

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2016 <Under Japanese GAAP>



November 14, 2016

Company name: Japan Post Holdings Co., Ltd. Stock exchange listing: Tokyo Stock Exchange
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 Scheduled date of filing interim securities report: November 25, 2016
 Scheduled date of commencing dividend payments: December 6, 2016
 Trading accounts: Unestablished
 Availability of supplementary briefing material on interim financial results: Available
 Schedule of interim financial results briefing session: Scheduled (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2016

(April 1, 2016 to September 30, 2016)

(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	%
Six months ended September 30, 2016	6,557,792	(6.8)	303,227	(35.9)	149,725	(29.9)
Six months ended September 30, 2015	7,035,001	(1.0)	473,379	(8.8)	213,446	(1.7)

(Note) Comprehensive income (loss): Six months ended September 30, 2016: ¥ 29,465 million [- %]
 Six months ended September 30, 2015: ¥ (483,018) million [- %]

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2016	36.38	-
Six months ended September 30, 2015	47.43	-

(Note 1) The provisional accounting treatment for a business combination was finalized on March 31, 2016. Interim consolidated financial statements for the six months ended September 30, 2015 have been revised to reflect a significant change to the allocation of the acquisition cost.

(Note 2) Because there was no potential common stock, the amount for diluted net income per share is omitted.

(Note 3) The Company implemented a 30-for-1 common stock split effective August 1, 2015. Net income per share has been calculated assuming the stock split was implemented on April 1, 2015.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio (Note)
	Million yen	Million yen	%
As of September 30, 2016	291,212,167	15,089,507	4.7
As of March 31, 2016	291,947,080	15,176,088	4.7

(Reference) Equity: As of September 30, 2016: ¥13,612,426 million
 As of March 31, 2016: ¥13,697,749 million

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

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2016	Yen -	Yen 0.00	Yen -	Yen 25.00	Yen 25.00
Fiscal year ending March 31, 2017	-	25.00			
Fiscal year ending March 31, 2017 (Forecast)			-	25.00	50.00

(Note) Revision of dividends forecast to the latest announcement: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(% indicates changes from the previous corresponding period.)

	Ordinary income		Net ordinary income		Net income attributable to Japan Post Holdings		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending March 31, 2017	13,240,000	(7.1)	770,000	(20.3)	320,000	(24.9)	77.74

(Note) Revision of 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: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (4) Total number of shares issued (common stock)
 - 1) Total number of shares issued at the end of the period (including treasury stock):
 - September 30, 2016: 4,500,000,000 shares
 - March 31, 2016: 4,500,000,000 shares
 - 2) Total number of treasury stock at the end of the period:
 - September 30, 2016: 384,038,000 shares
 - March 31, 2016: 383,306,000 shares
 - 3) Average number of shares during the period:
 - Six months ended September 30, 2016: 4,116,153,328 shares
 - Six months ended September 30, 2015: 4,500,000,000 shares

(Note 1) The Company implemented a 30-for-1 common stock split effective August 1, 2015. Total number of shares issued (common stock) has been calculated assuming the stock split was implemented on April 1, 2015.

(Note 2) The total number of treasury stock as of September 30, 2016 includes the number of shares of the Company held by the management board benefit trust (732,000 shares). The number of treasury stock excluded from calculation of the average number of shares for the six months ended September 30, 2016 includes the number of shares of the Company held by the management board benefit trust (540,672 shares).

(Summary of non-consolidated financial results)

1. Non-consolidated Financial Results for the Six Months Ended September 30, 2016

(April 1, 2016 to September 30, 2016)

(1) Non-consolidated Results of Operations (% indicates changes from the previous corresponding period.)

	Operating income		Net operating income		Net ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2016	170,483	(34.2)	134,340	(39.4)	135,499	(39.2)	131,879	(38.6)
Six months ended September 30, 2015	259,095	37.3	221,759	64.2	222,733	63.8	214,734	52.8

	Net income per share
	Yen
Six months ended September 30, 2016	32.04
Six months ended September 30, 2015	47.72

(Note) The Company implemented a 30-for-1 common stock split effective August 1, 2015. Net income per share has been calculated assuming the stock split was implemented on April 1, 2015.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio (Note)
	Million yen	Million yen	%
As of September 30, 2016	8,267,461	8,085,636	97.8
As of March 31, 2016	8,418,459	8,057,703	95.7

(Reference) Equity: As of September 30, 2016: ¥8,085,636 million

As of March 31, 2016: ¥8,057,703 million

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

* Explanation regarding the status of interim audit procedures

This summary of interim consolidated financial results is outside the scope of interim audit procedures based on the Financial Instruments and Exchange Act (the “Act”), and at the time of disclosure of these interim financial results, the interim audit procedures for the interim consolidated and non-consolidated financial statements based on the Act have not been completed.

