	176	**1,420**
Interest expenses paid	**(499)**	(730)	**(4,724)**
Income tax paid	**(380)**	(927)	**(3,597)**
Net cash provided by operating activities	**6,180**	6,607	**58,500**
Cash flows from investing activities:			
Payments for purchases of fixed assets	**(3,006)**	(2,497)	**(28,455)**
Proceeds from sales of fixed assets	**665**	533	**6,295**
Payments for purchases of investment securities	**(195)**	(23)	**(1,846)**
Proceeds from sales of investment securities	**191**	115	**1,808**
Proceeds from sales of subsidiary	**100**	100	**947**
Payments for purchases of non-consolidated subsidiaries	**—**	(68)	**—**
Other	**(75)**	(145)	**(710)**
Net cash used in investing activities	**(2,320)**	(1,985)	**(21,961)**
Cash flows from financing activities:			
Increase in short-term debt, net	**40**	1,650	**379**
Proceeds from long-term debt	**8,323**	8,259	**78,786**
Repayment of long-term debt	**(20,896)**	(14,741)	**(197,804)**
Proceeds from issuance of bonds	**6,954**	—	**65,827**
Purchases of treasury stock	**(9)**	(169)	**(85)**
Dividends paid	**(833)**	(837)	**(7,885)**
Other	**(62)**	(22)	**(587)**
Net cash provided by financing activities	**(6,483)**	(5,860)	**(61,369)**
Effect of exchange rate changes on cash and cash equivalents	**(3)**	(0)	**(28)**
Net decrease in cash and cash equivalents	**(2,626)**	(1,238)	**(24,858)**
Cash and cash equivalents at beginning of year	**14,026**	15,264	**132,772**
Cash and cash equivalents at end of year	**¥ 11,400**	¥14,026	**$107,914**

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, 2004, which was ¥105.64 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 or 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.

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

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share of common stock reflects the potential dilution that could occur if securities or other contacts to issue common stock were converted or exercised into common stock or resulted in the issuance of common stock.

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 investment securities at March 31, 2004 and 2003, consisted of the following:—

	Millions of yen		Thousands of U.S.dollars
	2004	2003	**2004**
Marketable securities	**¥ 454**	¥ 277	**$ 4,298**
Non-marketable equity securities	**450**	481	**4,260**
	¥ 904	¥ 758	**$ 8,558**

The following is a summary of marketable securities included in investment securities, at March 31, 2004 and 2003.

	Millions of yen			
2004	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book value (Market value)
Equity security	**¥ 304**	**¥ 140**	**¥ (1)**	**¥ 443**
Bonds and Others	**11**	**—**	**(0)**	**11**
	¥ 315	**¥ 140**	**¥ (1)**	**¥ 454**

	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

	Thousands of U.S.dollars			
2004	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book value (Market value)
Equity security	**$ 2,878**	**$ 1,325**	**$ (9)**	**$ 4,194**
Bonds and Others	**104**	**—**	**(0)**	**104**
	$ 2,982	**$ 1,325**	**$ (9)**	**$ 4,298**

Proceeds from sales of other securities were ¥181 million (US$ 1,713 thousand) and ¥115 million for the years ended March 31, 2004 and 2003, respectively. The gross realized gains and losses on those sales were ¥31 million (US$ 293 thousand) and ¥29 million (US$ 275 thousand), respectively, for the year ended March 31,2004. The gross realized gains on those sales were ¥24 million for the ended March 31,2003.

