

## Consolidated Financial Results for the Year Ended March 31, 2016 <under Japanese GAAP>

Company name: Yamato Holdings Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Stock code: 9064  
 URL: <http://www.yamato-hd.co.jp/>  
 Representative: Masaki Yamauchi, President  
 Contact: Kenichi Shibasaki, Senior Managing Executive Officer, in charge of Financing and Accounting  
 Tel: +81-3-3541-4141 (from overseas)

Scheduled date of the ordinary general meeting of shareholders: June 24, 2016  
 Scheduled date of the commencement of dividend payment: June 3, 2016  
 Scheduled date of the submission of annual securities report: June 17, 2016  
 Preparation of supplementary materials on financial results: Yes  
 Holding of financial results meeting: Yes

(Amounts less than 1 million yen are discarded.)

### 1. Consolidated financial results for fiscal year 2016 (from April 1, 2015 to March 31, 2016)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the year ended								
March 31, 2016	1,416,413	1.4	68,540	(0.6)	69,426	(2.1)	39,424	5.0
March 31, 2015	1,396,708	1.6	68,947	9.3	70,889	9.6	37,533	7.9

(Note) Comprehensive income: For the year ended March 31, 2016: 24,482 million yen ((47.1) %)  
 For the year ended March 31, 2015: 46,243 million yen (17.9 %)

	Basic earnings per share	Diluted earnings per share <sup>1)</sup>	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to operating revenue
For the year ended	Yen	Yen	%	%	%
March 31, 2016	96.45	95.64	7.1	6.4	4.8
March 31, 2015	90.41	88.26	6.7	6.7	4.9

(Reference) Equity in earnings of affiliates: For the year ended March 31, 2016: — million yen  
 For the year ended March 31, 2015: — million yen

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2016	1,089,436	543,855	49.4	1,349.56
March 31, 2015	1,082,531	571,199	52.2	1,368.66

(Reference) Equity: As of March 31, 2016: 537,821 million yen As of March 31, 2015: 565,521 million yen

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
For the year ended	Millions of yen	Millions of yen	Millions of yen	Millions of Yen
March 31, 2016	49,715	(30,230)	(16,833)	249,261
March 31, 2015	92,620	(58,485)	(7,168)	247,051

## 2. Dividends

	Annual dividends					Total annual dividends	Payout ratio (consolidated)	Dividends on equity (consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2015	—	12.00	—	13.00	25.00	10,409	27.7	1.9
Fiscal 2016	—	13.00	—	15.00	28.00	11,280	29.0	2.1
Fiscal 2017 (Forecast)	—	13.00	—	14.00	27.00		27.9	

(Note) Breakdown of year-end dividends in fiscal year ended March 31, 2016: Ordinary dividends: 13.00 yen  
Commemorative dividends: 2.00 yen

## 3. Consolidated earnings forecasts for fiscal year 2017 (from April 1, 2016 to March 31, 2017)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half year	710,000	3.8	20,000	11.1	20,000	7.4	11,000	12.7	27.60
Full year	1,460,000	3.1	64,000	(6.6)	64,500	(7.1)	38,500	(2.3)	96.61

### \* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
  - a. Changes due to revision to accounting standards, etc.: None
  - b. Changes other than a: None
  - c. Changes in accounting estimates: None
  - d. Restatement: None
- (3) Number of issued shares (common shares)
  - a. Number of issued shares as of the end of the period (including treasury shares)
    - As of March 31, 2016: 411,339,992 shares
    - As of March 31, 2015: 435,564,792 shares
  - b. Number of treasury shares as of the end of the period
    - As of March 31, 2016: 12,823,544 shares
    - As of March 31, 2015: 22,370,985 shares
  - c. Average number of shares during the period
    - For the year ended March 31, 2016: 408,742,891 shares
    - For the year ended March 31, 2015: 415,131,038 shares

(Note) For details of the number of shares used to calculate consolidated basic earnings per share, please refer to "Per Share Information" on page 46.

**(Reference) Overview of non-consolidated financial results****1. Non-consolidated financial results for fiscal year 2016 (from April 1, 2015 to March 31, 2016)****(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

For the year ended	Operating revenue		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2016	32,236	16.1	25,176	9.1	25,473	4.3	19,430	4.3
March 31, 2015	27,756	(4.9)	23,071	(5.5)	24,415	(3.7)	18,632	(10.4)

For the year ended	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
March 31, 2016	47.54		47.16	
March 31, 2015	44.88		43.82	

**(2) Non-consolidated financial position**

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2016	522,348	342,257	65.5	858.83
March 31, 2015	527,627	378,122	71.7	915.12

(Reference) Equity: As of March 31, 2016: 342,257 million yen As of March 31, 2015: 378,122 million yen

**\* Indication regarding execution of audit procedures**

At the time of the disclosure of this financial results report, the audit procedures in accordance with the Financial Instruments and Exchange Act are in progress.

**\* Proper use of earnings forecasts and other noteworthy events**

- Descriptions of the above financial projections and other data are based on information currently available to the Company and certain assumptions that we consider to be reasonable. Actual financial results may differ significantly from the projections for various reasons. For points to note when using such assumptions and financial projections, please see "Analysis of operating results and financial position."
- The Company plans to hold a financial results meeting for analysts on May 2, 2016. The materials distributed at this financial results meeting shall be posted on the Company's website after the meeting has been held.

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## 1. Analysis of Operating Results and Financial Position

### (1) Analysis of operating results

In the fiscal year ended March 31, 2016, the economic environment was plagued by a lack of firm business sentiment despite high levels of corporate earnings, amid adverse effects of the economic slowdown in emerging nations and yen appreciation. With personal consumption, real wages have been languishing and buying behavior still remained stagnant amid deeply entrenched anxieties over the prospect of rising prices. Moreover, the Yamato Group also continued to face harsh operating circumstances as tight labor market conditions persisted. Operating in this environment, we worked toward achieving the objectives of the Long-Term Management Plan “DAN-TOTSU Management Plan 2019” and the Medium-Term Management Plan “DAN-TOTSU Three-Year Plan STEP.” To that end, we focused on creation of a business model for generating substantial added value by building a premium-quality network to enable efficient logistics and fusing together the Group’s business resources.

In the Delivery Business, we achieved greater customer use of the new “TA-Q-BIN Compact” and “Nekopos” services launched in April 2015, due to increased sales to mail-order business operators and progress made in forming partnerships with flea market websites. Overall, revenues in the Delivery Business increased due to increased TA-Q-BIN delivery volume centered on our new services, but on the profit front, earnings decreased because growth in business generated by Kuroneko DM-Bin and the new services did not make up for the impact of our discontinuing the Kuroneko Mail service.

In the non-delivery businesses, we took steps to expand our existing service offerings by enlisting the strengths of Group companies, while also drawing on Group-wide ties as we aggressively promoted solution sales geared toward addressing customers’ business challenges.

Our consolidated financial results for the fiscal year ended March 31, 2016 were as follows.

Item	Fiscal 2015	Fiscal 2016	Change	(Millions of yen)	
				Growth (%)	
Operating revenue	1,396,708	1,416,413	19,704	1.4	
Operating income	68,947	68,540	(406)	(0.6)	
Ordinary income	70,889	69,426	(1,463)	(2.1)	
Profit attributable to owners of parent	37,533	39,424	1,891	5.0	

During the fiscal year ended March 31, 2016, we purchased treasury shares of 19.84 million shares, for a total acquisition cost of about 50.0 billion yen, and retired 24.22 million shares of treasury shares.

#### Initiatives for the entire Yamato Group

- a. The Yamato Group has been pursuing its “Value Networking” design, on the basis of creating business models for generating a high level of added value through the combined efforts of our respective businesses, while at the same time contributing to growth strategies and international competitive strengths of the Japanese economy. Meanwhile, we are also taking steps to forge a robust corporate culture that acts as a foundation for business creation and development.
- b. To further promote our “Value Networking” design, we have been crafting business models that deliver a high level of added value by leveraging the Yamato Group’s business network. Also, to address varied customer needs in Japan and overseas, we have been making more effective use of our innovative network platform consisting of the “Haneda Chronogate,” “Atsugi Gateway” and “Okinawa International Logistics Hub” facilities, in addition to our existing “last mile” network.
- c. We continued to drive initiatives geared toward forging a more robust corporate culture. To that end, we worked on enhancing the efficiency and dependability of operations, in part by improving our transport systems and by using our information technology network to enable visual monitoring of operating volumes. In addition, we redoubled our employee education efforts and focused on building systems for ensuring that we honor promises made to our customers. Moreover, we actively engaged in CSR-related activities linked to Yamato Group business endeavors, such as through environmental and safety measures, and efforts to prosper communities.
- d. Given expectations for future growth in the mail-order market, we aggressively forged ahead with efforts to increase sales of the “YES!” (Yamato Ec Solutions) service which involves drawing on capabilities of

the Group in providing packages of services in order to serve that market. We also commenced operations of our “Southern Gate” global logistics center in Okinawa, and in that regard have been promoting sales of solutions that provide one-stop services involving everything from manufacturing to storage and delivery, targeting business operators involved in cross-border mail order and other business geared to overseas markets.

- e. For our corporate clients, we forged ahead with efforts to increase sales of our “Yamato Cloud Depot” service which enables them to make use of our 4,000 TA-Q-BIN centers nationwide as hubs for their own business operations. In developing such solution sales, we are supporting the growth of customer businesses by helping them boost salesforce productivity and reduce back office workloads at their sales locations, drawing on business resources of the Yamato Group.
- f. In our business looking toward overseas markets, we have been actively promoting efforts to build networks in Southeast Asia, through initiatives that included forging a business and capital alliance with a major parcel delivery company in Malaysia. We have been working to strengthen our international logistics operations which offer added-value in growing Asian markets, thereby forging ahead with expansion of our international cold chain business. For instance, during the fiscal year ended March 31, 2016, we launched sales of the “International Cool TA-Q-BIN” service looking toward Singapore and Malaysia, following on such initiatives in Hong Kong and Taiwan.
- g. We have been taking aggressive action to reduce costs through efforts that include implementing thorough controls on costs linked to operating volumes and also pursuing measures to improve productivity, amid a deteriorating external cost environment marked by a tightening labor market.

### Summary of each operating segment

#### ● Delivery

The delivery volumes of TA-Q-BIN and Kuroneko DM-Bin services are as follows.

(Million parcels/units)				
Category	Fiscal 2015	Fiscal 2016	Change	Growth (%)
TA-Q-BIN	1,622	1,731	109	6.7
Kuroneko DM-Bin	1,901	1,536	(364)	(19.2)

Results shown for Kuroneko DM-Bin in the fiscal year ended March 31, 2015 are those of the Kuroneko Mail service.

- a. In the Delivery Business, the Yamato Group concentrated on TA-Q-BIN-centered business development, aiming to provide infrastructure that best suits our customers and contribute to enriching people’s lives.
- b. In the growing mail order market, we have been actively engaging in efforts to expand sales. For instance, we have launched the two new “TA-Q-BIN Compact” and “Nekopos” services which enable customers to send small parcels simply at reasonable fees, and have also been pursuing alliances with multiple flea market websites. We also launched our new “Kuroneko DM-Bin” mailbox posting service which takes the place of our Kuroneko Mail service which was discontinued as of the previous fiscal year, thereby enabling us to respond to demand in areas such as direct mail sent by corporate clients. Aiming to improve the convenience of customers receiving parcels, we collaborated with a major communications application to establish an environment whereby customers can easily receive advanced notice of scheduled delivery times and use the parcel inquiry service. In addition, we have entered into a basic agreement looking toward establishment of a joint venture to set up and operate an open-type infrastructure of parcel lockers in conjunction with a major French manufacturer of postal service-related equipment.
- c. With respect to corporate clients, we have been leveraging our front-line business network to gather customer information to make use of in actively proposing solutions tailored to our clients’ management objectives. We worked to boost profitability by making proposals that provide high added value using the Group’s business resources. Moreover, we also continue to promote measures that would ensure collection of adequate fees for the task of providing consistent quality with respect to deliveries.
- d. In our business geared toward revitalizing communities, we have been taking steps to improve services for residents by collaborating with numerous municipalities and companies in efforts to provide support with regard to helping those who face difficulties doing their shopping and watching over elderly residents. Moreover, we have also been helping to revitalize local industry through initiatives that include lending support for enabling communities to sell more locally produced products by offering swift delivery to Asia of perishable goods and other agricultural products in a manner that ensures that they stay fresh.

- e. Operating revenue amounted to 1,111,867 million yen, up 0.8% from the year-ago period due to an increase in TA-Q-BIN delivery volume primarily among large operators of mail-order businesses. As for profits, operating income amounted to 38,190 million yen, down 3.6% from the year-ago period as growth of volumes in the new services failed to make up for the adverse impact of discontinuing the Kuroneko Mail service.

