

Consolidated Financial Results For the Six Months Ended September 30, 2019 (IFRS)

November 12, 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
 Contact: Taiji Hitachi, Director and Executive Officer
 Telephone: +81-3-4330-9100

Scheduled date of filing of quarterly securities report: November 12, 2019

Scheduled date of commencement of dividend payment: -

Preparation of supplemental materials for quarterly financial results: Yes

Holding of quarterly earnings presentation (for institutional investors): Yes

(Figures rounded down to the nearest million yen)

I. Consolidated financial results for the six months ended September 30, 2019 (April 1, 2019 – September 30, 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	
Six months ended	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Sept. 30, 2019	36,307	(0.7)	118	366.2	(423)	-	(1,573)	-	(1,279)	-	(5,858)	-
Sept. 30, 2018	36,575	5.6	25	(99.4)	1,160	(71.3)	(2,366)	-	(2,182)	-	(2,045)	-

	Basic earnings per share	Diluted earnings per share
Six months ended	yen	yen
Sept. 30, 2019	(12.09)	(12.09)
Sept. 30, 2018	(21.19)	(21.18)

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
As of	million yen	million yen	million yen	%
Sept. 30, 2019	705,116	117,015	98,520	14.0
Mar. 31, 2019	668,377	110,727	104,173	15.6

II. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total
Fiscal year	yen	yen	yen	yen	yen
Ended Mar. 31, 2019	-	6.00	-	1.00	7.00
Ending Dec. 31, 2019	-	0.00			
Ending Dec. 31, 2019 (forecast)			-	1.00	1.00

[Note] Any revision to the latest dividend forecast: No

III. Consolidated financial forecasts for the fiscal year ending December 31, 2019 (Apr. 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]:

- Any revisions to the latest consolidated financial forecast: No
- J Trust Co., Ltd. (the "Company") obtained approval for "Partial Amendments to the Articles of Incorporation" at the 43rd Ordinary General Meeting of Shareholders held on June 26, 2019. Accordingly, the Company changed the fiscal year end from March 31 to December 31. As a result, the fiscal year ending December 31, 2019 during which the transition takes place, will be an irregular nine-month accounting period from April 1, 2019 to December 31, 2019. Thus the 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): Yes

New: 1 (one) company (J Trust Royal Bank Ltd. [Formerly known as ANZ Royal Bank (Cambodia) Ltd.])

(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 II. Condensed quarterly consolidated financial statements and significant notes, (6) Notes to condensed quarterly consolidated financial statements on Page 13.

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

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

As of Sept. 30, 2019	115,469,910 shares
As of Mar. 31, 2019	115,469,910 shares

(ii) Number of treasury shares

As of Sept. 30, 2019	9,598,602 shares
As of Mar. 31, 2018	9,598,538 shares

(iii) Average number of shares during the period (cumulative)

April 1, 2019 – Sept. 30, 2019	105,871,324 shares
April 1, 2018 – Sept. 30, 2018	103,021,620 shares

✓ This report does not fall within the scope of quarterly review by a certified accountant or an audit firm.

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

- Any information contained in this document pertaining to future financial performance etc. is based on the information currently available to J Trust and certain other premises judged to be reasonable, and J Trust does not guarantee the achievement of this performance. Actual financial performance may vary significantly from the forecasts contained herein. Please refer to "I. Qualitative information on the current quarterly financial results, (3) Explanation on future forecast including consolidated financial forecast" on Page 5 of the attached document for the assumptions and premises on which the financial forecast is based.
- 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 November 13, 2019. Video and materials of the presentation will be available on the J Trust website afterwards.

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I. Qualitative information on the current quarterly financial results

(1) Explanation on operating results

In the six months ended September 30, 2019, developed countries' economies, such as the United States and Europe maintained solid growth. Meanwhile, uncertainties about the US-China trade conflicts, the slowing Chinese economy, the Brexit issue and the tensions in the Middle East are casting a shadow over the global economy. The Japanese economy has been on a moderate recovery trend, underpinned by strong corporate performance, capital investment and improvements in the employment and income environment. However, there is a growing concern about the developments of US-China trade tensions and the effects of the consumption tax hike in October 2019.

