Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2016
<Under Japanese GAAP>

May 13, 2016

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 23, 2016
Scheduled date of filing securities report: June 24, 2016
Scheduled date of commencing dividend payments: June 24, 2016
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, 2016
(April 1, 2015 to March 31, 2016)

(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, 2016	14,257,541	(0.0)	966,240	(13.4)	425,972	(11.7)
Fiscal year ended March 31, 2015	14,258,842	(6.4)	1,115,823	1.1	482,682	0.8

(Note) Comprehensive income: Fiscal year ended March 31, 2016: ¥ (177,994) million [- %]
Fiscal year ended March 31, 2015: ¥ 2,212,035 million [208.5%]

	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, 2016	97.26	-	2.9	0.3	6.8
Fiscal year ended March 31, 2015	107.26	-	3.4	0.4	7.8

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2016: ¥1,070 million
Fiscal year ended March 31, 2015: ¥ (561) 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, 2014.

(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	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2016	291,947,080	15,176,088	4.7	3,327.37
As of March 31, 2015	295,849,794	15,301,561	5.2	3,399.74

(Reference) Equity: As of March 31, 2016: ¥13,697,749 million
As of March 31, 2015: ¥15,298,833 million

(Note 1) Equity ratio = [(Net assets – Stock acquisition rights – Non-controlling interests) / Total assets] x 100
(Note 2) The Company implemented a 30-for-1 common stock split effective August 1, 2015. Net assets per share has been calculated assuming the stock split was implemented on April 1, 2014.

(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, 2016	787,989	11,612,051	(62,051)	48,141,158
Fiscal year ended March 31, 2015	(1,204,555)	15,521,777	(42,101)	35,805,379

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, 2015	-	0.00	-	334.00	334.00	50,100	10.4	0.4
Fiscal year ended March 31, 2016	-	0.00	-	25.00	25.00	102,917	25.7	0.7
Fiscal year ending March 31, 2017 (Forecast)	-	25.00	-	25.00	50.00		64.3	

(Note1) The Company implemented a 30-for-1 common stock split effective August 1, 2015. As for the fiscal year ended March 31, 2015, the actual amount of annual dividend before the stock split is indicated.
(Note2) For the revision of the dividends forecast, please refer to “Notice Regarding the Dividends from Surplus” announced on May 13, 2016.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2017
(April 1, 2016 to March 31, 2017)

(% 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, 2017	13,240,000	(7.1)	770,000	(20.3)	320,000	(24.9)	77.73

*** 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: Yes
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No
4) Retrospective restatement: No
(Note) For details, please refer to [Attachment] “5. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” on page 22.

(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, 2016: 4,500,000,000 shares
March 31, 2015: 4,500,000,000 shares

2) Total number of treasury stock at the end of the year:
March 31, 2016: 383,306,000 shares
March 31, 2015: - shares

3) Average number of shares during the year:
Fiscal year ended March 31, 2016: 4,379,562,322 shares
Fiscal year ended March 31, 2015: 4,500,000,000 shares
(Note) 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, 2014.

(Summary of non-consolidated financial results)

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2016
(April 1, 2015 to March 31, 2016)

(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, 2016	309,975	23.0	231,417	57.2	232,919	56.0	94,311	(28.1)
Fiscal year ended March 31, 2015	251,919	(7.7)	147,187	0.8	149,298	1.0	131,181	(15.4)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2016	21.53	-
Fiscal year ended March 31, 2015	29.15	-

(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, 2014.

(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	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2016	8,418,459	8,057,703	95.7	1,957.32
As of March 31, 2015	9,107,178	8,744,456	96.0	1,943.21

(Reference) Equity: As of March 31, 2016: ¥8,057,703 million
As of March 31, 2015: ¥8,744,456 million

(Note 1) Equity ratio = [(Net assets – Stock acquisition rights) / Total assets] x 100

(Note 2) The Company implemented a 30-for-1 common stock split effective August 1, 2015. Net assets per share has been calculated assuming the stock split was implemented on April 1, 2014.

* Explanation regarding the status of audit procedures

This summary of consolidated financial results is outside the scope of audit procedures based on the Financial Instruments and Exchange Act (the “Act”), and at the time of disclosure of these financial results, the audit procedures for the consolidated and non-consolidated financial statements based on the Act have not been completed.

* 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. Analysis of Results of Operations and Financial Position

(1) Explanation of Results of Operations

Looking at the economic climate in Japan during the fiscal year ended March 31, 2016, a moderate recovery trend was seen due to an improvement in capital investment and corporate earnings, despite the impact of a slowdown in emerging economies in terms of exports and production.

Although emerging economies suffered an economic slowdown, the world economy underwent modest growth, mainly in developed countries.

In the financial and capital markets, the yield rate on ten-year Japanese government bonds entered negative territory since February 2016 due to additional monetary easing by the Bank of Japan, thus reaching an all-time low. The Nikkei Stock Average temporarily dropped to the ¥14,000 range, mainly owing to heightened risk aversion by investors due to the decline in European and U.S. stock prices and crude oil prices, as well as the appreciation of the yen and the depreciation of the dollar. However, as risk aversion by investors eased mainly due to firmness in the U.S. economy, the Nikkei Stock Average recovered to the ¥16,000 range in March 2016.

In the logistics industry, while the delivery market for small-size goods such as courier service is expanding due to expansion of the mail order and the e-commerce markets, there is severe competition as companies work to improve the quality of services in response to growing customer needs for service quality. In the postal business, the volume of mail continues to decrease, reflecting progress in making invoices and other documents available online owing to the widespread use of the Internet. In addition, unit personnel expenses are rising mainly as a result of the tight labor market.

In the banking industry, during the fiscal year ended March 31, 2016, real deposits at banks nationwide increased year-on-year and loans also increased for five consecutive years. The financial system remains stable as a whole, and no major problems have arisen with respect to funding by financial institutions in an environment of monetary easing.

The life insurance industry is playing a larger role in supporting the self-help efforts of customers by strengthening sales channels and developing products in response to diversification of customer needs and growing selectivity which mainly reflect the progress of aging population combined with low birthrates and single-person households and changes in lifestyle.

Under such business environment, consolidated ordinary income amounted to ¥14,257,541 million (down ¥1,300 million year-on-year). Consolidated net ordinary income amounted to ¥966,240 million (down ¥149,583 million year-on-year), and net income attributable to Japan Post Holdings amounted to ¥425,972 million (down ¥56,710 million year-on-year), which comprises net ordinary income after adjusting for items including extraordinary gains due to sales of fixed assets, etc., extraordinary losses due to provision for reserve for price fluctuations under the Insurance Business Act, etc., and provision for reserve for policyholder dividends.

Financial results by segment are as follows. From the fiscal year ended March 31, 2016, “International logistics business segment” was added as new reportable segment.

(Postal and Domestic Logistics Business Segment)

In the postal and domestic logistics business, efforts were made to maintain and expand the use of mail primarily through SNS-linked services using smartphone and other devices such as for New Year’s cards, activities aimed at conveying the joy of writing letters, and development of new services by Smart Letter. At the same time, efforts were made to enhance the quality of service, including preventing delivery to the wrong address, through training and education. In addition, trial provision of the new digital messaging service, MyPost, was commenced in January 2016. This service allows the user to receive messages collectively from a preselected sender and store them online.

As for Yu-Pack and Yu-Mail, quality control was thoroughly implemented and convenience of receiving parcels was enhanced mainly by initiatives such as expanding receipt at convenience stores and providing receiving lockers (“HAKO POST”). At the same time, efforts were made to strengthen sales activities for small and medium-sized customers and build a sales structure that responds collectively to a wide range of customer needs. Specifically in the Yu-Pack business, initiatives were taken to improve profitability, including reviewing basic shipping fees in August 2015. In the international mail business, efforts were made to expand the use of Cool EMS, in addition to enhancing quality and speed of services.

Also, as an initiative to improve productivity, Tokyo Hokubu Post Office was opened in May 2015 as a regional sorting facility covering the Tokyo area for the purpose of responding to the increase in Yu-Pack and Yu-Mail handled and enabling centralized sorting of postal items. Through such initiatives, restructuring of the postal and logistics network was promoted.

