

# Quarterly Securities Report

(The first quarter of the 43rd fiscal year)

ACOM CO., LTD.

# Quarterly Securities Report

1. This document has been outputted and printed by adding a table of contents and page numbers to the data contained in the quarterly 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.
2. This document encloses at the end both the quarterly review report that has been attached to the quarterly securities report submitted through the abovementioned method as well as the confirmation which has been submitted at the same time as that of the abovementioned quarterly securities report.

This document is a translation of the First Quarter Securities Report (original text: Japanese) submitted to the Prime Minister pursuant to Article 24-4-7 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 First Quarter Securities Report.

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[Document Submitted]	Quarterly Securities Report (“Shihanki-Hokokusho”)
[Article of the Applicable Law Requiring Submission of This Document]	Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Submitted to]	Director, Kanto Local Finance Bureau
[Date of Submission]	August 14, 2019
[Quarterly Accounting Period]	First Quarter of the 43rd Fiscal Year (from April 1, 2019, to June 30, 2019)
[Company Name]	ACOM Kabushiki-Kaisha
[Company Name in English]	ACOM CO., LTD. (the “Company”)
[Position and Name of Representative]	Shigeyoshi Kinoshita, Chairman, President & CEO
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[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

## Part I Information on the Company

### I. Overview of the Company

#### 1. Key Financial Data and Trends

(Millions of yen, unless otherwise stated)

Fiscal period	For the three months ended June 30, 2018	For the three months ended June 30, 2019	42nd fiscal year
Period of account	From April 1, 2018 to June 30, 2018	From April 1, 2019 to June 30, 2019	From April 1, 2018 to March 31, 2019
Operating revenue	68,049	69,735	277,069
Ordinary profit	23,215	24,231	58,205
Profit attributable to owners of parent	18,965	26,670	37,781
Comprehensive income	18,318	31,646	40,643
Net assets	360,744	406,357	381,501
Total assets	1,263,519	1,245,846	1,301,908
Basic earnings per share (yen)	12.11	17.02	24.12
Diluted earnings per share (yen)	—	—	—
Shareholders' equity ratio (%)	26.83	30.83	27.36

- (Notes)
1. Operating revenue is presented exclusive of consumption tax, etc.
  2. Key financial data and trends of the Filing Company are not stated since the Filing Company has prepared its quarterly consolidated financial statements.
  3. "Diluted earnings per share" is not shown since there was no dilutive security.

#### 2. Description of Business

During the three months ended June 30, 2019, there was no material change in the businesses conducted by the Company Group (the Company and its subsidiaries and affiliates).

Changes in in the status of the Company's major subsidiaries and affiliates are as follows.

##### (Overseas Financial Business)

The Company accepted cash offer from MUFG Bank, Ltd. and sold all holding shares of PT. Bank Nusantara Parahyangan, Tbk., a former consolidated subsidiary, on April 29, 2019. That company was excluded from the scope of consolidation of the Company following the above sales of shares.

As a result, the Company Group consisted of the Company, four subsidiaries and one affiliate as of June 30, 2019.

## II. Business Overview

### 1. Risks Related to Business

There were no significant events or conditions which may cast significant doubt about the going-concern assumption, or other events having material impact on the Company's operations, during the three months ended June 30, 2019.

There were no significant changes to the "Risks Related to Business" described in the Securities Report for the prior fiscal year.

### 2. Analyses of Consolidated Business Results, Financial Position and Cash Flows by the Corporate Managers

#### (1) Analysis of business results

During the three months ended June 30, 2019, the Japanese economy is expected to maintain moderate economic recovery due in part to the effects of the various economic policies implemented by the government, while recovery in consumer spending and improvement in the employment and income environment continued. Meanwhile, the possibility of an economic downturn still remained due to uncertainty in the trend of overseas economies and policies and the impact of fluctuations in the financial and capital markets.

In the nonbank business sector, the market is gradually expanding while requests for interest repayment have steadily decreased. However, future trends need to be closely monitored on an ongoing basis, as requests for interest repayment are susceptible to the impacts of changes in the external environment.

In such an environment, the Company Group has upheld its management vision of "strive to become the leading company in personal loan market which provides prime satisfaction to the utmost number of customers and win their trust in return." Under a medium-term management policy of "with expeditious reactions to environmental changes, ACOM will strive for sustainable growth and increasing corporate value, while creating services which exceed customers' expectations" as set out in the medium-term management plan beginning in the current fiscal year, the Company Group will strive to expand its scope of business in the loan and credit card business, guarantee business and overseas financial business, which the Group has positioned as the three core business categories, while making efforts to contribute to sound growth of the market.