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. In the six months ended September 30, 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 previous fiscal year, J Trust Co., Ltd. (the "Company") and Nihon Hoshou Co., Ltd. ("Nihon Hoshou") and KeyHolder Inc. ("KeyHolder" and its subsidiaries are collectively referred to as "KeyHolder Group") respectively formed a business alliance with SAMURAI&J PARTNERS Co., Ltd. (SAMURAI&J PARTNERS Co., Ltd. and its subsidiaries are collectively referred to as "SAMURAI Group"). In May 2019, Nihon Hoshou started offering credit guarantees via crowdfunding, aiming for the steady expansion in guarantee business. Specifically, products incorporating Nihon Hoshou's guarantees were launched on the SAMURAI Group's crowdfunding site "SAMURAI" jointly with SAMURAI Group. In September 2019, Nihon Hoshou resolved to provide operational support for maneo market Inc. together with its subsidiary Partir Servicer Co., Ltd. to improve credit standings of maneo market Inc.

Meanwhile, KeyHolder has been pursuing flexible business reorganization and the optimal allocation of its management resources through aggressive M&As. In April 2019, KeyHolder Group acquired: (i) allfuz, Inc. ("allfuz"), a company mainly engaged in advertising agency business; and (ii) Foolenlarge, Inc., currently known as UNITED PRODUCTIONS, INC. ("UNITED PRODUCTIONS"), a company engaged in video production business.

In May 2019, allfuz and UNITED PRODUCTIONS respectively signed an absorption-type merger agreement with KeyStudio, Inc. and KeyProduction, Inc. In July 2019, UNITED PRODUCTIONS, which had supported the rehabilitation of image Field Inc., took over the video production business. In September 2019, KeyHolder resolved to acquire all shares of Wisenlarge, Inc., a staffing agency dispatching content creators and staff who are mainly active in media.

b. Developments overseas

As part of our growth strategies, the J Trust Group (the "Group") proactively pursues 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.

In August 2019, the Company acquired 55% of outstanding shares of Cambodian commercial bank ANZ Royal Bank (Cambodia) Ltd. currently known as J Trust Royal Bank Ltd. ("J Trust Royal Bank") from ANZ Funds Pty Ltd., converting it into a consolidated subsidiary. Going forward, the Company aims to further grow its business, innovate its retail strategy, and expand its target markets to segments with large growth potential. In addition, the Company is set to expand business by taking advantage of J Trust Royal Bank's diverse multinational customer base, the Group's high receivables collection know-how, new product development capabilities, and a network of Japanese-affiliated companies.

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c. Others

More than half the Group's operating revenue is generated from overseas subsidiaries. Given such circumstances and our proactive overseas business expansion strategies going forward, the Group decided to have a uniform accounting period to coincide the parent's fiscal period with that of major overseas subsidiaries. The shift aims to further promote the globally integrated business operations and transparency of management through timely and appropriate disclosure of management information. The Company accordingly changed the last day of its accounting period (fiscal year end) to December 31 of each year as it obtained approval for "Partial Amendments to the Articles of Incorporation" at the Company's Ordinary General Meeting of Shareholders held on June 26, 2019.

As a result, operating revenue for the six months ended September 30, 2019 was 36,307 million yen (down 0.7% year on year), operating profit was 118 million yen (up 366.2%) and loss attributable to owners of parent was 1,279 million yen (compared with loss attributable to owners of parent of 2,182 million yen during the same period of the previous fiscal year).

Meanwhile, in the third quarter of the previous fiscal year, the Group sold all shares of Highlights Entertainment Co., Ltd. Due to this, the business is classified as discontinued operations and operating revenue and operating profit in comparative periods include the amounts from continuing operations only, excluding those from discontinued operations.

Performance by segment is shown below.

The balance of trade receivables in the report is before deducting provision of allowance for doubtful accounts.

(Financial business in Japan)

Nihon Hoshou provides credit guarantee services. Nihon Hoshou and Partir Servicer Co., Ltd. are responsible for receivables collection services in Japan. J TRUST Card Co., Ltd. offers credit and consumer credit services and Nihon Hoshou provides other financial services.

