

Six-Month Period Ended September 30, 2015 Consolidated Financial Results (Japanese GAAP)

November 13, 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 for release of interim report: November 30, 2015

Trading accounts: None

Scheduled date of dividend payment commencement: December 9, 2015

Preparation of supplementary explanations of financial results: Yes

Financial results presentation to be held: Yes (for institutional investors and analysts)

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

1. Consolidated results for the six-month period ended September 30, 2015 (from April 1, 2015 to September 30, 2015)

(1) Consolidated operating results

(Percentages represent changes from the corresponding period of the previous year)

	Ordinary revenue		Ordinary profits		Net income attributable to owners of the parent	
Six-month period ended	(Millions of Yen)	%	(Millions of Yen)	%	(Millions of Yen)	%
September 30, 2015	173,830	15.0	25,913	33.0	14,109	28.4
September 30, 2014	151,164	15.8	19,477	57.7	10,987	333.0

(Note) Comprehensive income September 30, 2015 ¥13,962 million ((14.1)%) September 30, 2014 ¥16,248 million (88.3%)

	Net income per share	Net income per share (Diluted)
Six-month period ended	Yen	Yen
September 30, 2015	71.01	70.98
September 30, 2014	54.63	54.31

(2) Consolidated financial conditions

	Total assets	Total equity	Equity ratio	Net assets per share
As at	(Millions of Yen)	(Millions of Yen)	%	Yen
September 30, 2015	3,537,584	329,196	7.9	1,400.85
March 31, 2015	3,589,495	324,948	7.6	1,377.56

(Reference) Equity as at September 30, 2015 ¥278,356 million March 31, 2015 ¥273,708 million

(Note) "Equity ratio" = {(Total equity – stock acquisition rights – non-controlling interests) / total assets} X 100

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

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FYE 3/2015	-	25.00	-	35.00	60.00
FYE 3/2016	-	28.00			
FYE 3/2016 (forecast)			-	38.00	66.00

(Notes) Revisions to the dividend forecasts most recently announced: No

3. Forecasts of consolidated results for the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Percentages represent changes from the corresponding period of the previous year)

	Ordinary revenue		Ordinary profits		Net income attributable to owners of the parent		Net income per share
	(Millions of Yen)	%	(Millions of Yen)	%	(Millions of Yen)	%	Yen
Full year	380,000	15.5	61,000	14.9	33,000	8.2	166.09

(Note) Revisions to the latest forecasts of consolidated results: No

*Notes

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

Newly consolidated: - Excluded: -

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

- ① Changes in accounting policies as a result of revision of accounting standards : Yes
- ② Changes in accounting policies other than ① : No
- ③ Changes in accounting estimates : No
- ④ Restatement of revisions : No

(3) Number of shares issued (Common stock)

(Shares)

① Shares issued at period-end (including treasury stock)	September 30, 2015	208,513,618	March 31, 2015	208,499,435
② Treasury stocks at period-end	September 30, 2015	9,808,633	March 31, 2015	9,808,408
③ Average number of shares during six-month period	September 30, 2015	198,691,884	September 30, 2014	201,113,299

(The Company's financial information on a non-consolidated basis)

Non-consolidated results for the six-month period ended September 30, 2015 (from April 1, 2015 to September 30, 2015)

(1) Operating results

(Percentages represent changes from the corresponding period of the previous year)

	Operating revenues		Operating income		Ordinary income		Net income	
Six-month period ended	(Millions of Yen)	%	(Millions of Yen)	%	(Millions of Yen)	%	(Millions of Yen)	%
September 30, 2015	11,494	(4.7)	5,843	(26.2)	5,437	(28.1)	4,743	(35.8)
September 30, 2014	12,062	186.2	7,919	-	7,566	-	7,392	-

	Net income per share
Six-month period ended	Yen
September 30, 2015	23.87
September 30, 2014	36.76

(2) Financial conditions

	Total assets	Total equity	Equity ratio	Net assets per share
As at	(Millions of Yen)	(Millions of Yen)	%	Yen
September 30, 2015	333,388	193,916	58.1	975.34
March 31, 2015	328,499	195,667	59.5	984.41

(Reference) Equity as at September 30, 2015 ¥193,804 million March 31, 2015 ¥195,593 million

* Status of interim audit

The interim audit procedures of interim consolidated financial statements and interim non-consolidated financial statements as provided in the Financial Instruments and Exchange Act have not been completed as of the date of this report.

