

Fiscal Year Ended March 31, 2014 Consolidated Financial Results (Japanese GAAP)

May 15, 2014

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

Stock exchange listing: Tokyo Stock Exchange

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

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Scheduled date of ordinary general meeting of shareholders: June 19, 2014

Scheduled date of dividend payment commencement: June 5, 2014

Scheduled date for release of annual report: June 20, 2014

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, 2014 (from April 1, 2013 to March 31, 2014)

(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 3/2014	286,070	-	41,092	-	20,743	-
FYE 3/2013	-	-	33,367	-	13,616	-

(Note) Comprehensive income FYE 3/2014 ¥31,496 million (- %) FYE 3/2013 ¥30,884 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 3/2014	104.62	99.49	8.2	1.4	14.4
FYE 3/2013	88.12	78.25	7.0	1.9	-

(Reference) Equity in earnings (losses) of affiliates FYE 3/2014 ¥20 million FYE 3/2013 ¥ 117 million

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

(2) Consolidated financial condition

	Total assets	Total equity	Equity ratio	Net assets per share
	(Millions of Yen)	(Millions of Yen)	%	Yen
FYE 3/2014	3,163,117	307,291	8.6	1,316.00
FYE 3/2013	2,534,208	258,872	9.1	1,235.28

(Reference) Shareholders' Equity FYE 3/2014 ¥271,660 million FYE 3/2013 ¥231,300 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 3/2014	(137,497)	15,984	30,003	408,170
FYE3/2013	27,277	24,825	219,960	499,474

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 3/2013	-	20.00	-	25.00	50.00	7,749	56.9	4.0
FYE 3/2014	-	25.00	-	35.00	60.00	9,792	57.4	4.7
FYE 3/2015 (forecast)	-	25.00	-	35.00	60.00		46.7	

(Note) The Company paid a commemorative cash dividend for the management integration between the Company and AEON Bank, Ltd. of ¥5 per share with a record date of January 4, 2013. As a result, the total cash dividends per share for the fiscal year ended March 31, 2013 are ¥50.

3. Consolidated financial results forecast for the year ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

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

	Ordinary revenue		Ordinary profits		Net income		Net income per share
	(Millions of Yen)	%	(Millions of Yen)	%	(Millions of Yen)	%	Yen
First half	145,000	11.1	19,000	53.8	8,000	215.2	38.75
Full year	320,000	11.9	51,000	24.1	26,500	27.8	128.37

*Notes

(1) Changes to principal subsidiaries during the period (status changes of specified subsidiaries resulting in changes in the scope of consolidation): Yes

Newly consolidated: 1 company (Name: AEON Product Finance Co., Ltd.) Excluded: -

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

- ① Changes in accounting policies with revision of accounting standards : No
- 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 P34 "4. Consolidated financial statements; (5) Notes regarding 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 3/2014	206,541,751	FYE 3/2013	187,357,208
② Treasury stocks at period-end	FYE 3/2014	112,505	FYE 3/2013	111,422
③ Average number of shares during period	FYE 3/2014	198,272,368	FYE 3/2013	154,519,798

(Reference) Summary of non-consolidated financial results

Non-consolidated results for the fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(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 3/2014	9,006	-	1,421	-	849	-	404	-
FYE3/2013	131,539	-	24,276	-	19,528	-	11,059	-

	Net income per share	Net income per share (Diluted)
	Yen	Yen
FYE 3/2014	2.04	1.94
FYE 3/2013	71.57	63.55

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

(2) Non-consolidated financial condition

	Total assets	Total equity	Equity ratio	Net assets per share
	(Millions of Yen)	(Millions of Yen)	%	Yen
FYE 3/2014	329,654	220,311	66.8	1,066.98
FYE 2/2013	961,269	202,268	21.0	1,080.11

(Reference) Shareholders' equity FYE 3/2014 ¥220,256 million FYE 3/2013 ¥202,245 million

* 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, 2014.

* 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

To further grow as a comprehensive financial group with retail business at its core, the Company has become a bank holding company in April 2013, aiming to achieve four strategic synergies as key measures: “improvement of convenience of financing services,” “enhancement of marketing capacity,” “expansion of overseas business,” and “improvement of productivity and strengthening of sales capability.” The Company has promoted fee business such as e-money business in addition to credit card and banking businesses and expanded its operation in Asia.

For the year ended March 31, 2014, the Company has reinforced cardholder solicitation at stores of alliance partners and through the internet. Also, the Company expanded its marketing network through establishing “Kurashi no Money Plaza,” a one-stop shop to provide various financial products and services, and enhancing installation of ATMs. The Company has worked on enhancing operational efficiency through streamlining the overlapping administrative and headquarters functions operating within the Company and its consolidated subsidiaries (collectively, the “Group”).

In addition, the Company turned AEON Product Finance Co., Ltd. (former Toshiba Finance Corporation), which is engaged in installment sales business, into a consolidated subsidiary in order to nurture it as a key component of earnings alongside credit cards, banking, insurance and e-money businesses, and increased the transaction volume of loans for home renovation and solar energy systems by leveraging on AEON Group’s sales network and the sales capabilities of AEON Product Finance Co., Ltd.

In the overseas business, the Company has expanded its operation centered around its three listed companies in Hong Kong, Thailand and Malaysia and launched hire purchase business in Shenzhen, China and Myanmar.

As a result of the above, the consolidated financial results of the Group for the year ended March 31, 2014 were as follows: (a) ordinary revenue increased by 38.9% to ¥286,070 million, (b) ordinary profits increased by 23.2% to ¥41,092 million, (c) net income increased by 52.3% to ¥20,743 million, compared to the previous fiscal year.

In response to inappropriate accounting treatment discovered at the Company’s consolidated

subsidiary in Taiwan, the Company has developed five measures to further strengthen governance and compliance systems as a bank holding company; “generating corporate culture with emphasis on compliance,” “strengthening governance of subsidiaries,” “review of accounting system,” “review of human resources/organizational structure,” and “reinforcement of system structure.”

During the current fiscal year, in order to strengthen management oversight, the Company reinforced management structures in overseas subsidiaries in each area by newly establishing the Management Audit Department and Business Management Department and deploying the Heads of the Business Management Department to its overseas subsidiaries in Hong Kong, Thailand and Malaysia.

* The Company has changed the presentation of the consolidated financial statements to comply with the requirements of the Banking Act and the Ordinance of the Enforcement of the Banking Act upon becoming a bank holding company. In addition, since the fiscal year from February 21, 2012 to March 31, 2013, the Company has changed the fiscal year-end from February 21 to March 31.

The comparison of the consolidated financial results with the previous fiscal year in the preceding paragraph represents a comparison between the results for the year from April 1, 2013 to March 31, 2014 and those for the fiscal year from February 21, 2012 to March 31, 2013.

Also, the comparison of ordinary revenue and ordinary profits with the previous fiscal year in the section of “② Overview of business segment” represents a simple comparison between the results for the year from April 1, 2013 to March 31, 2014 and those for the fiscal year from February 21, 2012 to March 31, 2013 for referential purposes.

