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Data

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1

Main Results Data

1 Operational Indicators

■ POSTAL SERVICE INCOME AND EXPENDITURE BY CLASS

Postal service income and expenditure by category class operating income and operating expenses by mail class based on profit and loss in the postal service.

Income and Expenditure by Mail Class

Unit: billion yen

Class	Operating income	Operating expenses	Operating profit
Letter post	1,629.4	1,571.5	57.9
First class (sealed letters)	909.4	833.4	76.1
Second class (postcards)	472.7	457.2	15.6
Third class (newspapers and magazines)	44.3	65.9	(21.6)
Fourth class (correspondence courses, etc.)	1.6	4.5	(3.0)
Special handling (registered delivery, express)	201.3	210.6	(9.2)
Parcel post	168.6	167.6	1.0
International mail	83.3	79.8	3.6
Total	1,881.4	1,818.9	62.4

Note 1 : Operating expenses are the total of operating costs and SG&A expenses.

Note 2 : Income and expenditure by mail class covers the postal service specified in the Postal Act based on the provision of Article 75-2, paragraph 4 of the Postal Act and does not match with the figures on income statements related to postal service categories.

Average Income and Expenditure per Mail Item by Mail Class

Unit: yen

Class	Average income	Average expenses	Difference
Letter post	66.0	63.7	2.3
First class (sealed letters)	74.0	67.8	6.1
Second class (postcards)	43.2	41.7	1.5
Third class (newspapers and magazines)	51.7	76.9	(25.2)
Fourth class (correspondence courses, etc.)	38.3	111.3	(73.1)
Special handling (registered delivery, express)	382.0	399.4	(17.5)
Parcel post	242.3	240.9	1.4

Note 1 : Average income and average expenses are calculated by dividing operating income and operating expenses for the mail class by the number of mail items in the class.

Note 2 : International mail income and expenses includes both mail sent overseas and mail originating overseas, so average income and expenses have not been calculated.

2 Investment Indicators

(I) COMPOSITION AND CHANGES IN MAIN ASSETS (POSTAL SAVINGS AND POSTAL LIFE INSURANCE SERVICE)

Postal Savings

Unit: million yen, %

Item	Composition of assets				Change in assets FY 2003
	At the time of establishment	Percentage	End of FY 2003	Percentage	
Cash and deposits	9,397,822	3.2	6,675,733	2.4	(2,722,089)
Call loans	—	—	—	—	—
Receivable under resale agreements	84,988	0.0	780,247	0.3	695,258
Monetary claims bought	—	—	—	—	—
Money held in trust	7,991,264	2.8	3,776,056	1.3	(4,215,207)
Securities	92,533,720	32.0	109,160,507	39.1	16,626,786
Japanese bonds	89,137,165	30.8	105,659,344	37.8	16,522,179
Japanese government bonds	73,844,156	25.5	89,273,216	31.9	15,429,060
Japanese local government bonds	9,438,570	3.3	9,483,497	3.4	44,926
Japanese corporate bonds	5,854,437	2.0	6,902,630	2.5	1,048,192
Foreign bonds	3,396,555	1.2	3,501,162	1.3	104,606
Other securities	—	—	—	—	—
Deposits to the fiscal loan fund	177,563,300	61.4	156,095,400	55.9	(21,467,900)
Loans	1,774,309	0.6	2,786,193	1.0	1,011,884
Loans to depositors	637,579	0.2	575,477	0.2	(62,102)
Loans on security of government bonds	505	0.0	595	0.0	90
Loans to local governments	1,136,224	0.4	2,041,120	0.7	904,896
Loans to postal service	—	—	169,000	0.1	169,000
Total	289,345,405	100.0	279,274,138	100.0	(10,071,267)
Foreign currency-denominated assets within the above totals	2,861,079	1.0	3,114,419	1.1	253,340

Reference: Breakdown of Investments by Item of Postal Savings Special Account (Postal Savings Funds)

Unit: billion yen, %

Item	End of FY 2001	End of FY 2002
Securities	72,167.6 (30.2)	90,110.0 (38.6)
Japanese government bonds	52,687.8 (22.0)	71,846.3 (30.8)
Japanese local government bonds	9,851.3 (4.1)	9,428.8 (4.0)
Japanese public corporation bonds	2,520.4 (1.1)	2,876.1 (1.2)
Japanese corporate bonds	3,267.5 (1.4)	2,884.1 (1.2)
Foreign bonds	3,840.6 (1.6)	3,074.6 (1.3)
Loans	723.8 (0.3)	1,774.3 (0.8)
Loans to local governments	22.5 (0.0)	1,136.2 (0.5)
Loans to depositors	701.4 (0.3)	638.1 (0.3)
Entrusted money (designated money in trust)	10,540.1 (4.4)	10,540.1 (4.5)
Deposits, etc.	2,696.9 (1.1)	1,666.9 (0.7)
Total assets under autonomous investment	86,128.4 (36.0)	104,091.3 (44.6)
Deposits to the fiscal loan fund	153,093.0 (64.0)	129,370.0 (55.4)
Total	239,221.4 (100.0)	233,461.3 (100.0)

Note 1 : Figures in parentheses indicate percentage of total.

Note 2 : Foreign bonds are bonds issued by overseas issuers and include yen-dominated bonds.

Note 3 : Deposits to the fiscal loan fund exclude deposits corresponding to loans to the former Special Fund to Cope with Financial Deregulation (¥53,350 billion at the end of fiscal 2001 and ¥47,950 billion at the end of fiscal 2002).

Note 4 : Deposits, etc. include deposits with the Bank of Japan.

Postal Life Insurance Service

Unit: million yen, %

Investment item	At the time of establishment		End of FY 2003		Change FY 2003
	Investment amount	Percentage of the total	Investment amount	Percentage of the total	
Cash and deposits	4,068,380	3.4	1,954,154	1.6	(2,114,225)
Call loans	—	—	48,900	0.0	48,900
Receivable under resale agreements	75,000	0.1	—	—	(75,000)
Monetary claims bought	38,997	0.0	44,997	0.0	6,000
Money held in trust	9,939,017	8.2	11,718,855	9.7	1,779,837
Securities	81,386,044	67.2	81,670,671	67.9	284,626
Japanese bonds	79,700,219	65.8	80,073,795	66.6	373,576
Stocks	1,720	0.0	1,866	0.0	145
Foreign bonds	1,684,104	1.4	1,595,008	1.3	(89,095)
Other securities	—	—	—	—	—
Loans	25,534,787	21.1	24,755,338	20.6	(779,448)
Loans to policyholders	2,405,994	2.0	2,192,621	1.8	(213,373)
Loans to government finance and public corporations, etc.	4,446,761	3.7	3,253,551	2.7	(1,193,210)
Loans to local governments	18,464,097	15.3	19,116,552	15.9	652,455
Loans to postal service	217,934	0.2	192,614	0.2	(25,320)
Others	2,328	0.0	3,983	0.0	1,654
Total	121,044,556	100.0	120,196,900	100.0	(847,655)
Foreign currency-denominated assets	1,245,441	1.0	1,031,230	0.9	(223,211)

Reference: Investment of Kampo Assets

Unit: million yen, %

Investment item	At the time of establishment		End of FY 2003	
	Investment amount	Percentage of the total	Investment amount	Percentage of the total
Securities	81,386,044	67.2	81,670,671	67.9
Japanese government bonds	47,992,020	39.6	51,402,553	42.8
Japanese local government bonds	7,540,596	6.2	7,188,055	6.0
Japanese corporate bonds	24,169,322	20.0	21,485,052	17.9
Public corporation bonds, etc.	20,533,041	17.0	18,370,393	15.3
Foreign bonds	1,684,104	1.4	1,595,008	1.3
Money held in trust	9,939,017	8.2	11,718,855	9.7
Loans	25,534,787	21.1	24,755,338	20.6
Loans to local governments	18,464,097	15.3	19,116,552	15.9
Loans to public corporations, etc.	4,446,761	3.7	3,253,551	2.7
Loans to policyholders	2,405,994	2.0	2,192,621	1.8
Loans to postal service	217,934	0.2	192,614	0.2
Deposits, etc.	4,184,706	3.5	2,052,035	1.7
Total	121,044,556	100.0	120,196,900	100.0

Note : Of the above amounts, investment in fiscal investments and lending are as shown below:

Unit: million yen, %

Investment item	At the time of establishment		End of FY 2003	
	Investment amount	Percentage of the total	Investment amount	Percentage of the total
Fiscal Investment and Loan Program (General FILP)	39,403,763	100.0	36,525,297	100.0
Local governments	18,464,097	46.9	19,116,552	52.3
Public corporations, etc.	20,939,666	53.1	17,408,745	47.7

Note : Data on indicators relating to investment are treated as below:

1. Fractions were rounded to the nearest whole number before the establishment of Japan Post in April 2003, and fractions have been omitted since the end of fiscal 2003.
2. Unless otherwise noted, figures are amounts recorded on balance sheets.

