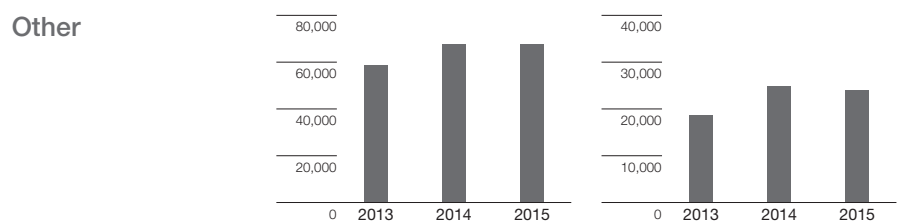
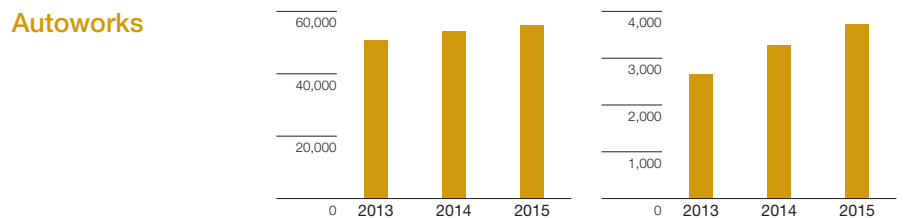
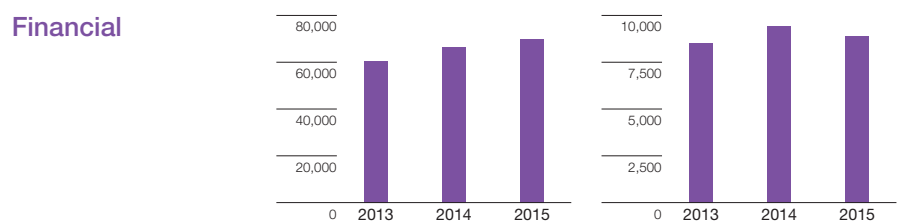
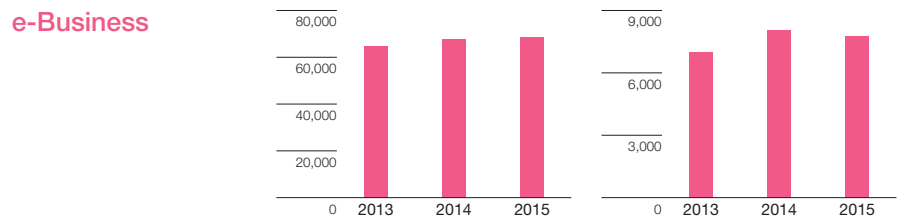
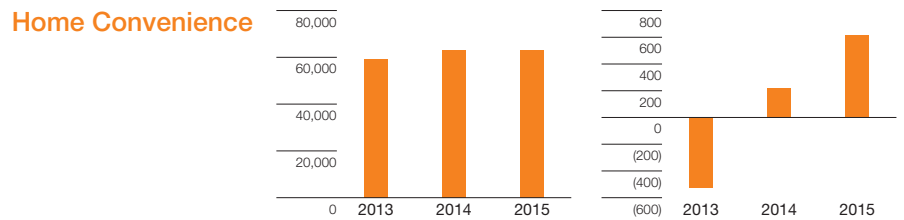
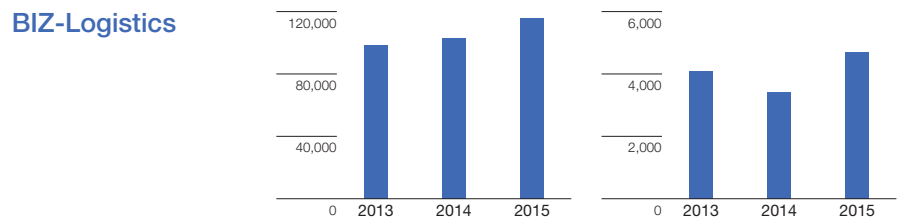
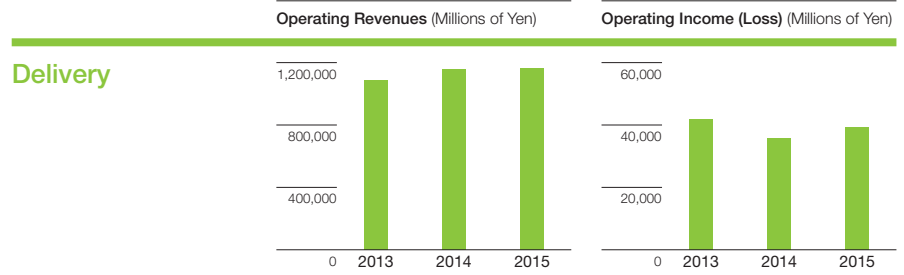


■ Delivery	78.9%
■ BIZ-Logistics	7.4%
■ Home Convenience	3.5%
■ e-Business	2.9%
■ Financial	4.8%
■ Autoworks	1.9%
■ Other	0.6%



Note: Operating income in Other includes dividends from Group companies.

Overview of Operations by Segment

Delivery

With the goal of being one of Japan's "most recognized and most endeared companies," the Delivery Business is engaged in business development centered on *TA-Q-BIN* services to help enrich society.

Yutaka Nagao

Representative Director,
President and Executive Officer of Yamato Transport Co., Ltd.



Business Profile

As a form of social infrastructure, the Delivery Business is committed to living up to the trust society places in our operations while meeting society's expectations. With the goal of being one of Japan's most recognized and most endeared companies, the Delivery Business leverages the Yamato Group's management resources to realize a society that makes it possible for anybody to obtain the items they want, when they want and delivers a quality, convenient lifestyle regardless of where the consumer lives. The company also works to develop businesses that provide services designed to bring more convenience to the lives of its customers.

The environment in which the Delivery Business operates is entering a period of transition. In the Japanese market, the trend is toward increases in volume thanks to growth in both e-commerce (EC) and person-to-person trading markets as well as more frequent and smaller lots becoming the norm in B2B logistics.

Moreover, the population is becoming more concentrated in urban areas, and new entrants into the distribution market are emerging on the scene from different types of industry, such as mail-order

companies. On the other hand, coinciding with an increase in nuclear families and dual-income households, consumers have started to demand flexible services in line with their own lifestyles, and the need is growing for the acceptance of reasonable shipments tailored to hectic lifestyles.

At the same time, we must contend with the escalating effects of the personnel shortage due to Japan's aging and shrinking population as well as to the rural exodus. To maintain our *TA-Q-BIN* networks and high-quality services, the promotion of an environment that can respond to changes in society is becoming a major management issue.

Against this background, in the Japanese market we will bolster solution proposals for commercial distribution, further enhance products and services in response to the diverse needs of consumers, promote further evolution in our responses to the needs associated with the revitalization of local communities, and make improvements to customer convenience. In conjunction with these moves, we will make progress with reinforcing the systems necessary for maintaining and upgrading our high-quality services.

At the same time, in the overseas market, in step with the rapid economic

growth in developing countries in Asia, we intend to further expand the *TA-Q-BIN* business and promote the formulation of an integrated overseas and domestic delivery platform.

