The following is an English translation of the Notice of the 38th Ordinary General Meeting of Shareholders of J TRUST Co., Ltd.
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Matters for Internet Disclosure under Laws and Regulations and the Articles of Incorporation

Notes to Consolidated Financial Statements

Notes to Non-Consolidated Financial Statements

(from April 1, 2013 to March 31, 2014)

J Trust Co., Ltd.

"Notes to Consolidated Financial Statements" 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/) pursuant to laws and regulations, and Article 15 of our Articles of Incorporation.

Notes to Consolidated Financial Statements

1. Significant Matters Pertaining to the Preparation of Consolidated Financial Statements

(1) Scope of Consolidation

Number of consolidated subsidiaries: 22

Names of principle subsidiaries

Nihon Hoshou Co., Ltd.
KC Card Co., Ltd.
Keynote Co., Ltd.
Partir Servicer Co., Ltd.
United Partir
United Partir One
United Partir KC
LTD LLC
J Trust System Co., Ltd.
ASA Holdings Eight, General Inc. Association
Neoline Credit Co., Ltd.
Chinae Savings Bank Co., Ltd.
KJI Consumer Finance LLC
Hicapital Co., Ltd.
J Trust Asia Pte. Ltd.
Adores, Inc.
Break Co., Ltd.
JT Investment Co., Ltd.
Credia Co., Ltd.
AAD Co., Ltd.
NL Value Capital Co., Ltd.
NUCS Co., Ltd.

J Trust Asia Pte. Ltd. was established during fiscal year ended March 31, 2014. For these reasons, it has been included in the scope of consolidation.

The Company wholly acquired the equity interest of KJI Consumer Finance and also acquired the whole shares of Hicapital Co., Ltd. and NUCS Co., Ltd., so they have been included in the scope of consolidation during the fiscal year under review.

The whole shares of consolidated subsidiary Saikyo Card that the Company held in the previous fiscal year has been transferred, so it has been excluded from the scope of consolidation.

(2) Application of the Equity Method

Not applicable

(3) Accounting Period of Consolidated Subsidiaries

The following are the consolidated subsidiaries of which the closing date differs from the consolidated closing date. The financial statement is drawn up using the financial statement in which the provisional settlement is made based on the full-year business result as of the consolidated closing date.

Subsidiary	Closing date
KJI Consumer Finance LLC	End of May
Chinae Savings Bank Co., Ltd.	End of June
Neoline Credit Co., Ltd.	End of September
NUCS Co., Ltd	End of October
JT Investment Co., Ltd.	End of November

NL Value Capital Co., Ltd.	End of November
KC Card Co., Ltd.	End of December
Hicapital Co., Ltd.	End of December

In the fiscal year under review, the closing date of Nihon Hoshou has been moved to the end of March, which is congruent with the consolidated closing date. For this reason, the accounting period for the fiscal year under review includes 13 months from March 1, 2013 to March 31, 2014.

In the fiscal year under review, Chinae Savings Bank started to make provisional settlement on March 31, which is the consolidated closing date. For this reason, the accounting period for the fiscal year under review includes 15 months from January 1, 2013 to March 31, 2014.

The above two changes made to Nihon Hoshou and Chinae Savings Bank with respect to the closing date of settlement have been made in an attempt to further efficiently conduct the business operations including budget preparation, settlement business, performance management, and etc. as well as to enable more appropriate information disclosure.

The Company has been advancing the system development to allow the settlement in a timely manner on the consolidated closing date including each quarter. As a result of such efforts, as Nihon Hoshou and Chinae Savings Bank has become able to make settlement in a timely manner, the Company judged that unifying the closing date at an earlier stage would contribute to the appropriate information disclosure. Therefore, the Company decided to unify the date of provisional settlement during the fourth quarter.

As for the gain and loss for Nihon Hoshou for one month from March 1, 2013 to March 31, 2013 and gain and loss for Chinae Savings Bank for three months from January 1, 2013 to March 31, 2013, such gain and loss have been adjusted when the financial statements are prepared. This resulted in the following increases; operating revenue: 3,410 million yen, operating income: 285 million yen, ordinary income: 415 million yen, and net income: 375 million yen.

With regard to J Trust Asia Pte. Ltd., the financial statements based on provisional settlement made as of December 31 are used. For the material transaction that took place in the period from January 1 to March 31, necessary adjustments have been made for consolidation.

In the consolidated financial year ended March 31, 2014, the Company wholly acquired the equity interest of KJI Consumer Finance and also acquired the whole shares of Hicapital and NUCS to include them in the scope of consolidation. For the fiscal year under review, balance sheet is only consolidated.

