

## Consolidated Financial Results for the Six Months Ended September 30, 2016 <under Japanese GAAP>

November 11, 2016

Company name: J Trust Co., Ltd.

Stock exchange: Tokyo Stock Exchange

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

Securities code: 8508

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Scheduled date of filing of quarterly securities report:

November 11, 2016

Scheduled date of commencement of dividend payment:

December 5, 2016

Preparation of supplemental materials for the quarterly financial results: Yes

Holding of earnings presentation (for analysts):

Yes

(Figures rounded down to the nearest million yen)

### 1. Consolidated financial results for the six months ended September 30, 2016 (April 1, 2016 – September 30, 2016)

#### (1) Consolidated operating results (accumulated)

(% indicates a comparison with the same period of the previous fiscal year.)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended:								
September 30, 2016	40,135	6.2	(3,940)	-	(5,404)	-	(7,665)	-
September 30, 2015	37,778	18.1	(2,335)	-	(2,200)	-	(2,320)	-

[Note] Comprehensive income (loss) (Millions of yen)

Six months ended September 30, 2016: (12,623), (-%)

Six months ended September 30, 2015: (12,362), (-%)

	Quarterly net income per share	Quarterly diluted net income per share
Six months ended:	Yen	Yen
September 30, 2016	(69.77)	-
September 30, 2015	(19.72)	-

[Note] Diluted net income per share is not shown for both periods, because dilutive shares did exist but yielded net loss per share.

#### (2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of:	Millions of yen	Millions of yen	%	Yen
September 30, 2016	522,806	147,958	27.2	1,383.75
March 31, 2016	508,659	168,656	32.1	1,455.90

[Reference] Equity capital (Millions of yen)

As of September 30, 2016: 142,405

As of March 31, 2016: 163,115

### 2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total
Fiscal year ended:	Yen	Yen	Yen	Yen	Yen
March 31, 2016	-	5.00	-	7.00	12.00
March 31, 2017	-	6.00	-	-	-
March 31, 2017 (forecast)	-	-	-	6.00	12.00

[Note 1] Any revision to the latest dividend forecast: No

[Note 2] Year-end dividend for FY2016: Ordinary dividend: 5.00 yen, Commemorative dividend: 2.00 yen

3. Consolidated financial forecasts for the fiscal year ending March 31, 2017 (April 1, 2016 - March 31, 2017)

(% indicates a comparison with the previous fiscal year.)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full year	88,973	17.9	4,202	-	2,691	-	132	-	1.25

[Note 1] Any revision to the latest dividend forecast: No

[Note 2] For revised forecasts, please refer to the "Revision to Financial Forecast and Recording of Extraordinary Loss" released today (November 11, 2016).

(General notes)

- (1) Material changes in subsidiaries during the current period  
(change in specified subsidiaries resulting in a change in the scope of consolidation): No
- (2) Special accounting processes used for quarterly consolidated financial statements: No
- (3) Changes in accounting policies, accounting estimates and retrospective re-statements
  - (i) Changes in accounting policy based on revisions of accounting standards: Yes
  - (ii) Changes in accounting policy other than those indicated in (i): No
  - (iii) Changes in accounting estimates: Yes
  - (iv) Retrospective re-statements: No

[Note] For details, please refer to "II. Matters regarding summary information (notes), (1) Changes in accounting policies, changes in accounting estimates and retrospective re-statements" on page seven.

- (4) Number of outstanding shares (common share)
  - (i) Number of outstanding shares (including treasury shares)
 

As of September 30, 2016:	112,510,674 shares
As of March 31, 2016:	112,447,154 shares
  - (ii) Number of treasury shares
 

As of September 30, 2016:	9,598,128 shares
As of March 31, 2016:	409,748 shares
  - (iii) Average number of outstanding shares during the period
 

April 1, 2016 – September 30, 2016:	109,871,380 shares
April 1, 2015 – September 30, 2015:	117,679,180 shares

[Note 1] We cancelled 6,250,000 treasury shares on December 29, 2015.

[Note 2] We repurchased 6,000,000 own shares (trade basis) on August 15, 2016 and 3,188,300 own shares (trade basis) on August 16, 2016.

(Statement regarding implementation status of audit procedures)

This financial summary does not fall within the scope of audit procedures based on the Financial Instruments and Exchange Act. At the time of disclosure of this financial summary, audit procedures for the financial statements have been completed.

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

- (1) Any information contained in this document pertaining to future financial performance etc. is based on the information currently available to J Trust and certain other premises judged to be reasonable and J Trust does not guarantee the achievement of this performance. Actual financial performance may vary significantly from the forecasts contained herein. "I. Qualitative information on the current quarterly financial results, (3) Explanation on future forecast including consolidated financial forecast" in the attached document (page seven) shows the assumptions and premises on which the financial forecast is based.
- (2) Supplemental materials will be posted on the J Trust website (<http://www.jt-corp.co.jp/en/>). Earnings presentation for analysts is scheduled for November 14, 2016. Video and materials of the presentation will be available on the J Trust website afterwards.

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## 1. Qualitative information on the current quarterly financial results

### (1) Explanation on operating results

During the first six months of the current consolidated fiscal year, Southeast Asia and other emerging economies performed solidly, Europe saw a modest pickup in the economy with steady internal demand, despite unforeseeable circumstances triggered by the Brexit decision, and the United States was on solid path of economic recovery as a result of improving employment and income status. The future outlook of the world economy, however, remained uncertain due to the increasing global risk such as a slowdown in BRICS economies such as China, Brazil and South Africa. Meanwhile, the Japanese economy was on a gradual recovery track in spite of some weaknesses. This is because the Japanese government and the Bank of Japan maintained the economic and easy-money policies, respectively. On the other hand, we need to keep paying attention to the current trend including impacts of stronger yen and lower share prices, decreasing real wages, sluggish personal spending with the prolonged stagnation of consumer confidence and relevant concerns about business results of some companies. The future outlook is thus facing higher uncertainty. From a medium- and long-term point of view, however, emerging economies including Southeast Asia have substantial growth potential. Above all, Indonesia is expected to see stable economic growth because: (i) individual spending and private investment are increasing steadily thanks to the reinforced government spending and easy-money policy; and (ii) the consumers' purchasing power is likely to grow along with salary increases.

In this economic environment, we consider it inevitable to transform our business model ahead of changes in global and Japanese economies. We drew up a Medium-Term Business Plan covering FY2016 till FY2018 under the group vision of "Providing unique financial services not constrained by existing paradigms." We are expanding business in Asia, which is expected to continue growing economically at high pace, and also seeking business development by maximizing the synergy of our group network to realize stronger operating bases and sustainable growth. During the first six months of the current consolidated fiscal year, we proactively worked on improving the corporate value and reinforcing business bases in and out of Japan, in accordance with the roadmap for the second year as we did in the first year, to seek a sustainable profit expansion centering on banking business.

