



# **Financial Results of the Principal Subsidiaries**

**for the Six Months Ended September 30, 2018**

**November 14, 2018**

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# I Japan Post Holdings

## Year-on-Year Changes of Income (Loss) for the Six Months Ended September 30, 2018

Net ordinary income (loss)

(Billions of yen)

	Japan Post Holdings (Consolidated)	Japan Post Co. (Consolidated)	Japan Post Bank (Consolidated)	Japan Post Insurance (Consolidated)	Others (Including consolidated accounting procedures)
Six months ended September 30, 2017	420.6	(12.8)	-	168.8	7.5
Six months ended September 30, 2018	415.8	24.6	223.3	161.6	6.2
Year-on-year change	(4.8)	+ 37.5	-	(7.2)	(1.2)

Net income (loss)

(Billions of yen)

	Japan Post Holdings (Consolidated)	Japan Post Co. (Consolidated)	Japan Post Bank (Consolidated)	Japan Post Insurance (Consolidated)	Others (Including consolidated accounting procedures)
Six months ended September 30, 2017	180.1	(17.1)	-	51.2	(35.5)
Six months ended September 30, 2018	223.7	19.1	159.2	68.7	(23.4)
Year-on-year change	+ 43.5	+ 36.2	-	+ 17.4	+ 12.1

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

\*2 Figures for the six months ended September 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

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	1,784,212	1,687,962
Notes receivable and operating accounts receivable	333,866	329,056
Securities	10,000	15,000
Inventories	20,055	23,507
Outstanding amount of banking business consignment	27,999	15,442
Other current assets	89,949	87,249
Reserve for possible loan losses	(2,384)	(2,497)
Total current assets	2,263,699	2,155,721
Non-current assets		
Tangible fixed assets		
Buildings	1,066,411	1,036,409
Land	1,338,683	1,342,352
Other tangible fixed assets	282,885	267,315
Total tangible fixed assets	2,687,980	2,646,077
Intangible assets	94,187	96,020
Investments and other assets		
Other investments and other assets	55,043	56,598
Reserve for possible loan losses	(1,983)	(2,120)
Total investments and other assets	53,059	54,478
Total non-current assets	2,835,227	2,796,576
Total assets	5,098,926	4,952,297

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
<b>Liabilities</b>		
Current liabilities		
Notes payable and operating accounts payable	104,730	103,660
Short-term borrowings	104,224	111,648
Current portion of long-term borrowings	72,762	87,534
Other accounts payable	290,799	204,089
Outstanding amount of life insurance business consignment	2,870	3,102
Income taxes payable	16,024	15,396
Deposits received	291,319	239,015
Fund deposits for post offices	910,000	900,000
Reserve for bonuses	112,445	111,523
Other current liabilities	179,936	189,491
<b>Total current liabilities</b>	<b>2,085,113</b>	<b>1,965,463</b>
Long-term liabilities		
Long-term borrowings	59,958	54,404
Deferred tax liabilities	13,155	12,535
Reserve for losses on rebuilding of branches	329	329
Reserve for management board benefit trust	243	231
Liability for retirement benefits	2,029,280	2,030,735
Other long-term liabilities	79,590	80,472
<b>Total long-term liabilities</b>	<b>2,182,558</b>	<b>2,178,709</b>
<b>Total liabilities</b>	<b>4,267,672</b>	<b>4,144,172</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	400,000	400,000
Capital surplus	142,890	142,905
Retained earnings	197,363	187,230
<b>Total shareholders' equity</b>	<b>740,253</b>	<b>730,136</b>
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(16)	70
Net deferred gains (losses) on hedges	(49)	207
Foreign currency translation adjustments	(85,870)	(88,667)
Accumulated adjustments for retirement benefits	173,529	162,854
<b>Total accumulated other comprehensive income</b>	<b>87,593</b>	<b>74,463</b>
<b>Non-controlling interests</b>	<b>3,406</b>	<b>3,524</b>
<b>Total net assets</b>	<b>831,253</b>	<b>808,124</b>
<b>Total liabilities and net assets</b>	<b>5,098,926</b>	<b>4,952,297</b>