■ (2) AVERAGE BALANCE OF MAIN ASSETS AND YIELD (POSTAL SAVINGS AND POSTAL LIFE INSURANCE SERVICE)

Postal Savings

Unit: million yen, %

Item	FY 2003	
	Average balance	Yield
Cash and deposits	4,158,469	0.00
Call loans	1,803	0.00
Receivable under resale agreements	696,852	0.01
Monetary claims bought	—	—
Securities	105,475,326	0.81
Japanese bonds	101,875,064	0.74
Japanese government bonds	85,924,705	0.56
Japanese local government bonds	9,402,921	2.23
Japanese corporate bonds	6,547,437	1.01
Japanese public corporations bonds	3,425,528	1.52
Foreign bonds	3,600,261	2.83
Other securities	—	—
Deposits to the fiscal loan fund	164,974,410	2.25
Loans	2,393,470	0.78
Loans to local governments	1,707,100	0.84
Total	277,700,331	1.65

Note 1 : The average balance for money trusts (average month-end balance at market price) is 4,279,050 million yen.

Note 2 : The time-weighted rate of return for money trusts (rate of return measured for portion excluding deposits) is 41.60%.

Note 3 : Cash and deposits covers Bank of Japan deposits, certificates of deposit and private financial institution deposits.

Reference: Average Balance and Yield of Postal Savings Special Account (Postal Savings Funds)

Unit: billion yen, %

Item	FY 2001		FY 2002	
	Average balance	Yield	Average balance	Yield
Securities	55,069.8	2.08	79,519.9	1.55
Japanese government bonds	35,028.5	1.69	60,602.4	1.11
Japanese local government bonds	9,814.3	2.70	9,585.2	2.52
Japanese public corporation bonds	2,498.0	2.96	2,717.3	2.39
Japanese corporate bonds	3,567.2	2.95	3,168.8	2.66
Foreign bonds	4,161.8	2.67	3,446.2	4.81
Loans	739.1	1.36	1,319.6	1.13
Loans to local governments	0.3	0.44	656.3	1.34
Loans to depositors	738.8	1.36	663.2	0.93
Entrusted money	10,540.1	3.30	10,547.2	2.70
Deposits, etc.	7,198.7	0.02	3,446.2	0.01
Total assets under autonomous investment	73,547.7	2.05	94,832.9	1.61
Deposits to the fiscal loan fund	224,081.0	2.64	192,938.7	2.44
Total	297,628.7	2.49	287,771.6	2.17

Note : Deposits of surplus funds are not included.

Postal Life Insurance Service

Unit: million yen, %

Account	Fiscal Year	FY 2003	
		Average balance	Yield
Cash and deposits		2,465,426	0.03
Call loans		29,890	0.04
Receivable under resale agreements		49,356	0.02
Monetary claims bought		34,779	0.04
Money held in trust		9,931,042	6.77
Securities		82,270,123	0.94
Japanese bonds		80,597,475	0.94
Japanese government bonds		50,204,974	0.47
Japanese local government bonds		7,592,068	0.24
Japanese corporate bonds		22,800,431	2.16
Public corporation bonds, etc.		19,382,327	2.45
Foreign bonds		1,670,927	1.13
Stocks		1,720	4.16
Other securities		—	—
Loans		25,613,058	3.27
Loans to local governments		19,206,174	3.19
Total investments		120,393,677	1.90
Overseas loans and investments		1,685,675	1.07
Total assets		122,427,507	1.87

Reference

Unit: billion yen, %

Account	Fiscal Year	FY 1999		FY 2000		FY 2001		FY 2002	
		Average balance	Yield	Average balance	Yield	Average balance	Yield	Average balance	Yield
Loans		26,286.4	4.22	27,382.4	3.90	27,735.2	3.63	26,661.1	3.48
Securities (Japanese bonds)		57,168.4	3.67	61,466.3	3.79	64,085.2	3.67	71,876.8	1.99
Securities (foreign bonds)		4,732.1	2.51	4,298.8	0.51	3,003.5	2.15	2,013.5	15.54
Funds managed by the Postal Life Insurance Welfare Corporation		14,532.2	1.89	15,489.6	1.85	16,301.1	1.86	16,300.5	1.72
Deposits		5,095.6	0.14	5,069.1	0.33	7,375.6	0.10	5,035.2	0.04
Deposits to the fiscal loan fund		5,214.1	0.99	3,651.0	1.78	3,896.9	1.31	1,895.6	(0.58)
Total, including others		114,602.2	3.19	119,102.7	3.18	124,263.1	3.05	125,575.1	2.34

(3) FISCAL INVESTMENT AND LOANS RELATED

Amount of Fiscal Investment and Loan Bonds Underwritten (Postal Savings)

Unit: billion yen

Item	FY 2003		FY 2004
	Projected	Actual	Projected
Two year bonds	4,060.0	4,059.9	8,865.0
Five year bonds	2,470.0	2,469.9	3,940.0
Ten year bonds	3,430.0	3,429.9	6,895.0
Total	9,960.0	9,959.9	19,700.0

Note : Amount of fiscal investment and loan bonds underwritten using postal savings assets as an interim measure accompanying the reform of fiscal investment and loan system.

Reference : Amount of public bonds underwritten

Unit: billion yen

Item	FY 1999	FY 2000	FY 2001	FY 2002
Japanese government bonds	2,750.0	—	15,799.9	13,599.8

Kampo Fund Investment by FILP Agency (Postal Life Insurance Service)

Unit: million yen, %

Section	Fiscal year-end	FY 2003	
		Investment amount	Percentage of the total
Japanese Government	Special Account for Measures to Cope with the More Sophisticated Demand Structure of Petroleum and Energy	22,603	0.1
	General Account	666,087	1.8
	Postal Services Special Account	—	—
Government finance and public corporations	Government Housing Loan Corporation	648,634	1.8
	National Life Finance Corporation	437,080	1.2
	Japan Finance Corporation for Small Business	1,454,053	4.0
	Agriculture, Forestry and Fisheries Finance Corporation	53,512	0.1
	Okinawa Development Finance Corporation	98,366	0.3
	Development Bank of Japan	409,552	1.1
	Japan Bank for International Cooperation	216,824	0.6
	Urban Development Corporation	2,122,336	5.8
	Employment and Human Resources Development Organization of Japan	8,614	0.0
	Japan Environment Corporation	9,568	0.0
	Corporation for Advanced Transport & Technology	—	—
	Japan Railway Construction, Transport and Technology Agency	142,724	0.4
	Teito Rapid Transit Authority	90,087	0.2
	Japan Regional Development Corporation	167,232	0.5
	Japan Sewage Works Agency	—	—
	Promotion and Mutual Aid Corporation for Private Schools of Japan	51,305	0.1
	Japan Small and Medium Enterprise Corporation	20,909	0.1
	Japan Highway Public Corporation	7,438,395	20.4
	Metropolitan Expressway Public Corporation	1,455,947	4.0
	Hanshin Expressway Public Corporation	1,236,432	3.4
	Honshu-Shikoku Bridges Authority	73,381	0.2
	Japan Railway Construction Public Corporation	—	—
	New Tokyo International Airport Authority	97,216	0.3
	Japan Water Agency	164,189	0.4
	Japan National Oil Corporation	—	—
	Postal Life Insurance Welfare Corporation	—	—
	Electric Power Development Company	131,074	0.4
	East Japan Railway Company	—	—
	Central Japan Railway Company	—	—
	West Japan Railway Company	—	—
Loans to postal service	192,614	0.5	
Local governments	19,116,552	52.3	
Total	36,525,297	100.0	

Note 1 : Japan National Oil Corporation bonds were taken over by government bonds (Special Account for Measures to Cope with the More Sophisticated Demand Structure of Petroleum and Energy) on April 1, 2003.

Note 2 : Honshu-Shikoku Bridges Authority loans and some bonds were taken over by government bonds (General Account) on May 12, 2003.

Note 3 : Postal Services Special Account loans and Postal Life Insurance Special Account loans (a portion relating to more efficient land usage) were taken over by loans to postal service on April 1, 2003.

