

Summary of Consolidated Financial Results [IFRS] for the Third Quarter Ended December 31, 2016

January 31, 2017

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): February 14, 2017
 Date of the Start of Dividend Payment (Schedule): —
 Creates supplementary materials for quarterly summaries: Yes
 Briefing held on quarterly settlement of accounts: Yes (for analysts and institutional investors)

(Figures are rounded off to the nearest million yen)

1. Consolidated Financial Highlights for the Third Quarter Ended December 31, 2016 (April 1, 2016 to December 31, 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	%
December 31, 2016	495,547	(3.5)	22,739	12.5	26,187	32.3	17,954	42.7	16,786	46.6	16,740	53.0
December 31, 2015	513,595	1.5	20,212	27.1	19,798	23.6	12,582	34.2	11,451	38.5	10,938	(32.6)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
December 31, 2016	150.48		—	
December 31, 2015	102.65		—	

【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	%
December 31, 2016	540,970	<u>192,089</u>	<u>188,807</u>	<u>34.9</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
	Yen	Yen	Yen	Yen	Yen
March 31, 2016	—	15.00	—	15.00	30.00
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	670,000	(1.5)	29,000	2.4	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 December 31, 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 December 31, 2016: 226,648 shares,
 - As of March 31, 2016: 226,306 shares
 - (c) Average number of shares during the term
 - Nine months ended December 31, 2016: 111,550,225 shares,
 - Nine months ended December 31, 2015: 111,550,552 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 supplementary materials on quarterly financial results on the Company's website promptly after the announcement of the quarterly financial results.
- A conference call for analysts and institutional investors are scheduled to be held on January 31, 2017.

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 third quarter ended December 31, 2016, consolidated financial results of the Hitachi Transport System Group (the “Group”) are as follows.

	(Million yen)		
	Nine Months Ended December 31, 2015	Nine Months Ended December 31, 2016	Y on Y change
Revenues	513,595	495,547	96%
Adjusted operating income	20,212	22,739	113%
Earnings before interest and tax (EBIT)	20,425	27,076	133%
Net income attributable to stockholders of the parent company	11,451	16,786	147%

Revenues decreased by 4% year-on-year to ¥495,547 million, and adjusted operating income, earnings before interest and tax (EBIT), and net income attributable to stockholders of the parent company increased by 13%, 33%, and 47% year-on-year, to ¥22,739 million, ¥27,076 million, and ¥16,786 million respectively.

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

【Domestic logistics business】			(Million yen)
	Nine Months Ended December 31, 2015	Nine Months Ended December 31, 2016	Y on Y change
Revenues	302,738	308,003	102%
Segment profit (Adjusted operating income)*	14,407	16,821	117%

Revenues of domestic logistics business increased by 2% year-on-year to ¥308,003 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 17% year-on-year to ¥16,821 million due to the effect of revenues increase and improvement in operating efficiency and productivity.

【Global logistics business】			(Million yen)
	Nine Months Ended December 31, 2015	Nine Months Ended December 31, 2016	Y on Y change
Revenues	194,927	171,556	88%
Segment profit (Adjusted operating income)*	4,217	4,485	106%

Revenues of global logistics business decreased by 12% year-on-year to ¥171,556 million due to an appreciation of yen despite a revenues increase from operation of new large projects in commodities and automobile-related in overseas.

Segment profit increased by 6% year-on-year to ¥4,485 million due mainly to steady growth of intermodal business in Europe and the effect of overall business structural reform, despite a negative impact of foreign exchange rates.

【Other services (logistics related businesses)】			(Million yen)
	Nine Months Ended December 31, 2015	Nine Months Ended December 31, 2016	Y on Y change
Revenues	15,930	15,988	100%
Segment profit (Adjusted operating income)*	1,588	1,433	90%

Revenues of other services remained flat year-on-year and were ¥15,988 million.

Segment profit decreased by 10% year-on-year to ¥1,433 million.

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

The segment information for the nine months ended December 31, 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 December 31, 2016 amounted to ¥540,970 million, an increase of ¥76,571 million compared with the end of the previous fiscal year. Current assets increased by ¥6,457 million due to increases of ¥8,985 million in trade receivables and ¥1,575 million in other current assets despite a decrease of ¥4,172 million in other financial assets. Non-current assets increased by ¥70,114 million because of increases of ¥69,614 million in investments accounted for using the equity method and ¥2,675 million in property, plant and equipment despite a decrease of ¥2,123 million in intangible assets.

