



# **Financial Results of the Principal Subsidiaries**

**Nine Months Ended December 31, 2015**

**February 12, 2016**

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# I Japan Post Group

## Year-on-Year Changes of Income for the Nine Months Ended December 31, 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)
Nine months ended December 31, 2014	843.3	24.3	23.5	419.9	377.4	377.7	21.7
Nine months ended December 31, 2015	784.7	41.4	41.2	389.0	327.7	328.4	26.4
Year-on-year change	(58.6)	+ 17.1	+ 17.7	(30.8)	(49.7)	(49.3)	+ 4.7

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)
Nine months ended December 31, 2014	404.6	21.8	17.4	280.0	73.4	73.7	29.3
Nine months ended December 31, 2015	383.1	48.7	43.7	266.0	72.7	73.4	(4.4)
Year-on-year change	(21.5)	+ 26.9	+ 26.2	(13.9)	(0.6)	(0.2)	(33.7)

\* 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 December 31, 2015
	(Millions of yen)	
Assets		
Current assets		
Cash and deposits	¥ 2,617,915	¥ 1,741,378
Notes receivable and operating accounts receivable	246,438	357,340
Securities	105,160	188,700
Inventories	21,340	23,416
Outstanding amount of banking business consignment	-	29,130
Other current assets	82,517	129,471
Reserve for possible loan losses	(217)	(2,167)
Total current assets	<u>3,073,154</u>	<u>2,467,269</u>
Non-current assets		
Tangible fixed assets		
Buildings	884,008	964,561
Land	1,290,296	1,321,367
Other tangible fixed assets	145,934	280,760
Total tangible fixed assets	<u>2,320,239</u>	<u>2,566,689</u>
Intangible fixed assets		
Goodwill	-	474,414
Other intangible fixed assets	73,743	94,542
Total intangible fixed assets	<u>73,743</u>	<u>568,957</u>
Investments and other assets		
Other investments and other assets	61,131	71,594
Reserve for possible loan losses	(2,801)	(3,002)
Total investments and other assets	<u>58,329</u>	<u>68,591</u>
Total non-current assets	<u>2,452,313</u>	<u>3,204,237</u>
Total assets	<u>¥ 5,525,467</u>	<u>¥ 5,671,507</u>

	As of March 31, 2015	As of December 31, 2015
	(Millions of yen)	
Liabilities		
Current liabilities		
Notes payable and operating accounts payable	¥ 66,239	¥ 128,866
Short-term borrowings	3,150	100,374
Accounts payable	354,188	251,215
Outstanding amount of banking business consignment	7,984	-
Outstanding amount of life insurance business consignment	12,120	2,674
Income taxes payable	6,012	7,136
Deposits received	311,671	263,156
Fund deposits for post offices	1,140,000	1,130,000
Reserve for bonuses	82,951	23,616
Reserve for losses on rebuilding of branches	130	-
Other current liabilities	157,845	220,924
<b>Total current liabilities</b>	<b>2,142,295</b>	<b>2,127,965</b>
Long-term liabilities		
Bonds	-	38,530
Long-term borrowings	195	77,718
Deferred tax liabilities	9,159	8,429
Reserve for losses on rebuilding of branches	198	329
Liability for retirement benefits	2,047,001	2,069,486
Other long-term liabilities	39,515	76,107
<b>Total long-term liabilities</b>	<b>2,096,071</b>	<b>2,270,601</b>
<b>Total liabilities</b>	<b>4,238,366</b>	<b>4,398,566</b>
Net assets		
Shareholders' equity		
Capital stock	400,000	400,000
Capital surplus	600,000	585,705
Retained earnings	27,749	90,904
<b>Total shareholders' equity</b>	<b>1,027,749</b>	<b>1,076,609</b>
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	6,584	251
Net deferred gains (losses) on hedges	(7,116)	153
Foreign currency translation adjustments	160	(49,624)
Accumulated adjustments for retirement benefits	256,995	240,766
<b>Total accumulated other comprehensive income</b>	<b>256,623</b>	<b>191,546</b>
Non-controlling interests	2,728	4,784
<b>Total net assets</b>	<b>1,287,101</b>	<b>1,272,941</b>
<b>Total liabilities and net assets</b>	<b>¥ 5,525,467</b>	<b>¥ 5,671,507</b>

