Translation for reference purpose only

Consolidated Financial Results
For the Three Months Ended June 30, 2017 (IFRS)

August 10, 2017

Company name: J Trust Co., Ltd. Stock exchange: Tokyo Stock Exchange
URL: http://www.jt-corp.co.jp/en/ Securities code: 8508
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Scheduled date of filing of quarterly securities report: August 10, 2017
Scheduled date of commencement of dividend payment: -
Preparation of supplemental materials for quarterly financial results: Yes
Holding of quarterly earnings presentation (for institutional investors): Yes

(Figures rounded down to the nearest million yen)

I. Consolidated financial results for the three months ended June 30, 2017 (April 1, 2017 – June 30, 2017)

1. Consolidated operating results (cumulative)

(% indicates year-on-year changes)

	Operating revenue		Operating profit		Profit before income taxes		Profit		Profit attributable to owners of parent		Total comprehensive income	
Three months ended:	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
June 30, 2017	20,352	3.8	2,574	186.0	2,252	-	1,783	-	1,779	-	1,386	-
June 30, 2016	19,607	-	899	-	(471)	-	(816)	-	(968)	-	(4,572)	-

	Basic earnings per share	Diluted earnings per share
Three months ended:	yen	yen
June 30, 2017	17.29	17.27
June 30, 2016	(8.65)	(8.65)

2. Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of	million yen	million yen	million yen	%
June 30, 2017	620,049	156,603	151,043	24.4
March 31, 2017	619,865	155,913	150,284	24.2

II. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total
Fiscal year ended/ending:	yen	yen	yen	yen	yen
March 31, 2017	-	6.00	-	6.00	12.00
March 31, 2018	-				
March 31, 2018 (forecast)		6.00	-	6.00	12.00

[Note] Any revision to the latest dividend forecast: No

III. Consolidated financial forecasts for the fiscal year ending March 31, 2018 (April 1, 2017 - March 31, 2018)

(% indicates year-on-year changes)

	Operating revenue		Operating profit		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	yen
Full year	89,490	-	10,058	-	8,137	-	79.05

[Note] Any revision to the latest dividend forecast: No

(General notes)

(1) Material changes in subsidiaries during the current period
(change in specified subsidiaries resulting in a change in the scope of consolidation): No

(2) Changes in accounting policies and accounting estimates

(i) Changes in accounting policies required by IFRS: No

(ii) Changes in accounting policies other than IFRS requirements: No

(iii) Changes in accounting estimates: No

(3) Number of issued and outstanding shares (common shares)

(i) Number of issued and outstanding shares (including treasury shares)

As of June 30, 2017	112,547,570 shares
As of March 31, 2017	112,536,970 shares

(ii) Number of treasury shares

As of June 30, 2017	9,598,208 shares
As of March 31, 2017	9,598,184 shares

(iii) Average number of shares during the period (cumulative)

April 1, 2017 – June 30, 2017	102,945,429 shares
April 1, 2016 – June 30, 2016	112,046,560 shares

[Note] The Company acquired 6,000,000 its own shares on August 15, 2016 (trade basis) and 3,188,300 shares on August 16, 2016 (trade basis) respectively.

✓ This report does not fall within the scope of quarterly review procedures based upon the Financial Instruments and Exchange Act in Japan.

✓ Explanation regarding the appropriate use of financial forecast and other special remarks

1. Any information contained in this document pertaining to future financial performance etc. is based on the information currently available to J Trust and certain other premises judged to be reasonable and J Trust does not guarantee the achievement of this performance. Actual financial performance may vary significantly from the forecasts contained herein. “I. Qualitative information on the current quarterly financial results, (3) Explanation on future forecast including consolidated financial forecast” in the attached document on Page 6 shows the assumptions and premises on which the financial forecast is based.

2. Supplemental materials will be posted on the J Trust website (http://www.jt-corp.co.jp/en/). Earnings presentation for institutional investors is scheduled for August 15, 2017. Video and materials of the presentation will be available on the J Trust website afterwards.

3. J Trust Group has voluntarily adopted International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ending March 31, 2018. Financial results for the three months ended June 30, 2016, and for the fiscal year ended March 31, 2017 are also presented in compliance with IFRS.

Table of Attached Document

I. Qualitative information on the current quarterly financial results

(1) Explanation on operating results

J Trust Group (hereinafter, "JTG") has adopted International Financial Reporting Standards (hereinafter, "IFRS") from the three months ended June 30, 2017. Figures for the three months ended June 30, 2016, and for the fiscal year ended March 31, 2017, which were previously disclosed under Japanese GAAP, are reclassified and presented under IFRS for comparative analysis.

In the first quarter of the current consolidated fiscal year, the world economy continued to recover moderately with increased profit opportunities driven by robust U.S. and Chinese economies. The prospects of the global economy, however, remain uncertain mainly due to concerns over the implications of Brexit for Europe, policy management in the U.S. and issues involving the Korean peninsula. Meanwhile, in Japan, a series of economic stimulus measures by the government helped fuel a gradual recovery, as exhibited in improvements in corporate revenue, employment and income sectors. For other Asian countries, in South Korea, a new president Moon Jae-in was elected in May 2017. The new administration is expected to address job creation issues as its top priorities. However, the government has yet to lay out concrete reform plans and their effects on the national economy are uncertain. Meanwhile, in Indonesia, a steady growth is projected to continue because: (i) consumer spending and private investment have been growing solidly supported by government spending and aggressive monetary easing; and (ii) the consumers' purchasing power is likely to grow with salary increases.

In this economic environment, we consider it inevitable to transform our business ahead of the change in the global and Japanese economies. We are expanding business in Asia, which is expected to continue growing economically at a fast pace, and seeking business development by maximizing the synergy of our group network to realize stronger management bases and sustainable growth. In the first quarter of the current consolidated fiscal year, we worked on improvement of corporate value and reinforcement of business bases at home and abroad to achieve sustainable profit expansion centering on core banking service.

(i) Business development in Southeast Asia

JTG strategically collaborates with Group Lease PCL (the Kingdom of Thailand; listed on the Stock Exchange of Thailand or Group Lease Group. hereinafter, "GL") in ASEAN markets. GL set up a multi-finance company PT Group Lease Finance Indonesia (hereinafter, "GLFI") to spearhead the growth of leasing and consumer finance businesses in the Indonesian market using the Digital Finance Platform. JTG also invests in GLFI. The multi-finance company adopts a business structure in which GLFI is engaged in marketing, credit screening and collecting the loan claims targeting agriculture-related equipment and motorcycle purchasers and those in need of microfinance, and PT Bank JTrust Indonesia Tbk. (hereinafter, "BJI"), a subsidiary of J Trust Co., Ltd. (hereinafter, "the Company"), is engaged in providing the financing to them. BJI's GLFI-related loan balance successfully reached 127.3 billion rupiah as of the end of June 2017. Also, JTRUST ASIA PTE. LTD. (hereinafter, "JTA") has been additionally purchasing common shares of GL through market transactions to backstop the partner's business proactively. JTA's investment in GL as of July 6, 2017 is as follows: (i) 119,596,500 shares (ownership ratio:7.84%); (ii) convertible bonds; and (iii) subscription rights to shares (warrants).

(ii) Business development in South Korea

In Savings bank business, South Korea's financial authorities have tightened regulations to rein in household debt. This has affected growth in the number and the amount of new loan disbursement, and the balance of loans by banking business has gone down. To minimize the impacts on revenue front, we tackle a change in loan portfolio mix through marketing efforts to attract prime customers with renewed screening criteria and stronger emphasis on business loans. On top of that, we are considering and adopting a variety of measures to explore new revenue sources in addition to interest on loans.

In receivable collection business, South Korean regulator has applied tougher rules for savings banks and capital companies in the country, requiring them to set aside additional provisions for allowance for doubtful accounts. The move is expected to put more NPLs (non-performing loans) up for sale to secure profits and help our business expansion through receivable purchases.