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

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 has 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, such as interest rate fluctuations, stock price fluctuations, foreign exchange fluctuations, asset value fluctuations, changes in economic and financial environment, changes in competition terms, the occurrence of large-scale disasters, etc. and changes in laws and regulations.

[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	3
(3) Explanation of Consolidated Financial Results Forecast and Other Future Projections	4
2. Interim Consolidated Financial Statements	5
(1) Interim Consolidated Balance Sheets.....	5
(2) Interim Consolidated Statements of Income and Interim Consolidated Statements of Comprehensive Income.....	7
(3) Interim Consolidated Statements of Changes in Net Assets	9
(4) Notes to Interim Consolidated Financial Statements	11
(Notes on Going-Concern Assumption)	11
(Segment Information).....	11
(Business Combination).....	12
(Additional Information)	12
3. Interim Non-consolidated Financial Statements	13
(1) Interim Non-consolidated Balance Sheets	13
(2) Interim Non-consolidated Statements of Income	15
(3) Interim Non-consolidated Statements of Changes in Net Assets	16

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

The provisional accounting treatment for a business combination was finalized on March 31, 2016. Interim consolidated financial statements for the six months ended September 30, 2015 have been revised to reflect a significant change to the allocation of the acquisition cost. For details, please refer to “2. Interim Consolidated Financial Statements (4) Notes to Interim Consolidated Financial Statements (Business Combination)”.

(1) Explanation of Results of Operations

Consolidated ordinary income for the six months ended September 30, 2016 amounted to ¥6,557,792 million (down ¥477,209 million year-on-year), and consolidated net ordinary income amounted to ¥303,227 million (down ¥170,151 million year-on-year). Net income attributable to Japan Post Holdings amounted to ¥149,725 million (down ¥63,720 million year-on-year), which comprises consolidated net ordinary income after adjusting for items including extraordinary gains due to reversal of reserve for price fluctuations in the life insurance business, etc. and provision for reserve for policyholder dividends.

Financial results by segment are as follows.

(Postal and Domestic Logistics Business Segment)

In the postal and domestic logistics business during the six months ended September 30, 2016, income grew as a result of an increase in income from mail handled as affected by the revision in postage fee discounts, etc. and the expansion of the e-commerce market which led to increased income from Yu-Pack and Yu-Mail handled as well as increased sales income of Letter Pack. Meanwhile, expenses increased mainly due to an increase in legal welfare expenses because of a rising premium rate and an increase in unit personnel expenses. As a result, ordinary income amounted to ¥887,081 million (up ¥776 million year-on-year) and net ordinary loss amounted to ¥40,834 million (net ordinary loss of ¥32,643 million for the same period of the previous fiscal year). Operating income and net operating loss during the six months ended September 30, 2016 for the postal and domestic logistics business of Japan Post Co. amounted to ¥884,576 million (up ¥14,065 million year-on-year*) and ¥42,923 million (net operating loss of ¥44,878 million for the same period of the previous fiscal year*), respectively.

With regard to the total volume of items handled, during the six months ended September 30, 2016, the volume of mail handled decreased by 0.3% year-on-year to 7,719.63 million, the volume of Yu-Mail handled increased by 2.5% year-on-year to 1,722.61 million and the volume of Yu-Pack handled increased by 0.4% year-on-year to 248.46 million, at Japan Post Co. (non-consolidated).

*The method of presentation has been changed for Japan Post Co. from the three months ended June 30, 2016, whereby rental transactions of post offices, etc. which had previously been included in other income and other expenses, are included in operating income, operating costs and sales, general and administrative costs. Accordingly, figures for the same period of the previous fiscal year and year-on-year change figures have been reclassified to reflect this change in presentation.

