



CO-CREATION

Co-Creation Management Report 2015

MARUI GROUP CO., LTD.

PROFILE

MARUI GROUP is a conglomerate that provides fulfilling lifestyles to customers of all ages through its retailing and credit card operations. Since its founding in 1931, MARUI has employed a business model merging retailing and credit card operations, and it has thereby established unique strengths and an undisputed position in the Japanese retail industry.

Today, the Group has grown to include 27 retail venues in Japan staffed by approximately 6,000 employees. Its Credit Card Services business, currently a major proponent in MARUI GROUP's evolution, has amassed nearly 6 million cardholders, and total card transactions exceeded ¥1 trillion for the first time in the fiscal year ended March 31, 2015.

We are practicing co-creation management based on customer perspectives as we push forward with various business model reforms to accelerate our advance to a new growth stage.

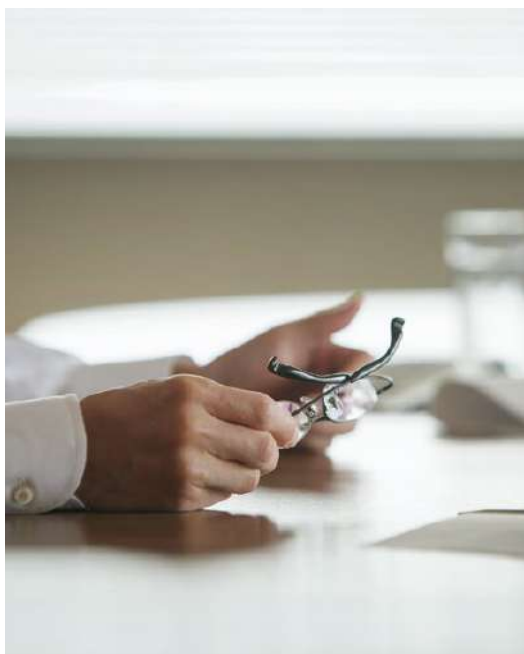
About Front Cover Design

The three overlapping circles on the front cover of this report represent respectively our customers, society, and MARUI GROUP itself. The Group's co-creation management is aimed at the co-creation of customer happiness realized by forming intrinsic links between customers, society, and the Group. The front cover design is a representation of this goal.

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MARUI GROUP views co-creation as the process of incorporating customer perspectives into all business processes to work together with partners to create happiness for customers.

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Co-Creation Engagement

MARUI GROUP is cultivating a corporate culture that encourages all employees to contribute to management with the aim of advancing co-creation management on a Groupwide basis.



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Editorial Policy

Co-Creation Management Report 2015 was created with the aim of helping our shareholders, other investors, and various other stakeholders develop a better understanding of MARUI GROUP. This report contains performance, business, and financial information centered on the Group's corporate philosophy and business strategies. As an integrated report, it also includes information on the environmental, social, and governance (ESG) activities that support the Group's sustainable growth. The International Integrated Reporting Framework released by the International Integrated Reporting Council in December 2013 was referenced in the development of this report.

Cautionary Notice regarding Forward-Looking Statements

Performance forecasts and other forward-looking statements contained in this report represent the Group's best judgments based on information available at the time of this report's publication and therefore contain a degree of uncertainty. It is possible that actual performance could differ materially from these forecasts due to a variety of factors. Economic conditions, foreign exchange rates, and stock price movements are among the factors that could have a major impact on performance.

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MARUI GROUP's Co-Creation

MARUI GROUP views co-creation as the process of incorporating customer perspectives into all business processes to work together with partners to create happiness for customers.





OUR VISION

Creating Customer Happiness Together with Our Partners

We are developing frameworks to incorporate customer perspectives into store development, product creation, credit card services, and all other business processes. The form of happiness sought by customers is increasingly being found in more-fulfilling lifestyles. Accordingly, we are transforming our business model by holding planning meetings with customers for individual projects to maintain an up-to-date understanding of their needs and co-create new forms of happiness.

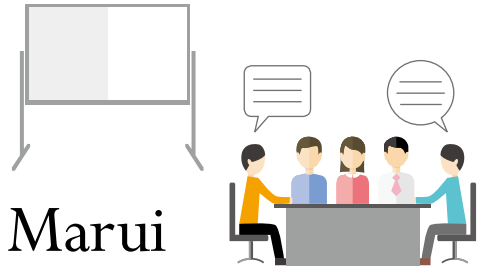
This type of co-creation business in which the Group and customers co-create happiness together represents the foundation of our operations. In the co-creation process, not only customers but also business partners, community members, and employees are seen as important “partners.” Feedback from all these partners is incorporated in MARUI GROUP’s business, and this type of co-creation represents the Company’s core strength.

4,400 to date

Number of customers to participate in the

Development of Shibuya Marui

A total of 4,400 customers participated in developing plans for Shibuya Marui through Internet surveys, group meetings, and other venues. Store atmosphere, floor concepts, and other details of store development were discussed with customers.



16



Number of

Collaboration Card Partners

Epos Card Co., Ltd., is issuing collaboration cards with a total of 16 companies, commercial facilities, fan clubs, and other organizations across Japan (as of July 31, 2015). Cardholders can utilize the benefits of all collaboration card partners, allowing for mutual customer referral between MARUI and these organizations.

60 times a year

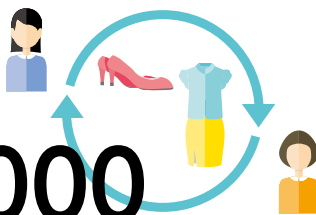


Women's Shoes

planning meetings with customers

Around 90% of customers expressed discomfort with pumps, but we were able to co-create a hit new line of pumps together with customers. Customers participated in 60 planning meetings a year, with 1,000 individuals taking part in test groups each year.

850,000



Customer clothing items and shoes traded-in through the

Apparel Recycling Program

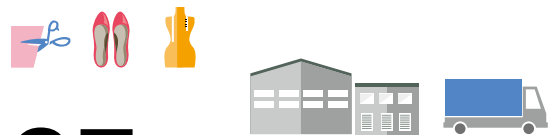
The 850,000 clothing items and shoes traded-in by customers in the fiscal year ended March 31, 2015, were resold in stores, used to support post-Great East Japan Earthquake reconstruction efforts, or donated to developing countries.

25 t-CO₂

Carbon Offset

together with local communities

CO₂ emissions totaling 25 t-CO₂, equivalent to the amount emitted to manufacture the number of Rakuchin Kirei Pumps sold in March 2015, were offset through environmental preservation activities conducted in Kobe City and Miyagi Prefecture.





OUR AMBITION

Co-Creating Customer Joy by Merging Retailing and Credit Cards

We strive to bring joy to our customers. As customers shift away from the accumulation of physical goods to pursue more-fulfilling lifestyles, we are transforming our business model to cater to the new forms of joy customers are beginning to seek. Accordingly, we are shifting toward shopping center style stores, which go beyond simply offering apparel items to also providing dining, other services, and other shopping experiences. In creating products, the women's shoes lines that were planned by incorporating the input and desires of

various customers have proven to be major hits. Furthermore, our Credit Card Services business is supporting all facets of customer lifestyles with its EPOS cards, which were launched in 2006 and have a special license from Visa Inc. that includes direct issuance rights. In the future, we aim to add a new element of joy to customer lifestyles in the areas of fashion, food, living, entertainment, learning, health, and beauty through our unique business model that merges retailing and credit cards.

2.6 times

Increase in Purchase Numbers at Machida Marui

after conversion to a lifestyle-support store

The newly converted Machida Marui has proven popular among customers of all ages, with purchase numbers rising 2.6 times.



195 million

Number of Visiting Customers,

an indicator of popularity

A total of 195 million customers visited our Marui and Modi stores in the fiscal year ended March 31, 2015, after increases in the numbers of restaurants and sundry goods. The total number of daily visitors was roughly 540,000 people.



More than 2 million pairs

Number of extra-comfortable

Women's Shoes Sold

The Rakuchin series of women's shoes have been a major hit, with more than 2 million pairs sold to date. By expanding the range of sizes available, we are addressing the needs of women of all ages.



Approx. 6 million

Number of Cardholders

shopping both inside and outside

Marui stores

There are approximately 6 million cardholders of MARUI GROUP's proprietary credit cards, which have a special license with Visa Inc. (as of June 30, 2015). EPOS cards can be used while shopping inside and outside Marui stores in Japan and overseas.



More than 7,000

Growing number of facilities nationwide providing

EPOS Cardholder Benefits

Discounts and other benefits are provided to EPOS cardholders at more than 7,000 facilities nationwide. We aim to further spread savings opportunities throughout Japan.

To Our Stakeholders

MARUI GROUP's Vision Is to Realize Co-Creation Management.



Hiroshi Aoi

President and Representative Director
Representative Executive Officer

For the fiscal year ended March 31, 2015, MARUI GROUP published its first integrated report. The decision to create this report was made based on our desire to share our policies, values, and vision with all our stakeholders. MARUI GROUP's business activities are able to thrive thanks to the daily support of shareholders and other investors as well as countless other stakeholders, including customers, business partners, local community members, and employees. Therefore, it is my wish for this report to bridge the gap between the Company and all these stakeholders and thereby foster enhanced mutual understanding.

Our corporate philosophy calls for us to “continue evolving to better aid our customers” and “equate the development of our people with the development of our company.” Based on this philosophy, our mission is to maintain ties with our customers to co-create new customer happiness. It is this drive that has fueled our transformation and evolution in recent years. Always striving to attend to the needs of our customers and bring them joy, we treasure our interactions with customers and accordingly base all our actions from their perspective. This sentiment is not only imprinted in the Group's corporate DNA; it is also the point of origin for the co-creation management we envision.

At the moment, the Group's business model is undergoing a drastic transformation. This is not to say that we will abandon our current originality and strengths. However, the focus of Japanese society is moving away from the accumulation of physical goods to emphasize the pursuit of more-fulfilling lifestyles, changing the form of happiness customers seek and thereby necessitating that our business changes as well. This transformation will require us to break away from past successes to cut a fresh start based on the perspectives of the customers of today. And that will be no easy task. Nonetheless, I am filled with excitement for the potential new forms of customer happiness we will co-create, and I think we have finally found the path we will tread in this quest.

I hope we can look forward to the support of all our stakeholders as we tackle the challenges that lie before us on this bold new adventure.

August 2015



President Aoi in Yurakucho Marui in June 2015

Directors and Audit & Supervisory Board Members

As of June 25, 2015

New Management Team Supporting Our Co-Creation Management

Based on its co-creation management vision, MARUI GROUP is reforming its management team to better respond to changing customer needs. For this reason, Directors and Audit & Supervisory Board members are now expected to play an even greater role in ensuring sustainable growth and driving medium-to-long-term improvements in corporate value.

To this end, we have reduced the number of directors to heighten management flexibility while also strengthening the supervisory function of the Board of Directors. In addition, we welcomed Etsuko Okajima, Representative and CEO of ProNova Inc., as a newly appointed external director and an independent director as stipulated by the Tokyo Stock Exchange. The Company now has two external and independent directors, with the other being Koichiro Horiuchi, President and Representative Director of FUJI KYUKO CO., LTD. With Ms. Okajima onboard, we are advancing measures to further empower female employees and otherwise promote increased diversity in the development of our people as spoken of in our corporate philosophy.

From front left

Motohiko Sato
Director

Koichiro Horiuchi
External Director

Hiroshi Aoi
President and Representative Director

Etsuko Okajima
External Director

From back left

Takehiko Takagi
External Audit & Supervisory Board Member

Tetsuji Sunami
Audit & Supervisory Board Member (Full time)

Tomoo Ishii
Director

Masao Nakamura
Director

Hideaki Fujizuka
Audit & Supervisory Board Member (Full time)

Tadashi Ooe
External Audit & Supervisory Board Member





Executive Officers

As of June 25, 2015



In front of bust of MARUI founder Chuji Aoi in June 2015

New Executive Management Team to Realize a United MARUI GROUP

We aim to provide all customers with the joy they seek. To accomplish this goal, the Group is advancing to a new growth stage; a stage in which it will not be enough to merely pursue optimization on a single-Group company or single-business basis and one in which all businesses must be interconnected and developed as one. The vision of a United MARUI GROUP represents our shared commitment to reaching this stage.

To help realize this vision, a new executive management team was instated in June 2015 to strengthen executive management on a Groupwide basis. At the same time, we are moving forward with initiatives to create a United MARUI GROUP, including actively promoting both young and female employees and creating systems for cultivating the next generation of executive management candidates.

From front left

Masao Nakamura
Managing Executive Officer

Hiroshi Aoi
Representative Executive Officer

Motohiko Sato
Senior Managing Executive Officer

Takashi Wakashima
Managing Executive Officer

From middle left

Hajime Sasaki
Senior Executive Officer

Akira Ino
Senior Executive Officer

Toshikazu Takimoto
Managing Executive Officer

Tomoo Ishii
Managing Executive Officer

Nariaki Fuse
Senior Executive Officer

Yoshiaki Kogure
Executive Officer

From back left

Mayuki Igayama
Executive Officer

Yuko Ito
Executive Officer

Masahiro Aono
Executive Officer

Yoshinori Saito
Executive Officer

Hirotsugu Kato
Executive Officer

Junko Tsuda
Executive Officer



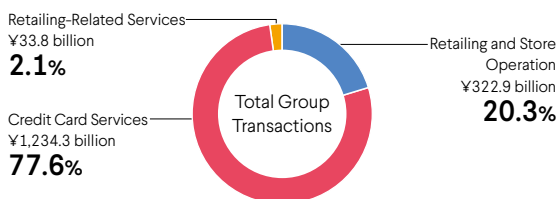
Overview of MARUI GROUP (Fiscal Year Ended March 31, 2015)

Groupwide Performance

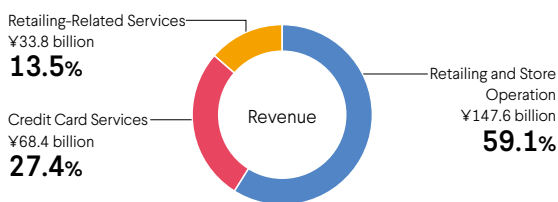
New Indicator for Measuring Group Growth

Total Group transactions

¥ **1,469.1** billion



* Total Group transactions is the total value of transactions from all three businesses less credit card transactions from Retailing and Store Operation.



For details, please refer to pages 18 and 19.

Operating Income

Target ¥36.0 billion or more in the fiscal year ending March 31, 2017

¥ **28.0** billion

ROE

Target 6.0% or more in the fiscal year ending March 31, 2017

5.2%

Cash Dividends per Share / Payout Ratio

Increased dividends for three consecutive years
Conducted treasury stock acquisition of ¥15.0 billion,
targeted payout ratio of 30% or more

¥ **19 / 32.3%**

Number of Stores

24 Marui stores
3 Modi stores

27 stores



Number of Employees

Approx. 8,000 employees,
including temporary employees

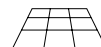
5,918 employees



Sales Floor Area

Combined sales floor area for Marui and
Modi stores

444,040m²



Environment Preservation Expenditure

Total expenditure for installing LED lighting to
reduce energy consumption in Marui stores
and other environmental measures

¥ **1,281** million



Electricity Consumption

Approx. 80% of electricity used at Marui
and Modi stores, down 1% year on year

199 million kWh



CO₂ Emissions

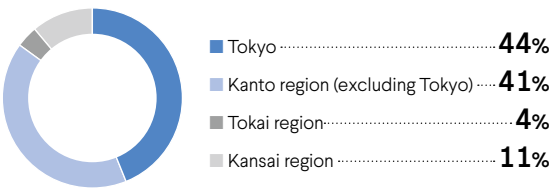
Approx. 70% of emissions from Marui and
Modi stores, down 4% year on year

109,000t-CO₂

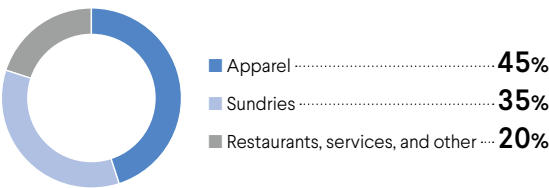


Marui Stores

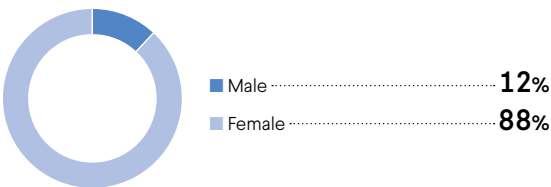
Stores by Region



Sales Floor Area by Product Category

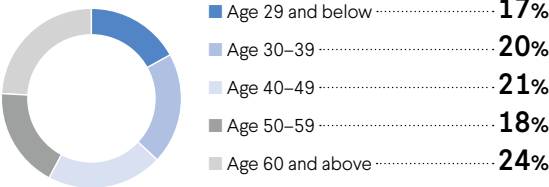


Purchases by Gender*1



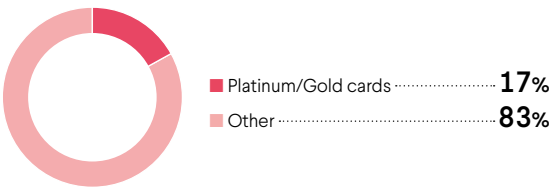
*1 Purchases using EPOS cards

Purchases by Age Group*1

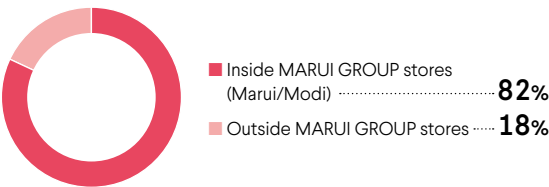


EPOS Cards

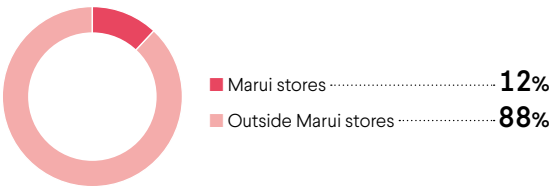
Cardholders by Card Type



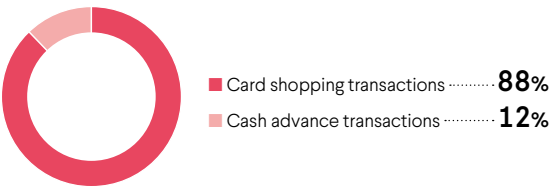
New Cardholders by Application Location



Transactions by Location



Transactions by Type





Financial and Non-Financial Highlights

MARUI GROUP CO., LTD., and its consolidated subsidiaries

	Millions of yen					
Fiscal years ended March 31	2010	2011	2012	2013	2014	2015
Total Group transactions:	—	—	—	—	1,297,250	1,469,111
Retailing and Store Operation	—	—	—	—	338,705	322,866
Credit Card Services	—	—	—	—	1,054,706	1,234,339
Retailing-Related Services	—	—	—	—	34,695	33,816
Eliminations*1	—	—	—	—	(130,857)	(121,910)
Total operating revenues	419,255	406,472	412,408	407,366	416,460	404,947
Revenue	—	—	—	—	253,077	249,847
Gross profit	149,926	144,736	147,240	148,172	155,726	158,144
Selling, general and administrative expenses	139,488	129,940	129,224	123,886	128,579	130,102
EBITDA*2	29,695	30,457	33,085	35,237	37,134	38,338
Operating income	10,438	14,795	18,015	24,285	27,146	28,042
Net income (loss)	5,104	(23,638)	5,251	13,255	15,409	16,036
Segment income:						
Retailing and Store Operation	37	2,110	7,547	9,885	10,562	8,074
Credit Card Services	10,272	13,704	10,619	13,177	15,634	20,126
Retailing-Related Services	2,509	1,568	2,567	3,792	4,523	3,333
Total assets	664,357	628,910	615,130	624,173	664,019	675,627
Shareholders' equity	312,188	284,526	289,975	303,637	315,446	306,795
Installment sales accounts receivable	95,871	111,760	142,995	171,187	213,466	227,121
Consumer loans outstanding	191,486	158,707	132,280	123,739	125,215	128,030
Interest-bearing debt	283,676	264,692	245,175	243,762	264,824	277,839
Net cash provided by (used in) operating activities	30,811	30,280	24,897	5,111	(9,227)	12,310
Net cash provided by (used in) investing activities	(13,034)	(7,033)	(3,913)	435	(6,791)	(3,867)
Net cash provided by (used in) financing activities	(14,519)	(22,926)	(23,660)	(5,571)	16,141	(7,267)
Cash and cash equivalents	32,283	32,603	29,928	29,940	30,053	31,229
Capital investments	17,398	14,332	7,941	7,665	11,238	9,786
Depreciation and amortization	19,257	15,661	15,069	10,951	9,988	10,296
Earnings (loss) per share (yen)	18.65	(86.36)	19.19	48.43	56.29	58.87
Net assets per share (yen)	1,140	1,039	1,059	1,109	1,152	1,166
Cash dividends per share (yen)	14.0	14.0	14.0	15.0	18.0	19.0
Payout ratio (%)	75.1	—	73.0	31.0	32.0	32.3
Total return ratio (%)	75.1	—	73.0	31.0	32.0	125.3
Operating income margin (%)	2.5	3.6	4.4	6.0	6.5	6.9
Return on equity (%)	1.6	(7.9)	1.8	4.5	5.0	5.2
Return on assets (%)	1.5	2.2	2.8	3.9	4.3	4.2
Equity ratio (%)	47.0	45.2	47.1	48.6	47.5	45.4
Stock price at year-end (yen)	678	537	690	975	885	1,365
Market capitalization (including treasury stock) (billions of yen)	216.0	171.1	219.8	310.6	282.0	380.3
Price earnings ratio (times)	36.4	—	36.0	20.1	15.7	23.2
Price book-value ratio (times)	0.6	0.5	0.7	0.9	0.8	1.2
Total number of employees	6,847	6,492	6,218	6,101	5,966	5,918
Ratio of female employees (%)	44.7	44.4	44.4	44.3	44.5	44.6
Total number of stores	25	26	27	27	27	27
Total sales floor area (thousand m ²)	453.3	457.8	458.4	453.1	446.5	444.0
Environment preservation expenditure (thousands of yen)	633,700	893,700	1,164,500	1,141,300	924,500	1,281,000
Electricity consumption (thousands of kWh)	259,800	244,800	204,500	204,800	215,000	199,000
CO ₂ emissions (t-CO ₂)	130,600	114,900	96,300	104,300	113,000	109,000

*1 Eliminations under total Group transactions represent the deduction of credit card transactions recorded in Retailing and Store Operation.

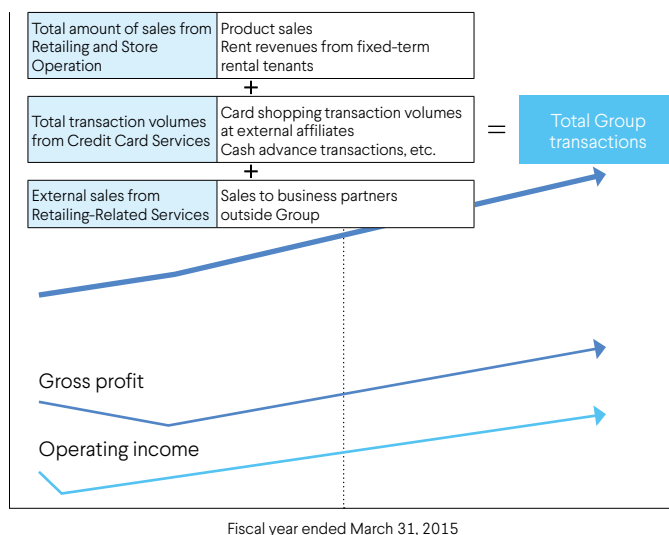
*2 Earnings before interest, taxes, and depreciation and amortization

Introduction of New Management Indicator—Total Group Transactions

As Marui stores are progressively converted into shopping center style stores, their source of revenue will change from product sales to rent revenues. While this transition is expected to result in income growth, it will also lead to a gradual decrease in “total operating revenues” under the previous calculation methods, meaning that revenue and income trends will be inconsistent. For this reason, it was decided to introduce the new indicator of “total Group transactions” to more accurately display the Group’s growth and management’s performance.

In addition, from the fiscal year ending March 31, 2016, the calculation method for sales through the consignment buying system in Retailing and Store Operation will be changed from the previous method (amount of sales made to customers) to a method based on global standards that only records the amount of income accruing to the Company. In conjunction with this change, the line item that was previously “total operating revenues” will be displayed as “revenue.” The two new indicators are designed to more accurately reflect the Group’s performance.

Total Group Transactions—Indicator of Group Growth



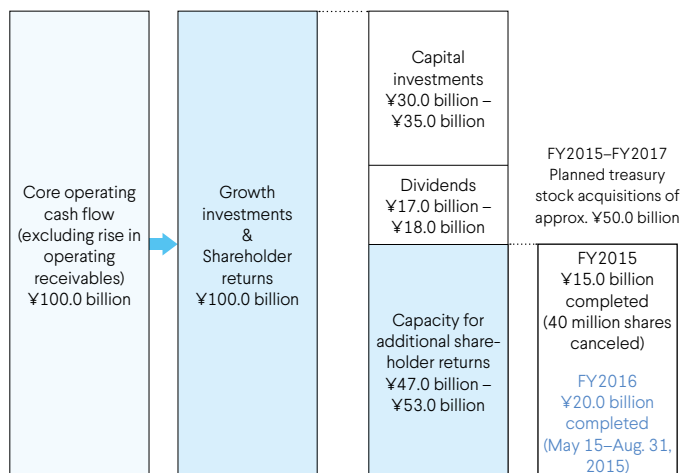
Acquisition and Cancellation of Treasury Stock

The current three-year, medium-term management plan, which covers the period through March 31, 2017, targets improved corporate value to be realized through the implementation of growth strategies and financial strategies. One such financial strategy is to utilize the total of operating cash flow generated over the plan’s period to fund growth investments and shareholder returns.

As one facet of these efforts, treasury stock acquisitions totaling ¥50.0 billion will be conducted over the period of the plan to quickly raise return on equity (ROE) to 6% or more and increase shareholder value.

Based on this policy, we acquired ¥15.0 billion worth of treasury stock in the fiscal year ended March 31, 2015, and canceled 40 million shares of treasury stock. Since May 2015, we have been conducting additional treasury stock acquisitions with an upper limit of ¥20.0 billion.

Utilization of Operating Cash Flow



We Will Strive to Create New Value by Transforming Our Business Model.

The development of MARUI GROUP up until today has been grounded in its unique business model that merges retailing and credit card operations as well as in the corporate DNA that inspires it to innovate and respond to the changing times. Going forward, we will aspire to create increased corporate value by practicing co-creation management, which entails advancing our business together with customers and employees.



Hiroshi Aoi

President and Representative Director
Representative Executive Officer

MARUI GROUP's History and DNA of Innovation

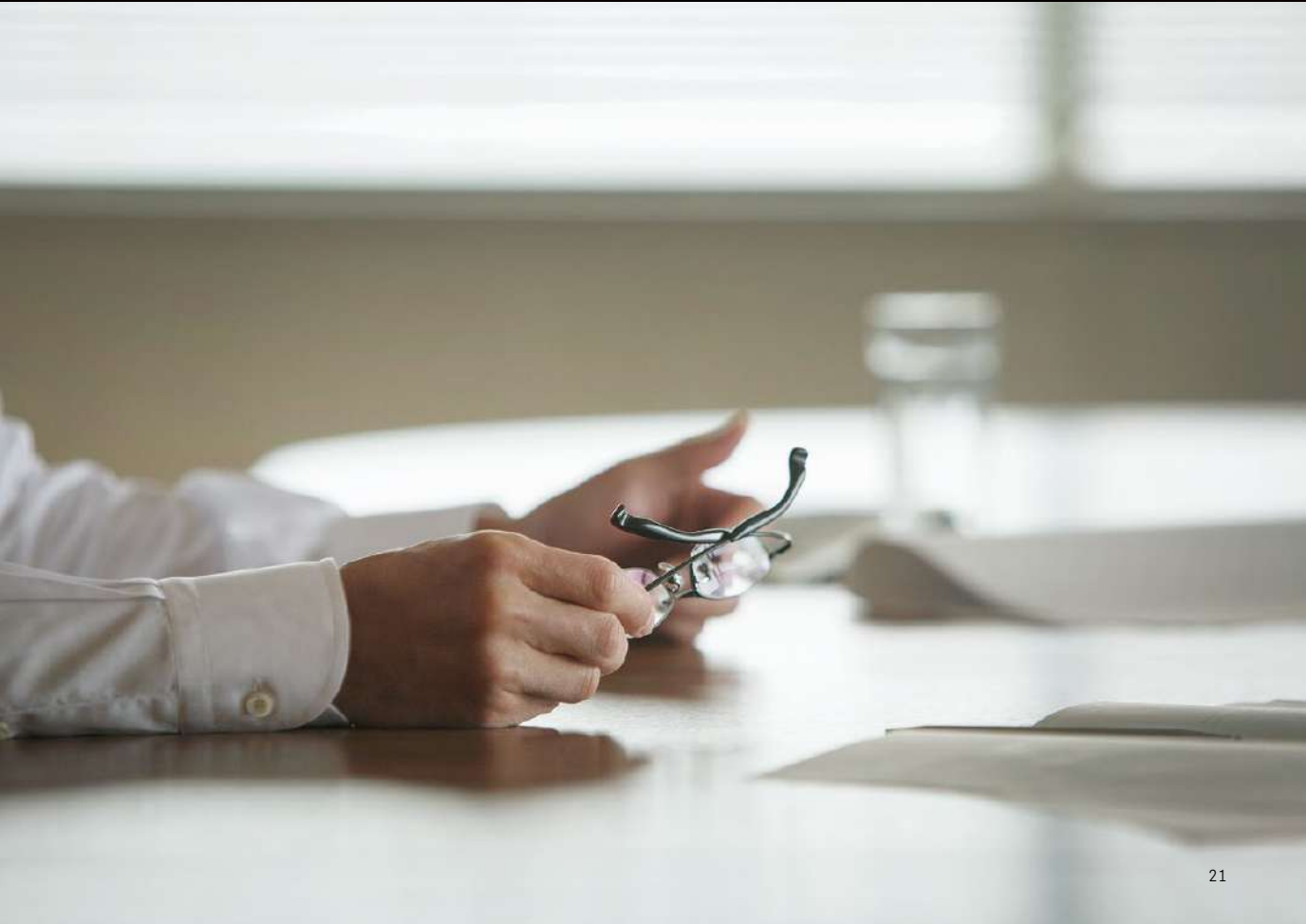
My grandfather, Chuji Aoi, founded MARUI in 1931. Then, our business involved selling furniture through monthly installment payments. This was the original form of the business model merging retailing and credit card operations that MARUI GROUP still uses today, and MARUI's business maintained this unique characteristic throughout its history. By pursuing the modernization of the installment payment system, my grandfather grew MARUI rapidly, leading the Company to issue Japan's first credit card in 1960.

In 1972, my father, Tadao Aoi, took up the mantle of president. Under his guidance, we launched a new business in 1981 in which we leveraged our credit know-how to provide cash advances, a type of small-amount consumer loan. In the mid-1980s, MARUI established a unique business model that combined youth fashion with credit cards, the so-called "young, fashion, credit cards" business model, which began to fuel brisk growth. By 1990, the Company had established a solid position in the Japanese retail industry, as indicated by its 30 consecutive years of increased sales and income.

Entering the 1990s, our "young, fashion, credit cards" business model grew less responsive to market changes following the collapse of Japan's bubble economy. MARUI thus fell into a period of stagnancy. I became president in 2005. My mission at that time was to utilize MARUI's DNA of innovation to reconstruct our business model and enable it to create new corporate value in tune with the times.

Quest to Create Corporate Value

Reviving our retailing and credit card businesses required that we resolve a number of issues. The first area I addressed after becoming president was the innovation of credit card services. At that time, the impending revision of the Money Lending Business Act scheduled to begin in 2007 was making the future of cash advance operations uncertain. To respond to this change, in 2006, a year before the regulation's revision, we launched the EPOS CARD, which replaced our previous in-house credit card, the Akai Card (Red Card).



To Advance to a New Stage, We Are Transforming Retailing Operations and Refining Our Business Model That Merges Retailing and Credit Card Operations.

EPOS cards hold a special license from Visa Inc., enabling them to be used not only in Marui stores but also at Visa-affiliated stores worldwide. Leveraging these cards, we implemented a strategy of compensating for the decline in cash advance revenues by expanding card shopping transactions, an area closely related to our mainstay retailing operations.

However, the negative impact of the introduction of the Money Lending Business Act revision exceeded our expectations. In addition, due to lost income stemming from reduced interest rates, we were required to refund interest collected from customers who borrowed money under the previous rates. This impact lingered for nine years, until 2014, and resulted in total losses of at least ¥100.0 billion to ¥150.0 billion. Over this period, we faced a harsh operating environment, recording full-year losses twice.

