

Annual Securities Report

(The 38th fiscal year)

ACOM CO., LTD.

Annual Securities Report

This document has been outputted and printed by adding a table of contents and page numbers to the data contained in the Annual Securities Report which has been submitted through the usage of Electronic Disclosure for Investors' NETwork (EDINET) that is stipulated in Article 27-30-2 of the Financial Instruments and Exchange Act of Japan.

This document is a translation of the Annual Securities Report (original text: Japanese) submitted to the Prime Minister pursuant to Article 24-1 of the Financial Instruments and Exchange Act. It does not bear any responsibility pertaining to the aforementioned Financial Instruments and Exchange Act regarding the content of the English text. We recommend that the determination of the authenticity of the content be based on the Japanese text of the Annual Securities Report.

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[Cover]

[Document Submitted]	Annual Securities Report (“Yukashoken Hokokusho”)
[Article of the Applicable Law Requiring Submission of This Document]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Submitted to]	Director, Kanto Local Finance Bureau
[Date of Submission]	June 24, 2015
[Accounting Period]	The 38th Fiscal Year (from April 1, 2014, to March 31, 2015)

[Company Name]	ACOM Kabushiki-Kaisha
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[Company Name in English]	ACOM CO., LTD. (the “Company”)
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[Position and Name of Representative]	Shigeyoshi Kinoshita, Chairman, President & CEO
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[Location of Head Office]	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo
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[Phone No.]	03-5533-0811 (main)
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[Contact for Communications]	Takashi Kiribuchi, Executive Officer, Chief General Manager of Treasury Department
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[Nearest Contact]	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo
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[Phone No.]	03-5533-0811 (main)
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[Contact for Communications]	Takashi Kiribuchi, Executive Officer, Chief General Manager of Treasury Department
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[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)
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Part I Information on the Company

I. Overview of the Company

1. Key Financial Data and Trends

(1) Consolidated financial data, etc.

(Millions of yen, unless otherwise stated)

Fiscal period	34th fiscal year	35th fiscal year	36th fiscal year	37th fiscal year	38th fiscal year
Period of account	March 2011	March 2012	March 2013	March 2014	March 2015
Operating revenue	245,831	210,456	193,028	202,240	219,289
Ordinary income (loss)	(183,506)	32,219	21,835	15,567	14,747
Net income (loss)	(202,648)	21,464	20,839	10,632	12,864
Comprehensive income	(194,813)	21,566	24,793	15,619	22,835
Net assets	243,599	264,915	286,710	306,726	328,315
Total assets	1,302,758	1,212,461	1,165,576	1,155,203	1,190,368
Net assets per share (yen)	1,516.95	1,645.35	178.59	187.92	199.53
Net income (loss) per share (yen)	(1,293.54)	137.01	13.30	6.79	8.21
Diluted net income per share (yen)	—	—	—	—	—
Shareholders' equity ratio (%)	18.24	21.26	24.00	25.48	26.26
Return on equity (%)	(60.30)	8.67	7.75	3.70	4.24
Price earnings ratio (times)	—	13.50	20.29	48.60	50.79
Net cash provided by (used in) operating activities	97,249	48,421	2,245	(29,135)	(38,249)
Net cash provided by (used in) investing activities	(2,746)	10,981	53,030	(9,342)	(5,155)
Net cash provided by (used in) financing activities	(65,069)	(28,554)	(40,414)	(21,392)	13,503
Cash and cash equivalents at end of period	162,910	193,441	208,969	151,711	122,306
Number of employees [Average number of fixed-term employees not included in the above numbers] (persons)	5,571 [232]	5,537 [193]	5,766 [219]	5,643 [421]	5,820 [467]

- (Notes)
1. "Operating revenue" is presented exclusive of consumption tax, etc.
 2. "Diluted net income per share" is not shown for the 34th fiscal year, since the Company posted net loss per share, and there was no dilutive security.
 3. "Diluted net income per share" is not shown for the 35th fiscal year through 38th fiscal year, since there was no dilutive security.
 4. "Price earnings ratio" is not shown for the 34th fiscal year, since the Company posted net loss.
 5. As of October 1, 2013, the Company executed a stock split where each share of its common stock was split into 10 shares. In association therewith, "Net assets per share" and "Net income per share" were calculated supposing that the stock split was conducted at the beginning of the 36th fiscal year.

(2) Financial data etc. of the Filing Company

(Millions of yen, unless otherwise stated)

Fiscal period	34th fiscal year	35th fiscal year	36th fiscal year	37th fiscal year	38th fiscal year
Period of account	March 2011	March 2012	March 2013	March 2014	March 2015
Operating revenue	207,767	173,837	155,927	155,659	163,644
Ordinary income (loss)	(189,551)	26,461	18,456	8,192	4,161
Net income (loss)	(204,929)	20,853	21,952	8,297	9,316
Capital stock	63,832	63,832	63,832	63,832	63,832
Total number of outstanding shares (thousands of shares)	159,628	159,628	159,628	1,596,282	1,596,282
Net assets	228,283	248,606	269,861	278,173	290,252
Total assets	1,181,063	1,085,904	1,013,280	972,335	975,799
Net assets per share (yen)	1,457.18	1,586.90	172.26	177.56	185.27
Dividends per share (yen) [Of the above, interim dividends per share] (yen)	— [—]	— [—]	— [—]	— [—]	— [—]
Net Income (loss) per share (yen)	(1,308.10)	133.11	14.01	5.30	5.95
Diluted net income per share (yen)	—	—	—	—	—
Shareholders' equity ratio (%)	19.33	22.89	26.63	28.61	29.75
Return on equity (%)	(62.59)	8.75	8.47	3.03	3.26
Price earnings ratio (times)	—	13.89	19.26	62.26	70.08
Dividend payout ratio (%)	—	—	—	—	—
Number of employees [Average number of fixed-term employees not included in the above numbers] (persons)	1,876 [194]	1,756 [171]	1,685 [204]	1,748 [169]	1,851 [172]

- (Notes)
1. "Operating revenue" is presented exclusive of consumption tax, etc.
 2. "Diluted net income per share" is not shown for the 34th fiscal year, since the Company posted net loss per share, and there was no dilutive security.
 3. "Diluted net income per share" is not shown for the 35th fiscal year through 38th fiscal year, since there was no dilutive security.
 4. "Price earnings ratio" is not shown for the 34th fiscal year, since the Company posted net loss.
 5. As of October 1, 2013, the Company executed a stock split where each share of its common stock was split into 10 shares. In association therewith, "Net assets per share" and "Net income per share" were calculated supposing that the stock split was conducted at the beginning of the 36th fiscal year.

2. ACOM History

Year/Month		ACOM History
1978	Oct.	“ACOM CO., LTD.” was founded with paid-in capital of 500 million yen as the business of consumer finance, and established its office in Nihombashi, Chuo-ku, Tokyo.
1978	Dec.	Acquired 69 consumer finance outlets and receivable-outstanding from “Maruito Co., Ltd.” and “Joy Co., Ltd.” and started consumer finance business.
1979	Dec.	Installed an automatic teller machine (ATM), which provides a 24-hour/365-day service, at the Ginza branch (located in Ginza, Chuo-ku), as the first in the industry.
1983	Dec.	Registered to Kanto Local Finance Bureau as a money-lending company along with enforcement of “Money-Lending Business Control and Regulations Law.”
1984	Aug.	Moved headquarters location to Fujimi, Chiyoda-ku, Tokyo.
1986	Dec.	Established “ACOM (U.S.A.) INC.” (present, a consolidated subsidiary) in Delaware, U.S.A. as the business of real estate lease.
1992	Mar.	Absorbed “N.S.K. Shinpan Co., Ltd.” and started the business of installment sales finance, golf membership mortgage loan, and commercial loan.
1993	July	Installed “MUJINKUN,” automatic contract machine, at the Shinjuku branch and the Hakata branch as the first in the industry.
1993	Oct.	Listed ACOM stock on the over-the-counter market at Japan Securities Dealers Association.
1994	Dec.	Listed ACOM stock on the second section of the Tokyo Stock Exchange.
1996	Sept.	Established “SIAM A&C CO., LTD.” as a joint venture of hire purchase business in Kingdom of Thailand.
1996	Sept.	Listed ACOM stock on the first section of the Tokyo Stock Exchange.
1998	July	Acquired principal membership of MasterCard International and obtained a license to issue credit cards.
1999	Apr.	Started issuing MasterCard® and advanced into credit card business.
2000	Oct.	Acquired all shares of “JUKI CREDIT CO., LTD.”
2000	Nov.	Established “A B PARTNER CO., LTD.” as the business of temporary employment agencies and back-office services.
2001	Mar.	Invested capital in “IR Loan Servicing, Inc.” (present, a consolidated subsidiary) to advance into the servicing business.
2001	Aug.	Established “Tokyo-Mitsubishi Cash One Ltd.” with “The Bank of Tokyo-Mitsubishi, Ltd.” (present, “The Bank of Tokyo-Mitsubishi UFJ, Ltd.”), “The Mitsubishi Trust and Banking Corporation” (present, “The Mitsubishi UFJ Trust and Banking Corporation”), “DC CARD Co., Ltd.” (present, “Mitsubishi UFJ NICOS Co., Ltd.”), and “JACCS CO., LTD.”
2001	Sept.	“JUKI CREDIT CO., LTD.” changed its corporate name to “JCK CREDIT CO., LTD.”
2004	Mar.	Reached an agreement with respect to a strategic business and capital alliance with “Mitsubishi Tokyo Financial Group, Inc.” (present, “Mitsubishi UFJ Financial Group, Inc.”).
2004	June	Was granted the “Privacy Mark” authorized by Japan Information Processing Development Corporation (present, Japan Institute for Promotion of Digital Economy and Community (JIPDEC)).
2004	Dec.	Moved headquarters location to Marunouchi, Chiyoda-ku, Tokyo.
2005	Jan.	Acquired shares of “Tokyo-Mitsubishi Cash One Ltd.” and changed its corporate name into “DC Cash One Ltd.”
2005	Jan.	Established “RELATES CO., LTD.” which operated entrusted call center functions from banks.
2005	Mar.	Acquired all shares of “MTB Capital Co., Ltd.” and changed its corporate name to “AC Ventures Co., Ltd.”
2005	Apr.	“SIAM A&C CO., LTD.” changed its corporate name to “EASY BUY Public Company Limited” (present, a consolidated subsidiary).
2007	Apr.	“JCK CREDIT CO., LTD.” succeeded to installment sales finance business split up from ACOM and changed its corporate name into “AFRESH CREDIT CO., LTD.”
2007	Dec.	Jointly acquired “PT. Bank Nusantara Parahyangan, Tbk.” (present, a consolidated subsidiary) in Republic of Indonesia with “The Bank of Tokyo-Mitsubishi UFJ, Ltd.”
2008	Feb.	Acquired all shares of “IR Loan Servicing, Inc.”
2008	Sept.	Agreed upon further strengthening strategic business and capital alliance with “Mitsubishi UFJ Financial Group, Inc.” and “The Bank of Tokyo-Mitsubishi UFJ, Ltd.”

Year/Month	ACOM History
2008 Dec.	Became a consolidated subsidiary of “Mitsubishi UFJ Financial Group, Inc.” as the parent company.
2009 Apr.	“RELATES CO., Ltd.” was dissolved due to absorption-type merger with “MU Communication Co., Ltd.” (present, an equity-method affiliate), a subsidiary of “The Bank of Tokyo-Mitsubishi UFJ, Ltd.,” where “MU Communication Co., Ltd.” was the surviving company.
2009 May	“DC Cash One Ltd.” was dissolved due to absorption-type merger with the Company where the Company was the surviving company.
2010 Aug.	“A B PARTNER CO., LTD.” was dissolved due to absorption-type merger with “IR Loan Servicing, Inc.,” where “IR Loan Servicing, Inc.” was the surviving company.
2012 Apr.	“AC Ventures Co., Ltd.” was dissolved due to absorption-type merger with the Company where the Company was the surviving company.
2013 Sept.	Established “MU Credit Guarantee Co., LTD.,” which operates in the guarantee business (present, a consolidated subsidiary).
2014 Sept.	“AFRESH CREDIT CO., LTD.” was dissolved due to absorption-type merger with “IR Loan Servicing, Inc.” where “IR Loan Servicing, Inc.” was the surviving company.

3. Description of Business

ACOM is a consolidated subsidiary of Mitsubishi UFJ Financial Group, Inc. (hereinafter, “MUFG”), and MUFG is the “Parent company” of ACOM.

The ACOM Group consists of ACOM and 7 subsidiaries and 1 affiliate. The Group’s main line of business is [loan and credit card business, guarantee business, overseas financial business and loan servicing business].

The table below explains the positioning of group companies and their relevant segments.

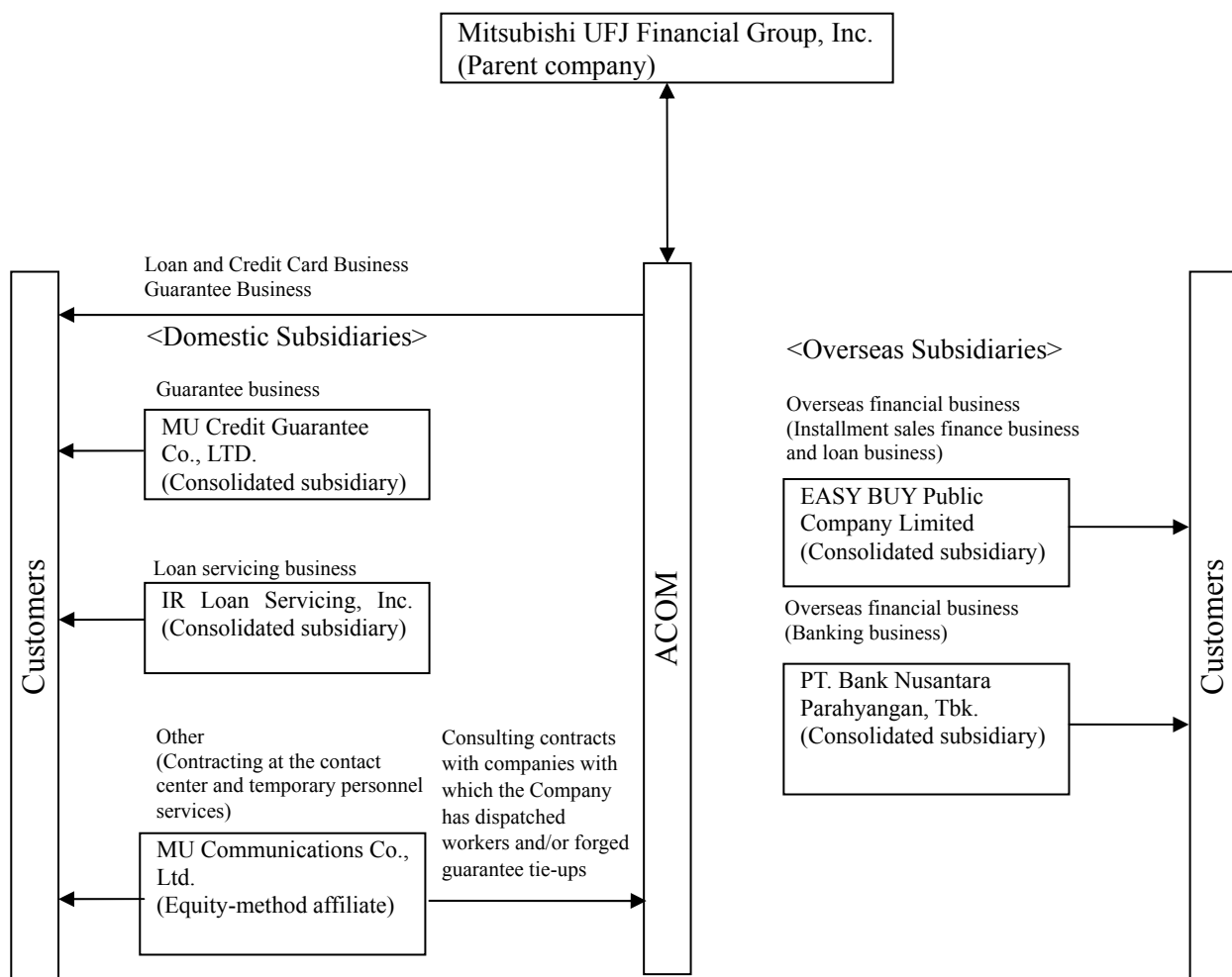
The following four segments are consistent with those stated in [Notes], (1) Consolidated Financial Statements in 1. Consolidated Financial Statements, etc. of V. Financial Information.

Segment	Company Name	Business Outline
Loan and Credit Card Business	ACOM CO., LTD.	Unsecured loan business
		Credit card business of which the principal commodity is MasterCard®
Guarantee Business	ACOM CO., LTD.	Guarantee business
	MU Credit Guarantee Co., LTD.	
Overseas financial business	EASY BUY Public Company Limited	Unsecured loan business in Kingdom of Thailand
		Installment loan business (Installment sales finance business) in Kingdom of Thailand
	PT. Bank Nusantara Parahyangan, Tbk.	Banking business in Republic of Indonesia
Loan Servicing Business	IR Loan Servicing, Inc.	Servicing business (Loan servicing business)
	General Incorporated Association Mirai Capital	Loan servicing business (Special Purpose Companies)
	Power Investments LLC	
Others	ACOM (U.S.A.) INC.	—
	MU Communications Co., Ltd.	Contracting at the contact center and temporary personnel services

(Notes) 1. IR Loan Servicing, Inc. absorbed AFRESH CREDIT CO., LTD., a wholly owned subsidiary of the Company which engaged in installment sales finance business, as of September 1, 2014.

2. ACOM (U.S.A.) INC. is currently suspending its operation.

The diagram below illustrates the businesses of the ACOM Group companies.



- (Notes)
1. ACOM (U.S.A.) INC. is currently suspending its operation; therefore, it is omitted from the diagram.
 2. This diagram does not include both General Incorporated Association Mirai Capital and Power investments LLC as they were established as Special Purpose Companies.
 3. IR Loan Servicing, Inc. absorbed AFRESH CREDIT CO., LTD. effective on September 1, 2014.

4. Information on Subsidiaries and Affiliates

Company name	Location	Paid in capital (Million yen)	Principal business	Ratio of voting rights holding or held		Relationship
				Ratio of voting rights holding (%)	Ratio of voting rights held (%)	
(Parent company)						
Mitsubishi UFJ Financial Group, Inc. (Note) 3	Chiyoda-ku, Tokyo	2,141,513	Bank holding company	—	40.19 (2.61)	Business management, business and capital alliance
(Consolidated subsidiary)						
MU Credit Guarantee Co., LTD.	Shinjuku- ku, Tokyo	300	Guarantee business	50.08	—	—
EASY BUY Public Company Limited (Note) 4, 5	Bangkok, Kingdom of Thailand	(Million THB) 3,900	Overseas financial business	71.00	—	Loan guarantee to said company
PT. Bank Nusantara Parahyangan, Tbk.	Bandung, Republic of Indonesia	(Million IDR) 338,416	Overseas financial business	66.15	—	Holding of subordinated loans issued by said company
IR Loan Servicing, Inc. (Note) 6	Chiyoda-ku, Tokyo	520	Loan servicing business	100.00	—	Financial loan to said company
General Incorporated Association Mirai Capital (Note) 7	Shibuya-ku, Tokyo	3	Loan servicing business	100.00 (100.00)	—	—
Power Investments LLC (Note) 8	Shibuya-ku, Tokyo	0	Loan servicing business	100.00 (100.00)	—	—
ACOM (U.S.A.) INC. (Note) 9	Delaware, U.S.A.	(Million USD) 34	Other	100.00	—	—
(Equity-method affiliate)						
MU Communications Co., Ltd.	Shibuya-ku, Tokyo	1,020	Other	23.15	—	Consulting contracts with companies with which the Company has dispatched workers and/or forged guarantee tie-ups

- (Notes) 1. Name of business segments of consolidated subsidiaries in the box of “Principal business” are the same as those stated in the segment information.
2. The ratio of voting rights holding (held) indirectly is shown in parentheses “()” in the boxes of “Ratio of voting rights holding or held.”
3. The Company files Securities Reports.
4. EASY BUY Public Company Limited falls under a specified subsidiary.
5. EASY BUY’s operating revenue (excluding intragroup operating revenue among consolidated subsidiaries) accounted for 10% or more of the total operating revenue for the consolidated financial statements.

Key profit/loss information:

(1) Operating revenue	33,046 million yen (THB 10,136 million)
(2) Ordinary income	9,467 million yen (THB 2,904 million)
(3) Net income	7,518 million yen (THB 2,306 million)

- (4) Net assets 35,026 million yen (THB 9,544 million)
- (5) Total assets 132,689 million yen (THB 36,155 million)
- 6. IR Loan Servicing, Inc. absorbed AFRESH CREDIT CO., LTD., a wholly owned subsidiary of the Company which engaged in installment sales finance business, as of September 1, 2014.
- 7. General Incorporated Association Mirai Capital is a subsidiary of IR Loan Servicing Inc., which is a consolidated subsidiary of the Company.
- 8. Power Investments LLC is a subsidiary of General Incorporated Association Mirai Capital, which is a consolidated subsidiary of the Company.
- 9. ACOM (U.S.A.) INC. is currently suspending its operation.

5. Employees

(1) Consolidated Companies

As of March 31, 2015

Name of business segment	Number of employees
Loan and credit card business	1,315 (154)
Guarantee business	196 (9)
Overseas financial business	3,792 (276)
Loan servicing business	140 (11)
Corporate wide (shared)	377 (17)
Total	5,820 (467)

(Notes) 1. The number of employees represents the number of workers employed by the consolidated companies (excluding employees from intragroup to extra-group companies and including those from extra-group to intragroup companies) but excludes fixed-term employees.

2. The bracketed figure is the average number of fixed-term employees during the current fiscal year.

(The average number of fixed-term employees was 448 if the number of temporary employees among fixed-term employees is converted at the rate of one (1) person per 8-working-hour shift a day.)

3. The employees in Corporate wide (shared) section are those belonging to the administration department of the Filing Company and thus do not fall into any business segment.

(2) The Filing Company

As of March 31, 2015

Number of employees	Average age (Years old)	Average length of service (Years)	Average annual salary (Thousands of yen)
1,851 (172)	39.9	15.0	6,118

Name of business segment	Number of employees
Loan and credit card business	1,315 (154)
Guarantee business	159 (1)
Corporate wide (shared)	377 (17)
Total	1,851 (172)

(Notes) 1. The number of employees represents the number of workers employed by the Company (excluding employees from the Company to external companies and including those from external companies to the company) but excludes fixed-term employees.

2. Bonus and extra remuneration are included in the average annual salary.

3. The bracketed figure is the average number of fixed-term employees during the current fiscal year.

(The average number of fixed-term employees was 157 if the number of temporary employees among fixed-term employees is converted at the rate of one (1) person per 8-working-hour shift a day.)

4. The employees in the Corporate wide (shared) section are those belonging to the administration department of the Head Office and thus do not fall into any business segment.

(3) Status of labor union

Relationship between management and labor union is stable.

II. Business Overview

1. Summary of Results

(1) Business results

During the fiscal year ended March 31, 2015, the Japanese economy showed signs of gradual improvement in the corporate earnings and employment environment and steady movement in consumer spending due to the effects from various economic policies by the government. However, the possibility of an economic downturn remained, including the unfavorable turns seen in the economies of emerging nations represented by China and concern over a downturn overseas arising from the Ukrainian situation.

In the consumer finance industry business conditions continued to be severe, including requests for interest repayment remaining at high level, although the recovery in the conditions of loans and new applications has begun to curb the shrinking trend of market.

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

In the fiscal year ended March 31, 2015, the second year of the medium-term management plan, the Group continued to focus its efforts on expanding business bases in the aforementioned three core businesses. Accounts receivable-operating loans as of the end of the current fiscal year rose further than in the previous fiscal year in the loan business and the balance of guaranteed receivables continued to significantly increase for the second consecutive fiscal year in the guarantee business. Also, business operations expanded steadily in the overseas financial business.

Consolidated operating revenue for fiscal year ended March 31, 2015, amounted to 219,289 million yen (up 8.4% year-on-year) primarily due to increases in revenue from credit guarantee and interest on consumer loans. Operating expenses increased to 205,215 million yen (up 9.2% year-on-year) primarily due to increases in provision of allowance for doubtful accounts and provision for loss on interest repayment. Operating income decreased to 14,073 million yen (down 1.8% year-on-year), and ordinary income decreased to 14,747 million yen (down 5.3% year-on-year).

The Company posted income before income taxes and minority interests of 15,403 million yen (up 0.3% year-on-year), mainly due to increased gain on sales of noncurrent assets under extraordinary income. In addition, mainly due to a decrease of income taxes-deferred, the Company posted net income of 12,864 million yen (up 21.0% year-on-year).

(2) Status of financial service businesses

1) 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 portfolio.

As for the improvement of product/service functions and gathering and acquiring of new customers, we installed automatic contract machines at 20 off-premise ATM corners of The Bank of Tokyo-Mitsubishi UFJ, Ltd. in July 2014 in order to further enhance convenience for customers. We also started the “30 Days Zero-Interest-Rate Services” for new customers in October 2014 and aired commercials to promote the service on TV and internet platforms. We continued airing commercials featuring the actress “Hiromi Nagasaku” and the sound logo from “*Hajimete-no* (First time at) ACOM,” maintaining an advertising strategy that has achieved high likability and helped increase the number of new customers.

In March 2015, we began to diversify our contract methods over internet platforms and inaugurated a service to provide customers with various transaction documents from the ACOM homepage.

As for the promotion of credit cards, we have installed instant credit card issuers one after another at 344 outlets in major cities nationwide since October 2013. As a result, the total number of card members increased to 215 thousand (up 25.6% year-on-year) and the annual transaction volume increased to 17,877 million yen (up 53.4% year-on-year).

In addition to the above marketing activities, we have endeavored to maintain the soundness of 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 747,139 million yen (up 2.9% year-on-year).

In the domestic loan and credit card business, the business segment's operating revenue was 128,725 million yen (up 1.9% year-on-year) mainly due to increases in revenue from credit card business and interest on consumer loans in accordance with our business expansion. The business segment posted an operating loss of 8,364 million yen mainly due to increases in provision of allowance for doubtful accounts and provision for loss on interest repayment under operating expenses (compared with operating loss of 3,323 million yen for the prior fiscal year).

2) 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.

The Company newly started guarantee tie-ups with THE OITA BANK, LTD. and The Shikoku Bank, Ltd., increasing the combined number of business partners of the Company and MU Credit Guarantee Co., LTD. to 46 banks at the end of the current fiscal year.

To enhance partnerships with existing partners, the Company strove to improve its system for receiving applications for guarantee screening and to reduce the screening times for the purpose of enhancing convenience for the customers who use financial institutions in alliance. As a support toward improved performance for financial institutions in alliance, the Company made proposals and offered assistance on products that will meet the needs of customers and on the promotion of business with existing customers.

As a result, the balance of guaranteed receivables at the Group level has reached to 861,212 million yen (up 14.5% year-on-year) at the end of the current fiscal year. The business segment's operating revenue was 40,992 million yen (up 38.0% year-on-year) mainly due to inclusion of the revenue of MU Credit Guarantee Co., LTD., which commenced its business operation in March 2014. The operating income was 11,125 million yen (up 46.3% year-on-year).

3) Overseas financial business

In the overseas financial business, business operations were proactively carried out in the pursuit of expanding the relevant businesses.

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 has 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 expand revenue with a view to strengthening its internal control structure in preparation for possible future uncertainty arising from presidential election.

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. While waiting for the result of the screening, the Company has continued surveys on various local laws/regulations and risks, and market analysis for future business development. The Company also continues with necessary surveys in the People's Republic of China and other Asian countries to explore the feasibility of business development.

As a result, the business segment's operating revenue and operating income were 42,939 million yen (up 9.7% year-on-year) and 10,156 million yen (up 7.9% year-on-year), respectively.

4) Loan servicing business

In the loan servicing business, IR Loan Servicing, Inc. has endeavored to strengthen its business structure and increase profitability amid intensified competition in the purchased receivables market against the backdrop of a decreasing disposal of bad debts at financial institutions.

As the amount of collection from purchased receivables decreased from the prior fiscal year against the backdrop of sluggishness in the purchased receivables market, the business segment's operating revenue was 6,535 million yen (down 0.2% year-on-year). On the other hand, the operating income was 746 million yen (up 18.9% year-on-year) primarily due to decreases in provision for bad debts under operating expenses.

(3) Status of cash flows during the current fiscal year

Cash and cash equivalents (hereinafter, “funds”) at the end of the current fiscal year decreased by 29,405 million yen (down 19.4% year-on-year) from the end of the prior fiscal year to 122,306 million yen.

With respect to net cash used in operating activities, funds saw a decrease of 38,249 million yen, reflecting funds-increasing factors such as 15,403 million yen in income before income taxes and minority interests, an increase of 6,556 million yen in allowance for doubtful accounts, and 3,808 million yen in depreciation, as well as funds-decreasing factors such as a decrease of 21,500 million yen in provision for loss on interest repayment, an increase of 32,338 million yen in accounts receivable-operating loans, and an increase of 4,090 million yen in accounts receivable-installment.

With respect to net cash used in investing activities, funds saw a decrease of 5,155 million yen. This was primarily due to the fact that the amount of proceeds from sales of noncurrent assets was 2,724 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 2,322 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 13,503 million yen. This was primarily due to the fact that the total amount of proceeds from loans and issuance of bonds was 15,199 million yen more than the repayments of loans payable and payments at maturity of bonds.

2. Consolidated Operating Results

(1) Operating revenue by business segment

Business segment			Prior fiscal year (From April 1, 2013 to March 31, 2014)		Current fiscal year (From April 1, 2014 to March 31, 2015)	
			Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Financial service businesses	Japan	Loan business	123,814	61.2	125,739	57.3
		Credit card business	2,565	1.3	2,985	1.4
		Guarantee business	29,707	14.7	40,992	18.7
		Loan servicing business	6,538	3.2	6,533	3.0
		Others	316	0.2	82	0.0
	Overseas	Loan business	30,120	14.9	32,822	15.0
		Installment sales finance business	313	0.1	265	0.1
		Banking business	8,862	4.4	9,868	4.5
Total			202,240	100.0	219,289	100.0

(Note) Category of business above applies the category of business stated in [Segment information] in [Notes] under 1. Consolidated Financial Statements, etc. of V. Financial Information.

(2) Transaction volume and outstanding receivables at the end of the fiscal year of the financial service business segments

1) Transaction volume

Business segment		Prior fiscal year (From April 1, 2013 to March 31, 2014)		Current fiscal year (From April 1, 2014 to March 31, 2015)	
		Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Japan	Loan business	358,781	66.7	375,177	63.6
	Credit card business	11,652	2.2	17,877	3.0
	Loan servicing business	3,565	0.6	3,600	0.6
Overseas	Loan business	83,231	15.5	95,381	16.2
	Installment sales finance business	1,167	0.2	883	0.1
	Banking business	79,698	14.8	97,247	16.5
Total		538,097	100.0	590,167	100.0

(Notes) 1. Category of business above applies the category of business stated in [Segment information] in [Notes] under 1. Consolidated Financial Statements, etc. of V. Financial Information.

2. Details and transaction volume of the above Financial Service business segments are as follows:

Loan business	Provision of loans directly to customers. The scope of this segment's transaction volume is the amount of loans to customers.
Credit card business	Provision of general financial services through the use of credit cards, based on comprehensive credit administration. The scope of transaction volume is the total amount of credit.
Loan servicing business	The amount of purchased receivables.
Installment sales finance business	Provision of financial services without using credit cards. Each transaction of this service involves customer screening and review. The scope of transaction volume is the sum of credit amount and commission fees.
Banking business	Provision of loans directly to customers. The scope of this segment's transaction volume is the amount of loans to customers.

2) Receivables outstanding

Business segment		Prior fiscal year (As of March 31, 2014)		Current fiscal year (As of March 31, 2015)	
		Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Japan	Loan business	726,363	79.3	747,236	76.8
	Credit card business	17,281	1.9	21,595	2.2
	Loan servicing business	8,846	1.0	8,473	0.9
Overseas	Loan business	102,259	11.1	130,190	13.4
	Installment sales finance business	829	0.1	699	0.1
	Banking business	60,338	6.6	64,582	6.6
Total		915,919	100.0	972,778	100.0

(Note) Category of business above applies the category of business stated in [Segment information] in [Notes] under 1. Consolidated Financial Statements, etc. of V. Financial Information.

(3) Number of outlets

Category	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Outlets	1,230	1,246

(4) Number of customer accounts

Business segment		Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Japan	Loan business	1,398,595	1,397,353
	Credit card business	171,681	215,687
	Loan servicing business	323,833	330,649
Overseas	Loan business	1,041,198	1,122,447
	Installment sales finance business	22,879	17,084
	Banking business	25,004	20,468

(Notes) 1. Category of business above applies the category of business stated in [Segment information] in [Notes] under 1. Consolidated Financial Statements, etc. of V. Financial Information.

