

Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 <under Japanese GAAP>

May 14, 2014

Company name: J Trust Co., Ltd.

Stock exchange listings: Tokyo Stock Exchange

URL: <http://www.jt-corp.co.jp/en/index.php>

Securities code: 8508

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Scheduled date of annual general meeting of shareholders: June 26, 2014

Scheduled date of commencement of dividend payment: June 27, 2014

Scheduled date of filing of securities report: June 27, 2014

Preparation of supplementary materials for the financial results: Yes

Holding of earnings presentation: Yes (for analysts)

Note: All amounts are rounded down to the nearest million yen.

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (April 1, 2013 - March 31, 2014)

i. Consolidated Operating Results

(% indicates year-on-year increase/decrease from the previous fiscal year)

	Operating revenue		Operating income		Ordinary income		Net income	
Fiscal Year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2014	61,926	11.2	13,745	14.5	13,351	△2.6	11,145	△16.3
March 31, 2013	55,683	127.2	12,005	116.7	13,704	149.8	13,309	△61.4

Note: Comprehensive income Year ended March 31, 2014: 17,240 million yen (21.4%)

Year ended March 31, 2013: 14,197 million yen (△58.9%)

	Net income per Share	Diluted Net income per Share	Return on Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Operating Revenue
Fiscal Year ended	Yen	Yen	%	%	%
March 31, 2014	109.66	108.05	9.3	4.8	22.2
March 31, 2013	214.44	208.30	23.8	8.2	21.6

Reference: Equity in earnings (losses) of affiliates Year ended March 31, 2014: — Year ended March 31, 2013: —

Note: J Trust Co., Ltd. (below, "the Company") conducted a stock split on June 1, 2012, whereby each common stock was divided into 2 shares. "Net income per Share" and "Diluted Net income per Share" have been calculated here as though this stock split had been conducted at the beginning of the previous fiscal year.

ii. Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
Fiscal Year ended	Million yen	Million yen	%	Yen
March 31, 2014	334,736	184,230	53.0	1,502.54
March 31, 2013	218,706	70,895	29.1	1,013.89

Reference : Equity capital Year ended March 31, 2014: 177,263 million yen

Year ended March 31, 2013: 63,625 million yen

iii. Consolidated Cash Flows

	Net Cash Provided by Operating Activities	Net Cash Provided by Investing Activities	Net Cash Provided by Financing Activities	Cash and cash equivalents at end of period
Fiscal Year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2014	16,828	△23,169	74,464	131,349
March 31, 2013	9,378	36,764	△2,441	56,288

2. Dividends

	Dividend per Share					Total dividends (Annual)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Annual			
Fiscal Year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2013	—	3.00	—	4.00	7.00	437	3.3	0.8
March 31, 2014	—	5.00	—	5.00	10.00	1,178	9.1	0.8
March 31, 2015 (forecast)	—	5.00	—	5.00	10.00		—	

Note: As indicated in “3. Financial Forecast for the Fiscal Year Ending March 31, 2015” the disclosure of the consolidated financial forecast has been postponed, so the disclosure of the forecast of the dividend payout ratio will also be postponed.

3. Financial Forecast for the Fiscal Year Ending March 31, 2015 (April 1, 2014 - March 31, 2015)

(% indicates year-on-year increase/decrease)

	Operating Revenue		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six-month ending September 30, 2014	—	—	—	—	—	—	—	—	—
Fiscal Year ending March 31, 2015	—	—	—	—	—	—	—	—	—

Note: The disclosure of consolidated financial forecast for the fiscal year has been postponed as it is difficult to reasonably calculate the financial forecast. The forecast will be disclosed as soon as such information can be disclosed.

※ **Annotations**

① **Material changes in subsidiaries during current fiscal year**
(movements resulting in changed status of inclusion within the scope of consolidation) : Yes

J TRUST ASIA PTE, LTD

INCLUDED: 3 Companies Company Name: KJI Consumer Finance LLC EXCLUDED: —
HICAPITAL Co., Ltd.

Note: For more details, please refer to ‘2. OVERVIEW OF THE J TRUST GROUP’ on the attached document.

② **Changes in accounting policies, accounting estimates, and retrospective re-statements**

- | | |
|---|------------------|
| [1] Changes to accounting policy based on revisions of accounting standards | : Applicable |
| [2] Changes to accounting policy other than that indicated in [1] | : Not applicable |
| [3] Changes to accounting estimates | : Applicable |
| [4] Retrospective re-statements of changes | : Not applicable |

Note: For more details, please refer to ‘4. CONSOLIDATED FINANCIAL STATEMENTS (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies) and (Changes in Accounting Estimates).’

③ **Number of outstanding shares (common stock)**

Number of outstanding shares at the end of the period (treasury stock included)	March 2014	118,385,834	March 2013	63,162,292
Number of treasury stock at the end of the period	March 2014	409,372	March 2013	408,668
Average number of shares during the period	March 2014	101,641,004	March 2013	62,064,741

Note: The Company conducted a stock split on June 1, 2012, whereby each common stock was divided into 2 shares. “Total number of issued outstanding shares (common stock)” has been calculated here as though this stock split had been conducted at the beginning of the previous fiscal year. As to the number of shares which is the basis for calculating Net Income per Share, please refer to ‘4. CONSOLIDATED FINANCIAL STATEMENTS (5) Notes to Consolidated Financial Statements.’

Reference: Summary of Non-Consolidated Financial Results**1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (April 1, 2013 - March 31, 2014)****i. Non-Consolidated Operating Results**

(% indicates year-on-year increase/decrease)

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
Fiscal Year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2014	4,583	29.2	1,832	78.0	828	△22.9	1,268	20.0
March 31, 2013	3,546	14.8	1,029	△13.7	1,073	△12.0	1,056	54.8

	Net Income per Share	Diluted Net Income per Share
Fiscal Year ended	Yen	Yen
March 31, 2014	12.48	12.30
March 31, 2013	17.02	16.54

Note: the Company conducted a stock split on June 1, 2012, whereby each common stock was divided into 2 shares. "Net Income per Share" and "Diluted Net Income per Share" have been calculated here as though this stock split had been conducted at the beginning of the previous fiscal year.

ii. Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net Assets per Share
Fiscal Year ended	Million yen	Million yen	%	Yen
March 31, 2014	123,707	112,142	90.6	949.55
March 31, 2013	38,744	13,831	35.3	218.17

Reference: Equity Capital
 Year ended March 31, 2014: 112,024 million yen
 Year ended March 31, 2013: 13,690 million yen

2. Financial Forecast (on a Non-Consolidated basis) for the Fiscal Year Ending March 31, 2015(April 1, 2014 - March 31, 2015)

(% indicates year-on-year increase/decrease)

	Operating revenue		Operating income		Ordinary income		Net income		Net income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six Month ending September 30, 2014	—	—	—	—	—	—	—	—	—
Fiscal year ending March 31, 2015	—	—	—	—	—	—	—	—	—

Note: The disclosure of non-consolidated financial forecast for the fiscal year has been postponed as it is difficult to reasonably calculate the financial forecast. The forecast will be disclosed as soon as such information can be disclosed.

***Information regarding the implementation of audit procedures**

This document of consolidated financial results is exempt from review procedures based on the Financial Instruments and Exchange Act. Audit procedures for consolidated financial statements based on the Financial Instruments and Exchange Act have not been completed at the time of disclosure of this document.

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

1. Please be aware that 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. Actual performance may differ significantly from the projected figures due to various factors. For the assumptions that form the basis of the financial forecast, please see '1. ANALYSIS ON OPERATING AND FINANCIAL RESULTS (1) Analysis on Operating Results for the Fiscal Year Ended March 31, 2014.'
2. Supplemental accounting documents and other information can be found on the Company's home page:
<http://www.jt-corp.co.jp/en/index.php>
 Also, earnings presentation is scheduled to be held on May 29, 2014 for analysts. Video and materials of the presentation will be uploaded to HP afterwards.

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1. ANALYSIS ON OPERATING AND FINANCIAL RESULTS

(1) Analysis on Operating Results for the Fiscal Year Ended March 31, 2014

Looking back on fiscal year ended March 31, 2014, while the debt crisis in Europe and the slowdown in the growth in emerging economy give cause for concern, the Japan's economy saw the positive sign in the business confidence and the recovery in the consumer sentiment due to the progress of depreciation of yen and increase of stock price on the back of government's financial and economic measures. Nevertheless the rise in prices of commercial products along with the depreciation of yen and the hike in the consumption tax did not allow the economy to lead to the full-fledged recovery and the future outlook remains unclear.

The J Trust Group (hereinafter, "the Group") revolves around comprehensive financial business. In Japan's consumer & business finance industry, the ratio of decrease in the volume of refund claims & cash-out has been less noticeable. Nevertheless, there was an increase in the volume of non-collateral loan contracts in consumer finance compared to the previous year. This signals a halt to the decline in the market which had suddenly scaled down in the past. In the credit card industry, although the balance of cash advances has decreased due to the impact of total volume control and etc., there has been an expanding trend in purchase volume due to diversification of service contents; expansion of service areas for making credit card payment; and enhanced convenience. In the real estate industry, by preferential measures for housing acquisition implemented by the government and low interest rates, the number of new residential constructions has gradually started to increase while still remaining at low levels due to a concern that the consumption after the hike in the consumption tax might generate a push-back. Although a sign of gradual recovery of the real estate market has been seen, a full-fledged recovery is still a long way off. Similarly in the amusement industry, weak trends have prevailed due to budget minded consumer spending on entertainment.

Given this economic environment, the Group has continued, since the previous year, to pro-actively conduct purchase of receivables and organizational restructuring, effectively utilizing the management resources of the Group and streamlining its management in order to work toward strengthening the management base across the entire Group. Domestically, in June 2013, Adores, Inc. (below, "Adores") abolished its construction and design business (mainly involving planning/construction/design of amusement arcades and other various commercial facilities) and transferred the business to Keynote Co., Ltd.(hereinafter, "Keynote"), its subsidiary, in a business reorganization. Subsequently in March 2014, J Trust (below, the Company) acquired the whole shares of NUCS Co., Ltd (below, NUCS) to make it a consolidated subsidiary for the purpose of enhancement of the credit card business and installment services. Internationally, in June 2013, Chinae Savings Bank Co., Ltd. (below, "Chinae Savings Bank") in South Korea took over the consumer loan receivables from HK Savings Bank Co., Ltd. (main office location: Seoul Special City, South Korea). Moreover, in March 2014, the Company acquired the whole shares of KJI Consumer Finance LLC (below, "KJI Consumer Finance") that develops consumer finance services in South Korea as well as the whole shares of HICAPITAL Co., Ltd (below, "HICAPITAL") to make them a subsidiary. In addition, in October 2013, the Company established J TRUST ASIA PTE.LTD. (below, "JTA") in Singapore, as the Group's business hub of financial business, amusement business, and other business opportunities with high growth potentials within the growing South East Asian region. In December, JTA acquired partial shares of, and concluded business tie-up with Bank Mayapada International Tbk PT, a major commercial bank of Indonesia. The Group has been conducting Rights Offering (Non-Commitment/Gratis Allotment of Listed

Subscription Rights) as a fundraising method for the funds which are required to flexibly secure the cash reserves and to improve the equity capital to further promote the purchase of loan receivables, M&A and etc.

With regard to credit guarantee business which is one target of the Company's medium- to long- term management strategy, KC Card Co., Ltd. (hereinafter "KC Card") concluded guarantee tie-up agreement with Tomato Bank, Ltd in August 2013, and Nihon Hoshou Co., Ltd (below, "Nihon Hoshou") concluded guarantee tie-up with Seikyo Credit Union in March 2014. The Group is currently tied up with eight regional banks including Tomato Bank and Seikyo Credit Union for credit guarantee operations. Furthermore, in the same month, Nihon Hoshou concluded another guarantee tie-up for credit guarantee operations pertaining to the rental housing loans with Saikyo Bank. As to measures for strengthening financial platform of the Group, the Company made full-repayment of borrowings and etc. to Resolution and Collection Corporation (hereinafter, "RCC") in December 2013 by using partial funds obtained by the Rights Offering, in an effort to improve the Company's equity capital.

Thus far, in preparation of the consolidated financial statements, consolidated subsidiaries such as Nihon Hoshou and Chinae Savings Bank whose fiscal year end differs from that of the parent company (the Company) have covered an individually different financial period by, for example, adopting each fiscal year end of those subsidiaries as the basis for financial statements. Recently, in terms of providing timely disclosure by using the accounting standard which is unified across the Group, the Company has decided to change to prepare the financial statements for such consolidated subsidiaries based on tentative settlement of accounts closed as of the consolidated fiscal year end, whereby the period subject to the consolidated financial statements is unified with that of the parent company. As a result, the accounting period for the fiscal year under review covers 13 months for Nihon Hoshou and 15 months for Chinae Savings Bank. Also, Chinae Savings Bank has posted allowance for doubtful accounts based on the accounting standard stipulated in the Mutual Savings Bank Law due to insufficiency of the data to calculate the loan loss ratio. However, there are some bad debts available of which historical data can be calculated with one year passed since the acquisition of original monetary claims, Chinae Savings Bank accordingly started to record allowance for doubtful accounts based on the loan loss ratio. This has triggered the increase of operating profit by 6,904 million yen during the fiscal year under review.

Operating revenue in the fiscal year under review was 61,926 million yen (an increase of 11.2% year-on-year). In addition to the impact of changes in preparation method of consolidated financial statements mentioned above, the revenue in the amusement business from Adores, which became a consolidated subsidiary in the previous fiscal year, contributed during the fiscal year under review and there was an increase in the guarantee commission received, which also contributed to the increase in operating revenue. Operating income was 13,745 million yen (an increase of 14.5% year-on-year). Although personnel and other expenses increased along with the expansion of the Group's business scale in addition to the profit-declining factor that the Chinae Savings Bank of which the profit generating system is not completed has been in the scope of consolidated settlement of accounts for past 15 months, there was the reversal of allowance for loss on guarantee, which was provided for contingent liabilities held by Credia Co., Ltd. (below, "Credia") when the Company paid off the borrowings and etc. to RCC. Ordinary income was 13,351 million yen (a decrease of 2.6% year-on-year) as expenses for fundraising through Rights Offering have been posted as non-operating expenses. Net income was 11,145 million yen (a decrease of 16.3% year-on-year) as extraordinary loss amounting to 2,951 million yen has been posted which is provided as provision for loss on litigation in line with the verdict of the first hearing from Tokyo District Court against Credia on

December 16, 2013 despite the amount of 1,060 million yen arising from negative goodwill associated with multiple M&A activities, etc. posted as the extraordinary income.

