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Consolidated Financial Results
For the Fiscal Year Ended March 31, 2018 (IFRS)

May 14, 2018

Company name: J Trust Co., Ltd. Stock exchange: Tokyo Stock Exchange
URL: https://www.jt-corp.co.jp/en/ Securities code: 8508
Representative: Nobuyoshi Fujisawa, Representative Director, President & CEO
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Telephone: +81-3-4330-9100
Scheduled date of ordinary general meeting of shareholders: June 27, 2018
Scheduled date of commencement of dividend payment: June 28, 2018
Scheduled date of filing of annual securities report: June 28, 2018
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 fiscal year ended March 31, 2018 (April 1, 2017 - March 31, 2018)

1. Consolidated operating results (% indicates year-on-year changes)

	Operating revenue		Operating profit		Profit before income taxes		Profit		Profit attributable to owners of parent		Total comprehensive income	
Fiscal year ended	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Mar. 31, 2018	76,266	14.8	2,355	288.3	416	-	77	-	(731)	-	(3,830)	-
Mar. 31, 2017	66,453	-	606	-	(433)	-	(1,065)	-	(1,270)	-	923	-

	Basic earnings per share	Diluted earnings per share	Ratio of profit to equity attributable to owners of parent	Ratio of profit before income taxes to total assets	Ratio of operating profit to operating revenue
Fiscal year ended	yen	yen	%	%	%
Mar. 31, 2018	(7.11)	(7.11)	(0.5)	0.1	3.1
Mar. 31, 2017	(11.94)	(11.94)	(0.8)	(0.1)	0.9

Note: Share of profit (loss) of investments accounted for using the equity method
Fiscal year ended Mar. 31, 2018: (12) million yen
Fiscal year ended Mar. 31, 2017: (2) million yen

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	Equity per share attributable to owners of parent
As of	million yen	million yen	million yen	%	yen
Mar. 31, 2018	656,961	150,776	144,366	22.0	1,401.64
Mar. 31, 2017	619,865	155,913	150,284	24.2	1,459.94

3. Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	million yen	million yen	million yen	million yen
Mar. 31, 2018	4,581	(7,603)	7,798	84,723
Mar. 31, 2017	(12,413)	(4,468)	10,612	80,666

II. Dividends

	Annual dividends					Total dividends	Dividend payout ratio (consolidated)	Ratio of total amount of dividends to equity attributable to owners of parent (consolidated)
	1Q end	2Q end	3Q end	Fiscal year end	Total			
Fiscal year ended	yen	yen	yen	yen	yen	million yen	%	%
Mar. 31, 2017	-	6.00	-	6.00	12.00	1,235	-	0.8
Mar. 31, 2018	-	6.00	-	6.00	12.00	1,235	-	0.8
Fiscal year ending Mar. 31, 2019 (Forecast)	-	6.00	-	6.00	12.00		23.2	

III. Consolidated financial forecasts for the fiscal year ending March 31, 2019 (April 1, 2018 - March 31, 2019)

(% 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	83,378	9.3	7,073	200.3	5,318	-	51.64

(Notes)

(1) Changes in significant 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 Mar. 31, 2018	112,596,710 shares
As of Mar. 31, 2017	112,536,970 shares

(ii) Number of treasury shares

As of Mar. 31, 2018	9,598,396 shares
As of Mar. 31, 2017	9,598,184 shares

(iii) Average number of shares during the period

Fiscal year ended Mar. 31, 2018	102,969,490 shares
Fiscal year ended Mar. 31, 2017	106,405,816 shares

✓ This report is not subject to audit by certified public accountants or audit firms.

✓ 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. Overview of operating results (4) Forecasts” in the attached document on Page 7 shows the assumptions and premises on which the financial forecast is based.

2. Supplemental materials will be posted on the J Trust website (https://www.jt-corp.co.jp/en/). Earnings presentation for institutional investors is planned on May 15, 2018. Video and materials of the presentation will be available on the J Trust website afterwards.

3. J Trust Group voluntarily adopted International Financial Reporting Standards (IFRS) from fiscal year ended March 31, 2018. Operating results for the fiscal year ended March 31, 2017 are also presented under IFRS.

Table of Attached Document

I. Overview of operating results

(1) Overview of operating results for the current fiscal year

J Trust Group (hereinafter, "the Group") adopted International Financial Reporting Standards (hereinafter, "IFRS") from the current fiscal year ended March 31, 2018. Figures for the fiscal year ended March 31, 2017, previously disclosed under Japanese GAAP, are reclassified and presented under IFRS for comparative analysis.

During the current fiscal year, the Group sold all shares in ADORES, Inc., (hereinafter "ADORES") that operated the following businesses: (i) general entertainment; (ii) real estate; and (iii) foreign currency exchange as other business, and excluded ADORES from the scope of consolidation.

IFRS requires the business transferred in the current fiscal year to be classified as discontinued operations. Accordingly, "Operating revenue" and "Operating profit" appear in the Company's financial statements for two fiscal years ended March 31, 2017 and March 31, 2018 present the amounts from continuing operations, excluding discontinued operations.

During the current fiscal year ended March 31, 2018, the world economy continued to recover moderately with increased profit opportunities led by the strong U.S. and Chinese economies. The prospects of the global economy, however, remain uncertain mainly due to concerns over Brexit in Europe, unsteady policy management in the U.S. and geopolitical risks in East Asia despite North Korea's shift toward conciliatory stance with the 2018 Winter Olympics. Meanwhile, the Japanese economy continued to recover moderately as exhibited in improvements in corporate revenue, employment and income owing to the successful implementation of the government measures to restore the economy. In Asia, the South Korean economy stayed on a solid growth path backed by booming exports and capital investments in the semiconductor industry and a jump in construction investments with housing investment and Olympics-related infrastructure projects as driving forces. Meanwhile, the Indonesian economy maintained its benign path of gradual growth driven by: (i) rapid growth in government consumption and fixed capital investments including capital/construction investment; and (ii) continued upturn in personal consumption and private-sector investment propelled by government spending and monetary easing.

In this economic environment, we consider it inevitable to transform our business in anticipation of changes in the global and Japanese economies. We have been 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. During the current fiscal year ended March 31, 2018, we continued to work toward the improvement of corporate value and reinforcement of operational bases proactively at home and abroad to achieve sustainable profit expansion centering on core banking service.

(i) Domestic business development

In May 2017, Nihon Hoshou Co., Ltd. (hereinafter, "Nihon Hoshou") concluded a new credit guarantee contract with The Taisho Bank, Ltd. Additionally, Nihon Hoshou started guarantee for a new collaborative loan product provided by The Saikyo Bank, Ltd, called *Overseas Real Estate Secured Loans* in December 2017 and has reinforced efforts to expand geographical areas to provide guarantee services. Moreover, aiming to spur regional economies, Nihon Hoshou has newly partnered with real estate and railway companies, as well as a reginal financial institution since March 2018. With these tie-ups, we strive to develop new products and services.