The balance of credit guarantee was 208,213 million yen (up 20.1% year on year). The breakdown was 17,046 million yen in credit guarantees on unsecured loan (down 9.0%) and 191,166 million yen in credit guarantees on secured loan (up 23.7%) due to an increase in guarantees on condominium loans and property-backed loans. Meanwhile, purchased receivables were 14,770 million yen (down 9.2%) due to steady progress in receivables collections. The balance of the following items rose: advances paid – installment to 2,881 million yen (up 14.1%); commercial notes to 1,465 million yen (up 7.7%); and accounts receivable – operating loans to 2,880 million yen (up 30.4%).

Operating revenue was 4,908 million yen (up 0.1% year on year) due to a steady increase in guarantee revenue in line with growing credit guarantee balances. Segment profit was 2,270 million yen (up 5.6%).

(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 while JT Capital Co., Ltd. provides installment financing and leasing services, and TA Asset Management Co., Ltd. purchases and collects Non-Performing Loans (NPLs). In Mongolia, J Trust Credit NBFi provides financial services.

Loans for banking business were 264,508 million yen (down 10.8% year on year). The balance did not grow due to the effects of tighter regulations and the progress in receivables collections/sale despite a rise in medium interest rate loans for which new loans are exempt from total lending volume ceilings under certain conditions. The balance of purchased receivables increased to 3,148 million yen (up 30.9%) as a result of proactive purchases. Meanwhile, accounts receivable – operating loans were 56,408 million yen (down 13.0%) due to factors such as receivables collections and the sale of NPLs.

Operating revenue was 18,994 million yen (down 6.2% year on year). This is mainly due to a drop in interest revenue accompanying a decline in average interest rates during the period along with an increase in medium interest rate loans. Segment profit was 4,258 million yen (up 77.4%) mainly due to reduced provision of allowance for doubtful accounts upon reviewing actual collection rates for receivables.

(Financial business in Southeast Asia)

PT Bank JTrust Indonesia Tbk. ("Bank JTrust Indonesia") conducts banking operations, PT JTRUST INVESTMENTS INDONESIA is engaged in receivables collections and PT JTRUST OLYMPINDO MULTI FINANCE ("JTO") provides loans for automobiles and agriculture equipment in Indonesia. Meanwhile, J Trust

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Royal Bank started banking operations in Cambodia on August 19, 2019.

Loans for banking business were 97,334 million yen (up 7.6% year on year) and the balance of purchased receivables was 21,685 million yen (compared with 1,347 million yen during the same period of the previous fiscal year) due to the addition of J Trust Royal Bank in the current quarter despite the Group's move to eliminate non-performing loans at Bank JTrust Indonesia in the previous fiscal year. Accounts receivable - operating loans were 4,074 million yen by making JTO a consolidated subsidiary in the third quarter of the previous fiscal year (compared with zero during the same period of the previous fiscal year).

Operating revenue was 5,873 million yen (down 6.2% year on year) due to a decrease in interest revenue accompanying a decrease in loans for banking business at Bank JTrust Indonesia. Segment loss was 1,936 million yen (segment loss of 2,418 million yen during the same period of the previous fiscal year) mainly due to: (i) loss on valuation of foreclosed assets (loss on valuation of seized assets pledged as collateral) recorded at Bank JTrust Indonesia; and (ii) operating loss recorded at newly consolidated JTO, while gain on bargain purchase was recorded by making J Trust Royal Bank a consolidated subsidiary.

(General Entertainment Business)

allfuz conducts advertising agency business and live entertainment business; UNITED PRODUCTIONS handles video production business; FA Project, Inc. is engaged in planning, development and production of entertainment content business; and Zest, Inc. (formerly known as SKE, Inc.) operates talent agency business.

*The new corporate name effective July 1, 2019.