As a result of these initiatives, in the postal and domestic logistics business for the fiscal year ended March 31, 2016, the volume of Yu-Pack and EMS handled continued to increase, and operating income expanded due to an increase in the volume of simplified registered mail associated with the delivery of notification cards of the social security and tax number system, initiatives to expand new services such as Smart Letter, and an increase in income from Yu-Pack and Click Post, both of which have demands from online shopping and auctions, etc. On the other hand, there were a rise in unit personnel expenses and an increase in international transportation fees and collection, transport and delivery outsourcing expenses resulting from an increase in the volume of mail handled such as simplified registered mail. As a result, ordinary income amounted to ¥1,951,696 million (up ¥80,392 million year-on-year) and net ordinary income amounted to ¥23,724 (up ¥21,904 million year-on-year). In addition, operating income amounted to ¥1,924,810 million (up ¥72,898 million year-on-year) and net operating income amounted to ¥7,454 million (net operating loss of ¥8,182 million for the fiscal year ended March 31, 2015) in postal and domestic logistics business of Japan Post Co. for the fiscal year ended March 31, 2016.

With regard to the volume of items handled for the fiscal year ended March 31, 2016, the volume of mail handled decreased by 0.9% year-on-year to 18,030 million, the volume of Yu-Mail parcels handled increased by 5.3% year-on-year to 3,539 million and the volume of Yu-Pack handled increased by 5.8% year-on-year to 513 million.

(International Logistics Business Segment)

In the international logistics business, in May 2015, Japan Post Co. acquired all outstanding shares of Toll Holdings Limited (hereinafter referred to as “Toll”), an integrated logistics provider based in Australia, and made Toll its subsidiary with a view to expanding the international logistics business in light of the shrinking domestic postal market resulting from the declining population in Japan and the impact of the Internet. The financial results of Toll have been included in the consolidated figures of Japan Post Group from July 2015.

Toll is an integrated international logistics provider with a strong operating base in Australia that engages in the forwarding business and third-party logistics (contract logistics) in the Asia Pacific region. The Japan Post Group has positioned Toll as the platform for global expansion of the Group and promotes growth of the international logistics business by taking full advantage of the knowledge and experience of Toll.

In the international logistics business for the fiscal year ended March 31, 2016, despite the on-going weakness in the Australian resources sector which is impacting the broader Australian market and particularly impacting on its network business, a strong focus on cost reduction initiatives and growing momentum from continuous improvement programs are partially mitigating the impact, and contract based business have continued to operate soundly. As a result, ordinary income amounted to ¥544,491 million and net ordinary income amounted to ¥13,796 million. In addition, operating income amounted to ¥544,062 million and net operating income amounted to ¥17,231 million in the international logistics business of Japan Post Co. for the fiscal year ended March 31, 2016.

In addition, due to the impact from the slowdown in the global economy and other factors, although an impairment loss on goodwill of ¥12,970 million (A$150 million) was incurred in the financial results of Toll, said impairment loss is not recognized on the consolidated financial statements of the Company due mainly to the differences in the accounting standards.

(Post Office Business Segment)

With regard to the post office business, we enhanced the sales ability of employees through training in collaboration with our contractees Japan Post Bank and Japan Post Insurance, and further instilled a sales style that emphasizes financial assets on deposit as well as strived to expand sales of new policies as initiatives to improve profitability. At the same time, we launched endowment insurance with a shortened premium period in October 2015, as well as investment trust products of JP Asset Management Co., Ltd. in February 2016, and expanded the number of post offices handling cancer insurance in July 2015. In the merchandising business, we have expanded and developed products through alliance with other companies, while promoting diversification of sales and marketing channels through expansion of online marketing sales. In the real estate business, we promoted the leasing building business, including JP Tower, JP Tower Nagoya, Omiya JP Building, and KITTE Hakata, as well as the housing business and parking space business.

We continued efforts to optimize the post office network by opening new post offices, relocating existing post offices, among others. Furthermore, with the goal of improving operational efficiency of post offices, we enhanced our fund management system by increasing the number of equipment installed, while working to improve service quality by enhancing support and related tools for visitors to post offices.

As a result of these efforts, in the post office business for the fiscal year ended March 31, 2016, income grew due to an increase in commissions from Japan Post Bank and Japan Post Insurance resulting from marketing strategies in cooperation with them, increased catalog sales in the merchandising business, expansion of the real estate business and the expansion of third-party financial product agency services, while unit personnel expenses rose and costs associated with revenue growth in the merchandising business and real estate business increased, resulting in ordinary income of ¥1,371,239 million (up ¥69,152 million year-on-year), and net ordinary income of ¥40,561 million (up ¥17,729 million year-on-year). In addition, operating income amounted to ¥1,353,068 million (up ¥71,157 million year-on-year) and net operating income amounted to 35,606 million (up ¥14,886 million year-on-year) in post office business of Japan Post Co. for the fiscal year ended March 31, 2016.

(Banking Business Segment)

With regard to the banking business, in Japan Post Bank, we consider the fiscal year under review as a year for “further strengthening its business foundation as a listed company,” and made efforts to “enhance retail sales strategy,” “execute investment strategy,” and “improve internal control and strengthen management posture.”

In the banking business for the fiscal year ended March 31, 2016, deposit balance amounted to ¥177,871,986 million (up ¥161,209 million year-on-year) in Japan Post Bank. In this adverse business environment with the prolonged period of historically low interest rate, while interest on foreign securities increased, net interest income decreased primarily due to a decrease in Japanese government bonds. Furthermore, although net fees and commissions increased due to an increase in fees relating to the sales of investment trust, ATMs, etc., ordinary income amounted to ¥1,968,987 million (down ¥109,311 year-on-year), and net ordinary income amounted to ¥481,974 million (down ¥87,635 million year-on-year).

(Life Insurance Business Segment)

As for the life insurance business, Japan Post Insurance has stayed true to the social mission of the Postal Life Insurance founded in 1916, “protecting the means of fundamental livelihood of the public through simple procedures”, and based on the policy to become the “No. 1 Japanese insurance company selected by customers,” we worked to enhance the corporate value and realize better customer services to become a “big, unique and heartfelt company”.

In the life insurance business for the fiscal year ended March 31, 2016, 2,397 thousand new policies (individual insurance) with a policy amount of ¥7,168,485 million, and 63 thousand new policies (individual annuity insurance) with a policy amount of ¥219,721 million were acquired. However, despite the positive factors including an increase in reversal of policy reserves and a decrease in insurance claims and others mainly as a result of maturity of Postal Life Insurance, due to a decrease in insurance premiums, ordinary income amounted to ¥9,605,743 million (down ¥563,497 million year-on-year) and net ordinary income amounted to ¥411,504 million (down ¥81,121 million year-on-year).

(Financial results forecast for the fiscal year ending March 31, 2017)

With regard to the financial results forecast for the fiscal year ending March 31, 2017, ordinary income of ¥13,240,000 million, net ordinary income of ¥770,000 and net income attributable to Japan Post Holdings of ¥320,000 million are anticipated.

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

・Postal and domestic logistics business	¥9,000	million
・International logistics business	¥29,000	million
・Post office business	¥14,000	million
・Banking business	¥420,000	million
・Life insurance business	¥310,000	million

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

At Japan Post Co. (consolidated), in anticipation of an increase in expenses resulting from legal welfare expenses due to the rise in welfare annuity insurance premiums, change in systems such as the expansion of size-based business tax and the rise in unit personnel expenses for fixed-term employees, net income attributable to Japan Post Co. is forecast at ¥12,000 million.

At Japan Post Bank, in anticipation of a decrease in net interest income under the adverse business environment with the prolonged period of low interest rates, net income is forecast at ¥300,000 million.

At Japan Post Insurance (consolidated), net income attributable to Japan Post Insurance is forecast at ¥86,000 million.

In addition, at Japan Post Holdings (consolidated) and Japan Post Co. (consolidated), amortization of goodwill, etc. in an amount of ¥23,000 million is anticipated. At Japan Post Holdings (consolidated), it anticipates extraordinary losses of ¥95,000 million arising from post office refurbishment expenses of ¥44,000 million, etc. as well as net income attributable to non-controlling interests of ¥43,000 million.

(2) Explanation of Financial Position

1) Condition of assets, liabilities and net assets

Consolidated total assets were ¥291,947,080 million, a decrease of ¥3,902,714 million from the end of the previous fiscal year.

