



Financial Results for the Fiscal Year Ended March 31, 2015 [J-GAAP]

May 8, 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 the ordinary general shareholder meeting: June 16, 2015
 The date of the dividend payment start (planned): June 17, 2015
 The date of filing the securities report: June 17, 2015
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Fiscal year ended March 2015 consolidated results (April 1, 2014 – March 31, 2015)

(1) Consolidated business results (Percentages are changes from the same period of the previous year.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
March 31, 2015	327,192	16.2	16,563	20.5	18,429	20.7	10,489	11.4
March 31, 2014	281,505	13.5	13,742	3.4	15,267	7.4	9,417	3.1

(Reference) Comprehensive income: Fiscal year ended March 31, 2015: 20,131 million yen (negative 3.9%)
 Fiscal year ended March 31, 2014: 20,957 million yen (31.5%)

Fiscal year ended	Net income per share	Diluted net income per share	Return on shareholders' equity	Ordinary income to total assets	Operating margin
	(Yen)	(Yen)	(%)	(%)	(%)
March 31, 2015	291.37	—	9.0	10.2	5.1
March 31, 2014	261.60	—	9.5	9.9	4.9

(Reference) Share of profit of entities accounted for using equity method: Fiscal year ended March 31, 2015: 255 million yen
 Fiscal year ended March 31, 2014: 178 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of March 31, 2015	194,553	129,687	64.8	3,500.31
As of March 31, 2014	167,966	111,231	64.5	3,009.69

(Reference) Shareholders' equity: As of March 31, 2015: 126,008 million yen As of March 31, 2014: 108,346 million yen

(3) Consolidated cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
March 31, 2015	9,457	(10,870)	(1,424)	48,700
March 31, 2014	10,756	(5,016)	(1,864)	47,963

2. Dividends

Fiscal year ended	Annual dividends					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	Q1	Q2	Q3	Q4	Full fiscal year			
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Millions of yen)	(%)	(%)
March 31, 2014	—	15.00	—	25.00	40.00	1,439	15.3	1.5
March 31, 2015	—	17.00	—	29.00	46.00	1,655	15.8	1.4
Fiscal year ending March 31, 2016 (Forecasts)	—	20.00	—	32.00	52.00		16.0	

3. Consolidated earnings forecasts for the fiscal year ending March 2016 (April 1, 2015 – March 31, 2016)

(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)
First half	170,000	10.9	8,000	23.7	7,800	11.5	5,200	76.3	144.45
Full fiscal	350,000	7.0	18,000	8.7	17,500	(5.0)	11,700	11.5	325.01

(Note) We announced the acquisition of the shares of APL Logistics Ltd in February 2015, but the acquisition date is yet to be determined as it is subject to approval from the relevant competition authorities in China and other countries that require it. Therefore, earnings forecasts for the six months ending September 30, 2015 and the fiscal year ending March 31, 2016 do not include the effect of the acquisition.

* Notes

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

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

(a) Changes in accounting policies with revision of accounting standards: Yes

(b) Changes in accounting policies other than the above: Yes

(c) Changes in accounting estimates: Yes

(d) Restatement of revisions: No

(Note) This falls under Article 14-7 of "Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (cases where it is difficult to distinguish changes in accounting policies from changes in accounting estimates).

(3) Number of issued shares (common shares)

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

As of March 31, 2015:	36,000,000 shares	As of March 31, 2014:	36,000,000 shares
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(b) Number of treasury shares

As of March 31, 2015:	790 shares	As of March 31, 2014:	714 shares
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(c) Average number of shares during the period

Fiscal year ended March 31, 2015:	35,999,276 shares	Fiscal year ended March 31, 2014:	35,999,286 shares
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(Reference) Summary of non-consolidated results

1. Fiscal year ended March 2015 non-consolidated results (April 1, 2014 – March 31, 2015)

(1) Non-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)	(%)
Fiscal year ended March 31, 2015	98,807	20.2	4,973	47.0	9,072	17.4	5,554	(6.7)
March 31, 2014	82,170	4.2	3,383	9.6	7,727	24.9	5,954	23.5

	Net income per share	Diluted net income per share
Fiscal year ended	(Yen)	(Yen)
March 31, 2015	154.30	—
March 31, 2014	165.40	—

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of March 31, 2015	88,178	58,648	66.5	1,629.17
As of March 31, 2014	78,205	53,710	68.7	1,492.00

(Reference) Shareholders' equity As of March 31, 2015: 58,648 million yen As of March 31, 2014: 53,710 million yen

* Implementation status of review procedures

The audit 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 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 "1. Analysis of Business Results and Financial Position (1) Analysis of Business Results" on page 5 of the attached material.

(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 Monday, May 11, 2015. The presentation materials to be distributed at the meeting will be available on our website after the meeting.

