



# Brief Report of Financial Results (Unaudited)

(For the Six Months Ended September 30, 2014)

November 11, 2014

Registered Company Name: **AEON Financial Service Co., Ltd.**

Stock Listing: Tokyo Stock Exchange, First Section

Code No: 8570

URL: <http://www.aeonfinancial.co.jp/>

President and CEO: Akinori Yamashita

Contact: Hideki Wakabayashi, Director, CFO

## 1. Business performance (For the Six Months ended September 30, 2014 and For the Six Months ended September 30, 2013)

### (1) Consolidated Operating Results

(Millions of yen truncated to the nearest million, %, yen)

	Ordinary income	Percentage Change	Ordinary profit	Percentage Change	Net Income	Percentage Change
Six Months ended September 30, 2014	¥151,164	15.8%	¥19,477	57.7%	¥10,987	333.0%
Six Months ended September 30, 2013	130,562	—	12,352	—	2,537	—

※Comprehensive income; The 2nd Quarter of Fiscal 2014; 16,248 million(88.3%) ,  
The 2nd Quarter of Fiscal 2013; 8,627million(—%)

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Six Months ended September 30, 2014	¥54.63	¥54.31
Six Months ended September 30, 2013	13.24	12.17

(Remarks) Since the Company has changed the closing period of the whole consolidated financial year, the comparison of increase/decrease ratio of the current consolidated financial year (1st April 2013 - 30th September 2013) and the previous consolidated financial year (21st February 2012 - 20th August 2012) has not been stated.

### (2) Financial Position

(Millions of yen truncated to the nearest million, %, yen)

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share (Yen)
Six Months ended September 30, 2014	¥3,146,263	¥293,968	8.1%	¥1,275.97
Fiscal year ended March 31, 2014	3,163,117	307,291	8.6%	1,316.00

(Reference) 1. Shareholder's equity; The 2nd Quarter of Fiscal 2014; 253,304 million, Fiscal 2013; 271,660 million

2. Capital ratio = {(Net assets – stock acquisition right – minority interests) / total assets} X 100

## 2. Cash Dividends

(Base date)	Dividend per share				
	First quarter period	Interim period	Third quarter period	Term end	Annual
March 2014 term	—	¥25.00	—	¥35.00	¥60.00
March 2015 term	—	¥25.00	—	—	—
March 2015 term (Estimated)	—	—	—	(35.00)	(60.00)

Note: Revision on dividend projection in the 2nd Quarter ; No

## 3. Projections (For the fiscal year ending March 31, 2015)

(Millions of yen truncated to the nearest million, %, yen)

	Ordinary income	YOY (%)	Ordinary profit	YOY (%)	Net income	YOY (%)	Net income per share
Full term	320,000	11.9	51,000	24.1	26,500	27.8	128.37

Note: Revision on the projection of consolidated results in the 2nd Quarter ; No

#### 4.Others

(1) Change in significant subsidiary during the term (Change in specified subsidiary that caused a change in the scope of consolidation) ; No

(2)Change in accounting principle, procedure, disclosure , etc., concerning preparation of consolidated financial statements

(matters to be mentioned concerning the change of important items to be the bases for preparation of consolidated financial statements)

① Change by a newly issued accounting pronouncement ; Yes

② Change other than ① ; No

③ Change accounting quotation ; No

④ Restatement ; No

(3) Number of issued stocks and outstandings (Common stock)

① Number of issued stocks and outstandings at term end (including treasury stock)

The 2nd quarter of fiscal 2014; 208,327,973 shares, Fiscal 2013; 206,541,751 shares

② Number of shares of treasury stock at end of term

The 2nd quarter of fiscal 2014; 9,807,997 shares, Fiscal 2013; 112,505 shares,

③ Average of the number of shares during the quarter(For the Six Months ended September 30, 2014)

The 2nd quarter of fiscal 2014; 201,113,299 shares, The 2nd quarter of fiscal 2013; 191,611,093 shares

#### 5.Report of Non-Consolidated Financial Results

**Business performance** (For the Six Months ended September 30, 2014 and For the Six Months ended September 30, 2013)

##### (1) Non-consolidated Operating Results

(Millions of yen truncated to the nearest million, %, yen)