4. Property and Equipment:

At March31, 2004 and 2003, property and equipment at cost consisted of the following:—

	Millions of yen		Thousands of U.S.dollars
	2004	2003	**2004**
Land	**¥ 33,841**	¥ 34,419	**$ 320,343**
Buildings and structures	**66,475**	64,703	**629,260**
Machinery and equipment, Vehicle and Vessels	**15,995**	17,078	**151,410**
Tools, furniture and fixtures	**3,274**	3,188	**30,992**
Construction in Progress	**144**	27	**1,363**
	¥ 119,729	¥ 119,415	**$ 1,133,368**

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

At March31, 2004 and 2003, short-term loans consisted of the following:—

	Millions of yen		Thousands of U.S.dollars
	2004	2003	**2004**
0.7391% to 0.84% unsecured loans from banks	**¥ 10,340**	¥ 10,300	**$ 97,880**

At March 31, 2004 and 2003, long-term debt consisted of the following:—

	Millions of yen		Thousands of U.S.dollars
	2004	2003	**2004**
0.45% convertible bonds due 2003 (Note 1)	**¥ —**	¥13,330	**$ —**
3.25% bonds due 2004 (Note 2)	**—**	5,000	**—**
0.92% bonds due 2009	**7,000**	—	**66,263**
0.24% to 2.20% loans from banks and insurance companies:			
Unsecured	**20,969**	15,211	**198,495**
	27,969	33,541	**264,758**
Less current portion	**(2,287)**	(15,709)	**(21,649)**
	¥ 25,682	¥ 17,832	**$ 243,109**

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 dept assumption agreement. The dept assumption agreement 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, 2004 for the next five years are as follows:—

Year ending March 31	Millions of yen	Thousands of U.S.dollars
2006	¥ 2,287	$ 21,649
2007	6,363	60,233
2008	5,108	48,353
2009	10,261	97,132
2010	3,950	37,391

At March 31, 2004, the Company has committed line and overdraft contracts with twelve banks aggregating ¥24,650 millions ($233,340 thousands). Of the total credit limit, ¥7,140 millions ($67,588 thousands) was used as the above short-term and long-term borrowing, and the rest ¥17,510 millions ($165,752 thousands) was unused.

6. Accrued Severance indemnities:

The following tables sets forth the changes in benefit obligation, plan assets and funded status of the Company and its certain subsidiaries at March 31, 2004 and 2003.

	Millions of yen		Thousands of U.S.dollars
	2004	2003	**2003**
Benefit obligation at the end of year	**¥ (29,268)**	¥ (69,534)	**$ (277,054)**
Fair value of plan assets at the end of the year	**11,721**	27,579	**110,952**
Funded status:			
Benefit obligation in excess of plan assets	**(17,547)**	(41,955)	**(166,102)**
Unrecognized actuarial loss	**2,819**	24,979	**26,685**
Accrued severance indemnities recognized in the consolidation balance sheets	**¥ (14,728)**	¥ (16,976)	**$ (139,417)**

Severance and pension costs of the Company and its certain subsidiaries included the following components for the year ended March 31, 2004 and 2003.

	Millions of yen		Thousands of U.S.dollars
	2004	2003	**2004**
Service cost	**¥ 1,447**	¥ 1,855	**$ 13,697**
Interest cost	**716**	2,041	**6,778**
Expected return on plan assets	**—**	(1,275)	**—**
Amortization:			
Recognized actuarial loss	**550**	857	**5,206**
Net periodic benefit cost	**¥ 2,713**	¥ 3,478	**$25,681**
Gain on return of substituted portion of employee pension fund	**(284)**	—	**(2,688)**
	¥ 2,429	¥ 3,478	**$ 22,993**

According to the enactment of the Defined Benefit Pension Plan Law in April 2002, the Company applied for an exemption from obligation to pay benefits for future employee service related to the substitutional portion which would result in the transfer of the pension obligations and related assets to the government by another subsequent application. The Company obtained an approval of exemption from future obligation by the Ministry of Health, Labour and Welfare on April 15, 2003.

As a result of this exemption, The Company and its certain subsidiaries recognized a gain on exemption from future pension obligation of the governmental program in the amount of ¥284 million (US$2,688 thousands) in accordance with a transitional measurement of the accounting standard for employee' retirement benefits for the year ended March 31, 2004. The amount of plan assets, in accordance with a transitional measurement, which would be transferred to the government as March 31, 2004 was ¥21,702 million (US$205,434 thousands).

