Financial Results for the Fiscal Year Ended March 31, 2014 [J-GAAP]

May 8, 2014

Company Name: Kintetsu World Express, Inc. (KWE)
Stock exchange listed on: Tokyo Stock Exchange (First Section)
Company code: 9375 URL: http://www.kwe.co.jp
Representative: President and Chief Executive Officer Satoshi Ishizaki
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The date of the ordinary general shareholder meeting: June 17, 2014
The date of the dividend payment start (planned): June 18, 2014
The date of filing the securities report: June 18, 2014
Preparation of supplementary materials for financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and analysts)

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

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

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

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
March 31, 2014	281,505	13.5	13,742	3.4	15,267	7.4	9,417	3.1
March 31, 2013	247,977	(6.2)	13,295	(3.8)	14,208	(4.3)	9,134	(4.3)

(Reference) Comprehensive income: Fiscal year ended March 31, 2014: 20,957 million yen (31.5%)
Fiscal year ended March 31, 2013: 15,941 million yen (90.9%)

	Net income per share	Diluted net income per share	Return on shareholders' equity	Ordinary income to total assets	Operating margin
Fiscal year ended	(Yen)	(Yen)	(%)	(%)	(%)
March 31, 2014	261.60	—	9.5	9.9	4.9
March 31, 2013	253.73	—	11.0	10.7	5.4

(Reference) Equity in earnings of affiliates: Fiscal year ended March 31, 2014: 178 million yen
Fiscal year ended March 31, 2013: 173 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of March 31, 2014	167,966	111,231	64.5	3,009.69
As of March 31, 2013	140,116	92,197	64.3	2,501.11

(Reference) Shareholders' equity: As of March 31, 2014: 108,346 million yen As of March 31, 2013: 90,038 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
Fiscal year ended	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
March 31, 2014	10,756	(5,016)	(1,864)	47,963
March 31, 2013	8,855	(8,044)	(1,785)	38,271

2. Dividends

	Annual dividends					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	Q1	Q2	Q3	Q4	Full fiscal year			
Fiscal year ended	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Millions of yen)	(%)	(%)
March 31, 2013	—	15.00	—	22.00	37.00	1,331	14.6	1.6
March 31, 2014	—	15.00	—	25.00	40.00	1,439	15.3	1.5
Fiscal year ending March 31, 2015 (Forecasts)		17.00		27.00	44.00		15.7	

3. Consolidated earnings forecasts for the fiscal year ending March 2015 (April 1, 2014 – March 31, 2015)

(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)
First half	150,000	11.8	7,400	18.6	7,400	8.7	4,700	15.6	130.56
Full fiscal	310,000	10.1	16,000	16.4	16,000	4.8	10,100	7.2	280.56

Notes:

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

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

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

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

(c) Changes in accounting estimates: No

(d) Restatement of revisions: No

(3) Number of issued shares (common shares)

(a) Number of issued shares (including treasury stock)	As of March 31, 2014:	36,000,000shares	As of March 31, 2013:	36,000,000 shares
(b) Number of treasury stock	As of March 31, 2014:	714 shares	As of March 31, 2013:	714 shares
(c) Average number of shares during the period	Fiscal year ended March 31, 2014:	35,999,286shares	Fiscal year ended March 31, 2013:	35,999,286 shares

(Reference) Summary of non-consolidated results

1. Fiscal year ended March 2014 non-consolidated results (April 1, 2013 – March 31, 2014)

(1) Non-consolidated business results

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

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
March 31, 2014	82,170	4.2	3,383	9.6	7,727	24.9	5,954	23.5
March 31, 2013	78,874	(13.0)	3,086	(4.5)	6,188	12.6	4,820	19.9

	Net income per share	Diluted net income per share
Fiscal year ended	(Yen)	(Yen)
March 31, 2014	165.40	—
March 31, 2013	133.90	—

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of March 31, 2014	78,205	53,710	68.7	1,492.00
As of March 31, 2013	70,774	48,488	68.5	1,346.94

(Reference) Shareholders' equity As of March 31, 2014: 53,710 million yen As of March 31, 2013: 48,488 million n yen

* Implementation status of review procedures

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

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

(Remarks on forward-looking statements)

The statements about future described on this report such as earnings forecasts have been made based on information currently available and certain assumptions considered reasonable, and it is not intended to assure that we will achieve such results. Actual earnings may differ greatly from the above forecasts for various reasons. For the assumptions for earnings forecasts and cautions regarding the use of the earnings forecasts, please refer to "1. Analysis of Business Results and Financial Position (1) Analysis of Business Results" on page 5 of the attached material.

(Supplementary materials for financial results and the details of the financial results meeting)

A financial results briefing for institutional investors and analysts will be held on Friday, May 9, 2014. The presentation materials to be distributed at the meeting will be available on our website after the meeting.

