

## Summary of Consolidated Earnings Report for the Second Quarter of FY2018 (Japanese GAAP)

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

Listed stock exchanges: Tokyo

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

Representative: President and CEO Mitsuru Saito

Scheduled date for release of Quarterly Financial Report: November 14, 2018

Scheduled date of dividend payment: December 4, 2018

Availability of supplementary briefing material on quarterly financial results: Available

(Millions of yen, rounded down)

## 1. Consolidated Financial Results for the Six Months Ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

## (1) Consolidated Business Results

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Six Months Ended Sep. 30, 2018	1,040,335	8.8	34,023	5.6	37,787	9.6	23,448	8.7
Six Months Ended Sep. 30, 2017	956,131	5.2	32,232	31.8	34,482	22.4	21,570	17.9

(Note) Comprehensive income:

Six Months Ended Sep. 30, 2018: ¥22,175 million [(24.5)%] Six Months Ended Sep. 30, 2017: ¥29,367 million [ - %]

	Basic earnings per share	Diluted earnings per share
Six Months Ended Sep. 30, 2018	¥ 244.23	—
Six Months Ended Sep. 30, 2017	224.66	—

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

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of Sep. 30, 2018	1,530,275	563,554	35.7
As of Mar. 31, 2018	1,517,060	547,494	34.9

(Reference) Equity: As of Sep. 30, 2018: ¥545,867 million As of Mar. 31, 2018: ¥529,875 million

\* The Company adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) and other standards from the beginning of the first quarter ended June 30, 2018. These accounting standards have been applied retrospectively to total assets and the equity ratio as of March 31, 2018.

## 2. Dividends Information

	Annual dividend per share				
	First Quarter	Second Quarter	Third Quarter	Year End	Yearly
Fiscal Year Ended Mar. 31, 2018	¥ —	¥ 6.00	¥ —	¥ 60.00	¥ —
Fiscal Year Ending Mar. 31, 2019	—	70.00			
Fiscal Year Ending Mar. 31, 2019 (Forecast)			—	75.00	145.00

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

\* The Company consolidated 10 shares of its common stock into 1 share, effective October 1, 2017. Accordingly, the year-end dividend for the fiscal year ended Mar. 31, 2018 represents the amount reflecting the impact of this share consolidation, and the yearly dividend has been left blank ("—"). If converted on a post-consolidation basis, the total annual dividend per share for the fiscal year ended Mar. 31, 2018 amounts to ¥120.00 per share.

### 3. Forecast of Consolidated Financial Results for FY2018 (from April 1, 2018 to March 31, 2019)

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	2,110,000	5.7	77,000	9.6	81,000	8.9	45,000	588.7	468.74

(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.: No

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

3) Changes in accounting estimates: No

4) Corrections of errors: No

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

1) Total number of issued shares at end of period (including treasury stock)	As of Sep. 30, 2018	99,800,000 shares	As of Mar. 31, 2018	99,800,000 shares
2) Total number of treasury stocks at end of period	As of Sep. 30, 2018	3,798,185 shares	As of Mar. 31, 2018	3,792,200 shares
3) Average number of shares during period	Six months ended Sep. 30, 2018	96,009,648 shares	Six months ended Sep. 30, 2017	96,015,045 shares

(Notes) 1. The Company consolidated 10 shares of its common stock into 1 share, effective October 1, 2017. Accordingly, "Average number of shares during period" was calculated assuming that the said share consolidation was implemented at the beginning of the previous consolidated fiscal year.

2. The Company has introduced the Executive Compensation BIP (Board Incentive Plan) Trust, and the Company's shares owned by the Trust recorded were included in the treasury stock at the end of the period under review.

Number of shares owned by the Executive Compensation BIP Trust:

As of Sep. 30, 2018: 67,130 shares As of Mar. 31, 2018: 73,253 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 by a certified public accountant or accounting auditor.

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

The consolidated financial results forecast released on April 27, 2018 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 4 for the use of preconditions of the financial forecasts and the use of the forecasts.

#### Disclaimer:

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

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

In any legal matter, readers should refer to and rely upon the original Japanese text released October 31, 2018.

## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Business Results

During the six months ended September 30, 2018, the Japanese economy was on a gradual recovery trend owing to the pickup in capital investments and personal consumption, as well as in exports and production activities, amid continued gradual expansion of the global economy, despite an increasingly unclear outlook owing to trade friction issues and other factors.

