

Summary of Consolidated Earnings Report for the First 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: August 10, 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 Three Months Ended June 30, 2017 (from April 1, 2017 to June 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	%
Three Months Ended Jun. 30, 2017	474,985	5.7	15,248	41.5	16,935	24.7	11,089	50.4
Three Months Ended Jun. 30, 2016	449,511	(5.2)	10,778	2.1	13,584	2.4	7,371	(10.1)

(Note) Comprehensive income:

Three Months Ended Jun. 30, 2017: ¥15,424 million [- %] Three Months Ended Jun. 30, 2016: ¥(3,789) million [- %]

	Basic earnings per share	Diluted earnings per share
	¥	¥
Three Months Ended Jun. 30, 2017	11.55	—
Three Months Ended Jun. 30, 2016	7.36	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of Jun. 30, 2017	1,512,983	562,343	36.1
As of Mar. 31, 2017	1,521,800	552,985	35.2

(Reference) Equity: As of Jun. 30, 2017: ¥545,962 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	—				
Fiscal Year Ending Mar. 31, 2018 (Forecast)		6.00	—	60.00	—

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

*1. The dividends forecast for the second quarter of the fiscal year ending Mar. 31, 2018 includes the commemorative dividends of ¥1.00 per share.

*2. The Company consolidates 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	%	¥
Interim of year	961,000	5.7	31,000	26.8	33,000	17.2	20,000	9.3	20.83
Full year	1,940,000	4.1	67,000	16.7	70,000	9.7	42,000	15.2	437.43

(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, (3) 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 Jun. 30, 2017	998,000,000 shares	As of Mar. 31, 2017	998,000,000 shares
2) Total number of treasury stocks at end of period	As of Jun. 30, 2017	37,837,617 shares	As of Mar. 31, 2017	37,869,863 shares
3) Average number of shares during period	Three months ended Jun. 30, 2017	960,146,444 shares	Three months ended Jun. 30, 2016	1,000,928,608 shares

(Note) 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 Jun. 30, 2017: 732,537 shares As of Mar. 31, 2017: 771,000 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 May 9, 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

At the 111th Ordinary General Meeting of Shareholders held on June 29, 2017, it was approved that the Company consolidates 10 shares of its common stock into 1 share effective from October 1, 2017. In addition, the Company will change 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.

- Dividends forecast for FY2017: Second quarter dividend per share: ¥6.00, Year-end dividend per share: ¥6.00 and Yearly dividend per share: ¥12.00
- Forecast of consolidated financial results for FY2017: Earnings per share: ¥43.74

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 May 9, 2017.

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Business Results

During the three months ended June 30, 2017, the Japanese economy remained in a moderate recovery trend, with signs of a pickup in corporate production activities centered on electronic components, etc., driven by rising worldwide demand for IT amid a modest recovery in the global economy.

Under these economic conditions, in the field of logistics, international freight was generally strong, due to factors such as a growth in airfreight of electronic components, etc. mainly to Asia, although domestic freight movements continued to lack vigor due to factors including sluggish growth in personal consumption.

In this business environment, during the three months ended June 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 ¥25.4 billion, or 5.7% year on year, to ¥474.9 billion, operating income increased by ¥4.4 billion, or 41.5% year on year, to ¥15.2 billion, ordinary income increased by ¥3.3 billion, or 24.7% year on year, to ¥16.9 billion, and profit attributable to owners of parent increased by ¥3.7 billion, or 50.4% year on year, to ¥11.0 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, (3) Notes to Consolidated Financial Statements (Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Errors).”

(2) Explanation of Financial Position

Total assets as at the end of the first quarter ended June 30, 2017 amounted to ¥1,512.9 billion, a decrease of ¥8.8 billion or 0.6% from the end of the previous fiscal year.

Current assets amounted to ¥691.2 billion, a decrease of ¥14.7 billion or 2.1% from the end of the previous fiscal year, while noncurrent assets totaled ¥821.7 billion, an increase of ¥5.9 billion or 0.7% from the end of the previous fiscal year.

The decrease in current assets was mainly attributable to the decrease in accounts receivable—trade, etc.

