The following is an English translation of The Company's System and Policy to Implement Appropriate and Efficient Operations, Consolidated Statement of Changes In Net Assets, Notes to Consolidated Financial Statements, Non-Consolidated Statement of Changes In Net Assets and Notes to Non-Consolidated Financial Statements of J Trust Co., Ltd.
The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy.

Matters for Internet Disclosure under Laws and Regulations and the Articles of Incorporation

The Company's System and Policy to Implement Appropriate and Efficient Operations

Consolidated Statement of Changes In Net Assets

Notes to Consolidated Financial Statements

Non-Consolidated Statement of Changes In Net Assets

Notes to Non-Consolidated Financial Statements

(from April 1, 2016 to March 31, 2017)

J Trust Co., Ltd.

"The Company's System and Policy to Implement Appropriate and Efficient Operations," "Consolidated Statement of Changes In Net Assets," "Notes to Consolidated Financial Statements," "Non-Consolidated Statement of Changes In Net Assets" and "Notes to Non-Consolidated Financial Statements" are provided to our shareholders by posting the same on the Company's website (www.jt-corp.co.jp/en) pursuant to laws and regulations, and Article 15 of the Company's Articles of Incorporation.

The Company's system and policy to implement appropriate and efficient operations

Overview of decisions regarding the Company's system and policy to implement appropriate and efficient operations and the implementation status thereof is as shown below.

1. System to ensure that execution of duties by directors and employees of the Company and its subsidiaries conforms to laws, regulations and the Articles of Incorporation

(1) The Company shall stipulate "Code of Ethics," "Corporate Philosophy" and "Behavioral Principles" as the basis of management. The Company and its subsidiaries, in accordance with its size and business characteristics, shall reinforce efficiency in business operation, accuracy of information, and compliance system in pursuit of sound corporate assets. To put these policies into practice, the Company shall strictly adhere to a code of conduct and ethics based on separately prescribed "Compliance Rules," and others as well as complying with laws, regulations and the Articles of Incorporation. Moreover, directors and employees of the Company and its subsidiaries shall take the initiative in compliance with and spread these social norms, ethics, laws and regulations, etc. in order to carry out fair and appropriate corporate activities and attain harmony with society.
(2) The Company shall further reinforce the compliance system through "Compliance and Risk Management Committee" established to oversee, review, and improve the internal compliance system stated above.
(3) The Company shall establish an internal control system regarding financial reporting to ensure reliability of financial reporting. The Company shall maintain and improve said system through regular assessment of the development and implementation status.

[Overview of implementation status]
(1) The Company has developed a "Code of Ethics," Corporate Philosophy," and "Behavioral Principles" as well as "Group Compliance Rules," and posted them on the internal groupware to keep all employees thoroughly informed about them.
(2) The Company held Compliance and Risk Management Committee meetings 4 times during the business year under review to report on the status of legal compliance and relevant issues within the Group and discuss the causes. Then, the countermeasures are taken to improve the situation.
(3) Internal Control and Audit Office of the Company makes the assessment of internal control over financial reporting covering each business location within the Group and works toward improvements, if necessary.

2. System concerning storage and management of information pertaining to execution of duties by directors of the Company and system concerning reporting to the Company pertaining to execution of duties by directors and other relevant personnel of its subsidiaries

(1) Based on "Document Management Rules," the relevant department of the Company properly stores and manages legal minutes, minutes of the Management Meetings and other documents pertaining to execution of important duties, together with their appendices as prescribed by internal rules. Directors and Audit & Supervisory Board members of the Company can access these documents at any time.
(2) Based on "Document Management Rules for Affiliates," directors and other relevant personnel of the Company's subsidiaries shall report matters concerning the execution of duties by directors and other relevant personnel of subsidiaries by submitting copies of legal minutes and other documents to the Company. Directors and Audit & Supervisory Board members can access these documents at any time.

[Overview of implementation status]

(1) The relevant department of the Company has properly stored and managed legal minutes such as minutes of the Board of Directors meetings, minutes of the Management Meetings and other documents for the storage periods prescribed in the “Document Management Rules.” When so requested, the relevant department has appropriately made them available to a Director or Audit & Supervisory Board member of the Company.

(2) Corporate Management Department of the Company receives a copy of legal minutes of subsidiaries from time to time and stores and manages them. When so requested, the relevant department has appropriately made them available to a Director or Audit & Supervisory Board member of the Company.

3. Rules and system pertaining to management of potential loss at the Company and its subsidiaries

Risk management shall be addressed as below.

(1) Based on “Risk Management Rules,” the Company shall prescribe the basic policy and structure concerning operational risk management to raise employee awareness toward risks at all times.

(2) Based on the rules stated above, the Company shall establish “Risk Management Manual” which covers detailed procedures and extract and assess information pertaining to potential risks, so that it can address such risks promptly and practically.

(3) The main tasks of Risk Management Team are to accurately forecast and organize, and to take measures in advance against expected future risks inside and outside of the Company. Risk Management Team leads in further strengthening risk management structure at each department of the Company and its subsidiaries.

(4) Should any contingencies arise despite the above initiatives, the Company shall establish a task force with Chief Risk Supervisor as general manager for prompt investigations and countermeasures.

[Overview of implementation status]

(1) The Company sets policies and systems relating to risk management in the “Risk Management Rules” and strives to enhance the employees’ awareness of risks by posting the “Risk Management Rules” on the internal groupware.

(2) (3) The Company has established the process to extract and assess risk information in the “Risk Management Manual” and implements it properly. The manual specifies the risk collection approach and risk management process to promptly and practicably address future or potential risks that may arise in and out of the Company.

(4) The “Risk Management Rules” of the Company stipulates procedures to establish a relevant task force, conduct prompt investigations and decide and implement countermeasures in the event of contingencies. For the business year under review, there are no applicable items.

4. System to ensure effective execution of duties by directors of the Company and its subsidiaries

(1) The Board of Directors of the Company passes resolutions on important management issues and individual projects at regular monthly meetings of the Board of Directors and extraordinary meetings of the Board of Directors that are held as needed. The Board of Directors of subsidiaries also passes resolutions on important management issues and individual projects at regular meetings of the Board of Directors and extraordinary meetings of the Board of Directors that are held as needed. Moreover, Management Meeting is held, attended by executives of the Company and its subsidiaries, to track the performance and progress of each department, to examine the execution of duties and to implement appropriate measures.

(2) The Company uses the electronic approval system, which allows access from outside the Company for browsing and approval purposes, to realize faster decision-making and better operational efficiency.

(3) With regard to the execution of duties based on decisions, directors in charge shall give

instructions to relevant supervisors according to "Organization Rules," "Policies of Division of Duties," "Policies of Administrative Authority," etc. If such execution of duties involves multiple departments, necessary coordination is made between directors in charge of the departments to ensure efficient implementation system.

