



Financial Results of the Principal Subsidiaries

Six Months Ended September 30, 2017

November 14, 2017

Table of Contents

I	Japan Post Holdings	1
	Year-on-Year Changes of Income (Loss) for the Six Months Ended September 30, 2017	1
II	Japan Post Co.....	3
	1. Interim Consolidated Balance Sheets	4
	2. Interim Consolidated Statements of Income and Interim Consolidated Statements of Comprehensive Income.....	6
	(1) Interim Consolidated Statements of Income	6
	(2) Interim Consolidated Statements of Comprehensive Income.....	7
	3. Segment Information.....	8
III	Japan Post Bank.....	9
IV	Japan Post Insurance	10

I Japan Post Holdings

Year-on-Year Changes of Income (Loss) for the Six Months Ended September 30, 2017

Net ordinary 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)
Six months ended September 30, 2016	303.2	(27.6)	212.4	107.8	10.5
Six months ended September 30, 2017	420.6	(12.8)	257.1	168.8	7.5
Year-on-year change	+ 117.4	+ 14.7	+ 44.7	+ 61.0	(2.9)

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)
Six months ended September 30, 2016	149.7	(28.7)	150.9	42.5	(15.0)
Six months ended September 30, 2017	180.1	(17.1)	181.5	51.2	(35.5)
Year-on-year change	+ 30.3	+ 11.6	+ 30.5	+ 8.7	(20.5)

*The amounts of net income attributable to Japan Post Holdings, net 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. Interim Consolidated Balance Sheets

	As of March 31, 2017	As of September 30, 2017
	(Millions of yen)	
Assets		
Current assets		
Cash and deposits	¥ 1,762,376	¥ 1,563,517
Notes receivable and operating accounts receivable	325,921	327,636
Securities	25,070	24,971
Inventories	21,810	21,378
Outstanding amount of banking business consignment	9,723	34,047
Other current assets	90,459	102,413
Reserve for possible loan losses	(3,521)	(3,591)
Total current assets	<u>2,231,841</u>	<u>2,070,373</u>
Non-current assets		
Tangible fixed assets		
Buildings	1,035,127	1,076,237
Land	1,340,847	1,341,434
Other tangible fixed assets	339,673	308,747
Total tangible fixed assets	<u>2,715,648</u>	<u>2,726,419</u>
Intangible assets	<u>92,199</u>	<u>91,253</u>
Investments and other assets		
Other investments and other assets	54,151	52,970
Reserve for possible loan losses	(2,465)	(2,572)
Total investments and other assets	<u>51,686</u>	<u>50,398</u>
Total non-current assets	<u>2,859,534</u>	<u>2,868,072</u>
Total assets	<u>¥ 5,091,375</u>	<u>¥ 4,938,445</u>

	As of March 31, 2017	As of September 30, 2017
	(Millions of yen)	
Liabilities		
Current liabilities		
Notes payable and operating accounts payable	¥ 99,030	¥ 100,769
Short-term borrowings	96,552	98,554
Other accounts payable	311,832	203,485
Outstanding amount of life insurance business consignment	4,706	3,215
Income taxes payable	21,324	14,086
Deposits received	319,446	258,121
Fund deposits for post offices	930,000	910,000
Reserve for bonuses	90,558	115,705
Other current liabilities	183,888	197,149
Total current liabilities	2,057,340	1,901,086
Long-term liabilities		
Long-term borrowings	93,322	118,291
Deferred tax liabilities	13,860	14,241
Reserve for losses on rebuilding of branches	329	329
Reserve for management board benefit trust	69	159
Liability for retirement benefits	2,053,228	2,057,762
Other long-term liabilities	78,980	78,600
Total long-term liabilities	2,239,790	2,269,383
Total liabilities	4,297,130	4,170,469
Net assets		
Shareholders' equity		
Capital stock	400,000	400,000
Capital surplus	586,381	142,890
Retained earnings	(304,623)	121,744
Total shareholders' equity	681,757	664,634
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	48	65
Net deferred gains (losses) on hedges	(88)	(371)
Foreign currency translation adjustments	(80,730)	(79,286)
Accumulated adjustments for retirement benefits	189,881	179,175
Total accumulated other comprehensive income	109,110	99,582
Non-controlling interests	3,376	3,758
Total net assets	794,244	767,975
Total liabilities and net assets	¥ 5,091,375	¥ 4,938,445