Meanwhile, KeyHolder, Inc. (hereinafter, "KeyHolder")(*) shifted to a holding company structure on October 1, 2017 to pursue organizational restructuring in a timely manner through proactive M&A and optimal allocation of management resources within KeyHolder Group (**). In March 2018, Key Holder sold all shares in ADORES, Inc. (hereinafter, "ADORES"), (***) which played a key role in its general entertainment business, to WIDE LEISURE while KeyHolder resolved to initiate live entertainment business and television program production business to contribute to performance and value of the KeyHolder Group going forward.

*Previously known as ADORES, Inc. Corporate name change date: October 1, 2017.

**KeyHolder and its subsidiaries are collectively called "KeyHolder Group".

***Previously known as ADORES Company Split Preparation, Inc. Corporate name change date: October 1, 2017.

(ii) Business development in South Korea

In Savings bank business, South Korean financial authorities have introduced regulations on household loan balances. This results in sluggish growth in the number, amount of new disbursement and balances of loans by banking business. As a measure of minimizing its impact on the revenue front, we have reshuffled loan portfolios to focus increasingly on prime customers and business loans with renewed screening criteria. We will develop a variety of measures including start of credit guarantee for transferred loan receivables and new guarantee models to explore new revenue sources in addition to interest on loans.

In receivable collection business, South Korean regulators have applied tougher guidelines for savings banks and capital companies on provisions of allowance for doubtful accounts. The move is expected to spur NPL (non-performing loan) sales in the market to secure profits and help our business expansion through receivable purchases.

(iii) Business development in Southeast Asia

In Indonesia, PT Bank JTrust Indonesia Tbk. (hereinafter, “Bank JTrust Indonesia”) has put priority on reinforcing its revenue base by: (i) reducing the average deposit interest rate through improving CASA ratio (ratio of current account and savings account against total deposit balance) on the deposit side; and (ii) increasing the average lending rates in an effort to beef up net interest income through reshuffling its loan portfolio by reducing large-sized (around 1 billion yen) low-interest corporate loans, and increasing medium loans of 100 to 500 million yen on the lending side. In January 2018, Bank JTrust Indonesia concluded a collaboration agreement with Shikoku Bank, Ltd. to proactively assist Japanese companies enter the Indonesian market through provision of information, business matching support and various financial services.

In Investment business, JTRUST ASIA PTE. LTD. (hereinafter, “JTA”), based in Singapore, invests in warrants and shares of Group Lease PCL (incorporated in the Kingdom of Thailand; listed on the Stock Exchange of Thailand; hereinafter, “GL”), the digital finance firm in the ASEAN market, as a part of its investment. JTA also takes a 20% stake in PT Group Lease Finance Indonesia (hereinafter, “GLFI”), a multi-finance company established by GL in Indonesia.

Between June 2016 and March 2017, JTA subscribed for GL’s convertible debentures amounting to 180 million U.S. dollars pursuant to two Investment Agreements. JTA cancelled the Investment Agreements and demanded GL to return its investment following the announcement made by the Securities and Exchange Commission of Thailand (SEC) on October 16, 2017 that SEC had filed a criminal complaint against Mr. Mitsuji Konoshita (hereinafter, “Mr. Konoshita”), the previous Chief Executive Officer of GL, with the Department of Special Investigation (DSI) of the Ministry of Justice of Thailand, for committing fraud, misappropriating the company’s assets and falsifying accounting records by executing concealed transactions through several associated companies abroad to exaggerate the company’s operating results.

Notwithstanding these, GL responded that it is of the view that JTA could not cancel the Investment Agreements or demand GL to repay its investment. JTA pursues the following actions in Thailand: (i) JTA filed a civil complaint to demand for the return of investment amounts and to claim compensation for damages caused by the cancellation of the Investment Agreements (including the shares after conversion) against Mr. Konoshita, GL and its relevant directors; (ii) JTA filed a business reorganization petition against GL but the court dismissed the petition for the business reorganization of GL; recently, JTA has submitted an appeal to the Court's dismissal order and (iii) JTA filed a criminal complaint against GL, Mr. Konoshita and relevant persons. Separately, in Singapore: (i) JTA filed a civil complaint in the tort of unlawful means conspiracy and claimed damages against Mr. Konoshita, Group Lease Holdings Pte Ltd (the subsidiary of GL incorporated in Singapore; hereinafter, "GLH") and other entities; and (ii) JTA filed an appeal against the court decision setting aside the freezing order that JTA had previously obtained against GLH, Mr. Konoshita and another entity incorporated in Singapore. In the British Virgin Islands and the Republic of Cyprus, JTA obtained worldwide freezing orders against Mr. Konoshita and related entity (entities), which currently remain in effect, respectively.

(iv) Other

The Group adopted IFRS from the fiscal year ended March 31, 2018 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.

As a result, operating revenue for the fiscal year ended March 31, 2018 was 76,266 million yen (up 14.8% year on year) This is due to steady financial businesses in Japan and South Korea as well as the recording of revenue from a change in the classification of receivables resulting from the cancellation of convertible debenture of GL. Meanwhile, operating profit was 2,355 million yen (up 288.3% year on year) mainly due to a rise in operating revenue, despite the recording of impairment loss on GL shares and valuation loss on the derivative component of convertible debentures. Loss attributable to owners of parent was 731 million yen (loss attributable to owners of parent of 1,270 million yen during the same period of the previous fiscal year) because of the recording of foreign exchange losses.

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

[1] Domestic financial business

(Credit guarantee services)
Credit guarantee services are handled by Nihon Hoshou. Nihon Hoshou's focus is on credit guarantee for real estate related loans. It began offering credit guarantees for *Real Estate-Backed Card Loan (Reverse Mortgage Type)* and *Overseas Real Estate Secured Loan* in addition to a syndicated Flat 35 rental housing loan in partnership with a major housing developer, Flat 35 loan agencies and others, boosting credit guarantee balances briskly. The number of partner regional financial institutions increased to seven as of the end of March 2018 and it aims to further expand guarantee services and tie-up loan products.
As a result, the balance of credit guarantee was 141,881 million yen (up 65.0% year on year) at the end of the current fiscal year. The breakdown was 16,168 million yen in credit guarantees on unsecured loan (up 9.0% year on year) and 125,712 million yen in credit guarantees on secured loan (up 76.7% year on year) due to 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&A of other servicers on the strength of our superior collection capability. Also, we will reinforce collection of corporate loans receivables and provide corporate revitalization services.
As a result, the balance of purchased receivables was 13,000 million yen (up 9.8% year on year) at the end of the current fiscal year.

(Credit and consumer credit services)
Credit and consumer credit services are handled by J TRUST Card Co., Ltd. In fact, we no longer handle unsecured loan anew except cash advances. On the other hand, we strive to secure an adequate level of earnings by focusing on third-party sales credit business including installment sales and credit card shopping. The balance of advances paid – installment declined impacted by the recent drop in business volume and increases in collection amounts. As a result, the balance of advances paid – installment was 2,274 million yen (down 16.8% year on year) at the end of the current fiscal year.