Meanwhile, card shopping transactions increased steadily each year. Furthermore, cash advance

operations have now bottomed out, and the strides made in the Credit Card Services business in recent years have been greatly contributing to the creation of new corporate value. While it took a while, we are now feeling the benefits of the innovations pursued to date.

Advance to New Growth Stage

The next area in which I targeted reforms was retailing operations. Previously, our retailing strategies had been focused on youth and fashion, both of which were areas that Marui stores came to be equated with. We began a phased shifting toward new strategies when we opened Yurakucho Marui in 2007.

This probably goes without saying, but when Japan started seeing its birthrate decline and its population age, the future contraction of the youth market was apparent. Addressing this change was an urgent task for the Company. We therefore decided to drastically



2006
EPOS CARD licensed by Visa Inc.



2007
Yurakucho Marui

revise our previous store development practices, which entailed product lineups centered on youth fashion. It was at this time that we began creating stores that offered lifestyle support, devoting more sales floor area to sundry items and restaurants to win the support of a wider range of age groups. However, although these efforts raised customer satisfaction and subsequently visitor numbers, they also had the unexpected effect of lowering profitability.

Addressing this issue was quite difficult, taking several years. In the end, the answer was found in changing the format of stores. Up until that point, MARUI CO., LTD., had created department stores with earnings structures based on the consignment buying system. However, we discovered that by transitioning toward shopping center style stores, we could realize profitability even as we shifted from fashion-oriented to lifestyle-oriented stores. This transition resulted in our core source of earnings changing from product sales to rent revenues, which is negatively impacting top-line sales. Profit, meanwhile, is on the rise. We expect approximately 70% of floor space compatible with this new business model to be converted to shopping center style stores by the fiscal year ending March 31, 2017. After this, the Retailing and Store Operation business is projected to experience a gradual increase in operating income.

A United MARUI GROUP

Throughout its history, MARUI GROUP has created corporate value through its unique business model, merging retailing and credit card operations, and it continues to further refine the strengths of this model. Looking at segment earnings, we see that Credit Card Services is currently supporting overall performance, and it is expected to drive profit growth going forward. Still, we cannot ignore the fact that the Credit Card Services business was built from the Retailing and Store Operation business and could not realize its full potential alone.

Accentuating this reality is the fact that 80% of EPOS CARD applications are submitted at Marui stores. The large portion of customers that apply for cards is a result of the efforts of our employees, with their specialties in retail, recommending cards to customers during their shopping experience. In addition, EPOS cards are issued on-the-spot in stores and can therefore be used immediately. For this reason, the ratio of cardholders that actively use their cards is high. The link with retailing operations is supporting the competitiveness of credit card operations. With regard to collaboration cards as well, the retail experience of our employees is making large contributions to increased value for collaboration partner facilities.



2014
First shopping center style store—Machida Marui



2014
HUIS TEN BOSCH Collaboration EPOS CARD

Our Co-Creation Management Is Aimed at Creating Value the Likes of which Have Never Been Seen before within MARUI GROUP by Sharing in the Happiness and Emotion of Customers.

At the same time, this relationship is proving beneficial for Retailing and Store Operation, as the option of using EPOS cards to enjoy shopping on credit is helping increase sales. Customers of Marui stores are also often EPOS cardholders. Similarly, MARUI's retailing expertise is supporting credit card operations. It is this type of intrinsic link between the Group's business and the Group's human resources that creates business value not found among rivals.

Organically, a United MARUI GROUP is something that has been realized naturally through the course of our operations. In the future, however, we will intentionally and strategically build upon these links to further refine the strengths they create.

Co-Creation Management

Since its founding, MARUI's Credit Card Services business has operated under the basic belief that creditability should be built together with customers. We do not assign credit to customers based on their age or their profession. Rather, it is something we build together with customers through the trust we place in them. This belief inspires us to cherish the relationships with our various stakeholders, and it forms the foundation for our management practices that contribute to the development of both the Company and society. Once again, the focus of Japanese society is moving away from the accumulation

of physical goods to the pursuit of more-fulfilling lifestyles, shifting the interests of consumers from things to lifestyles and causing them to value individuality above shared experience. The days of mass consumption are over. As the previous seller's market transforms into a buyer's market, the tactic of pressuring consumers to buy without considering their needs will cease to be effective.

The Group strives to practice co-creation management, which means to thoroughly reinforce the concept of creating together with its customers. I believe that there is nothing more important than to maintain a stance of devotion toward incorporating customer needs and creating value together and that this approach must be adopted whether developing stores, creating products, or providing new services. In this manner, our co-creation management is aimed at creating value the likes of which have never been seen before within MARUI GROUP by sharing in the happiness and emotion of customers. I am confident that creating value with our customers in this way will lead to improved corporate value.

I would like to ask all our stakeholders for their ongoing support and encourage them to look forward to the future of MARUI GROUP with eager anticipation.

August 2015

Overview of Performance in Fiscal Year Ended March 31, 2015

The fiscal year ended March 31, 2015, was the first year of the new three-year, medium-term management plan, which is slated to end in the fiscal year ending March 31, 2017. Performance in this year was more or less in line with our targets, with gross profit increasing for the fourth consecutive year and operating income rising for the sixth consecutive year.

In Retailing and Store Operation, while sales and income were down due to the impacts of the consumption tax rate hike, performance still exceeded our targets. At the moment, we are working to improve profitability by shifting away from our traditional department store model, which primarily generated earnings through consignment sales, to a business model based on shopping center style stores with tenants on fixed-term rental contracts. Plans in this area are gradually taking shape.

In Credit Card Services, total card transactions exceeded ¥1 trillion in the year under review.

This business is locked firmly in a growth track, recording double-digit growth in both total operating revenues and operating income, and is expected to drive overall performance going forward.

Allocation of Entire Three-Year Operating Cash Flow to Growth Investments and Shareholder Returns

Under the new medium-term management plan, we are working to improve corporate value through the implementation of growth strategies and financial strategies. Our performance in the fiscal year ended March 31, 2015, and the targets of the plan are as follows.

Management Performance and Targets

	FY2015 Performance	FY2017 Targets
Operating income	¥28.0 billion	¥36.0 billion or more
ROE	5.2%	6.0% or higher

The financial strategies aimed at achieving these targets call for us to allocate the entirety of the ¥100.0 billion in operating cash flow projected to be generated



We Will Quickly Achieve Our ROE Target to Improve Corporate Value.

To improve corporate value, we will allocate the entirety of operating cash flow projected to be generated from the Group's business to growth investments and shareholder returns. Financial strategies will be implemented to achieve a capital structure suited to the scale of profits.

Motoshiko Sato

Director and Senior Managing Executive Officer, and CFO

over the three-year period of the plan to growth investments and shareholder returns. We thereby hope to quickly achieve the ROE target of 6% or higher, after which we will strive to swiftly raise ROE to 8% or higher and then 10% or higher in the fiscal year ending March 31, 2018, and beyond.

During this period, between ¥30.0 billion and ¥35.0 billion of generated cash flow will be allocated to growth-oriented capital investments in new stores, while ¥17.0 billion to ¥18.0 billion is earmarked for shareholder returns and ¥50.0 billion is scheduled to be used for treasury stock acquisitions*¹. The increase in working capital for Credit Card Services is to be funded entirely through external financing.

*¹ For details, please refer to Acquisition and Cancellation of Treasury Stock on page 19.

Steady Enhancement of Shareholder Returns through Dividends and Treasury Stock Acquisitions

We hope that our shareholders will maintain their holdings over the long term, and we are therefore working to steadily enhance long-term shareholder returns through stable and continuous dividend payments combined with aggressive treasury stock acquisitions.

Since the fiscal year ended March 31, 2013, we have been increasing dividends in conjunction with performance recovery, targeting a payout ratio of 30% or more. In the fiscal year ended March 31, 2015, cash dividends per share were ¥19, up ¥1 year on year, making for a payout ratio of 32%.

Shareholder Returns and Payout Ratio

	FY2013	FY2014	FY2015	FY2016 (forecast)
Cash dividends per share	¥15	¥18	¥19	¥22
Payout ratio	31%	32%	32%	32%
Total return ratio	31%	32%	125%	146%

We are also conducting treasury stock acquisitions. In accordance with the aforementioned policy, a total of 10.7 million shares were bought back using ¥15.0 billion. Leading up to March 2017, we plan to conduct a series of acquisitions to repurchase another ¥35.0 billion worth of stock in total. Furthermore, 40 million shares of treasury stock, equivalent to 12.55% of total shares issued, were canceled in March 2015.

Looking ahead, we will continue to issue appropriate returns to shareholders to increase shareholder value while achieving a capital structure suited to the scale of profits.

Total Group Transactions—New Management Indicator for New Business Model

MARUI GROUP has been recently pushing forward with the transformation of its business model. This transition necessitated the introduction of a new management indicator to more accurately display management performance. Accordingly, we created “total Group transactions” as a new top-line indicator that is effectively linked to income growth. At the same time, we revised the accounting policies for sales in Retailing and Store Operation, introducing “revenue” as a line item to replace the previously used “total operating revenues.” These changes will be applied to performance forecasts and reports for the fiscal year ending March 31, 2016, and onward*².

*² For details, please refer to Introduction of New Management Indicator—Total Group Transactions on page 19.

Structurally, the Retailing and Store Operation business accounts for the majority of the Company’s sales. As we shift toward shopping center style stores under the new business model, our source of earnings will change from product sales to rent revenues, resulting in a decline in overall recorded sales. At the same time, though, this transition is driving profitability improvements in the Retailing and Store Operation business and earnings growth in Credit Card Services, resulting in an upward trend in gross profit and operating income. This situation has caused inconsistency between trends in the previously used top-line indicator, “total operating revenues,” and income figures.

We anticipate that the newly introduced “total Group transactions” will prove to be a highly viable indicator that accurately reflects management performance and progress under the new medium-term management plan.

August 2015

MARUI GROUP Is Not Attempting to Duplicate the Successes of the Past but Is Rather Forging a New Path through Bold Innovation.

堀内 光一郎

Koichiro Horiuchi

External Director

President and Representative Director, FUJII KYUKO CO., LTD.



Since being appointed to the position of external director at MARUI GROUP, I have continued to actively provide management with suggestions and advice, all while maintaining an outside perspective. The role of an external director is generally to prevent management from falling into a sense of complacency and to exercise a restraint function to stop management from becoming overly inward looking or acting contrary to social norms. However, in the case of MARUI GROUP, I do not feel this is an issue, as its corporate governance system is functioning soundly.

MARUI GROUP's strength lies in the fact that the Group always pursues innovation, taking appropriate risks while adapting to the changing times. The Group has built its operating foundations on top of a business model that merges retailing and credit cards. Accordingly, recent operating environment trends, such as the aging population, declining birthrate, and departure

from accumulating physical goods, represent major management issues needing to be addressed. However, even in tackling these issues, MARUI GROUP is not attempting to duplicate the successes of the past but is rather forging a new path through bold innovation. Management's current stance can be seen in the transformation of the retailing business model, the opening of the Group's first store in Kyushu, and the rapid development of EPOS CARD operations.

In the fiscal year ending March 31, 2016, MARUI GROUP's corporate governance system will enter into a new stage. Accordingly, I will reaffirm my own responsibility so that I may live up to the expectations of the Company's shareholders and other investors by contributing to improved corporate value.

August 2015





I believe that my duty as an external director is to provide suggestions on how MARUI GROUP can achieve sustainable growth and realize medium-to-long-term improvements in corporate value. In the past, I have supported corporate transformations at numerous companies as a management advisor. Calling upon this expertise, I aim to support MARUI GROUP's management to ensure that the Company continues to grow steadily. Furthermore, I have specialties in cultivating managerial candidates and developing organizations, and I therefore hope to help create an environment that facilitates that growth of employees from a management perspective.

From my viewpoint, the strength of MARUI GROUP comes from its organization, which capitalizes on the innovative minds of its management and the diversity of its human resources. Over the past several years, the Company has been transforming the business model for its Retailing and Store Operation business. These efforts have been driven by a corporate culture that fears neither failure nor change, based on the sentiment of equating the

development of people with the development of the Company contained in MARUI GROUP's corporate philosophy. Looking at its organization, MARUI GROUP respects the diversity of its human resources, and it is implementing numerous measures to create an air of dynamism in the organization, including assigning employees to new professions. These efforts will no doubt drive a steady increase in the Group's corporate value. I am completely onboard with this approach, and I want to support management in building upon these efforts in the future.

In regard to the Board of Directors, I feel that meetings need to go beyond simply approving and deciding on important management matters. Meetings of the Board of Directors should serve as forums for free and constructive discussion of management issues and directives. In my capacity as an external director, I will strive to serve as a catalyst for upbeat discussions and thereby make further contributions to improved corporate value.

August 2015

MARUI GROUP's Respect for the Diversity of Human Resources and Numerous Measures Implemented to Promote Dynamism in the Organizations Will No Doubt Increase the Group's Corporate Value.

Etsuko Okajima

External Director
Representative and CEO, ProNova Inc.





84 years



Years since

MARUI's Founding in 1931

MARUI got its start in selling furniture on monthly installment plans in the Nakano area of Tokyo. It only had two employees at launch.

40 years



Time passed since the

Loss of the Founder in 1975

In 2015, 70 years after the end of World War II and 40 years since the passing of founder Chuji Aoi, a novel was released chronicling his legend. Yuzuru Demachi, *Keiki wo Shikaketa Otoko* (The Man Who Built the Economy), GENTOSHA INC., 2015

¥100.0 million

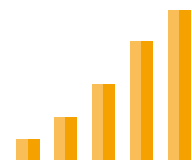


Daily Sales Figure

achieved during the year-end sales rush in 1962

In December 1962, daily sales reached ¥100.0 million for the first time since MARUI opened its doors in 1931. Full-year sales in 1962 totaled about ¥7.2 billion.

¥299.3 billion

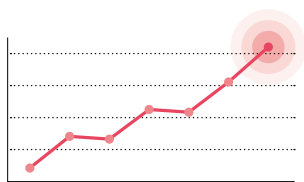


In the fiscal year ended March 31, 2015, record-breaking Credit Card Receivables^{*1}

EPOS CARD interest-bearing receivables reached a record high due to growth in card shopping transactions and ceased decline in cash advance transactions.

^{*1} Revolving repayment and payment by installments + cash advance transactions (excluding lump-sum payments)

7 years



Time required to recover

Market Capitalization to ¥500.0 billion

Market capitalization recovered to ¥500.0 billion in June 2015, signaling the end of our seven year struggle to overcome the crisis of the introduction of the Money Lending Business Act revision.

¥5.0 million



Close-Out Sales Amount

prior to temporary closure during World War II

Five stores were closed temporarily due to the war-time commercial activity restrictions instated in 1941. Close-out sales were conducted in June and July 1941.

Co-Creation Business

MARUI GROUP's co-creation business merges retailing and credit card operations to provide joy to customers seeking more-fulfilling lifestyles.



* The image in the center of the collage above is an artist's rendition of the completed KITTE HAKATA, where Hakata Marui will be located, provided by Japan Post Co., Ltd.

History of Innovation and Evolution

Since MARUI founder Chuji Aoi opened his first store in 1931, the Group has continued to pursue innovation to respond to changing customer needs, and it is still growing through its Retailing and Store Operation business as well as its Credit Card Services and Retailing-Related Services businesses. The founder's pioneer spirit of creating opportunities has been the driving force behind the management stance that constantly propels us toward innovation. Still alive in all MARUI GROUP companies today, this spirit continues to drive us to new stages of growth.

Prevalent Needs of the Era

Furniture & Clothing



1931

Chuji Aoi opened first independent store in Nakano area of Tokyo, after separating from Maruni Shokai Co., Ltd.



1947

Rebuilt flagship Nakano Marui where former store stood before World War II



1950

Posted flyers advertising resumption of monthly installment plan sales



1960

Issued first credit card in Japan



1962

Opened Shinjuku Marui (currently Shinjuku Marui East Exit Building), industry's then largest store

Prevalent Needs of the Era

Durable Goods



1969

Aired TV commercial portraying community-rooted nature of Marui stores nearby train stations



1972

Created Marui Credit Members system; Began issuing new credit cards



1974

Opened New Shinjuku Marui (currently Shinjuku Marui Main Building); Commenced full-fledged development of large-scale stores in Tokyo metropolitan area

1931 1940 1950 1960 1970

Accumulation of physical goods

Modernization of installment payment system

Founder: Chuji Aoi
Period as president: 1931–1972

Evolution from monthly installments to credit

Founder Chuji Aoi established his first independent store in front of Nakano Station in Tokyo at age 26. During World War II, he was forced to close five of the then numerous stores he operated, but after the war was over he reopened a temporary store in Nakano in 1946. Chuji Aoi pushed forward with the modernization of the installment payment system, changing the name of the monthly installment system to "credit" in 1960 and then introducing the industry's first computer in 1966.

Introduction of OIOI and development of large-scale stores

Tadao Aoi became president in 1972 and quickly launched a new corporate branding campaign using OIOI in 1973. He then proceeded to open large-scale stores in the Tokyo metropolitan area, such as New Shinjuku Marui in 1974. All stores developed at this time were opened, subsequently contributing to the rapid expansion of the Company in 1977.

Rapid growth by equating MARUI with youth

We began offering cash advances, a type of small-amount consumer loan, in 1981, giving rise to our business model of providing both products and services. In the mid-1980s, while establishing new large-scale stores and expanding existing stores, we also achieved rapid growth by utilizing our highly refined fashion items to lead to Marui stores being equated with youth.

Prevalent Needs of the Era Fashion



1983

Issued Japan's first magnetic card compliant with international standards



1985

Opened Ueno Store (currently Ueno Marui), first store with food sales floor



1987

Aired TV commercial advertising MARUI's trendiness

Prevalent Needs of the Era Lifestyles



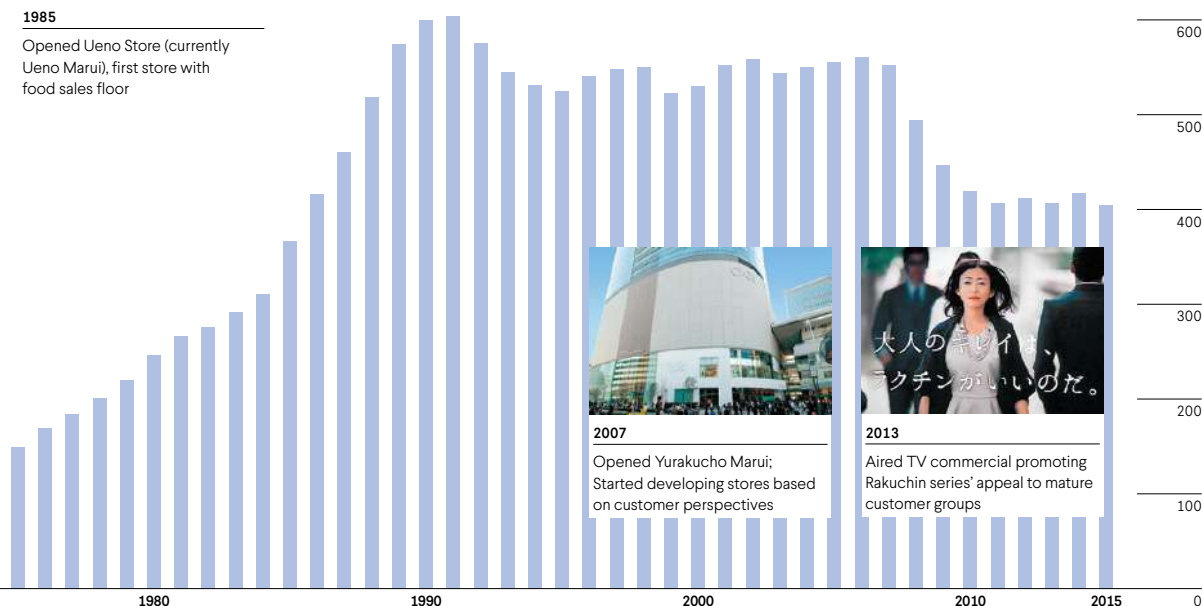
2006

Began on-the-spot, in-store issuance of multipurpose EPOS cards equipped with IC chips, world first



2013

Began issuing credit cards using tablets at all stores



2007

Opened Yurakucho Marui; Started developing stores based on customer perspectives



2013

Aired TV commercial promoting Rakuchin series' appeal to mature customer groups

Establishment of business models

2nd leader: Tadao Aoi
Period as president: 1972–2005

Pursuit of more-fulfilling lifestyles

Business model transformation

3rd leader: Hiroshi Aoi
Period as president: from 2005

Development of business models and enhancement of network

A 30-year streak of increased sales and income was achieved in 1990, and we soon began developing new business models, such as seen in the in The Room interior accessory store and the FIELD sports store. Then, in 1998, we enhanced our network further by changing the names of our five main fashion-oriented stores in the Tokyo metropolitan area to Marui City.

New era for MARUI GROUP

In 2000, we launched the new Akai Card, which was equipped with revolving payment system functionality for cashing services. It was also at this time that we implemented a new growth strategy of developing family-oriented stores, such as Marui Family Shiki as well as Marui Family Ebina, which was our first store located in a suburban shopping center.

Provision of fulfilling lifestyles

Hiroshi Aoi became president in 2005. Previously focused on youth fashion, Marui stores were refined to offering lifestyle support in order to appeal to customers of all ages. New stores, including Namba Marui, Yurakucho Marui, and Kyoto Marui, were opened, and the Akai Card was replaced by the EPOS CARD, which supported all areas of customer lifestyles.

Transformation into a Lifestyle Co-Creation Company

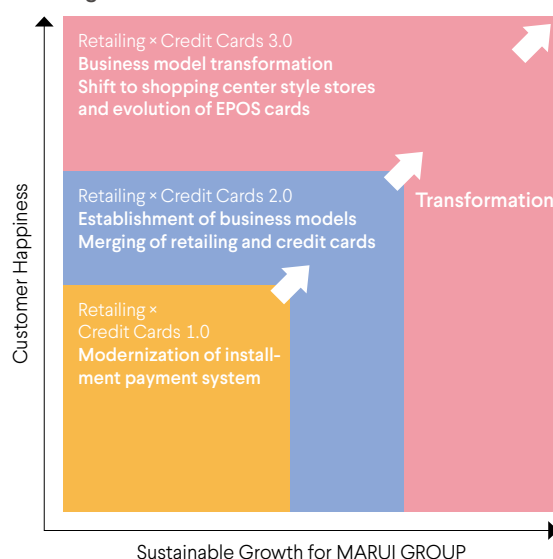
Going forward, MARUI GROUP will need to pursue further innovation and evolution driven by its unique corporate DNA, which was forged through the merger of retailing and credit cards continually since its founding. In this manner, we will strive to provide joy to customers seeking more-fulfilling lifestyles through our unique stores and services.

Corporate DNA Merging Retailing and Credit Cards

MARUI GROUP is not purely a retailer nor a credit card company. Its distinctively unique business model is built by merging retailing and credit cards, realizing intrinsic links between these two areas of operation. That has been a characteristic of our business since our early days of selling furniture mainly through installment payments, and this unique corporate DNA continues to live on in the Company today.

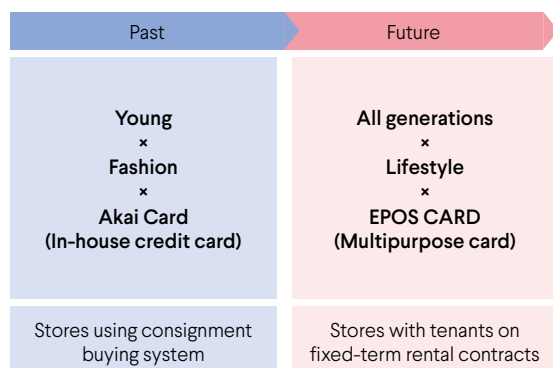
Offering installment payment plans was an area that required mutual trust. MARUI needed to trust its customers as it paid money in advance on their behalf, and its customers had to trust the quality of MARUI's products to purchase them. This trust is also imprinted in our corporate DNA, which has inspired us to pursue innovation and evolution in response to the changing times throughout MARUI's history. Over the course of our development, aiding in creating the happiness of customers has always been central to our business.

Vision for Co-Creation Management Merging Retailing and Credit Cards



Shift to Lifestyle Co-Creation Company

Consumption in Japan is undergoing a paradigm shift from the accumulation of physical goods to the pursuit of more-fulfilling lifestyles, and customers are increasingly looking to spend their money on making their everyday lives more enjoyable and comfortable. This trend has given rise to lifestyle-oriented consumption aimed at making one's life more satisfying and augmenting personal happiness. Prior to this shift, MARUI GROUP focused its business on youth and fashion. Now, however, we are undergoing a significant transformation with the goal of better responding to the lifestyle needs of customers of all ages. This transformation is spreading to all areas of operation, including product creation and line-ups, store development, customer reception, service offerings, and the credit cards that support each of these.

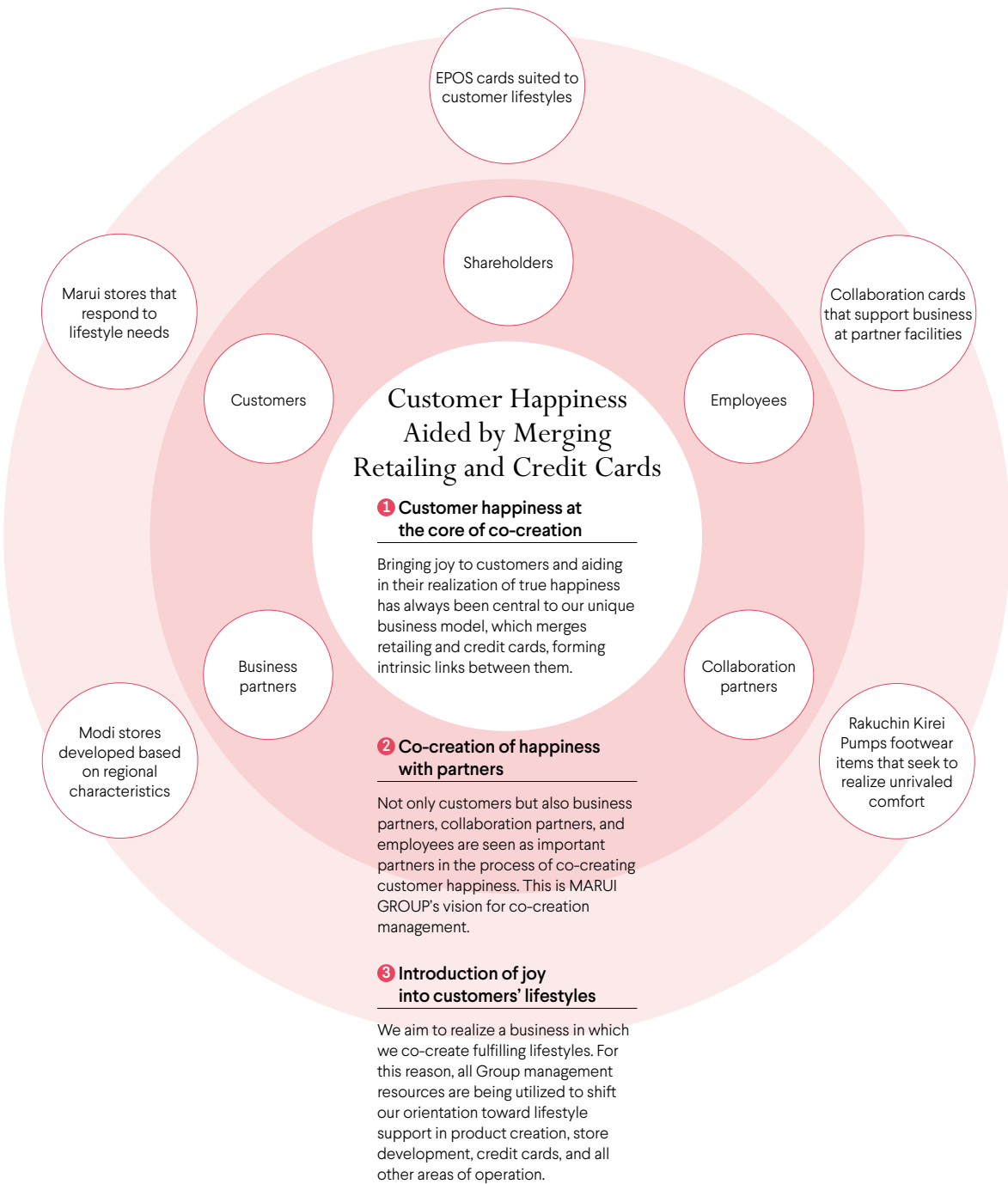


MARUI GROUP's Vision for Co-Creation Management

The following principles are central to MARUI GROUP's quest to become a lifestyle co-creation company.

- 1 Customer happiness aided by merging retailing and credit cards
- 2 Co-creation of this happiness through our links with customers and other partners
- 3 Introduction of joy into customers' fulfilling lifestyles through the union of retailing and credit cards

MARUI GROUP's vision for co-creation management lies at the intersection of these points.





New Credit Card Business

The first wave of transformation for MARUI GROUP in its pursuit of co-creation management took the form of innovation in the Credit Card Services business. Aiming to further expand the range of areas in which we can contribute to customer happiness, we undertook a drastic overhaul of our credit cards, moving away from cards that were mainly limited to use in Marui stores. This overhaul led to the creation of EPOS cards, multipurpose cards that could be used both inside and outside Marui stores and even outside the Company's operations, a change that substantially increased customer convenience.

Credit Cards That Offer Greater Joy to Customers

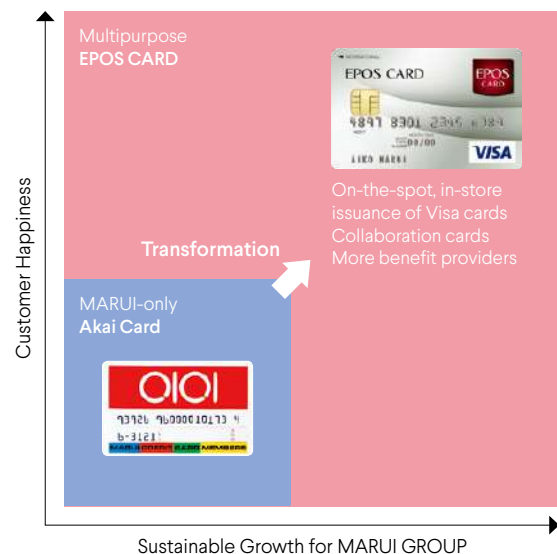
In March 2006, we introduced the EPOS CARD to replace our previous Akai Card with the aim of better responding to customer lifestyle needs.

The main difference between these two cards was that, while the Akai Card was primarily a tool for supporting Marui stores, the new EPOS CARD was a multipurpose card whose functionality exceeded the scope of Marui stores. This move transformed our credit cards to enable them to provide the type of support MARUI envisioned—support for all lifestyle areas, including fashion, food, living, entertainment, learning, health, and beauty. These cards continue to evolve today.

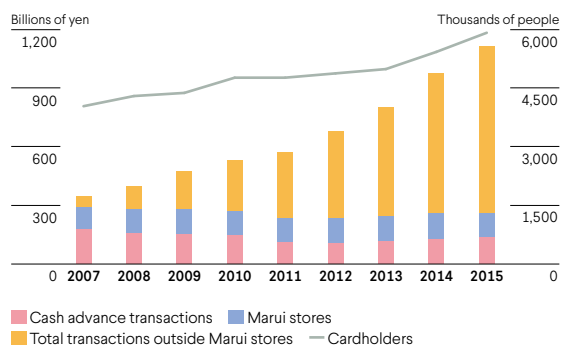
Strengths of EPOS Cards

In the fiscal year ended March 31, 2015, nine years after the launch of EPOS cards, total cardholder numbers had risen to nearly 6 million and total card transactions exceeded ¥1 trillion. This impressive growth can be attributed to a number of strengths. One such strength is our human resources, who are able to call upon their retailing experience and expertise to approach customers from a unique perspective. Another is MARUI GROUP's organizational capacities, particularly the Group's structures for quick development of information systems. The Company's highly original credit card framework is also a strength contributing to the development of EPOS cards. We are able to provide on-the-spot, in-store issuance of the world's first IC-chip-equipped Visa cards, and standard cards can be upgraded to Gold cards at stores as well. Another part of this framework is our collaboration cards, which provide cardholders with access to the benefits of all collaboration partners.