Through these initiatives under the "Value Networking" design, we will bring about evolution in logistics not in terms of cost but by generating value and realizing logistics reform whatever the customer's industry and regardless of the scale of their business.

Review of the Year Ended March 2015

In the fiscal year under review, the first year under our medium-term management plan *DAN-TOTSU Three-Year Plan STEP*, we strengthened the foundation for further growth that had been built up to the end of the previous fiscal year. By ensuring functionality, we also undertook measures to demonstrate our commitment, as a form of social infrastructure, to live up to the trust society places in us while meeting its expectations.

I would like to provide three specific examples. The first example concerns the efforts made to reform the income structure to provide a consistent quality of

service amid the changing environment. As one part of the reform, with regard to profit structure we worked to increase revenue by steadily promoting measures for the collection of adequate *TA-Q-BIN* fees. Although the management environment in which the company operates continues to be challenging, we explained to customers the appropriate costs required to maintain and improve our services and were able to gain their understanding with regard to fees commensurate with those services. With regard to cost structure, however, we worked to strengthen vehicle dispatch planning and performance management on the basis of improvements in operational design accuracy that drew on operating volume forecasts.

Second, in keeping with the expansion of the EC market, we have made detailed service provision efforts to respond to customer needs for improved convenience in the receipt of goods. For

customers using our *Kuroneko Members* membership service, we worked to upgrade and expand our *TA-Q-BIN Receipt Location Selection Service* that enables customers to select a store directly managed by Yamato Transport, or a convenience store, when purchasing a mail-order item. In addition, there was favorable utilization of Yamato Transport's proprietary *Kuroneko Member Discount*, by which members can use *TA-Q-BIN* services at a discounted price by simply settling their accounts with an e-money card.

For the third and final example, in the promotion of our "Value Networking" design collaboration is specifically getting under way between *Haneda Chronogate*, *Atsugi Gateway*, *Okinawa International Logistics Hub*, and our domestic and overseas *TA-Q-BIN* networks, and we made enterprising efforts to expand and upgrade the network, including the launch of *International Cool*

TA-Q-BIN to Taiwan, following on from service to Hong Kong. At the present time, we are providing high-value-added services that combine *TA-Q-BIN*, logistics, and financial settlement business at five regional bases, and we expect that the borderless business world will continue to advance in the years ahead and cross-border logistics will not remain in the flow of items within a region.

As a result, the Delivery Business recorded increases in revenues and income. Despite sluggish transaction volume due to such factors as a drop in consumer confidence and the absence of the last-minute demand that had preceded the consumption tax rate hike in the previous fiscal year, operating revenues edged up 0.2% year on year, to ¥1,101,439 million. Operating income increased 9.6% year on year, to ¥39,205 million, as a result of cost control initiatives that included pursuing efforts to keep costs in line with operating volumes.



Message from Top Management

With regard to the fiscal year ending March 31, 2016, the second year under our medium-term management plan *DAN-TOTSU Three-Year Plan STEP*, we will continue to build a robust management foundation to respond to the changes in the market environment. Regarding such changes in the environment as a new business opportunity, we will build on our foundation and generate new value through further structural reforms and implement measures to realize our three management policies mentioned below.

Looking ahead to the fiscal year ending March 31, 2020, we will expand into innovative business domains, raise value added, and implement structural reforms to enhance our business growth capabilities.

Management Policy 1

Promote full participation of employees in management with an emphasis on the front lines, raise the value of the Yamato brand

To transform into an entity with an unshakeable foundation of trust that underpins its corporate activities, and where each and every employee demonstrates his or her abilities and the Yamato brand value is raised through growth as a team, we will create overwhelming Yamato quality with the full participation of our employees. We will therefore work to improve frontline capabilities by strengthening our training systems and enhancing our team capabilities as well as further bolstering our “last mile” delivery network. In parallel with these initiatives, we will promote diversity, realign our organizational structure, and encourage the creation of environments in which employees are able to work in safety and comfort.

In addition, after deciding to rebuild the core products of the Delivery Business, with effect from March 2015 we ceased our *Kuroneko Mail* service to avoid

exposing customers to risk and launched *Kuroneko DM-Bin* as a new corporate service in April 2015. That same month, for greater convenience we also launched *TA-Q-BIN Compact* in-person delivery service and *Nekopos* mailbox posting service for small parcels in response to needs of people requiring more reasonable rates for the carriage of small packets. In the years ahead, we will review our large packet products, plan to expand and upgrade our points of customer contact, and provide society with new value.

Management Policy 2

Reform the income structure and maintain sustained growth for the company and good quality of life for employees

By renovating our trunk network and making our “last mile” network for deliveries more sophisticated, we will create systems that will realize total optimization that encompasses the Group to bring about changes in the transportation and collection network structure. We will therefore undertake a strategic relocation of logistics terminal bases and full-scale operations of separate manufacturing and sales bases where parcel shipping and storage locations are not selected. In parallel with these initiatives, in targeting quality visualization we will increase the speed of full digitization with our *Eighth NEKO System*, our next-generation trunk system, improve collection and delivery efficiency, and reduce failures by efficient delivery approaches and accurately predicting delivery times, as we balance improvements in customer convenience and efficient management.

Management Policy 3

Pursue “Value Networking” design and meet increasingly sophisticated customer needs

As the Delivery Business, we will realize

non-stop logistics to convert the “*Value Networking*” design concept into tangible forms. Upgrading infrastructure with the *Mikawa Gateway* joining the *Haneda Chronogate* and *Atsugi Gateway* and in the Kansai area, we will further expand same-day delivery between major Japanese cities and next-day delivery to Asia and next-day delivery within Asia through collaboration with the *Okinawa International Logistics Hub* and domestic and overseas *TA-Q-BIN* networks. In addition, we will shorten lead times without stopping items and bring about further evolution in logistics, from carriage to a “means for generating new value” by realizing high value added for our customers, including reductions in inventories. We therefore brought together the various functions of the Yamato Group and launched *Yamato Ec Solutions (YES!)* in June 2015 as a package service that provides EC business operators with total support. We will enterprisingly develop *YES!* in combination with omnichannel expansion in the years to come.

Moreover, we will promote the expansion in handling countries of *International Cool TA-Q-BIN* with a view to offering corporate management support through *Yamato Cloud Depot* and the growth of our sales channels.

We will advance these solutions, not only from the perspective of the sender (supply) side but also by emphasizing the perspective of the “demand chain” that captures the needs of the recipient (procurement) side.

To achieve the targets set in the medium-term management plan, we will steadily implement the plan while responding flexibly to changes in the operating environment with respect to the fiscal year ending March 31, 2016 measures centered on those mentioned above.

Guided by the slogan of “LOGINNOVATION,” which encapsulates its goal of achieving logistics innovation, the BIZ-Logistics Business devotes its efforts to satisfying and inspiring the Yamato Group’s corporate customers, as well as the consumers they serve, through the creation of innovative logistics solutions.

Koji Homma

Representative Director,
President and Executive Officer of Yamato Logistics Co., Ltd.