(International Logistics Business Segment)

In the international logistics business during the six months ended September 30, 2016, usage declined in the domestic network businesses due to delayed economic recovery in Australia. And demand in international sea and air freight markets was weak. As a result, ordinary income amounted to ¥308,929 million and net ordinary income amounted to ¥809 million. Operating income and net operating income (EBIT) for the six months ended September 30, 2016 for the international logistics business of Japan Post Co. amounted to ¥308,674 million and ¥5,448 million, respectively. In addition, ¥10,512 million of amortization of goodwill, etc. (amortization of goodwill and trademark rights) were recognized as a consolidation adjustment.

Since the international logistics business segment was established in the second quarter ended September 30, 2015 and the financial results of Toll Holdings Limited has been included in the consolidated figures of Japan Post Group from July 2015, year-on-year changes have not been presented herein.

(Post Office Business Segment)

In the post office business during the six months ended September 30, 2016, income grew due to promoting operating initiatives in cooperation with Japan Post Insurance, strong catalog sales as part of merchandising business and improvement in third-party financial product agency services. Meanwhile, expenses also increased mainly as a result of increases in salaries and allowances, legal welfare expenses because of a rising premium rate, and increased business tax associated with an increase in the pro-forma standard tax rate. As a result, ordinary income amounted to ¥686,885 million (up ¥10,534 million year-on-year) and net ordinary income amounted to ¥25,295 million (up ¥1,901 million year-on-year). Operating income and net operating income for the six months ended September 30, 2016 for the post office business of Japan Post Co. amounted to ¥686,110 million (up ¥16,114 million year-on-year*) and ¥24,793 million (up ¥2,019 million year-on-year*), respectively.

*As in the postal and domestic logistics business segment, year-on-year change figures have been reclassified to reflect the change in presentation.

(Banking Business Segment)

In the banking business during the six months ended September 30, 2016, deposit balance of Japan Post Bank as of September 30, 2016 was ¥178,456,554 million (up ¥584,568 million from the end of the previous fiscal year). Net interest income decreased mainly due to a decrease in interest on Japanese government bonds. Meanwhile, net other operating income increased mainly due to an increase in gains (losses) on foreign exchange transactions. In the adverse business environment from factors such as a low interest rate trend, ordinary income amounted to ¥934,221 million (down ¥52,962 million year-on-year) and net ordinary income amounted to ¥212,476 million (down ¥39,247 million year-on-year).

(Life Insurance Business Segment)

In the life insurance business during the six months ended September 30, 2016, 1,351 thousand new policies (individual insurance) with a policy amount of ¥4,393,055 million and 10 thousand new policies (individual annuity insurance) with a policy amount of ¥39,797 million were acquired. Meanwhile, ordinary income amounted to ¥4,333,877 million (down ¥547,458 million year-on-year) and net ordinary income amounted to ¥107,888 million (down ¥110,898 million year-on-year) mainly due to a decrease in the number of policies in force as a result of maturity of Postal Life Insurance.

(2) Explanation of Financial Position

1) Assets

Consolidated total assets were ¥291,212,167 million, a decrease of ¥734,913 million from the end of the previous fiscal year.

Major factors include an increase in cash and due from banks of ¥1,427,485 million and an increase in receivables under securities borrowing transactions in the banking business and life insurance business of ¥219,135 million, as well as a decrease in securities mainly in the banking business and life insurance business of ¥2,865,461 million and a decrease in call loans in the banking business and life insurance business of ¥317,681 million.

2) Liabilities

Consolidated total liabilities were ¥276,122,659 million, a decrease of ¥648,332 million from the end of the previous fiscal year.

Major factors include an increase in deposits in the banking business of ¥1,002,470 million, as well as a decrease in policy reserves in the life insurance business of ¥805,208 million and a decrease in payables under securities lending transactions in the banking business and life insurance business of ¥406,129 million.

3) Net Assets

Consolidated total net assets were ¥15,089,507 million, a decrease of ¥86,580 million from the end of the previous fiscal year.

Major factors include an increase in net deferred gains (losses) on hedges mainly in the banking business and life insurance business of ¥237,073 million, as well as a decrease in net unrealized gains (losses) on available-for-sale securities mainly in the banking business and life insurance business of ¥292,339 million and a decrease in foreign currency translation adjustments of ¥56,780 million mainly in the international logistics business.

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

The consolidated financial results forecast for the fiscal year ending March 31, 2017 remains unchanged from the full year forecast announced on May 13, 2016.

