NIPPON EXPRESS

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VEGETABLE OIL INK

NIPPON EXPRESS

ANNUAL REPORT 2014

Year ended March 31, 2014

Enhancing Our Global Presence

The Nippon Express Group is putting its three-year medium-term management plan "Nippon Express Group Corporate Strategy 2015 — Innovation and Moving Forward ," launched in April 2013, into action. Positioning "Further Expanding Our Global Logistics Business," "Strengthening Management Practices for Our Domestic Businesses," and "Expanding Business by Utilizing the Diversity of Group Companies," as key strategies, we are working to create new innovation in the industry and move forward into the future.

We will respond precisely to global logistics demand and broadly apply the knowledge and expertise nurtured under the Nippon Express brand to achieve sustained growth as a comprehensive logistics company with a strong, competitive global presence.

Contents

Caution Regarding Forward-Looking Statements
This annual report contains information about forward-looking statements related to such matters as the Company's plans, strategies and business results. These forward-looking statements represent judgements made by the Company based on information available at present and are inherently subject to a variety of risks and uncertainties. The Company's actual activities and business results could differ significantly due to changes, including changes in the economic environment, business environment, demand and exchange rates.

The Nippon Express Group Corporate Philosophy and Vision

Nippon Express Group Corporate Strategy 2015

– Innovation and Moving Forward –

April 1, 2013–March 31, 2016

Key Strategies & Principal Measures

●"Further Expanding Our Global Logistics Business"

Aiming to promote growth in global markets and increase the proportion of sales from overseas-related business to 40% by FY2015

- Growth in Global Markets
- Expanding Overseas-Related Business in Japan
- Increasing Business with Non-Japanese Companies
- Accelerating the Pace of Growth through M&As
- Strengthening Global Human Resources Development
- Expanding Global IT Infrastructure

●"Strengthening Management Practices for Our Domestic Businesses"

Improving operating profit margins in the domestic Combined Business segment to 3% in FY2015

- Strengthening Sales Activities
- Carrying out a Fundamental Review of Management Resources

●"Expanding Business by Utilizing the Diversity of Group Companies"

Strengthening Group management and establishing a base for our business expansion

- Expanding Logistics-Related Businesses
- Developing Cutting-Edge Logistics Technologies
- Creating New Business Domains

●"Contributing to Society through Our Businesses in Accordance with Corporate Social Responsibility (CSR) Management"

- Ensuring Safety
- Establishing a Disaster-Resilient Business Framework
- Promoting Green Logistics

Numerical Targets

	FY2015 targets	FY2013 results
Revenues	¥1,800.0 billion	¥1,752.4 billion
Operating income	¥54.0 billion	¥40.8 billion
Net income	¥34.0 billion	¥26.3 billion
Return on assets (ROA)	2.5%	2.0%
Proportion of sales from overseas-related businesses	40%	32.5%
Operating income margin for domestic Combined Business	3%	2.1%

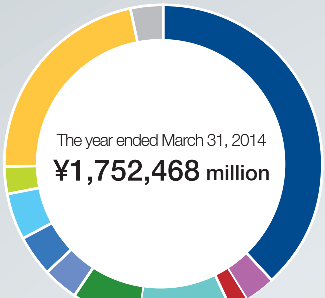
Environmental Targets

CO_2 emissions	Reduce by an average of 1.0% or more per year*

*Using FY2009 as the benchmark base unit for the Nippon Express Group

At a Glance

Revenues



Reportable segment	
Combined Business	41.2%
Security Transportation	3.1%
Heavy Haulage & Construction	2.1%
Air Freight Forwarding	10.4%
Marine & Harbor Transportation	7.5%
The Americas	3.9%
Europe	4.2%
East Asia	5.3%
South Asia & Oceania	2.9%
Goods Sales	23.6%
Other	3.5%

*Ratios graphed exclude adjustments.

Group Network

(As of March 31, 2014. Excludes domestic network)

Countries	40
Cities	229
Business bases	480
Overseas employees	18,628
Warehouse space	2,185,349 m²

Europe

As of March 31, 2014

Overview	
Revenues	¥72,788 million
Countries	20
Companies/ Representative Office	28 / 1
Business bases	89
Employees	2,416
Warehouse space	390,721 m²

East Asia

As of March 31, 2014

Overview	
Revenues	¥92,156 million
Countries	3
Companies/ Representative Office	31 / 1
Business bases	127
Employees	6,089
Warehouse space	635,256 m²

Establishment of major business bases and M&As

Europe

2013	Acquired Franco Vago S.p.A. in Italy
2012	Regional headquarters company Nippon Express Europe GmbH
2010	Nippon Express (Istanbul) Global Logistics A.S.
2006	Nippon Express (Russia) L.L.C. / Nippon Express (Middle East) L.L.C.
1992	Nippon Express (Ireland) Ltd.
1988	Nippon Express de España, S.A.
1987	Nippon Express (Schweiz) AG
1986	Nippon Express (Italia) S.r.L.
1985	Nippon Express France, S.A.S.
1983	Nippon Express (Belgium) N.V./S.A.
1981	Nippon Express (U.K.) Ltd. / Nippon Express (Deutschland) GmbH
1977	Nippon Express (Nederland) B.V.

East Asia

2013	Nippon Express (Xi'an) Co., Ltd.
2012	Acquired APC Asia Pacific Cargo (H.K.) Ltd. in Hong Kong
2008	Nippon Express (South China) Co., Ltd.
2002	Nippon Express Korea Co., Ltd. / Nippon Express Global Logistics (Shanghai) Co., Ltd.
2001	Shanghai e-Technology Co., Ltd.
1997	Nippon Express (Zhuhai) Co., Ltd.
1995	Nippon Express (China) Co., Ltd.
1994	Nippon Express (Shenzhen) Co., Ltd. / Nippon Express (Shanghai) Co., Ltd.
1988	Nippon Express (Taiwan) Co., Ltd.
1979	Nippon Express (H.K.) Co., Ltd.

South Asia & Oceania

As of March 31, 2014

Overview	
Revenues	¥51,367 million
Countries	12
Companies/ Representative Offices	28 / 3
Business bases	139
Employees	7,662
Warehouse space	635,612 m2

The Americas

As of March 31, 2014

Overview	
Revenues	¥69,066 million
Countries	5
Companies	18
Business bases	125
Employees	2,461
Warehouse space	523,760 m2

South Asia & Oceania

2013	Nippon Express (Cambodia) Co., Ltd.
2012	Regional headquarters company Nippon Express (South Asia & Oceania) Pte., Ltd. / Nippon Express (Bangladesh) Ltd.
2007	Nippon Express (India) Pvt. Ltd.
2001	PT. Nippon Express Indonesia
2000	Nippon Express (Vietnam) Co., Ltd.
1997	PT. Nittsu Lemo Indonesia Logistik
1995	Nippon Express (Philippines) Corporation
1991	Hi-Tech Nittsu (Thailand) Co., Ltd.
1990	Nippon Express (New Zealand) Ltd.
1989	Nippon Express (Thailand) Co., Ltd.
1985	Nippon Express (Australia) Pty., Ltd.
1984	Nippon Express (Malaysia) Sdn. Bhd.
1973	Nippon Express (Singapore) Pte., Ltd.

The Americas

2012	Acquired Associated Global Systems, Inc. in the U.S.A. / Acquired partial ownership of Map Cargo S.A.S. in Colombia
1990	Nippon Express de Mexico, S.A. de C.V.
1983	Nippon Express Canada, Ltd.
1979	Nippon Express do Brasil Transportes Internacionais Ltda.
1962	Nippon Express U.S.A., Inc.

An Interview with the President

Fiscal 2013, the year ended March 31, 2014, was the first year of the "Nippon Express Group Corporate Strategy 2015 – Innovation and Moving Forward" medium-term management plan. During the year, we pushed forward with structural reforms and, as a result, achieved increased revenues and profit. The Nippon Express Group aims to develop more globally and is working to rapidly construct a business foundation with an emphasis on profitability.

Kenji Watanabe

Kenji Watanabe
President, Chief Executive Officer

Q1

Could you share your forecasts regarding the global economy and the state of the logistics industry in fiscal 2014?

A1 In fiscal 2014 (the year ending March 31, 2015), we expect the economies of the United States and other developed nations to continue to recover and foresee ongoing gradual growth in developing countries. Likewise, the Japanese economy is expected to slowly improve, as the anticipated recoil effect following the last-minute surge in demand ahead of the consumption tax hike in April 2014 has been limited, and rising public sector investment and corporate capital investment are forecast to contribute to firm domestic demand.

In the logistics industry, these economic circumstances should lead to domestic freight volumes for fiscal 2014 that are more or less on par with those of the preceding year, while international freight transportation is expected to increase, mainly on the back of exports.

Q2

What do you see as the role of the Nippon Express Group in the changing global logistics industry?

A2

The role demanded of logistics companies is becoming quite broad, going beyond transport to encompass storage, loading, packaging and distribution processing as well as data management and systems related to all of these services. Between raw materials procurement and the delivery of final products to customers, goods are handled by a wide range of actors, and I think that the importance of logistics in terms of its effects on all kinds of industry and the lives of everyday people is growing larger than ever. On the other hand, we are facing a number of challenges, such as the development of efficient logistics systems overseas, the strengthening of business continuity frameworks that are resilient in times of disaster and the securing of able human resources. It is becoming increasingly clear that the whole industry will need to work to overcome these challenges.

Q3

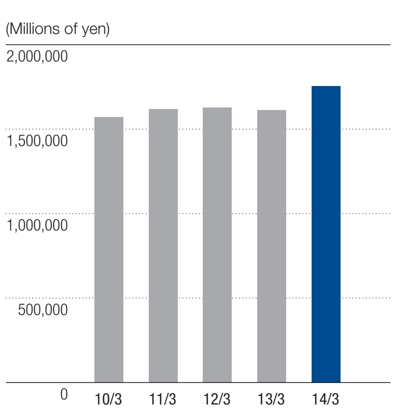
Given those circumstances, what do you think the Nippon Express Group should strive toward in the medium to long term?

A3

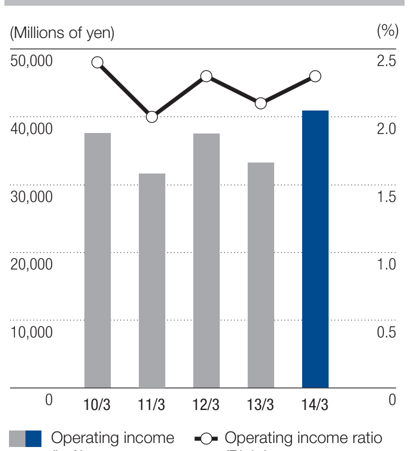
Logistics demand in Japan is undergoing a major shift away from its traditional emphasis on exports and toward a growing focus on imports. A major cause of this is the widespread relocation overseas of manufacturing facilities, which means that an increasing share of the goods required to meet domestic market demand must be imported. Importing to Japan is an area of strength for us—our network spans 40 countries already—and we expect demand in this area to escalate going forward. In addition, outside of Japan, our customers' third-country supply chains are expanding. I think that this will only create more opportunities for the Group in all our overseas business regions.

As a result, and given that we can't expect major growth in domestic sales, which are not closely linked to import and export operations, a major tenet for the Group will be to look to the global logistics business for the growth needed to ramp up profitability.

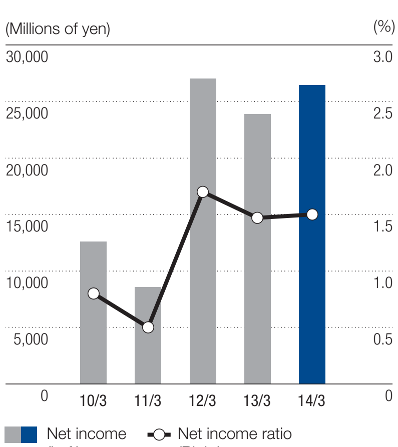
Revenues



Operating income and operating income ratio



Net income and net income ratio



An Interview with the President
Special Feature
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Management Structure
Financial Section
Company Information

Q4

Please give us an overview of the “Nippon Express Group Corporate Strategy 2015 – Innovation and Moving Forward” medium-term management plan.

A4

Under this medium-term management plan, we are advancing the goals of further expanding our global logistics business in growth markets and strengthening management practices, aiming to achieve sustained growth throughout the Group. Our basic policy is to build a system that is resilient in the face of disasters and friendly to the environment, to promote the development and provision of new products and services, and to contribute to customers’ local communities through our businesses.

Our greatest priority in Japan is to increase profitability through structural reforms. Overseas, we are working to improve business frameworks and looking to leverage M&A and business alliances with local companies to achieve business expansion and aggressively develop a customer base of non-Japanese companies in order to raise the proportion of net sales accounted for by overseas-related businesses.

NIPPON EXPRESS GROUP CORPORATE STRATEGY 2015 – Innovation and Moving Forward –

Numerical Targets

	FY2015 targets	FY2013 results
Revenues	**¥1,800.0 billion**	¥1,752.4 billion
Operating income	**¥54.0 billion**	¥40.8 billion
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Environmental Target

CO_2 emissions	Reduce by an average of 1.0% or more per year*

* Using FY2009 as the benchmark base unit for the Nippon Express Group

Key Strategies

- Further Expanding Our Global Logistics Business
- Strengthening Management Practices for Our Domestic Businesses
- Expanding Business by Utilizing the Diversity of Group Companies
- Contributing to Society through Our Businesses in Accordance with Corporate Social Responsibility (CSR) Management

Q5

What is your assessment of the first year of the "Nippon Express Group Corporate Strategy 2015 – Innovation and Moving Forward" medium-term management plan?

A5

For the year ended March 31, 2014, we recorded revenues of ¥1,752.4 billion, up 8.6% year on year. This increase was due in part to favorable market conditions, including a 2.7% year on year increase in the volume of domestic freight transportation, reflecting improved stock prices, the continued weakness of the yen and the resulting improvement in corporate profits and capital investment as well as the last-minute surge in demand ahead of the consumption tax increase at the end of the year. In addition, the overall volume of cargo transport for corporate customers was firm, with increased business in the Combined Business and Marine & Harbor Transportation segments, as well as growth in overseas companies due to acquisitions and the weak yen, all of which helped to push up revenues.

In terms of operating income, in the first half of the year, the Combined Business, Air Freight Forwarding, Marine & Harbor Transportation and the Americas segments all grew year on year, leading to an overall increase in profit. Also, in the latter half of the year, the East Asia, South Asia & Oceania and Goods Sales segments saw higher profit. As a result, we recorded operating income for the year of ¥40.8 billion, up 23.1% from the previous fiscal year.

Q6

Please tell us about the Group's objective of boosting growth by expanding its global logistics business, specifically about initiatives to raise the proportion of sales from overseas businesses to 40%, and the Group's trajectory going forward.

A6

In fiscal 2013, the proportion of sales accounted for by overseas-related businesses came to 32.5%, thanks to improved sales in air freight forwarding and exports as well as the effect of increased sales at overseas subsidiaries, reflecting the impact of exchange rates and acquisitions.

We are fully committed to achieving a 40% proportion of sales from overseas-related businesses in fiscal 2015, and are taking steps toward the sure achievement of this goal. First, we are promoting the expansion of domestic overseas-related businesses. Specifically, we are promoting closer coordination between Group headquarters, business divisions, domestic Combined Business bases and domestic and overseas Group companies, drawing on Group strengths to capture import cargoes to Japan. In the Kyushu area, a part of Japan that serves as a gateway to China and South Korea, we have begun initiatives to use management resources more efficiently and strengthen our one-stop sales structure, including organizational improvement through the unification of harbor and inland business bases.

Overseas, we are particularly targeting Asia, working harder than ever to cultivate areas and routes that the Nippon Express Group does not yet have a presence in while developing new products to capture non-Japanese customers. We are also focused on quickly realizing synergies with recently acquired companies, namely, Associated Global Systems, Inc., a mid-sized logistics company in the United States, APC Asia Pacific Cargo (H.K.) Ltd., a logistics company in Hong Kong, and Franco Vago S.p.A., a major logistics company in Italy that handles high-end fashion brands.

Q7

With regard to the key strategy "Strengthening Management Practices for Our Domestic Businesses,"Nippon Express has set the goal of achieving an operating income ratio of 3% in the Combined Business segment. What is your strategy for increasing profitability and how do you evaluate progress so far?

A7 The operating income ratio of the Combined Business segment in fiscal 2013 was 2.1%, a solid start for the first year of the medium-term management plan. During fiscal 2014, we will reduce costs and reinforce sales capabilities.

As part of these measures, we decided to construct the New Tokyo Logistics Center (tentative name), to be completed in April 2016. The Center will be among the largest logistics facilities in Japan, helping to reinforce business expansion in the region encompassing the country's three largest metropolitan areas, Tokyo, Osaka and Nagoya. The Center will serve all modes of transportation, be they air, sea or land, and we expect it to contribute to business expansion as a business base that can take full advantage of the Group's comprehensive strengths.

We will also continue to enhance cost management and consolidate facilities as well as adopt an operational support system to promote further gains in efficiency.

Q8

Please tell us about your policy and direction for CSR management.

A8 The mission of the Nippon Express Group is to power and support the development of society by transporting cargo and thus connecting people, corporations and regions. We regard maintaining rigorous safety standards as a public duty, and, giving due consideration to the environment, we hope to take on new ways of creating value from logistics by exercising our full range of strengths on the global stage. We act always with pride in the trust and reliance placed in us by society.

"Contributing to Society through Our Businesses in Accordance with Corporate Social Responsibility (CSR) Management" is another of the four key strategies of the current management plan, and we are working hard behind the scenes to do so.

The Nippon Express Group creates value in its businesses by drawing on resources around the world, which impacts the global environment. It is therefore necessary, I think, for us to reduce the environmental burden we create and engage actively in environmental conservation in order for our business to be sustainable. The scope of activities undertaken by many organizations is reaching a worldwide scale as globalization continues, and providing borderless logistics is an indispensible part of creating a sustainable world. We are working to expand business bases around the world to create a global structure that provides logistics services that our customers can rely on.

In Japan, Nippon Express has been selected by the Prime Minister's office as a designated public institution under the Disaster Measures Basic Law. We are resolved to provide logistics services to support our customers' business continuity in any situation, and are enhancing our framework to do so.

Q9

What are your forecasts for Nippon Express in fiscal 2014?

A9 In the domestic Combined Business segment, while strengthening sales capabilities in the region encompassing Japan's three largest metropolitan areas, in other areas of the country we will advance sales activities tailored to the characteristics of regional economies and markets, including by consolidating business locations. By streamlining operations and revising pricing, we will increase profitability, aiming to increase the operating income ratio of the Combined Business segment to 2.4% in fiscal 2014.

Overseas, the area in which we are receiving the most inquiries from customers is Asia, and we are advancing initiatives to turn these inquiries into business. In addition to importing and exporting, we will work to strengthen and expand our logistics business, investing capital as necessary, such as to reinforce and add to our current lineup of facilities, while keeping a close eye on changing customer needs. The supply chains of the manufacturing industries we serve are shifting from connecting Japan and the world to linkages within the Asian region as well as between Asia and the world. This means that the real test for the Nippon Express Group will be to succeed in Asia.

	FY2014 Forecast	Year-on-Year Change
Revenues	**¥1,870.0 billion**	+6.7%
Operating income	**¥45.0 billion**	+10.1%
Ordinary income	**¥53.0 billion**	+5.7%
Net income	**¥30.0 billion**	+13.9%

Q10

In closing, is there any message you would like to convey to shareholders and investors?

A10 The Nippon Express regards shareholder returns as a top priority. We maintain our policy emphasizing stable dividends while striving to strengthen our financial position, increase shareholders' equity and improve the profit ratio.

Annual dividends remained at ¥10 per share in fiscal 2013. We will make the fullest efforts to maintain this level. We are using internal reserves for capital investment, including the upgrading of logistics bases and replacement of vehicles, and to implement the measures laid out in the management plan as we strive to build a highly profitable business structure. We also increased treasury stock in 2013, and will continue to consider such holdings as an option in light of future investment plans and capital requirements.

I gratefully look forward to the continued support of our shareholders and investors.

The three keys to logistics business expansion

In recent years, more and more companies view integrated, efficient logistics as vital to increasing profitability and decreasing environmental burden.

The Nippon Express Group is up to the challenge. We are reinforcing our advanced logistics services to offer comprehensive support to help our customers' global supply chains overcome national and regional limitations. Organically using the three key factors of infrastructure, IT and logistics, the Nippon Express Group is providing comprehensive solutions.

Asia's Developing Logistics Infrastructure

As Asia continues to develop economically, a greater number of companies are eyeing it as not just a base for production, but also as an increasingly appealing consumer market. More companies entering this market means that more demand for cross-border regional procurement and sales logistics as well as for the export of finished products to Japan and the rest of the world can be expected.

The Nippon Express Group is building an Asian network comprising diverse modes of transportation, such as the SS7000 land transport route connecting Shanghai and Singapore, land transport routes in the Mekong basin, and a multimodal integrated transport route connecting Thailand and India. In addition to this transport network, we operate multifunctional warehouses in major Chinese cities, Vietnam, Thailand, Indonesia and India that together play a key role in our ongoing business development to meet evolving market needs. In South Asia, where the pace of economic growth is particularly striking, we have opened multifunctional warehouses at logistics hubs to enhance the Group's services. These include the Laem Chabang Logistics Center in Thailand and the Mitra Karawang Logistics Center in Indonesia. In Japan, we operate multifunctional warehouses near Narita International Airport and Tokyo Bay to support import and export operations via air freight forwarding and marine transportation.

Going forward, the Nippon Express Group will aggressively work to expand its lineup of unified, integrated logistics services that reflect customer supply chains from pick-up at local overseas corporations, import to Japan and domestic storage to distribution processing and delivery. At the same time, to put down strong roots in Asia, where the real competition is, we are advancing strategic tie-ups that include the possibility of capital investment in other companies.


Laem Chabang Logistics Center

1. Vender-Managed Inventory
2. Distribution Center
3. Transfer Center
4. Transportation Management System
5. Warehouse Management System

2 IT: Crucial to Comprehensive Logistics Services

IT that enables information sharing with customers for higher efficiency in warehousing and distribution management is indispensable to logistics services. The Nippon Express Group's multifunctional warehouses employ our independently developed REWARDS global warehouse management system to centrally manage stock across multiple warehouses around the world. REWARDS helps solve customers' problems by facilitating Vendor-Managed Inventory (VMI) warehouse operations and such Supply Chain Management (SCM) optimization as just-in-time delivery. We support our customers' global businesses using know-how cultivated in Japan. For example, we are implementing the horizontal development of milk-run services transporting industrial components for automotive companies in South China and India.

