

UNOFFICIAL TRANSLATION

Although the Company pays close attention to provide English translation of the information disclosed in Japanese, the Japanese original prevails over its English translation in the case of any discrepancy.

**Summary of Consolidated Financial Results
for the Fiscal Year Ended March 31, 2016
[Under Japanese GAAP]**



May 13, 2016

Company Name: JAPAN POST INSURANCE Co., Ltd. Stock exchange listing: Tokyo Stock Exchange
Code Number: 7181 URL: <http://www.jp-life.japanpost.jp/>
Representative: Masami Ishii, Director and President, CEO, Representative Executive Officer
Scheduled date of General Shareholder's Meeting: June 22, 2016
Scheduled date of commencing dividend payments: June 23, 2016
Scheduled date of filing securities report: June 23, 2016
Availability of supplementary briefing materials on financial results: Available
Schedule of financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

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

(1) Consolidated Results of Operations (% indicates changes from the previous corresponding period.)

	Ordinary income		Ordinary profit		Net income attributable to Japan Post Insurance	
	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2016	9,605,743	(5.5)	411,504	(16.5)	84,897	4.4
Fiscal year ended March 31, 2015	10,169,241	(9.5)	492,625	6.5	81,323	29.5

(Note) Comprehensive Income Fiscal year ended March 31, 2016 ¥(68,218) million [-%]
Fiscal year ended March 31, 2015 ¥457,932 million [398.8%]

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit to total assets	Ordinary profit to ordinary income
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2016	141.50	-	4.4	0.5	4.3
Fiscal year ended March 31, 2015	135.54	-	4.6	0.6	4.8

(Note) Diluted net income per share is not presented for the fiscal years ended March 31, 2016 and 2015 as potential common stock did not exist. The Company implemented a 30:1 stock split effective August 1, 2015, and net income per share has been calculated assuming the stock split was implemented on April 1, 2014.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2016	81,545,182	1,882,982	2.3	3,138.30
As of March 31, 2015	84,915,012	1,975,727	2.3	3,292.88

Net assets attributable to the Company's shareholders as of March 31, 2016 and 2015 were ¥1,882,982 million and ¥1,975,727 million, respectively.

The Company implemented a 30:1 stock split effective August 1, 2015, and net assets per share have been calculated assuming the stock split was implemented on April 1, 2014.

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of the year
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2016	(2,922,978)	2,596,907	(25,080)	1,862,636
Fiscal year ended March 31, 2015	(2,888,489)	3,448,761	(17,322)	2,213,786

2. Dividends

	Dividend per share					Total dividends (annual)	Payout ratio (consolidated)	Dividends on net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2015	-	0.00	-	1,226.38	1,226.38	24,527	30.2	1.4
Fiscal year ended March 31, 2016	-	0.00	-	56.00	56.00	33,600	39.6	1.7
Fiscal year ending March 31, 2017 (Forecast)	-	0.00	-	60.00	60.00		41.9	

(Note) Dividend per share for the fiscal year ending March 31, 2017 (forecast) will consist of ¥58.00 for ordinary dividend and ¥2.00 for commemorative dividend.

The Company implemented a 30:1 stock split effective August 1, 2015. Dividend per share for the fiscal year ended March 31, 2016 and the fiscal year ending March 31, 2017 (forecast) has been calculated taking into account said stock split.

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

(% indicates changes from the previous corresponding period.)

	Ordinary income		Ordinary profit		Net income attributable to Japan Post Insurance		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	8,490,000	(11.6)	310,000	(24.7)	86,000	1.3	143.33

*** Notes:**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(Note) For details, please refer to “4. Consolidated Financial Statements (5) Notes to the Consolidated Financial Statements (Changes in Accounting Policies)” on page 17 of the Appendix.

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

1) Total number of shares issued at the end of the period:

March 31, 2016: 600,000,000 shares

March 31, 2015: 600,000,000 shares

2) Total number of treasury stock at the end of the period:

March 31, 2016: - shares

March 31, 2015: - shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2016: 600,000,000 shares

Fiscal year ended March 31, 2015: 600,000,000 shares

(Note) The Company implemented a 30:1 stock split effective August 1, 2015, and total number of shares issued (common stock) has been calculated assuming the stock split was implemented on April 1, 2014.