Fiscal year-ends for other consolidated subsidiaries are the same as the consolidated closing date.

(4) Matters regarding Accounting Standards

(i) Valuation standards and methods for significant assets

1. Securities

Bonds held to maturity: Amortized cost method (interest method)

Other securities

Securities with fair value: Market Value Method based on the market price recorded on the consolidated closing date (Valuation differences are directly charged to the shareholders equity and cost of securities sold is computed using the moving average method.)

Securities without fair value: Cost method by moving average method.

2. Derivatives Market value method

3. Inventories

Merchandise and finished goods (real estate for sale) and work in process:

Cost method by specific cost method (computed by writing down the carrying value, based on the decline in profitability)

(ii) Depreciation method of significant depreciable assets

1. Property, plant and equipment: (excluding leased assets)	Principally by declining balance method
2. Intangible assets: (excluding leased assets)	Straight-line method With regard to Software for internal use, it is depreciated based on its lifespan determined by the Company (5 years).
3. Long-term prepaid expenses:	Straight-line method
4. Leased assets:	Declining balance method (computed by equating their lifespan to lease period) With regard to lease transactions which had started before March 31, 2008, among Finance Lease Exempt from Passage of Title, accounting processing based on the method pertaining to usual lease deals is adopted.

(iii) Processing of significant deferred assets

Stock issuance cost	Total amount is processed as expense when it is generated

(iv) Accounting for significant allowances

1. Allowance for doubtful accounts:
   To provide allowance for loss on doubtful accounts, general receivables are examined with loan loss ratio from the past, and specific receivables potentially falling into doubtful accounts, are examined by taking into account collectability of each receivable.
2. Provision for point card certificates:
   For KC Card Co., Ltd., in order to provide for expenses incurred through the use of points accorded to customers under the credit card point service, the future projected credit card usage amount at the end of the fiscal year under review is recorded.
3. Provision for loss on interest repayment:
   To provide for interest refund claims from debtors, etc., for payments that have exceeded the maximum interest under the Interest Rate Restriction Act, the projected loss at the end of the fiscal year under review is recorded.
4. Provision for loss on business liquidation:
   To provide for the projected loss accompanied by the future business reorganizations, expenses are estimated for future at the end of the fiscal year under review is generated.
5. Provision for loss on guarantees:
   To provide for loss accompanying the fulfillment of obligations in relation to credit guarantee services tied-up with financial institutions, the projected loss at the end of the fiscal year under review is recorded.
6. Provision for loss on litigation:
   To provide for loss on lawsuit, the projected loss amount that is likely to accrue at the end of the fiscal year under review is recorded.

(v) Accounting standards for significant income and expenses

1. Customer fees

Credit card revenue	Credit card revenue is mainly accounted for based on Declining Balance Method.

Declining Balance Method involves the computation of interests at a prescribed rate for the principal balance, and is recorded as operating revenue (installment payment paying for commission) for each day that exceeds the settlement date.

2. Merchant fees — Merchant fees are recorded as a one-off amount as operating revenue (installment payment paying for commission) during the fulfillment of reimbursement payment agreements with the merchant.

3. Accounting standards for income and costs related to purchased receivables

   For the Company and its subsidiaries that are in finance business, the difference between the value of the receivable and the acquisition cost is recorded as operating revenue (other financial revenue). Depreciation cost method is adopted to receivables for which it is possible to project future cash flows, while receivables for which it is difficult to project future cash flows are recorded as operating revenue based on the amount recovered.

   For the subsidiaries that provide debt collection services, the amount recovered is recorded as operating revenue (collection from purchased receivable). With regard to cost, Depreciation cost method is adopted to receivables for which it is possible to project future cash flows. With regard to receivables for which it is difficult to project future cash flows, the full amount recovered up to the acquisition cost is recorded as operating expenses (cost of purchased receivable).

(vi) Standard of significant assets in foreign currency or liabilities converted into Japanese currency

Monetary claims and debts in foreign currency are converted into Japanese currency by the exchange rate as of the consolidated closing date. Differences in exchange are processed as profit or loss. Assets and liabilities of foreign subsidiaries are converted into Japanese currency by the exchange rate as of the consolidated closing date. Revenues and expenses are converted into Japanese currency by average rate. Differences in exchange are recorded into foreign currency translation adjustment and minority interests in net assets.

(vii) Significant Hedge Accounting

1. Method implemented to conduct hedge accounting

   With regard to interest rate swap, exceptional processing is adopted since it meets the requirements for exceptional processing.

