

January 31, 2017

Summary of Consolidated Earnings Report for the Third 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: February 14, 2017

Scheduled date of dividend payment: -

Availability of supplementary briefing material on quarterly financial results: Available

(Millions of yen, rounded down)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2016 (from April 1, 2016 to December 31, 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	%
Nine Months Ended Dec. 31, 2016	1,380,451	(3.8)	39,849	3.5	45,068	0.1	28,758	5.0
Nine Months Ended Dec. 31, 2015	1,434,873	1.2	38,507	10.9	45,034	8.0	27,391	12.4

(Note) Comprehensive income:

Nine Months Ended Dec. 31, 2016: ¥25,059 million [5.2%]

Nine Months Ended Dec. 31, 2015: ¥23,818 million [(36.0%)]

	Basic earnings per share	Diluted earnings per share
Nine Months Ended Dec. 31, 2016	¥ 29.10	¥ —
Nine Months Ended Dec. 31, 2015	¥ 27.35	¥ —

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of Dec. 31, 2016	1,539,033	536,070	33.7
As of Mar. 31, 2016	1,484,953	538,018	35.2

(Reference) Equity: As of Dec. 31, 2016: ¥519,365 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	—		
Fiscal Year Ending Mar. 31, 2017 (Forecast)				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	37.18

(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 Dec. 31, 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 Dec. 31, 2016	69,718,009 shares	As of Mar. 31, 2016	37,068,877 shares
3) Average number of shares during period	Nine months ended Dec. 31, 2016	988,363,071 shares	Nine months ended Dec. 31, 2015	1,001,579,809 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 3 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 January 31, 2017.

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Business Results

During the nine months ended December 31, 2016, despite a continuing moderate recovery trend, the outlook in the Japanese economy remained uncertain due to factors including uncertainty in the international situation with regard to the policy direction that the new U.S. administration will take and political instability in Europe.

Amid these economic conditions, in the field of logistics, domestic freight saw total transportation volume continue to decline year on year due to factors including sluggish personal consumption, while international freight was generally weak, as freight movements lacked vigor due to the impact of factors such as yen appreciation and global economic slowdown, despite signs of a pickup in export airfreight.

In this business environment, during the nine months ended December 31, 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, East Asia, Security Transportation, and Logistics Support segments, income increased in the Japan, Europe, 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 ¥54.4 billion, or 3.8% year on year, to ¥1,380.4 billion, while operating income increased by ¥1.3 billion, or 3.5% year on year, to ¥39.8 billion, and ordinary income increased by ¥0.03 billion, or 0.1% year on year, to ¥45.0 billion. Net income attributable to shareholders of Nippon Express increased by ¥1.3 billion, or 5.0% year on year, to ¥28.7 billion.

Reportable segments have been reclassified effective from the first quarter ended June 30, 2016. Details can be found on page 9, "3. Consolidated Financial Statements (3) Notes to Consolidated Financial Statements (Segment Information, etc.)."

(2) Explanation of Financial Position

Total assets as of December 31, 2016 amounted to ¥1,539.0 billion, an increase of ¥54.0 billion or 3.6% from the end of the previous fiscal year.

Current assets amounted to ¥720.0 billion, an increase of ¥37.6 billion or 5.5% from the end of the previous fiscal year, while noncurrent assets totaled ¥819.0 billion, an increase of ¥16.3 billion or 2.0% 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.

The increase in noncurrent assets was mainly attributable to the increase in investment securities, etc.

Current liabilities decreased by ¥16.3 billion or 3.7% from the end of the previous fiscal year to ¥424.0 billion, while noncurrent liabilities increased by ¥72.3 billion or 14.3% to ¥578.9 billion from the end of the previous fiscal year.

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

The increase in noncurrent liabilities was mainly attributable to the increase in bonds payable, etc.

Net assets amounted to ¥536.0 billion as of December 31, 2016, a decrease of ¥1.9 billion or 0.4% from the end of the previous fiscal year. This was mainly attributable to the increase in treasury stock and decrease in foreign currency translation adjustments.

