

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2014



August 8, 2014

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 Trading accounts: Unestablished

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2014 (April 1, 2014 to June 30, 2014)

(1) Consolidated Results of Operations (% indicates changes from the previous corresponding period.)

	Ordinary income		Net ordinary income		Net income attributable to Japan Post Holdings	
	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2014	3,561,194	(5.6)	272,009	(6.3)	140,450	(13.3)
Three months ended June 30, 2013	3,772,076	-	290,385	-	161,906	-

(Note) Comprehensive income: Three months ended June 30, 2014: ¥305,737 million [-%]
 Three months ended June 30, 2013: ¥(212,148) million [-%]

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2014	936.34	-
Three months ended June 30, 2013	1,079.38	-

(Note) Because there was no dilution, the amount for diluted net income per share is omitted.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio (Note)
	Million yen	Million yen	%
As of June 30, 2014	291,931,855	13,394,573	4.6
As of March 31, 2014	292,246,440	13,388,650	4.6

(Reference) Equity: As of June 30, 2014: ¥13,392,485 million
 As of March 31, 2014: ¥13,387,076 million

(Note) Equity ratio = [(Net assets – Stock acquisition rights – Non-controlling interests) / Total assets] x 100

2. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2015 (April 1, 2014 to March 31, 2015)

(% indicates changes from the previous corresponding period.)

	Net ordinary income		Net income attributable to Japan Post Holdings		Net income per share
	Million yen	%	Million yen	%	Yen
Fiscal year ending March 31, 2015	820,000	(25.7)	330,000	(31.1)	2,200.00

(Note) Revision to the financial results forecast to the latest announcement: None

*** Notes:**

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Adoption of accounting method specific to preparation of interim consolidated financial statements: No

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

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(Note) For details, please refer to [Attachment] “2. Matters Concerning Summary Information (Notes)” on page 3.

(4) Total number of shares issued (common stock)

Total number of shares issued at the end of the period:

June 30, 2014: 150,000,000 shares

March 31, 2014: 150,000,000 shares

* Explanation on the appropriate use of financial results forecast and other specific matters

This materials were prepared solely for the purpose of providing information to the general public, and should not be construed as solicitation for investment in shares of the Company or its subsidiaries, or any other securities.

Forecasts and other forward-looking statements presented in this document are based on information available to the Company at present and certain assumptions that the Company deemed reasonable, and the Company provides no assurance that the forecasts will be achieved or with respect to any other forward looking statements. The actual future results may vary considerably depending upon various factors.

[Attachment]

Table of Contents

1. Qualitative Information on Interim Financial Results for the Period under Review	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	2
(3) Explanation of Consolidated Financial Results Forecast and Other Future Projections.....	2
2. Matters Concerning Summary Information (Notes).....	3
(1) Changes in Accounting Policies, Changes in Accounting Estimates and Retrospective Restatement	3
(2) Additional Information.....	3
3. Interim Consolidated Financial Statements	4
(1) Interim Consolidated Balance Sheets.....	4
(2) Interim Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.....	6
(3) Notes to Interim Consolidated Financial Statements	8
(Notes on Going-Concern Assumption)	8
(Notes to Significant Changes in Shareholders' Equity)	8
4. Others	9
(1) Interim Non-consolidated Balance Sheets	9
(2) Interim Non-consolidated Statements of Income	11

1. Qualitative Information on Interim Financial Results for the Period under Review

(1) Explanation of Results of Operations

Net income of the four principal Group companies (Japan Post Holdings Co., Ltd., Japan Post Co., Ltd., Japan Post Bank Co., Ltd., and Japan Post Insurance Co., Ltd.) for the three months ended June 30, 2014 is as follows:

Company	Net income
Japan Post Holdings Co., Ltd.	¥129.2 billion
Japan Post Co., Ltd.	¥20.1 billion
Japan Post Bank Co., Ltd.	¥85.9 billion
Japan Post Insurance Co., Ltd.	¥25.3 billion

As a result of consolidating other subsidiaries and affiliates, net income attributable to Japan Post Holdings for the three months ended June 30, 2014 was ¥140.4 billion.

(2) Explanation of Financial Position

Consolidated total assets were ¥291,931.8 billion, a decrease of ¥314.5 billion from the end of the previous fiscal year. Assets included securities of ¥231,652.1 billion and loans of ¥14,010.9 billion.

Consolidated total liabilities were ¥278,537.2 billion, a decrease of ¥320.5 billion from the end of the previous fiscal year. Liabilities included deposits of ¥176,520.2 billion and policy reserves of ¥80,061.5 billion.

