

Brief Report of Financial Results (Unaudited)

(For the Fiscal 2017 Ended March 31, 2018)



May 9, 2018

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

Stock Listing: Tokyo Stock Exchange, First Section

Code No: 8570

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

President and CEO: Kenji Kawahara

Contact: Hideki Wakabayashi, Director, CFO

1. Business performance (For the Fiscal 2017 ended March 31, 2018 and For the Fiscal 2016 ended March 31, 2017)

(1) Consolidated Operating Results

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

	Ordinary income	Percentage Change	Ordinary profit	Percentage Change	Profit attributable to owners of parent	Percentage Change
Fiscal 2017 ended March 31, 2018	407,970	8.7	65,746	6.7	38,677	(2.0)
Fiscal 2016 ended March 31, 2017	375,166	4.3	61,606	3.7	39,454	10.3

※Comprehensive income; Fiscal 2017; 51,284 million(9.1%) , Fiscal 2016; 47,009 million(40.7%)

	Profit attributable to owners of parent per Share(Yen)	Fully Diluted Profit attributable to owners of parent per Share(Yen)	Return on equity	Return on assets	Operating income/ Operating revenues
Fiscal 2017 ended March 31, 2018	179.29	170.02	10.8	1.5	16.1
Fiscal 2016 ended March 31, 2017	189.75	183.96	12.4	1.6	16.4

(Reference) Investment gains and losses on equity method; Fiscal 2017; 22 million , Fiscal 2016; 24 million

(2) Consolidated Financial Position

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

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share (Yen)
Fiscal 2017 ended March 31, 2018	4,852,844	437,782	7.6	1,714.92
Fiscal 2016 ended March 31, 2017	4,187,263	401,170	8.3	1,604.79

(Reference)1. Shareholder's equity; Fiscal 2017; 370,016million, Fiscal 2016; 346,182 million

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

(3) Consolidated cash flows

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

	Net cash used in operating activities	Net cash used in Investing activities	Net cash provided by financing activities	Cash and cash equivalents at end of period
Fiscal 2017 ended March 31, 2018	198,941	(68,075)	(15,237)	622,598
Fiscal 2016 ended March 31, 2017	35,909	5,357	43,487	506,202

2. Cash Dividends

(yen)

(Base date)	Dividend per share				
	First quarter Period	Interim Period	Third quarter period	Term end	Annual
March 2017 term	—	29.00	—	39.00	68.00
March 2018 term	—	29.00	—	39.00	68.00
March 2019 term (Estimated)	—	(29.00)	—	(39.00)	(68.00)

(%, yen)

(Base date)	Total dividends	Payout Ratio	Dividend on equity ratio
March 2017 term	13,805	35.8	4.4
March 2018 term	14,668	37.9	4.1
March 2019 term (Estimated)		34.9	

3.Projections (For the fiscal year ending March 31, 2019)

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

	Ordinary income	YOY (%)	Ordinary profit	YOY (%)	Profit attributable to owners of parent	YOY (%)	Profit attributable to owners of parent per share
Interim	207,000	6.4	32,000	12.1	19,000	10.6	88.06
Full term	440,000	7.9	72,500	10.3	42,000	8.6	194.66

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 ; No

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)

Fiscal 2017; 225,510,128shares, Fiscal 2016; 225,510,128 shares

② Number of shares of treasury stock at end of term

Fiscal 2017; 9,746,639shares, Fiscal 2016; 9,791,194shares shares,

③ Average of the number of shares during the quarter(For the Fiscal 2017 ended March 31, 2018)

Fiscal 2017; 215,727,744shares, Fiscal 2016; 207,930,957shares

(Reference) : Report of Non-Consolidated Financial Results

Business performance (For the Fiscal 2017 ended March 31, 2018 and For the Fiscal 2016 ended March 31, 2017)

(1) Non-consolidated Operating Results

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

	Operating revenues	YOY (%)	Operating income	YOY (%)	Ordinary profit	YOY (%)	Profit attributable to owners of parent	YOY (%)
Fiscal 2017 ended March 31, 2018	23,035	(6.5)	13,629	(14.1)	13,658	(11.4)	13,420	9.2
Fiscal 2016 ended March 31, 2017	24,635	8.3	15,864	31.9	15,418	37.6	12,290	28.2