● **BIZ-Logistics**

- a. In the BIZ-Logistics Business, the Yamato Group is providing customers with innovative logistics systems by combining management resources such as the TA-Q-BIN network with logistics functions, maintenance and recall handling functions, cleansing functions for medical devices and international transportation functions.
- b. For the mail-order industry, we are offering one-stop services involving various types of logistical support in line with customer needs, including support for facilitating everything from placing and accepting orders to visual monitoring of inventories and enabling speedier shipments. In the fiscal year ended March 31, 2016, volume handled increased largely due to the progress in gaining new customers.
- c. With respect to our product maintenance and recall services, we have been developing integrated services where we handle collection, repair and returns of faulty products, while also expanding total support services for dealing with corporate product recalls. In the fiscal year ended March 31, 2016, these operations generated firm revenues due to factors that included increased use of the “Kuroneko Extended Warranty Service” particularly among large mail-order and consumer electronics business operators.
- d. For medical service providers, we have been developing medical device loaner support (storage, cleaning and delivery) and other services that help revolutionize logistics operations. During the fiscal year ended March 31, 2016, the segment achieved revenue growth amid a steadily increasing volume of business mainly from existing customers.
- e. Operating revenue amounted to 106,822 million yen, up 2.9% from the year-ago period due to favorable results generated from mail-order services and services related to medical devices. Operating income was 4,905 million yen, up 4.8% from the year-ago period.

● **Home Convenience**

- a. In the Home Convenience Business, we are working toward enabling customers to achieve greater convenience and comfort in their lives through lifetime lifestyle support businesses and corporate enterprise support business that draw on the Yamato Group’s nationwide network.
- b. With respect to individual customers, the Yamato Group operated a variety of services to assist in daily life such as the “Raku Raku Household TA-Q-BIN” service for delivering large furniture items and home appliances and moving-related services. In the fiscal year ended March 31, 2016, services in this area gained more widespread use as we aggressively forged ahead with efforts to increase sales. Initiatives in this regard included the addition of home appliance cleaning and other offerings to the list of options provided through the “Comfortable Lifestyle Support Service,” which aims to help customers resolve everyday inconveniences associated with house cleaning, home organization and storage, and collection of unwanted items.
- c. For our corporate clients, we have been developing our “Technical Network Business” where we combine the networks of the Yamato Group and our construction and installation contractors so that we can provide one-stop support in handling everything from household equipment delivery and set-up, to installation and maintenance of such equipment, as well as business support services such as office-related services and procurement services for sourcing goods. In the fiscal year ended March 31, 2016, the segment achieved revenue growth amid a strong showing from our office-related services.
- d. Operating revenue amounted to 48,981 million yen, up 1.0% from the year-ago period due to favorable volumes of use of office-related services and procurement services. As for profits, the segment posted an operating income of 1,146 million yen, up 87.0% from the year-ago period as a result of initiatives to improve rates of capacity utilization on weekdays.

● **e-Business**

- a. In the e-Business, the Yamato Group helps customers streamline their business processes and solve potential issues by proactively conducting solution platform business that combine logistics technology and financial technology with information technology. In addition, to help accelerate growth of Yamato Group businesses, we have been moving beyond conventional information technologies through efforts

geared to promoting use of emerging technologies that harness artificial intelligence (AI), the Internet of things (IoT) and other such innovations.

- b. With respect to services for assisting with order-acceptance and dispatching operations, the Yamato Group provides a “Web-based Shipment Control” that comprehensively supports such operations as dispatch information processing, printing of delivery slips, and freight tracking. In the fiscal year ended March 31, 2016, use of this service increased particularly among our existing large-lot customers, against a backdrop that included mail-order market growth.
- c. For telecommunications equipment business operators and other customers whose needs involve managing products on an individual basis, the Yamato Group has been developing its “setup and logistics solutions business” which offers services that involve bringing tasks of affixing data to products and partial processing of merchandise into alignment with information system functions such as serial acceptance/dispatch control in warehouses and inventory tracking. In the fiscal year ended March 31, 2016, these services attracted favorable volumes of use primarily among our customers who are new entrants in the telecommunications equipment business.
- d. In its e-money related services, the Yamato Group offers solutions through collaboration between the e-Business and the Financial Business, and provides services that involve installation and operation of “Multi e-money Settlement Terminals” that allow settlements in multiple types of e-money using a single device. During the fiscal year ended March 31, 2016, the segment achieved revenue growth due to increased sales from the e-money settlement system geared toward the amusement industry.
- e. Operating revenue amounted to 43,357 million yen, up 7.1% from the year-ago period due to factors such as progress made in expanding sales involving e-money settlement systems, as well as greater volume of business in the “setup and logistics solutions business.” Operating income was 9,009 million yen, up 16.1% from the year-ago period mainly due to the continued progress in controlling system development costs.

#### ● Financial

- a. In the Financial Business, the Yamato Group has been developing settlement and financial services tailored to a range of customer needs for payment collection of mail-order products, B2B transaction settlement, and vehicle leasing.
- b. With respect to our payment settlement services, in addition to providing our mainstay service “TA-Q-BIN Collect,” we have also been promoting increased customer use of both our “Kuroneko Web Collect” comprehensive internet-based transaction settlement service and our e-money settlement services. In the fiscal year ended March 31, 2016, we provided a wide range of payment settlement services to our customers and concurrently worked to increase profitability by promoting use of our “Kuroneko Web Collect” and “Kuroneko Pay After Delivery” services to our customers who use the “TA-Q-BIN Collect” service. With our e-money related services, we persisted in our efforts to increase sales generated by our “Multi e-money Settlement Terminals” rental service.
- c. In the lease services business, we achieved revenue growth by making proposals that involve total solutions related to the Group’s network and vehicles. In addition to financial leasing primarily involving trucks, this also includes leasing of previously-owned cars linked with purchase upon lease expiration or re-use of such vehicles.
- d. Operating revenue amounted to 72,455 million yen, up 8.7% from the year-ago period due to increased use of our payment settlement for operators of mail-order businesses and other factors such as an increase in contracts for truck leases in the lease services business. As for profits, operating income was 8,685 million yen, down 2.9% from the year-ago period largely due to lackluster results with respect to volume handled through our mainstay TA-Q-BIN Collect service.

#### ● Autoworks

- a. In the Autoworks Business, the Yamato Group develops its “24-hour-a-day, 365-day-a-year service that enables customers to service their vehicles without stopping operation,” thereby providing value to logistics operations and logistics service providers primarily in the form of “improvement of vehicle maintenance convenience” and “reduced maintenance expenses.” Furthermore, to better provide one-stop service solutions geared toward customer business operations, we have added services for “maintaining and safeguarding logistics facilities and equipment, and improving such workplace environments,” along with “offering insurance plans tailored to customer risk management needs” which provide coverage for such assets.



- b. In the fiscal year ended March 31, 2016, we took steps to improve quality through initiatives that included initiating operations of the new Superworks Kobe Plant business location and further strengthened our business network, and newly launching sales of our “distribution facilities management” services which provide support to customers with respect to managing logistics facilities and equipment. We also aggressively marketed out “Repairworks” services entailing periodic on-site customer visits.
- c. Operating revenue amounted to 24,458 million yen, down 9.9% from the year-ago period mainly due to lower unit price of fuel. Operating income was 3,372 million yen, down 9.7% from the year-ago period.

● **Other**

- a. The “JITBOX Charter service” provides transportation by transport box. The service takes advantage of its network consisting of multiple companies and provides added value to customers through timely delivery and frequent, right-volume delivery. In the fiscal year ended March 31, 2016, use of the service steadily increased partially as a result of having developed new freight settlement options and otherwise taking steps to heighten customer convenience made possible through the service, and also due to favorable results from existing service offerings.
- b. Operating income in Other excluding dividends which Yamato Holdings Co., Ltd. received from the Group companies increased 84.1% from the year-ago period to 2,107 million yen.

**CSR Initiatives**

- a. The Yamato Group places utmost priority on protecting human life and conducts a range of safety measures. In that regard, we have been carrying out our “Zero Accident Campaign” which is a safety campaign deployed horizontally throughout the entire Group including our TA-Q-BIN operators overseas. Furthermore, we held the “Yamato Transport Nationwide Safety Competition,” and engaged in efforts to enhance the skills of the Group’s professional drivers with respect to safe vehicle operation, while also heightening safety awareness and improving driving skills on a Group-wide basis. In addition, since 1998 we have been holding our “Safety Classes for Children,” through which we convey the importance of traffic safety, in day care facilities, kindergartens and elementary schools across Japan. A total of more than 2.80 million people have now participated.
- b. The Yamato Group works to ensure that its distribution mechanisms are environmentally sound, under its policy of “Nekology” (combining “Kuroneko” with “ecology”) for promoting its environmental conservation initiatives. In the fiscal year ended March 31, 2016, we received the “Modal Shift Excellent Business Entity Award (grand prize)” at the “13th Annual Awards Ceremony for Excellent Business Entities Working on Modal Shift” in recognition of our efforts to increasingly shift to more suitable modes of transportation by making use of railways when shipping freight originating in the Kyushu region and bound for the Kanto region. We also hold “Kuroneko Yamato Environmental Class” sessions designed to provide support for environmental education of children who will bear responsibilities of the next generation. We have held such classes on an ongoing basis nationwide since 2005, attracting about 220 thousand participants so far.
- c. Aspiring to be a company that continually evolves in step with society, led by Yamato Welfare Foundation, the Yamato Group conducts various activities to help realize a society in which disabled people can freely enjoy a lifestyle as a member of the workforce. Specifically, we engage in ongoing programs that support economic independence of people with disabilities, such that include actively employing people with disabilities at the Swan Bakery which makes and sells bread, providing them with workplaces through the consigned delivery of Kuroneko DM-Bin, and operating job-finding support facilities where they take part in training to acquire skills and knowledge necessary for employment.
- d. Aiming to create more sustainable social value, the Yamato Group promotes initiatives for sharing value with society based on “Creating Shared Value (CSV).” In the fiscal year ended March 31, 2016, we promoted initiatives for improving lifestyle services offered to residents of local communities and revitalizing local industry. For instance, this included launching our “combined passenger-cargo” operations where we make use of scheduled-route passenger buses to transport TA-Q-BIN items within certain zones. Moreover, we continued to engage in efforts geared toward extending a diverse range of services leveraging the business resources of the Yamato Group, such as by helping to watch over elderly residents and lending support for community revitalization efforts. As a result, we have worked with government bodies on 1,459 such endeavors thus far.

## Outlook for fiscal 2017

Looking ahead at the economy, business conditions in Japan are poised to remain on a path of gradual recovery as the situation improves with respect to corporate earnings and employment. On the other hand, we anticipate an ongoing scenario of uncertainties ahead amid factors that include adverse effects of volatility in financial and capital markets, and concerns regarding the prospect of flagging economies overseas.

In this environment, the Yamato Group will pursue efforts in the Delivery Business to provide added convenience to customers who are picking up parcels, while also continuing with efforts geared to ensuring that we collect adequate fees for the task of providing consistent quality with respect to deliveries. In the non-delivery businesses, we will reinforce solution sales and develop a business model for generating a high level of added value by leveraging the Group's business resources.

On the cost front, we will continue to control costs in line with operating volumes. Nevertheless, operating costs are bound to head higher amid developments that include increasing retirement benefit obligations due to falling yields on government bonds and other such factors, and a growing size-based enterprise tax burden as a result of the government's tax reform plan.

We expect operating revenue will be 1,460.0 billion yen, with operating income at 64.0 billion yen, ordinary income at 64.5 billion yen and profit attributable to owners of parent at 38.5 billion yen.

## (2) Analysis of financial position

### a. Analysis of assets, liabilities, net assets and cash flows

Total assets were 1,089,436 million yen as of March 31, 2016, up 6,905 million yen from the end of the previous fiscal year. The major factor in this was an increase in notes and accounts receivable - trade of 9,548 million yen.

Liabilities increased 34,249 million yen to 545,581 million yen from the end of the previous fiscal year. The major factors in this were an increase in loans payable of 28,128 million yen and issuance of bonds payable of 20,000 million yen.

Total net assets were 543,855 million yen, down 27,344 million yen from the end of the previous fiscal year. The major factors included the recording of profit attributable to owners of parent of 39,424 million yen, the payment of dividends of surplus of 10,674 million yen and the purchase of treasury shares amounting to 50,006 million yen.

Accordingly, the equity ratio decreased by 2.8% from the end of the previous fiscal year to 49.4%.

Net cash provided by operating activities amounted to 49,715 million yen, which is a decrease of 42,904 million yen compared with the year-ago period. The major factor here included a decrease in accrued consumption taxes of 48,828 million yen.

Net cash used in investing activities was 30,230 million yen. Compared with the year-ago period, the amount of net cash used decreased by 28,255 million yen. This was largely attributable to expenditures of 37,426 million yen used for the purchase of property, plant and equipment, which is a decrease of 16,881 million yen compared with the year-ago period, and also reflects proceeds from sales of property, plant and equipment of 17,273 million yen, which is an increase in proceeds of 14,734 million yen compared with the year-ago period.

Net cash used in financing activities was 16,833 million yen. Compared with the year-ago period, the amount of net cash used increased by 9,664 million yen. This is largely attributable to expenditures of 50,013 million yen used for the purchase of treasury shares, which is an increase of 19,420 million yen compared with the year-ago period.