	Operating revenues	YOY (%)	Operating income	YOY (%)	Ordinary income	YOY (%)	Net income	YOY (%)
Six Months ended September 30, 2014	12,062	186.2	7,919	—	7,566	—	7,392	—
Six Months ended September 30, 2013	4,214	—	431	—	156	—	△ 415	—

	Net income per share
Six Months ended September 30, 2014	36.76
Six Months ended September 30, 2013	△2.17

##### (2) Financial position

(Millions of yen truncated to the nearest million, %, yen)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Six Months ended September 30, 2014	332,699	198,151	59.5%	997.77
Fiscal year ended March 31, 2014	329,654	220,311	66.8%	1,066.98

(Reference) Shareholder's equity; The 2nd Quarter of Fiscal 2014; 198,077 million, Fiscal 2013; 220,256 million

※ Remarks on the projections, other issues

Projections above are based on management's assumptions using information available at the time of publication. Owing to various factors, actual results may differ from these projections.

## 6. Interim Consolidated Financial Statements

### (1) Consolidated Quarterly Balance Sheets

(Millions of yen truncated the nearest million yen)

	As of March 31, 2014	As of September 30, 2014
<b>Assets</b>		
Cash and deposits	416,662	337,990
Monetary claims bought	12,119	8,867
Securities	173,379	160,576
Loans and bills discounted	1,276,741	1,388,542
Accounts receivable-installment	957,403	918,009
Other assets	80,294	76,739
Property, plant and equipment	31,185	33,301
Intangible assets	67,723	67,436
Goodwill	28,887	27,975
Other intangible assets	38,835	39,460
Deferred tax assets	18,758	22,508
Customer's liabilities for acceptances and guarantees	176,421	180,272
Allowance for doubtful accounts	△ 47,574	△ 47,982
<b>Total assets</b>	<b>3,163,117</b>	<b>3,146,263</b>
<b>Liabilities</b>		
Deposits	1,717,769	1,651,689
Accounts payable-trade	203,742	138,463
Call money	4,900	100,000
Borrowed money	515,227	527,496
Bonds payable	101,608	108,925
Convertible bond-type bonds with subscription rights to shares	2,830	330
Other liabilities	111,859	122,015
Provision for bonuses	2,200	2,376
Net defined benefit liability	2,789	3,166
Provision for point card certificates	11,012	11,666
Provision for loss on interest repayment	3,085	3,659
Other provision	556	331
Deferred tax liabilities	1,820	1,899
Acceptances and guarantees	176,421	180,272
<b>Total liabilities</b>	<b>2,855,825</b>	<b>2,852,294</b>
<b>Net assets</b>		
Capital stock	29,051	30,301
Capital surplus	104,860	106,110
Retained earnings	136,270	139,977
Treasury stock	△ 145	△ 25,143
<b>Total shareholders' equity</b>	<b>270,036</b>	<b>251,245</b>
Valuation difference on available-for-sale securities	4,027	3,717
Deferred gains or losses on hedges	△ 2,326	△ 2,257
Foreign currency translation adjustment	294	1,072
Remeasurements of defined benefit plans	△ 371	△ 473
<b>Total other comprehensive income</b>	<b>1,623</b>	<b>2,059</b>
Subscription rights to shares	55	73
Minority interests	35,576	40,590
<b>Total net assets</b>	<b>307,291</b>	<b>293,968</b>
<b>Total liabilities and net assets</b>	<b>3,163,117</b>	<b>3,146,263</b>

## (2) Consolidated Statements of Income

(Millions of yen truncated the nearest million yen)

