

May 10, 2016

Summary of Consolidated Earnings Report for the Fiscal Year Ended March 31, 2016 (Japanese GAAP)

Name of listed company: **Nippon Express Co., Ltd.**

Listed stock exchanges: Tokyo

Code: **9062**(URL: <http://www.nipponexpress.com> (English))(URL: <http://www.nittsu.co.jp> (Japanese))

Representative: President, CEO Kenji Watanabe

Scheduled date for General Shareholders' Meeting: June 29, 2016

Scheduled date of dividend payment: June 30, 2016

Scheduled date for release of Securities Report: June 29, 2016

Availability of supplementary briefing material on annual financial results: Available

(Millions of yen, rounded down)

1. Consolidated Financial Results for Fiscal Year Ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(1) Consolidated Business Results

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Net income attributable to shareholders of Nippon Express	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Fiscal Year Ended Mar. 31, 2016	1,909,105	(0.8)	54,778	7.8	62,394	4.8	35,659	35.2
Fiscal Year Ended Mar. 31, 2015	1,924,929	9.8	50,811	24.3	59,563	18.8	26,382	0.1

(Note) Comprehensive income:

Fiscal Year Ended Mar. 31, 2016: ¥2,251 million [(96.4%)] Fiscal Year Ended Mar. 31, 2015: ¥62,639 million [23.6%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income on assets	Operating margin to sales
	¥	¥	%	%	%
Fiscal Year Ended Mar. 31, 2016	35.61	—	6.8	4.2	2.9
Fiscal Year Ended Mar. 31, 2015	25.87	—	5.1	4.2	2.6

(Reference) Investment gain or loss on equity method:

Fiscal Year Ended Mar. 31, 2016: ¥835 million Fiscal Year Ended Mar. 31, 2015: ¥744 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of Mar. 31, 2016	1,484,953	538,018	35.2	521.77
As of Mar. 31, 2015	1,453,617	550,137	36.6	531.06

(Reference) Equity: As of Mar. 31, 2016: ¥522,260 million As of Mar. 31, 2015: ¥531,909 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investment activities	Cash flow from financing activities	Cash and cash equivalents at end of year
	¥ million	¥ million	¥ million	¥ million
Fiscal Year Ended Mar. 31, 2016	78,844	(122,881)	43,936	146,007
Fiscal Year Ended Mar. 31, 2015	74,519	(22,386)	(33,636)	148,942

2. Dividends Information

	Annual dividend per share					Total dividend (Annual)	Dividend payout ratio (Consolidated)	Dividend payout ratio on net assets (Consolidated)
	First Quarter	Second Quarter	Third Quarter	Year End	Yearly			
	¥	¥	¥	¥	¥	¥ million	%	%
Fiscal Year Ended Mar. 31, 2015	—	5.00	—	5.00	10.00	10,136	38.7	2.0
Fiscal Year Ended Mar. 31, 2016	—	5.00	—	6.00	11.00	11,013	30.9	2.1
Fiscal Year Ending Mar. 31, 2017 (Forecast)	—	5.00	—	6.00	11.00		30.6	

3. Forecast of Consolidated Financial Results for FY2016 (from April 1, 2016 to March 31, 2017)

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Net income attributable to shareholders of Nippon Express		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	
Interim of year	935,000	(1.9)	23,500	1.6	27,800	0.5	16,500	8.5	16.48
Full year	1,930,000	1.1	57,000	4.1	63,000	1.0	36,000	1.0	35.97

*Notes

(1) Significant changes of subsidiaries during the period under review (affecting specific subsidiaries due to changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and corrections of errors

1) Changes in accounting policies due to the revision of accounting standards, etc.: Yes

2) Any changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Corrections of errors: No

(Note) Please refer to "2. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)" on page 16 for details.

(3) Total number of issued shares (common stock)

1) Total number of issued shares at end of period (including treasury stock)	As of Mar. 31, 2016	1,038,000,000 shares	As of Mar. 31, 2015	1,038,000,000 shares
2) Total number of treasury stocks at end of period	As of Mar. 31, 2016	37,068,877 shares	As of Mar. 31, 2015	36,401,970 shares
3) Average number of shares during period	Fiscal Year Ended Mar. 31, 2016	1,001,470,476 shares	Fiscal Year Ended Mar. 31, 2015	1,019,897,758 shares

(Reference) Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(1) Non-consolidated Business Results (%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Fiscal Year Ended Mar. 31, 2016	1,060,062	(2.7)	31,900	8.8	37,253	1.7	21,934	5.9
Fiscal Year Ended Mar. 31, 2015	1,089,935	4.4	29,321	22.3	36,625	17.5	20,719	23.2

	Net income per share	Diluted earnings per share
	¥	¥
Fiscal Year Ended Mar. 31, 2016	21.90	—
Fiscal Year Ended Mar. 31, 2015	20.32	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of Mar. 31, 2016	932,773	361,473	38.8	361.14
As of Mar. 31, 2015	917,236	364,449	39.7	363.87

(Reference) Equity: As of Mar. 31, 2016: ¥361,473 million As of Mar. 31, 2015: ¥364,449 million

2. Forecast of Non-consolidated Financial Results for FY2016 (from April 1, 2016 to March 31, 2017)

(%: compared with the previous period)

	Revenues		Ordinary income		Net income		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥
Interim of year	534,000	1.0	16,000	4.1	11,000	37.2	10.99
Full year	1,074,000	1.3	38,000	2.0	24,000	9.4	23.98

*Status of execution of the audit of financial statements

Because this Consolidated Earnings Report is not subject to the audit of the annual financial statements under the Financial Instruments and Exchange Act, the procedures for said audit were not completed at the time of disclosing this report.

*Explanation for the appropriate use of financial forecasts and other special notes

The forward-looking statements and other results forecasts stated herein are based on the information available at the time this report was prepared and on certain assumptions considered to be reasonable. Accordingly, actual business performance may differ significantly from forecasts due to a number of factors. Please refer to "1. Business Results and Analysis of Financial Position, (1) Analysis of Business Results (Performance Forecasts for Fiscal 2016)" on page 5 for the use of preconditions of the financial forecasts and the use of the forecasts.

Disclaimer:

This English translation has been prepared for general reference purposes only.

The Company shall not be responsible for any consequence resulting from the use of the English translation in place of the original Japanese text.

In any legal matter, readers should refer to and rely upon the original Japanese text released May 10, 2016.

1. Business Results and Analysis of Financial Position

(1) Analysis of Business Results

(Business Results for FY2015)

During the consolidated fiscal year ended March 31, 2016, conditions in the Japanese economy remained uncertain amid the slowdown in overseas economies including China and escalating geopolitical risks, and also the emergence since the beginning of the year of factors that put downward pressure on the economy such as yen appreciation and lower stock prices, despite expectations of improvement in wages and the employment environment driven by favorable corporate earnings.

Amid these economic conditions, in the field of logistics, domestic freight suffered from sluggish freight movement, reflecting signs of weakness in production by companies owing to shifts in economic currents, and stagnant shipments, among other factors. International freight was generally weak, due to factors including a reduction in freight mainly to Asian countries as a negative trend continued in both exports and imports.

In this business environment, the Nippon Express Group made united efforts to implement the four basic strategies of "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" in order to achieve the three-year medium-term management plan "Nippon Express Group Corporate Strategy 2015 – Innovation and Moving Forward -" that was in its concluding year.

Specifically, by implementing large-scale organizational reform, the Group moved ahead to create an organization that can provide one-stop services and to establish a customer-oriented, account-based sales structure that handles processes from sales to operations in an integrated manner.

In the global logistics business, the Group proceeded with enhancement of the transport network in Southeast Asia, and worked to provide many new transport services such as halal logistics and integrated cold chain transport, while expanding sales in regional logistics and warehouse services in each area.

In its domestic businesses, the Group strived to maximize profit through the creation of a high-quality and low-cost operating structure, by thoroughly strengthening its sales capabilities in metropolitan areas while pressing ahead to reinforce control of variable costs.

In addition, with respect to CSR management, the Group was engaged in global environmental conservation efforts aimed at realizing a sustainable society, such as commencing operations of a CFC management system to prevent and properly and easily manage greenhouse gas leaks.

Furthermore, the Group promoted business expansion by generating synergies through measures such as forming a business alliance with Meitetsu Transport Co., Ltd. with the aim of building up operational efficiency, in addition to acquiring shares in Wanbishi Archives Co., Ltd., a leading company in the information asset management industry, in order to create new industrial platforms.