(iii) Domestic business development

In May 2017, Nihon Hoshou Co., Ltd. (hereinafter, "Nihon Hoshou") concluded a new credit guarantee contract with the Taisho Bank, Ltd. It has increased the number of Nihon Hoshou's partner financial institutions to seven. Meanwhile, ADORES, Inc. (hereinafter "ADORES"), which owns a subsidiary that runs real estate business, operates general entertainment business. ADORES announced in April 2017 that it will move to a holding company structure considering the growing need of organizational restructuring in a timely manner through

proactive M&As and optimal allocation of management resources as a whole group going forward.

(iv) Other

JTG decided to voluntarily adopt IFRS from the first quarter of the current fiscal year with the aim of enhancing operational transparency by accelerating management's decision-making and the international comparability of financial information under the unified group-wide accounting method and raising the convenience of stakeholders.

Operating revenue in the first quarter of the current consolidated fiscal year was 20,352 million yen (up 3.8% year on year). Operating profit amounted to 2,574 million yen (up 186.0%), profit attributable to owners of parent was 1,779 million yen (loss attributable to owners of parent of 968 million yen during the same period of the previous fiscal year).

Segment performance is shown below.
The balance of trade receivables in the report is before deducting provision of allowances for doubtful accounts.

[1] Domestic financial business

(Credit guarantee services)

Credit guarantee services are handled by Nihon Hoshou Co., Ltd. (hereinafter, "Nihon Hoshou"). Nihon Hoshou's key priority business is real-estate related credit guarantee. It focuses on guarantee for a syndicated Flat 35 rental housing loan in partnership with a major housing developer, Flat 35 loan agencies and others. In addition to the above, Nihon Hoshou started to offer Real Estate-Backed Card Loan (Reverse Mortgage type) as a new guarantee product, boosting credit guarantee balances briskly. The number of partner regional financial institutions has steadily increased to seven as of the end of June 2017. It aims to expand guarantee services and tie-up loan products.

As a result, the balance of credit guarantee was 98,583 million yen (up 72.9% year on year) at the end of the first quarter of the current consolidated fiscal year. The breakdown was 15,831 million yen in credit guarantees on unsecured loan (up 2.6%) and 82,752 million yen in credit guarantees on secured loan (up 99.0%) with an increase in guarantees for rental housing loan.

(Collection of accounts receivable)

Collection of accounts receivable in Japan is mainly handled by Nihon Hoshou and Partir Servicer Co., Ltd. Amid the shrinking number of domestic servicers, we will pursue profits as a remaining player through M&As on the strength of our superior collection capability. Also, we will reinforce collection of corporate loans receivable and provide corporate revitalization services.

As a result, the balance of purchased receivables was 11,282 million yen (up 21.1% year on year) at the end of the first quarter of the current consolidated fiscal year, reflecting a steady progress in the purchase of NPLs.

(Credit and consumer credit services)

Credit and consumer credit services are mainly handled by J TRUST Card Co., Ltd. In fact, we have withdrawn from consumer loan business, no longer handling new unsecured loan except cash advances. On the other hand, we strive to ensure an adequate level of earnings with the loan balance increasing by focusing on third-party sales credit business including installment sales and credit card shopping.

As a result, the balance of advances paid – installment, was 2,841 million yen (up 9.4% year on year) at the end of the first quarter of the current consolidated fiscal year.

(Other financial services)

Other financial services in Japan are mainly handled by Nihon Hoshou. The loan balance has been on the decline with shifting the focus to real estate related credit guarantee business. As a result, the loan balances at the end of the first quarter of the current consolidated fiscal year were: commercial notes of 913 million yen (down 10.7%) and accounts receivable – operating loans of 3,160 million yen (down 29.4%).

In summary, operating revenue in domestic financial business was 2,314 million yen (up 5.4% year on year). Segment profit was 1,121 million yen (down 2.4%).

[2] Financial business in South Korea

(Savings bank business and capital business)

JT Chinae Savings Bank Co., Ltd. and JT Savings Bank Co., Ltd. conduct savings bank business. JT Capital Co., Ltd. provides installment financing and leasing services. With an established operational base as a comprehensive financial group, we will further expand business through organic collaboration of each

business entity to maximize synergetic effects. We are working to improve profitability by increasing high-quality loans for individuals and ensure a stable loan portfolio with placing greater emphasis on loan for large corporations, secured loan, government-backed loan, etc. Loans by banking business increased with a growing number and the amount of new loan contracts thanks to effective sales and marketing strategies. Meanwhile, accounts receivable – operating loans grew due to a rise in loan extended to consumers with successful marketing tactics despite that JT Capital transferred consumer credit loans receivable to follow the provisions of consumer loan limits under the revised Specialized Credit Finance Business Act effective September 2016.

As a result, the loan balance grew favorably. In savings bank business, loans by banking business were 232,291 million yen (up 53.8% year on year). In capital business, accounts receivable – operating loans receivable were 49,303 million yen (up 18.9%).

(Receivable collection business)

TA Asset Management Co., Ltd. is engaged in purchase and collection of NPLs. It has accumulated the balance of receivables on the strength of distinctive collection ability.

As a result, the balance of purchased receivables increased to 1,804 million yen (up 24.9% year on year) at the end of the first quarter of the current consolidated fiscal year.

In summary, operating revenue in financial business in South Korea was 8,820 million yen (up 28.1%). Segment profit was 1,647 million yen (up 344.2%).

[3] Financial business in Southeast Asia

(Banking Business)

Bank JTrust Indonesia conducts banking operations in Indonesia. Until the previous consolidated fiscal year, JTG undertook the bank's restructuring, which used to be supervised by Indonesia Deposit Insurance Corporation over a long time. To restore the bank's financial health, we reviewed loans receivables and added massive provision of allowance for doubtful accounts. We believe that we now have an established operational base due to the completion of redundancy programs and consolidation or integration of overlapped branch offices. Moving forward, we will reinforce our efforts to build a stronger earnings base. To this end, we will lower the bank's average deposit costs and raise CASA ratio (ratio of current account and savings account against total deposit balance). At the same time, we will rebalance loan portfolio mix to increase net interest income by reducing large-lot and low-interest corporate loan of around 1.0 billion yen, and by increasing medium loan whose size is 0.1 billion to 0.5 billion yen. Meanwhile, we expect to accumulate high-quality operating assets with a growing loan balance targeting GLFI customers. By taking in growth opportunities in emerging economies in Southeast Asia etc., we are set to expand business together with GL group, our strategic partner.

As a result, the balance of loans by banking business grew steadily to 85,223 million yen (up 2.4% year on year) at the end of the first quarter of the current consolidated fiscal year.

(Collection of Accounts Receivable)

PT JTRUST INVESTMENTS INDONESIA conducts collection of accounts receivable business in Indonesia. The purchased receivables assigned from Bank JTrust Indonesia in October 2015 stood at 2,657 million yen (down 20.3% year on year) at the end of the first quarter of the current consolidated fiscal year. We will increase earnings by facilitating collection with various measures including prompt disposal of collateralized assets and business rehabilitation.

In summary, operating revenue in financial business in Southeast Asia was 3,592 million yen (up 8.2 % year on year). Segment profit was 154 million yen (segment loss of 1,171 million yen during the same period of the previous fiscal year) mainly due to smaller provision of allowance for doubtful accounts.

[4] General entertainment business

ADORES, Inc. (hereinafter, "ADORES") operates amusement arcades and other facilities. Highlights Entertainment Co., Ltd. develops, produces and sells computer systems for amusement machines and their peripheral equipment. ADORES exerted efforts to boost sales by taking such measures as the following: commencement of new attractions at Virtual Reality (VR) entertainment facility "VR PARK TOKYO"; an introduction of VR equipment at cross-industrial collaborative events available for a limited period; the launch of VR equipment rental service for events; and holding various co-sponsor events at collaboration cafes featuring animation, etc. in content business. However, both sales and profit were weak impacted by some

store closings and stagnant operation of medal and crane games. Meanwhile, sales and profits of Highlights Entertainment Co., Ltd. remained sluggish because delivery of upcoming amusement machine is scheduled for July or later.

As a result, operating revenue in general entertainment business was 3,068 million yen (down 17.2% year on year). The decline was mainly because: (i) BREAK Co., Ltd. and BREAK ASIA LIMITED, which produced and sold amusement machine toys, were excluded from the scope of consolidated subsidiaries following their share transfer at the end of the previous consolidated fiscal year; and (ii) operation of medal and crane games remained slack. Segment loss was 164 million yen (segment profit of 72 million yen during the same period of the previous fiscal year).