	For the Six months ended September 30, 2013	For the Six months ended September 30, 2014
Ordinary income	130,562	151,164
Interest income	51,092	59,835
Interest on loans and discounts	49,661	58,701
Interest and dividends on securities	1,084	853
Fees and commissions	67,431	78,885
Other operating income	4,665	4,435
Other ordinary income	7,371	8,008
Ordinary expenses	118,209	131,687
Interest expenses	10,106	9,746
Interest on deposits	3,005	1,943
Fees and commissions payments	9,000	10,261
Other operating expenses	523	521
General and administrative expenses	83,199	90,466
Other ordinary expenses	15,380	20,690
Ordinary profit	12,352	19,477
Extraordinary loss	1,358	243
Loss on disposal of noncurrent assets	145	21
Loss on penalty	—	218
Cost on the management integration	1,194	—
Other extraordinary loss	18	3
Income before income taxes	10,993	19,233
Income taxes-current	5,964	7,789
Income taxes-deferred	Δ 1,218	Δ 3,479
Total income taxes	4,745	4,309
Income before minority interests	6,247	14,923
Minority interests in income	3,709	3,936
Net income	2,537	10,987

**(Consolidated statement of comprehensive income)**

(Millions of yen truncated the nearest million yen)

	For the Six months ended September 30, 2013	For the Six months ended September 30, 2014
Income before minority interests	6,247	14,923
Other comprehensive income	2,379	1,324
Valuation difference on available-for-sale securities	615	△ 306
Deferred gains or losses on hedges	719	132
Foreign currency translation adjustment	1,045	1,601
Remeasurements of defined benefit plans	—	△ 101
comprehensive income	8,627	16,248
(attributable to)		
Comprehensive income attributable to owners of the Company	4,293	11,422
Comprehensive income attributable to minority interests	4,334	4,825

### (3) (Summary) Consolidated Statements of Changes in net assets

(For the Six months ended September 30, 2013 )

(Millions of yen truncated the nearest million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	15,466	91,275	125,320	△142	231,919
Changes of items during the period					
Convert of Convertible bond-type bonds with subscription rights to shares	12,210	12,210			24,420
Dividends from surplus			△4,681		△4,681
Net income			2,537		2,537
Purchase of treasury stock				△1	△1
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	12,210	12,210	△2,143	△1	22,274
Ending balance	27,676	103,485	123,176	△144	254,194

	Other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total other comprehensive income			
Beginning balance	2,717	△1,704	△1,631	—	△618	22	27,549	258,872
Changes of items during the period								
Convert of Convertible bond-type bonds with subscription rights to shares								24,420
Dividends from surplus								△4,681
Net income								2,537
Purchase of treasury stock								△1
Disposal of treasury stock								0
Net changes of items other than shareholders' equity	673	372	710	—	1,755	32	2,868	4,656
Total changes of items during the period	673	372	710	—	1,755	32	2,868	26,931
Ending balance	3,390	△1,332	△921	—	1,136	55	30,418	285,804

(For the Six months ended September 30, 2014 )

(Millions of yen truncated the nearest million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	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
Changes of items during the period					
Convert of Convertible bond-type bonds with subscription rights to shares	1,250	1,250			2,500
Dividends from surplus			△ 7,225		△ 7,225
Net income			10,987		10,987
Purchase of treasury stock				△ 25,000	△ 25,000
Disposal of treasury stock		△ 0	△ 1	2	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	1,250	1,249	3,760	△ 24,997	△ 18,737
Ending balance	30,301	106,110	139,977	△ 25,143	251,245

	Other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total other comprehensive income			
Beginning balance	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
Changes of items during the period								
Convert of Convertible bond-type bonds with subscription rights to shares								2,500
Dividends from surplus								△ 7,225
Net income								10,987
Purchase of treasury stock								△ 25,000
Disposal of treasury stock								0
Net changes of items other than shareholders' equity	△ 309	69	777	△ 101	435	18	5,013	5,467
Total changes of items during the period	△ 309	69	777	△ 101	435	18	5,013	△ 13,269
Ending balance	3,717	△ 2,257	1,072	△ 473	2,059	73	40,590	293,968

#### (4) Segment Information

(Millions of yen)