Performances by business segment are as follows:

① **Financial business**

(Business loan services)

Business loan services are provided mainly by Nihon Hoshou. The volume of commercial notes, which was once in decreasing trend, increased year-on-year as a result of strong efforts on the back of the increases in the volume of commercial notes handled by the partnered financial institutions. Accounts receivable-operating loans slightly decreased year-on-year as a result of smooth collection on loans, despite the Group's endeavor to increase the balance of mortgage loans and securities-based loans.

The overall loan balance is listed as follows; commercial notes: 2,369 million yen (up 43.0 % year-on-year), accounts receivable-operating loans: 2,201 million yen (down 1.5 % year-on-year), long-term operating loans receivable: 54 million yen (down 27.7% year-on-year), the total balance of business loan including long-term loans receivable: 4,624 million yen (up 16.6 % year-on-year).

(Consumer loan services)

Consumer loan services are provided mainly by Nihon Hoshou, Credia, and Saikyo Card Co., Ltd. (assumed by Saikyo Bank, Ltd. in January 2014, below, "Saikyo Card").

The balance of consumer loans for fiscal year under review decreased as collection on loans from Takefuji's consumer finance business (current TFK Corporation; acquired by Nihon Hoshou) proceeded well and the Saikyo Card was sold off.

The overall loan balance is listed as follows; accounts receivable-operating loans: 6,733 million yen (down 44.0% year-on-year), long-term operating loans receivable: 1,242 million yen (down 11.6 % year-on-year), the total balance of loans receivable including long-term loans receivable was 7,976 million yen (down 40.6 % year-on-year).

(Credit and consumer credit services)

Credit card services are provided by KC Card and NUCS, and its expansion has been one target of the Group's medium- to-long- term business plan. Efforts have been made toward retaining credit card revenue by increasing credit card holders as well as billing per customer, through provision of various services to optimize credit card's payment system such as B to C business. Nevertheless, the volume of loan balance decreased mainly because collection on cash advances proceeded well. Consumer credit services involving installment sales method are provided by Nihon Hoshou, NUCS and Saikyo Card. However the Group saw the decrease in the services as Saikyo Card was sold off. For NUCS, balance sheet is only consolidated during the fiscal year under review.

The overall loan balance is listed as follows; advances paid-installment: 39,776 million yen (down 17.4 % year-on-year), long-term loans receivable: 1,037 million yen (down 67.6 % year-on-year), the total balance of advances paid-installment including long-term loans receivable was 40,814 million yen (down 20.5 % year-on-year).

(Credit guarantee services)

Credit guarantee are provided mainly by Nihon Hoshou, Credia, and KC Card. Having declared the expansion of credit guarantee business as one focus of its medium-to long-term strategies, the Group has tied-

up with 8 regional banks. Going forward, the Group intends to increase the number of tie-up financial institutions as well as to expand credit guarantee balance. Also, by benefiting from the credit know-how in the Group's financial business which synergizes with the brand power of partnered financial institutions, the Group will endeavor to expand the credit guarantee business and to retain the stable revenue through increase of the number of tie-up financial institutions for credit guarantee business while meeting the wide range of customers' financial requirements.

The overall credit guarantee balance is listed as follows; debt guarantee on collateral loans: 19,832 million yen (up 18.5% year-on-year), debt-guarantee on non-collateral loans: 21,007 million yen (up 27.6 % year-on-year), the total balance of credit guarantee: 40,839 million yen (up 23.0 % year-on-year).

(Purchase of Accounts Receivable)

Purchase of accounts receivable is carried out by the Company, Nihon Hoshou, Partir Servicer, United Partir, United Partir One and United Partir KC. They have proactively been purchasing new receivables. However, the balance of purchased receivables for the fiscal year under review was 2,527 million yen (down 0.1 % year-on-year) because the amount of collection on loans exceeded purchase volume.

As a result of all the above, operating revenue in financial business was 25,300 million yen (down 24.2 % year-on-year), and segment income was 11,435 million yen (down 7.0 % year-on-year).

Saikyo Card, an operator of consumer credit and consumer finance, became excluded from the scope of consolidation as the Company sold all of its holdings of Saikyo Card's stock (80% that was held) to Saikyo Bank, Ltd. in January 2014.

② Real Estate Business

Keynote provides housing-related services that involve sales and brokerage of ready-built housing, built-to-order housing and renovation of second-hand housing. Adores has launched profit-earning real estate business in an attempt to benefit from the synergy between real estate and financial business. It endeavors to deliver profitability through operations that involve stocking and selling of profit-earning real estate properties particularly in metropolitan areas.

Operating revenue in real estate business was 4,975 million yen (up 16.0 % year-on-year), and segment income was 496 million yen (up 83.8 % year-on-year).

③ Amusement Business

With regard to amusement business, Break Co., Ltd. sells assorted merchandise for amusement machines, and Adores undertakes management of amusement facilities and relevant operations.

On the background of improving economic climate in Japan, they continuously endeavored to acquire new customer bases, based on their most important management mission – “to attract customers.” In medal game genre, which is their core operation, various measures were implemented: full scale review on unit price; reinforced sales promotion by making use of the media; and giving a number of highly unique events. As a result of such efforts, not only did the number of customers for medal game genre increase significantly compared to the previous year, but the amount of sales was also higher than year-earlier level. In prize game

genre, due to reinforced cooperation between Adores and Break Co., Ltd., year-earlier level of sales has been retained. In manufacturing and sales sectors for amusement machine toys, performance has relatively been stable, backed up by steady operation of amusement facilities.

As a result, operating revenue was 16,597 million yen (up 22.3% year-on-year), and segment income was 951 million yen (up 280% year-on-year).

*Medal game refers to arcade game machines that utilize medals

*Prize game refers to arcade games machines whose purpose is to acquire a prize

④ International Business

In South Korea, Neoline Credit Co., Ltd. , KJI Consumer Finance and HICAPITAL conduct consumer finance business, and Chinae Saving Bank has been operating savings bank business. Furthermore in Singapore, JTA has been conducting investment business and management support of companies in which JTA made investment. With regard to KJI Consumer Finance and HICAPITAL, only balance sheet is consolidated for the fiscal year under review.

The loan balance is listed as follows; Accounts receivable – operating loans: 40,307 million yen (up 916.1% year-on-year), long-term loans receivable: 1,617 million yen (0 yen for the previous fiscal year), and the total loan balance including long-term loans receivable: 41,924 million yen (up 956.9% year-on-year). The loan balance at the end of the fiscal year under review increased as KJI Consumer Finance and HICAPITAL newly became consolidated subsidiaries. Furthermore, Loans by banking business were 46,701 million yen (down 3.1% year-on-year) as the collection on loan proceeded despite the increase made by Chinae Savings Bank by assumption of consumer loan receivables from HK Savings Bank in June 2013.

As a result, operating revenue in overseas business was 13,214 million yen (up 373.0% year-on-year).

Segment income was 3,046 million yen (336 million yen of segment loss in the previous year) as Chinae Savings Bank started to post allowance of doubtful accounts based on the historical data of bad debts.

⑤ Other businesses

System development and computer operational and administrative services for the Group are provided by J Trust System Co., Ltd.

Keynote conducts design & construction business (transferred from Adores upon business reorganization in June 2013). AAD Co., Ltd. provides printing services, and NL Value Capital Co., Ltd. conducts investment business. JT Investment Co., Ltd., which had involved in investment business, business management consulting, and group management, is currently under the process of liquidation.

As a result of all the above, operating revenue in other business was 3,072 million yen (up 1.2 % year-on-year), segment income was 70 million yen (down 58.6% year-on-year).

Outlook for the fiscal year ending March 31, 2015

The Group procured funds through Rights Offering to flexibly secure cash reserves and to improve capital equity while retaining the Group's growth potential so far. Going forward, the Group intends to improve the corporate value in the mid-to-long horizon by establishing the solid financial strength and the growth base as well as to improve profitably by business development and market development including proactive, prompt and expanded purchase of loans receivable and M&A domestically and internationally, benefiting from the funds that have

been procured.

The Group has determined to work on a wide variety of and a large number of the purchase of loans receivable as well as M&A, etc. domestically and internationally, based on the business policies mentioned above, and the performance is inevitably affected by the success of future deals. In addition, the company has been considering the business restructuring targeting the companies which newly became consolidated subsidiaries by means of M&A during the fiscal year under review so the Company is influenced by the progress of procedures related to permissions and authorizations required for M&A and the business restructuring. Furthermore, with regard to booking of allowance for doubtful accounts, Chinae Savings Bank has been posting such allowance based on the historical rate of bad debts starting from allowances with one year passed after the acquisition of original monetary claims when the calculation of the historical rate of bad debts can be made. Given the above, as it is difficult to reasonably calculate the financial forecast at this time, the disclosure of financial forecast for the fiscal year ending March 31, 2015 both on a consolidated and non-consolidated basis will be postponed. Additional disclosure will promptly be made as soon as the disclosure of financial forecast can be made.

(2) Analysis on Financial Position

① Assets, Liabilities, Net Assets

Total assets as of the end of the fiscal year under review increased by 116,092 million yen from the end of previous year to reach 334,786 million yen (up 53.1 %). Advances paid-installment decreased by 8,356 million yen triggered by smooth collection on loans. In addition, long-term operating loans receivable decreased by 2,373 million yen due to full-repayment of loans by GF Investment Fund Limited Partnership for Investment. Nevertheless, fundraising by the implementation of the Rights Offering and etc. drove the following increases; cash and cash equivalents (70,095 million yen), and securities including negotiable certificates of deposit (9,998 million yen). Furthermore, although the accounts receivable-operating loans decreased in Japan as collection on loans proceeded well, KJI Consumer Finance and HICAPITAL in South Korea became a consolidated subsidiary which led to the increase by 31,014 million yen in net amount.

Liabilities increased by 2,695 million yen up to 150,505 million yen from the end of the previous fiscal year (up 1.8 %). The following decreases were recorded: provision for loss on guarantee (3,575 million yen) due to the full repayment of borrowings and etc. to the Resolution and Collection Corporation, provision for loss on interest repayment (5,738 million yen) on the back of the decreased number of interest refund claims. Nevertheless, the increases were triggered by; deposits by banking business (3,948 million yen), booking of corporate bond (1,875 million yen) and corporate bonds redeemable within one year (2,610 million yen) due to subsidiary acquisition of HICAPITAL, and recording of allowance for provision for loss on litigation (2,951 million yen) in response to the ruling on lawsuit against Credia.

Net assets increased by 113,334 million yen to reach 184,230 million yen from March 31, 2013 (up 159.9 %). While retained earnings decreased as a result of 839 million yen of payment made as dividend of surplus, issuance of new shares by the Rights Offering, etc. drove the following increases; capital stock (48,953 million yen) and capital surplus (48,954 million yen). Moreover, 11,145 million yen recorded as net income also drove an increase in retained earnings.

As a result of the above, net assets per share increased by 488.65 yen to reach 1,502.54 yen from March 31, 2013; and capital adequacy ratio increased by 23.9 point to reach 53.0% (29.1% as of March 31, 2013).

② Cash Flows

With regard to consolidated cash and cash equivalents (below, “funds”) as of March 31, 2014, funds increased by 75,061 million yen year-on-year to 131,349 million yen.

Details for cash flow of each activity for the fiscal year under review are as follows.

i. Net cash provided by operating activities

The increase in funds provided by operating activities was 16,828 million yen (an increase of 79.4% year-on-year). The decrease in deposits for banking business at Chinae Savings Bank was 10,612 million yen, and the decrease in allowance for doubtful accounts was 6,964 million yen. Also, provision for loss on interest repayment decreased by 5,750 million yen, along with decrease in the number of refunds and refund claims in addition to the decrease by 3,575 million yen in allowance for provision for loss on

guarantees along with the full repayment to RCC. However, net income before income taxes and minority interests was 11,689 million yen, depreciation was 2,311 million yen, bad debts written-off was 9,081 million yen, provision for loss on litigation in response to the ruling against Credia increased by 2,951 million yen, net decrease in operating loans was 3,767 million yen due to smooth collection, net decrease in advances paid installment was 4,534 million yen, and loans in the banking business decreased by 6,601 million yen.

ii. Net cash provided by investing activities

The decrease in funds by investing activities was 23,169 million yen for the fiscal year under review (the increase in funds was 36,764 million yen for the previous fiscal year). The Company recorded 14,662 million yen of payment in the acquisition of its subsidiaries' whole shares accompanying change in the scope of consolidation, and 3,713 million yen of payment in the acquisition of tangible noncurrent assets. In addition, funds decreased due to 5,395 million yen of payment in the acquisition of investment securities.

iii. Net cash provided by financing activities

The increase in funds provided by financing activities was 74,464 million yen (the decrease in funds was 2,441 million yen for the previous fiscal year). Despite net decrease in funds related to long-term loans payable of 23,124 million yen and the decrease in the payment of dividends of 839 million yen, the funds increased in the proceeds of 96,602 million yen by issuance of new shares along with Rights Offering.

Reference: Changes in Cash Flow Indicators

	34th period March 2010	35th period March 2011	36th period March 2012	37th period March 2013	38th period March 2014
Equity ratio (%)	28.9	36.7	40.9	29.1	53.0
Equity ratio on market-value basis (%)	17.9	32.0	41.6	95.7	46.0
Years of debt redemption (years)	2.7	3.1	16.7	8.3	9.9
Interest coverage ratio (times)	13.2	8.5	2.2	3.1	1.6

Equity ratio: Shareholders' equity / Total assets

Equity ratio on market-value basis: Market capitalization / Total assets

Years of debt redemption: Interest-bearing liabilities / Cash flow

Interest coverage ratio: Cash flows / Interest expense

Note: (1) All indicators are calculated on a consolidated basis.

(2) Market capitalization is calculated by multiplying the total number of outstanding shares at the end of the period (excluding treasury stock) by the closing share price at the end of the period.

(3) Cash flows are calculated by subtracting proceeds or payments related to operating loans receivable before bad debts written off, from net cash provided by operating activities in the consolidated statements of cash flows. Starting from the 38th period, cash flows are calculated by subtracting "Increase (decrease) in deposits for banking business" in the cash flow statements. Changes are accordingly made to the 37th period.

(4) Interest-bearing liabilities refer to all liabilities with interest payable recorded on the liabilities section of the consolidated balance sheets. Interest expense is the same amount as the "Interest expenses paid" stated in the consolidated statements of cash flows.

(3) Basic Policy for Distribution of Profits and Dividends for Fiscal March 31, 2014 and 2015

The Company considers the appropriate return of profits to its shareholders to be one of its highest priorities, and has determined its basic policy to be taking a proactive stance in the return of profits while giving full consideration to the future operating environment and industry trends.