[5] Real estate business

Keynote Co., Ltd. (hereinafter, "Keynote") handles sales of ready-built residential housing. Keynote's sales grew favorably due to an increase in the number of orders received along with the expansion of marketing areas including competitive existing areas.
ADORES conducts real estate asset business. The business was solid benefited from a steady stream of rental income of their property.
As a result, operating revenue in real estate business was 1,635 million yen (up 26.1% year on year). Segment profit was 97 million yen (up 272.5%).

[6] Investment business

JTA conducts investment business and provides management support for investees mainly. JTA aims to expand business in rapidly growing Southeast Asia together with its strategic partner GL. JTA holds 7.84% of GL's shares and maximizes synergy by setting up a network there.
As a result, operating revenue in investment business was 676 million yen (down 53.3% year on year) and segment profit was 295 million yen (down 77.5%) due to lack of factors like gain on sales of shares on Bank Mayapada, which was recorded as other operating revenue during the first quarter of the previous fiscal year.

[7] Other business

J Trust System Co., Ltd. provides system development, operation and management of computers for JTG, and Keynote constructs commercial facilities. Meanwhile, ADORES has commenced foreign exchange service. It opened an in-store foreign exchange store "ADORES EXCHANGE Akihabara" inside the existing amusement facility located in an area popular with foreign tourists as a measure to capture inbound tourism demand for Japan.
As a result, operating revenue in other business was 450 million yen (down 52.9% year on year). It decreased from the previous fiscal year in which Keynote booked sales for large-lot construction projects in the commercial facility construction business. Segment profit was 10 million yen (up 247.2%).

(2) Explanation on financial position

[1] Status of assets, liabilities and equity

In the first quarter of the current consolidated fiscal year, assets grew by 183 million yen to 620,049 million yen from the end of the previous consolidated fiscal year. This is primarily due to increases in cash and cash equivalents by 7,316 million yen and trade and other receivables by 1,654 million yen, despite a drop in loans by banking business by 8,919 million yen.
Liabilities declined by 507 million yen to 463,445 million yen from the end of the previous consolidated fiscal year. This is mainly because bonds and borrowings increased by 2,802 million yen, but all of the following items declined: deposits by banking business by 1,788 million yen; income taxes payable by 882 million yen; and other liabilities by 286 million yen.
Equity increased by 690 million yen to 156,603 million yen from the end of the previous consolidated fiscal year. This is mainly because profit attributable to owners of parent of 1,779 million yen boosted retained earnings by 1,176 million yen despite dividends of surplus of 617 million yen.

[2] Status of Cash Flow

Consolidated cash and cash equivalents (hereinafter, "Funds") at the end of the first quarter of the current consolidated fiscal year expanded by 7,316 million yen to 87,983 million yen from the end of the previous consolidated fiscal year.

The following is an overview of cash flow at the end of the first quarter of the current consolidated fiscal year

with relevant factors.

(Cash flows from operating activities)
In the first quarter of the current consolidated fiscal year, Funds provided by operating activities ended in an increase of 7,342 million yen (a decrease of 8,583 million yen during the same period of the previous year). Major factors to boost Funds were as follows: (i) profit before income taxes of 2,252 million yen, (ii) an increase in deposits by banking business by 3,983 million yen; and (iii) a decrease in loans by banking business by 2,998 million yen.

(Cash flows from investing activities)
In the first quarter of the current consolidated fiscal year, Funds provided by investing activities ended in an increase of 1,315 million yen (down 88.4% year on year). Funds increased because proceeds from sale of marketable securities for banking business of 19,913 million yen exceeded purchase of marketable securities for banking business of 18,558 million yen.

(Cash flows from financing activities)
In the first quarter of the current consolidated fiscal year, Funds used in financing activities ended in a decrease of 506 million yen (an increase of 4,507 million yen during the same period of the previous year). Contributing factors are as follows: Funds increased mainly due to proceeds from issuance of bonds of 3,249 million yen. However, a net decrease in short-term borrowings of 1,261 million yen, redemption of bonds of 1,515 million yen and dividends paid of 617 million yen reduced Funds.

(3) Explanation on future forecast including consolidated financial forecast

Consolidated financial forecast for the fiscal year ending March 31, 2018 remains unchanged from full-year consolidated forecast “Consolidated Financial Results for the Fiscal Year Ended March 31, 2017” <under Japanese GAAP> disclosed on May 12, 2017.
Actual results may differ from the forecasts depending on various factors.

II. Condensed consolidated quarterly financial statements and significant notes

(1) Condensed consolidated quarterly statement of financial position

(unit: million yen)

	Notes	IFRS transition date April 1, 2016	As of March 31, 2017	As of June 30, 2017
Assets				
Cash and cash equivalents		87,137	80,666	87,983
Trade and other receivables		74,875	78,416	80,070
Marketable securities for banking business		26,198	30,459	29,129
Loans by banking business		218,885	311,480	302,560
Operational investment securities		13,057	21,494	23,144
Marketable securities		970	144	137
Other financial assets		33,017	38,066	37,984
Investments accounted for using the equity method		-	168	170
Inventories		4,382	6,848	6,770
Assets held for sale		933	4,199	4,270
Property, plant and equipment		5,823	5,622	5,745
Investment property		2,919	2,249	2,242
Goodwill		32,517	32,140	32,106
Intangible assets		3,905	3,459	3,276
Deferred tax assets		1,726	1,476	1,438
Other assets		2,421	2,971	3,016
Total assets		508,772	619,865	620,049

(unit: million yen)

	Notes	IFRS transition date April 1, 2016	As of March 31, 2017	As of June 30, 2017
Liabilities				
Trade and other payables		6,589	8,110	7,764
Deposits by banking business		271,496	364,462	362,674
Bonds and borrowings		52,825	72,139	74,941
Other financial liabilities		5,565	8,182	8,020
Income taxes payable		768	1,205	323
Provisions		1,940	2,128	2,137
Deferred tax liabilities		1,361	759	906
Other liabilities		5,766	6,963	6,676
Total liabilities		346,313	463,952	463,445
Equity				
Share capital		53,616	53,630	53,631
Capital surplus		51,581	52,743	52,729
Treasury shares		(406)	(7,685)	(7,685)
Other components of equity		132	2,091	1,686
Retained earnings		52,196	49,504	50,680
Total equity attributable to owners of parent		157,121	150,284	151,043
Non-controlling interests		5,336	5,628	5,560
Total equity		162,458	155,913	156,603
Total liabilities and equity		508,772	619,865	620,049

(2) Condensed consolidated quarterly statement of income

(unit: million yen)

	Notes	Three months ended June 30, 2016	Three months ended June 30, 2017
Operating revenue		19,607	20,352
Operating expenses		12,024	11,798
Selling, general and administrative expenses		6,809	6,435
Other income		322	483
Other expenses		196	28
Operating profit		899	2,574
Finance income		39	18
Finance costs		1,411	341
Share of profit of investments accounted for using the equity method		-	1
Profit (loss) before income taxes		(471)	2,252
Income taxes		345	469
Profit (loss)		(816)	1,783
Profit (loss) attributable to:			
Owners of parent		(968)	1,779
Non-controlling interests		152	3
Profit (loss)		(816)	1,783
Earnings (loss) per share (attributable to owners of parent)			
Basic earnings (loss) per share (Yen)		(8.65)	17.29
Diluted earnings (loss) per share (Yen)		(8.65)	17.27

(3) Condensed consolidated quarterly statement of comprehensive income

(unit: million yen)

	Notes	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit (loss)		(816)	1,783
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans		(19)	(3)
Total of items that will not be reclassified to profit or loss		(19)	(3)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(8,457)	(678)
Net change in fair values of available-for-sale financial assets		4,722	286
Available-for-sale financial assets		-	0
Total of items that may be reclassified subsequently to profit or loss		(3,735)	(392)
Other comprehensive income, net of tax		(3,755)	(396)
Comprehensive income		(4,572)	1,386
Comprehensive income attributable to:			
Owners of parent		(4,660)	1,375
Non-controlling interests		88	11
Comprehensive income		(4,572)	1,386

