

July 29, 2016

Summary of Consolidated Earnings Report for the First 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: August 10, 2016

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, 2016 (from April 1, 2016 to June 30, 2016)

(1) Consolidated Business Results

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Net income attributable to shareholders of Nippon Express	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Three Months Ended Jun. 30, 2016	449,511	(5.2)	10,778	2.1	13,584	2.4	7,371	(10.1)
Three Months Ended Jun. 30, 2015	474,397	4.7	10,552	14.7	13,268	10.4	8,199	74.1

(Note) Comprehensive income:

Three Months Ended Jun. 30, 2016: ¥(3,789) million [—]

Three Months Ended Jun. 30, 2015: ¥12,378 million [205.1%]

	Basic earnings per share	Diluted earnings per share
	¥	¥
Three Months Ended Jun. 30, 2016	7.36	—
Three Months Ended Jun. 30, 2015	8.19	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of Jun. 30, 2016	1,465,290	528,908	35.0
As of Mar. 31, 2016	1,484,953	538,018	35.2

(Reference) Equity: As of Jun. 30, 2016: ¥512,760 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	—				
Fiscal Year Ending Mar. 31, 2017 (Forecast)		5.00	—	6.00	11.00

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

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

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Net income attributable to shareholders of Nippon Express		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Interim of year	906,000	(5.0)	23,500	1.6	27,800	0.5	16,500	8.5	16.48
Full year	1,844,000	(3.4)	57,000	4.1	63,000	1.0	36,000	1.0	35.97

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

*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 Jun. 30, 2016	1,038,000,000 shares	As of Mar. 31, 2016	1,038,000,000 shares
2) Total number of treasury stocks at end of period	As of Jun. 30, 2016	37,072,278 shares	As of Mar. 31, 2016	37,068,877 shares
3) Average number of shares during period	Three months ended Jun. 30, 2016	1,000,928,608 shares	Three months ended Jun. 30, 2015	1,001,589,186 shares

*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 consolidated financial results forecast released on May 10, 2016, 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.

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 July 29, 2016.

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Business Results

During the three months ended June 30, 2016, the outlook in the Japanese economy remained uncertain as a sense of stagnation intensified amid sluggish personal consumption and a slowdown in economic growth in China, in addition to the advance of yen appreciation and lower stock prices in the wake of the U.K. referendum vote in favor of leaving the European Union.

Amid these economic conditions, in the field of logistics, domestic freight movements lacked vigor due to factors including a downturn in corporate earnings and a decline in production associated with inventory adjustments, while international freight was generally weak, due to factors such as a reduction in export freight mainly to the U.S. and Asian countries.

In this business environment, during the three months ended June 30, 2016, the Nippon Express Group recorded a year-on-year decrease in revenues in all segments except for Security Transportation, due to factors such as a reactionary decline against the previous year's increase in import and export airfreight resulting from the impact of crowded ports 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 profit, although profit declined in the Americas, Europe, East Asia, Security Transportation, Heavy Haulage & Construction, and Logistics Support segments, Japan and South Asia & Oceania segments saw profit increases due to factors such as a reduction in forwarding costs, vehicle chartering and subcontracting costs, and fuel oil costs, etc., as well as the addition of a new consolidated subsidiary.

As a result, revenues decreased by ¥24.8 billion, or 5.2% year on year, to ¥449.5 billion, while operating income increased by ¥0.2 billion, or 2.1% year on year, to ¥10.7 billion, and ordinary income increased by ¥0.3 billion, or 2.4% year on year, to ¥13.5 billion. Net income attributable to shareholders of Nippon Express decreased by ¥0.8 billion, or 10.1% year on year, to ¥7.3 billion.

Reportable segments have been reclassified starting from the first quarter ended June 30, 2016. Details can be found on page 12, "3. Consolidated Financial Statements (3) Notes to Consolidated Financial Statements (Segment Information, etc.).

(2) Explanation of Financial Position

Total assets as at the end of the first quarter ended June 30, 2016 amounted to ¥1,465.2 billion, a decrease of ¥19.6 billion or 1.3% from the end of the previous fiscal year.

Current assets amounted to ¥671.2 billion, a decrease of ¥11.1 billion or 1.6% from the end of the previous fiscal year, while non-current assets totaled ¥794.0 billion, a decrease of ¥8.5 billion or 1.1% from the end of the previous fiscal year.

