

Fiscal Year Ended March 31, 2015 Consolidated Financial Results

(Japanese GAAP)

May 15, 2015

Name of listed company: AEON Financial Service Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 8570 URL: <http://www.aeonfinancial.co.jp/>

Representative: Akinori Yamashita, President and CEO

Official contact: Hideki Wakabayashi, Director, Senior Managing Executive Officer

Contact number: +81-3-5281-2057

Scheduled date of ordinary general meeting of shareholders: June 24, 2015

Scheduled date of dividend payment commencement: June 5, 2015

Scheduled date for release of annual report: June 25, 2015

Preparation of supplementary explanations of financial results: Yes

Trading accounts: None

Financial results presentation to be held: Yes (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, 2015 (from April 1, 2014 to March 31, 2015)

(1) Consolidated operating results

(Percentages represent percentage changes compared to the previous fiscal year)

	Ordinary revenue		Ordinary profits		Net income	
	(Millions of Yen)	%	(Millions of Yen)	%	(Millions of Yen)	%
FYE 3/2015	329,046	15.0	53,080	29.2	30,491	47.0
FYE 3/2014	286,070	-	41,092	-	20,743	-

(Note) Comprehensive income FYE 3/2015 ¥49,084 million (55.8%) FYE 3/2014 ¥31,496 million (- %)

	Net income per share	Net income per share (Diluted)	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to operating revenues
	Yen	Yen	%	%	%
FYE 3/2015	152.55	152.04	11.2	1.6	16.1
FYE 3/2014	104.62	99.49	8.2	1.4	14.4

(Reference) Equity in earnings (losses) of affiliates FYE 3/2015 ¥ (71) million FYE 3/2014 ¥ 20 million

(Note) The percentage changes from the fiscal year (from February 21, 2012 to March 31, 2013) to the fiscal year (from April 1, 2013 to March 31, 2014) are not presented since AEON Financial Service Co., Ltd. (hereafter "the Company") changed its fiscal year-end to March 31 in the fiscal year ended March 31, 2013.

(2) Consolidated financial condition

	Total assets	Total equity	Equity ratio	Net assets per share
	(Millions of Yen)	(Millions of Yen)	%	Yen
FYE 3/2015	3,589,495	324,948	7.6	1,377.56
FYE 3/2014	3,163,117	307,291	8.6	1,316.00

(Reference) Shareholders' Equity FYE 3/2015 ¥273,708 million FYE 3/2014 ¥271,660 million

(Note) "Equity ratio" = {(Net assets – stock acquisition rights – minority interests) / total assets} X 100

This Equity ratio is different from the capital adequacy ratio prescribed by the Financial Service Agency.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of year
	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
FYE 3/2015	161,500	(81,427)	(34,579)	455,901
FYE3/2014	(137,497)	15,984	30,003	408,170

2. Dividends

	Dividends per share					Total dividends (annual)	Dividend ratio (consolidated)	Dividend on equity ratio (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	(Millions of Yen)	%	%
FYE 3/2014	-	25.00	-	35.00	60.00	9,792	57.4	4.7
FYE 3/2015	-	25.00	-	35.00	60.00	12,188	39.3	4.5
FYE 3/2016 (forecast)	-	28.00	-	38.00	66.00		39.7	

3. Consolidated financial results forecast for the year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Percentages represent percentage changes compared to the previous corresponding fiscal period or fiscal year, as applicable)

	Ordinary revenue		Ordinary profits		Net income attributable to shareholders of the parent		Net income per share
	(Millions of Yen)	%	(Millions of Yen)	%	(Millions of Yen)	%	Yen
First half	175,000	15.8	21,000	7.8	11,000	0.1	55.36
Full year	380,000	15.5	61,000	14.9	33,000	8.2	166.09

*Notes

(1) Changes to principal subsidiaries during the period (status changes of specified subsidiaries resulting in changes in the scope of consolidation): No

Newly consolidated: -

Excluded: -

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

- ① Changes in accounting policies with revision of accounting standards : Yes
- ② Changes in accounting policies other than the above : No
- ③ Changes in accounting estimates : No
- ④ Restatement of revisions : No

(Note) Please refer to P35 "5. Consolidated financial statements; (5) Notes to consolidated financial statements; Changes in accounting policies" for detail.

(3) Number of issued shares (Common stock)

	(Shares)			
① Issued shares at period-end (including treasury stock)	FYE 3/2015	208,499,435	FYE 3/2014	206,541,751
② Treasury stocks at period-end	FYE 3/2015	9,808,408	FYE 3/2014	112,505
③ Average number of shares during period	FYE 3/2015	199,875,767	FYE 3/2014	198,272,368

(Reference) Summary of non-consolidated financial results

Non-consolidated results for the fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(1) Non-consolidated operating results

(Percentages represent percentage changes compared to the previous fiscal year)

	Operating revenues		Operating income		Ordinary income		Net income	
	(Millions of Yen)	%	(Millions of Yen)	%	(Millions of Yen)	%	(Millions of Yen)	%
FYE 3/2015	20,931	132.4	12,569	784.5	11,624	-	9,204	-
FYE 3/2014	9,006	-	1,421	-	849	-	404	-

	Net income per share	Net income per share (Diluted)
	Yen	Yen
FYE 3/2015	46.05	45.89
FYE 3/2014	2.04	1.94

(Note) The percentage changes from the fiscal year (from February 21, 2012 to March 31, 2013) to the fiscal year (from April 1, 2013 to March 31, 2014) are not presented since the Company changed its fiscal year-end to March 31 in the fiscal year ended March 31, 2013.

(2) Non-consolidated financial condition

	Total assets	Total equity	Equity ratio	Net assets per share
	(Millions of Yen)	(Millions of Yen)	%	Yen
FYE 3/2015	328,499	195,667	59.5	984.41
FYE 3/2014	329,654	220,311	66.8	1,066.98

(Reference) Shareholders' equity FYE 3/2015 ¥195,593million FYE 3/2014 ¥220,256million

*Applicability of audit requirements and completion of audit procedure

These financial results are not subject to audit requirements as provided in the Financial Instruments and Exchange Law. The audit procedures of financial statements as provided in the Financial Instruments and Exchange Law are yet to be completed as at the issue date of this report on financial results for the year ended March 31, 2015.

*Note for appropriate use of forecasts of business results; other important items

(Note regarding the information about projections)

The forecasts of business results and other forward-looking statements in this report are based on information available as at the date of this report and on certain assumptions that the Company viewed as reasonable as at the date of this report. Actual results may differ significantly from such forward-looking statements for a variety of reasons.

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1. Operating results

(1) Analysis of operating results

① Overview of consolidated financial results

The company has designated the current fiscal year as the year of returning to its roots in preparation for future growth and strived to increase its corporate value in order to be a corporate group which provides more secure, convenient and valuable financial products and services from the customers' standpoint.

To further grow as a comprehensive financial group originating from retail business, the Company has enhanced marketing capacity by utilizing the platform of AEON Group in and outside Japan and promoted centralization of management resources such as customer information and marketing network of each business segment. In addition, the Company has strengthened its management infrastructure, including development of human resources, which can leverage on the strength of the Group and enhancement of its organizational structure.

As a result of synergies leveraging on the strength of each business segment, the consolidated financial results of the Group for the year ended March 31, 2015 were as follows. The Group achieved record-high ordinary revenue, ordinary profits and net income for the current fiscal year.

[Consolidated financial results of the Group for the year ended March 31, 2015]

(Millions of Yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Net change
Ordinary revenue	286,070	329,046	+15.0%
Ordinary profits	41,092	53,080	+29.2%
Net income	20,743	30,491	+47.0%

② Overview of business segments

Credit business

The Group has launched a service that enables customers to complete a switch from a single-function card to “AEON Card Select” easily and conveniently on the internet. “AEON Card Select” is a card equipped with the functions and benefits of a credit card, banking card and e-money WAON. The Group has introduced a service that enables existing cardholders to invite their friends on the website as one of the responses to increasing customer needs to apply via digital devices due to wider use of personal computers and smartphones.

The Group simplified the application process using tablets and improved the speed of credit reviews to shorten the processing time for card issuance and promoted instant issuance at shopping stores of affiliated partners and bank agencies to enhance customer convenience.

In response to the change in demographic, the Group has promoted cardholder solicitation of “AEON Card (Disney design)” featuring popular Disney characters to increase customers in their 20s and 30s who will lead consumption going forward. Also, the Group has released TV commercials and magazine advertisement and co-sponsored sporting events to increase awareness of the brand of AEON Card. As a result, the number of active domestic cardholders increased by 1.19 million from the beginning of the current fiscal year to 24.64 million as at March 31, 2015.

As for credit card shopping, to respond to an effect of the consumption tax increase on the consumer spending, the Group has promoted credit card usage by conducting campaigns to award customers with tickets for theme parks and gift certificates for housekeeping services to meet customers’ demand for “consumption of intangible qualities”, and enhanced opportunities for use of credit card by enlarging its network of affiliated merchants such as accommodations and taxis.

The Group has also promoted credit card usage to settle recurring payments such as mobile-phone charges and insurance premium as well as electricity bills and gas charges.