Consolidated operating revenue for the three months ended June 30, 2019, increased to 69,735 million yen (up 2.5% year-on-year) primarily due to increases in interest on operating loans and revenue from credit card business. Operating expenses decreased to 44,776 million yen (down 0.5% year-on-year) mainly due to decreases in financial expenses. As a result, operating profit increased to 24,959 million yen (up 8.2% year-on-year) and ordinary profit increased to 24,231 million yen (up 4.4% year-on-year). Profit attributable to owners of parent increased to 26,670 million yen (up 40.6% year-on-year) due to the posting of 9,875 million yen in extraordinary income resulting from the sale of the shares of PT. Bank Nusantara Parahyangan, Tbk., a former consolidated subsidiary, and the posting of 2,374 million yen in extraordinary loss primarily attributable to the merger expenses incurred for that company.

Business results for each segment are as follows:

#### 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 by enhancing the quality of our promotional activities, promote sales of credit cards (AC MasterCard) and maintain the soundness of loan portfolio. Accounts receivable - operating loans amounted to 831,990 million yen as of June 30, 2019 (up 2.8% year-on-year, up 1.2% from the prior fiscal year-end) and accounts receivable - installment amounted to 66,264 million yen (up 19.6% year-on-year, up 5.0% from the prior fiscal year-end).

As a result, the business segment's operating revenue was 37,025 million yen (up 2.9% year-on-year) for the three months ended June 30, 2019, due primarily to increases in interest on operating loans, and operating profit was 12,995 million yen (up 2.7% year-on-year).

#### 2) Guarantee business

In the guarantee business, we worked on reasonable communication with existing partners to further enhance our partnerships with them. The total balance of guaranteed receivables in the guarantee operation of the Company and MU Credit Guarantee Co., LTD. was 1,217,952 million yen as of June 30, 2019 (up 1.3% year-on-year, up 0.5% from the prior fiscal year-end).

As a result, the business segment's operating revenue was 16,595 million yen (down 1.3% year-on-

year) for the three months ended June 30, 2019, due primarily to a decrease in revenue from credit guarantee, whereas operating profit was 6,276 million yen (up 16.4% year-on-year), due mainly to a decrease in expenses related to bad debts under operating expenses.

### 3) Overseas financial business

In the overseas financial business, the loan business of EASY BUY Public Company Limited in the Kingdom of Thailand has progressed steadily, resulting in increased amount of operating loans. In the Republic of the Philippines, ACOM CONSUMER FINANCE CORPORATION launched a full-fledged business in July 2018. In the Republic of Indonesia, we sold all holding shares of PT. Bank Nusantara Parahyangan Tbk., a former consolidated subsidiary, in April 2019.

As a result, operating revenue amounted to 14,836 million yen (up 7.2% year-on-year) for the three months ended June 30, 2019, due primarily to increases in interest on operating loans at EASY BUY Public Company Limited, and operating profit was 5,415 million yen (up 11.9% year-on-year).

### 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 a result, the business segment's operating revenue was 1,277 million yen (down 8.8% year-on-year) for the three months ended June 30, 2019, mainly due to a decrease in amount of collection from purchased receivables, whereas operating profit was 233 million yen (up 116.6% year-on-year), due mainly to a decrease in expenses related to bad debts under operating expenses.

## (2) Analysis of financial position

Compared with the end of the prior fiscal year, total assets decreased by 56,061 million yen and net assets increased by 24,855 million yen as of June 30, 2019, mainly because PT. Bank Nusantara Parahyangan, Tbk., a former consolidated subsidiary, was excluded from the scope of consolidation. Details of changes in assets, liabilities and net assets are as follows:

### (Assets)

Current assets decreased by 50,139 million yen and noncurrent assets decreased by 5,921 million yen. Consequently, total assets decreased by 56,061 million yen. The breakdown of major changes in current assets is as follows: loans receivable of banking business (down 48,331 million yen), cash and deposits (down 11,898 million yen), accounts receivable - operating loans (up 14,650 million yen), and accounts receivable - installment (up 3,132 million yen). The breakdown of major decreases in noncurrent assets is as follows: investment securities (down 3,078 million yen) and deferred tax assets (down 1,861 million yen).