[Overview of implementation status]

(1) The Company held 12 regular meetings of the Board of Directors and 10 extraordinary meetings of the Board of Directors during the business year under review and adopted relevant resolutions on significant issues concerning corporate management and other issues arising on an ad hoc basis.
The subsidiaries hold regular meetings of their Boards of Directors every three months at minimum, as well as extraordinary meetings when necessary, to adopt relevant resolutions on significant issues concerning corporate management and other issues arising on an ad hoc basis. In addition, relevant management meetings for domestic and overseas businesses are held separately to discuss policies on business management and execution of business and take appropriate measures.
(2) To achieve prompt decision-making on issues requiring approval, the Company has put the electronic approval system in place which can be accessed for review or approval of requests from outside the Company.
(3) The Company has clarified the segregation of duties for respective divisions and departments and the roles of each position and established the system to ensure the organizational and efficient operation of business by setting "Organization Rules," "Policies of Division of Duties," and "Policies of Administrative Authority."

5. System to ensure proper operation as a corporate group constituted by the Company and its subsidiaries

(1) In principle, Directors and employees of the Company may assume the offices of directors or Audit & Supervisory Board members of subsidiaries to oversee if operations at subsidiaries are properly carried out. Also, the Company's Internal Audit Team, Audit & Supervisory Board members and the Audit & Supervisory Board may conduct a direct audit on subsidiaries and report the results directly to President & CEO of the Company.
(2) Finance Department and General Accounting Department are in charge of management of accounting figures of subsidiaries and supervise the preparation of the consolidated financial statements of the Company.
(3) At the Management Meeting attended by executives of the Company and its subsidiaries, we discuss the operation and performance of the subsidiaries, and then take appropriate actions.
(4) In principle, "The Company with Board of Directors" shall be established at each corporation within the Group.

[Overview of implementation status]

(1) In principle, directors and employees of the Company assume the office of directors or Audit & Supervisory Board members of subsidiaries to oversee if operations at subsidiaries are properly carried out. In addition, the Company's Internal Control and Audit Office and Audit & Supervisory Board members of the Company conduct a direct audit on the subsidiaries and report any findings to President & and CEO of the Company.
(2) Finance Department and General Accounting Department of the Company are charged with the relevant management of subsidiaries' accounting figures and supervise the preparation of the consolidated financial statements of the Company.
(3) The Company holds a monthly Management Meeting attended by executives of the Company and subsidiaries to discuss the operation and performance of the subsidiaries.
(4) In principle, "The Company with Board of Directors" is established at each corporation within the Group.

6. System to ensure the employees' independence from directors and effectiveness of instruction to such employees in case Audit & Supervisory Board members request the assignment of employees who assist Audit & Supervisory Board members' duties

(1) If Audit & Supervisory Board members find it necessary, employees shall be appointed as their assistants. In such case, personnel matters such as appointment, transfer and evaluation of the assistants shall be decided in consideration of opinions by the Audit & Supervisory Board to ensure the independence and effectiveness of instruction by Audit & Supervisory Board members.
(2) Employees who assist Audit & Supervisory Board members' duties follow none but their instructions.

[Overview of implementation status]
(1) (2) Personnel matters such as the appointment and evaluation of employees who assist the duties of the Audit & Supervisory Board members are stipulated in the "Audit Standards for Audit & Supervisory Board members." On the request of the Audit & Supervisory Board, the Company appointed two employees who also assist the duties of the Audit & Supervisory Board members.

7. System to report to Audit & Supervisory Board members and system to ensure that employees shall not receive any disadvantageous treatment due to their submission of reports

(1) Directors and employees of the Company and its subsidiaries (including people who received reports from those: hereinafter collectively referred to as "Directors and Employees of the Company and Subsidiaries") report the status regarding the execution of duties upon request by Audit & Supervisory Board members of the Company.
(2) Directors and Employees of the Company and Subsidiaries shall immediately report to Audit & Supervisory Board members of the Company any matters that may cause material harm to the Company and its subsidiaries and when they find serious violations by Directors and Employees of the Company and Subsidiaries.
(3) Audit & Supervisory Board members of the Company may request clarification directly from Directors and Employees of the Company and Subsidiaries at any time as needed.
(4) Audit & Supervisory Board members of the Company may attend Committee Meetings, etc. at any time for their understanding of the decision-making process and status of execution, in addition to the Board of Directors' meeting and Management Meeting of the Company and its subsidiaries. Audit & Supervisory Board members of the Company shall endeavor to facilitate mutual understanding on matters such as confirmation of management policy through regular exchange of views with the President & CEO.
(5) The Company shall ensure prompt reporting to Audit & Supervisory Board members of the Company with regard to violations of the laws and regulations and other compliance issues through the proper management of the Group's internal reporting system or external consultation contact.
(6) A person who submits reports applicable to (1) and (2) above shall not receive any disadvantageous treatment for filing such reports. The Group's internal reporting system shall stipulate prohibiting any disadvantageous treatment for filing internal report and ensure the proper operation thereof.

[Overview of implementation status]
(1) (3) The Company's "Audit Standards for Audit & Supervisory Board members" provides that Audit & Supervisory Board members may request clarification directly from Directors and Employees of the Company and Subsidiaries regarding the status of the execution of duties. Directors and Employees of the Company and Subsidiaries have appropriately responded on the request of the Audit & Supervisory Board members.
(2) The Company's "Audit Standards for Audit & Supervisory members" provides that Directors and Employees of the Company and Subsidiaries shall report to Audit & Supervisory Board members of the Company for any matters that may cause material harm to the Company

and its subsidiaries and when they find serious violations by Directors and Employees of the Company and Subsidiaries. The Company has appropriately implemented the standards.

(4) The Company's "Audit Standards for Audit & Supervisory Board members" provides that Audit & Supervisory Board members may attend the Board of Directors' meeting and Management Meeting of the Company and its subsidiaries to express their opinions and views. The Company has implemented the standards. President & CEO and Audit & Supervisory Board members exchange opinions once every quarter and share information on management policies and issues that the Company is required to address. In addition, the Company holds a monthly liaison meeting with the Audit & Supervisory Board members of the Group and exchanges and shares the views and opinions with the Audit & Supervisory Board members of subsidiaries.

(5) (6) The Company's "Group Compliance Rule" provides that the Company shall have in place a system that a person who makes a report to the Audit & Supervisory Board member shall not receive any disadvantageous treatment for filing such report. The system has been properly implemented. The Company has also established internal report desks in and outside of the Company, ensuring that any information to the desk is promptly escalated to the Audit & Supervisory Board members. "Group Compliance Rule" provides that any employee who reports to or consults with an internal report desk shall not receive any disadvantageous treatment including personnel matters as a result of such report or consultation. The Company has disseminated this requirement thoroughly.

