

# March-ended 2012, 2<sup>nd</sup> quarter closing briefing (Japanese standard) (consolidated)

November 10, 2011

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 Dividend payment start scheduled on December 5, 2011  
 -- Quarter term account correction explanation materials are made or not? Yes  
 -- Quarter term account correction explanation materials are made or not? No

## 1. Consolidated results for 2nd quarter term, March-ended 2012(April 1, 2011 – September 30 2011)

(1) Consolidated Business Results (cumulative) (% express variation compared to same quarter term of the last year)

(rounded down to million JPY)

	Income from Operations		Profit from Operations		Ordinary Profit		Quarter term Net Profit	
	Million JPY	%	Million JPY	%	Million JPY	%	Million JPY	%
2 <sup>nd</sup> quarter of 2012	10,106	18.6	1,957	Δ29.4	1,288	Δ53.6	30,306	-
2 <sup>nd</sup> quarter of 2011	8,522	Δ0.1	2,773	98.9	2,776	86.8	1,954	24.7

(Note) Comprehensive profit: 2<sup>nd</sup> quarter of 2012: ¥30,278 million (—%).

2<sup>nd</sup> quarter of 2011 ¥1,969 million (—%)

	Quarter term net profit per share	Quarter term net profit per share after latency share adjustments
	JPY	JPY
2 <sup>nd</sup> quarter of 2012	1,013.11	1,005.50
2 <sup>nd</sup> quarter of 2011	65.86	65.40

## (2) Consolidated Financial Situation

	Total assets	Net Assets	Equity ratio	Net capital per share
	Million JPY	Million JPY	%	JPY
2 <sup>nd</sup> quarter of 2012	124,823	45,270	35.2	1,468.81
March-ended 2011	37,862	13,961	36.7	464.78

(ref.) Own capital for 2<sup>nd</sup> quarter term of 2012: ¥43,968 million March-ended 2011 ¥13,894 million

## 2. Dividend situation

	Yearly dividend sum				
	1 <sup>st</sup> semester end	2 <sup>nd</sup> quarter end	3 <sup>rd</sup> quarter end	Period end	Total
	JPY	JPY	JPY	JPY	JPY
March 2011 term	-	4.00	-	6.00	10.00
March 2012 term	-	6.00	NA	NA	NA
March 2012 term (estimation)	NA	NA	-	6.00	12.00

(Note) Corrections after recent results estimations officially declared are made or not? No

### 3. Consolidated result estimations for quarter terms of 2012 (April.1.2011 to March.31.2012)

(% express variation compared to same quarter term of the last year)

	Income from Operations		Profit from Operations		Ordinary Profit		Current term net profit		Quarter term net profit per share
	Million JPY	%	Million JPY	%	Million JPY	%	Million JPY	%	JPY
Through the year	25,766	52.4	4,124	Δ4.6	4,045	Δ6.4	32,595	908.1	1,089.25

(Note) Corrections after recent results estimations officially declared are made or not? No.

### 4. Other

(1) Transfers of most important subsidiaries within current quarter consolidated cumulative period (transfers of definite subsidiaries together with joint range modifications): Yes

New: 2 firms (company name) Neoline Credit Loan Co. Ltd Excepted:1 firm (company name) KC Card Co. Ltd

(Note) For details please see page 8 “ 2. Items regarding summary information (other). (1) Transfers of most important subsidiaries within current quarter term consolidated cumulative period”.

(2) When making quarter consolidated financial tables, was specific accounting processing applied or not? No

(3) Accounting guideline changes / accounting estimate changes / redispays after correction

((1)) Accounting guideline changes due to corrections of accounting criteria, etc.: No

((2)) Accounting guideline changes, other than ((1)) No

((3)) Accounting estimate changes: No

((4)) Redisplay after correction: No

(4) Delivered stock number (ordinary stocks)

(1) Delivered stocks at term end (including own shares)	2012 quarter 2Q	30,049,780	March-ended 2011	30,009,780
(2) Own shares at term end	2012 quarter 2Q	114,786	March-ended 2011	114,716
(3) Average shares through term (cumulative for quarter term)	2012 quarter 2Q	29,914,588	2011 quarter 2Q	29,675,684

(\*) Indication regarding the situation of quarter term review procedure implementation

Since this quarter term earnings summary is not subject of the quarter-term review procedure based on the Law for Financial Product Transactions, quarter-term review procedure based on the Law for Financial Product Transactions are not completed.

(\*) Explanations with regard the correct use of result estimations, other special notes

Explanations with regard the correct use of result estimations, other special notes, or contents related to future result expectations contained within the present materials are based on information obtained by our firm at present and on certain assumptions considered as reasonable, therefore the real results might greatly differ due to various causes. With regard to the conditions that make the result estimation assumption, please refer to page 8 “ 1. Qualitative information regarding current quarter-term closing account,(3) Qualitative information regarding consolidated result estimations”.

(\*)Regarding the preparation method of the account complementary explanation material

The account complementary explanation material is planned to be disclosed later on TDnet.

