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Brief Statement of Financial Results for the Fiscal Year Ended March 2017 [Japanese GAAP (Consolidated)]

May 10, 2017

Forward-looking Statement

The statements and figures contained in this Brief Statement of Financial Results for the fiscal year ended March 2017 (the "Brief Statement") with respect to ACOM CO., LTD. ("ACOM")'s plans and strategies and other statements that are not historical facts are forward-looking statements about the future performance of ACOM which are based on management's assumptions and beliefs in light of the information currently available to it and involve risks and uncertainties. Actual results may differ from those in the forward-looking statements as a result of various factors. Potential risks and uncertainties include, without limitation, general economic conditions in ACOM's market and changes in the size of the overall market for consumer loans, the rate of default by customers, the fluctuations in number of cases of claims from and the amount paid to customers who claim us to reimburse the portion of interest in excess of the interest ceiling as specified in the Interest Rate Restriction Act, the level of interest rates paid on ACOM's debt, and legal limits on interest rates charged by ACOM.

Name of the company:	ACOM CO., LTD. ("ACOM" or "the Company")
Stock market:	First Section of Tokyo Stock Exchange
Code Number:	8572
Location of the head office:	Tokyo
URL:	https://www.acom.co.jp/corp/english/ir/
Position of the representative:	Chairman, President & Chief Executive Officer
Name:	Shigeyoshi Kinoshita
Position of the person in charge:	Executive Officer, Chief General Manager of Treasury Department
Name:	Takashi Kiribuchi
Telephone Number:	(03) 5533-0861
Date of the shareholders' meeting:	June 22, 2017
Registration date of annual securities report:	June 22, 2017
Commencement date of dividend payment:	–
Material to supplement the financial results:	Applicable
Financial results conference:	Applicable (For domestic and foreign institutional investors and financial analysts)

Note: 1. All amounts under minimum units appearing in each of the tables have been disregarded throughout this brief statement and the annexed materials.
Note: 2. The figures in percentages show the year-on-year change from prior fiscal year.

1. Consolidated Business Results for the Fiscal Year Ended March 2017 (from April 1, 2016, to March 31, 2017)

(1) Consolidated Operating Results

(Millions of yen)

	Operating Revenue		Operating Profit (Loss)		Ordinary Profit (Loss)		Profit (Loss) Attributable to Owners of Parent	
3/2017	245,148	3.1%	(70,166)	–	(69,543)	–	(72,187)	–
3/2016	237,683	8.4%	15,516	10.3%	16,200	9.9%	14,598	13.5%

[Note] Comprehensive income (loss) 3/2017: (70,550) million yen [–%] 3/2016: 12,888 million yen [(43.6%)]

	Basic Earnings per Share (Yen)	Net Income per Share Diluted (Yen)	Return on Equity (ROE)	Ordinary Profit to Total Assets	Operating Margin
3/2017	(46.08)	–	(25.2%)	(5.8%)	(28.6%)
3/2016	9.32	–	4.6%	1.4%	6.5%

<Reference> Equity in income of affiliates 3/2017: 19 million yen 3/2016: 8 million yen

(2) Consolidated Financial Status

(Millions of yen)

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share (Yen)
3/2017	1,228,930	267,226	20.3%	159.58
3/2016	1,175,063	338,132	27.5%	206.42

<Reference> Shareholders' Equity 3/2017: 250,006 million yen 3/2016: 323,377 million yen

(3) Consolidated Cash Flow Status

(Millions of yen)

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Cash Equivalents at the End of Year
3/2017	(37,451)	(2,858)	58,863	101,719
3/2016	(43,045)	(2,368)	6,589	83,275

2. Dividend Status

	Dividend per Share					Total Amount of Dividend (Year) (Millions of Yen)	Payout Ratio (Consolidated) (%)	Ratio of Payout to Net Assets (Consolidated) (%)
	1Q (Yen)	2Q (Yen)	3Q (Yen)	4Q (Yen)	Annual (Yen)			
3/2016	–	0.00	–	0.00	0.00	–	–	–
3/2017	–	0.00	–	0.00	0.00	–	–	–
3/2018 (Forecast)	–	0.00	–	–	–		–	

(Note) The dividend for 4Q of FY March 2018 is undecided at this point.

3. Forecasts for the Fiscal Year Ending March 31, 2018 (from April 1, 2017, to March 31, 2018)

(Millions of yen)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of the Parent		Basic Earnings per Share (Yen)
First Half	127,100	5.0%	35,400	(7.5%)	35,700	(7.2%)	31,800	(11.5%)	20.30
Annual	257,000	4.8%	71,300	–	71,800	–	64,200	–	40.98

(Note)

(1) Change in Important Subsidiaries for the Year ended March 2017 (Change in scope of consolidation): None

(2) Changes in Accounting Policy, Accounting Estimates and Restatement

A) Change in accounting policy due to revision of accounting standards, etc.: None

B) Changes other than A): None

C) Change in accounting estimates: Applicable

D) Restatement: None

(Note) Please refer to "(Changes in accounting estimates) of (5) Notes on Consolidated Financial Statements of 3. Consolidated Financial Statements and Major Notes" on page 15 for the details.

(3) Outstanding shares (common stock)

A) Number of shares outstanding (including treasury stock)

FY March 31, 2017: 1,596,282,800 shares FY March 31, 2016: 1,596,282,800 shares

B) Number of treasury stock at the end of period

FY March 31, 2017: 29,668,592 shares FY March 31, 2016: 29,668,592 shares

C) Number of average shares outstanding

FY March 31, 2017: 1,566,614,208 shares FY March 31, 2016: 1,566,614,236 shares

(Reference) Outline of non-consolidated business results

1. Non-consolidated Business Results for the Fiscal Year Ended March 2017 (from April 1, 2016, to March 31, 2017)

(1) Non-consolidated Operating Results (Millions of yen)

	Operating Revenue		Operating Profit (Loss)		Ordinary Profit (Loss)		Profit (Loss)	
3/2017	183,997	4.9%	(85,390)	–	(84,054)	–	(79,289)	–
3/2016	175,380	7.2%	1,028	(9.1%)	5,171	24.3%	9,857	5.8%

	Basic Earnings per Share (Yen)	Net Income per Share Diluted (Yen)
3/2017	(50.61)	–
3/2016	6.29	–

(2) Non-consolidated Financial Status (Millions of yen)

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share (Yen)
3/2017	1,021,927	220,816	21.6%	140.95
3/2016	970,803	300,109	30.9%	191.57

<Reference> Shareholders' Equity 3/2017: 220,816 million yen 3/2016: 300,109 million yen

2. Forecasts for the Fiscal Year Ending March 31, 2018 (from April 1, 2017, to March 31, 2018) (Millions of yen)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit		Basic earnings per Share (Yen)
First Half	95,000	4.5%	27,600	(8.7%)	30,900	(1.1%)	30,700	(4.4%)	19.60
Annual	191,600	4.1%	54,200	–	57,600	–	58,100	–	37.09

(Note) Information regarding the implementation of review procedures

Brief Statement of financial results is not subject to review procedures.

