



Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2012 [J-GAAP] (Consolidated)

November 8, 2011

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
 Inquiries: General Manager of Accounting Dept. Kazuo Inui TEL: +81-3-3201-2627
 The date of filing the quarterly financial statements: November 11, 2011
 The date of the dividend payment start (planned): December 9, 2011
 Preparation of quarterly earnings presentation material: Yes
 Holding of quarterly earnings announcement: Yes (for institutional investors and analysts)

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

1. Consolidated earnings results for the first six months of the fiscal year ending March 2012 (April 1, 2011– September 30, 2011)

(1) 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)	(%)
First six months ended								
September 30, 2011	136,034	2.3	6,660	34.8	7,086	31.2	4,719	19.3
September 30, 2010	132,912	40.3	4,942	78.2	5,399	84.4	3,956	168.0

(Note) Comprehensive income First six months ended September 30, 2011: 5,504 million yen (137.1%)
 First six months ended September 30, 2010: 2,321 million yen (- %)

	Net income per share	Diluted net income per share
First six months ended	(Yen)	(Yen)
September 30, 2011	131.10	—
September 30, 2010	109.91	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of September 30, 2011	124,050	75,773	59.6
As of March 31, 2011	120,280	71,317	57.6

(Reference) Shareholders' equity As of September 30, 2011: 73,934 million yen As of March 31, 2011: 69,331 million yen

2. Dividends

	Annual dividends				
	Q1	Q2	Q3	Year-end	Full fiscal year
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended March 31, 2011	—	12.00	—	18.00	30.00
Fiscal year ending March 31, 2012	—	15.00			
Fiscal year ending March 31, 2012 (Forecasts)			—	15.00	30.00

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

3. Consolidated earnings forecasts for the fiscal year ending March 2012 (April 1, 2011 – March 31, 2012)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Full fiscal year	272,000	1.6	13,300	11.8	14,000	9.1	9,200	16.7	255.56

(Note) Revisions to the most recently disclosed earnings forecasts: Yes

4. Other

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries in accordance with changes in the scope of consolidation): Yes

Newly included: KWE-Kintetsu World Express (Thailand) Co., Ltd.

Excluded: TTK Logistics Co., Ltd.

Note: For details, please refer to "2. Matters concerning Summary Information (Other), (1) Changes in Significant Subsidiaries during the Period" on page 6.

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

Note: For details, please refer to "2. Matters concerning Summary Information (Other), (2) Application of Special Accounting Treatment in Preparing the Quarterly Consolidated Financial Statements" on page 6.

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

(a) Changes in accounting policies with revision of accounting standards: No

(b) Changes in accounting policies other than the above: No

(c) Changes in accounting estimates: No

(d) Restatement of revisions: No

(4) Number of issued shares (common shares)

(a) Number of issued shares (including treasury stock)	As of September 30, 2011:	36,000,000 shares	As of March 31, 2011:	36,000,000 shares
(b) Number of treasury stock	As of September 30, 2011:	642 shares	As of March 31, 2011:	599 shares
(c) Average number of shares during the period	First six months ended September 30, 2011:	35,999,379 shares	First six months ended September 30, 2010:	35,999,424 shares

* Implementation status of quarterly review procedures

The quarterly review procedures stipulated in the Financial Instruments and Exchange Act are not applicable to this Financial Results report, and the procedures have not been completed when this Financial Results report was disclosed.

* Explanation of the proper use of earnings forecasts and other special notes

(Remarks on forward-looking statements)

The statements about future described on this report such as earnings forecasts have been made based on information currently available and some conditions that we judge rational. 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. Qualitative Information concerning Consolidated Earnings Results for the First Six Months of the Fiscal Year Ending March 2012, (3) Qualitative Information concerning Consolidated Earnings Forecasts" on page 5.

(Quarterly earnings presentation materials and procedure to obtain information from quarterly earnings briefing)

KWE intends to hold a results briefing for institutional investors and analysts on November 9 (Wed), 2011. The presentation materials used in the briefing will be made available on the company website at a later date.

1. Qualitative Information concerning Consolidated Earnings Results for the First Six Months of the Fiscal Year Ending March 2012

(1) Qualitative Information concerning Consolidated Business Results

During the first six months of the current fiscal year (April 1, 2011 – September 30, 2011), the global economy remained lackluster overall, as fiscal and economic uncertainties paralyzed the European and the U.S. markets and the Chinese and Indian economies continued to show signs of a slowdown amid financial tightening.

