

May 9, 2017

Summary of Consolidated Earnings Report for the Fiscal Year Ended March 31, 2017 (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 and CEO Mitsuru Saito

Scheduled date for General Shareholders' Meeting: June 29, 2017

Scheduled date of dividend payment: June 30, 2017

Scheduled date for release of Securities Report: June 29, 2017

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, 2017 (from April 1, 2016 to March 31, 2017)

(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, 2017	1,864,301	(2.3)	57,431	4.8	63,806	2.3	36,454	2.2
Fiscal Year Ended Mar. 31, 2016	1,909,105	(0.8)	54,778	7.8	62,394	4.8	35,659	35.2

(Note) Comprehensive income:

Fiscal Year Ended Mar. 31, 2017: ¥47,945 million [- %]

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

	Net income per share	Diluted earnings per share	Rate of return on equity	Ordinary income on assets	Operating margin to sales
	¥	¥	%	%	%
Fiscal Year Ended Mar. 31, 2017	37.13	—	6.9	4.2	3.1
Fiscal Year Ended Mar. 31, 2016	35.61	—	6.8	4.2	2.9

(Reference) Investment gain or loss on equity method:

Fiscal Year Ended Mar. 31, 2017: ¥1,733 million

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

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of Mar. 31, 2017	1,521,800	552,985	35.2	558.65
As of Mar. 31, 2016	1,484,953	538,018	35.2	521.77

(Reference) Equity: As of Mar. 31, 2017: ¥536,378 million

As of Mar. 31, 2016: ¥522,260 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of year
	¥ million	¥ million	¥ million	¥ million
Fiscal Year Ended Mar. 31, 2017	102,360	(70,961)	(11,820)	163,386
Fiscal Year Ended Mar. 31, 2016	78,844	(122,881)	43,936	146,007

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, 2016	—	5.00	—	6.00	11.00	11,013	30.9	2.1
Fiscal Year Ended Mar. 31, 2017	—	5.00	—	6.00	11.00	10,687	29.6	2.0
Fiscal Year Ending Mar. 31, 2018 (Forecast)	—	6.00	—	60.00	—		27.4	

(Notes) 1. The dividends forecast for the second quarter of the fiscal year ending Mar. 31, 2018 includes the commemorative dividends of ¥1.00 per share.

2. The Company plans to consolidate 10 shares of its common stock into 1 share, effective October 1, 2017. Accordingly, the year-end dividends forecast for the fiscal year ending Mar. 31, 2018 represents the amount reflecting the impact of this share consolidation, and the yearly dividends forecast has been left blank (“—”). For details, please refer to “Explanation for the appropriate use of financial forecasts and other special notes.”

3. Forecast of Consolidated Financial Results for Fiscal Year Ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(%: 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	945,000	3.9	29,000	18.6	31,000	10.1	19,000	3.9	19.79
Full year	1,930,000	3.5	67,000	16.7	70,000	9.7	42,000	15.2	437.44

(Note) Net income per share in the Forecast of Consolidated Financial Results (Full Year) for FY2017 reflect the impact of the share consolidation. For details, please refer to “Explanation for the appropriate use of financial forecasts and other special notes.”

*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 “3. Consolidated Financial Statements and Significant Notes, (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, 2017	998,000,000 shares	As of Mar. 31, 2016	1,038,000,000 shares
2) Total number of treasury stocks at end of period	As of Mar. 31, 2017	37,869,863 shares	As of Mar. 31, 2016	37,068,877 shares
3) Average number of shares during period	Fiscal Year Ended Mar. 31, 2017	981,737,823 shares	Fiscal Year Ended Mar. 31, 2016	1,001,470,476 shares

(Note) The Company, starting from the second quarter of the fiscal year ending March 31, 2017, has introduced the Executive Compensation BIP (Board Incentive Plan) Trust, and the Company's shares owned by the Trust recorded were included in the treasury stock at the end of the period under review. In addition, the Company's shares owned by the Trust were included in the treasury stock to be deducted when calculating the average number of shares during the period under review.

(Reference) Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(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, 2017	1,043,756	(1.5)	30,116	(5.6)	37,731	1.3	28,629	30.5
Fiscal Year Ended Mar. 31, 2016	1,060,062	(2.7)	31,900	8.8	37,253	1.7	21,934	5.9

	Net income per share	Diluted earnings per share
	¥	¥
Fiscal Year Ended Mar. 31, 2017	29.16	—
Fiscal Year Ended Mar. 31, 2016	21.90	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of Mar. 31, 2017	998,352	366,955	36.8	382.19
As of Mar. 31, 2016	932,773	361,473	38.8	361.14

(Reference) Equity: As of Mar. 31, 2017: ¥366,955 million As of Mar. 31, 2016: ¥361,473 million

2. Forecast of Non-consolidated Financial Results for Fiscal Year Ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(%: compared with the previous period)

	Revenues		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥
Interim of year	522,000	2.2	18,500	15.5	12,500	(4.4)	13.02
Full year	1,060,000	1.6	42,000	11.3	27,000	(5.7)	281.21

(Note) Net income per share in the Forecast of Consolidated Financial Results (Full Year) for FY2017 reflect the impact of the share consolidation. For details, please refer to "Explanation for the appropriate use of financial forecasts and other special notes."

*This Consolidated Earnings Report is outside the scope of audit.

*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. Overview of Business Results, (4) Future Performance Forecasts" on page 6 for the use of preconditions of the financial forecasts and the use of the forecasts.

At the Board of Directors meeting held on May 9, 2017, the Company resolved to submit a proposal for the consolidation of shares to the 111th Ordinary General Meeting of Shareholders to be held on June 29, 2017, and conditional upon obtaining the approval of the said meeting, also resolved to consolidate 10 shares of its common stock into 1 share and change the number of shares constituting one share unit from 1,000 shares to 100 shares effective from October 1, 2017. As a result, the dividend forecast and the forecast of consolidated and non-consolidated financial results for FY2017 prior to consideration of the share consolidation are as follows:

1. Dividends forecast for FY2017: Second quarter dividend per share: ¥6.00, Year-end dividend per share: ¥6.00 and Yearly dividend per share: ¥12.00
2. Forecast of consolidated and non-consolidated financial results for FY2017: Net income per share (consolidated): ¥43.74 and Net income per share (non-consolidated): ¥28.12

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 9, 2017.

1. Overview of Business Results

(1) Overview of Business Results for Fiscal Year Ended March 31, 2017

Although the Japanese economy during the consolidated fiscal year ended March 31, 2017 (FY2016) showed a moderate recovery trend backed by factors such as robust corporate earnings and improvement in the employment and income environment, personal consumption continued to lack vigor due to weak growth of dispensable income. Overseas economies remained highly unpredictable amid growing uncertainty due mainly to slowing economic growth in China and emerging countries, political instability in Europe, and a direction of protectionism policies in the U.S. Under these economic conditions, in the field of logistics, international freight showed signs of recovery due to factors such as growth in airfreight to Asia, although domestic freight remained weak due to factors including a decline in production-related freight.

In this business environment, the Nippon Express Group launched its new three-year business plan “Nippon Express Group Corporate Strategy 2018 – New Sekai-Nittsu –” starting in the fiscal year ended March 31, 2017 and made united efforts to become a truly global logistics company, based on the business structural reforms under the previous business plan with the “functional strategies” and “area strategies” as a pillar of the business plan.

As a result, although revenues decreased by ¥44.8 billion, or 2.3% year on year, to ¥1,864.3 billion, operating income increased by ¥2.6 billion, or 4.8% year on year, to ¥57.4 billion, and ordinary income increased by ¥1.4 billion, or 2.3% year on year, to ¥63.8 billion. Net income attributable to shareholders of Nippon Express increased by ¥0.7 billion, or 2.2% year on year, to ¥36.4 billion.

Financial results by reportable segment are summarized below.