As a result of the above, cash and cash equivalents were 249,261 million yen as of March 31, 2016, up 2,210 million yen from the end of the previous fiscal year.

b. Trends in cash flows

	147th term Fiscal 2012	148th term Fiscal 2013	149th term Fiscal 2014	150th term Fiscal 2015	151st term Fiscal 2016
Equity ratio (%)	56.0	56.2	53.4	52.2	49.4
Equity ratio on market value basis (%)	59.8	77.6	90.3	105.8	82.2
Ratio of interest-bearing debts to cash flows	1.3	1.3	1.3	1.5	3.5
Interest coverage ratio	57.0	75.8	110.5	139.8	62.8

Note: Equity ratio: Equity/total assets  
Equity ratio on market value basis: Stock market capitalization/total assets  
Ratio of interest-bearing debts to cash flows: Interest-bearing debts/operating cash flows  
Interest coverage ratio: Operating cash flows/interest payment

- Every indicator is calculated based on consolidated financial figures.
- Stock market capitalization is calculated by multiplying closing stock price at fiscal year-end by the number of shares issued at fiscal year-end (excluding treasury shares).
- Operating cash flows represent cash flows from operating activities in the consolidated statements of cash flows.
- Interest-bearing debts represent the liabilities in the consolidated balance sheet on which interest is paid.
- Interest payment represents interest expenses paid in the consolidated statements of cash flows.

**(3) Basic profit distribution policy and dividends for fiscal 2016 and 2017**

As a pure holding company, the Company conducts its business with the goal of maximizing the entire Group's corporate value. Accordingly, with respect to the dividends from surplus, the Company's policy is to pay dividends with the goal of having a payout ratio of 30% of profit attributable to owners of parent. Retained earnings are used to facilitate the growth of the Group as a whole through capital expenditure—to strengthen the network, one of our management resources, and develop new businesses and products, for example—and investments are aimed at raising the corporate value in the future. Finally, the use of treasury shares is strategically positioned for flexible utilization, such as M&A, as a part of our capital policy.

For the fiscal year under review, we plan to pay 15 yen dividend per share (comprising ordinary dividends of 13 yen and commemorative dividends of 2 yen to mark the 40th anniversary of TA-Q-BIN), bringing the annual dividend to 28 yen, of which 13 yen has already been disbursed as an interim dividend.

We will decide on dividends for the next fiscal year based on profit attributable to owners of parent in accordance with our basic profit distribution policy.

## 2. Status of the Corporate Group

The Yamato Group consists of Yamato Holdings Co., Ltd. (the Company), 47 subsidiaries and 15 affiliates. The main businesses are Delivery business, BIZ-Logistics business, Home Convenience business, e-Business, Financial business, Autoworks business, and other services related to these businesses.

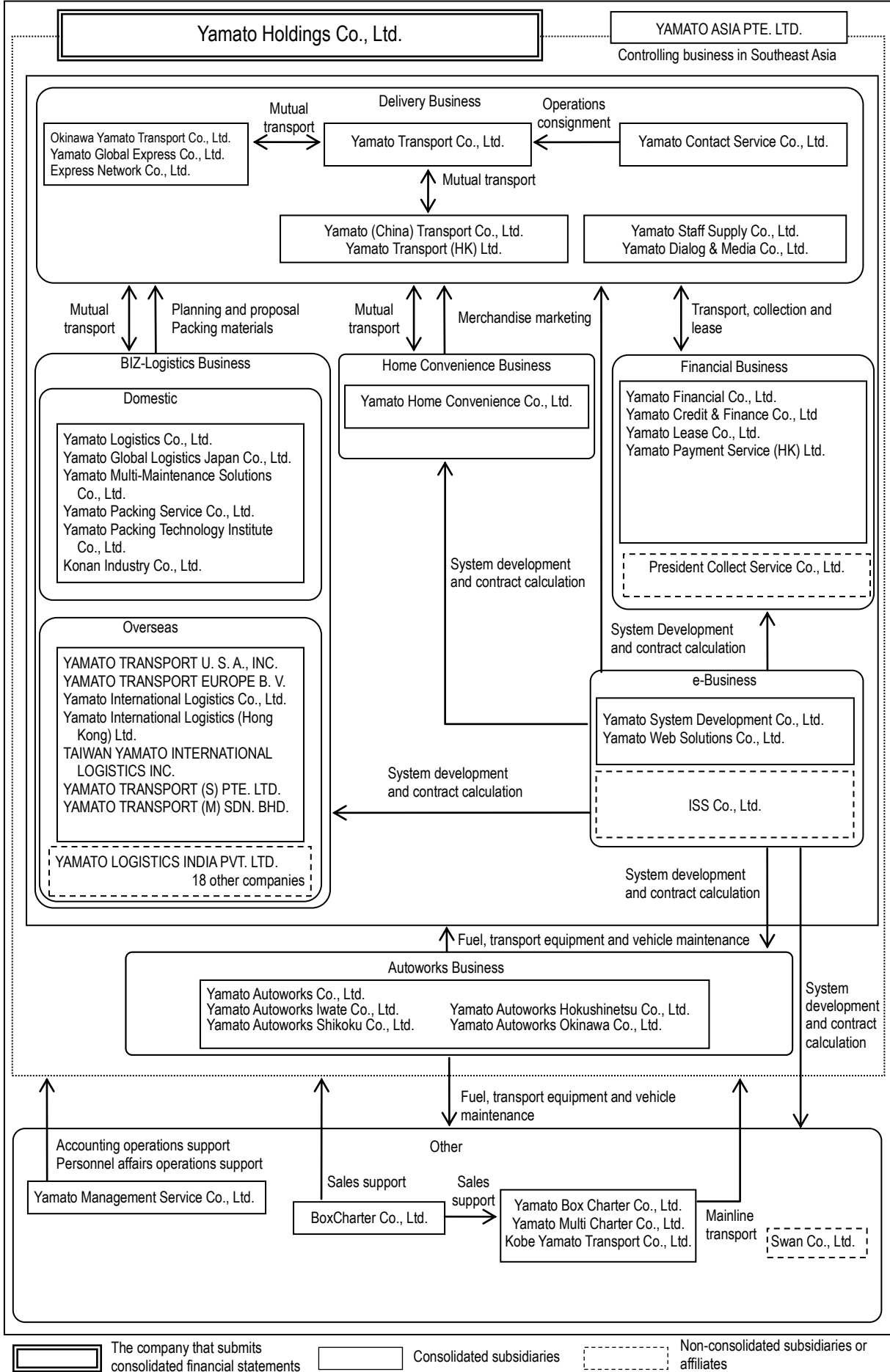
The relationship among contents of business, the position of each subsidiary or affiliate in aforementioned businesses and reportable segments are as follows:

Business segment	Content of business and main products	Main companies
Delivery	TA-Q-BIN, Cool TA-Q-BIN, TA-Q-BIN Time Service, Worldwide Delivery Service, Golf, Ski & Airport Round Trip TA-Q-BIN, Super-Speed TA-Q-BIN, Kuroneko DM-Bin, domestic air cargo transport and Express Delivery Service	Yamato Transport Co., Ltd.; Okinawa Yamato Transport Co., Ltd.; Yamato Global Express Co., Ltd.; Express Network Co., Ltd.; Yamato Dialog & Media Co., Ltd.; Yamato Contact Service Co., Ltd.; Yamato Staff Supply Co., Ltd.*1; Yamato (China) Transport Co., Ltd.; and Yamato Transport (HK) Ltd.  (Total: 9 companies)
BIZ-Logistics	Logistics, medical products distribution services, Maintenance Support Service, recall support service, international intermodal transportation service and overseas lifestyle support services	Yamato Logistics Co., Ltd.; Yamato Global Logistics Japan Co., Ltd.; Yamato Multi-Maintenance Solutions Co., Ltd.; Yamato Packing Service Co., Ltd.; Yamato Packing Technology Institute Co., Ltd.; Konan Industry Co., Ltd.; YAMATO TRANSPORT U. S. A., INC.; YAMATO TRANSPORT EUROPE B. V.; Yamato International Logistics Co., Ltd.; Yamato International Logistics (Hong Kong) Ltd.; TAIWAN YAMATO INTERNATIONAL LOGISTICS INC.; YAMATO TRANSPORT (S) PTE. LTD.; YAMATO TRANSPORT (M) SDN. BHD.; and 19 other companies*2  (Total: 32 companies)
Home Convenience	Pickup, delivery and installation of household goods and electric appliances, moving and lifestyle support services, and merchandising services	Yamato Home Convenience Co., Ltd.  (Total: 1 company)
e-Business	System development, sales of system package solutions, distribution information services and information security service	Yamato System Development Co., Ltd.; Yamato Web Solutions Co., Ltd.; and one other company  (Total: 3 companies)
Financial	TA-Q-BIN Collect service, Internet total settlement service, B2B logistics settlement service and comprehensive lease services	Yamato Financial Co., Ltd.; Yamato Credit & Finance Co., Ltd.; Yamato Lease Co., Ltd.; Yamato Payment Service (HK) Ltd.; and one other company  (Total: 5 companies)
Autoworks	Vehicle maintenance business, fuel sales and nonlife insurance agent business	Yamato Autoworks Co., Ltd.; Yamato Autoworks Iwate Co., Ltd.; Yamato Autoworks Hokushinetsu Co., Ltd.; Yamato Autoworks Shikoku Co., Ltd.; Yamato Autoworks Okinawa Co., Ltd.  (Total: 5 companies)
Other	JITBOX Charter and shared services	Yamato Holdings Co., Ltd.; YAMATO ASIA PTE. LTD.; BoxCharter Co., Ltd.; Yamato Box Charter Co., Ltd.; Yamato Management Service Co., Ltd.; Yamato Multi Charter Co., Ltd.; Kobe Yamato Transport Co., Ltd.; and one other company  (Total: 8 companies)

\*1 From the fiscal year ended March 31, 2016, Yamato Staff Supply Co., Ltd. has been reclassified for inclusion in the Delivery Business segment, from the Other segment previously.

\*2 The business and capital alliance with GD Express Carrier Bhd. has brought 12 additional companies into the Yamato Group.

The business structure diagram of the corporate group is as follows:



### **3. Management Policy**

#### **(1) Basic corporate management policies, medium- to long-term corporate management strategies and target management indicators**

With regard to the basic corporate management policies and medium- to long-term corporate management strategies, disclosure is omitted as there have been no significant changes to the contents since they were disclosed in the Consolidated Financial Results for the Year Ended March 31, 2014 (disclosed on April 30, 2014).

While expectations are rising for the recovery of the Japanese economy, given that uncertain conditions still remain, the Yamato Group aims to achieve the quantitative management targets indicated in “Outlook for fiscal 2017” on page 10.

Consolidated Financial Results for the Year Ended March 31, 2014 may be viewed at the following websites:

(Website of the Company)

<http://www.yamato-hd.co.jp/>

(Website of the Tokyo Stock Exchange (“Listed Company Information” page))

<http://www.jpx.co.jp/listing/co-search/index.html>

#### **(2) Issues to be addressed by the Company**

With the aim of achieving satisfaction among our shareholders, customers, society and employees, the Yamato Group will pursue the following strategies on the basis of the long-term business plan “DAN-TOTSU Management Plan 2019” and the medium-term business plan “DAN-TOTSU Three-Year Plan STEP” initiated in April 2014.

- a. We will contribute to Japanese economic growth strategies by pushing ahead with our “Value Networking” design which aspires to revolutionize logistics. We will persist with efforts to further develop our “last mile” network, the greatest strength of the Yamato Group, by making use of our “Haneda Chronogate,” “Atsugi Gateway” and “Okinawa International Logistics Hub” facilities. Furthermore, we will work toward creating and developing a business model that can generate a high level of added value that improves logistics speed, quality and costs, by fusing our business resources in areas such as information, logistics and transaction settlement within this network.
- b. With respect to establishing business foundations in overseas markets primarily in Asia, we will promote cross-border opportunities leveraging the Yamato Group’s capabilities such as those available through the “Okinawa International Logistics Hub.” We will make the notion of a borderless logistics network that provides value-added functions a reality by engaging in efforts to expand our cold chain business primarily in Asia. In part, we have launched a project in collaboration with international standards-setting organizations in March 2016 geared to establishing the world’s first international standard pertaining to chilled and frozen goods delivery services.
- c. With respect to the mail-order market which is poised for further growth, we will engage in aggressive marketing efforts involving our “TA-Q-BIN Compact” and “Nekopos” services, and address emerging needs with respect to small-parcel delivery. We will also continue to provide highly convenient services to our corporate customers who used our Kuroneko Mail service for sending direct mail and other items, by offering them our new “Kuroneko DM-Bin” mailbox posting service. In addition, we will ramp up sales of our “YES!” (Yamato Ec Solutions) service and leverage the Yamato Group’s business resources with the aim of further supporting growth in the mail-order market by embarking on new entries involving mail order business operators while helping them expand their operations.
- d. Our efforts to forge a robust corporate culture will involve placing top priority on ensuring levels of quality that instill customer confidence while increasing employee satisfaction, strengthening both legal and financial governance, and pursuing CSR initiatives.
- e. We will place top priority on maintaining service quality levels as we strive to heighten productivity and control costs across every aspect of Group operations, including collection and delivery, back-office and sorting operations. Meanwhile, for the proprietary services and value-added business models provided by the Yamato Group, we will increasingly enhance our ability to generate profits by promoting our strategy of pricing adequately in line with costs.