#### (i) Business development in Southeast Asia

J Trust Group (hereinafter, "JTG") has a favorable relationship with Group Lease PCL (the Kingdom of Thailand; listed on the Stock Exchange of Thailand; hereinafter, "GL"), with JTRUST ASIA PTE. LTD. (hereinafter, "JTA") holding 6.43% of GL's outstanding common shares. We aim to drive the growth of leasing and retail finance businesses in Indonesian and other ASEAN markets using the Digital Finance Platform\* of GL, our strategic partner. To this end, JTA and GL set up a multi-finance company PT Group Lease Finance Indonesia (hereinafter, "GLFI") for further tie-ups in the financial sector in Indonesia. GLFI launched operations as a hire-purchase financing company in July 2016, targeting Indonesian consumers with high growth potential. The deal structure involves PT Bank JTrust Indonesia Tbk. (hereinafter, "Bank JTrust Indonesia") as the source of funds for GLFI. JTG believes that this will increase the balance of high-quality loan in Bank JTrust Indonesia and contribute to better earnings accordingly. In August 2016, JTA subscribed for GL's convertible bond of 130 million U.S. dollars (about 13.5 billion yen) to support business expansion of the partner actively. We also passed a resolution for offering another subscription of GL's convertible bond of 50 million U.S. dollars (about 5.2 billion yen) in October 2016.

\* Digital Finance Platform is a creative and innovative financing model established by GL, featuring IT technology adopted throughout sales bases called Point of Sales (POS).

JTG once signed capital and business alliance agreements with PT Bank Mayapada International Tbk. (the Republic of Indonesia; listed on the Indonesia Stock Exchange; hereinafter, "Bank Mayapada") In April 2016, however, we dissolved the partnership and sold all the shares held by JTA mainly because: (i) the alliance with Bank Mayapada in the credit card business was one of our initial objectives but virtually terminated; and (ii) making Bank JTrust Indonesia our consolidated subsidiary enabled JTG to run banking business in Indonesia.

In the meantime, Bank JTrust Indonesia formed ties with The Saikyo Bank, Ltd. (hereinafter, "Saikyo Bank"), which then released an Indonesian rupiah-linked deposit named Indonesian Rupiah Time Deposit in July 2016. The collaborative product enabled Bank JTrust Indonesia to raise funds at a relatively lower cost and, as a result, overcome its weakness of higher funding costs than its industry average.

#### (ii) Business development in South Korea

JTG has already established operational bases as a comprehensive financial group in South Korea. We enjoy a steady increase in operating assets with a record-high level of the new loan disbursed per month.

Meanwhile, we passed two resolutions in October 2016, on condition of obtaining necessary approvals, etc. from relevant financial authorities, for acquiring all the outstanding common shares of: (i) DH Savings Bank Co., Ltd. (headquartered in Busan, South Korea; hereinafter, "DH Savings Bank") to make it our subsidiary; and (ii) a Mongolian finance company Capital Continent Investment NBFI to make it JTA's subsidiary.

Savings banks in South Korea are subject to restrictions on sales areas. The acquisition of DH Savings Bank, however, enables JTG to cover five of the entire six sales areas, along with the portion already covered by our financial subsidiaries. This will accelerate JTG's sales activities throughout the country. Adding an operating base in the Busan region also allows for optimizing the human resources in the same area of our consolidated subsidiaries JT Capital Co., Ltd. (hereinafter, "JT Capital") and TA Asset Management Co., Ltd. (hereinafter, "TA Asset Management"). We believe that the resulting synergy among JTG will drive further reinforcement and efficiency of our Financial Business in South Korea.

(iii) Business development in Japan

JTG has focused on real estate related guarantee as a key initiative for the credit guarantee service, seeking to increase the guarantee balance centering on guarantees for rental property mortgage loan. In June 2016, we added a new low-interest mortgage loan product of The Tokyo Star Bank to our collaborative guarantee lineup. Also, in July 2016, we launched guarantee for the rental property mortgage loan of Kagawa Bank under the guarantee business alliance formed in the previous month. Furthermore, we started guarantee for the property secured loan and property secured card loan offered by Saikyo Bank in July 2016.

For fintech business, J Trust Fintech Co., Ltd. (hereinafter, "J Trust Fintech") started service with a Bitcoin exchange "J-Bits (<https://www.jbits.jp/>)" in June 2016.

In General Entertainment Business, ADORES, Inc. (hereinafter, "ADORE") passed a resolution for entering into a partnership with GREE, Inc. on the advancement of the interactive VR\* (virtual reality) business: above all, amusement facilities based on VR technologies, and the development of Japanese game machines and relevant software.

\* VR refers to virtual reality, which allows a person experiencing a computer-created virtual space or image to feel as if he/she were placed in the real world. The technology is considered widely applicable to healthcare, education, etc. and highly compatible with the entertainment field, especially game, video and theme park.

(iv) Capital policies

We repurchased own shares to improve shareholder returns through enhancement of capital efficiency and to execute capital policies flexibly depending on the changing operating environment. We will seek the allocation of capital to maximize shareholder value.

Operating revenue during the first six months of the current consolidated fiscal year was 40,135 million yen (up 6.2% year on year). Operating revenue declined in elderly care business, which was sold off during the second quarter of the previous consolidated fiscal year. However, other operating revenue increased because JTA posted gain on sales of shares of Bank Mayapada. In addition, Keynote Co., Ltd. (hereinafter, "Keynote") recorded sales with the percentage-of-completion method regarding an large-lot construction order received at the end of the previous fiscal year in its commercial facility construction business.

As for operating income/loss, we recorded operating loss of 3,940 million yen (operating loss of 2,335 million yen during the same period of the previous fiscal year), despite the steady growth in operating revenue. Selling, general and administrative expenses expanded primarily because: (i) operating expenses increased with a temporary loss on the derivatives component of GL's convertible bond held by JTA, reflecting the bearish trading at the Stock Exchange of Thailand hit by the media report on the deteriorating health of King Bhumibol Adulyadej of the country; and (ii) provision of allowance for doubtful accounts surged in Bank JTrust Indonesia which reviewed loan assets for better financial health as restructuring measures.

For ordinary income/loss, we recorded ordinary loss of 5,404 million yen (ordinary loss of 2,200 million yen during the same period of the previous fiscal year) primarily due to foreign exchange losses attributable to the rapidly increasing value of the yen that triggered valuation losses on foreign currency deposits held for M&A and other purposes. In addition, loss attributable to owners of parent stood at 7,665 million yen (loss attributable to owners of parent of 2,320 million yen during the same period of the previous fiscal year) mainly due to Bank JTrust Indonesia's provision for business structure improvement including restructuring cost as restructuring measures.

