

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements of MARUI GROUP CO., LTD. ("the Company") and its consolidated subsidiaries (collectively, "the Group") have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Act of Japan and its related accounting regulations as well as in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2016 consolidated financial statements to conform to the classifications used in 2017.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates.

As permitted by the regulations under the Financial Instruments and Exchange Act of Japan, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements in Japanese yen do not necessarily agree with the sums of the individual amounts.

The U.S. dollar amounts shown in the accompanying consolidated financial statements and notes thereto were translated from the presented Japanese yen amounts into U.S. dollar amounts at the rate of ¥112 = \$1, the approximate rate of exchange at March 31, 2017, and were then rounded down to the nearest thousand. As a result, the totals shown in the accompanying consolidated financial statements in U.S. dollars do not necessarily agree with the sums of the individual amounts. This translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan. Such translation should not be construed as a representation that Japanese yen could be converted into U.S. dollars at that or any other rate.

2. SIGNIFICANT ACCOUNTING POLICIES

(1) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The consolidated financial statements as of and for the fiscal years ended March 31, 2016 and 2017, include the accounts of the Company and its nine significant subsidiaries.

Under the control or influence concept, those companies in which the Company, either directly or indirectly, is able to exercise control over operations are consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for using the equity method. For the fiscal years ended March 31, 2016 and 2017, there was no subsidiary or affiliate accounted for using the equity method. Investments in the remaining unconsolidated subsidiaries and affiliates are stated at cost. If the equity method of accounting was applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation.

The fiscal year-end of all consolidated subsidiaries is March 31, the same as that of the Company.

(2) Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the consolidated balance sheet dates. All revenues and expenses associated with foreign currencies are translated into Japanese yen at the exchange rates prevailing when such transactions were made. The resulting exchange gains or losses are credited or charged to income.

(3) Cash and cash equivalents

In preparing the consolidated statements of cash flows, the Group considers cash on hand, readily available deposits, and highly liquid short-term investments with maturities of three months or less when purchased that are exposed to an insignificant risk of changes in value to be cash and cash equivalents.

(4) Investment securities

Investment securities held by the Group are all classified as available-for-sale securities.

Available-for-sale securities with a determinable market value are stated at fair value based on the market value at the balance sheet date, and unrealized gains or losses, net of applicable income taxes, are reported as a separate component of net assets. Cost of securities sold is computed based on the moving-average method. Available-for-sale securities without a determinable market value are stated at cost determined by the moving-average method.

Investments in unconsolidated subsidiaries and affiliates are stated at cost determined by the moving-average method.

(5) Inventories

Inventories are measured at the lower of cost determined by the monthly weighted-average method or net selling value.

(6) Depreciation and amortization

Property and equipment (excluding leased assets) are depreciated by the straight-line method.

Intangible assets are amortized by the straight-line method. Capitalized computer software costs for internal use are amortized by the straight-line method over the estimated useful lives (within five years).

For finance leases which do not transfer ownership of the leased assets to the lessee, leased assets are depreciated by the straight-line method over the lease terms with no residual value.

(7) Allowance for doubtful accounts

The allowance for doubtful accounts is stated at the amount determined based on the historical experience of bad debt with respect to ordinary receivables ("general reserve"), plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables of customers experiencing financial difficulties ("specific reserve").

(8) Provision for bonuses

The provision for bonuses is accrued at the fiscal year-end to which such bonuses are attributable.

(9) Provision for point card certificates

Credit points are awarded to customers when they make purchases using the Group's member card and, upon request, the Company will issue gift certificates or allow customers to use their accumulated credit points for their payment.

The provision for point card certificates is accrued to the estimated amount required based on the balance of credit points awarded to card members outstanding at the fiscal year-end.

(10) Provision for loss on redemption of gift certificates

The monetary value of gift certificates and other certificates that have not been redeemed for a set period of time after issuance is recognized as income. However, some gift certificates and other certificates can be redeemed after the recognition of income.

The provision for loss on redemption of gift certificates is provided at the estimated amount to be redeemed in the future based on historical experience.

(11) Provision for loss on interest repayment

The provision for loss on interest repayment is provided to the estimated amount of repayment claims on consumer loan interests at the fiscal year-end. Based on the current situation in which repayment claims continue to increase although the actual repayments decrease, the Company re-examined the amount of provision and recorded the necessary amount as of March 31, 2017.

(12) Provision for loss on guarantees

The provision for loss on guarantees is provided at the estimated amount of loss arising from the Group's guarantee obligations of customers' liabilities in relation to loans to individuals from financial institutions with which the Group has guarantee service arrangements.

(13) Provision for stock benefits

The provision for stock benefits is provided at the estimated amount for stock benefits to directors and employees at the fiscal year-end in accordance with the internal rule for stock delivery.

(14) Basis for revenue recognition

The charges for installment sales and interest income on consumer loans are recognized on an accrual basis based on the remaining loan balances.

(15) Hedge accounting

The Group utilizes interest rate swaps to mitigate the fluctuation risk of interests on loans payable.

The Group applies the special accounting treatment for interest rate swaps as all requirements for this treatment are fulfilled. The Group omits the evaluation of hedge effectiveness for interest rate swaps under the special accounting treatment.

(16) Consumption taxes

National and local consumption taxes are accounted for by the tax-excluded method. Non-deductible consumption tax and other taxes imposed on fixed assets are recorded as expenses as incurred.

3. CHANGE IN PRESENTATION

Consolidated Statements of Income

The account "Impairment loss," which was previously included in "Other, net," is shown separately for the fiscal year ended March 31, 2017. The balance in the previous fiscal year has been reclassified to conform to the current year's presentation. As a result, the amount of ¥107 million included in "Other, net" for the fiscal year ended March 31, 2016 is reclassified as "Impairment loss" of ¥107 million.

4. ADDITIONAL INFORMATION**Stock Benefit Employee Stock Ownership Plan Trust**

Effective from the fiscal year ended March 31, 2017, the Company introduced the "Stock Benefit Employee Stock Ownership Plan Trust ("ESOP Trust")" to provide an incentive to the Group's employees holding senior management positions (hereinafter the "Senior Managers"), aiming to enhance their commitment to further improve the business performance and corporate value over the medium-to-long term.

