

October 31, 2016

## Summary of Consolidated Earnings Report for the Second Quarter of Fiscal Year Ending March 31, 2017 (Japanese GAAP)

Name of listed company: **Nippon Express Co., Ltd.**

Listed stock exchanges: Tokyo

Code: **9062**(URL: <http://www.nipponexpress.com> (English))(URL: <http://www.nittsu.co.jp> (Japanese))

Representative: President, CEO Kenji Watanabe

Scheduled date for release of Quarterly Financial Report: November 14, 2016

Scheduled date of dividend payment: December 2, 2016

Availability of supplementary briefing material on quarterly financial results: Available

(Millions of yen, rounded down)

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

#### (1) Consolidated Business Results (%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Net income attributable to shareholders of Nippon Express	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Six Months Ended Sep. 30, 2016	909,278	(4.6)	24,452	5.8	28,163	1.8	18,292	20.3
Six Months Ended Sep. 30, 2015	953,224	3.7	23,120	14.5	27,657	10.6	15,211	(5.3)

(Note) Comprehensive income:

Six Months Ended Sep. 30, 2016: ¥714 million [(92.6%)]

Six Months Ended Sep. 30, 2015: ¥9,634 million [(35.9%)]

	Basic earnings per share	Diluted earnings per share
Six Months Ended Sep. 30, 2016	¥ 18.36	¥ —
Six Months Ended Sep. 30, 2015	¥ 15.19	¥ —

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of Sep. 30, 2016	1,521,693	524,912	33.4
As of Mar. 31, 2016	1,484,953	538,018	35.2

(Reference) Equity: As of Sep. 30, 2016: ¥508,809 million

As of Mar. 31, 2016: ¥522,260 million

### 2. Dividends Information

	Annual dividend per share				
	First Quarter	Second Quarter	Third Quarter	Year End	Yearly
Fiscal Year Ended Mar. 31, 2016	¥ —	¥ 5.00	¥ —	¥ 6.00	¥ 11.00
Fiscal Year Ending Mar. 31, 2017	—	5.00	—	6.00	11.00
Fiscal Year Ending Mar. 31, 2017 (Forecast)	—	5.00	—	6.00	11.00

(Note) Revision of dividend projection from recently announced figures: No

3. Forecast of Consolidated Financial Results for FY2016 (from April 1, 2016 to March 31, 2017)

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Net income attributable to shareholders of Nippon Express		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	1,844,000	(3.4)	57,000	4.1	63,000	1.0	36,000	1.0	36.60

(Note) Revision of consolidated results forecast from recently announced figures: No

\*Notes

(1) Significant changes of subsidiaries during the period under review (affecting specific subsidiaries due to changes in scope of consolidation): No

(2) Adoption of special accounting treatment for preparing Quarterly Consolidated Financial Statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and corrections of errors

1) Changes in accounting policies due to the revision of accounting standards, etc.: Yes

2) Any changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Corrections of errors: No

(4) Total number of issued shares (common stock)

1) Total number of issued shares at end of period (including treasury stock)	As of Sep. 30, 2016	1,038,000,000 shares	As of Mar. 31, 2016	1,038,000,000 shares
2) Total number of treasury stocks at end of period	As of Sep. 30, 2016	54,360,069 shares	As of Mar. 31, 2016	37,068,877 shares
3) Average number of shares during period	Six months ended Sep. 30, 2016	996,341,630 shares	Six months ended Sep. 30, 2015	1,001,584,388 shares

(Note) The Company, starting from the second quarter of the fiscal year ending March 31, 2017, has introduced the Executive Compensation BIP (Board Incentive Plan) Trust, and the Company's shares owned by the Trust recorded were included in the treasury stock at the end of the period under review. In addition, the Company's shares owned by the Trust were included in the treasury stock to be deducted when calculating the average number of shares during the period under review.

\*Status of execution of the quarterly review of financial statements

Because this Consolidated Earnings Report is not subject to the review of the quarterly financial statements under the Financial Instruments and Exchange Act, the procedures for said review were not completed at the time of disclosing this report.