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

(1) Interim Consolidated Statements of Income

	Six months ended September 30, 2016	Six months ended September 30, 2017
	(Millions of yen)	
Operating income		
Postal service business income	¥ 874,870	¥ 899,062
Commissions for banking business consignment	309,044	301,824
Commissions for life insurance business consignment	196,707	189,561
International logistics business income	308,674	342,500
Other operating income	95,958	98,825
Total operating income	1,785,254	1,831,773
Operating costs	1,686,181	1,732,723
Gross operating income	99,072	99,050
Sales, general and administrative costs	126,108	111,288
Net operating loss	(27,035)	(12,238)
Other income		
Interest income	434	436
Dividend income	15	7
Equity in earnings (losses) of affiliates	1,271	119
Foreign exchange gains	1,819	-
Subsidy income	124	731
Others	1,444	1,729
Total other income	5,109	3,024
Other expenses		
Interest expenses	5,221	2,324
Others	462	1,343
Total other expenses	5,683	3,667
Net ordinary loss	(27,610)	(12,882)
Extraordinary gains		
Gains on sales of fixed assets	446	2,586
Settlement received	4,041	-
Gains on transfer of business	3,564	-
Contribution for post office refurbishment expenses	2,350	15,298
Others	139	36
Total extraordinary gains	10,542	17,921
Extraordinary losses		
Losses on sales of fixed assets	36	85
Losses on disposal of fixed assets	1,018	624
Losses on impairment of fixed assets	1,405	493
Post office refurbishment expenses	2,350	15,298
Others	975	43
Total extraordinary losses	5,787	16,546
Loss before income taxes	(22,854)	(11,506)

Income taxes current	6,406	3,751
Income taxes deferred	(758)	1,614
Total income taxes	5,647	5,366
Net loss	(28,502)	(16,873)
Net income attributable to non-controlling interests	241	268
Net loss attributable to Japan Post Co.	¥ (28,743)	¥ (17,142)

(2) Interim Consolidated Statements of Comprehensive Income

	Six months ended September 30, 2016	Six months ended September 30, 2017
	(Millions of yen)	
Net loss	¥ (28,502)	¥ (16,873)
Other comprehensive loss		
Net unrealized gains (losses) on available-for-sale securities	(157)	13
Net deferred gains (losses) on hedges	589	(282)
Foreign currency translation adjustments	(56,902)	1,448
Adjustments for retirement benefits	(11,070)	(10,705)
Share of other comprehensive income (loss) of affiliates	(2)	3
Total other comprehensive loss	(67,543)	(9,522)
Comprehensive loss	¥ (96,045)	¥ (26,395)
Total comprehensive income (loss) attributable to:		
Japan Post Co.	¥ (96,165)	¥ (26,669)
Non-controlling interests	119	273

3. Segment Information

(1) Operating income and segment profit (loss) of reportable segments

Six months ended September 30, 2016

(Millions of yen)

	Reportable segments				Other	Total
	Postal and domestic logistics	Post office	International logistics ^(Note2)	Total		
Operating income ^(Note1)						
Operating income from third parties	877,519	599,060	308,674	1,785,254	-	1,785,254
Intersegment operating income	7,056	87,049	-	94,106	-	94,106
Total	884,576	686,110	308,674	1,879,360	-	1,879,360
Segment profit (loss)	(42,923)	24,793	5,448	(12,681)	-	(12,681)

(Notes)

1. "Operating 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 (loss) for international logistics business segment is net operating income (EBIT) excluding amortization of goodwill, etc.

Six months ended September 30, 2017

(Millions of yen)

	Reportable segments				Other	Total
	Postal and domestic logistics	Post office	International logistics ^(Note2)	Total		
Operating income ^(Note1)						
Operating income from third parties	901,686	587,586	342,500	1,831,773	-	1,831,773
Intersegment operating income	7,309	89,484	-	96,794	-	96,794
Total	908,996	677,070	342,500	1,928,568	-	1,928,568
Segment profit (loss)	(37,905)	23,713	2,873	(11,318)	-	(11,318)

(Notes)

1. "Operating 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 (loss) for international logistics business segment is net operating income (EBIT).

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

	Six months ended September 30, 2016	Six months ended September 30, 2017
	(Millions of yen)	
Total segment profit (loss) of reportable segments	¥ (12,681)	¥ (11,318)
Segment profit in other business	-	-
Eliminations of intersegment transactions	550	693
Corporate expenses ^(Note1)	(909)	(649)
Other adjustments ^(Note2)	(13,995)	(962)
Net operating loss on the interim consolidated statements of income	<u>(27,035)</u>	<u>(12,238)</u>

(Notes)

1. "Corporate expenses" consists mainly of general and administrative costs which are not attributable to any reportable segments.
2. "Other adjustments" for the six months ended September 30, 2016 are due to amortization of goodwill, etc. not included in segment profit for 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.