



# **Financial Results of the Principal Subsidiaries**

**Nine Months Ended December 31, 2016**

**February 14, 2017**

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# I Japan Post Holdings

## Year-on-Year Changes of Income for the Nine Months Ended December 31, 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)
Nine months ended December 31, 2015	*2 784.5	*2 41.3	389.0	327.7	26.4
Nine months ended December 31, 2016	580.9	32.0	312.5	220.5	15.8
Year-on-year change	(203.5)	(9.3)	(76.4)	(107.1)	(10.6)

### Net income \*1

(Billions of yen)

	Japan Post Holdings (Consolidated)	Japan Post Co. (Consolidated)	Japan Post Bank	Japan Post Insurance (Consolidated)	Others (Including consolidated accounting procedures)
Nine months ended December 31, 2015	*2 383.1	*2 48.7	266.0	72.7	(4.4)
Nine months ended December 31, 2016	296.6	30.8	222.9	68.0	*3 (25.1)
Year-on-year change	(86.4)	(17.8)	(43.1)	(4.7)	(20.7)

\*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 As stated in “Notes to Interim Consolidated Financial Statements (Business Combination)” on “Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2016,” a significant change to the allocation of the acquisition cost due to a finalization of the provisional accounting treatment is reflected.

\*3 “Others” for the nine months ended December 31, 2016 includes the amount of transfer to net income attributable to non-controlling interests due to sale of a portion of equity interests in Japan Post Bank and Japan Post Insurance (¥(31.9) billion), etc.



## **II Japan Post Co.**

## 1. Interim Consolidated Balance Sheets

	As of March 31, 2016	As of December 31, 2016
	(Millions of yen)	
Assets		
Current assets		
Cash and deposits	¥ 1,908,767	¥ 1,775,188
Notes receivable and operating accounts receivable	332,564	340,783
Securities	400	10,129
Inventories	19,965	20,371
Outstanding amount of banking business consignment	3,917	21,783
Other current assets	118,972	97,047
Reserve for possible loan losses	(2,352)	(2,122)
Total current assets	<u>2,382,236</u>	<u>2,263,181</u>
Non-current assets		
Tangible fixed assets		
Buildings	1,022,959	995,671
Land	1,334,566	1,335,094
Other tangible fixed assets	306,859	351,514
Total tangible fixed assets	<u>2,664,385</u>	<u>2,682,280</u>
Intangible fixed assets		
Goodwill	411,164	386,071
Other intangible fixed assets	127,348	121,698
Total intangible fixed assets	<u>538,512</u>	<u>507,769</u>
Investments and other assets		
Other investments and other assets	69,177	72,938
Reserve for possible loan losses	(2,924)	(3,175)
Total investments and other assets	<u>66,253</u>	<u>69,762</u>
Total non-current assets	<u>3,269,151</u>	<u>3,259,813</u>
Total assets	<u>¥ 5,651,387</u>	<u>¥ 5,522,995</u>

	As of March 31, 2016	As of December 31, 2016
	(Millions of yen)	
Liabilities		
Current liabilities		
Notes payable and operating accounts payable	¥ 106,115	¥ 124,417
Short-term borrowings	56,816	101,199
Other accounts payable	311,350	226,419
Outstanding amount of life insurance business consignment	5,793	2,587
Income taxes payable	9,633	13,602
Deposits received	312,970	271,848
Fund deposits for post offices	1,060,000	1,030,000
Reserve for bonuses	92,256	25,387
Other current liabilities	146,795	214,247
Total current liabilities	2,101,731	2,009,708
Long-term liabilities		
Bonds	36,798	-
Long-term borrowings	103,708	98,133
Deferred tax liabilities	28,814	26,973
Reserve for losses on rebuilding of branches	329	329
Reserve for management board benefit trust	-	86
Liability for retirement benefits	2,055,617	2,070,391
Other long-term liabilities	79,403	78,663
Total long-term liabilities	2,304,671	2,274,578
Total liabilities	4,406,403	4,284,286
Net assets		
Shareholders' equity		
Capital stock	400,000	400,000
Capital surplus	586,381	586,381
Retained earnings	89,413	111,478
Total shareholders' equity	1,075,795	1,097,859
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	48	83
Net deferred gains (losses) on hedges	381	1,002
Foreign currency translation adjustments	(56,856)	(69,630)
Accumulated adjustments for retirement benefits	221,608	205,002
Total accumulated other comprehensive income	165,182	136,457
Non-controlling interests	4,006	4,390
Total net assets	1,244,984	1,238,708
Total liabilities and net assets	¥ 5,651,387	¥ 5,522,995