1. Japan (Logistics)

As a result of factors including weak freight transactions in motor transportation services and marine & harbor transportation, revenues decreased by ¥2.6 billion, or 0.2% year on year, to ¥1,155.7 billion, while operating income increased by ¥2.0 billion, or 5.6% year on year, to ¥38.6 billion due to factors including decreases in forwarding costs, vehicle chartering and subcontracting costs, and fuel oil costs, as well as the addition of new consolidated subsidiaries.

2. The Americas (Logistics)

Owing to factors such as the reactionary decline against the previous fiscal year's increase in import and export airfreight resulting from the impact of congestions at ports and harbors on the U.S. west coast, and the effect of exchange rates, revenues decreased by ¥10.8 billion, or 11.5% year on year, to ¥83.8 billion, and operating income decreased by ¥0.3 billion, or 6.2% year on year, to ¥4.7 billion.

3. Europe (Logistics)

Despite robust warehousing transactions, factors including the impact of exchange rates resulted in a decrease in revenues by ¥5.2 billion, or 6.3% year on year, to ¥79.2 billion, while operating income increased by ¥0.4 billion, or 30.2% year on year, to ¥2.0 billion.

4. East Asia (Logistics)

Despite robust airfreight import transactions, factors including the impact of exchange rates resulted in a decrease in revenues by ¥13.3 billion, or 11.6% year on year, to ¥101.7 billion, and operating income decreased by ¥0.5 billion, or 33.5% year on year, to ¥1.1 billion.

5. South Asia & Oceania (Logistics)

As a result of factors including the addition of new consolidated subsidiaries, revenues increased by ¥0.1 billion, or 0.2% year on year, to ¥70.3 billion, and operating income increased by ¥0.9 billion, or 58.5% year on year, to ¥2.4 billion.

6. Security Transportation

As a result of factors including robust transportation business transactions, revenues increased by ¥0.9 billion, or 1.8% year on year, to ¥54.7 billion, while operating income decreased by ¥0.6 billion, or 38.6% year on year, to ¥0.9 billion.

7. Heavy Haulage & Construction

As a result of factors including a decrease in various project items overseas, revenues decreased by ¥4.4 billion, or 8.6% year on year, to ¥46.9 billion, while operating income increased by ¥0.1 billion, or 5.3% year on year, to ¥3.8 billion.

8. Logistics Support

As a result of factors including a drop in the unit selling price of oil, revenues decreased by ¥6.9 billion, or 1.7% year on year, to ¥403.9 billion, while operating income increased by ¥1.8 billion, or 22.7% year on year, to ¥10.0 billion.

*Reportable segments have been reclassified effective from the fiscal year ended March 31, 2017. Details can be found on page 16, “3. Consolidated Financial Statements and Significant Notes (5) Notes to Consolidated Financial Statements (Segment Information, etc.)”

(2) Overview of Financial Position for Fiscal Year Ended March 31, 2017

Total assets as at the end of the fiscal year ended March 31, 2017 amounted to ¥1,521.8 billion, an increase of ¥36.8 billion or 2.5% from the end of the previous fiscal year.

Current assets amounted to ¥705.9 billion, an increase of ¥23.6 billion or 3.5% from the end of the previous fiscal year, while noncurrent assets totaled ¥815.8 billion, an increase of ¥13.1 billion or 1.6% from the end of the previous fiscal year.

The increase in current assets was mainly attributable to the increase in cash and cash in banks.

The increase in noncurrent assets was mainly attributable to the increase in buildings.

Total liabilities as at the end of the fiscal year ended March 31, 2017 were ¥968.8 billion, an increase of ¥21.8 billion or 2.3% from the end of the previous fiscal year.

Current liabilities decreased by ¥1.8 billion or 0.4% from the end of the previous fiscal year to ¥438.4 billion, while noncurrent liabilities increased by ¥23.7 billion or 4.7% to ¥530.3 billion from the end of the previous fiscal year.

The decrease in current liabilities was mainly attributable to the decrease in advance receipt.

The increase in noncurrent liabilities was mainly attributable to the increase in bonds payable.

Net assets amounted to ¥552.9 billion as at the end of the fiscal year ended March 31, 2017, an increase of ¥14.9 billion or 2.8% from the end of the previous fiscal year.

The increase in net assets was mainly attributable to increases in retained earnings and valuation differences on available-for-sale securities.

(3) Overview of Cash Flows for Fiscal Year Ended March 31, 2017

Cash and cash equivalents at the end of the fiscal year ended March 31, 2017 increased ¥17.3 billion year on year to ¥163.3 billion.

Net cash provided by operating activities amounted to ¥102.3 billion, a year-on-year increase of ¥23.5 billion in proceeds. This was mainly due to a decrease in increase (decrease) in accounts payable.

Net cash used in investing activities totaled ¥70.9 billion, a year-on-year decrease of ¥51.9 billion in expenditures. This was mainly due to a decrease in payment for purchase of shares of subsidiaries resulting in change in scope of consolidation.

Net cash provided by financing activities amounted to ¥11.8 billion, a year-on-year increase of ¥55.7 billion in expenditures. This was mainly due to a decrease in proceeds from long-term loans payable and an increase of payment for purchase of treasury stock.

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

	FY2012	FY2013	FY2014	FY2015	FY2016
Equity ratio (%)	41.2	36.0	36.6	35.2	35.2
Marked-to-market equity ratio (%)	38.6	37.6	46.3	34.5	36.1
Ratio of cash flow to interest-bearing liabilities (years)	5.5	6.5	4.9	5.3	4.4
Interest coverage ratio (times)	18.7	18.7	25.3	30.2	29.8

(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 flows from operating activities in the consolidated statements of cash flows are used. Interest-bearing liabilities include all liabilities in the consolidated balance sheets for which interest is paid. For interest payment, the amount of interest paid in the consolidated statements of cash flows is used.

(4) Future Performance Forecasts

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 factors.

As stated in "1. Overview of Business Results (1) Overview of Business Results for Fiscal Year Ended March 31, 2017," conditions are expected to be highly unpredictable due to factors including growing uncertainty overseas.

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, 2018 as of the release date of this report are as follows.

Performance Forecasts of Consolidated Financial Results (Full year)

Revenues	¥1,930.0 billion (up 3.5% year on year)
Operating income	¥67.0 billion (up 16.7% year on year)
Ordinary income	¥70.0 billion (up 9.7% year on year)
Net income attributable to shareholders of Nippon Express	¥42.0 billion (up 15.2% year on year)

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

Revenues	¥1,060.0 billion (up 1.6% year on year)
Operating income	¥37.0 billion (up 22.9% year on year)
Ordinary income	¥42.0 billion (up 11.3% year on year)
Net income	¥27.0 billion (down 5.7% year on year)

The depreciation method for property and equipment at the Company and some domestic consolidated subsidiaries have been changed from the declining-balance method to the straight-line method starting from the fiscal year ending March 31, 2018, in order to allocate costs to better reflect actual use of assets. In addition, the depreciation period for some property and equipment have been changed.

As a result of this change, operating income and ordinary income are expected to increase by approximately ¥6.0

billion, which has been included in the above results forecast.

* 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.

(5) Basic Policy for Profit Sharing and Dividends for the Fiscal Year Ended March 31, 2017 and the Fiscal Year Ending March 31, 2018

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 establishment of distribution centers 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.

For this fiscal year ended March 31, 2017, 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 29.6%).

For the fiscal year ending March 31, 2018, the Company plans to pay dividends as follows.

In October 2017, the Company will mark the 80th anniversary of its founding. We are sincerely grateful for the kind support of our shareholders and people concerned.

In order to express our appreciation for the support we have received from our shareholders, as for the interim dividend for the fiscal year ending March 31, 2018, we plan to pay an 80th anniversary commemorative dividend of ¥1 per share combined with the regular dividend of ¥5, totaling an interim dividend of ¥6.

Further, subject to approval at the 111th Ordinary General Meeting of Shareholders to be held on June 29, 2017, we plan to carry out a reverse stock split (consolidating 10 shares of the Company's common stock into one share) with an effective date of October 1, 2017. As a result, the year-end dividend per share will be increased tenfold according to the consolidation ratio, so the dividend per share will be ¥60 after the reverse stock split.