Under these economic conditions, in the field of logistics, freight movements slowed owing to the effects of typhoons, earthquakes, and other natural disasters, but transportation of production-related cargo centered on consumption-related goods and general machinery was strong in domestic freight, and international freight was generally strong due to factors such as steady airfreight related to electronic equipment, etc. mainly to Asia.

In this management environment, during the six months ended September 30, 2018, the Nippon Express Group recorded a year-on-year increase in revenues across the segments of Japan, The Americas, Europe, East Asia, South Asia & Oceania, and Logistics Support, due to factors such as robust export airfreight transactions and a rise in the unit selling price of oil. Segment income increased for the segments of Japan, East Asia, South Asia & Oceania, and Logistics Support, although segment income decreased for the segments of The Americas, Europe, Security Transportation, and Heavy Haulage & Construction.

As a result, revenues increased by ¥84.2 billion, or 8.8% year on year, to ¥1,040.3 billion, operating income increased by ¥1.7 billion, or 5.6% year on year, to ¥34.0 billion, ordinary income increased by ¥3.3 billion, or 9.6% year on year, to ¥37.7 billion, and profit attributable to owners of parent increased by ¥1.8 billion, or 8.7% year on year, to ¥23.4 billion.

In accordance with the organizational reform relating to the Security Transportation business made on April 1, 2018, part of the “Japan (Logistics)” segment was changed to the “Security Transportation” segment effective from the first quarter ended June 30, 2018.

Details are described in “2. Consolidated Financial Statements and Significant Notes (4) Notes to Consolidated Financial Statements (Segment Information, etc.).”

### (2) Explanation of Financial Position

The Company adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and other standards from the beginning of the first quarter ended June 30, 2018. These accounting standards have been applied retrospectively for comparison and analysis with financial position in the previous fiscal year.

#### 1) Assets, Liabilities and Net Assets

Total assets as at the end of the second quarter ended September 30, 2018 amounted to ¥1,530.2 billion, an increase of ¥13.2 billion or 0.9% from the end of the previous fiscal year.

Current assets amounted to ¥712.3 billion, a decrease of ¥6.6 billion or 0.9% from the end of the previous fiscal year, while non-current assets totaled ¥817.8 billion, an increase of ¥19.8 billion or 2.5% from the end of the previous fiscal year.

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

The increase in non-current assets was mainly attributable to the increase in goodwill.

Current liabilities amounted to ¥448.4 billion, an increase of ¥3.3 billion or 0.7% from the end of the previous fiscal year, while non-current liabilities amounted to ¥518.2 billion, a decrease of ¥6.1 billion or 1.2% from the end of the previous fiscal year.

The increase in current liabilities was mainly attributable to the increase in deposits.

The decrease in non-current liabilities was mainly attributable to the decrease in bonds payable due to transfer to short-term bonds.

Net assets amounted to ¥563.5 billion at the end of the second quarter ended September 30, 2018, an increase of ¥16.0 billion or 2.9% from the end of the previous fiscal year.

The increase in net assets was mainly attributable to the increase in retained earnings.

## 2) Cash Flows

Cash and cash equivalents at the end of the second quarter ended September 30, 2018 decreased by ¥36.9 billion from the end of the previous fiscal year, to ¥100.9 billion.

Net cash provided by operating activities amounted to ¥31.2 billion in proceeds, a year-on-year decrease of ¥14.7 billion. This was mainly due to the increase in consumption taxes payable.

Net cash used in investing activities totaled ¥59.9 billion in expenditures, a year-on-year decrease of ¥5.7 billion. This was mainly due to the decrease in payment for purchase of property and equipment.

Net cash used in financing activities amounted to ¥5.7 billion in expenditures, a year-on-year decrease of ¥15.6 billion. This was mainly due to the increase in proceeds from long-term loans payable.

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

The consolidated financial results forecasts for FY2018 and the non-consolidated financial results forecasts for FY2018 announced on April 27, 2018 have been revised as follows in light of recent performance trends.

