

# Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 <Under Japanese GAAP>



May 15, 2018

Company name: Japan Post Holdings Co., Ltd. Stock exchange listing: Tokyo Stock Exchange  
 Code number: 6178 URL: <http://www.japanpost.jp/>  
 Representative: Masatsugu Nagato, President & CEO (Representative Executive Officer)  
 Contact: Nobuo Tsuruda, Executive Officer, Head of IR Office  
 Phone: +81-3-3504-4245  
 Scheduled date of Annual General Meeting of Shareholders: June 20, 2018  
 Scheduled date of filing securities report: June 21, 2018  
 Scheduled date of commencing dividend payments: June 21, 2018  
 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, 2018

(April 1, 2017 to March 31, 2018)

(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, 2018	12,920,375	(3.0)	916,144	15.2	460,623	-
Fiscal year ended March 31, 2017	13,326,534	(6.5)	795,237	(17.7)	(28,976)	-

(Note) Comprehensive income: Fiscal year ended March 31, 2018: ¥118,564 million [ - %]  
 Fiscal year ended March 31, 2017: ¥ 8,867 million [ - %]

	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, 2018	112.97	-	3.4	0.3	7.1
Fiscal year ended March 31, 2017	(7.04)	-	(0.2)	0.3	6.0

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2018: ¥ 348 million  
 Fiscal year ended March 31, 2017: ¥1,670 million

(Note 1) The percentage change of comprehensive income from the previous corresponding period is not shown for the fiscal year ended March 31, 2018 because the rate of change exceeded 1,000%.

(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 (Note)	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2018	290,640,154	14,743,234	4.6	3,278.11
As of March 31, 2017	293,162,545	14,954,581	4.6	3,268.19

(Reference) Equity: As of March 31, 2018: ¥13,253,942 million

As of March 31, 2017: ¥13,451,766 million

(Note) Equity ratio = [(Net assets – Non-controlling interests) / Total assets] x 100

## (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 fiscal year
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2018	(2,337,394)	99,012	(292,041)	50,694,528
Fiscal year ended March 31, 2017	(991,123)	6,300,698	(225,199)	53,225,675

## 2. Dividends

	Annual dividend					Total dividends paid (Annual) Million yen	Dividend payout ratio (Consolidated) %	Dividends on net assets ratio (Consolidated) %
	1st quarter-end Yen	2nd quarter-end Yen	3rd quarter-end Yen	Year-end Yen	Total Yen			
Fiscal year ended March 31, 2017	-	25.00	-	25.00	50.00	205,834	-	1.5
Fiscal year ended March 31, 2018	-	25.00	-	32.00	57.00	230,500	50.5	1.7
Fiscal year ending March 31, 2019 (Forecast)	-	25.00	-	25.00	50.00		61.3	

(Note) Dividend per share for Year-end of ¥32.00 for the fiscal year ended March 31, 2018 consists of ¥25.00 for ordinary dividend and ¥7.00 for special dividend.

For details, please refer to “Notice Regarding the Dividends from Surplus” released on May 15, 2018.

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(% 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, 2019	12,350,000	(4.4)	660,000	(28.0)	330,000	(28.4)	81.62

**\* Notes:**

(1) Changes in significant subsidiaries during the fiscal 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: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: Yes

4) Retrospective restatement: No

(Note) For details, please refer to [Attachment] “3. Consolidated Financial Statements and Primary Notes (5) Notes to Consolidated Financial Statements (Changes in Accounting Estimates)” on page 14.

(3) Total number of shares issued (common stock)

1) Total number of shares issued at the end of the fiscal year (including treasury stock):

As of March 31, 2018: 4,500,000,000 shares

As of March 31, 2017: 4,500,000,000 shares

2) Total number of treasury stock at the end of the fiscal year:

As of March 31, 2018: 456,837,301 shares

As of March 31, 2017: 384,037,500 shares

3) Average number of shares during the fiscal year:

Fiscal year ended March 31, 2018: 4,077,276,886 shares

Fiscal year ended March 31, 2017: 4,116,057,937 shares

(Note) The total number of treasury stock at the end of the fiscal year includes the shares of the Company held by the management board benefit trust of 698,100 shares and 731,500 shares as of March 31, 2018 and 2017, respectively. The number of treasury stock excluded from calculation of the average number of shares during the fiscal year includes the shares of the Company held by the management board benefit trust of 705,770 shares and 636,063 shares for the fiscal year ended March 31, 2018 and 2017, respectively.

(Summary of non-consolidated financial results)

## 1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2018

(April 1, 2017 to March 31, 2018)

(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, 2018	280,850	(7.6)	218,727	(3.6)	219,729	(4.0)	196,232	(5.2)
Fiscal year ended March 31, 2017	303,808	(2.0)	226,964	(1.9)	228,831	(1.8)	207,015	119.5

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2018	48.13	-
Fiscal year ended March 31, 2017	50.29	-

(Note) 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 (Note)	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2018	8,127,442	7,950,122	97.8	1,966.31
As of March 31, 2017	8,261,109	8,057,856	97.5	1,957.71

(Reference) Equity: As of March 31, 2018: ¥7,950,122 million

As of March 31, 2017: ¥8,057,856 million

(Note) Equity ratio = (Net assets / Total assets) x 100

\* This summary of consolidated financial results is outside the scope of audit procedures by Certified Public Accountants or Audit Firm.