(Other financial services)
Other financial services in Japan are mainly handled by Nihon Hoshou. The loan balance has declined consistently with a shift of our attention to real estate related credit guarantee services.
As a result, the loan balance at the end of the current fiscal year was 820 million yen (down 11.7% year on year) in commercial notes and 2,514 million yen (down 23.2% year on year) in accounts receivable – operating loans.

In summary, operating revenue in domestic financial business decreased to 9,129 million yen (down 7.0% year on year) due to the recording of book value adjustment losses in purchased receivables, and segment profit was 4,167 million yen (down 25.3%year on year), which was partly compensated by sound growth in interest on loans and guarantee commission.

[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. (hereinafter, "JT Capital") provides installment financing and leasing services. Having established operational

bases as a comprehensive financial group, we will expand business through organic collaboration of each business entity to realize best possible synergies within the Group. Recently, financial authorities have tightened regulations almost every year. Given such environment, two savings banks will increasingly focus on disbursing loans to prime customers with higher credit ratings through renewed screening criteria and increasing corporate loans, thereby achieving loan quality improvement through portfolio transformation. Loans by banking business increased with a growing number and the amount of new loan contracts thanks to effective sales strategies and marketing efforts. Meanwhile, accounts receivable – operating loans declined due to JT Capital's transfer of consumer credit loans receivable to abide by the regulation of consumer credit loan limits under the revised Specialized Credit Finance Business Act effective September 2016. Even under revised regulations, the balance has expanded thanks to growing business loans.

As a result, the loan balance grew favorably at the end of the current fiscal year. In savings bank business, loans by banking business were 266,996 million yen (up 11.9% year on year). In capital business, accounts receivable – operating loans at JT Capital and TA Asset Management Co., Ltd. totaled 60,971 million yen (up 31.0% year on year), boosted by increases in secured loans (real estate, government-backed loans, etc.) and loans to large corporations.

(Collection of accounts receivable 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 its distinctive collection ability.

As a result, the balance of purchased receivables stood at 2,558 million yen (up 26.1% year on year) at the end of the current fiscal year.

In summary, operating revenue in Financial Business in South Korea was 35,857 million yen (up 22.9% year on year), and segment profit was 3,555 million yen (up 11.2% year on year) at the end of the current fiscal year.

[3] Financial business in Southeast Asia

(Banking business)

Bank JTrust Indonesia conducts banking operations in Indonesia. With established operational bases, the bank made a shift to the structure that can generate profit based on primary banking services. During the current fiscal year, Bank JTrust Indonesia took various measures to fortify revenue bases such as an increase in loan assets, faster disposal of non-performing loans and greater emphasis on small-lot/retail loan assets. Also, the bank replaced the core banking system. The new system will allow the bank to enhance customer services/convenience, diversify internet banking services and improve its revenue structure. We will vigorously manage and collect receivables with stricter loan exposure management.

As a result, the balance of loans by banking business almost unchanged at 90,783 million yen (up 1.3% year on year) at the end of the current fiscal year. This is in line with our move to shift from large-lot loan to small-lot/retail loan for loan portfolio reshuffling. It proved successful in loan quality improvement.

(Collection of accounts receivable)

PT JTRUST INVESTMENTS INDONESIA (hereinafter, "JTII") conducts collection of accounts receivable business in Indonesia. The balance of purchased receivables assigned from Bank JTrust Indonesia in October 2015 stood at 773 million yen (down 71.0% year on year) due to favorable progress in the collection and book value adjustment losses recorded during the current fiscal year. We will increase earnings by facilitating collection through measures such as prompt disposal of collateralized assets and business rehabilitation.

As a result, operating revenue in Financial Business in Southeast Asia declined to 13,578 million yen (down 5.2% year on year) due to the following: (i) Bank JTrust Indonesia lowered deposit interest; (ii) banking business revenue went up by reshuffling loan portfolio, achieving higher net interest income; and (iii) book value adjustment losses on purchased receivables were recorded at JTII. Meanwhile, segment profit increased to 1,545 million yen (segment loss of 3,980 million yen during the same period of the previous fiscal year). Contributing factors are: (i) smaller provision of allowance for doubtful accounts resulting from stricter receivable management and collection; and (ii) a reduction in other expenses due to the absence of business structure improvement expenses, which was posted in the previous fiscal year. In summary, the segment finished in the black for the first time in full year.

[4] General entertainment business

Highlights Entertainment Co., Ltd. develops, produces and sells computer systems for amusement machines and their peripheral equipment. Sales and profits of Highlights Entertainment Co., Ltd. were stagnant because it adopted a rental method in addition to the outright sales for new amusement machines, delaying the timing of revenue recognition. Meanwhile, in April 2018, KeyHolder Group set up subsidiaries, one of which is related to live entertainment business and the other is related to television production business to create a new main source of revenue following ADORES' sale. KeyHolder Group endeavors to expand its scope of business going forward.

As a result, operating revenue in general entertainment business was 1,944 million yen (down 6.2% year on year) and segment loss was 2,403 million yen (segment loss of 856 million yen during the same period of the previous fiscal year) mainly because it adopted rental sales for new amusement machines, delaying the timing of revenue recognition than the outright sale of the machines.

[5] Real estate business

Keynote Co., Ltd. (hereinafter, "Keynote") mainly handles real estate business and KeyHolder operates real estate asset business. The number of transactions for detached housings handled by Keynote increased along with the expansion of marketing areas. It, however, struggled to grow profit, faced by headwinds from higher land prices and construction-related personnel costs. Keynote continuously seeks business expansion by reinforcing marketing capabilities at respective branches. Meanwhile, real estate asset business enjoyed solid growth due to a steady rent income from company-owned properties. We will further expand revenue by acquiring new real estate while engaging in management and possession of income properties.

As a result, operating revenue in real estate business was 6,968 million yen (up 11.0% year on year), and segment profit was 659 million yen (up 37.3% year on year).

[6] Investment business

JTA mainly conducts investment business and provides management support for investees. JTA will continue to proactively invest in projects that can generate maximum synergies in Asia, which is projected to sustain prominent growth momentum. We will sustain efforts to proactively pursue M&A by establishing a new company or acquiring an existing company to expand our operational bases.

As a result, operating revenue in investment business increased to 7,576 million yen (up 165.5% year on year), because we recorded revenue from a change in classification of receivables associated with the cancellation of convertible debentures of GL. Meanwhile, segment loss increased to 2,852 million yen (segment loss of 198 million yen during the same period of the previous fiscal year) due to the recording of impairment loss on GL shares and the valuation loss on the derivative component of cancelled GL convertible debentures.

[7] Other business

J Trust System Co., Ltd. provides system development, operation and management of computers for the Group, and Keynote constructs commercial facilities. Keynote continues to boost sales by winning construction design orders using its key strengths. Going forward, Keynote aggressively works for winning design/construction orders for commercial facilities and highly profitable orders by further developing design and marketing skills.

As a result, operating revenue in other business was 2,024 million yen (down 27.0% year on year). It decreased from the previous fiscal year in which Keynote recorded sales for large-lot construction projects in the commercial facility construction business. Segment profit was 57 million yen (segment loss of 82 million yen during the same period of the previous fiscal year).