In addition, to expand the transaction volume of credit card shopping, leveraging on the store network of AEON Group, the Group has launched campaigns to offer interest free installment payment options for expensive goods and collaborative sales campaigns to offer discounts on shopping at stores in AEON Mall exclusively to the cardholders. The Group also expanded the benefits of “Customer Appreciation Day” that provides cardholders with 5% off the price of shopping on the 20th and 30th of every month to stores of The Daiei, Inc. and to the co-branded card.

The Group has promoted the use of its credit card by focusing on customer behavior and situation. The promotion included direct marketing to customers using their purchase history and financial asset information and invigorating inactive members by analyzing their historical transactions.

As a result of the above efforts, the number of active cardholders increased by 0.71 million from the beginning of the current fiscal year to 15.25 million as at March 31, 2015 and transaction volume of credit card purchases increased by 6.7% to ¥3,821,041 million for the year then ended compared to the previous fiscal year.

As for cash advances, in order to enhance customer convenience, the Group introduced services that suit customers' lifestyle based on their transaction history of various financial products and services, and expanded the ATM network of AEON Bank. As a result, the transaction volume increased by 1.2% to 348,223 million for the year ended March 31, 2015 compared to the previous fiscal year and the balance of cash advances as at March 31, 2015 increased by ¥47,759 million from the beginning of the current fiscal year to ¥370,473 million.

AEON Product Finance Co., Ltd. (hereafter "AEON Product Finance"), which operates installment sales business, continued to enforce development of affiliated merchants, mainly stores of home renovation and solar energy systems, and aimed to expand the transaction volume of installment sales of expensive goods including home renovation services by utilizing marketing network of AEON Group. In addition, AEON Product Finance promoted tablet application for loan for pets at pet shops and simplified the application process. The Group also started on-line credit review for auto loan and pet loan and shortened the processing time for credit review to increase convenience for affiliated merchants. As a result, the non-consolidated transaction volume of AEON Product Finance for the year ended March 31, 2015 increased by 26.0% to ¥160,569 million compared to the corresponding period of the previous fiscal year.

* The transaction volume in the preceding paragraph includes the volume for the period from April 1, 2013 to June 30, 2013 for which the statement of income of AEON Product Finance has not been consolidated by the Company.

As a result of the above, the financial results of the credit business were as follows: (a) ordinary revenue increased by 11.7% to ¥146,413 million, and (b) ordinary profits increased by 14.7% to ¥32,176 million, compared to the previous fiscal year.

Fee business

In the e-money business, to respond to the increase in cashless settlements for small payments, the Group continued to develop affiliated merchants of WAON card services such as taxi companies for payments of taxi fares as well as leisure facilities and restaurants. In addition, to increase e-money transactions by utilizing the store network of AEON Group, the Group promoted settlements with WAON at drug store industry, including Welcia Holdings Co., Ltd., where an increasing demand is experienced due to the accelerating shift of consumer demographics to senior age. The Group also started awarding bonus points at stores of The Daiei, Inc.

As a result of the above efforts, the total settlement amount of the e-money business including WAON (from April 1, 2014 to March 31, 2015) increased by 17.9% to ¥1,986,085 million compared to the previous fiscal year.

In the credit guarantee business, the Group launched the guarantee service for financial institutions outside the Group by utilizing knowhow for credit review for guarantee transactions, without direct interaction with applicants, cultivated in the credit guarantee business such as credit card and guarantee services for personal loan.

AEON Housing Loan Service Co., Ltd. that operates housing loan business continued to enhance collaboration with home builders to expand transaction volume by offering products that suit customer needs such as “Flat 35 housing loans” and variable interest rate housing loan products arranged by AEON Bank.

In the insurance related business, AEON Insurance Service Co., Ltd., which operates insurance agency business, has enhanced direct mails and advertisement through newspaper to raise awareness of insurance shops. Also, to support for safe and secure life of customers, AEON Insurance Service Co., Ltd. held insurance seminars and distributed leaflets to promote awareness for safe driving.

AEON S.S. Insurance Co., Ltd., which operates small-amount and short-term insurance business, has promoted sales of insurance products to meet customer needs such as bicycle injury insurance products for increasing the needs of providing for bicycle accidents, as more and more bicycle accidents have involved young people and senior citizens, and pet insurance products at pet shops for increasing needs of providing for higher expenses of advanced veterinary medical treatment.

As a result of the above, the financial results of the fee business were as follows: (a) ordinary revenue increased by 23.9% to ¥45,407 million, and (b) ordinary profits increased by 59.1% to ¥1,865 million, compared to the previous fiscal year.

Banking business

During the fiscal year, the Group has newly established five “Kurashi no Money Plaza,” which is a one-stop shop to provide various financial products and services including credit, banking and insurance, and installed 662 ATMs of AEON Bank at shopping centers of AEON Group companies and stores of Ministop Co., Ltd. As a result, the Group expanded its marketing network, and the total number of “Kurashi no Money Plaza” and AEON Bank ATM increased to 129 and 5,594, respectively.

As for the number of deposit accounts, the Group has continued to offer preferential interest rates and promoted use of accounts for daily household expenses such as payments for public utility bills and credit cards such as AEON Card Select, which is a card equipped with the functions and benefits of a credit card, banking card and e-money. As a result, the number of customer deposit accounts held by AEON Bank increased by 0.64 million to 4.32 million. In addition, the balance of ordinary deposits increased by ¥52,452 million to ¥528,000 million time deposits increased by ¥194,785 million to ¥1,434,133 million, and the balance of total deposits of AEON Bank increased by ¥247,468 million to ¥1,963,250 million as at March 31, 2015 compared to the beginning of the current fiscal year.

As for loans, which are the Group’s main revenue stream, the Group continued to enhance advertisements for “AEON Select Club,” which extends benefits to borrowers such as providing 5% off the price of shopping every day at AEON stores, and programs to offer preferential interest rates to the borrowers to expand the transaction volume of housing loans. As for small lot retail loans, the Group improved the speed of credit review with same-day financing and launched “Net Free Loan” which is a loan product for specific purposes, including education loan. As for financial services for corporate customers, the Group continued to promote “AEON Bank Agri Loan,” which is a loan product that targets farmers. As a result, the balance of loans as at March 31, 2015 increased by ¥196,391 million to ¥1,210,503 million compared to the beginning of the current fiscal year.

As for OTC sales at banks, to encourage usage of Japan’s new tax exemption scheme for investment by individuals (NISA), the Group continued to conduct promotional campaigns to pay back all fees incurred in purchasing investment trusts through NISA accounts with AEON Bank and launched sales of wrap funds. In addition, the Group focused on consulting services for proposing investment products that suit financial needs of customers according to their asset management plan, life plan and life stage.

As part of the attempt for providing safe and secure services, the Group has introduced a system of providing single use passwords for internet banking to enhance security.

Furthermore, to meet a wide range of consultation needs from customers about various financial products including credit, loans, investment trusts and insurance products, the Group has continued to provide training to employees under the AEON Financial Planner Program, which is a systematic training framework available for employees to obtain professional licenses such as the Certified Financial Planner qualification and to apply internal training courses.

As a result of the above, the financial results of the banking business were as follows: (a) the ordinary revenue increased by 1.0% to ¥41,664 million, compared to the corresponding period of the previous fiscal year, and (b) ordinary losses were ¥37 million.

Overseas segment

In Hong Kong, the Group has expanded the transaction volume of credit card shopping through AEON Group's network of affiliated merchants, by awarding points for shopping at stores in Japan in response to the increase of foreign tourists visiting Japan and other initiatives including sales campaign for the 20th anniversary of listing of AEON Stores (Hong Kong) Co., Ltd. and awarding bonus points to cardholders every Wednesday. In addition, the Group has continued to reinforce cardholder solicitation at alliance partners' stores and started the application process using tablets which enables to shorten the processing time for card issuance to improve customer convenience.

In China, the Group has collaborated with alliance partners to implement campaigns to promote hire purchase sales in Shenyang, Tianjin and Shenzhen where the Group operates hire purchase business.

As a result, consolidated operating revenues of AEON Credit Service (Asia) increased by 11.3% to HK\$1,295 million and ordinary profits increased by 26.3% to HK\$346 million, compared to the previous fiscal year.

*AEON Credit Service (Asia) has changed its fiscal year-end and the above comparison with the previous fiscal year represents the percentage changes derived from a simple comparison between the current fiscal year (from February 21, 2014 to February 28, 2015) and the previous fiscal year (from February 21, 2013 to February 20, 2014).

In Thailand, despite a slowdown in consumer spending resulting from the continuous political instability, the Group continued to promote cardholder solicitations at alliance partners' stores such

as major hypermarkets. In addition, to expand the transaction volume of credit card shopping, the Group has provided attractive credit card benefits through alliance partners such as leisure facilities including movie theaters and shopping malls.

The Group affiliated with BTS Group Holdings, who engages in railway business and e-money business, and started issuing “AEON Rabbit Member Card” which combines the finance card of the Group and the IC-imbedded card with railway ticket and e-money functions provided by BTS to promote cardholder solicitation at railway stations.

