

**2003**

**SEMI-ANNUAL REPORT**

For the six months ended September 30, 2002

**FUJI LOGISTICS CO., LTD.**

# BOARD OF DIRECTORS AND AUDITORS

(as of Sept. 30, 2002)

**Yasuhiro Nakao**  
President and Representative Director

**Michio Kobayashi**  
Senior Managing Director

**Katsuyoshi Hirai**  
Managing Director

**Masanori Iike**  
Director

**Shinichi Yamamoto**  
Director

**Kazuki Ito**  
Director

**Tadashi Sato**  
Director

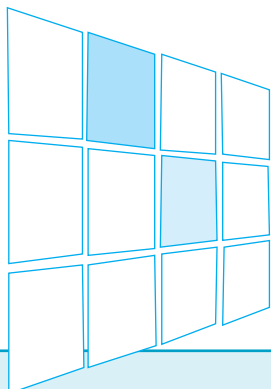
**Tadahiko Chizawa**  
Senior Corporate Auditor

**Takashi Kamochi**  
Auditor

**Junichi Matsumoto**  
Auditor

# CORPORATE DATA

(as of Sept. 30, 2002)



## FUJI LOGISTICS CO., LTD.

Head office: 9-11, Mita 3-chome, Minato-ku, Tokyo 108-0073, Japan

Web site: <http://www.fujibuturyu.co.jp/english/>

Established: February 15, 1975

Paid-in capital: ¥ 2,979,675,000

Number of employees: Consolidated: 829

Non-consolidated: 454

Business description: Comprehensive logistics business

**Logistics operations** (transportation, packaging, warehousing and other businesses)

**Logistics management** (third party logistics management, plant export management)

**Logistics system design** (system development, facility design, packing design and information system design)

**Delivery and installation operations** (installation of machinery and tools, and electric work)

**Logistics streamlining consulting**

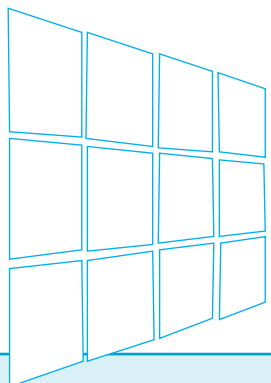
**Selling of packing materials and packing products**

**Selling of system equipment for logistics streamlining**

**Real-estate leasing**

**Gathering and transporting industrial waste**

# GROUP



## Primary offices

Head office, Sapporo Sales Office, Tohoku Sales Office, Kita Kanto Branch, Tokyo Branch, Moving Techno Center, Minami Kanto Branch, Matsumoto Branch, Chubu Branch, Mie Branch, Kansai Branch, Kobe Branch and Kyushu Branch

## Subsidiaries

### (Japan)

**FUJI LOGISTICS INTERNATIONAL CO., LTD.**  
Yamashitacho K Bldg.  
224-1, Yamashitacho, Naka-ku,  
Yokohama 231-0023, Japan  
Tel +81-45-211-0175 Fax +81-45-211-2465

**FUJI LOGISTICS OPERATIONS CO., LTD.**  
9-11, Mita 3-chome, Minato-ku,  
Tokyo 108-0073, Japan  
Tel +81-3-5476-8677 Fax +81-3-3454-8421

**FUJI LOGISTICS SUPPORT CO., LTD.**  
9-11, Mita 3-chome, Minato-ku,  
Tokyo 108-0073, Japan  
Tel +81-3-5476-8661 Fax +81-3-3454-0590

**TOKYO JUKI TRANSPORT CO., LTD.**  
12-2, Minamino 3-chome, Tama-shi,  
Tokyo 206-0032, Japan  
Tel +81-42-337-0162 Fax +81-42-337-7803

### (Overseas)

**FUJI LOGISTICS (Dalian F.T.Z.) CO., LTD.**  
No.7 Taihu Road, Dalian (F.T.Z.) China  
Tel +86-411-731-0142 Fax +86-411-731-0145