(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 third quarter ended December 31, 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 nine months ended December 31, 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 noncurrent assets	¥808 million
Loss on destruction of noncurrent assets	¥19 million
Other	¥28 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 of December 31, 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)	Third Quarter of FY2016 (as of December 31, 2016)
ASSETS		
Current assets:		
Cash and cash in banks	189,323	230,845
Notes receivable—trade	22,280	26,138
Accounts receivable—trade	296,592	286,956
Inventories	6,368	6,334
Other	168,934	170,993
Less: allowance for doubtful accounts	(1,182)	(1,268)
Total current assets	682,316	720,000
Noncurrent assets:		
Property and equipment		
Vehicles, net	25,290	25,389
Buildings, net	227,687	226,447
Land	177,438	178,486
Other, net	71,905	88,021
Total property and equipment	502,321	518,344
Intangible assets		
Goodwill	47,411	47,489
Other	80,762	76,649
Total intangible assets	128,173	124,138
Investments and other assets		
Investment securities	112,130	125,662
Other	60,911	51,716
Less: allowance for doubtful accounts	(899)	(828)
Total investments and other assets	172,142	176,550
Total noncurrent assets	802,637	819,033
Total assets	1,484,953	1,539,033
LIABILITIES		
Current liabilities:		
Notes payable—trade	7,506	8,349
Accounts payable—trade	151,057	139,574
Short-term loans payable	62,291	47,891
Income taxes payable	13,891	10,231
Provision for bonuses	21,529	9,763
Other provisions	143	821
Other	183,947	207,394
Total current liabilities	440,366	424,026
Noncurrent liabilities:		
Bonds payable	65,000	145,000
Long-term loans payable	240,955	237,236
Other provisions	2,439	2,079
Net retirement benefit liability	160,168	158,593
Other	38,005	36,026
Total noncurrent liabilities	506,568	578,936
Total liabilities	946,935	1,002,963

(Unit: Millions of yen)

	FY2015 (as of March 31, 2016)	Third Quarter of FY2016 (as of December 31, 2016)
NET ASSETS		
Shareholders' equity:		
Common stock	70,175	70,175
Additional paid-in capital	25,306	25,347
Retained earnings	445,495	463,324
Less: treasury stock	(19,818)	(36,532)
Total shareholders' equity	521,158	522,314
Accumulated other comprehensive income:		
Valuation differences on available-for-sale securities	47,118	57,270
Deferred gains (losses) on hedges	(214)	(20)
Foreign currency translation adjustments	8,085	(12,628)
Remeasurements of retirement benefit plans	(53,888)	(47,571)
Total accumulated other comprehensive income	1,101	(2,949)
Non-controlling interests	15,758	16,705
Total net assets	538,018	536,070
Total liabilities and net assets	1,484,953	1,539,033

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2015 (from April 1, 2015 to December 31, 2015)	Nine months ended Dec. 31, 2016 (from April 1, 2016 to December 31, 2016)
Revenues	1,434,873	1,380,451
Operating costs	1,324,272	1,261,765
Gross profit	110,600	118,686
Selling, general and administrative expenses	72,093	78,836
Operating income	38,507	39,849
Non-operating income:		
Interest income	495	328
Dividends income	2,550	2,543
Equity in earnings of affiliates	558	1,090
Other	6,667	5,517
Total non-operating income	10,272	9,480
Non-operating expenses:		
Interest expenses	2,146	2,593
Other	1,598	1,668
Total non-operating expenses	3,745	4,261
Ordinary income	45,034	45,068
Extraordinary income:		
Gain on sales of noncurrent assets	3,670	3,615
Gain on sales of investment securities	14	65
Gain on step acquisitions	-	2,291
Other	8	338
Total extraordinary income	3,694	6,309
Extraordinary loss:		
Loss on disposal of noncurrent assets	5,213	1,835
Loss on disaster	-	856
Loss on transition of retirement benefit plans	-	679
Other	579	678
Total extraordinary loss	5,793	4,050
Income before income taxes and non-controlling interests	42,934	47,327
Income taxes	14,628	17,875
Net income	28,305	29,452
Net income attributable to non-controlling interests	913	694
Net income attributable to shareholders of Nippon Express	27,391	28,758

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2015 (from April 1, 2015 to December 31, 2015)	Nine months ended Dec. 31, 2016 (from April 1, 2016 to December 31, 2016)
Net income	28,305	29,452
Other comprehensive income:		
Valuation differences on available-for-sale securities	(1,353)	10,153
Deferred gains (losses) on hedges	(2)	193
Foreign currency translation adjustments	(6,893)	(20,846)
Remeasurements of retirement benefit plans	3,962	6,447
Share of other comprehensive income of affiliates accounted for using the equity method	(200)	(341)
Total other comprehensive income	(4,487)	(4,393)
Comprehensive income	23,818	25,059
(Comprehensive income attributable to)		
Shareholders of Nippon Express	23,307	24,707
Non-controlling interests	511	352

(3) 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. Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 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	856,649	60,153	57,861	79,199	49,830
Intersegment	10,222	11,265	4,004	7,618	3,977
Total	866,871	71,419	61,866	86,818	53,807
Segment income	25,255	4,077	1,016	1,219	1,123

	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	40,558	40,000	250,620	1,434,873	–	1,434,873
Intersegment	23	331	60,401	97,845	(97,845)	–
Total	40,581	40,332	311,022	1,532,719	(97,845)	1,434,873
Segment income	1,153	2,493	6,042	42,382	(3,875)	38,507