(1) Overview of the plan

The Company will set up a trust with the Senior Managers who fulfill certain requirements as beneficiaries, by contributing funds to acquire the Company's stock. The trust will acquire the Company's own stock from the stock market for the number of shares required for delivering to the Senior Managers based on the prescribed internal rule for stock delivery. Then, in accordance with the internal rule, the Company will make a delivery or payment of its shares and cash equivalents to the amount obtained by converting a part of the shares into cash based on the rank of each Senior Manager and degree of achievement of the performance target.

The Company applies the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts" (PITF No. 30, March 26, 2015) for the accounting treatment of the plan.

(2) The Company's shares held at the trust

The Company's shares held at the trust are carried at their book value at the trust (excluding incidental expenses) and accounted for as treasury stock under net assets. The book value and the number of shares as of March 31, 2017 are ¥479 million (\$4,276 thousand) and 340,800 shares, respectively.

Officer Remuneration Board Incentive Plan Trust

Effective from the fiscal year ended March 31, 2017, the Company also introduced the "Officer Remuneration Board Incentive Plan Trust ("BIP Trust")" to provide an incentive to (i) Directors and Executive Officers (excluding External Directors and non-residents in Japan) of the Company and (ii) Directors of 10 subsidiaries of the Group (excluding External Directors and non-residents in Japan; collectively, with the Directors and Executive Officers of the Company, the "Executives").

(1) Overview of the plan

The Company will set up a trust with the Executives who fulfill certain requirements as beneficiaries, by contributing funds to acquire the Company's stock. The trust will acquire the Company's own stock from the stock market for the number of shares required for delivering to the Executives based on the prescribed internal rule for stock delivery. Then, in accordance with the internal rule, the Company will make a delivery or payment of its shares and cash equivalents to the amount obtained by converting a part of the shares into cash based on the rank of each Executive and degree of achievement of the performance target.

The Company applies the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts" (PITF No. 30, March 26, 2015) for the accounting treatment of the plan.

(2) The Company's shares held at the trust

The Company's shares held at the trust are carried at their book value at the trust (excluding incidental expenses) and accounted for as treasury stock under net assets. The book value and the number of shares as of March 31, 2017 are ¥217 million (\$1,937 thousand) and 161,500 shares, respectively.

Application of Implementation Guidance on Recoverability of Deferred Tax Assets

Effective from the fiscal year ended March 31, 2017, the Company applied the "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016).

5. ACCOUNTS RECEIVABLE-INSTALLMENT

The following balances for lump sums receivable and revolving receivable were securitized and are therefore excluded from the consolidated balance sheets as of March 31, 2016 and 2017:

	2016	Millions of yen 2017	Thousands of U.S. dollars (Note 1) 2017
Card shopping:			
Lump sums receivable	¥55,000	¥55,000	\$491,071
Revolving receivable	13,928	9,290	82,946

6. LOAN COMMITMENTS

Certain consolidated subsidiaries that operate in the credit card business provide consumer loan services to customers.

The unused balance of loans contingent with the loan commitments was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2017	2017
Total loan limits	¥1,090,691	¥1,139,270	\$10,172,053
Amount executed as loans	134,107	140,569	1,255,080
Unused balance	¥ 956,583	¥ 998,701	\$ 8,916,973

Under the provisions of the loan service contract, the Group is able to decline a loan request or decrease a loan limit when a customer's financial condition or other circumstances change. Thus, the total unused balance will not necessarily be executed as loans.

7. FINANCIAL INSTRUMENTS

(1) Status of financial instruments

(a) Policy on financial instruments

The Group raises necessary funds for business operations through bank loans and corporate bond issuance. Temporary surplus funds are invested in highly safe short-term deposits. Derivative transactions are utilized to avoid the interest rate fluctuation risk on loans. The Group does not use derivative transactions for speculative purposes.

(b) Financial instruments, their risks, and the risk management system

Accounts receivable–installment and operating loans are exposed to the credit risk of customers. In accordance with the internal risk management rules, the Group mitigates such risk by monitoring and evaluating the credit status of each customer by means of third-party personal credit information agencies and the Group's own credit monitoring system.

Investment securities primarily consist of shares issued by business partners and are exposed to both credit risk and market risk. The Group mitigates such risks by regularly monitoring the share price and the financial condition of the issuers.

Leasehold and other deposits consist of security deposits to rent properties for stores.

Accounts payable–trade is settled in the short term.

Long-term loans payable with a floating interest rate is exposed to interest rate fluctuation risk. The Group utilizes interest rate swaps to avoid such risk by fixing the future interest rate.

(2) Estimated fair value of financial instruments

Carrying value, fair value, and the difference between them as of March 31, 2016 and 2017, are summarized below.

Financial instruments for which the fair value is extremely difficult to determine are excluded from the following table (See Note 2 on page 117).

	2016			2017		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
(1) Cash and deposits	¥ 32,586	¥ 32,586	¥ —	¥ 36,257	¥ 36,257	¥ —
(2) Notes and accounts receivable–trade	7,459	7,459	—	4,840	4,840	—
(3) Accounts receivable–installment	279,763			348,191		
Allowance for doubtful accounts*1	(5,246)			(6,236)		
	274,517	312,365	37,847	341,955	385,860	43,904
(4) Operating loans	134,107			140,569		
Allowance for doubtful accounts*2	(2,114)			(2,349)		
	131,993	152,737	20,744	138,219	157,324	19,105
(5) Investment securities:						
Available-for-sale securities	19,329	19,329	—	17,429	17,429	—
(6) Leasehold and other deposits	8,404	8,324	(80)	6,993	6,902	(90)
Assets, total	¥474,290	¥532,801	¥58,510	¥545,695	¥608,615	¥62,919
(1) Accounts payable–trade	¥ 24,318	¥ 24,318	¥ —	¥ 15,850	¥ 15,850	¥ —
(2) Short-term loans payable and current portion of long-term loans payable	48,324	48,324	—	50,827	50,827	—
(3) Current portion of bonds payable	30,000	30,000	—	20,000	20,000	—
(4) Commercial paper	10,000	10,000	—	5,000	5,000	—
(5) Income taxes payable	4,731	4,731	—	7,214	7,214	—
(6) Bonds payable	80,000	80,650	650	85,000	85,049	49
(7) Long-term loans payable	191,000	191,382	382	273,500	272,556	(943)
Liabilities, total	¥388,374	¥389,407	¥ 1,032	¥457,391	¥456,498	¥ (893)
Derivative transactions	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —

*1 The amount presents the total of general reserve and specific reserve for accounts receivable–installment.