Operating revenue was 3,279 million yen (up 499.1% year on year). The increase was mainly due to the expansion of the KeyHolder Group's business. Segment profit was 78 million yen (Segment profit of 3 million yen during the same period of the previous fiscal year). Operating revenue and segment profit for the previous fiscal year show the results after June 8, 2018 when Key Studio, Inc. (currently known as allfuz) started operations.

(Real estate business)

Keynote Co., Ltd. ("Keynote") handles real estate business and KeyHolder operates real estate asset business.

Operating revenue was 2,312 million yen (down 9.9%). Segment profit was 168 million yen (up 307.2% year on year).

(Investment business)

JTRUST ASIA PTE.LTD. mainly conducts investment business and provides management support for investees.

Operating revenue was 533 million yen (down 18.5% year on year). Segment loss was 1,093 million yen (segment loss of 291 million yen during the same period of the previous fiscal year) due to an increase in litigation costs.

(Other business)

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

Operating revenue declined to 672 million yen (down 61.0% year on year) due to a decrease in construction contract revenue at Keynote. Segment loss was 158 million yen. (Segment profit of 49 million yen during the same period of the previous fiscal year).

(2) Explanation on financial position

[1] Status of assets, liabilities and equity

Assets as of September 30, 2019 increased by 36,739 million yen to 705,116 million yen from March 31, 2019. This is mainly because cash and cash equivalents increased by 10,377 million yen, loans for banking business increased by 20,273 million yen and other financial assets increased by 9,265 million yen due to the consolidation of J Trust Royal Bank and other factors. Liabilities grew by 30,450 million yen to 588,101 million yen from March 31, 2019. This is mainly because deposits for banking business increased by 28,192 million yen due to the consolidation of J Trust Royal Bank.

Equity increased by 6,288 million yen from March 31, 2019, to 117,015 million yen. This is mainly because non-controlling interests increased by 11,941 million yen due to the consolidation of J Trust Royal Bank while a

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decrease in exchange differences on translation of foreign operations reduced other components of equity by 4,444 million yen.

[2] Status of Cash Flow

Consolidated cash and cash equivalents ("Funds") as of September 30, 2019 increased by 10,377 million yen from March 31, 2019 to 97,527 million yen.

The following is an overview of cash flows for the six months ended September 30, 2019 with relevant factors.

(Cash flows from operating activities)

Funds used in operating activities were 12,896 million yen (compared with 13,199 million yen in Funds used in operating activities during the same period of the previous fiscal year). This is mainly due to a decrease of 11,419 million yen in deposits for banking business.

(Cash flows from investing activities)

Funds provided by investing activities were 25,110 million yen (compared with 3,333 million yen in Funds used in investing activities during the same period of the previous fiscal year). Funds grew mainly because proceeds from acquisition of shares of subsidiaries of 24,397 million yen exceeded purchase of shares of subsidiaries of 729 million yen.

(Cash flows from financing activities)

Funds used in financing activities were 623 million yen (compared with 5,985 million yen in Funds provided by financing activities during the same period of the previous fiscal year). Major factors are as follows: Net increases of: (i) 3,513 million yen in the issuance and redemption of bonds and; (ii) 1,870 million yen in long-term borrowings boosted Funds, while net decreases of: (i) 3,935 million yen in short-term bonds payable; and (ii) 1,236 million yen in short-term borrowings reduced Funds.

(3) Explanation on future forecast including consolidated financial forecast

In the six months ended September 30, 2019, in the segment of financial business of Southeast Asia, gain on bargain purchase of 2,278 million yen for the acquisition of J Trust Royal Bank shares was recorded in other income, while the corresponding acquisition cost of 2,193 million yen was recorded in selling, general and administrative expenses. There are no changes to the full-year consolidated results forecast announced in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (IFRS)" disclosed on May 13, 2019 based on our assumption that: (i) the results for the six months ended September 30, 2019 are generally in line with the plan; and (ii) stable earnings from banking/credit guarantee business are expected in the future. Actual results, however, may differ from forecasts due to various factors in the future.