### (Liabilities)

With regard to the liabilities account, changes in current and noncurrent liabilities were a decrease of 55,131 million yen and a decrease of 25,785 million yen, respectively, resulting in a decrease of 80,917 million yen in total liabilities. The breakdown of major decreases in liabilities includes: deposits of banking business (down 52,319 million yen), the outstanding balance of funds procured mainly in the form of loans and bonds payable (down 13,660 million yen), and provision for loss on interest repayment (down 8,058 million yen).

### (Net assets)

In terms of net assets, shareholders' equity increased by 25,104 million yen mainly due to an increase in retained earnings, accumulated other comprehensive income increased by 2,774 million yen due to an increase in foreign currency translation adjustment, and non-controlling interests decreased by 3,022 million yen. As a result, total net assets increased by 24,855 million yen, and the shareholders' equity ratio increased by 3.4 percentage points to 30.8%.

## (3) Business and financial issues to address

The three months ended June 30, 2019, saw no significant change in business and financial issues to address, or presented new issue that the Company needed to address.

(4) Research and development activities  
Not applicable

(5) Number of employees  
<Consolidated companies>

During the three months ended June 30, 2019, the Company sold all holding shares of PT. Bank Nusantara Parahyangan, Tbk., which had been a consolidated subsidiary until the prior fiscal year, and thereby excluded that company from the scope of consolidation. Due primarily to the foregoing, the number of employees in the overseas financial business decreased by 1,466.

3. Material Business Agreements, etc.

During the current first quarter, no material business agreement, etc. was finalized or concluded.

### III. 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 first quarter (June 30, 2019)	As of the submission date (August 14, 2019)	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

###### 1) Details of stock option plans

Not applicable

###### 2) Other stock acquisition rights

Not applicable

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

Not applicable

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

(Millions of yen, unless otherwise stated)

Period	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
From April 1, 2019 to June 30, 2019	—	1,596,282	—	63,832	—	72,322

(5) Major shareholders

No entry is made, since the current quarter was the first quarter.

(6) Status of voting rights

Details of registered shareholders as of June 30, 2019, have not yet been confirmed, and therefore we are unable to present the status of voting rights on that date. The information regarding voting rights presented below relates to the shareholders registered as of March 31, 2019.

1) Issued shares

As of March 31, 2019

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 1,566,598,200	15,665,982	—
Shares less than one unit	Common stock 16,100	—	—
Total number of shares issued	1,596,282,800	—	—
Total voting rights held by all shareholders	—	15,665,982	—

- (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 92 shares of treasury stock held by the Company.

2) Treasury stock, etc.

As of March 31, 2019

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

2. Directors

There was no change in directors for the three months ended June 30, 2019, after the filing date of the securities report for the prior fiscal year.

#### IV. Financial Information

##### 1. Basis of preparation of the quarterly consolidated financial statements

The quarterly consolidated financial statements of the Company are prepared in accordance with the “Regulations Concerning the Terminology, Forms and Preparation of Quarterly Consolidated Financial Statements” (Cabinet Office Ordinance No. 64, 2007) 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).

##### 2. Audit and review reports

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, the Company’s quarterly consolidated financial statements for the current first quarter (from April 1, 2019, to June 30, 2019) and for the three months ended June 30, 2019 (from April 1, 2019, to June 30, 2019) were reviewed by Deloitte Touche Tohmatsu LLC.

1. Quarterly Consolidated Financial Statements  
(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Prior fiscal year (As of March 31, 2019)	Current first quarter (As of June 30, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	85,546	73,647
Accounts receivable - operating loans	*2 1,000,428	*2 1,015,078
Loans receivable of banking business	48,331	—
Accounts receivable - installment	63,740	66,873
Purchased receivables	9,435	9,344
Securities	479	—
Raw materials and supplies	64	40
Other	91,327	85,535
Allowance for doubtful accounts	(76,532)	(77,838)
Total current assets	1,222,821	1,172,682
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,791	3,679
Equipment, net	9,606	9,709
Land	3,196	3,123
Other, net	1,269	1,132
Total property, plant and equipment	17,864	17,644
Intangible assets		
Goodwill	3,250	3,046
Software	5,387	5,046
Other	50	50
Total intangible assets	8,687	8,143
Investments and other assets		
Investment securities	4,247	1,169
Net defined benefit asset	3,898	3,646
Deferred tax assets	36,117	34,256
Guarantee deposits	5,035	5,011
Other	*2 4,266	*2 4,324
Allowance for doubtful accounts	(1,032)	(1,032)
Total investments and other assets	52,534	47,376
Total noncurrent assets	79,086	73,164
Total assets	1,301,908	1,245,846