*2 The amount presents the total of general reserve and specific reserve for operating loans.

	Thousands of U.S. dollars (Note 1)		
	2017		
	Carrying value	Fair value	Difference
(1) Cash and deposits	\$ 323,723	\$ 323,723	\$ —
(2) Notes and accounts receivable–trade	43,214	43,214	—
(3) Accounts receivable–installment	3,108,848		
Allowance for doubtful accounts	(55,678)		
	3,053,169	3,445,178	392,000
(4) Operating loans	1,255,080		
Allowance for doubtful accounts	(20,973)		
	1,234,098	1,404,678	170,580
(5) Investment securities			
Available-for-sale securities	155,616	155,616	—
(6) Leasehold and other deposits	62,437	61,625	(803)
Assets, total	\$4,872,276	\$5,434,062	\$561,776
(1) Accounts payable–trade	\$ 141,517	\$ 141,517	\$ —
(2) Short-term loans payable and current portion of long-term loans payable	453,812	453,812	—
(3) Current portion of bonds payable	178,571	178,571	—
(4) Commercial paper	44,642	44,642	—
(5) Income taxes payable	64,410	64,410	—
(6) Bonds payable	758,928	759,366	437
(7) Long-term loans payable	2,441,964	2,433,535	(8,419)
Liabilities, total	\$4,083,848	\$4,075,875	\$ (7,973)
Derivative transactions	\$ —	\$ —	\$ —

Note 1. Calculation method for fair value of financial instruments and information on securities and derivative transactions

Assets:

(1) Cash and deposits and (2) Notes and accounts receivable–trade

The fair value approximates their carrying value because of their short maturities.

(3) Accounts receivable–installment and (4) Operating loans

The fair value is determined as their present value by discounting, using the risk-free rate, their future cash flows adjusted for their credit risk identified in the credit control process. With regard to bad receivables and loans, allowance for doubtful accounts is estimated based on the present value of their estimated future cash flows. The fair value approximates the amount of carrying value less allowance for doubtful accounts. Thus, the amount of carrying value less allowance for doubtful accounts is used as fair value.

(5) Investment securities

The fair value is based on quotes on an exchange.

(6) Leasehold and other deposits

The fair value is determined as their present value by discounting future cash flows at the risk-free rate adjusted for credit risk premium. The amount includes the current portion of leasehold and other deposits.

Liabilities:

(1) Accounts payable–trade, (2) Short-term loans payable and current portion of long-term loans payable, (3) Current portion of bonds payable, (4) Commercial paper, and (5) Income taxes payable

The fair value approximates their carrying value because of their short maturities.

(6) Bonds payable

The fair value is based on the present value calculated by discounting the sum of principal and interests using an interest rate, for which credit risk and redemption periods are taken into account.

(7) Long-term loans payable

The carrying value of long-term loans payable with a floating interest rate approximates its fair value since the interest rate reflects the market rate in the short term. Thus, carrying value is used as its fair value. The fair value of long-term loans payable hedged by interest rate swaps under special accounting treatment is calculated by discounting the sum of principal and interests accounted for together with interest rate swaps using a reasonably estimated interest rate applied to similar borrowings. The fair value of long-term loans payable with fixed interest rates is calculated by discounting the sum of principal and interests using an interest rate that would be applied to similar new borrowings.

Derivative transactions

See Note 9, "DERIVATIVE TRANSACTIONS," for details.

Note 2. Financial instruments whose fair value is extremely difficult to determine

	Thousands of	
	2016	2017
Unlisted stocks	¥ 1,053	¥ 1,553
Part of security deposits	28,103	27,796
		U.S. dollars (Note 1)
		2017
		\$ 13,866
		248,178

Unlisted stocks are not included in (5) Investment securities in the table on page 116, as there were no market prices available and it is extremely difficult to determine the fair value. Similarly, part of security deposits is not included in (6) Leasehold and other deposits.

Note 3. Redemption schedule for monetary claims and securities with maturities

	Millions of yen			
	2016			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 32,586	¥ —	¥ —	¥ —
Notes and accounts receivable-trade	7,459	—	—	—
Accounts receivable-installment	154,581	83,294	23,502	18,386
Operating loans	62,913	70,885	245	63
Leasehold and other deposits	1,352	2,986	2,218	1,846
Total	¥258,892	¥157,166	¥25,966	¥20,296

	Millions of yen			
	2017			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 36,257	¥ —	¥ —	¥ —
Notes and accounts receivable-trade	4,840	—	—	—
Accounts receivable-installment	186,538	107,079	29,073	25,500
Operating loans	66,131	74,243	138	56
Leasehold and other deposits	745	3,770	721	1,755
Total	¥294,512	¥185,094	¥29,932	¥27,312

	Thousands of U.S. dollars (Note 1)			
	2017			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	\$ 323,723	\$ —	\$ —	\$ —
Notes and accounts receivable-trade	43,214	—	—	—
Accounts receivable-installment	1,665,517	956,062	259,580	227,678
Operating loans	590,455	662,883	1,232	500
Leasehold and other deposits	6,651	33,660	6,437	15,669
Total	\$2,629,571	\$1,652,625	\$267,250	\$243,857

See Note 11, "SHORT-TERM LOANS PAYABLE AND LONG-TERM DEBT," for the schedule of aggregate annual maturities of long-term loans payable and long-term debt.