As announced in Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (released on May 14, 2013), a year-end dividend of 5 yen per share and an interim dividend (5 yen per share) are scheduled to be allocated for the fiscal year ended March 31, 2014, bringing the annual dividend to 10 yen per share.

With regard to dividends for fiscal year ending March 31, 2015, the Company plans to allocate 5 yen per share for the end of the second quarter and 5 yen per share for the end of the fiscal period, bringing the annual dividend to 10 yen per share.

2. Overview of the J Trust Group

The Group is composed of J Trust Co., Ltd. (below, “the Company”) and 22 consolidated subsidiaries. It operates financial business, real estate business, amusement business, international business, and other businesses.

The Company arranges business plans comprehensively for its group companies, and as a holding company provides support for their businesses.

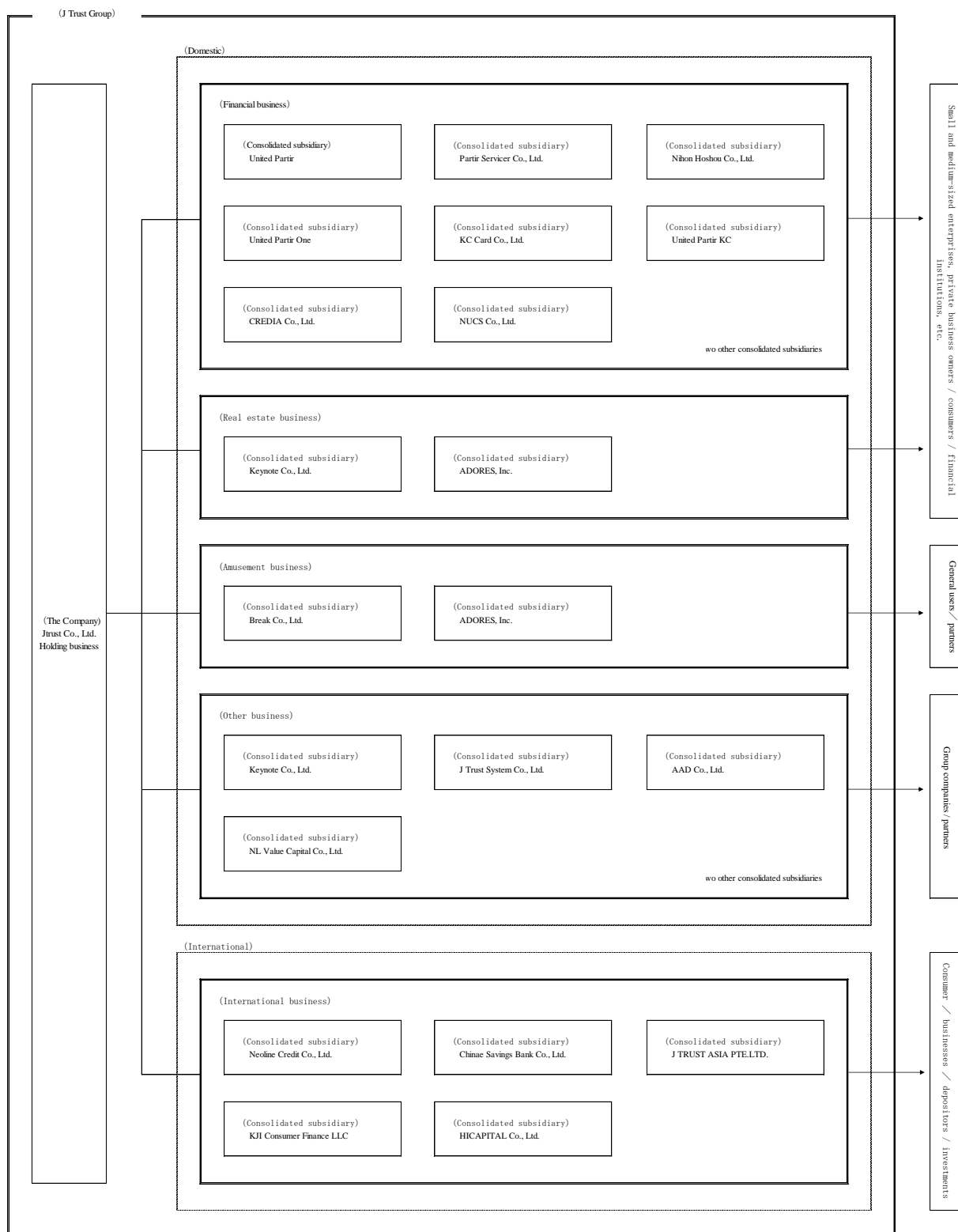
The below are the main businesses of the Group and division of roles between the Company and its subsidiaries.

There are five business segments congruent with ‘4.CONSOLIDATED FINANCIAL STATEMENTS (5)Notes to Consolidated Financial Statements (Segment Information).’

Business sector		Main business	Mainly handled by
Financial business	Business loan	Loans on notes and deeds for small and medium-sized enterprises and sole proprietors in the form of commercial note discounting, unsecured loans or collateral loans secured by real estate, securities, golf club membership, medical fee receivables, and others	Nihon Hoshou Co., Ltd CREDIA Co., Ltd
	Consumer loan	Loans on deeds for consumers in the form of unsecured loans or collateral loans secured by real estate, and others	Nihon Hoshou Co., Ltd CREDIA Co., Ltd
	Credit and consumer card	Fund settlement services through the issuance of credit cards, and consumer credit services including the provision of card loans	KC Card Co., Ltd NUCS Co., Ltd
		The credit business in the form of the provision of installment sales targeted at consumers	Nihon Hoshou Co., Ltd NUCS Co., Ltd
	Credit guarantee	Credit guarantee services mainly for consumer loans and business financing loans granted by banks, credit unions, and credit associations to small and medium-sized enterprises and sole proprietors	Nihon Hoshou Co., Ltd KC Card Co., Ltd CREDIA Co., Ltd
	Purchase of accounts receivable	<ul style="list-style-type: none"> The business of purchasing loans receivable from financial institutions, nonbanks, and business companies collection of purchased receivables in relation to collection work commissioned by group companies (Partir Servicer Co., Ltd only) 	J Trust Co., Ltd United Partir Partir Servicer Co., Ltd Nihon Hoshou Co., Ltd United Partir One United Partir KC
Real estate business		handling houses for sale, which includes buying and selling of property, renovation of old houses, and real estate brokerage	Keynote Co., Ltd
		Liquidated real estate, and stocking and sales of profit-earning real estate properties especially in metropolitan areas	ADORES, Inc
Amusement business		Sales of prize vending machine toys as well as operation of amusement facilities	BREAK Co., Ltd
		Operation of amusement facilities	ADORES, Inc
International business	South Korea	Loans on deeds to consumers in the form of unsecured loans and collateral loans secured by real estate	Neoline Credit Co., Ltd KJI Consumer Finance LLC HICAPITAL Co., Ltd
		Savings bank business	Chinae Savings Bank Co., Ltd
	Southeast Asia	Singapore-based investment business	J TRUST ASIA PTE.LTD.
Other business		Design and construction business	Keynote Co., Ltd

	Operation and management of computers, commissioned software development, and provision of operational guidance	J Trust System Co., Ltd
	Printing business	AAD Co., Ltd
	Investment business	NL Value Capital Co., Ltd

The following diagram shows the abovementioned corporate groups and their related businesses.



3. MANAGEMENT POLICIES

(1) Basic Management Policies

Disclosure is omitted as there have been no significant changes in the contents disclosed in the summary of consolidated financial results for the fiscal year ended March 31, 2011 (released on May 12, 2011). The summary is available at the following URL.

(J Trust website) <http://www.jt-corp.co.jp/en/index.php>

(2) Targeted Management Indices

With regard to the Company's targeted management indices, the Company regards operating income, ordinary income, and net income as the important indices to target the improvement in shareholders' value and the stable management. Moreover, the Company will aim at realizing the stable growth through enhancement of business base with an eye on capital adequacy ratio and cash flows.

(3) Medium-to-Long Term Management Strategies

As a mid-to-long term strategy, the Group is attempting to grow as the comprehensive financial group in a new era by declaring four pillars; "proactive acquisition of receivables and M&A activities," "expansion of credit guarantee services," "entry into overseas market," "strengthening of credit card services." The group considers the past 6 years until March 31, 2013 during which the Group rapidly expanded as the "first stage". The group regards the coming future as the "second stage" where the Company can realize the stable growth while retaining the growth potential so far. To achieve the growth the Group aims at, the Group procured funds through Rights Offering to flexibly secure cash reserves and to improve capital equity. Going forward, the Group intends to improve the corporate value in the mid-to-long horizon by establishing the solid financial strength and the growth base as well as to improve profitably by business development and speedy market development including proactive purchase of loans receivable and M&A domestically and internationally, benefiting from the funds that have been procured.

The Group's medium- to long-term strategies as of the current point in time are set out as follows.

① Proactive acquisition of receivables and M&A activities

The Group has know-hows in retail finance involving credit investigation, credit management and collection, and various technical know-hows accumulated in acquisition of receivables and M&A activities. Making use of these know-hows and technical skills, and under strict risk control, the Group has realized expansion of business scale and areas as well as strengthening of business base by proactive acquisition of receivables and M&A activities, while adapting to changes in business environment promptly and appropriately. Toward future, the Group will continue to make efforts toward expanding and developing its existing businesses, and to conduct proactive acquisition of receivables and M&A activities domestically and internationally. In addition, the Group intends to advance into new business fields that synergize well with the Group to further improve the corporate value of the Group.

② Expansion of credit guarantee services

It has been said that there are several millions of consumers with financial requirements who are subject to, or not eligible to receive financing due to, the regulations on the total loan amount (based on the borrowers'

annual income).

Under such circumstances, consumer finance services unrestricted by Moneylending Business Act, that is, credit guarantees on loan products of financial institutions, are expected to come into demand as they could meet the financial needs of consumers and small and medium- sized enterprises.

The Group has built, expanded, and strengthened business partnerships with local banks, shinkin banks, and credit unions, to provide credit guarantee services. Toward future, the Group intends to accumulate its debt guarantee balance and expand credit guarantee services by combining the Group's know-hows of various financial operations and financial institutions' brand strength, credibility, and funding ability. Furthermore, the Group aims to contribute to the stabilization and development of the Japanese economy by providing support to stable financing for customers. To achieve these goals, the Group will continue to expand partners while enhancing the operations.

③ Entry into overseas market

The Group undertakes retail finance particularly consumer finance and purchase of accounts receivables proactively in South Koarea, by optimizing experiences in receivables management and collection on loans accumulated in Japan. Moreover, a high profit business model has been developed which allows reduction in operating costs through fund procurement in local currency while benefiting from deposit function with low interest rates. Toward future, without limiting its business activities within South Korea, the Group intends to maximize its profitability by expanding loan balance with focus on retail finance, through purchase of accounts receivables and M&A activities involving financial institution. Concurrently, the Group considers entry into financial sector particularly banking business in emerging economic nations of East Asia and South East Asia.

④ Strengthening of credit card services

The Group aims to increase transaction fees on shopping through provision of various services and products with using payment function of credit card. As concrete measures, the Group aims to acquire new credit card holders by cultivating the following customer bases; users of E-commerce website, customers of various B to C companies through business tie-ups and further M&A activities. In addition, profitability of the Group and its tie-up B to C companies will be enhanced by synergy through a mutual communication optimizing know-hows of internet marketing owned by the Group.

Lastly, as a holding company with comprehensive financial business, real estate business, amusement business, international business, IT system business and printing business under its umbrella, the Company aims to expand its corporate group through proactive purchase of accounts receivable and M&A activities toward future.

(4) Key Issues to be Addressed

Looking back on the fiscal year under review, while the debt crisis in Europe and the slowdown in the growth in emerging economy give cause for concern, the Japan's economy saw the positive sign in the business confidence and the recovery in the consumer sentiment due to the progress of depreciation of yen and increase of stock price on the back of government's financial and economic measures. Nevertheless the rise in

prices of commercial products along with the depreciation of yen and the hike in the consumption tax did not allow the economy to lead to the full-fledged recovery and the future outlook remains unclear.

The J Trust Group revolves around comprehensive financial business. In Japan's consumer & business finance industry, halt is signaled to the decline in the market which had suddenly scaled down in the past. In the credit card industry, although the environment surrounding cash advances remains harsh, there has been an expanding trend in purchase volume in card shopping due to diversification of service contents; expansion of service areas for making credit card payment; and enhanced convenience, however, the uncertainty for the future prevails. Moreover, in the real estate industry, by preferential measures for housing acquisition implemented by the government and low interest rates, the number of new residential constructions has gradually started to increase while still remaining at low levels due to a concern that the consumption after the hike in the consumption tax might generate a push-back. Although a sign of gradual recovery of the real estate market has been seen, a full-fledged recovery is still a long way off. Similarly in the amusement industry, weak trends have prevailed due to budget minded consumer spending on entertainment.

In order to flexibly respond to changes in the severe operating environment, the Group has put efforts into marketing strategies, in a wide variety of fields, corresponding to changes in the market environment. In the future, the Company aims to capture the changes in the ever-changing times and establish new business models that can adapt to the times, by actively expanding its business in areas that are expected to generate synergistic effects with the Group's core businesses. At the same time, the Company considers exploring ways of securing income sources to be a key issue. Also, the Company believes that realizing the stable growth is an important mission while retaining the growth potential so far.

In addition, due to the Group's carrying out aggressive M&As and reorganizations, as of March 31, 2014, the number of Group companies including the Company is 23, and the number of employees is 2,322. Thus, as operations expand, in the future, as a part of system development based on the "Basic Policy on Constructing the Internal Control System", further enhancement and strengthening of the internal audit system, as well as improvement of the risk management system and the compliance system, are major challenges for not only the Company but the Group as a whole. Furthermore, having made our overseas corporations subsidiaries, strengthening internal controls—including observance of various laws and ordinances, social norms, senses of ethics, as well as other social rules broadly defined—is a major challenge not only in Japan but also in the country of incorporation.