\*Explanation for the appropriate use of financial forecasts and other special notes

The forward-looking statements and other results forecasts stated herein are based on the information available at the time this report was prepared and on certain assumptions considered to be reasonable. Accordingly, actual business performance may differ significantly from forecasts due to a number of factors. Please refer to "1. Qualitative Information on Quarterly Financial Results, (3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information" on page 4 for the use of preconditions of the financial forecasts and the use of the forecasts.

**Disclaimer:**

**This English translation has been prepared for general reference purposes only.**

**The Company shall not be responsible for any consequence resulting from the use of the English translation in place of the original Japanese text.**

**In any legal matter, readers should refer to and rely upon the original Japanese text released October 31, 2016.**

## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Business Results

During the six months ended September 30, 2016, the Japanese economy still remained uncertain due to sluggish corporate earnings amid a decline in demand from domestic and overseas markets as well as stagnant capital investments, etc. Furthermore, in an overall trend of a stagnating global economy, there were various risk factors including the decelerating growth in China and other emerging economies, and the issue concerning U.K.'s withdrawal from the EU.

Amid these economic conditions, in the field of logistics, domestic freight movements remained sluggish due to factors including bad weather affecting agricultural products and sluggish growth in personal consumption, while international freight was generally weak, due to factors such as a reduced export freight resulting from yen appreciation and global economic slowdown.

In this business environment, during the six months ended September 30, 2016, the Nippon Express Group recorded a year-on-year decrease in revenues across all segments except for Security Transportation, due to factors such as the reactionary decline against the previous year's increase in import and export airfreight resulting from the impact of congestions at ports and harbors on the U.S. west coast, the drop in the unit selling price of oil, and the effect of exchange rates due to yen appreciation. With regard to segment income, although income declined in the Americas, Security Transportation, and Logistics Support segments, income increased in the Japan, Europe, East Asia, South Asia & Oceania, Heavy Haulage & Construction segments due to factors such as the reduction in forwarding costs, vehicle chartering and subcontracting costs, and fuel oil costs, etc., as well as the addition of new consolidated subsidiaries.

As a result, revenues decreased by ¥43.9 billion, or 4.6% year on year, to ¥909.2 billion, while operating income increased by ¥1.3 billion, or 5.8% year on year, to ¥24.4 billion, and ordinary income increased by ¥0.5 billion, or 1.8% year on year, to ¥28.1 billion. Net income attributable to shareholders of Nippon Express increased by ¥3.0 billion, or 20.3% year on year, to ¥18.2 billion.

Reportable segments have been reclassified effective from the first quarter ended June 30, 2016. Details can be found on page 13, "3. Consolidated Financial Statements (4) Notes to Consolidated Financial Statements (Segment Information, etc.)."

### (2) Explanation of Financial Position

Total assets as at the end of the second quarter ended September 30, 2016 amounted to ¥1,521.6 billion, an increase of ¥36.7 billion or 2.5% from the end of the previous fiscal year.

Current assets amounted to ¥718.9 billion, an increase of ¥36.6 billion or 5.4% from the end of the previous fiscal year, while non-current assets totaled ¥802.7 billion, remaining almost unchanged from the end of the previous fiscal year.

The increase in current assets was mainly attributable to the increase in cash and cash in banks, etc.

Current liabilities decreased by ¥20.7 billion or 4.7% from the end of the previous fiscal year to ¥419.6 billion, while non-current liabilities increased by ¥70.5 billion or 13.9% to ¥577.1 billion from the end of the previous fiscal year.

The decrease in current liabilities was mainly attributable to the decrease in accounts payable—trade, etc.

The increase in non-current liabilities was mainly attributable to the increase in bonds payable, etc.

Net assets amounted to ¥524.9 billion at the end of the second quarter ended September 30, 2016, a decrease of ¥13.1 billion or 2.4% from the end of the previous fiscal year. This was mainly attributable to the decrease in foreign currency translation adjustments and increase in treasury stock.