* Explanation of appropriate use of forecasts of business results and other important matters

The forecasts of consolidated results include the Company's future prospects, assumptions used for planning and projections as of the date of this report. Actual results may differ from such forecasts for various reasons. Regarding information on the forecasts of consolidated results, please refer to "(4) Information on forecasts of consolidated operating results" on page 7.

The Company falls under the category of "Specified Business Corporation" under paragraph (2) of Article 17-15 of the Cabinet Office Ordinance Concerning Disclosure of Public Companies. Accordingly, the Company has prepared its interim consolidated financial statements and interim non-consolidated financial statements for the six-month period ended September 30, 2015.

Contents

1.	Qualitative information for the six-month period ended September 30, 2015	2
(1)	Description of operating results	2
(2)	Financial conditions	7
(3)	Equity ratio	7
(4)	Information on forecasts of consolidated operating results	7
2.	Other information regarding the financial results	8
(1)	Changes in significant subsidiaries during the six-month period ended September 30, 2015	8
(2)	Changes in accounting policies, changes in accounting estimates and restatement of revisions	8
3.	Significant events regarding the going concern assumption	8
4.	Interim consolidated financial statements	9
(1)	Interim consolidated balance sheets	9
(2)	Interim consolidated statements of income and comprehensive income	11
(3)	Interim consolidated statements of changes in equity	13
(4)	Notes regarding the interim consolidated financial statements	17
	(Notes regarding the going concern assumption)	17
	(Segment information)	17
5.	Interim non-consolidated financial statements	19
(1)	Interim balance sheets	19
(2)	Interim statements of income	21
(3)	Interim statements of changes in equity	22
(4)	Notes regarding the interim non-consolidated financial statements	24
	(Notes regarding the going concern assumption)	24

1. Qualitative information for the six-month period ended September 30, 2015

(1) Description of operating results

For the six-month period ended September 30, 2015, due to a positive expectation for business performance and upturn in consumer spending, the domestic business environment was on the track of recovery supported by an improvement in business sentiment among leading companies, a decline in gasoline prices, a growth of employment and an spending by foreign tourists visiting Japan.

In the Asian region, however, prospects for future economic growth still remain uncertain, due to the deceleration of exports and fixed asset investment in China, the decline in export industries in Thailand resulting from the decreased foreign demand and the introduction of Goods and Services Tax in Malaysia in April 2015.

Under such circumstances, to further grow as a comprehensive financial group originating from retail business, AEON Financial Service Co., Ltd. (hereafter “the Company”) and its subsidiaries (collectively, “the Group”) has continued to provide more secure financial products and services. The Group is also determined to optimize management resources such as financial business know-how cultivated in domestic and overseas markets, system infrastructure and marketing network to further strengthen its management bases.

In addition, the Group has enhanced its sales capacity by utilizing customer information and marketing network held by each business segment and company of the Group located in Japan and 11 Asian countries and provided highly efficient and convenient services by means of information technologies such as utilization of tablets.

As a result of the above, the Group achieved record-high ordinary revenue, ordinary profits and net income attributable to owners of the parent for the six-month period ended September 30, 2015.

[Overview of business segments]

① Credit card business

To improve convenience of application for credit cards, the Group has promoted cardholder solicitation on the internet. Also, the Group simplified the application process and improved the credit review process to shorten the processing time for card issuance using tablets at all locations soliciting cardholders.

In addition, the Group continued to reinforce 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. As a result, the number of active domestic cardholders increased by 0.61 million from the beginning of the current fiscal year to 25.25 million as at September 30, 2015.

As for credit card shopping, to expand opportunities for the use of credit card in various daily life scenes of

customers, the Group has promoted credit card usage to settle public utility bills such as mobile-phone, electricity and gas charges and conducted campaigns to use transportation facilities and ETC cards, charges of which are settled with AEON credit card. As a collaborative effort of AEON Group, campaigns to award points utilizing the network of AEON Group and sales projects at stores in AEON Mall exclusively offered to the cardholders were conducted.

In addition, the Group has enhanced announcement to promote credit card usage outside AEON Group. As a result, the number of active cardholders increased by 0.31 million from the beginning of the current fiscal year to 15.56 million as at September 30, 2015 and transaction volume of credit card purchases increased by 8.8% to ¥1,986,397 million for the six-month period then ended compared to the corresponding period of the previous fiscal year.

