

October 31, 2017

Summary of Consolidated Earnings Report for the Second Quarter of FY2017 (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 and CEO Mitsuru Saito

Scheduled date for release of Quarterly Financial Report: November 14, 2017

Scheduled date of dividend payment: December 4, 2017

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, 2017 (from April 1, 2017 to September 30, 2017)

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

	Revenues		Operating income		Ordinary income		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Six Months Ended Sep. 30, 2017	956,131	5.2	32,232	31.8	34,482	22.4	21,570	17.9
Six Months Ended Jun. 30, 2016	909,278	(4.6)	24,452	5.8	28,163	1.8	18,292	20.3

(Note) Comprehensive income:

Six Months Ended Sep. 30, 2017: ¥29,367 million [- %]

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

	Basic earnings per share	Diluted earnings per share
	¥	¥
Six Months Ended Sep. 30, 2017	224.66	—
Six Months Ended Sep. 30, 2016	183.60	—

*The Company consolidated 10 shares of its common stock into 1 share, effective October 1, 2017. Accordingly, basic earnings per share were calculated assuming that the said share consolidation was implemented at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of Sep. 30, 2017	1,535,220	576,360	36.4
As of Mar. 31, 2017	1,521,800	552,985	35.2

(Reference) Equity: As of Sep. 30, 2017: ¥559,557 million

As of Mar. 31, 2017: ¥536,378 million

2. Dividends Information

	Annual dividend per share				
	First Quarter	Second Quarter	Third Quarter	Year End	Yearly
	¥	¥	¥	¥	¥
Fiscal Year Ended Mar. 31, 2017	—	5.00	—	6.00	11.00
Fiscal Year Ending Mar. 31, 2018	—	6.00			
Fiscal Year Ending Mar. 31, 2018 (Forecast)			—	60.00	—

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

*The Company consolidated 10 shares of its common stock into 1 share, effective October 1, 2017. Accordingly, the year-end dividends forecast for the fiscal year ending Mar. 31, 2018 represents the amount reflecting the impact of this share consolidation, and the yearly dividends forecast has been left blank ("—"). For details, please refer to "Explanation for the appropriate use of financial forecasts and other special notes."

3. Forecast of Consolidated Financial Results for FY2017 (from April 1, 2017 to March 31, 2018)

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	1,940,000	4.1	69,000	20.1	72,000	12.8	43,000	18.0	447.85

(Note) Revision of consolidated results forecast from recently announced figures: Yes

* Earnings per share in the Forecast of Consolidated Financial Results (Full Year) for FY2017 reflects the impact of the share consolidation. For details, please refer to "Explanation for the appropriate use of financial forecasts and other special notes."

*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.: No

2) Any changes in accounting policies other than 1) above: Yes

3) Changes in accounting estimates: Yes

4) Corrections of errors: No

(Note) Please refer to "2. Consolidated Financial Statements and Significant Notes, (4) Notes to Consolidated Financial Statements (Changes in Accounting Policies, Changes in Accounting Estimates and Correction of Errors)" on page 10 for details.

(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, 2017	99,800,000 shares	As of Mar. 31, 2017	99,800,000 shares
2) Total number of treasury stocks at end of period	As of Sep. 30, 2017	3,784,936 shares	As of Mar. 31, 2017	3,786,986 shares
3) Average number of shares during period	Six months ended Sep. 30, 2017	96,015,045 shares	Six months ended Sep. 30, 2016	99,634,163 shares

(Note) 1. The Company consolidated 10 shares of its common stock into 1 share, effective October 1, 2017. Accordingly, "Total number of issued shares at end of period (including treasury stock)," "Total number of treasury stocks at end of period" and "Average number of shares during period" were calculated assuming that the said share consolidation was implemented at the beginning of the previous consolidated fiscal year.

2. The Company 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.

Number of shares owned by the Executive Compensation BIP Trust:

As of Sep. 30, 2017: 73,253 shares As of Mar. 31, 2017: 77,100 shares

(These figures are included in "Total number of treasury stocks at end of period" above.)

*This Consolidated Earnings Report is outside the scope of quarterly review.

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

The consolidated financial results forecast released on July 31, 2017 has been revised in this report.

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 3 for the use of preconditions of the financial forecasts and the use of the forecasts.

