

Consolidated Financial Results for the Six Months Ended September 30, 2015 <under Japanese GAAP>

November 13, 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: November 13, 2015

Scheduled date of commencement of dividend payment: December 4, 2015

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 six months ended September 30, 2015 (April 1, 2015 – September 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	%
Six months ended September 30, 2015	37,778	18.1	(2,335)	-	(2,200)	-	(2,320)	-
Six months ended September 30, 2014	31,979	10.9	(2,632)	-	(2,459)	-	(3,754)	-

Note: Comprehensive income (loss) (million yen)

1st half of FY 2016: (12,362); -%1st half of FY 2015: (5,409); -%

	Quarterly net income per share	Quarterly diluted net income per share
	yen	yen
Six months ended September 30, 2015	(19.72)	-
Six months ended September 30, 2014	(31.81)	-

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 September 30, 2015	495,893	177,945	34.7	1,498.77
As of March 31, 2015	540,718	194,865	34.8	1,591.09

(Reference) Equity capital (million yen)

September 30, 2015: 171,841

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	-	5.00			
FY 2016 (forecast)			-	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 attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	81,900	-	7,500	-	4,700	-	40.85

Revision to the disclosed financial forecast: No

Note 1: 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 2: At the Board of Directors' meeting held on May 14, 2015, we adopted the resolution to acquire own shares. The basic earnings per share in the consolidated financial forecasts reflect the said share buyback.

* Note

(i) Material changes in subsidiaries during the current period (addition and exclusion of specified subsidiaries leading to the change in the scope of consolidation) : No

(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)	September 30, 2015	118,678,154	March 31, 2015	118,589,354
Number of treasury shares	September 30, 2015	4,022,936	March 31, 2015	409,540
Average number of outstanding shares during the period	From April 1, 2015 till September 30, 2015	117,679,180	From April 1, 2014 till September 30, 2014	118,011,429

* 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 have been completed.

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

1. Any information contained in this document pertaining to future financial performance etc. is based on the information currently available to J Trust and certain other premises judged to be reasonable and J Trust does not guarantee the achievement of this performance. Actual financial performance may vary significantly from the forecasts contained herein. "I. Qualitative information 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.

2. Supplemental materials can be found on J Trust website (<http://www.jt-corp.co.jp/en/>). Earnings presentation for analysts is scheduled for November 16, 2015. Video and materials of the presentation will be available on J Trust website.

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I. Qualitative information on the quarterly financial results

1. Explanation on operating results

During the first six months of the current fiscal year, the recovery of the US economy became notable. On the other hand, uncertainties, such as a slowdown in growth pace of the Chinese economy, existed, and the future outlook of the world economy remained uncertain. Especially in Asian countries, their currency markets experienced volatility occasionally reflecting concern over the monetary policy of the US, and their economic growth pace was stagnant. In Japan, the performance of some companies and the employment condition have improved under the monetary and economic policy adopted by the Japanese government and the Bank of Japan. However, we cannot be optimistic about the outlook because there still remains the impact of yen depreciation, decrease in real wages, prolonged stagnation of consumer confidence after the consumption tax hike, and concern on business results.

In this economic environment, we consider that it is inevitable to transform our business ahead of the change in global and Japanese economy. We drew up a medium-term business plan covering FY2016 till FY2018 under the group vision of “Aim to be a provider of unique financial services not constrained by existing paradigms.” We are expanding business in Asia, whose economy is expected to continue growing at high pace, and aiming to maximize the synergy generated by our network of Group companies with the aim of further enhancing our management foundation and achieving sustainable growth.

During the first six months of this fiscal year, we proactively tackled the improvement in corporate value and reinforcement of business foundation in and out of Japan in order to shift 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 its 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

To conduct a new business using Bitcoin, in May 2015, the Group underwrote 26.46% of common shares which BTCBox Co., Ltd., an operator of Bitcoin exchange, issued through the third party allotment of shares, and made BTCBox a company for which an equity method was adopted. The Group established JTRUST BITCOIN PTE. LTD. (incorporated in Singapore), a consolidated subsidiary of JTRUST ASIA PTE. LTD., in July 2015. Currently, JTRUST BITCOIN operates a web portal on Bitcoin-related information. Going forward, JTRUST BITCOIN plans to develop its business by offering various Bitcoin-related services such as foreign exchange margin trading

between Bitcoin and other currencies through JTRUST BITCOIN. We will establish a system with the aim of creating new business using Bitcoin, and improve our corporate value.

