November DD, 2015

**Consolidated Financial Results Announcement**

**for the Nine Months Ended September 30, 2015**

Company name: XYZ Holdings, Inc.

Stock exchange listing: Tokyo Stock Exchange (TSE)

Stock code: 1234

URL: http://www.xyz-group.co.jp/

Representative: Name Surname, Representative Director and President

Contact: Name Surname, Executive Officer of Financial Division

(Tel: +81-3-123-4567)

Scheduled date of filing of Quarterly Report: November DD, 2015

Preparation of supplementary references regarding quarterly results: No

Holding the briefing of quarterly results: No

Date for commencement of dividend payments (planned): —

**1. Consolidated Financial Results for the Nine Months Ended September 30, 2015**

**(from January 1, 2015 to September 30, 2015)**

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

**(1) Consolidated business results** 　　　 (Percentages show change in value from the same period of the previous fiscal year

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Net sales | | Operating income | | Ordinary income | | Net income | |
|  | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| 9 Months Ended Sept. 30, 2015 |  |  |  |  |  |  |  |  |
| 9 Months Ended Sept. 30, 2014 |  |  |  |  |  |  |  |  |

(Note) Comprehensive income: 9 Months Ended Sept. 30, 2015: 1,000 million yen (X%);

9 Months Ended Sept. 30, 2014: 1,000 million yen (XX%)

|  |  |  |
| --- | --- | --- |
|  | Net income  per share | Diluted net income  per share |
|  | Yen | Yen |
| 9 Months Ended Sept. 30, 2015 |  |  |
| 9 Months Ended Sept. 30, 2014 |  |  |

(Notes) 1. On June DD, 2014, the Company conducted a 3-for-1 split of common shares. Net quarterly income per share and diluted net quarterly income per share here are calculated as if the stock split had occurred at the beginning of previous consolidated fiscal year.

2. The figures have been retroactively adjusted in accordance with changes in accounting principles in the nine months ended Sept. 30, 2014.

**(2) Consolidated financial condition**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Total assets | Net assets | Equity ratio |
|  | Million yen | Million yen | % |
| 9 Months Ended Sept. 30, 2015 |  |  |  |
| FY2014 |  |  |  |

(Reference) Shareholders’ equity

9 Months Ended Sept. 30, 2015: XX,XXX million yen; FY2014: XX,XXX million yen

(Note) The figures have been retroactively adjusted in accordance with changes in accounting principles for the year ended December 31, 2014.

**2. Dividend Status**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Dividend per share (yen) | | | | |
| (Base date) | End of Q1 | End of Q2 | End of Q3 | End of Q4 | Total |
| FY2014 | — | 0.00 | — | 1.0 | — |
| FY2015 | — | 0.00 | — |  |  |
| FY2015 (forecast) |  |  |  | 1.00 | 1.00 |

(Note) Corrections regarding current dividend forecasts: None

**3. Consolidated Financial Forecast for the Year Ending December 31, 2015**

**(January 1, 2015 – December 31, 2015)**

(Percentage figures denote the year-on-year increase or decrease.)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Net sales | | Operating income | | Ordinary income | | Net income | | Net income  per share |
|  | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full Year |  |  |  |  |  |  |  |  |  |

(Note) Corrections regarding current consolidated forecast figures: None

(Note) Year-on-year percentage changes reflect retroactive adjustments in accordance with changes in accounting principles.

**\* Note**

(1) Important changes of subsidiaries during the term (changes of specified subsidiaries that lead to a change in the scope of consolidation): None

(2) Application of accounting principles and procedures specific in preparation of consolidated quarterly financial statements: No

(3) Changes in accounting principles, changes in accounting estimates and restatements

1) Changes in accounting principles accompanying revisions in accounting standards, etc.: Yes

2) Change other than 1): No

3) Changes in accounting estimates: No

4) Restatements: No

(Note) For details, please refer to “3. Changes in Accounting Principles, Changes in Accounting Estimates and Restatements” under “II. Summary Information (Notes)” on page 5 of the attachment.