Forecast of dividends and consolidated financial results after the consolidation of shares

The Company consolidated 10 shares of its common stock into 1 share, effective from October 1, 2017 based on the resolution at the 111th Ordinary General Meeting of Shareholders held on June 29, 2017. In addition, the Company changed the number of shares constituting one share unit from 1,000 shares to 100 shares as of the same date. The forecast of dividends and consolidated financial results for FY2017 not reflecting the consolidation of shares are as follows.

1. Dividends forecast for FY2017: Year-end dividend per share: ¥6.00

2. Forecast of consolidated financial results for FY2017: Earnings per share: ¥44.78

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, 2017.

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Business Results

During the six months ended September 30, 2017, the Japanese economy remained in a moderate recovery trend, with signs of a pickup in corporate production activities and capital investments, etc. amid a modest recovery in the global economy.

Under these economic conditions, in the field of logistics, although domestic freight movements continued to lack vigor, domestic freight saw an increase in transportation demand, including for automotive parts and steel, while international freight was generally strong due to factors such as the continued steady airfreight of electronic components, etc. mainly to Asia.

In this business environment, during the six months ended September 30, 2017, the Nippon Express Group recorded a year-on-year increase in revenues across all segments, due to factors such as robust export airfreight transactions and a rise in the unit selling price of oil. Segment income increased for all segments, coupled with positive effects on income resulting from the change in depreciation method.

As a result, revenues increased by ¥46.8 billion, or 5.2% year on year, to ¥956.1 billion, operating income increased by ¥7.7 billion, or 31.8% year on year, to ¥32.2 billion, ordinary income increased by ¥6.3 billion, or 22.4% year on year, to ¥34.4 billion, and profit attributable to owners of parent increased by ¥3.2 billion, or 17.9% year on year, to ¥21.5 billion. The depreciation method for property and equipment at the Company and some domestic consolidated subsidiaries have been changed from the declining-balance method to the straight-line method starting from the first quarter ended June 30, 2017, in order to allocate costs to better reflect actual use of assets. In addition, the useful lives for some vehicles have been changed.

For details, please refer to “2. Consolidated Financial Statements and Significant Notes, (4) Notes to Consolidated Financial Statements (Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Errors).”

In addition, the Company marked the 80th anniversary of its founding on October 1, 2017. As a project to commemorate our 80th anniversary, we aim to further increase corporate value through social contribution activities, the formulation of a corporate message, and system development projects related to safety and quality.

(2) Explanation of Financial Position

1) Assets, Liabilities and Net Assets

Total assets as at the end of the second quarter ended September 30, 2017 amounted to ¥1,535.2 billion, an increase of ¥13.4 billion or 0.9% from the end of the previous fiscal year.

Current assets amounted to ¥686.2 billion, a decrease of ¥19.7 billion or 2.8% from the end of the previous fiscal year, while non-current assets totaled ¥848.9 billion, an increase of ¥33.1 billion or 4.1% from the end of the previous fiscal year.

The decrease in current assets was mainly attributable to the decrease in cash and cash in banks.

The increase in non-current assets was mainly attributable to the increases in buildings and investment securities, etc.

Current liabilities increased by ¥11.1 billion or 2.5% from the end of the previous fiscal year to ¥449.6 billion, and non-current liabilities decreased by ¥21.1 billion or 4.0% to ¥509.2 billion from the end of the previous fiscal year.

The increase in current liabilities was mainly attributable to the increase in short-term loans payable, etc.

The decrease in non-current liabilities was mainly attributable to the decrease in long-term loans payable, etc.

Net assets amounted to ¥576.3 billion at the end of the second quarter ended September 30, 2017, an increase of ¥23.3 billion or 4.2% from the end of the previous fiscal year.

The increase in net assets was mainly attributable to the increases in retained earnings and valuation differences on available-for-sale securities.

2) Cash Flows

Cash and cash equivalents as at the end of the second quarter ended September 30, 2017 decreased by ¥41.5 billion from the end of the previous fiscal year, to ¥121.8 billion.

Net cash provided by operating activities amounted to ¥45.9 billion in proceeds, the same level as the second quarter ended September 30, 2016.

Net cash used in investing activities totaled ¥65.7 billion in expenditures, a year-on-year increase of ¥32.2 billion. This

was mainly due to the increase in payment for purchase of property and equipment.

