

(Revised on February 14, 2019)

Summary of Consolidated Financial Results [IFRS] for the Second Quarter Ended September 30, 2016

October 27, 2016

Listed Company: **Hitachi Transport System, Ltd.** Stock Exchange: First Section of Tokyo
 Code Number: 9086 URL: <http://www.hitachi-transportssystem.com/en/>
 Representative: Yasuo Nakatani, President and Chief Executive Officer
 Person in charge: Isao Takaoka, General Manager of Public Relations Department, Corporate Strategy Office
 Date of the Release of Quarterly Report (Schedule): November 14, 2016
 Date of the Start of Dividend Payment (Schedule): November 28, 2016
 Creates supplementary materials for quarterly summaries: Yes
 Briefing held on quarterly settlement of accounts: Yes (for analysts, institutional investors, and press)

(Figures are rounded off to the nearest million yen)

1. Consolidated Financial Highlights for the Second Quarter Ended September 30, 2016 (April 1, 2016 to September 30, 2016)

(1) Consolidated Financial Results (Cumulative) (% indicates the percentage change over year)

	Revenues		Adjusted operating income		Income before income taxes		Net income		Net income attributable to stockholders of the parent company		Comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2016	324,650	(4.7)	14,503	11.5	14,362	27.0	9,629	48.4	8,856	51.5	1,100	(79.5)
September 30, 2015	340,564	3.2	13,012	49.4	11,305	29.1	6,487	42.1	5,845	52.1	5,371	(17.6)

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
September 30, 2016	79.39	—	—	—
September 30, 2015	52.40	—	—	—

【Important】 “Adjusted operating income” is presented as revenues less cost of sales and selling, general and administrative expenses.
 “Basic earnings per share” and “Diluted earnings per share” are calculated based on “Net income attributable to equity holders the parent”.

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to stockholders of the parent company	Total equity attributable to stockholders of the parent company ratio
	Million yen	Million yen	Million yen	%
September 30, 2016	519,956	<u>180,193</u>	<u>177,456</u>	<u>34.1</u>
March 31, 2016	464,399	<u>178,552</u>	<u>175,543</u>	<u>37.8</u>

2. Dividends

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Total
March 31, 2016	— Yen	15.00 Yen	— Yen	15.00 Yen	30.00 Yen
March 31, 2017	—	17.00			
March 31, 2017 (Forecasts)			—	17.00	34.00

(Note) Revision of the latest dividends forecasts: None

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(% indicates the percentage change over year)

	Revenues		Adjusted operating income		Income before income taxes		Net income		Net income attributable to stockholders of the parent company		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	680,000	(0.1)	28,500	0.6	29,500	9.6	20,200	30.3	18,500	32.0	165.84

(Note) Revision of the latest consolidated financial forecasts: Yes

【Important】 “Adjusted operating income” is presented as revenues less cost of sales and selling, general and administrative expenses.

*** Notes**

- (1) Changes in significant subsidiaries during the term (Change in specified subsidiaries causing changes in scope of consolidation):
None
- (2) Changes in accounting policies, accounting estimates and retrospective restatements
- (a) Changes in accounting policies required by IFRS: None
 - (b) Changes other than (a) above: None
 - (c) Changes in accounting estimates: None
- (3) Number of Shares Issued (Common Stock)
- (a) Number of shares at the end of the term (Including treasury stock)
 - As of September 30, 2016: 111,776,714 shares,
 - As of March 31, 2016: 111,776,714 shares
 - (b) Number of treasury stock at the end of the term
 - As of September 30, 2016: 226,538 shares,
 - As of March 31, 2016: 226,306 shares
 - (c) Average number of shares during the term
 - Year ended September 30, 2016: 111,550,283 shares,
 - Year ended September 30, 2015: 111,550,596 shares

(Note) Information regarding the implementation of quarterly review procedures

These quarterly financial results are not subject to quarterly review procedures. Thus, at the time of disclosure of these financial results, the quarterly financial statement review procedures based on the Financial Instruments and Exchange Law, have not been completed.