(2) Overview of financial position for the current fiscal year

Assets grew by 37,095 million yen to 656,961 million yen from the end of the previous fiscal year. Major factors are as follows: Property, plant and equipment including stores declined by 2,594 million yen due to sale of shares in ADORES, Inc. Leasehold deposits and guarantee deposits decreased by 4,760 million yen, whereas loans by banking business rose by 31,920 million yen, and trade and other receivables increased by 14,307 million yen boosted by a rise in operating loans receivable.

Liabilities rose by 42,232 million yen to 506,184 million yen from the end of the previous fiscal year. This is mainly due to an increase of 39,046 million yen in deposits by banking business.

Equity decreased by 5,136 million yen to 150,776 million yen from the end of the previous fiscal year. Major factors are as follows: (i) retained earnings dropped by 1,949 million yen through paying dividends of surplus of 1,235 million yen; and (ii) other components of equity were down by 3,945 million yen accompanying a decrease in foreign currency translation adjustment.

(3) Status of Cash Flows for the current fiscal year

Consolidated Cash and cash equivalents (hereinafter, “Funds”) at the end of the current fiscal year were up by 4,057 million yen to 84,723 million yen (up 5.0% year on year) from the end of the previous fiscal year as a result of the following: Funds decreased with factors such as net increase in loans by banking business and purchase of marketable securities for banking business. Meanwhile, Funds increased with factors such as increase in deposits by banking business and proceeds from sale of marketable securities for banking business.
The following is an overview of cash flows during the current fiscal year with relevant factors.

(Cash flows from operating activities)
Funds ended in an increase of 4,581 million yen (a decrease of 12,413 million yen during the same period of the previous year). Major factors to reduce Funds were net increase in loans by banking business of 42,789 million yen and income taxes paid of 2,231 million yen. On the other hand, factors to boost Funds were increase in deposits by banking business of 49,354 million yen.

(Cash flows from investing activities)
Funds ended in a decrease of 7,603 million yen (a decrease of 4,468 million yen during the same period of the previous year). Funds decreased mainly because purchase of marketable securities for banking business of 106,170 million yen exceeded proceeds from sale of marketable securities for banking business of 97,229 million yen.

(Cash flows from financing activities)
Funds ended in an increase of 7,798 million yen (a decrease of 26.5% year on year). Major factors are as follows: Funds declined mainly due to net decrease in long-term borrowings of 1,087 million yen and dividends paid of 1,235 million yen. On the other hand, Funds boosted due to net increase in short-term bonds payable of 5,915 million yen and net increase in short-term borrowings of 4,112 million yen, respectively.

(4) Forecasts

Aiming for realizing stronger operational bases and sustainable growth, the Group has been expanding business in Asia, which is seen maintaining prominent economic potential, to optimize synergy through our networking. For the next fiscal year, we will remain committed to pursuing sustainable profit expansion centering on the banking business.

Financial Business in South Korea recorded continuous growth, supported by the well-established infrastructure to offer comprehensive financial services even in the slowing economy. We achieved a full-year surplus for the third consecutive year with steady accumulation in operating assets. In the savings bank industry in South Korea, we are poised to secure profit from banking business, which is projected to continue sustainable expansion, while adapting flexibly to stricter financial regulations revised almost every year. For the next fiscal year, we anticipate stricter regulations on the household loan balances, higher reserve ratios for allowance for doubtful accounts and the planned adoption of IFRS 9 “Financial Instruments”. To counter this, we will focus on: (i) improving loan quality by reshuffling its portfolio; (ii) targeting customers with higher credit quality by renewal of screening criteria; (iii) increasing corporate loans; and (iv) developing new products by leveraging each group entity’s distinctive strength. We will expand revenue by seeking quantitative expansion and qualitative enhancement of operating assets through effective sales strategies including marketing and branding.

Meanwhile, with a solid business foundation, Financial Business in Southeast Asia has been transformed into a structure to generate profit from its primary banking services. For the next fiscal year, we will employ differentiation strategies to boost loan assets. We will facilitate lending/screening process, diversify products, promote “Japan Brand,” explore relevant markets and deploy business centers as a sales base to increase loan volume. In personnel management, our action plan includes the following: reinforcement of sales force skills through rigorous performance-based evaluation, optimal staff deployment; and stronger compliance structures.
Additionally, the Group set a goal of capturing a dominant position in the retail finance market in first-growing Southeast Asia. Toward this end, we will build a successful model in Indonesia, replicating the model in neighboring countries/regions in succession, and proactively conduct M&A of banking and deposit-taking finance businesses. Furthermore, the Group aims to grow with local communities for mutual prosperity by providing customers high

value-added financial services while placing compliance and governance at the core of management.

Considering the above factors, we estimate operating revenue of 83,378 million yen, operating profit of 7,073 million yen, and profit attributable to owners of parent of 5,318 million yen for the next fiscal year (from April 1, 2018 to March 31, 2019).

Applicable exchange rates for the above are 82.82 yen per Singapore Dollar, 0.092 yen per South Korean Won and 0.0086 yen per Indonesian Rupiah.

II. Basic Policy on selection of accounting standards

The Group adopted IFRS from the fiscal year ended March 31, 2018 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.

III. Consolidated financial statements and significant notes thereto

(1) Consolidated statement of financial position

(unit: million yen)

	Notes	IFRS transition date April 1, 2016	As of March 31, 2017	As of March 31, 2018
Assets				
Cash and cash equivalents		87,137	80,666	84,723
Trade and other receivables		74,875	78,416	92,723
Marketable securities for banking business		26,198	30,459	37,159
Loans by banking business		218,885	311,480	343,400
Operational investment securities		13,057	21,494	3,242
Marketable securities		970	144	208
Other financial assets		33,017	38,066	46,300
Investments accounted for using the equity method		-	168	144
Inventories		4,382	6,848	6,937
Assets held for sale		933	4,199	1,807
Property, plant and equipment		5,823	5,622	3,028
Investment Property		2,919	2,249	610
Goodwill		32,517	32,140	29,578
Intangible assets		3,905	3,459	3,087
Deferred tax assets		1,726	1,476	1,502
Other assets		2,421	2,971	2,505
Total assets		508,772	619,865	656,961
Liabilities				
Trade and other payables		6,589	8,110	9,811
Deposits by banking business		271,496	364,462	403,509
Bonds and borrowings		52,825	72,139	78,727
Other financial liabilities		5,565	8,182	5,272
Income taxes payable		768	1,205	629
Provisions		1,940	2,128	353
Deferred tax liabilities		1,361	759	850
Other liabilities		5,766	6,963	7,029
Total liabilities		346,313	463,952	506,184
Equity				
Share capital		53,616	53,630	53,638
Capital surplus		51,581	52,743	52,713
Treasury shares		(406)	(7,685)	(7,685)
Other components of equity		132	2,091	(1,854)
Retained earnings		52,196	49,504	47,555
Total equity attributable to owners of parent		157,121	150,284	144,366
Non-controlling interests		5,336	5,628	6,409
Total equity		162,458	155,913	150,776
Total liabilities and equity		508,772	619,865	656,961