Major factors include an increase in cash and due from banks of ¥11,852,499 million, an increase in goodwill of ¥414,383 million, as well as a decrease in securities mainly in the banking business and life insurance business of ¥14,873,605 million and a decrease in call loans of ¥1,068,117 million.

Consolidated total liabilities were ¥276,770,992 million, a decrease of ¥3,777,240 million from the end of the previous fiscal year.

Major factors include an increase in deposits in the banking business of ¥392,991 million, as well as a decrease in policy reserves in the life insurance business of ¥2,750,098 million and a decrease in payables under securities lending transactions in the banking business and life insurance business of ¥456,653 million.

Consolidated total net assets were ¥15,176,088 million, a decrease of ¥125,473 million from the end of the previous fiscal year.

Major factors include an increase in retained earnings of ¥375,995 million, as well as a decrease in net unrealized gains on available-for-sale securities mainly in the banking business and life insurance business of ¥1,071,079 million, a decrease of ¥730,964 million due to acquisition of treasury stock, an increase in non-controlling interests of ¥1,475,609 million and a decrease in capital surplus of ¥369,002 million mainly due to the sale of a portion of equity interest held by the Company in Japan Post Bank and Japan Post Insurance.

2) Cash flows

Cash and cash equivalents at the end of the current fiscal year were ¥48,141,158 million, an increase of ¥12,335,778 million from the beginning of the current fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥787,989 million, as a result of cash inflows mainly due to a net decrease in receivables under securities borrowing transactions, a net decrease in call loans and a net increase in call money in the banking business, as well as cash outflows mainly due to a net decrease in policy reserves in the life insurance business.

(Cash flows from investing activities)

Net cash provided by investing activities amounted to ¥11,612,051 million, as a result of cash inflows mainly due to proceeds from sale of securities 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 ¥62,051 million, as a result of cash outflows mainly due to cash dividends paid by the Company.

(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 surplus, we aim to provide stable returns to shareholders while maintaining required internal reserves and paying attention to capital efficiency. Accordingly, Japan Post Holdings intends to maintain a consolidated dividend payout ratio of roughly 50% or higher until the year ending March 31, 2018, while maintaining stable dividends per share.

The decision-making body concerning dividends from surplus 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 surplus be paid with March 31 and September 30 of each year as record dates.

The Company has a policy to pay dividends from surplus twice a year as interim and annual dividends, but for dividends from surplus for the fiscal year ended March 31, 2016, payment will be limited to annual dividends, and interim dividend payments will be made from the fiscal year ending March 31, 2017. With regard to dividends from surplus for which the record date falls in the fiscal year ending March 31, 2016, as only one record date falls within said fiscal year following the listing of our shares, the Company will only declare annual dividends for the fiscal year ended March 31, 2016. As a result, the Company intends to achieve a consolidated dividend payout ratio of roughly 25% or higher for the fiscal year ended March 31, 2016. Based on a comprehensive judgment of the above factors and business results, the amount of dividends will be ¥25 per share, based on the resolution of the Board of Directors meeting held on May 13, 2016. 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 surplus or other appropriation of surplus (excluding disposition of loss) of the Company shall not be effective without approval of the Minister of Internal Affairs and Communications.

2. Overview of the Corporate Group

The Japan Post Group consists mainly of the Company, Japan Post Co., Ltd., Japan Post Bank Co., Ltd., and Japan Post Insurance Co., Ltd., and is engaged in businesses including Postal and domestic logistics business, International logistics business, Post office Business, Banking business, and Life insurance business. The classification of the five businesses is the same as that of the segment classification in “5. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements (Segment Information),” and businesses not included in these reportable segments are listed as “other business.”

The business description and the positions of the Company and its principal subsidiaries and affiliates in each business operation are as follows.

Reportable segments	Main business	Subsidiaries and affiliates, etc.
Postal and domestic logistics business	Postal operations and preparation and posting of postal items, and other operations related to postal and domestic logistics business	○ Japan Post Co., Ltd. ○ Japan Post Transport Co., Ltd. ○ Japan Post International Logistics Co., Ltd. ○ Japan Post Delivery Co., Ltd. ○ Japan Post Finance Co., Ltd. ○ JP Logi Service Co., Ltd. ○ Japan Post Sankyu Global Logistics Co., Ltd. ○ JP Biz Mail Co., Ltd. ○ JP Media Direct Co., Ltd.
International logistics business	Forwarding business, 3PL business, etc.	○ Toll Holdings Limited and its 264 subsidiaries △ Toll Holdings Limited’s 18 affiliates
Post office business	Counter operations related to post office and logistics, banking counter operations, insurance counter operations, merchandising business, real estate business, third-party financial product agency services, etc.	○ Japan Post Co., Ltd. ○ Japan Post Trading Service Co., Ltd. ○ Japan Post Building Management Co., Ltd. ○ Japan Post Communications Co., Ltd. ○ Japan Post Office Support Co., Ltd. ○ JP General Insurance Agency Co., Ltd. ○ JP Mitsukoshi Merchandising Co., Ltd. ○ YY Gift Co., Ltd. ○ JP Tokyo Tokusenkai Co., Ltd. △ Saison Asset Management Co., Ltd. △ JA Foods Oita Co., Ltd. △ RINGBELL Co., Ltd.
Banking business	Banking business, etc.	○ Japan Post Bank Co., Ltd. △ JP Asset Management Co., Ltd. △ SDP Center Co., Ltd. △ ATM Japan Business Service, Ltd.
Life insurance business	Life insurance business, etc.	○ Japan Post Insurance Co., Ltd. ○ Japan Post Insurance System Solutions Co., Ltd.
Other business	Group shared services, hotel and hospital businesses, etc.	Japan Post Holdings Co., Ltd. ○ Japan Post Staff Co., Ltd. ○ Yusei Challenged Co., Ltd. ○ Japan Post Hotel Service Co., Ltd. ○ Japan Post Information Technology Co., Ltd. ○ JP Twoway Contact Co., Ltd.

(* 1) ○: Consolidated subsidiaries △: Affiliates accounted for by the equity method
(* 2) The Company established new reportable segment of “International logistics business segment” from the fiscal year ended March 31, 2016.

3. 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, Issues to be Addressed and Target Management Index

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 is based on the Group’s three medium-term group management policy, which are as follows: “Bolstering the earning power of our three core businesses and strengthening the Group’s business foundation,” “Fulfilling our obligation to provide universal service,” and “Enhancing our corporate value in anticipation of the Group's stock listing.”

The Plan, moreover, 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 2017 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, in order to maintain the utility and public value of the services each group company offers, each group is 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.

In "Japan Post Group Medium-term Management Plan- New Japan Post Group Network Creation Plan 2017," Japan Post Group aims for consolidated net income (including net income (losses) attributable to non-controlling interests) of approximately ¥450.0 billion for the fiscal year ending March 31, 2018.

4. Basic Approach Concerning Selection of Accounting Standards

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

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Cash and due from banks	36,406,491	48,258,991
Call loans	2,406,954	1,338,837
Receivables under securities borrowing transactions	11,094,941	10,931,820
Monetary claims bought	571,100	608,659
Trading account securities	104	187
Money held in trust	4,926,581	5,205,658
Securities	222,593,945	207,720,339
Loans	12,761,331	11,520,487
Foreign exchanges	49,332	25,328
Other assets	1,296,577	1,547,434
Tangible fixed assets	2,790,296	3,168,469
Buildings	1,025,981	1,175,028
Land	1,513,334	1,559,628
Construction in progress	61,211	96,393
Other tangible fixed assets	189,769	337,419
Intangible fixed assets	303,854	796,091
Software	287,246	337,932
Goodwill	2	414,385
Other intangible fixed assets	16,604	43,773
Asset for retirement benefits	10,653	27,629
Deferred tax assets	547,743	729,307
Customers' liabilities for acceptances and guarantees	95,000	75,000
Reserve for possible loan losses	(5,113)	(7,163)
Total assets	295,849,794	291,947,080