8. INVESTMENT SECURITIES

(1) Information on available-for-sale securities as of March 31, 2016 and 2017, is as follows:

	Millions of yen					
	2016			2017		
	Carrying value	Acquisition cost	Difference	Carrying value	Acquisition cost	Difference
Carrying value exceeding acquisition cost:						
Stocks	¥ 9,072	¥ 8,510	¥ 562	¥10,633	¥ 9,956	¥ 677
Subtotal	9,072	8,510	562	10,633	9,956	677
Carrying value not exceeding acquisition cost:						
Stocks	10,256	12,544	(2,287)	6,795	8,959	(2,164)
Subtotal	10,256	12,544	(2,287)	6,795	8,959	(2,164)
Total	¥19,329	¥21,054	¥(1,725)	¥17,429	¥18,915	¥(1,486)

	Thousands of U.S. dollars (Note 1)		
	2017		
	Carrying value	Acquisition cost	Difference
Carrying value exceeding acquisition cost:			
Stocks	\$ 94,937	\$ 88,892	\$ 6,044
Subtotal	94,937	88,892	6,044
Carrying value not exceeding acquisition cost:			
Stocks	60,669	79,991	(19,321)
Subtotal	60,669	79,991	(19,321)
Total	\$155,616	\$168,883	\$(13,267)

Unlisted stocks in the amount of ¥281 million and ¥681 million (\$6,080 thousand) as of March 31, 2016 and 2017, respectively, are not included in the table above since their market price is not readily available and it is extremely difficult to determine their fair value.

(2) Information on sale of available-for-sale securities for the fiscal years ended March 31, 2016 and 2017, is as follows:

	Millions of yen					
	2016			2017		
	Proceeds from sales	Gains	Losses	Proceeds from sales	Gains	Losses
Stocks	¥3,340	¥972	¥0	¥2,016	¥208	¥330
Total	¥3,340	¥972	¥0	¥2,016	¥208	¥330

	Thousands of U.S. dollars (Note 1)		
	2017		
	Proceeds from sales	Gains	Losses
Stocks	\$18,000	\$1,857	\$2,946
Total	\$18,000	\$1,857	\$2,946

(3) When the fair value of investment securities declines by 30% to 50%, the Group recognizes an impairment loss after comprehensively evaluating the recoverability of the market price. No significant impairment loss on investment securities was recognized for the fiscal years ended March 31, 2016 and 2017.

9. DERIVATIVE TRANSACTIONS

For the fiscal years ended March 31, 2016 and 2017, the Group's derivative transactions were limited to interest rate swaps that qualified for hedge accounting and met the requirements for the special accounting treatment for interest rate swaps as described below. There were no derivative transactions for which hedge accounting was not applied.

Hedge accounting method:	Special treatment for interest rate swaps
Type of derivative transactions:	Interest rate swaps, receive floating / pay fixed
Hedged item:	Long-term loans payable

	2016			2017			2017		
	Contract amount			Contract amount			Contract amount		
	Total	Due after one year	Fair value	Total	Due after one year	Fair value	Total	Due after one year	Fair value
	¥27,000	¥22,000	*	¥22,000	¥17,000	*	\$196,428	\$151,785	*

* Interest rate swaps under the special accounting treatment are accounted for as an integral component of the long-term loans payable designated as hedged items. Thus, their fair value is included in that of long-term loans payable.

10. LEASES

(As a Lessee)

The Group capitalizes leased assets under finance leases that do not transfer ownership. These assets mainly comprise buildings and properties in connection with the Retailing segment.

The future minimum lease payments under non-cancellable operating leases were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2017	2017
Within one year	¥ 4,782	¥ 3,861	\$ 34,473
Over one year	25,136	21,275	189,955
Total	¥29,919	¥25,136	\$224,428

(As a Lessor)

The future minimum lease receipts under non-cancellable operating leases were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2017	2017
Within one year	¥ 7,049	¥12,058	\$107,660
Over one year	9,485	8,881	79,294
Total	¥16,534	¥20,939	\$186,955

11. SHORT-TERM LOANS PAYABLE AND LONG-TERM DEBT

Short-term loans payable and current portion of long-term loans payable as of March 31, 2016 and 2017, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2017	2017
Short-term loans payable	¥33,324	¥40,827	\$364,526
Current portion of long-term loans payable	15,000	10,000	89,285
Total	¥48,324	¥50,827	\$453,812

Annual weighted-average interest rates of short-term loans payable were 0.36% and 0.27% and those of current portion of long-term loans payable were 0.42% and 0.65% for the fiscal years ended March 31, 2016 and 2017, respectively.

Annual weighted-average interest rates of commercial paper, due within a year, were 0.001% and (0.01)% for the fiscal years ended March 31, 2016 and 2017, respectively.

Long-term debt as of March 31, 2016 and 2017, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2017	2017
0.28% long-term loans from banks and others due through 2028, excluding current portion	¥191,000	¥273,500	\$2,441,964
13th series unsecured 1.51% corporate bond, due 2017	10,000	—	—
18th series unsecured 0.97% corporate bond, due 2017	10,000	—	—
20th series unsecured 0.79% corporate bond, due 2017	10,000	10,000	89,285
21st series unsecured 0.57% corporate bond, due 2017	10,000	10,000	89,285
22nd series unsecured 0.85% corporate bond, due 2019	5,000	5,000	44,642
23rd series unsecured 0.342% corporate bond, due 2016	10,000	—	—
24th series unsecured 0.582% corporate bond, due 2018	10,000	10,000	89,285
25th series unsecured 0.344% corporate bond, due 2019	10,000	10,000	89,285
26th series unsecured 0.562% corporate bond, due 2021	10,000	10,000	89,285
27th series unsecured 0.337% corporate bond, due 2020	15,000	15,000	133,928
28th series unsecured 0.543% corporate bond, due 2022	10,000	10,000	89,285
29th series unsecured 0.050% corporate bond, due 2019	—	15,000	133,928
30th series unsecured 0.130% corporate bond, due 2021	—	10,000	89,285
Lease obligation	1,868	1,719	15,348
	302,868	380,219	3,394,812
Less: Current portion	30,149	20,149	179,901
Total	¥272,719	¥360,070	\$3,214,910