Assumption used in the accounting for the defined benefit plans for the year ended March 31, 2004 and 2003 is as follows:

	2004	2003
Method of attributing benefit to periods of service	**straight-line basis**	straight-line basis
Discount rate	**2.5%**	2.5%
Long-term rate of return on fund assets	**0.0%**	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, 2004 and 2003—

	Millions of yen		Thousands of U.S.dollars
	2004	2003	**2004**
Land	**¥ 2,548**	¥ 2,548	**$ 24,120**
Buildings	**1,198**	1,236	**11,340**
Vehicles	**1**	1	**9**
Investment securities	**10**	10	**95**
	¥ 3,757	¥ 3,795	**$ 35,564**

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

	Millions of yen		Thousands of U.S.dollars
	2004	2003	**2004**
Long-term debt, including current portion	**¥ 80**	¥ 100	**$ 757**

8. Contingent Liabilities:

At March 31, 2004 and 2003, contingent liabilities were as follows:

	Millions of yen		Thousands of U.S.dollars
	2004	2003	**2004**
Guarantees of loans to non-consolidated subsidiaries and affiliates	**¥ —**	¥ 94	**$ —**
Guarantees of installment obligation and lease obligation for others	**1,378**	2,148	**13,044**
Notes discounted	**19**	27	**180**
Buyback obligations associated with securitization of receivables	**507**	312	**4,799**
	¥ 1,904	¥ 2,581	**$ 18,023**

In addition to the above, at March 31, 2004, 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**	**$ 47,331**	**Jul. 24, 2001**
3.25% bonds due 2004	**5,000**	**47,331**	**May. 19, 2003**
	¥10,000	**$94,662**	

9. Lease:

At March 31, 2004 and 2003, financing lease transactions whose ownership are not to be transferred were as follows:

	Millions of yen			Thousands of U.S.dollars
	2004			**2004**
	Purchase cost	Accumulated depreciation	Book value	Book value
Machinery and equipment	**¥ 11,191**	**¥ 5,410**	**¥ 5,781**	**$ 54,724**
Tools, furniture and fixtures	**14,125**	**6,626**	**7,499**	**70,986**
	¥ 25,316	**¥ 12,036**	**¥ 13,280**	**$ 125,710**

	Millions of yen		
	2003		
	Purchase Cost	Accumulated amortization	Book value
Machinery and equipment	¥ 9,135	¥ 4,597	¥ 4,538
Tools, furniture and fixtures	11,797	5,411	6,386
	¥ 20,932	¥ 10,008	¥ 10,924

At March 31, 2004 and 2003, lease obligations were as follows:

	Millions of yen		Thousands of U.S.dollars
	2004	2003	**2004**
Due within one year	**¥ 4,217**	¥ 3,726	**$ 39,919**
Due after one year	**9,634**	7,737	**91,197**
	¥ 13,851	¥ 11,463	**$ 131,116**

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, 2004, included the Company's legal reserve of ¥ 1,506 million ($14,256 thousand).

11. Income Taxes:

Income taxes applicable to the Company and its domestic subsidiaries comprise corporation tax, inhabitants' taxes and enterprise tax which, in the aggregate, resulted in a statutory tax rate of approximately 42.0% for current deferred taxes and 40.6% for non-current deferred taxes for 2003 due to a prospective change in the enterprise tax rate which is effective on and after April 1, 2004, and approximately 40.6 % for 2004.

