

SURUGA bank, Ltd.

Consolidated Financial Results for the First Half of Fiscal Year 2015, ending March 31, 2016

<under Japanese GAAP>

Stock Exchange: Tokyo (code: 8358)
 URL: <http://www.surugabank.co.jp>
 Representative: President Mitsuyoshi Okano
 Date of Payment of 2nd Quarter-End Dividends: December 11, 2015

(Japanese yen amounts of less than one million and the first decimal place have been rounded down.)

1. Consolidated Financial Results (for the first half ended September 30, 2015)

(1) Operating Results

(Unit: Millions of Yen, except percentages)

	Ordinary Income		Ordinary Profit		Profit Attributable to Owners of Parent	
First half						
Ended September 30, 2015	69,434	9.8%	28,975	17.6%	18,989	23.5%
Ended September 30, 2014	63,191	7.7%	24,624	9.9%	15,370	11.0%

(Note1) Comprehensive income: First half ended September 30, 2015: ¥15,316million (△12.5%); First half ended September 30, 2014: ¥17,518 million (3.6%)

(Note2) Percentages shown in ordinary income, ordinary profit and profit attributable to owners of parent and comprehensive income are changes from the corresponding period of the previous fiscal year.

	Net Income per Share		Net Income per Share (Diluted)	
First half				
Ended September 30, 2015		¥80.01		¥79.93
Ended September 30, 2014		¥64.92		¥64.83

(2) Financial Position

(Unit: Millions of Yen, except percentages)

	Total Assets	Total Net Assets	Own Capital Ratio
September 30, 2015	4,418,798	304,809	6.8%
March 31, 2015	4,284,990	292,128	6.7%

(Reference) Own capital: September 30, 2015: ¥302,624 million; March 31, 2015: ¥290,056 million

(Note) Own capital ratio = (Total net assets – Subscription rights to shares – Non-controlling interests) / Total assets * 100

The ratio above is not based on the regulation of capital adequacy ratio.

2. Dividend on Common Stock

	Annual Cash Dividends per Share				
	1 st Quarter-End	2 nd Quarter-End	3 rd Quarter-End	Fiscal Year-End	Total
Fiscal year					
Ended March 31, 2015	—	¥8.50	—	¥11.50	¥20.00
Ending March 31, 2016	—	¥9.50			
Ending March 31, 2016 (Forecasts)			—	¥9.50	¥19.00

(Note) Revision of forecasts for dividends for quarter in review: No

3. Consolidated Earnings Forecasts (for the fiscal year ending March 31, 2016)

(Unit: Millions of Yen, except percentages and per share data)

	Ordinary Income		Ordinary Profit		Profit Attributable to Owners of Parent		Net Income per Share
Fiscal year ending March 31, 2016	134,500	2.5%	53,400	△0.0%	35,300	7.3%	¥148.72

(Note1) Percentages shown in ordinary income, ordinary profit and profit attributable to owners of parent are changes from the corresponding period of the previous fiscal year.

(Note2) Revision of earnings forecasts for quarter in review: No

※Note

(1) Changes in the scope of consolidated significant subsidiaries during the first half ended September 30, 2015: No

(2) Changes in accounting policies, accounting estimates, and restatements.

(A) Changes due to revision of accounting standards:	Yes
(B) Changes due to reasons other than (A):	No
(C) Changes in accounting estimates:	No
(D) Restatements:	No

(Note) For details, please refer to the “Changes in accounting policies, accounting estimates and restatements” in the section 2 “Items regarding summary information (notes)” on page 3.

(3) Number of common shares issued at the end of period

(A) Number of issued shares (including treasury shares):	September 30, 2015	258,139,248 shares	March 31, 2015	258,139,248 shares
(B) Number of treasury shares:	September 30, 2015	20,788,600 shares	March 31, 2015	20,855,687 shares
(C) Average number of shares:	September 30, 2015	237,332,016 shares	September 30, 2014	236,755,324 shares

(Non-Consolidated Financial Highlights)

1. Non-Consolidated Financial Results (for the first half ended September 30, 2015)

(1) Operating Results

(Unit: Millions of Yen, except percentages)

	Ordinary Income		Ordinary Profit		Net Income	
First half						
Ended September 30, 2015	63,926	9.2%	27,896	16.9%	18,553	23.8%
Ended September 30, 2014	58,531	6.7%	23,860	7.9%	14,980	8.3%

(Note) Percentages shown in ordinary income, ordinary profit and net income are changes from the corresponding period of the previous fiscal year.