(Our company homepage)

<http://www.jt-corp.co.jp/>

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## 1. Qualitative information regarding current quarter-term closing account

### (1) Qualitative information regarding consolidated business results

For the current 2<sup>nd</sup> quarter term consolidated cumulative period, although the stagnation of the internal Japanese economy after the Great Eastern Japan Earthquake has a trend of revitalization, market downturns due to problems of insufficient electrical power providing and harmful rumors, strengthening yen and stocks decrease are continuing, so that future prospects are difficult to make.

Also for the moneylending industry, to which our Group is belonging, the severe business environment is continuing: business are shrinking or closing one after another, due to the market shrinkage subsequent to the complete implementation of the Modified Moneylending Business Law, the increase of interest return requests, together with the worsening of capital making environment. Also within the real estate industry, due to the influence of the Great Eastern Japan Earthquake, there was a period of stagnation when construction of homes was partly delayed, but due to the renormalization of the supply chains and the economic stimulation assistance provided by the government for houses, there is a slight tendency of recovery.

Based on such business environment, in the current second quarter of the fiscal year, the Group, after developing toward overseas market in the first quarter accounting period by acquiring all shares of Neoline Loan Co. Ltd, which is a consumer-finance company in South Korea, in the second quarter accounting period, entered the credit-card business by acquiring shares of KC Card Co. Ltd(formerly Rakuten KC Co., Ltd.) from Rakuten Inc. In the future, together with expanding credit-card business with credit card by taking advantage of the know-how held by our company, we will strive to enhance corporate value of the Group through strengthening of guarantee business by making effective use of assets and our customer base.

With regard to the credit guarantee business, we made efforts to accumulate the balance of debt guarantees, such as signing with Saikyoginko Inc. a new guarantee service contract with regard to collateralized-loans for business operators.

As a result of above efforts, due to the sum-up of the credit business revenue made by KC Card Co., Ltd., operating revenue for the consolidated cumulative second quarter is now ¥10,106 million(up 18.6 percent compared to last year). However, following the expanding size of the group, operating income decreased to ¥1,957 million(down 29.4% compared to same period of the last year), due to selling expenses and general management expenses increased by 66.6%(compared to same period of the last year). Also ordinary income became ¥1,288 million(a decrease of 53.6% compared to same period of the last year), by recording of exchange loss due to rapid yen appreciation and won depreciation, but net income of the quarter, as a result of fair value relating to the acquisition of shares of the KC Card Co Ltd, and of recording of ¥29,444 million negative-goodwill profit as special profit, reached ¥30,306 million (prior year quarter ¥1,954 million).

Segment results are as below:

#### ((1)) Credit business

(Credit services for business operators)

With regard to credit services for business operators, the main operator is Lopro Co. Ltd. As a result of the promotion of discount drafts as a medium- to long-term strategy in financial services business, draft finance balances of have been increasing steadily. Nevertheless, regarding business operational loans, they are decreasing as a result of smooth recovery.

As a result, with regard to finance balances at the end of the fiscal year second consolidated quarter, with ¥2,060 million by commercial drafts(up 36.7 percent year on year), ¥2,212 million by loans (down 27.6% year on year). ¥25 million by long-term operating receivables (down 16.5% compared the same quarter the previous year), so that finance balance is now ¥4,297 million(down 6.4% compared to the prior year quarter), including long-term operating receivables.

(credit service for consumers)

With regard to credit service for consumers, the main operator are Lopro Co. Ltd and Saikyo Card Co Ltd.

With regard to finance balance at the end of the fiscal year second quarter, as a result of the fact that recovery

went smoothly, with ¥7,106 million by operation loans (down 41.7% year on year) and ¥1,708 million by long-term operating receivables yen (down 38.4% compared to the same quarter the previous year), the finance balance is totaling ¥8,814 million (decreased 41.1% compared to same period of the last year), including long-term operating receivables.

(credit, consumer credit service)

With regard to credit card service, due to the fact that KC Card Co Ltd became a subsidiary within the second consolidated quarter, we are developing credit card business by utilizing the brand-power and the rich know-how of KC Card, which follow from its predecessor Kokunaishinpan Co. Ltd. With regard to consumer credit service, Lopro Co. Ltd and Saikyo Card Co Ltd perform consumer credit business by instalment sales.

As results of above facts, the balance of advance-paid installment at the end of the second consolidated quarter is 80,831 million yen (the same quarter of previous year ¥2,502 million), long-term operating receivables ¥8,704 million (the same quarter of previous year ¥39 million), the balance of advance-paid installment including long-term operating receivables is ¥89,535 million (prior year quarter ¥2,541 yen million).

(Credit guarantee service)

With regard to credit guarantee service, the main operators are Nipponhosho Co. Ltd, Lopro Co. Ltd and KC Card Co Ltd. We have been promoting the expansion of credit guarantee business as medium-to long-term strategy. We made efforts to accumulate debt guarantee balance, mainly for loans of Saikyoginko Co.Ltd. and Tokyo Star Bank.