2. Hedging instruments and hedged items

   Hedging instruments and hedged items under the application of hedge accounting are as follows:

   Hedging instrument: Interest rate swap
   Hedged items: Loans payable

3. Policy on hedge

   In order to reduce interests on loans receivable, and to improve financial revenue, risks of future interest rate change are hedged. Hedge accounting is conducted in subsidiaries. In beginning the transaction, approval at the Board of Directors' meeting is obtained with respect to terms on contract and upper limit of projected principal amount.

4. Method implemented to evaluate efficacy of hedge

   Significant terms regarding measure and target are the same. As its efficacy to offset the risks of interest rate change is recognized, evaluation on the efficacy of hedge is omitted.

(viii) Depreciation method and period for goodwill

Depreciation of goodwill is carried out over the period during which investment is effective, using the Straight-Line Depreciation Method. The number of years spent on depreciation is between 5-10 years.

(ix) Other significant matters which constitute the basis for preparation of the consolidated financial statements

1. Accounting for retirement benefit

To provide for the retirement benefits for the employees, net defined benefit liability is recorded based on the projected pension assets by subtracting the amount of pension assets from the retirement benefit obligations.

With regard to the net defined benefit asset, if the amount of pension assets exceeds the amount of retirement benefit obligations, such exceeding amount is recorded.

Unrecognized actuarial losses (gains) is processed as expenses which is accrued from the consolidated fiscal year following the accrual of such losses (gains) using the straight-line method for the amount calculated by dividing a certain years not exceeding the average remaining service years of employees at the time when it is accrued mainly during each consolidated fiscal year.

Unrecognized actuarial losses (gains) is recorded as remeasurements of defined benefit plans included in the accumulated other comprehensive income in the net assets in the financial statements after the tax effect is taken into account.

2. Accounting for consumption taxes

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

(5) Matters regarding changes in accounting policies

“Accounting Standard for Retirement Benefit” (No. 26 of Corporate Accounting Standards, on May 17, 2012) and “Application Guideline for Accounting Standard for the Retirement Benefit” (No.25 of Corporate Accounting Standards, on May 17, 2012) are adopted at the end of the fiscal year under review (excluding the provisions stipulated in the main clause of Paragraph 35 of Accounting Standard for Retirement Benefit and Paragraph 67 of Application Guideline for Accounting Standard for the Retirement Benefit). The company accordingly started to post the amount subtracting the amount of pension assets from the retirement benefit obligations as the net defined benefit liability, and similarly post unrecognized actuarial losses (gains) as net defined benefit liability. If the amount of pension assets exceeds the amount of retirement benefit obligations, it is posted as the net defined benefit asset.

The accounting standard for retirement benefits is adopted transitionally in accordance with Paragraph 37 of Accounting Standard for Retirement Benefits, the amount that is changed in line with adoption of the accounting standard for retirement benefits is reflected into the remeasurements of defined benefit plans included in the accumulated other comprehensive income in the financial statements.

As a result of the above, the net defined benefit asset in the amount of 127 million yen is recorded, and the net defined benefit liability in the amount of 197 million yen is recorded. In addition, accumulated other comprehensive income has decreased by 27 million yen.

(6) Changes in presentation method

The items listed below were stated separately in the Consolidated Balance Sheet until the previous consolidated fiscal year: “Accounts receivable-other” (6,614 million yen); “Leasehold right” (542 million yen); “Software” (1,818 million yen); “Telephone subscription right” (8 million yen); “Investments in capital” (219 million yen) Note: The figures in parenthesis represents a value at the end of the consolidated fiscal year under review.

However, since they have become no longer significant, they are included in the following items during the consolidated fiscal year under review: “Other” in Current assets (“Accounts receivable-other”); Other” in Intangible assets (“Leasehold right,” “Software” and “Telephone subscription right”); and “Other” in Investments and other assets (“Investments in capital”).

(7) Matters regarding change in accounting estimates

The consolidated subsidiary which operates the banking business in South Korea has recorded the projected irrecoverable loans in accordance with the standard stipulated by Mutual Savings Bank Law due to insufficiency of historical data of receivables of the aforementioned bank to calculate the projected irrecoverable loans. However, the bank has accumulated enough data which allows the examination of the possibility to calculate the projected irrecoverable loans. After careful considerations, as more elaborate estimates can be made using the loan loss ratio of the receivables of the bank, the new method to calculate the estimates has been adopted since the fiscal year under review.

For this reason, operating income, ordinary income and income before income taxes and minority interests increased by 6,904 million yen.