(2) Consolidated statement of profit or loss and consolidated statement of comprehensive income

(Consolidated statement of profit or loss)

(unit: million yen)

	Notes	From April 1, 2016 to March 31, 2017	From April 1, 2017 to March 31, 2018
Continuing operations			
Operating revenue		66,453	76,266
Operating expenses		38,116	50,224
Selling, general and administrative expenses		26,431	25,493
Other income		1,254	2,258
Other expenses		2,552	451
Operating profit		606	2,355
Finance income		282	47
Finance costs		1,320	1,974
Share of profit (loss) of investments accounted for using the equity method		(2)	(12)
Profit (loss) before income taxes		(433)	416
Income taxes		1,136	1,015
Profit (loss) from continuing operations		(1,570)	(598)
Discontinued operations			
Profit from discontinued operations		504	676
Profit (loss)		(1,065)	77
Profit (loss) attributable to:			
Owners of parent		(1,270)	(731)
Non-controlling interests		204	809
Profit (loss)		(1,065)	77
Earnings (loss) per share (attributable to owners of parent)			
Basic earnings (loss) per share (Yen)			
Continuing operations		(14.06)	(7.69)
Discontinued operations		2.12	0.58
Total		(11.94)	(7.11)
Diluted earnings (loss) per share (Yen)			
Continuing operations		(14.06)	(7.69)
Discontinued operations		2.12	0.58
Total		(11.94)	(7.11)

(Consolidated statement of comprehensive income)

(unit: million yen)

	Notes	From April 1, 2016 to March 31, 2017	From April 1, 2017 to March 31, 2018
Profit (loss)		(1,065)	77
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans		151	(52)
Total of items that will not be reclassified to profit or loss		151	(52)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		600	(2,987)
Net change in fair values of available-for-sale financial assets		1,237	(857)
Share of other comprehensive income of investments accounted for using the equity method		(0)	(11)
Total of items that may be reclassified subsequently to profit or loss		1,838	(3,855)
Other comprehensive income, net of tax		1,989	(3,908)
Comprehensive income		923	(3,830)
Comprehensive income attributable to:			
Owners of parent		688	(4,677)
Non-controlling interests		235	847
Comprehensive income		923	(3,830)

Translation for reference purposes only

(3) Consolidated statement of changes in equity

(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)		-	-	-	-	(1,270)	(1,270)	204	(1,065)
Other comprehensive income		-	-	-	1,958	-	1,958	30	1,989
Total comprehensive income		-	-	-	1,958	(1,270)	688	235	923
Issuance of new shares		13	13	-	-	-	27	-	27
Dividends of surplus		-	-	-	-	(1,401)	(1,401)	-	(1,401)
Purchase of treasury shares		-	-	(7,279)	-	-	(7,279)	-	(7,279)
Other		-	0	-	-	(20)	(19)	-	(19)
Total contributions by and distributions to owners		13	14	(7,279)	-	(1,421)	(8,672)	-	(8,672)
Changes in ownership interest in subsidiaries		-	1,147	-	-	-	1,147	142	1,290
Dividends to non-controlling interests		-	-	-	-	-	-	(79)	(79)
Other		-	-	-	-	-	-	(6)	(6)
Total changes in ownership interest in subsidiaries		-	1,147	-	-	-	1,147	57	1,204
Total transactions with owners		13	1,161	(7,279)	-	(1,421)	(7,525)	57	(7,468)
Balance as of March 31, 2017		53,630	52,743	(7,685)	2,091	49,504	150,284	5,628	155,913
Profit (loss)		-	-	-	-	(731)	(731)	809	77
Other comprehensive income		-	-	-	(3,945)	-	(3,945)	37	(3,908)
Total comprehensive income		-	-	-	(3,945)	(731)	(4,677)	847	(3,830)
Issuance of new shares		8	8	-	-	-	16	-	16
Dividends of surplus		-	-	-	-	(1,235)	(1,235)	-	(1,235)
Purchase of treasury shares		-	-	(0)	-	-	(0)	-	(0)
Other		-	(24)	-	-	17	(7)	-	(7)
Total contributions by and distributions to owners		8	(16)	(0)	-	(1,218)	(1,226)	-	(1,226)
Changes in ownership interest in subsidiaries		-	-	-	-	-	-	(0)	(0)
Dividends to non-controlling interests		-	-	-	-	-	-	(79)	(79)
Other		-	(13)	-	-	-	(13)	13	(0)
Total changes in ownership interest in subsidiaries		-	(13)	-	-	-	(13)	(66)	(79)
Total transactions with owners		8	(29)	(0)	-	(1,218)	(1,240)	(66)	(1,306)
Balance as of March 31, 2018		53,638	52,713	(7,685)	(1,854)	47,555	144,366	6,409	150,776

(4) Consolidated statement of cash flows

(unit: million yen)

	Notes	From April 1, 2016 to March 31, 2017	From April 1, 2017 to March 31, 2018
Cash flows from operating activities			
Profit (loss) before income taxes		(433)	416
Profit (loss) before tax from discontinued operations		653	941
Depreciation and amortization		2,636	2,456
Impairment losses		365	220
Interest and dividend income		(46,667)	(53,986)
Interest expenses		14,526	16,833
Other (profit) loss		2,649	(371)
Decrease (increase) in trade and other receivables		(10,805)	(11,644)
Increase (decrease) in deposits by banking business		86,236	49,354
Net decrease (increase) in loans by banking business		(87,500)	(42,789)
Decrease (increase) in investment securities for sale		(6,619)	3,615
Increase (decrease) in trade and other payables		4,548	353
Other		(3,018)	1,180
Subtotal		(43,428)	(33,418)
Interest and dividends received		46,530	56,177
Interest paid		(13,310)	(16,595)
Income taxes paid		(1,922)	(2,231)
Income taxes refund		1,491	649
Business structure improvement expenses paid		(1,772)	-
Net cash provided by (used in) operating activities		(12,413)	4,581
Cash flows from investing activities			
Purchase of investments accounted for using equity method		(171)	-
Decrease (increase) in time deposits		721	188
Purchase of property, plant and equipment, and investment property		(1,843)	(1,474)
Proceeds from sales of property, plant and equipment, and investment property		1,162	270
Purchase of intangible assets		(1,537)	(794)
Purchase of marketable securities for banking business		(102,457)	(106,170)
Proceeds from sale of marketable securities for banking business		73,739	97,229
Proceeds from redemption of marketable securities for banking business		24,984	984
Proceeds from acquisition of subsidiaries		46	-
Proceeds from sale of subsidiaries		100	2,474
Payments for sales of shares of subsidiaries		-	(49)
Other		785	(263)
Net cash provided by (used in) investing activities		(4,468)	(7,603)

(unit: million yen)

