



## Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2019 [J-GAAP] (Consolidated)

November 8, 2018

Company Name: Kintetsu World Express, Inc. (KWE)  
 Stock exchange listed on: Tokyo Stock Exchange (First Section)  
 Company code: 9375 URL: <https://www.kwe.co.jp>  
 Representative: President and Chief Executive Officer Nobutoshi Torii  
 Inquiries: General Manager, Accounting and Finance Dept. Hiroyuki Kasamatsu TEL: +81-3-6863-6445  
 The date of filing the quarterly financial statements: November 12, 2018  
 The date of the dividend payment start (planned): December 10, 2018  
 Preparation of quarterly earnings presentation material: Yes  
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

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

### 1. Consolidated earnings results for the first six months of the fiscal year ending March 2019 (April 1, 2018– September 30, 2018)

#### (1) Consolidated business results

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
First six months ended September 30, 2018	291,321	11.0	8,859	28.8	10,504	52.0	5,014	102.9
September 30, 2017	262,450	15.4	6,877	60.4	6,909	47.3	2,471	109.9

(Note) Comprehensive income First six months ended September 30, 2018: 4,174 million yen (305.4%)  
 First six months ended September 30, 2017: 1,029 million yen ( - %)

	Net income per share		Diluted net income per share	
	(Yen)		(Yen)	
First six months ended September 30, 2018	69.65		—	
September 30, 2017	34.33		—	

#### (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, 2018	391,959	131,144	31.1	1,692.15
As of March 31, 2018	389,582	128,988	30.7	1,662.72

(Reference) Shareholders' equity As of September 30, 2018: 121,831 million yen As of March 31, 2018: 119,712 million yen

\* Due to the change in presentation as a result of applying the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan ("ASBJ") Statement No. 28, February 16, 2018) effective April 1, 2018, figures of the consolidated financial position as of March 31, 2018 have been restated retrospectively to reflect such change.

### 2. Dividends

	Annual dividends				
	Q1	Q2	Q3	Year-end	Full fiscal year
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended March 31, 2018	—	10.00	—	16.00	26.00
Fiscal year ending March 31, 2019	—	10.00			
Fiscal year ending March 31, 2019 (Forecasts)			—	16.00	26.00

(Note) Revisions to the most recently disclosed dividend forecasts: No

### 3. Consolidated earnings forecasts for the fiscal year ending March 2019 (April 1, 2018 – March 31, 2019)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Full fiscal year	600,000	8.5	19,200	9.4	20,700	19.3	10,500	49.9	145.84

(Note) Revisions to the most recently disclosed earnings forecasts: Yes

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries in accordance with changes in the scope of consolidation): Yes

Excluded: APL Logistics/CFR AD Holdings, LLC

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Major Notes, (4) Notes to the Quarterly Consolidated Financial Statements (Changes in Significant Subsidiaries during the Period)” on page 13.

(2) Application of special accounting treatment in preparing the quarterly consolidated financial statements: Yes

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Major Notes, (4) Notes to the Quarterly Consolidated Financial Statements (Application of Special Accounting Treatment in Preparing the Quarterly Consolidated Financial Statements)” on page 13.

(3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

(a) Changes in accounting policies with revision of accounting standards, etc.: No

(b) Changes in accounting policies other than the above (a): No

(c) Changes in accounting estimates: No

(d) Restatement of revisions: No

(4) Number of issued shares (common shares)

(a) Number of issued shares (including treasury shares)	As of September 30, 2018:	72,000,000 shares	As of March 31, 2018:	72,000,000 shares
(b) Number of treasury shares	As of September 30, 2018:	2,364 shares	As of March 31, 2018:	2,364 shares
(c) Average number of shares during the period	First six months ended September 30, 2018:	71,997,636 shares	First six months ended September 30, 2017:	71,997,636 shares

\* The Financial Results report is outside the scope of a quarterly review by certified public accountants or an audit firm.

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

(Remarks on forward-looking statements)

The statements about future described on this report such as earnings forecasts have been made based on information currently available and certain assumptions considered reasonable, and it is not intended to assure that we will achieve such results. Actual earnings may differ significantly 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 “1. Qualitative Information concerning Consolidated Earnings Results for the First Six Months of the Fiscal Year Ending March 2019 (3) Explanation about Future Forecast Information including Consolidated Earnings Forecasts” on page 6.

