

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2015 <under Japanese GAAP>

Company name: Yamato Holdings Co., Ltd.
 Listing: Tokyo Stock Exchange
 Stock code: 9064
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Scheduled date of the submission of quarterly securities report: August 11, 2014

Scheduled date of the commencement of dividend payment: —

Preparation of supplementary materials on quarterly financial results: Yes

Holding of quarterly financial results meeting: Yes

(Amounts less than 1 million yen are discarded.)

1. Consolidated financial results for the first quarter of fiscal year 2015 (cumulative: from April 1, 2014 to June 30, 2014)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

| | Operating revenue | | Operating income | | Ordinary income | | Net income | |
|----------------------------|-------------------|-----|------------------|--------|-----------------|--------|-----------------|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| For the three months ended | | | | | | | | |
| June 30, 2014 | 323,968 | 3.0 | 4,933 | (46.0) | 5,370 | (42.9) | 2,243 | (53.0) |
| June 30, 2013 | 314,551 | 5.3 | 9,136 | 77.4 | 9,412 | 65.8 | 4,772 | 114.3 |

(Note) Comprehensive income: For the three months ended June 30, 2014: 2,588 million yen ((61.4)%
 For the three months ended June 30, 2013: 6,707 million yen (311.5%)

| | Net income per share | Net income per share - fully diluted |
|----------------------------|----------------------|--------------------------------------|
| For the three months ended | Yen | Yen |
| June 30, 2014 | 5.36 | 5.22 |
| June 30, 2013 | 11.26 | 10.98 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|----------------|-----------------|-----------------|--------------|
| As of | Millions of yen | Millions of yen | % |
| June 30, 2014 | 1,018,558 | 553,553 | 53.5 |
| March 31, 2014 | 1,032,134 | 560,172 | 53.4 |

(Reference) Equity: As of June 30, 2014: 544,857 million yen As of March 31, 2014: 551,379 million yen

2. Dividends

| | Annual dividends | | | | |
|------------------------|------------------|----------------|---------------|-----------------|-------|
| | First quarter | Second quarter | Third quarter | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal 2014 | — | 12.00 | — | 12.00 | 24.00 |
| Fiscal 2015 | — | — | — | — | — |
| Fiscal 2015 (Forecast) | — | 12.00 | — | 12.00 | 24.00 |

(Note) Revisions to the forecasts most recently announced: None

3. Consolidated earnings forecasts for fiscal year 2015 (from April 1, 2014 to March 31, 2015)

(Percentages indicate year-on-year changes.)

| | Operating revenue | | Operating income | | Ordinary income | | Net income | | Net income per share |
|-----------|-------------------|-----|------------------|--------|-----------------|--------|-----------------|-------|----------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Half year | 688,000 | 4.9 | 21,000 | (10.1) | 21,500 | (10.1) | 11,500 | (7.1) | 27.45 |
| Full year | 1,437,000 | 4.5 | 70,000 | 10.9 | 71,000 | 9.8 | 41,000 | 17.9 | 97.87 |

(Note) Revisions to the forecasts most recently announced: None

* Notes

(1) Changes in significant subsidiaries during the three months under review (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Application of specific accounting for preparing the quarterly consolidated financial statements: Yes

(Note) For details, please see "2. Matters Regarding Summary Information (Notes), (1) Application of specific accounting for preparing the quarterly consolidated financial statements" of the attached materials to the quarterly financial results report on page 7.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- a. Changes due to revision to accounting standards, etc.: Yes
- b. Changes other than a: Yes
- c. Changes in accounting estimates: None
- d. Restatement: None

(Note) For details, please see "2. Matters Regarding Summary Information (Notes), (2) Changes in accounting policies, changes in accounting estimates, and restatement" of the attached materials to the quarterly financial results report on page 7.

(4) Number of issued shares (common shares)

- a. Number of issued shares as of the end of the period (including treasury shares)
 - As of June 30, 2014 454,684,992 shares
 - As of March 31, 2014 454,684,992 shares
- b. Number of treasury shares as of the end of the period
 - As of June 30, 2014 35,742,575 shares
 - As of March 31, 2014 35,742,057 shares
- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)
 - For the three months ended June 30, 2014 418,942,670 shares
 - For the three months ended June 30, 2013 423,713,506 shares

*Indication regarding execution of quarterly review procedures

At the time of the disclosure of this quarterly financial results report, the quarterly review 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 "1. Qualitative Information on Settlement of Accounts for the Three Months, (3) Qualitative information on consolidated earnings forecasts" of the attached materials to the quarterly financial results report on page 6.
- The Company plans to post supplementary materials on quarterly financial results on the Company's website promptly after the announcement of the quarterly financial results.