Transformation of MARUI's Credit Cards

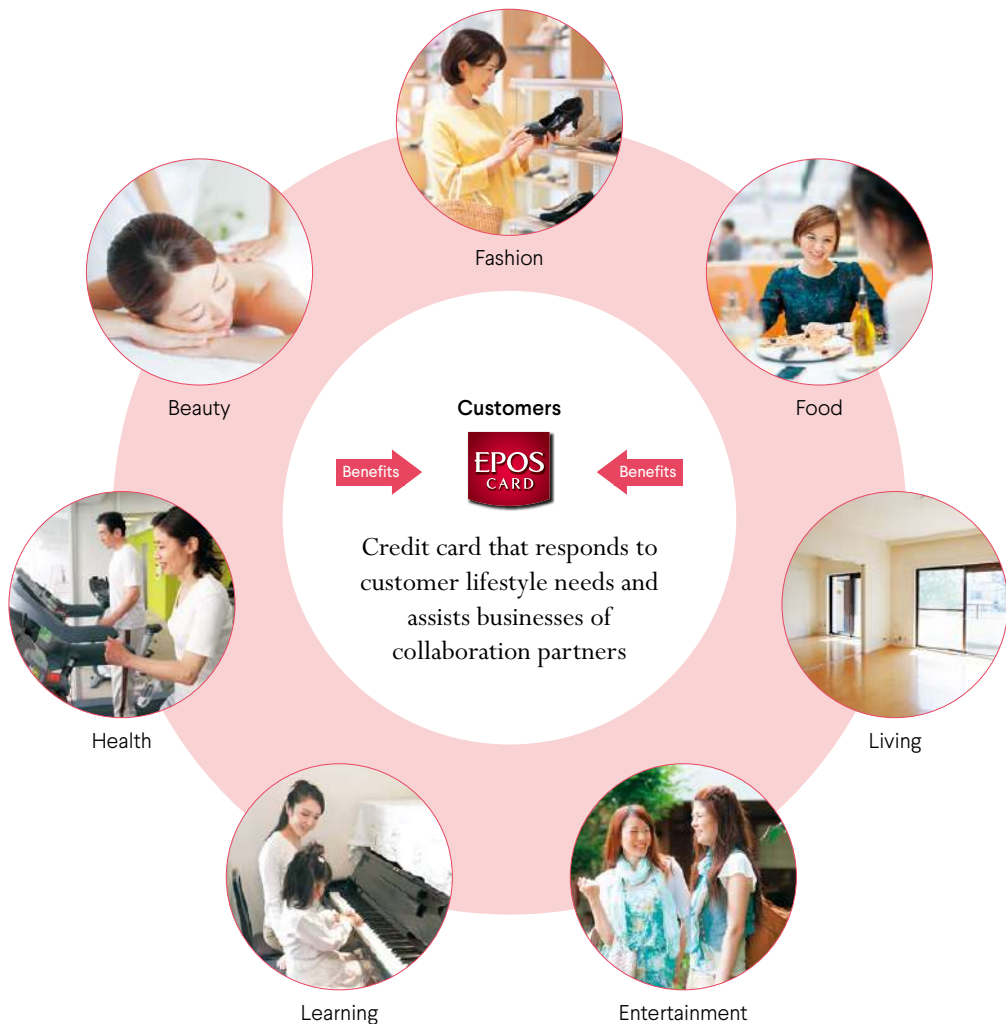


EPOS CARD Transactions and Cardholders

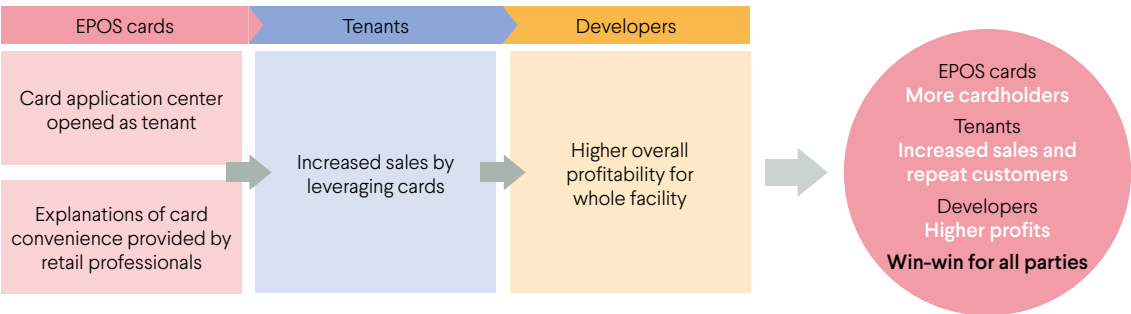


EPOS CARD Network for Co-Creating Lifestyles

Characteristics of EPOS cards include the fact that each customer is only allowed to carry one card and that this one card grants access to the benefits of all collaboration card partners. Another characteristic is our network, which facilitates smooth mutual referral of customers between collaboration card partners. In the future, we aim to expand the range of collaboration partners to enhance and reinforce our network.



EPOS Model for Improving Commercial Facility Profitability





New Store Brand

The second transformation MARUI GROUP is undergoing on its quest to become a lifestyle co-creation company is the transition toward a business model centered on shopping center style stores that provide responses to lifestyle needs. This new model represents a departure from its previous business model involving stores that employ the consignment buying system. Calling upon the expertise gained through the operation of three Modi shopping centers, we plan to convert all Marui stores to shopping center style stores by 2018.

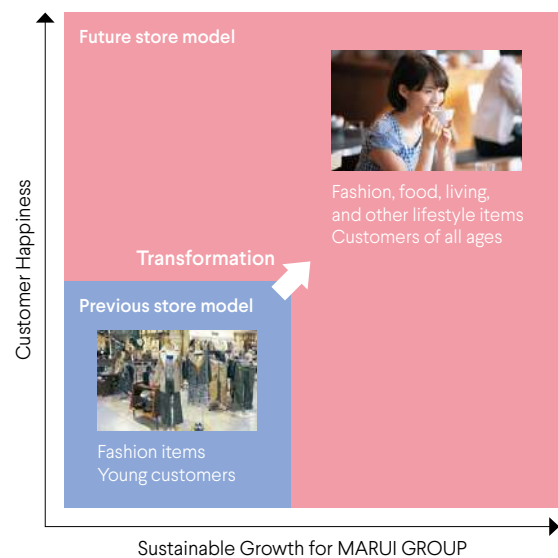
(excluding some stores for which owner approval could not be acquired)

Store Development Methods That Contribute to Customer Joy

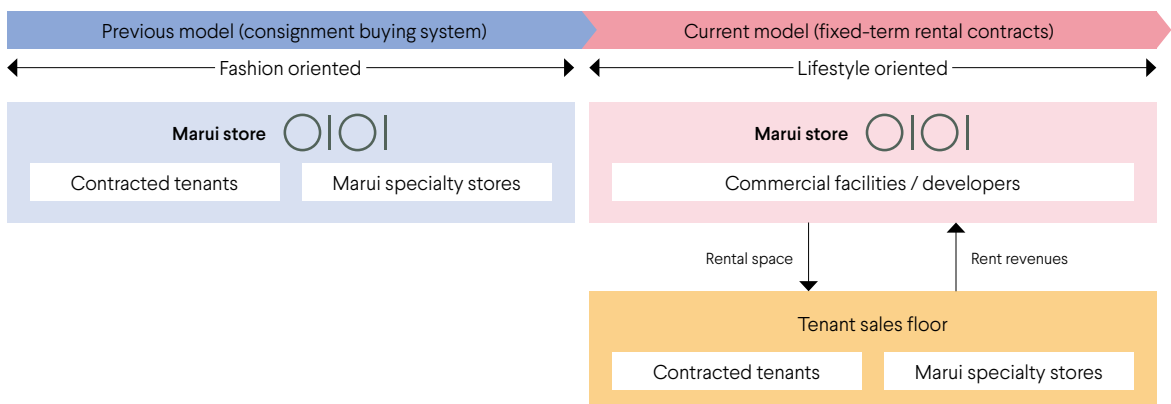
MARUI GROUP is transforming its business model to move away from a store format focused on youth and fashion in which it previously specialized in to adopt a new shopping center style store format that offers life-style support for all age groups.

This transformation entails changing the method of contracting tenant sales floors from the consignment buying system to fixed-term rental contracts, the system commonly used by shopping centers. In addition, we are revising previously apparel-heavy product mixes to increase the amount of sales floor devoted to restaurants and sundry items, both of which are in high demand among customers. Through this type of transformation, we will work to increase visitor numbers and purchase numbers and thereby improve earnings.

Transformation of Store Development Methods



Format Transformation at All Stores

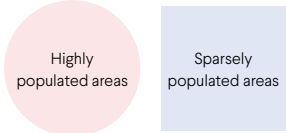


Two Store Brands Supporting Future Growth Strategies

MARUI GROUP has two store brands: Marui, whose stores display the highly recognized OIOI and are primarily located in highly populated areas, and Modi, whose stores are operated by Group company AIM CREATE CO., LTD., in a flexible manner based on their location and building features. By leveraging these two store brands, we are accelerating the continued nationwide development of our operations.



*1 Artist's rendition of completed KITTE HAKATA, where Hakata Marui will be located, provided by Japan Post Co., Ltd.





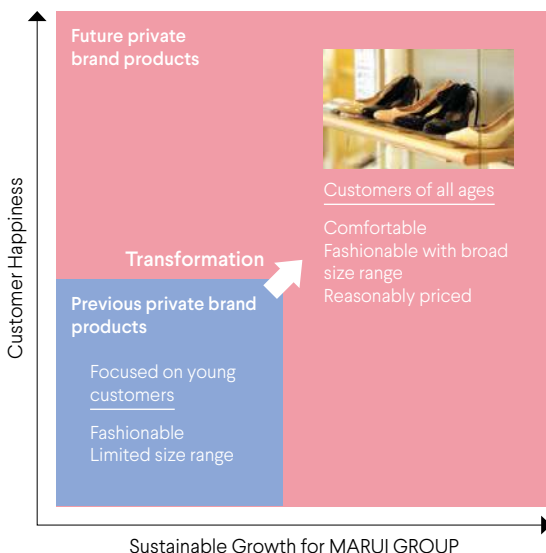
Creation of New Private Brands

The third transformation for MARUI GROUP to become a lifestyle co-creation company pertains to the creation of private brands. In order to respond to the lifestyle needs of customers, we have been soliciting customer feedback in planning, manufacturing, sales, and all other product-creation-to-sales stages. This feedback is utilized to advance a concerted Group effort to co-create products and sales floors.

Development of Shoes That Bring Joy to Customers

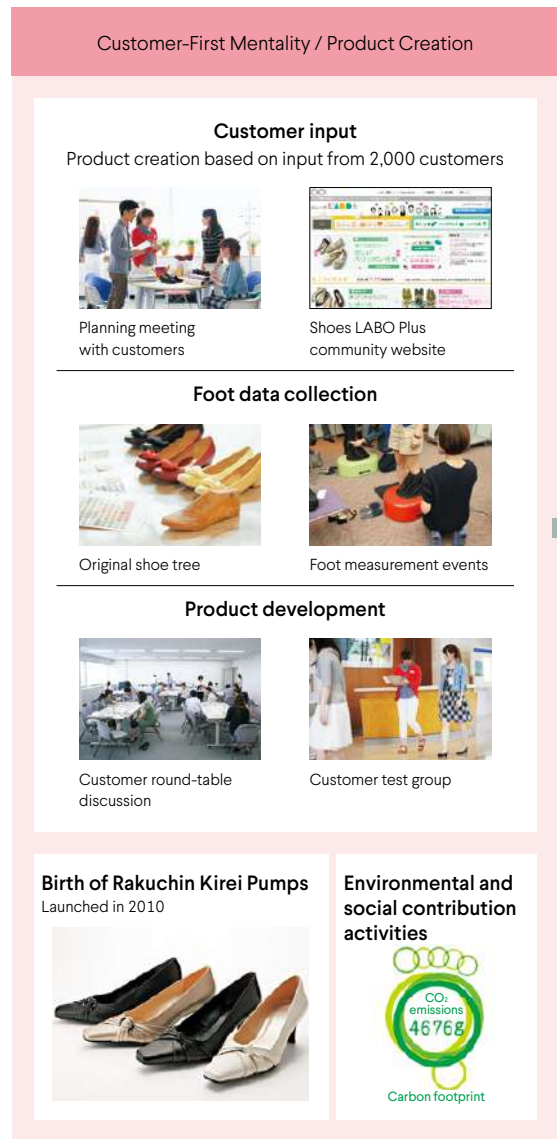
The core concept of MARUI GROUP's product creation activities entails maintaining an understanding of customers, society, and the lifestyle market and of contemporary social values. Based on this understanding, we uncover latent needs that customers are unconsciously foregoing and then develop new value by responding to these needs. Particular progress has been made through this approach with regard to the women's footwear product Rakuchin Kirei Pumps. In addition to ensuring that these items are comfortable, fashionable, and reasonably priced, we have also expanded the range of sizes available to include 20.5 cm, 26.0 cm, and other uncommon sizes for which shoes are often difficult to find. These measures are lending speed to the sustainable growth of the Company. Rakuchin Kirei Pumps are an example of how we are realigning our product creation mindset from a retail focus to a lifestyle support focus to work together with customers in order to co-create shoes that bring joy to all wearers.

Transformation of Private Brands



Coordination as a United MARUI GROUP to Co-Create Value

Coordination among Group companies



to place Rakuchin Kirei Pumps into the hands of customers







Feature 01

Transactions Exceed ¥1 Trillion:
EPOS Cards

Feature 02

Nationwide Expansion:
Two-Pronged Strategy
Utilizing Marui and Modi



CO-CREATION OF VALUE

Feature 03

First Kyushu Location:
Hakata Marui



* The image for Feature 03 is an artist's rendition of the completed KITTE HAKATA, where Hakata Marui will be located, provided by Japan Post Co., Ltd.

Feature 04

Quest for Unrivaled Comfort:
Rakuchin Kirei Pumps





01

Feature

Transactions Exceed ¥1 Trillion: EPOS Cards

The operations of Epos Card Co., Ltd., are growing rapidly, supported by the unique services and value provided based on the Group's retail experience. The EPOS CARD has now entered into the next growth stage: nationwide development.

In the fiscal year ended March 31, 2015, total card transactions for EPOS cards exceeded ¥1 trillion. This feat was accomplished a mere nine years since the 2006 launch of EPOS cards, over which the number of cardholders has risen to nearly 6 million. Transaction growth has been particularly impressive over the past four years, increasing by more than ¥100.0 billion each year, demonstrating the accelerated growth of the EPOS CARD.

Looking ahead, we aim to achieve total card transactions of ¥2 trillion coupled with a total number of cardholders of 8 million in 2019. To accomplish these objectives, we are pushing forward with a strategy of expanding cardholder acquisition efforts outside the Tokyo metropolitan area and Kansai region to encompass all of Japan. Going forward, we will continue driving the evolution of EPOS cards to offer increased convenience to cardholders.



Toshikazu Takimoto

Managing Executive Officer
President and Representative Director, Epos Card Co., Ltd.

Multifaceted Evolution to Become Customers' Main Card

The EPOS CARD was founded on the knowledge MARUI GROUP had accumulated with regard to on-the-spot, in-store card issuance and credit systems. The next step in the evolution of our previous cards, which were limited to use primarily in Marui stores, EPOS cards are multipurpose credit cards usable outside MARUI. EPOS cards have undergone a multifaceted evolution over the years, an evolution made possible by the fact that Group company M & C SYSTEMS is responsible for developing all of our IT systems. The capabilities refined by M & C SYSTEMS creating more than 100 systems each year have enabled us to implement numerous measures, including developing systems for converting standard cards to Gold cards in stores, offering collaboration cards, processing card applications with tablets, providing rent payment guarantees, and developing smartphone applications. I believe it is these measures that have enabled us to realize such impressive growth in cardholder numbers. In the future, we will work to expand our network of collaboration partners while enhancing the benefits provided therein as we strive to evolve EPOS cards and inspire customers to use them as their main card.



Credit application using tablets



Kazuhiko Okamoto

Chairman and Director
Visa Worldwide Japan Co., Ltd.

Brand Value Improvement and Business Growth Driven by Committed Customer Engagement

Epos Card is at the global forefront of credit card innovation, offering on-the-spot, in-store issuance of IC-chip-equipped Visa cards. Moreover, these cards are one of the fastest growing cards among all of our affiliates. As a testament to that, Epos Card is collaborating with various commercial facilities, the rate at which its cards are used outside Marui stores is rising, and the number of cardholders in regions where there are no Marui stores is increasing. Visa-affiliated EPOS cards have won the hearts of customers through an appeal that is not found in other cards, an appeal no doubt arising from MARUI's retailing expertise. MARUI GROUP has been developing its unique Credit Card Services business since 1960, when it launched its own proprietary card. The corporate DNA formed through this business has subsequently been inherited by the employees of today, who are committed to customer engagement, a major factor increasing the value of EPOS cards. I feel that this engagement is the primary reason behind the EPOS CARD's impressive growth in cardholder numbers, usage rates, and card transactions.



EPOS CARD application center, MALera GIFU

Nationwide Expansion: Two-Pronged Strategy Utilizing Marui and Modi

As it transitions to a business model focused on shopping center style stores with the aim of becoming a lifestyle co-creation company, MARUI GROUP will develop its Retailing and Store Operation business through a two-pronged strategy utilizing its two store brands: Marui and Modi.



MARUI GROUP's Retailing and Store Operation business is blazing a new path, boldly striking forward with two store brands: Marui and Modi. Under the Marui brand, stores will be converted into new shopping center style stores to better respond to customer needs. Meanwhile, stores operated under the Modi brand will be developed in a unique manner.

Unfettered by preconceptions, Modi stores will freely depart from the traditional concept of Marui stores as necessitated by location, business area characteristics, store size, or other factors.

Through a flexible two-pronged strategy, we will promote the nationwide expansion of the Retailing and Store Operation business as a United MARUI GROUP.



Masahiro Aono

Executive Officer
Managing Director and General Manager,
Store Business Promotion Department, MARUI CO., LTD.

Evolution by Addressing Issues Uncovered during Shift to Shopping Center Style Stores

In spring 2014, Machida Marui became the first Marui store to undergo conversion to a shopping center style store, during which the amount of floor space devoted to lifestyle items was upped from 40% to 70%. As a result, purchase numbers rose 2.6 times, new cardholders increased, and the store's customer base grew. Unfortunately, it also became apparent that, as this was our first shopping center style store, we lacked some of the necessary know-how. For this reason, the store's earnings were less than expected. When converting other stores, such as Marui City Yokohama and Kichijoji Marui, we took steps to address the issues that this experience uncovered, resulting in improved performance at almost all store segments that are now operating under the shopping center style model. Going forward, we will continue to work together as a United MARUI GROUP in advancing the development of both Marui stores and Modi stores, which will be operated by AIM CREATE in a flexible manner based on location and scale.



Kaoru Oyamada

Managing Director and General Manager, Commercial Facility
and Advertisement Planning Department, AIM CREATE CO., LTD.

Strength in Flexible and Unique Store Development Based on Regional Characteristics

Modi stores differ from Marui stores, which are primarily deployed in large-scale cities, in that they are developed flexibly based on regional characteristics, sometimes being established in relatively small prefectural cities. Utilizing this approach, we converted the Marui stores in Machida, Totsuka, and Kawagoe, all stores that had been persistently recording losses, into Modi stores, successfully enabling them to achieve profitability. Each of these three Modi stores is now being developed based on the characteristics of its specific location, with Machida Modi focusing on life-style support; Totsuka Modi serving as a community-rooted, daily-usage store; and Kawagoe Modi functioning as a collection of specialty stores. In the future, Modi stores will be opened in a wide range of areas that encompasses prefectural and outlying cities to create opportunities for furthering MARUI GROUP's nationwide expansion. Our most recent endeavor is Shibuya Modi, which is scheduled to open in fall 2015. We aim to make this store into a true symbol of the new lifestyles and culture being born in Tokyo.



Machida Marui, reborn as first shopping center style Marui store in May 2014



Shibuya Marui, after April 2015 reopening



Shibuya Modi, scheduled to open in fall 2015



* Artist's rendition of completed KITTE HAKATA, where Hakata Marui will be located, provided by Japan Post Co., Ltd.

03

Feature

First Kyushu Location: Hakata Marui

Spring 2016 will mark the long-awaited opening of Hakata Marui, our first store in Kyushu. This store is anticipated to serve as a model to be used in creating future shopping center style Marui stores.

Hakata Marui will be located in Fukuoka City, Kyushu's largest city with a population of 1.5 million, and will stand in front of JR Hakata Station, a prime location in the center of the city. Not only will this be our first store in Kyushu, but Hakata Marui is also anticipated to serve as a model to be used in creating future shopping center style stores, and the Group is mustering its collective strength in developing this store

accordingly. Moreover, we aim to grow this store together with the local community, incorporating the opinions of numerous local customers during this process. Hakata Marui will be the first new Marui store opened in five years, and we are committed to making this store a symbol of the Group's stance toward ambitiously tackling new challenges going forward.



Jun Nishino

General Manager, Hakata Store Development Office, MARUI CO., LTD.

Unique Store Development Venture Transmitting Appeal of Kyushu and Hakata

Hakata Marui will be a core tenant in the commercial facility being constructed in front of JR Hakata Station by Japan Post Co., Ltd. This building is positioned in an area with more than 4 million potential customers residing within a one-hour radius, and it is also anticipated to play a role in welcoming the more than 2 million overseas travelers that visit Kyushu each year.

We want the residents of Fukuoka City to view Hakata Marui as truly belonging to their city. For this reason, we have been incorporating customer input into the store development process for some time. We have held over 200 meetings, with the cumulative total participation number reaching nearly 1,600. At these meetings, we discuss store development concepts, floor designs, tenants, store atmosphere, and other aspects of Hakata Marui. Furthermore, we opened a community website as a venue for customers that are unable to attend meetings to submit their suggestions. By building upon this customer input, we will endeavor to develop Hakata Marui into a store unique to its region, one that transmits the appeal of Kyushu and Hakata.



KITTE HAKATA of Japan Post Co., Ltd., future home to Hakata Marui, under construction (May 2015)
The building to the left is the JR HAKATA CITY shopping mall.



Planning meeting with customers



Hakata Marui community website (Japanese only)
hakata-fan.0101.co.jp/

Jiro Ishioka

Customer Needs Manager,
Hakata Store Development Office,
MARUI CO., LTD.



Customer Planning Meetings— Forums for Frank Exchanges of Opinion

A wide variety of customers, ranging from those in their 20s to those in their 60s, have been participating in Hakata Marui planning meetings. In these meetings, we discuss various aspects of store development with customers, including floor concepts and interior design. These forums tend to have a serious air about them as customers exchange their frank opinions with regard to their ideal store. Furthermore, as the lifestyles of customers differ by age and gender, it is sometimes difficult to reach a consensus. After compiling the diverse opinions of customers, they are then sent to the relevant departments, and the Company's decision is announced at the next meeting. Seeing customers rejoice at these announcements really hits home the fact that we are developing this store together, empowering me in my work.

Rakuchin Kirei Pumps is a central product in MARUI GROUP's private brand strategies. These women's shoes were developed through an extensive production creation campaign that entailed collecting information on customer desires and complaints. The end result was an overwhelming hit, selling more than 2 million pairs to date. It is fundamentally important for women's shoes to be comfortable, fashionable, and reasonably priced and to feature a wide range of sizes, and this is particularly true for pumps. Even with regard to these fundamental qualities, we incorporated input

from customers with the aim of creating their ideal shoe, and this commitment was integral to the success of Rakuchin Kirei Pumps. As the consumer market grows more mature, buyers are less willing to accept products and services that companies attempt to impose on them without concern for their needs. It is only when customers resonate with our stance toward and the process of thinking and creating together that our private brand products will come to have true value. This is the goal of our private brand strategies.

04

Feature

Quest for Unrivalled Comfort: Rakuchin Kirei Pumps

Rakuchin Kirei Pumps are the embodiment of our desire to co-create private brand products that have true value together with customers.





Hajime Sasaki

Senior Executive Officer
In charge of Retailing and Store Operation Business
Senior Managing Director and General Manager,
Shoes Business Department, MARUI CO., LTD.

Production Creation Aimed at Bringing Customers Joy

The development of pumps for the Rakuchin series can be traced back seven years ago. It was then that a customer opinion survey returned with around 90% of women stating that they had felt discomfort with pumps in the past. We later asked customers what they wanted from private brand products developed in the future, and the response showed that customers desired products that were comfortable, fashionable, and reasonably priced. Realizing that the product our customers sought did not actually exist, we set about creating this product. This decision was the genesis of the product creation meetings conducted together with customers that had felt dissatisfaction with regard to the comfort of pumps that were on the market at that time. The process that followed entailed quantifying customer needs, repeatedly creating samples through collaboration with the customers that shared our vision, and then reworking these samples after examining them together. It was through this steadfast and ongoing effort that we were able to create the hit Rakuchin Kirei Pumps and realize sales of more than 2 million pairs. With this product creation approach, the Rakuchin series is truly a product line aimed at creating joy with customers.



Mayuki Igayama

Executive Officer
Director and General Manager,
Direct Marketing Department, MARUI CO., LTD.

Establishment of MARUI Fans across Japan through Internet Sales Site Co-Created with Customers

Customers are increasingly turning to the Internet for their shopping needs, and shoes have been selling well on our Internet sales site. Aiming to offer customers an even-more enjoyable online shoe shopping experience, we have continually gathered information on customer needs through discussion forums and surveys. Based on this feedback, we renewed our Internet sales site and introduced various services, such as free shipping and returns. Moreover, we launched promotional campaigns to solicit our flagship product—Rakuchin Kirei Pumps—and communicate its product creation approach to customers in regions without Marui stores. We also established the Shoes LABO Plus community website to allow any customer in Japan with an interest in shoes to easily take part in the product creation process via the Internet. Our attempts to enhance product lineups will continue into the future. At the same time, we will create systems to make our Internet sites more convenient to use in order to ensure smooth shopping. In this manner, we will pursue co-creation at all contact points with customers to establish fans of MARUI and of Rakuchin Kirei Pumps across Japan.



Customer test group



Samples made using original shoe trees



Shoes LABO Plus community website



CO-CREATION OF VALUE

MARUI GROUP has continued to treasure its connections with customers, always sharing their viewpoint and working to co-create the unique happiness they sought in each era. The Group's DNA of innovation was forged over a history of co-creating value and customer happiness together with stakeholders.



KITTE HAKATA of Japan Post Co., Ltd., future home to Hakata Marui, under construction (May 2015)





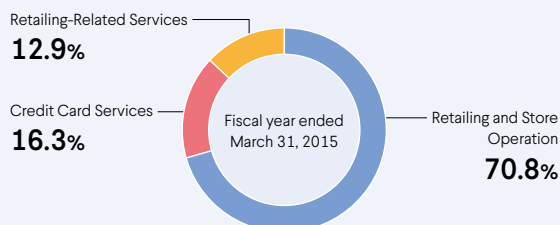
MARUI GROUP's Three Business Segments

A United MARUI GROUP with Three Business Segments

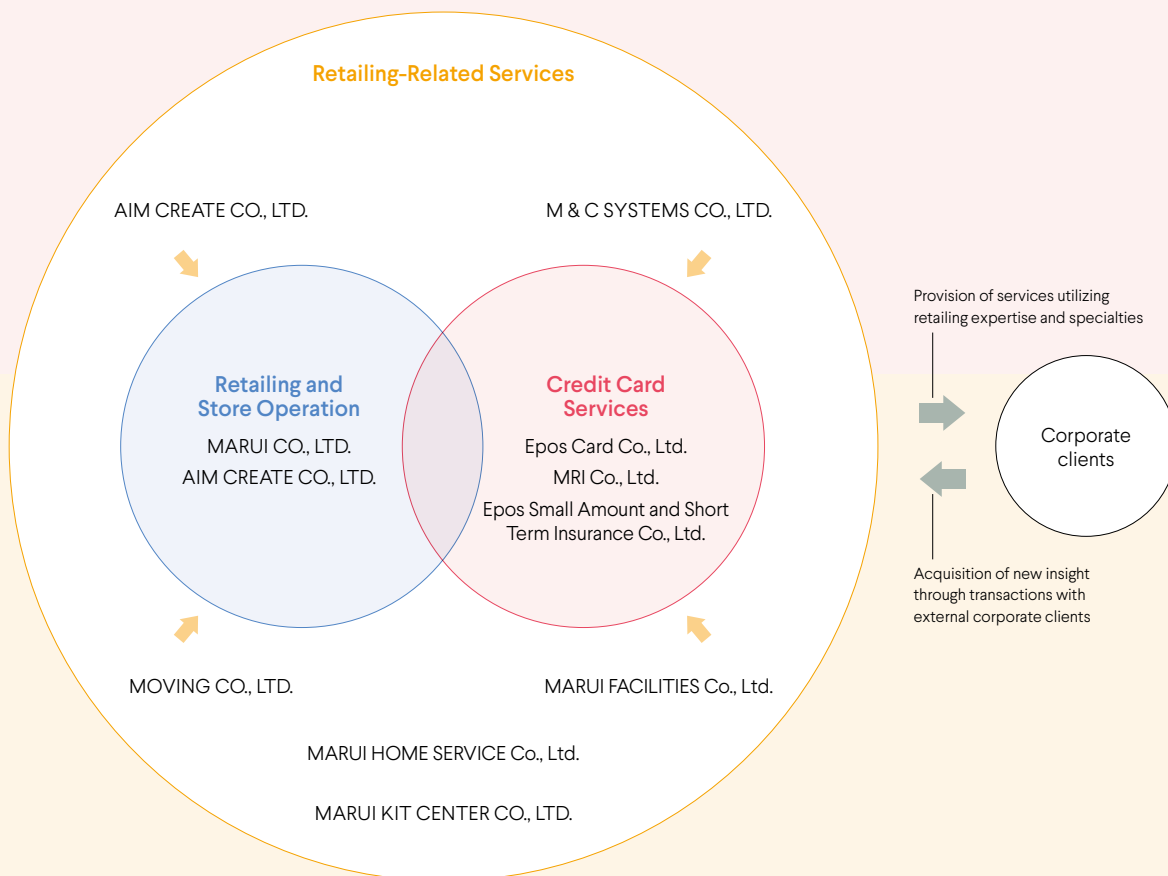
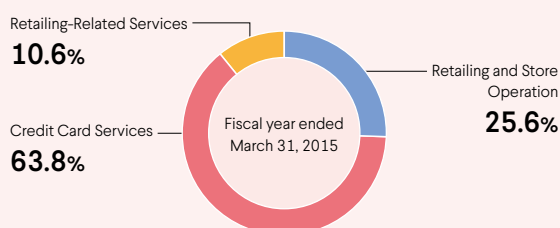
MARUI GROUP's operations comprise three business segments: Retailing and Store Operation, Credit Card Services, and Retailing-Related Services. The Group offers one-of-a-kind value that is distinctly different from that of competitors through its services born out of a seamless union between these intrinsically linked businesses.

The performance of each segment is fueled by intangible intersegment synergies, meaning that no one segment can realize its full potential alone. This cohesion has given rise to the concept of a United MARUI GROUP, a principle that we will continue to cherish regardless of how times may change. Guided by this framework, we will seek out the ideal path for continuing to develop our business and providing value to customers.

Operating Revenues by Segment



Operating Income by Segment

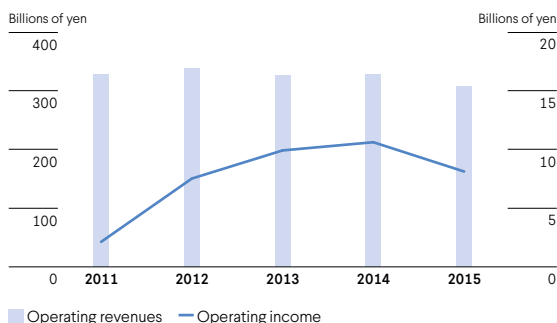


Retailing and Store Operation

This segment is developing MARUI GROUP's unique retail services that integrate stores, cards, and the Internet.

Business activities	Procurement and sales of clothing and accessories; rental, operation, and management of commercial facilities
Operating companies	MARUI CO., LTD. AIM CREATE CO., LTD.
Number of stores	27 in Japan
Total sales floor area	444,040 m ²
Transactions	¥322.9 billion (total of product sales and revenue from tenants on fixed-term rental contracts)

Operating Revenues / Operating Income

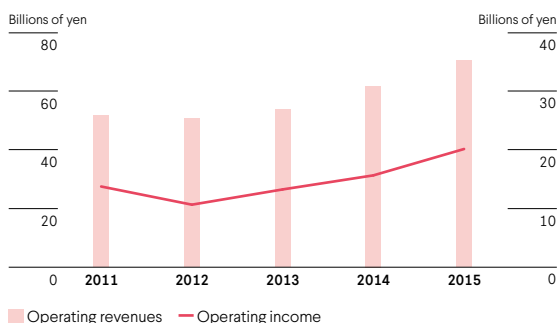


Credit Card Services

This segment is driving the overall performance of MARUI GROUP by providing credit card services based on a retail perspective.

Business activities	Credit card services, consumer loans, and rent payment guarantees
Operating companies	Epos Card Co., Ltd. MRI Co., Ltd. Epos Small Amount and Short Term Insurance Co., Ltd.
Total number of cardholders	5,910,000 (including 1,030,000 with Platinum cards or Gold cards)
Transactions	¥1,234.3 billion (total of card shopping transactions, cash advance transactions, etc.)