(Millions of yen)

	Prior fiscal year (As of March 31, 2019)	Current first quarter (As of June 30, 2019)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	509	501
Short-term loans payable	11,547	13,480
Commercial papers	39,998	49,996
Current portion of long-term loans payable	146,714	132,551
Current portion of bonds	41,519	47,324
Deposits of banking business	52,319	—
Income taxes payable	7,772	4,957
Provision for loss on guarantees	*1 9,661	*1 9,051
Asset retirement obligations	10	106
Deferred installment income	42	40
Other	16,728	13,680
Total current liabilities	326,824	271,692
Noncurrent liabilities		
Bonds payable	202,691	181,155
Long-term loans payable	282,671	286,973
Deferred tax liabilities	28	—
Provision for directors' retirement benefits	25	26
Provision for loss on interest repayment	102,300	94,241
Net defined benefit liability	338	361
Asset retirement obligations	4,159	4,066
Other	1,366	971
Total noncurrent liabilities	593,581	567,796
Total liabilities	920,406	839,489
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus	73,549	73,549
Retained earnings	237,058	262,162
Treasury stock	(19,794)	(19,794)
Total shareholders' equity	354,646	379,750
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(0)
Foreign currency translation adjustment	2,832	5,478
Remeasurements of defined benefit plans	(1,304)	(1,176)
Total accumulated other comprehensive income	1,528	4,302
Non-controlling interests	25,327	22,304
Total net assets	381,501	406,357
Total liabilities and net assets	1,301,908	1,245,846

(2) Quarterly Consolidated Statement of Income and  
Quarterly Consolidated Statement of Comprehensive Income  
(Quarterly Consolidated Statement of Income)  
Three months ended June 30

(Millions of yen)

	For the three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)	For the three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)
<b>Operating revenue</b>		
Interest on operating loans	41,749	43,300
Interest on loans of banking business	1,474	1,567
Revenue from credit card business	1,825	2,146
Revenue from installment sales finance business	18	16
Revenue from credit guarantee	15,140	14,879
Collection from purchased receivable	1,097	999
Other financial revenue	*1 221	*1 193
Other operating revenue	6,522	6,632
Total operating revenue	68,049	69,735
<b>Operating expenses</b>		
Financial expenses	*2 2,942	*2 2,640
Cost of purchased receivable	412	406
Other operating expenses	41,633	41,729
Total operating expenses	44,988	44,776
Operating profit	23,060	24,959
<b>Non-operating income</b>		
Interest income	54	51
Dividend income	15	24
Equity in earnings of affiliates	3	2
House rent income	70	67
Other	77	50
Total non-operating income	221	196
<b>Non-operating expenses</b>		
Interest expenses	8	6
Foreign exchange losses	57	916
Other	1	0
Total non-operating expenses	67	923
Ordinary profit	23,215	24,231

(Millions of yen)

	For the three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)	For the three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)
Extraordinary income		
Gain on sales of noncurrent assets	13	0
Gain on sales of shares of subsidiaries and associates	—	9,875
Total extraordinary income	13	9,875
Extraordinary loss		
Loss on sales of noncurrent assets	0	0
Loss on retirement of noncurrent assets	15	10
Loss on valuation of investment securities	6	—
Merger expenses	—	*3 2,363
Other	1	0
Total extraordinary losses	23	2,374
Profit before income taxes	23,205	31,732
Income taxes-current	2,849	3,247
Income taxes-deferred	218	1,283
Total income taxes	3,068	4,531
Profit	20,137	27,200
Profit attributable to non-controlling interests	1,172	530
Profit attributable to owners of parent	18,965	26,670

(Quarterly Consolidated Statement of Comprehensive Income)  
 Three months ended June 30

(Millions of yen)

	For the three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)	For the three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)
Profit	20,137	27,200
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(0)
Foreign currency translation adjustment	(1,808)	4,290
Remeasurements of defined benefit plans, net of tax	(9)	155
Total other comprehensive income	(1,818)	4,446
Comprehensive income	18,318	31,646
Comprehensive income attributable to:		
Owners of parent	17,687	29,445
Non-controlling interests	630	2,201

[Notes]

(Changes in the Scope of Consolidation or the Scope of Application of the Equity-Method)

During the three months ended June 30, 2019, the Company sold all holding shares of PT. Bank Nusantara Parahyangan, Tbk., which had been a consolidated subsidiary until the prior fiscal year, and thereby excluded that company from the scope of consolidation.