	Profit attributable to owners of parent per share	Fully Diluted Profit attributable to owners of parent per Share
Fiscal 2017 ended March 31, 2018	62.21	58.99
Fiscal 2016 ended March 31, 2017	59.11	57.31

(2) Financial position

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

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Fiscal 2017 ended March 31, 2018	347,690	221,342	63.6	1,025.37
Fiscal 2016 ended March 31, 2017	349,909	222,220	63.5	1,029.62

(Reference) Shareholder's equity; Fiscal 2017; 221,237 million, Fiscal 2016; 222,108 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.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Cash and due from banks	534,656	650,470
Call loans	30,000	—
Monetary claims bought	3,945	5,095
Securities	170,635	210,861
Loans and bills discounted	1,864,904	2,271,666
Accounts receivable - installment	1,182,193	1,294,632
Lease receivables and investment assets	7,103	8,506
Other assets	155,160	208,280
Tangible fixed assets	38,229	36,977
Buildings, net	6,015	6,170
Tools, furniture and fixtures	27,929	30,258
Construction in progress	115	494
Other tangible fixed assets	4,168	54
Intangible fixed assets	87,053	92,356
Software	57,016	64,554
Goodwill	23,732	21,896
Other intangible fixed assets	6,305	5,904
Deferred tax assets	25,007	23,357
Customers' liabilities for acceptances and guarantees	138,729	109,461
Allowance for loan losses	(50,356)	(58,822)
Total assets	4,187,263	4,852,844
Liabilities		
Deposits	2,542,090	3,049,733
Accounts payable - trade	189,365	258,444
Commercial papers	38,000	60,500
Borrowed money	514,946	539,393
Bonds payable	140,120	135,665
Convertible bond-type bonds with share acquisition rights	30,000	29,948
Other liabilities	163,890	202,531
Provision for bonuses	3,243	3,661
Net defined benefit liability	3,415	3,946
Provision for point card certificates	14,518	14,466
Provision for loss on interest repayment	3,806	3,124
Provision for contingent loss	565	—
Other provision	359	316
Deferred tax liabilities	3,041	3,868
Acceptances and guarantees	138,729	109,461
Total liabilities	3,786,093	4,415,061

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Net assets		
Capital stock	45,698	45,698
Capital surplus	121,211	120,025
Retained earnings	203,401	227,387
Treasury shares	(25,100)	(24,986)
Total shareholders' equity	345,210	368,124
Valuation difference on available-for-sale securities	4,893	3,556
Deferred gains or losses on hedges	(2,244)	(1,876)
Foreign currency translation adjustment	(1,235)	870
Remeasurements of defined benefit plans	(440)	(658)
Total accumulated other comprehensive income	972	1,891
Share acquisition rights	112	104
Non-controlling interests	54,875	67,661
Total net assets	401,170	437,782
Total liabilities and net assets	4,187,263	4,852,844

(2) Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Ordinary income	375,166	407,970
Interest income	140,240	156,161
Interest on loans and discounts	138,169	153,569
Interest and dividends on securities	1,509	2,058
Interest on call loans	0	0
Interest on deposits with banks	419	451
Other interest income	141	81
Fees and commissions	194,641	213,390
Other ordinary income	28,621	27,125
Other income	11,663	11,292
Recoveries of written off claims	7,120	6,690
Other	4,542	4,602
Ordinary expenses	313,559	342,223
Interest expenses	18,996	19,479
Interest on deposits	3,309	3,209
Interest on borrowings and rediscounts	13,124	13,822
Interest on bonds	2,028	2,042
Other interest expenses	533	404
Fees and commissions payments	26,372	33,307
Other ordinary expenses	3,452	3,585
General and administrative expenses	214,431	232,291
Other expenses	50,306	53,559
Provision of allowance for loan losses	44,046	47,411
Other	6,260	6,147
Ordinary profit	61,606	65,746
Extraordinary income	105	1,455
Gain on disposal of non-current assets	105	4
Gain on transfer from business divestitures	—	1,451
Extraordinary losses	2,046	630
Loss on disposal of non-current assets	1,297	278
Provision for contingent loss	565	—
Losses for business structure reforms	—	217
Other	183	135
Profit before income taxes	59,665	66,571
Income taxes - current	15,920	14,961
Income taxes - deferred	(3,854)	2,736
Total income taxes	12,065	17,697
Profit	47,599	48,873
Profit attributable to non-controlling interests	8,145	10,196
Profit attributable to owners of parent	39,454	38,677