In addition, we implemented a business restructuring. In September 2015, we transfer a part of the unsecured loan business (consumer finance business) of Nihon Hoshou Co., Ltd. (hereinafter, "Nihon Hoshou") to CREDIA Co., Ltd. through a corporate split. Consequently, we withdrew from the unsecured loan business (consumer finance business), and established the business structure focusing on the guarantee for property related loans.

(iv) Capital Policy

We conducted the share buyback to return the profit to shareholders through the improvement in capital efficiency and ensure the flexible implementation of capital policy in response to the change in business environment. We aim to maintain the well-balanced capital structure to maximize shareholder value.

Operating revenue during the first six months of the current fiscal year was 37,778 million yen (up 18.1% year on year). Interest on loans declined because installment payment paying for commission decreased after the transfer of "KC Card" brand in January 2015, and TA Asset Management LLC (hereinafter, "TA Asset Management"), Neoline Credit Co., Ltd. and HICAPITAL Co., Ltd. (collectively called "Affiliated Financial Companies") transferred their loan businesses to JT Chinae Savings Bank. Meanwhile, banking business revenue increased because new loans receivable of JT Chinae Savings Bank grew due to the assumption of the loan business of the Affiliated Financial Companies and its aggressive marketing activities, and JT Savings Bank and Bank JTrust Indonesia, which were acquired during the previous fiscal year, contributed to revenue growth. In addition, increase in operating revenue at newly 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/loss, we reported an operating loss of 2,335 million yen (operating loss of 2,632 million yen during the same period of previous fiscal year). During the same period of the previous fiscal year, we recorded loss on sales of receivables as part of the disposal of non-performing loans, and an increase in the provision of allowance for doubtful accounts at JT Chinae Savings Bank. However, both operating expense and the provision of allowance for doubtful accounts declined compared with the same period of the previous year. In addition, selling, general and administrative expenses were cut down because the "KC Card" brand was transferred and provision for loss on interest repayment at Nihon Hoshou declined along with a decrease in interest repayment claim related liabilities after the transfer of part of Nihon Hoshou's unsecured loan business through the corporate split. At the same time, selling, general and administrative expenses were pushed up because operating expenses of companies that were acquired during the previous fiscal year as the scale of the Group's business expanded, personnel expenses rose along with an increase in the number of employees, and amortization of goodwill grew after the acquisition of Bank JTrust Indonesia.

We recorded ordinary loss of 2,200 million yen (ordinary loss of 2,459 million yen during the same period of previous fiscal year), and loss attributable to owners of parent of 2,320 million yen (loss attributable to owners of parent of 3,754 million yen during the same period of previous fiscal year).

Segment performance was as follows. From the second quarter of the consolidated fiscal year under review, reportable segment has been changed. Comparison with the same period of previous fiscal year below is 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. 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 a major housing manufacturer, flat 35 loan agency and others from February 2015. We are aiming to increase credit guarantee balance through new scheme, and currently making good progress. Although the transfer of "KC Card" brand reduced the number of partnered financial institutions by six, we have partnership with five

regional financial institutions at the end of September 2015. We aim to increase credit guarantee balance per each financial institution going forward.

As a result, the consolidated credit guarantee balance at the quarter-end was 40,706 million yen (down 8.3% year on year). This included 15,041 million yen in credit guarantees on unsecured loans (down 33.8%) and 25,664 million yen in credit guarantees on secured loans (up 18.5%) with an increase in guarantees for rental housing loans.

(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 is decreasing, we will pursue profit of remaining players through M&A of competitors on the back of our superior collection capability. We will also reinforce business to collect business loan receivable and start business rehabilitation services.

As a result, the quarter-end balance of purchased receivables was 3,602 million yen (up 28.0% 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.

As a result, the quarter-end balance of advances paid-installment, including long-term operating loans receivable, was 2,172 million yen (down 94.1% year on year). This amount included 2,161 million yen in advances paid-installment (down 94.0%) and 11 million yen in long-term operating loans receivable (down 98.4%).

