

## Consolidated Financial Results for the Three Months Ended June 30, 2015 <under Japanese GAAP>

August 12, 2015

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 13, 2015

Scheduled date of commencement of dividend payment: -

Preparation of supplemental materials for the quarterly financial results: Yes

Holding of earnings presentation (for analysts): Yes

(Figures rounded down to the nearest million yen)

## I. Consolidated financial results for the three months ended June 30, 2015 (April 1, 2015 – June 30, 2015)

## 1. Consolidated operating results (accumulated)

(% indicates comparison with the same period of previous fiscal year)

	Operating revenue		Operating income		Ordinary income		Profit (loss) attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
1 <sup>st</sup> quarter of FY 2016 (Three months ended June 30, 2015)	19,490	22.4	(1,951)	-	(1,585)	-	(2,789)	-
1 <sup>st</sup> quarter of FY 2015 (Three months ended June 30, 2014)	15,928	9.5	(358)	-	(294)	-	(395)	-

Note: Comprehensive income (loss) (million yen)

1<sup>st</sup> quarter of FY 2016: (3,687); -%1<sup>st</sup> quarter of FY 2015: (2,306); -%

	Quarterly net income per share	Quarterly diluted net income per share
	yen	yen
1 <sup>st</sup> quarter of FY 2016 (Three months ended June 30, 2015)	(23.60)	-
1 <sup>st</sup> quarter of FY 2015 (Three months ended June 30, 2014)	(3.35)	-

Note: Diluted net income per share for both periods is not stated since we recorded quarterly net loss for both periods although dilutive shares existed.

## 2. Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	million yen	million yen	%	yen
As of June 30, 2015	536,835	189,887	34.2	1,554.35
As of March 31, 2015	540,718	194,865	34.8	1,591.09

(Reference) Equity capital (million yen)

June 30, 2015: 183,784

March 31, 2015: 188,034

## II. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total
	yen	yen	yen	yen	yen
FY 2015	-	5.00	-	5.00	10.00
FY 2016	-				
FY 2016 (forecast)		5.00	-	7.00	12.00

Revision to the disclosed dividend forecast: No

Breakdown of year-end dividend (forecast) for FY 2016: Ordinary dividend 5.00 yen; Commemorative dividend 2.00 yen

## III. Consolidated financial forecasts for the fiscal year ending March 31, 2016 (April 1, 2015 - March 31, 2016)

(% indicates comparison with the previous fiscal year)

	Operating revenue		Operating income		Profit (loss) attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	81,900	-	7,500	-	4,700	-	39.77

Revision to the disclosed financial forecast: No

Note: Above consolidated financial forecasts are based on IFRS since we decided to voluntarily adopt IFRS from FY 2016. Therefore, the change against actual results of FY 2015 for which we adopted Japanese GAAP is omitted.

## \* Note

- (i) Material changes in subsidiaries during the current quarter : No  
(addition and exclusion of specified subsidiaries leading to the change in the scope of consolidation)
- (ii) Special accounting processes used for quarterly consolidated financial statements : No
- (iii) Changes in accounting policies, accounting estimates and retrospective re-statements
- [1] Changes in accounting policy based on revisions of accounting standards : Yes
- [2] Changes in accounting policy other than those indicated in [1] : No
- [3] Changes in accounting estimates : No
- [4] Retrospective re-statements : No
- For details, please refer to II. Matters regarding summary information (notes), 1. Change in accounting policies, accounting estimates and retrospective re-statements.
- (iv) Number of outstanding shares (common share)

Number of outstanding shares (including treasury shares)	June 30, 2015	118,648,154	March 31, 2015	118,589,354
Number of treasury shares	June 30, 2015	409,636	March 31, 2015	409,540
Average number of outstanding shares during the period	From April 1, 2015 till June 30, 2015	118,205,094	From April 1, 2014 till June 30, 2014	117,992,493

## \* Statement regarding implementation status of audit procedures

This financial summary does not fall within the scope of audit procedures based on the Financial Instruments and Exchange Act. At the time of disclosure of this financial summary, the audit procedures for financial statements based on the Financial Instruments and Exchange Act have not been completed.

## \* Explanation regarding the appropriate use of financial forecast and other special remarks

- 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 regarding current quarterly financial results, 3. Explanation on future forecast including consolidated financial forecast" in the attached document shows the assumptions and premises on which the financial forecast is based.
- Supplemental materials can be found on J Trust website (<http://www.jt-corp.co.jp/en/>). Earnings presentation for analysts is scheduled for August 13, 2015. Video and materials of the presentation will be available on J Trust website.

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I. Qualitative information regarding current quarterly financial results

1. Explanation on operating result

During the first quarter of the consolidated fiscal year under review, the recovery of US economy became notable. On the other hand, uncertainties such as debt crisis in Greek and slowdown in growth pace of Chinese economy existed and future outlook of world economy remained uncertain. Especially in Asian countries, its currency market experienced volatility occasionally due to the concern on monetary policy in US and its economic growth pace was stagnant. Some of Japanese companies improved its performance and employment condition in Japan improved on the back of monetary and economic policy by Japanese government and Bank of Japan. On the other hand, concern on business results remained due to yen depreciation, decrease in real wage and prolonged stagnation in consumer confidence after consumption tax hike. Therefore, we cannot be optimistic on the outlook.