(Supplementary materials for financial results and the details of the financial results meeting)

A financial results briefing for institutional investors and analysts will be held on November 9, 2018. The presentation materials to be distributed at the meeting will be available on our website after the meeting.

## 1. Qualitative Information concerning Consolidated Earnings Results for the First Six Months of the Fiscal Year Ending March 2019

### (1) Explanation about Operating Results

During the six months ended September 30, 2018, the U.S. economy continued to expand and Europe showed moderate growth mainly in the Euro zone. In China, although the overall economy showed a steady movement, it started to show a decelerating trend with a recent decline in export growth, etc.

The Japanese economy continued to recover gradually due to an increase in capital investment amid concerns over the impact of a series of natural disasters.

In the global market, demands for both air and sea freight continued to grow steadily and showed an upward trend overall.

Under such circumstances, the KWE Group's freight operations saw air freight exports rose 7.7% year-on-year to 302 thousand tons, and air freight imports increased 3.7% to 677 thousand shipments. Sea freight exports increased 9.8% to 350 thousand TEUs, and imports rose 7.2% to 147 thousand shipments. Logistics showed stable growth overall due to business expansion mainly in East Asia.

Operating results by each segment are as follows:

#### ***Japan***

Air freight exports rose 10.9% year-on-year to 82 thousand tons due to a steady increase in automotive-related products and semiconductor-related products. Air freight imports increased 1.6% to 176 thousand shipments due to a growth mainly in electronic products. As for sea freight, exports increased 7.8% to 75 thousand TEUs due to increases mainly in machinery and equipment-related products, and imports grew 3.4% to 58 thousand shipments due to steady movements in electronic products and automotive-related products. In logistics, the handling volume grew due to increases mainly in healthcare-related products and electronic products.

As a result, net sales for the segment, including domestic subsidiaries, increased 19.8% to 71,673 million yen. However, operating income increased 2.3% to 2,357 million yen due to an impact from higher direct cost ratio.

#### ***The Americas***

Air freight exports rose 17.3% to 56 thousand tons due to active movements mainly in healthcare-related products and electronic products. Air freight imports increased 13.1% to 68 thousand shipments due to a growth in electronic products and machinery-related products. In sea freight, exports increased 9.6% to 25 thousand TEUs due to steady movements in aerospace products and semiconductor manufacturing equipment, and imports grew 7.7% to 17 thousand shipments due to an increase in machinery-related products. In logistics, the volume increased mainly in Canada.

As a result, net sales for the segment rose 20.6% to 30,078 million yen, and operating income increased 18.2% to 1,582 million yen.

The exchange rate was U.S.\$1 = ¥110.26 and U.S.\$1 = ¥111.06 for the six months ended September 30, 2018 and 2017, respectively.

#### ***Europe, Middle East & Africa***

Air freight exports rose 10.8% to 32 thousand tons due to increases mainly in healthcare-related products and alcoholic beverages. Air freight imports increased 14.1% to 67 thousand shipments due to a growth in chemical products and automotive-related products. Sea freight exports decreased 4.6% to 9 thousand TEUs due to a decrease in machinery-related products, but imports grew 10.7% to 8 thousand shipments due to an increase in electronic products. In

logistics, the handling volume increased in Russia and the Netherlands.

As a result, net sales for the segment increased 17.7% to 20,810 million yen, and operating income rose 22.9% to 641 million yen.

The exchange rate was €1 = ¥129.85 and €1 = ¥126.29 for the six months ended September 30, 2018 and 2017, respectively.

#### ***East Asia & Oceania***

Air freight exports rose 5.2% to 74 thousand tons and air freight imports increased 0.6% to 252 thousand shipments due to a steady increase mainly in electronic products in both exports and imports. As for sea freight, exports grew 19.9% to 115 thousand TEUs due to increases mainly in automotive-related products and electronic products, and imports increased 7.9% to 32 thousand shipments due to steady movements in equipment-related products and electronic products. In logistics, the handling volume increased mainly in China, and also in South Korea and Taiwan.

As a result, net sales for the segment rose 14.2% to 52,006 million yen, and operating income increased 6.1% to 3,001 million yen.