Segment performance is detailed below.

[1] Domestic Financial Business

(Credit guarantee services)

Credit guarantee services are handled by Nihon Hoshou Co., Ltd. (hereinafter, "Nihon Hoshou"). Under our Medium-Term Business Plan, its priority is to focus on real estate related credit guarantee business. We currently provide guarantee for syndicated rental property mortgage loan including "Flat 35" in partnership with a major housing developer, Flat 35 loan agencies and others. Our new guarantee structure centering on Flat 35 boosts credit guarantee balance steadily. The number of partnered financial institutions increases steadily. We have partnership with six regional financial institutions as of the end of September 2016, aiming to expand our guarantee services and tie-up loan products.

As a result, the balance of credit guarantee was 65,028 million yen (up 59.8% year on year) at the end of the second quarter of the current consolidated fiscal year. The breakdown was 15,565 million yen in credit guarantees on unsecured loan (up 3.5%) and 49,463 million yen in credit guarantees on secured loan (up 92.7%) with an increase in guarantees for rental property mortgage loan.

(Collection of accounts receivable)

Collection of accounts receivable is mainly handled by Nihon Hoshou and Partir Servicer Co., Ltd. in Japan. Under our Medium-Term Business Plan, we aim to expand the receivable collection business. Since the number of domestic *servicers* is decreasing, we will pursue profits as a remaining player through M&As on the strength of our superior collection capability. Also, we will reinforce collection of corporate loans receivable and provide corporate revitalization services.

As a result, the balance of purchased receivables was 5,523 million yen (up 53.3% year on year) at the end of the second quarter of the current consolidated fiscal year, reflecting a steady purchase of NPLs (Non-Performing Loans).

(Credit and consumer credit services)

Credit and consumer credit services are mainly handled by J TRUST Card Co., Ltd. In essence, we have withdrawn from consumer loan business, no longer handling new unsecured loan except cash advances. On the other hand, we are seeking an adequate level of earnings while increasing the loan balance by focusing on third-party credit services for individual commodity and installment loans for credit card purchases.

As a result, the balance of advances paid – installment, including long-term operating loans receivable, was 2,792 million yen (up 28.5% year on year) at the end of the second quarter of the current consolidated fiscal year. The breakdown was 2,788 million yen in advances paid – installment (up 29.0%) and 4 million yen in long-term operating loans receivable (down 65.9%).

(Other financial services)

Other financial services in Japan are mainly handled by Nihon Hoshou. Under our Medium-Term Business Plan, Nihon Hoshou shifted its focus onto the real estate related credit guarantee business. Meanwhile, Nihon Hoshou withdrew from the unsecured consumer finance business in Japan, separated liabilities involving risk of interest repayment claims and mitigated contingent liability risk.

As a result, the loan balance including long-term operating loans (for business) was 3,865 million yen (down 15.1% year on year) at the end of the second quarter of the current consolidated fiscal year. The breakdown was 943 million yen in commercial notes (down 38.0%), 2,840 million yen in accounts receivable – operating loans (down 3.5%) and 80 million yen in long-term operating loans (down 2.7%). Meanwhile, the loan balance including long-term operating loans (for consumers) substantially declined to 2,210 million yen (down 36.3%) as a result of withdrawing from the market. The breakdown was 1,975 million yen in accounts receivable – operating loans (down 38.8%) and 235 million yen in long-term operating loans (down 2.8%).

In summary, operating revenue in Domestic Financial Business was 5,205 million yen (down 6.2% year on year). Segment income was 2,219 million yen (up 42.1%) because Nihon Hoshou decreased bad debts expenses upon withdrawal from the unsecured consumer finance business in Japan and successfully cut costs through restructuring measures including early retirement programs.

[2] Financial Business in South Korea

(Savings bank business and capital business)

JT Chinae Savings Bank Co., Ltd. (hereinafter, “JT Chinae Savings Bank”) and JT Savings Bank Co., Ltd. conduct savings bank business. JT Capital provides installment financing and leasing services. With an established operational base as a comprehensive financial group, we will aggressively boost operating assets for better earnings by linking each business organically. Under the Medium-Term Business Plan, we are working to improve profitability by increasing high-quality consumer loans and ensure stable loan portfolio by focusing on loan for large corporations, secured loan, government-backed loan, etc. Loans by banking business increased with the growing number and amount of new loan contracts backed by effective sales strategies and marketing policies. Meanwhile, accounts receivable – operating loans decreased on the back of JTG’s solid collection expertise, etc.

As a result, the loan balance increased steadily at the end of the second quarter of the current consolidated fiscal year. Loans by banking business were 180,257 million yen (up 31.9% year on year). Meanwhile, accounts receivable – operating loans including long-term operating loans receivable were 34,245 million yen (down 25.9%). The breakdown was 32,798 million yen (down 26.1%) in accounts receivable – operating loans and 1,446 million yen (down 20.6%) in long-term operating loans.

(Receivable collection business)

TA Asset Management is engaged in purchase and collection of NPLs. Under the Medium-Term Business

Plan, we have accumulated the balance of receivables on the strength of our superior collection capability and high-level legal compliance.

As a result, the balance of purchased receivables decreased to 1,425 million yen (down 65.3% year on year) at the end of the second quarter of the current consolidated fiscal year mainly due to the sale of receivables as well as ordinary collections.

In summary, operating revenue in Financial Business in South Korea was 13,964 million yen (up 4.3%). Segment income was 858 million yen (segment loss of 126 million yen during the same period of the previous fiscal year).

### [3] Financial Business in Southeast Asia

#### (Banking Business)

Bank JTrust Indonesia conducts banking business in Indonesia. Under our Medium-Term Business Plan, we focus on the rehabilitation of the bank which used to be supervised by Indonesia Deposit Insurance Corporation over a long period. To this end, we seek to reorganize the management structure. Also, we make every effort to improve the financial health and reinforce the earning base by increasing the volume and quality of operating assets with an expansion of the loan balance for small and medium-sized enterprises and consumers, reducing the remaining loans executed under the control of the Indonesia Deposit Insurance Corporation, reducing funding costs and increasing fee income based on our overseas network.

As a result, the balance of loans by banking business grew steadily to 83,866 million yen (up 10.3% year on year) at the end of the second quarter of the current consolidated fiscal year.

