



July 31, 2013

## Summary of Consolidated Earnings Report for the First 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  
General Manager

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Scheduled date for release of Quarterly Financial Report: August 14, 2013

Scheduled date of dividend payment: —

Availability of supplementary briefing material on quarterly financial results: Available

Briefing session on quarterly financial results to be held: Scheduled (for institutional investors and analysts)

(Millions of yen, rounded down)

1. Consolidated Financial Results for the Three Months Ended June 30, 2013 (from April 1, 2013 to June 30, 2013)

(1) Consolidated Business Results

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Three Months Ended Jun. 30, 2013	408,795	2.4	8,032	(3.7)	11,052	(1.9)	6,858	34.4
Three Months Ended Jun. 30, 2012	399,034	0.2	8,342	13.5	11,266	6.2	5,102	(8.5)

(Note) Comprehensive income:

Three Months Ended Jun. 30, 2013: ¥19,197 million [161.2%] Three Months Ended Jun. 30, 2012: ¥7,348 million [(7.4%)]

	Net income per share	Diluted net income per share
	¥	¥
Three Months Ended Jun. 30, 2013	6.63	—
Three Months Ended Jun. 30, 2012	4.89	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of Jun. 30, 2013	1,307,776	521,390	39.5
As of Mar. 31, 2013	1,247,612	518,409	41.2

(Note) Equity: As of Jun. 30, 2013: ¥515,968 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	—				
Fiscal Year Ending Mar. 31, 2014 (Forecast)		5.00	—	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	%	¥
Interim of year	835,000	4.5	16,000	1.6	21,000	1.9	12,000	6.0	11.70
Full year	1,690,000	4.8	37,000	11.4	45,000	8.4	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 Jun. 30, 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 Jun. 30, 2013	36,266,471 shares	As of Mar. 31, 2013	12,657,623 shares
3) Average number of shares during period	Three months ended Jun. 30, 2013	1,035,028,270 shares	Three months ended Jun. 30, 2012	1,042,707,898 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 August 1, 2013. Materials provided shall be posted on the Company's website immediately after the session.

#### 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 July 31, 2013.

## **1. Qualitative Information on Quarterly Financial Results**

### **(1) Explanation of Business Results**

During the three months ended June 30, 2013, the Japanese economy was unable to make a self-sustained economic recovery due to factors such as the cautious stance remaining to be taken by corporations toward capital investment and the persistently challenging employment situation. Nevertheless, owing to the effect of the yen depreciation and a rise in stock prices backed by an increase in public investment, monetary easing and other policies, corporate profits and personal consumption showed signs of recovery, and encouraging signs in the economy was observed at long last. In the field of logistics, owing to these economic conditions, demand for transportation showed a recovery trend in part of domestic demand, but with no substantial improvement seen in international freight transportation, the future remains uncertain.

In this business environment, during the three months ended June 30, 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 contribution of the new consolidated subsidiaries that was acquired. With regard to the Goods Sales segment, revenues decreased year on year due to factors such as sluggishness in the packaging business for export cargo.

As a result, revenues increased by ¥9.7 billion, or 2.4% year on year, to ¥408.7 billion, while ordinary income decreased by ¥0.2 billion, or 1.9% year on year, to ¥11.0 billion. Net income increased by ¥1.7 billion, or 34.4% year on year, to ¥6.8 billion due to factors such as an increase in gain on sales of noncurrent assets.

### **(2) Explanation of Financial Position**

Total assets as at the end of the first quarter ended June 30, 2013 amounted to ¥1,307.7 billion, an increase of ¥60.1 billion or 4.8% from the end of the previous fiscal year.

Current assets amounted to ¥630.1 billion, an increase of ¥42.5 billion or 7.2% from the end of the previous fiscal year, while noncurrent assets totaled ¥677.5 billion, up ¥17.6 billion or 2.7% 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 ¥22.8 billion or 5.6% from the end of the previous fiscal year to ¥431.6 billion, while noncurrent liabilities increased ¥34.3 billion or 10.7% to ¥354.6 billion.

The increase in current liabilities was primarily due to the increase in unpaid expenses, etc.