Attached Materials

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1. Qualitative Information on Settlement of Accounts for the Three Months

(1) Qualitative information on consolidated operating results

During the three months ended June 30, 2014, the business environment was marked by clear concerns of stagnating consumer spending evidenced in part by a pull-back from the last-minute demand that had taken hold ahead of the consumption tax hike, despite a visible trend of business recovery with an upturn in corporate earnings and improvements in wage levels. Meanwhile, the shortage of labor became more apparent, thereby giving rise to the realization that increasing costs brought about by a tightening labor market poses a major managerial challenge in the transportation industry. 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 our efforts on taking steps to create a business model for generating a high level of added value while pursuing greater sophistication of our existing businesses, by fusing logistics networks that have been developed by the Yamato Group and business resources of individual Group companies.

In the Delivery Business, revenues increased due to progress made with initiatives to ensure receipt of adequate fees, but earnings decreased as a consequence of increased costs for systemic improvements to transport and delivery services for the purpose of uphold quality.

In the non-delivery businesses, drawing on alliances with respective Group companies, we continued to aggressively pursue solution sales geared toward solving customer's business challenges, and began offering new services in multiple businesses including the BIZ-Logistics and e-Business segments.

Our consolidated financial results for the three months ended June 30, 2014 are as follows.

(Millions of yen)

| Item | For the three months ended June 30, 2013 | For the three months ended June 30, 2014 | Change | Growth (%) |
|-------------------|--|--|---------|------------|
| Operating revenue | 314,551 | 323,968 | 9,417 | 3.0 |
| Operating income | 9,136 | 4,933 | (4,203) | (46.0) |
| Ordinary income | 9,412 | 5,370 | (4,041) | (42.9) |
| Net income | 4,772 | 2,243 | (2,528) | (53.0) |

Initiatives for the entire Yamato Group

- a. The Yamato Group has been pursuing its "Value Networking" design which creates business models geared toward generating a high level of added value by bringing together respective businesses of the entire Group, and we are also taking steps to forge a robust corporate culture that acts as a foundation for business creation and development.
- b. Initiatives taken with respect to our strategy for pursuing the "Value Networking" design involved efforts to further expand our networks so that we can meet demand for borderless logistics operations in the Asian region where growth is expected to continue on into the future. Moving ahead, we will address various customer needs in Japan and overseas through initiatives that include expanding "International Cool TA-Q-BIN" services, with deliveries from Japan to Singapore and Taiwan, drawing on our networks that run through our Okinawa International Logistics Hub centrally situated in East Asia.
- c. To forge a robust corporate culture, we focused on improving transport systems and developing new vehicles, and worked to build systems for ensuring that we honor the promises we make to our customers. At the same time, we worked on developing an operational framework designed to boost confidence of our customers, through initiatives designed to bring about operational transparency by, for instance, strengthening our IT infrastructure with the aim of bringing about more efficient and rational operations than ever before. Moreover, we actively engaged in CSR-related activities linked to Yamato Group business endeavors, such as through environmental and safety measures, and efforts to energize communities.

Summary of each operating segment

● Delivery

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

| Category | (Million parcels / units) | | | |
|---------------|--|--|--------|------------|
| | For the three months ended June 30, 2013 | For the three months ended June 30, 2014 | Change | Growth (%) |
| TA-Q-BIN | 374 | 374 | (0) | (0.0) |
| Kuroneko Mail | 538 | 489 | (48) | (9.1) |

- 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. We worked to expand our services with respect to individual customers by offering greater customer convenience and promoting use of such services. For instance, Yamato Transport launched its own "Kuroneko Member Discount" service which provides customers of the "Kuroneko Members" service access to TA-Q-BIN discount pricing.
- c. With respect to corporate clients, we expanded business that draws on Group company alliances involving TA-Q-BIN deliveries while providing various forms of added value. We also undertook initiatives for collecting fees appropriate to the task of providing consistent quality with respect to TA-Q-BIN deliveries. In addition, the Yamato Group actively developed its "building and town management services" which centralize pickup and delivery within large commercial facilities and large multi-function complexes, thereby enabling us to generate new orders for business involving such commercial facilities and large multi-function complexes primarily in the Tokyo metropolitan area, as well as in various regions nationwide.
- d. In regard to upholding "Cool TA-Q-BIN" quality, we have been taking steps to provide standards of quality that bring forth confidence and peace of mind, such as by actively adding to our fleet of new-model vehicles and bringing in specialized equipment to boost operational efficiency, while at the same time adopting IT-based comprehensive delivery processing systems.
- e. Operating revenue amounted to 253,804 million yen, up 1.5% from the year-ago period as a result of active efforts with initiatives to ensure receipt of adequate fees. In terms of operating income, an operating loss of 2,165 million yen was posted, a ¥5,359 million earnings decline from the year-ago period, due to increased costs for systemic improvements to transport and delivery services for the purpose of upholding quality.

