



Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2011 [J-GAAP] (Consolidated)

November 9, 2010

Company Name: Kintetsu World Express, Inc. (KWE)
 Stock exchange listed on: Tokyo Stock Exchange (First Section)
 Company code: 9375 URL: <http://www.kwe.co.jp>
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 The date of filing the quarterly financial statements: November 11, 2010
 The date of the dividend payment start (planned): December 10, 2010
 Preparation of quarterly earnings presentation material: Yes
 Holding of quarterly earnings announcement: Yes (for investors)

(Figures are rounded down to the nearest million yen.)

1. Consolidated earnings results for the first six months of the fiscal year ending March 2011 (April 1, 2010 – September 30, 2010)

(1) Consolidated business results

(Percentages are changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
First six months ended September 30, 2010	132,912	40.3	4,942	78.2	5,399	84.4	3,956	168.0
September 30, 2009	94,741	△38.2	2,773	△51.1	2,927	△50.8	1,476	△56.3

	Net income per share	Diluted net income per share
	(Yen)	(Yen)
First six months ended September 30, 2010	109.91	—
September 30, 2009	41.01	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of September 30, 2010	118,836	68,679	56.5	1,865.60
As of March 31, 2010	116,640	68,038	56.3	1,822.95

(Reference) Shareholders' equity As of September 30, 2010: 67,160 million yen As of March 31, 2010: 65,625 million yen

2. Dividends

Annual dividends					
	Q1	Q2	Q3	Q4	Full fiscal year
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended March 31, 2010	—	7.00	—	17.00	24.00
Fiscal year ending March 31, 2011	—	12.00			
Fiscal year ending March 31, 2011 (Forecasts)			—	13.00	25.00

(Note) Changes in forecasts of dividends for the fiscal year ending March 2011 as of September 30, 2010: No

3. Consolidated earnings forecasts for the fiscal year ending March 2011 (April 1, 2010 – March 31, 2011)

(Percentages are changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Full fiscal year	260,000	22.7	10,800	44.9	11,300	40.7	7,600	66.3	211.11

(Note) Changes in consolidated earnings forecasts for the fiscal year ending March 2011 as of September 30, 2010: Yes

4. Other (For detail, please refer to 2. Other Information on page 6.)

(1) Changes in significant subsidiaries during the period: No

(Note) This refers to changes in specified subsidiaries resulting from change in scope of consolidation during the period.

(2) Application of the simplified accounting method and/or the special accounting method: Yes

(Note) This refers to simplified accounting method and accounting method peculiar to quarterly consolidated financial statement preparation.

(3) Changes in accounting principles and procedures or format

(a) Changes accompanying revisions to items such as accounting standards: Yes

(b) Other changes: No

(Note) This refers to changes in accounting principles and procedures or format of quarterly consolidated financial statements listed in "Changes to important items forming the basis for preparation of quarterly consolidated financial statements."

(4) Number of issued shares (common shares)

(a) Number of issued shares
(including treasury stock)

As of September 30, 2010:	36,000,000 shares	As of March 31, 2010:	36,000,000 shares
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(b) Number of treasury stock

As of September 30, 2010:	599 shares	As of March 31, 2010:	555 shares
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(c) Average number of shares during
the period

First six months ended September 30, 2010:	35,999,424 shares	First six months ended September 30, 2009:	35,999,455 shares
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* Implementation status of quarterly review procedures

The quarterly review procedures stipulated in the Financial Instruments and Exchange Act are not applicable to this Financial Results report, and the procedures have not been completed when this Financial Results report was disclosed.

* Explanation of the proper use of earnings forecasts and other special notes

1. The consolidated full-year earnings forecasts for the year ending March 31, 2011, which were announced on August 4, 2010, were revised on this report.
2. The statements about future described on this report such as earnings forecasts have been made based on information currently available and some conditions that we judge rational. Actual earnings may differ greatly from the above forecasts for various reasons. For the assumptions for earnings forecasts and cautions regarding the use of the earnings forecasts, please refer to (3) Qualitative Information Concerning Consolidated Earnings Forecasts on page 5.

1. Qualitative Information Concerning Consolidated Earnings Results for the First Six Months of the Fiscal Year Ending March 2011

(1) Qualitative Information Concerning Consolidated Business Results

During the first six months of the current fiscal year (April 1, 2010 to September 30, 2010), the economies of emerging market countries, particularly those in Asia, continued to strengthen, and there were also signs of a gradual economic recovery in developed countries. On the other hand, the global outlook grew increasingly murky as governments started to scale down economic stimulus measures and concerns about a slowdown in the U.S. and Chinese economies mounted.