Without taking the reverse stock split into account, the year-end dividend would be ¥6 per share, for an annual dividend of ¥12 (consolidated dividend payout ratio of 27.4%).

2. Basic View on the Adoption of Accounting Policies

In light of the trends of accounting standards in Japan, the Company is in the process of considering adoption of IFRS.

3. Consolidated Financial Statements and Significant Notes

(1) Consolidated Balance Sheets

(Unit: Millions of yen)

	FY2015 (as of March 31, 2016)	FY2016 (as of March 31, 2017)
ASSETS		
Current assets:		
Cash and cash in banks	189,323	212,683
Notes receivable—trade	22,280	23,162
Accounts receivable—trade	296,592	298,594
Inventories	6,368	6,128
Advanced money	4,383	3,638
Prepaid expenses	13,028	13,476
Deferred tax assets	11,530	10,810
Lease investment assets	112,827	112,336
Other	27,163	26,283
Less: allowance for doubtful accounts	(1,182)	(1,117)
Total current assets	682,316	705,994
Noncurrent assets:		
Property and equipment		
Vehicles	173,132	176,019
Less: accumulated depreciation	(147,841)	(149,202)
Vehicles, net	25,290	26,816
Buildings	571,593	598,870
Less: accumulated depreciation	(343,905)	(353,595)
Buildings, net	227,687	245,275
Structures	64,656	67,250
Less: accumulated depreciation	(53,532)	(54,379)
Structures, net	11,123	12,871
Machinery	76,644	78,552
Less: accumulated depreciation	(63,017)	(63,510)
Machinery, net	13,626	15,041
Tools, furniture and fixtures	105,464	108,584
Less: accumulated depreciation	(84,256)	(86,092)
Tools, furniture and fixtures, net	21,208	22,492
Vessels	17,731	18,958
Less: accumulated depreciation	(13,042)	(13,777)
Vessels, net	4,688	5,181
Land	177,438	178,991
Leased assets	7,882	9,039
Less: accumulated depreciation	(3,794)	(4,441)
Leased assets, net	4,087	4,598
Construction in progress	17,170	6,853
Net property and equipment	502,321	518,123
Intangible assets		
Leasehold right	8,103	8,026
Goodwill	47,411	43,047
Other	72,658	68,381
Total intangible assets	128,173	119,455
Investments and other assets		
Investment securities	112,130	125,896
Long-term loans receivable	1,905	199
Long-term loan to employees	104	82
Long-term prepaid expense	4,406	4,195
Security deposit	20,905	19,881
Net retirement benefit asset	962	677
Deferred tax assets	19,342	15,056
Other	13,284	13,307
Less: allowance for doubtful accounts	(899)	(1,070)
Total investments and other assets	172,142	178,226
Total noncurrent assets	802,637	815,805
Total assets	1,484,953	1,521,800

(Unit: Millions of yen)

	FY2015 (as of March 31, 2016)	FY2016 (as of March 31, 2017)
LIABILITIES		
Current liabilities:		
Notes payable—trade	7,506	5,833
Accounts payable—trade	151,057	156,864
Short-term loans payable	62,291	60,606
Other payables	29,825	32,804
Income taxes payable	13,891	16,517
Consumer tax payable	7,134	5,809
Unpaid expenses	20,399	20,735
Advance receipt	23,138	11,811
Deposits	46,583	48,990
Deposits from employees	28,036	28,339
Provision for bonuses	21,529	21,299
Provision for directors' bonus	143	141
Other provisions	—	37
Other	28,829	28,675
Total current liabilities	440,366	438,468
Noncurrent liabilities:		
Bonds payable	65,000	125,000
Long-term loans payable	240,955	209,724
Deferred tax liabilities	14,486	12,576
Provision for directors' retirement benefits	408	359
Provision for special repairment	224	205
Provision for loss on guarantees	829	829
Provision for loss on contracts	857	565
Other provisions	120	205
Net retirement benefit liability	160,168	157,371
Other	23,518	23,510
Total noncurrent liabilities	506,568	530,346
Total liabilities	946,935	968,815
NET ASSETS		
Shareholders' equity:		
Common stock	70,175	70,175
Additional paid-in capital	25,306	24,707
Retained earnings	445,495	449,713
Less: treasury stock	(19,818)	(20,145)
Total shareholders' equity	521,158	524,450
Accumulated other comprehensive income:		
Valuation differences on available-for-sale securities	47,118	56,945
Deferred gains (losses) on hedges	(214)	6
Foreign currency translation adjustments	8,085	992
Remeasurements of retirement benefit plans	(53,888)	(46,015)
Total accumulated other comprehensive income	1,101	11,928
Non-controlling interests	15,758	16,606
Total net assets	538,018	552,985
Total liabilities and net assets	1,484,953	1,521,800

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Unit: Millions of yen)

	FY2015 (from April 1, 2015 to March 31, 2016)	FY2016 (from April 1, 2016 to March 31, 2017)
Revenues	1,909,105	1,864,301
Operating costs	1,755,489	1,702,006
Gross profit	153,615	162,295
Selling, general and administrative expenses		
Salaries, compensation, and welfare expenses	55,209	58,713
Depreciation and amortization	7,080	8,018
Advertising expenses	3,830	4,204
Provision for allowance for doubtful accounts	-	206
Other	32,716	33,720
Total selling, general and administrative expenses	98,837	104,863
Operating income	54,778	57,431
Non-operating income:		
Interest income	559	455
Dividends income	3,184	2,733
Gain on sales of vehicles	349	322
Equity in earnings of affiliates	835	1,733
Income from foreign exchange	1,874	2,073
Other	6,747	5,514
Total non-operating income	13,550	12,833
Non-operating expenses:		
Interest expenses	2,791	3,420
Other financial expenses	803	-
Loss on sale and retirement of vehicles	38	44
Other	2,301	2,993
Total non-operating expenses	5,934	6,458
Ordinary income	62,394	63,806
Extraordinary income:		
Gain on sales of noncurrent assets	4,862	5,336
Gain on sales of investment securities	363	109
Gain on step acquisitions	-	2,291
Other	243	654
Total extraordinary income	5,469	8,392
Extraordinary loss:		
Loss on disposal of noncurrent assets	6,477	4,626
Loss on sales of investment securities	45	382
Loss on valuation of investment securities	62	84
Impairment loss	342	4,175
Provision of allowance for loss on contracts	949	-
Loss on disaster	-	874
Loss on transition of retirement benefit plans	-	679
Other	790	541
Total extraordinary loss	8,668	11,365
Income before income taxes and non-controlling interests	59,196	60,834
Income taxes—current	22,770	26,593
Income taxes—deferred	140	(3,054)
Total income taxes	22,910	23,539
Net income	36,285	37,294
Net income attributable to non-controlling interests	625	840
Net income attributable to shareholders of Nippon Express	35,659	36,454

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	FY2015 (from April 1, 2015 to March 31, 2016)	FY2016 (from April 1, 2016 to March 31, 2017)
Net income	36,285	37,294
Other comprehensive income:		
Valuation differences on available-for-sale securities	(14,787)	9,828
Deferred gains (losses) on hedges	(206)	220
Foreign currency translation adjustments	(7,030)	(7,140)
Remeasurements of retirement benefit plans	(11,764)	7,903
Share of other comprehensive income of affiliates accounted for using the equity method	(244)	(161)
Total other comprehensive income	(34,033)	10,650
Comprehensive income	2,251	47,945
(Comprehensive income attributable to)		
Shareholders of Nippon Express	2,342	47,280
Non-controlling interests	(90)	664

(3) Consolidated Statements of Changes in Net Assets
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
Changes during the year					
Cash dividends			(10,015)		(10,015)
Net income attributable to shareholders of Nippon Express			35,659		35,659
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
Changes during the year							
Cash dividends							(10,015)
Net income attributable to shareholders of Nippon Express							35,659
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

FY2016 (from April 1, 2016 to March 31, 2017)