② Overview of business segments

Credit business

The Group has reinforced cardholder solicitation by promoting instant card issuance at shopping stores of affiliated partners and bank agencies and through the internet. Also, the Group simplified the application process using tablets and improved the speed of credit reviews to shorten the processing time for card issuance. As a result, the number of active domestic cardholders as at March 31, 2014 steadily increased by 1.21 million from the beginning of the current fiscal year to 23.45 million. In addition, the number of “AEON card select” members as at March 31, 2014 increased by 0.56 million from the beginning of the current fiscal year to 2.51 million. “AEON card select” is a card equipped with the functions and benefits of a credit card, banking card and e-money WAON.

As for credit card shopping, the Group expanded the transaction volume through campaigns to offer interest free installment payment options for expensive goods such as home appliances and furniture, sales programs to offer off the price of shopping at stores in AEON Mall exclusively to the cardholders and direct marketing based on customers’ purchase history and information on financial assets. The Group has also promoted credit card settlement for public utility bills such as electricity and gas charges. As a result, the number of active cardholders increased by 0.82 million from the beginning of the current fiscal year to 14.54 million as at March 31, 2014, and transaction volume of credit card purchases increased by 14.7% to ¥3,581,836 million for the year then ended compared to the previous fiscal year.

As for cash advances, the Group expanded the ATM network of AEON Bank and increased the number of affiliated banks that provide ATM settlement services to enhance customer convenience and reviewed its credit policies for further improvement. As a result, the transaction volume increased by 96.3% to ¥344,155 million for the year ended March 31, 2014 compared to the previous fiscal year and the balance of cash advances as at March 31, 2014 increased by ¥93,603 million from the beginning of the current fiscal year to ¥322,714 million.

AEON Product Finance Co., Ltd., which operates installment sales business, enforced development of alliance partners and launched loan programs for home renovation and solar energy systems at AEON stores and offered preferential interest rate for auto loans to AEON cardholders. As a result of these promotions utilizing AEON group’s business network and its customer base, the non-consolidated transaction volume of AEON Product Finance Co., Ltd. for the year ended March

31, 2014 increased by 23.4% to ¥101,927 million compared to the corresponding period of the previous fiscal year.

* The transaction volume in the preceding paragraph represents the volume for the period from July 1, 2013 to March 31, 2014 for which the statement of income of AEON Product Finance Co., Ltd. has been consolidated by the Company. The comparison of this transaction volume with the previous fiscal year represents a simple comparison between the results for the period from July 1, 2013 to March 31, 2014 and those for the period from July 1, 2012 to March 31, 2013 for referential purposes.

As a result of the above, the financial results of the credit business were as follows: (a) ordinary revenue increased by 17.3% to ¥131,100 million, and (b) ordinary profits increased by 35.9% to ¥28,045 million, compared to the previous fiscal year.

Fee business

In the e-money business, the Group has continued to enforce development of affiliated merchants for WAON card services focusing on electric appliance stores and drugstores in addition to group stores such as the Daiei, Inc. and AEON Market Co., Ltd. Furthermore, the Group started awarding points to customers for visiting the stores and launched a new service to enable customers to check usage history on smartphones to improve customer convenience.

As a result, the number of facilities where WAON cards can be used as at March 31, 2014 increased by 24,000 to 184,000, and the accumulated number of WAON cards issued (as at March 31, 2014) increased by 8 million to 39.80 million from the beginning of the current fiscal year. In addition, the total settlement amount of the e-money business including WAON (from April 1, 2013 to March 31, 2014) increased by 21.2% to ¥1,683,853 million compared to the previous fiscal year.

As at March 31, 2014, AEON Group acquired Felica Pocket Marketing Inc., which provides solutions for local revitalization through the utilization of contactless IC. By utilizing the new subsidiary's know-how and collaborating on the marketing efforts, the Group plans to promote use of WAON cards for local and municipal governmental services and development of affiliated merchants in local areas and shopping districts by adding new features to WAON card such as a point systems for local shopping districts and coupon services to increase customer convenience.

In the bank agency business, the Group established 19 new “Kurashi no Money Plaza”, which is a one-stop shop to provide various financial products and services including credit, banking and insurance, and the total number of stores increased to 124.

The Group promoted installation of AEON Bank ATMs mainly in the metropolitan area,

resulting in the number of ATMs installed as at March 31, 2014 increasing by 2,252 from the beginning of the current fiscal year to 4,932. The Company has also established strategic alliance with Mizuho Bank, Ltd. in the ATM business, and the banking transaction network of AEON Bank ATMs has expanded to around 600 financial institutions including all major banks and regional banks, some of which were not previously accessible through AEON Bank ATMs. Furthermore, to respond to the needs of overseas customers who travel to Japan, the Group launched services that enable overseas customers to make cash withdrawals in yen with their credit cards and cash cards issued abroad.

In the internet business, the Group promoted registration for “web statements (ecology declaration)” where detailed statements can be viewed on the internet and launched a new service where customers could pay by “Tokimeki point” at the time of online shopping at certain EC sites to improve customer convenience on the Internet.

AEON Housing Loan Service Corporation that operates housing loan business has enhanced collaboration with home builders through expansion of its sales networks and started accepting applications to refinance housing loans with “Flat 35” on the Internet in order to increase the transaction volume. ACS Credit Management Co., Ltd., which operates servicing business, endeavored to strengthen agency services to collect public utility bill payments and outsourcing from financial institutions.

In the insurance agency business, AEON Insurance Service Co. Ltd. has established 27 in-store insurance agencies and expanded its marketing network to 117 agencies. In the small-amount and short-term insurance business, the Group promoted the sale of bicycle injury insurance products and development of new private insurance products such as pet insurance to meet customer needs.

As a result of the above, the financial results of the fee business were as follows: (a) ordinary revenue increased by 36.1% to ¥36,653 million, and (b) ordinary profits decreased by 35.0% to ¥1,172 million, compared to the previous fiscal year. This decrease is due to the recognition of up-front costs for investments such as installation of ATMs of AEON Bank, Ltd.

Banking business

The Group has promoted campaigns such as offering preferential interest rates on ordinary deposits and term deposits to “AEON card select” members. As a result, the number of customer deposit accounts held by AEON Bank increased by 0.61 million to 3.68 million. In addition, the Group has

promoted registration of direct payroll deposit accounts and WAON automatic recharge services. As a result, the balance of ordinary deposits increased by ¥211,368 million to ¥475,547 million and the balance of total deposits of AEON Bank increased by ¥495,665 million to ¥1,715,781 million as at March 31, 2014 compared to the beginning of the current fiscal year.

In addition to WAON (prepaid card) and AEON card (credit card), the Group introduced AEON Debit card, which directly deducts a payment from the customer's bank account at the time of shopping. Accordingly, the Group offers various means of settlement to meet the needs of customers.

As for housing loans, the Group has promoted "AEON Select club", which expanded benefits such as providing 5% off the price of shopping every day at AEON stores to borrowers, and enhanced marketing for AEON Bank housing loans at AEON Housing Loan Service Corporation. In addition, the Group reinforced promotion to AEON card members through advertising materials enclosed with invoices and direct mails as well as soliciting applications on the internet. As a result, the transaction volume of housing loans increased by 10.2% to ¥194,845 million for the year ended March 31, 2014 compared to the previous fiscal year.

