

January 31, 2014

Summary of Consolidated Earnings Report for the Third Quarter of Fiscal Year Ending March 31, 2014 (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 of dividend payment: -

Availability of supplementary briefing material on quarterly financial results: Available

(Millions of yen, rounded down)

1. Consolidated Financial Results for the Nine Months Ended Dec. 31, 2013 (from April 1, 2013 to December 31, 2013)

(1) Consolidated Business Results

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Nine Months Ended Dec. 31, 2013	1,280,503	6.2	29,855	20.7	37,438	19.1	18,305	13.8
Nine Months Ended Dec. 31, 2012	1,206,020	(0.6)	24,736	(4.4)	31,439	(3.6)	16,082	(4.9)

(Note) Comprehensive income:

Nine Months Ended Dec. 31, 2013: ¥40,987 million [128.3%] Nine Months Ended Dec. 31, 2012: ¥17,951 million [124.0%]

	Net income per share	Diluted net income per share
	¥	¥
Nine Months Ended Dec. 31, 2013	17.79	—
Nine Months Ended Dec. 31, 2012	15.43	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of Dec. 31, 2013	1,340,632	538,027	39.7
As of Mar. 31, 2013	1,247,612	518,409	41.2

(Note) Equity: As of Dec. 31, 2013: ¥532,281 million As of Mar. 31, 2013: ¥513,683 million

2. Dividends Information

	Annual dividend per share				
	First Quarter	Second Quarter	Third Quarter	Year End	Yearly
	¥	¥	¥	¥	¥
Fiscal Year Ended Mar. 31, 2013	—	5.00	—	5.00	10.00
Fiscal Year Ending Mar. 31, 2014	—	5.00	—		
Fiscal Year Ending Mar. 31, 2014 (Forecast)				5.00	10.00

(Note) Revision of dividend projection from recently announced figures: No

3. Forecast of Consolidated Financial Results for FY2013 (from April 1, 2013 to March 31, 2014)

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	1,690,000	4.8	40,000	20.5	48,000	15.7	25,000	4.9	24.37

(Note) Revision of consolidated results forecast from recently announced figures: No

*Notes

- (1) Significant changes of subsidiaries during the period under review (affecting specific subsidiaries due to changes in scope of consolidation): Not applicable
- (2) Adoption of special accounting treatment for preparing Quarterly Consolidated Financial Statements: Yes
- (3) 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.: No
 - 2) Any changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Corrections of errors: No

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

1) Total number of issued shares at end of period (including treasury stock)	As of Dec. 31, 2013	1,062,299,281 shares	As of Mar. 31, 2013	1,062,299,281 shares
2) Total number of treasury stocks at end of period	As of Dec. 31, 2013	36,427,783 shares	As of Mar. 31, 2013	12,657,623 shares
3) Average number of shares during period	Nine months ended Dec. 31, 2013	1,028,972,520 shares	Nine months ended Dec. 31, 2012	1,042,550,380 shares

*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. Qualitative Information on Quarterly Financial Results, (3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information" on page 3 for the use of preconditions of the financial forecasts and the use of the forecasts.

Nippon Express Co., Ltd. is planning to hold a conference call for institutional investors and analysts on January 31, 2014. Materials provided shall be posted promptly after the session on the Company's website.

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 January 31, 2014.

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Business Results

During the nine months ended December 31, 2013, the Japanese economy progressed while showing signs of recovery, such as improvements in corporate profits and pickup in capital investment and personal consumption, owing to the effects of the government's economic measures.

In the field of logistics, domestic freight transport demand was on an upward trend overall, reflecting the aforementioned economic condition. Although recovery has not yet gained strong momentum, demand for international freight transportation was also on a gradual recovery trend, with such signs as improvements in exports as well as a continued increase in imports.

In this business environment, during the nine months ended December 31, 2013, in the Distribution & Transportation segment, domestic companies of the Nippon Express Group recorded a year on year decrease in revenues in Security Transportation, Heavy Haulage & Construction and Air Freight Forwarding, but recorded a year on year increase in revenues in the segments of Combined Business and Marine & Harbor Transportation. Meanwhile, overseas companies posted a year on year increase in revenues in each segments of the Americas, Europe, East Asia, and South Asia & Oceania due to factors such as the effect of the foreign exchange rates and the contribution of the newly consolidated subsidiaries that were acquired. With regard to the Goods Sales segment, revenues also increased year on year due to factors such as an increase in the unit selling price of petroleum.

As a result, revenues increased by ¥74.4 billion, or 6.2% year on year, to ¥1,280.5 billion, while ordinary income increased by ¥5.9 billion, or 19.1% year on year, to ¥37.4 billion. Net income increased by ¥2.2 billion, or 13.8% year on year, to ¥18.3 billion.