Net cash used in financing activities amounted to ¥21.3 billion in expenditures, a year-on-year increase of ¥71.5 billion.

This was mainly due to the decrease in proceeds from issuance of bonds.

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

The consolidated financial results forecast for FY2017 announced on July 31, 2017 have been revised as follows in light of recent performance trends.

For details, please refer to “3. Reference Materials (1) Consolidated Reference Materials, Forecast of Financial Results for FY2017 (Full Year).”

1) Revisions to Financial Results Forecast

Revisions to Forecast of Consolidated Financial Results for FY2017 (Full year)

(From April 1, 2017 to March 31, 2018)

	Revenues	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share
	¥ million	¥ million	¥ million	¥ million	¥
Previously announced forecast (A) (Announced on July 31, 2017)	1,940,000	67,000	70,000	42,000	437.43
Current revised forecast (B)	1,940,000	69,000	72,000	43,000	447.85
Amount of increase/decrease (B) - (A)	—	2,000	2,000	1,000	
Percentage of increase/decrease (%)	—	3.0	2.9	2.4	
(Reference) Actual results for the previous fiscal year (the fiscal year ended March 31, 2017)	1,864,301	57,431	63,806	36,454	371.32

* The Forecast of Non-consolidated Financial Results for FY2017 (Full year) is unchanged from the previously announced forecast.

* The Company consolidated 10 shares of its common stock into 1 share, effective October 1, 2017. Earnings per share is calculated assuming that the said stock consolidation was implemented at the beginning of the previous fiscal year.

2) Reasons for Revision of Financial Results Forecasts

Financial results forecast figures have been revised because consolidated operating income, ordinary income and profit attributable to owners of parent are expected to exceed the previously announced forecasts due to robust transportation demand in overseas segments centered on air freight forwarding, despite continued weak movements of domestic freight, although revenues are expected to remain unchanged from the previously announced forecast.

*Note Regarding Financial Results Forecasts

The results forecasts and other forward-looking statements stated herein were prepared according to judgments made by the Company based on information currently available, and contain elements of risk and uncertainty. Actual business performance may differ from forecasts.

3. Consolidated Financial Statements and Significant Notes

(1) Consolidated Balance Sheets

(Unit: Millions of yen)

	FY2016 (as of March 31, 2017)	Second Quarter of FY2017 (as of September 30, 2017)
ASSETS		
Current assets:		
Cash and cash in banks	212,683	184,408
Notes receivable—trade	23,162	24,767
Accounts receivable—trade	298,594	295,547
Inventories	6,128	7,715
Other	166,543	174,917
Less: allowance for doubtful accounts	(1,117)	(1,090)
Total current assets	705,994	686,265
Non-current assets:		
Property and equipment		
Vehicles, net	26,816	29,984
Buildings, net	245,275	256,925
Land	178,991	187,341
Other, net	67,039	72,534
Net property and equipment	518,123	546,785
Intangible assets		
Goodwill	43,047	41,537
Other	76,407	75,027
Total intangible assets	119,455	116,564
Investments and other assets		
Investment securities	125,896	136,257
Other	53,400	50,472
Less: allowance for doubtful accounts	(1,070)	(1,126)
Total investments and other assets	178,226	185,603
Total non-current assets	815,805	848,954
Total assets	1,521,800	1,535,220
LIABILITIES		
Current liabilities:		
Notes payable—trade	5,833	6,490
Accounts payable—trade	156,864	151,043
Short-term loans payable	60,606	64,746
Income taxes payable	16,517	12,805
Provision for bonuses	21,299	21,948
Other provisions	178	382
Other	177,168	192,199
Total current liabilities	438,468	449,616
Non-current liabilities:		
Bonds payable	125,000	125,000
Long-term loans payable	209,724	190,801
Other provisions	2,164	1,569
Net retirement benefit liability	157,371	155,901
Other	36,087	35,971
Total non-current liabilities	530,346	509,243
Total liabilities	968,815	958,859

(Unit: Millions of yen)