(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	25,306	445,495	(19,818)	521,158
Changes during the year					
Cash dividends			(10,927)		(10,927)
Net income attributable to shareholders of Nippon Express			36,454		36,454
Changes in equity of Nippon Express due to transactions with non-controlling shareholders		(599)			(599)
Increase in treasury stock				(21,634)	(21,634)
Decrease in treasury stock					
Retirement of treasury stock		(0)	(21,307)	21,308	
Net changes in items other than shareholders' equity					
Total changes during the year		(599)	4,218	(326)	3,291
Balance at end of the year	70,175	24,707	449,713	(20,145)	524,450

	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	47,118	(214)	8,085	(53,888)	1,101	15,758	538,018
Changes during the year							
Cash dividends							(10,927)
Net income attributable to shareholders of Nippon Express							36,454
Changes in equity of Nippon Express due to transactions with non-controlling shareholders							(599)
Increase in treasury stock							(21,634)
Decrease in treasury stock							
Retirement of treasury stock							
Net changes in items other than shareholders' equity	9,826	220	(7,093)	7,873	10,826	848	11,675
Total changes during the year	9,826	220	(7,093)	7,873	10,826	848	14,967
Balance at end of the year	56,945	6	992	(46,015)	11,928	16,606	552,985

(4) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	FY2015 (from April 1, 2015 to March 31, 2016)	FY2016 (from April 1, 2016 to March 31, 2017)
Cash flows from operating activities		
Income before income taxes and non-controlling interests	59,196	60,834
Depreciation and amortization	51,333	53,553
Amortization of goodwill	2,764	4,222
(Gain) loss on sale or write-down of securities, net	(255)	357
(Gain) loss on sale or disposal of property and equipment, net	1,303	(987)
Impairment loss	342	4,175
Increase (decrease) in provision for bonus	(481)	(180)
Increase (decrease) in allowance for class action lawsuit filed in the United States	(3,899)	-
Increase (decrease) in allowance for business structure improvement expenses	(1,050)	-
Increase (decrease) in net retirement benefit liability	9,801	7,358
Interest and dividend income	(3,743)	(3,189)
Interest expense	2,791	3,420
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(835)	(1,733)
Loss (gain) on step acquisitions	-	(2,291)
(Increase) decrease in trade receivables	11,350	(3,495)
(Increase) decrease in inventories	(342)	229
Increase (decrease) in accounts payable	(16,823)	5,741
Increase (decrease) in consumption taxes etc. payable	(10,027)	(1,291)
Other	933	(671)
Sub-total	102,357	126,052
Interest and dividends received	4,082	3,287
Interest paid	(2,614)	(3,431)
Income taxes paid	(24,980)	(23,547)
Net cash provided by operating activities	78,844	102,360
Cash flows from investing activities		
Payment for purchase of property and equipment	(50,219)	(74,134)
Proceeds from sales of property and equipment	4,940	6,239
Payment for purchase of investment securities	(3,456)	(5,671)
Proceeds from sales of investment securities	2,224	5,726
Payment for purchase of shares of subsidiaries resulting in change in scope of consolidation	(77,167)	(2,105)
Other	797	(1,014)
Net cash used in investing activities	(122,881)	(70,961)

(Unit: Millions of yen)

	FY2015 (from April 1, 2015 to March 31, 2016)	FY2016 (from April 1, 2016 to March 31, 2017)
Cash flows from financing activities		
Change in short-term loans payable	(536)	(3,474)
Proceeds from long-term loans payable	112,759	21,337
Payment of long-term loans payable	(72,810)	(53,739)
Proceeds from issuance of bonds	20,000	80,000
Redemption of bonds	–	(20,000)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(3,330)	(1,132)
Cash dividends	(10,015)	(10,923)
Purchase of treasury stock	(374)	(21,634)
Other	(1,755)	(2,252)
Net cash provided by (used in) financing activities	43,936	(11,820)
Effect of exchange rate changes on cash	(2,835)	(2,940)
Net increase (decrease) in cash and cash equivalents	(2,935)	16,638
Cash and cash equivalents at beginning of year	148,942	146,007
Increase (decrease) in cash and cash equivalents due to change in scope of consolidation	–	740
Cash and cash equivalents at end of year	146,007	163,386

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

(Changes in Accounting Policies)

In accordance with the revision of the Corporation Tax Act, the Company has applied the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (PITF No.32, June 17, 2016) since the fiscal year ended March 31, 2017. Accordingly, the depreciation method for facilities attached to buildings and structures that were acquired on or after April 1, 2016 has been changed from the declining-balance method to the straight-line method. The effect of this change on operating income, ordinary income and income before income taxes and non-controlling interests of the fiscal year ended March 31, 2017 is immaterial.

(Supplementary Information)

(Loss on Disaster)

Expenses and losses (including the amounts recorded as provisions) for restoration, etc. of facilities damaged by the Kumamoto Earthquake, which occurred in April 2016, are recognized as “loss on disaster.” Its major breakdown is as follows.

Restoration expense for noncurrent assets	¥806 million
Loss on destruction of noncurrent assets	¥20 million
Other	¥47 million

Provisions recorded with an amount of ¥37 million are included in “other provisions” under current liabilities.

(Performance-based Stock Compensation Plan)

1) Outline of the Plan

The Company, with the purpose of enhancing the motivation to contribute to improved business performance and increased corporate value over the medium to long term, revised the current executive compensation system and introduced a performance-based stock compensation plan (hereinafter, the “Plan”) for its Directors and Executive Officers (excluding Outside Directors, Part-time Directors and those who do not reside in Japan; hereinafter collectively, the “Directors”), starting from September, 2016.

The Plan is a stock compensation system that is linked to the medium to long term performance of the Company using the Executive Compensation BIP (Board Incentive Plan) Trust (hereinafter, the “BIP Trust”). The BIP Trust is a trust-type incentive plan. In this plan, the delivery, etc. of the Company’s shares to the Directors will be conducted according to the business performance, etc.

2) The Company’s Shares Remaining in the BIP Trust

The Company’s shares remaining in the BIP Trust were recorded as shares of treasury stock in net assets based on the book value in the BIP Trust (excluding ancillary expenses). The book value and the number of shares of the said treasury stock as at the end of the fiscal year ended March 31, 2017 were ¥383 million and 771,000 shares, respectively.

(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.

The Company implemented a large-scale organizational reform in the previous fiscal year with the aim of “shifting to a one-stop structure that can leverage the Group’s comprehensive capabilities in land, marine and air transport” in order to address management challenges such as the enhancement of customer-oriented sales, selection and concentration of management resources, and increase in efficiency.

Furthermore, from the fiscal year ended March 31, 2017, the Group started its new business plan “Nippon Express Group Corporate Strategy 2018 – New Sekai-Nittsu –.” One of the key strategies of the plan is “Area Strategies,” which positions “Japan” as one global focal point, where the Company aims for both growth potential and profitability, and “Overseas” as the area that will drive the Group’s growth in the future.

The Group has therefore revised its reportable segments for disclosure from the fiscal year ended March 31, 2017, changing the name of the former “Distribution & Transportation Business” to the “Logistics Business,” and reclassifying the former “Combined Business,” “Air Freight Forwarding,” “Marine & Harbor Transportation” segments and part of “Other Business” segment under the “Japan” segment.

Furthermore, “Security Transportation” and “Heavy Haulage & Construction,” which are specialized businesses, were made independent of the “Distribution & Transportation Business,” and the former “Goods Sales” and “Other Business” were integrated into the “Logistics Support Business.”

As a result, the main products and services and main business of each reportable segment are as follows.