(Note) Explanation regarding proper use of the business forecast and other notes

(Notes to Forward-looking Statement)

The statements about the future performance of ACOM are based on management's assumptions and beliefs in light of the information currently available to it. These statements do not guarantee our future performance: actual results may differ from those in the forward-looking statements as a result of various factors. Please refer to "(4) Outlook for the Next Fiscal Year" of "1. Analyses of Business Results and Financial Position" on page 4 for conditions which are basis of forecasts and notes for using the forecast.

(Accessing financial results materials and archive of financial results conference)

ACOM plans to hold the financial results conference for the year ended March 2017 for domestic institutional investors and financial analysts, and a conference call for foreign institutional investors and analysts on May 11, 2017. The materials used at the conference will be available on ACOM's website after disclosure of financial results. The archive of the conference will be also available on the website after the conference is held.

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1. Analyses of Business Results and Financial Position

(1) Analysis of Business Results

During the fiscal year ended March 31, 2017, the Japanese economy showed signs of gradual improvement in corporate earnings and the employment and income environment, as well as hints of ongoing recovery in consumer spending, due to the effects of various economic policies implemented by the government. However, the possibility of an economic downturn remained due to uncertainty in overseas economies and the impact of fluctuations in the financial and capital markets, though economic recovery is expected to continue in the future.

In the consumer finance industry, business conditions continued to be severe due to factors such as persistent requests for interest repayment with no foreseeable prospect of ending, although there are some signs that the market is in a gradual increasing trend.

In such an environment, under its management vision of “strive to become the leading company in personal loan market which provides prime satisfaction to the utmost number of customers and win their trust in return,” the Company Group has positioned its loan and credit card business, guarantee business and overseas financial business as the three core business categories and has strived to increase market shares in the consumer loan market, while making efforts to contribute to sound growth of the market.

Consolidated operating revenue for the fiscal year ended March 31, 2017, increased to 245,148 million yen (up 3.1% year-on-year) primarily due to increases in interest on operating loans and revenue from credit guarantee. Operating expenses increased to 315,315 million yen (up 41.9% year-on-year) primarily due to increases in provision for loss on interest repayment and provision of allowance for doubtful accounts. Operating loss was 70,166 million yen (operating profit of 15,516 million yen for the prior fiscal year), ordinary loss was 69,543 million yen (ordinary profit of 16,200 million yen for the prior fiscal year), and loss attributable to owners of parent was 72,187 million yen (profit attributable to owners of parent of 14,598 million yen for the prior fiscal year).

Business results by segment are as follows.

(Loan and Credit Card Business)

In the domestic loan and credit card business, we made efforts to improve product/service functions, gather and acquire new customers, promote sales of credit cards (AC MasterCard) and maintain the soundness of loan portfolios.

As for the improvement of product/service functions and gathering and acquiring of new customers, we have revised the lowest interest rate from 4.7% to 3.0% in July 2016 in order to strengthen operating competitiveness and respond to customer needs. Recognizing the recent increases in the use of the internet, we completed the full renewal of our website in March 2017 to realize improved online content that will allow us to meet customer expectations more than ever.

At the same time, we continued airing commercials featuring the actress “Hiromi Nagasaku” and the sound logo of “Hajimete-no (First time at) ACOM,” as both have earned positive public reception and contributed to increasing the number of new customers.

As for the sales promotion of credit cards, the total number of card members increased to 314 thousand (up 23.5% year-on-year) and the annual transaction volume increased to 31,644 million yen (up 35.3% year-on-year), as we promoted the installation of instant issue credit card machines.

In addition to the abovementioned marketing activities, we have endeavored to maintain the soundness of our loan portfolio and improve the customer-reception quality of our employees by reinforcing the development of human resources through training for credit control, and customer reception including the improvement of the accuracy of credit screenings. As a result, accounts receivable - operating loans at the end of the current fiscal year increased to 784,806 million yen (up 2.3% year-on-year) and accounts receivable - installment increased to 38,109 million yen (up 36.8% year-on-year).

As a result, the business segment’s operating revenue was 135,971 million yen (up 2.1% year-on-year) mainly due to increases in interest on operating loans and revenue from credit card business in accordance with our business expansion. However, the business segment posted an operating loss of 93,373 million yen mainly due to an increase in provision for loss on interest repayment under operating expenses (operating loss of 11,841 million yen for the prior fiscal year).

(Guarantee Business)

In the guarantee business, the Company and MU Credit Guarantee Co., LTD. worked on the promotion of new guarantee tie-ups and measures to enhance partnerships with existing partners amid the growth of the bank card loan market.

The Company formed a new guarantee alliance with Bank of The Ryukyus, Limited. MU Credit Guarantee Co., LTD. formed new guarantee allinances with Momiji Bank, Ltd. and CHIKUHO BANK Ltd. As a result, the combined number of business partners of the Company and MU Credit Guarantee Co., LTD. increased to 50 banks at the end of the current fiscal year.

To enhance partnerships with existing partners, the Company continued appropriate screening, provided various support for existing partners with a view to enhancing their business results, and shared positive examples.

As a result, the total balance of guaranteed receivables in the guarantee operation of the Company and MU Credit Guarantee Co., LTD. was 1,129,773 million yen (up 14.4% year-on-year). The business segment's operating revenue was 56,411 million yen (up 15.4% year-on-year) mainly due to an increase in revenue from credit guarantee, while operating profit was 9,614 million yen (down 33.5% year-on-year) due primarily to an increase in provision of allowance for doubtful accounts.

(Overseas Financial Business)

In the overseas financial business, business operations were carried out in the pursuit of expanding the relevant businesses in parallel with efforts to improve the companies' loan portfolios.

The loan business of EASY BUY Public Company Limited in the Kingdom of Thailand actively conducted marketing activities of the Umay+ brand with the aim of enhancing the brand image and gathering and acquiring new customers, in spite of the current political instabilities in that country. As a result, the number of new contracts and accounts receivable - operating loans have increased steadily, thereby building the top-brand position in Thailand.

The banking business of PT. Bank Nusantara Parahyangan Tbk. in the Republic of Indonesia worked to strengthen its internal control structure and improve its loan portfolio amid lingering future uncertainty about the domestic economy.

In the Socialist Republic of Vietnam, where the Company has established a representative office, the Company applied for a license to operate as a finance company in May 2014. The Company has continued surveys on various local laws/regulations and risks, and market analysis for future business development, while awaiting the results of the licensing examination. The Company also continues with necessary surveys in other Asian countries to explore the feasibility of business development.