	FY2016 (as of March 31, 2017)	Second Quarter of FY2017 (as of September 30, 2017)
NET ASSETS		
Shareholders' equity:		
Common stock	70,175	70,175
Additional paid-in capital	24,707	24,707
Retained earnings	449,713	465,518
Less: treasury stock	(20,145)	(20,139)
Total shareholders' equity	524,450	540,262
Accumulated other comprehensive income:		
Valuation differences on available-for-sale securities	56,945	62,880
Deferred gains (losses) on hedges	6	(8)
Foreign currency translation adjustments	992	(45)
Remeasurements of retirement benefit plans	(46,015)	(43,530)
Total accumulated other comprehensive income	11,928	19,295
Non-controlling interests	16,606	16,802
Total net assets	552,985	576,360
Total liabilities and net assets	1,521,800	1,535,220

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Unit: Millions of yen)

	Six months ended Sep. 30, 2016 (from April 1, 2016 to September 30, 2016)	Six months ended Sep. 30, 2017 (from April 1, 2017 to September 30, 2017)
Revenues	909,278	956,131
Operating costs	831,745	870,564
Gross profit	77,532	85,567
Selling, general and administrative expenses	53,080	53,334
Operating income	24,452	32,232
Non-operating income:		
Interest income	216	247
Dividends income	1,730	2,086
Equity in earnings of unconsolidated subsidiaries and affiliates	1,031	392
Other	3,809	2,107
Total non-operating income	6,789	4,833
Non-operating expenses:		
Interest expenses	1,729	1,650
Other	1,349	933
Total non-operating expenses	3,078	2,583
Ordinary income	28,163	34,482
Extraordinary income:		
Gain on sales of non-current assets	2,869	2,099
Gain on sales of investment securities	65	64
Gain on step acquisitions	2,291	—
Other	36	56
Total extraordinary income	5,262	2,221
Extraordinary loss:		
Loss on disposal of non-current assets	1,038	2,598
Loss on disaster	854	—
Loss on transition to defined-contribution plans	679	—
Other	655	100
Total extraordinary loss	3,227	2,699
Profit before income taxes	30,198	34,004
Income taxes	11,709	11,949
Profit	18,489	22,055
Profit attributable to non-controlling Interests	196	484
Profit attributable to owners of parent	18,292	21,570

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	Six months ended Sep. 30, 2016 (from April 1, 2016 to September 30, 2016)	Six months ended Sep. 30, 2017 (from April 1, 2017 to September 30, 2017)
Profit	18,489	22,055
Other comprehensive income:		
Valuation differences on available-for-sale securities	(2,790)	5,933
Deferred gains (losses) on hedges	(162)	(14)
Foreign currency translation adjustments	(19,296)	(1,059)
Remeasurements of retirement benefit plans	4,819	2,474
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	(344)	(22)
Other comprehensive income	(17,774)	7,311
Comprehensive income	714	29,367
(Comprehensive income (loss) attributable to)		
Owners of parent	971	28,937
Non-controlling interests	(256)	429

(3) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Six months ended Sep. 30, 2016 (from April 1, 2016 to September 30, 2016)	Six months ended Sep. 30, 2017 (from April 1, 2017 to September 30, 2017)
Cash flows from operating activities		
Income before income taxes and non-controlling interests	30,198	34,004
Depreciation and amortization	25,629	23,500
Interest and dividend income	(1,947)	(2,334)
Interest expenses	1,729	1,650
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(1,031)	(392)
(Gain) loss on step acquisitions	(2,291)	—
(Increase) decrease in trade receivables	13,057	2,457
(Increase) decrease in inventories	13	(1,591)
Increase (decrease) in accounts payable	(10,769)	(5,441)
Other	4,714	9,710
Sub-total	59,302	61,563
Interest and dividends received	1,451	2,471
Interest paid	(1,787)	(1,727)
Income taxes paid	(12,983)	(16,342)
Net cash provided by operating activities	45,982	45,965
Cash flows from investing activities		
Payment for purchase of property and equipment	(36,830)	(62,300)
Proceeds from sales of property and equipment	3,159	985
Payment for purchase of investment securities	(5,544)	(1,576)
Proceeds from sales of investment securities	5,669	117
Payment for purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,105)	—
Other	2,072	(3,016)
Net cash used in investing activities	(33,579)	(65,790)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(864)	2,381
Proceeds from long-term loans payable	12,286	24
Payment for long-term loans payable	(25,348)	(17,318)
Proceeds from issuance of bonds	80,000	—
Cash dividends	(6,005)	(5,760)
Payment for purchase of treasury stock	(8,514)	(12)
Other	(1,380)	(666)
Net cash provided by (used in) financing activities	50,172	(21,353)
Effect of exchange rate changes on cash and cash equivalents	(7,907)	(379)
Net increase (decrease) in cash and cash equivalents	54,667	(41,557)
Cash and cash equivalents at beginning of year	146,007	163,386
Increase (decrease) in cash and cash equivalents due to change in scope of consolidation	740	—
Cash and cash equivalents at end of period	201,415	121,829

(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.