#### (Collection of Accounts Receivable)

PT JTRUST INVESTMENTS INDONESIA conducts collection of accounts receivable business in Indonesia. The purchased receivables assigned from Bank JTrust Indonesia in October 2015 stood at 3,333 million yen at the end of the second quarter of the current consolidated fiscal year. We will increase earnings by facilitating collection with various measures including prompt disposal of collateralized assets and business rehabilitation.

In summary, operating revenue in Financial Business in Southeast Asia was 6,896 million yen (up 12.3% year on year). Segment loss was 6,098 million yen (segment loss of 3,471 million yen during the same period of the previous fiscal year) mainly due to a surge in provision of allowance for doubtful accounts in Bank JTrust Indonesia which reviewed loan assets for better financial health as restructuring measures.

### [4] General Entertainment Business

BREAK Co., Ltd. plays a primary role in manufacturing and selling toys for amusement machines. ADORES mainly operates amusement facilities. Highlights Entertainment Co., Ltd. develops, manufactures and sells computer systems, etc. for peripheral equipment of Japanese game machines. ADORES strived for better sales by taking measures to raise the awareness of the ADORES brand under the "50th Anniversary Project" and stimulating consumer confidence through: (i) opening of "Calla Lily", a store specializing in photo sticker booths; (ii) upgrading of popular machines; (iii) sales promotion of token coin bonus packs at all stores; and (iv) installation of self-manufactured video slot machines at major game arcades. It also made efforts to win a new customer segment by offering content services based on high-profile VR technologies at some stores. Sales were sluggish, however, due to: (i) unexpected impacts of the 2016 Rio De Janeiro Olympic Games and some typhoons on the customer traffic during the August-September period; and (ii) closing of some stores. For Highlights Entertainment Co., Ltd., operating revenue was weak during the first six months of the current consolidated fiscal year because of the deceleration and postponement in the peripheral equipment business. It will seek better earnings, however, by shifting operating resources to sale of new Japanese game machines.

As a result, operating revenue in General Entertainment Business was 7,687 million yen (down 8.1% year on year), affected by the lower-than-expected number of customers and the closing of some stores. Segment income was 11 million yen (down 79.9%) mainly due to higher cost of sales at Highlights Entertainment.

### [5] Real Estate Business

Keynote primarily handles sales and brokerage of ready-built residential housing. ADORES conducts real estate asset business. For ready-built housing sales and brokerage, we sought better earnings on the back of the market recovery through: (i) enhanced sales capabilities by creating our own brand; (ii) further increase in built-for-sale starts by expanding the marketing areas; and (iii) steady delivery of residential housing.

As a result, operating revenue in Real Estate Business was 2,959 million yen (up 3.2% year on year) thanks to good sales performance mainly in existing areas. Segment income was 162 million yen (down 37.7%) due to higher sales costs affected by surging land prices and construction labor costs.

## [6] Investment Business

JTA conducts investment business and provides management support for investees primarily. During the first six months of the current consolidated fiscal year, JTA contributed substantially to operating revenue with gain on sales of shares of Bank Mayapada. In addition, JTA will expand business in fast-growing Southeast Asia, together with our strategic partner GL in which JTA takes a 6.43% share, and maximize synergy by setting up a network there.

As a result, operating revenue in Investment Business was 2,344 million yen (up 179.9% year on year) mainly because other operating revenue increased as a result of selling shares of Bank Mayapada. Segment income was 634 million yen (down 9.7%) due to a temporary rise in loss on the derivatives component of GL's convertible bond held by JTA.

## [7] Other Business

J Trust System Co., Ltd. develops systems and operates/manage computers for JTG, and Keynote constructs commercial facilities. Meanwhile, J Trust Fintech provides fintech services, with a Bitcoin exchange "J-Bits" launched in the first quarter of the current consolidated fiscal year.

As a result, operating revenue in Other Business was 1,494 million yen (up 50.8% year on year) because Keynote performed well in its commercial facility construction business. Segment loss was 41 million yen (segment loss of 172 million yen during the same period of the previous fiscal year).

## (2) Explanation on financial position

### [1] Assets, liabilities and net assets

Total assets at the end of the second quarter of the current consolidated fiscal year increased by 14,146 million yen to 522,806 million yen from the end of the previous consolidated fiscal year. Major changes were decreases of: (i) 11,891 million yen in accounts receivable – operating loans, primarily because JT Capital transferred consumer credit loans receivable of 149.1 billion won to a group savings bank to meet the consumer loan limits stipulated in the revised Specialized Credit Finance Business Act effective from September 2016; (ii) 12,010 million yen in securities, reflecting the declined balance at JT Chinae Savings Bank; and (iii) 4,799 million yen in goodwill. Nevertheless, we recorded increases of: (i) 33,591 million yen in loans by banking business, due to the acceptance of the loans receivable from JT Capital and the growing balance of new loan; (ii) 5,587 million yen in operational investment securities, because JTA subscribed for GL's convertible bond; and (iii) 4,352 million yen in cash and deposits.

Liabilities increased by 34,845 million yen to 374,847 million yen from the end of the previous consolidated fiscal year. While short-term loans payable decreased by 3,718 million yen, we posted increases of: (i) 27,796 million yen in deposits by banking business; (ii) 5,868 million yen in short-term bonds payable (other current liabilities); and (iii) 3,659 million yen in long-term loans payable including current portion.

Net assets decreased by 20,698 million yen to 147,958 million yen from the end of the previous consolidated fiscal year. This is mainly because retained earnings decreased by 8,450 million yen, which consisted of 784 million yen as dividends of surplus and 7,665 million yen as loss attributable to owners of parent, and treasury shares increased by 7,279 million yen due to the buyback of own shares.

As a result, net assets per share decreased by 72.15 yen to 1,383.75 yen from the end of the previous consolidated fiscal year. Capital adequacy ratio declined by 4.9 percentage points to 27.2%, from 32.1% as of the end of the previous consolidated fiscal year.

### [2] Cash flows

Consolidated cash and cash equivalents (hereinafter, "Funds") at the end of the second quarter of the current consolidated fiscal year increased by 4,618 million yen to 92,844 million yen from the end of the previous consolidated fiscal year.

The following is an overview of each cash flow during the first six months of the current consolidated fiscal year with relevant factors:

#### (Cash flows from operating activities)

Funds provided by operating activities during the first six months of the current consolidated fiscal year ended in an increase of 414 million yen (a decrease of 26,889 million yen during the same period of the previous year). Loss before income taxes stood at 7,016 million yen. As a factor decreasing Funds, loans by banking business increased by 54,440 million yen mainly due to the acceptance of loans receivable from a group company and the growing balance of new loan. On the other hand, an increase of 50,689 million yen in deposits by banking business, a net decrease of 8,359 million yen in accounts receivable – operating loans due to the transfer of loans receivable to a group savings bank, and an increase of 4,937 million yen in allowance for doubtful accounts led to an increase in Funds.