(4) Number of shares issued (common share)

1) Number of shares issued at end of term (including treasury shares)

9 Months Ended Sept. 30, 2015: XX,XXX,XXX shares

FY2014: XX,XXX,XXX shares

2) Number of treasury shares at end of term

9 Months Ended Sept. 30, 2015: XX,XXX shares

FY2014: XXX,XXX shares

3) Average number of outstanding shares during the period (Accumulative figures for quarter)

9 Months Ended Sept. 30, 2015: XX,XXX,XXX shares

6 Months Ended June 30, 2014: XX,XXX,XXX shares

(Note) On June 1, 2014, the Company conducted a 3-for-1 split of common shares. Here, the number of shares at the end of the previous consolidated fiscal year and in the same quarter of the previous fiscal year are calculated as if the stock split had occurred at the beginning of previous consolidated fiscal year.

\*Presentation of the implementation status of quarterly review procedures

The consolidated financial results under review are exempted from the quarterly review procedures under the Financial Instruments and Exchange Act, and quarterly review procedures under the Financial Instruments and Exchange Act are implemented at the time of the release of this consolidated financial results announcement.

\*Instruction on a proper use of financial forecasts and other special instructions

1. Since any forward-looking statements about the financial outlook printed in this document are based on information currently available to the company and on certain assumptions deemed reasonable. It does not guarantee that these results will be achieved. Actual results may differ significantly due to variety of factors. For assumptions used for financial forecasts and cautions on using these forecasts, refer to “3. Explanation of Forecast of Consolidated Business Results and Other Forecasts” under “I. Business Performance” on page 4.

**I. Business Performance**

**1. Explanation of Business Results**

During the consolidated period under review (Q3 FY2015: nine months ended September 30, 2015), the Japanese economy saw strong corporate earnings and improvements in employment conditions and remained in a recovery phase. However, the effects of the slowing Chinese economy and spreading stagnation in personal consumption are creating uncertainty as to how the economy will unfold.

The operating environment of the logistics industry, while benefiting from the reduction of fuel prices, remained problematic due to a shortage of drivers, which pushed up both recruitment costs and vehicle-hiring costs, shortages of trucks and personnel causing missed opportunities, and sluggish growth in personal consumption and unseasonable weather during the summer, causing a slowdown in cargo movement.

Confronted by this environment, the XYZ Group worked in unison to execute the business and investment strategies based on “XYZ Growth 2017,” which is our four-year medium-term management plan that commenced in 2014.

The business strategy comprised the renovation of XYZ (product name) sales organization to further expand the (business segment name) business, and the full-fledged start of market cultivation in the Kansai region and western Japan by opening a sales base in Osaka for the logistics and human resources businesses. In July, XYZ (service name) and XYZ (subsidiary name) merged, with the trade name changed to XYZ (product name), so as to downsize the management structure and back-office operations. As for new business, the Company commenced operations of service centers for drugstores and food products manufacturers. We also received an order for logistics operations from (company name) Co., Ltd., a prominent wholesaler of music and video software. The relocation of the center, which had been proceeding in phases since May, has been completed and full-fledged operations commenced in late September.

Activity in overseas operations included the acquisition of shares in (company name) Pvt. Ltd., a consolidated subsidiary of our Company engaged in the forwarding business in India, by XYZ Logistics Pvt. Ltd. (“Pvt Ltd”), which joined the Group last year and has now become a subsidiary of our Company. Future plans include site consolidation and the coordination of operations.

We have established a joint venture company with a local forwarder in the Philippines and launched a container logistics business. We are also seeking to accelerate business developments and enhance competitiveness elsewhere in Asia by broadly separating and reorganizing our overseas local subsidiaries into a forwarding business group and a warehousing/logistics business group. We have newly established XYZ Singapore Pte. Ltd. in Singapore for comprehensive supervision of the latter line of business.

Our investment strategy included the completion of a large-scale logistic center in (city name) in January, and it has been operating as a logistics center for major large food product manufacturers. In (Month), we began construction of a dedicated logistics center for a major department store group in the city of (city name), Saitama Prefecture. We are now moving forward according to plan with construction on two large-scale logistics facilities, including the (City name) Logistics Center in (City name), where construction has already begun. The center is slated for completion in spring 20XX, resulting in a new logistics space of approximately 1,000,000 square meters.

As a result, revenue surged to ¥123,456 million (an increase of xx.x% year-on-year), due to an increase in the number of overseas subsidiaries and expansion of domestic logistics business.

