Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2017
<Under Japanese GAAP>

May 15, 2017

Company name: Japan Post Holdings Co., Ltd. Stock exchange listing: Tokyo Stock Exchange
Code number: 6178 URL: http://www.japanpost.jp/
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Scheduled date of General Shareholders' Meeting: June 22, 2017
Scheduled date of filing securities report: June 23, 2017
Scheduled date of commencing dividend payments: June 23, 2017
Trading accounts: Unestablished
Availability of supplementary briefing material on financial results: Available
Schedule of 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 Fiscal Year Ended March 31, 2017
(April 1, 2016 to March 31, 2017)

(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	%
Fiscal year ended March 31, 2017	13,326,534	(6.5)	795,237	(17.7)	(28,976)	-
Fiscal year ended March 31, 2016	14,257,541	(0.0)	966,240	(13.4)	425,972	(11.7)

(Note) Comprehensive income: Fiscal year ended March 31, 2017: ¥ 8,867 million [- %]
Fiscal year ended March 31, 2016: ¥ (177,994) million [- %]

	Net income per share	Diluted net income per share	Return on equity	Net ordinary income to total assets	Net ordinary income to ordinary income
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2017	(7.04)	-	(0.2)	0.3	6.0
Fiscal year ended March 31, 2016	97.26	-	2.9	0.3	6.8

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2017: ¥1,670 million
Fiscal year ended March 31, 2016: ¥1,070 million

(Note 1) 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.

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

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio (Note)	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2017	293,162,545	14,954,581	4.6	3,268.19
As of March 31, 2016	291,947,080	15,176,088	4.7	3,327.37

(Reference) Equity: As of March 31, 2017: ¥13,451,766 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

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of the year
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2017	(991,123)	6,300,698	(225,199)	53,225,675
Fiscal year ended March 31, 2016	787,989	11,612,051	(62,051)	48,141,158

2. Dividends

	Annual dividends					Total dividend paid (Annual)	Dividend payout ratio (Consolidated)	Dividend on net assets ratio (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2016	-	0.00	-	25.00	25.00	102,917	25.7	0.7
Fiscal year ended March 31, 2017	-	25.00	-	25.00	50.00	205,834	-	1.5
Fiscal year ending March 31, 2018 (Forecast)	-	25.00	-	25.00	50.00		51.5	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(% 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, 2018	12,460,000	(6.5)	780,000	(1.9)	400,000	-	97.18

*** Notes:**

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

(2) 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

(3) Total number of shares issued (common stock)
1) Total number of shares issued at the end of the year (including treasury stock):
March 31, 2017: 4,500,000,000 shares
March 31, 2016: 4,500,000,000 shares

2) Total number of treasury stock at the end of the year:
March 31, 2017: 384,037,500 shares
March 31, 2016: 383,306,000 shares

3) Average number of shares during the year:
Fiscal year ended March 31, 2017: 4,116,057,937 shares
Fiscal year ended March 31, 2016: 4,379,562,322 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 March 31, 2017 includes the number of shares of the Company held by the management board benefit trust (731,500 shares). The number of treasury stock excluded from calculation of the average number of shares for the fiscal year ended March 31, 2017 includes the number of shares of the Company held by the management board benefit trust (636,063 shares).

(Summary of non-consolidated financial results)

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2017
(April 1, 2016 to March 31, 2017)

(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	%
Fiscal year ended March 31, 2017	303,808	(2.0)	226,964	(1.9)	228,831	(1.8)	207,015	119.5
Fiscal year ended March 31, 2016	309,975	23.0	231,417	57.2	232,919	56.0	94,311	(28.1)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2017	50.29	-
Fiscal year ended March 31, 2016	21.53	-

(Note 1) 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.

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

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio (Note)	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2017	8,261,109	8,057,856	97.5	1,957.71
As of March 31, 2016	8,418,459	8,057,703	95.7	1,957.32

(Reference) Equity: As of March 31, 2017: ¥8,057,856 million
As of March 31, 2016: ¥8,057,703 million

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

* This summary of consolidated financial results is outside the scope of audit procedures.

* 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]

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1. Overview of Results of Operations etc.

(1) Explanation of Results of Operations

Consolidated ordinary income amounted to ¥13,326,534 million (down ¥931,006 million year-on-year) and consolidated net ordinary income amounted to ¥795,237 million (down ¥171,003 million year-on-year). As a result of an impairment test based on the latest forecasts of Toll Holdings Limited (hereinafter referred to as "Toll"), impairment losses for all balance of goodwill and trademark rights and part of tangible fixed assets were recognized for the fiscal year ended March 31, 2017. After adjusting for items such as extraordinary losses due to these impairment losses and provision for reserve for policyholder dividends, net loss attributable to Japan Post Holdings amounted to ¥28,976 million (compared to net income attributable to Japan Post Holdings of ¥425,972 million for the fiscal year ended March 31, 2016).

Financial results by segment are as follows.

(Postal and Domestic Logistics Business Segment)

In the postal and domestic logistics business, Japan Post Co. made efforts to maintain and expand the use of mails, and worked to enhance the quality of service as initiatives to improve profitability. In the international mails business, efforts were made to enhance quality and expand the use of our services. In addition, there were changes including a partial revision to domestic postage fee discounts. Regarding the Yu-Pack business and Yu-Mail business, we promoted highly convenient services for receiving parcels, and expanded delivery services for small-sized goods. As an initiative for improving productivity and the network's value, restructuring of the postal and logistics network was promoted. In addition, we continued to work on other initiatives, such as improving productivity in pick-up and delivery services.

As a result of these initiatives, in the postal and domestic logistics business for the fiscal year ended March 31, 2017, operating income remained nearly at the same level as the previous fiscal year due to an increase in income from mails handled as affected by the revision in postage fee discounts, etc., and an increase in income from Yu-Pack and Yu-Mail handled, despite negative factors such as a decline in the volumes of new year's postcards and international mails handled, as well as the impact of the distribution of mails related to the social security and tax number system in the previous fiscal year. On the other hand, operating expenses decreased resulting from a decrease in personnel expenses arising in connection with the decrease in income outweighed the increase in other expenses, despite an increase in other expenses due to an increase in depreciation and amortization as well as a rising business tax associated with an increase in the pro-forma standard tax rate. As a result, ordinary income amounted to ¥1,933,087 million (down ¥18,609 million year-on-year) and net ordinary income amounted to ¥14,324 million (down ¥9,400 million year-on-year). In addition, operating income amounted to ¥1,929,928 million (up ¥483 million year-on-year) and net operating income amounted to ¥12,053 million (up ¥1,729 million year-on-year) in the postal and domestic logistics business of Japan Post Co. for the fiscal year ended March 31, 2017.

With regard to the total volume of items handled for the fiscal year ended March 31, 2017, the volume of mails handled decreased by 1.7% year-on-year to 17,730.42 million, the volume of Yu-Mail handled increased by 2.6% year-on-year to 3,562.85 million and the volume of Yu-Pack handled increased by 9.1% year-on-year to 632.42 million, at Japan Post Co. (non-consolidated).

* The method of presentation has been changed for Japan Post Co. from the fiscal year ended March 31, 2017, 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, year-on-year change figures have been reclassified to reflect this change in presentation.

(Post Office Business Segment)

In the post office business, Japan Post Co. strengthened employee sales capabilities through training in cooperation with our contractees, Japan Post Bank and Japan Post Insurance, as an initiative to improve profitability. In the merchandising business, we expanded and developed products while promoting the diversification of sales channels. In the real estate business, we promoted businesses including the leasing of buildings including offices and commercial facilities. In addition, we continued efforts to optimize the post office network as an initiative aimed at increasing the network's value. Moreover, we also proceeded with a study aiming at full-fledged operation of the "Watch Over Service," a service in which mails carriers regularly check in on the well-being of elderly people.

As a result of these efforts, in the post office business for the fiscal year ended March 31, 2017, commissions for business consignment increased mainly due to an increase in new policy sales at Japan Post Insurance. Furthermore, income from third-party financial product agency services increased, resulting in an increase in operating income. On the other hand, operating expenses were nearly at the same level as the previous fiscal year due to a decrease in personnel expenses resulting from various measures to improve efficiency offsetting an increase in other expenses due to an increase in depreciation and amortization as well as a rising business tax associated with an increase in the pro-forma standard tax rate. As a result, ordinary income amounted to ¥1,387,957 million (up ¥16,718 million year-on-year), and net ordinary income amounted to ¥64,167 million (up ¥23,605 million year-on-year). In addition, operating income amounted to ¥1,386,456 million (up ¥26,111 million year-on-year) and net operating income amounted to ¥63,334 million (up ¥24,034 million year-on-year) in the post office business of Japan Post Co. for the fiscal year ended March 31, 2017.

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

(International Logistics Business Segment)

In the international logistics business, financial results at Toll worsened reflecting the fall in commodity prices and the slowdown in the Australian and Chinese economies. Given this background, Toll's senior management was changed in January 2017, who since then has been building a sound foundation mainly through cost reduction measures including reducing headcount and unification of divisions for the improvement of Toll's financial results and future growth.