1. Analysis of Business Results and Financial Position

(1) Analysis of Business Results

During the fiscal year ended March 31, 2014 (hereinafter, "the current fiscal year"), the U.S. economy showed a gradual recovery and European economy also started to show signs of recovery, but the economic growth in China and other emerging countries has been slowing down.

In Japan, exports remained sluggish, but the business confidence improved due to expectations to the various government policies and the exertion of those policies effects.

In the international freight market, the primary focus of the KWE Group, the overall activity level remained low due to inactive air freight transportation market.

Under such conditions, the KWE Group's freight operations saw air freight exports fell 4.1%[*1] year-on-year, and air freight imports declined 7.0%[*2], but sea freight exports increased 19.0%[*3], and imports rose 1.5%[*2] as group-wide sales promotion resulted in expansion of handling volume. As for logistics, handling volume increased in certain area, but the total volume did not grow much.

Operating results by each segment are as follows:

1) Japan

With regard to air freight exports, automotive-related products and semiconductor-related items were firm, but other products failed to recover, resulting in a decrease of 1.5%[*1] year-on-year. Air freight imports decreased 0.2%[*2] despite an increase in smartphone-related items and medical products due to lackluster activities for other products. As for sea freight, exports increased 24.1%[*3] due to an increase in equipment transportation and automotive-related products, and imports also rose 8.8%[*2] due to an increase in personal computer peripherals and solar panels. In logistics, the overall volume decreased due to low handling of telecommunication equipment despite a steady growth of healthcare-related products.

As a result, net sales for Japan, including domestic subsidiaries, increased 4.4% year-on-year to 103,737 million yen, and operating income increased 13.1% to 4,446 million yen.

In November 2013, we consolidated major customs clearance points in the metropolitan area to Baraki Terminal in Ichikawa, Chiba in order to improve efficiency of customs clearance services.

2) The Americas

Regarding air freight exports, electronic products and medical products decreased, resulting in a decrease of 7.4%[*1] year-on-year. Air freight imports fell 14.2%[*2] due to a decrease in demand for electronic products and automotive-related products. In sea freight, exports rose 19.4%[*3] as aerospace products and grains increased, and imports also rose 8.6%[*2] as a result of an increase in automotive-related products and semiconductor equipment. Logistics expanded overall due to a favorable growth in the West Coast of the U.S.

As a result, net sales for the Americas increased 19.6% year-on-year to 38,520 million yen, and operating income increased 13.3% to 2,314 million yen.

The exchange rate used to translate U.S. dollars to Japanese yen was U.S $1 = ¥97.65 and U.S $1 = ¥79.82 for the fiscal year ended March 31, 2014 and 2013, respectively.

Mexican subsidiary and Brazilian subsidiary started their operation in January and April 2013, respectively, to enhance the Latin American network and contribute to the expansion of the Group business.

3) Europe, Middle East & Africa

Air freight exports increased by 16.5%*1 year-on-year because of acquisition of new customers for automotive-related products and increases in spot shipments. Air freight imports dropped 14.5%*2 as a result of a decrease in medical products. In sea freight, exports increased 44.1%*3 due to an increase in plant-related transportation and automotive-related products, but imports decreased 19.8%*2 due to a decline in electronic products. In logistics, overall volume was sluggish due to low volume in the U.K. and Benelux countries.

As a result, net sales for Europe, Middle East & Africa increased 30.5% year-on-year to 33,527 million yen, and operating income increased 43.5% to 898 million yen.

The exchange rate used to translate Euro to Japanese yen was €1 = ¥129.68 and €1 = ¥102.63 for the fiscal year ended March 31, 2014 and 2013, respectively.

In July 2013, Saudi Arabian affiliate opened a Bahrain branch to enhance sales in Middle East area.

4) East Asia & Oceania

Air freight exports decreased 10.4%*1 year-on-year as shipments by major customers including electronics companies failed to attain full-scale recovery. Also, air freight imports declined 7.2%*2 due to reduced shipment of electronic products and LCD materials. As for sea freight, exports increased 8.5%*3 due to increased volume of solar-panels and clothing, and imports also increased 1.5%*2 due to increased volume of electronic products and automotive-related products. In logistics, handling volume remained low as orders in China was sluggish overall.

As a result, net sales for East Asia & Oceania increased 15.7% year-on-year to 82,802 million yen, and operating income decreased 4.3% to 4,755 million yen.

In July 2013, Xi'an Kintetsu Logistics Co., Ltd. was established to expand business in China's inland area.