Operating income was ¥1,234 million (an increase of xx.x%, year-on-year) due to increased sales, lower fuel costs due to lower crude oil prices, and successful rate adjustments. Ordinary income jumped to ¥1,234 million (an increase of xx.x%, year-on-year) with the support of a foreign exchange gain of ¥123 million. Net income exceeded that of the first nine months of the preceding fiscal year by ¥1,234 million and was ¥1,234 million (an increase of xx.x%, year-on-year), while posting a gain on sales of property, plant and equipment of ¥1,234 million as extraordinary income, and posting an extraordinary loss from the writing off of goodwill of ¥123 million in a lump sum based on our judgment that recovering our investment in (Company name) Pvt. Ltd. of India would be delayed beyond previous expectations.

From the first quarter of the consolidated fiscal year under review, the Company has adopted the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (Practical Issues Task Force No. 30, December 25, 2013 as announced). For comparative purposes, this standard has been applied retroactively to figures for the same period of the preceding fiscal year (the same applies below).

Financial results by segment are as follows.

**(Logistics Business Segment)**

Although there were concerns about a potential reduction of consumption as a backlash to a demand rush ahead of the consumption tax hike, which occurred in the preceding first quarter cumulative consolidated period, the segment revenue of the logistics business was ¥123,456 million (an increase of xx.x%, year-on-year). Key factors include strong performance in certain segments of the retail industry and department stores, etc., due to the increase in the number of visitors coming to Japan, and the new consolidation of (company name) of India, whose shares we acquired in the preceding consolidated fiscal year. Operating income jumped to ¥1,234 million (an increase of xx.x%, year-on-year), helped by lower fuel costs and rate hikes, despite rises in vehicle-hiring costs and rising personnel expenses.

**(Real Property Business Segment)**

For the real property business, revenue was ¥1,234 million (an increase of xx.x%, year-on-year), and operating income was ¥1,234 million (an increase of xx.x%, year-on-year). One factor was the increase of rental revenue sourced from the commencement of operations at the (city name) Center. Another factor was the sale of logistics facilities, which had been held as real property for sale, including the sale of a property in the city of (city name), Saitama Prefecture, in (Month) for ¥1,234 million, and the sale of a property in (city name), Chiba Prefecture, in July for ¥1,234 million.

**(Other Business Segments)**

As for other business segments, revenue was ¥1,234 million (a decrease of xx.x%, year-on-year), and operating income was to ¥123 million (an xx.x% decrease, year-on-year). Key factors include lost opportunities in the main human resources business arising from staff shortages as well as an increase in recruitment costs for dispatch staff, affected by improvements in the job market, and the sale of a marketing business-handling subsidiary during the previous consolidated fiscal year.

**2. Explanation of Financial Condition**

As at the end of this third quarter of the consolidated financial period (i.e., September 30, 2015), the total assets balance was ¥123,456 million, up by ¥1,234 million from the balance compared to the end of the prior consolidated fiscal year (i.e., December 31, 2014).

As for the increase in assets, a major contributor to this increase was a ¥1,234 million increase in the fixed asset balance due to an increase in the “other” category within property, plant and equipment (construction in progress) in line with the construction of logistics facilities in Saitama and Yokohama; this is despite the decrease in current assets by ¥1,234 million arising from the net reduction of inventory caused by the completion of construction and sales of logistic centers held for sales.

Liabilities were ¥12,345 million, a decrease of ¥123 million compared to the end of the prior consolidated fiscal year (i.e., December 31, 2014). This was largely attributable to the decrease in the net reduction of short-term loan payables by ¥1,234 million, although there was an increase in non-current liabilities by ¥1,234 million caused by factors such as an increase in long-term loans payables.

Net assets totaled ¥12,345 million, which was an increase of ¥1,234 million compared to the end of the prior consolidated fiscal year (i.e., December 31, 2014). The key factor was that the Company recorded a net quarterly income of ¥1,234 million, and that there was an increase of ¥123 million in foreign exchange conversion adjustments account, despite making a dividend distribution of ¥123 million.

**3. Explanation of Forecast of Consolidated Business Results and Other Forecasts**

Results for both sales volume and operating income during this consolidated cumulative third quarter unfolded favorably. Ordinary income and quarterly net income yielded results much higher than planned, due to the booking of a foreign exchange gain.

