# Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2015 [J-GAAP] (Consolidated)

February 5, 2015

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
Representative: President and Chief Executive Officer Satoshi Ishizaki
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The date of filing the quarterly financial statements: February 12, 2015
The date of the dividend payment start (planned): –
Preparation of quarterly earnings presentation material: No
Holding of quarterly financial results briefing: No

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

**1. Consolidated earnings results for the first nine months of the fiscal year ending March 2015 (April 1, 2014 – December 31, 2014)**

(1) Consolidated business results

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

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|---|---|---|---|---|---|---|---|---|
| First nine months ended | (Millions of yen) | (%) | (Millions of yen) | (%) | (Millions of yen) | (%) | (Millions of yen) | (%) |
| December 31, 2014 | 233,606 | 14.1 | 10,003 | 3.0 | 11,032 | 5.7 | 5,559 | (14.2) |
| December 31, 2013 | 204,756 | 9.0 | 9,710 | (1.3) | 10,433 | 2.0 | 6,482 | (4.3) |

(Note) Comprehensive income First nine months ended December 31, 2014: 9,048 million yen (negative 31.6%)
First nine months ended December 31, 2013: 13,236 million yen (75.8%)

| | Net income per share | Diluted net income per share |
|---|---|---|
| First nine months ended | (Yen) | (Yen) |
| December 31, 2014 | 154.43 | — |
| December 31 2013 | 180.08 | — |

(2) Consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|---|---|---|---|---|
| | (Millions of yen) | (Millions of yen) | (%) | (Yen) |
| As of December 31, 2014 | 180,778 | 118,606 | 63.8 | 3,205.22 |
| As of March 31, 2014 | 167,966 | 111,231 | 64.5 | 3,009.69 |

(Reference) Shareholders' equity As of December 31, 2014: 115,385 million yen As of March 31, 2014: 108,346 million yen

**2. Dividends**

| | Annual dividends | | | | |
|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Year-end | Full fiscal year |
| | (Yen) | (Yen) | (Yen) | (Yen) | (Yen) |
| Fiscal year ended March 31, 2014 | — | 15.00 | — | 25.00 | 40.00 |
| Fiscal year ending March 31, 2015 | — | 17.00 | — | | |
| Fiscal year ending March 31, 2015 (Forecasts) | | | | 27.00 | 44.00 |

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

**3. Consolidated earnings forecasts for the fiscal year ending March 2015 (April 1, 2014– March 31, 2015)**

(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 | 310,000 | 10.1 | 16,000 | 16.4 | 16,000 | 4.8 | 10,100 | 7.2 | 280.56 |

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

## * Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries in accordance with changes in the scope of consolidation): No

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

Note: For details, please refer to "2. Matters concerning Summary Information (Notes), (2) Application of Special Accounting Treatment in Preparing the Quarterly Consolidated Financial Statements" on page 5.

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

1) Changes in accounting policies with revision of accounting standards, etc. : Yes
2) Changes in accounting policies other than 1) above: Yes
3) Changes in accounting estimates: Yes
4) Restatement of revisions: No

This falls under Article 10-5 of "Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statement." Please refer to "2. Matters concerning Summery Information (Notes), (3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Revisions" on page 5 of the attachment.

(4) Number of issued shares (common shares)

| | | | | |
|---|---|---|---|---|
| 1) Number of issued shares (including treasury stock) | As of December 31, 2014: | 36,000,000 shares | As of March 31, 2014: | 36,000,000 shares |
| 2) Number of treasury stock | As of December 31, 2014: | 714 shares | As of March 31, 2014: | 714 shares |
| 3) Average number of shares during the period | First nine months ended December 31, 2014: | 35,999,286 shares | First nine months ended December 31, 2013: | 35,999,286 shares |

## * 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

(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 Nine Months of the Fiscal Year Ending March 2015 (3) Explanation about Future Forecast Information including Consolidated Earnings Forecast" on page 5.

## 1. Qualitative Information concerning Consolidated Earnings Results for the First Nine Months of the Fiscal Year Ending March 2015

### (1) Explanation about Operating Results

During the nine months ended December 31, 2014, while the U.S. economy showed a steady recovery, European economy remained weak, and the economic growth in China and other Asian countries slowed down.

The Japanese economy showed signs of weakening due to prolonged stagnation in consumer spending after consumption tax rise despite certain effects of various government policies.

In the global market, demand for air freight showed recovery.