(2) Explanation of Financial Position

Total assets as at the end of the third quarter ended December 31, 2013 amounted to ¥1,340.6 billion, an increase of ¥93.0 billion or 7.5% from the end of the previous fiscal year.

Current assets amounted to ¥647.7 billion, an increase of ¥60.1 billion or 10.2% from the end of the previous fiscal year, while noncurrent assets totaled ¥692.8 billion, up ¥32.9 billion or 5.0% from the end of the previous fiscal year.

The primary factors behind the increase in current assets were increase in cash and cash in banks, etc.

The primary factors behind the increase in noncurrent assets were increase in investment securities, etc.

Current liabilities increased by ¥ 27.5 billion or 6.7% from the end of the previous fiscal year to ¥436.3 billion, while noncurrent liabilities increased ¥45.8 billion or 14.3% to ¥366.2 billion.

The increase in current liabilities was primarily due to the increase in deposits, 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 third quarter ended December 31, 2013, an increase of ¥19.6 billion or 3.8% from the end of the previous fiscal year. This was attributable to the increases in retained earnings and valuation differences on available-for-sale securities, etc.

(3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information

At present, there are no changes to the forecasts of financial results for the fiscal year ending March 31, 2014, announced on October 31, 2013.

The future outlook shall remain under further consideration, and revisions made necessary to the financial results forecasts shall be disclosed without delay.

2. Matters Related to Summary Information (Notes)

(1) Significant Changes of Subsidiaries during the Period under Review

Not applicable.

(2) Adoption of Special Accounting Treatment for Preparing Quarterly Consolidated Financial Statements

Calculation of Tax Expenses

Tax expenses are calculated by reasonably estimating the effective tax rate following application of tax effect accounting to income before income taxes and minority interests for the consolidated fiscal year, which includes the third quarter ended December 31, 2013, and multiplying income before income taxes and minority interests by said estimated effective tax rate.

(3) Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Errors

Not applicable.

3. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Unit: Millions of yen)

	FY2012 (as of March 31, 2013)	Third Quarter of FY2013 (as of December 31, 2013)
ASSETS		
Current assets:		
Cash and cash in banks	188,124	210,651
Notes receivable—trade	14,456	16,618
Accounts receivable—trade	233,460	253,342
Inventories	5,514	7,988
Other	147,206	160,491
Less: allowance for doubtful accounts	(1,085)	(1,312)
Total current assets	587,677	647,779
Noncurrent assets:		
Property and equipment		
Vehicles, net	18,636	19,127
Buildings, net	241,597	236,317
Land	169,581	169,808
Other, net	59,023	60,398
Net property and equipment	488,838	485,651
Intangible assets	33,705	43,234
Investments and other assets		
Investment securities	96,732	123,454
Other	41,905	41,754
Less: allowance for doubtful accounts	(1,246)	(1,242)
Total investments and other assets	137,391	163,966
Total noncurrent assets	659,935	692,853
Total assets	1,247,612	1,340,632
LIABILITIES		
Current liabilities:		
Notes payable—trade	8,419	9,077
Accounts payable—trade	128,275	136,752
Short-term loans payable	64,007	56,761
Income taxes payable	6,527	8,083
Provision for bonuses	18,332	7,891
Other provisions	195	95
Other	183,081	217,710
Total current liabilities	408,838	436,372
Noncurrent liabilities:		
Bonds payable	80,000	65,000
Long-term loans payable	156,038	202,232
Provision for retirement benefits	46,914	53,043
Other provisions	586	480
Other	36,825	45,476
Total noncurrent liabilities	320,365	366,233
Total liabilities	729,203	802,605

(Unit: Millions of yen)

	FY2012 (as of March 31, 2013)	Third Quarter of FY2013 (as of December 31, 2013)
NET ASSETS		
Shareholders' equity:		
Common stock	70,175	70,175
Additional paid-in capital	26,908	26,908
Retained earnings	401,902	409,829
Less: treasury stock	(6,078)	(17,345)
Total shareholders' equity	492,907	489,567
Accumulated other comprehensive income:		
Valuation differences on available-for-sale securities	35,358	47,225
Deferred gains (losses) on hedges	(17)	89
Foreign currency translation adjustments	(14,565)	(4,601)
Total accumulated other comprehensive income	20,776	42,713
Minority interests	4,725	5,745
Total net assets	518,409	538,027
Total liabilities and net assets	1,247,612	1,340,632

