

2005

SEMI-ANNUAL REPORT

For the six months ended September 30, 2004

FUJI LOGISTICS CO., LTD.

BOARD OF DIRECTORS AND AUDITORS

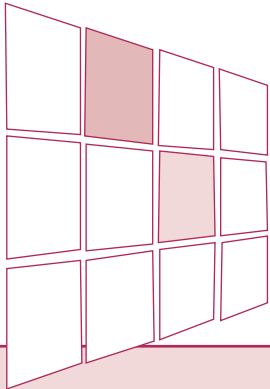
(as of Sept. 30, 2004)

Yasuhiro Nakao
President and Representative Director
Yoshikatsu Mizuno
Executive Vice President
Michio Kobayashi
Senior Managing Director
Katsuyoshi Hirai
Managing Director
Shinichi Yamamoto
Managing Director
Kazuhiko Takeuchi
Director

Masanori Iike
Director
Tadashi Sato
Director
Tadahiko Chizawa
Standing Auditor
Yasuharu Toyoda
Auditor
Keiji Sato
Auditor
Junichi Matsumoto
Auditor

CORPORATE DATA

(as of Sept. 30, 2004)



FUJI LOGISTICS CO., LTD.

Head office: Urban Net Mita Bldg., 3-10-1, Mita, Minato-ku, Tokyo 108-0073, Japan

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

Established: February 15, 1975

Paid-in capital: ¥ 2,979,675,000

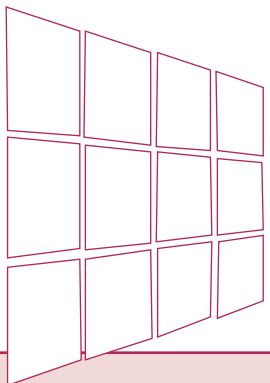
Number of employees: Consolidated: 821

Non-consolidated: 426

Business description: Comprehensive logistics business

- Logistics operations (transportation, packing, 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
- Gathering and transporting industrial waste

GROUP



Primary offices

Head office (Tokyo), Sapporo Sales Office, Tohoku Sales Office, Kita Kanto Branch, Tokyo Branch, Keihin Branch, Omori Sales Office, Omiya Sales Office, Kawasaki Branch, Chiba Branch, Matsumoto Branch, Chubu Branch, Mie Branch, Suzuka Branch, Kansai Branch, Kobe Branch and Kyushu Branch

Subsidiaries

(Japan)

TOKYO JUKI TRANSPORT CO., LTD.

3-12-2, Minamino, Tama-shi,

Tokyo 206-0032, Japan

Tel +81-42-337-0162 Fax +81-42-337-7803

FUJI LOGISTICS OPERATIONS CO., LTD.

Urban Net Mita Bldg., 3-10-1, Mita, Minato-ku,

Tokyo 108-0073, Japan

Tel +81-3-5476-8677 Fax +81-3-5476-8663

FUJI LOGISTICS SUPPORT CO., LTD.

Urban Net Mita Bldg., 3-10-1, Mita, Minato-ku,

Tokyo 108-0073, Japan

Tel +81-3-5476-8661 Fax +81-3-5476-8663

Affiliate

TF Logistics Co., Ltd.

Urban Net Mita Bldg., 3-10-1, Mita, Minato-ku,

Tokyo 108-0073, Japan

Tel +81-3-5476-8064 Fax +81-3-5476-8667

TF Logistics Co., Ltd. was established through the joint equity contribution of Toyota Industries Corp. and Fuji Logistics Co., Ltd. on April 21, 2004.

(Overseas)

FUJI LOGISTICS (DALIAN F.T.Z.) CO., LTD.

No.B-416 Taihua Building, Dalian Free Trade Zone,

116600 Dalian, Liaoning, P.R.China

Tel +86-411-8732-7980 Fax +86-411-8732-7961

FUJI LOGISTICS (SHANGHAI) CO., LTD.

Suit D, 17F./East Building,

New Hua Lian Mansion No.755,

Huai Hai Road (Middle), 20020 Shanghai, P.R.China

Tel +86-21-6466-2602 Fax +86-21-6466-7212

FUJI LOGISTICS (SHENZHEN) CO., LTD.

No.5, Taohua Road, Futian Free Trade Zone,

518038 Shenzhen, Guangdong, P.R.China

Tel +86-755-8358-0416 Fax +86-755-8358-0414

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.

Warmonderweg 12-B, 2171 AH Sassenheim,

The Netherlands

Tel +31-25-2240-160 Fax +31-25-2240-179

FUJI LOGISTICS (SHENZHEN) CO., LTD. is 100% subsidiary of FUJI LOGISTICS (H.K.) CO., LTD.

