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Consolidated Financial Results
For the Fiscal Year Ended March 31, 2019 (IFRS)

May 13, 2019

Company name:	J Trust Co., Ltd.	Stock exchange:	Tokyo Stock Exchange
URL:	https://www.jt-corp.co.jp/en/	Securities code:	8508
Representative:	Nobuyoshi Fujisawa, Representative Director, President & CEO		
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Scheduled date of ordinary general meeting of shareholders:	June 26, 2019
Scheduled date of commencement of dividend payment:	June 27, 2019
Scheduled date of filing of annual securities report:	June 27, 2019
Preparation of supplemental materials for financial results:	Yes
Holding of earnings presentation (for institutional investors):	Yes

(Figures rounded down to the nearest million yen)

I. Consolidated financial results for the fiscal year ended March 31, 2019 (April 1, 2018 - March 31, 2019)

1. Consolidated operating results

(% indicates year-on-year changes)

	Operating revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
Fiscal year ended	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Mar. 31, 2019	74,935	0.8	(32,600)	-	(31,135)	-	(36,676)	-	(36,107)	-	(37,859)	-
Mar. 31, 2018	74,321	-	4,759	-	2,898	-	77	-	(731)	-	(3,830)	-

	Basic earnings per share	Diluted earnings per share	Ratio of profit to equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to operating revenue
Fiscal year ended	yen	yen	%	%	%
Mar. 31, 2019	(349.70)	(349.70)	(29.1)	(4.7)	(43.5)
Mar. 31, 2018	(7.11)	(7.10)	(0.5)	0.5	6.4

Note 1: Share of profit (loss) of investments accounted for using equity method
Fiscal year ended Mar. 31, 2019: (36) million yen Fiscal year ended Mar. 31, 2018: (12) million yen

Note 2: Highlights Entertainment Co., Ltd. was classified as discontinued operations in fiscal 2019. Thus, relevant figures in fiscal 2018 are reclassified.

2. Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity per share attributable to owners of parent
As of	million yen	million yen	million yen	%	yen
Mar. 31, 2019	668,377	110,727	104,173	15.6	983.96
Mar. 31, 2018	656,961	150,776	144,366	22.0	1,401.64

3. Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	million yen	million yen	million yen	million yen
Mar. 31, 2019	18,831	(15,190)	(525)	87,150
Mar. 31, 2018	4,581	(7,603)	7,798	84,723

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II. Dividends

	Annual dividends					Total dividends	Dividend payout ratio (consolidated)	Ratio of total amount of dividends to equity attributable to owners of parent (consolidated)
	1Q end	2Q end	3Q end	Fiscal year end	Total			
Fiscal year ended	yen	yen	yen	yen	yen	million yen	%	%
Mar. 31, 2018	-	6.00	-	6.00	12.00	1,235	-	0.8
Mar. 31, 2019	-	6.00	-	1.00	7.00	724	-	0.6
Fiscal year ending Dec. 31, 2019 (Forecast)	-	-	-	1.00	1.00		-	

Notes: As announced in "Change in the Accounting Period (Closing Date of Fiscal Year)" dated May 13, 2019, we will change the accounting period from March 31 to December 31 provided that "Partial Amendment to the Articles of Incorporation" is approved at the 43rd Ordinary General Meeting of Shareholders scheduled for June 26, 2019. When the relevant change is implemented, the fiscal year ending December 31, 2019 will be a transitional period of a 9-month from April 1, 2019 to December 31, 2019. Record dates for the interim and year-end dividends are accordingly set at Sept.30 and Dec.31 respectively.

III. Consolidated financial forecasts for the fiscal year ending December 31, 2019 (April 1, 2019 – Dec.31, 2019)

(% indicates year-on-year changes)

	Operating revenue		Operating profit		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	yen
Full year	64,397	-	61	-	(1,118)	-	(10.56)

Notes: As announced in "Change in the Accounting Period (Closing Date of Fiscal Year)" dated May 13, 2019, we will change the accounting period from March 31 to December 31 provided that "Partial Amendment to the Articles of Incorporation" is approved at the 43rd Ordinary General Meeting of Shareholders scheduled for June 26, 2019. When the relevant change is implemented, the fiscal year ending December 31, 2019 will be a transitional period of a 9-month from April 1, 2019 to December 31, 2019. Accordingly, year-on-year changes are omitted.

(Notes)

(1) Changes in significant subsidiaries during the current period
(change in specified subsidiaries resulting in a change in the scope of consolidation): No

(2) Changes in accounting policies and accounting estimates

(i) Changes in accounting policies required by IFRS: Yes

(ii) Changes in accounting policies other than IFRS requirements: No

(iii) Changes in accounting estimates: No

Note: For details, please refer to III. Consolidated financial statements and significant notes thereto (changes in accounting policies) on Page 13.

(3) Number of issued and outstanding shares (common shares)

(i) Number of issued and outstanding shares (including treasury shares)

As of Mar. 31, 2019	115,496,910 shares
As of Mar. 31, 2018	112,596,710 shares

(ii) Number of treasury shares

As of Mar. 31, 2019	9,598,538 shares
As of Mar. 31, 2018	9,598,396 shares

(iii) Average number of shares during the period

Fiscal year ended Mar. 31, 2019	103,254,798 shares
Fiscal year ended Mar. 31, 2018	102,969,490 shares

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

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

1. Any information contained in this document pertaining to future financial performance etc. is based on the information currently available to J Trust and certain other premises judged to be reasonable, and J Trust does not guarantee the achievement of this performance. Actual financial performance may vary significantly from the forecasts contained herein. "I. Overview of operating results (4) Forecasts" in the attached document on Page 5 shows the assumptions and premises on which the financial forecast is based.

2. Supplemental materials will be posted on the J Trust website (https://www.jt-corp.co.jp/en/). Earnings presentation for institutional investors is planned on May 14, 2019. Video and materials of the presentation will be available on the J Trust website afterwards.