Although these initiatives have been taken, mainly due to the above impact of the fall in commodity prices and the slowdown in the Australian and Chinese economies, in the international logistics business for the fiscal year ended March 31, 2017, ordinary income amounted to ¥644,979 million and net ordinary loss amounted to ¥414 million. In addition, operating income amounted to ¥644,416 million and net operating income amounted to ¥5,642 million in the international logistics business of Japan Post Co. for the fiscal year ended March 31, 2017.

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

(Banking Business Segment)

In the banking business, at Japan Post Bank, we made efforts toward "securing the customer base and strengthen the fee businesses," "promoting sophisticated investment by enhancing assets in the satellite portfolio," and "enhancing the internal control system and strengthen the business foundation."

As a result of these efforts, in the banking business for the fiscal year ended March 31, 2017, deposit balance of Japan Post Bank as of March 31, 2017 was ¥179,434,686 million (up ¥1,562,699 million year-on-year). In the adverse business environment from factors such as a low interest rate trend, although net other operating income increased mainly due to an increase in gains (losses) on foreign exchange transactions, while net interest income decreased mainly due to a decrease in interest on Japanese government bonds, ordinary income amounted to ¥1,897,292 million (down ¥71,694 million year-on-year), and net ordinary income amounted to ¥442,117 million (down ¥39,857 million year-on-year).

(Life Insurance Business Segment)

In the life insurance business, Japan Post Insurance has remained true to the social mission of Postal Life

Insurance, which marked the 100th anniversary of its founding in 2016, of “protecting the means of fundamental livelihood of the public through simple procedures.” At the same time, Japan Post Insurance endeavored to provide simple and easy-to-understand life insurance products with small coverage amounts and heartfelt customer services under its stated management philosophy of “Being a trustful partner for people, always being close at hand and endeavoring to protect their well-being.” This fiscal year, Japan Post Insurance worked mainly on “deployment of administrative and IT system,” “enhancing sales force of distribution channel,” “product development corresponding to customers’ needs and improvement of services for older adult,” “improving capacity for earnings from investment,” and “enhancing internal control system.”

As a result of these initiatives, in the life insurance business for the fiscal year ended March 31, 2017, 2,441 thousand new policies (individual insurance) with a policy amount of ¥7,847,481 million, and 10 thousand new policies (individual annuity insurance) with a policy amount of ¥39,797 million were acquired. However, due to a decrease in the number of policies in force owing to the maturity of Postal Life Insurance, ordinary income amounted to ¥8,659,444 million (down ¥946,299 million year-on-year) and net ordinary income amounted to ¥279,777 million (down ¥131,726 million year-on-year).

(Financial results forecast for the fiscal year ending March 31, 2018)

With regard to the consolidated financial results forecast for the fiscal year ending March 31, 2018, ordinary income of ¥12,460,000 million, net ordinary income of ¥780,000 million and net income attributable to Japan Post Holdings of ¥400,000 million are anticipated.

The forecast of segment profit by segment (net ordinary income for each segment) is as follows:

・Postal and domestic logistics business	¥4,000	million
・Post office business	¥13,000	million
・International logistics business	¥3,000	million
・Banking business	¥490,000	million
・Life insurance business	¥250,000	million

In addition, net income forecasts at the principal subsidiaries are as follows.

At Japan Post Co. (consolidated), partly due to factors including an increase in welfare annuity insurance premiums and a rise in unit personnel expenses for fixed-term employees associated with difficulties in securing manpower, net income attributable to Japan Post Co. is forecast at ¥13,000 million (up ¥398,235 million year-on-year).

At Japan Post Bank, although low interest rate trend is expected to continue, net income is forecast at ¥350,000 million (up ¥37,735 million year-on-year), as a result of efforts such as promoting diversified and sophisticated investment and strengthening the fee businesses.

At Japan Post Insurance (consolidated), due to the impact of a decrease in investment income, net income attributable to Japan Post Insurance is forecast at ¥86,000 million (down ¥2,596 million year-on-year). In addition, regarding net income attributable to Japan Post Insurance, an increase by an estimated ¥30.0 billion is anticipated as a result of a transfer of fixed assets (refer to “Notice Regarding Transfer of Fixed Assets” announced on May 15, 2017 by Japan Post Insurance). However, since the details regarding the transfer have yet to be decided, the said amount has not been included in the forecast figures.

In addition, at Japan Post Holdings (consolidated), it anticipates extraordinary losses of ¥37,000 million arising from post office refurbishment expenses, etc., as well as net income attributable to non-controlling interests of ¥50,000 million.

(2) Explanation of Financial Position

1) Condition of assets, liabilities and net assets

Consolidated total assets were ¥293,162,545 million, an increase of ¥1,215,465 million from the end of the previous fiscal year.

Major factors include an increase in cash and due from banks of ¥5,054,507 million and an increase in receivables under securities borrowing transactions of ¥1,307,807 million, as well as a decrease in securities of ¥5,399,809 million and a decrease in call loans of ¥718,837 million.

Consolidated total liabilities were ¥278,207,964 million, an increase of ¥1,436,972 million from the end of the previous fiscal year.

Major factors include an increase in deposits of ¥1,914,130 million and an increase in payables under securities lending transactions of ¥1,811,324 million, as well as a decrease in policy reserves of ¥2,187,268 million.

Consolidated total net assets were ¥14,954,581 million, a decrease of ¥221,506 million from the end of the previous fiscal year.

Major factors include an increase in net deferred gains (losses) on hedges of ¥269,442 million, as well as a decrease in retained earnings of ¥231,801 million and net unrealized gains (losses) on available-for-sale securities of ¥213,018 million.

2) Cash flows

Cash and cash equivalents at the end of the current fiscal year were ¥53,225,675 million, an increase of ¥5,084,517 million from the beginning of the current fiscal year.

(Cash flows from operating activities)

Net cash used in operating activities amounted to ¥991,123 million (compared to net cash provided by operating activities of ¥787,989 million for the fiscal year ended March 31, 2016), as a result of investment and procurement of funds in the banking business, along with income from insurance policies and payment of insurance claims, etc. in the life insurance business.

(Cash flows from investing activities)

Net cash provided by investing activities amounted to ¥6,300,698 million (down ¥5,311,353 million in inflow year-on-year), as a result of cash inflows mainly due to proceeds from sale and redemption of securities in the banking business and life insurance business, as well as cash outflows mainly due to purchases of securities.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥225,199 million (up ¥163,147 million in outflow year-on-year), as a result of cash dividends paid by the Company, etc.

(3) Basic Policy on Profit Distribution and Dividends for the Current Fiscal Year and Next Fiscal Year

The Company considers returning profits to shareholders to be an important management measure and sets out its basic policy to continuously provide stable return to shareholders, in accordance with the results of operation.

With regard to dividends from retained earnings, the Company aims to provide stable returns to shareholders while maintaining required internal reserves and paying attention to capital efficiency. Accordingly, until the year ending March 31, 2018, the Company intends to sustain stable dividends per share, while maintaining a consolidated dividend payout ratio of roughly 50% or higher.

The decision-making body concerning dividends from retained earnings is set to be the Board of Directors as per the provisions of the Articles of Incorporation in order to ensure flexible management operations. In addition, it is stipulated that dividends from retained earnings be paid with March 31 and September 30 of each year as record dates.

With regard to dividends from retained earnings for which the record date falls in the fiscal year ended March 31, 2017, based on a comprehensive judgment of the financial results and other factors, the amount of dividends will be ¥50 (of which interim dividends of ¥25) per share. Meanwhile, dividends for the next fiscal year are scheduled to be ¥50 (of which interim dividends of ¥25) per share, taking into consideration the financial results forecasts, dividend payout ratio, stability of dividends and other factors.

Internal reserves will be utilized mainly for investments to capture growth opportunities and capital policies with awareness on capital efficiency, aiming at enhancement of corporate value.

In accordance with Article 11 of the Act on Japan Post Holdings Co., Ltd., payment of dividends from retained earnings or other appropriation of retained earnings (excluding disposition of loss) of the Company shall not be effective without approval of the Minister for Internal Affairs and Communications.

2. Management Policy

(1) Basic Management Policy of the Group

The management philosophy and management policy of the Japan Post Group are as below.

1) Japan Post Group Management Philosophy

Stressing the security and confidence of the Japan Post Group network, the Group, as a private corporation, is demonstrating creativity and efficiency to the greatest extent possible and will provide customer-oriented services, support the lives of customers in local communities and aim for the happiness of customers and employees. The Group will also pursue managerial transparency on its own, observe rules and contribute to the development of society and the region.

2) Group Management Policy

1) We will duly consider our customers' lives, exercise our creativity and provide through our nationwide network a selection of products and services needed by customers in every stage of their lives.
2) We will establish effective corporate governance and compliance programs, including internal audits and internal controls.
3) We will maintain the transparency of the Group's operations through the timely and proper disclosure of information, the appropriate use of intra-group transactions and other activities.
4) We aim for the Group's sustainable growth and a mid-to-long term improvement in our corporate value.
5) We will create opportunities for all employees, business partners and the community to mutually cooperate and for each and every employee to grow.

(2) Medium and Long Term Management Strategy and Issues to be Addressed

In April 2015, the Japan Post Group announced the new medium-term management plan for fiscal year 2016 to fiscal year 2018, "Japan Post Group Medium-term Management Plan- New Japan Post Group Network Creation Plan 2017."