A MESSAGE FROM THE PRESIDENT



During the fiscal first half, the Japanese economy benefited from continued improvement in corporate earnings, which were aided by a gradual rise in exports and production in turn. Although earnings appear to be recovering smoothly, the employment environment remained harsh.

In the logistics business field, total transport volume is expected to fall below the previous year's figure, given the decline in construction-related cargo volume in the face of falling public investment. Nonetheless, production-related cargo should remain fairly steady, with just a slight decline in volume.

In this environment, our Group entered the second year of its 2003-2005 medium term business plan, announced in May 2003, and has strengthened the program still more.

Our Group has a vision of achieving "comprehensively realizing logistics innovation for our customers" as "a Pioneer of logistics services with heart." Based on this corporate philosophy, we have aimed to become a company that has a significant presence and importance in the logistics business field, by providing logistics services that satisfy our customers in the changing environment that we face. We have made our business field and its expansion strategy clear and have proactively endeavored to expand our business field in turn.

As a result, service revenues increased 1,481 million yen over this time previous year, to 18,035 million yen (an increase of 8.9% over this time previous year).

Service revenues related to the Fuji Electric Group increased 373 million yen from this time previous year, to 9,268 million yen (up 4.2%, and accounting for 51.4% of total service revenues). Increased service revenues primarily reflected a solid trend in exports and a rise in transport volume of machinery and control equipment handled, including increases of the exports volume of power generation and transformer plants.

For customers outside the Fuji Electric Group, service revenues rose 1,108 million yen, to 8,767 million yen (up 14.5%, and accounting for 48.6% of total service revenues). This rise in service revenues was attributable to an increase in the volume of

industrial-use sewing machinery and equipment handled, as well as a rise in the operations of general cargo related to imports and exports and a robust trend in the volume of semiconductor-related machinery and devices.

Starting in the second half, we expect to record revenues related to TF Logistics Co., Ltd., which was established in April 2004.

Operating income increased 78 million yen, to 413 million yen (up 23.4%). This result reflected a rise in gross profits, thanks to increased revenues and reduced personnel expenses, among other factors.

Ordinary income rose 71 million yen, to 414 million yen (up 20.7%).

Net income declined 2 million yen, to 152 million yen (down 1.5%), reflecting an extraordinary loss of 99 million yen caused by the reorganization of logistics centers in the Tokyo metropolitan region.

<Domestic Logistics>

(Transportation, packing and warehousing businesses in Japan)
Service revenues stood at 15,350 million yen (up 8.1%) due to a rise in the volume of machinery, control equipment and semiconductor-related machinery and devices handled.

<Other Businesses>

(Export and import handling in Japan, overseas local logistics and sales of logistics systems, equipment and materials)
Service revenues amounted to 2,685 million yen (up 14.1%) due to an increase in the volume of general cargo for export handled.

Cash Flows

Cash and cash equivalents at the end of this fiscal first half increased 399 million yen (compared with a fall of 496 million yen in the previous interim term), to 2,914 million yen. Cash flows and their factors are as shown below.

<Cash Flows from Operating Activities>

Net cash flow from operating activities increased 923 million yen (compared with an increase of 73 million yen in the previous interim term), mainly reflecting a rise in gross profit thanks to increased revenues, an increase in operating income (up 23.4%) with reductions in fixed cost, and progress in the collection of trade accounts receivable.

<Cash Flows from Investing Activities>

Net cash flow from investing activities declined by 417 million yen (compared with a fall of 757 million yen in the previous interim term), mainly because of outlays on the acquisition of tangible and intangible fixed assets.

<Cash Flows from Financing Activities>

Net cash flow from financing activities decreased 107 million yen (compared with a fall of 186 million yen in the previous interim term), due primarily to expenditures on dividend payouts.