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

Current liabilities decreased by ¥12.8 billion or 2.9% from the end of the previous fiscal year to ¥425.5 billion, and noncurrent liabilities decreased by ¥5.2 billion or 1.0% to ¥525.0 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 decrease in noncurrent liabilities was mainly attributable to the decrease in long-term loans payable, etc.

Net assets amounted to ¥562.3 billion at the end of the first quarter ended June 30, 2017, an increase of ¥9.3 billion or 1.7% 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.

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

The consolidated and non-consolidated financial results forecast for FY2017 announced on May 9, 2017 have been revised as follows in light of recent performance trends.

For matters related to consolidated financial results forecasts, please refer to “3. Reference Materials (1) Consolidated Reference Materials, Forecast of Financial Results for FY2017 (Full Year),” and “3. Reference Materials (1) Consolidated Reference Materials, Forecast of Financial Results for First Half of FY2017,” and for matters related to non-consolidated financial results forecasts, please refer to “3. Reference Materials (2) Non-consolidated Reference Materials, Forecast of Financial Results for FY2017 (Full Year),” and “3. Reference Materials (2) Non-consolidated Reference Materials, Forecast of Financial Results for First Half of FY2017.”

1) Revisions to Financial Results Forecast

A. Revisions to Forecast of Consolidated Financial Results for the First Half of FY2017 (Interim of year)

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

	Revenues	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share
	¥ million	¥ million	¥ million	¥ million	¥
Previously announced forecast (A) (Announced on May 9, 2017)	945,000	29,000	31,000	19,000	19.79
Current revised forecast (B)	961,000	31,000	33,000	20,000	20.83
Amount of increase/decrease (B) - (A)	16,000	2,000	2,000	1,000	
Percentage of increase/decrease (%)	1.7	6.9	6.5	5.3	
(Reference) Actual results for the First Half of the previous fiscal year (the First Half of the fiscal year ended March 31, 2017)	909,278	24,452	28,163	18,292	18.36

B. Revisions to Forecast of Non-consolidated Financial Results for the First Half of FY2017 (Interim of year)

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

	Revenues	Operating income	Ordinary income	Profit	Earnings per share
	¥ million	¥ million	¥ million	¥ million	¥
Previously announced forecast (A) (Announced on May 9, 2017)	522,000	15,500	18,500	12,500	13.02
Current revised forecast (B)	529,000	17,000	20,500	14,000	14.58
Amount of increase/decrease (B) - (A)	7,000	1,500	2,000	1,500	
Percentage of increase/decrease (%)	1.3	9.7	10.8	12.0	
(Reference) Actual results for the First Half of the previous fiscal year (the First Half of the fiscal year ended March 31, 2017)	510,581	12,958	16,011	13,080	13.13

C. 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 May 9, 2017)	1,930,000	67,000	70,000	42,000	437.44
Current revised forecast (B)	1,940,000	67,000	70,000	42,000	437.43
Amount of increase/decrease (B) - (A)	10,000	—	—	—	
Percentage of increase/decrease (%)	0.5	—	—	—	
(Reference) Actual results for the previous fiscal year (the fiscal year ended March 31, 2017)	1,864,301	57,431	63,806	36,454	37.13

* Earnings per share in the Forecast of Consolidated Financial Results for FY2017 (Full year) reflects the impact of the share consolidation.

D. Revisions to Forecast of Non-consolidated Financial Results for FY2017 (Full year)
(From April 1, 2017 to March 31, 2018)

	Revenues	Operating income	Ordinary income	Profit	Earnings per share
	¥ million	¥ million	¥ million	¥ million	¥
Previously announced forecast (A) (Announced on May 9, 2017)	1,060,000	37,000	42,000	27,000	281.21
Current revised forecast (B)	1,070,000	37,500	43,000	28,000	291.62
Amount of increase/decrease (B) - (A)	10,000	500	1,000	1,000	
Percentage of increase/decrease (%)	0.9	1.4	2.4	3.7	
(Reference) Actual results for the previous fiscal year (the fiscal year ended March 31, 2017)	1,043,756	30,116	37,731	28,629	29.16

* Earnings per share in the Forecast of Non-consolidated Financial Results for FY2017 (Full year) reflects the impact of the share consolidation.