As a result, the business segment's operating revenue amounted to 45,618 million yen (down 5.5% year-on-year), while operating profit was 12,640 million yen (up 13.5% year-on-year), mainly due to decreases in both operating revenue and operating expenses affected by foreign exchange rate fluctuations attributable to the stronger yen.

(Loan Servicing Business)

In the loan servicing business, IR Loan Servicing, Inc. has endeavored to acquire new business partners and increase profitability amid intensified competition in the purchased receivables market.

As a result, the business segment's operating revenue was 7,159 million yen (up 8.8% year-on-year), mainly due to an increase in the amount of collection from purchased receivables. However, operating profit was 544 million yen (down 49.2% year-on-year) due primarily to an increase in provision of allowance for doubtful accounts under operating expenses.

(2) Analysis of Financial Position

Compared with the end of the prior fiscal year, total assets increased by 53,867 million yen and total liabilities increased by 124,773 million yen, whereas net assets decreased by 70,906 million yen as of March 31, 2017. Details of changes in assets, liabilities and net assets are as follows:

(Assets)

Current assets increased by 56,185 million yen while noncurrent assets decreased by 2,318 million yen, and total assets increased by 53,867 million yen. The breakdown of major increases and decreases in current assets is as follows: accounts receivable - operating loans (up 28,142 million yen), cash and deposits (up 17,432 million yen), accounts receivable - installment (up 10,254 million yen), deferred tax assets (up 5,927 million yen), and loans receivable of banking business (down 10,702 million yen). The breakdown of major decreases in noncurrent assets is as follows: goodwill (down 984 million yen), software (down 890 million yen), and buildings and structures (down 536 million yen).

(Liabilities)

With regard to the liabilities account, changes in current and noncurrent liabilities were an increase of 29,604 million yen and an increase of 95,168 million yen, respectively, resulting in an increase of 124,773 million yen in total liabilities. The breakdown of major increases and decreases in liabilities include: provision for loss on interest repayment (up 74,900 million yen), loans and bonds payable (up 57,305 million yen), provision for loss on guarantees (up 628 million yen), and deposits of banking business (down 8,447 million yen).

(Net assets)

In terms of net assets, shareholders' equity decreased by 72,187 million yen mainly due to a decrease in retained earnings, accumulated other comprehensive income decreased by 1,182 million yen, and non-controlling interests increased by 2,464 million yen. As a result, total net assets decreased by 70,906 million yen, and the shareholders' equity ratio decreased by 7.2 percentage points to 20.3%.

(3) Status of Cash Flows

Cash and cash equivalents (hereinafter, “funds”) at the end of the current fiscal year increased by 18,444 million yen (up 22.1%) from the end of the prior fiscal year to 101,719 million yen.

With respect to net cash used in operating activities, funds saw a decrease of 37,451 million yen, reflecting funds-increasing factors such as an increase of 74,900 million yen in provision for loss on interest repayment, a decrease of 9,481 million yen in loans receivable of banking business, an increase of 8,926 million yen in allowance for doubtful accounts, as well as funds-decreasing factors such as 69,497 million yen in loss before income taxes, an increase of 31,465 million yen in accounts receivable - operating loans, and an increase of 10,269 million yen in accounts receivable - installment.

With respect to net cash used in investing activities, funds saw a decrease of 2,858 million yen. This was primarily due to the fact that the amount of proceeds from sales of noncurrent assets was 2,857 million yen less than the payments for purchase of noncurrent assets and that the amount of proceeds from sales of short-term investment securities was 26 million yen less than the payments for purchase of short-term investment securities.

With respect to net cash provided by financing activities, funds saw an increase of 58,863 million yen. This was primarily due to the fact that the total amount of proceeds from loans and issuance of bonds was 59,631 million yen more than the repayments of loans payable and payments at maturity of bonds.

(4) Outlook for the Next Fiscal Year

Domestic card loan market is in a gradual increasing trend. However, we estimate that business environment in the future will remain severe as nonbank market still need to cope with the issue of requests for interest repayment.

The Company has made a new medium-term management plan for 3 years starting from the fiscal year ending March 2017. The Company has set mid-term quantitative target of 2.1 trillion yen or above of receivables from loan & credit card and guarantee businesses combined in the domestic domain. As for the overseas domain, the Company aims to attain loans receivable of 51.0 billion baht for EASY BUY Public Company Limited in the Kingdom of Thailand while the target for PT. Bank Nusantara Parahyangan, Tbk. in the Republic of Indonesia stands at 8.01 trillion rupiah in loans receivable for banking business. The Company will continue steady business expansion toward medium-term targets.

With regard to quantitative targets, the Group forecasts consolidated operating revenue of 257.0 billion yen, ordinary profit of 71.8 billion yen and profit attributable to owners of parent of 64.2 billion yen.

Outlook above is forecast based on information available at the date of announcement of this brief statement. However, there are some potential risk factors in the Group’s business management. The trend of requests for interest repayment in particular is highly uncertain, due to its sensitivity to changes in external environmental changes. The Group may have to make additional provision for loss on interest repayment.

Actual results may differ from forecast values due to various risk factors, not limited to those mentioned above.

(5) Basic Policy on Profit Distribution and Dividend for This and Next Fiscal Year

With regard to profit distribution to shareholders, it is our basic policy to attempt stable and continuous profit distribution taking the business environment surrounding us, shareholders’ equity, and our own performance into consideration.

ACOM truly regrets to inform that there will be no dividend payment for the fiscal year ended March 2017. This is because it is a task of the highest priority to expand shareholders’ equity from the view of improving management stability and security aiming to realize growth strategies in the future.

As for next fiscal year, no dividend payments are planned at the second quarter and those of fourth quarter are undecided.

The Group intends to strive for its long-term stable growth in the future.

2. Basic Stance on Selection of Accounting Policy

The company's financial statements are prepared in accordance with generally accepted accounting practices in Japan (J-GAAP). The company is currently under consideration of the necessity of application of IFRS in the future.