Yasuhiro Nakao

Yasuhiro Nakao
President and Representative Director

CONSOLIDATED BALANCE SHEETS

As of September 30, 2004 and 2003	Thousands of yen		Thousands of U.S. dollars	Thousands of yen
	2004	2003	2004	As of March 31 2004
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	¥ 2,914,363	¥ 2,532,576	\$ 26,256	¥ 2,515,122
Trade receivables	9,582,224	9,338,524	86,326	10,114,507
Allowance for doubtful accounts	(11,526)	(9,342)	(104)	(12,705)
Deferred tax assets	244,278	308,658	2,201	256,833
Prepaid expenses and other current assets	611,835	550,621	5,512	558,537
TOTAL CURRENT ASSETS	13,341,174	12,721,037	120,191	13,432,294
PROPERTY, PLANT AND EQUIPMENT:				
Land	3,592,729	3,592,730	32,367	3,592,729
Buildings and structures	9,192,697	9,152,332	82,817	9,187,436
Machinery and equipment	2,329,270	1,928,695	20,984	2,367,138
Other property, plant and equipment	989,853	1,425,994	8,918	1,011,580
	16,104,549	16,099,751	145,086	16,158,883
Less accumulated depreciation	(8,477,593)	(8,197,587)	(76,375)	(8,433,639)
PROPERTY, PLANT AND EQUIPMENT, NET	7,626,956	7,902,164	68,711	7,725,244
INTANGIBLE ASSETS	721,027	628,722	6,496	690,010
INVESTMENTS AND OTHER ASSETS:				
Investment securities	253,751	116,947	2,286	223,757
Deposits and guarantees	898,252	853,607	8,092	864,665
Deferred tax assets	1,263,015	1,255,295	11,376	1,254,886
Other investments and other assets	83,982	82,688	757	85,940
Allowance for doubtful accounts	(15,500)	(14,000)	(140)	(15,500)
TOTAL INVESTMENTS AND OTHER ASSETS	2,483,500	2,294,537	22,374	2,413,748
TOTAL ASSETS	¥ 24,172,657	¥ 23,546,460	\$ 217,772	¥ 24,261,296



As of September 30, 2004 and 2003	Thousands of yen		Thousands of U.S. dollars	Thousands of yen
	2004	2003	2004	As of March 31 2004
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Short-term borrowings	¥ 1,666,606	¥ 1,740,000	\$ 15,014	¥ 1,550,874
Current portion of long-term debt	176,500	238,000	1,590	238,000
Trade payables	6,067,643	5,479,429	54,663	6,178,255
Accrued income taxes	171,780	59,913	1,548	197,648
Accrued expenses and other current liabilities	1,447,521	1,319,176	13,041	1,398,117
TOTAL CURRENT LIABILITIES	9,530,050	8,836,518	85,856	9,562,894
Long-term debt	776,212	989,500	6,993	834,248
Reserve for employees' retirement benefits	2,997,918	2,992,199	27,008	2,993,884
Reserve for officers' retirement benefits	156,657	132,275	1,411	152,855
Deferred income taxes	62,377	61,055	562	64,178
Other long-term liabilities	15,404	43,489	140	29,359
TOTAL LIABILITIES	13,538,618	13,055,036	121,970	13,637,418
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES	95,038	93,757	856	95,680
SHAREHOLDERS' EQUITY:				
Common stock, without par value:				
Authorized - 60,000,000 shares				
Issued - 24,970,000 shares in 2004 and 2003	2,979,675	2,979,675	26,844	2,979,675
Capital surplus	2,595,298	2,595,155	23,381	2,595,278
Retained earnings	5,053,728	4,906,194	45,529	5,037,555
Unrealized gain on other securities, net of taxes	18,601	1,979	168	22,184
Foreign currency translation adjustment	(6,926)	12,791	(63)	(7,897)
Less shares of treasury stock held by the Company	(101,375)	(98,129)	(913)	(98,597)
TOTAL SHAREHOLDERS' EQUITY	10,539,001	10,397,665	94,946	10,528,198
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	¥ 24,172,657	¥ 23,546,460	\$ 217,772	¥ 24,261,296

CONSOLIDATED STATEMENTS OF OPERATIONS

Six months ended September 30, 2004 and 2003	Thousands of yen		Thousands of U.S. dollars	Thousands of yen
	2004	2003	2004	Year ended March 31 2004
SERVICE REVENUES	¥ 18,034,688	¥ 16,553,695	\$ 162,475	¥ 34,069,320
COST OF SERVICES	16,541,122	15,267,642	149,019	31,293,615
GROSS PROFIT	1,493,566	1,286,053	13,456	2,775,705
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	1,080,801	951,580	9,737	1,979,897
OPERATING INCOME	412,765	334,473	3,719	795,808
NON-OPERATING INCOME (EXPENSES):				
Interest and dividend income	3,622	3,597	33	5,926
Interest expense	(8,825)	(12,116)	(80)	(23,983)
Other, net	6,194	16,734	56	27,750
NON-OPERATING INCOME (LOSS), NET	991	8,215	9	9,693
ORDINARY INCOME	413,756	342,688	3,728	805,501
OTHER INCOME (LOSS), NET:				
Gain on sales of investment securities	—	20,058	—	23,494
Loss on sales of golf membership.....	(1,700)	—	(16)	(11,167)
Gain on sales of fixed assets	—	33,224	—	33,225
Loss on relocation of warehouse	(98,971)	—	(892)	—
Loss on devaluation of investment securities	—	(10,966)	—	(7,500)
Additional severance payments for early retirement.....	(5,784)	—	(52)	(27,512)
Other	—	(66,119)	—	(39,997)
OTHER INCOME (LOSS), NET	(106,455)	(23,803)	(960)	(29,457)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	307,301	318,886	2,768	776,044
INCOME TAXES:				
Current	147,234	52,946	1,326	261,819
Deferred	5,066	109,634	46	151,295
INCOME TAXES	152,300	162,580	1,372	413,114
INCOME BEFORE MINORITY INTERESTS	155,001	156,306	1,396	362,930
MINORITY INTERESTS IN NET INCOME OF CONSOLIDATED SUBSIDIARIES	3,045	2,054	27	3,977
NET INCOME	¥ 151,956	¥ 154,252	\$ 1,369	¥ 358,953
RETAINED EARNINGS, BEGINNING OF PERIOD	¥ 5,037,555	¥ 4,874,747	\$ 45,383	¥ 4,874,747
DIVIDENDS	(97,783)	(97,805)	(881)	(171,145)
BONUSES TO DIRECTORS	(38,000)	(25,000)	(342)	(25,000)
RETAINED EARNINGS, END OF PERIOD	¥ 5,053,728	¥ 4,906,194	\$ 45,529	¥ 5,037,555