- f. In addressing the issue of the labor shortage as it extends into the future, we will promote diversity initiatives and secure new sources of labor by creating a greater variety of job formats and developing a greater range of opportunities that make it possible for women, seniors, foreign nationals and others to actively flourish in the workplace.
- g. We will build a platform that links us with government bodies and corporations in various regions throughout Japan, with the aim of providing support to people in their daily lives and revitalizing their local communities. We will strive to become the group of companies which is the most appreciated and trusted by society by creating value that can be shared among corporations and society through our core operations.

#### **4. Fundamental Approach to Selection of Accounting Standards**

The Yamato Group has adopted Japanese GAAP because the Group engages in business primarily in Japan. However, we intend to give ongoing consideration to IFRS and other accounting standards aligned with upcoming expansion into Asia and other locations overseas.

## 5. Consolidated Financial Statements

### (1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	247,398	249,593
Notes and accounts receivable - trade	187,833	197,382
Accounts receivable - installment	42,007	43,647
Lease investment assets	44,948	48,894
Merchandise and finished goods	721	738
Work in process	512	184
Raw materials and supplies	2,101	1,935
Deferred tax assets	15,687	14,907
Other	26,333	27,777
Allowance for doubtful accounts	(1,338)	(1,079)
<b>Total current assets</b>	<b>566,205</b>	<b>583,982</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	334,119	326,888
Accumulated depreciation	(185,622)	(189,315)
<b>Buildings and structures, net</b>	<b>148,497</b>	<b>137,572</b>
Machinery and equipment	55,448	56,006
Accumulated depreciation	(35,706)	(38,920)
<b>Machinery and equipment, net</b>	<b>19,741</b>	<b>17,085</b>
Vehicles	194,198	196,054
Accumulated depreciation	(176,205)	(178,128)
<b>Vehicles, net</b>	<b>17,992</b>	<b>17,925</b>
Land	187,964	176,139
Lease assets	24,028	15,410
Accumulated depreciation	(17,181)	(6,838)
<b>Lease assets, net</b>	<b>6,846</b>	<b>8,572</b>
Construction in progress	16,025	23,538
Other	85,372	91,936
Accumulated depreciation	(62,338)	(67,128)
<b>Other, net</b>	<b>23,033</b>	<b>24,807</b>
<b>Total property, plant and equipment</b>	<b>420,101</b>	<b>405,641</b>
Intangible assets		
Software	12,646	14,525
Other	4,953	6,434
<b>Total intangible assets</b>	<b>17,600</b>	<b>20,960</b>



(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Investments and other assets		
Investment securities	* 34,567	* 31,498
Long-term loans receivable	1,040	1,009
Lease deposits	17,901	16,452
Net defined benefit asset	255	54
Deferred tax assets	21,977	27,007
Other	3,998	3,737
Allowance for doubtful accounts	(1,116)	(908)
Total investments and other assets	78,624	78,851
Total non-current assets	516,325	505,454
Total assets	1,082,531	1,089,436
Liabilities		
Current liabilities		
Notes and accounts payable - trade	157,479	148,456
Short-term loans payable	34,443	55,933
Current portion of bonds with subscription rights to shares	9,660	—
Lease obligations	2,733	2,509
Income taxes payable	20,024	19,782
Deferred installment income	5,655	5,894
Provision for bonuses	30,236	30,676
Other	96,800	84,844
Total current liabilities	357,034	348,097
Non-current liabilities		
Bonds payable	—	20,000
Long-term loans payable	83,876	90,515
Lease obligations	4,655	5,387
Deferred tax liabilities	3,947	2,799
Net defined benefit liability	53,023	71,551
Other	8,794	7,229
Total non-current liabilities	154,297	197,483
Total liabilities	511,331	545,581

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Net assets		
Shareholders' equity		
Capital stock	127,234	127,234
Capital surplus	70,209	36,813
Retained earnings	395,352	402,375
Treasury shares	(43,007)	(29,075)
Total shareholders' equity	549,789	537,348
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,847	9,790
Foreign currency translation adjustment	1,169	750
Remeasurements of defined benefit plans	715	(10,067)
Total accumulated other comprehensive income	15,731	473
Non-controlling interests	5,678	6,034
Total net assets	571,199	543,855
Total liabilities and net assets	1,082,531	1,089,436

**(2) Consolidated statement of income and consolidated statement of comprehensive income**  
(Consolidated statement of income)

(Millions of yen)

	For the year ended March 31, 2015	For the year ended March 31, 2016
Operating revenue	1,396,708	1,416,413
Operating cost	1,290,714	1,306,200
Operating gross profit	105,993	110,212
Selling, general and administrative expenses		
Personnel expenses	21,905	22,912
Provision for bonuses	826	884
Retirement benefit expenses	957	1,061
Commission fee	3,788	4,586
Taxes and dues	3,804	5,632
Provision of allowance for doubtful accounts	373	201
Depreciation	2,123	2,125
Other	5,050	6,213
Total selling, general and administrative expenses	37,046	41,672
Operating income	68,947	68,540
Non-operating income		
Interest income	89	138
Dividend income	584	694
Foreign exchange gains	520	—
Gain on sales of vehicles	297	425
Rent income	295	304
Other	1,183	893
Total non-operating income	2,969	2,456
Non-operating expenses		
Interest expenses	398	547
Foreign exchange losses	—	317
Other	629	705
Total non-operating expenses	1,027	1,570
Ordinary income	70,889	69,426
Extraordinary income		
Gain on sales of non-current assets	410	354
Gain on sales of investment securities	6	53
Compensation for damage received	257	—
Other	515	10
Total extraordinary income	1,190	418

(Millions of yen)

	For the year ended March 31, 2015	For the year ended March 31, 2016
Extraordinary loss		
Loss on retirement of non-current assets	412	286
Impairment loss	* 1,791	* 1,154
Loss on litigation	704	—
Other	13	324
Total extraordinary loss	2,921	1,766
Profit before income taxes	69,157	68,078
Income taxes - current	29,814	27,434
Income taxes - deferred	1,739	980
Total income taxes	31,554	28,414
Profit	37,602	39,663
Profit attributable to non-controlling interests	69	238
Profit attributable to owners of parent	37,533	39,424

(Consolidated statement of comprehensive income)

(Millions of yen)

	For the year ended March 31, 2015	For the year ended March 31, 2016
Profit	37,602	39,663
Other comprehensive income		
Valuation difference on available-for-sale securities	5,370	(3,975)
Foreign currency translation adjustment	826	(418)
Remeasurements of defined benefit plans, net of tax	2,442	(10,787)
Total other comprehensive income	* 8,640	* (15,181)
Comprehensive income	46,243	24,482
(Breakdown)		
Comprehensive income attributable to owners of parent	45,877	24,165
Comprehensive income attributable to non-controlling interests	365	316

### (3) Consolidated statement of changes in equity

For the year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	127,234	100,863	371,965	(56,079)	543,984
Cumulative effects of changes in accounting policies			(4,080)		(4,080)
Restated balance	127,234	100,863	367,884	(56,079)	539,903
Changes of items during period					
Dividends of surplus			(10,065)		(10,065)
Profit attributable to owners of parent			37,533		37,533
Purchase of treasury shares				(30,587)	(30,587)
Disposal of treasury shares		(404)		10,745	10,340
Retirement of treasury shares		(31,507)		31,507	—
Change in ownership interest of parent related to transactions with non-controlling interests		1,257		1,406	2,664
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(30,654)	27,467	13,071	9,885
Balance at end of current period	127,234	70,209	395,352	(43,007)	549,789

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	8,769	342	(1,717)	7,395	8,792	560,172
Cumulative effects of changes in accounting policies					(17)	(4,097)
Restated balance	8,769	342	(1,717)	7,395	8,775	556,074
Changes of items during period						
Dividends of surplus						(10,065)
Profit attributable to owners of parent						37,533
Purchase of treasury shares						(30,587)
Disposal of treasury shares						10,340
Retirement of treasury shares						—
Change in ownership interest of parent related to transactions with non-controlling interests						2,664
Net changes of items other than shareholders' equity	5,077	826	2,432	8,336	(3,097)	5,239
Total changes of items during period	5,077	826	2,432	8,336	(3,097)	15,124
Balance at end of current period	13,847	1,169	715	15,731	5,678	571,199

For the year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	127,234	70,209	395,352	(43,007)	549,789
Changes of items during period					
Dividends of surplus			(10,674)		(10,674)
Change of scope of consolidation			87		87
Profit attributable to owners of parent			39,424		39,424
Purchase of treasury shares				(50,006)	(50,006)
Disposal of treasury shares		(1,636)		11,207	9,570
Retirement of treasury shares		(30,915)	(21,815)	52,731	—
Change in ownership interest of parent related to transactions with non-controlling interests		(843)			(843)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(33,396)	7,022	13,932	(12,441)
Balance at end of current period	127,234	36,813	402,375	(29,075)	537,348

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	13,847	1,169	715	15,731	5,678	571,199
Changes of items during period						
Dividends of surplus						(10,674)
Change of scope of consolidation						87
Profit attributable to owners of parent						39,424
Purchase of treasury shares						(50,006)
Disposal of treasury shares						9,570
Retirement of treasury shares						—
Change in ownership interest of parent related to transactions with non-controlling interests						(843)
Net changes of items other than shareholders' equity	(4,057)	(418)	(10,783)	(15,258)	355	(14,903)
Total changes of items during period	(4,057)	(418)	(10,783)	(15,258)	355	(27,344)
Balance at end of current period	9,790	750	(10,067)	473	6,034	543,855

**(4) Consolidated statement of cash flows**

(Millions of yen)

	For the year ended March 31, 2015	For the year ended March 31, 2016
Cash flows from operating activities		
Profit before income taxes	69,157	68,078
Depreciation	46,078	46,758
Impairment loss	1,791	1,154
Increase (decrease) in net defined benefit liability	2,795	2,376
Increase (decrease) in provision for bonuses	676	443
Interest and dividend income	(673)	(833)
Interest expenses	648	778
Loss (gain) on sales of non-current assets	(410)	(195)
Loss on retirement of non-current assets	412	286
Loss (gain) on sales of investment securities	(6)	(53)
Decrease (increase) in notes and accounts receivable - trade	(11,898)	(15,422)
Decrease (increase) in inventories	(46)	473
Increase (decrease) in notes and accounts payable - trade	(14,665)	(9,137)
Other, net	29,087	(15,810)
Subtotal	122,947	78,897
Interest and dividend income received	697	837
Interest expenses paid	(662)	(791)
Income taxes paid	(30,361)	(29,227)
Net cash provided by (used in) operating activities	92,620	49,715
Cash flows from investing activities		
Payments into time deposits	(60)	(1,451)
Proceeds from withdrawal of time deposits	506	1,484
Purchase of property, plant and equipment	(54,308)	(37,426)
Proceeds from sales of property, plant and equipment	2,538	17,273
Purchase of investment securities	(1,021)	(1,845)
Proceeds from sales of investment securities	14	109
Payments of loans receivable	(1,489)	(1,150)
Collection of loans receivable	1,449	1,059
Other payments	(7,521)	(10,350)
Other proceeds	1,407	2,067
Net cash provided by (used in) investing activities	(58,485)	(30,230)



(Millions of yen)

	For the year ended March 31, 2015	For the year ended March 31, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,576)	5,917
Repayments of finance lease obligations	(5,180)	(3,209)
Proceeds from long-term loans payable	60,400	38,931
Repayment of long-term loans payable	(19,391)	(16,766)
Proceeds from issuance of bonds	—	19,933
Purchase of treasury shares	(30,592)	(50,013)
Cash dividends paid	(10,065)	(10,675)
Cash dividends paid to non-controlling interests	(81)	(45)
Other, net	(681)	(904)
Net cash provided by (used in) financing activities	(7,168)	(16,833)
Effect of exchange rate change on cash and cash equivalents	690	(654)
Net increase (decrease) in cash and cash equivalents	27,656	1,997
Cash and cash equivalents at beginning of period	219,395	247,051
Increase in cash and cash equivalents from newly consolidated subsidiary	—	213
Cash and cash equivalents at end of period	*1 247,051	*1 249,261

## **(5) Notes to consolidated financial statements**

### **(Notes to premise of going concern)**

Not applicable.

### **(Significant matters forming the basis of preparing the consolidated financial statements)**

#### 1. Scope of consolidation

##### (1) Number of consolidated subsidiaries: 40

Major consolidated subsidiaries are as described in "2. Status of the Corporate Group."

Yamato Dialog & Media Co., Ltd. is included in the scope of consolidation from the fiscal year under review due to their increased materiality.