* Presentation regarding the implementation status of the audit procedures

This summary of consolidated financial results is outside the scope of audit procedures based on the Financial Instruments and Exchange Act of Japan. At the time of disclosure of these financial results, the audit procedures based on the Act have not been completed.

* Explanation on the appropriate use of financial results forecasts, and other notes

The financial results forecasts and other forward-looking statements herein are based on certain assumptions deemed reasonable by the Company at the time of this document's disclosure. Please note that actual results may differ from the forecast figures due to various factors including changes in the operating environment.

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* The Company has prepared supplementary briefing materials, etc. in relation to financial information, which can be viewed on the Company's website.

1. Analysis of Consolidated Results of Operations and Consolidated Financial Position

(1) Analysis of Consolidated Results of Operations

1) Results of operations for the fiscal year ended March 31, 2016

Ordinary income amounted to ¥9,605.7 billion (5.5% decrease year on year), comprising the sum of insurance premiums and others of ¥5,413.8 billion (9.1% decrease year on year), investment income of ¥1,354.9 billion (7.2% decrease year on year), and other ordinary income of ¥2,836.9 billion (3.1% increase year on year).

Ordinary expenses amounted to ¥9,194.2 billion (5.0% decrease year on year), comprising the sum of insurance claims and others of ¥8,550.4 billion (5.6% decrease year on year), provision for policy reserves and others of ¥0.1 billion (91.1% decrease year on year), investment expenses of ¥9.7 billion (11.3% decrease year on year), operating expenses of ¥538.5 billion (4.9% increase year on year) and other ordinary expenses of ¥95.3 billion (4.3% increase year on year).

As a result, ordinary profit amounted to ¥411.5 billion (16.5% decrease year on year), and net income attributable to Japan Post Insurance amounted to ¥84.8 billion (4.4% increase year on year), which is calculated by adding/subtracting extraordinary gains/losses to/from ordinary profit, then subtracting provision for reserve for policyholder dividends and total income taxes.

2) Forecast

In the consolidated results forecast for the next fiscal year (fiscal year ending March 31, 2017), ordinary income of ¥8,490.0 billion, ordinary profit of ¥310.0 billion and net income attributable to Japan Post Insurance of ¥86.0 billion are projected.

(2) Analysis of Consolidated Financial Position

1) Status of assets, liabilities and net assets

Total assets at the end of the current fiscal year amounted to ¥81,545.1 billion, (4.0% decrease year on year).

Total assets are mainly comprised of ¥63,609.9 billion of securities (4.0% decrease year on year), primarily including Japanese government bonds, ¥8,978.4 billion of loans (10.0% decrease year on year) and ¥1,644.5 billion of money held in trust (14.6% increase year on year).

Total liabilities amounted to ¥79,662.2 billion (4.0% decrease year on year), mainly comprising ¥74,934.1 billion of policy reserves and others (3.8% decrease year on year).

Total net assets amounted to ¥1,882.9 billion (4.7% decrease year on year). Under net assets, net unrealized gains on available-for-sale securities amounted to ¥405.4 billion (27.3% decrease year on year) due to a decrease in unrealized gains on available-for-sale securities accompanying the stock price fall.

2) Status of cash flows

Net cash used in operating activities increased ¥34.4 billion compared with the previous fiscal year to ¥2,922.9 billion.

Net cash provided by investing activities decreased ¥851.8 billion compared with the previous fiscal year to ¥2,596.9 billion.

Net cash used in financing activities increased ¥7.7 billion compared with the previous fiscal year to ¥25.0 billion.

As a result, balance of cash and cash equivalents at the end of the current fiscal year decreased ¥351.1 billion from the balance at the beginning of the current fiscal year, and amounted to ¥1,862.6 billion.