The primary factors behind the decrease in current assets were the decrease in accounts receivable—trade, etc.

The primary factors behind the decrease in non-current assets were the decrease in investment securities, etc.

Current liabilities decreased by ¥3.4 billion or 0.8% from the end of the previous fiscal year to ¥436.9 billion, while non-current liabilities decreased by ¥7.1 billion or 1.4% to ¥499.4 billion from the end of the previous fiscal year.

The decrease in current liabilities was primarily due to the decrease in accounts payable—trade, etc.

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

Net assets amounted to ¥528.9 billion at the end of the first quarter ended June 30, 2016, a decrease of ¥9.1 billion or 1.7% from the end of the previous fiscal year. This was attributable to the decreases in valuation differences on available-for-sale securities and foreign currency translation adjustments, etc.

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

The consolidated financial results forecast for FY2016 and non-consolidated financial results forecast for FY2016 announced on May 10, 2016, have been revised as follows in light of recent performance trends.

For matters related to consolidated financial results forecasts, please see page 17, "4. Reference Materials (1) Consolidated Reference Materials, Forecast of Financial Results for FY2016 (Full Year)", and page 18, "4. Reference Materials (1) Consolidated Reference Materials, Forecast of Financial Results for First Half of FY2016", and for matters related to non-consolidated financial results forecasts, please see page 20, "4. Reference Materials (2) Non-

consolidated Reference Materials, Forecast of Financial Results for FY2016 (Full Year), and page 21, “4. Reference Materials (2) Non-consolidated Reference Materials, Forecast of Financial Results for First Half of FY2016”.

1) Revisions to Financial Results Forecast

A. Revisions to Forecast of Consolidated Financial Results for the First Half of FY2016 (Interim of year)

(From April 1, 2016 to September 30, 2016)

	Revenues	Operating income	Ordinary income	Net income attributable to shareholders of Nippon Express	Basic earnings per share
	¥ million	¥ million	¥ million	¥ million	¥
Previously announced forecast (A) (Announced on May 10, 2016)	935,000	23,500	27,800	16,500	16.48
Current revised forecast (B)	906,000	23,500	27,800	16,500	16.48
Amount of increase/decrease (B) - (A)	(29,000)	–	–	–	
Percentage of increase/decrease (%)	(3.1)	–	–	–	
(Reference) Actual results for the First Half of the previous fiscal year (the First Half of the fiscal year ended March 31, 2016)	953,224	23,120	27,657	15,211	15.19

B. Revisions to Forecast of Non-consolidated Financial Results for the First Half of FY2016 (Interim of year)

(From April 1, 2016 to September 30, 2016)

	Revenues	Operating income	Ordinary income	Net income	Basic earnings per share
	¥ million	¥ million	¥ million	¥ million	¥
Previously announced forecast (A) (Announced on May 10, 2016)	534,000	12,500	16,000	11,000	10.99
Current revised forecast (B)	507,000	12,500	16,000	13,000	12.99
Amount of increase/decrease (B) - (A)	(27,000)	–	–	2,000	
Percentage of increase/decrease (%)	(5.1)	–	–	18.2	
(Reference) Actual results for the First Half of the previous fiscal year (the First Half of the fiscal year ended March 31, 2016)	528,633	12,486	15,369	8,016	8.00

C. Revisions to Forecast of Consolidated Financial Results for FY2016 (Full year)

(From April 1, 2016 to March 31, 2017)

	Revenues	Operating income	Ordinary income	Net income attributable to shareholders of Nippon Express	Basic earnings per share
	¥ million	¥ million	¥ million	¥ million	¥
Previously announced forecast (A) (Announced on May 10, 2016)	1,930,000	57,000	63,000	36,000	35.97
Current revised forecast (B)	1,844,000	57,000	63,000	36,000	35.97
Amount of increase/decrease (B) - (A)	(86,000)	–	–	–	
Percentage of increase/decrease (%)	(4.5)	–	–	–	
(Reference) Actual results for the previous fiscal year (the fiscal year ended March 31, 2016)	1,909,105	54,778	62,394	35,659	35.61

D. Revisions to Forecast of Non-consolidated Financial Results for FY2016 (Full year)

(From April 1, 2016 to March 31, 2017)