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II. Condensed quarterly consolidated financial statements and significant notes

(1) Condensed quarterly consolidated statement of financial position

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Cash and cash equivalents	87,150	97,527
Trade and other receivables	106,735	108,495
Investment securities for banking business	46,599	39,441
Loans for banking business	326,234	346,508
Operational investment securities	2,855	2,349
Marketable securities	1,179	830
Other financial assets	33,416	42,682
Investments accounted for using equity method	126	128
Inventories	6,742	8,431
Assets held for sale	2,310	1,323
Property, plant and equipment	5,119	9,292
Investment property	916	2,520
Goodwill	33,508	35,152
Intangible assets	3,790	4,903
Deferred tax assets	2,373	2,148
Other assets	9,317	3,379
Total assets	668,377	705,116
Liabilities		
Trade and other payables	14,613	15,479
Deposits for banking business	437,010	465,202
Bonds and borrowings	86,002	81,095
Other financial liabilities	13,383	19,585
Income taxes payable	1,215	501
Provisions	1,114	1,295
Deferred tax liabilities	1,076	1,182
Other liabilities	3,233	3,757
Total liabilities	557,650	588,101
Equity		
Share capital	54,760	54,760
Capital surplus	53,844	54,071
Treasury shares	(7,685)	(7,685)
Retained earnings	6,424	4,988
Other components of equity	(3,170)	(7,614)
Total equity attributable to owners of parent	104,173	98,520
Non-controlling interests	6,554	18,495
Total equity	110,727	117,015
Total liabilities and equity	668,377	705,116

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(2) Condensed quarterly consolidated statement of profit or loss

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Continuing operations		
Operating revenue	36,575	36,307
Operating expenses	23,507	23,328
Selling, general and administrative expenses	13,135	17,064
Other income	247	4,271
Other expenses	154	67
Operating profit	25	118
Finance income	1,173	45
Finance costs	27	580
Share of profit (loss) of investments accounted for using equity method	(10)	(6)
Profit (loss) before tax	1,160	(423)
Income tax expense	739	1,149
Profit (loss) from continuing operations	421	(1,573)
Discontinued operations		
Profit (loss) from discontinued operations	(2,787)	-
Profit (loss)	(2,366)	(1,573)
Profit (loss) attributable to:		
Owners of parent	(2,182)	(1,279)
Non-controlling interests	(183)	(293)
Profit (loss)	(2,366)	(1,573)
Earnings (loss) per share (attributable to owners of parent)		
Basic earnings (loss) per share (Yen)		
Continuing operations	5.87	(12.09)
Discontinued operations	(27.06)	-
Total	(21.19)	(12.09)
Diluted earnings (loss) per share (Yen)		
Continuing operations	5.87	(12.09)
Discontinued operations	(27.05)	-
Total	(21.18)	(12.09)

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(3) Condensed quarterly consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit (loss)	(2,366)	(1,573)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(60)	160
Net change in fair value of equity instruments measured at fair value through other comprehensive income	310	(340)
Total of items that will not be reclassified to profit or loss	249	(179)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	1,070	(4,604)
Net change in fair value of debt instruments measured at fair value through other comprehensive income	(1,016)	496
Provision for expected credit losses on debt instruments measured at fair value through other comprehensive income	19	5
Share of other comprehensive income of investments accounted for using equity method	(3)	(3)
Total of items that may be reclassified to profit or loss	70	(4,105)
Other comprehensive income, net of tax	320	(4,285)
Comprehensive income	(2,045)	(5,858)
Comprehensive income attributable to:		
Owners of parent	(1,826)	(5,724)
Non-controlling interests	(218)	(133)
Comprehensive income	(2,045)	(5,858)

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(4) Condensed quarterly consolidated statement of changes in equity

