



# **Financial Results of the Principal Subsidiaries**

**Three Months Ended June 30, 2016**

**August 12, 2016**

## Table of Contents

I	Japan Post Holdings .....	1
	Year-on-Year Changes of Income for the Three Months Ended June 30, 2016.....	1
II	Japan Post Co.....	3
	1. Interim Consolidated Balance Sheets .....	4
	2. Interim Consolidated Statements of Income and Interim Consolidated Statements of Comprehensive Income.....	6
	(1) Interim Consolidated Statements of Income.....	6
	(2) Interim Consolidated Statements of Comprehensive Income.....	7
	3. Segment Information.....	8
III	Japan Post Bank.....	9
IV	Japan Post Insurance .....	10

# I Japan Post Holdings

## Year-on-Year Changes of Income for the Three Months Ended June 30, 2016

### Net ordinary income

(Billions of yen)

	Japan Post Holdings (Consolidated)	Japan Post Co. (Consolidated)	Japan Post Bank	Japan Post Insurance (Consolidated)	Others (Including consolidated accounting procedures)
Three months ended June 30, 2015	242.7	10.1	113.8	107.4	11.2
Three months ended June 30, 2016	146.1	5.2	92.9	44.3	3.5
Year-on-year change	(96.5)	(4.9)	(20.9)	(63.0)	(7.6)

### Net income\*<sup>1</sup>

(Billions of yen)

	Japan Post Holdings (Consolidated)	Japan Post Co. (Consolidated)	Japan Post Bank	Japan Post Insurance (Consolidated)	Others (Including consolidated accounting procedures)
Three months ended June 30, 2015	142.6	33.1	79.2	22.9	7.2
Three months ended June 30, 2016	83.1	4.4	67.8	19.4	* <sup>2</sup> (8.6)
Year-on-year change	(59.5)	(28.7)	(11.3)	(3.4)	(15.8)

\*1 The amounts of net income attributable to Japan Post Holdings, net income attributable to Japan Post Co. and net income attributable to Japan Post Insurance have been used for net income of Japan Post Holdings (consolidated), Japan Post Co. (consolidated) and Japan Post Insurance (consolidated), respectively.

\*2 "Others" for the three months ended June 30, 2016 includes the amount of transfer to net income (loss) attributable to non-controlling interests due to sale of a portion of equity interests in Japan Post Bank and Japan Post Insurance (¥(9.6) billion), etc.



## **II Japan Post Co.**

## 1. Interim Consolidated Balance Sheets

	As of March 31, 2016	As of June 30, 2016
	(Millions of yen)	
Assets		
Current assets		
Cash and deposits	¥ 1,908,767	¥ 1,680,971
Notes receivable and operating accounts receivable	332,564	327,763
Securities	400	7,500
Inventories	19,965	18,591
Outstanding amount of banking business consignment	3,917	-
Other current assets	118,972	80,691
Reserve for possible loan losses	(2,352)	(1,981)
Total current assets	<u>2,382,236</u>	<u>2,113,536</u>
Non-current assets		
Tangible fixed assets		
Buildings	1,022,959	1,005,612
Land	1,334,566	1,338,398
Other tangible fixed assets	306,859	311,693
Total tangible fixed assets	<u>2,664,385</u>	<u>2,655,704</u>
Intangible fixed assets		
Goodwill	411,164	361,077
Other intangible fixed assets	127,348	118,844
Total intangible fixed assets	<u>538,512</u>	<u>479,922</u>
Investments and other assets		
Other investments and other assets	69,177	65,851
Reserve for possible loan losses	(2,924)	(3,096)
Total investments and other assets	<u>66,253</u>	<u>62,754</u>
Total non-current assets	<u>3,269,151</u>	<u>3,198,382</u>
Total assets	<u>¥ 5,651,387</u>	<u>¥ 5,311,918</u>