(Consolidated cash flows)

Net cash provided by operating activities amounted to ¥45.9 billion in proceeds, a year-on-year increase of ¥34.1 billion. This was mainly due to the increase in income before income taxes and non-controlling interests and decrease in payment for change in accounts payable.

Net cash used in investing activities totaled ¥33.5 billion in expenditures, a year-on-year increase of ¥15.3 billion. This was mainly due to the increase in payment for purchase of property and equipment.

Net cash provided by financing activities amounted to ¥50.1 billion in proceeds, a year-on-year increase of ¥67.8 billion. This was mainly due to the increase in proceeds from issuance of bonds.

As a result, cash and cash equivalents as at the end of the second quarter ended September 30, 2016 increased by ¥55.4 billion from the end of the previous fiscal year, to ¥201.4 billion.

### (3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information

At present, there are no changes to the forecasts of financial results for the fiscal year ending March 31, 2017 announced on July 29, 2016.

The Company will continue to review performance forecasts going forward, and will make a prompt disclosure in the event that any revisions need to be made regarding the financial results forecasts.

## 2. Matters Related to Summary Information (Notes)

### (1) Significant Changes of Subsidiaries during the Period under Review

Not applicable.

### (2) Adoption of Special Accounting Treatment for Preparing Quarterly Consolidated Financial Statements

#### Calculation of Tax Expenses

Tax expenses are calculated by reasonably estimating the effective tax rate following application of tax effect accounting to income before income taxes for the consolidated fiscal year, which includes the second quarter ended September 30, 2016, and multiplying income before income taxes by said estimated effective tax rate.

### (3) Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Errors

#### (Changes in Accounting Policies)

In accordance with the revision of the Corporation Tax Act, the Company has applied the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (PITF No.32, June 17, 2016) since the first quarter ended June 30, 2016. Accordingly, the depreciation method for facilities attached to buildings and structures that were acquired on or after April 1, 2016 has been changed from the declining-balance method to the straight-line method. The effect of this change on operating income, ordinary income and income before income taxes and non-controlling interests of the six months ended September 30, 2016 is immaterial.

### (4) Supplementary Information

#### (Loss on disaster)

Expenses and losses (including the amounts recorded as provisions) for restoration, etc. of facilities damaged by the Kumamoto Earthquake, which occurred in April 2016, are recognized as “loss on disaster.” Its major breakdown is as follows.

Restoration expense for non-current assets	¥808 million
Loss on destruction of non-current assets	¥19 million
Other	¥26 million

Provisions recorded with an amount of ¥787 million are included in “other provisions” under current liabilities.

#### (Performance-based Stock Compensation Plan)

##### 1) Outline of the Plan

The Company, with the purpose of enhancing the motivation to contribute to improved business performance and increased corporate value over the medium to long term, revised the current executive compensation system and introduced a performance-based stock compensation plan (hereinafter, the “Plan”) for its Directors and Executive Officers (excluding Outside Directors, Part-time Directors and those who do not reside in Japan; hereinafter collectively, the “Directors”), starting from September, 2016.

The Plan is a stock compensation system that is linked to the medium to long term performance of the Company using the Executive Compensation BIP (Board Incentive Plan) Trust (hereinafter, the “BIP Trust”). The BIP Trust is a trust-type incentive plan. In this plan, the delivery, etc. of the Company’s shares to the Directors will be conducted according to the business performance, etc.

##### 2) The Company’s Shares Remaining in the BIP Trust

The Company’s shares remaining in the BIP Trust were recorded as shares of treasury stock in net assets based on the book value in the BIP Trust (excluding ancillary expenses). The book value and the number of shares of the said treasury stock as at the end of the six months ended September 30, 2016 were ¥383 million and 771,000 shares, respectively.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Unit: Millions of yen)