5) Southeast Asia

Air freight exports decreased 1.6%*1 year-on-year due to a reduced volume of automotive-related products and the rebound from emergency transportation as a consequence of flood in Thailand. Air freight imports also decreased 9.7%*2 as a result of reduced volume of electronic products and the rebound from emergency transportation as was the case with export. For sea freight, exports increased 37.0%*3 due to an increase in automotive-related products and medical products, but imports decreased 9.6%*2 due to a decline in electronic products. In logistics, business expansion in Thailand and Indonesia contributed to the increase in the overall orders.

As a result, net sales for Southeast Asia increased 20.2% year-on-year to 28,721 million yen, and operating income decreased 22.8% to 1,074 million yen.

In February 2013, Vietnamese subsidiary opened Ho Chi Minh warehouse, and in March 2013, Thai subsidiary opened Eastern Seaboard Logistics Center 3, in order to enhance service infrastructure.

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

As described above, the whole KWE Group worked together to promote sales activities, and net sales for the current fiscal year increased 13.5% year-on-year to 281,505 million yen, operating income increased 3.4% to 13,742 million yen, ordinary income increased 7.4% to 15,267 million yen, and net income increased 3.1% to 9,417 million yen.

In terms of future prospects, while the economy is expected to continue showing a gradual recovery in the U.S. and

Europe, an uncertain environment is expected to continue in China and other emerging countries.

Under such circumstances, the Group will continue to ensure implementing various measures in accordance with the three strategic pillars in the Medium-Term Management Plan "Ready for the Next! Phase 2" (2013－2015) as it enters the second year of the Plan, i.e. 1. Optimize overall revenue portfolio through a more balanced portfolio of business domains and commodities handled, 2. Expand KWE's presence in emerging countries, 3. Strengthen off-shore sales structure and activities and establish best in class operations to maximize operational effectiveness and high quality services.

While the Group earnings going forward are likely to be affected by the global economy, exchange rates, and other factors, the forecast for the fiscal year ending March 31, 2015 are net sales of 310,000 million yen (up 10.1% year-on-year), operating income of 16,000 million yen (up 16.4%), ordinary income of 16,000 million yen (up 4.8%), and net income of 10,100 million yen (up 7.2% year-on-year).

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

(2) Analysis of Financial Position

1) Assets, liabilities, and net assets

Total assets as of March 31, 2014 increased 27,850 million yen year-on-year to 167,966 million yen. Current assets increased 21,528 million yen to 113,680 million yen due to increases in cash and deposits of 8,819 million yen and in notes and operating accounts receivable of 10,345 million yen. Noncurrent assets increased 6,321 million yen to 54,286 million yen due to an increase in property, plant and equipment of 3,475 million yen and investment and other assets of 2,901 million yen.

Total liabilities increased 8,816 million yen to 56,735 million yen. Current liabilities increased 3,184 million yen to 47,443 million yen due to an increase in notes and operating accounts payable-trade of 4,523 million yen and other current liabilities of 1,805 million yen despite a decrease in short-term loans payable of 4,006 million yen. Noncurrent liabilities increased 5,632 million yen to 9,291 million yen as adoption of accounting standard for retirement benefits resulted in a decrease in provision for retirement benefits of 1,955 million and an increase in net defined benefit liability of 3,047 million and also long-term loans payables increased 4,266 million yen.

Total net assets increased 19,034 million yen to 111,231 million yen due to increases in retained earnings of 8,085 million yen and in foreign currency translation adjustment of 9,947 million yen. Consequently, the equity ratio increased to 64.5% from 64.3% as of March 31, 2013.

2) Cash flows

(Millions of yen)

	FY3/13	FY3/14	Change
Cash flows from operating activities	8,855	10,756	1,900
Cash flows from investing activities	(8,044)	(5,016)	3,027
Cash flows from financing activities	(1,785)	(1,864)	(79)
Effect of exchange rate changes on cash and cash equivalents	3,148	5,816	2,667
Net increase (decrease) in cash and cash equivalents	2,175	9,692	7,516
Cash and cash equivalents at end of period	38,271	47,963	9,692

Cash and cash equivalents as of March 31, 2014 totaled 47,963 million yen, an increase of 9,692 million yen year-on-year. Cash flows from each activity and their significant factors are as follows:

(Cash flows from operating activities)

During the fiscal year ended March 2014, operating activities provided net cash of 10,756 million yen, an increase of 1,900million yen year-on-year. This mainly reflected the following factors: income before income taxes of 14,916 million yen and depreciation and amortization of 2,583 million yen, and an increase in trade accounts receivable of 3,278 million yen, and income taxes paid of 4,587 million yen.

(Cash flows from investing activities)

Net cash used in investing activities totaled 5,016 million yen, down 3,027 million yen year-on-year. This mainly reflected purchase of property, plant and equipment of 3,776 million yen, and payments for lease and guarantee deposits of 1,255 million yen.