In addition, the Group has improved services to tourists visiting Japan from Thailand by enhancing announcement for discount coupons that can be used at AEON Group stores in Japan via digital signage at shopping stores and its website.

In Cambodia, the Group established a branch at AEON’s first store, “AEON MALL Phnom Penh”, to improve customer convenience through the expansion of the business network, and increased the transaction volume by implementing collaborative campaigns for electric appliances. The Group also enhanced collaboration with farm equipment manufacturers and promoted an option that enables farmer customers to pay on installment during the harvest time based on customers’ needs. In addition, the Group prepares for launching credit card business to expand its business development. In Myanmar, the Group continued to enhance the development of affiliated merchants to expand operating bases.

As a result, consolidated operating revenues of AEON Thana Sinsap (Thailand) increased by 13% to THB17,207 million, while operating profits decreased by 3.5% to THB3,027 million, compared to the previous fiscal year.

In Malaysia, the Group has promoted “Thank You Day” which offers 5% off the price of shopping exclusively to cardholders at stores of AEON Malaysia and AEON BIG (M) Sdn. Bhd. In addition, the Group continued to promote credit card usage by implementing co-sponsored sales campaign in response to demand derived from the last minute spending before the adoption of commodity and service tax. Also, the Group has promoted the hire purchase for home appliances, furniture and automobiles and, as a result, operating revenue of AEON Credit Service (Malaysia) increased by 30.4% to MYR928 million, and operating profits increased by 23.7% to MYR289 million, compared to the previous fiscal year.

*AEON Credit Service (Malaysia) has changed its fiscal year-end and the above comparison with the previous fiscal year represents the percentage changes derived from a simple comparison between the current fiscal year (from February 21, 2014 to February 28, 2015) and the previous fiscal year (from February 21, 2013 to February 20, 2014).

In Vietnam, the Group has expanded the transaction volume by promoting hire purchases of expensive goods, such as home appliances and mobile phones, at newly opened AEON's second store in the country, "Binh Duong Canary".

In Indonesia, the Group launched credit card business to expand customer bases and continued to develop affiliated merchants for its hire purchase business. In India, the Group has developed affiliated merchants for its hire purchase business primarily targeting retailers of personal computers and mobile phones. The Group has further enhanced the control environment of credit reviews and debt collection operations.

In Philippines, the Group continued to increase the number of system engineers in the system development company and reinforce system development for its overseas subsidiaries. In addition, the Group has promoted development of affiliated merchants for its hire purchase business primarily targeting retailers of home appliances, furniture and music instruments, and enhanced training and development of human resources.

As a result of the above, the overseas segment showed the following financial results: (a) ordinary revenue increased by 22.9% to ¥112,553 million, and (b) ordinary profits increased by 34.6% to ¥22,144 million, compared to the previous fiscal year.

③ Environmental conservation and social contribution activities

The Company aims to increase its corporate value continuously by proactively engaging in environmental conservation and social contribution activities. Also, the Company has made efforts to contribute to the development of local society as a good corporate citizen.

As for support activities in relation to the Great East Japan Earthquake, the management and employees of AEON Group collaboratively launched "Project AEON Joining Hands". Through this project, many employees of the Group actively joined disaster relief volunteering activities such as "Book Donation", where sales amount of used books are donated, by cooperating with NPOs.

In addition, as support activities for the landslide in Hiroshima City, the Company helped those suffered from the disaster by raising donations, implementing "Disaster Restoration System for Housing Loan", which can be used by victims when they purchase a home, offering an extension of repayment date for AEON card, and tentatively expanding credit lines.

As for environmental conservation activities, employees of the Group have actively joined tree-planting activities conducted in Hong Kong, Thailand, Viet Nam, and Myanmar in addition to the “AEON Hometown Forests Program”, which is its own tree-planting effort upon opening a new AEON store. The Group promoted activities closely connected to local communities. For example, in Hong Kong, 2,000 volunteers, including the employees of the Group, their families and affiliated merchants, planted 100,000 trees. In Thailand, the employees of the Group and local residents participated in tree-planting activities together.

As for social contribution activities, the Company raised donations of Tokimeki points and donated braille and digital talking books to Japan Braille Library and Green Funds to National Land Forestation Promotion Organization. Furthermore, the Company’s employees have engaged in volunteering activities at social welfare facilities in Japan and cleaning activities around the Company’s domestic business offices.

In Hong Kong, actively engaged in social contribution activities such as “Used Books Recycling Campaign” sponsored by AEON Stores Hong Kong and supporting “UNICEF Youth Ambassador Program”. As a result, the Company has been awarded “Caring Company Logo” from the Hong Kong Council of Social Service for eight consecutive years. This award is to recognize organizations with continued commitment to caring for the well-being of the community, their employees and the environment.

In Malaysia, as support activities for flood damage occurred in the east coast of the country, the Company offered special interest rate loan products for customers and affiliated merchants in the area stricken by the disaster, in addition to participating in fundraising activities and volunteering for transportation of relief supplies.

Through supporting the “AEON 1% Club” activities, the Company opened donation accounts and promoted donations paid by credit cards or using Tokimeki points to support building schools and water storage facilities such as wells in emerging countries in Asia. In addition, the Company has continued to support scholarships for students from Asian countries studying in Japan and university students studying in Asian countries.

④ Outlook for the next fiscal year

As for the next fiscal year, the Company aims to further expand its business operations by utilizing its domestic and overseas sales network and leveraging on the strengths of each subsidiary.

By combining multiple channels including stores, internet and direct marketing and utilizing customer information held by each operating segment, the Company will provide financial products and services to match customer needs and lifestyle in a timely and appropriate manner. In addition, in response to rapidly advancing digitalization, the Company will promote merging online stores and brick and mortar stores and moving to a paperless operation as well as simplifying the credit card application process using tablets.

The Group will implement the following key measures for each operating segment during the next fiscal year.

Credit card business

The Group will grow its business operations through further enhancing the credit approval and debt collection process that forms the base from which the number of cardholders, card usage rate and expansion of the network of affiliated merchants will increase.

The Group will cultivate new customers in their 20s and 30s by increasing the number of “AEON Card (Disney design)” holders. The Group will also seek cardholders in various age groups by promoting “GG AEON Card” targeting customers with the age of 55 or older. The Group has implemented smart phone settlement services, which is expected to help to expand the business network through development of new affiliated merchants and increase opportunity for credit card usage.

Furthermore, in order to expand sales, the Group will enhance database marketing by elaborating the analysis of customer information and purchase history.

Fee business

To develop and provide services and products that meet customer needs, the Group will analyze customer information and their purchase history and enhance its marketing capacity. Through this strategy, the Group will increase the transaction volume of e-money business, insurance products and housing loan for studio apartments. In addition, the Group will accelerate development of overseas operation by utilizing business knowhow cultivated in Japan.

Banking business

The Group will expand its customer base through utilizing the attractiveness of the AEON brand,

operating 365 days a year and taking advantage of the convenience of its bank agencies located in AEON shopping malls where customers can stop by easily.

As for products and services of banking business, the Group will improve convenience of bank accounts by enhancing internet banking functions to promote use of accounts for daily needs.

Furthermore, the Group will promote cross-selling of loan products, investment trusts and insurance by suggesting financial products to match each customer's life plan and life style based on analysis of their financial assets and transaction history.

Overseas segment

In order to expand its business across Asia, the Group will appropriately allocate management resources based on characteristics of each country and geographic area, especially among the three listed overseas subsidiaries, Hong Kong, Thailand and Malaysia, and provide financial services to suit local market and customer needs. In addition, the Company will refine processes of credit review and debt collection leveraging knowhow cultivated in Japan.

In addition to the above, as a bank holding company, the Company will further improve corporate governance and comprehensively provide safe, secure, convenient and valuable financial products and services.

(2) Analysis of financial position

① Analysis of assets, liabilities and equity

(Assets)

Total assets as at March 31, 2014 increased by ¥426,378 million to ¥3,589,495 million compared to the end of the previous fiscal year, due to 1) an increase of ¥80,817 million of installment sales receivables derived from an increase in the transaction volume of credit card shopping and 2) an increase of ¥197,494 million of loans as a result of expansion of cash advances and housing loan transaction volume.

(Liabilities)

Total liabilities of the Group as at March 31, 2015 increased by ¥408,722 million to ¥3,264,547 million compared to the end of the previous fiscal year, due to 1) the increase of deposits by ¥245,255 million resulting from promotional campaigns to offer preferential interest rate on term deposit accounts and 2) the increases in call money and borrowed money of ¥71,400 million and 76,358 million, respectively, due to funding needs.

(Equity)

Total equity as at March 31, 2015 increased by ¥17,656 million to ¥324,948 million compared to the end of the previous fiscal year, mainly due to the increases in capital of ¥1,370 million and capital surplus of ¥1,369 million, respectively, resulting from the conversion of convertible bonds into shares and the increase in foreign currency translation adjustments of ¥7,151 million as an effect of depreciation of yen.

