Pursuing rapid growth as a global logistics company

ANNUAL REPORT 2011

Year ended March 31, 2011

NIPPON EXPRESS

A global growth strategy with

Contents

In this fiscal report, fiscal years are indicated according to the date of their commencement. Thus, fiscal 2010 is the year ended March 31, 2011.

Caution Regarding Forward-Looking Statements

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

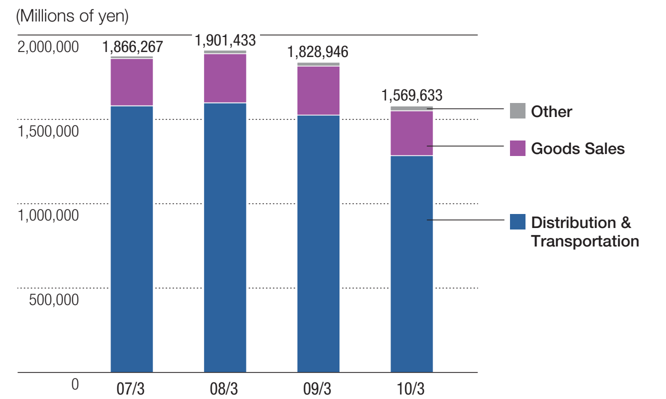
a revitalized corporate structure

The Nippon Express Group will continue to fully utilize its global network reach and optimal transportation modes to develop systems as a general logistics corporation that tailors its services to meet customer needs. The Group commenced its three-year medium-term management plan, “Nippon Express Group Corporate Strategy 2012 – Towards New Growth,” on April 1, 2010. This plan focuses on four basic strategies, comprising two foundations for growth—“Growth as a Global Logistics Company” and “Promotion of Strategic Environmental Management”—and measures to achieve these foundations—“Enhancement of Management Infrastructure” and “Promotion of Corporate Social Responsibility (CSR) Management.”

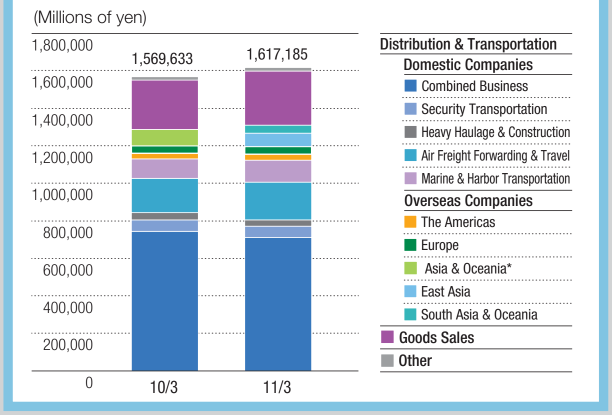
Aiming for new growth, we are striving to speed up management and steadily achieve the goals of this plan through the implementation of a revamped management structure in June 2011.

Business Overview

Revenues by industry segment up to the end of fiscal 2009



Revenues by reportable segment from fiscal 2010 onward



Fiscal 2010 overview by segment

Distribution and Transportation	Revenues (Millions of yen)	Main products and services	Main line of business
Domestic companies			
Combined Business	717,439	Railway utilization transportation, chartered truck services, combined delivery services, moving & relocation, warehousing & distribution processing, in-factory work, real estate rental, marine & harbor transportation, fine arts transportation, security transportation and heavy haulage & construction	Railway forwarding, motor cargo transportation, warehousing and in-factory work
Security Transportation	59,542	Security transportation	Security guard business, motor cargo transportation
Heavy Haulage & Construction	34,356	Heavy haulage & construction	Heavy haulage and construction
Air Freight Forwarding & Travel	203,408	Air freight forwarding and travel	Air freight forwarding and travel
Marine & Harbor Transportation	124,216	Marine & harbor transportation, warehousing & distribution processing and moving & relocation	Marine transportation, harbor transportation and warehousing
Overseas companies			
The Americas	42,806	Air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, motor transportation and travel	Air freight forwarding, harbor transportation, warehousing, motor cargo transportation and travel
Europe	45,069	Air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, motor transportation and travel	
East Asia	76,955	Air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, motor transportation and travel	
South Asia & Oceania	45,564	Air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, heavy haulage & construction and travel	
Goods Sales	352,507	Lease, sale of petroleum and others	Sales and leasing of distribution equipment, wrapping and packing materials, vehicles, petroleum and LP gas, etc., vehicle maintenance services and insurance sales
Other	35,980	Other	Mediation, planning and designing and management of real estate, investigation and research, money lending, automobile operation instruction and employee dispatching
Adjustment	(120,662)		
Total	**1,617,185**		

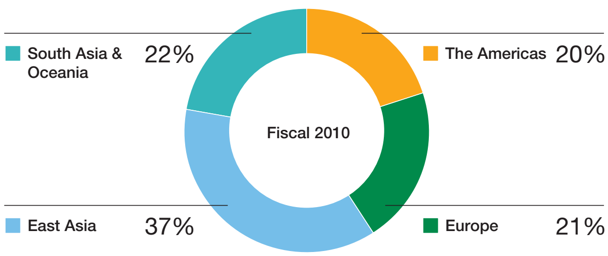
* Nippon Express underwent an organizational change in fiscal 2010. Consequently, for overseas companies, Asia & Oceania has been divided into East Asia and South Asia & Oceania. As it is not possible to restate the fiscal 2009 results under the new reportable segments, such results are presented here in accordance with the previous segment designations.

Strengths and Characteristics

- One-stop comprehensive logistics company
- International network
- Leader in the Japanese logistics industry
- Expansion of value-added businesses

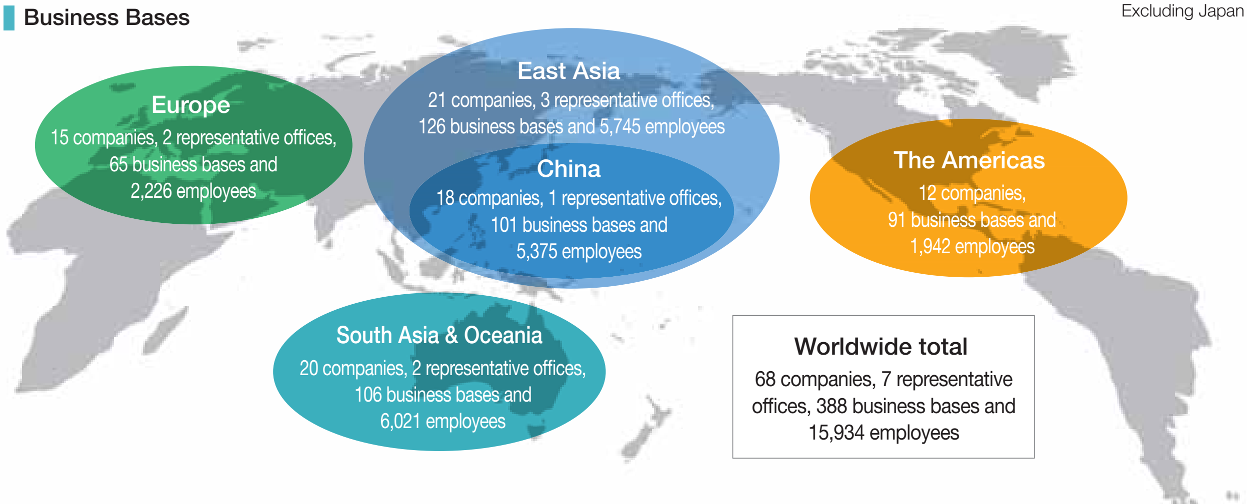
Overview by Region

Composition ratio by region comprising Distribution & Transportation, overseas companies



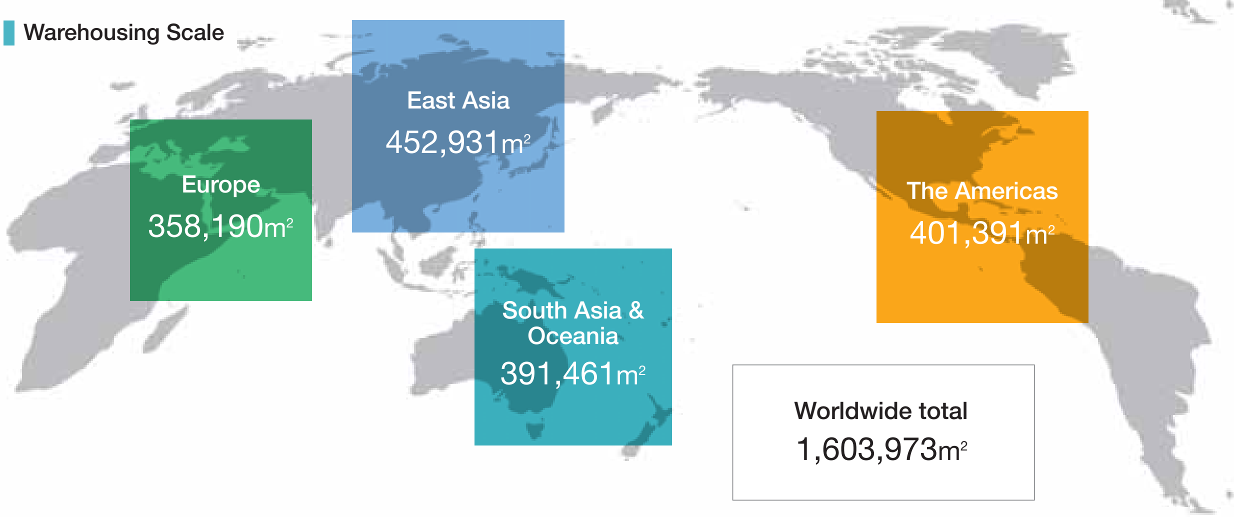
(as of June 30, 2011)
Excluding Japan

Business Bases



Worldwide total
68 companies, 7 representative offices, 388 business bases and 15,934 employees

Warehousing Scale



Worldwide total
1,603,973m²

Increasing our presence as a global logistics company

I assumed the role of president of Nippon Express Co., Ltd. in June 2011. Since then, I have focused my energy on business activities that will achieve Nippon Express's growth as a global logistics company and, in turn, bring the Nippon Express Corporate Strategy 2012 to a successful conclusion. At the same time, I have a renewed sense of the importance of the social mission Nippon Express undertakes through logistics activities that support the lifestyles of people everywhere.

July 2011

Kenji Watanabe

Kenji Watanabe
President, Chief Executive Officer

Q1 Please tell us your intentions upon becoming president.

To begin, I would like to take this opportunity to extend our deepest sympathies for all those affected by the Great East Japan Earthquake. Although many of our facilities sustained heavy damage, we were able to meet customer needs and resume full operations thanks to the concerted efforts made by all the members of the Nippon Express Group. At the same time, the Group provided emergency deliveries of relief supplies immediately following the disaster in accordance with its designation by the Japanese government as a public institution in times of emergency. It is our sincerest wish for the earliest possible recovery of all stricken areas. Accordingly, the entire Nippon Express Group will do its utmost to further this end.

The indispensable role that logistics play in people's lives was reaffirmed by Nippon Express's delivery of emergency supplies in accordance with its designation as a public institution under the Disaster Measures Basic Law. In this way, I believe that Nippon Express is meeting its social responsibilities as a logistics company. Although there have been calls for a concrete evaluation of logistics activities within the logistics industry, I believe that social recognition of the role that logistics plays as a lifeline should be increased. For this reason, I am committed to doing my utmost to ensure that Nippon Express serves as a driving force for social development through its business activities.

Over its long history, the Group has received the unwavering support of its numerous stakeholders, including shareholders, customers, partners and employees. Accordingly, I am fully aware of the heavy responsibility I bear with regard to the direction in which I will take the Company in order to achieve sustainable growth.

Q2 What is your impression of current market conditions?

We estimate that the domestic logistics volume will decrease 4% in fiscal 2011, making it the 12th consecutive year of decline. In Japan, we are facing a gradual decrease in logistics volume and continued fierce competition. This situation is largely being caused by a shrinking population coupled with the relocation of manufacturing facilities overseas amid severe competition spurred on by structural changes taking place throughout the logistics industry.

Turning to the global economy, we are seeing a slight rebound from the overall stagnation that began following the Lehman Shock. With harsh economic conditions persisting in North America and Europe, I believe that it is necessary to make a more comprehensive assessment of logistics-related business opportunities in Asia, South America and other rapidly growing emerging economies.

Q3 What is your assessment of Nippon Express's performance in fiscal 2010 and what impact did the Great East Japan Earthquake have on results?

Consolidated revenues in fiscal 2010 rose to ¥1,617.1 billion, up 3.0% compared with the previous fiscal year. This was due to an improvement in overseas revenues on the back of an overall recovery in overseas economies and growth taking place in emerging markets. These factors offset decreased revenues in Japan caused by a decline in domestic transport-related demand and the impact of the disaster between late March and April, a very competitive time of year for the moving and relocation business. However, operating income fell 15.7% year on year to ¥31.6 billion, a very unfortunate result indeed. This was mainly attributable to cost reductions being outstripped by decreasing revenues in Combined Business as well as revisions in freight-out lagging behind rises in air freight forwarding-related costs. Net income in fiscal 2010 declined 32.0% year on year to ¥8.5 billion following the adoption of the accounting standard for asset retirement obligations and the recording of a loss on disaster. The direct impact of the earthquake on results was a ¥4.8 billion consolidated extraordinary loss mainly due to damage to facilities and vehicles.

In addition, Nippon Express changed its reportable segments in fiscal 2010.

Q4 What impact do you think the Great East Japan Earthquake is having and will have on future operations?

In light of delayed recovery efforts, the nuclear accident and subsequent energy supply problems, the impact of the disaster on the Nippon Express Group and the logistics industry as a whole remains unclear. Against this backdrop, many companies are rebuilding their supply chains by, for example, revamping their production and logistics bases to compensate for disruptions in this area. Consequently, the future holds the possibility of major reforms in the structure of the Japanese industrial sector. The scenario most often envisioned is that companies will accelerate efforts to relocate production and other facilities overseas.

Starting with its entry into the U.S. market in 1962, the Nippon Express Group has developed a global network that is fully capable of responding to the necessity of shifting logistics operations overseas. We must also convert market changes into opportunities while keeping a close eye on government policy in Japan and shifts in industry sectors.

Q5 What are the management issues the Nippon Express Group is now facing?

First, we are working to increase the profitability of our core domestic businesses. In particular, I believe that it is necessary to reassess the location of our facilities, which are spread throughout Japan, in order to improve earnings in Combined Business. We will step up efforts to eliminate and consolidate business locations that have become extraneous since the merger of our small-parcel delivery business with Japan Post Service Co., Ltd. in July 2010; promote operational efficiency; and focus on shrinking costs related mainly to vehicle chartering and subcontracting.

At the same time, we will concentrate on developing global services and products that transcend barriers between domestic and overseas markets. In light of the increasing use of logistics outsourcing, we will establish a one-stop sales structure that addresses the urgent tasks of strengthening logistics-related marketing and rapidly improving profitability. Consequently, Nippon Express will bolster marketing centered on its third-party logistics (3PL) business.

Regarding overseas businesses, we will further promote networks that focus on emerging markets. The Group has been expanding its operations alongside Japanese companies since their entry into overseas markets nearly 50 years ago. Owing to the effective use of a comprehensive global system that ensures consistent departures and arrivals, no competitor can come close to matching Nippon Express's success. Looking ahead, we will utilize our platforms and related expertise to facilitate the horizontal development of logistics in third countries, targeting global businesses in Europe and North America as well as local companies. We will also move ahead with new business development based on a sales system that augments our ability to make proposals and find new solutions.

Q6 What are your performance forecasts for fiscal 2011?

Nippon Express is undertaking business activities on the premise that the operating environment will remain severe because of persistent uncertainty surrounding customer companies' efforts to repair disaster-related damage, the progress of restoration initiatives, and the impact of energy supply problems on the Japanese economy.

In the first half of fiscal 2011, the environment in which the domestic transport industry operates is expected to remain harsh given the large shadow that the disaster has cast over the Japanese economy. However, it is widely expected that restoration-related demand will lead to a rebound in domestic logistics volume in the second half. Despite this forecasted upswing, such factors have not been incorporated into our performance forecasts since it is unclear when restoration-related demand will pick up.

Major forecasts for fiscal 2011 regarding domestic companies include a decrease in revenues and a rise in earnings in the Combined Business segment as well as higher sales and income in the Air Freight Forwarding & Travel segment thanks to a revision in freight forwarding rates. Turning to overseas companies, increases in revenues and income are anticipated to be driven by continual economic growth in the East Asia and South Asia & Oceania segments. Profit ratios for the East Asia and South Asia & Oceania segments are expected to remain somewhat low compared with those for the Americas and Europe segments. This is attributable to high air freight forwarding costs and forward-looking investments (including capital spending and personnel placement) being undertaken in the East Asia and South Asia & Oceania segments in order to establish a foundation for the future.

Based on the aforementioned factors, on May 20, 2011, Nippon Express announced the following forecasts for fiscal 2011: consolidated revenues of ¥1,620.0 billion, up 0.2% year on year; operating income of ¥35.0 billion, up 10.7%; and net income of ¥21.0 billion, up 145.9%.

Q7 Please provide a status report concerning Nippon Express Group Corporate Strategy 2012, which began in April 2010, as well as any changes being made in light of the Company's new leadership.

We will continue to do our utmost to achieve the targets set out in the Nippon Express Group Corporate Strategy 2012. Whether or not new measures or partial revisions to existing items are required due to the Great East Japan Earthquake will take a little more time to determine. Any decisions in this area will be made based on an assessment of changes in market conditions.

Regarding "growth as a global logistics company"—the management plan's first key strategy, which has established the long-term goal of increasing the proportion of sales from overseas-related businesses to 50%—we are working to reach 33% in fiscal 2012. Given that the proportion of such sales grew from 27.0% in fiscal 2009 to 30.9% in fiscal 2010, I believe that we will make steady progress toward this goal.

As the proportion of sales from overseas-related businesses increases, it will become essential for Nippon Express to augment its bases and business foundations in key regions and provide services that accurately meet the needs of customers related to procurement, production and sales. Furthermore, due to the pressing need to expand our business domains overseas, we will aggressively undertake M&A with companies expected to complement our business operations.

Q8 What are the major issues regarding the key Asian region and what are your thoughts about other regions?

An issue we face in Asia involves how to establish logistical operations in the interior of China. It is necessary to further augment networks connecting Japan and inland China in order to serve the numerous locations throughout Asia where Japanese companies operate.

In addition, Nippon Express is planning to expand its operations into Africa, a region that shows future promise.

Q9 Another key strategy of Nippon Express Group Corporate Strategy 2012 is the "Promotion of Strategic Environmental Management." Please tell us more about this initiative.

As a logistics company that consumes a significant amount of fossil fuels, activities that encourage the development of a recycling-based society have been an important issue for some time. Having established a very good reputation as the first logistics company to provide environmentally friendly services, Nippon Express is actively developing Asian and other overseas markets in this area. Moreover, interest in environmental problems in Japan is on the rise and expected to gain momentum in the coming years. Specifically, I believe that such interest will translate into significant business opportunities in the Heavy Haulage & Construction segment in connection with the transport and installation of wind power generators.

Q10 In closing, do you have any messages you would like to convey to shareholders and investors?

Despite becoming president under such severe operating conditions, I will do my utmost to meet the expectations of all stakeholders by accurately seizing growth opportunities based on our management plan while striving to improve corporate value. Positioning it as one of our most important management priorities, we will focus on ensuring stable dividends while enhancing shareholder returns.

We gratefully look forward to the continuing support of our shareholders and investors.

Interview July 2011

Our Thinking on Corporate Governance

Nippon Express' fundamental thinking related with corporate governance is "the realization of speedy management through quick decision making" and "the establishment of a clear division of responsibility." Specifically, since June 2001 the number of the board members was reduced from 25 members or less to 15 members or less. Furthermore, the term was shortened from two years to one year. All this resulted in revitalizing the board and speeded up decision making. Attempts were made to clarify each directors' management responsibilities for each business year.

At the same time, the Company has introduced a board of executive officers with the goal of ensuring rapid execution of operations. As of March 31, 2011, we had 14 directors and 29 executive officers (13 of who also acted as directors). In addition, our auditors attend board meetings and other important conferences, review key documents, visit our main facilities for audits, perform reviews at subsidiaries, and report all results at meetings of the board of auditors and the board of directors. The board of auditors functions as a supervisory institution that operates from an objective point of view. As of March 31, 2011, we had four auditors (three of who were outside auditors).

Creating a Internal Control System

In order to conduct business fairly and efficiently, it is important to implement firm internal control systems. Nippon Express has created effective control system, including a compliance system, a risk management system, an internal audit system and a system to assure fair business operations in all Group companies. In addition, with the enactment of the Corporate Law in May 2006, Nippon Express adopted and instituted the Basic Policy Relating to the Establishment of an Internal Control System at a board of directors meeting.

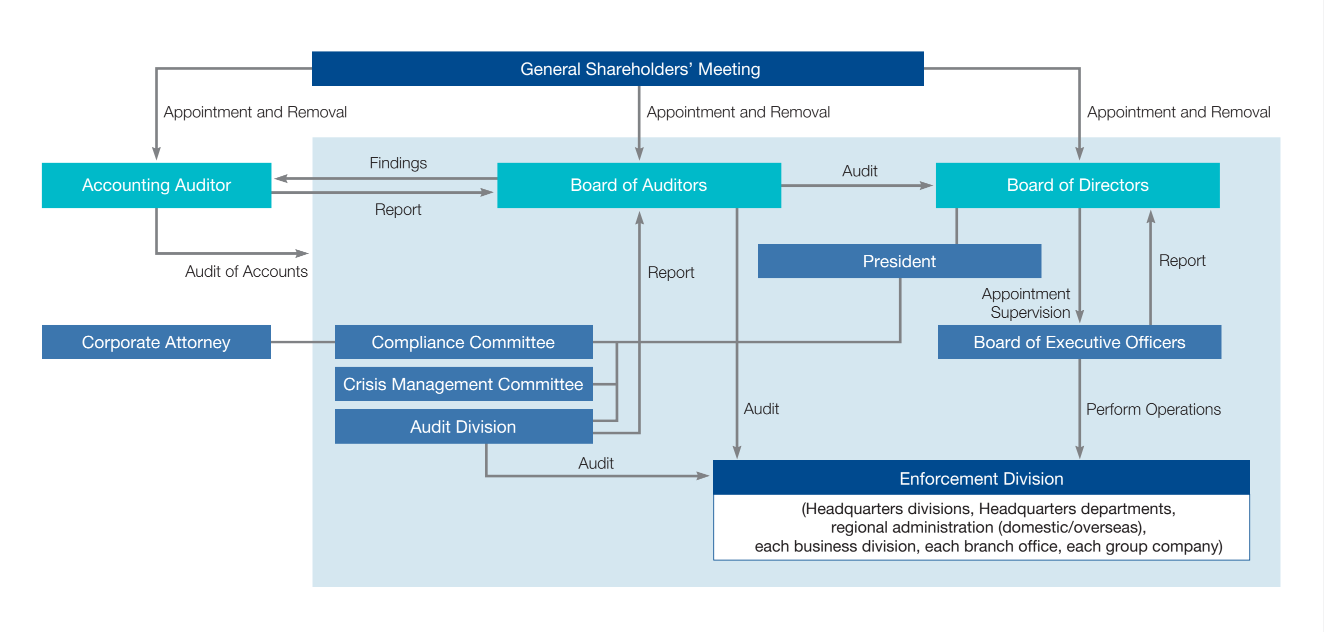
In accordance with a partial revision of the Securities Listing Regulations at the Tokyo Stock Exchange, the Basic Policy for the Exclusion of Antisocial Forces was adopted and instituted at the Board of Directors meeting in April 2008, providing a response to the need for a regulation to prevent the intervention of antisocial forces in our corporate activities.