For matters related to the consolidated financial results forecasts, please refer to “3. Reference Materials (1) Consolidated Reference Materials, Forecast of Financial Results for FY2018 (Full Year).” For matters related to the non-consolidated financial results forecasts, please refer to “3. Reference Materials (2) Non-consolidated Reference Materials, Forecast of Financial Results for FY2018 (Full Year).”

## 1) Revisions to Financial Results Forecast

### A Revisions to Forecast of Consolidated Financial Results for FY2018 (Full year)

(From April 1, 2018 to March 31, 2019)

	Revenues	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
	¥ million	¥ million	¥ million	¥ million	¥
Previously announced forecast (A) (Announced on April 27, 2018)	2,080,000	77,000	81,000	45,000	468.71
Current revised forecast (B)	2,110,000	77,000	81,000	45,000	468.74
Amount of increase/decrease (B) – (A)	30,000	—	—	—	
Percentage of increase/decrease (%)	1.4	—	—	—	
(Reference) Actual results for the previous fiscal year (the fiscal year ended March 31, 2018)	1,995,317	70,269	74,395	6,534	68.06

### B Revisions to Forecast of Non-consolidated Financial Results for FY2018 (Full year)

(From April 1, 2018 to March 31, 2019)

	Revenues	Operating income	Ordinary income	Profit	Basic earnings per share
	¥ million	¥ million	¥ million	¥ million	¥
Previously announced forecast (A) (Announced on April 27, 2018)	1,130,000	40,000	50,000	33,000	343.72
Current revised forecast (B)	1,140,000	40,000	50,000	33,000	343.74
Amount of increase/decrease (B) – (A)	10,000	—	—	—	
Percentage of increase/decrease (%)	0.9	—	—	—	
(Reference) Actual results for the previous fiscal year (the fiscal year ended March 31, 2018)	1,094,549	37,672	46,795	1,988	20.72

## 2) Reasons for Revision of Financial Results Forecasts

Financial results forecast figures have been revised because consolidated and non-consolidated revenues for FY2018 (full year) are expected to exceed the previously announced forecasts due to robust transportation demand supported by global economic growth and domestic demand, in addition to steady transportation demand for international air freight centered on air freight forwarding, a rise in the unit selling price of oil, and other factors, despite ongoing downward pressure on revenues from the effects of typhoons, earthquakes, and other natural disasters. Furthermore, forecasts for consolidated and non-consolidated operating income and ordinary income, in addition to consolidated profit attributable to owners of parent and non-consolidated profit have been left unchanged, taking into consideration factors such as the aforementioned effects of natural disasters and trends in procurement prices associated with forwarding costs, vehicle chartering and subcontracting costs, and fuel costs.

### \*Note Regarding Financial Results Forecasts

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

## 2. Consolidated Financial Statements and Significant Notes

### (1) Consolidated Balance Sheets

(Unit: Millions of yen)

	FY2017 (as of March 31, 2018)	Second Quarter of FY2018 (as of September 30, 2018)
<b>ASSETS</b>		
Current assets:		
Cash and cash in banks	198,044	179,672
Notes receivable—trade	26,648	26,557
Accounts receivable—trade	322,390	316,812
Inventories	6,979	8,375
Other	166,121	181,974
Less: allowance for doubtful accounts	(1,183)	(1,018)
<b>Total current assets</b>	<b>719,001</b>	<b>712,375</b>
Non-current assets:		
Property and equipment		
Vehicles, net	35,217	38,289
Buildings, net	258,479	256,074
Land	192,541	192,167
Other, net	74,002	78,806
<b>Net property and equipment</b>	<b>560,240</b>	<b>565,338</b>
Intangible assets		
Goodwill	4,180	17,541
Other	62,410	62,051
<b>Total intangible assets</b>	<b>66,591</b>	<b>79,593</b>
Investments and other assets		
Investment securities	109,835	113,105
Other	62,421	60,842
Less: allowance for doubtful accounts	(1,030)	(980)
<b>Total investments and other assets</b>	<b>171,227</b>	<b>172,968</b>
<b>Total non-current assets</b>	<b>798,059</b>	<b>817,899</b>
<b>Total assets</b>	<b>1,517,060</b>	<b>1,530,275</b>
<b>LIABILITIES</b>		
Current liabilities:		
Notes payable—trade	9,868	7,605
Accounts payable—trade	163,743	159,690
Short-term loans payable	45,213	39,714
Income taxes payable	18,666	14,040
Provision for bonuses	22,531	23,923
Other provisions	147	28
Other	185,026	203,495
<b>Total current liabilities</b>	<b>445,197</b>	<b>448,499</b>
Non-current liabilities:		
Bonds payable	125,000	110,000
Long-term loans payable	227,013	233,689
Other provisions	1,283	1,374
Net retirement benefit liability	140,039	141,645
Other	31,031	31,511
<b>Total non-current liabilities</b>	<b>524,368</b>	<b>518,221</b>
<b>Total liabilities</b>	<b>969,565</b>	<b>966,720</b>