(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. Nihon Hoshou separated 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 (for business) was 4,550 million yen (up 2.2%). This amount included 1,522 million yen in commercial notes (down 35.5%), 2,944 million yen in accounts receivable – operating loans (up 47.1%) due to an increase in property secured loans and 82 million yen in long-term operating loans (down 7.3%). The quarter-end loan balance including long-term operating loans (for consumers) was 3,471 million yen (down 48.5%). This amount included 3,229 million yen in accounts receivable – operating loans (down 43.2%) and 241 million yen in long-term operating loans (down 77.1%).

As a result, operating revenue in the domestic financial business was 5,550 million yen (down 45.4%) and segment income was 1,561 million yen (up 92.6%) mainly due to cost reduction through Nihon Hoshou's business restructuring such as the elective retirement plan.

(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 has been already established with the acquisition of savings bank, a capital company and a 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 corporations, 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 from Affiliated Financial Companies 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 receivable was 46,211 million yen (up 283.1% year on year). The balance of loans by banking business was 136,693 million yen (up 91.5%), the balance of accounts receivable – operating loans was 44,389 million yen (up 329.0%) and the balance of long-term operating loans was 1,821 million yen (up 6.2%).

(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 through business acquisition. As a result, the quarter-end balance of purchased receivable was 4,105 million yen.

As a result, operating revenue in financial business in South Korea was 13,391 million yen (up 36.5%). Segment loss was 126 million yen (segment loss of 3,279 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 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, a 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 76,001 million yen. Operating revenue of financial business in Southeast Asia was 6,140 million yen and segment loss was 3,471 million yen due to an increase in provision of allowance for doubtful accounts.

(iv) General entertainment business

BREAK Co., Ltd. (hereinafter, "BREAK") produces and sells toys for amusement machines, ADORES, Inc. (hereinafter, "ADORE") operates amusement facilities, Highlights Entertainment develops, manufactures and sells computer system for peripheral equipment of pachinko and slot 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 content in addition to content business using existing facilities as intermediaries. Through the acquisition of Highlights Entertainment, we aim to establish general entertainment business across group by taking measures such as utilizing ADORES' own content in development of slot machines.

As a result, operating revenue in general entertainment business was 8,363 million yen (up 8.7% year on year). Segment income was 54 million yen (down 86.3%).

(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 period, our financial figures were worse than those in the same period of the previous fiscal year. However, we have expanded sales areas and also property sales in existing area went well backed by the sign of the recovery in the housing starts of residential subdivision.

As a result, operating revenue in real estate business was 2,867 million yen (down 17.4% year on year) and segment income was 260 million yen (down 27.4%).

(vi) Investment business

In Singapore, JTA conducts investment business and provides management support for investees. JTA underwrote convertible bond of Group Lease PCL, listed on the Stock Exchange of Thailand in May 2015. While expanding its business in fast-growing Southeast Asia, JTA plans to develop business to maximize its synergy generated from the establishment of network.

As a result, operating revenue in investment business was 837 million yen (operating revenue of 6 million for the same period of previous fiscal year) and segment income was 702 million yen (segment loss of 39 million yen for the same period of previous fiscal year).

(vii) Other business

J Trust System Co., Ltd. handles system development, operation and management of computers, Keynote constructs commercial facilities. Japan Care Welfare Group Co., Ltd., which conducts elderly care business, was excluded from the scope of consolidation due to its sale in August 2015.

As a result, operating revenue in other business was 991 million yen (down 24.9% year on year) and segment loss was 172 million yen (segment income of 35 million yen during the same period of previous fiscal year).

2. Explanation on financial position

(i) Assets, liabilities, and net assets

Total assets decreased by 44,825 million yen compared with the end of previous fiscal year and amounted to 495,893 million yen. Securities held by JT Chinae Savings Bank and Bank JTrust Indonesia increased by 2,193 million yen. Operational investment securities increased by 3,791 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 18,856 million yen. Goodwill declined by 3,850 million yen. Accounts receivable – operating loans decreased by 14,752 million yen due to transfer from Affiliated Financial Companies to JT Chinae Savings Bank and loans by banking business decreased by 11,705 million yen owing to repayment of principal and sale of receivable.