1. Analysis of Business Results and Financial Position

(1) Analysis of Business Results

During the fiscal year ended March 31, 2015 (hereinafter, “the current fiscal year”), 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.

In Japan, although consumer spending remained stagnant after the consumption tax rise, corporate earnings improved and the overall economy showed a sign of gradual recovery.

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

Under such conditions, the KWE Group’s freight operations saw air freight exports rose 12.8 %^{*1} year-on-year, and air freight imports increased 5.9 %^{*2}. Sea freight exports increased 9.3 %^{*3}, and imports rose 2.1 %^{*2}. Logistics showed favorable results as the business expanded especially in East Asia.

Operating results by each segment are as follows. Starting from the current fiscal year, 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 comparison and analysis for the current fiscal year is based on the new classification.

Japan

With regard to air freight exports, in addition to firm electronic products, shipments increased mainly in automotive-related products as a result of the U.S. West Coast port congestion, resulting in an increase of 25.3%^{*1} year-on-year. Air freight imports decreased 3.7%^{*2} due to lackluster activities of major customers. As for sea freight, exports increased 20.9%^{*3} due to an increase in automotive-related products and chemical products, and imports increased slightly by 0.1%^{*2} due to increases in PCs and its peripherals. In logistics, the overall volume decreased partly due to a backlash of the consumption tax rise.

As a result, net sales for Japan, including domestic subsidiaries, increased 18.5% year-on-year to 122,908 million yen, and operating income increased 42.9% to 6,355 million yen.

In April 2014, we acquired shares of Panasonic Trading Service Japan Co., Ltd. and it started its operation as a new consolidated subsidiary Kintetsu Panasonic Trading Service Co., Ltd.

The Americas

Air freight exports increased 2.0%^{*1} year-on-year due to increases in medical and chemical products. Air freight imports increased 5.7%^{*2} due to an increase mainly in automotive-related products as a result of the U.S. West Coast port congestion. In sea freight, exports rose 3.4%^{*3} as aerospace products increased, and imports also rose 8.2%^{*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 11.7% year-on-year to 43,012 million yen, and operating income increased 24.6% to 2,884 million yen.

The exchange rate was U.S. \$1 = ¥105.85 and U.S. \$1 = ¥97.65 for the fiscal year ended March 31, 2015 and 2014, respectively.

In October 2014, Mexican subsidiary established a new sales office in San Luis Potosi where many automakers have established their operations.

Europe, Middle East & Africa

Air freight exports rose 12.5%^{*1} year-on-year because of increases in automotive-related products and medical and

chemical products. Air freight imports increased 23.1%*² as a result of favorable growth mainly in electronics products. In sea freight, exports increased 13.5%*³ due to increases in automotive-related products and medical and chemical products, and imports increased 5.2%*² due to an increase in electronic products. In logistics, volume saw favorable growth in the Middle East.

As a result, net sales for Europe, Middle East & Africa increased 11.4% year-on-year to 37,355 million yen, but operating income decreased 18.1% to 736 million yen due to a raise in the operating cost.

The exchange rate was €1 = ¥ 140.42 and €1 = ¥ 129.68 for the fiscal year ended March 31, 2015 and 2014, respectively.

In June 2014, Russian subsidiary opened a new warehouse in Saint-Petersburg in order to expand service infrastructure.

East Asia & Oceania

Air freight exports increased 2.4%*¹ year-on-year due to increases in equipment shipments and electronic products. Air freight imports increased 6.1%*² due to a steady increase in electronic parts for smartphones. As for sea freight, exports decreased 0.3%*³ and imports also decreased 0.7%*² because of sluggish growth in electronic products. Logistics volume increased due to favorable growth in China.

As a result, net sales for East Asia & Oceania increased 13.6% year-on-year to 89,420 million yen, and operating income increased 10.5% to 5,101 million yen.

In July 2014, Taiwanese subsidiary opened Taoyuan FTZ Terminal, which is the largest warehouse in Taiwan established by international logistics companies.

Southeast Asia

Air freight exports increased 25.4%*¹ year-on-year due to increase in major electronic customers' products and spot shipments. Air freight imports also increased 13.3%*² due to a steady increase in smartphone related products. For sea freight, exports increased 17.8%*³ due to increases in electronic products and automotive-related, and imports also increased 6.3 %*² due to increases in electronic products and paper products. In logistics, a newly opened large Singapore warehouse contributed to an increase in the overall orders.

As a result, net sales for Southeast Asia increased 26.1% year-on-year to 41,433 million yen, but operating income decreased 3.1 % to 1,175 million yen due to an increase in indirect costs.

Representative offices were established in Laos and Myanmar in June 2014, and in Cambodia in July 2014, to expand KWE' s network in emerging countries where economic growth is expected.