(Unit: Millions of yen)

	FY2017 (as of March 31, 2018)	Second Quarter of FY2018 (as of September 30, 2018)
<b>NET ASSETS</b>		
Shareholders' equity:		
Common stock	70,175	70,175
Additional paid-in capital	24,707	24,939
Retained earnings	444,717	462,400
Less: treasury stock	(20,191)	(20,235)
Total shareholders' equity	519,407	537,279
Accumulated other comprehensive income:		
Valuation differences on available-for-sale securities	47,068	49,317
Deferred gains (losses) on hedges	(27)	(29)
Foreign currency translation adjustments	3,941	(2,191)
Remeasurements of retirement benefit plans	(40,515)	(38,507)
Total accumulated other comprehensive income	10,467	8,588
Non-controlling interests	17,618	17,687
Total net assets	547,494	563,554
Total liabilities and net assets	1,517,060	1,530,275

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

## Consolidated Statements of Income

(Unit: Millions of yen)

	Six months ended Sep. 30, 2017 (from April 1, 2017 to September 30, 2017)	Six months ended Sep. 30, 2018 (from April 1, 2018 to September 30, 2018)
Revenues	956,131	1,040,335
Operating costs	870,564	952,405
Gross profit	85,567	87,929
Selling, general and administrative expenses:	53,334	53,906
Operating income	32,232	34,023
Non-operating income:		
Interest income	247	340
Dividend income	2,086	1,867
Equity in earnings of unconsolidated subsidiaries and affiliates	392	383
Other	2,107	3,743
Total non-operating income	4,833	6,335
Non-operating expenses:		
Interest expenses	1,650	1,444
Other	933	1,126
Total non-operating expenses	2,583	2,570
Ordinary income	34,482	37,787
Extraordinary income:		
Gain on sales of non-current assets	2,099	2,581
Gain on sales of investment securities	64	171
Other	56	11
Total extraordinary income	2,221	2,765
Extraordinary loss:		
Loss on disposal of non-current assets	2,598	1,877
Other	100	691
Total extraordinary loss	2,699	2,569
Profit before income taxes	34,004	37,983
Income taxes	11,949	13,834
Profit	22,055	24,149
Profit attributable to non-controlling interests	484	701
Profit attributable to owners of parent	21,570	23,448

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	Six months ended Sep. 30, 2017 (from April 1, 2017 to September 30, 2017)	Six months ended Sep. 30, 2018 (from April 1, 2018 to September 30, 2018)
Profit	22,055	24,149
Other comprehensive income:		
Valuation differences on available-for-sale securities	5,933	2,247
Deferred gains (losses) on hedges	(14)	(2)
Foreign currency translation adjustments	(1,059)	(6,160)
Remeasurements of retirement benefit plans	2,474	2,006
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	(22)	(64)
Other comprehensive income (loss)	7,311	(1,973)
Comprehensive income	29,367	22,175
(Comprehensive income attributable to)		
Owners of parent	28,937	21,568
Non-controlling interests	429	607