Liabilities decreased by 27,904 million yen and amounted to 317,948 million yen. This is mainly because long-term loans payable including current portion increased by 12,547 million yen due to the securitization of housing installment loan receivables by JT Capital, and short-term loans payable grew by 9,850 million yen, while deposits by banking business decreased by 37,073 million yen, and provision for loss on interest repayment decreased by 6,297 million yen due to partial transfer of Nihon Hoshou's unsecured loan business through the corporate split, and the sale of CREDIA Co., Ltd.

Net assets decreased by 16,920 million yen compared with the end of previous fiscal year and amounted to 177,945 million yen. Recording of dividends of surplus of 590 million yen and loss attributable to owners of parent of 2,320 million yen decreased retained earnings by 2,911 million yen. In addition, net assets decreased due to share buyback amounting to 3,646 million yen, decline in foreign currency translation adjustment by 8,192 million yen and non-controlling interests by 763 million yen.

As a result, net assets per share decreased by 92.32 yen compared with the end of previous fiscal year and amounted to 1,498.77 yen. Capital adequacy ratio decreased by 0.1 percentage points from 34.8% at the end of previous fiscal year to 34.7%.

(i) Cash flow status

The quarter-end balance of cash and cash equivalent (hereinafter, "fund") fell by 14,975 million yen to 103,085 million yen since the end of the previous fiscal year.

The cash flow status and factors that affected each cash flow during the first half of FY2016 are as follows:

(Operating cash flow)

Net cash used in operating activities was 26,889 million yen. (In the same period of the previous fiscal year, operating cash flow increased by 47,043 million yen.) This is mainly attributed to loss before income taxes and minority interests of 2,567 million yen and deposits by banking business fell by 19,306 million yen at JT Chinae Savings Bank, loans by banking business grew by 6,949 million yen owing to increase in loan assumption and new loan disbursement.

(Investment cash flow)

Net cash provided by investing activities was 1,068 million yen. (In the same period of the previous fiscal year, net cash used in investing activities amounted to 4,639 million yen.) Net increase in fund related to non-current assets of 421 million yen and proceeds from sales of investment securities of 425 million yen contributed to the increase.

(Financial cash flow)

Net cash provided by financing activities was 14,546 million yen. (In the same period of the previous fiscal year, net cash used in financing activities amounted to 17,926 million yen.) The share buyback of 3,649 million yen and dividend payment of 590 million yen decreased the fund. On the other hand, net increase in fund associated with short-term loans payable of 10,621 million yen and net increase in fund associated with long-term loans payable of 9,312 million yen contributed.

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. 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/full year consolidated financial statements for the first half and full year of the previous fiscal year were reclassified.

As for the consolidated cash flow statement for the first six months of the current fiscal year, cash flow associated with the acquisition or sale of shares of subsidiaries which does not result in change in scope of consolidation is classified under "cash flow from financing activities", and expenses on acquisition of subsidiaries share which results in change in scope of consolidation and expenses incurred by acquisition of subsidiaries share which does not result in change in scope of consolidation are categorized as "cash flow from operating activities."

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

As a result, operating loss, ordinary loss and loss before income taxes and minority interests for the first six months of the current fiscal year decreased by 54 million yen. Capital surplus at end of the second quarter of the

Translation for reference only

current fiscal year decreased by 385 million yen.

III. Consolidated quarterly financial statements

1. Consolidated quarterly balance sheets

(unit: million yen)

	Previous consolidated fiscal year (March 31, 2015)	2nd quarter of current consolidated fiscal year (September 30, 2015)
Assets		
Current assets		
Cash and deposits	141,742	122,886
Commercial notes	2,355	1,522
Accounts receivable - operating loans	65,315	50,563
Loans by banking business	224,401	212,695
Advances paid - installment	1,395	2,161
Purchased receivables	8,647	7,707
Subrogation receivable	1,124	1,295
Securities	17,874	20,067
Operational investment securities	6,595	10,387
Merchandise and finished goods	2,688	1,994
Work in process	515	1,685
Other	16,131	20,028
Allowance for doubtful accounts	(20,525)	(21,332)
Total current assets	468,260	431,664
Non-current assets		
Property, plant and equipment	9,352	7,479
Intangible assets		
Goodwill	41,438	37,588
Other	5,664	4,490
Total intangible assets	47,102	42,078
Investments and other assets		
Long-term operating loans receivable	2,405	2,158
Other	23,690	15,218
Allowance for doubtful accounts	(10,092)	(2,705)
Total investments and other assets	16,002	14,671
Total non-current assets	72,458	64,228
Total assets	540,718	495,893