4. CONSOLIDATED FINANCIAL STATEMENTS**(1) Consolidated Balance Sheets**

	(Million yen)	
	Fiscal 2013 (March 31, 2013)	Fiscal 2014 (March 31, 2014)
Assets		
Current assets		
Cash and deposits	*1 62,140	*1 132,235
Commercial notes	*1, *3, *4 1,656	*1, *3, *4 2,369
Accounts receivable-operating loans	*1, *3, *4 18,227	*1, *3, *4 49,242
Loans by banking business	*3, *4 48,210	*3, *4 46,701
Advances paid - installment	*1, *6 48,133	*1, *6 39,776
Purchased receivables	*1 2,529	*1 2,527
Subrogation receivable	656	798
Securities	788	10,787
Merchandise and finished goods	*1 1,336	*1 2,152
Work in process	*1 355	*1 418
Deferred tax assets	184	3,013
Accounts receivable-other	12,032	6,614
Other	*1 4,584	4,892
Allowance for doubtful accounts	(11,574)	(11,657)
Total current assets	189,262	289,872
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	14,135	13,637
Accumulated depreciation	(10,360)	(9,652)
Buildings and structures, net	*1 3,774	*1 3,984
Amusement machine	18,953	17,973
Accumulated depreciation	(16,596)	(16,125)
Amusement machine, net	2,356	1,848
Land	*1 4,107	*1 4,825
Other	2,841	4,068
Accumulated depreciation	(2,244)	(2,417)
Other, net	596	1,650
Total property, plant and equipment	10,836	12,309
Intangible assets		
Goodwill	5,761	5,694
Other	1,003	2,939
Total intangible assets	6,764	8,633
Investments and other assets		
Investment securities	*1 678	9,036
Investments in capital	218	219
Long-term loans receivable	*1 2,373	—
Net defined benefit asset	—	127
Long-term operating loans receivable	*2, *3, *4 4,686	*2, *3, *4 3,951
Deferred tax assets	419	365
Other	*1 7,935	*1 14,717
Allowance for doubtful accounts	(4,469)	(4,498)
Total investments and other assets	11,842	23,919
Total noncurrent assets	29,443	44,863
Total assets	218,706	334,736

(Continued)		(Million yen)	
		Fiscal 2013 (March 31, 2013)	Fiscal 2014 (March 31, 2014)
Liabilities			
Current liabilities			
Notes discounted		1,500	2,173
corporate bonds redeemable within one year		—	*1 2,610
Short-term loans payable	*1, *7	3,062	*1, *7 6,225
Current portion of long-term loans payable	*1	5,009	*1 16,423
Income taxes payable		829	1,034
Deposits for banking business		73,194	77,142
Provision for point card certificates		108	139
Provision for loss on interest repayment		7,124	4,055
Provision for loss on business liquidation		95	28
Other		8,547	9,070
Total current liabilities		99,471	118,904
Noncurrent liabilities			
Corporate bonds		—	*1 1,875
Long-term loans payable	*1	30,487	*1 14,454
Provision for loss on interest repayment		12,052	9,382
Provision for loss on guarantees	*5	4,017	*5 441
Provision for retirement benefits		16	—
Net defined benefit liability		—	197
Provision for loss on litigation		—	2,951
Other		1,764	2,296
Total noncurrent liabilities		48,339	31,601
Total liabilities		147,810	150,505
Net assets			
Shareholders' equity			
Capital stock		4,625	53,578
Capital surplus		3,966	52,920
Retained earnings		54,320	64,626
Treasury stock		(194)	(197)
Total shareholders' equity		62,716	170,928
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities		(10)	3,330
Foreign currency translation adjustment		918	3,032
Remeasurements of defined benefit plans		—	(27)
Total accumulated other comprehensive income		908	6,335
Subscription rights to shares		140	117
Minority interests		7,130	6,848
Total net assets		70,895	184,230
Total liabilities and net assets		218,706	334,736

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

	(Million yen)	
	Fiscal 2013 (April 1, 2012- March 31, 2013)	Fiscal 2014 (April 1, 2013- March 31, 2014)
Operating revenue		
Discount revenue	190	183
Interest on loans	5,123	3,054
Collection from purchased receivable	2,403	3,018
Installment payment paying for commission	10,016	7,463
Commission fee	221	258
Sales on real estate business	4,285	4,970
Interest on deposits	29	67
Other financial revenue	6,868	3,091
Sales on amusement business	13,484	16,510
Banking business revenue	1,222	12,392
Other operating revenue	11,838	10,915
Total operating revenue	55,683	61,926
Operating expenses		
Discount on notes payable expense	58	50
Interest on loans	1,412	979
Guarantee commission	10	—
Cost of purchased receivable	614	700
Cost of sales-real estate	*1 3,700	*1 4,045
Cost of sales on amusement business	*1 11,867	*1 13,982
Banking business expenses	816	4,630
Other operating expenses	*1 2,305	*1 1,950
Total operating expenses	20,786	26,339
Operating gross profit	34,897	35,586
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	71	213
Bad debts expenses	988	1,161
Provision for loss on interest repayment	1,195	(209)
Provision for loss on guarantees	1,484	(3,575)
Directors' compensations	536	601
Salaries and allowances	7,537	9,395
Share-based compensation expenses	77	67
Provision for bonuses	(75)	—
Provision for retirement benefits	(7)	—
Retirement benefit expenses	—	246
Commission fee	2,497	3,483
Amortization of goodwill	687	1,320
Other	7,898	9,135
Total selling, general and administrative expenses	22,892	21,841
Operating income	12,005	13,745

(Continued)	(Million yen)	
	Fiscal 2013 (April 1, 2012- March 31, 2013)	Fiscal 2014 (April 1, 2013- March 31, 2014)
Non-operating income		
Interest income	11	5
Dividends income	937	173
House rent income	188	164
Foreign exchange gains	530	243
Contributed income	—	244
Miscellaneous income	311	179
Total non-operating income	1,979	1,010
Non-operating expenses		
Interest expenses	164	219
Depreciation	26	23
Stock issuance cost	52	1,109
Miscellaneous loss	35	51
Total non-operating expenses	279	1,404
Ordinary income	13,704	13,351
Extraordinary income		
Gain on sales of noncurrent assets	*2 27	*2 65
Gain on sales of investment securities	102	462
Gain on sales of stocks of subsidiaries and affiliates	—	216
Gain on negative goodwill	294	1,060
Gain on change in equity	148	—
Other	72	97
Total extraordinary income	645	1,902
Extraordinary loss		
Loss on sales of noncurrent assets	*3 28	*3 75
Loss on abandonment of noncurrent assets	12	47
Impairment loss	*4 283	*4 429
Loss on valuation of investment securities	0	0
Provision for provision for loss on litigation	—	2,951
Business structure improvement expenses	*5 158	*5 27
Other	45	33
Total extraordinary losses	528	3,564
Income before income taxes and minority interests	13,821	11,689
Income taxes-current	807	558
Income taxes-deferred	(225)	(644)
Total income taxes	581	(85)
Income before minority interests	13,240	11,774
Minority interests in income	(69)	(629)
Net income	13,309	11,145

(Consolidated Statements of Comprehensive Income)

(Million yen)

	Fiscal 2013 (April 1, 2012- March 31, 2013)	Fiscal 2014 (April 1, 2013- March 31, 2014)
Income before minority interests	13,240	11,774
Other comprehensive income		
Valuation difference on available-for-sale securities	(13)	3,341
Foreign currency translation adjustment	970	2,124
Total other comprehensive income	* 957	* 5,466
Comprehensive income	14,197	17,240
(Breakdown)		
Comprehensive income attributable to owners of the parent	14,250	16,600
Comprehensive income attributable to minority interests	(52)	640

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2013 (from April 1, 2012 to March 31, 2013)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	4,530	2,265	41,377	Δ72	48,099
Changes of items during the period					
Issuance of new shares	94	94			189
Increase by share exchanges		1,606			1,606
Dividends from surplus			Δ366		Δ366
Net income			13,309		13,309
Purchase of treasury stock				Δ122	Δ122
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	94	1,701	12,942	Δ121	14,617
Balance at the end of current period	4,625	3,966	54,320	Δ194	62,716

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	4	Δ37	—	Δ32	103	1,300	49,471
Changes of items during the period							
Issuance of new shares							189
Increase by share exchanges							1,606
Dividends from surplus							Δ366
Net income							13,309
Purchase of treasury stock							Δ122
Disposal of treasury stock							0
Net changes of items other than shareholders' equity	Δ14	955	—	940	36	5,829	6,807
Total changes of items during the period	Δ14	955	—	940	36	5,829	21,424
Balance at the end of current period	Δ10	918	—	908	140	7,130	70,895

Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	4,625	3,966	54,320	△194	62,716
Changes of items during the period					
Issuance of new shares	48,953	48,953			97,907
Dividends from surplus			△839		△839
Net income			11,145		11,145
Purchase of treasury stock				△2	△2
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	48,953	48,954	10,306	△2	108,211
Balance at the end of current period	53,578	52,920	64,626	△197	170,928

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	△10	918	—	908	140	7,130	70,895
Changes of items during the period							
Issuance of new shares							97,907
Dividends from surplus							△839
Net income							11,145
Purchase of treasury stock							△2
Disposal of treasury stock							0
Net changes of items other than shareholders' equity	3,340	2,114	△27	5,427	△22	△281	5,123
Total changes of items during the period	3,340	2,114	△27	5,427	△22	△281	113,334
Balance at the end of current period	3,330	3,032	△27	6,335	117	6,848	184,230

(4) Consolidated Cash Flow Statements

	(Million yen)	
	Fiscal 2013 (April 1, 2012- March 31, 2013)	Fiscal 2014 (April 1, 2013- March 31, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	13,821	11,689
Share-based compensation expenses	77	67
Depreciation and amortization	2,560	2,311
Loss (gain) on sales of noncurrent assets	0	10
Impairment loss	283	429
Loss (gain) on sales of stocks of affiliates	—	(216)
Loss (gain) on sales of investment securities	(102)	(462)
Loss (gain) on valuation of investment securities	0	0
Gain on negative goodwill	(294)	(1,060)
Amortization of goodwill	687	1,320
Loss (gain) on change in equity	(148)	—
Stock issuance cost	52	1,109
Increase (decrease) in allowance for doubtful accounts	(4,865)	(6,964)
Bad debts written off	10,252	9,081
Increase (decrease) in provision for bonuses	(107)	—
Increase (decrease) in provision for point card certificates	(21)	30
Increase (decrease) in provision for loss on business liquidation	(1,012)	(67)
Increase (decrease) in provision for loss on interest repayment	(7,480)	(5,750)
Increase (decrease) in provision for loss on guarantees	1,528	(3,575)
Increase (decrease) in provision for retirement benefits	(1)	—
Increase (decrease) in provision for loss on litigation	—	2,951
Increase (decrease) in net defined benefit liability	—	39
Increase (decrease) in deposits for banking business	2,311	(10,612)
Interest and dividends income	(948)	(178)
Discount expenses and interest expenses	2,370	5,343
Foreign exchange losses (gains)	(432)	(280)
Decrease (increase) in inventories	(216)	(879)
Decrease(increase) in long-term loans receivable	3,742	2,199
Decrease(increase) in pledged deposit	(468)	215
Other	(852)	4,239
Subtotal	20,734	10,992
Interest and dividends income received	948	178
Interest expenses paid	(4,353)	(7,421)
Income tax paid	(1,324)	(2,206)
Subtotal	16,004	1,543
Increase in commercial notes	(6,636)	(8,021)
Decrease in commercial notes	7,068	6,999
Increase in operating loans receivable	(6,824)	(4,198)
Decrease in operating loans receivable	*2 13,205	*2 7,965
Decrease(increase) in loans for banking business	(25,392)	6,601
Increase in advances paid-installment	(74,180)	(73,368)
Decrease in advances paid-installment	83,467	77,903
Increase in purchased receivables	(1,252)	(966)
Decrease in purchased receivables	865	880

Proceeds from transfer of operating loans receivable	3,241	1,846
Increase in subrogation receivable	(306)	(711)
Decrease in subrogation receivable	119	355
Net cash provided by (used in) operating activities	9,378	16,828

	(Million yen)	
	Fiscal 2013 (April 1, 2012- March 31, 2013)	Fiscal 2014 (April 1, 2013- March 31, 2014)
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	357	79
Purchase of property, plant and equipment	(2,121)	(3,713)
Proceeds from sales of property, plant and equipment	218	667
Purchase of intangible assets	(380)	(1,201)
Proceeds from sales of intangible fixed assets	—	3
Purchase of securities	(31,004)	(147,430)
Proceeds from sales of securities	36	64
Proceeds from redemption of securities	35,052	147,453
Purchase of investment securities	(117)	(5,395)
Proceeds from sales of investment securities	437	1,022
Proceeds from redemption of investment securities	—	4
Purchase of treasury stock of subsidiaries in consolidation	—	(494)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	*4 431
Purchase of investments in subsidiaries resulting in change in scope of consolidation	*3 (6,678)	*3 (14,662)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	*3 197	—
Proceeds from acquisition of business	*5 40,766	—
Net cash provided by (used in) investing activities	36,764	(23,169)
Net cash provided by (used in) financing activities		
Increase in notes discounted	6,447	7,356
Decrease in notes discounted	(6,724)	(6,682)
Proceeds from short-term loans payable	3,817	5,761
Repayment of short-term loans payable	(6,460)	(4,593)
Proceeds from long-term loans payable	7,293	5,543
Repayment of long-term loans payable	(6,533)	(28,668)
Redemption of bonds	(33)	—
Proceeds from issuance of common stock	—	96,602
Repayments of lease obligations	—	(105)
Proceeds from sale and leaseback	—	40
Proceeds from disposal of treasury stock	0	0
Purchase of treasury stock	(0)	(2)
Proceeds from exercise of stock option	124	135
Cash dividends paid	(366)	(839)
Cash dividends paid to minority shareholders	(6)	(83)
Net cash provided by (used in) financing activities	(2,441)	74,464
Effect of exchange rate change on cash and cash equivalents	1,090	6,938
Increase (decrease) in cash and cash equivalents	44,792	75,061
Cash and cash equivalents at beginning of period	9,410	56,288
Increase in cash and cash equivalents resulting from share exchange	*6 2,085	—
Cash and cash equivalents at end of period	*1 56,288	*1 131,349

(5) Notes to Consolidated Financial Statements

(Notes Regarding Going Concern Assumption)

Not applicable

(Significant Matters Pertaining to the Preparation of Consolidated Financial Statements)

Item	Fiscal 2014 (April 1, 2013- March 31, 2014)
Scope of Consolidation	<p>a. Number of consolidated subsidiaries: 22 companies</p> <p>Names of principal subsidiaries:</p> <p>Keynote Co., Ltd. United Partir Partir Servicer Co., Ltd. Nihon Hoshou Co., Ltd. J Trust System Co., Ltd. ASA Holdings Eight, General Inc. Association United Partir One Neoline Credit Co., Ltd. KC Card Co., Ltd. United Partir KC LTD. LLC Break Co., Ltd. Adores, Inc. JT Investment Co., Ltd. Credia Co., Ltd. AAD Co., Ltd. NL Value Capital Co., Ltd. Chinae Savings Bank Co., Ltd. J TRUST ASIA PTE. LTD KJI Consumer Finance LLC HICAPITAL Co., Ltd NUCS Co., Ltd</p> <p>J TRUST ASIA PTE. LTD was established during fiscal year ended March 31, 2014. For these reasons, it has been included in the scope of consolidation.</p> <p>The Company wholly acquired the equity interest of KJI Consumer Finance and also acquired the whole shares of HICAPITAL and NUCS, so they have been included in the scope of consolidation during the fiscal year under review. For the fiscal year under review, balance sheet is only consolidated.</p> <p>The whole shares of consolidated subsidiary Saikyo Card that the Company held in the previous fiscal year has been transferred, so it has been excluded from the scope of consolidation.</p> <p>b. Number of non-consolidated subsidiaries and names of principal non-consolidated subsidiaries:</p> <p>Not applicable.</p>
2. Application of the Equity Method	Not applicable.
3. Accounting Period of Consolidated Subsidiaries	The following are the consolidated subsidiaries of which the closing date differs from the consolidated closing date. The financial statement is drawn up using the financial statement in which the provisional settlement is made based on the full-year business result as of the consolidated closing date.