(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, 2017, and multiplying income before income taxes by said estimated effective tax rate.

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

(Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates and Changes in Accounting Estimates)

The depreciation method for property and equipment (excluding leased assets) of the Company and some domestic consolidated subsidiaries was changed to the straight-line method from the first quarter ended June 30, 2017, although previously the straight-line method had been mainly used for buildings and the declining-balance method had been mainly used for those other than buildings.

The Company announced an “organizational reform 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 April 2015, and has been pushing forward with the establishment of a customer-oriented account sales structure, which consistently covers from sales to operation. As a result of these initiatives, the Company has realized decision-making based on overall optimization of capital investment as a Group as well as the provision of services that effectively utilize management resources in the fiscal year ending March 31, 2018. Specifically, improvement in efficiency and stability has been achieved for asset operations by consolidating the ownership of vehicles, warehouse facilities, etc., which had been separately held by each business division and multiple distribution centers, to major distribution centers. Furthermore, the Company and its group companies have promoted the unified operation of non-current assets, enabling stable operation in the Logistics Support Business, such as in vehicle maintenance. In addition, spurred by multiple large-scale investment projects that started full operation from the fiscal year ending March 31, 2018, including the construction of general-purpose distribution centers, the Group’s has enhanced its capacity to meet diversifying customer needs, and realized further stability in asset operations. Taking this opportunity, the Company verified the status of use of domestic property and equipment. As a result, going forward, the joint use of facilities will be promoted through the strengthening of the “one-stop structure” for land, marine and air transport in the Group as a whole, and facilities are expected to be operated stably over the period of service. Therefore, the Company judged that cost allocation by the straight-line method can reflect the actual economic conditions of the Group more appropriately and that the unification of the depreciation methods of the Group will enhance business management.

At the same time, the Company changed the useful lives of some vehicles to those that better reflect the actual conditions by reviewing the status of operations.

As a result of these changes, operating income, ordinary income and income before income taxes for the six months ended September 30, 2017 increased by ¥339.0 million, respectively, compared with the figures calculated based on the previous method.

(Segment Information, etc.)

[Segment Information]

1. 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.

2. Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)

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	577,333	37,487	40,983	49,572	35,442
Intersegment	6,913	7,345	2,843	5,214	4,095
Total	584,247	44,833	43,827	54,787	39,538
Segment income	20,087	2,708	1,728	768	1,633

	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	28,672	24,716	161,922	956,131	–	956,131
Intersegment	20	150	42,374	68,958	(68,958)	–
Total	28,693	24,866	204,296	1,025,090	(68,958)	956,131
Segment income	879	2,345	5,326	35,477	(3,244)	32,232

- (Notes) 1. The segment income adjustment of ¥(3,244) million includes ¥(94) million for the elimination of intersegment income, and ¥(3,161) 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.

As described in "Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates and Changes in Accounting Estimates," the Company and some of its consolidated domestic subsidiaries changed the depreciation method of property and equipment from the declining-balance method, which had previously been the main method of use other than for buildings, to the straight-line method from the first quarter ended June 30, 2017, and also changed the useful lives of some vehicles.

As a result of these changes, segment income of the six months ended September 30, 2017 increased by ¥2,687 million in "Japan (Logistics)," ¥345 million in "Security Transportation," ¥158 million in "Heavy Haulage & Construction" and ¥198 million in "Logistics Support" compared with figures calculated based on the previous method.

(Significant Subsequent Events)

(Change in the Number of Shares Constituting One Share Unit, Consolidation of Shares, etc.)

