



# Brief Report of Financial Results (Unaudited)

(For the Six Months Ended September 30, 2015)

November 13, 2015

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, 2015 and For the Six Months ended September 30, 2014)

### (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, 2015	¥173,830	15.0%	¥25,913	33.0%	¥14,109	28.4%
Six Months ended September 30, 2014	151,164	15.8%	19,477	57.7%	10,987	333.0%

※Comprehensive income; The 2nd Quarter of Fiscal 2015; 13,962 million(△14.1%) ,

The 2nd Quarter of Fiscal 2014; 16,248million(88.3%)

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Six Months ended September 30, 2015	¥71.01	¥70.98
Six Months ended September 30, 2014	54.63	54.31

### (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, 2015	¥3,537,584	¥329,196	7.9%	¥1400.85
Fiscal year ended March 31, 2014	3,589,495	324,948	7.6%	1377.56

(Reference)1. Shareholder's equity; The 2nd Quarter of Fiscal 2015; 278,356 million, Fiscal 2014; 273,708million

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 2015 term	—	¥25.00	—	¥35.00	¥60.00
March 2016 term	—	¥28.00	—	—	—
March 2016term (Estimated)	—	—	—	(38.00)	(66.00)

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

## 3. Projections (For the fiscal year ending March 31, 2016)

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

	Ordinary income	YOY (%)	Ordinary profit	YOY (%)	Net income	YOY (%)	Net income per share
Full term	380,000	15.5	61,000	14.9	33,000	8.2	166.09

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 2015; 208,513,618 shares, Fiscal 2014; 208,499,435 shares

② Number of shares of treasury stock at end of term

The 2nd quarter of fiscal 2015; 9,808,633 shares, Fiscal 2014; 9,808,408 shares,

③ Average of the number of shares during the quarter (For the Six Months ended September 30, 2015)

The 2nd quarter of fiscal 2015; 198,691,884 shares, The 2nd quarter of fiscal 2014; 201,113,299 shares

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

**Business performance** (For the Six Months ended September 30, 2015 and For the Six Months ended September 30, 2014)

##### (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, 2015	11,494	△4.7	5,843	△26.2	5,437	△28.1	4,743	△35.8
Six Months ended September 30, 2014	12,062	186.2	7,919	—	7,566	—	7,392	—

	Net income per share
Six Months ended September 30, 2015	23.87
Six Months ended September 30, 2014	36.76

##### (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, 2015	333,388	193,916	58.1%	975.34
Fiscal year ended March 31, 2014	328,499	195,667	59.5%	984.41

(Reference) Shareholder's equity; The 2nd Quarter of Fiscal 2015; 193,804 million, Fiscal 2014; 195,593 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, 2015	As of September 30, 2015
<b>Assets</b>		
Cash and deposits	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
Accounts receivable-installment	1,038,221	1,011,799
Other assets	95,533	108,474
Property, plant 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
Customer's liabilities for acceptances and guarantees	183,632	182,750
Allowance for doubtful accounts	△ 49,280	△ 50,114
<b>Total assets</b>	<b>3,589,495</b>	<b>3,537,584</b>
<b>Liabilities</b>		
Deposits	1,963,024	1,990,602
Accounts payable-trade	164,836	150,541
Call money	76,300	—
Commercial papers	—	47,331
Borrowed money	591,586	553,219
Bonds payable	114,310	124,034
Convertible bond-type bonds with subscription rights to shares	90	70
Other liabilities	145,754	135,799
Provision for bonuses	2,542	2,780
Net defined benefit liability	3,312	3,260
Provision for point card certificates	11,590	12,361
Provision for loss on interest repayment	4,848	2,972
Other provision	461	320
Deferred tax liabilities	2,256	2,344
Acceptances and guarantees	183,632	182,750
<b>Total liabilities</b>	<b>3,264,547</b>	<b>3,208,388</b>
<b>Net assets</b>		
Capital stock	30,421	30,431
Capital surplus	106,230	106,255
Retained earnings	154,518	161,656
Treasury stock	△ 25,144	△ 25,145
<b>Total shareholders' equity</b>	<b>266,026</b>	<b>273,198</b>
Valuation difference on available-for-sale securities	4,243	4,026
Deferred gains or losses on hedges	△ 3,468	△ 3,577
Foreign currency translation adjustment	7,446	5,199
Remeasurements of defined benefit plans	△ 539	△ 491
<b>Total other comprehensive income</b>	<b>7,682</b>	<b>5,157</b>
Subscription rights to shares	73	112
Non-controlling interests	51,166	50,727
<b>Total net assets</b>	<b>324,948</b>	<b>329,196</b>
<b>Total liabilities and net assets</b>	<b>3,589,495</b>	<b>3,537,584</b>