##### (2) Non-consolidated subsidiaries, etc.

YAMATO LOGISTICS INDIA PVT. LTD. and certain other subsidiaries are not included within the scope of consolidation. The total assets, operating revenue, profit, and retained earnings of these non-consolidated subsidiaries are immaterial and, even taken together as a group, they do not exert a significant influence on the consolidated financial statements.

#### 2. Application of equity method

The equity method is not applied to YAMATO LOGISTICS INDIA PVT. LTD. and certain other non-consolidated subsidiaries, along with YAMATO UNYU (THAILAND) CO., LTD. and certain other affiliated companies. The net income and the retained earnings of these companies are immaterial and, even taken together as a group, they do not exert a significant influence on the consolidated financial statements.

#### 3. Closing date of consolidated subsidiaries

Of consolidated subsidiaries, YAMATO TRANSPORT U.S.A., INC., and other ten overseas subsidiaries have December 31 as their financial year end. Financial statements as of this closing date were used in the preparation of the consolidated financial statements. However, the consolidated figures have been adjusted as required to reflect significant transactions occurring between December 31, 2015 and March 31, 2016 that is the consolidated closing date.

#### 4. Accounting policies

##### (1) Valuation basis and methods for principal assets

###### a. Securities

###### Securities held-to-maturity

Calculated based on the amortized cost method (straight-line method).

###### Available-for-sale securities

Securities with fair market value:

Stated at the fair market value based on the quoted market price as of the fiscal year end (valuation differences are recognized in net assets; the cost of securities sold is calculated by the moving-average method).

Securities without fair market value:

Stated at the cost by moving-average method.

###### b. Inventories

Stated at the cost by first-in first-out method (for the value stated in the balance sheet, the book value is written down based on the decreased profitability).

##### (2) Depreciation and amortization methods of major depreciable or amortizable assets

###### a. Property, plant and equipment (excluding lease assets):

Computed using the declining-balance method.

Meanwhile, the straight-line method is adopted for buildings (excluding fixtures) acquired on or after April 1, 1998.

- For overseas consolidated subsidiaries' assets, the straight-line method based on estimated useful lives is adopted.
- b. Intangible assets (excluding lease assets):  
Computed using the straight-line method. Meanwhile, software is amortized by the straight-line method over the estimated useful life of five years.
  - c. Lease assets:  
Computed using the straight-line method where the useful life of lease assets shall be equal to the lease period and their residual value shall be zero.
- (3) Accounting standards for significant provisions
    - a. Allowance for doubtful accounts  
The allowance for doubtful accounts is provided to prepare for loss from uncollectible credits. For ordinary receivables, the amount is estimated using the rate based on the historical bad debt experience. For special receivables with higher uncertainty of collectivity is considered on individual cases, and prospective uncollectible amount is provided.
    - b. Provision for bonuses  
The provision for bonuses is provided for payment of bonuses to employees based on an amount expected to be paid.  
This provision is not applicable for overseas subsidiaries.
  - (4) Method of accounting for retirement benefits
    - a. Method of attributing expected retirement benefit to periods  
In calculating the retirement benefit obligations, the straight-line basis is used in determining the amount of the expected retirement benefit obligation attributed to service performed up to the end of the current fiscal year.
    - b. Method of recognizing actuarial differences and prior service costs  
The entire amount of prior service cost is recognized in profit or loss in the fiscal year during which it arises. Actuarial differences are recognized in profit or loss in the year following the year in which a respective gain or loss arises, and are amortized proportionally on a straight-line basis over a period of five years, which is within the average remaining years of service of the eligible employees.
    - c. Method of accounting for unrecognized actuarial difference  
Unrecognized actuarial difference is accounted for in remeasurements of defined benefit plans, after adjusting for tax effects, under accumulated other comprehensive income of net assets.
  - (5) Basis of revenue recognition  
Deferred installment income:  
The prorated amounts for the shopping loan service are recognized as income when the due date comes.
  - (6) Method of significant hedge accounting
    - a. Method of hedge accounting  
Interest rate swaps are accounted for using the exceptional treatment as they satisfy the applicable conditions.
    - b. Hedging instrument and hedged item  
Hedging instrument: Interest rate swaps  
Hedged item: Interest on loans
    - c. Hedging policy  
Interest rate swap transactions are used to avoid interest rate fluctuation risk associated with fund procurement.
    - d. Method of evaluating hedge effectiveness  
Hedging effectiveness in interest rate swap transactions is not evaluated as they are accounted for using the exceptional treatment.

- (7) Scope of funds in consolidated statement of cash flows  
Cash (cash and cash equivalents) in the consolidated statement of cash flows consists of cash on hand and short-term investments with a maturity not exceeding three months from the time of purchase that are readily convertible to cash and not exposed to significant risk in value fluctuations. Bank overdrafts are included in cash equivalents except when they are clearly regarded for procurement of funds, as is the case with short-term loans payable.
- (8) Other significant matters forming the basis of preparing the consolidated financial statements  
Accounting for consumption taxes:  
Consumption taxes are excluded from transaction amounts.

### (Changes in presentation)

(Changes due to application of Accounting Standard for Consolidated Financial Statements)

The Company has applied provisions of Paragraph 39 of the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), etc., and has accordingly made changes in the presentation of net income, etc. and has also made changes in presentation from minority interests to non-controlling interests. To reflect these changes, the Company has restated its consolidated financial statements for the previous fiscal year.

### (Consolidated balance sheet)

\* Investment securities for non-consolidated subsidiaries and affiliates are as follows.

	(Millions of yen)	
	Fiscal 2015	Fiscal 2016
Investment securities	723	1,169

### (Consolidated statement of income)

\* Impairment loss

Fiscal 2015 (from April 1, 2014 to March 31, 2015)

			(Millions of yen)
Use of asset	Type of asset	Region	Amount of impairment loss
Branch and distribution center and other	Other intangible assets and other	Yamato (China) Transport Co., Ltd. (Shanghai, China) and ten other premises	1,791

The Yamato Group grouped the assets based on the classification in managerial accounting and the unit in making investment decisions, with Yamato Transport Co., Ltd. treating primarily a main branch and subordinate branches as one unit and the Company and other consolidated subsidiaries based on the unit of department.

As a result, the Group recognized a continuous decrease in profit and loss arising from operating activities or significant declines in market prices for the asset group consisting of Yamato (China) Transport Co., Ltd. and ten other premises, and it decreased the book value of the relevant asset group to the recoverable value and posted the relevant decrease of 1,791 million yen to extraordinary losses as an impairment loss. A breakdown of this decrease shows that 328 million yen was attributable to buildings, 290 million yen was attributable to land and 847 million yen was attributable to other intangible assets.

Where the recoverable value of a relevant asset group is calculated on the basis of value in use, the calculation is made by discounting future cash flows by a discount rate of between 5.65% and 6.15%. Also, where the recoverable value is calculated based on net realizable value, the amount is valued based mainly on real estate appraisal standards, assessed value of property tax or the posted land price.

Fiscal 2016 (from April 1, 2015 to March 31, 2016)

(Millions of yen)

Use of asset	Type of asset	Region	Amount of impairment loss
Branch and distribution center and other	Buildings, land and other	Yamato Transport Co., Ltd., Tokushima Main Branch and eight other premises	1,154

The Yamato Group grouped the assets based on the classification in managerial accounting and the unit in making investment decisions, with Yamato Transport Co., Ltd. treating primarily a main branch and subordinate branches as one unit and the Company and other consolidated subsidiaries based on the unit of department.

As a result, the Group recognized a continuous decrease in profit and loss arising from operating activities or significant declines in market prices for the asset group consisting of Yamato Transport Co., Ltd., Tokushima Main Branch and eight other premises, and it decreased the book value of the relevant asset group to the recoverable value and posted the relevant decrease of 1,154 million yen to extraordinary losses as an impairment loss. A breakdown of this decrease shows that 578 million yen was attributable to buildings and 360 million yen was attributable to land.

Where the recoverable value is calculated based on net realizable value, the amount is valued based mainly on real estate appraisal standards, assessed value of property tax or the posted land price.

**(Consolidated statement of comprehensive income)**

\*Recycling amount and income tax relating to other comprehensive income

	(Millions of yen)	
	Fiscal 2015	Fiscal 2016
Valuation difference on available-for-sale securities		
Amount recorded during the period	7,258	(5,251)
Recycling amount	(6)	(53)
Before tax effect adjustments	7,251	(5,305)
Tax effect amount	(1,880)	1,329
Valuation difference on available-for-sale securities	5,370	(3,975)
Foreign currency translation adjustment		
Amount recorded during the period	826	(418)
Remeasurements of defined benefit plans, net of tax		
Amount recorded during the period	3,351	(16,387)
Recycling amount	398	789
Before tax effect adjustments	3,750	(15,598)
Tax effect amount	(1,307)	4,811
Remeasurements of defined benefit plans, net of tax	2,442	(10,787)
Total other comprehensive income	8,640	(15,181)

## (Consolidated statement of changes in equity)

For the year ended March 31, 2015

### 1. Class and total number of issued shares and treasury shares (Thousands of shares)

	Number of shares as of the beginning of the current fiscal year	Number of increased shares in current fiscal year	Number of decreased shares in current fiscal year	Number of shares as of end of current fiscal year
Issued shares				
Common shares (Note 1)	454,684	—	19,120	435,564
Total	454,684	—	19,120	435,564
Treasury shares				
Common shares (Note 2)	35,742	12,235	25,606	22,370
Total	35,742	12,235	25,606	22,370

Notes: \*1 The decrease of 19,120 thousand shares of issued shares of common shares resulted from a decrease due to retirement of treasury shares.

\*2 The increase of 12,235 thousand shares of treasury shares of common shares resulted from an increase of 11,962 thousand shares due to the purchase of treasury shares and other increases.

The decrease of 25,606 thousand shares of treasury shares of common shares resulted from a decrease of 19,120 thousand shares through retirement of treasury shares, a decrease of 5,589 thousand shares through the exercise of subscription rights to shares attached to bonds with subscription rights to shares and other decreases.

### 2. Subscription rights to shares and treasury subscription rights to shares

As the number of shares subject to subscription rights is immaterial against the total number of issued shares (excluding treasury shares) as of the end of the fiscal year under review, descriptions are omitted.

### 3. Dividends

#### (1) Payment of dividends

Resolution	Class of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date on and after
The Board of Directors Meeting on May 16, 2014	Common shares	5,027	12	March 31, 2014	June 3, 2014
The Board of Directors Meeting on October 30, 2014	Common shares	5,038	12	September 30, 2014	December 10, 2014

#### (2) Dividends with a record date that falls within the fiscal year under review but an effective date starting in the upcoming fiscal year

Resolution	Class of shares	Total amount of dividends (millions of yen)	Source of dividend	Dividend per share (yen)	Record date	Effective date on and after
The Board of Directors Meeting on May 14, 2015	Common shares	5,371	Retained earnings	13	March 31, 2015	June 2, 2015

For the year ended March 31, 2016

1. Class and total number of issued shares and treasury shares

(Thousands of shares)

	Number of shares as of the beginning of the current fiscal year	Number of increased shares in current fiscal year	Number of decreased shares in current fiscal year	Number of shares as of end of current fiscal year
Issued shares				
Common shares (Note 1)	435,564	—	24,224	411,339
Total	435,564	—	24,224	411,339
Treasury shares				
Common shares (Note 2)	22,370	19,850	29,397	12,823
Total	22,370	19,850	29,397	12,823

Notes: \*1 The decrease of 24,224 thousand shares of issued shares of common shares resulted from a decrease due to retirement of treasury shares.

\*2 The increase of 19,850 thousand shares of treasury shares of common shares resulted from an increase of 19,847 thousand shares due to the purchase of treasury shares and other increases.

The decrease of 29,397 thousand shares of treasury shares of common shares resulted from a decrease of 24,224 thousand shares through retirement of treasury shares, a decrease of 5,172 thousand shares through the exercise of subscription rights to shares attached to bonds with subscription rights to shares and other decreases.

2. Subscription rights to shares and treasury subscription rights to shares

Not applicable.

3. Dividends

(1) Payment of dividends

Resolution	Class of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date on and after
The Board of Directors Meeting on May 14, 2015	Common shares	5,371	13	March 31, 2015	June 2, 2015
The Board of Directors Meeting on October 29, 2015	Common shares	5,302	13	September 30, 2015	December 10, 2015

(2) Dividends with a record date that falls within the fiscal year under review but an effective date starting in the upcoming fiscal year

Resolution	Class of shares	Total amount of dividends (millions of yen)	Source of dividend	Dividend per share (yen)	Record date	Effective date on and after
The Board of Directors Meeting on May 19, 2016 (planned)	Common shares	5,977	Retained earnings	15	March 31, 2016	June 3, 2016 (planned)

(Note) The dividend per share of 15 yen includes commemorative dividends of 2 yen.

