



# **Financial Results of the Principal Subsidiaries**

**Six Months Ended September 30, 2015**

**November 13, 2015**

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# I Japan Post Group

## Year-on-Year Changes of Income for the Six Months Ended September 30, 2015

Net ordinary income

(Billions of yen)

	Japan Post Group (Consolidated)	Japan Post (Consolidated)	Japan Post (Non-consolidated)	Japan Post Bank	Japan Post Insurance (Consolidated)	Japan Post Insurance (Non-consolidated)	Others (Including consolidated accounting procedures)
Six months ended September 30, 2014	518.7	(34.0)	(33.6)	273.0	263.5	263.7	16.2
Six months ended September 30, 2015	473.3	(21.8)	(22.1)	251.6	218.7	219.7	24.6
Year-on-year change	(45.4)	+ 12.2	+ 11.5	(21.3)	(44.7)	(43.9)	+ 8.4

Net income\*

(Billions of yen)

	Japan Post Group (Consolidated)	Japan Post (Consolidated)	Japan Post (Non-consolidated)	Japan Post Bank	Japan Post Insurance (Consolidated)	Japan Post Insurance (Non-consolidated)	Others (Including consolidated accounting procedures)
Six months ended September 30, 2014	217.1	(35.8)	(38.6)	181.7	50.8	50.9	20.4
Six months ended September 30, 2015	213.3	(12.5)	(17.5)	171.5	48.5	49.3	5.7
Year-on-year change	(3.7)	+ 23.3	+ 21.1	(10.1)	(2.3)	(1.6)	(14.6)

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



## **II Japan Post**

## 1. Interim Consolidated Financial Statements

### (1) Interim Consolidated Balance Sheets

	As of March 31, 2015	As of September 30, 2015
	(Millions of yen)	
Assets		
Current assets		
Cash and deposits	¥ 2,617,915	¥ 1,818,491
Notes receivable and operating accounts receivable	246,438	370,920
Securities	105,160	100,200
Inventories	21,340	29,648
Outstanding amount of banking business consignment	-	4,863
Other current assets	82,517	115,175
Reserve for possible loan losses	(217)	(2,150)
Total current assets	3,073,154	2,437,149
Non-current assets		
Tangible fixed assets		
Buildings	884,008	929,296
Land	1,290,296	1,315,448
Other tangible fixed assets	145,934	262,225
Total tangible fixed assets	2,320,239	2,506,970
Intangible fixed assets		
Goodwill	-	459,401
Other intangible fixed assets	73,743	88,542
Total intangible fixed assets	73,743	547,943
Investments and other assets		
Other investments and other assets	61,131	69,803
Reserve for possible loan losses	(2,801)	(2,967)
Total investments and other assets	58,329	66,835
Total non-current assets	2,452,313	3,121,750
Total assets	¥ 5,525,467	¥ 5,558,899

	As of March 31, 2015	As of September 30, 2015
	(Millions of yen)	
Liabilities		
Current liabilities		
Notes payable and operating accounts payable	¥ 66,239	¥ 99,463
Short-term borrowings	3,150	96,151
Accounts payable	354,188	261,698
Outstanding amount of banking business consignment	7,984	-
Outstanding amount of life insurance business consignment	12,120	6,723
Income taxes payable	6,012	10,199
Deposits received	311,671	254,773
Fund deposits for post offices	1,140,000	1,110,000
Reserve for bonuses	82,951	112,373
Reserve for losses on rebuilding of branches	130	130
Other current liabilities	157,845	170,265
Total current liabilities	<u>2,142,295</u>	<u>2,121,779</u>
Long-term liabilities		
Bonds	-	38,244
Long-term borrowings	195	68,801
Deferred tax liabilities	9,159	8,530
Reserve for losses on rebuilding of branches	198	198
Liability for retirement benefits	2,047,001	2,057,381
Other long-term liabilities	39,515	73,484
Total long-term liabilities	<u>2,096,071</u>	<u>2,246,641</u>
Total liabilities	<u>4,238,366</u>	<u>4,368,420</u>
Net assets		
Shareholders' equity		
Capital stock	400,000	400,000
Capital surplus	600,000	585,705
Retained earnings	27,749	29,657
Total shareholders' equity	<u>1,027,749</u>	<u>1,015,363</u>
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	6,584	295
Net deferred gains (losses) on hedges	(7,116)	191
Foreign currency translation adjustments	160	(76,122)
Accumulated adjustments for retirement benefits	256,995	246,176
Total accumulated other comprehensive income	<u>256,623</u>	<u>170,539</u>
Non-controlling interests	<u>2,728</u>	<u>4,576</u>
Total net assets	<u>1,287,101</u>	<u>1,190,479</u>
Total liabilities and net assets	<u>¥ 5,525,467</u>	<u>¥ 5,558,899</u>