In this economic environment, we as a Group, consider that it is inevitable to transform our business ahead of the change in global and Japanese economy. Our major task is to expand business in Asia whose economy is expected to continue growing at high pace and maximize the synergy generated by our network of Group companies. To further enhance our management foundation and achieve sustainable growth, we drew up our medium term business plan under the group vision of “Aim to be a provider of unique financial services not constrained by existing paradigms.”

During the first quarter of the consolidated fiscal year under review, we proactively tackled the improvement in corporate value and reinforcement of business foundation in and out of Japan to follow the path of roadmap and achieve the transition from rapid business expansion led by M&A to sustainable profit expansion mainly from banking business.

(i) Business development in Southeast Asia

Through the unified usage of “J Trust” brand in East Asia and ASEAN countries, the J Trust Group aims to improve its brand value and maximize network effect in Asia so that it will contribute to our performance. As a part of this move, we changed the trade name of “PT Bank Mutiara Tbk.”, a commercial bank in Indonesia which we acquired in November 2014, to “PT Bank JTrust Indonesia Tbk. (hereinafter, “Bank JTrust Indonesia”)

In Thailand, we underwrote convertible bond issued by Group Lease PCL listed on the Stock Exchange of Thailand through JTRUST ASIA PTE. LTD. (hereinafter, “JTA”). We will aim to generate synergy through the provision of finance by Bank JTrust Indonesia, joint operation of hire-purchase financing business in Indonesia which is expected to achieve sustainable growth and operational tie-up when the J Trust Group conducts business in Southeast Asia.

(ii) Business development in South Korea

J Trust Group became the comprehensive financial group which conducts savings banking, purchase and collection of receivable, leasing and installment financing business through the acquisition of shares of JT Savings Bank Co., Ltd. (hereinafter, “JT Savings Bank”) in January 2015 and JT Capital Co., Ltd. (hereinafter, “JT Capital”) in March 2015. We have established the business foundation to offer the comprehensive financial services in South Korea. Taking the improvement in “J Trust” brand value in South Korea and the contribution on financial performance from maximization of network effect into consideration while maintaining the brand recognition of Chinae Savings Bank Co., Ltd., we changed Chinae Savings Bank’s trade name to “JT Chinae Savings Bank Co., Ltd.” (hereinafter, “JT Chinae Savings Bank”) in July 2015.

(iii) Domestic business development

In May 2015, the Company underwrote common shares which BTC Box Co., Ltd. (hereinafter, “BtcBox”), an operator of Bitcoin exchange, issued through the third party allotment of shares and we own 26.46% of its voting rights after the third party allotment. Therefore, we made BTC Box a company for which an equity method is adopted. The Company will provide BtcBox with fund and human resources not only to expand BtcBox’s Bitcoin exchange operation but also to create new type of business which employs Bitcoin. Leveraging both companies’ strength, we will focus on the integration of online payment and conventional payment. We will tackle the

establishment of system to create new business utilizing bitcoin such as low-cost international wire transfer through the establishment of overseas exchange, establishment of new settlement system in emerging countries and internet forex trading and aim to increase the corporate value of both companies.

We also disclosed the share buyback plan to return the profit to shareholders through the improvement in capital efficiency and enable the flexible implementation of capital policy in response to the change in business environment. We will make a judgment regarding the time of share acquisition appropriately and aim to maintain the balanced capital structure to maximize shareholder value going forward.

Operating revenue during the first quarter of the consolidated fiscal year under review was 19,490 million yen (up 22.4% year on year). Installment payment paying for commission declined due to the decrease in the balance of advances paid-installment caused by the transfer of "KC Card" brand in January 2015. TA Asset Management LLC (hereinafter, "TA Asset Management"), Neoline Credit Co., Ltd. and HICAPITAL Co., Ltd. (collectively called "Affiliated Financial Companies") transferred its loan business to JT Chinae Savings Bank and interest on loans declined. On the other hand, JT Chinae Savings Bank assumed loan business of Affiliated Financial Companies and operating revenue at JT Savings Bank and Bank JTrust Indonesia which we acquired during the previous fiscal year contributed to the increase in banking business revenue. Increase in operating revenue at consolidated subsidiaries including Highlights Entertainment Co., Ltd. (formerly AI Denshi Co., Ltd., hereinafter, "Highlights Entertainment") which were acquired during the previous fiscal year also contributed.

As for operating income, we recorded operating loss of 1,951 million yen (operating loss of 358 million yen during the same period of previous fiscal year). Operating expenses at consolidated subsidiaries which were acquired during the previous consolidated fiscal year increased and personnel expenses increased owing to the increase in number of employees. Selling, general and administrative expenses increased since we increased allowance for doubtful accounts to improve the financial health of Bank JTrust Indonesia which was under the supervision of Indonesia Deposit Insurance Corporation for a long time toward its rehabilitation and amortization of goodwill due to the share acquisition increased.

As for ordinary income, we recorded ordinary loss of 1,585 million yen (ordinary loss of 294 million yen during the same period of previous fiscal year) although we posted foreign exchange gains and others.