3 Logistics Finance to Reinforce the Foundations of Service

One of the SCM challenges our customers face is financial strategy. Our Group company Nippon Express Capital Co., Ltd. operates a logistics finance business that combines logistics with IT, settlement capabilities and finance. Using the Group's multifunctional warehouses, the company procures and stores components on behalf of the customer, selling that customer only the parts necessary for production and thereby reducing the customer's inventories. We offer services that help customers quickly change receivables into cash and defer payables to improve their financial efficiency and ROA while generating surplus funds. In March 2014, we registered the trademark "Logistics Finance" for our finance and settlement services, and are working to increase this business's global brand recognition as it expands around the world.

Logistics Finance logo

*Logistics Finance® is a registered trademark of Nippon Express Capital Co., Ltd.

Topics

The Nippon Express Group is targeting sustainable growth in line with two of the key strategies of the medium-term management plan, namely, "Further Expanding Our Global Logistics Business"and "Strengthening Management Practices for Our Domestic Businesses." It is our basic strategy to build a business structure that is resilient in the face of disaster and friendly to the environment as well as to contribute to communities through our business.

Launch of Addition to SS7000 International Rail Transport Service

Nippon Express operates SS7000, a truck transport route linking Shanghai and Singapore. In recent years, transport volume on the key portion of this route between Thailand and Malaysia has been rising, with demand ramping up as consumption in the region soars. To meet this growing demand, in December 2013, we began providing an international rail transport service (a first for a Japanese-owned company) between Bangkok and Kuala Lumpur to supplement the SS7000 network. While cost and lead time are on par with truck transport on the route, transport capacity is significantly higher—one of our dedicated trains can transport 27 high-volume cars. Regular runs, transporting mainly automotive parts, have begun, and we plan to gradually increase the number of runs to further enhance service.

Local Company Established in Cambodia

Established by Nippon Express (South Asia & Oceania) Pte., Ltd., Nippon Express (Cambodia) Co., Ltd., began operations in January 2014. Since opening a representative office in Phnom Penh in 2011, Nippon Express has served as an agent for major local logistics companies, providing a variety of logistics services to Japanese-owned companies expanding into Cambodia. The number of such companies has risen rapidly in the years since 2011, and manufacturing-related logistics needs of these companies are forecast to grow more advanced. As incomes rise, domestic logistics demand is also expected to grow. Cognizant of these logistics needs, Nippon Express is working to improve access to neighboring countries by expanding its cross-border land transport services and is committed as a general logistics company to supporting its customers in all aspects of their business in Cambodia.

New Multifunction Warehouse for Air and Marine Cargo

Nippon Express Co., Ltd. completed Baraki International Logistics Town No. 2 (BILT-2) in January 2014. With easy access from its location in Baraki, Chiba, to Narita International Airport, Haneda Airport and Tokyo Bay, this key facility is expected to become an important logistics node for international and domestic transport in the Tokyo Metropolitan Area. Nippon Express has been operating other logistics facilities handling the storage, distribution processing and distribution of international air and marine freight in this area for several years. Able to meet wide ranging logistics needs, including for the advanced security and high-quality management required for transport of

high-tech equipment and medical devices, the new BILT-2 meets the conditions for international security certifications, is fully equipped with climate control and anti-dust fixtures and was designed with business continuity in mind.

Meeting Demand for Door-to-Door Integrated Transport

Demand in international door-to-door air freight forwarding has traditionally focused on small-volume express freight. In recent years, however, due to changes in the business environment and supply chains, demand for commercial freight has been on the rise. The Nippon Express Group has linked its global forwarding capabilities with a network of some 300 domestic and 480 overseas facilities to launch two new door-to-door integrated transport services in January 2014. NEX SKY-EX meets transport needs for documents and small packages in over 200 countries, while NEX SKY-EX FREIGHT is focused on mid-to-large volume general commercial freight destined mainly for major cities in 31 countries. Both of these services support customer supply chains with flexibility and highly transparent pricing.

Container Matching Center—a Logistics Industry First—Opened

Nippon Express Co., Ltd. opened a matching center for import and export shipping containers, seeking to push forward the cyclical use of containers, in which import-use shipping containers, once cleared, are not then sent back to the harbor empty, but reused for exporting. Empty shipping containers in the Tokyo area are returned to Tokyo Bay or taken from the bay by trailer to be packed with goods, contributing to a range of social problems, from chronic traffic congestion and thus increased CO_2 emissions to higher transport costs. Many companies specialize in either importing or exporting and carry freight only one way. Others that do carry freight both ways often find their schedules do not allow for efficient reuse. A cyclical approach offers a powerful way for dealing with these issues, pooling customers' varying logistics operations and needs, designing pickup and delivery routes to meet customers' time and location constraints and thus optimizing transport across multiple customers. Going forward, we hope to form partnerships with marine freight operators and shipping companies to realize even greater convenience and optimization in transport.

Shipping Containers with Anti-Shock Buffering for the Transport of Precision Instruments Developed

The development and operation of shipping containers with anti-shock buffering, a product of joint development between Nittsu Research Institute and Consulting, Inc. and the heavy haulage and construction business division of Nippon Express Co., Ltd., received the Excellence Award at the Japanese Material Handling Society's 24th Annual Japan MH Awards. Because of the enormous impacts containers suffer during loading, container ships have traditionally been regarded as unsuitable for shipping precision instruments, and so such goods have instead been transported by air freight and RORO* vessels. This results in such issues as increased transport costs and schedule and route limitations. In particular, the cost of the heavy packaging used to reduce impacts during transport has been a serious problem. Our newly developed shipping container features anti-shock, anti-vibration buffering to reduce the time and cost spent on packaging and enable transport to more destinations. Going forward, Nittsu Research Institute and Consulting will continue ambitious R&D aimed at increasing efficiency and saving labor in logistics to contribute to the development of the industry.

*Roll-On/Roll-Off

NEES Energy Use Visualization System Receives Logistics Environmental Award

Nippon Express Co., Ltd. received the Logistics Environment Award at the 14th Logistics Environment Awards from the Japan Federation of Freight Industries, which recognizes contributions to reducing the environmental burden imposed by the logistics industry, for using its NEES* energy-use visualization system to reduce its energy usage. NEES is a system developed by Nippon Express to help reduce energy usage across the Group. The system centrally gathers and manages such data as electric power and copy paper usage from the approximately 2,000 Nippon Express locations throughout Japan, facilitating the setting and evaluation of energy saving goals for each facility. Nippon Express will continue to actively work to reduce its environmental burden.

*Nittsu Ecology & Economy System

We, the Nippon Express Group, aim to conduct business by acting in accordance with our fundamental policies of "the realization of speedy management through quick decision making" and "the establishment of a clear division of responsibility" while strengthening stakeholder trust.

We recognize that high standards of corporate governance, compliance, transparency and risk management create an important foundation for responsible business practices and are working to ensure that we achieve all of these.

Corporate Governance Structure

Our Thoughts on Corporate Governance

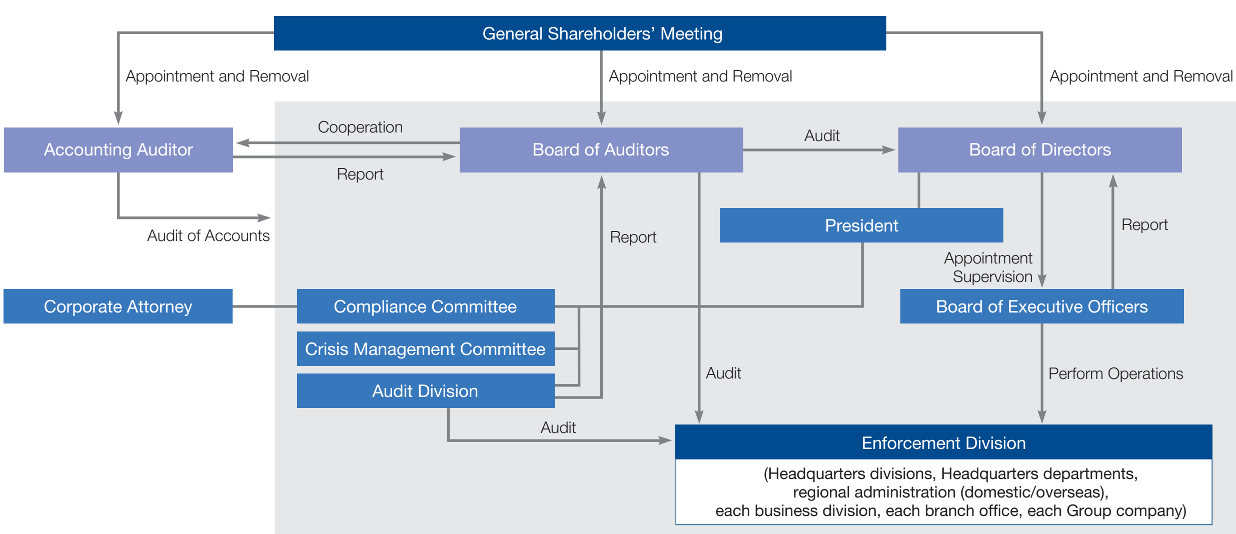
Nippon Express's fundamental thinking regarding corporate governance is expressed as "the realization of speedy management through quick decision making" and "the establishment of a clear division of responsibility." The number of the members of the Board of Directors is specified as less than 15, and the term is one year.

At the same time, the Company has introduced a board of executive officers with the goal of ensuring the rapid execution of business operations. As of June 27, 2014, we have 15 directors (two of whom are outside directors) and 29 executive officers (11 of whom concurrently serve as directors). In addition, our auditors attend meetings of the Board of Directors and other important conferences, review key documents, visit our main facilities for audits, perform reviews at subsidiaries, and report all results at meetings of the Board of Auditors and the Board of Directors. The Board of Auditors functions as a supervisory institution that operates from an objective point of view. As of June 27, 2014, we have four auditors (three of whom are outside auditors).

Creating an Internal Control System

In order to conduct business fairly and efficiently, it is important to implement a firm internal control system. Nippon Express has created an effective control system that includes a compliance system, a risk management system, an internal audit system and a system to assure fair business operations in all Group companies.

Corporate Governance Structure



Crisis Management System

Creating a Crisis Management System

Nippon Express has constructed a crisis management system under four “Crisis Management Codes”: “the Disaster Management Code,” “the Overseas Crisis Management Code,” “the System Risk Management Code” and “the New Influenza Management Code.” We have established steps to be taken against widespread disasters, new types of influenza, information system risks and emergencies overseas. Collaboration within the Group has been reinforced according to “the Nippon Express Group Disaster Measures Regulations.”

As a designated public institution under the Disaster Measures Basic Law and the Civil Protection Act (the Act Concerning the Measures for Protection of the People in Armed Attack Situations) as well as the Act on Special Measures concerning the Relief of Pandemic Influenza implemented on April 2013, Nippon Express fulfilled its role as a designated public institution by working to assist areas affected by the Great East Japan Earthquake with rehabilitation and reconstruction. For instance, we transported emergency materials from the day that the earthquake struck.

Furthermore, besides preparing emergency stockpiles of supplies that include food and drinking water as well as hygienic items such as masks and gloves as countermeasures against influenza, we have brought in satellite phones and mobile phones with priority access in times of disaster to enable us to respond to power failures or disruptions in telephone networks. By distributing them to related divisions at the head office and major branches across Japan, we ensure prompt communication in an event of emergency.

Business Continuity Framework (BCM and BCP)

Nippon Express developed Business Continuity Management (BCM) as well as a Business Continuity Plan (BCP) in order to continue operations even when faced with disasters or threats like the spread of new influenza. At the time of the Great East Japan Earthquake, we tried to continue our business operations, starting with the transport of emergency relief materials, by swiftly invoking a BCP.

While each company of the Nippon Express Group places the health and lives of employees and their families first when responding to emergencies caused by natural disasters, industrial disasters and man-made disasters, we also try to continue our business operations as much as possible in order to fulfill our social responsibility as a designated public institution under the Disaster Measures Basic Law, the Civil Protection Act and the Special Measures Act to Counter New Types of Influenza, and also as a maintainer of social function contributing to realizing efficient and stable supply chains.

Compliance Initiatives

Compliance Management Promotion System

Stressing the importance of compliance management, Nippon Express established the Compliance Division in June 2003 (the Corporate Social Responsibility Division from April 2013). In October of the same year, Compliance Regulations were also created. Additionally, the Company has established a Compliance Committee chaired by the company president and an internal whistle-blower system (Nittsu Speak-up), and undertaken other measures to encourage honest and fair company activities.

In fiscal 2013 Nippon Express conducted a compliance survey among all employees and temporary workers (response rate: 82.1%). Going forward, the Company will conduct employee education and on-the-job training based on the results of the survey as part of ongoing efforts to ensure thorough compliance awareness.

Directors, Officers & Corporate Auditors

(As of June 27, 2014)

Chairman

Masanori Kawai

President, Chief Executive Officer

Kenji Watanabe

Executive Vice Presidents, Executive Officers

Jiro Nakamura

Akira Ohinata

Mitsuru Saito

Directors, Managing Officers

Takahiro Ideno

Hideo Hanaoka

Takaaki Ishii

Yasuaki Nii

Hisao Taketsu

Directors, Officers

Yutaka Ito

Masahiko Hata

Directors

Noboru Shibusawa

Masahiro Sugiyama*

Shigeo Nakayama*

Managing Officers

Takumi Shimauchi

Nobuki Ando

Hideaki Tabuchi

Yukinori Tsuji

Officers

Kenji Fujii

Yasuhiro Goto

Hiroyuki Murakami

Katsuhiro Terai

Yukio Yokoo

Yuji Kobuchi

Yasunori Takahashi

Akira Kondo

Norifumi Ide

Kazushi Tanaka

Yoichi Aoyama

Tatsuo Sugiyama

Fumihiko Sakuma

Susumu Akita

Corporate Auditors (Full-Time)

Takashi Wada

Zenjiro Watanabe**

Hiromi Konno**

Corporate Auditor

Yuzuru Fujita**

*Outside director
**Outside auditor

Nippon Express Group CSR Activities

To fulfill our social responsibility as a global logistics company, the Nippon Express Group contributes to the further development of society by providing various modes of transport with an emphasis on safety while also focusing on efforts aimed at environmental preservation. In addition, we work to fulfill our responsibility to stakeholders by building strong relationships and driving sustainable growth toward the realization of our corporate philosophy.

The management plan "Nippon Express Group Corporate Strategy 2015 – Innovation and Moving Forward" based on the spirit of the Corporate Philosophy, Nippon Express Group Charter of Conduct and Nippon Express Group Environmental Charter, started in April 2013.

Charter of Conduct

While clearly stipulating respect for human rights, including the rejection of child labor and forced labor, interactive communication with a wide range of stakeholders, the respect for employee diversity essential to business globalization and other initiatives, the Nippon Express Group Charter of Conduct also promotes conduct exceeding CSR requirements throughout the supply chain in a manner the Group is well positioned to implement.

http://www.nipponexpress.com/about/corporate/charter/index.html

Selection of Key Priorites

The Nippon Express Group selected key issues that should be addressed in the near term globally in particular from items identified in the Nippon Express Group Charter of Conduct in light of human rights due diligence initiatives, internal dialog and discussion and analysis of findings from studies of CSR initiatives at overseas Group companies as well as results extracted from the internal compliance questionnaire. The selections were based on the following social issues surrounding the Nippon Express Group and social value that Nippon Express is already providing.

Concrete action policies and objectives will be formulated and deployed throughout the Group in 40 countries and 229 cities worldwide based on the key issues comprising the three points shown at right known as Nippon Express's Global CSR.

Social issues surrounding Nippon Express Group

- Global warming
- Air pollution
- Resource scarcity
- Natural disasters
- Globalization
- Infrastructure
- Long working hours
- Safety and labor

Social values that Nippon Express has already been Providing

- Responsibility for the global environment
- Safety/security
- Corporate governance
- Contribution to the global community
- Human rights
- Community involvement

Nippon Express's Global CSR

1. Responsibilities to the Earth's Environment

Protection of the global environment is a key theme that we must constantly be aware of and that must be addressed as a logistics company that utilizes fossil fuel and emits CO_2 round-the-clock.

We will continue to implement measures as before to increase efficiency in resource use that include introducing eco-friendly vehicles and equipment.

2. Sound Company Conduct

As a logistics company that operates worldwide, it is critical that we not only comply with the laws of each of the countries and regions we enter, but that we also understand and implement fair business practices, which are increasingly in the spotlight these days.

We will not engage in cartels, dumping, bribery or other illicit behavior. We will also take steps to raise awareness of the need for common sense corporate behavior through such means as distributing a handbook and providing training to employees.

3. Respect for Human Rights

As the scope of our business expands, the Nippon Express Group supply chain continues to become more global in nature. As this occurs, it is necessary to ensure that we respect human rights from a broader perspective that extends beyond workplace and work environment, particularly in developing countries, and we believe that not doing so runs the risk of impacting the continuity of our business going forward.

We will implement measures aimed at enhancing awareness of the need for respect for human rights throughout the Group on a global basis.

Financial Section

April 1, 2013 – March 31, 2014

The Nippon Express Group consists of Nippon Express Co., Ltd. and its 294 subsidiaries, including 263 consolidated subsidiaries and 1 equity-method subsidiary, as well as 70 affiliates, of which 27 are equity-method affiliates, totaling 365 companies. In Japan, the Group's Distribution & Transportation segment encompasses domestic companies operating primarily in the following reportable segments: Combined Business (motor cargo transportation, railway forwarding), Air Freight Forwarding and Marine & Harbor Transportation. The Distribution & Transportation segment also operates companies overseas. The Group's remaining reportable segments comprise Goods Sales-related businesses as well as real estate and other operations that are classified as Other.

The Group's business operations by industry and reportable segment are as follows.

■ Distribution & Transportation, domestic companies

213 companies, including Nippon Express Co., Ltd. and Nittsu Transport Co., Ltd.

Combined Business

With a network of facilities throughout Japan, the Company engages in businesses related to railway forwarding, motor cargo transportation services and warehousing operations. A portion of these businesses are undertaken by the Company's subsidiaries and affiliates, including Nittsu Transport, Bingo Express Co., Ltd., and Tokushima Express Co., Ltd.

Security Transportation

The Company operates security guard and related businesses throughout Japan.

Heavy Haulage & Construction

The Company handles the transportation, erection and installation of heavy cargo and pursues related businesses throughout Japan.

Air Freight Forwarding

The Company operates air freight forwarding and other related businesses. A portion of these businesses are operated by the Company's subsidiaries and affiliates. In addition, Nippon Express Travel Co., Ltd. and related subsidiaries and affiliates operate the travel and other related businesses.

Marine & Harbor Transportation

The Company engages in marine and harbor transportation at all key domestic ports. The Company's subsidiaries, including Nippon Shipping Co., Ltd., and affiliates undertake marine transportation and coastal shipping, while the Company's subsidiaries and affiliates operate the harbor transportation business at certain ports in Japan.

■ Distribution & Transportation, overseas companies

103 companies, including Nippon Express U.S.A., Inc.

The Americas

Nippon Express U.S.A. and other subsidiaries and affiliates engage in air freight forwarding, marine and harbor transportation, and warehousing businesses in various cities in the Americas. In addition, Nippon Express Travel USA, Inc. operates a travel business.

Europe

Nippon Express (U.K.) Ltd., Nippon Express (Nederland) B.V., Nippon Express (Deutschland) GmbH, Nippon Express France, S.A.S., Franco Vago S.p.A. and other subsidiaries and affiliates engage in air freight forwarding, marine and harbor transportation, and warehousing businesses in various cities in Europe.

East Asia

Nippon Express (H.K.) Co., Ltd., Nippon Express (China) Co., Ltd., Nippon Express (Taiwan) Co., Ltd., APC Asia Pacific Cargo (H.K.) Ltd. and other subsidiaries and affiliates engage in air freight forwarding, marine and harbor transportation and warehousing businesses in various cities in East Asia.

South Asia & Oceania

Nippon Express (Singapore) Pte., Ltd., Nippon Express (Thailand) Co., Ltd., Nippon Express (Australia) Pty., Ltd. and other subsidiaries and affiliates engage in air freight forwarding, marine and harbor transportation, warehousing, and heavy haulage and construction businesses in various cities in South Asia and Oceania.

■ Goods Sales

35 companies, including Nittsu Shoji Co., Ltd.
Nittsu Shoji, Taiyo Nissan Auto Sales., Ltd., Nittsu Shoji U.S.A., Inc. and other domestic and overseas subsidiaries and affiliates engage in the sale and leasing of distribution equipment, sale of wrapping and packaging materials, sale and leasing of vehicles, sale of petroleum and liquefied petroleum (LP) gas, vehicle maintenance and insurance sales.

■ Other

13 companies, including Nittsu Real Estate Co., Ltd.
Nittsu Real Estate and other subsidiaries and affiliates mainly engage in the real estate business. In addition, this business segment operates logistics businesses in certain industries through Nittsu Panasonic Logistics Co., Ltd. and Nittsu NEC Logistics, Ltd., conducts investigations and research through Nittsu Research Institute and Consulting, Inc., offers financing through Nippon Express Capital Co., Ltd., provides driver training courses for the general public through Nittsu Driving School Co., Ltd., and operates an employee dispatching business through Careerroad Inc.

Performance Overview

During the consolidated fiscal year ended March 31, 2014, the Japanese economy showed upward momentum, as evidenced by signs of improvement in corporate profits and a pickup in capital investment alongside continued increases in stock prices and the yen depreciation. In addition, the market saw a last-minute surge in demand ahead of the consumption tax hike, which caused an increase in production and personal consumption near the end of the year.

In the field of logistics, against the backdrop of these economic conditions, domestic freight transport demand increased overall, while international freight transportation gradually recovered on the whole, with signs of improvement in exports and a continued increase in imports.

Amid this business environment, the entire Nippon Express Group worked to implement the strategies of the three-year medium-term management plan “Nippon Express Group Corporate Strategy 2015 – Innovation and Moving Forward” launched on April 1, 2013, namely, “Further Expanding Our Global Logistics Business,” “Strengthening Management Practices for Our Domestic Businesses,” “Expanding Business by Utilizing the Diversity of Group Companies” and “Contributing to Society through Our Businesses in Accordance with Corporate Social Responsibility (CSR) Management.”

Specifically, to meet increasingly diverse and sophisticated logistics needs overseas, the Group has worked to develop new multi-country transportation services using various modes of transportation and to further expand its global logistics business through such efforts as developing business bases in rapidly growing developing countries.