The Plan sets a new goal for the Group to evolve into a "Total lifestyle support corporate group" in the future, all the while overcoming new three challenges: "Pursuing greater profitability," "Improving productivity," and "Corporate governance and the return of profits to shareholders appropriate for listed companies." In addition, in order to pursue these challenges, the entire Group will tackle the "strategies for business growth and development," which include revival of the postal and logistics business and vitalization of the post office network. We will also seek to address the "group strategies that support network expansion and the evolution of functions," which include more active usages of IT and investments in facilities and equipment.

The Company, in fiscal year 2018 as well, is working to establish and secure implementation of each group company's basic management policy in order to secure universal services of mail, savings deposits, and insurance and provide steady services preserving and using the post office network.

In accordance with the Postal Service Privatization Act, the Company is making required preparations to dispose its entire equity interest in the two financial companies as early as possible, upon consideration of the condition of business of both companies, impact on fulfilling its obligation to secure universal services and other factors.

In addition, group management will be undertaken for the enhancement of the Japan Postal Group's corporate value and steadily promoting the bolstering of earnings and business efficiency of each group company based on the above policy. Together with this, in order to resolve the management challenges faced by the Japan Post Group, management as a holding company is being carried out to deepen ties with each group company and provide necessary support. In order to strengthen corporate governance, while working towards increasing internal controls in the entire group, with improvement of compliance standards as the main challenge, necessary support and guidance is provided to each group company and initiatives to prevent misconduct and incidents are promoted and managed.

Moreover, continuously, in order to maintain the utility and public value of the services each group company offers, each group will continue implementing initiatives to increase customer satisfaction and CSR activities and providing reconstruction aid to the Great East Japan Earthquake and the 2016 Kumamoto Earthquakes based on the Japan Post Group's responsibility to society.

3. Basic Approach Concerning Selection of Accounting Standards

The Company is considering the future adoption of IFRS to improve international comparability of financial information.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Cash and due from banks	48,258,991	53,313,498
Call loans	1,338,837	620,000
Receivables under securities borrowing transactions	10,931,820	12,239,627
Monetary claims bought	608,659	279,776
Trading account securities	187	9
Money held in trust	5,205,658	5,944,951
Securities	207,720,339	202,320,530
Loans	11,520,487	12,125,022
Foreign exchanges	25,328	78,646
Other assets	1,547,434	1,792,201
Tangible fixed assets	3,168,469	3,206,394
Buildings	1,175,028	1,178,216
Land	1,559,628	1,567,222
Construction in progress	96,393	123,214
Other tangible fixed assets	337,419	337,742
Intangible fixed assets	796,091	345,889
Software	337,932	325,700
Goodwill	414,385	3,053
Other intangible fixed assets	43,773	17,136
Asset for retirement benefits	27,629	35,697
Deferred tax assets	729,307	868,118
Customers’ liabilities for acceptances and guarantees	75,000	-
Reserve for possible loan losses	(7,163)	(7,819)
Total assets	291,947,080	293,162,545

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Deposits	176,090,188	178,004,318
Call money	22,536	45,436
Payables under repurchase agreements	554,522	960,937
Policy reserves and others	74,934,165	72,525,176
Reserve for outstanding claims	635,167	577,376
Policy reserves	72,362,503	70,175,234
Reserve for policyholder dividends	1,936,494	1,772,565
Payables under securities lending transactions	16,772,037	18,583,361
Commercial papers	-	40,324
Foreign exchanges	338	407
Other liabilities	3,910,119	3,587,312
Reserve for bonuses	103,755	101,979
Liability for retirement benefits	2,281,439	2,279,156
Reserve for management board benefit trust	-	253
Reserve for reimbursement of deposits	-	2,096
Reserve under the special laws	782,268	788,712
Reserve for price fluctuations	782,268	788,712
Deferred tax liabilities	1,244,621	1,288,491
Acceptances and guarantees	75,000	-
Total liabilities	276,770,992	278,207,964
Net assets		
Capital stock	3,500,000	3,500,000
Capital surplus	4,134,853	4,135,414
Retained earnings	3,525,932	3,294,130
Treasury stock	(730,964)	(731,992)
Total shareholders’ equity	10,429,821	10,197,552
Net unrealized gains (losses) on available-for-sale securities	3,318,181	3,105,162
Net deferred gains (losses) on hedges	(373,232)	(103,790)
Foreign currency translation adjustments	(56,856)	(80,730)
Accumulated adjustments for retirement benefits	379,835	333,571
Total accumulated other comprehensive income	3,267,928	3,254,213
Non-controlling interests	1,478,338	1,502,815
Total net assets	15,176,088	14,954,581
Total liabilities and net assets	291,947,080	293,162,545

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Ordinary income	14,257,541	13,326,534
Postal business income	2,423,530	2,524,315
Banking business income	1,967,489	1,895,552
Life insurance business income	9,605,645	8,659,363
Other ordinary income	260,875	247,302
Ordinary expenses	13,291,300	12,531,297
Operating expenses	10,506,104	9,672,884
Personnel expenses	2,556,654	2,594,617
Depreciation and amortization	214,340	249,717
Other ordinary expenses	14,200	14,078
Net ordinary income	966,240	795,237
Extraordinary gains	15,200	10,268
Gains on sales of fixed assets	5,529	958
Gains on negative goodwill	849	-
Compensation for transfer	2,675	1,329
Compensation income	215	66
Settlement received	2,825	4,041
Gains on transfer of business	2,315	3,653
Other extraordinary gains	789	219
Extraordinary losses	132,493	481,938
Losses on sales and disposal of fixed assets	7,044	5,757
Losses on impairment of fixed assets	13,396	419,479
Provision for reserve under the special laws	70,100	6,444
Provision for reserve for price fluctuations	70,100	6,444
Post office refurbishment expenses	36,066	20,309
Other extraordinary losses	5,884	29,947
Provision for reserve for policyholder dividends	178,004	152,679
Income before income taxes	670,943	170,887
Income taxes current	329,971	279,057
Income taxes deferred	(93,361)	(123,960)
Total income taxes	236,610	155,097
Net income	434,333	15,790
Net income attributable to non-controlling interests	8,361	44,767
Net income (loss) attributable to Japan Post Holdings	425,972	(28,976)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net income	434,333	15,790
Other comprehensive loss	(612,328)	(6,923)
Net unrealized gains (losses) on available-for-sale securities	(784,319)	(239,357)
Net deferred gains (losses) on hedges	270,142	302,793
Foreign currency translation adjustments	(57,200)	(23,918)
Adjustments for retirement benefits	(40,940)	(46,444)
Share of other comprehensive income (loss) of affiliates	(9)	3
Comprehensive income (loss)	(177,994)	8,867
Total comprehensive income (loss) attributable to:		
Japan Post Holdings	(196,288)	(42,684)
Non-controlling interests	18,293	51,551

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	3,500,000	4,503,856	3,149,937	-	11,153,793
Changes in the fiscal year					
Cash dividends			(50,100)		(50,100)
Net income attributable to Japan Post Holdings			425,972		425,972
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		(369,002)			(369,002)
Purchases of treasury stock				(730,964)	(730,964)
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 fiscal year					
Net changes in the fiscal year	-	(369,002)	375,995	(730,964)	(723,971)
Balance at the end of the fiscal year	3,500,000	4,134,853	3,525,932	(730,964)	10,429,821

	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 (loss)		
Balance at the beginning of the fiscal year	4,389,261	(666,430)	160	422,048	4,145,039	2,728	15,301,561
Changes in the fiscal year							
Cash dividends							(50,100)
Net income attributable to Japan Post Holdings							425,972
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders							(369,002)
Purchases of treasury stock							(730,964)
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 fiscal year	(1,071,079)	293,197	(57,016)	(42,212)	(877,111)	1,475,609	598,498
Net changes in the fiscal year	(1,071,079)	293,197	(57,016)	(42,212)	(877,111)	1,475,609	(125,473)
Balance at the end of the fiscal year	3,318,181	(373,232)	(56,856)	379,835	3,267,928	1,478,338	15,176,088

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	3,500,000	4,134,853	3,525,932	(730,964)	10,429,821
Changes in the fiscal year					
Cash dividends			(205,834)		(205,834)
Net loss attributable to Japan Post Holdings			(28,976)		(28,976)
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		560			560
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 fiscal year					
Net changes in the fiscal year	-	560	(231,801)	(1,028)	(232,269)
Balance at the end of the fiscal year	3,500,000	4,135,414	3,294,130	(731,992)	10,197,552

	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 (loss)		
Balance at the beginning of the fiscal year	3,318,181	(373,232)	(56,856)	379,835	3,267,928	1,478,338	15,176,088
Changes in the fiscal year							
Cash dividends							(205,834)
Net loss attributable to Japan Post Holdings							(28,976)
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders							560
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 fiscal year	(213,018)	269,442	(23,873)	(46,264)	(13,714)	24,476	10,762
Net changes in the fiscal year	(213,018)	269,442	(23,873)	(46,264)	(13,714)	24,476	(221,506)
Balance at the end of the fiscal year	3,105,162	(103,790)	(80,730)	333,571	3,254,213	1,502,815	14,954,581