\* 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. Overview of Results of Operations etc.

### (1) Explanation of Results of Operations

Consolidated ordinary income amounted to ¥12,920,375 million (down ¥406,158 million year-on-year) and consolidated net ordinary income amounted to ¥916,144 million (up ¥120,907 million year-on-year). After adjusting for items such as extraordinary losses mainly due to provision for reserve for price fluctuations and provision for reserve for policyholder dividends, net income attributable to Japan Post Holdings amounted to ¥460,623 million (compared to net loss attributable to Japan Post Holdings of ¥28,976 million for the fiscal year ended March 31, 2017).

Financial results by segment are as follows.

#### (Postal and Domestic Logistics Business Segment)

In the postal and domestic logistics business, Japan Post Co. made efforts to maintain and expand the use of mails, and worked to develop the business structure as initiatives to improve profitability. In addition, postage and other fees were partially revised to maintain stable levels of service. Regarding Yu-Pack, we carried out initiatives such as starting a new service that enables customers to designate the delivery date, time and address before the first delivery, as well as revision of basic shipping fees. Also, amid a rise in logistics demand, we worked to maintain delivery operations, while responding to expansion of Yu-Pack and other services. As an initiative for improving productivity and the network's value, in addition to promoting the restructuring of the postal and logistics network, we worked on other initiatives, such as improving productivity in pick-up and delivery operations.

With regard to the total volume of items handled for the fiscal year ended March 31, 2018, the volume of mails handled decreased by 2.9% year-on-year to 17,222.11 million, the volume of Yu-Mail handled rose by 4.0% year-on-year to 3,637.43 million and the volume of Yu-Pack and Yu-Packet handled increased by 25.6% year-on-year to 875.88 million at Japan Post Co. (non-consolidated).

As a result of these initiatives and other factors, in the postal and domestic logistics business for the fiscal year ended March 31, 2018, operating income increased year-on-year mainly due to the impact by the revision in postage fees for standard mail, in addition to an increase in volume of Yu-Pack and Yu-Packet handled resulting from the expansion of the Electronic Commerce market. On the other hand, although operating expenses grew mainly owing to an increase in bonuses and a rise in volume of Yu-Pack and Yu-Packet handled, the increase in operating expenses was kept within the increase in operating income. As a result, ordinary income amounted to ¥2,025,536 million (up ¥92,449 million year-on-year) and net ordinary income amounted to ¥43,736 million (up ¥29,411 million year-on-year). In addition, operating income amounted to ¥2,022,526 million (up ¥92,598 million year-on-year) and net operating income amounted to ¥41,903 million (up ¥29,850 million year-on-year) in the postal and domestic logistics business of Japan Post Co. for the fiscal year ended March 31, 2018.

#### (Post Office Business Segment)

In the post office business, Japan Post Co. strengthened employee sales capabilities through training in cooperation with Japan Post Bank and Japan Post Insurance, as an initiative to improve profitability, and through sales of investments trusts, Japan Post Co. worked to further penetrate a method of sales that emphasize financial assets in custody and expand new policy sales and new customers. In addition, regarding third-party financial product agency services including cancer insurance, we also worked to strengthen employee sales capabilities through trainings. In the merchandising business, we expanded and developed products while promoting the diversification of sales channels. In the real estate business, we promoted businesses such as the leasing of buildings including offices and commercial facilities. In addition, we continued efforts to optimize the post office network as an initiative aimed at increasing the network's value. Moreover, we started a full-fledged operation of the "Watch Over Service," a service in which mails carriers regularly check in on the well-being of elderly people, throughout the country in Japan.

As a result of these initiatives, in the post office business for the fiscal year ended March 31, 2018,

operating income decreased due to a fall in banking and insurance commissions, although operating income from third-party financial product agency services expanded and the real estate business is growing steadily. On the other hand, operating expenses remained nearly at the same level as the previous fiscal year despite a drop in personnel expenses resulting from a decrease in new policy sales at Japan Post Insurance and various measures to improve efficiency as well as efforts to reduce other expenses. As a result, ordinary income amounted to ¥1,360,676 million (down ¥27,281 million year-on-year), and net ordinary income amounted to ¥40,983 million (down ¥23,183 million year-on-year). In addition, operating income amounted to ¥1,358,798 million (down ¥27,657 million year-on-year) and net operating income amounted to ¥39,771 million (down ¥23,562 million year-on-year) in the post office business of Japan Post Co. for the fiscal year ended March 31, 2018.

#### (International Logistics Business Segment)

In the international logistics business, Toll Holdings Limited, a consolidated subsidiary of Japan Post Co., is kept in its position as the core of global expansion. We also proceeded with the Transformation plan measures such as revising Toll's organizational structure by unification and simplification of divisions and reducing headcount in the process to contribute to the enhancement of the Japan Post Group's corporate value. In addition, Toll worked to improve its consolidated financial results by promoting growth strategies such as capturing the logistics needs in high growth fields such as health care, among other measures.