Furthermore, to meet various asset management needs of customers, the Group increased the number of investment trust products to 221 by launching "AEON Group Fund," which is an investment fund to invest in listed shares of AEON group companies and shares of real estate investment trust (J-REITs) of AEON REIT Investment Corporation. In addition, to offer investment trust products that suit needs and objectives of customers, the Group promoted, among others, NISA accounts which have been on offer from January 2014.

The Group, in alliance with Japan Finance Corporation, started offering the "AEON Bank Agri Loan", which is a loan product that targets farmers to increase the transaction volume.

As a result of the above, the financial results of the banking business were as follows: (a) the ordinary revenue was ¥41,232 million, and (b) ordinary profits were ¥1,881 million.

Overseas segment

In China, the Group has developed affiliated merchants in Shenyang, Tianjin and Shenzhen where the Group operates hire purchase business and collaborated with local alliance partners to implement campaigns to promote hire purchase sales. The Group has expanded administrative outsourcing businesses such as call center and debt collection services in Shenzhen and Guangzhou. In addition,

the Group solicited cardholders at stores of alliance partners in Beijing.

In addition, AEON Financial Service (Hong Kong), the Chinese holding company, has strengthened management oversight around China and been engaged in development of globally competent human resources.

In Hong Kong, the Group has continued to promote credit card usage through sales campaign with alliance partners and raffle events for purchases. In addition, the Group has reinforced online services through promoting a prepaid settlement option for online shopping and launching instant payment service for online application for cash advances. As a result, consolidated operating revenues of AEON Credit Service (Asia) increased by 3.9% to HK\$1,164 million and ordinary profits decreased by 22.8% to HK\$274 million, compared to the previous fiscal year due to continued upfront investment in China business.

In Thailand, the Group has furthered credit card usage through sales campaigns with alliance partners and the promotion of smartphone settlement services. The Group increased the number of business centers by 16 from the beginning of the current fiscal year to 116. In addition, to respond to expanded business and further enhance the disaster recovery measures, the Group launched a new business center that operates debt collection services in Chonburi, a city in the East of Thailand, to form the five business center structure with the four existing business centers in Bangkok, Chiang Mai, Hajai and Khon Kaen. In addition, the Group integrated two local insurance agency companies and improved the sales and operating capabilities through streamlining overlapping functions within the two companies. As a result, consolidated operating revenues of AEON Thana Sinsap (Thailand) increased by 24.5% to THB15,234 million and ordinary profits increased by 33.2% to a record high of THB3,137 million, compared to the previous fiscal year.

In Vietnam, the Group has steadily expanded the transaction volume by reinforcing development of affiliated merchants in Ho Chi Minh and Hanoi and promoting installment sales focusing on home appliances in connection with AEON's first store in Vietnam opening in January 2014.

In Cambodia, the Group has reinforced its sales network by establishing two new branches and promoted hire purchase usage through sales promotion with affiliated partners. As a result, the Group realized a net profit for the fiscal year ended March 31, 2014. In Myanmar, the Group has developed affiliated merchants primarily targeting mobile phone and computer shops.

In Malaysia, the Group has reinforced solicitation of cardholders and launched "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 expanded the transaction volume by

promoting hire purchase business for automobiles and motorcycles. As a result, operating revenue increased by 42.1% to MYR711 million, and ordinary profits increased by 29.1% to a record high of MYR233 million, compared to the previous fiscal year.

In Indonesia, the Group has developed affiliated merchants in Jakarta and other major cities to expand operating bases. In India, the Group has promoted development of affiliated merchants and enhanced training and development of human resources.

In Philippines, the Group has increased the number of system engineers to 250 in the system development company and reinforced system development for its overseas subsidiaries. In addition, the Group continued to develop affiliated merchants for its hire purchase business primarily targeting furniture and electric appliances.

As a result of the above, the overseas segment showed the following financial results: (a) ordinary revenue increased by 47.6% to ¥91,554 million, and (b) ordinary profits increased by 22.0% to ¥16,455 million, compared to the previous fiscal year.

③ Environmental conservation and social contribution activities

The Company aims to continuously increase corporate value 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 aid activities in relation to the Great East Japan Earthquake, the management and employees of AEON Group collaboratively launched “Project AEON Joining Hands” for revitalization activities of local industries. Through this project, many employees of the Group joined the disaster relief volunteering activities and continue to help with activities such as clearing debris and cooperating with NPOs.

As for environmental conservation activities, employees of the Group have actively joined domestic and overseas activities to plant trees such as those conducted in Mukawa-cho, Hokkaido, Jakarta in Indonesia and Yangon in Myanmar in addition to the “AEON Hometown Forests Program”, which is its own tree-planting effort upon opening a new AEON store. In Chiang Mai and Kanchanaburi, Thailand, the Group engaged in activities for planting trees and building erosion control dams with cooperation from local residents.

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 around Japan and cleaning activities around the Company's domestic business offices. In Hong Kong, the Company has co-sponsored "UNICEF Youth Ambassador Program", and supported fundraising activities for people who suffered from natural disasters. In Thailand, the Company engaged in volunteering activities at primary schools near the branch and blood donation activities in collaboration with the Thailand Red Cross.

Through the "AEON 1% Club" activities, the Company contributed a disaster relief fund to the Philippine with respect to the typhoon damage, and 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 supported scholarships for students from Asian countries studying in Japan and university students studying in Asian countries

④ Outlook for the next fiscal year

As a bank holding company, the Company will focus on further strengthening compliance and corporate governance and enhance its management infrastructure. In addition to providing various secure, convenient and beneficial financial products and services to customers, the Company aims to further expand its business operations, leveraging on the strengths of each subsidiary including efficient business processing, funding capabilities and synergies.

The Group will implement the following key measures during the next fiscal year.

Credit card business

The Group will continue to reinforce cardholder solicitation at shopping stores of alliance partners and bank agencies as well as through the internet. As for cash advances, the Group will further expand the number of affiliated banks that provide ATM settlement services to improve customer convenience. In addition, the Group will aim to increase its credit card transaction volume by enhanced marketing capacity using customer data.

As for the installment sales business, the Group will develop affiliated merchants and expand its installment sales in home renovation, environment and energy areas, leveraging on AEON Group's sales network and low-cost business processing capabilities.

Fee business

In the e-money business, the Group will continue to expand its marketing network by leveraging know-how of Felica Pocket Marketing Inc. to develop external affiliated merchants such as local shopping districts.

Moreover, in the internet business, the Group will expand financial products and services available over the internet to improve customer convenience and develop omnichannel retailing by encouraging cross referrals between online shops and actual stores.

Banking business

The Group aims to obtain new account holders by introducing a service that enables customers to complete the application of AEON Card Select on the web and to expand the deposit balance. In addition, the Group will promote cross-selling of financial products through effective database marketing utilizing information on customers' various financial assets such as housing loans, insurance and investment trusts.