(Notes to Quarterly Consolidated Balance Sheet)

\*1. Contingent liabilities

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2019)	Current first quarter (As of June 30, 2019)
Outstanding guarantee obligation in the guarantee business	1,212,255	1,217,952
Outstanding guarantee obligation in the banking business	510	—
Provision for loss on guarantees	9,661	9,051
Net	1,203,103	1,208,900

\*2. Status of non-performing loans in accounts receivable - operating loans

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2019)	Current first quarter (As of June 30, 2019)
Loans to bankrupt parties	769	783
Loans in arrears	24,179	24,450
Loans overdue by three months or more	4,753	5,405
Restructured loans	31,990	31,742
Total	61,692	62,381

(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 by favorable terms for debtors, such as reduction or waiving of interest, in order to facilitate collection of an outstanding balance.

(Notes to Quarterly Consolidated Statement of Income)

\*1. Major items of other financial revenue

	(Millions of yen)	
	For the three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)	For the three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)
Interest on deposits	16	6
Interest on securities	31	11
Interest on loans	10	59
Interest on deposits with banks	35	43
Foreign exchange gains	21	—

\*2. Major items of financial expenses

	(Millions of yen)	
	For the three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)	For the three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)
Interest expenses	1,326	1,051
Interest on bonds	752	675
Amortization of bond issuance cost	0	0
Interest expenses of banking business	658	745

\*3. Merger expenses under extraordinary loss includes retirement payments (2,158 million yen), office closing expenses (68 million yen) and inventory disposal expenses (136 million yen), resulting from merger between PT Bank Danamon Indonesia, Tbk. and PT. Bank Nusantara Parahyangan, Tbk., a consolidated subsidiary of ACOM.

4. Basis for classification of financial revenue and financial expenses on quarterly consolidated statement of income is as follows.

(1) Financial revenue stated as operating revenue

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

(Notes to Quarterly Consolidated Statement of Cash Flows)

Quarterly Consolidated Statement of Cash Flows has not been prepared for the three months ended June 30, 2019. The amounts of depreciation (including amortization of intangible assets except goodwill) and amortization of goodwill for the three months are as follows.

	(Millions of yen)	
	For the three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)	For the three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)
Depreciation and amortization	1,169	895
Amortization of goodwill	203	203

(Notes to Shareholders' Equity)

For the three months ended June 30, 2018 (from April 1, 2018, to June 30, 2018)

1. Dividends paid

Resolution	Class of shares	Total amount (Millions of yen)	Dividend per share (yen)	Record date	Effective date	Sources of dividend
Ordinary General Meeting of Shareholders held on June 22, 2018	Common stock	1,566	1.00	March 31, 2018	June 25, 2018	Retained earnings

2. Dividends whose record date falls in the three months ended June 30, 2018, but whose effective date is after June 30, 2018

Not applicable

For the three months ended June 30, 2019 (from April 1, 2019, to June 30, 2019)

1. Dividends paid

Resolution	Class of shares	Total amount (Millions of yen)	Dividend per share (yen)	Record date	Effective date	Sources of dividend
Ordinary General Meeting of Shareholders held on June 21, 2019	Common stock	1,566	1.00	March 31, 2019	June 24, 2019	Retained earnings

2. Dividends whose record date falls in the three months ended June 30, 2019, but whose effective date is after June 30, 2019

Not applicable

(Notes to Business Combinations)

The Company accepted cash offer from MUFG Bank, Ltd. ("MUFG Bank") and sold all holding shares of its consolidated subsidiary, PT. Bank Nusantara Parahyangan, Tbk. ("Bank BNP"), on April 29, 2019, based on resolution made at the Board of Directors Meeting held on March 15, 2019. Consequently, Bank BNP was excluded from the scope of consolidation.

1. Outline of Share Sales

(1) Name of Entity Shares were Sold to

MUFG Bank

(2) Outline of Business

Banking business in the Republic of Indonesia

(3) Reason of Selling Shares

Indonesia has the largest population in Southeast Asia, and its growth in retail finance market is promising. Therefore, the Company made entry into the market as a bank capable of conducting unsecured personal loan business. However, MUFG Bank made strategic investment to PT Bank Danamon Indonesia, Tbk. ("Bank Danamon"). The Company decided to sell all holding shares of Bank BNP as various synergistic effects such as providing comprehensive services of Bank Danamon to Bank BNP's customers at Bandung are expected.