## (3) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Six months ended Sep. 30, 2017 (from April 1, 2017 to September 30, 2017)	Six months ended Sep. 30, 2018 (from April 1, 2018 to September 30, 2018)
Cash flows from operating activities:		
Profit before income taxes	34,004	37,983
Depreciation and amortization	23,500	25,171
Interest and dividend income	(2,334)	(2,208)
Interest expenses	1,650	1,444
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(392)	(383)
(Increase) decrease in trade receivables	2,457	5,551
(Increase) decrease in inventories	(1,591)	(1,408)
Increase (decrease) in accounts payable	(5,441)	(6,505)
Other	9,710	(11,124)
Sub-total	61,563	48,519
Interest and dividends received	2,471	2,389
Interest paid	(1,727)	(1,344)
Income taxes paid	(16,342)	(18,364)
Net cash provided by operating activities	45,965	31,200
Cash flows from investing activities:		
Payment for purchase of property and equipment	(62,300)	(38,821)
Proceeds from sales of property and equipment	985	2,793
Payment for purchase of investment securities	(1,576)	(30)
Proceeds from sales of investment securities	117	295
Payment for purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(18,015)
Other	(3,016)	(6,211)
Net cash used in investing activities	(65,790)	(59,990)
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	2,381	1,525
Proceeds from long-term loans payable	24	18,610
Payment for long-term loans payable	(17,318)	(19,180)
Cash dividends	(5,760)	(5,760)
Payment for purchase of treasury stock	(12)	(74)
Other	(666)	(830)
Net cash used in financing activities	(21,353)	(5,709)
Effect of exchange rate changes on cash and cash equivalents	(379)	(2,436)
Net increase (decrease) in cash and cash equivalents	(41,557)	(36,936)
Cash and cash equivalents at beginning of year	163,386	137,891
Cash and cash equivalents at end of period	121,829	100,955

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

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

(Adoption of Special Accounting Treatment for Preparing Quarterly Consolidated Financial Statements)  
(Calculation of Tax Expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate following application of tax effect accounting to profit before income taxes for the consolidated fiscal year, which includes the second quarter ended September 30, 2018, and multiplying profit before income taxes by said estimated effective tax rate.

(Segment Information, etc.)

[Segment Information]

1. Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)  
Revenues and income (loss) by reportable segment

(Unit: Millions of yen)

	Logistics				
	Japan	The Americas	Europe	East Asia	South Asia & Oceania
Revenues					
Revenues from external customers	570,003	37,487	40,983	49,572	35,442
Intersegment	6,913	7,345	2,843	5,214	4,095
Total	576,917	44,833	43,827	54,787	39,538
Segment income	19,895	2,708	1,728	768	1,633

	Security Transportation	Heavy Haulage & Construction	Logistics Support	Total	Adjustment (Note 1)	Amount in quarterly consolidated statements of income (Note 2)
Revenues						
Revenues from external customers	36,002	24,716	161,922	956,131	–	956,131
Intersegment	20	150	42,374	68,958	(68,958)	–
Total	36,022	24,866	204,296	1,025,090	(68,958)	956,131
Segment income	1,071	2,345	5,326	35,477	(3,244)	32,232

- (Notes) 1. The segment income adjustment of ¥(3,244) million includes ¥(94) million for the elimination of intersegment income, and ¥(3,161) million of corporate expenses not allocated to each reportable segment. The most significant portion of corporate expenses relates to corporate image advertising and the Company's administration of group companies.
2. Segment income has been reconciled with operating income in the quarterly consolidated statements of income.

2. Six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)  
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	609,540	38,377	52,448	53,478	40,514
Intersegment	6,257	8,851	3,537	5,366	3,957
Total	615,797	47,228	55,985	58,845	44,471
Segment income	23,849	2,224	722	1,161	1,933

	Security Transportation	Heavy Haulage & Construction	Logistics Support	Total	Adjustment (Note 1)	Amount in quarterly consolidated statements of income (Note 2)
Revenues						
Revenues from external customers	35,954	24,809	185,211	1,040,335	–	1,040,335
Intersegment	24	53	43,381	71,430	(71,430)	–
Total	35,979	24,863	228,592	1,111,765	(71,430)	1,040,335
Segment income	292	2,088	5,765	38,038	(4,014)	34,023

- (Notes) 1. The segment income adjustment of ¥(4,014) million includes ¥(53) million for the elimination of intersegment income, and ¥(4,024) 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 statements of income.

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

As the operating environment surrounding the financial industry undergoes significant change, in order to respond to customers' needs and further expand its business in the future, the Company conducted an organizational reform relating to the Security Transportation business on April 1, 2018. Along with this, effective from the first quarter ended June 30, 2018, part of the organizations included in "Japan (Logistics)" has been changed to "Security Transportation." The segment information for the six months ended September 30, 2017 was prepared based on the classification method after the change.

