

ACOM CO., LTD.



# Annual Report 2014

Year ended March 31, 2014

*Transition Period for Expansion*

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# Financial Highlights

ACOM CO., LTD. and Subsidiaries

Millions of Yen

## Profit and Loss Related:

	2010/3	2011/3	2012/3	2013/3	2014/3
Operating Revenue	278,795	245,831	210,456	193,028	202,240
Operating Expenses	272,732	430,617	179,570	172,067	187,906
Provision of Allowance for Doubtful Accounts <sup>*1</sup>	89,654	78,136	34,725	34,260	41,953
Provision for Loss on Interest Repayment <sup>*2</sup>	58,362	243,456	48,807	42,968	45,493
Other Operating Expenses	124,716	109,025	96,038	94,839	100,459
Operating Income (Loss)	6,063	(184,785)	30,885	20,961	14,333
Net Income (Loss)	(7,239)	(202,648)	21,464	20,839	10,632

## Balance Sheet Related:

Total Assets	1,482,520	1,302,758	1,212,461	1,165,576	1,155,203
Receivable Outstanding <sup>*3</sup>	1,231,949	1,016,280	895,181	820,919	846,733
Total Amount of Non-performing Loans	116,694	104,128	80,163	64,814	56,702
Allowance for Doubtful Accounts	70,449	71,369	48,882	44,521	45,800
Net Assets	439,269	243,599	264,915	286,710	306,726

Yen

## Per Share<sup>\*4</sup>:

Net Income (Loss), Basic	(46.18)	(1,293.54)	137.01	13.30	6.79
Net Assets	2,773.59	1,516.95	1,645.35	178.59	187.92
Cash Dividends	10	0	0	0	0

%

## Financial Ratios:

Operating Margin	2.2	(75.2)	14.7	10.9	7.1
ROE <sup>*5</sup>	(1.6)	(60.3)	8.7	7.8	3.7
Operating Efficiency <sup>*6</sup>	14.0	31.4	15.2	16.1	17.5
ROA1 (Net Income to Total Assets) <sup>*5</sup>	(0.5)	(14.6)	1.7	1.8	0.9
ROA2 (Net Income to Receivables Outstanding) <sup>*5</sup>	(0.6)	(18.0)	2.2	2.4	1.3
Shareholders' Equity Ratio	29.3	18.2	21.3	24.0	25.5
Non-performing Loans Ratio (Gross Basis) [Non-Consolidated] <sup>*7</sup>	9.9	10.9	9.3	8.4	7.1
Non-performing Coverage Ratio [Non-Consolidated] <sup>*8</sup>	56.5	63.9	55.4	59.9	68.2

Notes: 1. The amount of provision of allowance for doubtful accounts is the sum of bad debts expenses, increase or decrease in allowance for accounts receivable-operating loans, and increase or decrease in provision for loss on guarantees. In addition, the amount of provision of allowance for doubtful accounts includes loss on sales of accounts receivable-operating loans from the fiscal year ended March 31, 2009.

2. Provision for loss on interest repayment represents the sum of interest repayments, ACOM's voluntary waiver of repayments accompanied with interest repayment, and increase or decrease in provision for loss on interest repayment.

3. Receivables outstanding indicates the sum of receivables outstanding of the loan business, credit card business, and installment sales finance business.

4. As of October 1, 2013, ACOM executed a stock split where each share of its common stock was split into 10 shares. In association therewith, "Net Income (Loss), Basic" and "Net Assets" were calculated supposing that the stock split was conducted at the beginning of the year ended March 2013.

5. ROE and ROA are calculated using the simple average of beginning and end of term balance sheet figures.

6. Operating efficiency = Operating expenses excluding provision of allowance for doubtful accounts / Average of beginning and end of term receivables outstanding

7. Non-performing loans ratio (Gross basis) = Total amount of non-performing loans / Loans receivable plus loans to borrowers in bankruptcy or under reorganization

8. Non-performing coverage ratio = Allowance for doubtful accounts / Total amount of non-performing loans

### Notes:

#### 1. Forward-Looking Statements

The figures contained in this annual report with respect to ACOM's plans and strategies and other statements that are not historical facts are forward-looking statements about the future performance of ACOM which are based on management's assumptions and belief in light of the information currently available to it and involve risks and uncertainties and actual result may differ from those in the forward-looking statements as a result of various facts. Potential risks and uncertainties include, without limitation, general economic conditions in ACOM's market and changes in the size of the overall market for consumer loans, the rate of default by customers, the fluctuations in number of cases of claims from and the amount paid to customers who claim us to reimburse the portion of interest in excess of the interest ceiling as specified in the Interest Rate Restriction Law, the level of interest rates paid on the ACOM's debt and legal limits on interest rates charged by ACOM.

2. All amounts are truncated to the nearest expressed unit.

3. Percentage figures are a result of rounding.

# Letter to Shareholders



*ACOM will 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.*

Shigeyoshi Kinoshita

Chairman, President & Chief Executive Officer

## The Outline of Consolidated Financial Results for the Fiscal Year Ended March 2014

In our mainstay loan business, although loans receivable returned to increase for the first time in 11 fiscal years, operating revenue decreased due to decrease in average amount of loans receivable during the year and decline in average loan yield.

Guarantee business, on the other hand, saw an increase in operating revenue following substantial increase in guaranteed receivables as the Company: focused on finding new alliance partners; provided support on sales support to existing alliance partners, mainly in “BANQUIC;” and succession of guarantee business of Mobit Co., Ltd. by MU Credit Guarantee Co., LTD., one of our consolidated subsidiaries.

Moreover, despite concerns for slowdown in economic growth and political instability, overseas business also saw increase in its operating revenue following smooth scale expansions in overseas combined with favorable effects of foreign currency translations. These increases of revenue in guarantee and overseas businesses offset decrease in that of loan business. As a result, overall consolidated operating revenue made annual growth of 4.8% to 202.7 billion yen or the first increase in revenue in 8 fiscal years.

On the expense front, overall financial expenses decreased owing to ACOM's fund procurement environment in improving trend though that of overseas business increased due to financial policies implemented in Indonesia and effects of foreign currency translations.

On the other hand, provision for bad debts increased. This was

attributable to ACOM's scale expansion unfavorably affecting the amount of decrease in allowance for doubtful accounts to shrink. Furthermore, scale expansion in overseas business, combined with effects of foreign currency translation, also led to increase in provision for bad debts. Other operating expenses, too, increased as the Group promoted strategic investments aiming for scale expansions both in domestic and foreign domains.

With respect to the provision for loss on interest repayment, ACOM reassessed expected amount of interest repayment to be requested in the future as annual number of requests for interest repayment surpassed initial forecast. Then, ACOM made additional provision of 45.4 billion yen. As a result, overall operating expenses made annual increase of 9.2% from prior fiscal year to 187.9 billion yen, resulting in operating income of 14.3 billion yen, which made annual decrease of 31.6%. Ordinary income decreased by 28.7% annually to 15.5 billion yen while net income decreased by 49.0% annually to 10.6 billion yen.

It is truly regrettable to inform you that no year-end dividend payment is planned.

For the fiscal year ending March 2015, no dividend payments for the second quarter is planned, and that of fourth quarter is undecided. However, we hope to resume dividend payment as soon as we can conclude that growth in our mainstay three businesses are stabilized and the possibility of impairment to shareholders' equity due to requests for interest repayment is eliminated.

## Current Environment Surrounding ACOM Group

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Overall Japanese economy saw positive trends of gradual improvement in the employment environment, corporate revenue mainly in large enterprises and consumer spending due to the effects of economic policies and growth strategies implemented by the government.

However, we assume that uncertainty over business prospects still remains. This is attributable to concerns for possible downturn in Japanese economy due to factors such as the problematic undertone in the economies of emerging nations represented by China, European debt crisis and conflict in Ukraine. Moreover, there is concern for slowdown in economy following raise in consumption tax implemented this April in Japan.

With regard to the market and competitive environment, although signs of recovery are at long last being observed recently

in the conditions of loans and new applications, severe business conditions remain, including a slowdown in the decreasing trend in requests for interest repayment.

Although the impacts of full enforcement of Money Lending Business Act are more limited, the market scale still continued to shrink. Furthermore, the market and competitive environments are going through changes as financial institutions represented by banks are making full-scale entries into personal loan market while major non-banks increased investments.

With regard to ACOM, the outlook of the issues of requests for interest repayment remains unclear. Nonetheless, the loans receivable in loan business made annual growth from prior fiscal year for the first time in 11 fiscal years while guarantee and overseas businesses are expanding steadily.

## Progress of Ongoing Medium-term Management Plan (2014-2016)

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In this ongoing plan, we have set targets of “loans receivable of 800.0 billion yen both in loan and guarantee businesses with consolidated operating revenue over 210.0 billion yen in the fiscal year ending March 2016.”

Looking back on the year ended March 2014, the first year of ongoing plan and “transition period for expansion,” we have been able to outperform initial forecast as we strived to expand our 3 mainstay businesses. Therefore, we believe that we have made a smooth start for achievement of our medium-term management plan.

I believe that “personal loan market” will enter a new growth phase in the year ending March 2015. As for overseas business, market continues to expand despite some risk factors. It is therefore a promising segment where stable scale expansion can be expected.

Under such circumstances, we forecast consolidated operating revenue to make annual increase of 3.2% to 208.8 billion yen. This is attributable to steady increases in revenue from guarantee and overseas businesses supported by gradual increase in loans

receivable of loan business.

We expect consolidated operating expenses to decrease by 16.7% annually to 156.6 billion yen. This forecast is based on following estimates: financial expenses are expected to decrease as we expect further improvement in domestic funding environment for ACOM; provision for bad debts is expected to increase mainly due to increase in provision following increase in loans receivable and increases in bad debt expenses and provision following increase in guaranteed receivables; other operating expenses and operational costs are expected to increase owing to implementation of strategic investments aiming for further scale expansion; and no addition of provision for loss on interest repayments.

As a result, we forecast operating income, ordinary income and net income of 52.2 billion yen, 52.1 billion yen and 45.0 billion yen, respectively.

In the year ending March 2015, the Group will set higher targets and continue its effort to expand business scale to reach the targets set in management plan.

## ACOM Group's Vision

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Under management vision of “becoming the ‘leading company’ which provides prime satisfactions to as many customers as possible and win trust in the consumer finance industry,” and in close cooperation with MUFG Group, ACOM Group is going to

promote optimum distribution of resources for stable management basis and future growth while bringing loan business back to solid growth trend. The Group will also strive to increase guaranteed receivables and further promote overseas business.

Three components emphasized in the management vision

1. Customers first, which is the basis of our business and a constituent of our corporate philosophy. This also reflects each and every member of ACOM's intention to provide prime satisfactions to as many customers as possible.	2. Concentrate our management resources to "personal loan market" regardless of the nature of business segment.	3. Establish a solid brand image of "leading company which win trust from the market" by further strengthening the brand of "safety and trust."
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We humbly ask for your ongoing support as we embrace the challenges for the future.



Shigeyoshi Kinoshita

Chairman, President & Chief Executive Officer

### ACOM in the New Stage

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Nearly four years have passed since the full enactment of revised Money Lending Business Act in June 2010. While consumer finance market is still in a shrinking trend, other unfavorable factors such as intensifying competitions in the market and issues on requests for interest repayment remain.

However, there are some indications for a favorable turn. The impact of revision in Money Lending Business Act has less significant as seen in increase in extension of loans owing to increase in the number of new customers and decline in the ratio of customers in breach of regulation on total borrowing amount. The loans receivable as of March 31, 2014, have finally made an increase in year-on-year basis for the first time in 11 fiscal years.

ACOM aims to become the leading company trusted from society in “personal loan market,” which consist of loan business and guarantee business. In addition, ACOM will implement business structure reform to steadily improve profitability under close cooperation with the MUFG Group.

Concurrently, ACOM will strive to further expand business scale of its overseas financial business which is making a stable continuous growth.

### Issue of Interest Repayment

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Though the requests for interest repayment remained in a decreasing trend for fiscal year ended March 2014, the rate of decrease was more moderate than estimated: annual number of requests decreased by 4.9% year-on-year to 69,900.

The annual amount of interest repayment for the fiscal year ended March 2014 was 58.4 billion yen while there was 13.9 billion yen of waiver of repayment associated with requests. Therefore, total of 72.3 billion yen was used from 151.0 billion yen of provision for loss on interest repayment.

ACOM came to a conclusion that it needs 124.1 billion yen of provision for loss on interest repayment after reassessing the estimated amount of interest repayment to be requested in the future. Consequently, ACOM made additional provision of 45.4 billion yen at the end of fiscal year.

We plan to conduct comparative analysis on our estimate and actual amount requested every quarter to see whether more provision is necessary since requests for interest repayment are highly sensitive to changes in external factors.

### Commencement of Business Operation at MU Credit Guarantee Co., LTD.

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MU Credit Guarantee Co., LTD., which was founded in September 2013 as a consolidated subsidiary, commenced business on March 1, 2014.

MU Credit Guarantee Co., LTD. is a joint venture established and managed by ACOM and The Bank of Tokyo-Mitsubishi UFJ, Ltd. to succeed the guarantee business for financial institutions of Mobit Co., Ltd. It will conduct operations such as providing sales support activities to existing alliance partners in order to contribute to further expansion of the guarantee business at ACOM Group.

Its guaranteed receivables as of March 31, 2014, stood around 73.4 billion yen. It generated approximately 500 million yen of monthly operating revenue in March 2014 alone since the commencement of its business operation.

We expect it to make firm and steady contribution to guarantee business which is positioned as one of three mainstay businesses in the ACOM Group.



# Business Highlights

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The ACOM Group mainly operates loan business and has fostered highly sophisticated expertise in credit screening and loan collection from this business. Fully utilizing such expertise, the Group also operates guarantee business, loan servicing business and financial business at overseas.

## Loan and Credit Card Business

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In its core loan business, ACOM has established a highly sophisticated expertise in credit screening based on data from more than 9 million customers it has served in the past in addition to expertise fostered over long years of experience.

In addition, ACOM advanced into credit card business following acquisition of principal membership of MasterCard International in 1998. ACOM currently focuses on issuance of its own cards.

In the domestic loan and credit card business, we strived to improve product/service functions, enhance promotions, promote sales of credit cards (AC MasterCard) and maintain the soundness of loan portfolio.

As for improving product/service function, we have expanded our outlet network. In addition, we have conducted Interest-free

Campaign as part of our promotion strategies.

With respect to sales promotion of credit cards, we have installed machines which are capable of on-the-spot issuance of credit cards at outlets placed in major cities nationwide. Moreover, we started broadcasting TV commercials with emphasis on our credit cards from January 2014.

In addition to abovementioned marketing activities, we have strived 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 accuracy of credit screenings.

## Guarantee Business

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ACOM has forged alliances with banks, mainly The Bank of Tokyo-Mitsubishi UFJ, Ltd. and top-tier regional banks, and provides guarantee on unsecured personal loans provided by these alliance partners. The main source of revenue in this business is guarantee fees received on guaranteed receivables.

ACOM has streamlined its operating system to enhance its guarantee screening procedures by improving accuracy and reducing time for screenings to better serve its partner financial institutions.

After business reorganization within the MUFG Group to

centralize guarantee business of unsecured card loans to ACOM, we have steadily increased guaranteed receivables by providing guarantee schemes tailored to the needs of alliance partners, from product planning to loan management.

The alliance partners comprise of 25 banks as of March 31, 2014.

ACOM will implement measures such as cultivation of new alliance partners and providing sales support activities to existing partners to achieve further expansion of its guarantee business.

## Loan Servicing Business

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In the loan servicing business, competition has intensified in the purchased receivables market due to decreases in disposal of bad debts at financial institutions. Therefore, we have endeavored to strengthen our business structure and increase profitability.

The primary sources of revenue in our loan servicing business consist of marginal profit from recovery of purchased receivables,

combined with commissions received for handling debt collection activities on consignment from banks and other financial institutions. IR Loan Servicing, Inc. operates a comprehensive loan servicing business which takes full advantage of expertise in loan servicing in both consumer and business loans.

## Financial Businesses at Overseas

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There are concerns about political instability, slowdown in economic growth due to decline in demand, etc. in financial businesses at overseas. However, the Group has worked on business expansion with its highest priority placed on improving quality of loan portfolio. Therefore, there is negligible impact on its performance at overseas.

EASY BUY Public Company Limited, a subsidiary in Kingdom of Thailand established in 1996, initially focused on installment sales finance business. However, it shifted focus to loan business since 2001.

Attempting to increase the number of customers gathered and

acquired while further improving quality of its loan portfolio, EASY BUY conducted active marketing measures of its “Umay+ Card” brand in its loan business. It has successfully increased the number of new contracts and loans receivable in stable manner. In addition, it has attained a position of top-brand in Thailand.