(Note) Explanation on the appropriate use of financial forecasts and other important items

- The financial forecasts shown on this report are estimated based on information available as of the issuing date of this report, and therefore the actual results for the future terms may differ from these forecasted figures due to various unknown factors. For the assumptions for forecasts and cautions regarding the use of the forecasts, please refer to “1. Qualitative Information on Quarterly Financial Results for the Period under Review, (3) Explanation of Future Forecast Information including Consolidated Financial Forecasts” on Page 3.
- The Company plans to post the supplementary material and the presentation material on quarterly financial results on the Company’s website promptly after the quarterly financial results briefing.

Table of Contents

1. Qualitative Information on Quarterly Financial Results for the Period under Review	2
(1) Explanation of Operating Results.....	2
(2) Explanation of Financial Position	3
(3) Explanation of Future Forecast Information including Consolidated Financial Forecasts	3
2. Matters Related to Summary Information (Notes).....	5
(1) Changes in Significant Subsidiaries during the Term.....	5
(2) Changes in Accounting Policies and Accounting Estimates.....	5
3. Summary of Condensed Quarterly Consolidated Financial Statements	6
(1) Condensed Quarterly Consolidated Statement of Financial Position.....	6
(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Comprehensive Income	8
(3) Condensed Quarterly Consolidated Statement of Changes in Equity	10
(4) Condensed Quarterly Consolidated Statement of Cash Flows	11
(5) Summary of Notes to the Quarterly Consolidated Financial Statements	12
(Notes on Going Concern Assumptions)	12
(Changes in Presentation Methods).....	12
(Segment Information)	12

1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

For the second quarter ended September 30, 2016, consolidated financial results of the Hitachi Transport System Group (the “Group”) are as follows.

(Million yen)

	Six Months Ended September 30, 2015	Six Months Ended September 30, 2016	Y on Y change
Revenues	340,564	324,650	95%
Adjusted operating income	13,012	14,503	111%
Earnings before interest and tax (EBIT)	11,689	14,896	127%
Net income attributable to stockholders of the parent company	5,845	8,856	152%

Revenues decreased by 5% year-on-year to ¥324,650 million, and adjusted operating income, earnings before interest and tax (EBIT), and net income attributable to stockholders of the parent company increased by 11%, 27%, and 52% year-on-year, to ¥14,503 million, ¥14,896 million, and ¥8,856 million respectively.

Results by business segment during the period under review are as follows.

【Domestic logistics business】

(Million yen)

	Six Months Ended September 30, 2015	Six Months Ended September 30, 2016	Y on Y change
Revenues	198,755	202,872	102%
Segment profit (Adjusted operating income)*	9,197	10,656	116%

Revenues of domestic logistics business increased by 2% year-on-year to ¥202,872 million due to commencement of new retail products and food service-related operations and full-scale operations of new project launched in the previous fiscal year despite a decrease in the handling volume caused by changes in customers’ external environment.

Segment profit increased by 16% year-on-year to ¥10,656 million due to the effect of revenues increase and improvement in operating efficiency and productivity.

【Global logistics business】

(Million yen)

	Six Months Ended September 30, 2015	Six Months Ended September 30, 2016	Y on Y change
Revenues	130,954	111,246	85%
Segment profit (Adjusted operating income)*	2,631	2,927	111%

Revenues of global logistics business decreased by 15% year-on-year to ¥111,246 million due to sluggish forwarding business between China, Asia, Japan and other countries, and also sharp appreciation of yen despite a revenues increase from operation of new large projects in commodities and automobile-related.

Segment profit increased by 11% year-on-year to ¥2,927 million due to the profitability improvement of overseas 3PL business and intermodal business, as well as the effect of structural reform in forwarding business between Japan and other countries, despite decreased revenues.

【Other services (logistics related businesses)】

(Million yen)

	Six Months Ended September 30, 2015	Six Months Ended September 30, 2016	Y on Y change
Revenues	10,855	10,532	97%
Segment profit (Adjusted operating income)*	1,184	920	78%

Revenues of other services decreased by 3% year-on-year to ¥10,532 million.

Segment profit decreased by 22% year-on-year to ¥920 million due to decreased revenues, etc.

* From the three months ended June 30, 2016, segment profit represents “Adjusted operating income” instead of “Operating income.”

The segment information for the six months ended September 30, 2015 reflects this alternation. (Please refer to Page 12 for the details.)