● 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 international transportation functions and logistics functions.
- b. The Yamato Group provides a variety of solutions targeting clients who depend on international transportation, including air and sea transportation services, small-lot international intermodal transportation services that are interlinked with our TA-Q-BIN network, as well as a packaging and customs services. During the three months ended June 30, 2014, we engaged in efforts to address diverse customer needs, such as through sales involving our "Yamato China Direct" shipping service for delivering online shopping products from Japan to consumers in China.
- c. With respect to our electric appliance repair operations and other such services, we have been developing integrated service offerings where we handle collection, repairs and returns of faulty products. In the three months ended June 30, 2014, we achieved steady growth in customer use of our integrated repair services, drawing on locations such as the "Haneda Chronogate" logistics facility which launched operations in September 2013 and now stands as the Yamato Group's largest logistics facility.
- d. Operating revenue amounted to 23,359 million yen, up 9.1% from the year-ago period mainly due to firm results with mail-order services and services involving product repairs. Operating income was 1,134 million yen, up 18.1% 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 three months ended June 30, 2014, we have been developing services such as our "Comfortable Lifestyle Support Service" which helps solve everyday inconveniences involving house cleaning and collection of unwanted items, as well as our traveling sales services where we offer furniture and household electrical appliances to customers in remote areas.
- c. With respect to services for corporate clients, we have been developing business support services geared primarily toward companies, involving office relocation services, event support services and other such offerings. In the three months ended June 30, 2014, we actively engaged in sales activities whereby Yamato Group and our construction and installation contractors combined networks thereby enabling us to launch new one-stop services where we handle everything from delivery, set-up, installation and maintenance of household equipment. Moreover, we are now able to provide sales support to mail-order businesses by offering greater convenience to those receiving deliveries through supplementary services that include changing room layouts as necessary to accommodate mail order products when delivered.
- d. Operating revenue amounted to 12,691 million yen, up 9.1% from the year-ago period partially as a result of efforts to aggressively expand new businesses. With respect to profits, the segment curbed its operating loss, which at a loss of 111 million yen, was an improvement of 263 million yen compared to the same period in the previous fiscal year as a result of factors such as thorough management of personnel-related expenses and improved operational productivity.

● e-Business

- a. In the e-Business, the Yamato Group helps customers streamline their business processes and solve potential issues by proactively proposing solutions that combine logistics technology and financial technology with information technology.
- 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 three months ended June 30, 2014, use of this service increased, particularly among clients in the mail-order market.
- c. The Yamato Group has been developing services for customers whose needs involve managing products on an individual basis, such that combine inventory tracking and other information-related services with partial processing of merchandise and logistics services. In the three months ended June 30, 2014, revenues increased steadily as customer use of telecommunications equipment-related services increased.
- d. Operating revenue amounted to 9,735 million yen, up 3.5% from the year-ago period, due to an increase in new business and growing sales to existing customers. Operating income was 1,641 million yen, up 7.0% from the year-ago period.

● 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 on mail-order product deliveries, B2B transaction settlement, and vehicle leasing.
- b. With respect to payment settlement services for individual customers, in addition to providing our mainstay product "TA-Q-BIN Collect," we also promoted increased customer use of both our "Kuroneko Web Collect" comprehensive internet-based transaction settlement service and our e-money settlement services provided in conjunction with our e-Business operations. In the three months ended June 30, 2014, we actively developed the "Kuroneko Web Collect" business and expanded service offerings such as those involving rental of e-money settlement terminals for use at venues such as product sales booths set up at event venues.

- c. In the lease services business, there was significant growth in numbers of contracts amid efforts to propose options centered on customer's viewpoints, on the basis of extensive assessments of customer needs particularly with respect to leases of previously-owned cars. Moreover, premised on the condition of vehicle re-use after lease expiration, we accepted "three-year operating lease" applications for quality vehicles from a broad customer base that includes companies in the transportation businesses and food businesses.
- d. Operating revenue amounted to 15,693 million yen, up 6.6% from the year-ago period, mainly owing to an increase in contracts for pre-owned vehicle leases in the lease services business. Meanwhile, operating income was 2,128 million yen, down 4.0% from the year-ago period due to a downturn in the "TA-Q-BIN Collect" business, given factors such as the pull-back from the last-minute demand that emerged ahead of the consumption tax hike.