Reportable Segments	Main products and services	Main business
Japan (Logistics)	Railway utilization transportation, chartered truck services, combined delivery services, air freight forwarding, travel, marine & harbor transportation, moving & relocation, warehousing & distribution processing, in-factory work, information asset management, real estate rental, fine arts transportation, security transportation, heavy haulage & construction	Railway forwarding, motor cargo transportation, air freight forwarding, travel, marine transportation, harbor transportation, warehousing, in-factory work, information asset management, real estate
The Americas (Logistics)	Air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, chartered truck services, travel	Air freight forwarding, harbor transportation, warehousing, motor cargo transportation, travel
Europe (Logistics)	Air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, chartered truck services, travel	Air freight forwarding, harbor transportation, warehousing, motor cargo transportation, travel
East Asia (Logistics)	Air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, chartered truck services	Air freight forwarding, harbor transportation, warehousing, motor cargo transportation
South Asia & Oceania (Logistics)	Air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, chartered truck services, heavy haulage & construction, travel	Air freight forwarding, harbor transportation, warehousing, motor cargo transportation, heavy haulage and construction, travel

Reportable Segments	Main products and services	Main business
Security Transportation	Security transportation	Security guard, motor cargo transportation
Heavy Haulage & Construction	Heavy haulage & construction	Heavy haulage and construction
Logistics Support	Lease, sale of petroleum, etc., sale of others, real estate, finance, others	Sale of distribution equipment, wrapping and packaging materials, vehicles, petroleum, liquefied petroleum (LP) gas, etc., lease, vehicle maintenance, insurance agency, mediation, planning, designing and management of real estate, investigation and research, logistics finance, automobile driving instruction, employee dispatching

Segment information for the previous fiscal year ended March 31, 2016, has been prepared according to the reclassified segments.

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

Accounting treatment methods for reportable segments are the same as those stated in the most recent Securities Report (submitted June 29, 2016), except for the items stated in “3. Consolidated Financial Statements and Significant Notes, (5) Notes to Consolidated Financial Statements (Changes in 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
FY2015 (From April 1, 2015 to March 31, 2016)

(Unit: Millions of yen)

	Logistics				
	Japan	The Americas	Europe	East Asia	South Asia & Oceania
Revenues					
Revenues from external customers	1,145,195	79,895	79,267	105,103	65,007
Intersegment	13,194	14,801	5,311	9,964	5,218
Total	1,158,390	94,697	84,579	115,068	70,225
Segment income	36,601	5,088	1,559	1,679	1,568
Segment assets	810,766	47,477	51,038	59,451	49,552
Other items					
Depreciation and amortization	32,808	1,299	1,693	1,263	1,447
Amortization of goodwill	1,030	311	438	534	130
Impairment loss on noncurrent assets	12	–	–	–	–
Investment in equity method affiliates	8,488	65	–	1,617	1,914
Increase in property and equipment and intangible assets	108,533	1,053	1,551	1,476	4,295

	Security Transportation	Heavy Haulage & Construction	Logistics Support	Total	Adjustment (Note 1)	Amount in consolidated statements of income (Note 2)
Revenues						
Revenues from external customers	53,773	51,051	329,810	1,909,105	–	1,909,105
Intersegment	30	344	81,096	129,962	(129,962)	–
Total	53,803	51,395	410,906	2,039,067	(129,962)	1,909,105
Segment income	1,570	3,687	8,161	59,917	(5,139)	54,778
Segment assets	62,056	23,124	321,089	1,424,555	60,397	1,484,953
Other items						
Depreciation and amortization	2,280	1,271	5,453	47,519	3,813	51,333
Amortization of goodwill	–	–	319	2,764	–	2,764
Impairment loss on noncurrent assets	–	–	330	342	–	342
Investment in equity method affiliates	–	–	–	12,086	–	12,086
Increase in property and equipment and intangible assets	1,527	435	6,205	125,080	2,422	127,502

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

- (1) The segment income adjustment of ¥(5,139) million includes ¥(195) million for the elimination of intersegment income, and ¥(5,052) 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 ¥60,397 million includes ¥(127,271) million for the elimination of intersegment income, and ¥187,669 million of corporate assets not allocated to each reportable segment. Corporate assets mainly represent cash and cash in banks, investment securities and noncurrent assets held by the Company not attributable to each reportable segment.
 - (3) The depreciation and amortization adjustment represents mainly the depreciation and amortization at the Company 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 Company not attributable to each reportable segment.
2. Segment income has been reconciled with operating income in the consolidated financial statements.

FY2016 (From April 1, 2016 to March 31, 2017)

(Unit: Millions of yen)

	Logistics				
	Japan	The Americas	Europe	East Asia	South Asia & Oceania
Revenues					
Revenues from external customers	1,143,290	70,869	73,895	93,157	63,826
Intersegment	12,423	12,962	5,391	8,589	6,517
Total	1,155,713	83,831	79,286	101,746	70,343
Segment income	38,658	4,772	2,030	1,117	2,486
Segment assets	847,188	49,614	46,751	54,709	64,093
Other items					
Depreciation and amortization	35,657	1,207	1,376	1,173	1,886
Amortization of goodwill	2,370	311	392	479	348
Impairment loss on noncurrent assets	0	–	1,790	2,384	–
Investment in equity method affiliates	9,402	64	–	1,617	124
Increase in property and equipment and intangible assets	62,150	1,407	1,131	1,161	7,108

	Security Transportation	Heavy Haulage & Construction	Logistics Support	Total	Adjustment (Note 1)	Amount in consolidated statements of income (Note 2)
Revenues						
Revenues from external customers	54,740	46,512	318,009	1,864,301	–	1,864,301
Intersegment	41	472	85,984	132,381	(132,381)	–
Total	54,781	46,985	403,994	1,996,683	(132,381)	1,864,301
Segment income	964	3,883	10,015	63,930	(6,498)	57,431
Segment assets	86,887	25,039	311,777	1,486,062	35,738	1,521,800
Other items						
Depreciation and amortization	2,165	984	5,711	50,164	3,389	53,553
Amortization of goodwill	–	–	319	4,222	–	4,222
Impairment loss on noncurrent assets	–	–	–	4,175	–	4,175
Investment in equity method affiliates	–	202	141	11,552	–	11,552
Increase in property and equipment and intangible assets	1,843	535	7,773	83,110	1,847	84,958

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

- (1) The segment income adjustment of ¥(6,498) million includes ¥(136) million for the elimination of intersegment income, and ¥(6,368) 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 ¥35,738 million includes ¥(149,841) million for the elimination of intersegment income, and ¥185,579 million of corporate assets not allocated to each reportable segment. Corporate assets mainly represent cash and cash in banks, investment securities and noncurrent assets held by the Company not attributable to each reportable segment.
- (3) The depreciation and amortization adjustment represents mainly the depreciation and amortization at the Company 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 Company not attributable to each reportable segment.

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

(Per Share Information)

	FY2015 (from April 1, 2015 to March 31, 2016)	FY2016 (from April 1, 2016 to March 31, 2017)
Net assets per share (yen)	521.77	558.65
Net income per share (yen)	35.61	37.13

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

2. The Company's shares owned by the Executive Compensation BIP Trust, after computing per share information, are included in the treasury stock to be deducted when calculating the average number of shares during the period. The average number of shares of treasury stock owned by the Trust for the fiscal year ended March 31, 2017 was 449,000 shares. This does not apply to the previous fiscal year.

3. The bases for the computation of the amounts of Net income per share are set out below.

(Unit: Millions of yen unless otherwise stated)

	FY2015 (from April 1, 2015 to March 31, 2016)	FY2016 (from April 1, 2016 to March 31, 2017)
Net income per share		
Net income attributable to shareholders of Nippon Express	35,659	36,454
Amount not attributable to common shareholders	–	–
Net income attributable to shareholders of Nippon Express related to common stock	35,659	36,454
Weighted average number of common stock during the year (1,000 shares)	1,001,470	981,737

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

(Unit: Millions of yen unless otherwise stated)

	FY2015 (as of March 31, 2016)	FY2016 (as of March 31, 2017)
Total net assets	538,018	552,985
Amount to deduct from total net assets	15,758	16,606
(Non-controlling interests)	(15,758)	(16,606)
Net assets at end of year related to common stock	522,260	536,378
Number of common stock at end of year used to calculate net assets per share (1,000 shares)	1,000,931	960,130

(Significant Subsequent Events)

Not applicable.