(unit: million yen)

	Previous consolidated fiscal year (March 31, 2015)	2nd quarter of current consolidated fiscal year (September 30, 2015)
Liabilities		
Current liabilities		
Notes discounted	2,226	1,462
Current portion of bonds	130	160
Short-term loans payable	7,862	17,712
Current portion of long-term loans payable	5,987	5,339
Income taxes payable	1,157	416
Deposits by banking business	287,452	250,379
Provision for loss on litigation	200	—
Provision for loss on interest repayment	1,089	—
Provision for loss on business liquidation	905	—
Other	15,587	11,634
Total current liabilities	322,598	287,104
Non-current liabilities		
Bonds payable	2,241	2,019
Long-term loans payable	11,009	24,204
Provision for loss on interest repayment	5,219	—
Provision for loss on guarantees	422	439
Net defined benefit liability	414	1,109
Provision for loss on litigation	399	379
Other	3,546	2,691
Total non-current liabilities	23,254	30,843
Total liabilities	345,853	317,948
Net assets		
Shareholders' equity		
Capital stock	53,604	53,614
Capital surplus	52,945	52,571
Retained earnings	73,709	70,797
Treasury shares	(197)	(3,843)
Total shareholders' equity	180,062	173,139
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(42)	(966)
Foreign currency translation adjustment	8,005	(187)
Remeasurements of defined benefit plans	9	(144)
Total accumulated other comprehensive income	7,972	(1,298)
Subscription rights to shares	167	203
Non-controlling interests	6,663	5,900
Total net assets	194,865	177,945
Total liabilities and net assets	540,718	495,893

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

(unit: million yen)

	First half of previous consolidated fiscal year (From April 1, 2014 till September 30, 2014)	First half of current consolidated fiscal year (From April 1, 2015 till September 30, 2015)
Operating revenue	31,979	37,778
Operating expenses	14,442	19,448
Operating gross profit	17,536	18,329
Selling, general and administrative expenses	20,169	20,664
Operating loss	(2,632)	(2,335)
Non-operating income		
Interest income	11	1
Dividend income	29	64
House rent income	81	33
Gain on investment of securities	—	177
Foreign exchange gains	96	97
Miscellaneous income	61	85
Total non-operating income	279	461
Non-operating expenses		
Interest expenses	79	85
Depreciation	10	5
Share of loss of entities accounted for using equity method	—	101
Miscellaneous loss	15	134
Total non-operating expenses	106	326
Ordinary loss	(2,459)	(2,200)
Extraordinary income		
Gain on sales of non-current assets	3	213
Gain on bargain purchase	22	—
Gain on reversal of foreign currency translation adjustment	—	830
Other	3	9
Total extraordinary income	28	1,053
Extraordinary losses		
Loss on sales of non-current assets	5	25
Loss on abandonment of non-current assets	86	8
Impairment loss	691	1,066
Loss on sales of shares of subsidiaries and associates	—	285
Other	2	35
Total extraordinary losses	786	1,420
Loss before income taxes and minority interests	(3,216)	(2,567)
Income taxes - current	1,023	1,042
Income taxes - deferred	(755)	(661)
Total income taxes	268	381
Loss	(3,485)	(2,949)
Profit (loss) attributable to non-controlling interests	269	(628)
Loss attributable to owners of parent	(3,754)	(2,320)

Translation for reference only

(Consolidated quarterly statements of comprehensive income)

(Consolidated statement of comprehensive income for the six months)

(unit: million yen)

	First half of previous consolidated fiscal year (From April 1, 2014 till September 30, 2014)	First half of current consolidated fiscal year (From April 1, 2015 till September 30, 2015)
Loss	(3,485)	(2,949)
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,571)	(1,064)
Foreign currency translation adjustment	2,113	(8,193)
Remeasurements of defined benefit plans, net of tax	(0)	(155)
Share of other comprehensive income of entities accounted for using equity method	(465)	—
Total other comprehensive income	(1,924)	(9,413)
Comprehensive income	(5,409)	(12,362)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(5,752)	(11,591)
Comprehensive income attributable to non-controlling interests	343	(771)