	For the six month ended September 30, 2013						
	Credit	Fee	Bank	Overseas	Total	Adjustments	Consolidated financial statements appropriation
Operating revenue							
Operating revenue from external customer	57,088	11,136	19,037	43,300	130,562	—	130,562
The internal operating income between segments	412	6,009	1,075	2	7,499	Δ 7,499	—
Total	57,500	17,145	20,112	43,303	138,061	Δ 7,499	130,562
Segment Profit/ Loss	7,939	634	706	7,178	16,458	Δ 4,106	12,352
Segment assets	1,211,307	68,511	1,384,873	381,767	3,046,461	Δ 75,889	2,970,571
Other							
Depreciation	1,652	1,737	618	1,970	5,979	69	6,049
Amortization of goodwill	44	356	451	14	867	—	867
Interest income	17,552	841	8,868	24,823	52,086	Δ 993	51,092
Interest expenses	2,135	122	2,215	5,218	9,691	414	10,106
Provision of allowance for loan losses	4,275	170	21	7,690	12,158	—	12,158
Provision for point card certificates	6,768	32	199	—	7,001	—	7,001
Increase in property, plant and equipment and intangible assets	4,223	4,984	837	3,557	13,602	52	13,655

(Remarks) Content of each Segment

- |                  |     |  |
|------------------|-----|--|
| (1) Credit       | ... | Domestic credit businesses such as Credit Card, Installment Loan, etc. |
| (2) Fee Business | ... | Various domestic businesses such as e-money business, etc.             |
| (3) Bank         | ... | Business regarding to lending and investment, etc.                     |
| (4) Overseas     | ... | Financial Service business in overseas                                 |

(Millions of yen)

	For the six month ended September 30, 2014						
	Credit	Fee	Bank	Overseas	Total	Adjustments	Consolidated financial statements appropriation
Operating revenue							
Operating revenue from external customer	67,928	14,365	16,207	52,663	151,164	—	151,164
The internal operating income between segments	1,040	6,961	1,061	0	9,064	Δ 9,064	—
Total	68,968	21,327	17,268	52,663	160,228	Δ 9,064	151,164
Segment Profit/ Loss	13,654	367	Δ 2,436	10,910	22,496	Δ 3,019	19,477
Segment assets	1,269,235	90,452	1,435,600	479,278	3,274,568	Δ 128,305	3,146,263
Other							
Depreciation	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	Δ 296	59,835
Interest expenses	1,827	168	1,228	6,250	9,474	271	9,746
Provision of allowance for loan losses	4,107	269	Δ 203	12,087	16,260	—	16,260
Provision for point card certificates	7,330	176	78	—	7,585	—	7,585
Increase in property, plant and equipment and intangible assets	12,207	3,571	474	3,601	19,854	266	20,121

(Remarks) Content of each Segment

- |                  |     |  |
|------------------|-----|--|
| (1) Credit       | ... | Domestic credit businesses such as Credit Card, Installment Loan, etc. |
| (2) Fee Business | ... | Various domestic businesses such as e-money business, etc.             |
| (3) Bank         | ... | Business regarding to lending and investment, etc.                     |
| (4) Overseas     | ... | Financial Service business in overseas                                 |

## 7. (Summary) Non-consolidated financial statements

### (1) (Summary) Non-consolidated Balance Sheets

(Millions of yen truncated the nearest million yen)

	As of March 31, 2014	As of September 30, 2014
<b>ASSETS</b>		
Current assets		
Cash and deposits	1,660	1,813
Accounts receivable-other	3,488	5,615
Income taxes receivable	—	1,250
Other	962	191
Total current assets	6,111	8,870
Noncurrent assets		
Property, plant and equipment	0	2
Intangible assets	21	189
Investments and other assets		
Stocks of subsidiaries and affiliates	303,051	303,051
Other	19,986	20,161
Total Investments and other assets	323,038	323,213
Total noncurrent assets	323,060	323,405
Deferred assets	482	423
Total assets	329,654	332,699
<b>Liabilities</b>		
Current liabilities		
Short-term loans payable	20,000	49,900
Current portion of bonds	—	20,000
Income taxes payable	1,088	119
Reserve for executive performance bonuses	21	28
Other	5,370	4,158
Total current liabilities	26,479	74,205
Noncurrent liabilities		
Bonds payable	80,000	60,000
Convertible bond-type bonds with subscription rights to shares	2,830	330
Other	32	12
Total noncurrent liabilities	82,862	60,342
Total liabilities	109,342	134,547

(Millions of yen truncated the nearest million yen)