3. Consolidated Financial Statements and Major Notes
(1) Consolidated Balance Sheet

(Millions of yen)

	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Assets		
Current assets		
Cash and deposits	87,506	104,939
Accounts receivable - operating loans	902,150	930,292
Loans receivable of banking business	56,575	45,872
Accounts receivable - installment	28,393	38,648
Purchased receivables	10,709	11,334
Short-term investment securities	545	260
Trading account securities	692	4,391
Raw materials and supplies	67	79
Deferred tax assets	33,179	39,106
Other	59,903	69,575
Allowance for doubtful accounts	(58,094)	(66,685)
Total current assets	1,121,629	1,177,815
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	30,187	29,364
Accumulated depreciation	(24,361)	(24,074)
Buildings and structures, net	5,826	5,289
Vehicles	17	15
Accumulated depreciation	(14)	(13)
Vehicles, net	3	1
Equipment	21,363	21,385
Accumulated depreciation	(10,782)	(10,704)
Equipment, net	10,580	10,681
Land	6,234	6,233
Lease assets	3,353	3,341
Accumulated depreciation	(2,502)	(2,807)
Lease assets, net	851	533
Total property, plant and equipment	23,495	22,739
Intangible assets		
Goodwill	6,459	5,474
Leasehold right	4	4
Software	5,973	5,082
Telephone subscription right	37	37
Other	1	1
Total intangible assets	12,476	10,600

(Millions of yen)

	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Investments and other assets		
Investment securities	4,962	5,341
Net defined benefit asset	4,374	4,074
Deferred tax assets	-	66
Guarantee deposits	5,632	5,504
Other	3,177	3,550
Allowance for doubtful accounts	(685)	(762)
Total investments and other assets	17,462	17,775
Total noncurrent assets	53,434	51,115
Total assets	1,175,063	1,228,930
Liabilities		
Current liabilities		
Notes and accounts payable-trade	385	413
Short-term loans payable	18,286	17,627
Commercial papers	-	14,997
Current portion of long-term loans payable	103,758	117,907
Current portion of bonds	16,700	25,000
Deposits of banking business	63,875	55,427
Lease obligations	372	281
Income taxes payable	3,136	3,543
Provision for loss on guarantees	8,093	8,722
Asset retirement obligations	14	18
Deferred installment income	64	66
Other	12,842	13,128
Total current liabilities	227,529	257,134
Noncurrent liabilities		
Bonds payable	193,058	216,838
Long-term loans payable	316,766	313,505
Lease obligations	586	329
Deferred tax liabilities	3,913	4,037
Provision for directors' retirement benefits	26	27
Provision for loss on interest repayment	90,000	164,900
Net defined benefit liability	207	272
Asset retirement obligations	4,546	4,480
Other	295	177
Total noncurrent liabilities	609,401	704,570
Total liabilities	836,930	961,704

(Millions of yen)

	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus	73,578	73,578
Retained earnings	204,025	131,837
Treasury stock	(19,794)	(19,794)
Total shareholders' equity	321,641	249,453
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7	4
Foreign currency translation adjustment	1,669	1,128
Remeasurements of defined benefit plans	57	(579)
Total accumulated other comprehensive income	1,735	552
Non-controlling interests	14,755	17,219
Total net assets	338,132	267,226
Total liabilities and net assets	1,175,063	1,228,930

(2) Consolidated Statement of Income and Statement of Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	For the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	For the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Operating revenue		
Interest on operating loans	151,600	153,140
Interest on loans of banking business	8,104	6,550
Credit card revenue	3,401	4,455
Per-item revenue	87	66
Revenue from credit guarantee	43,472	50,400
Collection from purchased receivable	5,549	6,148
Other financial revenue		
Interest on deposits	71	79
Interest on securities	102	192
Interest on loans	5	-
Interest on deposits with banks	387	190
Foreign exchange gains	275	-
Other	345	296
Total other financial revenue	1,187	759
Other operating revenue	24,279	23,626
Total operating revenue	237,683	245,148
Operating expenses		
Financial expenses		
Interest expenses	7,741	6,735
Interest on deposits of banking business	4,816	3,261
Interest on bonds	3,477	2,761
Amortization of bond issuance cost	292	220
Loss on valuation of derivatives	269	-
Other	715	544
Total financial expenses	17,313	13,524
Cost of purchased receivable	2,382	2,759
Other operating expenses		
Advertising expenses	11,407	11,763
Provision of allowance for doubtful accounts	51,997	59,805
Provision for loss on guarantees	8,042	8,732
Provision for loss on interest repayment	56,638	143,728
Employees' salaries and bonuses	19,009	18,506
Retirement benefit expenses	549	679
Provision for directors' retirement benefits	6	4
Welfare expenses	2,587	2,520
Rent expenses	6,849	6,592
Depreciation	4,155	4,246
Commission fee	23,139	24,264
Amortization of goodwill	984	984
Other	17,102	17,201
Total other operating expenses	202,471	299,031
Total operating expenses	222,166	315,315
Operating profit (loss)	15,516	(70,166)

(Millions of yen)

	For the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	For the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Non-operating income		
Interest income	308	276
Dividends income	10	7
Equity in earnings of affiliates	8	19
House rent income	302	276
Other	152	135
Total non-operating income	781	716
Non-operating expenses		
Interest expenses	18	12
Foreign exchange losses	34	27
Other	44	53
Total non-operating expenses	97	92
Ordinary profit (loss)	16,200	(69,543)
Extraordinary income		
Gain on sales of noncurrent assets	8	9
Gain on sales of investment securities	105	180
Total extraordinary income	113	190
Extraordinary loss		
Loss on sales of noncurrent assets	3	2
Loss on retirement of noncurrent assets	74	141
Impairment loss	6	-
Loss on valuation of investment securities	0	-
Loss on liquidation of a subsidiary	1,243	-
Other	0	0
Total extraordinary loss	1,329	144
Profit (loss) before income taxes	14,985	(69,497)
Income taxes-current	4,656	5,251
Income taxes-deferred	(7,606)	(5,630)
Total income taxes	(2,950)	(378)
Profit (loss)	17,935	(69,118)
Profit attributable to non-controlling interests	3,337	3,069
Profit (loss) attributable to owners of parent	14,598	(72,187)

Consolidted Statement of Comprehensive Income

(Millions of yen)

	For the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	For the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Profit (loss)	17,935	(69,118)
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(3)
Foreign currency translation adjustment	(3,243)	(770)
Remeasurements of defined benefit plans, net of tax	(1,803)	(658)
Total other comprehensive income	(5,047)	(1,432)
Comprehensive income	12,888	(70,550)
Comprehensive income attributable to:		
Owners of the parent	10,883	(73,370)
Non-controlling interests	2,005	2,819

(3) Consolidated Statement of Changes in Net Assets

Prior fiscal year (from April 1, 2015, to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Share-holder's equity
Balance at the beginning of the period	63,832	73,671	189,426	(19,794)	307,136
Changes of items during the period					
Profit attributable to owners of parent			14,598		14,598
Purchase of treasury stock				(0)	(0)
Purchase of shares of consolidated subsidiaries		(93)			(93)
Sales of shares of consolidated subsidiaries					-
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(93)	14,598	(0)	14,504
Balance at the end of the period	63,832	73,578	204,025	(19,794)	321,641

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	8	3,546	1,896	5,450	15,727	328,315
Changes of items during the period						
Profit attributable to owners of parent						14,598
Purchase of treasury stock						(0)
Purchase of shares of consolidated subsidiaries						(93)
Sales of shares of consolidated subsidiaries						-
Net changes of items other than shareholders' equity	(0)	(1,876)	(1,838)	(3,715)	(972)	(4,687)
Total changes of items during the period	(0)	(1,876)	(1,838)	(3,715)	(972)	9,817
Balance at the end of the period	7	1,669	57	1,735	14,755	338,132