As a result, revenues decreased by ¥15.8 billion, or 0.8% year on year, to ¥1,909.1 billion, while operating income increased by ¥3.9 billion, or 7.8% year on year, to ¥54.7 billion, and ordinary income increased by ¥2.8 billion, or 4.8% year on year, to ¥62.3 billion. Net income attributable to shareholders of Nippon Express increased by ¥9.2 billion, or 35.2% year on year, to ¥35.6 billion.

Financial results by reportable segment are summarized below.

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

As a result of factors including a decrease in motor transportation transactions, segment sales were ¥736.5 billion, a year-on-year decrease of ¥5.7 billion, or 0.8%, while operating income was ¥22.4 billion, a year-on-year increase of ¥4.2 billion, or 23.6%, due to a decrease in fuel prices and the effect of price revisions.

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

Mainly owing to a decrease in security transportation business transactions, segment sales were down ¥1.5 billion, or 2.9% year on year, to ¥53.8 billion, while operating income was up by ¥0.6 billion, or 76.5% year on year, to ¥1.5 billion.

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

As a result of factors including an increase in various project items overseas, segment sales were up ¥4.5 billion, or 9.6% year on year, to ¥51.3 billion, and operating income was up by ¥1.5 billion, or 70.9% year on year, to ¥3.6 billion.

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

Owing to factors including a reactionary decline against the increase in export freight resulting from the impact of crowded ports on the west coast of the U.S. in the previous year, segment sales were down ¥28.2 billion, or 13.4% year on year, to ¥182.5 billion, and operating income was down ¥2.7 billion, or 27.4% year on year, to ¥7.3 billion.

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

Mainly owing to a decrease in domestic freight and import freight transactions, segment sales were down ¥0.6 billion, or 0.5% year on year, to ¥118.2 billion, while operating income was up by ¥1.2 billion, or 24.6% year on year, to ¥6.1 billion.

6. The Americas (Distribution & Transportation, overseas companies)

As a result of factors including favorable air freight import transactions, segment sales were up ¥15.5 billion, or 19.6% year on year, to ¥94.6 billion, and operating income was up ¥1.6 billion, or 49.5% year on year, to ¥5.0 billion.

7. Europe (Distribution & Transportation, overseas companies)

As a result of factors including robust air freight export transactions, segment sales were up ¥0.9 billion, or 1.2% year on year, to ¥84.5 billion, while operating income was down by ¥0.8 billion, or 34.9% year on year, to ¥1.5 billion.

8. East Asia (Distribution & Transportation, overseas companies)

Mainly owing to strong air freight export transactions, segment sales were up ¥13.7 billion, or 13.6% year on year, to ¥115.0 billion, while operating income was down by ¥0.2 billion, or 11.8% year on year, to ¥1.6 billion.

9. South Asia & Oceania (Distribution & Transportation, overseas companies)

As a result of factors including favorable air freight export transactions, segment sales were up ¥5.6 billion, or 8.7% year on year, to ¥70.2 billion, and operating income was up by ¥0.6 billion, or 68.5% year on year, to ¥1.5 billion.

10. Goods Sales

As a result of factors including a drop in the unit selling price of oil, segment sales were down by ¥52.8 billion, or 12.6% year on year, to ¥367.3 billion, and operating income was down by ¥0.3 billion, or 5.3% year on year, to ¥6.0 billion.

11. Other

As a result of factors including the acquisition of shares of Nittsu NEC Logistics, Ltd., segment sales were up ¥30.0 billion, or 20.9% year on year, to ¥173.6 billion, and operating income was up by ¥0.1 billion, or 3.9% year on year, to ¥2.7 billion.

(Performance Forecasts for FY2016)

Performance forecasts for the next fiscal year have been made in consideration of trends in crude oil prices, risks of exchange rate fluctuations and other such factors.

As stated in “1. Business Results and Analysis of Financial Position (1) Analysis of Business Results,” conditions are expected to be highly uncertain due to factors including the impact of the economic slowdown overseas as well as yen appreciation and lower stock prices.

The Nippon Express Group will develop businesses suited to the characteristics of each region in Japan and overseas and strengthen its customer-oriented sales through global development of one-stop sales and account management. As a result, the Group expects growth in revenues, operating income, ordinary income, and net income attributable to shareholders of Nippon Express.

Performance forecasts for the fiscal year ending March 31, 2017 as of the release date of this report are as follows.

Performance Forecasts of Consolidated Financial Results (Full year)

Revenues	¥1,930 billion (up 1.1% year on year)
Operating income	¥57 billion (up 4.1% year on year)
Ordinary income	¥63 billion (up 1.0% year on year)
Net income attributable to shareholders of Nippon Express	¥36 billion (up 1.0% year on year)

Performance Forecasts of Non-consolidated Financial Results (Full year)

Revenues	¥1,074 billion (up 1.3% year on year)
Operating income	¥32 billion (up 0.3% year on year)
Ordinary income	¥38 billion (up 2.0% year on year)
Net income	¥24 billion (up 9.4% year on year)

* The above performance forecasts were deemed reasonable by the Company based on data currently available to the Company and actual business performance may differ from the performance forecasts.

(2) Analysis of Financial Position

Total assets as at the end of the fiscal year ended March 31, 2016 amounted to ¥1,484.9 billion, an increase of ¥31.3 billion or 2.2% from the end of the previous fiscal year.

Current assets amounted to ¥682.3 billion, a decrease of ¥36.9 billion or 5.1% from the end of the previous fiscal year, while noncurrent assets totaled ¥802.6 billion, an increase of ¥68.3 billion or 9.3% from the end of the previous fiscal year.

The primary factors behind the decrease in current assets were the decrease in accounts receivable—trade, etc.

The primary factors behind the increase in noncurrent assets were the increase in goodwill and other, etc.

Total liabilities as at the end of the fiscal year ended March 31, 2016 were ¥946.9 billion, an increase of ¥43.4 billion or 4.8% from the end of the previous fiscal year.

Current liabilities decreased by ¥51.5 billion or 10.5% from the end of the previous fiscal year to ¥440.3 billion, while noncurrent liabilities increased by ¥95.0 billion or 23.1% to ¥506.5 billion from the end of the previous fiscal year.

The decrease in current liabilities was primarily due to the decrease in short-term loans payable, etc.

The increase in noncurrent liabilities was mainly attributable to the increase in long-term loans payable, etc.

Net assets amounted to ¥538.0 billion at the end of the fiscal year ended March 31, 2016, a decrease of ¥12.1 billion or 2.2% from the end of the previous fiscal year.

This was attributable to the decrease in valuation differences on available-for-sale securities, etc.

Net cash provided by operating activities amounted to ¥78.8 billion, a year-on-year increase of ¥4.3 billion in proceeds. This was primarily due to the increase in proceeds resulting from income before income taxes and non-controlling interests and (increase) decrease in trade receivables, etc.

Net cash used in investment activities totaled ¥122.8 billion, a year-on-year increase of ¥100.4 billion in expenditures. This was mainly due to the increase in payment for purchase of shares of subsidiaries resulting in change in scope of consolidation.

Net cash provided by financing activities amounted to ¥43.9 billion, a year-on-year increase of ¥77.5 billion in proceeds. This was mainly due to the increase in proceeds from long-term loans payable, etc.

As a result of the above, cash and cash equivalents at the end of the fiscal year ended March 31, 2016 decreased ¥2.9 billion year on year to ¥146.0 billion.

(Reference) Trends in the Group's cash flow indicators are as follows.

	FY2011	FY2012	FY2013	FY2014	FY2015
Equity ratio (%)	39.1	41.2	36.0	36.6	35.2
Marked-to-market equity ratio (%)	27.4	38.6	37.6	46.3	34.5
Ratio of cash flow to interest-bearing liabilities (years)	4.4	5.5	6.5	4.9	5.3
Interest coverage ratio (times)	25.0	18.7	18.7	25.3	30.2

(Notes)

Equity ratio:	Equity / Total assets
Marked-to-market equity ratio:	Market capitalization / Total assets
Ratio of cash flow to interest-bearing liabilities:	Interest-bearing liabilities / Operating cash flow
Interest coverage ratio:	Operating cash flow / Interest payment

* All indicators have been calculated based on consolidated financial data.

* Market capitalization is calculated by multiplying the closing share price as at the end of the fiscal year by the number of issued shares as at the end of the fiscal year (after deducting treasury stock).

* For operating cash flow, cash flow from operating activities in the consolidated cash flow statement has been used. Interest-bearing liabilities include all liabilities declared in the consolidated balance sheet for which interest is paid. For interest payment, the amount of interest paid according to the consolidated cash flow statement is used.