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Deposits	175,697,196	176,090,188
Call money	-	22,536
Policy reserves and others	77,905,677	74,934,165
Reserve for outstanding claims	718,156	635,167
Policy reserves	75,112,601	72,362,503
Reserve for policyholder dividends	2,074,919	1,936,494
Payables under securities lending transactions	17,228,691	16,772,037
Foreign exchanges	266	338
Other liabilities	5,091,074	4,464,641
Reserve for bonuses	93,528	103,755
Liability for retirement benefits	2,269,094	2,281,439
Reserve under the special laws	712,167	782,268
Reserve for price fluctuations	712,167	782,268
Deferred tax liabilities	1,455,537	1,244,621
Acceptances and guarantees	95,000	75,000
Total liabilities	280,548,232	276,770,992
Net assets		
Capital stock	3,500,000	3,500,000
Capital surplus	4,503,856	4,134,853
Retained earnings	3,149,937	3,525,932
Treasury stock	-	(730,964)
Total shareholders' equity	11,153,793	10,429,821
Net unrealized gains (losses) on available-for-sale securities	4,389,261	3,318,181
Net deferred gains (losses) on hedges	(666,430)	(373,232)
Foreign currency translation adjustments	160	(56,856)
Accumulated adjustments for retirement benefits	422,048	379,835
Total accumulated other comprehensive income	4,145,039	3,267,928
Non-controlling interests	2,728	1,478,338
Total net assets	15,301,561	15,176,088
Total liabilities and net assets	295,849,794	291,947,080

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

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Ordinary income	14,258,842	14,257,541
Postal business income	1,806,955	2,423,530
Banking business income	2,077,038	1,967,489
Life insurance business income	10,168,044	9,605,645
Other ordinary income	206,804	260,875
Ordinary expenses	13,143,018	13,291,300
Operating expenses	10,634,972	10,506,104
Personnel expenses	2,319,195	2,556,654
Depreciation and amortization	180,580	214,340
Other ordinary expenses	8,269	14,200
Net ordinary income	1,115,823	966,240
Extraordinary gains	9,439	15,200
Gains on sales of fixed assets	4,316	5,529
Gains on negative goodwill	2,680	849
Compensation for transfer	474	2,675
Compensation income	369	215
Settlement received	-	2,825
Gains on transfer of business	-	2,315
Reversal of accounts payable	1,567	-
Other extraordinary gains	31	789
Extraordinary losses	144,221	132,493
Losses on sales and disposal of fixed assets	6,061	7,044
Losses on impairment of fixed assets	5,390	13,396
Provision for reserve under the special laws	97,934	70,100
Provision for reserve for price fluctuations	97,934	70,100
Post office refurbishment expenses	22,071	36,066
Other extraordinary losses	12,762	5,884
Provision for reserve for policyholder dividends	200,722	178,004
Income before income taxes	780,319	670,943
Income taxes current	376,289	329,971
Income taxes deferred	(78,484)	(93,361)
Total income taxes	297,805	236,610
Net income	482,514	434,333
Net income (loss) attributable to non-controlling interests	(168)	8,361
Net income attributable to Japan Post Holdings	482,682	425,972

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net income	482,514	434,333
Other comprehensive income	1,729,521	(612,328)
Net unrealized gains (losses) on available-for-sale securities	1,638,786	(784,319)
Net deferred gains (losses) on hedges	(69,537)	270,142
Foreign currency translation adjustments	94	(57,200)
Adjustments for retirement benefits	160,168	(40,940)
Share of other comprehensive income of affiliates	9	(9)
Comprehensive income	2,212,035	(177,994)
Total comprehensive income attributable to:		
Japan Post Holdings	2,212,205	(196,288)
Non-controlling interests	(169)	18,293

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2015

(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	2,967,703	-	10,971,559
Cumulative effects of changes in accounting policies			(256,948)		(256,948)
Restated balance at the beginning of the fiscal year	3,500,000	4,503,856	2,710,754	-	10,714,611
Changes in the fiscal year					
Cash dividends			(43,500)		(43,500)
Net income attributable to Japan Post Holdings			482,682		482,682
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders					-
Acquisition of treasury stock					-
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	-	-	439,182	-	439,182
Balance at the end of the fiscal year	3,500,000	4,503,856	3,149,937	-	11,153,793

	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		
Balance at the beginning of the fiscal year	2,750,463	(596,892)	66	261,879	2,415,517	1,573	13,388,650
Cumulative effects of changes in accounting policies							(256,948)
Restated balance at the beginning of the fiscal year	2,750,463	(596,892)	66	261,879	2,415,517	1,573	13,131,701
Changes in the fiscal year							
Cash dividends							(43,500)
Net income attributable to Japan Post Holdings							482,682
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders							-
Acquisition of treasury stock							-
Increase due to merger between consolidated and unconsolidated subsidiaries							-
Net changes in items other than shareholders' equity in the fiscal year	1,638,797	(69,537)	94	160,168	1,729,522	1,154	1,730,677
Net changes in the fiscal year	1,638,797	(69,537)	94	160,168	1,729,522	1,154	2,169,859
Balance at the end of the fiscal year	4,389,261	(666,430)	160	422,048	4,145,039	2,728	15,301,561

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
Cumulative effects of changes in accounting policies					-
Restated 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)
Acquisition of treasury stock				(730,964)	(730,964)
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		
Balance at the beginning of the fiscal year	4,389,261	(666,430)	160	422,048	4,145,039	2,728	15,301,561
Cumulative effects of changes in accounting policies							-
Restated 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)
Acquisition of treasury stock							(730,964)
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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities:		
Income before income taxes	780,319	670,943
Depreciation and amortization	180,580	214,340
Losses on impairment of fixed assets	5,390	13,396
Amortization of goodwill	8	16,186
Equity in (earnings) losses of affiliates	561	(1,070)
Gains on negative goodwill	(2,680)	(849)
Net change in reserve for outstanding claims	(113,534)	(82,988)
Net change in policy reserves	(2,632,889)	(2,750,098)
Provision for interest on policyholder dividends	1,497	132
Provision for reserve for policyholder dividends	200,722	178,004
Net change in reserve for possible loan losses	(579)	157
Net change in reserve for bonuses	(187)	6,647
Net change in asset and liability for retirement benefits	(250,106)	(4,671)
Contribution of retirement benefit trust	(639,944)	-
Net change in reserve for price fluctuations	97,934	70,100
Interest and dividend income	(1,367,028)	(1,310,307)
Interest expenses	4,358	8,910
Interest income (accrual basis)	(1,893,273)	(1,731,217)
Interest expenses (accrual basis)	356,061	374,414
Net (gains) losses on securities	(52,405)	(15,366)
Net (gains) losses on money held in trust	(75,914)	(138,807)
Net (gains) losses on foreign exchanges	(520,124)	275,323
Net (gains) losses on sales and disposal of fixed assets	1,601	1,324
Net change in loans	291,104	240,481
Net change in deposits	405,236	392,991
Net change in negotiable certificates of deposit	(90,000)	620,000
Net change in call loans	(177,681)	923,288
Net change in receivables under securities borrowing transactions	(1,161,315)	450,855
Net change in call money	-	577,058
Net change in payables under securities lending transactions	2,902,607	(446,640)
Net change in foreign exchanges (assets)	(18,672)	24,003
Net change in foreign exchanges (liabilities)	16	72
Interest received (cash basis)	2,060,574	1,875,027
Interest paid (cash basis)	(211,511)	(234,726)
Other, net	34,430	(103,441)
Subtotal	(1,884,839)	113,476
Interest and dividend income received	1,439,976	1,378,609
Interest expenses paid	(4,370)	(8,482)
Policyholder dividends paid	(349,687)	(316,246)
Income taxes paid	(405,633)	(382,374)
Other, net	-	3,007
Net cash provided by (used in) operating activities	(1,204,555)	787,989