As a result of these initiatives, ordinary income amounted to ¥704,890 million (up ¥59,911 million year-on-year) and net ordinary income amounted to ¥6,544 million (compared to net ordinary loss of ¥414 million for the fiscal year ended March 31, 2017) owing to increases in ordinary income and net ordinary income in the Global Logistics business and a decrease in net ordinary loss in the Global Express business and the Global Forwarding business. In addition, operating income amounted to ¥704,302 million (up ¥59,886 million year-on-year) and net operating income amounted to ¥10,254 million (up ¥4,611 million year-on-year) in the international logistics business of Japan Post Co. for the fiscal year ended March 31, 2018.

#### (Banking Business Segment)

In the banking business, at Japan Post Bank, we made efforts toward "securing the customer base and strengthening fee businesses", "promoting sophisticated and diversified investment" and "strengthen the business foundation".

As a result of these initiatives, in the banking business for the fiscal year ended March 31, 2018, deposits balance of Japan Post Bank as of March 31, 2018 was ¥179,882,759 million (up ¥448,073 million year-on-year). Net interest income dropped mainly due to a decrease in interest on Japanese government bonds. Meanwhile, net other operating income (loss) increased mainly owing to a rise in gains (losses) on foreign exchanges. In the adverse business environment from factors such as a low interest rate trend, ordinary income amounted to ¥2,044,929 million (up ¥147,636 million year-on-year), and net ordinary income amounted to ¥499,642 million (up ¥57,525 million year-on-year).

#### (Life Insurance Business Segment)

In the life insurance business, Japan Post Insurance has remained true to the social mission of Postal Life Insurance, of "protecting the means of fundamental livelihood of the public through simple procedures". At the same time, Japan Post Insurance endeavored to provide simple and easy-to-understand life insurance products with small coverage amounts and heartfelt customer services under its stated management philosophy of "Being a trustful partner for people, always being close at hand and endeavoring to protect their well-being". For the fiscal year ended March 31, 2018, Japan Post Insurance worked mainly on "product development corresponding to customers' needs", "enhancing sales force of distribution channel", "improvement of services for older adult", "deployment of administrative and IT system", "improving capacity for earnings from investment" and "enhancing internal control system".

As a result of these initiatives, in the life insurance business for the fiscal year ended March 31, 2018, 1,739

thousand new policies for individual insurance with a policy amount of ¥5,464,124 million were acquired. However, mainly due to a decrease in the number of policies in force, ordinary income amounted to ¥7,952,951 million (down ¥706,493 million year-on-year). On the other hand, net ordinary income amounted to ¥309,233 million (up ¥29,456 million year-on-year) mainly due to a decrease in investment expenses.

(Consolidated financial results forecast for the fiscal year ending March 31, 2019)

With regard to the consolidated financial results forecast for the fiscal year ending March 31, 2019, ordinary income of ¥12,350,000 million, net ordinary income of ¥660,000 million and net income attributable to Japan Post Holdings of ¥330,000 million are anticipated.

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

• Postal and domestic logistics business	¥18,000 million
• Post office business	¥33,000 million
• International logistics business	¥7,000 million
• Banking business	¥370,000 million
• Life insurance business	¥220,000 million

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

At Japan Post Co. (consolidated), net income attributable to Japan Post Co. is forecast at ¥45,000 million (down ¥13,476 million year-on-year) owing to a decrease in volume of mails handled and an increase in expenses mainly due to an increase in unit personnel expenses resulting from the tight labor supply-and-demand, etc. and an improvement of working condition of employees.

At Japan Post Bank (consolidated), net income attributable to Japan Post Bank is forecast at ¥260,000 million (down ¥92,775 million year-on-year) mainly owing to a decrease in net interest income in the adverse business environment from factors such as a low interest rate trend.

At Japan Post Insurance (consolidated), net income attributable to Japan Post Insurance is forecast at ¥88,000 million (down ¥16,487 million year-on-year) due to temporary positive factors resulting from an improvement in internal and external markets environment for the fiscal year ended March 31, 2018 and a decrease in the number of policies in force.

In addition, at Japan Post Holdings (consolidated), it anticipates extraordinary losses of ¥35,000 million arising from post office refurbishment expenses, etc., as well as net income attributable to non-controlling interests of ¥38,000 million.

## (2) Explanation of Financial Position

### 1) Condition of assets, liabilities and net assets

Consolidated total assets were ¥290,640,154 million, down ¥2,522,390 million from the end of the previous fiscal year.

Major factors include an increase in loans of ¥1,647,661 million and a rise in money held in trust of ¥1,111,447 million, as well as a decline in securities of ¥2,957,513 million and a drop in cash and due from banks of ¥2,531,117 million.

Consolidated total liabilities were ¥275,896,920 million, down ¥2,311,043 million from the end of the previous fiscal year.

Major factors include an increase in deposits of ¥484,716 million and a rise in payables under repurchase agreements of ¥1,024,348 million, as well as a decrease in policy reserves of ¥2,397,936 million and a fall in payables under securities lending transactions of ¥1,107,689 million.

Consolidated total net assets were ¥14,743,234 million, down ¥211,347 million from the end of the previous fiscal year.

Major factors include an increase in retained earnings of ¥256,923 million and net deferred gains (losses) on hedges of ¥106,575 million, as well as a decrease in net unrealized gains (losses) on available-for-sale securities of ¥416,943 million.



## 2) Cash flows

Cash and cash equivalents at the end of the current fiscal year were ¥50,694,528 million, down ¥2,531,147 million from the beginning of the current fiscal year.