2) Reasons for Revision of Financial Results Forecasts

Financial results forecast figures have been revised because the financial results forecasts for the interim and full year are expected to exceed the previously announced forecasts, due to factors including robust transportation demand for international freight centered on air freight forwarding, despite continued weak movements of domestic freight owing to sluggish growth in personal consumption, etc.

As for consolidated operating income, ordinary income, and profit attributable to owners of parent for the full year, the Company has left the forecast figures unchanged, taking into consideration factors such as trends in unit purchase price of forwarding costs, vehicle chartering and subcontracting costs, as well as growing uncertainty in the situation overseas, etc.

*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 therefore differ from forecasts.

3. Consolidated Financial Statements and Significant Notes

(1) Consolidated Balance Sheets

(Unit: Millions of yen)

	FY2016 (as of March 31, 2017)	First Quarter of FY2017 (as of June 30, 2017)
ASSETS		
Current assets:		
Cash and cash in banks	212,683	207,244
Notes receivable—trade	23,162	22,927
Accounts receivable—trade	298,594	278,643
Inventories	6,128	6,666
Other	166,543	176,843
Less: allowance for doubtful accounts	(1,117)	(1,067)
Total current assets	705,994	691,258
Noncurrent assets:		
Property and equipment		
Vehicles, net	26,816	27,638
Buildings, net	245,275	241,842
Land	178,991	179,722
Other, net	67,039	69,572
Net property and equipment	518,123	518,775
Intangible assets		
Goodwill	43,047	42,256
Other	76,407	75,507
Total intangible assets	119,455	117,764
Investments and other assets		
Investment securities	125,896	134,893
Other	53,400	51,355
Less: allowance for doubtful accounts	(1,070)	(1,064)
Total investments and other assets	178,226	185,184
Total noncurrent assets	815,805	821,724
Total assets	1,521,800	1,512,983
LIABILITIES		
Current liabilities:		
Notes payable—trade	5,833	6,020
Accounts payable—trade	156,864	140,352
Short-term loans payable	60,606	61,818
Income taxes payable	16,517	8,177
Provision for bonuses	21,299	9,875
Other provisions	178	503
Other	177,168	198,835
Total current liabilities	438,468	425,583
Noncurrent liabilities:		
Bonds payable	125,000	125,000
Long-term loans payable	209,724	203,486
Other provisions	2,164	1,575
Net retirement benefit liability	157,371	158,957
Other	36,087	36,036
Total noncurrent liabilities	530,346	525,055
Total liabilities	968,815	950,639

(Unit: Millions of yen)

	FY2016 (as of March 31, 2017)	First Quarter of FY2017 (as of June 30, 2017)
NET ASSETS		
Shareholders' equity:		
Common stock	70,175	70,175
Additional paid-in capital	24,707	24,707
Retained earnings	449,713	455,037
Less: treasury stock	(20,145)	(20,130)
Total shareholders' equity	524,450	529,789
Accumulated other comprehensive income:		
Valuation differences on available-for-sale securities	56,945	62,351
Deferred gains (losses) on hedges	6	4
Foreign currency translation adjustments	992	(1,378)
Remeasurements of retirement benefit plans	(46,015)	(44,804)
Total accumulated other comprehensive income	11,928	16,173
Non-controlling interests	16,606	16,381
Total net assets	552,985	562,343
Total liabilities and net assets	1,521,800	1,512,983

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Unit: Millions of yen)

	Three months ended Jun. 30, 2016 (from April 1, 2016 to June 30, 2016)	Three months ended Jun. 30, 2017 (from April 1, 2017 to June 30, 2017)
Revenues	449,511	474,985
Operating costs	412,798	433,268
Gross profit	36,712	41,716
Selling, general and administrative expenses	25,934	26,467
Operating income	10,778	15,248
Non-operating income:		
Interest income	100	115
Dividends income	1,361	1,650
Equity in earnings of affiliates	720	138
Other	1,866	1,052
Total non-operating income	4,049	2,957
Non-operating expenses:		
Interest expenses	843	820
Other	399	449
Total non-operating expenses	1,243	1,270
Ordinary income	13,584	16,935
Extraordinary income:		
Gain on sales of noncurrent assets	2,061	1,572
Gain on sales of investment securities	63	64
Other	8	2
Total extraordinary income	2,133	1,640
Extraordinary loss:		
Loss on disposal of noncurrent assets	228	830
Loss on sales of investment securities	403	0
Loss on disaster	849	—
Other	304	46
Total extraordinary loss	1,785	877
Profit before income taxes	13,932	17,697
Income taxes	6,506	6,449
Profit	7,426	11,248
Profit attributable to non-controlling Interests	54	158
Profit attributable to owners of parent	7,371	11,089