Creating a Crisis Management System

Nippon Express has created a crisis management system based on the Crisis Management Code, the Natural Disaster Management Code and the Management Code for New Strains of Influenza. Steps are also being taken against widespread disaster and new strains of influenza, risks to information systems and terror-related risks.

As a designated public agency under the Basic Act on Disaster Control Measures, Nippon Express provides emergency transportation in accordance with requests from the national and prefectural governments for large-scale earthquake disasters such as the Hanshin-Awaji (Kobe)

Corporate Governance Organization Chart



Earthquake and the Niigata Prefecture Chuetsu-oki Earthquake (For more details regarding the Great East Japan Earthquake, please refer to Responding to the Great East Japan Earthquake below).

Concerning natural disasters, the Nippon Express Group Disaster Measures Regulations were adopted in October 2001, through which we are strengthening our cooperative effort within the Group. Our Reporting Procedures for Disasters establishes criteria for determining whether a report is required when a disaster occurs (for example, in the case of an earthquake registering four or above on the Japanese seismic scale). Utilizing the Disaster Management System established on our intranet, these reporting procedures provide an early-warning reporting system between all branches and headquarters regarding the state of disasters, as well as a system for sharing information between branches.

Moreover, to enable us to respond to power failures or disruptions in mobile phone or other telephone networks, we have introduced satellite phones and installed them in related divisions at headquarters and major branches.

Finally, as a counter-measure against influenza, we have made progress in increasing our stock of emergency hygienic items, such as masks, gloves and goggles. In response to the new strain of influenza that emerged in April 2009, we provided staff with masks and took measures to force infected staff or staff whose family had been infected to stay home from work.

About Business Continuity (BCP)

In addition to the risk posed by the occurrence of natural disasters such as large earthquakes and typhoons, we are also now facing a reemerging threat from the spread of new strains of influenza.

Even if some of these risks are only temporary, society demands that we take necessary measures and make plans for both preparation and action so that we are able to recover quickly and fulfill our primary obligations as a transportation company.

As a designated public agency under the Disaster Measures Basic Law, Nippon Express has been providing support when natural disasters occur.

In recent years, we have received a large number of requests asking us to develop comprehensive and systematic initiatives as a company capable of continuing its business in not only times of emergency, but in other challenging situations as well. In response, we developed BCM (Business Continuity Management) as well as a BCP (Business Continuity Plan) specifically for Nippon Express in 2009.

Compliance Management Promotion System

Stressing the importance of compliance management, Nippon Express established the Compliance Division in June 2003. Also, in October of the same year, Compliance Regulations were created, and, along with the establishment of a Compliance Committee chaired by the company president and an internal whistle-blower system (Nittsu Speak-up), several measures were undertaken to encourage honest and fair company activities.

Personal Data Protection and Management System

Along with the establishment of the Personal Data Protection Division in February 2005, Nippon Express also established the Personal Data Protection Policy and Personal Data Protection Code — exemplifying Nippon Express's commitment to personal data protection management. Ongoing education utilizing DVDs and e-learning is offered to all employees in an attempt to make information about personal data protection better known within the company.

The Nippon Express Group has also received various certifications related to the protection of personal data.

Responding to the Great East Japan Earthquake —Shipping Emergency Relief Supplies and Other Provisions (As of March 31, 2011)

On March 11, 2011, at 2:46 pm JST, a magnitude 9.0 earthquake struck the Sanriku coastline in Japan's Tohoku region. The earthquake shook an expansive area, extending south from Tohoku to the entire Tokyo/Kanto region, while unleashing a destructive tsunami which hit Japan's northeast Pacific coastline minutes after the earthquake.

Although Nippon Express Group centers located along the coast suffered extensive earthquake and tsunami damage, Nippon Express quickly established a Disaster Response Headquarters at its corporate base in Tokyo for immediate response to the unprecedented Great East Japan Earthquake, with emergency transport of relief goods.

Directors, Officers & Corporate Auditors

(As of June 29, 2011)

Chairman

Masanori Kawai

President, Chief Executive Officer

Kenji Watanabe

Executive Vice Presidents, Executive Officers

Jiro Nakamura

Keiji Hagio

Directors, Managing Officers

Masao Hosokoshi

Youichirou Tsuri

Minoru Miida

Sakae Uematsu

Masatoshi Nakano

Directors, Managing Officers

Akira Ohinata

Noboru Shibusawa

Kiyofumi Miyachika

Directors, Officers

Takahiro Ideno

Yasuaki Nii

Managing Officers

Kenryo Senda
Yoshiaki Ishii
Kenichiro Nanri
Shuji Kojima
Kagehiro Kajihara
Shigeru Uchida
Masahito Watanabe

Officers

Mitsuru Saito
Takumi Shimauchi
Takashi Wada
Hideo Hanaoka
Nobuki Ando
Takaaki Ishii
Hideaki Tabuchi
Yukinori Tsuji
Hisao Taketsu

Corporate Auditors (Full-Time)

Shinichi Miyazaki
Zenjiro Watanabe*
Masami Yamashita*

Corporate Auditor

Yuzuru Fujita*

*Outside auditor

Fundamental CSR Philosophy

Since the establishment of the Nippon Express Group, we have expanded our business both in Japan and overseas, contributing to the development of industries and improvement in quality of life by delivering goods all over the world.

As a company that uses public infrastructure such as roads, rails, and seaports for its business, we are aware of our responsibility towards society at both the local and global levels. It is very important for us to have high ethical standards beyond compliance with the law, and to act in a socially responsible way.

Thus, recognizing our social responsibility, we have set the key strategies in the Nippon Express Group Corporate Strategy 2012 as “Growth as a Global Logistics Company,” “Promotion of Strategic Environmental Management,” “Enhancement of Management Infrastructure,” and “Promotion of Corporate Social Responsibility (CSR) Management,” and we will strive to implement them. The Nippon Express Group will continuously contribute to society through logistics and do our utmost to live up to its trust.

Revisions to the Nippon Express Group Charter of Conduct

Following the publication of ISO26000 (international standards regarding social responsibility) in November 2010, the Nippon Express Group took similar action, based on recent changes related to corporate social responsibility (CSR), and revised the Nippon Express Charter of Conduct (April 2011). The original Nippon Express Charter of Conduct, applicable only to Nippon Express Co., was revised as the Nippon Express Group Charter of Conduct, and now embraces all Group affiliates in Japan and overseas.

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

In 2009, Nippon Express was handed down a cease and desist order and a surcharge payment order from the Fair Trade Commission regarding violation of the unfair restraint of trade regulations. Since then, we have sequentially implemented various preventative measures, such as creating and distributing a manual on compliance with the Antimonopoly Act, *The Antimonopoly Act Handbook*, and educating employees via e-learning to ensure their understanding of the laws concerning business activities.

The Nippon Express Group has further strengthened its compliance management to abide by the competition laws of foreign countries as well as the Antimonopoly ACT, “carrying out appropriate business transactions within competition that is fair, transparent and open,” as clearly stated in the revised Nippon Express Group Charter of Conduct.

* Refer to the Nippon Express Homepage to view the Nippon Express Group Charter of Conduct.

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

Environmental Initiatives

Environmental Charter

In April 2010, Nippon Express revised the Environmental Charter, which it first established in May 2001. The new revisions signal a step up from preservation-focused environmental management to strategic environmental management and set goals in correspondence to changes to the contents of environmental initiatives demanded of companies.

Modal Shift

Modal shift in freight transport means switching from transport mostly by trucks to transport utilizing railways and ships. In keeping with the objective of the Green Logistics Partnership Conference, the Nippon Express Group promotes collaboration and cooperation between sender companies and freight companies, and in FY2010 successfully implemented numerous modal shift initiatives, switching from a truck-centred from of transport to one that makes much use of railways and ships. The Nippon Express Group is also expanding modal shift activities overseas as well as within Japan.

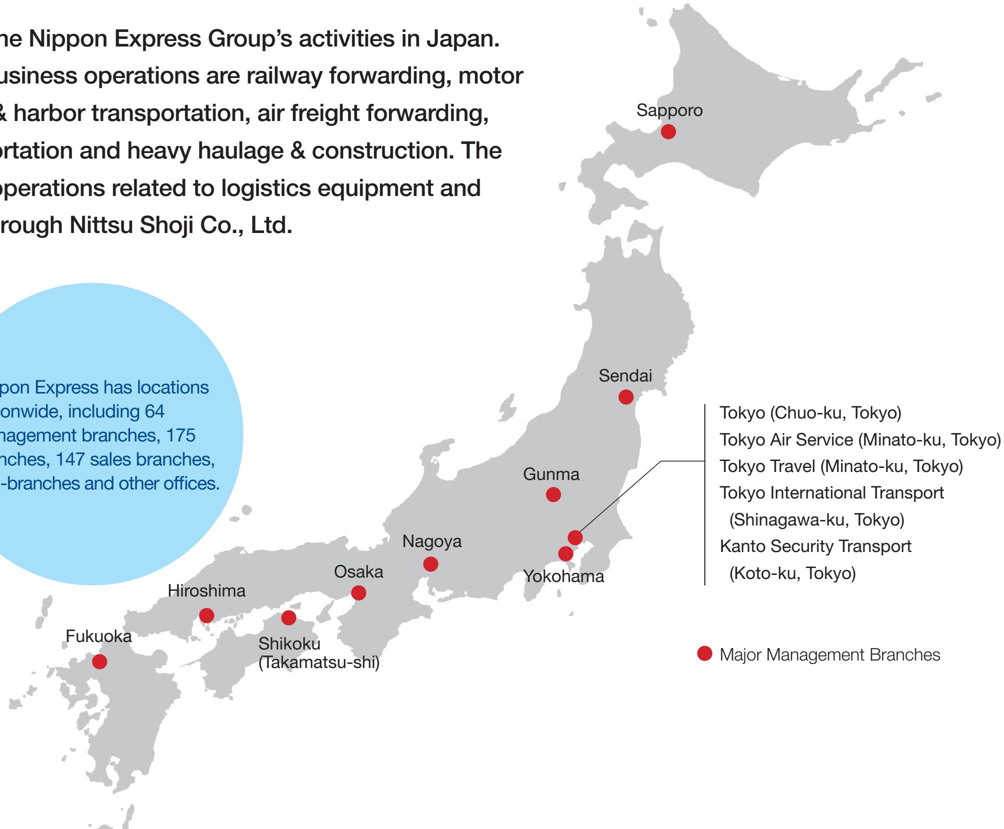
Rail transport represents the most environment-friendly and energy-efficient transportation mode.

Below is a report of some of the Nippon Express Group's activities in Japan. The Group's main domestic business operations are railway forwarding, motor cargo transportation, marine & harbor transportation, air freight forwarding, warehousing, security transportation and heavy haulage & construction. The Group also engages in sales operations related to logistics equipment and packaging materials mainly through Nittsu Shoji Co., Ltd.

Domestic Network

(As of March 31, 2011)

Nippon Express has locations nationwide, including 64 management branches, 175 branches, 147 sales branches, sub-branches and other offices.



May 2010

Construction Completed of the Human Resource Development Facility, Nippon Express Training & Education Center (NEX-TEC) Shibaura

NEX-TEC Shibaura was completed as one of the campuses of Nittsu Group University, which was launched in April 2010 with the aim of developing logistics professionals with specialized knowledge, personnel able to work on the global stage and the next generation of leaders. Boasting full-fledged training facilities complete with accommodations, the aim of NEX-TEC is to enhance the value of the entire Group by encouraging exchanges that go beyond divisions and Group companies.

June

Establishment of the Joint Venture, NEXDG Co., Ltd.

Nippon Express has established NEXDG in a joint venture with Digital Garage, Inc. to provide fulfillment support to mail order business operators who use e-commerce. Through its ASP services,* NEXDG offers a system that enables the centralized management of a series of fulfillment services, from setting up an e-commerce web shop to providing support in attracting customers, settlement, inventory management and delivery arrangements.

*ASP (Application Service Provider) Service: services that furnish customers with business-use applications via the Internet.

NEXDG
Digital Gateway Solution

Commencement of Single-person Pack X Services, a New Type of Moving Package

Nippon Express has commenced sales of Single-person Pack X, a new moving-package product using two-ton railway containers. Unlike previous small moving-package products, large household items can be loaded on this product. Single-person Pack X is an inexpensive and environmentally friendly moving service that utilizes rail transport.

September

Establishment of Naoetsu CFS in Joetsu, Niigata Prefecture

Nippon Express established Naoetsu CFS (container freight station) at Niigata Prefecture's Naoetsu Port, which functions as an international port on the Sea of Japan. Naoetsu CFS serves as a domestic freight reception site for Nippon Express's regular consolidated marine transport services on Tokyo Bay and Yokohama Bay. Accumulated freight is forwarded to Tokyo Bay or Yokohama Bay via our domestic network. From there, accumulated freight is transported to various regions worldwide by Arrow International, which offers international multi modal transportation services. Looking ahead, we will expand consolidated marine transport services worldwide and improve customer convenience by promoting the upgrading of regional CFSs.

October

Launch of Carbon Offset Initiatives Using Paper Collecting Boxes

Nippon Express has developed an office-based paper collecting box system that facilitates the recycling and disposal of confidential documents. The Company began offsetting the CO_2 emitted during the transport of paper collecting boxes on October 1, 2010, by utilizing CO_2 emission rights obtained by Mitsubishi UFJ Lease & Finance (project type: wind power generation project in state of Karnataka, India). In March 2011, we completed sales of paper collecting boxes owing to favorable reviews. Through this initiative, we are helping to offset CO_2 emissions.

Construction of Eco-Friendly Mercedes Benz Logistics Center

Nippon Express completed the Mercedes Benz Logistics Center in Narashino City, Chiba Prefecture, which will form the core of Mercedes Benz Japan's parts storage and delivery operations. Solar panels installed on the roof generate a third of the electricity used by the center. The Mercedes Benz Logistics Center provides high-quality, comprehensive logistics services while contributing to the reduction of the Company's environmental burden.

November

Commencement of Forwarder Charter Service Utilizing Haneda Airport's Late Night Slots

Nippon Express has commenced forwarder charter* flights to Hong Kong taking advantage of Haneda Airport's late-night slots. Such flights are made possible through the easing of regulations for cargo charter flights in line with the further internationalization of Haneda Airport.

*Forwarder charter:
A forwarder is a cargo operator with no independent means of air transport that charters cargo space on aircraft.

Launch of New Overseas Moving Service Products for China

Nippon Express has launched the China Tanshinfunin Plan (CTP) and Shanghai Kantanbin (simple package) as new products in its China-related moving services for single people. The CTP reduces complications caused by customs procedures (which has been an issue for cities in China's interior) and, in turn, decreases cargo delivery times. The Shanghai Kantanbin is a new product that provides convenience for customers moving to Shanghai owing to its comprehensive range of services and simplified storage (which are also suitable for ordinary household use).

February 2011

Commencement of Refrigerated Marine LCL Services in Asia

Nippon Express began offering refrigerated marine less than container load (LCL) services using reefer containers (refrigerated chilled/frozen freight containers) shipped from CFSs in Tokyo, Nagoya and Kobe to Asia. We have developed a unique operating structure that offers uniform reefer freight transport from departure to arrival. In addition, by using Orient Overseas Container Line (OOCL) 's reefer services, Nippon Express can provide reefer LCL services to Hong Kong as well as reefer (frozen) service to Singapore and Bangkok (from Tokyo and Kobe only). Consequently, we are reducing transport costs for customers while realizing high-quality refrigerated freight forwarding services.

The Nippon Express Group encompasses 388 business bases in 210 cities across 36 countries worldwide (as of June 30, 2011). Based on "Nippon Express Group Corporate Strategy 2012 – Towards New Growth," we aim to grow as a global logistics company. Specifically, Nippon Express is focusing on securing competitive superiority in Asian markets and expanding its businesses in emerging countries.

In May 2010, Nippon Express divides Asia & Oceania into East Asia and South Asia & Oceania, which are overseen by regional general offices in Shanghai and Singapore, respectively. This organizational restructuring has enabled us to improve the speed and accuracy of management decisions related to business issues that are unique to each region. Furthermore, through this restructuring, the Group maintains global coverage through five regions, namely, Japan, the Americas, Europe, East Asia and South Asia & Oceania.

In May 2011, Nippon Express relocated the regional general office for East Asia from Hong Kong to Shanghai in line with the growing importance of logistics activities within China and to facilitate more rapid management decision making.

Europe

Germany, Austria, Belgium, Czech Republic, France, Hungary, Ireland, Italy, Luxemburg, the Netherlands, Poland, Portugal, Russia, South Africa, Spain, Switzerland, Turkey, UAE, the United Kingdom

Establishment of the AEO Network across 13 European Countries

Nippon Express's European subsidiaries have made efforts to acquire EU certification as Authorized Economic Operators (AEOs) since the first AEO certification was obtained in the Netherlands in May 2008. The process of acquiring AEO certification was completed by 13 of our European subsidiaries in June 2010. Qualification as Authorized Economic Operators, Full (AEOF) entitles Nippon Express to simplified customs clearance procedures and preferential treatment in terms of both security and safety. Obtaining such certifications demonstrates the regard that key European countries have for the quality of the Nippon Express Group's customs clearance operations and security.

Establishment of a Local Corporation in Turkey

In Turkey, Nippon Express established the local corporation Nippon Express (Istanbul) Global Logistics A.S., which commenced operations in November 2010. In addition to its advantageous location as the bridge between Europe and Asia, Turkey has seen heightened expectations in recent years as an emerging consumer market after China and India. Turkey is home to many Japanese automobile and home appliance production bases and is attracting the attention of other sectors seeking to establish production bases in the region. Nippon Express is developing air and marine cargo transport services serving former Soviet Bloc, East European and other countries, utilizing Turkey as a hub—the Black Sea Route Service transporting cargo to southern Russia via the Black Sea—and creating consolidated truck transport service products linking Europe and Turkey.

South Asia & Oceania

Singapore, Australia, Bangladesh, India, Indonesia, Malaysia, New Zealand, the Philippines, Thailand, Vietnam

Establishment of Representative Office in Bangladesh

In August 2010, the Dhaka representative Office was established in Bangladesh, which has been in the spotlight recently as a new investment destination, particularly with regard to the textile industry and in light of rapid growth in the production and sale of automobiles, household appliances and daily necessities. In February 2011, we launched "NEX-FORWARDING Bengal SAT!" an intermodal transport service that combines air and marine transport in Bangladesh. Consequently, Nippon Express has constructed a system that meets a wide range of needs, from international air freight forwarding and international marine transport to domestic truck transport, warehousing and moving services. We will continue to support various corporate activities that are expanding in Bangladesh.

Completion of a Multifunctional Logistics Warehouse in Rajasthan, India

Nippon Express (India) Private Limited completed construction on the multifunctional logistics warehouse, Neemrana Logistics Center, in November 2010 with an eye to bolstering its operations in India. The center is located in the state of Rajasthan's Neemrana Industrial Zone, which is exclusively used by Japanese companies. In addition, the center boasts a state-of-the-art security system as well as multiple functions designed to effectively store precision equipment and medical devices. The center is able to meet the needs for milk-run transport and JIT distribution while featuring cross-docking functions.

East Asia

China, South Korea, Taiwan

Development of International Transport Product That Utilizes the 31-Ft Railway Container "Ecoliner"

Nippon Express has developed a product that enables integrated transport between Japan and East China. This product allows us to load the Ecoliner 31-ft railway wing container (which is widely used in Japan) on to the high-speed, roll-on, roll-off (RORO) cargo ship, Shanghai Super Express, which operates between Hakata, Japan and Shanghai. The Ecoliner's loading volume is almost identical to that of the 10-ton wing trucks commonly used in domestic transport. In addition, the Ecoliner makes determining shipping freight size easy while playing a role in promoting a modal shift in logistics.

Conclusion of a Strategic Partnership Letter of Intent with the Largest Shipping Company on China's Yangtze River

In June 2010, Nippon Express (China) Co., Ltd. concluded a strategic partnership letter of intent with Minsheng Logistics Co., Ltd., a member of the Minsheng Shipping Group, headquartered in Chongqing. This strategic partnership will enable Nippon Express to offer Yangtze River waterborne transport products and such logistics services as just-in-time (JIT) and vendor-managed inventory (VMI).

Establishment of a New Location in China's Major Automotive Industry Center

Nippon Express (South China) Co., Ltd. opened its Zhengzhou branch in Zhengzhou City, Henan Province, in December 2010. Nippon Express (South China) is poised to offer Super-Supply Chain Management (S-SCM) high-quality production procurement logistics—the culmination of expertise cultivated since its founding—through the Zhengzhou Multi Logistics Center. We are enhancing the JIT delivery of automotive parts, the need for which is increasing in the Zhengzhou area.

The Americas

The United States, Brazil, Canada, Mexico

Enhancement of Efforts to Meet Logistics Needs along the U.S.-Mexico Border

In February 2011, NEX Global Logistics de Mexico, S.A. de C.V. opened a new sales office in a suburb of Aguascalientes, Mexico, a city that has been enjoying rapid growth as a new re-export processing base where many Japanese automotive and other manufacturers have set up operations. The opening of the new office will enable the creation of in-house, door-to-door bonded transport services utilizing the IMMEX* system. In addition, the new office will provide high-quality services for bonded logistics that require more complex management by utilizing REWARDS, Nippon Express's global inventory control system.

* Mexico's IMMEX program is an instrument to temporarily import goods and services that will be manufactured, and then re-exported without payment of taxes and other specific benefits. IMMEX consists of numerous programs, including Industrial IMMEX and Service IMMEX. Service IMMEX-certified companies are able to provide transport and warehouse storage services for raw materials and parts.

Financial Section

Corporate Overview

The Nippon Express Group consists of Nippon Express Co., Ltd. and its 275 subsidiaries, including 250 consolidated subsidiaries and 1 equity-method subsidiary, as well as 62 affiliates, of which 20 are equity-method affiliates, totaling 338 companies. In Japan, the Group's Distribution & Transportation segment encompasses domestic companies primarily operating in the following reportable segments: the Combined Business (motor cargo transportation, railway forwarding), Air Freight Forwarding & Travel and Marine & Harbor Transportation. The Distribution & Transportation segment also operates companies overseas. The Group's remaining reportable segments comprise Goods Sales-related businesses as well as real estate and other operations that are classified as Other.

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

Distribution & Transportation, domestic companies

231 companies, including Nippon Express Co., Ltd. and Nippon Truck Co., Ltd.

Combined Business

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

* Nippon Truck changed its name to Nittsu Transport Co., Ltd. on June 1, 2011.

Security Transportation

The Company operates security guard and related businesses throughout Japan.

Heavy Haulage & Construction

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

Air Freight Forwarding & Travel

The Company operates the air freight forwarding, travel and other related businesses. A portion of these businesses are operated by the Company's subsidiaries and affiliates.

Marine & Harbor Transportation

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

Distribution & Transportation, overseas companies

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

The Americas

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

Europe

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

East Asia

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

South Asia & Oceania

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

Goods Sales

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

Other

12 companies, including Nittsu Real Estate Co., Ltd.
Nittsu Real Estate and other subsidiaries and affiliates mainly engage in real estate rentals, mediation and appraisals as well as building and warehouse planning, design and management. In addition, this business segment conducts investigation and research through Nittsu Research Institute and Consulting, Inc., offers financing through Nippon Express Capital Co., Ltd., provides driver training courses for the general public through Nittsu Driving School Co., Ltd. and operates an employee dispatching business through Careerroad Inc.