Overseas segment

The Group continues to expand the credit and credit-related businesses in Asia primarily by its three main overseas subsidiaries in Hong Kong, Thailand and Malaysia and aims to expand its businesses in new fields and regions by utilizing the Company's credibility as a bank holding company.

Establishment of management structure and control environment

As a bank holding company, the Group will focus on establishing a structure that enables appropriate management and supervision of the personal, organizational, physical and systemic measures of domestic and overseas subsidiaries and will further strengthen risk management, compliance and corporate governance.

(2) Analysis of financial position

① Analysis of assets, liabilities and equity

(Assets)

Installment sales receivables as at March 31, 2014 increased by ¥450,088 million compared to the end of the previous fiscal year, due to an increase in the transaction volume of credit card shopping. In addition, total assets of the Group as at March 31, 2014 increased by ¥628,360 million to ¥3,163,117 million compared to the end of the previous fiscal year, mainly because of an increase of ¥148,700 million of loans due to expansion of cash advances and housing loan transaction volume.

(Liabilities)

Total liabilities of the Group as at March 31, 2014 increased by ¥579,940 million to ¥2,855,825 million compared to the end of the previous fiscal year, due to an increase of deposits by ¥505,718 million resulting from promotional campaigns to offer preferential interest rate on term deposit accounts and an increase in guarantees included in acceptances and guarantees of ¥175,873 million resulting from the acquisition of AEON Product Finance Co., Ltd. which exceeded the decrease in borrowed money of ¥180,158 million.

(Equity)

Total equity as at March 31, 2014 increased by ¥48,419 million to ¥307,291 million compared to the end of the previous fiscal year, mainly due to the increase in capital and capital surplus of ¥13,585 million each, resulting from the conversion of convertible bonds into shares.

* The increases/decreases described above have been calculated based on rough figures derived by simply reclassifying the consolidated balance sheet at the end of the previous fiscal year for referential purposes.

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	27,277	(137,497)
Net cash provided by investing activities	24,825	15,984
Net cash provided by financing activities	219,960	30,003
Foreign currency translation adjustments on cash and cash equivalents	2,671	204
Net increase (decrease) in cash and cash equivalents	274,735	(91,304)
Cash and cash equivalents, beginning of year	19,629	499,474
Increase in cash and cash equivalents resulting from share exchange	205,109	-
Cash and cash equivalents, end of year	499,474	408,170

For the year ended March 31, 2014, net cash used in operating activities amounted to ¥137,497 million, net cash provided by investing activities amounted to ¥15,984 million and net cash provided by financing activities amounted to ¥30,003 million. As a result of the above, the balance of cash and cash equivalents as at March 31, 2014 decreased by ¥91,304 million to ¥408,170 million compared to the end of the previous fiscal year.

(3) Basic policy of appropriations of retained earnings and dividends for the years ended March 31, 2014 and March 31, 2015

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, 2014 have been resolved by the board meeting held on May 15, 2014 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, 2014 are to be ¥ 60 per share.

Estimated cash dividends for the 2nd quarter-end and year-end of the fiscal year ending March 31, 2015 are ¥25 and ¥35 per share, respectively. Total cash dividends for the fiscal year ended March 31, 2015 are expected to be ¥60 per share.

(4) Risks related to the Group's business

Matters set out below are risk factors concerning the Group's business, which may significantly affect investors' decisions. These matters 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 forecasts.

① Changes in financial environments

(a) Deterioration of economic conditions and financial market turmoil

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. For example, a decline in fair value of debt securities or an increase in credit related costs may adversely impact the Group's operating results and financial condition.

(b) Laws and regulations

For domestic business, the Group is subject to the Companies Act, other general laws and regulations concerning company management and the Installment Sales Act, as well as other regulations related to financial services, such as the Banking Act 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.

As AEON Bank provides banking services, it is under close supervision from the Financial Services Agency based on the Banking Act. Should the capital adequacy ratio of the consolidated 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.

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 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.

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.

(c) Increased competition

The financial service industry to which the Group belongs is highly competitive due to new entrants from other industries as a result of recent deregulation of barriers to entry and expansion of scope of business. If the Group is not able to respond to the competition appropriately, the Group's business, results of operations and financial condition may be adversely affected.

② Change in other conditions

(a) Natural disasters including Earthquakes, Floods etc. and effect of terrorist activities

The Group operates in various Asian countries including, among others, Japan, Hong Kong, Thailand, Malaysia, Taiwan, China, Indonesia, Philippines, Vietnam, Cambodia and Myanmar. The Group's results of operations may be affected if severe disasters, regardless of where they occur, including earthquakes, tsunami, massive power outages, outbreak of a new strain of influenza, riots and terrorist activities lead to physical damage of the Group's premises, other facilities, infrastructure for fund transfers and ATMs or affect the Group's employees or customers in a negative way. Moreover, these risks could negatively impact local economies, and may affect the Group's results of operations.

(b) Circulation of unfounded rumors

Credibility from the depositors, AEON cardholders and market participants is vital to the Group's business. Accordingly, if unfounded rumors against the Group or the financial services industry are spread by the media, propagated to market participants or posted to message boards on the internet, this may result in customers and market participants misunderstanding or incorrectly perceiving the Group. Circulation of these unfounded rumors may have an adverse impact on the Group's results of operations and financial conditions.

③ Financial condition

(a) Funding and changes in foreign exchange rates

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 activities. In addition, since the Group operates in foreign countries, changes in foreign currency exchange rates may affect its results of operations.

(b) Changes in interest rates

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 rising interest rate environment, 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 affect the Group's results of operations and financial conditions, as it could lead to a decrease in demand for borrowings including housing loans.

(c) Changes in value of assets

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 this may adversely affect the value of investment securities and result in deterioration of the Group's operating results and capital adequacy ratio.

(d) Increase of non-performing loans and credit-related expenses

The Group implements various preventive measures and enhances its credit risk management in order to effectively manage credit risk in relation to loans and other receivables. The Group records an allowance for possible credit losses based on the standards for self assessments and the standards for the write-offs and provisions depending on the degree of credit risk involved, by taking actual probability of defaults into consideration. However domestic and overseas economic conditions and the credit status of customers may result in an increase in the balance of

non-performing loans and credit related expenses such as provision for possible credit losses and bad debt expenses, and accordingly this may have an adverse impact on the Group's results of operations and financial condition.

(e) Deferred tax assets

Under Japanese capital adequacy ratio requirements, deferred tax assets that can be included in capital (core capital) defined by the domestic standard of Basel III, are restricted. Due to this restriction, the capital of the consolidated Group and AEON Bank (stand-alone) may decline, and accordingly, the capital adequacy ratio may deteriorate. In addition, although 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 that 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 capital adequacy ratio may be affected.

(f) Subordinated debts

Under the BIS regulation, in computing the capital adequacy ratio, subordinated debts that meet certain conditions are allowed to be included in equity. However, changes in the BIS regulation may result in a decrease in the amount of subordinated debts that can be included in equity of the Group, and thus, the capital adequacy ratio may decline.