Business Profile

The BIZ-Logistics Business provides innovative logistics systems by combining a variety of functions—including logistics, maintenance, and recall response as well as international transport functions—with the Group’s management resources, which include the *TA-Q-BIN* network.

In particular, at *Haneda Chronogate*, where we commenced operations in October 2013, we provide a new logistics model that integrates speed transport, leveraging a location directly connected to all three transport modes of land, sea, and air, with the value-added function of round-the-clock operations, 365 days a year.

Review of the Year Ended March 2015

On the basis of the Yamato Group’s “*Value Networking*” design, we worked to expand our business domains in the year ended March 31, 2015 by putting innovation into effect.

At *Haneda Chronogate*, we leveraged our logistics functions and *TA-Q-BIN* network in launching a transport service

for vision care (disposable contact lens) products. By smoothly linking contact lens shipping operations and nationwide stores right up to deliveries to individual customers, we brought about improvements in logistical efficiency and transport speed.

At *Atsugi Gateway*, we leveraged our network capable of same-day delivery and advanced the provision of mail-order support services. By implementing our *Inventory-free Model* concept that has brought about both expansion of the next-day delivery area and logistical inventory optimization, small and medium-sized mail-order business operators were able to provide services of the same quality that are provided by major mail-order business operators. These services are now utilized by a large number of mail-order business operators.

Amid an increasing need for responses to voluntary food recalls and other product recalls, we worked to expand our recall support services that rapidly set up points of contact for users and assist in the processing of refunds. Faced with the heightened safety

awareness of customers using products, we leveraged our overall project coordination and *TA-Q-BIN* networks, with the result that our speedy product recall services have been highly rated, and we have been able to introduce the services to a large number of companies.

By these means, in B2B logistics that demand speed and multi-functionality, we worked to organically bring about collaboration with businesses and to strengthen and accelerate systems to reach the stage where we are able to provide optimal solutions.

As a result, the operating revenues of the BIZ-Logistics Business rose 15.0% compared with the previous fiscal year, to ¥103,821 million, and operating income increased 37.6% to ¥4,683 million.

Message from Top Management

For Japan to remain a base that creates world-leading innovation, it is anticipated that the country will become more and more globalized.

In addition, looking ahead to the staging of the 2020 Summer Olympics and Paralympics in Tokyo, the movement of

people across borders and the overseas market penetration of corporations is accelerating, so I believe global capital and human resources will gather in Tokyo.

The timing of these changes in the conventional supply chain represents significant opportunities for each business in the BIZ-Logistics Business. Going forward, we will grasp the opportunity to show our leading-edge technology and culture to the people of the world and offer a variety of solutions.

The first of these solutions is to provide total distribution outsourcing services, covering trade, storage, delivery, recovery, and repair for overseas companies that do not possess distribution networks in Japan.

The second solution is the provision of lifestyle-related services from the user perspective so that the increasing number of foreign nationals coming to Japan will spend their time here conveniently and comfortably.

For the third solution, we will establish sales chains that complexly support the transfer of personnel, the transport of

equipment and furniture, goods procurement and trading, and local sales operations for corporations from Japan that are relocating overseas. By leveraging our expanding Group networks, we will also address the building of a platform to support the overseas development of Japanese corporations in a manner in keeping with the borderless economy.

To become Asia's No. 1 solution provider in distribution and lifestyle support, as cited in the *DAN-TOTSU Management Plan 2019*, the BIZ-Logistics Business will fulfill the role of the logistics front line between corporations.

We will thus accelerate the promotion of business structure reforms, which will broaden the area of the value chains that businesses have, and cost structural reforms that realize dramatic cost reductions.

In the years ahead, we will provide new value added and contribute to the realization of more abundant lifestyles by raising the sophistication of the baseline operations accumulated until now and by leveraging the resources of the Group.



FRAPS,* installed in parallel inside a TA-Q-BIN terminal
 * FRAPS is an acronym for the Free Rack Auto Pick System, a cloud-based setup that can use "last mile" networks. This picking system uses proprietary flow-through racks.

New Logistics Model for *Haneda Chronogate*

By collaborating with the home appliance repair and medical instrument cleaning functions, we shorten the collection, maintenance, and delivery lead times.



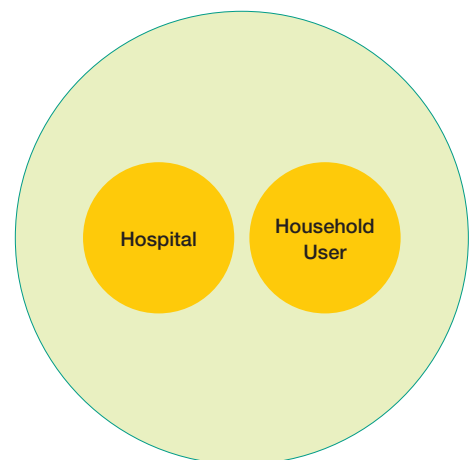
Home appliance repair



Medical instrument cleaning



TA-Q-BIN





Home Convenience

In the Home Convenience Business, we provide lifestyle support services that help solve inconveniences at home, along with moving services and home furniture delivery, assembly, and installation services. In addition, leveraging our networks, we provide a range of solutions to corporate customers in both the private and public sectors to support sales growth and help reduce costs.



Atsushi Ichino

Representative Director,
President and Executive Officer of Yamato Home Convenience Co., Ltd.

Review of the Year Ended March 2015

Recognizing the fiscal year ended March 2015 as the first year of *DAN-TOTSU Three-Year Plan STEP*, we addressed the strengthening of the management base toward creating value-added business models and the fostering of a sound corporate culture while endeavoring to enhance our management structure.

With regard to services for individual customers, we officially launched *Comfortable Lifestyle Support Service* in October 2014 to help customers resolve everyday inconveniences, such as house cleaning and the collection of unwanted items. We stepped up campaigns promoting our existing services while also engaging in nationwide sales. In addition, in our moving and furniture delivery service, we commenced sales in May 2014 of our *Raku Raku Household TA-Q-BIN E-commerce Total Support Service*, which can add value for mail-order business

operators at the time of delivery for discarded item transactions and the moving of furniture. Also, in September 2014, we carried out a complete overhaul so that we could add optional services, such as handing over product initial settings and instructions at the time of delivery. In addition, we continued pushing forward in promoting our traveling sales services, under which we offer furniture and household electrical appliances to customers in remote areas.