#### ***Southeast Asia***

Air freight exports fell 2.9% to 55 thousand tons due to a decrease in shipment of electronic products. However, air freight imports increased 3.5% to 113 thousand shipments due to a growth in healthcare-related products. As for sea freight, exports rose 24.1% to 81 thousand TEUs due to favorable growth in automotive-related products, electronic products, and motorcycles, and imports grew 13.8% to 29 thousand shipments due to increases in electronic products and motorcycles. In logistics, the handling volume increased mainly in India and Thailand.

As a result, net sales for the segment increased 7.7% to 28,453 million yen. However, operating income decreased 25.0% to 1,205 million yen due to an impact from a rise in direct cost ratio.

#### ***APLL***

As for logistics services for automotive, the handling volume saw steady growth due to business expansion with major customers and rail transportation in India. Retail-related logistics service continued a steady growth overall. Logistics services for consumer and industrial fields secured the handling volume exceeding the previous year's level.

As a result, net sales of APLL increased 1.2% to 94,893 million yen and the company secured operating income of 2,800 million yen (rose 147.5%) through its effort to improve operating gross profit margin, but recorded net operating loss of 186 million yen (operating loss of 1,968 million yen a year earlier) as amortization of goodwill related to APLL acquisition is still included in this segment.

The exchange rate was U.S. \$1 = ¥108.68 and U.S. \$1 = ¥112.37 for the six months ended September 30, 2018 and 2017, respectively (APLL used the average rate for the period from January 1 to June 30 because APLL's fiscal year-end is December 31).

As described above, net sales for the six months ended September 30, 2018 increased 11.0% to 291,321 million yen, operating income rose 28.8% to 8,859 million yen, ordinary income increased 52.0% to 10,504 million yen, and net income attributable to owners of the parent rose 102.9% to 5,014 million yen.

## **(2) Explanation about Financial Position**

### **1) Assets, liabilities, and net assets**

Total assets as of September 30, 2018 increased 2,376 million yen from March 31, 2018 to 391,959 million yen. Current assets increased 6,376 million yen to 199,897 million yen mainly due to increases in cash and deposits of 4,231 million yen and in notes and accounts receivable-trade of 1,121 million yen. Non-current assets decreased 4,000 million yen to 192,062 million yen mainly due to a decrease in intangible assets of 4,308 million yen including amortization of goodwill.

Total liabilities increased 220 million yen to 260,814 million yen. Current liabilities increased 6,216 million yen to 129,265 million yen mainly due to increases in short-term loans payable of 2,732 million yen and in notes and operating accounts payable-trade of 3,713 million yen. Non-current liabilities decreased 5,996 million yen to 131,549 million yen mainly due to a decrease in long-term loans payable of 5,606 million yen resulting from repayment.

Total net assets as of September 30, 2018 increased 2,155 million yen to 131,144 million yen mainly due to an increase in retained earnings of 3,862 million yen, consisting of recording net income attributable to owners of the parent of 5,014 million yen and cash dividends paid of 1,151 million yen, despite a decrease in foreign currency transaction adjustment of 1,755 million yen as a result of yen appreciation in certain exchange rates.

Consequently, the equity ratio increased to 31.1% from 30.7% as of March 31, 2018.

### **2) Cash flows**

Cash and cash equivalents as of September 30, 2018 increased 2,626 million yen from March 31, 2018 to 70,482 million yen. Cash flows from each activity and their significant factors during the six months ended September 30, 2018 are as follows:

#### **(Cash flows from operating activities)**

During the six months ended September 30, 2018, operating activities provided net cash of 11,994 million yen, an increase of 6,386 million yen year-on-year. This mainly reflected cash inflows due to income before income taxes of 10,508 million yen, depreciation of 3,956 million yen, and increase in notes and accounts payable-trade of 3,638 million yen, and cash outflows due to income taxes paid of 4,873 million yen.

#### **(Cash flows from investing activities)**

Net cash used in investing activities totaled 5,742 million yen, an increase of 4,330 million yen year-on-year. This mainly reflected cash outflows due to payments into time deposits of 4,670 million yen, purchase of property, plant and equipment of 2,354 million yen and purchase of intangible assets of 1,670 million yen, and cash inflows due to proceeds from withdrawal of time deposits of 3,104 million yen.