(g) New regulations

The Basel Committee on Banking Supervision released “Basel III: A global regulatory framework for more resilient banks and banking systems” in December 2010, which presents the details of global regulatory standards on capital adequacy and liquidity of banks. New regulation such as raising minimum capital requirements will become effective in stages from 2014. In light of the trend for enhancing regulations for capital adequacy ratio, the Group continues to monitor its risk assets and the level of equity and has plans to increase equity if necessary. However, if satisfactory results cannot be obtained from these measures, the capital adequacy ratio may significantly deteriorate.

④ Operations

(a) 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 the Group may need to modify the strategies and measures.

(b) 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.

(c) Customer solicitations through major alliance partners

Acquiring new cardholders is an essential source of the Group's operating revenue, and the Group solicits a significant number through the retail outlets operated by the AEON group companies. Utilizing the close relationship within 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.

(d) 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.

(e) Materialization of administrative risks

In the Group's business operations, it is possible that employees fail to process administrative tasks in accordance with the internal policies and procedures, cause an accident or commit fraud. Should these administrative risks materialize, they could result in financial losses, regulatory penalties and reputational damage that may affect the Group's results of operations.

(g) 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, companies dealing with confidential government information have become subject to cyber attacks, and some of them have suffered attacks from malicious programs. In response to such threats, 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 affiliated merchants dealing 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.

(h) Violation of laws and regulations

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

⑤ Others

(a) Distributable amount as holding company

The Company is a bank holding company, the majority of whose revenue comes from dividends, management advisory fees and brand charges from 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.

(b) Compliance of internal controls

The Group places compliance as one of the key management policies 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.

(c) Ineffective risk management policies and procedures

The Group has been reinforcing risk management structure in accordance with its internal risk management policies and procedures.

However, in relation to rapid business developments, policies and procedures to identify and manage risks may not always operate effectively or predict future risks accurately. If the Group's risk management policies and procedures fail to operate effectively, the Group's results of operations and financial condition may be affected.

(d) 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.

(e) Release of parent company's financial results prior to the Group

The Group's parent company, AEON Co., Ltd. releases its financial results prior to the Group. As the Group's results of operations constitute a significant part of AEON Co., Ltd.'s consolidated results of operations, announcement by AEON Co., Ltd. of the consolidated results of operations and forecasts may affect transactions of the Company's stocks. The difference in the timing of release of financial results may increase the volatility of the Company's common stock price.

2. Overview of the Group companies

(1) The Group has 35 consolidated subsidiaries and 2 affiliates accounted for using the equity method. The Group companies are led by AEON Co., Ltd., the parent company, and collaboratively operate the “financial service 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.

(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 “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.

Accordingly, the Company aims to further improve its corporate value as a one of a kind comprehensive financial group that fuses retail and financial services with credit, banking, insurance and e-money business at its core.

Key Action Points

- ① AEON Group aims to further increase the number of cardholders and transaction volume in line with expansion of business fields and development of alliance partners.

- ② The Group aims to provide stable financial services through utilization of AEON Bank's fund raising ability and reduction of interest bearing debts.
- ③ To expand its operation across Asia using its business know-how cultivated in Japan, the Group will accelerate business development in Asian emerging countries by obtaining banking licenses and building a common system across overseas operations as well as training and developing personnel who can perform on a global scale.
- ④ In order to further expand good products and services from the customers' standpoint, the Group will actively promote females to executive positions and raise the ratio of female branch managers to over 50%.
- ⑤ Additionally, the Group will reinforce the structures of compliance and corporate governance to obtain greater confidence.

4. Consolidated financial statements

(1) Consolidated balance sheet

	(Millions of Yen)
	As at March 31, 2014
(Assets)	
Cash and due from banks	416,662
Monetary claims bought	12,119
Securities	173,379
Loans and bills discounted	1,276,741
Installment sales receivables	957,403
Other assets	80,294
Property and equipment	31,185
Structures	4,428
Equipment	19,756
Land	742
Construction in progress	9
Other property and equipment	6,248
Intangible assets	67,723
Software	31,243
Goodwill	28,887
Other intangible assets	7,592
Deferred tax assets	18,758
Customers' liabilities for acceptances and guarantees	176,421
Allowance for possible credit losses	(47,574)
Total assets	3,163,117
(Liabilities)	
Deposits	1,717,769
Accounts payable	203,742
Call money	4,900
Borrowed money	515,227
Bonds	101,608
Convertible bonds	2,830
Other liabilities	111,859
Allowance for bonuses	2,200
Retirement benefit liability	2,789
Allowance for point program	11,012
Allowance for loss on refund of interest received	3,085
Allowance – other	556
Deferred tax liabilities	1,820
Acceptances and guarantees	176,421
Total liabilities	2,855,825

	(Millions of Yen)
	As at March 31, 2014
(Equity)	
Common stock	29,051
Capital surplus	104,860
Retained earnings	136,270
Treasury stock	(145)
Total shareholders' equity	270,036
Unrealized gain on available-for-sale securities	4,027
Deferred loss on derivatives under hedge accounting	(2,326)
Foreign currency translation adjustments	294
Accumulated adjustments for retirement benefit	(371)
Total accumulated other comprehensive income	1,623
Stock acquisition rights	55
Minority interests	35,576
Total equity	307,291
Total liabilities and equity	3,163,117

(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)
Ordinary revenue	286,070
Interest income	107,452
Interest on loans and bills discounted	104,863
Interest and dividends on securities	1,953
Interest on call loans	7
Interest on due from banks	399
Other interest income	228
Fees and commissions	145,782
Other operating income	16,796
Other income	16,038
Gain on bad debts recovered	9,237
Other	6,800
Ordinary expenses	244,978
Interest expenses	19,524
Interest on deposits	5,183
Interest on call money	2
Interest on borrowed money	12,647
Interest on bonds	1,500
Other interest expenses	190
Fees and commissions	20,259
Other operating expenses	1,028
General and administrative expenses	169,568
Other ordinary expenses	34,596
Provision for possible credit losses	27,677
Other	6,919
Ordinary profits	41,092
Extraordinary income	110
Gain on disposal of property and equipment	110
Extraordinary loss	1,405
Management integration expenses	1,194
Loss on disposal of property and equipment and intangible assets	154
Other extraordinary loss	56
Income before income taxes and minority interests	39,797
Income taxes – current	13,101
Income taxes – deferred	(1,189)
Total income taxes	11,912
Net income before minority interests	27,885
Minority interests in net income	7,142
Net income	20,743

(Consolidated statement of comprehensive income)

	(Millions of Yen)
	For the fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)
Net income before minority interests	27,885
Other comprehensive income	3,610
Unrealized loss on available-for-sale securities	1,212
Deferred loss on derivatives under hedge accounting	(1,137)
Foreign currency translation adjustments	3,536
Comprehensive income	31,496
Total comprehensive income attributable to:	
Owners of the parent	23,357
Minority interests	8,138

(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 share-holders' 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