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from investing activities:		
Purchases of call loans	(33,053,228)	(36,244,900)
Proceeds from redemption of call loans	32,837,825	36,330,328
Purchases of monetary claims bought	(3,417,540)	(2,508,852)
Proceeds from sale and redemption of monetary claims bought	3,131,989	2,474,034
Net change in receivables under securities borrowing transactions	101,332	(287,734)
Net change in payables under securities lending transactions	(44,684)	(10,013)
Purchases of securities	(29,457,673)	(29,499,406)
Proceeds from sale of securities	4,069,483	10,117,962
Proceeds from redemption of securities	41,071,899	32,128,938
Purchases of money held in trust	(710,000)	(1,250,400)
Proceeds from sale of money held in trust	145,159	626,748
Payments for loans	(1,354,617)	(1,172,737)
Proceeds from collection of loans	2,397,830	2,171,636
Purchases of tangible fixed assets	(183,547)	(321,182)
Proceeds from sale of tangible fixed assets	12,165	16,277
Purchases of intangible fixed assets	(97,719)	(108,021)
Purchases of stocks of subsidiaries and affiliates	(1,768)	(964)
Purchases of stocks of subsidiaries resulting in change in scope of consolidation	-	(575,521)
Proceeds from purchases of stocks of subsidiaries resulting in change in scope of consolidation	1,420	1,210
Other, net	73,450	(275,349)
Net cash provided by investing activities	15,521,777	11,612,051
Cash flows from financing activities:		
Proceeds from borrowings	6,100	53,235
Repayments of borrowings	(3,610)	(39,730)
Redemption of bonds	-	(23,483)
Acquisition of treasury stock	-	(730,964)
Dividends paid	(43,500)	(50,100)
Dividends paid to non-controlling interests	(28)	(493)
Purchases of stocks of subsidiaries that do not result in change in scope of consolidation	-	(39)
Proceeds from sale of stocks of subsidiaries that do not result in change in scope of consolidation	-	730,964
Other, net	(1,062)	(1,439)
Net cash used in financing activities	(42,101)	(62,051)
Effect of exchange rate changes on cash and cash equivalents	587	(2,343)
Net change in cash and cash equivalents	14,275,707	12,335,646
Cash and cash equivalents at the beginning of the year	21,529,671	35,805,379
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	131
Cash and cash equivalents at the end of the year	35,805,379	48,141,158

(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: 290

Principal companies:

Japan Post Co., Ltd.

Japan Post Bank Co., Ltd.

Japan Post Insurance Co., Ltd.

Toll and its subsidiaries, JP Twoway Contact Co., Ltd. and JP General Insurance Agency Co., Ltd. are included in the scope of consolidation from the current fiscal year due to the acquisition of their stock.

(2) Non-consolidated subsidiaries: 4

Tokyo Beiyu Co., Ltd.

Japan Post Maintenance Co., Ltd.

Nippan Co., Ltd.

Universal Technics Co., Ltd.

These non-consolidated subsidiaries are excluded from the scope of consolidation because their 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 these companies 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.

RINGBELL Co., Ltd.

Saison Asset Management Co., Ltd.

SDP Center Co., Ltd.

ATM Japan Business Service, Ltd.

JP Asset Management Co., Ltd.

Toll's affiliates

JP Asset Management Co., Ltd. is included in the scope of the equity method from the current fiscal year due to the establishment of the company and Toll's affiliates are included in the scope of the equity method from the current fiscal year due to the acquisition of their stock.

(3) Non-consolidated subsidiaries not accounted for by the equity method: 4

Tokyo Beiyu Co., Ltd.

Japan Post Maintenance Co., Ltd.

Nippan Co., Ltd.

Universal Technics Co., Ltd.

These non-consolidated subsidiaries are excluded from the scope of the equity method because their 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 these companies 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 for consolidated subsidiaries

June 30:	13
December 31:	26
January 31:	1
March 31:	250

(2) 25 subsidiaries with a fiscal year-end date of December 31 and subsidiaries with a fiscal year-end date of June 30 and January 31 are consolidated using the preliminary financial statements. The other subsidiary with a fiscal year-end date of December 31 is consolidated using the financial statements as of and for the year ended December 31.

Appropriate adjustments were made for material transactions during the period between their fiscal year-end dates, etc. and the consolidated fiscal year-end date.

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), net of income taxes, are included in net assets, after deducting the amount that is reflected in the fiscal year’s earnings by applying fair value hedge accounting.

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

Finance lease transactions that do not transfer ownership, which are recorded in tangible fixed assets and intangible fixed assets, 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) 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.

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.

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.

(8) 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.

(9) 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.

(10) 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.

(11) Reserve for price fluctuations

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

(12) 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).

(13) 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 ¥179,558 million.

(Changes in Accounting Policies)

Effective from the fiscal year ended March 31, 2016, the Company has adopted Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013; hereinafter referred to as the “Business Combinations Accounting Standard”), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013; hereinafter referred to as the “Consolidation Accounting Standard”), Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013; hereinafter referred to as the “Business Divestitures Accounting Standard”), and other pronouncements. Accordingly, the Company changed to the method where the Company records changes in the Company’s ownership interest in a subsidiary in the case where the Company retains control over the subsidiary as capital surplus, and records acquisition-related costs as expenses in the fiscal year of incurrence. With respect to business combinations to be implemented after the beginning of the fiscal year ended March 31, 2016, the Company changed to the method where revisions to the allocation of acquisition costs due to finalizing amounts from the provisional accounting treatments are reflected in the consolidated financial statements for the period in which the business combination was carried out.

The Business Combinations Accounting Standard and other pronouncements are applied transitionally as provided for in Paragraph 58-2 (4) of the Business Combinations Accounting Standard, Paragraph 44-5 (4) of the Consolidation Accounting Standard and Paragraph 57-4 (4) of the Business Divestitures Accounting Standard, and are applied prospectively from the beginning of the fiscal year ended March 31, 2016.

As a result, net ordinary income and income before income taxes for the fiscal year ended March 31, 2016 both increased by ¥367,499 million. In addition, capital surplus decreased by ¥369,002 million as of March 31, 2016.

In the consolidated statements of cash flows for the fiscal year ended March 31, 2016, cash flows associated with purchases or sale of stocks of subsidiaries that do not result in change in scope of consolidation are stated under “Cash flows from financing activities,” and acquisition-related costs attributable to purchases of stocks of subsidiaries resulting in change in scope of consolidation, or cash flows concerning expenses arising from purchases or sale of stocks of subsidiaries that do not result in change in scope of consolidation are stated under “Cash flows from operating activities.”

In the consolidated statements of changes in net assets for the fiscal year ended March 31, 2016, capital surplus at the end of the fiscal year decreased by ¥369,002 million.

The effects of this change on per share data are described in Note “Per Share Data.”

(New Accounting Pronouncements)

Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016)

1. Outline

This implementation guidance is a partially revised version of the former guideline, and primarily adheres to the framework outlined in the Implementation Guidance on Recoverability of Deferred Tax Assets provided in the JICPA Audit Committee Report No. 66 “Audit Treatment for Judgment of Recoverability of Deferred Tax Assets.”

2. Scheduled date of application

The Company is scheduled to apply this implementation guidance from the beginning of the fiscal year starting on April 1, 2016.

3. Effect of application of this accounting standard

The effect of the application of this implementation guidance is under consideration.

(Changes in Presentation)

(Consolidated Balance Sheets)

“Goodwill,” which was included in “other intangible fixed assets” under “intangible fixed assets” in the previous fiscal year, is separately presented from the current fiscal year due to an increase in materiality. To reflect this change in method of presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, ¥16,607 million presented as “other intangible fixed assets” under “intangible fixed assets” in the consolidated balance sheets for the previous fiscal year has been reclassified into “goodwill” of ¥2 million and “other intangible fixed assets” of ¥16,604 million.

(Consolidated Statements of Cash Flows)

“Amortization of goodwill,” which was included in “other, net” under “cash flows from operating activities” in the previous fiscal year, is separately presented from the current fiscal year due to an increase in materiality. To reflect this change in method of presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, ¥34,438 million presented as “other, net” under “cash flows from operating activities” in the consolidated statements of cash flows for the previous fiscal year has been reclassified into “amortization of goodwill” of ¥8 million and “other, net” of ¥34,430 million.

(Additional Information)

(Adjustments to the amounts of deferred tax assets and deferred tax liabilities due to changes in the rate of income taxes)

The Act for Partial Amendment of the Income Tax Act, etc. (Act No. 15 of 2016) and Act for Partial Amendment of the Local Tax Act, etc. (Act No. 13 of 2016) were enacted by the Diet on March 29, 2016 and, as a result, income tax rate, etc. were reduced effective from the year beginning on or after April 1, 2016. In accordance with this, the effective statutory tax rate used for the calculation of deferred tax assets and deferred tax liabilities has been changed from the previous 32.3%, to 30.9% for the temporary differences likely to be eliminated in the consolidated fiscal year beginning on April 1, 2016 and the consolidated fiscal year beginning on April 1, 2017, and to 30.6% for the temporary differences likely to be eliminated in the consolidated fiscal year beginning on April 1, 2018 and onwards.