PT. Bank Nusantara Parahyangan, Tbk., an Indonesian bank which was jointly acquired with The Bank of Tokyo-Mitsubishi UFJ, Ltd. in 2007, had its receivables in banking business to increase in both sound and stable manner. With focus on lending to SMEs, its loans receivable of banking business, the number of employees and branches have more than doubled since the acquisition.



# Social Contribution Activity

## ACOM's Social Contribution Activity Policy

Guided by the basic principle of the "Circle of Trust" spirit on which it was founded, ACOM Group embraces a corporate philosophy emphasizing contribution to enriched cultural lifestyles.

In line with this philosophy, ACOM aims to build good relations with local communities and become the "company next door" and a "corporate citizen in harmony with society" through its wide

### Culture and Arts

Barrier-free Concerts Enjoyable by Everyone Regardless of Age and Handicaps

Helping with Smiles, "ACOM 'Miru' Concert Monogatari"

"ACOM 'Miru' Concert Monogatari" contains our three wishes to: "do something for others", "see other people's smiling faces" and "establish a harmonious relationship with society."

"ACOM 'Miru' Concert Monogatari" is a creative form of art performance which creates a fantastic world by integrating "shadow pictures" that give shapes to light, "harmony" made by live performance and "narration" that gives lives to shadow pictures. Performers and audiences can share emotions and feel spiritual exchanges by enjoying the presence of handmade stages.

As a part of its social contribution activities, ACOM began to hold "ACOM 'Miru' Concert Monogatari" performances all over Japan since 1994. The first intended audiences were parents and

range of social activities comprising of social welfare, regional contribution, and other.

As for spirit of a corporate citizen, ACOM also encourages and supports its employees' voluntary participation while it addresses various activities such as customer awareness and money management programs.

their children. However, as we wished to extend the joy to more diverse audience, we made the performances barrier-free event through means of on-stage sign language interpretation, expanded reserved seats for wheelchair users, etc.

Since the first performance in 1994, we held over 180 performances, inviting over 170,000 audiences.



### Social Welfare

ACOM encourages active involvements of its employees in social contribution activities in order to materialize its foundation spirit of the "Circle of Trust."

The "ACOM Bluebird Fund" is one such activity that began at

employees' suggestion in 1984. Employees can make donations on their will to collection boxes placed at each workplace. Their contributions are donated to social welfare organizations and community chests in disaster-stricken areas.

### Supporting Activities in Regional Development

ACOM is actively involved in various regional activities such as sponsorships to diverse cultural and athletic events.

## Investor Information as of March 31, 2014

#### Stock Listing

First Section of Tokyo Stock Exchange

#### Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation

#### General Shareholders' Meeting

June 24, 2014

#### Authorized Shares

5,321,974,000

#### Outstanding Shares

1,596,282,800

#### Number of Shareholders

12,784

#### ADR (American Depositary Receipts) Information

Type: Sponsored Level-1 Program

ADR Ratio: 2ADRs : 5 Ordinary Shares

Symbol: ACMUY

CUSIP: 004845202

Market: The U.S. Market for OTC (Over-the-Counter)

Depository Bank: The Bank of New York Mellon

101 Barclay Street, 22W, NEW YORK,

NY 10286, U.S.A.

#### Toll Free # for Domestic Calls:

1-888-BNY-ADRS

1-866-234-6936

#### Number for International Calls:

201-680-6825

#### URL

<http://www.adrbnymellon.com/>

For further information, please contact:

#### Public & Investor Relations Office

Meiji Yasuda Seimei Bldg., 1-1, Marunouchi 2-chome,

Chiyoda-ku, Tokyo, 100-8307, Japan

Tel: +81-3-5533-0861 e-mail: [ir@acom.co.jp](mailto:ir@acom.co.jp)

# Annual Securities Report

(The 37th 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.

[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, 2014
[Quarterly Accounting Period]	The 37th Fiscal Year (from April 1, 2013, to March 31, 2014)
[Company Name]	ACOM Kabushiki-Kaisha
[Company Name in English]	ACOM CO., LTD. (the “Company”)
[Position and Name of Representative]	Shigeyoshi Kinoshita, Chairman, President & CEO
[Location of Head Office]	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo
[Phone No.]	03-5533-0811 (main)
[Contact for Communications]	Takashi Kiribuchi, Chief General Manager of Treasury Department
[Nearest Contact]	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo
[Phone No.]	03-5533-0811 (main)
[Contact for Communications]	Takashi Kiribuchi, Chief General Manager of Treasury Department
[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

##### (1) Consolidated financial data, etc.

(Millions of yen, unless otherwise stated)

Fiscal period	33rd fiscal year	34th fiscal year	35th fiscal year	36th fiscal year	37th fiscal year
Period of account	March 2010	March 2011	March 2012	March 2013	March 2014
Operating revenue	278,795	245,831	210,456	193,028	202,240
Ordinary income (loss)	7,917	(183,506)	32,219	21,835	15,567
Net income (loss)	(7,239)	(202,648)	21,464	20,839	10,632
Comprehensive income	—	(194,813)	21,566	24,793	15,619
Net assets	439,269	243,599	264,915	286,710	306,726
Total assets	1,482,520	1,302,758	1,212,461	1,165,576	1,155,203
Net assets per share (yen)	2,773.59	1,516.95	1,645.35	178.59	187.92
Net income (loss) per share (yen)	(46.18)	(1,293.54)	137.01	13.30	6.79
Diluted net income per share (yen)	—	—	—	—	—
Shareholders' equity ratio (%)	29.31	18.24	21.26	24.00	25.48
Return on equity (%)	(1.65)	(60.30)	8.67	7.75	3.70
Price earnings ratio (times)	—	—	13.50	20.29	48.60
Net cash provided by (used in) operating activities	63,431	97,249	48,421	2,245	(29,135)
Net cash provided by (used in) investing activities	(6,175)	(2,746)	10,981	53,030	(9,342)
Net cash provided by (used in) financing activities	(55,280)	(65,069)	(28,554)	(40,414)	(21,392)
Cash and cash equivalents at end of period	133,723	162,910	193,441	208,969	151,711
Number of employees [Average number of fixed-term employees not included in the above numbers] (persons)	6,145 [453]	5,571 [232]	5,537 [193]	5,766 [219]	5,643 [421]

- (Notes)
1. "Operating revenue" is presented exclusive of consumption tax, etc.
  2. "Diluted net income per share" is not shown for the 33rd fiscal year, since the Company posted net loss per share.
  3. "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.
  4. "Diluted net income per share" is not shown for the 35th fiscal year through 37th fiscal year, since there was no dilutive security.
  5. "Price earnings ratio" is not shown for the 33rd fiscal year and 34th fiscal year, since the Company posted net loss.
  6. 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	33rd fiscal year	34th fiscal year	35th fiscal year	36th fiscal year	37th fiscal year
Period of account	March 2010	March 2011	March 2012	March 2013	March 2014
Operating revenue	238,215	207,767	173,837	155,927	155,659
Ordinary income (loss)	6,495	(189,551)	26,461	18,456	8,192
Net income (loss)	(10,056)	(204,929)	20,853	21,952	8,297
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	159,628	1,596,282
Net assets	426,597	228,283	248,606	269,861	278,173
Total assets	1,368,028	1,181,063	1,085,904	1,013,280	972,335
Net assets per share (yen)	2,723.05	1,457.18	1,586.90	172.26	177.56
Dividends per share (yen) [Of the above, interim dividends per share] (yen)	10.00 [5.00]	— [—]	— [—]	— [—]	— [—]
Net Income (loss) per share (yen)	(64.15)	(1,308.10)	133.11	14.01	5.30
Diluted net income per share (yen)	—	—	—	—	—
Shareholders' equity ratio (%)	31.18	19.33	22.89	26.63	28.61
Return on equity (%)	(2.32)	(62.59)	8.75	8.47	3.03
Price earnings ratio (times)	—	—	13.89	19.26	62.26
Dividend payout ratio (%)	—	—	—	—	—
Number of employees [Average number of fixed-term employees not included in the above numbers] (persons)	2,610 [399]	1,876 [194]	1,756 [171]	1,685 [204]	1,748 [169]

- (Notes)
1. "Operating revenue" is presented exclusive of consumption tax, etc.
  2. "Diluted net income per share" is not shown for the 33rd fiscal year, since the Company posted net loss per share.
  3. "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.
  4. "Diluted net income per share" is not shown for the 35th fiscal year through 37th fiscal year, since there was no dilutive security.
  5. "Price earnings ratio" is not shown for the 33rd fiscal and 34th fiscal year, since the Company posted net loss.
  6. "Dividend payout ratio" is not shown for the 33rd fiscal year and 34th fiscal year, since the Company posted net loss.
  7. 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.” (present, a consolidated subsidiary).
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).

### 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 8 subsidiaries and 1 affiliate. The Group’s main line of business is [loan and credit card business, guarantee business, overseas finance 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.	Loan business including unsecured loan and secured loan
		Credit card business of which the principal commodity is MasterCard®
Guarantee Business	ACOM CO., LTD.	Guarantee business
	MU Credit Guarantee Co., LTD.	
Overseas Finance 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	Purchase, management, and disposal of monetary claims (Special Purpose Companies)
	Power Investments LLC	
Others	AFRESH CREDIT CO., LTD.	Installment sales finance business
	ACOM (U.S.A.) INC.	—
	MU Communications Co., Ltd.	Contracting at the contact center and temporary personnel services

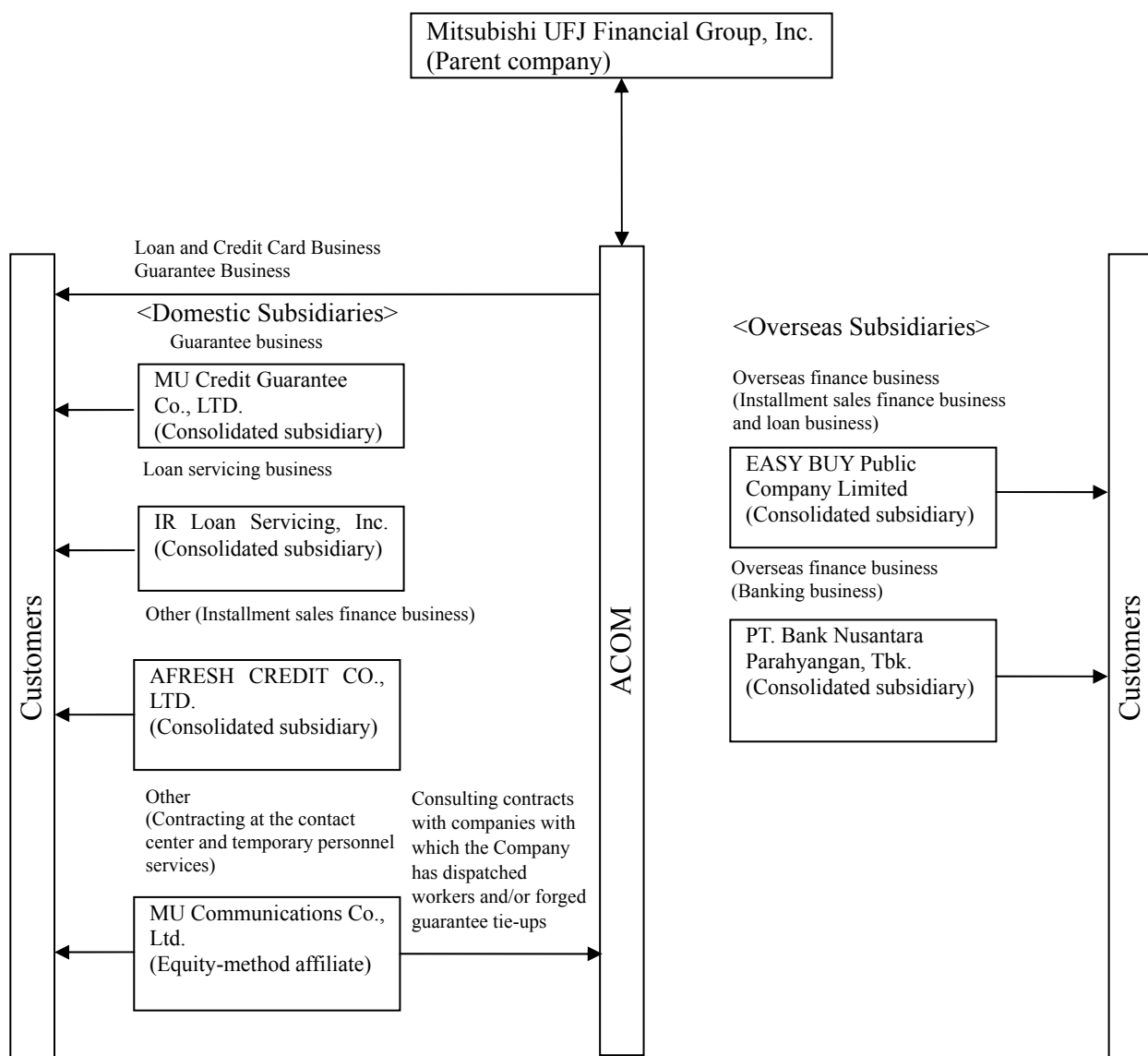
(Notes) 1. MU Credit Guarantee Co., LTD. was established on September 26, 2013, and has become a consolidated subsidiary of the Company effective from the current fiscal year. The said company succeeded the guarantee business of Mobit Co., Ltd. as of March 1, 2014, through an absorption-type company split.

2. The Company resolved, at the Board of Directors meeting held on March 20, 2014, that IR Loan Servicing, Inc., and AFRESH CREDIT CO., LTD., both of which are consolidated subsidiaries

of the Company, shall be merged as of September 1, 2014, on the premise that the permission of the relevant authorities is obtained.

3. 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 eliminated 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.

#### 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	2,140,488	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 finance business	71.00	—	Loan guarantee to said company
PT. Bank Nusantara Parahyangan, Tbk.	Bandung, Republic of Indonesia	(Million IDR) 338,416	Overseas finance business	66.15	—	Holding of subordinated loans issued by said company
IR Loan Servicing, Inc.	Chiyoda-ku, Tokyo	520	Loan servicing business	100.00	—	Financial loan to said company
General Incorporated Association Mirai Capital (Note) 6	Shibuya-ku, Tokyo	3	Loan servicing business	100.00 (100.00)	—	—
Power Investments LLC (Note) 7	Shibuya-ku, Tokyo	0	Loan servicing business	100.00 (100.00)	—	—
AFRESH CREDIT CO., LTD.	Chiyoda-ku, Tokyo	100	Other	100.00	—	—
ACOM (U.S.A.) INC. (Note) 8	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 | 30,133 million yen (THB 9,476 million)   |
| (2) Ordinary income   | 8,842 million yen (THB 2,780 million)    |
| (3) Net income        | 7,034 million yen (THB 2,212 million)    |
| (4) Net assets        | 24,234 million yen (THB 7,573 million)   |
| (5) Total assets      | 105,964 million yen (THB 33,113 million) |
6. General Incorporated Association Mirai Capital is a subsidiary of IR Loan Servicing Inc., which is a consolidated subsidiary of the Company.
  7. Power Investments LLC is a subsidiary of General Incorporated Association Mirai Capital., which is a consolidated subsidiary of the Company.
  8. ACOM (U.S.A.) INC. is currently suspending its operation.

## 5. Employees

### (1) Consolidated Companies

As of March 31, 2014

Name of business segment	Number of employees
Loan and credit card business	1,257 (149)
Guarantee business	180 (2)
Overseas finance business	3,701 (244)
Loan servicing business	140 (5)
Others	13 (3)
Corporate wide (shared)	352 (18)
Total	5,643 (421)

(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 406 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, 2014

Number of employees	Average age (Years old)	Average length of service (Years)	Average annual salary (Thousands of yen)
1,748 (169)	40.1	15.3	6,301

Name of business segment	Number of employees
Loan and credit card business	1,257 (149)
Guarantee business	139 (2)
Corporate wide (shared)	352 (18)
Total	1,748 (169)

(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 156 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, 2014, Japanese economy showed signs of gradual improvement in the employment environment and consumer spending due to the effects from various economic policies by the government. However, the possibility of an economic downturn remained, including the change in the economies of emerging nations represented by China and concern over a downturn overseas arising from the Ukrainian situation, and the concern over a decrease in consumption due to the consumption tax hike implemented in April 2014.

In the consumer finance industry, given the continuation of shrinking trend of market, business conditions continue to be severe, including a slowdown in the decrease in requests for interest repayment although signs of recovery are at long last being observed recently in the conditions of loans and new applications.

In such an environment, under its management vision of “aiming to become the leading company that gives prime satisfactions to as many customers as possible and trusted in the consumer loan market,” the Company Group has positioned its loan business, guarantee business and overseas finance business as the three core business categories and strives to increase market shares in the consumer loan market.

In the first year of the medium-term management plan, the Group focused its efforts on expanding business operations in the aforementioned three core businesses and achieved higher performance than initially projected. Loans receivable of consumer loans turned upward after a lapse of 11 years in the loan business and the balance of credit guarantees exceeded significantly the projection in the guarantee business. Also, business operations expanded steadily in the overseas finance business.