As results, the balance of debt guarantees at the end of second consolidated quarter, with ¥8,076 million by guarantees for collateralized loans (up 152.0 percent year on year), ¥4,854 million by unsecured loan guarantees (decreased by 5.1% compared to previous year), the balance of debt guaranteed has become ¥12,930 million (an increase of 55.4 percent compared to the same period of the last year).

(Debt purchase service)

With regard to receivable purchase services, our firm, Lopro Co, Ltd, Partir Receivable Collection Co. Ltd, United Partir and United Partir One are performing. As medium-to long-term strategy, we are actively purchasing new receivables, due to the fact that the recovery of purchased loans goes even stronger, purchased loans outstanding at the end of second consolidated quarter was 3,000 million yen (a decrease of 36.0% the same quarter the previous year).

As a result, operating revenues in the financial business is ¥8,106 million (up 16.4% compared with the same quarter the previous year), and segment profit is ¥2,022 million (down 21.5% year on year).

((2)) Real estate business

With regard to the real estate business, we are developing business mainly by Keynote Co Ltd, and, while taking advantage of the synergy with finance business, we aim to generate revenue through housing related business, by not only sale or brokerage of ready-built houses, but also such as houses built on order or second-hand house renovations.

As a result, operating revenues in the real estate business is ¥1,157 million (up 14.4% compared with the same quarter the previous year), and segment profit is ¥60 million (down 74.3% compared with the same quarter the previous year).

((3)) Overseas business

With regard to overseas business, in Korea, Neoline Loan Co Ltd. has deployed consumer financing business. Starting from Seoul, South Korea, we aim to extend the loan balance steadily within the growing consumer finance market in Korea, such as open branch offices in Daejeon and Daegu.

As a result, operating loans at the end of second quarter consolidated accounting period were ¥4,842 million, operating revenue in overseas operations ¥906 million and segment profit was ¥103 million. As for the consolidated subsidiary, due to the acquisition of shares in the first quarter consolidated accounting period, it does not compare to the prior year quarter.

((4)) Other businesses

With regard to other businesses, within J Trust System we are mainly developing Group's system and

proceeding to computer operation and management work.

As a result, operating revenues in other business is ¥453 million (up 11.0% compared with the same quarter the previous year), and segment profit is ¥60 million (up 97.7% compared with the same quarter the previous year).

## (2) Qualitative information regarding consolidated financial situation

### ((1)) Situation of assets, debts and net assets

General assets at the end of the second consolidated accounting period grew by ¥86,961 million compared to previous year's consolidated accounting period, to ¥124,823 million (229.7% growth compared to previous term). This is mainly due on one hand to the fact that in the first half of the fiscal year we have made KC Card Co., Ltd. and Neoline Credit Loans Co. Ltd. consolidated subsidiaries, therefore general assets decreased since the allowance for doubtful debts increased by ¥13,325 million mainly due to the increase of the balance of installment loan advances and installment loans, and on the other hand, in addition to the fact that installment loan advances (including long-term operating receivables) increased by ¥88,060 million, operational operating loans by ¥1,912 million and tangible fixed assets by ¥4,228 million, cash and deposits increased by ¥2,313 million.

With regard to debts, they are ¥79,553 million (up 232.9% year-on-year), an increase of ¥55,652 yen million compared to the end of the previous fiscal year. This increase is mainly due to the increase for short - and long - term borrowings by ¥18,571 million-- due to the consolidation of subsidiary KC Card Co. Ltd.--, to the increase of ¥19,102 million of payable accounts towards Rakuten Inc.-- including payments, and to the increase of ¥17,064 million for provision for loss on interest repayments.

With regard to net assets, they are ¥45,270 million (up 224.2% year-on-year), an increase of ¥31,308 million compared to the end of the previous fiscal year. This is mainly due on one hand to the decrease in retained earnings due primarily to paying ¥179 million dividends of surplus, and on the other hand to the recording of a net income of ¥30,306 million for the quarter term.

As a result, net assets per share increased to ¥1,468.81, an increase of ¥1,004.03 from the end of the previous fiscal year, and due to the increase of the general assets, the equity ratio decreased by 1.5 points from 36.7% on the previous fiscal year-end, to become 35.2%.

### ((2)) Cash flow situation

Cash and cash equivalents on a consolidated basis in the first half of the fiscal year (below "cash"), increased by ¥2,557 million compared to the end of the previous fiscal year (up 84.8 percent year-on-year), to ¥16,705 million.

Each cash flow situation and their causes during the second consolidated cumulative period are as below.

#### (Cash flow due to operating activity)

The decrease in cash due to operating activity during the second consolidated cumulative period was ¥17,233 million (4,523 million cash increase compared to the same period of the previous year). This is mainly due to the cash decrease, on one hand because of the increase of quarter-term net income before income taxes to ¥30,721 million and of the net decrease of instalment advances to ¥4,631 million, and on the other hand of the negative goodwill of ¥29,444 million and the expenditure ¥19,994 million for acquisition of loans towards KC Card Co. Ltd.