(1) Significant components of deferred tax assets and liabilities at March 31, 2004 and 2003 were as follows:

	Millions of yen		Thousands of U.S.dollars
	2004	2003	**2004**
Deferred tax assets:			
Accrued severance indemnities to employees	**¥ 6,993**	¥ 7,606	**$ 66,197**
Accrued bonuses to employees	**1,029**	789	**9,741**
Tax loss carryforwards	**—**	367	**—**
Revaluation of land	**346**	346	**3,275**
Accrued severance indemnities to directors and corporate auditors	**181**	144	**1,713**
Loss on revaluation of golf club membership	**155**	140	**1,467**
Unrealized gain on fixed assets and others	**—**	110	**—**
Accrued enterprise tax	**132**	—	**1,250**
Other	**584**	252	**5,528**
Net deferred tax assets	**9,420**	9,754	**89,171**
Deferred tax liabilities:			
Reserve for reduction in costs of fixed assets	**(994)**	(996)	**(9,409)**
Other	**(256)**	(270)	**(2,423)**
Total gross deferred tax liabilities	**(1,250)**	(1,266)	**(11,832)**
Net deferred tax assets	**¥ 8,170**	¥ 8,488	**$ 77,339**

(2) Reconciliation of the statutory effective income tax rate and the income tax rate as a percentage of income before income taxes and minority interests at March 31, 2004 and 2003 were as follows:

	2004	2003
Statutory tax rate	**40.6%**	42.0%
Adjustment:		
Non-deductible expenses	**2.5**	2.9
Inhabitants' per capita taxes	**3.6**	4.0
Non-taxable dividend income	**(0.8)**	(0.8)
Effect of change in enacted tax rate	**—**	6.5
Other	**2.7**	0.3
Income tax rate as a percentage of income before income taxes and minority interests	**48.6%**	54.9%

12. Segment information

Business segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2004 and 2003 is summarized as follows:

	Millions of yen						
	2004						
	Truck Transport	Ware-housing	In-factory works	Other	Total	Elimination or Corporate	Consolidated
a. Operating revenues and operating income:							
Customers	**¥ 89,402**	**¥ 21,581**	**¥ 15,396**	**¥ 46,595**	**¥ 172,974**	**¥ —**	**¥ 172,974**
Intersegment	**3,847**	**112**	**5,517**	**5,681**	**15,157**	**(15,157)**	**—**
Total operating revenues	**93,249**	**21,693**	**20,913**	**52,276**	**188,131**	**(15,157)**	**172,974**
Operating costs and expenses	**90,717**	**20,770**	**19,961**	**51,630**	**183,078**	**(15,146)**	**167,932**
Operating income	**¥2,532**	**¥923**	**¥952**	**¥646**	**¥5,053**	**¥(11)**	**¥5,042**
b. Assets, depreciation and capital expenditures;							
Assets	**¥29,528**	**¥40,175**	**¥8,942**	**¥34,364**	**¥113,008**	**¥11,708**	**¥124,717**
Depreciation	**760**	**1,186**	**131**	**934**	**3,011**	**60**	**3,071**
Capital expenditures	**1,051**	**668**	**85**	**1,622**	**3,426**	**31**	**3,457**

	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

	Thousands of U.S. dollars						
	2004						
	Truck Transport	Ware-housing	In-factory works	Other	Total	Elimination or Corporate	Consolidated
a. Operating revenues and operating income:							
Customers	**$846,289**	**$204,288**	**$145,740**	**$441,074**	**$1,637,391**	**$ —**	**$1,637,391**
Intersegment	**36,416**	**1,060**	**52,225**	**53,777**	**143,478**	**(143,478)**	**—**
Total operating revenues	**882,705**	**205,348**	**197,965**	**494,851**	**1,780,869**	**(143,478)**	**1,637,391**
Operating costs and expenses	**858,737**	**196,611**	**188,953**	**488,736**	**1,733,037**	**(143,374)**	**1,589,663**
Operating income	**$23,968**	**$8,737**	**$9,012**	**$6,115**	**$47,832**	**$(104)**	**$47,728**
b. Assets, depreciation and capital expenditures;							
Assets	**$279,515**	**$380,301**	**$84,646**	**$325,294**	**$1,069,756**	**$110,829**	**$1,180,585**
Depreciation	**7,194**	**11,227**	**1,240**	**8,841**	**28,502**	**568**	**29,070**
Capital expenditures	**9,949**	**6,323**	**805**	**15,354**	**32,431**	**293**	**32,724**