#### **(Cash flows from financing activities)**

Net cash used in financing activities totaled 4,006 million yen, a decrease of 303 million yen year-on-year. This mainly reflected cash inflows due to net increase in short-term loans payable of 3,233 million yen and proceeds from long-term loans payable of 4,800 million yen, and cash outflows due to repayments of long-term loans payable of 10,188 million yen and cash dividends paid of 1,151 million yen.

### (3) Explanation about Future Forecast Information including Consolidated Earnings Forecasts

The Group revised consolidated earnings forecasts for the year ending March 31, 2019 announced on May 11, 2018 as follows:

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecasts (A) (Announced on May 11, 2018)	585,000	19,200	18,600	8,700	¥120.84
Revised forecasts (B)	600,000	19,200	20,700	10,500	¥145.84
Differences (B) – (A)	15,000	—	2,100	1,800	
Change (%)	2.6	—	11.3	20.7	
(Ref.) Year ended March 31, 2018	553,197	17,551	17,345	7,002	¥97.26

(Reason of revision)

In light of non-operating income including foreign exchange gains recorded for the six months ended September 30, 2018, and a recent upward trend in direct costs including freight costs, we decided to make the above revisions.

(Note) Cautionary Statement concerning Earnings Forecasts

The forecasts above are based on information currently available. Actual performance may differ from the above forecasts due to various factors.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY3/18 (As of March 31, 2018)	Second quarter of FY3/19 (As of September 30, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	72,832	77,064
Notes and accounts receivable-trade	110,005	111,126
Other	12,781	13,314
Allowance for doubtful accounts	(2,098)	(1,607)
<b>Total current assets</b>	<b>193,520</b>	<b>199,897</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,279	19,666
Land	14,082	14,181
Other, net	13,387	13,013
<b>Total property, plant and equipment</b>	<b>46,749</b>	<b>46,861</b>
Intangible assets		
Goodwill	65,586	62,340
Customer-related assets	35,139	33,366
Other	20,602	21,312
<b>Total intangible assets</b>	<b>121,328</b>	<b>117,019</b>
<b>Total investments and other assets</b>	<b>27,984</b>	<b>28,181</b>
<b>Total non-current assets</b>	<b>196,062</b>	<b>192,062</b>
<b>Total assets</b>	<b>389,582</b>	<b>391,959</b>
<b>Liabilities</b>		
Current liabilities		
Notes and operating accounts payable-trade	51,622	55,335
Short-term loans payable	42,024	44,757
Income taxes payable	3,867	3,471
Provision for bonuses	4,616	4,641
Provision for directors' bonuses	250	124
Other	20,666	20,935
<b>Total current liabilities</b>	<b>123,048</b>	<b>129,265</b>
Non-current liabilities		
Long-term loans payable	123,651	118,045
Net defined benefit liability	2,877	2,985
Other	11,016	10,519
<b>Total non-current liabilities</b>	<b>137,545</b>	<b>131,549</b>
<b>Total liabilities</b>	<b>260,594</b>	<b>260,814</b>

(Millions of yen)

	FY3/18 (As of March 31, 2018)	Second quarter of FY3/19 (As of September 30, 2018)
<b>Net assets</b>		
Shareholders' equity		
Capital stock	7,216	7,216
Capital surplus	4,084	4,084
Retained earnings	112,268	116,131
Treasury shares	(3)	(3)
Total shareholders' equity	123,565	127,428
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,893	1,862
Foreign currency translation adjustment	(5,268)	(7,023)
Remeasurements of defined benefit plans	(478)	(436)
Total accumulated other comprehensive income	(3,853)	(5,597)
Non-controlling interests	9,276	9,313
Total net assets	128,988	131,144
Total liabilities and net assets	389,582	391,959



**(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
**(Consolidated Statements of Income)**

(Millions of yen)