(4) Date of the sales

April 29, 2019

(5) Outline of the Transaction

Sales of shares in exchange for cash

2. Outline of Accounting Treatment

(1) The amount of gain

9,875 million yen

(2) Fair book values of assets and liabilities of the consolidated subsidiary sold and breakdown thereof

Current assets	61,673 million yen
Noncurrent assets	<u>2,769 million yen</u>
Total assets	<u>64,443 million yen</u>
Current liabilities	56,324 million yen
Noncurrent liabilities	<u>— million yen</u>
Total liabilities	<u>56,324 million yen</u>

(3) Accounting treatment

The difference between amount sold and book value of the asset sold was recorded as "gain on sales of shares of subsidiaries and associates" under extraordinary income.

3. The Reported Segment to which the Consolidated Subsidiary in Concern belonged

Overseas financial business

4. Estimated amount of profit or loss of the consolidated subsidiary sold included in quarterly consolidated income for the three months ended June 30, 2019

Operating revenue	1,829 million yen
Operating profit	(38) million yen

(Segments and related information)  
 [Segment information]

I. For the three months ended June 30, 2018 (from April 1, 2018, to June 30, 2018)

1. Operating revenue and profit or loss by reported segments

(Millions of yen)

	Reported segments					Others (Note)	Total
	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Subtotal		
Operating revenue							
Operating revenue from external customers	35,979	16,812	13,834	1,401	68,027	21	68,049
Revenues from transactions with other operating segments	—	—	0	—	0	17	17
Total	35,979	16,812	13,834	1,401	68,027	39	68,066
Segment profit	12,653	5,390	4,838	107	22,990	39	23,029

(Note) The “Others” category refers to operating revenue and profit which are not included in the reported segments.

2. Information about assets by reported segments

(Significant decreases in assets due to a decrease in the number of subsidiaries)

Not applicable

3. Reconciliation between the total segment profit or loss and operating profit in quarterly consolidated statement of income

Profit	Amount (Millions of yen)
Total reported segments	22,990
Profit of “Others” category	39
Elimination of intersegment transactions	14
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	16
Operating profit in quarterly consolidated statement of income	23,060

II. For the three months ended June 30, 2019 (from April 1, 2019, to June 30, 2019)

1. Operating revenue and profit or loss by reported segments

(Millions of yen)

	Reported segments					Others (Note)	Total
	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Subtotal		
Operating revenue							
Operating revenue from external customers	37,025	16,595	14,836	1,277	69,735	0	69,735
Revenues from transactions with other operating segments	—	—	—	—	—	17	17
Total	37,025	16,595	14,836	1,277	69,735	17	69,752
Segment profit	12,995	6,276	5,415	233	24,921	17	24,938

(Note) The “Others” category refers to operating revenue and profit which are not included in the reported segments.

2. Information about assets by reported segments

(Significant decreases in assets due to a decrease in the number of subsidiaries)

During the three months ended June 30, 2019, the Company sold all holding shares of PT. Bank Nusantara Parahyangan, Tbk., which had been a consolidated subsidiary until the prior fiscal year, and thereby excluded that company from the scope of consolidation. Due primarily to the foregoing, segment assets in the “Overseas financial business” decreased by 60,129 million yen from the end of the prior fiscal year.

3. Reconciliation between the total segment profit or loss and operating profit in quarterly consolidated statement of income

Profit	Amount (Millions of yen)
Total reported segments	24,921
Profit of “Others” category	17
Elimination of intersegment transactions	3
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	17
Operating profit in quarterly consolidated statement of income	24,959

(Per share information)

The amount and basis for calculation of basic earnings per share are as follows:

(Millions of yen, unless otherwise stated)

Item	For the three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)	For the three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)
Basic earnings per share	12.11 yen	17.02 yen
(Basis for calculation)		
Profit attributable to owners of parent	18,965	26,670
Profit not attributable to common shareholders	—	—
Profit attributable to owners of parent in relation to common stock	18,965	26,670
Weighted average number of common stock during the quarter	1,566,614,208 shares	1,566,614,208 shares

(Note) “Diluted earnings per share” is not stated because there is no dilutive security.

2. Others  
Not applicable

Part II Information on Guarantors for the Filing Company

Not applicable