As for profit attributable to owners of parent, we recorded loss attributable to owners of parent of 2,789 million yen (loss attributable to owners of parent of 395 million yen during the same period of previous fiscal year). The posting of impairment loss owing to the decision to transfer all shares of Japan Care Welfare Group Co., Ltd. (hereinafter, "JC-Group") decreased profit attributable to owners of parent.

Segment performance is as follows. From the first quarter of the consolidated fiscal year under review, reportable segment has been changed. Comparison with the same period of previous fiscal year below is done based on the reclassified figures of the same period of previous fiscal year.

(i) Domestic financial business  
(Credit guarantee services)

Credit guarantee services are handled by Nihon Hoshou Co., Ltd. (hereinafter, "Nihon Hoshou"). Under our medium term business plan, our priority is to focus on real estate related credit guarantee business. We started credit guarantee for rental housing loan from April 2014 and started to handle syndicated rental housing loans with Flat 35 in partnership with major housing manufacturer, flat 35 loan agency and others from February 2015. We are aiming to increase credit guarantee balance through new scheme. Although the transfer of "KC Card" brand decreased the number of partnered financial institutions by six, we have partnership with five regional financial institutions as of end June 2015. We will try to increase credit guarantee balance per each financial institution going forward.

As a result, the total quarter-end credit guarantee balance was 38,432 million yen (down 10.2% year on year). This included 14,610 million yen in credit guarantees on unsecured loans (down 33.8%) and 23,821 million yen in credit guarantees on secured loans (up 14.9%).

(Collection of accounts receivable)

Collection of accounts receivable in Japan is mainly handled by Nihon Hoshou and Partir Servicer Co., Ltd. (hereinafter, "Partir Servicer"). Under our medium term business plan, we are aiming to expand the receivable collection business. While the number of domestic servicers decrease, we will pursue profit of remaining players through M&A of competitors on the back of our superior collection capability. We will also expand our business, reinforce business to collect business loan receivable and start business rehabilitation services. As a result, the quarter-end balance of purchased receivables was 3,665 million yen (up 25.1% year on year).

(Credit and consumer credit services)

Credit and consumer credit services are mainly handled by J TRUST Card Co., Ltd. We provide a variety of services and products which utilize credit card's settlement function to increase the number of credit card holders and spending per customer and to secure profit such as fees from purchase transaction, cash advances and loans etc. However, the loan balance decreased significantly due to the transfer of "KC Card" brand and progress in collection from cash advances.

As a result, the quarter-end balance of advances paid-installment, including long-term operating loans receivable, was 1,583 million yen (down 95.9% year on year). This amount included 1,560 million yen in advances paid-installment (down 95.9%) and 23 million yen in long-term operating loans receivable (down 97.3%).

(Other financial services)

Other financial services in Japan are mainly handled by Nihon Hoshou. Based on our medium term business plan, Nihon Hoshou implemented a large scale elective retirement plan during the first quarter of the consolidated fiscal year under review, exited from domestic consumer finance business and shifted its focus to real estate related credit guarantee business. Going forward, Nihon Hoshou will completely separate liabilities with risk of interest repayment claims through the organizational restructuring and contain risk arising out of contingent liabilities.

As a result, the quarter-end loan balance including long-term operating loans (in services for business) was 3,894 million yen (down 2.5%). This amount included 1,927 million yen in commercial notes (down 13.6%), 1,842 million yen in accounts receivable – operating loans (up 10.0%) and 124 million yen in long-term operating loans (up 43.2%). The quarter-end loan balance including long-term operating loans (in services for consumers) was 4,976 million yen (down 33.6%). This amount included 4,259 million yen in accounts receivable – operating loans (down 31.0%) and 717 million yen in long-term operating loans (down 46.1%).

As a result, operating revenue in the domestic financial business was 2,860 million yen (down 45.2%) and segment income was 903 million yen (down 10.7%).

(ii) Financial Business in South Korea

(Savings banking and capital business)

JT Chinae Savings Bank and JT Savings Bank conduct savings banking business and JT Capital conducts installment financing business and leasing business. Our business foundation is already established with the acquisition of savings bank, capital company and receivable collection company by the previous fiscal year. Going forward, we will aim to expand profit through the organic collaboration of each business and proactively increase receivable balance. Under our medium term business plan, we will improve our profitability through the increase in high quality consumer loan and stabilize loan portfolio by focusing on loan for large corporation, secured loan and loan with government guarantee. Loans by banking business increased significantly due to JT Chinae Savings Bank's assumption of loan business from Affiliated Financial Companies in August 2014, acquisition of JT Savings Bank in January 2015 and increase in number of new loan contracts and new loan balance. Transfer of loan business to JT Chinae Savings Bank decreased accounts receivable – operating loans and the acquisition of JT Capital in March 2015 increased accounts receivable – operating loans.

As a result, the quarter-end balance of accounts receivable – operating loans including long-term operating loans was 52,132 million yen (up 32.8% year on year). The balance of loans by banking business was 146,734 million yen (up 239.4%), the balance of accounts receivable – operating loans was 50,435 million yen (up 35.2%) and the balance of long-term operating loans was 1,696 million yen (down 12.2%).

(Receivable collection business)

TA Asset Management is engaged in purchase and collection of non-performing loans. Under our medium term business plan, we aim to increase the balance of receivable on the back of our superior collection capability and high level of compliance with laws and regulations and expand the receivable balance through business acquisition. As a result, the quarter-end balance of purchased receivable was 4,989 million yen (zero at the same period of previous fiscal year).

