The three months ended March 31, 2016

(1) Explanation of Results of Operations

Consolidated Income Statement for the three months ended March 31, 2016 (millions of yen)

	1Q of FY2015 (A)	1Q of FY2016 (B)	Increase/(decrease)	
			Amount(C) (B)-(A)	Percentage (C)/(A)
Sales	2,745	2,762	17	+0.6%
Cost of sales	1,876	1,910	33	+1.8%
Gross profit on sales	868	851	(16)	(1.9%)
Selling, general and administrative expenses	302	307	5	+1.7%
Operating income	565	543	(21)	(3.9%)
Total non-operating income	51	6	(44)	(86.7%)
Total non-operating expenses	47	61	14	+30.1%
Ordinary income	569	488	(80)	(14.1%)
Net income after income tax	377	335	(42)	(11.3%)
No. in operation (as of March 31)	5,855	6,193	338	+5.8%
Utilization rate (over 3 months)	75.0%	73.1%	(1.9%)	—

During the three months ended March 31, 2016, the Japanese economy was in a moderate recovery backed by factors including improvement in corporate earnings and recovery in the employment situation. However, the impact of the return of a strong yen since entering the new year, stagnation of economies outside of Japan and other factors have diminished the prospects for economic vitality.

Looking at the global economy, in the U.S., stable growth continued owing to brisk domestic demand backed primarily by private consumption. In Europe, the economic recovery of Germany, a leading force for the European economy, lost momentum as issues with regard to the situation in Russia, the financial crisis in Greece, and the influx of refugees continued to smolder. In emerging countries, amid continued deceleration of the Chinese economy, resource prices, led

by crude oil, were stagnant. In other markets, with the exception of certain areas including India, overall economic recovery was limited.

Under such circumstances, the Group conducted vigorous sales activities, and overseas transactions increased substantially compared to the same period of the previous fiscal year. Export transactions from Japan maintained the same level as that of the same period of previous fiscal year. However, the Group achieved significantly higher domestic transactions and imports of tank containers into Japan owing to strengthened capabilities to provide Domestic One-Way Transport Service* and Cargo Storage and Heating Services**, backed by new investments in the previous fiscal year to enhance the nation-wide network of branches, including the newly opened Mizushima Branch. Third-country trade, which does not transit through Japan, also recorded a notable increase in transactions owing to international business development that utilizes the Group-wide sales network, which is the Group's corporate strategy.

However, transport sales per transaction declined on account of there being more overseas transactions with fewer shipping days than in the same period of the previous fiscal year. This limited first quarter sales to ¥2,762 million (0.6% increase year on year).

In terms of profits, operating income stood at ¥543 million (3.9% decrease year on year), which resulted from increased depreciation and amortization due to investments made in domestic facilities, as well as aggressive human resource hiring that led to increased personnel costs. In light of these factors, ordinary income was ¥488 million (14.1% decrease year on year), and profit attributable to owners of parent amounted to ¥335 million (11.3% decrease year on year).

Compared to the same period of the previous fiscal year, with regard to the reason that the rate of declines in ordinary income and profit attributable to owners of parent surpassed the rate of decline in operating income, the principle factor was that in the same period of the previous fiscal year, in line with yen depreciation, foreign exchange gains had been posted to non-operating income, whereas in the current fiscal year, foreign exchange losses were posted to non-operating expenses.

Domestic One-Way Transport Service*

In the past, transportation of liquid cargo in Japan was mainly done by tank lorries, which required drivers to move the cargo. By utilizing tank containers instead, which can be freely moved in large numbers between rail, sea, and road, Nippon Concept Corporation (hereinafter called NCC) has made the transportation of liquid cargo more efficient and less reliant on human factors. Moreover, after having completed the discharge of contents at their destination, the tank containers can be returned to the company's branch terminals established at various strategic points across Japan. This one-way transportation to a destination allows customers to enjoy significant transport cost reductions. Also, it represents NCC's unique approach to transportation, completely different from conventional transportation methods.

Cargo Storage and Heating Services**

For imported tank containers laden with cargo, NCC is able to provide temporary storage to customers in case the customers are not able to take delivery of it at their convenience. Also, NCC is able to provide heating services for cargo that solidifies at ambient temperature during the storage, allowing the cargo contents to return to liquid state

before delivery to the customers.

(2) Explanation of Financial Position

Consolidated Balance Sheet as of March 31, 2016 (millions of yen)

ASSET	FY2015 (A)	1Q of FY2016 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current assets	4,147	3,876	(271)	(6.5%)
Total non-current assets	10,822	10,800	(22)	(0.2%)
Deferred assets	1	0	(0)	(27.2%)
Total	**14,971**	**14,677**	**(294)**	**(2.0%)**

LIABILITIES AND SHAREHOLDERS' EQUITY	FY2015 (A)	1Q of FY2016 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current liabilities	3,256	3,122	(133)	(4.1%)
Total non-current liabilities	5,359	5,053	(305)	(5.7%)
Total liabilities	**8,616**	**8,176**	**(439)**	**(5.1%)**
Shareholders' equity	6,283	6,474	190	+3.0%
Total accumulated other comprehensive income	72	26	(45)	(63.2%)
Total Shareholders' equity	**6,355**	**6,500**	**145**	**+2.3%**
Total	**14,971**	**14,677**	**(294)**	**(2.0%)**

Total assets at the end of the first quarter ended March 31, 2016 decreased by ¥294 million (2.0% decrease) when compared to the end of the previous fiscal year, to ¥14,677 million.

Total current assets fell by ¥271 million (6.5% decrease) as compared to the end of the previous fiscal year, to ¥3,876 million. This was primarily due to declines of ¥33 million in cash and deposits, ¥145 million in accounts receivable-trade, and ¥92 million in other current assets.

Total non-current assets declined by ¥22 million (0.2% decrease) when compared to the end of the previous fiscal year, to ¥10,800 million. This was primarily due to a decrease of ¥22 million in property, plant and equipment.

Total current liabilities decreased by ¥133 million (4.1% decrease), as compared to the end of the previous fiscal year, to

¥3,122 million. This was primarily due to declines of ¥73 million in accounts payable-trade, ¥24 million in the current portion of long-term loans payable, ¥231 million in income taxes payable, and ¥123 million in other current liabilities, against an increase of ¥305 million in short-term loans payable.

Total non-current liabilities fell by ¥305 million (5.7% decrease), when compared to the end of the previous fiscal year, to ¥5,053 million. This was primarily due to decreases of ¥30 million in bonds payable and ¥345 million in long-term loans payable, against an increase of ¥82 million in lease obligations.

Total shareholders' equity rose by ¥145 million (2.3% increase), as compared to the end of the previous fiscal year, to ¥6,500 million. This was primarily due to an increase of ¥190 million in retained earnings, against a decline of ¥45 million in foreign currency translation adjustment.

(3) Explanation of Consolidated Results Projections and Other Future Forecast Information

(Results Projections)

Sales and income in the first quarter of the fiscal year progressed steadily, and therefore consolidated results projections for fiscal 2016 remain unchanged from those announced on February 12, 2016.

(Dividends Forecast)

NCC takes as a fundamental policy the distribution of dividends in line with corporate performance, considering enhancement of the internal reserves necessary to strengthen its financial structure and aggressively develop its business. As a result of comprehensive considerations given to the first quarter with its brisk performance, financial conditions, and other factors, and from the perspective of promoting the return of profits to stockholders, the Company has decided to revise annual dividends to ¥30 per share for fiscal 2016.

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