2. The number of customer accounts by business segment shown above is as follows:

Loan business	Number of accounts receivable-operating loans
Credit card business	Number of credit card “MasterCard®” holders
Loan servicing business	Number of accounts with outstanding purchased receivables
Installment sales finance business	Number of contracts with outstanding accounts receivable-installment business
Banking business	Number of loan accounts with outstanding loans receivable of banking business

(5) Breakdown of accounts receivable-operating loans

1) By loan type

Loan type		Prior fiscal year (As of March 31, 2014)					Current fiscal year (As of March 31, 2015)				
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Average contracted interest rate (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Average contracted interest rate (%)
Consumer loans	Unsecured loans (excluding housing loans)	2,435,555	99.8	815,573	98.4	17.45	2,516,189	99.9	866,718	98.8	17.58
	Secured loans (excluding housing loans)	4,181	0.2	12,781	1.6	12.13	3,563	0.1	10,524	1.2	11.94
	Housing loans	—	—	—	—	—	—	—	—	—	—
	Subtotal	2,439,736	100.0	828,354	100.0	17.36	2,519,752	100.0	877,242	100.0	17.51
Commercial loans	Unsecured loans	6	0.0	5	0.0	14.16	6	0.0	5	0.0	14.36
	Secured loans	51	0.0	262	0.0	9.26	42	0.0	178	0.0	9.09
	Subtotal	57	0.0	268	0.0	9.37	48	0.0	184	0.0	9.25
Total		2,439,793	100.0	828,622	100.0	17.36	2,519,800	100.0	877,427	100.0	17.51

2) By industry

Industry	Prior fiscal year (As of March 31, 2014)				Current fiscal year (As of March 31, 2015)			
	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Agriculture, forestry and fishery	3	0.0	13	0.0	3	0.0	8	0.0
Construction	15	0.0	33	0.0	13	0.0	28	0.0
Manufacturing	6	0.0	10	0.0	5	0.0	9	0.0
Electricity; gas; heat supply; water supply	—	—	—	—	—	—	—	—
Information and communications	1	0.0	5	0.0	1	0.0	5	0.0
Transport and postal services	2	0.0	11	0.0	2	0.0	11	0.0
Wholesale and retail	12	0.0	85	0.0	9	0.0	26	0.0
Finance and insurance	5	0.0	27	0.0	4	0.0	24	0.0
Real estate, and goods rental and leasing	2	0.0	30	0.0	2	0.0	27	0.0
Accommodation, and food and beverage services	3	0.0	19	0.0	3	0.0	19	0.0
Education and educational support	—	—	—	—	—	—	—	—
Healthcare and welfare	1	0.0	0	0.0	1	0.0	0	0.0
Multiple services	—	—	—	—	—	—	—	—
Other services (Does not fall under any other category)	7	0.0	30	0.0	5	0.0	21	0.0
Individuals	2,439,736	100.0	828,354	100.0	2,519,752	100.0	877,242	100.0
Specified nonprofit organization	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Total	2,439,793	100.0	828,622	100.0	2,519,800	100.0	877,427	100.0

(Note) Commercial loans to sole proprietors are included in corresponding categories other than “Individuals.”

3) By collateral type

Collateral	Prior fiscal year (As of March 31, 2014)		Current fiscal year (As of March 31, 2015)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Securities (Stocks included in the above)	— (—)	— (—)	— (—)	— (—)
Credit (Deposits included in the above)	— (—)	— (—)	— (—)	— (—)
Merchandise	—	—	—	—
Real estate	12,958	1.6	10,623	1.2
Foundations	—	—	—	—
Others	85	0.0	80	0.0
Subtotal	13,043	1.6	10,703	1.2
Guarantee	—	—	—	—
Unsecured	815,579	98.4	866,723	98.8
Total	828,622	100.0	877,427	100.0

4) By loan term

Loan period		Prior fiscal year (As of March 31, 2014)				Current fiscal year (As of March 31, 2015)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Unsecured loans	Revolving	2,326,071	95.4	768,241	92.7	2,386,253	94.7	814,575	92.8
	Due within 1 year	698	0.0	77	0.0	753	0.0	97	0.0
	Due after 1 year through 5 years	61,527	2.5	17,754	2.1	80,630	3.2	19,625	2.3
	Due after 5 years through 10 years	14,715	0.6	6,592	0.8	16,291	0.7	7,626	0.9
	Due after 10 years through 15 years	32,527	1.3	22,894	2.8	32,234	1.3	24,764	2.8
	Due after 15 years through 20 years	18	0.0	16	0.0	30	0.0	29	0.0
	Due after 20 years through 25 years	5	0.0	2	0.0	4	0.0	3	0.0
	Due after 25 years	—	—	—	—	—	—	—	—
	Subtotal	2,435,561	99.8	815,579	98.4	2,516,195	99.9	866,723	98.8
Secured loans	Revolving	3,365	0.2	9,821	1.2	2,831	0.1	7,950	0.9
	Due within 1 year	19	0.0	46	0.0	22	0.0	83	0.0
	Due after 1 year through 5 years	153	0.0	206	0.0	144	0.0	189	0.0
	Due after 5 years through 10 years	373	0.0	984	0.1	347	0.0	892	0.1
	Due after 10 years through 15 years	74	0.0	338	0.0	74	0.0	307	0.1
	Due after 15 years through 20 years	66	0.0	374	0.1	42	0.0	222	0.0
	Due after 20 years through 25 years	182	0.0	1,271	0.2	145	0.0	1,058	0.1
	Due after 25 years	—	—	—	—	—	—	—	—
	Subtotal	4,232	0.2	13,043	1.6	3,605	0.1	10,703	1.2
Revolving		2,329,436	95.5	778,063	93.9	2,389,084	94.8	822,526	93.7
Due within 1 year		717	0.0	123	0.0	775	0.0	181	0.0
Due after 1 year through 5 years		61,680	2.5	17,961	2.2	80,774	3.2	19,815	2.3
Due after 5 years through 10 years		15,088	0.6	7,576	0.9	16,638	0.7	8,518	1.0
Due after 10 years through 15 years		32,601	1.4	23,232	2.8	32,308	1.3	25,072	2.9
Due after 15 years through 20 years		84	0.0	391	0.0	72	0.0	251	0.0
Due after 20 years through 25 years		187	0.0	1,274	0.2	149	0.0	1,061	0.1
Due after 25 years		—	—	—	—	—	—	—	—
Total		2,439,793	100.0	828,622	100.0	2,519,800	100.0	877,427	100.0
Average term per contract		—				—			

(Note) “Average term per contract” is not calculated since revolving loan contracts are included in the table above.

(6) Breakdown of funds

1) Breakdown by funding sources

Funding sources, etc.	Prior fiscal year (As of March 31, 2014)		Current fiscal year (As of March 31, 2015)	
	Outstanding balance (Millions of yen)	Average interest rate (%)	Outstanding balance (Millions of yen)	Average interest rate (%)
Borrowings from financial institutions, etc.	431,952	2.33	443,540	1.92
Others (Corporate bonds, CPs)	188,014 (188,014)	1.90 (1.90)	203,313 (203,313)	1.62 (1.62)
Total	619,966	2.20	646,854	1.83
Owners' equity (Capital stock)	469,889 (63,832)	— (—)	475,407 (63,832)	— (—)

(Notes) 1. "Owners' equity" was calculated by deducting total liabilities, the amount of minority interests in the "net assets" section, and the planned amount of dividend from total assets, and then adding the total amount of reserves (including reserves under special laws).

2. "Borrowings from financial institutions, etc." as of the end of the current fiscal year includes 5,036 million yen (11,791 million yen as of the end of the prior fiscal year) borrowings by liquidation of receivables.

2) Breakdown by financial institution

(Millions of yen)

Financial institution		Prior fiscal year (As of March 31, 2014)				Current fiscal year (As of March 31, 2015)			
		Beginning balance	Amount procured	Amount repaid	Final balance	Beginning balance	Amount procured	Amount repaid	Final balance
Borrowings	City banks, etc.	152,183	105,354	115,406	142,131	142,131	110,478	103,880	148,727
	Regional banks	27,054	17,200	13,901	30,352	30,352	22,005	14,765	37,591
	Trust banks	167,855	75,251	85,195	157,911	157,911	109,287	109,388	157,809
	Foreign banks	20,061	84,579	83,384	21,256	21,256	89,601	80,864	29,992
	Life insurance companies	27,153	12,000	15,854	23,299	23,299	13,500	14,768	22,031
	Non-life insurance companies	1,500	500	494	1,506	1,506	2,500	658	3,348
	Business corporations (leasing and financing companies, etc.)	4,395	1,000	2,561	2,834	2,834	2,000	1,332	3,502
	Other financial institutions	55,959 (22,291)	25,946 (—)	29,242 (10,500)	52,663 (11,791)	52,663 (11,791)	19,612 (—)	31,739 (6,754)	40,537 (5,036)
Subtotal		456,160	321,831	346,039	431,952	431,952	368,985	357,397	443,540
Corporate bonds (including current portion of bonds payable)		176,362	95,379	83,727	188,014	188,014	67,460	52,161	203,313
Subtotal		176,362	95,379	83,727	188,014	188,014	67,460	52,161	203,313
Total		632,523	417,210	429,766	619,966	619,966	436,445	409,558	646,854

(Notes) 1. "City banks, etc." includes Shinsei Bank, Limited and Aozora Bank, Ltd.

2. Figures in parentheses in "Other financial institutions" are borrowings by liquidation of receivables.

3. Amounts procured and repaid by overseas subsidiaries are stated after foreign currency translation adjustment.

(7) Operating results of the Filing Company

1) The number of outlets and customer accounts by business segment

(i) The number of outlets and automated teller machines

Category		Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Outlets		1,065	1,086
	Staffed outlets	39	39
	Unstaffed outlets	1,026	1,047
Automatic contract machines		1,065 locations (1,090)	1,086 locations (1,112)
ATMs		58,689	62,241
	Proprietary	1,111	1,112
	Tie-up	57,578	61,129
	(Number of tie-up companies)	(18)	(18)

(Note) In addition to the above 1,086 loan business outlets, based on the Money Lending Business Act, we registered 39 automatic contract machines installed in staffed outlets (they stood at 39 as of March 31, 2014), 6 automated teller machines installed outside outlets (6 as of March 31, 2014) and 1 service center (1 as of March 31, 2014) for the various applications and registration acceptance via automatic contract machines and other means as outlets.

(ii) Number of customer accounts

Business segment		Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Loan business		1,397,733	1,397,049
Credit card business	Credit cards	171,681	215,687

(Note) The number of customer accounts by business segment shown above is as follows:

Loan business Number of accounts receivable-operating loans

Credit card business

Credit cards Number of “MasterCard®” holders

2) Breakdown of operating revenue

(i) Operating revenue by business segment

Business segment	Prior fiscal year (From April 1, 2013 to March 31, 2014)		Current fiscal year (From April 1, 2014 to March 31, 2015)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Loan Business	123,814	79.5	125,739	76.8
Unsecured loans	122,129	78.4	124,377	76.0
Consumer	122,128	78.4	124,376	76.0
Commercial	0	0.0	0	0.0
Secured loans	1,684	1.1	1,362	0.8
Credit card business	2,565	1.7	2,985	1.8
Guarantee business	29,212	18.8	34,630	21.2
Others	67	0.0	288	0.2
Total	155,659	100.0	163,644	100.0

(ii) Interest on consumer loans by region

Region	Prior fiscal year (From April 1, 2013 to March 31, 2014)		Current fiscal year (From April 1, 2014 to March 31, 2015)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Hokkaido	4,384	3.8	4,390	3.9
Tohoku	7,000	6.2	7,067	6.2
Kanto	42,330	37.3	42,130	37.1
Chubu	17,210	15.2	16,879	14.8
Kinki	20,848	18.4	21,382	18.8
Chugoku	5,781	5.1	5,754	5.1
Shikoku	2,985	2.6	2,969	2.6
Kyushu	12,938	11.4	13,032	11.5
Total	113,480	100.0	113,608	100.0

(Note) The prefectures belonging to each region are as follows:

Hokkaido: Hokkaido

Tohoku: Aomori, Iwate, Miyagi, Akita, Yamagata and Fukushima

Kanto: Ibaraki, Tochigi, Gunma, Saitama, Chiba, Tokyo and Kanagawa

Chubu: Niigata, Toyama, Ishikawa, Fukui, Yamanashi, Nagano, Gifu, Shizuoka and Aichi

Kinki: Mie, Shiga, Kyoto, Osaka, Hyogo, Nara and Wakayama

Chugoku: Tottori, Shimane, Okayama, Hiroshima and Yamaguchi

Shikoku: Tokushima, Kagawa, Ehime and Kochi

Kyushu: Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima and Okinawa

Total amount for each region is calculated based on the locations of sales outlets.

3) Transaction volume and outstanding receivables at the end of the fiscal year for the financial service business segments

(i) Transaction volume

Business segment		Prior fiscal year (From April 1, 2013 to March 31, 2014)		Current fiscal year (From April 1, 2014 to March 31, 2015)	
		Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Loan business	Unsecured loans	358,722	96.9	375,131	95.5
	Consumer loans	358,722	96.9	375,131	95.5
	Commercial loans	—	—	—	—
	Secured loans	59	0.0	46	0.0
	Subtotal	358,781	96.9	375,177	95.5
Credit card business	Credit cards	11,652	3.1	17,877	4.5
Total		370,434	100.0	393,055	100.0

(Note) Details and transaction volume of the above Financial Service business segments are as follows:

Loan business	Provision of loans by the Filing Company directly to customers. The scope of this segment's transaction volume is the amount of loans to customers.
Credit card business	Provision of general financial services through the use of credit cards, based on comprehensive credit administration. The scope of transaction volume is the total amount of credit.

(ii) Receivables outstanding

Business segment		Prior fiscal year (As of March 31, 2014)		Current fiscal year (As of March 31, 2015)	
		Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Loan business	Unsecured loans	713,148	95.9	736,436	95.8
	Consumer loans	713,142	95.9	736,430	95.8
	Commercial loans	5	0.0	5	0.0
	Secured loans	13,043	1.8	10,703	1.4
	Subtotal	726,191	97.7	747,139	97.2
Credit card business	Credit cards	17,281	2.3	21,595	2.8
Total		743,473	100.0	768,735	100.0

4) Increase/decrease and outstanding balance of operating loans

(Millions of yen)

Item	Prior fiscal year (As of March 31, 2014)			Current fiscal year (As of March 31, 2015)		
	Total amount	Unsecured loans	Secured loans	Total amount	Unsecured loans	Secured loans
Beginning balance	716,731	700,833	15,898	726,191	713,148	13,043
Loans made during the period	358,781	358,722	59	375,177	375,131	46
Collection during the period	316,131	313,573	2,557	322,326	320,193	2,133
Transfer of claims on bankruptcy and reorganization, etc.	426	407	19	454	414	40
Write-off of bad debts during the period	32,763	32,425	337	31,446	31,234	211
Other decrease	—	—	—	0	0	—
Final balance	726,191	713,148	13,043	747,139	736,436	10,703
Average loans receivable	719,808	705,258	14,550	736,740	724,812	11,928

(Note) "Other decrease" is the result of the transfer of receivables.

5) Breakdown of operating loans

(i) By loan type

Loan type		Prior fiscal year (As of March 31, 2014)					Current fiscal year (As of March 31, 2015)				
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Average contracted interest rate (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Average contracted interest rate (%)
Consumer loans	Unsecured loans (excluding housing loans)	1,393,495	99.7	713,142	98.2	16.07	1,393,438	99.7	736,430	98.6	15.94
	Secured loans (excluding housing loans)	4,181	0.3	12,781	1.8	12.13	3,563	0.3	10,524	1.4	11.94
	Housing loans	—	—	—	—	—	—	—	—	—	—
	Subtotal	1,397,676	100.0	725,923	100.0	16.01	1,397,001	100.0	746,955	100.0	15.89
Commercial loans	Unsecured loans	6	0.0	5	0.0	14.16	6	0.0	5	0.0	14.36
	Secured loans	51	0.0	262	0.0	9.26	42	0.0	178	0.0	9.09
	Subtotal	57	0.0	268	0.0	9.37	48	0.0	184	0.0	9.25
Total		1,397,733	100.0	726,191	100.0	16.00	1,397,049	100.0	747,139	100.0	15.89

(ii) Breakdown of unsecured consumer loans by consumers' occupation

Occupation	Prior fiscal year (As of March 31, 2014)				Current fiscal year (As of March 31, 2015)			
	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Clerical work	191,872	13.8	122,115	17.1	194,400	14.0	127,017	17.2
Marketing	125,422	9.0	87,441	12.3	124,119	8.9	88,575	12.0
Sales	86,793	6.2	34,612	4.8	90,925	6.5	36,796	5.0
Labor	519,776	37.3	252,197	35.4	528,027	37.9	264,180	35.9
Drivers	78,286	5.6	44,257	6.2	77,512	5.6	45,610	6.2
Technicians and engineers	83,615	6.0	51,104	7.2	84,074	6.0	52,933	7.2
Management	166,358	11.9	74,236	10.4	160,818	11.5	75,510	10.3
Hospitality service	51,041	3.7	18,246	2.6	50,517	3.6	18,516	2.5
Others	90,332	6.5	28,930	4.0	83,046	6.0	27,290	3.7
Total	1,393,495	100.0	713,142	100.0	1,393,438	100.0	736,430	100.0

(iii) By industry

Industry	Prior fiscal year (As of March 31, 2014)				Current fiscal year (As of March 31, 2015)			
	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Agriculture, forestry and fishery	3	0.0	13	0.0	3	0.0	8	0.0
Construction	15	0.0	33	0.0	13	0.0	28	0.0
Manufacturing	6	0.0	10	0.0	5	0.0	9	0.0
Electricity; gas; heat supply; water supply	—	—	—	—	—	—	—	—
Information and communications	1	0.0	5	0.0	1	0.0	5	0.0
Transport and postal services	2	0.0	11	0.0	2	0.0	11	0.0
Wholesale and retail	12	0.0	85	0.0	9	0.0	26	0.0
Finance and insurance	5	0.0	27	0.0	4	0.0	24	0.0
Real estate, and goods rental and leasing	2	0.0	30	0.0	2	0.0	27	0.0
Accommodation, and food and beverage services	3	0.0	19	0.0	3	0.0	19	0.0
Education and educational support	—	—	—	—	—	—	—	—
Healthcare and welfare	1	0.0	0	0.0	1	0.0	0	0.0
Multiple services	—	—	—	—	—	—	—	—
Other services (Does not fall under any other category)	7	0.0	30	0.0	5	0.0	21	0.0
Individuals	1,397,676	100.0	725,923	100.0	1,397,001	100.0	746,955	100.0
Specified nonprofit organization	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Total	1,397,733	100.0	726,191	100.0	1,397,049	100.0	747,139	100.0

(Note) Commercial loans to sole proprietors are included in corresponding categories other than “Individuals.”

(iv) Breakdown of unsecured consumer loans receivable by consumers' sex and age

Sex and age		Prior fiscal year (As of March 31, 2014)				Current fiscal year (As of March 31, 2015)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Male	18-19 years	—	—	—	—	—	—	—	—
	20-29	216,256	15.5	90,093	12.6	225,917	16.2	95,871	13.0
	30-39	271,739	19.5	146,611	20.5	265,949	19.1	150,515	20.4
	40-49	259,618	18.7	175,583	24.6	257,601	18.5	180,065	24.4
	50-59	173,943	12.5	127,350	17.9	172,953	12.4	130,005	17.7
	60 years and older	120,196	8.6	56,841	8.0	116,935	8.4	56,570	7.7
	Subtotal	1,041,752	74.8	596,479	83.6	1,039,355	74.6	613,027	83.2
Female	18-19 years	—	—	—	—	—	—	—	—
	20-29	69,136	4.9	21,875	3.1	73,250	5.3	23,465	3.2
	30-39	83,190	6.0	27,804	3.9	81,966	5.9	29,021	3.9
	40-49	85,887	6.2	30,052	4.2	88,455	6.3	32,755	4.5
	50-59	62,943	4.5	23,027	3.2	62,942	4.5	24,510	3.3
	60 years and older	50,587	3.6	13,902	2.0	47,470	3.4	13,649	1.9
	Subtotal	351,743	25.2	116,662	16.4	354,083	25.4	123,402	16.8
Total		1,393,495	100.0	713,142	100.0	1,393,438	100.0	736,430	100.0

(v) By collateral type

Collateral accepted	Prior fiscal year (As of March 31, 2014)		Current fiscal year (As of March 31, 2015)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Securities (Stocks included in the above)	— (—)	— (—)	— (—)	— (—)
Credit (Deposits included in the above)	— (—)	— (—)	— (—)	— (—)
Merchandise	—	—	—	—
Real estate	12,958	1.8	10,623	1.4
Foundations	—	—	—	—
Others	85	0.0	80	0.0
Subtotal	13,043	1.8	10,703	1.4
Guarantee	—	—	—	—
Unsecured	713,148	98.2	736,436	98.6
Total	726,191	100.0	747,139	100.0

(vi) By loan amount

Loan amount		Prior fiscal year (As of March 31, 2014)				Current fiscal year (As of March 31, 2015)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Unsecured loans	Due within 100,000 yen	179,209	12.8	10,974	1.5	173,885	12.4	10,617	1.4
	Due over 100,000 yen through 300,000 yen	363,867	26.0	76,908	10.6	348,110	24.9	73,749	9.9
	Due over 300,000 yen through 500,000 yen	464,508	33.3	199,675	27.5	460,605	33.0	198,407	26.6
	Due over 500,000 yen	385,917	27.6	425,589	58.6	410,844	29.4	453,662	60.7
	Subtotal	1,393,501	99.7	713,148	98.2	1,393,444	99.7	736,436	98.6
Secured loans	Due within 1 million yen	664	0.1	350	0.1	610	0.1	327	0.0
	Due over 1 million yen through 5 million yen	3,004	0.2	8,294	1.1	2,540	0.2	6,844	0.9
	Due over 5 million yen through 10 million yen	475	0.0	3,173	0.4	385	0.0	2,586	0.4
	Due over 10 million yen through 50 million yen	89	0.0	1,224	0.2	70	0.0	945	0.1
	Due over 50 million yen through 100 million yen	—	—	—	—	—	—	—	—
	Due over 100 million yen	—	—	—	—	—	—	—	—
	Subtotal	4,232	0.3	13,043	1.8	3,605	0.3	10,703	1.4
Total		1,397,733	100.0	726,191	100.0	1,397,049	100.0	747,139	100.0
Average loans receivable per contract (Thousands of yen)		—	—	519	—	—	—	534	—
Unsecured loans		—	—	511	—	—	—	528	—
Secured loans		—	—	3,082	—	—	—	2,969	—

(vii) By loan term

Loan term		Prior fiscal year (As of March 31, 2014)				Current fiscal year (As of March 31, 2015)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Unsecured loans	Revolving	1,292,090	92.4	666,552	91.8	1,301,960	93.2	689,516	92.3
	Due within 1 year	684	0.1	75	0.0	744	0.1	97	0.0
	Due after 1 year through 5 years	53,731	3.9	17,082	2.3	42,276	3.0	14,428	2.0
	Due after 5 years through 10 years	14,447	1.0	6,523	0.9	16,198	1.1	7,598	1.0
	Due after 10 years through 15 years	32,526	2.3	22,894	3.2	32,232	2.3	24,762	3.3
	Due after 15 years through 20 years	18	0.0	16	0.0	30	0.0	29	0.0
	Due after 20 years through 25 years	5	0.0	2	0.0	4	0.0	3	0.0
	Due after 25 years	—	—	—	—	—	—	—	—
	Subtotal	1,393,501	99.7	713,148	98.2	1,393,444	99.7	736,436	98.6
Secured loans	Revolving	3,365	0.3	9,821	1.4	2,831	0.2	7,950	1.1
	Due within 1 year	19	0.0	46	0.0	22	0.0	83	0.0
	Due after 1 year through 5 years	153	0.0	206	0.0	144	0.0	189	0.0
	Due after 5 years through 10 years	373	0.0	984	0.1	347	0.1	892	0.1
	Due after 10 years through 15 years	74	0.0	338	0.0	74	0.0	307	0.1
	Due after 15 years through 20 years	66	0.0	374	0.1	42	0.0	222	0.0
	Due after 20 years through 25 years	182	0.0	1,271	0.2	145	0.0	1,058	0.1
	Due after 25 years	—	—	—	—	—	—	—	—
	Subtotal	4,232	0.3	13,043	1.8	3,605	0.3	10,703	1.4
Revolving		1,295,455	92.7	676,373	93.1	1,304,791	93.4	697,466	93.4
Due within 1 year		703	0.0	121	0.0	766	0.1	180	0.0
Due after 1 year through 5 years		53,884	3.9	17,289	2.4	42,420	3.0	14,618	2.0
Due after 5 years through 10 years		14,820	1.1	7,507	1.0	16,545	1.2	8,490	1.1
Due after 10 years through 15 years		32,600	2.3	23,232	3.2	32,306	2.3	25,069	3.4
Due after 15 years through 20 years		84	0.0	391	0.1	72	0.0	251	0.0
Due after 20 years through 25 years		187	0.0	1,274	0.2	149	0.0	1,061	0.1
Due after 25 years		—	—	—	—	—	—	—	—
Total		1,397,733	100.0	726,191	100.0	1,397,049	100.0	747,139	100.0
Average term per contract		—				—			

(Note) “Average term per contract” is not calculated since revolving loan contracts are included in the table above.

(viii) By interest rate

Interest rate		Prior fiscal year (As of March 31, 2014)				Current fiscal year (As of March 31, 2015)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Unsecured loans	Below 10% p.a.	81,775	5.9	34,279	4.7	71,852	5.1	31,754	4.3
	From 10.0% to 15.0% p.a.	327,557	23.4	321,419	44.3	336,715	24.1	343,662	46.0
	From 15.0% to 18.0% p.a.	895,362	64.1	316,767	43.6	928,356	66.5	334,886	44.8
	From 18.0% to 20.0% p.a.	4,188	0.3	6,677	0.9	3,005	0.2	4,795	0.6
	Above 20.0% p.a.	84,619	6.0	34,003	4.7	53,516	3.8	21,337	2.9
	Subtotal	1,393,501	99.7	713,148	98.2	1,393,444	99.7	736,436	98.6
Secured loans	Below 10.0% p.a.	826	0.1	3,539	0.5	731	0.1	2,990	0.4
	From 10.0% to 15.0% p.a.	3,405	0.2	9,502	1.3	2,873	0.2	7,711	1.0
	From 15.0% to 18.0% p.a.	1	0.0	1	0.0	1	0.0	1	0.0
	Subtotal	4,232	0.3	13,043	1.8	3,605	0.3	10,703	1.4
Total		1,397,733	100.0	726,191	100.0	1,397,049	100.0	747,139	100.0

(ix) By product type

Product type		Prior fiscal year (As of March 31, 2014)				Current fiscal year (As of March 31, 2015)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Unsecured loans	Comprehensive contract type (Card loans)	1,292,090	92.4	666,552	91.8	1,301,960	93.2	689,516	92.3
	Individual contract type	101,405	7.3	46,589	6.4	91,478	6.5	46,914	6.3
	Commercial loans	6	0.0	5	0.0	6	0.0	5	0.0
	Subtotal	1,393,501	99.7	713,148	98.2	1,393,444	99.7	736,436	98.6
Secured loans	Real estate card loans	3,934	0.3	11,111	1.5	3,373	0.3	9,183	1.2
	Mortgage loans	280	0.0	1,846	0.3	216	0.0	1,440	0.2
	Loans backed by securities or golf club memberships	18	0.0	85	0.0	16	0.0	80	0.0
	Commercial loans	—	—	—	—	—	—	—	—
	Subtotal	4,232	0.3	13,043	1.8	3,605	0.3	10,703	1.4
Total		1,397,733	100.0	726,191	100.0	1,397,049	100.0	747,139	100.0

(x) By region

Region		Prior fiscal year (As of March 31, 2014)				Current fiscal year (As of March 31, 2015)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Unsecured loans	Hokkaido	55,689	4.0	26,402	3.6	54,674	3.9	27,268	3.7
	Tohoku	88,876	6.4	43,164	6.0	87,540	6.3	44,621	6.0
	Kanto	518,607	37.1	270,662	37.3	518,631	37.1	278,438	37.3
	Chubu	188,013	13.4	104,159	14.3	184,452	13.2	105,587	14.1
	Kinki	275,156	19.7	137,107	18.9	283,128	20.3	145,090	19.4
	Chugoku	67,015	4.8	35,150	4.8	66,269	4.7	36,079	4.8
	Shikoku	35,701	2.5	18,096	2.5	35,056	2.5	18,437	2.5
	Kyushu	164,444	11.8	78,404	10.8	163,694	11.7	80,911	10.8
	Subtotal	1,393,501	99.7	713,148	98.2	1,393,444	99.7	736,436	98.6
Secured loans	Hokkaido	207	0.0	537	0.1	185	0.0	451	0.1
	Tohoku	257	0.0	647	0.1	223	0.0	548	0.1
	Kanto	1,488	0.1	4,988	0.7	1,238	0.1	4,032	0.5
	Chubu	598	0.1	1,913	0.3	518	0.1	1,598	0.2
	Kinki	1,068	0.1	3,244	0.4	906	0.1	2,646	0.3
	Chugoku	182	0.0	572	0.1	157	0.0	485	0.1
	Shikoku	79	0.0	206	0.0	67	0.0	173	0.0
	Kyushu	353	0.0	933	0.1	311	0.0	766	0.1
	Subtotal	4,232	0.3	13,043	1.8	3,605	0.3	10,703	1.4
Total		1,397,733	100.0	726,191	100.0	1,397,049	100.0	747,139	100.0

(xi) Accounts receivable-operating loans per outlet and per employee

Item	Prior fiscal year (As of March 31, 2014)		Current fiscal year (As of March 31, 2015)	
	Number of loan contracts	Outstanding balance (Millions of yen)	Number of loan contracts	Outstanding balance (Millions of yen)
Per loan business outlet	35,839	18,620	35,821	19,157
Per loan business employee	1,570	815	1,450	775

(Notes)

1. Accounts receivable-operating loans per loan business outlet

=

Accounts receivable-operating loans at the end of the period

Number of staffed loan outlets at the end of the period

2. Accounts receivable-operating loans per loan business employee

=

Accounts receivable-operating loans at the end of the period

Number of employees at the end of the period

The number of employees at the end of the period is the number of employees who work at the contact center and the loan business outlets. The numbers as of the end of the prior fiscal year and as of the end of the current fiscal year are 890 and 963, respectively.

6) Number of outlets and employees by region

(i) Number of outlets by region

Region	Prior fiscal year (As of March 31, 2014)				Current fiscal year (As of March 31, 2015)			
	Total	Proportion (%)	Loan outlets	Proportion (%)	Total	Proportion (%)	Loan outlets	Proportion (%)
Hokkaido	1	2.6	1	2.6	1	2.6	1	2.6
Tohoku	2	5.1	2	5.1	2	5.1	2	5.1
Kanto	16	41.0	16	41.0	16	41.0	16	41.0
Chubu	6	15.4	6	15.4	6	15.4	6	15.4
Kinki	7	17.9	7	17.9	7	17.9	7	17.9
Chugoku	2	5.1	2	5.1	2	5.1	2	5.1
Shikoku	1	2.6	1	2.6	1	2.6	1	2.6
Kyushu	4	10.3	4	10.3	4	10.3	4	10.3
Total	39	100.0	39	100.0	39	100.0	39	100.0

(Note) The above number of outlets in each region is the number of staffed outlets.

(ii) Number of employees by region

Region	Prior fiscal year (As of March 31, 2014)				Current fiscal year (As of March 31, 2015)			
	Total	Proportion (%)	Loan outlets	Proportion (%)	Total	Proportion (%)	Loan outlets	Proportion (%)
Hokkaido	7	0.4	7	0.8	8	0.4	8	0.8
Tohoku	12	0.7	12	1.3	12	0.6	12	1.3
Kanto	1,252	71.6	518	58.2	1,348	72.8	578	60.0
Chubu	34	2.0	34	3.8	38	2.1	38	3.9
Kinki	398	22.8	274	30.8	398	21.5	280	29.1
Chugoku	13	0.7	13	1.5	13	0.7	13	1.4
Shikoku	7	0.4	7	0.8	7	0.4	7	0.7
Kyushu	25	1.4	25	2.8	27	1.5	27	2.8
Total	1,748	100.0	890	100.0	1,851	100.0	963	100.0

(Note) The number of employees of “Loan outlets” is the number of employees at the end of the fiscal year working at the contact center and the loan business outlets.

7) Breakdown of funds

(i) Breakdown by funding sources

Funding sources	Prior fiscal year (As of March 31, 2014)		Current fiscal year (As of March 31, 2015)	
	Outstanding balance (Millions of yen)	Average interest rate (%)	Outstanding balance (Millions of yen)	Average interest rate (%)
Borrowings from financial institutions, etc.	385,615	2.01	387,914	1.62
Others (Corporate bonds, CPs)	161,326 (161,326)	1.35 (1.35)	171,000 (171,000)	0.96 (0.96)
Total	546,941	1.81	558,914	1.42
Owners' equity (Capital stock)	443,858 (63,832)	— (—)	439,912 (63,832)	— (—)

- (Notes) 1. "Owners' equity" was calculated by deducting total liabilities and the planned amount of dividend from total assets, and then adding the total amount of reserves (including reserves under special laws).
2. "Borrowings from financial institutions, etc." as of the end of the current fiscal year includes 5,036 million yen borrowings by liquidation of receivables (11,791 million yen as of the end of the prior fiscal year).

