



# **Financial Results of the Principal Subsidiaries**

**Fiscal Year Ended March 31, 2017**

**May 15, 2017**

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# I Japan Post Holdings

## Year-on-Year Changes of Income for the Fiscal Year Ended March 31, 2017

### Net ordinary income

(Billions of yen)

	Japan Post Holdings (Consolidated)	Japan Post Co. (Consolidated)	Japan Post Bank	Japan Post Insurance (Consolidated)	Others (Including consolidated accounting procedures)
Fiscal year ended March 31, 2016	966.2	42.3	481.9	411.5	30.4
Fiscal year ended March 31, 2017	795.2	52.2	442.0	279.7	21.1
Year-on-year change	(171.0)	+ 9.8	(39.9)	(131.7)	(9.2)

### Net income (loss)

(Billions of yen)

	Japan Post Holdings (Consolidated)	Japan Post Co. (Consolidated)	Japan Post Bank	Japan Post Insurance (Consolidated)	Others (Including consolidated accounting procedures)
Fiscal year ended March 31, 2016	425.9	47.2	325.0	84.8	(31.2)
Fiscal year ended March 31, 2017	(28.9)	(385.2)	312.2	88.5	(44.6)
Year-on-year change	(454.9)	(432.4)	(12.8)	+ 3.6	(13.3)

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



## **II Japan Post Co.**

## 1. Consolidated Balance Sheets

	As of March 31, 2016	As of March 31, 2017
	(Millions of yen)	
Assets		
Current assets		
Cash and deposits	¥ 1,908,767	¥ 1,762,376
Notes receivable and operating accounts receivable	332,564	325,921
Securities	400	25,070
Inventories	19,965	21,810
Prepaid expenses	8,178	7,126
Other accounts receivable	49,088	32,217
Outstanding amount of banking business consignment	3,917	9,723
Other current assets	61,705	51,115
Reserve for possible loan losses	(2,352)	(3,521)
Total current assets	2,382,236	2,231,841
Non-current assets		
Tangible fixed assets		
Buildings	1,022,959	1,035,127
Structures	25,741	27,606
Machinery and equipment	140,021	133,958
Vehicles	15,017	16,402
Tools and fixtures	66,278	82,211
Land	1,334,566	1,340,847
Construction in progress	59,800	79,493
Total tangible fixed assets	2,664,385	2,715,648
Intangible fixed assets		
Goodwill	411,164	-
Leasehold right	1,665	1,667
Transferable development right	14,077	14,077
Software	73,312	66,659
Other intangible fixed assets	38,292	9,793
Total intangible fixed assets	538,512	92,199
Investments and other assets		
Investment securities	33,081	17,601
Claims provable in bankruptcy	2,922	2,463
Asset for retirement benefits	391	479
Long-term prepaid expenses	9,967	9,814
Other investments and other assets	22,815	23,792
Reserve for possible loan losses	(2,924)	(2,465)
Total investments and other assets	66,253	51,686
Total non-current assets	3,269,151	2,859,534
Total assets	¥ 5,651,387	¥ 5,091,375

	As of March 31, 2016	As of March 31, 2017
	(Millions of yen)	
Liabilities		
Current liabilities		
Notes payable and operating accounts payable	¥ 106,115	¥ 99,030
Short-term borrowings	56,816	96,552
Other accounts payable	311,350	311,832
Outstanding amount of life insurance business consignment	5,793	4,706
Accrued expenses	46,893	44,457
Income taxes payable	9,633	21,324
Consumption taxes payable	23,713	34,367
Unearned postage income	40,701	39,958
Deposits received	312,970	319,446
Fund deposits for post offices	1,060,000	930,000
Reserve for bonuses	92,256	90,558
Other current liabilities	35,488	65,104
Total current liabilities	2,101,731	2,057,340
Long-term liabilities		
Bonds	36,798	-
Long-term borrowings	103,708	93,322
Deferred tax liabilities	28,814	13,860
Reserve for losses on rebuilding of branches	329	329
Reserve for management board benefit trust	-	69
Liability for retirement benefits	2,055,617	2,053,228
Other long-term liabilities	79,403	78,980
Total long-term liabilities	2,304,671	2,239,790
Total liabilities	4,406,403	4,297,130
Net assets		
Shareholders' equity		
Capital stock	400,000	400,000
Capital surplus	586,381	586,381
Retained earnings	89,413	(304,623)
Total shareholders' equity	1,075,795	681,757
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	48	48
Net deferred gains (losses) on hedges	381	(88)
Foreign currency translation adjustments	(56,856)	(80,730)
Accumulated adjustments for retirement benefits	221,608	189,881
Total accumulated other comprehensive income	165,182	109,110
Non-controlling interests	4,006	3,376
Total net assets	1,244,984	794,244
Total liabilities and net assets	¥ 5,651,387	¥ 5,091,375