	Notes	From April 1, 2016 to March 31, 2017	From April 1, 2017 to March 31, 2018
Cash flows from financing activities			
Net increase (decrease) in notes discounted		(464)	(96)
Net increase (decrease) in short-term borrowings		(4,635)	4,112
Net increase (decrease) in short-term bonds payable		14,959	5,915
Repayments of long-term borrowings		(10,751)	(18,938)
Proceeds from long-term borrowings		26,189	17,850
Redemption of bonds		(7,446)	(6,577)
Proceeds from issuance of bonds		470	7,060
Repayments of lease obligations		(352)	(233)
Payments for purchase of treasury shares		(7,279)	(0)
Proceeds from exercise of employee share options		15	8
Dividends paid		(1,401)	(1,235)
Dividends paid to non-controlling interests		(79)	(79)
Proceeds from partial sales of interests in subsidiaries to non-controlling interests		1,345	-
Other		43	11
Net cash provided by (used in) financing activities		10,612	7,798
Net increase (decrease) in cash and cash equivalents		(6,269)	4,776
Cash and cash equivalents at beginning of period		87,137	80,666
Effect of exchange rate changes on cash and cash equivalents		(201)	(718)
Cash and cash equivalents at end of period		80,666	84,723

(5) Notes to consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Segment information)

1. Overview of reportable segments

The Group'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.

The Group 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 banking 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" develops, produces and sells computer systems for amusement machines and their peripheral equipment. "Real estate business" mainly handles purchase & sale of detached housing and other properties, and real estate asset business. "Investment business" is investment at home and overseas.

During the current fiscal year, the Group classified its general entertainment business (amusement arcades and other facilities) and real estate business as discontinued operations following the sale of consolidated subsidiary ADORES, Inc. Segment revenue and profit for the current and previous fiscal years show the amount pertaining to continuing operations and the amounts pertaining to discontinued operations are excluded.
For details of discontinued operations, please refer to (5) Notes to consolidated financial statements (discontinued operations).

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 prices.

FY2017 <From April 1, 2016 to March 31, 2017>

(unit: million yen)

	Reportable segments							Other (Note 1)	Adjustments (Note 2)	Consolidated
	Domestic financial business	Financial business in South Korea	Financial business in South east Asia	General entertainment business	Real estate business	Investment business	Sub Total			
Operating revenue										
External customers	9,761	29,178	14,325	2,072	6,266	2,462	64,068	2,384	-	66,453
Intersegment operating revenue or transfers	53	4	0	0	11	391	460	386	(846)	-
Total	9,814	29,182	14,325	2,072	6,278	2,853	64,528	2,771	(846)	66,453
Segment profit (loss)	5,582	3,197	(3,980)	(856)	480	(198)	4,224	(82)	32	4,173
Company-wide expenses, etc. (Note 3)										(3,566)
Operating profit										606
Finance income										282
Finance costs										(1,320)
Share of profit (loss) of investments accounted for using the equity method										(2)
Profit (loss) before income taxes										(433)

(unit: million yen)

	Reportable segments							Other (Note 1)	Adjustments (Note 2)	Consolidated
	Domestic financial business	Financial business in South Korea	Financial business in South east Asia	General entertainment business	Real estate business	Investment business	Sub Total			
Other items										
Depreciation and amortization	82	1,172	219	200	45	6	1,726	16	23	1,766
Impairment losses	-	-	-	187	-	-	187	-	56	243

	Reportable segments							Other (Note 1)	Adjustments (Note 2)	Consolidated
	Domestic financial business	Financial business in South Korea	Financial business in South east Asia	General entertainment business	Real estate business	Investment business	Sub Total			
Segment assets	37,594	345,490	165,720	13,014	7,996	34,576	604,392	933	14,539	619,865
Segment liabilities	31,497	295,597	128,527	5,296	5,031	10	465,961	711	(2,720)	463,952
Other items										
Non-current assets (additions) (Note) 4	108	453	255	1,619	564	1	3,002	51	32	3,085
Investments in entities accounted for using equity method	-	-	168	-	-	-	168	-	-	168

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

Note 2: "Adjustments" refer to mainly elimination of intersegment transactions and company-wide portions not attributable to reportable segments.

Note 3: "Company-wide expenses, etc." include general and administrative expenses not mainly attributable to reportable segments.

Note 4: "Non-current assets (additions)" refer to property, plant and equipment, investment property, and intangible assets.

FY2018 <from April 1, 2017 to March 31, 2018>

(unit: million yen)

	Reportable segments							Other (Note 1)	Adjust-ments (Note 2)	Consolidated
	Domestic financial business	Financial business in South Korea	Financial business in South east Asia	General entertain-ment business	Real estate business	Invest-ment business	Sub Total			
Operating revenue										
External customers	9,027	35,855	13,578	1,944	6,907	7,290	74,603	1,662	-	76,266
Intersegment operating revenue or transfers	102	1	0	-	61	285	451	361	(812)	-
Total	9,129	35,857	13,578	1,944	6,968	7,576	75,055	2,024	(812)	76,266
Segment profit (loss)	4,167	3,555	1,545	(2,403)	659	(2,852)	4,671	57	(6)	4,721
Company-wide expenses, etc. (Note 3)										(2,366)
Operating profit										2,355
Finance income										47
Finance costs										(1,974)
Share of profit (loss) of investments accounted for using the equity method										(12)
Profit before income taxes										416

(unit: million yen)

	Reportable segments							Other (Note 1)	Adjust-ments (Note 2)	Consoli-dated
	Domestic financial business	Financial business in South Korea	Financial business in South east Asia	General entertain-ment business	Real estate business	Invest-ment business	Sub Total			
Other items										
Depreciation and amortization	76	1,180	246	591	25	6	2,126	5	25	2,156
Impairment losses	-	-	-	220	-	-	220	-	-	220

(unit: million yen)

	Reportable segments							Other (Note 1)	Adjust-ments (Note 2)	Consoli-dated
	Domestic financial business	Financial business in South Korea	Financial business in South east Asia	General entertain-ment business	Real estate business	Invest-ment business	Sub Total			
Segment assets	41,295	393,872	164,242	3,100	7,459	29,303	639,273	635	17,051	656,961
Segment liabilities	33,828	341,101	128,419	4,298	4,752	123	512,523	294	(6,632)	506,184
Other items										
Non-current assets (additions) (Note 4)	42	750	409	1,049	7	10	2,270	4	13	2,289
Investments in entities accounted for using the equity method	-	-	144	-	-	-	144	-	-	144

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

Note 2: "Adjustments" refer to mainly elimination of inter-segment transaction and company-wide portions not attributable to reportable segments.

Note 3: "Company-wide expenses, etc." include general and administrative expenses not mainly attributable to reportable segments.

Note 4: "Non-current assets (additions)" refer to property, plant and equipment, investment property, and intangible assets.

3. Information about products and services
   The information is omitted because the segmentation of products and services is equal to that of reportable segments.

4. Information about geographical areas
   Below tables show operating revenue and non-current assets by geographical area.