(3) Basic Policy for the Distribution of Profit and the Dividend Payout for the Current and Next Fiscal Years

JAPAN POST INSURANCE Co., Ltd. (the “Company”) recognizes that the distribution of profit to shareholders is an important policy of management, and distributes profits to shareholders according to its business results, while securing management soundness.

Specifically, the Company aims for a steady increase in dividends per share through the year ending March 31, 2018, while maintaining a dividend payout ratio within the range of roughly 30% to 50% of consolidated net income, considering earning prospects, financial soundness and the balance between shareholder and policyholder dividends.

The Company secures internal reserves to fund stable business growth to enable it to respond to future changes in the business environment.

The Company has, in accordance with the provisions of Article 459 of the Companies Act, stipulated that it provides cash dividends based on the resolution of the Board of Directors in the Articles of Incorporation. As for the year-end dividend for the fiscal year ended March 31, 2016, payment of ¥56 per share was decided at the Board of Directors’ meeting held today.

The year-end dividend for the fiscal year ending March 31, 2017 is scheduled to be ¥60 per share including a dividend increase of ¥2 per share along with a commemorative dividend of ¥2 per share, celebrating the 100th anniversary since the establishment of Postal Life Insurance Services in the fiscal year ending March 31, 2017.

The Company provides cash dividends on annual basis at the end of each fiscal year. Although the Company is permitted to declare interim dividends with a record date of September 30 under its Articles of Incorporation, the Company plans to declare annual dividends with a record date of March 31, considering business results.

2. Management Policy

(1) Basic Management Policy of the Company

The Company revised its Management Philosophy to mark the major milestone of listing on the Tokyo Stock Exchange and 100 years since the establishment of Postal Life Insurance Services. The Company's new Management Philosophy is a determination that all executives and employees will work together to be always close at hand and to protect the well-being of every one of its customers. To realize its Management Philosophy, the Company has established the Management Policy, defining in concrete terms the attitude the Company should aim toward.

[Management Philosophy]

Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being.

[Management Policy]

We aim to become the No.1 Japanese insurance company selected by customers.

- 1) We are always close to people's lives, offering easy-to-understand products and high-quality services.
- 2) We always ensure that employees who have contact with our customers make full use of their strengths to offer better customer services.
- 3) We create a working environment in which all employees can develop their talents and work with energy and vitality.
- 4) We practice sound management based on strong corporate governance, constantly creating new value to achieve sustainable growth.
- 5) We actively contribute to health promotion, environmental protection, and the development of local communities and society as a whole.
- 6) We work to communicate closely with all stakeholders.

(2) Target Management Index

The Japan Post Group announced in April 2015 its new Medium-term Management Plan "New Japan Post Group Network Creation Plan 2017" covering the three years from the fiscal year ended March 31, 2016 to the fiscal year ending March 31, 2018 to articulate its future direction in management for overcoming issues, such as pursuit of greater profitability of the Japan Post Group, improvement in productivity and strengthening of corporate governance upon taking into account factors such as changes in the operating environment, including the continued low interest rate environment. The following targets have been established as the business objectives (for the fiscal year ending March 31, 2018) under the Medium-term Management Plan.

- Contracted monthly insurance premiums from new policies

The Company's target is to achieve ¥50.0 billion level in contracted monthly premiums from new policies (insurance) in the year of the 100th anniversary of the establishment of Postal Life Insurance Services (in the fiscal year ending March 31, 2017), and to make them grow further, aiming to reverse the decreasing trend of policies in force after the final fiscal year of the Medium-term Management Plan (for the fiscal year ending March 31, 2018) and enter into growth phase.

- Net income

Assuming no drastic changes in the market environment, the Company's target is to secure around ¥80.0 billion in net income.

- Dividend payout ratio

The Company will redistribute profits to its shareholders steadily, setting a dividend payout ratio within the range of roughly 30-50%, while considering financial soundness and balance between shareholder and policyholder dividends.