Consolidated operating revenue for fiscal year ended March 31, 2014, amounted to 202,240 million yen (up 4.8% year-on-year) primarily due to increases in revenue from credit guarantee and interest on loans of banking business. Operating expenses increased to 187,906 million yen (up 9.2% year-on-year) primarily due to increases in provision of allowance for doubtful accounts, provision for loss on interest repayment and other expenses such as commission fees. Operating income decreased to 14,333 million yen (down 31.6% year-on-year), and ordinary income decreased to 15,567 million yen (down 28.7% year-on-year).

In addition, the Company posted income before income taxes and minority interests of 15,362 million yen (down 44.1% year-on-year) and net income of 10,632 million yen (down 49.0% year-on-year) mainly due to a year-on-year decrease in extraordinary income.

#### (2) Status of financial service businesses

Effective from the second quarter of the fiscal year ended March 31, 2014, the method of allocating the expenses of back-office sections, etc. of the Filing Company to each reported segment has been partially refined. Compared with the segment income figures that would have been obtained by the method before it was refined, the segment income for the fiscal year ended March 31, 2014, of the loan and credit card business increased by 2,983 million yen, that of the guarantee business decreased by 2,658 million yen and that of the overseas finance business decreased by 324 million yen.

##### 1) Loan and credit card business

In the domestic loan and credit card business, we made efforts to improve product/service functions, promote sales of credit cards (AC MasterCard), enhance promotions and maintain the soundness of loan portfolio.

As for the improvement of product/service functions, we opened 21 outlets, installed several automatic contract machines at 7 outlets, and carried out the Up-to-30 Days Zero-Interest-Rate campaign for new customers in October 2013. Having earned high popularity, the follow-up campaign started in March 2014.

As for the sales promotion of credit cards, we started handling dedicated shopping cards in June 2013, thereby installing instant credit card issuers one after another at 344 outlets in major cities nationwide. Meanwhile, we began broadcasting a new TV commercial for our credit card in January 2014.

We began featuring the actress Hiromi Nagasaku as our promotion celebrity in August 2013. She has achieved high likability and helped increase the number of new customers through a promotion that draws on a sound logo from “*Hajimete-no* (First time at) ACOM” in TV commercials.

In addition to the above marketing activities, we have worked 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.

In the domestic loan and credit card business, the business segment's operating revenue was 126,379 million yen (down 3.6% year-on-year) mainly due to a decrease in interest on consumer loans resulting from lower average yield from the prior fiscal year. The business segment posted an operating loss of 3,323 million yen mainly due to increases in provision of allowance for doubtful accounts and provision for loss on interest payment under operating expenses (compared with operating income of 1,110 million yen for the prior fiscal year).

## 2) Guarantee business

MU Credit Guarantee Co., LTD., which was established in September 2013 as a consolidated subsidiary of the Company, started operation in March 2014.

MU Credit Guarantee was established as a joint venture with The Bank of Tokyo-Mitsubishi UFJ, Ltd., to succeed the guarantee business for financial institutions of Mobit Co., Ltd., and will promote operations to contribute to further expansion of our guarantee business.

The Company streamlined its operating system for the guarantee business to enhance the guarantee screening procedures by improving the accuracy of and reducing the time for the screenings to better serve our partner financial institutions. The measures implemented have already led to enhanced customer convenience through reinforced collaboration with these business partners.

In addition, the Company newly started guarantee tie-ups with The Chukyo Bank, Ltd., The Ashikaga Bank, Ltd., and The Tottori Bank, Ltd., increasing the number of business partners to 25 banks at the end of the current fiscal year. The number of business tie-ups at the Group level has increased to 44, including those of MU Credit Guarantee.

In the guarantee business, the business segment's operating revenue was 29,707 million yen (up 21.6% year-on-year) due to an increase in the balance of credit guarantees through initiatives to expand the guarantee business of existing business partners including The Bank of Tokyo-Mitsubishi UFJ, as well as that of MU Credit Guarantee. However, operating income was 7,605 million yen (down 32.7% year-on-year), affected by the lump sum amortization of goodwill that accrued at the time under operating expenses when MU Credit Guarantee's shares were purchased.

## 3) Overseas finance business

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

As for the loan business in the Kingdom of Thailand, EASY BUY Public Company Limited actively conducted marketing activities of the Umay+ brand, which are aimed at gathering and acquiring new customers, as well as qualitative improvement of the loan portfolio. As a result, the number of new contracts and loans receivable of consumer loans have increased steadily, thereby building the top-brand position in Thailand.

In the banking business in the Republic of Indonesia, loans receivable of the banking business similarly increased soundly and stably.

As a result, the business segment's operating revenue and operating income were 39,145 million yen (up 33.3% year-on-year) and 9,411 million yen (up 31.6% year-on-year), respectively.

In other countries, anticipating future business development in China with projected vigorous internal demand and in Vietnam with its powerful growth potential, we have started surveys on various local laws/regulations and risks, and market analysis primarily at local representative offices.

## 4) Loan servicing business

In the loan servicing business, competition has intensified in the purchased receivables market against the backdrop of a decreasing number of bad debts at financial institutions. We have therefore endeavored to strengthen our business structure and increase profitability.

As the amount of collection from purchased receivables decreased from the prior fiscal year due to sluggishness in the purchased receivables market, the business segment's operating revenue was 6,546 million yen (down 7.7% year-on-year) and operating income was 628 million yen (up 3.8% year-on-year).



(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 57,257 million yen (down 27.4% year-on-year) from the end of the prior fiscal year to 151,711 million yen.

With respect to net cash used in operating activities, funds saw a decrease of 29,135 million yen, reflecting funds-increasing factors such as 15,362 million yen in income before income taxes and minority interests, and an increase of 11,882 million yen in deposits of banking business, as well as funds-decreasing factors such as a decrease of 26,900 million yen in provision for loss on interest repayment, and an increase of 16,926 million yen in loans receivable of consumer loans.

With respect to net cash used in investing activities, funds saw a decrease of 9,342 million yen. This was primarily due to the fact that the amount of proceeds from sales of noncurrent assets was 6,903 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 2,378 million yen less than the payments for purchase of short-term investment securities.

With respect to net cash used in financing activities, funds saw a decrease of 21,392 million yen. This was primarily due to the fact that the total amount of proceeds from loans and issuance of bonds was 21,495 million yen less 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, 2012 to March 31, 2013)		Current fiscal year (From April 1, 2013 to March 31, 2014)	
			Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Financial service businesses	Japan	Loan business	128,450	66.5	123,814	61.2
		Credit card business	2,632	1.4	2,565	1.3
		Guarantee business	24,422	12.7	29,707	14.7
		Loan servicing business	7,078	3.7	6,538	3.2
		Others	935	0.5	316	0.2
	Overseas	Loan business	22,833	11.8	30,120	14.9
		Installment sales finance business	269	0.1	313	0.1
		Banking business	6,404	3.3	8,862	4.4
Total			193,028	100.0	202,240	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, 2012 to March 31, 2013)		Current fiscal year (From April 1, 2013 to March 31, 2014)	
		Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Japan	Loan business	320,955	71.5	358,781	66.7
	Credit card business	8,812	2.0	11,652	2.2
	Loan servicing business	2,634	0.6	3,565	0.6
Overseas	Loan business	69,029	15.4	83,231	15.5
	Installment sales finance business	1,131	0.2	1,167	0.2
	Banking business	46,478	10.3	79,698	14.8
Total		449,041	100.0	538,097	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, 2013)		Current fiscal year (As of March 31, 2014)	
		Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Japan	Loan business	717,114	81.3	726,363	79.3
	Credit card business	16,580	1.9	17,281	1.9
	Loan servicing business	8,489	1.0	8,846	1.0
	Others	3,104	0.3	—	—
Overseas	Loan business	83,278	9.4	102,259	11.1
	Installment sales finance business	842	0.1	829	0.1
	Banking business	52,501	6.0	60,338	6.6
Total		881,911	100.0	915,919	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, 2013)	Current fiscal year (As of March 31, 2014)
Outlets	1,204	1,230

(4) Number of customer accounts

Business segment		Prior fiscal year (As of March 31, 2013)	Current fiscal year (As of March 31, 2014)
Japan	Loan business	1,429,014	1,398,595
	Credit card business	147,465	171,681
	Loan servicing business	321,455	323,833
	Others	21,238	—
Overseas	Loan business	941,591	1,041,198
	Installment sales finance business	23,345	22,879
	Banking business	30,712	25,004

(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 loan accounts with loans receivable
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
Banking business	Number of loan accounts with outstanding loans receivable of banking business

(5) Breakdown of loans receivable of consumer loans

1) By loan type

Loan type		Prior fiscal year (As of March 31, 2013)					Current fiscal year (As of March 31, 2014)				
		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)	2,365,707	99.8	784,485	98.0	17.64	2,435,555	99.8	815,573	98.4	17.45
	Secured loans (excluding housing loans)	4,824	0.2	15,444	1.9	12.23	4,181	0.2	12,781	1.6	12.13
	Housing loans	—	—	—	—	—	—	—	—	—	—
	Subtotal	2,370,531	100.0	799,929	99.9	17.54	2,439,736	100.0	828,354	100.0	17.36
Commercial loans	Unsecured loans	9	0.0	9	0.0	14.46	6	0.0	5	0.0	14.16
	Secured loans	65	0.0	453	0.1	7.48	51	0.0	262	0.0	9.26
	Subtotal	74	0.0	463	0.1	7.63	57	0.0	268	0.0	9.37
Total		2,370,605	100.0	800,393	100.0	17.53	2,439,793	100.0	828,622	100.0	17.36

2) By industry

Industry	Prior fiscal year (As of March 31, 2013)				Current fiscal year (As of March 31, 2014)			
	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	15	0.0	3	0.0	13	0.0
Construction	18	0.0	40	0.0	15	0.0	33	0.0
Manufacturing	9	0.0	23	0.0	6	0.0	10	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	9	0.0	2	0.0	11	0.0
Wholesale and retail	13	0.0	90	0.0	12	0.0	85	0.0
Finance and insurance	5	0.0	31	0.0	5	0.0	27	0.0
Real estate, and goods rental and leasing	7	0.0	182	0.0	2	0.0	30	0.0
Accommodation, and food and beverage services	4	0.0	23	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)	11	0.0	38	0.0	7	0.0	30	0.0
Individuals	2,370,531	100.0	799,929	100.0	2,439,736	100.0	828,354	100.0
Specified nonprofit organization	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Total	2,370,605	100.0	800,393	100.0	2,439,793	100.0	828,622	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, 2013)		Current fiscal year (As of March 31, 2014)	
	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	15,807	2.0	12,958	1.6
Foundations	—	—	—	—
Others	90	0.0	85	0.0
Subtotal	15,898	2.0	13,043	1.6
Guarantee	—	—	—	—
Unsecured	784,495	98.0	815,579	98.4
Total	800,393	100.0	828,622	100.0

## 4) By loan term

Loan period		Prior fiscal year (As of March 31, 2013)				Current fiscal year (As of March 31, 2014)			
		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	2,233,232	94.2	733,674	91.7	2,326,071	95.4	768,241	92.7
	Due within 1 year	1,284	0.1	148	0.0	698	0.0	77	0.0
	Due after 1 year through 5 years	65,893	2.8	12,489	1.5	61,527	2.5	17,754	2.1
	Due after 5 years through 10 years	36,003	1.5	18,912	2.4	14,715	0.6	6,592	0.8
	Due after 10 years through 15 years	29,288	1.2	19,261	2.4	32,527	1.3	22,894	2.8
	Due after 15 years through 20 years	11	0.0	6	0.0	18	0.0	16	0.0
	Due after 20 years through 25 years	5	0.0	2	0.0	5	0.0	2	0.0
	Due after 25 years	—	—	—	—	—	—	—	—
	Subtotal	2,365,716	99.8	784,495	98.0	2,435,561	99.8	815,579	98.4
Secured loans	Revolving	3,948	0.2	12,100	1.5	3,365	0.2	9,821	1.2
	Due within 1 year	18	0.0	34	0.0	19	0.0	46	0.0
	Due after 1 year through 5 years	180	0.0	407	0.1	153	0.0	206	0.0
	Due after 5 years through 10 years	388	0.0	1,112	0.1	373	0.0	984	0.1
	Due after 10 years through 15 years	74	0.0	373	0.0	74	0.0	338	0.0
	Due after 15 years through 20 years	79	0.0	455	0.1	66	0.0	374	0.1
	Due after 20 years through 25 years	202	0.0	1,414	0.2	182	0.0	1,271	0.2
	Due after 25 years	—	—	—	—	—	—	—	—
	Subtotal	4,889	0.2	15,898	2.0	4,232	0.2	13,043	1.6
Revolving		2,237,180	94.4	745,775	93.2	2,329,436	95.5	778,063	93.9
Due within 1 year		1,302	0.1	182	0.0	717	0.0	123	0.0
Due after 1 year through 5 years		66,073	2.8	12,897	1.6	61,680	2.5	17,961	2.2
Due after 5 years through 10 years		36,391	1.5	20,025	2.5	15,088	0.6	7,576	0.9
Due after 10 years through 15 years		29,362	1.2	19,635	2.4	32,601	1.4	23,232	2.8
Due after 15 years through 20 years		90	0.0	461	0.1	84	0.0	391	0.0
Due after 20 years through 25 years		207	0.0	1,416	0.2	187	0.0	1,274	0.2
Due after 25 years		—	—	—	—	—	—	—	—
Total		2,370,605	100.0	800,393	100.0	2,439,793	100.0	828,622	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, 2013)		Current fiscal year (As of March 31, 2014)	
	Outstanding balance (Millions of yen)	Average interest rate (%)	Outstanding balance (Millions of yen)	Average interest rate (%)
Borrowings from financial institutions, etc.	456,160	2.71	431,952	2.33
Others (Corporate bonds, CPs)	176,362 (176,362)	2.92 (2.92)	188,014 (188,014)	1.90 (1.90)
Total	632,523	2.77	619,966	2.20
Owners' equity (Capital stock)	480,521 (63,832)	— (—)	469,889 (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 11,791 million yen (22,291 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, 2013)				Current fiscal year (As of March 31, 2014)			
		Beginning balance	Amount procured	Amount repaid	Final balance	Beginning balance	Amount procured	Amount repaid	Final balance
Borrowings	City banks, etc.	131,679	102,262	81,758	152,183	152,183	105,354	115,406	142,131
	Regional banks	12,088	23,950	8,983	27,054	27,054	17,200	13,901	30,352
	Trust banks	166,955	44,630	43,730	167,855	167,855	75,251	85,195	157,911
	Foreign banks	10,787	52,158	42,884	20,061	20,061	84,579	83,384	21,256
	Life insurance companies	30,286	13,000	16,133	27,153	27,153	12,000	15,854	23,299
	Non-life insurance companies	100	1,500	100	1,500	1,500	500	494	1,506
	Business corporations (leasing and financing companies, etc.)	3,125	3,000	1,730	4,395	4,395	1,000	2,561	2,834
	Other financial institutions	86,530 (32,792)	13,425 (—)	43,995 (10,500)	55,959 (22,291)	55,959 (22,291)	25,946 (—)	29,242 (10,500)	52,663 (11,791)
Subtotal		441,551	253,925	239,316	456,160	456,160	321,831	346,039	431,952
Corporate bonds (including current portion of bonds payable)		222,481	43,327	89,447	176,362	176,362	95,379	83,727	188,014
Subtotal		222,481	43,327	89,447	176,362	176,362	95,379	83,727	188,014
Total		664,032	297,253	328,763	632,523	632,523	417,210	429,766	619,966

(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, 2013)	Current fiscal year (As of March 31, 2014)
Outlets		1,046	1,065
	Staffed outlets	39	39
	Unstaffed outlets	1,007	1,026
MUJINKUN corners		1,046 locations (1,064)	1,065 locations (1,090)
ATMs		53,235	58,689
	Proprietary	1,103	1,111
	Tie-up	52,132	57,578
	(Number of tie-up companies)	(16)	(18)

(Note) In addition to the above 1,065 loan business outlets, based on the Money Lending Business Act, we registered 39 automatic contract machines (MUJINKUN corners) installed in staffed outlets (they stood at 39 as of March 31, 2013), 6 automated teller machines installed outside outlets (6 as of March 31, 2013) and 1 service center (1 as of March 31, 2013) 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, 2013)	Current fiscal year (As of March 31, 2014)
Loan business		1,426,709	1,397,733
Credit card business	Credit cards	147,465	171,681

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

Loan business                      Number of loan accounts with loans receivable

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, 2012 to March 31, 2013)		Current fiscal year (From April 1, 2013 to March 31, 2014)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Loan Business	128,450	82.4	123,814	79.5
Unsecured loans	126,434	81.1	122,129	78.4
Consumer	126,432	81.1	122,128	78.4
Commercial	1	0.0	0	0.0
Secured loans	2,016	1.3	1,684	1.1
Credit card business	2,632	1.7	2,565	1.7
Guarantee business	24,422	15.6	29,212	18.8
Others	421	0.3	67	0.0
Total	155,927	100.0	155,659	100.0