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	Three months ended Jun. 30, 2016 (from April 1, 2016 to June 30, 2016)	Three months ended Jun. 30, 2017 (from April 1, 2017 to June 30, 2017)
Profit	7,426	11,248
Other comprehensive income:		
Valuation differences on available-for-sale securities	(6,610)	5,406
Deferred gains (losses) on hedges	(319)	(1)
Foreign currency translation adjustments	(6,804)	(2,364)
Remeasurements of retirement benefit plans	2,660	1,182
Share of other comprehensive income of affiliates accounted for using the equity method	(140)	(45)
Total other comprehensive income	(11,215)	4,176
Comprehensive income	(3,789)	15,424
(Comprehensive income attributable to)		
Owners of parent	(3,525)	15,334
Non-controlling interests	(264)	90

(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.

(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 profit before income taxes for the consolidated fiscal year, which includes the first quarter ended June 30, 2017, and multiplying profit 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 noncurrent 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 profit before income taxes for the three months ended June 30, 2017 increased by ¥1,526 million, respectively, compared with the figures calculated based on the previous method.

(Segment Information, etc.)

[Segment Information]

1. Three months ended June 30, 2016 (From April 1, 2016 to June 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	276,261	17,797	18,089	22,019	14,947
Intersegment	3,336	3,181	1,224	2,058	1,523
Total	279,597	20,979	19,314	24,078	16,470
Segment income	8,000	726	376	28	487

	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	13,745	10,468	76,181	449,511	–	449,511
Intersegment	11	129	17,910	29,376	(29,376)	–
Total	13,757	10,598	94,091	478,888	(29,376)	449,511
Segment income	403	718	1,309	12,050	(1,271)	10,778

- (Notes) 1. The segment income adjustment of ¥(1,271) million includes ¥149 million for the elimination of intersegment income, and ¥(1,426) 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. Three months ended June 30, 2017 (From April 1, 2017 to June 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	286,897	18,413	20,128	24,404	17,685
Intersegment	3,411	3,659	1,346	2,420	1,750
Total	290,308	22,073	21,474	26,824	19,435
Segment income	10,123	742	804	402	786

	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	14,370	12,220	80,865	474,985	–	474,985
Intersegment	9	95	19,899	32,592	(32,592)	–
Total	14,380	12,316	100,764	507,577	(32,592)	474,985
Segment income	525	972	2,485	16,843	(1,595)	15,248

- (Notes) 1. The segment income adjustment of ¥(1,595) million includes ¥27 million for the elimination of intersegment income, and ¥(1,634) 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, 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 three months ended June 30, 2017 increased by ¥1,208 million in "Japan (Logistics)," ¥156 million in "Security Transportation," ¥76 million in "Heavy Haulage & Construction" and ¥84 million in "Logistics Support" compared with figures calculated based on the previous method.

(Supplementary Information)

(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 will change the number of shares constituting one share unit from 1,000 shares to 100 shares effective from October 1, 2017, consolidate 10 shares of its common stock into 1 share and change the total number of authorized shares from 3,988.0 million shares to 398.8 million shares.

Effect on Per Share Information

Per Share Information for the three months ended June 30, 2016 and that for the three months ended June 30, 2017 assuming that the aforementioned consolidation of shares is performed at the beginning of the fiscal year ended March 31, 2017, are as follows.

	Three months ended Jun. 30, 2016 (from April 1, 2016 to June 30, 2016)	Three months ended Jun. 30, 2017 (from April 1, 2017 to June 30, 2017)
Earnings per share (Yen)	73.64	115.50

(Note) Diluted earnings per share is not stated because there were no residual securities.