As for cash advances, in response to the various financial needs of customers, the Group launched lending services at small amount utilizing the ATM network of AEON Bank to improve customer convenience. Also, the Group has promoted effective marketing based on the analysis of historical credit card usage. As a result, the number of cardholders that use cash advances steadily increased, the transaction volume of cash advances for the six-month period ended September 30, 2015 increased by 2.5% to ¥181,531 million compared to the corresponding period of the previous fiscal year and the balance of cash advances as at September 30, 2015 increased by ¥22,542 million from the beginning of the current fiscal year to ¥393,016 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 vehicles and solar energy systems. In addition, AEON Product Finance has promoted on-line credit approval for auto loans and enhanced support systems to handle customer inquiries to improve convenience of affiliated merchants. As a result, the transaction volume of domestic installment sales for the six-month period ended September 30, 2015 increased by 22.3% to ¥90,338 million compared to the corresponding period of the previous fiscal year.

As a result of the above, the financial results of the credit business were as follows: (a) ordinary revenue increased by 9.4% to ¥75,467 million, and (b) ordinary profits increased by 22.6% to ¥16,740 million, compared to the corresponding period of the previous fiscal year.

② Fee business

In the e-money business, the Group has developed affiliated merchants of WAON card services, targeting companies that provide goods and services closely related to daily life and have strong needs for settlement of small payments. Also, the Group has implemented collaborative sales campaigns to award points with alliance partners to expand transaction volume.

As a result, the total settlement amount of the e-money business including e-money WAON for the six-month period ended September 30, 2015 increased by 8.3% to ¥1,029,670 million compared to the corresponding period of the previous fiscal year.

AEON Housing Loan Service Co., Ltd. that operates housing loan business continued to enhance collaboration with home builders to offer products that suit customer needs such as refinancing existing loans to “Flat 35 housing loans” on the internet and variable interest rate housing loan products arranged by AEON Bank.

AEON Insurance Service Co., Ltd., which operates insurance agency business, has raised customer-awareness of insurance shops and enhanced sales through developing omnichannel retailing, which connects customers to actual stores through online reservation system, and holding insurance seminars that suit customers' life events. Also, AEON Insurance Service Co., Ltd. continued to distribute products for various insurance needs.

As a result of the above, the financial results of the fee business were as follows: (a) ordinary revenue increased by 13.8% to ¥24,270 million, and (b) ordinary profits increased by ¥1,550 million to ¥1,918 million, compared to the corresponding period of the previous fiscal year.

③ Banking business

The Group has expanded its marketing network to newly establish one bank store and install 72 ATMs of AEON Bank. As a result, the total number of bank stores and AEON Bank ATM increased to 130 and 5,666, respectively.

The Group has promoted solicitation of members of “AEON Card Select,” which is a card equipped with the functions and benefits of a credit card, banking card and e-money WAON and expanded use of bank accounts for daily needs. As a result, the number of customer deposit accounts held by AEON Bank increased by 0.30 million to 4.62 million and the balance of total deposits of AEON Bank increased by ¥26,208 million to ¥1,989,459 million as at September 30, 2015, compared to the beginning of the current fiscal year.

As for housing loans, the Group has enhanced announcement of programs to offer preferential interest rates via its website, improved credit review systems via digital signage installed at AEON Group and bank stores, and provided practical training to sales clerks to enhance their skills. As a result, the balance of housing loans (including securitized finance receivables) increased by ¥151,115 million to ¥1,010,847 million compared to the beginning of the current fiscal year.

As for small lot retail loans, the Group has promoted “Net Free Loan,” which is a loan product available according to the needs of individual customers. As a result, the balance of small lot retail loans increased by ¥8,560 million to ¥51,898 million compared to the beginning of the current fiscal year.

At bank stores that provide important contacts with customers, the Group has started developing more convenient and user-friendly stores that integrate retail and financial services. The Group has promoted paperless operations by utilizing tablets and digital signage and improved operational efficiency through introducing a reservation system and expanding internet banking functions to enhance services from the customers’ standpoint.

As a result of the above, the financial results of the banking business were as follows: (a) the ordinary revenue increased by 26.6% to ¥21,866 million and (b) ordinary losses decreased by ¥2,210 million to ¥226 million, compared to the corresponding period of the previous fiscal year.

④ Overseas business

In Hong Kong, despite a slowdown in economic growth, the Group has implemented sales campaign for the 20th anniversary of listing in Hong Kong Stock Exchange and promoted credit card usage to settle recurring payments of rent. In addition, in response to the increase of overseas tourists, the Group has expanded the transaction volume of credit card shopping by awarding points for shopping at stores in Japan and Taiwan and enhancing advertisement for discount coupons that can be used at AEON Group stores in Japan.