As a result, deferred tax assets and liabilities decreased by ¥21,165 million and ¥64,004 million, respectively. In addition, net unrealized gains (losses) on available-for-sale securities increased by ¥81,582 million and net deferred gains (losses) on hedges decreased by ¥9,901 million, and deferred income taxes increased by ¥29,138 million.

(Notes to Consolidated Balance Sheets)

1. Total amount of stocks of non-consolidated subsidiaries and affiliates ¥17,350 million

2. Secured loan securities for which borrowers have the right to sell or pledge in the amount of ¥100,126 million were included in Japanese government bonds in “securities”.

   Unsecured borrowed securities and securities borrowed with cash collateral for which the Group has the right to sell or pledge amounted to ¥10,952,165 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	¥34,148,969 million
Liabilities corresponding to assets pledged as collateral:	
Deposits	¥18,983,827 million
Payables under securities lending transactions	¥16,772,037 million
Other liabilities	¥554,522 million
Acceptances and guarantees	¥75,000 million

   In addition to the above, securities of ¥4,268,434 million and cash and due from banks of ¥30 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.

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 ¥13,563,423 million and ¥15,062,160 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
   2) Japan Post Insurance life insurance contracts (general)
   3) Japan Post Insurance life insurance contracts (lump sum payment annuity)

6. Commitment line contracts on overdrafts and loans are agreements under which Japan Post Bank Co., Ltd. has obligations to lend to customers when they apply for borrowing, up to a prescribed amount, based on conditions established in the contracts. There were no unused commitments on loans.

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

7. Accumulated depreciation of tangible fixed assets ¥1,150,768 million

8. Deferred gains on tangible fixed assets not recognized for tax purposes ¥62,919 million

9. Changes in reserve for policyholder dividends

Balance at the beginning of the fiscal year	¥2,074,919	million
Policyholder dividends paid	¥316,246	million
Interest accrual	¥132	million
Reduction due to the acquisition of additional annuity	¥315	million
Provision for reserve for policyholder dividends	¥178,004	million
Balance at the end of the fiscal year	¥1,936,494	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 ¥314 million. In addition, policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations were ¥558 million.

11. The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amounts of ¥26,866 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 ¥46,712,164 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 ¥2,011,685 million and reserve for price fluctuations of ¥635,806 million were provided for the category of reinsurance.

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

One year or less	¥2,173 million
Over one year	¥139 million

14. Contingent liabilities

In the event that the Company's consolidated subsidiary cancels all or part of their 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, 2016 was ¥95,561 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 ¥170,458 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, ¥36,066 million of "post office refurbishment expenses" were recorded as extraordinary losses.

(Notes to Consolidated Statements of Comprehensive Income)

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	(752,968)
Reclassification adjustments	(341,195)
Before tax effect adjustments	(1,094,163)
Tax effect	309,843
Net unrealized gains (losses) on available-for-sale securities	(784,319)
Net deferred gains (losses) on hedges:	
Amount arising during the fiscal year	(9,979)
Reclassification adjustments	379,860
Adjustments of assets' acquisition costs	7,498
Before tax effect adjustments	377,379
Tax effect	(107,237)
Net deferred gains (losses) on hedges	270,142
Foreign currency translation adjustments:	
Amount arising during the fiscal year	(57,200)
Adjustments for retirement benefits:	
Amount arising during the fiscal year	3,821
Reclassification adjustments	(45,855)
Before tax effect adjustments	(42,034)
Tax effect	1,093
Adjustments for retirement benefits	(40,940)
Share of other comprehensive income of affiliates:	
Amount arising during the fiscal year	(9)
Total other comprehensive income	(612,328)

(Notes to Consolidated Statements of Changes in Net Assets)

1. Type and number of shares issued

(Thousands of shares)

	April 1, 2015	Increase	Decrease	March 31, 2016	Remarks
Shares issued					
Common stock	150,000	4,350,000	-	4,500,000	(Note)

(Note) An increase of 4,350,000 thousand shares of common stock is due to the 30-for-1 common stock split effective August 1, 2015.

2. Type and number of treasury stock

(Thousands of shares)

	April 1, 2015	Increase	Decrease	March 31, 2016	Remarks
Treasury stock					
Common stock	-	383,306	-	383,306	(Note)

(Note) An increase of 383,306 thousand shares of treasury stock is due to the acquisition of treasury stock based on the resolution of the Board of Directors' meeting held on October 19, 2015.

3. Information concerning dividends

(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 15, 2015	Common stock	50,100	334.00	March 31, 2015	June 26, 2015

(2) Cash dividends whose effective date falls after the end of the year ended March 31, 2016 (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 13, 2016	Common stock	102,917	Retained earnings	25.00	March 31, 2016	June 24, 2016

(Note) 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., and is subject to receiving approval by the above effective date.

(Notes to Consolidated Statements of Cash Flows)

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

	(Millions of yen)
Cash and due from banks	48,258,991
Negotiable certificates of deposit included in cash and due from banks of the banking subsidiary	(85,000)
Negotiable certificates of deposit included in securities	400
Deposits with maturities of more than three months	(630)
Negotiable certificates of deposit with maturities of more than three months	(400)
Overdraft included in other liabilities	(32,202)
Cash and cash equivalents at the end of the year	48,141,158

2. Main items of assets and liabilities of companies which were newly included in the scope of consolidation as a result of the share acquisition

The reconciliation between the main items of assets and liabilities at the start of consolidation resulting from the new inclusion of Toll and its subsidiaries in the scope of consolidation through the share acquisition and the acquisition price of Toll's shares and expenditures (net) associated with the acquisition of Toll are as follows.

	(Millions of yen)
Assets	528,924
Of which: tangible fixed assets	230,075
Of which: trademark rights	30,433
Goodwill	474,454
Liabilities	390,940
Of which: corporate bonds and borrowings	228,713
Non-controlling interests	1,759
Foreign currency translation adjustments	1,361
Acquisition price of Toll's shares	609,317
Cash and cash equivalents of Toll and its subsidiaries	36,922
Accrued expenditures associated with the acquisition	791
Net: Expenditures associated with the acquisition of Toll	571,603

(Financial Instruments)

1. Fair Values of Financial Instruments and Others

Amounts carried on the consolidated balance sheets, fair values and the difference between them as of March 31, 2016 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	48,258,991	48,258,991	-
(2) Call loans	1,338,837	1,338,837	-
(3) Receivables under securities borrowing transactions	10,931,820	10,931,820	-
(4) Monetary claims bought	608,659	608,659	-
(5) Trading account securities			
Trading securities	187	187	-
(6) Money held in trust	5,205,658	5,205,658	-
(7) Securities			
Held-to-maturity bonds	94,307,429	104,001,352	9,693,922
Policy-reserve-matching bonds	13,563,423	15,062,160	1,498,737
Available-for-sale securities	99,829,966	99,829,966	-
(8) Loans	11,520,487		
Reserve for possible loan losses (* 1)	(183)		
	11,520,303	12,463,004	942,701
Total assets	285,565,277	297,700,638	12,135,360
(1) Deposits	176,090,188	176,544,347	454,159
(2) Call money	22,536	22,536	-
(3) Payables under securities lending transactions	16,772,037	16,772,037	-
Total liabilities	192,884,761	193,338,920	454,159
Derivative transactions (* 2)			
Hedge accounting not applied	(45)	(45)	-
Hedge accounting applied	(611,032)	(611,032)	-
Total derivative transactions	(611,078)	(611,078)	-

(* 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 (7) Securities" under information concerning fair values of financial instruments.

(Millions of yen)

Class	Amount on the consolidated balance sheets
Unlisted stocks (*)	19,520
Total	19,520

(*) The above instruments 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.

(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, 2016)

There were no valuation gains (losses) associated with trading account securities recorded under income or expenses for the fiscal year ended March 31, 2016.