Note 4 : Employment and Human Resources Development Organization bonds were taken over by the Employment and Human Resources Development Organization of Japan on March 1, 2004.

Note 5 : Corporation for Advanced Transport & Technology loans and bonds and Japan Railway Construction Public Corporation bonds were taken over by Independent Administrative Corporation, Japan Railway Construction, Transport and Technology Agency on October 1, 2003.

Note 6 : With the transfer of operations to local government bodies, Japan Sewage Works Agency loans were taken over by local government bodies on March 31, 2004.

Note 7 : Water Resources Development Corporation loans and bonds were taken over by Independent Administrative Corporation, Japan Water Agency on October 1, 2003.

Section		Fiscal year-end		FY 1999		FY 2000		FY 2001		FY 2002	
		Investment amount	Percentage of the total	Investment amount	Percentage of the total	Investment amount	Percentage of the total	Investment amount	Percentage of the total		
Japanese Government	Special Account for Measures to Cope with the More Sophisticated Demand Structure of Petroleum and Energy	—	—	—	—	—	—	—	—	—	—
	General Account	—	—	—	—	—	—	—	—	—	—
	Postal Services Special Account	361.5	0.8	304.1	0.7	256.2	0.6	216.9	0.5		
Government finance and public corporations	Government Housing Loan Corporation	1,516.1	3.3	1,401.1	3.0	1,135.3	2.6	886.3	2.2		
	National Life Finance Corporation	1,881.5	4.1	2,065.9	4.5	1,388.0	3.2	852.3	2.1		
	Japan Finance Corporation for Small Business	2,765.3	6.0	2,722.4	5.9	2,260.5	5.3	1,851.3	4.6		
	Agriculture, Forestry and Fisheries Finance Corporation	165.0	0.4	134.1	0.3	101.1	0.2	74.3	0.2		
	Okinawa Development Finance Corporation	228.2	0.5	206.6	0.4	167.9	0.4	131.6	0.3		
	Development Bank of Japan	974.8	2.1	859.3	1.9	718.1	1.7	563.4	1.4		
	Japan Bank for International Cooperation	480.5	1.0	429.7	0.9	356.8	0.8	284.4	0.7		
	Urban Development Corporation	2,781.0	6.0	2,707.6	5.9	2,513.1	5.8	2,334.7	5.8		
	Employment and Human Resources Development Organization of Japan	25.8	0.1	25.0	0.1	23.1	0.1	15.4	0.0		
	Japan Environment Corporation	20.4	0.0	18.3	0.0	15.6	0.0	12.6	0.0		
	Corporation for Advanced Transport & Technology	136.6	0.3	118.7	0.3	92.5	0.2	64.8	0.2		
	Japan Railway Construction, Transport and Technology Agency	—	—	—	—	—	—	—	—		
	Teito Rapid Transit Authority	180.0	0.4	145.1	0.3	126.4	0.3	108.0	0.3		
	Japan Regional Development Corporation	186.2	0.4	202.1	0.4	191.1	0.4	176.3	0.4		
	Japan Sewage Works Agency	10.2	0.0	8.5	0.0	6.6	0.0	2.4	0.0		
	Promotion and Mutual Aid Corporation for Private Schools of Japan	121.4	0.3	114.0	0.2	91.9	0.2	70.2	0.2		
	Japan Small and Medium Enterprise Corporation	39.3	0.1	36.1	0.1	29.3	0.1	24.5	0.1		
	Japan Highway Public Corporation	10,791.9	23.3	10,562.4	22.9	9,476.2	22.0	8,485.0	21.2		
	Metropolitan Expressway Public Corporation	2,398.2	5.2	2,325.6	5.0	2,052.3	4.8	1,770.9	4.4		
	Hanshin Expressway Public Corporation	2,039.7	4.4	1,968.9	4.3	1,732.6	4.0	1,485.6	3.7		
	Honshu-Shikoku Bridges Authority	1,251.7	2.7	1,169.2	2.5	1,033.2	2.4	886.6	2.2		
	Japan Railway Construction Public Corporation	170.3	0.4	160.8	0.3	142.9	0.3	122.7	0.3		
	New Tokyo International Airport Authority	250.9	0.5	229.5	0.5	163.0	0.4	126.9	0.3		
	Japan Water Agency	345.0	0.7	306.2	0.7	252.3	0.6	208.0	0.5		
	Japan National Oil Corporation	54.3	0.1	54.3	0.1	43.2	0.1	31.6	0.1		
	Postal Life Insurance Welfare Corporation	2.2	0.0	1.8	0.0	1.4	0.0	1.0	0.0		
	Electric Power Development Company	248.9	0.5	222.5	0.5	173.2	0.4	152.1	0.4		
East Japan Railway Company	26.3	0.1	11.3	0.0	—	—	—	—			
Central Japan Railway Company	18.7	0.0	13.7	0.0	—	—	—	—			
West Japan Railway Company	22.3	0.0	11.3	0.0	—	—	—	—			
Loans to postal service	—	—	—	—	—	—	—	—			
Local governments	16,922.5	36.5	17,652.1	38.2	18,436.8	42.9	18,991.1	47.6			
Total	46,416.7	100.0	46,188.0	100.0	42,980.7	100.0	39,930.8	100.0			

■ (4) INVESTMENT IN FOREIGN BONDS

Proportions of Foreign Bonds by Currency and Region (Postal Savings)

Proportion by Currency

Unit: million yen, %

Category	End of FY 2003	
	Amount invested	Proportion
U.S. dollars	1,169,820	33.4
Euro	1,655,648	47.3
Japanese yen	404,383	11.5
Canadian dollars	129,964	3.7
British pounds	141,344	4.0
Total	3,501,162	100.0

Reference: Investment of Postal Savings Special Account (Postal Savings funds) in Foreign Bonds

Investment by currency

Unit: billion yen, %

FY	End of FY 1999		End of FY 2000		End of FY 2001		End of FY 2002	
	Amount invested	Proportion	Amount invested	Proportion	Amount invested	Proportion	Amount invested	Proportion
U.S. dollars	1,845.4	39.7	1,737.1	38.6	1,579.5	41.1	1,148.9	37.4
Euro	1,462.2	31.6	1,542.1	34.3	1,255.0	32.7	1,155.2	37.6
Japanese yen	707.5	15.2	642.1	14.3	555.7	14.5	512.9	16.7
Canadian dollars	278.9	6.0	254.2	5.6	195.4	5.1	130.4	4.2
British pounds	248.0	5.3	243.7	5.4	191.5	5.0	127.1	4.1
Australian dollars	102.5	2.2	80.8	1.8	63.5	1.7	0	0.0
Total	4,644.5	100.0	4,500.0	100.0	3,840.6	100.0	3,074.6	100.0

Proportion by region

Unit: million yen, %

Category	End of FY 2003	
	Amount invested	Proportion
North America	1,134,422	32.4
America	938,049	26.8
Canada	196,373	5.6
Europe	2,054,054	58.7
Germany	831,808	23.8
Italy	342,938	9.8
France	323,749	9.2
Spain	126,472	3.6
U.K.	124,695	3.6
Other	304,390	8.7
Oceania	36,596	1.0
Australia	36,596	1.0
International institutions	276,089	7.9
Total	3,501,162	100.0

Investment by issuing country

Unit: billion yen, %

FY	End of FY 1999		End of FY 2000		End of FY 2001		End of FY 2002	
	Amount invested	Proportion	Amount invested	Proportion	Amount invested	Proportion	Amount invested	Proportion
America	1,274.3	27.4	1,151.9	25.6	1,019.3	26.5	828.5	26.9
Germany	645.9	13.9	707.8	15.7	672.7	17.5	627.7	20.4
International institutions	571.5	12.3	590.0	13.1	484.1	12.6	279.2	9.1
France	469.4	10.1	510.6	11.3	390.8	10.2	369.6	12.0
Italy	332.9	7.2	305.7	6.8	280.6	7.3	279.9	9.1
Canada	389.9	8.4	372.1	8.3	275.0	7.2	190.3	6.2
U.K.	249.3	5.4	240.7	5.3	188.5	4.9	119.0	3.9
Other	711.4	15.3	621.3	13.8	529.7	13.8	380.3	12.4
Total	4,644.5	100.0	4,500.0	100.0	3,840.6	100.0	3,074.6	100.0

Note : International institutions include European Investment Bank, Asia Development Bank and American Development Bank, etc.