(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

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
<b>Operating income</b>		
Postal service business income	899,062	957,102
Commissions for banking business consignment	301,824	303,689
Commissions for life insurance business consignment	189,561	180,688
International logistics business income	342,500	346,534
Other operating income	98,825	99,499
<b>Total operating income</b>	<b>1,831,773</b>	<b>1,887,515</b>
Operating costs	1,732,723	1,744,546
<b>Gross operating income</b>	<b>99,050</b>	<b>142,968</b>
Sales, general and administrative costs	111,288	117,445
<b>Net operating income (loss)</b>	<b>(12,238)</b>	<b>25,523</b>
<b>Other income</b>		
Interest income	436	277
Dividend income	7	1
Equity in earnings of affiliates	119	19
Subsidy income	731	893
Others	1,729	2,182
<b>Total other income</b>	<b>3,024</b>	<b>3,374</b>
<b>Other expenses</b>		
Interest expenses	2,324	3,025
Others	1,343	1,209
<b>Total other expenses</b>	<b>3,667</b>	<b>4,235</b>
<b>Net ordinary income (loss)</b>	<b>(12,882)</b>	<b>24,662</b>
<b>Extraordinary gains</b>		
Gains on sales of fixed assets	2,586	939
Contribution for post office refurbishment expenses	15,298	2,790
Others	36	94
<b>Total extraordinary gains</b>	<b>17,921</b>	<b>3,824</b>
<b>Extraordinary losses</b>		
Losses on sales of fixed assets	85	62
Losses on disposal of fixed assets	624	713
Losses on impairment of fixed assets	493	862
Post office refurbishment expenses	15,298	2,790
Others	43	886
<b>Total extraordinary losses</b>	<b>16,546</b>	<b>5,315</b>
<b>Income (loss) before income taxes</b>	<b>(11,506)</b>	<b>23,172</b>
Income taxes current	3,751	4,064
Income taxes deferred	1,614	(195)
<b>Total income taxes</b>	<b>5,366</b>	<b>3,869</b>
<b>Net income (loss)</b>	<b>(16,873)</b>	<b>19,302</b>
<b>Net income attributable to non-controlling interests</b>	<b>268</b>	<b>196</b>
<b>Net income (loss) attributable to Japan Post Co.</b>	<b>(17,142)</b>	<b>19,106</b>



## (2) Interim Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net income (loss)	(16,873)	19,302
Other comprehensive loss		
Net unrealized gains (losses) on available-for-sale securities	13	84
Net deferred gains (losses) on hedges	(282)	256
Foreign currency translation adjustments	1,448	(2,787)
Adjustments for retirement benefits	(10,705)	(10,675)
Share of other comprehensive income of affiliates	3	2
Total other comprehensive loss	(9,522)	(13,120)
Comprehensive income (loss)	(26,395)	6,182
Total comprehensive income (loss) attributable to:		
Japan Post Co.	(26,669)	5,976
Non-controlling interests	273	206

### 3. Segment Information

Six months ended September 30, 2017

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

(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	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 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 loss on the interim consolidated statements of income

(Millions of yen)

Items	Amount
Total segment profit (loss) of reportable segments	(11,318)
Segment profit in other business	-
Eliminations of intersegment transactions	693
Corporate expenses (Note)	(649)
Other adjustments	(962)
Net operating loss on the interim consolidated statements of income	(12,238)

(Note)

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

Six months ended September 30, 2018

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

(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	959,850	581,130	346,534	1,887,515	-	1,887,515
Intersegment operating income	6,732	95,569	-	102,301	-	102,301
Total	966,583	676,699	346,534	1,989,816	-	1,989,816
Segment profit (loss)	(4,796)	28,024	3,894	27,122	-	27,122

(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

(Millions of yen)

Items	Amount
Total segment profit (loss) of reportable segments	27,122
Segment profit in other business	-
Eliminations of intersegment transactions	720
Corporate expenses (Note)	(776)
Other adjustments	(1,543)
Net operating income on the interim consolidated statements of income	25,523

(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.