3. Reference Materials

(1) Consolidated Reference Materials

○ Financial Results of Reportable Segment

(Unit: Millions of yen, %)

			Three months ended Jun. 30, 2017	Three months ended Jun. 30, 2016	Change		
					Amount	Ratio	
Revenues	Reportable Segment	Logistics	Japan	290,308	279,597	10,710	3.8
			The Americas	22,073	20,979	1,093	5.2
			Europe	21,474	19,314	2,160	11.2
			East Asia	26,824	24,078	2,745	11.4
			South Asia & Oceania	19,435	16,470	2,964	18.0
		Subtotal	380,116	360,441	19,675	5.5	
		Security Transportation	14,380	13,757	622	4.5	
		Heavy Haulage & Construction	12,316	10,598	1,717	16.2	
		Logistics Support	100,764	94,091	6,673	7.1	
		Subtotal	507,577	478,888	28,689	6.0	
	Adjustment	(32,592)	(29,376)	(3,216)	–		
Total	474,985	449,511	25,473	5.7			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[3.5] 10,123	[2.9] 8,000	2,123	26.5
			The Americas	[3.4] 742	[3.5] 726	15	2.2
			Europe	[3.7] 804	[1.9] 376	428	113.7
			East Asia	[1.5] 402	[0.1] 28	374	–
			South Asia & Oceania	[4.0] 786	[3.0] 487	299	61.4
		Subtotal	[3.4] 12,859	[2.7] 9,619	3,240	33.7	
		Security Transportation	[3.7] 525	[2.9] 403	122	30.5	
		Heavy Haulage & Construction	[7.9] 972	[6.8] 718	253	35.3	
		Logistics Support	[2.5] 2,485	[1.4] 1,309	1,176	89.8	
		Subtotal	[3.3] 16,843	[2.5] 12,050	4,793	39.8	
	Adjustment	(1,595)	(1,271)	(323)	–		
Total	[3.2] 15,248	[2.4] 10,778	4,469	41.5			

(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	1,181,400	1,155,713	25,686	2.2
			The Americas	94,600	83,831	10,768	12.8
			Europe	88,500	79,286	9,213	11.6
			East Asia	108,400	101,746	6,653	6.5
			South Asia & Oceania	80,500	70,343	10,156	14.4
		Subtotal	1,553,400	1,490,923	62,476	4.2	
		Security Transportation	56,800	54,781	2,018	3.7	
		Heavy Haulage & Construction	46,100	46,985	(885)	(1.9)	
		Logistics Support	426,300	403,994	22,305	5.5	
		Subtotal	2,082,600	1,996,683	85,916	4.3	
		Adjustment	(142,600)	(132,381)	(10,218)	—	
Total	1,940,000	1,864,301	75,698	4.1			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[3.8] 45,400	[3.3] 38,658	6,741	17.4
			The Americas	[5.4] 5,100	[5.7] 4,772	327	6.9
			Europe	[4.0] 3,500	[2.6] 2,030	1,469	72.4
			East Asia	[1.8] 1,900	[1.1] 1,117	782	70.0
			South Asia & Oceania	[3.9] 3,100	[3.5] 2,486	613	24.7
		Subtotal	[3.8] 59,000	[3.3] 49,065	9,934	20.2	
		Security Transportation	[2.8] 1,600	[1.8] 964	635	65.8	
		Heavy Haulage & Construction	[7.8] 3,600	[8.3] 3,883	(283)	(7.3)	
		Logistics Support	[2.5] 10,600	[2.5] 10,015	584	5.8	
		Subtotal	[3.6] 74,800	[3.2] 63,930	10,869	17.0	
		Adjustment	(7,800)	(6,498)	(1,301)	—	
Total	[3.5] 67,000	[3.1] 57,431	9,568	16.7			

(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 May 9, 2017.