**(Consolidated statement of cash flows)**

\*1 Relationship between the balance of cash and cash equivalents at the end of the period and the amounts recorded in the items shown on the consolidated balance sheet

(Millions of yen)

	Fiscal 2015	Fiscal 2016
Cash and deposits	247,398	249,593
Time deposits due beyond three months	(36)	—
Short-term loans payable account	(311)	(332)
Cash and cash equivalents	247,051	249,261

2 Important non-cash transactions

Exercise of subscription rights to shares attached to convertible bond-type bonds with subscription rights to shares

(Millions of yen)

	Fiscal 2015	Fiscal 2016
Decrease in capital surplus due to exercise of subscription rights to shares	(405)	(1,636)
Decrease in treasury shares due to exercise of subscription rights to shares	10,745	11,206
Decrease in bonds with subscription rights to shares due to exercise of subscription rights to shares	10,340	9,570

**(Segment Information)**

1. Segment Information

(1) Summary of reportable segment

The reportable segments of the Yamato Group are constituent units of the Yamato Group whose separate financial information can be obtained. The Board of Directors of the Company periodically examines these segments to decide on the allocation of management resources and evaluate business performance.

The Yamato Group consists of six business segments under the umbrella of the Company, a pure holding company, and these business segments have been formed according to business activity. Business management is conducted based on this business segment.

Accordingly, based on this business segment, the Yamato Group has the following six reportable segments: Delivery business, BIZ-Logistics business, Home Convenience business, e-Business, Financial business, and Autoworks business.

Type of services by reportable segment

Reportable segment	Type of services
Delivery	Small parcel delivery services for consumers and corporations
BIZ-Logistics	Business-to-business distribution
Home Convenience	Moving and other lifestyle support services for consumers
e-Business	Information services for corporations, such as ASP services and development of information systems
Financial	Financial services for consumers and corporations, such as settlement
Autoworks	Collective vehicle management agent business for transportation companies

(2) Method of calculating operating revenue, income/loss, assets and other items by reportable segment

The accounting method used for reported business segments is the same as that described in the section on "Significant matters forming the basis of preparing the consolidated financial statements."

(3) Information regarding the amounts of operating revenue, income/loss, assets and other items by reportable segment

For the year ended March 31, 2015

(Millions of yen)

	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial
Operating revenue					
Operating revenue from customers	1,103,188	103,821	48,475	40,486	66,649
Inter-segment operating revenue or transfers	64,244	12,150	14,546	28,253	3,402
Total	1,167,433	115,971	63,021	68,739	70,051
Segment income	39,604	4,682	613	7,756	8,942
Segment assets	661,980	61,507	20,241	40,377	239,026
Others					
Depreciation	34,805	1,818	557	3,761	3,437
Increases of property, plant and equipment and intangible assets	33,840	3,200	711	4,965	8,397



(Millions of yen)

	Autoworks	Other (Notes 1, 2)	Total	Reconciliation (Note 3)	Amount recorded in consolidated financial statements (Note 4)
Operating revenue					
Operating revenue from customers	27,153	6,933	1,396,708	—	1,396,708
Inter-segment operating revenue or transfers	28,558	45,994	197,149	(197,149)	—
Total	55,711	52,928	1,593,857	(197,149)	1,396,708
Segment income	3,733	23,939	89,272	(20,325)	68,947
Segment assets	24,794	10,032	1,057,961	24,570	1,082,531
Others					
Depreciation	767	247	45,394	663	46,058
Increases of property, plant and equipment and intangible assets	454	210	51,780	241	52,022

- Notes: 1. Other includes business-to-business distribution via JITBOX Charter and shared services.  
2. Operating revenue in Other includes dividends which the Company received from the Group companies as a pure holding company and the effect of this on operating revenue and segment income is 22,100 million yen.  
3. Adjustments made are as follows.  
(1) The adjustment of (20,325 million yen) of segment income resulted from eliminating transactions among segments, etc.  
(2) The adjustment of 24,570 million yen of segment assets includes eliminations of intersegment receivables and payables, etc. of (164,856 million yen) and group-wide assets of 189,426 million yen not allocated to each reportable segment.  
(3) The adjustment of 241 million yen of increases of property, plant and equipment and intangible assets includes the Company's capital investment of 223 million yen.  
4. We made an adjustment between segment income and operating income in the consolidated statement of income.

For the year ended March 31, 2016

(Millions of yen)

	Delivery (Note 1)	BIZ-Logistics	Home Convenience	e-Business	Financial
Operating revenue					
Operating revenue from customers	1,111,867	106,822	48,981	43,357	72,455
Inter-segment operating revenue or transfers	66,082	12,553	15,246	30,366	3,352
Total	1,177,950	119,375	64,228	73,724	75,807
Segment income	38,190	4,905	1,146	9,009	8,685
Segment assets	649,825	60,471	21,436	43,619	243,037
Others					
Depreciation	33,958	2,160	532	4,240	4,068
Increases of property, plant and equipment and intangible assets	34,976	2,839	716	6,413	7,466

	Autoworks	Other (Notes 1, 2, 3)	Total	Reconciliation (Note 4)	Amount recorded in consolidated financial statements (Note 5)
Operating revenue					
Operating revenue from customers	24,458	8,470	1,416,413	—	1,416,413
Inter-segment operating revenue or transfers	27,539	49,860	205,001	(205,001)	—
Total	51,998	58,330	1,621,414	(205,001)	1,416,413
Segment income	3,372	26,515	91,825	(23,285)	68,540
Segment assets	24,264	11,267	1,053,923	35,513	1,089,436
Others					
Depreciation	782	296	46,039	699	46,739
Increases of property, plant and equipment and intangible assets	696	692	53,801	143	53,945

- Notes:
1. Effective from the fiscal year ended March 31, 2016, the Company has made changes to business segment classifications to ensure that such classifications more adequately accord with actual circumstances related to management and administration. These changes mainly involve inclusion of the human resources management business in the Delivery Business segment, from the Other segment previously. The segment information for the fiscal year ended March 31, 2015 has been prepared and presented according to the new classification.
  2. Other includes business-to-business distribution via JITBOX Charter and shared services.
  3. Operating revenue in Other includes dividends which the Company received from the Group companies as a pure holding company and the effect of this on operating revenue and segment income is 24,889 million yen.
  4. Adjustments made are as follows.
    - (1) The adjustment of (23,285 million yen) of segment income resulted from eliminating transactions among segments, etc.
    - (2) The adjustment of 35,513 million yen of segment assets includes eliminations of intersegment receivables and payables, etc. of (164,797 million yen) and group-wide assets of 200,311 million yen not allocated to each reportable segment.
    - (3) The adjustment of 143 million yen of increases of property, plant and equipment and intangible assets includes the Company's capital investment of 141 million yen.
  5. We made an adjustment between segment income and operating income in the consolidated statement of income.

2. Relevant information

For the year ended March 31, 2015

(1) Information by product and service

	(Millions of Yen)			
	TA-Q-BIN	Kuroneko Mail	Other	Total
Operating revenue from customers	912,563	111,885	372,260	1,396,708

(2) Information by region

a. Operating revenue

(Millions of Yen)			
Japan	North America	Other	Total
1,368,793	10,261	17,653	1,396,708

b. Property, plant and equipment

(Millions of Yen)			
Japan	North America	Other	Total
418,202	441	1,456	420,101

(3) Information by major customer

Of operating revenue from customers, because no single revenue from any one customer accounts for 10% or more of the operating revenue of the consolidated statement of income, descriptions are omitted.

For the year ended March 31, 2016

(1) Information by product and service

	(Millions of Yen)			
	TA-Q-BIN	Kuroneko DM-Bin	Other	Total
Operating revenue from customers	939,470	82,701	394,241	1,416,413

(2) Information by region

a. Operating revenue

(Millions of Yen)			
Japan	North America	Other	Total
1,390,082	11,480	14,850	1,416,413

b. Property, plant and equipment

(Millions of Yen)			
Japan	North America	Other	Total
404,091	431	1,118	405,641

(3) Information by major customer

Of operating revenue from customers, because no single revenue from any one customer accounts for 10% or more of the operating revenue of the consolidated statement of income, descriptions are omitted.

3. Information regarding impairment losses of non-current assets by reportable segment

For the year ended March 31, 2015

(Millions of Yen)

	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial
Impairment loss	1,403	90	297	—	—

	Autoworks	Other	Total	Corporate or eliminations	Consolidated
Impairment loss	—	—	1,791	—	1,791

For the year ended March 31, 2016

(Millions of Yen)

	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial
Impairment loss	816	192	—	—	9

	Autoworks	Other	Total	Corporate or eliminations	Consolidated
Impairment loss	136	—	1,154	—	1,154

4. Information regarding amortization and unamortized balance of goodwill by reportable segment

For the year ended March 31, 2015

Not applicable.

For the year ended March 31, 2016

Descriptions are omitted, as the monetary value is immaterial.

## (Tax Effect Accounting)

### 1. Breakdown of major causes for deferred tax assets and deferred tax liabilities

	(Millions of yen)	
	Fiscal 2015	Fiscal 2016
Deferred tax assets (current assets)		
Provision for bonuses	9,711	9,441
Accrued legal welfare expenses	1,818	1,524
Accrued enterprise tax	1,768	1,773
Excess in provision of allowance for doubtful accounts	216	184
Other	2,465	2,215
Total	15,979	15,138
Deferred tax assets (non-current assets)		
Net defined benefit liability	17,727	22,028
Loss on valuation of land	21,898	20,759
Impairment loss	4,188	4,574
Loss on valuation of investment securities	1,992	1,880
Unrealized income on non-current assets	1,913	2,138
Loss on valuation of telephone subscription right	494	468
Other	10,693	10,287
Subtotal	58,907	62,138
Allowance for devaluation	(33,122)	(31,942)
Total	25,785	30,195
Deferred tax liabilities (current liabilities)		
Other	(292)	(231)
Total	(292)	(231)
Deferred tax liabilities (non-current liabilities)		
Valuation difference on available-for-sale securities	(4,739)	(3,404)
Reserve for reduction entry	(205)	(231)
Other	(2,810)	(2,350)
Total	(7,755)	(5,987)
Net deferred tax assets	33,717	39,116

### 2. Breakdown of the main items that caused differences between the normal effective statutory tax rates and the actual effective tax rates after tax effect accounting

	Fiscal 2015	Fiscal 2016
Normal effective statutory tax rates of consolidated financial statement-submitting companies	35.6 %	33.1 %
(Reconciliation)		
Per capita levy of local taxes	4.2	4.3
Allowance for devaluation	(0.2)	0.8
Downward revision to deferred tax assets as of the end of the period due to the change in corporate tax rates	5.0	2.7
Other	1.0	0.8
Actual effective tax rates after tax effect accounting	45.6	41.7

3. Adjustment of deferred tax assets and deferred tax liabilities due to change in corporate tax rates, etc.  
On March 29, 2016, the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 15 of 2016), and the “Act for Partial Revision of the Local Tax Act, etc.” (Act No. 13 of 2016) were enacted in the Diet. As a result, the normal effective statutory tax rate of 32.3% previously applied in calculating the amount of deferred tax assets and liabilities has been reduced to 30.9% with respect to the temporary differences expected to be resolved in the fiscal year beginning April 1, 2016 and in the fiscal year beginning April 1, 2017. Also, the normal effective statutory tax rate will be further reduced to 30.6% with respect to the temporary differences expected to be resolved in the fiscal year beginning April 1, 2018, and subsequent fiscal years. This has resulted in a decrease in deferred tax assets of 1,894 million yen (after subtraction of deferred tax liabilities; of which, the effect of the tax rate change amounts to 1,893 million yen) and an increase in income taxes - deferred of 1,833 million yen (of which, the effect of the tax rate change amounts to 1,832 million yen).

## **(Financial Instruments)**

1. Matters concerning the status of financial instruments

- (1) Policy on financial instruments

To finance further business growth, the Yamato Group raises capital through bank loans and bond issuances based on an investment scheme that includes the network development plan. One-time surplus funds are invested in safe financial assets. Derivative products are mainly used for hedging against variable interest rate risk, and no speculative transactions are undertaken.

Some of the Group's consolidated subsidiaries are engaged in businesses such as leasing and third-party credit sales.

- (2) Features and risks of financial instruments and risk management structure

Operating receivables such as notes and accounts receivable - trade and accounts receivable - installment carry credit risk of trading partners, and thus the Company manages and controls cash received, as well as outstanding receivables, for each period to identify the credit risk of each trading partner.

Regarding investment securities, the Yamato Group mainly holds shares of companies with which the Group has business relationships or forms a capital alliance, and such shares involve the risk of stock price fluctuations.

The majority of operating payables, such as notes and accounts payable - trade, are due within one year.

Short-term loans payable and long-term loans payable are mainly used to raise capital for the Group's financial business. Some of the loans payable are procured at variable rates of interest, and the Group employs interest rate swaps for a portion of those loans to hedge interest rate risk associated with fundraising. Interest rate swap transactions are executed in conformity with the Group's regulations for authorizing derivative transactions.

Within the Yamato Group, each Group company controls liquidity risk associated with operating payables and loans by monitoring payments and settlements, bookkeeping, and balances, as well as managing cash positions.

- (3) Supplemental remarks on the fair value of the financial instruments

The fair value of financial instruments refers to their market value or value reasonably calculated based on certain assumptions if market value is not available. Therefore, the estimated fair value may vary with different assumptions.