	Revenues	Operating income	Ordinary income	Net income	Basic earnings per share
	¥ million	¥ million	¥ million	¥ million	¥
Previously announced forecast (A) (Announced on May 10, 2016)	1,074,000	32,000	38,000	24,000	23.98
Current revised forecast (B)	1,029,000	32,000	38,000	26,000	25.98
Amount of increase/decrease (B) - (A)	(45,000)	–	–	2,000	
Percentage of increase/decrease (%)	(4.2)	–	–	8.3	
(Reference) Actual results for the previous fiscal year (the fiscal year ended March 31, 2016)	1,060,062	31,900	37,253	21,934	21.90

2) Reasons for revision of financial results forecast

Forecast figures have been revised because revenues for both the interim and full year are expected to fall below the previously announced forecast, due to factors including, in Japan, sluggish freight movements resulting from a downturn in corporate earnings, etc., and, overseas, a decline in transportation demand owing to a slowdown in growth in China and other emerging economies, etc., as well as the effect of exchange rates due to yen appreciation.

With regard to non-consolidated net income, forecast figures have been revised due to an anticipated increase in profit resulting from sale of shares of subsidiaries and affiliates, among other factors.

As for consolidated operating income, ordinary income, and net income attributable to shareholders of Nippon Express, as well as non-consolidated operating income and ordinary income, the Company has left the forecast figures unchanged for both the interim and full year, taking into consideration trends in unit price of purchase such as forwarding costs and vehicle chartering and subcontracting costs.

In these revisions, the financial results forecast is based on an assumed average exchange rate for the period of 110.0 yen to the U.S. dollar, and 123.4 yen to the euro (for the previously announced forecast, the assumed rates were 111.2 yen to the U.S. dollar, and 125.9 yen to the euro).

*Note regarding financial results forecast

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.

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 first quarter ended June 30, 2016, and multiplying income before income taxes by said estimated effective tax rate.

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

(Changes in Accounting Policies)

In accordance with the revision of the Corporation Tax Act, the Company has applied the "Practical Solution on a Change in Depreciation Method due to Tax Reform 2016" (PITF No.32, June 17, 2016) in 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 three months ended June 30, 2016 is immaterial.

(4) Supplementary Information

(Loss on disaster)

Expenses and losses for restoration, etc. of facilities damaged by the Kumamoto Earthquake, which occurred in April 2016, are recognized as "loss on disaster." Its major breakdown is as follows.

Restoration expense for non-current assets	¥808 million
Loss on destruction of non-current assets	¥19 million
Other	¥21 million

The above amounts include ¥787 million of provision for loss on disaster.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Millions of yen)

	FY2015 (as of March 31, 2016)	First Quarter of FY2016 (as of June 30, 2016)
ASSETS		
Current assets:		
Cash and cash in banks	189,323	192,690
Notes receivable—trade	22,280	22,372
Accounts receivable—trade	296,592	275,571
Inventories	6,368	6,283
Other	168,934	175,462
Less: allowance for doubtful accounts	(1,182)	(1,174)
Total current assets	682,316	671,205
Non-current assets:		
Property and equipment		
Vehicles, net	25,290	25,070
Buildings, net	227,687	225,310
Land	177,438	177,478
Other, net	71,905	77,834
Total property and equipment	502,321	505,693
Intangible assets		
Goodwill	47,411	46,068
Other	80,762	80,092
Total intangible assets	128,173	126,161
Investments and other assets		
Investment securities	112,130	101,321
Other	60,911	61,797
Less: allowance for doubtful accounts	(899)	(889)
Total investments and other assets	172,142	162,229
Total non-current assets	802,637	794,084
Total assets	1,484,953	1,465,290
LIABILITIES		
Current liabilities:		
Notes payable—trade	7,506	5,736
Accounts payable—trade	151,057	136,897
Short-term loans payable	62,291	62,733
Income taxes payable	13,891	8,742
Provision for bonuses	21,529	9,292
Other provisions	143	807
Other	183,947	212,749
Total current liabilities	440,366	436,958
Non-current liabilities:		
Bonds payable	65,000	65,000
Long-term loans payable	240,955	233,430
Other provisions	2,439	2,226
Net retirement benefit liability	160,168	161,690
Other	38,005	37,076
Total non-current liabilities	506,568	499,423
Total liabilities	946,935	936,382

(Unit: Millions of yen)