(Cash flows from operating activities)

Net cash used in operating activities amounted to ¥2,337,394 million (up ¥1,346,271 million in outflow year-on-year), as a result of investment and procurement of funds in the banking business, along with income from insurance premiums and payment of insurance claims, etc. in the life insurance business.

(Cash flows from investing activities)

Net cash provided by investing activities amounted to ¥99,012 million (down ¥6,201,685 million in inflow year-on-year), as a result of cash inflows mainly owing to proceeds from sale 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 ¥292,041 million (up ¥66,842 million in outflow year-on-year), as a result of cash dividends paid by the Company, etc.

## (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 retained earnings, the Company aimed to provide stable returns to shareholders while maintaining required internal reserves and paying attention to capital efficiency. Accordingly, the Company intended to sustain stable dividend per share, while maintaining a consolidated dividend payout ratio of roughly 50% or higher until the fiscal year ended March 31, 2018.

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

With regard to dividends from retained earnings for which the record date falls in the fiscal year ended March 31, 2018, based on a comprehensive judgment of the consolidated financial results and other factors, the annual dividend on common stock will be ¥57 (of which interim dividend of ¥25) per share including the special dividend of ¥7 for the 10th anniversary of the privatization of the Japan Post Group.

Meanwhile, the Company continues to aim to provide stable returns to shareholders while maintaining required internal reserves and paying attention to capital efficiency. Accordingly, the Company intends to sustain stable dividend per share, while maintaining annual dividend per share of roughly ¥50 or higher until the fiscal year ending March 31, 2021.

Annual dividend is scheduled to be ¥50 (of which interim dividend of ¥25) per share for the next fiscal year ending March 31, 2019, taking into consideration the consolidated financial results forecast, 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 retained earnings or other appropriation of retained earnings (excluding disposition of loss) of the Company shall not be effective without approval of the Minister for Internal Affairs and Communications.

## 2. Basic Approach Concerning Selection of Accounting Standards

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

### 3. Consolidated Financial Statements and Primary Notes

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
<b>Assets</b>		
Cash and due from banks	53,313,498	50,782,381
Call loans	620,000	745,000
Receivables under securities borrowing transactions	12,239,627	11,520,376
Monetary claims bought	279,776	454,635
Trading account securities	9	32
Money held in trust	5,944,951	7,056,398
Securities	202,320,530	199,363,017
Loans	12,125,022	13,772,684
Foreign exchanges	78,646	87,487
Other assets	1,792,201	2,365,569
Tangible fixed assets	3,206,394	3,154,613
Buildings	1,178,216	1,195,097
Land	1,567,222	1,544,016
Construction in progress	123,214	83,165
Other tangible fixed assets	337,742	332,333
Intangible assets	345,889	329,880
Software	325,700	309,572
Goodwill	3,053	2,885
Other intangible assets	17,136	17,421
Asset for retirement benefits	35,697	43,694
Deferred tax assets	868,118	970,601
Reserve for possible loan losses	(7,819)	(6,217)
Total assets	293,162,545	290,640,154

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
<b>Liabilities</b>		
Deposits	178,004,318	178,489,035
Call money	45,436	-
Payables under repurchase agreements	960,937	1,985,285
Policy reserves and others	72,525,176	69,948,383
Reserve for outstanding claims	577,376	548,196
Policy reserves	70,175,234	67,777,297
Reserve for policyholder dividends	1,772,565	1,622,889
Payables under securities lending transactions	18,583,361	17,475,671
Commercial papers	40,324	191,481
Foreign exchanges	407	309
Other liabilities	3,587,312	3,350,756
Reserve for bonuses	101,979	126,869
Liability for retirement benefits	2,279,156	2,256,418
Reserve for employee stock ownership plan trust	-	809
Reserve for management board benefit trust	253	727
Reserve for reimbursement of deposits	2,096	86,114
Reserve under the special laws	788,712	916,743
Reserve for price fluctuations	788,712	916,743
Deferred tax liabilities	1,288,491	1,068,313
<b>Total liabilities</b>	<b>278,207,964</b>	<b>275,896,920</b>
<b>Net assets</b>		
Capital stock	3,500,000	3,500,000
Capital surplus	4,135,414	4,135,462
Retained earnings	3,294,130	3,551,054
Treasury stock	(731,992)	(831,945)
<b>Total shareholders' equity</b>	<b>10,197,552</b>	<b>10,354,570</b>
Net unrealized gains (losses) on available-for-sale securities	3,105,162	2,688,219
Net deferred gains (losses) on hedges	(103,790)	2,784
Foreign currency translation adjustments	(80,730)	(85,870)
Accumulated adjustments for retirement benefits	333,571	294,238
<b>Total accumulated other comprehensive income</b>	<b>3,254,213</b>	<b>2,899,371</b>
Non-controlling interests	1,502,815	1,489,292
<b>Total net assets</b>	<b>14,954,581</b>	<b>14,743,234</b>
<b>Total liabilities and net assets</b>	<b>293,162,545</b>	<b>290,640,154</b>