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

Net assets amounted to ¥521.3 billion at the end of the first quarter ended June 30, 2013, an increase of ¥2.9 billion or 0.6% from the end of the previous fiscal year.

This was attributable to the increase in foreign currency translation adjustments, 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 May 8, 2013.

As announced in the "Notice of Implementation of Career-Change Support Program" of July 22, 2013, gain or loss resulting from the career-change support program is not included in the forecasts announced on May 8, 2013. The impact on gain or loss stemming from this support program will be announced as soon as the final number of resignees due to this support program is made available.

## **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 first quarter ended June 30, 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)	First Quarter of FY2013 (as of June 30, 2013)
<b>ASSETS</b>		
Current assets:		
Cash and cash in banks	188,124	221,646
Notes receivable—trade	14,456	14,004
Accounts receivable—trade	233,460	232,680
Inventories	5,514	5,384
Other	147,206	157,855
Less: allowance for doubtful accounts	(1,085)	(1,393)
Total current assets	587,677	630,178
Noncurrent assets:		
Property and equipment		
Vehicles, net	18,636	18,571
Buildings, net	241,597	239,963
Land	169,581	169,581
Other, net	59,023	59,862
Net property and equipment	488,838	487,978
Intangible assets	33,705	42,499
Investments and other assets		
Investment securities	96,732	105,170
Other	41,905	43,185
Less: allowance for doubtful accounts	(1,246)	(1,234)
Total investments and other assets	137,391	147,121
Total noncurrent assets	659,935	677,598
Total assets	1,247,612	1,307,776
<b>LIABILITIES</b>		
Current liabilities:		
Notes payable—trade	8,419	7,368
Accounts payable—trade	128,275	121,193
Short-term loans payable	64,007	65,514
Income taxes payable	6,527	6,244
Provision for bonuses	18,332	7,450
Other provisions	195	78
Other	183,081	223,844
Total current liabilities	408,838	431,694
Noncurrent liabilities:		
Bonds payable	80,000	65,000
Long-term loans payable	156,038	195,725
Provision for retirement benefits	46,914	51,104
Other provisions	586	460
Other	36,825	42,402
Total noncurrent liabilities	320,365	354,692
Total liabilities	729,203	786,386

(Unit: Millions of yen)

	FY2012 (as of March 31, 2013)	First Quarter of FY2013 (as of June 30, 2013)
<b>NET ASSETS</b>		
Shareholders' equity:		
Common stock	70,175	70,175
Additional paid-in capital	26,908	26,908
Retained earnings	401,902	403,512
Less: treasury stock	(6,078)	(17,265)
Total shareholders' equity	492,907	483,330
Accumulated other comprehensive income:		
Valuation differences on available-for-sale securities	35,358	40,552
Deferred gains (losses) on hedges	(17)	0
Foreign currency translation adjustments	(14,565)	(7,915)
Total accumulated other comprehensive income	20,776	32,637
Minority interests	4,725	5,421
Total net assets	518,409	521,390
Total liabilities and net assets	1,247,612	1,307,776

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

## Consolidated Statements of Income

(Unit: Millions of yen)

	Three months ended Jun. 30, 2012 (from April 1, 2012 to June 30, 2012)	Three months ended Jun. 30, 2013 (from April 1, 2013 to June 30, 2013)
Revenues	399,034	408,795
Operating costs	372,783	381,344
Gross profit	26,251	27,450
Selling, general and administrative expenses	17,908	19,418
Operating income	8,342	8,032
Non-operating income:		
Interest income	152	164
Dividends income	1,698	1,415
Equity in earnings of affiliates	91	111
Other	1,922	2,526
Total non-operating income	3,865	4,217
Non-operating expenses:		
Interest expenses	816	761
Other	124	436
Total non-operating expenses	940	1,198
Ordinary income	11,266	11,052
Extraordinary income:		
Gain on sales of noncurrent assets	153	1,183
Other	47	140
Total extraordinary income	200	1,323
Extraordinary loss:		
Loss on disposal of noncurrent assets	630	440
Loss on valuation of investment securities	395	24
Other	11	111
Total extraordinary loss	1,037	576
Income before income taxes and minority interests	10,429	11,798
Income taxes	4,898	4,711
Income before minority interests	5,531	7,086
Minority interests	429	228
Net income	5,102	6,858