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

### (1) Interim Consolidated Statements of Income

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
	(Millions of yen)	
Operating income		
Postal service business income	¥ 1,438,107	¥ 1,432,622
Commissions for banking business consignment	460,891	462,557
Commissions for life insurance business consignment	277,097	291,908
International logistics business income	382,993	479,189
Other operating income	155,200	160,403
Total operating income	2,714,289	2,826,681
Operating costs	2,494,269	2,602,359
Gross operating income	220,020	224,322
Sales, general and administrative costs	182,255	190,782
Net operating income	37,765	33,539
Other income		
Interest income	1,236	614
Dividend income	376	32
Equity in earnings (losses) of affiliates	1,036	1,510
Foreign exchange gains	1,406	1,018
Others	3,640	2,185
Total other income	7,695	5,362
Other expenses		
Interest expenses	3,166	6,145
Others	931	724
Total other expenses	4,098	6,869
Net ordinary income	41,362	32,032
Extraordinary gains		
Gains on sales of fixed assets	2,792	803
Gains on sales of investment securities	11,155	37
Settlement received	-	4,041
Gains on transfer of business	-	3,606
Contribution for post office refurbishment expenses	23,541	5,008
Others	3,277	263
Total extraordinary gains	40,767	13,761
Extraordinary losses		
Losses on sales of fixed assets	103	62
Losses on disposal of fixed assets	2,043	1,644
Losses on impairment of fixed assets	753	1,428
Post office refurbishment expenses	23,541	5,008
Others	599	1,180
Total extraordinary losses	27,041	9,324
Income before income taxes	55,088	36,469



Income taxes current	5,900	5,978
Income taxes deferred	(106)	(983)
Total income taxes	5,794	4,995
Net income	49,294	31,473
Net income attributable to non-controlling interests	553	607
Net income attributable to Japan Post Co.	¥ 48,740	¥ 30,866

(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, ¥8,924 million of “rent income” under “other income” has been reclassified into “other operating income” under “operating income” and ¥5,147 million of “rent expenses” under “other expenses” has been reclassified into “operating costs” and “sales, general and administrative costs” for the nine months ended December 31, 2015.

## (2) Interim Consolidated Statements of Comprehensive Income

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
	(Millions of yen)	
Net income	¥ 49,294	¥ 31,473
Other comprehensive loss		
Net unrealized gains (losses) on available-for-sale securities	(6,331)	34
Net deferred gains (losses) on hedges	7,270	620
Foreign currency translation adjustments	(48,912)	(12,790)
Adjustments for retirement benefits	(16,228)	(16,606)
Share of other comprehensive income (loss) of affiliates	(5)	0
Total other comprehensive loss	(64,207)	(28,740)
Comprehensive income (loss)	¥ (14,913)	¥ 2,732
Total comprehensive income (loss) attributable to:		
Japan Post Co.	¥ (15,325)	¥ 2,141
Non-controlling interests	412	591

### 3. Segment Information

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

Nine months ended December 31, 2015

(Millions of yen)

	Reportable segments				Other	Total
	Postal and domestic logistics	Post office	International logistics <sup>(Note2)</sup>	Total		
Income <sup>(Note1)</sup>						
Income from third parties	1,441,751	889,544	382,993	2,714,289	-	2,714,289
Intersegment income	11,275	137,120	-	148,396	-	148,396
Total	1,453,027	1,026,665	382,993	2,862,686	-	2,862,686
Segment profit	5,156	36,774	16,650	58,581	-	58,581

(Notes)

1. "Income" is presented instead of net sales, which is the typical method of presentation for companies in other industries.
2. The figures for international logistics business segment have been calculated based on the Australian Accounting Standards, and the amounts presented in segment profit are EBIT of Toll excluding amortization of goodwill, etc.

Nine months ended December 31, 2016

(Millions of yen)

	Reportable segments				Other	Total
	Postal and domestic logistics	Post office	International logistics <sup>(Note3)</sup>	Total		
Income <sup>(Note1)</sup>						
Income from third parties	1,436,641	910,849	479,189	2,826,681	-	2,826,681
Intersegment income	11,402	138,466	-	149,868	-	149,868
Total	1,448,043	1,049,316	479,189	2,976,550	-	2,976,550
Segment profit	2,156	45,457	6,654	54,268	-	54,268

(Notes)

1. "Income" is presented instead of net sales, which is the typical method of presentation for companies in other industries.
2. As stated in "changes in presentation" in the interim consolidated statements of income, the figures for the nine months ended December 31, 2015 have been reclassified.
3. The figures for international logistics business segment have been calculated based on the Australian Accounting Standards, and the amounts presented in segment profit are EBIT of Toll excluding amortization of goodwill, etc.

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

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
	(Millions of yen)	
Total segment profit of reportable segments	¥ 58,581	¥ 54,268
Profit of other business	-	-
Eliminations of intersegment transactions	0	807
Corporate expenses <sup>(Note1)</sup>	(2,939)	(1,338)
Other adjustments <sup>(Note2)</sup>	(17,877)	(20,197)
Net operating income on the interim consolidated statements of income	<u>37,765</u>	<u>33,539</u>

(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, 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.