*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 current fiscal year increased 16.2 % year-on-year to 327,192 million yen, operating income increased 20.5 % to 16,563 million yen, ordinary income increased 20.7 % to 18,429 million yen, and net income increased 11.4 % to 10,489 million yen.

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.

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

We announced the acquisition of all the share of APL Logistics Ltd in February 2015, but the acquisition date is yet to be determined as it is subject to approval from the relevant competition authorities in China and other countries that require it. Therefore, earnings forecasts for the six months ending September 30, 2015 and the fiscal year ending March 31, 2016 do not include the effect of the acquisition.

The forecasts for the fiscal year ending March 31, 2016 are net sales of 350,000 million yen (up 7.0% year-on-year), operating income of 18,000 million yen (up 8.7%), ordinary income of 17,500 million yen (down 5.0%), and net income attributable to owners of the parent of 11,700 million yen (up 11.5%).

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

(2) Analysis of Financial Position

1) Assets, liabilities, and net assets

Total assets as of March 31, 2015 increased 26,586 million yen year-on-year to 194,553 million yen. Current assets increased 17,325 million yen to 131,006 million yen due to increases in cash and deposits of 2,957 million yen and in notes and operating accounts receivable of 11,899 million yen. Non-current assets increased 9,260 million yen to 63,547 million yen due to an increase in property, plant and equipment of 3,843 million yen and investments and other assets of 4,305 million yen.

Total liabilities increased 8,130 million yen to 64,865 million yen. Current liabilities increased 6,328 million yen to 53,772 million yen due to an increase in notes and operating accounts payable-trade of 4,400 million. Non-current liabilities increased 1,801 million yen to 11,093 million yen due to an increase in long-term loans payable of 1,341 million yen.

Total net assets increased 18,456 million yen to 129,687 million yen due to increases in retained earnings of 8,875 million yen and in foreign currency translation adjustment of 7,393 million yen. Consequently, the equity ratio increased to 64.8 % from 64.5 % as of March 31, 2014.

2) Cash flows

(Millions of yen)

	FY3/14	FY3/15	Change
Cash flows from operating activities	10,756	9,457	(1,299)
Cash flows from investing activities	(5,016)	(10,870)	(5,854)
Cash flows from financing activities	(1,864)	(1,424)	440
Effect of exchange rate changes on cash and cash equivalents	5,816	3,573	(2,242)
Net increase (decrease) in cash and cash equivalents	9,692	736	(8,955)
Cash and cash equivalents at end of period	47,963	48,700	736

Cash and cash equivalents as of March 31, 2015 totaled 48,700 million yen, an increase of 736 million yen year-on-year.

Cash flows from each activity and their significant factors are as follows:

(Cash flows from operating activities)

During the fiscal year ended March 2015, operating activities provided net cash of 9,457 million yen, a decrease of 1,299 million yen year-on-year. This mainly reflected the following factors: income before income taxes and minority interests of 16,372 million yen, depreciation of 2,720 million yen and increase in notes and accounts payable-trade of 2,097 million yen, and an increase in notes and accounts receivable - trade of 7,483 million yen and income taxes paid of 5,893 million yen. In addition, 2,032 million yen of payments for U.S. antitrust matter was recorded in the fourth quarter.

(Cash flows from investing activities)

Net cash used in investing activities totaled 10,870 million yen, up 5,854 million yen year-on-year. This mainly reflected purchase of property, plant and equipment of 4,889 million yen, and purchase of investment securities of 2,287 million yen.

(Cash flows from financing activities)

Net cash used in financing activities totaled 1,424 million yen, down 440 million yen year-on-year. This mainly reflected cash dividends paid of 1,517 million yen.

(Reference) KWE Group's cash flow indicators

	FY3/12	FY3/13	FY3/14	FY3/15
Equity ratio (%)	60.7	64.3	64.5	64.8
Market-value-based equity ratio (%)	82.8	88.3	98.3	99.9
Interest-bearing debt to operating cash flow (years)	1.3	1.6	1.3	1.6
Interest coverage ratio (times)	47.5	29.7	43.6	41.4

Equity ratio = (Net assets - Minority interests) / Total assets

Market-value-based equity ratio = Total value of shares / Total assets

Interest-bearing debt to operating flow ratio = Interest-bearing debt / Operating cash flows

Interest coverage ratio = Operating cash flows / Interest payment

* Each indicator was calculated using consolidated financial figures.

* The total value of shares was calculated using the closing stock price at the end of fiscal year x the number of shares issued after deducting treasury shares.

* The "Cash flows from operating activities" on the consolidated statements of cash flows were used as operating cash flows. The interest-bearing debt covered all liabilities which accrued interest payment on the consolidated balance sheets. The "Interest paid" on the consolidated statements of cash flows were used as interest payment.