Performance Overview

Business Environment and Activities during the Period

During the consolidated fiscal year under review, the Japanese economy continued to experience a moderate turnaround in corporate earnings on the back of a recovery in the overseas economy. However, overall conditions remained uncertain, affected by persistent concerns regarding an economic downturn caused primarily by a slowdown in exports due to the appreciation of the yen, a flagging employment situation and the waning effectiveness of economic policy packages implemented both at home and abroad. Furthermore, the Great East Japan Earthquake, which struck on March 11, 2011, had a devastating effect on the country's economy, adding significantly to the uncertainty about its future direction.

In the field of logistics, given the difficult economic environment, demand for international freight transportation, especially with regard to exports to such Asian countries as China and other emerging economies, grew solidly over the course of the year. In contrast, demand for domestic freight transportation remained stagnant, with total freight handling volume decreasing and a disruption of distribution systems in the Tohoku region following the earthquake.

In this tough business environment, the Nippon Express Group made collective efforts to achieve four basic strategies comprising two aimed at establishing the foundations for growth, namely, "Growth as a Global Logistics Company" and "Promotion of Strategic Environmental Management," and two intended to help secure these foundations, namely, "Enhancement of Management Infrastructure" and "Promotion of Corporate Social Responsibility (CSR) Management." The strategies are based on "Nippon Express Group Corporate Strategy 2012 – Towards New Growth," a three-year medium-term management plan that commenced on April 1, 2010.

Specifically, to ensure "Growth as a Global Logistics Company," the Group has embarked on organizational reform designed to develop its overseas-related businesses in the fast growing Asian market while initiating projects with such targets as expanding the solution business, strengthening the function of global business bases and broadening the overseas transportation network with the aim of ensure the Group's ability to swiftly and positively respond to increasingly sophisticated global business needs. With regard to the "Promotion of Strategic Environmental Management," the Group has been actively expanding environmental businesses and supporting the nurture and dissemination of environmental awareness by offering its environmentally friendly logistics products, promoting a modal shift for increased efficiency and implementing resource-saving measures with regard to packing materials.

Toward the "Enhancement of Management Infrastructure" and "Promotion of Corporate Social Responsibility (CSR) Management," the Group has begun reviewing its in-house educational promotion system with the intention of enhancing its competitiveness both within the global market and in highly advanced specialist fields. Furthermore, the Group is pursuing various initiatives geared toward the achievement of sustainable growth, such as the promotion of social contribution activities.

The Great East Japan Earthquake caused substantial damage to a number of Nippon Express Group facilities. Nevertheless, the Group has engaged proactively in collective efforts to respond to customer requirements and resume operation at stricken offices. In parallel with this, the Group is fulfilling its emergency transporter role, in accordance with its designation by the government as a public institution in the event of natural disaster, by utilizing its entire transportation network to deliver relief supplies.

Business Results

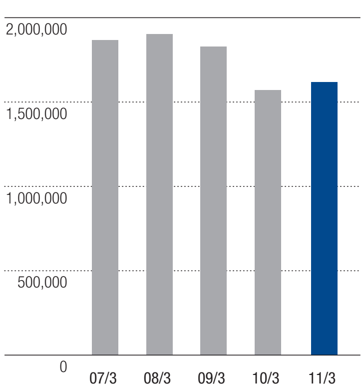
Revenues and Operating Costs

As a result of the above, consolidated revenues increased ¥47.5 billion, or 3.0%, compared with the previous fiscal year, to ¥1,617.1 billion. Financial results by segment are as follows:

In Distribution & Transportation, domestic companies, Combined Business revenues fell ¥33.5 billion, or 4.5%, while those of Security Transportation shrank ¥1.3 billion, or 2.2%, and Heavy Haulage & Construction saw a ¥4.9 billion, or 12.6% decrease. The declines were primarily attributable to a fall in demand for freight transportation and the impact of the Great East Japan Earthquake. By Contrast, Air Freight Forwarding & Travel recorded a ¥19.5 billion, or 10.6%, increase and Marine & Harbor Transportation was up ¥13.4 billion, or 12.2%, owing largely to the recovery of the world economy and an increase in export and import cargoes.

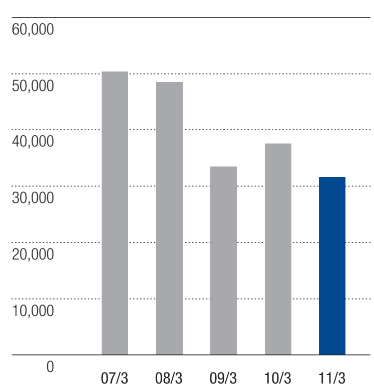
Revenues

(Millions of yen)



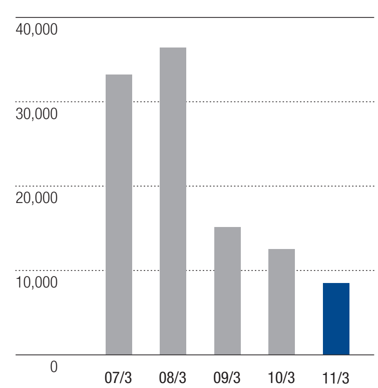
Operating income

(Millions of yen)



Net income

(Millions of yen)



In Distribution & Transportation, overseas companies, revenues rose ¥5.0 billion, or 13.5%, in the Americas, ¥0.3 billion, or 0.8%, in Europe and ¥28.6 billion, or 30.6%, in Asia & Oceania. This was mainly attributable to an increase in freight imports and exports on the back of a recovery in the global economy.

In the Goods Sales segment, revenues improved ¥29.8 billion, or 9.2%, due to an upswing in packaging material related sales and services following growth in export cargo. In the Other Business segment, revenues improved ¥3.6 billion, or 11.2%.

Operating costs came to ¥1,510.5 billion, an increase of ¥52.7 billion, or 3.6%, from the previous fiscal year. Gross profit declined by ¥5.1 billion, or 4.6%, year on year to ¥106.5 billion and the ratio of gross profits to revenues was 0.5 of a percentage point lower at 6.6%. The rise in operating costs was mainly attributable to higher forwarding costs in line with increases in international air freight forwarding in Japan and Asia.

Selling, General and Administrative Expenses, Operating Income and Ordinary Income

Selling, general and administrative expenses edged up by ¥0.7 billion, or 1.0%, to ¥74.9 billion year on year, mainly due to rises in employment costs along with depreciation and amortization.

As a result of the above, operating income stood at ¥31.6 billion, down ¥5.9 billion, or 15.7%, from the previous fiscal year. Ordinary income stood at ¥40.6 billion, up 2.9 billion, or 7.8%, due in part to a fall in equity in losses of affiliates.

Other Income and Expenses and Net Income

Extraordinary income was ¥5.5 billion, an increase of ¥0.1 billion, or 3.6%, compared with the previous fiscal year, with extraordinary loss rising ¥5.9 billion, or 33.9%, to ¥23.2 billion. The main reason for the increase in extraordinary income was the recording of a gain on sales of noncurrent assets of ¥3.6 billion. The primary reasons for the rise in extraordinary loss was the recording of a loss on adjustment for changes of accounting standard for asset retirement obligations of ¥7.5 billion and a loss on disaster of ¥4.8 billion due to damage caused by the Great East Japan Earthquake.

Income before income taxes and minority interests amounted to ¥22.9 billion. After deducting current income taxes, inhabitants' tax, enterprise tax and other adjustments as well as minority interests, net income came to ¥8.5 billion, a decline of ¥4.0 billion, or 32.0%, from the previous fiscal year.

Net income per share was ¥3.86 lower year on year at ¥8.19, while the return on equity ratio edged down 0.8 percentage point to 1.8%.

Results by Reportable Segment

Financial results by reportable segment are summarized below.

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

This segment suffered a decline in transactions due to a fall in demand for domestic freight transportation. The situation deteriorated, with a sharp decline in the volume of moving & relocation business during the seasonal peak demand period in the wake of the Great East Japan Earthquake. As a result, segment sales decreased ¥33.5 billion, or 4.5%, year on year to ¥717.4 billion, while operating income was ¥8.3 billion, down ¥6.3 billion, or 43.1%.

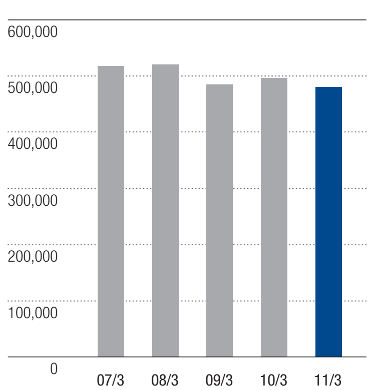
2. Security Transportation (Distribution & Transportation, domestic companies)

As a result of a decline in demand for domestic freight transportation and decreases in the unit prices of services as well as other factors, segment sales were ¥59.5 billion, a year-on-year decrease of ¥1.3 billion, or 2.2%, and operating income was ¥1.8 billion, a decrease of ¥1.8 billion, or 50.6%.

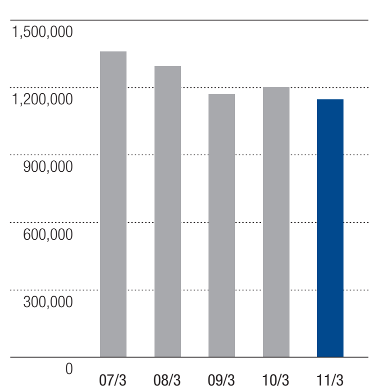
3. Heavy Haulage & Construction (Distribution & Transportation, domestic companies)

Due to a decline in demand for the construction of wind power, plant and other facilities, segment sales came to ¥34.3 billion, a ¥4.9 billion, or 12.6%, decrease on a year-on-year basis, while operating income dropped ¥1.5 billion, or 36.7%, to ¥2.6 billion.

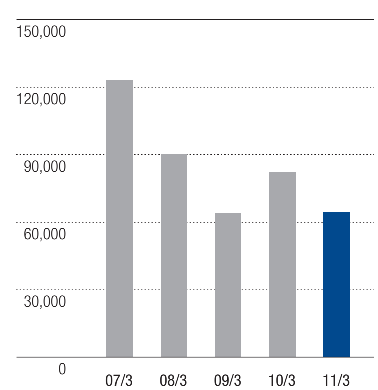
Total net assets
(Millions of yen)



Total assets
(Millions of yen)



Net cash provided by operating activities
(Millions of yen)



4. Air Freight Forwarding & Travel (Distribution & Transportation, domestic companies)
Mainly due to an increase in export and import cargoes, helped by the recovery of the world economy, segment sales were ¥203.4 billion, an increase of ¥19.5 billion, or 10.6%, year on year, but operating income was ¥0.9 billion, a decrease of ¥1.6 billion, or 63.9%.

5. Marine & Harbor Transportation (Distribution & Transportation, domestic companies)
Mainly due to an increase in export and import cargoes, helped by the recovery of the world economy, segment sales were ¥124.2 billion, an increase of ¥13.4 billion, or 12.2%, year on year, and operating income was ¥5.4 billion, an increase of ¥2.0 billion, or 62.6%.

6. The Americas (Distribution & Transportation, overseas companies)
Both air and marine & harbor transportation showed steady performances, helped by the recovery of the world economy, with air freight export cargoes of such items as automotive-related and electronics goods marking notable increases. Thanks chiefly to this, segment sales rose ¥5.0 billion, or 13.5%, year on year to ¥42.8 billion and operating income soared ¥1.3 billion to ¥1.5 billion.

7. Europe (Distribution & Transportation, overseas companies)
As a result of increases in exports of automotive-related cargoes and imports of home-appliance parts, materials and products as well as other positive trends driven by recovery in the world economy, segment sales increased ¥0.3 billion, or 0.8%, year on year to ¥45.0 billion, while operating income increased ¥1.3 billion to ¥1.7 billion.

8. East Asia (Distribution & Transportation, overseas companies)
Solid results were seen not only in the transport of home-appliance parts, materials and products to Europe and the United States, but in the freight of overall goods to Asian destinations, thanks to the recovery of the world economy. Reflecting such trends, segment sales came to ¥76.9 billion and operating income came to ¥2.0 billion.

9. South Asia & Oceania (Distribution & Transportation, overseas companies)
The transaction volume with regard to air transportation expanded, particularly in services for electronics parts manufacturers, helped by the recovery of the world economy. Thanks chiefly to this, segment sales were ¥45.5 billion and operating income was ¥1.3 billion.

10. Goods Sales
Mainly thanks to an increase in packaging service transactions along with an increase in export-related cargo, segment sales climbed ¥29.8 billion, or 9.2%, year on year to ¥352.5 billion. Similarly, operating income rose ¥1.2 billion, or 20.8%, to ¥7.0 billion.

11. Other
Mainly thanks to the solid performance of the logistic finance business, segment sales increased ¥3.6 billion, or 11.2%, year on year to ¥35.9 billion, while operating income edged up ¥0.06 billion, or 4.3%, to ¥1.5 billion.

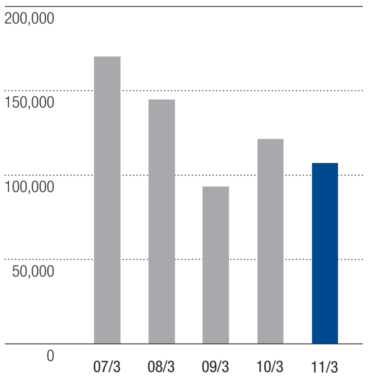
Cash Flows

Consolidated cash and cash equivalents (“cash”) amounted to ¥107.0 billion as of March 31, 2011. This represented a year-on-year decrease of ¥14.1 billion.

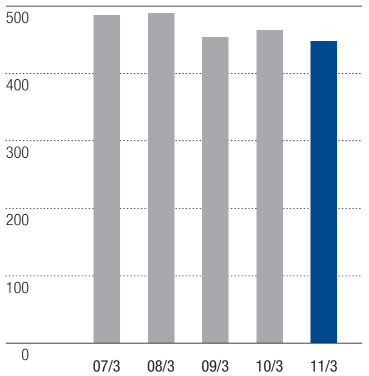
Cash Flows from Operating Activities
Cash flows from operating activities resulted in a net inflow of ¥64.3 billion, a decline from ¥82.1 billion recorded in the previous fiscal year. This was mainly due to income before income taxes and minority interests of ¥22.9 billion as well as income taxes paid of ¥12.2 billion.

Cash Flows from Investing Activities
Cash flows from investing activities resulted in a net outflow of ¥48.0 billion, a year-on-year decrease in expenditures from ¥54.3 billion. This was mainly due to payment for purchase of property and equipment of ¥58.0 billion, including for distribution centers, warehousing

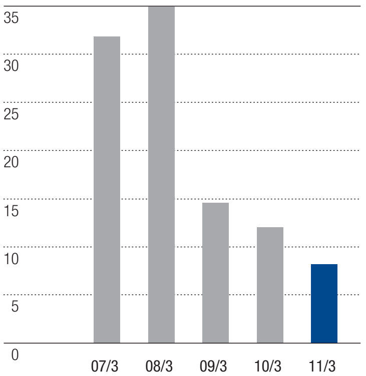
Cash and cash equivalents at end of year
(Millions of yen)



Equity per share
(Yen)



Net income per share
(Yen)



upgrades and vehicle acquisitions, as well as proceeds from sale of property and equipment of ¥8.5 billion.

Cash Flows from Financing Activities

Cash flows from financing activities resulted in a net outflow of ¥26.2 billion, a year-on-year increase in expenditure from ¥0.6 billion. Contributing factors leading to this result were a rise in proceeds from long-term loans payable of ¥101.1 billion, payment of long-term loans payable of ¥104.8 billion and cash dividends of ¥10.4 billion.

Financial Position

Assets

Total assets as of March 31, 2011 amounted to ¥1,147.5 billion, a decrease of ¥54.2 billion, or 4.5%, compared with the previous fiscal year-end.

Current assets decreased ¥31.5 billion, or 6.0%, to ¥490.4 billion mainly due to a fall in cash and cash in banks. Noncurrent assets declined ¥22.7 billion, or 3.3%, to ¥657.0 billion largely because of a decrease in investment securities following a drop in share prices.

Liabilities and Net Assets

Total liabilities amounted to ¥667.6 billion as of March 31, 2011, a decrease of ¥38.2 billion, or 5.4%, compared with the previous fiscal year-end.

Total current liabilities declined by ¥93.8 billion, or 21.6%, to ¥340.4 billion, mainly as a result of a decrease in short-term loans payable. Total noncurrent liabilities increased ¥55.5 billion, or 20.5%, to ¥327.2 billion, primarily due to growth in long-term loans payable.

Net assets decreased by ¥15.9 billion, or 3.2%, to ¥479.8 billion as of March 31, 2011. The main contributory factors in this decrease were drops in valuation difference on available-for-sale securities and foreign currency translation adjustment.

Equity per share amounted to ¥448.29, a decrease of ¥16.09 compared with the position at the previous fiscal year-end. The equity ratio increased by 0.4 of a percentage point to 40.7%.

Capital Investment

Total capital investment by the Nippon Express Group in fiscal 2010 amounted to ¥56.7 billion. Major items included changes to logistics systems and the improvement of distribution depots to support international freight operations. Other investments included the development of commercial warehouses and the replacement of vehicles and transportation equipment.

Dividend Policy

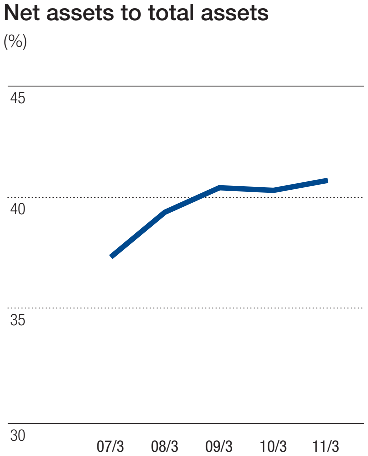
The Company regards the return of profits to shareholders as one of its most important priorities. We aim to maximize returns and maintain dividend stability, while also expanding our business operations, strengthening our financial position, expanding shareholders' equity and improving profit ratios.

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

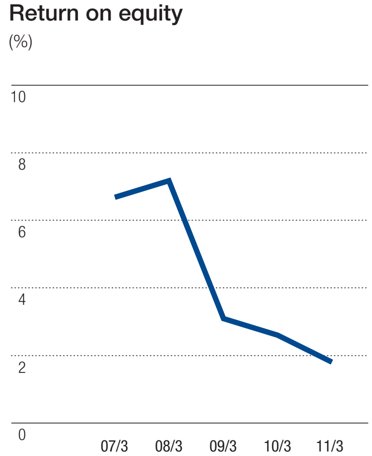
At the 105th General Shareholders' Meeting on June 29, 2011, we proposed and received approval to set the year-end dividend for fiscal 2010 at ¥5 per share. Together with the interim dividend of ¥5, this brought the annual dividend to ¥10 per share.

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

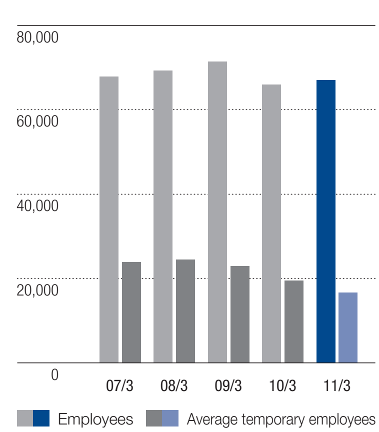
Net assets to total assets



Return on equity



Employees and Average temporary employees



11-Year Summary

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

Millions of yen

		2011	2010	2009	2008
For the year:	Revenues [1]	**¥ 1,617,185**	¥ 1,569,633	¥ 1,828,946	¥ 1,901,433
	Revenues by industry segment up to the previous consolidated fiscal year [2]				
	Distribution and Transportation	**—**	1,284,772	1,524,639	1,597,284
	Goods Sales	**—**	266,211	291,084	291,923
	Other	**—**	18,649	13,222	12,225
	Revenues by geographical segment up to the previous consolidated fiscal year [2]				
	Japan	**—**	1,412,630	1,616,285	1,682,699
	The Americas	**—**	29,794	45,447	48,009
	Europe	**—**	40,006	62,227	69,146
	Asia & Oceania	**—**	87,201	104,986	101,578
	Revenues by reportable segment from the consolidated fiscal year under review onward [2]				
	Distribution & Transportation				
	Domestic Companies				
	Combined Business	**711,308**	745,058	—	—
	Security Transportation	**59,515**	60,849	—	—
	Heavy Haulage & Construction	**33,744**	38,872	—	—
	Air Freight Forwarding & Travel	**202,099**	182,763	—	—
	Marine & Harbor Transportation	**116,059**	103,959	—	—
	Overseas Companies				
	The Americas	**32,898**	29,794	—	—
	Europe	**40,309**	40,006	—	—
	East Asia	**70,879**	87,201 [3]		
	South Asia & Oceania	**42,878**		—	—
	Goods Sales	**287,929**	263,066	—	—
	Other	**19,561**	18,061	—	—
	Operating income	**31,629**	37,535	33,513	48,502
	Net income	**8,541**	12,566	15,172	36,439
At year-end:	Total net assets [4]	**479,898**	495,883	484,337	520,823
	Total assets	**1,147,539**	1,201,801	1,172,074	1,297,406
	Net cash provided by operating activities	**64,394**	82,198	64,080	90,096
	Cash and cash equivalents at end of year	**107,062**	121,187	93,031	144,639
Per share: (yen)	Equity per share	**¥ 448.29**	¥ 464.38	¥ 454.03	¥ 489.26
	Net income per share	**8.19**	12.05	14.55	34.94
Ratios: (%)	Equity ratio	**40.74%**	40.29%	40.40%	39.33%
	Return on equity	**1.80**	2.62	3.08	7.16
Other:	Employees	**66,924**	65,916	71,352	69,177
	(Average temporary employees)	**16,583**	19,406	22,801	24,434

1. Revenue figures do not include consumption taxes.
2. Effective from the consolidated fiscal year under review, the Company has adopted the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17 issued on March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20 issued on March 21, 2008). The above listed revenues by industry, geographical and reportable segments do not include internal sales or money transfers between segments.