	Net Income per Share
First half	
Ended September 30, 2015	¥78.17
Ended September 30, 2014	¥63.27

(2) Financial Position

(Unit: Millions of Yen, except percentages)

	Total Assets	Total Net Assets	Own Capital Ratio
September 30, 2015	4,407,974	294,816	6.6%
March 31, 2015	4,272,054	282,450	6.6%

(Reference) Own capital: September 30, 2015: ¥294,727 million; March 31, 2015: ¥282,337 million

(Note) Own capital ratio = (Total net assets – Subscription rights to shares) / Total assets * 100

The ratio above is not based on the regulation of capital adequacy ratio.

2. Earnings Forecasts (for the fiscal year ending March 31, 2016)

(Unit: Millions of Yen, except percentages and per share data)

	Ordinary Income		Ordinary Profit		Net Income		Net Income per Share
Fiscal year ending March 31, 2016	123,500	1.4%	52,500	1.2%	35,000	8.9%	¥147.46

(Note) Percentages shown in ordinary income, ordinary profit and net income are changes from the corresponding period of the previous fiscal year.

(Statement relating to the status of the interim audit procedures)

This interim report is not subject to the interim audit procedures, which are based on the Financial Instruments and Exchange Law. The interim audit procedures are not finished at the time of release of these interim financial statements.

(Explanation for proper use of forecasts and other notes)

- The bank falls under the category of “Specified Business Corporation” under Article 17-15-2 of the Cabinet Office Ordinance Concerning Disclosure of Public Companies; accordingly, it has prepared its interim consolidated financial statements and interim non-consolidated financial statements for the first half ended September 30, 2015.
- The description of future performance of this report is based on information which is presently available and certain assumptions which are considered to be reasonable, and it does not guarantee future performance. Please take note that actual performance may differ materially from the forecasts due to various factors.

[Appendix]

○ Contents of the appendix

1. Qualitative information on the interim financial statements.....	2
(1) Description of business performance	2
(2) Description of financial position	2
(3) Description of forward-looking information such as consolidated earnings forecasts.....	2
2. Items regarding summary information (notes).....	3
(1) Changes in accounting policies, accounting estimates, and restatements	3
3. Interim consolidated financial statements.....	4
(1) Interim consolidated balance sheets.....	4
(2) Interim consolidated statements of income and interim consolidated statements of comprehensive income.....	5
(3) Interim consolidated statement of changes in net assets.....	7
(4) Notes for the assumption of going concern	9
4. Interim non-consolidated financial statements.....	10
(1) Interim non-consolidated balance sheets.....	10
(2) Interim non-consolidated statements of income	11
(3) Interim non-consolidated statements of changes in net asset.....	12
(4) Notes for the assumption of going concern	14
5. Other	14

※SUPPLEMENTARY INFORMATION For the First Half of Fiscal Year 2015 (Ending March 31, 2016)

1. Qualitative information on the interim financial statements

(1) Description of business performance

With regard to the profit and loss situation on a consolidated basis, ordinary income increased by ¥6.243 billion compared with the corresponding period of the previous fiscal year, to ¥69.434 billion mainly due to an increase in interest income, reflecting an increase in interest on loans and discounts. Ordinary expenses increased by ¥1.891 billion compared with the corresponding period of the previous fiscal year, to ¥40.458 billion mainly due to increases in fees and commissions payments and other expenses.

As a result, ordinary profit increased by ¥4.351 billion compared with the corresponding period of the previous fiscal year, to ¥28.975 billion. Profit attributable to owners of parent increased by ¥3.619 billion compared with the corresponding period of the previous fiscal year, to ¥18.989 billion.

(2) Description of financial position

With regard to major accounts on a consolidated basis at the end of the period, the balance of loans and bills discounted increased by ¥46.740 billion from the position as of March 31, 2015, to ¥3,057.488 billion mainly due to an increase in the balance of consumer loans (non-consolidated) (¥62.374 billion).