● Autoworks

- a. In the Autoworks Business, the Yamato Group promotes 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 "vehicle maintenance convenience," "ensuring compliance with statutory vehicle inspections," 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" along with "insurance agency services where we offer insurance plans tailored to customer needs."
- c. In the three months ended June 30, 2014, the Yamato Group steadily increased the number of vehicles serviced as a result of the increased use of the "12-Month Fixed-Price Maintenance Package," which evens out the monthly vehicle maintenance expenses.
- d. Operating revenue amounted to 6,960 million yen, up 14.5% from the year-ago period due to an increase in the number of vehicles serviced. Operating income was 1,132 million yen, up 18.3% from the year-ago period in part due to thorough management of personnel-related expenses.

● Other

- a. The "JITBOX Charter service" provides transportation by transport box. The service takes advantage of its Group network consisting of multiple companies and provides value to customers through timely delivery and frequent, right-volume delivery. In the three months ended June 30, 2014, we launched new transport services offering there-and-back and multiple-venue deliveries, thereby resulting in more use of the JITBOX Charter service among customers such as those taking part in a series of events in a number of different locations.
- b. Operating income in Other excluding dividends which Yamato Holdings Co., Ltd. received from the Group companies increased 11.6% from the year-ago period to 180 million yen.

CSR Initiatives

- a. The Yamato Group places utmost priority on protecting human life and conducts a range of safety measures. In the three months ended June 30, 2014, the Group promoted various initiatives such as conducting the "Zero Accident Campaign" which is a safety campaign deployed horizontally throughout the entire group including our TA-Q-BIN operators overseas, and we provided employee education programs using vehicles equipped with systems that facilitate safe driving practices. In addition, a total of more than 2.40 million people have now participated in the "Safety Classes for Children" that the Group has continuously conducted in day-care facilities, kindergartens and elementary schools across Japan.
- b. The Yamato Group has formulated "Nekology" (combining "Kuroneko" with "ecology"), which is an environmental protection philosophy and guideline for environmental activities for the entire Group, and is taking the initiative to proactively promote environmental protection activities. During the three months ended June 30, 2014, Yamato Transport Co., Ltd. received the 15th Logistics Environment Award in recognition of its environmental protection initiatives at "Haneda Chronogate" and various other activities based on our "Nekology" philosophy.
- c. In April 2014, the Yamato Group became a signatory to the UN Global Compact, a worldwide initiative involving the United Nations and businesses with the aim of enabling sustainable growth. The initiative

promotes universal principals for contributing to sustainable social development by asking companies to embrace such universal principles with respect to "human rights, labor, environment, and anti-corruption" in the course of conducting business.

- d. Aspiring to be a company that has a strong bond of trust with the local community, the Yamato Group promotes various activities to help realize a society in which disabled people can freely enjoy a lifestyle as a member of the workforce. For example, led by Yamato Welfare Foundation, we actively employ disabled people in the Swan Bakery that makes and sells bread, provide workplaces through the consigned delivery of Kuroneko Mail, and operate job-finding support facilities that conduct training of skills and knowledge necessary for employment.
- e. 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 three months ended June 30, 2014, continuing on from the prior fiscal term, the Yamato Group worked in collaboration with government bodies on 630 separate occasions with respect to keeping a protective eye on elderly citizens, lending support to the tourism industry, and other such initiatives taken in the course of providing services that draw on the Group's managerial resources.

(2) Qualitative information on consolidated financial position

Total assets were 1,018,558 million yen as of June 30, 2014, down 13,575 million yen from the end of the previous fiscal year. The major factor in this was a decrease of 8,200 million yen in notes and accounts receivable - trade.

Liabilities decreased 6,957 million yen to 465,004 million yen from the end of the previous fiscal year. The major factors in this were an increase in loans payable of 7,297 million yen while income taxes payable decreased 17,015 million yen due to the payment of income taxes.

Total net assets were 553,553 million yen, down 6,618 million yen from the end of the previous fiscal year. The major factors included the recording of net income of 2,243 million yen, and the dividends of surplus of 5,027 million yen, in addition to a decrease in retained earnings of 6,863 million yen due to a 4,080 million yen decrease of retained earnings as of the beginning of the first quarter under review in line with the application of Accounting Standard for Retirement Benefits and its Guidance.

Accordingly, the equity ratio changed to 53.5% from the previous fiscal year's 53.4%.

(3) Qualitative information on consolidated earnings forecasts

Looking ahead at the economy, we expect the pull-back in earlier demand that emerged ahead of the consumption tax hike to become less pronounced, along with improvements in corporate earnings and a gradual recovery in consumer spending. However, the economic outlook will most likely remain uncertain due in part to a tightening supply of labor and downside risk from factors such as surging labor costs.