Table of Attached Document

I. Overview of operating results

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

During the current fiscal year ended March 31, 2019, the world economy showed a gradual recovery led by the strong expansion of the U.S. economy. The prospects of the global economy, however, remained uncertain mainly due to the prolonged U.S.-China trade conflict, economic deceleration in China, Brexit issues and sharp currency fluctuations in emerging economies. Meanwhile, the Japanese economy continued to recover moderately as exhibited in improvements in corporate revenue, employment and income owing to the successful implementation of the government measures to restore the economy. The U.S.-China trade tension, however, is a major concern. In South Korea, substantive progress in inter-Korean relations are yet to be seen. Moreover, Seoul faces economic and employment issues including high consumer prices and unemployment rates despite its solid economic growth supported by strong exports. Meanwhile, the Indonesian economy has been on an expansionary path, with support from strong domestic demand on the back of moderate levels of commodity prices and the government subsidies spending to aid low-income earners, which boosted consumption in household goods, transportation and communications.

In this economic environment, we consider it inevitable to transform our business in anticipation of changes in the global and Japanese economies. We have been expanding business in Asia, which is expected to continue growing economically at a fast pace, and seeking business development by maximizing the synergy of our group network to realize stronger management bases and sustainable growth. During the current fiscal year ended March 31, 2019, we continued to work toward the improvement of corporate value and reinforcement of operational bases proactively at home and abroad to achieve sustainable profit expansion centering on core banking service.

a. Business developments in Japan

In the credit guarantee business, Nihon Hoshou Co., Ltd. (“Nihon Hoshou”) concluded new guarantee tie-up agreements with Shinhan Bank Japan (“SBJ”) in April 2018 and the Shonan Shinkin Bank in July 2018. Nihon Hoshou has steadily expanded the area in which it guarantees overseas real estate backed loan, a collaborative product with the Saikyo Bank, Ltd. since its launch in December 2017. In November 2018, Nihon Hoshou signed a business agreement with List International Realty Co., Ltd. to provide highly convenient service in the financial and real estate businesses to customers looking to invest in overseas properties. In March 2019, Nihon Hoshou started offering guarantees for SBJ’s overseas real-estate backed loans.

Meanwhile, KeyHolder, Inc. (“KeyHolder”) began live entertainment and TV program production services by establishing KeyStudio Co., Ltd. (“KS”) and KeyProduction Co., Ltd. (“KP”), respectively to substitute for the divested amusement facilities operation in General Entertainment Business. Moreover, in February 2019, KeyHolder resolved to acquire allfuz, Inc, a provider of advertising planning, talent casting service and digital content services through a simplified share exchange. In March 2019, SKE, Inc. (“SKE”), a subsidiary of KeyHolder, took over businesses on a Japanese idle girl group SKE 48 and started operation. In the same month, KeyHolder signed a share acquisition agreement with Foolenlarge, Inc., a TV program production company.

Meanwhile, In October 2018, the J Trust Group (the “Group”) transferred shares and receivables from Highlights Entertainment Co., Ltd. (“HE”) with the objective of centralizing its business.

b. Overseas Business developments

As part of the Group’s growth strategies, we proactively pursue M&A activities centering on banking and financial services with a main focus on the business expansion in Southeast Asia. We believe we can leverage retail finance expertise developed in Japan and South Korea to help grow target countries’ financial businesses. The following (i) to (iii) are major updates on our M&A activities in the current fiscal year.

(i) In October 2018, JTRUST ASIA PTE.LTD. (“JTA”) completed the acquisition of shares of PT OLYMPINDO MULTI FINANCE, currently known as PT JTRUST OLYMPINDO MULTI FINANCE, (“JTO”) from its owner and his family. JTA subscribed new shares allocated by JTO and acquired 60% of their outstanding shares.

(ii) In May 2018, JTA acquired all shares in Capital Continent Investment NBFI, currently known as “J Trust NBFI (“JTM”), a Mongolian finance firm, from JAPAN POCKET Co., Ltd. In December 2018, JTM signed a business agreement related to funding for automobile loan businesses and used automobile marketers in Mongolia with BE FORWARD Co., LTD.

(iii) In May 2018, J Trust Co., Ltd. (the "Company") resolved to acquire 55% of outstanding shares in ANZ Royal Bank (Cambodia) Ltd., a Cambodian commercial bank, from ANZ Funds Pty Ltd., and signed a share purchase agreement.

As of March 31, 2019, the currently ongoing lawsuits pursued by JTA against Group Lease PCL ("GL"), related entities and Mr. Mitsuji Konoshita, ("Mr. Konoshita"), ex-CEO of GL, are: a civil complaint to demand for the return of investment amounts and to claim compensation for damages caused, such as by fraudulent transactions and other lawsuits including the business reorganization petition against GL in Thailand; a civil claim in the Singapore High Court for the tort of unlawful means conspiracy against Group Lease Holdings Pte Ltd (the subsidiary of GL incorporated in Singapore), Mr. Konoshita and other entities; and lawsuits against Mr. Konoshita and his related entities in the British Virgin Islands and the Republic of Cyprus. In the British Virgin Islands, JTA obtained a worldwide freezing order against Mr. Konoshita and related entities in the Commercial Division of the High Court in the Eastern Caribbean Supreme Court. ("the BVI Court").The BVI Court also ordered the appointment of receivers to related entities (Collectively, "the Decisions"). Mr. Konoshita and related entities filed appeals against the Decisions of the BVI Court ("the Appeals") in the Court of Appeal of the Eastern Caribbean Supreme Court ("the Court of Appeal"). However, the Court of Appeal dismissed those Appeals, respectively on December 18, 2018.

As a result, operating revenue for the fiscal year ended March 31, 2019 was 74,935 million yen (up 0.8% year on year). Meanwhile, operating loss was 32,600 million yen (operating profit of 4,759 million yen during the same period of the previous fiscal year). Major factors were as follows: (i) large allowance was provided at Bank JTrust Indonesia to clean up the pre-acquisition legacy and new Non-Performing Loans (NPLs); and (ii) we booked allowance for JTA's total claims against GL, a case pending in court. Loss attributable to owners of parent was 36,107 million yen (loss attributable to owners of parent of 731 million yen during the same period of the previous fiscal year) due to the losses recorded on transfers of shares and receivables from Highlights Entertainment Co., Ltd.

The Group sold all shares in ADORES, Inc. in the fourth quarter of the previous fiscal year and transferred the shares and receivables from HE in the current fiscal year. The International Financial Reporting Standards (IFRS) 5 "Non-current Assets Held for Sale and Discontinued Operations" outlines that discontinued operations are a component of an entity that either has been disposed of, or is classified as held for sale and represents a separate major line of business. As a result, we classify the above-mentioned business as discontinued operations. Operating revenue and operating profit in comparative periods accordingly reflect the results of continuing operations after deducting those from discontinued operations.