Overseas Loans and Investment (Postal Life Insurance)

Proportion by Region / Issuing Country

Unit: million yen, %

Fiscal year-end		FY 2003	
Country		Amount invested	Proportion
North America		415,599	26.1
	America	415,599	26.1
Europe		896,174	56.2
	Germany	395,986	24.8
	France	149,368	9.4
	U.K.	100,737	6.3
	Sweden	50,379	3.2
	Spain	48,670	3.1
	Other	151,031	9.5
International institutions		283,234	17.8
Total		1,595,008	100.0

Reference Unit: billion yen, %

Fiscal year-end		FY 1999		FY 2000		FY 2001		FY 2002	
Country		Amount invested	Proportion	Amount invested	Proportion	Amount invested	Proportion	Amount invested	Proportion
North America		1,834.5	40.2	1,548.7	40.4	973.3	38.9	343.3	24.9
	America	1,489.1	32.7	1,273.9	33.2	743.0	29.7	244.7	17.8
	Canada	345.4	7.6	274.7	7.2	230.3	9.2	98.6	7.2
Europe		1,965.4	43.1	1,560.9	40.7	1,008.9	40.3	772.9	56.1
	Germany	797.9	17.5	611.7	15.9	370.2	14.8	318.6	23.1
	France	314.1	6.9	267.0	7.0	127.1	5.1	102.9	7.5
	Italy	153.4	3.4	139.0	3.6	100.6	4.0	65.6	4.8
	Sweden	131.7	2.9	83.6	2.2	76.7	3.1	57.1	4.1
	Other	568.2	12.5	459.6	12.0	334.3	13.4	228.7	16.6
Oceania		144.7	3.2	144.0	3.8	136.7	5.5	28.9	2.1
Asia		—	—	—	—	—	—	—	—
Central and South America		—	—	—	—	—	—	—	—
Africa		—	—	—	—	—	—	—	—
International institutions		613.3	13.5	584.3	15.2	384.7	15.4	231.5	16.8
Total		4,557.9	100.0	3,837.9	100.0	2,503.7	100.0	1,376.5	100.0

Note 1 : Bonds issued by entities not residing in Japan (foreign bonds) are the targets of overseas fiscal loan investments.

Note 2 : International institutions include International Bank for Reconstruction and Development (IBRD), European Investment Bank, American Development Bank, and Asian Development Bank.

Proportion by Currency

Unit: million yen, %

Fiscal year-end		FY 2003	
Currency		Amount invested	Proportion
Foreign currency denominated	US dollars	494,982	30.9
	Euro	421,744	26.4
	Pounds sterling	114,503	7.2
Foreign currency denominated subtotal		1,031,230	64.5
Yen denominated		568,121	35.5
Total		1,599,351	100.0

Reference Unit: billion yen, %

Fiscal year-end		FY 1999		FY 2000		FY 2001		FY 2002		
Currency		Amount invested	Proportion	Amount invested	Proportion	Amount invested	Proportion	Amount invested	Proportion	
Foreign currency denominated	US dollars	2,354.5	51.7	2,124.8	55.4	1,472.9	58.8	667.1	48.5	
		of which fixed redemption volume	367.6	8.1	357.0	9.3	352.9	14.1	350.9	25.5
	Euro	1,191.1	26.1	826.1	21.5	356.6	14.2	313.1	22.7	
		of which fixed redemption volume	—	—	—	—	0.6	0.0	—	—
	Canadian dollars	293.7	6.4	223.5	5.8	190.5	7.6	98.6	7.2	
		of which fixed redemption volume	—	—	2.3	0.1	20.4	0.8	1.3	0.1
	Australian dollars	125.7	2.8	123.2	3.2	89.4	3.6	38.9	2.8	
		of which fixed redemption volume	26.7	0.6	24.7	0.6	27.0	1.1	31.6	2.3
	Italian lira	63.8	1.4	63.8	1.7	57.5	2.3	—	—	
		of which fixed redemption volume	63.8	1.4	63.8	1.7	57.5	2.3	—	—
	Pounds sterling	51.7	1.1	51.5	1.3	51.3	2.0	42.9	3.1	
	Other currencies	13.5	0.3	11.2	0.3	11.0	0.4	10.7	0.8	
		of which fixed redemption volume	—	—	—	—	—	—	6.6	0.5
	Foreign currency denominated subtotal		4,094.0	89.8	3,424.1	89.2	2,229.2	89.0	1,171.4	85.1
		of which fixed redemption volume	458.1	10.1	447.7	11.7	458.4	18.3	390.5	28.4
Yen denominated		463.9	10.2	413.7	10.8	274.5	11.0	205.1	14.9	
Total		4,557.9	100.0	3,837.9	100.0	2,503.7	100.0	1,376.5	100.0	

Note 1 : The portion with a fixed redemption amount is posted again, even though the conversion to yen at time of redemption is fixed through the use of foreign exchange contracts. There were no bonds with fixed redemption amounts in fiscal 2003.

Note 2 : Bonds issued by entities not residing in Japan (foreign bonds) were the targets of overseas fiscal loan investments through fiscal 2002.

3 Accounting Indicators

POLICY RESERVE

Unit: million yen

Account		End of FY 1999	End of FY 2000	End of FY 2001	End of FY 2002	End of FY 2003
Policy reserve excludes contingency reserve	Premium reserve [additional policy reserve]	91,315,778	95,688,592 [8,830,618]	98,289,239 [8,974,128]	97,515,685 [9,004,395]	96,016,098 [8,824,472]
	Unearned premium	17,507,100	18,516,199	19,042,554	18,703,319	18,047,810
	Subtotal	108,822,878	114,204,791	117,331,793	116,219,004	114,063,908
	Insurance	94,435,798	96,363,044	98,088,206	95,878,271	93,292,485
	Annuity insurance	14,387,080	17,841,747	19,243,586	20,340,732	20,771,422
Contingency reserve		1,269,455	1,371,218	1,731,882	814,036	814,036
Total		110,092,334	115,576,009	119,063,675	117,033,040	114,877,945

Note 1 : Includes incurred but not reported reserve for outstanding claims for fiscal 2000 and earlier.

Note 2 : The difference between the policy reserve actually set aside and the policy reserve based on calculations at the time of entry is termed the additional policy reserve.

4 Number of Post Offices by Prefecture

As of March 31, 2004

		Ordinary post offices			Special post offices			Postal agencies	Total
		Collection-and-delivery post offices	Non-collection-and-delivery post offices	Subtotal	Collection-and-delivery post offices	Non-collection-and-delivery post offices	Subtotal		
Total		1,262	48	1,310	3,530	15,405	18,935	4,470	24,715
Hokkaido		73	1	74	378	772	1,150	322	1,546
Tohoku	Aomori	11	-	11	70	186	256	95	362
	Iwate	15	-	15	100	193	293	134	442
	Miyagi	18	3	21	84	260	344	96	461
	Akita	10	-	10	90	173	263	128	401
	Yamagata	13	-	13	80	196	276	112	401
	Fukushima	24	-	24	131	280	411	129	564
	Subtotal	91	3	94	555	1,288	1,843	694	2,631
Kanto	Ibaraki	39	-	39	62	364	426	58	523
	Tochigi	21	-	21	60	230	290	50	361
	Gunma	21	-	21	45	236	281	44	346
	Saitama	55	1	56	25	543	568	25	649
	Chiba	49	1	50	53	590	643	40	733
	Subtotal	185	2	187	245	1,963	2,208	217	2,612
Minami kanto	Kanagawa	56	3	59	15	681	696	18	773
	Yamanashi	14	-	14	33	154	187	73	274
	Subtotal	70	3	73	48	835	883	91	1,047
Tokyo		89	27	116	16	1,379	1,395	11	1,522
Shinetsu	Niigata	33	-	33	133	369	502	162	697
	Nagano	29	-	29	124	293	417	233	679
	Subtotal	62	-	62	257	662	919	395	1,376