(4) Condensed consolidated quarterly statement of changes in equity

Three months ended June 30, 2016

(unit: million yen)

	Notes	Share capital	Capital surplus	Treasury shares	Other components of equity	Retained earnings	Total equity attributable to owners of parent	Non-controlling interests	Total Equity
Balance as of April 1, 2016		53,616	51,581	(406)	132	52,196	157,121	5,336	162,458
Profit (loss)		-	-	-	-	(968)	(968)	152	(816)
Other comprehensive income		-	-	-	(3,691)	-	(3,691)	(63)	(3,755)
Total comprehensive income		-	-	-	(3,691)	(968)	(4,660)	88	(4,572)
Issuance of new shares		2	2	-	-	-	5	-	5
Dividends of surplus		-	-	-	-	(784)	(784)	-	(784)
Purchase of treasury shares		-	-	(0)	-	-	(0)	-	(0)
Other		-	(3)	-	-	0	(2)	-	(2)
Total contributions by and distributions to owners		2	(0)	(0)	-	(783)	(781)	-	(781)
Dividends to non-controlling interests		-	-	-	-	-	-	(79)	(79)
Other		-	-	-	-	-	-	0	0
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-	(79)	(79)
Total transactions with owners		2	(0)	(0)	-	(783)	(781)	(79)	(860)
Balance as of June 30, 2016		53,619	51,581	(406)	(3,558)	50,444	151,680	5,345	157,026

Three months ended June 30, 2017

(unit: million yen)

	Notes	Share capital	Capital surplus	Treasury shares	Other components of equity	Retained earnings	Total equity attributable to owners of parent	Non-controlling interests	Total Equity
Balance as of April 1, 2017		53,630	52,743	(7,685)	2,091	49,504	150,284	5,628	155,913
Profit		-	-	-	-	1,779	1,779	3	1,783
Other comprehensive income		-	-	-	(404)	-	(404)	8	(396)
Total comprehensive income		-	-	-	(404)	1,779	1,375	11	1,386
Issuance of new shares		1	1	-	-	-	2	-	2
Dividends of surplus		-	-	-	-	(617)	(617)	-	(617)
Purchase of treasury shares		-	-	(0)	-	-	(0)	-	(0)
Other		-	(15)	-	-	14	(1)	-	(1)
Total contributions by and distributions to owners		1	(13)	(0)	-	(603)	(616)	-	(616)
Dividends to non-controlling interests		-	-	-	-	-	-	(79)	(79)
Other		-	(0)	-	-	-	(0)	(0)	(0)
Total changes in ownership interests in subsidiaries		-	(0)	-	-	-	(0)	(79)	(79)
Total transactions with owners		1	(13)	(0)	-	(603)	(616)	(79)	(695)
Balance as of June 30, 2017		53,631	52,729	(7,685)	1,686	50,680	151,043	5,560	156,603

(5) Condensed consolidated quarterly statement of cash flow

(unit: million yen)

	Notes	Three months ended June 30, 2016	Three months ended June 30, 2017
Cash flows from operating activities			
Profit (loss) before income taxes		(471)	2,252
Depreciation and amortization		571	633
Impairment losses		0	0
Interest and dividend income		(9,695)	(13,390)
Interest expenses		3,252	4,067
Other (profit) loss		1,163	(647)
(Increase) decrease in trade and other receivables		(2,651)	639
Increase (decrease) in changes in deposits by banking business		12,574	3,983
(Increase) decrease in loans by banking business		(20,676)	2,998
(Increase) decrease in changes in operational investment securities		179	(914)
Increase (decrease) in trade and other payables		2,124	(517)
Other		(1,181)	130
Subtotal		(14,809)	(763)
Interest and dividends received		10,201	13,422
Interest paid		(3,185)	(4,400)
Income taxes paid		(974)	(915)
Income taxes refund		184	-
Net cash provided by (used in) operating activities		(8,583)	7,342
Cash flows from investing activities			
Purchase of investments accounted for using equity method		(171)	-
Net (increase) decrease in time deposits		355	(100)
Purchase of property, plant and equipment, and investment property		(370)	(471)
Proceeds from sale of property, plant and equipment, and investment property		349	2
Purchase of intangible assets		(83)	(163)
Purchase of marketable securities for banking business		(3,930)	(18,558)
Proceeds from sale of marketable securities for banking business		5,087	19,913
Proceeds from redemption of marketable securities for banking business		9,957	783
Proceeds from acquisition of subsidiaries		46	-
Other		101	(88)
Net cash provided by investing activities		11,341	1,315

	Notes	Three months ended June 30, 2016	Three months ended June 30, 2017
Cash flows from financing activities			
Net increase (decrease) in notes discounted		(378)	(8)
Net increase (decrease) in short-term borrowings		2,154	(1,261)
Net increase (decrease) in short-term bonds payable		-	9
Repayments of long-term borrowings		(1,962)	(5,471)
Proceeds from long-term borrowings		8,276	5,253
Redemption of bonds		(2,697)	(1,515)
Proceeds from issuance of bonds		100	3,249
Repayments of lease obligations		(124)	(67)
Payments for purchase of treasury shares		(0)	(0)
Proceeds from exercise of employee share options		3	1
Dividends paid		(784)	(617)
Dividends paid to non-controlling interests		(79)	(79)
Other		-	(0)
Net cash provided by (used in) financing activities		4,507	(506)
Net increase (decrease) in cash and cash equivalents		7,265	8,151
Cash and cash equivalents at the beginning of period		87,137	80,666
Effect of change in exchange rates on cash and cash equivalents		(3,839)	(834)
Cash and cash equivalents at the end of period		90,562	87,983

(6) Notes to condensed consolidated quarterly financial statements

(Notes on premise of going concern)

No items to report.

(Segment information)

1. Overview of reportable segments

JTG's reportable segments consist of constituent units for which separate financial information is available. The reportable segment is also subject to periodic review by the Company's Board of Directors, which is responsible for deciding the allocation of management resources and assessing business performance.

JTG classifies reportable segments by business and conducts activities of 6 segments, namely "Domestic financial business," "Financial business in South Korea," "Financial business in Southeast Asia," "General entertainment business," "Real estate business" and "Investment business."

"Domestic financial business" provides credit guarantee services, collection of accounts receivable, credit and consumer credit services, and other financial services. "Financial business in South Korea" offers savings bank business, collection of accounts receivable business and capital business. "Financial business in Southeast Asia" handles banking business, collection of accounts receivable and hire-purchase financing services. "General entertainment business" operates amusement arcades and other facilities, sells toys for amusement machines and develops, produces and sells computer systems for peripheral equipment of amusement machines. "Real estate business" handles purchase & sale of detached housing and other properties, and real estate asset business. "Investment business" is investment at home and overseas.

2. Segment revenue and business results

Revenue and business results by reportable segments are as follows. Operating revenue from inter-segment transactions or transfers are based on prevailing market prices or arm's length terms.

<Three months ended June 30, 2016>

(unit: million yen)

	Reportable segments							Other (Note 1)	Elimination of inter-company transaction	Total
	Domestic financial business	Financial business in South Korea	Financial business in Southeast Asia	General entertain-ment business	Real estate business	Invest-ment business	Sub Total			
Operating revenue										
External customers	2,182	6,883	3,321	3,706	1,296	1,348	18,740	867	-	19,607
Intersegment operating revenue or transfers	13	-	0	-	0	99	112	87	(199)	-
Total	2,195	6,883	3,321	3,706	1,296	1,447	18,852	954	(199)	19,607
Segment profit (loss)	1,148	370	(1,171)	72	26	1,314	1,760	3	22	1,786

Company-wide expenses, etc. (Note 2)	(886)
Operating profit	899
Finance income	39
Finance costs	(1,411)
Profit (loss) before income taxes	(471)

Note 1: "Other," which refers to business segments that are not attributable to reportable segments, includes commercial facility construction, system businesses.

Note 2: "Company-wide expenses, etc." are general and administrative expenses that are not attributable to reportable segments.