(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)
Operating activities	
Income before income taxes and minority interests	39,797
Depreciation and amortization	12,734
Amortization of goodwill	1,778
Equity in (earnings) losses of affiliates	(20)
Provision for possible credit losses	(14)
Provision for bonuses	473
Provision for point program	2,316
Decrease in allowance for loss on refund of interest received	(635)
Increase in other allowance	349
Amortization of stock issuance costs	24
Amortization of bond issuance costs	57
Interest income	(107,452)
Interest expenses	19,524
Loss related to securities	(351)
Loss on disposal of property and equipment and intangible assets	154
Net increase in loans and bills discounted	(138,200)
Increase in installment sales receivables	(342,366)
Net increase in deposits	505,718
Increase in accounts payable	11,892
Net decrease in borrowed money	(213,087)
Net decrease in due from banks (excluding due from Bank of Japan)	4,829
Net decrease in due from banks (over 3 months)	4,858
Net increase in call loans	(18,729)
Net increase in call money	4,900
Net decrease in commercial paper	(5,634)
Proceeds from interest income	104,437
Interest expenses paid	(18,071)
Other	944
Subtotal	(129,771)
Income taxes paid	(7,789)
Income taxes refund	64
Net cash used in operating activities	(137,497)
Investing activities	
Purchases of securities	(80,923)
Proceeds from sales of securities	74,725
Proceeds from redemption of securities	45,210
Purchases of property and equipment	(9,017)
Proceeds from sale of property and equipment	783
Purchases of intangible assets	(11,860)
Cash paid in conjunction with the purchase of consolidated subsidiary	(2,933)
Net cash provided by investing activities	15,984

	(Millions of Yen)
	For the fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)
Financing activities	
Issuance of subordinated bonds	39,769
Financial costs paid for financing activities	(108)
Dividends paid to the Company's shareholders	(9,792)
Proceeds from stock issuance to minority shareholders	3,018
Dividends paid to minority shareholders	(2,878)
Purchase of treasury stock	(3)
Proceeds from disposal of treasury stock	0
Net cash provided by financing activities	30,003
Foreign currency translation adjustments on cash and cash equivalents	204
Net decrease in cash and cash equivalents	(91,304)
Cash and cash equivalents, beginning of year	499,474
Cash and cash equivalents, end of year	408,170

(5) Notes regarding consolidated financial statements

(Notes regarding the going concern assumption)

Not applicable

(Changes in accounting policies)

Effective from March 31, 2014, the Group has adopted the Accounting Standard for Retirement Benefits (ASBJ Statement No.26 issued on May 17, 2012, hereafter the “Accounting Standard”) and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No.25 on May 17, 2012, hereafter the “Guidance”), excluding the provisions of Paragraph 35 of the Accounting Standard and Paragraph 67 of the Guidance and the Group applied the transitional treatment prescribed in Paragraph 37 of the Accounting Standard.

As at March 31, 2014, the Group has recognized previously unrecognized actuarial gains and losses and past service costs through accumulated other comprehensive income, and presented the retirement benefit liability on the consolidated balance sheet at the net amount of retirement benefit obligations and plan assets.

As a result retirement benefit liability as at March 31, 2014 amounted to ¥2,789 million, deferred tax assets increased by ¥204 million and total accumulated other comprehensive income decreased by ¥371 million.

(Changes in presentation of financial statements)

Not applicable

(Changes in accounting estimates)

Not applicable

(Additional information)

The Group has prepared the consolidated financial statements for the fiscal year ended March 31, 2014 in accordance with the Ordinance for the Enforcement of the Banking Act (Ordinance of the Ministry of Finance No. 10 of 1982) which prescribes classifications of assets and liabilities and revenues and expenses.

(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 trends.

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, 2013 (from February 21, 2012 to March 31, 2013)

(Millions of Yen)

	Credit	Fee Business	Banking	Overseas	Total	Reconciliations (Note 1)	Consolidated (Note 2)
Operating revenues							
Operating revenues from customers	111,253	24,223	8,473	62,022	205,972	-	205,972
Intersegment revenues or transfers	475	2,702	1,066	13	4,257	(4,257)	-
Total operating revenues	111,728	26,926	9,539	62,035	210,229	(4,257)	205,972
Segment profit	20,636	1,804	1,269	13,488	37,198	(4,117)	33,080
Segment assets	766,071	75,423	1,343,686	323,108	2,508,290	25,918	2,534,208
Other items							
Depreciation and amortization	2,948	3,464	272	3,216	9,902	47	9,949
Financial costs	5,683	370	734	7,868	14,657	(2)	14,654
Provision for possible credit losses	8,028	600	961	10,922	20,512	-	20,512
Provision for point program	8,060	17	618	-	8,696	-	8,696
Increase in tangible and intangible assets	5,493	5,632	1,250	2,273	14,649	130	14,779

(Notes)

1. Details of the reconciliations are as follows:

- (1) ¥ (4,117) 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.
- (2) ¥25,918 million of reconciliations to segment assets represents the corporate assets unallocated to any reportable segment and the eliminations of intersegment transactions.

2. Segment profit is reconciled with operating income on the consolidated statements of income for the fiscal year ended March 31, 2013.

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. The reportable segment profit is stated based on ordinary revenue instead of operating revenues.
- 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.
- Other information regarding changes in reportable segments

The Group has prepared the consolidated financial statements for the fiscal year ended March 31, 2014 in accordance with the Ordinance for the Enforcement of the Banking Act (Ordinance of the Ministry of Finance No. 10 of 1982) which prescribes classifications of assets and liabilities and revenues and expenses. Accordingly, the basis of measurement for the reportable segment profit has changed from operating income used in the past to ordinary income.

However, the segment information for the previous fiscal year based on ordinary income is not disclosed. This is because it is impracticable to determine prior year's information of the Company and its consolidated subsidiaries required to prepare segment information based on ordinary income.

(Per share information)

(Yen)

For the fiscal year ended March 31, 2013 (from February 21, 2012 to March 31, 2013)	For the fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)
Net assets per share 1,235.28	Net assets per share 1,316.00
Net income per share 88.12	Net income per share 104.62
Diluted net income per share 78.25	Diluted net income per share 99.49

(Notes)

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

	Previous fiscal year end (As at March 31, 2013)	Current fiscal year end (As at March 31, 2014)
Total equity (millions of yen)	258,872	307,291
Deduction from total equity (millions of yen)	27,571	35,631
(Stock acquisition rights included in the above)	(22)	(55)
(Minority interests included in the above)	(27,549)	(35,576)
Equity to common stock (millions of yen)	231,300	271,660
Number of common stock (shares)	187,357,208	206,541,751
Number of treasury stock (shares)	111,422	112,505
Number of common stock as at the fiscal year-end used in calculating net assets per share (shares)	187,245,786	206,429,246

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, 2013 (from February 21, 2012 to March 31, 2013)	For the fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)
Net income per share		
Net income (millions of yen)	13,616	20,743
Amount not attributable to shareholders of common stock (millions of yen)	-	-
Net income applicable to common stock (millions of yen)	13,616	20,743
Average number of shares during the fiscal year (shares)	154,519,798	198,272,368
Diluted net income per share		
Adjustment to net income (millions of yen)	-	-
Addition to the number of common stock (shares)	19,497,379	10,220,683
(Stock acquisition rights included in the above)	(25,745)	(32,806)
(Convertible bonds included in the above)	(19,471,634)	(10,187,877)
Description of dilutive shares excluded from calculating diluted net income per share due to the absence of dilutive effect	-	-

(Significant subsequent events)

Purchase of treasury stock

The Board of Directors of the Company resolved at the meeting held on February 20, 2014 to purchase the Company's treasury stock pursuant to the provisions of the Article of Incorporation in accordance with Article 459, Paragraph 1, Item 1 of the Companies Act.