In the fiscal year ended March 31, 2016, the Company listed its common stock on the Tokyo Stock Exchange in November, and through the launch of endowment insurance with shortened premium period, among other factors, the Company was able to achieve ahead of schedule the ¥50.0 billion target in premiums from new policies set out in the Medium-term Management Plan as an attainment target for the fiscal year ending March 31, 2017. In the fiscal year ending March 31, 2017, which marks the 100th anniversary since the establishment of Postal Life Insurance Services, the Company will strive to further improve customer services and aim to secure the business objectives outlined in the Medium-term Management Plan.

(3) Medium- to Long-term Management Strategy of the Company and Issues to be Addressed by the Company

In the Medium-term Management Plan, based on the policy of aiming to become the “No. 1 Japanese Insurance Company Selected by Customers,” through establishing its financial management base which will be necessary for the Company's growth, as well as by developing products and services to enhance its strengths, the Company intends to pave the way for a real growth. Specifically, the Company will focus on implementing the following key measures.

1) Deployment of administrative and IT system

By making investments in its administrative and IT system infrastructure, as an edge for drawing future growth strategies, the Company will establish systems that enable simple, prompt and accurate handling of its operations from underwriting of insurance to payment of insurance claims and benefits. By doing so, the Company will strengthen its frame of administering policies and provide high quality services.

In addition, the Company tries to improve the level of system quality and development productivity by strengthening its capability to develop and maintain IT system in line with the renewal of its core IT system in January 2017.

2) Enhancing Sales Force of Distribution Channel

Together with Japan Post Co., the Company will strengthen sales force of post office channel, which accounts for a considerable portion of its new policy sales. The Company will support efforts to hire sales personnel of Japan Post Co. and enhance productivity through training for them. In addition, the Company

will increase amount of sales activities mainly by visiting existing customers and following them up and further accelerate the speed of increase in new policies. In particular, the Company will strengthen sales of universal service products, endowment and whole life insurance, combined with medical care riders.

The Company aims to expand sales from corporate client, worksite, and internal market (within the Japan Post Group) through reinforcing its directly-managed wholesale channel.

3) Product development corresponding to customers' needs and improvement of services for older adult

The Company will enhance products and services lineup that correspond to customers' needs, for their accessibility and its sales of new policies.

In the older adult customer market, where the Company has an advantage and that is predicted to expand in the future, the Company will develop a "business model for older adult customers with attentive and caring service" and promote re-examine all of its contact points with customers through the eye of older adult in order to provide older adult customers with high-quality services.

4) Improve capacity for earnings from investment

As for investments, the Company aims to enhance profitability by promoting matching between assets and liabilities and taking asset management risks as far as acceptable and push forward the diversification of its investment assets to improve profitability.

5) Enhance internal control system and human resource development

The Company will strengthen its internal control system by ensuring the quality of its product solicitations and achieving thorough compliance, which are the bases and the main prerequisites, and also by promoting initiatives to make use of its customers' voices in management and strengthening risk management.

In addition, the Company will train and educate employees who will play the core rolls in the Company's operations, as well as those who become the foundation of its competitiveness, and creating a working environment for a variety of people to work together comfortably, and aim for mutual growth of employees and the Company.

3. Basic Approach Concerning Selection of Accounting Standards

The Company prepares its consolidated financial statements based on Japanese GAAP. The Company discloses its consolidated financial statements in accordance with the "Ordinance for Enforcement of the Insurance Business Act" (Ordinance No. 5 issued by the Ministry of Finance in 1996).