(3) Basic Policy for Profit Sharing and Dividends for the Fiscal Year Ended March 31, 2016 and the Fiscal Year Ending March 31, 2017

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

The earnings retained by Nippon Express will be used for investments mainly in the development of logistics bases and the replacement of vehicles, to expand sales of our distribution and transportation services and improve our transportation efficiency. We will also utilize retained earnings to strengthen our financial position as well as our corporate foundation.

As stated in the "Notice of Revision of Dividend Forecast" released on May 10, 2016, for this fiscal year the Company plans to pay an annual dividend of ¥11, consisting of an interim dividend of ¥5 and a year-end dividend of ¥6 (consolidated dividend payout ratio of 30.9%). For the fiscal year ending March 31, 2017, we plan to pay an annual dividend of ¥11, consisting of an interim dividend of ¥5 and a year-end dividend of ¥6 (forecast consolidated dividend payout ratio of 30.6%).

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Millions of yen)

	FY2014 (as of March 31, 2015)	FY2015 (as of March 31, 2016)
ASSETS		
Current assets:		
Cash and cash in banks	207,112	189,323
Notes receivable—trade	13,471	22,280
Accounts receivable—trade	321,679	296,592
Inventories	6,020	6,368
Advanced money	4,098	4,383
Prepaid expenses	12,670	13,028
Deferred tax assets	13,689	11,530
Lease investment assets	108,273	112,827
Other	33,602	27,163
Less: allowance for doubtful accounts	(1,304)	(1,182)
Total current assets	719,313	682,316
Noncurrent assets:		
Property and equipment		
Vehicles	171,508	173,132
Less: accumulated depreciation	(147,415)	(147,841)
Vehicles, net	24,092	25,290
Buildings	563,414	571,593
Less: accumulated depreciation	(328,977)	(343,905)
Buildings, net	234,437	227,687
Structures	64,403	64,656
Less: accumulated depreciation	(52,618)	(53,532)
Structures, net	11,784	11,123
Machinery	72,983	76,644
Less: accumulated depreciation	(59,051)	(63,017)
Machinery, net	13,932	13,626
Tools, furniture and fixtures	102,492	105,464
Less: accumulated depreciation	(80,774)	(84,256)
Tools, furniture and fixtures, net	21,718	21,208
Vessels	17,769	17,731
Less: accumulated depreciation	(12,382)	(13,042)
Vessels, net	5,387	4,688
Land	176,165	177,438
Leased assets	6,668	7,882
Less: accumulated depreciation	(2,711)	(3,794)
Leased assets, net	3,956	4,087
Construction in progress	1,071	17,170
Net property and equipment	492,545	502,321
Intangible assets		
Leasehold right	7,527	8,103
Goodwill	14,821	47,411
Other	37,737	72,658
Total intangible assets	60,087	128,173
Investments and other assets		
Investment securities	133,577	112,130
Long-term loans receivable	2,513	1,905
Long-term loan to employees	139	104
Long-term prepaid expense	4,643	4,406
Security deposit	21,245	20,905
Net retirement benefit asset	1,783	962
Deferred tax assets	6,607	19,342
Other	12,169	13,284
Less: allowance for doubtful accounts	(1,009)	(899)
Total investments and other assets	181,670	172,142
Total noncurrent assets	734,304	802,637
Total assets	1,453,617	1,484,953

(Unit: Millions of yen)

	FY2014 (as of March 31, 2015)	FY2015 (as of March 31, 2016)
LIABILITIES		
Current liabilities:		
Notes payable—trade	7,308	7,506
Accounts payable—trade	170,211	151,057
Short-term loans payable	83,397	62,291
Other Payables	25,949	29,825
Income taxes payable	16,192	13,891
Consumer tax payable	16,487	7,134
Unpaid expenses	21,127	20,399
Advance receipt	26,906	23,138
Deposits	61,165	46,583
Deposits from employees	27,764	28,036
Provision for bonuses	21,752	21,529
Provision for directors' bonus	135	143
Allowance for warranty and repair	62	—
Allowance for class action lawsuit filed in the United States	3,899	—
Allowance for business structure improvement expenses	1,050	—
Other	8,530	28,829
Total current liabilities	491,940	440,366
Noncurrent liabilities:		
Bonds payable	65,000	65,000
Long-term loans payable	180,969	240,955
Deferred tax liabilities	4,865	14,486
Provision for directors' retirement benefits	350	408
Provision for special repairment	202	224
Provision for loss on guarantees	829	829
Provision for loss on contracts	—	857
Other provisions	—	120
Net retirement benefit liability	135,678	160,168
Other	23,644	23,518
Total noncurrent liabilities	411,539	506,568
Total liabilities	903,480	946,935
NET ASSETS		
Shareholders' equity:		
Common stock	70,175	70,175
Additional paid-in capital	26,908	25,306
Retained earnings	419,851	445,495
Less: treasury stock	(19,444)	(19,818)
Total shareholders' equity	497,490	521,158
Accumulated other comprehensive income:		
Valuation differences on available-for-sale securities	61,900	47,118
Deferred gains (losses) on hedges	(7)	(214)
Foreign currency translation adjustments	14,901	8,085
Remeasurements of retirement benefit plans	(42,375)	(53,888)
Total accumulated other comprehensive income	34,419	1,101
Non-controlling interests	18,227	15,758
Total net assets	550,137	538,018
Total liabilities and net assets	1,453,617	1,484,953

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Unit: Millions of yen)

	FY2014 (from April 1, 2014 to March 31, 2015)	FY2015 (from April 1, 2015 to March 31, 2016)
Revenues	1,924,929	1,909,105
Operating costs	1,783,621	1,755,489
Gross profit	141,308	153,615
Selling, general and administrative expenses		
Salaries, compensation, and welfare expenses	48,952	55,209
Depreciation and amortization	6,592	7,080
Advertising expenses	4,110	3,830
Provision for allowance for doubtful accounts	24	-
Other	30,816	32,716
Total selling, general and administrative expenses	90,497	98,837
Operating income	50,811	54,778
Non-operating income:		
Interest income	708	559
Dividends income	2,474	3,184
Gain on sales of vehicles	349	349
Equity in earnings of affiliates	744	835
Income from foreign exchange	2,840	1,874
Other	7,367	6,747
Total non-operating income	14,483	13,550
Non-operating expenses:		
Interest expenses	2,882	2,791
Other financial expenses	-	803
Loss on sale and retirement of vehicles	43	38
Other	2,805	2,301
Total non-operating expenses	5,731	5,934
Ordinary income	59,563	62,394
Extraordinary income:		
Gain on sales of noncurrent assets	2,875	4,862
Gain on sales of investment securities	5,205	363
Other	664	243
Total extraordinary income	8,745	5,469
Extraordinary loss:		
Loss on disposal of noncurrent assets	7,686	6,477
Loss on sales of investment securities	7	45
Loss on valuation of investment securities	606	62
Impairment loss	5,441	342
Provision of allowance for class action lawsuit filed in the United States	3,899	-
Provision of allowance for business structure improvement expenses	1,050	-
Provision of allowance for loss on contracts	-	949
Other	638	790
Total extraordinary loss	19,329	8,668
Income before income taxes and non-controlling interests	48,978	59,196
Income taxes—current	26,346	22,770
Income taxes—deferred	(3,429)	140
Total income taxes	22,916	22,910
Net income	26,062	36,285
Net income (loss) attributable to non-controlling interests	(319)	625
Net income attributable to shareholders of Nippon Express	26,382	35,659

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	FY2014 (from April 1, 2014 to March 31, 2015)	FY2015 (from April 1, 2015 to March 31, 2016)
Net income	26,062	36,285
Other comprehensive income:		
Valuation differences on available-for-sale securities	21,823	(14,787)
Deferred gains (losses) on hedges	(11)	(206)
Foreign currency translation adjustments	11,183	(7,030)
Remeasurements of retirement benefit plans	3,132	(11,764)
Share of other comprehensive income of affiliates accounted for using the equity method	448	(244)
Other comprehensive income	36,576	(34,033)
Comprehensive income	62,639	2,251
(Comprehensive income attributable to)		
Shareholders of Nippon Express	62,518	2,342
Non-controlling interests	120	(90)

(3) Consolidated Statements of Changes in Net Assets
FY2014 (from April 1, 2014 to March 31, 2015)