In line with the resolution for the purchase of treasury stock described above, the specific method of the purchase of treasury stock has been determined as follows;

1. Reason for purchase

To ensure flexible capital policies corresponding to future changes in business environment and to distribute profits to shareholders.

2. Purchase methods

Purchase through ToSTNeT-3 Off-Auction Trading Transaction and open market purchases at the Tokyo Stock Exchange

3. Details of purchase

	Purchase through ToSTNeT-3 Off-Auction Trading Transaction	on the Tokyo Stock Exchange arket purchases
(1) Type of shares purchased	Common stock	
(2) Total number of shares purchased	Up to 12 million shares	
(3) Total purchase price	Up to ¥25 billion	
(4) Purchase period	May 16, 2014	From May 19, 2014 to February 20, 2015

5. Non-consolidated financial statements

(1) Balance sheets

	(Millions of Yen)	
	As at March 31, 2013	As at March 31, 2014
(Assets)		
Current assets		
Cash and deposits	137,347	1,660
Installment sales receivables	400,773	-
Operating loan receivables	235,910	-
Advances paid	19,812	702
Prepaid expenses	700	68
Deferred tax assets	11,648	187
Accounts receivable - other	33,700	3,488
Accrued income	4,609	4
Income taxes receivable	61	-
Other current assets	1,016	0
Allowance for possible credit losses	(27,668)	-
Total current assets	817,912	6,111
Non-current assets		
Property and equipment		
Structures	3,036	-
Accumulated depreciation	(1,410)	-
Net structures	1,626	-
Equipment	17,539	0
Accumulated depreciation	(9,209)	0
Net equipment	8,329	0
Net property and equipment	9,955	0
Intangible assets		
Software	15,414	21
Telephone subscription right	38	-
Total intangible assets	15,452	21
Investments and other assets		
Investment securities	6,067	6,489
Investments in subsidiaries and associated companies	102,464	303,051
Long-term prepaid expenses	4,437	3
Deferred tax assets	1,035	13,431
Guarantee money deposits	1,163	62
Other assets	2,656	-
Total investments and other assets	117,825	323,038
Total non-current assets	143,234	323,060
Deferred charges		
Stock issuance costs	-	84
Bond issuance costs	122	397
Total deferred charges	122	482
Total assets	961,269	329,654

	(Millions of Yen)	
	As at March 31, 2013	As at March 31, 2014
(Liabilities)		
Current liabilities		
Accounts payable	185,684	-
Short-term borrowings	264,500	20,000
Current portion of long-term loans	57,700	-
Current portion of bonds	20,000	-
Lease obligations	1,516	-
Accounts payable - other	8,473	4,619
Accrued expenses	1,386	161
Accrued income taxes	337	1,088
Deferred revenue	210	2
Deposits received	1,033	568
Allowance for bonuses	472	-
Allowance for directors' bonuses	46	21
Allowance for point program	8,077	-
Allowance for loss on debt guarantees	758	-
Other current liabilities	526	18
Total current liabilities	550,725	26,479
Long-term liabilities		
Bonds payable	20,000	80,000
Convertible bonds	30,000	2,830
Long-term loans	149,400	-
Lease obligations	4,219	-
Provision for retirement benefits	13	-
Allowance for loss on refund of interest received	3,721	-
Asset retirement obligations	794	-
Other liabilities	126	32
Total long-term liabilities	208,275	82,862
Total liabilities	759,001	109,342
(Equity)		
Shareholders' equity		
Common stock	15,466	29,051
Capital surplus		
Additional paid-in capital	91,275	104,860
Other capital surplus	-	0
Total capital surplus	91,275	104,860
Retained earnings		
Legal reserve	3,687	3,687
Other retained earnings		
General reserve	75,995	75,995
Retained earnings carried forward	14,223	4,834
Total retained earnings	93,905	84,517
Treasury stocks	(142)	(145)
Total shareholders' equity	200,504	218,283
Valuation and translation adjustments		
Unrealized gain on available-for-sale securities	1,741	1,973
Total valuation and translation adjustments	1,741	1,973
Stock acquisition rights	22	55
Total equity	202,268	220,311
Total liabilities and equity	961,269	329,654

(2) Statements of income

	(Millions of Yen)	
	For the fiscal year ended March 31, 2013 (from February 21, 2012 to March 31, 2013)	For the fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)
Operating revenues		
Credit card purchase contracts	76,750	-
Dividends from subsidiaries and associates	2,408	2,753
Commissions from subsidiaries and associates	543	6,253
Hire purchase contracts	2	-
Loan contracts	35,859	-
Processing service fees	8,092	-
Gain on bad debts recovered	167	-
Other operating revenues	7,714	-
Total operating revenues	131,539	9,006
Operating expenses		
Selling, general and administrative expenses		
Advertising and promotion expenses	12,872	5,182
Allowance for point program	8,077	-
Bad debts expenses	35	-
Provision for possible credit losses	7,939	-
Provision for loss on debt guarantees	426	-
Provision for bonuses	472	-
Provision for bonuses to directors and corporate auditors	46	21
Commission fee	12,899	1,151
Card issuance costs	5,673	-
Depreciation and amortization	6,273	2
Other selling, general and administrative expenses	52,545	1,228
Total selling, general and administrative expenses	107,263	7,585
Total operating expenses	107,263	7,585
Operating income	24,276	1,421
Non-operating revenues		
Interest and dividends income	128	104
Other non-operating revenues	928	34
Total non-operating revenues	1,056	138
Non-operating expenses		
Interest expenses	4,632	569
Expenses related to treasury stock acquisition	15	-
Other non-operating expenses	1,156	140
Total non-operating expenses	5,804	710
Ordinary income	19,528	849
Extraordinary income		
Gain on sale of investment in consolidated subsidiary	136	-
Total extraordinary income	136	-
Extraordinary loss		
Management integration expenses	746	45
Other extraordinary loss	-	3
Total extraordinary losses	746	48
Income before income taxes	18,918	801
Current	308	1,367
Deferred	7,551	(970)
Total income taxes	7,859	396
Net income	11,059	404

(3) Statements of changes in equity

For the fiscal year ended March 31, 2013 (from February 21, 2012 to March 31, 2013)

(Millions of Yen)