<Three months ended June 30, 2017>

(unit: million yen)

	Reportable segments							Other (Note 1)	Elimi-nation of inter-company transacti on	Total
	Domestic financial business	Financial business in South Korea	Financial business in South east Asia	General entertain ment business	Real estate busine ss	Invest-ment business	Sub Total			
Operating revenue										
External customers	2,293	8,818	3,592	3,068	1,635	580	19,988	364	-	20,352
Intersegment operating revenue or transfers	20	1	0	-	-	96	118	85	(204)	-
Total	2,314	8,820	3,592	3,068	1,635	676	20,106	450	(204)	20,352
Segment profit (loss)	1,121	1,647	154	(164)	97	295	3,151	10	(14)	3,147

Company-wide expenses (Note 2)	(573)
Operating profit	2,574
Finance income	18
Finance costs	(341)
Share of profit of investments accounted for using the equity method	1
Profit (loss) before income taxes	2,252

Note 1: “Other,” which refers to business segments that are not attributable to reportable segments, includes commercial facility construction and system businesses.

Note 2: “Company-wide expenses, etc.” include general and administrative expenses that are not attributable to reportable segments.

(First-time adoption of IFRS)

JTG discloses condensed consolidated financial statements under International Financial Reporting Standards (IFRS) from the first three months (April 1, 2017 – June 30, 2017) of the fiscal year ending March 31, 2018. The most recent consolidated financial statements prepared under Japanese GAAP were for the fiscal year ended March 31, 2017. The date of transition to IFRS is April 1, 2016.

IFRS 1 Exemptions:

Under IFRS, entities adopting IFRS for the first time (hereinafter, “First-time adopters”) must, in principle, apply the standards required under IFRS retrospectively. However, for some standards required under IFRS, IFRS 1 First-time adoption of International Financial Reporting Standards (hereinafter, “IFRS 1”) provides optional exemptions and mandatory exceptions from the requirement for the retrospective application. The effects upon application of the said exemptions are adjusted through “retained earnings” or “other components of equity” as of the date of transition to IFRS. JTG has adopted the following exemptions in moving from Japanese GAAP to IFRS.

- Business combinations

  First-time adopters of IFRS may choose not to apply retrospectively IFRS 3 Business combinations (hereinafter, “IFRS 3”). JTG has adopted the exemption and do not apply IFRS 3 retrospectively to business combinations that occurred before the date of transition to IFRS. As a result, the amount of goodwill arising from business combinations before the date of transition is calculated using the book value as of the transition date under Japanese GAAP. JTG performs impairment tests on goodwill as of the date of transition regardless of whether indicators of impairment are present or not.

- Exchange differences on translation of foreign operations

  IFRS 1 permits First-time adopters to deem cumulative amount of exchange differences on translation of foreign operations to be zero as of the date of transition to IFRS. JTG has chosen to deem cumulative exchange differences to be zero as of the transition date.

- Share-based payments

  Under IFRS 1, an entity is encouraged, but not mandatorily required to apply IFRS 2 share-based payment (hereinafter, “IFRS 2”) to share-based payments granted on or after November 7, 2002 and vested before the IFRS transition date or January 1, 2005, whichever is later. JTG has chosen not to apply IFRS 2 to share-based payments vested before the transition date.

- Leases

  Under IFRS 1, First-time adopters of IFRS may assess whether a contract contains leases at the date of transition to IFRS. JTG has adopted exemptions for leases and judges whether contracts contain leases depending on the facts and circumstances existing at the time of the transition date.

Mandatory exceptions of IFRS 1

IFRS 1 prohibits retrospective application for “estimates,” “de-recognition of financial assets and financial liabilities” and “non-controlling interests.” JTG has prospectively applied IFRS for these items from the transition date.

The table below presents reconciliations requiring disclosure in First-time adoption of IFRS. “Closing date adjustments” in the table shows adjustments that are made due to a difference in the account closing date of the Company and that of the subsidiary, and “Reclassification” includes differences with Japanese GAAP as a result of reviewing the scope of consolidation under IFRS, and “Effect of transition” shows the impact of the adjustments to comply with IFRS.

Reconciliation of equity as of April 1, 2016 (date of transition to IFRS)

(unit: million yen)

Presentation under Japanese GAAP	Japanese GAAP	Closing date adjustments	Reclassification	Effect of transition	IFRS	Notes	Presentation under IFRS
Assets							Assets
Cash and deposits	108,682	(4,811)	(19,479)	2,746	87,137	(1)	Cash and cash equivalents
	-	(294)	67,271	7,898	74,875	(2),(4),(5)	Trade and other receivables
Commercial notes	1,428	-	(1,428)	-	-		
Accounts receivable - operating loans	49,505	-	(49,505)	-	-		
	-	910	25,287	-	26,198	(2),(4)	Marketable securities for banking business
Loans by banking business	230,532	4,309	(10,451)	(5,505)	218,885	(2),(3),(4)	Loans by banking business
Advances paid - installment	2,449	-	(2,449)	-	-		
Purchased receivables	9,940	-	(9,940)	-	-		
Subrogation receivable	1,462	-	(1,462)	-	-		
Operational investment securities	13,057	-	-	-	13,057		Operational investment securities
Securities	25,287	-	(24,317)	-	970	(2),(4)	Marketable securities
	-	30	35,692	(2,705)	33,017	(1),(2),(4)	Other financial assets
Merchandise and finished goods	2,445	-	1,936	-	4,382		Inventories
Work in process	1,604	-	(1,604)	-	-		
Deferred tax assets (current)	1,106	-	(1,106)	-	-		
Accounts receivable - other	9,754	-	(9,754)	-	-		
Other (current)	7,684	-	(7,684)	-	-		
Allowance for doubtful accounts (current)	(16,809)	-	16,809	-	-		
	-	-	933	-	933		Assets held for sale
	-	(250)	5,973	101	5,823	(7)	Property, plant and equipment
Buildings and structures, net	3,304	-	(3,304)	-	-		
Amusement machine, net	981	-	(981)	-	-		
Land	2,050	-	(2,050)	-	-		
Other (property, plant and equipment), net	1,174	-	(1,174)	-	-		
	-	-	2,919	-	2,919	(6)	Investment property
Goodwill	34,536	(1,546)	(472)	-	32,517		Goodwill
Other (Intangible assets)	4,820	7	(922)	-	3,905		Intangible assets
Investment securities	970	-	(970)	-	-		
Investments in capital	355	-	(355)	-	-		
Long-term operating loans receivable	2,083	-	(2,083)	-	-		
Deferred tax assets (investments and other)	1,445	(63)	1,106	(762)	1,726	(8)	Deferred tax assets
Other (investments and other)	11,690	112	(9,471)	89	2,421		Other assets
Allowance for doubtful accounts (investments and other)	(2,884)	-	2,884	-	-		
Total assets	508,659	(1,595)	(154)	1,862	508,772		Total assets

Translation for reference purpose only

(unit: million yen)

Presentation under Japanese GAAP	Japanese GAAP	Closing date adjustments	Reclassification	Effect of transition	IFRS	Notes	Presentation under IFRS
Liabilities							Liabilities
	-	-	1,158	5,430	6,589	(5)	Trade and other payables
Deposits by banking business	271,117	332	46	-	271,496		Deposits by banking business
Notes discounted	1,381	-	(1,381)	-	-		
	-	(128)	52,954	-	52,825		Bonds and borrowings
Current portion of bonds	60	-	(60)	-	-		
Short-term loans payable	14,317	-	(14,317)	-	-		
Current portion of long-term loans payable	13,391	-	(13,391)	-	-		
	-	(108)	6,109	(435)	5,565		Other financial liabilities
Income taxes payable	769	(0)	0	-	768		Income taxes payables
	-	(12)	1,878	75	1,940		Provisions
Other (current)	10,604	-	(10,604)	-	-		
Bonds payable	2,169	-	(2,169)	-	-		
Long-term loans payable	21,788	-	(21,788)	-	-		
Provision for loss on guarantees	424	-	(424)	-	-		
Net defined benefit liability	579	-	(579)	-	-		
Provision for loss on litigation	1,192	-	(1,192)	-	-		
	-	0	852	508	1,361		Deferred tax liabilities
Other (non-current))	2,205	590	2,756	213	5,766	(9)	Other liabilities
Total liabilities	340,002	672	(154)	5,793	346,313		Total liabilities
Net assets							Equity
Capital stock	53,616	-	-	-	53,616		Share capital
Capital surplus	52,572	-	167	(1,158)	51,581	(10)	Capital surplus
Retained earnings	60,777	(2,144)	-	(6,437)	52,196	(13)	Retained earnings
Treasury shares	(406)	-	-	-	(406)		Treasury shares
	-	(123)	(3,445)	3,701	132	(11)	Other components of equity
Valuation difference on available-for-sale securities	136	-	(136)	-	-		
Foreign currency translation adjustment	(3,469)	-	3,469	-	-		
Remeasurements of defined benefit plans	(112)	-	112	-	-		
	163,115	(2,267)	167	(3,893)	157,121		Total equity attributable to owners of parent
Subscription rights to shares	167	-	(167)	-	-		
Non-controlling interests	5,373	-	-	(37)	5,336		Non-controlling interests
Total net assets	168,656	(2,267)	-	(3,930)	162,458		Total equity
Total liabilities and net assets	508,659	(1,595)	(154)	1,862	508,772		Total Liabilities and equity