Operating Revenues / Operating Income

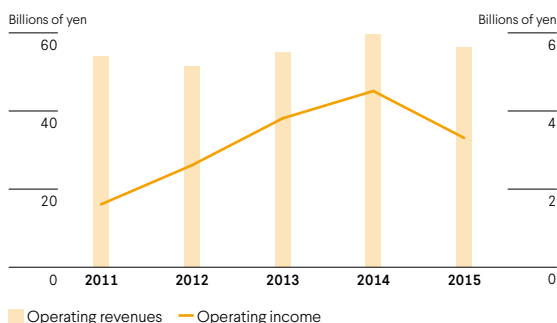


Retailing-Related Services

This segment is creating new businesses together with Retailing and Store Operation and Credit Card Services to support these segments.

Business activities	Store design, advertisement planning, apparel distribution subcontracting, IT system services, maintenance and management of buildings and other facilities, and real estate rental
Major operating companies	AIM CREATE CO., LTD. MOVING CO., LTD. M & C SYSTEMS CO., LTD. MARUI FACILITIES Co., Ltd. MARUI HOME SERVICE Co., Ltd.
Transactions	¥33.8 billion

Operating Revenues / Operating Income



Retailing and Store Operation

Performance in the Year under Review

In the fiscal year ended March 31, 2015, performance in the Retailing and Store Operation segment was impacted by the consumption tax rate increase and the change in earnings source from product sales to rent revenues accompanying the transition to shopping center style stores. These factors resulted in a decline in operating revenues. In addition, operating income was down, despite efforts to reduce fixed costs.

Financial results in the fiscal year ended March 31, 2015

Operating revenues	¥302.7 billion (down 6.1%)
Product sales	¥296.6 billion (down 6.5%)
Rent revenues and others	¥6.1 billion (up 22.4%)
Operating income	¥8.1 billion (down 23.6%)

Business Strategies

The domestic operating environment is changing due to the aging of the population and the declining birth-rate as well as the shift in consumer needs from the accumulation of physical goods to the pursuit of more-fulfilling lifestyles. Accordingly, the Group is revising its previous product lineups, which focused on youth and fashion, and transforming its business model to better respond to the lifestyle needs of customers of all ages. Specifically, we are pushing forward with transformation in the three areas described below with the aim of increasing customer numbers and thereby improving profitability.

By undergoing these transformations, we will endeavor to return the Retailing and Store Operation

Transformation of Store Development Methods

For more details, please refer to page 38.

Core theme	<ul style="list-style-type: none"> The transition from department store to shopping center style store (shift from consignment buying sales to fixed-term rental contract revenues) will be advanced. Profitability will be improved by contracting tenants at market-price rental rates.
Results in year under review	<ul style="list-style-type: none"> Performance improved substantially at the first shopping center style store, Machida Marui, with visitor numbers increasing 1.3 times from the last full-year it was open and purchase numbers rising 2.6 times after opening due to the expanded customer base stemming from the strengthened sundry item and restaurant lineups. Approximately 10% of the transition to fixed-term rental contracts was completed.
Future initiatives	<ul style="list-style-type: none"> Continuing from the large-scale overhauls of Machida Marui, Kichijoji Marui, and Shibuya Marui, 70% of existing stores are planned to be converted to a fixed-term rental contract system over the next three years and 100% over the next five years. (excluding some stores for which owner approval could not be acquired)

Transformation of Sales Floors

Core theme	<ul style="list-style-type: none"> The competitiveness of directly managed sales floors will be strengthened through conversion to specialty stores.
Results in year under review	<ul style="list-style-type: none"> Increased sales opportunities and improved productivity were realized on shoes sales floors at the forefront of private brand development through a Groupwide project.
Future initiatives	<ul style="list-style-type: none"> Management resources will be primarily allocated toward converting directly managed sales floors into specialty stores through extensive selection and concentration measures aimed at strengthening competitiveness and improving profitability. Directly managed sales floors in Company-operated stores will target return rates of 3% or more, higher than market-rate rental rates. Preparations will be advanced for fall 2015 store opening in LaLaport TACHIKAWA-TACHIHI.

Transformation of Products

For more details, please refer to page 50.

Core theme	<ul style="list-style-type: none"> The lineup of new private brand products will be bolstered and variety will be increased with the aim of introducing them into external stores.
Results in year under review	<ul style="list-style-type: none"> Rakuchin Kirei Pumps, women's shoes developed based on a thorough understanding of customer needs, became the industry's best seller with more than 2 million pairs sold to date.
Future initiatives	<ul style="list-style-type: none"> Sales capabilities will be strengthened for Rakuchin Kirei Pumps targeting introduction into external stores, and new private brand product development will be accelerated.

We are transforming our business model to better meet the diverse lifestyle needs of a wide range of customers across all age groups.

The Retailing and Store Operation business is realizing improved profitability through transformations in terms of store development methods, sales floors, and products. Of particular importance is the transformation of store development methods, which is being advanced based on the core theme of transitioning our business model from department stores to shopping center style stores.

Masao Nakamura

Director and Managing Executive Officer
Responsible for Retailing and Store Operation Business
President and Representative Director, MARUI CO., LTD.



business to the growth track. Furthermore, future growth strategies will be centered on our two store brands—Marui and Modi—as we develop operations flexibly based on store location and size.

The Marui brand of stores operated by MARUI will be reinvented as a line of shopping center style stores. This transition is being advanced through the conversion of existing stores and the opening of new stores. For example, Jam Shibuya was reopened as the shopping center style Shibuya Marui in April 2015. In addition, Hakata Marui is scheduled to open in spring 2016 and is anticipated to serve as a model in developing future shopping center style Marui stores. In this manner, preparations for the new business model are progressing steadily.

Modi, meanwhile, is a brand of shopping centers operated by subsidiary AIM CREATE based on an approach that differs from that of Marui stores. In fall 2015, Marui City Shibuya will reopen as Shibuya Modi, a revolutionary new shopping center that utilizes the expertise of various Group companies.



Machida Marui



Women's shoes sales floor

Projections

As the shift in business model stimulates improvements in profitability, income is growing in this business. However, this shift entails the source of earnings changing from product sales to rent revenues, causing operating revenues to decline and resulting in inconsistency between trends in revenue and income.

Accordingly, effective April 1, 2015, we replaced the previous “operating revenues” line item with the new “revenue” line item, which will more accurately display performance under the new business model (for more details, please refer to page 19).

Forecasts for the financial results from Retailing and Store Operation in the fiscal year ending March 31, 2016, are detailed below. We expect income to steadily improve in this business as we transition to the new business model.

**Financial results forecasts
for the fiscal year ending March 31, 2016**

Transactions*1	¥325.0 billion (up 0.7%)
Revenue*2	¥141.0 billion (down 4.5%)
Product sales	¥93.5 billion (down 8.5%)
Consignment sales	¥39.0 billion (down 1.7%)
Rent revenues and others	¥8.5 billion (up 47.0%)
Operating income	¥8.5 billion (up 5.3%)

*1 Total of product sales and revenue from tenants on fixed-term rental contracts

*2 After change from total value display to net value display for consignment sales

Credit Card Services

Performance in the Year under Review

In the fiscal year ended March 31, 2015, the Credit Card Services business recorded increased revenues and income for the third consecutive year following a rise in cardholder numbers, higher usage amounts for card shopping transactions, and firm amounts of cash advance transactions.

Financial results in the fiscal year ended March 31, 2015

Transactions	¥1,234.3 billion (up 17.0%)
Card shopping	¥976.5 billion (up 15.9%)
Cash advance	¥137.3 billion (up 7.5%)
Others	¥120.4 billion (up 43.3%)
Operating revenues	¥68.4 billion (up 15.2%)
Financial charges earned on installment sales	¥25.8 billion (up 24.7%)
Interest income on consumer loans	¥21.7 billion (up 3.0%)
Affiliated merchants	¥14.9 billion (up 17.2%)
Others	¥6.0 billion (up 22.1%)
Operating income	¥20.1 billion (up 28.7%)

Business Strategies

The Credit Card Services business continues to progress toward a new growth stage, achieving feats including the posting of total card transactions of more than ¥1 trillion. Nonetheless, there are still issues for this business to address. For example, EPOS cardholders are concentrated in the Tokyo metropolitan area and there are several regions of Japan with no penetration. Furthermore, it is essential that we create systems for enhancing the convenience of credit cards to improve upon the still low credit card usage rates in Japan.

For these reasons, we plan to accelerate the growth of the Credit Card Services business through a strategy of pursuing nationwide development while advancing the measures targeting the expansion of cardholder numbers and the bolstering of usage rates and amounts described in the table below.

By steadily advancing the aforementioned measures, the Credit Card Services business will continue to function as a main proponent driving the overall performance of MARUI GROUP. Through these efforts,

Expansion of Cardholder Numbers

Core measure 1: Uncover new collaboration card partners and support partners' businesses

- To establish card application locations throughout Japan, efforts will be stepped up to uncover new companies, facilities, fan clubs, and other potential collaboration card partners.
- Kyushu will be positioned as a strategic region in consideration of its first store opening, and the target of achieving cardholder numbers of 130,000 by March 31, 2016, will be pursued (80,000 as of March 31, 2015).

Core measure 2: Increase applications received via websites

- TV commercials will be broadcast nationwide to raise recognition and promote credit card application via the Company's websites.
- Applications will be promoted within the business areas of Marui stores through smartphone applications and at stores.

Core measure 3: Strengthen coordination with stores

- Coordination will be strengthened with Marui stores, which are the sites of 75% of new card issuances and conversion to Gold cards.
- Card promotion officers will be appointed in conjunction with the shift to shopping center style Marui stores to strengthen support systems for facilities and tenants.

Bolstering of Usage Rates and Amounts

Core measure 1: Enhance usage benefits and improve recognition

- MARUI's know-how will be utilized to enhance discounts and point systems provided to holders of collaboration cards.
- Card use will be promoted through special, limited-period cardholder benefit campaigns.

Core measure 2: Utilize benefits of on-the-spot, in-store issuance

- The advantage of being able to receive a card and begin use immediately when needed will be solicited.
- Speedy application screening will be realized using tablets.



Visa-affiliated, IC-chip-equipped EPOS CARD

we will pursue the goal of consistently realizing increases in card transactions of between ¥150.0 billion and ¥200.0 billion each year and thereby work to achieve total card transactions of ¥2 trillion in the fiscal year ending March 31, 2020. At the same time, we aim to increase operating income by ¥3.0 billion to ¥4.0 billion each year.

Furthermore, the upcoming holding of the 2020 Olympic and Paralympic Games in Tokyo is creating substantial business opportunities for the Credit Card Services business. In preparation for the anticipated spike in overseas travelers visiting Japan, the installation of a credit card payment infrastructure is being advanced on a nationwide scale. We expect this development to stimulate a rise in credit card use for shopping purchases. MARUI GROUP is committed to taking full advantage of this favorable operating environment to realize further growth in this business.

Five Collaboration Cards Available in Kyushu



HUIS TEN BOSCH
EPOS CARD



Sasebo 5bangai
EPOS CARD



KYUDENKO
EPOS CARD



Club Hawks
EPOS CARD



JQ CARD
EPOS CARD

Projections

In the fiscal year ending March 31, 2016, the Credit Card Services business is expected to achieve its fourth consecutive year of higher revenues and income. We will work to expand card shopping transactions by leveraging the retailing professionals that will be cultivated during the process of transitioning to shopping center style stores to increase the number of collaboration card partners. At the same time, we will steadily grow cash advance transactions by developing systems to make borrowing and returning money more convenient. Forecasts for the financial results from Credit Card Services in the fiscal year ending March 31, 2016, are detailed below.

Financial results forecasts for the fiscal year ending March 31, 2016

Transactions	¥1,466.0 billion (up 18.8%)
Card shopping	¥1,156.0 billion (up 18.4%)
Cash advance	¥160.0 billion (up 16.5%)
Others	¥150.0 billion (up 24.5%)
Revenue	¥75.0 billion (up 9.6%)
Financial charges earned on installment sales	¥28.0 billion (up 8.4%)
Interest income on consumer loans	¥23.0 billion (up 5.9%)
Affiliated merchants	¥18.0 billion (up 20.6%)
Others	¥6.0 billion (up 0.4%)
Operating income	¥22.0 billion (up 9.3%)

Retailing-Related Services

Performance in the Year under Review

In the fiscal year ended March 31, 2015, both revenues and income decreased in the Retailing-Related Services business due to the absence of the large-scale internal construction order recorded in the previous fiscal year.

Financial results in the fiscal year ended March 31, 2015

Operating revenues	¥33.8 billion (down 2.5%)
Operating income	¥3.3 billion (down 26.3%)

Business Strategies

The operating companies associated with the Retailing-Related Services business are advancing a basic strategy with two functions. The first is to utilize their unique expertise and specialized insight to form a powerful support network for MARUI GROUP's mainstay Retailing and Store Operation and Credit Card Services businesses. The second is to expand operations by providing services to corporate clients outside the Group (for more details, please refer to pages 122–125 for an overview of MARUI GROUP companies).

MARUI GROUP promotes the concept of a United MARUI GROUP by forming intrinsic links between the businesses of all Group companies, thereby seeking

to strengthen the competitiveness of existing businesses while simultaneously creating new business opportunities. When developing stores, for example, AIM CREATE will take charge of space production, internal construction, and advertising and promotions, while MOVING will take over for handling in-store distribution and deliveries. MARUI FACILITIES, meanwhile, provides facility security, janitorial, and disaster prevention services.

We are aggressively expanding transactions with external corporate clients and other customers for these high-value-added services, which are built on top of MARUI GROUP's retailing expertise.

Projections

The Retailing-Related Services business is expected to achieve higher revenues and income in the fiscal year ending March 31, 2016. Heightened performance will be pursued in the future by enhancing services provided to MARUI GROUP companies while expanding transactions with external customers.

Financial results forecasts for the fiscal year ending March 31, 2016

Revenue	¥35.0 billion (up 3.5%)
Operating income	¥3.5 billion (up 5.0%)

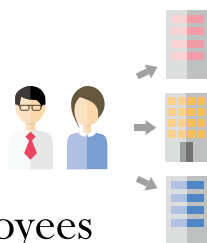




345

Number of Employees Changing Professions, including intra-Group relocation

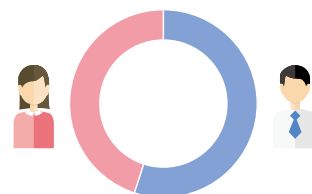
MARUI GROUP actively encourages employees to change professions in order to promote the diversity of individual talents and encourage employee development. In spring 2015, 345 of the Company's 5,918 employees changed professions.



45%

Ratio of Female Employees at MARUI GROUP

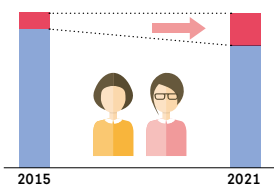
Supporting the contributions of women is an area that has been gaining attention among Japanese companies. MARUI GROUP already has more than 2,600 female employees, who are actively contributing to its business. Of MARUI GROUP's 5,918 employees, 45% are female.



28

Number of Women in Management Positions, including executive officers and directors

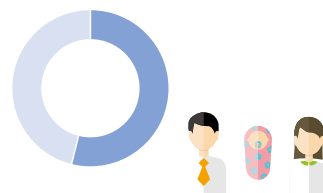
Approximately 8% of MARUI GROUP's management positions are filled by women. We are building a corporate culture that supports the contributions of female employees, and we aim to raise this ratio to 17% by the fiscal year ending March 31, 2021.



54%

Ratio of Male Employees Taking Childcare Leave thanks to the understanding of colleagues

MARUI GROUP encourages male employees to take part in childrearing. We have therefore introduced a short-term childcare leave system available to all employees.



4,676_g

Carbon Footprint of one pair of shoes

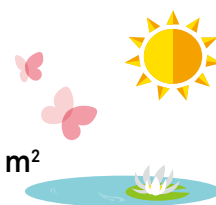
Only 4,676 g of CO₂ is emitted during the entire lifespan of one pair of velikoko VI1F5-8014 Rakuchin Kirei Pumps, from raw material procurement to recycling.



More than 860_{m²}

Area of Four Seasons and Waterside Gardens, beloved attractions for local customers

These gardens form a lush and sprawling forested biotope on the west side of Nakano Marui. In 2013, they were certified as "Urban Oases" by the Organization for Landscape and Urban Green Infrastructure.



Co-Creation Engagement

MARUI GROUP is cultivating a corporate culture that encourages all employees to contribute to management with the aim of advancing co-creation management on a Groupwide basis.





Cultivation of a Co-Creation Management Corporate Culture

MARUI GROUP is cultivating a corporate culture that unites all Group members with the aim of advancing co-creation management on a Groupwide basis. The concept of a United MARUI GROUP that promotes cohesion across company and organizational boundaries constitutes our shared vision for realizing this corporate culture.

Platform for Employee Participation in Management

MARUI GROUP has established the Medium-Term Management Visionary Committee, an organization tasked with contributing to the realization of medium-to-long-term corporate growth and the corporate philosophy.

The Medium-Term Management Visionary Committee comprises a total of five subcommittees, including the Diversity Subcommittee and the Marui Future Subcommittee. The topics discussed by these committees are reviewed quarterly and reports on committee activities are submitted at the end of each fiscal year and shared with all Group employees.

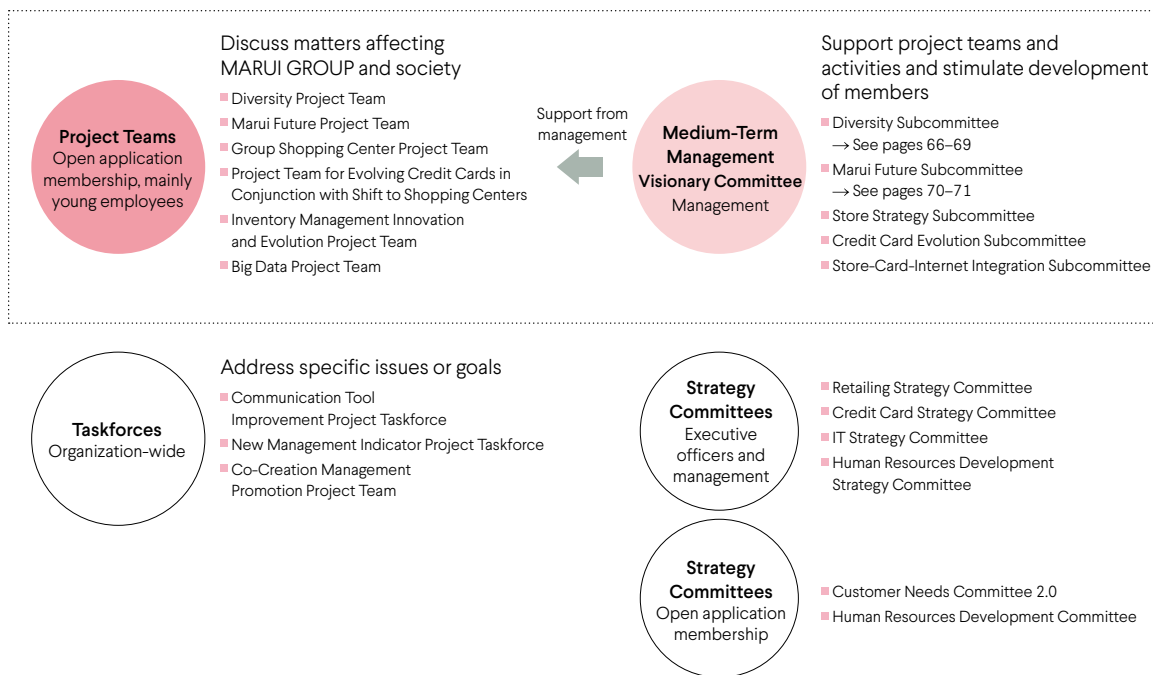
In addition, the Medium-Term Management Visionary Committee is responsible for supporting official Group project teams, which discuss matters expected to influence the development of MARUI GROUP or society as a whole over the medium-to-long

term. Any Group employee is able to participate in these project teams, thereby enabling them to provide a platform for employee participation in management.

Furthermore, the Group has introduced a unique human resources system that allows profession changes, which are designed to thicken the links between individual businesses and thereby form the foundations for a corporate culture that will drive the Group to new growth stages. Rather than pursuing the growth of the Retailing and Store Operation business or the Credit Card Services business on an individual basis, our vision is for a United MARUI GROUP that grows as one through intrinsic links between all businesses. By working toward this vision, we are broadening our efforts to stimulate the development of individual employees and in turn fuel the growth of the entire Group.

Official Group Project Teams and Strategy and Other Committees for the Fiscal Year Ending March 31, 2016

Project teams in which members applying from throughout the Group discuss the future of the Group and society



Project Teams



Marui Future Project Team [Official]



Diversity Project Team [Official]



Inventory Management Innovation and Evolution Project Team [Official]



EPOS CARD Application Development Project Team



Shopping Center Business Fair Project Team

Profession Changes

The promotion of diversity has been positioned as a central pillar for the strategies of the medium-term management plan, covering the three-year period beginning with the fiscal year ended March 31, 2015, and we are therefore working to cultivate a corporate culture that contributes to high productivity and facilitates innovation. Specifically, we are pursuing diversity from three perspectives: diversity of individual talents, gender diversity, and age diversity. For this reason, we are actively encouraging employees to undergo intra-Group profession changes to experience the various work fields we offer and are supporting the participation of women and young employees in making decisions.

Profession Changes That Strengthen Customer-First Mentality

Total number of Group employees changing professions since the fiscal year ended March 31, 2013

More than
1,000

In order to accommodate diversity in individual talents, we have been working to increase the number of employees undergoing profession changes since April 2013. The impressive contributions of employees that have changed professions were later announced through the Medium-Term Management Visionary Committee and project teams, stimulating a rise in the number of individuals interested in intra-Group profession changes. In spring 2015, 345 individuals underwent such changes, making for a total of more than 1,000, or 18% of all employees, taking advantage of this opportunity since the system was introduced. The number of people changing professions is particularly high at sales offices, with 50% of supervisors at such locations having undergone a change.

It is common for people, after having worked in a single profession for a number of years, to go about their jobs without putting much thought into their practices. However, placed in a new profession, the areas of work that had become routine suddenly seem fresh, kindling a new sense of inquisitiveness. One of the goals of profession changes is to allow employees to break away from their sense of normalcy and escape preconceptions to better practice a customer-first mentality and discover new ways of responding to customer needs. Utilizing one's past experience from a fresh, customer-oriented perspective can lead to new innovations in one's daily work. Ongoing daily efforts can sometimes become the force driving massive changes to our business as a whole.

Job Forums That Introduce Various Professions

Aiming to provide career support via profession changes, the Company holds Job Forum events at which different Group companies explain their line of work, and it also periodically conducts individual consultation events at which employees can discuss possible profession changes at job booths. In addition, the work of each Group company is explained on MARUI GROUP's intranet site. Through these efforts, we hope to aid employees aspiring to advance their own development by undertaking a change in profession.





Ai Tagami

Personnel and Skill Development Section, Personnel and Skill Development Division,
Human Resources Development and Group Distribution Department, MOVING CO., LTD.

Change to personnel division at MOVING after serving customers on women's purse sales floors at two stores

I have always enjoyed customer service and helping people, and it was this desire to be of assistance to people that led me to MARUI GROUP when searching for employment. After joining the Company, I spent three years serving customers on women's purse sales floors. Earning the gratitude of customers was an experience that once again made me realize the joy of helping people.

Today, I am responsible for personnel at MOVING, and I am serving 800 customers who are different yet equally valuable: our part-time workers. The desire I felt to help customers on the sales floor remains strong as I serve this new type of customer.



Career History

2009 Entered Omiya Marui
2010 Women's purse sales floor, Omiya Marui
2012 Women's purse sales floor, Marui City Shibuya
2012 Current position



Tetsuya Hirabayashi

Chief Leader, Sales Promotion Section, Sales Promotion Division,
Sales Department, Epos Card Co., Ltd.

Transfer to Sales Promotion Section at Epos Card after being product buyer, sales floor supervisor, and support manager overseeing entire store

I transferred to Epos Card in the hopes of being able to serve customers at the credit card application center based on an accurate understanding of their feelings in order to make applications into a mere extension of an already enjoyable shopping experience. I aim to utilize my retailing experience to ensure that as many customers as possible leave our doors with smiles on their faces.

Career History

1984 Entered Kamata Marui
2003 Support Manager, Chief Buyer, and other corporate positions
2010 Floor Manager, Shinjuku Marui Annex
2014 Current position



Kenji Watanabe

Women's Fashion Accessory Shop Manager,
Yurakucho Marui, MARUI CO., LTD.

From chief buyer of accessories to sales floor manager at Yurakucho Marui

I have spent a number of years at MARUI GROUP, where I served primarily in buyer positions, including chief buyer for accessory sales floors.

I learned a lot in these positions, but there were still plenty of new discoveries waiting for me when I returned to sales floor supervision after several years. Customers often use the news and the Internet as timely sources of information on sales floors. Developing sales floors in a manner that responds to the needs of these customers requires speed. However, the most satisfying part of my job is when I am able to bring customers joy by accomplishing this task.



Career History

1993 Entered Kichijoji Marui
Women's shoes and purse sales floor staff
2002 Chief Buyer and other corporate positions
2012 Chief Buyer, Women's Accessory Section, Direct Marketing Division
2015 Current position

Contributions of Female Employees

As of March 31, 2015, MARUI GROUP had 2,641 female employees, representing 45% of its total 5,918 employees. Around 90% of purchases in Marui stores are made by women. However, when it comes to making decisions about these stores, only 20% of the representatives involved are female. As female employees come to represent an increasingly large portion of our employee base, supporting these individuals in making contributions is becoming an ever-more important task for management.

Initiatives of the Diversity Subcommittee

Ratio of female managers 8% → 17%
Target for the fiscal year ending March 31, 2021

The people working at MARUI GROUP have a diverse range of values. However, the desire to serve customers and to learn and grow is held by both the men and the women who join the Group. For women, however, marriage, childbirth, and other life events may impede their ability to continue working, and there is thus an urgent need to develop new styles of working that help women overcome the challenges these events may present. The current state of the Group presents concern for women considering childbirth with regard to the ability to balance their work with their child, and no doubt many women feel as though they must choose one or the other.

In the medium-term management plan launched in the fiscal year ended March 31, 2015, the promotion of diversity has been positioned as a central pillar of strategies, and we are therefore pursuing diversity from three perspectives: diversity of individual talents, gender diversity, and age diversity. To promote gender diversity, initiatives are being advanced centered on the Diversity Subcommittee, which consists of members of management, and are being focused on the two areas of creating new support systems and improving awareness. For example, realizing that the number of women who continue to work with the Group after life events is exceptionally low, we introduced a new system that enables such employees to work only in a fixed area and during set times. Meanwhile, we have established a special organization-wide networking group as a measure to improve awareness. Numerous employees of all genders participate in this networking group.

Traceability Using Women's Empowerment Indexes

MARUI GROUP has defined women's empowerment indexes for measuring its progress in supporting the contributions of female employees. These indicators are divided into two categories—awareness improvement and corporate culture cultivation as well as the promotion of women's contributions—and we have established targets through to the fiscal year ending March 31, 2021.

Fiscal years ended/ending March 31	FY2014	FY2015	FY2017 (target)	FY2021 (target)
Awareness improvement and corporate culture cultivation				
Recognition of contributions of female employees	37%	60%	100%	100%
Ratio of female employees pursuing upper-level positions	41%*1	64%*1	60%	80%
Ratio of applicable male employees taking childcare leave	14%	54%	60%	100%
Promotion of women's contributions				
Ratio of female employees returning to work full-time after taking childcare leave	36%	55%	70%	90%
Number of female leaders	545	576	650	900
Number of female managers	24	28	35	55
Ratio of female managers	7%	8%	11%	17%

*1 Ratio of female employees pursuing upper-level positions is based on results of surveys conducted in June 2014 and 2015.

Diversity Subcommittee Directives

1. Formulate working styles that will allow women to continue working until retirement
 - Increase working style options available in response to life events
 - Form additional associations to support women looking to continue working long term
2. Boost female representation in decision-making processes
 - Increase the number of female employees pursuing upper-level management positions by improving awareness and creating a welcoming atmosphere for women
 - Raise awareness among male employees to support the contributions of female employees

Through these initiatives, we aim to foster the female leaders that will become the next generation of managers and thereby improve productivity and cultivate a corporate culture that facilitates innovation.

The Individuality of All Employees Is Respected as a Form of Diversity regardless of Gender or Age.



Junko Tsuda

Diversity Subcommittee member in the fiscal year ending March 31, 2016

Executive Officer

Director and Store Manager, Marui Family Shiki, MARUI CO., LTD.



The Group has been broadening its concept of diversity since the fiscal year ended March 31, 2015. The individuality of all employees is respected as a form of diversity regardless of gender or age. However, promoting diversity requires reforms to the corporate culture, and it is also necessary for all employees to freely express their opinions and for a proactive stance to be taken toward communication.



Kazumi Abe

Diversity Subcommittee member in the fiscal year ended March 31, 2015

Director and Store Management, Omiya Marui, MARUI CO., LTD.



In order for employees to be able to freely express their opinions, it is necessary for the individuals to expand their own perspective and continue growing. I believe that diversity is only truly promoted when all employees develop their individual talents and change how they communicate with one another to reach a mutual understanding and work together. This process in turn contributes to increased corporate value.



In September 2014, MARUI GROUP held a workshop for mid-level female employees. A total of 350 employees assembled at this event, which served as an opportunity for participants to think about how the corporate culture could better facilitate more empowering working styles while networking with peers from throughout MARUI GROUP.

Contributions to Society through Business Activities

MARUI GROUP's vision for corporate social responsibility (CSR) entails making contributions to society through the business activities of the entire Group. For example, the used clothing trade-in program started in 2010 has grown by incorporating other stores and departments of Group companies. Today, this initiative has evolved into a Groupwide activity that also involves collecting such items as shoes. Contributions made through our business of co-creating with customers are part of the concept of Marui Future, and we are advancing activities based on this concept through the Marui Future Project Team and the Marui Future Subcommittee.

Apparel Recycling Program for Reusing Products

Customer clothing items and shoes traded-in to date

Approx.
4.4 million

In Japan, less than 30% of clothing items are reused or recycled. While there are no doubt many people hoping to put the clothes and shoes they no longer wear to good use, it is often unclear where these items can be taken or how they can be reused. This situation has led more than 70% of apparel items to simply be thrown away. With the hopes of addressing this social issue, we launched the apparel recycling program through which we work together with customers to contribute to the environment and society by reusing clothes and shoes.

The apparel recycling program began with the used clothing trade-in program that was launched in Marui stores in 2010. This initiative allows customers to trade-in clothing items they no longer need. In return, customers receive a ¥200 discount coupon for each item they donated. Clothing items collected in this manner are categorized and repaired in Group product centers. These items are then provided to people in the Tohoku region of Japan, which was heavily damaged by the Great East Japan Earthquake, through special donation shopping events or resold in Marui stores. In 2014, we also began accepting trade-ins of shoes, which are sometimes an even greater cause of concern than clothing. Over the period from the program's start in spring 2010 to March 31, 2015, approximately 4.4 million clothing items and shoes have been traded-in by some 430,000 customers.

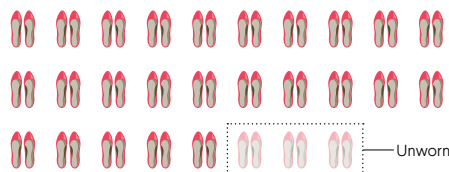
Customers' Shoe-Related Concerns

Results for survey of 1,112 female EPOS cardholders

Q1. How many pairs of shoes do you have?

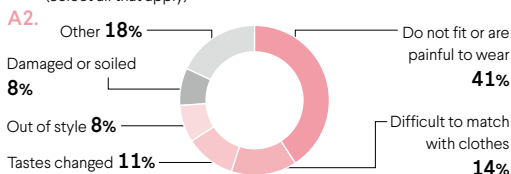
How many of these are unworn?

A1. 28 pairs with 3 unworn on average



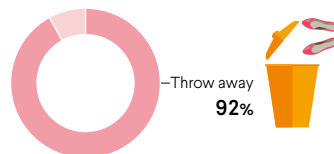
Q2. What is the reason these shoes are not worn?

(Select all that apply)



Q3. How do you handle shoes that you no longer wear?

A3. "Throw away" selected by 92% of respondents



Receipt of Chairperson's Award, Eco-Products Awards Steering Committee

The apparel recycling program allows customers to trade-in clothing items and shoes, even those made by other companies, and these articles are then resold or reused in stores or in the quake-stricken Tohoku region of Japan. This reuse-promoting initiative was recognized at the Eco-Products 2014 exhibition when the Company was presented with the Chairperson's Award, Eco-Products Awards Steering Committee.