	FY2015 (as of March 31, 2016)	First Quarter of FY2016 (as of June 30, 2016)
NET ASSETS		
Shareholders' equity:		
Common stock	70,175	70,175
Additional paid-in capital	25,306	25,346
Retained earnings	445,495	446,854
Less: treasury stock	(19,818)	(19,820)
Total shareholders' equity	521,158	522,555
Accumulated other comprehensive income:		
Valuation differences on available-for-sale securities	47,118	40,508
Deferred gains (losses) on hedges	(214)	(533)
Foreign currency translation adjustments	8,085	1,429
Remeasurements of retirement benefit plans	(53,888)	(51,198)
Total accumulated other comprehensive income	1,101	(9,794)
Non-controlling interests	15,758	16,147
Total net assets	538,018	528,908
Total liabilities and net assets	1,484,953	1,465,290

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Unit: Millions of yen)

	Three months ended Jun. 30, 2015 (from April 1, 2015 to June 30, 2015)	Three months ended Jun. 30, 2016 (from April 1, 2016 to June 30, 2016)
Revenues	474,397	449,511
Operating costs	440,937	412,798
Gross profit	33,459	36,712
Selling, general and administrative expenses	22,906	25,934
Operating income	10,552	10,778
Non-operating income:		
Interest income	166	100
Dividends income	1,356	1,361
Equity in earnings of affiliates	156	720
Other	2,140	1,866
Total non-operating income	3,820	4,049
Non-operating expenses:		
Interest expenses	764	843
Other	340	399
Total non-operating expenses	1,105	1,243
Ordinary income	13,268	13,584
Extraordinary income:		
Gain on sales of non-current assets	1,005	2,061
Gain on sales of investment securities	3	63
Other	0	8
Total extraordinary income	1,010	2,133
Extraordinary loss:		
Loss on disposal of non-current assets	918	228
Loss on sales of investment securities	0	403
Loss on disaster	–	849
Other	343	304
Total extraordinary loss	1,261	1,785
Income before income taxes and non-controlling interests	13,016	13,932
Income taxes	4,547	6,506
Net income	8,468	7,426
Net income attributable to non-controlling interests	269	54
Net income attributable to shareholders of Nippon Express	8,199	7,371

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	Three months ended Jun. 30, 2015 (from April 1, 2015 to June 30, 2015)	Three months ended Jun. 30, 2016 (from April 1, 2016 to June 30, 2016)
Net income	8,468	7,426
Other comprehensive income:		
Valuation differences on available-for-sale securities	6,042	(6,610)
Deferred gains (losses) on hedges	8	(319)
Foreign currency translation adjustments	(3,329)	(6,804)
Remeasurements of retirement benefit plans	1,188	2,660
Share of other comprehensive income of affiliates accounted for using the equity method	(0)	(140)
Total other comprehensive income	3,909	(11,215)
Comprehensive income	12,378	(3,789)
(Comprehensive income attributable to)		
Shareholders of Nippon Express	12,215	(3,525)
Non-controlling interests	162	(264)

(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. Three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)

Revenues and income (loss) by reportable segment

(Unit: Millions of yen)

	Logistics				
	Japan	The Americas	Europe	East Asia	South Asia & Oceania
Revenues					
Revenues from external customers	280,422	19,928	19,016	25,813	17,717
Intersegment	3,604	3,813	1,278	2,532	1,283
Total	284,026	23,741	20,294	28,346	19,001
Segment income	6,484	1,338	402	239	431

	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	13,635	13,511	84,351	474,397	–	474,397
Intersegment	7	147	19,381	32,049	(32,049)	–
Total	13,643	13,658	103,733	506,446	(32,049)	474,397
Segment income	524	892	1,651	11,964	(1,411)	10,552

(Notes) 1. The segment income adjustment of ¥(1,411) million includes ¥(78) million for the elimination of intersegment income, and ¥(1,358) 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, 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.

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 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 is 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 three months ended June 30, 2015, has been prepared according to the reclassified segments.

(Significant Subsequent Events)

Purchase of treasury stock

At a meeting of the Board of Directors held on July 29, 2016, the Company resolved matters related to the purchase of treasury stock in accordance with the provisions of Article 156 of the Companies Act, as applied pursuant to the provisions of Article 165, Paragraph 3 of the same Act.