As of March 31, 2004

		Ordinary post offices			Special post offices			Postal agencies	Total
		Collection-and-delivery post offices	Non-collection-and-delivery post offices	Subtotal	Collection-and-delivery post offices	Non-collection-and-delivery post offices	Subtotal		
Hokuriku	Toyama	20	-	20	28	164	192	88	300
	Ishikawa	11	-	11	51	193	244	84	339
	Fukui	10	-	10	47	154	201	37	248
	Subtotal	41	-	41	126	511	637	209	887
Tokai	Gifu	24	-	24	100	229	329	102	455
	Shizuoka	37	-	37	78	373	451	120	608
	Aichi	67	1	68	53	716	769	99	936
	Mie	17	-	17	80	275	355	98	470
Subtotal	145	1	146	311	1,593	1,904	419	2,469	
Kinki	Shiga	16	-	16	40	173	213	32	261
	Kyoto	28	-	28	46	368	414	39	481
	Osaka	69	7	76	8	1,010	1,018	35	1,129
	Hyogo	51	-	51	93	696	789	129	969
	Nara	17	-	17	42	182	224	88	329
	Wakayama	14	-	14	53	196	249	54	317
Subtotal	195	7	202	282	2,625	2,907	377	3,486	
Chugoku	Tottori	4	-	4	46	97	143	100	247
	Shimane	9	-	9	100	148	248	122	379
	Okayama	23	-	23	95	301	396	114	533
	Hiroshima	29	2	31	123	430	553	121	705
	Yamaguchi	20	-	20	97	237	334	65	419
Subtotal	85	2	87	461	1,213	1,674	522	2,283	
Shikoku	Tokushima	10	-	10	58	135	193	36	239
	Kagawa	15	-	15	31	143	174	38	227
	Ehime	18	-	18	68	231	299	81	398
	Kochi	14	1	15	65	149	214	94	323
Subtotal	57	1	58	222	658	880	249	1,187	
Kyushu	Fukuoka	58	-	58	54	602	656	97	811
	Saga	13	-	13	36	117	153	40	206
	Nagasaki	16	-	16	102	193	295	138	449
	Kumamoto	18	-	18	98	277	375	177	570
	Oita	16	-	16	76	216	292	94	402
	Miyazaki	11	-	11	66	119	185	115	311
	Kagoshima	24	-	24	141	272	413	282	719
Subtotal	156	-	156	573	1,796	2,369	943	3,468	
Okinawa	13	1	14	56	110	166	21	201	

Note : Showa Base post office and on-board post offices are not included.

Reference: Transition of the number of post offices

	End of FY 2000	End of FY 2001	End of FY 2002	End of FY 2003
Ordinary post offices	1,308	1,308	1,310	1,310
Delivery post offices	1,257	1,257	1,260	1,262
Nondelivery post offices	51	51	50	48
Special post offices	18,916	18,934	18,941	18,935
Delivery post offices	3,641	3,627	3,563	3,530
Nondelivery post offices	15,275	15,307	15,378	15,405
Postal agencies	4,550	4,531	4,501	4,470
Total	24,774	24,773	24,752	24,715

Note : Showa Base post office and on-board post offices do not be included.

1 Outline of Japan Post's Accounts System and Restructuring into Service Classifications

According to Article 29 of the Japan Postal Public Corporation Law, in which it is stipulated that Japan Post's accounts are to be based on standard business accounting practices, financial statements (balance sheet, statement of operations, statement of cash flows, appended statements, etc.) will be prepared that, for example, evaluate securities according to classifications based on the purposes for which they are held.

Because Japan Post has postal, postal savings, and postal life insurance services that have differing characteristics and objectives, we will not only prepare financial statements for the entire corporation, but in order to meet our obligations of accountability relating to each service area, we are required to clarify the financial positions and management results of each service through separate financial statements for each of these service areas. This will also make it possible to make comparisons with similar private-sector businesses.

In order to provide appropriate financial information for each of the different services, appropriate standards are used for new acquisitions, assets, liabilities, and income and expenses generated in two or more of these service classifications, and these are included under their respective classifications.

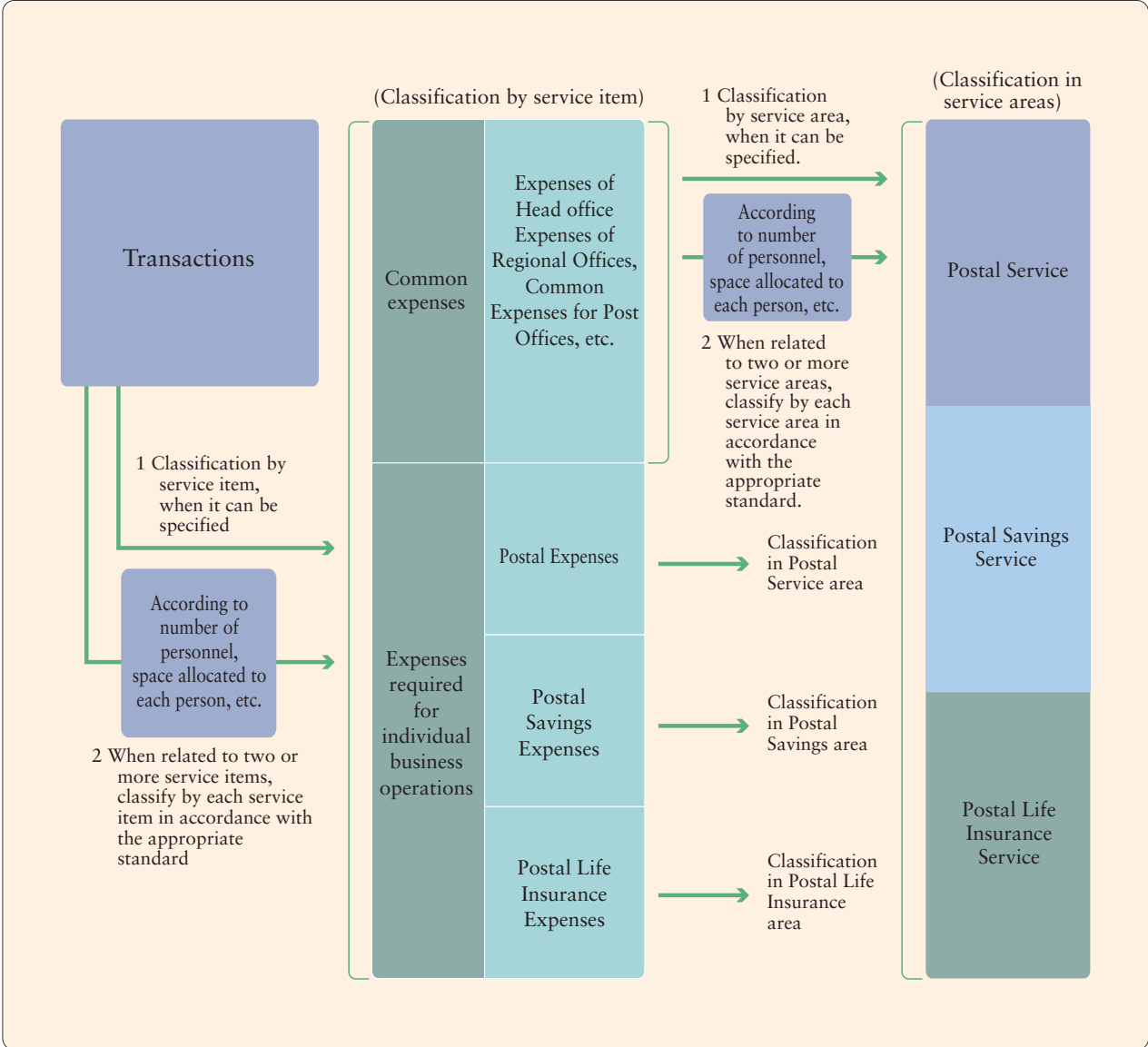
The following provides further details on the format adopted for these service classifications:

1. Assets, liabilities and income that clearly belong to any of these service classifications will be included under the relevant service, and assets relating to two or more of these service areas are included under each classification according to the proportion of expenditure ratio, liability, and income generated for that purpose at the time of acquisition.
2. Expenses required directly for the operation of each service, such as for the salaries of employees engaged in the postal, postal savings and postal life insurance services provided by post offices, are included under the respective service classifications.
3. Expenses for management divisions such as the head office and regional offices and expenses for post offices for which the generation of such expenses is clearly attributable to one of the services (expenses required by Postal Business Headquarters, Postal Savings Business Headquarters, and Postal Life Insurance Business Headquarters at Japan Post's head office), are included under their respective classifications.

All other expenses are included under each service classification in appropriate and fair proportions according to criteria such as the ratio of employee working hours.

Furthermore, the financial statements for Japan Post as a whole and for each of the service areas are reviewed by independent auditors in addition to internal auditors, which will ensure the appropriateness and objectivity of financial information, thereby enhancing the transparency of management.

Flowchart for allocating expenses to service classifications



SIGNIFICANT ACCOUNTING POLICIES

(1) Securities

(a) Held-to-maturity debt securities

Stated at amortized cost (straight-line method) using the moving-average-method.