(2) Explanation of Financial Position

1) Assets, Liabilities and Net Assets

Total assets as of September 30, 2016 amounted to ¥519,956 million, an increase of ¥55,557 million compared with the end of the previous fiscal year. Current assets decreased by ¥6,748 million due to decreases of ¥3,201 million in other financial assets and ¥2,134 million in trade receivables. Non-current assets increased by ¥62,305 million because of an increase of ¥67,380 million in investments accounted for using the equity method despite decreases of ¥2,524 million in intangible assets, ¥1,174 million in goodwill and ¥1,028 million in property, plant and equipment.

Total liabilities as of September 30, 2016 amounted to ¥339,763 million, an increase of ¥53,916 million compared with the end of the previous fiscal year. Current liabilities decreased by ¥30,645 million due to decreases of ¥30,307 million in current portion of long-term debt, ¥5,052 million in other financial liabilities, ¥3,912 million in trade payables and ¥1,755 million in short-term debt, despite an increase of ¥5,300 million in other current liabilities. Non-current liabilities increased by ¥84,561 million mainly due to an increase of ¥99,664 million in long-term debt despite an increase of ¥14,305 million in other current liabilities.

Total equity as of September 30, 2016 amounted to ¥180,193 million, an increase of ¥1,641 million compared with the end of the previous fiscal year. Total equity attributable to stockholders of the parent company ratio decreased from 37.8% at the end of the previous fiscal year to 34.1%.

2) Cash flows

Cash and cash equivalents (herein called “cash”) as of September 30, 2016 was ¥44,244 million, a decrease of ¥902 million from March 31, 2016.

Cash flows from each activity for the six months ended September 30, 2016 and their significant components are as follows:

Net cash provided by operating activities was ¥7,242 million, a decrease of ¥7,350 million compared with the six months ended September 30, 2015. This is mainly due to an increase in cash from net income of ¥9,629 million, depreciation and amortization of ¥9,269 million, and income taxes of ¥4,733 million, partly offset by a decrease in cash from income taxes paid of ¥6,424 million, decrease in other assets and other liabilities of ¥5,138 million, increase in trade receivables of ¥1,883 million, and decrease in trade payables of ¥1,734 million.

Net cash used in investing activities was ¥67,983 million, a decrease of ¥58,514 million compared with the six months ended September 30, 2015. This is mainly due to an increase in cash from proceeds from withdrawal of deposits of ¥3,500 million and proceeds from sale of property, plant and equipment, and intangible assets of ¥1,641 million, partly offset by a decrease in cash from acquisition of investments accounted for using the equity method of ¥66,843 million and purchase of property, plant and equipment and intangible assets of ¥6,903 million.

Net cash provided by financing activities was ¥61,652 million, an increase of ¥63,787 million compared with the six months ended September 30, 2015. This is mainly due to a decrease in cash from repayments of long-term debt of ¥50,886 million, repayments of lease obligations of ¥2,548 million, purchase of shares of consolidated subsidiaries from non-controlling interests of ¥2,085 million, and dividends paid to stockholders of the parent company of ¥1,673 million, partly offset by an increase in cash from proceeds from long-term debt of ¥119,312 million.

(3) Explanation of Future Forecast Information including Consolidated Financial Forecasts

The business environment surrounding the Group remains severe due to concerns over sluggish growth of global economy and intensifying competitions in the industry, which resulted in a growing sense of uncertainty about the future.

Under these circumstances, the Group aims to achieve sustainable growth and improve the Group's corporate value by ensuring the implementation of the basic strategies of Mid-term Management Plan: "Drive thorough enhancement of 3PL business and increase market share," "Enhance forwarding business" and "Enhance Heavy Machinery and Plant Logistics."

The Group revised the consolidated financial forecasts for the fiscal year ending March 31, 2017, released on May 12, 2016 as below in light of the financial results for the six months ended September 30, 2016 and the latest performance trend.

[Consolidated financial forecasts for the fiscal year ending March 31, 2017]

	Revenues	Adjusted operating income	Income before income taxes	Net income	Net income attributable to stockholders of the parent company	Basic earnings per share
Previous forecast (A) (Announced on May 12, 2016)	Million yen 685,000	Million yen 28,000	Million yen 29,500	Million yen 20,200	Million yen 18,500	Yen 165.84
Revised forecast (B)	680,000	28,500	29,500	20,200	18,500	165.84
Changes (B)-(A)	(5,000)	500	0	0	0	—
Percentage change (%)	(0.7)	1.8	0.0	0.0	0.0	—
(Ref.) Consolidated results for the fiscal year ended March 31, 2016	680,354	28,320	26,910	15,502	14,011	125.60

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Term

Not applicable.