The balance of securities decreased by ¥1.248 billion from the position as of March 31, 2015, to ¥227.504 billion.

The balance of deposits increased by ¥123.072 billion from the position as of March 31, 2015, to ¥4,075.918 billion mainly due to an increase in the balance of individual deposits (¥ 94.302 billion).

(3) Description of forward-looking information such as consolidated earnings forecasts

There is no change in forecasts for the year ending March 31, 2016 from the figures published on August 5, 2015.

<Consolidated>

(Unit: Millions of Yen)

	Fiscal year 2015 ending Mar. 31, 2016
Ordinary income	134,500
Ordinary profit	53,400
Profit attributable to owners of parent	35,300

<Non-consolidated>

(Unit: Millions of Yen)

	Fiscal year 2015 ending Mar. 31, 2016
Ordinary income	123,500
Net operating profit	56,500
Ordinary profit	52,500
Net income	35,000
Actual credit costs	3,000

(note) The description of future performance of this report is based on information which is presently available and certain assumptions which are considered to be reasonable, and it does not guarantee future performance. Please take note that actual performance may differ materially from the forecasts due to various factors.

2. Items regarding summary information (notes)

(1) Changes in accounting policies, accounting estimates, and restatements

The bank has applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), “Accounting Standard for Business Divestitures” (ASBJ Statement No.7, September 13, 2013) and other standards from the first half of fiscal year 2015, ending March 31, 2016. Accordingly, the accounting methods have been changed to record the difference arising from changes in equity in subsidiaries which the bank continues to control as capital surplus, and to record business acquisition costs as expenses for the fiscal year in which incurred. In addition, regarding business combinations occurring on or after April 1, 2015, the accounting method has been changed to retroactively reflect adjustments to the amount allocated to acquisition costs arising from the finalization of the provisional accounting treatment on the consolidated financial statements of the period in which the business combination occurs. Furthermore, presentation of net income and others has been changed and presentation of minority interests has been changed to non-controlling interests. In order to reflect the changes in presentation of financial statements, reclassification was made accordingly in the quarterly consolidated financial statements for the first half ended September 30, 2014 and the consolidated financial statements for the fiscal year ended March 31, 2015.

The Accounting Standard for Business Combinations and other standards have been applied in accordance with the transitional treatment set forth in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5(4) of the Accounting Standard for Consolidated Financial Statements and Article 57-4 (4) of the Accounting Standard for Business Divestitures. The bank has applied these standards prospectively from April 1, 2015.

Those changes had no impact on the consolidated financial statements for the first half of fiscal year 2015, ending March 31, 2016.

3. Interim consolidated financial statements

(1) Interim consolidated balance sheets

(Unit: Millions of Yen)

	As of Mar. 31, 2015	As of Sep. 30, 2015
Assets		
Cash and due from banks	794,594	990,764
Call loans and bills bought	127,102	26,745
Trading account securities	107	68
Money held in trust	1,114	1,054
Securities	228,752	227,504
Loans and bills discounted	3,010,748	3,057,488
Foreign exchanges	2,563	2,262
Lease receivables and investment assets	5,458	5,447
Other assets	46,173	37,658
Tangible fixed assets	49,954	50,153
Intangible fixed assets	30,743	30,396
Net defined benefit asset	6,288	6,936
Deferred tax assets	440	397
Customers' liabilities for acceptances and guarantees	3,620	3,577
Allowance for loan losses	△22,673	△21,658
Total assets	4,284,990	4,418,798
Liabilities		
Deposits	3,952,846	4,075,918
Borrowed money	2,535	2,195
Foreign exchanges	3	5
Other liabilities	25,847	27,318
Provision for bonuses	707	710
Provision for directors' bonuses	140	—
Net defined benefit liability	249	244
Provision for directors' retirement benefits	3,099	3,205
Provision for reimbursement of deposits	327	211
Provision for contingent loss	342	359
Deferred tax liabilities	3,142	242
Acceptances and guarantees	3,620	3,577
Total liabilities	3,992,862	4,113,989
Net assets		
Capital stock	30,043	30,043
Capital surplus	21,013	21,082
Retained earnings	229,924	246,184
Treasury shares	△16,110	△16,062
Total shareholders' equity	264,870	281,247
Valuation difference on available-for-sale securities	21,673	18,114
Deferred gains or losses on hedges	△101	△60
Remeasurements of defined benefit plans	3,613	3,323
Total accumulated other comprehensive income	25,185	21,377
Subscription rights to shares	112	88
Non-controlling interests	1,959	2,095
Total net assets	292,128	304,809
Total liabilities and net assets	4,284,990	4,418,798