4. Reference Materials

(1) Consolidated Reference Materials

○ Financial Results of Reportable Segment for FY2016

(Unit: Millions of yen, %)

		FY2016	FY2015	Change			
				Amount	Ratio		
Revenues	Reportable Segment	Logistics	Japan	1,155,713	1,158,390	(2,676)	(0.2)
			The Americas	83,831	94,697	(10,865)	(11.5)
			Europe	79,286	84,579	(5,292)	(6.3)
			East Asia	101,746	115,068	(13,322)	(11.6)
			South Asia & Oceania	70,343	70,225	117	0.2
		Subtotal	1,490,923	1,522,961	(32,038)	(2.1)	
		Security Transportation	54,781	53,803	977	1.8	
		Heavy Haulage & Construction	46,985	51,395	(4,410)	(8.6)	
		Logistics Support	403,994	410,906	(6,912)	(1.7)	
		Subtotal	1,996,683	2,039,067	(42,383)	(2.1)	
	Adjustment	(132,381)	(129,962)	(2,419)	–		
Total	1,864,301	1,909,105	(44,803)	(2.3)			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[3.3] 38,658	[3.2] 36,601	2,057	5.6
			The Americas	[5.7] 4,772	[5.4] 5,088	(315)	(6.2)
			Europe	[2.6] 2,030	[1.8] 1,559	471	30.2
			East Asia	[1.1] 1,117	[1.5] 1,679	(562)	(33.5)
			South Asia & Oceania	[3.5] 2,486	[2.2] 1,568	917	58.5
		Subtotal	[3.3] 49,065	[3.1] 46,497	2,568	5.5	
		Security Transportation	[1.8] 964	[2.9] 1,570	(606)	(38.6)	
		Heavy Haulage & Construction	[8.3] 3,883	[7.2] 3,687	196	5.3	
		Logistics Support	[2.5] 10,015	[2.0] 8,161	1,854	22.7	
		Subtotal	[3.2] 63,930	[2.9] 59,917	4,013	6.7	
	Adjustment	(6,498)	(5,139)	(1,359)	–		
Total	[3.1] 57,431	[2.9] 54,778	2,653	4.8			

(Notes)1. The Company has changed its reportable segments from the first quarter ended June 30, 2016. The figures for the previous fiscal year have been reclassified for comparison.

2. Figures in brackets indicate Operating Margins.

○ Forecast of Financial Results for FY2017 (Full Year)

(Unit: Millions of yen, %)

		FY2017	FY2016	Change			
				Amount	Ratio		
Revenues	Reportable Segment	Logistics	Japan	1,170,500	1,155,713	14,786	1.3
			The Americas	93,600	83,831	9,768	11.7
			Europe	81,100	79,286	1,813	2.3
			East Asia	103,800	101,746	2,053	2.0
			South Asia & Oceania	85,600	70,343	15,256	21.7
			Subtotal	1,534,600	1,490,923	43,676	2.9
		Security Transportation	57,900	54,781	3,118	5.7	
		Heavy Haulage & Construction	48,600	46,985	1,614	3.4	
		Logistics Support	433,300	403,994	29,305	7.3	
		Subtotal	2,074,400	1,996,683	77,716	3.9	
		Adjustment	(144,400)	(132,381)	(12,018)	–	
Total	1,930,000	1,864,301	65,698	3.5			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[3.8] 44,900	[3.3] 38,658	6,241	16.1
			The Americas	[5.2] 4,900	[5.7] 4,772	127	2.7
			Europe	[3.5] 2,800	[2.6] 2,030	769	37.9
			East Asia	[2.8] 2,900	[1.1] 1,117	1,782	159.5
			South Asia & Oceania	[3.6] 3,100	[3.5] 2,486	613	24.7
			Subtotal	[3.8] 58,600	[3.3] 49,065	9,534	19.4
		Security Transportation	[3.1] 1,800	[1.8] 964	835	86.6	
		Heavy Haulage & Construction	[8.2] 4,000	[8.3] 3,883	116	3.0	
		Logistics Support	[2.3] 10,100	[2.5] 10,015	84	0.8	
		Subtotal	[3.6] 74,500	[3.2] 63,930	10,569	16.5	
		Adjustment	(7,500)	(6,498)	(1,001)	–	
Total	[3.5] 67,000	[3.1] 57,431	9,568	16.7			

(Note) Figures in brackets indicate Operating Margins.

○ Forecast of Financial Results for First Half of FY2017

(Unit: Millions of yen, %)

			First half of FY2017		First half of FY2016		Change	
							Amount	Ratio
Revenues	Reportable Segment	Logistics	Japan	575,100	566,292	8,807	1.6	
			The Americas	46,600	41,919	4,680	11.2	
			Europe	40,100	39,123	976	2.5	
			East Asia	49,600	47,648	1,951	4.1	
			South Asia & Oceania	40,400	34,138	6,261	18.3	
			Subtotal	751,800	729,121	22,678	3.1	
		Security Transportation	28,800	27,428	1,371	5.0		
		Heavy Haulage & Construction	24,600	22,253	2,346	10.5		
		Logistics Support	207,400	192,032	15,367	8.0		
		Subtotal	1,012,600	970,836	41,763	4.3		
		Adjustment	(67,600)	(61,557)	(6,042)	–		
Total	945,000	909,278	35,721	3.9				
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[3.3] 18,800	[2.9] 16,487	2,312	14.0	
			The Americas	[5.4] 2,500	[5.8] 2,430	69	2.8	
			Europe	[3.2] 1,300	[2.2] 855	444	52.0	
			East Asia	[2.0] 1,000	[1.3] 597	402	67.4	
			South Asia & Oceania	[3.7] 1,500	[3.3] 1,118	381	34.2	
			Subtotal	[3.3] 25,100	[2.9] 21,489	3,610	16.8	
		Security Transportation	[3.1] 900	[1.6] 447	452	101.1		
		Heavy Haulage & Construction	[8.5] 2,100	[8.0] 1,774	325	18.4		
		Logistics Support	[2.1] 4,400	[1.8] 3,370	1,029	30.6		
		Subtotal	[3.2] 32,500	[2.8] 27,081	5,418	20.0		
		Adjustment	(3,500)	(2,628)	(871)	–		
Total	[3.1] 29,000	[2.7] 24,452	4,547	18.6				

(Note) Figures in brackets indicate Operating Margins.

○ Changes in Number of Employees as of March 31, 2016 and 2017

(Unit: Persons, %)

	March 31, 2017	March 31, 2016	Change	
			Change	Ratio
Logistics	60,784	58,562	2,222	3.8
Security Transportation	4,449	4,500	(51)	(1.1)
Heavy Haulage & Construction	810	806	4	0.5
Logistics Support	3,953	3,954	(1)	(0.0)
Adjustment*	96	87	9	10.3
Total	70,092	67,909	2,183	3.2

*Employees engaged in the administration of the Company and group companies

○ Capital Expenditures

(Unit: Millions of yen)

	Actual amount in FY2016
Vehicles	11,423
Buildings	34,320
Land	1,575
Leased assets	9,911
Other	23,070
Total	80,300

Major investment

(Unit: Millions of yen)

Company	Amount	Note
Nippon Express	51,278	Tokyo C-NEX, ¥15,364 million, etc.
Nittsu Shoji	1,969	Sayama LS Center Yorii Satellite
Nittsu Logistics (India)	656	New warehouse in Sri City Integrated Business City

* Amount for Nippon Express does not include leased assets.

(Unit: Millions of yen)

	Forecast for FY2017
Vehicles	16,000
Buildings	29,000
Land	10,000
Leased assets	6,000
Other	29,000
Total	90,000

Major plans

(Unit: Millions of yen)

Company	Amount	Note
Nippon Express	50,000	Sendai Oroshimachi Distribution Center, ¥2,423 million, etc.
NEX Logistics Indonesia	2,849	Warehouse construction in Gobel Industrial Park
Nittsu Shoji	991	Tokyo LS Center Kawasaki Base rebuilding

* Amount for Nippon Express does not include leased assets.