(2) Changes in Accounting Policies and Accounting Estimates

The significant accounting policies adopted for the quarterly consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended March 31, 2016.

The Group calculated income tax expenses for the six months ended September 30, 2016, based on the estimated average annual effective tax rate.

3. Summary of Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Million yen)

	As of March 31, 2016	As of September 30, 2016
(Assets)		
Current assets		
Cash and cash equivalents	45,146	44,244
Trade receivables	118,908	116,774
Inventories	1,114	1,285
Other financial assets	10,352	7,151
Other current assets	9,330	8,648
Total current assets	184,850	178,102
Non-current assets		
Investments accounted for using the equity method	1,179	68,559
Property, plant and equipment	177,153	176,125
Goodwill	29,542	28,368
Intangible assets	39,038	36,514
Deferred tax assets	7,900	8,193
Other financial assets	16,504	16,090
Other non-current assets	8,233	8,005
Total non-current assets	279,549	341,854
Total assets	464,399	519,956

(Million yen)

	As of March 31, 2016	As of September 30, 2016
(Liabilities)		
Current liabilities		
Trade payables	48,892	44,980
Short-term debt	12,110	10,355
Current portion of long-term debt	36,025	5,718
Income tax payable	6,512	5,525
Other financial liabilities	<u>31,199</u>	<u>36,499</u>
Other current liabilities	27,203	28,219
Total current liabilities	<u>161,941</u>	<u>131,296</u>
Non-current liabilities		
Long-term debt	49,666	149,330
Retirement and severance benefits	31,254	31,199
Deferred tax liabilities	12,542	11,821
Other financial liabilities	<u>28,361</u>	<u>14,056</u>
Other non-current liabilities	2,083	2,061
Total non-current liabilities	<u>123,906</u>	<u>208,467</u>
Total liabilities	<u>285,847</u>	<u>339,763</u>
(Equity)		
Equity attributable to stockholders of the parent company		
Common stock	16,803	16,803
Retained earnings	<u>157,362</u>	<u>167,348</u>
Accumulated other comprehensive income	<u>1,558</u>	<u>(6,515)</u>
Treasury stock, at cost	(180)	(180)
Total equity attributable to stockholders of the parent company	<u>175,543</u>	<u>177,456</u>
Non-controlling interests	<u>3,009</u>	<u>2,737</u>
Total equity	<u>178,552</u>	<u>180,193</u>
Total liabilities and equity	464,399	519,956

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Comprehensive Income

Condensed Quarterly Consolidated Statement of Profit or Loss

(Million yen)

	Six Months Ended September 30, 2015 (April 1, 2015 to September 30, 2015)	Six Months Ended September 30, 2016 (April 1, 2016 to September 30, 2016)
Revenues	340,564	324,650
Cost of sales	(305,805)	(287,944)
Gross profit	34,759	36,706
Selling, general and administrative expenses	(21,747)	(22,203)
Adjusted operating income	13,012	14,503
Other income	689	1,227
Other expenses	(828)	(931)
Operating income	12,873	14,799
Financial income	66	76
Financial expenses	(1,406)	(811)
Share of profits of investments accounted for using the equity method	156	832
Earnings before interest and tax	11,689	14,896
Interest income	407	341
Interest expenses	(791)	(875)
Income before income taxes	11,305	14,362
Income taxes	(4,818)	(4,733)
Net income	6,487	9,629
Attributable to:		
Stockholders of the parent company	5,845	8,856
Non-controlling interests	642	773

	Six Months Ended September 30, 2015 (April 1, 2015 to September 30, 2015)	Six Months Ended September 30, 2016 (April 1, 2016 to September 30, 2016)
Earnings per share attributable to stockholders of the parent company		
Basic	¥52.40	¥79.39
Diluted	—	—

Condensed Quarterly Consolidated Statement of Comprehensive Income

(Million yen)