2. Held-to-maturity bonds (As of March 31, 2016)

(Millions of yen)

	Type	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds consolidated balance sheet amount	Japanese government bonds	79,153,202	88,000,287	8,847,084
	Japanese local government bonds	8,384,496	8,918,422	533,925
	Japanese corporate bonds	6,571,514	6,877,469	305,954
	Others	194,744	229,801	35,057
	Subtotal	94,303,958	104,025,980	9,722,022
Those for which fair value does not exceed consolidated balance sheet amount	Japanese government bonds	-	-	-
	Japanese local government bonds	400	399	(0)
	Japanese corporate bonds	3,071	3,070	(1)
	Others	-	-	-
	Subtotal	3,471	3,469	(1)
Total		94,307,429	104,029,450	9,722,020

3. Policy-reserve-matching bonds (As of March 31, 2016)

(Millions of yen)

	Type	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds consolidated balance sheet amount	Japanese government bonds	12,913,582	14,367,701	1,454,119
	Japanese local government bonds	517,065	551,080	34,015
	Japanese corporate bonds	132,776	143,378	10,602
	Subtotal	13,563,423	15,062,160	1,498,737
Those for which fair value does not exceed consolidated balance sheet amount	Japanese government bonds	-	-	-
	Japanese local government bonds	-	-	-
	Japanese corporate bonds	-	-	-
	Subtotal	-	-	-
Total		13,563,423	15,062,160	1,498,737

4. Available-for-sale securities (As of March 31, 2016)

(Millions of yen)

	Type	Consolidated balance sheet amount	Cost	Difference
Those for which consolidated balance sheet amount exceeds cost	Stocks	14	1	12
	Bonds	49,935,011	47,791,634	2,143,376
	Japanese government bonds	34,372,050	32,626,621	1,745,429
	Japanese local government bonds	5,969,363	5,841,062	128,301
	Short-term corporate bonds	-	-	-
	Japanese corporate bonds	9,593,596	9,323,950	269,646
	Others	27,041,204	24,440,327	2,600,877
	Subtotal	76,976,230	72,231,963	4,744,266
Those for which consolidated balance sheet amount does not exceed cost	Stocks	-	-	-
	Bonds	904,848	907,545	(2,697)
	Japanese government bonds	10,504	10,594	(90)
	Japanese local government bonds	390,679	391,280	(600)
	Short-term corporate bonds	204,995	204,995	-
	Japanese corporate bonds	298,669	300,675	(2,006)
	Others	23,272,546	23,744,084	(471,538)
	Subtotal	24,177,395	24,651,630	(474,235)
Total		101,153,625	96,883,594	4,270,031

5. Held-to-maturity bonds sold during the fiscal year (From April 1, 2015 to March 31, 2016)
   None

6. Policy-reserve-matching bonds sold during the fiscal year (From April 1, 2015 to March 31, 2016)
   None

7. Available-for-sale securities sold during the fiscal year (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Sales	Gains	Losses
Stocks	25,821	11,265	(1)
Bonds	8,755,351	6,365	(681)
Japanese government bonds	8,749,632	6,357	(594)
Japanese corporate bonds	5,718	8	(86)
Others	1,329,429	11,103	(12,032)
Total	10,110,602	28,734	(12,714)

(Money Held in Trust)

1. Money held in trust classified as trading (As of March 31, 2016)
   None

2. Money held in trust classified as held-to-maturity (As of March 31, 2016)
   None

3. Money held in trust classified as other than trading and held-to-maturity (As of March 31, 2016)

(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	5,205,658	4,157,777	1,047,881	1,129,467	(81,585)

(Note) "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.

(Business Combinations)

(Business Combination by Acquisition)

Japan Post Co., Ltd., a consolidated subsidiary of the Company, acquired 100% of the shares issued of Toll Holdings Limited, which is an Australian leading logistics company.

1. Outline of the business combination

(1) Company name and business description of the acquired company

Company name	Toll Holdings Limited
Business description	Forwarding business, 3PL business, express business, and others

(2) Main reasons for conducting the business combination

Japan Post Co., Ltd. is aiming to grow as a general logistics company which undertakes global logistics business, comprised mainly of business development in the fast-growing Asian market, as well as strengthening domestic business.

Japan Post Co., Ltd. acquired the shares of Toll Holdings Limited, so as to enhance its global business development while firmly establishing its position in the Asian market in the future.

(3) Date of the business combination

May 28, 2015

(4) Legal form of the business combination

Acquisition of shares in exchange for cash

(5) Company name after the business combination

Toll Holdings Limited

(6) Ratio of voting rights acquired

100%

(7) Primary grounds for determining the acquiring company

Based on the acquisition of shares by Japan Post Co., Ltd. in exchange for cash.

2. Period for which business results of the acquired company are included in the consolidated statements of income for the fiscal year ended March 31, 2016

From July 1, 2015 to March 31, 2016

3. Acquisition cost of the acquired company

¥609,317 million

4. Details and amounts of major acquisition-related costs

Advisory fees, etc. ¥1,646 million

5. The amount of goodwill, reasons for the occurrence of goodwill, amortization method of goodwill and amortization period

(1) The amount of goodwill

¥474,454 million

(2) Reasons for the occurrence of goodwill

As acquisition cost exceeded the net amount of acquired assets and assumed liabilities, the excess amount is stated as goodwill.

(3) Amortization method of goodwill and amortization period

Goodwill is amortized over a period of 20 years using the straight-line method.

6. Amount and primary items of acquired assets and assumed liabilities on the date of the business combination

Total assets	¥528,924 million
Of which: tangible fixed assets	¥230,075 million
Of which: trademark rights	¥30,433 million
Total liabilities	¥390,940 million
Of which: corporate bonds and borrowings	¥228,713 million

7. Estimated effect on the consolidated statements of income for the fiscal year ended March 31, 2016 and method of calculation of amount of impact, assuming the business combination was completed on the first day of the consolidated fiscal year

Ordinary income	¥199,324 million
Net ordinary income	¥(5,454) million
Net income attributable to Japan Post Holdings	¥(15,647) million

The above estimated amounts were calculated by reflecting the amount of amortization of goodwill (¥5,841 million), etc., recorded during April 1, 2015 to June 30, 2015, in the business results that includes temporary business reorganization expenses (¥10,260 million), etc., recorded by Toll Holdings Limited and its subsidiaries during the comparable period, which arose as a result of the acquisition of their shares by the Company.

An audit certificate has not been obtained with regard to the above information.

(Transactions under common control)

Sale of a portion of equity interests in subsidiaries

The Company sold a portion of its equity interest in Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. (hereinafter referred to as "two financial companies") as outlined below:

1. Outline of the transaction

(1) Names and descriptions of businesses of the combining companies

1) Japan Post Bank Co., Ltd. (consolidated subsidiary of the Company)

Business description: Banking business

2) Japan Post Insurance Co., Ltd. (consolidated subsidiary of the Company)

Business description: Life insurance business

(2) Date of the business combination

November 4, 2015

(3) Legal form of the business combination

Sale of a portion of equity interests in exchange for cash

(4) Company name after the combination

The company name remains unchanged.

(5) Other matters concerning outline of the transaction

The Company sold approximately 11% of outstanding shares it held in the two financial companies (with regard to Japan Post Bank Co., Ltd., treasury stock is excluded). As a result, the Company holds approximately 74% (ratio of voting rights accounts for approximately 89% when treasury stock is excluded) and 89% of outstanding shares of Japan Post Bank Co., Ltd., and Japan Post Insurance Co., Ltd, respectively, as of March 31, 2016.

In accordance with the Postal Service Privatization Act, the Company is required 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 compliance with the above effects, the Company plans to start by selling its equity interest in the two financial companies in stages to the extent that its holding ratio is lowered to around 50%.

2. Outline of accounting treatments implemented

In accordance with "Business Combinations Accounting Standard," etc., the transaction is processed as a transaction with non-controlling shareholders of transactions under common control.

3. Matters concerning changes in equity of the Company due to transactions with non-controlling shareholders

(1) Main factors for changes in capital surplus

Sale of a portion of equity interests in subsidiaries

(2) Decrease in capital surplus due to transactions with non-controlling shareholders

1) Japan Post Bank Co., Ltd.

¥351,922 million

2) Japan Post Insurance Co., Ltd.