(ii) Breakdown by financial institution

(Millions of yen)

Financial institution		Prior fiscal year (As of March 31, 2014)				Current fiscal year (As of March 31, 2015)			
		Beginning balance	Amount procured	Amount repaid	Final balance	Beginning balance	Amount procured	Amount repaid	Final balance
Borrowings	City banks, etc.	142,031	98,004	110,530	129,505	129,505	80,600	78,862	131,243
	Regional banks	27,054	17,200	13,901	30,352	30,352	20,600	14,765	36,186
	Trust banks	161,528	72,700	83,220	151,008	151,008	103,220	103,420	150,808
	Foreign banks	3,000	1,000	600	3,400	3,400	4,000	2,400	5,000
	Life insurance companies	27,153	12,000	15,854	23,299	23,299	13,500	14,768	22,031
	Non-life insurance companies	1,500	500	494	1,506	1,506	2,500	658	3,348
	Business corporations (leasing and financing companies, etc.)	4,395	1,000	2,561	2,834	2,834	2,000	1,332	3,502
	Other financial institutions	48,909 (22,291)	23,500 (—)	28,698 (10,500)	43,711 (11,791)	43,711 (11,791)	11,750 (—)	19,664 (6,754)	35,796 (5,036)
Subtotal		415,570	225,904	255,859	385,615	385,615	238,170	235,870	387,914
Corporate bonds (including current portion of bonds payable)		154,253	86,000	78,927	161,326	161,326	60,000	50,326	171,000
Subtotal		154,253	86,000	78,927	161,326	161,326	60,000	50,326	171,000
Total		569,824	311,904	334,786	546,941	546,941	298,170	286,196	558,914

- (Notes) 1. "City banks, etc." includes Shinsei Bank, Limited and Aozora Bank, Ltd.
2. Figures in parentheses in "Other financial institutions" are borrowings by liquidation of receivables.

3. Issues to be Addressed

The medium-term management plan establishes an aggregate 1.6 trillion yen target comprised of loans receivable of consumer loans in the loans business and the balance of guaranteed receivables in the guarantee business as its goal for the fiscal year ending March 31, 2016. Furthermore, for the overseas financial business, the Company is engaging in research activities aimed at further expansion of its loan business in the Kingdom of Thailand and its banking business in the Republic of Indonesia, as well as realization of beginning business in new regions.

For the fiscal year ending March 31, 2016, the last year of the medium-term management plan, the Company will be addressing the following issues aimed at achieving the aforementioned target and objectives.

The financial goal and other forward-looking statements herein were compiled based on information available to the Company and certain assumptions considered reasonable at the time this material was compiled, and are not meant as guarantee of the Company to achieve such results. Actual results may differ significantly from these forecasts due to various factors.

(Loan and credit card business)

In the loan business and credit card business, the Company, under its philosophy “putting the customer first,” will continue to strive to improve its product and service functions and convenience while enhancing its promotion activities and improving credit screening accuracy as a means to gain more customers, grow the number of members, and maintain the soundness of its loan portfolio.

(Guarantee business)

The Group will promote guarantee business with a firm grasp on current market that is expanding in personal card loans provided by financial institutions. In order to meet needs of each and every financial institution in alliance, increasing in complexity as market invigorates, the Group will make the best use of its expertise gained from loan business to enhance and improve service functions.

(Overseas financial business)

For overseas financial business, with a focus on expanding our overseas finance business, the Company will continue to pursue research and analysis activities aimed at realization of beginning business in new regions, as well as work on expanding business at existing overseas subsidiaries and strengthen their internal control structures.

4. Risks Related to Business

The following report on “Risks Related to Business” details potential risks to the Group’s operations based on our assumptions and views as of the submission date of this securities report.

However, the risks described below may not cover all potential risks. As there may be new risks arising from various uncertain factors such as future changes in economic and business conditions affecting the consumer finance industry, from the viewpoint of prompt and timely disclosure to the investors, we disclose what may not be such risk factors but we believe are important for the investors in making their investment-related decisions. The forward-looking statements included in the following description are based on our assumptions and views as of the submission date of this securities report.

(1) Financial results

The business performance of the Group may be influenced by changes, fluctuations and modifications –and the degree of these – in the each of the items 1) to 9) listed below.

- 1) Increase or decrease in number of customer accounts and average loan balance per customer account
- 2) Changes in judicial rulings and legal regulations applicable to the consumer finance industry
- 3) Changes in average contracted interest rates received from customers in the loan business
- 4) Changes in number of requests for interest repayment, as well as amounts we will pay, in the loan business
- 5) Competition with other companies
- 6) Rate of default by customers
- 7) The Company’s ability to procure funds and costs involved
- 8) Cost levels for advertising expenses, personnel expenses, and other expenses
- 9) Occurrence of large-scale accidents and disasters

(2) Status of interest repayment

The interest rates charged on some loan products by the Company, in which customers entered into contracts before June 17, 2007, exceed the interest rate ceilings specified in the Interest Rate Restriction Act.

Although the interest exceeding the interest ceilings specified in the Interest Rate Restriction Act is stipulated to be invalid, before the revised Money Lending Business Act was fully reinforced on June 18, 2010, it was determined under the Interest Rate Restriction Act that debtors who had voluntarily paid said excessive interest could not request for interest reimbursement. In addition, Article 13 of the supplementary provisions of the Money Lending Business Act before its full enforcement stipulated that such payment of interest exceeding the interest ceilings could be deemed an effective interest repayment under the condition that certain requirements be satisfied.

However, the verdict handed down by the Supreme Court on January 13, 2006, stated that in the case of a delayed repayment of the agreed interest, to which a contractual clause of “forfeiture of benefit of time” was attached, said payment of the interest exceeding the interest ceilings could be considered enforced without satisfying the “deemed repayment requirements,” which need specific voluntariness in payment. Consequently, by reason of the above verdict of the Supreme Court, several consumers have taken legal action against consumer finance companies, calling for a reimbursement of payments made, in some recent court precedents, the plaintiffs’ demands were accepted.

In case our customers request a reduction in the loan amount or reimbursement of excess interest paid, citing obligations for maximum interest rates under the Interest Rate Restriction Act, the Company may accept to write off such loan or reimburse payments. The costs of write-off and reimbursing repayments (hereinafter referred to as “loss on interest repayment”) currently remain high, and close attention should be paid to the number of requests for interest repayment. Future potential for loss on interest repayment, further booking of the provision for loss on interest repayment, and court rulings from lawsuits demanding refunds of interest paid that put the Company and other finance companies at a clear disadvantage, could have an impact on the Group’s business performance.

(3) Fund procurement

The Group secures the necessary funds for its operations and liabilities repayments through cash provided by operating activities, as well as financing activities such as borrowings from financial institutions, etc. and direct financing from capital markets, including via bond issues.

While the Group has steadily diversified its funding resources in recent years, there is no assurance that its existing main banks and lenders will not change their current lending policy due to a potential reorganization of the financial industry or other factors. Furthermore, there is no assurance that capital markets will always be available as a reliable financing resource in the future.

There is the possibility that our ability to procure funds may decrease due to changes in credit rating and its rank. In that case, the fund procurement costs might increase and the amount of funding may be restricted. As a result, it may have a negative impact on our business performance in the future.

(4) Allowance for doubtful accounts

Accounts receivable-operating loans and accounts receivable-installment constitute the majority of total assets of the Group. For this reason, we book allowance for doubtful accounts, based on the conditions of customers and the estimates of pledged collateral value at the end of the fiscal year.

An increase of payment delays and uncollected loans receivable might occur as a result of potential future changes in economic conditions, the market environment, and the social structure in Japan as well as increases in the number of individuals (including loan customers of the Group) pursuing remedies under legal guardianship pursuant to revisions in legislation, including “Bankruptcy Act,” “Act on Concerning Specific Conciliation,” “Civil Rehabilitation Act,” and “Judicial Scrivener Act.” Such events may require further increases in the allowance for doubtful accounts, which may have a negative effect on the business performance of the Group.

(5) Issues concerning multiple debtors

The Group addresses the issues concerning multiple debtors, who take out excessive loans or credit-card loans from multiple consumer credit companies, mainly by ways of “promoting consumer enlightenment activities,” “improvement of counseling functions for consumer loan customers,” “implementation of more rigorous credit administration,” “reduction in maximum lending interest rate,”

“review of the content of advertisement.”

Nevertheless, business performance of the Group may be negatively influenced in cases where the number of multiple debtors increases due to factors such as economic, employment, and market conditions in Japan or other external factors, which leads to an increase in the allowance for doubtful accounts due to increase in uncollectible loans.

(6) Information systems

The Group relies on computer systems and networks to manage information relating to our business, including data on our store network and customers, in order to provide services to customers and to manage our marketing activities. In case our service for customers are hindered by factors such as damage to the communications infrastructure, the hardware, or the software used for these systems and networks resulting from human error, natural disasters, power outages, computer viruses, etc. or the suspension of support services provided by telecommunications carriers or computer systems companies, it may potentially impact on the performance of the Group. For example, it may result in a decline in new customers, delays in the repayment of loans, and a loss of trust in the Group.

In addition, the Group has a backup center for general ledger system, in order to avoid the possibility of business interruptions. However, it is possible that the Group’s business may be suspended in the event of a large scale natural disaster, such as earthquake or flood.

(7) Management of personal information

The Group, including the Company and its main subsidiaries, are now regarded as businesses handling personal information as defined by the “Act on the Protection of Personal Information.”

In the management of personal information, we have ensured management and control structure under “Policy for Protection of Personal Information” and “Regulation for Protection of Personal Information.” The Company was granted the Privacy Mark authorized by Japan Institute for Promotion of Digital Economy and Community (JIPDEC).

As for the management of Computer Center, we have formulated rigorous safety measures for physical security, including controls on entering and leaving the Computer Center, and for information security, such as controlling access to computer systems. Moreover, we have introduced the framework of Information Security Management System (ISMS) certification for the operation and maintenance of the Computer Center.

Nonetheless, if personal information is leaked to a third party for any reason whatsoever, the negative effects may not be limited to a worsening of business performance arising from a decline in the reputation of the Group or compensation for damages. In the case of a violation of regulations concerning the handling of personal information, the Group may be also subjected to administrative recommendations, and orders.

(8) Business and capital alliance with MUFG

In March 2004, we entered into a strategic business and capital alliance with MUFG. MUFG later raised its stake in the Company, and after completing the necessary procedures, the Company became a consolidated subsidiary of MUFG in December 2008. This means that if laws and regulations governing banks, such as the Banking Act, are changed, Group companies may become subject to restrictions concerning the business fields in which they operate.

In addition, if rival companies of similar business enter into similar business and capital alliances with other banks, etc., there are possibilities that the Group may face intensified competition, depending on the nature of these alliances.

(9) Investments

To date, the Group has stepped up its entry into new markets and broadened the scale of its involvement in the consumer credit market, including through the formation of joint ventures. The prospect of potential profits obtained from such investments is uncertain and not all of the Groups’ new joint businesses or expansion is necessarily successful. Although the Group regularly reviews the profitability and growth potential of each business, possibilities still remain that such reviews may prompt us withdraw from new joint businesses or reduce allocation of human and other resources to such businesses in the future. In the case where a joint business falls short of its profit target, there is a risk that the Group may not be able to recoup its existing investments.

(10) Disposal of our shares by major shareholders, etc.

MUFG and the MUFG Group hold around 40% of our issued/outstanding shares. In addition, Shigeyoshi Kinoshita, our chairman, president and chief executive officer, along with members of his families and affiliated companies together, holds around 40% of our issued/outstanding shares. If these shareholders dispose of some of their shares in the future, the market supply of our shares will increase, and this may have an adverse impact on our share price.

(11) Accidents and disasters

Although we endeavor to verify and improve various measures to cope with the occurrence of accidents and disasters due to external factors including natural disasters such as large-scale earthquakes, wind and flood damage and the prevalence of infectious diseases such as new types of influenza, the occurrence of these phenomena could have a negative effect on the business performance of the Group attributable to damage to our store and facilities and/or physical damage to employees or customers.

5. Material Business Agreements, etc.
Not applicable

6. Research and Development Activities
Not applicable

7. Analyses of Consolidated Business Results, Financial Position and Cash Flows

(1) Analysis of financial position

Compared with the end of the prior fiscal year, total assets increased by 35,165 million yen and total liabilities increased by 13,577 million yen, whereas net assets increased by 21,588 million yen as of March 31, 2015. Details of changes in assets, liabilities and net assets are as follows:

(Assets)

Current assets increased by 31,627 million yen while noncurrent assets increased by 3,537 million yen, and total assets increased by 35,165 million yen. The breakdown of major increases and decreases in current assets is as follows: accounts receivable-operating loans (up 48,804 million yen), deferred tax assets (up 5,167 million yen), loans receivable of banking business (up 4,243 million yen), cash and deposits (down 10,372 million yen), short-term loans receivable (down 9,999 million yen), short-term investment securities (down 9,085 million yen). The breakdown of major increases and decreases in noncurrent assets is as follows: net defined benefit asset (up 5,445 million yen), investment securities (up 2,679 million yen), and goodwill (down 3,421 million yen).

(Liabilities)

With regard to the liabilities account, changes in current and noncurrent liabilities were a decrease of 77,534 million yen and an increase of 91,112 million yen, respectively, resulting in an increase of 13,577 million yen in total liabilities. The breakdown of major increases and decreases in liabilities include: loans and bonds payable (up 26,887 million yen), deposits of banking business (up 4,731 million yen), deferred tax liabilities (up 2,662 million yen), and provision for loss on interest repayment (down 21,500 million yen).

(Net assets)

In terms of net assets, shareholders' equity increased by 13,689 million yen mainly due to an increase in retained earnings, accumulated other comprehensive income increased by 4,504 million yen, and minority interests increased by 3,394 million yen. As a result, total net assets increased by 21,588 million yen and the shareholders' equity ratio increased by 0.8 percentage points year-on-year to 26.3%.

(2) Analysis of business results

In the current fiscal year, we recorded operating revenue of 219,289 million yen (up 8.4% year-on-year), operating income of 14,073 million yen (down 1.8% year-on-year), ordinary income of 14,747 million yen (down 5.3% year-on-year), and net income of 12,864 million yen (up 21.0% year-on-year). Details of year-on-year changes in primary accounts are as follows:

(Operating revenue)

Operating revenue increased by 17,049 million yen from the prior fiscal year mainly due to a 9,895 million yen increase in revenue from credit guarantee and a 3,005 million yen increase in interest on consumer loans.

The increase in revenue from credit guarantee was mainly attributable to the participation of MU Credit Guarantee Co., LTD. and an increase of 97,805 million yen in the Company's balance of guaranteed receivables during the current fiscal year.

(Operating expenses)

Operating expenses increased by 17,308 million yen from the prior fiscal year. This is mainly due to a 18,616 million yen increase in other operating expenses.

Factors for the increase in other operating expenses include a 10,298 million yen increase in provision of allowance for doubtful accounts and a 4,366 million yen increase in provision for loss on interest repayment.

(Non-operating income/expenses)

Non-operating income decreased by 577 million yen, and non-operating expenses decreased by 16 million yen from the prior fiscal year. Either did not change significantly.

(Extraordinary income/loss)

Extraordinary income increased by 769 million yen, and extraordinary loss decreased by 92 million yen from the prior fiscal year. Either did not change significantly.

(Tax etc.)

In comparison with the prior fiscal year, income taxes-current increased by 835 million yen without significant change. Income taxes-deferred decreased by 3,686 million yen from the prior fiscal year.

(3) Status of cash flows

Cash and cash equivalents (hereinafter, “funds”) as of the end of this fiscal year decreased by 29,405 million yen (down 19.4%) from the prior fiscal year to 122,306 million yen. Cash flows from each activity are as follows:

(Net cash used in operating activities)

Funds from operating activities saw a decrease of 38,249 million yen. Major factors of this decrease were funds-increasing factors such as 15,403 million yen in income before income taxes and minority interests, an increase of 6,556 million yen in allowance for doubtful accounts, and 3,808 million yen in depreciation and amortization, as well as funds-decreasing factors such as a decrease of 21,500 million yen in provision for loss on interest repayment, an increase of 32,338 million yen in accounts receivable-operating loans, and an increase of 4,090 million yen in accounts receivable-installment.

(Net cash used in investing activities)

Funds from investing activities saw a decrease of 5,155 million yen. This was primarily due to the fact that the amount of proceeds from sales of noncurrent assets was 2,724 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 2,322 million yen less than the payments for purchase of short-term investment securities.

(Net cash provided by financing activities)

Funds from financing activities saw an increase of 13,503 million yen. This was primarily due to the fact that the total amount of proceeds from loans and issuance of bonds was 15,199 million yen more than the repayments of loans payable and payments at maturity of bonds.

III. Equipment and Facilities

1. Status of Capital Expenditures, etc.

During this fiscal year, there was no noteworthy capital investment or disposal or sale of important equipment to report.

2. Situation of Major Equipment

The major equipment in ACOM Group is the following:

(1) The Filing Company

As of March 31, 2015

Business Place (Location)	Name of business segments	Details of major facilities and equipment	Book value (Millions of yen)					Number of employees [Average number of fixed-term employees not included in the above numbers]
			Buildings and structures	Furniture and fixtures	Land [Area in m ²]	Leased Assets	Total	
Head Office (Note) 1 (Chiyoda-ku, Tokyo)	Corporate wide (shared)	Other facilities and equipment	63	7,944	—	4	8,012	287 [8]
ACOM Ikegami Building (Ota-ku, Tokyo)	Corporate wide (shared)	Other facilities and equipment	220	42	—	—	263	—
Minami Kashiwa Company Residence (Kashiwa-shi, Chiba) 8 other residential buildings	Corporate wide (shared)	Company residence	1,548	9	6,121 (13,285.03)	—	7,678	—
Nishishinjuku (Shinjuku-ku, Tokyo) and 1,085 other outlets, etc.	Loan and credit card business	Outlets	3,191	1,151	—	1,125	5,468	1,040
		Other facilities and equipment	26	66	—	—	93	[105]

- (Notes) 1. Part of the building has been on lease since December 2004 and the leasing fee is 416 million yen.
2. The rent for part of the building and land other than the above (Note) 1 that is on lease is 4,475 million yen.
3. Consumption tax, etc., are not included in the above amounts.
4. There are no major facilities that are not operating.
5. Major facilities on lease other than the consolidated subsidiaries stated above are:

Business Place (Location)	Name of business segments	Details of major facilities and equipment	Number of units	Lease period	Annual leasing fee (Millions of yen)	Lease contracts with receivable outstanding (Millions of yen)
Head office (Chiyoda-ku, Tokyo) and 1 other place	Corporate wide (shared)	Automatic contract machines	2	5 years	0	2
		Vehicles	1	3 years	2	4
Nishishinjuku (Shinjuku-ku, Tokyo) and 1,085 other outlets	Loan and credit card business	Automatic contract machines	927	5 years	449	1,255

(Note) Consumption tax, etc., are not included in the above amounts.

(2) Domestic subsidiaries
Not applicable

(3) Overseas subsidiaries
Not applicable

3. Plans for Equipment Introduction, Disposals, etc.

(1) Major equipment introduction, etc.
Not applicable

(2) Major equipment disposal, etc.
Not applicable

IV. Information on the Filing Company

1. Information on the Company's Shares

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of shares authorized to be issued
Common stock	5,321,974,000
Total	5,321,974,000

2) Total number of shares issued

Class	As of the end of the current fiscal year (March 31, 2015)	As of the submission date (June 24, 2015)	Stock exchange on which the Company is listed	Description
Common stock	1,596,282,800	1,596,282,800	First Section of the Tokyo Stock Exchange	These are the Company's standard shares with no restricted rights. One unit of stock constitutes 100 common shares.
Total	1,596,282,800	1,596,282,800	—	—

(2) Status of the stock acquisition rights

Not applicable

(3) Status in the exercise of bonds with stock acquisition rights with exercise price amendment

Not applicable

(4) Rights plans

Not applicable

(5) Changes in the total number of shares issued and the amount of capital stock and other

(Millions of yen, unless otherwise stated)

Date	Changes in the total number of shares issued (Thousands of shares)	Balance of the total number of shares issued (Thousands of shares)	Changes in capital stock	Balance of capital stock	Changes in legal capital surplus	Balance of legal capital surplus
October 1, 2013	1,436,654	1,596,282	—	63,832	—	72,322

(Note) Pursuant to the resolution at the Board of Directors meeting held on June 21, 2013, the Company executed a stock split where each share of its common stock was split into 10 shares with October 1, 2013, as the effective date.

(6) Status of shareholders

As of March 31, 2015

As of March 31, 2015

Classification	Status of shares (the number of minimum unit is 100 shares)								Status of shares below unit (Shares)
	Government and local municipalities	Japanese financial institutions and insurance companies	Financial instruments business operators	Other Japanese corporations	Foreign corporations, etc.		Individuals, others	Total	
					Others	Individuals			
Number of shareholders	—	34	45	101	322	7	13,230	13,739	—
Number of shares held (Units)	—	1,380,634	58,424	11,692,268	700,761	363	2,130,214	15,962,664	16,400
Ratio of shares held (%)	—	8.65	0.37	73.25	4.39	0.00	13.34	100.00	—

- (Notes) 1. 29,668,519 shares of treasury stocks include 296,685 units in the “Individuals, others” box and 19 shares in the “Status of shares below unit” box.
2. The number of shares in the “Other Japanese corporations” box includes 30 units of shares under the name of Japan Securities Depository Center, Inc.

(7) Major shareholders

As of March 31, 2015

Name	Address	Number of shares held (Thousands of shares)	Percentage of shares held to the total number of issued shares (%)
Mitsubishi UFJ Financial Group, Inc.	2-7-1 Marunouchi, Chiyoda-ku, Tokyo	588,723	36.88
Maruito Shokusan Co., Ltd.	1-2-3 Minato-machi, Naniwa-ku, Osaka City	273,467	17.13
Maruito Co., Ltd.	1-2-3 Minato-machi, Naniwa-ku, Osaka City	125,533	7.86
Foundation of Kinoshita Memorial Enterprise	6-2-14 Motomachi-dori, Chuo-ku, Kobe City	92,192	5.77
Maruito Shoten Co., Ltd.	1-2-3 Minato-machi, Naniwa-ku, Osaka City	38,733	2.42
Kyosuke Kinoshita	Ota-ku, Tokyo	32,598	2.04
Shigeyoshi Kinoshita	Minato-ku, Tokyo	32,397	2.02
Mitsubishi UFJ Trust and Banking Corporation (Standing proxy: The Master Trust Bank of Japan, Ltd.)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	31,572	1.97
NOBUKA CO., LTD.	1-2-3 Minato-machi, Naniwa-ku, Osaka City	30,000	1.87
Japan Trustee Services Bank, Ltd. (Trust account 4)	1-8-11 Harumi, Chuo-ku, Tokyo	26,612	1.66
Total	—	1,271,831	79.67

- (Notes) 1. In addition to the shares above, the Company owns 29,668 thousand shares of treasury stocks (1.85%).
2. In “Number of shares held,” figures less than one thousand are truncated.

(8) Status of voting rights

1) Issued shares

As of March 31, 2015

Classification	Number of shares (Shares)	Number of voting rights (Units)	Details
Shares without voting rights	—	—	—
Shares with limited voting rights (treasury stock, etc.)	—	—	—
Shares with limited voting rights (others)	—	—	—
Shares with full voting rights (treasury stock, etc.)	(Treasury stock) Common stock 29,668,500	—	—
Shares with full voting rights (others)	Common stock 1,566,597,900	15,665,979	—
Shares less than one unit	Common stock 16,400	—	—
Total number of shares issued	1,596,282,800	—	—
Total voting rights held by all shareholders	—	15,665,979	—

- (Notes) 1. The number of shares of common stock in the “Shares with full voting rights (others)” box includes 3,000 shares (30 units of voting rights) held by Japan Securities Depository Center, Inc.
2. The number of shares of common stock in the “Shares less than one unit” box includes 19 shares of treasury stock held by the Company.

2) Treasury stock, etc.

As of March 31, 2015

Shareholder	Address of shareholder	Number of shares held under own name (Shares)	Number of shares held under the names of others (Shares)	Total (Shares)	Percentage of shares held to the total number of issued shares (%)
(Treasury stock) ACOM CO., LTD.	1-1, Marunouchi 2- chome, Chiyoda-ku, Tokyo	29,668,500	—	29,668,500	1.85
Total	—	29,668,500	—	29,668,500	1.85

(9) Details of stock option plans

Not applicable

2. Status of Acquisition of Treasury Stock, etc.

Class of stocks, etc.: Acquisition of common stock under Article 155, Item 7, of the Companies Act

(1) Status of the acquisition of treasury stock resolved at shareholders' meetings

Not applicable

(2) Status of the acquisition of treasury stock resolved at the meetings of the Board of Directors

Not applicable

(3) Details of the acquisition of treasury stock not based on the resolutions of shareholders' meetings or the meetings of the Board of Directors

Category	Number of shares (shares)	Total amount (Thousands of yen)
Treasury stock acquired during the current fiscal year	160	56
Treasury stock acquired during the period for acquisition	—	—

(Note) "Treasury stock acquired during the period for acquisition" does not include the number of shares less than one unit purchased during the period from June 1, 2015, to the submission date of this securities report.

(4) Status of the disposition and holding of acquired treasury stock

Category	Current fiscal year		Current term	
	Number of shares (shares)	Total amount disposed (Thousands of yen)	Number of shares (shares)	Total amount disposed (Thousands of yen)
Acquired treasury stock for which subscribers were solicited	—	—	—	—
Acquired treasury stock that was disposed of	—	—	—	—
Treasury stock transferred due to merger, stock exchange or corporate separation	—	—	—	—
Others	—	—	—	—
Number of shares of treasury stock held	29,668,519	—	29,668,519	—

(Note) "The number of shares of treasury stock held" during the current term does not include the number of shares acquired for purchase of shares less than one unit from June 1, 2015, to the submission date of the Securities Report.

3. Basic Policy on Dividends

With regard to the Company's policy on dividends, we intend to ensure stable and continuous profit distribution to the shareholders, taking into consideration the Company's business performance and the shareholders' equity as well as the business environment surrounding the Company.

We basically pay dividends twice a year: an interim dividend and a year-end dividend. The amount of interim dividend is decided by the Board of Directors, and that of year-end dividend is decided by the general meeting of shareholders.

Considering that increasing owners' equity is our top-priority issue from the standpoint of improving the stability and safety of corporate management to realize our future growth strategy, we sincerely regret to advise our shareholders that the Company has decided to suspend the payment of dividends for this fiscal year.

The Group is committed to unified vigorous progress for the achievement of its long-term stable growth.

A provision to the effect that the Company may pay an interim dividend is provided for in the Articles of Incorporation

4. Changes in Share Prices

(1) Highest and lowest share prices by fiscal year during the recent five years

Fiscal Year	34th	35th	36th	37th	38th
Year end	March 2011	March 2012	March 2013	March 2014	March 2015
Highest (yen)	1,880	1,906	2,735	4,945 ※ 420	497
Lowest (yen)	773	980	1,379	2,451 ※ 274	299

- (Notes) 1. The highest and lowest share prices are marked on the first section of the Tokyo Stock Exchange.
2. The ※ mark indicates the highest and lowest ex-rights prices after the stock split (where each share of common stock was split into 10 shares as of October 1, 2013).

(2) Highest and lowest share prices by month during the recent six months

Month	October 2014	November	December	January 2015	February	March
Highest (yen)	385	404	375	375	402	422
Lowest (yen)	299	331	312	306	321	352

- (Note) The highest and lowest share prices are marked on the first section of the Tokyo Stock Exchange.

5. Directors and Company Auditors

Male: 12, Female: – (Ratio of females to Directors and Company Auditors: –%)

Title	Position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Chairman, President & CEO		Shigeyoshi Kinoshita	April 14, 1949	<p>April 1973 April 1978 December 1980 February 1983 May 1984 August 1986 June 1988 October 1991 October 1992 October 1996 June 2000 June 2003 June 2010</p>	<p>Joined Marubeni Corporation Joined Japan Consumer Finance Co., Ltd. Joined the Company Director and Chief General Manager, General Affairs Dept. of the Company Director and Chief General Manager, Accounting Dept. of the Company Managing Director of the Company Managing Director and Head of Business Promotion Division of the Company Representative and Senior Managing Director of the Company Representative and Senior Managing Director, and Head of the Loan Sales Division of the Company Representative Director and Deputy President of the Company Representative Director and President of the Company President and Chief Executive Officer of the Company (to present) Chairman and President of the Company (to present)</p>	(Note) 3	32,397

Title	Position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Deputy Chairman	In Charge of: Compliance Dept. and Internal Audit Dept.	Toshiaki Kajiura	April 8, 1953	<p>April 1977</p> <p>February 1999</p> <p>June 2001</p> <p>November 2001</p> <p>March 2004</p> <p>June 2004</p> <p>June 2004</p> <p>June 2005</p> <p>June 2005</p> <p>October 2005</p> <p>October 2005</p> <p>April 2006</p> <p>June 2007</p> <p>June 2009</p> <p>June 2010</p> <p>June 2011</p>	<p>Joined The Mitsubishi Trust and Banking Corporation (MTB)</p> <p>General Manager, Nagasaki Branch of MTB</p> <p>General Manager, Business Integration Office of MTB</p> <p>General Manager, Osaka Sales Division II of MTB</p> <p>General Manager, Investment Planning Division of MTB</p> <p>Executive Officer and General Manager, Investment Planning Division of MTB</p> <p>Executive Officer and Assistant General Manager, Asset Management and Administration Planning Division of Mitsubishi Tokyo Financial Group, Inc. (MTFG)</p> <p>Executive Officer and General Manager, Corporation Finance Division of MTB</p> <p>Executive Officer and General Manager of Trust Business Planning Division, and Assistant General Manager, Corporate Business Planning Division of MTFG</p> <p>Executive Officer and General Manager, Corporation Finance Division of Mitsubishi UFJ Trust and Banking Corporation (MUTB)</p> <p>Executive Officer and General Manager, Trust Business Planning Division, Corporate Business Planning Division and Corporate Business Division I of Mitsubishi UFJ Financial Group, Inc.</p> <p>Executive Officer and General Manager, Corporate Business Promotion Division of MUTB</p> <p>Managing Director of MUTB</p> <p>Managing Executive Officer of MUTB</p> <p>Senior Managing Executive Officer of MUTB</p> <p>Deputy Chairman of the Company (to present)</p>	(Note) 3	10

Title	Position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Managing Director & Executive Managing Officer	Head of Credit Business Promotion Division In Charge of: Business Planning Dept., Business Promotion Dept., East Japan Business Promotion Dept., West Japan Business Promotion Dept. and Compliance for Credit Business Promotion Office	Masataka Kinoshita	September 19, 1977	September 2005 October 2009 January 2010 April 2010 April 2012 April 2013 April 2014 June 2014 April 2015 June 2015 June 2015	Joined the Company General Manager, Credit Supervision Division of the Company General Manager, Corporate Planning Dept. of the Company General Manager, Guarantee Business Dept. of the Company General Manager, Business Promotion Dept. of the Company Chief General Manager, Business Planning Dept. of the Company Executive Officer and Chief General Manager, Business Planning Dept. of the Company Executive Managing Officer, Deputy Head of Credit Business Promotion Division and Chief General Manager, Business Planning Dept. of the Company Executive Managing Officer and Deputy Head of Credit Business Promotion Division of the Company Managing Director of the Company (to present) Executive Managing Officer and Head of Credit Business Promotion Division of the Company (to present)	(Note) 3	7,413
Managing Director & Executive Managing Officer	In charge of: Treasury Dept., General Affairs Dept. and System Development & Administration Division	Kazuo Fukumoto	February 27, 1958	March 1980 April 2002 June 2003 October 2005 April 2007 June 2012 June 2013	Joined the Company General Manager, Corporate Management Dept. of the Company Chief General Manager, Corporate Management Dept. of the Company Executive Officer and Chief General Manager, Corporate Management Dept. of the Company Executive Officer and Chief General Manager, Corporate Planning Dept. of the Company Executive Managing Officer and Head of Credit Business Promotion Division of the Company Managing Director of the Company (to present)	(Note) 3	10

Title	Position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Managing Director & Executive Managing Officer	In charge of: Corporate Planning Dept., Finance Dept. and Human Resources Dept.	Teruyuki Sagehashi	October 27, 1955	December 1981 April 2002 June 2003 June 2004 April 2005 June 2005 October 2005 April 2007 April 2008 April 2010 June 2012 April 2014 June 2015	Joined the Company General Manager, Corporate Management Dept. of the Company Chief General Manager, Human Resources Dept. of the Company General Manager, Internal Audit Dept. of the Company General Manager, Internal Audit Dept. of the Company Chief General Manager, Internal Audit Dept. of the Company Chief General Manager, Operation Risk Management Dept. of the Company Chief General Manager, Business Process Planning Dept. of the Company Executive Officer and Chief General Manager, Business Process Planning Dept. of the Company Executive Officer and Chief General Manager, System Dept. of the Company Executive Managing Officer and Chief General Manager, System Development & Administration Dept. of the Company Executive Managing Officer of the Company (to present) Managing Director of the Company (to present)	(Note) 3	4