As for the business environment moving towards period-end, it is assumed that vehicle-hiring costs and labor costs will continue to rise due to shortages of drivers and labor, despite lower fuel prices. As for the movement of goods, there are concerns about reduction or stagnation due to sluggish domestic consumption caused by rising food prices etc., and slowing foreign demand such as that of China.

Given these conditions, at present we maintain our consolidated business results forecast for the year ending December 31, 2015, unchanged from that announced on February 13, 2015. If we judge that a revision is warranted, we will disclose such information promptly.

**II. Summary Information (Notes)**

**1. Important Changes of Subsidiaries during this consolidated cumulative quarterly period**

No applicable items.

Although there were no changes in specific subsidiaries, during the first quarter of the fiscal year, the Company established XYZ Kita Kanto Co., Ltd., and XYZ Minami Kanto Co., Ltd., which were newly included in the scope of consolidation. Also, as the liquidation of (company name) Ltd., was completed, this company was excluded from the scope of consolidation. Furthermore, five companies— Co. 1, Co. 2, Co. 3, Co. 4, Co. 5. merged with XYZ Kanto Co., Ltd., the surviving company. Those five companies were therefore excluded from the scope of consolidation. The company name of XYZ Kanto Co., Ltd., was subsequently changed to XYZ Net Co., Ltd.

From this consolidated third quarterly period onward, the incorporation of XYZ Singapore Pte. Ltd., will result in its inclusion within the scope of consolidation. Further, XYZ (service name) Co., Ltd., will be excluded from consolidation because it has merged with XYZ Support Co., Ltd., which became the surviving company. Furthermore, XYZ Support Co., Ltd. has changed its trade name to XYZ (service name) Support Co., Ltd.

**2. Application of Accounting Principles and Procedures Specific to the Preparation of Consolidated Quarterly Financial Statements**

No applicable items.

**3. Changes in Accounting Principles, Changes in Accounting Estimates and Restatements**

Changes in Accounting Principles

(Application of Accounting Standards for Retirement Benefits)

The Company has applied Clause 35 of the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012) and Clause 67 of the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, portion announced on May 17, 2012) from the first quarter of the fiscal year under review. Accordingly, the Company has reviewed its calculation method for retirement benefit obligations and service costs, changed the method of attributing expected benefit to periods from the straight-line basis to the benefit formula basis, and changed the method of determination of the discount rate.

Following Clause 37 of the “Accounting Standard for Retirement Benefits,” which stipulates transitional treatment of the new standard, the effect of the change in the calculation method of retirement benefit obligations and service costs is adjusted in retained earnings at the beginning of the first nine months under review.

The change had the effect, at the beginning of the nine months under review, of reducing liabilities related to retirement benefits by ¥12 million, investment securities by ¥12 million and retained earnings by ¥12 million. The impact on operating income and ordinary income of this third consolidated cumulative quarter, and upon the net quarterly income before taxes and other adjustments, was slight.

(Application of the Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts)

The Company applied the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (Practical Issues Task Force No. 30, portion announced on December 25, 2013) from the first quarter of the current fiscal year. Accordingly, the Company recognizes at the time of disposal the difference arising from the disposal of treasury shares by the Company to the trust, and posts as liabilities the differences arising from the net amount of gain or loss from sales of shares sold by the trust to the employee stock ownership plan, dividends paid by the Company for the shares held by the trust, and miscellaneous expenses related to the trust. These accounting policies have been applied retroactively, and the consolidated financial statements for the first nine months of the fiscal year ended December 31, 2014, and the same full fiscal year reflects this retroactive application.

Compared with the figures before retroactive application, as of December 31, 2014, other noncurrent liabilities increased ¥123 million, while capital surplus, retained earnings and treasury stock decreased by ¥12 million, ¥12 million and ¥12 million, respectively. The impact of this retroactive application on profits and losses for the nine months ended September 30, 2014, was insubstantial.