2. Figures in brackets indicate Operating Margins.

○ Forecast of Financial Results for First Half of FY2017

(Unit: Millions of yen, %)

			First half of FY2017		First half of FY2016		Change	
							Amount	Ratio
Revenues	Reportable Segment	Logistics	Japan	583,100	566,292	16,807	3.0	
			The Americas	47,000	41,919	5,080	12.1	
			Europe	44,300	39,123	5,176	13.2	
			East Asia	54,100	47,648	6,451	13.5	
			South Asia & Oceania	39,600	34,138	5,461	16.0	
			Subtotal	768,100	729,121	38,978	5.3	
		Security Transportation	28,700	27,428	1,271	4.6		
		Heavy Haulage & Construction	24,100	22,253	1,846	8.3		
		Logistics Support	205,600	192,032	13,567	7.1		
		Subtotal	1,026,500	970,836	55,663	5.7		
		Adjustment	(65,500)	(61,557)	(3,942)	–		
Total	961,000	909,278	51,721	5.7				
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[3.4] 20,100	[2.9] 16,487	3,612	21.9	
			The Americas	[5.3] 2,500	[5.8] 2,430	69	2.8	
			Europe	[3.8] 1,700	[2.2] 855	844	98.7	
			East Asia	[1.5] 800	[1.3] 597	202	33.9	
			South Asia & Oceania	[3.8] 1,500	[3.3] 1,118	381	34.2	
			Subtotal	[3.5] 26,600	[2.9] 21,489	5,110	23.8	
		Security Transportation	[2.8] 800	[1.6] 447	352	78.7		
		Heavy Haulage & Construction	[8.7] 2,100	[8.0] 1,774	325	18.4		
		Logistics Support	[2.5] 5,200	[1.8] 3,370	1,829	54.3		
		Subtotal	[3.4] 34,700	[2.8] 27,081	7,618	28.1		
		Adjustment	(3,700)	(2,628)	(1,071)	–		
Total	[3.2] 31,000	[2.7] 24,452	6,547	26.8				

(Notes) 1. The above Forecast of Financial Results for First Half of FY2017 is a revision of the Forecast of Consolidated Financial Results for FY2017 announced on May 9, 2017.

2. Figures in brackets indicate Operating Margins.

(2) Non-consolidated Reference Materials

○Summary of Non-consolidated Statements of Income

(Unit: Millions of yen, %)

		Three months ended Jun. 30, 2017		Three months ended Jun. 30, 2016		Change		
			% in Sales		% in Sales	Amount	Ratio	
Revenues	Railway utilization transportation	20,683	7.8	19,743	7.8	939	4.8	
	Motor transportation	Combined delivery services	19,854	7.5	19,737	7.8	116	0.6
		Chartered truck services	66,420	25.1	64,867	25.7	1,553	2.4
		Subtotal	86,274	32.6	84,604	33.5	1,670	2.0
	Marine and harbor transportation	Marine transportation	18,220	6.9	18,159	7.2	61	0.3
		Harbor transportation	13,356	5.0	12,971	5.1	384	3.0
		Subtotal	31,576	11.9	31,130	12.3	445	1.4
		(Exports)	[14,982]	—	[14,938]	—	[43]	[0.3]
		(Imports)	[9,871]	—	[9,563]	—	[307]	[3.2]
		(Domestic)	[6,722]	—	[6,628]	—	[94]	[1.4]
	Warehousing	27,621	10.4	27,955	11.1	(333)	(1.2)	
	Air transportation	International air freight	28,639	10.8	22,230	8.8	6,409	28.8
		(Exports)	[22,285]	—	[16,564]	—	[5,720]	[34.5]
		(Imports)	[6,354]	—	[5,666]	—	[688]	[12.1]
		Domestic air freight	9,536	3.6	9,469	3.7	67	0.7
	Subtotal	38,176	14.4	31,699	12.5	6,476	20.4	
	Heavy haulage & construction	15,515	5.9	13,233	5.2	2,281	17.2	
Incidental operations and others	44,957	17.0	44,517	17.6	439	1.0		
Total	264,804	100.0	252,885	100.0	11,919	4.7		
	(Domestic operation-related revenues)	[204,450]	77.2	[199,486]	78.9	[4,964]	[2.5]	
	(Overseas-related revenues)	[60,353]	22.8	[53,398]	21.1	[6,954]	[13.0]	
Operating expenses	Personnel expenses	Drivers/workers	29,862	11.3	29,975	11.9	(113)	(0.4)
		Office personnel	33,328	12.6	33,932	13.4	(604)	(1.8)
		Subtotal	63,190	23.9	63,907	25.3	(717)	(1.1)
	Forwarding costs	Railway	10,569	4.0	10,095	4.0	474	4.7
		Marine	6,729	2.6	5,913	2.3	815	13.8
		Air	11,473	4.3	7,531	3.0	3,942	52.3
		Subtotal	28,772	10.9	23,540	9.3	5,232	22.2
	Vehicle chartering and subcontracting costs	110,151	41.6	105,321	41.6	4,830	4.6	
	Depreciation and amortization	6,119	2.3	6,826	2.7	(707)	(10.4)	
	Facility usage charges	17,854	6.7	17,909	7.1	(55)	(0.3)	
Other	29,996	11.3	28,606	11.3	1,389	4.9		
Total	256,084	96.7	246,112	97.3	9,971	4.1		
Operating income	8,719	3.3	6,772	2.7	1,947	28.8		
Non-operating income	4,658	1.8	4,282	1.7	375	8.8		
Non-operating expenses	919	0.4	901	0.4	18	2.0		
Ordinary income	12,457	4.7	10,153	4.0	2,304	22.7		
Extraordinary income	1,478	0.6	5,491	2.2	(4,013)	(73.1)		
Extraordinary loss	828	0.3	1,304	0.5	(476)	(36.5)		
Profit before income taxes	13,108	5.0	14,340	5.7	(1,232)	(8.6)		
Income taxes	3,959	1.5	4,933	2.0	(974)	(19.7)		
Profit	9,148	3.5	9,406	3.7	(258)	(2.7)		