Millions of yen						
2007	2006	2005	2004	2003	2002	2001
¥ 1,866,267	¥ 1,793,925	¥ 1,753,306	¥ 1,666,945	¥ 1,676,918	¥ 1,708,140	¥ 1,760,687
1,580,546	1,522,325	1,485,266	1,419,156	1,429,489	1,454,133	1,491,528
279,080	266,908	263,216	243,084	242,988	248,898	263,898
6,640	4,690	4,823	4,703	4,440	5,108	5,259
1,666,887	1,631,402	1,605,602	1,556,828	1,566,037	1,590,309	1,652,365
45,126	38,495	33,722	31,297	36,055	45,944	42,520
59,422	49,333	45,525	38,688	37,406	33,997	28,626
94,831	74,693	68,455	40,130	37,419	37,889	37,174
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
50,325	43,187	43,025	46,156	42,802	33,370	35,283
33,208	18,663	32,190	27,263	23,330	21,180	(26,589)
517,516	488,205	444,940	421,128	367,551	375,390	335,730
1,360,694	1,315,599	1,287,351	1,262,383	1,205,103	1,248,205	1,230,342
123,058	63,966	83,139	83,108	48,315	113,752	89,057
170,109	150,615	145,983	138,236	136,149	165,625	140,674
¥ 486.94	¥ 467.80	¥ 426.24	¥ 403.38	¥ 352.02	¥ 353.99	¥ 313.76
31.84	17.71	30.64	25.93	22.08	19.97	(24.78)
37.33%	37.11%	34.56%	33.36%	30.50%	30.07%	27.29%
6.67	4.00	7.43	6.91	6.28	5.96	—
67,773	65,562	65,321	64,699	65,160	66,716	66,219
23,796	24,190	24,400	25,321	25,701	27,263	27,075

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

(1) Consolidated Financial Statements

Consolidated Balance Sheets

Nippon Express Co., Ltd. and consolidated subsidiaries
As of March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars
ASSETS	2010	2011	2011
Current assets:			
Cash and cash in banks (Note 1)	¥ 129,217	¥ 113,149	$ 1,360,789
Notes receivable-trade	12,023	11,934	143,532
Accounts receivable-trade	226,907	221,814	2,667,648
Inventories (Note 7)	4,985	4,806	57,806
Advanced money	1,330	2,056	24,735
Prepaid expenses	8,197	7,921	95,271
Deferred tax assets	15,281	12,863	154,700
Lease investment assets (Note 1)	89,978	87,989	1,058,204
Other (Note 6)	35,179	28,990	348,648
Less: allowance for doubtful accounts	(1,084)	(1,046)	(12,587)
Total current assets	522,014	490,481	5,898,750
Noncurrent assets:			
Property and equipment			
Vehicles	181,553	171,293	2,060,050
Less: accumulated depreciation	(157,686)	(151,339)	(1,820,083)
Vehicles, net	23,867	19,953	239,966
Buildings	522,012	538,495	6,476,195
Less: accumulated depreciation	(274,811)	(287,429)	(3,456,754)
Buildings, net	247,200	251,066	3,019,441
Structures	64,341	64,501	775,723
Less: accumulated depreciation	(48,633)	(49,383)	(593,914)
Structures, net	15,707	15,117	181,809
Machinery	65,055	64,459	775,224
Less: accumulated depreciation	(49,883)	(50,889)	(612,017)
Machinery, net	15,171	13,570	163,206
Tools, furniture and fixtures	92,565	90,128	1,083,931
Less: accumulated depreciation	(69,128)	(68,062)	(818,554)
Tools, furniture and fixtures, net	23,437	22,066	265,376
Vessels	16,696	16,870	202,891
Less: accumulated depreciation	(11,587)	(12,483)	(150,129)
Vessels, net	5,109	4,387	52,762
Land	167,448	171,977	2,068,278
Leased assets	5,394	5,146	61,892
Less: accumulated depreciation	(1,438)	(1,776)	(21,364)
Leased assets, net	3,955	3,369	40,527
Construction in progress	5,170	2,631	31,653
Net property and equipment (Notes 1, 2)	507,069	504,140	6,063,021
Intangible assets			
Leasehold right	6,742	7,133	85,785
Other	21,539	20,227	243,264
Total intangible assets	28,282	27,360	329,050
Investments and other assets			
Investment securities (Notes 1, 3)	104,585	87,795	1,055,866
Long-term loans receivable	1,425	1,335	16,065
Long-term loan to employees	1,655	1,305	15,700
Long-term prepaid expense	3,407	2,976	35,795
Security deposit	14,708	14,250	171,377
Other (Note 3)	20,613	19,813	238,288
Less: allowance for doubtful accounts	(1,959)	(1,919)	(23,081)
Total investments and other assets	144,435	125,557	1,510,012
Total noncurrent assets	679,786	657,058	7,902,084
Total assets	¥1,201,801	¥1,147,539	$13,800,834

The accompanying notes are an integral part of these statements.

LIABILITIES	Millions of yen 2010	Millions of yen 2011	Thousands of U.S. dollars 2011
Current liabilities:			
Notes payable-trade	¥ 6,687	¥ 6,991	$ 84,084
Accounts payable-trade (Note 1)	129,002	119,899	1,441,966
Short-term loans payable (Note 1)	111,501	49,925	600,426
Other payables	30,057	24,616	296,050
Income taxes payable	7,680	5,297	63,708
Consumer taxes payable	4,899	4,899	58,920
Unpaid expenses	19,267	17,010	204,578
Advance receipt	10,754	10,140	121,954
Deposits	53,341	40,302	484,698
Deposits from employees	29,932	29,670	356,833
Provision for bonus	19,159	19,139	230,180
Provision for directors' bonus	154	137	1,651
Allowance for warranty and repair	2	360	4,332
Provision for loss on disaster	—	4,035	48,538
Other	11,815	7,980	95,982
Total current liabilities	434,258	340,408	4,093,906
Noncurrent liabilities:			
Bonds payable	50,000	50,000	601,322
Long-term loans payable (Note 1)	145,127	199,494	2,399,210
Provision for retirement benefits	39,268	37,540	451,484
Provision for directors' retirement benefits	417	418	5,030
Provision for special repairment	287	208	2,511
Deferred tax liabilities	21,108	17,510	210,585
Other (Note 1)	15,450	22,060	265,307
Total noncurrent liabilities	271,659	327,232	3,935,453
Total liabilities	705,918	667,641	8,029,359
NET ASSETS			
Shareholders' equity:			
Common stock	70,175	70,175	843,960
Additional paid-in capital	26,908	26,908	323,610
Retained earnings	377,675	375,785	4,519,365
Less: treasury stock	(11,524)	(11,542)	(138,813)
Total shareholders' equity	463,234	461,326	5,548,122
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	33,248	26,370	317,147
Deferred gains on hedges	12	9	120
Foreign currency translation adjustment	(12,241)	(20,255)	(243,604)
Total accumulated other comprehensive income	21,019	6,125	73,662
Minority interests	11,629	12,446	149,690
Total net assets	495,883	479,898	5,771,475
Total liabilities and net assets	¥1,201,801	¥1,147,539	$13,800,834

Consolidated Statements of Operations

Nippon Express Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Revenues	¥1,569,633	¥1,617,185	$19,449,013
Operating costs (Note 1)	1,457,865	1,510,590	18,167,051
Gross profit	111,768	106,595	1,281,962
Selling, general and administrative expenses			
Salaries, compensation, and welfare expenses	40,699	41,018	493,302
Depreciation and amortization	4,421	4,706	56,597
Advertising expenses	4,042	4,088	49,173
Provision for allowance for doubtful accounts	99	352	4,237
Other	24,969	24,800	298,260
Total selling, general and administrative expenses (Note 1)	74,232	74,965	901,571
Operating income	37,535	31,629	380,391
Non-operating income:			
Interest income	507	434	5,221
Dividends income	2,177	2,223	26,743
Gain on sales of vehicles	214	306	3,680
Equity in earnings of affiliates	—	541	6,514
Income from foreign exchange	1,724	1,888	22,715
Others	8,714	8,261	99,351
Total non-operating income	13,338	13,655	164,226
Non-operating expenses:			
Interest expenses	3,629	3,456	41,564
Loss on sale and retirement of vehicles	271	107	1,295
Equity in losses of affiliates	7,869	—	—
Other	1,349	1,032	12,414
Total non-operating expenses	13,120	4,596	55,275
Ordinary income	37,753	40,688	489,342
Extraordinary income:			
Gain on sales of noncurrent assets (Note 2)	1,604	5,233	62,934
Gain on sales of investment securities (Note 4)	932	46	553
Gain on change in equity	2,478	—	—
Change in profit for previous term	341	139	1,681
Other	47	179	2,162
Total extraordinary income	5,404	5,598	67,332
Extraordinary loss:			
Loss on disposal of noncurrent assets (Note 3)	4,998	4,432	53,307
Loss on sales of investment securities (Note 5)	1,761	47	576
Loss on valuation of investment securities (Note 6)	5,761	5,892	70,863
Impairment loss	464	—	—
Promotion expenses for parcel delivery business integration	518	—	—
Cost of car painting renewal	3,377	—	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	7,505	90,264
Change in loss for previous term	6	34	415
Loss on disaster (Note 7)	—	4,847	58,296
Other	504	535	6,445
Total extraordinary loss	17,392	23,296	280,168
Income before income taxes and minority interests	25,764	22,991	276,505
Income taxes – current	9,995	9,799	117,851
Income taxes – deferred	2,412	3,576	43,017
Total income taxes etc.	12,407	13,376	160,868
Income before minority interests	—	9,615	115,636
Minority interests	790	1,073	12,913
Net income	¥ 12,566	¥ 8,541	$ 102,723

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Nippon Express Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2010 and 2011

	Millions of yen	Thousands of U.S. dollars
	2011	2011
Income before minority interests	¥ 9,615	$ 115,636
Other comprehensive income:		
Valuation difference on available-for-sale securities	(6,886)	(82,819)
Deferred gains (losses) on hedges	(2)	(33)
Foreign currency translation adjustment	(7,971)	(95,867)
Share of other comprehensive income of associates accounted for using equity method	(178)	(2,145)
Other comprehensive income (Note 2)	(15,038)	(180,865)
Comprehensive income (Note 1)	(5,423)	(65,228)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	(6,353)	(76,407)
Comprehensive income attributable to minority interests	¥ 929	$ 11,179

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Nippon Express Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Shareholders' equity			
Common stock			
Balance at beginning of the year	¥ 70,175	¥ 70,175	$ 843,960
Total changes during the year	—	—	—
Balance at end of the year	70,175	70,175	843,960
Additional paid-in capital			
Balance at beginning of the year	26,908	26,908	323,610
Total changes during the year	—	—	—
Balance at end of the year	26,908	26,908	323,610
Retained earnings			
Balance at beginning of the year	373,749	377,675	4,542,094
Changes during the year:			
Cash dividends	(10,428)	(10,427)	(125,410)
Net income	12,566	8,541	102,723
Decrease in treasury stock	(5)	(3)	(42)
Increase of affiliated company	1,793	—	—
Total changes during the year	3,925	(1,889)	(22,729)
Balance at end of the year	377,675	375,785	4,519,365
Treasury stock			
Balance at beginning of the year	(11,507)	(11,524)	(138,599)
Changes during the year:			
Increase in treasury stock	(32)	(26)	(315)
Decrease in treasury stock	15	8	101
Total changes during the year	(17)	(17)	(214)
Balance at end of the year	(11,524)	(11,542)	(138,813)
Total shareholders' equity			
Balance at beginning of the year	459,326	463,234	5,571,065
Changes during the year:			
Cash dividends	(10,428)	(10,427)	(125,410)
Net income	12,566	8,541	102,723
Increase in treasury stock	(32)	(26)	(315)
Decrease in treasury stock	9	4	59
Increase of affiliated company	1,793	—	—
Total changes during the year	3,907	(1,907)	(22,943)
Balance at end of the year	¥463,234	¥461,326	$5,548,122

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities			
Balance at beginning of the year	¥ 28,271	¥ 33,248	$ 399,858
Net changes in items other than shareholders' equity	4,976	(6,877)	(82,710)
Total changes during the year	4,976	(6,877)	(82,710)
Balance at end of the year	33,248	26,370	317,147
Deferred gains (losses) on hedges			
Balance at beginning of the year	(0)	12	154
Net changes in items other than shareholders' equity	12	(2)	(34)
Total changes during the year	12	(2)	(34)
Balance at end of the year	12	9	120
Foreign currency translation adjustment			
Balance at beginning of the year	(14,106)	(12,241)	(147,219)
Net changes in items other than shareholders' equity	1,865	(8,014)	(96,385)
Total changes during the year	1,865	(8,014)	(96,385)
Balance at end of the year	(12,241)	(20,255)	(243,604)
Total accumulated other comprehensive income			
Balance at beginning of the year	14,164	21,019	252,793
Net changes in items other than shareholders' equity	6,855	(14,894)	(179,131)
Total changes during the year	6,855	(14,894)	(179,131)
Balance at end of the year	20,019	6,125	73,662
Minority interests			
Balance at beginning of the year	10,846	11,629	139,864
Net changes in items other than shareholders' equity	782	817	9,826
Total changes during the year	782	817	9,826
Balance at end of the year	11,629	12,446	149,690
Total net assets			
Balance at beginning of the year	484,337	495,883	5,963,724
Changes during the year:			
Cash dividends	(10,428)	(10,427)	(125,410)
Net income	12,566	8,541	102,723
Increase in treasury stock	(32)	(26)	(315)
Decrease in treasury stock	9	4	59
Increase of affiliated company	1,793	—	—
Net changes in items other than shareholders' equity	7,638	(14,077)	(169,305)
Total changes during the year	11,545	(15,985)	(192,248)
Balance at end of the year	¥495,883	¥479,898	$5,771,475

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Nippon Express Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 25,764	¥ 22,991	$ 276,505
Depreciation and amortization	52,446	52,470	631,034
Impairment loss	464	—	—
Expense of consolidation for small-package delivery business	518	—	—
Cost of car painting renewal	3,377	—	—
Gain on change in equity	(2,478)	—	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	7,505	90,264
Loss on disaster	—	4,847	58,296
Loss on sale or write-down of securities, net	6,553	5,894	70,885
(Gain) loss on sale or disposal of property and equipment, net	3,488	(998)	(12,012)
Increase (decrease) in provision for bonus	(186)	54	658
Decrease in provision for retirement benefits	(5,233)	(1,483)	(17,844)
Interest and dividend income	(2,685)	(2,657)	(31,965)
Interest expense (Note 2)	3,629	3,456	41,564
Equity in earnings of unconsolidated subsidiaries and affiliates	7,869	(541)	(6,514)
(Increase) decrease in trade receivables	(753)	2,999	36,075
Decrease in inventories	1,694	162	1,951
Decrease in accounts payable	(657)	(4,670)	(56,172)
Increase (decrease) in consumption taxes etc. payable	1,955	141	1,697
Other	(934)	(9,017)	(108,446)
Sub-total	94,833	81,152	975,980
Interest and dividends received	3,071	2,964	35,646
Interest paid (Note 2)	(3,509)	(3,604)	(43,349)
Cash paid for the shifting to DC (“Defined Contribution”) pension plan	(3,937)	(3,908)	(47,005)
Payment for promotional expenses on the combination of small package delivery business	(1,407)	—	—
Payment of Japan Fair Trade Commission Surcharge	(2,495)	—	—
Payment for changes of vehicles painting design	(668)	—	—
Income taxes paid	(3,688)	(12,209)	(146,839)
Net cash provided by operating activities	82,198	64,394	774,433
Cash flows from investing activities:			
Payment for purchase of securities	(252)	(517)	(6,222)
Proceeds from sale of securities	5,310	326	3,927
Payment for purchase of property and equipment	(63,673)	(58,008)	(697,638)
Proceeds from sale of property and equipment	3,906	8,511	102,363
Other	384	1,601	19,262
Net cash used in investing activities	(54,325)	(48,086)	(578,307)
Cash flows from financing activities:			
Change in short-term loans payable	(14,493)	(3,395)	(40,834)
Change in commercial paper	(4,700)	(7,000)	(84,185)
Proceeds from long-term loans payable	48,724	101,106	1,215,957
Payment of long-term loans payable	(47,427)	(104,857)	(1,261,068)
Proceeds from issuance of bonds	30,000	—	—
Proceeds from stock issuance to minority shareholders	144	99	1,199
Cash dividends	(10,428)	(10,427)	(125,410)
Other	(2,468)	(1,750)	(21,054)
Net cash used in financing activities	(648)	(26,225)	(315,396)
Effect of exchange rate changes on cash	931	(4,207)	(50,596)
Net increase in cash and cash equivalents	28,155	(14,124)	(169,867)
Cash and cash equivalents at beginning of year	93,031	121,187	1,457,455
Cash and cash equivalents at end of year (Notes 1)	¥121,187	¥107,062	$1,287,587

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statement

Nippon Express Co., Ltd. and consolidated subsidiaries

1. U.S. dollar amounts

The yen amounts are rounded off in millions. Therefore, total or subtotal amounts do not correspond with the aggregation of such account balance. U.S. dollar amounts presented in the financial statements are included solely for convenience. The rate of ¥83.15 to US$1.00, prevailing on March 31, 2011, has been used for translation into U.S. dollar amounts in the financial statements. The U.S. dollar amounts are then rounded off in thousands. The inclusion of such amounts should not be construed as a representation that Japanese yen amounts have been or could in the future be converted into U.S. dollars at that rate.

2. Significant matters serving as a basis for the presentation of consolidated financial statements

2010 (From April 1, 2009 to March 31, 2010)	2011 (From April 1, 2010 to March 31, 2011)
1. The scope of consolidation (1) There are 257 consolidated subsidiaries. Names of major subsidiaries are omitted. NEX Logistics Europe GmbH is included in the scope of consolidation from the year ended March 31, 2010 due to its new establishment. Three companies including Minato Sagyo were excluded from the scope of consolidation due to merger with other consolidated subsidiaries and five companies including Shinko Maritime were excluded from the scope of consolidation due to liquidation.	**1. The scope of consolidation** (1) There are 250 consolidated subsidiaries. Names of major subsidiaries are omitted because they are described in "Management Discussion and Analysis, Corporate Overview." NEX DG, Inc. and Nippon Express (Istanbul) Global Logistics A.S. are included in the scope of consolidation from the year ended March 31, 2011 due to their new establishment. Three companies including Nep Distributors System, Inc. were excluded from the scope of consolidation due to merger with other consolidated subsidiaries and six companies including Shibecha Nittsu Yuso were excluded from the scope of consolidation due to liquidation.
(2) 25 subsidiaries, including Himawari Oil Co., Ltd., other than above 257 companies are excluded from the scope of consolidation since the scales of their businesses are small, and the impact of these companies on the consolidated financial statements on total assets, net sales, net income or loss and retained earnings corresponding to the interest is considered to be immaterial as a whole.	(2) 25 subsidiaries, including Nittsu Energy Kanto, other than above 250 companies are excluded from the scope of consolidation since the scales of their businesses are small, and the impact of these companies on the consolidated financial statements on total assets, net sales, net income or loss and retained earnings corresponding to the interest is considered to be immaterial as a whole.
(3) 21 subsidiaries, including Nippon Express Travel U.S.A., Inc., sub-consolidated by 10 overseas consolidated subsidiaries, including Nippon Express U.S.A., Inc., are included in the scope of the consolidation.	(3) 18 subsidiaries, including Nippon Express Travel U.S.A., Inc., sub-consolidated by 9 overseas consolidated subsidiaries, including Nippon Express U.S.A., Inc., are included in the scope of the consolidation.
2. Application of the equity-method (1) Companies to which the equity method is applied: a. Subsidiary: Awa Godo Tsuun Co., Ltd. b. Affiliates: 20 affiliates, including Nippon Vopack Co., Ltd. Effective the year ended March 31, 2010, All Express Co., Ltd. was excluded from the scope of affiliates accounted for by the equity method, since the ownerships of the Group decreased due to the merger with an external company. In addition, JP Express Co., Ltd. was included in the scope of affiliates accounted for by the equity method in the first quarter ended June 30, 2009 due to the increased materiality, but eventually excluded from the scope of affiliates accounted for by the equity method because certain shares were sold during the third quarter ended December 31, 2009.	**2. Application of the equity-method** (1) Companies to which the equity method is applied: a. Subsidiary: Awa Godo Tsuun Co., Ltd. b. Affiliates: 20 affiliates, including Nippon Vopack Co., Ltd.
(2) 24 subsidiaries including Himawari Oil Co., Ltd. and 43 affiliates including Nippon Freight Liner Co., Ltd., other than above 21 companies are excluded from the scope of subsidiaries or affiliates accounted for by the equity method, but carried at cost, since the impact of these companies on the consolidated financial statements on net income or loss and retained earnings corresponding to the interest is considered to be immaterial as a whole.	(2) 24 subsidiaries including Nittsu Energy Kanto and 42 affiliates including Nippon Freight Liner Co., Ltd., other than above 21 companies are excluded from the scope of subsidiaries or affiliates accounted for by the equity method, but carried at cost, since the impact of these companies on the consolidated financial statements on net income or loss and retained earnings corresponding to the interest is considered to be immaterial as a whole.

2010 (From April 1, 2009 to March 31, 2010)	2011 (From April 1, 2010 to March 31, 2011)
3. Accounting period of consolidated subsidiaries 58 overseas consolidated subsidiaries including Nippon Express U.S.A., Inc. have the balance sheet date of December 31. In preparing the accompanying consolidated financial statements, the financial statements as of December 31 and for the year then ended are used for consolidation after making necessary adjustments for significant transactions incurred during the period from January 1 through March 31. One company and seven companies which are accounted for by the equity method have the balance sheet dates of August 31 and December 31, respectively. Significant transactions between these dates and March 31 are reflected in computing the equity earnings attributable to the Group.	**3. Accounting period of consolidated subsidiaries** 56 overseas consolidated subsidiaries including Nippon Express U.S.A., Inc. have the balance sheet date of December 31. In preparing the accompanying consolidated financial statements, the financial statements as of December 31 and for the year then ended are used for consolidation after making necessary adjustments for significant transactions incurred during the period from January 1 through March 31. One company and seven companies which are accounted for by the equity method have the balance sheet dates of August 31 and December 31, respectively. Significant transactions between these dates and March 31 are reflected in computing the equity earnings attributable to the Group.
4. Significant accounting policies (1) Evaluation methods for significant assets a. Securities Other Securities • Other securities with market value Other securities with market value are stated by market value method based on the market price on the consolidation date where valuation difference is reported as a component of shareholders' equity while cost of sold securities is stated using the moving average method.	**4. Significant accounting policies** (1) Evaluation methods for significant assets a. Securities Other Securities • Other securities with market value Same as left
• Other securities without market value Other securities without market value are stated at cost using the moving-average method.	• Other securities without market value Same as left
b. Derivatives By fair value method	b. Derivatives Same as left
c. Inventories Inventories are stated primarily at the lower of cost determined by the moving-average method (balance sheet amount is calculated by the method of inventory write-down on the basis of the decreased profitability).	c. Inventories Same as left
(2) Depreciation methods for significant depreciation assets a. Property and equipment except for leased assets Depreciation of property and equipment, except for buildings, is mainly computed by the declining-balance method over the applicable useful lives. Buildings are depreciated by the straight-line method over the estimated lives. Overseas consolidated subsidiaries mainly use straight-line method over the estimated lives. Useful lives of assets are principally as follows: Vehicles — 3 to 7 years Buildings and structures — 3 to 60 years "Machinery and equipment," "Tools, furniture and fixtures," and vessels — 2 to 20 years	(2) Depreciation methods for significant depreciation assets a. Property and equipment except for leased assets Same as left
b. Intangible fixed assets except for leased assets Amortization of intangible fixed assets is computed by the straight-line method over the estimated useful lives. Software costs for internal use are amortized using the straight-line method over the available period (five years). Overseas consolidated subsidiaries mainly use straight-line method over the estimated lives.	b. Intangible fixed assets except for leased assets Same as left
c. Leased assets Leased assets are stated using the straight-line method with zero residual value, assuming lease period as service life.	c. Leased assets Same as left