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

## Interim Consolidated Statements of Income

	Nine months ended December 31, 2015	
	(Millions of yen)	
Operating income		
Postal service business income	¥	1,438,107
Commissions for banking business consignment		460,891
Commissions for life insurance business consignment		277,097
International logistics business income		382,993
Other operating income		146,276
Total operating income		2,705,365
Operating costs		2,492,197
Gross operating income (loss)		213,168
Sales, general and administrative costs		179,062
Net operating income (loss)		34,105
Other income		
Rent income		8,927
Others		7,691
Total other income		16,619
Other expenses		
Interest expenses		3,166
Rent expenses		5,147
Others		931
Total other expenses		9,245
Net ordinary income (loss)		41,479
Extraordinary gains		
Gains on sales of fixed assets		3,283
Compensation for transfer		2,404
Gains on sales of securities		11,155
Gains on negative goodwill		849
Contribution for post office refurbishment expenses		23,541
Others		23
Total extraordinary gains		41,258
Extraordinary losses		
Losses on sales of fixed assets		103
Losses on disposal of fixed assets		2,043
Losses on impairment of fixed assets		753
Post office refurbishment expenses		23,541
Others		599
Total extraordinary losses		27,041
Income (loss) before income taxes		55,695
Income taxes current		5,900
Income taxes deferred		504
Total income taxes		6,405
Net income (loss)		49,290
Net income (loss) attributable to non-controlling interests		553
Net income (loss) attributable to Japan Post	¥	48,737



Interim Consolidated Statements of Comprehensive Income

	Nine months ended December 31, 2015	
	(Millions of yen)	
Net income (loss)	¥	49,290
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities		(6,331)
Net deferred gains (losses) on hedges		7,270
Foreign currency translation adjustments		(49,923)
Adjustments for retirement benefits		(16,228)
Share of other comprehensive income of affiliates		(5)
Total other comprehensive income		(65,217)
Comprehensive income	¥	(15,926)
Total comprehensive income attributable to:		
Japan Post	¥	(16,339)
Non-controlling interests		412

### (3) Segment Information

Income and segment profit (loss) of reportable segments

Nine months ended December 31, 2015

(Millions of yen)

	Reportable segment				Other	Total
	Postal and domestic logistics	International logistics <sup>(Note2)</sup>	Post office	Total		
<b>Income</b> <sup>(Note1)</sup>						
Income from third parties	1,438,326	382,993	884,046	2,705,365	-	2,705,365
Intersegment income	11,231	-	137,114	148,346	-	148,346
Total	1,449,557	382,993	1,021,160	2,853,711	-	2,853,711
Segment profit (loss)	2,962	16,650	35,141	54,754	-	54,754

(Notes)

1. "Income" is presented instead of net sales, which is the typical method of presentation for companies in other industries.
2. 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

Nine months ended December 31, 2015

(Millions of yen)

Total segment profit (loss) of reportable segments	¥	54,754
Profit of other business		-
Eliminations of intersegment transactions		51
Corporate expenses <sup>(Note1)</sup>		(2,939)
Other adjustments <sup>(Note2)</sup>		(17,761)
Net operating income (loss) on the interim consolidated statements of income	¥	<u>34,105</u>

(Notes)

1. "Corporate expenses" consists mainly of general and administrative costs which are not attributable to any reportable segments.
2. "Other adjustments" includes amortization of goodwill of ¥(12,189) million recognized in the international logistics segment.

## 2. Interim Non-consolidated Financial Statements

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

	<u>As of March 31, 2015</u>	<u>As of December 31, 2015</u>
	(Millions of yen)	
Assets		
Current assets		
Cash and deposits	¥ 2,606,312	¥ 1,651,029
Operating accounts receivable	238,956	264,323
Securities	97,400	157,600
Inventories	16,847	12,371
Outstanding amount of banking business consignment	-	29,130
Other current assets	80,109	77,496
Reserve for possible loan losses	(200)	(199)
Total current assets	<u>3,039,425</u>	<u>2,191,752</u>
Non-current assets		
Tangible fixed assets		
Buildings	874,067	905,508
Land	1,241,466	1,248,359
Other tangible fixed assets	140,589	168,424
Total tangible fixed assets	<u>2,256,122</u>	<u>2,322,293</u>
Intangible fixed assets	72,598	80,386
Investments and other assets		
Stocks of subsidiaries and affiliates	41,911	653,365
Others	34,303	35,385
Reserve for possible loan losses	(2,398)	(2,623)
Total investments and other assets	<u>73,815</u>	<u>686,127</u>
Total non-current assets	<u>2,402,537</u>	<u>3,088,807</u>
Total assets	<u>¥ 5,441,962</u>	<u>¥ 5,280,559</u>