② Analysis of cash flows

[Consolidated results of cash flows for the fiscal years ended March 31]

(Millions of Yen)

	Previous fiscal year	Current fiscal year
Net cash provided by (used in) operating activities	(137,497)	161,500
Net cash provided by (used in) investing activities	15,984	(81,427)
Net cash provided by (used in) financing activities	30,003	(34,579)
Foreign currency translation adjustments on cash and cash equivalents	204	2,237
Net increase (decrease) in cash and cash equivalents	(91,304)	47,730
Cash and cash equivalents, beginning of year	499,474	408,170
Cash and cash equivalents, end of year	408,170	455,901

For the year ended March 31, 2015, net cash provided by operating activities amounted to ¥161,500 million, net cash used in investing activities amounted to ¥81,427 million and net cash used in financing activities amounted to ¥34,579 million. As a result of the above, the balance of cash and cash equivalents as at March 31, 2015 increased by ¥47,730 million to ¥455,901 million compared to the end of the previous fiscal year.

(3) Description of equity ratio

Consolidated equity ratio of AEON Financial Service Co., Ltd. (Japanese GAAP)

	As at March 31, 2014	As at March 31, 2015 (Preliminary figures)
Consolidated equity ratio	9.0%	8.1%

(4) Basic policy of appropriations of retained earnings and dividends for the years ended March 31, 2015 and 2016

Maximizing returns to shareholder is a key management policy of the Company and the Company intends to distribute an appropriate portion of profits to shareholders. At the same time, it is the basic policy of the Company to maintain adequate funds for business expansion and improvement of productivity in the future, which will result in the enhancement of the Group's competitiveness.

[Forecast of appropriations of retained earnings]

Year-end cash dividends for the fiscal year ended March 31, 2015 have been resolved by the board meeting held on May 15, 2015 to be ¥35 per share. As a result, including the 2nd quarter-end cash dividends of ¥25 per share, total cash dividends for the fiscal year ended March 31, 2015 are to be ¥ 60 per share.

Estimated cash dividends for the 2nd quarter-end and year-end of the fiscal year ending March 31, 2016 are ¥28 and ¥38 per share, respectively. Total cash dividends for the fiscal year ended March 31, 2016 are expected to be ¥66 per share.

	FYE3/2015 Dividends per share	FYE3/2016 Estimated dividends per share
2 nd quarter-end cash dividends	25	28
Year-end cash dividends	35	38
Total annual cash dividends	60	66

(5) Risks related to the Group's business

Items set out below are risk factors concerning the Group's business, which may significantly affect investors' decisions. These items were assessed as at the end of the current fiscal year and may not cover all the risks associated with the Group's business, although they include future matters.

① Deterioration of economic conditions and financial market turmoil

(A) The Group operates in various areas of Japan and in Asian countries and regions including, among others, Hong Kong, Thailand and Malaysia. Deterioration of economic conditions and financial market turmoil in Japan and foreign countries and regions may cause a downturn in operations and the value of assets held by the Group.

(B) The Group provides financial services to individual customers. If changes in economic conditions cause long-term downturn in employment environment, household income and consumer spending in the countries and regions where the Group operates its business, the business volume and operating revenue may be negatively affected. In addition, assets such as retail loans owned by the Group are provided allowance for possible credit losses based on the standards for self assessments and the standards for the write-offs and provisions. Economic deterioration may increase credit related cost and the balance of non-performing loans at greater amounts than expected, and consequently negatively impact on the Group's operating results.

(C) The Group holds various assets traded in market. Should the value of these assets decline due to disturbance of the financial markets, impairment or revaluation losses could be incurred or increased, and thus, the Group's financial condition and operating results may be adversely affected.

② Laws and regulations

(A) For domestic business, the Group is subject to the Companies Act, other general laws and regulations concerning company management as well as the Installment Sales Act, the Banking Act, the Insurance Business Act, the Money Lending Business Act, the Act on Special Measures Concerning Claim Management and Collection Business, and the Financial Instruments and Exchange Law. Furthermore, the Group is under supervision of the Japanese Financial Service Agency. For overseas business operation, the Group is also subject to laws and regulations of each country and region and under the supervision of the respective financial services authorities.

These laws and regulations may be newly enacted, amended or repealed, which may have an impact on the Group's business, results of operations and financial condition, including the possibility of restrictions on delivery of products and services.

(B) The Group and AEON Bank are subject to the capital adequacy ratio requirements under the Banking Act. Although the Group and AEON Bank have implemented controls to monitor the capital adequacy ratio, should the capital adequacy ratio of the Group or AEON Bank fall below the minimum capital requirements, administrative measures may be imposed including ceasing part or the entirety of the business operations.

(C) While the effective interest rates of all the financing products currently provided by the Company are equal to or lower than the ceiling required by the Interest Rate Restriction Act, any interest charged in the past by the Company in Japan at a rate exceeding the interest rate ceiling is claimable by customers. Although the Company has recorded an allowance for losses on future claims for interest refund, if the amount of such claims exceeds the Group's current projections, it may have an adverse impact on the Group's results of operations.

③ Country risk

The Group has country risk that unexpected circumstances or changes in various laws and regulations derived from political, economic or social situations in the overseas countries and regions where the Group operates its business may lead to expropriation or suspension of remittance and delay or disable the Group's business operation. If this risk is materialized, it may impact on the Group's results of operations.

④ Increased competition

In the industries where the Group operates its business, if competition intensifies and the Group is not able to respond to such competition appropriately, the Group's business, results of operations and financial condition may be adversely affected.

⑤ Natural disasters such as earthquakes and floods and terrorist activities

The Group operates in various areas of Japan and in Asian countries and regions including, among others, Hong Kong, Thailand and Malaysia. The Group's results of operations may be affected if severe disasters occur in these area where the Groups operates its business, including earthquakes,

tsunami, massive power outages, outbreak of a new strain of influenza, riots and terrorist activities, and lead to physical damage of the Group's premises, other facilities, infrastructure for fund transfers and ATMs or harm the Group's employees or customers. Moreover, these risks could negatively impact local economies, and may affect the Group's results of operations.

⑥ Circulation of unfounded rumors

Credibility from customers, investors, supervisory authorities, local society, etc is one of the vital elements to the Group's business. Accordingly, if unfounded rumors, which could lead to incorrect perception of the Group or the financial services industry, are spread by the media or posted to message boards on the internet, reliability in the Group may be deteriorated and the Group's results of operations and financial conditions may be negatively affected.

⑦ Drastic decline in financial market and economic situation

The Group's funding sources for its business operation consist of deposits, borrowings from financial institutions or direct financing such as bonds, commercial papers and securitization of receivables. Although the Group diversifies its sources of funding, any deterioration in the Group's credibility or credit ratings, possibly caused by a drastic decline in financial markets or economic situations, would have an adverse impact on the Company's funding.

⑧ Changes in interest rate

In the banking business, the Group has implemented Asset Liability Management (ALM) and manages the interest reprising term of its assets and liabilities. However, significant fluctuations in market interest rates beyond the level that can be controlled by ALM of the banking business may affect the Group's results of operations and financial conditions.

For example, in a situation where interest rate is rising, yield of short-term assets improves, while for long-term assets such as housing loans, a rise in interest on liabilities leads to a decrease in profit margin. Although the Group strives to maintain and improve its earnings through monitoring the interest reprising term of its assets and liabilities, a rise in market interest rates may lead to a decrease in demand for borrowings including housing loans.

⑨ Changes in foreign exchange rate

In the overseas business, the Group uses the local currency of each region where the Company operates. The value of assets and liabilities held in the overseas business segment are translated into Japanese Yen and fluctuates due to changes in foreign currency exchange rates, which may affect the Group's results of operations and financial conditions.

⑩ Deferred tax assets

The Group has recorded deferred tax assets on the consolidated balance sheet in compliance with current accounting standards. In the cases that the Group determines that all or part of the deferred tax assets will not be recoverable due to a change in forecasts of future taxable income or a tax reform such as a decrease in the corporate tax rate is enacted, the deferred tax assets of the Group will decrease, and thus, the Group's results of operations, financial conditions and capital adequacy ratio may be affected.

⑪ Information system operation

The Group utilizes information systems and processes a large amount of data. These information systems comprise software, systems and communication networks with external technologies. The Group maintains business centers and core data servers in multiple locations to minimize risks of incidents resulting from defects in hardware and software, interruption of networks by natural disasters or accidents, and system failures by unknown computer viruses. However, any unexpected disruptions caused by a widespread and significant disaster or other unforeseeable events, could cause significant failures in data processing and deterioration of customer confidence in the Group's business, which may adversely affect the Group's results of operations.

⑫ Materialization of administrative risks

In the Group's business operations, various types of administrative affairs are handled. Although the Group sets internal policies and procedures for these administrative affairs and trains employees accordingly, should employees fail to process these administrative affairs as instructed, cause an accident or commit fraud, they could result in financial losses, regulatory penalties and reputational damage, and thus, the Group's results of operations may be affected.