	As of March 31, 2016	As of June 30, 2016
	(Millions of yen)	
Liabilities		
Current liabilities		
Notes payable and operating accounts payable	¥ 106,115	¥ 97,454
Short-term borrowings	56,816	51,145
Other accounts payable	311,350	161,972
Outstanding amount of banking business consignment	-	74,543
Outstanding amount of life insurance business consignment	5,793	4,546
Income taxes payable	9,633	6,325
Deposits received	312,970	276,083
Fund deposits for post offices	1,060,000	980,000
Reserve for bonuses	92,256	32,097
Other current liabilities	146,795	155,969
Total current liabilities	2,101,731	1,840,136
Long-term liabilities		
Bonds	36,798	33,337
Long-term borrowings	103,708	93,944
Deferred tax liabilities	28,814	26,169
Reserve for losses on rebuilding of branches	329	329
Reserve for management board benefit trust	-	86
Liability for retirement benefits	2,055,617	2,065,060
Other long-term liabilities	79,403	78,705
Total long-term liabilities	2,304,671	2,297,634
Total liabilities	4,406,403	4,137,770
Net assets		
Shareholders' equity		
Capital stock	400,000	400,000
Capital surplus	586,381	586,381
Retained earnings	89,413	85,040
Total shareholders' equity	1,075,795	1,071,422
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	48	(77)
Net deferred gains (losses) on hedges	381	361
Foreign currency translation adjustments	(56,856)	(117,393)
Accumulated adjustments for retirement benefits	221,608	216,073
Total accumulated other comprehensive income	165,182	98,964
Non-controlling interests	4,006	3,761
Total net assets	1,244,984	1,174,147
Total liabilities and net assets	¥ 5,651,387	¥ 5,311,918

## 2. Interim Consolidated Statements of Income and Interim Consolidated Statements of Comprehensive Income

### (1) Interim Consolidated Statements of Income

	Three months ended June 30, 2015	Three months ended June 30, 2016
	(Millions of yen)	
Operating income		
Postal service business income	¥ 440,763	¥ 447,778
Commissions for banking business consignment	156,047	155,809
Commissions for life insurance business consignment	93,101	97,418
International logistics business income	-	154,387
Other operating income	39,459	42,848
Total operating income	729,371	898,243
Operating costs	667,342	831,797
Gross operating income	62,028	66,445
Sales, general and administrative costs	53,322	63,230
Net operating income	8,705	3,215
Other income		
Interest income	586	258
Dividend income	365	13
Equity in earnings (losses) of affiliates	68	1,114
Foreign exchange gains	39	1,155
Others	865	770
Total other income	1,925	3,312
Other expenses		
Interest expenses	180	1,048
Others	274	206
Total other expenses	454	1,255
Net ordinary income	10,176	5,272
Extraordinary gains		
Gains on sales of fixed assets	81	230
Gains on sales of investment securities	5,928	-
Gains on negative goodwill	849	-
Compensation for transfer	458	12
Settlement received	-	990
Contribution for post office refurbishment expenses	5,803	710
Others	20	1
Total extraordinary gains	13,142	1,944
Extraordinary losses		
Losses on sales of fixed assets	21	0
Losses on disposal of fixed assets	772	667
Losses on impairment of fixed assets	60	12
Post office refurbishment expenses	5,803	710
Others	-	128
Total extraordinary losses	6,657	1,519
Income before income taxes	16,660	5,696
Income taxes current	(16,748)	1,187
Income taxes deferred	172	55
Total income taxes	(16,576)	1,243



Net income	33,236	4,453
Net income attributable to non-controlling interests	63	24
Net income attributable to Japan Post Co.	¥ 33,173	¥ 4,428

(Changes in presentation)

“Rent income” and “rent expenses” for post offices, etc. were included in “other income” and “other expenses” respectively for the fiscal year ended March 31, 2016. From the three months ended June 30, 2016, “rent income” is included in “other operating income” under “operating income” and “rent expenses” is included in “operating costs” and “sales, general and administrative costs.” To reflect this change in presentation, ¥3,059 million of “rent income” under “other income” has been reclassified into “other operating income” under “operating income” and ¥1,715 million of “rent expenses” under “other expenses” has been reclassified into “operating costs” and “sales, general and administrative costs” for the three months ended June 30, 2015.