Total liabilities as of December 31, 2016 amounted to ¥348,881 million, an increase of ¥63,034 million compared with the end of the previous fiscal year. Current liabilities decreased by ¥21,406 million due to decreases of ¥30,901 million in current portion of long-term debt and ¥2,256 million in income tax payable despite an increase of ¥12,243 million in other financial liabilities. Non-current liabilities increased by ¥84,440 million due to an increase of ¥100,549 million in long-term debt despite a decrease of ¥16,606 million in other financial liabilities.

Total equity as of December 31, 2016 amounted to ¥192,089 million, an increase of ¥13,537 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 34.9%.

2) Cash flows

Cash and cash equivalents (herein called “cash”) as of December 31, 2016 was ¥44,892 million, a decrease of ¥254 million from March 31, 2016.

Cash flows from each activity for the nine months ended December 31, 2016 and their significant components are as follows:

Net cash provided by operating activities was ¥10,708 million, a decrease of ¥6,841 million compared with the nine months ended December 31, 2015. This mainly reflected cash inflows due to net income of ¥17,954 million, depreciation and amortization of ¥13,994 million, and income taxes of ¥8,233 million, and cash outflows due to income taxes paid of ¥10,894 million, increase in trade receivables of ¥9,261 million, decrease in other assets and other liabilities of ¥6,046 million, and share of profits of investments accounted for using the equity method of ¥3,035 million.

Net cash used in investing activities was ¥68,492 million, a decrease of ¥55,590 million compared with the nine months ended December 31, 2015. This mainly reflected cash inflows due to proceeds from sale of property, plant and equipment, and intangible assets of ¥4,393 million and proceeds from withdrawal of deposits of ¥3,500 million, and cash outflows due to acquisition of investments accounted for using the equity method of ¥66,843 million and purchase of property, plant and equipment and intangible assets of ¥10,468 million.

Net cash provided by financing activities was ¥57,931 million, an increase of ¥61,627 million compared with the nine months ended December 31, 2015. This mainly reflected cash outflows due to repayments of long-term debt of ¥54,960 million, repayments of lease obligations of ¥3,612 million, dividends paid to stockholders of the parent company of ¥3,569 million, and purchase of shares of consolidated subsidiaries from non-controlling interests of ¥2,085 million, and cash inflows due to proceeds from long-term debt of ¥122,828 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 logistics 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," as well as accelerating new technology development and promoting new structural reforms.

The Group revised the consolidated financial forecasts for the fiscal year ending March 31, 2017, released on October 27, 2016 as below in light of the financial results for the nine months ended December 31, 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 October 27, 2016)	Million yen 680,000	Million yen 28,500	Million yen 29,500	Million yen 20,200	Million yen 18,500	Yen 165.84
Revised forecast (B)	670,000	29,000	29,500	20,200	18,500	165.84
Changes (B-A)	(10,000)	500	0	0	0	—
Percentage change (%)	(1.5)	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 nine months ended December 31, 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 December 31, 2016
(Assets)		
Current assets		
Cash and cash equivalents	45,146	44,892
Trade receivables	118,908	127,893
Inventories	1,114	1,437
Other financial assets	10,352	6,180
Other current assets	9,330	10,905
Total current assets	184,850	191,307
Non-current assets		
Investments accounted for using the equity method	1,179	70,793
Property, plant and equipment	177,153	179,828
Goodwill	29,542	29,587
Intangible assets	39,038	36,915
Deferred tax assets	7,900	7,675
Other financial assets	16,504	16,851
Other non-current assets	8,233	8,014
Total non-current assets	279,549	349,663
Total assets	464,399	540,970

(Million yen)