3. Consolidated quarterly cash flow statements

(unit: million yen)

	First half of previous consolidated fiscal year (From April 1, 2014 till September 30, 2014)	First half of current consolidated fiscal year (From April 1, 2015 till September 30, 2015)
	(unit: million yen)	
Cash flows from operating activities		
Loss before income taxes and minority interests	(3,216)	(2,567)
Share-based compensation expenses	34	31
Depreciation	1,393	1,275
Loss (gain) on sales of non-current assets	2	(188)
Impairment loss	691	1,066
Loss (gain) on sales of shares of subsidiaries and associates	—	285
Gain on reversal of foreign currency translation adjustment	—	(830)
Gain on bargain purchase	(22)	—
Amortization of goodwill	677	1,625
Share of (profit) loss of entities accounted for using equity method	—	101
Loss (gain) on securities operation	—	(177)
Increase (decrease) in allowance for doubtful accounts	(470)	(3,500)
Bad debts written off	6,354	4,643
Increase (decrease) in provision for bonuses	—	6
Increase (decrease) in provision for loss on business liquidation	(28)	(905)
Increase (decrease) in provision for loss on interest repayment	(1,196)	72
Increase (decrease) in provision for loss on guarantees	11	34
Increase (decrease) in provision for loss on litigation	—	(200)
Increase (decrease) in other provision	(60)	—
Increase (decrease) in net defined benefit liability	(56)	714
Increase (decrease) in deposits by banking business	38,545	(19,306)
Interest and dividend income	(40)	(66)
Discount expenses and interest expenses	2,370	7,379
Foreign exchange losses (gains)	—	19
Decrease (increase) in inventories	249	(476)
Decrease(increase) in long-term operating loans receivable	171	(803)
Decrease(increase) in pledged deposit	128	(1,972)
Decrease (increase) in restricted deposits	4,141	2,908
Other, net	(67)	(4,134)
Subtotal	49,611	(14,964)
Interest and dividend income received	40	110
Interest expenses paid	(2,473)	(8,245)
Income taxes paid	(1,300)	(2,022)
Subtotal	45,878	(25,121)
Increase in commercial notes	(3,641)	(2,525)
Decrease in commercial notes	3,642	3,351
Increase in operating loans receivable	(5,686)	(10,258)
Decrease in operating loans receivable	12,839	18,339

	First half of previous consolidated fiscal year (From April 1, 2014 till September 30, 2014)	First half of current consolidated fiscal year (From April 1, 2015 till September 30, 2015)
Net decrease(increase) in loans by banking business	605	(6,949)
Decrease (increase) in investment securities for sale	(8,677)	(3,791)
Increase in advances paid-installment	(36,813)	(1,681)
Decrease in advances paid-installment	39,493	905
Increase in purchased receivables	(900)	(340)
Decrease in purchased receivables	551	1,449
Increase in subrogation receivable	(504)	(699)
Decrease in subrogation receivable	256	432
Net cash provided by (used in) operating activities	47,043	(26,889)

(unit: million yen)

	First half of previous consolidated fiscal year (From April 1, 2014 till September 30, 2014)	First half of current consolidated fiscal year (From April 1, 2015 till September 30, 2015)
Cash flows from investing activities		
Decrease (increase) in time deposits	(197)	1,556
Purchase of property, plant and equipment	(1,293)	(889)
Proceeds from sales of property, plant and equipment	13	1,378
Purchase of intangible assets	(2,380)	(68)
Purchase of securities	—	(28,601)
Proceeds from sales of securities	—	13,472
Proceeds from redemption of securities	2	14,048
Purchase of investment securities	(784)	—
Proceeds from sales of investment securities	—	425
Proceeds from redemption of investment securities	0	—
Purchase of shares of subsidiaries and associates	—	(206)
Purchase of treasury shares of subsidiaries	(0)	—
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(403)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	355
Net cash provided by (used in) investing activities	(4,639)	1,068
Cash flows from financing activities		
Increase in notes discounted	3,570	2,553
Decrease in notes discounted	(3,529)	(3,317)
Increase in short-term loans payable	7,020	17,855
Decrease in short-term loans payable	(7,318)	(7,234)
Proceeds from long-term loans payable	6,920	23,297
Repayments of long-term loans payable	(19,771)	(13,984)
Proceeds from issuance of bonds	300	—
Redemption of bonds	(4,357)	(51)
Repayments of lease obligations	(110)	(55)
Proceeds from sales and leasebacks	86	6
Proceeds from disposal of treasury shares	—	0
Purchase of treasury shares	(0)	(3,649)
Proceeds from issuance of subscription rights to shares	—	13
Proceeds from exercise of share options	9	11
Cash dividends paid	(589)	(590)
Dividends paid to non-controlling interests	(158)	(158)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(149)
Other, net	—	(0)
Net cash provided by (used in) financing activities	(17,926)	14,546
Effect of exchange rate change on cash and cash equivalents	3,837	(3,700)
Net increase (decrease) in cash and cash equivalents	28,315	(14,975)
Cash and cash equivalents at beginning of period	131,349	118,060
Cash and cash equivalents at end of period	159,664	103,085