As a result, consolidated operating revenues of AEON Credit Service (Asia) decreased by 0.3% to HK\$628 million and ordinary profits decreased by 12.4% to HK\$146 million, compared to the corresponding period of the previous fiscal year.

In Thailand, despite a downturn in consumer confidence resulting from the delayed economic recovery, the Group has implemented collaborative sales campaigns with alliance partners and promotion to inactive cardholders to expand the transaction volume of credit card shopping. To enhance customer bases, the Group has continued to solicit holders of “AEON Rabbit Member Card,” which combines the finance card of the Group and the IC-imbedded card with railway ticket and e-money functions and improved convenience of members by launching benefits in leisure facilities including movie theaters.

As a result, consolidated operating revenues of AEON Thana Sinsap (Thailand) increased by 1.5% to THB8,731 million and ordinary profits decreased by 0.7% to THB1,569 million, compared to the corresponding period of the previous fiscal year. In addition, the Group integrated functions of debt collection in AEON Thana Sinsap (Thailand) into ACS Servicing (Thailand), which operates servicing business, to achieve efficiency in operation by streamlining overlapping functions within them.

In Malaysia, the Group has promoted “Thank You Day,” which offers 5% off the price of shopping exclusively to cardholders at stores of AEON Group in response to a negative effect on consumer spending as a result of the adoption of commodity and service tax. Also, the Group has implemented campaigns to offer preferential interest rates on hire purchases for furniture and home appliances to promote the use of financial services.

In addition, the Group has promoted the hire purchases of motorcycles and automobiles and, as a result, operating revenue of AEON Credit Service (Malaysia) increased by 15.7% to MYR504 million and ordinary profits increased by 1.1% to MYR140 million, compared to the corresponding period of the previous fiscal year.

*AEON Credit Service (Asia) and AEON Credit Service (Malaysia) have changed their fiscal year-end and the above comparison with the previous fiscal year represents the percentage changes derived from a simple comparison between the six-month period from March 1, 2015 to August 31, 2015 and the corresponding period of the previous fiscal year from February 21, 2014 to August 20, 2014.

As a result of the above, the overseas segment showed the following financial results: (a) ordinary revenue increased by 18.4% to ¥62,336 million, and (b) ordinary profits increased by 4.4% to ¥11,386 million, compared to the corresponding period of the previous fiscal year.

[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.

For the six-month period ended September 30, 2015, the Company has engaged in support activities for those who suffered from the flood disaster caused by the heavy rainfall in the Kanto and Tohoku Regions of Japan. These activities include raising disaster relief funds, implementing the “Disaster Restriction Program for Housing Loans,” which can be used by victims when they purchase a home, and offering an extension of repayment date for AEON card.

The Group’s overseas business, especially the Company’s three listed subsidiaries in Hong Kong, Thailand and Malaysia, has engaged in the social contribution activities such as donating school supplies to children and promoting donations to support building and renovating schools in Asia.

In addition, employees of the Group have actively worked together to participate in environmental conservation activities such as tree-planting activities in and outside Japan.

(2) Financial conditions

(Assets)

The balance of total assets of the Group as at September 30, 2015 decreased by ¥51,911 million to ¥3,537,584 million compared to the end of the previous fiscal year, mainly due to a decrease of cash and due from banks by ¥74,281 million resulting mainly from an initiative to improve efficiency of cash turnover that enables to reduce the cash balance for payables, which exceeded an increase of loans and bills discounted by ¥41,477 million due to the higher transaction volume of cash advances.

(Liabilities)

The balance of total liabilities of the Group as at September 30, 2015 decreased by ¥56,159 million to ¥3,208,388 million compared to the end of the previous fiscal year, mainly due to a decrease of borrowed money by ¥38,367 million resulting from a reduction in the balance of interest bearing debts, and an increase of commercial paper by ¥47,331 million due to financing needs.

(Equity)

The balance of total equity as at September 30, 2015 increased by ¥4,248 million to ¥329,196 million compared to the end of the previous fiscal year, mainly due to an increase of retained earnings by ¥7,137 million resulting from a good performance in the domestic market, which exceeded a decrease of foreign currency translation adjustments by ¥2,246 million due to the yen appreciation.

(3) Equity ratio

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

	As at March 31, 2015	As at September 30, 2015 (Preliminary figures)
Consolidated equity ratio	8.1%	7.8%

(4) Information on forecasts of consolidated operating results

As of the date of this report, there is no change in the forecast of consolidated results released on May 15, 2015.