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

### (1) Consolidated Statements of Income

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
	(Millions of yen)	
Operating income		
Postal service business income	¥ 1,910,477	¥ 1,910,376
Commissions for banking business consignment	609,431	612,465
Commissions for life insurance business consignment	378,379	392,768
International logistics business income	544,062	644,416
Other operating income	196,496	198,944
Total operating income	3,638,847	3,758,970
Operating costs	3,354,165	3,441,139
Gross operating income	284,682	317,831
Sales, general and administrative costs	245,577	264,401
Net operating income	39,105	53,430
Other income		
Interest income	1,558	881
Dividend income	378	32
Equity in earnings (losses) of affiliates	1,103	1,671
Foreign exchange gains	1,765	1,104
Others	4,778	3,181
Total other income	9,583	6,872
Other expenses		
Interest expenses	4,539	7,048
Others	1,812	1,032
Total other expenses	6,352	8,081
Net ordinary income	42,336	52,221
Extraordinary gains		
Gains on sales of fixed assets	3,795	824
Gains on sales of investment securities	11,254	211
Settlement received	2,825	4,041
Gains on transfer of business	-	3,653
Contribution for post office refurbishment expenses	38,853	21,963
Others	3,548	1,366
Total extraordinary gains	60,277	32,060
Extraordinary losses		
Losses on sales of fixed assets	208	133
Losses on disposal of fixed assets	3,134	4,586
Losses on impairment of fixed assets	3,567	416,185
Post office refurbishment expenses	38,853	21,963
Others	2,109	26,312
Total extraordinary losses	47,873	469,180
Income (loss) before income taxes	54,740	(384,898)



Income taxes current	5,810	13,632
Income taxes deferred	1,148	(13,980)
Total income taxes	6,958	(347)
Net income (loss)	47,782	(384,551)
Net income attributable to non-controlling interests	535	684
Net income (loss) attributable to Japan Post Co.	¥ 47,247	¥ (385,235)

(Changes in presentation)

“Rent income” and “rent expenses” for post offices, etc. were included in “other income” and “other expenses” respectively for the fiscal year ended March 31, 2016. From the fiscal year ended March 31, 2017, “rent income” is included in “other operating income” under “operating income” and “rent expenses” is included in “operating costs” and “sales, general and administrative costs.” To reflect this change in presentation, ¥11,842 million of “rent income” under “other income” has been reclassified into “other operating income” under “operating income” and ¥5,348 million of “rent expenses” under “other expenses” has been reclassified into “operating costs” and “sales, general and administrative costs” for the fiscal year ended March 31, 2016.

## (2) Consolidated Statements of Comprehensive Income

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
	(Millions of yen)	
Net income (loss)	¥ 47,782	¥ (384,551)
Other comprehensive loss		
Net unrealized gains (losses) on available-for-sale securities	(6,523)	(3)
Net deferred gains (losses) on hedges	7,498	(470)
Foreign currency translation adjustments	(57,200)	(23,918)
Adjustments for retirement benefits	(35,386)	(31,727)
Share of other comprehensive income (loss) of affiliates	(9)	3
Total other comprehensive loss	(91,622)	(56,117)
Comprehensive loss	¥ (43,839)	¥ (440,668)
Total comprehensive income (loss) attributable to:		
Japan Post Co.	¥ (44,193)	¥ (441,308)
Non-controlling interests	353	639

### 3. Segment Information

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

Fiscal year ended March 31, 2016

(Millions of yen)

	Reportable segments				Other	Total
	Postal and domestic logistics	Post office	International logistics <sup>(Note2)</sup>	Total		
Income <sup>(Note1)</sup>						
Income from third parties	1,915,365	1,179,420	544,062	3,638,847	-	3,638,847
Intersegment income	14,079	180,924	-	195,004	-	195,004
Total	1,929,444	1,360,344	544,062	3,833,852	-	3,833,852
Segment profit	10,323	39,299	17,231	66,854	-	66,854

(Notes)

1. "Income" is presented instead of net sales, which is the typical method of presentation for companies in other industries.
2. The amount presented in segment profit for international logistics business segment is net operating income (EBIT) excluding amortization of goodwill, etc.

Fiscal year ended March 31, 2017

(Millions of yen)

	Reportable segments				Other	Total
	Postal and domestic logistics	Post office	International logistics <sup>(Note3)</sup>	Total		
Income <sup>(Note1)</sup>						
Income from third parties	1,915,296	1,199,258	644,416	3,758,970	-	3,758,970
Intersegment income	14,632	187,197	-	201,829	-	201,829
Total	1,929,928	1,386,456	644,416	3,960,800	-	3,960,800
Segment profit	12,053	63,334	5,642	81,030	-	81,030

(Notes)

1. "Income" is presented instead of net sales, which is the typical method of presentation for companies in other industries.
2. As stated in "changes in presentation" in the consolidated statements of income, the figures for the fiscal year ended March 31, 2016 have been reclassified.
3. The amount presented in segment profit for international logistics business segment is net operating income (EBIT) excluding amortization of goodwill, etc.

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

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
	(Millions of yen)	
Total segment profit of reportable segments	¥ 66,854	¥ 81,030
Profit of other business	-	-
Eliminations of intersegment transactions	33	1,060
Corporate expenses <sup>(Note1)</sup>	(3,561)	(1,370)
Other adjustments <sup>(Note2)</sup>	(24,221)	(27,290)
Net operating income on the consolidated statements of income	39,105	53,430

(Notes)

1. "Corporate expenses" consists mainly of general and administrative costs which are not attributable to any reportable segments.
2. "Other adjustments" includes amortization of goodwill, etc. recognized in the international logistics business segment and other items.

### **III Japan Post Bank**

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

## **IV Japan Post Insurance**

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