(Additional Information)

(Adoption of "Partial Amendments to Accounting Standard for Tax Effect Accounting" and other standards)

"Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and other standards have been adopted from the beginning of the first quarter ended June 30, 2018, thereby deferred tax assets are presented under investments and other assets, and deferred tax liabilities are presented under non-current liabilities.

### 3. Reference Materials

(1) Consolidated Reference Materials

○ Financial Results of Reportable Segment

(Unit: Millions of yen, %)

				Six months ended Sep. 30, 2018		Six months ended Sep. 30, 2017		Change	
								Amount	Ratio
Revenues	Reportable Segment	Logistics	Japan		615,797		576,917	38,880	6.7
			The Americas		47,228		44,833	2,395	5.3
			Europe		55,985		43,827	12,158	27.7
			East Asia		58,845		54,787	4,057	7.4
			South Asia & Oceania		44,471		39,538	4,933	12.5
		Subtotal		822,329		759,903	62,426	8.2	
		Security Transportation		35,979		36,022	(43)	(0.1)	
		Heavy Haulage & Construction		24,863		24,866	(3)	(0.0)	
		Logistics Support		228,592		204,296	24,295	11.9	
		Subtotal		1,111,765		1,025,090	86,674	8.5	
	Adjustment		(71,430)		(68,958)	(2,471)	–		
Total		1,040,335		956,131	84,203	8.8			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[3.9]	23,849	[3.4]	19,895	3,954	19.9
			The Americas	[4.7]	2,224	[6.0]	2,708	(483)	(17.9)
			Europe	[1.3]	722	[3.9]	1,728	(1,005)	(58.2)
			East Asia	[2.0]	1,161	[1.4]	768	392	51.1
			South Asia & Oceania	[4.3]	1,933	[4.1]	1,633	299	18.4
		Subtotal	[3.6]	29,891	[3.5]	26,733	3,158	11.8	
		Security Transportation	[0.8]	292	[3.0]	1,071	(778)	(72.7)	
		Heavy Haulage & Construction	[8.4]	2,088	[9.4]	2,345	(256)	(10.9)	
		Logistics Support	[2.5]	5,765	[2.6]	5,326	438	8.2	
		Subtotal	[3.4]	38,038	[3.5]	35,477	2,561	7.2	
	Adjustment		(4,014)		(3,244)	(770)	–		
Total	[3.3]	34,023	[3.4]	32,232	1,790	5.6			

(Notes) 1. In accordance with the organizational reform relating to the Security Transportation business made on April 1, 2018, part of the “Japan (Logistics)” segment was changed to the “Security Transportation” segment effective from the fiscal year ending March 31, 2019. Accordingly, figures for the previous year are reclassified to reflect the segment change for the purpose of comparability.

2. Figures in brackets indicate Operating Margins.

○Forecast of Financial Results for FY2018 (Full Year)

(Unit: Millions of yen, %)

		FY2018	FY2017	Change			
				Amount	Ratio		
Revenues	Reportable Segment	Logistics	Japan	1,239,400	1,188,695	50,704	4.3
			The Americas	99,600	91,396	8,203	9.0
			Europe	112,200	96,048	16,151	16.8
			East Asia	123,000	117,487	5,512	4.7
			South Asia & Oceania	91,600	85,382	6,217	7.3
		Subtotal	1,665,800	1,579,009	86,790	5.5	
		Security Transportation	72,600	72,022	577	0.8	
		Heavy Haulage & Construction	46,100	47,602	(1,502)	(3.2)	
		Logistics Support	476,700	443,264	33,435	7.5	
		Subtotal	2,261,200	2,141,899	119,300	5.6	
		Adjustment	(151,200)	(146,582)	(4,617)	–	
Total	2,110,000	1,995,317	114,682	5.7			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[4.3] 52,700	[3.8] 45,596	7,103	15.6
			The Americas	[4.9] 4,900	[4.9] 4,486	413	9.2
			Europe	[2.3] 2,600	[4.3] 4,155	(1,555)	(37.4)
			East Asia	[2.4] 2,900	[1.6] 1,845	1,054	57.1
			South Asia & Oceania	[4.0] 3,700	[4.0] 3,396	303	8.9
		Subtotal	[4.0] 66,800	[3.8] 59,479	7,320	12.3	
		Security Transportation	[1.5] 1,100	[3.0] 2,135	(1,035)	(48.5)	
		Heavy Haulage & Construction	[8.0] 3,700	[8.5] 4,062	(362)	(8.9)	
		Logistics Support	[2.5] 11,800	[2.6] 11,722	77	0.7	
		Subtotal	[3.7] 83,400	[3.6] 77,399	6,000	7.8	
		Adjustment	(6,400)	(7,129)	729	–	
Total	[3.6] 77,000	[3.5] 70,269	6,730	9.6			