2010 (From April 1, 2009 to March 31, 2010)	2011 (From April 1, 2010 to March 31, 2011)
(3) Accounting standards for significant allowances and provisions	(3) Accounting standards for significant allowances and provisions
a. Allowance for doubtful accounts To provide for potential loss on receivables, the Company makes an allowance for the expected amount of irrecoverable receivables. Allowances for ordinary bad debts are computed, based on the historical rate of default. For specific debts where recovery is doubtful, the Company considers the likelihood of recovery on an individual basis. As a result of cancelling out receivables and payables between consolidated subsidiaries, allowance for doubtful accounts have been duly adjusted.	a. Allowance for doubtful accounts Same as left
b. Reserve for bonuses Reserve for bonuses is provided in an estimated amount to be paid to the employees by the Company and its consolidated subsidiaries based on their services for the current fiscal period.	b. Reserve for bonuses Same as left
c. Reserve for directors' bonuses Reserve for directors' bonuses is provided in an estimated amount to be paid to the directors by the Company and its consolidated subsidiaries based on their services for the current fiscal period.	c. Reserve for directors' bonuses Same as left
d. Reserve for warranties and repairs Reserve for warranties and repairs is provided in an estimated amount based on the past experience of certain consolidated subsidiaries to maintain the quality at the inception of use related to the sales of new cars.	d. Reserve for warranties and repairs Same as left
e. Retirement benefits obligation and pension plan To prepare for lump-sum payments upon retirement or severance of employment, accrual for the lump-sum payments is stated at the present value of the estimated future obligations arising from services performed to the end of the fiscal year. The retirement benefits obligation is attributed to each period by the straight-line method over the years of service. The net retirement benefits obligation at transition was charged to operations as incurred. Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over the period of the average remaining years of service of the employees.	e. Retirement benefits obligation and pension plan Same as left
(Changes in accounting policies) On July 31, 2008, the ASBJ issued ASBJ Statement No. 19 "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)," which requires the companies to use the discount rate determined by reference to market yields at the end of the fiscal year on high quality bonds such as long-term Japanese government bonds, government agency bonds and high-quality corporate bonds. Effective the year ended March 31, 2010, the Company adopted this amendment. There is no effect of the change on operating income, ordinary income and Income before income taxes and minority interests for the year ended March 31, 2010, since an actuarial difference will be amortized from the following year. Unamortized actuarial difference on projected benefit obligations resulting from this change amounted to ¥8,503 million as of March 31, 2010.	———
f. Reserve for directors' retirement benefits Some of the consolidated subsidiaries are making reserve for the future payment of retirement benefits to directors, based on the amounts required to be paid according to their internal rules.	f. Reserve for directors' retirement benefits Same as left

2010 (From April 1, 2009 to March 31, 2010)	2011 (From April 1, 2010 to March 31, 2011)
g. Reserve for special repairs Reserve for special repairs is provided in an estimated amount for the future repairs of vessels based on the past experience of certain consolidated subsidiaries.	g. Reserve for special repairs Same as left
———	h. Reserve for loss on disaster Costs for restoration from the Great East Japan Earthquake that are likely to accrue after the end of the fiscal year, including primarily costs for repairs, have been rationally estimated and stated. (Additional information) Costs for restoration from the Great East Japan Earthquake that are likely to accrue after the end of the fiscal year, including primarily costs for repairs, have been rationally estimated and stated.
(4) Accounting standards for significant revenue and expenses a. Basis of recording finance lease revenue Finance lease revenue and related cost of revenue are recorded when the lease payment is received.	(4) Accounting standards for significant revenue and expenses a. Basis of recording finance lease revenue Same as left
b. Basis of recording amount of completed work The percentage-of-completion method is applied to the contracts if the outcome of the construction activity is deemed certain for the percentage of performance of the contractor's obligation at the balance sheet date; otherwise, the completed-contract method is applied. The percentage of completion is determined using the cost incurred to the estimated total cost.	b. Basis of recording amount of completed work Same as left
(Changes in accounting policies) On December 27, 2007, the Accounting Standards Board of Japan (ASBJ) issued ASBJ Statement No. 15 "Accounting Standard for Construction Contracts" and ASBJ Guidance No. 18 "Guidance on Accounting Standard for Construction Contracts." Effective the year ended March 31, 2010, the Company adopted this new accounting standard for construction contracts which started in the year ended March 31, 2010 and the percentage-of-completion method has been applied to the contracts if the outcome of the construction activity is deemed certain for the percentage of performance of the contractor's obligation at the balance sheet date; otherwise, the completed-contract method is applied. The percentage of completion is determined using the cost incurred to the estimated total cost. The effect of adoption of this new standard on net income is immaterial.	———
(5) Significant hedge accounting method a. Hedge accounting method Deferred hedge accounting is adopted. Designation transactions are applied to receivables and payables denominated in foreign currencies for which forward foreign exchange contracts are used.	(5) Significant hedge accounting method a. Hedge accounting method Same as left
b. Hedge instruments and items • Hedging instruments Forward foreign exchange contracts • Hedged items Receivables and payables denominated in foreign currencies and foreign currency-denominated forecasted transactions	b. Hedge instruments and items • Hedging instruments Same as left • Hedged items Same as left
c. Hedging policy The Company and its consolidated subsidiaries use derivatives only for hedging purpose to manage the exposure of assets and liabilities to the market fluctuation risk.	c. Hedging policy Same as left

2010 (From April 1, 2009 to March 31, 2010)	2011 (From April 1, 2010 to March 31, 2011)
d. Method for evaluating hedging effectiveness The Company and its consolidated subsidiaries use internally available management data to assess the effectiveness of hedging.	d. Method for evaluating hedging effectiveness Same as left
e. Other Forward foreign exchange contracts used by the Company and its consolidated subsidiaries are controlled by the Control Department based on the application from each trading section, and the Internal Audit Department periodically examines the execution and controls on the forward foreign exchange contracts.	e. Other Same as left
(6) Method and period of amortization of goodwill ———	(6) Method and period of amortization of goodwill Goodwill is amortized in equal installments over 5 years.
(7) Cash and cash equivalents in the consolidated statements of cash flows ———	(7) Cash and cash equivalents in the consolidated statements of cash flows Cash and cash equivalents include cash at hand, demand deposits at banks and highly liquid short-term investments with negligible risk of fluctuation in value and maturities of less than three months.
(8) Accounting method for consumption tax Consumption taxes with respect to the Company and its domestic subsidiaries are excluded from respective transaction amounts. Consumption tax is not applicable to overseas consolidated subsidiaries.	(8) Accounting method for consumption tax Same as left
(9) Accounting method for deferred assets Bond issuance costs are fully charged to income when they are paid.	(9) Accounting method for deferred assets ———
(10) Of all the equity method affiliates, domestic subsidiaries and affiliates (16 in all) are adopting basically the same accounting standards as adopted by the Company while foreign subsidiaries (5 in all) are adopting accounting standards prevailing in each country they operate, all of which are not materially different from the accounting standards adopted by the Company.	(10) Same as left
5. The valuation of assets and liabilities of consolidated subsidiaries Assets and liabilities of consolidated subsidiaries are valued using the full market value method.	**5. The valuation of assets and liabilities of consolidated subsidiaries** ———
6. Method and period of amortization of goodwill and negative goodwill Goodwill and negative goodwill amounts are amortized in equal installments over 5 years.	**6. Method and period of amortization of goodwill and negative goodwill** ———
7. Cash and cash equivalents in the consolidated statements of cash flows Cash and cash equivalents include cash at hand, demand deposits at banks and highly liquid short-term investments with negligible risk of fluctuation in value and maturities of less than three months.	**7. Cash and cash equivalents in the consolidated statements of cash flows** ———

3. Changes in significant matters serving as a basis for the presentation of consolidated financial statements

2010 (From April 1, 2009 to March 31, 2010)	2011 (From April 1, 2010 to March 31, 2011)
———	(Changes in accounting policies) (Application of "Accounting Standard for Asset Retirement Obligations") On March 31, 2008, the ASBJ issued ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" and issued ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations." Effective the year ended March 31, 2011, the Company adopted the new accounting standard and guidance. As a result of this change, operating income and ordinary income each decreased ¥405 million (US$4,879 thousand) and income before income taxes and minority interests decreased ¥7,911 million (US$ 95,144 thousand) for the year ended March 31, 2011.
———	(Application of "Accounting Standard for Business Combinations") The Group's business activities for the year ended March 31, 2011 included business combinations. Accordingly, the Company applied ASBJ Statement No. 21 "Accounting Standard for Business Combinations" issued on December 26, 2008, ASBJ Statement No. 22 "Accounting Standard for Consolidated Financial Statements" issued on December 26, 2008 and ASBJ Guidance No. 10 "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" issued on December 26, 2008.

4. Changes in presentation method

2010 (From April 1, 2009 to March 31, 2010)	2011 (From April 1, 2010 to March 31, 2011)
———	(Consolidated statements of operations) The Company adopted Cabinet Office Ordinance No. 5 "Cabinet Office Ordinance on Partial Amendment of Regulations Concerning Terminology, Forms and Methods for Preparation of Financial Statements" issued on March 24, 2009 based on ASBJ Statement No. 22 "Accounting Standard for Consolidated Financial Statements" issued on December 26, 2008. Accordingly, the Company disclosed "Income before minority interests" effective the year ended March 31, 2011.

5. Additional information

2010 (From April 1, 2009 to March 31, 2010)	2011 (From April 1, 2010 to March 31, 2011)
———	(Application of "Accounting Standard for Presentation of Comprehensive Income") Effective the year ended March 31, 2011, the Company adopted ASBJ Statement No. 25 "Accounting Standard for Presentation of Comprehensive Income" issued on June 30, 2010. Amounts for the previous fiscal year under the headings of "Accumulated other comprehensive income" and "Total accumulated other comprehensive income" state the amounts of "Valuation and translation adjustments" and "Total valuation and translation adjustments," respectively.

6. Notes to Consolidated Balance Sheets

2010 (As of March 31, 2010)

*1. Assets pledged as collateral and secured payables
Assets pledged as collateral are as follows:

(Millions of yen)

Time deposits	157	Land	3,871
Buildings	6,401	Investment securities	628
Structures	116	Lease investment assets	463
Machinery and equipment	21		
		Total	11,661

The Company's secured payables are as follows:

(Millions of yen)

Accounts payable-trade	4,601
Long-term loans payable	2,725
Short-term loans payable, etc.	1,980
Total	9,307

*2. Acquisition cost of the assets acquired as substitute for the assets transferred as a result of impoundment are stated at the book value of such transferred assets, where the difference between the transfer values and such book values (advanced depreciation deduction) are as follows:

(Millions of yen)

Buildings	694	Land	613
Structures	117	Vehicles, etc.	497
Machinery and equipment	10		
		Total	1,933

*3. Investments in unconsolidated subsidiaries and affiliates are as follows:

(Millions of yen)

Equity securities (included in Investment securities)	9,703
Investments in capital or partnerships (included in Other under Investments and other assets)	2,193

2011 (As of March 31, 2011)

*1. Assets pledged as collateral and secured payables
Assets pledged as collateral are as follows:

(Millions of yen)

Time deposits	155	Land	3,960
Buildings	5,926	Investment securities	467
Structures	105	Lease investment assets	380
Machinery and equipment	12		
		Total	11,007

(Thousands of U.S. dollars)

Time deposits	1,871	Land	47,633
Buildings	71,270	Investment securities	5,621
Structures	1,266	Lease investment assets	4,570
Machinery and equipment	148		
		Total	132,382

The Company's secured payables are as follows:

(Millions of yen)

Accounts payable-trade	3,162
Long-term loans payable	2,255
Short-term loans payable, etc.	1,869
Total	7,287

(Thousands of U.S. dollars)

Accounts payable-trade	38,029
Long-term loans payable	27,120
Short-term loans payable, etc.	22,488
Total	87,638

*2. Acquisition cost of the assets acquired as substitute for the assets transferred as a result of impoundment are stated at the book value of such transferred assets, where the difference between the transfer values and such book values (advanced depreciation deduction) are as follows:

(Millions of yen)

Buildings	132	Land	186
Machinery and equipment	137	Structures, etc.	179
Vehicles	10		
		Total	646

(Thousands of U.S. dollars)

Buildings	1,592	Land	2,242
Machinery and equipment	1,653	Structures, etc.	2,161
Vehicles	127		
		Total	7,776

*3. Investments in unconsolidated subsidiaries and affiliates are as follows:

(Millions of yen)

Equity securities (included in Investment securities)	9,929
Investments in capital or partnerships (included in Other under Investments and other assets)	1,760

(Thousands of U.S. dollars)

Equity securities (included in Investment securities)	119,412
Investments in capital or partnerships (included in Other under Investments and other assets)	21,171

2010 (As of March 31, 2010)	2011 (As of March 31, 2011)

2010 (As of March 31, 2010)

4. Notes discounted with banks ¥56 million

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

As of March 31, 2010

Guaranteed party	Guaranteed amount (Millions of yen)	Type
World Cargo Distribution Center Co., Ltd.	783	Loan guarantee
Kobe Port International Distribution Center Co., Ltd.	661	Loan guarantee
Yokkaichi Port International Freight Center Co., Ltd.	16	Loan guarantee
Guarantees for employees' housing loans	10	Loan guarantee
ANA & JP Express Co., ltd.	8	Loan guarantee
Nittsu Shoji U.S.A., Inc.	171	Loan guarantee
Total	1,653	

*6. "Other current assets" include reserved payment resulting from sales of notes receivable issued for the purpose of securitization of assets in the amount of ¥4,212 million.

*7. Inventories

	(Millions of yen)
Merchandise and finished goods	2,454
Work in process	317
Raw materials and stores	2,213

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2011 (As of March 31, 2011)

4. Notes discounted with banks ¥46 million
US$562 thousand

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

As of March 31, 2011

Guaranteed party	Guaranteed amount (Millions of yen)	Guaranteed amount (Thousands of U.S. dollars)	Type
World Cargo Distribution Center Co., Ltd.	678	8,159	Loan guarantee
Kobe Port International Distribution Center Co., Ltd.	578	6,961	Loan guarantee
Yokkaichi Port International Freight Center Co., Ltd.	11	140	Loan guarantee
Guarantees for employees' housing loans	6	80	Loan guarantee
Nittsu Shoji U.S.A., Inc.	163	1,964	Loan guarantee
Total	1,439	17,307	

*6. "Other current assets" include reserved payment resulting from sales of notes receivable issued for the purpose of securitization of assets in the amount of ¥3,421 million (U.S.$41,150 thousand).

*7. Inventories

	(Millions of yen)
Merchandise and finished goods	2,269
Work in process	337
Raw materials and stores	2,200

	(Thousands of U.S. dollars)
Merchandise and finished goods	27,288
Work in process	4,059
Raw materials and stores	26,458

8. Contingent liabilities
In March 2009, the Company was issued by the Fair Trade Commission a cease and desist order as well as an order to pay punitive levy, on account of its conduct deemed to be a breach of the Antimonopoly Act, in respect of the fuel surcharge applied to its international air cargo transport service. In this connection, the Company is being investigated by the U.S. Department of Justice on account of suspicion of the similar charges in respect of the U.S. competition law. At this point in time, it is difficult to make a reasonable estimation of the amount of punitive levy to be payable in association with these charges.

7. Notes to Consolidated Statements of Operations

2010 (From April 1, 2009 to March 31, 2010)	2011 (From April 1, 2010 to March 31, 2011)

2010 (From April 1, 2009 to March 31, 2010)

*1. Provisions for various reserves are as follows:

(Millions of yen)

	Operating costs	Selling, general, and administrative expenses
Reserve for bonuses	16,536	2,623
Reserve for directors' bonuses	—	154
Reserve for warranties and repairs	—	2
Retirement benefit obligation	12,750	1,562
Reserve for directors' retirement allowances	—	159
Reserve for special repairs	70	—

*2. Breakdown of gain on sales of property and equipment

(Millions of yen)

Land	1,442
Buildings	59
Intangible assets, etc.	102
Total	1,604

*3. Breakdown of loss on disposal of property and equipment

(Millions of yen)

Buildings	2,802
Structures	598
Machinery and equipment	213
Tools, furniture and fixtures	270
Land	158
Intangible assets, etc.	955
Total	4,998

*4. Breakdown of gain on sales of securities

(Millions of yen)

Equities in subsidiaries and affiliates	912
Other securities	20
Total	932

*5. Breakdown of loss on sales of securities

(Millions of yen)

Other securities	1,761
Total	1,761

2011 (From April 1, 2010 to March 31, 2011)

*1. Provisions for various reserves are as follows:

(Millions of yen)

	Operating costs	Selling, general, and administrative expenses
Reserve for bonuses	16,634	2,519
Reserve for directors' bonuses	—	137
Reserve for warranties and repairs	—	360
Retirement benefit obligation	15,774	1,529
Reserve for directors' retirement allowances	—	160
Reserve for special repairs	77	—

(Thousands of U.S. dollars)

	Operating costs	Selling, general, and administrative expenses
Reserve for bonuses	200,056	30,301
Reserve for directors' bonuses	—	1,651
Reserve for warranties and repairs	—	4,332
Retirement benefit obligation	189,708	18,397
Reserve for directors' retirement allowances	—	1,928
Reserve for special repairs	934	—

*2. Breakdown of gain on sales of property and equipment

(Millions of yen)

Land	4,631
Buildings	327
Intangible assets, etc.	273
Total	5,233

(Thousands of U.S. dollars)

Land	55,703
Buildings	3,943
Intangible fixed assets, etc.	3,287
Total	62,934

*3. Breakdown of loss on disposal of property and equipment

(Millions of yen)

Buildings	2,344
Structures	310
Machinery and equipment	116
Tools, furniture and fixtures	256
Land	175
Intangible assets, etc.	1,228
Total	4,432

(Thousands of U.S. dollars)

Buildings	28,198
Structures	3,737
Machinery and equipment	1,399
Tools, furniture and fixtures	3,082
Land	2,113
Intangible assets, etc.	14,774
Total	53,307

*4. Breakdown of gain on sales of securities

(Millions of yen)

Other securities	46
Total	46

(Thousands of U.S. dollars)

Other securities	553
Total	553

*5. Breakdown of loss on sales of securities

(Millions of yen)

Other securities	47
Total	47

(Thousands of U.S. dollars)

Other securities	576
Total	576

2010 (From April 1, 2009 to March 31, 2010)	2011 (From April 1, 2010 to March 31, 2011)
*6. Loss on valuation of golf membership included in the loss on valuation of investment securities ¥39 million	*6. Loss on valuation of golf membership included in the loss on valuation of investment securities ¥20 million (US$245 thousand)
———	*7. Loss on disaster Provision has been made for the expenses required for restoring the facilities damaged by the Great East Japan Earthquake. Breakdown of the loss on disaster is as follows: (Millions of yen) Expenses for the restoration of noncurrent assets 3,372 Loss on damage to noncurrent assets 665 Other 809 (Thousands of U.S. dollars) Expenses for the restoration of noncurrent assets 40,560 Loss on damage to noncurrent assets 8,002 Other 9,732

8. Notes to Consolidated Statements of Comprehensive Income

2011 (From April 1, 2010 to March 31, 2011)

*1. Comprehensive income for the year immediately preceding the year ended March 31, 2011

	(Millions of yen)
Comprehensive income attributable to owners of the parent	19,421
Comprehensive income attributable to minority interests	847
Total	20,269

	(Thousands of U.S. dollars)
Comprehensive income attributable to owners of the parent	233,568
Comprehensive income attributable to minority interests	10,198
Total	243,766

*2. Other comprehensive income for the year immediately preceding the year ended March 31, 2011

	(Millions of yen)
Valuation difference on available-for-sale securities	5,022
Deferred gains or losses on hedges	12
Foreign currency translation adjustment	1,838
Share of other comprehensive income of associates accounted for using equity method	38
Total	6,912

	(Thousands of U.S. dollars)
Valuation difference on available-for-sale securities	60,407
Deferred gains or losses on hedges	154
Foreign currency translation adjustment	22,107
Share of other comprehensive income of associates accounted for using equity method	459
Total	83,129

9. Notes to Consolidated Statements of Changes in Net Assets

2010 (From April 1, 2009 to March 31, 2010)

1. Class and number of shares issued

Class of shares	Number of shares as of March 31, 2009	Number of shares increased during 2010	Number of shares decreased during 2010	Number of shares as of March 31, 2010
Common stock (Thousand shares)	1,062,299	—	—	1,062,299

2. Class and number of treasury stock

Class of shares	Number of shares as of March 31, 2009	Number of shares increased during 2010	Number of shares decreased during 2010	Number of shares as of March 31, 2010
Common stock (Thousand shares)	19,441	84	25	19,500

(Outline of reasons for the change)
Increase in treasury stock of common stock is due to purchase of shares of less than one unit.
Decrease in treasury stock of common stock is due to transfer of shares of less than one unit.

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
General Shareholders' Meeting held on June 26, 2009	Common stock	5,214	5.0	March 31, 2009	June 29, 2009
Board of Directors' Meeting held on October 30, 2009	Common stock	5,214	5.0	September 30, 2009	December 4, 2009

(2) Dividends whose record date falls in 2010, but whose effective date comes after March 31, 2010

Resolution	Class of shares	Source of dividends	Total amount of dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
General Shareholders' Meeting held on June 29, 2010	Common stock	Retained earnings	5,213	5.0	March 31, 2010	June 30, 2010

2011 (From April 1, 2010 to March 31, 2011)

1. Class and number of shares issued

Class of shares	Number of shares as of March 31, 2010	Number of shares increased during 2011	Number of shares decreased during 2011	Number of shares as of March 31, 2011
Common stock (Thousand shares)	1,062,299	—	—	1,062,299

2. Class and number of treasury stock

Class of shares	Number of shares as of March 31, 2010	Number of shares increased during 2011	Number of shares decreased during 2011	Number of shares as of March 31, 2011
Common stock (Thousand shares)	19,500	72	14	19,559

(Outline of reasons for the change)
Increase in treasury stock of common stock is due to purchase of shares of less than one unit.
Decrease in treasury stock of common stock is due to transfer of shares of less than one unit.

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
General Shareholders' Meeting held on June 29, 2010	Common stock	5,213	5.0	March 31, 2010	June 30, 2010
Board of Directors' Meeting held on October 29, 2010	Common stock	5,213	5.0	September 30, 2010	December 3, 2010

Resolution	Class of shares	Total amount of dividends (Thousands of U.S. dollars)	Dividend per share (U.S. cents)	Record date	Effective date
General Shareholders' Meeting held on June 29, 2010	Common stock	62,705	6.0	March 31, 2010	June 30, 2010
Board of Directors' Meeting held on October 29, 2010	Common stock	62,704	6.0	September 30, 2010	December 3, 2010

(2) Dividends whose record date falls in 2011, but whose effective date comes after March 31, 2011

Resolution	Class of shares	Source of dividends	Total amount of dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
General Shareholders' Meeting held on June 29, 2011	Common stock	Retained earnings	5,213	5.0	March 31, 2011	June 30, 2011

Resolution	Class of shares	Source of dividends	Total amount of dividends (Thousands of U.S. dollars)	Dividend per share (U.S. cents)	Record date	Effective date
General Shareholders' Meeting held on June 29, 2011	Common stock	Retained earnings	62,702	6.0	March 31, 2011	June 30, 2011

10. Notes to Consolidated Statements of Cash Flows

2010 (From April 1, 2009 to March 31, 2010)

*1. Relationship between the year-end balance of cash and cash equivalents and the amount of consolidated balance sheet items.

(Millions of yen)

	(As of March 31, 2010)
Cash and cash in banks	129,217
Time deposits with maturities of over three months	(7,872)
Time deposits pledged as collateral for debts	(157)
Cash and cash equivalents	121,187

*2. "Interest expenses" as well as "Interest expenses paid" in Cash flows from operating activities are presented excluding ¥1,118 million financial expenses included in cost of sales in Goods Sales business (leasing business).

2011 (From April 1, 2010 to March 31, 2011)

*1. Relationship between the year-end balance of cash and cash equivalents and the amount of consolidated balance sheet items.

(Millions of yen)

	(As of March 31, 2011)
Cash and cash in banks	113,149
Time deposits with maturities of over three months	(5,931)
Time deposits pledged as collateral for debts	(155)
Cash and cash equivalents	107,062

(Thousands of U.S. dollars)

	(As of March 31, 2011)
Cash and cash in banks	1,360,789
Time deposits with maturities of over three months	(71,330)
Time deposits pledged as collateral for debts	(1,871)
Cash and cash equivalents	1,287,587

*2. "Interest expenses" as well as "Interest expenses paid" in Cash flows from operating activities are presented excluding ¥982 million (US$11,813 thousand) financial expenses included in cost of sales in Goods Sales business (leasing business).