(3) Basic Policy Regarding Profit Distributions and Dividends for the Fiscal Year Ended March 2015 and Those Ending March 2016

Taking a comprehensive perspective on how to increase shareholder value, to facilitate future expansion of business both at home and overseas, and to strengthen our operating framework, the Group is committed to the continuation of stable dividend payments, and furthermore, strives to boost dividends each fiscal year based on factors such as consolidated performance and payout ratio. As we strive to achieve a truly sound business infrastructure, retained earnings are put to use in the form of capital investment that aims to both strengthen our financial condition and improve the quality of services to our customers.

In line with this approach, we changed the year-end dividend of 27 yen per share announced on February 5, 2015 to 29 yen. For the full fiscal year, including the interim dividend of 17 yen per share paid on December 10, 2014, we plan to pay total dividends of 46 yen per share.

For the fiscal year ending March 2016, we forecast the full fiscal year dividend of 52 yen.

	Dividends per share (yen)			Payout ratio (Consolidated)
	Interim	Year-end	Full fiscal year	
Fiscal year ended March 31, 2015	17.00 (Result)	29.00 (Plan)	46.00 (Plan)	15.8%
Fiscal year ending March 31, 2016	20.00 (Forecast)	32.00 (Forecast)	52.00 (Forecast)	16.0%

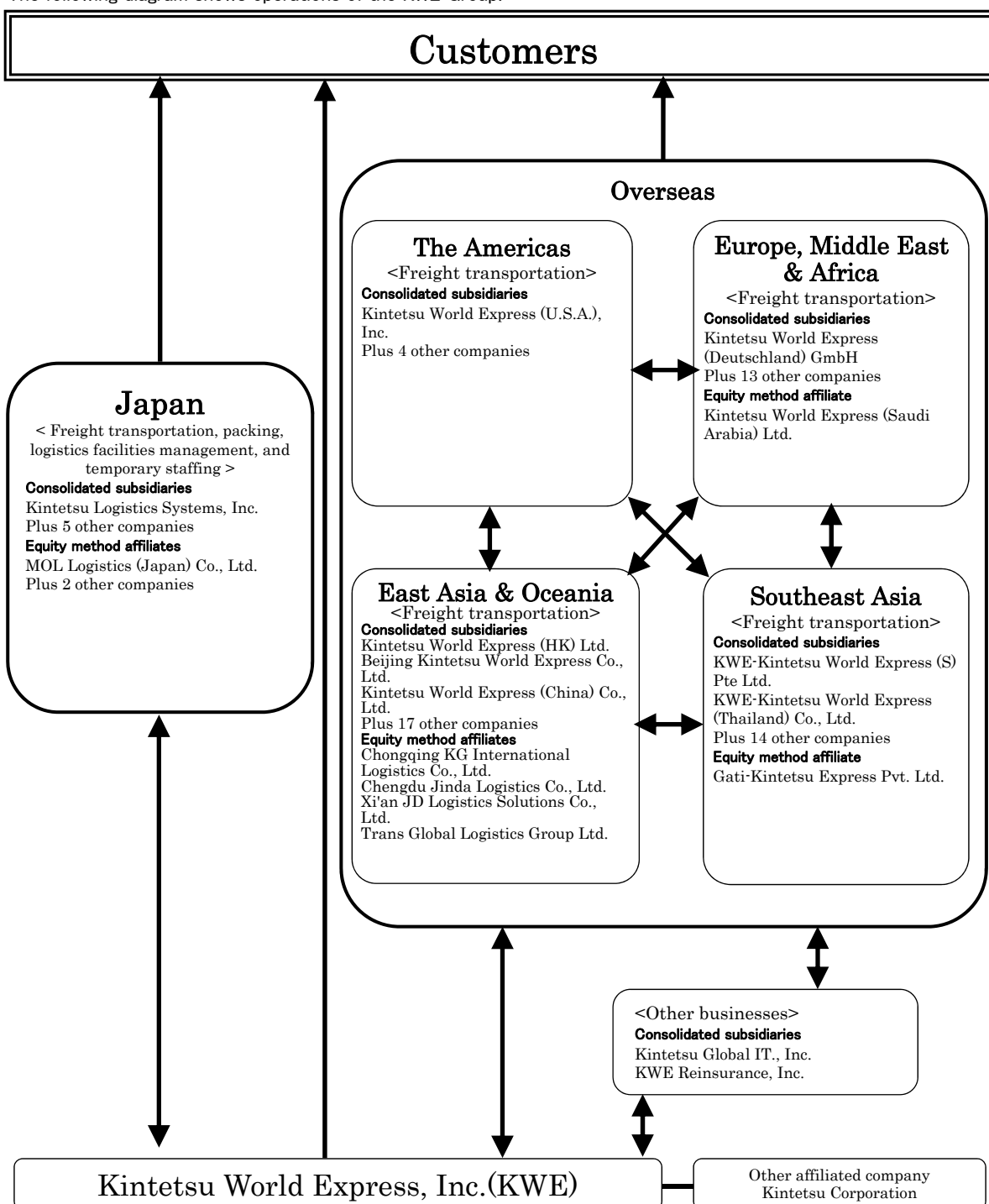
Payout ratio (Consolidated) = Dividends per share / Consolidated net income per share