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities:		
Income before income taxes	670,943	170,887
Depreciation and amortization	214,340	249,717
Losses on impairment of fixed assets	13,396	419,479
Amortization of goodwill	16,186	20,720
Equity in (earnings) losses of affiliates	(1,070)	(1,670)
Gains on negative goodwill	(849)	-
Net change in reserve for outstanding claims	(82,988)	(57,790)
Net change in policy reserves	(2,750,098)	(2,187,268)
Provision for interest on policyholder dividends	132	25
Provision for reserve for policyholder dividends	178,004	152,679
Net change in reserve for possible loan losses	157	599
Net change in reserve for bonuses	6,647	(1,826)
Net change in asset and liability for retirement benefits	(4,671)	(10,585)
Net change in reserve for management board benefit trust	-	253
Net change in reserve for reimbursement of deposits	-	2,096
Net change in reserve for price fluctuations	70,100	6,444
Interest and dividend income	(1,310,307)	(1,227,083)
Interest expenses	8,910	9,267
Interest income (accrual basis)	(1,731,217)	(1,567,512)
Interest expenses (accrual basis)	374,414	348,720
Net (gains) losses on securities	(15,366)	50,948
Net (gains) losses on money held in trust	(138,807)	(139,465)
Net (gains) losses on foreign exchanges	275,323	(76,337)
Net (gains) losses on sales and disposal of fixed assets	1,324	4,760
Net change in loans	240,481	(1,523,548)
Net change in deposits	392,991	1,914,130
Net change in negotiable certificates of deposit	620,000	20,000
Net change in call loans	923,288	433,886
Net change in receivables under securities borrowing transactions	450,855	(795,676)
Net change in call money	577,058	429,316
Net change in commercial papers	-	40,324
Net change in payables under securities lending transactions	(446,640)	570,736
Net change in foreign exchanges (assets)	24,003	(53,318)
Net change in foreign exchanges (liabilities)	72	68
Interest received (cash basis)	1,875,027	1,616,246
Interest paid (cash basis)	(234,726)	(449,749)
Other, net	(103,441)	(47,529)
Subtotal	113,476	(1,678,052)
Interest and dividend income received	1,378,609	1,316,965
Interest expenses paid	(8,482)	(8,833)
Policyholder dividends paid	(316,246)	(316,351)
Income taxes paid	(382,374)	(308,743)
Other, net	3,007	3,892
Net cash provided by (used in) operating activities	787,989	(991,123)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from investing activities:		
Purchases of call loans	(36,244,900)	(26,495,000)
Proceeds from redemption of call loans	36,330,328	26,705,000
Purchases of monetary claims bought	(2,508,852)	(1,616,999)
Proceeds from sale and redemption of monetary claims bought	2,474,034	2,018,804
Net change in receivables under securities borrowing transactions	(287,734)	(512,131)
Net change in payables under securities lending transactions	(10,013)	1,240,587
Purchases of securities	(29,499,406)	(29,585,329)
Proceeds from sale of securities	10,117,962	4,108,365
Proceeds from redemption of securities	32,128,938	30,029,745
Purchases of money held in trust	(1,250,400)	(229,645)
Proceeds from sale of money held in trust	626,748	54,947
Payments for loans	(1,172,737)	(1,065,652)
Proceeds from collection of loans	2,171,636	1,982,971
Purchases of tangible fixed assets	(321,182)	(239,415)
Proceeds from sale of tangible fixed assets	16,277	4,140
Purchases of intangible fixed assets	(108,021)	(87,467)
Purchases of stocks of subsidiaries and affiliates	(964)	-
Proceeds from sale of stocks of subsidiaries and affiliates	-	44
Purchases of stocks of subsidiaries resulting in change in the scope of consolidation	(575,521)	-
Proceeds from purchases of stocks of subsidiaries resulting in change in the scope of consolidation	1,210	-
Payments due to sale of stocks of subsidiaries resulting in change in the scope of consolidation	-	(65)
Proceeds from sale of stocks of subsidiaries resulting in change in the scope of consolidation	-	611
Other, net	(275,349)	(12,815)
Net cash provided by investing activities	11,612,051	6,300,698
Cash flows from financing activities:		
Proceeds from borrowings	53,235	123,633
Repayments of borrowings	(39,730)	(80,643)
Redemption of bonds	(23,483)	(33,827)
Purchases of treasury stock	(730,964)	(1,042)
Purchases of treasury stock by subsidiaries	-	(956)
Proceeds from disposals of treasury stock by subsidiaries	-	0
Dividends paid	(50,100)	(205,626)
Dividends paid to non-controlling interests	(493)	(25,293)
Purchases of stocks of subsidiaries that do not result in change in the scope of consolidation	(39)	-
Proceeds from sale of stocks of subsidiaries that do not result in change in the scope of consolidation	730,964	-
Other, net	(1,439)	(1,443)
Net cash used in financing activities	(62,051)	(225,199)
Effect of exchange rate changes on cash and cash equivalents	(2,343)	(1,425)
Net change in cash and cash equivalents	12,335,646	5,082,949
Cash and cash equivalents at the beginning of the year	35,805,379	48,141,158
Increase in cash and cash equivalents resulting from change in the scope of consolidation	-	1,567
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	131	-
Cash and cash equivalents at the end of the year	48,141,158	53,225,675

(5) Notes to Consolidated Financial Statements

(Notes on Going-Concern Assumption)

None

(Basis of Presentation of Consolidated Financial Statements)

1. Scope of consolidation

(1) Consolidated subsidiaries: 274

Principal companies:

Japan Post Co., Ltd.

Japan Post Bank Co., Ltd.

Japan Post Insurance Co., Ltd.

Japan Post Maintenance Co., Ltd., which was a non-consolidated subsidiary, is included in the scope of consolidation from the current fiscal year due to an increase in its materiality because of the merger with Nippan Co., Ltd. and Universal Technics Co., Ltd., which were non-consolidated subsidiaries. Japan Post Finance Co., Ltd. and 3 of Toll's subsidiaries are excluded from the scope of consolidation from the current fiscal year due to the sale of their stocks. 13 of Toll's subsidiaries are excluded from the scope of consolidation from the current fiscal year due to liquidation.

(2) Non-consolidated subsidiaries: 1

Tokyo Beiyu Co., Ltd.

This non-consolidated subsidiary is excluded from the scope of consolidation because its assets, ordinary income, net income (loss) (amount corresponding to the Group's equity position), retained earnings (amount corresponding to the Group's equity position), accumulated other comprehensive income (amount corresponding to the Group's equity position) and others are immaterial and the exclusion of this company from the scope of consolidation does not hinder a reasonable understanding of the Group's financial position and results of operations.

2. Application of the equity method

(1) Non-consolidated subsidiaries accounted for by the equity method

None

(2) Affiliates accounted for by the equity method: 24

JA Foods Oita Co., Ltd.

Ring Bell Co., Ltd.

Saison Asset Management Co., Ltd.

SDP Center Co., Ltd.

ATM Japan Business Service, Ltd.

JP Asset Management Co., Ltd.

Toll's affiliates

1 of Toll's affiliates is included in the scope of the equity method from the current fiscal year due to the acquisition of its stock. 1 of Toll's affiliates is excluded from the scope of the equity method from the current fiscal year due to the sale of its stock.

(3) Non-consolidated subsidiaries not accounted for by the equity method: 1

Tokyo Beiyu Co., Ltd.

This non-consolidated subsidiary is excluded from the scope of the equity method because its net income (loss) (amount corresponding to the Group's equity position), retained earnings (amount corresponding to the Group's equity position), accumulated other comprehensive income (amount corresponding to the Group's equity position) and others are immaterial and the exclusion of this company from the scope of the equity method does not hinder a reasonable understanding of the Group's financial position and results of operations.

(4) Affiliates not accounted for by the equity method

None

3. Fiscal year-end dates of consolidated subsidiaries

(1) Fiscal year-end dates of consolidated subsidiaries

June 30:	5
December 31:	35
March 31:	234

(2) Subsidiaries with a fiscal year-end date of June 30 and December 31 are consolidated using the preliminary financial statements.

4. Summary of significant accounting policies

(1) Valuation criteria and methods for trading account securities

Trading account securities are carried at fair value.

(2) Valuation criteria and methods for securities

1) Held-to-maturity bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method. In accordance with "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry" (Japanese Institute of Certified Public Accountants ("JICPA") Industry Audit Committee Report No. 21), policy-reserve-matching bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method. Investments in non-consolidated subsidiaries and affiliates that are not accounted for by the equity method are carried at cost and the cost of these securities sold is calculated using the moving-average method. Available-for-sale securities are carried at their fiscal year-end market price, of which average market prices during the final month of the fiscal year is used to value stocks and stock mutual funds. Cost of securities sold is calculated using the moving-average method. Available-for-sale securities with no available market prices are carried at cost using the moving-average method or amortized cost (the straight-line method) as it is extremely difficult to determine fair value for these securities.

Net unrealized gains (losses) on available-for-sale securities (including net unrealized gains (losses) arising from fluctuations in foreign exchange, but excluding cases where the fair value hedge accounting method is applied to hedge exposure to the risks of foreign exchange fluctuations), net of income taxes, are included in net assets.

2) Securities included in money held in trust are carried using the same method used for securities mentioned above. Net unrealized gains (losses) on money held in trust classified as other than trading and held-to-maturity, net of income taxes, are included in net assets.

(3) Valuation criteria and methods for derivative transactions

All derivative transactions are valued at fair value.