(ii) Interest on consumer loans by region

Region	Prior fiscal year (From April 1, 2012 to March 31, 2013)		Current fiscal year (From April 1, 2013 to March 31, 2014)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Hokkaido	4,561	3.8	4,384	3.8
Tohoku	7,395	6.2	7,000	6.2
Kanto	44,796	37.7	42,330	37.3
Chubu	18,226	15.3	17,210	15.2
Kinki	21,583	18.1	20,848	18.4
Chugoku	6,006	5.1	5,781	5.1
Shikoku	3,115	2.6	2,985	2.6
Kyushu	13,282	11.2	12,938	11.4
Total	118,968	100.0	113,480	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, 2012 to March 31, 2013)		Current fiscal year (From April 1, 2013 to March 31, 2014)	
		Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Loan business	Unsecured loans	320,901	97.3	358,722	96.9
	Consumer loans	320,901	97.3	358,722	96.9
	Commercial loans	—	—	—	—
	Secured loans	54	0.0	59	0.0
	Subtotal	320,955	97.3	358,781	96.9
Credit card business	Credit cards	8,812	2.7	11,652	3.1
Total		329,768	100.0	370,434	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, 2013)		Current fiscal year (As of March 31, 2014)	
		Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Loan business	Unsecured loans	700,833	95.6	713,148	95.9
	Consumer loans	700,823	95.6	713,142	95.9
	Commercial loans	9	0.0	5	0.0
	Secured loans	15,898	2.1	13,043	1.8
	Subtotal	716,731	97.7	726,191	97.7
Credit card business	Credit cards	16,580	2.3	17,281	2.3
Total		733,311	100.0	743,473	100.0

## 4) Increase/decrease and outstanding balance of operating loans

(Millions of yen)

Item	Prior fiscal year (As of March 31, 2013)			Current fiscal year (As of March 31, 2014)		
	Total amount	Unsecured loans	Secured loans	Total amount	Unsecured loans	Secured loans
Beginning balance	799,098	779,965	19,132	716,731	700,833	15,898
Loans made during the period	320,955	320,901	54	358,781	358,722	59
Collection during the period	316,886	313,897	2,988	316,131	313,573	2,557
Transfer of claims on bankruptcy and reorganization, etc.	549	515	34	426	407	19
Write-off of bad debts during the period	42,046	41,781	265	32,763	32,425	337
Other decrease	43,840	43,840	—	—	—	—
Final balance	716,731	700,833	15,898	726,191	713,148	13,043
Average loans receivable	740,946	723,331	17,614	719,808	705,258	14,550

(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, 2013)					Current fiscal year (As of March 31, 2014)				
		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)	1,421,811	99.7	700,823	97.8	16.52	1,393,495	99.7	713,142	98.2	16.07
	Secured loans (excluding housing loans)	4,824	0.3	15,444	2.1	12.23	4,181	0.3	12,781	1.8	12.13
	Housing loans	—	—	—	—	—	—	—	—	—	—
	Subtotal	1,426,635	100.0	716,267	99.9	16.43	1,397,676	100.0	725,923	100.0	16.01
Commercial loans	Unsecured loans	9	0.0	9	0.0	14.46	6	0.0	5	0.0	14.16
	Secured loans	65	0.0	453	0.1	7.48	51	0.0	262	0.0	9.26
	Subtotal	74	0.0	463	0.1	7.63	57	0.0	268	0.0	9.37
Total		1,426,709	100.0	716,731	100.0	16.42	1,397,733	100.0	726,191	100.0	16.00

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

Occupation	Prior fiscal year (As of March 31, 2013)				Current fiscal year (As of March 31, 2014)			
	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Clerical work	193,482	13.6	117,910	16.8	191,872	13.8	122,115	17.1
Marketing	129,318	9.1	87,240	12.4	125,422	9.0	87,441	12.3
Sales	84,398	5.9	32,696	4.7	86,793	6.2	34,612	4.8
Labor	521,734	36.7	243,552	34.7	519,776	37.3	252,197	35.4
Drivers	81,063	5.7	43,983	6.3	78,286	5.6	44,257	6.2
Technicians and engineers	85,554	6.0	50,478	7.2	83,615	6.0	51,104	7.2
Management	174,556	12.3	75,012	10.7	166,358	11.9	74,236	10.4
Hospitality service	52,715	3.7	17,936	2.6	51,041	3.7	18,246	2.6
Others	98,991	7.0	32,011	4.6	90,332	6.5	28,930	4.0
Total	1,421,811	100.0	700,823	100.0	1,393,495	100.0	713,142	100.0

## (iii) By industry

Industry	Prior fiscal year (As of March 31, 2013)				Current fiscal year (As of March 31, 2014)			
	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	15	0.0	3	0.0	13	0.0
Construction	18	0.0	40	0.0	15	0.0	33	0.0
Manufacturing	9	0.0	23	0.0	6	0.0	10	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	9	0.0	2	0.0	11	0.0
Wholesale and retail	13	0.0	90	0.0	12	0.0	85	0.0
Finance and insurance	5	0.0	31	0.0	5	0.0	27	0.0
Real estate, and goods rental and leasing	7	0.0	182	0.0	2	0.0	30	0.0
Accommodation, and food and beverage services	4	0.0	23	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)	11	0.0	38	0.0	7	0.0	30	0.0
Individuals	1,426,635	100.0	716,267	100.0	1,397,676	100.0	725,923	100.0
Specified nonprofit organization	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Total	1,426,709	100.0	716,731	100.0	1,397,733	100.0	726,191	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, 2013)				Current fiscal year (As of March 31, 2014)			
		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	210,684	14.8	83,494	11.9	216,256	15.5	90,093	12.6
	30-39	283,025	19.9	144,082	20.6	271,739	19.5	146,611	20.5
	40-49	262,419	18.5	172,057	24.5	259,618	18.7	175,583	24.6
	50-59	179,062	12.6	127,645	18.2	173,943	12.5	127,350	17.9
	60 years and older	125,461	8.8	59,260	8.5	120,196	8.6	56,841	8.0
	Subtotal	1,060,651	74.6	586,541	83.7	1,041,752	74.8	596,479	83.6
Female	18-19 years	—	—	—	—	—	—	—	—
	20-29	68,077	4.8	20,555	2.9	69,136	4.9	21,875	3.1
	30-39	86,739	6.1	27,334	3.9	83,190	6.0	27,804	3.9
	40-49	85,440	6.0	28,292	4.0	85,887	6.2	30,052	4.2
	50-59	65,665	4.6	22,815	3.3	62,943	4.5	23,027	3.2
	60 years and older	55,239	3.9	15,284	2.2	50,587	3.6	13,902	2.0
	Subtotal	361,160	25.4	114,282	16.3	351,743	25.2	116,662	16.4
Total		1,421,811	100.0	700,823	100.0	1,393,495	100.0	713,142	100.0

(v) By collateral type

Collateral accepted	Prior fiscal year (As of March 31, 2013)		Current fiscal year (As of March 31, 2014)	
	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	15,807	2.2	12,958	1.8
Foundations	—	—	—	—
Others	90	0.0	85	0.0
Subtotal	15,898	2.2	13,043	1.8
Guarantee	—	—	—	—
Unsecured	700,833	97.8	713,148	98.2
Total	716,731	100.0	726,191	100.0

## (vi) By loan amount

Loan amount		Prior fiscal year (As of March 31, 2013)				Current fiscal year (As of March 31, 2014)			
		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	189,592	13.3	11,742	1.6	179,209	12.8	10,974	1.5
	Due over 100,000 yen through 300,000 yen	389,440	27.3	83,105	11.6	363,867	26.0	76,908	10.6
	Due over 300,000 yen through 500,000 yen	481,403	33.8	205,509	28.7	464,508	33.3	199,675	27.5
	Due over 500,000 yen	361,385	25.3	400,475	55.9	385,917	27.6	425,589	58.6
	Subtotal	1,421,820	99.7	700,833	97.8	1,393,501	99.7	713,148	98.2
Secured loans	Due within 1 million yen	666	0.0	363	0.0	664	0.1	350	0.1
	Due over 1 million yen through 5 million yen	3,521	0.3	10,003	1.4	3,004	0.2	8,294	1.1
	Due over 5 million yen through 10 million yen	597	0.0	4,005	0.6	475	0.0	3,173	0.4
	Due over 10 million yen through 50 million yen	104	0.0	1,445	0.2	89	0.0	1,224	0.2
	Due over 50 million yen through 100 million yen	1	0.0	80	0.0	—	—	—	—
	Due over 100 million yen	—	—	—	—	—	—	—	—
	Subtotal	4,889	0.3	15,898	2.2	4,232	0.3	13,043	1.8
Total		1,426,709	100.0	716,731	100.0	1,397,733	100.0	726,191	100.0
Average loans receivable per contract (Thousands of yen)		—	—	502	—	—	—	519	—
Unsecured loans		—	—	492	—	—	—	511	—
Secured loans		—	—	3,251	—	—	—	3,082	—



## (vii) By loan term

Loan term		Prior fiscal year (As of March 31, 2013)				Current fiscal year (As of March 31, 2014)			
		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	1,303,163	91.3	651,523	90.9	1,292,090	92.4	666,552	91.8
	Due within 1 year	1,025	0.1	145	0.0	684	0.1	75	0.0
	Due after 1 year through 5 years	52,816	3.7	11,122	1.6	53,731	3.9	17,082	2.3
	Due after 5 years through 10 years	35,513	2.5	18,772	2.6	14,447	1.0	6,523	0.9
	Due after 10 years through 15 years	29,287	2.1	19,261	2.7	32,526	2.3	22,894	3.2
	Due after 15 years through 20 years	11	0.0	6	0.0	18	0.0	16	0.0
	Due after 20 years through 25 years	5	0.0	2	0.0	5	0.0	2	0.0
	Due after 25 years	—	—	—	—	—	—	—	—
	Subtotal	1,421,820	99.7	700,833	97.8	1,393,501	99.7	713,148	98.2
Secured loans	Revolving	3,948	0.3	12,100	1.7	3,365	0.3	9,821	1.4
	Due within 1 year	18	0.0	34	0.0	19	0.0	46	0.0
	Due after 1 year through 5 years	180	0.0	407	0.1	153	0.0	206	0.0
	Due after 5 years through 10 years	388	0.0	1,112	0.1	373	0.0	984	0.1
	Due after 10 years through 15 years	74	0.0	373	0.0	74	0.0	338	0.0
	Due after 15 years through 20 years	79	0.0	455	0.1	66	0.0	374	0.1
	Due after 20 years through 25 years	202	0.0	1,414	0.2	182	0.0	1,271	0.2
	Due after 25 years	—	—	—	—	—	—	—	—
	Subtotal	4,889	0.3	15,898	2.2	4,232	0.3	13,043	1.8
Revolving		1,307,111	91.6	663,623	92.6	1,295,455	92.7	676,373	93.1
Due within 1 year		1,043	0.1	179	0.0	703	0.0	121	0.0
Due after 1 year through 5 years		52,996	3.7	11,530	1.6	53,884	3.9	17,289	2.4
Due after 5 years through 10 years		35,901	2.5	19,885	2.8	14,820	1.1	7,507	1.0
Due after 10 years through 15 years		29,361	2.1	19,635	2.7	32,600	2.3	23,232	3.2
Due after 15 years through 20 years		90	0.0	461	0.1	84	0.0	391	0.1
Due after 20 years through 25 years		207	0.0	1,416	0.2	187	0.0	1,274	0.2
Due after 25 years		—	—	—	—	—	—	—	—
Total		1,426,709	100.0	716,731	100.0	1,397,733	100.0	726,191	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, 2013)				Current fiscal year (As of March 31, 2014)			
		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.	99,746	7.0	39,378	5.5	81,775	5.9	34,279	4.7
	From 10.0% to 15.0% p.a.	278,406	19.5	276,658	38.6	327,557	23.4	321,419	44.3
	From 15.0% to 18.0% p.a.	874,255	61.3	307,668	42.9	895,362	64.1	316,767	43.6
	From 18.0% to 20.0% p.a.	6,708	0.5	10,333	1.5	4,188	0.3	6,677	0.9
	Above 20.0% p.a.	162,705	11.4	66,794	9.3	84,619	6.0	34,003	4.7
	Subtotal	1,421,820	99.7	700,833	97.8	1,393,501	99.7	713,148	98.2
Secured loans	Below 10.0% p.a.	918	0.0	4,275	0.6	826	0.1	3,539	0.5
	From 10.0% to 15.0% p.a.	3,968	0.3	11,609	1.6	3,405	0.2	9,502	1.3
	From 15.0% to 18.0% p.a.	3	0.0	13	0.0	1	0.0	1	0.0
	Subtotal	4,889	0.3	15,898	2.2	4,232	0.3	13,043	1.8
Total		1,426,709	100.0	716,731	100.0	1,397,733	100.0	726,191	100.0

## (ix) By product type

Product type		Prior fiscal year (As of March 31, 2013)				Current fiscal year (As of March 31, 2014)			
		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)	1,303,163	91.4	651,523	90.9	1,292,090	92.4	666,552	91.8
	Individual contract type	118,648	8.3	49,300	6.9	101,405	7.3	46,589	6.4
	Commercial loans	9	0.0	9	0.0	6	0.0	5	0.0
	Subtotal	1,421,820	99.7	700,833	97.8	1,393,501	99.7	713,148	98.2
Secured loans	Real estate card loans	4,550	0.3	13,547	1.9	3,934	0.3	11,111	1.5
	Mortgage loans	316	0.0	2,111	0.3	280	0.0	1,846	0.3
	Loans backed by securities or golf club memberships	18	0.0	90	0.0	18	0.0	85	0.0
	Commercial loans	5	0.0	148	0.0	—	—	—	—
	Subtotal	4,889	0.3	15,898	2.2	4,232	0.3	13,043	1.8
Total		1,426,709	100.0	716,731	100.0	1,397,733	100.0	726,191	100.0

## (x) By region

Region		Prior fiscal year (As of March 31, 2013)				Current fiscal year (As of March 31, 2014)			
		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	57,052	4.0	25,611	3.6	55,689	4.0	26,402	3.6
	Tohoku	91,634	6.4	42,711	6.0	88,876	6.4	43,164	6.0
	Kanto	528,713	37.1	266,737	37.2	518,607	37.1	270,662	37.3
	Chubu	193,196	13.5	103,626	14.4	188,013	13.4	104,159	14.3
	Kinki	280,421	19.7	133,943	18.7	275,156	19.7	137,107	18.9
	Chugoku	68,388	4.8	34,525	4.8	67,015	4.8	35,150	4.8
	Shikoku	36,459	2.6	17,807	2.5	35,701	2.5	18,096	2.5
	Kyushu	165,957	11.6	75,869	10.6	164,444	11.8	78,404	10.8
	Subtotal	1,421,820	99.7	700,833	97.8	1,393,501	99.7	713,148	98.2
Secured loans	Hokkaido	243	0.0	651	0.1	207	0.0	537	0.1
	Tohoku	291	0.0	771	0.1	257	0.0	647	0.1
	Kanto	1,742	0.1	6,195	0.9	1,488	0.1	4,988	0.7
	Chubu	675	0.1	2,288	0.3	598	0.1	1,913	0.3
	Kinki	1,220	0.1	3,886	0.5	1,068	0.1	3,244	0.4
	Chugoku	211	0.0	689	0.1	182	0.0	572	0.1
	Shikoku	91	0.0	246	0.0	79	0.0	206	0.0
	Kyushu	416	0.0	1,168	0.2	353	0.0	933	0.1
	Subtotal	4,889	0.3	15,898	2.2	4,232	0.3	13,043	1.8
Total		1,426,709	100.0	716,731	100.0	1,397,733	100.0	726,191	100.0

## (xi) Operating loans per outlet and per employee

Item	Prior fiscal year (As of March 31, 2013)		Current fiscal year (As of March 31, 2014)	
	Number of loan contracts	Outstanding balance (Millions of yen)	Number of loan contracts	Outstanding balance (Millions of yen)
Per loan business outlet	36,582	18,377	35,839	18,620
Per loan business employee	1,700	854	1,570	815

- (Notes) 1. Loans receivable per loan business outlet = 
$$\frac{\text{Loans receivable at the end of the period}}{\text{Number of staffed loan outlets at the end of the period}}$$
2. Loans receivable per loan business employee = 
$$\frac{\text{Loans receivable at the end of the period}}{\text{Number of employees at the end of the period}}$$

The number of employees at the end of the period is the number of employees who work at the contact centers and the loan business outlets. The numbers at the end of the prior fiscal year and at the end of the current fiscal year are 839 and 890, respectively.