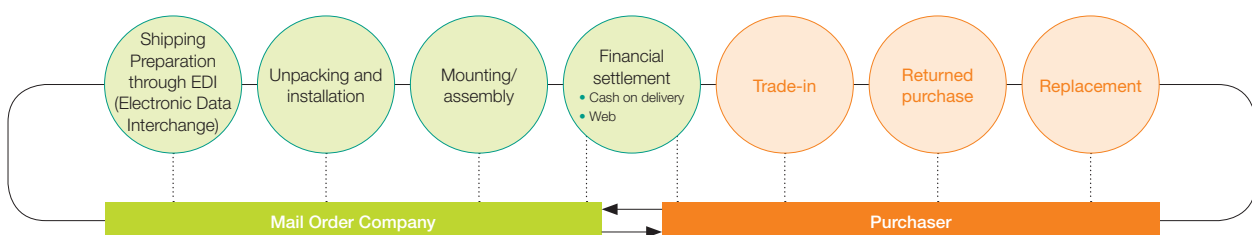
In services for corporate clients, we enhanced sales of our *Technical Network Business*, through which we provide one-stop support, ranging from the storage of household equipment, such as domestic power generation equipment and storage batteries, as well as business equipment, including copiers, multifunction copiers, and digital signage, to equipment delivery, set-up, installation, repair and maintenance. In addition, we leveraged our

procurement capabilities that have been built up in every region of Japan over many years to initiate a local produce procurement service that supports improvements in the ability of corporate client stores to attract customers and the enhancement of welfare programs.

Operating revenue grew in strategic growth products, such as *Comfortable Lifestyle Support Service* and *Technical Network Business*. However, as a result of a decrease in delivery volumes of consumer durables, such as furniture and home appliances, in part as a result of a pullback in demand following the consumption tax rate hike, operating revenues for Home Convenience edged down 0.5% compared with the previous fiscal year, to ¥48,475 million.

The Home Convenience Business recorded operating income of ¥613 million, an improvement of ¥396 million (181.9%) from the previous fiscal year. This

Raku Raku Household TA-Q-BIN E-commerce Total Support Service



was attributable to stringent cost management involving personnel-related expenses and weekday productivity gains.

Message from Top Management

As the second year of medium-term management plan *DAN-TOTSU Three-Year Plan STEP*, in the fiscal year ending March 31, 2016, we will promote management that aims to combine developing business models that generate high added value with strengthening of the management base that aims to forge a robust corporate culture.

With regard to services for the individual, we will promote expansion of the *Comfortable Lifestyle Support Service* product lineup that was launched nationwide last year. In modern society, with the development of IT and distribution networks, a variety of processes and procedures can be carried out even at home, and it has become a simple matter to purchase goods. In homes, where privacy is protected, the trend will be for vitalization of consumer activities in the years to come, since more than the need to remove simple inconveniences I feel that consumption is progressing more and more with the aim of establishing lifestyles that meet individual preferences, which is referred to as spending comfortable time with yourself. Yamato Home Convenience is the only company that possesses a centralized nationwide network for dispatching two-person crews for both heavy and bulky items.

Furthermore, our frontline employees possess advanced skills and qualifications, including as electrical specialists, in the handling of antiques, and the collection and transportation of industrial waste. We can also provide precise services that draw on our moving and homemaker services that we have built up over many years. Furthermore, nothing is more reassuring than having the entrance of your home opened by

someone in a uniform bearing our black cat brand logo. Leveraging the *Kuroneko* brand, we will continue to promote the provision of services that both resolve inconveniences in the home and support individual self-realization.

In services for corporate clients, in addition to enhanced sales of our *Technical Network Business*, we will start our *Office Care Solution Service* that leverages the knowhow accumulated in our office moving and *Comfortable Lifestyle Support Service* and our two-man network. Centered on small- to medium-sized companies, we will promote a solutions business that, for example, supports improvements in asset efficiency through the cleaning of furniture and office equipment, supports cost reductions such as electricity charges, and supports procurement that offers benefits of scale.

We will also work to develop services in the "3R (Reduce, Reuse, Recycle) market." The company has been developing reuse, such as the rental reuse of the disused furniture and domestic appliances generated during moving operations, via the company's own recycle centers, the sale of items at open-air markets on remote islands where distribution is inconvenient and in depopulated rural areas. In addition, as part of our service development in the 3R market, 10 years will have elapsed since energy-related equipment such as Eco Cute and solar-powered equipment went on sale and, in the years to come, we will be acclaiming the service lives of these products. Each company in the Yamato Group will collaborate in this field and develop a one-stop service toward the recycling of resources, from simultaneous delivery and collection, construction to disassembly and sorting. Furthermore, from this year we are delivering large domestic appliances to mail order business operators and at the same time selling *Domestic Appliance Recycling*



Moving of furniture



Cleaning of extractor fans

Support Services that bring them to local assessment, recovery and specified recovery centers. At the same time as contributing to mail order business operator compliance management, we will strengthen promotion of these measures on the way to realizing a recycling oriented society.

Our management base will be strengthened in accordance with the YHC* Code of Conduct we formulated as a guideline for enhancing the safety, compliance, and customer relations of Yamato Home Convenience Co., Ltd. In combination with backup support for business operations and cost structure reforms, this code will be applied to satisfy customers, society, and our employees.

Looking ahead, we will strive to raise our corporate value by developing services favored by customers and needed by society.

* YHC: Yamato Home Convenience

e-Business

Supported by information and communication technology (ICT), the e-Business will incorporate “Value Networking” design and provide optimal solutions that combine logistics functions with financial settlement functions—both management resources of the Yamato Group—to contribute to customers’ business development.

Yoshihiko Hoshino

Representative Director,
President and Executive Officer of Yamato System Development Co., Ltd.



Administrative support for MVNO* business operators

* MVNO (Mobile Virtual Network Operator): An operator that does not have its own physical communication network, such as mobile phones and PHS, and provides under its own company brand communications services that are actually borrowed from other operators.

Business Profile

The e-Business is involved in a range of information services for corporate customers, including cloud-based (ASP/SaaS) services, and information system development and operation.

Utilizing ICT, the e-Business works in partnership with customers to enhance business process efficiency. Based on its services, the e-Business seeks to help resolve latent business issues and proactively propose solutions that result in sales growth and cost reductions for customers.

Review of the Year Ended March 2015

In the e-Business, we spent the year under review actively proposing solutions that integrate data with distribution and financial settlement functions to raise business process efficiency and help resolve the hidden business issues of our customers. Furthermore, we devoted ourselves to developing and operating ICT systems that were an integral part of business development for the Yamato Group as a whole.

In collaboration with the Financial Business in e-money services, we have been promoting the installation and operation of the *Multi e-money Settlement Terminal*, which is capable of processing multiple brands of e-money for financial settlement on a single platform. During the year under review, we saw the

full-scale deployment of the terminals in the amusement facilities market and their expanded installation and use.

In our e-Logistics Solution business, we offer a service that visualizes delivery flows and the locations of packages by applying the tracking know-how gained through our *TA-Q-BIN* business for customers, including telecommunications equipment and cable television companies in need of managing and keeping track of the individual terminals they install. In the year under review, the device setting and revitalizing service accelerated business development for companies that had entered the mobile virtual network operator (MVNO)* market, in line with expansion in that market. This business became independent from the e-Logistics Solution business and is now managed as the Setup and Logistics Solution business.

In e-On Demand Solutions, business expanded in the fiscal year under review thanks to the development of services, particularly for the pharmaceutical industry, that support improved sales efficiency and inventory reductions for customers through the management, on-demand printing, and just-in-time delivery of sales promotion materials.

In Store ICT Solutions, we experienced business growth by developing ICT services for supporting the delivery of summer and year-end gift packages by

retailers, and product returns and exchanges by mail-order businesses.