In this environment, the Yamato Group will work to increase delivery volumes in the Delivery Business by redoubling efforts to offer customer greater convenience and better service quality, while also addressing initiatives to ensure receipt of adequate TA-Q-BIN fees. In the non-delivery businesses, we will expand the revenue base through ongoing reinforcement of solution sales.

On the cost front, the Group will persist with efforts that involve allocating adequate numbers of personnel in line with operating volumes and pursuing initiatives to increase productivity, while also keeping costs under control with the aim of ensuring positive operating income results.

The Yamato Group has not made any changes to the consolidated earnings forecasts for the half year and for the full year of the fiscal year ending March 31, 2015 since the announcement made on April 30, 2014.

2. Matters Regarding Summary Information (Notes)

(1) Application of specific accounting for preparing the quarterly consolidated financial statements

Calculation of tax expenses

Tax expenses are calculated by multiplying the income before income taxes by the reasonably estimated effective tax rates after the application of tax effect accounting to the income before income taxes for the fiscal year including the first quarter under review.

(2) Changes in accounting policies, changes in accounting estimates, and restatement

Changes in accounting policies

(Application of "Accounting Standard for Retirement Benefits" and Its Guidance)

Effective from the first quarter under review, for the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012), the Company has additionally applied the provisions set forth in the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits.

Due to this, the Company reviewed the calculation method of retirement benefit obligations and current service costs and amended the determination of discount rate from one that based on the period of years approximate to the expected average remaining working lives of employees to one that uses a single weighted average discount rate reflecting the estimated timing and amount of benefit payment.

Application of the Accounting Standard for Retirement Benefits and its Guidance is in line with the transitional measures provided in Paragraph 37 of the Accounting Standard for Retirement Benefits. In accordance with such measures, the effect of the review in the determination of retirement benefit obligations and current service costs has been added to or deducted from retained earnings as of the beginning of the first quarter under review.

As a result of this change, as of the beginning of the first quarter under review, net defined benefit liability increased 6,262 million yen, deferred tax assets increased 2,214 million yen, and retained earnings decreased 4,080 million yen. In addition, the effect of this application on operating income, ordinary income, and income before income taxes and minority interests for the three months ended June 30, 2014 is immaterial.

(Application of "Accounting Standard for Business Combinations," etc.)

Effective from the beginning of the fiscal year starting on or after April 1, 2014, it has become possible to apply the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013), "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013), etc. Accordingly, the Company has applied these accounting standards (except for the provisions of Paragraph 39 of the Accounting Standard for Consolidated Financial Statements) effective from the first quarter under review. As a result, the method of recording the amount of difference caused by changes in the Company's ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after April 1, 2014, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the tentative accounting treatment is reflected in the quarterly consolidated financial statements for the quarterly period in which the business combination occurs.

Application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. Application of the standard commenced as of the beginning of the first quarter under review, and will continue going forward.

Application of the accounting standard, etc. does not have a material impact on the quarterly consolidated financial statements.

3. Consolidated Financial Statements

(1) Consolidated balance sheet

(Millions of yen)

| | As of March 31, 2014 | As of June 30, 2014 |
|---------------------------------------|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 220,147 | 202,265 |
| Notes and accounts receivable - trade | 188,144 | 179,944 |
| Accounts receivable - installment | 39,480 | 40,947 |
| Lease investment assets | 35,328 | 37,189 |
| Merchandise and finished goods | 780 | 853 |
| Work in process | 234 | 353 |
| Raw materials and supplies | 2,222 | 2,024 |
| Other | 42,611 | 48,768 |
| Allowance for doubtful accounts | (1,591) | (1,448) |
| Total current assets | 527,359 | 510,898 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 329,288 | 329,872 |
| Accumulated depreciation | (174,246) | (176,584) |
| Buildings and structures, net | 155,042 | 153,288 |
| Vehicles | 187,881 | 190,542 |
| Accumulated depreciation | (171,770) | (172,738) |
| Vehicles, net | 16,110 | 17,803 |
| Land | 188,343 | 188,357 |
| Leased assets | 23,944 | 24,053 |
| Accumulated depreciation | (15,201) | (16,103) |
| Leased assets, net | 8,742 | 7,950 |
| Other | 140,979 | 140,623 |
| Accumulated depreciation | (92,090) | (91,040) |
| Other, net | 48,888 | 49,582 |
| Total property, plant and equipment | 417,127 | 416,982 |
| Intangible assets | 17,518 | 17,489 |
| Investments and other assets | | |
| Investment securities | 26,119 | 27,058 |
| Other | 45,358 | 47,469 |
| Allowance for doubtful accounts | (1,350) | (1,340) |
| Total investments and other assets | 70,128 | 73,187 |
| Total non-current assets | 504,774 | 507,660 |
| Total assets | 1,032,134 | 1,018,558 |