6) Number of outlets and employees by region

(i) Number of outlets by region

Region	Prior fiscal year (As of March 31, 2013)				Current fiscal year (As of March 31, 2014)			
	Total	Proportion (%)	Loan outlets	Proportion (%)	Total	Proportion (%)	Loan outlets	Proportion (%)
Hokkaido	1	2.6	1	2.6	1	2.6	1	2.6
Tohoku	3	7.7	3	7.7	2	5.1	2	5.1
Kanto	15	38.5	15	38.5	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	10.2	4	10.2	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, 2013)				Current fiscal year (As of March 31, 2014)			
	Total	Proportion (%)	Loan outlets	Proportion (%)	Total	Proportion (%)	Loan outlets	Proportion (%)
Hokkaido	7	0.4	7	0.8	7	0.4	7	0.8
Tohoku	19	1.1	19	2.3	12	0.7	12	1.3
Kanto	1,194	70.9	485	57.8	1,252	71.6	518	58.2
Chubu	31	1.8	31	3.7	34	2.0	34	3.8
Kinki	391	23.2	254	30.3	398	22.8	274	30.8
Chugoku	13	0.8	13	1.5	13	0.7	13	1.5
Shikoku	6	0.4	6	0.7	7	0.4	7	0.8
Kyushu	24	1.4	24	2.9	25	1.4	25	2.8
Total	1,685	100.0	839	100.0	1,748	100.0	890	100.0

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

7) Breakdown of funds

(i) Breakdown by funding sources

Funding sources	Prior fiscal year (As of March 31, 2013)		Current fiscal year (As of March 31, 2014)	
	Outstanding balance (Millions of yen)	Average interest rate (%)	Outstanding balance (Millions of yen)	Average interest rate (%)
Borrowings from financial institutions, etc.	415,570	2.49	385,615	2.01
Others (Corporate bonds, CPs)	154,253 (154,253)	2.59 (2.59)	161,326 (161,326)	1.35 (1.35)
Total	569,824	2.52	546,941	1.81
Owners' equity (Capital stock)	462,074 (63,832)	— (—)	443,858 (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 11,791 million yen borrowings by liquidation of receivables (22,291 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, 2013)				Current fiscal year (As of March 31, 2014)			
		Beginning balance	Amount procured	Amount repaid	Final balance	Beginning balance	Amount procured	Amount repaid	Final balance
Borrowings	City banks, etc.	122,859	90,364	71,192	142,031	142,031	98,004	110,530	129,505
	Regional banks	12,088	23,950	8,983	27,054	27,054	17,200	13,901	30,352
	Trust banks	160,528	44,630	43,630	161,528	161,528	72,700	83,220	151,008
	Foreign banks	1,600	3,000	1,600	3,000	3,000	1,000	600	3,400
	Life insurance companies	30,286	13,000	16,133	27,153	27,153	12,000	15,854	23,299
	Non-life insurance companies	100	1,500	100	1,500	1,500	500	494	1,506
	Business corporations (leasing and financing companies, etc.)	3,125	3,000	1,730	4,395	4,395	1,000	2,561	2,834
	Other financial institutions	80,405 (32,792)	12,500 (—)	43,995 (10,500)	48,909 (22,291)	48,909 (22,291)	23,500 (—)	28,698 (10,500)	43,711 (11,791)
Subtotal		410,991	191,944	187,364	415,570	415,570	225,904	255,859	385,615
Corporate bonds (including current portion of bonds payable)		200,836	25,000	71,582	154,253	154,253	86,000	78,927	161,326
Subtotal		200,836	25,000	71,582	154,253	154,253	86,000	78,927	161,326
Total		611,827	216,944	258,947	569,824	569,824	311,904	334,786	546,941

- (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

In the medium-term management plan, the financial goal of the Group is to achieve a total business scale of 1.6 trillion yen, consisting of 0.8 trillion yen in operating loans in the loan business and 0.8 trillion yen in the balance of credit guarantees in the guarantee business, with the fiscal year ending March 31, 2016, as the final year. In the overseas finance business, the Group is striving for research and survey activities toward the targeted presence in new regions/countries, in addition to expanding the business scale for the loan business in the Kingdom of Thailand and for the banking business in the Republic of Indonesia.

In the fiscal year ending March 31, 2015, the second year of the management plan, we will tackle the following tasks to achieve the aforementioned targets.

#### (Loan and credit card business)

Under our customer-first corporate philosophy, we will continue to improve product/service functions and convenience in the loan and credit card business. We will also focus on acquiring new customers and maintaining the loan portfolio via enhanced promotions and improving the accuracy of credit screenings.

#### (Guarantee Business)

In the guarantee business, we will promote the business by addressing the currently expanding market of card loans for individuals at financial institutions. We will maximally draw on know-how accumulated in the loan business, which is our strength, to enhance service functions to meet the needs of our respective partner financial institutions, which have become increasingly sophisticated along with market activation.

#### (Overseas finance business)

In the overseas finance business, we will continue to improve business quality and expand business scale at existing overseas subsidiaries. Moreover, we intend to steadily promote survey and analysis activities to realize a presence in new regions/countries and focus on expanding the overseas finance business.

### 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. Although the costs of write-off and reimbursing repayments (hereinafter referred to as “loss on interest repayment”) have followed a declining undertone year after year, 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

Loans receivable of consumer 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.

Based on a resolution at the Board of Directors meeting held on December 24, 2013, MU Credit Guarantee Co., LTD. ("MU Credit Guarantee"), a consolidated subsidiary of the Company, concluded a contract for an absorption-type company split to succeed the guarantee business of Mobit Co., Ltd. ("Mobit"), as of December 26, 2013.

Details of said absorption-type company split are stated in (Notes to business combinations) in [Notes] under 1. Consolidated Financial Statements, etc. of V. Financial Information.

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 decreased by 10,373 million yen and total liabilities decreased by 30,390 million yen, whereas net assets increased by 20,016 million yen as of March 31, 2014. Details of changes in assets, liabilities and net assets are as follows:

(Assets)

Current assets decreased by 16,643 million yen while noncurrent assets increased by 6,270 million yen. The breakdown of major increases and decreases in current assets is as follows: short-term loans receivable (down 49,987 million yen), short-term investment securities (down 18,865 million yen), trading account securities (down 8,443 million yen), loans receivable of consumer loans (up 28,229 million yen), cash and deposits (up 12,389 million yen), and loans receivable of banking business (up 7,836 million yen). The breakdown of major increases and decreases in noncurrent assets is as follows: software (up 4,879 million yen), net defined benefit asset (up 1,028 million yen), and goodwill (down 904 million yen).

(Liabilities)

With regard to the liabilities account, changes in current and noncurrent liabilities were a decrease of 30,082 million yen and a decrease of 307 million yen, respectively, resulting in a decrease of 30,390 million yen in total liabilities. The breakdown of major increases and decreases in liabilities include: loans and bonds payable (down 12,556 million yen), provision for loss on interest repayment (down 26,900 million yen), and deposits of banking business (up 7,791 million yen).

(Net assets)

In terms of net assets, shareholders' equity increased by 10,631 million yen mainly due to an increase in retained earnings, minority interests increased by 5,401 million yen, and accumulated other comprehensive income increased by 3,983 million yen. As a result, total net assets increased by 20,016 million yen and the shareholders' equity ratio increased by 1.5 percentage points year-on-year to 25.5%.

(2) Analysis of business results

In the current fiscal year, we recorded operating revenue of 202,240 million yen (up 4.8% year-on-year), operating income of 14,333 million yen, ordinary income of 15,567 million yen, and net income of 10,632 million yen. Details of year-on-year changes in primary accounts are as follows:

(Operating revenue)

Operating revenue increased by 9,212 million yen from the prior fiscal year mainly due to a 4,638 million yen increase in revenue from credit guarantee and a 2,135 million yen increase in interest on loans of banking business.

The increase in revenue from credit guarantee was mainly attributable to an increase of 92,218 million yen in the Company's balance of credit guarantees during the current fiscal year.

(Operating expenses)

Operating expenses increased by 15,839 million yen from the prior fiscal year. This is mainly due to a 17,523 million yen increase in other operating expenses.

Factors for the increase in other operating expenses include a 6,745 million yen increase in provision of allowance for doubtful accounts, a 2,524 million yen increase in provision for loss on interest repayment, and a 1,754 million yen increase in advertising expenses.

(Non-operating income/expenses)

Non-operating income increased by 315 million yen, and non-operating expenses decreased by 43 million yen from the prior fiscal year. Either did not change significantly.

(Extraordinary income/loss)

Extraordinary income decreased by 6,191 million yen mainly as a result of posting the gain on transfer from business divestitures and the gain on sales of shares of parent company for the prior fiscal year and a decrease in gain on sales of investment securities. Extraordinary loss decreased by 315 million yen from the prior fiscal year without significant change.

(Tax etc.)

In comparison with the prior fiscal year, income taxes-current decreased by 563 million yen without significant change. Income taxes-deferred decreased by 1,707 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 57,257 million yen (down 27.4%) from the prior fiscal year to 151,711 million yen. Cash flows from each activity are as follows:

(Net cash used in operating activities)

Funds from operating activities saw a decrease of 29,135 million yen. Major factors of this decrease were funds-increasing factors such as 15,362 million yen in income before income taxes and minority interests, and an increase of 11,882 million yen in deposits of banking business, as well as funds-decreasing factors such as a decrease of 26,900 million yen in provision for loss on interest repayment, and an increase of 16,926 million yen in loans receivable of consumer loans.

(Net cash used in investing activities)

Funds from investing activities saw a decrease of 9,342 million yen. This was primarily due to the fact that the amount of proceeds from sales of noncurrent assets was 6,903 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 2,378 million yen less than the payments for purchase of short-term investment securities.

(Net cash used in financing activities)

Funds from financing activities saw a decrease of 21,392 million yen. This was primarily due to the fact that the total amount of proceeds from loans and issuance of bonds was 21,495 million yen less 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, 2014

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 <sup>2</sup> ]	Leased Assets	Total	
Head Office (Note) 1 (Chiyoda-ku, Tokyo)	Corporate wide (shared)	Other facilities and equipment	73	8,965	—	1	9,040	246 [9]
ACOM Ikegami Building (Ota-ku, Tokyo)	Corporate wide (shared)	Other facilities and equipment	265	68	—	—	333	—
Minami Kashiwa Company Residence (Kashiwa-shi, Chiba) 8 other residential buildings	Corporate wide (shared)	Company residence	1,637	8	6,121 (13,285.03)	—	7,766	—
Nishishinjuku (Shinjuku-ku, Tokyo) and 1,064 other outlets, etc.	Loan and credit card business	Outlets	3,427	942	—	1,066	5,436	922
		Other facilities and equipment	24	33	—	—	57	[105]

(Notes) 1. Part of the building has been on lease since December 2004 and the leasing fee is 490 million yen.

2. The rent for part of the building and land other than the above (Note) 1 that is on lease is 4,504 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)	Computers	—	4 years	0	—
		Automatic contract machines	2	5 years	0	3
		Vehicles	2	3 years	3	1
Nishishinjuku (Shinjuku-ku, Tokyo) and 1,064 other outlets	Loan and credit card business	Automatic contract machines	800	5 years	350	1,173

(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, 2014)	As of the submission date (June 24, 2014)	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	—	—

(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 and the number of shares constituting one unit was amended from 10 shares to 100 shares with October 1, 2013, as the effective date.

Consequently, the total number of shares issued increased by 1,436,654,520 shares to 1,596,282,800 shares.

###### (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, 2014

AS OF MARCH 31, 2014

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	—	35	44	86	301	10	12,114	12,590	—
Number of shares held (Units)	—	1,267,963	76,872	11,690,518	838,397	359	2,088,565	15,962,674	15,400
Ratio of shares held (%)	—	7.94	0.48	73.24	5.25	0.00	13.09	100.00	—

- (Notes) 1. 29,668,359 shares of treasury stocks include 296,683 units in the “Individuals, others” box and 59 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.
3. Pursuant to the resolution at the Board of Directors meeting held on June 21, 2013, the number of shares constituting one unit of the Company was amended from 10 shares to 100 shares with October 1, 2013, as the effective date.

## (7) Major shareholders

As of March 31, 2014

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	26,360	1.65
Total	—	1,271,579	79.65

- (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.
3. 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.

## (8) Status of voting rights

## 1) Issued shares

As of March 31, 2014

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 29,668,300	—	—
Shares with full voting rights (others)	Common stock 1,566,599,100	15,665,991	—
Shares less than one unit	Common stock 15,400	—	—
Total number of shares issued	1,596,282,800	—	—
Total voting rights held by all shareholders	—	15,665,991	—

- (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 59 shares of treasury stock held by the Company.
3. 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 and the number of shares constituting one unit was amended from 10 shares to 100 shares with October 1, 2013, as the effective date.
- Consequently, the total number of shares issued increased by 1,436,654,520 shares to 1,596,282,800 shares.

## 2) Treasury stock, etc.

As of March 31, 2014

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	29,668,300	—	29,668,300	1.85
Total	—	29,668,300	—	29,668,300	1.85

(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.

## (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	26,701,626	343
Treasury stock acquired during the period for acquisition	120	42

(Notes) 1. 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.

2. The breakdown of treasury stock acquired during the current fiscal year: 11 shares acquired before the stock split, 26,700,696 shares increased due to the stock split, and 919 shares acquired after the stock split.

3. "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, 2014, 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	29,668,359	—	29,668,479	—

(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, 2014, 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	33rd	34th	35th	36th	37th
Year end	March 2010	March 2011	March 2012	March 2013	March 2014
Highest (yen)	2,975	1,880	1,906	2,735	4,945 ※ 420
Lowest (yen)	1,089	773	980	1,379	2,451 ※ 274

- (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 2013	November	December	January 2014	February	March
Highest (yen)	420	390	387	362	333	333
Lowest (yen)	320	337	327	297	274	287

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

## 5. 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 Director and Senior Managing Director of the Company Representative Director 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.</p> <p>Executive Officer and General Manager, Corporation Finance Division of MTB</p> <p>Executive Officer and General Manager of Trust Business Planning Division, Assistant General Manager, Corporate Business Planning Division of Mitsubishi Tokyo Financial Group, Inc.</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)
Senior Managing Director & Senior Executive Managing Officer	In charge of: Corporate Planning Dept., Finance Dept., Treasury Dept., and General Affairs Dept.	Kiyoshi Tachiki	November 17, 1951	March 1975 April 1999 April 2000 April 2002 June 2002 June 2003 June 2004 June 2006 June 2006 April 2007 June 2013 June 2013	Joined Maruito Co., Ltd. General Manager, Business Development Dept. of the Company Chief General Manager, Business Development Dept. of the Company Chief General Manager, Market Development Dept. of the Company Director and Chief General Manager, Market Development Dept. of the Company Executive Officer and Chief General Manager, Market Development Dept. of the Company Executive Officer and Chief Officer, Retail Strategy Planning Office of the Company Managing Director of the Company Executive Managing Officer and Chief Officer, Retail Strategy Planning Office of the Company Executive Managing Officer of the Company Senior Managing Director of the Company (to present) Senior Executive Managing Officer (to present)	(Note) 3	50
Senior Managing Director & Senior Executive Managing Officer	Head of Credit Supervision Division In charge of: Credit Supervision Dept. I, Credit Supervision Dept. II, and Compliance for Credit Supervision Office	Satoru Tomimatsu	January 4, 1952	October 1975 April 2000 September 2000 June 2002 June 2003 June 2004 December 2004 June 2005 April 2007 June 2012 June 2013 June 2013	Joined Maruito Co., Ltd. General Manager, Public Relations Dept. of the Company Chief General Manager, Public Relations Dept. of the Company Director and Chief General Manager, Public Relations Dept. of the Company Executive Officer and Chief General Manager, Credit Business Management Dept. of the Company Executive Officer and Chief General Manager, Business Promotion Dept. of the Company Executive Managing Officer of the Company Managing Director of the Company Executive Managing Officer and Head of Credit Business Promotion Division of the Company Executive Managing Officer and Head of Credit Supervision Division of the Company Senior Managing Director of the Company (to present) Senior Executive Managing Officer and Head of Credit Supervision Division of the Company (to present)	(Note) 3	—