As a result, operating revenue in financial business in South Korea was 7,412 million yen (up 49.0%). Segment income was 15 million yen (segment loss of 1,298 million yen during the same period of previous fiscal year).

(iii) Financial business in Southeast Asia

Bank JTrust Indonesia conducts banking business in Indonesia. Under our medium term business plan, we will tackle the rehabilitation of the bank which was supervised by Indonesia Deposit Insurance Corporation for a long time, decrease non-performing loan ratio and improve financial health. Going forward, we aim to expand profit through an increase in operating assets through the expansion of loan balance for small and medium sized enterprises and consumers, decrease in funding cost and an increase in commission income through the utilization of overseas network.

As a result, the quarter-end balance of loans by banking business was 72,777 million yen (zero for the same period of previous fiscal year). Operating revenue of financial business in Southeast Asia was 3,227 million yen (zero for the same period of previous fiscal year) and segment loss was 2,519 million yen (zero for the same period of previous fiscal year).

(iv) General entertainment business

BREAK Co., Ltd. (hereinafter, "BREAK") manufactures and sells amusement machine toys, ADORES, Inc. (hereinafter, "ADORE") operates amusement facilities, Highlights Entertainment develops, manufactures and sells computer system for peripheral equipment of amusement machines. Under our medium term business plan, ADORES proactively conducts collaborative events featuring characters of popular anime at existing stores. Going forward, we will expand the type of operation through development of own contents in addition to contents business using existing facilities as intermediaries. Through the acquisition of Highlights Entertainment, we aim to establish general amusement business across group by taking measures such as utilizing ADORES' own contents in development of amusement machines.

As a result, operating revenue in general entertainment business was 3,905 million yen (up 7.2% year on year). Segment income was 44 million yen (down 76.3%).

(v) Real estate business

Keynote Co., Ltd. (hereinafter, "Keynote") mainly handles sales and brokerage of ready-built residential houses and ADORES conducts real estate asset business. Under our medium term business plan, we will take advantage of our group foundation in Southeast Asia, supported by our ability to plan and construct housing and commercial facilities of Japanese quality handled by Keynote and aim to increase profit opportunities with a view to operating overseas real estate business. During the current quarter, our performance was stagnant since the number of housing units sold did not increase due to the surge in demand prior to increase in consumption tax during the previous fiscal year.

As a result, operating revenue in real estate business was 1,244 million yen (down 32.6% year on year) and segment income was 73 million yen (down 69.8%).

(vi) Other business

In Singapore, JTA conducts investment business and provides management support for investees. J Trust System Co., Ltd. handles system development, operation and management of computers, Keynote constructs commercial facilities and JC-Group (excluded from the scope of consolidation due to its sale in August 2015) conducts elderly care business. JTA expands its business in fast-growing Southeast Asia through initiatives including conclusion of an agreement to underwrite convertible bond of Group Lease PCL, listed on the Stock Exchange of Thailand in March 2015 while it plans to develop business to maximize its synergy generated

from the establishment of network.

As a result, operating revenue in other business was 1,097 million yen (up 113.7% year on year) and segment income was 111 million yen (segment loss of 33 million yen during the same period of previous fiscal year).

2. Explanation on financial position

Total assets decreased by 3,883 million yen compared with the end of previous fiscal year and amounted to 536,835 million yen. Securities held by JT Chinae Savings Bank and Bank JTrust Indonesia increased by 21,325 million yen. Operational investment securities increased by 5,206 million yen due to an increase in present value of securities held by JTA and the underwriting of convertible bond issued by Group Lease PCL. On the other hand, cash and deposits decreased by 8,696 million yen. Goodwill declined by 2,804 million yen. Accounts receivable – operating loans decreased by 8,778 million yen due to transfer from Affiliated Financial Companies in South Korea to JT Chinae Savings Bank and loans by banking business decreased by 4,889 million yen owing to repayment of principal and sale of receivable.

Liabilities increased by 1,094 million yen and amounted to 346,947 million yen. Deposits by banking business decreased by 5,406 million yen, provision for loss on interest repayment decreased by 4,841 million yen due to the sale of CREDIA Co., Ltd. and provision for loss on business liquidation declined by 753 million yen due to the progress in business restructuring at Nihon Hoshou. On the other hand, short-term loans payable increased by 13,020 million yen due to the acquisition of JT Capital.

Net assets decreased by 4,978 million yen compared with the end of previous fiscal year and amounted to 189,887 million yen. Recording of dividends of surplus of 590 million yen and loss attributable to owners of parent of 2,789 million yen decreased retained earnings by 3,380 million yen. Foreign currency translation adjustment decreased by 1,208 million yen.

As a result, net assets per share decreased by 36.74 yen compared with the end of previous fiscal year and amounted to 1,554.35 yen. Capital adequacy ratio decreased by 0.6 percentage points from 34.8% at the end of previous fiscal year to 34.2%.

3. Explanation on future forecast including consolidated financial forecast

We have not revised consolidated financial forecast (under IFRS) for FY 2016 disclosed on May 25, 2015. If the revision becomes necessary due to future development, we will make prompt and appropriate disclosure.