11. Notes to leases

2010 (From April 1, 2009 to March 31, 2010)

1. Finance leases

(Lessee) ———

(Lessor)

(1) Breakdown of lease investment assets

(Millions of yen)

Gross lease receivables	92,310
Estimated residual values	1,076
Unearned interest income	(3,408)
Lease investment assets	89,978

(2) Amount scheduled for recovery after the consolidation date of the gross lease receivables in respect of lease receivables and lease investment assets.

(Millions of yen)

	Lease receivables	Lease investment assets
Due in one year or less	2,948	31,034
Due after one year through two years	2,656	24,686
Due after two years through three years	2,217	17,610
Due after three years through four years	1,270	10,830
Due after four years through five years	562	4,353
Due after five years	577	3,794

2011 (From April 1, 2010 to March 31, 2011)

1. Finance leases

(Lessee) ———

(Lessor)

(1) Breakdown of lease investment assets

(Millions of yen)

Gross lease receivables	89,627
Estimated residual values	1,114
Unearned interest income	(2,752)
Lease investment assets	87,989

(Thousands of U.S. dollars)

Gross lease receivables	1,077,896
Estimated residual values	13,404
Unearned interest income	(33,097)
Lease investment assets	1,058,204

(2) Amount scheduled for recovery after the consolidation date of the gross lease receivables in respect of lease receivables and lease investment assets.

(Millions of yen)

	Lease receivables	Lease investment assets
Due in one year or less	3,153	30,891
Due after one year through two years	2,672	23,931
Due after two years through three years	1,647	16,980
Due after three years through four years	886	10,052
Due after four years through five years	418	3,974
Due after five years	495	3,797

(Thousands of U.S. dollars)

	Lease receivables	Lease investment assets
Due in one year or less	37,923	371,511
Due after one year through two years	32,140	287,813
Due after two years through three years	19,811	204,212
Due after three years through four years	10,661	120,891
Due after four years through five years	5,031	47,793
Due after five years	5,959	45,673

2010 (From April 1, 2009 to March 31, 2010)		2011 (From April 1, 2010 to March 31, 2011)	
2. Operating leases Future payment obligations under non-cancellable operating leases are as follows:		**2. Operating leases** Future payment obligations under non-cancellable operating leases are as follows:	
(Lessee)	(Millions of yen)	(Lessee)	(Millions of yen)
Portion due within one year	19,188	Portion due within one year	18,205
Thereafter	124,138	Thereafter	110,059
Total	143,327	Total	128,264
			(Thousands of U.S. dollars)
		Portion due within one year	218,944
		Thereafter	1,323,623
		Total	1,542,567
(Lessor) ———		(Lessor) ———	

12. Financial instruments

2010 (From April 1, 2009 to March 31, 2010)

(Additional information)
On March 10, 2008, the ASBJ revised ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No. 19 "Guidance on Disclosures about Fair Value of Financial Instruments." The Group applied the revised accounting standard and the new guidance effective the year ended March 31, 2010.

1. Financial instruments and related disclosures

1) Group policy for financial instruments

The Group raises necessary funds for capital investments mainly by bank loans and issuance of bonds. Short-term working funds are raised mainly by bank loans. Derivatives are used only for hedging purposes to manage the exposure of assets and liabilities to the market fluctuation risk and mainly forward foreign currency contracts are utilized to avoid foreign exchange risk on receivables and payables denominated in foreign currencies as described below. The Group does not enter into derivatives for speculative or trading purposes.

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

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

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

Derivatives mainly include forward foreign currency contracts, which are used to hedge foreign exchange risk on trade receivables and payables denominated in foreign currencies. The effectiveness of hedging is assessed using internal effectiveness management data.

Derivative transactions are controlled by the Control Department based on the application from each trading section, and the Internal Audit Department periodically examines the execution and controls on the derivative transactions. In using derivatives, the Group enters into the contracts with the high credit rating banks and believes that credit risk arising from default is quite limited.

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

3) Supplementary explanation about the fair values of financial instruments

The fair values of financial instruments comprise the quoted market price and other rationally computed values, if market price is not available. Since various variable factors are considered in computing the values, such values may vary depending on the assumptions to be adopted. The contract amounts of derivatives described in Note "Derivatives" do not indicate the amount of exposure to the market risk related to the derivatives.

2. Fair value of financial instruments

Carrying amount, fair value and related unrealized gain (loss) on financial instruments at March 31, 2010 are as follows:

	Millions of yen		
	Carrying amount (*1)	Fair value (*1)	Unrealized gain (loss)
(1) Cash and cash in banks	129,217	129,217	—
(2) Accounts receivable—trade	226,907	226,907	—
(3) Lease investment assets	89,978	90,522	544
(4) Investment securities			
Other securities	78,738	78,738	—
(5) Accounts payable—trade	(129,002)	(129,002)	—
(6) Short-term loans payable	(6,834)	(6,834)	—
(7) Long-term loans payable	(249,794)	(251,282)	(1,488)
(8) Derivatives (*2)			
1) To which hedge accounting is not applied	(42)	(42)	—
2) To which hedge accounting is applied	21	21	—

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

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

(1) Cash and cash in banks and (2) accounts receivable—trade:
Due to their short maturities, these assets are recorded using book values because fair values approximate carrying values.

(3) Lease investment assets:
Fair values of lease investment assets are computed by discounting the aggregate values of the principal and interest using an interest rate assumed if the same lease agreement were entered.

(4) Investment securities:
Fair values of equity securities are determined by the quoted price of the stock exchange.

(5) Accounts payable—trade and (6) short-term loans payable:
Due to their short maturities, these payables are recorded using book values because fair values approximate carrying values. Short-term loans payable are stated excluding the current portion of long-term loans payable.

(7) Long-term loans payable:
Fair values of long-term loans payable are computed by discounting the aggregate values of the principal and interest of long-term loans payable classified by certain period using an interest rate assumed if the same loan were made. Long-term loans payable is stated including the current portion of long-term loans payable.

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

(Note 2) Unlisted equity securities whose carrying amount is ¥25,847 million are not included in (4) investment securities—other securities, since there is no quoted market price and it is very difficult to identify fair values by estimating future cash flows.

(Note 3) The redemption schedule for monetary receivables and other securities with contractual maturities after the consolidated closing date

	Millions of yen		
	Due in one year or less	Due after one year through five years	Due after five years through ten years
Cash and cash in banks	129,217	—	—
Accounts receivable—trade	226,907	—	—
Lease investment assets	30,661	57,704	1,611
Investment securities			
Other securities with contractual maturities	—	—	—

(Note 4) Repayment schedule for bonds, long-term loans payable, lease obligation, and other interest bearing liabilities after the consolidated closing date

	Millions of yen		
	Due in one year or less	Due after one year through five years*	Due after five years
Short-term loans payable	6,834	—	—
Commercial paper	7,000	—	—
Bonds	—	15,000	35,000
Long-term loans payable	104,667	128,334	16,792
Lease obligation	842	1,961	1,775
Liabilities on transfer of long-term receivables	675	54	—

*For scheduled repayment amount per year of bonds, long-term loans payable, lease obligation, and other interest bearing liabilities due after one year through five years, please refer to “Schedule of bonds” and “Schedule of loans” in the Supplementary schedule.

2011 (From April 1, 2010 to March 31, 2011)

1. Financial instruments and related disclosures

1) Group policy for financial instruments

The Group raises necessary funds for capital investments mainly by bank loans and issuance of bonds. Short-term working funds are raised mainly by bank loans. Derivatives are used only for hedging purposes to manage the exposure of assets and liabilities to the market fluctuation risk and mainly forward foreign currency contracts are utilized to avoid foreign exchange risk on receivables and payables denominated in foreign currencies as described below. The Group does not enter into derivatives for speculative or trading purposes.

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

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

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

Derivatives mainly include forward foreign currency contracts, which are used to hedge foreign exchange risk on trade receivables and payables denominated in foreign currencies. The effectiveness of hedging is assessed using internal effectiveness management data.

Derivative transactions are controlled by the Control Department based on the application from each trading section, and the Internal Audit Department periodically examines the execution and controls on the derivative transactions. In using derivatives, the Group enters into the contracts with the high credit rating banks and believes that credit risk arising from default is quite limited.

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

3) Supplementary explanation about the fair values of financial instruments

The fair values of financial instruments comprise the quoted market price and other rationally computed values, if market price is not available. Since various variable factors are considered in computing the values, such values may vary depending on the assumptions to be adopted. The contract amounts of derivatives described in Note "Derivatives" do not indicate the amount of exposure to the market risk related to the derivatives.

2. Fair value of financial instruments

Carrying amount, fair value and related unrealized gain (loss) on financial instruments at March 31, 2011 are as follows:

	Millions of yen		
	Carrying amount (*1)	Fair value (*1)	Unrealized gain (loss)
(1) Cash and cash in banks	113,149	113,149	—
(2) Accounts receivable—trade	221,814	221,814	—
(3) Lease investment assets	87,989	89,009	1,019
(4) Investment securities			
Other securities	67,263	67,263	—
(5) Accounts payable—trade	(119,899)	(119,899)	—
(6) Short-term loans payable	(3,375)	(3,375)	—
(7) Long-term loans payable	(246,044)	(246,438)	(394)
(8) Derivatives (*2)			
1) To which hedge accounting is not applied	(31)	(31)	—
2) To which hedge accounting is applied	6	6	—

	Thousands of U.S. dollars		
	Carrying amount (*1)	Fair value (*1)	Unrealized gain (loss)
(1) Cash and cash in banks	1,360,789	1,360,789	—
(2) Accounts receivable—trade	2,667,648	2,667,648	—
(3) Lease investment assets	1,058,204	1,070,469	12,265
(4) Investment securities			
Other securities	808,937	808,937	—
(5) Accounts payable—trade	(1,441,966)	(1,441,966)	—
(6) Short-term loans payable	(40,590)	(40,590)	—
(7) Long-term loans payable	(2,959,045)	(2,963,787)	(4,741)
(8) Derivatives (*2)			
1) To which hedge accounting is not applied	(377)	(377)	—
2) To which hedge accounting is applied	72	72	—

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

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

(1) Cash and cash in banks and (2) accounts receivable—trade:
Due to their short maturities, these assets are recorded using book values because fair values approximate carrying values.

(3) Lease investment assets:
Fair values of lease investment assets are computed by discounting the aggregate values of the principal and interest using an interest rate assumed if the same lease agreement were entered.

(4) Investment securities:
Fair values of equity securities are determined by the quoted price of the stock exchange.

(5) Accounts payable—trade and (6) short-term loans payable:
Due to their short maturities, these payables are recorded using book values because fair values approximate carrying values. Short-term loans payable are stated excluding the current portion of long-term loans payable.

(7) Long-term loans payable:
Fair values of long-term loans payable are computed by discounting the aggregate values of the principal and interest of long-term loans payable classified by certain period using an interest rate assumed if the same loan were made. Long-term loans payable is stated including the current portion of long-term loans payable.

(8) Derivatives:
Information on the fair value of derivatives is included in Note "Derivatives."

(Note 2) Unlisted equity securities whose carrying amount is ¥10,602 million (US$127,516 thousand) are not included in (4) investment securities—other securities, since there is no quoted market price and it is very difficult to identify fair values by estimating future cash flows.

(Note 3) The redemption schedule for monetary receivables and other securities with contractual maturities after the consolidated closing date

	Millions of yen			Thousands of U.S. dollars		
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due in one year or less	Due after one year through five years	Due after five years through ten years
Cash and cash in banks	113,149	—	—	1,360,789	—	—
Accounts receivable—trade	221,814	—	—	2,667,648	—	—
Lease investment assets	29,580	53,562	4,846	355,754	644,169	58,280

(Note 4) Repayment schedule for short-term loans payable and long-term loans payable after the consolidated closing date

	Millions of yen			Thousands of U.S. dollars		
	Due in one year or less	Due after one year through five years*	Due after five years	Due in one year or less	Due after one year through five years*	Due after five years
Short-term loans payable	3,375	—	—	40,590	—	—
Long-term loans payable	46,550	154,530	44,963	559,835	1,858,459	540,750

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

13. Securities

2010 (March 31, 2010)

1. Other securities

Category	Carrying value	Cost	Unrealized gain (loss)
	Millions of yen		
Carrying value exceeds cost:			
1) Equity securities	77,028	20,512	56,516
2) Other	—	—	—
Sub-total	77,028	20,512	56,516
Cost exceeds carrying value:			
1) Equity securities	1,709	1,921	(212)
2) Other	—	—	—
Sub-total	1,709	1,921	(212)
Total	78,738	22,433	56,304

(Note) The above costs are stated after deducting impairment loss. Impairment loss on other securities with fair value amounted to ¥68 million for the year ended March 31, 2010.

The Company recognizes impairment loss when the fair value declines more than 50% of its acquisition cost and determines if it is necessary to recognize impairment loss after considering the movements of the individual fair value when the fair value declines to between 30% and 50% of the acquisition cost.

2. Other securities sold during 2010 (From April 1, 2009 to March 31, 2010)

Category	Carrying value	Total gains on sales	Total losses on sales
	Millions of yen		
1) Equity securities	726	20	1,761
2) Other	—	—	—
Total	726	20	1,761

2011 (March 31, 2011)

1. Other securities

Category	Millions of yen			Thousands of U.S. dollars		
	Carrying value	Cost	Unrealized gain (loss)	Carrying value	Cost	Unrealized gain (loss)
Carrying value exceeds cost:						
1) Equity securities	65,273	20,185	45,087	785,005	242,758	542,246
2) Other	—	—	—	—	—	—
Sub-total	65,273	20,185	45,087	785,005	242,758	542,246
Cost exceeds carrying value:						
1) Equity securities	1,989	2,386	(396)	23,932	28,701	(4,768)
2) Other	—	—	—	—	—	—
Sub-total	1,989	2,386	(396)	23,932	28,701	(4,768)
Total	67,263	22,571	44,691	808,937	271,459	537,478

(Note) The above costs are stated after deducting impairment loss. Impairment loss on other securities with fair value amounted to ¥80 million (US$973 thousand) for the year ended March 31, 2011.

The Company recognizes impairment loss when the fair value declines more than 50% of its acquisition cost and determines if it is necessary to recognize impairment loss after considering the movements of the individual fair value when the fair value declines to between 30% and 50% of the acquisition cost.

2. Other securities sold during 2011 (From April 1, 2010 to March 31, 2011)

Category	Millions of yen			Thousands of U.S. dollars		
	Carrying value	Total gains on sales	Total losses on sales	Carrying value	Total gains on sales	Total losses on sales
1) Equity securities	308	46	47	3,711	553	576
2) Other	—	—	—	—	—	—
Total	308	46	47	3,711	553	576

14. Derivatives

2010 (March 31, 2010)

1. Derivative transactions to which hedge accounting is not applied at March 31, 2010

(1) Currency-related derivatives

Millions of yen

Category	Type of derivatives	Contract amount	Contract amount due after one year	Fair value (*1)	Unrealized gain (loss)
Transactions other than market transactions	Currency swap contracts: U.S. $ receipt, JPY payment	315	135	(42)	(42)

(*1) Fair value is based on the amount obtained from the financial institution.

2. Derivative transactions to which hedge accounting is applied at March 31, 2010

(1) Currency-related derivatives

Millions of yen

Hedge accounting method	Type of derivatives	Major hedged items	Contract amount	Contract amount due after one year	Fair value (*1)
Normal method	Forward foreign currency contracts: Buying US$, etc.	Forecasted transaction on payables in foreign currencies	1,280	—	21
Hedged items translated using contract rates	Forward foreign currency contracts: Selling US$, etc.	Accounts receivable—trade	59	—	(*2)
	Forward foreign currency contracts: Buying US$, etc.	Accounts payable—trade	1,450	—	

(*1) Fair value is based on the amount obtained from the financial institution.
(*2) Fair values of derivatives are included in the fair values of the related accounts receivable—trade and accounts payable—trade, since they are accounted for in translating the hedged items.

2011 (March 31, 2011)

1. Derivative transactions to which hedge accounting is not applied at March 31, 2011

(1) Currency-related derivatives

Category	Type of derivatives	Millions of yen: Contract amount	Millions of yen: Contract amount due after one year	Millions of yen: Fair value (*1)	Millions of yen: Unrealized gain (loss)	Thousands of U.S. dollars: Contract amount	Thousands of U.S. dollars: Contract amount due after one year	Thousands of U.S. dollars: Fair value (*1)	Thousands of U.S. dollars: Unrealized gain (loss)
Transactions other than market transactions	Currency swap contracts: U.S. $ receipt, JPY payment	135	—	(31)	(31)	1,623	—	(377)	(377)

(*1) Fair value is based on the amount obtained from the financial institution.

2. Derivative transactions to which hedge accounting is applied at March 31, 2011

(1) Currency-related derivatives

Hedge accounting method	Type of derivatives	Major hedged items	Millions of yen: Contract amount	Millions of yen: Contract amount due after one year	Millions of yen: Fair value (*1)	Thousands of U.S. dollars: Contract amount	Thousands of U.S. dollars: Contract amount due after one year	Thousands of U.S. dollars: Fair value (*1)
Normal method	Forward foreign currency contracts: Selling US$, etc.	Forecasted transaction on receivables and payables in foreign currencies	2,375	—	(0)	28,571	—	(10)
	Forward foreign currency contracts: Buying US$, etc.		1,238	—	6	14,894	—	82
Hedged items translated using contract rates	Forward foreign currency contracts: Selling US$, etc.	Accounts receivable—trade	302	—	(*2)	3,632	—	(*2)
	Forward foreign currency contracts: Buying US$, etc.	Accounts payable—trade	805	—		9,692	—	

(*1) Fair value is based on the amount obtained from the financial institution.
(*2) Fair values of derivatives are included in the fair values of the related accounts receivable—trade and accounts payable—trade, since they are accounted for in translating the hedged items.

15. Retirement benefits obligation and pension plan

1. Overview of retirement benefit plans

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

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

2. Retirement benefits obligation

	Millions of yen		Thousands of U.S. dollars
	2010 (As of March 31, 2010)	2011 (As of March 31, 2011)	2011 (As of March 31, 2011)
A. Projected benefits obligation	(169,239)	(166,427)	(2,001,528)
B. Plan assets at fair market value	46,300	42,940	516,425
C. Unfunded retirement benefits obligation (A+B)	(122,939)	(123,486)	(1,485,102)
D. Unrecognized actuarial net loss	85,874	87,598	1,053,494
E. Unrecognized prior service cost	(2,202)	(1,652)	(19,875)
F. Retirement benefits obligation at end of year (C+D+E)	(39,268)	(37,540)	(451,484)
G. Provision for retirement benefits (F)	(39,268)	(37,540)	(451,484)

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

3. Pension expense

	Millions of yen		Thousands of U.S. dollars
	2010 (From April 1, 2009 to March 31, 2010)	2011 (From April 1, 2010 to March 31, 2011)	2011 (From April 1, 2010 to March 31, 2011)
A. Service cost	5,947	7,369	88,634
B. Interest cost on projected benefits obligation	3,501	3,227	38,814
C. Expected return on plan assets	(467)	(504)	(6,063)
D. Amortization of unrecognized actuarial net loss	5,880	7,760	93,330
E. Prior service cost recognized	(548)	(549)	(6,608)
F. Net periodic pension cost (A+B+C+D+E)	14,312	17,304	208,106
G. Other	6,802	6,929	83,337
Total	21,115	24,233	291,444

(Note) Net periodic pension cost of consolidated subsidiaries using the simplified method are added up in “A. Service cost.” “G. Other” is premium paid to a defined contribution pension plan.

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

	2010 (From April 1, 2009 to March 31, 2010)	2011 (From April 1, 2010 to March 31, 2011)
A. Allocation of projected benefits obligation	Straight-line method	Same as left
B. Discount rate	Mainly 1.9%	Mainly 1.75%
C. Expected rate of return on plan assets	Mainly 2.5%	Same as left
D. Recognition period of prior service cost	15 years (Past service obligations have been recognized evenly over the fifteen years (a period not exceeding the expected average remaining working lives of the employee) from the time of occurrence).	Same as left
E. Amortization period of actuarial net loss (gain)	12–15 years (Actuarial losses have been recognized evenly over the twelve to fifteen years (a period not exceeding the expected average remaining working lives of the employees) following the respective fiscal years when such losses are identified).	Same as left

16. Income taxes

2010
(As of March 31, 2010)

1. The significant components of the Company's deferred tax assets and liabilities

	Millions of yen
Deferred tax assets:	
(Current)	
Allowance for doubtful accounts	140
Accrued bonuses	7,538
Enterprise tax payable	663
Lease transaction	1,096
Other	9,860
Total	19,298
(Non-current)	
Allowance for doubtful accounts	600
Retirement benefits	42,941
Unrealized gain	2,005
Impairment loss	3,389
Other	7,355
Total	56,291
Sub-total	75,590
Valuation allowance	(9,475)
Total deferred tax assets	66,115
Deferred tax liabilities:	
(Current)	
Reserve for deferred gains on fixed assets	(836)
Other	(2,650)
Total	(3,486)
(Non-current)	
Reserve for deferred gains on fixed assets	(17,294)
Gain on securities contribution to employees' retirement benefits trust	(20,960)
Unrealized gain on securities	(22,915)
Other	(2,031)
Total	(63,202)
Total deferred tax liabilities	(66,688)
Total net deferred tax assets and liabilities:	
Total net deferred tax assets—current	15,234
Total net deferred tax liabilities—non-current	(15,808)
Total	(573)

2. Breakdown of items which caused the difference between the statutory tax rate and the effective tax rate after adoption of tax effect accounting

Statutory rate	40.7%
(Adjustment)	
Non-deductible items	3.8%
Non-taxable items	(4.8)%
Inhabitants' minimum taxes	5.2%
Loss on investments under equity method	12.4%
Profit on a change in interest in an affiliate	(3.9)%
Adjustment due to sales of shares in an affiliate	(6.8)%
Other, net	1.6%
Effective tax rate	48.2%

2011
(As of March 31, 2011)

1. The significant components of the Company's deferred tax assets and liabilities

	Millions of yen	Thousands of U.S. dollars
Deferred tax assets:		
(Current)		
Allowance for doubtful accounts	185	2,233
Accrued bonuses	7,508	90,306
Enterprise tax payable	460	5,532
Lease transaction	658	7,919
Other	8,397	100,988
Total	17,210	206,980
(Non-current)		
Allowance for doubtful accounts	619	7,454
Retirement benefits	42,625	512,636
Unrealized gain	3,308	39,784
Impairment loss	3,390	40,773
Asset retirement obligations	3,294	39,625
Other	9,291	111,742
Total	62,530	752,018
Sub-total	79,740	958,999
Valuation allowance	(14,582)	(175,376)
Total deferred tax assets	65,158	783,622
Deferred tax liabilities:		
(Current)		
Reserve for deferred gains on fixed assets	(1,063)	(12,793)
Other	(2,759)	(33,191)
Total	(3,823)	(45,984)
(Non-current)		
Reserve for deferred gains on fixed assets	(18,852)	(226,727)
Gain on securities contribution to employees' retirement benefits trust	(20,960)	(252,080)
Unrealized gain on securities	(18,189)	(218,753)
Other	(2,879)	(34,631)
Total	(60,881)	(732,193)
Total deferred tax liabilities	(64,705)	(778,178)
Total net deferred tax assets—current	12,863	154,700
Total net deferred tax liabilities—current	(32)	(396)
Total net deferred tax assets—non-current	5,132	61,726
Total net deferred tax liabilities—non-current	(17,510)	(210,585)

2. Breakdown of items which caused the difference between the statutory tax rate and the effective tax rate after adoption of tax effect accounting

Statutory rate	40.7%
(Adjustment)	
Non-deductible items	4.7%
Non-taxable items	(5.2)%
Inhabitants' minimum taxes	5.0%
Changes in valuation allowance	22.2%
Difference in tax rate applicable to foreign subsidiaries	(3.6)%
Other, net	(5.6)%
Effective tax rate	58.2%

17. Business combination

2010 (From April 1, 2009 to March 31, 2010)

(Business divestiture)

1. Name of the company to which the business was transferred, the content of the transferred business, major reason for the business split and outline of the transaction, including the date of the business split and legal form of the split
   (1) Name of the company to which the business was transferred and the content of the transferred business
   Name of the company: JPExpress Co., Ltd.
   Business: Small-package delivery business
   Content of the business: The whole small-package delivery business (all the necessary operations from acceptance through delivery)
   (2) Major reason for the business split
   This company split was conducted in order to develop competitive products and services and provide customers with them by making best use of the brands, customer base, network, know-how and others which had been developed between the Company and Japan Post Service Co., Ltd.
   (3) Date of the business split
   April 1, 2009
   (4) Outline of the transaction, including the legal form of the split
   Absorption-type company split with the Company being the splitting company and JPExpress Co., Ltd. being the succeeding company

2. Summary of accounting treatment
   (1) Retained earnings transferred
   ¥2,478 million
   * Including earnings from the change in interest resulting from the capital increase by third party allotments conducted simultaneously with the split.
   (2) Adequate book values of the assets and liabilities of the business transferred, along with their details

	Millions of yen
Current assets	192
Tangible fixed assets	10,773
Intangible fixed assets	1,736
Investments and other assets	536
Non-current assets	13,047
Total assets	13,239
Current liabilities	0
Long-term liabilities	0
Total liabilities	0

2011 (From April 1, 2010 to March 31, 2011)

Not applicable

18. Asset retirement obligations

End of 2011 (March 31, 2011)

Asset retirement obligations that are stated in consolidated balance sheets

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

(2) Method for calculating the asset retirement obligations
The asset retirement obligations are calculated using 0.160%–2.315% discount rate over the two to fifty years duration of use in most cases, and estimated based on the depreciation period.