1. Reason for implementing purchase of treasury stock

The treasury stock is purchased with the aim of improving capital efficiency and enhancing the value of shares.

2. Details of matters regarding the purchase

(1) Type of shares to be purchased

Common stock of the Company

(2) Total number of shares that can be purchased

Up to 40,000,000 shares

(Ratio to the total number of issued shares (excluding treasury stock): 4.00%)

(3) Total amount of purchase price of shares

Up to ¥30,000 million

(4) Purchase period

From August 1, 2016 to February 28, 2017

(5) Purchase method

Purchase on the market of the Tokyo Stock Exchange

4. Reference Materials

(1) Consolidated Reference Materials

- Financial Results of Reportable Segment for Three Months Ended June 30, 2016

(Unit: Millions of yen, %)

				Three months ended Jun. 30, 2016		Three months ended Jun. 30, 2015		Change	
								Amount	Ratio
Revenues	Reportable Segment	Logistics	Japan		279,597		284,026	(4,429)	(1.6)
			The Americas		20,979		23,741	(2,761)	(11.6)
			Europe		19,314		20,294	(980)	(4.8)
			East Asia		24,078		28,346	(4,267)	(15.1)
			South Asia & Oceania		16,470		19,001	(2,530)	(13.3)
		Subtotal		360,441		375,411	(14,969)	(4.0)	
		Security Transportation		13,757		13,643	114	0.8	
		Heavy Haulage & Construction		10,598		13,658	(3,060)	(22.4)	
		Logistics Support		94,091		103,733	(9,642)	(9.3)	
		Subtotal		478,888		506,446	(27,558)	(5.4)	
	Adjustment		(29,376)		(32,049)	2,672	—		
Total		449,511		474,397	(24,886)	(5.2)			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[2.9]	8,000	[2.3]	6,484	1,515	23.4
			The Americas	[3.5]	726	[5.6]	1,338	(611)	(45.7)
			Europe	[1.9]	376	[2.0]	402	(25)	(6.4)
			East Asia	[0.1]	28	[0.8]	239	(211)	(88.2)
			South Asia & Oceania	[3.0]	487	[2.3]	431	55	12.9
		Subtotal	[2.7]	9,619	[2.4]	8,896	722	8.1	
		Security Transportation	[2.9]	403	[3.8]	524	(120)	(23.1)	
		Heavy Haulage & Construction	[6.8]	718	[6.5]	892	(174)	(19.5)	
		Logistics Support	[1.4]	1,309	[1.6]	1,651	(341)	(20.7)	
		Subtotal	[2.5]	12,050	[2.4]	11,964	85	0.7	
	Adjustment		(1,271)		(1,411)	140	—		
Total	[2.4]	10,778	[2.2]	10,552	225	2.1			

(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.

○ 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
		Subtotal	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)	
		Subtotal	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	[1.6] 1,600	[1.5] 1,679	(79)	(4.7)
			South Asia & Oceania	[3.0] 2,200	[2.2] 1,568	631	40.2
		Subtotal	[3.4] 50,600	[3.1] 46,497	4,102	8.8	
		Security Transportation	[2.2] 1,200	[2.9] 1,570	(370)	(23.6)	
		Heavy Haulage & Construction	[6.2] 2,700	[7.2] 3,687	(987)	(26.8)	
		Logistics Support	[2.1] 8,300	[2.0] 8,161	138	1.7	
		Subtotal	[3.2] 62,800	[2.9] 59,917	2,882	4.8	
	Adjustment	(5,800)	(5,139)	(660)	—		
Total	[3.1] 57,000	[2.9] 54,778	2,221	4.1			

(Notes) 1. The above Forecast of Financial Results for FY2016 (Full Year) is a revision of the Forecast of Consolidated Financial Results for FY2016 announced on May 10, 2016.

2. 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.