II. Matters regarding summary information (notes)

1. Change in accounting policies, accounting estimates and retrospective re-statements

(Change in accounting policies)

(Adoption of accounting standards and others regarding business combination)

We have adopted “Accounting Standards regarding Business Combination” (No. 21 of Corporate Accounting Standards, September 13, 2013, hereinafter, “Accounting Standards for Business Combination”), Accounting Standards regarding Consolidated Financial Statements” (No. 22 of Corporate Accounting Standards, September 13, 2013, hereinafter, “Consolidated Accounting Standards”) and “Accounting Standards regarding Business Divestiture” (No. 7 of Corporate Accounting Standards, September 13, 2013, hereinafter, “Accounting Standards for Business Divestiture etc.”) from the first quarter of the consolidated fiscal year under review. According to the application of these standards, we made some changes. The difference caused by the change in our equity interests of subsidiaries which we continue to have control over is recorded as capital surplus. Acquisition costs are recorded as costs in the consolidated fiscal year when the acquisition costs are incurred. For the business combinations that will be conducted after the beginning of the first quarter of the consolidated fiscal year under review, when provisional accounting treatments are confirmed, the acquisition cost allocation will be revised in the quarterly consolidated financial statements to which the dates of the business combinations belong. Additionally, we made changes to the presentation of quarterly net income and changes to the presentation from minority interests to non-controlling interests. To reflect the said changes, items on quarterly consolidated financial statements and consolidated financial statements for the first quarter of the previous fiscal year and the previous



fiscal year were reclassified.

Regarding the application of Accounting Standards for Business Combination, we adopt the transitional treatment specified by Paragraph 2-4, No. 58 of Accounting Standards for Business Combination, Paragraph 5-4, No. 44 of Accounting Standards for Business Combination and Paragraph 4-4, No. 57 of Accounting Standards for Business Combination since the first quarter of the consolidated fiscal year under review.

As a result, operating loss, ordinary loss and income before income taxes and minority interests during the first quarter of the consolidated fiscal year under review decreased by 54 million yen. Capital surplus at end of the first quarter of the consolidated fiscal year under review decreased by 380 million yen.

## III. Consolidated quarterly financial statements

## 1. Consolidated quarterly balance sheets

(unit: million yen)

	Previous consolidated fiscal year (March 31, 2015)	1 <sup>st</sup> quarter of current consolidated fiscal year (June 30, 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	141,742	133,045
Commercial notes	2,355	1,927
Accounts receivable - operating loans	65,315	56,536
Loans by banking business	224,401	219,512
Advances paid-installment	1,395	1,560
Purchased receivables	8,647	8,655
Subrogation receivable	1,124	1,124
Securities	17,874	39,199
Operational investment securities	6,595	11,801
Merchandise and finished goods	2,688	2,606
Work in process	515	911
Other	16,131	17,628
Allowance for doubtful accounts	(20,525)	(24,384)
Total current assets	468,260	470,126
Non-current assets		
Property, plant and equipment	9,352	8,829
Intangible assets		
Goodwill	41,438	38,633
Other	5,664	4,880
Total intangible assets	47,102	43,513
Investments and other assets		
Long-term operating loans receivable	2,405	2,561
Other	23,690	15,152
Allowance for doubtful accounts	(10,092)	(3,349)
Total investments and other assets	16,002	14,364
Total non-current assets	72,458	66,708
<b>Total assets</b>	<b>540,718</b>	<b>536,835</b>

(unit: million yen)

	Previous consolidated fiscal year (March 31, 2015)	1 <sup>st</sup> quarter of current consolidated fiscal year (June 30, 2015)
<b>Liabilities</b>		
Current liabilities		
Notes discounted	2,226	1,877
Current portion of bonds	130	251
Short-term loans payable	7,862	20,882
Current portion of long-term loans payable	5,987	6,234
Income taxes payable	1,157	1,973
Deposits by banking business	287,452	282,045
Provision for loss on litigation	200	-
Provision for loss on interest repayment	1,089	541
Provision for loss on business liquidation	905	152
Other	15,587	14,460
Total current liabilities	322,598	328,418
Non-current liabilities		
Bonds payable	2,241	2,124
Long-term loans payable	11,009	10,906
Provision for loss on interest repayment	5,219	925
Provision for loss on guarantees	422	375
Net defined benefit liability	414	1,093
Provision for loss on litigation	399	379
Other	3,546	2,725
Total non-current liabilities	23,254	18,529
Total liabilities	345,853	346,947
<b>Net assets</b>		
Shareholders' equity		
Capital stock	53,604	53,611
Capital surplus	52,945	52,571
Retained earnings	73,709	70,329
Treasury shares	(197)	(197)
Total shareholders' equity	180,062	176,314
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(42)	868
Foreign currency translation adjustment	8,005	6,797
Remeasurements of defined benefit plans	9	(196)
Total accumulated other comprehensive income	7,972	7,469
Subscription rights to shares	167	180
Non-controlling interests	6,663	5,922
Total net assets	194,865	189,887
Total liabilities and net assets	540,718	536,835

2. Consolidated quarterly statements of income and consolidated statements of comprehensive income  
 (Consolidated quarterly statements of income)  
 (Consolidated statement of income for the three months)

(unit: million yen)