Against this backdrop, Japan's economic outlook grew increasingly uncertain owing to a slump in overseas demand and prolonged yen appreciation, despite the progress in post-quake recovery efforts.

During the first six months of the current fiscal year, the KWE Group's air freight forwarding business was affected by quake-induced supply and procurement disruptions of components, and also faced a decline in global demand for flat-screen TVs and PCs, resulting in volume largely on par with the same period of the previous fiscal year. Freight costs did not see the same rise as in the same period of the previous year but fuel surcharges continued to trend at high levels driven by the higher cost of oil. The overall Group saw air freight exports decreased 1.2%^{*1}, and air freight imports fell 2.1%^{*2} year on year. In the sea freight forwarding, exports grew 5.9%^{*3} and imports rose 3.6%^{*2}.

Operating results by each segment are as follows:

Japan

Air freight exports fell 13.7%^{*1} year on year as emergency transportation of automotive components to Europe and the U.S. as the recover progress from the disaster did not offset weak transportation demand for electronic products, particularly in Asia-bound shipments. Air freight imports decreased 4.7%^{*2} reflecting solid shipments of smartphone-related products and telecommunication equipments but a lack of strength in transportation in other product categories. Sea freight exports dropped 6.3%^{*3} on a decline in shipments of semiconductor and LCD-related production materials, chemical products, and other items. Sea freight imports advanced 4.5%^{*2} driven by an increase in housing and other post-quake reconstruction-related materials, PC peripheral devices, and other items. As a result, net sales for Japan, including net sales generated by domestic subsidiaries, increased 0.2% year on year to 56,718 million yen, and operating income significantly increased 58.9% to 1,895 million yen through efforts to curb the operating cost ratio.

The Americas

Air freight exports rose 6.8%^{*1} year on year, supported by firm shipments of electronic products such as semiconductors and LCD-related materials, and medical-related products. Air freight imports edged down 0.3%^{*2} reflecting ongoing spot transportation in smartphone-related products but lackluster growth in other items. In sea freight forwarding, exports advanced 21.3%^{*3} due to the growth in housing materials and food-related products, while imports fell 5.8%^{*2} owing to slackening transportation from Japan. As a result, overall net sales for the Americas increased 10.2% year on year to 17,825 million yen, and operating income increased 9.8% to 1,063 million yen.

Europe, Middle East & Africa

Air freight exports rose a substantial 31.6%^{*1}, reflecting a tailwind from a weakening in the euro that started the previous fiscal year and business expansion in medical-related products. Air freight imports dropped 5.0%^{*2} on a decline in shipments from Japan and euro weakness. In sea freight forwarding, exports grew 5.9%^{*3} supported by shipments to the Middle East and handling of medical-related products, while imports gained 9.9%^{*2} on steady shipments by existing customers. As a result, overall net sales in Europe, Middle East & Africa increased 21.1% year on year to 13,492 million

yen, and operating income increased 39.0% to 359 million yen.

East Asia & Oceania

Air freight exports fell 5.6%^{*1} as robust transportation demand for smartphone-related products proved insufficient to cancel out the impact of production and shipment adjustments in other electronics areas. Mirroring the trend in exports, air freight imports gained only 1.3%^{*2} reflecting weak shipments mainly in electronic components amid production adjustments. In sea freight forwarding, exports advanced 11.8%^{*3} on firm shipments of printers and other materials, and imports rose 4.8%^{*2}, underpinned by solid growth in electronic products. As a result, total net sales for East Asia & Oceania decreased 5.4% year on year to 37,171 million yen and operating income expanded 38.0% to 2,499 million yen.

Southeast Asia

Air freight exports grew 17.0%^{*1} year on year, thanks to strong shipments by major electronics customers in the semiconductor and other sectors, coupled with contributions from spot freight shipments of flat-screen TV products. Air freight imports fell 5.2%^{*2}, owing to a decline in freight shipped from Japan. In sea freight forwarding, exports dropped 2.1%^{*3} on weaker volume handled by major shippers, while imports improved 1.7%^{*2} supported by strong shipments of electronic products. As a result, total net sales for Southeast Asia increased 10.9% year on year to 13,259 million yen and operating income increased 20.3% to 759 million yen.

The whole KWE Group worked to promote sales and continued to reduce fixed and variable costs. As a result, for the first six months of the current fiscal year, consolidated net sales increased 2.3% year on year to 136,034 million yen, operating income advanced 34.8% to 6,660 million yen, and ordinary income expanded 31.2% to 7,086 million yen, and net income expanded 19.3% to 4,719 million yen.