Furthermore, in Japan, the Group has made efforts to establish a leaner organizational structure by effectively allocating business resources, such as business bases and employees, based on regional circumstances, with sales branches positioned as the frontline of sales, while improving its cost structure through the rigorous management of variable costs.

In addition, the Group has enhanced logistics services that support customers’ business continuity through efforts that included the establishment of new business bases equipped with in-house power generators to ensure continued business in the event of a large-scale disaster. The Group also actively advanced green logistics through such measures as the adoption of energy-savings initiatives utilizing IT and the development of environmentally friendly logistics products.

Business Results

■ Revenues and Operating Costs

As a result of the above, consolidated revenues increased ¥139.1 billion, or 8.6%, compared with the previous fiscal year to ¥1,752.4 billion.

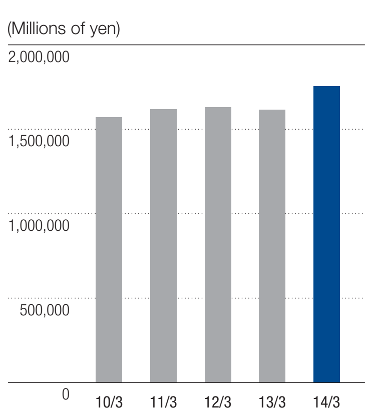
In Distribution & Transportation, domestic companies, Security Transportation revenues dropped ¥4.1 billion, or 7.1%, Heavy Haulage & Construction revenues fell ¥0.5 billion, or 1.4%, and Air Freight Forwarding revenues edged down ¥0.4 billion, or 0.2%, but Combined Business revenues grew ¥22.4 billion, or 3.2%, on the back of increased domestic freight transport demand and the last-minute surge in demand before the consumption tax hike while Marine and Harbor Transportation revenues climbed ¥7.5 billion, or 6.0%, reflecting a rise in equipment transport transactions.

In Distribution & Transportation, overseas companies, due to the effect of acquisitions and favorable transactions in marine freight forwarding and warehousing, revenues in the Americas rose ¥15.0 billion, or 27.8%. Reflecting the effects of acquisitions and exchange rates, revenues in Europe rose ¥28.5 billion, or 64.6%, and revenues in East Asia rose ¥23.3 billion, or 33.9%. Revenues in South Asia & Oceania rose ¥7.0 billion, or 16.0%, due to the effect of exchange rates.

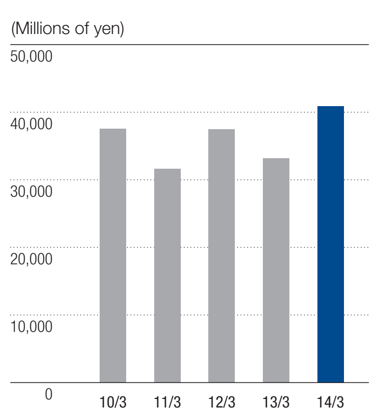
In the Goods Sales segment, revenues increased ¥29.1 billion, or 7.6%, year on year due to increased unit selling prices for petroleum. In the Other business segment, the effect of acquisitions led to a ¥19.6 billion, or 47.0%, increase in revenues.

Operating costs came to ¥1,628.0 billion, an increase of

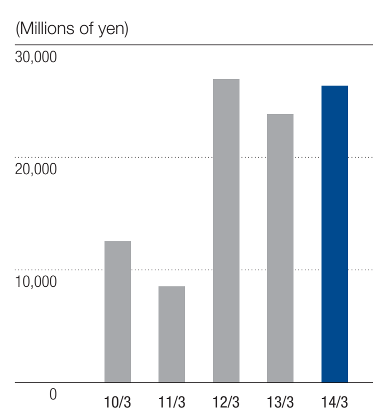
Revenues



Operating income



Net income



¥122.4 billion, or 8.1%, from the previous fiscal year. Gross profit increased ¥16.7 billion, or 15.5%, year on year to ¥124.4 billion, and the ratio of gross profit to revenues rose 0.4 of a percentage point to 7.1%. The increase in operating costs was mainly due to the new consolidation of subsidiaries.

■ Selling, General and Administration Expenses, Operating Income and Ordinary Income

Selling, general and administrative expenses grew ¥9.0 billion, or 12.2%, year on year to ¥83.5 billion, mainly due to the new consolidation of subsidiaries.

As a result of the above, operating income came to ¥40.8 billion, up ¥7.6 billion, or 23.1%, from the previous fiscal year. Ordinary income amounted to ¥50.1 billion, up ¥8.6 billion, or 20.9%, due in part to the increase in gain on foreign exchange.

■ Other Income and Expenses and Net Income

Extraordinary income was ¥11.4 billion, an increase of ¥6.4 billion, or 131.5%, compared with the previous fiscal year, while extraordinary loss rose ¥7.8 billion, or 119.5%, to ¥14.4 billion. The increase in extraordinary income was attributable to a ¥7.7 billion increase in gain on sales of investment securities. The primary reason for the rise in extraordinary loss was an ¥8.6 billion increase in extraordinary additional retirement benefits.

Income before income taxes and minority interests amounted to ¥47.1 billion. After deducting current income taxes, inhabitants' tax, enterprise tax and other adjustments as well as minority interests, net income came to ¥26.3 billion, an increase of ¥2.5 billion, or 10.5%, from the previous fiscal year.

Net income per share was ¥2.73 higher year on year at ¥25.62, while return on equity improved 0.42 of a percentage point to 5.21%.

■ Results by Reportable Segment

Financial results by reportable segment are summarized follows.

Indicated figures do not include consumption taxes.

1. Combined Business (Distribution & Transportation, domestic companies)

As a result of solid performance in the warehouse and delivery center businesses and an increase in motor transportation transactions, revenues were ¥721.7 billion, a year-on-year rise of ¥22.4 billion, or 3.2%, while segment income was ¥15.1 billion, up ¥8.0 billion, or 114.1%, year on year.

2. Security Transportation (Distribution & Transportation, domestic companies)

Due to such factors as decreases in logistics transactions and the unit prices of services, revenues were down ¥4.1 billion, or 7.1%, year on year to ¥54.6 billion, while segment income fell ¥0.6 billion, or 34.3%, year on year to ¥1.1 billion.

3. Heavy Haulage & Construction (Distribution & Transportation, domestic companies)

Mainly owing to a reduction in the domestic construction of plants and other facilities, revenues edged down ¥0.5 billion, or 1.4%, year on year to ¥36.6 billion, while segment income fell ¥1.0 billion, or 34.8%, year on year to ¥1.9 billion.

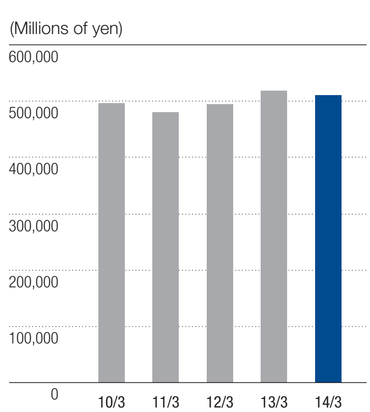
4. Air Freight Forwarding (Distribution & Transportation, domestic companies)

While domestic air freight remained firm, as a result of a decrease in international air freight transportation demand, revenues were down a slight ¥0.4 billion, or 0.2%, year on year to ¥181.7 billion. Meanwhile, as a result of factors that included a reduction in costs, segment income rose ¥1.6 billion, or 40.9%, year on year to ¥5.6 billion.

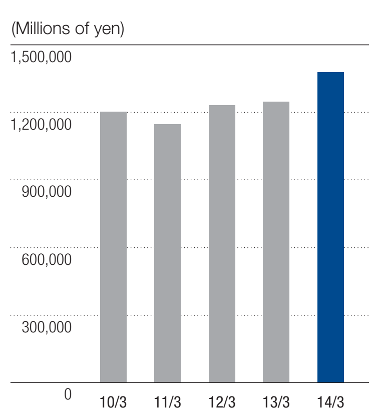
5. Marine & Harbor Transportation (Distribution & Transportation, domestic companies)

Mainly owing to solid equipment export transactions, revenues grew ¥7.5 billion, or 6.0%, year on year to ¥131.7 billion, while segment income was up ¥0.4 billion, or 9.5%, year on year to ¥5.1 billion.

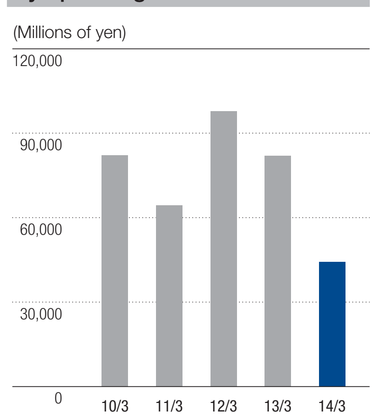
Total net assets



Total assets



Net cash provided by operating activities



6. The Americas (Distribution & Transportation, overseas companies)
Reflecting such factors as the contribution to results made by Associated Global Systems, Inc., whose shares were acquired by a subsidiary of the Company in the previous fiscal year, as well as strong marine freight forwarding and warehouse transactions, revenues expanded ¥15.0 billion, or 27.8%, year on year to ¥69.0 billion, and segment income rose ¥0.7 billion, or 36.0%, year on year to ¥2.8 billion.

7. Europe (Distribution & Transportation, overseas companies)
Due to the contribution made by Franco Vago S.p.A., whose shares were acquired by the Company in the fiscal year under review, and the effect of exchange rates, revenues grew ¥28.5 billion, or 64.6%, year on year to ¥72.7 billion, while segment income shrank ¥0.8 billion, or 53.4%, year on year to ¥0.7 billion.

8. East Asia (Distribution & Transportation, overseas companies)
Reflecting the contribution made by APC Asia Pacific Cargo (H.K.) Ltd., whose shares were acquired by the Company in the previous fiscal year, and the effect of exchange rates, revenues rose ¥23.3 billion, or 33.9%, year on year to ¥92.1 billion, while segment income was down ¥0.09 billion, or 7.2%, year on year to ¥1.2 billion.

9. South Asia & Oceania (Distribution & Transportation, overseas companies)
As a result of factors that included the effect of exchange rates, revenues were up ¥7.0 billion, or 16.0%, year on year to ¥51.3 billion, while segment income fell ¥0.2 billion, or 15.6%, year on year to ¥1.4 billion.

10. Goods Sales
Due mainly to an increase in petroleum sales unit prices, revenues increased ¥29.1 billion, or 7.6%, year on year to ¥412.8 billion, but segment income decreased ¥0.9 billion, or 16.6%, year on year to ¥4.8 billion.

11. Other
Reflecting the contribution made by Nittsu Panasonic Logistics Co., Ltd., whose shares were acquired by the Company in the fiscal year under review, and an increase in the logistics finance business, revenues grew ¥19.6 billion, or 47.0%, year on year to ¥61.4 billion, while segment income rose ¥0.3 billion, or 17.9%, year on year to ¥2.0 billion.

Cash Flows

Consolidated cash and cash equivalents (“cash”) amounted to ¥179.0 billion as of March 31, 2014. This represented a year-on-year net decrease of ¥1.4 billion.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥44.2 billion, a decrease from ¥82.0 billion recorded in the previous fiscal year. This was mainly due to income before income taxes and minority interests of ¥47.1 billion and depreciation and amortization of ¥47.1 billion.

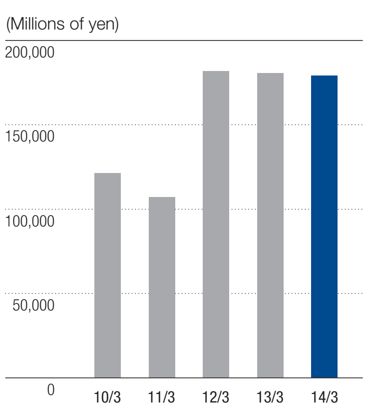
Cash Flows from Investing Activities

Net cash used in investing activities was ¥58.1 billion, an increase from ¥50.9 billion in the previous fiscal year. This was mainly due to the payment for purchase of property and equipment of ¥42.1 billion, including for distribution centers, commercial warehousing upgrades and vehicle acquisitions, as well as ¥22.6 billion used for the purchase of investments in subsidiaries resulting in change in scope of consolidation.

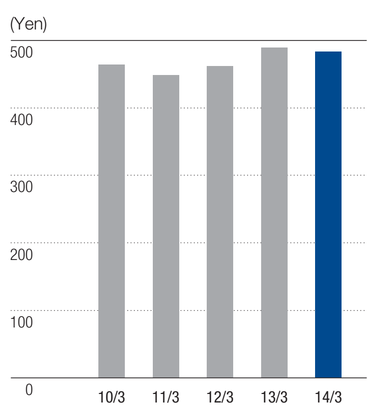
Cash Flows from Financing Activities

Net cash provided by financing activities was ¥5.8 billion, a turnaround from ¥37.0 billion used in the previous fiscal year. This was mainly attributable to proceeds from long-term loans payable of ¥90.1 billion, which offset payment for long-term loans payable of ¥60.1 billion, a purchase of treasury stock amounting to ¥11.2 billion and cash dividends of ¥10.3 billion.

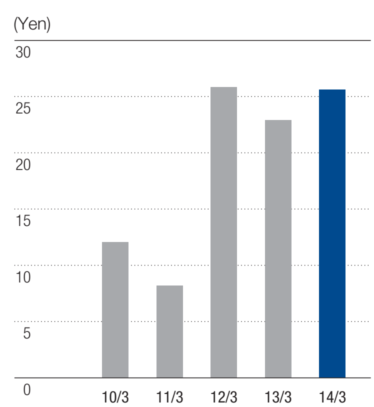
Cash and cash equivalents at end of year



Equity per share



Net income per share



Financial Position

Assets

Total assets as of March 31, 2014 amounted to ¥1,377.4 billion, an increase of ¥129.8 billion, or 10.4%, from the previous fiscal year-end.

Total current assets amounted to ¥647.0 billion, an increase of ¥59.3 billion, or 10.1%, from the end of the previous fiscal year, due largely to an increase in accounts receivable—trade. Total noncurrent assets stood at ¥730.3 billion, up ¥70.4 billion, or 10.7%, year on year, largely because of an increase in investment securities.

Liabilities and Net Assets

Total liabilities as of March 31, 2014 were ¥867.4 billion, an increase of ¥138.2 billion, or 19.0 %, from the previous fiscal year-end.

Total current liabilities increased ¥28.6 billion, or 7.0%, from the end of the previous fiscal year to ¥437.4 billion, primarily due to the increase in accounts payable—trade. Total noncurrent liabilities increased ¥109.6 billion, or 34.2%, to ¥430.0 billion from the previous fiscal year-end, mainly because of the recording of net retirement benefit liability due to application of the Accounting Standard for Retirement Benefits.

Net assets as of March 31, 2014 amounted to ¥509.9 billion, a year-on-year decrease of ¥8.4 billion, or 1.6%. This was attributable to remeasurements of retirement benefit plans arising from the application of the Accounting Standard for Retirement Benefits, despite the increase in retained earnings.

Net assets per share amounted to ¥483.38, a decrease of ¥6.01 compared with the position at the previous fiscal year-end. The equity ratio decreased 5.17 percentage points to 36.00%.

Capital Investment

Total capital investment by the Nippon Express Group in fiscal 2013 amounted to ¥72.6 billion. Major items included changes to logistics systems and the improvement of distribution depots to support international freight operations. Other investments included the development of commercial warehouses and the replacement of vehicles and transportation equipment.

Dividend Policy

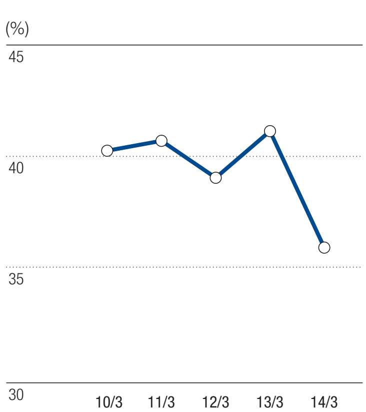
The Company regards the return of profits to shareholders as one of its most important priorities. We aim to maximize returns and maintain dividend stability while expanding our business operations, strengthening our financial position, expanding shareholders' equity and improving profit ratios.

The Company's basic policy is to pay dividends from retained earnings twice a year in the form of interim and year-end dividends. The Board of Directors is responsible for decisions concerning the interim dividend, while decisions on the year-end dividend are made at the General Shareholders' Meeting held following each fiscal year-end.

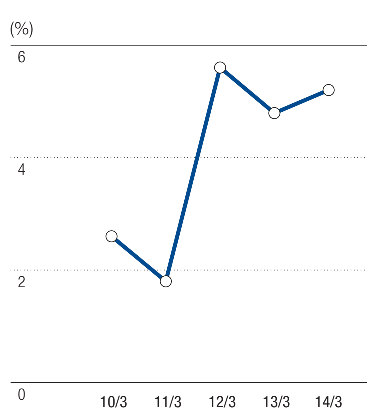
At the 108th General Shareholders' Meeting on June 27, 2014, we proposed and received approval to set the year-end dividend for fiscal 2013 at ¥5 per share. Together with the interim dividend of ¥5, this brought the annual dividend to ¥10 per share.

The earnings retained by Nippon Express will be used in part for the development of logistics bases, the replacement of vehicles and other capital investment aimed at expanding sales of various transport products and improving transport efficiency. Funds will also go toward reinforcing the Group's financial position and enhancing its management infrastructure.

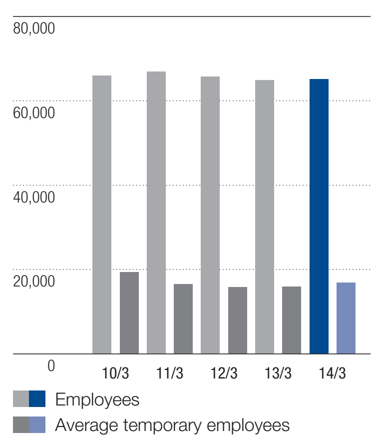
Equity ratio



Return on equity



Employees and Average temporary employees



11-Year Summary

Nippon Express Co., Ltd and consolidated subsidiaries
For the years ended March 31

		Millions of yen			
		2014	2013	2012	2011
For the year:	Revenues [1]	¥1,752,468	¥1,613,327	¥1,628,027	¥1,617,185
	Revenues by industry segment up to the year ended March 31, 2010 [2]				
	Distribution and Transportation	—	—	—	—
	Goods Sales	—	—	—	—
	Other	—	—	—	—
	Elimination	—	—	—	—
	Revenues by industry segment up to the year ended March 31, 2010 [2]				
	Japan	—	—	—	—
	The Americas	—	—	—	—
	Europe	—	—	—	—
	Asia & Oceania	—	—	—	—
	Elimination	—	—	—	—
	Revenues by reportable segment from the consolidated year ended March 31, 2011 onward [2]				
	Distribution & Transportation				
	Domestic Companies				
	Combined Business	721,717	699,287	704,717	717,439
	Security Transportation	54,651	58,842	58,764	59,542
	Heavy Haulage & Construction	36,656	37,186	40,048	34,356
	Air Freight Forwarding [3]	181,720	182,143	205,407	203,408
	Marine & Harbor Transportation	131,708	124,207	125,654	124,216
	Overseas Companies				
	The Americas	69,066	54,028	42,963	42,806
	Europe	72,788	44,230	46,453	45,069
	Asia & Oceania [4]	—	—	—	—
	East Asia	92,156	68,812	72,967	76,955
	South Asia & Oceania	51,367	44,291	44,811	45,564
	Goods Sales	412,846	383,738	374,076	352,507
	Other	61,460	41,802	40,368	35,980
	Adjustment	(133,672)	(125,242)	(128,206)	(120,662)
	Operating income	40,865	33,206	37,497	31,629
	Net income	26,345	23,831	26,949	8,541
At year-end:	Total net assets [5]	509,954	518,409	494,205	479,898
	Total assets	1,377,443	1,247,612	1,230,964	1,147,539
	Net cash provided by operating activities	44,207	82,018	97,806	64,394
	Cash and cash equivalents at end of year	179,029	180,503	181,614	107,062
Per share: (yen)	Equity per share	483.38	489.39	461.63	448.29
	Net income per share	25.62	22.89	25.85	8.19
Ratios: (%)	Equity ratio	36.00%	41.17%	39.10%	40.74%
	Return on equity	5.21	4.79	5.68	1.80
Other:	Employees	65,162	64,834	65,759	66,924
	(Average temporary employees)	16,925	15,985	15,765	16,583

1. Revenue figures do not include consumption taxes.
2. Effective from the consolidated fiscal year ended March 31, 2011, the Company has adopted the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17 issued on March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20 issued on March 21, 2008). The above listed revenues by industry, geographical and reportable segments do not include internal sales or money transfers between segments.
3. From the year ended March 31, 2013, the name of the "Air Freight Forwarding & Travel" segment has been changed to "Air Freight Forwarding."

Millions of yen						
2010	2009	2008	2007	2006	2005	2004
¥1,569,633	¥1,828,946	¥1,901,433	¥1,866,267	¥1,793,925	¥1,753,306	¥1,666,945
1,288,373	1,528,695	1,600,988	1,584,476	1,526,259	1,489,136	1,423,048
326,337	369,661	377,964	365,578	350,427	347,693	317,993
33,919	31,002	28,629	20,115	14,705	14,855	14,233
(78,996)	(100,412)	(106,148)	(103,904)	(97,467)	(98,379)	(88,329)
1,418,878	1,625,564	1,696,152	1,677,490	1,643,237	1,615,580	1,564,739
37,717	56,831	59,872	56,820	49,416	44,137	39,968
44,724	69,059	77,524	66,403	58,361	52,353	44,435
93,830	112,654	109,645	103,615	80,261	72,776	45,514
(25,517)	(35,162)	(41,761)	(38,062)	(37,351)	(31,541)	(27,713)
751,004	—	—	—	—	—	—
60,875	—	—	—	—	—	—
39,294	—	—	—	—	—	—
183,860	—	—	—	—	—	—
110,717	—	—	—	—	—	—
37,717	—	—	—	—	—	—
44,724	—	—	—	—	—	—
93,830	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
322,699	—	—	—	—	—	—
32,347	—	—	—	—	—	—
(107,437)	—	—	—	—	—	—
37,535	33,513	48,502	50,325	43,187	43,025	46,156
12,566	15,172	36,439	33,208	18,663	32,190	27,263
495,883	484,337	520,823	517,516	488,205	444,940	421,128
1,201,801	1,172,074	1,297,406	1,360,694	1,315,599	1,287,351	1,262,383
82,198	64,080	90,096	123,058	63,966	83,139	83,108
121,187	93,031	144,639	170,109	150,615	145,983	138,236
464.38	454.03	489.26	486.94	467.80	426.24	403.38
12.05	14.55	34.94	31.84	17.71	30.64	25.93
40.29%	40.40%	39.33%	37.33%	37.11%	34.56%	33.36%
2.62	3.08	7.16	6.67	4.00	7.43	6.91
65,916	71,352	69,177	67,773	65,562	65,321	64,699
19,406	22,801	24,434	23,796	24,190	24,400	25,321

4. Nippon Express underwent an organizational change in the consolidated fiscal year ended March 31, 2011. Consequently, for Distribution & Transportation, overseas companies, Asia & Oceania has been divided into East Asia and South Asia & Oceania. As it is not possible to restate the results for the consolidated fiscal year ended March 31, 2010 under the new reportable segments, such results are presented here in accordance with the previous segment designations.
5. The calculation of net assets is carried out by applying the Accounting Standards for Description of Net Assets in the Balance Sheet (Accounting Standards Board of Japan, “Accounting Standards for Business Enterprises, No. 5” dated December 9, 2005) and the Application Guidelines for Accounting Standards and Others for Description of Net Assets in the Balance Sheet (Accounting Standards Board of Japan, “Application Guideline for Accounting Standards for Business Enterprises, No. 8” dated December 9, 2005) from the year ended March 31, 2007.