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	47,599	48,873
Other comprehensive income	(590)	2,410
Valuation difference on available-for-sale securities	(1,003)	(1,397)
Deferred gains or losses on hedges	2,268	594
Foreign currency translation adjustment	(2,022)	3,431
Remeasurements of defined benefit plans, net of tax	166	(217)
Comprehensive income	47,009	51,284
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	38,536	39,597
Comprehensive income attributable to non-controlling interests	8,472	11,687

(4) (Summary) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	59,665	66,571
Depreciation	17,583	19,221
Amortization of goodwill	1,865	1,835
Share of loss (profit) of entities accounted for using equity method	(24)	(22)
Increase (decrease) in allowance for loan losses	1,109	7,812
Increase (decrease) in provision for bonuses	432	342
Increase (decrease) in net defined benefit liability	69	259
Increase (decrease) in provision for point card certificates	2,062	(52)
Increase (decrease) in provision for loss on interest repayment	(399)	(682)
Increase (decrease) in provision for contingent loss	565	(565)
Increase (decrease) in other provision	(17)	(49)
Gain on fund management	(140,240)	(156,161)
Financing expenses	18,996	19,479
Gain on transfer from business divestitures	—	(1,451)
Loss (gain) related to securities	17	—
Loss (gain) on disposal of non-current assets	1,192	273
Net decrease (increase) in loans and bills discounted	(191,082)	(401,563)
Decrease (increase) in accounts receivable - installment	(167,691)	(108,315)
Net decrease (increase) in lease receivables and investment assets	(1,698)	(1,402)
Net increase (decrease) in deposit	389,162	507,642
Increase (decrease) in notes and accounts payable - trade	15,844	69,068
Net increase (decrease) in borrowed money	(13,765)	28,488
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	(4,623)	1,697
Net decrease (increase) in deposit (over 3 months)	(962)	(1,117)
Net decrease (increase) in call loans	(28,893)	28,849
Net increase (decrease) in commercial papers	(30,000)	22,500
Increase (decrease) in straight bonds - issuance and redemption	17,732	(4,113)
Proceeds from sales and leasebacks	8,021	4,322
Proceeds from fund management	139,410	155,906
Payments for finance	(17,717)	(19,305)
Other, net	(26,241)	(24,034)
Subtotal	50,373	215,435
Income taxes paid	(16,338)	(18,233)
Income taxes refund	1,873	1,739
Net cash provided by (used in) operating activities	35,909	198,941

(3) (Summary) Consolidated Statements of Changes in net assets (For the Fiscal 2016 ended March 31, 2017)

(Millions of yen truncated the nearest million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	30,441	106,230	177,766	(25,141)	289,296
Changes of items during period					
Issuance of new shares	15,231	15,231			30,463
Convert of Convertible bond-type bonds with subscription rights to shares	25	25			50
Dividends from surplus			(13,805)		(13,805)
Profit attributable to owners of parent			39,454		39,454
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(13)	41	28
Change in ownership interest of parent due to transactions with non-controlling interests		(275)			(275)
Net changes of items other than shareholders' equity					
Total changes of items during the period	15,256	14,981	25,635	40	55,914
Balance at end of current period	45,698	121,211	203,401	(25,100)	345,210

	Other comprehensive income					Subscription rights to shares	Noncontrolling 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			
Balance at beginning of current period	5,889	(3,514)	122	(607)	1,890	110	49,589	340,886
Changes of items during period								
Issuance of new shares								30,463
Convert of Convertible bond-type bonds with subscription rights to shares								50
Dividends from surplus								(13,805)
Profit attributable to owners of parent								39,454
Purchase of treasury shares								(0)
Disposal of treasury shares								28
Change in ownership interest of parent due to transactions with non-controlling interests							275	—
Net changes of items other than shareholders' equity	(996)	1,270	(1,358)	166	(917)	1	5,010	4,094
Total changes of items during the period	(996)	1,270	(1,358)	166	(917)	1	5,286	60,283
Balance at end of current period	4,893	(2,244)	(1,235)	(440)	972	112	54,875	401,170

(For the Fiscal 2017 ended March 31, 2018)