(2) Non-consolidated Reference Materials

○ Details of Revenues and Operating Expenses for FY2016

(Unit: Millions of yen, %)

		FY2016		FY2015		Change		
			% in Sales		% in Sales	Amount	Ratio	
Revenues	Railway utilization transportation	84,016	8.0	84,827	8.0	(810)	(1.0)	
	Motor transportation	Combined delivery services	80,530	7.7	81,446	7.7	(915)	(1.1)
		Chartered truck services	267,893	25.7	271,310	25.6	(3,417)	(1.3)
		Subtotal	348,424	33.4	352,756	33.3	(4,332)	(1.2)
	Marine and harbor transportation	Marine transportation	67,769	6.5	73,698	7.0	(5,929)	(8.0)
		Harbor transportation	52,227	5.0	53,457	5.0	(1,230)	(2.3)
		Subtotal	119,996	11.5	127,156	12.0	(7,159)	(5.6)
		(Exports)	[56,493]	—	[62,395]	—	[(5,901)]	[(9.5)]
		(Imports)	[36,991]	—	[38,367]	—	[(1,375)]	[(3.6)]
		(Domestic)	[26,510]	—	[26,393]	—	[117]	[0.4]
	Warehousing	110,812	10.6	114,551	10.8	(3,738)	(3.3)	
	Air transportation	International air freight	96,783	9.2	95,194	9.0	1,588	1.7
		(Exports)	[72,720]	—	[72,037]	—	[682]	[0.9]
		(Imports)	[24,062]	—	[23,156]	—	[905]	[3.9]
		Domestic air freight	39,425	3.8	39,418	3.7	6	0.0
	Subtotal	136,208	13.0	134,613	12.7	1,595	1.2	
	Heavy haulage & construction	57,932	5.6	61,708	5.8	(3,776)	(6.1)	
Incidental operations and others	186,365	17.9	184,447	17.4	1,917	1.0		
Total	1,043,756	100.0	1,060,062	100.0	(16,305)	(1.5)		
(Domestic operation-related revenues)	[824,395]	79.0	[828,438]	78.1	[(4,042)]	[(0.5)]		
(Overseas-related revenues)	[219,361]	21.0	[231,623]	21.9	[(12,262)]	[(5.3)]		
Operating expenses	Employment costs	Drivers/workers	119,911	11.5	119,508	11.3	403	0.3
		Office personnel	136,590	13.1	134,507	12.7	2,083	1.5
		Subtotal	256,502	24.6	254,015	24.0	2,487	1.0
	Forwarding costs	Railway	42,993	4.1	43,640	4.1	(647)	(1.5)
		Marine	23,728	2.3	27,263	2.6	(3,534)	(13.0)
		Air	36,831	3.5	39,035	3.7	(2,204)	(5.6)
		Subtotal	103,553	9.9	109,939	10.4	(6,386)	(5.8)
	Vehicle chartering and subcontracting costs	434,910	41.7	441,524	41.6	(6,613)	(1.5)	
	Depreciation and amortization	28,932	2.8	29,527	2.8	(595)	(2.0)	
	Facility usage charges	71,597	6.8	72,132	6.8	(534)	(0.7)	
Other	118,143	11.3	121,022	11.4	(2,878)	(2.4)		
Total	1,013,640	97.1	1,028,161	97.0	(14,521)	(1.4)		
Operating income	30,116	2.9	31,900	3.0	(1,783)	(5.6)		

○ Details of Revenues for the First and Second Half of FY2016

(Unit: Millions of yen, %)

		FY2016		FY2015		Change			
			% in Sales		% in Sales	Amount	Ratio		
1H of revenues	Railway utilization transportation		39,772	7.8	40,724	7.7	(952)	(2.3)	
	Motor transportation	Combined delivery services	39,224	7.7	39,882	7.5	(657)	(1.6)	
		Chartered truck services	132,058	25.8	134,530	25.5	(2,471)	(1.8)	
		Subtotal	171,283	33.5	174,412	33.0	(3,129)	(1.8)	
	Marine and harbor transportation	Marine transportation		34,905	6.8	38,393	7.3	(3,488)	(9.1)
		Harbor transportation		25,805	5.1	27,075	5.1	(1,270)	(4.7)
		Subtotal		60,710	11.9	65,468	12.4	(4,758)	(7.3)
		(Exports)		[28,943]	—	[32,407]	—	[(3,463)]	[(10.7)]
		(Imports)		[18,547]	—	[19,869]	—	[(1,322)]	[(6.7)]
	(Domestic)		[13,219]	—	[13,192]	—	[27]	[0.2]	
	Warehousing		56,081	11.0	58,251	11.0	(2,170)	(3.7)	
	Air transportation	International air freight		45,772	9.0	47,590	9.0	(1,818)	(3.8)
		(Exports)		[34,077]	—	[36,043]	—	[(1,966)]	[(5.5)]
		(Imports)		[11,694]	—	[11,546]	—	[147]	[1.3]
		Domestic air freight		19,382	3.8	19,363	3.7	19	0.1
	Subtotal		65,155	12.8	66,954	12.7	(1,799)	(2.7)	
Heavy haulage & construction		27,571	5.4	32,681	6.2	(5,109)	(15.6)		
Incidental operations and others		90,006	17.6	90,139	17.0	(132)	(0.1)		
Total		510,581	100.0	528,633	100.0	(18,051)	(3.4)		
(Domestic operation-related revenues)		[403,507]	79.0	[410,035]	77.6	[(6,527)]	[(1.6)]		
(Overseas-related revenues)		[107,074]	21.0	[118,598]	22.4	[(11,524)]	[(9.7)]		
2H of revenues	Railway utilization transportation		44,244	8.3	44,103	8.3	141	0.3	
	Motor transportation	Combined delivery services	41,305	7.7	41,564	7.8	(258)	(0.6)	
		Chartered truck services	135,834	25.5	136,780	25.7	(945)	(0.7)	
		Subtotal	177,140	33.2	178,344	33.5	(1,203)	(0.7)	
	Marine and harbor transportation	Marine transportation		32,863	6.2	35,305	6.6	(2,441)	(6.9)
		Harbor transportation		26,421	4.9	26,382	5.0	39	0.2
		Subtotal		59,285	11.1	61,687	11.6	(2,401)	(3.9)
		(Exports)		[27,549]	—	[29,988]	—	[(2,438)]	[(8.1)]
		(Imports)		[18,444]	—	[18,497]	—	[(52)]	[(0.3)]
	(Domestic)		[13,291]	—	[13,201]	—	[89]	[0.7]	
	Warehousing		54,730	10.3	56,299	10.6	(1,568)	(2.8)	
	Air transportation	International air freight		51,010	9.6	47,603	9.0	3,406	7.2
		(Exports)		[38,642]	—	[35,993]	—	[2,648]	[7.4]
		(Imports)		[12,368]	—	[11,609]	—	[758]	[6.5]
		Domestic air freight		20,042	3.8	20,055	3.8	(12)	(0.1)
	Subtotal		71,053	13.4	67,658	12.8	3,394	5.0	
Heavy haulage & construction		30,360	5.7	29,026	5.5	1,333	4.6		
Incidental operations and others		96,358	18.0	94,308	17.7	2,050	2.2		
Total		533,174	100.0	531,428	100.0	1,746	0.3		
(Domestic operation-related revenues)		[420,887]	78.9	[418,402]	78.7	[2,484]	[0.6]		
(Overseas-related revenues)		[112,287]	21.1	[113,025]	21.3	[(738)]	[(0.7)]		

○ Changes in Number of Employees as of March 31, 2016 and 2017

(Unit: Person, %)

		March 31, 2017	March 31, 2016	Change	Ratio
Drivers /workers	Nationwide employees	642	716	(74)	(10.3)
	Other employees	16,212	16,248	(36)	(0.2)
	Subtotal	16,854	16,964	(110)	(0.6)
Office personnel	Nationwide employees	10,876	11,053	(177)	(1.6)
	Other employees	4,278	4,077	201	4.9
	Subtotal	15,154	15,130	24	0.2
Total		32,008	32,094	(86)	(0.3)