(Unit: Millions of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	70,175	26,908	417,869	(17,353)	497,599
Cumulative effects of changes in accounting policies			(1,819)		(1,819)
Restated balance	70,175	26,908	416,050	(17,353)	495,779
Changes during the year					
Cash dividends			(10,258)		(10,258)
Net income attributable to shareholders of Nippon Express			26,382		26,382
Change in amounts due to change in scope of consolidation			656		656
Changes in equity of Nippon Express due to transactions with non-controlling shareholders		-			-
Increase in treasury stock				(15,072)	(15,072)
Decrease in treasury stock		0	(0)	2	2
Retirement of treasury stock		(0)	(12,979)	12,979	-
Net changes in items other than shareholders' equity					
Total changes during the year	-	(0)	3,801	(2,090)	1,710
Balance at end of the year	70,175	26,908	419,851	(19,444)	497,490

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation differences on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of retirement benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the year	40,077	3	3,829	(45,628)	(1,717)	14,072	509,954
Cumulative effects of changes in accounting policies							(1,819)
Restated balance	40,077	3	3,829	(45,628)	(1,717)	14,072	508,135
Changes during the year							
Cash dividends							(10,258)
Net income attributable to shareholders of Nippon Express							26,382
Change in amounts due to change in scope of consolidation							656
Changes in equity of Nippon Express due to transactions with non-controlling shareholders							-
Increase in treasury stock							(15,072)
Decrease in treasury stock							2
Retirement of treasury stock							-
Net changes in items other than shareholders' equity	21,822	(11)	11,072	3,253	36,136	4,155	40,291
Total changes during the year	21,822	(11)	11,072	3,253	36,136	4,155	42,002
Balance at end of the year	61,900	(7)	14,901	(42,375)	34,419	18,227	550,137

FY2015 (from April 1, 2015 to March 31, 2016)

(Unit: Millions of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	70,175	26,908	419,851	(19,444)	497,490
Cumulative effects of changes in accounting policies			-		-
Restated balance	70,175	26,908	419,851	(19,444)	497,490
Changes during the year					
Cash dividends			(10,015)		(10,015)
Net income attributable to shareholders of Nippon Express			35,659		35,659
Change in amounts due to change in scope of consolidation			-		-
Changes in equity of Nippon Express due to transactions with non-controlling shareholders		(1,601)			(1,601)
Increase in treasury stock				(374)	(374)
Decrease in treasury stock		0		0	0
Retirement of treasury stock		-	-	-	-
Net changes in items other than shareholders' equity					
Total changes during the year	-	(1,601)	25,643	(374)	23,668
Balance at end of the year	70,175	25,306	445,495	(19,818)	521,158

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation differences on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of retirement benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the year	61,900	(7)	14,901	(42,375)	34,419	18,227	550,137
Cumulative effects of changes in accounting policies							-
Restated balance	61,900	(7)	14,901	(42,375)	34,419	18,227	550,137
Changes during the year							
Cash dividends							(10,015)
Net income attributable to shareholders of Nippon Express							35,659
Change in amounts due to change in scope of consolidation							-
Changes in equity of Nippon Express due to transactions with non-controlling shareholders							(1,601)
Increase in treasury stock							(374)
Decrease in treasury stock							0
Retirement of treasury stock							-
Net changes in items other than shareholders' equity	(14,781)	(206)	(6,815)	(11,513)	(33,317)	(2,469)	(35,786)
Total changes during the year	(14,781)	(206)	(6,815)	(11,513)	(33,317)	(2,469)	(12,118)
Balance at end of the year	47,118	(214)	8,085	(53,888)	1,101	15,758	538,018

(4) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	FY2014 (from April 1, 2014 to March 31, 2015)	FY2015 (from April 1, 2015 to March 31, 2016)
Cash flows from operating activities		
Income before income taxes and non-controlling interests	48,978	59,196
Depreciation and amortization	51,005	51,333
Amortization of goodwill	2,453	2,764
(Gain) loss on sale or write-down of securities, net	(4,592)	(255)
(Gain) loss on sale or disposal of property and equipment, net	4,506	1,303
Impairment loss	5,441	342
Increase (decrease) in provision for bonus	245	(481)
Increase (decrease) in allowance for class action lawsuit filed in the United States	3,899	(3,899)
Increase (decrease) in allowance for business structure improvement expenses	1,050	(1,050)
Increase (decrease) in net retirement benefit liability	8,349	9,801
Interest and dividend income	(3,182)	(3,743)
Interest expense	2,882	2,791
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(744)	(835)
(Increase) decrease in trade receivables	(26,266)	11,350
(Increase) decrease in inventories	2,817	(342)
Increase (decrease) in accounts payable	1,915	(16,823)
Increase (decrease) in consumption taxes etc. payable	11,050	(10,027)
Other	(5,074)	933
Sub-total	104,735	102,357
Interest and dividends received	3,954	4,082
Interest paid	(2,945)	(2,614)
Payment for deposits associated with class action lawsuit filed in the United States	(3,899)	-
Income taxes paid	(27,325)	(24,980)
Net cash provided by operating activities	74,519	78,844
Cash flows from investment activities		
Payment for purchase of securities	(2,157)	(3,456)
Proceeds from sale of securities	8,012	2,224
Payment for purchase of property and equipment	(48,809)	(50,219)
Proceeds from sales of property and equipment	15,880	4,940
Payment for purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(77,167)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	4,164	-
Other	522	797
Net cash used in investment activities	(22,386)	(122,881)

(Unit: Millions of yen)

	FY2014 (from April 1, 2014 to March 31, 2015)	FY2015 (from April 1, 2015 to March 31, 2016)
Cash flows from financing activities		
Change in short-term loans payable	5,179	(536)
Change in commercial paper	(6,000)	–
Proceeds from long-term loans payable	49,131	112,759
Payment of long-term loans payable	(40,710)	(72,810)
Proceeds from issuance of bonds	–	20,000
Redemption of bonds	(15,000)	–
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(3,330)
Cash dividends	(10,258)	(10,015)
Purchase of treasury stock	(15,073)	(374)
Other	(906)	(1,755)
Net cash provided by (used in) financing activities	(33,636)	43,936
Effect of exchange rate changes on cash	4,373	(2,835)
Net increase (decrease) in cash and cash equivalents	22,869	(2,935)
Cash and cash equivalents at beginning of year	125,900	148,942
Increase (decrease) in cash and cash equivalents due to change in scope of consolidation	172	–
Cash and cash equivalents at end of year	148,942	146,007

- (5) Notes to Consolidated Financial Statements
(Notes Regarding Going Concern Assumption)
Not applicable.

(Changes in Accounting Policies)

Effective from the fiscal year ended March 31, 2016, the Company has applied the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013; the "Business Combinations Standard"), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013; the "Consolidated Financial Statements Standard"), the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013; the "Business Divestitures Standard") and others. Accordingly, the accounting methods have been changed to record the difference arising from a change in the Company's ownership interest in a subsidiary over which the Company continues to have control as additional paid-in capital and to record acquisition-related costs as expenses for the consolidated fiscal year in which they are incurred. Furthermore, for business combinations performed at and after the beginning of the fiscal year ended March 31, 2016, the method is changed to reflect an adjustment to the provisional amount arising from the finalization of the tentative accounting treatment relating to the allocation of acquisition cost in the consolidated financial statements for the fiscal year to which the date of business combination belongs. In addition, the Company has changed the presentation of net income and other related items, and the presentation of "minority interests" to "non-controlling interests." To reflect these changes in presentation, reclassification has been made in the consolidated financial statements for the fiscal year ended March 31, 2015.

The Business Combinations Standard and others have been adopted in accordance with transitional treatments stipulated in Paragraph 58-2 (4) of the Business Combinations Standard, Paragraph 44-5 (4) of the Consolidated Financial Statements Standard and Paragraph 57-4 (4) of the Business Divestitures Standard, and they are prospectively adopted from the beginning of the fiscal year ended March 31, 2016.

As a result, additional paid-in capital at the end of the fiscal year ended March 31, 2016 decreased by ¥1,601 million. The effect of these changes on operating income, ordinary income and income before income taxes and non-controlling interests is immaterial.

In the Consolidated Statements of Cash Flows for the fiscal year ended March 31, 2016, cash flows related to changes in ownership interests in subsidiaries that do not result in change in scope of consolidation are listed under "cash flows from financing activities," while cash flows related to expenses incurred in relation with purchase of shares of subsidiaries resulting in change in scope of consolidation or expenses incurred in relation with changes in ownership interests in subsidiaries that do not result in change in scope of consolidation are listed under "cash flows from operating activities."

The balance of additional paid-in capital in the Consolidated Statements of Changes in Net Assets at the end of the fiscal year ended March 31, 2016 decreased by ¥1,601 million.

The effect of these changes on per share information is immaterial.