(Millions of yen truncated the nearest million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	45,698	121,211	203,401	(25,100)	345,210
Changes of items during period					
Issuance of new shares					—
Convert of Convertible bond-type bonds with subscription rights to shares				52	52
Dividends from surplus			(14,668)		(14,668)
Profit attributable to owners of parent			38,677		38,677
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares			(22)	63	41
Change in ownership interest of parent due to transactions with non-controlling interests		(1,185)			(1,185)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(1,185)	23,985	114	22,914
Balance at end of current period	45,698	120,025	227,387	(24,986)	368,124

	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			
Balance at beginning of current period	4,893	(2,244)	(1,235)	(440)	972	112	54,875	401,170
Changes of items during period								
Issuance of new shares								—
Convert of Convertible bond-type bonds with subscription rights to shares								52
Dividends from surplus								(14,668)
Profit attributable to owners of parent								38,677
Purchase of treasury shares								(1)
Disposal of treasury shares								41
Change in ownership interest of parent due to transactions with non-controlling interests							1,185	—
Net changes of items other than shareholders' equity	(1,337)	367	2,106	(217)	919	(7)	11,600	12,512
Total changes of items during the period	(1,337)	367	2,106	(217)	919	(7)	12,785	36,612
Balance at end of current period	3,556	(1,876)	870	(658)	1,891	104	67,661	437,782

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from investing activities		
Purchase of securities	(314,365)	(370,504)
Proceeds from sales of securities	7,620	137,989
Proceeds from redemption of securities	345,875	189,183
Purchase of tangible fixed assets	(8,605)	(8,623)
Proceeds from sales of tangible fixed assets	957	17
Purchase of intangible assets	(26,124)	(22,415)
Proceeds from business divestitures	—	6,277
Net cash provided by (used in) investing activities	5,357	(68,075)
Cash flows from financing activities		
Payments as financing activities	(0)	—
Proceeds from issuance of convertible bond-type bonds with subscription rights to shares	29,968	3,284
Proceeds from issuance of common shares	30,327	—
Cash dividends paid	(13,805)	(14,668)
Proceeds from share issuance to non-controlling shareholders	—	52
Repayments to non-controlling shareholders	—	(80)
Dividends paid to non-controlling interests	(3,100)	(3,620)
Purchase of treasury shares	(0)	(1)
Proceeds from disposal of treasury shares	0	0
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	97	—
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(203)
Net cash provided by (used in) financing activities	43,487	(15,237)
Effect of exchange rate change on cash and cash equivalents	(526)	767
Net increase (decrease) in cash and cash equivalents	84,227	116,395
Cash and cash equivalents at beginning of period	421,975	506,202
Cash and cash equivalents at end of period	506,202	622,598

6. Segment Information

	For the fiscal 2016 ended March 31, 2017							
	Domestic		Global			Total	Adjustments (※2)	Consolidated financial statements appropriation (※3)
	Retail	Solution	China Area	Mekong Area	Malay Area			
Ordinary income								
Operating revenue from external customer	161,177	98,702	18,894	56,781	35,428	370,985	4,181	375,166
The internal operating income between segments	2,918	62,484	0	37	—	65,440	(65,440)	—
Total	164,096	161,186	18,895	56,819	35,428	436,425	(61,259)	375,166
Segment Profit/ Loss	11,126	26,972	4,934	9,559	8,765	61,358	247	61,606
Segment assets	3,154,999	2,010,596	94,427	239,290	195,011	5,694,325	(1,507,061)	4,187,263
Other								
Depreciation	4,776	7,915	770	1,811	771	16,045	1,537	17,583
Amortization of goodwill	1,408	428	28	—	—	1,865	—	1,865
Interest income	81,359	1,447	10,585	40,881	6,576	140,850	(610)	140,240
Interest expenses	3,914	1,035	1,275	6,408	5,655	18,289	707	18,996
Provision of allowance for loan losses	(500)	17,494	1,960	16,296	8,833	44,085	(39)	44,046
Increase in property, plant and equipment and intangible assets	10,463	21,136	404	2,037	1,024	35,067	1,503	36,571

(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 4,181 million yen to Operating revenue from external customer represents corporate income that are not allocated to each reportable segment

(2)The adjustment of -247 million yen to Segment Profit mainly represents corporate income that are not allocated to each reportable segment and intersegment elimination

(3)The adjustment of -1,507,061 million yen to Segment assets represents total corporate assets that are not allocated to each reportable segment and adjustment of intersegment elimination

※3 Segment income is adjusted to ordinary income of consolidated statement.