2. Other information regarding the financial results

(1) Changes in significant subsidiaries during the six-month period ended September 30, 2015

None

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

Effective from April 1, 2015, the Group has applied “Accounting Standard for Business Combinations”

(Accounting Standards Board of Japan (ASBJ) Statement No. 21 issued on September 13, 2013),

“Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 issued on September

13, 2013) and “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 issued on September

13, 2013). As a result, the difference arising from changes in the equity in subsidiaries under ongoing

control of the Company should be accounted for as capital surplus. In addition, under the new standard,

acquisition-related costs are recognized as expenses for the fiscal year in which they are incurred.

Furthermore, with respect to any business combination entered into on or after April 1, 2015, it is required to

reflect adjustments to the allocation of acquisition cost under the provisional accounting treatment

retrospectively on the consolidated financial statements of the interim financial period in which the relevant

business combination became or will become effective. The term of “minority interest” used in the

consolidated statement of income and balance sheet was replaced to “non-controlling interests.” In order to

reflect the changes in the presentation, certain reclassifications have been made to the interim consolidated

financial statements with respect to the six-month period of the previous fiscal year.

The Group applied the transitional treatments prescribed in Paragraph 58-2(4) of the Accounting

Standard for Business Combinations, Paragraph 44-5(4) of the Accounting Standard for Consolidated

Financial Statements and Paragraph 57-4(4) of the Accounting Standard for Business Divestitures, and

accordingly, new accounting standards will be applied prospectively on or after April 1, 2015.

The effects on ordinary profits and income before income taxes for the six-month period ended

September 30, 2015 and capital surplus as at September 30, 2015 are immaterial.

3. Significant events regarding the going concern assumption

None

4. Interim consolidated financial statements

(1) Interim consolidated balance sheets

	(Millions of Yen)	
	As at March 31, 2015	As at September 30, 2015
(Assets)		
Cash and due from banks	467,726	393,445
Call loans	10,000	-
Monetary claims bought	6,649	5,204
Securities	235,074	239,845
Loans and bills discounted	1,474,236	1,515,713
Installment sales receivables	1,038,221	1,011,799
Other assets	95,533	108,474
Property and equipment	35,774	36,166
Intangible assets	71,138	72,313
Goodwill	27,064	26,135
Other intangible assets	44,074	46,178
Deferred tax assets	20,789	21,987
Customers' liabilities for acceptances and guarantees	183,632	182,750
Allowance for possible credit losses	(49,280)	(50,114)
Total assets	3,589,495	3,537,584
(Liabilities)		
Deposits	1,963,024	1,990,602
Accounts payable	164,836	150,541
Call money	76,300	-
Commercial paper	-	47,331
Borrowed money	591,586	553,219
Bonds	114,310	124,034
Convertible bonds	90	70
Other liabilities	145,754	135,799
Allowance for bonuses	2,542	2,780
Retirement benefit liability	3,312	3,260
Allowance for point program	11,590	12,361
Allowance for loss on refund of interest received	4,848	2,972
Allowance – other	461	320
Deferred tax liabilities	2,256	2,344
Acceptances and guarantees	183,632	182,750
Total liabilities	3,264,547	3,208,388

	(Millions of Yen)	
	As at March 31, 2015	As at September 30, 2015
(Equity)		
Common stock	30,421	30,431
Capital surplus	106,230	106,255
Retained earnings	154,518	161,656
Treasury stock	(25,144)	(25,145)
Total shareholders' equity	266,026	273,198
Unrealized gain on available-for-sale securities	4,243	4,026
Deferred loss on derivatives under hedge accounting	(3,468)	(3,577)
Foreign currency translation adjustments	7,446	5,199
Accumulated adjustments for retirement benefit	(539)	(491)
Total accumulated other comprehensive income	7,682	5,157
Stock acquisition rights	73	112
Non-controlling interests	51,166	50,727
Total equity	324,948	329,196
Total liabilities and equity	3,589,495	3,537,584

(2) Interim consolidated statements of income and comprehensive income

(Interim consolidated statements of income)