Segment performance is shown below.
The balance of trade receivables in the report is before allowance for doubtful accounts.

(Financial Business in Japan)

Credit guarantee services are mainly provided by Nihon Hoshou. Receivables collection in Japan is mainly handled by Nihon Hoshou and Partir Servicer Co., Ltd., while credit and consumer credit services are handled by J TRUST Card Co., Ltd. and other financial services are provided by Nihon Hoshou.

The balance of credit guarantee was 202,810 million yen (up 42.9% year on year). The breakdown was 18,019 million yen in credit guarantees on unsecured loan (up 11.4%) and 184,791 million yen in credit guarantees on secured loan (up 47.0%) with increases in guarantees for condominium loan and overseas real-estate backed loan.

While each of the following items increased: commercial notes to 2,168 million yen (up 164.5%) due to large discounts; the balance of purchased receivables to 14,562 million yen (up 12.0%); and advances paid -installment increased to 2,650 million yen (up 16.6%), accounts receivable – operating loans declined to 2,099 million yen (down 16.5%).

Operating revenue was 10,701 million yen (up 17.2% year on year), reflecting steady rises in interest revenue. Segment profit was 4,251 million yen (up 2.0%).

(Financial Business in South Korea and Mongolia)

In South Korea, JT Chinae Savings Bank Co., Ltd. and JT Savings Bank Co., Ltd. conduct savings bank business, JT Capital Co., Ltd. provides installment financing and leasing services and TA Asset Management Co., Ltd. is engaged in purchase and collection of NPLs. In Mongolia, JTM provides financial services. Amid continued government efforts to cap total lending volumes, loans for banking business increased to 277,940 million yen (up 4.1% year on year) mainly due to an increase in medium interest rate (less than 20.0%) loans, which are exempt from the regulatory restrictions under certain conditions. The balance of purchased receivables increased to 3,165 million yen (up 23.7% year on year). Meanwhile, accounts receivable – operating loans decreased to 60,001 million yen (down 1.6%) due to the progress in receivables collection and NPL sales despite JTM's contribution after consolidation. Operating revenue was 39,662 million yen (up 10.6% year on year) due to a steady increase in interest revenue. Segment profit was 4,880 million yen (up 37.3%).

(Financial Business in Southeast Asia)

Bank JTrust Indonesia conducts banking operations in Indonesia. PT JTRUST INVESTMENTS INDONESIA ("JTII") is engaged in receivables collection and JTO offers financing for automobile and agricultural equipment. Loans for banking business were 66,969 million yen (down 26.2% year on year) due to large allowance was provided at Bank JTrust Indonesia to eliminate the pre-acquisition legacy and new NPLs. The balance of purchased receivables was 14,422 million yen (773 million yen during the same period of the previous fiscal year). Accounts receivable – operating loans were 5,991 million yen (zero during the same period of the previous fiscal year) due to JTO's consolidation.

Operating revenue was 13,025 million yen (down 4.1%) mainly due to lower interest revenue with a decline in loans for banking business at Bank JTrust Indonesia. Segment loss was 17,712 million yen (segment profit of 1,545 million yen during the same period of the previous fiscal year). The loss was mainly attributable to large allowance for NPLs provided at Bank JTrust Indonesia.

(General Entertainment Business)

KS mainly conducts live entertainment business, KP handles TV program production business and SKE runs talent agencies. Since the three entities started operation from the current fiscal year, they incurred high start-up costs including operating expenses, selling, general and administrative expenses. Operating revenue was 1,520 million yen (zero during the same period of the previous fiscal year) and segment loss was 15 million yen (zero during the same period of the previous fiscal year).

Meanwhile, the Group divested Highlights Entertainment Co., Ltd. ("HE"), which developed, manufactured and sold computer systems for amusement machines and their peripheral equipment on October 1, 2018. As a result, HE is classified as discontinued operations and was excluded from the scope of consolidation.

(Real Estate Business)

Real Estate business is mainly handled by Keynote Co., Ltd. ("Keynote") and real estate asset business is handled by KeyHolder. Operating revenue was 6,441 million yen (down 7.6% year on year). It declined mainly because of lower rental income associated with the disposal of properties. Segment profit was 91 million yen (down 86.1%) due to increased cost of sales as well as higher selling, general and administrative expenses incurred to expand the business.

(Investment Business)

JTA mainly conducts investment business and provides management support for investees. Operating revenue decreased to 1,214 million yen (down 84.0% year on year) compared to the previous fiscal year in which we recorded other operating revenue due to a change in the classification of receivables resulting from the avoidance of GL's convertible debentures. Meanwhile, segment loss expanded to 20,568 million yen (Segment loss of 2,852 million yen during the same period of the previous fiscal year). The loss increased because we recorded allowance for JTA's total claims against GL, a case pending in court.

(Other Business)

J Trust System Co., Ltd. mainly provides computer system development, operation and management of computers for the Group, and Keynote constructs commercial facilities.

Due to favorable gains in new orders in Keynote's commercial facility construction business, operating revenue was 3,227 million yen (up 59.5% year on year). Segment profit was 39 million yen (down 31.0% year on year).

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

Assets grew by 11,416 million yen to 668,377 million yen from the end of the previous fiscal year. Major factors are as follows: While loans for banking business declined by 17,166 million yen, trade and other receivables rose by 14,011 million yen and investment securities for banking business increased by 9,440 million yen respectively.

Liabilities rose by 51,465 million yen to 557,650 million yen from the end of the previous fiscal year. Major factors are as follows: Deposits for banking business increased by 33,501 million yen and bonds and borrowings rose by 7,274 million yen.

Equity decreased by 40,049 million yen to 110,727 million yen from the end of the previous fiscal year. Major factors are decreases in retained earnings of 41,130 million yen. They declined due to a change in accounting policies that caused the opening balance to decrease by 3,784 million yen and recording loss attributable to owners of parent of 36,107 million yen.

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

Consolidated Cash and cash equivalents (hereinafter, "Funds") at the end of the current fiscal year were up by 2,426 million yen to 87,150 million yen from the end of the previous fiscal year. Major factors are as follows:

(Cash flows from operating activities)

Funds provided by operating activities were 18,831 million yen (an increase of 311.0% year on year). Although loss before tax of 31,135 million yen reduced Funds, increases in deposits for banking business by 39,554 million yen boosted Funds.