2. Interim Consolidated Financial Statements

(1) Interim Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Cash and due from banks	48,258,991	49,686,477
Call loans	1,338,837	1,021,155
Receivables under securities borrowing transactions	10,931,820	11,150,955
Monetary claims bought	608,659	395,039
Trading account securities	187	50
Money held in trust	5,205,658	5,275,009
Securities	207,720,339	204,854,878
Loans	11,520,487	11,292,726
Foreign exchanges	25,328	33,805
Other assets	1,547,434	2,764,580
Tangible fixed assets	3,168,469	3,162,417
Intangible fixed assets	796,091	736,607
Asset for retirement benefits	27,629	27,336
Deferred tax assets	729,307	817,994
Customers' liabilities for acceptances and guarantees	75,000	-
Reserve for possible loan losses	(7,163)	(6,868)
Total assets	291,947,080	291,212,167

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Liabilities		
Deposits	176,090,188	177,092,658
Call money	22,536	40,953
Payables under repurchase agreements	554,522	592,456
Policy reserves and others	74,934,165	74,011,952
Reserve for outstanding claims	635,167	600,176
Policy reserves	72,362,503	71,557,294
Reserve for policyholder dividends	1,936,494	1,854,481
Payables under securities lending transactions	16,772,037	16,365,908
Foreign exchanges	338	462
Other liabilities	3,910,119	3,588,342
Reserve for bonuses	103,755	129,534
Liability for retirement benefits	2,281,439	2,291,763
Reserve for management board benefit trust	-	276
Reserve under the special laws	782,268	752,641
Reserve for price fluctuations	782,268	752,641
Deferred tax liabilities	1,244,621	1,255,710
Acceptances and guarantees	75,000	-
Total liabilities	276,770,992	276,122,659
Net assets		
Capital stock	3,500,000	3,500,000
Capital surplus	4,134,853	4,135,415
Retained earnings	3,525,932	3,575,750
Treasury stock	(730,964)	(731,993)
Total shareholders' equity	10,429,821	10,479,171
Net unrealized gains (losses) on available-for-sale securities	3,318,181	3,025,842
Net deferred gains (losses) on hedges	(373,232)	(136,159)
Foreign currency translation adjustments	(56,856)	(113,637)
Accumulated adjustments for retirement benefits	379,835	357,208
Total accumulated other comprehensive income	3,267,928	3,133,254
Non-controlling interests	1,478,338	1,477,081
Total net assets	15,176,088	15,089,507
Total liabilities and net assets	291,947,080	291,212,167

(2) Interim Consolidated Statements of Income and Interim Consolidated Statements of Comprehensive Income
Interim Consolidated Statements of Income
Six months ended September 30

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Ordinary income	7,035,001	6,557,792
Postal business income	1,037,756	1,168,904
Banking business income	986,491	933,362
Life insurance business income	4,881,287	4,333,823
Other ordinary income	129,465	121,702
Ordinary expenses	6,561,622	6,254,564
Operating expenses	5,234,770	4,840,139
Personnel expenses	1,221,279	1,289,669
Depreciation and amortization	100,586	117,943
Other ordinary expenses	4,985	6,812
Net ordinary income	473,379	303,227
Extraordinary gains	5,124	37,905
Gains on sales of fixed assets	717	536
Gains on negative goodwill	849	-
Reversal of reserve under the special laws	-	29,627
Reversal of reserve for price fluctuations	-	29,627
Compensation for transfer	490	120
Compensation income	20	-
Settlement received	-	4,041
Gains on transfer of business	2,315	3,564
Other extraordinary gains	731	15
Extraordinary losses	51,552	9,200
Losses on sales and disposal of fixed assets	3,330	1,424
Losses on impairment of fixed assets	4,572	3,469
Provision for reserve under the special laws	30,388	-
Provision for reserve for price fluctuations	30,388	-
Post office refurbishment expenses	13,254	2,266
Provision for environmental measures	-	915
Other extraordinary losses	6	1,124
Provision for reserve for policyholder dividends	119,559	77,989
Income before income taxes	307,391	253,942
Income taxes current	161,410	136,375
Income taxes deferred	(67,804)	(53,681)
Total income taxes	93,606	82,693
Net income	213,785	171,248
Net income attributable to non-controlling interests	339	21,523
Net income attributable to Japan Post Holdings	213,446	149,725