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
ASSETS:		
Cash and deposits	2,213,786	1,862,636
Call loans	445,428	360,000
Receivables under securities borrowing transactions	2,720,856	3,008,591
Monetary claims bought	449,068	430,150
Money held in trust	1,434,943	1,644,547
Securities	66,276,260	63,609,906
Loans	9,977,345	8,978,437
Tangible fixed assets	131,790	145,855
Land	68,350	68,262
Buildings	34,237	49,502
Leased assets	2,009	1,780
Construction in progress	9,759	6,176
Other tangible fixed assets	17,433	20,133
Intangible fixed assets	155,067	185,300
Software	155,045	185,281
Leased assets	5	0
Other intangible fixed assets	16	18
Agency accounts receivable	95,023	81,193
Reinsurance receivables	630	1,368
Other assets	468,700	525,835
Deferred tax assets	547,053	712,132
Reserve for possible loan losses	(943)	(772)
Total assets	84,915,012	81,545,182
LIABILITIES:		
Policy reserves and others	77,905,677	74,934,165
Reserve for outstanding claims	718,156	635,167
Policy reserves	75,112,601	72,362,503
Reserve for policyholder dividends	2,074,919	1,936,494
Reinsurance payables	2,017	3,377
Payables under securities lending transactions	3,658,492	3,648,478
Other liabilities	602,573	233,106
Liability for retirement benefits	58,356	60,803
Reserve under the special law	712,167	782,268
Reserve for price fluctuations	712,167	782,268
Total liabilities	82,939,284	79,662,200
NET ASSETS:		
Capital stock	500,000	500,000
Capital surplus	500,044	500,044
Retained earnings	411,992	472,362
Total shareholders' equity	1,412,036	1,472,406
Net unrealized gains (losses) on available-for-sale securities	558,033	405,412
Net deferred gains (losses) on hedges	22	140
Accumulated adjustments for retirement benefits	5,635	5,022
Total accumulated other comprehensive income	563,691	410,575
Total net assets	1,975,727	1,882,982
Total liabilities and net assets	84,915,012	81,545,182

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

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
ORDINARY INCOME	10,169,241	9,605,743
Insurance premiums and others	5,956,716	5,413,862
Investment income	1,460,745	1,354,966
Interest and dividend income	1,365,796	1,308,679
Gains on money held in trust	32,762	44,939
Gains on sales of securities	61,908	1,241
Gains on redemption of securities	36	36
Gains on foreign exchanges	12	-
Reversal of reserve for possible loan losses	14	6
Other investment income	215	63
Other ordinary income	2,751,779	2,836,914
Reversal of reserve for outstanding claims	113,534	82,988
Reversal of policy reserves	2,632,889	2,750,098
Other ordinary income	5,354	3,827
ORDINARY EXPENSES	9,676,616	9,194,239
Insurance claims and others	9,059,549	8,550,474
Insurance claims	8,253,973	7,577,151
Annuity payments	304,096	340,904
Benefits	41,538	49,192
Surrender benefits	291,290	378,862
Other refunds	162,462	193,610
Reinsurance premiums	6,188	10,754
Provision for policy reserves and others	1,497	132
Provision for interest on policyholder dividends	1,497	132
Investment expenses	10,994	9,749
Interest expenses	4,298	4,370
Losses on sales of securities	4,963	1,592
Losses on redemption of securities	44	664
Losses on derivative financial instruments	773	1,511
Losses on foreign exchanges	-	402
Other investment expenses	915	1,209
Operating expenses	513,159	538,510
Other ordinary expenses	91,415	95,371
Ordinary profit	492,625	411,504
EXTRAORDINARY GAINS	-	341
Gains on sales of fixed assets	-	341
EXTRAORDINARY LOSSES	99,366	71,847
Losses on sales and disposal of fixed assets	1,432	1,747
Provision for reserve for price fluctuations	97,934	70,100
Provision for reserve for policyholder dividends	200,722	178,004
Income before income taxes	192,536	161,994
Income taxes - Current	208,365	174,316
Income taxes - Deferred	(97,152)	(97,219)
Total income taxes	111,213	77,096
Net income	81,323	84,897
Net income attributable to non-controlling interests	-	-
Net income attributable to Japan Post Insurance	81,323	84,897

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net income	81,323	84,897
Other comprehensive income:		
Net unrealized gains (losses) on available-for-sale securities	373,258	(152,621)
Net deferred gains (losses) on hedges	11	118
Adjustments for retirement benefits	3,339	(613)
Total other comprehensive income	376,609	(153,116)
Comprehensive income	457,932	(68,218)
Total comprehensive income attributable to:		
Japan Post Insurance	457,932	(68,218)
Non-controlling interests	-	-