(Cash flows from investing activities)

Funds used in investing activities were 15,190 million yen (compared with 7,603 million yen in Funds used in investing activities during the same period of the previous fiscal year). Funds declined mainly because purchase of investment securities for banking business of 105,252 million yen exceeded proceeds from sale of investment securities for banking business of 95,565 million yen.

(Cash flows from financing activities)

Funds used in financing activities were 525 million yen (compared with 7,798 million yen in Funds provided by financing activities).

(4) Forecasts

Aiming for realizing stronger operational bases and sustainable growth, the Group has been expanding business in Asia, a region with great potential for future economic growth, to optimize synergy through our networking. For the next fiscal year, we continue to pursue sustainable profit expansion centering on the banking business.

We will work toward growing revenue in Financial Business in Japan with its main focus on credit guarantee and servicer businesses. In the credit guarantee business, on top of stable fee-based revenue from the current business, we will break a new path for growth in guaranteeing overseas real estate-backed loans and reverse mortgage loans. For servicer business, we will build up assets by leveraging our superior receivables collection capabilities in the shrinking market.

Financial Business in South Korea and Mongolia continues to be firm, supported by the well-established infrastructure to offer comprehensive financial services even in the slowing economy. We achieved a full-year surplus for the fourth consecutive year with steady accumulation in operating assets. As a financial group in South Korea, the four entities are poised to secure profit mainly from banking business, which is projected to continue sustainable expansion, while adapting flexibly to stricter financial regulations revised almost every year. For the next fiscal year, we aim for moderate growth in asset volume to optimize risks and returns and will expand revenue by seeking quantitative expansion and qualitative enhancement of operating assets through effective sales strategies including Fintech-based credit screening, marketing and branding.

Meanwhile, in Financial Business in Southeast Asia, large allowance for NPLs was provided at Bank JTrust Indonesia to eliminate pre-acquisition legacy and new NPLs in this fiscal year. Moving forward, the bank will focus mainly on joint finance with JTO. In addition, large NPLs held by Bank JTrust Indonesia were transferred to JTII. We estimate future cash flows of purchased receivables based on our historical performances. Thus, higher revenue is driven by our NPL collection capabilities exceeding the estimated future cash flows. Meanwhile, acquisitions of JTO's shares have helped lay the foundation for the three-tiered business models comprising banking, servicer and financing in Indonesia which can respond to various customer requirements as in the successful case of South Korea. We will reinforce the operational bases with effective marketing strategies and value-added financial services utilizing the Group's extensive network.

Additionally, the Group set a goal of capturing a dominant position in the retail finance market in first-growing Southeast Asia. Toward this end, we will build a successful model in Indonesia to replicate it in neighboring countries/regions, and proactively conduct M&A of banking and deposit-taking finance businesses. Furthermore, the Group aims to grow with local communities for mutual prosperity by providing premium financial services while placing compliance and governance at the core of management.

Meanwhile, as announced in “Change in the Accounting Period (Closing Date of Fiscal Year)” dated May 13, 2019, the Company will change the accounting period (closing date of fiscal year) from March 31 to December 31 provided that “Partial Amendment to the Articles of Incorporation” is approved at the 43rd Ordinary General Meeting of Shareholders scheduled for June 26, 2019. When the relevant change is implemented, the 44th period, fiscal year ending December 31, 2019 will be a transitional period of a 9-month from April 1, 2019 to December 31, 2019. We estimate operating revenue of 64,397 million yen, operating profit of 61 million yen, and loss attributable to owners of parent of 1,118 million yen for the next fiscal year (from April 1, 2018 to December 31, 2019). This estimate takes into consideration the slower-than-expected recovery process of Financial Business in Southeast Asia and anticipated increases in one-off expenses from M&As and litigations, which will be partially offset by steady revenue growth in financial businesses in Japan and South Korea.

Applicable exchange rates for the above are 110.99 yen per USD, 82.63 yen per Singapore Dollar, 0.093 yen per South Korean Won, 0.0084 yen per Indonesian Rupiah and 0.0473 yen per Mongolian Tugriks.

II. Basic Policy on selection of accounting standards

The Group started adopting IFRS from the fiscal year ended March 31, 2018 with the aim of enhancing operational transparency by accelerating management's decision-making and the international comparability of financial information under the unified group-wide accounting method, and raising the convenience of stakeholders.

III. Consolidated financial statements and significant notes thereto

(1) Consolidated statement of financial position

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Cash and cash equivalents	84,723	87,150
Trade and other receivables	92,723	106,735
Investment securities for banking business	37,159	46,599
Loans for banking business	343,400	326,234
Operational investment securities	3,242	2,855
Marketable securities	208	1,179
Other financial assets	46,300	33,416
Investments accounted for using equity method	144	126
Inventories	6,937	6,742
Assets held for sale	1,807	2,310
Property, plant and equipment	3,028	5,119
Investment property	610	916
Goodwill	29,578	33,508
Intangible assets	3,087	3,790
Deferred tax assets	1,502	2,373
Other assets	2,505	9,317
Total assets	656,961	668,377
Liabilities		
Trade and other payables	9,811	14,613
Deposits for banking business	403,509	437,010
Bonds and borrowings	78,727	86,002
Other financial liabilities	5,272	7,511
Income taxes payable	629	1,215
Provisions	353	1,114
Deferred tax liabilities	850	1,076
Other liabilities	7,029	9,105
Total liabilities	506,184	557,650
Equity		
Share capital	53,638	54,760
Capital surplus	52,713	53,844
Treasury shares	(7,685)	(7,685)
Retained earnings	47,555	6,424
Other components of equity	(1,854)	(3,170)
Total equity attributable to owners of parent	144,366	104,173
Non-controlling interests	6,409	6,554
Total equity	150,776	110,727
Total liabilities and equity	656,961	668,377