In Japan, capital investment picked up but economic recovery momentum weakened owing to yen appreciation, an ongoing decline in equity markets, and falling exports to Asia, a key driver of the economy.

During the first six months of the current fiscal year, the KWE Group's airfreight forwarding business saw a clear recovery in volume overseas. In Japan, however, volume declined from August, partly owing to inventory adjustments in Asia. In addition, freight costs continued to rise in all regions because the amount of cargo space declined as airline companies streamlined operations and a shift in the supply-demand balance brought about by the recovery in freight volumes. The overall Group saw airfreight exports expand 55.4%^{*1}, and airfreight imports increased 19.0%^{*2} year on year. In the ocean freight forwarding, exports grew 19.8%^{*3} and imports rose 21.9%^{*2}, as a result of which performance during the first six months of the current fiscal year approached the level last seen before the global financial crisis broke.

Starting with the first quarter of the current fiscal year, "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" was applied, and revisions were made to traditional segments. Figures for the first six months of the previous fiscal year, those used for year-on-year comparisons, reflect the changes in the new segments.

Operating results by each segment are as follows:

Japan

During the first six months of the fiscal year, airfreight exports rose 32.6%^{*1} year on year. Shipments of products such as semiconductor production machinery and electronic components, particularly those for LCD-related materials for Asia, remained firm during the first three months, although inventory adjustments prompted a partial shift to ocean freight from August. Airfreight imports fell 0.7%^{*2}, with rising volume in electronic products such as semiconductors unable to offset sharp declines in telecommunication equipment. In the ocean freight forwarding, exports increased 21.9%^{*3}, supported by strong volume for chemicals and equipment transportation. Ocean freight imports increased 24.1%^{*2} as a result of an increase in volumes of products such as electronics-related items and general merchandise. As a result, net sales for Japan, including net sales generated by domestic subsidiaries, increased 28.6% year on year to 56,585 million yen, and operating income increased 44.3% to 1,193 million yen.

The Americas

Airfreight exports grew 35.8%^{*1} year on year thanks to a strong recovery in shipping demand for electronics products, particularly semiconductors and LCDs. Airfreight imports rose 34.0%^{*2}, driven by rising spot freight shipments. In the ocean freight forwarding, exports and imports increased 28.3%^{*3} and 24.8%^{*2}, respectively. As a result, overall net sales for the Americas increased 34.2% year on year to 16,172 million yen, and operating income increased 486.9% to 969 million yen.

Europe, Middle East & Africa

Airfreight exports expanded 52.3%^{*1} year on year reflecting increased volume from existing customers, and contributions from medical-related products and spot freight shipments to the Middle East. Airfreight imports rose 29.8%^{*2} on higher volume for automotive products and components for flat-screen TVs. In the ocean freight forwarding, exports gained 3.8%^{*3} while imports grew 22.2%^{*2}. As a result, overall net sales in Europe, Middle East & Africa increased 26.3% year on year to 11,145 million yen, and operating income recorded 258 million yen (operating loss of 242 million yen in the same period of the previous year).

East Asia & Oceania

Airfreight exports increased 93.3%^{*1} year on year on volume growth for office equipment products and electronic products such as digital home appliances. Airfreight imports grew 28.0%^{*2}, driven by an increase in volume for semiconductor-related products and LCD-related materials. In the ocean freight forwarding, exports and imports increased 27.3%^{*3} and 13.1%^{*2}, respectively. As a result, total net sales for East Asia & Oceania increased 65.2% year on year to 39,296 million yen and operating income increased 23.3% to 1,811 million yen.

Southeast Asia

Airfreight exports increased 72.7%^{*1} year on year as a result of a steady recovery in volumes of electronics products, and contributions from spot freight shipments. Airfreight imports also saw an increase of 25.0%^{*2} due to sustained brisk shipments, particularly for electronic products. In the ocean freight forwarding, exports declined 3.6%^{*3}, as major shippers handled less volume, while imports continued to recover, growing 31.8%^{*2}. As a result, total net sales for Southeast Asia increased 58.7% year on year to 11,959 million yen and operating income increased 110.5% to 631 million yen.