(Millions of yen)

	For the fiscal 2017 ended March 31, 2018							
	Domestic		Global			Total	Adjustments (※2)	Consolidated financial statements appropriation (※3)
	Retail	Solution	China Area	Mekong Area	Malay Area			
Ordinary income								
Operating revenue from external customer	175,297	103,817	19,462	63,911	40,379	402,867	5,102	407,970
The internal operating income between segments	2,005	67,189	0	41	—	69,237	(69,237)	—
Total	177,302	171,006	19,462	63,953	40,379	472,105	(64,134)	407,970
Segment Profit/ Loss	9,223	27,549	6,015	12,506	9,810	65,105	641	65,746
Segment assets	3,671,895	2,156,871	90,722	284,069	221,390	6,424,949	(1,572,105)	4,852,844
Other								
Depreciation	5,653	9,473	642	1,943	865	18,578	642	19,211
Amortization of goodwill	1,407	428	—	—	—	1,835	—	1,835
Interest income	89,376	1,029	10,930	46,493	8,550	156,381	(219)	156,161
Interest expenses	3,567	1,013	1,230	6,919	6,363	19,093	386	19,479
Provision of allowance for loan losses	932	18,131	1,631	15,859	10,453	47,009	402	47,411
Increase in property, plant and equipment and intangible assets	10,048	21,233	427	1,407	1,655	34,772	900	35,672

(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 5,102 million yen to Operating revenue from external customer represents corporate income that are not allocated to each reportable segment

(2)The adjustment of 641 million yen to Segment Profit mainly represents corporate income that are not allocated to each reportable segment and intersegment elimination

(3)The adjustment of -1,572,105 million yen to Segment assets represents total corporate assets that are not allocated to each reportable segment and adjustment of intersegment elimination

※3 Segment income is adjusted to ordinary income of consolidated statement.

7. (Summary) Non-consolidated financial statements

(1) (Summary) Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	4,484	3,071
Advances paid	1	222
Prepaid expenses	257	355
Deferred tax assets	117	43
Accounts receivable - other	1,981	7,244
Accrued income	0	4
Short-term loans receivable	20,000	1,500
Income taxes receivable	1,688	1,846
Other	0	0
Total current assets	28,530	14,287
Non-current assets		
Property, plant and equipment		
Buildings	403	499
Accumulated depreciation	(60)	(118)
Buildings, net	342	381
Tools, furniture and fixtures	565	675
Accumulated depreciation	(155)	(283)
Tools, furniture and fixtures, net	409	391
Total property, plant and equipment	752	772
Intangible assets		
Software	1,177	1,320
Total intangible assets	1,177	1,320
Investments and other assets		
Investment securities	7,465	7,641
Shares of subsidiaries and associates	299,417	311,272
Long-term prepaid expenses	78	77
Deferred tax assets	11,259	11,055
Guarantee deposits	784	942
Other	5	3
Total investments and other assets	319,011	330,993
Total non-current assets	320,941	333,086
Deferred assets		
Share issuance cost	109	64
Bond issuance cost	328	252
Total deferred assets	437	316
Total assets	349,909	347,690

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Short-term loans payable	1,500	600
Current portion of bonds	—	10,000
Accounts payable – other	2,010	2,218
Accrued expenses	392	395
Income taxes payable	196	147
Unearned revenue	396	219
Deposits received	1,356	1,481
Provision For Directors Remuneration Based On Performance	60	52
Provision for contingent loss	565	—
Other	220	90
Total current liabilities	6,699	15,205
Non-current liabilities		
Bonds payable	90,000	80,000
Convertible bond-type bonds with share acquisition rights	30,000	29,948
Other	989	1,195
Total non-current liabilities	120,989	111,143
Total liabilities	127,688	126,348
Net assets		
Shareholders' equity		
Capital stock	45,698	45,698
Capital surplus		
Legal capital surplus	121,506	121,506
Total capital surpluses	121,506	121,506
Retained earnings		
Legal retained earnings	3,687	3,687
Other retained earnings		
General reserve	63,995	63,995
Retained earnings brought forward	9,386	8,115
Total retained earnings	77,068	75,798
Treasury shares	(25,100)	(24,986)
Total shareholders' equity	219,173	218,016
Valuation and translation adjustments		
Valuation difference on available-for- sale securities	2,935	3,221
Total valuation and translation adjustments	2,935	3,221
Share acquisition rights	112	104
Total net assets	222,220	221,342
Total liabilities and net assets	349,909	347,690