(4) Depreciation methods of fixed assets

1) Tangible fixed assets (excluding leased assets)

Depreciation of tangible fixed assets is computed using the straight-line method.

Useful lives of principal assets are as follows:

Buildings:	2-50 years
Others:	2-75 years

2) Intangible fixed assets (excluding leased assets)

Amortization of intangible fixed assets is computed using the straight-line method. The capitalized development costs of software intended for internal use are amortized over the expected useful lives (mainly 5 years) determined by the Company and its consolidated subsidiaries, and trademark rights are amortized over a period determined in accordance with their cause of occurrence (mainly 20 years).

3) Leased assets

Leased assets under finance lease arrangements that transfer the ownership of leased property to the lessee are depreciated using the same method applied to company-owned tangible assets.

Leased assets under finance lease arrangements that do not transfer the ownership of leased property to the lessee are depreciated to the residual value of zero or guaranteed value using the straight-line method over the lease term.

(5) Recognition of reserve for possible loan losses

1) For reserve for possible loan losses of the Company and its consolidated subsidiaries other than Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd., allowance is provided for general accounts receivable using a rate determined based on past bad debt experience. In addition, a reserve is provided for specific loans such as loans to bankrupt or effectively/substantially bankrupt borrowers at the estimated amount considered uncollectible based on review of the respective nature of loans.

2) Reserve for possible loan losses of Japan Post Bank Co., Ltd. is provided for in accordance with the write-off and provision standards as described below:

In accordance with “Practical Guidance for Checking Internal Controls for Self-Assessments of Assets by Banks and Other Financial Institutions and for Audits of Loans Written Off and Loan Loss Allowance Provisions” JICPA, Special Committee for Audits of Banks, etc., Report No. 4), loans to normal borrowers and borrowers with collectability risks are classified into certain groups, and an allowance is provided for each group based on the estimated rate of loan losses. For loans to borrowers with collectability risks, an allowance is provided for based on an amount net of amounts expected to be collected through disposal of collateral or through execution of guarantees, and the amount considered to be necessary based on a solvency assessment. For loans to bankrupt or substantially bankrupt borrowers, an allowance is provided for based on an amount net of amounts expected to be collected through disposal of collateral or through execution of guarantees.

All loans are assessed initially by the marketing and other departments based on internal rules for self-assessment of asset quality. The asset evaluation department, which is independent from the marketing and other departments, reviews these self-assessments.

3) Reserve for possible loan losses of Japan Post Insurance Co., Ltd. is provided pursuant to its standards for self-assessment of asset quality, and general allowance is provided using a rate determined by past bad debt experience. In addition, specific allowances, which are determined after reviewing individual collectability of accounts, are recorded.

All loans and claims are assessed initially by the relevant departments based on internal rules for self-assessment of asset quality. The asset evaluation department, which is independent from the relevant departments, reviews these self-assessments. The above allowances are made based on the result of this assessment.

(6) Reserve for bonuses

To provide for the payment of bonuses to employees, a reserve is provided in the amount expected to be incurred at the end of the fiscal year based on the projected obligations as of the end of the fiscal year.

(7) Reserve for management board benefit trust

For the Company and its certain consolidated subsidiaries to provide for the payment of the Company’s shares, etc. to Executive Officers and other management based on the rules set by each company, a reserve is provided in the amount expected to be incurred at the end of the fiscal year based on the estimated amount of stock benefit obligations at the end of the fiscal year.

(8) Reserve for reimbursement of deposits

To provide for requests for refunds by depositors with regard to deposits that are no longer recorded as liabilities, a reserve is provided in recognition of the estimated amount of losses to be incurred in accordance with future requests for refunds.

(9) Accounting method for retirement benefits

1) In calculating the projected benefit obligation, the benefit formula basis is used to attribute the expected benefit to respective service period. Treatment of prior service cost and actuarial difference are accounted for as follows.

Prior service cost	Prior service cost is amortized using the straight-line method over a fixed period (8-14 years) within the estimated average remaining service period

	for employees in the fiscal year in which the difference is incurred.
Actuarial difference	Actuarial difference is amortized based on a proportional amount using the straight-line method over a fixed period (8-14 years) within the estimated average remaining service period for employees from the fiscal year following the respective fiscal year in which the difference is incurred.

2) Charges for the pension program of national public service personnel associated with pension benefits for the service period until December 1958 of those personnel who had worked in postal services for the former Ministry of Communications and the former Ministry of Posts and Telecommunications and retired after January 1959 (hereinafter referred to as “share of public service pension”) are recognized as part of “asset for retirement benefits.”

The Company has established retirement benefit trusts for the above pension program.

The actuarial difference is amortized using the straight-line method over a fixed period (10 years) within the estimated average remaining payment periods for eligible personnel from the fiscal year after the difference incurred.

The prior service cost is amortized using the straight-line method over a fixed period (10 years) within the estimated average remaining payment periods of eligible personnel when incurred.

3) Charges for the pension program of national public service personnel associated with pension benefits for those personnel who had worked in postal services for the former Ministry of Communications and the former Ministry of Posts and Telecommunications and retired by December 1958 (hereinafter referred to as “share of another public service pension”) are recognized as part of “liability for retirement benefits.”

The Company has established retirement benefit trusts for the above pension program.

The actuarial difference is amortized using the straight-line method over a fixed period (5 years) within the estimated average remaining payment periods of eligible personnel from the fiscal year after the difference incurred.

(10) Translation of assets and liabilities denominated in foreign currencies into Japanese yen

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

(11) Hedge accounting

1) Hedge accounting for interest rate risks

The Company and its consolidated subsidiaries apply deferred hedge accounting to account for transactions they enter into to hedge interest rate risks on financial assets and liabilities.

The Company and its consolidated subsidiaries design its hedges such that the nature of the hedged items and hedging instruments are highly correlated to ensure that the hedges are highly effective. This design is consistent with the requirements for the exceptional treatment, under which eligible interest rate swap contracts are accounted for on an accrual basis. In addition, the Company and its consolidated subsidiaries apply the exceptional treatment for certain interest swap contracts that meet the criteria for the exceptional accrual method for interest rate swaps.

2) Hedge accounting for foreign exchange risks

The Company and its consolidated subsidiaries apply deferred hedge accounting, fair value hedges, or the accounting method translating foreign currency receivables at forward rates to reduce its exposure to foreign exchange rates for the net unrealized gains (losses) on available-for-sale securities.

In order to hedge risks arising from volatility of exchange rates for securities denominated in foreign currencies, the Company and its subsidiaries apply portfolio hedges, on the conditions that the hedged foreign securities are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the cost of the hedged foreign securities denominated in the same foreign currencies.

For individual hedges, the Company designs its hedges such that the nature of the hedged items and hedging instruments are highly correlated to ensure that the hedges are highly effective.

(12) Amortization method of goodwill and amortization period

Goodwill is amortized for a period up to 20 years depending on the cause of amortization using the straight-line method. Goodwill deemed immaterial, however, is expensed as incurred.

(13) Reserve for price fluctuations

Reserve for price fluctuations is computed based on Article 115 of the Insurance Business Act.

(14) Scope of funds in consolidated statements of cash flows

Cash and cash equivalents consists of cash on hand, deposits that can be withdrawn at any time, short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value (excluding negotiable certificates of deposit held by the banking subsidiary included in "cash and due from banks") and bank overdrafts treated equally as cash equivalents in fund management (negative cash equivalents).

(15) Principal matters serving as the basis for preparing financial statements

1) Consumption taxes

All figures are net of consumption taxes.

2) Consolidated tax payment system

The Company and certain consolidated subsidiaries adopt the consolidated tax payment system, under which Japan Post Holdings Co., Ltd. is the parent company.

3) Method of accumulating policy reserves

Policy reserves are reserves provided in accordance with Article 116 of the Insurance Business Act. Policy reserves are recognized based on the following methodology:

(a) Reserves for contracts subject to the standard policy reserve are computed in accordance with the method prescribed by the Commissioner for Finance Services Agency (Ordinance No. 48 issued by the Ministry of Finance in 1996).

(b) Reserves for the other contracts are computed based on the net level premium method.

Pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, effective from the year ended March 31, 2011, additional policy reserves are accumulated over a 10-year period for a portion of reinsurance contracts from the Management Organization for Postal Savings and Postal Life Insurance, which is an independent administrative institution. As a result, the amounts of provision for policy reserves for the current fiscal year were ¥180,359 million.

(Additional Information)

Effective from the fiscal year ended March 31, 2017, the Company has adopted Implementation Guidance on Recoverability of Deferred Tax Assets (Accounting Standards Board of Japan (ASBJ) Guidance No. 26, March 28, 2016).

(Notes to Consolidated Balance Sheets)

1. Total amount of stocks of non-consolidated subsidiaries and affiliates ¥16,889 million

2. Unsecured borrowed securities and securities borrowed with cash collateral for which the Group has the right to sell or pledge amounted to ¥12,415,331 million.

3. There were no insolvent loans, non-accrual delinquent loans, past-due loans (three months or more), and restructured loans.