(2) Interim consolidated statements of income and interim consolidated statements of comprehensive income
Interim consolidated statements of income

(Unit: Millions of Yen)

	For the six months ended Sep. 30, 2014	For the six months ended Sep. 30, 2015
Ordinary income	63,191	69,434
Interest income	53,118	58,912
Interest on loans and discounts	51,587	55,372
Interest and dividends on securities	1,043	2,983
Fees and commissions	6,240	6,427
Other ordinary income	2,212	2,909
Other income	1,620	1,184
Ordinary expenses	38,567	40,458
Interest expenses	1,966	2,234
Interest on deposits	1,932	2,179
Fees and commissions payments	6,753	7,476
Other ordinary expenses	1,765	1,816
General and administrative expenses	24,654	24,544
Other expenses	3,427	4,387
Ordinary profit	24,624	28,975
Extraordinary income	20	9
Gain on disposal of non-current assets	0	9
Gain on reversal of subscription rights to shares	20	-
Extraordinary losses	630	321
Loss on disposal of non-current assets	630	321
Income before income taxes and minority interests	24,015	28,663
Income taxes – current	8,167	10,630
Income taxes – deferred	416	△1,081
Total income taxes	8,584	9,549
Profit	15,430	19,113
Profit attributable to non-controlling interests	60	124
Profit attributable to owners of parent	15,370	18,989

Interim consolidated statements of comprehensive income

(Unit: Millions of Yen)

	For the six months ended Sep. 30, 2014	For the six months ended Sep. 30, 2015
Profit	15,430	19,113
Other comprehensive income		
Valuation difference on available-for-sale securities	2,230	△3,547
Deferred gains or losses on hedges	△14	40
Remeasurements of defined benefit plans, net of tax	△128	△290
Total other comprehensive income	2,087	△3,797
Comprehensive income	17,518	15,316
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,441	15,180
Comprehensive income attributable to non-controlling interests	77	136

(3) Interim consolidated statements of changes in net assets
For the six months ended September 30, 2014

(Unit: Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	30,043	20,278	203,340	△16,626	237,035
Cumulative effects of changes in accounting policies			△2,046		△2,046
Restated balance	30,043	20,278	201,294	△16,626	234,989
Changes of items during period					
Dividends of surplus			△2,247		△2,247
Profit attributable to owners of parent			15,370		15,370
Purchase of treasury shares				△37	△37
Disposal of treasury shares		457		324	781
Net changes of items other than shareholders' equity					
Total changes of items during period	—	457	13,122	286	13,866
Balance at end of current period	30,043	20,735	214,417	△16,339	248,856

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	10,955	△13	1,617	12,560	406	1,813	251,816
Cumulative effects of changes in accounting policies							△2,046
Restated balance	10,955	△13	1,617	12,560	406	1,813	249,770
Changes of items during period							
Dividends of surplus							△2,247
Profit attributable to owners of parent							15,370
Purchase of treasury shares							△37
Disposal of treasury shares							781
Net changes of items other than shareholders' equity	2,213	△14	△128	2,070	△192	77	1,955
Total changes of items during period	2,213	△14	△128	2,070	△192	77	15,822
Balance at end of current period	13,169	△27	1,488	14,630	214	1,891	265,592

For the six months ended September 30, 2015

(Unit: Millions of Yen)

	Share holders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	30,043	21,013	229,924	△16,110	264,870
Changes of items during period					
Dividends of surplus			△2,728		△2,728
Profit attributable to owners of parent			18,989		18,989
Purchase of treasury shares				△5	△5
Disposal of treasury shares		68		53	122
Net changes of items other than shareholders' equity					
Total changes of items during period	-	68	16,260	48	16,377
Balance at end of current period	30,043	21,082	246,184	△16,062	281,247

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	21,673	△101	3,613	25,185	112	1,959	292,128
Changes of items during period							
Dividends of surplus							△2,728
Profit attributable to owners of parent							18,989
Purchase of treasury shares							△5
Disposal of treasury shares							122
Net changes of items other than shareholders' equity	△3,558	40	△290	△3,808	△23	136	△3,696
Total changes of items during period	△3,558	40	△290	△3,808	△23	136	12,680
Balance at end of current period	18,114	△60	3,323	21,377	88	2,095	304,809

(4) Note for the assumption of going concern
Not applicable.