2. Notes to Consolidated Balance Sheet

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

(2) Pledged assets

Assets pledged as collateral

(Unit: Millions of yen)

Deposits	1,886
Commercial notes	54
Accounts receivable-operating loans	29,516
Advances paid - installment	609
Purchased receivables	73
Merchandise and finished goods	1,776
Work in process	174
Buildings and structures	2,394
Land	3,833
Other (Investments and other assets)	1,811
Total	42,131

Debt corresponding to the above-mentioned

Corporate bonds redeemable within one year	1,643
Short-term loans payable	3,466
Current portion of long-term loans payable	15,484
Corporate bonds	1,305
Long-term loans payable	8,345
Total	30,245

Assets pledged as collateral also include collateral for debt guarantee in relation to credit guarantee services.

In addition to the above, overseas consolidated subsidiaries provided deposits of 8,575 million yen as reserve requirement assets, etc. based on the legal requirements on mutual savings banks.

(3) Accumulated depreciation on property, plant and equipment 28,195 million yen

(4) Guarantee obligations

Guaranteed Person	Guaranteed amount	Conditions of guarantee
55,106 cases (business entities and consumers)	40,397 million yen	Borrowings from financial institutions and others

Note: The Company has made provision for loss on guarantees in amount of 441 million yen for the total guarantee obligations of 40,839 million yen.

3. Notes to Consolidated Statement of Income

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

(2) Impairment loss

For the consolidated fiscal year under review, impairment loss was recorded for the following asset groups in the Group.

Location	Use	Types of Assets
Ota-ku, Tokyo and others	Business assets	Building
Ota-ku, Tokyo and others	Business assets	Amusement machine
Machida City, Tokyo and others	Business assets	Building, etc.
Ota-ku, Tokyo and others	Idle assets	Amusement machine

The Group classifies its assets as business assets, assets for lease, and idle assets.

With regard to business assets with decreased utility value, the book value was reduced to the expected sale value. For other assets, the carrying amount was reduced to recoverable value (actual salable value), and the reduction of 145 million yen has been recorded as an extraordinary loss. The breakdown comprises 36 million yen for buildings and structures, 93 million yen for amusement machine, 6 million yen for equipment and fixtures and 9 million yen for software.

For amusement facilities in business assets, recoverable values were calculated by their utility values, based on the future cash flow model. For other assets, recoverable values were calculated by the net possible sale price, based on real estate valuation standards, roadside value, posted price, and fixed asset tax valuation.

In addition, as the recoverable values in goodwill fell below the carrying value, their carrying amount was reduced to a recoverable value, and the reduction of 284 million yen has been recorded as an extraordinary loss.

4. Notes to Consolidated Statement of Changes in Net Assets

(1) Type and number of issued shares as at the end of the consolidated fiscal year under review

Common stock: 118,385,834 shares

(2) Matters pertaining to dividends

(i) Dividend payments

Resolution	Stock type	Total dividend (Million yen)	Dividend per share (yen)	Reference date	Effective date
The Board of Directors' meeting (May 14, 2013)	Common stock	251	4	March 31, 2013	June 28, 2013
The Board of Directors' meeting (November 13, 2013)	Common stock	588	5	September 30, 2013	December 5, 2013

(ii) Of dividends for which the reference date belongs under the fiscal year under review, the effective date of the dividend will be the following fiscal year.

Resolution	Stock type	Total dividend (Million yen)	Financial funds of the dividend	Dividend per share (yen)	Reference date	Effective date
The Board of Directors' meeting (May 14, 2014)	Common stock	589	Retained earnings	5	March 31, 2014	June 27, 2014

(3) Type and number of stock as objects of subscription rights to shares at the end of the consolidated fiscal year under review (excluding stock acquisition rights of which the commencement date of exercise period has not yet arrived):
Common stock: 573,160 shares

5. Note to Financial Instruments

(1) Matters regarding financial instruments

The Group is engaged in Financial Business, including business loan, credit business, banking, purchase of accounts receivable and credit guarantee services, as well as Real Estate Business and Amusement Business. In order to perform these services, the Group raises funds not only through taking borrowings from banks, etc. but also providing ordinary and time deposits by banking subsidiaries to individual and corporate customers in South Korea, taking into consideration money markets and balance in short- and long-term.

Financial assets held by the Group are commercial notes, accounts receivable-operating loans and advances paid-installment, especially for small-and-medium-sized enterprises, sole proprietors and individuals, and those held by banking subsidiaries are mostly loans to small-and-medium-sized enterprises, sole proprietors and individuals in South Korea. Accordingly, the Group aims to reduce risk in accordance with several regulations related to credit risks. In purchase of accounts receivable service, the Group handles purchased receivables, the amounts of which are factored by the Group against a discount value mainly from Japanese business entities and financial institutions. For the purpose of assessing appropriate purchase prices and reducing the risks, the Group makes it a rule to obtain market value calculation data from a third-party evaluation agency for each purchase price as reference for determination of purchase prices. In credit guarantee service, the Group handles guarantee obligations mainly against loan claims from Japanese financial institutions as well as subrogation receivable arising from guarantee performance. The Group aims to reduce risk when accepting a guarantee assignment on each application in accordance with several regulations related to credit risks. Securities are mostly certificates of deposit and government bonds, and the Group holds certificates of deposit for fund operation purposes in Japan and government bonds for fund operations in banking business. Investment securities are stock certificates and the Group holds them for business promotion purpose. The Group makes a market valuation of government bonds and listed stock securities on a quarterly basis.