#### (Cash flow due to investment activity)

The increase in cash due to operating activity during the second consolidated cumulative period was ¥3,910 million (¥411 million cash decrease compared to the same period of the previous year). This is primarily due, on one hand to the decrease of cash by the expenditure of ¥647 million for the acquisition of shares of Neoline Credit Loan Co. Ltd, and on the other hand by the increase of cash by the revenue of ¥4,010 million from the acquisition of shares of KC Card Co. Ltd and by the revenue of ¥384 million from the sale of tangible fixed assets.

#### (Cash flow due to financial activity)

The increase in cash due to financial activity during the second consolidated cumulative period was ¥15,897 million (¥1,204 million cash decrease compared to the same period of the previous year). This is mainly due to the

cash decrease by dividend payment of ¥179 million, and on the other hand to the cash increase by the net increase of the amount of borrowings of ¥15,790 million.

(3) Qualitative information regarding consolidated result estimations

With regard to through-term result estimations for year 2012 by March, there are no changes compared to the result estimations declared on September 16, 2011. In case that corrections are necessary due to future trends, we will disclose them correctly and immediately.

## 2. Items regarding summary information (other)

(1) Transfers of most important subsidiaries within current quarter term consolidated cumulative period

For the 1<sup>st</sup> consolidated quarter cumulative accounting period, we acquired all the outstanding shares of Neoline Credit Loan Co Ltd, which is a consumer finance company in Korea, made it a consolidated subsidiary, and thus included it within the scope of consolidation. Also, during the 2<sup>nd</sup> quarter consolidated accounting period, we acquired KC Co Ltd (formerly Rakuten KC Co Ltd) from Rakuten Co. Ltd, made it a consolidated subsidiary, and thus included it within the scope of consolidation.

(2) Additional information

On applying accounting standards with regard to accounting changes and error corrections

Starting with the accounting changes and error corrections made after the beginning of the first quarter consolidated accounting period, we are applying "Accounting Standards for Accounting Changes and Error Corrections" (Corporation Accounting Standards Nr. 24, 4 December 2009), and "Guideline on Accounting Standards for Accounting Changes and Error Corrections" (Corporation Accounting Standards Application Guideline, Nr. 24, 4 December 2009).

### 3. Quarterly consolidated financial statements

#### (1) Quarterly consolidated loan-debt statements

(unit: thousand JPY)

	Previous consolidated accounting year (March 31, 2011)	Current 2 <sup>nd</sup> consolidated accounting period (September 30, 2011)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	14,846,078	17,159,216
Commercial drafts	1,900,086	2,060,509
Operating loans	11,725,831	14,160,388
Installment advances	1,443,454	80,831,583
Purchased loans	4,008,882	3,000,703
Rights of indemnity	518,308	505,356
Services and products	412,182	1,133,843
Work-in-process products	153,259	39,934
Other	1,121,902	4,281,188
Allowance for doubtful accounts	△1,836,658	△7,147,735
<b>Total Current Assets</b>	<b>34,293,325</b>	<b>116,024,988</b>
<b>Fixed Assets</b>		
Tangible fixed assets	1,166,225	5,394,394
<b>Intangible fixed assets</b>		
Goodwill	344,149	401,548
Other	111,626	96,718
<b>Total intangible fixed assets</b>	<b>455,775</b>	<b>498,266</b>
<b>Assets for investments, etc.</b>		
Long term operating loans	2,286,790	10,437,826
Other	1,042,948	1,865,076
Allowance for doubtful accounts	△1,382,519	△9,396,591
<b>Total Assets for investments, etc.</b>	<b>1,947,219</b>	<b>2,906,310</b>
<b>Total Fixed Assets</b>	<b>3,569,220</b>	<b>8,798,972</b>
<b>Total Assets</b>	<b>37,862,546</b>	<b>124,823,960</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Discounted bills	1,291,838	1,573,252
Short-term borrowings	2,465,516	3,391,827
Short-term borrowings from stock owners, directors or employees	—	15,000,000
Borrowings to be returned within one year	1,515,545	1,805,710
Payables	304,509	19,407,463
Income tax payable	1,062,163	597,801
Interest return loss allowance	3,359,521	11,804,523
Other allowances	—	180,420
Other	265,579	1,102,955
<b>Total Current Liabilities</b>	<b>10,264,673</b>	<b>54,863,953</b>

	Previous consolidated accounting year (March 31, 2011)	Current 2 <sup>nd</sup> consolidated accounting period (September 30, 2011)
<b>Fixed liabilities</b>		
Long-term borrowings	10,814,803	12,888,134
Interest return loss allowance	2,382,998	11,002,846
Debt guarantee loss allowance	203,372	180,872
Retirement benefits allowance	—	245,736
Other	234,753	371,628
<b>Total Fixed Liabilities</b>	<b>13,635,928</b>	<b>24,689,218</b>
<b>Total Liabilities</b>	<b>23,900,601</b>	<b>79,553,171</b>
<b>Net assets</b>		
<b>Shareholder's equity</b>		
Capital:	4,496,096	4,500,056
Capital surplus	2,230,894	2,234,854
Earned surplus	7,235,454	37,362,851
Own shares	△72,978	△72,999
<b>Total Shareholder's Equity</b>	<b>13,889,466</b>	<b>44,024,763</b>
<b>Other comprehensive profit cumulative amount</b>		
Other unrealized securities	5,190	4,107
Foreign currency conversion adjustments	—	△59,993
<b>Total other comprehensive profit cumulative amount</b>	<b>5,190</b>	<b>△55,885</b>
New share subscription rights	52,441	79,356
Minority equity	14,846	1,222,554
<b>Total Net Assets</b>	<b>13,961,944</b>	<b>45,270,789</b>
<b>Total liabilities and net assets</b>	<b>37,862,546</b>	<b>124,823,960</b>