3. Figures in brackets indicate Operating Margins.

○ Forecast of Financial Results for First Half of FY2016

(Unit: Millions of yen, %)

			First half of FY2016		First half of FY2015		Change	
							Amount	Ratio
Revenues	Reportable Segment	Logistics	Japan	561,700	573,174	(11,474)	(2.0)	
			The Americas	43,100	48,295	(5,195)	(10.8)	
			Europe	38,500	41,039	(2,539)	(6.2)	
			East Asia	49,200	57,467	(8,267)	(14.4)	
			South Asia & Oceania	35,300	36,795	(1,495)	(4.1)	
			Subtotal	727,800	756,771	(28,971)	(3.8)	
		Security Transportation	27,400	27,208	191	0.7		
		Heavy Haulage & Construction	21,600	27,517	(5,917)	(21.5)		
		Logistics Support	192,100	207,249	(15,149)	(7.3)		
		Subtotal	968,900	1,018,747	(49,847)	(4.9)		
		Adjustment	(62,900)	(65,523)	2,623	–		
Total	906,000	953,224	(47,224)	(5.0)				
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[2.9] 16,100	[2.5] 14,321	1,778	12.4	
			The Americas	[5.1] 2,200	[5.7] 2,732	(532)	(19.5)	
			Europe	[2.1] 800	[1.7] 699	100	14.4	
			East Asia	[1.2] 600	[1.0] 581	18	3.2	
			South Asia & Oceania	[2.8] 1,000	[2.3] 861	138	16.1	
			Subtotal	[2.8] 20,700	[2.5] 19,196	1,503	7.8	
		Security Transportation	[1.8] 500	[2.7] 733	(233)	(31.9)		
		Heavy Haulage & Construction	[6.0] 1,300	[5.9] 1,623	(323)	(19.9)		
		Logistics Support	[1.9] 3,700	[1.9] 4,039	(339)	(8.4)		
		Subtotal	[2.7] 26,200	[2.5] 25,592	607	2.4		
		Adjustment	(2,700)	(2,471)	(228)	–		
Total	[2.6] 23,500	[2.4] 23,120	379	1.6				

(Notes)1. The above Forecast of Financial Results for First Half of FY2016 is a revision of the Forecast of Consolidated Financial Results for FY2016 announced on May 10, 2016.

2. 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.

3. Figures in brackets indicate Operating Margins.

(2) Non-consolidated Reference Materials

○ Summary of Statements of Income for Three Months Ended June 30, 2016

(Unit: Millions of yen, %)

		Three months ended Jun. 30, 2016		Three months ended Jun. 30, 2015		Change		
			% in Sales		% in Sales	Amount	Ratio	
Revenues	Railway utilization transportation	19,743	7.8	20,203	7.7	(459)	(2.3)	
	Motor transportation	Combined delivery services	19,737	7.8	19,943	7.6	(206)	(1.0)
		Chartered truck services	64,867	25.7	66,445	25.3	(1,578)	(2.4)
		Subtotal	84,604	33.5	86,388	32.9	(1,784)	(2.1)
	Marine and harbor transportation	Marine transportation	18,159	7.2	19,342	7.4	(1,183)	(6.1)
		Harbor transportation	12,971	5.1	13,623	5.2	(651)	(4.8)
		Subtotal	31,130	12.3	32,965	12.6	(1,834)	(5.6)
		(Exports)	[14,938]	—	[16,421]	—	[(1,482)]	[(9.0)]
		(Imports)	[9,563]	—	[10,119]	—	[(555)]	[(5.5)]
		(Domestic)	[6,628]	—	[6,425]	—	[203]	[3.2]
	Warehousing	27,955	11.1	28,995	11.0	(1,039)	(3.6)	
	Air transportation	International air freight	22,230	8.8	23,683	9.0	(1,453)	(6.1)
		(Exports)	[16,564]	—	[18,035]	—	[(1,471)]	[(8.2)]
		(Imports)	[5,666]	—	[5,647]	—	[18]	[0.3]
		Domestic air freight	9,469	3.7	9,495	3.6	(26)	(0.3)
	Subtotal	31,699	12.5	33,179	12.6	(1,479)	(4.5)	
	Heavy haulage & construction	13,233	5.2	16,291	6.2	(3,058)	(18.8)	
Incidental operations and others	44,517	17.6	44,626	17.0	(108)	(0.2)		
Total	252,885	100.0	262,650	100.0	(9,765)	(3.7)		
	(Domestic operation-related revenues)	[199,486]	78.9	[203,010]	77.3	[(3,523)]	[(1.7)]	
	(Overseas-related revenues)	[53,398]	21.1	[59,640]	22.7	[(6,241)]	[(10.5)]	
Operating expenses	Employment costs	Drivers/workers	29,975	11.9	29,888	11.4	87	0.3
		Office personnel	33,932	13.4	33,772	12.8	159	0.5
		Subtotal	63,907	25.3	63,661	24.2	246	0.4
	Forwarding costs	Railway	10,095	4.0	10,384	4.0	(289)	(2.8)
		Marine	5,913	2.3	6,838	2.6	(925)	(13.5)
		Air	7,531	3.0	10,324	3.9	(2,792)	(27.0)
		Subtotal	23,540	9.3	27,547	10.5	(4,007)	(14.5)
	Vehicle chartering and subcontracting costs	105,321	41.6	109,992	41.9	(4,670)	(4.2)	
	Depreciation and amortization	6,826	2.7	7,159	2.7	(332)	(4.7)	
	Facility usage charges	17,909	7.1	18,136	6.9	(226)	(1.2)	
Other	28,606	11.3	29,881	11.4	(1,274)	(4.3)		
Total	246,112	97.3	256,378	97.6	(10,265)	(4.0)		
Operating income	6,772	2.7	6,272	2.4	500	8.0		
Non-operating income	4,282	1.7	3,287	1.2	995	30.3		
Non-operating expenses	901	0.4	799	0.3	102	12.8		
Ordinary income	10,153	4.0	8,760	3.3	1,393	15.9		
Extraordinary income	5,491	2.2	927	0.4	4,563	491.9		
Extraordinary loss	1,304	0.5	1,007	0.4	296	29.4		
Income before income taxes	14,340	5.7	8,679	3.3	5,660	65.2		
Income taxes	4,933	2.0	2,819	1.1	2,113	75.0		
Net income	9,406	3.7	5,860	2.2	3,546	60.5		