Company name	Closing date
KJI Consumer Finance LLC	End of May
Chinae Savings Bank Co., Ltd	End of June
Neoline Credit Co., Ltd	End of September
NUCS Co., Ltd	End of October
JT Investment Co., Ltd	End of November
NL Value Capital Co., Ltd	End of November
KC Card Co., Ltd	End of December
HICAPITAL Co., Ltd	End of December

In the fiscal year under review, the closing date of Nihon Hoshou has been moved to the end of March, which is congruent with the consolidated closing date. For this reason, the accounting period for the fiscal year under review includes 13 months from March 1, 2013 to March 31, 2014.

In the fiscal year under review, Chinae Savings Bank started to make provisional settlement on March 31, which is the consolidated closing date. For this reason, the accounting period for the fiscal year under review includes 15 months from January 1, 2013 to March 31, 2014.

The above two changes made to Nihon Hoshou and Chinae Savings Bank with respect to the closing date of settlement have been made in an attempt to further efficiently conduct the business operations including budget preparation, settlement business, performance management, and etc. as well as to enable more appropriate information disclosure.

The Company has been advancing the system development to allow the settlement in a timely manner on the consolidated closing date including each quarter. As a result of such efforts, as Nihon Hoshou and Chinae Savings Bank has become able to make settlement in a timely manner, the Company judged that unifying the closing date at an earlier stage would contribute to the appropriate information disclosure. Therefore, the Company decided to unify the date of provisional settlement during the fourth quarter.

As for the gain and loss for Nihon Hoshou for one month from March 1, 2013 to March 31, 2013 and gain and loss for Chinae Savings Bank for three months from January 1, 2013 to March 31, 2013, such gain and loss have been adjusted when the financial statements are prepared. This resulted in the following increases; operating revenue: 3,410 million yen, operating income: 285 million yen, ordinary income: 415 million yen, and net income: 375 million yen.

With regard to J TRUST ASIA PTE. LTD, the financial statements based on provisional settlement made as of December 31 are used. For the material transaction that took place in the period from January 1 to March 31, necessary adjustments have been made for consolidation.

In the consolidated financial year ended March 31, 2014, the Company wholly acquired the equity interest of KJI Consumer Finance and also acquired the whole shares of HICAPITAL and NUCS to include them in the scope of consolidation. For the fiscal year under review, only balance sheet is consolidated.

Fiscal year-ends for other consolidated subsidiaries are the same as the consolidated closing date.

<p>4. Accounting Standards (1) Valuation standards and methods for significant assets</p>	<p>a. Securities Bonds held to maturity Amortized cost method (interest method) Other securities • <u>Securities with fair value</u> Market Value Method based on the market price recorded on the consolidated closing date (valuation differences are directly charged to the shareholders equity and cost of securities sold is computed using the moving average method.) • <u>Securities without fair value</u> Cost Method by Moving Average Method.</p> <p>b. Derivatives Market Value Method</p> <p>c. Inventories • <u>Merchandise and finished goods (real estate for sale) and work in process</u> Cost Method by Specific Cost Method (computed by writing down the carrying value, based on the decline in profitability)</p>
<p>(2) Depreciation method of significant depreciable assets</p>	<p>a. Property, plant and equipment (excluding leased asset) Declining-Balance Method. Usual lifespan Buildings : 3- 50 years Amusement machines : 3- 5 years</p> <p>b. Intangible fixed assets (excluding leased assets) Straight-Line Method. With regard to Software for internal use, it is depreciated based on its lifespan determined by the Company (5 years).</p> <p>c. Long-term prepaid expenses Straight-Line Method.</p> <p>d. Leased assets Declining Balance Method (computed by equating their lifespan to lease period) <i>With regard to lease transactions which had started before March 31, 2008, among Finance Lease Exempt from Passage of Title, accounting processing based on the method pertaining to usual lease deals is adopted.</i></p>
<p>(3) Processing of Significant deferred assets</p>	<p>a. Stock issuance cost Total amount is processed as expense when it is generated</p>
<p>(4) Accounting for significant allowances</p>	<p>a. Provision for doubtful accounts To provide allowance for loss on doubtful accounts, general receivables are examined with loan loss ratio from the past, and specific receivables potentially falling into doubtful accounts, are examined by taking into account collectability of each receivable.</p> <p>b. Provision for point card certificates For KC Card, in order to provide for expenses incurred through the use of points accorded to customers under the credit card point service, the future projected credit card usage amount at the end of the fiscal year under review is recorded.</p>

	<p>c. Provision for loss on interest repayment To provide for interest refund claims from debtors, etc., for payments that have exceeded the maximum interest under the Interest Rate Restriction Act, the projected loss at the end of the fiscal year under review is recorded.</p> <p>d. Provision for loss on business liquidation To provide for the projected loss accompanied by the future business reorganizations, expenses are estimated for future at the end of the fiscal year under review is generated.</p> <p>e. Provision for loss on guarantees To provide for loss accompanying the fulfillment of obligations in relation to credit guarantee services tied-up with financial institutions, the projected loss at the end of the fiscal year under review is recorded.</p> <p>f. Provision for loss on litigation To provide for loss on lawsuit, the projected loss amount that is likely to accrue at the end of the fiscal year under review is recorded.</p>
(5) Accounting for retirement benefits	<p>To provide for the retirement benefits for the employees, net defined benefit liability is recorded based on the projected pension assets by subtracting the amount of pension assets from the retirement benefit obligations.</p> <p>With regard to the net defined benefit asset, if the amount of pension assets exceeds the amount of retirement benefit obligations, such exceeding amount is recorded.</p> <p>Unrecognized actuarial losses (gains) is processed as expenses which is accrued from the consolidated fiscal year following the accrual of such losses (gains) using the straight-line method for the amount calculated by dividing a certain years not exceeding the average remaining service years of employees at the time when it is accrued mainly during each consolidated fiscal year.</p> <p>Unrecognized actuarial losses (gains) is recorded as remeasurements of defined benefit plans included in the accumulated comprehensive income in the assets in the financial statements after the tax effect is taken into account.</p>
(6) Accounting standards for significant income and expenses	<p>a. Customer fees Credit card revenue Credit card revenue is mainly accounted for based on Declining Balance Method.</p> <p>Declining Balance Method involves the computation of interests at a prescribed rate for the principal balance, and is recorded as operating revenue (installment payment paying for commission) for each day that exceeds the settlement date.</p> <p>b. Merchant fees Merchant fees are recorded as a one-off amount as operating revenue (installment payment paying for commission) during the fulfillment of reimbursement payment agreements with the merchant.</p>

	<p>c. Accounting standards for income and costs related to purchased receivables</p> <p>For the Company and its subsidiaries that are in finance business, the difference between the value of the receivable and the acquisition cost is recorded as operating revenue (other financial revenue). Depreciation Cost Method is adopted to receivables for which it is possible to project future cash flows, while receivables for which it is difficult to project future cash flows are recorded as operating revenue based on the amount recovered.</p> <p>For the subsidiaries that provide debt collection services, the amount recovered is recorded as operating revenue (collection on purchased receivables). With regard to cost, Depreciation Cost Method is adopted to receivables for which it is possible to project future cash flows. With regard to receivables for which it is difficult to project future cash flows, the full amount recovered up to the acquisition cost is recorded as operating expenses (cost of purchased receivable).</p>
(7) Standard of significant assets in foreign currency or liabilities converted into Japanese currency	Monetary claims and debts in foreign currency are converted into Japanese currency by the exchange rate as of the consolidated closing date. Differences in exchange are processed as profit or loss. Assets and liabilities of foreign subsidiaries are converted into Japanese currency by the exchange rate as of the consolidated closing date. Revenues and expenses are converted into Japanese currency by average rate. Differences in exchange are recorded into translation adjustment in net assets and minority interests.
(8) Significant Hedge Accounting	<p>a. Method implemented to conduct hedge accounting With regard to interest rate swap, exceptional processing is adopted.</p> <p>b. Measure and target Measure: Interest rate swap Target: Loans payable</p> <p>c. Policy on hedge In order to reduce interests on loans receivable, and to improve financial revenue, risks of future interest rate change are hedged. Hedge accounting is conducted in subsidiaries. In beginning the transaction, approval at the Board of Directors' meeting is obtained with respect to terms on contract and upper limit of projected principal amount.</p> <p>d. Method implemented to evaluate efficacy of hedge Significant terms regarding measure and target are the same. As its efficacy to offset the risks of interest rate change is recognized, evaluation on the efficacy of hedge is omitted.</p>
(9) Depreciation method and period for goodwill	Depreciation of goodwill is carried out over the period during which investment is effective, using the Straight-Line Depreciation Method. The number of years spent on depreciation is between 5-10 years.
(10) Scope of funds in the consolidated statements of cash flows	This comprises cash on hand, deposits that can be withdrawn at any time and easily exchangeable for cash, and short-term investments bearing an extremely low level of risk with regard to price fluctuation, and which have a maturity period of three months or less from the date of acquisition.
(11) Significant matters pertaining to the preparation of other consolidated financial statements	<p>(a) Accounting for consumption taxes Consumption taxes are accounted for using the tax exclusion method. However, non-deductible consumption taxes related to noncurrent assets are recorded as "Other" under "Investments and other assets," and amortized using the straight-line method over 5 years.</p>

(Changes in Accounting Policies)

(Adoption of the accounting standard for the retirement benefits)

“Accounting Standard for Retirement Benefit (No. 26 of Corporate Accounting Standards, on May 17, 2012) and “Application Guideline for Accounting Standard for the Retirement Benefit’ (No.25 of Corporate Accounting Standards, on May 17, 2012) are adopted at the end of the fiscal year under review (excluding the provisions stipulated in the main clause of Paragraph 35 of Accounting Standard for Retirement Benefit and Paragraph 67 of Application Guideline for Accounting Standard for the Retirement Benefit). The company accordingly started to post the amount subtracting the amount of pension assets from the retirement benefit obligations as the net defined benefit liability, and similarly post unrecognized actuarial losses (gains) as net defined benefit liability. If the amount of pension assets exceeds the amount of retirement benefit obligations, it is posted as the net defined benefit asset.

The accounting standard for retirement benefits is adopted transitionally in accordance with Paragraph 37 of Accounting Standard for Retirement Benefits, the amount that is changed in line with adoption of the accounting standard for retirement benefits is reflected into the remeasurements of defined benefit plans included in the accumulated other comprehensive income in the financial statements.

As a result of the above, the net defined benefit asset in the amount of 127 million yen is recorded, and the net defined benefit liability in the amount of 197 is recorded. In addition, accumulated other comprehensive income has decreased by 27 million yen.

Net assets per share have dropped by 0.23 yen.

(Changes in Presentation)

(Consolidated cash flow statement)

As “Stock issuance cost” included in “Other” in “Net cash provided by (used in) operating activities” increased significance, it is assigned to a category from the fiscal year under review. The consolidated financial statements for the previous fiscal year are reclassified to reflect this representation.

As a result of the above, △799 million yen represented in “Other” in “Net cash provided by (used in) operating activities in the consolidated cash flow statements for the previous fiscal year is reclassified as 52 million yen of “Stock issuance cost” and △852 million yen of “Other”.

(Changes in Accounting Estimates)

(Changes in estimates of allowance for doubtful accounts)

The consolidated subsidiary which operates the banking business in South Korea has recorded the projected irrecoverable loans in accordance with the standard stipulated by Mutual Savings Bank Law due to insufficiency of historical data of receivables of the aforementioned bank to calculate the projected irrecoverable loans. However, the bank has accumulated enough data which allows the examination of the possibility to calculate the projected irrecoverable loans. After careful considerations, as more elaborate estimates can be made using the loan loss ratio of the receivables of the bank, the new method to calculate the estimates has been adopted since the fiscal year under review.

For this reason, operating income, ordinary income and income before income taxes and minority interests increased by 6,904 million yen.

(Notes to Consolidated Balance Sheets)

※ 1. The assets pledged as collateral and the corresponding borrowings

a. Assets pledged as collateral

Fiscal 2013 (March 31, 2013)		Fiscal 2014 (March 31, 2014)	
Item	Amount (Million yen)	Item	Amount (Million yen)
Deposits	2,101	Deposits	1,886
Commercial notes	33	Commercial notes	54
Accounts receivable-operating loans	7,864	Accounts receivable-operating loans	29,516
Advances paid-installment	1,254	Advances paid-installment	609
Purchased receivables	282	Purchased receivables	73
Merchandise and finished goods	959	Merchandise and finished goods	1,776
Work in process	207	Work in process	174
Other (current assets)	213	Other (current assets)	—
Buildings and structures	1,934	Buildings and structures	2,394
Land	3,112	Land	3,833
Investment securities	559	Investment securities	—
Long-terms loans receivable	1,536	Long-terms loans receivable	—
Other (investments and other assets)	2,697	Other (investments and other assets)	1,811
Total	22,758	Total	42,131

b. Borrowings corresponding to the above

Fiscal 2013 (March 31, 2013)		Fiscal 2014 (March 31, 2014)	
Item	Amount (Million yen)	Item	Amount (Million yen)
corporate bonds redeemable within one year	—	corporate bonds redeemable within one year	1,643
Short-term loans payable	3,042	Short-term loans payable	3,466
Current portion of long-term loans payable	4,999	Current portion of long-term loans payable	15,484
Corporate bonds	—	Corporate bonds	1,305
Long-term loans payable	30,482	Long-term loans payable	8,345
Total	38,524	Total	30,245

a. Assets pledged as collateral also include collateral for debt guarantee in relation to credit guarantee services. In addition, with regard to Chinae Savings Bank, 8,575 million yen (3,246 million yen for the previous consolidated fiscal year) is deposited as payment reserves, which is pursuant to Mutual Savings Bank Law, etc.