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

(Consolidated statement of profit or loss)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Continuing operations		
Operating revenue	74,321	74,935
Operating expenses	47,451	78,253
Selling, general and administrative expenses	24,128	28,488
Other income	2,239	366
Other expenses	222	1,159
Operating profit (loss)	4,759	(32,600)
Finance income	47	1,612
Finance costs	1,895	110
Share of loss of investments accounted for using equity method	(12)	(36)
Profit (loss) before tax	2,898	(31,135)
Income tax expense	1,012	2,753
Profit (loss) from continuing operations	1,885	(33,888)
Discontinued operations		
Profit (loss) from discontinued operations	(1,808)	(2,787)
Profit (loss)	77	(36,676)
Profit (loss) attributable to		
Owners of parent	(731)	(36,107)
Non-controlling interests	809	(568)
Profit (loss)	77	(36,676)
Earnings (loss) per share		
Basic earnings (loss) per share		
Continuing operations	16.43	(322.70)
Discontinued operations	(23.54)	(27.00)
Total	(7.11)	(349.70)
Diluted earnings (loss) per share		
Continuing operations	16.42	(322.70)
Discontinued operations	(23.52)	(27.00)
Total	(7.10)	(349.70)

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit (loss)	77	(36,676)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(52)	(69)
Net change in fair value of equity instruments measured at fair value through other comprehensive income	-	(85)
Total of items that will not be reclassified to profit or loss	(52)	(154)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(2,987)	(615)
Net change in fair value of available-for-sale financial assets	(857)	-
Net change in fair value of debt instruments measured at fair value through other comprehensive income	-	(437)
Provision for expected credit losses on debt instruments measured at fair value through other comprehensive income	-	25
Share of other comprehensive income of investments accounted for using equity method	(11)	-
Total of items that may be reclassified to profit or loss	(3,855)	(1,028)
Other comprehensive income, net of tax	(3,908)	(1,183)
Comprehensive income	(3,830)	(37,859)
Comprehensive income attributable to		
Owners of parent	(4,677)	(37,302)
Non-controlling interests	847	(557)
Comprehensive income	(3,830)	(37,859)

(3) Consolidated statement of changes in equity

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total equity attributable to owners of parent	Non-controlling interests	Total
Balance as of April 1, 2017	53,630	52,743	(7,685)	49,504	2,091	150,284	5,628	155,913
Profit (loss)	-	-	-	(731)	-	(731)	809	77
Other comprehensive income	-	-	-	-	(3,945)	(3,945)	37	(3,908)
Total	-	-	-	(731)	(3,945)	(4,677)	847	(3,830)
Issuance of new shares	8	8	-	-	-	16	-	16
Dividends of surplus	-	-	-	(1,235)	-	(1,235)	-	(1,235)
Purchase of treasury shares	-	-	(0)	-	-	(0)	-	(0)
Other	-	(24)	-	17	-	(7)	-	(7)
Total contributions by and distributions to owners	8	(16)	(0)	(1,218)	-	(1,226)	-	(1,226)
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	(0)	(0)
Dividends to non-controlling interests	-	-	-	-	-	-	(79)	(79)
Other	-	(13)	-	-	-	(13)	13	(0)
Total changes in ownership interests in subsidiaries	-	(13)	-	-	-	(13)	(66)	(79)
Total transactions with owners	8	(29)	(0)	(1,218)	-	(1,240)	(66)	(1,306)
Balance as of March 31, 2018	53,638	52,713	(7,685)	47,555	(1,854)	144,366	6,409	150,776
Cumulative effect of accounting change	-	-	-	(3,784)	(123)	(3,908)	(42)	(3,950)
Restated balance as of April 1, 2018	53,638	52,713	(7,685)	43,770	(1,978)	140,458	6,367	146,825
Profit (loss)	-	-	-	(36,107)	-	(36,107)	(568)	(36,676)
Other comprehensive income	-	-	-	-	(1,194)	(1,194)	11	(1,183)
Total	-	-	-	(36,107)	(1,194)	(37,302	(557)	(37,859)
Issuance of new shares	1,121	1,118	-	-	-	2,240	-	2,240
Dividends of surplus	-	-	-	(1,236)	-	(1,236)	-	(1,236)
Purchase of treasury shares	-	-	(0)	-	-	(0)	-	(0)
Transfer from other components of equity to retained earnings	-	-	-	(5)	5	-	-	-
Other	-	20	-	3	-	23	-	23
Total contributions by and distributions to owners	1,121	1,139	(0)	(1,238)	5	1,027	-	1,027
Changes in ownership interest in subsidiaries	-	(8)	-	-	(0)	(8)	20	11
Dividends to non-controlling interests	-	-	-	-	-	-	(79)	(79)
Other	-	-	-	-	(2)	(2)	803	801
Total changes in ownership interests in subsidiaries	-	(8)	-	-	(2)	(10)	744	733
Total transactions with owners	1,121	1,130	(0)	(1,238)	2	1,016	744	1,761
Balance as of March 31, 2019	54,760	53,844	(7,685)	6,424	(3,170)	104,173	6,554	110,727

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(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit (loss) before tax	2,898	(31,135)
Profit before tax from discontinued operations	(1,540)	(2,786)
Depreciation and amortization	2,456	1,535
Impairment losses	220	368
Impairment losses on other financial assets	1,438	18,731
Interest and dividend income	(53,986)	(57,362)
Interest expenses	16,833	19,332
Other (profit) loss	(371)	(4,310)
Decrease (increase) in trade and other receivables	(11,644)	497
Increase (decrease) in deposits for banking business	49,354	39,554
Decrease (increase) in loans for banking business	(42,789)	(5,395)
Decrease (increase) in operational investment securities	3,615	-
Increase (decrease) in trade and other payables	353	4,853
Interest and dividends received	56,177	59,293
Interest paid	(16,595)	(18,818)
Income taxes paid	(2,231	(2,332)
Income taxes refund	649	880
Other	(257)	(4,073)
Net cash provided by (used in) operating activities	4,581	18,831
Cash flows from investing activities		
Purchase of investments accounted for using equity method	-	(549)
Proceeds from sale of investments accounted for using equity method	-	200
Decrease (increase) in time deposits	188	198
Purchase of property, plant and equipment, and investment property	(1,474)	(1,941)
Proceeds from sale of property, plant and equipment, and investment property	270	48
Purchase of intangible assets	(794)	(1,983)
Purchase of investment securities for banking business	(106,170)	(105,252)
Proceeds from sale of investment securities for banking business	97,229	95,565
Proceeds from redemption of investment securities for banking business	984	5,869
Purchase of shares of subsidiaries	-	(2,838)
Proceeds from sale of subsidiaries	2,474	-
Payments for sale of shares of subsidiaries	(49)	(149)
Payments for acquisition of businesses	-	(3,399)
Other	(263)	(957)
Net cash provided by (used in) investing activities	(7,603)	(15,190)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in discounted notes	(96)	310
Net increase (decrease) in short-term borrowings	4,112	(4,929)
Net increase (decrease) in short-term bonds payable	5,915	(5,487)
Repayments of long-term borrowings	(18,938)	(26,946)
Proceeds from long-term borrowings	17,850	31,964
Redemption of bonds	(6,577)	(5,956)
Proceeds from issuance of bonds	7,060	9,540
Repayments of lease obligations	(233)	(48)
Payments for purchase of treasury shares	(0)	(0)
Proceeds from exercise of employee share options	8	2,232
Dividends paid	(1,235)	(1,236)
Dividends paid to non-controlling interests	(79)	(79)
Proceeds from partial sale of interests in subsidiaries to non-controlling interests	-	11
Other	11	100
Net cash provided by (used in) financing activities	7,798	(525)
Net increase (decrease) in cash and cash equivalents	4,776	3,116
Cash and cash equivalents at beginning of period	80,666	84,723
Effect of exchange rate changes on cash and cash equivalents	(718)	(689)
Cash and cash equivalents at end of period	84,723	87,150