   Operating revenue to external customers

(unit: million yen)

	FY2017 (From April 1, 2016 to March 31, 2017)	FY2018 (From April 1, 2017 to March 31, 2018)
Japan	20,485	19,541
South Korea	29,178	35,855
Singapore	2,462	7,290
Indonesia	14,325	13,578
Total	66,453	76,266

(Note) Operating revenue is classified by geographical area.

Non-current assets

(unit: million yen)

	IFRS transition date (April 1, 2016)	FY2017 As of March 31, 2017	FY2018 As of March 31, 2018
Japan	7,243	6,420	1,867
South Korea	4,740	4,307	3,881
Singapore	30	20	20
Indonesia	33,873	34,010	31,443
Total	45,888	44,758	37,212

(Note) Non-current assets are classified by geographical area. They do not include financial instruments, deferred tax assets, and retirement benefit assets.

5. Information about major customers
   The information is omitted because there was no single external customer whose operating revenue accounts for 10% or more in the consolidated statement of profit or loss.

(Discontinued operations)

(1) Summary of discontinued operations

The Group sold all shares of ADORES, Inc., its consolidated subsidiary that played a key role in its general entertainment business to Wide Leisure in March 2018. As a result, profit/loss related to ADORES, Inc. is classified as discontinued operations and discontinued operations are reported separately from continuing operations.

(2) Business results of discontinued operations

Business results of discontinued operations are as follows.

(unit: million yen)

	FY2017 (From April 1, 2016 to March 31, 2017)	FY2018 (From April 1, 2017 to March 31, 2018)
Profit (loss) from discontinued operations		
Revenue (Note)	13,840	11,876
Expenses	13,186	10,935
Profit before tax from discontinued operations	653	941
Income taxes (Note)	149	265
Profit from discontinued operations	504	676

Note FY2018 figures include 884 million yen in gain on sale of ADORES' shares. The relevant income taxes are 272 million yen.

(Per share information)

	FY2017 (From April 1, 2016 to March 31, 2017)	FY2018 (From April 1, 2017 to March 31, 2018)
Profit (Loss) from continuing operations attributable to owners of parent (million yen)	(1,495)	(791)
Profit from discontinued operations attributable to owners of parent (million yen)	225	60
Total	(1,270)	(731)
The weighted average number of issued and outstanding common shares (shares)	106,405,816	102,969,490
Increase in the number of common shares Increase due to exercise of stock option (shares)	-	-
Diluted weighted average number of common shares (shares)	106,405,816	102,969,490
Basic earnings (loss) per share (yen)		
Continuing operations	(14.06)	(7.69)
Discontinued operations	2.12	0.58
Total	(11.94)	(7.11)
Diluted basic earnings (loss) per share (yen)		
Continuing operations	(14.06)	(7.69)
Discontinued operations	2.12	0.58
Total	(11.94)	(7.11)
Summary of potential shares that are not included in the calculation of diluted loss per share due to their anti-dilutive effects	(Filing company) J Trust Co., Ltd. The second subscription rights to shares (“Subscription Rights”) [The number of shares subject to Subscription Rights: 21,000] J Trust Co., Ltd. The third Subscription Rights [The number of shares subject to Subscription Rights: 106,400] J Trust Co., Ltd. The N-6th Subscription Rights [The number of shares subject to Subscription Rights: 320) J Trust Co., Ltd. The N-7th Subscription Rights [The number of shares subject to Subscription Rights: 680] J Trust Co., Ltd. The N-8th Subscription Rights [The number of shares subject to Subscription Rights: 6,980] J Trust Co., Ltd. The N-9th Subscription Rights [The number of shares subject to Subscription Rights: 7,800) J Trust Co., Ltd. The N-10th Subscription Rights [The number of shares subject to Subscription Rights: 6,800)	(Filing company) J Trust Co., Ltd. The third subscription rights to shares (“Subscription Rights”) [The number of shares subject to Subscription Rights: 64,400] J Trust Co., Ltd. The N-6th Subscription Rights [The number of shares subject to Subscription Rights: 160] J Trust Co., Ltd. The N-7th Subscription Rights [The number of shares subject to Subscription Rights: 360) J Trust Co., Ltd. The N-8th Subscription Rights [The number of shares subject to Subscription Rights: 3,320] J Trust Co., Ltd. The N-9th Subscription Rights [The number of shares subject to Subscription Rights: 4,800] J Trust Co., Ltd. The N-10th Subscription Rights [The number of shares subject to Subscription Rights: 2,600)

Note: For diluted loss per share in the previous fiscal year, exercising stock options reduce loss per share. Thus, potential shares have anti-dilutive effects.

(Significant subsequent events)

The Company and its consolidated subsidiary JTRUST ASIA PTE. LTD. (hereinafter, “JTA”) resolved at the Board of Directors’ meeting held on April 19, 2018, that JTA will acquire shares of PT. OLYMPINDO MULTI FINANCE (hereinafter,“OMF”) from the owner Mr. Ang Andi Bintoro and his relatives, and subscribe for the new shares issued via third party allocation (hereinafter, “the Acquisition”). The share transfer and private placement agreements were concluded dated April 20, 2018.
The summary of the transaction is as follows.

(1) Purpose of share acquisition

The Company has decided the acquisition taking into account the following: (i) making OMF a subsidiary will enable us to firmly build a structure that consists of three kinds of businesses: banking, purchase & collection of receivables and financing in Indonesia following the successful example of South Korea; and (ii) establishing a structure that can respond to diverse requirements will contribute to building foundation of the Group’s Financial Business in Indonesia.

(2) Name of acquiree

Ang Andi Bintoro, and his relatives

(3) Overview of OMF

(i)	Company name	PT. OLYMPINDO MULTI FINANCE
(ii)	Location	Special Capital Region of Jakarta, Indonesia
(iii)	Representative	Yudi Gustiawan
(iv)	Capital	50,363 million IDR (about 394 million yen, 1 IDR=0.007815 yen)
(v)	Business	Multi Finance Company focusing on used car financing

(4) Date of share transfer and third party allocation of new shares
July 31, 2018 or such other date as agreed by both parties (TBC)

(5) Number of shares to be acquired, acquisition price and ratio of shareholdings after acquisition

(i)	Number of shares to be acquired	124,403 shares
(ii)	Acquisition price	Not disclosed by request
(iii)	Ratio of shareholdings after acquisition	60.0%

Note: Figures in (5) above include subscription for newly issued shares.

(6) Other Significant Matter

The Acquisition will be executed subject to approval obtained by the Financial Services Agency and/or relevant government authorities in Indonesia.

(First-time adoption of IFRS)
The Group discloses consolidated financial statements under International Financial Reporting Standards (IFRS) from the fiscal year ended 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, companies adopting IFRS for the first time (hereinafter, “First-time adopters”) are required, in principle, to 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 aforementioned exemptions are adjusted through “retained earnings” or “other components of equity” as of the date of transition to IFRS. The Group has adopted the following exemptions in shifting from Japanese GAAP to IFRS.