Overseas, the Yamato Group provides ICT backup support in its steps to advance into the Asian market.

As a result, operating revenues edged down 0.8% year on year, to ¥40,487 million, due to factors such as a pullback in demand in IT-related investment associated with the consumption tax rate hike. Operating income decreased 3.7%, to ¥7,757 million, due in part to increased expenses associated with setting up new offices.

Message from Top Management

For our medium- to long-term strategies, we will accelerate the incorporation of our “Value Networking” design by means of ICT.

We will therefore create a high-value-added model and realize the steady growth of our baseline operations in conjunction with planning to strengthen our management practices so that they remain unaffected by the external environment.

Considering the creation of a high-value-added model, we will link Yamato Group management resources and develop an ICT solution for each market that will streamline customer administrative processes.

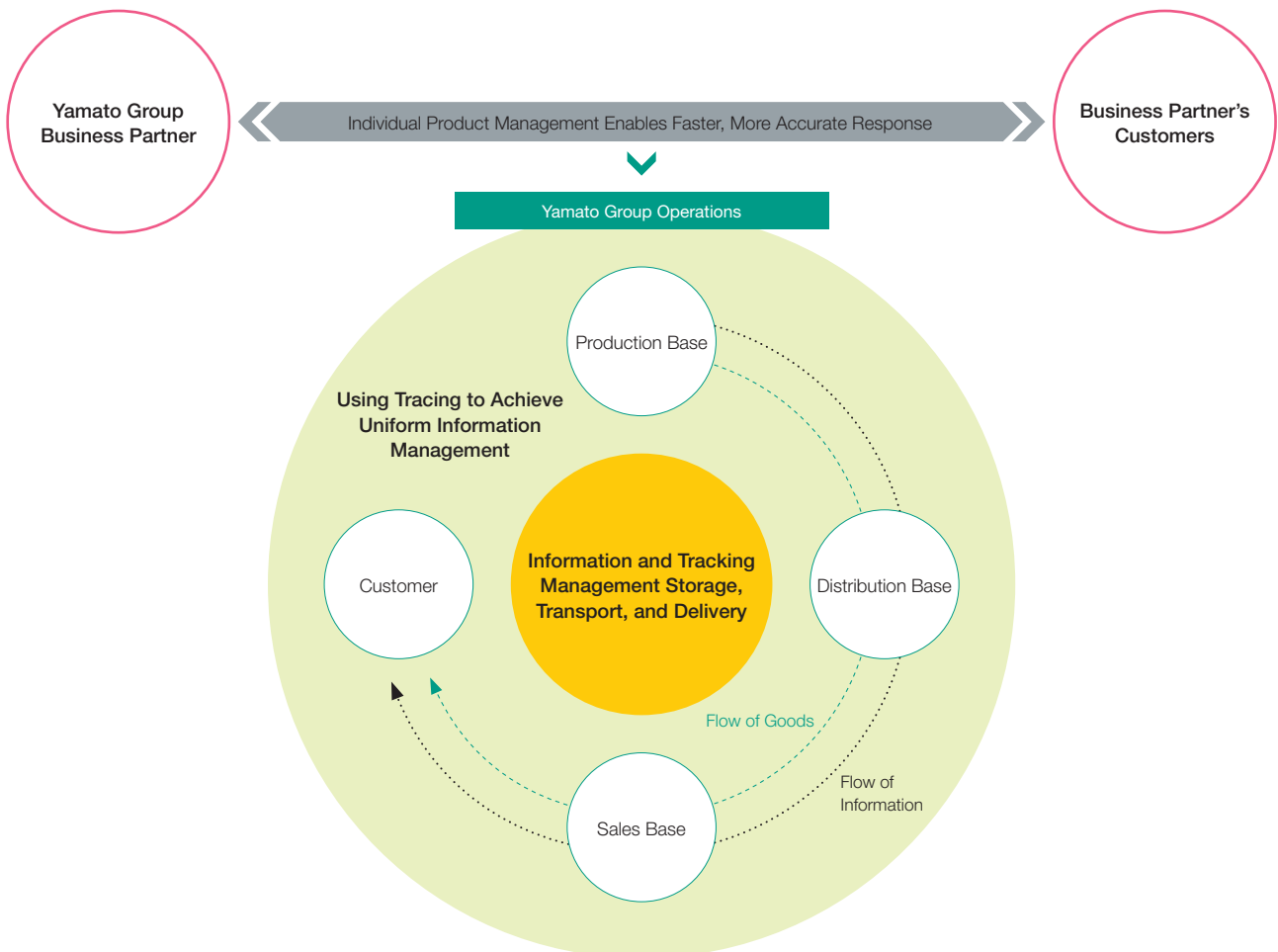
There are two strategies when considering the steady growth of our baseline operations. First, for businesses in which we have accumulated know-how, we will raise the sophistication of the business know-how in markets that will enable us to demonstrate our own strengths. Second, with regard to the main markets in which we have

clear-cut business, we will provide systems that will streamline the overall business processes of our customers so that we support peripheral environments and thereby expand our business domains.

For the Group’s IT strategy, we will participate in the upstream processes of each Group company and research and utilize innovative technologies as an IT strategy.

In addition to providing customers with optimal solutions that combine logistics functions and financial settlement functions, which are Yamato Group management resources that utilize ICT, the e-Business will support the continual business growth of each Group company and engage in the research and development of new technologies.

e-Logistics Solution





Financial

Providing settlement and financial solutions in Japan and overseas, the Financial Business aims to become a cooperative partner that realizes consumer convenience and business operator logistics reform, while striving to respond to a variety of means of settlement.



Toshizo Kurisu

Representative Director,
President and Executive Officer of Yamato Financial Co., Ltd.



E-money payment on delivery



Multi e-money Settlement Terminal

Business Profile

The Financial Business aims to become a strong partner that provides convenience for consumers and helps business operators overhaul their distribution systems by providing settlement and other financial solutions in Japan and abroad. We are determined to offer a variety of settlement methods to fulfill customer requirements, such as collecting payment on delivery for mail-order companies and handling settlements between companies. Under our *DAN-TOTSU*

Management Plan 2019, we will strengthen strategies in the e-commerce market to command the No. 1 market share as a settlement provider for mail-order businesses in particular while working to promote solution proposals relating to financial settlement.

Review of the Year Ended March 2015

Addressing the continued growth of online mail-order businesses, in the business-to-consumer (B2C) market we expanded services not only in *Kuroneko Web Collect*, a service package for mail-order businesses that helps integrate their sales processing from receiving payment to settlement, but also *Kuroneko Pay On Delivery Service*, which enables payment at convenience stores after confirmation that goods have been received, and we worked on active sales development. To give just some examples of the initiatives we promoted, we strengthened functions, including Continued Billing and Money Changing, to bring about improvements in convenience when a customer places an order, and we strengthened our alliance with e-commerce (EC) site construction companies. In adapting to the market for settling payments with e-money that has been burgeoning in terms of penetration rate and application, we leased the Group's *Multi e-money Settlement Terminal* to vendors and promoted proposals for total

solutions in which we packaged the means for accepting e-money as payment with assistance in sales promotion activities.