Financial liabilities are used for operational purposes, and they are funded mostly borrowings from financial institutions, whereas banking business receives deposits from individual and corporate customers in South Korea.

The Group has the policy to deal with derivative transactions in a cautious attitude and avoid speculative transactions.

(2) Matters regarding fair value of financial instruments and others

The following are the consolidated balance sheet amounts, fair values and differences between them as of March 31, 2014. Unlisted stocks and others, the fair values of which are extremely difficult to determine, are excluded from the table below. In addition, accounts with little significance for the consolidated balance sheet amount are omitted.

(Unit: Millions of yen)

	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and deposits	132,235	132,235	-
(2) Commercial notes	2,369		
Allowance for doubtful accounts (*)	(19)		
	2,350	2,350	-
(3) Accounts receivable-operating loans	49,242		
Allowance for doubtful accounts (*)	(5,226)		
	44,015	44,015	-
(4) Loans by banking business	46,701		
Allowance for doubtful accounts (*)	(3,955)		
	42,745	42,745	-
(5) Advances paid - installment	39,776		
Allowance for doubtful accounts (*)	(2,021)		
	37,755	37,755	-
(6) Purchased receivables	2,527		
Allowance for doubtful accounts (*)	(29)		
	2,498	2,498	-
(7) Subrogation receivable	798		
Allowance for doubtful accounts (*)	(295)		
	503	503	-
(8) Securities	10,787	10,799	12
(9) Investment securities	8,939	8,939	-
(10) Long-term operating loans receivable	3,951		
Allowance for doubtful accounts (*)	(3,432)		
	519	519	-
Total assets	282,349	282,362	12

(Unit: Millions of yen)

	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Notes discounted	2,173	2,173	-
(2) Corporate bonds redeemable within one year	2,610	2,610	-
(3) Short-term loans payable	6,225	6,225	-
(4) Current portion of long-term loans payable	16,423	16,423	-
(5) Deposits for banking business	77,142	76,596	(546)
(6) Corporate bonds	1,875	1,751	(124)
(7) Long-term loans payable	14,454	14,178	(276)
Total liabilities	120,907	119,960	(947)

(Unit: Millions of yen)

	Guarantee Amount	Fair Value	Difference
Guarantee obligations			
(1) Guarantee for debts	40,839		
Provision for loss on guarantees (*)	(441)		
	40,397	40,397	-
Total guarantee obligations	40,397	40,397	-

(*) Amount is after deduction of 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 and long-term operating loans receivable.
Amount is also after deduction of provision for loss on guarantees corresponding to guarantee obligations.

Note: Matters relating to the calculation of fair value of financial instruments and guarantee obligations

Assets

(1) Cash and deposits:
Since these are settled within one (1) year, their fair values are almost equivalent to book values. Therefore their book values are used.

(2) Commercial notes:
Since these are mainly settled within one (1) year, the Company uses the fair values computed as book values as of the consolidated fiscal year minus the current estimated bad debts.

(3) Accounts receivable-operating loans; (4) Loans by banking business; and (5) Advances paid - installment
Since their estimated bad debts are based on the present value of the estimated future cash flows or the amount expected to be recovered, etc., from the security and guarantee, the Company uses the fair values computed as book values as of the consolidated fiscal year minus the current estimated bad debts.

(6) Purchased receivables:
They were purchased within one (1) year from the closing of the consolidated financial statements, and purchased at proper values with reference to the market value calculation data on each of them obtained from a third-party evaluation agency. Therefore, their book values are used. However, with regard to some of purchased receivables, since their estimated bad debts are based on the present value of the estimated future cash flows or the amount expected to be

recovered, etc., from the security and guarantee, the Company uses the fair values computed as book values as of the consolidated fiscal year minus the current estimated bad debts.

(7) Subrogation receivable:

Since their estimated bad debts are based on the present value of the estimated future cash flows or the amount expected to be recovered, etc., from the security and guarantee, the Company uses the fair values computed as book values as of the consolidated fiscal year minus the current estimated bad debts.

(8) Securities; and (9) Investment securities:

Market prices at stock exchanges are used for stocks and prices provided by stock exchanges or banks are used for bonds.