Under such conditions, for the nine months ended December 31, 2014, the KWE Group's freight operations saw air freight exports rose 12.3 %[*1], and air freight imports increased 4.8 %[*2] year-on-year. Sea freight exports also rose 11.8 %[*3], and imports increased 2.7 %[*2]. Logistics showed favorable results as the business expanded in East Asia & Oceania.

Operating results by each segment are as follows. Starting from the three months ended June 30, 2014, the Philippine business was reclassified from "East Asia & Oceania" to "Southeast Asia" in reportable segment classification as a result of the review of the Group management unit, and the comparison and analysis for the current quarter is based on the new classification.

***Japan***

With regard to air freight exports, in addition to an increase in spot shipments of automotive-related products, electronic products were also firm, resulting in an increase of 15.0 %[*1] year-on-year. Air freight imports decreased 4.1 %[*2] due to lackluster activities with major customers. As for sea freight, exports increased 23.0 %[*3] due to increases in electronic products and chemical products, and imports also rose 0.4 %[*2] due to increases in PCs and its peripherals. In logistics, the overall volume decreased due to a backlash after the rise in demand before consumption tax rise, etc.

As a result, net sales for Japan, including domestic subsidiaries, increased 10.6 % to 85,597 million yen, while operating income decreased 8.1 % to 3,179 million yen.

***The Americas***

Air freight exports decreased 1.4 %[*1] year-on-year due to decrease in shipments by major customers. Air freight imports increased 2.1%[*2] due to an increase in automotive-related products. In sea freight, exports rose 11.1 %[*3] as aerospace products and food products increased, and imports also rose 7.3 %[*2] as a result of an increase in automotive-related products. Logistics expanded overall due to a favorable growth in Canada.

As a result, net sales for the Americas increased 8.4 % to 31,189 million yen, and operating income rose 27.0 % to 1,925 million yen.

The exchange rate was U.S.$1 = ¥ 102.95 and U.S.$1 = ¥ 96.71 for the nine months ended December 31, 2014 and 2013, respectively.

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

Air freight exports rose 23.3 %[*1] year-on-year because of increases in automotive-related products and medical and chemical products. Air freight imports increased 25.1 %[*2] due to favorable growth primarily in electronic products and construction machinery products. In sea freight, exports increased 11.1 %[*3] due to increases in automotive-related products and medical and chemical products, and imports increased 7.2 %[*2] due to an increase in electronic products. In logistics, overall volume decreased mainly in the U.K. and Germany.

As a result, net sales for Europe, Middle East & Africa increased 16.6 % to 27,421 million yen, but operating income decreased 27.2 % to 414 million yen year-on-year due to a raise in operating cost ratio, etc.

The exchange rate of Euro to Japanese yen was €1 = ¥ 139.54 and €1 = ¥ 127.35 for the nine months ended December 31, 2014 and 2013, respectively.

*East Asia & Oceania*

Air freight exports increased 8.1 %*1 year-on-year due to increases in equipment shipments and electronic products. Air freight imports also increased 5.1 %*2 due to a steady increase in electronic parts for smartphones. As for sea freight, exports increased 2.5 %*3 due to increased volume of electronic products and clothing, and imports also increased 0.3 %*2 due to an increase in LCD-related products. Logistics volume increased due to firm operation in bonded warehouse in China.

As a result, net sales for East Asia & Oceania increased 16.7 % to 64,681 million yen, and operating income rose 17.3 % to 3,413 million yen.

*Southeast Asia*

Air freight exports increased 24.4 %*1 year-on-year due to a growth in electronic products and also in automotive-related products. Air freight imports also increased 11.3 %*2 due to a steady increase in electronic products. For sea freight, exports increased 17.7 %*3 due to an increase mainly in automotive-related products, and imports also increased 7.6 %*2 due to increases in automotive-related products and paper products. In logistics, business with major electronic companies increased in Singapore.

As a result, net sales for Southeast Asia increased 23.9 % to 29,507 million yen, but operating income fell 34.7 % year-on-year to 559 million yen due to increase in indirect costs.

| | | |
|---|---|---|
| *1 based on weight | *2 based on number of shipments | *3 based on TEUs (Twenty-foot Equivalent Units) |

As described above, the whole KWE Group worked together to promote sales activities, and net sales for the nine months ended December 31, 2014 increased 14.1 % year-on-year to 233,606 million yen, operating income increased 3.0 % to 10,003 million yen, ordinary income increased 5.7 % to 11,032 million yen, but net income decreased 14.2 % to 5,559 million yen.