8. System concerning settlement of expenses, etc. pertaining to execution of duties by Audit & Supervisory Board Members

The Company shall set procedures for the settlement of expenses pertaining to execution of duties by Audit & Supervisory Board members. If Audit & Supervisory Board Members request for prepayment or repayment, except when deemed unnecessary for execution of their duties, the Company shall accept such requests in accordance with the prescribed procedures.

[Overview of implementation status]
"Audit Standards for Audit & Supervisory Members" provides for the settlement of expenses pertaining to execution of duties by Audit & Supervisory Board members. Any settlement of expenses requested by Audit & Supervisor members and the payments thereto have been carried out in accordance with the defined procedures.

9. Basic policy on exclusion of anti-social forces and its development status

(1) The Company and its subsidiaries shall steer away from all anti-social forces and stand resolutely against any unreasonable demand by them.
(2) If the Company receives unreasonable demand from anti-social forces, Corporate Management Department shall address the issue, and closely work with department heads and external specialist organizations such as the police to handle the issue systematically.

[Overview of implementation status]
(1) The Group has established basic policies and measures for eliminating anti-social forces in its "Rules on Measures to Address Anti-Social Forces" and its "Manual to Deal with Unreasonable Demand and Violence." The Company requires all employees to abide by the policies and measures thoroughly.
(2) The Company designated the Corporate Management Department of the Company as the department to handle unreasonable demand, etc. by appointing an officer in charge of preventing unreasonable demand and has established a system to closely work with the police or the National Center for Removal of Criminal Organizations as appropriate.

[Reference]

The Company set forth the basic idea and policy on corporate governance as stated below.

1. Basic policy on corporate governance

The Company adheres to a code of ethics, set forth by the following five principles:

(i) The Company shall acknowledge its social responsibility and public mission, conduct sound business operations as a listed company, ensure transparency in its business activities, and aim to grow into a trusted company.

(ii) Not only shall the Company comply with the letter of the law, it shall embrace the spirit in which it was written in its efforts to achieve a fair and more affluent society for future generations.

(iii) The Company shall respect the rights of all stakeholders, contribute to the growth and development of society and economy, and honor and respect the differences in cultures and customs.

(iv) When faced with a conflict of interest, the Company shall choose an ethical solution without fail and stand resolutely against any and all criminal elements.

(v) When faced with a difficult ethical decision, the Company shall resolve to ensure a satisfactory outcome for all parties involved in the matter.

Under our corporate philosophy, “For our customers, shareholders and ourselves, we make continuous effort to respond quickly to changing environment and challenge ourselves diligently to create better future for the world,” the Company promotes to:

(i) Treat all stakeholders, including customers, shareholders and business partners as our customers and take customer oriented approach to meet their expectations;

(ii) Tackle various issues swiftly while pursuing ingenuity and improvements without being satisfied with the status quo;

(iii) Ensure accurate and timely information disclosure as well as upholding high ethical standards for business execution; and

(iv) Create new services and value to contribute to the economic expansion.

Furthermore, based on the code of ethics, the Company has separately established its “Behavioral Principles,” “J / T / R / U / S/ T” to practice “Corporate Philosophy.”

“J”	=	Justice	Conduct business with integrity
“T”	=	Teamwork	Respect individuals to form an organization
“R”	=	Revolution	Stimulate a spirit of innovation for new value
“U”	=	Uniqueness	Embrace ingenuity
“S”	=	Safety	Deliver services with sincerity
“T”	=	Thankfulness	Express our appreciation

The Company adopts the Audit & Supervisory Board system. Of 4 Audit & Supervisory Board members, 2 are outside Audit & Supervisory Board members. The outside Audit & Supervisory Board members come from the Ministry of Foreign Affairs and financial institutions respectively. We believe this helps fortify our management oversight function.
We also have elected 3 Outside Directors to further reinforce the supervision function of the Board of Directors.

2. Basic Policy on Corporate Governance
For the Group to coexist with society, the Company needs to maximize its corporate value as well as earning high trust from our shareholders and customers. To this end, we put in place governance structures based on ethical and legal governance to ensure accelerated business operations and enhanced internal control and audit functions. Moreover, we are working for prompt, transparent and sound management under the corporate governance declaration.

For the detailed information on the basic idea on the Company's corporate governance, please see our website: http://www.jt-corp.co.jp/en/

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(from April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	53,616	52,572	60,777	(406)	166,560
Changes of items during period					
Issuance of new shares	13	13			27
Dividends of surplus			(1,401)		(1,401)
Loss attributable to owners of parent			(9,876)		(9,876)
Purchase of treasury shares				(7,279)	(7,279)
Change in ownership of parent due to transactions with non-controlling shareholders		1,130			1,130
Net changes of items other than shareholders' equity					
Total changes of items during period	13	1,144	(11,278)	(7,279)	(17,398)
Balance at end of current period	53,630	53,716	49,499	(7,685)	149,161

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	136	(3,469)	(112)	(3,445)	167	5,373	168,656
Changes of items during period							
Issuance of new shares							27
Dividends of surplus							(1,401)
Loss attributable to owners of parent							(9,876)
Purchase of treasury shares							(7,279)
Change in ownership of parent due to transactions with non-controlling shareholders							1,130
Net changes of items other than shareholders' equity	1,767	(1,874)	142	35	0	368	405
Total changes of items during period	1,767	(1,874)	142	35	0	368	(16,993)
Balance at end of current period	1,904	(5,343)	30	(3,409)	168	5,742	151,663

Notes to Consolidated Financial Statements

1. Significant Matters Regarding the Preparation of Consolidated Financial Statements

(1) Scope of consolidation

Number of consolidated subsidiaries: 22; All subsidiaries are included in the scope of consolidation.

Names of major consolidated subsidiaries

Nihon Hoshou Co., Ltd.
Partir Servicer Co., Ltd.
J TRUST Card Co., Ltd.
ADORES, Inc.
Keynote Co., Ltd.
Highlights Entertainment Co., Ltd.
J Trust System Co., Ltd.
JT Chinae Savings Bank Co., Ltd.
TA Asset Management Co., Ltd.
JT Savings Bank Co., Ltd.
JT Capital Co., Ltd.
JTRUST ASIA PTE. LTD.
PT BANK JTRUST INDONESIA Tbk.
PT JTRUST INVESTMENTS INDONESIA
8 others

During the current fiscal year, we acquired all the shares of Liberal Asset Co., Ltd. We also established Highlights Architect Co., Ltd. Accordingly, they are included in the scope of consolidation.

Our former consolidated subsidiary BREAK Co., Ltd. and BREAK ASIA LIMITED, a wholly owned subsidiary of BREAK Co., Ltd., were excluded from the scope of consolidation because we transferred all the shares of BREAK Co., Ltd. during the previous fiscal year.