The whole KWE Group worked to promote sales and continued to implement rationalization measures such as major reductions in fixed and variable costs. As a result, for the first six months of the fiscal year under review, consolidated net sales increased 40.3% year on year to 132,912 million yen. Operating income increased 78.2% to 4,942 million yen, ordinary income increased 84.4% to 5,399 million yen, and net income increased 168.0% to 3,956 million yen.

*1 based on weight

*2 based on number of shipments

*3 based on TEUs (Twenty-foot Equivalent Units)

(2) Qualitative Information Concerning Consolidated Financial Position

At the end of the second quarter of the fiscal year under review, total assets increased 2,195 million yen from the end of the previous fiscal year to 118,836 million yen, mainly due to an increase in trade accounts receivables.

Total liabilities were 50,157 million yen, up 1,555 million yen from the end of the previous fiscal year, mainly due to the increases in trade accounts payables. Net assets increased 640 million yen from the end of the previous fiscal year to 68,679 million yen. This was mainly because retained earnings increased while minority interests and foreign currency translation adjustment declined.

(3) Qualitative Information Concerning Consolidated Earnings Forecasts

We have made the following revisions to our consolidated earnings forecasts for the fiscal year ending March 2011 (April 1, 2010 to March 31, 2011) which were announced on August 4, 2010.

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Yen)
Previous forecast (A) (Announced on August 4, 2010)	260,000	10,800	11,000	7,000	194.45
Revised forecast (B)	260,000	10,800	11,300	7,600	211.11
Change (B) – (A)	—	—	300	600	—
Change (%)	—	—	2.7	8.6	—
(Reference)					
Previous period result (Fiscal year ended March 2010)	211,836	7,451	8,032	4,570	126.97

Reasons for the revisions

The above revisions factor in the form of non-operating income of 374 million yen from foreign exchange gains during the first six months, and extraordinary income of 188 million yen from negative goodwill generated by the additional acquisition of 20% of the equity held by minority shareholders in our consolidated subsidiary TKK Logistics Co., Ltd..

2. Other Information

(1) Overview of Changes in Significant Subsidiaries

There are no applicable matters.

(2) Overview of the Simplified Accounting Method and/or the Special Accounting Method

The simplified accounting method is partially applied for transactions that have negligible impact on financial results.

(3) Overview of Changes in Accounting Principles and Procedures or Format

1. Application of accounting standard for asset retirement obligations

The Accounting Standard for Asset Retirement Obligations (Accounting Standards Board of Japan Statement No. 18; March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (Accounting Standards Board of Japan Guidance No. 21; March 31, 2008) are being applied from the first quarter of the current fiscal year. This change had no impact on operating income, ordinary income and income before income taxes and minority interests.

2. Application of Accounting Standard and Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method

The Accounting Standard for Equity Method of Accounting for Investments (Accounting Standards Board of Japan Statement No. 16; March 10, 2008), and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (Practical Issues Task Force No. 24; March 10, 2008) are being applied from the first quarter of the current fiscal year, with consolidated results adjusted as necessary. This change had no impact on operating income, ordinary income and income before income taxes and minority interests.

3. Application of accounting standards for business combinations

The Accounting Standard for Business Combinations (Accounting Standards Board of Japan Statement No. 21; December 26, 2008), the Accounting Standard for Consolidated Financial Statements (Accounting Standards Board of Japan Statement No. 22; December 26, 2008), the Partial amendments to Accounting Standard for Research and Development Costs (Accounting Standards Board of Japan Statement No. 23; December 26, 2008), the Revised Accounting Standard for Business Divestitures (Accounting Standards Board of Japan Statement No. 7; December 26, 2008), the Revised Accounting Standard for Equity Method of Accounting for Investments (Accounting Standards Board of Japan Statement No. 16; December 26, 2008), and the Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (Accounting Standards Board of Japan Guidance No. 10; December 26, 2008) are being applied from the first quarter of the current fiscal year.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Second quarter of FY3/11 (As of September 30, 2010)	FY3/10 Summary (As of March 31, 2010)
Assets		
Current assets		
Cash and time deposits	26,217	25,933
Notes and accounts receivable – trade	44,442	41,133
Other	5,487	3,236
Allowance for doubtful accounts	△241	△260
Total current assets	75,905	70,043
Fixed assets		
Property and equipment		
Buildings and structures, net	18,797	19,478
Land	10,729	10,799
Other, net	4,123	4,354
Total property and equipment	33,650	34,631
Intangible fixed assets		
Goodwill	375	126
Other	1,699	1,944
Total intangible fixed assets	2,075	2,071
Investments and other assets	7,205	9,894
Total fixed assets	42,930	46,597
Total assets	118,836	116,640
Liabilities		
Current liabilities		
Notes and accounts payable – trade	20,553	19,528
Short-term debt	9,756	11,955
Income taxes payable	1,375	990
Reserve for bonuses	1,637	1,589
Reserve for directors' bonuses	64	168
Other	8,343	7,800
Total current liabilities	41,731	42,032
Long-term liabilities		
Long-term debt	5,022	3,349
Reserve for retirement benefits	2,531	2,200
Other	871	1,020
Total long-term liabilities	8,426	6,569
Total liabilities	50,157	48,602