	As of March 31, 2016	As of December 31, 2016
(Liabilities)		
Current liabilities		
Trade payables	48,892	49,472
Short-term debt	12,110	11,336
Current portion of long-term debt	36,025	5,124
Income tax payable	6,512	4,256
Other financial liabilities	<u>31,199</u>	<u>43,442</u>
Other current liabilities	27,203	26,905
Total current liabilities	<u>161,941</u>	<u>140,535</u>
Non-current liabilities		
Long-term debt	49,666	150,215
Retirement and severance benefits	31,254	31,505
Deferred tax liabilities	12,542	12,443
Other financial liabilities	<u>28,361</u>	<u>11,755</u>
Other non-current liabilities	2,083	2,428
Total non-current liabilities	<u>123,906</u>	<u>208,346</u>
Total liabilities	<u>285,847</u>	<u>348,881</u>
(Equity)		
Equity attributable to stockholders of the parent company		
Common stock	16,803	16,803
Retained earnings	<u>157,362</u>	<u>171,726</u>
Accumulated other comprehensive income	<u>1,558</u>	<u>458</u>
Treasury stock, at cost	(180)	(180)
Total equity attributable to stockholders of the parent company	<u>175,543</u>	<u>188,807</u>
Non-controlling interests	<u>3,009</u>	<u>3,282</u>
Total equity	<u>178,552</u>	<u>192,089</u>
Total liabilities and equity	464,399	540,970

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

Condensed Quarterly Consolidated Statement of Profit or Loss

(Million yen)

	Nine Months Ended December 31, 2015 (April 1, 2015 to December 31, 2015)	Nine Months Ended December 31, 2016 (April 1, 2016 to December 31, 2016)
Revenues	513,595	495,547
Cost of sales	(460,879)	(439,232)
Gross profit	52,716	56,315
Selling, general and administrative expenses	(32,504)	(33,576)
Adjusted operating income	20,212	22,739
Other income	1,573	2,384
Other expenses	(1,070)	(1,027)
Operating income	20,715	24,096
Financial income	89	97
Financial expenses	(624)	(152)
Share of profits of investments accounted for using the equity method	245	3,035
Earnings before interest and tax	20,425	27,076
Interest income	566	550
Interest expenses	(1,193)	(1,439)
Income before income taxes	19,798	26,187
Income taxes	(7,216)	(8,233)
Net income	12,582	17,954
Attributable to:		
Stockholders of the parent company	11,451	16,786
Non-controlling interests	1,131	1,168

	Nine Months Ended December 31, 2015 (April 1, 2015 to December 31, 2015)	Nine Months Ended December 31, 2016 (April 1, 2016 to December 31, 2016)
Earnings per share attributable to stockholders of the parent company		
Basic	¥102.65	¥150.48
Diluted	—	—

Condensed Quarterly Consolidated Statement of Comprehensive Income

(Million yen)

	Nine Months Ended December 31, 2015 (April 1, 2015 to December 31, 2015)	Nine Months Ended December 31, 2016 (April 1, 2016 to December 31, 2016)
Net income	12,582	17,954
Other comprehensive income (OCI)		
Items not to be reclassified into net income		
Net changes in financial assets measured at fair value through OCI	245	(206)
Share of OCI of investments accounted for using the equity method	1	9
Total items not to be reclassified into net income	246	(197)
Items that can be reclassified into net income		
Foreign currency translation adjustments	(1,876)	(944)
Net changes in cash flow hedges	21	36
Share of OCI of investments accounted for using the equity method	(35)	(109)
Total items that can be reclassified into net income	(1,890)	(1,017)
Other comprehensive income	(1,644)	(1,214)
Comprehensive income	10,938	16,740
Attributable to:		
Stockholders of the parent company	10,134	15,930
Non-controlling interests	804	810

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

(Million yen)

Nine Months Ended December 31, 2015 (April 1, 2015 to December 31, 2015)							
	Common stock	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total equity attributable to stockholders of the parent company	Non-controlling interests	Total equity
Changes in equity							
Net income	—	11,451	—	—	11,451	1,131	12,582
Other comprehensive income	—	—	(1,317)	—	(1,317)	(327)	(1,644)
Transactions with non-controlling interests	—	(225)	(54)	—	(279)	294	15
Dividends	—	(3,235)	—	—	(3,235)	(60)	(3,295)
Acquisition and sales of treasury stock	—	—	—	(0)	(0)	—	(0)
Changes in liabilities for written put options over non-controlling interests	—	779	59	—	838	(1,004)	(166)
Total changes in equity	—	8,770	(1,312)	(0)	7,458	34	7,492
Balance at end of period	16,803	158,105	6,449	(179)	181,178	3,040	184,218

(Million yen)