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	Three months ended Jun. 30, 2012 (from April 1, 2012 to June 30, 2012)	Three months ended Jun. 30, 2013 (from April 1, 2013 to June 30, 2013)
Income before minority interests	5,531	7,086
Other comprehensive income:		
Valuation differences on available-for-sale securities	(3,719)	5,192
Deferred gains (losses) on hedges	(19)	18
Foreign currency translation adjustments	5,417	6,662
Share of other comprehensive income of affiliates accounted for using the equity method	138	237
Other comprehensive income	1,817	12,110
Comprehensive income	7,348	19,197
(Comprehensive income attributable to)		
Shareholders of Nippon Express	6,708	18,720
Minority interests	640	476

(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, %)

				Three months ended Jun. 30, 2013		Three months ended Jun. 30, 2012		Change	
								Amount	Ratio
Revenues	Reportable Segment	Distribution & Transportation	Domestic Companies	Combined Business	174,889	172,272	2,616	1.5	
				Security Transportation	13,674	14,712	(1,038)	(7.1)	
				Heavy Haulage & Construction	9,368	10,448	(1,079)	(10.3)	
				Air Freight Forwarding	43,574	47,678	(4,104)	(8.6)	
				Marine & Harbor Transportation	33,891	32,051	1,840	5.7	
			Subtotal	275,398	277,163	(1,765)	(0.6)		
			Overseas Companies	The Americas	15,869	11,808	4,061	34.4	
				Europe	16,365	10,973	5,392	49.1	
				East Asia	19,612	17,200	2,411	14.0	
				South Asia & Oceania	11,518	11,492	26	0.2	
		Subtotal		63,365	51,474	11,890	23.1		
		Total	338,763	328,638	10,125	3.1			
		Goods Sales	91,433	92,012	(578)	(0.6)			
		Other	9,163	8,538	625	7.3			
		Subtotal	439,361	429,189	10,171	2.4			
Adjustment	(30,565)	(30,154)	(410)	—					
Total	408,795	399,034	9,760	2.4					
Segment Income (Operating Income)	Reportable Segment	Distribution & Transportation	Domestic Companies	Combined Business	[1.3] 2,321	[0.3] 485	1,835	377.8	
				Security Transportation	[2.3] 316	[4.3] 627	(311)	(49.6)	
				Heavy Haulage & Construction	[5.4] 502	[9.5] 996	(494)	(49.6)	
				Air Freight Forwarding	[2.5] 1,089	[2.3] 1,082	6	0.6	
				Marine & Harbor Transportation	[6.2] 2,117	[5.3] 1,710	406	23.7	
			Subtotal	[2.3] 6,346	[1.8] 4,903	1,442	29.4		
			Overseas Companies	The Americas	[1.7] 271	[3.5] 408	(136)	(33.4)	
				Europe	[0.7] 110	[1.9] 207	(97)	(47.0)	
				East Asia	[1.0] 203	[2.2] 377	(174)	(46.2)	
				South Asia & Oceania	[1.7] 193	[4.9] 563	(369)	(65.6)	
		Subtotal		[1.2] 778	[3.0] 1,556	(778)	(50.0)		
		Total	[2.1] 7,124	[2.0] 6,460	664	10.3			
		Goods Sales	[1.1] 1,017	[2.2] 2,053	(1,036)	(50.4)			
		Other	[1.5] 138	[1.7] 146	(7)	(4.9)			
		Subtotal	[1.9] 8,281	[2.0] 8,660	(378)	(4.4)			
Adjustment	(249)	(317)	68	—					
Total	[2.0] 8,032	[2.1] 8,342	(310)	(3.7)					

(Note) Figures in brackets indicate Operating Margins.