Consolidated Balance Sheets

Nippon Express Co., Ltd. and consolidated subsidiaries
As of March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars
ASSETS	2013	2014	2014
Current assets:			
Cash and cash in banks (Note 1)	¥ 188,124	¥ 186,297	$ 1,810,119
Notes receivable—trade (Note 7)	14,456	14,540	141,278
Accounts receivable—trade	233,460	273,330	2,655,760
Inventories (Note 6)	5,514	8,722	84,745
Advance payments—trade	2,231	2,112	20,527
Prepaid expenses	9,439	11,173	108,561
Deferred tax assets	9,556	11,847	115,116
Lease investment assets (Note 1)	95,115	108,062	1,049,962
Other (Note 5)	30,864	32,272	313,568
Less: allowance for doubtful accounts	(1,085)	(1,289)	(12,530)
Total current assets	587,677	647,069	6,287,107
Noncurrent assets:			
Property and equipment			
Vehicles	164,761	168,545	1,637,632
Less: accumulated depreciation	(146,125)	(146,512)	(1,423,554)
Vehicles, net	18,636	22,032	214,078
Buildings	546,114	563,251	5,472,716
Less: accumulated depreciation	(304,516)	(319,129)	(3,100,752)
Buildings, net	241,597	244,122	2,371,964
Structures	64,128	64,884	630,432
Less: accumulated depreciation	(51,242)	(52,188)	(507,076)
Structures, net	12,886	12,695	123,356
Machinery and equipment	65,137	71,134	691,160
Less: accumulated depreciation	(52,076)	(57,248)	(556,243)
Machinery and equipment, net	13,061	13,885	134,916
Tools, furniture and fixtures	91,946	99,002	961,941
Less: accumulated depreciation	(71,392)	(77,665)	(754,623)
Tools, furniture and fixtures, net	20,554	21,337	207,318
Vessels	19,023	17,799	172,946
Less: accumulated depreciation	(11,916)	(11,694)	(113,628)
Vessels, net	7,106	6,105	59,318
Land	169,581	174,248	1,693,052
Leased assets	5,108	14,569	141,559
Less: accumulated depreciation	(2,354)	(4,095)	(39,788)
Leased assets, net	2,753	10,474	101,771
Construction in progress	2,661	842	8,188
Net property and equipment (Notes 1 and 2)	488,838	505,745	4,913,962
Intangible assets			
Leasehold rights	6,686	7,491	72,786
Goodwill	7,102	16,982	165,008
Other	19,916	34,732	337,475
Total intangible assets	33,705	59,206	575,269
Investments and other assets			
Investment securities (Notes 1 and 3)	96,732	112,713	1,095,156
Long-term loans receivable	4,142	4,062	39,476
Long-term loans to employees	752	216	2,101
Long-term prepaid expenses	3,745	3,808	37,001
Security deposits	15,302	18,088	175,749
Net retirement benefit asset	—	1,230	11,956
Deferred tax assets	4,008	14,154	137,531
Other (Note 3)	13,953	12,295	119,470
Less: allowance for doubtful accounts	(1,246)	(1,146)	(11,141)
Total investments and other assets	137,391	165,423	1,607,298
Total noncurrent assets	659,935	730,374	7,096,529
Total assets	¥1,247,612	¥1,377,443	$13,383,636

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars
LIABILITIES	2013	2014	2014
Current liabilities:			
Notes payable—trade (Note 7)	¥ 8,419	¥ 8,024	$ 77,970
Accounts payable—trade (Note 1)	128,275	153,390	1,490,384
Short-term loans payable (Note 1)	64,007	46,813	454,857
Other payables	31,450	37,741	366,704
Income taxes payable	6,527	17,063	165,792
Consumption taxes payable	4,863	4,251	41,310
Unpaid expenses	18,482	19,137	185,948
Advances received	9,715	10,016	97,325
Deposits	78,006	63,145	613,543
Deposits from employees	29,472	27,660	268,758
Provision for bonuses	18,332	20,281	197,065
Provision for directors' bonuses	130	137	1,337
Allowance for warranties and repairs	65	62	607
Other	11,090	29,721	288,779
Total current liabilities	408,838	437,449	4,250,379
Noncurrent liabilities:			
Bonds payable	80,000	65,000	631,558
Long-term loans payable (Note 1)	156,038	204,037	1,982,487
Provision for retirement benefits	46,914	—	0
Net retirement benefit liability	—	126,951	1,233,496
Provision for directors' retirement benefits	408	330	3,211
Provision for special repairs	178	260	2,531
Provision for loss on guarantees	—	829	8,055
Deferred tax liabilities	15,239	4,083	39,678
Other (Note 1)	21,586	28,547	277,380
Total noncurrent liabilities	320,365	430,040	4,178,397
Total liabilities	729,203	867,489	8,428,776
NET ASSETS			
Shareholders' equity:			
Common stock	70,175	70,175	681,843
Additional paid-in capital	26,908	26,908	261,448
Retained earnings	401,902	417,869	4,060,138
Less: treasury stock	(6,078)	(17,353)	(168,615)
Total shareholders' equity	492,907	497,599	4,834,814
Accumulated other comprehensive income:			
Valuation differences on available-for-sale securities	35,358	40,077	389,408
Deferred gains (losses) on hedges	(17)	3	35
Foreign currency translation adjustments	(14,565)	3,829	37,213
Retirement benefits liability adjustments	—	(45,628)	(443,343)
Total accumulated other comprehensive income (loss)	20,776	(1,717)	(16,687)
Minority interests	4,725	14,072	136,732
Total net assets	518,409	509,954	4,954,860
Total liabilities and net assets	¥1,247,612	¥1,377,443	$13,383,636

Consolidated Statements of Income

Nippon Express Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Revenues	¥1,613,327	¥1,752,468	$17,027,482
Operating costs	1,505,619	1,628,037	15,818,479
Gross profit	107,707	124,430	1,209,003
Selling, general and administrative expenses:			
Salaries, compensation, and welfare expenses	41,664	45,661	443,664
Depreciation and amortization	4,154	5,523	53,665
Advertising expenses	3,881	3,831	37,224
Provision for allowance for doubtful accounts	724	183	1,783
Other	24,075	28,365	275,603
Total selling, general and administrative expenses	74,501	83,564	811,939
Operating income	33,206	40,865	397,064
Non-operating income:			
Interest income	662	723	7,025
Dividend income	2,717	2,679	26,030
Gain on sales of vehicles	389	353	3,432
Equity in earnings of affiliates	540	796	7,741
Gain on foreign exchange	2,040	2,857	27,762
Other	7,093	7,238	70,327
Total non-operating income	13,444	14,647	142,318
Non-operating expenses:			
Interest expenses	3,161	3,151	30,625
Loss on sale and retirement of vehicles	31	33	327
Other	1,957	2,171	21,099
Total non-operating expenses	5,150	5,357	52,051
Ordinary income	41,500	50,156	487,331
Extraordinary income:			
Gain on sales of noncurrent assets	4,563	3,405	33,091
Gain on sales of investment securities	272	7,975	77,495
Other	93	28	282
Total extraordinary income	4,929	11,410	110,867
Extraordinary loss:			
Loss on disposal of noncurrent assets	4,736	4,086	39,708
Loss on sales of investment securities	557	0	1
Loss on valuation of investment securities	46	154	1,498
Extraordinary additional retirement benefits	1,030	9,725	94,499
Other	210	480	4,669
Total extraordinary loss	6,581	14,447	140,376
Income before income taxes and minority interests	39,847	47,119	457,822
Income taxes:			
Current	16,251	23,373	227,101
Deferred	(1,140)	(3,191)	(31,007)
Total income taxes	15,110	20,181	196,093
Income before minority interests	24,737	26,937	261,729
Minority interests	906	591	5,752
Net income	¥ 23,831	¥ 26,345	$ 255,977

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Nippon Express Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Income before minority interests	¥24,737	¥26,937	$261,729
Other comprehensive income:			
Valuation differences on available-for-sale securities	7,605	4,712	45,792
Deferred gains (losses) on hedges	(25)	20	201
Foreign currency translation adjustments	9,768	18,495	179,705
Share of other comprehensive income of affiliates accounted for using the equity method	277	513	4,990
Other comprehensive income (Note 1)	17,626	23,742	230,688
Comprehensive income	42,364	50,679	492,417
(Comprehensive income attributable to)			
Shareholders of Nippon Express	41,099	49,480	480,765
Minority interests	¥ 1,264	¥ 1,199	$ 11,653

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Nippon Express Co., Ltd. and consolidated subsidiaries

For the year ended March 31, 2013

	Millions of yen											
	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Valuation differences on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at beginning of the year	¥70,175	¥26,908	¥392,305	¥(11,549)	¥477,839	¥27,756	¥ 8	¥(24,256)	¥—	¥ 3,508	¥12,858	¥494,205
Changes during the year												
Cash dividends			(10,425)		(10,425)							(10,425)
Net income			23,831		23,831							23,831
Increase in treasury stock				(8,973)	(8,973)							(8,973)
Decrease in treasury stock			(12)	26	13							13
Changes by share exchanges			(3,796)	14,418	10,622							10,622
Net changes in items other than shareholders' equity						7,601	(25)	9,691	—	17,268	(8,132)	9,135
Total changes during the year	—	—	9,596	5,471	15,068	7,601	(25)	9,691	—	17,268	(8,132)	24,203
Balance at end of the year	¥70,175	¥26,908	¥401,902	¥ (6,078)	¥492,907	¥35,358	¥(17)	¥(14,565)	¥—	¥20,776	¥ 4,725	¥518,409

For the year ended March 31, 2014

	Millions of yen											
	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Valuation differences on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income (loss)	Minority interests	Total net assets
Balance at beginning of the year	¥70,175	¥26,908	¥401,902	¥ (6,078)	¥492,907	¥35,358	¥(17)	¥(14,565)	¥ —	¥20,776	¥4,725	¥518,409
Changes during the year												
Cash dividends			(10,377)		(10,377)							(10,377)
Net income			26,345		26,345							26,345
Increase in treasury stock				(11,278)	(11,278)							(11,278)
Decrease in treasury stock		0		3	3							3
Net changes in items other than shareholders' equity						4,719	21	18,395	(45,628)	(22,493)	9,346	(13,146)
Total changes during the year	—	0	15,967	(11,275)	4,691	4,719	21	18,395	(45,628)	(22,493)	9,346	(8,454)
Balance at end of the year	¥70,175	¥26,908	¥417,869	¥(17,353)	¥497,599	¥40,077	¥ 3	¥ 3,829	¥(45,628)	¥ (1,717)	¥14,072	¥509,954

For the year ended March 31, 2014

	Thousands of U.S. dollars											
	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Valuation differences on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income (loss)	Minority interests	Total net assets
Balance at beginning of the year	$681,843	$261,448	$3,904,995	$ (59,059)	$4,789,227	$343,556	$(169)	$(141,518)	$ —	$ 201,869	$ 45,915	$5,037,010
Changes during the year												
Cash dividends			(100,835)		(100,835)							(100,835)
Net income			255,977		255,977							255,977
Increase in treasury stock				(109,587)	(109,587)							(109,587)
Decrease in treasury stock		0		31	32							32
Net changes in items other than shareholders' equity						45,852	204	178,731	(443,343)	(218,555)	90,818	(127,738)
Total changes during the year	—	0	155,142	(109,556)	45,587	45,852	204	178,731	(443,343)	(218,555)	90,818	(82,151)
Balance at end of the year	$681,843	$261,448	$4,060,138	$(168,615)	$4,834,814	$389,408	$ 35	$ 37,213	$(443,343)	$ (16,687)	$136,732	$4,954,860

Consolidated Statements of Cash Flows

Nippon Express Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 39,847	¥ 47,119	$ 457,822
Depreciation and amortization	46,101	47,108	457,722
Amortization of goodwill	1,116	2,009	19,520
Extraordinary additional retirement benefits	1,030	9,725	94,499
Loss (gain) on sale or write-down of securities, net	331	(7,821)	(75,995)
Loss (gain) on sale or disposal of property and equipment, net	(184)	361	3,513
Increase (decrease) in provision for bonuses	(1,281)	1,464	14,232
Increase (decrease) in provision for retirement benefits	7,719	—	—
Increase in net retirement benefit liability	—	7,805	75,840
Interest and dividend income	(3,380)	(3,402)	(33,055)
Interest expenses (Note 2)	3,161	3,151	30,625
Equity in earnings of unconsolidated subsidiaries and affiliates	(540)	(796)	(7,741)
(Increase) decrease in trade receivables	15,282	(27,805)	(270,166)
(Increase) decrease in inventories	(377)	(3,134)	(30,459)
Increase (decrease) in accounts payable	(13,604)	9,080	88,229
Decrease in consumption taxes payable	(232)	(637)	(6,193)
Other	14,853	(16,959)	(164,782)
Sub-total	109,843	67,269	653,611
Interest and dividends received	3,636	3,605	35,034
Interest paid (Note 2)	(3,265)	(3,102)	(30,143)
Payment for extraordinary additional retirement benefits	(1,030)	(9,725)	(94,499)
Payment for loss on disaster	(450)	(48)	(469)
Payment for settlement package with the United States Department of Justice paid	(1,735)	—	—
Income taxes paid	(24,978)	(13,791)	(134,000)
Net cash provided by operating activities	82,018	44,207	429,533
Cash flows from investing activities:			
Payment for purchase of securities	(2,971)	(9,173)	(89,136)
Proceeds from sale of securities	4,791	9,081	88,239
Payment for purchase of property and equipment	(49,990)	(42,150)	(409,545)
Proceeds from sale of property and equipment	7,161	5,032	48,900
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(8,100)	(22,639)	(219,969)
Other	(1,874)	1,683	16,354
Net cash used in investing activities	(50,984)	(58,165)	(565,157)
Cash flows from financing activities:			
Change in short-term loans payable	2,660	(2,935)	(28,526)
Change in commercial paper	2,500	1,500	14,574
Proceeds from long-term loans payable	53,406	90,150	875,923
Payment for long-term loans payable	(75,417)	(60,198)	(584,901)
Proceeds from stock issuance to minority shareholders	33	23	232
Cash dividends	(10,425)	(10,377)	(100,835)
Purchase of treasury stock	(8,973)	(11,278)	(109,587)
Other	(863)	(1,047)	(10,178)
Net cash provided by (used in) financing activities	(37,080)	5,835	56,703
Effect of exchange rate changes on cash and cash equivalents	4,935	6,649	64,604
Net decrease in cash and cash equivalents	(1,110)	(1,473)	(14,316)
Cash and cash equivalents at beginning of year	181,614	180,503	1,753,822
Cash and cash equivalents at end of year (Note 1)	¥180,503	¥179,029	$1,739,506

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Nippon Express Co., Ltd. and consolidated subsidiaries

1. Presentation of amounts in the consolidated financial statements

The yen amounts are truncated at millions and U.S. dollar amounts are rounded off in thousands. The total Japanese yen and U.S. dollar amounts shown in the financial statements do not necessarily agree with the sum of the individual amounts. U.S. dollar amounts presented in the financial statements are included solely for convenience. The rate of ¥102.92 to US$1.00, prevailing on March 31, 2014, has been used for translation into U.S. dollar amounts in the financial statements. The inclusion of such amounts should not be construed as a representation that Japanese yen amounts have been or could in the future be converted into U.S. dollars at that or any other rate.

2. Basis of presentation of consolidated financial statements and summary of significant accounting policies

(1) Scope of consolidation

1) There are 263 consolidated subsidiaries. The names of major subsidiaries are noted in "Management Discussion and Analysis."

Effective the year ended March 31, 2014, Nittsu Panasonic Logistics Co., Ltd., Franco Vago S.p.A. and its 19 subsidiaries have been included in the scope of consolidation due to acquisition, and three companies, including Nippon Express (Cambodia) Co., Ltd., have been included due to new establishment.

Effective the year ended March 31, 2014, Nittsu Suwa Butsuryu Co., Ltd. has been excluded from the scope of consolidation due to a merger with another consolidated subsidiary, and eight subsidiaries, including Nittsu Soya Nonyu Service Co., Ltd., have been excluded due to liquidation.

2) A total of 31 subsidiaries, including Nittsu Energy Kanto Co., Ltd., are excluded from the scope of consolidation as these companies are small, and their impact on the consolidated financial statements in terms of total assets, net sales, net income or loss and retained earnings corresponding to interest held by the Company is considered to be immaterial as a whole.

3) A total of 47 subsidiaries, including Nippon Express Travel USA, Inc., held by 13 overseas consolidated subsidiaries, including Nippon Express U.S.A., Inc., are included in the scope of the consolidation.

(2) Application of equity method

1) Companies to which the equity method is applied:

a. Subsidiary: Awa Godo Tsuun Co., Ltd.

b. Affiliates: There are 27 equity-method affiliates, including Nippon Vopack Co., Ltd.

Effective the year ended March 31, 2014, Nittsu NEC Logistics, Ltd. has been included in the scope of equity method affiliates due to acquisition and Chongqing MinSheng Nittsu Xiyong Logistics Co., Ltd. has been included due to new investment.

2) A total of 30 subsidiaries, including Nittsu Energy Kanto Co., Ltd., and 43 affiliates, including Tokyo Koun Co., Ltd., other than the above 28 companies are excluded from the scope of subsidiaries or affiliates accounted for by the equity method since their impact on the consolidated financial statements in terms of net income or loss and retained earnings corresponding to interest held by the Company is considered to be immaterial as a whole.

(3) Accounting period of the consolidated subsidiaries

A total of one domestic and 89 overseas and consolidated subsidiaries, including Nippon Express U.S.A., Inc., have a balance sheet date of December 31. In preparing the accompanying consolidated financial statements, the financial statements as of December 31 and for the year then ended are used in consolidation after making necessary adjustments for significant transactions occurring from January 1 through March 31.

One equity-method affiliate has a balance sheet date of August 31, and 13 equity-method affiliates have a balance sheet date of December 31. Significant transactions between these dates and March 31 are reflected in computing the equity earnings attributable to the Group.

(4) Significant accounting policies

1) Valuation methods

a. Securities

Available-for-sale securities

- Available-for-sale securities with market value

Available-for-sale securities with market value are stated at fair value based on the market price as of the balance sheet date with any unrealized gains or losses, net of applicable taxes, reported as a component of accumulated other comprehensive income. The cost of securities sold is stated using the moving average method.

- Available-for-sale securities without market value

Available-for-sale securities without market value are stated at cost using the moving average method.

b. Derivatives

Derivatives are stated at fair value.

c. Inventories

Inventories are stated primarily at the lower of cost or market determined by the moving average method (balance sheet amounts are written down on the basis of any decreased profitability).

2) Depreciation and amortization

a. Property and equipment, except for leased assets

Depreciation of property and equipment, except for buildings, is mainly computed by the declining-balance method over the applicable useful lives. Buildings are depreciated by the straight-line method over their estimated lives. Overseas consolidated subsidiaries mainly use the straight-line method over the estimated lives of the assets.

Useful lives of assets are principally as follows:

Vehicles	3 to 7 years
Buildings and structures	3 to 60 years
Machinery and equipment, tools, furniture and fixtures and vessels	2 to 20 years

b. Intangible fixed assets, except for leased assets
Amortization of intangible fixed assets is computed by the straight-line method over the estimated useful lives. Costs of software for internal use are amortized using the straight-line method over the available period (five years). Overseas consolidated subsidiaries mainly use straight-line method over the estimated lives.

c. Leased assets
Depreciation of leased assets is computed by the straight-line method with zero residual value, assuming the lease period as the useful life.

3) Allowances and provisions

a. Allowance for doubtful accounts
To provide for potential loss on receivables, the Company provides an allowance for the expected amount of irrecoverable receivables. Allowances for ordinary debt are computed based on the historical rate of default. For certain debts, such as those where recovery is doubtful, the Company considers the likelihood of recovery on an individual basis and records an allowance for the amount of debt expected to be unrecoverable.
The allowance for doubtful accounts is adjusted after offsetting receivables and payables between consolidated subsidiaries.

b. Provision for bonuses
Provision for bonuses is provided at an estimated amount to be paid to the employees by the Company and its consolidated subsidiaries based on services rendered during the fiscal year ended March 31, 2014.

c. Provision for directors' bonuses
Provision for directors' bonuses is provided at an estimated amount to be paid to the directors by the Company and its consolidated subsidiaries based on services rendered during the fiscal year ended March 31, 2014.

d. Allowance for warranties and repairs
An allowance for warranties and repairs is provided at an estimated amount based on the past experience of certain consolidated subsidiaries to provide quality assurance from initial purchase on sales of new cars.

e. Provision for directors' retirement benefits
Certain consolidated subsidiaries provide a reserve for the future payment of retirement benefits to directors based on the amounts required to be paid according to their internal rules.

f. Provision for special repairs
Certain consolidated subsidiaries provide a reserve for special repairs at an estimated amount for the future repairs of vessels based on past experience.

g. Provision for loss on guarantees
Certain consolidated subsidiaries provide a reserve for loss on guarantees in the amount of the expected loss based on the financial position and other factors of the guaranteed parties.