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 Promotion Dept., East Japan Business Promotion Dept., West Japan Business Promotion Dept., and Compliance for Credit Business Promotion Office	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 (to present) Managing Director of the Company (to present)	(Note) 3	10
Director		Tadachiyo Osada	October 26, 1956	April 1980 October 2002 April 2004 May 2006 May 2006 June 2006 June 2006 May 2009 May 2009 May 2010 May 2012 May 2012 June 2012 June 2013 May 2014	Joined The Mitsubishi Bank, Limited General Manager, Ebisu Commercial Banking Office of The Bank of Tokyo-Mitsubishi, Ltd. (BTM) General Manager, Small and Medium-Sized Company Division of BTM General Manager, Retail Banking Business Planning Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) General Manager, Retail Business Planning Division, Integrated Retail Banking Business Group of Mitsubishi UFJ Financial Group, Inc. (MUFG) Executive Officer and General Manager, Retail Banking Business Planning Division of BTMU Executive Officer and General Manager, Retail Business Planning Division, Integrated Retail Banking Business Group of MUFG Executive Officer and General Manager, Corporate Business Operation Division of BTMU Executive Officer and General Manager, Corporate Business Development Division of MUFG Managing Executive Officer and Deputy Chief Executive, Retail Banking Business Unit of BTMU Managing Executive Officer and Chief Executive, Retail Banking Business Unit of BTMU Managing Officer and Group Head, Integrated Retail Banking Business Group of MUFG (to present) Managing Director (Representative Director) and Chief Executive, Retail Banking Business Unit of BTMU Director of the Company (to present) Senior Managing Director (Representative Director) and Chief Executive, Retail Banking Business Unit of BTMU (to present)	(Note) 3	—

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 of Keio University Associate Professor, Faculty of Business of Keio University (to present) Outside Director of Nissay Dowa General Insurance Co., Ltd. (present, Aioi Nissay Dowa Insurance Co., Ltd.) Outside Director of MS&AD Insurance Group Holdings, Inc. Outside Director of SAN-AI OIL CO., LTD. (to present) 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	—
Full-time Company Auditor		Shinichi Yasuda	August 6, 1952	April 1977 April 2000 January 2004 April 2008 June 2010 June 2011	Joined Meiji Life Insurance Company General Manager, Finance Dept. of Meiji Life Insurance Company General Manager, Secretarial Dept. of Meiji Yasuda Life Insurance Company Councilor, Secretarial Dept. of Meiji Yasuda Life Insurance Company Full-time Corporate Auditor of IR Loan Servicing, Inc. Full-time Company Auditor of the Company (to present)	(Note) 4	—
Full-time Company Auditor		Eiji Oshima	January 22, 1948	August 1973 July 1994 October 1998 April 1999 October 1999 April 2003 June 2007 June 2011	Joined Mitsubishi Corporation President and Director, Mitsubishi Netherland B.V. President and Director, Mitsubishi Belgium N.V. General Manager, Corporate Communications Dept. of Mitsubishi Corporation General Manager, Investor Relations of Mitsubishi Corporation Senior Vice President (“ <i>riji</i> ”) and General Manager, Investors Relations of Mitsubishi Corporation Auditor (full time) of Mitsubishi Corporation 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)
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	Auditor of ARATA CORPORATION (to present)		
				April 2014	Vice Chairman, Kanto Federation of Bar Associations (to present)		
Total							32,467

- (Notes)
1. Director Mitsuhiro Umezu is an Outside Director.
  2. Company Auditors Shinichi Yasuda, Eiji Oshima, 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, 2014, to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2015.
  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, 2011, to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2015.
  5. 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.



As of June 24, 2014, executive officers who are not Directors are as follows:

Title	Name	Position
Executive Managing Officer	Masataka Kinoshita	Deputy Head of Credit Business Promotion Division, in charge of Business Planning Dept., and Chief General Manager of Business Planning Dept.
Executive Managing Officer	Etsuro Tabuchi	Special Mission
Executive Managing Officer	Teruyuki Sagehashi	In charge of Human Resources Dept., and System Development & Administration Division
Executive Managing Officer	Michio Atsuda	In charge of Overseas Business Dept., Guarantee Business Dept., and Chief General Manager 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., and Chief General Manager of Business Process Management Dept.
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 and Administration Division
Executive Officer	Satoru Miyakawa	Chief General Manager of General Affairs Dept.
Executive Officer	Tomomi Uchida	Chief General Manager of Business Promotion Dept.
Executive Officer	Makoto Kondo	Vice in charge of Guarantee Business Dept.
Executive Officer	Yasuhiro Kamura	Chief General Manager of East Japan Business Promotion Dept.

6. 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.
7. 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 three Full-time Company Auditors, two are Outside Company Auditors. 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 seven members, one of whom is an Outside Director, in order to speed up decision-making and ensure effective mutual monitoring among directors.

The Company has concluded a limited liability agreement with the Outside Director, 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 Outside Company Auditor, 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 sixteen executive officers, nine of whom are directors in office, and four of the seven 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) Various 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.

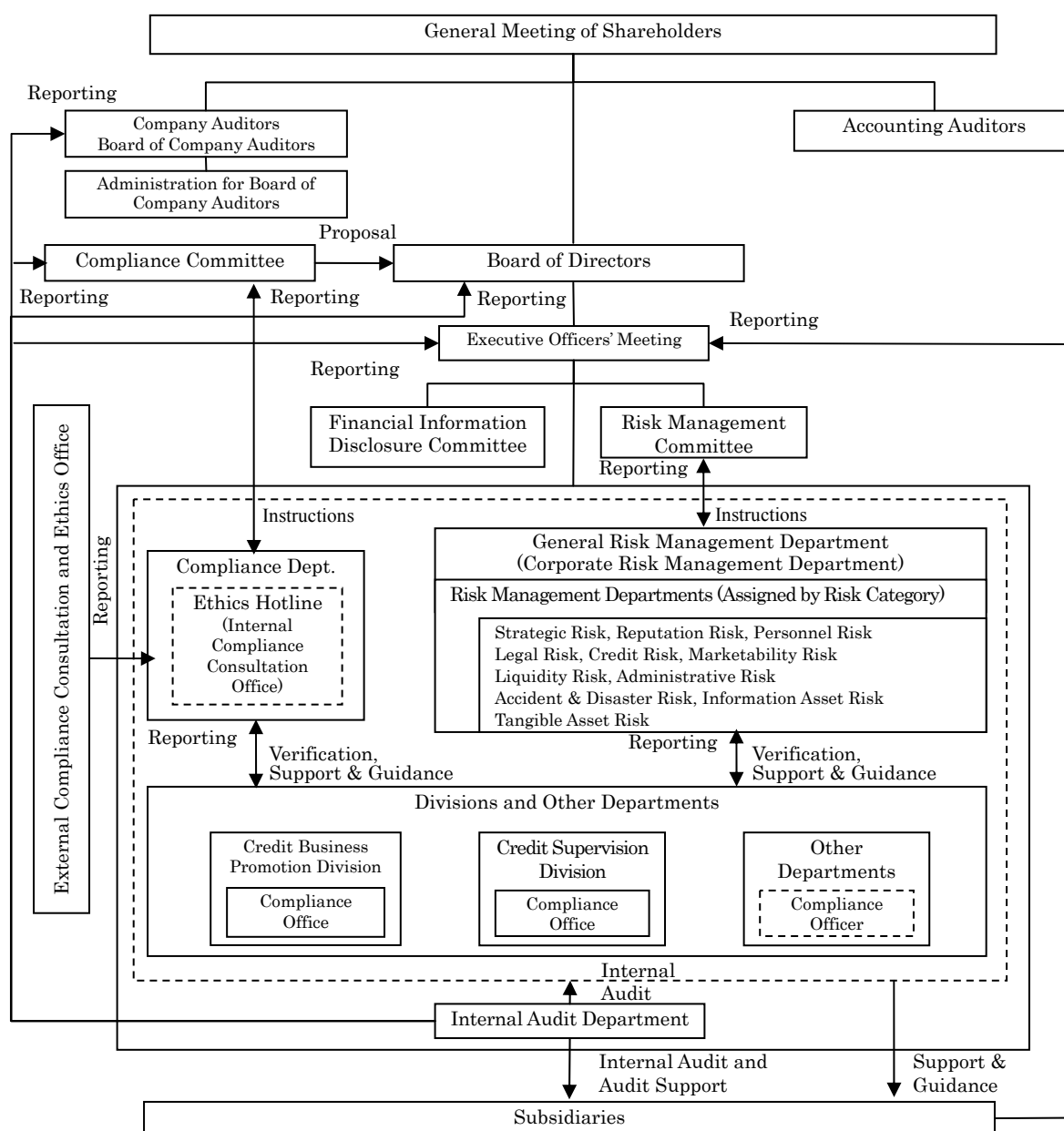
(c) Financial Information Disclosure Committee

The Financial Information Disclosure Committee is presided over by the Executive Officer who serve 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, 2014)



(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 is making efforts 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 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 President & CEO of the Company is committed to taking leadership in acting in accordance with the ACOM Group Code of Ethics and the Code of Conduct in order to create a corporate culture that emphasizes compliance.
  - (3) The Company establishes a committee on compliance, personnel and departments with across-the-board responsibilities for compliance, and a department which exclusively conducts verifications and assistance for compliance in major departments. In addition, personnel responsible for promoting compliance and personnel in charge of compliance are placed in each department.
  - (4) The Company formulates and promotes compliance initiatives based on company-wide and division/department-specific compliance plans, while managing its progress.
  - (5) The Company establishes contact points for reporting and inquiry by employees concerning the act of violations or possible violations of compliance in order to prevent, detect early and correct misconduct. Based on the rules for protecting whistleblowers, the Company will make efforts to protect employees who made such report or advice.
  - (6) In accordance with the basic policy and related rules with respect to antisocial forces, the Company develops a system to prevent relations with antisocial forces and ensure appropriate business operations.
  - (7) In accordance with the Group's basic policy and related rules 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 committee on disclosure of financial information.
  - (8) 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. The internal audit divisions verifies and evaluates the appropriateness and effectiveness of internal controls, reports the results to the Board of Directors and Company Auditors, and provides information, advice and recommendations to related departments.

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

- (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

- (1) The Company establishes 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 establishes a committee on risk management, and personnel and departments with across-the-board responsibilities for risk management. It also establishes departments for risk management by risk category, develops systems for managing each risk, and implements management and operations based on the intensive risk management measures.
- (3) The internal audit department audits the status of risk management in each department and reports the results to the Board of Directors and Company Auditors.
- (4) The Company establishes 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

- (1) The Company formulates management policies and management plans 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 introduces an executive officer system and, based on internal rules, determines 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 through reporting or consultation on the Group's business management 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 makes the ACOM Group Code of Ethics the entire Group's basic compliance policy. In accordance with the rules for compliance and related rules, the Company provides assistance for the promotion of compliance to subsidiaries, etc. within the Group (hereinafter referred to as "Affiliated Companies").
- (3) The Company holds regular meetings with Affiliated Companies, establishes departments for managing Affiliated Companies, and manages and supports Affiliated Companies in accordance with the rules for management of Affiliated Companies, while respecting the independence of each company.
- (4) The internal audit department implements audits of Affiliated Companies or supports their audits and contributes to development of the internal control systems of Affiliated Companies.

6. Matters concerning employees to assist Company Auditors' duties and matters concerning their independence from Directors, in the case where Company Auditors request appointment of such employees

- (1) The Administration for Board of Company Auditors will be established to assist in the Company Auditors' duties, and assistants for Company Auditors will be appointed.
- (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 by the Directors and employees, and other systems for reporting to Company Auditors

- (1) In compliance with laws and regulations and the rules regarding reporting to Company Auditors, the Directors and chief general managers of each department will promptly report to Company Auditors such matters as facts which may significantly damage the Company and Affiliated Companies. In addition, they will report matters concerning the execution of duties periodically and when necessary.
- (2) Documents used in the decision making provided for in internal rules will be made available for inspection by Company Auditors promptly after making the decision.
- (3) Company Auditors may ask Directors and employees to report matters other than the above-mentioned ones if needed.

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

- (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 the Board of 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 Board of 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 as needed in order to contribute to ensuring the effectiveness of audits.

(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. Company Auditor Shinichi Yasuda has abundant knowledge about financial and accounting affairs with his long experience of having worked in the field of financial operations at Meiji Yasuda Life Insurance Company. Company Auditor Eiji Oshima has abundant knowledge about financial and accounting affairs as he served as a full-time Auditor of Mitsubishi Corporation after having worked as General Manager of Investor Relations of that company for many years.

### (iii) Collaboration between Company Auditors and Accounting Auditors

Company Auditors hold regular meetings with the accounting auditors 24 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 one Outside Director and three Outside Company Auditors. Their relationships with the Company is 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"> <li>- No special interests in the Company</li> <li>- As an external member of the Compliance Committee, he has given recommendations since April 2007 to practice compliance and strengthen the structure of compliance.</li> <li>- 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.</li> <li>- 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.</li> </ul>

Name of Outside Company Auditor	Relations with the Company
Shinichi Yasuda	<ul style="list-style-type: none"> <li>- No special interests in the Company</li> <li>- He has built considerable experience and knowledge through years of duties at Meiji Yasuda Life Insurance Company. He also served the Company's subsidiary as full-time Company Auditor. Therefore, the Company believes that he can contribute to further enhancement of the audit system and corporate governance of the Company.</li> </ul>
Eiji Oshima	<ul style="list-style-type: none"> <li>- No special interests in the Company</li> <li>- With his considerable experience and knowledge gained during his long tenure with Mitsubishi Corporation, as well as his experience as a full-time Auditor at that company, in addition to his international perspective and insights based on long-term experience living and engaging in corporate management overseas, the Company believes that he can contribute to further enhancement of the audit system and corporate governance of the Company.</li> <li>- 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.</li> </ul>

Name of Outside Company Auditor	Relations with the Company
Takashi Doi	<ul style="list-style-type: none"> <li>- No special interests in the Company</li> <li>- 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.</li> <li>- 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.</li> </ul>

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)	161	161	—	—	—	9
Company Auditors (excluding Outside Company Auditors)	19	19	—	—	—	1
Outside Directors and Outside Company Auditors	39	39	—	—	—	3
Total	220	220	—	—	—	13

(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 not listed because no officers of the Filing Company receive the total of more than 100 million yen of consolidated compensations.

- (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	843	834	5	(0)	(Note)
Securities other than the above	0	0	3	—	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: Takuji Akiyama, 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 above 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:	13 persons
Assistant certified public accountants, etc.	6 persons
Other staff:	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	110,100	—	112,000	—
Consolidated subsidiaries	16,400	—	21,500	—
Total	126,500	—	133,500	—

2) Other important details concerning remuneration

Not applicable

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).

Pursuant to Article 3, Paragraph 2, 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. 61 dated September 21, 2012), comparative information included in the consolidated financial statements for the fiscal year (from April 1, 2013, to March 31, 2014) 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).

Pursuant to Article 2, Paragraph 2, 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. 61 dated September 21, 2012), comparative information included in the non-consolidated financial statements for the fiscal year (from April 1, 2013, to March 31, 2014) 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, 2013, to March 31, 2014) 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, 2013)		Current fiscal year (As of March 31, 2014)	
Assets				
Current assets				
Cash and deposits	*3	117,819	*3	130,208
Loans receivable of consumer loans	*2,*6,*8,*10	800,393	*2,*6,*8,*10	828,622
Loans receivable of banking business	*7	52,501	*7	60,338
Accounts receivable-installment	*11	20,526	*11	18,111
Purchased receivables		8,489		8,846
Short-term investment securities		35,951		17,085
Trading account securities		10,938		2,495
Merchandise and finished goods		325		325
Raw materials and supplies		88		69
Deferred tax assets		18,932		20,022
Short-term loans receivable	*5	59,986	*5	9,999
Other		34,696		49,285
Allowance for doubtful accounts		(43,725)		(45,128)
Total current assets		1,116,925		1,100,281
Noncurrent assets				
Property, plant and equipment				
Buildings and structures		31,059		31,012
Accumulated depreciation		(24,085)		(23,882)
Buildings and structures, net		6,973		7,129
Vehicles		36		34
Accumulated depreciation		(28)		(29)
Vehicles, net		8		5
Equipment		23,002		22,751
Accumulated depreciation		(13,085)		(11,874)
Equipment, net		9,916		10,877
Land		6,275		6,235
Lease assets		2,188		2,696
Accumulated depreciation		(1,207)		(1,626)
Lease assets, net		980		1,070
Total property, plant and equipment		24,155		25,318
Intangible assets				
Goodwill		11,769		10,865
Leasehold right		4		4
Software		1,521		6,400
Telephone subscription right		37		37
Other		2		2
Total intangible assets		13,335		17,309
Investments and other assets				
Investment securities	*1	1,741	*1	1,787
Net defined benefit asset		—		1,028
Deferred tax assets		100		156
Guarantee deposits		5,854		5,817
Other	*8	4,260	*8	4,174
Allowance for doubtful accounts		(796)		(672)
Total investments and other assets		11,160		12,292
Total noncurrent assets		48,651		54,921
Total assets		1,165,576		1,155,203