## (2) Interim Consolidated Statements of Comprehensive Income

	Three months ended June 30, 2015	Three months ended June 30, 2016
	(Millions of yen)	
Net income	¥ 33,236	¥ 4,453
Other comprehensive loss		
Net unrealized gains (losses) on available-for-sale securities	(3,141)	(126)
Net deferred gains (losses) on hedges	7,116	(19)
Foreign currency translation adjustments	1,362	(60,666)
Adjustments for retirement benefits	(5,409)	(5,535)
Share of other comprehensive loss of affiliates	(1)	(0)
Total other comprehensive loss	(72)	(66,348)
Comprehensive income (loss)	¥ 33,163	¥ (61,894)
Total comprehensive income (loss) attributable to:		
Japan Post Co.	¥ 33,104	¥ (61,789)
Non-controlling interests	59	(104)

### 3. Segment Information

#### (1) Income and segment profit (loss) of reportable segments

Three months ended June 30, 2015

(Millions of yen)

	Reportable segments				Other	Total
	Postal and domestic logistics	International logistics	Post office	Total		
Income <sup>(Note)</sup>						
Income from third parties	442,063	-	287,307	729,371	-	729,371
Intersegment income	3,486	-	43,470	46,957	-	46,957
Total	445,550	-	330,778	776,329	-	776,329
Segment profit (loss)	(6,029)	-	16,539	10,510	-	10,510

(Note)

“Income” is presented instead of net sales, which is the typical method of presentation for companies in other industries.

Three months ended June 30, 2016

(Millions of yen)

	Reportable segments				Other	Total
	Postal and domestic logistics	International logistics <sup>(Note4)</sup>	Post office	Total		
Income <sup>(Note1)</sup>						
Income from third parties	449,124	154,387	294,731	898,243	-	898,243
Intersegment income	3,457	-	43,877	47,335	-	47,335
Total	452,581	154,387	338,609	945,578	-	945,578
Segment profit (loss)	(5,801)	1,798	14,446	10,443	-	10,443

(Notes)

1. “Income” is presented instead of net sales, which is the typical method of presentation for companies in other industries.
2. The company established the new reportable segment of international logistics business segment from the beginning of the three months ended September 30, 2015. Segment information for the three months ended June 30, 2015 has been rearranged in accordance with the revised classification method.
3. As stated in “changes in presentation” in the interim consolidated statements of income, the figures for the three months ended June 30, 2015 have been reclassified.
4. The figures for international logistics business segment have been calculated based on the Australian Accounting Standards, and the amounts presented in segment profit (loss) are EBIT of Toll excluding amortization of goodwill, etc.

#### (2) Reconciliation between total segment profit (loss) of reportable segments and net operating income on the interim consolidated statements of income

	Three months ended June 30, 2015		Three months ended June 30, 2016	
	(Millions of yen)			
Total segment profit (loss) of reportable segments	¥	10,510	¥	10,443
Profit of other business		-		-
Eliminations of intersegment transactions		-		275
Corporate expenses <sup>(Note1)</sup>		(1,804)		(323)
Other adjustments <sup>(Note2)</sup>		-		(7,180)
Net operating income on the interim consolidated statements of income		8,705		3,215

(Notes)

1. “Corporate expenses” consists mainly of general and administrative costs which are not attributable to any reportable segments.
2. “Other adjustments” includes amortization of goodwill of ¥(5,314) million, etc. recognized in the international logistics segment and other items.

### **III Japan Post Bank**

Note: Please refer to the documents on financial results announcements of Japan Post Bank for financial results of the company.

## **IV Japan Post Insurance**

Note: Please refer to the documents on financial results announcements of Japan Post Insurance for financial results of the company.