(2) Quarter consolidated income statement and quarter consolidated comprehensive income statement  
Quarter consolidated income statement for 2<sup>nd</sup> quarter consolidated cumulative period

(unit: thousand JPY)

	2 <sup>nd</sup> quarter consolidated cumulative period (From April 1 <sup>st</sup> , 2010 To September 30, 2010)	Current 2 <sup>nd</sup> consolidated cumulative period (From April 1 <sup>st</sup> , 2011 To September 30, 2011)
Income from Operations	8,522,163	10,106,207
Operational Expenditures	2,021,718	1,938,166
Operating gross income	6,500,444	8,168,040
Sales expenditures and General Administration Expenditures	3,726,837	6,210,326
Profit from Operations	2,773,606	1,957,714
Non-operating income		
Interest income	2,216	79
Dividend income	1,579	21,474
Rent receipt	8,700	55,591
Miscellaneous income	8,109	9,773
Total non-operating income	20,605	86,919
Non-operating expenditures		
Interests paid	6,553	8,226
Depreciation and amortization	5,729	8,766
Deposit cancellation loss	4,750	-
Exchange loss	-	734,446
Miscellaneous losses	261	4,728
Total non-operating expenditures	17,295	756,168
Ordinary Profit	2,776,916	1,288,465
Special Profit		
Gain on sales of fixed-asset	5,229	22,706
Gain on sales of investment securities	-	86
Gain on negative goodwill	6,926	29,444,347
Other	-	760
Total Special Profit	12,156	29,467,900
Special losses		
Loss on sales of fixed assets	2,669	5,994
Loss on disposal of fixed assets	10,414	2,587
Loss on evaluation of fixed assets	760	1,926
Impairment loss	33,218	21,308
Loss on sales of investment securities	-	2,839
Loss of revaluation of investment in securities	25	-
Total Special Losses	47,087	34,655
Quarterly net profit before income taxes	2,741,986	30,721,710
Corporate tax, residential tax, business tax	796,839	529,021

Quarter consolidated comprehensive income statement for 2nd quarter consolidated cumulative period  
(unit: thousand JPY)

	2 <sup>nd</sup> quarter consolidated cumulative period (From April 1 <sup>st</sup> , 2010 To September 30, 2010)	Current 2 <sup>nd</sup> consolidated cumulative period (From April 1 <sup>st</sup> , 2011 To September 30, 2011)
Income taxes adjustments	Δ23,948	Δ147,021
Total income taxes	772,890	382,000
Quarterly net profit before minority balance adjustment	1,969,095	30,339,709
Minority shareholder's profit	14,571	32,942
Quarter term Net Profit	1,954,524	30,306,767
Quarterly net profit before minority shareholders balance adjustment	1,969,095	30,339,709
Other comprehensive profits		
Other unrealized securities	653	Δ1,082
Foreign currency conversion adjustments	—	Δ59,993
Total other comprehensive profits	653	Δ61,075
Quarterly comprehensive profit	1,969,749	30,278,634
(breakdown)		
Quarterly comprehensive profit according to parent company shareholders	1,955,178	30,245,692
Quarterly comprehensive profit according to minority shareholders	14,571	32,942

(3) 2<sup>nd</sup> Quarter consolidated cash flow statement

(unit: thousand JPY)

	2 <sup>nd</sup> quarter consolidated cumulative period (From April 1 <sup>st</sup> , 2010 To September 30, 2010)	Current 2 <sup>nd</sup> consolidated cumulative period (From April 1 <sup>st</sup> , 2011 To September 30, 2011)
(Cash flow due to operating activity)		
Quarterly net profit before income taxes	2,741,986	30,721,710
Stock compensation expense	17,576	29,775
Depreciation and amortization	49,247	76,777
Balance on sales of fixed assets(Δ is profit)	Δ2,560	Δ16,712
Loss on fixed asset revaluation	760	1,926
Impairment loss	33,218	21,308
Balance on sales of investment securities(Δ is profit)	—	2,753
Balance on revaluation of investment securities(Δ is profit)	25	—
Gain on negative goodwill	Δ6,926	Δ29,444,347
Amortization of goodwill	43,018	55,485
Variation of allowance for doubtful accounts (Δ is decrease)	Δ1,143,704	Δ1,304,815
Amortization for doubtful accounts	2,291,355	3,065,438
Variation of allowance for interest return losses (Δ is decrease)	Δ351,752	Δ845,150
Variation of allowance for loan guarantee losses (Δ is decrease)	16,240	Δ22,500
Variation of allowance for retirement benefit losses (Δ is decrease)	—	19,150
Other variation of allowances (Δ is decrease)	—	48,700
Interest receipt and dividends	Δ3,796	Δ21,554
Discount fee payment and paid interests	296,822	420,826
Balance on foreign currency(Δ is profit)	—	552,291
Variation on inventory capital(Δ is increase)	Δ395,917	Δ608,336
Expenses due to acquirement of loans by affiliated companies	—	Δ19,994,449
Variations of deposits pledged as collateral(Δ is increase)	595,174	46,281
Other	21,599	Δ2,426,310
Subtotal	4,202,365	Δ19,621,750
Amount received for interest and dividend	3,797	21,550
Interest paid	Δ313,730	Δ476,443
Income taxes paid	Δ490,964	Δ1,275,923
Subtotal	3,401,469	Δ21,352,566