(b) Bonds classified as debt securities earmarked for policy reserve

Stated at amortized cost (straight-line method) using the moving-average-method in accordance with Industry Audit Committee Report No. 21 “Temporary Treatment of Accounting and Auditing Concerning Securities Earmarked for Policy Reserve in Insurance Industry” issued by Japanese Institute of Certified Public Accountants (“JICPA”).

(c) Investments in subsidiaries and affiliates

Stated at cost using the moving-average-method.

(d) Other securities

i Securities with fair market value

Stated at fair market value (and cost of securities sold is calculated using the moving-average-method).

Net unrealized gains and losses on investments are reported as a separate component of capital.

ii Securities without fair market value

Stated at cost or amortized cost (straight-line method) using the moving-average-method.

(2) Money held in trust

(a) For trading purposes

Stated at fair market value.

(b) For other purposes

i Securities with fair market value

Stated at fair market value (and cost of securities sold is calculated using the moving-average-method).

Net unrealized gains and losses on investments are reported as a separate component of capital.

ii Securities without fair market value

Stated at cost or amortized cost (straight-line method) using the moving-average-method.

The building portion of the premises which constitutes the trust asset is valued after considering depreciation under the straight-line method.

(3) Inventories

Stated at cost using the moving-average-method

(4) Premises and equipment

(a) Premises and equipment

i Buildings (excluding structure and equipment)

the straight-line method

ii Others

Declining-balance method

The useful lives of the major premises and equipment are as follows:

Buildings 2-50 years

Structures 3-75 years

Machinery and equipment 5-17 years

Automotive equipment 3- 7 years

Tools, furniture and fittings 2-20 years

(b) Software

Amortized over the straight-line method over its estimated useful life of 5 years, which is included in other assets.

(5) Translation of foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Japanese Yen at the current exchange rates prevailing at the fiscal year end.

(6) Reserves and allowances

(a) Allowance for doubtful accounts

Allowance for doubtful accounts for general claims is provided is the amount deemed necessary based on the historical ratio of losses, and for doubtful claims in the amount deemed uncollectible based on assessment of each claim.

(b) Reserve for employees' bonuses

A reserve for employees' bonuses is provided based on the estimated amounts to be paid allocated over the period which the bonuses are applicable.

(c) Reserve for employees' retirement benefits

To provide against the payment of retirement benefits to employees, the reserve for employees' retirement benefits is established based on the estimated projected benefit obligations at the fiscal year ended.

The actuarial difference is amortized using the straight-line method over the estimated average remaining service lives (fifteen years) of employees commencing with the following period.

(d) Reserve for directors' retirement benefits

To provide against the payment of retirement benefits to directors, the reserve for directors' retirement benefits is established based on the required amount under the liability of retirement benefits at the fiscal year end.

(7) Leases

Finance lease, excluding those leases for which the ownership of leased property is considered to be transferred to leases, are accounted as operating leases.

(8) Hedge accounting

Postal life insurance service adopts currency allotment methods or deferred hedge methods in the forward foreign exchange contract of foreign currency assets.

With respect to the evaluation of the hedge efficiency, hedging assets and the means of hedging are the same currencies; they have the same settlement dates and the same notional principals in forward foreign exchange contract. Thus the all cash flows are fully correlated no matter what the future foreign currency exchange movement is. The Company deems such judgment as validated for such hedge efficiency.

(9) Derivative transactions

Derivative transactions are valued by the market value method. Provided, however, that the currency allotment method is used for such transactions that meet the requirement for such method, such as the forward foreign exchange contracts.

(10) 'Cash and cash equivalents'

'Cash and cash equivalents' in the statements of cash flows are composed of 'Cash and Deposits'.

(11) Others

(a) The policy reserve

Policy reserve is a reserve based on the Article 34 of Japan Post Law (Law No.97 of 2002). Insurance reserves are recorded higher of the following calculations by The method stipulated by the Minister of Public Management, Home Affairs, Posts and Telecommunications (Notification No.82 by Ministry of Public Management, Home Affairs, Posts and Telecommunications (MPHPT) of 2003).

i The amount calculated at the end of the fiscal year based on the calculation method instruction statement on the policy reserve of a postal life insurance (average net premium method).

ii Present value amount which is deemed necessary based on the future income and expenditure of the postal life insurance contracts owned at the end of the current accounting period.

Any amendment of the calculation method instruction statement of the postal life insurance, which is the basis for recording a policy reserve at the end of the current fiscal year, is scheduled to be approved by the Minister of Public Management, Home Affairs, Posts and Telecommunications.

(b) The policyholder's dividend reserve

The policyholder's dividend reserve is a reserve based on Article 28 of the Enforcement Ordinance of the Japan Post Law (the ministerial ordinance No. 4 of 2003 by MPHPT) and is recorded in accordance with the calculation method instruction statement of the postal life insurance (including policyholder's dividend which will be paid out in the following fiscal year).

(c) The reserve for price fluctuation

The amount of the reserve for price fluctuation is recorded pursuant to the provisions of the Article 32 of Japan Post Law (Law No.97 of 2002).

Incidentally, any unmaintained portion of the reserve for price fluctuation is scheduled to be approved by the Minister of Public Management, Home Affairs, Posts and Telecommunications.

(d) Accounting policies for consumption tax and other

Amounts are recorded exclusive of tax and other.

2 Japan Post as a Whole

NON-CONSOLIDATED BALANCE SHEET (JAPAN POST AS A WHOLE)

As of March 31, 2004

Unit: million yen

Assets	
Cash and deposits	9,244,735
Call loans	48,900
Receivable under resale agreements	780,247
Monetary claims bought	44,997
Money held in trust	15,494,911
Securities	190,831,254
Deposits to the fiscal loan fund	156,095,400
Loans	27,179,918
Premises and equipment, net	3,567,467
Other assets	924,358
Allowance for doubtful accounts	(20,492)
Total Assets	404,191,698
Liabilities	
Postal savings	220,049,821
Policy reserves	119,735,410
Borrowings	43,201,401
Other liabilities	13,699,163
Reserve for employee's bonuses	129,325
Reserve for employee's retirement benefits	2,764,859
Reserve for directors' retirement benefits	47
Reserve for price fluctuations	4,122
Total liabilities	399,584,152
Capital	
Capital	1,268,807
Government investment in capital	1,268,807
Retained earnings	2,301,841
Net income	2,301,841
Net unrealized gains on securities	1,036,896
Total Capital	4,607,546
Total liabilities and capital	404,191,698

Note: All the amounts presented discard fractions less than ¥1 million.

■ NON-CONSOLIDATED STATEMENTS OF OPERATIONS (JAPAN POST AS A WHOLE)

For the fiscal year ended March 31, 2004

Unit: million yen

Revenues	24,602,332
Postal service income	1,921,943
Postal savings service income	5,868,822
Postal life insurance service income	16,811,565
Expenses	22,053,497
Operating expenses	19,302,934
Personnel expenses	2,436,333
Taxes and dues	32,263
Depreciation	270,777
Other expenses	11,188
Ordinary income	2,548,835
Extraordinary income	24,882
Gain on sale of premises and equipment	208
Gain on adjustment to assets and liabilities at the time of establishment of Japan Post	19,999
Other extraordinary income	4,674
Extraordinary losses	106,090
Loss on disposal of premises and equipment	28,595
Transfer to reserve for price fluctuations	4,122
Loss on adjustment to assets and liabilities at the time of establishment of Japan Post	62,701
Other extraordinary losses	10,670
Transfer to policyholder's dividend reserve	165,785
Net income	2,301,841

Note: All the amounts presented discard fractions less than ¥1 million.