The aggregate annual maturities of long-term debt subsequent to March 31, 2017, are as follows:

Year ending March 31	Millions of yen			Thousands of U.S. dollars (Note 1)		
	Long-term loans payable	Bonds payable	Lease obligation	Long-term loans payable	Bonds payable	Lease obligation
2018	¥ 10,000	¥ 20,000	¥ 149	\$ 89,285	\$178,571	\$ 1,330
2019	31,000	10,000	149	276,785	89,285	1,330
2020	40,000	30,000	149	357,142	267,857	1,330
2021	42,000	15,000	149	375,000	133,928	1,330
2022 and thereafter	160,500	30,000	1,121	1,433,035	267,857	10,008
Total	¥283,500	¥105,000	¥1,719	\$2,531,250	\$937,500	\$15,348

12. DEFERRED TAX ACCOUNTING

Major components of deferred tax assets and deferred tax liabilities as of March 31, 2016 and 2017, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2017	2017
Deferred tax assets:			
Depreciation	¥ 6,016	¥ 5,741	\$ 51,258
Impairment loss	5,232	5,073	45,294
Provision for loss on interest repayment	2,114	3,982	35,553
Provision for point card certificates	2,291	3,194	28,517
Net unrealized loss on non-current assets	1,357	1,353	12,080
Provision for bonuses	1,293	1,263	11,276
Net operating loss carried forward	1,105	315	2,812
Other	4,990	6,034	53,875
Subtotal	24,403	26,958	240,696
Valuation allowance	(7,192)	(6,969)	(62,223)
Total deferred tax assets	¥17,210	¥19,988	\$178,464
Deferred tax liabilities:			
Reserve for special account for advanced depreciation of non-current assets	¥ 8,523	¥ 9,900	\$ 88,392
Valuation difference on available-for-sale securities	4	23	205
Other	350	263	2,348
Total deferred tax liabilities	¥ 8,877	¥10,187	\$ 90,955
Deferred tax assets, net	¥ 8,332	¥ 9,801	\$ 87,508

Income taxes consist of corporation, inhabitants', and enterprise taxes. Reconciliations between the statutory tax rate and the effective tax rate reflected in the consolidated statements of income were as follows:

	2016	2017
Statutory tax rate	33.1%	30.9%
Adjustments:		
Permanent differences such as entertainment expenses, etc.	0.3	0.3
Permanent differences such as dividends	(0.1)	(0.1)
Change in valuation allowance	(0.8)	(0.9)
Inhabitants' tax	0.6	0.5
Difference in tax rates of consolidated subsidiaries	2.1	3.6
Tax credit	(1.3)	(1.5)
Adjustments due to changes in tax rate	0.4	—
Other	(0.4)	0.3
Effective tax rate	33.9%	33.1%

13. ASSET RETIREMENT OBLIGATIONS

(1) Asset retirement obligations recognized on the consolidated balance sheets

The Group's asset retirement obligations mainly include the cost of restoring the store sites to their original condition under the real estate lease contracts of stores. The Group calculated its asset retirement obligations by assuming the lease period as the expected period of use and applying discount rates of 0.00% to 1.38%.

Asset retirement obligations as of March 31, 2016 and 2017, consisted of the following:

	Millions of yen		Thousands of
	2016	2017	U.S. dollars (Note 1)
Beginning balance	¥635	¥974	\$8,696
Increase due to acquisition of property and equipment	348	7	62
Increase due to change in estimate*	80	—	—
Adjustments due to passage of time	2	4	35
Decrease due to fulfillment of obligation	(93)	(93)	(830)
Ending balance	¥974	¥892	\$7,964

* The reasonable estimate of obligation became available for stores to be closed.

(2) Asset retirement obligations other than those recognized on the consolidated balance sheets

While the Group estimates asset retirement obligations based on the real estate lease contracts of stores, it is not possible to reasonably estimate the cost of restoring the store sites to their original condition under the general lease contracts since the period of use is not clearly determined. Therefore, the Group does not recognize the asset retirement obligations for stores other than those that are planning to be closed.

14. INVESTMENT AND RENTAL PROPERTY

Certain consolidated subsidiaries hold commercial properties, including land, for rental in the Tokyo metropolitan area and other areas. The net rental income in connection with these properties for the fiscal years ended March 31, 2016 and 2017, was ¥5,320 million and ¥10,929 million (\$97,580 thousand), respectively. For the fiscal year ended March 31, 2017, the Group recognized ¥13,659 million (\$121,955 thousand) of gain on sale of property and equipment, primarily land. The rental income was included in revenue and the associated rental expenses were included in cost of sales and selling, general and administrative expenses. The carrying value and the fair value of such assets were as follows:

	Millions of yen		Thousands of
	2016	2017	U.S. dollars (Note 1)
Carrying value* ¹ :			
Beginning balance	¥32,367	¥ 45,240	\$ 403,928
Changes during the year* ²	12,873	41,008	366,142
Ending balance	¥45,240	¥ 86,249	\$ 770,080
Fair value* ³	¥95,079	¥159,321	\$1,422,508

*¹ Carrying value represents the amount on the consolidated balance sheets that is carried at the acquisition cost less accumulated depreciation.

*² Major items are the increases due to reclassification of holding purposes of properties in the amounts of ¥12,900 million and ¥37,267 million (\$332,741 thousand) for the fiscal years ended March 31, 2016 and 2017, respectively.

*³ Fair value is based on the appraised value provided by third-party real estate appraisers.

15. SUBSCRIPTION RIGHTS TO SHARES

For the fiscal year ended March 31, 2016, the amount of costs incurred for subscription rights to shares ("stock options") was ¥50 million and was included in selling, general and administrative expenses. No stock option is granted for the fiscal year ended March 31, 2017.