(Business Combinations)

Business Combination through Acquisition

At the Board of Directors' meeting held on October 30, 2015, the Company resolved to acquire 330,000 issued shares (the "Stock Acquisition") of Wanbishi Archives Co., Ltd. ("Wanbishi Archives"), a wholly-owned subsidiary of TOYOTA INDUSTRIES CORPORATION, and entered into the share transfer agreement on the same date.

Subsequently, in accordance with the agreement, effective on December 15, 2015, the Company acquired shares in Wanbishi Archives and made it a subsidiary.

1. Outline of the business combination

- (1) Name and description of business of the acquired company

Name of the acquired company: Wanbishi Archives Co., Ltd.

Description of business: Information asset management and insurance agency business

- (2) Main reasons for the business combination

The Company has played a role in the "social infrastructure" since its establishment under the corporate philosophy of becoming a driving force for social development through logistics.

Meanwhile, Wanbishi Archives has taken the responsibility of managing highly confidential and significantly important documents and data of government authorities, financial institutions and medical institutions, etc., developing its business around the field of "social infrastructure" handling "trust and confidence," which is a lifeline of corporate clients. Furthermore, Wanbishi Archives has fostered a high level of confidence within society as a leading company in the information asset management industry in which further growth and expansion is expected in the future.

Following the Stock Acquisition, the Company believes that Wanbishi Archives' becoming a member of Nippon Express Group will accelerate the building of the security and storage platforms as part of social infrastructure and allow the Company to provide new value to more customers in Japan and abroad.

- (3) Date of the business combination
December 15, 2015
- (4) Legal format of the business combination
Stock acquisition
- (5) Name of the company after the combination
Wanbishi Archives Co., Ltd.
- (6) Ratio of voting rights acquired
100%
- (7) Main rationale behind choice of acquired company
As the Company paid cash consideration to acquire the shares of Wanbishi Archives, the latter has become the acquired company.
2. Period of the acquired company's financial results incorporated in the consolidated financial statements
The financial results for the period from January 1, 2016 to March 31, 2016 are incorporated.
3. Acquisition cost of the acquired company and its breakdown
- | | |
|--|-----------------|
| Consideration for the acquisition (in cash): | ¥86,000 million |
| Acquisition cost: | ¥86,000 million |
4. Details and amount of main acquisition-related costs
Advisory fees, etc.: ¥301 million
5. Amount of goodwill recognized, basis for recognition, method and period of amortization
- (1) Amount of goodwill recognized
¥35,724 million
- (2) Basis for recognition
As the acquisition cost for the acquired company exceeded its net asset value, the difference is recognized as goodwill.
- (3) Method and period of amortization
The goodwill is amortized in equal installments over a 20-year period.
6. Amount and major breakdown of assets received and liabilities assumed on the date of the business combination
- | | |
|-------------------------|-----------------|
| Current assets: | ¥11,970 million |
| Noncurrent assets: | ¥54,166 million |
| Total assets | ¥66,136 million |
| Current liabilities: | ¥2,878 million |
| Noncurrent liabilities: | ¥12,981 million |
| Total liabilities: | ¥15,860 million |
7. Approximate amount of impact on the Consolidated Statement of Income for the fiscal year ended March 31, 2016 on the assumption that the business combination was completed at the beginning of the fiscal year, and method for calculation
A description is omitted because the approximate amount of such impact is immaterial.

(Segment Information, etc.)

[Segment Information]

1. Outline of the reportable segments

Reportable segments of the Nippon Express Group 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.

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

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

FY2014 (From April 1, 2014 to March 31, 2015)

(Unit: 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	734,736	55,371	46,611	208,007	109,004	65,198	78,497
Intersegment	7,619	30	275	2,756	9,832	13,962	5,111
Total	742,356	55,401	46,886	210,763	118,836	79,160	83,609
Segment income	18,201	867	2,156	10,173	4,904	3,404	2,394
Segment assets	470,597	80,274	20,061	109,815	84,105	54,534	52,064
Other items							
Depreciation and amortization	21,126	2,301	1,136	4,552	3,593	1,140	1,487
Amortization of goodwill	-	-	-	-	-	311	453
Impairment loss on noncurrent assets	2	-	-	-	-	-	-
Investment in equity method affiliates	5,607	-	-	1,085	1,385	63	-
Increase in property and equipment and intangible assets	17,702	2,746	1,981	1,873	1,300	1,157	2,074

	Distribution & Transportation		Goods Sales	Other	Total	Adjustments (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Overseas Companies						
	East Asia	South Asia & Oceania					
Revenues							
Revenues from external customers	92,008	59,456	357,042	118,994	1,924,929	-	1,924,929
Intersegment	9,312	5,151	63,113	24,608	141,773	(141,773)	-
Total	101,321	64,607	420,155	143,602	2,066,703	(141,773)	1,924,929
Segment income	1,904	930	6,423	2,643	54,005	(3,193)	50,811
Segment assets	62,491	49,236	271,564	138,346	1,393,092	60,524	1,453,617
Other items							
Depreciation and amortization	1,135	1,229	5,230	4,702	47,636	3,369	51,005
Amortization of goodwill	435	130	319	802	2,453	-	2,453
Impairment loss on noncurrent assets	-	-	44	5,394	5,441	-	5,441
Investment in equity method affiliates	1,606	1,933	-	-	11,682	-	11,682
Increase in property and equipment and intangible assets	664	3,053	5,665	11,382	49,603	3,424	53,027

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

- (1) The segment income adjustment of ¥3,193 million includes ¥110 million for the elimination of intersegment income, and ¥3,130 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 ¥60,524 million includes ¥183,839 million for the elimination of intersegment income, and ¥268,142 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.

FY2015 (From April 1, 2015 to March 31, 2016)

(Unit: 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	728,820	53,773	51,051	179,492	108,189	79,895	79,267
Intersegment	7,748	30	344	3,041	10,016	14,801	5,311
Total	736,568	53,803	51,395	182,533	118,205	94,697	84,579
Segment income	22,495	1,530	3,686	7,385	6,109	5,088	1,559
Segment assets	471,376	62,056	23,124	89,515	81,628	47,477	51,038
Other items							
Depreciation and amortization	21,636	2,280	1,271	3,465	3,488	1,299	1,693
Amortization of goodwill	-	-	-	-	-	311	438
Impairment loss on noncurrent assets	12	-	-	-	-	-	-
Investment in equity method affiliates	5,883	-	-	1,109	1,495	65	-
Increase in property and equipment and intangible assets	29,912	1,527	435	2,197	3,896	1,053	1,551

	Distribution & Transportation		Goods Sales	Other	Total	Adjustments (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Overseas Companies						
	East Asia	South Asia & Oceania					
Revenues							
Revenues from external customers	105,103	65,007	309,206	149,297	1,909,105	-	1,909,105
Intersegment	9,964	5,218	58,122	24,334	138,935	(138,935)	-
Total	115,068	70,225	367,328	173,632	2,048,040	(138,935)	1,909,105
Segment income	1,679	1,568	6,084	2,746	59,935	(5,157)	54,778
Segment assets	59,451	49,552	267,449	229,188	1,431,859	53,094	1,484,953
Other items							
Depreciation and amortization	1,263	1,447	4,974	4,665	47,487	3,845	51,333
Amortization of goodwill	534	130	319	1,030	2,764	-	2,764
Impairment loss on noncurrent assets	-	-	133	197	342	-	342
Investment in equity method affiliates	1,617	1,914	-	-	12,086	-	12,086
Increase in property and equipment and intangible assets	1,476	4,295	5,964	72,769	125,080	2,422	127,502

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

- (1) The segment income adjustment of ¥5,157 million includes ¥233 million for the elimination of intersegment income, and ¥5,031 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 ¥53,094 million includes ¥255,608 million for the elimination of intersegment income, and ¥323,094 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.

(Per Share Information)

	FY2014 (from April 1, 2014 to March 31, 2015)	FY2015 (from April 1, 2015 to March 31, 2016)
Net assets per share (yen)	531.06	521.77
Basic earnings per share (yen)	25.87	35.61

(Notes) 1. Diluted earnings per share is not stated because there were no residual securities.

2. The bases for the computation of the amounts of Basic earnings per share are set out below.

(Unit: Millions of yen unless otherwise stated)

	FY2014 (from April 1, 2014 to March 31, 2015)	FY2015 (from April 1, 2015 to March 31, 2016)
Basic earnings per share		
Net income attributable to shareholders of Nippon Express	26,382	35,659
Amount not attributable to common shareholders	–	–
Net income attributable to shareholders of Nippon Express related to common stock	26,382	35,659
Weighted average number of common stock during the year (1,000 shares)	1,019,897	1,001,470

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

(Unit: Millions of yen unless otherwise stated)

	FY2014 (as of March 31, 2015)	FY2015 (as of March 31, 2016)
Total net assets	550,137	538,018
Amount to deduct from total net assets	18,227	15,758
(Non-controlling interests)	(18,227)	(15,758)
Net assets at end of year related to common stock	531,909	522,260
Number of common stock at end of year used to calculate net assets per share (1,000 shares)	1,001,598	1,000,931

(Significant Subsequent Events)

Not applicable.