4. Notes regarding consolidated quarterly financial statements

(Notes regarding going concern assumption)

Not applicable.

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

The Company acquired 3,613,300 of own shares based on its resolution at its Board of Directors' meeting held on May 14, 2015. As a result, amount of treasury shares increased by 3,646 million yen during the first half of the consolidated fiscal year under review and treasury shares amounted to 3,843 million yen as of September 30, 2015.

(Segment information, etc.)

(i) Segment information

[1] First half of previous fiscal year (from April 1, 2014 till September 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
Operating revenue					
External customers	10,133	9,811	—	7,686	3,472
Intersegment sales and transfers	29	—	—	11	0
Total	10,162	9,811	—	7,697	3,472
Segment income (loss)	810	(3,279)	—	399	358

	Reportable segment		Others [*]	Total
	Investment business	Subtotal		
Operating revenue				
External customers	6	31,110	869	31,979
Intersegment sales and transfers	—	40	451	492
Total	6	31,150	1,320	32,471
Segment income (loss)	(39)	(1,750)	35	(1,714)

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	(1,750)
Profit in "Other"	35
Intersegment transaction elimination	32
Company-wide expenses*	(950)
Operating loss on consolidated quarterly statement of income	(2,632)

Note: "Company-wide expenses" refer to 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)

As the amount of recoverable goodwill in financial business in South Korea fell below the book value, we reduced the book value to the recoverable amount, and posted the reduction as impairment loss under extraordinary losses. For the first half of previous fiscal year, impairment loss amounted to 691 million yen.

(Significant change in amount of goodwill)

Not applicable.

(Significant gain on bargain purchase)

The statement is omitted since the amount is insignificant.

D. Matters regarding changes in reportable segment

Not applicable.

[2] First half of consolidated fiscal year under review (from April 1, 2015 till September 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
Operating revenue					
External customers	5,381	13,390	6,140	8,363	2,866
Intersegment sales and transfers	168	1	—	0	1
Total	5,550	13,391	6,140	8,363	2,867
Segment income (loss)	1,561	(126)	(3,471)	54	260

	Reportable segment		Others *	Total
	Investment business	Subtotal		
Operating revenue				
External customers	835	36,976	801	37,778
Intersegment sales and transfers	1	174	190	364
Total	837	37,150	991	38,142
Segment income (loss)	702	(1,019)	(172)	(1,191)

Note: "Other" refers to business segments not included in the reportable segments and includes 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	(1,019)
Loss in "Other"	(172)
Intersegment transaction elimination	22
Company-wide expenses *	(1,166)
Operating loss on consolidated quarterly statement of income	(2,335)

Note: "Company-wide expenses" refer to 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)

Not applicable.

(Significant change in amount of goodwill)

Not applicable.

(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 names 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 Pachinko and Slot Machines” which used to belong to “Other Business” is included in “General Entertainment Business.”

In line with a growing Importance of the investment business, which used to be categorized under “Other Business”, we added a new segment called “Investment Business” to the reportable segments, and as a consequence the number of reportable segments increased from five (Domestic Financial Business, Financial Business in South Korea, Financial Business in South Asia, General Entertainment Business, and Real Estate Business) to six since this second quarter.

Segment information for the first half of previous consolidated fiscal year is based on the revised reportable segments.