⑬ Security of personal information

The Group regularly acquires and maintains a large amount of information about individuals who

have business relationships with the Group and is subject to the Personal Information Protection Act as a business operator handling personal information. The Group assigns managers to control and secure personal information at each business office which deals with personal information, provide information security education, training and self-checks to all employees and implement physical and technical personal information security measures for business facilities and information systems. In addition, the Group works on introducing systems strengthened against cyber attacks and raising employee awareness of personal information protection, as well as implementing recovery programs to minimize damages should infection occur.

Moreover, the Group takes strict security measures to monitor and supervise third-party vendors and others who deal with personal information. However, improper use or disclosure of, or a failure to protect or properly control personal information could cause violations of the Personal Information Protection Act, resulting in sanctions being imposed including business improvement recommendations, orders, or criminal punishments. Any such violation would have an adverse impact on the Group's reputation and its results of operations.

⑭ Violation of laws and regulations

In order to comply with laws and regulations, the Group strictly disseminates compliance requirements to its officers and employees. However, these measures may not always be effective. In the case of a violation of laws or regulations, regulatory penalties or reputational damage may impact on the Group's results of operations and financial conditions.

⑮ Failure of strategies and measures

The Group is carrying out various strategies and measures. However, it is possible that these strategies and measures cannot be implemented or the expected results are not achieved, and thus, the Group may need to modify the strategies and measures.

⑯ Business expansion

The Group provides various products and services including credit card and banking services. In addition, the Group exploits various opportunities such as entering into new business areas, business partnerships, capital alliances and M&As, in response to the sophisticated and diversified needs of customers and the progress of deregulation. The Group has established an organizational structure to appropriately manage various risks arising from the aforementioned operations. However,

materialization of risks beyond estimation may affect the Group's business, results of operations and financial condition.

⑰ Establishment of internal controls

The Group places compliance and risk management as one of the key management concerns and establishes specific policies and procedures and maintains internal controls. However, if internal controls are not effectively designed, operated or monitored due to human factors or rapid changes in the economic environment, the Group may not be able to adequately manage various business risks, and its results of operations may be adversely affected.

⑱ Retaining quality human resources

The Group conducts its business in a wide range of areas that require high levels of expertise.

In order to provide high quality services to customers, the Group actively recruits officers and employees and provides continuous training to them, and costs related to human resource may increase. On the other hand, if skilled personnel cannot be continuously hired and retained, the Group's business and financial condition may be adversely affected.

⑲ Customer solicitations through major alliance partners

In the Group's business, acquiring new cardholders is an essential source of its operating revenue. The Group solicits a significant number of cardholders through the retail outlets operated by the AEON group companies.

Utilizing the close relationship with the AEON group companies, the Group is allowed to preferentially solicit new cardholders. However, AEON group's future strategies of opening and closing retail outlets could affect the Group's new cardholder solicitations and transaction volume.

⑳ Distributable amount as holding company

The Group's revenue comes from dividends and management fees from its directly-held subsidiaries. Under certain circumstances, the Companies Act and other regulations could restrict the amount of dividends the subsidiaries could pay to the Company. In addition, in case that the subsidiaries cannot generate adequate profit and are not able to pay dividends to the Company, it may not be able to pay dividends to its shareholders.

2. Overview of the Group companies

(1) The Group has 34 consolidated subsidiaries and 4 affiliates accounted for using the equity method. The Group companies are led by AEON Co., Ltd., the parent company, and collaboratively operate comprehensive financial business which primarily consists of the credit card business in their respective geographic areas.

(2) Following is an overview of the Group's business structure.

AEON Financial Service Co., Ltd.

[Domestic Business]

[Overseas Business]

Segment	Credit	Fee business	Banking
AEON CREDIT SERVICE CO., LTD.	○	○	
AEON PRODUCT FINANCE CO., LTD.	○		
AEON BANK, LTD.	○		○
AEON HOUSING LOAN SERVICE CO., LTD.		○	
ACS CREDIT MANAGEMENT CO., LTD.		○	
AEON INSURANCE SERVICE CO., LTD.		○	
AEON S.S. Insurance CO., LTD.		○	

AEON Financial Service (Hong Kong) Co., Ltd.
 AEON CREDIT SERVICE (ASIA) CO., LTD.*
 Others in Hong Kong, China and Taiwan
 AEON THANA SINSAP (THAILAND) PLC.*
 Others in Thailand, Vietnam, Cambodia,
 Myanmar and Laos
 AEON CREDIT SERVICE (M) BERHAD *
 Others in Indonesia, Philippines and India

*listed companies

3. Management policies

(1) Basic management policies of the Company

The unchanging -“AEON”- corporate mission of the Company is to constantly benefit its customers through quality financial services as “the customers’ supporter for assisting their future and credit”, with basic management policies of “customer-first philosophy”, “providing carefully tailored financial services by paying attentions to customers’ needs”, “living up to the trust and expectation of the society” and “establishing vibrant corporate culture”. As a comprehensive financial group fusing retail and financial services, the Group aims to be a retail bank holding company that is the most customer-friendly in Japan and in Asian countries by providing safe, convenient and economical financial services.

(2) Objective of performance indicators

The Company considers its capital adequacy ratio and returns on equity to be key performance indicators and seeks to build corporate value. In addition, while fostering the growth of the domestic business, the Company will expand its business in Asia to improve the profitability of the overseas business.

(3) Medium to long term business strategies and issues to deal with

As a bank holding company engaged in credit, banking, fee business including e-money and overseas business, the Company aims to achieve four strategic synergies; “improvement of convenience of financing services”, “enhancement of marketing capacity”, “expansion of overseas business”, and “improvement of productivity and strengthening of sales capability”. In addition, the Company strives for structural reform of the existing business and “acceleration of four shifts”; “shift to Asia”, “shift to cities”, “shift to senior citizens”, “shift to digital” under the Medium-term Management Plan (from the fiscal year ended March 31, 2015 to the fiscal year ended March 31, 2017) of AEON Group, which is placed as the second phase of the Group’s rapid growth plan to year 2020.

Accordingly, the Company aims to further improve its corporate value as a one of a kind comprehensive financial group that integrates retail and financial services and builds an economic sphere of comprehensive financial services with credit, banking, insurance and e-money as its core businesses in each domestic and overseas operating region.

Key Action Points

① Improvement of convenience of lending services

The Group will promote cross-selling of lending services with not only credit card, but all other financial products including housing loan, bank deposit, and insurance as a start in order to increase the balance of loans and expand the lending business.

② Enhancement of marketing capacity

To provide products and services from the customers' stand point, the Group will enhance its marketing capacity by utilizing the purchase history and financial asset information of customers accumulated in the Group and analyzing regional characteristics based on combination of geographic database and demographic information.

③ Expansion of overseas business

The Company will provide financial services to individual customers that suit the needs in each country and region by leveraging business know-how cultivated in Japan and other Asian countries. In addition, to respond to enhanced competition and changes in market condition including rapidly advancing digitalization, the Group will establish new revenue streams such as obtaining a banking license. The Group also pursue the development of a common information system for the overseas operations and globally competent personnel to accelerate business development in Asian countries.

④ Improvement of productivity and reinforcement of sales capability

The Group will optimize management resources of each subsidiary including appropriate allocation of personnel through the review and automation of the business processes to improve productivity. In addition, in order to deliver comprehensive financial services to customers smoothly and timely, the Group will promote diversity such as active employment of local resources and promotion of females to executive positions and improve consulting skill of employees through enriched education and training courses.

To achieve these key action points, the Group will emphasize capital investment in information systems and development of human resources and establish a common management system within and outside the Group to reinforce the corporate governance of the domestic and overseas

operations.

4. Basic Policy for selecting accounting principles

The Group has adopted Japanese accounting standards.

The Group plans to appropriately deal with the application of International Financial Reporting Standards concerning the relevant conditions of adoption in and outside Japan.