¥17,754 million

(Segment Information)

1. Selected financial information on reportable segments

(Millions of yen)

	Reportable Segments						Other business	Total
	Postal and domestic logistics business	International logistics business	Post office business	Banking business	Life insurance business	Subtotal		
Income								
Income from third parties	1,894,635	544,491	182,785	1,967,489	9,605,645	14,195,048	58,321	14,253,369
Intersegment income	57,061	-	1,188,453	1,497	98	1,247,110	304,247	1,551,358
Total	1,951,696	544,491	1,371,239	1,968,987	9,605,743	15,442,158	362,569	15,804,727
Segment profit	23,724	13,796	40,561	481,974	411,504	971,561	233,511	1,205,073

(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 ¥209,245 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	15,442,158
Income of other business	362,569
Eliminations of intersegment transactions	(1,551,358)
Adjustments	4,171
Ordinary income on the consolidated statements of income	14,257,541

(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	971,561
Segment profit in other business	233,511
Eliminations of intersegment transactions	(216,058)
Adjustments	(22,773)
Net ordinary income on the consolidated statements of income	966,240

(Note) "Adjustments" are due to amortization of goodwill of ¥(17,110) million, etc. recognized in the international logistics business segment and other items.

(Per Share Data)

Items		Amount
Net assets per share	Yen	3,327.37
Net income per share	Yen	97.26

(Notes)
1. The Company implemented a 30-for-1 common stock split effective August 1, 2015. Net assets per share and net income per share have been calculated assuming the stock split was implemented on April 1, 2015.
2. Because there was no potential common stock, the amount for diluted net income per share is omitted.
3. Net assets per share is calculated based on the following:

Items		Amount
Net assets	Millions of yen	15,176,088
Amount deducted from net assets	Millions of yen	1,478,338
Of which: Non-controlling interests	Millions of yen	1,478,338
Net assets attributable to common stock at the fiscal year-end	Millions of yen	13,697,749
Number of common stock at the fiscal year-end used for the calculation of net assets per share	Thousands of shares	4,116,694

4. Net income per share is calculated based on the following:

Items		Amount
Net income attributable to Japan Post Holdings	Millions of yen	425,972
Amount not attributable to common stockholders	Millions of yen	-
Net income attributable to common stock	Millions of yen	425,972
Average number of common stock outstanding during the year	Thousands of shares	4,379,562

5. As described in the Note “Changes in Accounting Policies,” effective from the year ended March 31, 2016, with respect to the application of the Business Combinations Accounting Standard and other pronouncements, the Company has made transitional provisions in accordance with these accounting standards.

   As a result, net income per share increased by ¥83.91 for the fiscal year ended March 31, 2016. The effect on net assets per share as of March 31, 2016 is immaterial.

(Subsequent Events)

None

6. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	277,553	368,761
Inventories	511	406
Prepaid expenses	68	212
Short-term loan	42,200	35,100
Accounts receivable	139,560	20,856
Income taxes receivable	-	143,312
Others	2,916	7,465
Reserve for possible loan losses	(7)	(7)
Total current assets	462,804	576,107
Non-current assets		
Tangible fixed assets		
Buildings	36,784	30,736
Structures	652	716
Machinery and equipment	692	736
Vehicles	86	87
Tools and fixtures	3,323	3,424
Land	95,727	97,938
Construction in progress	735	22,929
Total tangible fixed assets	138,001	156,569
Intangible fixed assets		
Software	8,582	9,022
Others	428	133
Total intangible fixed assets	9,010	9,155
Investments and other assets		
Stocks of subsidiaries and affiliates	8,502,299	7,677,895
Long-term loan	-	3,400
Claims provable in bankruptcy	89	75
Long-term prepaid expenses	74	225
Others	139	259
Reserve for possible loan losses	(89)	(75)
Allowance for investment loss	(5,152)	(5,152)
Total investments and other assets	8,497,360	7,676,627
Total non-current assets	8,644,373	7,842,352
Total assets	9,107,178	8,418,459

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Accounts payable	52,626	178,680
Accrued expenses	2,138	1,285
Income taxes payable	107,444	229
Consumption taxes payable	455	761
Reserve for bonuses	1,670	1,758
Reserve for point service program	516	479
Others	4,922	1,296
Total current liabilities	169,775	184,490
Long-term liabilities		
Reserve for retirement benefits	167,507	146,923
Reserve for compensation for accidents in the course of duty	21,609	20,704
Others	3,828	8,638
Total long-term liabilities	192,946	176,265
Total liabilities	362,721	360,756
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	740,600	784,812
Total retained earnings	740,600	784,812
Treasury stock	-	(730,964)
Total shareholders' equity	8,744,456	8,057,703
Total net assets	8,744,456	8,057,703
Total liabilities and net assets	9,107,178	8,418,459

(2) Non-consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Operating income		
Commissions from subsidiaries and affiliates	11,449	-
Brand royalty income	-	13,352
Dividend income from subsidiaries and affiliates	119,517	209,245
Income from business consignment	47,482	26,842
Subsidy income equivalent to deposit insurance premiums	18,967	9,862
Income from hospital business	24,137	22,562
Income from hotel business	30,365	28,109
Total operating income	251,919	309,975
Operating expenses		
Expenses for business consignment	43,851	24,344
Expenses for hospital business	30,202	27,812
Expenses for hotel business	33,299	30,094
Administrative expenses	(2,622)	(3,692)
Total operating expenses	104,731	78,558
Net operating income	147,187	231,417
Other income		
Interest income	377	391
Rent income	2,520	2,472
Others	553	711
Total other income	3,451	3,575
Other expenses		
Rent expenses	1,154	1,094
Listing related costs	98	774
Others	87	203
Total other expenses	1,340	2,073
Net ordinary income	149,298	232,919
Extraordinary gains		
Gains on sales of fixed assets	471	1,391
Gains on transfer of business	-	2,315
Gains on sales of stocks of subsidiaries and affiliates	-	32,796
Reversal of accounts payable	1,567	-
Income from system contract cancellation	1,770	-
Others	378	878
Total extraordinary gains	4,187	37,382
Extraordinary losses		
Losses on sales and disposal of fixed assets	858	62
Losses on impairment of fixed assets	1,573	8,759
Losses on sales of stocks of subsidiaries and affiliates	-	126,236
Provision of allowance for investment loss	5,152	-
Share of post office refurbishment expenses	24,029	38,853
Others	5,777	5,925
Total extraordinary losses	37,391	179,836
Income before income taxes	116,095	90,464
Income taxes current	(15,086)	(3,846)
Total income taxes	(15,086)	(3,846)
Net income	131,181	94,311

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

Fiscal year ended March 31, 2015

(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	4,503,856	-	4,503,856	715,528	715,528
Cumulative effects of changes in accounting policies					(62,609)	(62,609)
Restated balance at the beginning of the fiscal year	3,500,000	4,503,856	-	4,503,856	652,918	652,918
Changes in the fiscal year						
Cash dividends					(43,500)	(43,500)
Net income					131,181	131,181
Transfer to other capital surplus from capital reserve		(3,628,856)	3,628,856	-		
Acquisition of treasury stock						
Net changes in the fiscal year	-	(3,628,856)	3,628,856	-	87,681	87,681
Balance at the end of the fiscal year	3,500,000	875,000	3,628,856	4,503,856	740,600	740,600

	Shareholders' equity		Total net assets
	Treasury stock	Total shareholders' equity	
Balance at the beginning of the fiscal year	-	8,719,384	8,719,384
Cumulative effects of changes in accounting policies		(62,609)	(62,609)
Restated balance at the beginning of the fiscal year	-	8,656,774	8,656,774
Changes in the fiscal year			
Cash dividends		(43,500)	(43,500)
Net income		131,181	131,181
Transfer to other capital surplus from capital reserve		-	-
Acquisition of treasury stock		-	-
Net changes in the fiscal year	-	87,681	87,681
Balance at the end of the fiscal year	-	8,744,456	8,744,456

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		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
Cumulative effects of changes in accounting policies						
Restated 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
Transfer to other capital surplus from capital reserve						
Acquisition 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
Cumulative effects of changes in accounting policies		-	-
Restated 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
Transfer to other capital surplus from capital reserve		-	-
Acquisition of treasury stock	(730,964)	(730,964)	(730,964)
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