※ 2. With regard to long-term loans receivable, among commercial notes, operating loans, and advances paid-installment, items for which no payments have been received in the past one year and items with projected recovery period of more than one year are recorded.

※ 3. Breakdown of loans (commercial notes, operating loans, loans for banking business, and long-term loans receivable)

Fiscal 2013 (March 31, 2013)		Fiscal 2014 (March 31, 2014)	
Item	Amount (Million yen)	Item	Amount (Million yen)
Commercial note discounts	1,683	Commercial note discounts	2,384
Loans on bills	284	Loans on bills	238
Loans on deeds	58,032	Loans on deeds	90,080
Secured loans	9,575	Secured loans	8,522

※ 4. Bad debts

Fiscal 2013 (March 31, 2013)		Fiscal 2014 (March 31, 2014)	
Item	Amount (Million yen)	Item	Amount (Million yen)
Irrecoverable loans	3,179	Irrecoverable loans	6,962
Delinquent receivables	5,365	Delinquent receivables	8,638
Delinquent receivables for more than 3 months	2,922	Delinquent receivables for more than 3 months	1,638
Loans with relaxed lending terms	3,920	Loans with relaxed lending terms	10,174
Total	15,387	Total	27,413

Note: 1. Among loans for which payment of the principal sum or interest has been delayed for a considerable period of time, and loans for which the unrecovered interest is recorded as the payment or collection of the principal sum or interest is not expected due to other reasons, irrecoverable loans refer to loans that arise as a result of the reasons stipulated under Corporation Tax Law Enforcement Ordinance Article 96, 1-3 (A to E), or 4.

2. Delinquent receivables refer to loans for which payment of the principal sum or interest have been delayed for more than 6 months from the day after the agreed-upon payment date, and exclude irrecoverable loans and loans with relaxed lending terms.

3. Delinquent receivables for more than 3 months refer to loans for which payment of the principal sum or interest have been delayed for more than 3 months from the day after the agreed-upon payment date, and exclude irrecoverable loans and delinquent loans.

4. Loans with relaxed lending terms refer to loans with reduction or exemption of interest rate, grace period for interest payment, grace period for principal sum repayment, debt waiver or any other arrangements that are advantageous to the debtor, which are made for the purpose of the reconstruction of, or support to, the management of the debtor.

※ 5. Contingent liabilities

As part of credit guarantee services, guarantees are provided against debts taken from financial institutions.

Fiscal 2013 (March 31, 2013)		Fiscal 2014 (March 31, 2014)	
Item	Amount (Million yen)	Item	Amount (Million yen)
Credit guarantee (Businesses and consumers; 41,045)	33,194	Credit guarantee (Businesses and consumers; 55,106)	40,839
Provision for loss on guarantees	590	Provision for loss on guarantees	441
Difference	32,604	Difference	40,397

For contingent liabilities other than above carried by subsidiaries, 3,427 million yen of reserve for loss on liabilities for guarantee has been recorded in the previous fiscal year.

※ 6. The advances paid-installment handled by the consolidated subsidiary, KC Card and NUCS, includes cashing from credit cards and credit card loans. With regard to these loans, of the amount (contracted limit) established in the loan agreement, the agreement allows the customer to borrow at any time within the range of their credit amount (credit limit). The balance of unexecuted loans as of the end of the fiscal year, based on these agreements, is as follows.

Fiscal 2013 (March 31, 2013)		Fiscal 2014 (March 31, 2014)	
Item	Amount (Million yen)	Item	Amount (Million yen)
Total loan commitment	296,482	Total loan commitment	280,958
Outstanding loans	16,202	Outstanding loans	11,668
Balance of unexecuted loans	280,280	Balance of unexecuted loans	269,289
<p>Of the loan commitment agreements shown above, there are also agreements that are terminated without the loans being executed, and for which the KC Card and NUCS are able to increase or decrease the credit limit at their discretion. As such, the entire balance of unexecuted loans is not necessarily unexecuted.</p> <p>In addition, for fiscal 2013, the loan commitment is executed with KC Card.</p>			

※ 7. J Trust subsidiaries, Break and HICAPITAL concluded an overdraft contract and loan commitment agreement with financial institutions in order to facilitate efficient procurement of working capital. Based on these agreements, the balance of unexecuted borrowings as of the end of the fiscal year is as follows.

Fiscal 2013 (March 31, 2013)		Fiscal 2014 (March 31, 2014)	
Item	Amount (Million yen)	Item	Amount (Million yen)
Total of overdraft limit and loan commitments	3,250	Total of overdraft limit and loan commitments	733
Balance of executed borrowings	1,724	Balance of executed borrowings	50
Difference (balance of unexecuted borrowings)	1,525	Difference (balance of unexecuted borrowings)	683
<p>For Fiscal 2013, the amounts are based on those agreements for Saikyo Card and Break with two banks.</p>			

(Notes to Consolidated Statements of Income)

- ※ 1. The balance of inventories as of the end of the period is the amount after the carrying value is been written-down, in tandem with fall in profitability. The following loss on inventory asset valuation is included under operating expenses.

Fiscal 2013 (April 1, 2012 - March 31, 2013)	Fiscal 2014 (April 1, 2013 - March 31, 2014)
23 million yen	50 million yen

- ※ 2. Breakdown of gain on sales of noncurrent assets

Fiscal 2013 (April 1 2012 – March 31, 2013)	Fiscal 2014 (April 1, 2013 - March 31, 2014)
Item Amount (Million yen)	Item Amount (Million yen)
Buildings	41
Vehicles	0
Equipment	0
Amusement machines	21
Assets for rent	—
Land	2
Total	65

- ※ 3. Breakdown of loss on sales of noncurrent assets

Fiscal 2013 (April 1 2012 – March 31, 2013)	Fiscal 2014 (April 1, 2013 - March 31, 2014)
Item Amount (Million yen)	Item Amount (Million yen)
Buildings	47
Vehicles	0
Equipment	0
Amusement machines	27
Assets for rent	—
Land	—
Total	75

※ 4. Impairment loss

Impairment loss was recorded for the following asset groups in the Group.

Fiscal 2013 (April 1 2012 – March 31, 2013)			Fiscal 2014 (April 1, 2013 - March 31, 2014)		
Location	Use	Types of Assets	Location	Use	Types of Assets
Ebina City and others, Kanagawa	Business assets	Building and construction	Ota-ku and others, Tokyo	Business assets	Building
Yamato City and others, Kanagawa	Business assets	Amusement machinery	Ota-ku and others, Tokyo	Business assets	Amusement machinery
Chuo-ku, Osaka City	Idle assets	Building and equipment	Machida-city and others, Tokyo	Business assets	Building, etc.
Souraku-gun, Kyoto	Idle assets	Land	Ota-ku and others, Tokyo	Idle assets	Amusement machinery
Kurayoshi City, Tottori	Idle assets	Land			
<p>The Group classifies its assets as business property, assets for lease, and idle assets.</p> <p>With regard to building and equipment scheduled for retirement, their book value was written down to zero. For other assets, the carrying amount was reduced to a recoverable value, and the reduction of 283 million yen has been recorded as an extraordinary loss. The breakdown comprises 96 million yen for building and construction, 175 million yen for amusement machine, 0 million yen for equipment and 11 million yen for land.</p> <p>For amusement facilities in business assets, recoverable values were calculated by their utility values, based on the future cash flow model. For other assets, recoverable values were calculated by the net possible sale price, based on real estate valuation standards, roadside value, posted price, and fixed asset tax valuation.</p>			<p>The Group classifies its assets as business property, assets for lease, and idle assets.</p> <p>With regard to amusement facilities in the business assets. For other assets, their book value was reduced to the net possible sale price, and the reduction of 145 million yen has been recorded as an extraordinary loss. The breakdown comprises 36 million yen for building and construction, 93 million yen for amusement machine, 6 million yen for equipment and 9 million yen for software.</p> <p>For amusement facilities in business assets, recoverable values were calculated by their utility values, based on the future cash flow model. For other assets, recoverable values were calculated by the net possible sale price, based on real estate valuation standards, roadside value, posted price, and fixed asset tax valuation.</p> <p>In addition, as the recoverable values in goodwill fell below the carrying value, their carrying amount was reduced to a recoverable value, and the reduction of 284 million yen has been recorded as an extraordinary loss.</p>		

※ 5. Breakdown of expenses for improvement of business structure

Fiscal 2013 (April 1 2012 – March 31, 2013)		Fiscal 2014 (April 1, 2013 - March 31, 2014)	
Item	Amount (Million yen)	Item	Amount (Million yen)
Early retirement benefits	98	Early retirement benefits	—
Business liquidation costs	60	Business liquidation costs	27
Total	158	Total	27

(Notes to Consolidated Statements of Comprehensive Income)

※ Amount of recycling and amount of income tax effect associated with other comprehensive income

Fiscal 2013 (April 1 2012 – March 31, 2013)		Fiscal 2014 (April 1, 2013 - March 31, 2014)	
Item	Amount (Million yen)	Item	Amount (Million yen)
Valuation difference on available-for-sale securities:		Valuation difference on available-for-sale securities:	
Amount recognized during the period	90	Amount recognized during the period	4,021
Amount of recycling	△102	Amount of recycling	△679
Before income tax effect adjustment	△11	Before income tax effect adjustment	3,341
Amount of income tax effect	△1	Amount of income tax effect	△0
Valuation difference on available-for-sale securities	△13	Valuation difference on available-for-sale securities	3,341
Foreign currency translation adjustment:		Foreign currency translation adjustment:	
Amount recognized during the period	970	Amount recognized during the period	2,124
Total other comprehensive income	957	Total other comprehensive income	5,466

(Notes to Consolidated Statements of Changes in Net Assets)**Fiscal Year Ended March 31, 2013 (April 1, 2012 - March 31, 2013)**

1. Matters pertaining to the type and total number of issued shares, as well as type and total number of treasury stock (unit: Thousands of shares)

	Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at end of period
Number of shares issued				
Common stock *Note 1	30,225	32,936	-	63,162
Total	30,225	32,936	-	63,162
Treasury stock				
Common stock *Note 2,3	114	294	0	408
Total	114	294	0	408

Note:1. The increase in the total number of common stocks issued, amounting to 32,936,000 shares, is the result of the increase of 907,000 shares by share exchange with Next Japan Holdings on April 30, 2012, the increase of 31,145,000 shares by stock split where one common stock is divided into two shares on June 1, 2012, and the increase of 882,000 shares by the exercise of stock options.

Note:2. The increase of 294,000 shares in the number of treasury stocks of common stocks is the result of the increase of 114,000 shares by stock split where one common stock is divided into two shares on June 1, 2012, the increase of 178,000 shares acquired based on the resolution at the board of directors' meeting as of November 28, 2012, and the increase of less than 1,000 shares by the purchase of odd-lot of shares.

Note:3. The decrease by less than 1,000 treasury stocks of common stocks is the result of the sales of odd-lot shares

2. Matters pertaining to the subscription rights to shares and treasury stock acquisition rights

Category	Detail of subscription rights to shares	Stock type	Number of shares				End of period (Million yen)
			Beginning of period	Increase during period	Decrease during period	End of period	
J Trust (parent company)	Subscription rights to shares with stock option	—	—	—	—	—	140
Total		—	—	—	—	—	140

3. Matters pertaining to dividends

(1) Dividend payments

Resolution	Stock type	Total dividend (Million yen)	Dividend per share (yen)	Reference date	Effective date
The Board of Directors' meeting (May 10, 2012)	Common stock	180	6	March 31, 2012	June 28, 2012
The Board of Directors' meeting (November 8, 2012)	Common stock	186	3	September 30, 2012	December 5, 2012

(Note) The Company conducted a stock split on June 1, 2012, whereby each common stock was divided into 2 shares. For the dividend per share agreed on at the Board of Directors' meeting on May 10, 2012, the amount before the stock split is indicated.

(2) Of dividends for which the reference date belongs under the fiscal year under review, the effective date of the dividend will be the following fiscal year.

Resolution	Stock type	Total dividend (Million yen)	Dividend resource	Dividend per share (yen)	Reference date	Effective date
The Board of Directors' meeting (May 14, 2013)	Common stock	251	Retained earnings	4	March 31, 2013	June 28, 2013

Fiscal Year Ended March 31, 2014 (April 1, 2013 - March 31, 2014)

1. Matters pertaining to the type and total number of issued shares, as well as type and total number of treasury stock

(Unit: Thousands of shares)

	Number of shares issued at beginning of period	Increase during period	Decrease during period	Number of shares at end of period
Number of shares issued				
Common stock *Note 1	63,162	55,223	—	118,385
Total	63,162	55,223	—	118,385
Treasury stock				
Common stock *Note 2,3	408	1	0	409
Total	408	1	0	409

Note:1. The increase in the total number of common stocks issued, amounting to 55,223,000 shares, is the result of the increase of 54,267,000 shares by exercise of subscription rights to shares through Rights Offering (Non-Commitment Type/Gratis allotment of Listed Subscription Rights) on May 31, 2013 and the increase of 955,000 shares by exercise of stock option.

Note:2. The increase in the number of treasury stocks of common stocks amounting to 1,000 shares is the result of the purchase of odd-lot shares.

Note:3. The decrease by less than 1,000 treasury stocks of common stocks is the result of the sales of odd-lot shares.

2. Matters pertaining to stock acquisition rights and treasury stock acquisition rights

Category	Detail of subscription rights to shares	Stock type	Number of shares				End of period (Million yen)
			Beginning of period	Increase during period	Decrease during period	End of period	
J Trust (parent company)	Subscription rights to shares with stock options	—	—	—	—	—	117
	Fourth subscription rights to shares by J-trust Co., Ltd. (note)	Common stock	—	63,100,652	63,100,652	—	—
Total		—	—	—	—	—	117

(Note) The increase during the fiscal year under review by fourth subscription rights to shares by J Trust Co., Ltd is the result of the issuance of subscription rights to shares, and the decrease during the fiscal year under review is the result of the decrease of 54,267,902 shares by exercise of subscription rights to shares and the decrease of 8,832,750 shares by lapse of subscription rights to shares.

3. Matters pertaining to dividends

(1) Dividend payments

Resolution	Stock type	Total dividend (Million yen)	Dividend per share (Yen)	Reference date	Effective date
The Board of Directors' meeting (May 14, 2013)	Common stock	251	4	March 31, 2013	June 28, 2013
The Board of Directors' meeting (November 13, 2013)	Common stock	588	5	September 30, 2013	December 5, 2013

(2) Of dividends for which the reference date belongs under the fiscal year under review, the effective date of the dividend will be the following fiscal year.