(Millions of yen)

| | As of March 31, 2014 | As of June 30, 2014 |
|---|----------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 172,463 | 141,403 |
| Short-term loans payable | 36,411 | 43,787 |
| Lease obligations | 4,784 | 4,427 |
| Income taxes payable | 20,907 | 3,892 |
| Deferred installment income | 5,349 | 5,411 |
| Provision for bonuses | 29,515 | 12,161 |
| Other | 77,927 | 122,118 |
| Total current liabilities | 347,360 | 333,203 |
| Non-current liabilities | | |
| Bonds with subscription rights to shares | 20,000 | 20,000 |
| Long-term loans payable | 42,266 | 42,188 |
| Lease obligations | 4,379 | 4,328 |
| Net defined benefit liability | 47,224 | 54,353 |
| Other | 10,731 | 10,930 |
| Total non-current liabilities | 124,601 | 131,801 |
| Total liabilities | 471,961 | 465,004 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 127,234 | 127,234 |
| Capital surplus | 100,863 | 100,863 |
| Retained earnings | 371,965 | 365,101 |
| Treasury shares | (56,079) | (56,080) |
| Total shareholders' equity | 543,984 | 537,119 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 8,769 | 9,280 |
| Foreign currency translation adjustment | 342 | 112 |
| Remeasurements of defined benefit plans | (1,717) | (1,653) |
| Total accumulated other comprehensive income | 7,395 | 7,738 |
| Minority interests | 8,792 | 8,695 |
| Total net assets | 560,172 | 553,553 |
| Total liabilities and net assets | 1,032,134 | 1,018,558 |

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

(Millions of yen)

| | For the three months ended June 30, 2013 | For the three months ended June 30, 2014 |
|---|---|---|
| Operating revenue | 314,551 | 323,968 |
| Operating cost | 296,918 | 310,239 |
| Operating gross profit | 17,632 | 13,729 |
| Selling, general and administrative expenses | 8,495 | 8,796 |
| Operating income | 9,136 | 4,933 |
| Non-operating income | | |
| Interest income | 15 | 16 |
| Dividend income | 249 | 281 |
| Other | 346 | 408 |
| Total non-operating income | 611 | 705 |
| Non-operating expenses | | |
| Interest expenses | 112 | 88 |
| Settlement package | 113 | — |
| Other | 109 | 179 |
| Total non-operating expenses | 336 | 268 |
| Ordinary income | 9,412 | 5,370 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 0 | 1 |
| Compensation for damage received | — | 257 |
| Total extraordinary income | 0 | 258 |
| Extraordinary loss | | |
| Loss on retirement of non-current assets | 83 | 43 |
| Loss on valuation of investment securities | 3 | — |
| Loss on litigation | — | 598 |
| Other | 3 | — |
| Total extraordinary losses | 90 | 641 |
| Income before income taxes and minority interests | 9,322 | 4,988 |
| Income taxes | 4,627 | 2,815 |
| Income before minority interests | 4,694 | 2,172 |
| Minority interests in income (loss) | (78) | (71) |
| Net income | 4,772 | 2,243 |

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

| | For the three months ended June 30, 2013 | For the three months ended June 30, 2014 |
|---|---|---|
| Income before minority interests | 4,694 | 2,172 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,539 | 582 |
| Foreign currency translation adjustment | 473 | (230) |
| Remeasurements of defined benefit plans, net of tax | — | 64 |
| Total other comprehensive income | 2,013 | 416 |
| Comprehensive income | 6,707 | 2,588 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | 6,589 | 2,587 |
| Comprehensive income attributable to minority interests | 118 | 1 |

(3) Notes to consolidated financial statements

(Notes to premise of going concern)

Not applicable.

(Segment information, etc.)

[Segment information]

Information regarding the amounts of operating revenue and income or loss by reportable segment

For the three months ended June 30, 2013

(Millions of yen)

| | Delivery | BIZ-Logistics | Home Convenience | e-Business | Financial |
|--|----------|---------------|------------------|------------|-----------|
| Operating revenue | | | | | |
| (1) Operating revenue from customers | 249,937 | 21,415 | 11,636 | 9,410 | 14,726 |
| (2) Inter-segment operating revenue or transfers | 14,406 | 2,808 | 3,079 | 6,172 | 942 |
| Total | 264,343 | 24,223 | 14,716 | 15,582 | 15,669 |
| Segment income (loss) | 3,194 | 960 | (375) | 1,534 | 2,215 |

| | Autoworks | Other (Notes 1, 2) | Total | Reconciliation (Note 3) | Amount recorded in consolidated statement of income (Note 4) |
|--|-----------|--------------------|---------|-------------------------|--|
| Operating revenue | | | | | |
| (1) Operating revenue from customers | 6,081 | 1,344 | 314,551 | — | 314,551 |
| (2) Inter-segment operating revenue or transfers | 7,015 | 33,161 | 67,586 | (67,586) | — |
| Total | 13,096 | 34,506 | 382,138 | (67,586) | 314,551 |
| Segment income (loss) | 957 | 24,415 | 32,902 | (23,765) | 9,136 |

Notes: 1. Other includes business-to-business distribution via JITBOX Charter, staffing services 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 24,104 million yen.