## 2. Matters concerning fair value of financial instruments

The amounts recorded on the consolidated balance sheet, their fair values, and differences between them are shown in the following. Some financial instruments are excluded because it is extremely difficult to identify their fair values (see Note 5).

For the year ended March 31, 2015

(Millions of yen)

	Amount on the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	247,398	247,398	—
(2) Notes and accounts receivable - trade	187,833		
Allowance for doubtful accounts	(121)		
	187,712	188,298	586
(3) Accounts receivable - installment	42,007		
Allowance for doubtful accounts	(802)		
Deferred installment income	[5,655]		
	35,550	40,979	5,428
(4) Investment securities			
Available-for-sale securities	33,016	33,016	—
(5) Notes and accounts payable - trade	[157,479]	[157,479]	—
(6) Short-term loans payable	[34,443]	[34,514]	70
(7) Long-term loans payable	[83,876]	[83,834]	(41)
(8) Derivatives	—	—	—

### Notes:

- Items recognized as liabilities are shown in square parentheses [ ] both under Amount on the consolidated balance sheet and Fair value.
- Notes and accounts receivable - trade are presented after deducting allowance for doubtful accounts set up for notes and accounts receivable - trade not to be settled in the short term.
- Accounts receivable - installment is presented after deducting the relevant allowance for doubtful accounts and deferred installment income.
- Method of calculating fair value of financial instruments and other matters concerning securities and derivatives
  - Cash and deposits  
Because all deposits are short-term deposits and their fair values are approximately equal to their book values, fair value is the same as book value.
  - Notes and accounts receivable - trade  
Because notes and accounts receivable - trade are usually settled in a short period and their fair values are approximately equal to their book values, fair value is the same as book value. Some notes and accounts receivable - trade are grouped by their classification categories and computed on the basis of the present value of future cash flow discounted at a rate based on the yield of Japanese government bonds.
  - Accounts receivable - installment  
The fair values of accounts receivable - installment are grouped by their classification categories and computed on the basis of the present value of future cash flow discounted at the rate based on market interest rate.
  - Investment securities  
The fair values of listed equity shares in investment securities are based on quoted market prices. For matters concerning securities according to the purpose for which they are held, please see the notes to "Securities."
  - Notes and accounts payable - trade  
As most notes and accounts payable - trade are due within one year and their fair values are approximately equal to their book values, fair value is the same as book value.
  - Short-term loans payable and (7) Long-term loans payable  
The fair value of short-term loans payable, long-term loans payable, and long-term loans payable meeting the requirements of exceptional treatment for interest rate swaps and being treated together with interest swaps are computed on the basis of the total amount of principal and interest discounted at the interest rate applicable to new loans carrying the same conditions.

## (8) Derivatives

- a. Derivative transactions to which hedge accounting is not applied: Not applicable.
- b. Derivative transactions to which hedge accounting is applied: The contract amount or amount equivalent to the principal set forth in the contract, as of the consolidated closing date, are as follows.

(Millions of yen)

Method of hedge accounting	Type of derivative transaction	Major hedged items	Contract amount, etc.		Fair value
				Over 1 year	
Exceptional treatment of interest rate swaps	Interest rate swaps Pay-fixed, receive-variable	Long-term loans payable	38,582	26,376	*

\* The exceptional treatment of interest rate swaps is applied to the Group's interest rate swaps, and these transactions are treated together with long-term loans payable with the relevant hedging instruments. Therefore, their fair value is included among long-term loans payable.

5. It is extremely difficult to determine the fair values of unlisted securities (the amount recorded on consolidated balance sheet is 1,550 million yen) because they do not have quoted market prices and their future cash flow cannot be estimated. Therefore, they are excluded from (4) Investment securities/Available-for-sale securities.
6. Scheduled redemption amounts after the consolidated closing date for monetary claims and securities with maturity period

(Millions of yen)

	Within 1 year	Over 1 year, within 5 years	Over 5 years
Cash and deposits	247,398	—	—
Notes and accounts receivable - trade	174,738	12,914	180
Accounts receivable - installment	20,655	20,730	622
Total	442,792	33,644	803

## 7. Scheduled repayment amounts after the consolidated closing date for long-term loans payable

(Millions of yen)

	Within 1 year	Over 1 year, within 2 years	Over 2 years, within 3 years	Over 3 years, within 4 years	Over 4 years, within 5 years	Over 5 years
Long-term loans payable	16,677	32,327	41,548	10,000	—	—

## For the year ended March 31, 2016

(Millions of yen)

	Amount on the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	249,593	249,593	—
(2) Notes and accounts receivable - trade	197,382		
Allowance for doubtful accounts	(124)		
	197,257	198,154	897
(3) Accounts receivable - installment	43,647		
Allowance for doubtful accounts	(645)		
Deferred installment income	[5,894]		
	37,107	42,933	5,826
(4) Investment securities			
Available-for-sale securities	29,215	29,215	—
(5) Notes and accounts payable - trade	[148,456]	[148,456]	—
(6) Short-term loans payable	[55,933]	[56,017]	84
(7) Long-term loans payable	[90,515]	[90,859]	343
(8) Derivatives	—	—	—



## Notes:

1. Items recognized as liabilities are shown in square parentheses [ ] both under Amount on the consolidated balance sheet and Fair value.
2. Notes and accounts receivable - trade are presented after deducting allowance for doubtful accounts set up for notes and accounts receivable - trade not to be settled in the short term.
3. Accounts receivable - installment is presented after deducting the relevant allowance for doubtful accounts and deferred installment income.
4. Method of calculating fair value of financial instruments and other matters concerning securities and derivatives
  - (1) Cash and deposits  
Because all deposits are short-term deposits and their fair values are approximately equal to their book values, fair value is the same as book value.
  - (2) Notes and accounts receivable - trade  
Because notes and accounts receivable - trade are usually settled in a short period and their fair values are approximately equal to their book values, fair value is the same as book value. Some notes and accounts receivable - trade are grouped by their classification categories and computed on the basis of the present value of future cash flow discounted at a rate based on the yield of Japanese government bonds.
  - (3) Accounts receivable - installment  
The fair values of accounts receivable - installment are grouped by their classification categories and computed on the basis of the present value of future cash flow discounted at the rate based on market interest rate.
  - (4) Investment securities  
The fair values of listed equity shares in investment securities are based on quoted market prices. For matters concerning securities according to the purpose for which they are held, please see the notes to "Securities."
  - (5) Notes and accounts payable - trade  
As most notes and accounts payable - trade are due within one year and their fair values are approximately equal to their book values, fair value is the same as book value.
  - (6) Short-term loans payable and (7) Long-term loans payable  
The fair value of short-term loans payable, long-term loans payable, and long-term loans payable meeting the requirements of exceptional treatment for interest rate swaps and being treated together with interest swaps are computed on the basis of the total amount of principal and interest discounted at the interest rate applicable to new loans carrying the same conditions.
  - (8) Derivatives
    - a. Derivative transactions to which hedge accounting is not applied: Not applicable.
    - b. Derivative transactions to which hedge accounting is applied: The contract amount or amount equivalent to the principal set forth in the contract, as of the consolidated closing date, are as follows.

(Millions of yen)

Method of hedge accounting	Type of derivative transaction	Major hedged items	Contract amount, etc.		Fair value
				Over 1 year	
Exceptional treatment of interest rate swaps	Interest rate swaps Pay-fixed, receive-variable	Long-term loans payable	26,376	8,220	*

\* The exceptional treatment of interest rate swaps is applied to the Group's interest rate swaps, and these transactions are treated together with long-term loans payable with the relevant hedging instruments. Therefore, their fair value is included among long-term loans payable.

5. It is extremely difficult to determine the fair values of unlisted securities (the amount recorded on consolidated balance sheet is 2,282 million yen) because they do not have quoted market prices and their future cash flow cannot be estimated. Therefore, they are excluded from (4) Investment securities/Available-for-sale securities.
6. Scheduled redemption amounts after the consolidated closing date for monetary claims and securities with maturity period

(Millions of yen)

	Within 1 year	Over 1 year, within 5 years	Over 5 years
Cash and deposits	249,593	—	—
Notes and accounts receivable - trade	181,984	15,196	201
Accounts receivable - installment	21,438	21,631	578
Total	453,015	36,828	779

7. Scheduled repayment amounts after the consolidated closing date for long-term loans payable

(Millions of yen)

	Within 1 year	Over 1 year, within 2 years	Over 2 years, within 3 years	Over 3 years, within 4 years	Over 4 years, within 5 years	Over 5 years
Long-term loans payable	32,318	43,915	33,600	13,000	—	—

## (Securities)

For the year ended March 31, 2015

### 1. Available-for-sale securities

(Millions of yen)

	Type	Amount on the consolidated balance sheet	Acquisition cost	Difference
Those whose value recorded on the consolidated balance sheet exceeds the acquisition cost	(1) Stocks	32,761	13,500	19,260
	(2) Bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	32,761	13,500	19,260
Those whose value recorded on the consolidated balance sheet does not exceed the acquisition cost	(1) Stocks	255	293	(37)
	(2) Bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	255	293	(37)
Total		33,016	13,793	19,222

Note: It is extremely difficult to determine the fair values of unlisted securities (the amount recorded on consolidated balance sheet is 1,550 million yen) because they do not have quoted market prices. Therefore, they are excluded from the above table of "Available-for-sale securities."

### 2. Available-for-sale securities sold during the year ended March 31, 2015

(Millions of yen)

Type	Sale amount	Total capital gains	Total capital losses
(1) Stocks	14	6	—
(2) Bonds	—	—	—
(3) Other	—	—	—
Total	14	6	—

### 3. Securities on which impairment losses were recognized Not applicable.

For the year ended March 31, 2016

### 1. Available-for-sale securities

(Millions of yen)

	Type	Amount on the consolidated balance sheet	Acquisition cost	Difference
Those whose value recorded on the consolidated balance sheet exceeds the acquisition cost	(1) Stocks	28,727	14,679	14,047
	(2) Bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	28,727	14,679	14,047
Those whose value recorded on the consolidated balance sheet does not exceed the acquisition cost	(1) Stocks	488	572	(83)
	(2) Bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	488	572	(83)
Total		29,215	15,252	13,963

Note: It is extremely difficult to determine the fair values of unlisted securities (the amount recorded on consolidated balance sheet is 2,282 million yen) because they do not have quoted market prices. Therefore, they are excluded from the above table of "Available-for-sale securities."

2. Available-for-sale securities sold during the year ended March 31, 2016

(Millions of yen)

Type	Sale amount	Total capital gains	Total capital losses
(1) Stocks	109	53	—
(2) Bonds	—	—	—
(3) Other	—	—	—
Total	109	53	—

3. Securities on which impairment losses were recognized  
Not applicable.

## (Retirement Benefit)

### 1. Outline of retirement benefit plan

The Yamato Group adopts a contributory trusted pension plan based on a cash balance scheme and an unfunded retirement benefit plan as its defined benefit pension system. In addition, the Yamato Group Life Plan pension scheme was introduced as a defined contribution retirement plan.

### 2. Defined benefit plans

#### (1) Reconciliation of retirement benefit obligation beginning and ending balances

	(Millions of yen)	
	Fiscal 2015	Fiscal 2016
Retirement benefit obligation at beginning of period	119,135	133,126
Cumulative effects of changes in accounting policies	6,312	—
Restated balance	125,447	133,126
Service cost	9,703	10,073
Interest cost	1,097	1,147
Actuarial difference arising during period	1,917	14,942
Retirement benefits paid	(5,040)	(5,776)
Retirement benefit obligation at end of period	133,126	153,512

Note: Some consolidated subsidiaries adopt a simplified method of calculating retirement benefit obligations.

#### (2) Reconciliation of pension asset beginning and ending balances

	(Millions of yen)	
	Fiscal 2015	Fiscal 2016
Pension assets at beginning of period	72,078	80,358
Expected return	720	803
Actuarial difference arising during period	5,269	(1,444)
Employer contributions	4,137	4,261
Retirement benefits paid	(1,847)	(1,962)
Pension assets at end of period	80,358	82,016

#### (3) Reconciliation of ending balances of retirement benefit obligations and pension assets with consolidated balance sheet net defined benefit assets and liabilities

	(Millions of yen)	
	Fiscal 2015	Fiscal 2016
Retirement benefit obligations of funded plans	53,414	60,980
Pension assets	(80,358)	(82,016)
	(26,943)	(21,035)
Retirement benefit obligations of unfunded plans	79,711	92,532
Net of consolidated balance sheet assets and liabilities	52,767	71,496
Net defined benefit liability	53,023	71,551
Net defined benefit asset	(255)	(54)
Net of consolidated balance sheet assets and liabilities	52,767	71,496

Note: These figures combine offsetting amounts for net defined benefit assets and liabilities that have been stated by the Company and its individual consolidated subsidiaries.