	Shareholders' equity								
	Common stock	Capital surplus		Retained earnings				Treasury stock	Total share-holders' equity
		Additional paid-in capital	Total capital surplus	Legal reserve	Other retained earnings		Total retained earnings		
					General reserve	Retained earnings carried forward			
Balance at beginning of period	15,466	17,046	17,046	3,687	75,995	25,956	105,638	(188)	137,964
Change of items during the period									
Cash dividends						(7,749)	(7,749)		(7,749)
Net income						11,059	11,059		11,059
Purchase of treasury stock								(15,001)	(15,001)
Disposal of treasury stock						(1)	(1)	3	2
Retirement of treasury stock						(15,042)	(15,042)	15,042	
Increase by share exchanges		74,228	74,228						74,228
Net change in items other than shareholders' equity									
Total change of items during the period		74,228	74,228			(11,733)	(11,733)	45	62,540
Balance at end of period	15,466	91,275	91,275	3,687	75,995	14,223	93,905	(142)	200,504

	Valuation and translation adjustments	Stock acquisition right	Total equity
	Unrealized gain on available-for-sale securities		
Balance at beginning of period	1,018	12	138,994
Change of items during the period			
Cash dividends			(7,749)
Net income			11,059
Purchase of treasury stock			(15,001)
Disposal of treasury stock			2
Retirement of treasury stock			
Increase by share exchange			74,228
Net change in items other than shareholders' equity	722	10	733
Total change of items during the period	722	10	63,273
Balance at end of period	1,741	22	202,268

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 share-holders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings		Total retained earnings		
						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	(142)	200,504
Change of items during the period										
Conversion of convertible bonds	13,585	13,585		13,585						27,170
Cash dividends							(9,792)	(9,792)		(9,792)
Net income							404	404		404
Purchase of treasury stock									(3)	(3)
Disposal of treasury stock			0	0					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)	(3)	17,778
Balance at end of period	29,051	104,860	0	104,860	3,687	75,995	4,834	84,517	(145)	218,283

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

(4) Notes regarding non-consolidated financial statements

(Notes regarding the going concern assumption)

Not applicable

(Changes in accounting policies)

Not applicable

(Changes in presentation of financial statements)

For the current fiscal year, “Dividends from subsidiaries and associates,” which had been included in “Dividends income” of “Non-operating revenues” until the previous fiscal year, has been separately classified and stated in “Operating revenues,” since the Company became a bank holding company through the absorption-type company split as at April 1, 2013. The amount of “Dividends from subsidiaries and associates” included in “Dividends income” of “Non-operating revenues” for the previous fiscal year was ¥2,408 million.

In addition, “Commissions from subsidiaries and associates,” which had been included in “Operating revenues” until the previous fiscal year, has been separately classified and stated, since the Company became a bank holding company through the absorption-type company split as at April 1, 2013. The amount of “Commissions from subsidiaries and associates” included in “Operating revenues” for the previous fiscal year was ¥543 million.

(Changes in accounting estimates)

Not applicable

(Additional information)

Not applicable

(Significant subsequent events)

Repurchase of treasury stock

The Board of Directors of the Company resolved at the meeting held on February 20, 2014 to repurchase the Company’s treasury stock pursuant to the provisions of the Article of Incorporation in accordance with Article 459, Paragraph 1, Item 1 of the Companies Act.

In line with the agreement on the repurchase of treasury stock described above, the specific methods of the repurchase of treasury stock have been determined. For more detail on the methods, please refer to “(5) Notes regarding consolidated financial statements (Significant subsequent events)” of “4. Consolidated financial statements.”

6. 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, 2014.

[Comparative information]

(Amounts regarding the previous fiscal year have been simply restated for comparative purposes.)

1. Consolidated balance sheets (compared with the end of the previous fiscal year)

	(Millions of Yen)	
	As at March 31, 2013	As at March 31, 2014
(Assets)		
Cash and due from banks	517,456	416,662
Call loans	10,000	-
Monetary claims bought	18,676	12,119
Securities	202,269	173,379
Loans and bills discounted	1,128,041	1,276,741
Installment sales receivables	507,315	957,403
Other assets	94,979	80,294
Property and equipment	20,061	31,185
Structures	3,202	4,428
Equipment	11,730	19,756
Land	736	742
Construction in progress	16	9
Other property and equipment	4,374	6,248
Intangible assets	59,603	67,723
Software	22,772	31,243
Goodwill	28,884	28,887
Other intangible assets	7,945	7,592
Deferred tax assets	16,722	18,758
Customers' liabilities for acceptances and guarantees	548	176,421
Allowance for possible credit losses	(40,916)	(47,574)
Total assets	2,534,757	3,163,117
(Liabilities)		
Deposits	1,212,051	1,717,769
Accounts payable	190,433	203,742
Call money	-	4,900
Borrowed money	695,385	515,227
Commercial paper	5,442	-
Bonds	62,414	101,608
Convertible bonds	30,000	2,830
Other liabilities	62,375	111,859
Allowance for bonuses	1,503	2,200
Retirement benefit liability	-	2,789
Allowance for point program	8,696	11,012
Allowance for loss on refund of interest received	3,721	3,085
Allowance – other	196	556
Deferred tax liabilities	2,696	1,820
Acceptances and guarantees	548	176,421
Total liabilities	2,275,884	2,855,825

	(Millions of Yen)	
	As at March 31, 2013	As at March 31, 2014
(Equity)		
Common stock	15,466	29,051
Capital surplus	91,275	104,860
Retained earnings	125,320	136,270
Treasury stock	(142)	(145)
Total shareholders' equity	231,919	270,036
Unrealized gain on available-for-sale securities	2,717	4,027
Deferred loss on derivatives under hedge accounting	(1,704)	(2,326)
Foreign currency translation adjustments	(1,631)	294
Accumulated adjustments for retirement benefit	-	(371)
Total accumulated other comprehensive income	(618)	1,623
Stock acquisition rights	22	55
Minority interests	27,549	35,576
Total equity	258,872	307,291
Total liabilities and equity	2,534,757	3,163,117

2. Consolidated statements of income (compared with the fiscal year ended March 31, 2013)

(Millions of Yen)

	For the fiscal year ended March 31, 2013	For the fiscal year ended March 31, 2014
Ordinary revenue	206,291	286,070
Interest income	77,548	107,452
Interest on loans and bills discounted	75,889	104,863
Interest and dividends on securities	1,098	1,953
Fees and commissions	112,620	145,782
Other operating income	960	16,796
Other income	15,162	16,038
Ordinary expenses	172,924	244,978
Interest expenses	13,199	19,524
Fees and commissions	17,009	20,259
Other operating expenses	2	1,028
General and administrative expenses	119,097	169,568
Other ordinary expenses	23,615	34,596
Provision for possible credit losses	20,512	27,677
Other	3,102	6,919
Ordinary profits	33,367	41,092
Extraordinary income	-	110
Gain on disposal of property and equipment	-	110
Extraordinary loss	2,875	1,405
Management integration expenses	1,011	1,194
Loss on disposal of property and equipment and intangible assets	9	154
Other extraordinary loss	1,854	56
Income before income taxes and minority interests	30,491	39,797
Income taxes - current	5,214	13,101
Income taxes - deferred	6,207	(1,189)
Total income taxes	11,422	11,192
Net income before minority interests	19,069	27,885
Minority interests in net income	5,453	7,142
Net income	13,616	20,743

3. Equity ratio

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

	As at March 31, 2013	As at March 31, 2014 (Preliminary figures)
Consolidated equity ratio	-	9.0%