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

## Interim Consolidated Statements of Income

	Six months ended September 30, 2015	
	(Millions of yen)	
Operating income		
Postal service business income	¥	860,893
Commissions for banking business consignment		308,121
Commissions for life insurance business consignment		185,447
International logistics business income		191,471
Other operating income		87,124
Total operating income		1,633,058
Operating costs		1,547,727
Gross operating income		85,331
Sales, general and administrative costs		112,205
Net operating income (loss)		(26,874)
Other income		
Rent income		5,976
Others		4,953
Total other income		10,930
Other expenses		
Interest expenses		1,748
Rent expenses		3,431
Others		678
Total other expenses		5,858
Net ordinary income (loss)		(21,802)
Extraordinary gains		
Gains on sales of fixed assets		374
Compensation for transfer		490
Gains on sales of securities		11,026
Gains on negative goodwill		849
Contribution for post office refurbishment expenses		13,804
Others		24
Total extraordinary gains		26,569
Extraordinary losses		
Losses on sales of fixed assets		53
Losses on disposal of fixed assets		1,392
Losses on impairment of fixed assets		725
Post office refurbishment expenses		13,804
Others		6
Total extraordinary losses		15,982
Income (loss) before income taxes		(11,215)
Income taxes current		698
Income taxes deferred		257
Total income taxes		955
Net income (loss)		(12,170)
Net income attributable to non-controlling interests		338
Net income (loss) attributable to Japan Post	¥	(12,509)



Interim Consolidated Statements of Comprehensive Income

	Six months ended September 30, 2015
	(Millions of yen)
Net income (loss)	¥ (12,170)
Other comprehensive income	
Net unrealized gains (losses) on available-for-sale securities	(6,291)
Net deferred gains (losses) on hedges	7,308
Foreign currency translation adjustments	(76,461)
Adjustments for retirement benefits	(10,819)
Share of other comprehensive income of affiliates	(2)
Total other comprehensive income	(86,266)
Comprehensive income	¥ (98,436)
Total comprehensive income attributable to:	
Japan Post	¥ (98,592)
Non-controlling interests	156

### (3) Segment Information

Income and segment profit (loss) of reportable segments

Six months ended September 30, 2015

(Millions of yen)

	Reportable segment				Other	Total
	Postal and domestic logistics	International logistics	Post office	Total		
Income						
Income from third parties	¥ 861,027	¥ 191,471	¥ 580,559	¥ 1,633,058	-	¥ 1,633,058
Intersegment income	7,146	-	85,765	92,912	-	92,912
Total	¥ 868,174	¥ 191,471	¥ 666,324	¥ 1,725,971	-	¥ 1,725,971
Segment profit (loss)	¥ (46,365)	¥ 8,061	¥ 21,684	¥ (16,619)	-	¥ (16,619)

Businesses involving Toll Holdings Limited (hereinafter referred to as the “Toll”) have been incorporated into the newly established reportable segment of “international logistics.” The figures for “international logistics” have been calculated based on the Australian Accounting Standards, and the amounts presented in segment profit are EBIT of Toll excluding amortization of goodwill which incurred in connection with acquisition of Toll.