○ Cash Flows

(Unit: Millions of yen)

	FY2016	FY2015	Change
Cash and cash equivalents at beginning of the year	42,573	49,817	(7,244)
Cash flows from operating activities	54,593	58,974	(4,381)
Cash flows from investing activities	(48,181)	(107,079)	58,898
Cash flows from financing activities	15,363	40,860	(25,497)
Cash and cash equivalents at end of the year	64,349	42,573	21,775

○ Capital Expenditures

(Unit: Millions of yen)

	Actual amount in FY2016
Vehicles	7,664
Buildings	28,808
Land	1,048
Software	3,492
Other	10,266
Total	51,278

* Major investment

(Unit: Millions of yen)

Type	Description	m ²	Total construction expenses	Actual amount in FY2016
Building, etc.	Tokyo C-NEX	150,709	26,939	15,364
Building, etc.	Komaki Global Logistics Center	31,337	4,247	3,864
Building, etc.	Honmoku Distribution Center	19,312	4,415	3,297

(Unit: Millions of yen)

	Forecasted amount in FY2017
Vehicles	8,500
Buildings	19,000
Land	5,300
Software	10,000
Other	7,200
Total	50,000

* Major investment

(Unit: Millions of yen)

Type	Description	(Planned to complete)	m ²	Total construction expenses	Forecasted amount in FY2017
Building, etc.	Sendai Oroshimachi Distribution Center	(April 2019)	27,039	5,819	2,423
Building, etc.	Nomi new warehouse	(November 2017)	20,871	3,263	2,406

○ Forecast of Financial Results for FY2017 (Full Year)

(Unit: Millions of yen, %)

		FY2017		FY2016		Change		
			% in Sales		% in Sales	Amount	Ratio	
Revenues	Railway utilization transportation		87,200	8.2	84,016	8.0	3,183	3.8
	Motor transportation	Combined delivery services	81,400	7.7	80,530	7.7	869	1.1
		Chartered truck services	269,700	25.4	267,893	25.7	1,806	0.7
		Subtotal	351,100	33.1	348,424	33.4	2,675	0.8
	Marine and harbor transportation	Marine transportation	70,700	6.7	67,769	6.5	2,930	4.3
		Harbor transportation	52,800	5.0	52,227	5.0	572	1.1
		Subtotal	123,500	11.7	119,996	11.5	3,503	2.9
	Warehousing		113,800	10.7	110,812	10.6	2,987	2.7
	Air transportation	International air freight	101,700	9.6	96,783	9.2	4,916	5.1
		Domestic air freight	40,200	3.8	39,425	3.8	774	2.0
		Subtotal	141,900	13.4	136,208	13.0	5,691	4.2
	Heavy haulage & construction		60,700	5.7	57,932	5.6	2,767	4.8
	Incidental operations and others		181,800	17.2	186,365	17.9	(4,565)	(2.4)
	Total		1,060,000	100.0	1,043,756	100.0	16,243	1.6
Operating expenses	Employment costs	Drivers/workers	119,700	11.3	119,911	11.5	(211)	(0.2)
		Office personnel	134,600	12.7	136,590	13.1	(1,990)	(1.5)
		Subtotal	254,300	24.0	256,502	24.6	(2,202)	(0.9)
	Forwarding costs	Railway	44,700	4.2	42,993	4.1	1,706	4.0
		Marine	25,000	2.4	23,728	2.3	1,271	5.4
		Air	40,100	3.8	36,831	3.5	3,268	8.9
		Subtotal	109,800	10.4	103,553	9.9	6,246	6.0
	Vehicle chartering and subcontracting costs		441,200	41.6	434,910	41.7	6,289	1.4
	Depreciation and amortization		25,000	2.4	28,932	2.8	(3,932)	(13.6)
	Facility usage charges		71,500	6.7	71,597	6.8	(97)	(0.1)
	Other		121,200	11.4	118,143	11.3	3,056	2.6
	Total		1,023,000	96.5	1,013,640	97.1	9,359	0.9
Operating income		37,000	3.5	30,116	2.9	6,883	22.9	
Non-operating income		10,000	1.0	12,446	1.2	(2,446)	(19.7)	
Non-operating expenses		5,000	0.5	4,831	0.5	168	3.5	
Ordinary income		42,000	4.0	37,731	3.6	4,268	11.3	
Extraordinary income		1,600	0.1	8,515	0.8	(6,915)	(81.2)	
Extraordinary loss		4,700	0.4	5,231	0.5	(531)	(10.2)	
Income before income taxes		38,900	3.7	41,015	3.9	(2,115)	(5.2)	
Income taxes		11,900	1.2	12,385	1.2	(485)	(3.9)	
Net income		27,000	2.5	28,629	2.7	(1,629)	(5.7)	

○ Forecast of Financial Results for First Half of FY2017

(Unit: Millions of yen, %)

		First half of FY2017	% in Sales	First half of FY2016	% in Sales	Change		
						Amount	Ratio	
Revenues	Railway utilization transportation	41,600	8.0	39,772	7.8	1,827	4.6	
	Motor transportation	Combined delivery services	39,600	7.6	39,224	7.7	375	1.0
		Chartered truck services	133,000	25.5	132,058	25.8	941	0.7
		Subtotal	172,600	33.1	171,283	33.5	1,316	0.8
	Marine and harbor transportation	Marine transportation	36,400	7.0	34,905	6.8	1,494	4.3
		Harbor transportation	26,100	5.0	25,805	5.1	294	1.1
		Subtotal	62,500	12.0	60,710	11.9	1,789	2.9
	Warehousing	57,100	10.9	56,081	11.0	1,018	1.8	
	Air transportation	International air freight	50,100	9.6	45,772	9.0	4,327	9.5
		Domestic air freight	19,800	3.8	19,382	3.8	417	2.2
		Subtotal	69,900	13.4	65,155	12.8	4,744	7.3
	Heavy haulage & construction	30,300	5.8	27,571	5.4	2,728	9.9	
	Incidental operations and others	88,000	16.8	90,006	17.6	(2,006)	(2.2)	
	Total		522,000	100.0	510,581	100.0	11,418	2.2
Operating expenses	Employment costs	Drivers/workers	60,100	11.5	60,111	11.8	(11)	(0.0)
		Office personnel	67,600	13.0	68,297	13.4	(697)	(1.0)
		Subtotal	127,700	24.5	128,409	25.2	(709)	(0.6)
	Forwarding costs	Railway	21,500	4.1	20,455	4.0	1,044	5.1
		Marine	12,600	2.4	11,617	2.3	982	8.5
		Air	19,300	3.7	16,413	3.2	2,886	17.6
		Subtotal	53,400	10.2	48,487	9.5	4,912	10.1
	Vehicle chartering and subcontracting costs	217,300	41.6	213,045	41.7	4,254	2.0	
	Depreciation and amortization	12,300	2.4	13,830	2.7	(1,530)	(11.1)	
	Facility usage charges	35,600	6.8	35,663	7.0	(63)	(0.2)	
Other	60,200	11.5	58,187	11.4	2,012	3.5		
Total		506,500	97.0	497,623	97.5	8,876	1.8	
Operating income		15,500	3.0	12,958	2.5	2,541	19.6	
Non-operating income		5,200	1.0	5,382	1.1	(182)	(3.4)	
Non-operating expenses		2,200	0.5	2,329	0.5	(129)	(5.5)	
Ordinary income		18,500	3.5	16,011	3.1	2,488	15.5	
Extraordinary income		1,400	0.3	6,093	1.2	(4,693)	(77.0)	
Extraordinary loss		1,900	0.4	1,979	0.4	(79)	(4.0)	
Income before income taxes		18,000	3.4	20,125	3.9	(2,125)	(10.6)	
Income taxes		5,500	1.0	7,045	1.3	(1,545)	(21.9)	
Net income		12,500	2.4	13,080	2.6	(580)	(4.4)	