- (Notes) 1. The above Forecast of Financial Results for FY2018 (Full Year) is a revision of the Forecast of Consolidated Financial Results for FY2018 announced on April 27, 2018.
2. In accordance with the organizational reform relating to the Security Transportation business made on April 1, 2018, part of the “Japan (Logistics)” segment was changed to the “Security Transportation” segment effective from the fiscal year ending March 31, 2019. Accordingly, figures for the previous year are reclassified to reflect the segment change for the purpose of comparability.
3. Figures in brackets indicate Operating Margins.

## (2) Non-consolidated Reference Materials

## ○ Summary of Non-consolidated Statements of Income

(Unit: Millions of yen, %)

		Six months ended Sep. 30, 2018		Six months ended Sep. 30, 2017		Change		
			% in Sales		% in Sales	Amount	Ratio	
Revenues	Railway utilization transportation		35,811	6.3	41,603	7.8	(5,792)	(13.9)
	Motor transportation	Combined delivery services	42,559	7.5	39,978	7.5	2,580	6.5
		Chartered truck services	137,460	24.2	134,106	25.2	3,353	2.5
		Subtotal	180,019	31.7	174,085	32.7	5,934	3.4
	Marine and harbor transportation	Marine transportation	39,873	7.0	36,342	6.8	3,530	9.7
		Harbor transportation	28,908	5.1	27,061	5.1	1,846	6.8
		Subtotal	68,781	12.1	63,404	11.9	5,377	8.5
		(Exports)	[ 33,385 ]	—	[ 30,061 ]	—	[ 3,324 ]	[ 11.1 ]
		(Imports)	[ 20,472 ]	—	[ 19,741 ]	—	[ 731 ]	[ 3.7 ]
		(Domestic)	[ 14,923 ]	—	[ 13,602 ]	—	[ 1,321 ]	[ 9.7 ]
	Warehousing		56,999	10.1	55,600	10.4	1,399	2.5
	Air transportation	International air freight	76,111	13.4	56,717	10.7	19,394	34.2
		(Exports)	[ 62,741 ]	—	[ 43,804 ]	—	[ 18,936 ]	[ 43.2 ]
		(Imports)	[ 13,370 ]	—	[ 12,912 ]	—	[ 457 ]	[ 3.5 ]
		Domestic air freight	20,281	3.6	19,389	3.6	891	4.6
		Subtotal	96,392	17.0	76,106	14.3	20,285	26.7
	Heavy haulage & construction		33,150	5.9	31,153	5.9	1,996	6.4
	Incidental operations and others		96,056	16.9	90,547	17.0	5,509	6.1
	Total		567,212	100.0	532,501	100.0	34,710	6.5
(Domestic operation-related revenues)		[ 421,263 ]	74.3	[ 411,160 ]	77.2	[ 10,102 ]	[ 2.5 ]	
(Overseas-related revenues)		[ 145,948 ]	25.7	[ 121,340 ]	22.8	[ 24,607 ]	[ 20.3 ]	
Operating expenses	Employment costs	Drivers/workers	59,676	10.5	59,628	11.2	47	0.1
		Office personnel	68,613	12.1	67,105	12.6	1,508	2.2
		Subtotal	128,289	22.6	126,733	23.8	1,555	1.2
	Forwarding costs	Railway	17,661	3.1	21,481	4.0	(3,820)	(17.8)
		Marine	15,983	2.8	13,853	2.6	2,129	15.4
		Air	38,206	6.8	22,579	4.3	15,626	69.2
		Subtotal	71,850	12.7	57,915	10.9	13,935	24.1
	Vehicle chartering and subcontracting costs		236,238	41.6	222,324	41.8	13,914	6.3
	Depreciation and amortization		13,477	2.4	12,366	2.3	1,110	9.0
	Facility usage charges		36,918	6.5	35,841	6.7	1,077	3.0
Other		63,271	11.2	60,161	11.3	3,109	5.2	
Total		550,046	97.0	515,344	96.8	34,702	6.7	
Operating income		17,165	3.0	17,157	3.2	7	0.0	
Non-operating income		8,279	1.4	5,719	1.1	2,559	44.8	
Non-operating expenses		1,908	0.3	1,979	0.4	(70)	(3.6)	
Ordinary income		23,536	4.1	20,897	3.9	2,638	12.6	
Extraordinary income		1,789	0.4	1,735	0.3	53	3.1	
Extraordinary loss		1,640	0.3	1,884	0.3	(243)	(12.9)	
Profit before income taxes		23,684	4.2	20,749	3.9	2,935	14.1	
Income taxes		7,346	1.3	6,290	1.2	1,056	16.8	
Profit		16,338	2.9	14,459	2.7	1,879	13.0	