(Cash flows from investing activities)

Funds provided by investing activities during the first six months of the current consolidated fiscal year ended in an increase of 9,481 million yen (an increase of 1,068 million yen during the same period of the previous year) primarily due to proceeds from redemption of securities of 9,957 million yen.

(Cash flows from financing activities)

Funds provided by financing activities during the first six months of the current consolidated fiscal year ended in a decrease of 862 million yen (an increase of 14,546 million yen during the same period of the previous year). Short-term bonds payable and long-term loans payable increased Funds on a net basis by 5,907 million yen and 4,594 million yen, respectively. However, we booked net decreases of 7,279 million yen in purchase of treasury shares, 784 million yen in cash dividends paid and 2,891 million yen in short-term loans payable.

(3) Explanation on future forecast information including consolidated financial forecast

We have revised the full-year consolidated financial forecast for FY2017, which was announced on May 13, 2016, in light of recent performance trends and other factors. For details, please refer to the "Revision to Financial Forecast and Recording of Extraordinary Loss" released today.

## 2. Matters regarding summary information (notes)

(1) Changes in accounting policies, changes in accounting estimates and retrospective re-statements

(Changes in accounting policies)

(Adoption of the Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)

Following the revision of the Corporation Tax Act, we adopted the "Practical Solution on a Change in Depreciation Method due to Tax Reform 2016" (ASBJ [Accounting Standards Board of Japan] PITF [Practical Issues Task Force] No. 32, June 17, 2016) in the first quarter of the current consolidated fiscal year, and changed the depreciation method for the equipment attached to buildings and accompanying facilities and structures acquired on or after April 1, 2016 from the declining balance method to the straight-line method.

An impact of this arrangement on profits and losses is insignificant.

(Changes in accounting estimates)

(Changes in estimating allowance for doubtful accounts)

For receivables held by our consolidated subsidiary PT Bank JTrust Indonesia Tbk., we previously booked the estimated uncollectible amount based on the actual loan-loss ratio for performing loans and in light of recoverability for specified accounts including hard-to-collect claims. However, the method of assessment is changed from the second quarter of the current consolidated fiscal year because we are now capable of detailed estimation based on the developed credit management structure.

As a result, operating loss, ordinary loss and loss before income taxes increased by 4,585 million yen during the first six months of the current consolidated fiscal year.

(2) Additional information

(Adoption of the Implementation Guidance on Recoverability of Deferred Tax Assets)

We adopted the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Statement No. 26, March 28, 2016) in the first quarter of the current consolidated fiscal year.

### 3. Consolidated quarterly financial statements

#### (1) Consolidated quarterly balance sheets

	(Millions of yen)	
	Previous consolidated fiscal year (March 31, 2016)	Second quarter of the current consolidated fiscal year (September 30, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	108,682	113,034
Commercial notes	1,428	943
Accounts receivable - operating loans	49,505	37,614
Loans by banking business	230,532	264,124
Advances paid - installment	2,449	2,788
Purchased receivables	9,940	10,282
Subrogation receivable	1,462	1,259
Securities	25,287	13,277
Operational investment securities	13,057	18,644
Merchandise and finished goods	2,445	2,546
Work in process	1,604	2,919
Other	18,545	22,383
Allowance for doubtful accounts	(16,809)	(20,582)
Total current assets	448,131	469,235
Non-current assets		
Property, plant and equipment	7,510	6,832
Intangible assets		
Goodwill	34,536	29,736
Other	4,820	4,650
Total intangible assets	39,356	34,386
Investments and other assets		
Long-term operating loans receivable	2,083	1,766
Other	14,462	13,092
Allowance for doubtful accounts	(2,884)	(2,507)
Total investments and other assets	13,660	12,351
Total non-current assets	60,527	53,570
Total assets	508,659	522,806

(Millions of yen)

	Previous consolidated fiscal year (March 31, 2016)	Second quarter of the current consolidated fiscal year (September 30, 2016)
<b>Liabilities</b>		
Current liabilities		
Notes discounted	1,381	923
Current portion of bonds	60	90
Short-term loans payable	14,317	10,598
Current portion of long-term loans payable	13,391	13,393
Income taxes payable	769	971
Deposits by banking business	271,117	298,914
Provision for business structure improvement	-	1,592
Other	10,604	16,513
<b>Total current liabilities</b>	<b>311,642</b>	<b>342,997</b>
Non-current liabilities		
Bonds payable	2,169	2,005
Long-term loans payable	21,788	25,446
Provision for loss on guarantees	424	401
Net defined benefit liability	579	608
Provision for loss on litigation	1,192	1,070
Other	2,205	2,317
<b>Total non-current liabilities</b>	<b>28,360</b>	<b>31,850</b>
<b>Total liabilities</b>	<b>340,002</b>	<b>374,847</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	53,616	53,624
Capital surplus	52,572	52,579
Retained earnings	60,777	52,327
Treasury shares	(406)	(7,685)
<b>Total shareholders' equity</b>	<b>166,560</b>	<b>150,846</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	136	5,439
Foreign currency translation adjustment	(3,469)	(13,768)
Remeasurements of defined benefit plans	(112)	(112)
<b>Total accumulated other comprehensive income</b>	<b>(3,445)</b>	<b>(8,440)</b>
Subscription rights to shares	167	174
Non-controlling interests	5,373	5,378
<b>Total net assets</b>	<b>168,656</b>	<b>147,958</b>
<b>Total liabilities and net assets</b>	<b>508,659</b>	<b>522,806</b>

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

	(Millions of yen)	
	First 6 months of the previous consolidated fiscal year (April 1, 2015 – September 30, 2015)	First 6 months of the current consolidated fiscal year (April 1, 2016 – September 30, 2016)
Operating revenue	37,778	40,135
Operating expenses	19,448	19,940
Operating gross profit	18,329	20,194
Selling, general and administrative expenses	20,664	24,135
Operating loss	(2,335)	(3,940)
Non-operating income		
Interest income	1	0
Dividend income	64	11
House rent income	33	15
Gain on investment of securities	177	25
Foreign exchange gains	97	-
Miscellaneous income	85	105
Total non-operating income	461	158
Non-operating expenses		
Interest expenses	85	59
Depreciation	5	6
Foreign exchange losses	-	1,471
Miscellaneous loss	236	84
Total non-operating expenses	326	1,622
Ordinary loss	(2,200)	(5,404)
Extraordinary income		
Gain on sales of non-current assets	213	640
Gain on bargain purchase	-	24
Gain on reversal of foreign currency translation adjustment	830	-
Other	9	108
Total extraordinary income	1,053	772
Extraordinary losses		
Loss on sales of non-current assets	25	213
Loss on abandonment of non-current assets	8	4
Impairment loss	1,066	58
Loss on sales of shares of subsidiaries and associates	285	-
Loss on valuation of investment securities	-	349
Provision for business structure improvement	-	1,592
Compensation expenses	-	100
Other	35	66
Total extraordinary losses	1,420	2,385
Loss before income taxes	(2,567)	(7,016)
Income taxes - current	1,042	1,074
Income taxes - deferred	(661)	(482)
Total income taxes	381	592
Loss	(2,949)	(7,609)
Profit (loss) attributable to non-controlling interests	(628)	56
Loss attributable to owners of parent	(2,320)	(7,665)