In the business-to-business (B2B) market in Japan, we helped sellers expand sales channels and buyers perform credit transactions through the *Kuroneko Anshin Kessai Service*. This service also provided the added value of improving business efficiency, enabling the management of trade receivables, and reducing the risk of those receivables going uncollected. Efforts were geared toward improving the service by allowing buyers to submit applications online and speeding up the screening for approving their credit.

In leasing, we fulfilled the needs of our customers and offered assistance and proposals for those searching for vehicles. By conducting proposals related to bringing down the repair costs by extending the service lives of vehicles and lowering leasing rates, we increased profit from our strategic products, *Three-Year Operating Leases*, and *Used Car Leasing*.

Overseas, we sought to differentiate ourselves from local competitors in the areas in which we operate (Shanghai, Singapore, Hong Kong, and Malaysia) and made proposals in line with local customs and customer needs. Furthermore, overseas purchasers could pay by credit card when using Japanese mail-order companies and, with regard to the

Cross-border Settlement Service, we held seminars on overseas mail-order business that targeted mail-order business operators who would like to expand their overseas sales channels.

As a result of the above, operating revenues in the Financial Business rose 6.3% year on year, to ¥66,658 million. This improvement was mainly due to an increase in contracts for truck leases in the lease services business and an expansion in the number of e-money settlement transactions. Operating income was ¥8,918 million, down 5.2% year on year, due to such factors as the lagging recovery in personal consumption.

Message from Top Management

In the B2C market, where further expansion centered on EC is expected in the mail-order market, we will provide mail-order operators with a range of settlement solutions. To that end, in addition to enhancing the functions of our strategic *Kuroneko Web Collect* product, we will implement innovative strategies, including the development of easy start-up packaged products for business operators who have newly decided to enter the mail-order business. Furthermore, we will proactively develop the area of promotion by, for example, revamping our

service websites, as we increase its appeal to mail-order business operators.

At the same time, for the benefit of consumers, we will respond flexibly to their diversifying needs by expanding convenience store financial settlement through the *Kuroneko Pay On Delivery Service* so that they can purchase the products they like safely, reliably, and conveniently.

Not remaining in providing the simple function of financial settlements in the years ahead, we will become more deeply engaged so that both mail-order business operators and consumers enjoy the convenience by proposing total solutions that leverage the Group's overall capabilities.

In the B2B market, in addition to leveraging the Group's marketing capabilities as a means to strengthen our marketing system for the *Kuroneko Anshin Kessai Service*, we will give added impetus to growth by solutions proposals that group target customers in segments. Moreover, we will actively take on the challenges of new strategies, such as collaborating on the financial settlement functions and deliveries in the procurement delivery market.

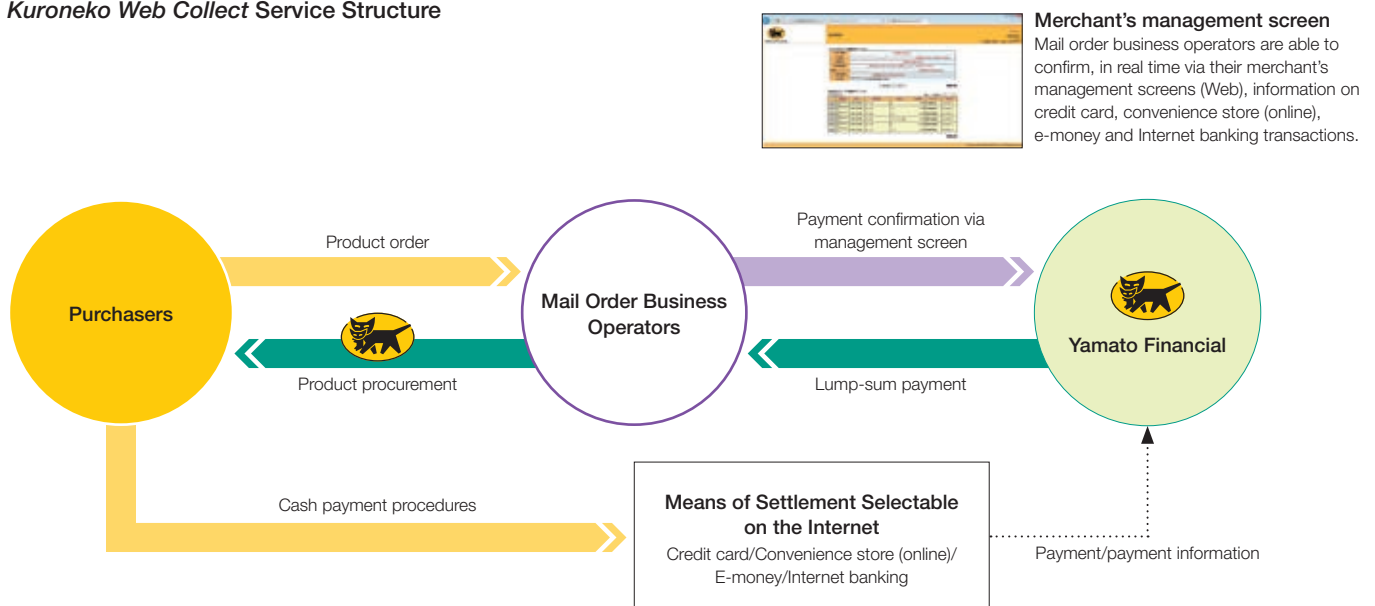
In addition to financial leases centered on large and new vehicles, in the leasing business we will work to improve

revenue growth and profit margins by total solution proposals related to Group networks and vehicles. These proposals include operating leases that enable the provision of cost-effective leasing rates, even for a new car, and used car leasing, through which we ascertain beforehand and offer quality vehicles that have expired leases.

In overseas markets, by positioning cash on delivery as one of our top priorities in value-added *TA-Q-BIN* services in the areas in which we already maintain a presence, we will support further quality improvements. Further, as an innovative revenue base in emerging countries, we will promote the deployment of new EC-related services tailored to consumer needs and engage in expanding the future payment business. As a precursor, we will promote financial settlement *Services* involving international trade, such as our *Global Procurement Support Service* in the B2B market.

In financial formation, we will propose solutions based on our "*Value Networking*" design and aim to remain a partner for customers by upholding consumer convenience and realizing distribution reform for business operators by continuing to offer higher value added from the position of financial settlement technology (FT).

Kuroneko Web Collect Service Structure





Autoworks

Based on its vision to transform our vehicle maintenance services into the No. 1 autoworks for logistics and distribution business operators, the Autoworks Business is developing an around the clock, 365 days a year vehicle maintenance without downtime service. The business offers logistics and distribution operators value primarily in convenient vehicle maintenance and reduced maintenance and repair costs.



Keishirou Sasaki

Representative Director,
President and Executive Officer of Yamato Autoworks Co., Ltd.