(Cash flows from financing activities)

Net cash used in financing activities totaled 1,864 million yen, up 79 million yen year-on-year. This mainly reflected payment of cash dividends of 1,331 million yen.

(Reference) KWE Group's cash flow indicators

	FY3/11	FY3/12	FY3/13	FY3/14
Equity ratio (%)	57.6	60.7	64.3	64.5
Market-value-based equity ratio (%)	77.8	82.8	88.3	98.3
Interest-bearing debt to operating cash flow (years)	1.4	1.3	1.6	1.3
Interest coverage ratio (times)	36.3	47.5	29.7	43.6

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

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

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

Interest coverage ratio = Operating cash flows / Interest payment

* Each indicator was calculated using consolidated financial figures.
* The total value of shares was calculated using the closing stock price at the end of fiscal year x the number of shares issued after deducting treasury stock.
* The "Cash flows from operating activities" on the consolidated statements of cash flows were used as operating cash flows. The interest-bearing debt covered all liabilities which accrued interest payment on the consolidated balance sheets. The "Interest paid" on the consolidated statements of cash flows were used as interest payment.

(3) Basic Policy Regarding Profit Distributions and Dividends for the Fiscal Year Ended March 2014 and Those Ending March 2015

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

services to our customers.

In line with this approach, we plan to pay the following per-share dividends for the fiscal year ended March 2014 and those ending March 2015.

	Dividends per share (yen)			Payout ratio (%)	
	Q2	Year-end	Full fiscal year	Consolidated	Non-consolidated
Fiscal year ended March 31, 2014	15.00 (Result)	25.00 (Plan)	40.00 (Plan)	15.3	24.2
Fiscal year ending March 31, 2015	17.00 (Forecast)	27.00 (Forecast)	44.00 (Forecast)	15.7	27.1

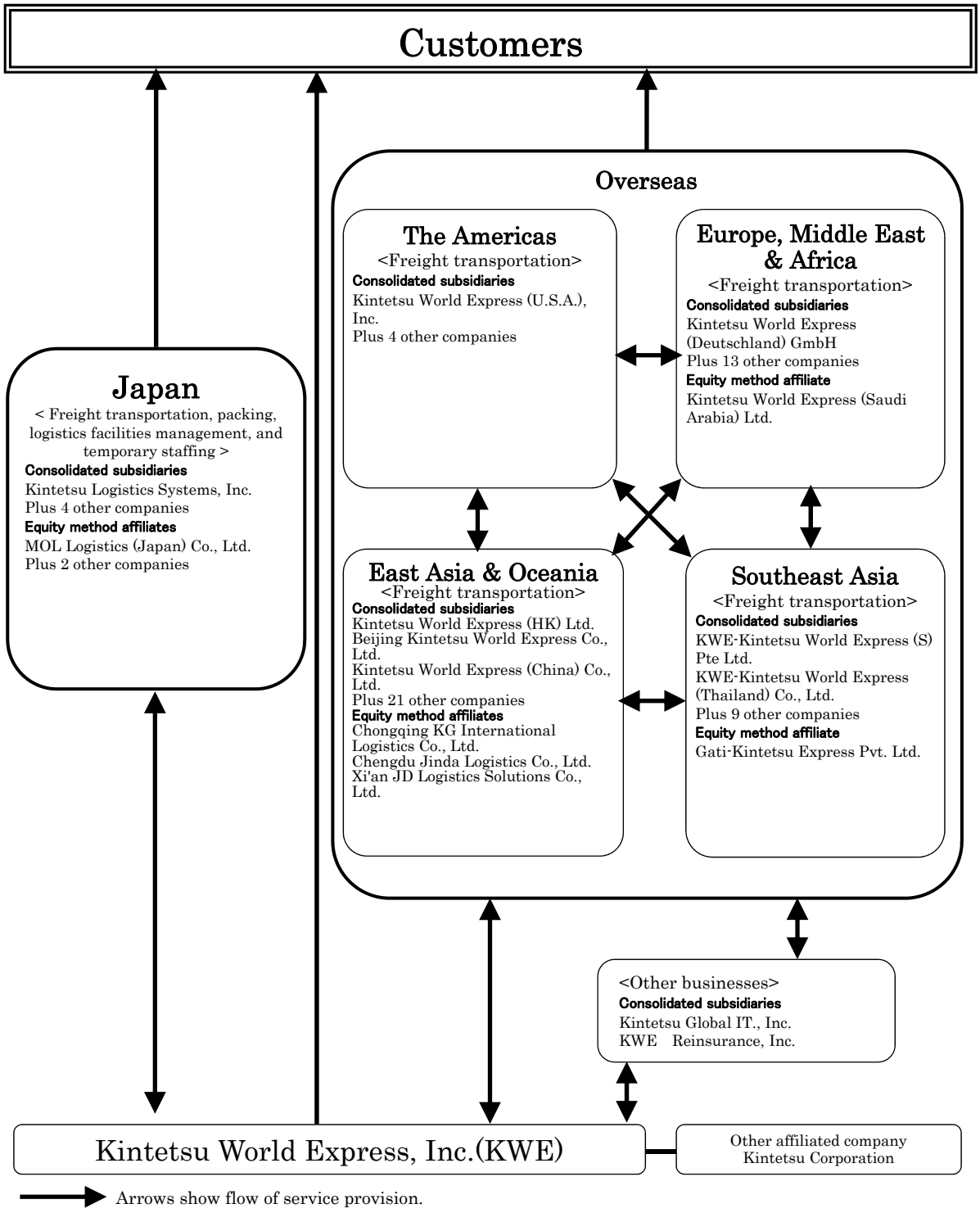
Payout ratio (Consolidated) = Dividends per share / Consolidated net income per share