(unit: thousand JPY)

	2 <sup>nd</sup> quarter consolidated cumulative period (From April 1 <sup>st</sup> , 2010 To September 30, 2010)	Current 2 <sup>nd</sup> consolidated cumulative period (From April 1 <sup>st</sup> , 2011 To September 30, 2011)
Increase of commercial bills	Δ1,660,202	Δ3,430,114
Decrease of commercial bills	1,650,243	3,257,796
Increase of operational loans	Δ2,654,508	Δ5,332,243
Decrease of operational loans	2,013,292	3,716,614
Increase of instalment advances	—	Δ15,551,908
Decrease of instalment advances	1,738,515	20,182,909
Increase of purchased receivables	Δ895,632	Δ112,417
Decrease of purchased receivables	1,492,719	900,466
Decrease of payable amount according to the acquirement of purchased receivables	Δ1,850,500	—
Variation of long-term operational receivables (Δ is increase)	Δ66,747	527,499
Income due to transfer of loans	1,422,691	—
Increase of indemnity rights	Δ107,204	Δ88,222
Decrease of indemnity rights	39,749	49,161
Cash flow due to operating activity	4,523,886	Δ17,233,024
Cash flow due to investment activity		
Variation of time deposits (Δ is increase)	Δ100,000	198,000
Expenses due to acquirement of tangible fixed assets	Δ43,018	Δ66,668
Income due to sales of tangible fixed assets	153,202	384,761
Expenses due to acquirement of intangible fixed assets	Δ2,413	—
Expenses due to acquirement of investment securities	Δ506,000	—
Income due to sales of investment securities	—	31,470
Income due to liquidation distribution of investment securities	5,000	—
Expense due to acquirement of subsidiary shares following consolidation scope change	—	Δ647,183
Income due to acquirement of subsidiary shares following consolidation scope change	81,328	4,010,714
Other	—	Δ736
Cash flow due to investment activity	Δ411,900	3,910,357

(unit: thousand JPY)

	2 <sup>nd</sup> quarter consolidated cumulative period (From April 1 <sup>st</sup> , 2010 To September 30, 2010)	Current 2 <sup>nd</sup> consolidated cumulative period (From April 1 <sup>st</sup> , 2010 To September 30, 2010)
Cash flow due to financial activity		
Income due to bill discounting	1,417,947	3,354,295
Expense due to fall of bill discounting	△1,397,586	△3,072,881
Income due to short-term borrowings	3,551,598	18,510,485
Expenses due to short-term borrowing return	△4,058,008	△5,083,636
Income due to long-term borrowings	—	3,100,000
Expenses due to long-term borrowing return	△510,932	△736,504
Expenses due to acquirement of own shares	△9	△21
Income due to exercise of stock-options	29,526	5,320
Amount paid on dividends	△237,104	△179,370
Cash flow due to financial activity	△1,204,569	15,897,686
Translation differences according to cash and cash equivalents	—	△17,599
Variation of cash and cash equivalents (△ is decrease)	2,907,417	2,557,420
Cash and cash equivalent opening balance	6,131,797	14,148,419
Cash and cash equivalent quarterly closing balance	9,039,214	16,705,839

## (4) Notes regarding premises for a sustainable corporation

There is no corresponding item.

## (5) Segment information, etc.

(segment information)

I. Previous 1<sup>st</sup> quarter consolidated cumulative period (from April 1<sup>st</sup> 2010 to September 30 2010)

1. Information with regard to operating income per each segment and to the amounts of profit or loss

(Unit: thousand JPY)

	Reported segment			Other (Note)	Total
	Money lending business	Real estate business	Total		
Income from Operations					
Income from operations from outside customers	6,961,640	1,350,791	8,312,432	209,731	8,522,163
Income or transfer amount from internal operations between segments	—	1,521	1,521	198,926	200,447
Total	6,961,640	1,352,313	8,313,954	408,657	8,722,611
Segment profit	2,575,650	236,468	2,812,119	30,687	2,842,806

(Note) "Other" column stands for business segments not included within the reported segment, which consists of computer utilization and administration work, software entrusted development and utilization instruction services.