(Millions of yen)

	Second quarter of FY3/11 (As of September 30, 2010)	FY3/10 Summary (As of March 31, 2010)
Net assets		
Shareholders' equity		
Common stock	7,216	7,216
Capital surplus	4,867	4,867
Retained earnings	60,841	57,496
Treasury stock	△1	△1
Total shareholders' equity	72,923	69,578
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	11	173
Foreign currency translation adjustment	△5,773	△4,127
Total valuation and translation adjustments	△5,762	△3,953
Minority interests	1,518	2,413
Total net assets	68,679	68,038
Total liabilities and net assets	118,836	116,640

(2) Quarterly Consolidated Statements of Income

(Millions of yen)

	First six months of FY3/10 (April 1, 2009 – September 30, 2009)	First six months of FY3/11 (April 1, 2010 – September 30, 2010)
Net sales	94,741	132,912
Cost of sales	77,929	113,382
Gross profit	16,812	19,529
Selling, general, and administrative expenses	14,039	14,586
Operating income	2,773	4,942
Non-operating income		
Interest income	86	66
Dividend income	24	26
Amortization of negative goodwill	17	17
Foreign exchange gains	215	374
Equity in earnings of affiliates	—	15
Miscellaneous income	111	110
Total non-operating income	455	610
Non-operating expenses		
Interest expenses	160	135
Equity in losses of affiliates	113	—
Miscellaneous expenses	27	17
Total non-operating expenses	301	153
Ordinary income	2,927	5,399
Extraordinary income		
Gain on sales of fixed assets	6	—
Gain on sales of investment securities	—	741
Gain on negative goodwill	—	188
Total extraordinary income	6	929
Extraordinary losses		
Loss on disposal of fixed assets	15	—
Loss on valuation of investment securities	30	—
Loss on sales of fixed assets	—	26
Loss on valuation of golf club memberships	1	6
Restructuring loss	34	—
Loss on office closing	213	—
Total extraordinary losses	296	32
Income before income taxes and minority interests	2,637	6,296
Income taxes, etc.	1,002	2,153
Income before minority interests	—	4,142
Minority interests	158	185
Net income	1,476	3,956

(3) Quarterly Consolidated Statement of Cash Flow

(Millions of yen)

	First six months of FY3/10 (April 1, 2009 – September 30, 2009)	First six months of FY3/11 (April 1, 2010 – September 30, 2010)
Cash flows from operating activities		
Income before income taxes and minority interests	2,637	6,296
Depreciation and amortization	1,540	1,525
Amortization of goodwill	24	27
Amortization of negative goodwill	△17	△17
Gain on negative goodwill	—	△188
Increase (decrease △) in reserve for bonuses	△204	92
Increase (decrease △) in reserve for directors' bonuses	△138	△100
Increase (decrease △) in reserve for retirement benefits	613	355
Increase (decrease △) in allowance for doubtful accounts	11	△24
Interest and dividend income	△111	△92
Interest expenses	160	135
Investment loss (gain △) by equity method	113	△15
(Gain △) loss on sales of fixed assets	△6	26
Loss on disposal of fixed assets	15	—
(Gain △) Loss on sales and valuation of investment securities	30	△741
Loss on valuation of golf club memberships	1	6
Decrease (increase △) in notes and accounts receivable	4,306	△5,456
Increase (decrease △) in notes and accounts payable	△2,256	2,485
Other, net	△446	649
Subtotal	6,273	4,965
Interest and dividends received	161	92
Interest paid	△198	△171
Payments for loss on violation of the antitrust laws	△1,494	—
Income taxes paid	△1,351	△1,769
Net cash provided by operating activities	3,390	3,117
Cash flows from investing activities		
Payments for time deposits	△98	△270
Proceeds from withdrawal of time deposits	74	440
Payments for purchase of property and equipment	△1,321	△807
Proceeds from sale of property and equipment	27	44
Payments for purchase of investment securities	△11	△33
Proceeds from sale and redemption of investment securities	28	3,253
Payments for Purchase of subsidiary shares	—	△978
Purchase of investments in subsidiaries resulting in change in scope of consolidation	△114	—
(Increase △) decrease in short-term loans receivable	—	△2,000
Payments for loans receivable	△10	△1
Collection of loans receivable	36	13
Payments for lease and guarantee deposits	△191	△130
Proceeds from collection of lease and guarantee deposits	283	61
Other, net	△161	△172
Net cash used in investing activities	△1,459	△580