Six months ended September 30, 2018

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Other comprehensive income associated with assets held for sale	Total equity attributable to owners of parent
Balance as of April 1, 2018	53,638	52,713	(7,685)	47,555	(1,854)	-	144,366
Cumulative effect of accounting change	-	-	-	(3,784)	(123)	-	(3,908)
Restated balance as of April 1, 2018	53,638	52,713	(7,685)	43,770	(1,978)	-	140,458
Profit (loss)	-	-	-	(2,182)	-	-	(2,182)
Other comprehensive income	-	-	-	-	356	-	356
Total comprehensive income	-	-	-	(2,182)	356	-	(1,826)
Issuance of new shares	6	6	-	-	-	-	12
Dividends of surplus	-	-	-	(617)	-	-	(617)
Purchase of treasury shares	-	-	(0)	-	-	-	(0)
Transfer from other components of equity to retained earnings	-	-	-	0	(0)	-	-
Other	-	25	-	1	6	(6)	26
Total contributions by and distributions to owners	6	31	(0)	(615)	5	(6)	(578)
Changes in ownership interest in subsidiaries	-	0	-	-	-	-	0
Dividends to non-controlling interests	-	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	(0)	-	(0)
Total changes in ownership interests in subsidiaries	-	0	-	-	(0)	-	(0)
Total transactions with owners	6	31	(0)	(615)	4	(6)	(579)
Balance as of September 30, 2018	53,644	52,744	(7,685)	40,972	(1,618)	(6)	138,052

	Non-controlling interests	Total equity
Balance as of April 1, 2018	6,409	150,776
Cumulative effect of accounting change	(42)	(3,950)
Restated balance as of April 1, 2018	6,367	146,825
Profit (loss)	(183)	(2,366)
Other comprehensive income	(35)	320
Comprehensive income	(218)	(2,045)
Issuance of new shares	-	12
Dividends of surplus	-	(617)
Purchase of treasury shares	-	(0)
Transfer from other components of equity to retained earnings	-	-
Other	-	26
Total contributions by and distributions to owners	-	(578)
Changes in ownership interest in subsidiaries	(0)	(0)
Dividends to non-controlling interests	(79)	(79)
Change in scope of consolidation	3	2
Total changes in ownership interests in subsidiaries	(76)	(76)
Total transactions with owners	(76)	(655)
Balance as of September 30, 2018	6,072	144,124

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Six months ended September 30, 2019

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Other comprehensive income associated with assets held for sale	Total equity attributable to owners of parent
Balance as of April 1, 2019	54,760	53,844	(7,685)	6,424	(3,170)	-	104,173
Cumulative effect of accounting change	-	-	-	(51)	-	-	(51)
Restated balance as of April 1, 2019	54,760	53,844	(7,685)	6,373	(3,170)	-	104,121
Profit (loss)	-	-	-	(1,279)	-	-	(1,279)
Other comprehensive income	-	-	-	-	(4,445)	-	(4,445)
Total Comprehensive income	-	-	-	(1,279)	(4,445)	-	(5,724)
Dividends of surplus	-	-	-	(105)	-	-	(105)
Purchase of treasury shares	-	-	(0)	-	-	-	(0)
Transfer from other components of equity to retained earnings	-	-	-	0	(0)	-	-
Other	-	6	-	(0)	-	-	6
Total contributions by and distributions to owners	-	6	(0)	(105)	(0)	-	(99)
Changes in ownership interest in subsidiaries	-	220	-	-	1	-	222
Dividends to non-controlling interests	-	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total changes in ownership interests in subsidiaries	-	220	-	-	1	-	222
Total transactions with owners	-	227	(0)	(105)	0	-	123
Balance as of September 30, 2019	54,760	54,071	(7,685)	4,988	(7,614)	-	98,520

	Non-controlling interests	Total equity
Balance as of April 1, 2019	6,554	110,727
Cumulative effect of accounting change	(81)	(132)
Restated balance as of April 1, 2019	6,473	110,595
Profit (loss)	(293)	(1,573)
Other comprehensive income	160	(4,285)
Total comprehensive income	(133)	(5,858)
Dividends of surplus	-	(105)
Purchase of treasury shares	-	(0)
Transfer from other components of equity to retained earnings	-	-
Other	-	6
Total contributions by and distributions to owners	-	(99)
Changes in ownership interest in subsidiaries	1,532	1,754
Dividends to non-controlling interests	(79)	(79)
Change in scope of consolidation	10,711	10,711
Other	(8)	(8)
Total changes in ownership interests in subsidiaries	12,155	12,378
Total transactions with owners	12,155	12,278
Balance as of September 30, 2019	18,495	117,015