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

## Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Ordinary income	13,326,534	12,920,375
Postal business income	2,524,315	2,676,204
Banking business income	1,895,552	2,042,980
Life insurance business income	8,659,363	7,952,894
Other ordinary income	247,302	248,296
Ordinary expenses	12,531,297	12,004,230
Operating expenses	9,672,884	8,971,688
Personnel expenses	2,594,617	2,629,701
Depreciation and amortization	249,717	279,165
Other ordinary expenses	14,078	123,674
Net ordinary income	795,237	916,144
Extraordinary gains	10,268	92,141
Gains on sales of fixed assets	958	88,182
Gains on negative goodwill	-	568
Compensation for transfer	1,329	190
Compensation income	66	176
Settlement received	4,041	1,001
Gains on transfer of business	3,653	2,005
Other extraordinary gains	219	15
Extraordinary losses	481,938	181,358
Losses on sales and disposal of fixed assets	5,757	4,762
Losses on impairment of fixed assets	419,479	17,964
Provision for reserve under the special laws	6,444	128,031
Provision for reserve for price fluctuations	6,444	128,031
Post office refurbishment expenses	20,309	25,213
Other extraordinary losses	29,947	5,387
Provision for reserve for policyholder dividends	152,679	117,792
Income before income taxes	170,887	709,134
Income taxes current	279,057	357,503
Income taxes deferred	(123,960)	(160,395)
Total income taxes	155,097	197,107
Net income	15,790	512,027
Net income attributable to non-controlling interests	44,767	51,404
Net income (loss) attributable to Japan Post Holdings	(28,976)	460,623

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net income	15,790	512,027
Other comprehensive loss	(6,923)	(393,462)
Net unrealized gains (losses) on available-for-sale securities	(239,357)	(468,530)
Net deferred gains (losses) on hedges	302,793	119,718
Foreign currency translation adjustments	(23,918)	(5,111)
Adjustments for retirement benefits	(46,444)	(39,544)
Share of other comprehensive income of affiliates	3	5
Comprehensive income	8,867	118,564
Total comprehensive income (loss) attributable to:		
Japan Post Holdings	(42,684)	105,804
Non-controlling interests	51,551	12,759

(3) Consolidated Statements of Changes in Net Assets  
Fiscal year ended March 31, 2017

(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	4,134,853	3,525,932	(730,964)	10,429,821
Changes in the fiscal year					
Cash dividends			(205,834)		(205,834)
Net loss attributable to Japan Post Holdings			(28,976)		(28,976)
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		560			560
Purchases of treasury stock				(1,042)	(1,042)
Disposals of treasury stock				13	13
Changes in the scope of consolidation			3,009		3,009
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	-	560	(231,801)	(1,028)	(232,269)
Balance at the end of the fiscal year	3,500,000	4,135,414	3,294,130	(731,992)	10,197,552

	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 (loss)		
Balance at the beginning of the fiscal year	3,318,181	(373,232)	(56,856)	379,835	3,267,928	1,478,338	15,176,088
Changes in the fiscal year							
Cash dividends							(205,834)
Net loss attributable to Japan Post Holdings							(28,976)
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders							560
Purchases of treasury stock							(1,042)
Disposals of treasury stock							13
Changes in the scope of consolidation							3,009
Net changes in items other than shareholders' equity in the fiscal year	(213,018)	269,442	(23,873)	(46,264)	(13,714)	24,476	10,762
Net changes in the fiscal year	(213,018)	269,442	(23,873)	(46,264)	(13,714)	24,476	(221,506)
Balance at the end of the fiscal year	3,105,162	(103,790)	(80,730)	333,571	3,254,213	1,502,815	14,954,581

Fiscal year ended March 31, 2018

(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	4,135,414	3,294,130	(731,992)	10,197,552
Changes in the fiscal year					
Cash dividends			(204,013)		(204,013)
Net income attributable to Japan Post Holdings			460,623		460,623
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		47			47
Purchases of treasury stock				(99,999)	(99,999)
Disposals of treasury stock				46	46
Changes in the scope of consolidation			314		314
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	-	47	256,923	(99,953)	157,018
Balance at the end of the fiscal year	3,500,000	4,135,462	3,551,054	(831,945)	10,354,570

	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 (loss)		
Balance at the beginning of the fiscal year	3,105,162	(103,790)	(80,730)	333,571	3,254,213	1,502,815	14,954,581
Changes in the fiscal year							
Cash dividends							(204,013)
Net income attributable to Japan Post Holdings							460,623
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders							47
Purchases of treasury stock							(99,999)
Disposals of treasury stock							46
Changes in the scope of consolidation							314
Net changes in items other than shareholders' equity in the fiscal year	(416,943)	106,575	(5,140)	(39,333)	(354,842)	(13,522)	(368,365)
Net changes in the fiscal year	(416,943)	106,575	(5,140)	(39,333)	(354,842)	(13,522)	(211,347)
Balance at the end of the fiscal year	2,688,219	2,784	(85,870)	294,238	2,899,371	1,489,292	14,743,234