	1 <sup>st</sup> quarter of previous consolidated fiscal year (From April 1, 2014 till June 30, 2014)	1 <sup>st</sup> quarter of current consolidated fiscal year (From April 1, 2015 till June 30, 2015)
Operating revenue	15,928	19,490
Operating expenses	7,739	9,918
Operating gross profit	8,188	9,571
Selling, general and administrative expenses	8,546	11,523
Operating loss	(358)	(1,951)
Non-operating income		
Interest income	0	0
Dividend income	13	13
House rent income	40	16
Gain on investment securities	-	138
Foreign exchange gains	35	251
Miscellaneous income	31	69
Total non-operating income	120	489
Non-operating expenses		
Interest expenses	41	46
Depreciation	5	2
Miscellaneous loss	11	73
Total non-operating expenses	57	123
Ordinary loss	(294)	(1,585)
Extraordinary income		
Gain on sales of non-current assets	3	2
Reversal of provision for loss on business liquidation	5	-
Penalty income	2	9
Other	0	0
Total extraordinary income	11	12
Extraordinary losses		
Loss on sales of non-current assets	2	4
Loss on abandonment of non-current assets	84	4
Impairment loss	62	1,066
Loss on sales of shares of subsidiaries and associates	-	86
Other	-	12
Total extraordinary losses	150	1,175
Loss before income taxes and minority interests	(434)	(2,747)
Income taxes - current	374	1,147
Income taxes - deferred	(535)	(770)
Total income taxes	(161)	377
Loss	(273)	(3,124)
Profit (loss) attributable to non-controlling interests	121	(335)
Loss attributable to owners of parent	(395)	(2,789)

Translation for reference only

(Consolidated quarterly statements of comprehensive income)

(Consolidated statement of comprehensive income for the three months)

(unit: million yen)

	1 <sup>st</sup> quarter of previous consolidated fiscal year (From April 1, 2014 Till June 30, 2014)	1 <sup>st</sup> quarter of current consolidated fiscal year (From April 1, 2015 till June 30, 2015)
Loss	(273)	(3,124)
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,012)	858
Foreign currency translation adjustment	979	(1,212)
Remeasurements of defined benefit plans, net of tax	(0)	(207)
Total other comprehensive income	(2,033)	(562)
Comprehensive income	(2,306)	(3,687)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,437)	(3,292)
Comprehensive income attributable to non-controlling interests	130	(394)

3. Notes regarding consolidated quarterly financial statements

(Notes regarding going concern assumption)

Not applicable.

(Notes in case of significant change in amount of shareholders' equity)

Not applicable.

(Segment information, etc.)

(i) Segment information

[1] 1<sup>st</sup> quarter of previous fiscal year (from April 1, 2014 till June 30, 2014)

A. Information regarding operating revenue, income or loss per segment

(unit: million yen)

	Reportable segment					
	Domestic financial business	Financial business in South Korea	Financial business in Southeast Asia	General entertainment business	Real estate business	Total
Operating revenue						
External customers	5,205	4,974	-	3,631	1,846	15,656
Intersegment sales and transfers	17	-	-	11	0	28
Total	5,222	4,974	-	3,642	1,846	15,685
Segment income (loss)	1,011	(1,298)	-	187	241	142

	Others*	Total
Operating revenue		
External customers	271	15,928
Intersegment sales and transfers	241	270
Total	513	16,198
Segment income (loss)	(33)	109

Note: "Other" refers to business segments not included in the reportable segments and includes computer operations and management; commissioned software development; and operational guidance services; printing business and design/construction business.

B. Difference between the total of each reportable segment and book value on the consolidated quarterly statement of income, and the main contents of such difference (matters pertaining to reconciliation)

(unit: million yen)

Income	Amount
Total reportable segments	142
Loss in "Other"	(33)
Intersegment transaction elimination	12
Company-wide expenses*	(480)
Operating loss on consolidated quarterly statement of income	(358)

Note: "Company-wide expenses" refer to selling, general and administrative expenses that are not attributable to the reportable segments.

C. Information regarding impairment loss on non-current assets and goodwill for each reportable segment

(Significant impairment loss pertaining to non-current assets)

The statement is omitted since the amount is insignificant.

(Significant change in amount of goodwill)

Not applicable.

(Significant gain on bargain purchase)

Not applicable.

D. Matters regarding changes in reportable segment

Not applicable.

[2] 1<sup>st</sup> quarter of consolidated fiscal year under review (from April 1, 2015 till June 30, 2015)

## A. Information regarding operating revenue, income or loss per segment

(unit: million yen)

	Reportable segment					
	Domestic financial business	Financial business in South Korea	Financial business in Southeast Asia	General entertainment business	Real estate business	Total
Operating revenue						
External customers	2,698	7,412	3,227	3,904	1,244	18,487
Intersegment sales and transfers	162	-	-	0	0	163
Total	2,860	7,412	3,227	3,905	1,244	18,651
Segment income (loss)	903	15	(2,519)	44	73	(1,484)

	Others*	Total
Operating revenue		
External customers	1,002	19,490
Intersegment sales and transfers	94	258
Total	1,097	19,748
Segment income (loss)	111	(1,372)

Note: "Other" refers to business segments not included in the reportable segments and includes investment business, commercial facility construction business and IT system business.