Payout ratio (Non-consolidated) = Dividends per share / Net income per share

2. The KWE Group

The KWE Group (the Company and its subsidiaries and affiliates) consists of 73 companies, including Kintetsu World Express, Inc., 63 consolidated subsidiaries and nine affiliates (10 domestic companies and 63 overseas companies). The Group's principal businesses are international and domestic freight contracting using transport provided by airlines and shipping companies (freight forwarding), and representation on behalf of airlines. We also offer customs clearance, railroad, trucking, warehousing, packing service, temporary staffing, property management and insurance agency business.

The following diagram shows operations of the KWE Group.



→ Arrows show flow of service provision.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY3/14 (As of March 31, 2014)	FY3/15 (As of March 31, 2015)
Assets		
Current assets		
Cash and deposits	50,360	53,318
Notes and operating accounts receivable	56,786	68,685
Securities	5	7
Deferred tax assets	750	1,509
Other	6,127	7,880
Allowance for doubtful accounts	(350)	(395)
Total current assets	113,680	131,006
Non-current assets		
Property, plant and equipment		
Buildings and structures	34,687	36,653
Accumulated depreciation	(16,085)	(17,768)
Buildings and structures, net	18,601	18,884
Machinery, equipment and vehicles	3,054	3,161
Accumulated depreciation	(2,521)	(2,455)
Machinery and equipment and vehicles, net	532	705
Land	11,164	11,817
Leased assets	1,279	1,269
Accumulated depreciation	(586)	(662)
Leased assets, net	692	606
Construction in progress	2,602	4,234
Other	11,296	13,451
Accumulated depreciation	(8,902)	(9,869)
Other, net	2,393	3,581
Total property, plant and equipment	35,988	39,831
Intangible assets		
Goodwill	397	1,391
Other	1,011	1,129
Total intangible assets	1,408	2,520
Investments and other assets		
Investment securities	11,131	15,543
Long-term loans receivable	502	248
Deferred tax assets	737	585
Other	4,642	4,944
Allowance for doubtful accounts	(123)	(128)
Total investments and other assets	16,889	21,194
Total non-current assets	54,286	63,547
Total assets	167,966	194,553

(Millions of yen)

	FY3/14 (As of March 31, 2014)	FY3/15 (As of March 31, 2015)
Liabilities		
Current liabilities		
Notes and operating accounts payable – trade	24,283	28,683
Short-term loans payable	9,092	8,525
Lease obligations	161	158
Income taxes payable	1,935	2,436
Deferred tax liabilities	183	240
Provision for bonuses	1,938	2,479
Provision for directors' bonuses	245	272
Other	9,603	10,974
Total current liabilities	47,443	53,772
Non-current liabilities		
Long-term loans payable	5,267	6,608
Lease obligations	556	441
Deferred tax liabilities	233	664
Net defined benefit liability	3,047	3,295
Other	187	83
Total non-current liabilities	9,291	11,093
Total liabilities	56,735	64,865
Net assets		
Shareholders' equity		
Capital stock	7,216	7,216
Capital surplus	4,867	4,867
Retained earnings	88,650	97,526
Treasury shares	(1)	(2)
Total shareholders' equity	100,732	109,607
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,242	2,187
Deferred gains or losses on hedges	–	39
Foreign currency translation adjustment	6,695	14,089
Remeasurements of defined benefit plans	(324)	84
Total accumulated other comprehensive income	7,614	16,400
Minority interests	2,884	3,679
Total net assets	111,231	129,687
Total liabilities and net assets	167,966	194,553

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

(Millions of yen)

	FY3/14 (April 1, 2013 – March 31, 2014)	FY3/15 (April 1, 2014 – March 31, 2015)
Net sales	281,505	327,192
Operating cost	235,202	274,636
Operating gross profit	46,303	52,556
Selling, general, and administrative expenses	32,561	35,992
Operating income	13,742	16,563
Non-operating income		
Interest income	422	511
Dividends income	19	28
Amortization of negative goodwill	35	35
Share of profit of entities accounted for using equity method	178	255
Foreign exchange gains	616	1,231
Subsidy income	255	217
Miscellaneous income	307	226
Total non-operating income	1,833	2,506
Non-operating expenses		
Interest expenses	238	228
Commission fee	–	360
Miscellaneous expenses	70	52
Total non-operating expenses	308	640
Ordinary income	15,267	18,429
Extraordinary income		
Gain on sales of non-current assets	47	–
Settlement received	86	–
Total extraordinary income	134	–
Extraordinary losses		
Loss on sales of non-current assets	7	–
Loss on retirement of non-current assets	196	24
Loss on valuation of investment securities	217	–
Loss on antitrust matter	63	–
Loss on U.S. antitrust matter	–	2,032
Total extraordinary losses	484	2,057
Income before income taxes and minority interests	14,916	16,372
Income taxes – current	5,052	6,016
Income taxes – deferred	(74)	(668)
Total income taxes	4,977	5,348
Income before minority interests	9,939	11,024
Minority interests in income	522	535
Net income	9,417	10,489