Translation for reference purpose only

Reconciliation of equity as of June 30, 2016 (first quarter of fiscal 2017)

(unit: million yen)

Presentation under Japanese GAAP	Japanese GAAP	Closing date adjustments	Reclassification	Effect of transition	IFRS	Notes	Presentation under IFRS
Assets							Assets
Cash and deposits	106,867	(590)	(17,595)	1,880	90,562	(1)	Cash and cash equivalents
	-	(262)	64,016	8,268	72,022	(2), (4), (5)	Trade and other receivables
Commercial notes	1,022	-	(1,022)	-	-		
Accounts receivable-operating loans	46,715	-	(46,715)	-	-		
	-	(2,569)	15,400	-	12,830	(2), (4)	Marketable securities for banking business
Loans by banking business	234,583	(115)	(9,254)	(5,543)	219,669	(2), (3), (4)	Loans by banking business
Advances paid - installment	2,593	-	(2,593)	-	-		
Purchased receivables	9,966	-	(9,966)	-	-		
Subrogation receivables	1,350	-	(1,350)	-	-		
Operational investment securities	11,193	-	-	-	11,193		Operational investment securities
Securities	15,400	-	(14,662)	-	737	(2), (4)	Marketable securities
	-	(991)	39,193	(1,945)	36,256	(1), (2), (4)	Other financial assets
Merchandise and finished goods	2,576	-	2,963	-	5,540		Inventories
Work in process	2,349	-	(2,349)	-	-		
Other (current)	19,606	-	(19,606)	-	-		
Allowance for doubtful accounts (current)	(15,920)	-	15,920	-	-		
	-	-	1,046	-	1,046		Assets held for sale
Property, plant and equipment	6,993	(127)	(1,644)	95	5,317	(7)	Property, plant and equipment
	-	-	2,615	-	2,615		Investment property
Goodwill	32,544	(2,574)	(357)	619	30,232	(6)	Goodwill
Other (intangible asset)	4,539	(19)	(1,023)	-	3,496		Intangible assets
Long-term operating loans receivable	1,925	-	(1,925)	-	-		
	-	(77)	2,520	(844)	1,598	(8)	Deferred tax assets
Other (investments and other)	19,731	(142)	(16,452)	27	3,163		Other assets
Allowance for doubtful accounts (investments and other)	(2,753)	-	2,753	-	-		
Total assets	501,288	(7,472)	(91)	2,558	496,282		Total assets

Translation for reference purpose only

(unit: million yen)

Presentation under Japanese GAAP	Japanese GAAP	Closing date adjustments	Reclassification	Effect of transition	IFRS	Notes	Presentation under IFRS
Liabilities							Liabilities
	-	-	1,718	5,690	7,408	(5)	Trade and other payables
Deposits by banking business	263,594	(2,852)	31	-	260,773		Deposits by banking business
Notes discounted	1,002	-	(1,002)	-	-		
	-	(124)	56,008	-	55,883		Bonds and borrowings
Current portion of bonds	80	-	(80)	-	-		
Short-term loans payable	15,866	-	(15,866)	-	-		
Current portion of long-term loans payable	12,356	-	(12,356)	-	-		
	-	50	6,529	(419)	6,161		Other financial liabilities
Income taxes payable	764	30	-	(5)	788		Income taxes payables
	-	(24)	1,755	40	1,771		Provisions
Other (current)	11,568	-	(11,568)	-	-		
Bonds payable	2,120	-	(2,120)	-	-		
Long-term loans payable	24,673	-	(24,673)	-	-		
Provision for loss on guarantees	402	-	(402)	-	-		
Net defined benefit liability	630	-	(630)	-	-		
Provision for loss on litigation	1,151	-	(1,151)	-	-		
	-	0	613	436	1,050		Deferred tax liabilities
Other (non-current)	2,517	(369)	3,105	165	5,419	(9)	Other liabilities
Total liabilities	336,730	(3,290)	(91)	5,908	339,256		Total liabilities
Net assets							Equity
Capital stock	53,619	-	-	-	53,619		Share capital
Capital surplus	52,575	-	164	(1,158)	51,581	(10)	Capital surplus
Retained earnings	59,283	(2,195)	-	(6,643)	50,444	(13)	Retained earnings
Treasury shares	(406)	-	-	-	(406)		Treasury shares
	-	(1,986)	(6,027)	4,455	(3,558)	(11)	Other components of equity
Valuation difference on available-for-sale securities	4,865	-	(4,865)	-	-		
Foreign currency translation adjustment	(10,793)	-	10,793	-	-		
Remeasurements of defined benefit plans	(99)	-	99	-	-		
	159,043	(4,181)	164	(3,346)	151,680		Total equity attributable to owners of parent
Subscription rights to shares	164	-	(164)	-	-		
Non-controlling interests	5,349	-	-	(3)	5,345		Non-controlling interest
Total net assets	164,557	(4,181)	-	(3,350)	157,026		Total equity
Total liabilities and net assets	501,288	(7,472)	(91)	2,558	496,282		Total liabilities and equity

Reconciliation of equity as of March 31, 2017
(The most recent consolidated financial statements prepared under Japanese-GAAP)

(unit: million yen)

Presentation under Japanese GAAP	Japanese GAAP	Closing date adjustments	Reclassification	Effect of transition	IFRS	Notes	Presentation under IFRS
Assets							Assets
Cash and deposits	101,172	-	(22,811)	2,304	80,666	(1)	Cash and cash equivalents
	-	-	70,170	8,245	78,416	(2),(4),(5)	Trade and other receivables
Commercial notes	928	-	(928)	-	-		
Accounts receivable – operating loans	49,098	-	(49,098)	-	-		
	-	-	30,459	-	30,459	(2),(4)	Marketable securities for banking business
Loans by banking business	326,996	-	(16,411)	895	311,480	(2),(3),(4)	Loans by banking business
Advances paid - installment	2,726	-	(2,726)	-	-		
Purchased receivables	12,146	-	(12,146)	-	-		
Subrogation receivable	1,223	-	(1,223)	-	-		
Operational investment securities	21,494	-	-	-	21,494		Operational investment securities
Securities	30,459	-	(30,314)	-	144	(2),(4)	Marketable securities
	-	-	39,838	(1,772)	38,066	(1),(2),(4)	Other financial assets
	-	-	168	-	168		Investments accounted for using the equity method
Merchandise and finished goods	3,221	-	3,626	-	6,848		Inventories
Work in process	3,015	-	(3,015)	-	-		
Deferred tax assets (current)	1,287	-	(1,287)	-	-		
Accounts receivable - other	8,806	-	(8,806)	-	-		
Other (current)	14,555	-	(14,555)	-	-		
Allowance for doubtful accounts (current)	(23,801)	-	23,801	-	-		
	-	-	4,199	-	4,199		Assets held for sale
	-	-	5,568	54	5,622	(7)	Property, plant and equipment
Buildings and structures, net	2,811	-	(2,811)	-	-		
Amusement machine, net	901	-	(901)	-	-		
Land	1,541	-	(1,541)	-	-		
Other (Property, plant and equipment), net	1,220	-	(1,220)	-	-		
	-	-	2,249	-	2,249		Investment property
Goodwill	29,727	-	(150)	2,564	32,140	(6)	Goodwill
Other (intangible assets)	4,650	-	(1,190)	-	3,459		Intangible assets
Investment securities	144	-	(144)	-	-		
Investments in capital	362	-	(362)	-	-		
Net defined benefit asset	0	-	(0)	-	-		
Long-term operating loans	1,578	-	(1,578)	-	-		
Deferred tax assets (investments and other)	1,143	-	1,287	(954)	1,476	(8)	Deferred tax assets
Other (investments and other)	13,434	-	(10,501)	38	2,971		Other assets
Allowance for doubtful accounts (investments and other)	(2,198)	-	2,198	-	-		
Total assets	608,650	-	(160)	11,375	619,865		Total assets