5. Supplementary information

Operating result

(i) Breakdown of balance of loans receivable

Category			End of 2nd quarter of previous consolidated fiscal year (September 30, 2014)		End of 2nd quarter of current consolidated fiscal year (September 30, 2015)	
			Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)
Domestic	Consumer services	Unsecured loans	6,222 932	6.5	3,061 217	1.1
		Adjustment for business combination	(32)	(0)	(0)	(0)
		Secured loans	551 125	0.6	410 24	0.2
		Subtotal	6,741 1,057	7.1	3,471 241	1.3
	Business loan services	Discount on commercial notes	2,368 5	2.5	1,522 -	0.6
		Unsecured loans	627 36	0.7	247 4	0.1
		Secured loans	1,457 46	1.5	2,779 77	1.0
		Subtotal	4,453 89	4.7	4,550 82	1.7
	Discounts on commercial notes – total		2,368 5	2.5	1,522 -	0.6
	Accounts receivable – operating loans – total		8,826 1,141	9.3	6,498 324	2.4
Total		11,194 1,146	11.8	8,021 324	3.0	
Overseas	Consumer loan services	Unsecured loans	11,997 1,665	12.7	15,691 1,808	5.9
		Secured loans	64 48	0.1	26,196 13	9.8
		Subtotal	12,061 1,714	12.8	41,888 1,821	15.7
	Business loan services	Unsecured loans	- -	-	368 -	0.1
		Secured loans	- -	-	3,954 -	1.5
		Subtotal	- -	-	4,323 -	1.6
	Accounts receivable – operating loans - total		12,061 1,714	12.8	46,211 1,821	17.3
	Loans by banking business	South Korea	71,364 -	75.4	136,693 -	51.2
		Indonesia	- -	-	76,001 -	28.5
		Subtotal	71,364 -	75.4	212,695 -	79.7
	Total		83,425 1,714	88.2	258,907 1,821	97.0
	Grand total		94,620 2,861	100.0	266,928 2,146	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 second quarter of the previous consolidated fiscal year is not stated.

(ii) Balance of advances paid-installment

Category	End of 2nd quarter of previous consolidated fiscal year (September 30, 2014)	End of 2nd quarter of current consolidated fiscal year (September 30, 2015)
	Amount (million yen)	Amount (million yen)
Advances paid-installment	36,902 754	2,172 11

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 second quarter of the current consolidated fiscal year decreased significantly.

(iii) Breakdown of balance of credit guarantee

Category	End of 2nd quarter of previous consolidated fiscal year (September 30, 2014)		End of 2nd quarter of current consolidated fiscal year (September 30, 2015)	
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)
Unsecured	22,718	51.2	15,041	37.0
Secured	21,654	48.8	25,664	63.0
Total	44,373	100.0	40,706	100.0

(iv) Breakdown of operating revenue

(unit: million yen)

Category		2nd quarter of previous consolidated fiscal year (from April 1, 2014 till September 30, 2014)	2nd quarter of current consolidated fiscal year (from April 1, 2015 till September 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	3,844	1,090	4,674
	(2) Secured loans	46	673	80
	For consumers – total	3,891	1,763	4,755
2. For business	(1) Discount on commercial notes	95	75	188
	(2) Unsecured loans	37	13	62
	(3) Secured loans	52	131	117
	For business - total	185	220	367
	Subtotal	4,076	1,984	5,123
II. Banking business revenue	South Korea	6,278	10,773	14,376
	Indonesia	—	6,140	-
	Subtotal	6,278	16,913	14,376
III. Collection of purchased receivables		1,412	1,643	3,439
IV. Sales on real estate business		3,472	2,866	5,821
V. Sales on general entertainment business		7,686	8,363	15,960
VI. Installment payment paying for commission		3,171	91	4,701
VII. Other	Commission fee	134	304	273
	Guarantee commission	1,315	908	2,443
	Gain on bad debts recovered	2,344	2,156	4,809
	Interest on deposits	72	71	239
	Other financial revenue	582	318	1,051
	Other	1,432	2,157	5,041
	Subtotal	5,881	5,915	13,858
Operating revenue - total		31,979	37,778	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 half of the consolidated fiscal year under review, "Sales on development, manufacturing and sales of computer system for peripheral equipment of pachinko and slot 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.