(5) Notes to consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Changes in accounting policies)

The Group started applying IFRS 9 and IFRS 15 from the current fiscal year.

IFRS		Overview of the new standard or revision
IFRS 9	Financial Instruments	Revisions concerning the classification, measurement and impairment of financial instruments and hedge accounting
IFRS 15	Revenue from Contracts with Customers	Revisions concerning accounting treatments for revenue recognition

In accordance with transitional arrangements to apply IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers", the Group does not restate consolidated financial statements for the previous fiscal year.

(1) Adoption of IFRS 9 "Financial Instruments"

[1] Classification and measurement of financial assets

Following the application of IFRS 9 Financial Instruments, the Group classified and measured financial assets, and evaluated receivables as stated below.

<u>Financial assets measured at amortized cost</u>

Financial assets are subsequently measured at amortized cost if they meet the following conditions.

・The objective of the Group's business model is to hold financial assets to collect the contractual cash flow.

・The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially recognized at fair value plus transaction costs directly attributable to the acquisition. After the initial recognition, the carrying amounts of financial assets measured at amortized cost are subsequently measured using the effective interest method and accumulated impairment losses are deducted if necessary.

<u>Financial assets measured at fair value through other comprehensive income</u>

Financial assets held by the Group are classified as debt instruments measured at fair value through other comprehensive income if they meet the following conditions.

・The financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

・The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After the initial recognition, financial assets are measured at fair value and subsequent changes are recognized in other comprehensive income. Upon disposal of the investment, the cumulative gain or loss that were recognized in other comprehensive income is reclassified from other components of equity to profit or loss as reclassification adjustments.

The Group may make an irrevocable election at its initial recognition to present in other comprehensive income changes in the fair value of an investment in equity instruments.

Equity instruments measured at fair value through other comprehensive income are initially recognized at fair value plus transaction costs directly attributable to the acquisition and subsequent changes are recognized in other comprehensive income.

Upon disposal of the investment, the aggregate amount of any gain or loss recognized through other comprehensive income is transferred from other components of equity to retained earnings.

Dividends derived from financial assets measured at fair value through other comprehensive income are recognized in profit or loss as operating revenue or finance income.

<u>Financial assets measured at fair value through profit or loss</u>

Other than above "financial assets measured at amortized cost" or "financial assets measured at fair value through other comprehensive income," financial assets are classified as "financial assets measured at fair value through profit or loss." The assets include financial assets held for sale.

Investment in the equity instruments is measured at fair value and the changes in fair value are recognized in profit or loss. This does not apply, however, if the Group makes an irrevocable election at its initial recognition to present changes in the fair value of an investment in equity instruments in other comprehensive income. Financial assets measured at fair value through profit or loss are recognized at fair value at the initial recognition and the changes are recognized in profit or loss. Transaction costs are recognized in profit or loss as incurred.

Due to this, compared with the case where we would apply the previously adopted accounting standards, investment securities for banking business and retained earnings increased by 5,556 million yen and 130 million yen respectively and loans for banking business and other components of equity dropped by 5,585 million yen and 127 million yen respectively at the beginning of the current fiscal year. The decrease in loans for banking business is before deducting provision of allowance for doubtful accounts.

[2] Impairment of financial assets

The Group recognizes provision for expected credit losses on (a) financial assets measured at amortized cost (b) debt instruments measured at other comprehensive income and (c) financial guarantees contracts.

Expected credit losses are measured as the difference between the current value of cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

The Group measures expected credit losses collectively by grouping part of receivables in accordance with the delinquency status and nature of transactions from which receivables were recognized. If the Group is adversely affected by material economic fluctuations, past loan loss ratios are adjusted to reflect the current economic circumstance and future economic prospects.

The Group, at each reporting date, assesses whether credit risks significantly increased after the initial recognition. In assessing whether the credit risk materially increased, or whether the subject financial asset is credit impaired or not, the Group mainly considers the past due information and external credit ratings.

If credit risks associated with the financial assets did not increase materially after the initial recognition, the Group measures provision for expected credit losses on the subject financial assets at the amount equal to 12 months expected credit losses. Conversely, if credit risks associated with the financial assets have significantly increased, the Group measures provision for expected credit losses on the financial assets equal to the amount of estimated credit losses over the entire period. However, provision for expected credit losses for trade receivables, contract assets and lease receivables are measured at amounts equal to the expected credit losses over the entire period regardless of whether credit risks have materially increased or not after the initial recognition.

The Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof due mainly to bankruptcy discharges, debt forgiveness or long-term delinquencies.

The Group recognizes the expected credit losses in profit or loss as impairment losses. If any event causing the reduction in the impairment losses has occurred after its recognition, it is recorded in profit or loss as a reversal of impairment losses. For purchased or originated credit-impaired financial assets, if the estimated credit losses for the entire period is less than the initial estimates included in the estimated future cash flows on initial recognition, any changes are recognized as impairment gain in profit.

As a result, compared to the calculation in accordance with previous accounting standards, provision of allowance for doubtful accounts and other components of equity rose by 4,165 million yen and by 3 million yen respectively, and retained earnings declined by 3,914 million yen as at the beginning of the current fiscal year.