	(Millions of Yen)	
	Six-month period ended September 30, 2014	Six-month period ended September 30, 2015
Ordinary revenue	151,164	173,830
Interest income	59,835	68,427
(of which: Interest on loans and bills discounted)	58,701	67,166
(of which: Interest and dividends on securities)	853	946
Fees and commissions	78,885	91,969
Other operating income	4,435	5,079
Other income	8,008	8,353
Ordinary expenses	131,687	147,916
Interest expenses	9,746	11,023
(of which: Interest on deposits)	1,943	2,130
Fees and commissions	10,261	11,795
Other operating expenses	521	425
General and administrative expenses	90,466	100,981
Other ordinary expenses	20,690	23,690
Ordinary profits	19,477	25,913
Extraordinary gain	-	0
Gain on disposal of property and equipment and intangible assets	-	0
Extraordinary loss	243	1,101
Loss on disposal of property and equipment and intangible assets	21	1,022
Loss on cancellation	218	-
Other extraordinary loss	3	78
Income before income taxes and minority interests	19,233	24,813
Income taxes - current	7,789	7,699
Income taxes - deferred	(3,479)	(1,222)
Total income taxes	4,309	6,477
Net income	14,923	18,335
Net income attributable to non-controlling interests	3,936	4,225
Net income attributable to owners of the parent	10,987	14,109

(Interim consolidated statements of comprehensive income)

(Millions of Yen)

	Six-month period ended September 30, 2014	Six-month period ended September 30, 2015
Net income	14,923	18,335
Other comprehensive income	1,324	(4,373)
Unrealized loss on available-for-sale securities	(306)	(225)
Deferred loss on derivatives under hedge accounting	132	(159)
Foreign currency translation adjustments	1,601	(4,035)
Adjustments for retirement benefit	(101)	47
Comprehensive income	16,248	13,962
Total comprehensive income attributable to:		
Owners of the parent	11,422	11,585
Non-controlling interests	4,825	2,377

(3) Interim consolidated statements of changes in equity

For the six-month period ended September 30, 2014 (from April 1, 2014 to September 30, 2014)

(Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' 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	1,250	1,250			2,500
Cash dividends			(7,225)		(7,225)
Net income attributable to owners of the parent			10,987		10,987
Purchase of treasury stock				(25,000)	(25,000)
Disposal of treasury stock		(0)	(1)	2	0
Change in the parent's ownership interest arising from transactions with non-controlling interests					
Change of scope of equity method					
Net change in items other than shareholders' equity					
Total change of items during the period	1,250	1,249	3,760	(24,997)	(18,737)
Balance at end of period	30,301	106,110	139,977	(25,143)	251,245

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling 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								2,500
Cash dividends								(7,225)
Net income attributable to owners of the parent								10,987
Purchase of treasury stock								(25,000)
Disposal of treasury stock								0
Change in the parent's ownership interest arising from transactions with non-controlling interests								
Change of scope of equity method								
Net change in items other than shareholders' equity	(309)	69	777	(101)	435	18	5,013	5,467
Total change of items during the period	(309)	69	777	(101)	435	18	5,013	(13,269)
Balance at end of period	3,717	(2,257)	1,072	(473)	2,059	73	40,590	293,968

For the six-month period ended September 30, 2015 (from April 1, 2015 to September 30, 2015)

(Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	30,421	106,230	154,518	(25,144)	266,026
Cumulative effects of changes in accounting policies					
Restated balance	30,421	106,230	154,518	(25,144)	266,026
Change of items during the period					
Conversion of convertible bonds	10	10			20
Cash dividends			(6,954)		(6,954)
Net income attributable to owners of the parent			14,109		14,109
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock					
Change in the parent's ownership interest arising from transactions with non-controlling interests		15			15
Change of scope of equity method			(18)		(18)
Net change in items other than shareholders' equity					
Total change of items during the period	10	25	7,137	(0)	7,172
Balance at end of period	30,431	106,255	161,656	(25,145)	273,198

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling 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	4,243	(3,468)	7,446	(539)	7,682	73	51,166	324,948
Cumulative effects of changes in accounting policies								
Restated balance	4,243	(3,468)	7,446	(539)	7,682	73	51,166	324,948
Change of items during the period								
Conversion of convertible bonds								20
Cash dividends								(6,954)
Net income attributable to owners of the parent								14,109
Purchase of treasury stock								(0)
Disposal of treasury stock								
Change in the parent's ownership interest arising from transactions with non-controlling interests							(15)	-
Change of scope of equity method								(18)
Net change in items other than shareholders' equity	(217)	(108)	(2,246)	47	(2,524)	38	(422)	(2,908)
Total change of items during the period	(217)	(108)	(2,246)	47	(2,524)	38	(438)	4,248
Balance at end of period	4,026	(3,577)	5,199	(491)	5,157	112	50,727	329,196

(4) Notes regarding the interim consolidated financial statements

(Notes regarding the going concern assumption)

None

(Segment information)

For the six-month period ended September 30, 2014 (From April 1, 2014 to September 30, 2014)