(3) Changes in total asset retirement obligations during 2011

	Millions of yen	Thousands of U.S. dollars
Balance at beginning of the year (Note)	11,177	134,430
Increase due to acquisition of property and equipment	172	2,070
Adjustment due to passage of time	169	2,032
Decrease due to performance of asset retirement obligations	(179)	(2,161)
Other	(7)	(96)
Balance at end of the year	11,331	136,276

(Note) This balance at beginning of the year was result of the adoption of ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" issued on March 31, 2008 and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations" issued on March 31, 2008.

19. Investment and rental property

2010 (From April 1, 2009 to March 31, 2010)

(Additional information)
On November 28, 2008, the ASBJ issued ASBJ Statement No. 20 "Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" and issued ASBJ Guidance No. 23 "Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property." The Company and consolidated subsidiaries (the "Group") applied the new accounting standard and guidance effective the year ended March 31, 2010.

The Company and certain consolidated subsidiaries hold some rental properties such as office buildings, parking lots and land throughout the nation. Net rental profit (rental income included in net sales less rental expenses included in cost of sales) and other losses (included in loss on disposal of noncurrent assets) on investment and rental property for the year ended March 31, 2010 were ¥5,475 million and negative ¥595 million, respectively.

The carrying amounts, changes in balances and market prices of such properties are as follows:

Millions of yen

Carrying amount			Fair value as of March 31, 2010
March 31, 2009	Increase (Decrease)	March 31, 2010	
34,996	(900)	34,095	101,591

(Notes) 1. Carrying amount recognized in the balance sheet is stated at acquisition cost less accumulated depreciation.
2. Decrease during the year ended March 31, 2010 primarily consists of depreciation and disposal of properties.
3. Fair value of properties as of March 31, 2010 is measured by the real estate appraisal reports from the real estate appraisers for significant properties.

2011 (From April 1, 2010 to March 31, 2011)

The Company and certain consolidated subsidiaries hold some rental properties such as office buildings, parking lots and land throughout the nation. Net rental profit (rental income included in net sales less rental expenses included in cost of sales) and other losses (included in loss on disposal of noncurrent assets) on investment and rental property for the year ended March 31, 2011 were ¥5,556 million (US$66,826 thousand) and ¥134 million (US$1,617 thousand), respectively.

The carrying amounts, changes in balances and market prices of such properties are as follows:

Millions of yen

Carrying amount			Fair value as of March 31, 2011
March 31, 2010	Increase (Decrease)	March 31, 2011	
34,095	8,354	42,450	112,901

Thousands of U.S. dollars

Carrying amount			Fair value as of March 31, 2011
March 31, 2010	Increase (Decrease)	March 31, 2011	
410,044	100,480	510,524	1,357,804

(Notes) 1. Carrying amount recognized in the balance sheet is stated at acquisition cost less accumulated depreciation.
2. Increase during the year ended March 31, 2011 primarily consists of increased properties.
3. Fair value of properties as of March 31, 2011 is measured by the real estate appraisal reports from the real estate appraisers for significant properties.

20. Segment information

Industry segment information

	Millions of yen					
	2010 (From April 1, 2009 to March 31, 2010)					
	Distribution & Transportation	Goods Sales	Other	Sub-total	Adjustment & eliminations	Total
I Revenues & operating income						
Revenues						
(1) Revenues from external customers	1,284,772	266,211	18,649	1,569,633	—	1,569,633
(2) Intersegment revenues or money transfers	3,600	60,126	15,270	78,996	(78,996)	—
Total	1,288,373	326,337	33,919	1,648,630	(78,996)	1,569,633
Operating expenses	1,256,001	320,446	32,500	1,608,949	(76,851)	1,532,098
Operating income	32,371	5,890	1,418	39,680	(2,145)	37,535
II Identifiable assets, depreciation & amortization, loss on impairment and capital expenditure Identifiable assets	999,776	232,881	43,743	1,276,401	(74,599)	1,201,801
Depreciation & amortization	45,880	6,366	764	53,011	(565)	52,446
Loss on impairment	96	207	160	464	—	464
Capital expenditure	47,522	6,827	1,995	56,346	(66)	56,279

(Notes) 1. Method of segmentation and names of main lines of business and goods.
(1) Method of segmentation: Three segments including “Distribution and Transportation,” “Goods Sales,” and “Other.”
(2) Names of main lines of business and goods

Business segment	Main lines of business
Distribution and Transportation	Railway forwarding, motor transportation, marine transportation, harbor transportation, air freight forwarding, warehousing, heavy haulage and construction, in-factory work and other transport operations
Goods Sales	Sales and leasing of distribution equipment, wrapping and packing materials, vehicles, petroleum and LP gas, etc., vehicle maintenance services and insurance sales
Other	Mediation, planning and designing, and management of real estate, investigation and research, money lending, automobile operation instruction and employee dispatching

2. Corporate operating expenses included in the “Adjustment & eliminations” account totaled ¥1,526 million. The most significant portion of this expense relates to the corporate image advertising and the Company’s administration of group companies.
3. Corporate assets included in the “Adjustment & eliminations” account totaled ¥748 million. Corporate assets mainly represent assets held by the corporate division of the Company.

Geographic segment information

	Millions of yen						
	2010 (From April 1, 2009 to March 31, 2010)						
	Japan	The Americas	Europe	Asia & Oceania	Sub-total	Adjustment & eliminations	Total
I Revenues & operating income							
Revenues							
(1) Revenues from external customers	1,412,630	29,794	40,006	87,201	1,569,633	—	1,569,633
(2) Intersegment revenues or money transfers	6,248	7,922	4,717	6,629	25,517	(25,517)	—
Total	1,418,878	37,717	44,724	93,830	1,595,150	(25,517)	1,569,633
Operating expenses	1,384,102	37,501	44,284	90,754	1,556,644	(24,546)	1,532,098
Operating income	34,775	215	439	3,075	38,506	(971)	37,535
II Assets	1,114,396	26,934	34,502	56,251	1,232,085	(30,283)	1,201,801

(Notes) 1. Countries and regions are categorized on the basis of geographic proximity.
2. Main countries and regions in segments other than Japan are as follows:
(1) The Americas ...........U.S.A., Canada, South and Central America
(2) Europe ....United Kingdom, the Netherlands, Germany, and other European nations
(3) Asia & Oceania ....China, Singapore, Australia, and other Asian and Oceanian nations
3. Corporate operating expenses included in the “Adjustment & eliminations” account are the same as in Note 2 of the “Industry segment information.”
4. Corporate assets included in the “Adjustment & eliminations” account are the same as in Note 3 of the “Industry segment information.”

Foreign operations

	Millions of yen			
	2010 (From April 1, 2009 to March 31, 2010)			
	The Americas	Europe	Asia & Oceania	Total
I Revenue from foreign operations	63,815	65,097	153,005	281,918
II Total revenue				1,569,633
III Ratio to total revenue (%)	4.1	4.1	9.8	18.0

(Notes) 1. Revenues from foreign operations are revenues achieved outside Japan by the Company and its consolidated subsidiaries.
2. Countries and regions are categorized on the basis of geographic proximity.
3. Main countries and regions in each segment are as follows:
(1) The Americas .... U.S.A., Canada, South and Central America
(2) Europe .... United Kingdom, the Netherlands, Germany and other European nations, and Africa
(3) Asia & Oceania .... China, Singapore, Australia and other Asian and Oceanian nations

Segment information

1. Outline of the reportable segments

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

The Company's head office comprises functional headquarters including Domestic Business Headquarters, International Business Headquarters, and Sales Promotion Headquarters. Each headquarters is responsible for developing comprehensive strategies for its products and services both in Japan and abroad, and engages in business activities based on such strategies. Under each headquarters, regional general managers are appointed to cover specific geographic regions as well as business divisions specializing in specific products and services, providing a structure that allows regional management and/or concerned field offices to make optimum business decisions on their own.

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

Combined Business segment (Distribution & Transportation, domestic companies) happens to deploy subsidiaries/affiliates and branches in each geographical regions (areas), which however are still presented as one reportable segment because of their similarity in the nature of business as well as financial characteristics.

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

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

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

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

Accounting principle for the business segments reported is the same as stated in “Significant matters serving as a basis for the presentation of consolidated financial statements.”

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

2010 (From April 1, 2009 to March 31, 2010)

Millions of yen

	Distribution & Transportation						
	Domestic companies					Overseas companies	
	Combined Business	Security Transportation	Heavy Haulage & Construction	Air Freight Forwarding & Travel	Marine & Harbor Transportation	The Americas	Europe
Revenues							
Revenues from external customers	745,058	60,849	38,872	182,763	103,959	29,794	40,006
Intersegment revenues or money transfers	5,945	26	422	1,096	6,758	7,922	4,717
Total	751,004	60,875	39,294	183,860	110,717	37,717	44,724
Segment income	14,735	3,654	4,242	2,640	3,345	215	439
Segment assets	473,929	79,192	12,681	99,978	87,663	26,934	34,502
Other items							
Depreciation and amortization	26,314	3,133	1,635	3,237	4,461	969	1,037
Amortization of goodwill	—	—	—	—	—	—	—
Investment in associates accounted for by the equity method	4,789	—	—	1,000	1,015	—	—
Increase in property and equipment and intangible assets	26,435	5,664	544	4,516	3,641	1,596	631

Millions of yen

	Distribution & Transportation Overseas companies Asia & Oceania (Note 1)	Goods Sales	Other	Sub-total	Adjustment (Note 2)	Total (Note 3)
Revenues						
Revenues from external customers	87,201	263,066	18,061	1,569,633	—	1,569,633
Intersegment revenues or money transfers	6,629	59,632	14,285	107,437	(107,437)	—
Total	93,830	322,699	32,347	1,677,070	(107,437)	1,569,633
Segment income	3,067	5,836	1,447	39,624	(2,089)	37,535
Segment assets	58,626	229,918	43,012	1,146,441	55,360	1,201,801
Other items						
Depreciation and amortization	994	5,864	731	48,379	3,314	51,693
Amortization of goodwill	632	412	13	1,057	(304)	752
Investment in associates accounted for by the equity method	2,643	—	2	9,452	—	9,452
Increase in property and equipment and intangible assets	689	6,761	1,971	52,453	3,825	56,279

(Notes) 1. Although Asia & Oceania (Distribution & Transportation, overseas companies) has been divided into East Asia (Distribution & Transportation, overseas companies) and South Asia & Oceania (Distribution & Transportation, overseas companies), due to an organization change in the year ended March 31, 2011, figures for the previous fiscal year were undividable, and thus stated on the basis of the previous classification.

2. Detail of the adjustment is as follows.

(1) Negative ¥2,089 million adjustment in Segment income includes negative ¥974 million elimination of intersegment income and negative ¥1,526 million corporate expenses not allocated to each reportable segment. The most significant portion of corporate expenses relates to the corporate image advertising and the Company's administration of group companies.

(2) ¥55,360 million adjustment in Segment assets includes negative ¥102,944 million elimination of intersegment income and ¥160,733 million corporate assets not allocated to each reportable segment. Corporate assets mainly represent cash and cash in banks, securities and noncurrent assets held by head office not attributable to each reportable segment.

(3) Adjustment in Depreciation and amortization represents the depreciation and amortization at head office not attributable to each reportable segment.

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

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

2011 (From April 1, 2010 to March 31, 2011)

Millions of yen

	Distribution & Transportation						
	Domestic companies					Overseas companies	
	Combined Business	Security Transportation	Heavy Haulage & Construction	Air Freight Forwarding & Travel	Marine & Harbor Transportation	The Americas	Europe
Revenues							
Revenues from external customers	711,308	59,515	33,744	202,099	116,059	32,898	40,309
Intersegment revenues or money transfers	6,130	26	612	1,308	8,156	9,907	4,760
Total	717,439	59,542	34,356	203,408	124,216	42,806	45,069
Segment income	8,381	1,806	2,685	952	5,439	1,584	1,784
Segment assets	474,630	52,833	10,210	94,118	91,465	26,401	30,871
Other items							
Depreciation and amortization	25,929	3,236	1,036	4,362	4,621	852	837
Amortization of goodwill	—	—	—	—	—	—	—
Investment in associates accounted for by the equity method	4,935	—	—	1,005	1,082	—	—
Increase in property and equipment and intangible assets	28,157	2,580	536	3,476	6,323	1,264	640

Millions of yen

	Distribution & Transportation		Goods Sales	Other	Sub-total	Adjustment (Note 1)	Total (Note 2)
	Overseas companies						
	East Asia	South Asia & Oceania					
Revenues							
Revenues from external customers	70,879	42,878	287,929	19,561	1,617,185	—	1,617,185
Intersegment revenues or money transfers	6,075	2,686	64,578	16,418	120,662	(120,662)	—
Total	76,955	45,564	352,507	35,980	1,737,847	(120,662)	1,617,185
Segment income	2,098	1,391	7,053	1,509	34,687	(3,057)	31,629
Segment assets	35,836	24,782	229,119	47,715	1,117,985	29,554	1,147,539
Other items							
Depreciation and amortization	442	589	5,415	723	48,048	3,515	51,563
Amortization of goodwill	278	342	285	—	906	—	906
Investment in associates accounted for by the equity method	1,277	1,407	—	2	9,711	—	9,711
Increase in property and equipment and intangible assets	408	1,885	8,447	1,361	55,082	1,650	56,733

	Thousands of U.S. dollars						
	Distribution & Transportation						
	Domestic companies					Overseas companies	
	Combined Business	Security Transportation	Heavy Haulage & Construction	Air Freight Forwarding & Travel	Marine & Harbor Transportation	The Americas	Europe
Revenues							
Revenues from external customers	8,554,526	715,761	405,825	2,430,544	1,395,790	395,656	484,780
Intersegment revenues or money transfers	73,732	323	7,361	15,733	98,090	119,150	57,251
Total	8,628,259	716,085	413,186	2,446,278	1,493,880	514,806	542,032
Segment income	100,793	21,726	32,298	11,456	65,419	19,058	21,463
Segment assets	5,708,119	635,395	122,790	1,131,913	1,100,002	317,515	371,279
Other items							
Depreciation and amortization	311,841	38,921	12,466	52,466	55,586	10,249	10,076
Amortization of goodwill	—	—	—	—	—	—	—
Investment in associates accounted for by the equity method	59,358	—	—	12,091	13,021	—	—
Increase in property and equipment and intangible assets	338,630	31,040	6,456	41,809	76,050	15,211	7,706

	Thousands of U.S. dollars						
	Distribution & Transportation		Goods Sales	Other	Sub-total	Adjustment (Note 1)	Total (Note 2)
	Overseas companies						
	East Asia	South Asia & Oceania					
Revenues							
Revenues from external customers	852,434	515,674	3,462,767	235,251	19,449,013	—	19,449,013
Intersegment revenues or money transfers	73,072	32,307	776,652	197,462	1,451,139	(1,451,139)	—
Total	925,507	547,981	4,239,419	432,713	20,900,152	(1,451,139)	19,449,013
Segment income	25,232	16,736	84,825	18,153	417,165	(36,774)	380,391
Segment assets	430,984	298,051	2,755,498	573,853	13,445,404	355,430	13,800,834
Other items							
Depreciation and amortization	5,321	7,089	65,131	8,706	577,856	42,273	620,129
Amortization of goodwill	3,347	4,124	3,433	—	10,904	—	10,904
Investment in associates accounted for by the equity method	15,361	16,930	—	32	116,795	—	116,795
Increase in property and equipment and intangible assets	4,909	22,671	101,592	16,369	662,447	19,853	682,301

(Notes) 1. Detail of the adjustment is as follows.

(1) Negative ¥3,057 million (negative US$36,774 thousand) adjustment in Segment income includes negative ¥1,627 million (negative US$19,574 thousand) elimination of intersegment income, and negative ¥1,532 million (negative US$18,429 thousand) corporate expenses not allocated to each reportable segment. The most significant portion of corporate expenses relates to the corporate image advertising and the Company's administration of group companies.

(2) ¥29,554 million (US$355,430 thousand) adjustment in Segment assets includes negative ¥105,513 million (negative US$1,268,949 thousand) elimination of intersegment income, and ¥137,631 million (US$1,655,225 thousand) corporate assets not allocated to each reportable segment. Corporate assets mainly represent cash and cash in banks, securities and noncurrent assets held by head office not attributable to each reportable segment.

(3) Adjustment in Depreciation and amortization represents the depreciation and amortization at head office not attributable to each reportable segment.

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

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

(Additional information)

On March 27, 2009, the ASBJ revised ASBJ Statement No. 17 "Accounting Standard for Disclosures about Segments of an Enterprise and Related information" and on March 21, 2008 the ASBJ issued ASBJ Guidance No. 20 "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information." Effective the year ended March 31, 2011, the Company adopted the revised accounting standard and guidance.

Related information

2011 (From April 1, 2010 to March 31, 2011)

1. Information regarding products and services

Millions of yen

	Railway utilization transportation	Combined delivery services	Chartered truck services	Moving & relocation	Warehousing & distribution processing	In-factory work	Real estate rental	Air freight forwarding	Travel	Marine & harbor transportation
Revenues from external customers	79,185	69,078	228,825	61,010	154,473	45,558	14,414	287,179	6,402	184,343

Millions of yen

	Fine arts transportation	Security transportation	Heavy haulage & construction	Other distribution & transportation	Lease	Sales of petroleum, etc.	Sales of others	Other	Total
Revenues from external customers	3,137	76,127	45,866	50,084	46,835	164,291	80,065	20,305	1,617,185

Thousands of U.S. dollars

	Railway utilization transportation	Combined delivery services	Chartered truck services	Moving & relocation	Warehousing & distribution processing	In-factory work	Real estate rental	Air freight forwarding	Travel	Marine & harbor transportation
Revenues from external customers	952,319	830,770	2,751,963	733,738	1,857,763	547,902	173,353	3,453,747	77,001	2,217,000

Thousands of U.S. dollars

	Fine arts transportation	Security transportation	Heavy haulage & construction	Other distribution & transportation	Lease	Sales of petroleum, etc.	Sales of others	Other	Total
Revenues from external customers	37,737	915,546	551,607	602,344	563,264	1,975,844	962,907	244,198	19,449,013

2. Information by region
   (1) Revenues

Millions of yen

Japan	The Americas	Europe	Asia & Oceania	Total
1,267,542	81,801	71,758	196,082	1,617,185

Thousands of U.S. dollars

Japan	The Americas	Europe	Asia & Oceania	Total
15,244,052	983,779	863,000	2,358,180	19,449,013

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

(2) Property and equipment
Description is omitted because the proportion of property and equipment held in Japan exceeds 90% of the balance of property and equipment stated on the consolidated balance sheets.

3. Information about major customers
Description is omitted because there is no particular customer, revenue from which exceeds 10% of revenues stated on the consolidated statements of operations.

Information about impairment loss of non-current assets by each reportable segment

2011 (From April 1, 2010 to March 31, 2011)

Not applicable.

Information about amortization and unamortized balance of goodwill by each reportable segment

2011 (From April 1, 2010 to March 31, 2011)

Millions of yen

	Distribution & Transportation									Goods Sales	Other	Total
	Domestic companies					Overseas companies						
	Combined Business	Security Transportation	Heavy Haulage & Construction	Air Freight Forwarding & Travel	Marine & Harbor Transportation	The Americas	Europe	East Asia	South Asia & Oceania			
Balance at end of the year	—	—	—	—	—	—	—	513	437	367	—	1,318

	Thousands of U.S. dollars										
	Distribution & Transportation								Goods Sales	Other	Total
	Domestic companies					Overseas companies					
	Combined Business	Security Transportation	Heavy Haulage & Construction	Air Freight Forwarding & Travel	Marine & Harbor Transportation	The Americas	Europe	East Asia	South Asia & Oceania			
Balance at end of the year	—	—	—	—	—	—	—	6,170	5,266	4,424	—	15,861

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

Information about gain on negative goodwill by each reportable segment

2011 (From April 1, 2010 to March 31, 2011)

Description is omitted because the amount is immaterial.

21. Related party information

2010 (From April 1, 2009 to March 31, 2010)

1. Related party transactions

(1) Transactions between the Company and related parties

(A) Unconsolidated subsidiaries and affiliates

Type	Name	Location	Capital (Millions of yen)	Main line of business or occupation	Ownership of voting rights	Relationship	Nature of transactions	Amounts of transactions (Millions of yen)	Item	Balance at end of the year (Millions of yen)
Affiliate (Note 1)	JPExpress Co., Ltd.	Minato-ku, Tokyo	25,000	Small-package delivery business and its related services	14% directly owned (Note 1)	—	Transfer of business (Note 2)	Total assets transferred 13,239 Total liabilities transferred 0 Consideration 13,238 Earnings from a change in interest 2,478	—	—

(Terms and conditions of the transaction and its policies)

(Notes) 1. The company is not considered to be a related party at March 31, 2010 because certain shares were transferred on October 23, 2009. The ownership at March 31, 2010 is presented above.

2. This transaction was conducted in accordance with the absorption-type company split agreement on the small-package delivery business and determined based on the appraisal value and book value of the business.