3. The adjustment of segment income resulted from eliminating transactions among segments.

4. We made an adjustment between segment income and operating income in the consolidated statement of income.

For the three months ended June 30, 2014

(Millions of yen)

| | Delivery (Note 1) | BIZ-Logistics | Home Convenience | e-Business (Note 1) | Financial |
|--|----------------------|---------------|---------------------|------------------------|-----------|
| Operating revenue | | | | | |
| (1) Operating revenue from customers | 253,804 | 23,359 | 12,691 | 9,735 | 15,693 |
| (2) Inter-segment operating revenue or transfers | 15,292 | 2,879 | 3,075 | 6,667 | 834 |
| Total | 269,096 | 26,238 | 15,767 | 16,402 | 16,528 |
| Segment income (loss) | (2,165) | 1,134 | (111) | 1,641 | 2,128 |

| | Autoworks | Other (Notes 2, 3) | Total | Reconciliation (Note 4) | Amount recorded in consolidated statement of income (Note 5) |
|--|-----------|-----------------------|---------|----------------------------|---|
| Operating revenue | | | | | |
| (1) Operating revenue from customers | 6,960 | 1,723 | 323,968 | — | 323,968 |
| (2) Inter-segment operating revenue or transfers | 7,328 | 31,283 | 67,360 | (67,360) | — |
| Total | 14,288 | 33,007 | 391,329 | (67,360) | 323,968 |
| Segment income (loss) | 1,132 | 22,356 | 26,115 | (21,182) | 4,933 |

- Notes: 1. Effective from the first quarter under review, Delivery Business segment includes the contact service business, previously included in the e-Business, due to changes involving business segment categories made in accordance with actual circumstances related to management and administration. The segment information for the three months ended June 30, 2013 has been prepared and presented according to the new classification.
2. Other includes business-to-business distribution via JITBOX Charter, staffing services 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 21,910 million yen.
4. The adjustment of segment income resulted from eliminating transactions among segments.
5. We made an adjustment between segment income and operating income in the consolidated statement of income.
6. Effective from the first quarter under review, for the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012), the Company has additionally applied the provisions set forth in the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits. Due to this, the Company reviewed the calculation method of retirement benefit obligations and current service costs and amended the determination of discount rate from one that based on the period of years approximate to the expected average remaining working lives of employees to one that uses a single weighted average discount rate reflecting the estimated timing and amount of benefit payment.
- In addition, the effect of this application on segment income/loss for the three months ended June 30, 2014 is immaterial.

(Notes on significant changes in the amount of shareholders' equity)

Not applicable.