(Millions of Yen)

	Credit card	Fee Business	Banking	Overseas	Total	Reconciliations (Note 2)	Consolidated (Note 3)
Ordinary revenue							
Ordinary revenue from customers	67,928	14,365	16,207	52,663	151,164	-	151,164
Intersegment revenues or transfers	1,040	6,961	1,061	0	9,064	(9,064)	-
Total ordinary revenue	68,968	21,327	17,268	52,663	160,228	(9,064)	151,164
Segment profit (loss)	13,654	367	(2,436)	10,910	22,496	(3,019)	19,477
Segment assets	1,269,235	90,452	1,435,600	479,278	3,274,568	(128,305)	3,146,263
Other items							
Depreciation and amortization	1,751	2,541	656	2,037	6,987	61	7,048
Amortization of goodwill	89	356	451	14	911	-	911
Interest income	24,896	776	7,040	27,418	60,131	(296)	59,835
Interest expenses	1,827	168	1,228	6,250	9,474	271	9,746
Provision for (reversal of) possible credit losses	4,107	269	(203)	12,087	16,260	-	16,260
Provision for point program	7,330	176	78	-	7,585	-	7,585
Increase in tangible and intangible assets	12,207	3,571	474	3,601	19,854	266	20,121

(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:
 - ¥ (3,019) 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.
 - ¥ (128,305) 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 six-month period ended September 30, 2014.

For the six-month period ended September 30, 2015 (From April 1, 2015 to September 30, 2015)

(Millions of Yen)

	Credit card	Fee Business	Banking	Overseas	Total	Reconciliations (Note 2)	Consolidated (Note 3)
Ordinary revenue							
Ordinary revenue from customers	74,645	17,013	19,835	62,336	173,830	-	173,830
Intersegment revenues or transfers	822	7,256	2,031	0	10,111	(10,111)	-
Total ordinary revenue	75,467	24,270	21,866	62,336	183,941	(10,111)	173,830
Segment profit (loss)	16,740	1,918	(226)	11,386	29,819	(3,905)	25,913
Segment assets	1,421,929	152,903	1,589,238	549,267	3,713,338	(175,753)	3,537,584
Other items							
Depreciation and amortization	1,716	2,718	829	2,392	7,656	182	7,838
Amortization of goodwill	89	359	451	14	914	-	914
Interest income	28,542	877	7,645	31,936	69,002	(574)	68,427
Interest expenses	2,222	181	819	7,609	10,832	190	11,023
Provision for possible credit losses	6,248	750	174	14,786	21,960	-	21,960
Increase in tangible and intangible assets	5,340	2,698	1,381	2,180	11,601	661	12,263

(Notes)

1. For the segment revenue, the Group uses ordinary revenue instead of sales that are used by normal commercial companies.
2. Details of the reconciliations are as follows:
 - (1) ¥ (3,905) 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) ¥ (175,753) million of reconciliations to segment assets represents the corporate assets unallocated to any reportable segment and the eliminations of intersegment transactions.
3. Segment profit is reconciled with ordinary profits on the consolidated statements of income for the six-month period ended September 30, 2015.
4. The line item "Provision for point program" has been omitted since April 1, 2015, because the Company transferred the operation of granting credit card points to AEON Bank, Ltd. and changed the related management process during the fiscal year ended March 31, 2015.

5. Interim non-consolidated financial statements

(1) Interim balance sheets

	(Millions of Yen)	
	As at March 31, 2015	As at September 30, 2015
(Assets)		
Current assets		
Cash and deposits	2,306	2,190
Accounts receivable - other	959	5,873
Income taxes receivable	1,996	899
Other current assets	203	174
Total current assets	5,466	9,138
Non-current assets		
Property and equipment	156	152
Intangible assets	680	841
Investments and other assets		
Investments in subsidiaries and associated companies	302,335	302,966
Other assets	19,495	20,432
Allowance for investment loss	-	(587)
Total investments and other assets	321,831	322,810
Total non-current assets	322,668	323,805
Deferred charges	363	444
Total assets	328,499	333,388
(Liabilities)		
Current liabilities		
Short-term borrowings	49,800	1,800
Current portion of bonds	20,000	-
Commercial paper	-	43,000
Current portion of convertible bonds	40	20
Accrued income taxes	-	127
Allowance for directors' bonuses	56	39
Other current liabilities	2,873	4,422
Total current liabilities	72,769	49,409
Long-term liabilities		
Bonds payable	60,000	90,000
Convertible bonds	50	50
Other liabilities	12	12
Total long-term liabilities	60,062	90,062
Total liabilities	132,832	139,472