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

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Operating revenue		
Dividends from subsidiaries and associates	13,707	11,823
Commissions from subsidiaries and associates	10,928	11,212
Total operating revenue	24,635	23,035
Operating expenses		
Selling, general and administrative expenses	8,771	9,405
Total operating expenses	8,771	9,405
Operating profit	15,864	13,629
Non-operating income		
Interest and dividend income	136	190
Commitment fee	136	—
Gain on sales of investment securities	189	606
Other	29	176
Total non-operating income	492	973
Non-operating expenses		
Interest expenses	562	561
Commitment fee	142	153
Foreign exchange losses	99	90
Loss on valuation of investment securities	17	18
Other	116	121
Total non-operating expenses	938	944
Ordinary profit	15,418	13,658
Extraordinary income		
Gain on liquidation of subsidiaries	—	94
Total extraordinary income	—	94
Extraordinary losses		
Loss on disposal of non-current assets	3	0
Loss on valuation of shares of subsidiaries and associates	1,893	—
Provision for contingent loss	565	—
Losses for business structure reforms	—	63
Total extraordinary losses	2,462	63
Profit before income taxes	12,956	13,689
Income taxes - current	641	275
Income taxes - deferred	25	(7)
Total income taxes	666	268
Profit	12,290	13,420

(3) (Summary) Non-consolidated of Changes in net assets

(For the Fiscal 2016 ended March 31, 2017)

(Millions of yen truncated the nearest million yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings			
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward	
Beginning balance	30,441	106,250	106,250	3,687	63,995	10,915	78,597
Changes of items during the period							
Issuance of new shares	15,231	15,231	15,231				
Convert of Convertible bond-type bonds with subscription rights to shares	25	25	25				
Dividends from surplus						(13,805)	(13,805)
Profit						12,290	12,290
Purchase of treasury stock							
Disposal of treasury stock						(13)	(13)
Net changes of items other than shareholders' equity							
Total changes of items during the period	15,256	15,256	15,256	—	—	(1,528)	(1,528)
Ending balance	45,698	121,506	121,506	3,687	63,995	9,386	77,068

	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	(25,141)	190,147	2,715	2,715	110	192,973
Changes of items during the period						
Issuance of new shares		30,463				30,463
Convert of Convertible bond-type bonds with subscription rights to shares		50				50
Dividends from surplus		(13,805)				(13,805)
Profit		12,290				12,290
Purchase of treasury stock	(0)	(0)				(0)
Disposal of treasury stock	41	28				28
Net changes of items other than shareholders' equity			219	219	1	220
Total changes of items during the period	40	29,025	219	219	1	29,246
Ending balance	(25,100)	219,173	2,935	2,935	112	222,220

(For the Fiscal 2017 ended March 31, 2018)

(Millions of yen truncated the nearest million yen)

(millions of yen) (rounded to the nearest million yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings			
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward	
Beginning balance	45,698	121,506	121,506	3,687	63,995	9,386	77,068
Changes of items during the period							
Issuance of new shares							
Convert of Convertible bond-type bonds with subscription rights to shares							
Dividends from surplus						(14,668)	(14,668)
Profit						13,420	13,420
Purchase of treasury stock							
Disposal of treasury stock						(22)	(22)
Net changes of items other than shareholders' equity							
Total changes of items during the period	—	—	—	—	—	(1,270)	(1,270)
Ending balance	45,698	121,506	121,506	3,687	63,995	8,115	75,798

	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	(25,100)	219,173	2,935	2,935	112	222,220
Changes of items during the period						
Issuance of new shares		—				—
Convert of Convertible bond-type bonds with subscription rights to shares	52	52				52
Dividends from surplus		(14,668)				(14,668)
Profit		13,420				13,420
Purchase of treasury stock	(1)	(1)				(1)
Disposal of treasury stock	63	41				41
Net changes of items other than shareholders' equity			285	285	(7)	278
Total changes of items during the period	114	(1,156)	285	285	(7)	(878)
Ending balance	(24,986)	218,016	3,221	3,221	104	221,342