Nine Months Ended December 31, 2016 (April 1, 2016 to December 31, 2016)							
	Common stock	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total equity attributable to stockholders of the parent company	Non-controlling interests	Total equity
Changes in equity							
Net income	—	16,786	—	—	16,786	1,168	17,954
Other comprehensive income	—	—	(856)	—	(856)	(358)	(1,214)
Dividends	—	(3,569)	—	—	(3,569)	(77)	(3,646)
Acquisition and sales of treasury stock	—	—	—	(0)	(0)	—	(0)
Changes in liabilities for written put options over non-controlling interests	—	1,147	(244)	—	903	(460)	443
Total changes in equity	—	14,364	(1,100)	(0)	13,264	273	13,537
Balance at end of period	16,803	171,726	458	(180)	188,807	3,282	192,089

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Million yen)

	Nine Months Ended December 31, 2015 (April 1, 2015 to December 31, 2015)	Nine Months Ended December 31, 2016 (April 1, 2016 to December 31, 2016)
Cash flows from operating activities		
Net income	12,582	17,954
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	14,386	13,994
Reversals of impairment losses	—	(461)
Share of profits of investments accounted for using the equity method	(245)	(3,035)
Income taxes	7,216	8,233
Increase in retirement and severance benefits	704	260
Interest and dividends income	(647)	(635)
Interest expenses	1,193	1,439
Gain on sale of property, plant and equipment	(512)	(1,544)
(Increase) decrease in trade receivables	146	(9,261)
Increase in inventories	(443)	(315)
Increase (decrease) in trade payables	(6,111)	843
Decrease in other assets and liabilities	(2,385)	(6,046)
Other	255	679
Subtotal	26,139	22,105
Interest and dividends received	799	846
Interest paid	(1,138)	(1,349)
Income taxes paid	(8,251)	(10,894)
Net cash provided by operating activities	17,549	10,708
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(14,673)	(10,468)
Proceeds from sale of property, plant and equipment, and intangible assets	2,394	4,393
Proceeds from withdrawal of deposits	—	3,500
Acquisition of investments accounted for using the equity method	—	(66,843)
Other	(623)	926
Net cash used in investing activities	(12,902)	(68,492)
Cash flows from financing activities		
Increase (decrease) in short-term debt, net	3,980	(484)
Proceeds from long-term debt	—	122,828
Repayments of long-term debt	(1,011)	(54,960)
Repayments of lease obligations	(3,047)	(3,612)
Purchase of shares of consolidated subsidiaries from non-controlling interests	(57)	(2,085)
Dividends paid to stockholders of the parent company	(3,235)	(3,569)
Dividends paid to non-controlling interests	(60)	(86)
Other	(266)	(101)
Net cash provided by (used in) financing activities	(3,696)	57,931
Effect of exchange rate changes on cash and cash equivalents	(352)	(401)
Net increase (decrease) in cash and cash equivalents	599	(254)
Cash and cash equivalents at beginning of period	34,544	45,146
Cash and cash equivalents at end of period	35,143	44,892

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

(Notes on Going Concern Assumptions)

None

(Changes in Presentation Methods)

For the nine months ended December 31, 2015, “Operating income” (¥20,715 million) was presented as “Gross profit” (¥52,716 million) less “Selling, general and administrative expenses” (¥32,504 million) and “Other expenses” (¥1,070 million), and plus “Other income” (¥1,573 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 tax” are 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 tax” 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)

Nine Months Ended December 31, 2015 (April 1, 2015 to December 31, 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	302,738	194,927	497,665	15,930	513,595	—	513,595
Revenues from intersegment transactions or transfers	—	—	—	8,156	8,156	(8,156)	—
Total	302,738	194,927	497,665	24,086	521,751	(8,156)	513,595
Segment profit	14,407	4,217	18,624	1,588	20,212	—	20,212
Other income							1,573
Other expenses							(1,070)
Financial income							89
Financial expenses							(624)
Share of profits of investments accounted for using the equity method							245
Interest income							566
Interest expenses							(1,193)
Income before income taxes							19,798

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.

Nine Months Ended December 31, 2016 (April 1, 2016 to December 31, 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	308,003	171,556	479,559	15,988	495,547	—	495,547
Revenues from intersegment transactions or transfers	—	—	—	7,561	7,561	(7,561)	—
Total	308,003	171,556	479,559	23,549	503,108	(7,561)	495,547
Segment profit	16,821	4,485	21,306	1,433	22,739	—	22,739
Other income							2,384
Other expenses							(1,027)
Financial income							97
Financial expenses							(152)
Share of profits of investments accounted for using the equity method							3,035
Interest income							550
Interest expenses							(1,439)
Income before income taxes							26,187

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 nine months ended December 31, 2015 reflects this alternation.