	FY2015 (as of March 31, 2016)	Second Quarter of FY2016 (as of September 30, 2016)
<b>ASSETS</b>		
Current assets:		
Cash and cash in banks	189,323	244,556
Notes receivable—trade	22,280	22,937
Accounts receivable—trade	296,592	275,887
Inventories	6,368	6,317
Other	168,934	170,543
Less: allowance for doubtful accounts	(1,182)	(1,274)
<b>Total current assets</b>	<b>682,316</b>	<b>718,968</b>
Non-current assets:		
Property and equipment		
Vehicles, net	25,290	24,725
Buildings, net	227,687	226,745
Land	177,438	178,630
Other, net	71,905	81,315
<b>Total property and equipment</b>	<b>502,321</b>	<b>511,416</b>
Intangible assets		
Goodwill	47,411	48,642
Other	80,762	78,285
<b>Total intangible assets</b>	<b>128,173</b>	<b>126,928</b>
Investments and other assets		
Investment securities	112,130	106,637
Other	60,911	58,569
Less: allowance for doubtful accounts	(899)	(827)
<b>Total investments and other assets</b>	<b>172,142</b>	<b>164,380</b>
<b>Total non-current assets</b>	<b>802,637</b>	<b>802,724</b>
<b>Total assets</b>	<b>1,484,953</b>	<b>1,521,693</b>
<b>LIABILITIES</b>		
Current liabilities:		
Notes payable—trade	7,506	5,290
Accounts payable—trade	151,057	137,092
Short-term loans payable	62,291	55,121
Income taxes payable	13,891	13,276
Provision for bonuses	21,529	22,130
Other provisions	143	820
Other	183,947	185,889
<b>Total current liabilities</b>	<b>440,366</b>	<b>419,621</b>
Non-current liabilities:		
Bonds payable	65,000	145,000
Long-term loans payable	240,955	236,146
Other provisions	2,439	2,119
Net retirement benefit liability	160,168	157,199
Other	38,005	36,693
<b>Total non-current liabilities</b>	<b>506,568</b>	<b>577,159</b>
<b>Total liabilities</b>	<b>946,935</b>	<b>996,780</b>

(Unit: Millions of yen)

	FY2015 (as of March 31, 2016)	Second Quarter of FY2016 (as of September 30, 2016)
<b>NET ASSETS</b>		
Shareholders' equity:		
Common stock	70,175	70,175
Additional paid-in capital	25,306	25,346
Retained earnings	445,495	457,839
Less: treasury stock	(19,818)	(28,333)
Total shareholders' equity	521,158	525,028
Accumulated other comprehensive income:		
Valuation differences on available-for-sale securities	47,118	44,327
Deferred gains (losses) on hedges	(214)	(376)
Foreign currency translation adjustments	8,085	(10,963)
Remeasurements of retirement benefit plans	(53,888)	(49,207)
Total accumulated other comprehensive income	1,101	(16,219)
Non-controlling interests	15,758	16,102
Total net assets	538,018	524,912
Total liabilities and net assets	1,484,953	1,521,693

## (2) Consolidated Statements of Income and Comprehensive Income

## Consolidated Statements of Income

(Unit: Millions of yen)

	Six months ended Sep. 30, 2015 (from April 1, 2015 to September 30, 2015)	Six months ended Sep. 30, 2016 (from April 1, 2016 to September 30, 2016)
Revenues	953,224	909,278
Operating costs	882,495	831,745
Gross profit	70,728	77,532
Selling, general and administrative expenses	47,607	53,080
Operating income	23,120	24,452
Non-operating income:		
Interest income	325	216
Dividends income	1,777	1,730
Equity in earnings of affiliates	328	1,031
Other	4,509	3,809
Total non-operating income	6,941	6,789
Non-operating expenses:		
Interest expenses	1,447	1,729
Other	957	1,349
Total non-operating expenses	2,405	3,078
Ordinary income	27,657	28,163
Extraordinary income:		
Gain on sales of non-current assets	1,525	2,869
Gain on sales of investment securities	14	65
Gain on step acquisitions	—	2,291
Other	3	36
Total extraordinary income	1,544	5,262
Extraordinary loss:		
Loss on disposal of non-current assets	4,550	1,038
Loss on disaster	—	854
Loss on transition of retirement benefit plans	—	679
Other	473	655
Total extraordinary loss	5,023	3,227
Income before income taxes and non-controlling interests	24,177	30,198
Income taxes	8,430	11,709
Net income	15,746	18,489
Net income attributable to non-controlling interests	535	196
Net income attributable to shareholders of Nippon Express	15,211	18,292



Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	Six months ended Sep. 30, 2015 (from April 1, 2015 to September 30, 2015)	Six months ended Sep. 30, 2016 (from April 1, 2016 to September 30, 2016)
Net income	15,746	18,489
Other comprehensive income:		
Valuation differences on available-for-sale securities	(8,000)	(2,790)
Deferred gains (losses) on hedges	5	(162)
Foreign currency translation adjustments	(691)	(19,296)
Remeasurements of retirement benefit plans	2,556	4,819
Share of other comprehensive income of affiliates accounted for using the equity method	18	(344)
Total other comprehensive income	(6,111)	(17,774)
Comprehensive income	9,634	714
(Comprehensive income attributable to)		
Shareholders of Nippon Express	9,206	971
Non-controlling interests	428	(256)

## (3) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Six months ended Sep. 30, 2015 (from April 1, 2015 to September 30, 2015)	Six months ended Sep. 30, 2016 (from April 1, 2016 to September 30, 2016)
<b>Cash flows from operating activities</b>		
Income before income taxes and non-controlling interests	24,177	30,198
Depreciation and amortization	24,268	25,629
Increase (decrease) in allowance for business structure improvement expenses	(1,050)	–
Interest and dividend income	(2,103)	(1,947)
Interest expense	1,447	1,729
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(328)	(1,031)
Loss (gain) on step acquisitions	–	(2,291)
(Increase) decrease in trade receivables	21,703	13,057
(Increase) decrease in inventories	(360)	13
Increase (decrease) in accounts payable	(25,638)	(10,769)
Other	(15,359)	4,714
<b>Sub-total</b>	<b>26,756</b>	<b>59,302</b>
Interest and dividends received	2,214	1,451
Interest paid	(1,441)	(1,787)
Income taxes paid	(15,723)	(12,983)
<b>Net cash provided by (used in) operating activities</b>	<b>11,805</b>	<b>45,982</b>
<b>Cash flows from investing activities</b>		
Payment for purchase of property and equipment	(20,995)	(36,830)
Proceeds from sales of property and equipment	4,203	3,159
Payment for purchase of investment securities	(2,296)	(5,544)
Proceeds from sales of investment securities	29	5,669
Payment for purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(2,105)
Other	873	2,072
<b>Net cash provided by (used in) investing activities</b>	<b>(18,186)</b>	<b>(33,579)</b>
<b>Cash flows from financing activities</b>		
Change in short-term loans payable	1,809	(864)
Proceeds from long-term loans payable	28,448	12,286
Payment of long-term loans payable	(40,768)	(25,348)
Proceeds from issuance of bonds	–	80,000
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,568)	–
Cash dividends	(5,007)	(6,005)
Payment for purchase of treasury stock	(14)	(8,514)
Other	(606)	(1,380)
<b>Net cash provided by (used in) financing activities</b>	<b>(17,707)</b>	<b>50,172</b>
Effect of exchange rate changes on cash and cash equivalents	(456)	(7,907)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(24,544)</b>	<b>54,667</b>
Cash and cash equivalents at beginning of year	148,942	146,007
Increase (decrease) in cash and cash equivalents due to change in scope of consolidation	–	740
<b>Cash and cash equivalents at end of period</b>	<b>124,398</b>	<b>201,415</b>

(4) Notes to Consolidated Financial Statements  
 (Notes Regarding Going Concern Assumption)  
 Not applicable.

(Notes in Cases Where There are Significant Changes in Amount of Shareholders' Equity)  
 Not applicable.

(Segment Information, etc.)