Title	Position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Director		Takahiro Yanai	May 4, 1958	April 1982	Joined The Mitsubishi Bank, Ltd.	(Note) 3	—
				January 2005	General Manager, Customer Card & Credit Business Division of The Bank of Tokyo-Mitsubishi, Ltd.		
				January 2005	General Manager, Strategic Comprehensive Card & Credit Card Division of Mitsubishi Tokyo Financial Group, Inc.		
				October 2005	Deputy General Manager, Consumer Finance Planning Division of Mitsubishi UFJ Financial Group, Inc. (MUFG)		
				January 2006	General Manager, Corporate Planning Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU)		
				January 2006	Deputy General Manager, Corporate Planning Division of MUFG		
				April 2006	General Manager, Corporate Planning Division of BTMU and temporary transfer to Japanese Bankers Association		
				April 2007	General Manager, Corporate Planning Division of BTMU		
				April 2007	General Manager, Corporate Planning Division and Corporate Risk Management Division, and Deputy General Manager, Financial Planning Division of MUFG		
				April 2008	Executive Officer & General Manager, Corporate Planning Division of BTMU		
				April 2008	Executive Officer, General Manager, Corporate Planning Division and Corporate Risk Management Division, and Deputy General Manager, Financial Planning Division of MUFG		
				May 2009	Executive Officer & General Manager, Retail Banking Business Planning Division of BTMU		
				May 2009	Executive Officer & General Manager, Retail Business Planning Division of MUFG		
				May 2011	Executive Officer & General Manager, Corporate Planning Division of BTMU		
				May 2011	Executive Officer & General Manager, Corporate Planning Division of MUFG		
				May 2012	Managing Executive Officer of BTMU		
				May 2012	Managing Executive Officer, Deputy Group Head, Integrated Trust Assets Business Group and Deputy Group Head, Integrated Corporate Banking Business Group of MUFG		
				May 2013	Managing Executive Officer & General Manager, Corporate & Investment Banking Strategy Division of BTMU		
				May 2013	Managing Executive Officer & General Manager, Deputy Group Head, Integrated Trust Assets Business Group and Deputy Group Head, Integrated Corporate Banking Business Group, Corporate & Investment Banking Planning Division of MUFG		
				July 2013	Managing Executive Officer of BTMU		
				July 2013	Managing Executive Officer, Deputy Group Head, Integrated Trust Assets Business Group and Deputy Group Head, Integrated Corporate Banking Business Group of MUFG		
				May 2015	Managing Executive Officer, Chief Executive, Retail Banking Business Unit of BTMU		
				May 2015	Managing Executive Officer, Group Head, Integrated Retail Banking Business Group of MUFG (to present)		
				June 2015	Managing Director, Chief Executive, Retail Banking Business Unit of BTMU (to present)		
				June 2015	Director of the Company (to present)		

Title	Position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Director		Mitsuhiro Umezu	May 18, 1957	April 2005 April 2007 June 2007 April 2010 June 2010 June 2014	Assistant Professor, Faculty of Business and Commerce, Keio University Associate Professor, Faculty of Business and Commerce, Keio University (to present) Outside Director of Nissay Dowa General Insurance Co., Ltd. Outside Director of MS&AD Insurance Group Holdings, Inc. Director of SAN-AI OIL CO., LTD. (to present) Director of the Company (to present)	(Note) 3	—
Director		Hitoshi Shimbo	July 10, 1952	April 1983 April 1990 April 1993 June 1995 June 1995 March 2009 April 2009 April 2012 April 2012 June 2015	Appointed Prosecutor, the Tokyo District Public Prosecutor's Office Assistant Judge, Tokyo District Court Prosecutor, the Tokyo District Public Prosecutor's Office Registered as an attorney-at-law (Daini Tokyo Bar Association) (to present) Joined Nozomi Sogo Attorneys at Law (to present) Outside Company Auditor, EMCOM HOLDINGS CO., LTD. Managing Director, Kanto Federation of Bar Associations Vice President, Daini Tokyo Bar Association Managing Director, Japan Federation of Bar Associations Director of the Company (to present)	(Note) 3	—
Full-time Company Auditor		Shigeru Sato	January 17, 1952	October 1975 April 1999 June 2000 June 2003 June 2007 June 2008 June 2011	Joined Maruito Co., Ltd. General Manager, Treasury Dept. of the Company Chief General Manager, Treasury Dept. of the Company Executive Officer and Chief General Manager, Treasury Dept. of the Company Executive Managing Officer of the Company Managing Director of the Company Full-time Company Auditor of the Company (to present)	(Note) 4	—

Title	Position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Full-time Company Auditor		Tatsuya Ito	February 10, 1958	<p>April 1981 October 1999</p> <p>March 2001</p> <p>March 2002</p> <p>March 2003</p> <p>March 2005</p> <p>July 2006</p> <p>April 2007</p> <p>February 2008</p> <p>October 2008</p> <p>July 2010</p> <p>July 2010</p> <p>July 2012</p> <p>March 2013</p> <p>June 2015</p>	<p>Joined Japan Development Bank Section Chief, Commerce & Logistics Department of Development Bank of Japan (DBJ)</p> <p>Section Chief, Environment & Energy Department of DBJ</p> <p>Deputy Manager, Environment & Energy Department of DBJ</p> <p>Deputy Manager, Kansai Branch of DBJ</p> <p>Deputy Manager, Environment & Energy Department of DBJ</p> <p>Deputy Manager, Manufacturing & Technology Department of DBJ</p> <p>Planning Counselor, Legal and Compliance Department of DBJ</p> <p>Registered as an attorney-at-law (Dai-ichi Tokyo Bar Association) (to present)</p> <p>Planning Counselor, Legal Affairs & Compliance Department of Development Bank of Japan Inc. (DBJI)</p> <p>Temporary transfer to OKUNO & PARTNERS</p> <p>Joined OKUNO & PARTNERS</p> <p>Planning Counselor, Legal Affairs & Compliance Department of DBJI</p> <p>Councilor, Legal Affairs & Compliance Department of DBJI</p> <p>Full-time Company Auditor of the Company (to present)</p>	(Note) 4	—
Company Auditor		Osamu Takada	October 12, 1950	<p>April 1973 October 1998</p> <p>April 2001</p> <p>April 2003</p> <p>April 2005</p> <p>April 2006</p> <p>April 2008</p> <p>April 2011</p> <p>May 2011</p> <p>May 2014</p> <p>April 2015</p> <p>June 2015</p>	<p>Joined Mitsubishi Corporation General Manager, Crude Oil Dept. of Mitsubishi Corporation</p> <p>General Manager, Utility Feedstock Dept. of Mitsubishi Corporation</p> <p>General Manager, Malaysia Project Unit of Mitsubishi Corporation</p> <p>SVP, Group Head for Energy and General Manager of Los Angeles Branch of Mitsubishi International Corporation</p> <p>Senior Vice President (<i>Riji</i>) of Mitsubishi Corporation, SVP, Group Head for Energy and General Manager of Los Angeles Branch of Mitsubishi International Corporation</p> <p>Senior Vice President (<i>Riji</i>) and General Manager of Tohoku Branch of Mitsubishi Corporation</p> <p>Advisor of CHIYODA SEKIYU CORPORATION (CSC)</p> <p>President and Chief Executive Officer of CSC</p> <p>Advisor of CSC</p> <p>Advisor of TOHOKU CHEMICAL CO., LTD. (to present)</p> <p>Company Auditor of the Company (to present)</p>	(Note) 4	—

Title	Position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Company Auditor		Takashi Doi	August 28, 1955	April 1987	Registered as an attorney-at-law (Daini Tokyo Bar Association) (to present)	(Note) 4	—
				April 2003	Chief, Inspection Office of Daini Tokyo Bar Association		
				April 2005	Director, Secretariat of Daini Tokyo Bar Association		
				April 2010	Vice President, Daini Tokyo Bar Association		
				April 2010	Managing Director, Japan Federation of Bar Associations		
				April 2010	Manager, Kanto Office of Japan Bar Association		
				June 2011	Company Auditor of the Company (to present)		
				June 2012	Company Auditor of ARATA CORPORATION (to present)		
Total							39,834

- (Notes) 1. Directors Mitsuhiro Umezu and Hitoshi Shimbo are both Outside Directors.
2. Company Auditors Tatsuya Ito, Osamu Takada, and Takashi Doi are all Outside Company Auditors.
3. The term of office for Directors is from the end of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2015, to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2016.
4. The term of office for Company Auditors is from the end of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2015, to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2019.
5. Managing Director Masataka Kinoshita is a biological son of Chairman and President Shigeyoshi Kinoshita.
6. We have an executive officer system in order to establish corporate structure to quickly and accurately respond to issues of management by expanding the scope of corporate governance, strengthened function of the Board of Directors, separating decision making from business execution, and enforcing the function of audit.

Executive officers who are not Directors as of June 24, 2015, are as follows:

Title	Name	Position
Executive Managing Officer	Etsuro Tabuchi	Special Mission
Executive Managing Officer	Michio Atsuda	In charge of Overseas Business Dept.
Executive Managing Officer	Nobuyoshi Matsutani	In charge of Business Process Management Dept. and Corporate Risk Management Dept. Vice in charge of Compliance Dept.
Executive Managing Officer	Tomomi Uchida	Deputy Head of Credit Business Promotion Division and Chief General Manager of Business Promotion Dept.
Executive Managing Officer	Makoto Kondo	In charge of Guarantee Business Dept.
Executive Managing Officer	Yasuhiro Kamura	Head of Credit Supervision Division In charge of Credit Supervision Dept. I, Credit Supervision Dept. II and Compliance for Credit Supervision Office
Executive Officer	Yoshiharu Kita	Chief General Manager of Internal Audit Dept.
Executive Officer	Noriyoshi Watanabe	Chief General Manager of Corporate Planning Dept.
Executive Officer	Yoshinori Matsubara	Chief General Manager of System Development & Administration Division
Executive Officer	Satoru Miyakawa	Chief General Manager of General Affairs Dept.
Executive Officer	Michihito Onodera	Chief General Manager of Guarantee Business Dept.
Executive Officer	Tomoo Shikanoya	Chief General Manager of Compliance Dept.
Executive Officer	Masayuki Sone	Chief General Manager of East Japan Business Promotion Dept.
Executive Officer	Takashi Kiribuchi	Chief General Manager of Treasury Dept.
Executive Officer	Akihiro Kiyooka	Chief General Manager of Finance Dept.

7. After the Japan Consumer Finance Inc. changed its company name to NSK Guarantee Inc. on April 1, 1980, ACOM CO., LTD. absorbed it on March 1, 1992.
8. Shares below one thousand shares have been truncated.

6. Corporate Governance

(1) Status of Corporate Governance

1) Corporate Governance Structure

(i) An overview of corporate governance structure and reasons for employing said structure

The Company has a Board of Company Auditors. Of the four Company Auditors, three are Outside Company Auditors. In addition, of the two Full-time Company Auditors, one is Outside Company Auditor. These ensure the independence of audits. All Company Auditors attend Board of Directors meetings, and Company Auditors divide duties to attend important meetings and committee meetings, ensuring a system in which Company Auditors can offer their opinions. The reason for adopting the aforementioned corporate governance structure is to establish a system in which the function of external surveillance on the management is more effectively fulfilled because objective and neutral surveillance of the management is conducted, and the fairness, soundness, and transparency of the management are ensured due to the implementation of audit by Outside Company Auditors.

The organs installed by the Company are as follows:

(A) Board of Directors

The Board of Directors of the Company consists of eight members, two of whom are Outside Directors, in order to speed up decision-making and ensure effective mutual monitoring among directors.

The Company has concluded a limited liability agreement with each of the three non-executive Directors (two of whom are Outside Directors), which limits the liability for damage under Article 423, Paragraph 1, of the Companies Act to the extent of the amount stipulated in the law, in accordance with the provision of Article 427, Paragraph 1, of the Act.

In the presence of Company Auditors, the Board decides important business management matters, such as management strategies and business planning, and also determines basic policies for building corporate governance and internal control systems. The Board monitors and supervises the execution of duties of the respective Directors.

It meets once a month in principle, and more as deemed necessary.

(B) Board of Company Auditors and Company Auditors

The Board of Company Auditors consists of four Company Auditors, including three Outside Company Auditors.

The Company has concluded a limited liability agreement with each of the four Company Auditors, which limits the liability for damage under Article 423, Paragraph 1, of the Companies Act to the extent of the amount stipulated in the law, in accordance with the provision of Article 427, Paragraph 1, of the Act.

It meets once a month, in principle, and more as deemed necessary, to receive reports concerning important audit-related matters, hold discussions, and pass resolutions.

To upgrade the Company Auditors' capabilities, the Company established "the Administration for Board of Company Auditors" and assigned persons to assist Company Auditors. Decisions regarding their number, appointments and transfers of such persons are made after consultation with the Board of Company Auditors in order to secure independence of these persons.

(C) Executive Officers

The company introduced an executive officer system in June 2003. The Board of Directors appoints executive officers, determines their function, lines of responsibility and authority, and delegates execution of operations to them. In these ways, decision-making and business execution are expedited, while supervision and execution functions are clearly separated.

The Company has nineteen executive officers, ten of whom are directors in office, and four of the eight members of the Board of Directors serve concurrently as executive officers.

(D) Executive Officers' Meeting

The Executive Officers' Meeting consists of executive officers who serve concurrently as directors, executive officers in charge of departments, and the Director in charge of the Internal Audit Department. In the presence of Company Auditors, the Executive Officers' Meeting discusses and makes decisions related to the execution of business operations delegated by the Board of Directors and

deliberates in advance resolutions for proposal to the Board of Directors in accordance with basic policies determined by the Board of Directors.

The Executive Officers' Meeting assembles three times a month, in principle, and more as deemed necessary.

(E) Committees

(a) Compliance Committee

The Compliance Committee, established by the Board of Directors, consists of experts from outside the Company, Outside Directors and Representative Directors. In the presence of Company Auditors, it discusses and makes recommendations about the following compliance-related matters.

The Compliance Committee meets once every two months, or six times a year, in principle, and more as deemed necessary.

- Items relating to formulation, revision or abolishment of the ACOM Group Code of Ethics and Code of Conduct;
- Important items related to establishment and operation of compliance systems;
- Items relating to formulation of basic plans;
- Items relating to the correction of major violations, actions for improvement and recurrence prevention measures; and
- Important items related to other compliance issues.

(b) Risk Management Committee

The Risk Management Committee consists of executive officers who serve concurrently as directors and the Director in charge of the Internal Audit Department. In the presence of Company Auditors, based on authority bestowed upon it by the Executive Officers' Meeting, the Committee discusses and approves the status of sustenance in general of the Company's risk management approach, the matters related to risk evaluation, the matters related to risk management priority measures and other important items related to risk management, such as evaluations of risks. As necessary, it participates in Executive Officers' Meetings and Board of Directors Meeting and makes proposals and reports.

The Risk Management Committee meets once every quarter, in principle, and more as deemed necessary.

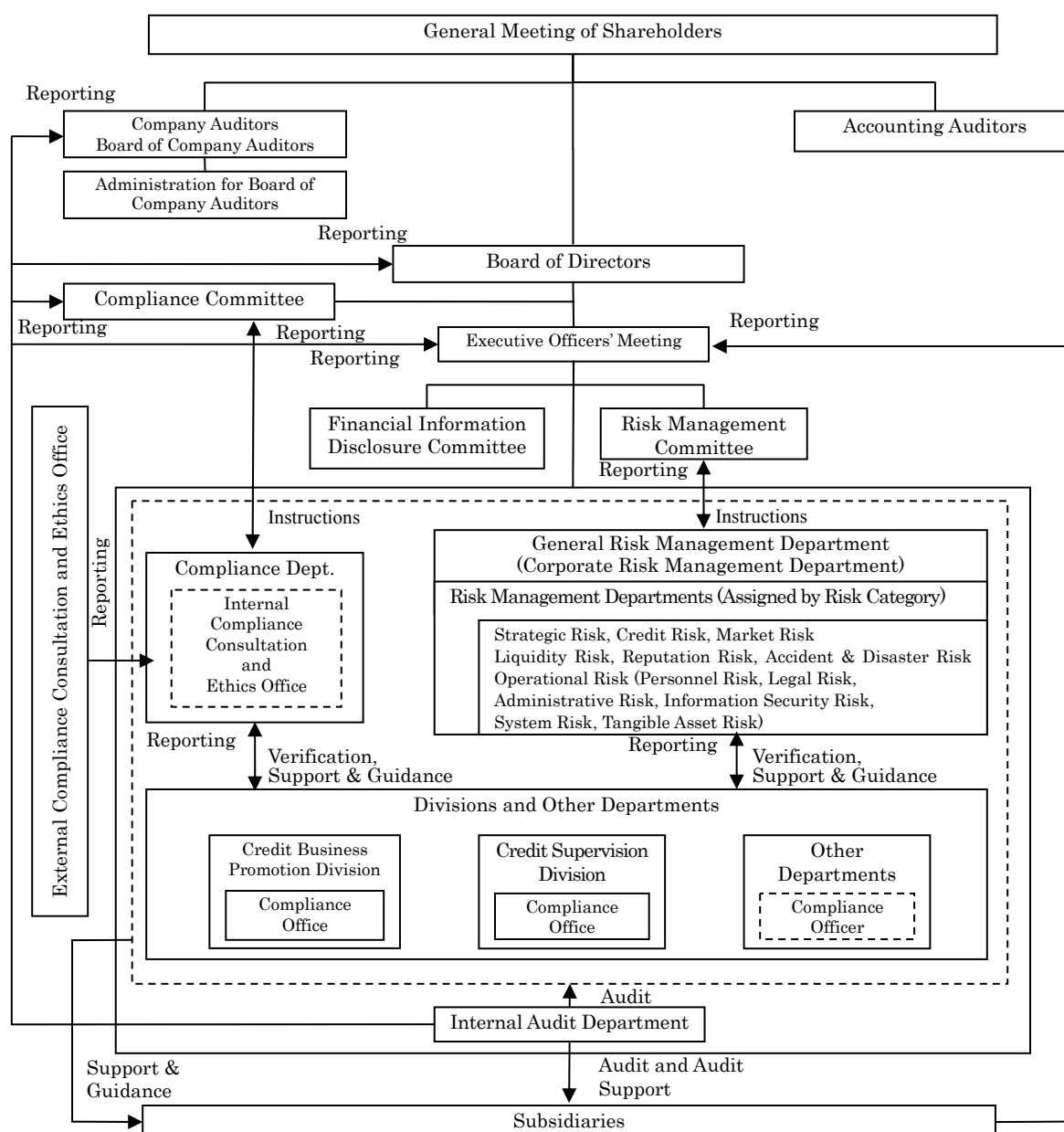
(c) Financial Information Disclosure Committee

The Financial Information Disclosure Committee is presided over by the Executive Officer who serves concurrently as director in charge of the Treasury Department as the committee chairperson, and consists of executive officers who concurrently serve as directors in office that are in charge of the relevant departments and chief general managers of the relevant departments. In the presence of Company Auditors, based on authority bestowed upon it by the Executive Officers' Meeting, the Committee discusses and makes decisions on items related to the improvement of the financial disclosure system in order for the disclosure of the financial information to be made in accordance with the relevant laws in a timely and in an appropriate manner. In addition, the Committee conducts prior consultations before the Board meeting on matters for proposal to the Board of Directors regarding the financial information to be disclosed.

The Financial Information Disclosure Committee meets once every quarter, in principle, and more often deemed necessary.

(ii) Corporate governance structure and internal control system structure

(As of June 24, 2015)



(iii) Other corporate governance related matters

(A) Basic stance on internal control system and the improvement of such system

The Company resolved as described below to improve its internal control system to ensure the appropriateness of its business activities, in accordance with Article 362, Paragraph 4, Item 6, and Paragraph 5 of the Companies Act, as well as Article 100, Paragraphs 1 and 3, of the Enforcement Regulations of the Companies Act.

The Company strives to periodically evaluate the status of improvement of the internal control system, take remedial measures as necessary, review the system to respond to changes in the business environment, etc. and improve the effectiveness of the internal control system.

[Basic Policy of Establishing ACOM Group's Internal Control System]

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

- (1) The Company regards compliance as the highest priority in the corporate management, and establishes the ACOM Group Code of Ethics and Code of Conduct, while developing the rules for compliance and various internal rules and making employees fully aware of them.
- (2) The Company and its subsidiaries establish a committee on compliance, etc. and place officers in charge of compliance and departments with across-the-board responsibilities for compliance.
- (3) The Company and its subsidiaries formulate compliance plans, while managing their progress.
- (4) The Company and its subsidiaries establish contact points for reporting and inquiry by employees concerning the act of violations or possible violations of compliance.
- (5) In accordance with the ACOM Group Code of Ethics and the Company Group's basic policy with respect to antisocial forces, the Company develops a system to prevent relations with antisocial forces and ensure appropriate business operations.
- (6) In accordance with the Company Group's basic policy for the internal control over financial reporting, the Company develops a system to ensure the accuracy and reliability of financial reporting. The Company also establishes a system to disclose financial information by setting up a Financial Information Disclosure Committee.
- (7) The Company establishes an internal audit department and ensures its independence and specialties. It also develops an internal audit system in accordance with the rules on internal audit to ensure the soundness and appropriateness of its business activities. In order to contribute to the development of internal controls at the subsidiaries of the Company, an internal audit department of the Company audits the subsidiaries and assists the subsidiaries with their audits.

2. System concerning storage and management of information on the execution of duties by Directors of the Company

- (1) In accordance with the rules for confidential information management and related rules, the Company establishes procedures for managing documents related to the execution of duties by the Directors (including electromagnetic records), stores and manages such information in an appropriate manner, ensuring that such documents are available for inspection by directors when necessary.
- (2) In order to maintain the appropriateness of information storage and management, the

Company appoints personnel responsible for information security management, determines the roles of respective organizations, officers and employees, and stores and manages information in a systematic manner. The Company regularly verifies the status of information storage and management.

3. Rules concerning loss risk management and other systems of the Company and its subsidiaries

- (1) The Company and its subsidiaries establish a system for proper and efficient risk management in accordance with the rules for risk management.
- (2) In order to manage risks in an integrated manner, the Company and its subsidiaries establish a committee on risk management, etc. and officers and departments in charge of risk management.
- (3) The Company and its subsidiaries establish a system to minimize economic losses and loss of credibility and to continue or swiftly resume business operations in cases where risks that may have significant internal or external impacts arise.

4. System to ensure efficient execution of duties by the Directors of the Company and its subsidiaries

- (1) The Company formulates management policies and management plans of the Company Group and carries out business management based on appropriate methods.
- (2) The Company establishes the Executive Officer's Meeting and various committees so as to conduct decision making concerning the execution of duties delegated from the Board of Directors and prior deliberations on matters to be discussed in the meetings of the Board of Directors.
- (3) The Company and its subsidiaries, based on internal rules, etc., determine the division of duties by each organization and the criteria of decision making for each position so as to make decisions more quickly and execute duties more efficiently.

5. System to ensure the propriety of business carried out by the group consisting of the Company, parent company and subsidiaries

- (1) While maintaining independence as a publicly-traded company, the Company coordinates with the parent company in accordance with the rules for consultation and reporting with the parent company. The Company also establishes the Group's business management systems in accordance with the parent company's policy for its group management so as to contribute to the appropriate business operations of both of the groups.
- (2) The Company establishes departments for managing its subsidiaries, and manages its

subsidiaries in accordance with the rules for management of subsidiaries, etc. The subsidiaries of the Company report important matters related to management and business execution to the Executive Officers' Meeting of the Company.

6. System for employees to assist the Company Auditors of the Company in the execution of their duties

- (1) The Company will establish the Administration for Board of Company Auditors to assist in the Company Auditors' duties, and appoint assistants for Company Auditors.
- (2) The number of employees to assist Company Auditors and their requirements will be decided after discussion with the Board of Company Auditors.
- (3) Employees to assist Company Auditors will be exclusively in charge of work that assists Company Auditors, and will not be subject to instructions and orders from the Directors and other operational organizations.
- (4) Assignment, transfer, evaluation and disciplinary action of employees who assist Company Auditors will be decided after discussion with the Board of Company Auditors.

7. System for reporting to Company Auditors of the Company

The Company reports the following matters at the Company and its subsidiaries to the Company Auditors. In addition, the Company will not treat any person who has reported to the Company Auditors unfavorably as a reprisal to such reports.

- (i) Matters which may significantly damage the company
- (ii) Material breach of laws and regulations, etc.
- (iii) Implementation status and results of an internal audit
- (iv) Status of whistleblowing and the details of cases reported
- (v) Other matters that the Company Auditors ask the company to report

8. Other systems to ensure that audits are effectively implemented by Company Auditors of the Company

- (1) Directors will ensure a system that allows Company Auditors to: attend the Board of Directors meetings, the Executive Officers' meetings, and other important meetings and committees; and have access to the important documents concerning the execution of duties, such as statutory documents.
- (2) Directors will have regular meetings with Company Auditors to exchange opinions on issues with which the Company should deal, issues concerning the execution of duties, and primary issues on audits. They will also take actions regarding the matters that the Company Auditors deems necessary to be addressed.

- (3) Directors and employees will respect the rules of the Board of Company Auditors and other rules, including audit policies, and cooperate with Company Auditors for inspection and consultation requests.
- (4) The internal audit department will establish a cooperation system for exchanging information with Company Auditors in order to contribute to ensuring the effectiveness of audits.
- (5) The Board of Company Auditors specifies a budget for expenses acknowledged by the Board of Company Auditors to be necessary for the execution of their duties. Any expenses expended urgently or extraordinarily beyond the budget can be claimed after the event.

(B) Development of risk management system

As the management environment surrounding the Company changes, risks to be managed are becoming more complicated and diverse. Under such circumstance, the Company recognizes that one of the most important tasks of the management is to enhance and strengthen the Company's risk management system in order to fully recognize risks, maintain the soundness of management, and stably secure profitability and growth.

The Company, under the Risk Management Committee, set basic matters concerning risk management as the Risk Management Regulations to clarify risks to be managed, departments and sections in charge of risk management, while comprehensively controlling and uniformly managing potential risks arising in execution of operations at the Corporate Risk Management Department, which comprehensively controls risks, in order to further enhance and strengthen the Company's risk management system.

In addition, with respect to risk management for information assets, such as personal information, the Company, in compliance with its information security management regulations, implements a variety of counter-measures, such as appropriate safety management measures, against potential risks, and strives to secure information security organically and systematically by appointing information security management officers, and deciding the roles of each organization and each manager and employee.

2) Internal Audits and Audits by Company Auditors

(i) Internal audits

With an auditing staff of 17 people, the Internal Audit Department verifies, evaluates, and recommends ways to address problems pertaining to compliance status, including observance of relevant laws, internal control initiatives, and other activities of the Company's business execution departments. In addition to ensuring conformity with various rules, the Department obtains an accurate understanding of the risks facing the Company. Based on this understanding, it conducts risk approach audits to evaluate the risk management stance of each relevant entity within the Company, and reports the results of such audits regularly to the Board of Directors and Company Auditors.

In addition, the Internal Audit Department conducts direct audits of subsidiaries in the ACOM Group and provides assistance to auditing staff of such subsidiaries, thus ensuring establishment of an effective Group auditing system.

(ii) Audits by Company Auditors

Based on the Company's auditing policies and auditing plans, Company Auditors attend meetings of the Board of Directors and other important meetings. Through examination of the Company's business and financial situation, Company Auditors audit the execution of business by directors and make appropriate and timely suggestions and recommendations to facilitate establishment of legal compliance and business ethics protocols. In addition, the Company Auditors work together with the accounting auditors and the Internal Audit Department to ensure an accurate grasp of operating status and monitor and verify the condition of internal control systems.

The Company Auditors endeavor to share information in the Group with Company Auditors of its subsidiaries through active communications with the directors and company auditors of the subsidiaries.

Company Auditor Shigeru Sato has abundant knowledge about financial and accounting affairs with his experience of having worked as Executive Officer and Chief General Manager, Treasury Dept. of the Company.

(iii) Collaboration between Company Auditors and Accounting Auditors

Company Auditors held regular meetings with the accounting auditors 19 times a year to confirm the accounting auditors' auditing plan for the relevant fiscal year, and receive audit reports and the overview and results of the audit. In addition, the Company promotes collaboration between Company Auditors and the accounting auditors by having opinion exchange meetings when necessary, as well as being present at audits.

(iv) Collaboration between Company Auditors and the Internal Audit Department

Company Auditors and the Internal Audit Department hold a monthly meeting on audit plans and audit results in order to collaborate between them.

3) Outside Directors and Outside Company Auditors

The Company has two Outside Directors and three Outside Company Auditors. Their relationships with the Company are as shown in the chart below.

Although the Company does not have specific standards or policies regarding the independence of Outside Directors and Outside Company Auditors from the Company in designating such Outside Directors and/or Outside Company Auditors, the Company designates them with reference to the standards regarding the independency of independent directors/auditors stipulated by the Tokyo Stock Exchange.

Name of Outside Director	Relations with the Company
Mitsuhiro Umezu	<ul style="list-style-type: none"> - No special interests in the Company - As an external member of the Compliance Committee, he has given recommendations since April 2007 to practice compliance and strengthen the structure of compliance. - He has in-depth insight in business ethics as he has studied in the field of business ethics and applied ethics for many years. He also has considerable experience as an Outside Director of other companies. Therefore, the Company believes that he can fulfill the outside director's roles such as supervising the decision making of the Board of Directors and the execution of duties by the respective Directors. - As he has no potential conflict of interest with general shareholders and meets the independence requirements of the Tokyo Stock Exchange, he has been designated as an independent director.
Hitoshi Shimbo	<ul style="list-style-type: none"> - No special interests in the Company - He has a thorough knowledge of corporate legal affairs as a legal professional and has sophisticated expertise and rich experience acquired through years of duties. Therefore, the Company believes that he can fulfill the outside director's roles such as supervising the decision making of the Board of Directors and the execution of duties by the respective Directors. - As he has no potential conflict of interest with general shareholders and meets the independence requirements of the Tokyo Stock Exchange, he has been designated as an independent director.

Name of Outside Company Auditor	Relations with the Company
Tatsuya Ito	<ul style="list-style-type: none"> - No special interests in the Company - He has garnered rich experience and knowledge centered around financial practice and corporate legal affairs through years of duties in the financial industry, the industry to which the Company belongs. He also has experience as an attorney-at-law. Therefore, the Company believes that he can contribute to further enhancement of the audit system and corporate governance of the Company. - As he has no potential conflict of interest with general shareholders and meets the independence requirements of the Tokyo Stock Exchange, he has been designated as an independent company auditor.

Name of Outside Company Auditor	Relations with the Company
Osamu Takada	<ul style="list-style-type: none"> - No special interests in the Company - He has rich experience and knowledge acquired through years of duties at Mitsubishi Corporation. He also has experience as a corporate manager at CHIYODA SEKIYU CORPORATION. Therefore, the Company believes that he can contribute to further enhancement of the audit system and corporate governance of the Company. - As he has no potential conflict of interest with general shareholders and meets the independence requirements of the Tokyo Stock Exchange, he has been designated as an independent company auditor.
Takashi Doi	<ul style="list-style-type: none"> - No special interests in the Company - In light of his expert knowledge and experience acquired through years of duties as an attorney-at-law, he is judged as being capable of monitoring corporate management from a legal point of view. Therefore, the Company believes that he can contribute to further enhancement of the audit system and corporate governance of the Company. - As he has no potential conflict of interest with general shareholders and meets the independence requirements of the Tokyo Stock Exchange, he has been designated as an independent company auditor.

4) Compensation to Directors and Company Auditors

- (i) Total amount of compensations by categories for the Filing Company, total amount of compensations by type, and the number of paid officers

Category	Total amount (Millions of yen)	Total amount of compensations by type (Millions of yen)				Number of persons
		Basic salary	Stock option	Bonus	Retirement benefits	
Directors (excluding Outside Directors)	145	145	—	—	—	7
Company Auditors (excluding Outside Company Auditors)	19	19	—	—	—	1
Outside Directors and Outside Company Auditors	45	45	—	—	—	4
Total	209	209	—	—	—	12

(Notes) 1. There are no employee-directors.

2. “Number of persons” represents the cumulative number of directors who received compensation during the current fiscal year.

- (ii) Total amount of consolidated compensations by Filing Company’s officers

This is omitted as none of officers of the Filing Company received aggregated consolidated compensations of 100 million yen and above.

- (iii) Policy concerning the decision on the amounts of compensations paid to officers

The Company has no policy concerning the decision on the amounts of compensations paid to officers.