(Consolidated statements of comprehensive income)

(Millions of yen)

	FY3/14 (April 1, 2013 – March 31, 2014)	FY3/15 (April 1, 2014 – March 31, 2015)
Income before minority interests	9,939	11,024
Other comprehensive income		
Valuation difference on available-for-sale securities	599	944
Deferred gains or losses on hedges	–	39
Foreign currency translation adjustment	10,015	6,891
Remeasurements of defined benefit plans	–	407
Share of other comprehensive income of associates accounted for using equity method	402	824
Total other comprehensive income	11,017	9,107
Comprehensive income	20,957	20,131
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	19,964	19,275
Comprehensive income attributable to minority interests	992	856

(3) Consolidated Statements of Changes in Net Assets

For the Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,216	4,867	80,565	(1)	92,646
Changes of items during period					
Dividends of surplus			(1,331)		(1,331)
Net income			9,417		9,417
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	8,085	—	8,085
Balance at end of current period	7,216	4,867	88,650	(1)	100,732

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	643	(3,251)	—	(2,608)	2,159	92,197
Changes of items during period						
Dividends of surplus						(1,331)
Net income						9,417
Net changes of items other than shareholders' equity	599	9,947	(324)	10,222	725	10,948
Total changes of items during period	599	9,947	(324)	10,222	725	19,034
Balance at end of current period	1,242	6,695	(324)	7,614	2,884	111,231

For the Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholder's equity
Balance at beginning of current period	7,216	4,867	88,650	(1)	100,732
Cumulative effects of changes in accounting policies			(101)		(101)
Restated balance	7,216	4,867	88,549	(1)	100,630
Changes of items during period					
Dividends of surplus			(1,511)		(1,511)
Net income			10,489		10,489
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	8,977	(0)	8,976
Balance at end of current period	7,216	4,867	97,526	(2)	109,607

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,242	—	6,695	(324)	7,614	2,884	111,231
Cumulative effects of changes in accounting policies							(101)
Restated balance	1,242	—	6,695	(324)	7,614	2,884	111,129
Changes of items during the period							
Dividends of surplus							(1,511)
Net income							10,489
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	944	39	7,393	409	8,786	794	9,580
Total changes of items during period	944	39	7,393	409	8,786	794	18,557
Balance at end of current period	2,187	39	14,089	84	16,400	3,679	129,687

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY3/14 (April 1, 2013 – March 31, 2014)	FY3/15 (April 1, 2014 – March 31, 2015)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	14,916	16,372
Depreciation	2,583	2,720
Amortization of goodwill	67	121
Amortization of negative goodwill	(35)	(35)
Increase (decrease) in provision for bonuses	(168)	329
Increase (decrease) in provision for directors' bonuses	19	14
Increase (decrease) in net defined benefit liability	486	442
Increase (decrease) in allowance for doubtful accounts	(17)	28
Interest and dividends income	(441)	(540)
Interest expenses	238	228
Share of (profit) loss of entities accounted for using equity method	(178)	(255)
Loss (gain) on sales of non-current assets	(52)	(25)
Loss on retirement of non-current assets	215	24
Loss (gain) on sales of investment securities	(0)	(2)
Loss (gain) on valuation of investment securities	217	–
Loss on valuation of golf club memberships	1	5
Loss on antitrust matter	63	–
Loss on U.S. antitrust matter	–	2,032
Decrease (increase) in notes and accounts receivable-trade	(3,278)	(7,483)
Increase (decrease) in notes and accounts payable-trade	304	2,097
Other, net	195	867
Subtotal	15,137	16,942
Interest and dividends income received	453	735
Interest expenses paid	(246)	(228)
Payment for U.S. antitrust matter	–	(2,032)
Payment for antitrust matter	–	(64)
Income taxes paid	(4,587)	(5,893)
Net cash provided by operating activities	10,756	9,457
Cash flows from investing activities		
Payments into time deposits	(6,183)	(3,878)
Proceeds from withdrawal of time deposits	7,695	2,135
Purchase of property, plant and equipment	(3,776)	(4,889)
Proceeds from sales of property, plant and equipment	74	34
Purchase of investment securities	(145)	(2,287)
Proceeds from sales and redemption of securities	74	67
Purchase of shares of subsidiaries	(98)	–
Payments of loans receivable	(1,830)	(264)
Collection of loans receivable	38	1,497
Payments for lease and guarantee deposits	(1,255)	(356)
Proceeds from collection of lease and guarantee deposits	298	285
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(396)
Other, net	91	(2,818)
Net cash provided by (used in) investing activities	(5,016)	(10,870)