[Segment Information]

1. Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)

Revenues and income (loss) by reportable segment

(Unit: Millions of yen)

	Logistics				
	Japan	The Americas	Europe	East Asia	South Asia & Oceania
Revenues					
Revenues from external customers	566,255	40,593	38,361	52,227	34,154
Intersegment	6,918	7,702	2,677	5,239	2,640
Total	573,174	48,295	41,039	57,467	36,795
Segment income	14,321	2,732	699	581	861

	Security Transportation	Heavy Haulage & Construction	Logistics Support	Total	Adjustment (Note 1)	Amount recorded in quarterly consolidated statement of income (Note 2)
Revenues						
Revenues from external customers	27,192	27,264	167,174	953,224	–	953,224
Intersegment	16	253	40,074	65,523	(65,523)	–
Total	27,208	27,517	207,249	1,018,747	(65,523)	953,224
Segment income	733	1,623	4,039	25,592	(2,471)	23,120

(Notes) 1. The segment income adjustment of ¥(2,471) million includes ¥(41) million for the elimination of intersegment income, and ¥(2,478) million of corporate expenses not allocated to each reportable segment. The most significant portion of corporate expenses relates to corporate image advertising and the Company's administration of group companies.

2. Segment income has been reconciled with operating income in the quarterly consolidated statement of income.

2. Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)  
Revenues and income (loss) by reportable segment

(Unit: Millions of yen)

	Logistics				
	Japan	The Americas	Europe	East Asia	South Asia & Oceania
Revenues					
Revenues from external customers	560,009	35,692	36,664	43,524	31,133
Intersegment	6,282	6,226	2,458	4,124	3,004
Total	566,292	41,919	39,123	47,648	34,138
Segment income	16,487	2,430	855	597	1,118

	Security Transportation	Heavy Haulage & Construction	Logistics Support	Total	Adjustment (Note 1)	Amount recorded in quarterly consolidated statement of income (Note 2)
Revenues						
Revenues from external customers	27,403	21,885	152,964	909,278	–	909,278
Intersegment	25	367	39,067	61,557	(61,557)	–
Total	27,428	22,253	192,032	970,836	(61,557)	909,278
Segment income	447	1,774	3,370	27,081	(2,628)	24,452

(Notes) 1. The segment income adjustment of ¥(2,628) million includes ¥229 million for the elimination of intersegment income, and ¥(2,862) million of corporate expenses not allocated to each reportable segment. The most significant portion of corporate expenses relates to corporate image advertising and the Company's administration of group companies.

2. Segment income has been reconciled with operating income in the quarterly consolidated statement of income.

3. Matters related to changes in reportable segments, etc.

The Company implemented a large-scale organizational reform in the previous fiscal year with the aim of “shifting to a one-stop structure that can leverage the Group’s comprehensive capabilities in land, marine and air transport” in order to address management challenges such as the enhancement of customer-oriented sales, selection and concentration of management resources, and increase in efficiency.

Furthermore, from the fiscal year ending March 31, 2017, the Group has started its new management plan “Nippon Express Group Corporate Strategy 2018 – New Sekai-Nittsu –.” One of the key strategies of the plan is Area Strategy, which positions “Japan” as one global focal point, where the Company aims for both growth potential and profitability, and “Overseas” as the area that will drive the Group’s growth in the future.

The Group has therefore revised its reportable segments for disclosure from the three months ended June 30, 2016, changing the name of the former “Distribution & Transportation Business” to the “Logistics Business,” and reclassifying the former “Combined Business,” “Air Freight Forwarding,” “Marine & Harbor Transportation” segments and part of “Other Business” segment under the “Japan” segment.

Furthermore, “Security Transportation” and “Heavy Haulage & Construction,” which are specialized businesses, were made independent of the “Distribution & Transportation Business,” and the former “Goods Sales” and “Other Business” were integrated into the “Logistics Support Business.”

As a result, the main products and services and main business of each reportable segment are as follows.