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2012 (from April 1, 2012 to December 31, 2012)	Nine months ended Dec. 31, 2013 (from April 1, 2013 to December 31, 2013)
Revenues	1,206,020	1,280,503
Operating costs	1,127,085	1,190,133
Gross profit	78,934	90,369
Selling, general and administrative expenses	54,197	60,513
Operating income	24,736	29,855
Non-operating income:		
Interest income	474	531
Dividends income	2,568	2,512
Equity in earnings of affiliates	331	495
Income from foreign exchange	1,526	2,551
Other	5,023	4,789
Total non-operating income	9,923	10,881
Non-operating expenses:		
Interest expenses	2,448	2,420
Other	772	877
Total non-operating expenses	3,220	3,298
Ordinary income	31,439	37,438
Extraordinary income:		
Gain on sales of noncurrent assets	3,292	2,317
Gain on sales of investment securities	60	3,776
Other	42	57
Total extraordinary income	3,395	6,152
Extraordinary loss:		
Loss on disposal of noncurrent assets	3,616	2,418
Loss on valuation of investment securities	114	21
Extraordinary additional retirement benefits	1,030	9,725
Other	631	175
Total extraordinary loss	5,392	12,341
Income before income taxes and minority interests	29,442	31,249
Income taxes	12,392	12,471
Income before minority interests	17,049	18,778
Minority interests	967	473
Net income	16,082	18,305

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2012 (from April 1, 2012 to December 31, 2012)	Nine months ended Dec. 31, 2013 (from April 1, 2013 to December 31, 2013)
Income before minority interests	17,049	18,778
Other comprehensive income:		
Valuation differences on available-for-sale securities	123	11,865
Deferred gains (losses) on hedges	13	106
Foreign currency translation adjustments	746	9,925
Share of other comprehensive income of affiliates accounted for using the equity method	18	310
Total other comprehensive income	901	22,208
Comprehensive income	17,951	40,987
(Comprehensive income attributable to)		
Shareholders of Nippon Express	16,923	40,242
Minority interests	1,027	744

(3) Notes to Consolidated Financial Statements

(Notes Regarding Going Concern Assumption)

Not applicable.

(Notes in Cases Where There are Significant Changes in Amount of Shareholders' Equity)

Not applicable.

4. Reference Materials

(1) Financial Results of Reportable Segment

(Unit: Millions of yen, %)

			Nine months ended Dec. 31, 2013		Nine months ended Dec. 31, 2012		Change	
							Amount	Ratio
Revenues	Reportable Segment	Distribution & Transportation	Domestic Companies	Combined Business	536,339	523,438	12,901	2.5
				Security Transportation	41,040	44,235	(3,194)	(7.2)
				Heavy Haulage & Construction	27,697	28,520	(823)	(2.9)
				Air Freight Forwarding	135,445	139,593	(4,148)	(3.0)
				Marine & Harbor Transportation	100,255	94,042	6,213	6.6
				Subtotal	840,779	829,830	10,949	1.3
		Overseas Companies	The Americas	51,177	39,746	11,430	28.8	
			Europe	51,724	32,229	19,495	60.5	
			East Asia	64,853	49,931	14,922	29.9	
			South Asia & Oceania	37,630	33,540	4,090	12.2	
			Subtotal	205,386	155,447	49,939	32.1	
		Total		1,046,166	985,277	60,888	6.2	
		Goods Sales		299,402	282,846	16,556	5.9	
		Other		30,798	29,677	1,120	3.8	
		Subtotal		1,376,367	1,297,801	78,566	6.1	
Adjustment		(95,863)	(91,781)	(4,082)	—			
Total		1,280,503	1,206,020	74,483	6.2			
Segment Income (Operating Income)	Reportable Segment	Distribution & Transportation	Domestic Companies	Combined Business	[1.8] 9,748	[0.7] 3,755	5,993	159.6
				Security Transportation	[2.4] 971	[3.2] 1,407	(435)	(31.0)
				Heavy Haulage & Construction	[5.2] 1,445	[8.9] 2,524	(1,079)	(42.7)
				Air Freight Forwarding	[3.3] 4,521	[2.3] 3,156	1,365	43.3
				Marine & Harbor Transportation	[4.6] 4,606	[4.3] 4,024	581	14.5
				Subtotal	[2.5] 21,294	[1.8] 14,869	6,425	43.2
		Overseas Companies	The Americas	[4.0] 2,050	[3.9] 1,569	480	30.6	
			Europe	[1.1] 594	[2.6] 828	(233)	(28.2)	
			East Asia	[1.5] 981	[2.3] 1,133	(151)	(13.4)	
			South Asia & Oceania	[2.6] 984	[4.5] 1,513	(528)	(34.9)	
			Subtotal	[2.2] 4,612	[3.2] 5,045	(433)	(8.6)	
		Total		[2.5] 25,906	[2.0] 19,914	5,992	30.1	
		Goods Sales		[1.1] 3,413	[1.8] 4,997	(1,584)	(31.7)	
		Other		[3.1] 959	[3.4] 1,013	(54)	(5.4)	
		Subtotal		[2.2] 30,280	[2.0] 25,925	4,354	16.8	
Adjustment		(424)	(1,189)	764	—			
Total		[2.3] 29,855	[2.1] 24,736	5,119	20.7			

(Note) Figures in brackets indicate Operating Margins.