JTRUST FINTECH PTE.LTD was excluded from the scope of consolidation upon the completion of liquidation procedures.

(2) Application of equity method

(i) Number of non-consolidated subsidiaries subject to equity method accounting: 0

(ii) Number of affiliates subject to equity method accounting: 1

During the current fiscal year, PT Group Lease Finance Indonesia, a joint venture between Group Lease PCL and our consolidated subsidiary JTRUST ASIA. PTE. LTD., was included in entities subject to equity method accounting.

(3) Accounting period of consolidated subsidiaries

Following consolidated subsidiaries have the account closing date different from the consolidated closing date. In principle, provisional settlement of accounts as of the consolidated closing date is prepared for those subsidiaries.

As for PT Bank JTrust Indonesia Tbk. and PT JTRUST INVESTMENTS INDONESIA, the Company decided to make provisional settlement of accounts as of March 31, the consolidated closing date. Accordingly, fiscal 2017 reflects their 15-month results covering from January 1, 2016 to March 31, 2017.

This arrangement aims for more efficient group-wide business operations including budgeting, performance management and financial closing as well as for more appropriate information disclosure.

The reason for unifying the closing date during the fourth quarter is that we have established the system to implement timely settlement on the consolidated quarterly and fiscal closing dates after making necessary arrangements. We judged that early unification of the closing date would help realize more appropriate information disclosure.

As for PT Bank JTrust Indonesia Tbk. and PT JTRUST INVESTMENTS INDONESIA, we make necessary adjustments on their profit or losses for the 3-month period ended March 31, 2016 through the consolidated statement of income. Following this, we recorded increases in: (i) operating revenue by 3,560 million yen; (ii) operating loss by 677 million yen; (iii) ordinary loss by 744 million yen; and (iv) loss attributable to owners of parent by 722 million yen.

Company name	Closing date
NL Value Capital Co., Ltd.	End of November
JT Chinae Savings Bank Co., Ltd.	End of December
JT Savings Bank Co., Ltd.	End of December
JT Capital Co., Ltd.	End of December
PT Bank JTrust Indonesia Tbk.	End of December
PT JTRUST INVESTMENTS INDONESIA	End of December

Other consolidated subsidiaries have the same account closing date as the consolidated closing date.

(4) Matters regarding accounting standards

(i) Valuation standards and methods for significant assets

1. Securities

Securities available for sales	:	Market value method (cost of securities sold is computed by the moving average basis)
Bonds held to maturity:	:	Amortized cost method (interest method)
Other securities		
Securities with market price:	:	Market value method based on the market price on the consolidated closing date (valuation differences are directly charged to the shareholders' equity and cost of securities sold is computed by the moving average method.)
Securities without market price	:	Cost method by the moving average method

2. Derivatives : Market value method

3. Inventories

Merchandise and finished goods, and work in process	:	Mainly cost method by the specific identification method (computed by writing down the book value based on the decline in profitability)

(ii) Depreciation and amortization methods for significant depreciable assets

1. Property, plant and equipment (excluding leased assets):
   Mainly declining balance method

2. Intangible assets (excluding leased assets):
   Straight-line method
   Software for internal use is amortized over a useful life of 5 years.
3. Long-term prepaid expenses:
   Straight-line method
4. Leased assets:
   Declining balance method for tangible leased assets using its lease period as useful life.
   Straight-line method for intangible leased assets using its lease period as the useful life.

(iii) Accounting standards for significant allowance

1. Allowance for doubtful accounts	To prepare for loss on doubtful accounts, we recorded the estimated uncollectable amount by considering the following factors: historical loan loss ratio for general receivables; and individual collectability for certain doubtful receivables.
2. Provision for loss on guarantees	To prepare for loss on the fulfillment of obligations for credit guarantee obligations for partnered financial institutions, we recorded the possible loss amount at the end of the current fiscal year
3. Provision for loss on litigation	To prepare for loss on litigation, we recorded the possible loss amount at the end of the current fiscal year.

(iv) Accounting standards for significant revenue and expenses

1. Customer fees (Revolving credit)	Credit card revenue: Mainly based on declining balance method Under declining balance method, interest is calculated by multiplying a prescribed rate by the outstanding principal and recorded as operating revenue (installment payment paying for commission) after the due date.
2. Merchant fees	Merchant fees are recorded in a lump-sum as operating revenue (installment payment paying for commission) at the fulfillment of reimbursement payment agreements with merchants.
3. Accounting standards for revenue and costs related to collection of purchased receivables	For subsidiaries in the financial business, the difference between the amount of receivables and the acquisition cost is recorded as operating revenue (other financial revenue). We recorded operating revenue by the amortized cost method for receivables whose future cash flows can be estimated, and based on the recovered amount for receivables whose future cash flows are difficult to estimate. For subsidiaries that provide receivables collection services, we recorded the recovered amount as operating revenue (collection from purchased

receivable). Meanwhile, we recorded operating expenses by the amortized cost method for cost of receivables whose future cash flows can be estimated. Regarding cost of receivables whose future cash flows are difficult to estimate, the total recovered amount is recorded as operating expenses (cost of purchased receivable) until such amount reaches the acquisition cost.

(v) Conversion standard for significant foreign currency-denominated assets or liabilities from foreign currency to Japanese currency

Foreign currency-denominated monetary claims and liabilities are converted into Japanese currency using an exchange rate as of the consolidated closing date. Differences arising from the currency conversion are processed as profit or loss. Assets and liabilities of overseas subsidiaries are converted into Japanese currency using an exchange rate as of the consolidated closing date. Revenues and expenses are converted into Japanese currency using an average exchange rate. Differences arising from the currency conversion are included in foreign currency translation adjustment and non-controlling interests under net assets.

(vi) Significant hedge accounting

1. Hedge accounting method	Interest rate swap meets the criteria of “special accounting,” which is accordingly adopted.
2. Hedging Instrument and hedged item	The following instrument and items are subject to hedge accounting. Instrument: Interest rate swap Item: Loans payable
3. Policy on hedge	To reduce interests on loans payable and to improve financial revenue, we hedge future interest volatility risk. Subsidiaries executed the subject transaction. With the prior approval at the subsidiary’s Board of Directors’ meeting for terms of contract and the maximum notional principal amount.
4. Method to evaluate hedging effectiveness	Important conditions regarding hedging instrument and hedged items are the same. This is deemed to offset the risk of interest volatility. Therefore, the evaluation of hedging efficacy is omitted.

(vii) Amortization method and period for goodwill

Goodwill is amortized equally over the period during which investment is effective within 20 years from the recorded date.