Reportable Segments	Main products and services	Main business
Japan (Logistics)	Railway utilization transportation, chartered truck services, combined delivery services, air freight forwarding, travel, marine & harbor transportation, moving & relocation, warehousing & distribution processing, in-factory work, information asset management, real estate rental, fine arts transportation, security transportation, heavy haulage & construction	Railway forwarding, motor cargo transportation, air freight forwarding, travel, marine transportation, harbor transportation, warehousing, in-factory work, information asset management, real estate
The Americas (Logistics)	Air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, chartered truck services, travel	Air freight forwarding, harbor transportation, warehousing, motor cargo transportation, travel
Europe (Logistics)	Air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, chartered truck services, travel	Air freight forwarding, harbor transportation, warehousing, motor cargo transportation, travel
East Asia (Logistics)	Air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, chartered truck services	Air freight forwarding, harbor transportation, warehousing, motor cargo transportation
South Asia & Oceania (Logistics)	Air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, chartered truck services, heavy haulage & construction, travel	Air freight forwarding, harbor transportation, warehousing, motor cargo transportation, heavy haulage and construction, travel

Reportable Segments	Main products and services	Main business
Security Transportation	Security transportation	Security guard, motor cargo transportation
Heavy Haulage & Construction	Heavy haulage & construction	Heavy haulage and construction
Logistics Support	Lease, sale of petroleum, etc., sale of others, real estate, finance, others	Sale of distribution equipment, wrapping and packaging materials, vehicles, petroleum, liquefied petroleum (LP) gas, etc., lease, vehicle maintenance, insurance agency, mediation, planning, designing and management of real estate, investigation and research, logistics finance, automobile driving instruction, employee dispatching

Segment information for the six months ended September 30, 2015, has been prepared according to the reclassified segments.

#### 4. Reference Materials

##### (1) Financial Results of Reportable Segment

(Unit: Millions of yen, %)

		Six months ended Sep. 30, 2016		Six months ended Sep. 30, 2015		Change	
						Amount	Ratio
Revenues	Reportable Segment	Logistics	Japan	566,292	573,174	(6,882)	(1.2)
			The Americas	41,919	48,295	(6,376)	(13.2)
			Europe	39,123	41,039	(1,916)	(4.7)
			East Asia	47,648	57,467	(9,818)	(17.1)
			South Asia & Oceania	34,138	36,795	(2,656)	(7.2)
		Sub-total	729,121	756,771	(27,650)	(3.7)	
		Security Transportation	27,428	27,208	220	0.8	
		Heavy Haulage & Construction	22,253	27,517	(5,264)	(19.1)	
		Logistics Support	192,032	207,249	(15,216)	(7.3)	
		Sub-total	970,836	1,018,747	(47,910)	(4.7)	
	Adjustment	(61,557)	(65,523)	3,965	—		
Total	909,278	953,224	(43,945)	(4.6)			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[2.9] 16,487	[2.5] 14,321	2,166	15.1
			The Americas	[5.8] 2,430	[5.7] 2,732	(301)	(11.0)
			Europe	[2.2] 855	[1.7] 699	155	22.3
			East Asia	[1.3] 597	[1.0] 581	16	2.8
			South Asia & Oceania	[3.3] 1,118	[2.3] 861	256	29.8
		Sub-total	[2.9] 21,489	[2.5] 19,196	2,293	11.9	
		Security Transportation	[1.6] 447	[2.7] 733	(286)	(39.0)	
		Heavy Haulage & Construction	[8.0] 1,774	[5.9] 1,623	150	9.3	
		Logistics Support	[1.8] 3,370	[1.9] 4,039	(668)	(16.6)	
		Sub-total	[2.8] 27,081	[2.5] 25,592	1,488	5.8	
	Adjustment	(2,628)	(2,471)	(156)	—		
Total	[2.7] 24,452	[2.4] 23,120	1,331	5.8			

(Notes)1. The Company has changed its reportable segments effective from the first quarter ended June 30, 2016. The figures for the previous fiscal year have been reclassified accordingly to make comparisons.