From Trade-Ins

To Reduction Program Designed to Eliminate Unworn Shoes

Trade-In and Reuse of Women's Shoes

I'm glad my shoes could be of use to someone!



Create a trade-in counter



Marui store shoes sales floor

Comments from customers trading-in shoes

- They felt fine when I tried them on, but my feet started to hurt after wearing them for long periods.
- I had issues with the width and instep height.
- As I got older, I grew to prioritize comfort.

There were some great finds. I'm satisfied!



Sell trade-in shoes at special in-store corners



Marui store

Categorize and repair trade-in shoes



Product center of MOVING CO., LTD.

Evolution from Reuse to Reduction

Based on customer feedback, we are evolving our shoe reuse efforts to reduce the amount of shoes that go to waste.

We believe providing all customers with products and services that offer levels of satisfaction exceeding their expectations will contribute to such reductions, and we are making various proposals to customers to realize this ideal.

Support to help customers choose the best shoe for their foot



In-store foot measuring events



Shoes LABO Plus community website

Creation of shoes that perfectly match customers



We are committed to creating shoes that perfectly match customers' feet and that provide unrivaled levels of comfort. Accordingly, Rakuchin Kirei Pumps are offered in a total of 24 sizes, consisting of 12 different lengths available in two width variations.

Corporate Governance

As of June 25, 2015

Basic Policy for Corporate Governance

It is the Company's basic policy to prioritize sound and fair management and pursue stable long-term improvements in corporate value. The Company promotes highly transparent management and continually reinforces supervisory functions. Directors are given short terms of service and multiple external directors have been appointed to further enhance management transparency and ensure fairness.

1. Corporate Governance System

The Company employs the Company with Company Auditors system described in the Companies Act of Japan, with its Board of Directors consisting of six directors and its Audit & Supervisory Board consisting of four Audit & Supervisory Board members.

Moreover, an executive officer system has been introduced to strengthen executive management systems throughout the Group. On June 25, 2015, steps were taken to improve the flexibility of executive management, including expanding the use of the executive officer system and reducing the number of directors from ten to six. In addition, we strove to reinforce supervisory functions for the Board of Directors by making it easier for the opinions of the external directors, who are independent from management, to be incorporated into management practices.

Board of Directors and Directors

As of June 25, 2015, the Board of Directors had a total of six members, consisting of four directors and two external directors.

Directors

Hiroshi Aoi President and Representative Director	Representative Executive Officer	—
Motohiko Sato	Director and Senior Managing Executive Officer, and CFO	In charge of Corporate Planning and Finance Responsible for Credit Card Services Business and Information Systems
Masao Nakamura	Director and Managing Executive Officer	Responsible for Retailing and Store Operation Business
Tomoo Ishii	Director and Managing Executive Officer, and Chief Operating Officer	Healthcare Promotion and General Manager, Personnel Division In charge of General Affairs and Healthcare Promotion

External Directors

Koichiro Horiuchi	Both external directors are also independent directors as stipulated by the Tokyo Stock Exchange. They utilize their unique experience and insight to stimulate lively discussion during meetings of the Board of Directors while also exercising a restraint function on the Company's management.
Etsuko Okajima	

→ See also Messages from the External Directors on pages 27 and 28

The Board of Directors is a body for supervising operational execution and discussing the structure of the Group's strategies with the aim of improving corporate value. The term of directors is set at one year to ensure the transparency of operational execution and clarify management responsibility. In principle, the Board of Directors meets 10 times a year.

Audit & Supervisory Board and Audit & Supervisory Board Members

The Company's Audit & Supervisory Board consists of four members: two full-time Audit & Supervisory Board members and two external Audit & Supervisory Board members, both of whom are also independent auditors as stipulated by the Tokyo Stock Exchange. On June 25, 2015, Hideaki Fujizuka was newly appointed as a full-time Audit & Supervisory Board member. Joining from outside the Company, Mr. Fujizuka has gained a wealth of experience and a breadth of insight at major financial institutions and operating companies.

The four Audit & Supervisory Board members are responsible for formulating audit policies and plans. They also receive reports from directors and the accounting auditor with regard to the execution of their duties. In addition, the Audit & Supervisory Board members take steps to enhance audit functions, including attending meetings of the Board of Directors and other important meetings and holding periodic meetings with the president.

Management Committee

The Management Committee meets regularly to provide a forum for discussing and exchanging information regarding Groupwide operational execution. Comprised of executive officers, the Management Committee functions as the highest decision-making body.

Effective April 2015, the range of authority of the Management Committee was revised to allow for swifter decision making.

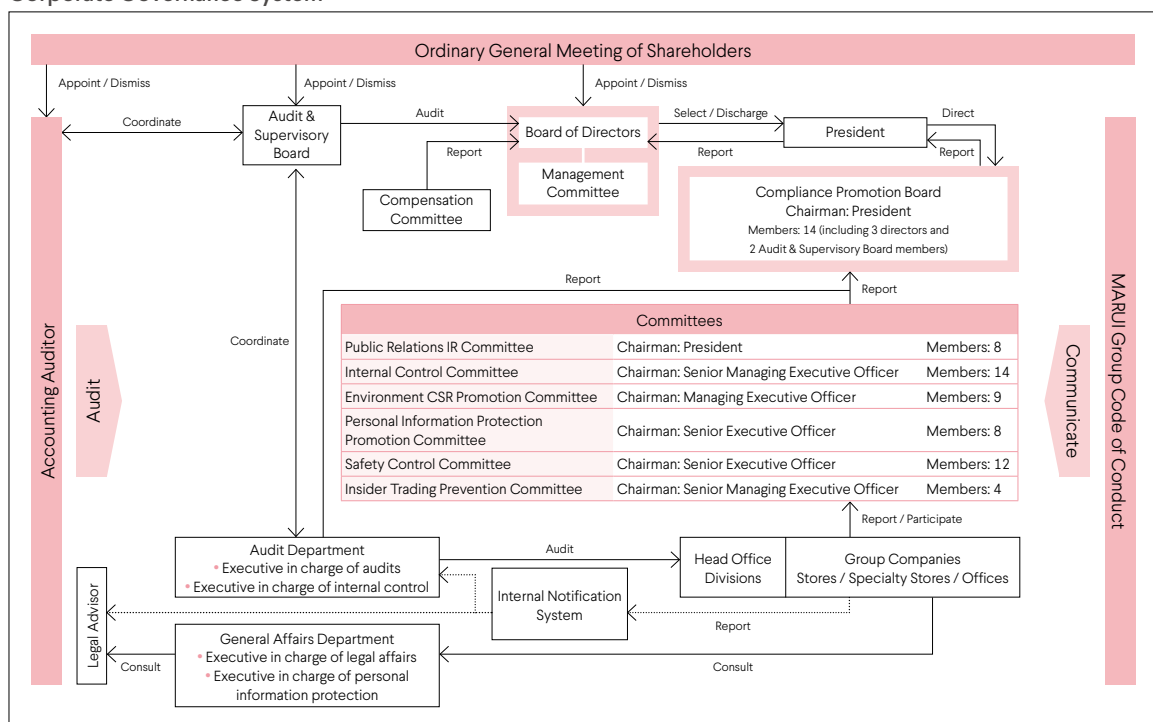
Initiatives to Strengthen Corporate Governance System

2007	Changed to a holding company system
2008	Appointed first external director
	Shortened the term of all directors to one year to clarify management responsibilities
2014	Appointed second external director
	Began pursuing improved corporate value under the mantra of a United MARUI GROUP
2015	Expanded the use of the executive officer system and reduced the number of directors from 10 to 6 to improve the flexibility of executive management
	Established and disclosed the Criteria for Independence of External Directors and Audit & Supervisory Board Members

Overview of Corporate Governance System

Organizational structure		Company with Company Auditors	
Board of Directors	Members	6	
	Term	1 year	
	External directors	2 (independent directors)	
	Activities of external directors (April 1, 2014 – March 31, 2015)	Koichiro Horiuchi	Participated in all 10 meetings of the Board of Directors
		Etsuko Okajima	Participated in all 8 meetings of the Board of Directors held after appointment at the 78th Ordinary General Meeting of Shareholders
Audit & Supervisory Board	Members	4	
	Term	4 years	
	External Audit & Supervisory Board members	2 (independent auditors)	
	Activities of external Audit & Supervisory Board members (April 1, 2014 – March 31, 2015)	Tadashi Ooe	Participated in all 10 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board
		Takehiko Takagi	Participated in all 10 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board

Corporate Governance System



Support Systems for External Directors and Audit & Supervisory Board Members

The Corporate Planning Division, the General Affairs Department, and the Audit Department are responsible for supporting external directors and Audit & Supervisory Board members. In addition, materials related to meetings of the Board of Directors are distributed to these individuals ahead of time, and briefings on the content of these materials are provided as necessary.

Factors regarding Appointment of External Directors and Audit & Supervisory Board Members

The Company has established the Criteria for Independence of External Directors and Audit & Supervisory Board Members to ensure the independence of external directors and Audit & Supervisory Board members and guarantee that they can make objective decisions.

→ See also Criteria for Independence of External Directors and Audit & Supervisory Board Members on page 77

Reason for Appointment of External Directors and Audit & Supervisory Board Members

Koichiro Horiuchi External Director (Independent Director)	Mr. Horiuchi has accumulated a wealth of management experience and insight at FUJI KYUKO CO., LTD. In the past, he has effectively carried out his duties as an external director of the Company by actively posing questions and offering advice from an independent and objective standpoint. Mr. Horiuchi was therefore selected to serve as an external director so that he may continue contributing to the strengthening of the management supervisory function.
Etsuko Okajima External Director (Independent Director)	Ms. Okajima has accumulated a wealth of management experience and insight at ProNova Inc. as well as a deep understanding of diversity. In the past, she has effectively carried out her duties as an external director of the Company by actively posing questions and offering advice from an independent and objective standpoint. Ms. Okajima was therefore selected to serve as an external director so that she may continue contributing to the strengthening of the management supervisory function.
Tadashi Ooe External Audit & Supervisory Board Member (Independent Auditor)	Mr. Ooe has accumulated a wealth of legal experience and insight as an attorney. In the past, he has effectively carried out his duties as an external Audit & Supervisory Board member of the Company. Mr. Ooe was therefore selected to serve as an external Audit & Supervisory Board member so that he may continue conducting impartial audits.
Takehiko Takagi External Audit & Supervisory Board Member (Independent Auditor)	Mr. Takagi is a licensed tax accountant and has accumulated a wealth of specialized insight and experience related to accounting. In the past, he has effectively carried out his duties as an external Audit & Supervisory Board member of the Company. Mr. Takagi was therefore selected to serve as an external Audit & Supervisory Board member so that he may continue conducting impartial audits.

* Ms. Okajima is also Representative and CEO of ProNova Inc. This company possesses specialties in diversity and has therefore been contracted by the Company to provide assistance with trainings on supporting the contributions of female employees. Such assistance has been provided for a total of eight trainings, and compensation of ¥2 million was paid to ProNova in the fiscal year ended March 31, 2015. Regardless of this transactional relationship, Ms. Okajima meets the Company's Criteria for Independence of External Directors and Audit & Supervisory Board Members, and this relationship has no impact on her actual independence from the Company's management.

Compensation of Directors and Audit & Supervisory Board Members

As part of management reforms, the Company ceased establishing new savings accounts for retirement benefits for directors and Audit & Supervisory Board members in October 2003 and abolished the retirement benefits system for directors and Audit & Supervisory Board members in June 2008. Furthermore, the Company is revising

its compensation systems for directors through such means as introducing stock option systems.

Compensation for directors includes fixed basic compensation as well as stock-option-based compensation provided as a form of performance-linked compensation. However, external directors are only paid basic compensation in consideration of their role.

At the Ordinary General Meeting of Shareholders

Compensation of Directors and Audit & Supervisory Board Members in Fiscal Year Ended March 31, 2015

	Total compensation (millions of yen)	Compensation by type (millions of yen)		Number of recipients (people)
		Basic compensation	Stock options	
Directors (excluding external directors)	200	173	27	8
Audit & Supervisory Board members (excluding external Audit & Supervisory Board members)	34	34	—	3
External directors and Audit & Supervisory Board members	33	33	—	4

* In addition to the above amount of total compensation, a total of ¥54 million was paid to three directors by subsidiaries.

held on June 27, 2012, the upper limit for full-year compensation paid to directors was set at ¥300 million (excluding employee salaries paid to directors that are also employees of the Company or Group companies). Separate from this amount, the upper limit for new share warrants issued to directors (excluding external directors) through the stock-option-based compensation system has been set at ¥100 million. Compensation paid to individual directors is decided by the Compensation Committee, which external directors participate in, based on consideration of the director's level of responsibility for Group management, progress toward the targets of the medium-term management plan, and other factors.

The upper limit for monthly compensation of Audit & Supervisory Board members is ¥6 million. Compensation for individual Audit & Supervisory Board members is decided through discussions by the Audit & Supervisory Board.

Accounting Auditor Compensation

The Company has selected independent auditing firm KPMG AZSA LLC to perform accounting audits, and compensation is paid accordingly. Appropriate compensation amounts are decided based on the Company's scale and business characteristics. In addition, the Company pays KPMG AZSA compensation for non-auditing duties, such as subcontracted construction of comfort letters regarding corporate bonds.

Accounting Auditor Compensation in Fiscal Year Ended March 31, 2015

	MARUI GROUP (millions of yen)	Consolidated subsidiaries (millions of yen)
Compensation for audit certification activities	100	37
Compensation based on non-audit activities	1	2

2. Internal Control and Risk Management Systems — Internal Control System

The Company is promoting sound, transparent, and efficient management and has established internal control systems for the perspective of Groupwide management. Moreover, the Group has established the MARUI Group Code of Conduct. We are spreading awareness of this code to ensure that corporate activities are

healthy, compliant with relevant laws and regulations, and supported by all Group members.

MARUI Group Code of Conduct (Japanese only)
www.0101maruigroup.co.jp/ci/action.html

Risk Management System

The Company has established six committees to manage risks: Public Relations IR Committee, Internal Control Committee, Environment CSR Promotion Committee, Personal Information Protection Promotion Committee, Safety Control Committee, and Insider Trading Prevention Committee. Through these committees, swift improvements to workflow processes are pursued while steps are taken to prevent the actualization of risks. Also, the Compliance Promotion Board, which is chaired by the president, has been established to oversee these committees and manage Groupwide risks.

Internal control is promoted through coordination between the General Affairs Department and the Audit Department. These organizations document and monitor the business operations of Group companies as well as anticipated risks and their countermeasures with the aim of minimizing exposure to management risks.

Furthermore, the MARUI Group Hot Line has been established to facilitate the prevention and early discovery of potential issues. Through this hotline, issues may be reported to an internal consultation office or directly to an outside lawyer.

Other Activities

The Company's IR activities in the fiscal year ended March 31, 2015, included holding quarterly financial results briefings for analysts and institutional investors and participating in conferences sponsored by securities companies. Going forward, we will actively expand opportunities for interactions with investors in Japan and overseas.

Investor relations information
www.0101maruigroup.co.jp/english.html

Also, MARUI GROUP is advancing CSR activities, the details of which are disclosed each year in the Company's CSR reports (Japanese only).

MARUI GROUP's CSR reports (Japanese only)
www.0101maruigroup.co.jp/csr/report.html

3. Special Notes

Takeover Defense Measures (Measures to Prevent Large-Scale Acquisitions of the Company's Stock)

At a meeting of the Board of Directors held on May 12, 2008, it was resolved that the Company would introduce measures to prevent large-scale acquisitions of its stock (takeover defense measures). The introduction of these measures was approved at the 72nd Ordinary General Meeting of Shareholders held on June 27, 2008. Later, at the 75th Ordinary General Meeting of Shareholders held on June 29, 2011, the Company received approval to update these measures to reflect formulaic revisions and other changes made necessary by the digitization of securities. At the 78th Ordinary General Meeting of Shareholders held on June 26, 2014, shareholder approval was received to conduct a renewal of these measures that did not entail substantial amendments.

1. Basic policy for persons having control in determining the Company's financial and business policies

With respect to persons who have control in determining the Company's financial and business policies, the Company desires that such control be held by persons committed to improving corporate value and protecting the common interests of shareholders of the Company.

In order to improve corporate value and protect the common interests of shareholders of the Company, it is imperative that the Company be managed stably from a medium-to-long-term perspective based on a full understanding of the Company's corporate philosophy and management resources.

At present, the Company is exerting its best efforts to develop its business amid extremely severe competition in the retail industry in order to improve corporate value and protect the common interests of shareholders of the Company. However, although the capital market in Japan is legally regulated to a certain degree, it is still entirely possible that large quantities of a listed company's stock may be acquired unilaterally without undergoing the process of sufficient negotiation and agreement with the management of the company in question.

As the Company is a listed company, it goes without saying that the purchase and sale of the Company's shares should be conducted at the complete discretion of

shareholders and other investors. Even if a large-scale acquisition of shares is intended to be conducted, the Company believes that the judgment on whether or not to allow such an acquisition to proceed should be left finally to shareholders. Accordingly, the Company will not reject such acquisitions should they be deemed to contribute to the improvement of corporate value and the protection of the common interests of shareholders of the Company.

However, it is possible that a large-scale acquisition of shares may be conducted for purposes that do not contribute to the improvement of corporate value and the protection of the common interests of shareholders of the Company. Such cases include when the acquiring company has no intention of rationally managing the target company and therefore poses the threat of unrecoverable damage to the target company; when the sale of shares of the target company is effectively forced upon shareholders; and when sufficient time is not given to the shareholders or the board of directors of the target company to consider the conditions of the acquisition or to the board of directors to make a counter proposal.

The Company deems purchasers who conduct acquisitions of this nature to be inappropriate for having control in determining the Company's financial and business policies.

2. Purpose of takeover defense measures

The Company cannot deny the possibility of a large-scale acquisition of shares being conducted for purposes that do not contribute to the improvement of corporate value and the protection of the common interests of shareholders of the Company. For this reason, takeover defense measures are being implemented to protect corporate value and the common interests of shareholders. To this end, the takeover defense measures are designed, in the event that a large-scale acquisition of shares is to be conducted, to secure a sufficient amount of information and time to be used by the shareholders of the Company to make an informed decision or by the management or independent committees of the Company to negotiate or coordinate with the acquirers.

For details on the Company's takeover defense measures, please refer to the related press release via the link below (Japanese only).
www.0101maruigroup.co.jp/pdf/settlement/14_0513/14_0513_2.pdf

Criteria for Independence of External Directors and Audit & Supervisory Board Members

MARUI GROUP aims to ensure the appropriate levels of objectivity and transparency necessary for effective corporate governance. For this reason, it has established the following criteria for determining the independence of external directors, external Audit & Supervisory Board members, and candidates for these two positions.

1. The individual must not be a person involved in operation^{*1} of the Company, its subsidiaries, or its affiliates and must not have been a person involved in operation during the past 10 years.
2. The individual must not be a major supplier^{*2} of the Company, its subsidiaries, or its affiliates or a person involved in operation of a major supplier.
3. The individual must not be a major customer^{*3} of the Company, its subsidiaries, or its affiliates or a person involved in operation of a major customer.
4. The individual must not be a major shareholder of the Company possessing direct or indirect holdings equating to 10% or more of voting rights or a person involved in operation of a major shareholder.
5. The individual must not be a person involved in operation of an entity that possesses direct or indirect holdings equating to 10% or more of the total voting rights of the Company, its subsidiaries, or its affiliates.
6. The individual must not be a consultant, a certified public accountant or other accounting specialist, or a lawyer or other legal specialist receiving large amounts of monetary payments or other financial assets (more than ¥10 million) from the Company, its subsidiaries, or its affiliates that are separate from the compensation paid for services as a director or Audit & Supervisory Board member. The individual also must not belong to a company or other organization that receives such payments or assets.
7. The individual must not receive large amounts of monetary payments or other financial assets (more than ¥10 million) as donations from the Company, its subsidiaries, or its affiliates and must not belong to a company or other organization that receives such donations.
8. The individual must not be the accounting auditor of the Company. The individual also must not belong to a company or other organization that serves as the accounting auditor of the Company.
9. The individual must not have been applicable under items 2. to 8. during the past five years.
10. The individual must not be a relative (one's spouse or second-degree relatives) of an individual that qualifies under items 2. to 8. (only applicable to relatives of important persons involved in operation^{*4} for all items except items 6. and 8.).
11. The individual must not be a person involved in operation of another company at which a person involved in operation of the Company, its subsidiaries, or its affiliates serves as an external director or Audit & Supervisory Board member.

Notes:

- ^{*1} A "person involved in operation" is defined as an executive director, executive officer, or employee with operational execution responsibilities of a stock company; a director of a non-company legal entity or organization; or individuals serving persons in similar positions or at similar companies, non-company legal entities, or organizations.
- ^{*2} A "major supplier" is defined as an entity that fulfills one of the following conditions:
1. A supplier group (the corporate group to which the supplier that serves as the direct transaction counterparty belongs) that provides products or services to the Company, its subsidiaries, or its affiliates and for which transactions with the Company, its subsidiaries, and its affiliates equated to more than ¥10 million and represented more than 2% of the total consolidated net sales or transaction revenues of the supplier group in the most recently completed fiscal year.
 2. A supplier group with which liabilities of the Company, its subsidiaries, or its affiliates are associated and for which the applicable liabilities equated to more than ¥10 million and represented more than 2% of the consolidated total assets of the supplier group as of the end of the most recently completed fiscal year.
- ^{*3} A "major customer" is defined as an entity that fulfills one of the following conditions:
1. A customer group (the corporate group to which the customer that serves as the direct transaction counterparty belongs) to which the Company, its subsidiaries, or its affiliates provide products or services and for which the total amount of transactions with the customer group equated to more than ¥10 million and represented more than 2% of the consolidated total operating revenues of the Company in the most recently completed fiscal year.
 2. A customer group possessing liabilities that are associated with the Company, its subsidiaries, or its affiliates and that equated to more than ¥10 million and represented more than 2% of the consolidated total assets of the Company as of the end of the most recently completed fiscal year.
 3. A financial group (the financial group to which the customer that serves as the direct transaction counterparty belongs) from which the Company, its subsidiaries, or its affiliates procure funds through borrowings and from which the total amount of funds borrowed represented more than 2% of the consolidated total assets of the Company as of the end of the most recently completed fiscal year.
- ^{*4} "Important persons involved in operation" refers to directors, executive officers, and employees with operational execution responsibilities ranked as division manager or higher or individuals with similar operational execution authority.

Directors, Audit & Supervisory Board Members, and Executive Officers

As of June 25, 2015

Directors



Hiroshi Aoi

President and Representative Director

Shares held: 2,020,900

Born: January 17, 1961

Jul. 1986 Joined the Company
Apr. 1991 Director and General Manager,
Sales Planning Headquarters
Apr. 1995 Managing Director and
Deputy General Manager,
Sales Promotion Headquarters and
General Manager, Sales Planning Division
Jan. 2001 Managing Director and General Manager,
Sales Promotion Headquarters
Jun. 2004 Executive Vice President and
Representative Director
Apr. 2005 President and Representative Director
Oct. 2006 President and Representative Director
Representative Executive Officer
(Incumbent)

Participation in committees:

Management Committee (Chairman)
Compliance Promotion Board (Chairman)
Public Relations IR Committee (Chairman)
Compensation Committee



Koichiro Horiuchi

External Director

Shares held: 0

Born: September 17, 1960

Apr. 1983 Joined Long-Term Credit Bank of Japan
Mar. 1988 Joined FUJI KYUKO CO., LTD.
General Manager, Corporate Planning
Division, FUJI KYUKO CO., LTD.
Jun. 1988 Director, FUJI KYUKO CO., LTD.
Feb. 1989 Senior Managing Director,
FUJI KYUKO CO., LTD.
Jun. 1989 Representative Director and
Senior Managing Director,
FUJI KYUKO CO., LTD.
Sep. 1989 President and Representative Director,
FUJI KYUKO CO., LTD. (Incumbent)
Jun. 2008 External Director (Incumbent)
Jun. 2012 External Audit & Supervisory Board
Member, Yamanashi Chuo Bank, Ltd.
(Incumbent)

Participation in committees:

Compensation Committee



Etsuko Okajima

External Director

Shares held: 0

Born: May 16, 1966

Apr. 1989 Joined Mitsubishi Corporation
Jan. 2001 Joined McKinsey & Company
Jul. 2005 Representative and CEO,
GLOBIS Management Bank
Jun. 2007 Representative and CEO,
ProNova Inc. (Incumbent)
Jun. 2014 External Director,
Astellas Pharma Inc. (Incumbent)
External Director (Incumbent)

Participation in committees:

Compensation Committee



Motohiko Sato

Director

Shares held: 44,600

Born: December 17, 1953

Mar. 1977 Joined the Company
Jan. 2000 General Manager, Supply Chain and
Logistics Management Division,
Sales Promotion Headquarters
Jun. 2005 Director and General Manager,
Group Corporate Planning Division
Jun. 2008 Managing Director and
Managing Executive Officer
Apr. 2012 Senior Managing Director and
Senior Managing Executive Officer
Apr. 2015 Director and Senior Managing
Executive Officer, and CFO
In charge of Corporate Planning and Finance
Responsible for Credit Card Services
Business and Information Systems (Incumbent)

Participation in committees:

Management Committee
Compliance Promotion Board
Public Relations IR Committee
Internal Control Committee (Chairman)
Insider Trading Prevention Committee (Chairman)
Compensation Committee



Masao Nakamura

Director

Shares held: 16,900

Born: June 11, 1960

Apr. 1983 Joined the Company
May 2003 General Manager, Store Planning Division,
Sales Promotion Headquarters
Apr. 2007 Executive Officer and General Manager,
Group Business Promotion Division
Jun. 2008 Director and Executive Officer,
General Manager, Corporate Planning
Division and General Manager,
Business Development Division
Apr. 2011 Managing Director and Managing
Executive Officer
President and Representative Director,
MARUI CO., LTD. (Incumbent)
Apr. 2015 Director and Managing Executive Officer
Responsible for Retailing and
Store Operation Business (Incumbent)

Participation in committees:

Management Committee
Compliance Promotion Board
Public Relations IR Committee



Tomoo Ishii

Director

Shares held: 14,100

Born: July 16, 1960

Apr. 1983 Joined the Company
Oct. 2005 General Manager,
Group Compliance Division
Apr. 2007 Executive Officer and General Manager,
Group Compliance Division
Jun. 2009 Director and Executive Officer,
General Manager,
General Affairs Division
Apr. 2013 Director and Executive Officer,
General Manager, Personnel Division
Apr. 2015 Director and Managing Executive Officer,
and Chief Operating Officer
Healthcare Promotion and
General Manager, Personnel Division
In charge of General Affairs and
Healthcare Promotion (Incumbent)

Participation in committees:

Management Committee
Compliance Promotion Board
Public Relations IR Committee
Environment CSR Promotion Committee
Safety Control Committee
Compensation Committee

Audit & Supervisory Board Members



Hideaki Fujizuka

Audit & Supervisory Board Member (Full time)

Shares held: 0

Born: September 1, 1955

Apr. 1980 Joined Mitsubishi Bank Ltd. (currently The Bank of Tokyo Mitsubishi UFJ, Ltd.)
 Jun. 2007 Executive Officer and General Manager, General Affairs Dept., The Bank of Tokyo Mitsubishi UFJ, Ltd.
 Jun. 2010 President and Director, Chitose Kosan, Co., Ltd.
 Apr. 2012 Director, Senior Executive Managing Officer and Group President of Corporate Center, Olympus Corporation
 Apr. 2015 Director, Olympus Corporation
 Jun. 2015 Audit & Supervisory Board Member (Full time) (Incumbent)

Participation in committees:

Management Committee
 Compliance Promotion Board
 Public Relations IR Committee



Tetsuji Sunami

Audit & Supervisory Board Member (Full time)

Shares held: 1,700

Born: August 13, 1958

Mar. 1981 Joined the Company
 Jan. 2002 General Manager, Store Planning Division, Sales Promotion Headquarters
 Oct. 2004 General Manager, DM Business Division, Sales Promotion Headquarters
 Apr. 2006 Representative and CEO, Marui Voi, Co., Ltd.
 Oct. 2007 Managing Director, M & C SYSTEMS CO., LTD.
 Apr. 2011 Representative and CEO, MRI Co., Ltd.
 Apr. 2014 Advisor
 Jun. 2014 Audit & Supervisory Board Member (Full time) (Incumbent)

Participation in committees:

Compliance Promotion Board
 Internal Control Committee



Tadashi Ooe

External Audit & Supervisory Board Member

Shares held: 65,100

Born: May 20, 1944

Apr. 1969 Registered as Attorney
 Apr. 1989 Practicing-Attorney, Professor for Civil Advocacy, Legal Training and Research Institute of the Supreme Court of Japan
 Mar. 1994 Outside Audit & Supervisory Board Member, Canon Inc. (Incumbent)
 Jun. 2004 External Audit & Supervisory Board Member (Incumbent)
 Jun. 2011 Director, Jeco Co., Ltd. (Incumbent)
 Jun. 2015 Outside Director, Nissan Chemical Industries, Ltd. (Incumbent)



Takehiko Takagi

External Audit & Supervisory Board Member

Shares held: 2,300

Born: January 23, 1945

Jul. 2001 Chief, Kanazawa Regional Taxation Bureau
 Jul. 2002 President, National Tax College
 Jul. 2003 Retired from National Tax Administration Agency
 Aug. 2003 Registered as Certified Public Tax Accountant
 May 2006 External Audit & Supervisory Board Member, TOH-TEN-KOH Corporation (Incumbent)
 Jun. 2008 External Audit & Supervisory Board Member (Incumbent)
 Jun. 2010 External Audit & Supervisory Board Member, KAWADA TECHNOLOGIES, Inc. (Incumbent)

Executive Officers



Hiroshi Aoi

Representative Executive Officer

Born: January 17, 1961

Jul. 1986 Joined the Company
Apr. 1991 Director and General Manager, Sales Planning Headquarters
Apr. 1995 Managing Director and Deputy General Manager, Sales Promotion Headquarters and General Manager, Sales Planning Division
Jan. 2001 Managing Director and General Manager, Sales Promotion Headquarters
Jun. 2004 Executive Vice President and Representative Director
Apr. 2005 President and Representative Director
Oct. 2006 President and Representative Director Representative Executive Officer (Incumbent)

Participation in committees:

Management Committee (Chairman)
Compliance Promotion Board (Chairman)
Public Relations IR Committee (Chairman)
Compensation Committee



Motohiko Sato

Senior Managing Executive Officer

Born: December 17, 1953

Mar. 1977 Joined the Company
Jan. 2000 General Manager, Supply Chain and Logistics Management Division, Sales Promotion Headquarters
Jun. 2005 Director and General Manager, Group Corporate Planning Division
Jun. 2008 Managing Director and Managing Executive Officer
Apr. 2012 Senior Managing Director and Senior Managing Executive Officer
Apr. 2015 Director and Senior Managing Executive Officer, and CFO In charge of Corporate Planning and Finance Responsible for Credit Card Services Business and Information Systems (Incumbent)

Participation in committees:

Management Committee
Compliance Promotion Board
Public Relations IR Committee
Internal Control Committee (Chairman)
Insider Trading Prevention Committee (Chairman)
Compensation Committee



Masao Nakamura

Managing Executive Officer

Born: June 11, 1960

Apr. 1983 Joined the Company
May 2003 General Manager, Store Planning Division, Sales Promotion Headquarters
Apr. 2007 Executive Officer and General Manager, Group Business Promotion Division
Jun. 2008 Director and Executive Officer, General Manager, Corporate Planning Division and General Manager, Business Development Division
Apr. 2011 Managing Director and Managing Executive Officer President and Representative Director, MARUI CO., LTD. (Incumbent)
Apr. 2015 Director and Managing Executive Officer Responsible for Retailing and Store Operation Business (Incumbent)

Participation in committees:

Management Committee
Compliance Promotion Board
Public Relations IR Committee



Takashi Wakashima

Managing Executive Officer

Born: November 19, 1956

Mar. 1981 Joined the Company
Jan. 2001 General Manager, Product Planning Division, Sales Promotion Headquarters
Jun. 2006 Director, Deputy General Manager, Sales Promotion Headquarters and General Manager, Sales Planning Division
Apr. 2011 Director and Executive Officer President and Representative Director, MOVING CO., LTD. (Incumbent)
Apr. 2013 Director and Executive Officer In charge of CSR Promotion and Real Estate Business & Architecture President and Representative Director, Totsuka Commercial Buildings Management Co., Ltd. (Incumbent)
Jun. 2013 President and Representative Director, Nakano Suncuore Co., Ltd. (Incumbent)
Jun. 2015 Director and Managing Executive Officer In charge of CSR Promotion and Real Estate Business & Architecture (Incumbent) Director, AIM CREATE CO., LTD. (Incumbent)