	(Millions of yen)	
	Prior fiscal year (As of March 31, 2013)	Current fiscal year (As of March 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	216	240
Short-term loans payable	*9 36,259	*9 48,187
Current portion of long-term loans payable	*2,*9 184,346	*2,*9 164,273
Current portion of bonds payable	83,157	51,926
Deposits of banking business	66,725	74,516
Lease obligations	318	406
Income taxes payable	1,400	1,189
Deferred tax liabilities	4	17
Provision for loss on guarantees	*4 5,010	*4 5,907
Asset retirement obligations	34	9
Deferred installment income	*12 327	*12 93
Other	13,630	14,579
Total current liabilities	391,429	361,347
Noncurrent liabilities		
Bonds payable	93,204	136,088
Long-term loans payable	*2,*9 235,554	*2,*9 219,491
Lease obligations	754	772
Deferred tax liabilities	589	1,608
Provision for retirement benefits	424	—
Provision for directors' retirement benefits	25	27
Provision for loss on interest repayment	151,000	124,100
Net defined benefit liability	—	220
Asset retirement obligations	4,462	4,544
Other	1,421	276
Total noncurrent liabilities	487,436	487,128
Total liabilities	878,866	848,476
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus	76,010	76,010
Retained earnings	162,766	173,398
Treasury stock	(19,793)	(19,793)
Total shareholders' equity	282,815	293,447
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8	22
Foreign currency translation adjustment	(3,045)	(756)
Remeasurements of defined benefit plans	—	1,679
Total accumulated other comprehensive income	(3,037)	945
Minority interests	6,931	12,333
Total net assets	286,710	306,726
Total liabilities and net assets	1,165,576	1,155,203

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

	(Millions of yen)	
	Prior fiscal year (From April 1, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Operating revenue		
Interest on consumer loans	139,474	140,469
Interest on loans of banking business	5,542	7,678
Revenue from credit card business	2,231	2,217
Revenue from installment sales finance business	609	320
Revenue from credit guarantee	21,726	26,364
Collection from purchased receivable	6,015	5,380
Other financial revenue		
Interest on deposits	87	79
Interest on securities	162	124
Interest on loans	36	9
Gain on valuation of derivatives	200	308
Other	621	795
Total other financial revenue	1,108	1,317
Other operating revenue	16,319	18,491
Total operating revenue	193,028	202,240
Operating expenses		
Financial expenses		
Interest expenses	11,760	10,989
Interest expenses of banking business	2,797	4,070
Interest on bonds	6,018	3,887
Amortization of bond issuance cost	180	468
Other	1,536	1,943
Total financial expenses	22,293	21,359
Cost of purchased receivable	2,759	2,009
Other operating expenses		
Advertising expenses	8,296	10,051
Provision of allowance for doubtful accounts	29,728	36,474
Provision for loss on guarantees	4,532	5,478
Provision for loss on interest repayment	42,968	45,493
Employees' salaries and bonuses	15,614	16,965
Retirement benefit expenses	2,973	1,951
Provision for directors' retirement benefits	7	9
Welfare expenses	2,235	2,342
Rent expenses	6,582	6,789
Depreciation	1,656	2,126
Commission fee	19,184	20,315
Amortization of goodwill	1,425	2,118
Other	11,807	14,421
Total other operating expenses	147,013	164,537
Total operating expenses	172,067	187,906
Operating income	20,961	14,333

(Millions of yen)

	Prior fiscal year (From April 1, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Non-operating income		
Interest income	190	125
Dividends income	267	9
Equity in earnings of affiliates	—	29
House rent income	343	322
Gain on investments in partnerships	6	336
Gain on amortization of guarantee deposits received	—	162
Other	180	319
Total non-operating income	988	1,303
Non-operating expenses		
Interest expenses	18	20
Equity in losses of affiliates	44	—
Loss on investments in partnerships	25	14
Loss on insurance cancellation	14	20
Other	10	15
Total non-operating expenses	114	70
Ordinary income	21,835	15,567
Extraordinary income		
Gain on sales of noncurrent assets	*1 48	*1 13
Gain on sales of shares of parent company	1,815	—
Gain on sales of investment securities	1,083	0
Gain on sales of subsidiaries and affiliates' stocks	356	—
Gain on transfer from business divestitures	2,900	—
Other	*2 1	*2 0
Total extraordinary income	6,205	14
Extraordinary loss		
Loss on sales of noncurrent assets	*3 32	*3 14
Loss on retirement of noncurrent assets	*4 88	*4 170
Impairment loss	*5 176	*5 24
Loss on sales of investment securities	128	0
Loss on valuation of investment securities	91	7
Other	*6 16	*6 0
Total extraordinary losses	534	218
Income before income taxes and minority interests	27,506	15,362
Income taxes-current	2,963	2,400
Income taxes-deferred	1,721	13
Total income taxes	4,684	2,413
Income before minority interests	22,821	12,948
Minority interests in income	1,982	2,316
Net income	20,839	10,632

## (Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Prior fiscal year (From April 1, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Income before minority interests	22,821	12,948
Other comprehensive income		
Valuation difference on available-for-sale securities	(704)	14
Foreign currency translation adjustment	2,676	2,656
Total other comprehensive income	* 1,972	* 2,671
Comprehensive income	24,793	15,619
Comprehensive income attributable to:		
Owners of the parent	22,014	12,935
Minority interests	2,778	2,684

3) Consolidated Statement of Changes in Net Assets  
For the prior fiscal year (from April 1, 2012, to March 31, 2013)

(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	141,927	(19,793)	261,976
Changes of items during the period					
Net income			20,839		20,839
Purchase of treasury stock				—	—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	20,839	—	20,839
Balance at the end of the period	63,832	76,010	162,766	(19,793)	282,815

	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	712	(4,925)	—	(4,213)	7,151	264,915
Changes of items during the period						
Net income						20,839
Purchase of treasury stock						—
Net changes of items other than shareholders' equity	(704)	1,880	—	1,175	(220)	955
Total changes of items during the period	(704)	1,880	—	1,175	(220)	21,794
Balance at the end of the period	8	(3,045)	—	(3,037)	6,931	286,710

For the current 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
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
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

## 4) Consolidated Statement of Cash Flows

(Millions of yen)

	Prior fiscal year (From April 1, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	27,506	15,362
Depreciation and amortization	1,656	2,126
Impairment loss	176	24
Amortization of goodwill	1,425	2,118
Increase (decrease) in allowance for doubtful accounts	(5,118)	(152)
Increase (decrease) in provision for loss on guarantees	(1,220)	468
Increase (decrease) in provision for retirement benefits	322	—
Increase (decrease) in net defined benefit liability	—	9
Increase (decrease) in provision for directors' retirement benefits	4	2
Increase (decrease) in provision for loss on interest repayment	(49,200)	(26,900)
Interest and dividends income	(457)	(134)
Interest expenses	18	20
Amortization of bond issuance costs	180	468
Foreign exchange losses (gains)	(111)	475
Equity in (earnings) losses of affiliates	44	(29)
Loss (gain) on sales of property, plant and equipment	(15)	0
Loss on retirement of property, plant and equipment	87	170
Loss (gain) on sales of shares of parent company	(1,815)	—
Loss (gain) on sales of investment securities	(955)	0
Loss (gain) on sales of subsidiaries and affiliates' stocks	(356)	—
Loss (gain) on valuation of investment securities	91	7
Gain on transfer from business divestitures	(2,900)	—
Decrease (increase) in loans receivable of consumer loans	34,313	(16,926)
Decrease (increase) in loans receivable of banking business	(9,127)	(11,234)
Decrease (increase) in accounts receivable-installment	7,272	2,528
Decrease (increase) in purchased receivables	1,670	(357)
Decrease (increase) in net defined benefit asset	—	732
Decrease (increase) in investment securities for sale	423	—
Decrease (increase) in trading account securities	(10,063)	8,792
Decrease (increase) in inventories	(5)	19
Decrease (increase) in other current assets	461	(13,124)
Decrease (increase) in prepaid pension costs	1,506	—
Increase (decrease) in notes and accounts payable-trade	15	18
Increase (decrease) in deposits of banking business	13,502	11,882
Increase (decrease) in deferred installment income	(571)	(245)
Increase (decrease) in other current liabilities	(2,978)	146
Increase (decrease) by other operating activities	(643)	(3,306)
Subtotal	5,139	(27,033)
Interest and dividends income received	456	134
Interest expenses paid	(18)	(19)
Income taxes refunds	443	959
Income taxes paid	(3,775)	(3,175)
Net cash provided by (used in) operating activities	2,245	(29,135)

	(Millions of yen)			
	Prior fiscal year (From April 1, 2012 to March 31, 2013)		Current fiscal year (From April 1, 2013 to March 31, 2014)	
Net cash provided by (used in) investing activities				
Purchase of property, plant and equipment		(617)		(2,181)
Proceeds from sales of property, plant and equipment		171		101
Purchase of intangible assets		(790)		(4,822)
Proceeds from sales of shares of parent company		6,499		—
Purchase of investment securities		—		(161)
Proceeds from sales of investment securities		6,213		1,037
Purchase of subsidiaries' stocks		(6,328)		(3,255)
Proceeds from sales of subsidiaries' stocks		1,376		—
Proceeds from transfer of business	*2	46,717		—
Increase (decrease) by other investing activities		(211)		(59)
Net cash provided by (used in) investing activities		53,030		(9,342)
Net cash provided by (used in) financing activities				
Proceeds from short-term loans payable		88,469		163,550
Repayments of short-term loans payable		(57,019)		(152,542)
Proceeds from issuance of bonds		38,543		91,889
Payments at maturity of bonds		(87,863)		(83,697)
Proceeds from long-term loans payable		158,640		152,237
Repayments of long-term loans payable		(180,575)		(192,933)
Proceeds from stock issuance to minority shareholders		—		760
Repayments of finance lease obligations		(269)		(334)
Purchase of treasury stock		—		(0)
Cash dividends paid		(0)		(0)
Cash dividends paid to minority shareholders		(339)		(322)
Net cash provided by (used in) financing activities		(40,414)		(21,392)
Effect of exchange rate change on cash and cash equivalents		666		(534)
Net increase (decrease) in cash and cash equivalents		15,527		(60,404)
Cash and cash equivalents at beginning of period		193,441		208,969
Increase in cash and cash equivalents resulting from absorption-type split		—		3,146
Cash and cash equivalents at end of period	*1	208,969	*1	151,711



[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: 8

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.”

Established on September 26, 2013, MU Credit Guarantee Co., LTD. has been newly consolidated in the fiscal year ended March 31, 2014.

2. Application of the equity-method

Number of equity-method affiliates: 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 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:

Amortization cost method (straight-line 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 income when they are paid.

(3) Accounting policies for significant allowances and provisions

1) Allowance for doubtful accounts

To provide for potential loss on loans receivable of consumer 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 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.

(4) Accounting method relating to retirement benefits

1) Periodic allocation of projected retirement benefit

In calculating retirement benefit obligations, the straight-line attribution 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 installment sales finance business

Fees from customers and member stores:

Recorded mainly by the sum-of-digits method on a due date basis

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.

Sum-of-digits method:

Total fees are proportionally divided by the total sum of the number of installment payments. Each divided amount is recorded as an income at every due date.

- (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

- 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 the loans payable and interest on loans denominated in foreign currencies 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, immaterial goodwill is entirely amortized for the fiscal year of occurrence.

(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 method of accounting)

<Application of the accounting standard, etc. for retirement benefits>

The Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012; hereinafter the “Accounting Standard”) and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012; hereinafter the “Guidance”) have been applied, effective from the end of the current fiscal year, except for the provisions of Paragraph 35 of the Accounting Standard and Paragraph 67 of the Guidance. According to this application, an amount obtained by deducting the amount of plan assets from retirement benefit obligations is recognized as “Net defined benefit liability” (or “Net defined benefit asset” if the amount of plan assets exceeds the amount of retirement benefit obligations), and unrecognized actuarial differences and unrecognized past service costs are recognized as “Net defined benefit asset” or “Net defined benefit liability.”

For the application of the Accounting Standard and the Guidance, the transitional treatment provided for in Paragraph 37 of the Accounting Standard is followed. Accordingly, the effect of this change is reflected in “Remeasurements of defined benefit plans” under “Accumulated other comprehensive income.”

As a result, at the end of the current fiscal year, net defined benefit asset of 1,028 million yen and net defined benefit liability of 220 million yen were reported, and there was an increase of 1,679 million yen in accumulated other comprehensive income.

The effect of this change on per share information is disclosed in the relevant note.

(New accounting pronouncements)

1. Accounting standard, etc. for retirement benefits

The Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012) and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012)

(1) Overview

Regarding the method of attributing expected benefits to fiscal periods, the revised accounting

standard allows choosing the benefit formula basis, in addition to the straight-line basis. There is also an amendment to the method of calculating the discount rate.

(2) Effective date

The new Accounting Standard and Guidance shall be applied effective from the beginning of the fiscal year ending March 31, 2015.

(3) Effect of the application of the revised accounting standard and guidance

The effect of applying the revised Accounting Standard and Guidance on the Company's consolidated financial statements for the fiscal year ending March 31, 2015, is estimated as follows. Retained earnings at the beginning of the year in the consolidated balance sheet are expected to increase by 2,827 million yen. The effect on the consolidated statement of income is expected to be negligible.

2. Accounting standard, etc. for business combinations

Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, September 13, 2013) and Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013)

(1) Overview

The major amendments are as follows:

- 1) The difference due to a change in the parent company's equity interest in its subsidiaries that continues to be under control shall be recognized as a capital surplus. The term "Minority interests" under the current accounting standards shall be replaced by the term "non-controlling interests" under the revised accounting standards and guidance.
- 2) Acquisition-related costs for a business combination shall be charged to expense in the fiscal year when such costs are incurred.
- 3) If accounting for a business combination based on provisional estimates made in the fiscal year of such business combination is finalized in the following fiscal year, the finalized allocation of acquisition costs shall be reflected in the consolidated financial statements for the year of business combination when they are presented together with the financial statements for the year following the year of business combination.
- 4) The account item "income before minority interests" under the current accounting standards shall be changed to "net income" under the revised accounting standards and guidance. In this connection, "net income" under the current accounting standards shall be replaced by "net income attributable to owners of the parent" under the revised accounting standards and guidance.

(2) Effective date

Amendments 1) to 3) above shall be early applied effective from the beginning of the fiscal year ending March 31, 2015. Amendment 4) is scheduled to be applied from the beginning of the fiscal year ending March 31, 2016.

(3) Effect of the application of the revised accounting standards and guidance

Amounts of the effect of this application were under assessment at the time of preparing this report.

(Changes in presentation)

<Consolidated statement of income>

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

To reflect this change in the consolidated statement of income for the prior fiscal year, 187 million yen of “Other” in non-operating income has been reclassified into 6 million yen of “Gain on investments in partnerships” and 180 million yen of “Other.”

<Consolidated statement of cash flows>

“Purchase of intangible assets” was included in “Increase (decrease) by other investing activities” under Net cash provided by (used in) investing activities for the prior fiscal year. Due to its increased importance, “Purchase of intangible assets” has been separately listed effective from the current fiscal year.

To reflect this change in the consolidated statement of cash flows for the prior fiscal year, (1,002) million yen of “Increase (decrease) by other investing activities” has been reclassified into (790) million yen of “Purchase of intangible assets” and (211) million yen of “Increase (decrease) by other investing activities.”

## (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, 2013)	Current fiscal year (As of March 31, 2014)
Investment securities	254	283

**\*2. Pledged assets****(1) Assets pledged as collateral** (Millions of yen)

	Prior fiscal year (As of March 31, 2013)	Current fiscal year (As of March 31, 2014)
Loans receivable of consumer loans	59,240 [59,240]	55,529 [55,529]

**(2) Secured obligations** (Millions of yen)

	Prior fiscal year (As of March 31, 2013)	Current fiscal year (As of March 31, 2014)
Current portion of long-term loans payable	10,500 [10,500]	6,754 [6,754]
Long-term loans payable	11,791 [11,791]	5,036 [5,036]
Total	22,291 [22,291]	11,791 [11,791]

Figures in brackets “[ ]” represent amount concerning liquidation of receivables. In addition, loans receivable of consumer 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, 2013)	Current fiscal year (As of March 31, 2014)
Cash and deposits	4,332	5,490

**\*4. Contingent liabilities** (Millions of yen)

	Prior fiscal year (As of March 31, 2013)	Current fiscal year (As of March 31, 2014)
Outstanding guarantee obligation in the guarantee business	586,521	752,185
Outstanding guarantee obligation in the banking business	933	1,069
Provision for loss on guarantees	5,010	5,907
Net	582,444	747,347

**\*5. Financial assets received as freely disposable securities****Prior fiscal year (As of March 31, 2013)**

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 59,990 million yen.

**Current 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.

**\*6. Commitment line contracts for loans receivable of consumer loans**

Prior fiscal year (As of March 31, 2013)

Contracts for loans receivable of consumer 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 288,163 million yen at the end of the accounting period. This included a total of 145,862 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, 2014)

Contracts for loans receivable of consumer 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.

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

Prior fiscal year (As of March 31, 2013)

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 15,688 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, 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.