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

Six months ended September 30, 2015

(Millions of yen)

Total segment profit (loss) of reportable segments	¥ (16,619)
Profit of other business	-
Eliminations of intersegment transactions	33
Corporate expenses	(2,411)
Other adjustments	(7,877)
Net operating income (loss) on the interim consolidated statements of income	¥ (26,874)

## 2. Interim Non-consolidated Financial Statements

### (1) Interim Non-consolidated Balance Sheets

	<u>As of March 31, 2015</u>	<u>As of September 30, 2015</u>
	(Millions of yen)	
Assets		
Current assets		
Cash and deposits	¥ 2,606,312	¥ 1,737,619
Operating accounts receivable	238,956	278,679
Securities	97,400	70,300
Inventories	16,847	18,545
Outstanding amount of banking business consignment	-	4,863
Other current assets	80,109	64,768
Reserve for possible loan losses	(200)	(227)
Total current assets	<u>3,039,425</u>	<u>2,174,549</u>
Non-current assets		
Tangible fixed assets		
Buildings	874,067	871,445
Land	1,241,466	1,243,409
Other tangible fixed assets	140,589	157,365
Total tangible fixed assets	<u>2,256,122</u>	<u>2,272,220</u>
Intangible fixed assets	72,598	73,974
Investments and other assets		
Stocks of subsidiaries and affiliates	41,911	653,365
Others	34,303	34,808
Reserve for possible loan losses	(2,398)	(2,575)
Total investments and other assets	<u>73,815</u>	<u>685,598</u>
Total non-current assets	<u>2,402,537</u>	<u>3,031,794</u>
Total assets	<u>¥ 5,441,962</u>	<u>¥ 5,206,343</u>

	As of March 31, 2015	As of September 30, 2015
	(Millions of yen)	
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	¥ 57,822	¥ 65,648
Accounts payable	358,908	214,972
Outstanding amount of banking business consignment	7,984	-
Outstanding amount of life insurance business consignment	12,120	6,723
Income taxes payable	5,520	7,057
Deposits received	310,518	253,630
Fund deposits for post offices	1,140,000	1,110,000
Reserve for bonuses	81,661	106,542
Reserve for losses on rebuilding of branches	130	130
Other current liabilities	150,766	117,080
<b>Total current liabilities</b>	<b>2,125,434</b>	<b>1,881,786</b>
<b>Long-term liabilities</b>		
Reserve for retirement benefits	2,297,273	2,297,157
Reserve for losses on rebuilding of branches	198	198
Deferred tax liabilities	2,888	2,688
Other long-term liabilities	37,456	56,214
<b>Total long-term liabilities</b>	<b>2,337,816</b>	<b>2,356,258</b>
<b>Total liabilities</b>	<b>4,463,251</b>	<b>4,238,045</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	400,000	400,000
Capital surplus	600,000	585,705
Retained earnings	(14,294)	(17,527)
<b>Total shareholders' equity</b>	<b>985,705</b>	<b>968,178</b>
<b>Valuation and translation adjustments</b>		
Net unrealized gains (losses) on available-for-sale securities	122	120
Net deferred gains (losses) on hedges	(7,116)	-
<b>Total valuation and translation adjustments</b>	<b>(6,994)</b>	<b>120</b>
<b>Total net assets</b>	<b>978,711</b>	<b>968,298</b>
<b>Total liabilities and net assets</b>	<b>¥ 5,441,962</b>	<b>¥ 5,206,343</b>

## (2) Interim Non-consolidated Statements of Income

	Six months ended September 30, 2014	Six months ended September 30, 2015
	(Millions of yen)	
Operating income		
Postal service business income	¥ 814,186	¥ 849,503
Commissions for banking business consignment	303,121	308,121
Commissions for life insurance business consignment	181,324	185,447
Other operating income	17,434	27,930
Total operating income	1,316,065	1,371,003
Operating costs	1,259,091	1,305,971
Gross operating income	56,974	65,032
Sales, general and administrative costs	93,520	93,274
Net operating income (loss)	(36,545)	(28,241)
Other income		
Dividend income	860	1,755
Rent income	5,882	6,223
Others	2,317	2,415
Total other income	9,060	10,394
Other expenses		
Rent expenses	3,444	3,431
Stock issuance expenses	2,100	-
Others	660	857
Total other expenses	6,204	4,289
Net ordinary income (loss)	(33,689)	(22,137)
Extraordinary gains		
Gains on sales of fixed assets	7	196
Compensation for transfer	348	490
Contribution for post office refurbishment expenses	-	13,804
Others	-	20
Total extraordinary gains	355	14,511
Extraordinary losses		
Losses on sales of fixed assets	1	38
Losses on disposal of fixed assets	693	1,386
Losses on impairment of fixed assets	3,418	660
Post office refurbishment expenses	1,767	13,804
Others	76	-
Total extraordinary losses	5,956	15,890
Income (loss) before income taxes	(39,290)	(23,515)
Income taxes current	(586)	(5,789)
Income taxes deferred	(38)	(199)
Total income taxes	(625)	(5,988)
Net income (loss)	¥ (38,665)	¥ (17,527)