Net assets increased ¥5.9 billion from ¥13,388.6 billion at the end of the previous fiscal year to ¥13,394.5 billion. Net assets included net unrealized gains on available-for-sale securities of ¥2,883.0 billion.

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

The consolidated financial results forecast for the fiscal year ending March 31, 2015 remains unchanged from the figures announced on May 15, 2014.

2. Matters Concerning Summary Information (Notes)

(1) Changes in Accounting Policies, Changes in Accounting Estimates and Retrospective Restatement (Changes in Accounting Policies Due to the Revision of Accounting Standards)

Effective from the three months ended June 30, 2014, with respect to the application of the “Accounting Standard for Retirement Benefits” (Accounting Standard Board of Japan (“ASBJ”) Statement No. 26, May 17, 2012; hereinafter referred to as the “Retirement Benefits Accounting Standard”) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012; hereinafter referred to as the “Guidance on Retirement Benefits”), the Company has adopted provisions stated in the main clause of Paragraph 35 of the Retirement Benefits Accounting Standard and the main clause of Paragraph 67 of the Guidance on Retirement Benefits. Accordingly, the Company has revised the calculation methods for retirement benefit obligations and service cost and changed the method of attributing expected benefit to each fiscal year from the straight-line basis to the benefit formula basis. In addition, the method for determining the discount rate has been changed from the method using a discount rate based on the number of years which approximates the estimated average remaining service lives for employees to the method using a single-weighted average discount rate which reflects the estimated payment periods of retirement benefits and the amounts by the respective estimated payment periods.

In accordance with the transitional application provided for in Paragraph 37 of the Retirement Benefits Accounting Standard, the effects of changes of the calculation methods for retirement benefit obligations and service cost are recognized in retained earnings at the beginning of the three months ended June 30, 2014.

As a result, liability for retirement benefits increased by ¥263,412 million while retained earnings decreased by ¥256,948 million at the beginning of the three months ended June 30, 2014. In addition, net ordinary income and income before income taxes for the three months ended June 30, 2014 both increased by ¥2,640 million.

(2) Additional Information

Transfer of capital reserve of ¥3,628,856,095,788 to other capital surplus, in accordance with Article 448, Paragraph 1 of the Companies Act, was approved at the General Shareholders’ Meeting held on June 25, 2014.

The effective date for the reduction of capital reserve is scheduled on December 1, 2014.

3. Interim Consolidated Financial Statements

(1) Interim Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2014	As of June 30, 2014
Assets		
Cash and due from banks	21,994,452	25,710,647
Call loans	2,073,594	2,150,227
Receivables under securities borrowing transactions	10,034,958	9,085,681
Monetary claims bought	169,721	243,987
Trading account securities	278	271
Money held in trust	3,500,631	3,963,264
Securities	235,623,120	231,652,172
Loans	14,096,911	14,010,964
Foreign exchanges	30,659	29,858
Other assets	1,083,760	1,358,892
Tangible fixed assets	2,665,243	2,725,553
Intangible fixed assets	270,559	270,560
Deferred tax assets	592,844	620,063
Customers' liabilities for acceptances and guarantees	115,000	115,000
Reserve for possible loan losses	(5,295)	(5,290)
Total assets	292,246,440	291,931,855

(Millions of yen)

	As of March 31, 2014	As of June 30, 2014
Liabilities		
Deposits	175,291,979	176,520,220
Policy reserves and others	80,799,941	80,061,593
Reserve for outstanding claims	831,690	752,051
Policy reserves	77,745,490	77,120,036
Reserve for policyholder dividends	2,222,759	2,189,506
Payables under securities lending transactions	14,370,767	13,694,289
Foreign exchanges	249	188
Other liabilities	3,678,082	3,239,484
Reserve for bonuses	93,649	26,948
Liability for retirement benefits	2,884,827	3,150,910
Reserve under the special laws	614,233	641,737
Reserve for price fluctuations	614,233	641,737
Deferred tax liabilities	1,009,058	1,086,908
Acceptances and guarantees	115,000	115,000
Total liabilities	278,857,789	278,537,282
Net assets		
Capital stock	3,500,000	3,500,000
Capital surplus	4,503,856	4,503,856
Retained earnings	2,967,703	2,807,705
Total shareholders' equity	10,971,559	10,811,561
Net unrealized gains (losses) on available-for-sale securities	2,750,463	2,883,089
Net deferred gains (losses) on hedges	(596,892)	(556,838)
Foreign currency translation adjustments	66	28
Accumulated adjustments for retirement benefits	261,879	254,643
Total accumulated other comprehensive income	2,415,517	2,580,923
Non-controlling interests	1,573	2,088
Total net assets	13,388,650	13,394,573
Total liabilities and net assets	292,246,440	291,931,855