5) Status of securities held by the Company

- (i) The number of stock names and total value recorded in the balance sheet of investment securities held for other than pure investment purposes

Not applicable

- (ii) Type of investment, name, the number of shares, value recorded in the balance sheet total, and purpose of holding of individual investment securities held for other than pure investment purposes

Prior fiscal year:

Special investment securities

Not applicable

Deemed shareholdings

Not applicable

Current fiscal year:

Special investment securities

Not applicable

Deemed shareholdings

Not applicable

- (iii) Total value recorded in the balance sheet, total dividend received, total gain or loss on sale, and total valuation gain or loss in the prior and current fiscal years of investment securities held for pure investment purposes

	Prior fiscal year (Millions of yen)	Current fiscal year (Millions of yen)			
	Total value in balance sheet	Total value in balance sheet	Total dividend received	Total gain or loss on sale	Total valuation gain or loss
Non-listed securities	834	833	11	61	(Note)
Securities other than the above	0	0	—	5	0

(Note) “Total valuation gain or loss” is not shown for non-listed securities, since they have no market value and it is considered extremely difficult to obtain the value of such securities.

- (iv) Name, the number of shares and value recorded in the balance sheet of individual investment securities, of which holding purpose has been changed from pure investment to other than pure investment

Not applicable

- (v) Name, the number of shares and value recorded in the balance sheet of individual investment securities, of which holding purpose has been changed from other than pure investment to pure investment

Not applicable

6) Status of Accounting Audits

- (i) Names of Certified Public Accountants (CPAs) who audit the Company's Accounts, the audit corporation to which they belong, and their years of continuous audit service to the Company

Designated employee, managing partner: Taiji Suzuki, Deloitte Touche Tohmatsu LLC

Designated employee, managing partner: Tatsuya Hiraki, Deloitte Touche Tohmatsu LLC

Designated employee, managing partner: Koichiro Watanabe, Deloitte Touche Tohmatsu LLC

*Since all three auditors have served ACOM for less than seven years, their years of service have been omitted.

*The abovementioned audit corporation has voluntarily put mechanisms in place to prevent the managing partners from participating in the auditing of the Company's accounts for longer than a certain period of time.

- (ii) Breakdown of Team Auditing the Company's Accounts

CPAs: 10 persons

Assistant certified public accountants, etc.: 8 persons

Other staffs: 12 persons

7) Resolution Requirement for Election of Directors

The Articles of Incorporation stipulates the Board of Directors consist of 12 members or less.

The Articles of Incorporation stipulates that voting on resolutions for election of directors shall take place under the presence of shareholders who represent one-third or more of total voting rights, and the majority of the votes of those shareholders and those which are not contingent upon cumulative votes shall be the requisite for adoption of the resolution.

8) Purchase of Treasury Stock

Pursuant to Article 165, Paragraph 2 of the Companies Act, the Company has included in its Articles of Incorporation a clause allowing purchase of its own shares via the market, subject to a resolution of the Board of Directors. Such inclusion was made to permit flexible share buybacks according to the Company's business and financial conditions and other circumstances.

9) Liability Exemption for Directors and Company Auditors

To ensure that directors and Company Auditors can adequately carry out the duties they are entrusted with, as pursuant Article 426, Paragraph 1 of the Companies Act, a provision has been included in the Articles of Incorporation to allow the exemption of Directors (including former Directors) and Company Auditors (including former Company Auditors), by decision of the Board of Directors and within the limits allowed by the law, from liability resulting from dereliction of duty.

10) Interim Dividend

Pursuant to Article 454, Paragraph 5 of the Companies Act, the Company may, by a resolution of the Board of Directors, pay interim dividends each year with September 30 as the base date.

11) Special Resolutions at the General Meeting of Shareholders

For purpose of maintaining smooth operation of the General Meeting of Shareholders, the Articles of Incorporation stipulates that special resolutions as pursuant Article 309, Paragraph 2 of the Companies Act, shall be passed if at least two-thirds of voting rights are cast in favor, if shareholders representing at least one-third of eligible votes are present.

(2) Details of Compensation for Auditors

1) Details of Compensation for Certified Public Accountants

Classification	Prior fiscal year		Current fiscal year	
	Compensation in accordance with audit certification (Thousands of yen)	Compensation in accordance with non-audit certification (Thousands of yen)	Compensation in accordance with audit certification (Thousands of yen)	Compensation in accordance with non-audit certification (Thousands of yen)
The Filing Company	112,000	—	110,900	—
Consolidated subsidiaries	21,500	—	23,000	—
Total	133,500	—	133,900	—

2) Other important details concerning remuneration

(Prior fiscal year)

Not applicable

(Current fiscal year)

EASY BUY Public Company Limited, a consolidated subsidiary of the Company, paid 8,606 thousand yen of compensation in accordance with audit certification to Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd., a company that belongs to the same network as Deloitte Touche Tohmatsu LLC.

3) Details of non-audit work against the Filing Company by certified public accountants

Not applicable

4) Policies concerning auditing remuneration

Not applicable

V. Financial Information

1. Basis of preparation of the consolidated financial statements

- (1) The consolidated financial statements of the Company are prepared in accordance with the “Regulations Concerning the Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Finance Ministry No. 28 of 1976) (hereinafter “the Regulations for Consolidated Financial Statements”) and the “Ordinance on Reorganization of Accounting Methods for Special Finance Corporations, etc.” (Ordinance of General Administrative Agency of the Cabinet/the Finance Ministry No. 32 of 1999).

For the current fiscal year (from April 1, 2014, to March 31, 2015), pursuant to Article 3, Paragraphs 2 and 3 of the Supplementary Provisions of the “Cabinet Office Ordinance Partially Amending the Regulations Concerning the Terminology, Forms and Preparation Methods of Financial Statements” (Cabinet Office Ordinance No. 22 dated March 28, 2014), statements pertaining to Article 13, Article 15-12, and Article 15-14 are prepared in accordance with the Regulations for Consolidated Financial Statements after the amendment. Comparative information is prepared in accordance with the Regulations for Consolidated Financial Statements before the amendment.

- (2) The non-consolidated financial statements of the Company are prepared in accordance with the “Regulations Concerning Terminology, Forms, and Preparation Methods of Non-Consolidated Financial Statements” (Ordinance of the Finance Ministry No. 59 of 1963) (hereinafter “the Regulations for Non-Consolidated Financial Statements”) and the “Ordinance on Reorganization of Accounting Methods for Special Finance Corporations, etc.” (Ordinance of General Administrative Agency of the Cabinet/the Finance Ministry No. 32 of 1999).

For the current fiscal year (from April 1, 2014, to March 31, 2015), pursuant to provisions in Article 2, Paragraph 1 of the Supplementary Provisions of the “Cabinet Office Ordinance Partially Amending the Regulations Concerning the Terminology, Forms and Preparation Methods of Financial Statements” (Cabinet Office Ordinance No. 22 dated March 28, 2014), statements are prepared in accordance with the Regulations for Non-Consolidated Financial Statements after the amendment. Comparative information is prepared in accordance with the Regulations for Non-Consolidated Financial Statements before the amendment.

2. Audit reports

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, the Company’s consolidated financial statements and non-consolidated financial statements for the fiscal year (from April 1, 2014, to March 31, 2015) were audited by Deloitte Touche Tohmatsu LLC.

3. Specific efforts to secure the appropriateness of the consolidated financial statements, etc.

As specific efforts to secure the appropriateness of the consolidated financial statements, etc., the Company holds membership in the Financial Accounting Standards Foundation, etc., and attends seminars provided by the Accounting Standards Board of Japan, etc., to ensure the correct understanding of the corporate accounting standards and prepare to accommodate any changes in accounting standards, etc.

1. Consolidated Financial Statements, etc.
(1) Consolidated Financial Statements
1) Consolidated Balance Sheet

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Assets		
Current assets		
Cash and deposits	*3 130,208	*3 119,835
Accounts receivable-operating loans	*2,*6,*8,*10 828,622	*2,*6,*8,*10 877,427
Loans receivable of banking business	*7 60,338	*7 64,582
Accounts receivable-installment	*11 18,111	*11 22,295
Purchased receivables	8,846	8,473
Short-term investment securities	17,085	8,000
Trading account securities	2,495	1,804
Merchandise and finished goods	325	325
Raw materials and supplies	69	65
Deferred tax assets	20,022	25,189
Short-term loans receivable	*5 9,999	—
Other	49,285	56,833
Allowance for doubtful accounts	(45,128)	(52,923)
Total current assets	1,100,281	1,131,909
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	31,012	30,560
Accumulated depreciation	(23,882)	(24,010)
Buildings and structures, net	7,129	6,549
Vehicles	34	38
Accumulated depreciation	(29)	(33)
Vehicles, net	5	5
Equipment	22,751	21,555
Accumulated depreciation	(11,874)	(11,278)
Equipment, net	10,877	10,277
Land	6,235	6,249
Lease assets	2,696	3,300
Accumulated depreciation	(1,626)	(2,166)
Lease assets, net	1,070	1,133
Total property, plant and equipment	25,318	24,215
Intangible assets		
Goodwill	10,865	7,443
Leasehold right	4	4
Software	6,400	7,081
Telephone subscription right	37	37
Other	2	2
Total intangible assets	17,309	14,568
Investments and other assets		
Investment securities	*1 1,787	*1 4,467
Net defined benefit asset	1,028	6,474
Deferred tax assets	156	57
Guarantee deposits	5,817	5,772
Other	*8 4,174	*8 3,559
Allowance for doubtful accounts	(672)	(656)
Total investments and other assets	12,292	19,675
Total noncurrent assets	54,921	58,459
Total assets	1,155,203	1,190,368

	(Millions of yen)			
	Prior fiscal year (As of March 31, 2014)		Current fiscal year (As of March 31, 2015)	
Liabilities				
Current liabilities				
Notes and accounts payable-trade		240		331
Short-term loans payable	*9	48,187	*9	32,850
Current portion of long-term loans payable	*2,*9	164,273	*2,*9	113,340
Current portion of bonds		51,926		35,422
Deposits of banking business		74,516		79,248
Lease obligations		406		434
Income taxes payable		1,189		2,218
Deferred tax liabilities		17		—
Provision for loss on guarantees	*4	5,907	*4	7,013
Asset retirement obligations		9		2
Deferred installment income	*12	93	*12	86
Other		14,579		12,863
Total current liabilities		361,347		283,812
Noncurrent liabilities				
Bonds payable		136,088		167,890
Long-term loans payable	*2,*9	219,491	*2,*9	297,349
Lease obligations		772		828
Deferred tax liabilities		1,608		4,288
Provision for directors' retirement benefits		27		28
Provision for loss on interest repayment		124,100		102,600
Net defined benefit liability		220		343
Asset retirement obligations		4,544		4,608
Other		276		302
Total noncurrent liabilities		487,128		578,240
Total liabilities		848,476		862,053
Net assets				
Shareholders' equity				
Capital stock		63,832		63,832
Capital surplus		76,010		73,671
Retained earnings		173,398		189,426
Treasury stock		(19,793)		(19,794)
Total shareholders' equity		293,447		307,136
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		22		8
Foreign currency translation adjustment		(756)		3,546
Remeasurements of defined benefit plans		1,679		1,896
Total accumulated other comprehensive income		945		5,450
Minority interests		12,333		15,727
Total net assets		306,726		328,315
Total liabilities and net assets		1,155,203		1,190,368

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

	(Millions of yen)	
	Prior fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Operating revenue		
Interest on operating loans	140,469	143,474
Interest on loans of banking business	7,678	8,503
Revenue from credit card business	2,217	2,637
Revenue from installment sales finance business	320	104
Revenue from credit guarantee	26,364	36,260
Collection from purchased receivable	5,380	5,315
Other financial revenue		
Interest on deposits	79	148
Interest on securities	124	152
Interest on loans	9	3
Gain on valuation of derivatives	308	41
Other	795	917
Total other financial revenue	1,317	1,263
Other operating revenue	18,491	21,731
Total operating revenue	202,240	219,289
Operating expenses		
Financial expenses		
Interest expenses	10,989	8,689
Interest expenses of banking business	4,070	5,368
Interest on bonds	3,887	3,678
Amortization of bond issuance cost	468	449
Other	1,943	1,311
Total financial expenses	21,359	19,498
Cost of purchased receivable	2,009	2,563
Other operating expenses		
Advertising expenses	10,051	11,518
Provision of allowance for doubtful accounts	36,474	46,773
Provision for loss on guarantees	5,478	7,013
Provision for loss on interest repayment	45,493	49,859
Employees' salaries and bonuses	16,965	17,894
Retirement benefit expenses	1,951	375
Provision for directors' retirement benefits	9	9
Welfare expenses	2,342	2,507
Rent expenses	6,789	6,748
Depreciation	2,126	3,808
Commission fee	20,315	21,354
Amortization of goodwill	2,118	984
Other	14,421	14,305
Total other operating expenses	164,537	183,153
Total operating expenses	187,906	205,215
Operating income	14,333	14,073

(Millions of yen)

	Prior fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Non-operating income		
Interest income	125	216
Dividend income	9	11
Equity in earnings of affiliates	29	13
House rent income	322	312
Gain on amortization of guarantee deposits received	162	—
Other	656	172
Total non-operating income	1,303	726
Non-operating expenses		
Interest expenses	20	22
Loss on investments in partnerships	14	17
Loss on insurance cancellation	20	8
Other	15	5
Total non-operating expenses	70	53
Ordinary income	15,567	14,747
Extraordinary income		
Gain on sales of noncurrent assets	*1 13	*1 716
Gain on sales of investment securities	0	66
Other	*2 0	*2 0
Total extraordinary income	14	783
Extraordinary loss		
Loss on sales of noncurrent assets	*3 14	*3 11
Loss on retirement of noncurrent assets	*4 170	*4 114
Impairment loss	*5 24	—
Loss on sales of investment securities	0	—
Loss on valuation of investment securities	7	0
Other	*6 0	*6 0
Total extraordinary losses	218	126
Income before income taxes and minority interests	15,362	15,403
Income taxes-current	2,400	3,235
Income taxes-deferred	13	(3,672)
Total income taxes	2,413	(436)
Income before minority interests	12,948	15,840
Minority interests in income	2,316	2,975
Net income	10,632	12,864

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Prior fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Income before minority interests	12,948	15,840
Other comprehensive income		
Valuation difference on available-for-sale securities	14	(14)
Foreign currency translation adjustment	2,656	6,427
Remeasurements of defined benefit plans, net of tax	—	581
Total other comprehensive income	* 2,671	* 6,995
Comprehensive income	15,619	22,835
Comprehensive income attributable to:		
Owners of the parent	12,935	18,188
Minority interests	2,684	4,647

3) Consolidated Statement of Changes in Net Assets
For the prior fiscal year (from April 1, 2013, to March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	63,832	76,010	162,766	(19,793)	282,815
Cumulative effects of changes in accounting policies					–
Restated balance	63,832	76,010	162,766	(19,793)	282,815
Changes of items during the period					
Net income			10,632		10,632
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	–	10,632	(0)	10,631
Balance at the end of the period	63,832	76,010	173,398	(19,793)	293,447

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	8	(3,045)	–	(3,037)	6,931	286,710
Cumulative effects of changes in accounting policies						–
Restated balance	8	(3,045)	–	(3,037)	6,931	286,710
Changes of items during the period						
Net income						10,632
Purchase of treasury stock						(0)
Net changes of items other than shareholders' equity	14	2,289	1,679	3,983	5,401	9,384
Total changes of items during the period	14	2,289	1,679	3,983	5,401	20,016
Balance at the end of the period	22	(756)	1,679	945	12,333	306,726

For the current fiscal year (from April 1, 2014, to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	63,832	76,010	173,398	(19,793)	293,447
Cumulative effects of changes in accounting policies		(2,339)	3,163		824
Restated balance	63,832	73,671	176,562	(19,793)	294,272
Changes of items during the period					
Net income			12,864		12,864
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	12,864	(0)	12,864
Balance at the end of the period	63,832	73,671	189,426	(19,794)	307,136

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	22	(756)	1,679	945	12,333	306,726
Cumulative effects of changes in accounting policies		(433)	(385)	(819)		5
Restated balance	22	(1,190)	1,293	126	12,333	306,732
Changes of items during the period						
Net income						12,864
Purchase of treasury stock						(0)
Net changes of items other than shareholders' equity	(14)	4,736	602	5,324	3,394	8,718
Total changes of items during the period	(14)	4,736	602	5,324	3,394	21,583
Balance at the end of the period	8	3,546	1,896	5,450	15,727	328,315

4) Consolidated Statement of Cash Flows

(Millions of yen)

	Prior fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	15,362	15,403
Depreciation and amortization	2,126	3,808
Impairment loss	24	—
Amortization of goodwill	2,118	984
Increase (decrease) in allowance for doubtful accounts	(152)	6,556
Increase (decrease) in provision for loss on guarantees	468	1,106
Increase (decrease) in net defined benefit liability	9	13
Increase (decrease) in provision for directors' retirement benefits	2	0
Increase (decrease) in provision for loss on interest repayment	(26,900)	(21,500)
Interest and dividends income	(134)	(228)
Interest expenses	20	22
Amortization of bond issuance costs	468	449
Foreign exchange losses (gains)	475	(8)
Equity in (earnings) losses of affiliates	(29)	(13)
Loss (gain) on sales of property, plant and equipment	0	(704)
Loss on retirement of property, plant and equipment	170	114
Loss (gain) on sales of investment securities	0	(66)
Loss (gain) on valuation of investment securities	7	0
Decrease (increase) in accounts receivable-operating loans	(16,926)	(32,338)
Decrease (increase) in loans receivable of banking business	(11,234)	3,223
Decrease (increase) in accounts receivable-installment	2,528	(4,090)
Decrease (increase) in purchased receivables	(357)	372
Decrease (increase) in net defined benefit asset	732	(153)
Decrease (increase) in trading account securities	8,792	935
Decrease (increase) in inventories	19	6
Decrease (increase) in other current assets	(13,124)	(5,396)
Increase (decrease) in notes and accounts payable-trade	18	88
Increase (decrease) in deposits of banking business	11,882	(4,453)
Increase (decrease) in deferred installment income	(245)	(17)
Increase (decrease) in other current liabilities	146	(1,243)
Increase (decrease) by other operating activities	(3,306)	996
Subtotal	(27,033)	(36,132)
Interest and dividends income received	134	228
Interest expenses paid	(19)	(22)
Income taxes refunds	959	408
Income taxes paid	(3,175)	(2,732)
Net cash provided by (used in) operating activities	(29,135)	(38,249)

	(Millions of yen)			
	Prior fiscal year (From April 1, 2013 to March 31, 2014)		Current fiscal year (From April 1, 2014 to March 31, 2015)	
Net cash provided by (used in) investing activities				
Purchase of property, plant and equipment		(2,181)		(1,876)
Proceeds from sales of property, plant and equipment		101		1,753
Purchase of intangible assets		(4,822)		(2,601)
Purchase of investment securities		(161)		(2,480)
Proceeds from sales of investment securities		1,037		157
Purchase of subsidiaries' stocks		(3,255)		—
Increase (decrease) by other investing activities		(59)		(108)
Net cash provided by (used in) investing activities		(9,342)		(5,155)
Net cash provided by (used in) financing activities				
Proceeds from short-term loans payable		163,550		156,398
Repayments of short-term loans payable		(152,542)		(173,898)
Proceeds from issuance of bonds		91,889		62,695
Payments at maturity of bonds		(83,697)		(51,956)
Proceeds from long-term loans payable		152,237		191,881
Repayments of long-term loans payable		(192,933)		(169,921)
Proceeds from stock issuance to minority shareholders		760		—
Repayments of finance lease obligations		(334)		(455)
Purchase of treasury stock		(0)		(0)
Cash dividends paid		(0)		—
Repayments to minority shareholders		—		(903)
Cash dividends paid to minority shareholders		(322)		(337)
Net cash provided by (used in) financing activities		(21,392)		13,503
Effect of exchange rate change on cash and cash equivalents		(534)		496
Net increase (decrease) in cash and cash equivalents		(60,404)		(29,405)
Cash and cash equivalents at beginning of period		208,969		151,711
Increase in cash and cash equivalents resulting from absorption-type split		3,146		—
Cash and cash equivalents at end of period	*1	151,711	*1	122,306

[Notes]

(Significant matters providing the basis for the preparation of consolidated financial statements)

1. The scope of consolidation

All subsidiaries are consolidated.

Number of consolidated subsidiaries: 7

The names of the consolidated subsidiaries are omitted because they are shown in “4. Information on Subsidiaries and Affiliates” under “I. Overview of the Company.”

AFRESH CREDIT CO., LTD., which had been a consolidated subsidiary until the prior fiscal year, was excluded from the scope of consolidation, since it was absorbed on September 1, 2014, by IR Loan Servicing, Inc., which is a consolidated subsidiary of the Company.

2. Application of the equity-method

Number of equity-method affiliate: 1

Name of the equity-method affiliate: MU Communications, Co., Ltd.

3. Accounting period of consolidated subsidiaries

Fiscal date of the following consolidated subsidiaries ends on December 31:

EASY BUY Public Company Limited

PT. Bank Nusantara Parahyangan, Tbk.

General Incorporated Association Mirai Capital

Power Investments LLC

ACOM (U.S.A.) INC.

Consolidated financial statements hereof are prepared by using financial statements as of the abovementioned settlement date and important matters that occurred between the settlement date and the consolidated settlement date are subject to the adjustment necessary for consolidation.

4. Significant accounting policies

(1) Evaluation standards and methods for significant assets

1) Marketable and investment securities

Trading securities:

Market value method (the cost of securities sold is computed using the moving average method)

Held-to-maturity securities:

Mainly amortization cost method (Interest method)

Available-for-sale securities:

Securities with market quotations:

Stated at market value at the end of the fiscal year

Unrealized gains or losses net of applicable taxes are comprehensively reported as a component of net assets and the cost of securities sold is computed using the moving average method.

Securities without market quotations:

Stated at cost by the moving-average method

The investments in limited investment partnerships and other similar partnerships (those deemed as “securities” according to the Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are reported, using the equity method, based on the latest financial statements available as at the closing dates stipulated by the respective partnership contracts.

2) Derivative financial instruments

Swap transactions:

Fair value method

3) Inventories

Merchandise:

Stated at the lower cost, on an individual specified cost basis or net selling value

Supplies:

Mainly at cost, based on the first-in first-out method

(2) Depreciation methods for significant assets

1) Property, plant and equipment (excluding lease assets)

The Company and its domestic consolidated subsidiaries use the declining balance method, and overseas consolidated subsidiaries use straight-line method.

Useful lives of assets are principally as follows:

Buildings and structures: 2 to 47 years

Vehicles: 2 to 8 years

Equipment: 2 to 20 years

2) Intangible assets (excluding lease assets)

The Companies use the straight-line method.

Software for internal use is amortized over an estimated useful life of 5 years.

3) Lease assets

Lease assets concerning transfer ownership finance lease transactions:

Depreciated using the same depreciation method applied to noncurrent assets owned by the Company

Lease assets concerning non-transfer ownership finance lease transactions:

Depreciated using the straight-line method, defining the lease term of respective assets as their useful lives, without residual value

4) Long-term prepaid expenses

The Companies use the equal installment method over the estimated useful life.

5) Deferred assets

Bond issuance cost:

These costs are fully charged to expenses when they are paid.

(3) Accounting policies for significant allowances and provisions

1) Allowance for doubtful accounts

To provide for potential loss on accounts receivable-operating loans and other receivables, the Companies make an allowance for the expected amount of irrecoverable loans. Allowances for ordinary bad debts are computed, based on the historical rate of defaults. For specific debts where recovery is doubtful, the Companies consider the likelihood of recovery on an individual basis.

2) Provision for loss on guarantees

To provide for loss on guarantees, the Company makes an allowance for potential losses at the end of the fiscal year.

3) Provision for directors' retirement benefits

Certain domestic consolidated subsidiaries make provisions for a necessary amount of directors' retirement benefits at the end of each fiscal year, in accordance with the Company's internal rules.

4) Provision for loss on interest repayment

To provide for potential loss on interest repayment in the future, the Company estimates and provides a reasonable amount of provision for loss on interest repayment, in consideration of the past actual results and the latest interest repayment situations.

(4) Accounting method relating to retirement benefits

1) Periodic allocation of projected retirement benefit

In calculating retirement benefit obligations, the attribution on a benefit formula basis is applied for allocation of projected benefits to the periods until the end of the current fiscal year.

2) Amortization of actuarial differences and past service costs

Past service costs are charged to expenses using the straight-line method over the determined years (5 years) that are no longer than average remaining service years of the employees at the time of occurrence.

Actuarial differences are amortized evenly using the straight-line method over the determined years (5 years) that are no longer than the average remaining service years of employees, beginning from the fiscal year following the time of occurrence.

(5) Accounting policies for significant revenue and expenses

Interest on consumer loans

Interest on consumer loans is recorded on an accrual basis.

Accrued interest on consumer loans is recorded, using the interest rate stipulated in the Interest Rate

Restriction Act or the contracted interest rate of the Company, whichever the lower.

Revenue from credit card business

Fees from customers:

Recorded by the credit balance method

Fees from member stores:

Recorded as fees at the time of transaction

Revenue from credit guarantee

Recorded by the credit balance method

(Note) Details of each recording method are as follows:

Credit balance method:

Fees to be recorded as income are calculated pursuant to the prescribed rates applicable to the relevant credit balance.

- (6) Accounting policies for translation of significant foreign currency assets and liabilities into Japanese yen used in preparing the financial statements of consolidated companies on which consolidated financial statements are based

Foreign currency monetary claims and obligations are translated into Japanese yen, using the spot exchange rates on the closing date of consolidated accounting and the resulting translation gains and losses are recognized as income and expenses.

With regard to overseas subsidiaries, assets and liabilities are translated into Japanese yen at the spot exchange rates on the account closing date whereas income and expenses are translated at average exchange rates. The resulting translation gains and losses are recorded as foreign currency translation adjustments and minority interests under the net assets section.

- (7) Significant hedge accounting method

- 1) Hedge accounting method

The Companies adopt the deferred hedge accounting. The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreement is recognized and included in interest expenses or income.

The currency swaps that qualify for hedge accounting and meet specific matching criteria are used to hedge the foreign currency fluctuations and are translated at the contracted rate if the forward contracts qualify for hedge accounting.

- 2) Hedging instruments and hedging items

Interest rate-related items

Hedging instruments:

Interest-rate swap agreements

Hedging items:

Loans payable with variable interest rates

Currency-related items

Hedging instruments:

Currency swap agreements

Hedging items:

Foreign currency loans payable and foreign currency bonds payable

- 3) Hedging policy

In accordance with the Company's internal rules and those of its consolidated subsidiaries, the Companies enter into derivatives contracts to hedge against various risks. These contracts include interest-rate swaps to hedge against the risk of fluctuations in interest rates relating to their loans payable with variable interest rates for the purpose of protecting cash flows, and currency swaps to hedge against the risk of fluctuations in exchange rates relating to loans payable and interest on loans relating to foreign currency loans payable and foreign currency bonds payable for the purpose of protecting cash flows.

- 4) Method for evaluating hedging effectiveness

With regard to interest rate-related hedging, important requirements concerning hedging instruments and hedging items are closely matched with each other. Also, the Companies can assume that fluctuations in interest rates and cash flows are fully offset by the fluctuations in hedging instruments on an ongoing basis since the implementation of hedging contracts. Therefore, the judgment of hedging

effectiveness is omitted. On currency-related hedging, currency swap contracts are entered into on the same conditions as hedged items, thus the Companies can assume that fluctuations in exchange rates or cash flows are fully offset by the fluctuations of hedge instruments. Therefore, the judgment of hedging effectiveness is omitted.

(8) Method and period of amortization of goodwill

Goodwill is amortized in equal installments over a 10 to 15 year period. However, that with immaterial value is fully amortized in the fiscal year of its incurrence.

(9) Cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents include cash at hand, demand deposits at banks and highly liquid short-term investments with negligible risk of fluctuation in value and maturities of less than three months.

(10) Other significant accounting policies for the preparation of consolidated financial statements

Accounting method for consumption tax

Transactions subject to consumption tax are recorded at the amount exclusive of consumption tax. However, consumption tax and other taxes imposed on non tax-deductible assets are recorded as an expense for the fiscal year they were incurred.

In addition, unpaid consumption tax is included in “Other” in current liabilities on the consolidated balance sheet.

(Changes in accounting policies)

<Adoption of Accounting Standard, etc. for Retirement Benefits>

Effective from the current fiscal year, the Company has adopted “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012, hereinafter referred to as the “Retirement Benefits Accounting Standard”) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015, hereinafter referred to as the “Retirement Benefits Guidance”), in respect of the provisions in the main clause of Paragraph 35 of the Retirement Benefits Accounting Standard and the main clause of Paragraph 67 of the Retirement Benefits Guidance, whereby the method of calculating retirement benefit obligations and service costs has been reviewed. Based on this review, the method of attributing expected retirement benefits to periods has been changed from a straight-line basis to a benefit formula basis, while the method of determining discount rates has been changed from the method based on the number of years approximate to the average remaining service period of employees to the method using a single weighted average discount rate reflecting the period up to the expected timing of retirement benefits payment, as well as the amount of retirement benefits payment for each such period.

In adopting the Retirement Benefits Accounting Standard etc., the amount of impact associated with the changes in the methods of calculating retirement benefit obligations and service costs has been reflected in retained earnings at the beginning of the current fiscal year, in accordance with the tentative treatment provided in Paragraph 37 of the Retirement Benefits Accounting Standard.

As a result, as of the beginning of the current fiscal year, a net defined benefit asset increased by 3,794 million yen and retained earnings increased by 2,827 million yen. The effect of this change on operating income, ordinary income, and income before income taxes and minority interests for the current fiscal year is immaterial.

The effects on per share information are referred to in the relevant section.

<Adoption of Accounting Standard, etc. for Business Combinations>

As the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013, hereinafter referred to as the “Business Combinations Accounting Standard”), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013, hereinafter referred to as the “Consolidated Accounting Standard”), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013, hereinafter referred to as the “Business Divestitures Accounting Standard”) and other standards became applicable from the beginning of the fiscal years starting on or after April 1, 2014, these accounting standards (excluding provisions in Paragraph 39 of the Consolidated

Accounting Standard) have been applied from the current fiscal year. As a result, the accounting method has been changed where the difference associated with the changes in equity in subsidiaries remaining under the control of the Company is recorded as capital surplus, and where acquisition-related costs are recorded as expenses for the fiscal year in which such costs are incurred. For business combinations implemented on or after the beginning of the current fiscal year, the accounting method has been changed to reflect the adjustments to the allocated amount of acquisition costs under the finalization of provisional accounting treatment in the consolidated financial statements for the fiscal year in which the date of such business combinations fall.

In adopting the Business Combinations Accounting Standard, the cumulative effects of the retroactive adoption of the new accounting policies over all past periods at the beginning of the current fiscal year was reflected in capital surplus and retained earnings, in accordance with the tentative treatment provided in Paragraph 58-2 (3) of the Business Combinations Accounting Standard, Paragraph 44-5 (3) of the Consolidated Accounting Standard and Paragraph 57-4 (3) of the Business Divestitures Accounting Standard.

As a result of this change, as of the beginning of the current fiscal year, goodwill, capital surplus and foreign currency translation adjustments decreased by 2,436 million yen, 2,339 million yen and 433 million yen, respectively and retained earnings increased by 335 million yen. Additionally, operating income, ordinary income, and income before income taxes and minority interests for the current fiscal year all increased by 242 million yen, respectively.

In the consolidated statement of cash flows for the current fiscal year, cash flows relating to the purchase or sales of subsidiaries' stocks without change in scope of consolidation are shown in the "Net cash provided by (used in) financing activities" section. Cash flows relating to expenses associated with the purchase of subsidiaries' stocks resulting in change in scope of consolidation and expenses associated with the purchase or sales of subsidiaries' stocks without changes in the scope of consolidation are shown in the "Net cash provided by (used in) operating activities" section.

Because the cumulative effects were reflected in the net assets at the beginning of the current fiscal year, capital surplus decreased by 2,339 million yen and foreign currency translation adjustment decreased by 433 million yen with regard to the beginning balance of the Consolidated Statement of Changes in Net Assets, while retained earnings increased by 335 million yen.

The effects on per share information are referred to in the relevant note.

(Changes in presentation)

<Consolidated statement of income>

"Gain on investments in partnerships" was listed separately as an item within non-operating income in the prior fiscal year. As it currently falls below 10% of total non-operating income, "Gain on investments in partnerships" has been included in "Other" effective from the current fiscal year.

To reflect this change in the consolidated statement of income for the prior fiscal year, 336 million yen of "Gain on investments in partnerships" and 319 million yen of "Other" in non-operating income has been reclassified into 656 million yen of "Other."

(Supplemental Information)

<Adoption of consolidated taxation system >

The Company and one of its domestic consolidated subsidiaries have been approved by the Commissioner of Japan's National Tax Agency for the adoption of the consolidated taxation system from the fiscal year ending March 31, 2016. Therefore, from the end of the current fiscal year, accounting methods are based on the adoption of the consolidated tax system, in accordance with the "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)" (ASBJ Practical Issue Task Force (PITF) No. 5 of January 16, 2015) and the "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)" (ASBJ PITF No. 7 of January 16, 2015).