Current fiscal year (from April 1, 2016, to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Share-holder's equity
Balance at the beginning of the period	63,832	73,578	204,025	(19,794)	321,641
Changes of items during the period					
Profit (loss) attributable to owners of parent			(72,187)		(72,187)
Purchase of treasury stock					-
Purchase of shares of consolidated subsidiaries					-
Sales of shares of consolidated subsidiaries		0			0
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	0	(72,187)	-	(72,187)
Balance at the end of the period	63,832	73,578	131,837	(19,794)	249,453

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	7	1,669	57	1,735	14,755	338,132
Changes of items during the period						
Profit (loss) attributable to owners of parent						(72,187)
Purchase of treasury stock						-
Purchase of shares of consolidated subsidiaries						-
Sales of shares of consolidated subsidiaries						0
Net changes of items other than shareholders' equity	(3)	(541)	(637)	(1,182)	2,464	1,281
Total changes of items during the period	(3)	(541)	(637)	(1,182)	2,464	(70,906)
Balance at the end of the period	4	1,128	(579)	552	17,219	267,226

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	For the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	For the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Net cash provided by (used in) operating activities		
Profit (loss) before income taxes	14,985	(69,497)
Depreciation and amortization	4,155	4,246
Impairment loss	6	-
Amortization of goodwill	984	984
Increase (decrease) in allowance for doubtful accounts	6,162	8,926
Increase (decrease) in provision for loss on guarantees	1,079	628
Increase (decrease) in net defined benefit liability	32	28
Increase (decrease) in provision for directors' retirement benefits	(2)	1
Increase (decrease) in provision for loss on interest repayment	(12,600)	74,900
Interest and dividends income	(318)	(284)
Interest expenses	18	12
Amortization of bond issuance cost	292	220
Foreign exchange losses (gains)	(221)	25
Equity in (earnings) losses of affiliates	(8)	(19)
Loss (gain) on sales of property, plant and equipment	(5)	(7)
Loss on retirement of property, plant and equipment	74	141
Loss (gain) on sales of investment securities	(105)	(180)
Loss (gain) on valuation of investment securities	0	-
Loss (gain) on liquidation of a subsidiary	1,243	-
Decrease (increase) in accounts receivable - operating loans	(37,417)	(31,465)
Decrease (increase) in loans receivable of banking business	2,083	9,481
Decrease (increase) in accounts receivable - installment	(6,155)	(10,269)
Decrease (increase) in purchased receivables	(2,235)	(624)
Decrease (increase) in net defined benefit asset	(294)	(344)
Decrease (increase) in trading account securities	976	(3,494)
Decrease (increase) in inventories	224	(11)
Decrease (increase) in other current assets	(5,326)	(9,821)
Increase (decrease) in notes and accounts payable-trade	56	29
Increase (decrease) in deposits of banking business	(8,293)	(7,277)
Increase (decrease) in deferred installment income	(15)	3
Increase (decrease) in other current liabilities	111	597
Increase (decrease) by other operating activities	805	674
Subtotal	(39,704)	(32,397)
Interest and dividends income received	317	271
Interest expenses paid	(18)	(12)
Income taxes refund	352	-
Income taxes paid	(3,992)	(5,312)
Net cash provided by (used in) operating activities	(43,045)	(37,451)

(Millions of yen)

	For the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	For the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,293)	(1,758)
Proceeds from sales of property, plant and equipment	15	48
Purchase of intangible assets	(944)	(1,147)
Purchase of investment securities	(567)	(723)
Proceeds from sales of investment securities	108	697
Increase (decrease) by other investing activities	313	24
Net cash provided by (used in) investing activities	(2,368)	(2,858)
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	114,670	144,921
Repayment of short-term loans payable	(127,596)	(144,790)
Proceeds from issuance of commercial papers	-	24,994
Redemption of commercial papers	-	(10,000)
Proceeds from issuance of bonds	44,671	48,259
Redemption of bonds	(35,053)	(15,400)
Proceeds from long-term loans payable	130,496	117,886
Repayment of long-term loans payable	(117,073)	(106,239)
Repayments of finance lease obligations	(453)	(412)
Purchase of treasury stock	(0)	-
Cash dividends paid to non-controlling shareholders	(470)	(355)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(2,600)	-
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	0
Net cash provided by (used in) financing activities	6,589	58,863
Effect of exchange rate change on cash and cash equivalents	(206)	(109)
Net increase (decrease) in cash and cash equivalents	(39,030)	18,444
Cash and cash equivalents at the beginning of period	122,306	83,275
Cash and cash equivalents at the end of period	83,275	101,719

(5) Notes on Consolidated Financial Statements

(Notes on Going-concern Assumption)

Not applicable

(Changes in Presentation)

<Consolidated Statement of Income>

"Interest on deposits with banks" was included in "Other" of "Other financial revenue" in the prior fiscal year. However, it is presented as an individual item from current fiscal year in order to enhance clarity. Thus, consolidated financial statements for the year ended March 31, 2016, has been rearranged to reflect the change.

Consequently, "Other" of "Other financial revenue" which was formerly presented as 733 milliion yen in consolidated statement of income in the prior fiscal year has been rearranged to 387 milion yen of "Interest on deposits with banks" and 345 million yen of "Other."

Moreover, "Loss on investments in partnerships" and "Loss on insurance cancellation" were sepately listed as individual items within non-operating expeneses in the prior fiscal year. These items have been included in "Other" effective from current fiscal year as their monetary significance decreased. Thus, consolidated financial statements for the year ended March 31, 2016, has been rearranged to reflect the change.

Consequently, 12 million yen of "Loss on investments in partnerships", 16 million yen of "Loss on insurance cancellation" and 15 million yen of "Other" in non-operating expenses has been rearranged to 44 million yen of "Other."

(Changes in Accounting Estimates)

<Change in Estimate of Allowance for Doubtful Accounts>

The Company and some of its consolidated subsidiaries have conducted more rigorous analyses on default risks by loan category and made partial amendments to estimates on allowance for doubtful accounts of loan and credit card business and guarantee business in current fiscal year. These changes were executed in order to cope with scale expansion of guarantee business and further refine accuracy of allowance.

Consequently, operating loss, ordinary loss and loss before income taxes all increased by 1,160 million yen when compared to values using previous logic.

Relevant impacts to segment information are stated in (Segment and Related Information) of (5) Notes on Consolidated Financial Statements under 3. Consolidated Financial Statements and Major Notes.

(Supplemental Information)

Effective from the current fiscal year, the Company has adopted the " Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016).