Participation in committees:

Management Committee
Compliance Promotion Board
Environment CSR Promotion Committee (Chairman)
Compensation Committee



Toshikazu Takimoto

Managing Executive Officer

Born: November 5, 1959

Mar. 1982 Joined the Company
Oct. 2003 General Manager, Credit Card Planning Division, Zero First Co., Ltd.
Mar. 2009 Executive Officer and General Manager, Group Profit Improvement Division
Oct. 2009 Director, Epos Card Co., Ltd.
Apr. 2011 Managing Director, Epos Card Co., Ltd.
Apr. 2012 President and Representative Director, Epos Card Co., Ltd. (Incumbent) President and Representative Director, Zero First Co., Ltd. Director, MRI Co., Ltd. (Incumbent)
Jun. 2012 Director and Executive Officer
Apr. 2015 Managing Executive Officer In charge of Credit Card Services Business (Incumbent)

Participation in committees:

Management Committee
Compliance Promotion Board
Public Relations IR Committee
Internal Control Committee
Personal Information Protection Promotion Committee



Tomoo Ishii

Managing Executive Officer

Born: July 16, 1960

Apr. 1983 Joined the Company
Oct. 2005 General Manager, Group Compliance Division
Apr. 2007 Executive Officer and General Manager, Group Compliance Division
Jun. 2009 Director and Executive Officer, General Manager, General Affairs Division
Apr. 2013 Director and Managing Executive Officer, General Manager, Personnel Division
Apr. 2015 Director and Managing Executive Officer, and Chief Operating Officer Healthcare Promotion and General Manager, Personnel Division In charge of General Affairs and Healthcare Promotion (Incumbent)

Participation in committees:

Management Committee
Compliance Promotion Board
Public Relations IR Committee
Environment CSR Promotion Committee
Safety Control Committee
Compensation Committee



Akira Ino

Senior Executive Officer
Born: January 21, 1955

Mar. 1977 Joined the Company
Jan. 2000 General Manager, Store Planning Division,
Sales Promotion Headquarters
Apr. 2004 Deputy General Manager,
Sales Promotion Headquarters
Jun. 2004 Director and Deputy General Manager,
Sales Promotion Headquarters
Oct. 2007 Director and Executive Officer
May 2009 Senior Managing Executive Officer,
AIM CREATE CO., LTD.
Apr. 2013 President and Representative Director,
AIM CREATE CO., LTD. (Incumbent)
Apr. 2015 Senior Executive Officer (Incumbent)

Participation in committees:

Management Committee
Compliance Promotion Board
Internal Control Committee



Nariaki Fuse

Senior Executive Officer
Born: June 3, 1959

Mar. 1982 Joined the Company
Feb. 2005 General Manager, Customer System
Development Department,
M & C SYSTEMS CO., LTD.
Apr. 2007 Director, M & C SYSTEMS CO., LTD.
Apr. 2011 Executive Officer
Managing Executive Officer,
M & C SYSTEMS CO., LTD.
Apr. 2013 President and Representative Director,
M & C SYSTEMS CO., LTD. (Incumbent)
Jun. 2013 Director and Executive Officer
Apr. 2015 Senior Executive Officer
In charge of Audit and
Information Systems (Incumbent)

Participation in committees:

Management Committee
Compliance Promotion Board
Internal Control Committee
Personal Information Protection
Promotion Committee (Chairman)



Hajime Sasaki

Senior Executive Officer
Born: November 24, 1963

Apr. 1986 Joined the Company
Oct. 2007 Director and General Manager, Card
Planning Division, Epos Card Co., Ltd.
Oct. 2009 General Manager,
Demand Survey Department,
MARUI CO., LTD.
Apr. 2012 Director and General Manager,
Private Brand Department,
MARUI CO., LTD.
Apr. 2013 Executive Officer
Director and General Manager,
Sales Department 3, MARUI CO., LTD.
Apr. 2014 Managing Director and General Manager,
Specialty Store Department,
MARUI CO., LTD.
Jun. 2014 Director
Apr. 2015 Director and Senior Executive Officer
Senior Managing Director, MARUI CO., LTD.
(Incumbent)
Director, Epos Card Co., Ltd. (Incumbent)
Jun. 2015 Senior Executive Officer (Incumbent)

Participation in committees:

Management Committee
Compliance Promotion Board
Internal Control Committee
Safety Control Committee (Chairman)



Yoshiaki Kogure

Executive Officer

Born: September 5, 1960

Apr. 1983 Joined the Company
 Mar. 2006 General Manager,
 Group Financial Department
 Apr. 2007 Executive Officer (Incumbent)
 Jul. 2008 General Manager, Personnel Division
 Oct. 2009 General Manager, Voi Business
 Department, MARUI CO., LTD.
 Mar. 2011 General Manager,
 Corporate Planning Division
 Apr. 2013 President and Representative Director,
 MARUI FACILITIES Co., Ltd. (Incumbent)
 May 2013 President and Representative Director,
 Shiki City Development Co., Ltd.
 (Incumbent)
 Apr. 2015 Director, MARUI HOME SERVICE Co., Ltd.
 (Incumbent)

Participation in committees:

Management Committee
 Compliance Promotion Board
 Internal Control Committee



Masahiro Aono

Executive Officer

Born: March 4, 1962

Mar. 1984 Joined the Company
 Mar. 2008 General Manager, Women's Clothing and
 Accessories Department, MARUI CO., LTD.
 Apr. 2010 General Manager, Women's Fashion
 Department, MARUI CO., LTD.
 Apr. 2011 Director and General Manager, Business
 Promotion Department, MARUI CO., LTD.
 Apr. 2013 Executive Officer (Incumbent)
 Apr. 2014 General Manager,
 Store Business Promotion Department,
 MARUI CO., LTD. (Incumbent)
 Apr. 2015 Managing Director, MARUI CO., LTD.
 (Incumbent)
 Director, AIM CREATE CO., LTD.
 (Incumbent)

Participation in committees:

Management Committee
 Environment CSR Promotion Committee
 Safety Control Committee



Yoshinori Saito

Executive Officer

Born: July 25, 1962

Mar. 1986 Joined the Company
 Aug. 2006 General Manager, Planning Department,
 MARUI CO., LTD.
 Jul. 2008 Executive Officer (Incumbent)
 General Manager, Financial Department
 Apr. 2011 General Manager,
 Direct Marketing Department,
 MARUI CO., LTD.
 Apr. 2013 General Manager,
 Collaboration Card Business Department,
 Epos Card Co., Ltd.
 Oct. 2014 General Manager,
 Sales Promotion Department,
 Epos Card Co., Ltd. (Incumbent)
 Apr. 2015 Managing Director, Epos Card Co., Ltd.
 (Incumbent)
 Director, M & C SYSTEMS CO., LTD.
 (Incumbent)

Participation in committees:

Management Committee



Yuko Ito

Executive Officer

Born: June 2, 1962

Mar. 1986 Joined the Company
 Oct. 2007 General Manager,
 Construction Department (Incumbent)
 Apr. 2012 Director and Deputy General Manager,
 Space Production Business Department,
 AIM CREATE CO., LTD. (Incumbent)
 Apr. 2014 Executive Officer (Incumbent)

Participation in committees:

Management Committee
 Environment CSR Promotion Committee





Hirotsugu Kato

Executive Officer
Born: July 30, 1963

Mar. 1987 Joined the Company
Apr. 2013 General Manager,
Corporate Planning Division
(Incumbent)
Apr. 2015 Executive Officer (Incumbent)

Participation in committees:

Management Committee
Public Relations IR Committee
Internal Control Committee
Insider Trading Prevention Committee



Mayuki Igayama

Executive Officer
Born: June 19, 1964

Apr. 1987 Joined the Company
Apr. 2009 General Manager,
New Business Department
Oct. 2009 Deputy General Manager,
Direct Marketing Department,
MARUI CO., LTD.
Apr. 2012 General Manager,
Direct Marketing Department,
MARUI CO., LTD.
Apr. 2014 Director and General Manager,
Direct Marketing Department,
MARUI CO., LTD. (Incumbent)
Apr. 2015 Executive Officer (Incumbent)
Director, MOVING CO., LTD. (Incumbent)

Participation in committees:

Management Committee
Personal Information Protection
Promotion Committee



Junko Tsuda

Executive Officer
Born: May 25, 1972

Mar. 1995 Joined the Company
Apr. 2014 Store Manager, Nakano Marui,
MARUI CO., LTD.
Apr. 2015 Executive Officer (Incumbent)
Director and Store Manager,
Marui Family Shiki, MARUI CO., LTD.
(Incumbent)

Participation in committees:

Management Committee





Financial Information / Corporate Information



Financial and Non-Financial Summary

MARUI GROUP CO., LTD., and its consolidated subsidiaries

Fiscal years ended March 31	2005	2006	2007	2008
Total Group transactions:	—	—	—	—
Retailing and Store Operation	—	—	—	—
Credit Card Services	—	—	—	—
Retailing-Related Services	—	—	—	—
Eliminations* ¹	—	—	—	—
Total operating revenues	556,213	561,539	552,140	493,533
Revenue	—	—	—	—
Gross profit	200,533	209,347	210,288	177,565
Selling, general and administrative expenses	163,687	164,641	166,599	159,382
EBITDA* ²	55,807	62,322	61,415	36,870
Operating income	36,846	44,705	43,688	18,183
Net income (loss)	19,168	23,983	4,248	7,603
Segment income:				
Retailing and Store Operation	16,417	24,245	19,309	10,645
Credit Card Services	18,032	19,818	21,892	5,740
Retailing-Related Services	5,167	4,429	6,913	6,772
Total assets	712,644	722,578	740,373	695,491
Shareholders' equity	436,259	432,695	402,610	336,445
Installment sales accounts receivable	37,752	40,045	51,310	73,781
Consumer loans outstanding	249,252	258,488	248,464	222,534
Interest-bearing debt	181,135	201,175	239,308	277,537
Net cash provided by (used in) operating activities	41,100	36,116	23,828	13,919
Net cash provided by (used in) investing activities	(19,105)	(33,846)	(28,025)	3,134
Net cash provided by (used in) financing activities	(10,135)	(12,956)	6,300	(32,241)
Cash and cash equivalents	53,305	42,619	44,722	29,535
Capital investments	30,272	25,812	30,293	23,649
Depreciation and amortization	18,961	17,616	17,727	18,686
Earnings (loss) per share (yen)	54.31	70.39	12.92	24.91
Net assets per share (yen)	1,241	1,286	1,233	1,207
Cash dividends per share (yen)	22.0	28.0	28.0	28.0
Payout ratio (%)	40.5	39.8	216.7	112.4
Total return ratio (%)	40.5	144.4	646.1	911.3
Operating income margin (%)	6.6	8.0	7.9	3.7
Return on equity (%)	4.5	5.5	1.0	2.1
Return on assets (%)	5.4	6.4	6.1	2.4
Equity ratio (%)	61.2	59.9	54.4	48.4
Stock price at year-end (yen)	1,441	2,325	1,445	1,061
Market capitalization (including treasury stock) (billions of yen)	531.2	857.1	532.7	338.0
Price earnings ratio (times)	26.5	33.0	111.8	42.6
Price book-value ratio (times)	1.2	1.8	1.2	0.9
Total number of employees	8,558	8,156	8,154	7,147
Ratio of female employees (%)	39.9	39.4	39.9	44.4
Total number of stores	32	31	28	25
Total sales floor area (thousand m ²)	381.4	381.4	381.4	381.4
Environment preservation expenditure (thousands of yen)	—	—	588,300	660,600
Electricity consumption (thousands of kWh)	—	—	—	—
CO ₂ emissions (t-CO ₂)	125,935	150,975	142,006	125,628

*1 Eliminations under total Group transactions represent the deduction of credit card transactions recorded in Retailing and Store Operation.

*2 Earnings before interest, taxes, and depreciation and amortization

Millions of yen

2009	2010	2011	2012	2013	2014	2015
—	—	—	—	—	1,297,250	1,469,111
—	—	—	—	—	338,705	322,866
—	—	—	—	—	1,054,706	1,234,339
—	—	—	—	—	34,695	33,816
—	—	—	—	—	(130,857)	(121,910)
447,400	419,255	406,472	412,408	407,366	416,460	404,947
—	—	—	—	—	253,077	249,847
160,125	149,926	144,736	147,240	148,172	155,726	158,144
150,986	139,488	129,940	129,224	123,886	128,579	130,102
28,522	29,695	30,457	33,085	35,237	37,134	38,338
9,138	10,438	14,795	18,015	24,285	27,146	28,042
(8,750)	5,104	(23,638)	5,251	13,255	15,409	16,036
1,252	37	2,110	7,547	9,885	10,562	8,074
6,725	10,272	13,704	10,619	13,177	15,634	20,126
3,740	2,509	1,568	2,567	3,792	4,523	3,333
685,351	664,357	628,910	615,130	624,173	664,019	675,627
310,818	312,188	284,526	289,975	303,637	315,446	306,795
88,761	95,871	111,760	142,995	171,187	213,466	227,121
207,117	191,486	158,707	132,280	123,739	125,215	128,030
292,061	283,676	264,692	245,175	243,762	264,824	277,839
15,316	30,811	30,280	24,897	5,111	(9,227)	12,310
(18,234)	(13,034)	(7,033)	(3,913)	435	(6,791)	(3,867)
2,409	(14,519)	(22,926)	(23,660)	(5,571)	16,141	(7,267)
29,026	32,283	32,603	29,928	29,940	30,053	31,229
24,073	17,398	14,332	7,941	7,665	11,238	9,786
19,384	19,257	15,661	15,069	10,951	9,988	10,296
(31.90)	18.65	(86.36)	19.19	48.43	56.29	58.87
1,135	1,140	1,039	1,059	1,109	1,152	1,166
28.0	14.0	14.0	14.0	15.0	18.0	19.0
—	75.1	—	73.0	31.0	32.0	32.3
—	75.1	—	73.0	31.0	32.0	125.3
2.0	2.5	3.6	4.4	6.0	6.5	6.9
(2.7)	1.6	(7.9)	1.8	4.5	5.0	5.2
1.1	1.5	2.2	2.8	3.9	4.3	4.2
45.4	47.0	45.2	47.1	48.6	47.5	45.4
523	678	537	690	975	885	1,365
166.6	216.0	171.1	219.8	310.6	282.0	380.3
—	36.4	—	36.0	20.1	15.7	23.2
0.5	0.6	0.5	0.7	0.9	0.8	1.2
7,085	6,847	6,492	6,218	6,101	5,966	5,918
44.6	44.7	44.4	44.4	44.3	44.5	44.6
25	25	26	27	27	27	27
444.8	453.3	457.8	458.4	453.1	446.5	444.0
731,900	633,700	893,700	1,164,500	1,141,300	924,500	1,281,000
—	259,800	244,800	204,500	204,800	215,000	199,000
122,136	130,600	114,900	96,300	104,300	113,000	109,000



Management's Discussion and Analysis of Operations

In the fiscal year ended March 31, 2015, the Japanese economy continued to display a modest recovery trend on the back of increased corporate earnings and an improved job market. The recovery in these areas stemmed from the benefits of government-spearheaded economic stimulus measures as well as the significant "Quantitative and Qualitative Monetary Easing" policy of the Bank of Japan. Conversely, the outlook for consumer spending remained opaque due to slow recovery in consumer confidence on account of the influences of the consumption tax rate hike, higher commodity prices following the yen's depreciation, and a decline in real wages.

In this economic environment, MARUI GROUP launched a new three-year, medium-term management plan, based on which it worked to improve corporate value by pushing forward with measures to strengthen profitability in pursuit of the plan's goals of consolidated operating income of ¥36.0 billion or more and return on equity (ROE) of 6.0% or more in the fiscal year ending March 31, 2017.

Consolidated Financial Results in the Fiscal Year under Review

In the fiscal year ended March 31, 2015, total operating revenues decreased 2.8% year on year. Operating revenues showed double-digit growth of 15.2% in the Credit Card Services segment, while the impacts of the consumption tax rate hike caused operating revenues to decline in the Retailing and Store Operation and

Retailing-Related Services segments. Gross profit increased for the fourth consecutive year due to the strong performance of the Credit Card Services segment.

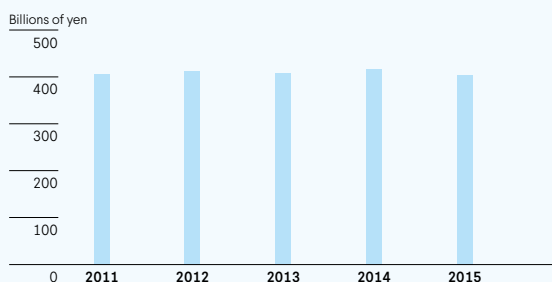
Selling, general and administrative expenses rose 1.2% year on year. While we worked to cut fixed costs and systematically lower sales promotion expenses, overall expenses edged up due to higher variable costs, partially as a result of increased loyalty point related expenses stemming from a rise in the number of card transactions.

Due to the above, operating income increased 3.3% year on year, to ¥28.0 billion, and ordinary income rose 1.1%, up for the sixth consecutive year. Provision for loss on interest repayment of ¥12.7 billion was posted as an extraordinary loss, while gain on sale of investment securities of ¥12.1 billion was recorded as extraordinary income. As a result, net income increased 4.1% and earnings per share (EPS) were up 4.6%, growing for the fourth consecutive year. ROE rose to 5.2%, up 0.2 percentage points from 5.0% in the fiscal year ended March 31, 2014.

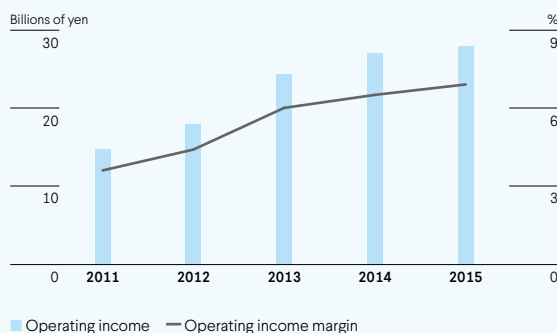
Consolidated Financial Results

Total operating revenues	¥404.9 billion (down 2.8%)
Gross profit	¥158.1 billion (up 1.6%)
Selling, general and administrative expenses	¥130.1 billion (up 1.2%)
Operating income	¥28.0 billion (up 3.3%)
Ordinary income	¥28.0 billion (up 1.1%)
Net income	¥16.0 billion (up 4.1%)
EPS	¥58.9 (up 4.6%)
ROE	5.2% (up 0.2 points)

Total Operating Revenues



Operating Income / Operating Income Margin



Financial Results by Segment

→ See also MARUI GROUP's Three Business Segments on page 54

In the Retailing and Store Operation segment, operating revenues were down due to the impacts of the consumption tax rate hike and a shift in earnings source, from product sales to rent revenues, accompanying the transition to shopping center style stores. Operating income was down despite efforts to reduce fixed costs.

In the Credit Card Services segment, operating revenues showed double digit growth as profits were buoyed by increased financial charges earned on installment sales and on sales at affiliated merchants in conjunction with higher card shopping transaction volumes as well as a rise in interest income on consumer loans following higher cash advance transactions. Operating income similarly showed a massive increase, leading this segment to record higher revenues and income for its third consecutive year.

In the Retailing-Related Services segment, revenues and income decreased due to the absence of the large-scale internal construction order recorded in the previous fiscal year.

Operating Revenues by Segment

Retailing and Store Operation	¥307.6 billion (down 6.2%)
Outside customers	¥302.7 billion (down 6.1%)
Credit Card Services	¥70.6 billion (up 14.3%)
Outside customers	¥68.4 billion (up 15.2%)
Retailing-Related Services	¥56.1 billion (down 5.6%)
Outside customers	¥33.8 billion (down 2.5%)

Operating Income by Segment

Retailing and Store Operation	¥8.1 billion (down 23.6%)
Credit Card Services	¥20.1 billion (up 28.7%)
Retailing-Related Services	¥3.3 billion (down 26.3%)

Assets, Liabilities, and Net Assets

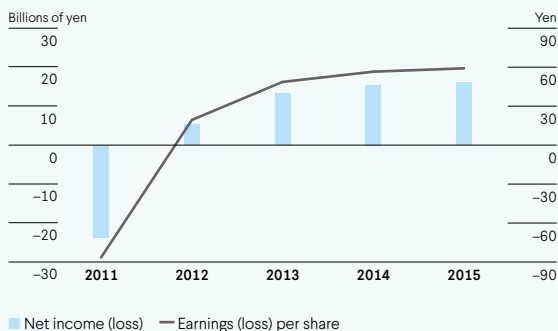
The Company strives to maintain a sound financial position while emphasizing capital efficiency.

The balance of operating receivables as of March 31, 2015, reached a new record high, increasing ¥16.4 billion from a year earlier. This result was largely due to the higher number of customers using EPOS cards at Marui stores and strong growth in transactions at affiliated merchants. Accordingly, total assets as of March 31, 2015, were up ¥11.6 billion.

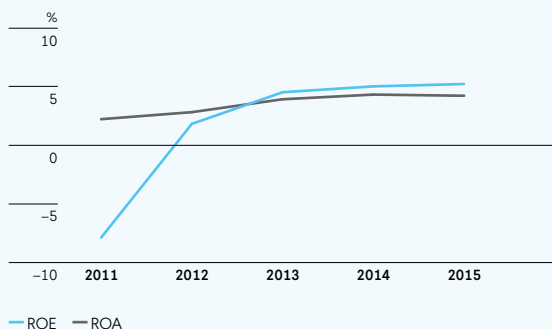
At the same time, total liabilities grew ¥20.2 billion, largely due to a ¥13.0 billion increase in interest-bearing debt. The Company aims to ensure efficiency in the use of interest-bearing debt. While considering funding demand for expanding business operations, the Company pursues a policy of maintaining a level of interest-bearing debt that is lower than the level of operating receivables. As of March 31, 2015, the ratio of interest-bearing debt to operating receivables was 78.2%, relatively unchanged from a year earlier.

Net assets as of March 31, 2015, were down ¥8.6 billion from a year earlier. While net income of ¥16.0 billion was recorded, decreases in assets of ¥15.0 billion for the acquisition of treasury stock and ¥4.9 billion for

Net Income (Loss) / Earnings (Loss) per Share



ROE / ROA



dividends paid from capital surplus caused overall net assets to decline. As a result, the equity ratio was 45.4%, down 2.1 percentage points.

Major Indicators

Operating receivables	¥355.2 billion (up 4.9%)
Installment sales accounts receivable	¥227.1 billion (up 6.4%)
Operating loans	¥128.0 billion (up 2.2%)
Fixed assets	¥248.9 billion (down 0.2%)
Total liabilities	¥368.4 billion (up 5.8%)
Interest-bearing debt	¥277.8 billion (up 4.9%)
Shareholders' equity	¥306.8 billion (down 2.7%)
Equity ratio	45.4% (down 2.1 points)
Total assets	¥675.6 billion (up 1.7%)

Cash Flows

Cash flows generated over the period of the medium-term management plan will be utilized to conduct growth investments and enhance shareholder returns.

Net cash provided by operating activities amounted to ¥12.3 billion. Core operating cash flow, calculated by excluding the rise in operating receivables from operating cash flow, came to ¥28.7 billion due to an increase of ¥16.4 billion in the combined total of installment sales accounts receivable and operating loans that resulted from the expansion of the Credit Card Services business.

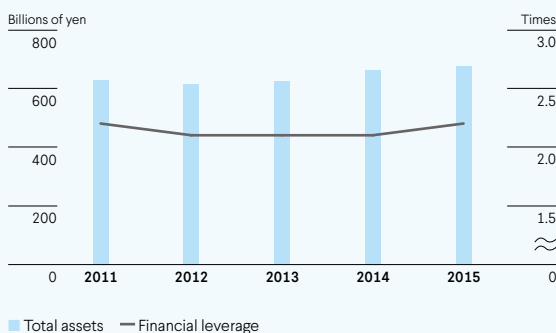
Generated cash was used to conduct growth investments for improving corporate value and enhance shareholder returns. Specific outflows included ¥10.9 billion in purchase of property and equipment associated

partially with store renovations, ¥4.9 billion in cash dividends paid, and ¥15.0 billion in purchase of treasury stock.

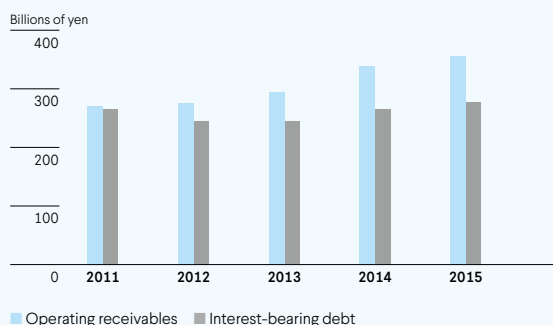
Due to the aforementioned factors, cash and cash equivalents at end of period stood at ¥31.2 billion, relatively unchanged from March 31, 2014.

Cash Flow Items	FY2014	FY2015	Change
Core operating cash flow	¥34.5 billion	¥28.7 billion	-¥5.7 billion
Change in operating receivables	(¥43.7 billion)	(¥16.4 billion)	¥27.2 billion
Net cash provided by (used in) operating activities	(¥9.2 billion)	¥12.3 billion	¥21.5 billion
Purchase of property and equipment	(¥9.4 billion)	(¥10.9 billion)	-¥1.4 billion
Decrease (increase) in short-term investment securities	(¥0.0 billion)	¥4.8 billion	¥4.8 billion
Net cash used in investing activities	(¥6.8 billion)	(¥3.9 billion)	¥2.9 billion
Cash dividends paid	(¥4.7 billion)	(¥4.9 billion)	-¥0.2 billion
Purchase of treasury stock	(¥0.0 billion)	(¥15.0 billion)	-¥15.0 billion
Net cash provided by (used in) financing activities	¥16.1 billion	(¥7.3 billion)	-¥23.4 billion
Cash and cash equivalents at end of period	¥30.1 billion	¥31.2 billion	¥1.2 billion

Total Assets / Financial Leverage



Operating Receivables / Interest-Bearing Debt



Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2016 (as of August 4, 2015)

"Total Group transactions" has been introduced as a new management indicator designed to more accurately portray management performance. This indicator reflects the total of the revenue from tenants and other sales in the Retailing and Store Operation segment, card shopping transactions at affiliated merchants and cash advance transactions in the Credit Card Services segment, and sales to outside customers in the Retailing-Related Services segment.

In addition, the method of calculating the sales in the Retailing and Store Operation segment was changed. Previously, sales conducted through the consignment buying system, in which products are procured from suppliers at the same time they are sold to customers, were reflected at total value, or the value of the items sold. However, based on international standards and the fact that the Company does not assume inventory risks for these transactions, it was decided to change the calculation method to show transactions at net value, which is the amount of income accruing to the Company. In conjunction with this change, the line item that was previously "total operating revenues" will be stated as "revenue."

In the fiscal year ending March 31, 2016, significant growth is projected for total Group transactions, revenue, operating income, and net income attributable to owners of parent. In addition, all segments are expected to record increased income.

Consolidated Financial Results Forecasts

Total Group transactions	¥1,710.0 billion (up 16.4%)
Revenue	¥251.0 billion (up 0.5%)
Gross profit	¥162.0 billion (up 1.6%)
Selling, general and administrative expenses	¥132.0 billion (up 0.5%)
Operating income	¥30.0 billion (up 7.0%)
Net income attributable to owners of parent	¥17.5 billion (up 9.1%)
EPS	¥69.0 (up 17.2%)
ROE	5.8% (up 0.6 points)

Forecasts for Transactions by Segment

Retailing and Store Operation	¥325.0 billion (up 0.7%)
Credit Card Services	¥1,466.0 billion (up 18.8%)
Retailing-Related Services	¥35.0 billion (up 3.5%)

Forecasts for Revenue by Segment

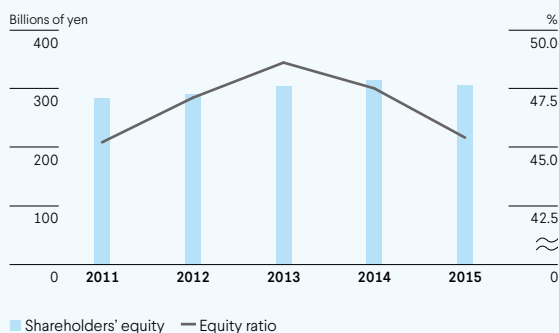
Retailing and Store Operation	¥141.0 billion (down 4.5%)
Credit Card Services	¥75.0 billion (up 9.6%)
Retailing-Related Services	¥35.0 billion (up 3.5%)

* Sales to outside customers only

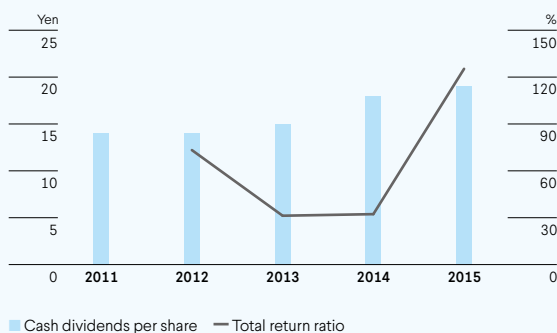
Forecasts for Operating Income by Segment

Retailing and Store Operation	¥8.5 billion (up 5.3%)
Credit Card Services	¥22.0 billion (up 9.3%)
Retailing-Related Services	¥3.5 billion (up 5.0%)

Shareholders' Equity / Equity Ratio



Cash Dividends per Share / Total Return Ratio





Consolidated Balance Sheets

MARUI GROUP CO., LTD. and Its Consolidated Subsidiaries
As of March 31, 2014 and 2015

		Millions of yen	Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Assets			
Current assets:			
Cash and deposits (Notes 5 and 20)	¥ 30,064	¥ 31,240	\$ 260,333
Notes and accounts receivable—trade (Note 5)	6,323	6,453	53,775
Accounts receivable—installment (Notes 3 and 5)	213,466	227,121	1,892,675
Operating loans (Notes 4 and 5)	125,215	128,030	1,066,916
Allowance for doubtful accounts (Note 5)	(7,440)	(8,110)	(67,583)
	337,565	353,495	2,945,791
Inventories	19,285	16,834	140,283
Deferred tax assets (Note 10)	9,122	6,444	53,700
Other	18,503	18,738	156,150
Total current assets	414,542	426,753	3,556,275
Property and equipment (Note 12):			
Land	99,402	99,665	830,541
Buildings and structures	256,435	256,707	2,139,225
Construction in progress	162	488	4,066
Other	36,964	35,146	292,883
Accumulated depreciation	(217,900)	(219,313)	(1,827,608)
Property and equipment, net	175,064	172,694	1,439,116
Investments and other assets:			
Investment securities (Notes 5 and 6)	23,672	24,389	203,241
Investments in unconsolidated subsidiaries and affiliates	672	772	6,433
Intangible assets	6,625	6,237	51,975
Leasehold and other deposits (Note 5)	37,735	35,824	298,533
Deferred tax assets (Note 10)	3,285	6,348	52,900
Other	2,420	2,606	21,716
Total investments and other assets	74,411	76,178	634,816
Total assets	¥664,019	¥675,627	\$5,630,225
Liabilities			
Current liabilities:			
Accounts payable—trade (Note 5)	¥ 29,975	¥ 27,002	\$ 225,016
Short-term loans payable and current portion of long-term loans payable (Notes 5 and 9)	71,324	56,839	473,658
Current portion of bonds payable (Notes 5 and 9)	20,000	17,000	141,666
Commercial papers (Notes 5 and 9)	12,000	10,000	83,333
Income taxes payable (Notes 5 and 10)	2,211	3,340	27,833
Provision for bonuses	4,016	3,763	31,358
Provision for point card certificates	2,813	4,590	38,250
Provision for loss on redemption of gift certificates	150	153	1,275
Other	27,250	28,593	238,275
Total current liabilities	169,740	151,281	1,260,675
Non-current liabilities:			
Bonds payable (Notes 5 and 9)	82,000	85,000	708,333
Long-term loans payable (Notes 5, 7, and 9)	79,500	109,000	908,333
Deferred tax liabilities (Note 10)	1,214	1,516	12,633
Provision for loss on interest repayment	6,870	12,652	105,433
Provision for loss on guarantees	123	140	1,166
Asset retirement obligations (Note 11)	536	548	4,566
Other	8,144	8,232	68,600
Total non-current liabilities	178,389	217,090	1,809,083
Total liabilities	348,130	368,371	3,069,758
Contingent liabilities (Note 13)			
Net assets (Note 14)			
Shareholders' equity:			
Capital stock	35,920	35,920	299,333
Authorized: 1,400,000,000 shares of common stock			
Issued: 318,660,417 shares as of March 31, 2014, and 278,660,417 shares as of March 31, 2015			
Capital surplus	91,307	91,307	760,891
Retained earnings	236,274	197,875	1,648,958
Treasury stock (Note 25)			
44,901,353 shares as of March 31, 2014, and 15,588,364 shares as of March 31, 2015	(53,832)	(19,290)	(160,750)
Total shareholders' equity	309,669	305,813	2,548,441
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	5,776	982	8,183
Total accumulated other comprehensive income	5,776	982	8,183
Subscription rights to shares (Note 21)	39	39	325
Minority interests	402	420	3,500
Total net assets	315,889	307,255	2,560,458
Total liabilities and net assets	¥664,019	¥675,627	\$5,630,225

The accompanying notes are an integral part of these consolidated financial statements.