4. Assets pledged as collateral were as follows:

Assets pledged as collateral:

Securities	¥30,128,061 million

Liabilities corresponding to assets pledged as collateral:

Deposits	¥11,150,781 million
Payables under repurchase agreements	¥960,937 million

Payables under securities lending transactions ¥18,583,361 million

In addition to the above, cash and due from banks of ¥61 million and securities of ¥697,785 million are pledged as collateral for overdraft transactions with the Bank of Japan, exchange settlements, derivative transactions and other transactions, deposits for variation margins of future market transactions, and other purposes.

"Other assets" include deposits for variation margins of future market transactions of ¥124,102 million, guarantee deposits of ¥15,180 million, deposits for variation margins to Central Counterparty of ¥125,475 million and cash collateral paid for financial instruments of ¥38,062 million.

5. The consolidated balance sheet amount, fair value and the outline of the risk management policy regarding policy-reserve-matching bonds are as follows:
   (1) The consolidated balance sheet amount and the fair value of the policy-reserve-matching bonds are ¥12,517,334 million and ¥13,697,410 million, respectively.
   (2) The outline of the risk management policy regarding policy-reserve-matching bonds is as follows:
   Japan Post Insurance Co., Ltd. categorizes their insurance products into the sub-groups below based on the attributes of each product in order to manage risks arising from fluctuations in interest rates of assets and liabilities, and adopts the management policy where the duration gap between policy-reserve-matching bonds and policy reserves by sub-groups are reconciled within a certain range and the duration gap is periodically checked.
   1) Postal life insurance contracts (insurance contracts with less than 20 years remaining)
   2) Japan Post Insurance life insurance contracts (general) (all insurance contracts)
   3) Japan Post Insurance life insurance contracts (lump sum payment annuity) (excluding certain types of insurance)

   (Additional information)
   While the sub-group of Japan Post Insurance life insurance contracts (general) consisted of insurance contracts with less than 20 years remaining, due to the increase in policy reserves with more than 20 years remaining, the sub-group has been changed to consist of all insurance products in the general category from the year ended March 31, 2017. There is no impact on profit or loss as a result of this change.

6. Contracts of overdraft facilities and loan commitments are contracts with customers to lend funds up to a certain limit agreed in advance. Japan Post Bank Co., Ltd. will make the loans upon the request of an obligor to draw down funds under such loan agreements based on various terms and conditions stipulated in the relevant loan agreement. The unused commitments on loans amounted to ¥19,548 million. Of this amount, there were no loans with a term of less than one year and loans that may be cancelled unconditionally at any point of time.

   In many cases, the term of the agreement runs its course without the loan ever being drawn down. Therefore, the unused amount will not necessarily affect future cash flows of Japan Post Bank Co., Ltd. Conditions are included in certain loan agreements that allow Japan Post Bank Co., Ltd. to decline the request for a loan draw-down when there is due cause to do so, such as when there is a change in financial condition or when it is necessary to protect Japan Post Bank Co., Ltd.'s credit. At the inception of contracts, Japan Post Bank Co., Ltd. has the obligor pledge collateral to Japan Post Bank Co., Ltd. in the form of real estate, securities, etc., if considered to be necessary. Subsequently, Japan Post Bank Co., Ltd. reviews the obligor's financial condition in accordance with Japan Post Bank Co., Ltd.'s established internal procedures and takes necessary measures to protect its credit.

   There were no unused commitments on loans at Japan Post Insurance Co., Ltd.

7. Accumulated depreciation of tangible fixed assets ¥1,269,215 million

8. Deferred gains on tangible fixed assets not recognized for tax purposes ¥63,071 million

9. Changes in reserve for policyholder dividends

Balance at the beginning of the fiscal year	¥1,936,494 million
Policyholder dividends paid	¥(316,351) million
Interest accrual	¥25 million
Reduction due to the acquisition of additional annuity	¥(283) million
Provision for reserve for policyholder dividends	¥152,679 million
Balance at the end of the fiscal year	¥1,772,565 million

10. Reserve for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Regulations was ¥399 million. In addition, policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations were ¥768 million.

11. The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amounts of ¥28,868 million pursuant to Article 259 of the Insurance Business Act.
    These obligations are recognized as operating expenses when they are made.

12. Policy reserves, excluding contingency reserve, related to reinsurance contracts with Management Organization for Postal Savings and Postal Life Insurance are provided at ¥42,010,637 million, which is an amount calculated based on the statement of calculation procedures for insurance premiums and policy reserves of Japan Post Insurance Co., Ltd., and are not less than the amounts calculated based on the statement of calculation procedures for the postal life insurance policy reserves in accordance with the Act on Management Organization for Postal Savings and Postal Life Insurance (Act No. 101 of 2005).
    Contingency reserve of ¥1,838,804 million and reserve for price fluctuations of ¥648,432 million were provided for the category of reinsurance.

13. Amounts expected to be paid on compound contracts for system-related services (such as usage of hardware, software, telecommunication services, and maintenance) are as follows:

One year or less	¥589 million
Over one year	¥624 million

14. Contingent liabilities
    In the event that the Company’s consolidated subsidiary cancels all or part of its lease contracts for post offices, the lessor shall be entitled to seek compensation for the cancellation. The amounts of compensation are calculated based on the amount of uncollectible investment. The possible amount of compensation as of March 31, 2017 was ¥87,418 million.
    Compensation shall not be made in full in the case where the offices are used for purposes other than originally intended, regardless of whether the contracts were cancelled on the side of the Company’s subsidiaries.

(Notes to Consolidated Statements of Income)

1. Provision for reserve for policyholder dividends, which is provided for Management Organization for Postal Savings and Postal Life Insurance based on gains or losses and others arising in the category of reinsurance due to the reinsurance contracts with Management Organization for Postal Savings and Postal Life Insurance, was ¥137,061 million.

2. In order to prevent further deterioration of facilities and other assets, the Group has invested in construction work and prioritized spending on assets exceeding their economical useful lives.
   Accordingly, ¥20,309 million of "post office refurbishment expenses" were recorded as extraordinary losses.

3. "Impairment losses" include impairment losses of ¥400,328 million (¥368,213 million for goodwill, ¥24,113 million for trademark rights, and ¥8,002 million for tangible fixed assets) for goodwill and trademark rights (hereinafter referred to as "goodwill, etc.") as well as part of tangible fixed assets related to Toll, a consolidated subsidiary. The Group conducts the grouping of assets based on units that conduct independent business performance reports for internal management purposes.
   Due to the slowdown in the Australian economy, Toll's financial results have declined below the level of the previous fiscal year. Under such circumstances, based on a review of the financial results forecast, future cash flows are expected to decrease sharply. Therefore, the book value of goodwill, etc. and part of tangible fixed assets was reduced to recoverable value, and the reduced amount was recognized as impairment losses under extraordinary losses.
   The recoverable value is determined based on the net realizable value, as the value in use calculated by discounting future cash flows at 8.2–19.3% is less than the net realizable value. The net realizable value is calculated based on the appraisal value.

(Notes to Consolidated Statements of Comprehensive Income)

1. Reclassification adjustments and related tax effect for other comprehensive income

	(Millions of yen)
Net unrealized gains (losses) on available-for-sale securities:	
Amount arising during the fiscal year	(34,968)
Reclassification adjustments	(308,439)
Before tax effect adjustments	(343,407)
Tax effect	104,050
Net unrealized gains (losses) on available-for-sale securities	(239,357)
Net deferred gains (losses) on hedges:	
Amount arising during the fiscal year	275,011
Reclassification adjustments	161,112
Adjustments of assets' acquisition costs	44
Before tax effect adjustments	436,168
Tax effect	(133,374)
Net deferred gains (losses) on hedges	302,793
Foreign currency translation adjustments:	
Amount arising during the fiscal year	(23,918)
Adjustments for retirement benefits:	
Amount arising during the fiscal year	(842)
Reclassification adjustments	(46,294)
Before tax effect adjustments	(47,137)
Tax effect	693
Adjustments for retirement benefits	(46,444)
Share of other comprehensive income of affiliates:	
Amount arising during the fiscal year	3
Total other comprehensive loss	(6,923)

(Notes to Consolidated Statements of Changes in Net Assets)

1. Type and number of shares issued

(Thousands of shares)

	April 1, 2016	Increase	Decrease	March 31, 2017	Remarks
Shares issued					
Common stock	4,500,000	-	-	4,500,000	

2. Type and number of treasury stock

(Thousands of shares)

	April 1, 2016	Increase	Decrease	March 31, 2017	Remarks
Treasury stock					
Common stock	383,306	741	9	384,037	(Notes)1, 2

(Notes) 1. The number of treasury stock at the beginning of the fiscal year does not include the shares of the Company held by the management board benefit trust. The number of treasury stock at the end of the fiscal year includes the shares of the Company held by the management board benefit trust of 731 thousand shares.

2. An increase of 741 thousand shares of treasury stock is due to the purchases of treasury stock by the management board benefit trust. A decrease of 9 thousand shares of treasury stock is due to the benefits paid of treasury stock by the management board benefit trust.

3. Information concerning dividends

Dividends from retained earnings require approval from the Minister of Internal Affairs and Communications pursuant to the provisions of Article 11 of the Act on Japan Post Holdings Co., Ltd.

(1) Cash dividends paid for the current fiscal year

Resolution	Class of shares	Total amount (Millions of yen)	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 13, 2016	Common stock	102,917	25.00	March 31, 2016	June 24, 2016
Board of Directors' meeting held on November 14, 2016	Common stock	102,917	25.00	September 30, 2016	December 6, 2016

(Note) The total amount of dividends resolved by the Board of Directors' meeting held on November 14, 2016 includes dividends of ¥18 million for the Company's shares held by the management board benefit trust.