For the three months ended June 30, 2014, the Group recorded allowance for provision for U.S. antitrust matter of 1,745 million yen in extraordinary losses.

## (2) Explanation about Financial Position

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

Total assets as of December 31, 2014 increased 12,811 million yen from March 31, 2014 to 180,778 million yen. Current assets increased 5,435 million yen due to an increase in notes and operating accounts receivable of 6,325 million yen. Noncurrent assets increased 7,376 million yen due to increases in goodwill arising from acquisition of subsidiary's stock of 1,003 million yen and in investments and other assets of 3,985 million yen.

Total liabilities increased 5,436 million yen to 62,172 million yen. Current liabilities increased 3,664 million yen due to increases in short-term loans payable of 1,273 million yen and in recording of provision for U.S. antitrust matter of 2,067 million yen (translated using the exchange rate at December 31, 2014). Noncurrent liabilities increased 1,772 million yen due to increases in long-term loans payable of 977 million yen and in net defined benefit liability of 429 million yen.

Net assets increased 7,374 million yen to 118,606 million yen due to increases in retained earnings of 3,945 million yen and in foreign currency translation adjustment of 1,820 million yen and also in valuation difference on available-for-sale securities of 1,045 million yen, resulting in the equity ratio of 63.8 %.

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

In terms of future prospects, while the U.S. economy is expected to continue showing steady growth, the outlook of the European economy remains uncertain and there are also concerns over economic slowdown in China and other Asian countries.

Under such circumstances, the Group will continue to work on various measures aggressively toward the achievement of the targets set for the second year of the Medium-Term Management Plan "Ready for the Next! Phase 2" (2013 - 2015).

While the Group earnings going forward are likely to be affected by the global economy, exchange rates, and other factors, the forecast for the fiscal year ending March 31, 2015 at this point are net sales of 310,000 million yen (up 10.1% year-on-year), operating income of 16,000 million yen (up 16.4%), ordinary income of 16,000 million yen (up 4.8%), and net income of 10,100 million yen (up 7.2% year-on-year), which remains the same as those announced on May 8, 2014.

(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. Matters concerning Summary Information (Notes)

### (1) Changes in Significant Subsidiaries during the Period

Not applicable.

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

Tax expenses are calculated as income before income taxes and minority interests 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 and minority interests for the consolidated fiscal year including the quarter ended December 31, 2014.

### (3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Revisions

(Change of the calculation method of retirement benefit obligations and service costs)

Effective April 1, 2014, the Group applied the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan ("ASBJ") Statement No. 26, May 17, 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012) with respect to the article 35 of the Accounting Standard for Retirement Benefits and the article 67 of the Guidance on Accounting Standard for Retirement Benefits. Consequently, the calculation method of retirement benefit obligations and service costs was reviewed, and the period attribution method for estimated retirement benefits was changed from the straight-line basis to benefit formula basis. The Group also changed the method of determining the discount rate from the method where discount rate is determined using the period approximate to the expected average remaining working lives of employees as the underlying bond terms to the method where different discount rates are used according to the estimated timing of benefit payment.

In accordance with the transitional treatment stipulated in the article 37 of the Accounting Standard for Retirement

Benefits, the effects of such changes of the calculation method of retirement benefit obligations and service costs were recorded in retained earnings as of April 1, 2014.

As a result, net defined benefit liability increased 130 million yen and retained earnings decreased 101 million yen as of April 1, 2014. Also, operating income, ordinary income and income before income taxes increased 103 million yen, respectively.

(Change of the depreciation method of property, plant and equipment)

Effective April 1, 2014, the Company, its domestic consolidated subsidiaries and certain overseas consolidated subsidiaries changed the depreciation method of property, plant and equipment other than buildings from the declining- balance method to the straight-line method. In order to achieve one of the goals stated in the Medium-Term Management Plan to expand logistics business, the Group took the planned major capital investment "Misato Warehouse Project" as the opportunity to assess the use situation of property, plant and equipment held, and determined that allocating costs equally over the period of use would reflect periodic profit or loss more properly as the effects of capital investments or its contribution to profit have been observed in a stable manner. This change of depreciation method will achieve the standardization of accounting treatment among the Group as majority of overseas subsidiaries of the Group have been using the straight-line method. The impact of this change on the earnings for the nine months ended December 31, 2014 was insignificant.