■ NON-CONSOLIDATED STATEMENT OF APPROPRIATIONS OF RETAINED EARNINGS (JAPAN POST AS A WHOLE)

As of March 31, 2004

Unit: million yen

Unappropriated retained earnings at end of period	2,301,841
Net income	2,301,841
Appropriation of retained earnings	2,301,841
Reserve fund	2,301,841

Note: All the amounts presented discard fractions less than ¥1 million.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (JAPAN POST AS A WHOLE)

For the fiscal year ended March 31, 2004

Unit: million yen

Cash flows from operating activities	
Net income	2,301,841
Gain on adjustment to assets and liabilities at the time of establishment of Japan Post	(19,999)
Loss on adjustment to assets and liabilities at the time of establishment of Japan Post	62,701
Depreciation	271,534
Net change in policy reserves	(1,952,727)
Net change in allowance for doubtful accounts	20,492
Net change in reserve for employees' bonuses	(6,774)
Net change in reserve for employees' retirement benefits	(183,820)
Net change in reserve for directors' retirement benefits	47
Net change in reserve for price fluctuations	4,122
Net gain on investing activities	(5,514,042)
Net losses from disposal of premises and equipment	28,481
Net change in loans	(842,884)
Net change in postal savings	(3,483,497)
Net change in borrowings	(4,750,000)
Interest received	5,211,785
Interest paid	(5,068,161)
Other, net	(727,510)
Subtotal	(14,648,410)
Interest and dividend received	2,347,298
Interest paid	(7,191)
Dividend payment to insurance policyholders	(577,118)
Net cash used in operating activities	(12,885,422)
Cash flows from investing activity	
Purchases of monetary claims bought	(204,987)
Proceeds from sale and redemption of monetary claims bought	199,000
Proceeds from redemption of deposits to the fiscal loan fund	21,468,000
Purchases of securities	(72,915,609)
Proceeds from sale of securities	3,048,403
Proceeds from redemption of securities	54,327,744
Proceeds from sale of money held in trust	2,733,970
Investment in loans	(4,717,655)
Collection of loans	5,426,459
Purchases of premises and equipment	(111,687)
Proceeds from sale of premises and equipment	572
Other, net	(3,358)
Net cash provided by investing activities	9,250,850
Cash flows from financing activities	
Repayment of borrowings	(571,286)
Repayment of lease obligations	(54,524)
Net cash used in financing activities	(625,811)
Effect of exchange rate changes on cash and cash equivalents	372
Net decrease in cash and cash equivalents	(4,260,010)
Cash and cash equivalents at the beginning of the year	13,504,708
Adjustment at the time of establishment of Japan Post	37
Cash and cash equivalents at the end of the year	9,244,735

Note: All the amounts presented discard fractions less than ¥1 million.

3 Postal Service

NON-CONSOLIDATED BALANCE SHEET (POSTAL SERVICE)

As of March 31, 2004

Unit: million yen

Assets	
Current assets	
Cash and deposits	182,262
Accounts receivable-trade	105,687
Inventories	8,727
Advance payments	4
Prepaid expenses	436
Accounts receivable-other	4,337
Other current assets	1,045
Allowance for doubtful accounts	(37)
Total current assets	302,464
Fixed assets	
Tangible fixed assets	
Automotive equipment	5,256
Accumulated depreciation	(1,733)
Buildings	970,384
Accumulated depreciation	(56,948)
Structures	29,792
Accumulated depreciation	(3,226)
Machinery and equipment	77,885
Accumulated depreciation	(14,596)
Tools, furniture and equipment	49,376
Accumulated depreciation	(15,942)
Land	924,941
Construction in progress	5,884
Total tangible fixed assets	1,971,073
Intangible fixed assets	
Leasehold	111
Telephone subscription rights	452
Software	9,065
Software in progress	145
Other intangible assets	201
Total intangible assets	9,976
Investments and other assets	
Long-term prepaid expenses	458
Claims in provable bankruptcy	2,007
Other investments and other assets	18
Allowance for doubtful accounts	(1,714)
Total investments and other assets	769
Total fixed assets	1,981,819
Total assets	2,284,284

Note: All the amounts presented discard fractions less than ¥1 million.

As of March 31, 2004

Unit: million yen

Liabilities	
Current liabilities	
Accounts payable-trade	45,304
Short-term borrowings from other business segment of Japan Post	169,000
Current portion of long-term borrowings	18
Current portion of long-term borrowings from other business segment of Japan Post ...	23,297
Current portion of lease obligations	7,044
Accounts payable-other	96,684
Accrued expenses	8,715
Advance received	1,719
Postage received in advance	60,606
Deposits received	450,257
Contribution money from post card with donation	1,208
Reserve for employees' bonuses	72,635
Accrued consumption tax	70,125
Other current liabilities	1,185
Total current liabilities	1,007,802
Long-term liabilities	
Long-term borrowings	829
Long-term borrowings from other business segment of Japan Post	169,317
Deposits received	5,671
Reserve for employees' retirement benefits	1,552,718
Reserve for directors' retirement benefits	15
Lease obligations	87,118
Other long-term liabilities	12,703
Total long-term liabilities	1,828,375
Total liabilities	2,836,177
Capital	
Difference of assets and liabilities at the time of establishment of Japan Post	(578,220)
Retained earnings	26,326
Net income	26,326
Total capital	(551,893)
Total liabilities and capital	2,284,284

NON-CONSOLIDATED STATEMENTS OF OPERATIONS (POSTAL SERVICE)

For the fiscal year ended March 31, 2004	Unit: million yen
Operating revenues	1,966,693
Operating costs	1,813,662
Gross margin	153,030
Selling, general and administrative expenses	92,524
Personnel expenses	51,573
Depreciation	12,001
Advertising expenses	9,072
Rental expenses	4,426
Taxes and dues	540
Transfer to allowance for doubtful accounts	881
Loss from bad debts	538
Others	13,488
Operating income	60,506
Non-operating revenues	5,560
Interest income	0
Income from rental property	3,534
Income from compensation payment for damages	1,040
Other non-operating revenues	985
Non-operating expenses	20,557
Interest expenses	16,880
Transfers to allowance for doubtful accounts	870
Loss from bad debts	810
Other non-operating expenses	1,995
Ordinary income	45,509
Extraordinary profit	4,366
Gain on adjustment to assets and liabilities at the time of establishment of Japan Post ...	3,591
Gain on sale of fixed assets	125
Gain on compensation for transfer	644
Other extraordinary income	5
Extraordinary losses	23,549
Loss on adjustment to assets and liabilities at the time of establishment of Japan Post ...	6,300
Loss on sale of fixed assets	0
Loss on disposal of fixed assets	12,325
Loss on valuation of inventories	1,871
Loss on cancellation of leases contracts	3,051
Net income	26,326

Note: All the amounts presented discard fractions less than ¥1 million.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (POSTAL SERVICE)

For the fiscal year ended March 31, 2004

Unit: million yen

Cash flows from operating activities	
Net income	26,326
Gain on adjustment to assets and liabilities at the time of establishment of Japan Post	(3,591)
Loss on adjustment to assets and liabilities at the time of establishment of Japan Post	6,300
Depreciation	98,139
Net change in allowance for doubtful accounts	1,751
Net change in reserve for employees' bonuses	(2,738)
Net change in reserve for employees' retirement benefits	(102,371)
Net change in reserve for directors' retirement benefits	15
Interest income	(0)
Interest expenses	16,880
Gain on sale of fixed tangible assets	(127)
Loss on sale of fixed tangible assets	11
Loss on disposal of fixed tangible assets	12,364
Net change in accounts receivable-trade	(3,570)
Net change in inventories	6,543
Net change in account payable-trade	1,028
Net change in accrued payable-other	(390,922)
Net change in deposits received	448,689
Net change in accrued consumption tax	33,434
Other, net	(3,452)
Subtotal	144,713
Interest received	0
Interest paid	(17,223)
Net cash provided by operating activities	127,489
Cash flows from investing activities	
Purchases of fixed tangible assets	(25,820)
Proceeds from sales of fixed tangible assets	377
Other, net	(2,200)
Net cash used in investing activities	(27,643)
Cash flows from financing activities	
Proceeds from short-term borrowings	1,995,000
Repayment of short-term borrowings	(2,422,131)
Repayment of lease obligations	(24,407)
Net cash used in financing activities	(451,538)
Effect of exchange rate changes on cash and cash equivalents	—
Net decrease in cash and cash equivalents	(351,692)
Cash and cash equivalents at the beginning of the year	533,915
Adjustment at the time of establishment of Japan Post	38
Cash and cash equivalents at the end of the year	182,262

4 Postal Savings Service

NON-CONSOLIDATED BALANCE SHEET (POSTAL SAVINGS SERVICE)

As of March 31, 2004

Unit: million yen

Assets	
Cash and deposits	6,675,733
Receivable under resale agreements	780,247
Money held in trust	3,776,056
Securities	109,160,507
Deposits to the fiscal loan fund	156,095,400
Loans	2,786,193
Other assets	417,704
Premises and equipment, net	878,422
Allowance for doubtful accounts	(17,257)
Total Assets	280,553,007
Liabilities	
Postal money order	9,776
Postal giro	4,343,090
Postal savings	220,049,821
Borrowings	43,200,301
Other liabilities	8,577,305
Reserve for employees' bonuses	33,312
Reserve for employees' retirement benefits	673,071
Reserve for directors' retirement benefits	15
Total liabilities	276,886,695
Capital	
Difference of assets and liabilities at the time of establishment of Japan Post	1,804,415
Retained earnings	2,275,515
Net income	2,275,515
Net unrecalized losses on securities	(413,619)
Total Capital	3,666,311
Total liabilities and capital	280,553,007

Note: All the amounts presented discard fractions less than ¥1 million.