(2) Cash dividends whose effective date falls after the end of the year ended March 31, 2017 (scheduled)

Resolution	Class of shares	Total amount (Millions of yen)	Source of dividends	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 15, 2017	Common stock	102,917	Retained earnings	25.00	March 31, 2017	June 23, 2017

(Notes) 1. Dividends are subject to approval from the Minister of Internal Affairs and Communications by the above effective date.

2. The total amount of dividends includes dividends of ¥18 million for the Company's shares held by the management board benefit trust.

(Notes to Consolidated Statements of Cash Flows)

1. The reconciliation of cash and cash equivalents in the consolidated statements of cash flows and cash and due from banks in the consolidated balance sheets.

	(Millions of yen)
Cash and due from banks	53,313,498
Negotiable certificates of deposit of the banking subsidiary included in cash and due from banks	(65,000)
Negotiable certificates of deposit included in securities	10,000
Deposits with maturities of more than three months	(125)
Bank overdrafts included in other liabilities	(32,698)
Cash and cash equivalents at the end of the year	53,225,675

(Financial Instruments)

1. Fair Values of Financial Instruments and Others

Amounts carried on the consolidated balance sheets, fair values and the difference between them are as follows. Privately held shares and others for which fair values are extremely difficult to determine are not included in the table below.

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
(1) Cash and due from banks	53,313,498	53,313,498	-
(2) Call loans	620,000	620,000	-
(3) Receivables under securities borrowing transactions	12,239,627	12,239,627	-
(4) Monetary claims bought	279,776	279,776	-
(5) Trading account securities			
Trading securities	9	9	-
(6) Money held in trust	5,930,309	5,930,309	-
(7) Securities			
Held-to-maturity bonds	78,773,920	86,295,819	7,521,898
Policy-reserve-matching bonds	12,517,334	13,697,410	1,180,075
Available-for-sale securities	110,881,565	110,881,565	-
(8) Loans	12,125,022		
Reserve for possible loan losses (* 1)	(174)		
	12,124,848	12,877,313	752,464
Total assets	286,680,892	296,135,330	9,454,438
(1) Deposits	178,004,318	178,301,521	297,203
(2) Call money	45,436	45,436	-
(3) Payables under repurchase agreements	960,937	960,937	-
(4) Payables under securities lending transactions	18,583,361	18,583,361	-
(5) Commercial papers	40,324	40,324	-
Total liabilities	197,634,378	197,931,581	297,203
Derivative transactions (* 2)			
Hedge accounting not applied	3,728	3,728	-
Hedge accounting applied	(223,448)	(223,448)	-
Total derivative transactions	(219,719)	(219,719)	-

(* 1) General reserve for possible loan losses corresponding to loans has been deducted.

(* 2) Derivative transactions recorded in Other assets/Other liabilities are expressed as lump sums.

Net receivables and payables arising from derivative transactions are stated at net values, and if the values are negative, they are indicated in parentheses.

Additionally, those subject to exceptional treatment for interest rate swaps and the allocation method for forward exchange contracts which requires recognized foreign currency assets or liabilities to be translated using the corresponding foreign exchange contract rates are jointly disclosed with hedged loans and securities. Therefore, their fair values are included in the relevant loans and securities.

2. The consolidated balance sheet amounts of financial instruments for which fair values are deemed extremely difficult to determine are as shown below; they are not included in "Assets (6) Money held in trust" and "Assets (7) Securities" under information concerning fair values of financial instruments.

(Millions of yen)

Class		Amount on the consolidated balance sheets
Money held in trust (* 1)		14,641
Securities		
	Unlisted stocks (* 2)	23,289
	Investment trusts (* 3)	122,477
	Investment in capital of partnership (* 4)	1,942
Total		162,350

(* 1) Money held in trust includes trust asset components such as private REIT which are not included in the scope of fair value disclosures because it is extremely difficult to determine their fair values.

(* 2) Unlisted stocks are not included in the scope of fair value disclosures because there are no available market prices and it is extremely difficult to determine their fair values.

(* 3) Investment trusts include trust asset components such as unlisted stocks which are not included in the scope of fair value disclosures because it is extremely difficult to determine their fair values.

(* 4) Investment in capital of partnership is not included in the scope of fair value disclosures because it consists of partnership asset components such as unlisted stocks which are extremely difficult to determine their fair values.

(Securities)

The amounts shown in the following tables include trading account securities, negotiable certificates of deposit included in cash and due from banks, and monetary claims bought, in addition to securities.

1. Trading account securities (As of March 31, 2017)

There were no valuation gains (losses) associated with trading account securities recorded under income or expenses for the fiscal year ended March 31, 2017.

2. Held-to-maturity bonds (As of March 31, 2017)

(Millions of yen)

	Type	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds consolidated balance sheet amount	Japanese government bonds	64,645,267	71,595,244	6,949,977
	Japanese local government bonds	7,423,560	7,844,190	420,630
	Japanese corporate bonds	5,255,282	5,476,335	221,053
	Others	162,911	178,028	15,117
	Subtotal	77,487,020	85,093,799	7,606,778
Those for which fair value does not exceed consolidated balance sheet amount	Japanese government bonds	1,127,623	1,064,333	(63,290)
	Japanese local government bonds	85,787	80,372	(5,414)
	Japanese corporate bonds	73,487	69,063	(4,424)
	Others	-	-	-
	Subtotal	1,286,899	1,213,770	(73,129)
Total		78,773,920	86,307,569	7,533,648

3. Policy-reserve-matching bonds (As of March 31, 2017)

(Millions of yen)

	Type	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds consolidated balance sheet amount	Japanese government bonds	11,478,995	12,645,862	1,166,866
	Japanese local government bonds	508,507	537,126	28,619
	Japanese corporate bonds	132,501	141,461	8,960
	Subtotal	12,120,004	13,324,449	1,204,445
Those for which fair value does not exceed consolidated balance sheet amount	Japanese government bonds	390,130	366,244	(23,886)
	Japanese local government bonds	7,200	6,715	(484)
	Japanese corporate bonds	-	-	-
	Subtotal	397,330	372,960	(24,370)
Total		12,517,334	13,697,410	1,180,075

4. Available-for-sale securities (As of March 31, 2017)

(Millions of yen)

	Type	Consolidated balance sheet amount	Cost	Difference
Those for which consolidated balance sheet amount exceeds cost	Stocks	44,133	39,913	4,220
	Bonds	47,054,996	45,437,938	1,617,057
	Japanese government bonds	32,400,176	31,064,286	1,335,890
	Japanese local government bonds	5,843,021	5,747,056	95,964
	Short-term corporate bonds	-	-	-
	Japanese corporate bonds	8,811,798	8,626,595	185,203
	Others	46,421,277	44,152,811	2,268,466
	Of which: foreign bonds	15,139,457	13,319,308	1,820,148
	Of which: investment trusts	31,193,935	30,748,925	445,009
	Subtotal	93,520,408	89,630,663	3,889,744
Those for which consolidated balance sheet amount does not exceed cost	Stocks	9,963	10,294	(331)
	Bonds	5,363,934	5,424,060	(60,126)
	Japanese government bonds	1,510,275	1,546,722	(36,447)
	Japanese local government bonds	1,440,953	1,450,066	(9,112)
	Short-term corporate bonds	233,998	233,998	-
	Japanese corporate bonds	2,178,707	2,193,273	(14,566)
	Others	12,682,035	13,166,189	(484,153)
	Of which: foreign bonds	9,187,832	9,643,693	(455,860)
	Of which: investment trusts	2,829,450	2,850,267	(20,816)
	Subtotal	18,055,933	18,600,544	(544,611)
Total		111,576,341	108,231,208	3,345,132

5. Held-to-maturity bonds sold during the fiscal year (From April 1, 2016 to March 31, 2017)
   None

6. Policy-reserve-matching bonds sold during the fiscal year (From April 1, 2016 to March 31, 2017)
   None

7. Available-for-sale securities sold during the fiscal year (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Sales	Gains	Losses
Stocks	4,722	359	(53)
Bonds	434,705	2,518	(1,912)
Japanese government bonds	216,688	1,134	-
Japanese local government bonds	55,716	126	(138)
Japanese corporate bonds	162,301	1,258	(1,773)
Others	3,666,475	94,187	(137,049)
Of which: foreign bonds	3,664,702	94,098	(137,049)
Of which: investment trusts	1,773	88	-
Total	4,105,903	97,064	(139,015)

(Money Held in Trust)

1. Money held in trust classified as trading (As of March 31, 2017)
   None

2. Money held in trust classified as held-to-maturity (As of March 31, 2017)
   None

3. Money held in trust classified as other than trading and held-to-maturity (As of March 31, 2017)

(Millions of yen)

	Consolidated balance sheet amount	Cost	Difference	Amount for which consolidated balance sheet amount exceeds cost	Amount for which consolidated balance sheet amount does not exceed cost
Money held in trust classified as other than trading and held-to-maturity	5,930,309	4,450,932	1,479,377	1,502,853	(23,476)

(Notes) 1. "Amount for which consolidated balance sheet amount exceeds cost" and "Amount for which consolidated balance sheet amount does not exceed cost" are sub-items of "Difference" respectively.