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

(2) Qualitative Information concerning Consolidated Financial Position

At the end of the second quarter of the current fiscal year, total assets increased 3,770 million yen from the end of the previous fiscal year to 124,050 million yen, mainly due to an increase in cash and time deposits.

Total liabilities were 48,277 million yen, down 685 million yen from the end of the previous fiscal year, mainly reflecting a decrease in income taxes payable. Net assets increased 4,456 million yen from the end of the previous fiscal year to 75,773 million yen, mainly due to an increase in retained earnings.

(3) Qualitative Information concerning Consolidated Earnings Forecasts

We have made the following revisions to our consolidated earnings forecasts for the fiscal year ending March 2012 (April 1, 2011 to March 31, 2012) which were announced on May 11, 2011.

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Yen)
Previous forecast (A) (Announced on May 11, 2011)	287,000	13,000	13,000	8,000	222.23
Revised forecast (B)	272,000	13,300	14,000	9,200	255.56
Change (B) – (A)	△15,000	300	1,000	1,200	—
Change (%)	△5.2	2.3	7.7	15.0	—
(Reference) Previous period result (Fiscal year ended March 2011)	267,688	11,898	12,831	7,880	218.92

(Reasons for the revisions)

Non-consolidated earnings trended above our forecasts on the back of scaled-back operating cost ratio, foreign exchange gains and revisions made to provision of allowance for loss on violation of the U.S. antitrust laws.

Consolidated earnings run ahead of our forecasts driven by strong overseas performance, particularly in East Asia and Oceania. However, we revise our forecasts for the second half of the current fiscal year as we expect freight volume will decline along with the slowdown in the global economy.

(Reference) Revision of non-consolidated earnings forecasts

We have made the following revisions to our non-consolidated earnings forecasts for the fiscal year ending March 2012 (April 1, 2011 to March 31, 2012) which were announced on May 11, 2011.

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Yen)
Previous forecast (A) (Announced on May 11, 2011)	98,542	2,700	4,980	3,870	107.52
Revised forecast (B)	96,427	2,980	5,630	4,270	118.61
Change (B) – (A)	△2,115	280	650	400	—
Change (%)	△2.1	10.4	13.1	10.3	—
(Reference) Previous period result (Fiscal year ended March 2011)	92,719	2,002	4,659	2,554	70.95

(Note) Remarks on earnings forecasts

The forecasts above are based on information currently available. Actual performance may differ from the above

forecasts due to various factors.

2. Matters concerning Summary Information (Other)

(1) Changes in Significant Subsidiaries during the Period

In the first six months of the current fiscal year, the KWE Group established KWE-Kintetsu World Express (Thailand) Co., Ltd., which has been added to the consolidated accounts. Moreover, TKK Logistics Co., Ltd. was removed from the consolidated accounts after its liquidation.

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

Tax expenses are calculated by first reasonably estimating the effective tax rate after applying tax effect accounting against pretax net income for the current fiscal year, including the first six months, and then multiplying the pretax net income by the estimated effective tax rate.

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

There are no applicable matters.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY3/11 (As of March 31, 2011)	Second quarter of FY3/12 (As of September 30, 2011)
Assets		
Current assets		
Cash and time deposits	31,755	34,982
Notes and accounts receivable – trade	42,415	42,943
Other	3,939	4,327
Allowance for doubtful accounts	△246	△252
Total current assets	77,864	82,000
Fixed assets		
Property and equipment		
Buildings and structures, net	18,972	18,706
Land	10,705	10,682
Other, net	3,086	3,350
Total property and equipment	32,764	32,739
Intangible fixed assets		
Goodwill	355	366
Other	1,475	1,373
Total intangible fixed assets	1,830	1,739
Investments and other assets	7,820	7,571
Total fixed assets	42,415	42,050
Total assets	120,280	124,050
Liabilities		
Current liabilities		
Notes and accounts payable – trade	19,842	20,102
Short-term debt	9,094	9,224
Income taxes payable	1,956	1,381
Reserve for bonuses	1,698	1,721
Reserve for directors' bonuses	205	63
Allowance for loss on violation of the U.S. antitrust law	1,014	802
Other	8,517	8,191
Total current liabilities	42,329	41,486
Long-term liabilities		
Long-term debt	4,850	4,997
Reserve for retirement benefits	1,042	1,125
Other	740	667
Total long-term liabilities	6,633	6,790
Total liabilities	48,963	48,277

(Millions of yen)