4. Supplementary Information

Operating revenue by business

| Business segment | | For the three months ended June 30, 2013 | | For the three months ended June 30, 2014 | | Change (%) | Fiscal year ended March 31, 2014 | |
|------------------|----------------------------------|--|-----------|--|-----------|------------|----------------------------------|-----------|
| | | Amount (Millions of yen) | Ratio (%) | Amount (Millions of yen) | Ratio (%) | | Amount (Millions of yen) | Ratio (%) |
| Delivery | TA-Q-BIN | 214,338 | 68.2 | 220,683 | 68.1 | 3.0 | 958,573 | 69.7 |
| | Kuroneko Mail | 32,598 | 10.4 | 30,065 | 9.3 | (7.8) | 126,035 | 9.2 |
| | Express | 10,486 | 3.3 | 10,495 | 3.2 | 0.1 | 45,047 | 3.3 |
| | Others *1 | 15,167 | 4.8 | 16,643 | 5.1 | 9.7 | 68,023 | 4.9 |
| | Eliminations | (22,653) | (7.2) | (24,084) | (7.4) | 6.3 | (98,279) | (7.1) |
| | Total | 249,937 | 79.5 | 253,804 | 78.3 | 1.5 | 1,099,399 | 80.0 |
| BIZ-Logistics | Trading logistics service | 8,824 | 2.8 | 9,139 | 2.8 | 3.6 | 39,037 | 2.8 |
| | Sales and Logistics | 7,364 | 2.3 | 8,455 | 2.6 | 14.8 | 31,103 | 2.3 |
| | Multi maintenance | 2,363 | 0.8 | 3,808 | 1.2 | 61.2 | 9,870 | 0.7 |
| | Export Factory | 930 | 0.3 | 995 | 0.3 | 6.9 | 3,781 | 0.3 |
| | Others | 9,067 | 2.9 | 9,238 | 2.9 | 1.9 | 36,311 | 2.7 |
| | Eliminations | (7,135) | (2.3) | (8,278) | (2.6) | 16.0 | (29,850) | (2.2) |
| | Total | 21,415 | 6.8 | 23,359 | 7.2 | 9.1 | 90,254 | 6.6 |
| Home Convenience | Home convenience | 10,610 | 3.4 | 11,106 | 3.4 | 4.7 | 42,801 | 3.1 |
| | Business convenience *2 | 3,486 | 1.1 | 3,387 | 1.0 | (2.8) | 17,060 | 1.2 |
| | Technical network *2 | 629 | 0.2 | 1,280 | 0.4 | 103.6 | 3,047 | 0.2 |
| | Eliminations | (3,089) | (1.0) | (3,083) | (0.9) | (0.2) | (14,186) | (1.0) |
| | Total | 11,636 | 3.7 | 12,691 | 3.9 | 9.1 | 48,723 | 3.5 |
| e-Business | e-logistics solution | 2,519 | 0.8 | 2,651 | 0.8 | 5.2 | 10,766 | 0.8 |
| | Credit card solution | 1,899 | 0.6 | 1,981 | 0.6 | 4.3 | 7,890 | 0.6 |
| | IT operating solution *3 | 1,397 | 0.4 | 1,659 | 0.5 | 18.8 | 6,207 | 0.5 |
| | Web-based mail order solution *3 | 1,398 | 0.5 | 1,372 | 0.4 | (1.9) | 6,071 | 0.4 |
| | Others *1, 3 | 8,760 | 2.8 | 9,649 | 3.0 | 10.1 | 38,801 | 2.8 |
| | Eliminations | (6,565) | (2.1) | (7,578) | (2.3) | 15.4 | (28,905) | (2.1) |
| | Total | 9,410 | 3.0 | 9,735 | 3.0 | 3.5 | 40,831 | 3.0 |
| Financial | TA-Q-BIN Collect | 9,573 | 3.0 | 9,001 | 2.8 | (6.0) | 40,178 | 2.9 |
| | Lease | 4,785 | 1.5 | 6,153 | 1.9 | 28.6 | 20,896 | 1.5 |
| | Credit & Finance | 801 | 0.3 | 858 | 0.3 | 7.1 | 3,239 | 0.2 |
| | Others | 530 | 0.2 | 533 | 0.2 | 0.7 | 2,061 | 0.2 |
| | Eliminations | (964) | (0.3) | (853) | (0.3) | (11.5) | (3,647) | (0.3) |
| | Total | 14,726 | 4.7 | 15,693 | 4.9 | 6.6 | 62,727 | 4.5 |
| Autoworks | Truck maintenance | 12,040 | 3.8 | 13,062 | 4.0 | 8.5 | 49,651 | 3.6 |
| | Others | 1,635 | 0.5 | 1,814 | 0.6 | 11.0 | 6,507 | 0.5 |
| | Eliminations | (7,595) | (2.4) | (7,917) | (2.4) | 4.2 | (30,508) | (2.2) |
| | Total | 6,081 | 1.9 | 6,960 | 2.2 | 14.5 | 25,650 | 1.9 |
| Other | JITBOX Charter service | 947 | 0.3 | 1,251 | 0.4 | 32.1 | 4,677 | 0.3 |
| | Others | 34,171 | 10.9 | 32,500 | 10.0 | (4.9) | 64,434 | 4.7 |
| | Eliminations | (33,775) | (10.8) | (32,028) | (9.9) | (5.2) | (62,089) | (4.5) |
| | Total | 1,344 | 0.4 | 1,723 | 0.5 | 28.2 | 7,022 | 0.5 |
| Total | | 314,551 | 100.0 | 323,968 | 100.0 | 3.0 | 1,374,610 | 100.0 |

The notes below describe changes to business segment classifications effective from the first quarter under review, made in accordance with actual circumstances related to management and administration. The figures presented for the three months ended June 30, 2013, and for the fiscal year ended March 31, 2014, have been restated in accordance with this change.

*1. The contact service business, previously included in the Others category of the e-Business, is now presented in the Others category of the Delivery Business.

*2. In the Home Convenience Business, the Technical network, previously included in the Business convenience category, is now presented separately in its own category.

*3. In the e-Business, the Telecommunications network, previously included in the Others category, is now presented in the IT operating solution category; and the chain store solutions, previously included in the e-logistics solution category, is now presented in the Others category.