Business Profile

The Autoworks Business is not satisfied with being a one-of-a-kind operation in Japan. Our vision is to transform our vehicle maintenance services into the No. 1 autoworks for logistics and distribution business operators. “Transform inconvenience into convenience from the customer’s standpoint” is the corporate DNA of the Yamato Group. Based on this perspective, the Autoworks Business functions as a vehicle maintenance plant chiefly for logistics and distribution companies. We have enhanced our operations in scope with groundbreaking services in the industry that go beyond vehicle maintenance to provide around-the-clock service 365 days a year, vehicle maintenance without downtime, mandatory inspections around tight time schedules, and road service for vehicles. We offer our customers the value of compliance with statutory vehicle inspections, convenient vehicle maintenance, and reduced maintenance costs.

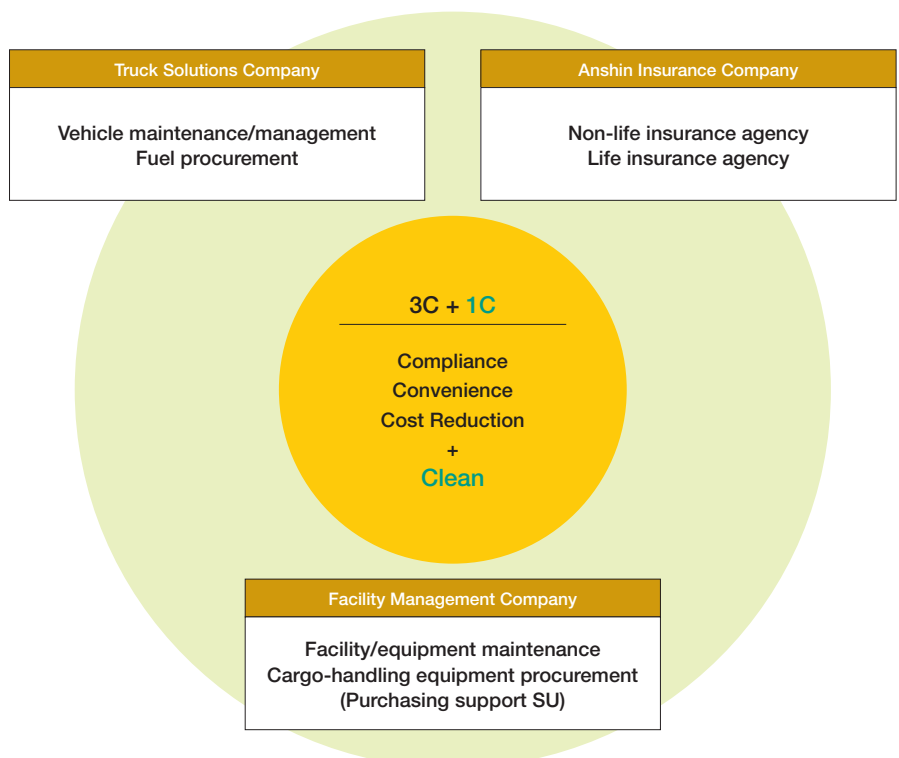
As an adjunct to the facility and risk management domains, to better provide one-stop service solutions geared toward customer business operations, we have added services for maintaining and safeguarding logistics facilities and equipment, along with auto and property insurance agency services through which we offer plans tailored to customer needs. We are currently focusing on further management

evolution and the realization of safe and secure logistics infrastructure.

Basic Concept: 3C + 1C

The Autoworks Business provides one-stop services based on observing the three “Cs” underpinning management support for logistics and distribution business operators. The first “C” is Compliance, which is the foundation of management. In this regard, our

Repairworks road service has contributed to improving the completion rate for statutory vehicle inspections by our customers. Next, we have Convenience, where we pursue ever higher levels of convenience for our customers. Based on this concept, we aim to establish a framework that enables around-the-clock operations 365 days a year in order to carry out vehicle inspections when the vehicles are not in operation. Our third “C” stands for Cost Reduction, based on





A Repairworks purpose-built, with maintenance functions truck



Checks include tire tread depth and air pressure

helping to improve utilization rates for commercial vehicles while leveraging procurement capabilities. By promoting measures to limit the need for spare vehicles and increasing the completion rate for statutory vehicle inspections, we have made it possible to implement preventive maintenance, which helps limit occurrences of unexpected costs. We will harness our nationwide network to optimally procure parts and fuel so as to provide customers with high-quality products and services at low costs.

The last “C” stands for Clean. In keeping with the times, we have addressed environmental accountability by deploying solar power systems, energy-efficient LED lighting, and other facilities at *Superworks* facilities. Also, we have started to build a system to be able to handle new technologies in our maintenance operations, with an eye on the increasing use of electric vehicles. In addition, we are actively involved in recycling, such as in recommending the use of rebuilt and reused parts, in our efforts to support the environmental accountability of customers and society at large.

Review of the Year Ended March 2015

We posted increases in both revenues and profit in the year under review. Our

Basic Strategy 1 Build Closer, Far-reaching Trust to Create New Value Together

1. Build service networks closer in touch with customers

We will establish *Superworks* facilities in major Japanese cities and strengthen our road service equipped with vehicle diagnostics capabilities. This will be done to provide services closely in touch with our customers in each local market and to help maintain delivery infrastructure from the standpoint of BCP.

2. Build far-reaching services providing management support

We will utilize IT to enhance our far-reaching repair and maintenance capabilities in support of procurement, management of logistics vehicles, facilities, equipment and machinery, and risk management. This will be carried out to upgrade the customer orientation of our services and create an enduring value cycle by eliminating customer down time.

3. Create new value together

We will strengthen collaboration with business partner companies and expand our scope of services in vehicle, facility, and equipment maintenance. This will be done to help improve the quality of deliveries by logistics and distribution business operators so that we can create new value together.

Basic Strategy 2 Forge a Robust Corporate Culture

We will forge a robust corporate culture in line with the Yamato Group's corporate philosophy for the Autoworks Business. This will be accomplished by nurturing an environment of mutual trust that endorses a culture in which employees encourage one another in realizing their full potential. To this end, we will also enhance corporate governance while strengthening our legal compliance and financial structure.

operating revenues were ¥27,153 million, up 5.9% year on year. Operating income increased 14.1%, to ¥3,733 million.

Having launched the *Repair Network* as a standard service for vehicle members at 28 nationwide vehicle maintenance factory locations, we are undertaking the full gamut of services, such as oil changes and tire inspections, not only at our own factories but through periodic visits to customers of our *Repairworks* purpose-built trucks equipped with maintenance equipment. Furthermore, we are supporting planned maintenance and eradicating the problems associated with vehicle management by having our mechanics, who hold national qualifications, put questions to those in charge of maintenance at customer sites.

As a result of leveraging our network proposal capabilities in this way, mandatory inspections performed on vehicles outside the Yamato Group, a key performance indicator, increased 1,050 from the previous year, to approximately 79,600 vehicles.

Message from Top Management

In the fiscal year ending March 31, 2020, we are aiming to have become a management-efficient partner of distribution and logistics operators, to have brought about changes in our customers' business structures, and have grown to contribute to not only cost reductions but also the optimum circulation of goods, including consumption price reductions.

In addition, we will further enhance the all-in-one management functions in risk management, facilities, and equipment through procurement support and insurance, and we will aim to broaden our management domains. Working to create new markets within customer logistics operations, such as vehicle and logistic machinery tracking and disaster prevention as well as supporting the enhancement of business continuity planning (BCP), we will aim to capture new targets, including the making of inroads into the construction field and developing business overseas.