(Millions of yen)

	FY3/14 (April 1, 2013 – March 31, 2014)	FY3/15 (April 1, 2014 – March 31, 2015)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(178)	(300)
Repayments of finance lease obligations	(141)	(176)
Proceeds from long-term loans payable	4,785	1,470
Repayment of long-term loans payable	(4,730)	(565)
Purchase of treasury shares	–	(0)
Cash dividends paid	(1,331)	(1,517)
Cash dividends paid to minority shareholders	(266)	(335)
Net cash provided by (used in) financing activities	(1,864)	(1,424)
Effect of exchange rate changes on cash and cash equivalents	5,816	3,573
Net increase (decrease) in cash and cash equivalents	9,692	736
Cash and cash equivalents at beginning of period	38,271	47,963
Cash and cash equivalents at end of period	47,963	48,700

(Changes in Accounting Policies)

(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 for the year ended March 31, 2015 increased 137 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 year ended March 31, 2015 was insignificant.

[Segment Information]

a. Segment information

1. Summary of reportable segments

(1) Method for determining 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.

(2) Services of each reportable segment

For each reportable segment, we mainly focus on freight operations, providing airfreight forwarding, sea freight forwarding, logistics (warehousing), and other (domestic airfreight forwarding, etc.) services..

(3) Matters related to changes in reportable segments

Starting from the fiscal year ended March 31, 2015, 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 year ended March 31, 2014 is based on the new classification.

2. Calculation method used for sales, income / loss, assets and other items for each reportable segment

Segment income (loss) refers to operating income (loss) for each reportable segment. Inter-segment sales/transfers are based on market value.

As stated in “Changes in Accounting Policies,” 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 year ended March 31, 2015 was insignificant.

As stated in “Changes in Accounting Policies,” 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 year ended March 31, 2015 increased 137 million yen compared to those calculated under the previous method.

3. Information about sales, income / loss, assets and other items for each reportable segment

Fiscal year ended March 2014 (April 1, 2013– March 31, 2014)

(Millions of yen)

	Reportable segment						Other Note 1	Total	Adjustment Note 2	Carrying amount on 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	101,705	36,660	32,644	77,896	32,304	281,212	293	281,505	—	281,505
Inter-segment sales/transfers	2,031	1,860	883	786	555	6,116	1,568	7,685	(7,685)	—
Total net sales	103,737	38,520	33,527	78,682	32,859	287,328	1,861	289,190	(7,685)	281,505
Segment income	4,446	2,314	898	4,616	1,212	13,490	246	13,737	4	13,742
Segment assets	63,793	18,464	16,859	46,410	22,927	168,454	1,614	170,069	(2,102)	167,966
Other										
Depreciation	1,158	227	235	457	348	2,426	156	2,583	—	2,583
Amortization of goodwill	—	—	15	0	51	67	—	67	—	67
Investment in equity-method affiliates	1,790	—	61	251	4,672	6,775	—	6,775	—	6,775
Increase in property, plant and equipment and intangible assets	3,040	182	526	396	308	4,454	20	4,475	—	4,475

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

2. Adjustments are as follows.

(1) The 4 million yen adjustment in segment income adjustment refers to inter-segment transaction eliminations.

(2) The (2,102) million yen adjustment in segment assets includes (13,777) million yen of inter-segment eliminations and 11,674 million yen of the Company's surplus operating cash (cash and deposits), which are not allocated to the specific 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

Fiscal year ended March 2015 (April 1, 2014– March 31, 2015)

(Millions of yen)

	Reportable segment						Other Note 1	Total	Adjustment Note 2	Carrying amount on 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	120,669	40,912	36,186	88,479	40,613	326,861	331	327,192	—	327,192
Inter-segment sales/transfers	2,239	2,100	1,168	941	820	7,269	1,535	8,805	(8,805)	—
Total net sales	122,908	43,012	37,355	89,420	41,433	334,130	1,866	335,997	(8,805)	327,192
Segment income	6,355	2,884	736	5,101	1,175	16,252	307	16,559	3	16,563
Segment assets	77,642	23,694	17,380	55,723	27,575	202,016	1,997	204,014	(9,460)	194,553
Other										
Depreciation	1,111	238	263	559	437	2,610	109	2,720	—	2,720
Amortization of goodwill	52	—	15	0	52	121	—	121	—	121
Investment in equity- method affiliates	1,922	—	98	2,084	5,014	9,120	—	9,120	—	9,120
Increase in property, plant and equipment and intangible assets	1,761	580	285	1,335	1,419	5,382	34	5,417	—	5,417

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

2. Adjustments are as follows.

(1) The 3 million yen adjustment in segment income adjustment refers to inter-segment transaction eliminations.