(2) Application of IFRS 15 "Revenue from Contracts with Customers"

Except for interest and dividend income that IFRS 9 Financial Instruments specifies, the Group recognizes revenue in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the transfer of promised goods or services to customers based on the below five-step model.

Step1: Identify the contract(s) with a customer
Step2: Identify the performance obligations in the contract
Step3: Determine the transaction price
Step4: Allocate the transaction price to the performance obligations in the contract
Step5: Recognize revenue when (or as) the entity satisfies a performance obligation

The change has no significant impact on consolidated financial statements.
The revenue recognition standard under IFRS 15 "Revenue from Contracts with Customers" by major

segment is described below.

[1] Commission revenue
Major revenue includes exchange commission arising from financial business transactions.
For foreign exchange commissions, commission revenue is recognized at the time of each transaction when performance obligations are satisfied.

[2] Sales revenue
For the sale of real estate (land, building) or goods, the Group recognizes sales revenue at the time of its delivery to a customer when performance obligations are satisfied and the customer acquires control of a good or service. Revenue from real estate sales is measured at fair value of the consideration received, less discounts, rebates and sales-related taxes. Considerations for real estate sales contracts are received mainly within one year after the property was delivered to a customer. It does not include a significant financing component.

(Segment information)

1. Overview of reportable segments

The Group's reportable segments consist of constituent units for which separate financial information is available. The reportable segment is also subject to periodic review by the Company's Board of Directors, which is responsible for deciding the allocation of management resources and assessing business results.

The Group has six reportable segments by business, namely "Financial Business in Japan," "Financial Business in South Korea and Mongolia," "Financial Business in Southeast Asia," "General Entertainment Business," "Real Estate Business" and "Investment Business." In fiscal 2019, the Group changed the names of two segments from "Domestic Financial business" to "Financial Business in Japan"; and Financial Business in South Korea" to "Financial Business in South Korea and Mongolia" to include businesses of Mongolia-based Capital Continent Investment NBFI (currently known as "J Trust Credit NBFI"), which became a consolidated subsidiary in fiscal 2019.

"Financial business in Japan" provides credit guarantee services, receivables collection, credit and consumer credit services, and other financial services. "Financial Business in South Korea and Mongolia" comprises savings bank business, receivables collection business, capital business and financial business. "Financial Business in Southeast Asia" provides banking, receivables collection and multi-finance services. "General Entertainment Business" comprises live entertainment business, TV program production business, planning, development and production of entertainment content business, and running of talent agencies. "Real Estate Business" mainly handles purchase and sale of detached housing, etc., and real estate asset business. "Investment Business" is investment at home and overseas.

Upon transfers of a consolidated subsidiary Highlights Entertainment Co., Ltd., the Group classified General Entertainment Business pertaining to development, production and sales of computer systems for amusement machines and their peripheral equipment operated by Highlights Entertainment Co., Ltd. as discontinued operations in fiscal 2019. The relevant figures in the previous fiscal year are accordingly reclassified. For details of discontinued operations, please see "(5) Notes to consolidated financial statements (discontinued operations)".

2. Segment revenue and business results

Revenue and business results by reportable segments are as shown below. Operating revenue from inter-segment transactions or transfers are based on prevailing market prices or arm's length prices.

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

(Millions of yen)

	Reportable segments							Other (Note 1)	Adjust-ments (Note 2)	Consoli-dated
	Financial business in Japan	Financial business in South Korea and Mongolia	Financial business in South east Asia	General entertain-ment business	Real estate business	Investment business	Total			
Operating revenue										
External customers	9,027	35,855	13,578	-	6,907	7,290	72,659	1,662	-	74,321
Intersegment operating revenue or transfers	102	1	0	-	61	285	451	361	(812)	-
Total	9,129	35,857	13,578	-	6,968	7,576	73,110	2,024	(812)	74,321
Segment profit (loss)	4,167	3,555	1,545	-	659	(2,852)	7,075	57	(6)	7,125
Unallocated corporate expenses, etc. (Note 3)										(2,366)
Operating profit										4,759
Finance income										47
Finance costs										(1,895)
Share of profit (loss) of investments accounted for using equity method										(12)
Profit before tax										2,898

(Millions of yen)

	Reportable segments							Other (Note 1)	Adjust-ments (Note 2)	Consoli-dated
	Financial business in Japan	Financial business in South Korea and Mongolia	Financial business in South east Asia	General entertain-ment business	Real estate business	Invest-ment business	Total			
Other items										
Depreciation and amortization	76	1,180	246	-	25	6	1,534	5	25	1,565

(Millions of yen)

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

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

Note 2: "Adjustments" refer to mainly elimination of intersegment transactions and unallocated corporate expenses not attributable to reportable segments.

Note 3: "Unallocated corporate expenses, etc." include general and administrative expenses not mainly attributable to reportable segments.

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

Translation for reference purposes only

FY2019 <from April 1, 2018 to March 31, 2019>

(Millions of yen)

	Reportable segments							Other (Note 1)	Adjust-ments (Note 2)	Consolidated
	Financial business in Japan	Financial business in South Korea and Mongolia	Financial business in South east Asia	General entertain-ment business	Real estate business	Investment business	Total			
Operating revenue										
From external customers	10,554	39,515	13,025	1,520	6,440	1,036	72,092	2,843	-	74,935
Intersegment operating revenue or transfers	147	147	0	-	0	177	472	384	(857)	-
Total	10,701	39,662	13,025	1,520	6,441	1,214	72,565	3,227	(857)	74,935
Segment profit (loss)	4,251	4,880	(17,712)	(15)	91	(20,568)	(29,073)	39	(235)	(29,269)
Unallocated corporate expenses, etc. (Note 3)										(3,331)
Operating profit (loss)										(32,600)
Finance income										1,612
Finance costs										(110)
Share of profit (loss) of investments accounted for using equity method										(36)
Profit (loss) before tax										(31,135)

(Millions of yen)

	Reportable segments							Other (Note 1)	Adjust-ments (Note 2)	Consoli-dated
	Financial business in Japan	Financial business in South Korea and Mongolia	Financial business in South east Asia	General entertain-ment business	Real estate business	Invest-ment business	Total			
Other items										
Depreciation and amortization	86	969	311	49	21	5	1,443	3	19	1,466

(Millions of yen)

	Reportable segments							Other (Note 1)	Adjust-ments (Note 2)	Consoli-dated
	Financial business in Japan	Financial business in South Korea and Mongolia	Financial business in South east Asia	General entertain-ment business	Real estate business	Invest-ment business	Total			
Segment assets	48,500	421,826	165,497	4,389	9,303	9,401	658,918	1,835	7,623	668,377
Segment liabilities	40,395	373,307	145,929	4,133	6,402	246	570,414	1,891	(14,656)	557,650
Other items										
Non-current assets (additions) (Note 4)	129	872	4,501	2,717	8	18	8,247	1,224	312	9,784
Investments accounted for using equity method	-	-	126	-	-	-	126	-	-	126

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

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

Note 3: “Unallocated corporate expenses, etc.” include general and administrative expenses not mainly attributable to reportable segments.