13. Subsequent Event

Shareholders approved the following appropriation of retained earning at the annual meeting held on June 29, 2004

	Millions of yen	Thousands of U.S.dollars
Cash dividends	**¥ 416**	**$ 3,938**
Bonuses to directors and statutory auditors	**43**	**407**

Consolidated Subsidiaries and Affiliated Companies *(As of April 1, 2004)*

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%	Aichi	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, Executive Officers *(As of June 29, 2004)*

Chairman and Representative Director
Hiroshi Susumago

President and Representative Director
Yasuhisa Fukuda

Executive Vice-president and Representative Director,
Executive Officer
Akio Tanaka

Chairman and Representative Director

Hiroshi Susumago

President and Representative Director

Yasuhisa Fukuda

**Executive Vice-president and Representative Director,
Executive Officer**

Akio Tanaka

**Director,
Managing Executive Officer**

Tadao Ito

**Directors,
Executive Officers**

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

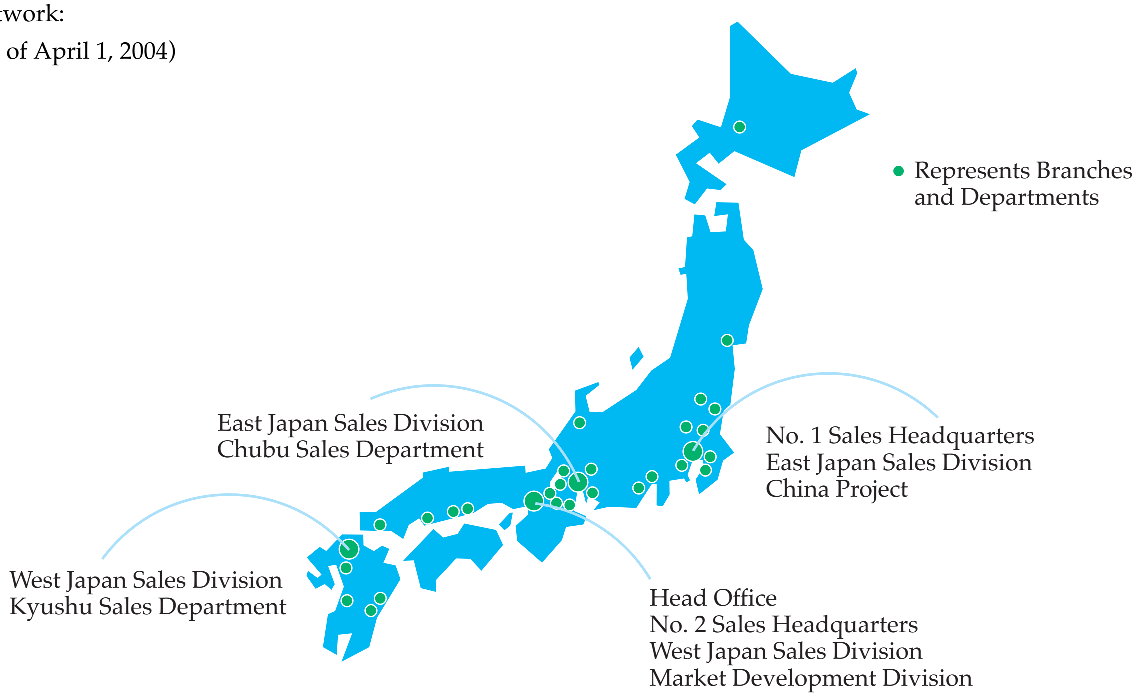
Executive Officers

Toshinori Mine
Hisao Takahashi
Katsuhiko Miyagawa
Mitsuru Muramoto
Yasushi Morimoto

Corporate Data *(As of March 31, 2004)*

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:	7,865
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, 2004)



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

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