**III. Consolidated Financial Statement**

**1. Consolidated Balance Sheets**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | | | | |  | (Millions of yen) |
|  | | | |  | FY2014  (As of Dec. 31, 2014) | 3Q FY2015  (As of Sept. 30, 2015) |
|  | | | | |
| **ASSETS** | | | | |  |  |
|  | Current assets | | | |  |  |
|  |  | Cash and deposits | | |  |  |
|  |  | Notes and accounts receivable-trade | | |  |  |
|  |  | Inventories | | |  |  |
|  |  | Other | | |  |  |
|  |  | Allowance for doubtful accounts | | |  |  |
|  |  | Total current assets | | |  |  |
|  | Noncurrent assets | | | |  |  |
|  |  | Property, plant and equipment | | |  |  |
|  |  | Buildings and structures | | |  |  |
|  |  | Accumulated depreciation and impairment loss | | |  |  |
|  |  |  | Buildings and structures, net | |  |  |
|  |  | Machinery, equipment and vehicles | | |  |  |
|  |  | Accumulated depreciation and impairment loss | | |  |  |
|  |  |  | Machinery, equipment and vehicles, net | |  |  |
|  |  | Land | | |  |  |
|  |  | Lease assets | | |  |  |
|  |  | Accumulated depreciation and impairment loss | | |  |  |
|  |  |  | Lease assets, net | |  |  |
|  |  | Other | | |  |  |
|  |  | Accumulated depreciation and impairment loss | | |  |  |
|  |  |  | Other, net | |  |  |
|  |  | Total property, plant and equipment | | |  |  |
|  | Intangible assets | | | |  |  |
|  |  | Goodwill | | |  |  |
|  |  | Other | | |  |  |
|  |  |  | Total Intangible assets | |  |  |
|  | Investments and other assets | | | |  |  |
|  |  | Investments and other assets | | |  |  |
|  |  | Allowance for doubtful accounts | | |  |  |
|  |  |  | Total investments and other assets | |  |  |
|  | Total noncurrent assets | | | |  |  |
| Total assets | | | | |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | |  | (Millions of yen) |
|  | | | FY2014  (As of Dec 31, 2014) | 3Q FY2015  (As of Sept.30, 2015) |
|  | | |
| **LIABILITIES** | | |  |  |
|  | Current liabilities | |  |  |
|  |  | Notes and accounts payable-trade |  |  |
|  |  | Current portion of bonds |  |  |
|  |  | Short-term loans payable |  |  |
|  |  | Current portion of long-term loans payable |  |  |
|  |  | Income taxes payable |  |  |
|  |  | Provision for bonuses |  |  |
|  |  | Other |  |  |
|  |  | Total current liabilities |  |  |
|  | Noncurrent liabilities | |  |  |
|  |  | Bonds payable |  |  |
|  |  | Long-term loans payable |  |  |
|  |  | Net defined benefit liability |  |  |
|  |  | Other |  |  |
|  |  | Total noncurrent liabilities |  |  |
|  | Total liabilities | |  |  |
| **NET ASSETS** | | |  |  |
|  | Shareholders' equity | |  |  |
|  |  | Capital stock |  |  |
|  |  | Capital surplus |  |  |
|  |  | Retained earnings |  |  |
|  |  | Treasury stock |  |  |
|  |  | Total shareholders' equity |  |  |
|  | Accumulated other comprehensive income | |  |  |
|  |  | Valuation difference on available-for-sale securities |  |  |
|  |  | Deferred gains or losses on hedges |  |  |
|  |  | Revaluation reserve for land |  |  |
|  |  | Foreign currency translation adjustment |  |  |
|  |  | Remeasurements of defined benefit plans |  |  |
|  |  | Total accumulated other comprehensive income |  |  |
|  | Subscription rights to shares | |  |  |
|  | Minority interests | |  |  |
|  | Total net assets | |  |  |
| Total liabilities, net assets | | |  |  |