(2) Interim Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
 Interim Consolidated Statements of Income
 Three months ended June 30

(Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Ordinary income	3,772,076	3,561,194
Postal business income	406,176	414,598
Banking business income	563,827	508,549
Life insurance business income	2,764,243	2,592,684
Other ordinary income	37,829	45,361
Ordinary expenses	3,481,690	3,289,184
Operating expenses	2,878,579	2,684,131
Personnel expenses	558,346	560,722
Depreciation and amortization	43,189	42,303
Other ordinary expenses	1,575	2,026
Net ordinary income	290,385	272,009
Extraordinary gains	187	289
Gains on sales of fixed assets	93	13
Compensation for transfer	84	271
Other extraordinary gains	10	4
Extraordinary losses	14,912	28,861
Losses on sales and disposal of fixed assets	301	694
Losses on impairment of fixed assets	2,146	19
Provision for reserve under the special laws	12,455	27,504
Provision for reserve for price fluctuations	12,455	27,504
Post office refurbishment expenses	-	643
Other extraordinary losses	9	-
Provision for reserve for policyholder dividends	57,412	66,546
Income before income taxes	218,247	176,890
Income taxes current	86,113	71,447
Income taxes deferred	(29,845)	(34,887)
Total income taxes	56,268	36,560
Net income	161,979	140,330
Net income (loss) attributable to non-controlling interests	72	(119)
Net income attributable to Japan Post Holdings	161,906	140,450

Interim Consolidated Statements of Comprehensive Income
Three months ended June 30

(Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Net income	161,979	140,330
Other comprehensive income	(374,128)	165,406
Net unrealized gains (losses) on available-for-sale securities	(340,509)	132,626
Net deferred gains (losses) on hedges	(33,618)	40,054
Foreign currency translation adjustments	-	(37)
Adjustments for retirement benefits	-	(7,235)
Share of other comprehensive income of affiliates	-	(0)
Comprehensive income	(212,148)	305,737
Total comprehensive income attributable to:		
Japan Post Holdings	(212,221)	305,857
Non-controlling interests	72	(119)

(3) Notes to Interim Consolidated Financial Statements

(Notes on Going-Concern Assumption)

None

(Notes to Significant Changes in Shareholders' Equity)

None

4. Others
 (Interim Non-consolidated Financial Statements)
 (1) Interim Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2014	As of June 30, 2014
Assets		
Current assets		
Cash and deposits	195,114	276,266
Accounts receivable	176,642	69,727
Others	33,162	32,938
Reserve for possible loan losses	(10)	(6)
Total current assets	404,908	378,926
Non-current assets		
Tangible fixed assets	136,902	136,562
Intangible fixed assets	1,922	10,209
Investments and other assets		
Stocks of subsidiaries and affiliates	9,195,299	9,195,299
Others	1,216	1,177
Reserve for possible loan losses	(120)	(116)
Total investments and other assets	9,196,395	9,196,359
Total non-current assets	9,335,220	9,343,132
Total assets	9,740,129	9,722,058

(Millions of yen)

	As of March 31, 2014	As of June 30, 2014
Liabilities		
Current liabilities		
Income taxes payable	152,891	16,193
Others	25,507	77,354
Total current liabilities	178,399	93,548
Long-term liabilities		
Reserve for retirement benefits	817,712	861,621
Others	24,631	24,358
Total long-term liabilities	842,344	885,979
Total liabilities	1,020,744	979,528
Net assets		
Shareholders' equity		
Capital stock	3,500,000	3,500,000
Capital surplus	4,503,856	4,503,856
Retained earnings	715,528	738,674
Total shareholders' equity	8,719,384	8,742,530
Total net assets	8,719,384	8,742,530
Total liabilities and net assets	9,740,129	9,722,058

(2) Interim Non-consolidated Statements of Income
Three months ended June 30

(Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Operating income	167,989	152,692
Operating expenses	35,627	28,017
Net operating income	132,361	124,675
Other income		
Rent income	648	635
Others	103	174
Total other income	751	809
Other expenses		
Rent expenses	271	270
Commission paid	-	86
Others	74	6
Total other expenses	345	363
Net ordinary income	132,767	125,121
Extraordinary gains		
Others	0	0
Total extraordinary gains	0	0
Extraordinary losses		
Losses on sales and disposal of fixed assets	4	3
Total extraordinary losses	4	3
Income before income taxes	132,763	125,118
Income taxes current	(4,545)	(4,136)
Total income taxes	(4,545)	(4,136)
Net income	137,308	129,255