CONSOLIDATED STATEMENTS OF CASH FLOWS

Six months ended September 30, 2004 and 2003	Thousands of yen		Thousands of U.S. dollars	Thousands of yen
	2004	2003	2004	2004
Year ended March 31				
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income before income taxes and minority interests	¥ 307,301	¥ 318,886	\$ 2,768	¥ 776,044
Depreciation and amortization	358,633	351,799	3,231	725,781
Decrease in reserve for employees' retirement benefits.....	4,035	(19,263)	36	(17,579)
Interest and dividend income	(3,622)	(3,596)	(33)	(5,926)
Interest expense	8,825	8,618	80	23,983
Changes in operating assets and liabilities:				
Trade receivables	532,332	(56,321)	4,796	(847,352)
Trade payables	(78,632)	(275,107)	(708)	444,603
Other, net	(33,068)	(104,367)	(298)	30,925
Cash generated from operations.....	1,095,804	220,649	9,872	1,130,479
Interest and dividends received	3,607	3,551	32	5,956
Interest paid	(9,245)	(8,883)	(83)	(24,233)
Income taxes paid.....	(167,287)	(142,140)	(1,507)	(213,579)
Net cash provided by operating activities	922,879	73,177	8,314	898,623
CASH FLOWS FROM INVESTING ACTIVITIES:				
Acquisition of securities	(49,000)	—	(441)	(134,128)
Proceeds from sales of securities.....	—	58,914	—	116,572
Acquisition of property, plant and equipment	(205,305)	(1,228,717)	(1,850)	(1,395,317)
Acquisition of intangible fixed assets	(132,307)	(117,618)	(1,192)	(276,638)
Proceeds from sales of property, plant and equipment	3,297	278,789	30	282,246
Proceeds from sales of deposits.....	—	260,002	—	260,002
Other, net	(33,533)	(7,924)	(302)	(20,832)
Net cash used in investing activities	(416,848)	(756,554)	(3,755)	(1,168,095)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Increase (decrease) in short-term borrowings	116,000	460,500	1,045	271,374
Proceeds from long-term borrowings	—	—	—	26,747
Repayment of long-term debt	(119,000)	(173,000)	(1,072)	(355,000)
Dividends paid to shareholders	(97,949)	(97,986)	(882)	(171,909)
Other, net	(6,508)	(3,573)	(59)	(3,915)
Net cash provided by financing activities.....	(107,457)	185,941	(968)	(232,703)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS.....	667	1,862	6	(10,853)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	399,241	(495,574)	3,597	(513,028)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,515,122	3,028,150	22,659	3,028,150
CASH AND CASH EQUIVALENTS AT END OF YEAR	¥ 2,914,363	¥ 2,532,576	\$ 26,256	¥ 2,515,122

Note: 1 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying semiannual consolidated financial statements of FUJII LOGISTICS CO., LTD. (the "Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the semiannual consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

In preparing these statements, certain reclassifications and rearrangements have been made to the semiannual consolidated financial statements issued in Japan in order to present these statements in a format that is more familiar to readers outside Japan.

2 U.S. DOLLAR AMOUNTS

The U.S. dollar amounts included in the accompanying consolidated financial statements and the notes thereto represent the arithmetic results of translating yen into U.S. dollars at ¥111 = U.S.\$1.00, the approximate exchange rate prevailing at September 30, 2004. The U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

FUJI LOGISTICS CO., LTD.

Urban Net Mita Bldg., 3-10-1, Mita, Minato-ku, Tokyo 108-0073, Japan

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