**2. Consolidated Statements of Operations**

**(Nine Months Ended September 30, 2015)**

|  |  |  |  |
| --- | --- | --- | --- |
|  | |  | (Millions of yen) |
|  | | 3Q FY2014  (Jan. 1, 2014 - Sept. 30, 2014) | 3Q FY2015  (Jan. 1, 2015 - Sept. 30, 2015) |
|  | |
| Net sales | |  |  |
| Cost of sales | |  |  |
| Gross profit | |  |  |
| Selling, general and administrative expenses | |  |  |
| Operating income (loss) | |  |  |
| Non-operating income | |  |  |
|  | Interest income |  |  |
|  | Dividends income |  |  |
|  | Foreign exchange gains |  |  |
|  | Equity in earnings of affiliates |  |  |
|  | Other |  |  |
|  | Total non-operating income |  |  |
| Non-operating expenses | |  |  |
|  | Interest expenses |  |  |
|  | Other |  |  |
|  | Total non-operating expenses |  |  |
| Ordinary income (loss) | |  |  |
| Extraordinary income | |  |  |
|  | Gain on sales of noncurrent assets |  |  |
|  | Other |  |  |
|  | Total extraordinary income |  |  |
| Extraordinary loss | |  |  |
|  | Amortization of goodwill |  |  |
|  | Other |  |  |
|  | Total extraordinary loss |  |  |
| Net quarterly income (loss) before taxes and other adjustments | |  |  |
| Income taxes-current | |  |  |
| Income taxes-deferred | |  |  |
| Total income taxes | |  |  |
| Income before minority interests (loss) | |  |  |
| Minority interest income (loss) | |  |  |
| Net income (loss) | |  |  |

**(Nine Months Ended September 30, 2015)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | |  | (Millions of yen) |
|  |  | | 3Q FY2014  (Jan. 1, 2014 - Sept. 30, 2014) | 3Q FY2015  (Jan 1, 2015 - Sept. 30, 2015) |
|  | | |
| Income (loss) before minority interests | | |  |  |
| Other comprehensive income | | |  |  |
|  | | Valuation difference on available-for-sale securities |  |  |
|  | | Deferred gains or losses on hedges |  |  |
|  | | Foreign currency translation adjustment |  |  |
|  | | Re-measurements of defined benefit plans |  |  |
|  | | Share of other comprehensive income of associates accounted for using equity method |  |  |
|  | | Total other comprehensive income |  |  |
| Comprehensive income | | |  |  |
|  | | (Breakdown) |  |  |
|  | | Comprehensive income attributable to owners of parent |  |  |
|  | | Comprehensive income attributable to minority interests |  |  |

**3. Notes on the Quarterly Consolidated Financial Statements**

(Notes regarding Going Concern)

No applicable items.

(Notes regarding Remarkable Change of Shareholder's Equity)

No applicable items.

(Segment Information)

1. Information Concerning Net Sales and Profits and Losses for Reporting Segments

3Q FY2014 (January 1, 2014 – September 30, 2014)

(Millions of yen)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | | Reporting Segment | | | | Adjustment Amount \*1 | Consolidated Quarterly Income Statement Amount \*2 |
|  | | Logistics | Property  Management  Business | Other Business | Total |
| Net sales | |  |  |  |  |  |  |
|  | Sales to external customers |  |  |  |  |  |  |
|  | Inter-segment sales or transfers |  |  |  |  |  |  |
| Total | |  |  |  |  |  |  |
| Segment income (loss) | |  |  |  |  |  |  |

(Notes)

1. The adjustment amount for segment income (loss) is -¥12 million not allocated to reporting segments by the parent company (company releasing the quarterly financial statement) and from ¥12 million lost in trading between segments.
2. Segment income coincides with operating income (loss), as recorded in consolidated quarterly income statements.
3. As noted in the “changes in accounting principles,” due to the adoption of the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts,” the Company has retroactively applied this standard to figures for the first nine months of the preceding fiscal year. The impact of this application to segment income in the first nine months of the preceding fiscal year was slight.

2. Information Concerning Net Sales and Profits and Losses for Reporting Segments

3Q FY2015 (January 1, 2015 – September 30, 2015)

(Millions of yen)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | | Reporting Segment | | | | Adjustment Amount \*1 | Consolidated Quarterly Income Statement Amount \*2 |
|  | | Logistics | Property  Management  Business | Other Business | Total |
| Net sales | |  |  |  |  |  |  |
|  | Sales to external customers |  |  |  |  |  |  |
|  | Inter-segment sales or transfers |  |  |  |  |  |  |
| Total | |  |  |  |  |  |  |
| Segment income (loss) | |  |  |  |  |  |  |

(Note)

1. The adjustment amount for segment income (loss) is - ¥123 million not allocated to reporting segments due to the operations of indirect divisions of certain consolidated subsidiaries and headquarters of the Company and from ¥12 million lost in trading between segments.
2. Segment income coincides with operating income (loss), as recorded in consolidated quarterly income statements.
3. As noted in the “changes in accounting principles,” the Company has adopted the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts.”