(Consolidated quarterly statements of comprehensive income)

(Consolidated statement of income for the six months)

(Millions of yen)

	First 6 months of the previous consolidated fiscal year (April 1, 2015 – September 30, 2015)	First 6 months of the current consolidated fiscal year (April 1, 2016 – September 30, 2016)
Loss	(2,949)	(7,609)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,064)	5,333
Foreign currency translation adjustment	(8,193)	(10,288)
Remeasurements of defined benefit plans, net of tax	(155)	1
Share of other comprehensive income of entities accounted for using equity method	-	(59)
Total other comprehensive income	(9,413)	(5,014)
Comprehensive income	(12,362)	(12,623)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(11,591)	(12,661)
Comprehensive income attributable to non-controlling interests	(771)	38

## (3) Consolidated quarterly statements of cash flows

(Millions of yen)

	First 6 months of the previous consolidated fiscal year (April 1, 2015 – September 30, 2015)	First 6 months of the current consolidated fiscal year (April 1, 2016 – September 30, 2016)
<b>Cash flows from operating activities</b>		
Loss before income taxes	(2,567)	(7,016)
Share-based compensation expenses	31	-
Depreciation	1,275	1,053
Loss (gain) on sales of non-current assets	(188)	(426)
Impairment loss	1,066	58
Loss (gain) on sales of shares of subsidiaries and associates	285	-
Loss (gain) on sales of investment securities	-	(95)
Loss (gain) on valuation of investment securities	-	349
Gain on reversal of foreign currency translation adjustment	(830)	-
Gain on bargain purchase	-	(24)
Amortization of goodwill	1,625	1,440
Share of (profit) loss of entities accounted for using equity method	101	2
Loss (gain) on securities operation	(177)	(25)
Increase (decrease) in allowance for doubtful accounts	(3,500)	4,937
Bad debts written off	4,643	1,346
Increase (decrease) in provision for bonuses	6	-
Increase (decrease) in provision for business structure improvement	(905)	1,592
Increase (decrease) in provision for loss on interest repayment	72	-
Increase (decrease) in provision for loss on guarantees	34	(23)
Increase (decrease) in provision for loss on litigation	(200)	2
Increase (decrease) in net defined benefit liability	714	65
Increase (decrease) in deposits by banking business	(19,306)	50,689
Interest and dividend income	(66)	(12)
Discount expenses and interest expenses	7,379	6,679
Foreign exchange losses (gains)	19	1,630
Decrease (increase) in inventories	(476)	(1,410)
Decrease(increase) in long-term operating loans receivable	(803)	324
Decrease(increase) in pledged deposit	(1,972)	(436)
Decrease (increase ) in restricted deposits	2,908	(414)
Other, net	(4,134)	(4,875)
Subtotal	(14,964)	55,412
Interest and dividend income received	110	11
Interest expenses paid	(8,245)	(6,204)
Income taxes paid	(2,022)	(1,403)
Income taxes refund	-	1,476
Compensation paid	-	(100)
Subtotal	(25,121)	49,192
Increase in commercial notes	(2,525)	(1,168)
Decrease in commercial notes	3,351	1,653
Increase in operating loans receivable	(10,258)	(16,433)
Decrease in operating loans receivable	18,339	24,793
Net decrease(increase) in loans by banking business	(6,949)	(54,400)
Decrease (increase) in investment securities for sale	(3,791)	(1,802)
Increase in advances paid-installment	(1,681)	(1,279)
Decrease in advances paid-installment	905	935
Increase in purchased receivables	(340)	(2,884)
Decrease in purchased receivables	1,449	1,672
Increase in subrogation receivable	(699)	(334)
Decrease in subrogation receivable	432	471
Net cash provided by (used in) operating activities	(26,889)	414

(Millions of yen)

	First 6 months of the previous consolidated fiscal year (April 1, 2015 – September 30, 2015)	First 6 months of the current consolidated fiscal year (April 1, 2016 – September 30, 2016)
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	1,556	(508)
Purchase of property, plant and equipment	(889)	(798)
Proceeds from sales of property, plant and equipment	1,378	1,032
Purchase of intangible assets	(68)	(607)
Purchase of securities	(28,601)	(8,750)
Proceeds from sales of securities	13,472	9,186
Proceeds from redemption of securities	14,048	9,957
Proceeds from sales of investment securities	425	234
Purchase of shares of subsidiaries and associates	(206)	(171)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(403)	-
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	355	-
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	46
Other, net	-	(139)
<b>Net cash provided by (used in) investing activities</b>	<b>1,068</b>	<b>9,481</b>
<b>Cash flows from financing activities</b>		
Increase in notes discounted	2,553	1,216
Decrease in notes discounted	(3,317)	(1,674)
Net increase (decrease) in short-term bonds payable	-	5,907
Increase in short-term loans payable	17,855	8,900
Decrease in short-term loans payable	(7,234)	(11,791)
Proceeds from long-term loans payable	23,297	13,314
Repayments of long-term loans payable	(13,984)	(8,720)
Proceeds from issuance of bonds	-	150
Redemption of bonds	(51)	(30)
Repayments of lease obligations	(55)	(14)
Proceeds from sales and leasebacks	6	-
Proceeds from disposal of treasury shares	0	-
Purchase of treasury shares	(3,649)	(7,279)
Proceeds from issuance of subscription rights to shares	13	14
Proceeds from exercise of share options	11	8
Cash dividends paid	(590)	(784)
Dividends paid to non-controlling interests	(158)	(79)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(149)	-
Other, net	(0)	-
<b>Net cash provided by (used in) financing activities</b>	<b>14,546</b>	<b>(862)</b>
Effect of exchange rate change on cash and cash equivalents	(3,700)	(4,416)
Net increase (decrease) in cash and cash equivalents	(14,975)	4,618
Cash and cash equivalents at beginning of period	118,060	88,226
Cash and cash equivalents at end of period	103,085	92,844

(4) Notes regarding consolidated quarterly financial statements

(Notes regarding the going concern assumption)

Not applicable.