	FY3/11 (As of March 31, 2011)	Second quarter of FY3/12 (As of September 30, 2011)
Net assets		
Shareholders' equity		
Common stock	7,216	7,216
Capital surplus	4,867	4,867
Retained earnings	64,333	68,404
Treasury stock	△1	△1
Total shareholders' equity	76,415	80,486
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	79	65
Foreign currency translation adjustment	△7,163	△6,618
Total accumulated other comprehensive income	△7,084	△6,552
Minority interests	1,985	1,838
Total net assets	71,317	75,773
Total liabilities and net assets	120,280	124,050

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

(Millions of yen)

	First six months of FY3/11 (April 1, 2010 – September 30, 2010)	First six months of FY3/12 (April 1, 2011 – September 30, 2011)
Net sales	132,912	136,034
Cost of sales	113,382	114,491
Gross profit	19,529	21,543
Selling, general, and administrative expenses	14,586	14,882
Operating income	4,942	6,660
Non-operating income		
Interest income	66	99
Dividend income	26	10
Amortization of negative goodwill	17	17
Foreign exchange gains	374	218
Equity in earnings of affiliates	15	27
Miscellaneous income	110	204
Total non-operating income	610	577
Non-operating expenses		
Interest expenses	135	117
Miscellaneous expenses	17	33
Total non-operating expenses	153	151
Ordinary income	5,399	7,086
Extraordinary income		
Gain on sales of fixed assets	—	5
Gain on sales of investment securities	741	—
Gain on negative goodwill	188	—
Returned amount of allowance for loss on violation of the U.S. antitrust laws	—	212
Total extraordinary income	929	217
Extraordinary losses		
Loss on disposal of fixed assets	—	18
Loss on sale of fixed assets	26	—
Loss on valuation of investment securities	—	177
Loss on valuation of golf club memberships	6	24
Loss on liquidation of subsidiaries	—	15
Restructuring loss	—	84
Total extraordinary losses	32	320
Income before income taxes and minority interests	6,296	6,984
Income taxes, etc.	2,153	2,012
Income before minority interests	4,142	4,972
Minority interests	185	252
Net income	3,956	4,719

(Millions of yen)

	First six months of FY3/11 (April 1, 2010 – September 30, 2010)	First six months of FY3/12 (April 1, 2011 – September 30, 2011)
Income before minority interests	4,142	4,972
Other comprehensive income		
Valuation difference on available-for-sale securities	△ 165	19
Foreign currency translation adjustment	△ 1,658	546
Share of other comprehensive income of associates accounted for using equity method	2	△ 32
Total other comprehensive income	△ 1,821	532
Comprehensive income	2,321	5,504
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,147	5,251
Comprehensive income attributable to minority interests	173	253

(3) Quarterly Consolidated Statement of Cash Flow

(Millions of yen)

	First six months of FY3/11 (April 1, 2010 – September 30, 2010)	First six months of FY3/12 (April 1, 2011 – September 30, 2011)
Cash flows from operating activities		
Income before income taxes and minority interests	6,296	6,984
Depreciation and amortization	1,525	1,314
Amortization of goodwill	27	31
Amortization of negative goodwill	△17	△17
Gain on negative goodwill	△188	—
Increase (decrease △) in reserve for bonuses	92	13
Increase (decrease △) in reserve for directors' bonuses	△100	△144
Increase (decrease △) in reserve for retirement benefits	355	75
Increase (decrease △) in allowance for doubtful accounts	△24	△21
Increase (decrease △) in allowance for loss on violation of the U.S. antitrust law	—	△212
Interest and dividend income	△92	△109
Interest expenses	135	117
Investment loss (gain △) by equity method	△15	△27
(Gain △) loss on sales of fixed assets	26	△5
Loss on disposal of fixed assets	—	18
(Gain △) Loss on sales and valuation of investment securities	△741	177
Loss on valuation of golf club memberships	6	25
Decrease (increase △) in notes and accounts receivable	△5,456	△179
Increase (decrease △) in notes and accounts payable	2,485	2
Other, net	649	△822
Subtotal	4,965	7,220
Interest and dividends received	92	114
Interest paid	△171	△125
Income taxes paid	△1,769	△2,633
Net cash provided by operating activities	3,117	4,576
Cash flows from investing activities		
Payments for time deposits	△270	△161
Proceeds from withdrawal of time deposits	440	238
Payments for purchase of property and equipment	△807	△859
Proceeds from sale of property and equipment	44	9
Payments for purchase of investment securities	△33	△182
Proceeds from sale and redemption of investment securities	3,253	16
Payments for purchase of subsidiary shares	△978	△274
(Increase △) decrease in short-term loans receivable	△2,000	—
Payments for loans receivable	△1	—
Collection of loans receivable	13	4
Payments for lease and guarantee deposits	△130	△352
Proceeds from collection of lease and guarantee deposits	61	263
Other, net	△172	111
Net cash used in investing activities	△580	△1,186