Interim Consolidated Statements of Comprehensive Income
Six months ended September 30

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net income	213,785	171,248
Other comprehensive loss	(696,804)	(141,783)
Net unrealized gains (losses) on available-for-sale securities	(653,348)	(328,442)
Net deferred gains (losses) on hedges	54,048	266,297
Foreign currency translation adjustments	(75,494)	(56,902)
Adjustments for retirement benefits	(22,007)	(22,733)
Share of other comprehensive loss of affiliates	(2)	(2)
Comprehensive income (loss)	(483,018)	29,465
Total comprehensive income (loss) attributable to:		
Japan Post Holdings	(483,175)	15,057
Non-controlling interests	156	14,407

(3) Interim Consolidated Statements of Changes in Net Assets
Six months ended September 30, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	3,500,000	4,503,856	3,149,937	-	11,153,793
Changes in the period					
Cash dividends			(50,100)		(50,100)
Net income attributable to Japan Post Holdings			213,446		213,446
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders					-
Purchases of treasury stock					-
Disposals of treasury stock					-
Changes in the scope of consolidation					-
Increase due to merger between consolidated and unconsolidated subsidiaries			122		122
Net changes in items other than shareholders' equity in the period					
Net changes in the period	-	-	163,468	-	163,468
Balance at the end of the period	3,500,000	4,503,856	3,313,406	-	11,317,262

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the period	4,389,261	(666,430)	160	422,048	4,145,039	2,728	15,301,561
Changes in the period							
Cash dividends							(50,100)
Net income attributable to Japan Post Holdings							213,446
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders							-
Purchases of treasury stock							-
Disposals of treasury stock							-
Changes in the scope of consolidation							-
Increase due to merger between consolidated and unconsolidated subsidiaries							122
Net changes in items other than shareholders' equity in the period	(653,346)	54,048	(75,315)	(22,007)	(696,621)	2,102	(694,519)
Net changes in the period	(653,346)	54,048	(75,315)	(22,007)	(696,621)	2,102	(531,050)
Balance at the end of the period	3,735,914	(612,381)	(75,155)	400,040	3,448,418	4,830	14,770,511

Six months ended September 30, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	3,500,000	4,134,853	3,525,932	(730,964)	10,429,821
Changes in the period					
Cash dividends			(102,917)		(102,917)
Net income attributable to Japan Post Holdings			149,725		149,725
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		561			561
Purchases of treasury stock				(1,042)	(1,042)
Disposals of treasury stock				13	13
Changes in the scope of consolidation			3,009		3,009
Increase due to merger between consolidated and unconsolidated subsidiaries					-
Net changes in items other than shareholders' equity in the period					
Net changes in the period	-	561	49,817	(1,029)	49,350
Balance at the end of the period	3,500,000	4,135,415	3,575,750	(731,993)	10,479,171

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the period	3,318,181	(373,232)	(56,856)	379,835	3,267,928	1,478,338	15,176,088
Changes in the period							
Cash dividends							(102,917)
Net income attributable to Japan Post Holdings							149,725
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders							561
Purchases of treasury stock							(1,042)
Disposals of treasury stock							13
Changes in the scope of consolidation							3,009
Increase due to merger between consolidated and unconsolidated subsidiaries							-
Net changes in items other than shareholders' equity in the period	(292,339)	237,073	(56,780)	(22,627)	(134,673)	(1,257)	(135,930)
Net changes in the period	(292,339)	237,073	(56,780)	(22,627)	(134,673)	(1,257)	(86,580)
Balance at the end of the period	3,025,842	(136,159)	(113,637)	357,208	3,133,254	1,477,081	15,089,507

(4) Notes to Interim Consolidated Financial Statements
(Notes on Going-Concern Assumption)

None

(Segment Information)

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

(Millions of yen)

	Reportable Segments						Other business	Total
	Postal and domestic logistics business	International logistics business	Post office business	Banking business	Life insurance business	Subtotal		
Income								
Income from third parties	862,485	308,929	89,276	933,362	4,333,823	6,527,876	27,794	6,555,670
Intersegment income	24,596	-	597,609	859	54	623,119	168,061	791,180
Total	887,081	308,929	686,885	934,221	4,333,877	7,150,995	195,856	7,346,851
Segment profit (loss)	(40,834)	809	25,295	212,476	107,888	305,636	135,193	440,829

- (Notes) 1. Income is presented instead of net sales, which is the typical method of presentation for companies in other industries.
2. "Other business" includes the hotel business and hospital business. Segment profit in "Other business" includes dividend income from subsidiaries and affiliates recorded by the Company in the amount of ¥125,231 million.