**FUJI LOGISTICS (Shanghai) CO., LTD.**  
District C, 5/F, Shartex Bldg.,  
158 Aona Road, Shanghai Wai Gao Qiao Free Trade Zone,  
Shanghai 200120, China  
Tel +86-21-5866-7545 Fax +86-21-5866-7545

**FUJI LOGISTICS (H.K.) CO., LTD.**  
14/F, Ever Gain Centre,  
No. 28 On Muk Street, Shatin,  
N.T., Hong Kong  
Tel +852-2636-1611 Fax +852-2636-1767

**FUJI LOGISTICS (Malaysia) SDN. BHD.**  
53-4-E, MBF Tower (Podium Block)  
Jalan Sultan Ahmad Shah, 10050, Penang, Malaysia  
Tel +60-4-226-2443 Fax +60-4-226-6524

**FUJI LOGISTICS EUROPE B.V.**  
Leisteen 7, Hoofddorp 2132 ME,  
The Netherlands  
Tel +31-20-6534790 Fax +31-20-6534852

## A MESSAGE FROM THE PRESIDENT



**D**uring this interim period, the business environment of the Japanese economy remained severe. Although there are signs of recovery with the increasing exports and the bottoming out of capital investment, the slump in employment and personal consumption and fears for the future of the U.S. economy still continue to dampen the positive mood.

In the logistics industry, there were few improvements in cargo movements, activities for both production and consumption items were weak and pressures for severe price reduction from cargo owners were not relented.

We have established our vision to become “Being the pioneer of logistics services with heart” and continue to strive to be a logistics firm with exceptional development skills fulfilling our duty to “Comprehensively managing the logistics innovation of our customers.” Based on this corporate philosophy, we had made our “Medium-term Business Plan” spanning from fiscal 2000 to 2002 and tackled for the reformation of organization and morale. We also proactively pursued the business expansion by clarifying our business segments and market development strategies.

Specifically, our logistics solutions business managed to increase orders from major cargo owners consisting of major elevator makers and major information systems companies along with orders for outsourcing logistics business from foreign-owned information systems equipment makers, trading companies specialized in visual broadcasting equipments and optical equipment makers. Furthermore, we have started full operations for personal and official relocations in association with a leading removal company so as to gain order increase.

In addition, we have been providing supports to formerly Sanyo Electric Vending Machine Co., Ltd. (presently Fukiage Fuji Vending Machine Co., Ltd.) as a member of

Fuji Electric Co., Ltd. from the initial stage of business integration, as our parent company (Fuji Electric Co., Ltd.) fully acquired its shares from SANYO Electric Co., Ltd.

The Company's service revenues increased 37 million yen year-on-year during this interim period to reach 16,934 million yen (year-on-year increase of 0.2%).

Although pressures for price reduction from cargo owners were intensified, promotion of management reforms, reduction of labor costs and review of warehouse location led to an increase in ordinary income by 162 million yen year-on-year to 242 million yen (year-on-year increase of 201.8%).

Interim net income was 103 million yen (year-on-year increase of 568.0%). The Company registered an extraordinary income of 7 million yen from sale of investment securities and an extraordinary loss of 15 million yen from loss on devaluation and sale of investment securities and so on. However, during the preceding interim period, we registered an extraordinary income of 7 million yen from sale of investment securities and 25 million yen from reversal of allowance for doubtful debts, and extraordinary losses of 39 million yen from loss on devaluation of investment securities and 13 million yen in additional severance payments for early retirement and others.

### <Domestic Logistics>

(transport, packaging and storing businesses in Japan) Service revenues of the domestic logistics business were 14,471 million yen (year-on-year decrease of 1.5%). Despite increases in cargo volume handled for the Fuji Electric Group and in new orders for logistics solutions from customers outside the Fuji Electric Group, there was a minimum drop in overall operating income due to the impact from closures of Japanese business operations of major foreign personal computer manufacturers.

