



# **Financial Results of the Principal Subsidiaries**

**Six Months Ended September 30, 2016**

**November 14, 2016**

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# I Japan Post Holdings

## Year-on-Year Changes of Income (Loss) for the Six Months Ended September 30, 2016

Net ordinary income (loss)

(Billions of yen)

	Japan Post Holdings (Consolidated)	Japan Post Co. (Consolidated)	Japan Post Bank	Japan Post Insurance (Consolidated)	Others (Including consolidated accounting procedures)
Six months ended September 30, 2015	473.3	(21.8)	251.6	218.7	24.6
Six months ended September 30, 2016	303.2	(27.6)	212.4	107.8	10.5
Year-on-year change	(170.1)	(5.8)	(39.2)	(110.9)	(14.1)

Net income (loss) \*<sup>1</sup>

(Billions of yen)

	Japan Post Holdings (Consolidated)	Japan Post Co. (Consolidated)	Japan Post Bank	Japan Post Insurance (Consolidated)	Others (Including consolidated accounting procedures)
Six months ended September 30, 2015	213.4	(12.4)	171.5	48.5	5.7
Six months ended September 30, 2016	149.7	(28.7)	150.9	42.5	* <sup>2</sup> (15.0)
Year-on-year change	(63.7)	(16.3)	(20.6)	(5.9)	(20.7)

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

\*2 "Others" for the six months ended September 30, 2016 includes the amount of transfer to net income (loss) attributable to non-controlling interests due to sale of a portion of equity interests in Japan Post Bank and Japan Post Insurance (¥21.2 billion), etc.



## **II Japan Post Co.**

## 1. Interim Consolidated Balance Sheets

	As of March 31, 2016	As of September 30, 2016
	(Millions of yen)	
Assets		
Current assets		
Cash and deposits	¥ 1,908,767	¥ 1,670,528
Notes receivable and operating accounts receivable	332,564	303,279
Securities	400	10,129
Inventories	19,965	20,028
Outstanding amount of banking business consignment	3,917	14,693
Other current assets	118,972	79,740
Reserve for possible loan losses	(2,352)	(1,925)
Total current assets	<u>2,382,236</u>	<u>2,096,474</u>
Non-current assets		
Tangible fixed assets		
Buildings	1,022,959	994,265
Land	1,334,566	1,341,047
Other tangible fixed assets	306,859	328,479
Total tangible fixed assets	<u>2,664,385</u>	<u>2,663,792</u>
Intangible fixed assets		
Goodwill	411,164	357,336
Other intangible fixed assets	127,348	120,623
Total intangible fixed assets	<u>538,512</u>	<u>477,959</u>
Investments and other assets		
Other investments and other assets	69,177	69,805
Reserve for possible loan losses	(2,924)	(3,050)
Total investments and other assets	<u>66,253</u>	<u>66,754</u>
Total non-current assets	<u>3,269,151</u>	<u>3,208,506</u>
Total assets	<u>¥ 5,651,387</u>	<u>¥ 5,304,981</u>

	As of March 31, 2016	As of September 30, 2016
	(Millions of yen)	
Liabilities		
Current liabilities		
Notes payable and operating accounts payable	¥ 106,115	¥ 97,977
Short-term borrowings	56,816	92,817
Other accounts payable	311,350	186,911
Outstanding amount of life insurance business consignment	5,793	3,225
Income taxes payable	9,633	12,829
Deposits received	312,970	266,945
Fund deposits for post offices	1,060,000	980,000
Reserve for bonuses	92,256	115,020
Other current liabilities	146,795	155,506
Total current liabilities	2,101,731	1,911,234
Long-term liabilities		
Bonds	36,798	-
Long-term borrowings	103,708	88,357
Deferred tax liabilities	28,814	25,805
Reserve for losses on rebuilding of branches	329	329
Reserve for management board benefit trust	-	86
Liability for retirement benefits	2,055,617	2,061,001
Other long-term liabilities	79,403	78,193
Total long-term liabilities	2,304,671	2,253,773
Total liabilities	4,406,403	4,165,007
Net assets		
Shareholders' equity		
Capital stock	400,000	400,000
Capital surplus	586,381	586,381
Retained earnings	89,413	51,868
Total shareholders' equity	1,075,795	1,038,249
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	48	(110)
Net deferred gains (losses) on hedges	381	971
Foreign currency translation adjustments	(56,856)	(113,637)
Accumulated adjustments for retirement benefits	221,608	210,538
Total accumulated other comprehensive income	165,182	97,761
Non-controlling interests	4,006	3,962
Total net assets	1,244,984	1,139,973
Total liabilities and net assets	¥ 5,651,387	¥ 5,304,981

