



# **Financial Results of the Principal Subsidiaries**

**Three Months Ended June 30, 2018**

**August 10, 2018**

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# I Japan Post Holdings

## Year-on-Year Changes of Income for the Three Months Ended June 30, 2018

Net ordinary income

(Billions of yen)

	Japan Post Holdings (Consolidated)	Japan Post Co. (Consolidated)	Japan Post Bank (Consolidated)	Japan Post Insurance (Consolidated)	Others (Including consolidated accounting procedures)
Three months ended June 30, 2017	218.1	7.4	-	83.2	3.1
Three months ended June 30, 2018	210.1	25.1	106.6	75.2	3.1
Year-on-year change	(7.9)	+ 17.6	-	(7.9)	(0.0)

Net income

(Billions of yen)

	Japan Post Holdings (Consolidated)	Japan Post Co. (Consolidated)	Japan Post Bank (Consolidated)	Japan Post Insurance (Consolidated)	Others (Including consolidated accounting procedures)
Three months ended June 30, 2017	104.4	5.8	-	24.1	(14.9)
Three months ended June 30, 2018	123.5	22.9	78.3	34.0	(11.8)
Year-on-year change	+ 19.0	+ 17.0	-	+ 9.9	+ 3.0

\*1 The amounts of net income attributable to Japan Post Holdings, net income attributable to Japan Post Co., net income attributable to Japan Post Bank and net income attributable to Japan Post Insurance have been used for net income of Japan Post Holdings (consolidated), Japan Post Co. (consolidated), Japan Post Bank (consolidated) and Japan Post Insurance (consolidated), respectively.

\*2 Figures for the three months ended June 30, 2017 and year-on-year changes for Japan Post Bank are not shown because Japan Post Bank did not prepare its consolidated financial results until the third quarter of the fiscal year ended March 31, 2018.



## **II Japan Post Co.**

## 1. Interim Consolidated Balance Sheets

	As of March 31, 2018	As of June 30, 2018
	(Millions of yen)	
Assets		
Current assets		
Cash and deposits	¥ 1,784,212	¥ 1,636,854
Notes receivable and operating accounts receivable	333,866	344,733
Securities	10,000	10,000
Inventories	20,055	20,929
Outstanding amount of banking business consignment	27,999	-
Other current assets	89,949	94,992
Reserve for possible loan losses	(2,384)	(2,418)
Total current assets	<u>2,263,699</u>	<u>2,105,090</u>
Non-current assets		
Tangible fixed assets		
Buildings	1,066,411	1,049,371
Land	1,338,683	1,337,787
Other tangible fixed assets	282,885	279,595
Total tangible fixed assets	<u>2,687,980</u>	<u>2,666,754</u>
Intangible assets	<u>94,187</u>	<u>93,114</u>
Investments and other assets		
Other investments and other assets	55,043	55,345
Reserve for possible loan losses	(1,983)	(2,094)
Total investments and other assets	<u>53,059</u>	<u>53,251</u>
Total non-current assets	<u>2,835,227</u>	<u>2,813,119</u>
Total assets	<u>¥ 5,098,926</u>	<u>¥ 4,918,210</u>

	As of March 31, 2018	As of June 30, 2018
	(Millions of yen)	
Liabilities		
Current liabilities		
Notes payable and operating accounts payable	¥ 104,730	¥ 109,463
Short-term borrowings	104,224	111,343
Current portion of long-term borrowings	72,762	74,889
Other accounts payable	290,799	180,033
Outstanding amount of banking business consignment	-	44,473
Outstanding amount of life insurance business consignment	2,870	3,891
Income taxes payable	16,024	8,493
Deposits received	291,319	272,653
Fund deposits for post offices	910,000	900,000
Reserve for bonuses	112,445	33,426
Other current liabilities	179,936	169,126
Total current liabilities	2,085,113	1,907,795
Long-term liabilities		
Long-term borrowings	59,958	61,702
Deferred tax liabilities	13,155	12,734
Reserve for losses on rebuilding of branches	329	329
Reserve for management board benefit trust	243	231
Liability for retirement benefits	2,029,280	2,037,078
Other long-term liabilities	79,590	79,902
Total long-term liabilities	2,182,558	2,191,979
Total liabilities	¥ 4,267,672	¥ 4,099,774
Net assets		
Shareholders' equity		
Capital stock	¥ 400,000	¥ 400,000
Capital surplus	142,890	142,890
Retained earnings	197,363	191,097
Total shareholders' equity	740,253	733,988
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(16)	35
Net deferred gains (losses) on hedges	(49)	45
Foreign currency translation adjustments	(85,870)	(87,189)
Accumulated adjustments for retirement benefits	173,529	168,176
Total accumulated other comprehensive income	87,593	81,068
Non-controlling interests	3,406	3,379
Total net assets	831,253	818,436
Total liabilities and net assets	¥ 5,098,926	¥ 4,918,210

(Note) Effective from the beginning of the three months ended June 30, 2018, Japan Post Co. has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and other pronouncements. Accordingly, deferred tax assets and deferred tax liabilities have been presented in "Investments and other assets" and

“Long-term liabilities”, respectively.