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

(Discontinued Operations)

1. Overview of discontinued operations
   The Group transferred all shares in Highlights Entertainment Co., Ltd., a second-tier consolidated subsidiary, to SAI PARTNERS, Inc. in October 2018. Meanwhile, it sold all shares in ADORES, Inc. to WIDE LEISURE. As a result, profit or loss from Highlights Entertainment and a former consolidated subsidiary ADORES, which played the pivotal roles in General Entertainment Business, is included in discontinued operations, and are presented separately from continuing operations.

2. Business results of discontinued operations
   Business results of discontinued operations are as follows:

(Millions of yen)

	FY2018 (April 1, 2017 to March 31, 2018)	FY2019 (April 1, 2018 to March 31, 2019)
Profit or loss from discontinued operations		
Revenue (Note 1 & Note 2)	13,841	4,697
Expenses (Note 2)	15,382	7,484
Profit (loss) before tax from discontinued operations	(1,540)	(2,786)
Income tax expense (Note 1)	267	1
Profit (loss) from discontinued operations	(1,808)	(2,787)

(Notes)

1. The above includes 884 million yen of gain on sale of ADORES, Inc. in fiscal 2018 and the relevant income tax expense is 272 million yen.
2. The above includes 3,954 million yen in gain on sale of all shares in Highlights Entertainment Co., Ltd. in fiscal 2019 and 3,954 million yen in loss on the transfer of loans receivable from Highlights Entertainment Co., Ltd. and 2,062 million yen in loss on valuation of inventories upon the Company’s resolution to transfer its shares and receivables.

(Per share information)

	FY2018 (From April 1, 2017 to March 31, 2018)	FY2019 (From April 1, 2018 to March 31, 2019)
Profit (loss) from continuing operations attributable to owners of parent (million yen)	1,692	(33,320)
Profit (loss) from discontinued operations attributable to owners of parent (million yen)	(2,424)	(2,787)
Total	(731)	(36,107)
The weighted average number of issued and outstanding common shares (shares)	102,969,490	103,254,798
Increase in the number of common shares		
Increase due to the exercise of stock option (shares)	85,367	-
Diluted weighted average number of common shares (shares)	103,054,857	103,254,798
Basic earnings (loss) per share (yen)		
Continuing operations	16.43	(322.70)
Discontinued operations	(23.54)	(27.00)
Total	(7.11)	(349.70)
Diluted basic earnings (loss) per share (yen)		
Continuing operations	16.42	(322.70)
Discontinued operations	(23.52)	(27.00)
Total	(7.10)	(349.70)
Summary of potential shares that are not included in the calculation of diluted loss per share due to their anti-dilutive effects	-	(Filing company) J Trust Co., Ltd. The N-7th share acquisition rights (“Share Acquisition Rights”) [The number of shares underlying Share Acquisition Rights: 80) J Trust Co., Ltd. The N-8th Share Acquisition Rights [The number of shares underlying Share Acquisition Rights: 1,520] J Trust Co., Ltd. The N-10th Share Acquisition Rights [The number of shares underlying Share Acquisition Rights: 2,200)

Note: For diluted loss per share in fiscal 2019, exercising stock options reduce loss per share. Thus, potential shares have anti-dilutive effects.

(Significant subsequent events)

KeyHolder, Inc. ("KeyHolder" and its subsidiaries are collectively the "KeyHolder Group"), a consolidated subsidiary of the Company, resolved at its Board of Directors' meeting held on February 13, 2019, to implement a simplified share exchange (the "Share Exchange") in which KeyHolder becomes a wholly owning parent company and allfuz, Inc ("allfuz") becomes a wholly owned subsidiary. The Share Exchange took place on April 1, 2019. The overview is as follows:

(1) Overview of business combination

(i) Name and business of acquiree

- Name: allfuz, Inc
- Business: advertising planning, talent casting, digital content

(ii) Reasons for the business combination

The KeyHolder Group expects the Share Exchange to maximize synergies and increase corporate value of both parties as it can facilitate the decision-making of the KeyHolder Group and allfuz, utilizing the know-hows and resources allfuz possesses in the areas of planning, marketing, promotion and management of events, advertising, talent/artist casting services, as well as content-related products and services.

(iii) Effective date of business combination

April 1, 2019

(iv) Legal form of business combination

A share exchange in which KeyHolder becomes a wholly owning parent company and allfuz becomes a wholly owned subsidiary.

(v) Changes in corporate names after the business combination

No change

(vi) Percentage of voting rates acquired

100%

(vii) Major grounds for determining the acquiree

The decision is made on the grounds that it is a share exchange in which KeyHolder becomes a wholly owning parent company.

(2) Exchange ratios by type of shares, calculation methods and number of shares delivered

(i) Share exchange ratio by type of shares

Common shares of KeyHolder	1 share
Common shares of allfuz	6,564 shares

(ii) Method of calculating the share exchange ratio

KeyHolder asked Cerisier & Co. ("Cerisier"), a third-party appraiser independent of KeyHolder and allfuz, to calculate the share exchange ratio (the "Share Exchange Ratio") to ensure the fair and appropriate Share Exchange Ratio. Based on the evaluation made by Cerisier, KeyHolder and allfuz continued extensive discussions taking into consideration the financial conditions, status of assets and future projections on allfuz. The two companies agreed that the Share Exchange Ratio calculated by Cerisier is reasonable and contributes to the benefits of their shareholders.

(iii) Number of shares to be delivered

14,998,740 shares

(3) Consideration in exchange for the acquisition

The fair value of common shares of KeyHolder delivered for the Share Exchange 1,754 million yen

(4) The amount of goodwill and reason for generating goodwill

Not yet determined