	First six months of FY3/18 (April 1, 2017 – September 30, 2017)	First six months of FY3/19 (April 1, 2018 – September 30, 2018)
Net sales	262,450	291,321
Operating cost	218,952	244,543
Operating gross profit	43,498	46,777
Selling, general and administrative expenses	36,620	37,918
Operating income	6,877	8,859
Non-operating income		
Interest income	232	341
Dividends income	29	35
Amortization of negative goodwill	5	5
Share of profit of entities accounted for using equity method	–	586
Foreign exchange gains	210	1,043
Miscellaneous income	267	323
Total non-operating income	745	2,334
Non-operating expenses		
Interest expenses	484	566
Share of loss of entities accounted for using equity method	176	–
Miscellaneous expenses	53	123
Total non-operating expenses	713	689
Ordinary income	6,909	10,504
Extraordinary income		
Gain on sales of non-current assets	570	3
Settlement received	526	–
Total extraordinary income	1,097	3
Extraordinary loss		
Loss on retirement of non-current assets	2	–
Provision for loss on guarantees	721	–
Provision of allowance for doubtful accounts	225	–
Total extraordinary losses	949	–
Income before income taxes	7,057	10,508
Income taxes	3,930	4,322
Net income	3,126	6,185
Net income attributable to non-controlling interests	654	1,170
Net income attributable to owners of the parent	2,471	5,014

**(Consolidated statements of comprehensive income)**

(Millions of yen)

	First six months of FY3/18 (April 1, 2017 – September 30, 2017)	First six months of FY3/19 (April 1, 2018 – September 30, 2018)
Net income	3,126	6,185
Other comprehensive income		
Valuation difference on available-for-sale securities	103	(29)
Foreign currency translation adjustment	(2,174)	(1,415)
Remeasurements of defined benefit plans	24	44
Share of other comprehensive income of entities accounted for using equity method	(50)	(610)
Total other comprehensive income	(2,096)	(2,010)
Comprehensive income	1,029	4,174
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	377	3,270
Comprehensive income attributable to non-controlling interests	651	903

**(3) Quarterly Consolidated Statements of Cash Flows**

(Millions of yen)

	First six months of FY3/18 (April 1, 2017— September 30, 2017)	First six months of FY3/19 (April 1, 2018— September 30, 2018)
<b>Cash flows from operating activities</b>		
Income (loss) before income taxes	7,057	10,508
Depreciation	3,760	3,956
Amortization of goodwill	1,879	1,806
Amortization of negative goodwill	(5)	(5)
Increase (decrease) in allowance for doubtful accounts	114	18
Increase (decrease) in provision for bonuses	(37)	60
Increase (decrease) in provision for directors' bonuses	(206)	(129)
Increase (decrease) in net defined benefit liability	183	142
Increase (decrease) in provision for loss on guarantees	721	—
Interest and dividends income	(262)	(376)
Interest expenses	484	566
Share of (profit) loss of entities accounted for using equity method	176	(586)
Loss (gain) on sales of non-current assets	(590)	(26)
Loss on retirement of non-current assets	2	—
Loss (gain) on sales and valuation of investment securities	(0)	(0)
Settlement received	(526)	—
Decrease (increase) in notes and accounts receivable-trade	(5,624)	(1,414)
Increase (decrease) in notes and accounts payable-trade	4,304	3,638
Other, net	(913)	(1,173)
<b>Subtotal</b>	<b>10,517</b>	<b>16,984</b>
Interest and dividends income received	383	454
Interest expenses paid	(486)	(571)
Income taxes paid	(4,583)	(4,873)
Settlement package received	526	—
Payments for loss on arbitration ruling	(750)	—
<b>Net cash provided by operating activities</b>	<b>5,607</b>	<b>11,994</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(2,707)	(4,670)
Proceeds from withdrawal of time deposits	3,002	3,104
Purchase of property, plant and equipment	(2,262)	(2,354)
Proceeds from sales of property, plant and equipment	618	120
Purchase of intangible assets	(1,302)	(1,670)
Purchase of investment securities	(459)	(737)
Proceeds from sales and redemption of securities	1,817	696
Payments for lease and guarantee deposits	(364)	(404)
Proceeds from collection of lease and guarantee deposits	228	176
Payments of loans receivable	(0)	—
Collection of loans receivable	33	16
Other, net	(15)	(18)
<b>Net cash provided by (used in) investing activities</b>	<b>(1,412)</b>	<b>(5,742)</b>

(Millions of yen)