### <Other Businesses>

(import/export handling business with overseas customers, local logistics business overseas, business of logistics systems, equipment and material sales, and office building leasing business) Service revenues totaled 2,463 million yen (year-on-year increase of 11.3%). There was a slight increase in handling of international logistics.

### Cash Flows

Cash and cash equivalents as of the end of this consolidated interim accounting period decreased by 104 million yen compared to the end of the preceding consolidated fiscal year and totaled 2,044 million yen. While there was an increase in profits and increase in short-term borrowings, an overall decrease was recorded due to expenditures for capital investment.

*Yasuhiro Nakao*

Yasuhiro Nakao  
President and Representative Director

# CONSOLIDATED BALANCE SHEETS

As of September 30, 2002 and 2001	Thousands of yen		Thousands of U.S. dollars	Thousands of yen
	2001	2002	2002	As of March 31 2002
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents .....	¥ 2,249,473	¥ 2,044,456	\$ 16,758	¥ 2,148,268
Trade receivables .....	9,256,252	9,167,607	75,144	9,213,173
Allowance for doubtful accounts .....	(8,722)	(9,718)	(80)	(7,606)
Deferred income taxes .....	200,564	175,725	1,440	205,627
Other current assets .....	549,917	587,492	4,816	833,522
<b>TOTAL CURRENT ASSETS .....</b>	<b>12,247,484</b>	<b>11,965,562</b>	<b>98,078</b>	<b>12,392,984</b>
<b>PROPERTY, PLANT AND EQUIPMENT:</b>				
Land .....	3,039,255	3,039,255	24,912	3,039,255
Buildings and structures .....	9,552,797	9,587,087	78,583	9,563,957
Machinery and equipment .....	2,226,005	2,214,986	18,156	2,228,405
Other .....	1,357,181	1,415,321	11,600	1,383,496
	16,175,238	16,256,649	133,251	16,215,113
Less accumulated depreciation .....	(7,813,972)	(8,448,517)	(69,250)	(8,175,532)
<b>PROPERTY, PLANT AND EQUIPMENT, NET .....</b>	<b>8,361,266</b>	<b>7,808,132</b>	<b>64,001</b>	<b>8,039,581</b>
<b>INTANGIBLE ASSETS .....</b>	<b>487,733</b>	<b>598,433</b>	<b>4,905</b>	<b>548,567</b>
<b>INVESTMENTS AND OTHER ASSETS:</b>				
Investment securities .....	206,650	193,323	1,585	198,608
Deferred income taxes .....	2,089,788	1,918,481	15,725	1,982,189
Deposits and guarantees .....	1,182,567	1,160,883	9,515	1,163,666
Other investments and other assets .....	166,360	159,733	1,311	167,622
Allowance for doubtful accounts .....	(4,800)	(3,000)	(25)	(4,209)
<b>TOTAL INVESTMENTS AND OTHER ASSETS .....</b>	<b>3,640,565</b>	<b>3,429,420</b>	<b>28,111</b>	<b>3,507,876</b>
	¥ 24,737,048	¥ 23,801,547	\$ 195,095	¥ 24,489,008