○ Forecast of Financial Results for FY2017 (Full Year)

(Unit: Millions of yen, %)

		FY2017		FY2016		Change			
			% in Sales		% in Sales	Amount	Ratio		
Revenues		Railway utilization transportation	87,200	8.1	84,016	8.0	3,183	3.8	
	Motor transportation		Combined delivery services	81,100	7.6	80,530	7.7	569	0.7
			Chartered truck services	271,800	25.4	267,893	25.7	3,906	1.5
			Subtotal	352,900	33.0	348,424	33.4	4,475	1.3
	Marine and harbor transportation		Marine transportation	68,200	6.4	67,769	6.5	430	0.6
			Harbor transportation	53,900	5.0	52,227	5.0	1,672	3.2
			Subtotal	122,100	11.4	119,996	11.5	2,103	1.8
		Warehousing	110,600	10.3	110,812	10.6	(212)	(0.2)	
	Air transportation		International air freight	112,900	10.6	96,783	9.2	16,116	16.7
			Domestic air freight	39,700	3.7	39,425	3.8	274	0.7
			Subtotal	152,600	14.3	136,208	13.0	16,391	12.0
		Heavy haulage & construction	58,800	5.5	57,932	5.6	867	1.5	
		Incidental operations and others	185,800	17.4	186,365	17.9	(565)	(0.3)	
		Total	1,070,000	100.0	1,043,756	100.0	26,243	2.5	
Operating expenses	Personnel expenses		Drivers/workers	119,500	11.2	119,911	11.5	(411)	(0.3)
			Office personnel	134,200	12.5	136,590	13.1	(2,390)	(1.8)
			Subtotal	253,700	23.7	256,502	24.6	(2,802)	(1.1)
	Forwarding costs		Railway	44,400	4.2	42,993	4.1	1,406	3.3
			Marine	25,100	2.3	23,728	2.3	1,371	5.8
			Air	47,500	4.4	36,831	3.5	10,668	29.0
			Subtotal	117,000	10.9	103,553	9.9	13,446	13.0
		Vehicle chartering and subcontracting costs	444,200	41.5	434,910	41.7	9,289	2.1	
		Depreciation and amortization	25,600	2.4	28,932	2.8	(3,332)	(11.5)	
		Facility usage charges	71,500	6.7	71,597	6.8	(97)	(0.1)	
		Other	120,500	11.3	118,143	11.3	2,356	2.0	
	Total	1,032,500	96.5	1,013,640	97.1	18,859	1.9		
	Operating income	37,500	3.5	30,116	2.9	7,383	24.5		
	Non-operating income	10,600	1.0	12,446	1.2	(1,846)	(14.8)		
	Non-operating expenses	5,100	0.5	4,831	0.5	268	5.6		
	Ordinary income	43,000	4.0	37,731	3.6	5,268	14.0		
	Extraordinary income	1,900	0.2	8,515	0.8	(6,615)	(77.7)		
	Extraordinary loss	4,600	0.4	5,231	0.5	(631)	(12.1)		
	Profit before income taxes	40,300	3.8	41,015	3.9	(715)	(1.7)		
	Income taxes	12,300	1.2	12,385	1.2	(85)	(0.7)		
	Profit	28,000	2.6	28,629	2.7	(629)	(2.2)		