Translation for reference purposes only

(5) Condensed quarterly consolidated statement of cash flow

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit (loss) before tax	1,160	(423)
Profit (loss) before tax from discontinued operations	(2,786)	-
Depreciation and amortization	780	1,515
Impairment losses	368	-
Impairment losses on other financial assets	737	365
Interest and dividend income	(28,447)	(26,371)
Interest expenses	9,093	9,224
Other (profit) loss	(442)	(1,420)
Decrease (increase) in trade and other receivables	(8,052)	(4,600)
Increase (decrease) in deposits for banking business	24,828	(11,419)
Decrease (increase) in loans for banking business	(30,149)	(2,016)
Increase (decrease) in trade and other payables	3,009	(55)
Interest and dividends received	29,118	28,644
Interest paid	(8,269)	(10,253)
Income taxes paid	(1,162)	(1,854)
Income taxes refund	791	620
Other	(3,778)	5,148
Net cash provided by (used in) operating activities	(13,199)	(12,896)
Cash flows from investing activities		
Decrease (increase) in time deposits	(301)	276
Purchase of property, plant and equipment, and investment property	(370)	(1,369)
Proceeds from sale of property, plant and equipment, and investment property	46	493
Purchase of intangible assets	(358)	(2,089)
Purchase of investment securities for banking business	(65,529)	(32,866)
Proceeds from sale of investment securities for banking business	63,128	37,307
Proceeds from redemption of investment securities for banking business	2,283	851
Proceeds from acquisition of shares of subsidiaries	-	24,397
Purchase of shares of subsidiaries	(246)	(729)
Proceeds from acquisition of shares of subsidiaries through share exchanges	-	474
Payments for acquisition of businesses	(980)	(73)
Other	(1,006)	(1,560)
Net cash provided by (used in) investing activities	(3,333)	25,110

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(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from financing activities		
Net increase (decrease) in discounted notes	340	20
Net increase (decrease) in short-term borrowings	(841)	(1,236)
Net increase (decrease) in short-term bonds payable	(5,757)	(3,935)
Repayments of long-term borrowings	(9,922)	(13,155)
Proceeds from long-term borrowings	17,531	15,026
Redemption of bonds	(2,231)	(6,336)
Proceeds from issuance of bonds	7,530	9,850
Repayments of lease liabilities	(22)	(687)
Purchase of treasury shares	(0)	(0)
Proceeds from exercise of employee share options	7	-
Dividends paid	(617)	(105)
Dividends paid to non-controlling interests	(79)	(79)
Other	51	17
Net cash provided by (used in) financing activities	5,985	(623)
Net increase (decrease) in cash and cash equivalents	(10,546)	11,590
Cash and cash equivalents at beginning of period	84,723	87,150
Effect of exchange rate changes on cash and cash equivalents	1,462	(1,212)
Cash and cash equivalents included in assets held for sale	(154)	-
Cash and cash equivalents at end of period	75,485	97,527

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(6) Notes to condensed quarterly consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Changes in accounting policies)

The Group's significant accounting policies applied in its condensed quarterly consolidated financial statements are consistent with those used in the previous fiscal year with the exception of the below item.

The Group started applying the following accounting standards from the first quarter (April 1, 2019 – June 30, 2019) of the current fiscal year ("first quarter").

IFRS ("International financial reporting standards")		Overview of the new standard or revision
IFRS 16	Leases	Revisions concerning accounting treatments for leases

The Group applies IFRS 16 retrospectively in accordance with transitional measures, and the cumulative effects of applying IFRS 16 are recognized as an adjustment to the opening balance of retained earnings for the first quarter. By applying IFRS 16, retained earnings at the beginning of the first quarter declined by 51 million yen compared to the case where previous accounting standards were used.

In applying IFRS 16, the Group elects practical expedients of IFRS 16, Paragraph C3 by grandfathering the assessment of IAS 17 "Leases" ("IAS 17") and IFRIC 4 "Determining whether an Arrangement contains a Lease" as to whether an arrangement contains a lease. The Group applies the following practical expedients permitted under IFRS 16:

- No requirement to reassess whether an existing contract contains leases.
- Recognition exemptions for short-term leases and leases for which the underlying asset is of low value.