(Notes) 1. The segment income adjustment of ¥(3,875) million includes ¥26 million for the elimination of intersegment income, and ¥(3,912) 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. Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 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	854,483	52,187	53,683	64,456	46,929
Intersegment	9,446	9,378	3,817	6,247	4,486
Total	863,929	61,565	57,500	70,704	51,415
Segment income	27,861	3,572	1,345	818	1,860

	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	41,111	34,780	232,819	1,380,451	–	1,380,451
Intersegment	32	434	59,834	93,677	(93,677)	–
Total	41,144	35,215	292,653	1,474,129	(93,677)	1,380,451
Segment income	662	2,703	5,458	44,282	(4,432)	39,849

(Notes) 1. The segment income adjustment of ¥(4,432) million includes ¥241 million for the elimination of intersegment income, and ¥(4,676) 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 nine months ended December 31, 2015, has been prepared according to the reclassified segments.

4. Reference Materials

(1) Financial Results of Reportable Segment

(Unit: Millions of yen, %)

			Nine months ended Dec. 31, 2016		Nine months ended Dec. 31, 2015		Change	
							Amount	Ratio
Revenues	Reportable Segment	Logistics	Japan	863,929	866,871	(2,941)	(0.3)	
			The Americas	61,565	71,419	(9,853)	(13.8)	
			Europe	57,500	61,866	(4,365)	(7.1)	
			East Asia	70,704	86,818	(16,114)	(18.6)	
			South Asia & Oceania	51,415	53,807	(2,392)	(4.4)	
		Sub-total	1,105,116	1,140,783	(35,667)	(3.1)		
		Security Transportation	41,144	40,581	562	1.4		
		Heavy Haulage & Construction	35,215	40,332	(5,116)	(12.7)		
		Logistics Support	292,653	311,022	(18,368)	(5.9)		
		Sub-total	1,474,129	1,532,719	(58,590)	(3.8)		
	Adjustment	(93,677)	(97,845)	4,168	—			
Total	1,380,451	1,434,873	(54,422)	(3.8)				
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[3.2] 27,861	[2.9] 25,255	2,606	10.3	
			The Americas	[5.8] 3,572	[5.7] 4,077	(505)	(12.4)	
			Europe	[2.3] 1,345	[1.6] 1,016	328	32.3	
			East Asia	[1.2] 818	[1.4] 1,219	(401)	(32.9)	
			South Asia & Oceania	[3.6] 1,860	[2.1] 1,123	737	65.7	
		Sub-total	[3.2] 35,458	[2.9] 32,692	2,765	8.5		
		Security Transportation	[1.6] 662	[2.8] 1,153	(491)	(42.6)		
		Heavy Haulage & Construction	[7.7] 2,703	[6.2] 2,493	209	8.4		
		Logistics Support	[1.9] 5,458	[1.9] 6,042	(584)	(9.7)		
		Sub-total	[3.0] 44,282	[2.8] 42,382	1,899	4.5		
	Adjustment	(4,432)	(3,875)	(557)	—			
Total	[2.9] 39,849	[2.7] 38,507	1,342	3.5				

(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) Forecast of Financial Results for FY2016 (Full Year)

(Unit: Millions of yen, %)

		FY2016	FY2015	Change			
				Amount	Ratio		
Revenues	Reportable Segment	Logistics	Japan	1,137,400	1,158,390	(20,990)	(1.8)
			The Americas	85,600	94,697	(9,097)	(9.6)
			Europe	79,200	84,579	(5,379)	(6.4)
			East Asia	100,100	115,068	(14,968)	(13.0)
			South Asia & Oceania	72,300	70,225	2,074	3.0
			Sub-total	1,474,600	1,522,961	(48,361)	(3.2)
		Security Transportation	54,300	53,803	496	0.9	
		Heavy Haulage & Construction	43,900	51,395	(7,495)	(14.6)	
		Logistics Support	397,700	410,906	(13,206)	(3.2)	
		Sub-total	1,970,500	2,039,067	(68,567)	(3.4)	
		Adjustment	(126,500)	(129,962)	3,462	—	
Total	1,844,000	1,909,105	(65,105)	(3.4)			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[3.6] 40,500	[3.2] 36,601	3,898	10.7
			The Americas	[5.1] 4,400	[5.4] 5,088	(688)	(13.5)
			Europe	[2.4] 1,900	[1.8] 1,559	340	21.8
			East Asia	[1.3] 1,300	[1.5] 1,679	(379)	(22.6)
			South Asia & Oceania	[3.0] 2,200	[2.2] 1,568	631	40.2
			Sub-total	[3.4] 50,300	[3.1] 46,497	3,802	8.2
		Security Transportation	[1.8] 1,000	[2.9] 1,570	(570)	(36.3)	
		Heavy Haulage & Construction	[7.5] 3,300	[7.2] 3,687	(387)	(10.5)	
		Logistics Support	[2.1] 8,300	[2.0] 8,161	138	1.7	
		Sub-total	[3.2] 62,900	[2.9] 59,917	2,982	5.0	
		Adjustment	(5,900)	(5,139)	(760)	—	
Total	[3.1] 57,000	[2.9] 54,778	2,221	4.1			

(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.