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities:		
Income before income taxes	170,887	709,134
Depreciation and amortization	249,717	279,165
Losses on impairment of fixed assets	419,479	17,964
Amortization of goodwill	20,720	167
Equity in (earnings) losses of affiliates	(1,670)	(348)
Gains on negative goodwill	-	(568)
Net change in reserve for outstanding claims	(57,790)	(29,180)
Net change in policy reserves	(2,187,268)	(2,397,936)
Provision for interest on policyholder dividends	25	7
Provision for reserve for policyholder dividends	152,679	117,792
Net change in reserve for possible loan losses	599	(1,491)
Net change in reserve for bonuses	(1,826)	25,138
Net change in asset and liability for retirement benefits	(10,585)	(30,736)
Net change in reserve for employee stock ownership plan trust	-	809
Net change in reserve for management board benefit trust	253	473
Net change in reserve for reimbursement of deposits	2,096	84,018
Net change in reserve for price fluctuations	6,444	128,031
Interest and dividend income	(1,227,083)	(1,153,170)
Interest expenses	9,267	6,409
Interest income (accrual basis)	(1,567,512)	(1,502,747)
Interest expenses (accrual basis)	348,720	331,781
Net (gains) losses on securities	50,948	62,931
Net (gains) losses on money held in trust	(139,465)	(146,122)
Net (gains) losses on foreign exchanges	(76,337)	14,473
Net (gains) losses on sales and disposal of fixed assets	4,760	(83,462)
Net change in loans	(1,523,548)	(2,083,094)
Net change in deposits	1,914,130	484,716
Net change in negotiable certificates of deposit	20,000	-
Net change in borrowings	-	2,400
Net change in call loans	433,886	(36,222)
Net change in receivables under securities borrowing transactions for banking business	(795,676)	494,752
Net change in call money	429,316	978,911
Net change in commercial papers	40,324	151,156
Net change in payables under securities lending transactions for banking business	570,736	117,829
Net change in foreign exchanges (assets)	(53,318)	(8,840)
Net change in foreign exchanges (liabilities)	68	(97)
Interest received (cash basis)	1,616,246	1,556,245
Interest paid (cash basis)	(449,749)	(823,888)
Other, net	(47,529)	(234,571)
Subtotal	(1,678,052)	(2,968,166)
Interest and dividend income received	1,316,965	1,179,552
Interest expenses paid	(8,833)	(5,589)
Policyholder dividends paid	(316,351)	(267,178)
Income taxes paid	(308,743)	(277,031)
Other, net	3,892	1,018
Net cash used in operating activities	(991,123)	(2,337,394)



(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
<b>Cash flows from investing activities:</b>		
Purchases of call loans	(26,495,000)	(8,090,000)
Proceeds from redemption of call loans	26,705,000	7,975,000
Purchases of monetary claims bought	(1,616,999)	(429,999)
Proceeds from sale and redemption of monetary claims bought	2,018,804	281,242
Net change in receivables under securities borrowing transactions for life insurance business	(512,131)	224,499
Net change in payables under securities lending transactions for life insurance business	1,240,587	(1,225,519)
Purchases of securities	(29,585,329)	(29,433,620)
Proceeds from sale of securities	4,108,365	4,623,202
Proceeds from redemption of securities	30,029,745	26,568,676
Purchases of money held in trust	(229,645)	(726,363)
Proceeds from sale of money held in trust	54,947	78,158
Payments for loans	(1,065,652)	(911,162)
Proceeds from collection of loans	1,982,971	1,343,823
Purchases of tangible fixed assets	(239,415)	(204,687)
Proceeds from sale of tangible fixed assets	4,140	122,726
Purchases of intangible assets	(87,467)	(82,949)
Proceeds from sale of stocks of subsidiaries and affiliates	44	-
Purchases of stocks of subsidiaries resulting in change in the scope of consolidation	-	(425)
Payments for sale of stocks of subsidiaries resulting in change in the scope of consolidation	(65)	-
Proceeds from sale of stocks of subsidiaries resulting in change in the scope of consolidation	611	-
Other, net	(12,815)	(13,588)
<b>Net cash provided by investing activities</b>	<b>6,300,698</b>	<b>99,012</b>
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	123,633	103,644
Repayment of borrowings	(80,643)	(64,360)
Redemption of bonds	(33,827)	-
Purchases of treasury stock	(1,042)	(99,999)
Purchases of treasury stock of subsidiaries	(956)	(449)
Proceeds from disposals of treasury stock of subsidiaries	0	25
Dividends paid	(205,626)	(203,633)
Dividends paid to non-controlling interests	(25,293)	(25,589)
Purchases of stocks of subsidiaries that do not result in change in the scope of consolidation	-	(132)
Other, net	(1,443)	(1,545)
<b>Net cash used in financing activities</b>	<b>(225,199)</b>	<b>(292,041)</b>
Effect of exchange rate changes on cash and cash equivalents	(1,425)	(944)
<b>Net change in cash and cash equivalents</b>	<b>5,082,949</b>	<b>(2,531,367)</b>
Cash and cash equivalents at the beginning of the fiscal year	48,141,158	53,225,675
<b>Increase in cash and cash equivalents resulting from change in the scope of consolidation</b>	<b>1,567</b>	<b>220</b>
<b>Cash and cash equivalents at the end of the fiscal year</b>	<b>53,225,675</b>	<b>50,694,528</b>

(5) Notes to Consolidated Financial Statements  
(Notes on Going-Concern Assumption)

None

(Changes in Accounting Estimates)

The Company has changed the amortization periods of actuarial difference and prior service cost for retirement benefits for employees from 8 years to 7 years due to the decrease of the estimated average remaining service period for employees from the fiscal year ended March 31, 2018.