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

2. The KWE Group

The KWE Group (the Company and its subsidiaries and affiliates) consists of Kintetsu World Express, Inc., 61 consolidated subsidiaries and eight affiliates (nine domestic companies and 61 overseas companies). The Group's principal businesses are international and domestic freight contracting using transport provided by airlines and shipping companies (freight forwarding), and representation on behalf of airlines. We also offer customs clearance, railroad, trucking, warehousing, packing service, temporary staffing, property management and insurance agency business.

The following diagram shows operations of the KWE Group.



3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY3/13 (As of March 31, 2013)	FY3/14 (As of March 31, 2014)
Assets		
Current assets		
Cash and deposits	41,541	50,360
Notes and operating accounts receivable	46,440	56,786
Securities	14	5
Deferred tax assets	740	750
Other	3,734	6,127
Allowance for doubtful accounts	(319)	(350)
Total current assets	92,151	113,680
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	33,087	34,687
Accumulated depreciation	(14,845)	(16,085)
Buildings and structures, net	18,241	18,601
Machinery and equipment	2,885	3,054
Accumulated depreciation	(2,300)	(2,521)
Machinery and equipment, net	585	532
Land	10,814	11,164
Lease assets	886	1,279
Accumulated depreciation	(439)	(586)
Lease assets, net	446	692
Construction in progress	628	2,602
Other	9,464	11,296
Accumulated depreciation	(7,667)	(8,902)
Other, net	1,796	2,393
Total property, plant and equipment	32,512	35,988
Intangible assets		
Goodwill	389	397
Other	1,074	1,011
Total intangible assets	1,463	1,408
Investments and other assets		
Investment securities	9,780	11,131
Long-term loans receivable	190	502
Deferred tax assets	616	737
Other	3,523	4,642
Allowance for doubtful accounts	(121)	(123)
Total investments and other assets	13,988	16,889
Total noncurrent assets	47,964	54,286
Total assets	140,116	167,966

(Millions of yen)

	FY3/13 (As of March 31, 2013)	FY3/14 (As of March 31, 2014)
Liabilities		
Current liabilities		
Notes and operating accounts payable - trade	19,759	24,283
Short-term loans payable	13,098	9,092
Lease liabilities	90	161
Income taxes payable	1,282	1,935
Deferred tax liabilities	156	183
Provision for bonuses	1,866	1,938
Provision for directors' bonuses	208	245
Other	7,797	9,603
Total current liabilities	44,259	47,443
Noncurrent liabilities		
Long-term loans payable	1,000	5,267
Lease liabilities	373	556
Deferred tax liabilities	125	233
Provision for retirement benefits	1,955	-
Net defined benefit liability	-	3,047
Other	205	187
Total noncurrent liabilities	3,659	9,291
Total liabilities	47,919	56,735
Net assets		
Shareholders' equity		
Capital stock	7,216	7,216
Capital surplus	4,867	4,867
Retained earnings	80,565	88,650
Treasury stock	(1)	(1)
Total shareholders' equity	92,646	100,732
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	643	1,242
Foreign currency translation adjustment	(3,251)	6,695
Remeasurements of defined benefit plans	-	(324)
Total accumulated other comprehensive income	(2,608)	7,614
Minority interests	2,159	2,884
Total net assets	92,197	111,231
Total liabilities and net assets	140,116	167,966

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

(Consolidated Statements of Income)

(Millions of yen)