3. Reference Materials

(1) Consolidated Reference Materials

○ Financial Results of Reportable Segment for FY2015

(Unit: Millions of yen, %)

			FY2015		FY2014		Change			
			Amount	Ratio	Amount	Ratio	Amount	Ratio		
Revenues	Reportable Segment	Distribution & Transportation	Domestic Companies	Combined Business	736,568	742,356	(5,787)	(0.8)		
				Security Transportation	53,803	55,401	(1,597)	(2.9)		
				Heavy Haulage & Construction	51,395	46,886	4,508	9.6		
				Air Freight Forwarding	182,533	210,763	(28,230)	(13.4)		
				Marine & Harbor Transportation	118,205	118,836	(630)	(0.5)		
			Subtotal	1,142,508	1,174,245	(31,737)	(2.7)			
			Overseas Companies	The Americas	94,697	79,160	15,536	19.6		
				Europe	84,579	83,609	969	1.2		
				East Asia	115,068	101,321	13,747	13.6		
				South Asia & Oceania	70,225	64,607	5,618	8.7		
				Subtotal	364,570	328,699	35,871	10.9		
		Total	1,507,079	1,502,944	4,134	0.3				
		Goods Sales	Goods Sales	367,328	420,155	(52,827)	(12.6)			
			Other	173,632	143,602	30,029	20.9			
			Subtotal	2,048,040	2,066,703	(18,662)	(0.9)			
		Adjustment	(138,935)	(141,773)	2,838	-				
Total	1,909,105	1,924,929	(15,824)	(0.8)						
Segment Income (Operating Income)	Reportable Segment	Distribution & Transportation	Domestic Companies	Combined Business	[3.1]	22,495	[2.5]	18,201	4,293	23.6
				Security Transportation	[2.8]	1,530	[1.6]	867	663	76.5
				Heavy Haulage & Construction	[7.2]	3,686	[4.6]	2,156	1,529	70.9
				Air Freight Forwarding	[4.0]	7,385	[4.8]	10,173	(2,788)	(27.4)
				Marine & Harbor Transportation	[5.2]	6,109	[4.1]	4,904	1,205	24.6
			Subtotal	[3.6]	41,207	[3.1]	36,304	4,903	13.5	
			Overseas Companies	The Americas	[5.4]	5,088	[4.3]	3,404	1,684	49.5
				Europe	[1.8]	1,559	[2.9]	2,394	(834)	(34.9)
				East Asia	[1.5]	1,679	[1.9]	1,904	(224)	(11.8)
				South Asia & Oceania	[2.2]	1,568	[1.4]	930	637	68.5
				Subtotal	[2.7]	9,896	[2.6]	8,633	1,262	14.6
		Total	[3.4]	51,103	[3.0]	44,938	6,165	13.7		
		Goods Sales	Goods Sales	[1.7]	6,084	[1.5]	6,423	(339)	(5.3)	
			Other	[1.6]	2,746	[1.8]	2,643	103	3.9	
			Subtotal	[2.9]	59,935	[2.6]	54,005	5,929	11.0	
		Adjustment	(5,157)	(3,193)	(1,963)	-				
Total	[2.9]	54,778	[2.6]	50,811	3,966	7.8				

(Note) Figures in brackets indicate Operating Margins.

○ Forecast of Financial Results for FY2016 (Full Year)

(Reportable Segment)

(Unit: Millions of yen, %)

		FY2016	FY2015	Change			
				Amount	Ratio		
Revenues	Reportable Segment	Logistics	Japan	1,188,500	1,158,390	30,109	2.6
			The Americas	84,600	94,697	(10,097)	(10.7)
			Europe	80,400	84,579	(4,179)	(4.9)
			East Asia	111,500	115,068	(3,568)	(3.1)
			South Asia & Oceania	79,000	70,225	8,774	12.5
		Subtotal	1,544,000	1,522,961	21,038	1.4	
		Security Transportation	55,700	53,803	1,896	3.5	
		Heavy Haulage & Construction	48,600	51,395	(2,795)	(5.4)	
		Logistics Support	406,600	410,906	(4,306)	(1.0)	
		Subtotal	2,054,900	2,039,067	15,832	0.8	
		Adjustment	(124,900)	(129,962)	5,062	—	
Total	1,930,000	1,909,105	20,894	1.1			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[3.4] 40,500	[3.2] 36,601	3,898	10.7
			The Americas	[5.0] 4,200	[5.4] 5,088	(888)	(17.5)
			Europe	[2.5] 2,000	[1.8] 1,559	440	28.3
			East Asia	[1.5] 1,700	[1.5] 1,679	20	1.2
			South Asia & Oceania	[2.7] 2,100	[2.2] 1,568	531	33.9
		Subtotal	[3.3] 50,500	[3.1] 46,497	4,002	8.6	
		Security Transportation	[2.0] 1,100	[2.9] 1,570	(470)	(30.0)	
		Heavy Haulage & Construction	[6.0] 2,900	[7.2] 3,687	(787)	(21.4)	
		Logistics Support	[2.0] 8,300	[2.0] 8,161	138	1.7	
		Subtotal	[3.1] 62,800	[2.9] 59,917	2,882	4.8	
		Adjustment	(5,800)	(5,139)	(660)	—	
Total	[3.0] 57,000	[2.9] 54,778	2,221	4.1			

(Notes) 1. In line with the "Nippon Express Group Corporate Strategy 2018 – New Sekai-Nittsu –," the Company has decided to change its reportable segments effective from the fiscal year ending March 31, 2017. For forecast of financial results for FY2016, the figures for the previous fiscal year have been reclassified accordingly to make comparisons.

2. Figures in brackets indicate Operating Margins.

○ Forecast of Financial Results for First Half of FY2016

(Reportable Segment)

(Unit: Millions of yen, %)

			First half of FY2016		First half of FY2015		Change	
							Amount	Ratio
Revenues	Reportable Segment	Logistics	Japan	585,600	573,174	12,425	2.2	
			The Americas	41,500	48,295	(6,795)	(14.1)	
			Europe	37,900	41,039	(3,139)	(7.6)	
			East Asia	50,900	57,467	(6,567)	(11.4)	
			South Asia & Oceania	36,700	36,795	(95)	(0.3)	
		Subtotal	752,600	756,771	(4,171)	(0.6)		
		Security Transportation	27,800	27,208	591	2.2		
		Heavy Haulage & Construction	25,900	27,517	(1,617)	(5.9)		
		Logistics Support	192,200	207,249	(15,049)	(7.3)		
		Subtotal	998,500	1,018,747	(20,247)	(2.0)		
	Adjustment	(63,500)	(65,523)	2,023	–			
Total	935,000	953,224	(18,224)	(1.9)				
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[2.7] 16,100	[2.5] 14,321	1,778	12.4	
			The Americas	[4.8] 2,000	[5.7] 2,732	(732)	(26.8)	
			Europe	[2.1] 800	[1.7] 699	100	14.4	
			East Asia	[1.2] 600	[1.0] 581	18	3.2	
			South Asia & Oceania	[2.5] 900	[2.3] 861	38	4.5	
		Subtotal	[2.7] 20,400	[2.5] 19,196	1,203	6.3		
		Security Transportation	[1.4] 400	[2.7] 733	(333)	(45.5)		
		Heavy Haulage & Construction	[5.0] 1,300	[5.9] 1,623	(323)	(19.9)		
		Logistics Support	[2.1] 4,100	[1.9] 4,039	60	1.5		
		Subtotal	[2.6] 26,200	[2.5] 25,592	607	2.4		
	Adjustment	(2,700)	(2,471)	(228)	–			
Total	[2.5] 23,500	[2.4] 23,120	379	1.6				

(Notes) 1. In line with the “Nippon Express Group Corporate Strategy 2018 – New Sekai-Nittsu –,” the Company has decided to change its reportable segments effective from the fiscal year ending March 31, 2017. For forecast of financial results for first half of FY2016, the figures for the previous fiscal year have been reclassified accordingly to make comparisons.