(10) Long-term operating loans receivable:

Since their estimated bad debts are based on the present value of the estimated future cash flows or the amount expected to be recovered, etc., from the security and guarantee, the Company uses the fair values computed as book values as of the consolidated fiscal year minus the current estimated bad debts.

<u>Liabilities</u>

(1) Notes discounted:

Since these are settled within one (1) year, their fair values are almost equivalent to book values. Therefore their book values are used.

(2) Corporate bonds redeemable within one year; (3) Short-term loans payable; and (4) Current portion of long-term loans payable:

Since these are settled within one (1) year, their fair values are almost equivalent to book values. Therefore their book values are used.

(5) Deposits for banking business:

Of deposits for banking business, the amount of demand deposits refundable as of the consolidated account settlement date (book value). In addition, the fair values of time deposits are calculated as present value of future cash flows discounted by dividing the certain period of time. The discount rate applicable is an interest when accepting new deposits. However, with regard to the deposits with maturities of up to one (1) year, their book values are used because they are almost equivalent to book values.

(6) Corporate bonds:

The fair values of corporate bonds are measured by the present value of the sums of principal and interest discounted by rates which incorporate terms to repayment dates and credit risk.

(7) Long-term loans payable

The fair values of loans with floating rates are based on book value because they reflect market interest rate within a short period and market values and the credit conditions of the Company and its consolidated subsidiaries are not significantly different from those at the time of borrowing. The fair values of loans with fixed interest rates are calculated by discounting the future cash flows at an interest rate equal to an appropriate index such as the yield of government bonds.

<u>Guarantee obligations</u>

(1) Guarantee obligations

Since their estimated bad debts are computed based on type of guarantee obligation, internal ratings, maturity and other criteria, the Company uses the fair values computed as the amount of guarantee obligation as of the consolidated fiscal year minus the current estimated bad debts.

6. Notes to Per Share Information

(1) Net assets per share	1,502.54 yen
(2) Net income per share	109.66 yen

7. Notes to Business Combination

(1) At the Board of Director's meeting held on February 13, 2014, the Company resolved to acquire the whole shares of KJI Consumer Finance LLC, and made it a consolidated subsidiary of the Company, effective March 14, 2014.

(i) Name of acquired company and description of its business, legal form of the business combination, name of company after the combination and overview of business combination including objective of the transaction

1. Name of acquired company and description of its business

Name of acquired company	KJI Consumer Finance LLC
Description of its business	Money-lending business

2. Legal form of the business combination

Investment in capital

3. Name of company after the combination

KJI Consumer Finance LLC

4. Overview of business combination including objective of the transaction

By benefiting from know-how of consumer finance business accumulated in Japanese operations, the Group aims to strengthen business and improve profitability in South Korea through accumulation of quality loans receivable in the country.

(ii) Acquisition cost of the acquired company	11,292 million yen
(iii) Amount of goodwill arising from the acquisition	1,008 million yen
(iv) Method and period of amortization	Amortization is provided on a straight line basis over five (5) years

(2) At the Board of Director's meeting held on February 12, 2014, the Company resolved to acquire the whole shares of Hicapital Co., Ltd., made it a consolidated subsidiary of the Company, effective March 19, 2014.

(i) Name of acquired company and description of its business, legal form of the business combination, name of company after the combination and overview of business combination including objective of the transaction

1. Name of acquired company and description of its business

Name of acquired company	Hicapital Co., Ltd.
Description of its business	Money-lending business

2. Legal form of the business combination

Stock acquisition

3. Name of company after the combination

Hicapital Co., Ltd.

4. Overview of business combination including objective of the transaction

By benefiting from know-how of consumer finance business accumulated in Japanese operations, the Group aims to strengthen business and improve profitability in South Korea through accumulation of quality loans receivable in the country.

(ii) Acquisition cost of the acquired company	4,397 million yen
(iii) Gain on negative goodwill	275 million yen

Notes to Non-Consolidated Financial Statements

1. Matters regarding significant accounting policies

(1) Valuation standards and methods for assets

Securities

- Stocks of subsidiaries and affiliates — Cost method by moving average method
- Other securities
  - Securities without fair value — Cost method by moving average method

(2) Depreciation method of noncurrent assets

(i) Property, plant and equipment — Declining balance method

(ii) Intangible assets — Straight-line method.
With regard to Software for internal use, it is depreciated based on its lifespan determined by the Company (5 years).

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

(3) Accounting standards for allowances

Allowance for doubtful accounts: — To provide allowance for loss on doubtful accounts, general receivables are examined with loan loss ratio from the past, and specific receivables potentially falling into doubtful accounts, are examined by taking into account collectability of each receivable.