	Six Months Ended September 30, 2015 (April 1, 2015 to September 30, 2015)	Six Months Ended September 30, 2016 (April 1, 2016 to September 30, 2016)
Net income	6,487	9,629
Other comprehensive income (OCI)		
Items not to be reclassified into net income		
Net changes in financial assets measured at fair value through OCI	155	(357)
Share of OCI of investments accounted for using the equity method	2	(9)
Total items not to be reclassified into net income	157	(366)
Items that can be reclassified into net income		
Foreign currency translation adjustments	(1,296)	(8,080)
Net changes in cash flow hedges	21	36
Share of OCI of investments accounted for using the equity method	2	(119)
Total items that can be reclassified into net income	(1,273)	(8,163)
Other comprehensive income	(1,116)	(8,529)
Comprehensive income	5,371	1,100
Attributable to:		
Stockholders of the parent company	4,954	1,791
Non-controlling interests	417	(691)

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

(Million yen)

Six Months Ended September 30, 2015 (April 1, 2015 to September 30, 2015)							
					Total equity attributable to stockholders of the parent company	Non-controlling interests	Total equity
	Common stock	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost			
Balance at beginning of period	16,803	149,335	7,761	(179)	173,720	3,006	176,726
Changes in equity							
Net income	—	5,845	—	—	5,845	642	6,487
Other comprehensive income	—	—	(891)	—	(891)	(225)	(1,116)
Transactions with non-controlling interests	—	(239)	(5)	—	(244)	244	—
Dividends	—	(1,562)	—	—	(1,562)	(49)	(1,611)
Acquisition and sales of treasury stock	—	—	—	(0)	(0)	—	(0)
Changes in liabilities for written put options over non-controlling interests	—	97	143	—	240	(737)	(497)
Total changes in equity	—	4,141	(753)	(0)	3,388	(125)	3,263
Balance at end of period	16,803	153,476	7,008	(179)	177,108	2,881	179,989

(Million yen)

Six Months Ended September 30, 2016 (April 1, 2016 to September 30, 2016)							
					Total equity attributable to stockholders of the parent company	Non-controlling interests	Total equity
	Common stock	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost			
Balance at beginning of period	16,803	157,362	1,558	(180)	175,543	3,009	178,552
Changes in equity							
Net income	—	8,856	—	—	8,856	773	9,629
Other comprehensive income	—	—	(7,065)	—	(7,065)	(1,464)	(8,529)
Dividends	—	(1,673)	—	—	(1,673)	(59)	(1,732)
Acquisition and sales of treasury stock	—	—	—	(0)	(0)	—	(0)
Changes in liabilities for written put options over non-controlling interests	—	2,803	(1,008)	—	1,795	478	2,273
Total changes in equity	—	9,986	(8,073)	(0)	1,913	(272)	1,641
Balance at end of period	16,803	167,348	(6,515)	(180)	177,456	2,737	180,193

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Million yen)

	Six Months Ended September 30, 2015 (April 1, 2015 to September 30, 2015)	Six Months Ended September 30, 2016 (April 1, 2016 to September 30, 2016)
Cash flows from operating activities		
Net income	6,487	9,629
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	9,600	9,269
Reversals of impairment losses	—	(461)
Share of profits of investments accounted for using the equity method	(156)	(832)
Income taxes	4,818	4,733
Increase in retirement and severance benefits	363	48
Interest and dividends income	(469)	(407)
Interest expenses	791	875
Gain on sale of property, plant and equipment	(460)	(552)
(Increase) decrease in trade receivables	3,061	(1,883)
Increase in inventories	(100)	(213)
Decrease in trade payables	(3,954)	(1,734)
Decrease in other assets and liabilities	(1,547)	(5,138)
Other	801	707
Subtotal	19,235	14,041
Interest and dividends received	546	515
Interest paid	(792)	(890)
Income taxes paid	(4,397)	(6,424)
Net cash provided by operating activities	14,592	7,242
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(10,383)	(6,903)
Proceeds from sale of property, plant and equipment, and intangible assets	1,825	1,641
Proceeds from withdrawal of deposits	—	3,500
Acquisition of investments accounted for using the equity method	—	(66,843)
Other	(911)	622
Net cash used in investing activities	(9,469)	(67,983)
Cash flows from financing activities		
Increase (decrease) in short-term debt, net	2,318	(314)
Proceeds from long-term debt	—	119,312
Repayments of long-term debt	(678)	(50,886)
Repayments of lease obligations	(2,001)	(2,548)
Purchase of shares of consolidated subsidiaries from non-controlling interests	—	(2,085)
Dividends paid to stockholders of the parent company	(1,562)	(1,673)
Dividends paid to non-controlling interests	(49)	(68)
Other	(163)	(86)
Net cash provided by (used in) financing activities	(2,135)	61,652
Effect of exchange rate changes on cash and cash equivalents	199	(1,813)
Net increase (decrease) in cash and cash equivalents	3,187	(902)
Cash and cash equivalents at beginning of period	34,544	45,146
Cash and cash equivalents at end of period	37,731	44,244