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of the fiscal year	500,000	500,044	351,010	1,351,054
Cumulative effects of changes in accounting policies			(3,533)	(3,533)
Restated balance	500,000	500,044	347,477	1,347,521
Changes in the fiscal year				
Cash dividends			(16,808)	(16,808)
Net income attributable to Japan Post Insurance			81,323	81,323
Net changes in items other than shareholders' equity in the fiscal year				
Net changes in the fiscal year	-	-	64,514	64,514
Balance at the end of the fiscal year	500,000	500,044	411,992	1,412,036

	Accumulated other comprehensive income				Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
Balance at the beginning of the fiscal year	184,774	11	2,296	187,082	1,538,136
Cumulative effects of changes in accounting policies					(3,533)
Restated balance	184,774	11	2,296	187,082	1,534,603
Changes in the fiscal year					
Cash dividends					(16,808)
Net income attributable to Japan Post Insurance					81,323
Net changes in items other than shareholders' equity in the fiscal year	373,258	11	3,339	376,609	376,609
Net changes in the fiscal year	373,258	11	3,339	376,609	441,123
Balance at the end of the fiscal year	558,033	22	5,635	563,691	1,975,727

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of the fiscal year	500,000	500,044	411,992	1,412,036
Cumulative effects of changes in accounting policies				-
Restated balance	500,000	500,044	411,992	1,412,036
Changes in the fiscal year				
Cash dividends			(24,527)	(24,527)
Net income attributable to Japan Post Insurance			84,897	84,897
Net changes in items other than shareholders' equity in the fiscal year				
Net changes in the fiscal year	-	-	60,370	60,370
Balance at the end of the fiscal year	500,000	500,044	472,362	1,472,406

	Accumulated other comprehensive income				Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
Balance at the beginning of the fiscal year	558,033	22	5,635	563,691	1,975,727
Cumulative effects of changes in accounting policies					-
Restated balance	558,033	22	5,635	563,691	1,975,727
Changes in the fiscal year					
Cash dividends					(24,527)
Net income attributable to Japan Post Insurance					84,897
Net changes in items other than shareholders' equity in the fiscal year	(152,621)	118	(613)	(153,116)	(153,116)
Net changes in the fiscal year	(152,621)	118	(613)	(153,116)	(92,745)
Balance at the end of the fiscal year	405,412	140	5,022	410,575	1,882,982

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income taxes	192,536	161,994
Depreciation and amortization	35,224	36,700
Net change in reserve for outstanding claims	(113,534)	(82,988)
Net change in policy reserves	(2,632,889)	(2,750,098)
Provision for interest on policyholder dividends	1,497	132
Provision for reserve for policyholder dividends	200,722	178,004
Net change in reserve for possible loan losses	(92)	(170)
Net change in reserve for possible claim payments	(1,881)	-
Net change in liability for retirement benefits	(3,375)	2,446
Net change in reserve for price fluctuations	97,934	70,100
Interest and dividend income (accrual basis)	(1,365,796)	(1,308,679)
Net (gains) losses on securities	(56,937)	978
Interest expenses (accrual basis)	4,298	4,370
Net (gains) losses on foreign exchanges	(12)	402
Net (gains) losses on tangible fixed assets	1,310	999
Net change in agency accounts receivable	7,628	13,829
Net change in reinsurance receivables	(396)	(738)
Net change in other assets (excluding those related to investing activities and financing activities)	(86,519)	(42,294)
Net change in reinsurance payables	782	1,360
Net change in other liabilities (excluding those related to investing activities and financing activities)	(8,926)	(22,185)
Other, net	(28,995)	(44,128)
Subtotal	(3,757,421)	(3,779,964)
Interest and dividend received (cash basis)	1,438,805	1,376,599
Interest paid (cash basis)	(4,311)	(4,401)
Policyholder dividends paid	(349,687)	(316,246)
Other, net	-	32
Income taxes paid	(215,874)	(198,998)
Net cash used in operating activities	(2,888,489)	(2,922,978)