## (2) Consolidated Statements of Income

(Millions of yen truncated the nearest million yen)

	For the Six months ended September 30, 2014	For the Six months ended September 30, 2015
Ordinary income	151,164	173,830
Interest income	59,835	68,427
Interest on loans and discounts	58,701	67,166
Interest and dividends on securities	853	946
Fees and commissions	78,885	91,969
Other operating income	4,435	5,079
Other ordinary income	8,008	8,359
Ordinary expenses	131,687	147,916
Interest expenses	9,746	11,023
Interest on deposits	1,943	2,130
Fees and commissions payments	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 profit	19,477	25,913
Extraordinary income	—	0
Gain on disposal of non-current assets	—	0
Extraordinary loss	243	1,101
Loss on disposal of noncurrent assets	21	1,022
Loss on penalty	218	—
Other extraordinary loss	3	78
Income before income taxes	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
Profit attributable to non-controlling interests	3,936	4,225
Profit attributable to owners of parent	10,987	14,109

**(Consolidated statement of comprehensive income)**

(Millions of yen truncated the nearest million yen)

	For the Six months ended September 30, 2014	For the Six months ended September 30, 2015
Profit	14,923	18,335
Other comprehensive income	1,324	Δ 4,373
Valuation difference on available-for-sale securities	Δ 306	Δ 225
Deferred gains or losses on hedges	132	Δ 159
Foreign currency translation adjustment	1,601	Δ 4,035
Remeasurements of defined benefit plans	Δ 101	47
comprehensive income	16,248	13,962
(attributable to)		
Comprehensive income attributable to owners of the Company	11,422	11,585
Comprehensive income attributable to non-controlling interests	4,825	2,377

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

(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 effect of accounting change			△53		△53
The balance that reflect changes in accounting policies at the beginning of this year	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 attributable to shareholders of the parent			10,987		10,987
Purchase of treasury stock				△25,000	△25,000
Disposal of treasury stock		△0	△1	2	0
Changes in ownership interests according to minority interests					
Change of scope of equity method □					
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 effect of accounting change								△ 53
The balance that reflect changes in accounting policies at the beginning of this year	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 attributable to shareholders of the parent								10,987
Purchase of treasury stock								△ 25,000
Disposal of treasury stock								0
Changes in ownership interests according to minority interests								
Change of scope of equity method □								
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

(For the Six months ended September 30, 2015 )

(Millions of yen truncated the nearest million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	30,421	106,230	154,518	△ 25,144	266,026
Cumulative effect of accounting change					
The balance that reflect changes in accounting policies at the beginning of this year	30,421	106,230	154,518	△ 25,144	266,026
Changes of items during the period					
Convert of Convertible bond-type bonds with subscription rights to shares	10	10			20
Dividends from surplus			△ 6,954		△ 6,954
Net income attributable to shareholders of the parent			14,109		14,109
Purchase of treasury stock				△0	△0
Disposal of treasury stock					
Changes in ownership interests according to minority interests		15			15
Change of scope of equity method □			△ 18		△ 18
Net changes of items other than shareholders' equity					
Total changes of items during the period	10	25	7,137	△0	7,172
Ending balance	30,431	106,255	161,656	△ 25,145	273,198

	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	4,243	△ 3,468	7,446	△ 539	7,682	73	51,166	324,948
Cumulative effect of accounting change								
The balance that reflect changes in accounting policies at the beginning of this year	4,243	△ 3,468	7,446	△ 539	7,682	73	51,166	324,948
Changes of items during the period								
Convert of Convertible bond-type bonds with subscription rights to shares								20
Dividends from surplus								△ 6,954
Net income attributable to shareholders of the parent								14,109
Purchase of treasury stock								△0
Disposal of treasury stock								
Changes in ownership interests according to minority interests							△ 15	—
Change of scope of equity method □								△ 18
Net changes of items other than shareholders' equity	△ 217	△ 108	△ 2,246	47	△ 2,524	38	△ 422	△ 2,908
Total changes of items during the period	△ 217	△ 108	△ 2,246	47	△ 2,524	38	△ 438	4,248
Ending balance	4,026	△ 3,577	5,199	△ 491	5,157	112	50,727	329,196

#### (4) Segment Information

(Millions of yen)

	For the six month ended September 30, 2014						
	Credit	Fee	Bank	Overseas	Total	Adjustments (※2)	Consolidated financial statements appropriation (※3)
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 The amounts of generally indicated as net sales are herein stated as operating revenue.

※2 Adjustments details are as follows.

(1)The adjustment of Δ3,019 million yen to segment Profit/Loss represents corporate expenses that are not allocated to each reportable segment. Company-wide costs mainly refer to operations expenses that do not belong to reported segments.