2. For securities managed as trust assets included in money held in trust classified as other than trading and held-to-maturity, and whose fair value shows a substantial decline from their acquisition cost with no prospect of recovering to their acquisition cost, the Company records the fair value of such securities on the consolidated balance sheet and charges valuation differences as losses in the fiscal year in which they are recognized. Impairment losses for the fiscal year ended March 31, 2017 amounted to ¥4,800 million.

(Segment Information)

1. Selected financial information on reportable segments

(Millions of yen)

	Reportable Segments						Other business	Total
	Postal and domestic logistics business	Post office business	International logistics business	Banking business	Life insurance business	Subtotal		
Income								
Income from third parties	1,882,228	185,445	644,979	1,895,552	8,659,363	13,267,570	56,135	13,323,706
Intersegment income	50,858	1,202,511	-	1,739	80	1,255,190	298,849	1,554,039
Total	1,933,087	1,387,957	644,979	1,897,292	8,659,444	14,522,761	354,984	14,877,746
Segment profit (loss)	14,324	64,167	(414)	442,117	279,777	799,973	229,137	1,029,111

(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 ¥208,657 million.

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

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

(Millions of yen)

Items	Amount
Total income of reportable segments	14,522,761
Income of other business	354,984
Eliminations of intersegment transactions	(1,554,039)
Adjustments	2,828
Ordinary income on the consolidated statements of income	13,326,534

(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 consolidated statements of income, etc.

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

(Millions of yen)

Items	Amount
Total segment profit of reportable segments	799,973
Segment profit in other business	229,137
Eliminations of intersegment transactions	(209,522)
Adjustments	(24,351)
Net ordinary income on the consolidated statements of income	795,237

(Note) "Adjustments" are due to amortization of goodwill of ¥(21,874) million, etc. recognized in the international logistics business segment and other items.

(Per Share Data)

Items		Amount
Net assets per share	Yen	3,268.19
Net loss per share	Yen	(7.04)

(Notes)
1. Because there was no potential common stock, the amount for diluted net income per share is omitted.
2. Net assets per share is calculated based on the following:

Items		Amount
Net assets	Millions of yen	14,954,581
Amount deducted from net assets	Millions of yen	1,502,815
Of which: Non-controlling interests	Millions of yen	1,502,815
Net assets attributable to common stock at the fiscal year-end	Millions of yen	13,451,766
Number of common stock at the fiscal year-end used for the calculation of net assets per share	Thousands of shares	4,115,962

3. The number of treasury stock includes the number of shares of the Company held by the management board benefit trust which is excluded from the number of common stock at the fiscal year-end used for the calculation of net assets per share. The number of treasury stock at the fiscal year-end excluded from the calculation of net assets per share was 731,500.
4. Net loss per share is calculated based on the following:

Items		Amount
Net loss attributable to Japan Post Holdings	Millions of yen	(28,976)
Amount not attributable to common stockholders	Millions of yen	-
Net loss attributable to common stock	Millions of yen	(28,976)
Average number of common stock outstanding during the year	Thousands of shares	4,116,057

5. The number of treasury stock includes the number of shares of the Company held by the management board benefit trust which is excluded from the average number of common stock outstanding during the year used for the calculation of net loss per share. The average number of treasury stock outstanding during the year excluded from the calculation of net loss per share was 636,063.

(Subsequent Events)

None

5. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	368,761	327,829
Inventories	406	397
Prepaid expenses	212	135
Short-term loan	35,100	26,120
Accounts receivable	20,856	19,736
Income taxes receivable	143,312	32,749
Others	7,465	11,664
Reserve for possible loan losses	(7)	(6)
Total current assets	576,107	418,627
Non-current assets		
Tangible fixed assets		
Buildings	30,736	29,761
Structures	716	604
Machinery and equipment	736	1,129
Vehicles	87	286
Tools and fixtures	3,424	3,927
Land	97,938	99,398
Construction in progress	22,929	23,315
Total tangible fixed assets	156,569	158,423
Intangible fixed assets		
Software	9,022	7,346
Others	133	141
Total intangible fixed assets	9,155	7,487
Investments and other assets		
Stocks of subsidiaries and affiliates	7,677,895	7,677,895
Long-term loan	3,400	3,280
Claims provable in bankruptcy	75	71
Long-term prepaid expenses	225	283
Others	259	264
Reserve for possible loan losses	(75)	(71)
Allowance for investment loss	(5,152)	(5,152)
Total investments and other assets	7,676,627	7,676,571
Total non-current assets	7,842,352	7,842,482
Total assets	8,418,459	8,261,109

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Accounts payable	178,680	40,394
Accrued expenses	1,285	1,179
Income taxes payable	229	231
Consumption taxes payable	761	-
Reserve for bonuses	1,758	1,643
Reserve for point service program	479	528
Others	1,296	4,610
Total current liabilities	184,490	48,586
Long-term liabilities		
Reserve for retirement benefits	146,923	123,989
Reserve for management board benefit trust	-	63
Reserve for compensation for accidents in the course of duty	20,704	19,816
Others	8,638	10,796
Total long-term liabilities	176,265	154,666
Total liabilities	360,756	203,253
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	785,993
Total retained earnings	784,812	785,993
Treasury stock	(730,964)	(731,992)
Total shareholders' equity	8,057,703	8,057,856
Total net assets	8,057,703	8,057,856
Total liabilities and net assets	8,418,459	8,261,109

(2) Non-consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Operating income		
Brand royalty income	13,352	13,536
Dividend income from subsidiaries and affiliates	209,245	208,657
Income from business consignment	26,842	25,727
Subsidy income equivalent to deposit insurance premiums	9,862	8,371
Income from hospital business	22,562	21,245
Income from hotel business	28,109	26,270
Total operating income	309,975	303,808
Operating expenses		
Expenses for business consignment	24,344	25,268
Expenses for hospital business	27,812	26,826
Expenses for hotel business	30,094	28,747
Administrative expenses	(3,692)	(3,998)
Total operating expenses	78,558	76,844
Net operating income	231,417	226,964
Other income		
Interest income	391	78
Rent income	2,472	2,356
System modification fees	-	314
Others	711	626
Total other income	3,575	3,376
Other expenses		
Rent expenses	1,094	993
System modification expenses	-	304
Listing related costs	774	-
Others	203	210
Total other expenses	2,073	1,508
Net ordinary income	232,919	228,831
Extraordinary gains		
Gains on sales of fixed assets	1,391	129
Compensation income	215	35
Gains on transfer of business	2,315	-
Gains on sales of stocks of subsidiaries and affiliates	32,796	-
Others	663	8
Total extraordinary gains	37,382	173
Extraordinary losses		
Losses on sales and disposal of fixed assets	62	18
Losses on impairment of fixed assets	8,759	2,234
Losses on sales of stocks of subsidiaries and affiliates	126,236	-
Share of post office refurbishment expenses	38,853	21,963
Others	5,925	3,631
Total extraordinary losses	179,836	27,848
Income before income taxes	90,464	201,157
Income taxes current	(3,846)	(6,259)
Income taxes for prior periods	-	400
Total income taxes	(3,846)	(5,858)
Net income	94,311	207,015

(3) Non-consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity					
		Capital surplus			Retained earnings	
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at the beginning of the fiscal year	3,500,000	875,000	3,628,856	4,503,856	740,600	740,600
Changes in the fiscal year						
Cash dividends					(50,100)	(50,100)
Net income					94,311	94,311
Purchases of treasury stock						
Disposals of treasury stock						
Net changes in the fiscal year	-	-	-	-	44,211	44,211
Balance at the end of the fiscal year	3,500,000	875,000	3,628,856	4,503,856	784,812	784,812

	Shareholders' equity		Total net assets
	Treasury stock	Total shareholders' equity	
Balance at the beginning of the fiscal year	-	8,744,456	8,744,456
Changes in the fiscal year			
Cash dividends		(50,100)	(50,100)
Net income		94,311	94,311
Purchases of treasury stock	(730,964)	(730,964)	(730,964)
Disposals of treasury stock		-	-
Net changes in the fiscal year	(730,964)	(686,753)	(686,753)
Balance at the end of the fiscal year	(730,964)	8,057,703	8,057,703

Fiscal year ended March 31, 2017

(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 fiscal year	3,500,000	875,000	3,628,856	4,503,856	784,812	784,812
Changes in the fiscal year						
Cash dividends					(205,834)	(205,834)
Net income					207,015	207,015
Purchases of treasury stock						
Disposals of treasury stock						
Net changes in the fiscal year	-	-	-	-	1,181	1,181
Balance at the end of the fiscal year	3,500,000	875,000	3,628,856	4,503,856	785,993	785,993

	Shareholders' equity		Total net assets
	Treasury stock	Total shareholders' equity	
Balance at the beginning of the fiscal year	(730,964)	8,057,703	8,057,703
Changes in the fiscal year			
Cash dividends		(205,834)	(205,834)
Net income		207,015	207,015
Purchases of treasury stock	(1,042)	(1,042)	(1,042)
Disposals of treasury stock	13	13	13
Net changes in the fiscal year	(1,028)	152	152
Balance at the end of the fiscal year	(731,992)	8,057,856	8,057,856