4) Retirement benefits

a. Allocation of projected retirement benefit obligation
In calculating the retirement benefit obligation, the straight-line method is used to allocate the projected retirement benefit obligation to the estimated years of service of the eligible employees.

b. Method for amortizing actuarial gain or loss and prior service cost
Prior service cost is amortized as incurred mainly by the straight-line method over a period not exceeding the estimated average remaining service years of employees (13–15 years) at the time of occurrence.
Actuarial gain or loss is amortized from the year following the year in which the gain or loss is recognized, mainly amortized by the straight-line method over a period not exceeding the average remaining service years of the employees (12–15 years) at the time of occurrence.

c. Application of simplified method at smaller-sized companies, etc.
Certain consolidated subsidiaries apply the simplified method for calculating net retirement benefit liability and retirement benefit cost. Under this method, the payments for voluntary early retirement of all eligible employees at the end of the fiscal year are recognized as the retirement benefit obligation.

5) Revenue and expenses

a. Finance lease revenue
Finance lease revenue and related cost of revenue are recorded when the lease payment is received.

b. Completed construction
For the percentage of the contractor's obligation performed at the balance sheet date, the percentage-of-completion method is applied to contracts where the outcome of the construction activity is deemed certain; otherwise, the completed-contract method is applied. The percentage of completion is determined using the ratio of cost incurred to the estimated total cost.

6) Hedge accounting

a. Hedge accounting method
Deferred hedge accounting is adopted.
The designation method is applied for forward foreign currency contracts which meet the requirements and exceptional accounting is applied for interest rate swaps which meet the requirements.

b. Hedging instruments and hedged items

a) Hedging instruments	Forward foreign currency contracts
Hedged items	Receivables and payables denominated in foreign currencies and foreign currency-denominated forecasted transactions

b) Hedging instruments Interest rate swaps
Hedged items Loans payable

c. Hedging policy
The Company and its consolidated subsidiaries use derivatives only for the purpose of hedging the exposure of assets and liabilities to market fluctuation risk.

d. Method for evaluating hedging effectiveness
The Company and its consolidated subsidiaries use internally available management data to assess hedging effectiveness. However, the evaluation of hedging effectiveness is omitted for forward foreign currency contracts to which the designation method is applied and interest rate swaps to which exceptional accounting is applied.

e. Other
Forward foreign currency contracts used by the Company and its consolidated subsidiaries are overseen by the Management Department based on application forms submitted by each trading section, and interest rate swaps are overseen exclusively by the Finance & Accounting Department of the head office. The Internal Audit Department periodically conducts examinations as part of risk management.

7) Amortization of goodwill
Goodwill is amortized in equal installments over 5 to 10 years.

8) Cash and cash equivalents in the consolidated statements of cash flows
Cash and cash equivalents include cash at hand, demand deposits at banks and highly liquid short-term investments with negligible risk of fluctuation in value and maturities of less than three months.

9) Accounting method for consumption tax
Consumption taxes with respect to the Company and its domestic subsidiaries are excluded from respective transaction amounts. However, non-deductible consumption taxes relating to assets are reported as periodical expenses in the consolidated fiscal year in which they are incurred.
This is not applicable to overseas consolidated subsidiaries.

10) Of the equity method affiliates, domestic subsidiaries and affiliates (17 companies) apply basically the same accounting standards as the Company while certain foreign subsidiaries (11 companies) apply accounting standards prevailing in the country in which they operate, none of which are materially different from the accounting standards applied by the Company.

3. Changes in accounting policies

As of March 31, 2014, the Group adopted the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ), Statement No. 26, issued on May 17, 2012; hereinafter “Retirement Benefit Accounting Standard”) and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, issued on May 17, 2012; hereinafter the “Guidance”), excluding the provisions stipulated in the main clause of Article 35 of the Retirement Benefit Accounting Standard and in the main clause of Article 67 of the Guidance. Accordingly, the Group recorded net retirement benefit liability, which is calculated by deducting plan assets from the retirement benefit obligation (when plan assets exceed the retirement benefit obligation, the difference is recorded as net retirement benefit asset) and includes unrecognized actuarial gain or loss and unrecognized prior service cost.

The adoption of the Retirement Benefit Accounting Standard and the Guidance is subject to the transitional treatment stipulated by Article 37 of the Retirement Benefit Accounting Standard. Accordingly, the impact of the abovementioned revision in calculation methods was included in remeasurements of retirement benefit plans under accumulated other comprehensive income at the end of the fiscal year under review.

As a result, as of March 31, 2014, the Group recorded net retirement benefit asset of ¥1,230 million (US$11,956 thousand) and net retirement benefit liability of ¥126,951 million (US$1,233,496 thousand). In addition, accumulated other comprehensive income decreased by ¥45,628 million (US$443,343 thousand).

The effect of these changes on per share information is described in Note 21 “Per share information.”

4. Unapplied accounting standards, etc.

- “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (ASBJ) Statement No. 26 issued on May 17, 2012)
- “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 issued on May 17, 2012)

(1) Overview
The accounting standards have been revised in light of improving financial reporting and international trends, mainly in terms of accounting methods of unrecognized actuarial gain or loss and unrecognized prior service cost, calculation methods of retirement benefit obligation and service cost, and the enhancement of disclosure.

(2) Scheduled date of adoption
The revised calculation methods of retirement benefit obligation and service cost are scheduled for adoption from the beginning of the fiscal year ending March 31, 2015.

(3) Effects of adoption of the accounting standards
At the time of preparation of consolidated financial statements, the effects of adoption of the accounting standards on the consolidated financial statements are being evaluated.

5. Changes in method of presentation

(Consolidated Balance Sheets)
"Goodwill," which had been included in "Other" under "Intangible assets" for the fiscal year ended March 31, 2013, is presented separately from the fiscal year ended March 31, 2014, since the amount has become material. The consolidated financial statements for the fiscal year ended March 31, 2013 have been restated to reflect this change in presentation.

As a result, the amount of ¥27,019 million, which had been presented as "Other" under "Intangible assets" in the consolidated balance sheets as of March 31, 2013, has been restated as ¥7,102 million of "Goodwill" and ¥19,916 million of "Other."

"Deferred tax assets," which had been included in "Other" under "Investments and other assets" for the fiscal year ended March 31, 2013, are presented separately from the fiscal year ended March 31, 2014, since the amount has become material. The consolidated financial statements for the fiscal year ended March 31, 2013 have been restated to reflect this change in presentation.

As a result, the amount of ¥17,962 million, which had been presented as "Other" under "Investments and other assets" in the consolidated balance sheets as of March 31, 2013, has been restated as ¥4,008 million of "Deferred tax assets" and ¥13,953 million of "Other."

(Consolidated Statements of Cash Flows)
"Amortization of goodwill," which had been included in "Other" under "Cash flows from operating activities" for the fiscal year ended March 31, 2013, is presented separately from the fiscal year ended March 31, 2014, since the amount has become material. The consolidated financial statements for the fiscal year ended March 31, 2013 have been restated to reflect this change in presentation.

As a result, the amount of ¥15,970 million, which had been presented as "Other" under "Cash flows from operating activities" for the fiscal year ended March 31, 2013, has been restated as ¥1,116 million of "Amortization of goodwill" and ¥14,853 million of "Other."

6. Notes to Consolidated Balance Sheets

(1) Assets pledged as collateral and secured payables
Assets pledged as collateral are as follows:

	2013 (As of March 31, 2013) (Millions of yen)	2014 (As of March 31, 2014) (Millions of yen)	2014 (As of March 31, 2014) (Thousands of U.S. dollars)
Time deposits	171	176	1,717
Buildings	5,462	5,201	50,542
Structures	54	49	480
Machinery and equipment	8	5	56
Land	2,997	2,997	29,129
Investment securities	672	326	3,176
Lease investment assets	124	59	574
Total	9,489	8,817	85,674

The Company's secured payables are as follows:

	2013 (As of March 31, 2013) (Millions of yen)	2014 (As of March 31, 2014) (Millions of yen)	2014 (As of March 31, 2014) (Thousands of U.S. dollars)
Accounts payable—trade	4,698	4,839	47,025
Long-term loans payable	1,134	771	7,496
Short-term loans payable and others	910	827	8,036
Total	6,742	6,438	62,558

(2) Breakdown of reduction entry amount deducted from acquisition cost of assets acquired as substitutes for assets transferred due to expropriation:

	2013 (As of March 31, 2013) (Millions of yen)	2014 (As of March 31, 2014) (Millions of yen)	2014 (As of March 31, 2014) (Thousands of U.S. dollars)
Buildings	774	165	1,606
Machinery and equipment	112	29	284
Vehicles	203	7	75
Land	334	592	5,756
Structures and others	15	34	335
Total	1,439	829	8,056

(3) Main investments in unconsolidated subsidiaries and affiliates are as follows:

	2013 (As of March 31, 2013) (Millions of yen)	2014 (As of March 31, 2014) (Millions of yen)	2014 (As of March 31, 2014) (Thousands of U.S. dollars)
Equity securities (included in investment securities)	10,760	20,009	194,415
Investments in capital or partnerships (included in Other under investments and other assets)	2,061	2,598	25,251

(4) Guarantees of loans
The Company has provided guarantees of loans to unconsolidated subsidiaries and affiliates in respect of their borrowings from financial institutions.

Guaranteed party	Guaranteed amount			Type
	2013 (As of March 31, 2013) (Millions of yen)	2014 (As of March 31, 2014) (Millions of yen)	2014 (As of March 31, 2014) (Thousands of U.S. dollars)	
World Cargo Distribution Center Co., Ltd.	465	360	3,498	Loan guarantee
Nagoya United Container Terminal Co., Ltd.	837	758	7,368	Loan guarantee
Portek International Pte. Ltd.	239	604	5,876	Loan guarantee
Other	313	1,246	12,107	Loan guarantee
Total	1,856	2,969	28,850	

(5) (2013)
"Other current assets" include a reserve payment resulting from sales of notes receivable as part of asset securitization in the amount of ¥4,135 million.

(2014)
"Other current assets" include a reserve payment resulting from sales of notes receivable as part of asset securitization in the amount of ¥3,778 million (US$36,716 thousand).

(6) Inventories

	2013 (As of March 31, 2013) (Millions of yen)	2014 (As of March 31, 2014) (Millions of yen)	2014 (As of March 31, 2014) (Thousands of U.S. dollars)
Merchandise and finished goods	3,440	6,581	63,950
Work in process	277	289	2,817
Raw materials and stores	1,795	1,850	17,979

(7) Notes due at the end of the fiscal year are settled on the date of clearance. As March 31, 2013 was a bank holiday, the following notes due as of that date are included in their respective balances in the consolidated balance sheet.

	2013 (As of March 31, 2013) (Millions of yen)	2014 (As of March 31, 2014) (Millions of yen)	2014 (As of March 31, 2014) (Thousands of U.S. dollars)
Notes receivable—trade	949	—	—
Notes payable—trade	1,550	—	—

7. Notes to Consolidated Statements of Income

(1) Provisions for various reserves recognized in operating costs and selling, general and administrative expenses are as follows:
(2013)

	Operating costs (Millions of yen)	Selling, general, and administrative expenses (Millions of yen)
Provision for bonuses	15,639	2,603
Provision for directors' bonuses	—	137
Allowance for warranties and repairs	—	2
Provision for retirement benefits	16,900	1,823
Provision for directors' retirement benefits	—	175
Provision for special repairs	57	—

(2014)

	Operating costs (Millions of yen)	Operating costs (Thousands of U.S. dollars)	Selling, general, and administrative expenses (Millions of yen)	Selling, general, and administrative expenses (Thousands of U.S. dollars)
Provision for bonuses	17,256	167,673	2,958	28,745
Provision for directors' bonuses	—	—	135	1,315
Allowance for warranties and repairs	—	—	4	47
Retirement benefit cost	16,811	163,344	1,913	18,591
Provision for directors' retirement benefits	—	—	132	1,287
Provision for special repairs	150	1,460	—	—

(2) Breakdown of gain on sales of noncurrent assets

	2013 (From April 1, 2012 to March 31, 2013) (Millions of yen)	2014 (From April 1, 2013 to March 31, 2014) (Millions of yen)	2014 (From April 1, 2013 to March 31, 2014) (Thousands of U.S. dollars)
Land	2,773	2,368	23,010
Buildings	1,495	1,002	9,742
Intangible assets and others	295	34	339
Total	4,563	3,405	33,091

(3) Breakdown of loss on disposal of noncurrent assets

	2013 (From April 1, 2012 to March 31, 2013) (Millions of yen)	2014 (From April 1, 2013 to March 31, 2014) (Millions of yen)	2014 (From April 1, 2013 to March 31, 2014) (Thousands of U.S. dollars)
Buildings	3,173	3,017	29,322
Structures	245	205	1,999
Machinery and equipment	93	120	1,168
Tools, furniture and fixtures	157	101	991
Land	90	345	3,362
Intangible assets and others	977	295	2,867
Total	4,736	4,086	39,708

(4) Breakdown of gain on sales of investment securities

	2013 (From April 1, 2012 to March 31, 2013) (Millions of yen)	2014 (From April 1, 2013 to March 31, 2014) (Millions of yen)	2014 (From April 1, 2013 to March 31, 2014) (Thousands of U.S. dollars)
Stocks of affiliates	0	125	1,218
Available-for-sale securities	272	7,850	76,277
Total	272	7,975	77,495

(5) Breakdown of loss on sales of investment securities

	2013 (From April 1, 2012 to March 31, 2013) (Millions of yen)	2014 (From April 1, 2013 to March 31, 2014) (Millions of yen)	2014 (From April 1, 2013 to March 31, 2014) (Thousands of U.S. dollars)
Stocks of affiliates	66	—	—
Available-for-sale securities	490	0	0
Total	557	0	1

(6) Loss on valuation of golf membership included in the loss on valuation of investment securities

	2013 (From April 1, 2012 to March 31, 2013) (Millions of yen)	2014 (From April 1, 2013 to March 31, 2014) (Millions of yen)	2014 (From April 1, 2013 to March 31, 2014) (Thousands of U.S. dollars)
	4	31	306

8. Notes to Consolidated Statements of Comprehensive Income

(1) Reclassification adjustments and tax effects on components of other comprehensive income

	2013 (From April 1, 2012 to March 31, 2013) (Millions of yen)	2014 (From April 1, 2013 to March 31, 2014) (Millions of yen)	2014 (From April 1, 2013 to March 31, 2014) (Thousands of U.S. dollars)
Valuation differences on available-for-sale securities			
Amount recognized during the year	11,584	14,555	141,424
Reclassification adjustments	33	(7,424)	(72,143)
Before tax effect adjustment	11,618	7,130	69,281
Tax effects	(4,012)	(2,417)	(23,489)
Valuation differences on available-for-sale securities	7,605	4,712	45,792
Deferred gains (losses) on hedges			
Amount recognized during the year	(40)	32	312
Tax effects	15	(11)	(111)
Deferred gains (losses) on hedges	(25)	20	201
Foreign currency translation adjustments			
Amount recognized during the year	9,768	18,349	178,289
Reclassification adjustments	—	145	1,416
Foreign currency translation adjustments	9,768	18,495	179,705
Share of other comprehensive income of affiliates accounted for using the equity method			
Amount recognized during the year	277	513	4,990
Total other comprehensive income	17,626	23,742	230,688

9. Notes to Consolidated Statements of Changes in Net Assets

2013 (From April 1, 2012 to March 31, 2013)

(1) Class and number of shares issued

Class of shares	Number of shares as of April 1, 2012	Increase	Decrease	Number of shares as of March 31, 2013
Common stock (Thousand shares)	1,062,299	—	—	1,062,299

(2) Class and number of treasury stock

Class of shares	Number of shares as of April 1, 2012	Increase	Decrease	Number of shares as of March 31, 2013
Common stock (Thousand shares)	19,588	23,037	29,967	12,657

Details of the changes are as follows:

The increase in common stock in treasury is due to the acquisition of 22,550 thousand shares pursuant to the resolution of the Board of Directors' Meeting (December 21, 2012) and the purchase of 487 thousand shares in quantities of less than one unit.

The decrease in common stock in treasury is due to the allocation of 29,922 thousand shares through a share exchange to make Nittsu Shoji Co., Ltd. a wholly owned subsidiary and the transfer of 45 thousand shares in quantities of less than one unit.

(3) Dividends

1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
General Shareholders' Meeting held on June 28, 2012	Common stock	5,213	5.0	March 31, 2012	June 29, 2012
Board of Directors' Meeting held on October 31, 2012	Common stock	5,212	5.0	September 30, 2012	December 4, 2012

2) Dividends whose record date falls in the year ended March 31, 2013, but whose effective date is in the following fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
General Shareholders' Meeting held on June 27, 2013	Common stock	Retained earnings	5,248	5.0	March 31, 2013	June 28, 2013

2014 (from April 1, 2013 to March 31, 2014)
(1) Class and number of shares issued

Class of shares	Number of shares as of April 1, 2013	Increase	Decrease	Number of shares as of March 31, 2014
Common stock (Thousand shares)	1,062,299	—	—	1,062,299

(2) Class and number of treasury stock

Class of shares	Number of shares as of April 1, 2013	Increase	Decrease	Number of shares as of March 31, 2014
Common stock (Thousand shares)	12,657	23,794	6	36,445

Details of the changes are as follows:

The increase in common stock in treasury is due to the acquisition of 23,588 thousand shares pursuant to the resolution of the Board of Directors' Meeting (December 21, 2012) and the purchase of 206 thousand shares in quantities of less than one unit.

The decrease in common stock in treasury is due to the transfer of shares in quantities of less than one unit.

(3) Dividends
1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
General Shareholders' Meeting held on June 27, 2013	Common stock	5,248	5.0	March 31, 2013	June 28, 2013
Board of Directors' Meeting held on October 31, 2013	Common stock	5,129	5.0	September 30, 2013	December 3, 2013

Resolution	Class of shares	Total amount of dividends (Thousands of U.S. dollars)	Dividend per share (U.S. dollars)	Record date	Effective date
General Shareholders' Meeting held on June 27, 2013	Common stock	50,993	0.05	March 31, 2013	June 28, 2013
Board of Directors' Meeting held on October 31, 2013	Common stock	49,842	0.05	September 30, 2013	December 3, 2013

2) Dividends whose record date falls in the year ended March 31, 2014, but whose effective date is in the following fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
General Shareholders' Meeting held on June 27, 2014	Common stock	Retained earnings	5,129	5.0	March 31, 2014	June 30, 2014

Resolution	Class of shares	Source of dividends	Total amount of dividends (Thousands of U.S. dollars)	Dividend per share (U.S. dollars)	Record date	Effective date
General Shareholders' Meeting held on June 27, 2014	Common stock	Retained earnings	49,837	0.05	March 31, 2014	June 30, 2014

10. Notes to Consolidated Statements of Cash Flows

(1) Reconciliation of the year-end balance of cash and cash equivalents with cash and cash in banks in the consolidated balance sheets

	2013 (From April 1, 2012 to March 31, 2013) (Millions of yen)	2014 (From April 1, 2013 to March 31, 2014) (Millions of yen)	2014 (From April 1, 2013 to March 31, 2014) (Thousands of U.S. dollars)
Cash and cash in banks	188,124	186,297	1,810,119
Time deposits with maturities of over three months	(7,449)	(7,090)	(68,896)
Time deposits pledged as collateral for debts	(171)	(176)	(1,717)
Cash and cash equivalents	180,503	179,029	1,739,506

(2) (2013)
"Interest expense" as well as "Interest paid" in cash flows from operating activities are presented excluding ¥639 million in financing costs included in operating costs in the Goods Sales business (leasing business).

(2014)
"Interest expense" as well as "Interest paid" in cash flows from operating activities are presented excluding ¥556 million (US$5,410 thousand) in financing costs included in operating costs in the Goods Sales business (leasing business).

(3) Significant non-cash and cash equivalent transactions
(2013)
During the fiscal year ended March 31, 2013, the Company conducted a share exchange, making its consolidated subsidiary Nittsu Shoji Co., Ltd., a wholly owned subsidiary, and as a result of allocating treasury stock, retained earnings and treasury stock decreased as follows:

Decrease in retained earnings due to the share exchange	¥3,796 million
Decrease in treasury stock due to the share exchange	¥14,418 million

(2014)
Not applicable.

11. Leases

(1) Finance leases

(Lessee) —

(Lessor)
1) Breakdown of lease investment assets

	2013 (As of March 31, 2013) (Millions of yen)	2014 (As of March 31, 2014) (Millions of yen)	2014 (As of March 31, 2014) (Thousands of U.S. dollars)
Gross lease receivables	95,501	108,152	1,050,843
Estimated residual values	1,402	1,730	16,813
Unearned interest income	(1,788)	(1,820)	(17,693)
Lease investment assets	95,115	108,062	1,049,962

2) Lease receivables and maturities of gross lease receivables corresponding to lease investment assets subsequent to March 31, 2013 and 2014 are as follows:
2013 (As of March 31, 2013)

	Lease receivables (Millions of yen)	Lease investment assets (Millions of yen)
Due in one year or less	2,727	31,580
Due after one year through two years	1,897	24,567
Due after two years through three years	1,318	17,798
Due after three years through four years	915	11,465
Due after four years through five years	476	4,909
Due after five years	436	5,179

2014 (As of March 31, 2014)

	Lease receivables (Millions of yen)	Lease receivables (Thousands of U.S. dollars)	Lease investment assets (Millions of yen)	Lease investment assets (Thousands of U.S. dollars)
Due in one year or less	2,635	25,605	33,984	330,201
Due after one year through two years	2,029	19,722	27,282	265,081
Due after two years through three years	1,574	15,296	20,715	201,281
Due after three years through four years	1,055	10,252	13,714	133,249
Due after four years through five years	571	5,555	6,261	60,842
Due after five years	472	4,590	6,194	60,189

(2) Operating leases

Future payment obligations under non-cancellable operating leases are as follows:

(Lessee)

	2013 (As of March 31, 2013) (Millions of yen)	2014 (As of March 31, 2014) (Millions of yen)	2014 (As of March 31, 2014) (Thousands of U.S. dollars)
Portion due within one year	18,148	19,762	192,021
Thereafter	100,091	93,802	911,409
Total	118,239	113,565	1,103,431

(Lessor) —

12. Financial instruments

2013 (From April 1, 2012 to March 31, 2013)

(1) Financial instruments and related disclosures

1) Group policy for financial instruments

The Group raises necessary funds for capital investments mainly by bank loans and issuance of bonds. Short-term working funds are raised mainly by bank loans. Derivatives are used only for hedging purposes to manage the exposure of assets and liabilities to risks of market fluctuation, and mainly to avoid risks as described below. The Group does not enter into derivatives for speculative or trading purposes.