	Thousands of yen	Thousands of U.S. dollars	Thousands of yen
	2001	2002	As of March 31 2002
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Short-term borrowings .....	¥ 1,375,457	¥ 1,951,375	\$ 15,995 ¥ 1,673,824
Trade payables .....	5,832,243	5,430,816	44,515 6,030,495
Accrued income taxes .....	62,737	47,867	392 38,867
Other current liabilities .....	1,427,924	1,238,634	10,153 1,327,035
<b>TOTAL CURRENT LIABILITIES .....</b>	<b>8,698,361</b>	<b>8,668,692</b>	<b>71,055 9,070,221</b>
<b>LONG-TERM BORROWINGS .....</b>	<b>490,875</b>	<b>349,500</b>	<b>2,865 418,500</b>
<b>RESERVE FOR EMPLOYEES' RETIREMENT BENEFITS .....</b>	<b>5,251,513</b>	<b>4,550,303</b>	<b>37,298 4,668,762</b>
<b>RESERVE FOR OFFICERS' RETIREMENT BENEFITS .....</b>	<b>113,200</b>	<b>89,580</b>	<b>734 139,580</b>
<b>DEFERRED INCOME TAXES .....</b>	<b>60,902</b>	<b>63,009</b>	<b>516 63,225</b>
<b>OTHER LONG-TERM LIABILITIES .....</b>	<b>97,770</b>	<b>69,998</b>	<b>574 84,200</b>
<b>TOTAL LIABILITIES .....</b>	<b>14,712,621</b>	<b>13,791,082</b>	<b>113,042 14,444,488</b>
<b>MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES .....</b>	<b>92,614</b>	<b>92,822</b>	<b>761 91,350</b>
<b>SHAREHOLDERS' EQUITY:</b>			
Common stock, without par value:			
Authorized - 60,000,000 shares			
Issued - 24,970,000 shares in 2002 and 2001 .....	2,979,675	2,979,675	24,424 2,979,675
Capital surplus .....	2,595,155	2,595,155	21,272 2,595,155
Retained earnings .....	4,376,479	4,389,748	35,982 4,410,822
Unrealized loss on other securities, net of taxes .....	(19,328)	(9,789)	(80) (12,697)
Foreign currency translation adjustment .....	(32)	(2,534)	(22) 14,442
	9,931,949	9,952,255	81,576 9,987,397
Less shares of treasury stock held by the Company .....	(136)	(34,612)	(284) (34,227)
<b>TOTAL SHAREHOLDERS' EQUITY .....</b>	<b>9,931,813</b>	<b>9,917,643</b>	<b>81,292 9,953,170</b>
	¥ 24,737,048	¥ 23,801,547	\$ 195,095 ¥ 24,489,008

# CONSOLIDATED STATEMENTS OF OPERATIONS

The six months ended September 30, 2002 and 2001	Thousands of yen		Thousands of U.S. dollars	Thousands of yen
	2001	2002	2002	Year ended March 31 2002
<b>SERVICE REVENUES</b> .....	¥ 16,897,743	¥ 16,934,271	\$ 138,806	¥ 33,359,810
<b>COST OF SERVICES</b> .....	15,895,589	15,827,854	129,737	31,245,761
<b>GROSS PROFIT</b> .....	1,002,154	1,106,417	9,069	2,114,049
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b> .....	962,885	902,517	7,398	1,814,798
<b>OPERATING INCOME</b> .....	39,269	203,900	1,671	299,251
<b>NON-OPERATING INCOME (EXPENSES):</b>				
Interest and dividend income .....	6,573	4,212	35	9,681
Interest expense .....	(10,732)	(11,485)	(94)	(21,332)
Other, net .....	45,215	45,766	375	65,843
	41,056	38,493	316	54,192
<b>ORDINARY INCOME</b> .....	80,325	242,393	1,987	353,443
<b>EXTRAORDINARY INCOME (LOSS):</b>				
Gain on sales of investment securities .....	7,377	7,018	58	24,062
Reversal of allowance for doubtful benefits .....	24,873	—	—	25,460
Compensation from a customer for termination of a contract .....	—	—	—	150,292
Loss on devaluation of investment securities .....	(39,453)	(6,967)	(57)	(50,539)
Loss on sales of investment securities .....	—	(5,118)	(42)	(27,176)
Additional severance payments for early retirement .....	(6,024)	—	—	(191,026)
Other .....	(7,113)	(2,655)	(22)	(19,616)
	(20,340)	(7,722)	(63)	(88,543)
<b>INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS</b> .....	59,985	234,671	1,924	264,900
<b>INCOME TAXES</b> .....	(43,880)	(130,208)	(1,067)	(141,322)
<b>INCOME BEFORE MINORITY INTERESTS</b> .....	16,105	104,463	857	123,578
<b>MINORITY INTERESTS IN NET LOSS (INCOME) OF CONSOLIDATED SUBSIDIARIES</b> .....	(669)	(1,352)	(12)	1,109
<b>NET INCOME</b> .....	¥ 15,436	¥ 103,111	\$ 845	¥ 124,687
<b>RETAINED EARNINGS, BEGINNING OF PERIOD</b> .....	4,490,919	4,410,822	36,154	4,490,919
<b>DIVIDENDS</b> .....	99,876	99,185	812	174,784
<b>BONUSES TO DIRECTORS</b> .....	30,000	25,000	205	30,000
<b>RETAINED EARNINGS, END OF PERIOD</b> .....	4,376,479	4,389,748	35,982	4,410,822