(Consolidated Balance Sheet)

1. Amount of subsidiaries' and affiliates' stocks included in investment securities

(Millions of yen)

	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Investment securities	305	324

2. Reserve for deposit of a consolidated subsidiary pursuant to the regulations of Bank Indonesia

(Millions of yen)

	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Cash and deposits	4,224	3,213

3. Contingent liabilities

(Millions of yen)

	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Outstanding guarantee obligation in the guarantee business	987,508	1,129,773
Outstanding guarantee obligation in the banking business	931	939
Provision for loss on guarantees	8,093	8,722
Net	980,346	1,121,990

4. Commitment line contracts for accounts receivable - operating loans

For the prior fiscal year (as of March 31, 2016)

Loans extended by the Company and some of consolidated subsidiaries primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 392,722 million yen at the end of the accounting period. This included a total of 209,827 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the fiscal year.

A certain portion of revolving credit-line contracts lapse without ever being used. Therefore, the amount itself of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company.

Contracts contain provisions allowing the Company to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.

For the current fiscal year (as of March 31, 2017)

Loans extended by the Company and some of consolidated subsidiaries primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 409,336 million yen at the end of the accounting period. This included a total of 239,735 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the fiscal year.

A certain portion of revolving credit-line contracts lapse without ever being used. Therefore, the amount itself of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company.

Contracts contain provisions allowing the Company to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.

5. Commitment line contracts for loans receivable of banking business

For the prior fiscal year (as of March 31, 2016)

The consolidated subsidiary, PT. Bank Nusantara Parahyangan, Tbk., has concluded a savings overdraft agreement pledging to lend funds up to an established limit when such financing is requested by a customer (as long as this lending does not violate conditions stipulated in the agreements) and a commitment line agreement on loans. The balance of undrawn lines of credit based on these agreements is 14,943 million yen as of the end of this consolidated fiscal year.

A certain portion of revolving credit-line contracts lapse without ever being used. Therefore, the amount itself of outstanding unexercised facilities will not necessarily affect the future cash flow of the corresponding consolidated subsidiary.

Contracts contain provisions allowing the bank to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.

For the current fiscal year (as of March 31, 2017)

The consolidated subsidiary, PT. Bank Nusantara Parahyangan, Tbk., has concluded a savings overdraft agreement pledging to lend funds up to an established limit when such financing is requested by a customer (as long as this lending does not violate conditions stipulated in the agreements) and a commitment line agreement on loans. The balance of undrawn lines of credit based on these agreements is 13,737 million yen as of the end of this consolidated fiscal year.

A certain portion of revolving credit-line contracts lapse without ever being used. Therefore, the amount itself of outstanding unexercised facilities will not necessarily affect the future cash flow of the corresponding consolidated subsidiary.

Contracts contain provisions allowing the bank to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.

6. Status of non-performing loans of accounts receivable - operating loans

Losses on unsecured consumer loans to bankrupt parties are written off at the time bankruptcy is declared. For this reason, loans to parties in bankruptcy include receivables for debtors who have petitioned for bankruptcy as of the end of the fiscal year, but not yet declared bankrupt. This entire amount is booked to on allowance for doubtful accounts.

(Millions of yen)

	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Loans to parties who have petitioned for bankruptcy, but not yet declared bankrupt	269	273

(Millions of yen)

	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Loans to bankrupt parties	712	714
Loans in arrears	24,051	24,706
Loans overdue by 3 months or more	4,249	4,287
Restructured loans	28,674	30,111
Total	57,687	59,819

(Note 1) Loans to bankrupt parties are loans exclusive of accrued interest to bankrupt parties, parties in rehabilitation and reorganization, and others.

(Note 2) Loans in arrears are other loans stated exclusive of accrued interest, excluding loans that have been restructured or on which interest is reduced in the interest of rehabilitating the debtor.

(Note 3) Loans overdue by 3 months or more are loans other than the above that are overdue by 3 months or more.

(Note 4) Restructured loans are loans other than the above on which favorable terms have been granted, such as the waiving of interest.

8. Agreements for overdraft and commitment facilities

For efficient procurement of working capital, the Company and some of its subsidiaries maintain overdraft contract with financial institutions and designated commitment line contracts with financial institutions and etc. The unexercised portion of facilities based on these contracts was as follows.

(Millions of yen)

	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Agreed amount of agreement for overdraft and commitment line	137,305	155,565
Amount of borrowing	52,626	60,142
Net	84,678	95,423

(Segment and Related Information)

1. Outline of reported segment information

The reported segment of the Company are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic review to determine distribution of management resources and evaluate their business results.

The Company conducts financial businesses comprised mainly of loan and credit card business in Japan and overseas.

In Japan, the Company mainly conducts guarantee business and loan servicing business in addition to loan and credit card business. In overseas, the Company also conducts financial businesses in Asia.

Accordingly, the Company's reported segments are "Loan and credit card business," "Guarantee business," "Overseas financial business" and “Loan servicing business.”

(Amendments on Reported Segment)

Effective from the current second quarter, the “Loan and credit card business” was renamed in the original Japanese (no change in English). The change hereof only affects the segment name and has no impact on segment information. Segment information for the prior fiscal year is presented with the renamed segment (no change in English).

2. Methods of measurement for the amounts of operating revenue, income or loss, assets and other items by reported segments

The accounting treatment regarding the reported business segments are the same as recorded in the “Significant matters providing the basis for the preparation of consolidated financial statements.” The income of business segments are based on operating income. The intersegment operating revenue is based on trading prices in the market.

<Change in Estimates of Allowance for Doubtful Accounts>

As stated in "(Changes in Accounting Estimates) of (5) Notes on Consolidated Financial Statements under 3. Consolidated Financial Statements and Major Notes", the Company has changed estimates of allowance for doubtful accounts at the end of current fiscal year. Accordingly, segment loss of "loan and credit card business" decreased by 4,859 million yen while segment income of "guarantee business" decreased by 6,020 million yen for current fiscal year. These changes in segment results are differences from values computed by previous logic.

3. Information about operating revenue, income or loss, assets and other items by reported segments

For the year ended March 31, 2016 (from April 1, 2015, to March 31, 2016)

(Millions of yen)

	Reported Segments					Others (Note 1)	Total
	Loan and Credit Card Business	Guarantee Business	Overseas Financial Business	Loan Servicing Business	Subtotal		
Operating revenue							
Operating revenue from external customers	133,170	48,868	48,275	6,579	236,893	790	237,683
Revenues from transactions with other operating segments	-	-	18	-	18	(80)	(61)
Total	133,170	48,868	48,294	6,579	236,912	709	237,622
Segment Income (Loss)	(11,841)	14,466	11,138	1,071	14,834	478	15,313
Segment Assets	794,290	32,780	213,196	9,214	1,049,481	46,587	1,096,068
Other Items							
Depreciation	2,513	949	702	13	4,179	-	4,179
Amortization of goodwill	-	984	-	-	984	-	984
Provision for bad debts(Note 2)	23,856	21,506	13,490	1,189	60,044	-	60,044
Provision for loss on interest repayment	56,638	-	-	-	56,638	-	56,638
Increase of tangible and intangible asset	1,555	321	397	19	2,294	-	2,294

(Note 1) "Others" category consist of operating revenue, income, and assets and other items which are not included in the reported segments.