Resolution	Stock type	Total dividend (Million yen)	Dividend resource	Dividend per share (Yen)	Reference date	Effective date
The Board of Directors' meeting (May 14, 2014)	Common stock	589	Retained earnings	5	March 31, 2014	June 27, 2014

(Notes to Consolidated Statements of Cash Flows)

- ※ 1. Relationship between the balance of cash and cash equivalents at the end of the period, and the amounts for items listed in the consolidated balance sheets.

Fiscal 2013 (April 1, 2012 - March 31, 2013)		Fiscal 2014 (April 1, 2013 - March 31, 2014)	
Item	Amount (Million yen)	Item	Amount (Million yen)
Cash and deposits	62,140	Cash and deposits	132,235
Negotiable certificates of deposit in securities account	—	Negotiable certificates of deposit in securities account	10,000
Deposits pledged as collateral	△2,101	Deposits pledged as collateral	△1,886
Time deposits with a maturity exceeding 3 months	△503	Time deposits with a maturity exceeding 3 months	△423
Restricted deposits	△3,246	Restricted deposits	△8,575
Cash and cash equivalents	56,288	Cash and cash equivalents	131,349

- ※ 2. 'Decrease in operating loans receivable' indicates the amount of which the difference between the recovery of operating loans receivable in the debt purchase services and the cost of acquisition is subtracted.
- ※ 3. Breakdown of main assets and liabilities of the companies which became consolidated subsidiaries as a result of stock acquisition

Fiscal Year Ended March 31, 2013 (April 1, 2012 - March 31, 2013)

(Takasen Co., Ltd.)

(Million yen)

Current assets	705
Noncurrent assets	6
Current liabilities	△7
Noncurrent liabilities	△74
Acquisition difference *Note 1	△155
Stock acquisition cost	475
Cash and cash equivalents (△)	△672
Difference: proceeds from purchase	△197

Note 1: The acquisition difference in question is the difference arising from the reevaluation of the market value of assets and liabilities during merger. The full amount is recorded as "Gain on negative goodwill" under extraordinary income.

Note 2: Takasen Co., Ltd is merged by absorption-type merger making the consolidated subsidiary Lopro (current Nihon Hoshou) the surviving company.

(JT Investment Co., Ltd)

(Million yen)

Current assets	19,160
Noncurrent assets	13,920

Current liabilities	△9,437
Noncurrent liabilities	△12,485
Acquisition difference *Note	△139
Stock acquisition cost	11,018
Cash and cash equivalents (△)	△4,339
Difference: Payment arising from acquisition	6,678

Note: The acquisition difference in question is the difference arising from the reevaluation of the market value of assets and liabilities during merger. The full amount is recorded as “Gain on negative goodwill” under extraordinary income.

Fiscal Year Ended March 31, 2014 (April 1, 2013 - March 31, 2014)

(KJI Consumer Finance LLC)

	(Million yen)
Current assets	22,993
Noncurrent assets	160
Goodwill	1,008
Current liabilities	△11,685
Noncurrent liabilities	△1,023
Foreign currency translation adjustment	△162
Stock acquisition price	11,292
Cash and cash equivalents (△)	△563
Outstanding payment	△51
Difference: Payment arising from acquisition	10,677

(HICAPITAL Co., Ltd.)

	(Million yen)
Current assets	14,055
Noncurrent assets	329
Current liabilities	△7,693
Noncurrent liabilities	△1,957
Foreign currency translation adjustment	△88
Remeasurements of defined benefit plans	27
Acquisition difference	△275
Stock acquisition price	4,397
Cash and cash equivalents (△)	△539
Outstanding payment	△42
Difference: Payment arising from acquisition	3,815

Note: Difference arising from the acquisition refers to the amount arising from reevaluating the current price of assets and liabilities upon corporate combination, which is recorded as gain on negative goodwill of extraordinary income.

※ 4. Main breakdown of assets and liabilities of the company that ceased to be a consolidated subsidiary as a result of sales of investments

Fiscal Year Ended March 31, 2013 (April 1, 2012 - March 31, 2013)

Not applicable

Fiscal Year Ended March 31, 2014 (April 1, 2013 - March 31, 2014)

(Saikyo Card Co., Ltd)

	(Million yen)
Current assets	1,998
Noncurrent assets	14
Goodwill	107

Current liabilities	Δ1,844
Noncurrent liabilities	Δ3
Minority interests	Δ32
Gain on sales of stocks	216
Selling price of the stock	456
Cash and cash equivalents (Δ)	Δ24
Difference: Proceeds from sales	431

※ 5. Main breakdown of assets and liabilities assumed by business acquisition

Fiscal Year Ended March 31, 2013 (April 1, 2012 - March 31, 2013)

(Mirae Savings Bank Co., Ltd. (Savings bank business))
(Million yen)

Current assets	72,211
Goodwill	2,821
Current liabilities	Δ75,033
Counter-value for business assumption	—
Cash and cash equivalents (Δ)	Δ40,766
Difference: income arising from business acquisition	Δ40,766

Note: The Savings bank business of Mirae Savings Bank Co., Ltd. has been assumed by Chinae Savings Bank Co., Ltd.

Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014)

Not applicable

※ 6. Main breakdown of assets and liabilities of the companies which became consolidated subsidiaries by share exchange.

Fiscal Year Ended March 31, 2013 (April 1, 2012 – March 31, 2013)

(Next Japan Holdings Co., Ltd.)

(Million yen)

Current assets	6,862
Goodwill	2,026
Noncurrent assets	15,169
Current liabilities	Δ6,228
Noncurrent liabilities	Δ11,708
Treasury stock	41
Minority interests	Δ6,163
Stock acquisition price	—
Cash and cash equivalents (Δ)	Δ2,085
Difference: increase in cash and cash equivalents	Δ2,085

Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014)

Not applicable

(Segment Information)**a. Segment Information****1. Information regarding reportable segments**

Financial information that is isolated from the constituent units of the Group can be obtained for the reportable segments of the Group. These reportable segments are subject to periodic reviews as the Board of Directors is responsible for making decisions on the allocation of management resources and the appraisal of business performance.

The Group's reportable segments are classified by business, and its business activities are conducted under "financial business," "real estate business," "amusement business," and "international business."

The financial business is composed of consumer and business loan services, consumer credit services, credit guarantee services, and purchase of accounts receivable. Real estate business is composed of property trading, brokerage, and rental services. The amusement business is composed of sales of assorted merchandise for amusement machines and operation of amusement facilities. The international business is composed of consumer loan services, savings bank services and investment business.

2. Method of computing operating revenues, incomes or losses, assets, liabilities and other items by reportable segment

The accounting methods for reportable segments are similar to the methods stipulated under the "Significant Matters Pertaining to the Preparation of Consolidated Financial Statements."

Income figures for reportable segments are based on operating income.

Intersegment sales and transfers are based on prevailing market prices or transaction prices between third parties.

3. Operating revenues, incomes or losses, assets, liabilities and other items by reportable segments

Fiscal Year Ended March 31, 2013 (April 1, 2012 – March 31, 2013)

(Unit: Million yen)

	Reportable segments					Other *Note	Total
	Financial business	Real estate business	Amusement business	International business	Total		
Operating revenue							
External customers	33,186	4,285	13,484	2,793	53,749	1,933	55,683
Intersegment sales and transfers	197	3	86	—	287	1,104	1,391
Total	33,384	4,288	13,570	2,793	54,037	3,037	57,075
Segment income	12,293	270	250	△ 336	12,477	169	12,647
Segment assets	111,359	3,166	14,759	86,507	215,792	1,522	217,315
Segment liabilities	61,947	2,034	3,593	78,719	146,294	877	147,172
Other							
Depreciation and amortization	470	23	1,980	16	2,491	58	2,549
Increase in property, plant and equipment, and intangible assets	522	320	1,722	75	2,641	47	2,688
Impairment loss	0	27	243	—	271	—	271

Note: “Other” refers to business segments not included in the reportable segments, and mainly includes computer operations and management, commissioned software development, operational guidance services, printing and construction services.

Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(Unit: Million yen)

	Reportable segments					Other *Note	Total
	Financial business	Real estate business	Amusement business	International business	Total		
Operating revenue							
External customers	25,193	4,970	16,510	13,214	59,888	2,037	61,926
Intersegment sales and transfers	107	5	87	—	199	1,034	1,234
Total	25,300	4,975	16,597	13,214	60,087	3,072	63,160
Segment income	11,435	496	951	3,046	15,930	70	16,000
Segment assets	85,631	4,799	12,314	151,453	254,198	3,261	257,459
Segment liabilities	38,734	2,881	1,610	103,312	146,539	723	147,262
Other							
Depreciation and amortization	299	29	1,748	144	2,221	65	2,286
Increase in Property, plant and equipment, and Intangible assets	2,879	1,512	1,189	824	6,406	2	6,409
Impairment loss	46	—	116	266	429	—	429

Note: “Other” refers to business segments not included in the reportable segments, and mainly includes computer operations and management, commissioned software development, operational guidance services, printing and construction services.

4. Difference between the total reportable segments and carrying amounts recorded in the consolidated financial statements, and the main contents of the differences (matters pertaining to reconciliation)

(Unit: Million yen)

Operating revenue	Fiscal 2013	Fiscal 2014
Total reportable segments	54,037	60,087
Operating revenue in “Other”	3,037	3,072
Intersegment elimination	△ 1,528	△ 1,234
Corporate revenue	136	—
Operating revenue recorded in the consolidated financial statements	55,683	61,926

(Unit: Million yen)

Income	Fiscal 2013	Fiscal 2014
Total reportable segments	12,477	15,930

Operating income in “Other”	169	70
Intersegment elimination	297	30
Corporate expenses *	△ 939	△ 2,285
Operating income recorded in the consolidated financial statements	12,005	13,745

Note: “Corporate expenses” refer to general and administrative expenses that are not attributable to the reportable segments.

(Unit: Million yen)

Assets	Fiscal 2013	Fiscal 2014
Total reportable segments	215,792	254,198
Assets in “Other”	1,522	3,261
Intersegment elimination	△ 3,749	△ 2,188
Corporate assets *	5,140	79,465
Total assets as recorded in the consolidated financial statements	218,706	334,736

Note: “Corporate assets” for fiscal year ended March 31, 2013 refers mainly to cash and deposits of subsidiaries which are not attributable to the reportable segments. For fiscal year ended March 2014, it refers to cash and deposits of the Company and subsidiaries which are not attributable to the reportable segments.

(Unit: Million yen)

Liabilities	Fiscal 2013	Fiscal 2014
Total reportable segments	146,294	146,539
Liabilities in “Other”	877	723
Intersegment elimination	△ 3,749	△ 2,192
Corporate liabilities *	4,387	5,436
Total liabilities as recorded in the consolidated financial statements	147,810	150,505

Note: “Corporate liabilities” refers mainly to long term loans payable of subsidiaries which are not attributable to the reportable segments.

(Unit: Million yen)

Other	Total reportable segments		Other		Adjustment		Amount recorded in the consolidated financial statements	
	2013	2014	2013	2014	2013	2014	2013	2014
Depreciation and amortization	2,491	2,221	58	65	10	25	2,560	2,311
Increase in property, plant and equipment, and intangible assets	2,641	6,406	47	2	3	6	2,692	6,415
Impairment loss	271	429	—	—	11	—	283	429

b. Related Information

Fiscal Year Ended March 31, 2013 (April 1, 2012 - March 31, 2013)

1. Information by product and service

The applicable information has been disclosed in segment information, therefore, information by product and service has been omitted.

2. Information by region

(1) Operating revenue

As operating revenue to external customers in Japan have exceeded 90% of the operating revenue in the consolidated statement of income, information by region has been omitted.

(2) Property, plant and equipment

The value of property, plant and equipment located in the domestic region has been omitted as it has exceeded 90 % of the value of property, plant and equipment in the consolidated balance sheets.

3. Information by main customers

Of the operating revenue to external customers, there are no trading partners that contribute to more than 10% of the operating revenue in the consolidated statement of income. As such, information by main customers has not been indicated.

Fiscal Year Ended March 31, 2014 (April 1, 2013 to March 31, 2014)

1. Information by product and service

The applicable information has been disclosed in segment information, therefore, information by product and service has been omitted.

2. Information by region

(1) Operating revenue

(Million yen)			
Japan	South Korea	Singapore	Total
48,711	13,211	3	61,926

(Note) Operating revenue is classified by country in which the operating revenue is posted.

(2) Property, plant and equipment

As the value of property, plant and equipment located in Japan has exceeded 90% of the value of property, plant and equipment in the consolidated balance sheets, property, plant and equipment by region has been omitted.

3. Information by main customers

Of the operating revenue to external customers, there are no trading partners that contribute to more than 10% of the operating revenue in the consolidated statements of income. As such, information by main customers has not been indicated.

c. Information pertaining to impairment loss on noncurrent assets by reportable segment

Fiscal Year Ended March 31, 2013 (April 1, 2012 - March 31, 2013)

(Unit: Million yen)							
	Financial business	Real estate business	Amusement business	International business	Other *Note	Corporate / elimination	Total
Impairment loss	0	27	243	—	—	11	283

Note: “Other” refers mainly to amounts for computer operation and management services, commissioned software development, operational guidance services, printing and construction services.

Fiscal Year Ended March 31, 2014 (April 1, 2013 - March 31, 2014)

(Unit: Million yen)

	Financial business	Real estate business	Amusement business	International business	Other *Note	Corporate / elimination	Total
Impairment loss	46	—	116	266	—	—	429

Note: “Other” refers to amounts for computer operation and management services, commissioned software development, operational guidance, printing, and construction services.

d. Information pertaining to the amortization of goodwill and unamortized balances by reportable segment**Fiscal Year Ended March 31, 2013 (April 1, 2012 - March 31, 2013)**

(Unit: Million yen)

	Financial business	Real estate business	Amusement business	International business	Other *Note	Corporate / elimination	Total
Amortized amount	228	—	346	111	—	—	687
End-of-Period Balance	745	—	1,666	3,349	—	—	5,761

Note: “Other” refers to amounts for computer operation and management services, commissioned software development, operational guidance, printing, and construction services.

Fiscal Year Ended March 31, 2014 (April 1, 2013 - March 31, 2014)

(Unit: Million yen)

	Financial business	Real estate business	Amusement business	International business	Other *Note	Corporate / elimination	Total
Amortized amount	219	1	416	683	—	—	1,320
End-of-Period Balance	401	—	1,241	4,052	—	—	5,694

Note: “Other” refers to amounts for computer operation and management services, commissioned software development, operational guidance services, printing and construction services.

e. Information pertaining to gain on negative goodwill by reportable segment**Fiscal Year Ended March 31, 2013 (April 1, 2012 - March 31, 2013)**

The amount of gain on negative goodwill in the fiscal year under review lacked significance, and has therefore been omitted.