Translation for reference purpose only

(unit: million yen)

Presentation under Japanese GAAP	Japanese GAAP	Closing date adjustments	Reclassification	Effect of transition	IFRS	Notes	Presentation under IFRS
Liabilities							Liabilities
	-	-	1,425	6,684	8,110	(5)	Trade and other payables
Deposits by banking business	364,419	-	43	-	364,462		Deposits by banking business
Notes discounted	916	-	(916)	-	-		
	-	-	72,139	-	72,139		Bonds and borrowings
Current portion of bonds	111	-	(111)	-	-		
Short-term loans payable	9,798	-	(9,798)	-	-		
Current portion of long-term loans payable	18,733	-	(18,733)	-	-		
	-	-	8,642	(460)	8,182		Other financial liabilities
Income taxes payable	1,213	-	(7)	-	1,205		Income taxes payables
	-	-	2,013	114	2,128		Provisions
Other (current)	30,900	-	(30,900)	-	-		
Bonds payable	2,372	-	(2,372)	-	-		
Long-term loans payable	24,353	-	(24,353)	-	-		
Provision for loss on guarantees	352	-	(352)	-	-		
Net defined benefit liability	151	-	(151)	-	-		
Provision for loss on litigation	1,138	-	(1,138)	-	-		
	-	-	215	544	759		Deferred tax liabilities
Other (non-current)	2,525	-	4,195	242	6,963	(9)	Other liabilities
Total liabilities	456,987	-	(160)	7,125	463,952		Total liabilities
Net assets							Equity
Capital stock	53,630	-	-	-	53,630		Share capital
Capital surplus	53,716	-	168	(1,141)	52,743	(10)	Capital surplus
Retained earnings	49,499	-	-	5	49,504	(13)	Retained earnings
Treasury shares	(7,685)	-	-	-	(7,685)		Treasury shares
	-	-	(3,409)	5,500	2,091	(11)	Other components of equity
Valuation difference on available-for-sale securities	1,904	-	(1,904)	-	-		
Foreign currency translation adjustment	(5,343)	-	5,343	-	-		
Net defined benefit liability Remeasurements of defined benefit plans	30	-	(30)	-	-		
	145,752	-	168	4,363	150,284		Total equity attributable to owners of parent
Subscription rights to shares	168	-	(168)	-	-		
Non-controlling interests	5,742	-	-	(113)	5,628		Non-controlling interests
Total net assets	151,663	-	-	4,249	155,913		Total equity
Total liabilities and net assets	608,650	-	(160)	11,375	619,865		Total liabilities and equity

Translation for reference purpose only

Reconciliation of profit or loss and comprehensive income for the three month ended June 30, 2016

(unit: million yen)

Presentation under Japanese GAAP	Japanese GAAP	Closing date adjustments	Reclassifi-cation	Effect of transition	IFRS	Notes	Presentation under IFRS
Operating revenue	20,507	(229)	(119)	(551)	19,607	(3),(5),(12)	Operating revenue
Operating expenses	9,303	(345)	2,843	223	12,024	(2),(5),(7),(12)	Operating expenses
Operating gross profit	11,204	115	(2,962)	(774)	7,582		
Selling, general and administrative expenses	10,015	282	(2,904)	(583)	6,809	(6),(7),(9)	Selling, general and administrative expenses
	-	-	323	(0)	322		Other income
	-	-	187	8	196		Other expenses
Operating profit	1,189	(166)	78	(201)	899		Operating profit
Non-operating income	88	154	(243)	-	-		
Non-operating expenses	1,587	(23)	(1,563)	-	-		
Extraordinary income	195	(10)	(184)	-	-		
Extraordinary losses	158	(1)	(156)	-	-		
	-	-	39	-	39		Finance income
	-	-	1,411	-	1,411		Finance costs
Profit (loss) before income taxes	(271)	1	-	(201)	(471)		Profit (loss) before income taxes
Income taxes - current	615	30	(273)	(27)	345	(8)	Income taxes
Income taxes - deferred	(296)	22	273	-	-		
Profit (loss)	(591)	(51)	-	(173)	(816)		Loss
Other comprehensive income							Other comprehensive income
							Items that will not be reclassified to profit or loss
Remeasurements of defined benefit plans, net of tax	12	(24)	-	(8)	(19)		Remeasurements of defined benefit plans
	12	(24)	-	(8)	(19)		Total of items that will not be reclassified to profit or loss
							Items that may be reclassified subsequently to profit or loss
Foreign currency translation adjustment	(7,325)	(1,824)	-	691	(8,457)	(11)	Exchange differences on translation of foreign operations
Valuation difference on available-for-sale securities	4,665	56	-	0	4,722		Net change in fair values of available-for-sale financial assets
	(2,659)	(1,767)	-	691	(3,735)		Total of items that may be reclassified subsequently to profit or loss
Total other comprehensive income	(2,647)	(1,791)	-	683	(3,755)		Other comprehensive income, net of tax
Comprehensive income	(3,238)	(1,843)	-	509	(4,572)		Comprehensive income

Translation for reference purpose only

Reconciliation of profit or loss and comprehensive income as of March 31,2017
(The most recent consolidated financial statements prepared under Japanese-GAAP)

(unit: million yen)

Presentation under Japanese GAAP	Japanese GAAP	Closing date adjustments	Reclassification	Effect of transition	IFRS	Notes	Presentation under IFRS
Operating revenue	85,031	(3,560)	(834)	(513)	80,123	(3),(5),(12)	Operating revenue
Operating expenses	43,963	(2,700)	13,757	(5,232)	49,788	(2),(5),(7),(12)	Operating expenses
Operating gross profit	41,068	(860)	(14,592)	4,719	30,334		
Selling, general and administrative expenses	46,837	(1,537)	(14,341)	(3,238)	27,719	(6),(7),(9)	Selling, general and administrative expenses
	-	-	1,513	(89)	1,424		Other income
	-	-	2,700	20	2,721		Other expenses
Operating profit (loss)	(5,769)	677	(1,437)	7,846	1,317		Operating profit
Non-operating income	334	(10)	(324)	-	-		
Non-operating expenses	1,312	(77)	(1,235)	-	-		
Extraordinary income	1,335	(12)	(1,323)	-	-		
Extraordinary losses	2,948	(1)	(2,946)	-	-		
	-	-	282	-	282		Finance income
	-	-	1,377	-	1,377		Finance costs
	-	-	(2)	-	(2)		Share of profit (loss) of investments accounted for using the equity method
Loss before income taxes	(8,359)	733	-	7,846	220		Profit (loss) before income taxes
Income taxes - current	1,690	-	(359)	(44)	1,286	(8)	Income taxes
Income taxes - deferred	(368)	9	359	-	-		
Loss	(9,681)	723	-	7,891	(1,065)		Loss
Other comprehensive income							Other comprehensive income
							Items that will not be reclassified to profit or loss
Remeasurements of defined benefit plans	144	12	-	(6)	151		Remeasurements of defined benefit plans
	144	12	-	(6)	151		Total of items that will not be reclassified to profit or loss
							Items that may be reclassified subsequently to profit or loss
Foreign currency translation adjustment	(2,054)	(1,343)	-	3,998	600	(11)	Exchange differences on translation of foreign operations
Valuation difference on available-for-sale securities	1,800	61	-	(623)	1,237		Net change in fair values of available-for-sale financial assets
Share of other comprehensive income of entities accounted for using equity method	(0)	-	-	-	(0)		Available-for-sale financial assets
	(254)	(1,282)	-	3,375	1,838		Total of items that may be reclassified subsequently to profit or loss
Total other comprehensive income	(109)	(1,270)	-	3,369	1,989		Other comprehensive income, net of tax
Comprehensive income	(9,790)	(546)	-	11,260	923		Comprehensive income

Reconciliation of cash flows for the fiscal year ended March 31, 2017. (the most recent consolidated financial statements prepared under Japanese GAAP)

There are no material differences between the consolidated statement of cash flows that was disclosed in accordance with Japanese GAAP except that we made necessary adjustments related to account closing date difference between subsidiaries and that of the Company.