	FY3/13 (April 1, 2012 –March 31, 2013)	FY3/14 (April 1, 2013 –March 31, 2014)
Net sales	247,977	281,505
Cost of sales	205,007	235,202
Operating gross profit	42,969	46,303
Selling, general, and administrative expenses	29,674	32,561
Operating income	13,295	13,742
Non-operating income		
Interest income	328	422
Dividends income	15	19
Amortization of negative goodwill	35	35
Equity in earnings of affiliates	173	178
Foreign exchange gains	214	616
Subsidy income	235	255
Miscellaneous income	220	307
Total non-operating income	1,223	1,833
Non-operating expenses		
Interest expenses	273	238
Miscellaneous expenses	37	70
Total non-operating expenses	310	308
Ordinary income	14,208	15,267
Extraordinary income		
Gain on sales of noncurrent assets	6	47
Gain on negative goodwill	33	–
Settlement received	71	86
Total extraordinary income	111	134
Extraordinary losses		
Loss on sale of noncurrent assets	1	7
Loss on retirement of noncurrent assets	13	196
Loss on valuation of investment securities	5	217
Loss on liquidation of subsidiaries	2	–
Loss on valuation of golf club membership	8	–
Loss on cancellation of leasehold contracts	118	–
Loss on antitrust matter	—	63
Total extraordinary losses	150	484
Income before income taxes	14,170	14,916
Income taxes	4,513	5,052
Income taxes – deferred	16	(74)
Total income taxes	4,530	4,977
Income before minority interests	9,639	9,939
Minority interests in income	505	522
Net income	9,134	9,417

(Consolidated statements of comprehensive income)

(Millions of yen)

	FY3/13 (April 1, 2012 -March 31, 2013)	FY3/14 (April 1, 2013 -March 31, 2014)
Income before minority interests	9,639	9,939
Other comprehensive income		
Valuation difference on available-for-sale securities	462	599
Foreign currency translation adjustment	5,501	10,015
Share of other comprehensive income of associates accounted for using equity method	338	402
Total other comprehensive income	6,301	11,017
Comprehensive income	15,941	20,957
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	15,207	19,964
Comprehensive income attributable to minority interests	734	992

(3) Consolidated Statements of Changes in Net Assets

For the Year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	7,216	4,867	72,690	(1)	84,772
Changes of items during the period					
Dividends from surplus			(1,259)		(1,259)
Net income			9,134		9,134
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	7,874	—	7,874
Balance at the end of current period	7,216	4,867	80,565	(1)	92,646

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	180	(8,862)	—	(8,681)	1,989	78,080
Changes of items during the period						
Dividends from surplus						(1,259)
Net income						9,134
Net changes of items other than shareholders' equity	462	5,611	—	6,073	169	6,242
Total changes of items during the period	462	5,611	—	6,073	169	14,116
Balance at the end of current period	643	(3,251)	—	(2,608)	2,159	92,197

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

(Millions of yen)

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

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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY3/13 (April 1, 2012 – March 31, 2013)	FY3/14 (April 1, 2013 – March 31, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	14,170	14,916
Depreciation and amortization	2,509	2,583
Amortization of goodwill	62	67
Amortization of negative goodwill	(35)	(35)
Gain on negative goodwill	(33)	—
Increase (decrease) in provision for bonuses	(67)	(168)
Increase (decrease) in provision for directors' bonuses	(2)	19
Increase (decrease) in provision for retirement benefits	605	—
Increase (decrease) in net defined benefit liability	—	486
Increase (decrease) in allowance for doubtful accounts	(119)	(17)
Increase (decrease) in provision for loss on U.S. antitrust matter	(860)	—
Interest and dividends income	(344)	(441)
Interest expenses	273	238
Equity in (earnings) losses of affiliates	(173)	(178)
(Gain) loss on sales of noncurrent assets	(4)	(52)
Loss on retirement of property, plant and equipment	13	215
Loss (gain) on sales of investment securities	—	(0)
(Gain) loss on valuation of investment securities	5	217
Loss on valuation of golf club memberships	8	1
Loss on cancellation of rental contract	118	—
Loss (gain) on liquidation of subsidiaries	2	—
Loss on antitrust matter	—	63
Decrease (increase) in notes and accounts receivable-trade	736	(3,278)
Increase (decrease) in notes and accounts payable-trade	(2,118)	304
Other, net	442	195
Subtotal	15,188	15,137
Interest and dividends income received	353	453
Interest expenses paid	(297)	(246)
Payment for U.S. antitrust matter	(930)	—
Income taxes paid	(5,458)	(4,587)
Net cash provided by operating activities	8,855	10,756
Net cash provided by (used in) investing activities		
Payments into time deposits	(3,929)	(6,183)
Proceeds from withdrawal of time deposits	1,805	7,695
Purchase of property, plant and equipment	(1,625)	(3,776)
Proceeds from sales of property, plant and equipment	49	74
Purchase of investment securities	(4,444)	(145)
Proceeds from sales and redemption of securities	231	74
Purchase of investments in subsidiaries	(79)	(98)
Payments of loans receivable	(0)	(1,830)
Collection of loans receivable	8	38
Payments for lease and guarantee deposits	(415)	(1,255)
Proceeds from collection of lease and guarantee deposits	567	298
Other, net	(211)	91
Net cash used in investing activities	(8,044)	(5,016)