Proposals regarding the number of shares constituting one share unit, the consolidation of shares and partial amendments to the Articles of Incorporation were approved at the 111th Ordinary General Meeting of Shareholders held on June 29, 2017. Accordingly, the Company changed the number of shares constituting one share unit from 1,000 shares to 100 shares effective from October 1, 2017, consolidated 10 shares of its common stock into 1 share and changed the total number of authorized shares from 3,988.0 million shares to 398.8 million shares.

3. Reference Materials

(1) Consolidated Reference Materials

○ Financial Results of Reportable Segment

(Unit: Millions of yen, %)

				Six months ended Sep. 30, 2017		Six months ended Sep. 30, 2016		Change	
								Amount	Ratio
Revenues	Reportable Segment	Logistics	Japan		584,247		566,292	17,955	3.2
			The Americas		44,833		41,919	2,913	7.0
			Europe		43,827		39,123	4,704	12.0
			East Asia		54,787		47,648	7,138	15.0
			South Asia & Oceania		39,538		34,138	5,399	15.8
		Subtotal		767,233		729,121	38,111	5.2	
		Security Transportation		28,693		27,428	1,264	4.6	
		Heavy Haulage & Construction		24,866		22,253	2,613	11.7	
		Logistics Support		204,296		192,032	12,264	6.4	
		Subtotal		1,025,090		970,836	54,253	5.6	
	Adjustment		(68,958)		(61,557)	(7,400)	–		
Total		956,131		909,278	46,852	5.2			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[3.4]	20,087	[2.9]	16,487	3,600	21.8
			The Americas	[6.0]	2,708	[5.8]	2,430	277	11.4
			Europe	[3.9]	1,728	[2.2]	855	872	102.0
			East Asia	[1.4]	768	[1.3]	597	171	28.7
			South Asia & Oceania	[4.1]	1,633	[3.3]	1,118	515	46.1
		Subtotal	[3.5]	26,925	[2.9]	21,489	5,436	25.3	
		Security Transportation	[3.1]	879	[1.6]	447	431	96.5	
		Heavy Haulage & Construction	[9.4]	2,345	[8.0]	1,774	571	32.2	
		Logistics Support	[2.6]	5,326	[1.8]	3,370	1,956	58.1	
		Subtotal	[3.5]	35,477	[2.8]	27,081	8,395	31.0	
	Adjustment		(3,244)		(2,628)	(615)	–		
Total	[3.4]	32,232	[2.7]	24,452	7,780	31.8			

(Note) Figures in brackets indicate Operating Margins.

○ Forecast of Financial Results for FY2017 (Full Year)

(Unit: Millions of yen, %)

		FY2017	FY2016	Change			
				Amount	Ratio		
Revenues	Reportable Segment	Logistics	Japan	1,182,200	1,155,713	26,486	2.3
			The Americas	93,000	83,831	9,168	10.9
			Europe	92,600	79,286	13,313	16.8
			East Asia	112,900	101,746	11,153	11.0
			South Asia & Oceania	85,500	70,343	15,156	21.5
			Subtotal	1,566,200	1,490,923	75,276	5.0
		Security Transportation	57,300	54,781	2,518	4.6	
		Heavy Haulage & Construction	45,800	46,985	(1,185)	(2.5)	
		Logistics Support	420,300	403,994	16,305	4.0	
		Subtotal	2,089,600	1,996,683	92,916	4.7	
		Adjustment	(149,600)	(132,381)	(17,218)	—	
Total	1,940,000	1,864,301	75,698	4.1			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[3.8] 45,100	[3.3] 38,658	6,441	16.7
			The Americas	[5.5] 5,100	[5.7] 4,772	327	6.9
			Europe	[4.0] 3,700	[2.6] 2,030	1,669	82.2
			East Asia	[1.5] 1,700	[1.1] 1,117	582	52.1
			South Asia & Oceania	[4.2] 3,600	[3.5] 2,486	1,113	44.8
			Subtotal	[3.8] 59,200	[3.3] 49,065	10,134	20.7
		Security Transportation	[3.1] 1,800	[1.8] 964	835	86.6	
		Heavy Haulage & Construction	[9.0] 4,100	[8.3] 3,883	216	5.6	
		Logistics Support	[2.6] 11,100	[2.5] 10,015	1,084	10.8	
		Subtotal	[3.6] 76,200	[3.2] 63,930	12,269	19.2	
		Adjustment	(7,200)	(6,498)	(701)	—	
Total	[3.6] 69,000	[3.1] 57,431	11,568	20.1			

(Notes) 1. The above Forecast of Financial Results for FY2017 (Full Year) is a revision of the Forecast of Consolidated Financial Results for FY2017 announced on July 31, 2017.