## 2. Interim Consolidated Statements of Income and Interim Consolidated Statements of Comprehensive Income

### (1) Interim Consolidated Statements of Income

	Six months ended September 30, 2015	Six months ended September 30, 2016
	(Millions of yen)	
Operating income		
Postal service business income	¥ 860,893	¥ 874,870
Commissions for banking business consignment	308,121	309,044
Commissions for life insurance business consignment	185,447	196,707
International logistics business income	191,471	308,674
Other operating income	93,098	95,958
Total operating income	1,639,033	1,785,254
Operating costs	1,548,938	1,686,181
Gross operating income	90,095	99,072
Sales, general and administrative costs	114,426	126,108
Net operating loss	(24,331)	(27,035)
Other income		
Interest income	911	434
Dividend income	368	15
Equity in earnings (losses) of affiliates	534	1,271
Foreign exchange gains	1,237	1,819
Others	1,903	1,568
Total other income	4,956	5,109
Other expenses		
Interest expenses	1,748	5,221
Others	678	462
Total other expenses	2,427	5,683
Net ordinary loss	(21,802)	(27,610)
Extraordinary gains		
Gains on sales of fixed assets	271	446
Compensation for transfer	490	120
Gains on sales of investment securities	11,026	-
Gains on negative goodwill	849	-
Settlement received	-	4,041
Gains on transfer of business	-	3,564
Contribution for post office refurbishment expenses	13,804	2,350
Others	24	18
Total extraordinary gains	26,467	10,542
Extraordinary losses		
Losses on sales of fixed assets	155	36
Losses on disposal of fixed assets	1,392	1,018
Losses on impairment of fixed assets	725	1,405
Post office refurbishment expenses	13,804	2,350
Others	6	975
Total extraordinary losses	16,084	5,787
Loss before income taxes	(11,419)	(22,854)



Income taxes current	698	6,406
Income taxes deferred	(49)	(758)
Total income taxes	649	5,647
Net loss	(12,068)	(28,502)
Net income attributable to non-controlling interests	338	241
Net loss attributable to Japan Post Co.	¥ (12,407)	¥ (28,743)

(Changes in presentation)

“Rent income” and “rent expenses” for post offices, etc. were included in “other income” and “other expenses” respectively for the fiscal year ended March 31, 2016. From the three months ended June 30, 2016, “rent income” is included in “other operating income” under “operating income” and “rent expenses” is included in “operating costs” and “sales, general and administrative costs.” To reflect this change in presentation, ¥5,974 million of “rent income” under “other income” has been reclassified into “other operating income” under “operating income” and ¥3,431 million of “rent expenses” under “other expenses” has been reclassified into “operating costs” and “sales, general and administrative costs” for the six months ended September 30, 2015.

## (2) Interim Consolidated Statements of Comprehensive Income

	Six months ended September 30, 2015	Six months ended September 30, 2016
	(Millions of yen)	
Net loss	¥ (12,068)	¥ (28,502)
Other comprehensive loss		
Net unrealized gains (losses) on available-for-sale securities	(6,291)	(157)
Net deferred gains (losses) on hedges	7,308	589
Foreign currency translation adjustments	(75,494)	(56,902)
Adjustments for retirement benefits	(10,819)	(11,070)
Share of other comprehensive loss of affiliates	(2)	(2)
Total other comprehensive loss	(85,298)	(67,543)
Comprehensive loss	¥ (97,367)	¥ (96,045)
Total comprehensive income (loss) attributable to:		
Japan Post Co.	¥ (97,523)	¥ (96,165)
Non-controlling interests	156	119

### 3. Segment Information

#### (1) Income and segment profit (loss) of reportable segments

Six months ended September 30, 2015

(Millions of yen)

	Reportable segments				Other	Total
	Postal and domestic logistics	Post office	International logistics <sup>(Note2)</sup>	Total		
Income <sup>(Note1)</sup>						
Income from third parties	863,335	584,225	191,471	1,639,033	-	1,639,033
Intersegment income	7,175	85,769	-	92,945	-	92,945
Total	870,511	669,995	191,471	1,731,979	-	1,731,979
Segment profit (loss)	(44,878)	22,773	8,061	(14,043)	-	(14,043)

(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 business segment have been calculated based on the Australian Accounting Standards, and the amounts presented in segment profit (loss) are EBIT of Toll excluding amortization of goodwill, etc.

Six months ended September 30, 2016

(Millions of yen)

	Reportable segments				Other	Total
	Postal and domestic logistics	Post office	International logistics <sup>(Note3)</sup>	Total		
Income <sup>(Note1)</sup>						
Income from third parties	877,519	599,060	308,674	1,785,254	-	1,785,254
Intersegment income	7,056	87,049	-	94,106	-	94,106
Total	884,576	686,110	308,674	1,879,360	-	1,879,360
Segment profit (loss)	(42,923)	24,793	5,448	(12,681)	-	(12,681)

(Notes)

1. "Income" is presented instead of net sales, which is the typical method of presentation for companies in other industries.
2. As stated in "changes in presentation" in the interim consolidated statements of income, the figures for the six months ended September 30, 2015 have been reclassified.
3. The figures for international logistics business segment have been calculated based on the Australian Accounting Standards, and the amounts presented in segment profit (loss) are EBIT of Toll excluding amortization of goodwill, etc.

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

	Six months ended September 30, 2015	Six months ended September 30, 2016
	(Millions of yen)	
Total segment profit (loss) of reportable segments	¥ (14,043)	¥ (12,681)
Profit of other business	-	-
Eliminations of intersegment transactions	0	550
Corporate expenses <sup>(Note1)</sup>	(2,411)	(909)
Other adjustments <sup>(Note2)</sup>	(7,876)	(13,995)
Net operating loss on the interim consolidated statements of income	(24,331)	(27,035)

(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, etc. recognized in the international logistics segment and other items.

### **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.