2. Figures in brackets indicate Operating Margins.

○ Changes in number of employees as of year end

(Unit: Persons, %)

	Mar. end 2016	Sep. end 2015	Mar. end 2015	Change (vs Mar. end 2015)	
				Amount	Ratio
Distribution & Transportation	60,268	60,905	60,520	(252)	(0.4)
Goods Sales	3,199	3,238	3,313	(114)	(3.4)
Other	4,386	3,541	3,485	901	25.9
Eliminations	56	56	29	27	93.1
Total	67,909	67,740	67,347	562	0.8

○ Capital expenditures

(Unit: Millions of yen)

	Actual amount in FY2015
Vehicles	11,563
Buildings	20,583
Land	1,797
Leased assets	7,491
Other	15,006
Total	56,442

Major investment

(Unit: Millions of yen)

Company	Amount	Note
Nippon Express	30,143	Tokyo C-NEX, ¥11,065 million, etc.
NEX Logistics Indonesia	964	Deltamas Logistics Center
Nippon Express Engineering (Vietnam)	893	Hai Phong Logistics Center

* Amount for Nippon Express does not include leased assets.

(Unit: Millions of yen)

	Forecast for FY2016
Vehicles	11,500
Buildings	36,200
Land	2,500
Leased assets	6,500
Other	23,300
Total	80,000

Major plans

(Unit: Millions of yen)

Company	Amount	Note
Nippon Express	50,000	Tokyo C-NEX, ¥15,033 million, etc.
Nittsu Shoji	2,049	Sayama LS Center Yorii new base
Nittsu Logistics (India)	1,028	New warehouse in Sri City Integrated Business City

* Amount for Nippon Express does not include leased assets.

(2) Non-consolidated Reference Materials

○ Details of revenues and operating expenses for FY2015

(Unit: Millions of yen, %)

		FY2015		FY2014		Change		
			% in Sales		% in Sales	Amount	Ratio	
Revenues	Railway utilization transportation	84,827	8.0	83,740	7.7	1,086	1.3	
	Motor transportation	Combined delivery services	81,446	7.7	82,886	7.6	(1,440)	(1.7)
		Chartered truck services	271,310	25.6	274,419	25.2	(3,108)	(1.1)
		Subtotal	352,756	33.3	357,305	32.8	(4,548)	(1.3)
	Marine and harbor transportation	Marine transportation	73,698	7.0	74,487	6.8	(788)	(1.1)
		Harbor transportation	53,457	5.0	54,341	5.0	(884)	(1.6)
		Subtotal	127,156	12.0	128,829	11.8	(1,673)	(1.3)
		(Exports)	[62,395]	—	[62,120]	—	[275]	[0.4]
		(Imports)	[38,367]	—	[39,120]	—	[(753)]	[(1.9)]
		(Domestic)	[26,393]	—	[27,588]	—	[(1,194)]	[(4.3)]
	Warehousing	114,551	10.8	114,941	10.5	(389)	(0.3)	
	Air transportation	International air freight	95,194	9.0	123,312	11.3	(28,117)	(22.8)
		(Exports)	[72,037]	—	[100,535]	—	[(28,497)]	[(28.3)]
		(Imports)	[23,156]	—	[22,776]	—	[380]	[1.7]
		Domestic air freight	39,418	3.7	40,283	3.7	(864)	(2.1)
	Subtotal	134,613	12.7	163,595	15.0	(28,982)	(17.7)	
	Heavy haulage & construction	61,708	5.8	58,139	5.4	3,568	6.1	
	Incidental operations and others	184,447	17.4	183,383	16.8	1,064	0.6	
	Total	1,060,062	100.0	1,089,935	100.0	(29,873)	(2.7)	
	(Domestic operation-related revenues)	[828,438]	78.1	[832,714]	76.4	[(4,276)]	[(0.5)]	
(Overseas-related revenues)	[231,623]	21.9	[257,220]	23.6	[(25,597)]	[(10.0)]		
Operating expenses	Employment costs	Drivers/workers	119,508	11.3	119,567	11.0	(58)	(0.0)
		Office personnel	134,507	12.7	135,831	12.4	(1,324)	(1.0)
		Subtotal	254,015	24.0	255,398	23.4	(1,383)	(0.5)
	Forwarding costs	Railway	43,640	4.1	43,058	4.0	581	1.4
		Marine	27,263	2.6	27,389	2.5	(126)	(0.5)
		Air	39,035	3.7	59,820	5.5	(20,785)	(34.7)
		Subtotal	109,939	10.4	130,269	12.0	(20,329)	(15.6)
	Vehicle chartering and subcontracting costs	441,524	41.6	444,344	40.8	(2,819)	(0.6)	
	Depreciation and amortization	29,527	2.8	30,046	2.8	(519)	(1.7)	
	Facility usage charges	72,132	6.8	72,689	6.7	(557)	(0.8)	
Other	121,022	11.4	127,865	11.6	(6,842)	(5.4)		
Total	1,028,161	97.0	1,060,614	97.3	(32,452)	(3.1)		
Operating income	31,900	3.0	29,321	2.7	2,578	8.8		

○ Details of revenues for the first and second half of FY2015

(Unit: Millions of yen, %)

		FY2015		FY2014		Change		
			% in Sales		% in Sales	Amount	Ratio	
1H of revenues	Railway utilization transportation	40,724	7.7	40,426	7.7	297	0.7	
	Motor transportation	Combined delivery services	39,882	7.5	40,323	7.6	(441)	(1.1)
		Chartered truck services	134,530	25.5	135,374	25.7	(844)	(0.6)
		Subtotal	174,412	33.0	175,698	33.3	(1,286)	(0.7)
	Marine and harbor transportation	Marine transportation	38,393	7.3	37,618	7.2	775	2.1
		Harbor transportation	27,075	5.1	27,565	5.2	(490)	(1.8)
		Subtotal	65,468	12.4	65,183	12.4	284	0.4
		(Exports)	[32,407]	—	[31,198]	—	[1,209]	[3.9]
		(Imports)	[19,869]	—	[19,969]	—	[(99)]	[(0.5)]
	(Domestic)	[13,192]	—	[14,016]	—	[(824)]	[(5.9)]	
	Warehousing	58,251	11.0	56,790	10.8	1,461	2.6	
	Air transportation	International air freight	47,590	9.0	49,037	9.3	(1,446)	(3.0)
		(Exports)	[36,043]	—	[38,075]	—	[(2,031)]	[(5.3)]
		(Imports)	[11,546]	—	[10,961]	—	[585]	[5.3]
		Domestic air freight	19,363	3.7	19,765	3.7	(401)	(2.0)
Subtotal	66,954	12.7	68,802	13.0	(1,848)	(2.7)		
Heavy haulage & construction	32,681	6.2	30,607	5.8	2,073	6.8		
Incidental operations and others	90,139	17.0	90,019	17.0	120	0.1		
Total	528,633	100.0	527,530	100.0	1,103	0.2		
(Domestic operation-related revenues)	[410,035]	77.6	[411,107]	77.9	[(1,071)]	[(0.3)]		
(Overseas-related revenues)	[118,598]	22.4	[116,423]	22.1	[2,175]	[1.9]		
2H of revenues	Railway utilization transportation	44,103	8.3	43,313	7.7	789	1.8	
	Motor transportation	Combined delivery services	41,564	7.8	42,562	7.6	(998)	(2.3)
		Chartered truck services	136,780	25.7	139,044	24.7	(2,264)	(1.6)
		Subtotal	178,344	33.5	181,606	32.3	(3,262)	(1.8)
	Marine and harbor transportation	Marine transportation	35,305	6.6	36,869	6.5	(1,564)	(4.2)
		Harbor transportation	26,382	5.0	26,775	4.8	(393)	(1.5)
		Subtotal	61,687	11.6	63,645	11.3	(1,958)	(3.1)
		(Exports)	[29,988]	—	[30,922]	—	[(933)]	[(3.0)]
		(Imports)	[18,497]	—	[19,151]	—	[(653)]	[(3.4)]
	(Domestic)	[13,201]	—	[13,571]	—	[(370)]	[(2.7)]	
	Warehousing	56,299	10.6	58,150	10.3	(1,850)	(3.2)	
	Air transportation	International air freight	47,603	9.0	74,274	13.2	(26,670)	(35.9)
		(Exports)	[35,993]	—	[62,459]	—	[(26,465)]	[(42.4)]
		(Imports)	[11,609]	—	[11,814]	—	[(204)]	[(1.7)]
		Domestic air freight	20,055	3.8	20,518	3.7	(463)	(2.3)
Subtotal	67,658	12.8	94,793	16.9	(27,134)	(28.6)		
Heavy haulage & construction	29,026	5.5	27,531	4.9	1,495	5.4		
Incidental operations and others	94,308	17.7	93,363	16.6	944	1.0		
Total	531,428	100.0	562,405	100.0	(30,977)	(5.5)		
(Domestic operation-related revenues)	[418,402]	78.7	[421,607]	75.0	[(3,204)]	[(0.8)]		
(Overseas-related revenues)	[113,025]	21.3	[140,797]	25.0	[(27,772)]	[(19.7)]		