(Notes to Consolidated Balance Sheet)

***1. Amount of subsidiaries and affiliates' stocks included in investment securities** (Millions of yen)

	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Investment securities	283	296

2. Pledged assets*(1) Assets pledged as collateral**

(Millions of yen)

	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Accounts receivable-operating loans	55,529 [55,529]	31,542 [31,542]

(2) Secured obligations

(Millions of yen)

	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Current portion of long-term loans payable	6,754 [6,754]	5,036 [5,036]
Long-term loans payable	5,036 [5,036]	— [—]
Total	11,791 [11,791]	5,036 [5,036]

Figures in brackets “[]” represent amount concerning liquidation of receivables. In addition, accounts receivable-operating loans shown above have been transferred by trust for the purpose of liquidation, whose right of ownership has been transferred to the trust bank (trustees).

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

(Millions of yen)

	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Cash and deposits	5,490	5,523

***4. Contingent liabilities**

(Millions of yen)

	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Outstanding guarantee obligation in the guarantee business	752,185	861,212
Outstanding guarantee obligation in the banking business	1,069	1,109
Provision for loss on guarantees	5,907	7,013
Net	747,347	855,308

***5. Financial assets received as freely disposable securities**

Prior fiscal year (As of March 31, 2014)

The Company entered into “Repurchase agreement” transactions (to purchase debt securities under resale agreements) and received marketable securities as securities for the money repayable from the sellers.

The market value of the received marketable securities at the end of the fiscal year was 9,999 million yen.

Current fiscal year (As of March 31, 2015)

Not applicable

***6. Commitment line contracts for accounts receivable-operating loans**

Prior fiscal year (As of March 31, 2014)

Contracts for accounts receivable-operating 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 311,990 million yen at the end of the accounting period. This included a total of 146,020 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 and its consolidated subsidiaries.

Contracts contain provisions allowing the Company and its consolidated subsidiaries 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.

Current fiscal year (As of March 31, 2015)

Contracts for accounts receivable-operating 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 353,962 million yen at the end of the accounting period. This included a total of 181,004 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 and its consolidated subsidiaries.

Contracts contain provisions allowing the Company and its consolidated subsidiaries 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.

***7. Commitment line contracts for loans receivable of banking business**

Prior fiscal year (As of March 31, 2014)

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 14,777 million yen as of the end of the fiscal year.

A certain portion of commitment 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 consolidated subsidiary of the Company.

Contracts contain provisions allowing the consolidated subsidiary of 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.

Current fiscal year (As of March 31, 2015)

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 16,606 million yen as of the end of the fiscal year.

A certain portion of commitment 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 consolidated subsidiary of the Company.

Contracts contain provisions allowing the consolidated subsidiary of 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.

*8. Status of non-performing loans in 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 bankrupt parties include those to debtors who have petitioned for bankruptcy as of the end of the fiscal year, but have not yet been declared bankrupt. This entire amount is charged to the allowance for doubtful accounts.

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Loans to debtors who have petitioned for bankruptcy, but have not yet been declared bankrupt	254	243

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Loans to bankrupt parties	819	745
Loans in arrears	20,585	23,095
Loans overdue by three months or more	3,519	4,225
Restructured loans	31,778	30,111
Total	56,702	58,178

Notes:

1. Loans to bankrupt parties refer to loans to bankrupt parties, parties in rehabilitation and reorganization, and others which are loans where interest is not accrued.
2. Loans in arrears refer to other loans where interest is not accrued, excluding loans on which interest payment is deferred for the purpose of reconstructing or assisting debtors.
3. Loans overdue by three months or more refer to loans other than the above that are overdue by three months or more.
4. Restructured loans refer to loans other than the above that are restructured on favorable terms for debtors, such as reduction or waiving of interest, in order to facilitate collection of an outstanding balance.

*9. Agreements for overdraft and commitment facilities

For efficient procurement of working capital, the Company and some of its consolidated subsidiaries maintain overdraft contracts and designated commitment line contracts with financial institutions and others. The unexercised portion of facilities based on these contracts is as follows: (Millions of yen)

	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Amount of agreement for overdraft and commitment line	180,476	153,019
Amount of borrowing	78,457	66,099
Net	102,018	86,920

*10. Amount of unsecured consumer loans in accounts receivable-operating loans (Millions of yen)

	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Unsecured consumer loans in accounts receivable-operating loans	815,573	866,718

*11. Balances of accounts receivable-installment by business categories (Millions of yen)

	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Fees from the credit card business	17,281	21,595
Fees from installment sales finance business	829	699
Total	18,111	22,295

*12. Balance of deferred installment income

The balance of deferred installment income belongs entirely to the installment sales finance business.

The breakdown of the amount during the period is as follows:

	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Balance at the beginning of period	327 [4]	93 [1]
Accrued during the period	113 [4]	97 [1]
Realized during the period	347 [6]	104 [2]
Balance at the end of period	93 [1]	86 [1]

Figures in brackets "[]" represent fees from member outlets.

(Notes to Consolidated Statement of Income)

*1. Breakdown of gain on sales of noncurrent assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Buildings and structures	10	6
Vehicles	1	0
Equipment	1	709
Land	0	0
Total	13	716

*2. Other extraordinary income results from sales of golf club memberships.

*3. Breakdown of loss on sales of noncurrent assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Buildings and structures	0	—
Equipment	12	11
Land	1	—
Total	14	11

*4. Loss on retirement of noncurrent assets mainly results from transfer of operating outlets, remodeling of interior and change of signboards. The breakdown thereof is set out below.

	(Millions of yen)	
	Prior fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Buildings and structures	163	99
Vehicles	—	0
Equipment	7	14
Total	170	114

*5. Impairment loss

The following losses on impairment of noncurrent assets are recorded.

Prior fiscal year (from April 1, 2013, to March 31, 2014)

(1) Assets recognized as having suffered impairment

Location	Usage	Type
Chiyoda-ku, Tokyo	Property to be disposed of	Buildings, equipment and telephone subscription right

(2) Method of grouping assets

The smallest units the Group has adopted for the grouping of assets are as below:

- (a) For the domestic loan, credit card and guarantee business: each business
- (b) For other financial businesses: each company
- (c) For the overseas financial business: each company

For leasehold estate and property to be sold, the smallest units are the individual assets themselves.

Our headquarters and welfare/leisure facilities for our employees are treated as common assets because they do not generate their own cash flows.

(3) Process through which impairment loss was recognized

Because a merger between consolidated subsidiaries of the Company was resolved at the Board of

Directors meeting held on March 20, 2014, we recognized an impairment loss on the property to be disposed of.

(4) Amount of impairment loss

	(Millions of yen)
Buildings and structures	20
Equipment	3
Telephone subscription right	0
Total	24

(5) Calculation method of recoverable amount

The recoverable amount of the property to be disposed of is measured to be zero based on utility value.

Current fiscal year (from April 1, 2014, to March 31, 2015)

Not applicable

*6. Other extraordinary loss results from lump sum amortization of long-term prepaid expenses.

7. Basis for classification of financial revenue and financial expenses on consolidated statement of income

(1) Financial revenue stated as operating revenue

Includes all financial revenue earned by the Company and its consolidated subsidiaries engaged in the financial service business, excluding dividends and interest on investment securities, etc.

(2) Financial expenses stated as operating expenses

Include all financial expenses spent by the Company and its consolidated subsidiaries engaged in the financial service business, excluding interest expenses, etc. which have no relationship to operating revenue

(Notes to Consolidated Statement of Comprehensive Income)

* Reclassification adjustment and tax effect relating to other comprehensive income:

	(Millions of yen)	
	Prior fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Valuation difference on available-for-sale securities		
Gains arising during the year	392	(24)
Reclassification adjustments	(371)	3
Amount before income tax effect	20	(21)
Income tax effect	(6)	6
Valuation difference on available-for-sale securities	14	(14)
Foreign currency translation adjustment		
Gains arising during the year	2,656	6,427
Remeasurements of defined benefit plans, net of tax		
Gains arising during the year	—	1,425
Reclassification adjustments	—	(657)
Amount before income tax effect	—	767
Income tax effect	—	(185)
Remeasurements of defined benefit plans, net of tax	—	581
Total other comprehensive income	2,671	6,995

(Notes to Consolidated Statement of Changes in Net Assets)
For the prior fiscal year (from April 1, 2013, to March 31, 2014)

1. Matters related to outstanding shares

(Shares)

Class of shares	As of April 1, 2013	Increase	Decrease	As of March 31, 2014
Common stock	159,628,280	1,436,654,520	—	1,596,282,800

Note: Pursuant to a resolution at the Board of Directors meeting held on June 21, 2013, the Company executed a stock split where each share of its common stock was split into 10 shares with October 1, 2013, as the effective date. As a result, the total number of shares issued increased by 1,436,654,520 shares to 1,596,282,800 shares.

2. Matters related to treasury stock

(Shares)

Class of shares	As of April 1, 2013	Increase	Decrease	As of March 31, 2014
Common stock	2,966,733	26,701,626	—	29,668,359

Notes: 1. Pursuant to a resolution at the Board of Directors meeting held on June 21, 2013, the Company executed a stock split where each share of its common stock was split into 10 shares with October 1, 2013, as the effective date.

2. The increase in the number of treasury shares during the fiscal year consisted of 11 shares acquired before the stock split, an increase of 26,700,696 shares through the stock split and 919 shares acquired after the stock split.

3. Matters related to stock acquisition rights, etc.

Not applicable

4. Matters related to dividends

(1) Dividends paid

Not applicable

(2) Dividends whose record date fell in the fiscal year, but whose effective date comes after March 31, 2014

Not applicable

For the current fiscal year (from April 1, 2014, to March 31, 2015)

1. Matters related to outstanding shares

(Shares)

Class of shares	As of April 1, 2014	Increase	Decrease	As of March 31, 2015
Common stock	1,596,282,800	—	—	1,596,282,800

2. Matters related to treasury stock

(Shares)

Class of shares	As of April 1, 2014	Increase	Decrease	As of March 31, 2015
Common stock	29,668,359	160	—	29,668,519

(Major causes for changes)

The increase of 160 shares of treasury stock results from the purchase of shares of less than one unit.

3. Matters related to stock acquisition rights, etc.

Not applicable

4. Matters related to dividends

(1) Dividends paid

Not applicable

(2) Dividends whose record date fell in the fiscal year, but whose effective date comes after March 31, 2015

Not applicable

(Notes to Consolidated Statement of Cash Flows)

- *1. Relationship between the fiscal-end balance of cash and cash equivalents and the amount of consolidated balance sheet items

	(Millions of yen)	
	Prior fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Cash and deposits	130,208	119,835
Short-term investment securities	17,085	8,000
Short-term loans receivable	9,999	—
Time deposits with original maturities of more than three months	(5)	(6)
Cash reserved for banking business	(5,490)	(5,523)
Bonds to be matured within 1 year	(85)	—
Cash and cash equivalents	151,711	122,306

(Notes to lease transactions)

1. Finance lease transactions

(1) Finance lease transactions that transfer ownership

1) Details of lease assets

Property, plant and equipment

They are servers and ATMs of EASY BUY Public Company Limited.

2) Depreciation of lease assets

Same depreciation method which we apply to our noncurrent assets

(2) Finance lease transactions that do not transfer ownership

1) Details of lease assets

Property, plant and equipment

They are mainly MUJINKUN of loan business.

2) Depreciation of lease assets

Depreciated using the straight-line method, with the lease term of respective assets as their useful lives, without residual value

2. Operating lease transactions

The rental commitments under noncancellable operating leases are as follows:

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Due within 1 year	110	122
Due after 1 year	266	192
Total	377	315

(Notes to financial instruments)

1. Financial instruments and related disclosures

(1) Policy for financial instruments

The Group conducts financial service businesses including, but not limited to, loan business, credit card business, installment sales finance business, guarantee business, loan servicing business and banking business. To finance the operation of these businesses, the Group raises funds through indirect financing, i.e. borrowings from financial institutions, as well as direct financing, such as issuing bonds, liquidation of receivables, etc., in light of the market situation and balance between variable interest rates and fixed interest rates. The Group conducts derivative transactions primarily for the purpose of avoiding the risk of fluctuations in interest rates and exchange rates associated with these financing operations, and has a policy not to conduct speculative trading.

(2) Nature and extent of risks arising from financial instruments

Major financial assets held by the Group are accounts receivable-operating loans, loans receivable of banking business and accounts receivable-installment; these assets are exposed to credit risk resulting from customers' default of payments. In addition, the Group holds shares, bonds, investments in partnership, etc. either on a held-to-maturity or portfolio investment basis, while some consolidated subsidiaries hold them for trading purposes. These assets are exposed to the risk of market price fluctuations and some are open to the risks of issuer's credit and interest rate fluctuations.

Financial liabilities including loans payable, bonds and liquid receivables are exposed to liquidity risk, giving some indication of the possibility that the Company Group may not be able to make payment at the due date as a result of a change in the Group's credit standings or the market environment. Likewise, liabilities with variable interest rates have a certain degree of interest-rate risk, but the Group mitigates this risk through interest rate swap transactions. On the other hand, foreign-currency liabilities are exposed to the risk of fluctuations in foreign currency exchange rates, which is averted with the help of currency swap agreements.

Derivative transactions include interest rate swaps for the purpose of hedging against the risk of fluctuations in interest rates associated with loans payable; and currency swap that aim to hedge against the risk of fluctuations in exchange rates concerning foreign currency loans payable and foreign currency bonds payable. For details of hedging instruments, hedging items, hedging policy and the method for evaluating hedging effectiveness concerning hedge accounting, please refer to aforementioned "Significant matters providing the basis for the preparation of consolidated financial statements, 4. Significant accounting policies, (7) Significant hedge accounting method."

(3) Risk management for financial instruments

1) Credit risk management

According to internal rules, the Company incorporates and operates a structure to cope with individual transaction-based credit administration, credit information management, a credit rating system, a self-assessment system, problem loans and to regularly monitor its credit portfolios. The credit management and credit business promotion divisions separately conduct individual transaction-based screening and credit management, designed to facilitate a mutual surveillance function. In addition, the Company holds regular management meetings to report and discuss important matters on credit risk management and operations. Separately it has a system under which the internal audit department reviews the appropriateness of the Company's credit business operations, ensuring that the Company engages in a proper credit business. Consolidated subsidiaries also have similar management systems in place.

2) Market risk management

The Company and some of its consolidated subsidiaries utilize interest rate swaps to manage the risk of fluctuations in interest payments on their financial liabilities, such as loans payable. Also, they basically enter into currency swap to hedge against the risk of fluctuations in exchange rate related to their foreign-currency liabilities.

With regard to marketable securities, such as shares and bonds, management receives regular monitoring reports regarding market trends, market values, issuers' financial standings, etc., in order to constantly review their asset holdings.

The Group conducts derivative transactions primarily with the aim of optimizing financing costs and

adjustment of the proportion of fixed/variable interest rates. It has a policy of not conducting derivatives trading for speculative purposes. Further, execution and administration of derivatives transactions are conducted in accordance with the Company's internal rules that stipulate the trading authority, trading limits, etc., under the basic policy approved at meetings of management.

Consolidated subsidiaries also have similar market risk management systems in place.

In addition, all the accounts receivable-operating loans, which are the Group's major financial assets, have fixed interest rates, and loans payable and bonds, which are the Group's major financial liabilities, have mainly fixed interest rates, therefore, the Group has low sensitivity to fluctuations in interest rates. That is why the Group does not use a quantitative analysis on the market risk.

With regard to the items of which fair values are determined using the market interest rate, the estimated effects of a change of 1 basis point (0.01%) in the fiscal year-end market interest rate on their net asset amount-financial assets after deduction of financial liabilities are as follows. This estimation assumes that there are no changes in any risk variables other than the market interest rate.

(Millions of yen)		
	As of March 31, 2014	As of March 31, 2015
If the market interest rate had been:		
higher by 1 basis point	(76)	(31)
lower by 1 basis point	76	31

3) Liquidity risk management associated with financing activities

The Company manages the liquidity risk by reviewing its financing plan on a timely basis according to past financing results, change in market conditions or interest rate situations, etc., based on the financing plan approved at meetings of management. Also for that purpose, it maintains a certain amount of liquidity at all times, secures commitment lines, seeking diversity and appropriate balance of financing methods in light of the market environment. Consolidated subsidiaries also have similar management systems in place.

(4) Supplementary explanations on fair value of financial instruments

Fair value of financial instruments are measured based on the quoted market price, if available, or reasonably assessed value if a quoted market price is not available. Fair value of financial instruments for which quoted market price is not available is calculated based on certain assumptions, and the value might differ if different assumptions are used. In addition, the contract amount of the derivative transactions described below in "Notes to derivatives transactions" does not represent the market risk of the derivative transactions.

2. Fair value of financial instruments

The carrying amount and fair value of financial instruments as well as the differences between these values are described below. Financial instruments whose fair value appears to be extremely difficult to determine are not included in the table. (See (Note 2))

For the prior fiscal year (as of March 31, 2014)

			(Millions of yen)
	Carrying amount	Fair value	Unrealized gain/loss
(1) Cash and deposits	130,208	130,208	—
(2) Accounts receivable-operating loans	828,622		
Allowance for doubtful accounts	(30,519)		
Provision for loss on interest repayment	(17,200)		
(Write-off of receivables)			
	780,903	977,457	196,554
(3) Loans receivable of banking business	60,338		
Allowance for doubtful accounts	(671)		
	59,667	64,931	5,264
(4) Accounts receivable-installment	18,111		
Allowance for doubtful accounts	(1,550)		
Deferred installment income	(93)		
	16,467	21,618	5,150
(5) Purchased receivables	8,846		
Allowance for doubtful accounts	(2,519)		
	6,327	6,327	—
(6) Marketable securities, trading account securities and investment securities			
1) Trading securities	2,495	2,495	—
2) Held-to-maturity securities	484	507	22
3) Available-for-sale securities	17,058	17,058	—
(7) Short-term loans receivable	9,999	9,999	—
Total assets	1,023,611	1,230,603	206,992
(1) Short-term loans payable	48,187	48,187	—
(2) Deposits of banking business	74,516	74,519	3
(3) Current portion of bonds and bonds payable	188,014	190,199	2,185
(4) Current portion of long-term loans payable and long-term loans payable	383,764	386,477	2,712
Total liabilities	694,483	699,385	4,901
Derivative transactions*			
(1) not subject to the application of hedge accounting	230	230	—
(2) subject to the application of hedge accounting	—	—	—
Total derivative transactions	230	230	—

* The receivables and payables attributable to derivative transactions are shown in their net amounts. If the aggregate outcome of the derivative transactions results in net payables, the amount is shown in brackets “[]”.

For the current fiscal year (as of March 31, 2015)

(Millions of yen)

	Carrying amount	Fair value	Unrealized gain/loss
(1) Cash and deposits	119,835	119,835	—
(2) Accounts receivable-operating loans	877,427		
Allowance for doubtful accounts	(35,552)		
Provision for loss on interest repayment	(15,800)		
(Write-off of receivables)			
	826,074	1,013,113	187,039
(3) Loans receivable of banking business	64,582		
Allowance for doubtful accounts	(771)		
	63,811	71,937	8,126
(4) Accounts receivable-installment	22,295		
Allowance for doubtful accounts	(1,868)		
Deferred installment income	(86)		
	20,339	26,560	6,221
(5) Purchased receivables	8,473		
Allowance for doubtful accounts	(2,399)		
	6,074	6,074	—
(6) Marketable securities, trading account securities and investment securities			
1) Trading securities	1,804	1,804	—
2) Held-to-maturity securities	3,123	3,162	39
3) Available-for-sale securities	8,058	8,058	—
Total assets	1,049,121	1,250,547	201,426
(1) Short-term loans payable	32,850	32,850	—
(2) Deposits of banking business	79,248	79,251	3
(3) Current portion of bonds and bonds payable	203,313	205,216	1,902
(4) Current portion of long-term loans payable and long-term loans payable	410,690	411,779	1,089
Total liabilities	726,102	729,097	2,995
Derivative transactions*			
(1) not subject to the application of hedge accounting	303	303	—
(2) subject to the application of hedge accounting	—	—	—
Total derivative transactions	303	303	—

* The receivables and payables attributable to derivative transactions are shown in their net amounts. If the aggregate outcome of the derivative transactions results in net payables, the amount is shown in brackets “[]”.

(Note 1) The calculation method for the fair value of financial instruments, marketable securities and derivative financial instruments

Assets

(1) Cash and deposits

Deposits without maturity are stated at their carrying amount, as their fair value approximate carrying amount. Deposits with maturity are stated at their carrying amount, as their remaining periods are short (within a year) and their fair value approximate carrying amount.

(2) Accounts receivable-operating loans, (3) loans receivable of banking business and (4) accounts receivable-installment

The fiscal year-end outstanding balances are stated at their net present value, which are calculated by discounting expected future cash flows of the potentially recoverable principal and interest by the current market interest rate. These exclude secured loans which are stated at adjusted carrying amount; the expected amount of loan losses on these assets are calculated based on the expected recoverable amount of their collateral securities, hence their fair value approximates their carrying amount at the closing date, less the current expected amount of loan losses. Meanwhile, the assets related to the installment sales finance business at certain consolidated subsidiaries are stated at adjusted carrying amount, as their average remaining periods are roughly one year and their fair value approximates their carrying amount net of an allowance for doubtful accounts.

(5) Purchased receivables

These are stated at adjusted carrying amount. The expected amount of loan losses on these assets are calculated based on either the present value of expected future cash flows or expected recoverable amount of their collateral securities or guarantees; hence their fair value approximates their carrying amount at the closing date, less the current expected amount of loan losses.

(6) Marketable securities, trading account securities and investment securities

Shares are stated at the stock exchange quoted price and bonds are stated at either the stock exchange quoted price or the price presented by transacting financial institution. Certain bonds are stated at amortized cost method, as they are redeemed in the short term and their fair value approximates carrying amount. Certificate of deposits are stated at carrying amount, as they are short-term assets and their fair value approximates carrying amount.

For notes to securities according to holding purposes, please refer to “Notes to securities.”

(7) Short-term loans receivable

All short-term loans receivable are related to repurchase agreement transactions, and they are stated at the price presented by financial institutions.

Liabilities

(1) Short-term loans payable

These assets are stated at carrying amount as they are settled in the short-term and their fair value approximates their carrying amount.

(2) Deposits of banking business

Deposits due within one year are stated at their carrying amount as they are settled in the short term and their fair value approximates their carrying amount. Deposits due after one year are stated at the net present value, which is calculated by discounting the compound value of principal and interest by the current market interest rate.

(3) Current portion of bonds and bonds payable

Bonds with market value are stated at market price. Bonds without market value and privately offered bonds are stated at the net present value, which is calculated by discounting the compound value (for bonds involved in the interest-rate swaps that meet conditions for exceptional accounting treatments, a principal with interest income at a post-swap interest rate is applied) by the discount rate (i.e. the current market interest rate in consideration of credit risk).

(4) Current portion of long-term loans payable and long-term loans payable

Long-term loans payable are stated at the net present value, which is calculated by discounting the compound value (for loans involved in the interest-rate swap that meet conditions for exceptional accounting treatment and the currency swap that conforms to the requirements of designated transactions, a principal with interest income at a post-swap interest rate is applied) by the discount rate (i.e. the current market interest rate in consideration of credit risk).

Derivatives transactions

Please refer to “Notes to derivatives transactions.”

(Note 2) The carrying amounts of financial instruments whose fair value cannot be reliably determined
(Millions of yen)

Item	As of March 31, 2014	As of March 31, 2015
1) Unlisted shares (*1) (*2)	1,118	1,130
2) Investments in investment partnerships (*1) (*3)	212	155
Total	1,331	1,286

(*1) These shares are not included in “Asset (6) Marketable securities, trading account securities and investment securities” which contain information about the fair value of financial instruments.

(*2) The fair value of unlisted shares is not disclosed, as they do not have a quoted market price in an active market and it appears to be extremely difficult to determine their fair values.

(*3) The fair value of investments in investment partnerships is not disclosed, as partnerships’ assets comprise unlisted shares and other investment instruments whose fair value appears to be extremely difficult to determine.

(Note 3) Maturity analysis for financial assets and securities with contractual maturity

For the prior fiscal year (as of March 31, 2014)

	(Millions of yen)					
	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Cash and deposits	130,208	—	—	—	—	—
Accounts receivable-operating loans (*1) (*2)	204,399	159,989	145,587	140,952	139,470	4,197
Loans receivable of banking business	32,760	2,526	4,368	4,142	6,155	10,385
Accounts receivable-installment (*1) (*2)	4,022	3,264	3,272	3,272	3,272	72
Marketable securities and Investment securities						
1) Held-to-maturity securities (Government bond)	85	—	146	252	—	—
2) Available-for-sale securities with contractual maturities						
Government bond	—	—	—	—	57	—
Other	17,000	—	—	—	—	—
Short-term loans receivable	9,999	—	—	—	—	—
Total	398,475	165,780	153,374	148,619	148,956	14,655

For the current fiscal year (As of March 31, 2015)

	(Millions of yen)					
	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Cash and deposits	119,835	—	—	—	—	—
Accounts receivable-operating loans (*1) (*2)	216,782	172,672	154,709	147,369	144,367	8,607
Loans receivable of banking business	35,486	3,267	4,431	5,093	6,084	10,217
Accounts receivable-installment (*1) (*2)	4,808	4,108	4,108	4,108	4,108	128
Marketable securities and Investment securities						
1) Held-to-maturity securities (Government bond)	—	601	286	—	339	1,895
2) Available-for-sale securities with contractual maturities						
Government bond	—	—	—	58	—	—
Other	8,000	—	—	—	—	—
Total	384,913	180,650	163,536	156,630	154,899	20,849

(*1) Accounts receivable-operating loans and accounts receivable-installment do not include loans whose recovery is doubtful because their redemption schedule is unclear (amounts: 24,527 million yen for the prior fiscal year and 25,170 million yen for the current fiscal year).

(*2) The amounts of accounts receivable-operating loans and accounts receivable-installment in the credit card business are the expected amounts assuming that average minimum payments are to be made on a fixed date in each month.

(Note 4) Scheduled repayment amount of bonds payable, long-term loans payable, lease obligations and other interest-bearing liabilities after the consolidated closing date

For the prior fiscal year (as of March 31, 2014)

	(Millions of yen)					
	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	48,187	—	—	—	—	—
Deposits of banking business	74,103	413	—	—	—	—
Current portion of bonds and bonds payable	51,926	34,088	16,000	25,000	25,000	36,000
Current portion of long-term loans payable and long-term loans payable	164,273	95,091	60,291	16,120	47,988	—
Lease obligations	406	328	234	137	72	—
Total	338,896	129,921	76,525	41,257	73,060	36,000

For the current fiscal year (as of March 31, 2015)

	(Millions of yen)					
	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	32,850	—	—	—	—	—
Deposits of banking business	79,248	—	—	—	—	—
Current portion of bonds and bonds payable	35,422	18,350	25,000	25,000	31,540	68,000
Current portion of long-term loans payable and long-term loans payable	113,340	91,527	82,027	74,833	48,961	—
Lease obligations	434	342	245	181	58	—
Total	261,296	110,219	107,273	100,014	80,560	68,000

(Notes to securities)

1. Trading securities

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Unrealized gain (loss) reported in the consolidated statement of income	12	(49)

2. Held-to-maturity securities

For the prior fiscal year (as of March 31, 2014)

(Millions of yen)

Category	Carrying amount	Market value	Unrealized gain/loss
Market value greater than carrying amount			
(1) Government/municipal bonds	484	507	22
(2) Corporate bonds	—	—	—
(3) Other	—	—	—
Subtotal	484	507	22
Market value not greater than carrying amount			
(1) Government/municipal bonds	—	—	—
(2) Corporate bonds	—	—	—
(3) Other	—	—	—
Subtotal	—	—	—
Total	484	507	22

For the current fiscal year (as of March 31, 2015)

(Millions of yen)

Category	Carrying amount	Market value	Unrealized gain/loss
Market value greater than carrying amount			
(1) Government/municipal bonds	2,514	2,558	43
(2) Corporate bonds	—	—	—
(3) Other	—	—	—
Subtotal	2,514	2,558	43
Market value not greater than carrying amount			
(1) Government/municipal bonds	608	604	(4)
(2) Corporate bonds	—	—	—
(3) Other	—	—	—
Subtotal	608	604	(4)
Total	3,123	3,162	39

3. Available-for-sale securities

For the prior fiscal year (as of March 31, 2014)

(Millions of yen)

Category	Carrying amount	Acquisition cost	Unrealized gain/loss
Acquisition cost not greater than carrying amount			
(1) Stocks	0	0	0
(2) Bonds			
Government/municipal	57	54	3
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	58	54	3
Acquisition cost greater than carrying amount			
(1) Stocks	—	—	—
(2) Bonds			
Government/municipal	—	—	—
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	—	—	—
Total	58	54	3

(Note) Certificate of deposits (17,000 million yen of carrying amount on the consolidated balance sheet), whose book value is considered as market value, are not included in the table above.

For the current fiscal year (as of March 31, 2015)

(Millions of yen)

Category	Carrying amount	Acquisition cost	Unrealized gain/loss
Acquisition cost not greater than carrying amount			
(1) Stocks	0	0	0
(2) Bonds			
Government/municipal	58	55	2
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	58	55	2
Acquisition cost greater than carrying amount			
(1) Stocks	—	—	—
(2) Bonds			
Government/municipal	—	—	—
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	—	—	—
Total	58	55	2

(Note) Certificate of deposits (8,000 million yen of carrying amount on the consolidated balance sheet), whose book value is considered as market value, are not included in the table above.

4. Available-for-sale securities sold during the fiscal year
For the prior fiscal year (from April 1, 2013, to March 31, 2014)

(Millions of yen)

Category	Amount of proceeds	Total gains on sales	Total losses on sales
(1) Stocks	0	0	0
(2) Bonds			
Government/municipal	—	—	—
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Total	0	0	0

For the current fiscal year (from April 1, 2014, to March 31, 2015)

(Millions of yen)

Category	Amount of proceeds	Total gains on sales	Total losses on sales
(1) Stocks	67	66	—
(2) Bonds			
Government/municipal	—	—	—
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Total	67	66	—

5. Impaired securities that were written down to their fair values

(Millions of yen)

	Prior fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Loss on impairment of securities (shares, etc. classified as “Available-for-sale securities”)	7	0

(Notes to derivatives transactions)

1. Derivative financial instruments not subject to the application of hedge accounting

(1) Currency-related derivatives

For the prior fiscal year (As of March 31, 2014)

The currency-related derivatives transactions used by part of the consolidated subsidiaries are currency swap transactions with the aim of fixing the value of foreign-currency borrowings in local currency. Because these borrowings include transactions between consolidated companies that are eliminated in consolidation, they are not treated as hedging transactions in the consolidated accounts.

(Millions of yen)

Category	Type of derivatives	Contract amount	Contract amount due after 1 year-period	Fair value	Valuation gain (loss)
Transactions out of the market	Currency swap	5,167	2,258	230	230

(Note) Calculation method for fair value

Calculated based on the price presented by counterparty financial institutions

For the current fiscal year (As of March 31, 2015)

The currency-related derivatives transactions used by part of the consolidated subsidiaries are currency swap transactions with the aim of fixing the value of foreign-currency borrowings in local currency. Because these borrowings include transactions between consolidated companies that are eliminated in consolidation, they are not treated as hedging transactions in the consolidated accounts.

(Millions of yen)

Category	Type of derivatives	Contract amount	Contract amount due after 1 year-period	Fair value	Valuation gain (loss)
Transactions out of the market	Currency swap	5,926	—	303	303

(Note) Calculation method for fair value

Calculated based on the price presented by counterparty financial institutions

2. Derivatives transactions subject to the application of hedge accounting

(1) Interest rate-related derivatives

For the prior fiscal year (As of March 31, 2014)

(Millions of yen)

Hedge accounting method	Type of derivatives	Major hedging items	Contract amount	Contract amount due after 1 year-period	Fair value
Interest rate swaps which qualify for hedge accounting and meet specific matching criteria	Interest rate swap transactions Fixed interest payments and floating interest receivables	Long-term loans payable	231,367	149,165	(Note)

(Note) Interest rate swap subject to the application of exceptional treatments are recognized together with hedging items (i.e. long-term loans payable), therefore their fair value are included in the fair value of the relevant long-term loans payable.

For the current fiscal year (As of March 31, 2015)

(Millions of yen)

Hedge accounting method	Type of derivatives	Major hedging items	Contract amount	Contract amount due after 1 year-period	Fair value
Interest rate swaps which qualify for hedge accounting and meet specific matching criteria	Interest rate swap transactions Fixed interest payments and floating interest receivables	Long-term loans payable	265,121	208,927	(Note)

(Note) Interest rate swap subject to the application of exceptional treatments are recognized together with hedging items (i.e. long-term loans payable), therefore their fair value are included in the fair value of the relevant long-term loans payable.