2. Main contents of total amounts of profit or loss and differences from quarter consolidated balance statement recorded amounts, for reported segments (items concerning differences adjustment)

(Unit: thousand JPY)

Profit	Amount
Total for reported segment	2,812,119
Losses on "Other"	30,687
Eliminations of transaction between segments	640
Corporate expenses (note)	△69,840
Operating profit of the quarter consolidated balance statement	2,773,606

(Note) Corporate expenses are mainly general administration expenses that do not pertain to the reported segment.

3. Information with regard to impairment losses of fixed assets on each segment

There is no corresponding item.

II. Current 2<sup>nd</sup> quarter consolidated cumulative period (from April 1<sup>st</sup> 2011 to September 30, 2011)

1. Information with regard to operating income per each segment and to the amounts of profit or loss

(Unit: thousand JPY)

	Reported segment				Other (Note)	Total
	Money lending business	Real estate business	Oversea s busines s	Total		
Income from Operations						
Income from Operations Income from operations towards outside customers	7,900,140	1,145,140	906,377	9,951,657	154,549	10,106,207
Income or transfer amount from internal operations between segments	205,910	12,539	—	218,450	299,007	517,457
Total	8,106,051	1,157,679	906,377	10,170,108	453,556	10,623,664
Segment profit	2,022,562	60,716	103,811	2,187,090	60,667	2,247,758

(Note) "Other" column stands for business segments not included within the reported segment, which consists of computer utilization and administration work, software entrusted development and utilization instruction services.

2. Information with regard to assets per each segment

Within the "Money lending business" segment, we acquired the shares of KC Card Co Ltd (formerly Rakuten KC Co Ltd) from Rakuten Co Ltd and it became a consolidated subsidiary. As a result, compared to the end-date of the previous consolidated accounting year, the asset amount of the "Money lending" segment for the current 2<sup>nd</sup> quarter consolidated accounting period increased by ¥94,123,827 thousand.

3. Main contents of total amounts of profit or loss and differences from quarter consolidated balance statement recorded amounts, for reported segments (items concerning differences adjustment)

(Unit: thousand JPY)

Profit	Amount
Total for reported segment	2,187,090
Losses on "Other"	60,667
Eliminations of transaction between segments	△112,439
Corporate expenses (note)	△177,604
Operating profit of the quarter consolidated balance statement	1,957,714

(Note) Corporate expenses are mainly general administration expenses that do not pertain to the reported segment.

#### 4. Information with regard to impairment losses of fixed assets on each segment

(Important negative goodwill gain)

Within the "Money lending business" segment, we acquired the shares of KC Card Co Ltd (formerly Rakuten KC Co Ltd) from Rakuten Co Ltd and it became a consolidated subsidiary. At the time of business combination, as a result of the revaluation of the fair value of assets and debts of the company, a negative goodwill gain of ¥29,444,347 thousands occurred, which is recorded as special profit (negative goodwill gain) within the 2<sup>nd</sup> consolidated cumulative period.

#### 5. Items with regard to changes of reported segments

On April 1<sup>st</sup>, 2011, following to acquiring all issued shares of Neoline Credit Loans Co. Ltd. including overseas business, and consolidating it as a subsidiary, reported segment "Overseas Business" was newly added.

As for the previous 2<sup>nd</sup> quarter consolidated cumulative period, there is no corresponding item.

#### (6) Notes for cases of substantial variations of stock-owner capital amounts

On August 1<sup>st</sup>, 2011, we acquired the shares of KC Card Co Ltd (formerly Rakuten KC Co Ltd) from Rakuten Co Ltd, and it became a consolidated subsidiary. At the time of incorporation, because of the revaluation of the fair value of assets and debts of the company, a negative goodwill gain of ¥29,444,347 thousand was recorded as special profit within the second consolidated cumulative period. As a result, stockowner capital increased substantially at the end of current 2<sup>nd</sup> quarter consolidated accounting period.

#### (7) Important subsequent events

There is no corresponding item.

#### 4. Complementary information

##### Operational results

##### (1) Breakdown of loan balance

Section			End of previous 2 <sup>nd</sup> quarter consolidated cumulative period (September 30, 2010)		End of current 2 <sup>nd</sup> consolidated accounting period (September 30, 2011)	
			Amount (thousand JPY)	Structural ratio (%)	Amount (thousand JPY)	Structural ratio (%)
Domestic	Credit services for business operators	Commercial bill discounting	1,515,061 (7,881)	7.7	2,066,282 (5,772)	11.5
		Unsecured loans	1,286,366 (22,144)	6.6	966,054 (16,890)	5.4
		Collateralized loans	1,789,492 (113)	9.2	1,265,501 (2,500)	7.0
		Subtotal	4,590,919 (30,139)	23.5	4,297,838 (25,162)	23.9
	Credit services for consumers	Unsecured loans	17,464,030 (2,754,563)	89.3	9,495,610 (1,654,069)	52.9
		Corporate combination adjustment	△3,361,909	△17.2	△1,571,710	△8.8
		Collateralized loans	865,391 (19,321)	4.4	890,455 (54,248)	5.0
		Subtotal	14,967,511 (2,773,885)	76.5	8,814,355 (1,708,318)	49.1
	Total commercial bill discounting		1,515,061 (7,881)	7.7	2,066,282 (5,772)	11.5
	Total operational loans		18,043,370 (2,796,143)	92.3	11,045,911 (1,727,708)	61.5
	Total	Unsecured loans	19,558,431 (2,804,025)	100.0	13,112,194 (1,733,480)	73.0
	Overseas	Credit services for consumers	Unsecured loans	— (—)	—	4,842,184 (—)
Total			19,558,431 (2,804,025)	100.0	17,954,378 (1,733,480)	100.0