As a result, ordinary expenses decreased by ¥341 million while net ordinary income and income before income taxes increased by the same amount respectively for the fiscal year ended March 31, 2018.

In addition, the Company has changed the amortization periods of actuarial difference and prior service cost for share of public service pension from 10 years to 9 years due to the decrease of the estimated average remaining payment period for eligible personnel from the fiscal year ended March 31, 2018.

As a result, ordinary expenses decreased by ¥6,187 million while net ordinary income and income before income taxes increased by the same amount respectively for the fiscal year ended March 31, 2018.

## (Segment Information)

## 1. Ordinary income and segment profit of reportable segments

(Millions of yen)

	Reportable Segments						Other business	Total
	Postal and domestic logistics business	Post office business	International logistics business	Banking business	Life insurance business	Subtotal		
Ordinary income								
Ordinary income from third parties	1,973,809	190,356	704,890	2,042,980	7,952,894	12,864,930	53,606	12,918,537
Intersegment ordinary income	51,727	1,170,319	-	1,948	57	1,224,053	288,641	1,512,695
Total	2,025,536	1,360,676	704,890	2,044,929	7,952,951	14,088,984	342,248	14,431,232
Segment profit	43,736	40,983	6,544	499,642	309,233	900,141	220,154	1,120,295

- (Notes)
1. Ordinary 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 ¥198,891 million.

## 2. Reconciliation of amounts reported on reportable segments and consolidated financial statements

## (1) Reconciliation between total ordinary income of reportable segments and ordinary income on the consolidated statements of income

(Millions of yen)

Items	Fiscal year ended March 31, 2018
Total ordinary income of reportable segments	14,088,984
Ordinary income of other business	342,248
Eliminations of intersegment transactions	(1,512,695)
Adjustments	1,838
Ordinary income on the consolidated statements of income	12,920,375

- (Notes)
1. Ordinary 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	Fiscal year ended March 31, 2018
Total segment profit of reportable segments	900,141
Segment profit in other business	220,154
Eliminations of intersegment transactions	(199,813)
Adjustments	(4,337)
Net ordinary income on the consolidated statements of income	916,144

- (Note) "Adjustments" are due to differences in the calculation methods used for segment profit for the international logistics business segment and net ordinary income on the consolidated statements of income, etc.

## (Per Share Data)

Items		Fiscal year ended March 31, 2018
Net assets per share	Yen	3,278.11
Net income per share	Yen	112.97

- (Notes) 1. Because there was no potential common stock, the amount for diluted net income per share is omitted.  
2. Net assets per share is calculated based on the following:

Items		As of March 31, 2018
Net assets	Millions of yen	14,743,234
Amount deducted from net assets	Millions of yen	1,489,292
Of which: Non-controlling interests	Millions of yen	1,489,292
Net assets attributable to common stock at the fiscal year-end	Millions of yen	13,253,942
Number of common stock outstanding at the fiscal year-end used for the calculation of net assets per share	Thousands of shares	4,043,162

3. The number of treasury stock excluded from the number of common stock outstanding at the fiscal year-end used for the calculation of net assets per share includes the number of shares of the Company held by the management board benefit trust. The number of shares of the Company held by the management board benefit trust excluded from the calculation of net assets per share was 698,100 shares as of March 31, 2018.  
4. Net income per share is calculated based on the following:

Items		Fiscal year ended March 31, 2018
Net income attributable to Japan Post Holdings	Millions of yen	460,623
Amount not attributable to common stockholders	Millions of yen	-
Net income attributable to common stock	Millions of yen	460,623
Average number of common stock outstanding during the fiscal year	Thousands of shares	4,077,276

5. The number of treasury stock excluded from the average number of common stock outstanding during the fiscal year used for the calculation of net income per share includes the number of shares of the Company held by the management board benefit trust. The average number of shares of the Company held by the management board benefit trust excluded from the calculation of net income per share was 705,770 shares for the fiscal year ended March 31, 2018.

## (Subsequent Events)

None

## 4. Non-consolidated Financial Statements

## (1) Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	327,829	194,746
Inventories	397	371
Prepaid expenses	135	164
Short-term loan	26,120	18,620
Accounts receivable	19,736	17,310
Income taxes receivable	32,749	31,003
Others	11,664	7,620
Reserve for possible loan losses	(6)	(6)
Total current assets	418,627	269,830
Non-current assets		
Tangible fixed assets		
Buildings	29,761	30,544
Structures	604	599
Machinery and equipment	1,129	1,393
Vehicles	286	219
Tools and fixtures	3,927	3,456
Land	99,398	97,871
Construction in progress	23,315	33,747
Total tangible fixed assets	158,423	167,831
Intangible assets		
Software	7,346	4,980
Others	141	5,467
Total intangible assets	7,487	10,447
Investments and other assets		
Stocks of subsidiaries and affiliates	7,677,895	7,680,895
Long-term loan	3,280	3,160
Claims provable in bankruptcy	71	79
Long-term prepaid expenses	283	205
Others	264	224
Reserve for possible loan losses	(71)	(79)
Allowance for investment loss	(5,152)	(5,152)
Total investments and other assets	7,676,571	7,679,332
Total non-current assets	7,842,482	7,857,612
Total assets	8,261,109	8,127,442