# CONSOLIDATED STATEMENTS OF CASH FLOWS

The six months ended September 30, 2002 and 2001	Thousands of yen		Thousands of U.S. dollars	Thousands of yen
	2001	2002	2002	Year ended March 31 2002
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Income before income taxes and minority interests .....	¥ 59,985	¥ 234,671	\$ 1,924	¥ 264,900
Depreciation and amortization .....	408,270	369,647	3,030	829,222
Decrease in reserve for employees' retirement benefits.....	(67,172)	(118,459)	(971)	(649,923)
Interest and dividend income .....	(6,573)	(4,212)	(35)	(9,681)
Interest expense .....	10,732	11,485	94	21,332
Changes in operating assets and liabilities:				
Trade receivables .....	2,132,124	37,879	310	2,187,288
Trade payables .....	(1,253,999)	(617,159)	(5,059)	(1,010,954)
Other, net .....	(77,123)	142,769	1,171	780
Cash generated from operations .....	1,206,244	56,621	464	1,632,964
Interest and dividends received .....	6,907	4,636	38	10,813
Interest paid .....	(12,071)	(11,725)	(96)	(22,561)
Income taxes paid.....	(575,961)	(29,996)	(246)	(950,287)
Net cash provided by operating activities .....	625,119	19,536	160	670,929
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Acquisition of property, plant and equipment .....	(242,798)	(86,719)	(711)	(430,837)
Acquisition of intangible fixed assets .....	(160,409)	(132,449)	(1,086)	(284,735)
Proceeds from sales of property, plant and equipment .....	2,214	931	8	2,214
Other, net .....	37,408	(749)	(6)	74,985
Net cash used in investing activities .....	(363,585)	(218,986)	(1,795)	(638,373)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Increase in short-term borrowings .....	75,000	285,000	2,336	390,000
Repayment of long-term borrowings.....	(96,668)	(76,449)	(627)	(185,676)
Dividends paid to shareholders .....	(99,427)	(99,328)	(814)	(174,564)
Other, net .....	(7,443)	(387)	(3)	(41,533)
Net cash provided by (used in) financing activities .....	(128,538)	108,836	892	(11,773)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS.....</b>				
EQUIVALENTS.....	11,977	(13,198)	(108)	22,985
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS .....</b>	144,973	(103,812)	(851)	43,768
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	2,104,500	2,148,268	17,609	2,104,500
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR .....</b>	¥ 2,249,473	¥ 2,044,456	\$ 16,758	¥ 2,148,268

**Note:1 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying consolidated financial statements of FUJI LOGISTICS CO., LTD. and subsidiaries have been prepared in accordance with the provisions of Securities and Exchange Law of Japan and in conformity with accounting principles and practices generally accepted and applied in Japan, which may differ in certain material respects from accounting principles and practices generally accepted and applied in countries and jurisdictions other than Japan.

2 Yen amounts have been translated into U.S. dollars, solely for convenience, at the exchange rate of ¥122 = U.S.\$1.00.

## FUJI LOGISTICS CO., LTD.

9-11, Mita 3-chome, Minato-ku, Tokyo 108-0073, Japan

TEL : +81-3-3454-8411 FAX : +81-3-3454-0590

URL : <http://www.fujibuturyu.co.jp/english/>

E-mail : [info@fujibuturyu.co.jp](mailto:info@fujibuturyu.co.jp)



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