5. Consolidated financial statements

(1) Consolidated balance sheet

	(Millions of Yen)	
	As at March 31, 2014	As at March 31, 2015
(Assets)		
Cash and due from banks	416,662	467,726
Call loans	-	10,000
Monetary claims bought	12,119	6,649
Securities	173,379	235,074
Loans and bills discounted	1,276,741	1,474,236
Installment sales receivables	957,403	1,038,221
Other assets	80,294	95,533
Property and equipment	31,185	35,774
Structures	4,428	5,217
Equipment	19,756	22,793
Land	742	742
Construction in progress	9	90
Other property and equipment	6,248	6,929
Intangible assets	67,723	71,138
Software	31,243	36,882
Goodwill	28,887	27,064
Other intangible assets	7,592	7,191
Deferred tax assets	18,758	20,789
Customers' liabilities for acceptances and guarantees	176,421	183,632
Allowance for possible credit losses	(47,574)	(49,280)
Total assets	3,163,117	3,589,495
(Liabilities)		
Deposits	1,717,769	1,963,024
Accounts payable	203,742	164,836
Call money	4,900	76,300
Borrowed money	515,227	591,586
Bonds	101,608	114,310
Convertible bonds	2,830	90
Other liabilities	111,859	145,754
Allowance for bonuses	2,200	2,542
Retirement benefit liability	2,789	3,312
Allowance for point program	11,012	11,590
Allowance for loss on refund of interest received	3,085	4,848
Allowance – other	556	461
Deferred tax liabilities	1,820	2,256
Acceptances and guarantees	176,421	183,632
Total liabilities	2,855,825	3,264,547

	(Millions of Yen)	
	As at March 31, 2014	As at March 31, 2015
(Equity)		
Common stock	29,051	30,421
Capital surplus	104,860	106,230
Retained earnings	136,270	154,518
Treasury stock	(145)	(25,144)
Total shareholders' equity	270,036	266,026
Unrealized gain on available-for-sale securities	4,027	4,243
Deferred loss on derivatives under hedge accounting	(2,326)	(3,468)
Foreign currency translation adjustments	294	7,446
Accumulated adjustments for retirement benefit	(371)	(539)
Total accumulated other comprehensive income	1,623	7,682
Stock acquisition rights	55	73
Minority interests	35,576	51,166
Total equity	307,291	324,948
Total liabilities and equity	3,163,117	3,589,495

(2) Consolidated statements of income and comprehensive income

(Consolidated statement of income)

(Millions of Yen)

	For the fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)	For the fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)
Ordinary revenue	286,070	329,046
Interest income	107,452	125,493
Interest on loans and bills discounted	104,863	123,270
Interest and dividends on securities	1,953	1,612
Interest on call loans	7	0
Interest on due from banks	399	393
Other interest income	228	215
Fees and commissions	145,782	168,283
Other operating income	16,796	19,053
Other income	16,038	16,215
Gain on bad debts recovered	9,237	7,810
Other	6,800	8,404
Ordinary expenses	244,978	275,965
Interest expenses	19,524	20,677
Interest on deposits	5,183	4,015
Interest on call money	2	24
Interest on borrowed money	12,647	14,474
Interest on bonds	1,500	1,818
Other interest expenses	190	344
Fees and commissions	20,259	21,838
Other operating expenses	1,028	1,109
General and administrative expenses	169,568	186,474
Other ordinary expenses	34,596	45,865
Provision for possible credit losses	27,677	36,369
Other	6,919	9,495
Ordinary profits	41,092	53,080
Extraordinary income	110	0
Gain on disposal of property and equipment	110	0
Extraordinary loss	1,405	328
Loss on disposal of property and equipment and intangible assets	154	38
Loss on cancellation	-	245
Management integration expenses	1,194	-
Other extraordinary loss	56	44
Income before income taxes and minority interests	39,797	52,752
Income taxes – current	13,101	15,000
Income taxes – deferred	(1,189)	(935)
Total income taxes	11,912	14,065
Net income before minority interests	27,885	38,687
Minority interests in net income	7,142	8,195
Net income	20,743	30,491

(Consolidated statement of comprehensive income)

(Millions of Yen)

	For the fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)	For the fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)
Net income before minority interests	27,885	38,687
Other comprehensive income	3,610	10,397
Unrealized gain on available-for-sale securities	1,212	219
Deferred loss on derivatives under hedge accounting	(1,137)	(2,115)
Foreign currency translation adjustments	3,536	12,462
Adjustments for retirement benefit	-	(168)
Comprehensive income	31,496	49,084
Total comprehensive income attributable to:		
Owners of the parent	23,357	36,550
Minority interests	8,138	12,534

(3) Consolidated statement of changes in equity

For the fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	15,466	91,275	125,320	(142)	231,919
Change of items during the period					
Conversion of convertible bonds	13,585	13,585			27,170
Cash dividends			(9,792)		(9,792)
Net income			20,743		20,743
Purchase of treasury stock				(3)	(3)
Disposal of treasury stock		0		0	0
Net change in items other than shareholders' equity					
Total change of items during the period	13,585	13,585	10,950	(3)	38,117
Balance at end of period	29,051	104,860	136,270	(145)	270,036

	Accumulated other comprehensive income					Stock acquisition right	Minority interests	Total equity
	Unrealized gain on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Foreign currency translation adjustments	Accumulated adjustments for retirement benefit	Total accumulated other comprehensive income			
Balance at beginning of period	2,717	(1,704)	(1,631)	-	(618)	22	27,549	258,872
Change of items during the period								
Conversion of convertible bonds								27,170
Cash dividends								(9,792)
Net income								20,743
Purchase of treasury stock								(3)
Disposal of treasury stock								0
Net change in items other than shareholders' equity	1,309	(621)	1,926	(371)	2,242	32	8,026	10,302
Total change of items during the period	1,309	(621)	1,926	(371)	2,242	32	8,026	48,419
Balance at end of period	4,027	(2,326)	294	(371)	1,623	55	35,576	307,291

For the fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total share-holders' equity
Balance at beginning of period	29,051	104,860	136,270	(145)	270,036
Cumulative effects of changes in accounting policies			(53)		(53)
Restated balance	29,051	104,860	136,216	(145)	269,982
Change of items during the period					
Conversion of convertible bonds	1,370	1,370			2,740
Cash dividends			(12,188)		(12,188)
Net income			30,491		30,491
Purchase of treasury stock				(25,001)	(25,001)
Disposal of treasury stock		(0)	(1)	2	0
Net change in items other than shareholders' equity					
Total change of items during the period	1,370	1,369	18,302	(24,998)	(3,956)
Balance at end of period	30,421	106,230	154,518	(25,144)	266,026

	Accumulated other comprehensive income					Stock acquisition right	Minority interests	Total equity
	Unrealized gain on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Foreign currency translation adjustments	Accumulated adjustments for retirement benefit	Total accumulated other comprehensive income			
Balance at beginning of period	4,027	(2,326)	294	(371)	1,623	55	35,576	307,291
Cumulative effects of changes in accounting policies								(53)
Restated balance	4,027	(2,326)	294	(371)	1,623	55	35,576	307,237
Change of items during the period								
Conversion of convertible bonds								2,740
Cash dividends								(12,188)
Net income								30,491
Purchase of treasury stock								(25,001)
Disposal of treasury stock								0
Net change in items other than shareholders' equity	216	(1,141)	7,151	(168)	6,058	18	15,590	21,666
Total change of items during the period	216	(1,141)	7,151	(168)	6,058	18	15,590	17,710
Balance at end of period	4,243	(3,468)	7,446	(539)	7,682	73	51,166	324,948

(4) Consolidated statement of cash flows

(Millions of Yen)

	For the fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)	For the fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)
Operating activities		
Income before income taxes and minority interests	39,797	52,752
Depreciation and amortization	12,734	14,532
Amortization of goodwill	1,778	1,839
Equity in (earnings) losses of affiliates	(20)	71
Provision for possible credit losses	(14)	(94)
Provision for bonuses	473	244
Provision for retirement benefit	(419)	-
Increase in retirement benefit liability	499	176
Provision for point program	2,316	577
Increase (decrease) in allowance for loss on refund of interest received	(635)	1,762
Increase (decrease) in other allowance	349	(94)
Amortization of stock issuance costs	24	36
Amortization of bond issuance costs	57	82
Interest income	(107,452)	(125,493)
Interest expenses	19,524	20,677
Earnings (losses) related to securities	(351)	2,107
Loss on disposal of property and equipment and intangible assets	154	-
Net increase in loans and bills discounted	(138,200)	(163,711)
Increase in installment sales receivables	(342,366)	(62,513)
Net increase in deposits	505,718	245,255
Increase (decrease) in accounts payable	11,892	(39,571)
Net increase (decrease) in borrowed money	(213,087)	39,196
Net (increase) decrease in due from banks (excluding due from Bank of Japan)	4,829	(3,042)
Net (increase) decrease in due from banks (over 3 months)	4,858	(107)
Net increase in call loans	(18,729)	(4,529)
Net increase in call money	4,900	71,400
Net decrease in commercial paper	(5,634)	-
Issuance and redemption of bonds	(2,270)	8,709
Proceeds from sale and leaseback	-	11,403
Proceeds from interest income	104,437	124,620
Interest expenses paid	(18,071)	(20,796)
Other	3,134	3,904
Subtotal	(129,771)	179,395
Income taxes paid	(7,789)	(17,894)
Income taxes refund	64	-
Net cash provided by (used in) operating activities	(137,497)	161,500
Investing activities		
Purchases of securities	(80,923)	(230,385)
Proceeds from sales of securities	74,725	143,135
Proceeds from redemption of securities	45,210	27,510
Purchases of property and equipment	(9,017)	(7,911)
Proceeds from sale of property and equipment	783	759

	(Millions of Yen)	
	For the fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)	For the fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)
Purchases of intangible assets	(11,860)	(14,536)
Cash paid in conjunction with the purchase of consolidated subsidiary	(2,933)	-
Net cash provided by (used in) investing activities	15,984	(81,427)
Financing activities		
Issuance of subordinated bonds	39,769	-
Financial costs paid for financing activities	(108)	(18)
Dividends paid to the Company's shareholders	(9,792)	(12,188)
Proceeds from stock issuance to minority shareholders	3,018	5,828
Dividends paid to minority shareholders	(2,878)	(3,162)
Purchase of treasury stock	(3)	(25,038)
Proceeds from disposal of treasury stock	0	0
Net cash provided by (used in) financing activities	30,003	(34,579)
Foreign currency translation adjustments on cash and cash equivalents	204	2,237
Net increase (decrease) in cash and cash equivalents	(91,304)	47,730
Cash and cash equivalents, beginning of year	499,474	408,170
Cash and cash equivalents, end of year	408,170	455,901

(5) Notes to consolidated financial statements

(Notes regarding the going concern assumption)

Not applicable

(Changes in accounting policies)

Effective from March 31, 2015, the Group has adopted the provision of Paragraph 35 of the Accounting Standard for Retirement Benefits (ASBJ Statement No.26 issued on May 17, 2012, hereafter the “Accounting Standard”) and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No.25 on March 26, 2015, hereafter the “Guidance”). Certain domestic subsidiaries of the Group reviewed the method of determining retirement benefit obligations and current service costs, and changed the allocation of estimated retirement benefits from the straight-line basis to the benefit formula basis. In addition, the method of determining the discount rate applied in the calculation of projected benefit obligation was changed to the method to use the single weighted-average discount rate that reflects the estimated payment period of retirement benefits and the amount per each estimated payment period. The discount rate had previously been determined based on the yield of certain bonds, the maturity of which is close to the employees’ average remaining service period.