○ Forecast of Financial Results for FY2018 (Full Year)

(Unit: Millions of yen, %)

		FY2018 Forecast	% in Sales	FY2017 Actual results	% in Sales	Change		
						Amount	Ratio	
Revenues	Railway utilization transportation	77,500	6.8	85,867	7.8	(8,367)	(9.7)	
	Motor transportation	Combined delivery services	85,900	7.5	82,987	7.6	2,912	3.5
		Chartered truck services	278,200	24.4	271,761	24.8	6,438	2.4
		Subtotal	364,100	31.9	354,748	32.4	9,351	2.6
	Marine and harbor transportation	Marine transportation	77,800	6.9	71,959	6.6	5,840	8.1
		Harbor transportation	58,400	5.1	55,510	5.1	2,889	5.2
		Subtotal	136,200	12.0	127,469	11.7	8,730	6.8
	Warehousing	114,000	10.0	111,898	10.2	2,101	1.9	
	Air transportation	International air freight	152,800	13.4	127,270	11.6	25,529	20.1
		Domestic air freight	40,700	3.6	39,554	3.6	1,145	2.9
		Subtotal	193,500	17.0	166,825	15.2	26,674	16.0
	Heavy haulage & construction	61,900	5.4	60,703	5.6	1,196	2.0	
	Incidental operations and others	192,800	16.9	187,037	17.1	5,762	3.1	
	Total	1,140,000	100.0	1,094,549	100.0	45,450	4.2	
Operating expenses	Employment costs	Drivers/workers	118,900	10.4	119,329	10.9	(429)	(0.4)
		Office personnel	136,000	11.9	135,458	12.4	541	0.4
		Subtotal	254,900	22.3	254,787	23.3	112	0.0
	Forwarding costs	Railway	38,800	3.4	44,155	4.0	(5,355)	(12.1)
		Marine	31,600	2.8	28,100	2.6	3,499	12.5
		Air	75,300	6.6	56,103	5.1	19,196	34.2
		Subtotal	145,700	12.8	128,359	11.7	17,340	13.5
	Vehicle chartering and subcontracting costs	471,500	41.4	452,613	41.4	18,886	4.2	
	Depreciation and amortization	27,200	2.4	25,370	2.3	1,829	7.2	
	Facility usage charges	73,800	6.5	72,532	6.6	1,267	1.7	
	Other	126,900	11.1	123,214	11.3	3,685	3.0	
Total	1,100,000	96.5	1,056,877	96.6	43,122	4.1		
Operating income	40,000	3.5	37,672	3.4	2,327	6.2		
Non-operating income	15,100	1.3	13,565	1.3	1,534	11.3		
Non-operating expenses	5,100	0.4	4,441	0.4	658	14.8		
Ordinary income	50,000	4.4	46,795	4.3	3,204	6.8		
Extraordinary income	2,200	0.2	23,479	2.1	(21,279)	(90.6)		
Extraordinary loss	4,200	0.4	50,138	4.6	(45,938)	(91.6)		
Profit before income taxes	48,000	4.2	20,137	1.8	27,862	138.4		
Income taxes	15,000	1.3	18,148	1.6	(3,148)	(17.3)		
Profit	33,000	2.9	1,988	0.2	31,011	—		

(Note) The above Forecast of Financial Results for FY2018 (Full Year) is a revision of the Forecast of Non-consolidated Financial Results for FY2018 announced on April 27, 2018.