2. Notes to parent company or significant affiliate

(1) Summary of financial information of significant affiliate

The significant affiliate of the year ended March 31, 2010 is JPExpress Co., Ltd. whose financial information is as follows:

	Millions of yen
	*JPExpress Co., Ltd.
Total current assets	32,347
Total non-current assets	29,064
Total current liabilities	33,814
Total non-current liabilities	3,420
Total net assets	24,176
Net sales	57,114
Loss before income taxes	(24,417)
Net loss	(24,609)

Because certain shares were sold on October 23, 2009 and accordingly, the company was excluded from the scope of affiliates in the third quarter of the year ended March 31, 2010, above information is based on the financial data at September 30, 2009

2011 (From April 1, 2010 to March 31, 2011)

Not applicable.

22. Per share information

	Yen		U.S. cents
	2010 (From April 1, 2009 to March 31, 2010)	2011 (From April 1, 2010 to March 31, 2011)	2011 (From April 1, 2010 to March 31, 2011)
Net assets per share	464.38	448.29	539.13
Net income per share	12.05	8.19	9.84

(Notes) 1. Diluted net income per share is not stated because there were no residual securities.
2. Basis for calculation of net assets per share is as follows:

	Millions of yen		Thousands of U.S. dollars
	2010 (March 31, 2010)	2011 (March 31, 2011)	2011 (March 31, 2011)
Total net assets on consolidated balance sheets	495,883	479,898	5,771,475
Net assets related to common stock	484,253	467,451	5,621,784
Breakdown of difference:			
Minority interests	11,629	12,446	149,690
Number of common stock issued (1,000 shares)	1,062,299	1,062,299	—
Treasury stock of common stock (1,000 shares)	19,500	19,559	—
Number of common stock used to calculate net assets per share (1,000 shares)	1,042,798	1,042,740	—

3. Basis for calculation of net income per share is as follows:

	Millions of yen		Thousands of U.S. dollars
	2010 (From April 1, 2009 to March 31, 2010)	2011 (From April 1, 2010 to March 31, 2011)	2011 (From April 1, 2010 to March 31, 2011)
Net income per share			
Net Income	12,566	8,541	102,723
Net income related to common stock	12,566	8,541	102,723
Weighted average number of common stock during the year (1,000 shares)	1,042,827	1,042,770	—

23. Significant subsequent events

2010 (From April 1, 2009 to March 31, 2010)

Not applicable.

2011 (From April 1, 2010 to March 31, 2011)

Not applicable.

24. Supplementary schedule

Schedule of bonds

			Millions of yen		Thousands of U.S. dollars			
Issuer	Name of bond	Issuance date	Balance as of March 31, 2010	Balance as of March 31, 2011	Balance as of March 31, 2011	Interest rate (%)	Collateral	Maturity
NIPPON EXPRESS CO., LTD.	3rd Unsecured Straight Bonds	January 30, 2008	20,000	20,000	240,529	1.59	Unsecured	January 30, 2018
	4th Unsecured Straight Bonds	June 1, 2009	15,000	15,000	180,396	1.12	Unsecured	May 30, 2014
	5th Unsecured Straight Bonds	June 1, 2009	15,000	15,000	180,396	1.82	Unsecured	May 31, 2019
Total	—	—	50,000	50,000	601,322	—	—	—

(Note) The repayment schedule of bonds for five years subsequent to March 31, 2011, is summarized as follows:

Millions of yen					Thousands of U.S. dollars				
Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
—	—	—	15,000	—	—	—	—	180,396	—

Schedule of loans

Category	Balance as of March 31, 2010 (Millions of yen)	Balance as of March 31, 2011 (Millions of yen)	Balance as of March 31, 2011 (Thousands of U.S. dollars)	Average interest rate (%)	Due date
Short-term loans payable	6,834	3,375	40,590	1.1	—
Current portion of long-term loans payable	104,667	46,550	559,835	1.2	—
Current portion of lease obligation	842	730	8,781	—	—
Long-term loans payable (excluding current portion)	145,127	199,494	2,399,210	1.1	Final due date: September 17, 2029
Lease obligation (excluding current portion)	3,737	3,116	37,479	—	Final due date: August 2, 2029
Other interest-bearing debt					
Commercial paper (current portion)	7,000	—	—	—	—
In-house savings deposits by employees	29,932	29,670	356,833	0.6	—
Current portion of liabilities on transfer of long-term receivables	675	54	650	1.2	—
Liabilities on transfer of long-term receivables (excluding current portion)	54	—	—	—	—
Total	298,871	282,991	3,403,380	—	—

(Notes) 1. Average interest rates are stated at weighted average interest rates on the average balance of borrowings for the year. However, average interest rates are not stated for either current portion of lease obligation or lease obligation (excluding current portion), since the interest portion in the total lease payment has been allocated to each fiscal year by the straight line method.
2. The repayment schedule of long-term loans payable and lease obligation (excluding current portion) for five years subsequent to March 31, 2011, is summarized as follows:

	Millions of yen				Thousands of U.S. dollars			
	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
Long-term loans payable	70,546	41,641	10,567	31,775	848,426	500,795	127,095	382,141
Lease obligation	604	472	370	854	7,271	5,676	4,450	10,277

3. Deposits in the in-house savings deposits by employees are recorded as Deposits from employees in the consolidated balance sheets.
4. Current portion of liabilities on transfer of long-term receivables is included in "Other" under current liabilities in the consolidated balance sheets.

Schedule of asset retirement obligations

Description is omitted because the amounts of asset retirement obligations at the end of the year ended March 31, 2011 and the year immediately preceding the year ended March 31, 2011 are both less than one hundredth of the total of liabilities and net assets of the respective fiscal years.

(2) Other

Quarterly information on revenues, etc. in 2011

	Millions of yen			
	1Q From April 1, 2010 to June 30, 2010	2Q From July 1, 2010 to September 30, 2010	3Q From October 1, 2010 to December 31, 2010	4Q From January 1, 2011 to March 31, 2011
Revenues	398,552	405,811	409,103	403,717
Income (loss) before income taxes and minority interests	(4,499)	13,393	10,900	3,197
Net income (loss)	(2,089)	6,357	5,834	(1,561)
Net income (loss) per share (yen)	(2.00)	6.10	5.60	(1.50)

	Thousands of U.S. dollars			
	1Q From April 1, 2010 to June 30, 2010	2Q From July 1, 2010 to September 30, 2010	3Q From October 1, 2010 to December 31, 2010	4Q From January 1, 2011 to March 31, 2011
Revenues	4,793,176	4,880,474	4,920,067	4,855,294
Income (loss) before income taxes and minority interests	(54,116)	161,075	131,090	38,456
Net income (loss)	(25,129)	76,454	70,174	(18,775)
Net income (loss) per share (U.S. dollars)	(0.02)	0.07	0.07	(0.02)

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3, Uchisaiwai-cho,
Chiyoda-ku, Tokyo, Japan 100-0011

Tel : +81 3 3503 1100
Fax: +81 3 3503 1197

Report of Independent Auditors

The Board of Directors
Nippon Express Co., Ltd.

We have audited the accompanying consolidated balance sheets of Nippon Express Co., Ltd. and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended and consolidated statement of comprehensive income for the year ended March 31, 2011, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Express Co., Ltd. and consolidated subsidiaries at March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Supplemental Information

As stated in the significant matters serving as a basis for the presentation of consolidated financial statements, the Company adopted "Accounting Standard for Asset Retirement Obligations" and "Guidance on Accounting Standard for Asset Retirement Obligations" from this consolidated fiscal year.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Notes to Consolidated Financial Statement Item 1.

Ernst & Young ShinNihon LLC

June 29, 2011

The Americas

NIPPON EXPRESS U.S.A., INC.
590 Madison Avenue, 24th Floor
New York, NY 10022, U.S.A.

NEX TRANSPORT, INC.
13900 State Route 287
East Liberty, OH 43319, U.S.A.

NIPPON EXPRESS TRAVEL USA, INC.
8 California Street, 8th Floor
San Francisco, CA 94111, U.S.A.

NIPPON EXPRESS CANADA, LTD.
6250 Edwards Boulevard, Mississauga
Ontario L5T 2X3, Canada

NIPPON EXPRESS DO BRASIL
Rua Fortaleza 53, Bela Vista
São Paulo, SP, CEP 01325-010, Brazil

NITTSU DO BRASIL COMERCIAL, LTDA.
Rua Fortaleza 53, Bela Vista
São Paulo, SP, CEP 01325-010, Brazil

NIPPON EXPRESS DE MEXICO, S.A. DE C.V.
Avenida Michoacan No. 20, Col. Renovacion
Del. Iztapalapa Parque Industrial FINSA Nave #5
Mexico D.F., C.P. 09209, Mexico

NEX GLOBAL LOGISTICS DE MEXICO, S.A. DE C.V.
Blvd. Bellas Artes #20240 B & C
Ciudad Industrial
Delegación Mesa de Otay, Tijuana
Baja California, C.P. 22444, Mexico

Europe

NIPPON EXPRESS (DEUTSCHLAND) GMBH
Marie-Bernays-Ring 23, 41199 Möenchengladbach
F.R. Germany

NIPPON EXPRESS (RUSSIA) LIMITED LIABILITY COMPANY
2nd Hutorskaya st. 38A, Bldg. No. 23
Moscow 127287, Russia

NEX LOGISTICS EUROPE GMBH
Marie-Bernays-Ring 23, 41199 Möenchengladbach
F. R. Germany

NIPPON EXPRESS (U.K.) LTD.
Heathrow 360
2 Millington Road, Hayes, Middlesex UB3 4AZ, U.K.

NIPPON EXPRESS (IRELAND) LTD.
Unit 6, Plato Business Park, Damastown
Mulhuddart, Dublin 15, Ireland

NIPPON EXPRESS (NEDERLAND) B.V.
Cessnalaan 24, 1119 NL Schiphol-Rijk, The Netherlands

NIPPON EXPRESS EURO CARGO B.V.
Cessnalaan 24, 1119 NL Schiphol-Rijk, The Netherlands

NIPPON EXPRESS (BELGIUM) N.V./S.A.
Brucargo Bldg. 723, 1931 Zaventem, Belgium

NIPPON EXPRESS FRANCE, S.A.
1, Rue Du Chapelier, B.P. 18177
95702 Roissy Aeroport Charles De Gaulle, France

NIPPON EXPRESS (ITALIA) S.R.L.
Via Londra 12, 20090 Segrate (MI), Italy

NIPPON EXPRESS (SCHWEIZ) AG
Grindel Strasse 19, 8303 Bassersdorf, Switzerland

NIPPON EXPRESS DE ESPAÑA, S.A.
Centro de Carga Aerea, Aeropuerto de Barajas
Parcela 2.1, Nave 2, 28042 Madrid, Spain

NIPPON EXPRESS PORTUGAL S.A.
Aeroporto De Lisboa, Edificio 125, Piso 3
Gab 6, 1700 Lisbon, Portugal

NIPPON EXPRESS (MIDDLE EAST) L.L.C.
c/o Airlink Jebel Ali Logistics Centre, P.O. Box 17341
Jebel Ali, Dubai, United Arab Emirates

NIPPON EXPRESS (ISTANBUL) GLOBAL LOGISTICS A.S.
Istanbul Dunya Ticaret Merkezi A2 Block Kat. 3
No : 162, 34149 Sevketiye Mh.
Bakirkoy, Istanbul, Turkey

East Asia

NIPPON EXPRESS (H.K.) CO., LTD.
1101 Chinachem Golden Plaza
77 Mody Road, Tsim Sha Tsui East
Kowloon, Hong Kong

NIPPON EXPRESS (SHENZHEN) CO., LTD.
B 105-36 Futian Free Trade Zone, Shenzhen P.R.C.

NIPPON EXPRESS (ZHUHAI) CO., LTD.
No.1 Ping Dong 5 Road
Nan Pin High-Technology Industry Area
Zhuhai, Guangdong 519060, P.R.C.

NIPPON EXPRESS (SOUTH CHINA) CO., LTD.
Room1312, Hongchang Plaza, Shennan East Road
Luohu, Shenzhen 518002, P.R.C

NIPPON EXPRESS (CHINA) CO., LTD.
Room E508-513, ACLP International Building
No. 566 Shunping Road, Shunyi District
Beijing 101300, P.R.C.

NIPPON EXPRESS CARGO SERVICE (SHENZHEN) CO., LTD.
2F, West Side, Nippon Express Warehouse
Yantain Port Free Trade Zone
Shenzhen 518083, P.R.C.

NIPPON EXPRESS GLOBAL LOGISTICS (SHANGHAI) CO., LTD.
11, De Bao Lu, Wai Gao Qiao Free Trade Zone
Shanghai 200131, P.R.C.

NIPPON EXPRESS (XIAMEN) CO., LTD.
No. 23-1B, Xiangxing 1Road, Xiangyu Free Trade Zone
Xiamen 361006, P.R.C.

NIPPON EXPRESS (JIAXING) CO., LTD.
Rm, 415, BoYuang Bldg, No. 6 Dong Fang Road
ZhaPu Development Zone,
Jiaxing, Zhejiang, 314201, P.R.C.

SHANGHAI NITTSU PULING LOGISTICS CO., LTD.
No. 333 Ke Yuan Road, Pudong New Area
Shanghai 201203 P.R.C.

NIPPON EXPRESS (SUZHOU) CO., LTD
No. 622 Changjiang Road
Suzhou New District, Suzhou
Jiangsu Province 215011, P.R.C.

SHANGHAI e-TECHNOLOGY CO., LTD.
3F, 126 Jiangchang No. 3 Road, Shanghai 200436, P.R.C.

NITTSU SINOTRANS LOGISTIC DALIAN LTD.
No. 6 Haitian Road
Free Trade Zone of Dalian
Dalian, 116600, P.R.C.

NIPPON EXPRESS (SHANGHAI) CO., LTD.
C-12-11F, Shanghai Mart No. 2299
Yan-an Road West
Shanghai 200336, P.R.C.

NEX GLOBAL LOGISTICS KOREA CO., LTD.
11F Kyobo Securities B/D
26-4 Yeouido-Dong
Yeoungdeungpo-Gu, Seoul
150-737, Republic of Korea

NIPPON EXPRESS (TAIWAN) CO., LTD.
14 Fl., No. 285, Sec. 4, Chung Hsiao E. Road, Da-an District
Taipei City 10692, Taiwan, R.O.C.

South Asia & Oceania

NIPPON EXPRESS (SINGAPORE) PTE., LTD.
40 Alps Avenue, Singapore 498781

NIPPON EXPRESS (AUSTRALIA) PTY., LTD.
Airgate Business Park, 291 Coward Street
Mascot, N.S.W. 2020, Australia

NIPPON EXPRESS (NEW ZEALAND) LTD.
37 Andrew Baxter Drive, Airport Oaks, Mangere
(P.O. Box 73035, Auckland Int'l Airport) New Zealand

NIPPON EXPRESS (MALAYSIA) SDN, BHD.
10th Floor, West Tower, Wisma Consplant 1, No. 2
Jalan SS16/4 47500 Subang Jaya
Selangor Darul Ehsan, Malaysia

NITTSU TRANSPORT SERVICE (M) SDN, BHD.
Lot 4286, Batu 12, Jalan Balakong, 43300 Sri Kembangan
Selangor Darul Ehsan, Malaysia

NIPPON EXPRESS (PHILIPPINES) CORPORATION
No. 8 Johann St., Bgry. Ibayo, Pascor Drive, Paranaque City
Metro Manila, Philippines

NEP LOGISTICS, INC.
Unit 1 Lot 10 Phase 4, East Science Ave.
Laguna Technopark, Inc. Binan
Laguna, Philippines

HI-TECH NITTSU (THAILAND) CO., LTD.
Lake Rajada Office Complex,193/88
21st Fl., Rachadapisek Road, Klong-Toey, Bangkok, 10110
Thailand

NIPPON EXPRESS (THAILAND) CO., LTD.
3195/16 11th Floor, Vibulthani Tower 1, Rama 4 Road
Klong Ton, Klong Toey Bangkok, 10110, Thailand

NIPPON EXPRESS ENGINEERING (THAILAND) CO., LTD.
3195/16 11th Floor, Vibulthani Tower 1, Rama 4 Road
Klong Ton, Klong Toey Bangkok, 10110, Thailand

TBSC LOGISTICS CO., LTD
14/3 Phaholyothin Road, Tambol Klongnung, Amphur Klongluang
Pathumthani 12120, Thailand

PT. NIPPON EXPRESS INDONESIA
Soewarna Business Park Block J lot 12
Bandara International Soekarno-Hatta
Jakarta, 19110, Republic of Indonesia

P.T. NITTSU LEMO INDONESIA LOGISTIK
Jl. Raya Cakung Cilincing Kav. 14
Cakung-Timur, Cakung, Jakarta
13910, Republic of Indonesia

NIPPON EXPRESS (INDIA) PRIVATE LIMITED
'Logistics Park', Plot No. 7, Road No. 10
Export Promotion Indl. Park
Whitefield, Bangalore-560066, Republic of India

NIPPON EXPRESS (VIETNAM) CO., LTD.
R.5.3 E-TOWN, 364 Cong Hoa Street, Tan Binh District
Ho Chi Minh City,
Socialist Republic of Vietnam

Representative Offices

Moscow Representative Office
2nd Hutorskaya St. 38A, Bldg. No. 23
Moscow 127287, Russia

Johannesburg Representative Office
11 Pomona Road, Cnr. Hawthone Road
Kempton Park 1619, South Africa

Seoul Representative Office
c/o The Korea Express Co., Ltd.
58-12, Seosomun-Dong, Chung-Ku, Seoul, 100-814, Republic of Korea

Pusan Representative Office
Korea Express Bldg., Room No. 909
1211-1, Choryang-Dong, Dong-Ku, Pusan, 601-714, Republic of Korea

Dhaka Representative Office
SPL Western Tower, 502, Plot No. 186
Gulshan-Tejgaon Link Road, Tejgaon Industrial Area
Dhaka-1208, Bangladesh

Company Information

(As of March 31, 2011)

Name	Nippon Express Co., Ltd.
Headquarters	1-9-3, Higashi Shimbashi, Minato-ku, Tokyo 105-8322, Japan Tel: +81 (3) 6251-1111
Formal establishment	October 1, 1937
Paid-in capital	¥70,175 million
Employees	36,746
URL	(Japanese) http://www.nittsu.co.jp/ (English) http://www.nipponexpress.com/

Areas of operation

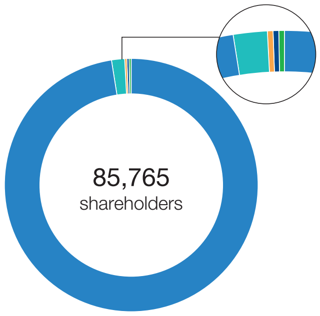
1. Rail transportation business
2. Motor transportation business
3. Motor transportation business using third-party resources
4. Marine transportation business
5. Coastal shipping business
6. Harbor transportation business
7. Marine transportation business using third-party resources
8. Air freight forwarding business
9. Other transportation businesses and those using third-party resources other than the above
10. Cargo transportation agency business
11. Warehousing business
12. Construction business
13. Customs brokerage business
14. Express clearing business
15. Air transportation agency business
16. Damage insurance agency business
17. Packing and packaging business
18. Packing, presentation and storage business for pharmaceuticals, quasi-pharmaceuticals, cosmetics and medical equipment
19. Travel business
20. Transportation, erection and installation of heavy cargoes, and any incidental business thereto
21. Sales and purchases, leasing and letting of immovables, and any incidental business thereto
22. Security services business
23. General worker dispatching business
24. Industrial waste disposal service
25. Special correspondence delivery service
26. Collection and processing of information about the logistics industry, and any incidental business thereto
27. Business incidental to each and every item mentioned above
28. Investments in and loans for each and every item mentioned above

Share Information

(As of March 31, 2011)

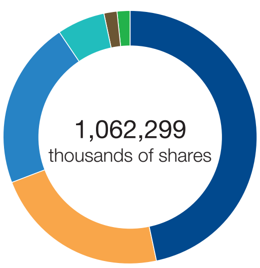
Stock listing	Tokyo, Osaka
Number of shares	Total number of shares authorized 3,988,000,000 Total number of shares issued 1,062,299,281
Number of shareholders	85,765
Stock transfer agent	Mitsubishi UFJ Trust and Banking Corporation

Distribution of shares



By type of shareholder

Individuals, others	97.7%
Other corporate	1.5%
Overseas corporate	0.5%
Financial institutions	0.2%
Financial instruments and exchange dealers	0.1%
Treasury stock	0.0%



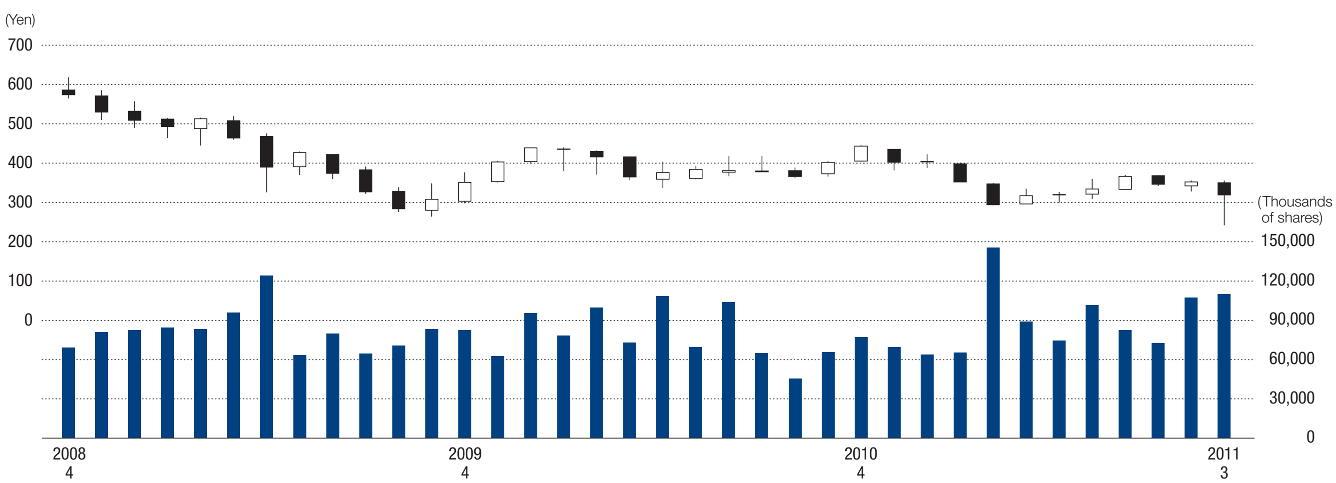
Proportion of shares held

Financial institutions	46.7%
Overseas corporate	22.7%
Individuals, others	21.4%
Other corporate	6.0%
Treasury stock	1.8%
Financial instruments and exchange dealers	1.4%

Major shareholders

	Number of shares held (Thousands of shares)	Investment ratio (%)
The Master Trust Bank of Japan, Ltd. (Account in Trust)	99,936	9.6
Asahi Mutual Life Insurance Company	65,464	6.3
Japan Trustee Services Bank, Ltd. (Account in Trust)	52,682	5.1
Nipponkoa Insurance Co., Ltd.	50,294	4.8
Mizuho Corporate Bank, Ltd.	41,477	4.0
Nippon Express Employees' Shareholding Association	32,434	3.1
Japan Trustee Services Bank, Ltd. (Account in Trust No. 4)	22,897	2.2
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	20,554	2.0
SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS	18,012	1.7
Japan Trustee Services Bank, Ltd. (Account in Trust No. 9)	17,031	1.6

Stock price movement



NIPPON EXPRESS

1-9-3, Higashi-Shimbashi, Minato-ku, Tokyo 105-8322, Japan
Phone: +81 (3) 6251-1111
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