2. Figures in brackets indicate Operating Margins.

## (2) Summary of Non-consolidated Statements of Income

(Unit: Millions of yen, %)

		Six months ended Sep. 30, 2016		Six months ended Sep. 30, 2015		Change			
			% in Sales		% in Sales	Amount	Ratio		
Revenues	Railway utilization transportation		39,772	7.8	40,724	7.7	(952)	(2.3)	
	Motor transportation	Combined delivery services	39,224	7.7	39,882	7.5	(657)	(1.6)	
		Chartered truck services	132,058	25.8	134,530	25.5	(2,471)	(1.8)	
		Sub-total	171,283	33.5	174,412	33.0	(3,129)	(1.8)	
	Marine and harbor transportation	Marine transportation		34,905	6.8	38,393	7.3	(3,488)	(9.1)
		Harbor transportation		25,805	5.1	27,075	5.1	(1,270)	(4.7)
		Sub-total		60,710	11.9	65,468	12.4	(4,758)	(7.3)
		(Exports)		[ 28,943 ]	—	[ 32,407 ]	—	[ (3,463) ]	[ (10.7) ]
		(Imports)		[ 18,547 ]	—	[ 19,869 ]	—	[ (1,322) ]	[ (6.7) ]
	(Domestic)		[ 13,219 ]	—	[ 13,192 ]	—	[ 27 ]	[ 0.2 ]	
	Warehousing		56,081	11.0	58,251	11.0	(2,170)	(3.7)	
	Air transportation	International air freight		45,772	9.0	47,590	9.0	(1,818)	(3.8)
		(Exports)		[ 34,077 ]	—	[ 36,043 ]	—	[ (1,966) ]	[ (5.5) ]
		(Imports)		[ 11,694 ]	—	[ 11,546 ]	—	[ 147 ]	[ 1.3 ]
		Domestic air freight		19,382	3.8	19,363	3.7	19	0.1
		Sub-total		65,155	12.8	66,954	12.7	(1,799)	(2.7)
	Heavy haulage & construction		27,571	5.4	32,681	6.2	(5,109)	(15.6)	
Incidental operations and others		90,006	17.6	90,139	17.0	(132)	(0.1)		
Total		510,581	100.0	528,633	100.0	(18,051)	(3.4)		
(Domestic operation-related revenues)		[ 403,507 ]	79.0	[ 410,035 ]	77.6	[ (6,527) ]	[ (1.6) ]		
(Overseas-related revenues)		[ 107,074 ]	21.0	[ 118,598 ]	22.4	[ (11,524) ]	[ (9.7) ]		
Operating expenses	Employment costs	Drivers/workers	60,111	11.8	60,046	11.4	65	0.1	
		Office personnel	68,297	13.4	67,935	12.8	361	0.5	
		Sub-total	128,409	25.2	127,981	24.2	427	0.3	
	Forwarding costs	Railway	20,455	4.0	21,066	4.0	(610)	(2.9)	
		Marine	11,617	2.3	13,955	2.6	(2,338)	(16.8)	
		Air	16,413	3.2	20,164	3.8	(3,751)	(18.6)	
		Sub-total	48,487	9.5	55,187	10.4	(6,700)	(12.1)	
	Vehicle chartering and subcontracting costs		213,045	41.7	222,068	42.0	(9,023)	(4.1)	
	Depreciation and amortization		13,830	2.7	14,434	2.7	(604)	(4.2)	
	Facility usage charges		35,663	7.0	36,212	6.9	(548)	(1.5)	
Other		58,187	11.4	60,263	11.4	(2,075)	(3.4)		
Total		497,623	97.5	516,147	97.6	(18,524)	(3.6)		
Operating income		12,958	2.5	12,486	2.4	472	3.8		
Non-operating income		5,382	1.1	4,694	0.9	688	14.7		
Non-operating expenses		2,329	0.5	1,810	0.4	518	28.7		
Ordinary income		16,011	3.1	15,369	2.9	641	4.2		
Extraordinary income		6,093	1.2	1,146	0.2	4,947	431.7		
Extraordinary loss		1,979	0.4	4,586	0.8	(2,606)	(56.8)		
Income before income taxes		20,125	3.9	11,929	2.3	8,195	68.7		
Income taxes		7,045	1.3	3,912	0.8	3,132	80.0		
Net income		13,080	2.6	8,016	1.5	5,063	63.2		