## (2) Summary of Non-consolidated Statements of Income

(Unit: Millions of yen, %)

		Three months ended		Three months ended		Change			
		Jun. 30, 2013	% in Sales	Jun. 30, 2012	% in Sales	Amount	Ratio		
Revenues	Railway utilization transportation	20,075	7.9	20,865	8.1	(789)	(3.8)		
	Motor transportation	Combined delivery services	19,844	7.8	19,186	7.4	658	3.4	
		Chartered truck services	65,958	25.8	66,745	25.8	(786)	(1.2)	
		Subtotal	85,803	33.6	85,931	33.2	(128)	(0.1)	
	Marine and harbor transportation	Marine transportation	18,271	7.1	16,444	6.3	1,826	11.1	
		Harbor transportation	14,460	5.7	14,728	5.7	(267)	(1.8)	
		Subtotal	32,731	12.8	31,172	12.0	1,559	5.0	
		(Exports)	[ 15,623 ]	—	[ 15,052 ]	—	[ 570 ]	[ 3.8 ]	
		(Imports)	[ 10,492 ]	—	[ 9,816 ]	—	[ 676 ]	[ 6.9 ]	
		(Domestic)	[ 6,616 ]	—	[ 6,304 ]	—	[ 312 ]	[ 5.0 ]	
	Warehousing	28,114	11.0	26,456	10.2	1,658	6.3		
	Air transportation	Air freight forwarding	International air freight	23,970	9.4	27,959	10.8	(3,988)	(14.3)
			(Exports)	[ 19,221 ]	—	[ 22,903 ]	—	[ (3,681) ]	[ (16.1) ]
			(Imports)	[ 4,748 ]	—	[ 5,056 ]	—	[ (307) ]	[ (6.1) ]
			Domestic air freight	9,135	3.5	9,297	3.6	(161)	(1.7)
		Subtotal	33,106	12.9	37,256	14.4	(4,149)	(11.1)	
		Travel	0	0.0	990	0.4	(990)	(100.0)	
	Subtotal	33,106	12.9	38,246	14.8	(5,139)	(13.4)		
	Heavy haulage & construction	11,516	4.5	13,047	5.0	(1,530)	(11.7)		
	Incidental operations and others	44,371	17.3	43,287	16.7	1,084	2.5		
Total	255,721	100.0	259,007	100.0	(3,286)	(1.3)			
(Domestic operation-related revenues)	[ 200,441 ]	78.4	[ 200,509 ]	77.4	[ (68) ]	[ (0.0) ]			
(International operation-related revenues)	[ 55,279 ]	21.6	[ 58,497 ]	22.6	[ (3,217) ]	[ (5.5) ]			
Operating expenses	Employment costs	Drivers/workers	29,312	11.5	29,327	11.3	(15)	(0.1)	
		Office personnel	33,693	13.2	34,927	13.5	(1,234)	(3.5)	
		Subtotal	63,005	24.7	64,255	24.8	(1,249)	(1.9)	
	Forwarding costs	Railway	10,466	4.1	10,892	4.2	(426)	(3.9)	
		Marine	5,984	2.3	5,335	2.1	649	12.2	
		Air	10,873	4.3	13,585	5.2	(2,712)	(20.0)	
		Subtotal	27,324	10.7	29,814	11.5	(2,489)	(8.4)	
	Vehicle chartering and subcontracting costs	104,518	40.9	103,617	40.0	900	0.9		
	Depreciation and amortization	6,992	2.7	7,518	2.9	(525)	(7.0)		
	Facility usage charges	18,013	7.0	17,984	7.0	28	0.2		
Other	30,361	11.8	31,547	12.2	(1,186)	(3.8)			
Total	250,215	97.8	254,737	98.4	(4,522)	(1.8)			
Operating income	5,505	2.2	4,269	1.6	1,235	28.9			
Non-operating income	3,738	1.4	3,761	1.5	(22)	(0.6)			
Non-operating expenses	1,066	0.4	924	0.4	141	15.3			
Ordinary income	8,177	3.2	7,106	2.7	1,071	15.1			
Extraordinary income	287	0.1	115	0.1	172	149.6			
Extraordinary loss	386	0.2	855	0.3	(468)	(54.8)			
Income before income taxes	8,078	3.1	6,366	2.5	1,712	26.9			
Income taxes	2,905	1.1	2,830	1.1	75	2.7			
Net income	5,172	2.0	3,536	1.4	1,636	46.3			