The Group applied the transitional treatment prescribed in Paragraph 37 of the Accounting Standard. As at April 1, 2014, the Group has recognized the effect of changing the method of determining retirement benefit obligations and current service costs as an adjustment to the opening balance of retained earnings.

As a result, retirement benefit liability as at April 1, 2014 increased by ¥83 million and retained earnings as at April 1, 2014 decreased by ¥53 million.

The effect on net income and per share information for the fiscal year ended March 31, 2015 is immaterial.

(Changes in presentation of financial statements)

Not applicable

(Changes in accounting estimates)

Not applicable

(Additional information)

Accounting treatment of card issuance costs

The Company’s consolidated domestic subsidiaries had expensed credit card issuance costs immediately as incurred in the past. However, the issuance costs of IC-imbedded credit cards issued on or after July 1, 2014 are capitalized as assets and amortized over the valid periods of the cards. This change is a result of an increase in the asset value of the IC-imbedded cards due to a policy decision to switch newly issued credit cards to the IC-imbedded cards that can store a larger amount of customer-related information and to encourage customers to renew their current credit cards to the IC-imbedded cards in order to promote new products and services by using database marketing.

As a result, the ordinary profits and income before income taxes and minority interests for the fiscal year ended March 31, 2015 increased by ¥2,075 million, respectively, compared to the amounts under the previous method.

(Segment information and others)

Segment information

1. Description of reportable segments

The Company's reportable segments are those for which separate financial information is available and regular evaluation by the Board of Directors is being performed in order to decide how resources are allocated among the Group.

The Group conducts business activities comprised of the "Credit" business dealing in credit card purchase contracts, loan contracts, and hire purchase contracts in the domestic markets, "Fee business" providing services including e-money in the domestic markets, "Banking" business dealing in banking services in the domestic markets, and "Overseas" business dealing in credit extensions and lending in the foreign markets. The Group formulates comprehensive strategies for each business. Accordingly, the Group has four reportable segments, "Credit", "Fee Business", "Banking" and "Overseas".

- "Credit" consists of financial services such as credit card contracts and loan contracts with domestic customers.
- "Fee business" consists of the e-money business, the bank agency business and the ATM business in the domestic markets.
- "Banking" consists of banking operations such as raising funds from customer deposits and their lending, or making investment of such funds.
- "Overseas" consists of financial services including credit card contracts and loan contracts with customers in Asia such as Hong Kong, Thailand, and Malaysia.

2. Methods of measurement for amounts of ordinary revenue, profit (loss), assets, liabilities and other items for each reportable segment

The method of accounting by reportable segment is basically the same as the method of accounting used for the preparation of the consolidated financial statements. The reportable segment profit (loss) is measured based on ordinary income of the financial statements. The intersegment revenues or transfers are based on the current market prices.

3. Information on amounts of ordinary revenues, profit (loss), assets, liabilities and other items for each reportable segment

For the fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(Millions of Yen)

	Credit	Fee Business	Banking	Overseas	Total	Reconciliations (Note 2)	Consolidated (Note 3)
Ordinary revenues							
Ordinary revenues from customers	130,303	25,523	38,693	91,551	286,070	-	286,070
Intersegment revenue or transfers	796	11,130	2,539	3	14,469	(14,469)	-
Total ordinary revenues	131,100	36,653	41,232	91,554	300,540	(14,469)	286,070
Segment profit	28,045	1,172	1,881	16,455	47,555	(6,463)	41,092
Segment assets	1,347,951	129,771	1,417,747	441,444	3,336,913	(173,796)	3,163,117
Other items							
Depreciation and amortization	3,376	3,924	1,249	4,076	12,627	106	12,734
Amortization of goodwill	133	713	903	28	1,778	-	1,778
Interest income	39,417	1,604	16,169	51,315	108,507	(1,054)	107,452
Interest expenses	4,080	269	3,736	10,825	18,912	612	19,524
Provision for possible credit losses	9,359	306	298	17,712	27,677	-	27,677
Provision for point program	9,680	218	496	-	10,394	-	10,394
Increase in tangible and intangible assets	10,124	12,208	2,885	7,404	32,622	217	32,839

(Notes)

- For the segment revenue, the Group uses ordinary revenue instead of sales that are used by normal commercial companies.
- Details of the reconciliations are as follows:
 - ¥ (6,463) million of reconciliations to segment profit represents the corporate expenses unallocated to any reportable segment. The corporate expenses are mainly general and administrative expenses unattributable to any reportable segment.
 - ¥ (173,796) million of reconciliations to segment assets represents the corporate assets unallocated to any reportable segment and the eliminations of intersegment transactions.
- Segment profit is reconciled with ordinary profits on the consolidated statements of income for the fiscal year ended March 31, 2014.

For the fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Millions of Yen)

	Credit	Fee Business	Banking	Overseas	Total	Reconciliations (Note 2)	Consolidated (Note 3)
Ordinary revenues							
Ordinary revenues from customers	146,030	31,539	38,923	112,553	329,046	-	329,046
Intersegment revenue or transfers	383	13,867	2,741	0	16,993	(16,993)	-
Total ordinary revenues	146,413	45,407	41,664	112,553	346,039	(16,993)	329,046
Segment profit (loss)	32,176	1,865	(37)	22,144	56,149	(3,068)	53,080
Segment assets	1,432,212	149,679	1,651,660	549,465	3,783,017	(193,521)	3,589,495
Other items							
Depreciation and amortization	3,508	5,140	1,386	4,359	14,395	137	14,532
Amortization of goodwill	178	713	903	43	1,839	-	1,839
Interest income	51,603	1,606	14,177	58,407	125,795	(301)	125,493
Interest expenses	3,573	337	2,531	13,754	20,196	481	20,677
Provision for (reversal of) possible credit losses	8,849	1,216	(6)	26,310	36,369	-	36,369
Provision for point program	14,703	376	308	-	15,389	-	15,389
Increase in tangible and intangible assets	18,237	7,338	1,788	6,455	33,819	1,316	35,135

(Notes)

- For the segment revenue, the Group uses ordinary revenue instead of sales that are used by normal commercial companies.
- Details of the reconciliations are as follows:
 - ¥ (3,068) million of reconciliations to segment profit or loss represents the corporate expenses unallocated to any reportable segment. The corporate expenses are mainly general and administrative expenses unattributable to any reportable segment.
 - ¥ (193,521) million of reconciliations to segment assets represents the corporate assets unallocated to any reportable segment and the eliminations of intersegment transactions.
- Segment profit or loss is reconciled with ordinary profits on the consolidated statements of income for the fiscal year ended March 31, 2015.