2) Nature and risk of financial instruments and risk management system

Trade receivables such as trade notes and trade accounts are exposed to customer credit risk. The Group manages its customer credit risk by managing payment terms and balances and by periodically monitoring the financial positions of customers in accordance with internal guidelines. Although foreign currency trade receivables are exposed to foreign currency fluctuation risk, they are partially hedged by forward foreign currency contracts. Investment securities mainly consisting of equity shares of customers or suppliers owned for business or capital alliance purposes are exposed to the risk of market price fluctuations and their holding status is continuously reviewed by monitoring the market value and financial position of the issuers on a regular basis and considering relationships with the counterparties.

The payment terms of trade payables are almost all less than one year. Although some of them are denominated in foreign currencies and exposed to foreign currency fluctuation risk, they are partially hedged using forward foreign currency contracts. Short-term loans payable are mainly used for operations and the main objective of long-term loans and bonds is to raise necessary funds for capital investments. Maturities of bonds are within eight years after the balance sheet date. Most long-term loans have fixed interest rates, although some long-term loans have floating interest rates and are thus exposed to interest rate fluctuation risk, but are hedged using derivative transactions (interest rate swaps).

Derivatives mainly include forward foreign currency contracts, which are used to hedge foreign exchange risk on trade receivables and payables denominated in foreign currencies, and interest rate swaps, which are used to hedge fluctuation risk of interest rates on loans payable. For information regarding hedging instruments, hedged items, hedging policy and the method for evaluating hedging effectiveness relating to hedge accounting, please refer to “Basis of presentation of consolidated financial statements and summary of significant accounting policies (4) Significant accounting policies 6) Hedge accounting.”

Derivative transactions for forward foreign currency contracts are overseen by the Management Department based on application forms submitted by each trading section, and interest rate swaps are overseen exclusively by the Finance & Accounting Department of the head office. The Internal Audit Department periodically examines the execution and management of derivative transactions to control risk.

In using derivatives, the Group enters only into contracts with highly rated financial institutions and believes that credit risk arising from default is quite limited.

With respect to liquidity risk related to fund raising, the Group manages its liquidity risk by controlling the funds of the Group as a whole on a timely basis, diversifying the funding instruments, obtaining commitment lines from financial institutions and making adjustments for the short-term and long-term fund procurement considering market environments.

3) Supplementary explanation about the fair values of financial instruments

The fair values of financial instruments comprise the quoted market price and other rationally computed values where market price is not available. Since variable factors are considered in computing the values, such values may change depending on the assumptions used. The contract amounts of derivatives described in Note 14 “Derivatives” do not represent the exposure to the market risk related to the derivatives.

(2) Fair value of financial instruments

The carrying amount, fair value and related unrealized gain (loss) on financial instruments at March 31, 2013 are as follows:

	Millions of yen		
	Carrying amount (*1)	Fair value (*1)	Unrealized gain (loss)
1) Cash and cash in banks	188,124	188,124	—
2) Accounts receivable—trade	233,460	233,460	—
3) Lease investment assets	95,115	96,029	914
4) Investment securities			
Available-for-sale securities	78,834	78,834	—
5) Accounts payable—trade	(128,275)	(128,275)	—
6) Short-term loans payable	(6,125)	(6,125)	—
7) Deposits	(78,006)	(78,006)	—
8) Bonds	(80,000)	(83,357)	(3,357)
9) Long-term loans payable	(213,920)	(218,945)	(5,025)
10) Derivatives (*2)			
a. To which hedge accounting is not applied	—	—	—
b. To which hedge accounting is applied	(27)	(27)	—

(*1) Liabilities are presented in parentheses.
(*2) Receivables and payables incurred as a result of derivatives are presented on a net basis.

(Note 1) Computation method of fair values of financial instruments and other matters concerning securities and derivatives

1) Cash and cash in banks and 2) accounts receivable—trade:
Due to the short maturities of these instruments, the carrying amount approximates fair value.

3) Lease investment assets:
The fair value of lease investment assets is computed by discounting the aggregate value of the principal and interest using the interest rate assumed if entering into an identical lease agreement.

4) Investment securities:
The fair value of equity securities is determined by the quoted price of the stock exchange.

5) Accounts payable—trade, 6) short-term loans payable and 7) deposits:
Due to the short maturities of these instruments, the carrying amount approximates fair value. Short-term loans payable do not include the current portion of long-term loans payable.

8) Bonds:
The fair value of bonds issued by the Company is computed with reference to their quoted market prices.

9) Long-term loans payable:
The fair value of long-term loans payable is computed by discounting the aggregate value of the principal and interest on long-term loans payable classified by period using the interest rate assumed if entering into an identical loan agreement. Additionally, the fair value of long-term loans payable that are subject to the exceptional accounting of interest rate swaps is calculated by discounting the aggregate amount of the principal and interest on the long-term loans payable that have been accounted for together with the interest rate swap using the interest rate assumed if entering into an identical loan agreement. Long-term loans payable include the current portion.

10) Derivatives:
Information on the fair value of derivatives is included in Note 14 “Derivatives.”

(Note 2) Unlisted equity securities with a carrying amount of ¥7,137 million are not included in 4) investment securities—available-for-sale securities, since there is no quoted market price and it is impossible estimate future cash flows, making it very difficult to determine their fair values.

(Note 3) The redemption schedule for monetary receivables and other securities with contractual maturities subsequent to the year-end

	Millions of yen		
	Due in one year or less	Due after one year through five years*	Due after five years
Cash and cash in banks	188,124	—	—
Accounts receivable—trade	233,460	—	—
Lease investment assets	30,760	57,830	6,524

(Note 4) The repayment schedule for short-term loans payable, bonds payable and long-term loans payable subsequent to the year-end

	Millions of yen		
	Due in one year or less	Due after one year through five years*	Due after five years
Short-term loans payable	6,125	—	—
Bonds payable	—	55,000	25,000
Long-term loans payable	57,881	103,785	52,252

* For scheduled repayment amounts per year of short-term loans payable, bonds and long-term loans payable due after one year through five years, please refer to "Schedule of bonds" and "Schedule of loans" in the supplementary schedules to the consolidated financial statements.

2014 (from April 1, 2013 to March 31, 2014)

(1) Financial instruments and related disclosures

1) Group policy for financial instruments

The Group raises necessary funds for capital investments mainly by bank loans and issuance of bonds. Short-term working funds are raised mainly by bank loans. Derivatives are used only for hedging purposes to manage the exposure of assets and liabilities to risks of market fluctuation, and mainly to avoid risks as described below. The Group does not enter into derivatives for speculative or trading purposes.

2) Nature and risk of financial instruments and risk management system

Trade receivables such as trade notes and trade accounts are exposed to customer credit risk. The Group manages its customer credit risk by managing payment terms and balances and by monitoring periodically the financial positions of customers in accordance with internal guidelines. Although foreign currency trade receivables are exposed to foreign currency fluctuation risk, they are partially hedged by forward foreign currency contracts. Investment securities mainly consisting of equity shares of customers or suppliers owned for business or capital alliance purposes are exposed to the risk of market price fluctuations and their holding status is continuously reviewed by monitoring the market value and financial position of the issuers on a regular basis and considering relationships with the counterparties.

The payment terms of trade payables are almost all less than one year. Although some of them are denominated in foreign currencies and exposed to foreign currency fluctuation risk, they are partially hedged using forward foreign currency contracts. Short-term loans payable are mainly used for operations and the main objective of long-term loans and bonds is to raise necessary funds for capital investments. Maturities of bonds are within seven years after the balance sheet date. Most long-term loans have fixed interest rates, although some long-term loans have floating interest rates and are thus exposed to interest rate fluctuation risk, but are hedged using derivative transactions (interest rate swaps).

Derivatives mainly include forward foreign currency contracts, which are used to hedge foreign exchange risk on trade receivables and payables denominated in foreign currencies, and interest rate swaps, which are used to hedge fluctuation risk of interest rates on loans payable. For information regarding hedging instruments, hedged items, hedging policy and the method for evaluating hedging effectiveness relating to hedge accounting, please refer to "Basis of presentation of consolidated financial statements and summary of significant accounting policies (4) Significant accounting policies 6) Hedge accounting."

Derivative transactions for forward foreign currency contracts are overseen by the Management Department based on application forms submitted by the trading sections of the Company and certain consolidated subsidiaries, and interest rate swaps are overseen exclusively by the Finance & Accounting Department of the Company's head office. The Internal Audit Department periodically examines the execution and management of derivative transactions to control risk.

In using derivatives, the Group enters only into contracts with highly rated financial institutions and believes that credit risk arising from default is quite limited.

With respect to liquidity risk related to fund raising, the Group manages its liquidity risk by controlling the funds of the Group as a whole on a timely basis, diversifying the funding instruments, obtaining commitment lines from financial institutions and making adjustments for the short-term and long-term fund procurement considering market environments.

3) Supplementary explanation about the fair values of financial instruments

The fair values of financial instruments comprise the quoted market price and other rationally computed values where market price is not available. Since variable factors are considered in computing the values, such values may change depending on the assumptions used. The contract amounts of derivatives described in Note 14 "Derivatives" do not represent the exposure to the market risk related to the derivatives.

(2) Fair value of financial instruments

The carrying amount, fair value and related unrealized gain (loss) on financial instruments at March 31, 2014 are as follows:

	Millions of yen		
	Carrying amount (*1)	Fair value (*1)	Unrealized gain (loss)
1) Cash and cash in banks	186,297	186,297	—
2) Accounts receivable—trade	273,330	273,330	—
3) Lease investment assets	108,062	108,570	508
4) Investment securities			
Available-for-sale securities	85,183	85,183	—
5) Accounts payable—trade	(153,390)	(153,390)	—
6) Short-term loans payable	(4,657)	(4,657)	—
7) Deposits	(63,145)	(63,145)	—
8) Bonds	(65,000)	(67,619)	(2,619)
9) Long-term loans payable	(246,193)	(250,818)	(4,624)
10) Derivatives (*2)			
a. To which hedge accounting is not applied	—	—	—
b. To which hedge accounting is applied	5	5	—

	Thousands of U.S. dollars		
	Carrying amount (*1)	Fair value (*1)	Unrealized gain (loss)
1) Cash and cash in banks	1,810,119	1,810,119	—
2) Accounts receivable—trade	2,655,760	2,655,760	—
3) Lease investment assets	1,049,962	1,054,899	4,937
4) Investment securities			
Available-for-sale securities	827,667	827,667	—
5) Accounts payable—trade	(1,490,384)	(1,490,384)	—
6) Short-term loans payable	(45,258)	(45,258)	—
7) Deposits	(613,543)	(613,543)	—
8) Bonds	(631,558)	(657,010)	(25,452)
9) Long-term loans payable	(2,392,087)	(2,437,020)	(44,933)
10) Derivatives (*2)			
a. To which hedge accounting is not applied	—	—	—
b. To which hedge accounting is applied	50	50	—

(*1) Liabilities are presented in parentheses.
(*2) Receivables and payables incurred as a result of derivatives are presented on a net basis.

(Note 1) Computation method of fair values of financial instruments and other matters concerning securities and derivatives

1) Cash and cash in banks and 2) accounts receivable—trade:
Due to the short maturities of these instruments, the carrying amount approximates fair value.

3) Lease investment assets:
The fair value of lease investment assets is computed by discounting the aggregate value of the principal and interest using the interest rate assumed if entering into an identical lease agreement.

4) Investment securities:
The fair value of equity securities is determined by the quoted price of the stock exchange.

5) Accounts payable—trade, 6) short-term loans payable and 7) deposits:
Due to the short maturities of these instruments, the carrying amount approximates fair value. Short-term loans payable do not include the current portion of long-term loans payable.

8) Bonds:
The fair value of bonds issued by the Company is computed with reference to their quoted market prices.

9) Long-term loans payable:
The fair value of long-term loans payable is computed by discounting the aggregate value of the principal and interest on long-term loans payable classified by period using the interest rate assumed if entering into an identical loan agreement. Additionally, the fair value of long-term loans payable that are subject to the exceptional accounting of interest rate swaps is calculated by discounting the aggregate amount of the principal and interest on the long-term loans payable that have been accounted for together with the interest rate swap using the interest rate assumed if entering into an identical loan agreement. Long-term loans payable include the current portion.

10) Derivatives:
Information on the fair value of derivatives is included in Note 14 “Derivatives.”

(Note 2) Unlisted equity securities with a carrying amount of ¥7,520 million (US$73,074 thousand) are not included in 4) investment securities—available-for-sale securities, since there is no quoted market price and it is impossible estimate future cash flows, making it very difficult to determine their fair values.

(Note 3) The redemption schedule for monetary receivables and other securities with contractual maturities subsequent to the year-end

	Millions of yen			Thousands of U.S. dollars		
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due in one year or less	Due after one year through five years	Due after five years through ten years
Cash and cash in banks	186,297	—	—	1,810,119	—	—
Accounts receivable—trade	273,330	—	—	2,655,760	—	—
Lease investment assets	33,194	67,005	7,862	322,525	651,045	76,392

(Note 4) The repayment schedule for short-term loans payable, bonds payable and long-term loans payable subsequent to the year-end

	Millions of yen			Thousands of U.S. dollars		
	Due in one year or less	Due after one year through five years*	Due after five years	Due in one year or less	Due after one year through five years*	Due after five years
Short-term loans payable	4,657	—	—	45,258	—	—
Bonds payable	15,000	40,000	25,000	145,744	388,651	242,907
Long-term loans payable	42,155	143,625	60,412	409,600	1,395,504	586,983

* For scheduled repayment amounts per year of short-term loans payable, bonds and long-term loans payable due after one year through five years, please refer to “Schedule of bonds” and “Schedule of loans” in the supplementary schedules to the consolidated financial statements.

13. Securities

2013 (March 31, 2013)

(1) Available-for-sale securities

	Millions of yen		
Category	Carrying value	Acquisition cost	Unrealized gain (loss)
Carrying value exceeds acquisition cost:			
1) Equity securities	75,814	20,339	55,474
2) Other	—	—	—
Sub-total	75,814	20,339	55,474
Carrying value does not exceed acquisition cost:			
1) Equity securities	3,021	3,693	(672)
2) Other	—	—	—
Sub-total	3,021	3,693	(672)
Total	78,835	24,033	54,802

(2) Available-for-sale securities sold during 2013 (From April 1, 2012 to March 31, 2013)

	Millions of yen		
Category	Carrying value	Total gains on sales	Total losses on sales
1) Equity securities	4,834	272	490
2) Other	—	—	—
Total	4,834	272	490

(3) Impairment loss on investment securities

The Company recorded impairment loss of ¥42 million on available-for-sale securities for the consolidated fiscal year under review.

When fair value declines by 50% or more than the acquisition cost, the Company recognizes an impairment loss. When fair value declines by more than 30% but less than 50%, the Company determines if it is necessary to recognized an impairment loss based on changes in the fair value of individual securities and other factors.

2014 (March 31, 2014)

(1) Available-for-sale securities

	Millions of yen		
Category	Carrying value	Acquisition cost	Unrealized gain (loss)
Carrying value exceeds acquisition cost:			
1) Equity securities	85,406	22,840	62,566
2) Other	—	—	—
Sub-total	85,406	22,840	62,566
Carrying value does not exceed acquisition cost:			
1) Equity securities	1,485	2,118	(633)
2) Other	—	—	—
Sub-total	1,485	2,118	(633)
Total	86,891	24,959	61,932

	Thousands of U.S. dollars		
Category	Carrying value	Acquisition cost	Unrealized gain (loss)
Carrying value exceeds acquisition cost:			
1) Equity securities	829,834	221,923	607,911
2) Other	—	—	—
Sub-total	829,834	221,923	607,911
Carrying value does not exceed acquisition cost:			
1) Equity securities	14,432	20,588	(6,155)
2) Other	—	—	—
Sub-total	14,432	20,588	(6,155)
Total	844,266	242,510	601,756

(2) Available-for-sale securities sold during 2014 (From April 1, 2013 to March 31, 2014)

	Millions of yen		
Category	Carrying value	Total gains on sales	Total losses on sales
1) Equity securities	8,988	7,975	0
2) Other	—	—	—
Total	8,988	7,975	0

	Thousands of U.S. dollars		
Category	Carrying value	Total gains on sales	Total losses on sales
1) Equity securities	87,338	77,495	(1)
2) Other	—	—	—
Total	87,338	77,495	(1)

(3) Impairment loss on investment securities

The Company recorded impairment loss of ¥25 million (US$243 thousand) on available-for-sale securities for the consolidated fiscal year under review.

When fair value declines by 50% or more than the acquisition cost, the Company recognizes an impairment loss. When fair value declines by more than 30% but less than 50%, the Company determines if it is necessary to recognize an impairment loss based on changes in the fair value of individual securities and other factors.

14. Derivatives

2013 (March 31, 2013)

(1) Derivative transactions to which hedge accounting is not applied at March 31, 2013

Not applicable.

(2) Derivative transactions to which hedge accounting is applied at March 31, 2013

1) Interest rate-related derivatives

			Millions of yen		
Hedge accounting method	Type of derivative transaction	Major hedged items	Contract amount (notional principal)	Contract amount due after one year	Fair value
Exceptional accounting for interest rate swaps	Interest rate swaps: Receiving on a floating interest rate Paying on a fixed interest rate	Long-term loans payable	10,000	10,000	(*)

(*) As interest rate swaps to which exceptional accounting is applied are accounted for together with the long-term loans payable designated as hedged items, their fair values are included in the fair values of the long-term loans payable.

2) Currency-related derivatives

			Millions of yen		
Hedge accounting method	Type of derivative transaction	Major hedged items	Contract amount (notional principal)	Contract amount due after one year	Fair value (*1)
Deferral hedge	Forward foreign currency contracts: Selling US$ and other currencies	Forecasted transactions on receivables and payables in foreign currencies	1,050	—	(21)
	Forward foreign currency contracts: Buying US$ and other currencies		2,067	—	(6)
Designation method	Forward foreign currency contracts: Selling US$ and other currencies	Accounts receivable—trade	1,197	—	(*2)
	Forward foreign currency contracts: Buying US$ and other currencies	Accounts payable—trade	3,207	—	

(*1) Fair value is based on information obtained from the counterparty financial institution.
(*2) Fair values of forward foreign currency contract accounted for using the designation method are included in the fair values of the related accounts receivable—trade and accounts payable—trade.

2014 (March 31, 2014)

(1) Derivative transactions to which hedge accounting is not applied at March 31, 2014

Not applicable.

(2) Derivative transactions to which hedge accounting is applied at March 31, 2014

1) Interest rate-related derivatives

			Millions of yen		
Hedge accounting method	Type of derivative transaction	Major hedged items	Contract amount (notional principal)	Contract amount due after one year	Fair value
Exceptional accounting for interest rate swaps	Interest rate swaps: Receiving on a floating interest rate Paying on a fixed interest rate	Long-term loans payable	10,000	10,000	(*)

			Thousands of U.S. dollars		
Hedge accounting method	Type of derivative transaction	Major hedged items	Contract amount (notional principal)	Contract amount due after one year	Fair value
Exceptional accounting for interest rate swaps	Interest rate swaps: Receiving on a floating interest rate Paying on a fixed interest rate	Long-term loans payable	97,163	97,163	(*)

(*) As interest rate swaps to which exceptional accounting is applied are accounted for together with the long-term loans payable designated as hedged items, their fair values are included in the fair values of the long-term loans payable.

2) Currency-related derivatives

			Millions of yen		
Hedge accounting method	Type of derivative transaction	Major hedged items	Contract amount (notional principal)	Contract amount due after one year	Fair value (*1)
Deferral hedge	Forward foreign currency contracts: Selling US$ and other currencies	Forecasted transactions on receivables and payables in foreign currencies	3,768	—	(22)
	Forward foreign currency contracts: Buying US$ and other currencies		5,633	—	27
Designation method	Forward foreign currency contracts: Selling US$ and other currencies	Accounts receivable—trade	2,798	—	(*2)
	Forward foreign currency contracts: Buying US$ and other currencies	Accounts payable—trade	2,265	—	

			Thousands of U.S. dollars		
Hedge accounting method	Type of derivative transaction	Major hedged items	Contract amount (notional principal)	Contract amount due after one year	Fair value (*1)
Deferral hedge	Forward foreign currency contracts: Selling US$ and other currencies	Forecasted transactions on receivables and payables in foreign currencies	36,615	—	(216)
	Forward foreign currency contracts: Buying US$ and other currencies		54,741	—	266
Designation method	Forward foreign currency contracts: Selling US$ and other currencies	Accounts receivable—trade	27,187	—	(*2)
	Forward foreign currency contracts: Buying US$ and other currencies	Accounts payable—trade	22,008	—	

(*1) Fair value is based on information obtained from the counterparty financial institution.
(*2) Fair values of forward foreign currency contract accounted for using the designation method are included in the fair values of the related accounts receivable—trade and accounts payable—trade.

15. Retirement benefits

2013 (from April 1, 2012 to March 31, 2013)

(1) Overview of retirement benefit plans

The Company and domestic consolidated subsidiaries have two types of defined-benefit retirement plans: a retirement lump sum payment plan and a defined-benefit corporate pension plan. Moreover, the Company and some domestic consolidated subsidiaries adopt defined contribution pension plans while some overseas consolidated subsidiaries have defined-benefit pension plans.

There are also cases when an employee is given a severance pay premium on leaving the Company. Further, the Company adopts a retirement allowance trust.

(2) Retirement benefit obligation

	Millions of yen
A. Projected benefit obligation	(177,661)
B. Plan assets at fair market value	47,974
C. Unfunded retirement benefit obligation (A+B)	(129,687)
D. Unrecognized actuarial net loss	83,419
E. Unrecognized prior service cost	(647)
F. Retirement benefit obligation at end of year (C+D+E)	(46,914)
G. Provision for retirement benefits (F)	(46,914)

(Note) Some consolidated subsidiaries use the simplified method for calculating retirement benefit obligation.

(3) Pension expense

	Millions of yen
A. Service cost	7,976
B. Interest cost on projected benefit obligation	2,664
C. Expected return on plan assets	(545)
D. Amortization of unrecognized actuarial net loss	9,192
E. Prior service cost recognized	(563)
F. Net periodic pension cost (A+B+C+D+E)	18,723
G. Other	4,346
Total	23,069

(Note) Net periodic pension cost of consolidated subsidiaries using the simplified method is included in “A. Service cost.” “G. Other” is the extraordinary additional retirement benefits paid to early retirees and the premium paid to defined contribution pension plans.