(2) Currency-related derivatives

For the prior fiscal year (As of March 31, 2014)

(Millions of yen)

Hedge accounting method	Type of derivatives	Major hedging items	Contract amount	Contract amount due after 1 year-period	Fair value
Currency swaps which qualify for hedge accounting and meet specific matching criteria	Currency swap	Long-term loans payable	9,776	2,947	(Note)

(Note) Currency swap agreements subject to the application of designation transactions are recognized together with hedging items (i.e. long-term loans payable), therefore their fair value are included in the market value of the relevant long-term loans payable.

For the current fiscal year (As of March 31, 2015)

(Millions of yen)

Hedge accounting method	Type of derivatives	Major hedging items	Contract amount	Contract amount due after 1 year-period	Fair value
Currency swaps which qualify for hedge accounting and meet specific matching criteria	Currency swap	Long-term loans payable and bonds payable	18,018	16,545	(Note)

(Note) Currency swap agreements subject to the application of designation transactions are recognized together with hedging items (i.e. long-term loans payable and bonds payable), therefore their fair value are included in the market value of the relevant long-term loans payable, etc.

(Notes to retirement benefits)

1. Overview of retirement benefit plans

The Company and consolidated subsidiaries apply funded and unfunded types of defined-benefit plans and defined-contribution plans to prepare for retirement benefits to employees.

Defined-benefit pension plans, all of which are funded plans, offer retirement lump sum grants or pensions according to the salary and service period of the eligible employees.

Retirement lump sum payment plans (unfunded plans) offer retirement lump sum grants according to the salary and service period of the eligible employees.

2. Defined-benefit plans

(1) The changes in retirement benefit obligations

	(Millions of yen)	
	Prior fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Balance at the beginning of year	20,307	21,023
Cumulative effects of changes in accounting policies	—	(3,794)
Restated balance	20,307	17,228
Service cost	1,167	1,247
Interest cost	145	174
Actuarial differences generated	(69)	636
Retirement benefits paid	(516)	(405)
Other	(11)	98
Balance at the end of year	21,023	18,980

(2) The changes in plan assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Balance at the beginning of year	18,932	21,831
Expected return on plan assets	580	679
Actuarial differences generated	1,963	2,067
Contribution from employers	895	879
Retirement benefits paid	(516)	(405)
Other	(25)	59
Balance at the end of year	21,831	25,111

(3) Adjustments between the ending balances of retirement benefit obligations and plan assets and the net defined benefit liability and net defined benefit asset reported on the consolidated balance sheet

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Retirement benefit obligations for funded type plans	20,895	18,795
Plan assets	(21,831)	(25,111)
	(935)	(6,315)
Retirement benefit obligations for unfunded type plans	127	184
Net asset and liability reported on the consolidated balance sheet	(808)	(6,131)
Net defined benefit liability	220	343
Net defined benefit asset	(1,028)	(6,474)
Net asset and liability reported on the consolidated balance sheet	(808)	(6,131)

(4) Breakdown of retirement benefit expenses

	(Millions of yen)	
	Prior fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Service cost	1,167	1,247
Interest cost	145	174
Expected return on plan assets	(580)	(679)
Recognized actuarial differences	921	(641)
Special severance pay premium	69	14
Other	(16)	—
Retirement benefit expenses for defined benefit plans	1,708	115

(5) Remeasurements of defined benefit plans, net of tax

Remeasurements of defined benefit plans, net of tax (before tax effect) consist of the following.

	(Millions of yen)	
	Prior fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Actuarial differences	—	767

(6) Remeasurements of defined benefit plans

Remeasurements of defined benefit plans (before tax effect) consist of the following.

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Unrecognized actuarial differences	1,984	2,751

(7) Plan assets

1) Components of plan assets

Plan assets consist of the followings:

	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Domestic stocks	20%	18%
Domestic bonds	17%	17%
Foreign stocks	20%	15%
Foreign bonds	9%	10%
Alternative investments	16%	18%
Insurer's general accounts	9%	9%
Other	9%	13%
Total	100%	100%

2) Method for determining the long-term expected rates of return on plan assets

To determine the long-term expected rates of return on plan assets, the current and expected portfolios of the plan assets held, as well as the current and future long-term expected rates of return on the various pension plan assets, are considered.

(8) Assumptions used in actuarial calculations

The major assumptions (on the weighted average basis) used in actuarial calculations are as follows:

	Prior fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Discount rates	Primarily 0.56%	Primarily 0.74%
Long-term expected rates of return on plan assets	Primarily 3.00%	Primarily 3.00%
Expected rates of salary raises	Primarily 6.50%	Primarily 6.50%

(Note) Point system is used as the basis for calculation of expected rates of salary raises.

3. Defined-contribution plans

The required amounts of contribution to the defined-contribution plans of the Company and its consolidated subsidiaries were 243 million yen for the prior fiscal year and 259 million yen for the current fiscal year.

(Notes to stock options, etc.)

For the prior fiscal year (from April 1, 2013, to March 31, 2014)

Not applicable

For the current fiscal year (from April 1, 2014, to March 31, 2015)

Not applicable

(Notes to the method of tax effect accounting)

1. Breakdown of major factors that caused deferred tax assets and liabilities

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Deferred tax assets		
Bad debt expenses	5,526	5,866
Allowance for doubtful accounts	2,387	3,216
Provision for loss on guarantees	2,105	2,319
Provision for loss on interest repayment	44,229	33,674
Accrued bonuses	503	485
Accrued directors' retirement benefits	67	61
Unrecognized accrued interest	396	435
Software	2,810	2,458
Deferred assets	277	306
Deferred consumption taxes	196	221
Loss on valuation of securities	332	252
Loss on valuation of golf club memberships	30	25
Loss on valuation of inventories	180	163
Impairment loss	266	231
Asset adjustment	594	189
Asset retirement obligations	1,381	1,287
Stock dividends	2,359	2,140
Net defined benefit liability	48	77
Retained loss	184,886	160,876
Other	674	610
Deferred tax assets (subtotal)	249,254	214,901
Valuation allowance	(228,984)	(189,386)
Total deferred tax assets	20,270	25,514
Deferred tax liabilities		
Retained earnings of subsidiaries	1,256	2,216
Valuation difference on available-for-sale securities	12	5
Net defined benefit asset	366	2,093
Other	81	240
Total deferred tax liabilities	1,717	4,556
Balance of net deferred tax assets	18,552	20,958

2. Breakdown of items which caused the difference between the normal statutory tax rate and the effective tax rate after adoption of tax effect accounting

	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Normal effective statutory tax rate	38.0%	35.6%
(Adjustment)		
Changes in valuation allowance	(28.9%)	(130.7%)
Amortization of goodwill	5.2%	2.3%
Dividends income and other items not counted for tax purposes	(0.8%)	(0.2%)
Retained earnings of subsidiaries	4.4%	6.5%
Difference from tax rates for consolidated subsidiaries	(11.6%)	(10.4%)
Reduction in year-end deferred tax assets due to tax-rate changes	8.0%	10.4%
Withholding income tax relating to dividends from overseas subsidiaries	0.5%	0.5%
Expiration of retained loss	—%	83.3%
Other	0.9%	(0.1%)
Actual effective tax rate	15.7%	(2.8%)

3. Changes in the amount of deferred tax assets and deferred tax liabilities due to changes in the rate of income tax, etc.

Due to promulgation of “Act on Partial Revision of the Income Tax Act, etc.” and the “Act on Partial Revision of the Local Tax Act, etc.” on March 31, 2015, the effective statutory tax rate used in the calculation of deferred tax assets and liabilities for the current fiscal year (limited to those that will be settled on or after April 1, 2015) has been revised from 35.64% of the prior fiscal year to 33.10% for items expected to be recovered or settled in the period from April 1, 2015, to March 31, 2016, and to 32.34% for items expected to be recovered or settled on or after April 1, 2016.

As a result, the amount of deferred tax assets (deducting the amount of deferred tax liabilities) decreased by 1,508 million yen and income taxes-deferred, valuation difference on available-for-sale securities and remeasurements of defined benefit plans for the current fiscal year increased by 1,606 million yen, 0 million yen and 97 million yen, respectively.

(Notes to asset retirement obligations)

Asset retirement obligations booked in the consolidated balance sheet

(1) Outline of relevant asset retirement obligations

Asset retirement obligations are booked for internal equipment, etc. furnished in leased properties where restoration is required in lease contracts.

(2) Calculation method for the amount of relevant asset retirement obligations

Assumed use period of 5 to 16 years following acquisition, and discount rate at market rate (swap rate) corresponding to rebate period are adopted for calculation of asset retirement obligations.

(3) Changes in asset retirement obligations

	(Millions of yen)	
	Prior fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Balance at the beginning of year	4,496	4,553
Additional provisions associated with the acquisition of property, plant and equipment	119	36
Adjustment with passage of time	47	40
Reduction associated with meeting asset retirement obligations	(127)	(48)
Reduction associated with change in estimation	—	(0)
Difference due to foreign currency translation	18	29
Balance at the end of year	4,553	4,611

(Segments of an enterprise and related information)

[Segment information]

1. Outline of reported segment information

The reported segments 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 finance 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. Overseas, the Company also conducts finance businesses in Asia.

Accordingly, the Company's four reportable segments are "Loan and credit card business," "Guarantee business," "Overseas financial business" and "Loan servicing business."

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 is based on operating income. The intersegment operating revenue is based on trading prices in the market.

(Adoption of Accounting Standard, etc. for Retirement Benefits)

As stated in "Changes in accounting policies," in accordance with the changes in the methods of calculating retirement benefit obligations and service costs at the beginning of the current fiscal year, the Company changed the methods of calculating retirement benefit obligations and service costs in the business segments, as well. The effect of this change on the segment income is immaterial.

(Adoption of Accounting Standard, etc. for Business Combinations)

As stated in "Changes in accounting policies," in accordance with the change in the amount of goodwill as of the beginning of the current fiscal year, the Company changed the amount of goodwill in the business segment, as well. As a result of the change, the segment income in the "Overseas financial business" for the current fiscal year increased by 242 million yen compared with the figures calculated by the previous method.

3. Operating revenue, income or loss, assets and other items by reported segments
For the prior fiscal year (from April 1, 2013, to March 31, 2014)

(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	126,379	29,707	39,297	6,538	201,923	316	202,240
Revenues from transactions with other operating segments	—	—	(151)	7	(144)	3	(141)
Total	126,379	29,707	39,145	6,546	201,779	319	202,099
Segment income (loss)	(3,323)	7,605	9,411	628	14,321	(19)	14,302
Segment assets	739,020	27,826	194,455	7,267	968,569	47,943	1,016,513
Other items							
Depreciation	1,473	176	482	15	2,147	6	2,154
Amortization of goodwill	—	1,835	283	—	2,118	—	2,118
Provision for bad debts (Note 2)	17,811	13,408	9,173	1,902	42,296	—	42,296
Provision for loss on interest repayment	45,493	—	—	—	45,493	—	45,493
Increase in property, plant and equipment and intangible assets	3,989	3,023	1,145	2	8,161	—	8,161

- (Notes) 1. The “Others” category is a business segment which is not included in the reported segments and includes installment sales finance business, etc.
2. This item is the sum of provision of allowance for doubtful accounts and provision for loss on guarantees.

For the current fiscal year (from April 1, 2014, to March 31, 2015)

(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	128,725	40,992	42,956	6,533	219,207	82	219,289
Revenues from transactions with other operating segments	—	—	(16)	2	(14)	214	200
Total	128,725	40,992	42,939	6,535	219,192	296	219,489
Segment income (loss)	(8,364)	11,125	10,156	746	13,664	208	13,872
Segment assets	768,132	30,028	224,722	6,727	1,029,610	78,526	1,108,136
Other items							
Depreciation	2,464	772	583	13	3,834	0	3,834
Amortization of goodwill	—	984	—	—	984	—	984
Provision for bad debts (Note 2)	23,165	18,678	10,580	1,292	53,716	—	53,716
Provision for loss on interest repayment	49,859	—	—	—	49,859	—	49,859
Increase in property, plant and equipment and intangible assets	2,533	854	731	12	4,132	—	4,132

(Notes) 1. The “Others” category is a business segment which is not included in the reported segments and includes installment sales finance business, etc.

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 prior fiscal year	For the current fiscal year
Total reported segments	201,779	219,192
Operating revenue of “Others” category	319	296
Elimination of intersegment transactions	(10)	(221)
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	151	21
Operating revenue in the consolidated financial statements	202,240	219,289

(Millions of yen)

Income	For the prior fiscal year	For the current fiscal year
Total reported segments	14,321	13,664
Income (loss) of “Others” category	(19)	208
Elimination of intersegment transactions	252	209
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	(221)	(8)
Operating income in the consolidated financial statements	14,333	14,073

(Millions of yen)

Assets	For the prior fiscal year	For the current fiscal year
Total reported segments	968,569	1,029,610
Assets of “Others” category	47,943	78,526
Elimination of intersegment assets	(35,206)	(33,112)
Corporate assets	173,035	112,722
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	861	2,622
Total assets in the consolidated financial statements	1,155,203	1,190,368

(Millions of yen)

Other items	Total reported segments		Others		Adjustment amount		Amounts in the consolidated financial statements	
	For the prior fiscal year	For the current fiscal year	For the prior fiscal year	For the current fiscal year	For the prior fiscal year	For the current fiscal year	For the prior fiscal year	For the current fiscal year
Depreciation	2,147	3,834	6	0	(27)	(26)	2,126	3,808
Amortization of goodwill	2,118	984	—	—	—	—	2,118	984
Provision for bad debts	42,296	53,716	—	—	(343)	111	41,953	53,828
Provision for loss on interest repayment	45,493	49,859	—	—	—	—	45,493	49,859
Increase of property, plant and equipment and intangible assets	8,161	4,132	—	—	292	100	8,454	4,232

(Note) The adjustment amount of increase of property, plant and equipment and intangible assets represents the amount of capital investment in corporate assets.

[Related information]

For the prior fiscal year (from April 1, 2013, to March 31, 2014)

1. Information about products and services

Information about products and services is omitted as operating revenue from external customers in “financial service businesses” account for more than 90% of operating revenue in consolidated statement of income.

2. Information about geographic areas

(1) Operating revenue

(Millions of yen)

Japan	Overseas	Total
162,922	39,317	202,240

(Note) Operating revenue is categorized by country or region based on customers’ location.

(2) Property, plant and equipment

Details of property, plant and equipment are omitted as amounts of property, plant and equipment located in Japan account for more than 90% of all property, plant and equipment listed in consolidated balance sheet.

3. Information about major customers

No single external customer accounts for more than 10% of operating revenue in consolidated statement of income.

For the current fiscal year (from April 1, 2014, to March 31, 2015)

1. Information about products and services

Information about products and services is omitted as operating revenue from external customers in “financial service businesses” account for more than 90% of operating revenue in consolidated statement of income.

2. Information about geographic areas

(1) Operating revenue

(Millions of yen)

Japan	Overseas	Total
176,298	42,990	219,289

(Note) Operating revenue is categorized by country or region based on customers’ location.

(2) Property, plant and equipment

Details of property, plant and equipment are omitted as amounts of property, plant and equipment located in Japan account for more than 90% of all property, plant and equipment listed in consolidated balance sheet.

3. Information about major customers

No single external customer accounts for more than 10% of operating revenue in consolidated statement of income.

[Information about impairment loss on noncurrent assets of each reported segment]
For the prior fiscal year (from April 1, 2013, to March 31, 2014)

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Others (Note)	Corporate/elimination	Total
Impairment loss	—	—	—	—	24	—	24

(Note) “Others” represents impairment loss of the installment sales finance business that is excluded from reported segments.

For the current fiscal year (from April 1, 2014, to March 31, 2015)
Not applicable

[Information about amortization of goodwill and unamortized balance of each reported segment]
For the prior fiscal year (from April 1, 2013, to March 31, 2014)

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Others	Corporate/elimination	Total
Amortization of goodwill	—	1,835	283	—	—	—	2,118
Goodwill at the end of the fiscal year	—	8,428	2,436	—	—	—	10,865

For the current fiscal year (from April 1, 2014, to March 31, 2015)

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Others	Corporate/elimination	Total
Amortization of goodwill	—	984	—	—	—	—	984
Goodwill at the end of the fiscal year	—	7,443	—	—	—	—	7,443

[Information about gain on negative goodwill of each reported segment]
For the prior fiscal year (from April 1, 2013, to March 31, 2014)
Not applicable

For the current fiscal year (from April 1, 2014, to March 31, 2015)
Not applicable

[Information on related parties]

1. Transactions between related parties

(1) Transactions between the Company and related parties

(i) Subsidiaries of the Company's parent company and the subsidiaries of other related companies of the Company

For the prior fiscal year (from April 1, 2013, to March 31, 2014)

(Millions of yen)					
Type	Name	Location	Paid-in capital	Business outline	Ratio of voting rights holding (held)
Companies of the same parent company	Mitsubishi UFJ Trust and Banking Corporation	Chiyoda-ku, Tokyo	324,279	Trust banking business	Direct (2.01 %)
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Chiyoda-ku, Tokyo	1,711,958	Banking business	—

(Millions of yen)						
Type	Name	Relationship	Summary of transactions	Amount of transaction	Item	Outstanding amount at the end of the fiscal year
Companies of the same parent company	Mitsubishi UFJ Trust and Banking Corporation	Borrowing	Borrowing of funds	Borrowing 71,700	Short-term loans payable	35,600
					Current portion of long-term loans payable	42,020
			Payment of interest	Repayment 83,170	Long-term loans payable	72,438
				3,536	Other current liabilities	90
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Borrowing	Borrowing of funds	Borrowing 56,004	Short-term loans payable	6,000
					Current portion of long-term loans payable	9,850
			Payment of interest	Repayment 70,936	Long-term loans payable	32,618
				1,177	Other current liabilities	49
		Debt guarantee	Receipt of credit guarantee fees for unsecured loans of the bank	13,401	Other current assets	3,660
			Guarantee obligation for unsecured loans issued by the bank	466,488	—	—

For the current fiscal year (from April 1, 2014, to March 31, 2015)

(Millions of yen)

Type	Name	Location	Paid-in capital	Business outline	Ratio of voting rights holding (held)
Companies of the same parent company	Mitsubishi UFJ Trust and Banking Corporation	Chiyoda-ku, Tokyo	324,279	Trust banking business	Direct (2.01 %)
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Chiyoda-ku, Tokyo	1,711,958	Banking business	—

(Millions of yen)

Type	Name	Relationship	Summary of transactions	Amount of transaction	Item	Outstanding amount at the end of the fiscal year
Companies of the same parent company	Mitsubishi UFJ Trust and Banking Corporation	Borrowing	Borrowing of funds	Borrowing 103,220	Short-term loans payable	15,000
					Current portion of long-term loans payable	34,730
			Payment of interest	Repayment 103,220	Long-term loans payable	100,328
				2,855	Other current liabilities	47
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Borrowing	Borrowing of funds	Borrowing 34,600	Long-term loans payable	42,218
				Repayment 40,850		
		Debt guarantee	Payment of interest	750	Other current liabilities	—
			Receipt of credit guarantee fees for unsecured loans of the bank	16,344	Other current assets	4,518
			Guarantee obligation for unsecured loans issued by the bank	517,624	—	—

(Notes) Terms and conditions of the transactions and its policies

1. The interest rates of borrowing from Mitsubishi UFJ Trust and Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd., are the money market rates.
2. Guarantee commission rates on the debt guarantees for consumer loans by The Bank of Tokyo-Mitsubishi UFJ, Ltd. are determined after negotiation by taking the market of guarantee commission into consideration. If a debtor with outstanding consumer loans from the bank encounters difficulty in repaying the loans, the Company subrogates the performance of the loans in accordance with an agreement with the bank. The terms and conditions of the subrogated performance are determined through mutual consultation.

(ii) Directors of the Company and major individual shareholders, etc.

For the prior fiscal year (from April 1, 2013, to March 31, 2014)

(Millions of yen)

Type	Name	Location	Paid-in capital	Business outline or occupation	Ratio of voting rights holding (held)
Directors and their close relatives	Kyosuke Kinoshita	—	—	Chief director of The Institute for Research on Household Economics	—
Company owned by the directors and their close relatives holding the majority of ratio of voting rights (including its subsidiaries)	Maruito Shokusan Co., Ltd.	Naniwa-ku, Osaka City	68	Management of land, buildings, as well as trading, leasing, and mediation	Direct (17.45%) Indirect (2.47%)
	JLA CO., LTD.	Chiyoda-ku, Tokyo	100	Real estate related, interior design, construction of service outlets, and maintenance of buildings and other properties	—

(Millions of yen)

Type	Name	Relationship	Summary of transactions	Amount of transaction	Item	Outstanding amount at the end of the fiscal year
Directors and their close relatives	Kyosuke Kinoshita	—	Donation	50	—	—
Company owned by the directors and their close relatives holding the majority of ratio of voting rights (including its subsidiaries)	Maruito Shokusan Co., Ltd.	Rental of real estates	Payment of rent	143	Guarantee deposits	184
	JLA CO., LTD.	Interior design and construction of service outlets	Purchase of equipment and payment of expenses	727	Other current liabilities	173
		Rental of real estates	Payment of rent	276	—	—
			Provision of guarantee deposits	Deposit 9 Repayment 4	Guarantee deposits	355

For the current fiscal year (from April 1, 2014, to March 31, 2015)

(Millions of yen)					
Type	Name	Location	Paid-in capital	Business outline or occupation	Ratio of voting rights holding (held)
Directors and their close relatives	Kyosuke Kinoshita	—	—	Chief director of The Institute for Research on Household Economics	—

(Millions of yen)						
Type	Name	Relationship	Summary of transactions	Amount of transaction	Item	Outstanding amount at the end of the fiscal year
Directors and their close relatives	Kyosuke Kinoshita	—	Donation	50	—	—

(Notes) 1. Above transaction amounts do not include consumption tax, etc.

2. Terms and conditions of the transactions and its policies

- (1) The Institute for Research on Household Economics conducts research on household economy. The Company determines the terms and conditions of transactions by comprehensively considering the Institute's business plans and business performance.
- (2) Rents for the real estate of Maruito Shokusan Co., Ltd. during the prior fiscal year were determined by biennial negotiation with the Company, with reference to local market rates.
- (3) Transactions with JLA CO., LTD. during the prior fiscal year were determined through negotiations with reference to the prevailing market rates.
- (4) In the previous fiscal year, Maruito Shokusan Co., Ltd. and JLA CO., LTD. ceased to fall under the category of "company owned by the directors and their close relatives holding the majority of ratio of voting rights (including its subsidiaries)" on November 30, 2013. Accordingly, the amounts of transactions for these companies stated above represent the amounts for the period until November 30, 2013, when they ceased to be categorized as such related parties, and the "ratio of voting rights held" and "outstanding amount at the end of the fiscal year" represent the ratio and outstanding amount when they ceased to be categorized as such related parties.

(2) Transactions between consolidated subsidiaries of the Company and related parties

(i) Subsidiaries of the Company's parent company and the subsidiaries of other related companies of the Company

For the prior fiscal year (from April 1, 2013, to March 31, 2014)

(Millions of yen)

Type	Name	Location	Paid-in capital	Business outline	Ratio of voting rights holding (held)
Companies of the same parent company	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Chiyoda-ku, Tokyo	1,711,958	Banking business	—

(Millions of yen)

Type	Name	Relationship	Summary of transactions	Amount of transaction	Item	Outstanding amount at the end of the fiscal year
Companies of the same parent company	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Borrowing	Borrowing of funds	Borrowing 1,462	Short-term loans payable	1,120
					Current portion of long-term loans payable	7,680
				Repayment 1,939	Long-term loans payable	4,800
			Payment of interest	616	Other current liabilities	97

For the current fiscal year (from April 1, 2014, to March 31, 2015)

(Millions of yen)

Type	Name	Location	Paid-in capital	Business outline	Ratio of voting rights holding (held)
Companies of the same parent company	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Chiyoda-ku, Tokyo	1,711,958	Banking business	—

(Millions of yen)

Type	Name	Relationship	Summary of transactions	Amount of transaction	Item	Outstanding amount at the end of the fiscal year
Companies of the same parent company	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Borrowing	Borrowing of funds	Borrowing 19,657	Short-term loans payable	4,110
				Repayment 24,971	Long-term loans payable	6,606
			Payment of interest	620	Other current liabilities	60

(Notes) Terms and conditions of the transactions and its policies

The interest rates of borrowing from The Bank of Tokyo-Mitsubishi UFJ, Ltd. are the money market rates.

(ii) Directors of the Company and major individual shareholders, etc.

For the prior fiscal year (from April 1, 2013, to March 31, 2014)

(Millions of yen)					
Type	Name	Location	Paid-in capital	Business outline	Ratio of voting rights holding (held)
Company owned by the directors and their close relatives holding the majority of ratio of voting rights (including its subsidiaries)	JLA CO., LTD.	Chiyoda-ku, Tokyo	100	Real estate related, interior design, construction of service outlets, and maintenance of buildings and other properties	—

(Millions of yen)						
Type	Name	Relationship	Summary of transactions	Amount of transaction	Item	Outstanding amount at the end of the fiscal year
Company owned by the directors and their close relatives holding the majority of ratio of voting rights (including its subsidiaries)	JLA CO., LTD.	Rental of real estates	Payment of rent	19	—	—
			Repayment of guarantee deposits	Repayment 7	Guarantee deposits	21

- (Notes)
1. Above transaction amounts do not include consumption tax, etc.
 2. Terms and conditions of transactions and its policies
 - (1) Transactions with JLA CO., LTD. are determined through negotiations with reference to the prevailing market rates.
 - (2) JLA CO., LTD. ceased to fall under the category of “company owned by the directors and their close relatives holding the majority of ratio of voting rights (including its subsidiaries)” on November 30, 2013. Accordingly, the amounts of transactions for this company stated above represent the amounts for the period until November 30, 2013, when the company ceased to be categorized as such related party, and the “ratio of voting rights held” and “outstanding amount at the end of the fiscal year” represent the ratio and outstanding amount when it ceased to be categorized as such related party.

For the current fiscal year (from April 1, 2014, to March 31, 2015)

Not applicable

2. Notes to the parent company or other important affiliated companies

(1) Information on the parent company

Mitsubishi UFJ Financial Group, Inc.

(Listed on the Tokyo Stock Exchange, Nagoya Stock Exchange, and New York Stock Exchange)

(2) Financial statements of other important affiliated company

Disclosure is omitted as the information for the current fiscal year is not significant.

(Per share information)

Item	Prior fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Net assets per share	187.92 yen	199.53 yen
Net income per share	6.79 yen	8.21 yen

Notes: 1. As of October 1, 2013, the Company executed a stock split where each share of its common stock was split into 10 shares. In association therewith, “Net assets per share” and “Net income per share” were calculated supposing that the stock split was conducted at the beginning of the fiscal year ended March 31, 2014.

2. As stated in “Changes in accounting policies,” the Company applies the Accounting Standard and Guidance for Retirement Benefits and follows the tentative treatment provided in Item 37 of the Retirement Benefits Accounting Standard.

This change increased net assets per share by 1.56 yen for the current fiscal year.

3. As stated in “Changes in accounting policies,” the Company applies the Business Combinations Accounting Standard and follows the tentative treatment provided in Paragraph 58-2 (3) of the Business Combinations Accounting Standard, Paragraph 44-5 (3) of the Consolidated Accounting Standard and Paragraph 57-4 (3) of the Business Divestitures Accounting Standard. This change decreased net assets per share by 1.56 yen for the current fiscal year and increased net income per share by 0.15 yen.

4. Diluted net income per share is not stated because there is no dilutive security.

5. The basis for calculation of net income per share is as follows.

(Millions of yen unless otherwise stated)

Item	Prior fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Net income	10,632	12,864
Net income not attributable to common shareholders	—	—
Net income related to common stock	10,632	12,864
Weighted average number of common stock during the fiscal year	1,566,614,961 shares	1,566,614,308 shares

6. The basis for calculation of net assets per share is as follows.

(Millions of yen unless otherwise stated)

Item	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Total net assets	306,726	328,315
Amount deducted from the total net assets	12,333	15,727
[Minority interests included in the above]	[12,333]	[15,727]
Amounts of net assets related to common stock at the end of the fiscal year	294,393	312,587
Number of common stock used to calculate net assets per share at the end of the fiscal year	1,566,614,441 shares	1,566,614,281 shares

(Significant subsequent events)

Not applicable

5) Consolidated supplemental schedules
[Schedule of bonds]

Company	Description	Date of issuance	Balance at the beginning of current fiscal year (Millions of yen)	Balance at the end of current fiscal year (Millions of yen)	Interest rate (%)	Collateral	Maturity
The Company	40th Issuance of Domestic Unsecured Bonds (Public Offering)	February 10, 2005	10,000	—	—	—	—
	50th Issuance of Domestic Unsecured Bonds (Public Offering)	April 6, 2007	10,000	—	—	—	—
	6th Issuance of Domestic Unsecured Bonds (Private Placement)	September 13, 2011	105	—	—	—	—
	61st Issuance of Domestic Unsecured Bonds (Public Offering)	March 6, 2012	30,000	—	—	—	—
	7th Issuance of Domestic Unsecured Bonds (Private Placement)	March 13, 2012	221	—	—	—	—
	62nd Issuance of Domestic Unsecured Bonds (Public Offering)	March 5, 2013	25,000	25,000 (25,000)	1.070	—	March 4, 2016
	63rd Issuance of Domestic Unsecured Bonds (Public Offering)	June 7, 2013	25,000	25,000 (—)	0.990	—	June 7, 2017
	64th Issuance of Domestic Unsecured Bonds (Public Offering)	September 5, 2013	25,000	25,000 (—)	0.880	—	September 5, 2018
	65th Issuance of Domestic Unsecured Bonds (Public Offering)	February 28, 2014	18,000	18,000 (—)	0.700	—	February 28, 2020
	66th Issuance of Domestic Unsecured Bonds (Public Offering)	February 28, 2014	18,000	18,000 (—)	0.900	—	February 26, 2021
	67th Issuance of Domestic Unsecured Bonds (Public Offering)	June 6, 2014	—	10,000 (—)	0.500	—	June 6, 2019
	68th Issuance of Domestic Unsecured Bonds (Public Offering)	June 6, 2014	—	20,000 (—)	0.950	—	June 6, 2022
	69th Issuance of Domestic Unsecured Bonds (Public Offering)	September 26, 2014	—	20,000 (—)	1.210	—	September 26, 2024
	8th Issuance of Domestic Unsecured Bonds (Private Placement)	March 31, 2015	—	10,000 (—)	0.472 (Note 3)	—	March 31, 2022

Company	Description	Date of issuance	Balance at the beginning of current fiscal year (Millions of yen)	Balance at the end of current fiscal year (Millions of yen)	Interest rate (%)	Collateral	Maturity
EASY BUY Public Company Limited	2nd publicly offered unsecured bonds	December 23, 2011	3,200 [1,000 million baht]	1,835 (1,835) [500 million baht]	6.000	—	December 23, 2015
	3rd publicly offered unsecured bonds	March 30, 2012	5,888 [1,840 million baht]	6,752 (3,082) [1,840 million baht]	5.210	—	February 29, 2016
	4th publicly offered unsecured bonds	July 13, 2012	11,200 [3,500 million baht]	12,845 (5,505) [3,500 million baht]	5.330	—	February 12, 2016
	5th privately offered unsecured bonds	March 14, 2013	3,200 [1,000 million baht]	3,670 (—) [1,000 million baht]	4.950	—	March 14, 2016
	5th publicly offered unsecured bonds	December 4, 2013	3,200 [1,000 million baht]	3,670 (—) [1,000 million baht]	4.800	—	December 2, 2016
	6th privately offered unsecured bonds	September 26, 2014	—	3,540 (—) [964 million baht]	3.880	—	September 26, 2019
Total	—	—	188,014	203,313 (35,422)	—	—	—

- (Notes) 1. Figures in parentheses “()” in the columns of “Balance at the end of current fiscal year” represent the amounts which are scheduled to be redeemed within one year.
2. Figures in brackets “[]” in the columns of “Balance at the beginning of current fiscal year” and “Balance at the end of current fiscal year” are stated in a foreign currency.
3. Because of the bond with the variable interest rate, the applicable interest rate as of the end of March 2015 is stated.
4. The redemption schedule of bonds for 5 years subsequent to March 31, 2015, is summarized as follows:

(Millions of yen)				
Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
35,422	18,350	25,000	25,000	31,540

[Schedule of loans]

Category	Balance at the beginning of current fiscal year (Millions of yen)	Balance at the end of current fiscal year (Millions of yen)	Average interest rate (%)	Maturity
Short-term loans payable	48,187	32,850	2.30	—
Current portion of long-term loans payable	164,273	113,340	2.03	—
Current portion of lease obligations	406	434	1.83	—
Long-term loans payable (excluding current portion)	219,491	297,349	1.85	From April 28, 2016, to March 31, 2020
Lease obligations (excluding current portion)	772	828	1.74	From August 20, 2015, to March 20, 2020
Other interest-bearing debt (Deposits of banking business)	74,516	79,248	7.46	—
Total	507,648	524,051	—	—

- (Notes) 1. To calculate “Average interest rate,” fiscal year-end interest rates and balances are used.
2. The redemption schedule of long-term loans payable and lease obligations (excluding current portion) for 5 years subsequent to March 31, 2015, is summarized as follows:

(Millions of yen)

Category	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
Long-term loans payable	91,527	82,027	74,833	48,961
Lease obligations	342	245	181	58

[Schedule of asset retirement obligations]

The amounts of asset retirement obligations at the beginning and the end of the current fiscal year are not larger than 1% of the total liabilities and net assets at the beginning and the end of the current fiscal year. Therefore, the schedule of asset retirement obligations is not disclosed in accordance with Article 92-2 of the Regulations for Consolidated Financial Statements.