NON-CONSOLIDATED STATEMENTS OF OPERATIONS (POSTAL SAVINGS SERVICE)

For the fiscal year ended March 31, 2004

Unit: million yen

Revenues	5,871,450
Interest income	4,589,446
Fees and commissions	85,042
Other operating income	1,181,482
Other revenues	15,479
Expenses	3,600,665
Interest expenses	2,498,814
Fees and commissions	9,532
Other operating expenses	12,556
General and administrative expenses	1,053,867
Other expenses	25,894
Ordinary income	2,270,784
Extraordinary income	14,027
Gain on disposal of premises and equipment	54
Profit on bad debt recovered	30
Gain on adjustment to assets and liabilities at the time of establishment of Japan Post	12,574
Other extraordinary income	1,368
Extraordinary losses	9,297
Loss on disposal of premises and equipment	7,505
Loss on adjustment to assets and liabilities at the time of establishment of Japan Post	1,773
Other extraordinary losses	18
Net income	2,275,515

Note: All the amounts presented discard fractions less than ¥1 million.

■ NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (POSTAL SAVINGS SERVICE)

For the fiscal year ended March 31, 2004

Unit: million yen

Cash flows from operating activities	
Net income	2,275,515
Gain on adjustment to assets and liabilities at the time of establishment of Japan Post ...	(12,574)
Loss on adjustment to assets and liabilities at the time of establishment of Japan Post ...	1,773
Depreciation	111,842
Net change in allowance for doubtful accounts	17,257
Net change in reserve for employees' bonuses	(2,646)
Net change in reserve for employees' retirement benefits	(45,277)
Net change in reserve for directors' retirement benefits	15
Interest income	(4,589,446)
Interest expenses	2,498,814
Net gain on securities	(6,270)
Gain on money held in trust	(1,158,643)
Foreign exchange losses, net	11,138
Net loss on disposal of premises and equipment	7,451
Net change in loans	(1,011,884)
Net change in postal money order	(817)
Net change in postal giro	(198,499)
Net change in postal savings	(3,483,497)
Net change in borrowings	(4,750,000)
Net change in call loans, bills bought and receivables under resale agreements	(695,258)
Interest received	5,211,791
Interest paid	(5,068,161)
Other, net	(669,499)
Net cash used in operating activities	(11,556,877)
Cash flows from investing activities	
Proceeds from redemption of deposits to the fiscal loan fund	21,467,900
Purchases of securities	(51,817,150)
Proceeds from sale of securities	485,699
Proceeds from redemption of securities	36,915,273
Proceeds from sale of money held in trust	1,891,099
Purchases of premises and equipment	(75,034)
Proceeds from sale of premises and equipment	115
Other, net	(17,862)
Net cash provided by investing activities	8,850,040
Cash flows from financing activities	
Repayment of borrowings	(260)
Repayment of lease obligations	(15,353)
Net cash used in financing activities	(15,613)
Effect of exchange rate changes on cash and cash equivalents	372
Net decrease in cash and cash equivalents	(2,722,078)
Cash and cash equivalents at the beginning of the year	9,397,822
Adjustment at the time of establishment of Japan Post	(10)
Cash and cash equivalents at the end of the year	6,675,733

Note: All the amounts presented discard fractions less than ¥1 million.

5 Postal Life Insurance Service

■NON-CONSOLIDATED BALANCE SHEET (POSTAL LIFE INSURANCE SERVICE)

As of March 31, 2004

Unit: million yen

Assets	
Cash and deposits	2,392,308
Call loans	48,900
Monetary claims bought	44,997
Money held in trust	11,718,855
Securities	81,670,747
Loans	24,755,338
Premises and equipment,net	718,986
Other assets	563,344
Allowance for doubtful accounts	(1,483)
Total Assets	121,911,996
Liabilities	
Policy reserves	119,735,410
Other liabilities	116,872
Reserve for employees' bonuses	23,377
Reserve for employees' retirement benefits	539,068
Reserve for directors' retirement benefits	15
Reserve for price fluctuations	4,122
Total liabilities	120,418,868
Capital	
Difference of assets and liabilities at the time of establishment of Japan Post	42,612
Retained earnings	—
Net income	—
Net unrealized gains on securities	1,450,515
Total Capital	1,493,128
Total liabilities and capital	121,911,996

■ NON-CONSOLIDATED STATEMENTS OF OPERATIONS (POSTAL LIFE INSURANCE SERVICE)

For the fiscal year ended March 31, 2004

Unit: million yen

Revenues	16,857,789
Income from insurance premiums	12,291,569
Investment income	2,310,013
Other revenues	2,256,206
Expenses	16,625,249
Insurance claims and other payments	15,867,720
Transfer to reserve for insurance contracts	37,601
Investment expenses	25,703
Operating expenses	616,701
Other expenses	77,522
Ordinary income	232,540
Extraordinary income	8,864
Gain on disposal of premises and equipment	28
Gain on adjustment to assets and liabilities at the time of establishment of Japan Post ..	6,163
Other extraordinary income	2,672
Extraordinary losses	75,619
Loss on disposal of premises and equipment	9,263
Transfer to reserve for price fluctuations	4,122
Loss on adjustment to assets and liabilities at the time of establishment of Japan Post ..	56,956
Other extraordinary losses	5,276
Transfer to policyholder's dividend reserve	165,785
Net income	—

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (POSTAL LIFE INSURANCE SERVICE)

For the fiscal year ended March 31, 2004

Unit: million yen

Cash flows from operating activities	
Net income	—
Gain on adjustment to assets and liabilities at the time of establishment of Japan Post	(6,163)
Loss on adjustment to assets and liabilities at the time of establishment of Japan Post	56,956
Depreciation	61,552
Net change in reserve for outstanding claims	(1,019)
Net change in reserve for insurance contracts	(2,155,094)
Transfer to accumulated interest of policyholder's dividend	37,601
Transfer to policyholder's dividend reserve	165,785
Net change in allowance for doubtful accounts	1,483
Net change in reserve for employees' bonuses	(1,388)
Net change in reserve for employees' retirement benefits	(36,172)
Net change in reserve for directors' retirement benefits	15
Net change in reserve for price fluctuations	4,122
Interest, dividend and other income	(1,622,664)
Gain on money held in trust	(672,796)
Net loss on securities	6,465
Foreign exchange losses, net	9,424
Net loss on disposal of premises and equipment	9,234
Net change in other assets (excluding investing and financing activity-related assets)	(185,772)
Net change in other liabilities (excluding investing and financing activity-related assets)	71,275
Other, net	(4,709)
Subtotal	(4,261,862)
Interest, dividend and other income received	2,357,350
Interest paid	(25)
Dividend payment to insurance policyholders	(577,118)
Net cash used in operating activities	(2,481,656)
Cash flows from investing activity	
Purchase of call loans	(366,200)
Proceeds from redemption of call loans	317,300
Purchase of monetary claims bought	(204,987)
Proceeds from sale and maturity of monetary claims bought	199,000
Proceeds from sales of money held in trust	842,871
Payments for purchases of securities	(21,098,458)
Proceeds from sale and redemption of securities	19,975,174
Purchases of receivables under resale agreements	(703,068)
Proceeds from collection of receivables under resale agreements	778,068
Investments in loans	(4,717,655)
Collection of loans	5,451,779
Other, net	148
Subtotal	473,972
(Net cash used in operating activities + subtotal)	(2,007,684)
Purchases of premises and equipment	(10,857)
Proceeds from sale of premises and equipment	79
Other, net	(9,511)
Net cash provided by investing activity	453,682
Cash flow from financing activity	
Repayment of borrowings	(215)
Repayment of lease obligations	(14,763)
Net cash used in financing activity	(14,978)
Effect of exchange rate changes on cash and cash equivalents	—
Net decrease in cash and cash equivalents	(2,042,952)
Cash and cash equivalents at the beginning of the year	4,435,251
Adjustment at the time of establishment of Japan Post	9
Cash and cash equivalents at the end of the year	2,392,308

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