(viii) Other significant matters for preparing the consolidated financial statements

1. Accounting for retirement benefits

To provide for the retirement benefits, defined benefit liability is recorded by subtracting the pension assets from the retirement benefit obligations based on the projection at the end of the current fiscal year.

If the pension assets exceed retirement benefit obligations, the excess is recorded as assets.

As for actuarial losses (gains), the amount is divided by a certain period not

exceeding the average remaining service years of employees using the straight-line method. The resulting figures are recorded as expenses respectively from the following fiscal year.
Unrecognized actuarial losses (gains) are recorded as remeasurements of defined benefit plans in the accumulated other comprehensive income under the net assets after taking the tax effect into account.
Some of overseas subsidiaries adopt the simplified method in calculating defined benefit obligations and retirement benefit expenses.

2. Accounting for consumption taxes
Consumption taxes are accounted for using the tax exclusion method. However, non-deductible consumption taxes on non-current assets are recorded as "Other" under investments and other assets and amortized over 5 years using the straight-line method.

(5) Matters regarding 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 current fiscal year. Accordingly, we 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 profit and loss is insignificant.

(6) Matters regarding 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 current 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 3,043 million yen respectively during the current fiscal year.

(7) Matters regarding 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 current fiscal year.

2. Notes to Consolidated Balance Sheet

(1) The amount less than 1 million yen is rounded down.

(2) Pledged assets

Assets pledged as collateral

(Millions of yen)

Deposits	1,907
Accounts receivable - operating loans	17,241
Advances paid - installment	1,087
Purchased Receivables	1,298
Merchandise and finished goods	1,996
Work in process	1,047
Current assets – other	396
Building and structure	727
Land	586
Intangible assets – other	1,002
Investments and other assets – other	1,001
Total	28,294

Liabilities corresponding to the above

Short-term loans payable	1,418
Current portion of long-term loans payable	7,130
Long-term loans payable	19,287
Current portion of bonds	21
Bonds payable	298
Total	28,155

Some of the assets pledged as collateral are also used as collateral for guarantee obligations in relation to credit guarantee services.
In addition to the above, shares of subsidiaries of 3,338 million yen that have been eliminated on consolidation are pledged as collateral, and a part of the revolving mortgage for million accounts receivable (operating loans) of 114 million yen is re-pledged for loans from financial institutions. Further, we have deposits of 18,151 million yen and securities of 761 million yen as payment reserve assets, etc. based on regulations of each jurisdiction where overseas consolidated subsidiaries belong. The Company holds deposits of 2,409 million yen pledged as collateral against maximum limits of domestic exchange systems.

(3) Accumulated depreciation of property, plant and equipment 23,288 million yen

(4) Guarantee obligations

Subject of guarantee	Guaranteed amount	Type of guarantee
54,869 cases (business entities and consumers)	85,623 million yen	Borrowings from financial institutions and others

Note: The Group recorded provision for loss on guarantees of 352 million yen for the total guarantee obligations of 85,975 million yen.
In addition to the above, we had 3,108 million yen as guarantee obligation in the banking business.

(5) Specified account for business combination

Specified account for business combination of 406 million yen is included in “Other” under non-current liabilities. The provision was attributable due to the acquisition of the shares of an Indonesian commercial bank PT Bank Mutiara Tbk. (currently PT Bank JTrust Indonesia Tbk.) on November 20, 2014. It consists of contingent liabilities in relation to lawsuits, etc. expected as at the date of the acquisition.

3. Notes to Consolidated Statement of Income

(1) The amount less than 1 million yen is rounded down.

(2) Impairment loss

During the current fiscal year, the Group recorded impairment loss on the following asset groups:

Location	Use	Type of assets
Miyakojima-ku, Osaka-shi	Rental assets	Buildings and land
Hachioji-shi, Tokyo, and others	Business assets (General Entertainment Business)	Buildings and structures, amusement machine
Chiyoda-ku, Tokyo	Business assets (General Entertainment Business)	Copyright

The Group classifies its assets into business assets, assets for lease and idle assets. Business assets related to stores to be closed and stores with reduced profitability (General Entertainment Business) were reduced to their value in use or their net realizable value. Copyright (General Entertainment Business) was reduced to its value in use. Other assets were reduced to their net realizable value. As a result, the reduced amount of 362 million yen was recorded as extraordinary losses.

The breakdown comprises 108 million yen for buildings, 45 million yen for amusement machine, 20 million yen for land, and 187 million yen for the copyright to amusement machine content.

The value in use was measured based on future cash flows. However, the Company does not apply discounting, which is insignificant in calculating the collectable amount for assets with the remaining useful life of less than a year or longer. Net realizable value was calculated based on real estate appraisal, roadside land price and property tax valuation, etc.

4. Notes to Consolidated Statement of Changes in Net Assets
(1) Class and total number of issued shares at the end of the current fiscal year
112,536,970 common shares
(2) Matters pertaining to dividends
(i) Dividend payments

Resolution	Class	Total dividends (millions of yen)	Dividend per share (yen)	Reference date	Effective date
The Board of Directors' meeting (May 13, 2016)	Common share	784	7	March 31, 2016	June 30, 2016
The Board of Directors' meeting (November 11, 2016)	Common share	617	6	September 30, 2016	December 5, 2016

(ii) Of dividends whose reference date belongs to the current fiscal year, the effective date that belongs to the following fiscal year

Resolution	Class	Total dividends (millions of yen)	Source of funds	Dividend per share (yen)	Reference date	Effective date
The Board of Directors' meeting (May 12, 2017)	Common share	617	Retained earnings	6	March 31, 2017	June 29, 2017

(3) Class and number of shares underlying subscription rights to shares at the end of the fiscal year under review (excluding subscription rights to shares of whose exercise period has not commenced):
3,114,980 common shares

5. Notes to Financial Products
(1) Matters regarding financial products
The Group conducts comprehensive financial business, which includes loans, credit card, banking, purchase of accounts receivable, and credit guarantee services, the Group engages in real estate business and general entertainment businesses. To conduct these businesses, we raised funds by obtaining loans from banks in consideration of the market conditions and the balance of short-term and long-term financing and by taking savings accounts and time deposits from individuals and corporations in South Korea and Indonesia where the Group conducts banking business. Moreover, the Group takes a cautious stance on derivatives transactions and does not get involved in any speculative transactions.
Financial assets owned by the Group are mainly commercial notes, accounts receivable - operating loans and advances paid-installment payable by small and medium-sized enterprises, business owners and individuals. In the banking business, the Group's financial assets are loans extended to small and medium-sized enterprises, business owners and individuals in South Korea and Indonesia. We seek to lower credit risk in accordance with various rules. With regard to purchase of accounts receivables, such receivables are purchased at a discount mainly from business corporations and financial institutions. To comprehend the appropriate value and reduce risk, the Group obtains the material on the current price calculation from a third party valuation agency and uses it as a reference in determining the purchase price. In credit guarantee services, the

Group has guarantee obligations mainly for loans extended by Japanese financial institutions as well as subrogation receivable arising from the fulfillment of guarantee obligation. The Group aims to reduce risk during the screening process by complying with various rules related to credit risk. Securities are mostly composed of public and corporate bonds, which are held for asset management purposes in relation to the banking business. Operational investment securities are stocks and corporate bonds held for investment purpose. Investment securities are mostly stocks held for business promotion purpose. The Group reviews the market price of public and corporate bonds and listed stocks on a quarterly basis. These are exposed to the credit risk of each issuer and market price volatility risks.