(3) Summary of Non-consolidated Statements of Income

(Unit: Millions of yen, %)

		Nine months ended		Nine months ended		Change			
		Dec. 31, 2016	% in Sales	Dec. 31, 2015	% in Sales	Amount	Ratio		
Revenues	Railway utilization transportation		61,531	7.9	62,664	7.9	(1,133)	(1.8)	
	Motor transportation	Combined delivery services	59,476	7.6	60,395	7.6	(918)	(1.5)	
		Chartered truck services	199,962	25.7	203,012	25.5	(3,050)	(1.5)	
		Sub-total	259,439	33.3	263,408	33.1	(3,969)	(1.5)	
	Marine and harbor transportation	Marine transportation		51,623	6.6	56,792	7.1	(5,168)	(9.1)
		Harbor transportation		39,464	5.1	40,665	5.1	(1,200)	(3.0)
		Sub-total		91,088	11.7	97,458	12.2	(6,369)	(6.5)
		(Exports)		[42,884]	—	[47,792]	—	[(4,908)]	[(10.3)]
		(Imports)		[27,965]	—	[29,521]	—	[(1,556)]	[(5.3)]
	(Domestic)		[20,239]	—	[20,143]	—	[95]	[0.5]	
	Warehousing		83,804	10.7	86,634	10.9	(2,830)	(3.3)	
	Air transportation	International air freight		71,523	9.2	71,904	9.0	(380)	(0.5)
		(Exports)		[53,633]	—	[54,569]	—	[(935)]	[(1.7)]
		(Imports)		[17,890]	—	[17,334]	—	[555]	[3.2]
		Domestic air freight		29,627	3.8	29,647	3.7	(20)	(0.1)
		Sub-total		101,150	13.0	101,551	12.7	(400)	(0.4)
	Heavy haulage & construction		43,587	5.6	48,215	6.0	(4,627)	(9.6)	
	Incidental operations and others		138,745	17.8	137,501	17.2	1,243	0.9	
	Total		779,347	100.0	797,434	100.0	(18,086)	(2.3)	
	(Domestic operation-related revenues)		[615,986]	79.0	[621,349]	77.9	[(5,363)]	[(0.9)]	
(Overseas-related revenues)		[163,361]	21.0	[176,084]	22.1	[(12,723)]	[(7.2)]		
Operating expenses	Employment costs	Drivers/workers	90,311	11.6	90,101	11.3	210	0.2	
		Office personnel	102,291	13.1	101,268	12.7	1,023	1.0	
		Sub-total	192,603	24.7	191,369	24.0	1,234	0.6	
	Forwarding costs	Railway	31,906	4.1	32,764	4.1	(857)	(2.6)	
		Marine	17,775	2.3	21,038	2.6	(3,262)	(15.5)	
		Air	26,893	3.5	30,133	3.8	(3,240)	(10.8)	
		Sub-total	76,575	9.9	83,936	10.5	(7,360)	(8.8)	
	Vehicle chartering and subcontracting costs		325,608	41.8	333,426	41.8	(7,818)	(2.3)	
	Depreciation and amortization		21,112	2.7	21,915	2.8	(803)	(3.7)	
	Facility usage charges		53,848	6.9	54,278	6.8	(429)	(0.8)	
Other		88,238	11.3	90,993	11.4	(2,755)	(3.0)		
Total		757,987	97.3	775,920	97.3	(17,932)	(2.3)		
Operating income		21,359	2.7	21,513	2.7	(154)	(0.7)		
Non-operating income		7,323	1.0	6,831	0.9	491	7.2		
Non-operating expenses		3,221	0.4	2,798	0.4	422	15.1		
Ordinary income		25,461	3.3	25,546	3.2	(84)	(0.3)		
Extraordinary income		6,894	0.9	1,822	0.2	5,071	278.3		
Extraordinary loss		2,593	0.4	5,272	0.6	(2,679)	(50.8)		
Income before income taxes		29,763	3.8	22,096	2.8	7,666	34.7		
Income taxes		10,476	1.3	7,353	1.0	3,123	42.5		
Net income		19,286	2.5	14,743	1.8	4,543	30.8		