2. Figures in brackets indicate Operating Margins.

(2) Non-consolidated Reference Materials

○Summary of Non-consolidated Statements of Income

(Unit: Millions of yen, %)

		Six months ended Sep. 30, 2017		Six months ended Sep. 30, 2016		Change		
			% in Sales		% in Sales	Amount	Ratio	
Revenues	Railway utilization transportation	41,603	7.8	39,772	7.8	1,831	4.6	
	Motor transportation	Combined delivery services	39,978	7.5	39,224	7.7	753	1.9
		Chartered truck services	134,106	25.2	132,058	25.8	2,047	1.6
		Subtotal	174,085	32.7	171,283	33.5	2,801	1.6
	Marine and harbor transportation	Marine transportation	36,342	6.8	34,905	6.8	1,437	4.1
		Harbor transportation	27,061	5.1	25,805	5.1	1,256	4.9
		Subtotal	63,404	11.9	60,710	11.9	2,693	4.4
		(Exports)	[30,061]	—	[28,943]	—	[1,117]	[3.9]
		(Imports)	[19,741]	—	[18,547]	—	[1,193]	[6.4]
		(Domestic)	[13,602]	—	[13,219]	—	[382]	[2.9]
	Warehousing	55,600	10.4	56,081	11.0	(481)	(0.9)	
	Air transportation	International air freight	56,717	10.7	45,772	9.0	10,944	23.9
		(Exports)	[43,804]	—	[34,077]	—	[9,726]	[28.5]
		(Imports)	[12,912]	—	[11,694]	—	[1,218]	[10.4]
		Domestic air freight	19,389	3.6	19,382	3.8	6	0.0
	Subtotal	76,106	14.3	65,155	12.8	10,951	16.8	
	Heavy haulage & construction	31,153	5.9	27,571	5.4	3,582	13.0	
Incidental operations and others	90,547	17.0	90,006	17.6	540	0.6		
Total	532,501	100.0	510,581	100.0	21,919	4.3		
	(Domestic operation-related revenues)	[411,160]	77.2	[403,507]	79.0	[7,653]	[1.9]	
	(Overseas-related revenues)	[121,340]	22.8	[107,074]	21.0	[14,266]	[13.3]	
Operating expenses	Personnel expenses	Drivers/workers	59,628	11.2	60,111	11.8	(482)	(0.8)
		Office personnel	67,105	12.6	68,297	13.4	(1,192)	(1.7)
		Subtotal	126,733	23.8	128,409	25.2	(1,675)	(1.3)
	Forwarding costs	Railway	21,481	4.0	20,455	4.0	1,025	5.0
		Marine	13,853	2.6	11,617	2.3	2,236	19.3
		Air	22,579	4.3	16,413	3.2	6,165	37.6
		Subtotal	57,915	10.9	48,487	9.5	9,428	19.4
	Vehicle chartering and subcontracting costs	222,324	41.8	213,045	41.7	9,279	4.4	
	Depreciation and amortization	12,366	2.3	13,830	2.7	(1,463)	(10.6)	
	Facility usage charges	35,841	6.7	35,663	7.0	178	0.5	
Other	60,161	11.3	58,187	11.4	1,973	3.4		
Total	515,344	96.8	497,623	97.5	17,720	3.6		
Operating income	17,157	3.2	12,958	2.5	4,199	32.4		
Non-operating income	5,719	1.1	5,382	1.1	336	6.3		
Non-operating expenses	1,979	0.4	2,329	0.5	(350)	(15.0)		
Ordinary income	20,897	3.9	16,011	3.1	4,886	30.5		
Extraordinary income	1,735	0.3	6,093	1.2	(4,357)	(71.5)		
Extraordinary loss	1,884	0.3	1,979	0.4	(95)	(4.8)		
Income before income taxes	20,749	3.9	20,125	3.9	623	3.1		
Income taxes	6,290	1.2	7,045	1.3	(755)	(10.7)		
Net income	14,459	2.7	13,080	2.6	1,378	10.5		