○ Forecast of Financial Results for FY2016 (Full Year)

(Unit: Millions of yen, %)

		FY2016		FY2015		Change		
			% in Sales		% in Sales	Amount	Ratio	
Revenues	Railway utilization transportation		83,100	8.1	84,827	8.0	(1,727)	(2.0)
	Motor transportation	Combined delivery services	80,600	7.8	81,446	7.7	(846)	(1.0)
		Chartered truck services	265,100	25.8	271,310	25.6	(6,210)	(2.3)
		Subtotal	345,700	33.6	352,756	33.3	(7,056)	(2.0)
	Marine and harbor transportation	Marine transportation	69,500	6.8	73,698	7.0	(4,198)	(5.7)
		Harbor transportation	50,500	4.9	53,457	5.0	(2,957)	(5.5)
		Subtotal	120,000	11.7	127,156	12.0	(7,156)	(5.6)
	Warehousing		112,300	10.9	114,551	10.8	(2,251)	(2.0)
	Air transportation	International air freight	91,700	8.9	95,194	9.0	(3,494)	(3.7)
		Domestic air freight	38,900	3.8	39,418	3.7	(518)	(1.3)
		Subtotal	130,600	12.7	134,613	12.7	(4,013)	(3.0)
	Heavy haulage & construction		53,800	5.2	61,708	5.8	(7,908)	(12.8)
	Incidental operations and others		183,500	17.8	184,447	17.4	(947)	(0.5)
	Total		1,029,000	100.0	1,060,062	100.0	(31,062)	(2.9)
Operating expenses	Employment costs	Drivers/workers	120,000	11.7	119,508	11.3	491	0.4
		Office personnel	135,400	13.2	134,507	12.7	892	0.7
		Subtotal	255,400	24.9	254,015	24.0	1,384	0.5
	Forwarding costs	Railway	42,700	4.1	43,640	4.1	(940)	(2.2)
		Marine	23,500	2.3	27,263	2.6	(3,763)	(13.8)
		Air	34,000	3.3	39,035	3.7	(5,035)	(12.9)
		Subtotal	100,200	9.7	109,939	10.4	(9,739)	(8.9)
	Vehicle chartering and subcontracting costs		425,800	41.4	441,524	41.6	(15,724)	(3.6)
	Depreciation and amortization		28,800	2.8	29,527	2.8	(727)	(2.5)
	Facility usage charges		71,300	6.9	72,132	6.8	(832)	(1.2)
	Other		115,500	11.2	121,022	11.4	(5,522)	(4.6)
	Total		997,000	96.9	1,028,161	97.0	(31,161)	(3.0)
Operating income		32,000	3.1	31,900	3.0	99	0.3	
Non-operating income		10,700	1.0	10,148	1.0	551	5.4	
Non-operating expenses		4,700	0.4	4,794	0.5	(94)	(2.0)	
Ordinary income		38,000	3.7	37,253	3.5	746	2.0	
Extraordinary income		6,800	0.6	3,032	0.3	3,767	124.2	
Extraordinary loss		5,200	0.5	6,859	0.6	(1,659)	(24.2)	
Income before income taxes		39,600	3.8	33,426	3.2	6,173	18.5	
Income taxes		13,600	1.3	11,492	1.1	2,107	18.3	
Net income		26,000	2.5	21,934	2.1	4,065	18.5	