## B. Difference between the total of each reportable segment and book value on the consolidated quarterly statement of income, and the main contents of such difference (matters pertaining to reconciliation)

(unit: million yen)

Income	Amount
Total reportable segments	(1,484)
Income in "Other"	111
Intersegment transaction elimination	(11)
Company-wide expenses*	(591)
Operating loss on consolidated quarterly statement of income	(1,951)

Note: "Company-wide expenses" refer to selling, general and administrative expenses that are not attributable to the reportable segments.

## C. Information regarding impairment loss on non-current assets or goodwill for each reportable segment (Significant impairment loss pertaining to non-current assets)

Since we made decision to sell all shares of JC-Group which operates elderly care business, we recorded impairment loss of 982 million yen in other business during the 1<sup>st</sup> quarter of the consolidated fiscal year under



review.

(Significant change in amount of goodwill)

In other business, goodwill declined by 356 million yen during the 1<sup>st</sup> quarter of the consolidated fiscal year under review owing to impairment loss stated under “Significant impairment loss pertaining to non-current assets.” Above figures under “Significant impairment loss pertaining to non-current assets” include the impairment of goodwill.

(Significant gain on bargain purchase)

Not applicable.

D. Matters pertaining to change etc. in reportable segment

As a result of the review of our group’s corporate management category, we changed name of segments from “Financial Business”, “Real Estate Business”, “Amusement Business” and “International Business.” The name of “Financial Business” was changed to “Domestic Financial Business”, the name of “Amusement Business” was changed to “General Entertainment Business”, “International Business” was subdivided into “Financial Business in South Korea” and “Financial Business in Southeast Asia” and with “Real Estate Business”, we have five segments.

“Overseas Investment Business” which used to belong to “International Business” is categorized as “Other Business” and “Development, Manufacturing and Sales of Computer Systems for Peripheral Equipment of Amusement Machines” which used to belong to “Other Business” is included in “General Entertainment Business.” Segment information for the first quarter of previous consolidated fiscal year is based on the revised reportable segments.

## (Important subsequent events)

- A. ADORES, our consolidated subsidiary, resolved to transfer all shares of JC-Group, its consolidated subsidiary, to Mr. Hideaki Fujita, Representative Director of JC-Group, at Board of Directors' meeting held on August 11, 2015. Due to the said share transfer, JC-Group will be excluded from the Company's scope of consolidation from the second quarter of the consolidated fiscal year. The outline of share transfer is as follows.

## (a) Reason for share transfer

ADORES entered the elderly care business by making JC-Group, an operator of day care facilities, its subsidiary in November 2014, invested 499 million yen in April 2015 and aimed to achieve growth from in-home care services and the establishment of educational institutions. We recognize that we generated certain level of synergy so far. However we reviewed the future strategy of ADORES Group in view of the rapid change in the industry and business environment surrounding ADORES and we reached the conclusion that we should concentrate management resources on general entertainment business, ADORES' core business in the near term and decided to transfer all shares of JC-Group.

## (b) Outline of share transfer

1	Name of company subject to share transfer	Japan Care Welfare Group Co., Ltd.
2	Business of the company subject to share transfer	Operation of day care service business and franchised operation of day care service mainly under "Sawa Honpo" brand
3	Date to conclude agreement	August 11, 2015
4	Date to transfer shares	August 11, 2015
5	Loss from share transfer	We posted impairment loss of 982 million yen during the first quarter of consolidated fiscal year under review, associated with decision to transfer shares. (transfer price: 50 million yen)

- B. The Company resolved to issue subscription rights to shares (terms of exercise are conditional upon performance) to directors and employees of the Company and the Company's subsidiaries pursuant to provisions of Article 236, 238 and 240 of the Companies Act at Board of Directors' meeting held on August 12, 2015. The outline is as follows.

Allotment date (date of issuance)	September 30, 2015
Total number of subscription rights to shares	8,640 pieces (100 shares per a piece)
Issue price of subscription rights to shares	1,600 yen per a piece of subscription rights to shares (16 yen per share, subject to be issued)
Class and number of shares underlying subscription rights to shares	864,000 common shares
Amount to be invested at exercise of subscription rights to shares	954 yen per share
Total amount of issue price of shares issued at exercise of subscription rights to shares	838,080,000 yen
Major conditions regarding exercise of subscription rights to shares	<p>(a) If operating income for FY 2017 exceeds 15,100 million yen 20% of total number of Subscription Rights to Shares allocated to each owner</p> <p>(b) If operating income for FY 2018 exceeds 21,700 million yen 80% of total number of Subscription Rights to Shares allocated to each owner</p> <p>Even if condition (b) is fulfilled, subscription rights to shares shall not be exercised, in case that operating income for FY 2017 is less than 7,500</p>

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	million yen.
Exercise period of subscription rights to shares	From July 1, 2017 till September 30, 2021
Number of grantees and number of allocated subscription rights to shares	Number of directors and employees of the Company and Company's subsidiaries: 60 8,640 pieces