Financial liabilities are used for operational purposes. The Group raises funds by taking savings and time deposits from individuals and corporate customers in South Korea and Indonesia where the Group operates financial institutions and banking business. These are exposed to interest-rate risk.

(2) Matters regarding the market value of financial products and others

The tables below are the balance on consolidated balance sheet, market value and differences between them as of March 31, 2017. Unlisted shares, which are extremely difficult to determine their market price, are excluded from the table below. In addition, insignificant account items on the consolidated balance sheet are omitted.

(Millions of yen)

	Balance on consolidated balance sheet	Market value	Difference
(1) Cash and deposits	101,172	101,172	-
(2) Commercial notes	928		
Allowance for doubtful accounts *1	(6)		
	921	921	-
(3) Accounts receivable - operating loans	49,098		
Allowance for doubtful accounts *1	(1,974)		
	47,123	48,721	1,597
(4) Loans by banking business	326,996		
Allowance for doubtful accounts *1	(16,685)		
	310,311	310,828	517
(5) Advances paid - installment	2,726		
Allowance for doubtful accounts *1	(14)		
	2,712	2,712	-
(6) Purchased receivables	12,146		
Allowance for doubtful accounts *1	(554)		
	11,591	13,467	1,875
(7) Subrogation receivable	1,223		
Allowance for doubtful accounts *1	(250)		
	972	972	-
(8) Securities	30,190	30,262	72
(9) Operational investment securities	21,494	21,494	-
(10) Investment securities	14	14	-
(11) Long-term operating loans receivable	1,578		
Allowance for doubtful accounts *1	(1,540)		
	38	38	-
Total	526,544	530,607	4,063

(Millions of yen)

	Balance on consolidated balance sheet	Market value	Difference
(1) Notes discounted	916	916	-
(2) Current portion of bonds	111	111	-
(3) Short-term loans payable	9,798	9,798	-
(4) Current portion of long-term loans payable	18,733	18,733	-
(5) Deposits by banking business	364,419	366,462	2,043
(6) Bonds payable	2,372	2,374	1
(7) Long-term loans payable	24,353	24,081	(272)
Total liabilities	420,705	422,478	1,773
Derivatives Transaction *2	25	25	-

(Millions of yen)

	Market value
Guarantee obligations	6,094
Other-total	6,094

*1 Excludes general and individual allowance for doubtful accounts corresponding to commercial notes, accounts receivable-operating loans, loans by banking business, advances paid – installment, purchased receivables, subrogation receivable, long-term operating loans receivable.

*2 Net receivables and payables resulting from derivatives are presented in net amounts.

Note: Matters relating to the calculation method of market value of financial products and guarantee obligations

Assets

(1) Cash and deposits

Since these are settled within one (1) year, their market value is almost equivalent to the book value. Therefore, the book value is used as market value.

(2) Commercial notes

Since these are mainly settled within one (1) year, the book value as of the consolidated closing date minus the current estimated bad debts is used as market value.

(3) Accounts receivable – operating loans

They are recorded at their present value based mainly on the projected future cash flows, discounted at a rate in consideration of their remaining life and credit risk.

(4) Loans by banking business

They are mainly recorded at their present value based on the projected future cash flows, discounted at a rate in consideration of their remaining life and credit risk.

For some variable-rate loans, the book value is used as the market value since market interest rate is reflected within a short period of time and the credit condition of borrowers has not changed significantly from the time of loan origination.

For some loans, since their projected bad debts are calculated based on the present value of the projected future cash flows or the amount expected to be recovered, etc. from the collateral, the book value on the consolidated closing date minus the current projected bad debts are used as its market value.

(5) Advances paid – installment

Since their projected bad debts are calculated based on the present value of the projected future cash flows or the amount expected to be recovered, etc., from the collateral and guarantee, the book value on the consolidated closing date minus the current projected bad debts is used as its market value.

(6) Purchased receivables

They are mainly recorded at their present value based on the projected future cash flows, discounted at a rate in consideration of their remaining life and credit risk.

For receivables purchased within one (1) year from the consolidated financial closing date, they were purchased at a proper price mainly with reference to the material regarding the market value calculation from a third party valuation agency in determining the purchase price. Therefore, its book value is used as the basis for its market value.

(7) Subrogation receivable

Since its projected bad debts is calculated based on the present value of the projected future cash flows or the amount expected to be recovered, etc., from the collateral and guarantee, the book value on the consolidated closing date minus the current projected bad debts is used as its market value.

(8) Securities; (9) Operational investment securities; and (10) Investment securities

The present market value for stocks is based on the price on exchanges, and the value for bonds is based on exchanges or price provided by financial institutions, and the value for other securities is based on reasonably calculated price.

(11) Long-term operating loans receivable

Since its projected bad debts are calculated based on the present value of the projected future cash flows or the amount expected to be recovered, etc., from the collateral and guarantee, the book value on the consolidated closing date minus the current projected bad debts is used as its market value.

<u>Liabilities</u>

(1) Notes discounted

Since these are settled within one (1) year, its market value is almost equivalent to book value. Therefore, its book value is used as its market value.

(2) Current portion of bonds; (3) Short-term loans payable; and (4) Current portion of long-term loans payable

Since these are settled within one (1) year, its market value is almost equivalent to its book value. Therefore its book value is used as its market value.

(5) Deposits by banking business

Of deposits by banking business, the amount of demand deposits payable on the consolidated closing date (book value) is used as its market value. In addition, the market value of time deposits, etc. is measured for each product at their present value by discounting future cash flows using the interest rate for new deposits.

(6) Bonds payable

The market value of bonds is calculated by discounting the sum of principal and interest using the interest rate which takes its remaining term to maturity and credit risk into consideration.

(7) Long-term loans payable

The book value is used as the market value for variable rate loans since it reflects market interest rate within a short period of time and the credit condition of the Company and its consolidated subsidiaries has not changed significantly from the time of loan origination. The market value of fixed rate loans is calculated by discounting the future cash flows using an interest rate which takes its remaining term to maturity and credit risk into consideration.

<u>Derivatives Transactions</u>

We perform mark-to-market valuation and record valuation gains (losses) on the consolidated income statement. The fair market value is computed based on the value presented by financial institutions.