For leases that the Group classified previously as operating leases applying IAS 17, the Group has recognized right-of-use assets and lease liabilities at the date of the initial application of IFRS 16, and recorded right-of-use assets of 5,431 million yen and lease liabilities of 4,448 million yen as of April 1, 2019. The Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of the initial application. The lessee's weighted average incremental borrowing rate applied to lease liabilities at the date of the initial application is 4.0%.

For leases as lessee that the Group classified previously as finance leases applying IAS 17, the Group transferred the carrying amounts of lease assets and lease obligations at the date of the initial application to right-of-use assets and lease liabilities, respectively.

The difference in the amount of non-cancellable operating lease contracts applying IAS 17 at the end of the previous fiscal year and that of lease liabilities recognized in the condensed quarterly consolidated statement of financial position at the date of the initial application are mainly attributable to the amount of cancellable operating lease contracts.

In the condensed quarterly consolidated statement of financial position for the current quarter, right-of-use assets are included in "Property, plant and equipment", "Investment property" and "Intangible assets", and lease liabilities are included in "Other financial liabilities".

"Repayments of lease obligations" included in "Cash flows from financing activities" in the consolidated statement of cash flow in the previous fiscal year, are presented as "Repayments of lease liabilities" from the six months ended September 30, 2019.

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(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 performance.

The Group conducts activities of 6 segments, 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."

The Group's business activities according to economic characteristics, services and geographical areas are as below.

"Financial business in Japan" includes credit guarantee business, receivables collection business, credit and consumer credit business, and other financial business. "Financial business in South Korea and Mongolia" includes savings bank business, receivables collection business, capital business and financial business. "Financial business in Southeast Asia" includes banking business, receivables collection business and multi-finance business. "General entertainment business" includes live entertainment business, advertising agency business, video production business, planning, development and production of entertainment content business, and talent agency business. "Real estate business" mainly includes purchase and sale of detached housing and other properties, and real estate asset business. "Investment business" includes inbound and outbound investment business.

2. Segment revenue and business results

Revenue and business results by reportable segments are as follows.

Operating revenue from inter-segment transactions or transfers are based on prevailing market prices or arm's length prices.

<Six months ended September 30, 2018>

(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 Southeast Asia	General entertain- ment business	Real estate business	Invest- ment business	Total			
Operating revenue										
External customers	4,854	20,234	6,261	547	2,566	550	35,014	1,560	-	36,575
Inter-segment transactions or transfers	51	13	0	-	0	104	170	165	(335)	-
Total	4,905	20,248	6,261	547	2,567	655	35,185	1,726	(335)	36,575
Segment profit (loss)	2,151	2,400	(2,418)	3	41	(291)	1,886	49	(130)	1,805

Unallocated corporate expenses, etc. (Note 3)

(1,779)

Operating profit

25

Finance income

1,173

Finance costs

(27)

Share of profit (loss) of investments accounted for using equity method

(10)

Profit before tax

1,160

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

Note 2: "Adjustments" mainly include elimination of inter-segment transactions and unallocated operating expenses that are not attributable to reportable segments.

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

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<Six months ended September 30, 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	Invest- ment- business	Total			
Operating revenue										
External customers	4,906	18,982	5,873	3,277	2,311	488	35,840	466	-	36,307
Inter-segment transactions or transfers	2	11	0	1	1	45	62	205	(268)	-
Total	4,908	18,994	5,873	3,279	2,312	533	35,903	672	(268)	36,307
Segment profit (loss)	2,270	4,258	(1,936)	78	168	(1,093)	3,745	(158)	332	3,919

Unallocated corporate expenses, etc. (Note 3)

(3,800)

Operating profit

118

Finance income

45

Finance costs

(580)

Share of profit (loss) of investments accounted for using equity method

(6)

Profit (loss) before tax

(423)

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

Note 2: "Adjustments" mainly include elimination of inter-segment transactions and unallocated operating expenses that are not attributable to reportable segments.

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