Consolidated Statements of Income / Consolidated Statements of Comprehensive Income

MARUI GROUP CO., LTD. and Its Consolidated Subsidiaries
For the fiscal years ended March 31, 2014 and 2015

Consolidated Statements of Income	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Total operating revenues (Note 12)	¥416,460	¥404,947	\$3,374,558
Cost of sales (Notes 12 and 15)	260,733	246,802	2,056,683
Gross profit	155,726	158,144	1,317,866
Selling, general and administrative expenses (Note 16)	128,579	130,102	1,084,183
Operating income	27,146	28,042	233,683
Non-operating income (expenses):			
Interest income	125	110	916
Dividend income	417	446	3,716
Gain on bad debt recovered	1,112	1,275	10,625
Gain on donation of property and equipment	726	194	1,616
Gain on sale of investment securities	–	12,094	100,783
Interest expenses	(1,828)	(1,870)	(15,583)
Loss on retirement of property and equipment (Note 17)	(1,381)	(1,097)	(9,141)
Impairment loss (Note 18)	–	(1,859)	(15,491)
Loss on interest repayment	–	(390)	(3,250)
Provision for loss on interest repayment	–	(12,652)	(105,433)
Loss on closing of stores	(162)	–	–
Other, net	(78)	(291)	(2,425)
	(1,069)	(4,041)	(33,675)
Income before income taxes and minority interests	26,076	24,001	200,008
Income taxes (Note 10):			
Income taxes–current	3,331	6,193	51,608
Income taxes–deferred	7,314	1,745	14,541
	10,646	7,938	66,150
Income before minority interests	15,430	16,062	133,850
Minority interests in income	20	25	208
Net income	¥ 15,409	¥ 16,036	\$ 133,633

Per share data (Note 24)	Yen		U.S. dollars (Note 1)
	2014	2015	2015
Net income per share:			
Basic	¥ 56.29	¥ 58.87	\$0.49
Diluted	56.29	58.86	0.49
Cash dividends	18.00	19.00	0.15
Net assets per share	1,152.28	1,166.20	9.71

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Income before minority interests	¥15,430	¥16,062	\$133,850
Other comprehensive income (Note 19):			
Valuation difference on available-for-sale securities	1,032	(4,794)	(39,950)
Total other comprehensive income	1,032	(4,794)	(39,950)
Comprehensive income	¥16,462	¥11,268	\$ 93,900
Comprehensive income attributable to:			
Owners of parent	¥16,441	¥11,242	\$93,683
Minority interests	20	25	208

The accompanying notes are an integral part of these consolidated financial statements.



Consolidated Statements of Changes in Net Assets

MARUI GROUP CO., LTD. and Its Consolidated Subsidiaries
For the fiscal years ended March 31, 2014 and 2015

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income		Subscription rights to shares	Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total	Valuation difference on available-for-sale securities	Total			
Balance as of April 1, 2013	¥35,920	¥ 91,307	¥225,554	¥(53,889)	¥298,893	¥ 4,744	¥ 4,744	¥25	¥389	¥304,051
Changes of items during period:										
Dividends from surplus			(4,653)		(4,653)					(4,653)
Net income			15,409		15,409					15,409
Purchase of treasury stock				(2)	(2)					(2)
Disposal of treasury stock		(35)		59	24					24
Transfer of loss on disposal of treasury stock		35	(35)		–					–
Other			(0)		(0)					(0)
Net changes of items other than shareholders' equity						1,032	1,032	14	13	1,060
Total changes of items during period	–	–	10,720	56	10,776	1,032	1,032	14	13	11,837
Balance as of April 1, 2014	¥35,920	¥ 91,307	¥236,274	¥(53,832)	¥309,669	¥ 5,776	¥ 5,776	¥39	¥402	¥315,889
Changes of items during period:										
Dividends from surplus			(4,927)		(4,927)					(4,927)
Net income			16,036		16,036					16,036
Purchase of treasury stock				(15,002)	(15,002)					(15,002)
Disposal of treasury stock		(6)		43	36					36
Retirement of treasury stock		(49,500)		49,500	–					–
Transfer from retained earnings to capital surplus		49,507	(49,507)		–					–
Net changes of items other than shareholders' equity						(4,794)	(4,794)	0	17	(4,776)
Total changes of items during period	–	–	(38,398)	34,541	(3,856)	(4,794)	(4,794)	0	17	(8,633)
Balance as of March 31, 2015	¥35,920	¥ 91,307	¥197,875	¥(19,290)	¥305,813	¥ 982	¥ 982	¥39	¥420	¥307,255

The accompanying notes are an integral part of these consolidated financial statements.

Thousands of U.S. dollars (Note 1)

	Shareholders' equity					Accumulated other comprehensive income		Subscription rights to shares	Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total	Valuation difference on available-for-sale securities	Total			
Balance as of April 1, 2014	\$299,333	\$ 760,891	\$1,968,950	\$ (448,600)	\$2,580,575	\$ 48,133	\$ 48,133	\$325	\$3,350	\$2,632,408
Changes of items during period:										
Dividends from surplus			(41,058)		(41,058)					(41,058)
Net income			133,633		133,633					133,633
Purchase of treasury stock				(125,016)	(125,016)					(125,016)
Disposal of treasury stock		(50)		358	300					300
Retirement of treasury stock		(412,500)		412,500	–					–
Transfer from retained earnings to capital surplus		412,558	(412,558)		–					–
Net changes of items other than shareholders' equity						(39,950)	(39,950)	0	141	(39,800)
Total changes of items during period	–	–	(319,983)	287,841	(32,133)	(39,950)	(39,950)	0	141	(71,941)
Balance as of March 31, 2015	\$299,333	\$ 760,891	\$1,648,958	\$ (160,750)	\$2,548,441	\$ 8,183	\$ 8,183	\$325	\$3,500	\$2,560,458



Consolidated Statements of Cash Flows

MARUI GROUP CO., LTD. and Its Consolidated Subsidiaries
For the fiscal years ended March 31, 2014 and 2015

		Millions of yen	Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 26,076	¥ 24,001	\$ 200,008
Depreciation and amortization	9,988	10,296	85,800
Increase (decrease) in provision for point card certificates	1,094	1,777	14,808
Increase (decrease) in provision for allowance for doubtful accounts	(830)	670	5,583
Increase (decrease) in provision for loss on interest repayment	(4,288)	5,781	48,175
Increase (decrease) in provision for bonuses	399	(253)	(2,108)
Interest and dividend income	(542)	(556)	(4,633)
Interest expenses	1,828	1,870	15,583
Loss (gain) on retirement of property and equipment	848	604	5,033
Loss (gain) on sale of investment securities	0	(12,094)	(100,783)
Impairment loss	–	1,859	15,491
Decrease (increase) in notes and accounts receivable–trade	(133)	(129)	(1,075)
Decrease (increase) in accounts receivable–installment	(42,278)	(13,655)	(113,791)
Decrease (increase) in operating loans	(1,475)	(2,815)	(23,458)
Decrease (increase) in inventories	103	1,964	16,366
Increase (decrease) in accounts payable–trade	1,766	(2,973)	(24,775)
Other, net	2,049	980	8,166
Subtotal	(5,393)	17,328	144,400
Interest and dividend income received	441	475	3,958
Interest expenses paid	(1,818)	(1,906)	(15,883)
Income taxes paid	(2,710)	(3,721)	(31,008)
Income taxes refund	253	135	1,125
Net cash provided by (used in) operating activities	(9,227)	12,310	102,583
Cash flows from investing activities:			
Purchase of property and equipment	(9,439)	(10,874)	(90,616)
Purchase of investment securities	(99)	(17,931)	(149,425)
Proceeds from sale of investment securities	12	22,684	189,033
Payments for leasehold and other deposits	(511)	(70)	(583)
Proceeds from collection of leasehold and other deposits	3,383	2,165	18,041
Other, net	(137)	159	1,325
Net cash provided by (used in) investing activities	(6,791)	(3,867)	(32,225)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	(30,937)	(29,985)	(249,875)
Proceeds from long-term loans payable	25,000	45,000	375,000
Proceeds from issuance of bonds	19,902	19,897	165,808
Redemption of bonds	–	(20,000)	(166,666)
Net increase (decrease) in commercial papers	7,000	(2,000)	(16,666)
Purchase of treasury stock	(2)	(15,016)	(125,133)
Cash dividends paid (Note 14)	(4,653)	(4,927)	(41,058)
Other, net	(167)	(234)	(1,950)
Net cash provided by (used in) financing activities	16,141	(7,267)	(60,558)
Net increase (decrease) in cash and cash equivalents	122	1,176	9,800
Cash and cash equivalents at beginning of period	29,940	30,053	250,441
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(10)	–	–
Cash and cash equivalents at end of period (Note 20)	¥ 30,053	¥ 31,229	\$ 260,241

The accompanying notes are an integral part of these consolidated financial statements.



Notes to Consolidated Financial Statements

MARUI GROUP CO., LTD. and Its Consolidated Subsidiaries
As of and for the fiscal years ended March 31, 2014 and 2015

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 2014 consolidated financial statements to conform to the classifications used in 2015.

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 ¥120 = \$1, the approximate rate of exchange at March 31, 2015, 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 year ended March 31, 2015, include the accounts of the Company and its nine (ten in 2014) 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, 2014 and 2015, 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 allows 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.

(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) 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.

(14) 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.

(15) 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. 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, 2014 and 2015:

	2014	Millions of yen 2015	Thousands of U.S. dollars (Note 1) 2015
Card shopping:			
Lump sums receivable	¥46,000	¥53,000	\$441,666
Revolving receivable	—	13,526	112,716

4. LOAN COMMITMENTS

Certain consolidated subsidiaries that operate in the Credit Card Services segment 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)
	2014	2015	2015
Total loan limits	¥989,565	¥1,081,117	\$9,009,308
Amount executed as loans	125,215	128,030	1,066,916
Unused balance	¥864,349	¥ 953,086	\$7,942,383

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 conditions or other circumstances change. Thus, the total unused balance will not necessarily be executed as loans.

5. 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, 2014 and 2015, are summarized below. Financial instruments for which the fair value is difficult to estimate are excluded from the following table (See Note 2 below).

	2014			2015		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
(1) Cash and deposits	¥ 30,064	¥ 30,064	¥ –	¥ 31,240	¥ 31,240	¥ –
(2) Notes and accounts receivable–trade	6,323	6,323	–	6,453	6,453	–
(3) Accounts receivable–installment	213,466			227,121		
Allowance for doubtful accounts *1	(4,736)			(5,198)		
	208,730	231,321	22,591	221,923	249,151	27,227
(4) Operating loans	125,215			128,030		
Allowance for doubtful accounts *2	(2,273)			(2,231)		
	122,942	136,298	13,355	125,798	142,766	16,968
(5) Investment securities:						
Available-for-sale securities	23,430	23,430	–	24,152	24,152	–
(6) Leasehold and other deposits	11,329	11,049	(280)	9,493	9,312	(180)
Assets, total	¥402,821	¥438,488	¥35,666	¥419,062	¥463,077	¥44,015
(1) Accounts payable–trade	¥ 29,975	¥ 29,975	¥ –	¥ 27,002	¥ 27,002	¥ –
(2) Short-term loans payable and current portion of long-term loans payable	71,324	71,324	–	56,839	56,839	–
(3) Current portion of bonds payable	20,000	20,000	–	17,000	17,000	–
(4) Commercial papers	12,000	12,000	–	10,000	10,000	–
(5) Income taxes payable	2,211	2,211	–	3,340	3,340	–
(6) Bonds payable	82,000	83,089	1,089	85,000	85,860	860
(7) Long-term loans payable	79,500	79,438	(61)	109,000	109,046	46
Liabilities, total	¥297,011	¥298,038	¥ 1,027	¥308,181	¥309,089	¥ 907
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)			
	2015		
	Carrying value	Fair value	Difference
(1) Cash and deposits	\$ 260,333	\$ 260,333	\$ –
(2) Notes and accounts receivable–trade	53,775	53,775	–
(3) Accounts receivable–installment	1,892,675		
Allowance for doubtful accounts	(43,316)		
	1,849,358	2,076,258	226,891
(4) Operating loans	1,066,916		
Allowance for doubtful accounts	(18,591)		
	1,048,316	1,189,716	141,400
(5) Investment securities:			
Available-for-sale securities	201,266	201,266	–
(6) Leasehold and other deposits	79,108	77,600	(1,500)
Assets, total	\$3,492,183	\$3,858,975	\$366,791
(1) Accounts payable–trade	\$ 225,016	\$ 225,016	\$ –
(2) Short-term loans payable and current portion of long-term loans payable	473,658	473,658	–
(3) Current portion of bonds payable	141,666	141,666	–
(4) Commercial papers	83,333	83,333	–
(5) Income taxes payable	27,833	27,833	–
(6) Bonds payable	708,333	715,500	7,166
(7) Long-term loans payable	908,333	908,716	383
Liabilities, total	\$2,568,175	\$2,575,741	\$ 7,558
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 papers, 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 7, "DERIVATIVE TRANSACTIONS," for details.

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

		Millions of yen	Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Unlisted stocks	¥ 782	¥ 877	\$ 7,308
Part of security deposits	28,058	27,915	232,625

Unlisted stocks are not included in (5) Investment securities in the table above, 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			
	2014			
	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	¥ 30,064	¥ –	¥ –	¥ –
Notes and accounts receivable–trade	6,323	–	–	–
Accounts receivable–installment	116,084	70,104	17,003	10,273
Operating loans	60,977	63,383	776	77
Leasehold and other deposits	1,574	4,560	3,588	1,606
Total	¥215,024	¥138,048	¥21,368	¥11,958

	Millions of yen			
	2015			
	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	¥ 31,240	¥ –	¥ –	¥ –
Notes and accounts receivable–trade	6,453	–	–	–
Accounts receivable–installment	129,841	66,160	19,638	11,481
Operating loans	62,466	65,005	486	72
Leasehold and other deposits	1,515	3,654	2,843	1,480
Total	¥231,516	¥134,820	¥22,968	¥13,034

	Thousands of U.S. dollars (Note 1)			
	2015			
	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	\$ 260,333	\$ –	\$ –	\$ –
Notes and accounts receivable–trade	53,775	–	–	–
Accounts receivable–installment	1,082,008	551,333	163,650	95,675
Operating loans	520,550	541,708	4,050	600
Leasehold and other deposits	12,625	30,450	23,691	12,333
Total	\$1,929,300	\$1,123,500	\$191,400	\$108,616

See Note 9, “SHORT-TERM LOANS PAYABLE AND LONG-TERM DEBT,” for the schedule of aggregate annual maturities of long-term loans payable and long-term debt.

6. INVESTMENT SECURITIES

(1) Information on available-for-sale securities as of March 31, 2014 and 2015, is as follows:

	2014			2015		
	Carrying value	Acquisition cost	Difference	Carrying value	Acquisition cost	Difference
Carrying value exceeding acquisition cost:						
Stocks	¥20,815	¥11,524	¥ 9,291	¥18,783	¥16,468	¥2,314
Subtotal	20,815	11,524	9,291	18,783	16,468	2,314
Carrying value not exceeding acquisition cost:						
Stocks	2,615	3,920	(1,305)	5,369	6,319	(950)
Subtotal	2,615	3,920	(1,305)	5,369	6,319	(950)
Total	¥23,430	¥15,444	¥ 7,986	¥24,152	¥22,787	¥1,364

	Thousands of U.S. dollars (Note 1)		
	2014	2015	
	Carrying value	Acquisition cost	Difference
Carrying value exceeding acquisition cost:			
Stocks	\$156,525	\$137,233	\$19,283
Subtotal	156,525	137,233	19,283
Carrying value not exceeding acquisition cost:			
Stocks	44,741	52,658	(7,916)
Subtotal	44,741	52,658	(7,916)
Total	\$201,266	\$189,891	\$11,366

Unlisted stocks in the amount of ¥241 million and ¥237 million (\$1,975 thousand) as of March 31, 2014 and 2015, 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, 2014 and 2015, is as follows:

	2014			2015		
	Proceeds from sales	Gains	Losses	Proceeds from sales	Gains	Losses
Stocks	¥12	¥-	¥0	¥22,684	¥12,094	¥-
Total	¥12	¥-	¥0	¥22,684	¥12,094	¥-

Millions of yen

	2015		
	Proceeds from sales	Gains	Losses
Stocks	\$189,033	\$100,783	\$-
Total	\$189,033	\$100,783	\$-

Thousands of U.S. dollars (Note 1)

(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 impairment loss was recognized for the fiscal year ended March 31, 2014. For the fiscal year ended March 31, 2015, the Group recognized an impairment loss on available-for-sale securities but omitted its disclosure since the amount was immaterial.

7. DERIVATIVE TRANSACTIONS

For the fiscal years ended March 31, 2014 and 2015, 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

2014			2015			2015		
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
¥17,000	¥17,000	*	¥17,000	¥17,000	*	\$141,666	\$141,666	*

Millions of yen

Thousands of U.S. dollars (Note 1)

* 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.

8. LEASES

(As a Lessee)

The Group capitalizes leased assets under finance leases that do not transfer ownership. These assets are mainly comprised of buildings and properties in connection with the Retailing and Store Operation segment and software.

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

		Millions of yen	Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Within one year	¥ 3,976	¥ 3,960	\$ 33,000
Over one year	22,385	18,469	153,908
Total	¥26,361	¥22,429	\$186,908

(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)
	2014	2015	2015
Within one year	¥ 2,550	¥ 3,452	\$ 28,766
Over one year	10,044	8,859	73,825
Total	¥12,594	¥12,311	\$102,591

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

Short-term loans payable and current portion of long-term loans payable as of March 31, 2014 and 2015, consisted of the following:

		Millions of yen	Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Short-term loans payable	¥38,324	¥39,339	\$327,825
Current portion of long-term loans payable	33,000	17,500	145,833
Total	¥71,324	¥56,839	\$473,658

Annual weighted-average interest rates of short-term loans payable were 0.46% and 0.42% and those of current portion of long-term loans payable were 0.83% and 0.88% for the fiscal years ended March 31, 2014 and 2015, respectively.

Annual weighted-average interest rates of commercial papers, due within a year, were 0.09% and 0.10% for the fiscal years ended March 31, 2014 and 2015, respectively.

Long-term debt as of March 31, 2014 and 2015, consisted of the following:

		Millions of yen	Thousands of U.S. dollars (Note 1)
	2014	2015	2015
0.50% long-term loans from banks and others due through 2027	¥ 79,500	¥109,000	\$ 908,333
13th series unsecured 1.51% corporate bond, due 2017	10,000	10,000	83,333
16th series unsecured 1.01% corporate bond, due 2015	12,000	12,000	100,000
17th series unsecured 0.80% corporate bond, due 2014	20,000	–	–
18th series unsecured 0.97% corporate bond, due 2017	10,000	10,000	83,333
19th series unsecured 0.58% corporate bond, due 2015	5,000	5,000	41,666
20th series unsecured 0.79% corporate bond, due 2017	10,000	10,000	83,333
21st series unsecured 0.57% corporate bond, due 2017	10,000	10,000	83,333
22nd series unsecured 0.85% corporate bond, due 2019	5,000	5,000	41,666
23rd series unsecured 0.342% corporate bond, due 2016	10,000	10,000	83,333
24th series unsecured 0.582% corporate bond, due 2018	10,000	10,000	83,333
25th series unsecured 0.344% corporate bond, due 2019	–	10,000	83,333
26th series unsecured 0.562% corporate bond, due 2021	–	10,000	83,333
Lease obligation	2,273	2,047	17,058
	183,773	213,047	1,775,391
Less: Current portion	20,226	17,178	143,150
Total	¥163,547	¥195,869	\$1,632,241

The aggregate annual maturities of long-term debt subsequent to March 31, 2015, are as follows:

	Millions of yen			Thousands of U.S. dollars (Note 1)		
Year ending March 31	Long-term loans payable	Bonds payable	Lease obligation	Long-term loans payable	Bonds payable	Lease obligation
2016	¥ 17,500	¥ 17,000	¥ 178	\$ 145,833	\$141,666	\$ 1,483
2017	15,000	30,000	149	125,000	250,000	1,241
2018	10,000	20,000	149	83,333	166,666	1,241
2019	14,000	10,000	149	116,666	83,333	1,241
2020 and thereafter	70,000	25,000	1,422	583,333	208,333	11,850
Total	¥126,500	¥102,000	¥2,047	\$1,054,166	\$850,000	\$17,058

10. DEFERRED TAX ACCOUNTING

Major components of deferred tax assets and deferred tax liabilities as of March 31, 2014 and 2015, were as follows:

		Millions of yen	Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Deferred tax assets:			
Depreciation	¥ 6,628	¥ 6,339	\$ 52,825
Impairment loss	5,373	5,586	46,550
Provision for loss on interest repayment	2,548	4,478	37,316
Provision for point card certificates	1,043	1,624	13,533
Net operating loss carried forward	4,973	1,494	12,450
Allowance for doubtful accounts	2,673	1,423	11,858
Net unrealized loss on non-current assets	1,426	1,372	11,433
Provision for bonuses	1,484	1,324	11,033
Other	5,895	4,632	38,600
Subtotal	32,047	28,275	235,625
Valuation allowance	(9,280)	(7,684)	(64,033)
Total deferred tax assets	22,767	20,590	171,583
Deferred tax liabilities:			
Reserve for special account for advanced depreciation of non-current assets	9,183	8,737	72,808
Valuation difference on available-for-sale securities	2,207	380	3,166
Other	182	197	1,641
Total deferred tax liabilities	11,572	9,315	77,625
Deferred tax assets, net	¥11,194	¥11,275	\$ 93,958

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:

	2014	2015
Statutory tax rate	38.0%	35.6%
Adjustments:		
Permanent differences such as entertainment expenses, etc.	0.4	0.4
Permanent differences such as dividends	(0.2)	(0.3)
Change in valuation allowance	(2.4)	(4.7)
Inhabitants' tax	0.5	0.6
Adjustments due to changes in tax rate	2.5	1.9
Other	2.0	(0.4)
Effective tax rate	40.8%	33.1%

In line with the promulgation on March 31, 2015, of the "Act for Partial Revision of the Income Tax Act, etc. (Act No. 9, 2015)" and the "Act for Partial Revision of the Local Tax Act, etc. (Act No. 2, 2015)," the Group has changed the effective statutory tax rate to calculate deferred tax assets and deferred tax liabilities for the fiscal year ended March 31, 2015, from 35.6% to 33.1% for temporary differences expected to be reversed in the fiscal year beginning on April 1, 2015, and to 32.3% for those expected to be reversed in and after the fiscal year beginning on April 1, 2016.

As a result of this change, deferred tax assets decreased by ¥423 million (\$3,525 thousand) and income taxes—deferred and valuation difference on available-for-sale securities increased by ¥463 million (\$3,858 thousand) and ¥40 million (\$333 thousand), respectively.

11. ASSET RETIREMENT OBLIGATIONS

(1) Asset retirement obligations recognized in 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 0.12% to 1.38%.

Asset retirement obligations as of March 31, 2014 and 2015, consisted of the following:

	2014	Millions of yen 2015	Thousands of U.S. dollars (Note 1) 2015
Beginning balance	¥ 787	¥549	\$4,575
Increase due to acquisition of property and equipment	8	—	—
Increase due to change in estimate *1	9	87	725
Adjustments due to passage of time	4	2	16
Decrease due to fulfillment of obligation	(190)	(13)	(108)
Decrease due to change in estimate *2	(70)	—	—
Other increase (decrease)	—	9	75
Ending balance	¥ 549	¥635	\$5,291

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

*2 The more-reasonable estimate became available; thus, the amount of obligation estimated at the time of acquisition of the respective assets was decreased.

(2) Asset retirement obligations other than those recognized in 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.

12. 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, 2014 and 2015, was ¥3,851 million and ¥3,824 million (\$31,866 thousand), respectively. The rental income was included in net sales and the associated rental expenses were included in cost of sales. The carrying value and the fair value of such assets were as follows:

	2014	Millions of yen 2015	Thousands of U.S. dollars (Note 1) 2015
Carrying value *1:			
Beginning balance	¥31,800	¥32,285	\$269,041
Changes during the year	484	81	675
Ending balance	¥32,285	¥32,367	\$269,725
Fair value *2	¥62,931	¥66,959	\$557,991

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

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

13. 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, 2014 and 2015, the amounts of the Group's guarantee obligations were ¥16,800 million and ¥19,327 million (\$161,058 thousand), respectively.

14. 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 a 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, 2014 and 2015:

2014					
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 26, 2013	Common stock	¥2,189	¥8	March 31, 2013	June 27, 2013
Board of Directors' meeting held on November 7, 2013	Common stock	2,463	9	September 30, 2013	December 4, 2013

2015							
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 26, 2014	Common stock	¥2,463	\$20,525	¥9	\$0.07	March 31, 2014	June 27, 2014
Board of Directors' meeting held on November 6, 2014	Common stock	2,464	20,533	9	0.07	September 30, 2014	December 4, 2014

Dividends with a record date during the fiscal year ended March 31, 2015, but with an effective date subsequent to the fiscal year ended March 31, 2015, 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 25, 2015	Common stock	¥2,630	\$21,916	Retained earnings	¥10	\$0.08	March 31, 2015	June 26, 2015

15. COST OF SALES

For the fiscal years ended March 31, 2014 and 2015, cost of sales included the revaluation loss on inventories in the amounts of ¥86 million and ¥43 million (\$358 thousand), respectively.

16. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the fiscal years ended March 31, 2014 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Advertisement	¥ 14,849	¥ 14,712	\$ 122,600
Provision for point card certificates	2,813	4,590	38,250
Provision for allowance for doubtful accounts	6,361	7,748	64,566
Provision for loss on interest repayment	867	—	—
Salaries and allowances	33,300	33,165	276,375
Provision for bonuses	3,799	3,533	29,441
Rent	16,535	15,345	127,875
Depreciation and amortization	8,542	8,771	73,091
Other	41,509	42,237	351,975
	¥128,579	¥130,102	\$1,084,183

17. LOSS ON RETIREMENT OF PROPERTY AND EQUIPMENT

Loss on retirement of property and equipment for the fiscal years ended March 31, 2014 and 2015, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Buildings and structures	¥ 748	¥ 515	\$4,291
Furniture and fixtures	632	582	4,850
	¥1,381	¥1,097	\$9,141

18. IMPAIRMENT LOSS

For the fiscal year ended March 31, 2014, no impairment loss was recognized. For the fiscal year ended March 31, 2015, the Group recognized an impairment loss on the asset group as stated below.

Use	Location	Type of assets	Millions of yen	Thousands of U.S. dollars (Note 1)
Stores, etc.	Kyoto Marui	Buildings and structures	¥1,787	\$14,891
	Kyoto, Kyoto City	Other	71	591
		Total	¥1,859	\$15,491

The Group has grouped its fixed assets by either store or rental property, which are the minimum cash-generating units. Carrying value of each asset group is written down to its respective recoverable amount and in doing so recognized 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, the Group evaluates that the fair value less cost to sell is zero.

19. COMPREHENSIVE INCOME

	2014	Millions of yen 2015	Thousands of U.S. dollars (Note 1) 2015
Valuation difference on available-for-sale securities:			
Amounts incurred for the year	¥1,543	¥ 5,473	\$ 45,608
Reclassification adjustments	0	(12,094)	(100,783)
Before tax effect adjustment	1,544	(6,621)	(55,175)
Tax effect	(511)	1,827	15,225
Valuation difference on available-for-sale securities	1,032	(4,794)	(39,950)
Total other comprehensive income	¥1,032	¥ (4,794)	\$ (39,950)

20. 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, 2014 and 2015, were as follows:

	2014	Millions of yen 2015	Thousands of U.S. dollars (Note 1) 2015
Cash and deposits	¥30,064	¥31,240	\$260,333
Time deposits with maturity in excess of three months	(11)	(11)	(91)
Cash and cash equivalents	¥30,053	¥31,229	\$260,241

21. SUBSCRIPTION RIGHTS TO SHARES

For the fiscal years ended March 31, 2014 and 2015, the amounts of costs incurred for subscription rights to shares ("stock options") were ¥38 million and ¥36 million (\$300 thousand), respectively, and were included in selling, general and administrative expenses.

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

	2013	2014	2015
Date of resolution	June 27, 2012	June 26, 2013	June 26, 2014
Title and number of grantee	7 Directors and 5 Executive Officers of the Company	7 Directors and 5 Executive Officers of the Company	8 Directors and 5 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 38,400 shares	Common stock 43,500 shares
Granted date	August 3, 2012	July 11, 2013	July 11, 2014
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, 2014 to March 31, 2024	From April 1, 2015 to March 31, 2025

The following table describes the scale and changes in stock options that existed during the fiscal year ended March 31, 2015. The number of stock options is translated into the number of shares.

	2013		2014		2015	
					Number of shares	
Before vested:						
As of March 31, 2014	—		—		—	
Granted	—		—		43,500	
Forfeited	—		—		—	
Vested	—		—		43,500	
As of March 31, 2015	—		—		—	
After vested:						
As of March 31, 2014	2,600		38,400		—	
Vested	—		—		43,500	
Exercised	—		36,400		—	
Forfeited	—		—		—	
As of March 31, 2015	2,600		2,000		43,500	
	Yen	U.S. dollars (Note 1)	Yen	U.S. dollars (Note 1)	Yen	U.S. dollars (Note 1)
Exercise price	¥ 1	\$0.008	¥ 1	\$0.008	¥ 1	\$0.008
Average exercise price	—	—	874	7.28	—	—
Fair value at granted date	485	4.04	1,007	8.39	844	7.03

The Black-Scholes option-pricing model is applied to estimate the fair value of stock options granted for the fiscal year ended March 31, 2015, based on the following assumptions.

Expected volatility * ¹	35.050%
Expected holding period * ²	5.7 years
Expected dividend * ³	¥18 (\$0.15) per share
Risk-free rate * ⁴	0.180%

*¹ It is estimated based on the share price over the period corresponding to the expected holding period.

*² It is estimated based on the assumption that stock options are exercised at the middle of the exercise period.

*³ It is based on the dividends for the fiscal year ended March 31, 2014.

*⁴ It is the average yield on government bonds for the period that corresponds to the remaining life of the stock option.

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.

22. 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 three reportable segments identified by products and services: "Retailing and Store Operation," "Credit Card Services," and "Retailing-Related Services."

The Retailing and Store Operation segment engages in retailing operations of clothes and accessories and management of commercial property rental. The Credit Card Services segment engages in the credit card, the consumer loans, and the rental guarantee businesses. The Retailing-Related Services segment engages in businesses such as store design, advertising, apparel distribution, IT systems, total building management, and real estate rental.