<u>Other</u>

(1) Guarantee obligations

The Company calculates the market value applying the present value of the remaining value using highly reliable discount rate over the remaining period as it determines the remaining value of guarantee obligations based on the differences between guarantee commission expected to be received reflecting the collectability and the expected impaired value of subrogation receivable reflecting the possible satisfaction of guarantees and recovery of collaterals.

6. Notes to Per Share Information

(1) Net assets per share	1,415.91 yen
(2) Net loss per share	92.82 yen

7. Important subsequent events

At the Board of Directors' meeting held on April 20, 2017, ADORES, Inc. (hereinafter, "ADORES"), a consolidated subsidiary of J Trust Co., Ltd., resolved to establish ADORES Company Split Preparation, Inc. (hereinafter, "the Preparation Company") wholly-owned by ADORES effective October 1, 2017 in line with a shift to the holding company structure by way of a company split. ADORES subsequently resolved, at the Board of Directors' meeting held on May 9, 2017, that it will conclude an absorption-type company split agreement (hereinafter, "the Split Agreement") with the Preparation Company. The execution of the split is subject to approval of relevant agendas at the Ordinary General Meeting of Shareholders of ADORES scheduled for June 27, 2017 and, if necessary, permission from relevant public sector offices.

(1) Reason for the company split

Based on the idea that ADORES Group entities should concentrate on their individual business activities with clear roles and responsibility, the split aims to facilitate business realignment flexibly through aggressive M&As and optimize the allocation of management resources across the Group.

(2) Method of the split

It is an absorption-type company split (corporate divesture) in which ADORES is the splitting company and the Preparation Company is the successor company.

(3) Timeline of the split

Date of resolution at the Board of Directors' meeting for establishing the Preparation Company:	April 20, 2017
Date of establishing the Preparation Company:	April 21, 2017
Date of resolution at the Board of Directors' meeting for approving the Split Agreement:	May 9, 2017
Date of concluding the Split Agreement:	May 9, 2017
Date of Ordinary General Meeting of Shareholders for approving the Split Agreement:	June 27, 2017 (plan)
Effective date of the split:	October 1, 2017 (plan)

(4) Overview of the splitting company (as of the end of March 2017)

(i)	Company name:	ADORES, Inc.*
(ii)	Address:	1-7-12 Toranomon, Minato-ku, Tokyo
(iii)	Representative:	Seiji Uehara, President and Representative Director
(iv)	Net assets:	9,033 million yen
(v)	Total assets:	15,849 million yen
(vi)	Capital:	4,405 million yen
(vii)	Number of employees:	227
(viii)	Line of business:	General entertainment, real estate (real estate asset

department), store subleasing, others (foreign currency exchange)

Successor (as of the date of establishment: April 21, 2017)

(i)	Company name:	ADORES Company Split Preparation, Inc.*
(ii)	Address:	1-7-12 Toranomon, Minato-ku, Tokyo
(iii)	Representative:	Manabu Ishi, President and Representative Director
(iv)	Net assets:	20 million yen
(v)	Total assets:	20 million yen
(vi)	Capital:	20 million yen
(vii)	Number of employees:	0
(viii)	Line of business:	Not engaged in any business before the split

* The trade names are to be changed after the split becomes effective.

(5) Details of business to be split

The Preparation Company will succeed all the businesses of ADORES excluding the following: (i) real estate (real estate asset department); (ii) store subleasing; and (iii) administrative function.

(6) Operating results of the business department to be split (FY2017)

	Splitting business (actual) (a)	Splitting company (non-consolidated) (b)	Ratio (a/b)
Sales	12,003 million yen	12,186 million yen	98.5%

(7) Assets and liabilities to be split (as of February 28, 2017)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	2,718 million yen	Current liabilities	1,160 million yen
Non-current assets	7,124 million yen	Non-current liabilities	4,494 million yen
Total	9,843 million yen	Total	5,654 million yen

Note: The above figures are calculated based on the balance sheet as of February 28, 2017. The actual amount is determined after adjustments with changes that may occur till the effective date of the split.

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(from April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity						
		Capital surplus		Retained earnings			
	Capital stock	Legal capital surplus	Total capital surpluses	Other retained earnings: Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	53,616	52,957	52,957	33,636	33,636	(406)	139,804
Changes of items during period							
Issuance of new shares	13	13	13				27
Dividends of surplus				(1,401)	(1,401)		(1,401)
Profit				1,039	1,039		1,039
Purchase of treasury shares						(7,279)	(7,279)
Net changes of items other than shareholders' equity							
Total changes of items during period	13	13	13	(361)	(361)	(7,279)	(7,613)
Balance at end of current period	53,630	52,971	52,971	33,274	33,274	(7,685)	132,191

	Subscription rights to shares	Total net assets
Balance at beginning of current period	167	139,972
Changes of items during period		
Issuance of new shares		27
Dividends of surplus		(1,401)
Profit		1,039
Purchase of treasury shares		(7,279)
Net changes of items other than shareholders' equity	(11)	(11)
Total changes of items during period	(11)	(7,624)
Balance at end of current period	156	132,347

Notes to Non-Consolidated Financial Statements

1. Matters regarding significant accounting standards

(1) Valuation standards and methods for assets

Securities

● Subsidiaries' shares	Cost method by moving average method
● Other securities	
Securities without market price:	Cost method by moving average method

(2) Depreciation method for property, plant and equipment

(i) Property, plant and equipment: Declining balance method.

However, straight line-method is used for the following:

The equipment attached to buildings and accompanying facilities and structures acquired on or after April. 1, 2016.

(Change in accounting policies)

To conform to the revised Corporation Tax Act, we changed the depreciation method for the equipment attached to buildings and accompanying facilities and structures acquired on or after April 1, 2016.

An impact of the change on profit and loss is insignificant.

(ii) Intangible assets: Straight-line method

Software for internal use is amortized over a useful life of five years.

(iii) Long-term prepaid expenses: Straight-line method

(3) Accounting standards for allowance

Allowance for doubtful accounts	To prepare for loss on doubtful accounts, allowance for doubtful accounts is recorded taking following factors into consideration; the historical loan loss ratio for general receivable; and collectability of each receivable for specific receivable potentially falling into doubtful accounts.

(4) Other significant matters which constitute the basis for preparing the non-consolidated financial statements

(i) Amortization method and period for goodwill

Goodwill is amortized equally over the period of 5 years during which investment is effective, using the straight-line method.

(ii) Accounting for consumption taxes

Consumption taxes are accounted for using the tax exclusion method. However, non-deductible consumption taxes related to non-current assets are recorded as "Other" under investments and other assets are amortized over 5 years using the straight-line method.

(5) Additional information

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company applied "Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Statement No. 26, March 28, 2016) from this business year.