## (3) Breakdown of Operating Costs and Sales, General and Administrative Costs

	Six months ended September 30, 2014		Six months ended September 30, 2015	
	(Millions of yen)			
Operating costs				
Personnel expenses	¥	961,789	¥	989,865
Salaries and allowances		663,362		679,444
Bonuses		39,967		39,986
Provision for reserve for bonuses		87,723		100,630
Retirement benefit expenses		56,857		48,021
Legal welfare expenses		113,878		121,782
Other expenses		297,301		316,105
Charges for facilities		32,561		32,667
Depreciation and amortization		34,025		38,533
Taxes and dues		9,927		9,345
Collection, transport and delivery outsourcing expenses		105,294		118,246
Others		115,492		117,312
Total operating costs		1,259,091		1,305,971
Sales, general and administrative costs				
Personnel expenses		43,822		44,136
Salaries and allowances		28,418		28,584
Bonuses		2,013		2,081
Provision for reserve for bonuses		5,227		5,912
Retirement benefits expenses		3,002		2,591
Legal welfare expenses		5,160		4,966
Other expenses		49,697		49,137
Commissions paid		15,495		16,215
Outsourcing expenses		5,830		4,788
Depreciation and amortization		9,925		7,856
Taxes and dues		5,272		7,176
Advertising expenses		2,615		3,652
Others		10,558		9,448
Total sales, general and administrative costs	¥	93,520	¥	93,274

#### (4) Segment Information

##### Postal and domestic logistics segment

	Six months ended September 30, 2014		Six months ended September 30, 2015	
	(Millions of yen)			
Operating income	¥	819,632	¥	854,629
Operating costs				
Personnel expenses				
Salaries and allowances		389,109		397,172
Others		155,021		162,338
Other expenses				
Depreciation and amortization		24,233		27,537
Collection, delivery and transportation outsourcing expenses		105,294		118,246
Postal service business consignment expenses		82,891		84,427
Others		73,622		72,993
Total operating costs		<u>830,173</u>		<u>862,716</u>
Gross operating income (loss)		<u>(10,541)</u>		<u>(8,086)</u>
Sales, general and administrative costs				
Personnel expenses				
Salaries and allowances		12,275		12,459
Others		6,688		6,550
Other expenses				
Depreciation and amortization		3,446		2,473
Others		17,593		18,267
Total sales, general and administrative costs		<u>40,005</u>		<u>39,750</u>
Net operating income (loss)	¥	<u>(50,546)</u>	¥	<u>(47,837)</u>

Post office segment

	Six months ended September 30, 2014	Six months ended September 30, 2015
	(Millions of yen)	
Operating income		
Commissions for postal service business consignment	¥ 82,891	¥ 84,427
Commissions for banking business consignment	303,121	308,121
Commissions for life insurance business consignment	181,324	185,447
Other operating income	17,347	27,796
Total operating income	<u>584,683</u>	<u>605,793</u>
Operating costs		
Personnel expenses		
Salaries and allowances	274,253	282,271
Others	143,404	148,082
Other expenses		
Depreciation and amortization	9,792	10,995
Others	89,717	91,321
Total operating costs	<u>517,168</u>	<u>532,671</u>
Gross operating income (loss)	<u>67,515</u>	<u>73,121</u>
Sales, general and administrative costs		
Personnel expenses		
Salaries and allowances	16,142	16,125
Others	8,715	9,001
Other expenses		
Depreciation and amortization	6,478	5,383
Others	22,178	22,083
Total sales, general and administrative costs	<u>53,514</u>	<u>52,593</u>
Net operating income (loss)	<u>¥ 14,001</u>	<u>¥ 20,527</u>



### **III Japan Post Bank**

Note: Please refer to the documents on financial results announcements of Japan Post Bank for financial results of the company.

## **IV Japan Post Insurance**

Note: Please refer to the documents on financial results announcements of Japan Post Insurance for financial results of the company.