4. Interim non-consolidated financial statements

(1) Interim non-consolidated balance sheets

(Unit: Millions of Yen)

	As of Mar. 31, 2015	As of Sep. 30, 2015
Assets		
Cash and due from banks	794,264	990,115
Call loans	127,102	26,745
Trading account securities	107	68
Money held in trust	1,114	1,054
Securities	232,845	231,511
Loans and bills discounted	3,011,310	3,057,854
Foreign exchanges	2,563	2,262
Other assets	37,536	29,454
Other	37,536	29,454
Tangible fixed assets	48,613	48,729
Intangible fixed assets	28,153	27,798
Prepaid pension cost	1,467	2,323
Deferred tax assets	—	1,725
Customers' liabilities for acceptances and guarantees	4,244	4,198
Allowance for loan losses	△17,268	△15,868
Total assets	4,272,054	4,407,974
Liabilities		
Deposits	3,959,197	4,081,976
Foreign exchanges	3	5
Other liabilities	19,915	22,267
Income taxes payable	9,918	10,239
Lease obligations	590	562
Other	9,407	11,465
Provision for bonuses	670	668
Provision for directors' bonuses	140	—
Provision for retirement benefits	484	266
Provision for directors' retirement benefits	3,095	3,204
Provision for reimbursement of deposits	327	211
Provision for contingent loss	342	359
Deferred tax liabilities	1,181	—
Acceptances and guarantees	4,244	4,198
Total liabilities	3,989,603	4,113,157
Net assets		
Capital stock	30,043	30,043
Capital surplus	20,097	20,166
Legal capital surplus	18,585	18,585
Other capital surplus	1,511	1,580
Retained earnings	227,248	243,073
Legal retained earnings	30,043	30,043
Other retained earnings	197,205	213,029
Reserve for advanced depreciation of non-current assets	57	57
General reserve	103,032	103,032
Retained earnings brought forward	94,115	109,939
Treasury shares	△16,110	△16,062
Total shareholders' equity	261,279	277,220
Valuation difference on available-for-sale securities	21,157	17,565
Deferred gains or losses on hedges	△99	△57
Total valuation and translation adjustments	21,058	17,507
Subscription rights to shares	112	88
Total net assets	282,450	294,816
Total liabilities and net assets	4,272,054	4,407,974

(2) Interim non-consolidated statements of income

(Unit: Millions of Yen)

	For the six months ended Sep. 30, 2014	For the six months ended Sep. 30, 2015
Ordinary income	58,531	63,926
Interest income	50,697	55,986
Interest on loans and discounts	49,181	52,459
Interest and dividends on securities	1,031	2,970
Fees and commissions	5,830	5,954
Other ordinary income	183	849
Other income	1,820	1,136
Ordinary expenses	34,671	36,029
Interest expenses	1,956	2,228
Interest on deposits	1,933	2,179
Fees and commissions payments	6,791	7,487
Other ordinary expenses	49	32
General and administrative expenses	23,193	22,900
Other expenses	2,681	3,379
Ordinary profit	23,860	27,896
Extraordinary income	20	9
Extraordinary losses	626	317
Income before income taxes	23,254	27,588
Income taxes – current	7,885	10,278
Income taxes – deferred	388	△1,243
Total income taxes	8,273	9,035
Net income	14,980	18,553

(3) Interim non-consolidated statements of changes in net assets
For the six months ended September 30, 2014

(Unit: Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus			Retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings
Balance at beginning of current period	30,043	18,585	776	19,362	30,043
Cumulative effects of changes in accounting policies					
Restated balance	30,043	18,585	776	19,362	30,043
Changes of items during period					
Dividends of surplus					
Net income					
Purchase of treasury shares					
Disposal of treasury shares			457	457	
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	457	457	—
Balance at end of current period	30,043	18,585	1,233	19,819	30,043