	As of March 31, 2015	As of December 31, 2015
	(Millions of yen)	
Liabilities		
Current liabilities		
Operating accounts payable	¥ 57,822	¥ 89,525
Accounts payable	358,908	205,823
Outstanding amount of banking business consignment	7,984	-
Outstanding amount of life insurance business consignment	12,120	2,674
Income taxes payable	5,520	4,510
Deposits received	310,518	260,007
Fund deposits for post offices	1,140,000	1,130,000
Reserve for bonuses	81,661	20,662
Reserve for losses on rebuilding of branches	130	-
Other current liabilities	150,766	172,899
Total current liabilities	<u>2,125,434</u>	<u>1,886,104</u>
Long-term liabilities		
Reserve for retirement benefits	2,297,273	2,303,967
Reserve for losses on rebuilding of branches	198	329
Deferred tax liabilities	2,888	2,585
Other long-term liabilities	37,456	58,028
Total long-term liabilities	<u>2,337,816</u>	<u>2,364,910</u>
Total liabilities	<u>4,463,251</u>	<u>4,251,015</u>
Net assets		
Shareholders' equity		
Capital stock	400,000	400,000
Capital surplus	600,000	585,705
Retained earnings	(14,294)	43,711
Total shareholders' equity	<u>985,705</u>	<u>1,029,417</u>
Valuation and translation adjustments		
Net unrealized gains (losses) on available-for-sale securities	122	126
Net deferred gains (losses) on hedges	(7,116)	-
Total valuation and translation adjustments	<u>(6,994)</u>	<u>126</u>
Total net assets	<u>978,711</u>	<u>1,029,543</u>
Total liabilities and net assets	<u>¥ 5,441,962</u>	<u>¥ 5,280,559</u>

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

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
	(Millions of yen)	
Operating income		
Postal service business income	¥ 1,358,429	¥ 1,419,442
Commissions for banking business consignment	456,713	460,891
Commissions for life insurance business consignment	270,192	277,097
Other operating income	32,673	47,206
Total operating income	2,118,008	2,204,637
Operating costs	1,954,771	2,027,585
Gross operating income (loss)	163,236	177,051
Sales, general and administrative costs	145,507	144,411
Net operating income (loss)	17,729	32,639
Other income		
Dividend income	860	1,755
Rent income	8,811	9,303
Others	4,355	3,964
Total other income	14,027	15,023
Other expenses		
Rent expenses	5,166	5,147
Stock issuance expenses	2,100	-
Others	946	1,224
Total other expenses	8,213	6,371
Net ordinary income (loss)	23,543	41,291
Extraordinary gains		
Gains on sales of fixed assets	105	207
Compensation for transfer	384	2,404
Contribution for post office refurbishment expenses	-	23,541
Others	-	20
Total extraordinary gains	489	26,173
Extraordinary losses		
Losses on sales of fixed assets	18	89
Losses on disposal of fixed assets	1,434	2,008
Losses on impairment of fixed assets	3,427	688
Post office refurbishment expenses	5,285	23,541
Others	76	329
Total extraordinary losses	10,242	26,657
Income (loss) before income taxes	13,791	40,807
Income taxes current	(3,633)	(2,599)
Income taxes deferred	(45)	(304)
Total income taxes	(3,678)	(2,904)
Net income (loss)	¥ 17,469	¥ 43,711

### (3) Segment Information

#### Postal and domestic logistics segment

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
	(Millions of yen)	
Operating income	¥ 1,366,987	¥ 1,427,256
Operating costs	1,313,247	1,363,582
Gross operating income (loss)	53,740	63,674
Sales, general and administrative costs	65,000	62,349
Net operating income (loss)	¥ (11,260)	¥ 1,325

#### Post office segment

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
	(Millions of yen)	
Operating income	¥ 895,220	¥ 919,615
Operating costs	785,723	806,236
Gross operating income (loss)	109,496	113,378
Sales, general and administrative costs	80,506	80,604
Net operating income (loss)	¥ 28,989	¥ 32,774

### **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.