(Note) 1. Long-term operational receivables are written in brackets.

2. Overseas credit service for consumers is performed by Neoline Credit Loan Co Ltd. As the above became a consolidated subsidiary on April 1 2011, it is not registered at the end of the previous 1<sup>st</sup> quarter consolidated accounting period.

(2) Instalment advance payments balance

Section	End of previous 2 <sup>nd</sup> quarter consolidated cumulative period (on September 30, 2010)	End of current 2 <sup>nd</sup> consolidated accounting period (on September 30, 2011)
	Amount (thousand JPY)	Amount (thousand JPY)
Instalment advance payments balance	2,541,856 (39,208)	89,535,929 (8,704,346)

(Note) 1. Long-term operational receivables are written in brackets.

2. As on August 1<sup>st</sup>, 2011, KC Card Co Ltd was made a consolidated subsidiary, instalment advance payment increased substantially, therefore as its importance increased, it is separately mentioned at the end of current 2<sup>nd</sup> quarter consolidated accounting period.

(3) Breakdown of debt guarantee balance

Section	End of previous 2 <sup>nd</sup> quarter consolidated cumulative period (on September 30, 2010)		End of current 2 <sup>nd</sup> consolidated accounting period (on September 30, 2011)	
	Amount (thousand JPY)	Structural ratio (%)	Amount (thousand JPY)	Structural ratio (%)
Unsecured	5,115,866	61.5	4,854,554	37.5
Collateralized	3,205,448	38.5	8,076,348	62.5
Total	8,321,315	100.0	12,930,902	100.0

## (3) Breakdown of operational income

(Unit: thousand JPY)

Section		2 <sup>nd</sup> qt. consolidated cumulative period (April 1 <sup>st</sup> , 2010- September 30, 2010)	Current 2 <sup>nd</sup> consolidated cumulative period (April 1 <sup>st</sup> , 2011- September 30, 2011)	Previous consolidated accounting year (April 1 <sup>st</sup> , 2010- March 31, 2011)
1. Consumer-oriented				
(1) Unsecured loans	1. Deed loans	1,543,510	1,758,243	2,690,447
(2) Collateralized loans	1. Real-estate secured loans	54,644	59,688	110,796
	Total consumer-oriented	1,598,154	1,817,932	2,801,244
2. Business operator oriented				
(1) Commercial bill discounting	1. Discount received	57,683	103,451	141,409
(2) Unsecured loans	1. Bill loans	7,273	23,993	17,618
	2. Deed loans	40,092	30,877	67,370
	Subtotal	47,366	54,870	84,989
(3) Collateralized loans	1. Real-estate secured loans	23,311	20,712	66,463
	2. Securities lending	865	2,104	2,883
	3. Golf membership right collateralized loans	277	135	435
	4. Medical fee collateralized loans	226	481	556
	5. Deposit collateral loans	2,206	1,649	4,139
	Subtotal	26,887	25,083	74,478
	Total business-operator oriented	131,938	183,404	300,877
I. Loan interests / Discount received		1,730,092	2,001,336	3,102,121
II. Purchased receivable recovery amount		733,592	1,415,271	2,669,992
III. Real-estate business turnover		1,350,791	1,145,140	3,167,160
IV. Instalment advance payment fees	1. Comprehensive credit acquisition mediation gain	—	518,841	—
	2. Money lending income	—	1,922,893	—
	3. Instalment advance payment fees	379,761	161,256	616,679
	Subtotal	379,761	2,602,991	616,679
V. Other	1. Fees received	172,568	176,515	391,370
	2. Guarantees fees received	253,455	313,764	513,968
	3. Deposit interests	1,747	4,577	2,970
	4. Other financing incomes	3,620,066	1,929,079	5,823,330
	5. Other	280,086	517,530	621,373
	Subtotal	4,327,925	2,941,467	7,353,013
Total operating income		8,522,163	10,106,207	16,908,967

(Notes) 1. Other financing incomes are mainly the recordings of the difference between recovered amount of loan receivables within the receivables purchasing service and their acquisition cost.

2. “1. Mediating income on comprehensive credit purchase” and “2. Financing income” from “IV. Instalment advance payment fees” represent income of the credit card service performed by KC Card Co Ltd. As the above became a consolidated subsidiary on August 1, 2011, it is not registered at the end of the previous 2nd quarter consolidated accounting period.