(2) [Others]

Quarterly Information for the current fiscal year

(Millions of yen unless otherwise stated)

Cumulative period	First Quarter (Three months ended June 30, 2014)	Second Quarter (Six months ended Sept. 30, 2014)	Third Quarter (Nine months ended Dec. 31, 2014)	Fourth Quarter (Fiscal year ended March 31, 2015)
Operating revenue	52,653	106,738	162,541	219,289
Income before income taxes and minority interests	15,437	30,495	38,673	15,403
Net income	13,991	28,090	34,958	12,864
Net income per share (Yen)	8.93	17.93	22.31	8.21

Each quarter	First Quarter (From April 1, 2014 to June 30, 2014)	Second Quarter (From July 1, 2014 to Sept. 30, 2014)	Third Quarter (From Oct. 1, 2014 to Dec. 31, 2014)	Fourth Quarter (From Jan. 1, 2015 to March 31, 2015)
Net income (loss) per share (Yen)	8.93	9.00	4.38	(14.10)

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated Financial Statements

1) Non-consolidated Balance Sheet

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Assets		
Current assets		
Cash and deposits	111,048	103,255
Accounts receivable-operating loans	*1, *4, *5, *7 726,191	*1, *4, *5, *7 747,139
Accounts receivable-installment	*8 17,281	*8 21,595
Short-term investment securities	17,000	8,000
Merchandise and finished goods	325	325
Raw materials and supplies	36	34
Prepaid expenses	892	652
Deferred tax assets	17,878	22,688
Accrued income	10,115	11,616
Short-term loans receivable	*3 9,999	—
Short-term loans receivable from subsidiaries and affiliates	3,750	2,500
Right to reimbursement	18,588	24,327
Other	2,567	2,723
Allowance for doubtful accounts	(34,260)	(39,850)
Total current assets	901,415	905,010
Noncurrent assets		
Property, plant and equipment		
Buildings	24,812	24,692
Accumulated depreciation	(19,667)	(19,942)
Buildings, net	5,145	4,749
Structures	4,456	4,236
Accumulated depreciation	(3,307)	(3,184)
Structures, net	1,149	1,052
Vehicles	2	2
Accumulated depreciation	(2)	(2)
Vehicles, net	0	0
Equipment	20,350	18,626
Accumulated depreciation	(10,225)	(9,328)
Equipment, net	10,125	9,297
Land	6,125	6,124
Lease assets	1,935	2,427
Accumulated depreciation	(864)	(1,293)
Lease assets, net	1,070	1,133
Total property, plant and equipment	23,615	22,357
Intangible assets		
Goodwill	8,428	7,443
Leasehold right	4	4
Software	4,114	4,928
Telephone subscription right	37	37
Other	1	1
Total intangible assets	12,585	12,415
Investments and other assets		
Investment securities	1,105	1,047
Subsidiaries and affiliates' stocks	23,226	22,198
Long-term loans receivable from subsidiaries and affiliates	404	472
Claims provable in bankruptcy, claims provable in rehabilitation and other	*5 992	*5 1,018
Long-term prepaid expenses	539	365
Guarantee deposits	5,446	5,379
Prepaid pension costs	—	3,476
Other	3,743	2,706
Allowance for doubtful accounts	(740)	(650)
Total investments and other assets	34,718	36,016
Total noncurrent assets	70,919	70,788
Total assets	972,335	975,799

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Liabilities		
Current liabilities		
Accounts payable-trade	219	312
Short-term loans payable	*6 41,600	*6 15,000
Current portion of long-term loans payable	*1, *6 138,985	*1, *6 107,653
Current portion of bonds	50,326	25,000
Lease obligations	406	434
Accounts payable-other	3,164	2,268
Accrued expenses	7,030	7,357
Income taxes payable	183	185
Deposits received	214	229
Unearned revenue	0	—
Provision for loss on guarantees	*2 5,540	*2 6,560
Asset retirement obligations	0	0
Other	54	213
Total current liabilities	247,726	165,215
Noncurrent liabilities		
Bonds payable	111,000	146,000
Long-term loans payable	*1, *6 205,029	*1, *6 265,261
Lease obligations	772	828
Deferred tax liabilities	12	1,144
Provision for retirement benefits	1,045	—
Provision for loss on interest repayment	124,100	102,600
Asset retirement obligations	4,314	4,336
Other	160	160
Total noncurrent liabilities	446,435	520,331
Total liabilities	694,161	685,546
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 surpluses	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	73,780	85,874
Total retained earnings	158,101	170,194
Treasury stock	(19,793)	(19,794)
Total shareholders' equity	278,150	290,244
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	22	8
Total valuation and translation adjustments	22	8
Total net assets	278,173	290,252
Total liabilities and net assets	972,335	975,799

2) Non-consolidated Statement of Income

(Millions of yen)

	Prior fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Operating revenue		
Interest on operating loans	113,480	113,608
Revenue from credit card business	2,217	2,637
Revenue from credit guarantee	25,886	30,191
Other financial revenue		
Interest on deposits	25	18
Interest on securities	32	11
Interest on loans	9	3
Foreign exchange gains	—	34
Total other financial revenue	67	68
Other operating revenue	14,007	17,138
Total operating revenue	155,659	163,644
Operating expenses		
Financial expenses		
Interest expenses	8,611	6,390
Interest on bonds	2,559	2,222
Amortization of bond issuance costs	445	366
Other	1,601	1,102
Total financial expenses	13,217	10,081
Cost of sales		
Beginning goods	325	325
Cost of purchased goods	—	—
Total	325	325
Ending goods	325	325
Cost of goods sold	—	—
Other operating expenses		
Advertising expenses	9,725	11,253
Provision of allowance for doubtful accounts	25,642	33,868
Provision for loss on guarantees	5,540	6,560
Provision for loss on interest repayment	45,493	49,859
Employees' salaries and bonuses	11,377	11,816
Retirement benefit expenses	1,702	141
Welfare expenses	1,876	1,983
Rent expenses	5,636	5,500
Depreciation	1,612	2,788
Commission fee	18,422	18,822
Amortization of goodwill	984	984
Other	9,646	8,852
Total other operating expenses	137,660	152,431
Total operating expenses	150,878	162,512
Operating income	4,780	1,132

	(Millions of yen)			
	Prior fiscal year (From April 1, 2013 to March 31, 2014)		Current fiscal year (From April 1, 2014 to March 31, 2015)	
Non-operating income				
Interest income	*1	117	*1	117
Interest on securities		0		0
Dividend income	*1	2,379	*1	2,369
Other	*1	972	*1	590
Total non-operating income		3,470		3,078
Non-operating expenses				
Interest expenses		20		22
Loss on investments in partnerships		14		17
Loss on insurance cancellation		20		8
Other		3		1
Total non-operating expenses		58		49
Ordinary income		8,192		4,161
Extraordinary income				
Gain on sales of noncurrent assets	*2	10	*2	711
Gain on sales of investment securities		0		66
Other	*3	0	*3	0
Total extraordinary income		10		778
Extraordinary loss				
Loss on sales of noncurrent assets	*4	12	*4	11
Loss on retirement of noncurrent assets	*5	162	*5	110
Loss on sales of investment securities		0		—
Loss on valuation of investment securities		7		0
Other	*6	3	*6	0
Total extraordinary losses		187		122
Income before income taxes		8,016		4,817
Income taxes-current		132		131
Income taxes-deferred		(413)		(4,630)
Total income taxes		(281)		(4,499)
Net income		8,297		9,316

3) Non-consolidated Statement of Changes in Net Assets
For the prior fiscal year (from April 1, 2013, to March 31, 2014)

(Millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings				Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total legal retained earnings		
						General reserve	Retained earnings brought forward			
Balance at the beginning of the period	63,832	72,322	3,687	76,010	4,320	80,000	65,482	149,803	(19,793)	269,852
Cumulative effects of changes in accounting policies								—		—
Restated balance	63,832	72,322	3,687	76,010	4,320	80,000	65,482	149,803	(19,793)	269,852
Changes of items during the period										
Net income							8,297	8,297		8,297
Purchase of treasury stock									(0)	(0)
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	—	—	—	—	8,297	8,297	(0)	8,297
Balance at the end of the period	63,832	72,322	3,687	76,010	4,320	80,000	73,780	158,101	(19,793)	278,150

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the period	8	8	269,861
Cumulative effects of changes in accounting policies			—
Restated balance	8	8	269,861
Changes of items during the period			
Net income			8,297
Purchase of treasury stock			(0)
Net changes of items other than shareholders' equity	14	14	14
Total changes of items during the period	14	14	8,311
Balance at the end of the period	22	22	278,173

For the current fiscal year (from April 1, 2014, to March 31, 2015)

(Millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings				Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total legal retained earnings		
						General reserve	Retained earnings brought forward			
Balance at the beginning of the period	63,832	72,322	3,687	76,010	4,320	80,000	73,780	158,101	(19,793)	278,150
Cumulative effects of changes in accounting policies							2,776	2,776		2,776
Restated balance	63,832	72,322	3,687	76,010	4,320	80,000	76,557	160,878	(19,793)	280,927
Changes of items during the period										
Net income							9,316	9,316		9,316
Purchase of treasury stock									(0)	(0)
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	—	—	—	—	9,316	9,316	(0)	9,316
Balance at the end of the period	63,832	72,322	3,687	76,010	4,320	80,000	85,874	170,194	(19,794)	290,244

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the period	22	22	278,173
Cumulative effects of changes in accounting policies			2,776
Restated balance	22	22	280,949
Changes of items during the period			
Net income			9,316
Purchase of treasury stock			(0)
Net changes of items other than shareholders' equity	(14)	(14)	(14)
Total changes of items during the period	(14)	(14)	9,302
Balance at the end of the period	8	8	290,252

[Notes]

(Significant accounting policies)

1. Evaluation methods for marketable and investment securities

(1) Subsidiaries and affiliates' stocks

Stated at cost by the moving-average method

(2) Available-for-sale securities

1) Securities with market quotations: Stated at market value at the end of the fiscal year

Unrealized gains or losses net of applicable taxes are comprehensively reported as a component of net assets and the cost of securities sold is computed using the moving average method.

2) Securities without market quotations: Stated at cost by the moving-average method

The investments in limited investment partnerships and other similar partnerships (those deemed as "securities" according to the Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are reported, using the equity method, based on the latest financial statements available as at the closing dates stipulated by the respective partnership contracts.

2. Derivative financial instruments

Swap transactions: Fair value method

3. Evaluation methods for inventories

Merchandise: Stated at the lower cost, on an individual specified cost basis or net selling value

Supplies: Mainly at cost, based on the first-in first-out method

4. Depreciation and amortization methods for noncurrent assets

(1) Property, plant and equipment (excluding lease assets): Declining balance method

Useful lives of assets are principally as follows:

Buildings: 2 to 47 years

Structures: 3 to 45 years

Vehicles: 2 years

Equipment: 2 to 20 years

(2) Intangible assets (excluding lease assets): Straight-line method

Period of amortization is principally as follows:

Goodwill: 10 to 15 years

Software for internal use: Estimated useful life of 5 years

(3) Lease assets

Lease assets concerning non-transfer ownership finance lease transactions:

Depreciated using the straight-line method, defining the lease term of respective assets as their useful lives, without residual value

(4) Long-term prepaid expenses: Equal installment method

5. Accounting method for deferred assets

Bond issuance costs are fully charged to expenses when they are paid.

6. Accounting policies for significant translation of foreign currency assets and liabilities into Japanese yen

Foreign currency monetary claims and obligations are translated into Japanese yen, using the spot exchange rates on the closing date of accounting and the resulting translation gains and losses are recognized as income and expenses.

7. Accounting policies for allowances and provisions

(1) Allowance for doubtful accounts

To provide for potential loss on accounts receivable-operating loans and other receivables, the Company makes an allowance for the expected amount of irrecoverable loans. Allowances for ordinary bad debts are computed, based on the historical rate of defaults. For specific debts where recovery is doubtful, the Company considers the likelihood of recovery on an individual basis.

(2) Provision for loss on guarantees

To provide for loss on guarantees, the Company makes an allowance for potential losses at the end of the fiscal year.

(3) Provision for retirement benefits

To provide for employees' retirement benefits, the Company makes a provision for estimated retirement benefits for this fiscal year, based on the projected retirement benefit obligations and related plan assets as of the end of the current fiscal year. If the projected plan assets exceed the amount calculated by adding or deducting unrecognized actuarial differences and unrecognized past service costs to or from the projected retirement benefit obligations, the resulting excess amount is recorded as prepaid pension costs.

1) Periodic allocation of projected retirement benefits

In calculating retirement benefit obligations, the attribution on a benefit formula basis is applied for allocation of projected benefits to the periods until the end of the current fiscal year.

2) Amortization of actuarial differences and past service costs

Past service costs are charged to expenses, using the straight-line method, over the determined years (5 years) that are no longer than average remaining service years of the employees at the time of occurrence.

Actuarial differences are amortized evenly using the straight-line method over the determined years (5 years) that are no longer than the average remaining service years of employees, beginning from the fiscal year following the time of occurrence.

(4) Provision for loss on interest repayment

To prepare for potential loss on interest repayment in the future, the Company estimates and provides a reasonable amount of provision for loss on interest repayment, in consideration of the past actual results and the latest interest repayment situations.

8. Accounting policies for revenue and expenses

(1) Interest on consumer loans

Interest on consumer loans is recorded on an accrual basis.

Accrued interest on consumer loans is recorded, using the interest rate stipulated in the Interest Rate Restriction Act or the contracted interest rate of the Company, whichever the lower.

(2) Revenue from credit card business

Fees from customers:

Recorded by the credit balance method

Fees from member stores:

Recorded as fees at the time of transaction

(3) Revenue from credit guarantee

Recorded by the credit balance method

(Note) Details of each recording method are as follows:

Credit balance method:

Fees to be recorded as income are calculated pursuant to the prescribed rates applicable to the relevant credit balance.

9. Hedge accounting method

(1) Hedge accounting method

The Company adopts the deferred hedge accounting. The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expenses or income.

The currency swaps that qualify for hedge accounting and meet specific matching criteria are used to hedge the foreign currency fluctuations and are translated at the contracted rate if the forward contracts qualify for hedge accounting.

(2) Hedging instruments and hedging items

Interest rate-related items

Hedging instruments:

Interest-rate swap agreements

Hedging items:

Loans payable with variable interest rates

Currency-related items

Hedging instruments:

Currency swap agreements

Hedging items:

Foreign currency loans payable

(3) Hedging policy

In accordance with the Company's internal rules, the Company enters into derivatives contracts to hedge against various risks. These contracts include the following: interest-rate swaps to hedge against the risk of fluctuations in interest rates relating to the loans payable with variable interest rates for the purpose of protecting cash flows. Currency swaps to hedge against the risk of fluctuations in exchange rates relating to loans payable and interest on loans. Currency swap contracts to hedge against the risk of fluctuations in exchange rates relating to foreign currency loans payable for the purpose of protecting cash flows.

(4) Method for evaluating hedging effectiveness

With regard to interest rate-related hedging, important requirements concerning hedging instruments and hedging items are closely matched with each other. Also, the Company can assume that fluctuations in interest rates and cash flows are fully offset by the fluctuations in hedging instruments on an ongoing basis since the implementation of hedging contracts. Therefore, the judgment of hedging effectiveness is omitted. On currency-related hedging, currency swap contracts are entered into on the same conditions as hedged items, thus the Company can assume that fluctuations in exchange rates or cash flows are fully offset by the fluctuations of hedge instruments. Therefore, the judgment of hedging effectiveness is omitted.

10. Other significant accounting policies as bases for the preparation of financial statements

(1) Accounting for retirement benefits

The method for accounting for unrecognized actuarial differences and unrecognized past service costs is different from that applied for the consolidated financial statements.

(2) Accounting method for consumption tax

Transactions subject to consumption tax are recorded at the amount exclusive of consumption tax.

However, consumption tax and other taxes imposed on non tax-deductible assets are recorded as an expense when incurred.

In addition, accrued consumption tax payable is included in "Other" in current assets on the balance sheet.

(Changes in accounting policies)

<Adoption of Accounting Standard for Retirement Benefits, etc.>

Effective from the current fiscal year, the Company has adopted “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012, hereinafter referred to as the “Retirement Benefits Accounting Standard”) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015, hereinafter referred to as the “Retirement Benefits Guidance”), whereby the method of calculating retirement benefit obligations and service costs has been reviewed. Based on this review, the method of attributing expected retirement benefits to periods has been changed from a straight-line basis to a benefit formula basis, while the method of determining discount rates has been changed from the method based on the number of years approximate to the average remaining service period of employees to the method using a single weighted average discount rate reflecting the period up to the expected timing of retirement benefits payment, as well as the amount of retirement benefits payment for each such period.

In adopting the Retirement Benefits Accounting Standard etc., the amount of impact associated with the changes in the methods of calculating retirement benefit obligations and service costs has been reflected in retained earnings brought forward at the beginning of the current fiscal year, in accordance with the tentative treatment provided in Paragraph 37 of the Retirement Benefits Accounting Standard.

As a result, as of the beginning of the current fiscal year, prepaid pension cost increased by 2,690 million yen, retained earnings brought forward increased by 2,776 million yen and provision for retirement benefits decreased by 1,045 million yen. The effect of this change on operating income, ordinary income, and income before income taxes for the current fiscal year is immaterial.

Net asset per share for the current fiscal year increased by 1.77 yen.

(Supplemental Information)

<Adoption of consolidated taxation system>

The Company has been approved by the Commissioner of Japan’s National Tax Agency for the adoption of the consolidated taxation system from the fiscal year ending March 31, 2016. Therefore, from the end of the current fiscal year, accounting methods are based on the adoption of the consolidated tax system, in accordance with the “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)” (ASBJ Practical Issue Task Force (PITF) No. 5 of January 16, 2015) and the “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)” (ASBJ PITF No. 7 of January 16, 2015).

(Notes to Non-consolidated Balance Sheet)

*1. Pledged assets

(1) Assets pledged as collateral

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Accounts receivable-operating loans	55,529 [55,529]	31,542 [31,542]

(2) Secured obligations

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Current portion of long-term loans payable	6,754 [6,754]	5,036 [5,036]
Long-term loans payable	5,036 [5,036]	— [—]
Total	11,791 [11,791]	5,036 [5,036]

Figures in brackets “[]” represent amount concerning liquidation of receivables. In addition, accounts receivable-operating loans shown above have been transferred by trust for the purpose of liquidation, whose right of ownership has been transferred to the trust bank (trustees).

*2. Contingent liabilities

(1) Outstanding guarantee obligation in the guarantee business

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Guarantee obligation	678,739	776,544
Provision for loss on guarantees	5,540	6,560
Net	673,199	769,984

(2) Outstanding guarantee obligation of affiliated companies

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
EASY BUY Public Company Limited	55,613	38,572

*3. Financial assets received as freely disposable securities

Prior fiscal year (As of March 31, 2014)

The Company entered into “Repurchase agreement” transactions (to purchase debt securities under resale agreements) and received marketable securities as securities for the money repayable from the sellers.

The market value of the received marketable securities at the end of the fiscal year was 9,999 million yen.

Current fiscal year (As of March 31, 2015)

Not applicable

*4. Commitment line contracts for accounts receivable-operating loans

Prior fiscal year (As of March 31, 2014)

Contracts for accounts receivable-operating loans 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 265,426 million yen at the end of the accounting period. This included a total of 115,796 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.

Current fiscal year (As of March 31, 2015)

Contracts for accounts receivable-operating loans 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 287,440 million yen at the end of the accounting period. This included a total of 134,525 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. Status of non-performing loans in 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 bankrupt parties include those to debtors who have petitioned for bankruptcy as of the end of the fiscal year, but have not yet been declared bankrupt. This entire amount is charged to the allowance for doubtful accounts.

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Loans to debtors who have petitioned for bankruptcy, but have not yet been declared bankrupt	247	242

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Loans to bankrupt parties	812	743
Loans in arrears	20,404	22,979
Loans overdue by three months or more	1,503	1,510
Restructured loans	28,586	26,323
Total	51,306	51,558

Notes:

1. Loans to bankrupt parties refer to loans to bankrupt parties, parties in rehabilitation and reorganization,

and others which are loans where interest is not accrued.

2. Loans in arrears refer to other loans where interest is not accrued, excluding loans on which interest payment is deferred for the purpose of reconstructing or assisting debtors.
3. Loans overdue by three months or more refer to loans other than the above that are overdue by three months or more.
4. Restructured loans refer to loans other than the above that are restructured on favorable terms for debtors, such as reduction or waiving of interest, in order to facilitate collection of an outstanding balance.

*6. Agreements for overdraft and commitment facilities

For efficient procurement of working capital, the Company maintains overdraft contracts and designated commitment line contracts with financial institutions. The unexercised portion of facilities based on these contracts is as follows.

	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Amount of agreement for overdraft and commitment line	116,632	86,282
Amount of borrowing	41,600	15,000
Net	75,032	71,282

*7. Amount of unsecured consumer loans in accounts receivable-operating loans (Millions of yen)

	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Unsecured consumer loans in accounts receivable-operating loans	713,142	736,430

*8. Balances of accounts receivable-installment by business categories

All of accounts receivable-installment is from the credit card business.

(Notes to Non-consolidated Statement of Income)

- *1. The business operation results with subsidiaries and affiliates are included into non-operating income as follows:

	(Millions of yen)	
	Prior fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Interest income	110	110
Dividends income	2,370	2,358
Guarantee commission received	119	104
Part-time director's bonus	2	3
Total	2,603	2,576

- *2. Breakdown of gain on sales of noncurrent assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Buildings	10	5
Equipment	—	705
Land	0	0
Total	10	711

- *3. Other extraordinary income results from sales of golf club memberships.

- *4. Breakdown of loss on sales of noncurrent assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Equipment	10	11
Land	1	—
Total	12	11

- *5. Loss on retirement of noncurrent assets mainly results from transfer of operating outlets, remodeling of interior and change of signboards. The breakdown thereof is set out below.

	(Millions of yen)	
	Prior fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Buildings	65	32
Structures	90	64
Equipment	6	13
Total	162	110

- *6. Breakdown of other extraordinary loss

	(Millions of yen)	
	Prior fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Loss on sales of golf club memberships	3	—
Lump sum amortization of long-term prepaid expenses	0	0
Total	3	0

7. Basis for classification of financial revenue and financial expenses on Non-consolidated statement of income

(1) Financial revenue stated as operating revenue

Includes all financial revenue, excluding interest on loans and dividends income related to subsidiaries and affiliates, and dividends and interest on investment securities.

(2) Financial expenses stated as operating expenses

Include all financial expenses, excluding interest expenses, etc. which have no relationship to operating revenue.

(Notes to securities)

Subsidiaries and affiliates' stocks

For the prior fiscal year (as of March 31, 2014)

(Millions of yen)

Category	Carrying amount	Market value	Difference
Subsidiaries' stocks	5,366	6,030	663
Affiliates' stocks	—	—	—
Total	5,366	6,030	663

For the current fiscal year (as of March 31, 2015)

(Millions of yen)

Category	Carrying amount	Market value	Difference
Subsidiaries' stocks	5,366	9,515	4,149
Affiliates' stocks	—	—	—
Total	5,366	9,515	4,149

(Note) Subsidiaries and affiliates' stocks whose market values appear to be extremely difficult to determine:

(Millions of yen)

Category	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Subsidiaries' stocks	17,360	16,332
Affiliates' stocks	500	500
Total	17,860	16,832

For above mentioned stocks, quoted market prices are not available. Accordingly, their market values appear to be extremely difficult to determine.

(Notes to the method of tax effect accounting)

1. Breakdown of major factors that caused deferred tax assets and liabilities

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Deferred tax assets		
Bad debt expenses	5,258	5,323
Allowance for doubtful accounts	524	969
Provision for loss on guarantees	1,974	2,171
Provision for loss on interest repayment	44,229	33,674
Accrued bonuses	459	443
Unrecognized accrued interest	390	435
Software	2,732	2,392
Deferred assets	277	306
Deferred consumption taxes	157	190
Loss on valuation of securities	331	252
Loss on valuation of shares of subsidiaries and affiliates	1,204	1,093
Valuation loss on goods	180	163
Impairment loss	257	226
Asset adjustment	326	—
Asset retirement obligations	1,351	1,247
Stock dividends	2,359	2,140
Provision for retirement benefits	372	—
Retained loss	184,570	160,870
Other	524	480
Deferred tax assets (subtotal)	247,482	212,382
Valuation allowance	(229,604)	(189,693)
Deferred tax assets (total)	17,878	22,688
Deferred tax liabilities		
Valuation difference on available-for-sale securities	12	5
Prepaid pension costs	—	1,124
Other	—	14
Total deferred tax liabilities	12	1,144
Balance of net deferred tax assets	17,865	21,544

2. Breakdown of items which caused the difference between the statutory tax rate and the effective tax rate after adoption of tax effect accounting

	Prior fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Normal effective statutory tax rate	38.0%	35.6%
(Adjustment)		
Changes in valuation allowance	(50.3%)	(420.6%)
Amortization of goodwill	4.7%	7.3%
Dividends income and other items not counted for tax purposes	(12.7%)	(18.1%)
Reduction in year-end deferred tax assets due to tax-rate changes	14.8%	33.7%
Withholding income tax relating to dividends from overseas subsidiaries	1.0%	1.7%
Expiration of retained loss	—	268.9%
Other	1.1%	(1.9%)
Actual effective tax rate	(3.5%)	(93.4%)

3. Changes in the amount of deferred tax assets and deferred tax liabilities due to changes in the rate of income tax, etc.

Due to promulgation of “Act on Partial Revision of the Income Tax Act, etc.” and the “Act on Partial Revision of the Local Tax Act, etc.” on March 31, 2015, the effective statutory tax rate used in the calculation of deferred tax assets and liabilities for the current fiscal year (limited to those that will be settled on or after April 1, 2015) has been revised from 35.64% of the prior fiscal year to 33.10% for items expected to be recovered or settled in the period from April 1, 2015 to March 31, 2016, and to 32.34% for items expected to be recovered or settled on or after April 1, 2016.

As a result, the amount of deferred tax assets (deducting the amount of deferred tax liabilities) decreased by 1,621 million yen and income taxes-deferred and valuation difference on available-for-sale securities for the current fiscal year increased by 1,621 million yen and 0 million yen, respectively.

(Significant subsequent events)

Not applicable

4) [Supplemental schedules]
 [Schedule of marketable securities]
 [Stocks]

Name			Number of shares	Carrying amount (Millions of yen)
Investment securities	Other securities	Japan Credit Information Reference Center Corp.	24,234	737
		Koganei Golf Co., Ltd.	1	40
		Others (32 brands)	1,051,394	55
Total			1,075,629	833

[Bonds]

Name			Total face value (Millions of yen)	Carrying amount (Millions of yen)
Investment securities	Other securities	National government bond (one issue)	58	58
Total			58	58

[Others]

Classification and name			Number of units invested, etc.	Carrying amount (Millions of yen)
Securities	Other securities	Certificate of deposit	—	8,000
		Subtotal	—	8,000
Investment securities	Other securities	Equity in limited investment partnership, etc. (6 brands)	10	155
		Subtotal	10	155
Total			10	8,155

[Schedule of property, plant and equipment, etc.]

(Millions of yen)

Type of asset	Balance at the beginning of current period	Increase during the period	Decrease during the period	Balance at the end of current period	Accumulated depreciation or amortization at end of current fiscal year	Depreciation or amortization during the period	Balance at end of current fiscal year, after deduction of accumulated depreciation or amortization
Property, plant and equipment							
Buildings	24,812	241	362	24,692	19,942	593	4,749
Structures	4,456	101	321	4,236	3,184	134	1,052
Vehicles	2	—	—	2	2	—	0
Equipment	20,350	838	2,562	18,626	9,328	621	9,297
Land	6,125	—	0	6,124	—	—	6,124
Lease assets	1,935	498	5	2,427	1,293	435	1,133
Total property, plant and equipment	57,683	1,679	3,252	56,110	33,753	1,784	22,357
Intangible assets							
Goodwill	12,435	—	—	12,435	4,991	984	7,443
Leasehold right	4	—	—	4	—	—	4
Software	4,373	1,784	—	6,157	1,228	969	4,928
Telephone subscription right	37	—	—	37	—	—	37
Other (right to use specific communication channel, etc.)	13	—	—	13	12	—	1
Total intangible assets	16,863	1,784	—	18,647	6,232	1,954	12,415
Long-term prepaid expenses	2,688	59	208	2,539	2,173	39	365

[Schedule of allowances]

(Millions of yen)

Category	Balance at the beginning of current fiscal year	Increase during the period	Decrease during the period (used for primary purposes)	Decrease during the period (others)	Balance at the end of current fiscal year
Allowance for doubtful accounts	35,000	39,407	33,850	56	40,500
Provision for loss on guarantees	5,540	6,560	5,540	—	6,560
Provision for loss on interest repayment	124,100	49,859	71,359	—	102,600

(Note) “Decrease during the period (others)” in the amount of “Allowance for doubtful accounts” consists of the following.

Reversal due to payment	55 million yen
Gain on reversal of allowance for doubtful accounts of golf club memberships	1 million yen

(2) Details of major assets and liabilities

This information is omitted because the Company prepares consolidated financial statements.

(3) Others

Not applicable

VI. Stock-Related Administration for the Filing Company

Fiscal year	From April 1 to March 31
Ordinary General Meeting of Shareholders	In June
Record date	March 31
Record date for distribution from surplus	September 30 and March 31
Number of shares constituting one unit	100 shares
Purchase of shares of less than one unit	
Handling office	(Special account) 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency Department
Transfer agent	(Special account) 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
Forward office	—
Purchasing fee	Amount separately specified as an amount equivalent to the fees pertaining to the entrustment of sale and purchase of shares
Method of public notice	The Company's method of public notice is through electronic public notice. However, if the above-mentioned method of public notice is not possible due to an accident or through other compelling reasons, then Nihon Keizai Shimbun will be adopted as its medium. The Company's electronic public notice is posted on our home page, and the following is the address: http://www.acom.co.jp
Shareholders' privileges	None

(Note) The Company's shareholders, concerning the possession of shares of less than one unit, are not able to exercise their rights other than the rights that are stipulated in the following:

- (1) The rights stipulated in each item of Article 189, Paragraph 2, of the Companies Act;
- (2) The right to demand what is stipulated under Article 166, Paragraph 1, of the Companies Act;
and
- (3) The right to receive an allotment of offered shares and offered new stock acquisition rights in proportion to the number of shares held.

VII. Reference Information on the Filing Company

1. Information on a Parent Company, etc. of the Filing Company

The Company does not have a parent company or other entity that is provided in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. Other Reference Information

The Company submitted the following documents during the period from the starting date of the current fiscal year to the date on which the Annual Securities Report was submitted.

(1) Shelf Registration Supplement (straight bond) and documents attached thereto

Submitted to the Director-General of the Kanto Local Finance Bureau on May 30, 2014

Submitted to the Director-General of the Kanto Local Finance Bureau on September 19, 2014

Submitted to the Director-General of the Kanto Local Finance Bureau on May 22, 2015

(2) Amended Shelf Registration Statements (straight bond)

Submitted to the Director-General of the Kanto Local Finance Bureau on June 24, 2014

Submitted to the Director-General of the Kanto Local Finance Bureau on June 25, 2014

Submitted to the Director-General of the Kanto Local Finance Bureau on August 14, 2014

Submitted to the Director-General of the Kanto Local Finance Bureau on November 14, 2014

Submitted to the Director-General of the Kanto Local Finance Bureau on February 13, 2015

(3) Annual Securities Report and documents attached thereto, and Confirmation Letter thereof

The Annual Securities Report for the 37th fiscal year (from April 1, 2013, to March 31, 2014) and documents attached thereto, and Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on June 24, 2014.

(4) Internal Control Report

The Internal Control Report was submitted to the Director-General of the Kanto Local Finance Bureau on June 24, 2014.

(5) Quarterly Securities Report and Confirmation Letter thereof

The Quarterly Securities Report for the 1st Quarter (from April 1, 2014, to June 30, 2014) of the 38th fiscal year and the Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on August 14, 2014.

The Quarterly Securities Report for the 2nd Quarter (from July 1, 2014, to September 30, 2014) of the 38th fiscal year and the Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on November 14, 2014.

The Quarterly Securities Report for the 3rd Quarter (from October 1, 2014, to December 31, 2014) of the 38th fiscal year and the Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on February 13, 2015.

(6) Extraordinary Report

The Extraordinary Report according to the provision of Article 19, Paragraph 2, Item 9-2 (Results of exercise of voting rights at the shareholders' general meetings) of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. was submitted to the Director-General of the Kanto Local Finance Bureau on June 25, 2014.

Part II Information on Guarantors for the Filing Company

Not applicable