(Note) The above Forecast of Financial Results for FY2017 (Full Year) is a revision of the Forecast of Non-consolidated Financial Results for FY2017 announced on May 9, 2017.

○ Forecast of Financial Results for First Half of FY2017

(Unit: Millions of yen, %)

		First half of FY2017	% in Sales	First half of FY2016	% in Sales	Change		
						Amount	Ratio	
Revenues	Railway utilization transportation	41,600	7.9	39,772	7.8	1,827	4.6	
	Motor transportation	Combined delivery services	39,500	7.5	39,224	7.7	275	0.7
		Chartered truck services	134,400	25.4	132,058	25.8	2,341	1.8
		Subtotal	173,900	32.9	171,283	33.5	2,616	1.5
	Marine and harbor transportation	Marine transportation	35,100	6.6	34,905	6.8	194	0.6
		Harbor transportation	26,600	5.0	25,805	5.1	794	3.1
		Subtotal	61,700	11.6	60,710	11.9	989	1.6
	Warehousing	55,600	10.5	56,081	11.0	(481)	(0.9)	
	Air transportation	International air freight	56,500	10.7	45,772	9.0	10,727	23.4
		Domestic air freight	19,500	3.7	19,382	3.8	117	0.6
		Subtotal	76,000	14.4	65,155	12.8	10,844	16.6
	Heavy haulage & construction	30,000	5.7	27,571	5.4	2,428	8.8	
	Incidental operations and others	90,200	17.0	90,006	17.6	193	0.2	
	Total		529,000	100.0	510,581	100.0	18,418	3.6
Operating expenses	Personnel expenses	Drivers/workers	59,900	11.3	60,111	11.8	(211)	(0.4)
		Office personnel	67,600	12.8	68,297	13.4	(697)	(1.0)
		Subtotal	127,500	24.1	128,409	25.2	(909)	(0.7)
	Forwarding costs	Railway	21,200	4.0	20,455	4.0	744	3.6
		Marine	12,900	2.5	11,617	2.3	1,282	11.0
		Air	23,300	4.4	16,413	3.2	6,886	42.0
		Subtotal	57,400	10.9	48,487	9.5	8,912	18.4
	Vehicle chartering and subcontracting costs	219,600	41.5	213,045	41.7	6,554	3.1	
	Depreciation and amortization	12,300	2.3	13,830	2.7	(1,530)	(11.1)	
	Facility usage charges	35,600	6.7	35,663	7.0	(63)	(0.2)	
	Other	59,600	11.3	58,187	11.4	1,412	2.4	
Total		512,000	96.8	497,623	97.5	14,376	2.9	
Operating income		17,000	3.2	12,958	2.5	4,041	31.2	
Non-operating income		5,800	1.1	5,382	1.1	417	7.8	
Non-operating expenses		2,300	0.4	2,329	0.5	(29)	(1.3)	
Ordinary income		20,500	3.9	16,011	3.1	4,488	28.0	
Extraordinary income		1,700	0.3	6,093	1.2	(4,393)	(72.1)	
Extraordinary loss		2,200	0.4	1,979	0.4	220	11.1	
Profit before income taxes		20,000	3.8	20,125	3.9	(125)	(0.6)	
Income taxes		6,000	1.2	7,045	1.3	(1,045)	(14.8)	
Profit		14,000	2.6	13,080	2.6	919	7.0	

(Note) The above Forecast of Financial Results for First Half of FY2017 is a revision of the Forecast of Non-consolidated Financial Results for FY2017 announced on May 9, 2017.