The outline of stock options of the Company is as follows:

Date of resolution	2013	2015	2016
	June 27, 2012	June 26, 2014	June 25, 2015
Title and number of grantees	7 Directors and 5 Executive Officers of the Company	8 Directors and 5 Executive Officers of the Company	4 Directors and 12 Executive Officers of the Company
Type and number of shares to be issued upon exercise of stock options	Common stock 52,000 shares	Common stock 43,500 shares	Common stock 32,000 shares
Granted date	August 3, 2012	July 11, 2014	July 10, 2015
Vesting conditions	No provision	No provision	No provision
Eligible service period	No provision	No provision	No provision
Exercise period	From April 1, 2013 to March 31, 2023	From April 1, 2015 to March 31, 2025	From April 1, 2016 to March 31, 2026

The following table describes the scale and changes in stock options that existed during the fiscal year ended March 31, 2017. The number of stock options is translated into the number of shares.

	2013		2015		Number of shares 2016	
	Yen	U.S. dollars (Note 1)	Yen	U.S. dollars (Note 1)	Yen	U.S. dollars (Note 1)
Before vested:						
As of March 31, 2016	—	—	—	—	—	—
Granted	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—
Vested	—	—	—	—	—	—
As of March 31, 2017	—	—	—	—	—	—
After vested:						
As of March 31, 2016	2,600	2,100	32,000			
Vested	—	—	—			
Exercised	2,600	2,100	30,600			
Forfeited	—	—	—			
As of March 31, 2017	—	—	1,400			
Exercise price	¥ 1	\$0.008	¥ 1	\$0.008	¥ 1	\$0.008
Average exercise price	1,481	13.22	1,479	13.20	1,577	14.08
Fair value at granted date	485	4.33	844	7.53	1,589	14.18

Since it is difficult to reasonably estimate the number of stock options that will expire in the future, the number of stock options that were forfeited is shown as the number of vested options.

16. NET ASSETS

Under the Companies Act of Japan ("the Act"), the entire amount paid for new shares is required to be designated as capital stock. However, a company may, by resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus. The legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

The Act provides that an amount equal to at least 10% of the amount to be disbursed as distributions of capital surplus (other than additional paid-in capital) and retained earnings (other than legal earnings reserve) be transferred to additional paid-in capital and the legal earnings reserve, respectively, until the total of additional paid-in capital and the legal earnings reserve equals 25% of the capital stock account.

Such distributions can be made at any time by resolution of the shareholders' meeting, or by resolution of the Board of Directors if certain conditions are met.

Under the Act, additional paid-in capital and the legal earnings reserve may not be distributed as dividends; the Act allows all additional paid-in capital and all legal earnings reserve to be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the unconsolidated financial statements of the Company in accordance with Japanese laws and regulations.

The following tables summarize the dividends paid for the fiscal years ended March 31, 2016 and 2017:

2016						
Resolution	Class of share	Total amount of dividend (Millions of yen)		Dividend per share (Yen)	Record date	Effective date
Annual general meeting of shareholders held on June 25, 2015	Common stock	¥2,630		¥10	March 31, 2015	June 26, 2015
Board of Directors' meeting held on November 6, 2015	Common stock	2,761		11	September 30, 2015	December 4, 2015

2017							
Resolution	Class of share	Total amount of dividend		Dividend per share		Record date	Effective date
		(Millions of yen)	(Thousands of U.S. dollars) (Note 1)	(Yen)	(U.S. dollars) (Note 1)		
Annual general meeting of shareholders held on June 29, 2016	Common stock	¥2,666	\$23,803	¥11	\$0.09	March 31, 2016	June 30, 2016
Board of Directors' meeting held on November 4, 2016	Common stock	3,719	33,205	16	0.14	September 30, 2016	December 5, 2016

Note: The amount of dividend resolved at the Board of Directors' meeting held on November 4, 2016 includes ¥8 million (\$71 thousand) of dividend for the BIP Trust and ESOP Trust.

Dividends with a record date during the fiscal year ended March 31, 2017, but with an effective date subsequent to the fiscal year ended March 31, 2017, were as follows:

Resolution	Class of share	Total amount of dividend		Source	Dividend per share		Record date	Effective date
		(Millions of yen)	(Thousands of U.S. dollars) (Note 1)		(Yen)	(U.S. dollars) (Note 1)		
Annual general meeting of shareholders held on June 26, 2017	Common stock	¥3,900	\$34,821	Retained earnings	¥17	\$0.15	March 31, 2017	June 27, 2017

Note: The amount of dividend resolved at the annual general meeting of shareholders held on June 26, 2017 includes ¥8 million (\$71 thousand) of dividend for the BIP Trust and ESOP Trust.

The following table summarizes the number of shares of common stock, issued and outstanding, and treasury stock:

	Number of shares	
	2016	2017
Common stock, issued and outstanding:		
At the beginning of the year	278,660,417	278,660,417
Decrease due to retirement of treasury stock	—	(45,000,000)
At the end of the year	278,660,417	233,660,417
Treasury stock:		
At the beginning of the year	15,588,364	36,270,334
Increase due to purchase of treasury stock in the stock market	20,723,600	12,966,300
Increase due to acquisition of stock through BIP Trust and ESOP Trust	—	502,300
Increase due to purchase of odd lot shares	1,770	1,178
Decrease due to retirement of treasury stock	—	(45,000,000)
Decrease due to exercise of stock options	(43,400)	(35,300)
Decrease due to sale of stock to odd lot shareholders	—	(62)
At the end of the year	36,270,334	4,704,750

17. CONTINGENT LIABILITIES

The Group has commitments to guarantee customers' liabilities in relation to personal loans to individuals from financial institutions with which the Group has guarantee service arrangements.

As of March 31, 2016 and 2017, the amounts of the Group's guarantee obligations were ¥23,018 million and ¥25,428 million (\$227,035 thousand), respectively.

18. COST OF SALES

For the fiscal years ended March 31, 2016 and 2017, cost of sales included the revaluation loss on inventories in the amounts of ¥94 million and ¥48 million (\$428 thousand), respectively.

19. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the fiscal years ended March 31, 2016 and 2017, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2017	2017
Advertisement	¥ 13,941	¥ 12,425	\$ 110,937
Provision for point card certificates	6,586	9,181	81,973
Provision for allowance for doubtful accounts	7,289	9,610	85,803
Salaries and allowances	32,770	32,023	285,919
Provision for bonuses	3,513	3,441	30,723
Rent	15,782	16,308	145,607
Depreciation and amortization	8,614	8,960	80,000
Other	41,920	42,760	381,785
	¥130,419	¥134,711	\$1,202,776

20. LOSS ON RETIREMENT OF PROPERTY AND EQUIPMENT AND LOSS ON CLOSING OF STORES

Loss on retirement of property and equipment for the fiscal years ended March 31, 2016 and 2017, consisted of the following:

	Millions of yen		Thousands of
	2016	2017	U.S. dollars (Note 1)
Buildings and structures	¥ 546	¥ 988	\$ 8,821
Furniture and fixtures	1,374	1,930	17,232
	¥1,920	¥2,918	\$26,053

For the fiscal year ended March 31, 2017, the Group recognized ¥1,310 million (\$11,696 thousand) of loss on closing of stores, which primarily consisted of restoration costs involved in the closing of stores.

21. IMPAIRMENT LOSS

The impairment loss recognized for the fiscal year ended March 31, 2017, is as follows:

Use	Location	Type of assets	Thousands of	
			Millions of yen	U.S. dollars (Note 1)
Stores	Kawasaki store	Buildings and structures	¥278	\$2,482
	Kawasaki, Kanagawa, etc.	Other	12	107
		Total	¥291	\$2,598

The Group has grouped its fixed assets by either store or rental property, which is the minimum cash-generating unit. The carrying value of each asset group is written down to its respective recoverable amount and in doing so is recognized as an impairment loss.

The Group estimated the recoverable amount of each asset group based on value in use or fair value less costs to sell. If a store reports continuous operating losses, the Group evaluates that the value in use of the store is zero since positive cash flows cannot be expected in the future. If a store is planned to be closed or disposed of, the Group evaluates that the fair value less costs to sell is zero.

For the fiscal year ended March 31, 2016, the disclosure was omitted due to immateriality.

22. COMPREHENSIVE INCOME

	Millions of yen		Thousands of
	2016	2017	U.S. dollars (Note 1)
Valuation difference on available-for-sale securities:			
Amounts incurred for the year	¥(2,117)	¥116	\$1,035
Reclassification adjustments	(972)	122	1,089
Before tax effect adjustment	(3,089)	238	2,125
Tax effect	491	343	3,062
Valuation difference on available-for-sale securities	(2,598)	581	5,187
Total other comprehensive income	¥(2,598)	¥581	\$5,187

23. CASH FLOW STATEMENTS

Reconciliations of cash and cash equivalents in the consolidated statements of cash flows to accounts and amounts in the accompanying consolidated balance sheets as of March 31, 2016 and 2017, were as follows:

	Millions of yen		Thousands of
	2016	2017	U.S. dollars (Note 1)
Cash and deposits	¥32,586	¥36,257	\$323,723
Time deposits with maturity in excess of three months	(11)	(11)	(98)
Cash and cash equivalents	¥32,575	¥36,245	\$323,616

24. SEGMENT INFORMATION

(1) Overview of reportable segments

The Group defines its reportable segments as a component of the Group for which separate financial information is available and whose operating results are regularly evaluated by the Board of Directors to make decisions about how resources are to be allocated among the Group and assess their performance.

The Group consists of the following two reportable segments identified by products and services: "Retailing" and "FinTech."

The Retailing segment engages in management of commercial property rental, retailing operations of clothes and accessories, store design, advertising, apparel distribution maintenance, and management of buildings and other facilities. The FinTech segment engages in the credit card services, the consumer loans, and the rent payment guarantee businesses, IT systems, and real estate rental.

(2) Basis of measurement for the amounts of segment revenue, segment income or loss, segment assets, and other items

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "SIGNIFICANT ACCOUNTING POLICIES."

Segment income is measured on the basis of operating income. Intersegment sales and transfers are accounted for based on the prevailing market price.

	Millions of yen				
	2016			Adjustment *1	Consolidated *2
	Retailing	FinTech	Total		
Revenue:					
Outside customers	¥163,231	¥ 82,636	¥245,867	¥ —	¥245,867
Intersegment	6,159	2,539	8,699	(8,699)	—
Total	¥169,390	¥ 85,176	¥254,566	¥ (8,699)	¥245,867
Segment income	¥ 10,658	¥ 23,094	¥ 33,753	¥ (4,138)	¥ 29,615
Segment assets	¥291,250	¥455,449	¥746,699	¥(16,572)	¥730,126
Other items:					
Depreciation and amortization	¥ 8,029	¥ 1,653	¥ 9,683	¥ (12)	¥ 9,670
Increase in property and equipment and intangible assets	10,675	2,448	13,124	(684)	12,439

*1 Adjustment to segment income consists of intersegment elimination of ¥1,534 million and corporate expenses of ¥(5,673) million that are not allocated to each reportable segment. Adjustment to segment assets mainly consists of intersegment elimination of ¥(286,850) million and corporate assets of ¥268,207 million, which mainly present the Company's loans in connection with the Group's cash management system.

*2 Segment income is reconciled to operating income on the consolidated statements of income.