- Business combinations

  First-time adopters may choose not to apply retrospectively IFRS 3 Business combinations (hereinafter, “IFRS 3”). The Group 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. The Group performs impairment tests of goodwill as of the date of transition regardless of whether indicators of impairment are present or not.

- Cumulative translation difference on foreign operations

  Under IFRS 1, First-time adopters may choose to reset to zero the cumulative translation difference on foreign operations as of the date of transition to IFRS. The Group has chosen the option and the cumulative translation difference is deemed to be zero as of the transition date.

- Share-based payments

  Under IFRS 1, companies are 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. The Group has chosen not to apply IFRS 2 to share-based payments vested before the transition date.

- Leases

  Under IFRS 1, First-time adopters may assess whether a contract contains leases at the date of transition to IFRS. The Group has adopted the exemptions for leases and judges whether a contract contains 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 “Accounting estimates,” “De-recognition of financial assets and financial liabilities” and “Non-controlling interests.” The Group has prospectively applied IFRS for these items from the transition date.

The table below presents reconciliation that is required to be disclosed on 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 reclassification of presentation items under IFRS, and “Effect of transition” shows the effect 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		Investment property
Goodwill	34,536	(1,546)	(472)	-	32,517	(6)	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 purposes 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 payable
	-	(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 purposes only

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 receivable	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

(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 payable
	-	-	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	-	-		
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

Reconciliation of profit or loss and comprehensive income (from April 1, 2016 to 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)	(14,505)	(513)	66,453	(3),(5),(12)	Operating revenue
Operating expenses	43,963	(2,700)	2,085	(5,232)	38,116	(2),(5),(7),(12)	Operating expenses
Operating gross profit	41,068	(860)	(16,590)	4,719	28,336		
Selling, general and administrative expenses	46,837	(1,537)	(15,629)	(3,238)	26,431	(6),(7),(9)	Selling, general and administrative expenses
	-	-	1,343	(89)	1,254		Other income
	-	-	2,531	20	2,552		Other expenses
Operating profit (loss)	(5,769)	677	(2,148)	7,846	606		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
	-	-	1,320	-	1,320		Finance costs
	-	-	(2)	-	(2)		Share of loss of investments accounted for using the equity method
Profit (loss) before income taxes	(8,359)	733	(653)	7,846	(433)		Profit (loss) before income taxes
Income taxes - current	1,690	-	(508)	(44)	1,136	(8)	Income taxes
Income taxes - deferred	(368)	9	359	-	-		
	(9,681)	723	(504)	7,891	(1,570)		Loss from continuing operations
	-	-	504	-	504		Profit from discontinued operations
Profit (loss)	(9,681)	723	-	7,891	(1,065)		Profit (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	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)		Share of other comprehensive income of investments accounted for using the equity method
	(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 from April 1, 2016 to 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 and those disclosed under IFRS other than account closing date adjustments made between subsidiaries and the Company.

Notes to reconciliation

The reconciliation tables provides a reconciliation from Japanese GAAP to IFRS. Major contents are as follows:

[1] Account closing date adjustment

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, we made the necessary adjustments.

The difference between the closing dates of relevant subsidiaries and the Company under Japanese GAAP was eliminated during the previous fiscal year.

[2] Reclassification

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

The major reclassifications are as follows:

- Assets and liabilities are presented 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 into “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 the net amount is presented 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 losses” 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.
- Discontinued operations are separately presented under IFRS, and operating revenue to income taxes on discontinued operations are reclassified. The impact of this change is provided in (5) Notes to consolidated financial statements (discontinued operations).

[3] Effects of IFRS transition

(1) Scope of consolidation

Under Japanese GAAP, special purpose companies (SPCs) which meet certain criteria are treated as non-subsidiaries. Under IFRS, however, the parent company needs to consolidate such SPCs as an investment in subsidiaries, if it has a substantial control over them. The scope of consolidation is 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 reductions are made, and valuation differences are accounted for through losses during the period. Meanwhile, we classify operating loans receivables and loans receivable, etc. into the following 3 categories: (i) hard-to-recover receivables; (ii) doubtful receivables; and (iii) substandard receivables, in accordance with debtors’ financial conditions and operating results, and estimate the uncollectible amounts in consideration of the above category.

Under IFRS, the Group assesses whether there is any objective evidence of impairment of financial assets (i.e. debtors’ default or deferred payment) or not on a quarterly basis.

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

(3) Deferral of upfront fee

Under Japanese GAAP, a certain amount of upfront fees is received at the time of loan execution, and 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," revenue is recognized (deferral of revenue) 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.

Pursuant to uniform provisions, IFRS requires financial assets to be classified into the following 4 categories: (i) financial assets measured at fair value through profit or loss; (ii) held-to-maturity investments; (iii) loans and receivable; and (iv) available-for-sale financial assets, and they are used to measure the financial assets.

(5) Financial guarantee contracts

Japanese GAAP does not require companies to record guarantees initially at fair value on the balance sheet. However, provision for loss on guarantees is recorded if possibilities of losses arising out of guarantee 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 guarantee commissions to be received.

(6) Adjustments to 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 resulting from changes in the depreciation method for property, plant and equipment

The Group, in principle, used the declining balance method for the depreciation of property, plant and equipment, excluding leased assets under Japanese GAAP. However, the straight-line method is adopted, in principle, under IFRS. As a result of the change, "operating expenses" and "selling, general and administrative expenses," in which depreciation was included, are adjusted accordingly. Moreover, "gain or loss on sales of fixed assets", which was recorded based on the previous depreciation method, was recalculated. The acquisition tax of fixed assets, which was expensed under Japanese GAAP, is capitalized as assets under IFRS.

(8) Re-examination of recoverability of deferred tax assets

While tax effects due to the elimination of unrealized gain or loss were calculated using the effective tax rates of the company subject for sale under Japanese GAAP, the 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 re-examined.

(9) Adjustments to paid vacation accrual

While there are no specific requirements for "paid vacation accrual" under Japanese GAAP, it is accounted for as personnel expenses under IFRS, and "selling, general and administrative expenses" and "other liabilities" are adjusted.

(10) Incidental cost for equity transactions

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

(11) Reclassification of cumulative translation difference on foreign operations

The Group has adopted the IFRS 1 exemption for first-time adoption of IFRS, and all cumulative translation differences as of the transition date are reclassified into retained earnings.

(12) Adjustments relating to operating revenue

Regarding transactions that the Group acted on behalf of another person or business and the sum of revenue and cost are 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)	As of March 2017
Adjustments resulting from changes in the depreciation method for property, plant and equipment	(7)	55	23
Adjustments to goodwill	(6)	-	3,009
Adjustments to paid vacation accrual	(9)	(220)	(246)
Reclassification of cumulative translation difference on foreign operations	(11)	(3,469)	(3,469)
Adjustments to recording allowance for doubtful accounts	(2)	(5,530)	(1,256)
Effects of applying the amortized cost method under the effective interest method	(2),(3)	1,836	1,034
Incidental cost for equity transactions	(10)	1,170	1,170
Adjustments to non-controlling interests		10	32
Other		(290)	(292)
Total		(6,437)	5