(Millions of yen)

	First six months of FY3/11 (April 1, 2010 – September 30, 2010)	First six months of FY3/12 (April 1, 2011 – September 30, 2011)
Cash flows from financing activities		
Net increase (decrease Δ) in short-term debt	Δ 388	114
Payments of finance lease obligations	Δ 95	Δ 101
Proceeds from long-term debt	1,878	251
Payments of long-term debt	Δ 1,785	Δ 156
Payments for acquisition of treasury stock	Δ 0	Δ 0
Payment of cash dividends	Δ 611	Δ 647
Payment of cash dividends to minority shareholders	Δ 16	Δ 20
Net cash used in Δ financing activities	Δ 1,019	Δ 560
Effect of exchange rate changes on cash and cash equivalents	Δ 1,035	468
Net increase (decrease Δ) in cash and cash equivalents	482	3,298
Cash and cash equivalents at beginning of period	25,045	30,966
Cash and cash equivalents at end of period	25,527	34,264

(4) Notes concerning Going Concern Assumption

There are no applicable matters.

(5) Segment Information, etc.

I First six months of the fiscal year ended March 2011 (April 1, 2010 – September 30, 2010)

1. Information about sales, income / loss for each reported segment

(Millions of yen)

	Reported segment						Other Note 1	Total	Adjustment Note 2	Carrying amount on quarterly consolidated statements of income Note 3
	Japan	The Americas	Europe, Middle East & Africa	East Asia & Oceania	Southeast Asia	Total				
Net sales										
Net sales to outside customers	56,053	15,385	10,679	38,874	11,788	132,781	130	132,912	—	132,912
Inter-segment sales/transfers	531	786	466	422	170	2,377	915	3,293	△3,293	—
Total net sales	56,585	16,172	11,145	39,296	11,959	135,159	1,046	136,205	△3,293	132,912
Segment income	1,193	969	258	1,811	631	4,863	106	4,970	△27	4,942

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

2. The △27 million yen adjustment in segment income is an elimination of income generated from business between segments.

3. Segment income has been adjusted for the operating income appearing in the quarterly consolidated statements of income.

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

(1) The Americas: United States, Canada, and South 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, Philippines, and Australia

(4) Southeast Asia: Singapore, Malaysia, Thailand, India, Indonesia, and Vietnam

2. Impairment loss or goodwill on fixed assets for each reportable segment

(Significant gain on negative goodwill)

Within the Southeast Asia segment, KWE additionally acquired 20% of the shares of the consolidated subsidiary TKK Logistics Co., Ltd. held by minority shareholders. This resulted in a 188 million yen gain on negative goodwill during the first six months of the current fiscal year.

II First six months of the fiscal year ending March 2012 (April 1, 2011 – September 30, 2011)

1. Information about sales, income / loss for each reported segment

(Millions of yen)

	Reported segment						Other Note 1	Total	Adjustment Note 2	Carrying amount on quarterly consolidated statements of income Note 3
	Japan	The Americas	Europe, Middle East & Africa	East Asia & Oceania	Southeast Asia	Total				
Net sales										
Net sales to outside customers	56,019	16,983	12,986	36,806	13,091	135,888	146	136,034	—	136,034
Inter-segment sales/transfers	698	842	505	364	167	2,578	816	3,395	△3,395	—
Total net sales	56,718	17,825	13,492	37,171	13,259	138,467	962	139,429	△3,395	136,034
Segment income	1,895	1,063	359	2,499	759	6,578	153	6,731	△71	6,660

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

2. The △71 million yen adjustment in segment income is an elimination of income generated from business between segments.

3. Segment income has been adjusted for the operating income appearing in the quarterly consolidated statements of income.

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

- (1) The Americas: United States, Canada, and South 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, Philippines, and Australia
- (4) Southeast Asia: Singapore, Malaysia, Thailand, India, Indonesia, and Vietnam

2. Impairment loss or goodwill on fixed assets for each reportable segment

(Major changes in goodwill)

Within the Southeast Asia segment, KWE acquired all the shares of the consolidated subsidiary TKK Logistics Co., Ltd. held by minority shareholders. This resulted in goodwill increasing 21 million yen during the first six months of the current fiscal year.

(6) Significant Changes in Shareholders' Equity

There are no applicable matters.