2. Reconciliation of amounts reported on reportable segments and interim consolidated financial statements

(1) Reconciliation between total income of reportable segments and ordinary income on the interim consolidated statements of income

(Millions of yen)

Items	Amount
Total income of reportable segments	7,150,995
Income of other business	195,856
Eliminations of intersegment transactions	(791,180)
Adjustments	2,121
Ordinary income on the interim consolidated statements of income	6,557,792

- (Notes) 1. Income is presented instead of net sales, which is the typical method of presentation for companies in other industries.
2. "Adjustments" are due to differences in the calculation methods used for ordinary income for the international logistics business segment and the interim consolidated statements of income, etc.

(2) Reconciliations between total segment profit of reportable segments and net ordinary income on the interim consolidated statements of income

(Millions of yen)

Items	Amount
Total segment profit of reportable segments	305,636
Segment profit in other business	135,193
Eliminations of intersegment transactions	(125,699)
Adjustments	(11,902)
Net ordinary income on the interim consolidated statements of income	303,227

- (Note) "Adjustments" are due to amortization of goodwill of ¥(10,512) million, etc. recognized in the international logistics business segment and other items.

(Business Combination)

(Business Combination by Acquisition)

Significant revision to the allocation of the acquisition cost in the comparative information

Whereas provisional accounting treatment was applied during the six months ended September 30, 2015 for the business combination implemented on May 28, 2015 with Toll Holdings Limited, the said provisional accounting treatment was finalized on March 31, 2016.

In line with the finalization of the provisional accounting treatment, a significant revision to the allocation of the acquisition cost was reflected in the comparative information included in the interim consolidated financial statements for the six months ended September 30, 2016. The details of the revision and the revised amount of goodwill are as follows.

(Millions of yen)

Revised accounting items	Revised amount of goodwill
Goodwill (Before revision)	530,160
Tangible fixed assets	(46,600)
Trademark rights	(30,433)
Deferred tax liabilities	21,322
Others	5
Total revised amount	(55,706)
Goodwill (After revision)	474,454

As a result, net ordinary income increased by ¥0 million and income before income taxes decreased by ¥204 million in the interim consolidated statement of income for the six months ended September 30, 2015.

(Additional Information)

Effective from the six months ended September 30, 2016, the Company has adopted Implementation Guidance on Recoverability of Deferred Tax Assets (Accounting Standards Board of Japan (ASBJ) Guidance No. 26, March 28, 2016).

3. Interim Non-consolidated Financial Statements

(1) Interim Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	368,761	355,196
Inventories	406	435
Prepaid expenses	212	431
Short-term loan	35,100	31,500
Accounts receivable	20,856	9,992
Income taxes receivable	143,312	19,949
Others	7,465	9,095
Reserve for possible loan losses	(7)	(6)
Total current assets	576,107	426,593
Non-current assets		
Tangible fixed assets		
Buildings	30,736	29,328
Tools and fixtures	3,424	3,166
Land	97,938	99,427
Others	24,469	24,451
Total tangible fixed assets	156,569	156,374
Intangible fixed assets	9,155	7,901
Investments and other assets		
Stocks of subsidiaries and affiliates	7,677,895	7,677,895
Long-term loan	3,400	3,400
Claims provable in bankruptcy	75	74
Long-term prepaid expenses	225	189
Others	259	259
Reserve for possible loan losses	(75)	(74)
Allowance for investment loss	(5,152)	(5,152)
Total investments and other assets	7,676,627	7,676,591
Total non-current assets	7,842,352	7,840,867
Total assets	8,418,459	8,267,461