(4) Accounting standards for income and expenses

Accounting standards for income and costs related to purchased receivables

The difference between the value of the receivable and the acquisition cost is recorded as operating revenue (other financial revenue).

Depreciation cost method is adopted to receivables for which it is possible to project future cash flows, while receivables for which it is difficult to project future cash flows are recorded as operating revenue based on the amount recovered.

(5) Other significant matters which constitute the basis for preparation of the non-consolidated financial statements

(i) Processing of significant deferred assets

Stock issuance cost — Total amount is processed as expense when it is generated

(ii) Depreciation method and period for goodwill

Depreciation of goodwill is carried out over the period during which investment is effective, using the Straight-Line Depreciation Method. The number of years spent on depreciation is 5 years

(iii) Accounting for consumption taxes

Consumption taxes are accounted for using the tax exclusion method. However, non-deductible consumption taxes related to noncurrent assets are recorded as “Long-term prepaid expenses” and amortized using the straight-line method over 5 years.

(6) Changes in presentation method

The items listed below were stated separately in the Non-Consolidated Balance Sheet until the previous fiscal year: “Prepaid expenses” (46 million yen); “Accrued income” (70 million yen); “Accounts receivable-other” (859 million yen); “Vehicles” (1 million yen); “Tools, furniture and fixtures” (4 million yen); “Software” (11 million yen); “Telephone subscription right” (4 million yen); “Investments in capital” (117 million yen); “Long-term prepaid expenses” (1 million yen); “Guarantee deposits” (232 million yen); “Accrued expenses” (5 million yen); “Deposits received” (6 million yen); “Unearned revenue” (2 million yen) Note: The figures in parenthesis represents a value at the end of the fiscal year under review.

However, since they have become no longer significant, they are included in the following items during the fiscal year under review: “Other” in Current assets (“Prepaid expenses,” “Accrued income” and “Accounts receivable-other”); “Other” in Property, plant and equipment (“Vehicles” and “Tools, furniture and fixtures”); “Other” in Intangible assets (“Software” and “Telephone subscription right”); “Other” in Investments and other assets (“Investments in capital,” “Long-term prepaid expenses” and “Guarantee deposits”); and “Other” in Current liabilities (“Accrued expenses,” “Deposits received” and “Unearned revenue.”).

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	640 million yen
Stocks of subsidiaries and affiliates	1,035 million yen
Total	1,675 million yen

Debt corresponding to the above-mentioned

Short-term loans payable	10 million yen
Current portion of long-term loans payable	1,170 million yen
Long-term loans payable	2,840 million yen
Total	4,020 million yen

Assets pledged as collateral also include collateral for debt guarantee and borrowings of subsidiaries.

(3) Accumulated depreciation on property, plant and equipment 108 million yen

(4) Guarantee obligations

(i) Guarantees related to operating activities

Guaranteed Person	Guaranteed amount	Conditions of guarantee
49,914 cases (business entities and consumers)	38,423 million yen	Borrowings from financial institutions

Notes: The Company jointly and severally guarantees to the guarantee liabilities of subsidiaries.

(ii) Guarantees related to subsidiaries and affiliates

Guaranteed Persons	Guaranteed amount	Conditions of guarantee
Nihon Hoshou Co., Ltd.	4,369 million yen	Borrowings from financial institutions and others
KC Card Co., Ltd.	1,987 million yen	Borrowings and others from financial institutions and others
Break Co., Ltd.	68 million yen	Borrowings and others from financial institutions

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

Short-term monetary claims receivable from subsidiaries and affiliates	167 million yen
Long-term monetary claims receivable from subsidiaries and affiliates	87 million yen
Short-term monetary claims payable to subsidiaries and affiliates	21 million yen
Long-term monetary claims payable to subsidiaries and affiliates	2,065 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 affiliates

Volume of operating transactions	
Operating revenue from subsidiaries and affiliates	4,140 million yen
Operating expenses for subsidiaries and affiliates	359 million yen
Volume of non-operating transactions	4 million yen

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

Type and number of treasury stock as at the end of fiscal year

Common stock: 409 thousand shares

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

Breakdown of major factors that caused deferred tax assets and liabilities

Deferred tax assets	
Loss on valuation of investment securities	8
Stocks of subsidiaries and affiliates	2,413
Losses carried forward	2,158
Other	198
Subtotal deferred tax assets	4,779
Valuation allowance	(4,779)
Total deferred tax assets	-
Deferred tax liabilities	
Valuation difference on assets acquired by merger	(42)
Total deferred tax liabilities	(42)
Net deferred tax liabilities	(42)