- Changes in number of employees as of year end

(Unit: Person, %)

		Mar. end 2016	Sep. end 2015	Mar. end 2015	Change (vs Mar. end 2015)	
					Change	Ratio
Drivers /workers	Nationwide employees	716	737	779	(63)	(8.1)
	Other employees	16,248	16,685	16,459	(211)	(1.3)
	Subtotal	16,964	17,422	17,238	(274)	(1.6)
Office personnel	Nationwide employees	11,053	11,233	11,344	(291)	(2.6)
	Other employees	4,077	4,150	3,928	149	3.8
	Subtotal	15,130	15,383	15,272	(142)	(0.9)
Total		32,094	32,805	32,510	(416)	(1.3)

- Cash flows

(Unit: Millions of yen)

	FY2015	FY2014	Change
Cash and cash equivalents at beginning of the year	49,817	58,366	(8,548)
Cash flows from operating activities	58,974	47,789	11,185
Cash flows from investment activities	(107,079)	(10,435)	(96,643)
Cash flows from financing activities	40,860	(45,901)	86,762
Cash and cash equivalents at end of the year	42,573	49,817	(7,244)

- Capital expenditures

(Unit: Millions of yen)

	Actual amount in FY2015
Vehicles	7,084
Buildings	16,294
Land	430
Software	3,216
Other	3,118
Total	30,143

- * Major investment

(Unit: Millions of yen)

Type	Description	m ²	Total construction expenses	Actual amount in FY2015
Building	Tokyo C-NEX	150,708	27,311	11,065
Building	Honmoku Distribution Center	19,312	4,674	1,123
Building	MRJ Komaki Set Parts Center	31,438	4,421	383

(Unit: Millions of yen)

	Forecasted amount in FY2016
Vehicles	5,300
Buildings	31,300
Land	1,400
Software	4,300
Other	7,700
Total	50,000

- * Major investment

(Unit: Millions of yen)

Type	Description	(Planned to complete)	m ²	Total construction expenses	Forecasted amount in FY2016
Building	Tokyo C-NEX	(January 2017)	150,708	27,311	15,033
Building	Honmoku Distribution Center	(September 2016)	19,312	4,674	3,548
Building	MRJ Komaki Set Parts Center	(January 2017)	31,438	4,421	3,449

○ Forecast of Financial Results for FY2016 (Full Year)

(Unit: Millions of yen, %)

		FY2016		FY2015		Change		
			% in Sales		% in Sales	Amount	Ratio	
Revenues	Railway utilization transportation		85,700	8.0	84,827	8.0	872	1.0
	Motor transportation	Combined delivery services	81,200	7.6	81,446	7.7	(246)	(0.3)
		Chartered truck services	273,600	25.5	271,310	25.6	2,289	0.8
		Subtotal	354,800	33.1	352,756	33.3	2,043	0.6
	Marine and harbor transportation	Marine transportation	77,800	7.2	73,698	7.0	4,101	5.6
		Harbor transportation	54,700	5.1	53,457	5.0	1,242	2.3
		Subtotal	132,500	12.3	127,156	12.0	5,343	4.2
	Warehousing		114,800	10.7	114,551	10.8	248	0.2
	Air transportation	International air freight	96,400	9.0	95,194	9.0	1,205	1.3
		Domestic air freight	40,200	3.7	39,418	3.7	781	2.0
		Subtotal	136,600	12.7	134,613	12.7	1,986	1.5
	Heavy haulage & construction		60,100	5.6	61,708	5.8	(1,608)	(2.6)
	Incidental operations and others		189,500	17.6	184,447	17.4	5,052	2.7
Total		1,074,000	100.0	1,060,062	100.0	13,937	1.3	
Operating expenses	Employment costs	Drivers/workers	120,300	11.2	119,508	11.3	791	0.7
		Office personnel	135,400	12.6	134,507	12.7	892	0.7
		Subtotal	255,700	23.8	254,015	24.0	1,684	0.7
	Forwarding costs	Railway	44,200	4.1	43,640	4.1	559	1.3
		Marine	30,000	2.8	27,263	2.6	2,736	10.0
		Air	39,100	3.6	39,035	3.7	64	0.2
		Subtotal	113,300	10.5	109,939	10.4	3,360	3.1
	Vehicle chartering and subcontracting costs		445,600	41.5	441,524	41.6	4,075	0.9
	Depreciation and amortization		30,800	2.9	29,527	2.8	1,272	4.3
	Facility usage charges		72,600	6.8	72,132	6.8	467	0.6
	Other		124,000	11.5	121,022	11.4	2,977	2.5
Total		1,042,000	97.0	1,028,161	97.0	13,838	1.3	
Operating income		32,000	3.0	31,900	3.0	99	0.3	
Non-operating income		11,000	1.0	10,148	1.0	851	8.4	
Non-operating expenses		5,000	0.5	4,794	0.5	205	4.3	
Ordinary income		38,000	3.5	37,253	3.5	746	2.0	
Extraordinary income		3,300	0.3	3,032	0.3	267	8.8	
Extraordinary loss		5,000	0.4	6,859	0.6	(1,859)	(27.1)	
Income before income taxes		36,300	3.4	33,426	3.2	2,873	8.6	
Income taxes		12,300	1.1	11,492	1.1	807	7.0	
Net income		24,000	2.2	21,934	2.1	2,065	9.4	

○ Forecast of Financial Results for First Half of FY2016

(Unit: Millions of yen, %)

		First half of FY2016		First half of FY2015		Change		
			% in Sales		% in Sales	Amount	Ratio	
Revenues	Railway utilization transportation		41,100	7.7	40,724	7.7	375	0.9
	Motor transportation	Combined delivery services	39,700	7.4	39,882	7.5	(182)	(0.5)
		Chartered truck services	135,400	25.4	134,530	25.5	869	0.6
		Subtotal	175,100	32.8	174,412	33.0	687	0.4
	Marine and harbor transportation	Marine transportation	40,500	7.6	38,393	7.3	2,106	5.5
		Harbor transportation	27,700	5.2	27,075	5.1	624	2.3
		Subtotal	68,200	12.8	65,468	12.4	2,731	4.2
	Warehousing		57,000	10.7	58,251	11.0	(1,251)	(2.1)
	Air transportation	International air freight	47,700	8.9	47,590	9.0	109	0.2
		Domestic air freight	19,700	3.7	19,363	3.7	336	1.7
		Subtotal	67,400	12.6	66,954	12.7	445	0.7
	Heavy haulage & construction		31,600	5.9	32,681	6.2	(1,081)	(3.3)
	Incidental operations and others		93,600	17.5	90,139	17.0	3,460	3.8
	Total		534,000	100.0	528,633	100.0	5,366	1.0
Operating expenses	Employment costs	Drivers/workers	60,500	11.3	60,046	11.4	453	0.8
		Office personnel	68,400	12.8	67,935	12.8	464	0.7
		Subtotal	128,900	24.1	127,981	24.2	918	0.7
	Forwarding costs	Railway	21,300	4.0	21,066	4.0	233	1.1
		Marine	15,500	2.9	13,955	2.6	1,544	11.1
		Air	19,300	3.6	20,164	3.8	(864)	(4.3)
		Subtotal	56,100	10.5	55,187	10.4	912	1.7
	Vehicle chartering and subcontracting costs		224,000	42.0	222,068	42.0	1,931	0.9
	Depreciation and amortization		14,500	2.7	14,434	2.7	65	0.5
	Facility usage charges		36,300	6.8	36,212	6.9	87	0.2
	Other		61,700	11.6	60,263	11.4	1,436	2.4
Total		521,500	97.7	516,147	97.6	5,352	1.0	
Operating income		12,500	2.3	12,486	2.4	13	0.1	
Non-operating income		5,800	1.1	4,694	0.9	1,105	23.6	
Non-operating expenses		2,300	0.4	1,810	0.4	489	27.0	
Ordinary income		16,000	3.0	15,369	2.9	630	4.1	
Extraordinary income		3,000	0.5	1,146	0.2	1,853	161.8	
Extraordinary loss		2,200	0.4	4,586	0.8	(2,386)	(52.0)	
Income before income taxes		16,800	3.1	11,929	2.3	4,870	40.8	
Income taxes		5,800	1.0	3,912	0.8	1,887	48.2	
Net income		11,000	2.1	8,016	1.5	2,983	37.2	