(Millions of yen)

	FY3/13 (April 1, 2012 – March 31, 2013)	FY3/14 (April 1, 2013 – March 31, 2014)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(534)	(178)
Payments of finance lease obligations	(171)	(141)
Proceeds from long-term loans payable	1,000	4,785
Repayment of long-term loans payable	(415)	(4,730)
Cash dividends paid	(1,259)	(1,331)
Cash dividends paid to minority shareholders	(404)	(266)
Net cash used in financing activities	(1,785)	(1,864)
Effect of exchange rate changes on cash and cash equivalents	3,148	5,816
Net increase (decrease) in cash and cash equivalents	2,175	9,692
Cash and cash equivalents at beginning of period	36,096	38,271
Cash and cash equivalents at end of period	38,271	47,963

[Segment Information]

a. Segment information

1. Summary of reportable segments

Reportable segments are parts of the business for which it is possible to obtain separate financial information and that the Board of Directors regularly examines in order to evaluate decisions on allocation of management resources and earnings.

KWE has established Corporate Strategy Headquarters at the head office that sets comprehensive strategy and manages business for operations both within Japan and overseas. In addition, under the direction of the Corporate Strategy Headquarters, KWE manages operations within Japan and a headquarters for each region is responsible for operations in that particular area. Consolidated subsidiaries both within Japan and overseas are independent business units and conduct business operations in their particular area under the guidance of either KWE or the headquarters for the region.

Therefore, KWE is composed of segments for each of the following areas: Japan; the Americas; Europe, Middle East & Africa; East Asia & Oceania; Southeast Asia. Each reportable segment mainly handles freight transportation.

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

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

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

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

Fiscal year ended March 2013 (April 1, 2012- March 31, 2013)

(Millions of yen)

	Reportable segment						Other Note 1	Total	Adjustment Note 2	Carrying amount on consolidated statements of income Note 3
	Japan	The Americas	Europe, Middle East & Africa	East Asia & Oceania	Southeast Asia	Total				
Net sales										
Net sales to outside customers	97,662	30,589	24,975	70,924	23,528	247,680	296	247,977	—	247,977
Inter-segment sales/transfers	1,662	1,616	709	641	365	4,995	1,525	6,520	(6,520)	—
Total net sales	99,324	32,206	25,684	71,565	23,894	252,675	1,821	254,497	(6,520)	247,977
Segment income	3,931	2,042	626	4,969	1,391	12,960	346	13,307	(11)	13,295
Segment assets	58,632	14,596	12,764	36,966	17,775	140,735	1,381	142,116	(2,000)	140,116
Other										
Depreciation and amortization	1,233	188	192	459	258	2,332	176	2,509	—	2,509
Amortization of goodwill	—	—	15	9	37	62	—	62	—	62
Investment in equity-method affiliates	1,630	—	19	129	4,399	6,178	—	6,178	—	6,178
Increase in property, plant and equipment and intangible assets	1,075	53	123	350	174	1,777	8	1,786	—	1,786

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

2. Adjustments are as follows.

(1) The (11) million yen adjustment in segment income adjustment refers to inter-segment transaction eliminations.

(2) The (2,000) million yen adjustment in segment assets includes (10,791) million yen of inter-segment eliminations and 8,791 million yen of the Company's surplus operating cash (cash and deposits), which are not allocated to the specific segments.

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

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

(1) The Americas: United States, Canada, and Latin American countries

(2) Europe, Middle East & Africa: United Kingdom, Germany, France, Italy, Netherlands, Belgium, Switzerland, Ireland, other European countries, Russia, African countries, and Middle Eastern countries

(3) East Asia & Oceania: Hong Kong, China, South Korea, Taiwan, Philippines, and Australia

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

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

(Millions of yen)