	As of March 31, 2014	As of September 30, 2014
Net assets		
Shareholder's equity		
Capital stock	29,051	30,301
Capital surplus		
Legal capital surplus	104,860	106,110
Other capital surplus	0	—
Total capital surplus	104,860	106,110
Retained earnings		
Legal retained earnings	3,687	3,687
Other retained earnings		
General reserve	75,995	63,995
Retained earnings brought forward	4,834	17,000
Total retained earnings	84,517	84,682
Treasury stock	△ 145	△ 25,143
Total shareholders' equity	218,283	195,951
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,973	2,126
Total valuation and translation adjustments	1,973	2,126
Subscription rights to shares	55	73
Total net assets	220,311	198,151
Total Liabilities and net assets	329,654	332,699

**(2) (Summary) Non-consolidated Statements of Income**

(Millions of yen truncated the nearest million yen)

	For the Six months ended September 30, 2013	For the Six months ended September 30, 2014
Operating revenues	4,214	12,062
Operating expenses		
Selling, general and administrative expenses	3,782	4,142
Total operating expenses	3,782	4,142
Operating income	431	7,919
Non-operating income	91	109
Non-operating expenses	366	462
Ordinary income	156	7,566
Extraordinary loss	48	—
Income before income taxes	108	7,566
Income taxes-current	1,478	47
Income taxes-deferred	△ 954	125
Total Income taxes	523	173
Net income(loss)	△ 415	7,392

**(3) (Summary) Non-consolidated of Changes in net assets**  
**(For the Six months ended September 30, 2013 )**

(Millions of yen truncated the nearest million yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						General reserve	Retained earnings brought forward	
Beginning balance	15,466	91,275	—	91,275	3,687	75,995	14,223	93,905
Changes of items during the period								
Convert of Convertible bond-type bonds with subscription rights to shares	12,210	12,210		12,210				
Dividends from surplus							Δ 4,681	Δ 4,681
Net income(loss)							Δ 415	Δ 415
Reversal of general reserve								
Purchase of treasury stock								
Disposal of treasury stock			0	0				
Net changes of items other than shareholders' equity								
Total changes of items during the period	12,210	12,210	0	12,210	—	—	Δ 5,096	Δ 5,096
Ending balance	27,676	103,485	0	109,485	3,687	75,995	9,126	88,809

	Shareholders' equity		Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Beginning balance	△ 142	200,504	1,741	1,741	22	202,268
Changes of items during the period						
Convert of Convertible bond-type bonds with subscription rights to shares		24,420				24,420
Dividends from surplus		△ 4,681				△ 4,681
Net income(loss)		△ 415				△ 415
Reversal of general reserve		—				—
Purchase of treasury stock	△ 1	△ 1				△ 1
Disposal of treasury stock	0	0				0
Net changes of items other than shareholders' equity			316	316	32	348
Total changes of items during the period	△ 1	19,321	316	316	32	19,670
Ending balance	△ 144	219,826	2,057	2,057	55	221,938

**(For the Six months ended September 30, 2014 )**

(Millions of yen truncated the nearest million yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings		
						General reserve	Retained earnings brought forward	
Beginning balance	29,051	104,860	0	104,860	3,687	75,995	4,834	84,517
Changes of items during the period								
Convert of Convertible bond-type bonds with subscription rights to shares	1,250	1,250		1,250				
Dividends from surplus							△ 7,225	△ 7,225
Net income(loss)							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 changes of items other than shareholders' equity								
Total changes of items during the period	1,250	1,250	△ 0	1,249	—	△ 12,000	12,165	165
Ending balance	30,301	106,110	—	106,110	3,687	63,995	17,000	84,682

	Shareholders' equity		Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Beginning balance	△ 145	218,283	1,973	1,973	55	220,311
Changes of items during the period						
Convert of Convertible bond-type bonds with subscription rights to shares		2,500				2,500
Dividends from surplus		△ 7,225				△ 7,225
Net income(loss)		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 changes of items other than shareholders' equity			153	153	18	171
Total changes of items during the period	△ 24,997	△ 22,332	153	153	18	△ 22,160
Ending balance	△ 25,143	195,951	2,126	2,126	73	198,151