(Millions of yen)

	First six months of FY3/10 (April 1, 2009 – September 30, 2009)	First six months of FY3/11 (April 1, 2010 – September 30, 2010)
Cash flows from financing activities		
Net increase (decrease Δ) in short-term debt	$\Delta 2,616$	$\Delta 388$
Payments of finance lease obligations	$\Delta 61$	$\Delta 95$
Proceeds from long-term debt	328	1,878
Payments of long-term debt	$\Delta 540$	$\Delta 1,785$
Payments for acquisition of treasury stock	$\Delta 0$	$\Delta 0$
Payment of cash dividends	$\Delta 503$	$\Delta 611$
Payment of cash dividends to minority shareholders	$\Delta 177$	$\Delta 16$
Net cash provided by (used in Δ) financing activities	$\Delta 3,571$	$\Delta 1,019$
Effect of exchange rate changes on cash and cash equivalents	1,083	$\Delta 1,035$
Net increase (decrease Δ) in cash and cash equivalents	$\Delta 556$	482
Cash and cash equivalents at beginning of period	25,904	25,045
Cash and cash equivalents at end of period	25,348	25,527

(4) Notes Concerning Going Concern Assumption

There are no applicable matters.

(5) Segment Information

[Segment information by business]

First six months of the fiscal year ended March 2010 (April 1, 2009 – September 30, 2009)

Since the freight forwarding business constitutes over 90% of the total net sales and operating income, we have not included segment information by business type in this report.

[Segment information by geographic areas]

First six months of the fiscal year ended March 2010 (April 1, 2009 – September 30, 2009)

(Millions of yen)

	Japan	The Americas	Europe & Africa	East Asia & Oceania	Southeast Asia & Middle East	Total	Elimination or unallocated	Consolidated
Net sales								
(1) Net sales to outside customers	43,598	11,746	8,440	23,441	7,515	94,741	—	94,741
(2) Inter-segment sales/transfers	399	1,371	255	362	153	2,543	△2,543	—
Total net sales	43,998	13,118	8,695	23,803	7,669	97,285	△2,543	94,741
Operating income (loss △)	827	452	△250	1,467	307	2,804	△31	2,773

Notes: 1. The geographic segmentation is classified based on the relationship of business activities and geographic proximity.

2. Major countries or regions except Japan in each category are as follows:

- (1) The Americas: United States, Canada, and South American countries
- (2) Europe & Africa: United Kingdom, Germany, France, Italy, Netherlands, Belgium, Switzerland, Ireland, other European countries, Russia, and African countries
- (3) East Asia & Oceania: Hong Kong, China, South Korea, Taiwan, Philippines, and Australia
- (4) Southeast Asia & Middle East: Singapore, Malaysia, Thailand, India, Indonesia, Vietnam, and Middle Eastern countries

First six months of the fiscal year ended March 2010 (April 1, 2009 – September 30, 2009)

(Millions of yen)

	The Americas	Europe & Africa	East Asia & Oceania	Southeast Asia & Middle East	Total
I Overseas net sales	11,748	8,443	23,442	7,515	51,150
II Consolidated net sales	—	—	—	—	94,741
III Overseas net sales to consolidated net sales (%)	12.4	8.9	24.7	7.9	54.0

Notes: 1. The geographic segmentation is classified based on the relationship of business activities and geographic proximity.

2. Major countries or regions except Japan in each category are as follows:

- (1) The Americas: United States, Canada, and South American countries
- (2) Europe & Africa: United Kingdom, Germany, France, Italy, Netherlands, Belgium, Switzerland, Ireland, other European countries, Russia, and African countries
- (3) East Asia & Oceania: Hong Kong, China, South Korea, Taiwan, Philippines, and Australia
- (4) Southeast Asia & Middle East: Singapore, Malaysia, Thailand, India, Indonesia, Vietnam, and Middle Eastern countries

3. “Overseas net sales” are the total of sales by the Company and its consolidated subsidiaries in the countries and regions other than Japan.