	Reportable segment						Other Note 1	Total	Adjustment Note 2	Carrying amount on consolidated statements of income Note 3
	Japan	The Americas	Europe, Middle East & Africa	East Asia & Oceania	Southeast Asia	Total				
Net sales										
Net sales to outside customers	101,705	36,660	32,644	81,999	28,201	281,212	293	281,505	—	281,505
Inter-segment sales/transfers	2,031	1,860	883	802	520	6,098	1,568	7,666	(7,666)	—
Total net sales	103,737	38,520	33,527	82,802	28,721	287,310	1,861	289,172	(7,666)	281,505
Segment income	4,446	2,314	898	4,755	1,074	13,490	246	13,737	4	13,742
Segment assets	63,793	18,464	16,859	48,149	21,129	168,395	1,614	170,010	(2,043)	167,966
Other										
Depreciation and amortization	1,158	227	235	482	322	2,426	156	2,583	—	2,583
Amortization of goodwill	—	—	15	9	42	67	—	67	—	67
Investment in equity-method affiliates	1,790	—	61	251	4,672	6,775	—	6,775	—	6,775
Increase in property, plant and equipment and intangible assets	3,040	182	526	415	289	4,454	20	4,475	—	4,475

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

2. Adjustments are as follows.

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

(2) The (2,043) million yen adjustment in segment assets includes (13,718) million yen of inter-segment eliminations and 11,674 million yen of the Company's surplus operating cash (cash and deposits), which are not allocated to the specific segments.

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

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

(1) The Americas: United States, Canada, and Latin American countries

(2) Europe, Middle East & Africa: United Kingdom, Germany, France, Italy, Netherlands, Belgium, Switzerland, Ireland, other European countries, Russia, African countries, and Middle Eastern countries

(3) East Asia & Oceania: Hong Kong, China, South Korea, Taiwan, Philippines, and Australia

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

b. Related information

I. Fiscal year ended March 2013 (April 1, 2012 – March 31, 2013)

1. Information by service

(Millions of yen)

	Air freight forwarding	Sea freight forwarding	Logistics	Other	Total
Net sales to outside customers	140,215	52,484	28,170	27,106	247,977

2. Information by region

(1) Net sales

(Millions of yen)

Japan	China	North America	Asia & Oceania	Europe	Other	Total
97,662	52,921	30,886	41,532	17,977	6,997	247,977

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

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

(1) North America: United States, Canada

(2) Asia & Oceania: Singapore, Thailand, Taiwan, South Korea, Malaysia, Philippines, Indonesia, India, Vietnam, Australia

(3) Europe: Germany, Netherlands, United Kingdom, France, Italy, Ireland, Switzerland, Czech, Sweden

(4) Other: South Africa, Russia, UAE

(2) Property, plant and equipment

(Millions of yen)

Japan	China	North America	East Asia & Oceania	Europe	Other	Total
22,660	1,730	3,040	4,555	259	266	32,512

3. Information by major customer

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

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

1. Information by service

(Millions of yen)

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

2. Information by region

(1) Net sales

(Millions of yen)

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

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

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

(1) North America: United States, Canada

(2) Asia & Oceania: Singapore, Thailand, Taiwan, South Korea, Malaysia, Philippines, Indonesia, India, Vietnam, Australia

(3) Europe: Germany, Netherlands, United Kingdom, France, Italy, Ireland, Switzerland, Czech, Sweden

(4) Other: Mexico, Brazil, South Africa, Russia, UAE

(2) Property, plant and equipment

(Millions of yen)

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

3. Information by major customer

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

c. Information regarding impairment loss of noncurrent assets for each reportable segment

Fiscal year ended March 2013 (April 1, 2012 – March 31, 2013)

There are no applicable matters to be reported.

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

There are no applicable matters to be reported.

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

Fiscal year ended March 2013 (April 1, 2012 - March 31, 2013)

(Millions of yen)

		Reportable Segment						Other	Total
		Japan	The Americas	Europe, Middle East & Africa	East Asia & Oceania	Southeast Asia	Total		
Goodwill	Amortization amount for the year	—	—	15	9	37	62	—	62
	Year-end balance	—	—	185	126	444	756	—	756
Negative Goodwill	Amortization amount for the year	—	—	—	28	6	35	—	35
	Year-end balance	—	—	—	262	104	367	—	367

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

(Millions of yen)

		Reportable Segment						Other	Total
		Japan	The Americas	Europe, Middle East & Africa	East Asia & Oceania	Southeast Asia	Total		
Goodwill	Amortization amount for the year	—	—	15	9	42	67	—	67
	Year-end balance	—	—	169	117	443	729	—	729
Negative Goodwill	Amortization amount for the year	—	—	—	28	6	35	—	35
	Year-end balance	—	—	—	233	98	332	—	332

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

Fiscal year ended March 2013 (April 1, 2012 - March 31, 2013)

In the Southeast Asia segment, KWE-Kintetsu World Express (Thailand) Co., Ltd., our consolidated subsidiary, increased capital through issuing new shares to the Company and its consolidated subsidiaries KWE-Kintetsu World Express (S) Pte Ltd. and KWE Development (Thailand) Co., Ltd., and as a result, the Group recorded negative goodwill of 33 million yen for the fiscal year under review.

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

There are no applicable matters to be reported.