(4) Retirement benefit expense and its components

	(Millions of yen)	
	Fiscal 2015	Fiscal 2016
Service cost	9,703	10,073
Interest cost	1,097	1,147
Expected return	(720)	(803)
Recognized actuarial difference	398	789
Other	(12)	5
Retirement benefit expense related to defined benefit plans	10,467	11,211

(5) Remeasurements of defined benefit plans, net of tax

The following table provides a breakdown of the components making up remeasurements of defined benefit plans, net of tax (pre-tax).

	(Millions of yen)	
	Fiscal 2015	Fiscal 2016
Actuarial difference	3,750	(15,598)
Total	3,750	(15,598)

(6) Remeasurements of defined benefit plans

The following table provides a breakdown of the components making up remeasurements of defined benefit plans (pre-tax).

	(Millions of yen)	
	Fiscal 2015	Fiscal 2016
Unrecognized actuarial difference	1,067	(14,531)
Total	1,067	(14,531)

(7) Pension assets

a. Primary components of pension assets

Pension asset components as a percentage of total pension assets are as follows.

	Fiscal 2015	Fiscal 2016
General accounts	31%	34%
Bonds	24%	27%
Stocks	24%	21%
Other	21%	18%
Total	100%	100%

b. Method of determining long-term expected rate of return

The long-term expected rate of return for pension assets is determined on the basis of the distribution of pension assets, past performance of respective assets that make up pension plan investments, and market trends.

(8) Matters concerning actuarial assumptions

Primary actuarial assumptions

	Fiscal 2015	Fiscal 2016
Discount rate	0.9%	0.1%
Long-term expected rate of return	1.0%	1.0%

3. Defined contribution retirement plan

Required contributions to the defined contribution retirement plan of the Company and its consolidated subsidiaries amount to 2,136 million yen and 2,192 million yen for the fiscal year ended March 31, 2015 and 2016, respectively.

**(Per Share Information)**

	Fiscal 2015	Fiscal 2016
Net assets per share	1,368.66 yen	1,349.56 yen
Basic earnings per share	90.41 yen	96.45 yen
Diluted earnings per share	88.26 yen	95.64 yen

Note: The basis for calculating "basic earnings per share" and "diluted earnings per share" is as follows.

	Fiscal 2015	Fiscal 2016
Basic earnings per share		
Profit attributable to owners of parent	37,533 million yen	39,424 million yen
Amount not belonging to ordinary shareholders	— million yen	— million yen
Profit attributable to owners of parent concerning common shares	37,533 million yen	39,424 million yen
Average number of shares during the period	415,131 thousand shares	408,742 thousand shares
Diluted earnings per share		
Adjustments in profit attributable to owners of parent	5 million yen	15 million yen
(Administrative fees (net of tax))	(5 million yen)	(15 million yen)
Increase in number of common shares	10,187 thousand shares	3,643 thousand shares
(Bonds with subscription rights to shares)	(10,187 thousand shares)	(3,643 thousand shares)
Potential shares that have no dilutive effects and thus are not included in the calculation of "diluted earnings per share."	—	—

**(Important Subsequent Matters)**

Not applicable.

**(Other Notes, etc.)**

Notes regarding "lease transactions," "related party transactions," "derivative transactions," and "asset retirement obligations" are omitted, as there is no significant necessity of disclosure in this financial results report.

## 6. Others

### Operating revenue by business

(Millions of yen)

Business segment		Fiscal year ended March 31, 2015	Ratio	Fiscal year ended March 31, 2016	Ratio	Change
			%		%	%
Delivery	TA-Q-BIN	969,923	69.4	1,004,969	71.0	3.6
	Kuroneko DM-Bin *1	116,619	8.4	87,545	6.2	(24.9)
	Express	42,918	3.1	42,800	3.0	(0.3)
	Others *2	87,619	6.3	94,818	6.7	8.2
	Eliminations	(113,891)	(8.2)	(118,267)	(8.4)	3.8
	Total	1,103,188	79.0	1,111,867	78.5	0.8
BIZ-Logistics	Trading logistics service	43,215	3.1	38,806	2.7	(10.2)
	Sales and Logistics	34,767	2.5	36,243	2.5	4.2
	Multi maintenance	15,689	1.1	15,490	1.1	(1.3)
	Export Factory	4,185	0.3	4,297	0.3	2.7
	Others	39,416	2.8	42,246	3.0	7.2
	Eliminations	(33,453)	(2.4)	(30,262)	(2.1)	(9.5)
Total	103,821	7.4	106,822	7.5	2.9	
Home Convenience	Home convenience	41,561	3.0	42,108	3.0	1.3
	Business convenience	16,665	1.2	17,773	1.3	6.6
	Technical Network	4,817	0.3	4,408	0.3	(8.5)
	Eliminations	(14,568)	(1.0)	(15,308)	(1.1)	5.1
	Total	48,475	3.5	48,981	3.5	1.0
e-Business	e-logistics solution *2	9,829	0.7	10,275	0.7	4.5
	Credit card solution	8,087	0.6	9,441	0.7	16.7
	IT operating solution	6,253	0.4	6,413	0.5	2.6
	Web-based mail order solution	6,074	0.4	5,850	0.4	(3.7)
	Others *2	41,500	3.0	46,580	3.3	12.2
	Eliminations	(31,258)	(2.2)	(35,204)	(2.5)	12.6
	Total	40,486	2.9	43,357	3.1	7.1
Financial	TA-Q-BIN Collect	37,549	2.7	37,636	2.6	0.2
	Lease	27,065	1.9	32,054	2.3	18.4
	Credit & Finance	3,354	0.2	3,424	0.2	2.1
	Others	2,160	0.2	2,777	0.2	28.5
	Eliminations	(3,481)	(0.2)	(3,437)	(0.2)	(1.3)
	Total	66,649	4.8	72,455	5.1	8.7
Autoworks	Truck solution *3	51,122	3.6	47,232	3.3	(7.6)
	Others	7,070	0.5	7,227	0.5	2.2
	Eliminations	(31,039)	(2.2)	(30,001)	(2.1)	(3.3)
	Total	27,153	1.9	24,458	1.7	(9.9)
Other	JITBOX Charter service	6,035	0.4	7,524	0.5	24.7
	Others *2	48,268	3.5	52,565	3.7	8.9
	Eliminations	(47,369)	(3.4)	(51,620)	(3.6)	9.0
	Total	6,933	0.5	8,470	0.6	22.2
Total		1,396,708	100.0	1,416,413	100.0	1.4

\*1. Results shown for Kuroneko DM-Bin in fiscal year ended March 31, 2015 are those of the Kuroneko Mail service.

\*2. The notes below describe major changes to business segment classifications effective from the fiscal year ended March 31, 2016, made in accordance with actual circumstances related to management and administration. The figures presented for the fiscal year ended March 31, 2015, have been restated in accordance with this change.

- The human resources management business, previously included in the Other segment, is now presented in the Others category of the Delivery segment.
- The setup and logistics solutions business, previously included in the e-logistics solutions category of the e-Business segment, is now presented in the Others category.

\*3. Effective from the fiscal year ended March 31, 2016, the name of the Truck maintenance category in the Autoworks segment has been changed to the Truck solution.

## 7. Non-consolidated Financial Statements

### (1) Non-consolidated balance sheet

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	145,117	138,345
Operating accounts receivable	12	46
Short-term loans receivable	15,246	12,998
Deferred tax assets	92	117
Income taxes receivable	4,536	5,192
Other	470	882
Total current assets	165,476	157,582
Non-current assets		
Property, plant and equipment		
Vehicles	8	21
Buildings	738	683
Tools, furniture and fixtures	33	12
Land	5,840	5,840
Other	19	16
Total property, plant and equipment	6,641	6,574
Intangible assets		
Software	1,487	986
Other	1	2
Total intangible assets	1,489	988
Investments and other assets		
Investment securities	26,355	22,563
Shares of subsidiaries and associates	294,806	315,603
Long-term loans receivable	38,055	20,883
Other	103	1,367
Allowance for investment loss	(5,301)	(3,216)
Total investments and other assets	354,019	357,202
Total non-current assets	362,150	364,765
Total assets	527,627	522,348



(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	304	566
Short-term loans payable	6,653	16,653
Current portion of bonds with subscription rights to shares	9,660	—
Income taxes payable	64	45
Accrued expenses	51	63
Deposits received	116,018	120,796
Provision for bonuses	51	57
Other	288	201
Total current liabilities	133,091	138,384
Non-current liabilities		
Bonds payable	—	20,000
Long-term loans payable	11,129	14,476
Deferred tax liabilities	3,264	2,082
Provision for retirement benefits	76	73
Provision for loss on business of subsidiaries and associates	1,804	4,935
Other	138	138
Total non-current liabilities	16,413	41,706
Total liabilities	149,504	180,090
<b>Net assets</b>		
Shareholders' equity		
Capital stock	127,234	127,234
Capital surplus		
Legal capital surplus	36,822	36,822
Other capital surplus	32,552	—
Total capital surplus	69,375	36,822
Retained earnings		
Other retained earnings		
General reserve	188,965	188,965
Retained earnings brought forward	23,724	10,665
Total retained earnings	212,690	199,630
Treasury shares	(43,007)	(29,075)
Total shareholders' equity	366,292	334,612
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	11,830	7,644
Total valuation and translation adjustments	11,830	7,644
Total net assets	378,122	342,257
Total liabilities and net assets	527,627	522,348

**(2) Non-consolidated statement of income**

(Millions of yen)

	For the year ended March 31, 2015	For the year ended March 31, 2016
Operating revenue	27,756	32,236
Selling, general and administrative expenses	4,684	7,060
Operating income	23,071	25,176
Non-operating income		
Interest and dividend income	866	952
Other	587	48
Total non-operating income	1,454	1,001
Non-operating expenses		
Interest expenses	60	98
Other	50	606
Total non-operating expenses	110	704
Ordinary income	24,415	25,473
Extraordinary income		
Gain on sales of investment securities	—	23
Total extraordinary income	—	23
Extraordinary loss		
Provision of allowance for investment loss	3,374	2,641
Provision for loss on business of subsidiaries and associates	1,804	3,131
Other	2	0
Total extraordinary losses	5,181	5,772
Profit before income taxes	19,234	19,724
Income taxes - current	142	92
Income taxes - deferred	459	201
Total income taxes	601	293
Profit	18,632	19,430

### (3) Non-consolidated statement of changes in equity

For the year ended March 31, 2015

(Millions of yen)

	Shareholders' equity						
	Capital stock	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
				General reserve	Retained earnings brought forward		
Balance at beginning of current period	127,234	36,822	64,041	100,863	174,965	29,161	204,127
Cumulative effects of changes in accounting policies						(5)	(5)
Restated balance	127,234	36,822	64,041	100,863	174,965	29,156	204,122
Changes of items during period							
Dividends of surplus						(10,065)	(10,065)
Profit						18,632	18,632
Purchase of treasury shares							
Disposal of treasury shares			18	18			
Retirement of treasury shares			(31,507)	(31,507)			
Provision of general reserve					14,000	(14,000)	—
Net changes of items other than shareholders' equity							
Total changes of items during period	—	—	(31,488)	(31,488)	14,000	(5,432)	8,567
Balance at end of current period	127,234	36,822	32,552	69,375	188,965	23,724	212,690

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	
Balance at beginning of current period	(56,079)	376,146	7,503	383,650
Cumulative effects of changes in accounting policies		(5)		(5)
Restated balance	(56,079)	376,141	7,503	383,645
Changes of items during period				
Dividends of surplus		(10,065)		(10,065)
Profit		18,632		18,632
Purchase of treasury shares	(30,587)	(30,587)		(30,587)
Disposal of treasury shares	12,152	12,170		12,170
Retirement of treasury shares	31,507	—		—
Provision of general reserve		—		—
Net changes of items other than shareholders' equity			4,326	4,326
Total changes of items during period	13,071	(9,849)	4,326	(5,522)
Balance at end of current period	(43,007)	366,292	11,830	378,122

For the year ended March 31, 2016

(Millions of yen)

	Shareholders' equity						
	Capital stock	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
				General reserve	Retained earnings brought forward		
Balance at beginning of current period	127,234	36,822	32,552	69,375	188,965	23,724	212,690
Changes of items during period							
Dividends of surplus						(10,674)	(10,674)
Profit						19,430	19,430
Purchase of treasury shares							
Disposal of treasury shares			(1,636)	(1,636)			
Retirement of treasury shares			(30,915)	(30,915)		(21,815)	(21,815)
Net changes of items other than shareholders' equity							
Total changes of items during period	—	—	(32,552)	(32,552)	—	(13,059)	(13,059)
Balance at end of current period	127,234	36,822	—	36,822	188,965	10,665	199,630

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	
Balance at beginning of current period	(43,007)	366,292	11,830	378,122
Changes of items during period				
Dividends of surplus		(10,674)		(10,674)
Profit		19,430		19,430
Purchase of treasury shares	(50,006)	(50,006)		(50,006)
Disposal of treasury shares	11,207	9,570		9,570
Retirement of treasury shares	52,731	—		—
Net changes of items other than shareholders' equity			(4,185)	(4,185)
Total changes of items during period	13,932	(31,679)	(4,185)	(35,865)
Balance at end of current period	(29,075)	334,612	7,644	342,257