Other

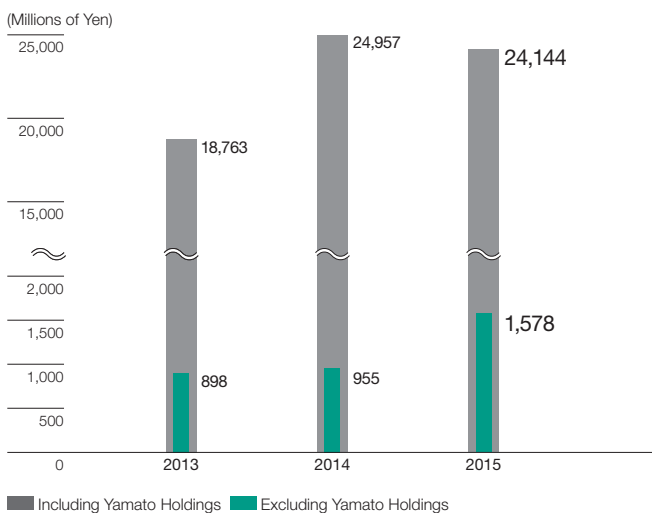
The *JITBOX Charter* service provides transportation by transport box. The service takes advantage of its network consisting of multiple companies and provides added value to customers through timely delivery and frequent, right-volume delivery. In the fiscal year ended March 31, 2015, the service generated increased revenues as a result of developing information systems and improving service quality, and also due to favorable results from existing service offerings.

Operating income in Other excluding dividends which Yamato Holdings Co., Ltd. received from the Group companies increased 65.2% from the previous year, to 1,578 million yen.

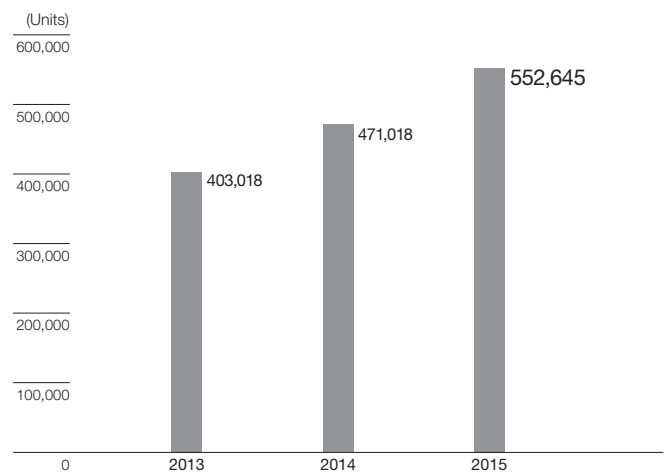


JITBOX Charter

Operating Income



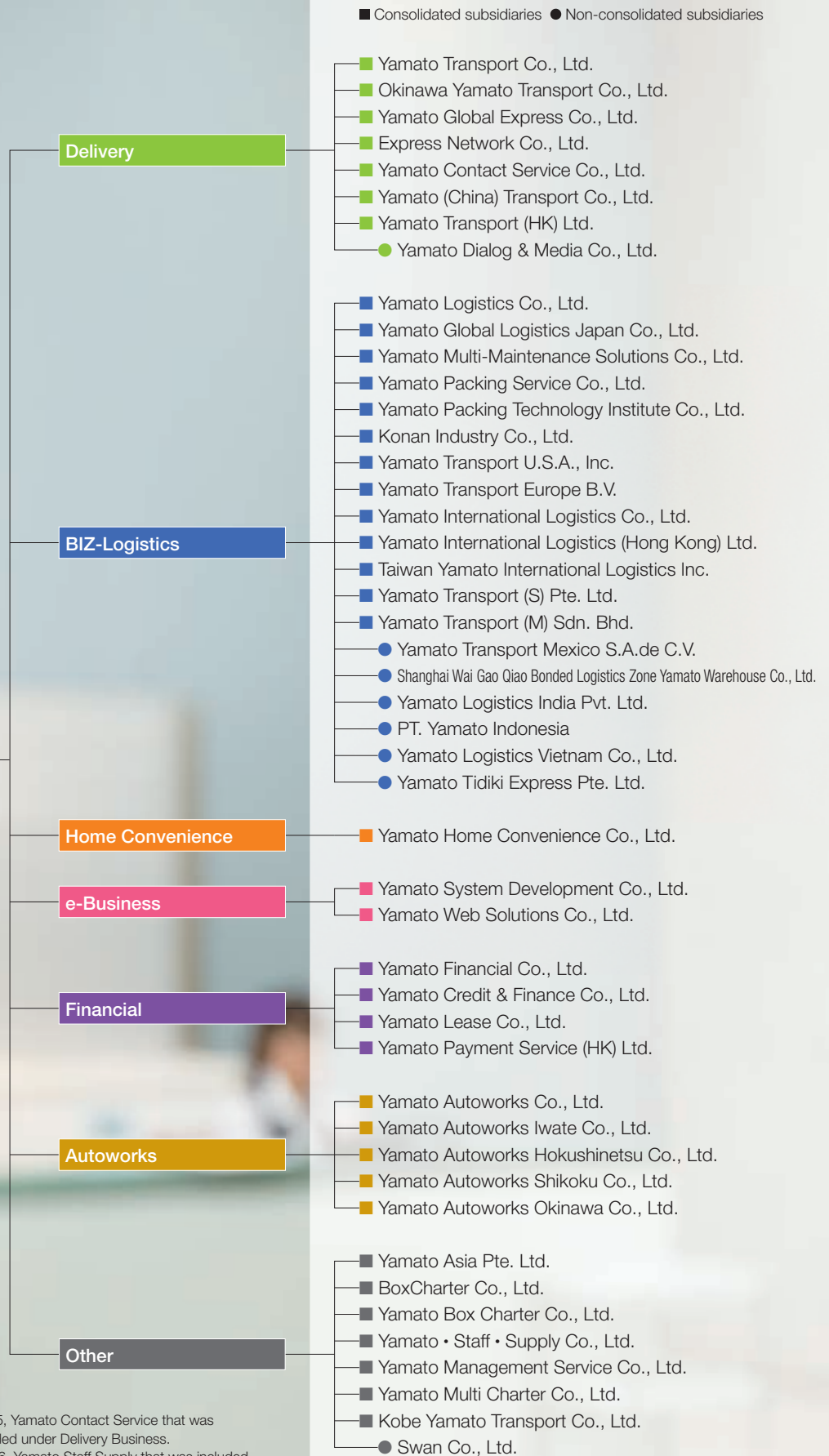
Track Record of JITBOX Charter



Organization

As of March 31, 2015

Yamato Holdings Co., Ltd.



Note: (1) From the fiscal year ended March 31, 2015, Yamato Contact Service that was included under e-business are being included under Delivery Business.
 (2) From the fiscal year ending March 31, 2016, Yamato-Staff-Supply that was included under Other segment is being included under Delivery Business.