(Note 2) This item is the sum of provision of allowance for doubtful accounts and provision for loss on guarantees.

For the year ended March 31, 2017 (from April 1, 2016, to March 31, 2017)

(Millions of yen)

	Reported Segments					Others (Note 1)	Total
	Loan and Credit Card Business	Guarantee Business	Overseas Financial Business	Loan Servicing Business	Subtotal		
Operating revenue							
Operating revenue from external customers	135,971	56,411	45,606	7,159	245,147	0	245,148
Revenues from transactions with other operating segments	-	-	12	-	12	183	196
Total	135,971	56,411	45,618	7,159	245,160	184	245,344
Segment Income (Loss)	(93,373)	9,614	12,640	544	(70,574)	184	(70,389)
Segment Assets	824,737	32,445	215,325	9,350	1,081,858	54,521	1,136,380
Other Items							
Depreciation	2,621	1,030	598	12	4,263	-	4,263
Amortization of goodwill	-	984	-	-	984	-	984
Provision for bad debts(Note 2)	21,249	33,188	12,280	1,819	68,538	-	68,538
Provision for loss on interest repayment	143,728	-	-	-	143,728	-	143,728
Increase of tangible and intangible asset	1,392	512	749	2	2,657	-	2,657

(Note 1) "Others" category consist of operating revenue, income, and assets and other items which are not included in the reported segments.

(Note 2) This item is the sum of provision of allowance for doubtful accounts and provision for loss on guarantees, etc.

4. Amount and outline of difference between the total amounts of reported segments and amounts of consolidated financial statements

(Millions of yen)

Operating revenue	For the year ended March 31, 2016	For the year ended March 31, 2017
Total reported segments	236,912	245,160
Operting revenue of "Others" category	709	184
Elimination of intrasegment transactions	(194)	(183)
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	256	(12)
Operating revenue in consolidated financial statements	237,683	245,148

(Millions of yen)

Income (loss)	For the year ended March 31, 2016	For the year ended March 31, 2017
Total reported segments	14,834	(70,574)
Income (loss) of "Others" category	478	184
Elimination of intrasegment transactions	156	97
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	47	125
Operating profit (loss) in consolidated financial statements	15,516	(70,166)

(Millions of yen)

Assets	As of March 31, 2016	As of March 31, 2017
Total reported segments	1,049,481	1,081,858
Assets of "Others" category	46,587	54,521
Elimination of intrasegment asset	(23,987)	(24,246)
Assets at head office	103,448	118,722
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	(467)	(1,925)
Total assets in consolidated financial statements	1,175,063	1,228,930

(Millions of yen)

Other Items	Sum of Reported Segments		Others		Adjustment Amount		Amounts in the Consolidated Financial Statements	
	For the year ended March 31, 2016	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2017
Depreciation	4,179	4,263	-	-	(23)	(17)	4,155	4,246
Amortization of goodwill	984	984	-	-	-	-	984	984
Provision for bad debts	60,044	68,538	-	-	(4)	(0)	60,040	68,538
Provision for loss on interest repayment	56,638	143,728	-	-	-	-	56,638	143,728
Increase of tangible and intangible asset	2,294	2,657	-	-	255	(147)	2,550	2,804

(Note) The adjustment amount of increase of tangible and intangible assets is mainly the amount of capital investment in assets at head office.

(Per Share Information)

(Yen)

Item	For the year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)	For the year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)
Net assets per share	206.42	159.58
Basic earnings (loss) per share	9.32	(46.08)

Notes: 1. Diluted earnings per share for prior fiscal year is not stated since there is no dilutive security. Dilutive earnings per share for current fiscal year is not stated as the Company posted basic loss per share and there is no dilutive security.

2. Basic earnings (loss) per share is calculated based on the following data.

(Millions of yen unless otherwise stated)

Item	For the year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)	For the year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)
Profit (loss) attributable to owners of parent	14,598	(72,187)
Profit not attributable to common shareholders	-	-
Profit (loss) attributable to owners of parent related to common stock	14,598	(72,187)
Weighted average number of common stock during the consolidated fiscal year	1,566,614,236 shares	1,566,614,208 shares

6. Net assets per share is calculated based on the following data.

(Millions of yen unless otherwise stated)

Item	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Total net assets	338,132	267,226
Amount deducted from total net assets	14,755	17,219
[Non-controlling interests included in the above]	[14,755]	[17,219]
Amounts of net assets related to common stock at the end of fiscal year	323,377	250,006
Number of common shares to calculate net assets per share at the end of fiscal year	1,566,614,208 shares	1,566,614,208 shares

(Significant Subsequent Events)

Not applicable

4. Non-consolidated Financial Statements
(1) Non-consolidated Balance Sheet

(Millions of yen)

	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Assets		
Current assets		
Cash and deposits	73,932	90,802
Accounts receivable - operating loans	767,127	784,806
Accounts receivable - installment	27,855	38,109
Raw materials and supplies	41	26
Prepaid expenses	520	531
Deferred tax assets	30,638	36,506
Accrued income	12,774	14,122
Short-term loans receivable from subsidiaries and affiliates	4,000	3,300
Right to reimbursement	30,901	38,525
Other	1,454	2,252
Allowance for doubtful accounts	(44,020)	(50,750)
Total current assets	905,226	958,234
Noncurrent assets		
Property, plant and equipment		
Buildings	24,483	23,791
Accumulated depreciation	(20,123)	(19,772)
Buildings, net	4,360	4,018
Structures	4,176	4,060
Accumulated depreciation	(3,220)	(3,188)
Structures, net	956	871
Vehicles	2	2
Accumulated depreciation	(2)	(2)
Vehicles, net	0	0
Equipment	18,633	18,348
Accumulated depreciation	(8,857)	(8,574)
Equipment, net	9,776	9,774
Land	6,121	6,121
Lease assets	2,559	2,570
Accumulated depreciation	(1,707)	(2,036)
Lease assets, net	851	533
Total property, plant and equipment	22,065	21,319
Intangible assets		
Goodwill	6,459	5,474
Leasehold right	4	4
Software	4,226	3,486
Telephone subscription right	36	36
Other	1	1
Total intangible assets	10,728	9,004

(Millions of yen)