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

We repurchased 6,000,000 own shares as per the resolution passed at the Board of Directors' meeting on August 12, 2016 and another 3,188,300 own shares as per the resolution passed at the Board of Directors' meeting on August 15, 2016. This increased treasury shares by 7,279 million yen during the first six months of the current consolidated fiscal year and, as a result, treasury shares were 7,685 million yen at the end of the second quarter of the current consolidated fiscal year.



(Segment information, etc.)

[Segment information]

I. First six months of the previous consolidated fiscal year (from April 1, 2015 till September 30, 2015)

1. Information regarding operating revenue, income or loss per segment

(Millions of yen)

	Reportable segment				
	Domestic Financial Business	Financial Business in South Korea	Financial Business in Southeast Asia	General Entertainment Business	Real Estate Business
Operating revenue					
External customers	5,381	13,390	6,140	8,363	2,866
Intersegment sales and transfers	168	1	-	0	1
Total	5,550	13,391	6,140	8,363	2,867
Segment income (loss)	1,561	(126)	(3,471)	54	260

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

\*Note: "Other" refer to business segments not included in any reportable segment and includes the following – commercial facility construction business; and IT system business.

2. Difference between operating income (loss) in reportable segments and book value on the consolidated quarterly statement of income, and main items of such difference (matters pertaining to reconciliation)

(Millions of yen)

Income	Amount
Operating income (loss) in reportable segments	(1,019)
Operating income (loss) in "Others"	(172)
Intersegment transaction elimination	22
Company-wide expenses*	(1,166)
Operating income (loss) on the consolidated quarterly statement of income	(2,335)

[Note] Company-wide expenses refer to general and administrative expenses that are not attributable to the reportable segments.

3. Information regarding impairment loss on non-current assets or goodwill by reportable segment (Significant impairment loss on non-current assets)

Not applicable.

(Significant change in the amount of goodwill)

Not applicable.

(Significant gain on bargain purchase)

Not applicable.

II. First six months of the current consolidated fiscal year (from April 1, 2016 till September 30, 2016)

1. Information regarding operating revenue, income or loss per segment

(Millions of yen)

	Reportable segment				
	Domestic Financial Business	Financial Business in South Korea	Financial Business in Southeast Asia	General Entertainment Business	Real Estate Business
Operating revenue					
External customers	5,182	13,964	6,896	7,687	2,949
Intersegment sales and transfers	23	-	0	-	9
Total	5,205	13,964	6,896	7,687	2,959
Segment income (loss)	2,219	858	(6,098)	11	162

	Reportable segment		Other*	Total
	Investment Business	Subtotal		
Operating revenue				
External customers	2,147	38,828	1,306	40,135
Intersegment sales and transfers	196	229	187	417
Total	2,344	39,058	1,494	40,553
Segment income (loss)	634	(2,212)	(41)	(2,254)

\*Note: "Other" refer to business segments not included in any reportable segment and includes the following – commercial facility construction business; and IT system business.

2. Information regarding assets by reportable segment

In the "Investment Business" segment, assets increased by 15,348 million yen in the second quarter of the current consolidated fiscal year, from the end of the previous consolidated fiscal year, mainly due to the capital increase executed by JTRUST ASIA PTE. LTD.

3. Difference between operating income (loss) in reportable segments and book value on the consolidated quarterly statement of income, and main items of such difference (matters pertaining to reconciliation)

(Millions of yen)

Income	Amount
Operating income (loss) in reportable segments	(2,212)
Operating income (loss) in "Others"	(41)
Intersegment transaction elimination	4
Company-wide expenses*	(1,690)
Operating income (loss) on the consolidated quarterly statement of income	(3,940)

[Note] Company-wide expenses refer to general and administrative expenses that are not attributable to the reportable segments.

4. Information regarding impairment loss on non-current assets or goodwill by reportable segment

(Significant impairment loss on non-current assets)

Details are omitted due to a lack of significance.

(Significant change in the amount of goodwill)

Not applicable.

(Significant gain on bargain purchase)

Not applicable.

(Important subsequent events)

1. J Trust passed a resolution at the Board of Director's meeting on October 13, 2016 regarding acquisition of the shares of DH Savings Bank Co., Ltd. held by Daeho Co., Ltd., aiming to make the bank our subsidiary. Following this, we entered into a share transfer agreement with Daeho Co., Ltd. on October 14, 2016. Details are summarized below.

- (1) Purpose of share acquisition

We seek further reinforcement and efficiency of our Financial Business in South Korea. The share acquisition allows us to: (i) enhance the sales force of our savings bank business in South Korea with extensive area coverage; and (ii) optimally use the human resources of our consolidated subsidiaries in the Busan region.

- (2) Name of the company as the contracting party

Daeho Co., Ltd.

- (3) Overview of the company to be acquired

- [1] Trade name: DH Savings Bank Co., Ltd.
- [2] Address: 1287-11, Yeonsan-dong, Yeonje-gu, Busan, South Korea
- [3] Representative: Kim Jin-Gyu
- [4] Capital: 14.5 billion Korean won (1,337 million yen\*) as of the end of June 2016  
\* 1 Korean won = 0.0922 yen
- [5] Business: Savings bank

- (4) Date of share transfer

TBD

- (5) Number of shares to be acquired, share acquisition value and shareholding after the acquisition

- [1] Number of shares to be acquired: 1,449,143 shares
- [2] Acquisition value: 32.3 billion won (2,978 million yen\*\*)  
\*\* 1 Korean won = 0.0922 yen
- [3] Shareholding after acquisition: 100.0%

- (6) Other important matters

The share acquisition is subject to necessary approvals, etc. of the Financial Services Commission in South Korea.

2. J Trust and JTRUST ASIA PTE. LTD. (hereinafter, "JTA") passed a resolution at the Board of Directors' meeting of each company on October 13, 2016 regarding JTA's acquisition of the shares of Capital Continent Investment NBF1 (hereinafter, "CCI") held by JAPAN POCKET Co., Ltd., aiming to make CCI our subsidiary. Following this, JTA entered into a share transfer agreement with CCI on October 14, 2016. Details are summarized below.

- (1) Purpose of share acquisition

We aim to reinforce JTG's operating bases through the share acquisition, which is expected to drive CCI's further growth in the Mongolian market mainly because: (i) JTG's financial expertise developed in Japan and abroad is applicable to the financial business in Mongolia; and (ii) becoming a subsidiary of the Japanese listed company leads to much better credibility of CCI.