(2)The adjustment of Δ128,305 million yen to segment assets represents total corporate assets that are not allocated to each reportable segment and intersegment elimination.

※3 Segment income is adjusted to ordinary income of consolidated statement on six months ended September 30, 2015

(Millions of yen)

	For the six month ended September 30, 2014						
	Credit	Fee	Bank	Overseas	Total	Adjustments (※2)	Consolidated financial statements appropriation (※3)
Operating revenue							
Operating revenue from external customer	74,645	17,013	19,835	62,336	173,830	—	173,830
The internal operating income between segments	822	7,256	2,031	0	10,111	Δ 10,111	—
Total	75,467	24,270	21,866	62,336	183,941	Δ 10,111	173,830
Segment Profit/ Loss	16,740	1,918	Δ 226	11,386	29,819	Δ 3,905	25,913
Segment assets	1,421,929	152,903	1,589,238	549,267	3,713,338	Δ 175,753	3,537,584
Other							
Depreciation	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	Δ 574	68,427
Interest expenses	2,222	181	819	7,609	10,832	190	11,023
Provision of allowance for loan losses	6,248	750	174	14,786	21,960	—	21,960
Increase in property, plant and equipment and intangible assets	5,340	2,698	1,381	2,180	11,601	661	12,263

(Remarks) Content of each Segment

※1 The amounts of generally indicated as net sales are herein stated as operating revenue.

※2 Adjustments details are as follows.

(1)The adjustment of Δ3,905 million yen to segment Profit/Loss represent corporate expenses that are not allocated to each reportable segment. Company-wide costs mainly refer to operations expenses that do not belong to reported segments.

(2)The adjustment of Δ175,753 million yen to segment assets represent total corporate assets that are not allocated to each reportable segment and intersegment elimination.

※3 Segment income is adjusted to ordinary income of consolidated statement on six months ended September 30, 2015.

※4 In previous fiscal year, according to the change on management process of credit card, the operation for award points was transferred to AEON BANK, LTD, loss statement of provisions of allowance for points reserve account.



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

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

(Millions of yen truncated the nearest million yen)

	As of March 31, 2015	As of September 30, 2015
<b>ASSETS</b>		
Current assets		
Cash and deposits	2,306	2,190
Accounts receivable-other	959	5,873
Income taxes receivable	1,996	899
Other	203	174
Total current assets	5,466	9,138
Noncurrent assets		
Property, plant and equipment	156	152
Intangible assets	680	841
Investments and other assets		
Stocks of subsidiaries and affiliates	302,335	302,966
Other	19,495	20,432
Allowance for investment loss	—	△ 587
Total Investments and other assets	321,831	322,810
Total noncurrent assets	322,668	323,805
Deferred assets	363	444
Total assets	328,499	333,388
<b>Liabilities</b>		
Current liabilities		
Short-term loans payable	49,800	1,800
Current portion of bonds	20,000	—
Commercial papers	—	43,000
Current portion of convertible bond-type bonds with subscription rights to shares	40	20
Income taxes payable	—	127
Reserve for executive performance bonuses	56	39
Other	2,873	4,422
Total current liabilities	72,769	49,409
Noncurrent liabilities		
Bonds payable	60,000	90,000
Convertible bond-type bonds with subscription rights to shares	50	50
Other	12	12
Total noncurrent liabilities	60,062	90,062
Total liabilities	132,832	139,472

(Millions of yen truncated the nearest million yen)

	As of March 31, 2015	As of September 30, 2015
Net assets		
Shareholder's equity		
Capital stock	30,421	30,431
Capital surplus		
Legal capital surplus	106,230	106,240
Other capital surplus	—	—
Total capital surplus	106,230	106,240
Retained earnings		
Legal retained earnings	3,687	3,687
Other retained earnings		
General reserve	63,995	63,995
Retained earnings brought forward	13,849	11,639
Total retained earnings	81,531	79,321
Treasury stock	Δ 25,144	Δ 25,145
Total shareholders' equity	193,039	190,848
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,554	2,956
Total valuation and translation adjustments	2,554	2,956
Subscription rights to shares	73	112
Total net assets	195,667	193,916
Total Liabilities and net assets	328,499	333,388

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

(Millions of yen truncated the nearest million yen)

	For the Six months ended September 30, 2014	For the Six months ended September 30, 2015
Operating revenues	12,062	11,494
Operating expenses		
Selling, general and administrative expenses	4,142	5650
Total operating expenses	4,142	5650
Operating income	7,919	5843
Non-operating income	109	109
Non-operating expenses	462	515
Ordinary income	7,566	5437
Extraordinary loss	—	587
Income before income taxes	7,566	4849
Income taxes-current	47	133
Income taxes-deferred	125	Δ 27
Total Income taxes	173	106
Profit	7,392	4743