(2) The (9,460) million yen adjustment in segment assets includes (16,976) million yen of inter-segment eliminations and 7,515 million yen of the Company's surplus operating cash (cash and deposits), which are not allocated to the specific 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

b. Related information**I. Fiscal year ended March 2014 (April 1, 2013 – March 31, 2014)****1. Information by service**

(Millions of yen)

	Air freight forwarding	Sea freight forwarding	Logistics	Other	Total
Net sales to outside customers	151,392	68,287	32,039	29,786	281,505

2. Information by region**(1) Net sales**

(Millions of yen)

Japan	China	North America	Asia & Oceania	Europe	Other	Total
101,705	61,274	36,620	48,927	23,445	9,531	281,505

Notes: 1. Net sales are classified by country or geographic area where service is rendered.

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

- (1) North America: United States, Canada
- (2) Asia & Oceania: Singapore, Thailand, Taiwan, South Korea, Malaysia, Philippines, Indonesia, India, Vietnam, Australia
- (3) Europe: Germany, Netherlands, United Kingdom, France, Italy, Ireland, Switzerland, Czech, Sweden
- (4) Other: Mexico, Brazil, South Africa, Russia, UAE

(2) Property, plant and equipment

(Millions of yen)

Japan	China	North America	East Asia & Oceania	Europe	Other	Total
24,198	2,313	3,307	5,301	340	526	35,988

3. Information by major customer

Information has been omitted as there are no individual KWE Group customers that account for 10% or more of the net sales indicated on the consolidated statements of income.

II. Fiscal year ended March 2015 (April 1, 2014 – March 31, 2015)**1. Information by service**

(Millions of yen)

	Air freight forwarding	Sea freight forwarding	Logistics	Other	Total
Net sales to outside customers	179,236	76,678	36,652	34,625	327,192

2. Information by region**(1) Net sales**

(Millions of yen)

Japan	China	North America	Asia & Oceania	Europe	Other	Total
120,669	69,368	39,442	59,724	27,229	10,758	327,192

Notes: 1. Net sales are classified by country or geographic area where service is rendered.

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

- (1) North America: United States, Canada
- (2) Asia & Oceania: Singapore, Thailand, Taiwan, South Korea, Malaysia, Philippines, Indonesia, India, Vietnam, Australia
- (3) Europe: Germany, Netherlands, United Kingdom, France, Italy, Ireland, Switzerland, Czech, Sweden
- (4) Other: Mexico, Brazil, South Africa, Russia, UAE

(2) Property, plant and equipment

(Millions of yen)

Japan	China	North America	East Asia & Oceania	Europe	Other	Total
24,779	2,703	3,909	7,673	392	373	39,831

3. Information by major customer

Information has been omitted as there are no individual KWE Group customers that account for 10% or more of the net sales indicated on the consolidated statements of income.

c. Information regarding impairment loss of non-current assets for each reportable segment

Fiscal year ended March 2014 (April 1, 2013 – March 31, 2014)

There are no applicable matters to be reported.

Fiscal year ended March 2015 (April 1, 2014 – March 31, 2015)

There are no applicable matters to be reported.

d. Information about goodwill amortization amount and year-end balance for each reportable segment

Fiscal year ended March 2014 (April 1, 2013 – March 31, 2014)

(Millions of yen)

		Reportable Segment						Other	Total
		Japan	The Americas	Europe, Middle East & Africa	East Asia & Oceania	Southeast Asia	Total		
Goodwill	Amortization amount for the year	—	—	15	0	51	67	—	67
	Year-end balance	—	—	169	2	557	729	—	729
Negative Goodwill	Amortization amount for the year	—	—	—	28	6	35	—	35
	Year-end balance	—	—	—	233	98	332	—	332

Fiscal year ended March 2015 (April 1, 2014 – March 31, 2015)

(Millions of yen)

		Reportable Segment						Other	Total
		Japan	The Americas	Europe, Middle East & Africa	East Asia & Oceania	Southeast Asia	Total		
Goodwill	Amortization amount for the year	52	—	15	0	52	121	—	121
	Year-end balance	1,000	—	154	2	531	1,688	—	1,688
Negative Goodwill	Amortization amount for the year	—	—	—	28	6	35	—	35
	Year-end balance	—	—	—	205	91	297	—	297

e. Information about gains on negative goodwill for each reportable segment

Fiscal year ended March 2014 (April 1, 2013 – March 31, 2014)

There are no applicable matters to be reported.

Fiscal year ended March 2015 (April 1, 2014 – March 31, 2015)

There are no applicable matters to be reported.