Notes to reconciliation

The details of the reconciliation of differences between Japanese GAAP and IFRS in the reconciliation tables above are mainly as follows:

[1] Adjustments to account closing date

Under Japanese GAAP, we prepared consolidated financial statements based on the financial statements as of the account closing date of the subsidiaries or entities using the equity method, even if the account closing date of subsidiaries or entities adopting the equity method was different from that of the Company. Under IFRS, however, different account closing date is not permitted unless impracticable. Accordingly, necessary adjustments were made. In addition, account closing differences between relevant subsidiaries and that of the Company was eliminated during the previous fiscal year.

[2] Reclassification

Reclassification applies to condensed consolidated quarterly statement of financial position, condensed consolidated quarterly statement of income and condensed consolidated quarterly statement of comprehensive income, and there is no effect on retained earnings.

The major reclassifications are as follows:

- Assets and liabilities are reclassified without the classification of “current” or “non current.”
- “Restricted deposits” and “long-term deposits,” which were included in “cash and deposits” under Japanese GAAP, were reclassified to “other financial assets” under IFRS, and “cash and deposits” under Japanese GAAP is presented as “cash and cash equivalents” under IFRS.
- “Allowance for doubtful accounts,” which was separately presented under Japanese GAAP, is reclassified by directly deducting the amount from “trade and other receivables,” “loans by banking business” and “other financial assets, and present the net amount under IFRS.
- Asset retirement obligation, which was included in “other non-current liabilities” under Japanese GAAP, is reclassified and presented as “provisions” under IFRS.
- Items presented as “non-operating income,” “non-operating expenses,” “extraordinary income” and “extraordinary loss” under Japanese GAAP are presented as “finance income” and “finance costs” for finance-related profit or loss under IFRS, and other items are presented as “other income,” and “other expenses.”
- “Assets held for sale” under IFRS is presented as “property, plant and equipment” or “investments and other assets” under Japanese GAAP.

[3] Impacts of IFRS transition

(1) Scope of consolidation

Under Japanese GAAP, special purpose companies (SPCs) which meet certain criteria are not considered subsidiaries. Under IFRS, however, the parent company shall consolidate such SPCs as an investment in subsidiaries, if it has a substantial control over them. The scope of consolidation has been accordingly expanded.

(2) Impairment losses on financial assets

Under Japanese-GAAP, if market value of available-for-sale securities significantly declines, the market value should equal balance sheet value unless there is a possibility of recovery, and the related valuation differences are recognized in losses during the period. For securities without market value, if their value in substance decreases dramatically stemming from the aggravation of financial conditions of the issuing companies, considerable reduction is made, and valuation differences are accounted for through losses during the period. Meanwhile, we categorize operating loans receivables and loans receivable, etc. into the following: (i) hard-to-recover receivables; (ii) doubtful receivables; and (iii) substandard receivables in accordance with debtors’ financial conditions and operation results and estimate the uncollectible amounts in consideration of the above category.

IFRS requires companies to assess whether there is objective evidence of quarterly impairment of financial assets (i.e. debtors’ default or deferred payment) or not.

- The impairment of loans and receivables is measured as the difference between the asset’s book value and the present value of the future cash flow discounted at the asset’s initial effective interest rate.
- The objective evidence of impairment regarding equity instruments categorized as available-for-sale financial asset includes significant or prolonged decline in fair value below its acquisition cost. Cumulative losses have been transferred from other comprehensive income to profit or loss if objective evidence of impairments is provided.

(3) Deferral of upfront fee

Under Japanese GAAP, a certain amount of upfront fees is received at loan execution, thereby revenue is recognized collectively at the time of the receipt.

On the other hand, under IFRS, once the upfront fee is recognized as the "integral part of effective interest rate," revenue (deferral of revenue) is recognized under the effective interest method.

(4) Classification of financial instruments

Under Japanese GAAP, securities are classified and measured according to their holding purposes while other financial assets are judged separately by their nature.

Under IFRS, pursuant to uniform provisions, financial assets are classified into the following 4 categories: (1) financial assets measured at fair value through profit or loss; (2) held-to-maturity investments; (3) loans and receivable; and (4) available-for-sale financial assets.

(5) Financial guarantee contracts

Under Japanese GAAP, it is not permitted to record guarantees initially at fair value on the balance sheet. However, provision for loss on guarantees is posted if possibilities of future losses are highly likely and that the amount can be reasonably estimated.

Under IFRS, financial guarantee contracts are measured at fair value at the time of initial contracts and subsequently measured at the higher of: (i) the best estimated expenditures required for the settlement of obligations arising from the financial guarantee contracts or (ii) the unamortized balance of the sum of provision for loss on guarantee.

(6) Adjustments of goodwill

Goodwill is amortized under Japanese GAAP, but not under IFRS. Due to this, goodwill amortization expensed in the previous fiscal year under Japanese GAAP is reversed.

(7) Adjustments arising from changes in depreciation methods of property, plant and equipment

JTG, in principle, used the declining balance method for the depreciation of property, plant and equipment, excluding leased assets under Japanese GAAP. However, in principle, the straight-line method is adopted under IFRS. To accommodate the said change, "operating expenses" and "selling, general and administrative expenses," in which depreciation was included, have been adjusted accordingly. Moreover, loss (gain) on sales of non-current assets, which was recorded based on the previous depreciation method, are adjusted. Moreover, "gain or loss on sales of fixed assets" has been recalculated. Acquisition tax of fixed assets, which was expensed under Japanese GAAP, is capitalized as assets.

(8) Re-examination of recoverability of Deferred Tax Assets

While tax effects due to the elimination of unrealized gain or loss was calculated using the effective tax rates of the company subject for sale under Japanese GAAP, effective tax rates of the company subject for purchase are used under IFRS.

The recoverability of deferred tax assets including temporary differences arising from the adjustment process between Japanese GAAP and IFRS is subject to review.

(9) Adjustments to paid vacation accrual

While there are no accounting processes applicable to "paid vacation accrual" under Japanese GAAP, it has been accounted for as personnel expenses, and "selling, general and administrative expense" and "other liabilities" are adjusted.

(10) Incidental costs for equity transaction

Direct issue fees of equity instruments is accounted for as loss under Japanese GAAP. On the other hand, direct issue fees of equity transaction (net of tax) is deducted directly from capital surplus under IFRS.

(11) Reclassification of cumulative translation difference of foreign operations

JTG has chosen the IFRS 1 exemption for First-time adoption of IFRS, and all cumulative translation differences as of the transition date are reclassified to retained earnings.

(12) Adjustments relating to operating revenue

Regarding transactions that JTG acted on behalf of another person or business and the sum of revenue and cost was presented under Japanese GAAP, the net amount is presented as "operating revenue" under IFRS.

(13) Adjustments to retained earnings

(unit: million yen)

	Notes	Date of transition to IFRS (April 1, 2016)	1Q FY2017 (June 30, 2016)	FY2017 (March 31, 2017)
Adjustments resulting from changes in the depreciation method for property, plant and equipment	(7)	55	46	23
Adjustments to goodwill	(6)	-	638	3,009
Adjustments to paid vacation accrual	(9)	(220)	(216)	(246)
Transfer of cumulative exchange differences on translation of foreign operations	(11)	(3,469)	(3,469)	(3,469)
Adjustments to recording allowance for doubtful accounts	(2)	(5,530)	(5,980)	(1,256)
Effects of applying the amortized cost method under the effective interest rates method	(2),(3)	1,836	1,540	1,034
Incidental cost of capital transactions	(10)	1,170	1,170	1,170
Adjustments to non-controlling interests		10	(23)	32
Other		(290)	(351)	(292)
Total		(6,437)	(6,643)	5