(2) Basis of measurement for the amounts of segment net sales, 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						
2014						
	Reportable segment				Adjustment *1	Consolidated *2
	Retailing and Store Operation	Credit Card Services	Retailing-Related Services	Total		
Operating revenues:						
Outside customers	¥322,342	¥ 59,421	¥34,695	¥416,460	¥ –	¥416,460
Intersegment	5,489	2,374	24,813	32,678	(32,678)	–
Total	¥327,832	¥ 61,795	¥59,509	¥449,138	¥(32,678)	¥416,460
Segment income	¥ 10,562	¥ 15,634	¥ 4,523	¥ 30,721	¥ (3,574)	¥ 27,146
Segment assets	¥242,160	¥371,097	¥65,717	¥678,975	¥(14,956)	¥664,019
Other items:						
Depreciation and amortization	¥ 6,524	¥ 1,054	¥ 2,136	¥ 9,714	¥ 273	¥ 9,988
Increase in property and equipment and intangible assets	8,530	1,450	2,015	11,996	(1,201)	10,795

*1 Adjustment to segment income consists of intersegment elimination of ¥1,301 million and corporate expenses of ¥(4,876) million that are not allocated to each reportable segment. Adjustment to segment assets mainly consists of intersegment elimination of ¥(217,051) million and corporate assets of ¥204,635 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						
2015						
	Reportable segment				Adjustment *1	Consolidated *2
	Retailing and Store Operation	Credit Card Services	Retailing-Related Services	Total		
Operating revenues:						
Outside customers	¥302,693	¥ 68,436	¥33,816	¥404,947	¥ –	¥404,947
Intersegment	4,918	2,186	22,332	29,437	(29,437)	–
Total	¥307,611	¥ 70,623	¥56,149	¥434,384	¥(29,437)	¥404,947
Segment income	¥ 8,074	¥ 20,126	¥ 3,333	¥ 31,535	¥ (3,492)	¥ 28,042
Segment assets	¥239,592	¥385,466	¥64,944	¥690,003	¥(14,376)	¥675,627
Other items:						
Depreciation and amortization	¥ 6,976	¥ 1,223	¥ 1,869	¥ 10,070	¥ 226	¥ 10,296
Increase in property and equipment and intangible assets	6,280	1,710	2,208	10,198	(412)	9,786

Thousands of U.S. dollars (Note 1)

	2015					Thousands of U.S. dollars (Note 1)	
	Reportable segment				Adjustment *1	Consolidated *1	
	Retailing and Store Operation	Credit Card Services	Retailing-Related Services	Total			
Operating revenues:							
Outside customers	\$2,522,441	\$ 570,300	\$281,800	\$3,374,558	\$ –	\$3,374,558	
Intersegment	40,983	18,216	186,100	245,308	(245,308)	–	
Total	\$2,563,425	\$ 588,525	\$467,908	\$3,619,866	\$(245,308)	\$3,374,558	
Segment income	\$ 67,283	\$ 167,716	\$ 27,775	\$ 262,791	\$ (29,100)	\$ 233,683	
Segment assets	\$1,996,600	\$3,212,216	\$541,200	\$5,750,025	\$(119,800)	\$5,630,225	
Other items:							
Depreciation and amortization	\$ 58,133	\$ 10,191	\$ 15,575	\$ 83,916	\$ 1,883	\$ 85,800	
Increase in property and equipment and intangible assets	52,333	14,250	18,400	84,983	(3,433)	81,550	

*1 Adjustment to segment income consists of intersegment elimination of ¥1,602 million (\$13,350 thousand) and corporate expenses of ¥(5,095) million (\$42,458 thousand) that are not allocated to each reportable segment. Adjustment to segment assets mainly consists of intersegment elimination of ¥(224,929) million (\$1,874,408 thousand) and corporate assets of ¥213,560 million (\$1,779,666 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.

Disclosures as to related information with regard to the concentration of products and service, location, and major customers are omitted since there is no relevant information to be disclosed.

For the fiscal year ended March 31, 2015, an impairment loss of ¥1,859 million (\$15,491 thousand) was reported by the Retailing and Store Operation segment.

23. RELATED PARTY INFORMATION

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

2014									
Name of the 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 0.8%	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 0.2%	Property rental Concurrent position as director	Property rental-stores	44	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.

2015									
Name of the 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 (\$83 thousand) (Note 1)	Real estate rental	Direct 0.9%	Property rental Concurrent position as director	Property rental	¥42 (\$350 thousand) (Note 1)	Leasehold and other deposits	¥ 41 (\$341 thousand)
								Other current liabilities	1 (\$8 thousand)
Seiwa Kogyo Co., Ltd.	Shinjuku, Tokyo	10 (\$83 thousand) (Note 1)	Real estate rental	Direct 0.5%	Property rental Concurrent position as director	Property rental- stores	44 (\$366 thousand) (Note 1)	Leasehold and other deposits	191 (\$1,591 thousand)

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

24. PER SHARE INFORMATION

Net income per share, both basic and diluted, for the fiscal years ended March 31, 2014 and 2015, are as follows:

	2014	2015	Yen 2015	U.S. dollars (Note 1) 2015
Net income per share	¥56.29	¥58.87		\$0.49
Diluted net income per share	56.29	58.86		0.49

	2014	Thousands of shares 2015
Weighted-average number of outstanding shares	273,760	272,430
Diluted shares:		
Assumed exercise of stock options	2	48

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.

25. SUBSEQUENT EVENT

At the Board of Directors' meeting held on May 14, 2015, the Company resolved to acquire its own shares based on Article 156 of the Companies Act of Japan ("the Act"), which is applied by the deemed replacement of terms pursuant to the provisions of Article 165 (3) of the Act.

The Group launched the medium-term management plan (fiscal year ended March 31, 2015 to fiscal year ending March 31, 2017) that defines the improvement of corporate value by implementing growth strategies and financial strategies. Under the financial strategic plans, the Group has an objective to enhance its investments targeting future growth and stable return to shareholders by effectively applying free cash flows generated over the three-year period of the plan. To meet such an objective, the Company will acquire its own shares in an approximate total amount of ¥50,000 million (\$416,666 thousand) over the duration of the plan in order to achieve the ROE target of 6% or more in the early stage and increase returns for shareholders going forward. Therefore, following ¥15,000 million (\$125,000 thousand) of the acquisition executed for the fiscal year ended March 31, 2015, the Company resolved to acquire its own shares as follows:

Class of share:	Common stock
Number of shares:	17,000,000 shares (maximum) (Ratio to outstanding shares, excluding treasury stock: 6.46%)
Total amount of acquisition:	¥20,000 million (\$166,666 thousand) (maximum)
Acquisition period:	From May 15, 2015 to August 31, 2015



Independent Auditor's Report

To the Board of Directors of MARUI GROUP CO., LTD.:

We have audited the accompanying consolidated financial statements of MARUI GROUP CO., LTD. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2015 and 2014, and the consolidated income statements, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of MARUI GROUP CO., LTD. and its consolidated subsidiaries as at March 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2015 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

September 8, 2015
Tokyo, Japan

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Corporate History

Feb.	1931	Chuji Aoi opened first store in Momozono-cho, Nakano-ku, Tokyo, after separating from Maruni Shokai Co., Ltd.
Apr.	1935	Changed store name to MARUI
Oct.	1936	Opened new store at site of former flagship Nakano Marui store
Mar.	1937	Established MARUI CO., LTD., with capital of ¥50,000
Jul.	1941	Temporarily closed all five stores due to war-time business restrictions
Feb.	1947	Rebuilt flagship Nakano Marui where former store stood before war
Apr.	1955	Tadao Aoi (current Honorary Chairman) joined the Company
Jan.	1960	Changed name of monthly payment system to "credit"
Mar.	1960	Issued first credit card in Japan
Feb.	1963	Formulated Company credo of "Drive action yourself"
Apr.	1963	Listed stocks on Second Section of Tokyo Stock Exchange
Jun.	1965	Upgraded stocks to First Section of Tokyo Stock Exchange
Jan.	1966	Launched full-fledged "scrap & build" initiative
Aug.	1966	Introduced industry's first computer
Jan.	1970	Became No. 1 in monthly payment credit industry in fiscal year ended January 31, 1970
Jan.	1971	Completed construction of Marui Computer Center
Mar.	1972	Chuji Aoi became Chairman; Tadao Aoi became President
Jan.	1973	Started OIOI campaign; Made all store phone numbers end with 0101
May	1974	Opened New Shinjuku Marui (currently Shinjuku Marui Main Building)
Aug.	1975	Founder Chuji Aoi passed away
Sep.	1975	Began offering on-the-spot approval at stores for Akai Cards
Feb.	1981	Began handling small-amount consumer loans
Aug.	1983	Issued Japan's first magnetic card compliant with international standards
Sep.	1984	Established M & C SYSTEMS CO., LTD.; Entered into IT systems business
Jan.	1991	Recorded increased revenues and income for 30th consecutive year
Nov.	1994	Completed construction of new Head Office building near north exit of Nakano Station
Sep.	1995	Introduced new logo mark OIOI
Jan.	2000	Launched Marui store website
Oct.	2003	Switched Group to integrated management system
Oct.	2003	Opened Kobe Marui, first Marui store in Kansai region
Feb.	2004	Opened Kitasenju Marui, largest Marui store to date
Mar.	2005	Obtained special license from Visa International for MARUI Card that included direct issuance rights
Apr.	2005	Tadao Aoi became Chairman; Hiroshi Aoi became President
May	2005	Announced MARUI GROUP's medium-term management plan



Chuji Aoi, MARUI's founder



1960

Issued first credit card in Japan



1972

Chuji Aoi became Chairman;
Tadao Aoi became President



2003

Opened Kobe Marui,
first Marui store in Kansai region



2005

Tadao Aoi became Chairman;
Hiroshi Aoi became President

Mar. 2006	Began issuing EPOS cards (world's first multipurpose IC card to be issued on-the-spot in stores)
Sep. 2006	Opened Namba Marui, first Marui store in Osaka AIM CREATE CO., LTD., established Machida Modi on site of former Maruibe Machida, representing shift to new business
Oct. 2007	Switched to holding company system; Changed name to MARUI GROUP CO., LTD.
Oct. 2007	Opened Yurakucho Marui
Apr. 2008	Began issuing EPOS Gold cards
Jun. 2008	Tadao Aoi became Honorary Chairman
Feb. 2010	Launched Rakuchin private brand series
Nov. 2010	Commenced business alliance with Rakuten, Inc.
Dec. 2010	MARUI KIT CENTER CO., LTD., visited by Emperor and Empress of Japan
Jun. 2013	EPOS cardholders exceeded 5 million
Sep. 2013	Began issuing credit cards using tablets at all stores
Oct. 2013	Announced opening of Hakata Marui, which is to be first store in Kyushu
May 2014	Reopened Machida Marui as first store with tenants on fixed-term rental contracts
Jun. 2014	Announced MARUI GROUP's new medium-term management plan (April 1, 2014 – March 31, 2017)
Feb. 2015	MARUI GROUP's stock price increased for first time in seven years and four months, posting top rate of growth among companies on First Section of Tokyo Stock Exchange EPOS CARD transactions exceeded ¥1 trillion
Apr. 2015	Reopened Shibuya Marui (previously Jam Shibuya)



2010

MARUI KIT CENTER CO., LTD., visited by Emperor and Empress of Japan



2014

Reopened Machida Marui as first store with tenants on fixed-term rental contracts



***Keiki ha Mizukara Tsukuru Mono*, biography of MARUI founder Chuji Aoi (Kinichiro Toba, Toyo Keizai Inc.)**

In July 1987, Toyo Keizai published a biography of Chuji Aoi entitled *Keiki ha Mizukara Tsukuru Mono* (Pioneer Spirit of Creating Opportunities) in recognition of the 12th anniversary of his passing. Framed in the history of Japan's credit industry, this book presents Aoi's business philosophy along with the story of MARUI's growth over the period of half a century.



***Keiki wo Shikaketa Otoko*, novel about MARUI founder Chuji Aoi Released on August 27, 2015 (Yuzuru Demachi, Gentosha Inc.)**

Yuzuru Demachi, who, like Chuji Aoi, hails from Toyama Prefecture, wrote a novel entitled *Keiki wo Shikaketa Otoko* (The Man Who Built the Economy) about MARUI's founder. The novel was published by Gentosha in 2015, 70 years after the end of World War II and 40 years since the passing of founder Aoi. It chronicles the countless ordeals Aoi overcame on his odyssey, beginning with his ambitious move from Toyama to Tokyo and the harsh training he underwent at Maruni Shokai. Later, the book details the founding of MARUI, the struggles to rebuild after the war, and the turmoil experienced within the Company. This novel also provides a memorable account of Aoi's wife Tazuko and how she supported her husband throughout his life, which was devoted to his business.

MARUI GROUP's Business

As of April 1, 2015

Retailing and Store Operation



In the Retailing and Store Operation business, MARUI is transitioning toward a unique shopping center style store model to devote more of stores' floor space to sundries, restaurants, and other high-demand areas that support all lifestyles.

Spring 2016 will mark the long-awaited opening of Hakata Marui, our first store in Kyushu.

MARUI CO., LTD.



Established	October 1, 2007	Number of Employees	3,959
Capital	¥100 million	Head Office	3-2, Nakano 4-chome, Nakano-ku, Tokyo 164-8701, Japan
President and Representative Director	Masao Nakamura	Telephone	03-3384-0101 (Receptionist)
Business Activities	Retailing and Marui store operation, Internet sales, specialty store business (operation and development of directly managed sales floors and private brands)	Homepage	www.0101.co.jp.e.ex.hp.transfer.com

Credit Card Services



The MARUI Group issued Japan's first credit card. In the fiscal year ended March 31, 2015, card transactions exceeded ¥1 trillion for the first time since EPOS cards were launched in 2006. By leveraging the expertise gained through the Group's long history of providing credit services, Epos Card is working to expand the number of card-holders, improve usage rates, increase usage amounts, and further strengthen operating foundations.

Epos Card Co., Ltd.



Established	October 1, 2004	Number of Employees	801
Capital	¥100 million	Head Office	3-2, Nakano 4-chome, Nakano-ku, Tokyo 164-8701, Japan
President and Representative Director	Toshikazu Takimoto	Telephone	03-4574-0101 (Receptionist)
Business Activities	Credit card business, credit loan business	Homepage	www.eposcard.co.jp (Japanese only)

Space Production, Commercial Facility Management, and Advertising Businesses



By leveraging the MARUI Group's expertise, AIM CREATE provides comprehensive proposals for design, construction, planning, promotion, advertising, and operation of commercial facilities. The company strives to create facilities that bring joy to visitors.

AIM CREATE CO., LTD.



Established	August 4, 1959
Capital	¥100 million
President and Representative Director	Akira Ino
Business Activities	Design and construction of commercial facilities, advertisement planning and production, property management
Number of Employees	350
Head Office	34-28, Nakano 3-chome, Nakano-ku, Tokyo 164-0001, Japan
Telephone	03-5340-0101 (Receptionist)
Homepage	www.aim-create.co.jp (Japanese only)

Apparel Distribution Business / Internet Sales Support Business



By combining MARUI's Internet sales know-how with leading-edge distribution operations, MOVING provides powerful support for customers' businesses by responding to their various needs.

MOVING CO., LTD.



Established	October 25, 1960
Capital	¥100 million
President and Representative Director	Takashi Wakashima
Business Activities	Trucking business, forwarding and other businesses
Number of Employees	359
Head Office	5-1, Bijogihigashi 2-chome, Toda-shi, Saitama 335-0032, Japan
Telephone	048-233-1000 (Receptionist)
Homepage	www.moving.co.jp (Japanese only)

IT Systems Business



M & C SYSTEMS operates high-quality systems utilizing data centers equipped with exceptionally safe facilities and provides system support for the Retailing and Store Operation and Credit Card Services businesses.

M & C SYSTEMS CO., LTD.



Established	September 1, 1984
Capital	¥234 million
President and Representative Director	Nariaki Fuse
Business Activities	Software development, IT systems operation
Number of Employees	110
Head Office	3-2, Nakano 4-chome, Nakano-ku, Tokyo 164-8701, Japan
Telephone	03-5343-0100 (Receptionist)
Homepage	www.m-and-c.co.jp (Japanese only)

Total Building Management Business



MARUI FACILITIES offers comprehensive operation and management services for large-scale commercial facilities that include security, facility maintenance and management, janitorial, and food court operation services to improve facility value by providing safety and security while creating comfortable environments.

MARUI FACILITIES Co., Ltd.

MARUI FACILITIES

Established	July 1, 1987
Capital	¥100 million
President and Representative Director	Yoshiaki Kogure
Business Activities	Total building management business
Number of Employees	329
Head Office	34-28, Nakano 3-chome, Nakano-ku, Tokyo 164-0001, Japan
Telephone	03-3229-0101 (Receptionist)
Homepage	www.marui-facilities.co.jp (Japanese only)

Real Estate Rental Business



MARUI HOME SERVICE conducts its operations while strengthening coordination with Epos Card. In addition to soliciting Epos Card's ROOM iD advanced-payment rent guarantee service, the company is advertising its services through billing statements and emails as well as on its website.

MARUI HOME SERVICE Co., Ltd.

OIOI HOME SERVICE

Established	October 1, 2007
Capital	¥100 million
President and Representative Director	Naoya Shibata
Business Activities	Real estate rental business
Number of Employees	69
Head Office	34-28, Nakano 3-chome, Nakano-ku, Tokyo 164-0001, Japan
Telephone	03-6361-0101 (Receptionist)
Homepage	www.marui-hs.co.jp (Japanese only)

Loan Collection Business



The greatest strengths of MRI's business are the claim collection expertise MARUI GROUP has developed as a pioneer in the field of credit and the ability to communicate with customers refined through its retailing operations. MRI provides reliable and trustworthy services by consulting with customers while remaining considerate of their individual situations.

MRI Co., Ltd.

MRI SERVICER

Established	November 25, 2004
Capital	¥500 million
President and Representative Director	Kazutoshi Masuda
Business Activities	Collection and management of receivables business, credit check business
Number of Employees	55
Head Office	34-28, Nakano 3-chome, Nakano-ku, Tokyo 164-0001, Japan
Telephone	03-4574-4700 (Receptionist)
Homepage	www.mri-s.co.jp (Japanese only)

Small-Amount Short-Term Insurance Policy Business



Epos Small Amount and Short Term Insurance's ROOM GUARD comprehensive renters' insurance plans support rental housing tenants by providing coverage for personal belongings, repairs, and indemnity.

Epos Small Amount and Short Term Insurance Co., Ltd.



Established	February 1, 2013
Capital	¥300 million (including paid-in capital)
President and Representative Director	Izumi Aso
Business Activities	Small-amount short-term insurance policy business
Number of Employees	9
Head Office	34-28, Nakano 3-chome, Nakano-ku, Tokyo 164-0001, Japan
Telephone	03-4546-0101 (Receptionist)
Homepage	www.epos-ssi.co.jp (Japanese only)

Supply Pickup



MARUI KIT CENTER supports other businesses by providing pickup services to ensure smooth delivery of the supplies needed for sales activities in stores and by conducting product inspections and office work. These tasks are performed by people with disabilities, creating employment opportunities for such individuals while helping them achieve independence.

MARUI KIT CENTER CO., LTD.

Special subsidiary established to employ people with disabilities

OIOI Kit Center

Established	October 1, 2003
Capital	¥42.5 million
President and Representative Director	Takeo Horiguchi
Business Activities	Supply pickup, product inspection
Number of Employees	46
Head Office	Toda Product Center, Second Building, 5-1, Bijogihigashi 2-chome, Toda-shi, Saitama 335-0032, Japan
Telephone	048-421-7351 (Receptionist)

Corporate Websites for Operating Companies in MARUI GROUP's Retailing-Related Services Business

Space Production, Commercial Facility Management, and Advertising Businesses



AIM CREATE CO., LTD.
www.aim-create.co.jp (Japanese only)

Apparel Distribution Business / Internet Sales Support Business



MOVING CO., LTD.
www.moving.co.jp (Japanese only)

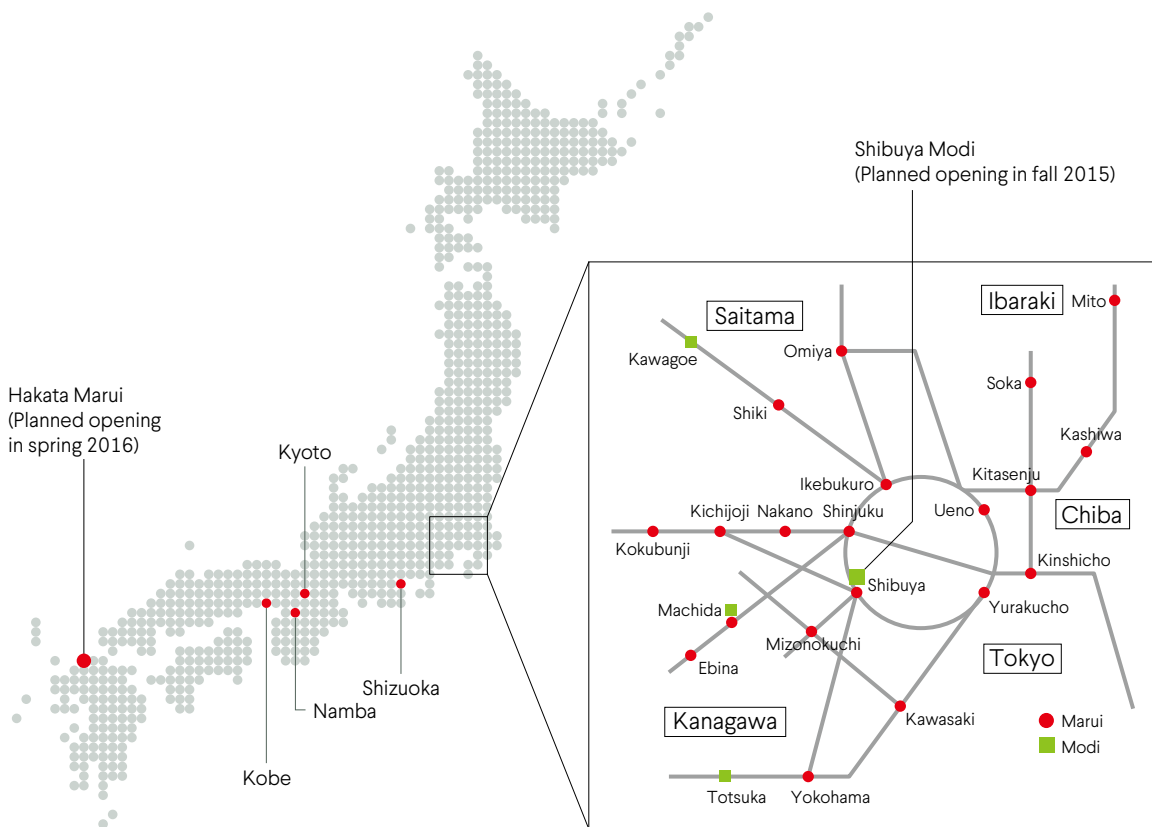
IT Systems Business
M & C SYSTEMS CO., LTD.
www.m-and-c.co.jp (Japanese only)

Total Building Management Business
MARUI FACILITIES Co., Ltd.
www.marui-facilities.co.jp (Japanese only)

Real Estate Rental Business
MARUI HOME SERVICE Co., Ltd.
www.marui-hs.co.jp (Japanese only)

MARUI GROUP Store Network

As of June 30, 2015



Shinjuku Marui



Kitasenju Marui



Yurakucho Marui

Marui stores

	Name	Sales floor area (m ²)	Operating revenues (billions of yen)	Opened	Address	Telephone
Tokyo	Shinjuku Marui	30,590	28.4	September 10, 1948	3-30-13 Shinjuku, Shinjuku-ku 160-0022	03-3354-0101
	Ikebukuro Marui	12,170	6.8	February 25, 1977	3-28-13 Nishi-Ikebukuro, Toshima-ku 171-0021	03-3989-0101
	Shibuya Marui	4,240	9.2 ^{*1}	October 1, 1958	1-22-6 Jinnan, Shibuya-ku 150-0041	03-3464-0101
	Kinshicho Marui	22,990	13.0	September 2, 1983	3-9-10 Koutoubashi, Sumida-ku 130-0022	03-3635-0101
	Ueno Marui	16,390	13.9	August 24, 1985	6-15-1 Ueno, Taito-ku 110-8502	03-3833-0101
	Kitasenju Marui	35,300	34.5	February 27, 2004	3-92 Senju, Adachi-ku 120-8501	03-5244-0101
	Yurakucho Marui	18,500	22.9	October 12, 2007	2-7-1 Yurakucho, Chiyoda-ku 100-0006	03-3212-0101
	Nakano Marui	4,950	5.3	February 17, 1931	3-34-28 Nakano, Nakano-ku 164-0001	03-3382-0101
	Kichijoji Marui	11,950	5.6	October 30, 1960	1-7-1 Kichijoujiminami-cho, Musashino-shi 180-8552	0422-48-0101
	Machida Marui	7,550	5.7	September 20, 1980	6-1-6 Haramachida, Machida-shi 194-0013	042-728-0101
Kanagawa	Kokubunji Marui	14,300	14.0	March 1, 1989	3-20-3 Minami-cho, Kokubunji-shi 185-8562	042-323-0101
	Marui City Yokohama	16,770	13.8	September 20, 1996	2-19-12 Takashima, Nishi-ku, Yokohama-shi 220-0011	045-451-0101
	Kawasaki Marui	12,300	4.7	March 11, 1988	1-11 Nishin-cho, Kawasaki-ku, Kawasaki-shi 210-0024	044-245-0101
	Marui Family Mizonokuchi	32,260	21.3	September 12, 1997	1-4-1 Mizonokuchi, Takatsu-ku, Kawasaki-shi 213-0001	044-814-0101
	Marui Family Ebina	19,500	12.7	April 19, 2002	1-6-1 Chuo, Ebina-shi 243-0483	046-232-0101
Saitama	Omiya Marui	18,640	11.0	September 28, 1982	2-3 Sakuragi-cho, Omiya-ku, Saitama-shi 330-9501	048-642-0101
	Soka Marui	16,530	4.5	February 21, 1992	2-9-1 Takasago, Soka-shi 340-0015	048-922-0101
	Marui Family Shiki	18,900	13.0	February 25, 2000	5-26-1 Hon-cho, Shiki-shi 353-0004	048-487-0101
Chiba	Kashiwa Marui	18,810	7.3	April 24, 1964	1-1-11 Kashiwa, Kashiwa-shi 277-0005	04-7163-0101
Ibaraki	Mito Marui	13,300	3.9	July 25, 1970	1-2-4 Miyamachi, Mito-shi 310-0015	029-225-0101
Shizuoka	Shizuoka Marui	13,460	5.7	September 21, 1969	6-10 Miyukicho, Aoi-ku, Shizuoka-shi 420-0857	054-252-0101
Osaka	Namba Marui	17,000	12.0	September 22, 2006	3-8-9 Namba, Chuo-ku, Osaka-shi 542-0076	06-6634-0101
Hyogo	Kobe Marui	6,940	5.1	October 3, 2003	1-7-2 Sannomiya-cho, Chuo-ku, Kobe-shi 650-0021	078-334-0101
Kyoto	Kyoto Marui	8,760	4.4	April 27, 2011	68 Shin-cho, Shijodori-Kawaramachi-Higashiiru, Shimogyo-ku, Kyoto-shi 600-8567	075-257-0101
Fukuoka	Hakata Store Development Office	15,000 (planned)	—	Spring 2016 (planned)	2F, XYMAX Hakata Ekimae Building, 4-2-1 Hakata Ekimae, Hakata-ku, Fukuoka-shi 812-0011	092-518-0101

Modi stores

	Name	Sales floor area (m ²)	Operating revenues (billions of yen)	Opened	Address	Telephone
Tokyo	Shibuya Modi	9,840	—	Fall 2015 (planned)	1-21-3 Jinnan, Shibuya-ku 150-0041	—
	Machida Modi	13,720	8.6	September 28, 2006	6-2-6 Haramachida, Machida-shi 194-0013	042-812-2700
Kanagawa	Totsuka Modi	16,580	9.3	March 15, 2007	10 Totsuka-cho, Totsuka-ku, Yokohama-shi 244-0003	045-862-0135
Saitama	Kawagoe Modi	7,850	1.3	March 24, 2007	4-2 Wakita-cho, Kawagoe-shi 350-1122	049-227-5950

*1 Operating revenues for Shibuya Marui are from the period when the current Shibuya Modi was considered part of Shibuya Marui during the fiscal year ended March 31, 2015.



Marui Family Mizonokuchi



Namba Marui



Machida Modi



Overview of MARUI GROUP

As of March 31, 2015

Company Overview

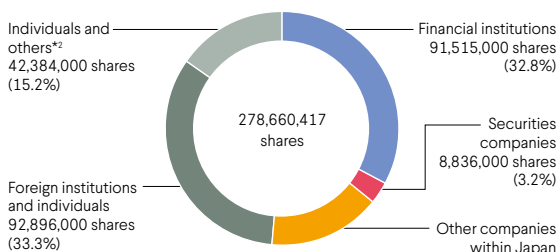
Name	MARUI GROUP CO., LTD.
Head office	3-2, Nakano 4-chome, Nakano-ku, Tokyo 164-8701, Japan
Date of foundation	February 17, 1931
Date of establishment	March 30, 1937
Capital	¥35,920 million
Business activities	Corporate planning and management for Group companies conducting Retailing and Store Operation, Credit Card Services, and Retailing-Related Services businesses and other businesses
Stores	Marui: 24 located in Kanto, Tokai, and Kansai regions (1 scheduled to be opened in spring 2016) Modi: 3 located in Kanto region (1 scheduled to be opened in fall 2015)
Total sales floor area	444,040 m ²
Number of employees	5,918 (Group total, excludes temporary employees)
Main banks	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation Mitsubishi UFJ Trust and Banking Corporation Mizuho Bank, Ltd. The Bank of Yokohama, Ltd.
Accounting auditor	KPMG AZSA LLC

Stock Information

Stock listing	Tokyo Stock Exchange, First Section (loan margin trading issues)
Securities code	8252
Number of authorized shares	1,400,000,000
Number of common shares issued* ¹	278,660,417
Number of shareholders	22,979

*1 Number of common shares issued includes 15,588,364 shares of treasury stock, equivalent to 5.6% of the total number of shares of common stock issued.

Distribution of Shares Held by Shareholder Type



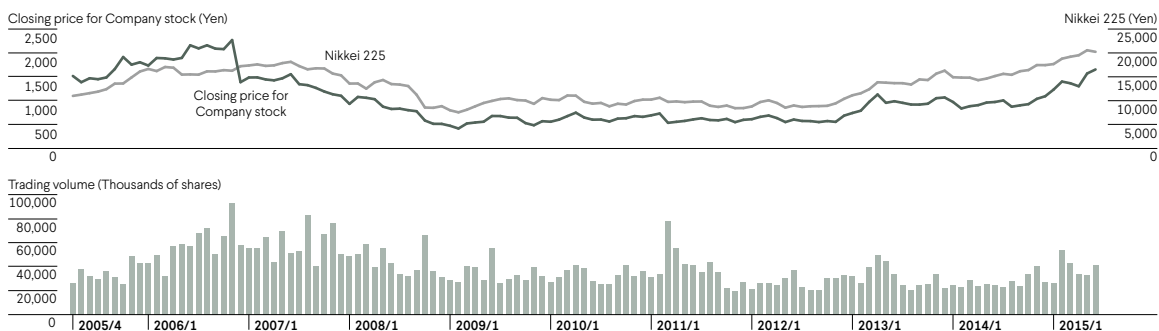
*2 Individuals and others includes 15,588,364 shares of treasury stock.

Major Shareholders

Name	Number of shares (Thousands of shares)	Percent of total shares issued* ³ (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	22,808	8.7
Japan Trustee Services Bank, Ltd. (Trust Account)	19,965	7.6
Aoi Real Estate Co., Ltd.	6,019	2.3
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,808	2.2
Juniper Networks, Inc.	4,661	1.8
Northern Trust Corporation (AVFC) Re U.S. Tax Exempted Pension Funds	4,194	1.6
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	4,100	1.6
Toho Co., Ltd.	3,779	1.4
BNP Paribas S.A.	3,680	1.4
AOI SCHOLARSHIP FOUNDATION	3,234	1.2

*3 Percent of total shares issued is calculated excluding treasury stock.

Stock Price



MARUI GROUP Websites

MARUI GROUP



MARUI GROUP CO., LTD.

Corporate information and IR information
www.0101maruigroup.co.jp/english.html

Retailing and Store Operation



MARUI CO., LTD.

Marui store and product information
www.0101.co.jp.e.ex.hp.transfer.com



MARUI Internet shopping web channel
(Japanese only)
voi.0101.co.jp

Credit Card Services



Epos Card Co., Ltd. (Japanese only)
www.eposcard.co.jp

From the Chief Editor

Co-Creation Management Report 2015 was constructed as a tool for facilitating meaningful communication with stakeholders and understanding with regard to MARUI GROUP. In compiling this 2015 report, the first report of its type for the Company, an internal project team was assembled in December 2014. The editorial policies of the report and the information to be communicated were discussed extensively, and numerous stakeholders both inside and outside the Company were interviewed to help develop an understanding of reader needs.

The project team consisted of several representatives from the Group, including President Hiroshi Aoi and core members from the Corporate Planning Division, the Financial Department, the General Affairs Department, and the CSR Promotion Department, as well as external corporate communication consultants. Through a multifaceted discussion process spanning months, we sought to present the corporate value of the Group in a visible form. As integrated reports have recently been gathering attention on a global scale, we referenced such guidelines as the International Integrated Reporting Framework released by the International Integrated Reporting Council in compiling this report.

We plan to collect feedback and suggestions from readers of this report to be utilized for improving future reports as we strive to evolve these reports into truly valuable communication tools. It is our hope that this report will help readers better understand the policies and initiatives MARUI GROUP is implementing in the pursuit of sustainable growth and long-term improvements in corporate value.

Shin Sakamoto

Chief Editor of Co-Creation Management Reports
General Manager, Public Relations Office, General Affairs Department,
MARUI GROUP CO., LTD.

Contact

MARUI GROUP CO., LTD.
3-2, Nakano 4-chome, Nakano-ku, Tokyo 164-8701, Japan
Tel: 03-3384-0101 (Receptionist)
Fax: 03-5343-6615
Email: koho-ml@0101.co.jp

For inquires about:
Corporate information, please contact
Public Relations Office, General Affairs Department
IR and financial information, please contact
Financial Section, Financial Department
Stock, please contact General Affairs Section,
General Affairs Department