- (2) Name of the company as the contracting party

JAPAN POCKET Co., Ltd.

- (3) Overview of the company to be acquired

- [1] Trade name: Capital Continent Investment NBF1
- [2] Address: Peace Tower Building, 3rd Khoroo, Chingeltei District, Ulaanbaatar, Mongolia
- [3] Representative: Shuhei Tsuji
- [4] Capital: 679 million Mongolian Tugrik (29 million yen\*) as of the end of September 2016  
\* 1 Mongolian Tugrik = 0.044 yen
- [5] Business: Moneylending

- (4) Date of share transfer

TBD

(5) Number of shares to be acquired, share acquisition value and shareholding after the acquisition

- [1] Number of shares to be acquired: 67,900 shares
- [2] Acquisition value: 1,274 million Mongolian Tugrik (56 million yen\*\*)  
\*\* 1 Mongolian Tugrik = 0.044 yen
- [3] Shareholding after acquisition: 100.0%

(6) Other important matters

The share acquisition is subject to necessary approvals, etc. of the Financial Regulatory Commission of Mongolia.

3. J Trust and JTRUST ASIA PTE. LTD. (hereinafter, "JTA") passed a resolution at the Board of Directors' meeting of each company on October 31, 2016 regarding JTA's conclusion of a convertible bond subscription agreement with conditions precedent with Group Lease PCL, a company listed on the Stock Exchange of Thailand. Details are summarized below.

(1) Name of the contracting party

Group Lease PCL

(2) Date of contract

Mid-November (plan)

(3) Overview of the convertible bond

- [1] Issuer: Group Lease PCL
- [2] Issue price: USD 50,000,000 (5,226 million yen\*)  
\* 1 USD = 104.53 yen
- [3] Issue value: Same as above
- [4] Interest rate: 5.0% (plan)
- [5] Maturity: 3 years (plan)
- [6] Conversion price: 70 Baht per share (208.60 yen per share\*\*) (plan)  
\*\* 1 Baht = 2.98 yen
- [7] Number of shares after full conversion: 25,000,000 shares (plan)
- [8] Shareholding ratio after full conversion: 14.30% (plan)

#### 4. Supplementary information

##### Operating result

##### (1) Breakdown of balance of loans receivable

Category			End of the 2nd quarter of the previous consolidated fiscal year (September 30, 2015)		End of the 2nd quarter of the current consolidated fiscal year (September 30, 2016)	
			Amount (Millions of yen)	Breakdown (%)	Amount (Millions of yen)	Breakdown (%)
Domestic	Consumer services	Unsecured loans	3,061	1.1	1,975	0.7
			217		217	
		Adjustment for business	(0)	(0.0)	(0)	(0.0)
		Secured loans	410	0.2	235	0.1
		24		17		
		Subtotal	3,471	1.3	2,210	0.8
			241		235	
	Business loan services	Discount on commercial notes	1,522	0.6	943	0.3
			-		-	
		Unsecured loans	247	0.1	39	0.0
		4		-		
	Secured loans	2,779	1.0	2,881	0.9	
		77		80		
	Subtotal	4,550	1.7	3,865	1.2	
		82		80		
	Discounts on commercial notes – total	1,522	0.6	943	0.3	
		-		-		
	Accounts receivable – operating loans – total	6,498	2.4	5,131	1.7	
		324		315		
	Total	8,021	3.0	6,075	2.0	
		324		315		
Overseas	Consumer loan services	Unsecured loans	15,691	5.9	14,546	4.8
			1,808		1,446	
		Secured loans	26,196	9.8	16,616	5.5
		13		0		
		Subtotal	41,888	15.7	31,162	10.3
			1,821		1,446	
	Business loan services	Unsecured loans	368	0.1	349	0.1
			-		-	
		Secured loans	3,954	1.5	2,733	0.9
			-		-	
		Subtotal	4,323	1.6	3,082	1.0
			-		-	
		Accounts receivable – operating loans - total	46,211	17.3	34,245	11.3
		1,821		1,446		
Loans by banking business	South Korea	136,693	51.2	180,257	59.2	
		-		-		
	Indonesia	76,001	28.5	83,866	27.5	
		-		-		
	Subtotal	212,695	79.7	264,124	86.7	
		-		-		
	Total	258,907	97.0	298,369	98.0	
		1,821		1,446		
	Grand total	266,928	100.0	304,444	100.0	
		2,146		1,762		

Note: Figures shaded in gray refer to long-term operating loans receivable. They are included in above figures.

## (2) Breakdown of the balance of credit guarantee

Category	End of the 2nd quarter of the previous consolidated fiscal year (September 30, 2015)		End of the 2nd quarter of the current consolidated fiscal year (September 30, 2016)	
	Amount (Millions of yen)	Breakdown (%)	Amount (Millions of yen)	Breakdown (%)
Unsecured	15,041	37.0	15,565	23.9
Secured	25,664	63.0	49,463	76.1
Total	40,706	100.0	65,028	100.0

## (3) Breakdown of operating revenue

(Millions of yen)				
Category		1st quarter of the previous consolidated fiscal year (April 1, 2015 – September 30, 2015)	1st quarter of the current consolidated fiscal year (April 1, 2015 – September 30, 2015)	Previous consolidated fiscal year (April 1, 2015 – March 31, 2016)
I. Interest on loans/discount revenue				
1. For consumers	(1) Unsecured loans	1,090	1,401	2,179
	(2) Secured loans	673	394	1,019
	For consumers – total	1,763	1,796	3,199
2. For business	(1) Discount on commercial notes	75	31	122
	(2) Unsecured loans	13	19	78
	(3) Secured loans	131	133	197
	For business - total	220	184	398
Subtotal		1,984	1,980	3,597
II. Banking business revenue	1. South Korea	10,773	11,034	19,716
	2. Indonesia	6,140	6,486	12,000
	Subtotal	16,913	17,521	31,716
III. Collection of purchased receivables		1,643	1,670	3,466
IV. Sales on real estate business		2,866	2,949	6,217
V. Sales on general entertainment business		8,363	7,687	16,557
VI. Commission for installment payment		91	157	229
VII. Other	1. Commission fee	304	204	511
	2. Guarantee commission received	908	961	1,853
	3. Gain on bad debts recovered	2,156	2,196	5,311
	4. Interest on deposits	71	81	152
	5. Other financial revenue	318	582	840
	6. Other	2,157	4,141	5,024
	Subtotal	5,915	8,167	13,693
Operating revenue - total		37,778	40,135	75,478

Note 1: "VII. Other, Other financial revenue" refers mainly to the difference between the collection from loans under receivable purchasing services and the corresponding acquisition cost.

Note 2: Above figures do not include consumption tax and others.