(2) Summary of Non-consolidated Statements of Income

(Unit: Millions of yen, %)

		Nine months ended Dec. 31, 2013		Nine months ended Dec. 31, 2012		Change			
			% in Sales		% in Sales	Amount	Ratio		
Revenues	Railway utilization transportation	62,248	8.0	63,193	8.2	(944)	(1.5)		
	Motor transportation	Combined delivery services	61,168	7.8	58,789	7.6	2,379	4.0	
		Chartered truck services	203,240	26.1	201,792	26.1	1,447	0.7	
		Subtotal	264,409	33.9	260,582	33.7	3,827	1.5	
	Marine and harbor transportation	Marine transportation	54,085	6.9	48,452	6.3	5,633	11.6	
		Harbor transportation	42,761	5.5	43,169	5.6	(408)	(0.9)	
		Subtotal	96,847	12.4	91,622	11.9	5,224	5.7	
		(Exports)	[45,680]	—	[44,000]	—	[1,680]	[3.8]	
		(Imports)	[30,048]	—	[28,388]	—	[1,659]	[5.8]	
		(Domestic)	[21,118]	—	[19,232]	—	[1,885]	[9.8]	
	Warehousing	84,273	10.8	80,927	10.5	3,346	4.1		
	Air transportation	Air freight forwarding	International air freight	72,223	9.3	77,851	10.1	(5,627)	(7.2)
			(Exports)	[56,827]	—	[62,566]	—	[(5,738)]	[(9.2)]
			(Imports)	[15,396]	—	[15,284]	—	[111]	[0.7]
			Domestic air freight	29,643	3.8	28,902	3.7	740	2.6
		Subtotal	101,866	13.1	106,753	13.8	(4,886)	(4.6)	
		Travel	0	0.0	2,358	0.3	(2,358)	(100.0)	
	Subtotal	101,867	13.1	109,112	14.1	(7,245)	(6.6)		
	Heavy haulage & construction	34,220	4.4	35,560	4.6	(1,339)	(3.8)		
	Incidental operations and others	135,516	17.4	131,544	17.0	3,971	3.0		
Total	779,383	100.0	772,542	100.0	6,840	0.9			
(Domestic operation-related revenues)	[614,335]	78.8	[605,346]	78.4	[8,989]	[1.5]			
(Overseas-related revenues)	[165,047]	21.2	[167,196]	21.6	[(2,148)]	[(1.3)]			
Operating expenses	Employment costs	Drivers/workers	87,747	11.3	88,342	11.4	(594)	(0.7)	
		Office personnel	101,703	13.0	105,435	13.7	(3,732)	(3.5)	
		Subtotal	189,450	24.3	193,778	25.1	(4,327)	(2.2)	
	Forwarding costs	Railway	32,886	4.2	33,416	4.3	(529)	(1.6)	
		Marine	18,868	2.4	16,306	2.1	2,561	15.7	
		Air	32,078	4.1	37,959	4.9	(5,880)	(15.5)	
		Subtotal	83,833	10.7	87,682	11.3	(3,848)	(4.4)	
	Vehicle chartering and subcontracting costs	319,184	41.0	309,113	40.0	10,070	3.3		
	Depreciation and amortization	21,714	2.8	23,075	3.0	(1,360)	(5.9)		
	Facility usage charges	53,963	6.9	54,148	7.0	(185)	(0.3)		
	Other	93,439	12.0	93,238	12.1	201	0.2		
Total	761,585	97.7	761,034	98.5	550	0.1			
Operating income	17,797	2.3	11,507	1.5	6,289	54.7			
Non-operating income	8,173	1.1	7,330	1.0	842	11.5			
Non-operating expenses	2,855	0.4	2,794	0.4	60	2.2			
Ordinary income	23,115	3.0	16,043	2.1	7,071	44.1			
Extraordinary income	4,451	0.5	1,726	0.2	2,724	157.9			
Extraordinary loss	11,653	1.5	4,945	0.6	6,708	135.7			
Income before income taxes	15,912	2.0	12,824	1.7	3,088	24.1			
Income taxes	6,009	0.7	5,928	0.8	80	1.4			
Net income	9,903	1.3	6,895	0.9	3,007	43.6			