	Millions of yen				
	2017			Adjustment *1	Consolidated *2
	Reportable segment		Total		
Retailing	FinTech	Total			
Revenue:					
Outside customers	¥142,113	¥ 94,909	¥237,022	¥ —	¥237,022
Intersegment	5,975	2,192	8,168	(8,168)	—
Total	¥148,089	¥ 97,101	¥245,190	¥ (8,168)	¥237,022
Segment income	¥ 7,759	¥ 27,111	¥ 34,870	¥ (3,616)	¥ 31,253
Segment assets	¥297,606	¥536,050	¥833,656	¥(27,081)	¥806,575
Other items:					
Depreciation and amortization	¥ 8,422	¥ 1,759	¥ 10,182	¥ (61)	¥ 10,121
Increase in property and equipment and intangible assets	14,376	2,040	16,416	(719)	15,696

	Thousands of U.S. dollars (Note 1)				
	2017			Adjustment *1	Consolidated *2
	Reportable segment		Total		
Retailing	FinTech	Total			
Revenue:					
Outside customers	\$1,268,866	\$ 847,401	\$2,116,267	\$ —	\$2,116,267
Intersegment	53,348	19,571	72,928	(72,928)	—
Total	\$1,322,223	\$ 866,973	\$2,189,196	\$ (72,928)	\$2,116,267
Segment income	\$ 69,276	\$ 242,062	\$ 311,339	\$ (32,285)	\$ 279,044
Segment assets	\$2,657,196	\$4,786,160	\$7,443,357	\$(241,794)	\$7,201,562
Other items:					
Depreciation and amortization	\$ 75,196	\$ 15,705	\$ 90,910	\$ (544)	\$ 90,366
Increase in property and equipment and intangible assets	128,357	18,214	146,571	(6,419)	140,142

*1 Adjustment to segment income consists of intersegment elimination of ¥2,037 million (\$18,187 thousand) and corporate expenses of ¥(5,654) million (\$(50,482) thousand) that are not allocated to each reportable segment. Adjustment to segment assets mainly consists of intersegment elimination of ¥(362,554) million (\$(3,237,089) thousand) and corporate assets of ¥335,571 million (\$2,996,169 thousand), which mainly present the Company's loans in connection with the Group's cash management system.

*2 Segment income is reconciled to operating income on the consolidated statements of income.

Change in reportable segments

The Group previously classified its business segments into three reportable segments: "Retailing and Store Operation," "Credit Card Services," and "Retailing-Related Services." In order to further improve its corporate value through integrated Group operations, the Group redefined and reorganized its business segments into two reportable segments: "Retailing" and "FinTech."

The segment information for the fiscal year ended March 31, 2016, was restated based on the current classification of segments.

Disclosures on related information with regard to the concentration of products and services, location, and major customers have been omitted since there was no relevant information to be disclosed.

For the fiscal years ended March 31, 2016 and 2017, an impairment loss of ¥107 million and ¥291 million (\$2,598 thousand), respectively, was reported by the Retailing segment.

25. RELATED PARTY INFORMATION

Related party information where directors and their close relatives substantially own a majority of the voting rights is as follows:

2016									
Name of company	Location	Capital (Millions of yen)	Business	Voting rights	Relationship	Transaction	Amount (Millions of yen)	Account name	Balance (Millions of yen)
Nakano Co., Ltd.	Shinjuku, Tokyo	¥10	Real estate rental	Direct 0.9%	Property rental Concurrent position as director	Property rental	¥42	Leasehold and other deposits	¥41
								Other current liabilities	1
Seiwa Kogyo Co., Ltd.	Shinjuku, Tokyo	¥10	Real estate rental	Direct 0.7%	Property rental Concurrent position as director	Property rental stores	¥42	Leasehold and other deposits	191

The monetary amounts above do not include consumption taxes. Terms and conditions for rental agreements are determined similarly to those of third-party transactions.

2017									
Name of company	Location	Capital (Millions of yen)	Business	Voting rights	Relationship	Transaction	Amount (Millions of yen)	Account name	Balance (Millions of yen)
Nakano Co., Ltd.	Shinjuku, Tokyo	¥10 (\$89 thousand) (Note 1)	Real estate rental	Direct 1.0%	Property rental Concurrent position as director	Property rental	¥42 (\$375 thousand) (Note 1)	Leasehold and other deposits	¥41 (\$366 thousand) (Note 1)
								Other current liabilities	1 (\$8 thousand) (Note 1)
Seiwa Kogyo Co., Ltd.	Shinjuku, Tokyo	10 (\$89 thousand) (Note 1)	Real estate rental	Direct 0.7%	Property rental Concurrent position as director	Property rental stores	32 (\$285 thousand) (Note 1)	Leasehold and other deposits	191 (\$1,705 thousand) (Note 1)

The monetary amounts above do not include consumption taxes. Terms and conditions for rental agreements are determined similarly to those of third-party transactions.

26. PER SHARE INFORMATION

Net income per share, both basic and diluted, for the fiscal years ended March 31, 2016 and 2017, is as follows:

	Yen		U.S. dollars (Note 1)
	2016	2017	2017
Net income per share	¥70.68	¥80.24	\$0.71
Diluted net income per share	70.67	80.24	0.71

	Thousands of shares	
	2016	2017
Weighted-average number of outstanding shares	251,434	233,346
Diluted shares:		
Assumed exercise of stock options	27	8

Net income per share is computed based on the net income attributable to shareholders of common stock and the weighted-average number of outstanding shares.

For the computation of net income per share and diluted net income per share, the number of shares held by BIP Trust and ESOP Trust is deducted from the weighted-average number of outstanding shares (293 thousand shares for the fiscal year ended March 31, 2017).

27. SUBSEQUENT EVENT

At the Board of Directors' meeting held on May 11, 2017, the Company resolved to acquire treasury stock in accordance with Article 156 of the Companies Act as applied with relevant changes in interpretation pursuant to the provisions of Article 165, paragraph (3).

Reason for acquisition

Based on the medium-term business plan to be achieved by the fiscal year ending March 2021, the Group aims to achieve profitable growth by innovating Group business and integrating operations in light of potential changes in the business environment. As its financial strategy, the Group will effectively utilize basic operating cash flows that will be generated in the next five years in order to optimize capital structure for the business; thus, the Group will enhance investment growth and shareholder return. The Group will improve its corporate value by achieving the following targets: an ROE of 10%, an ROIC of 4%, and an EPS of ¥130 as early as possible.

Based on these Group strategies, following the acquisition of treasury stock in the total amount of ¥20,000 million (\$178,571 thousand) in the fiscal year ended March 31, 2017, the Company resolved to acquire treasury stock as follows:

(i) Class of shares	Common stock
(ii) Maximum number of shares to acquire	12 million shares (5.24% of total outstanding shares)
(iii) Maximum amount for acquisition	¥15,000 million (\$133,928 thousand)
(iv) Acquisition period	From May 12, 2017 to March 31, 2018