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
<b>Liabilities</b>		
Current liabilities		
Accounts payable	40,394	40,739
Accrued expenses	1,179	1,078
Income taxes payable	231	200
Consumption taxes payable	-	150
Reserve for bonuses	1,643	1,904
Reserve for point service program	528	505
Others	4,610	3,285
Total current liabilities	48,586	47,864
Long-term liabilities		
Reserve for retirement benefits	123,989	94,866
Reserve for management board benefit trust	63	166
Reserve for compensation for accidents in the course of duty	19,816	18,989
Others	10,796	15,432
Total long-term liabilities	154,666	129,455
<b>Total liabilities</b>	<b>203,253</b>	<b>177,320</b>
<b>Net assets</b>		
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	785,993	778,212
Total retained earnings	785,993	778,212
Treasury stock	(731,992)	(831,945)
Total shareholders' equity	8,057,856	7,950,122
<b>Total net assets</b>	<b>8,057,856</b>	<b>7,950,122</b>
<b>Total liabilities and net assets</b>	<b>8,261,109</b>	<b>8,127,442</b>

## (2) Non-consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
<b>Operating income</b>		
Brand royalty income	13,536	13,567
Dividend income from subsidiaries and affiliates	208,657	198,891
Income from business consignment	25,727	17,463
Subsidy income equivalent to deposit insurance premiums	8,371	5,679
Income from hospital business	21,245	18,733
Income from hotel business	26,270	26,514
<b>Total operating income</b>	<b>303,808</b>	<b>280,850</b>
<b>Operating expenses</b>		
Expenses for business consignment	25,268	20,424
Expenses for hospital business	26,826	23,612
Expenses for hotel business	28,747	29,491
Administrative expenses	(3,998)	(11,406)
<b>Total operating expenses</b>	<b>76,844</b>	<b>62,123</b>
<b>Net operating income</b>	<b>226,964</b>	<b>218,727</b>
<b>Other income</b>		
Interest income	78	32
Rent income	2,356	2,543
System modification fees	314	155
Others	626	541
<b>Total other income</b>	<b>3,376</b>	<b>3,273</b>
<b>Other expenses</b>		
Rent expenses	993	1,295
System modification expenses	304	115
Offering related costs	-	582
Others	210	278
<b>Total other expenses</b>	<b>1,508</b>	<b>2,272</b>
<b>Net ordinary income</b>	<b>228,831</b>	<b>219,729</b>
<b>Extraordinary gains</b>		
Gains on sales of fixed assets	129	61
Compensation income	35	163
Gains on transfer of business	-	1,687
Others	8	231
<b>Total extraordinary gains</b>	<b>173</b>	<b>2,144</b>
<b>Extraordinary losses</b>		
Losses on sales and disposal of fixed assets	18	23
Losses on impairment of fixed assets	2,234	6,256
Share of post office refurbishment expenses	21,963	26,560
Others	3,631	2,067
<b>Total extraordinary losses</b>	<b>27,848</b>	<b>34,908</b>
<b>Income before income taxes</b>	<b>201,157</b>	<b>186,965</b>
Income taxes current	(6,259)	(9,266)
Income taxes for prior periods	400	-
<b>Total income taxes</b>	<b>(5,858)</b>	<b>(9,266)</b>
<b>Net income</b>	<b>207,015</b>	<b>196,232</b>

(3) Non-consolidated Statements of Changes in Net Assets  
Fiscal year ended March 31, 2017

(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	784,812	784,812
Changes in the fiscal year						
Cash dividends					(205,834)	(205,834)
Net income					207,015	207,015
Purchases of treasury stock						
Disposals of treasury stock						
Net changes in the fiscal year	-	-	-	-	1,181	1,181
Balance at the end of the fiscal year	3,500,000	875,000	3,628,856	4,503,856	785,993	785,993

	Shareholders' equity		Total net assets
	Treasury stock	Total shareholders' equity	
Balance at the beginning of the fiscal year	(730,964)	8,057,703	8,057,703
Changes in the fiscal year			
Cash dividends		(205,834)	(205,834)
Net income		207,015	207,015
Purchases of treasury stock	(1,042)	(1,042)	(1,042)
Disposals of treasury stock	13	13	13
Net changes in the fiscal year	(1,028)	152	152
Balance at the end of the fiscal year	(731,992)	8,057,856	8,057,856



Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings
					Retained earnings brought forward	
Balance at the beginning of the fiscal year	3,500,000	875,000	3,628,856	4,503,856	785,993	785,993
Changes in the fiscal year						
Cash dividends					(204,013)	(204,013)
Net income					196,232	196,232
Purchases of treasury stock						
Disposals of treasury stock						
Net changes in the fiscal year	-	-	-	-	(7,781)	(7,781)
Balance at the end of the fiscal year	3,500,000	875,000	3,628,856	4,503,856	778,212	778,212

	Shareholders' equity		Total net assets
	Treasury stock	Total shareholders' equity	
Balance at the beginning of the fiscal year	(731,992)	8,057,856	8,057,856
Changes in the fiscal year			
Cash dividends		(204,013)	(204,013)
Net income		196,232	196,232
Purchases of treasury stock	(99,999)	(99,999)	(99,999)
Disposals of treasury stock	46	46	46
Net changes in the fiscal year	(99,953)	(107,734)	(107,734)
Balance at the end of the fiscal year	(831,945)	7,950,122	7,950,122