Fiscal Year Ended March 31, 2014 (April 1, 2013 - March 31, 2014)

In the fiscal year under review, under the financial business segment, 803 million yen of gain on negative goodwill has been recorded. As NUCS became a consolidated subsidiary, gain on negative goodwill has accrued due to the revaluation of the market value of NUCS’s assets and liabilities during the corporate merger and additional acquisition of treasury stock of KC Card.

In addition, under the international business segment, 256 million yen of gain on negative goodwill has been posted. As HICAPITAL became a consolidated subsidiary, gain on negative goodwill has accrued due to the revaluation of the market value of HICAPITAL’s assets and liabilities during the corporate merger.

(Per Share Information)

Fiscal 2013 (April 1, 2012 - March 31, 2013)		Fiscal 2014 (April 1, 2013 - March 31, 2014)	
Net assets per share	1,013.89 yen	Net assets per share	1,502.54 yen
Net income per share	214.44 yen	Net income per share	109.66 yen
Diluted net income per share	208.30 yen	Diluted net income per share	108.05 yen

Note:1. The Company conducted a stock split on June 1, 2012, whereby each common stock was divided into 2 shares. “Net assets per share” “Net income per share” “Diluted net income per share” have been calculated here as though this stock split had been conducted at the beginning of the previous fiscal year.

Note: 2. The basis for the computation of net income per share and diluted net income per share is as follows.

	Fiscal 2013 (April 1, 2012 - March 31, 2013)	Fiscal 2014 (April 1, 2013 - March 31, 2014)
Net income per share		
Net income (million yen)	13,309	11,145
Amounts not attributable to ordinary shareholders (million yen)	—	—
Net income applicable to common stock (Million yen)	13,309	11,145
Average number of shares during the fiscal year (thousands of shares)	62,064	101,641
Diluted net income per share		
Adjustment of net income (million yen)	—	—
Number of increased shares for common stock (thousands of shares)	1,829	1,516

Note:3. The basis for computation of net assets per share is as follows.

	Fiscal 2013 (April 1, 2012 - March 31, 2013)	Fiscal 2014 (April 1, 2013 - March 31, 2014)
Total net assets (million yen)	70,895	184,230
Amount deducted from total net assets (million yen)	7,270	6,966
<Subscription rights to shares> (million yen)	△140	△117
<Minority interests> (million yen)	△7,130	△6,848
Net assets as of the end of the fiscal year in relation to common stock (million yen)	63,625	177,263
Number of shares of common stock as of the end of the fiscal year, used in the computation of net assets per share (thousands of shares)	62,753	117,976

(Significant Subsequent Events)

Not applicable

(Omission of Disclosure)

Notes relating to lease transactions, transactions with the relevant parties, tax effect accounting, financial instruments, securities, derivatives transactions, retirement benefits, stock options, corporate combinations, asset retirement obligations, and real estate-related matters such as rent, have been omitted from this disclosure as the need for the disclosure of these items in the summary of consolidated financial results is not considered to be significant.

(Operating Results)**(1) Breakdown of balance of loans receivables**

Category			Fiscal 2013 (As of March 31, 2013)		Fiscal 2014 (As of March 31, 2014)	
			Million yen	%	Million yen	%
Domestic	Consumer loan services	Loans without collateral	13,015 (1,283)	18.7	7,336 (1,109)	7.2
		Adjustment after business combination	△ 343	Δ0.5	△ 41	Δ0.0
		Loans with collateral	758 (122)	1.1	681 (132)	0.7
		Subtotal	13,431 (1,405)	19.3	7,976 (1,242)	7.9
	Business loan services	Discount on commercial notes	1,662 (6)	2.4	2,369 (0)	2.3
		Loans without collateral	724 (57)	1.0	703 (35)	0.7
		Loans with collateral	1,580 (12)	2.3	1,551 (19)	1.5
		Subtotal	3,967 (75)	5.7	4,624 (54)	4.5
	Discount on commercial notes - Total		1,662 (6)	2.4	2,369 (0)	2.3
	Accounts receivable-operating loans - Total		15,735 (1,475)	22.6	10,231 (1,296)	10.1
Total		17,398 (1,481)	25.0	12,601 (1,297)	12.4	
International	Consumer loan services	Loans without collateral	3,955 (－)	5.7	41,859 (1,582)	41.4
		Loans with collateral	11 (－)	0.0	65 (34)	0.1
		Subtotal	3,966 (－)	5.7	41,924 (1,617)	41.5
	Loans by banking business		48,210 (－)	69.3	46,701 (－)	46.1
	Total		52,177 (－)	75.0	88,625 (1,617)	87.6
Inclusive sum			69,575 (1,481)	100.0	101,226 (2,914)	100.0

Note: 1. Figures in parenthesis () refer to long-term loans receivable.

Note: 2. Since the Company made KJI Consumer Finance LLC and HICAPITAL Co., Ltd. wholly owned subsidiaries during fiscal year ended March 31, 2014, the balance of “Loans without collateral” in international increased.

(2) Balance of advances paid-installment

Category	Fiscal 2013 (As of March 31, 2013)	Fiscal 2014 (As of March 31, 2014)
	Million yen	Million yen
Balance of advances paid-installment	51,338 (3,205)	40,814 (1,037)

Note: Figures in parenthesis () refer to long-term loans receivable.

(3) Breakdown of credit guarantee balance

Category	Fiscal 2013 (As of March 31, 2013)		Fiscal 2014 (As of March 31, 2014)	
	Million yen	%	Million yen	%
Without collateral	16,458	49.6	21,007	51.4
With collateral	16,735	50.4	19,832	48.6
Total	33,194	100.0	40,839	100.0

(4) Breakdown of operating revenue

Million yen

million yen

Category			Fiscal 2013 (April 1, 2012 - March 31, 2013)	Fiscal 2014 (April 1, 2013 - March 31, 2014)
I. Interest on loans / Discounts revenue				
	1. For consumers	(1) Loans without collateral	4,877	2,720
		(2) Loans with collateral	87	91
		For consumers - total	4,964	2,812
	2 For businesses	(1) Discount on commercial notes	190	183
		(2) Loans without collateral	79	68
		(3) Loans with collateral	78	173
		For businesses - total	348	425
	Subtotal		5,313	3,237
II. Operating revenue by banking business			1,222	12,392
III. Collection on purchased receivables			2,403	3,018
IV. Real estate sales			4,285	4,970
V. Amusement sales			13,484	16,510
VI. Installment payment paying for commission		1. Credit card revenue	2,853	2,848
		2. Financing revenue	6,937	4,450
		3. Installment payment paying for commission	224	164
		Subtotal	10,016	7,463
VII. Others		1. Commission received	221	258
		2. Guarantee commission received	1,751	2,377
		3. Gain on bad debts recovered	6,634	5,135
		4. Interest on deposits	29	67
		5. Other financial revenue	6,868	3,091
		6. Others	3,452	3,403
		Subtotal	18,958	14,333
Operating revenue – Total			55,683	61,926

Note: “VII. Others 5. Other financial revenue” refers mainly to the recorded difference between the collection on loans in purchase of accounts receivables business and acquisition cost of such receivables.

5. NON-CONSOLIDATED FINANCIAL STATEMENTS**(1) Non-Consolidated Balance Sheets**

	Million yen	
	Fiscal 2013	Fiscal 2014
	(March 31, 2013)	(March 31, 2014)
Assets		
Current assets		
Cash and deposits	10,196	63,250
Securities	—	10,000
Prepaid expenses	22	46
Accrued income	155	70
Short-term loans receivable from subsidiaries and affiliates	4,305	3,923
Accounts receivable-other	629	859
Other	347	27
Total current assets	15,657	78,176
Noncurrent assets		
Property, plant and equipment		
Buildings	21	20
Accumulated depreciation	(9)	(10)
Buildings, net	12	10
Vehicles	7	6
Accumulated depreciation	(3)	(4)
Vehicles, net	3	1
Equipment	100	98
Accumulated depreciation	(91)	(93)
Equipment, net	8	4
Land	56	56
Total property, plant and equipment	81	73
Intangible assets		
Software	1	11
Telephone subscription right	4	4
Goodwill	1,075	822
Other	8	—
Total intangible assets	1,089	838
Investments and other assets		
Investment securities	562	2
Stocks of subsidiaries and affiliates	13,127	27,288
Investments in capital	117	117
Investments in capital of subsidiaries and affiliates	—	11,292
Long-term loans receivable from subsidiaries and affiliates	5,400	5,400
Long-term loans receivable	2,373	—
Long-term prepaid expenses	1	1
Guarantee deposits	251	232
Other	105	302
Allowance for doubtful accounts	(22)	(19)
Total investments and other assets	21,915	44,618
Total noncurrent assets	23,087	45,530
Total assets	38,744	123,707

(Continued)

Million yen

	Fiscal 2013 (March 31, 2013)	Fiscal 2014 (March 31, 2014)
Liabilities		
Current liabilities		
Short-term loans payable	570	10
Current portion of long-term loans payable	1,979	1,170
Accounts payable	17	201
Income taxes payable	2	211
Accrued expenses	47	5
Deposits received	27	6
Unearned revenue	243	2
Other	0	0
Total current liabilities	2,890	1,608
Noncurrent liabilities		
Long-term loans payable	14,907	7,837
Long-term loans payable to subsidiaries and affiliates	6,900	1,902
Deferred tax liabilities	42	42
Other	173	173
Total noncurrent liabilities	22,023	9,955
Total liabilities	24,913	11,564
Net assets		
Shareholders' equity		
Capital stock	4,625	53,578
Capital surplus		
Legal capital surplus	3,966	52,919
Other capital surplus	0	0
Total capital surpluses	3,966	52,920
Retained earnings		
Other retained earnings		
Retained earnings brought forward	5,394	5,823
Total retained earnings	5,394	5,823
Treasury stock	(295)	(297)
Total shareholders' equity	13,690	112,024
Subscription rights to shares	140	117
Total net assets	13,831	112,142
Total liabilities and net assets	38,744	123,707

(2) Non-Consolidated Statements of Income

Million yen

	Fiscal 2013 (April 1, 2012- March 31, 2013)	Fiscal 2014 (April 1, 2013- March 31, 2014)
Operating revenue		
Interest income	649	318
Dividends income	2,015	3,697
Interest on deposits	2	42
Other financial revenue	693	241
Other operating revenue	185	283
Total operating revenue	3,546	4,583
Operating expenses		
Interest on loans	1,217	797
Total operating expenses	1,217	797
Operating gross profit	2,329	3,785
Selling, general and administrative expenses		
Advertising expenses	34	68
Provision of allowance for doubtful accounts	(2)	(2)
Directors' compensations	140	147
Salaries and allowances	348	387
Share-based compensation expenses	77	67
Welfare expenses	59	73
Communication expenses	14	16
Taxes and dues	42	284
Depreciation	16	12
Amortization of goodwill	189	253
Rent expenses	87	86
Investigation expenses	0	0
Commission fee	225	474
Other	67	85
Total selling, general and administrative expenses	1,300	1,953
Operating income	1,029	1,832
Non-operating income		
Dividends income	14	17
Foreign exchange gains	21	69
Miscellaneous income	8	10
Total non-operating income	44	97
Non-operating expenses		
Stock issuance cost	—	1,100
Miscellaneous loss	0	0
Total non-operating expenses	0	1,101
Ordinary income	1,073	828

(Continued)		Million yen	
		Fiscal 2013 (April 1, 2012- March 31, 2013)	Fiscal 2014 (April 1, 2013- March 31, 2014)
Extraordinary income			
Gain on sales of noncurrent assets		—	0
Gain on sales of investment securities		3	462
Gain on sales of stocks of subsidiaries and affiliates		—	0
Gain on reversal of subscription rights to shares		1	0
Total extraordinary income		4	464
Extraordinary loss			
Loss on sales of noncurrent assets		0	0
Loss on abandonment of noncurrent assets		2	0
Impairment loss		12	—
Loss on valuation of investment securities		0	0
Other		0	—
Total extraordinary losses		15	0
Income before income taxes		1,062	1,292
Income taxes-current		5	23
Total income taxes		5	23
Net income		1,056	1,268

(3) Non-Consolidated Statements of Changes in Net Assets**Fiscal year ended March 31, 2013 (from April 1, 2012 to March 31, 2013)**

Million yen

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings		Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at the beginning of current period	4,530	2,265	—	2,265	4,704	4,704	Δ72	11,427
Changes of items during the period								
Issuance of new shares	94	94		94				189
Increase by share exchanges		1,606		1,606				1,606
Dividends from surplus					Δ367	Δ367		Δ367
Net income					1,056	1,056		1,056
Purchase of treasury stock							Δ222	Δ222
Disposal of treasury stock			0	0			0	0
Net changes of items other than shareholders' equity								
Total changes of items during the period	94	1,701	0	1,701	689	689	Δ222	2,263
Balance at the end of current period	4,625	3,966	0	3,966	5,394	5,394	Δ295	13,690

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at the beginning of current period	3	3	103	11,533
Changes of items during the period				
Issuance of new shares				189
Increase by share exchanges				1,606
Dividends from surplus				Δ367
Net income				1,056
Purchase of treasury stock				Δ222
Disposal of treasury stock				0
Net changes of items other than shareholders' equity	Δ3	Δ3	36	33
Total changes of items during the period	Δ3	Δ3	36	2,297
Balance at the end of current period	—	—	140	13,831

Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

Million yen

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings		Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at the beginning of current period	4,625	3,966	0	3,966	5,394	5,394	Δ295	13,690
Changes of items during the period								
Issuance of new shares	48,953	48,953		48,953				97,907
Dividends from surplus					Δ839	Δ839		Δ839
Net income					1,268	1,268		1,268
Purchase of treasury stock							Δ2	Δ2
Disposal of treasury stock			0	0			0	0
Net changes of items other than shareholders' equity								
Total changes of items during the period	48,953	48,953	0	48,954	428	428	Δ2	98,333
Balance at the end of current period	53,578	52,919	0	52,920	5,823	5,823	Δ297	112,024

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at the beginning of current period	—	—	140	13,831
Changes of items during the period				
Issuance of new shares				97,907
Dividends from surplus				Δ839
Net income				1,268
Purchase of treasury stock				Δ2
Disposal of treasury stock				0
Net changes of items other than shareholders' equity	—	—	Δ22	Δ22
Total changes of items during the period	—	—	Δ22	98,311
Balance at the end of current period	—	—	117	112,142

(4) Notes Regarding Non-Consolidated Financial Statements
(Notes Regarding Going Concern Assumption)

Not Applicable

6. OTHER INFORMATION**(1) Changes in Directors**

Additional disclosure will be made when there is a change in directors.