6. Notes to Noncurrent Assets Used under Lease Contracts

(Unit: Millions of yen)

Finance lease transactions for which ownership is not transferred to the lessee, and for which the lease period began on or before March 31, 2008

(1) Amounts corresponding to the acquisition cost, accumulated depreciation, and balance of leased assets at the end of period

	Acquisition cost	Accumulated depreciation	Balance at the end of period
Tools, furniture and fixtures	14	11	3

(2) Amount corresponding to the future lease payments outstanding at the end of the fiscal year

Due within one year	2
Due over one year	0
Total	3

(3) Lease expense, amount equivalent to depreciation and amount equivalent to interest expenses

Lease expense	2
Depreciation expense	2
Interest expense	0

(4) Calculation method for amount equivalent to depreciation

Straight-line method with lease term as service life and residual value as zero is used.

(5) Calculation methods for amount equivalent to interest expenses

The difference between the total lease payment and the amount equivalent to the acquisition value of the leased asset is assumed as the amount equivalent to interest payment, and the interest method is used for allocation to each fiscal year.

7. Notes to Transaction with Related Parties, Subsidiaries, affiliates and others
Subsidiaries, affiliates and others

Attribute	Company name Location	Capital stock or Investments in capital (million yen)	Business	Ratio of share-holding (Owned) (%)	Relationship with the related party	Transaction details	Transaction amount (million yen)	Item	Balance at the end of period (million yen)
Subsidiary	Nihon Hoshou Co., Ltd. Miyakojima-ku, Osaka City	95	Finance	Direct 100	Concurrent holding of positions by Directors of the Company; Lending of funds; Debt guarantee	Lending of funds (Note 1)	2,500	Short-term loans receivable from subsidiaries and affiliates	2,500
						Receipt of interest	29	Accrued income	-
						Interest income	29		
						Debt guarantee for bank borrowings of the subsidiary (Note 2)	35,553	-	-
Subsidiary	KC Card Co., Ltd. Hakata-ku, Fukuoka City	3,055	Finance	Direct 98.5	Concurrent holding of positions by Directors of the Company; Lending of funds; Debt guarantee; Receipt of collateral	Lending of funds (Note 1)	-	Long-term loans receivable from subsidiaries and affiliates	5,400
						Receipt of interest	83	Accrued income	0
						Interest income	82		
						Debt guarantee for bank borrowings of the subsidiary (Note 2)	9,227	-	-
						Receipt of collateral for bank borrowings of the Company (Note 3)	4,010	-	-

Conditions of transactions and policy regarding determination of conditions of transaction, etc.

Notes: 1. With regard to lending of funds, the lending interests are determined in a rational manner based on the prevailing market interest rates.

2. The Company provides guarantee to the borrowings from lenders and guarantee obligations related to credit guarantee services.
Guarantee commission rate is determined rationally in consideration of the conditions of subrogation receivable.

3. The subsidiary provides guarantee to the bank borrowings of the Company.
The Company does not pay guarantee commission.

8. Notes to Per Share Information

(1) Net assets per share 949.55 yen

(2) Net income per share 12.48 yen

9. Notes to Business Combination

(1) At the Board of Director's meeting held on February 13, 2014, the Company resolved to acquire the whole shares of KJI Consumer Finance LLC, and made it a consolidated subsidiary of the Company, effective March 14, 2014.

Name of acquired company and description of its business, legal form of the business combination, name of company after the combination and overview of business combination including objective of the transaction

1. Name of acquired company and description of its business
   Name of acquired company: KJI Consumer Finance LLC
   Description of its business: Money-lending business
2. Legal form of the business combination
   Investment in capital
3. Name of company after the combination
   KJI Consumer Finance LLC
4. Overview of business combination including objective of the transaction
   By benefiting from know-how of consumer finance business accumulated in Japanese

operations, the Group aims to strengthen business and improve profitability in South Korea through accumulation of quality loans receivable in the country.

(2) At the Board of Director's meeting held on February 12, 2014, the Company resolved to acquire the whole shares of Hicapital Co., Ltd., made it a consolidated subsidiary of the Company, effective March 19, 2014.

Name of acquired company and description of its business, legal form of the business combination, name of company after the combination and overview of business combination including objective of the transaction

1. Name of acquired company and description of its business
   Name of acquired company: Hicapital Co., Ltd.
   Description of its business: Money-lending business
2. Legal form of the business combination
   Stock acquisition
3. Name of company after the combination
   Hicapital Co., Ltd.
4. Overview of business combination including objective of the transaction
   By benefiting from know-how of consumer finance business accumulated in Japanese operations, the Group aims to strengthen business and improve profitability in South Korea through accumulation of quality loans receivable in the country.