(4) Actuarial assumptions used to determine costs and obligations for retirement benefits

A. Allocation of projected benefit obligation	Straight-line method
B. Discount rate	Mainly 1.00%
C. Expected rate of return on plan assets	Mainly 2.5%
D. Recognition period of prior service cost	15 years (Past service obligations are recognized evenly over fifteen years (a period not exceeding the expected average remaining working lives of employees) from the time of occurrence).
E. Amortization period of actuarial net loss (gain)	12–15 years (Actuarial losses are recognized evenly over twelve to fifteen years (a period not exceeding the expected average remaining working lives of employees) following the respective fiscal years when such losses are recognized).

2014 (from April 1, 2013 to March 31, 2014)

(1) Overview of retirement benefit plans

In order to pay employee retirement benefits, the Company and its domestic consolidated subsidiaries have funded and unfunded defined benefit and defined contribution retirement plans.

Under defined-benefit pension plans (all of which are funded plans), lump sum payments or pension payments are made based on pay rate and period of service. Additionally, certain domestic consolidated subsidiaries participate in corporate pension funds of multi-employer plans.

Under retirement lump-sum payment plans (classified as unfunded plans, although some are funded due to adoption of retirement allowance trust), retirement benefits in the form of lump sum payments are made based on pay rate and period of service.

The defined-benefit and retirement lump sum payment plans of certain domestic consolidated subsidiaries calculate the net retirement benefit liability and benefit cost using the simplified method.

In addition, certain overseas consolidated subsidiaries have defined-benefit plans.

(2) Defined-benefit retirement plans

1) Reconciliation of the retirement benefit obligation at the beginning and the end of the fiscal year (excluding plans for which the simplified method is applied)

	Millions of yen	Thousands of U.S. dollars
Balance of retirement benefit obligation at beginning of the year	172,026	1,671,461
Service cost	7,801	75,797
Interest cost on projected benefit obligation	2,019	19,620
Actuarial gain	(3,372)	(32,767)
Retirement benefits paid	(11,798)	(114,642)
Effect of business combination	14,636	142,215
Other	2,059	20,013
Balance of retirement benefit obligation at end of the year	183,372	1,781,697

2) Reconciliation of plan assets at the beginning and end of the fiscal year (excluding plans for which applying the simplified method is applied)

	Millions of yen	Thousands of U.S. dollars
Plan assets at beginning of the year	47,974	466,130
Expected return on plan assets	811	7,883
Actuarial gain	565	5,498
Contribution from employer	1,491	14,490
Retirement benefits paid	(3,035)	(29,495)
Effect of business combination	14,450	140,405
Other	1,261	12,256
Plan assets at end of the year	63,518	617,166

3) Reconciliation of the net retirement benefit liability at the beginning and end of the fiscal year for plans for which the simplified method is applied

	Millions of yen	Thousands of U.S. dollars
Net retirement benefit liability at beginning of the year	5,176	50,292
Benefit cost	909	8,833
Retirement benefits paid	(315)	(3,069)
Contribution to plan	(88)	(856)
Effect of business combination	117	1,146
Other	68	665
Net retirement benefit liability at end of the year	5,867	57,010

4) Reconciliation of balances of retirement benefit obligation and plan assets at the end of the fiscal year and balances of net retirement benefit liability and net retirement benefit asset at the end of the fiscal year

	Millions of yen	Thousands of U.S. dollars
Retirement benefit obligation of funded plans	178,427	1,733,649
Plan assets	(63,977)	(621,621)
	114,449	1,112,027
Retirement benefit obligation of unfunded plans	11,271	109,513
Net retirement obligation and assets at end of the year	125,720	1,221,541
Net retirement benefit liability	126,951	1,233,496
Net retirement benefit asset	(1,230)	(11,956)
Net retirement liability and asset at end of the year	125,720	1,221,541

(Notes) 1. Includes plans for which the simplified method is applied.
2. Because the Company has adopted a retirement allowance trust for retirement lump sum plans, retirement lump sum plans are included in the retirement benefit obligation of funded plans. Likewise, the retirement allowance trust of retirement lump sum payment plans is included in plan assets of funded plans.

5) Retirement benefit cost

	Millions of yen	Thousands of U.S. dollars
Service cost	7,801	75,797
Interest cost on projected retirement benefit obligation	2,019	19,620
Expected return on plan assets	(811)	(7,883)
Amortization of unrecognized actuarial loss	9,419	91,518
Amortization of prior service cost	(612)	(5,949)
Retirement benefit cost calculated by the simplified method	909	8,833
Retirement benefit cost of defined-benefit plans	18,724	181,935

(Note) In addition to the above retirement benefit cost, the Company also recorded ¥9,725 million in special payments to employees upon their leaving the Company.

6) Remeasurements of retirement benefit plans
The components of retirement benefits liability adjustments in accumulated other comprehensive income (before tax effect) are as follows:

	Millions of yen	Thousands of U.S. dollars
Unrecognized prior service cost	(165)	(1,606)
Unrecognized actuarial loss	70,848	688,380
Total	70,682	686,774

7) Plan assets
a. Main components of plan assets
The percentage composition by asset class of total plan assets is as follows:

Bonds	19%
Equity securities	64%
Cash and cash in banks	7%
Other	10%
Total	100%

(Note) 52.2% of plan assets are held in the retirement allowance trust for retirement lump sum payment plans.

b. Method for determining the long-term expected rate of return on plan assets
The current and expected allocation of plan assets as well as the current and expected long-term rates of return for the various assets that constitute the plan assets are considered when determining the long-term expected rate of return on plan assets.

8) Actuarial assumptions
Principal actuarial assumptions at the end of the fiscal year (presented as weighted averages)

Discount rates	0.9% – 1.6%
Long-term expected rates of return on plan assets	0.0% – 2.5%
Expected rates of pay raises	1.0% – 6.9%

(3) Defined contribution plans
The amount contributed to defined contribution plans of the Company and consolidated subsidiaries is ¥3,387 million (US$ 32,914 thousand).

(4) Multi-employer plans
Multi-employer plans are included under defined-benefit retirement plans.

16. Income taxes

(1) The significant components of the Company's deferred tax assets and liabilities as of March 31, 2013 and 2014 are as follows:

	2013 (As of March 31, 2013) (Millions of yen)	2014 (As of March 31, 2014 (Millions of yen)	2014 (As of March 31, 2014 (Thousands of U.S. dollars)
Deferred tax assets:			
(Current)			
Allowance for doubtful accounts	228	149	1,451
Accrued bonuses	6,672	6,929	67,334
Enterprise tax payable	568	1,183	11,499
Lease transactions	167	75	729
Other	5,118	5,999	58,298
Total	12,755	14,337	139,311
(Noncurrent)			
Allowance for doubtful accounts	364	359	3,495
Retirement benefits	39,341	—	—
Net retirement benefit liability	—	67,054	651,517
Unrealized gains	3,247	3,252	31,603
Impairment losses	3,022	3,022	29,367
Asset retirement obligations	2,601	2,668	25,932
Other	7,377	7,826	76,044
Total	55,954	84,184	817,958
Sub-total	68,710	98,522	957,268
Valuation allowance	(11,874)	(10,693)	(103,902)
Total deferred tax assets	56,835	87,828	853,366
Deferred tax liabilities:			
(Current)			
Loss on adjustment for transfer of leased assets	(921)	(886)	(8,613)
Other	(2,036)	(1,431)	(13,905)
Total	(2,957)	(2,317)	(22,518)
(Noncurrent)			
Reserve for deferred gains on fixed assets	(16,040)	(16,791)	(163,153)
Gain on securities contribution to employees' retirement benefits trust	(18,333)	(18,333)	(178,138)
Valuation differences on available-for-sale securities	(19,301)	(21,718)	(211,026)
Other	(1,977)	(6,849)	(66,553)
Total	(55,652)	(63,694)	(618,870)
Total deferred tax liabilities	(58,610)	(66,011)	(641,389)
Total net deferred tax assets—current	9,556	11,847	115,116
Total net deferred tax liabilities—current	(101)	(102)	(991)
Total net deferred tax assets—noncurrent	4,008	14,154	137,531
Total net deferred tax liabilities—noncurrent	(15,239)	(4,083)	(39,678)

(2) Reconciliation of the statutory tax rate and the effective tax rate after adoption of tax effect accounting

	2013 (From April 1, 2012 to March 31, 2013)	2014 (From April 1, 2013 to March 31, 2014)
Statutory tax rate	—	38.0%
(Adjustment)		
Non-deductible items	—	2.5
Non-taxable items	—	(4.1)
Difference in tax rate due to repeal of Special Corporate Tax for Reconstruction	—	1.9
Per capita inhabitants' tax	—	3.9
Changes in valuation allowance	—	(2.5)
Difference in tax rate applicable to foreign subsidiaries	—	(3.2)
Elimination of dividend income	—	4.5
Amortization of goodwill	—	1.6
Other, net	—	0.2
Effective tax rate	—	42.8%

(Note) For the year ended March 31, 2013, notes have been omitted as the difference between the statutory tax rate and the effective tax rate after adoption of tax effect accounting was less than 5% of the statutory tax rate.

(3) Revisions to deferred tax assets and deferred tax liabilities due to change in statutory tax rate

Under the Act for Partial Revision of the Income Tax Act, etc., promulgated March 31, 2014, the Special Corporate Tax for Reconstruction will no longer be levied as of the fiscal year beginning April 1, 2014. As a result, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities for the fiscal year under review has been changed from 38.0% to 35.6%, for temporary differences expected to be settled in the fiscal year beginning April 1, 2014.

As a result, deferred tax liabilities (less deferred tax assets) increased ¥886 million (US$8,618 thousand) and deferred income taxes increased ¥886 million (US$8,618 thousand) as of and for the fiscal year ended March 31, 2014.

17. Asset retirement obligations

2013 (From April 1, 2012 to March 31, 2013)
Asset retirement obligations that are stated in the consolidated balance sheets

1) Description of the asset retirement obligations

Asset retirement obligations are stated in respect of the Company's obligations to restore the premises it occupies to their original conditions under the property lease contracts for warehouses and the fixed term land lease contracts for leased properties. Asset retirement obligations are also stated for the Company's obligations to eliminate hazardous substances from the warehouses in which such substances are used.

2) Method for calculating the asset retirement obligations

The asset retirement obligations are calculated using a 0.160%–2.315% periodic discount rate over two to fifty years duration of use in most cases, based on estimated useful life.

3) Changes in total asset retirement obligations during 2013

	Millions of yen
Balance at beginning of the year	11,351
Increase due to acquisition of property and equipment	71
Accretion adjustment	162
Decrease due to settlement	(591)
Other	(235)
Balance at end of the year	10,758

2014 (from April 1, 2013 to March 31, 2014)
Asset retirement obligations that are stated in the consolidated balance sheets

1) Description of the asset retirement obligations

Asset retirement obligations are stated in respect of the Company's obligations to restore the premises it occupies to their original conditions under the property lease contracts for warehouses and the fixed term land lease contracts for leased properties. Asset retirement obligations are also stated for the Company's obligations to eliminate hazardous substances from the warehouses in which such substances are used.

2) Method for calculating the asset retirement obligations

The asset retirement obligations are calculated using a 0.160%–2.315% periodic discount rate over two to fifty years duration of use in most cases, based on estimated useful life.

3) Changes in total asset retirement obligations during 2014

	Millions of yen	Thousands of U.S. dollars
Balance at beginning of the year	10,758	104,534
Increase due to acquisition of property and equipment	48	468
Accretion adjustment	153	1,494
Decrease due to settlement	(565)	(5,495)
Increase due to business combinations	997	9,691
Other	66	642
Balance at end of the year	11,458	111,334

18. Investment and rental property

2013 (From April 1, 2012 to March 31, 2013)

The Company and certain consolidated subsidiaries hold some rental properties such as office buildings and parking lots (including land) throughout Japan. Net rental profit (rental income included in net sales less rental expenses included mainly in cost of sales) and other losses (included mainly in loss on disposal of noncurrent assets) on investment and rental property for the year ended March 31, 2013 were ¥5,435 million and ¥6 million, respectively.

The carrying amounts, changes in balances and fair value of such properties are as follows:

Millions of yen			
Carrying amount			Fair value as of March 31, 2013
April 1, 2012	Increase (decrease)	March 31, 2013	
43,603	857	44,461	118,572

(Notes) 1. Carrying amount recognized in the consolidated balance sheet is stated at acquisition cost less accumulated depreciation.
2. Increase during the year ended March 31, 2013 primarily consists of an increase in the number of properties.
3. Fair value of properties as of March 31, 2013 is measured by the real estate appraisal reports from the real estate appraisers for significant properties.

2014 (from April 1, 2013 to March 31, 2014)

The Company and certain consolidated subsidiaries hold some rental properties such as office buildings and parking lots (including land) throughout Japan. Net rental profit (rental income included in net sales less rental expenses included mainly in cost of sales) and other losses (included mainly in loss on disposal of noncurrent assets) on investment and rental property for the year ended March 31, 2014 were ¥4,563 million (US$44,336 thousand) and ¥871 million (US$8,470 thousand), respectively.

The carrying amounts, changes in balances and fair value of such properties are as follows:

Millions of yen			
Carrying amount			Fair value as of March 31, 2014
April 1, 2013	Increase (decrease)	March 31, 2014	
44,461	112	44,573	122,754

Thousands of U.S. dollars			
Carrying amount			Fair value as of March 31, 2014
April 1, 2013	Increase (decrease)	March 31, 2014	
431,996	1,094	433,090	1,192,713

(Notes) 1. Carrying amount recognized in the consolidated balance sheet is stated at acquisition cost less accumulated depreciation.
2. Increase during the year ended March 31, 2013 primarily consists of an increase in the number of properties.
3. Fair value of properties as of March 31, 2013 is measured by the real estate appraisal reports from the real estate appraisers for significant properties.

19. Segment information

(1) Outline of the reportable segments

Reportable segments of the Company are its organizational units whose individual financial results can be identified separately, and serve as the basis and subject of regular review by the Board of Directors, for the purpose of allocating management resources and evaluating business performance.

The Company's head office comprises functional headquarters, including the Domestic Business Headquarters, International Business Headquarters and Sales Promotion Headquarters. Each headquarters is responsible for developing comprehensive strategies for its products and services both in Japan and abroad, and engages in business activities based on such strategies.

Under each headquarters, regional general managers are appointed to cover specific geographic regions and business divisions specializing in specific products and services are established, providing a structure that allows regional management and/or concerned field offices to make optimum business decisions on their own.

Under this principle, the Company has developed a segment structure in the form of matrix comprising segments by geographical region along with segments by products and services as classified based on mode of transportation such as air or marine, in which the domestic Distribution & Transportation business comprises five reportable segments, namely Combined Business, Security Transportation, Heavy Haulage & Construction, Air Freight Forwarding, and Marine & Harbor Transportation, while overseas Distribution & Transportation operations comprises four reportable segments, including the Americas, Europe, East Asia, and South Asia & Oceania, besides the two reportable segments outside Distribution & Transportation operations, which are Goods Sales and Other.

The Combined Business segment (Distribution & Transportation, domestic companies) includes subsidiaries/affiliates and branches in each geographical region (area). However, it is still presented as one reportable segment because of the similarity in the nature of their businesses as well as financial characteristics.

Also, the Combined Business segment (Distribution & Transportation, domestic companies) is presented on a combined basis with the Fine Arts business segment because of the similarity in the nature of their businesses. Likewise, in Air Freight Forwarding (Distribution & Transportation, domestic companies), the Air Freight Forwarding business segment is presented on a combined basis with the Travel business segment. In each of the above cases, however, the impact of the presentation on a combined basis is minimal.

Main products and services as well as main lines of business in each reportable segment are as follows.

<table>
<tr><th>Reportable segments</th><th>Main products and services</th><th>Main lines of business</th></tr>
<tr><td>Combined Business (Distribution & Transportation domestic companies)</td><td>Railway utilization transportation, chartered truck services, combined delivery services, moving & relocation, warehousing & distribution processing, in-factory work, real estate rental, marine & harbor transportation, fine arts transportation, security transportation and heavy haulage & construction</td><td>Railway forwarding, motor cargo transportation, warehousing and in-factory work</td></tr>
<tr><td>Security Transportation (Distribution & Transportation domestic companies)</td><td>Security transportation</td><td>Security guard business, motor cargo transportation</td></tr>
<tr><td>Heavy Haulage & Construction (Distribution & Transportation, domestic companies)</td><td>Heavy haulage & construction</td><td>Heavy haulage and construction</td></tr>
<tr><td>Air Freight Forwarding (Distribution & Transportation, domestic companies)</td><td>Air freight forwarding and travel</td><td>Air freight forwarding and travel</td></tr>
<tr><td>Marine & Harbor Transportation (Distribution & Transportation, domestic companies)</td><td>Marine & harbor transportation, warehousing & distribution processing and moving & relocation</td><td>Marine transportation, harbor transportation and warehousing</td></tr>
<tr><td>The Americas (Distribution & Transportation, overseas companies</td><td>Air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, chartered truck services and travel</td><td rowspan="4">Air freight forwarding, harbor transportation, warehousing, motor cargo transportation and travel</td></tr>
<tr><td>Europe (Distribution & Transportation, overseas companies)</td><td>Air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, chartered truck services and travel</td></tr>
<tr><td>East Asia (Distribution & Transportation, overseas companies)</td><td>Air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, chartered truck services and travel</td></tr>
<tr><td>South Asia & Oceania (Distribution & Transportation, overseas companies)</td><td>Air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, chartered truck services, heavy haulage & construction and travel</td></tr>
<tr><td>Goods Sales</td><td>Lease, sale of petroleum and others</td><td>Sales and leasing of distribution equipment, wrapping and packing materials, vehicles, petroleum and LP gas, etc., vehicle maintenance services and insurance sales</td></tr>
<tr><td>Other</td><td>Other</td><td>Mediation, planning and designing and management of real estate, industry-specific logistics, investigation and research, money lending, automobile operation instruction and employee dispatching</td></tr>
</table>

(2) Method for calculating the amounts of revenues, income (loss), assets, liabilities and other items by reportable segment

Accounting principles for the reportable segments are the same as stated in "Basis of presentation of consolidated financial statements and summary of significant accounting policies."

Income in each reportable segment is stated on the basis of operating income. Intersegment revenues and money transfers are based on current market price.

(3) Revenues, income (loss), assets, liabilities and other items by reportable segment

2013 (From April 1, 2012 to March 31, 2013)

	Millions of yen						
	Distribution & Transportation						
	Domestic companies					Overseas companies	
	Combined Business	Security Transportation	Heavy Haulage & Construction	Air Freight Forwarding	Marine & Harbor Transportation	The Americas	Europe
Revenues							
Revenues from external customers	692,222	58,815	36,921	179,403	116,308	43,589	39,916
Intersegment	7,065	26	264	2,740	7,899	10,439	4,314
Total	699,287	58,842	37,186	182,143	124,207	54,028	44,230
Segment income	7,084	1,793	2,935	3,982	4,665	2,091	1,544
Segment assets	467,012	108,802	13,398	87,581	94,643	30,844	37,816
Other items							
Depreciation and amortization	22,547	2,396	782	4,046	4,273	861	782
Amortization of goodwill	—	—	—	—	—	311	9
Investment in equity method affiliates	5,301	—	—	1,023	1,165	39	—
Increase in property and equipment and intangible assets	18,699	1,859	302	3,365	7,779	3,518	389

	Millions of yen						
	Distribution & Transportation		Goods Sales	Other	Total	Adjustment (Note 1)	Total (Note 2)
	Overseas companies						
	East Asia	South Asia & Oceania					
Revenues							
Revenues from external customers	63,373	41,446	320,198	21,133	1,613,327	—	1,613,327
Intersegment	5,439	2,844	63,540	20,668	125,242	(125,242)	—
Total	68,812	44,291	383,738	41,802	1,738,570	(125,242)	1,613,327
Segment income	1,328	1,698	5,825	1,713	34,664	(1,458)	33,206
Segment assets	44,011	30,653	238,950	47,564	1,201,279	46,333	1,247,612
Other items							
Depreciation and amortization	503	836	5,339	651	43,022	3,078	46,101
Amortization of goodwill	227	264	304	—	1,116	—	1,116
Investment in equity method affiliates	1,457	1,390	—	1	10,379	—	10,379
Increase in property and equipment and intangible assets	6,251	3,183	9,169	573	55,095	3,846	58,941

(Notes) 1. Details of the adjustments are as follows:

(1) The segment income adjustment of ¥(1,458) million includes ¥(106) million for the elimination of intersegment income, and ¥(1,390) million of corporate expenses not allocated to each reportable segment. The most significant portion of corporate expenses relates to corporate image advertising and the Company's administration of group companies.

(2) The segment assets adjustment of ¥46,333 million includes ¥117,038 million for the elimination of intersegment income, and ¥165,394 million of corporate assets not allocated to each reportable segment. Corporate assets mainly represent cash and cash in banks, securities and noncurrent assets held by the head office not attributable to each reportable segment.

(3) The depreciation and amortization adjustment represents the depreciation and amortization at the head office not attributable to each reportable segment.

(4) The adjustment in increase in property and equipment and intangible assets represents primarily the capital expenditures at the head office not attributable to each reportable segment.