## IV. Supplementary information

## Operating result

## (i) Breakdown of balance of loans receivable

Category			End of 1 <sup>st</sup> quarter of previous consolidated fiscal year (June 30, 2014)		End of 1 <sup>st</sup> quarter of current consolidated fiscal year (June 30, 2015)	
			Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)
Domestic	Consumer services	Unsecured loans	6,920 1,183	7.4	4,631 692	1.7
		Adjustment for business combination	(38)	(0.0)	(25)	(0.0)
		Secured loans	616 147	0.6	370 24	0.1
		Subtotal	7,499 1,330	8.0	4,976 717	1.8
	Business loan services	Discount on commercial notes	2,237 5	2.4	1,933 5	0.7
		Unsecured loans	683 35	0.7	383 29	0.1
		Secured loans	1,071 45	1.1	1,577 88	0.6
		Subtotal	3,992 86	4.2	3,894 124	1.4
	Discounts on commercial notes – total		2,237 5	2.4	1,933 5	0.7
	Accounts receivable – operating loans – total		9,254 1,411	9.8	6,937 835	2.5
	Total		11,492 1,417	12.2	8,870 841	3.2
Overseas	Consumer loan services	Unsecured loans	39,174 1,884	41.7	14,498 1,682	5.2
		Secured loans	67 47	0.1	32,239 14	11.5
		Subtotal	39,241 1,932	41.8	46,738 1,696	16.7
	Business loan services	Unsecured loans	- -	-	415 -	0.1
		Secured loans	- -	-	4,978 -	1.8
		Subtotal	- -	-	5,393 -	1.9
	Accounts receivable – operating loans - total		39,241 1,932	41.8	52,132 1,696	18.6
	Loans by banking business	South Korea	43,233 -	46.0	146,734 -	52.3
		Indonesia	- -	-	72,777 -	25.9
		Subtotal	43,233 -	46.0	219,512 -	78.2
	Total		82,475 1,932	87.8	271,644 1,696	96.8
	Grand total		93,967 3,349	100.0	280,515 2,538	100.0

Note 1: Figures shaded in gray refer to long-term operating loans receivable. They are included in above figures.

Note2: Overseas business loan services are conducted by JT Capital Co., Ltd. Since JT Capital became our consolidated subsidiary during the fourth quarter of the previous consolidated fiscal year, the balance for end of the first quarter of the previous consolidated fiscal year is not stated.

(ii) Balance of advances paid-installment

Category	End of 1 <sup>st</sup> quarter of previous consolidated fiscal year (June 30, 2014)	End of 1 <sup>st</sup> quarter of current consolidated fiscal year (June 30, 2015)
	Amount (million yen)	Amount (million yen)
Advances paid-installment	38,675 870	1,583 23

Note 1: Figures shaded in gray refer to long-term operating loans receivable. They are included in above figures.

Note 2: We transferred “KC Card” brand during the fourth quarter of the previous consolidated fiscal year. Therefore, the balance of advances paid-installment at the end of the first quarter of the current consolidated fiscal year decreased significantly.

(iii) Breakdown of balance of credit guarantee

Category	End of 1 <sup>st</sup> quarter of previous consolidated fiscal year (June 30, 2014)		End of 1 <sup>st</sup> quarter of current consolidated fiscal year (June 30, 2015)	
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)
Unsecured	22,055	51.5	14,610	38.0
Secured	20,740	48.5	23,821	62.0
Total	42,795	100.0	38,432	100.0

## (iv) Breakdown of operating revenue

(unit: million yen)

Category		1 <sup>st</sup> quarter of previous consolidated fiscal year (from April 1, 2014 till June 30, 2014)	1 <sup>st</sup> quarter of current consolidated fiscal year (from April 1, 2015 till June 30, 2015)	Previous consolidated fiscal year (from April 1, 2014 till March 31, 2015)
I. Interest on loans/discount revenue				
1. For consumers	(1) Unsecured loans	2,972	571	4,674
	(2) Secured loans	19	362	80
	For consumers – total	2,992	933	4,755
2. For business	(1) Discount on commercial notes	48	43	188
	(2) Unsecured loans	21	7	62
	(3) Secured loans	29	65	117
	For business - total	99	116	367
Subtotal		3,092	1,050	5,123
II. Banking business revenue	South Korea	2,194	5,764	14,376
	Indonesia	-	3,227	-
	Subtotal	2,194	8,992	14,376
III. Collection of purchased receivables		710	766	3,439
IV. Sales on real estate business		1,846	1,244	5,821
V. Sales on general entertainment business		3,631	3,904	15,960
VI. Installment payment paying for commission		1,622	42	4,701
VII. Other	Commission fee	68	143	273
	Guarantee commission	650	454	2,443
	Gain on bad debts recovered	1,174	1,392	4,809
	Interest on deposits	22	46	239
	Other financial revenue	309	171	1,051
	Other	605	1,280	5,041
	Subtotal	2,830	3,489	13,858
Operating revenue - total		15,928	19,490	63,281

Note 1: "VII. Other, Other financial revenue" refers mainly to the difference between the collection from loans under receivable purchasing services and the corresponding acquisition cost.

Note 2: Above figures do not include consumption tax and others.

Note 3: From the first quarter of the consolidated fiscal year under review, "Sales on development, manufacturing and sales of computer system for peripheral equipment of amusement machines" is added to "V. Sales on amusement business" and shown as "Sales on general entertainment business." As for previous consolidated fiscal year, figures which reflect the said change are shown.