	First six months of FY3/18 (April 1, 2017— September 30, 2017)	First six months of FY3/19 (April 1, 2018— September 30, 2018)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	2,882	3,233
Proceeds from share issuance to non-controlling shareholders	78	5
Repayments of finance lease obligations	(86)	(121)
Proceeds from long-term loans payable	—	4,800
Repayments of long-term loans payable	(5,411)	(10,188)
Cash dividends paid	(1,151)	(1,151)
Dividends paid to non-controlling interests	(616)	(535)
Other, net	(3)	(49)
Net cash provided by (used in) financing activities	(4,309)	(4,006)
Effect of exchange rate changes on cash and cash equivalents	1,127	382
Net increase (decrease) in cash and cash equivalents	1,012	2,626
Cash and cash equivalents at beginning of period	65,506	67,856
Cash and cash equivalents at end of period	66,519	70,482

#### **(4) Notes to the Quarterly Consolidated Financial Statements**

(Notes concerning Going Concern Assumption)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Changes in Significant Subsidiaries during the Period)

During the three months ended September 30, 2018, APL Logistics/CFR AD Holdings, LLC was excluded from the scope of consolidation as the company is under liquidation process and became immaterial.

(Application of Special Accounting Treatment in Preparing the Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

Tax expenses are calculated as income before income taxes for the period multiplied by the estimated effective tax rate. The effective tax rate is reasonably estimated taking into consideration deferred tax accounting as the rate applicable to income before income taxes for the consolidated fiscal year including the six months ended September 30, 2018.

(Additional information)

Following the application of the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) effective April 1, 2018, deferred tax assets are presented in investments and other assets and deferred tax liabilities are presented in non-current liabilities.

(Notes to Quarterly Consolidated Statement of Income)

(Share of loss of entities accounted for using equity method)

First six months of the fiscal year ended March 2018 (April 1, 2017 – September 30, 2017)

Impairment loss of 150 million yen for goodwill associated with a non-consolidated subsidiary accounted for using equity method in Hong Kong is included.

First six months of the fiscal year ending March 2019 (April 1, 2018 – September 30, 2018)

Not applicable.

(Segment Information, etc.)

**I First six months of the fiscal year ended March 2018 (April 1, 2017 – September 30, 2017)**

1. Information about sales, income/loss for each reportable segment

(Millions of yen)

	Reportable 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	APLL	Total				
Net sales											
Net sales to outside customers	58,206	22,927	17,192	44,464	25,803	93,683	262,277	173	262,450	–	262,450
Inter-segment sales/transfers	1,613	2,016	484	1,058	603	66	5,843	958	6,802	(6,802)	–
Total net sales	59,820	24,943	17,677	45,523	26,406	93,749	268,121	1,132	269,253	(6,802)	262,450
Segment income (loss)	2,305	1,338	521	2,830	1,607	(1,968)	6,634	238	6,873	4	6,877

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

2. The 4 million yen adjustment in segment income (loss) is an elimination of income generated from business between segments.

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

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

- (1) The Americas: United States, Canada, Mexico, and Latin 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, and Australia
- (4) Southeast Asia: Singapore, Malaysia, Thailand, India, Indonesia, Vietnam, Philippines, and Cambodia

2. Information regarding impairment loss of non-current assets or goodwill for each reportable segment

(Significant impairment loss of non-current assets)

For the six months ended September 30, 2017, “East Asia & Oceania” segment recorded impairment loss of 150 million yen for goodwill associated with a non-consolidated subsidiary accounted for using equity method in Hong Kong.

**II First six months of the fiscal year ending March 2019 (April 1, 2018 – September 30, 2018)**

Information about sales, income/loss for each reportable segment

(Millions of yen)

	Reportable 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	APLL	Total				
Net sales											
Net sales to outside customers	69,803	28,130	20,056	50,775	27,551	94,810	291,128	192	291,321	–	291,321
Inter-segment sales/transfers	1,869	1,947	753	1,230	901	82	6,786	1,125	7,912	(7,912)	–
Total net sales	71,673	30,078	20,810	52,006	28,453	94,893	297,915	1,318	299,233	(7,912)	291,321
Segment income (loss)	2,357	1,582	641	3,001	1,205	(186)	8,602	249	8,851	8	8,859

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

2. The 8 million yen adjustment in segment income (loss) is an elimination of income generated from business between segments.

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

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

- (1) The Americas: United States, Canada, Mexico, and Latin 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, and Australia
- (4) Southeast Asia: Singapore, Malaysia, Thailand, India, Indonesia, Vietnam, Philippines, and Cambodia