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Liabilities		
Current liabilities		
Accounts payable	178,680	9,560
Accrued expenses	1,285	1,284
Income taxes payable	229	114
Consumption taxes payable	761	27
Reserve for bonuses	1,758	2,245
Reserve for point service program	479	474
Others	1,296	1,205
Total current liabilities	184,490	14,913
Long-term liabilities		
Reserve for retirement benefits	146,923	137,116
Reserve for management board benefit trust	-	63
Reserve for compensation for accidents in the course of duty	20,704	20,247
Others	8,638	9,483
Total long-term liabilities	176,265	166,911
Total liabilities	360,756	181,824
Net assets		
Shareholders' equity		
Capital stock	3,500,000	3,500,000
Capital surplus		
Capital reserve	875,000	875,000
Other capital surplus	3,628,856	3,628,856
Total capital surplus	4,503,856	4,503,856
Retained earnings		
Other retained earnings		
Retained earnings brought forward	784,812	813,774
Total retained earnings	784,812	813,774
Treasury stock	(730,964)	(731,993)
Total shareholders' equity	8,057,703	8,085,636
Total net assets	8,057,703	8,085,636
Total liabilities and net assets	8,418,459	8,267,461

(2) Interim Non-consolidated Statements of Income
Six months ended September 30

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Operating income		
Brand royalty income	6,676	6,768
Dividend income from subsidiaries and affiliates	209,245	125,231
Income from business consignment	12,483	10,781
Subsidy income equivalent to deposit insurance premiums	4,931	4,185
Income from hospital business	11,160	10,701
Income from hotel business	14,598	12,815
Total operating income	259,095	170,483
Operating expenses		
Expenses for business consignment	10,571	11,344
Expenses for hospital business	13,878	13,496
Expenses for hotel business	15,558	13,826
Administrative expenses	(2,672)	(2,524)
Total operating expenses	37,336	36,143
Net operating income	221,759	134,340
Other income		
Rent income	1,259	1,177
Others	468	602
Total other income	1,728	1,780
Other expenses		
Interest expenses	0	-
Rent expenses	604	503
Others	149	117
Total other expenses	753	621
Net ordinary income	222,733	135,499
Extraordinary gains		
Gains on sales of fixed assets	103	85
Gains on transfer of business	2,315	-
Others	623	0
Total extraordinary gains	3,042	86
Extraordinary losses		
Losses on sales and disposal of fixed assets	29	4
Losses on impairment of fixed assets	3,849	2,040
Share of post office refurbishment expenses	13,804	2,350
Provision for environmental measures	-	915
Others	5	87
Total extraordinary losses	17,689	5,400
Income before income taxes	208,086	130,185
Income taxes current	(6,647)	(2,094)
Income taxes for prior periods	-	400
Total income taxes	(6,647)	(1,694)
Net income	214,734	131,879

(3) Interim Non-consolidated Statements of Changes in Net Assets
Six months ended September 30, 2015

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at the beginning of the period	3,500,000	875,000	3,628,856	4,503,856	740,600	740,600
Changes in the period						
Cash dividends					(50,100)	(50,100)
Net income					214,734	214,734
Purchases of treasury stock						
Disposals of treasury stock						
Net changes in the period	-	-	-	-	164,634	164,634
Balance at the end of the period	3,500,000	875,000	3,628,856	4,503,856	905,235	905,235

	Shareholders' equity		Total net assets
	Treasury stock	Total shareholders' equity	
Balance at the beginning of the period	-	8,744,456	8,744,456
Changes in the period			
Cash dividends		(50,100)	(50,100)
Net income		214,734	214,734
Purchases of treasury stock		-	-
Disposals of treasury stock		-	-
Net changes in the period	-	164,634	164,634
Balance at the end of the period	-	8,909,091	8,909,091

Six months ended September 30, 2016

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings
					Retained earnings brought forward	
Balance at the beginning of the period	3,500,000	875,000	3,628,856	4,503,856	784,812	784,812
Changes in the period						
Cash dividends					(102,917)	(102,917)
Net income					131,879	131,879
Purchases of treasury stock						
Disposals of treasury stock						
Net changes in the period	-	-	-	-	28,961	28,961
Balance at the end of the period	3,500,000	875,000	3,628,856	4,503,856	813,774	813,774

	Shareholders' equity		Total net assets
	Treasury stock	Total shareholders' equity	
Balance at the beginning of the period	(730,964)	8,057,703	8,057,703
Changes in the period			
Cash dividends		(102,917)	(102,917)
Net income		131,879	131,879
Purchases of treasury stock	(1,042)	(1,042)	(1,042)
Disposals of treasury stock	13	13	13
Net changes in the period	(1,029)	27,932	27,932
Balance at the end of the period	(731,993)	8,085,636	8,085,636