[Segment information]

First six months of the fiscal year ending March 2011 (April 1, 2010 – September 30, 2010)

1. Summary of reportable segments

Reportable segments are parts of the business for which it is possible to obtain separate financial information and that the Board of Directors regularly examines in order to evaluate decisions on allocation of management resources and earnings.

KWE has established Corporate Strategy Headquarters at the head office that sets comprehensive strategy and manages business for operations both within Japan and overseas. In addition, under the direction of the Corporate Strategy Headquarters, KWE manages operations within Japan and a headquarters for each region is responsible for operations in that particular area. Consolidated subsidiaries both within Japan and overseas are independent business units and conduct business operations in their particular area under the guidance of either KWE or the headquarters for the region.

Therefore, KWE is composed of segments for each of the following areas: Japan; the Americas; Europe, Middle East & Africa; East Asia & Oceania; Southeast Asia. Each reportable segment mainly handles freight transportation.

2. Amount of sales and income/loss for each reportable segment

First six months of the fiscal year ending March 2011 (April 1, 2010 – September 30, 2010)

(Millions of yen)

	Reported segment						Other Note 1	Total	Adjustment Note 2	Carrying amount on quarterly consolidated statements of income Note 3
	Japan	The Americas	Europe, Middle East & Africa	East Asia & Oceania	Southeast Asia	Total				
Net sales										
Net sales to outside customers	56,053	15,385	10,679	38,874	11,788	132,781	130	132,912	—	132,912
Inter-segment sales/transfers	531	786	466	422	170	2,377	915	3,293	△3,293	—
Total net sales	56,585	16,172	11,145	39,296	11,959	135,159	1,046	136,205	△3,293	132,912
Segment income	1,193	969	258	1,811	631	4,863	106	4,970	△27	4,942

Notes: 1. Other refers to business not included in reportable segments and mainly consists of supplementary logistics within the Group.

2. The △27 million yen adjustment in segment income is an elimination of income generated from business between segments.

3. Segment income has been adjusted for the operating income appearing in the quarterly consolidated statements of income.

4. Major countries or regions except Japan in each category are as follows:

- (1) The Americas: United States, Canada, and South American countries
- (2) Europe, Middle East & Africa: United Kingdom, Germany, France, Italy, Netherlands, Belgium, Switzerland, Ireland, other European countries, Russia, African countries, and Middle Eastern countries
- (3) East Asia & Oceania: Hong Kong, China, South Korea, Taiwan, Philippines, and Australia
- (4) Southeast Asia: Singapore, Malaysia, Thailand, India, Indonesia, and Vietnam

3. Impairment loss or goodwill on fixed assets for each reportable segment

First six months of the fiscal year ending March 2011 (April 1, 2010 – September 30, 2010)

(Material gain on negative goodwill)

The KWE Group has acquired an additional 20% of the equity held by minority shareholders in its consolidated subsidiary TKK Logistics Co., Ltd., which is part of its Southeast Asia Segment. The resulting negative goodwill

amounted to 188 million yen and was recorded as part of the second quarter consolidated accounting period.

(Additional information)

Starting with the first quarter of the current fiscal year, “Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Statement No. 17 issued on March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20 issued on March 21, 2008) were applied.

(Reference)

The following is the segment information by geographic area for the first six months of the previous fiscal year that has been revised to reflect the segments adopted for the first quarter of the current fiscal year.

(Reference) First six months of the fiscal year ended March 2010 (April 1, 2009 – September 30, 2009)

(Millions of yen)

	Reported segment						Other	Total	Adjustment	Carrying amount on quarterly consolidated statements of income
	Japan	The Americas	Europe, Middle East & Africa	East Asia & Oceania	Southeast Asia	Total				
Net sales										
Net sales to outside customers	43,598	11,570	8,568	23,441	7,386	94,565	176	94,741	—	94,741
Inter-segment sales/transfers	399	478	258	345	150	1,632	1,076	2,708	△2,708	—
Total net sales	43,998	12,048	8,827	23,786	7,537	96,197	1,253	97,450	△2,708	94,741
Segment income (loss △)	827	165	△242	1,468	300	2,518	286	2,804	△31	2,773

(6) Significant Changes in Shareholders' Equity

There are no applicable matters.