As a result, deferred tax assets of ¥2,437 million presented as “Other current assets” under “Current assets” have been reclassified into “Other investments and other assets” under “Investments and other assets” in the consolidated balance sheet as of March 31, 2018. In addition, deferred tax assets of ¥479 million were offset by “Deferred tax liabilities” under “Long-term liabilities”.

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

### (1) Interim Consolidated Statements of Income

	Three months ended June 30, 2017	Three months ended June 30, 2018
	(Millions of yen)	
Operating income		
Postal service business income	¥ 456,690	¥ 492,976
Commissions for banking business consignment	152,274	153,834
Commissions for life insurance business consignment	94,576	88,288
International logistics business income	162,773	169,032
Other operating income	44,987	44,367
Total operating income	911,301	948,499
Operating costs	847,914	864,093
Gross operating income	63,386	84,405
Sales, general and administrative costs	55,946	59,294
Net operating income	7,440	25,110
Other income		
Interest income	209	150
Dividend income	10	10
Equity in earnings of affiliates	-	114
Subsidy income	399	474
Others	1,164	924
Total other income	1,783	1,674
Other expenses		
Interest expenses	1,067	1,458
Equity in losses of affiliates	45	-
Others	634	174
Total other expenses	1,748	1,633
Net ordinary income	7,476	25,151
Extraordinary gains		
Gains on sales of fixed assets	92	683
Contribution for post office refurbishment expenses	7,652	972
Others	1	23
Total extraordinary gains	7,746	1,679
Extraordinary losses		
Losses on sales of fixed assets	8	19
Losses on disposal of fixed assets	301	495
Losses on impairment of fixed assets	218	1
Post office refurbishment expenses	7,652	972
Others	22	446
Total extraordinary losses	8,203	1,934
Income before income taxes	7,018	24,897



Income taxes current	990	1,869
Income taxes deferred	82	27
Total income taxes	1,073	1,896
Net income	5,945	23,000
Net income attributable to non-controlling interests	62	27
Net income attributable to Japan Post Co.	¥ 5,883	¥ 22,973

(2) Interim Consolidated Statements of Comprehensive Income

	Three months ended June 30, 2017		Three months ended June 30, 2018	
	(Millions of yen)			
Net income	¥	5,945	¥	23,000
Other comprehensive loss				
Net unrealized gains (losses) on available-for-sale securities		5		52
Net deferred gains (losses) on hedges		194		95
Foreign currency translation adjustments		(749)		(1,311)
Adjustments for retirement benefits		(5,300)		(5,352)
Share of other comprehensive income (loss) of affiliates		2		(1)
Total other comprehensive loss		(5,846)		(6,517)
Comprehensive income	¥	98	¥	16,482
Total comprehensive income attributable to:				
Japan Post Co.	¥	37	¥	16,448
Non-controlling interests		60		34

### 3. Segment Information

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

Three months ended June 30, 2017

(Millions of yen)

	Reportable segments				Other	Total
	Postal and domestic logistics business	Post office business	International logistics business (Note2)	Subtotal		
Operating income (Note1)						
Operating income from third parties	458,000	290,527	162,773	911,301	-	911,301
Intersegment operating income	3,681	45,139	-	48,820	-	48,820
Total	461,682	335,666	162,773	960,122	-	960,122
Segment profit (loss)	(6,490)	14,793	(769)	7,532	-	7,532

(Notes)

1. "Operating income" is presented instead of net sales which is typical for companies in other industries.
2. The amount presented in segment loss for international logistics business segment is EBIT.

Three months ended June 30, 2018

(Millions of yen)

	Reportable segments				Other	Total
	Postal and domestic logistics business	Post office business	International logistics business (Note2)	Subtotal		
Operating income (Note1)						
Operating income from third parties	494,378	285,087	169,032	948,499	-	948,499
Intersegment operating income	3,407	46,557	-	49,964	-	49,964
Total	497,785	331,645	169,032	998,463	-	998,463
Segment profit	14,840	10,863	677	26,381	-	26,381

(Notes)

1. "Operating income" is presented instead of net sales which is typical for companies in other industries.
2. The amount presented in segment profit for international logistics business segment is EBIT.

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

	Three months ended June 30, 2017		Three months ended June 30, 2018	
	(Millions of yen)			
Total segment profit (loss) of reportable segments	¥	7,532	¥	26,381
Segment profit in other business		-		-
Eliminations of intersegment transactions		355		347
Corporate expenses (Note)		(307)		(412)
Other adjustments		(140)		(1,206)
Net operating income on the interim consolidated statements of income	¥	7,440	¥	25,110

(Note)

"Corporate expenses" consists mainly of general and administrative costs which are not attributable to any reportable segments.

### **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.