	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Investments and other assets		
Investment securities	997	917
Stocks of subsidiaries and affiliates	19,347	19,347
Long-term loans receivable from subsidiaries and affiliates	668	665
Claims provable in bankruptcy, claims provable in rehabilitation and other	1,064	1,174
Long-term prepaid expenses	212	446
Guarantee deposits	5,241	5,087
Prepaid pension cost	4,171	4,711
Other	1,758	1,768
Allowance for doubtful accounts	(680)	(750)
Total investments and other assets	32,782	33,369
Total noncurrent assets	65,577	63,693
Total assets	970,803	1,021,927
Liabilities		
Current liabilities		
Accounts payable-trade	369	402
Short-term loans payable	-	6,000
Commercial papers	-	14,997
Current portion of long-term loans payable	93,942	99,666
Current portion of bonds	-	25,000
Lease obligations	372	281
Accounts payable-other	2,882	2,675
Accrued expenses	6,829	6,987
Income taxes payable	2,057	1,679
Deposit received	242	252
Provision for loss on guarantees	7,590	8,100
Asset retirement obligations	12	17
Other	59	97
Total current liabilities	114,356	166,158
Noncurrent liabilities		
Bonds payable	171,000	176,000
Long-term loans payable	289,014	287,890
Lease obligations	586	329
Deferred tax liabilities	1,294	1,457
Provision for loss on interest repayment	90,000	164,900
Asset retirement obligations	4,297	4,229
Other	144	144
Total noncurrent liabilities	556,337	634,952
Total liabilities	670,693	801,110

(Millions of yen)

	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus		
Legal capital surplus	72,322	72,322
Other capital surplus	3,687	3,687
Total capital surplus	76,010	76,010
Retained earnings		
Legal retained earnings	4,320	4,320
Other retained earnings		
General reserve	80,000	80,000
Retained earnings brought forward	95,732	16,443
Total retained earnings	180,052	100,763
Treasury stock	(19,794)	(19,794)
Total shareholders' equity	300,101	220,812
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	7	4
Total valuation and translation adjustments	7	4
Total net assets	300,109	220,816
Total liabilities and net assets	970,803	1,021,927

(2) Non-consolidated Statement of Income

(Millions of yen)

	For the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	For the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Operating revenue		
Interest on operating loans	116,112	117,819
Credit card revenue	3,401	4,455
Revenue from credit guarantee	36,460	42,199
Other financial revenue		
Interest on deposits	14	0
Interest on securities	4	-
Interest on loans	5	-
Total other financial revenue	23	0
Net sales of goods	490	-
Other operating revenue	18,891	19,522
Total operating revenue	175,380	183,997
Operating expenses		
Financial expenses		
Interest expenses	5,690	4,891
Interest on bonds	1,740	1,548
Amortization of bond issuance cost	138	181
Other	730	531
Total financial expenses	8,299	7,153
Cost of sales		
Beginning goods	325	-
Cost of purchased goods	-	-
Total	325	-
Transfer to other account	97	-
Ending goods	-	-
Cost of goods sold	228	-
Other operating expenses		
Advertising expenses	11,155	11,427
Provision of allowance for doubtful accounts	36,190	43,686
Provision for loss on guarantees	7,590	8,100
Provision for loss on interest repayment	56,638	143,728
Employees' salaries and bonuses	11,912	11,779
Retirement benefit expenses	290	412
Welfare expenses	2,013	1,937
Rent expenses	5,491	5,266
Depreciation	3,010	3,169
Commission fee	20,149	21,186
Amortization of goodwill	984	984
Other	10,397	10,556
Total other operating expenses	165,824	262,234
Total operating expenses	174,352	269,388
Operating profit (loss)	1,028	(85,390)

(Millions of yen)

	For the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	For the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Non-operating income		
Interest income	79	78
Interest on securities	0	0
Dividends income	3,726	871
House rent income	298	273
Other	177	142
Total non-operating income	4,282	1,366
Non-operating expenses		
Interest expenses	18	12
Foreign exchange losses	85	8
Other	36	9
Total non-operating expenses	140	30
Ordinary profit (loss)	5,171	(84,054)
Extraordinary income		
Gain on sales of noncurrent assets	3	8
Gain on sales of investment securities	105	180
Other	-	0
Total extraordinary income	108	189
Extraordinary loss		
Loss on sales of noncurrent assets	3	1
Loss on retirement of noncurrent assets	71	118
Impairment loss	6	-
Loss on valuation of investment securities	0	-
Loss on liquidation of a subsidiary	1,320	-
Other	0	0
Total extraordinary loss	1,402	121
Profit (loss) before income taxes	3,876	(83,986)
Income taxes-current	1,816	1,005
Income taxes-deferred	(7,797)	(5,702)
Total income taxes	(5,980)	(4,697)
Profit (loss)	9,857	(79,289)

(3) Non-consolidated Statement of Changes in Net Assets

Prior fiscal year (from April 1, 2015, to March 31, 2016)

(Millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at the beginning of the period	63,832	72,322	3,687	76,010
Changes of items during the period				
Profit				
Purchase of treasury stock				
Net changes of items other than shareholders' equity				
Total changes of items during the period	-	-	-	-
Balance at the end of the period	63,832	72,322	3,687	76,010

	Shareholders' equity			
	Retained earnings			
	Legal retained earnings	Other retained earnings		Total retained earnings
		General reserve	Retained earnings brought forward	
Balance at the beginning of the period	4,320	80,000	85,874	170,194
Changes of items during the period				
Profit			9,857	9,857
Purchase of treasury stock				
Net changes of items other than shareholders' equity				
Total changes of items during the period	-	-	9,857	9,857
Balance at the end of the period	4,320	80,000	95,732	180,052

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the period	(19,794)	290,244	8	8	290,252
Changes of items during the period					
Profit		9,857			9,857
Purchase of treasury stock	(0)	(0)			(0)
Net changes of items other than shareholders' equity			(0)	(0)	(0)
Total changes of items during the period	(0)	9,857	(0)	(0)	9,857
Balance at the end of the period	(19,794)	300,101	7	7	300,109

Current fiscal year (from April 1, 2016, to March 31, 2017)

(Millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at the beginning of the period	63,832	72,322	3,687	76,010
Changes of items during the period				
Profit (loss)				
Purchase of treasury stock				
Net changes of items other than shareholders' equity				
Total changes of items during the period	-	-	-	-
Balance at the end of the period	63,832	72,322	3,687	76,010

	Shareholders' equity			
	Retained earnings			
	Legal retained earnings	Other retained earnings		Total retained earnings
		General reserve	Retained earnings brought forward	
Balance at the beginning of the period	4,320	80,000	95,732	180,052
Changes of items during the period				
Profit (loss)			(79,289)	(79,289)
Purchase of treasury stock				
Net changes of items other than shareholders' equity				
Total changes of items during the period	-	-	(79,289)	(79,289)
Balance at the end of the period	4,320	80,000	16,443	100,763

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the period	(19,794)	300,101	7	7	300,109
Changes of items during the period					
Profit (loss)		(79,289)			(79,289)
Purchase of treasury stock		-			-
Net changes of items other than shareholders' equity			(3)	(3)	(3)
Total changes of items during the period	-	(79,289)	(3)	(3)	(79,292)
Balance at the end of the period	(19,794)	220,812	4	4	220,816