## 3. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

| | FY3/14 (As of March 31, 2014) | Third quarter of FY3/15 (As of December 31, 2014) |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 50,360 | 50,065 |
| Notes and operating accounts receivable | 56,786 | 63,111 |
| Other | 6,883 | 6,286 |
| Allowance for doubtful accounts | (350) | (348) |
| Total current assets | 113,680 | 119,115 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 18,601 | 18,075 |
| Land | 11,164 | 11,259 |
| Other, net | 6,222 | 9,035 |
| Total property, plant and equipment | 35,988 | 38,370 |
| Intangible assets | | |
| Goodwill | 397 | 1,400 |
| Other | 1,011 | 1,016 |
| Total intangible assets | 1,408 | 2,417 |
| Investments and other assets | 16,889 | 20,875 |
| Total noncurrent assets | 54,286 | 61,663 |
| Total assets | 167,966 | 180,778 |
| Liabilities | | |
| Current liabilities | | |
| Notes and operating accounts payable-trade | 24,283 | 24,556 |
| Short-term loans payable | 9,092 | 10,366 |
| Income taxes payable | 1,935 | 932 |
| Provision for bonuses | 1,938 | 2,541 |
| Provision for directors' bonuses | 245 | 138 |
| Provision for U.S. antitrust matter | — | 2,067 |
| Other | 9,948 | 10,506 |
| Total current liabilities | 47,443 | 51,108 |
| Noncurrent liabilities | | |
| Long-term loans payable | 5,267 | 6,244 |
| Net defined benefit liability | 3,047 | 3,476 |
| Other | 977 | 1,342 |
| Total noncurrent liabilities | 9,291 | 11,064 |
| Total liabilities | 56,735 | 62,172 |

(Millions of yen)

| | FY3/14 (As of March 31, 2014) | Third quarter of FY3/15 (As of December 31, 2014) |
|---|---|---|
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 7,216 | 7,216 |
| Capital surplus | 4,867 | 4,867 |
| Retained earnings | 88,650 | 92,596 |
| Treasury stock | (1) | (1) |
| Total shareholders' equity | 100,732 | 104,678 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,242 | 2,287 |
| Foreign currency translation adjustment | 6,695 | 8,516 |
| Remeasurements of defined benefit plans | (324) | (96) |
| Total accumulated other comprehensive income | 7,614 | 10,707 |
| Minority interests | 2,884 | 3,220 |
| Total net assets | 111,231 | 118,606 |
| Total liabilities and net assets | 167,966 | 180,778 |

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

(Millions of yen)

| | First nine months of FY3/14 (April 1, 2013— December 31, 2013) | First nine months of FY3/15 (April 1, 2014— December 31, 2014) |
|---|---|---|
| Net sales | 204,756 | 233,606 |
| Cost of sales | 170,698 | 197,111 |
| Operating gross profit | 34,058 | 36,495 |
| Selling, general and administrative expenses | 24,347 | 26,492 |
| Operating income | 9,710 | 10,003 |
| Non-operating income | | |
| Interest income | 302 | 362 |
| Dividends income | 19 | 28 |
| Amortization of negative goodwill | 26 | 26 |
| Equity in earnings of affiliates | 42 | 122 |
| Foreign exchange gains | 254 | 461 |
| Miscellaneous income | 294 | 226 |
| Total non-operating income | 940 | 1,228 |
| Non-operating expenses | | |
| Interest expenses | 177 | 176 |
| Miscellaneous expenses | 39 | 22 |
| Total non-operating expenses | 216 | 199 |
| Ordinary income | 10,433 | 11,032 |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 44 | – |
| Total extraordinary income | 44 | – |
| Extraordinary loss | | |
| Loss on sales of noncurrent assets | 7 | – |
| Loss on retirement of noncurrent assets | 67 | 21 |
| Loss on valuation of investment securities | 217 | – |
| Provision for loss on U.S. antitrust matter | – | 1,745 |
| Total extraordinary losses | 291 | 1,766 |
| Income before income taxes | 10,186 | 9,265 |
| Income taxes | 3,356 | 3,360 |
| Income before minority interests | 6,829 | 5,904 |
| Minority interests in income | 346 | 345 |
| Net income | 6,482 | 5,559 |

(Millions of yen)

| | First nine months of FY3/14 (April 1, 2013— December 31, 2013) | First nine months of FY3/15 (April 1, 2014— December 31, 2014) |
|---|---|---|
| Income before minority interests | 6,829 | 5,904 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 598 | 1,045 |
| Foreign currency translation adjustment | 5,805 | 1,547 |
| Remeasurements of defined benefit plans | – | 237 |
| Share of other comprehensive income of associates accounted for using equity method | 2 | 314 |
| Total other comprehensive income | 6,406 | 3,143 |
| Comprehensive income | 13,236 | 9,048 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | 12,620 | 8,652 |
| Comprehensive income attributable to minority interests | 616 | 396 |

## (3) Notes to the Quarterly Consolidated Financial Statements

(Notes concerning Going Concern Assumption)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Notes to quarterly consolidated statement of income)

(Provision for loss on U.S. antitrust matter)

In relation to the class action against the Company alleging a violation of U.S. antitrust act concerning international airfreight transportation service, we recorded a current estimate of possible future loss.