	(Millions of Yen)	
	As at March 31, 2015	As at September 30, 2015
(Equity)		
Shareholders' equity		
Common stock	30,421	30,431
Capital surplus		
Additional paid-in capital	106,230	106,240
Other capital surplus	-	-
Total capital surplus	106,230	106,240
Retained earnings		
Legal reserve	3,687	3,687
Other retained earnings		
General reserve	63,995	63,995
Retained earnings carried forward	13,849	11,639
Total retained earnings	81,531	79,321
Treasury stocks	(25,144)	(25,145)
Total shareholders' equity	193,039	190,848
Valuation and translation adjustments		
Unrealized gain on available-for-sale securities	2,554	2,956
Total valuation and translation adjustments	2,554	2,956
Stock acquisition rights	73	112
Total equity	195,667	193,916
Total liabilities and equity	328,499	333,388

(2) Interim statements of income

(Millions of Yen)

	Six-month period ended September 30, 2014	Six-month period ended September 30, 2015
Operating revenues	12,062	11,494
Operating expenses		
Selling, general and administrative expenses	4,142	5,650
Total operating expenses	4,142	5,650
Operating income	7,919	5,843
Non-operating revenues	109	109
Non-operating expenses	462	515
Ordinary profits	7,566	5,437
Extraordinary loss	-	587
Income before income taxes	7,566	4,849
Income taxes - current	47	133
Income taxes - deferred	125	(27)
Total income taxes	173	106
Net income	7,392	4,743

(3) Interim statements of changes in equity

For the six-month period ended September 30, 2014 (from April 1, 2014 to September 30, 2014)

(Millions of Yen)

	Shareholders' equity							
	Common stock	Capital surplus			Legal reserve	Retained earnings		
		Additional paid-in capital	Other capital surplus	Total capital surplus		General reserve	Other retained earnings Retained earnings carried forward	Total retained earnings
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	1,250	1,250		1,250				
Cash dividends							(7,225)	(7,225)
Net income							7,392	7,392
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	1,250	1,250	(0)	1,249	-	(12,000)	12,165	165
Balance at end of period	30,301	106,110	-	106,110	3,687	63,995	17,000	84,682

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total equity
	Treasury stocks	Total shareholders' equity	Unrealized gain on available-for-sale securities	Total valuation and translation adjustments		
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		2,500				2,500
Cash dividends		(7,225)				(7,225)
Net income		7,392				7,392
Reversal of general reserve		-				-
Purchase of treasury stock	(25,000)	(25,000)				(25,000)
Disposal of treasury stock	2	0				0
Net change in items other than shareholders' equity			153	153	18	171
Total change of items during the period	(24,997)	(22,332)	153	153	18	(22,160)
Balance at end of period	(25,143)	195,951	2,126	2,126	73	198,151

For the six-month period ended September 30, 2015 (from April 1, 2015 to September 30, 2015)

(Millions of Yen)

	Shareholders' equity							
	Common stock	Capital surplus			Legal reserve	Retained earnings		
		Additional paid-in capital	Other capital surplus	Total capital surplus		General reserve	Retained earnings carried forward	Total retained earnings
Balance at beginning of period	30,421	106,230	-	106,230	3,687	63,995	13,849	81,531
Change of items during the period								
Conversion of convertible bonds	10	10		10				
Cash dividends							(6,954)	(6,954)
Net income							4,743	4,743
Reversal of general reserve								-
Purchase of treasury stock								
Disposal of treasury stock								
Net change in items other than shareholders' equity								
Total change of items during the period	10	10	-	10	-	-	(2,210)	(2,210)
Balance at end of period	30,431	106,240	-	106,240	3,687	63,995	11,639	79,321

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total equity
	Treasury stocks	Total shareholders' equity	Unrealized gain on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(25,144)	193,039	2,554	2,554	73	195,667
Change of items during the period						
Conversion of convertible bonds		20				20
Cash dividends		(6,954)				(6,954)
Net income		4,743				4,743
Reversal of general reserve		-				-
Purchase of treasury stock	(0)	(0)				(0)
Disposal of treasury stock		-				-
Net change in items other than shareholders' equity			401	401	38	440
Total change of items during the period	(0)	(2,191)	401	401	38	(1,750)
Balance at end of period	(25,145)	190,848	2,956	2,956	112	193,916

(4) Notes regarding the interim non-consolidated financial statements

(Notes regarding the going concern assumption)

None