2. Segment income has been reconciled with operating income in the consolidated financial statements.

2014 (from April 1, 2013 to March 31, 2014)

	Millions of yen						
	Distribution & Transportation						
	Domestic companies					Overseas companies	
	Combined Business	Security Transportation	Heavy Haulage & Construction	Air Freight Forwarding	Marine & Harbor Transportation	The Americas	Europe
Revenues							
Revenues from external customers	714,659	54,625	36,450	178,590	123,567	56,809	67,166
Intersegment	7,057	26	205	3,130	8,140	12,257	5,621
Total	721,717	54,651	36,656	181,720	131,708	69,066	72,788
Segment income	15,165	1,178	1,913	5,613	5,108	2,843	720
Segment assets	477,500	81,290	14,867	94,737	94,914	38,136	52,118
Other items							
Depreciation and amortization	21,075	2,182	650	4,147	4,347	1,052	1,409
Amortization of goodwill	—	—	—	—	—	311	433
Investment in equity method affiliates	5,486	—	—	1,052	1,261	51	—
Increase in property and equipment and intangible assets	19,699	3,091	1,419	6,281	2,583	787	7,974

	Millions of yen						
	Distribution & Transportation		Goods Sales	Other	Total	Adjustment (Note 1)	Total (Note 2)
	Overseas companies						
	East Asia	South Asia & Oceania					
Revenues							
Revenues from external customers	84,806	47,278	347,653	40,859	1,752,468	—	1,752,468
Intersegment	7,350	4,088	65,192	20,600	133,672	(133,672)	—
Total	92,156	51,367	412,846	61,460	1,886,141	(133,672)	1,752,468
Segment income	1,232	1,434	4,856	2,019	42,085	(1,219)	40,865
Segment assets	55,735	37,837	261,530	110,854	1,319,523	57,920	1,377,443
Other items							
Depreciation and amortization	953	1,160	5,423	1,618	44,022	3,085	47,108
Amortization of goodwill	579	207	319	157	2,009	—	2,009
Investment in equity method affiliates	1,527	1,602	—	1,628	12,610	—	12,610
Increase in property and equipment and intangible assets	2,429	1,060	5,039	17,035	67,401	5,201	72,603

	Thousands of U.S. dollars						
	Distribution & Transportation						
	Domestic companies					Overseas companies	
	Combined Business	Security Transportation	Heavy Haulage & Construction	Air Freight Forwarding	Marine & Harbor Transportation	The Americas	Europe
Revenues							
Revenues from external customers	6,943,840	530,754	354,165	1,735,236	1,200,619	551,974	652,611
Intersegment	68,572	256	1,998	30,415	79,096	119,099	54,623
Total	7,012,411	531,010	356,163	1,765,650	1,279,715	671,072	707,233
Segment income	147,351	11,449	18,590	54,539	49,636	27,632	6,998
Segment assets	4,639,533	789,844	144,460	920,500	922,216	370,546	506,395
Other items							
Depreciation and amortization	204,776	21,210	6,323	40,300	42,243	10,226	13,696
Amortization of goodwill	—	—	—	—	—	3,024	4,211
Investment in equity method affiliates	53,305	—	—	10,231	12,254	498	—
Increase in property and equipment and intangible assets	191,402	30,033	13,793	61,029	25,101	7,652	77,486

	Thousands of U.S. dollars						
	Distribution & Transportation		Goods Sales	Other	Total	Adjustment (Note 1)	Total (Note 2)
	Overseas companies						
	East Asia	South Asia & Oceania					
Revenues							
Revenues from external customers	824,004	459,375	3,377,901	397,004	17,027,482	0	17,027,482
Intersegment	71,419	39,728	633,433	200,165	1,298,803	(1,298,803)	—
Total	895,423	499,103	4,011,334	597,169	18,326,285	(1,298,803)	17,027,482
Segment income	11,976	13,937	47,185	19,625	408,917	(11,853)	397,064
Segment assets	541,538	367,635	2,541,101	1,077,097	12,820,865	562,771	13,383,636
Other items							
Depreciation and amortization	9,269	11,280	52,693	15,723	427,739	29,983	457,722
Amortization of goodwill	5,635	2,013	3,104	1,532	19,520	—	19,520
Investment in equity method affiliates	14,842	15,572	—	15,824	122,526	—	122,526
Increase in property and equipment and intangible assets	23,606	10,308	48,963	165,520	654,894	50,542	705,435

(Notes) 1. Details of the adjustments are as follows:
(1) The segment income adjustment of ¥1,219 million (US$11,853 thousand) includes ¥260 million (US$2,527 thousand) for the elimination of intersegment income, and ¥1,519 million (US$14,763 thousand) of corporate expenses not allocated to each reportable segment. The most significant portion of corporate expenses relates to corporate image advertising and the Company's administration of group companies.
(2) The segment assets adjustment of ¥57,920 million (US$562,771 thousand) includes ¥154,528 million (US$1,501,439 thousand) for the elimination of intersegment income, and ¥231,770 million (US$2,251,943 thousand) of corporate assets not allocated to each reportable segment. Corporate assets mainly represent cash and cash in banks, securities and noncurrent assets held by the head office not attributable to each reportable segment.
(3) The depreciation and amortization adjustment represents the depreciation and amortization at the head office not attributable to each reportable segment.
(4) The adjustment in increase in property and equipment and intangible assets represents primarily the capital expenditures at the head office not attributable to each reportable segment.
2. Segment income has been reconciled with operating income in the consolidated financial statements.

[Related information]

2013 (From April 1, 2012 to March 31, 2013)

(1) Information by products and services

	Millions of yen									
	Railway utilization transportation	Combined delivery services	Chartered truck services	Moving & relocation	Warehousing & distribution processing	In-factory work	Real estate rental	Air freight forwarding	Travel	Marine & harbor transportation
Revenues from external customers	78,859	56,824	222,874	66,189	166,145	42,870	11,894	256,766	5,475	179,906

	Millions of yen								
	Fine arts transportation	Security transportation	Heavy haulage & construction	Other distribution & transportation	Lease	Sales of petroleum, etc.	Other sales	Other	Total
Revenues from external customers	2,987	75,464	49,101	52,742	47,549	200,200	75,721	21,754	1,613,327

(2) Information by region

1) Revenues

Millions of yen					
Japan	The Americas	Europe	East Asia	South Asia & Oceania	Total
1,276,621	87,525	60,693	116,581	71,905	1,613,327

(Notes) 1. The above amounts represent revenues of the Company and its consolidated subsidiaries based on countries and regions.
2. Countries and regions are categorized on the basis of geographic proximity.
3. Main countries and regions in each segment are as follows:
(1) The Americas……………U.S.A., Canada, South and Central America
(2) Europe……………………United Kingdom, the Netherlands, Germany and other European countries, and Africa
(3) East Asia…………………China, Taiwan and South Korea
(4) South Asia & Oceania …Singapore, Thailand and other South Asian and Oceanian countries

2) Property and equipment

A description is omitted because the proportion of property and equipment held in Japan exceeds 90% of the balance of property and equipment stated on the consolidated balance sheets.

(3) Information about major customers

A description is omitted because there is no particular customer, revenue from which exceeds 10% of revenues stated on the consolidated statements of income.

2014 (from April 1, 2013 to March 31, 2014)

(1) Information by products and services

	Millions of yen									
	Railway utilization transportation	Combined delivery services	Chartered truck services	Moving & relocation	Warehousing & distribution processing	In-factory work	Real estate rental	Air freight forwarding	Travel	Marine & harbor transportation
Revenues from external customers	79,284	59,790	247,046	66,265	193,502	46,331	11,938	284,234	5,071	198,743

	Millions of yen								
	Fine arts transportation	Security transportation	Heavy haulage & construction	Other distribution & transportation	Lease	Sales of petroleum, etc.	Other sales	Other	Total
Revenues from external customers	3,432	74,273	50,097	55,871	48,652	223,050	79,752	25,131	1,752,468

	Thousands of U.S. dollars									
	Railway utilization transportation	Combined delivery services	Chartered truck services	Moving & relocation	Warehousing & distribution processing	In-factory work	Real estate rental	Air freight forwarding	Travel	Marine & harbor transportation
Revenues from external customers	770,346	580,941	2,400,376	643,852	1,880,127	450,168	115,997	2,761,700	49,275	1,931,047

	Thousands of U.S. dollars								
	Fine arts transportation	Security transportation	Heavy haulage & construction	Other distribution & transportation	Lease	Sales of petroleum, etc.	Other sales	Other	Total
Revenues from external customers	33,351	721,659	486,761	542,859	472,722	2,167,222	774,894	244,185	17,027,482

(2) Information by region

1) Revenues

Millions of yen					
Japan	The Americas	Europe	East Asia	South Asia & Oceania	Total
1,353,739	115,214	74,691	128,947	79,876	1,752,468

Thousands of U.S. dollars					
Japan	The Americas	Europe	East Asia	South Asia & Oceania	Total
13,153,317	1,119,455	725,721	1,252,886	776,103	17,027,482

(Notes) 1. The above amounts represent revenues of the Company and its consolidated subsidiaries based on countries and regions.
2. Countries and regions are categorized on the basis of geographic proximity.
3. Main countries and regions in each segment are as follows:
(1) The Americas...............U.S.A., Canada, South and Central America
(2) Europe........................United Kingdom, the Netherlands, Germany and other European countries, and Africa
(3) East Asia.....................China, Taiwan and South Korea
(4) South Asia & Oceania ...Singapore, Thailand and other South Asian and Oceanian countries

2) Property and equipment

A description is omitted because the proportion of property and equipment held in Japan exceeds 90% of the balance of property and equipment stated on the consolidated balance sheets.

(3) Information about major customers

A description is omitted because there is no particular customer, from whom revenue exceeds 10% of revenues stated on the consolidated statements of income.

[Information about impairment loss on noncurrent assets by each reportable segment]

2013 (From April 1, 2012 to March 31, 2013)
Not applicable.

2014 (from April 1, 2013 to March 31, 2014)
Not applicable.

[Information about unamortized balance of goodwill by each reportable segment]

2013 (From April 1, 2012 to March 31, 2013)

	Millions of yen						
	Distribution & Transportation						
	Domestic companies					Overseas companies	
	Combined Business	Security Transportation	Heavy Haulage & Construction	Air Freight Forwarding	Marine & Harbor Transportation	The Americas	Europe
Balance at end of the year	—	—	—	—	—	1,245	—

	Millions of yen				
	Distribution & Transportation		Goods Sales	Other	Total
	Overseas companies				
	East Asia	South Asia & Oceania			
Balance at end of the year	3,741	598	1,517	—	7,102

(Note) For the amortization of goodwill, please refer to "Segment information (3) Revenues, income (loss), assets, liabilities and other items by reportable segment."

2014 (from April 1, 2013 to March 31, 2014)

	Millions of yen						
	Distribution & Transportation						
	Domestic companies					Overseas companies	
	Combined Business	Security Transportation	Heavy Haulage & Construction	Air Freight Forwarding	Marine & Harbor Transportation	The Americas	Europe
Balance at end of the year	—	—	—	—	—	933	4,326

	Millions of yen				
	Distribution & Transportation		Goods Sales	Other	Total
	Overseas companies				
	East Asia	South Asia & Oceania			
Balance at end of the year	4,435	391	1,198	5,696	16,982

	Thousands of U.S. dollars						
	Distribution & Transportation						
	Domestic companies					Overseas companies	
	Combined Business	Security Transportation	Heavy Haulage & Construction	Air Freight Forwarding	Marine & Harbor Transportation	The Americas	Europe
Balance at end of the year	—	—	—	—	—	9,073	42,041

	Thousands of U.S. dollars				
	Distribution & Transportation		Goods Sales	Other	Total
	Overseas companies				
	East Asia	South Asia & Oceania			
Balance at end of the year	43,098	3,805	11,642	55,349	165,008

(Note) For the amortization of goodwill, please refer to "Segment information (3) Revenues, income (loss), assets, liabilities and other items by reportable segment."

[Information about gain on negative goodwill by each reportable segment]

2013 (From April 1, 2012 to March 31, 2013)
A description is omitted because the amount is immaterial.

2014 (from April 1, 2013 to March 31, 2014)
Not applicable.

20. Related party information

2013 (From April 1, 2012 to March 31, 2013)
Not applicable.

2014 (from April 1, 2013 to March 31, 2014)
Not applicable.

21. Per share information

The amounts and bases for the computation of net assets per share and net income per share are set out below.

	Yen		U.S. dollars
	2013 (March 31, 2013)	2014 (March 31, 2014)	2014 (March 31, 2014)
(1) Net assets per share	489.39	483.38	4.70
	Millions of yen		Thousands of U.S. dollars
	2013 (March 31, 2013)	2014 (March 31, 2014)	2014 (March 31, 2014)
(Basis for calculation)			
Total net assets on consolidated balance sheets	518,409	509,954	4,954,860
Net assets related to common stock	513,683	495,881	4,818,127
Breakdown of difference: Minority interests	4,725	14,072	136,732
Number of common stock issued (1,000 shares)	1,062,299	1,062,299	—
Treasury stock of common stock (1,000 shares)	12,657	36,445	—
Number of common stock used to calculate net assets per share (1,000 shares)	1,049,641	1,025,853	—

	Yen		U.S. dollars
	2013 (From April 1, 2012 to March 31, 2013)	2014 (From April 1, 2013 to March 31, 2014)	2014 (From April 1, 2013 to March 31, 2014)
(2) Net income per share	22.89	25.62	0.25
	Millions of yen		Thousands of U.S. dollars
	2013 (From April 1, 2012 to March 31, 2013)	2014 (From April 1, 2013 to March 31, 2014)	2014 (From April 1, 2013 to March 31, 2014)
(Basis for calculation)			
Net income	23,831	26,345	255,977
Net income related to common stock	23,831	26,345	255,977
Weighted average number of common stock during the year (1,000 shares)	1,040,944	1,028,194	—

(Notes) 1. Diluted net income per share is not stated because there were no residual securities.
2. As noted in Note 3. “Changes in accounting policies,” the Company has adopted the Accounting Standard for Retirement Benefits, etc., subject to the transitional treatment stipulated by Article 37 of said standard.
As a result, net assets per share as of March 31, 2014 decreased ¥44.48 (US$0.43).

22. Significant subsequent events

Not applicable.

23. Supplementary schedules

[Schedule of bonds]

			Millions of yen		Thousands of U.S. dollars			
Issuer	Name of bond	Issuance date	Balance as of April 1, 2013	Balance as of March 31, 2014	Balance as of March 31, 2014	Interest rate (%)	Collateral	Maturity
NIPPON EXPRESS CO., LTD.	3rd Unsecured Straight Bonds	January 30, 2008	20,000	20,000	194,326	1.59	Unsecured	January 30, 2018
	4th Unsecured Straight Bonds	June 1, 2009	15,000	15,000 (15,000)	145,744 (145,744)	1.12	Unsecured	May 30, 2014
	5th Unsecured Straight Bonds	June 1, 2009	15,000	15,000	145,744	1.82	Unsecured	May 31, 2019
	6th Unsecured Straight Bonds	October 20, 2011	20,000	20,000	194,326	0.46	Unsecured	October 20, 2016
	7th Unsecured Straight Bonds	October 20, 2011	10,000	10,000	97,163	1.09	Unsecured	October 20, 2021
Total	—	—	80,000	80,000 (15,000)	777,303 (145,744)	—	—	—

(Notes) 1. The amounts in parenthesis represent amounts due within one year.
2. The repayment schedule for bonds for five years subsequent to March 31, 2014 is summarized as follows:

Millions of yen				
Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
15,000	—	20,000	20,000	—

Thousands of U.S. dollars				
Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
145,744	—	194,326	194,326	—

[Schedule of loans]

Category	Balance as of April 1, 2013 (Millions of yen)	Balance as of March 31, 2014 (Millions of yen)	Balance as of March 31, 2014 (Thousands of U.S. dollars)	Average interest rate (%)	Due date
Short-term loans (payable)	6,125	4,657	45,258	1.058	—
Current portion of long-term loans payable	57,881	42,155	409,600	0.831	—
Current portion of lease obligation	617	1,602	15,573	—	—
Long-term loans payable (excluding current portion)	156,038	204,037	1,982,487	0.830	Final due date: March 17, 2030
Lease obligation (excluding current portion)	2,529	9,324	90,599	—	Final due date: August 2, 2029
Other interest-bearing debt					
Commercial paper (current portion)	4,500	6,000	58,298	0.096	—
In-house savings deposits by employees	29,472	27,660	268,758	0.625	—
Total	257,165	295,439	2,870,572	—	—

(Notes) 1. Average interest rates are stated at weighted average interest rates on the average balance of borrowings for the year. However, average interest rates are not stated for either the current portion of lease obligations or lease obligations (excluding current portion), since the interest portion in the total lease payment has been allocated to each fiscal year by the straight-line method.
2. The repayment schedule for long-term loans payable and lease obligation (excluding current portion) per year for five years subsequent to March 31, 2014, is summarized as follows:

	Millions of yen			
Category	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
Long-term loans payable	66,504	34,940	30,280	11,899
Lease obligation	2,300	1,229	1,125	992

Category	Thousands of U.S. dollars			
	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
Long-term loans payable	646,177	339,495	294,212	115,621
Lease obligation	22,356	11,949	10,934	9,647

3. Deposits in the in-house savings deposits by employees are recorded as Deposits from employees in the consolidated balance sheets.

[Schedule of asset retirement obligations]
A description is omitted because the amounts of asset retirement obligations at the beginning of the year ended March 31, 2014 and the end of the year ended March 31, 2014 are both less than one percent of the total of liabilities and net assets at the beginning of the year ended March 31, 2014 and the end of the year ended March 31, 2014.

(2) Other

Quarterly information in 2014

	Millions of yen			
	Three months ended Jun. 30, 2013 From April 1, 2013 to June 30, 2013	Six months ended Sep. 30, 2013 From April 1, 2013 to September 30, 2013	Nine months ended Dec. 31, 2013 From April 1, 2013 to December 31, 2013	2014 From April 1, 2013 to March 31, 2014
Revenues	408,795	835,758	1,280,503	1,752,468
Income before income taxes and minority interests	11,798	13,178	31,249	47,119
Net income	6,858	7,443	18,305	26,345
Net income per share (yen)	6.63	7.22	17.79	25.62

	Thousands of U.S. dollars			
	Three months ended Jun. 30, 2013 From April 1, 2013 to June 30, 2013	Six months ended Sep. 30, 2013 From April 1, 2013 to September 30, 2013	Nine months ended Dec. 31, 2013 From April 1, 2013 to December 31, 2013	2014 From April 1, 2013 to March 31, 2014
Revenues	3,971,974	8,120,472	12,441,735	17,027,482
Income before income taxes and minority interests	114,639	128,043	303,633	457,822
Net income	66,640	72,324	177,862	255,977
Net income per share (U.S. dollars)	0.06	0.07	0.17	0.25

	1Q From April 1, 2013 to June 30, 2013	2Q From July 1, 2013 to September 30, 2013	3Q From October 1, 2013 to December 31, 2013	4Q From January l , 2014 to March 31, 2014
Net income per share (yen)	6.63	0.57	10.59	7.84

	1Q From April 1, 2013 to June 30, 2013	2Q From July 1, 2013 to September 30, 2013	3Q From October 1, 2013 to December 31, 2013	4Q From January l , 2014 to March 31, 2014
Net income per share (U.S. dollars)	0.06	0.01	0.10	0.08

Building a better working world

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Independent Auditor's Report

The Board of Directors
Nippon Express Co., Ltd.

We have audited the accompanying consolidated financial statements of Nippon Express Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Express Co., Ltd. and its consolidated subsidiaries as at March 31, 2014, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

June 27, 2014
Tokyo, Japan

Ernst & Young ShinNihon LLC

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Khan Chamkarmon, Phnom Penh, Cambodia

Representative Offices

Johannesburg Representative Office
Clearwater Office Park, Block F, 1st Floor
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Boksburg 1459, South Africa

Company Information

(As of March 31, 2014)

Name	Nippon Express Co., Ltd.
Headquarters	1-9-3, Higashi Shimbashi, Minato-ku, Tokyo 105-8322, Japan Tel: +81 (3) 6251-1111
Formal establishment	October 1, 1937
Paid-in capital	¥70,175 million
Employees	33,153
URL	(Japanese) http://www.nittsu.co.jp/ (English) http://www.nipponexpress.com/

Areas of operation

1 Rail freight forwarding business

2 Truck transportation business

3 Truck freight forwarding business

4 Marine transportation business

5 Coastal shipping business

6 Harbor transportation business

7 NVOCC marine transportation business

8 Air freight forwarding business

9 Transportation businesses and forwarding business other than as listed above

10 Freight transportation consignment business

11 Warehousing business

12 Construction business

13 Customs-clearance business

14 Freight collection and settlement business

15 Air freight forwarding agency business

16 Non-life insurance agency business

17 Packing and packaging business

18 Packaging, labeling and storage business for pharmaceuticals, quasi-pharmaceuticals, cosmetics and medical equipment

19 Travel agency business

20 Transportation, construction and installation of heavy goods and any incidental business thereto

21 Sale, purchase and lease of real estate and any incidental business thereto

22 Security services business

23 General worker dispatching business

24 Waste management business

25 Specified correspondence delivery service business

26 Collection and processing of logistics information and any incidental business thereto

27 Sale of goods and commodities

28 Any other business related to the above items

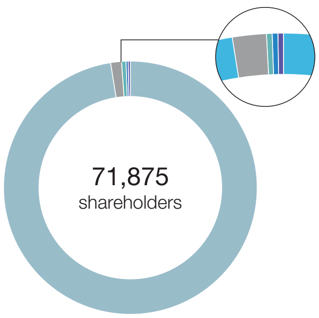
29 Investments in and financing of business listed in the above items

Share Information

(As of March 31, 2014)

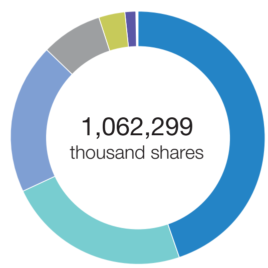
Stock listing	Tokyo	
Number of shares	Total number of shares authorized	3,988,000,000
	Total number of shares issued	1,062,299,281
Number of shareholders	71,875	
Stock transfer agent	Mitsubishi UFJ Trust and Banking Corporation	

Distribution of shares



By type of shareholder

Individuals, others	97.5%
Other corporate	1.5%
Overseas corporate	0.7%
Financial institutions	0.2%
Financial instruments and exchange dealers	0.1%
Treasury stock	0.0%



Proportion of shares held

Financial institutions	44.9%
Overseas corporate	23.1%
Individuals, others	19.3%
Other corporate	7.7%
Treasury stock	3.4%
Financial instruments and exchange dealers	1.4%

Major shareholders

	Number of shares held (Thousands of shares)	Investment ratio (%)
The Master Trust Bank of Japan, Ltd. (Account in Trust)	83,224	8.1
Japan Trustee Services Bank, Ltd. (Account in Trust)	78,286	7.6
Asahi Mutual Life Insurance Company	56,019	5.5
Nipponkoa Insurance Co., Ltd.	50,967	5.0
Mizuho Trust & Banking Co., Ltd. as trustee for Retirement Benefit Trust of Mizuho Bank, Ltd. (re-entrusted by Trust & Custody Services Bank, Ltd.)	41,500	4.0
Nippon Express Employees' Shareholding Association	35,779	3.5
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	21,316	2.1
Japan Trustee Services Bank, Ltd. (Account in Trust No. 4)	21,284	2.1
The Bank of New York Mellon SA/NV 10	10,461	1.0
JP Morgan Chase Bank 385078	10,297	1.0

* Nippon Express holds 36,445 thousand shares of treasury stock, although these are excluded from the above list of major shareholders.
** The above shareholding ratios exclude treasury stock.

Stock price movement