	Shareholders' equity					
	Retained earnings				Treasury shares	Total shareholders' equity
	Other retained earnings			Total retained earnings		
Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity	
Balance at beginning of current period	55	103,032	68,291	201,421	△16,626	234,200
Cumulative effects of changes in accounting policies			△2,046	△2,046		△2,046
Restated balance	55	103,032	66,244	199,375	△16,626	232,154
Changes of items during period						
Dividends of surplus			△2,247	△2,247		△2,247
Net income			14,980	14,980		14,980
Purchase of treasury shares					△37	△37
Disposal of treasury shares					324	781
Net changes of items other than shareholders' equity						
Total changes of items during period	—	—	12,733	12,733	286	13,477
Balance at end of current period	55	103,032	78,978	212,108	△16,339	245,632

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of current period	10,614	△12	10,602	406	245,210
Cumulative effects of changes in accounting policies					△2,046
Restated balance	10,614	△12	10,602	406	243,163
Changes of items during period					
Dividends of surplus					△2,247
Net income					14,980
Purchase of treasury shares					△37
Disposal of treasury shares					781
Net changes of items other than shareholders' equity	2,176	△15	2,160	△192	1,967
Total changes of items during period	2,176	△15	2,160	△192	15,445
Balance at end of current period	12,791	△27	12,763	214	258,609

For the six months ended September 30, 2015

(Unit: Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus			Retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings
Balance at beginning of current period	30,043	18,585	1,511	20,097	30,043
Changes of items during period					
Dividends of surplus					
Net income					
Purchase of treasury shares					
Disposal of treasury shares			68	68	
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	68	68	-
Balance at end of current period	30,043	18,585	1,580	20,166	30,043

	Shareholders' equity					
	Retained earnings				Treasury shares	Total shareholders' equity
	Other retained earnings			Total retained earnings		
	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward			
Balance at beginning of current period	57	103,032	94,115	227,248	△16,110	261,279
Changes of items during period						
Dividends of surplus			△2,728	△2,728		△2,728
Net income			18,553	18,553		18,553
Purchase of treasury shares					△5	△5
Disposal of treasury shares					53	122
Net changes of items other than shareholders' equity						
Total changes of items during period	-	-	15,824	15,824	48	15,941
Balance at end of current period	57	103,032	109,939	243,073	△16,062	277,220

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of current period	21,157	△99	21,058	112	282,450
Changes of items during period					
Dividends of surplus					△2,728
Net income					18,553
Purchase of treasury shares					△5
Disposal of treasury shares					122
Net changes of items other than shareholders' equity	△3,592	41	△3,551	△23	△3,575
Total changes of items during period	△3,592	41	△3,551	△23	12,366
Balance at end of current period	17,565	△57	17,507	88	294,816

(4) Note for the assumption of going concern

Not applicable.

5. Other item

(Final judgement)

Our Company has filed a lawsuit against IBM Japan to the Tokyo District Court on March 6, 2008, based upon the reasons that the project of the new main system development we outsourced to IBM Japan had fallen through due to the fault of IBM Japan.

Tokyo District Court rendered the judgement on March 29, 2012, in which it ruled IBM Japan to pay ¥7.413 billion and delinquent charges that was equivalent to the actual damage we suffered. IBM Japan appealed to the Tokyo High Court on March 30, 2012. The Tokyo High Court rendered the judgement on September 26, 2013, in which it ruled IBM Japan to pay ¥4.172 billion and delinquent charges and dismissed the whole counterclaim by IBM Japan, the amount of which was equivalent to ¥12.551 billion.

While the Company and IBM Japan had filed appeals and petitions for writs of certiorari to the Supreme Court, it dismissed all of the appeals and petitions on July 8, 2015. Accordingly, the above judgement of the Tokyo High Court became final and the litigation ended.

The balance between the amount of the total payment by IBM Japan based upon the aforementioned finalized judgement and the amount of the recorded temporary payment and so forth related to the lawsuit is recorded in other expenses (¥24 million) as losses related to the lawsuit in the interim consolidated accounting period. And the amount on reversal caused by the realization of the unrealized profits, which have been eliminated in the intercompany transactions related to the lawsuit is recorded in other income (¥406 million) in the interim consolidated accounting period.