(Segment Information, etc.)

### I First nine months of the fiscal year ended March 2014 (April 1, 2013 — December 31, 2013)

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 | Total | | | | |
| Net sales | | | | | | | | | | |
| Net sales to outside customers | 75,867 | 27,411 | 22,955 | 54,832 | 23,438 | 204,506 | 249 | 204,756 | — | 204,756 |
| Inter-segment sales/transfers | 1,508 | 1,353 | 553 | 592 | 369 | 4,376 | 1,381 | 5,758 | (5,758) | — |
| Total net sales | 77,376 | 28,765 | 23,508 | 55,424 | 23,808 | 208,883 | 1,631 | 210,514 | (5,758) | 204,756 |
| Segment income | 3,461 | 1,516 | 569 | 2,909 | 857 | 9,315 | 393 | 9,708 | 1 | 9,710 |

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

2. The 1 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, 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, and Philippines

II First nine months of the fiscal year ending March 2015 (April 1, 2014 – December 31, 2014)

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 | Total | | | | |
| Net sales | | | | | | | | | | |
| Net sales to outside customers | 84,030 | 29,840 | 26,589 | 64,004 | 28,917 | 233,382 | 224 | 233,606 | — | 233,606 |
| Inter-segment sales/transfers | 1,567 | 1,349 | 832 | 676 | 590 | 5,016 | 1,427 | 6,443 | (6,443) | — |
| Total net sales | 85,597 | 31,189 | 27,421 | 64,681 | 29,507 | 238,398 | 1,651 | 240,050 | (6,443) | 233,606 |
| Segment income | 3,179 | 1,925 | 414 | 3,413 | 559 | 9,493 | 505 | 9,999 | 3 | 10,003 |

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

2. The 3 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, 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, and Philippines

2. Information about assets for each reportable segment

During the three months ended June 30, 2014, we acquired shares of Kintetsu Panasonic Trading Service Co., Ltd. (former Panasonic Trading Service Japan Co., Ltd.) and included the company in the scope of consolidation. As a result, "Japan" segment asset increased 2,051 million yen compared to the balance as of March 31, 2014.

During the three months ended June 30, 2014, we acquired shares of Trans Global Logistics Group Ltd. and included in the scope of companies accounted for using the equity method. As a result, "East Asia & Oceania" segment asset increased 1,571 million yen compared to the balance as of March 31, 2014.

3. Matters related to changes in reportable segment

(Change of segment classification)

Starting from the three months ended June 30, 2014, the Philippine business was reclassified from "East Asia & Oceania" to "Southeast Asia" in reportable segment classification as a result of the review of the Group's management unit. The segment information for the nine months ended December 31, 2013 is based on the new classification.

(Change of depreciation method of property, plant and equipment)

As stated in "2. Matters concerning Summary Information (Notes)," the Company, its domestic consolidated subsidiaries and certain overseas consolidated subsidiaries changed the depreciation method of property, plant and equipment other than buildings from the declining-balance method to the straight-line method. The impact of this change on segment income for the nine months ended December 31, 2014 was insignificant.

(Change of calculation method of retirement benefit obligations and service costs)

As stated in "2. Matters concerning Summary Information (Notes)," the Company changed the calculation method of retirement benefit obligations and service costs, and the calculation method for reportable segment is also changed accordingly. As result of this change, “Japan” segment income for the nine months ended December 31, 2014 increased 103 million yen compared to those calculated under the previous method.

4. Information regarding impairment loss of noncurrent assets or goodwill for each reportable segment

(Significant change in goodwill)

During the three months ended June 30, 2014, “Japan” segment acquired shares of Kintetsu Panasonic Trading Service Co., Ltd. (former Panasonic Trading Service Japan Co., Ltd.) and included the company in the scope of consolidation, which resulted in an increase in goodwill of 1,013 million yen for the nine months ended December 31, 2014.