(Note) The above Forecast of Financial Results for FY2016 (Full Year) is a revision of the Forecast of Non-consolidated Financial Results for FY2016 announced on May 10, 2016.

○ Forecast of Financial Results for First Half of FY2016

(Unit: Millions of yen, %)

		First half of FY2016	% in Sales	First half of FY2015	% in Sales	Change		
						Amount	Ratio	
Revenues	Railway utilization transportation	39,700	7.8	40,724	7.7	(1,024)	(2.5)	
	Motor transportation	Combined delivery services	39,400	7.8	39,882	7.5	(482)	(1.2)
		Chartered truck services	130,900	25.8	134,530	25.5	(3,630)	(2.7)
		Subtotal	170,300	33.6	174,412	33.0	(4,112)	(2.4)
	Marine and harbor transportation	Marine transportation	35,800	7.1	38,393	7.3	(2,593)	(6.8)
		Harbor transportation	25,500	5.0	27,075	5.1	(1,575)	(5.8)
		Subtotal	61,300	12.1	65,468	12.4	(4,168)	(6.4)
	Warehousing	56,300	11.1	58,251	11.0	(1,951)	(3.4)	
	Air transportation	International air freight	44,600	8.8	47,590	9.0	(2,990)	(6.3)
		Domestic air freight	19,200	3.8	19,363	3.7	(163)	(0.8)
		Subtotal	63,800	12.6	66,954	12.7	(3,154)	(4.7)
	Heavy haulage & construction	26,700	5.3	32,681	6.2	(5,981)	(18.3)	
	Incidental operations and others	88,900	17.5	90,139	17.0	(1,239)	(1.4)	
	Total		507,000	100.0	528,633	100.0	(21,633)	(4.1)
Operating expenses	Employment costs	Drivers/workers	60,200	11.9	60,046	11.4	153	0.3
		Office personnel	68,400	13.5	67,935	12.8	464	0.7
		Subtotal	128,600	25.4	127,981	24.2	618	0.5
	Forwarding costs	Railway	20,400	4.0	21,066	4.0	(666)	(3.2)
		Marine	11,700	2.3	13,955	2.6	(2,255)	(16.2)
		Air	15,900	3.2	20,164	3.8	(4,264)	(21.2)
		Subtotal	48,000	9.5	55,187	10.4	(7,187)	(13.0)
	Vehicle chartering and subcontracting costs	211,500	41.7	222,068	42.0	(10,568)	(4.8)	
	Depreciation and amortization	13,800	2.7	14,434	2.7	(634)	(4.4)	
	Facility usage charges	35,700	7.0	36,212	6.9	(512)	(1.4)	
	Other	56,900	11.2	60,263	11.4	(3,363)	(5.6)	
Total		494,500	97.5	516,147	97.6	(21,647)	(4.2)	
Operating income		12,500	2.5	12,486	2.4	13	0.1	
Non-operating income		5,500	1.1	4,694	0.9	805	17.2	
Non-operating expenses		2,000	0.4	1,810	0.4	189	10.5	
Ordinary income		16,000	3.2	15,369	2.9	630	4.1	
Extraordinary income		6,500	1.3	1,146	0.2	5,353	467.2	
Extraordinary loss		2,400	0.5	4,586	0.8	(2,186)	(47.7)	
Income before income taxes		20,100	4.0	11,929	2.3	8,170	68.5	
Income taxes		7,100	1.4	3,912	0.8	3,187	81.4	
Net income		13,000	2.6	8,016	1.5	4,983	62.2	

(Note) The above Forecast of Financial Results for First Half of FY2016 is a revision of the Forecast of Non-consolidated Financial Results for FY2016 announced on May 10, 2016.