(5) Summary of Notes to the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

None

(Changes in Presentation Methods)

For the six months ended September 30, 2015, “Operating income” (¥12,873 million) was presented as “Gross profit” (¥34,759 million) less “Selling, general and administrative expenses” (¥21,747 million) and “Other expenses” (¥828 million), and plus “Other income” (¥689 million). From the three months ended June 30, 2016, “Adjusted operating income” is presented as “Gross profit” less “Selling, general and administrative expenses,” and “Earnings before interest and taxes” is presented as “Income before income taxes” less interest income and plus interest expenses.

These changes were based on the judgment by the management that “Adjusted operating income,” which reflects the results of business activities excluding gains and losses arising from business reorganization and structural reform, is appropriate to manage progress and results toward achievement of the target, and that “Earnings before interest and taxes” excluding interest income and expenses related to funding, reflect the efforts of the alliance with other companies and indicate the Group’s situation clearly.

(Segment Information)

Six Months Ended September 30, 2015 (April 1, 2015 to September 30, 2015)

(Million yen)

	Reporting segment			Other services ¹	Total	Adjustments and eliminations ²	Amount recorded in consolidated financial statements
	Domestic logistics	Global logistics	Subtotal				
Revenues							
Revenues from outside customers	198,755	130,954	329,709	10,855	340,564	—	340,564
Revenues from intersegment transactions or transfers	—	—	—	5,521	5,521	(5,521)	—
Total	198,755	130,954	329,709	16,376	346,085	(5,521)	340,564
Segment profit	9,197	2,631	11,828	1,184	13,012	—	13,012
Other income							689
Other expenses							(828)
Financial income							66
Financial expenses							(1,406)
Share of profits of investments accounted for using the equity method							156
Interest income							407
Interest expenses							(791)
Income before income taxes							11,305

Note: 1. “Other services” includes information system development, service, sale and maintenance of motor vehicles, and travel agency service, which are excluded in the reporting segments.

2. Company-wide expenses which do not belong to any business segment such as corporate general and administrative expenses incurred in the parent company are allocated to each business segment in accordance with a rational basis.

Six Months Ended September 30, 2016 (April 1, 2016 to September 30, 2016)

(Million yen)

	Reporting segment			Other services ¹	Total	Adjustments and eliminations ²	Amount recorded in consolidated financial statements
	Domestic logistics	Global logistics	Subtotal				
Revenues							
Revenues from outside customers	202,872	111,246	314,118	10,532	324,650	—	324,650
Revenues from intersegment transactions or transfers	—	—	—	5,100	5,100	(5,100)	—
Total	202,872	111,246	314,118	15,632	329,750	(5,100)	324,650
Segment profit	10,656	2,927	13,583	920	14,503	—	14,503
Other income							1,227
Other expenses							(931)
Financial income							76
Financial expenses							(811)
Share of profits of investments accounted for using the equity method							832
Interest income							341
Interest expenses							(875)
Income before income taxes							14,362

Note: 1. "Other services" includes information system development, service, sale and maintenance of motor vehicles, and travel agency service, which are excluded in the reporting segments.

2. Company-wide expenses which do not belong to any business segment such as corporate general and administrative expenses incurred in the parent company are allocated to each business segment in accordance with a rational basis.

From the three months ended June 30, 2016, segment profit represents "Adjusted operating income" instead of "Operating income."

This change was based on the judgment by the management that "Adjusted operating income," which reflects the results of business activities excluding gains and losses arising from business reorganization and structural reform, is appropriate to manage progress and results toward achievement of the target.

The segment information for the six months ended September 30, 2015 reflects this alternation.