(Per share information)

(Yen)

	For the fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)	For the fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)
Net assets per share	1,316.00	1,377.56
Net income per share	104.62	152.55
Diluted net income per share	99.49	152.04

(Notes)

1. The basic parameters for calculating net assets per share are as follows.

	Previous fiscal year end (As at March 31, 2014)	Current fiscal year end (As at March 31, 2015)
Total equity (millions of yen)	307,291	324,948
Deduction from total equity (millions of yen)	35,631	51,239
(Stock acquisition rights included in the above)	(55)	(73)
(Minority interests included in the above)	(35,576)	(51,166)
Equity to common stock (millions of yen)	271,660	273,708
Number of common stock (shares)	206,541,751	208,499,435
Number of treasury stock (shares)	112,505	9,808,408
Number of common stock as at the fiscal year-end used in calculating net assets per share (shares)	206,429,246	198,691,027

2. The basic parameters for calculating net income per share and diluted net income per share are as follows.

	For the fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)	For the fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)
Net income per share		
Net income (millions of yen)	20,743	30,491
Amount not attributable to shareholders of common stock (millions of yen)	-	-
Net income applicable to common stock (millions of yen)	20,743	30,491
Average number of shares during the fiscal year (shares)	198,272,368	199,875,767
Diluted net income per share		
Adjustment to net income (millions of yen)	-	-
Addition to the number of common stock (shares)	10,220,683	681,460
(Stock acquisition rights included in the above)	(32,806)	(41,461)
(Convertible bonds included in the above)	(10,187,877)	(639,999)
Description of dilutive shares excluded from calculating diluted net income per share due to the absence of dilutive effect	-	-

(Significant subsequent events)

Issuance of debenture bonds

The Company issued debenture bonds pursuant to the resolution at the Company's board meeting held on March 24, 2015. The key information of the debenture bonds is summarized as follows:

1. (1) Name 3rd Debenture Bonds (with limited inter-bond pari passu clause)
(2) Total amount of issue ¥20 billion
(3) Interest rate 0.402% per annum
(4) Issue price 100% of the principal amount of the bonds
(5) Maturity date April 30, 2020
(6) Closing date April 30, 2015
(7) Use of proceeds To be applied toward the partial repayment of loans

2. (1) Name 4th Debenture Bonds (with limited inter-bond pari passu clause)
(2) Total amount of issue ¥10 billion
(3) Interest rate 0.552% per annum
(4) Issue price 100% of the principal amount of the bonds
(5) Maturity date April 28, 2022
(6) Closing date April 30, 2015
(7) Use of proceeds To be applied toward the partial repayment of loans

6. Non-consolidated financial statements

(1) Balance sheet

	(Millions of Yen)	
	As at March 31, 2014	As at March 31, 2015
(Assets)		
Current assets		
Cash and deposits	1,660	2,306
Advances paid	702	126
Prepaid expenses	68	58
Deferred tax assets	187	17
Accounts receivable - other	3,488	959
Accrued income	4	1
Income taxes receivable	-	1,996
Other current assets	0	0
Total current assets	6,111	5,466
Non-current assets		
Property and equipment		
Structures	-	9
Accumulated depreciation	-	(0)
Net structures	-	8
Equipment	0	148
Accumulated depreciation	(0)	(0)
Net equipment	0	147
Net property and equipment	0	156
Intangible assets		
Software	21	680
Total intangible assets	21	680
Investments and other assets		
Investment securities	6,489	7,206
Investments in subsidiaries and associated companies	303,051	302,335
Long-term prepaid expenses	3	4
Deferred tax assets	13,431	12,167
Guarantee money deposits	62	110
Other assets	-	8
Total investments and other assets	323,038	321,831
Total non-current assets	323,060	322,668
Deferred charges		
Stock issuance costs	84	48
Bond issuance costs	397	315
Total deferred charges	482	363
Total assets	329,654	328,499

	(Millions of Yen)	
	As at March 31, 2014	As at March 31, 2015
(Liabilities)		
Current liabilities		
Short-term borrowings	20,000	49,800
Current portion of bonds	-	20,000
Current portion of convertible bonds	-	40
Accounts payable – other	4,619	1,616
Accrued expenses	161	356
Accrued income taxes	1,088	-
Deferred revenue	2	0
Deposits received	568	626
Allowance for directors' bonuses	21	56
Other current liabilities	18	274
Total current liabilities	26,479	72,769
Long-term liabilities		
Bonds payable	80,000	60,000
Convertible bonds	2,830	50
Other liabilities	32	12
Total long-term liabilities	82,862	60,062
Total liabilities	109,342	132,832
(Equity)		
Shareholders' equity		
Common stock	29,051	30,421
Capital surplus		
Additional paid-in capital	104,860	106,230
Other capital surplus	0	-
Total capital surplus	104,860	106,230
Retained earnings		
Legal reserve	3,687	3,687
Other retained earnings		
General reserve	75,995	63,995
Retained earnings carried forward	4,834	13,849
Total retained earnings	84,517	81,531
Treasury stocks	(145)	(25,144)
Total shareholders' equity	218,283	193,039
Valuation and translation adjustments		
Unrealized gain on available-for-sale securities	1,973	2,554
Total valuation and translation adjustments	1,973	2,554
Stock acquisition rights	55	73
Total equity	220,311	195,667
Total liabilities and equity	329,654	328,499

(2) Statement of income

	(Millions of Yen)	
	For the fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)	For the fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)
Operating revenues		
Dividends from subsidiaries and associates	2,753	10,694
Commissions from subsidiaries and associates	6,253	10,237
Total operating revenues	9,006	20,931
Operating expenses		
Selling, general and administrative expenses	7,585	8,362
Total operating expenses	7,585	8,362
Operating income	1,421	12,569
Non-operating revenues		
Interest and dividends income	104	113
Other non-operating revenues	34	44
Total non-operating revenues	138	158
Non-operating expenses		
Interest expenses	569	734
Commitment fee	-	200
Other non-operating expenses	140	168
Total non-operating expenses	710	1,103
Ordinary income	849	11,624
Extraordinary loss		
Management integration expenses	45	-
Loss on revaluation of investments in subsidiaries and associates	-	943
Other extraordinary loss	3	-
Total extraordinary losses	48	943
Income before income taxes	801	10,681
Income taxes - Current	1,367	179
Income taxes - Deferred	(970)	1,297
Total income taxes	396	1,476
Net income	404	9,204

(3) Statement of changes in equity

For the fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(Millions of Yen)

	Shareholders' equity							
	Common stock	Capital surplus			Legal reserve	Retained earnings		Total retained earnings
		Additional paid-in capital	Other capital surplus	Total capital surplus		General reserve	Retained earnings carried forward	
Balance at beginning of period	15,466	91,275	-	91,275	3,687	75,995	14,223	93,905
Change of items during the period								
Conversion of convertible bonds	13,585	13,585		13,585				
Cash dividends							(9,792)	(9,792)
Net income							404	404
Reversal of general reserve								-
Purchase of treasury stock								
Disposal of treasury stock			0	0				
Net change in items other than shareholders' equity								
Total change of items during the period	13,585	13,585	0	13,585	-	-	(9,388)	(9,388)
Balance at end of period	29,051	104,860	0	104,860	3,687	75,995	4,834	84,517

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition right	Total equity
	Treasury stock	Total shareholders' equity	Unrealized gain on available-for-sale securities	Total valuation and translation adjustment		
Balance at beginning of period	(142)	200,504	1,741	1,741	22	202,268
Change of items during the period						
Conversion of convertible bonds		27,170				27,170
Cash dividends		(9,792)				(9,792)
Net income		404				404
Reversal of general reserve						-
Purchase of treasury stock	(3)	(3)				(3)
Disposal of treasury stock	0	0				0
Net change in items other than shareholders' equity			232	232	32	264
Total change of items during the period	(3)	17,778	232	232	32	18,043
Balance at end of period	(145)	218,283	1,973	1,973	55	220,311

For the fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Millions of Yen)

	Shareholders' equity							
	Common stock	Capital surplus			Legal reserve	Retained earnings		Total retained earnings
		Additional paid-in capital	Other capital surplus	Total capital surplus		General reserve	Retained earnings carried forward	
Balance at beginning of period	29,051	104,860	0	104,860	3,687	75,995	4,834	84,517
Change of items during the period								
Conversion of convertible bonds	1,370	1,370		1,370				
Cash dividends							(12,188)	(12,188)
Net income							9,204	9,204
Reversal of general reserve						(12,000)	12,000	-
Purchase of treasury stock								
Disposal of treasury stock			(0)	(0)			(1)	(1)
Net change in items other than shareholders' equity								
Total change of items during the period	1,370	1,370	(0)	1,369	-	(12,000)	9,014	(2,985)
Balance at end of period	30,421	106,230	-	106,230	3,687	63,995	13,849	81,531

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition right	Total equity
	Treasury stock	Total shareholders' equity	Unrealized gain on available-for-sale securities	Total valuation and translation adjustment		
Balance at beginning of period	(145)	218,283	1,973	1,973	55	220,311
Change of items during the period						
Conversion of convertible bonds		2,740				2,740
Cash dividends		(12,188)				(12,188)
Net income		9,204				9,204
Reversal of general reserve		-				-
Purchase of treasury stock	(25,001)	(25,001)				(25,001)
Disposal of treasury stock	2	0				0
Net change in items other than shareholders' equity			581	581	18	599
Total change of items during the period	(24,998)	(25,244)	581	581	18	(24,644)
Balance at end of period	(25,144)	193,039	2,554	2,554	73	195,667

(4) Notes to non-consolidated financial statements

(Notes regarding the going concern assumption)

Not applicable

(Changes in accounting policies)

Not applicable

(Changes in presentation of financial statements)

Not applicable

(Changes in accounting estimates)

Not applicable

(Additional information)

Not applicable

(Significant subsequent events)

Issuance of debenture bonds

The Company issued debenture bonds pursuant to the resolution at the Company's board meeting held on March 24, 2015.

For more details, please refer to "(5) Notes to consolidated financial statements (Significant subsequent events)" of "5. Consolidated financial statements."

7. Other

(1) Information about management changes

For information about management changes, please refer to the notice of "Decision on candidates of directors and corporate auditors" announced on May 15, 2015.