2. Notes to Non-Consolidated Balance Sheet

(1) The amount less than 1 million yen is rounded down.

(2) Pledged assets

Assets pledged as collateral

Deposits	1,240 million yen
Shares of subsidiaries and associates	3,338 million yen
Total	4,578 million yen

Debts corresponding to the above

Current portion of long-term loans payable	2,260 million yen
Long-term loans payable	5,408 million yen
Total	7,669 million yen

(3) Accumulated depreciation on property, plant and equipment — 44 million yen

(4) Guarantee obligations

(i) Guarantee obligations related to operating activities

Subject of guarantee	Guaranteed amount	Type of guarantee
54,862 cases (business entities and consumers)	85,936 million yen	Borrowings from financial institutions and others

Notes: The Company acts as a joint guarantor for guarantee obligations of subsidiaries. The above includes joint and several guarantees due to concomitant assumption of obligations.

(ii) Guarantees related to subsidiaries and associates

Subject of guarantee	Guaranteed amount	Type of guarantee
Nihon Hoshou Co., Ltd.	4,160 million yen	Borrowings from financial institutions and others
J TRUST Card Co., Ltd.	1,582 million yen	Borrowings from financial institutions
Highlights Entertainment Co., Ltd.	844 million yen	Borrowings from financial institutions
JT Capital Co., Ltd.	1,004 million yen	Borrowings from financial institutions

(5) Monetary claims receivable from and payable to subsidiaries and associates (excluding those stated separately in financial statements)

Short-term monetary claims receivable from subsidiaries and associates	21 million yen
Long-term monetary claims receivable from subsidiaries and associates	1 million yen
Short-term monetary claims payable to subsidiaries and associates	25 million yen
Long-term monetary claims payable to subsidiaries and associates	101 million yen

3. Notes to Non-Consolidated Statement of Income

(1) The amount less than 1 million yen is rounded down.

(2) Volume of transactions with subsidiaries and associates

Volume of operating transactions with subsidiaries and associates	
Operating revenue	6,357 million yen
Operating expenses	167 million yen
Volume of non-operating transactions	3 million yen

4. Notes to Non-Consolidated Statement of Changes in Net Assets

Class and number of treasury shares as at the end of the current fiscal year

9,598,184 common shares

Note:

Common treasury shares increased by 9,188,436 shares because the Company repurchased: (i) 9,188,300 own shares pursuant to Article 156, applied as a replacement pursuant to provisions of Article 165, Paragraph 3 of the Companies Act; and (ii) 136 fractional unit shares during the period.

5. Notes to Tax Effect Accounting (Millions of yen)

Breakdown of major factors that caused deferred tax assets and liabilities

Deferred tax assets	
Shares of subsidiaries	1,987
Loss brought forward	4,702
Other	225
Subtotal - deferred tax assets	6,915
Valuation allowance	(6,915)
Total deferred tax assets	-
Deferred tax liabilities	
Valuation difference on assets acquired by merger	(36)
Other	(16)
Total deferred tax liabilities	(53)
Net deferred tax liabilities	(53)

6. Notes to Non-current Assets Used under Lease Contracts

In addition to non-current assets recognized on the balance sheet, certain business equipment is used under a finance lease agreement that does not involve a transfer of ownership.

7. Notes to Transaction with Related Parties

(1) Subsidiaries, associates and others

Type	Company name / Location	Capital stock or investments in capital (millions of yen)	Business	Ratio of voting rights (Owned) (%)	Relationship with the related parties	Transaction details	Transaction amount (millions of yen)	Item	Balance at the end of period (millions of yen)
Subsidiary	Nihon Hoshou Co., Ltd. / Minato-ku, Tokyo	95	Finance	Direct 100	Concurrent holding of positions by executives of the Company Credit guarantee	Credit guarantee for borrowings (note 1)	90,096	-	-
Subsidiary	J TRUST Card Co., Ltd. / Miyazaki-shi, Miyazaki	90	Finance	Direct 100	Concurrent holding of positions by executives of the Company; Financing; Credit guarantee	Financing (note 2)	2,557	Short-term loans receivable from subsidiaries and associates	700
						Receipt of interest	43	-	-
						Interest income	43		
						Credit guarantee for borrowings (note 1)	1,582	-	-
Subsidiary	Highlights Entertainment Co., Ltd. / Chiyoda-ku Tokyo	10	Production	Indirect 100	Concurrent holding of positions by executives of the Company; Financing; Credit guarantee	Financing (note 2)	1,650	Short-term loans receivable from subsidiaries and associates	1,450
						Receipt of interest	15	Accrued Revenue	2
						Interest income	17		
						Credit guarantee for borrowings (note 1)	844	-	-
Subsidiary	J TRUST ASIA PTE. LTD. / Indonesia	29,856	Investment	Direct 100	Concurrent holding of positions by executives of the Company	Subscription of capital increase (note 3)	13,540	-	-
Subsidiary	PT Bank J Trust Indonesia Tbk. / Indonesia	116,654	Banking	Direct 96.1 Indirect 1.0	Concurrent holding of positions by executives of the Company	Subscription of capital increase (note 4)	8,500	-	-

Terms and conditions or determination policies, etc. on terms and conditions.

Notes:

1. They act as guarantor for the borrowings from financial institutions and guarantee obligations related to credit guarantee services.

The guarantee commission rate is reasonably determined in consideration of the situation regarding subrogation receivable etc.

2. The lending interest rate is reasonably determined based on market interest rates.
3. The Company subscribed for all the shares with respect to a capital increase conducted by JTRUST ASIA PTE. LTD.
4. The Company subscribed for all the shares with respect to a capital increase conducted by PT Bank JTrust Indonesia Tbk.

(2) Executives and major individual shareholders

Type	Name of a company or person	Ratio of voting rights (owned) (%)	Relationship with the related parties	Transaction details	Transaction amount (millions of yen)	Item	Balance at the end of period (millions of yen)
Company, etc. in which a major shareholder (a person) holds a majority of voting rights (including subsidiaries of the Company)	CREDIA Co., Ltd. (note 1)	-	-	Compensation payments (note 2)	150 (note 3)	-	-

Terms and conditions or determination policies, etc. on terms and conditions.

Notes

1. Mr. Nobuyoshi Fujisawa, the major shareholder and President & CEO of the Company, beneficially holds 100% of the voting rights.
2. The Company made compensation payments for the transfer of shares of CREDIA Co., Ltd., a former subsidiary, as stipulated in the share transfer agreement.
3. Of “Transaction amount,” attorneys’ fees of 50 million yen is included in commission fee.
4. Consumption taxes are excluded in the figures above.

8. Notes to Per Share Information

(1) Net assets per share	1,284.17	yen
(2) Net income per share	9.77	yen