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of call loans	(33,053,228)	(36,244,900)
Proceeds from redemption of call loans	32,837,825	36,330,328
Net change in receivables under securities borrowing transactions	101,332	(287,734)
Purchases of monetary claims bought	(3,417,540)	(2,508,852)
Proceeds from sale and redemption of monetary claims bought	3,131,989	2,474,034
Purchases of money held in trust	(550,000)	(400,400)
Proceeds from decrease in money held in trust	-	40,000
Purchases of securities	(3,849,529)	(4,264,540)
Proceeds from sale and redemption of securities	7,196,095	6,728,431
Payments for loans	(1,354,547)	(1,172,737)
Proceeds from collection of loans	2,397,748	2,171,621
Net change in payables under securities lending transactions	(44,684)	(10,013)
Other, net	144,115	(163,575)
Total of net cash provided by investment transactions	3,539,576	2,691,662
Total of net cash provided by (used in) operating activities and investment transactions	651,086	(231,316)
Purchases of tangible fixed assets	(28,399)	(31,889)
Purchases of intangible fixed assets	(56,722)	(62,952)
Other, net	(5,692)	86
Net cash provided by investing activities	3,448,761	2,596,907
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease obligations	(514)	(552)
Dividends paid	(16,808)	(24,527)
Net cash used in financing activities	(17,322)	(25,080)
Effect of exchange rate changes on cash and cash equivalents	-	-
Net change in cash and cash equivalents	542,949	(351,150)
Cash and cash equivalents at the beginning of the fiscal year	1,670,837	2,213,786
Cash and cash equivalents at the end of the fiscal year	2,213,786	1,862,636

(5) Notes to the Consolidated Financial Statements

(Notes on Going-Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

Effective from the fiscal year ended March 31, 2016, the Company has adopted the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), and the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) and others, and has changed the presentation of net income and other related items accordingly. To reflect this change in presentation, the reclassification of accounts has been made to the consolidated financial statements for the previous fiscal year.

(Segment Information and Others)

[Segment Information]

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015) and fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

Segment information is omitted as the Company and its subsidiary (the “Group”) has only one segment, namely, the life insurance business in Japan.

[Other Related Information]

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015) and fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

1. Information by product and service

Information by product and service is omitted as the Group’s products and services are placed under one category.

2. Information by geographical region

Information by geographical region is omitted as ordinary income in Japan exceeded 90% of ordinary income in the consolidated statements of income and the balance of tangible fixed assets in Japan exceeded 90% of the total balance on the consolidated balance sheets.

3. Information by major customer

Information by major customer is omitted as no customer accounted for 10% or more of ordinary income in the consolidated statements of income.

[Information Concerning Impairment Loss on Fixed Assets by Reporting Segment]

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015) and fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

Not applicable.

[Information Concerning Amortized Amounts and Unamortized Balance of Goodwill by Reporting Segment]

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015) and fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

Not applicable.

[Information Concerning Gain on Negative Goodwill by Reporting Segment]

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015) and fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

Not applicable.

(Per Share Data)

	(Yen)	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net assets per share	3,292.88	3,138.30
Net income per share	135.54	141.50

Notes: 1. Diluted net income per share is not presented for the fiscal years ended March 31, 2016 and 2015 as potential common stock did not exist.

2. Net income per share was calculated based on the following:

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net income attributable to Japan Post Insurance (Millions of yen)	81,323	84,897
Amount not attributable to common shareholders (Millions of yen)	-	-
Net income pertaining to common stock attributable to Japan Post Insurance (Millions of yen)	81,323	84,897
Average number of common stock during the fiscal year (Thousand shares)	600,000	600,000

3. Net assets per share were calculated based on the following:

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net assets (Millions of yen)	1,975,727	1,882,982
Amount deducted from total net assets (Millions of yen)	-	-
Net assets pertaining to common stock (Millions of yen)	1,975,727	1,882,982
Number of common stock at the fiscal year-end used for the calculation of net assets per share (Thousand shares)	600,000	600,000

4. The Company implemented a 30:1 stock split effective August 1, 2015, and net assets per share and net income per share have been calculated assuming the stock split was implemented on April 1, 2014.

(Subsequent Events)

Not applicable.