\*8. Status of non-performing loans in loans receivable of consumer 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, 2013)	Current fiscal year (As of March 31, 2014)
Loans to debtors who have petitioned for bankruptcy, but have not yet been declared bankrupt	255	254

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2013)	Current fiscal year (As of March 31, 2014)
Loans to bankrupt parties	1,030	819
Loans in arrears	23,064	20,585
Loans overdue by three months or more	2,832	3,519
Restructured loans	37,886	31,778
Total	64,814	56,702

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. As of the end of the prior and current fiscal years, the unexercised portion of facilities based on these contracts is as follows:

	Prior fiscal year (As of March 31, 2013)	Current fiscal year (As of March 31, 2014)
Amount of agreement for overdraft and commitment line	180,210	180,476
Amount of borrowing	62,695	78,457
Net	117,515	102,018

\*10. Amount of unsecured consumer loans in loans receivable of consumer loans (Millions of yen)

	Prior fiscal year (As of March 31, 2013)	Current fiscal year (As of March 31, 2014)
Unsecured consumer loans in loans receivable of consumer loans	784,485	815,573

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

	Prior fiscal year (As of March 31, 2013)	Current fiscal year (As of March 31, 2014)
Fees from the credit card business	16,580	17,281
Fees from installment sales finance business	3,946	829
Total	20,526	18,111

\*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, 2013)	Current fiscal year (As of March 31, 2014)
Balance at the beginning of period	886 [18] 94	327 [4] 113
Accrued during the period	[1]	[4]
Realized during the period	653 [15]	347 [6]
Balance at the end of period	327 [4]	93 [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, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Buildings and structures	25	10
Vehicles	9	1
Equipment	2	1
Land	11	0
Total	48	13

\*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, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Buildings and structures	7	0
Equipment	0	12
Land	24	1
Total	32	14

\*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, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Buildings and structures	81	163
Equipment	6	7
Lease assets	0	—
Telephone subscription right	1	—
Total	88	170

\*5. Impairment loss

The following losses on impairment of noncurrent assets are recorded.

(1) Assets recognized as having suffered impairment

Prior fiscal year (from April 1, 2012, to March 31, 2013)

Location	Usage	Type
Kawasaki-shi, Kanagawa, etc.	Property to be sold	Land and buildings
Chiyoda-ku, Tokyo	Dormant assets	Telephone subscription right

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

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)	
	Prior fiscal year (From April 1, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Buildings and structures	97	20
Equipment	0	3
Land	78	—
Telephone subscription right	0	0
Total	176	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.

\*6. Breakdown of other extraordinary loss

	(Millions of yen)	
	Prior fiscal year (From April 1, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Loss on sales of golf club memberships	15	—
Lump sum amortization of long-term prepaid expenses	1	0
Total	16	0

\*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, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Valuation difference on available-for-sale securities		
Gains arising during the year	1,383	392
Reclassification adjustments	(2,265)	(371)
Amount before income tax effect	(881)	20
Income tax effect	177	(6)
Valuation difference on available-for-sale securities	(704)	14
Foreign currency translation adjustment		
Gains arising during the year	2,676	2,656
Total other comprehensive income	1,972	2,671

(Notes to Consolidated Statement of Changes in Net Assets)  
For the prior fiscal year (from April 1, 2012, to March 31, 2013)

1. Matters related to outstanding shares

(shares)

Class of shares	As of April 1, 2012	Increase	Decrease	As of March 31, 2013
Common stock	159,628,280	—	—	159,628,280

2. Matters related to treasury stock

(shares)

Class of shares	As of April 1, 2012	Increase	Decrease	As of March 31, 2013
Common stock	2,966,733	—	—	2,966,733

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, 2013

Not applicable

For the current 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 to 1,596,282,800.

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

(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, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Cash and deposits	117,819	130,208
Short-term investment securities	35,951	17,085
Short-term loans receivable	59,986	9,999
Time deposits with original maturities of more than three months	(4)	(5)
Cash reserved for banking business	(4,332)	(5,490)
Bonds to be matured within 1 year	(451)	(85)
Cash and cash equivalents	208,969	151,711

- \*2. Breakdown of principal assets and liabilities that decreased due to the transfer of business in the prior fiscal year

Part of the Company's card loan business transferred to Jibun Bank Corporation (as of May 12, 2012)

	(Millions of yen)
Current assets	43,820
Current liabilities	(2)
Gain on transfer of business	2,900
Proceeds from transfer of business	46,717

(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, 2013)	Current fiscal year (As of March 31, 2014)
Due within 1 year	96	110
Due after 1 year	320	266
Total	417	377

(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 loans receivable of consumer 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. 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 loans receivable of consumer 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, 2013	As of March 31, 2014
If the market interest rate had been		
higher by 1 basis point	(103)	(76)
lower by 1 basis point	103	76

### 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 "2. Fair value of financial instruments" 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, 2013)

			(Millions of yen)
	Carrying amount	Fair value	Unrealized gain/loss
(1) Cash and deposits	117,819	117,819	—
(2) Loans receivable of consumer loans	800,393		
Allowance for doubtful accounts	(31,215)		
Provision for loss on interest repayment	(20,800)		
(Write-off of receivables)			
	748,377	941,666	193,289
(3) Loans receivable of banking business	52,501		
Allowance for doubtful accounts	(542)		
	51,959	59,523	7,563
(4) Accounts receivable-installment	20,526		
Allowance for doubtful accounts	(2,160)		
Deferred installment income	(323)		
	18,043	23,467	5,424
(5) Purchased receivables	8,489		
Allowance for doubtful accounts	(1,815)		
	6,673	6,673	—
(6) Marketable securities, trading account securities and investment securities			
1) Trading securities	10,938	10,938	—
2) Held-to-maturity securities	803	909	105
3) Available-for-sale securities	35,557	35,557	—
(7) Short-term loans receivable	59,986	59,990	3
Total assets	1,050,159	1,256,546	206,386
(1) Short-term loans payable	36,259	36,259	—
(2) Deposits of banking business	66,725	66,725	—
(3) Current portion of bonds payable and bonds payable	176,362	178,667	2,305
(4) Current portion of long-term loans payable and long-term loans payable	419,901	422,133	2,232
Total liabilities	699,248	703,786	4,537
Derivative transactions*			
(1) not subject to the application of hedge accounting	[87]	[87]	—
(2) subject to the application of hedge accounting	—	—	—
Total derivative transactions	[87]	[87]	—

\* 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, 2014)

(Millions of yen)

	Carrying amount	Fair value	Unrealized gain/loss
(1) Cash and deposits	130,208	130,208	—
(2) Loans receivable of consumer loans	828,622		
Allowance for doubtful accounts	(30,519)		
Provision for loss on interest repayment (Write-off of receivables)	(17,200)		
	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 payable 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 “[ ]”.

(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) Loans receivable of consumer 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 and accounts receivable-installment, 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. Negotiable 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 payable 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 “Note 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, 2013	As of March 31, 2014
1) Unlisted shares (*1) (*2)	1,098	1,118
2) Investments in investment partnerships (*1) (*3)	232	212
Total	1,331	1,331

(\*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, 2013)

	(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	117,819	—	—	—	—	—
Loans receivable of consumer loans (*1) (*2)	192,631	150,838	140,757	138,035	136,144	588
Loans receivable of banking business	27,284	2,835	3,532	4,081	5,390	9,378
Accounts receivable-installment (*1) (*2)	5,770	3,815	3,326	3,164	3,121	—
Marketable securities and Investment securities						
1) Held-to-maturity securities (Government bond)	451	89	—	—	262	—
2) Available-for-sale securities with contractual maturities						
Government bond	—	—	—	—	—	57
Other	35,500	—	—	—	—	—
Short-term loans receivable	59,986	—	—	—	—	—
Total	439,444	157,579	147,616	145,281	144,919	10,024

For the current 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	—	—	—	—	—
Loans receivable of consumer 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

(\*1) Loans receivable of consumer loans and accounts receivable-installment do not include loans whose recovery is doubtful because their redemption schedule is unclear (amounts: 30,282 million yen for the prior fiscal year and 24,527 million yen for the current fiscal year).

(\*2) The amounts of loans receivable of consumer 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, 2013)

(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	36,259	—	—	—	—	—
Deposits of banking business	66,725	—	—	—	—	—
Current portion of bonds payable and bonds payable	83,157	51,736	33,008	8,460	—	—
Current portion of long-term loans payable and long-term loans payable	184,346	136,727	63,063	29,163	6,600	—
Lease obligations	318	320	241	145	47	—
Total	370,807	188,784	96,313	37,768	6,647	—

For the current 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 payable 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

(Notes to securities)

1. Trading securities

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Unrealized gain (loss) reported in the statement of income	(0)	12

2. Held-to-maturity securities

For the prior fiscal year (as of March 31, 2013)

(Millions of yen)

Category	Carrying amount	Market value	Unrealized gain/loss
Market value greater than carrying amount			
(1) Government/municipal bonds	803	909	105
(2) Corporate bonds	—	—	—
(3) Other	—	—	—
Subtotal	803	909	105
Market value not greater than carrying amount			
(1) Government/municipal bonds	—	—	—
(2) Corporate bonds	—	—	—
(3) Other	—	—	—
Subtotal	—	—	—
Total	803	909	105

For the current 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



### 3. Available-for-sale securities

For the prior fiscal year (as of March 31, 2013)

(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	53	3
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	57	53	3
Acquisition cost greater than carrying amount			
(1) Stocks	—	—	—
(2) Bonds			
Government/municipal	—	—	—
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	—	—	—
Total	57	53	3

For the current 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

4. Available-for-sale securities sold during the fiscal year  
For the prior fiscal year (from April 1, 2012, to March 31, 2013)

(Millions of yen)

Category	Amount of proceeds	Total gains on sales	Total losses on sales
(1) Stocks	11,814	2,899	128
(2) Bonds			
Government/municipal	—	—	—
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Total	11,814	2,899	128

For the current 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

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

(Millions of yen)

	Prior fiscal year (From April 1, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Loss on impairment of securities (shares, etc. classified as “Available-for-sale securities”)	91	7

(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, 2013)

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	4,553	4,553	(87)	(87)

(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, 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

2. Derivatives transactions subject to the application of hedge accounting

(1) Interest rate-related derivatives

For the prior fiscal year (As of March 31, 2013)

(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 receivables and Floating interest payments	Bonds payable	2,820	—	(0)
	Fixed interest payments and floating interest receivables	Long-term loans payable Bonds payable	257,504	153,217	(3,646)
Total			260,324	153,217	(3,646)

(Note) Interest rate swap subject to the application of exceptional treatments are recognized together with hedging items (i.e. bonds payable and 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, 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	(3,667)
Total			231,367	149,165	(3,667)

(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, 2013)

(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	7,327	5,586	(390)

(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, 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	(558)

(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.

(Notes to retirement benefits)

For the prior fiscal year (from April 1, 2012, to March 31, 2013)

1. Overview of retirement benefit plans

The Company and consolidated subsidiaries have two types of defined-benefits retirement plans: defined benefit pension plan and retirement lump sum payment plan. There are also cases when an employee is given a severance pay premium on leaving the company.

3 companies within the consolidated ACOM Group have retirement lump sum payment plan. In addition, as to the defined benefit pension plan, the Group has a jointly managed annuity plan.

2. Retirement benefit obligations

(Millions of yen)	
(1) Retirement benefit obligations	(20,307)
(2) Plan assets	18,932
(3) Unfunded retirement benefit obligations ((1) +(2))	(1,374)
(4) Unrecognized past service obligations	—
(5) Unrecognized difference with actuarial obligation	949
(6) Difference ((3) + (4) +(5))	(424)
(7) Prepaid pension cost	—
(8) Provision for retirement benefits ((6) - (7))	(424)

(Note) Some consolidated subsidiaries use the simplified method for calculating retirement benefit obligations.

3. Retirement benefit expenses

(Millions of yen)	
(1) Service cost (Note 1)	1,070
(2) Interest cost	246
(3) Expected investment income	(498)
(4) Recognized past service obligations	—
(5) Recognized actuarial loss	1,901
(6) Special severance pay premium	34
(7) Others (Note 2)	219
(8) Retirement benefit expenses ((1)+(2)+(3)+(4)+(5)+(6)+(7))	2,973

(Notes)

1. Retirement benefit expenses of consolidated subsidiaries using the simplified method are added up in “(1) service cost.”

2. “Others” mainly consist of premiums paid to a defined-contribution pension plan.

4. Assumptions in calculating retirement benefit obligations

(1) Allocation of projected benefit obligations: Primarily, straight-line method

(2) Discount rate: Primarily 0.56%

(3) Expected rate of return on investments: Primarily 3.0%

(4) Years for amortizing past service obligations: 5 years

Past service obligations have been recognized evenly over the 5 years (a period not exceeding the expected average remaining working lives of the employee) from the time of occurrence.

(5) Years for amortizing actuarial losses: Primarily 5 years

Actuarial losses have been recognized evenly over the 5 years (a period not exceeding the expected average remaining working lives of the employees) following the respective fiscal years when such losses are identified.

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

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.

The defined benefit pension plans and retirement lump sum payment plans of some consolidated subsidiaries apply a simplified method to calculate retirement benefit expenses.

2. Defined-benefit plans

(1) The changes in retirement benefit obligations

	(Millions of yen)
Balance at beginning of year	20,307
Service cost	1,167
Interest cost	145
Actuarial differences generated	(69)
Retirement benefits paid	(516)
Past service costs generated	—
Other	(11)
Balance at end of year	21,023

(2) The changes in plan assets

	(Millions of yen)
Balance at beginning of year	18,932
Expected return on plan assets	580
Actuarial differences generated	1,963
Contribution from employers	895
Retirement benefits paid	(516)
Other	(25)
Balance at end of year	21,831

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

	(Millions of yen)
Retirement benefit obligations for funded type plans	20,895
Plan assets	(21,831)
	(935)
Retirement benefit obligations for unfunded type plans	127
Net asset and liability reported on the balance sheet	(808)
Net defined benefit liability	220
Net defined benefit asset	(1,028)
Net asset and liability reported on the balance sheet	(808)

(4) Breakdown of retirement benefit expenses

	(Millions of yen)
Service cost	1,167
Interest cost	145
Expected investment income	(580)
Recognized actuarial differences	921
Recognized past service costs	—
Special severance pay premium	69
Other	(16)
Retirement benefit expenses for defined benefit plans	1,708

(5) Remeasurements of defined benefit plans

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

	(Millions of yen)
Unrecognized past service costs	—
Unrecognized actuarial differences	1,984
Total	1,984

(6) Plan assets

① Components of plan assets

Plan assets consist of the followings:

Domestic stocks	20%
Domestic bonds	17%
Foreign stocks	20%
Foreign bonds	9%
Alternative investments	16%
Insurer's general accounts	9%
Other	9%
Total	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.

(7) Assumptions used in actuarial calculations

The major assumptions (on the weighted average basis) used in actuarial calculations as of March 31, 2014, are as follows:

Discount rates	Primarily 0.56%
Long-term expected rates of return on plan assets	Primarily 3.00%

3. Defined-contribution plans

The required amount of contribution to the defined-contribution plans of the Company and its consolidated subsidiaries was 243 million yen.



(Notes to stock options, etc.)

For the prior fiscal year (from April 1, 2012, to March 31, 2013)

Not applicable

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

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, 2013)	Current fiscal year (As of March 31, 2014)
Deferred tax assets		
Bad debt expenses	6,015	5,526
Allowance for doubtful accounts	1,932	2,387
Provision for loss on guarantees	1,904	2,105
Provision for loss on interest repayment	56,328	44,229
Accrued bonuses	526	503
Accrued directors' retirement benefits	74	67
Unrecognized accrued interest	455	396
Software	3,348	2,810
Deferred assets	451	277
Deferred consumption taxes	162	196
Loss on valuation of securities	376	332
Loss on valuation of golf club memberships	38	30
Loss on valuation of inventories	180	180
Impairment loss	309	266
Asset adjustment	1,052	594
Asset retirement obligations	1,367	1,381
Stock dividends	2,359	2,359
Provision for retirement benefits	140	—
Net defined benefit liability	—	48
Retained loss	176,901	184,886
Other	446	674
Deferred tax assets (subtotal)	254,371	249,254
Valuation allowance	(235,279)	(228,984)
Total deferred tax assets	19,092	20,270
Deferred tax liabilities		
Retained earnings of subsidiaries	582	1,256
Valuation difference on available-for-sale securities	6	12
Net defined benefit asset	—	366
Other	63	81
Total deferred tax liabilities	652	1,717
Balance of net deferred tax assets	18,439	18,552

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, 2013)	Current fiscal year (As of March 31, 2014)
Normal effective statutory tax rate	38.0%	38.0%
(Adjustment)		
Changes in valuation allowance	(14.3%)	(28.9%)
Amortization of goodwill	2.1%	5.2%
Dividends income and other items not counted for tax purposes	(8.7%)	(0.8%)
Retained earnings of subsidiaries	(0.5%)	4.4%
Difference from tax rates for consolidated subsidiaries	(3.9%)	(11.6%)
Reduction in year-end deferred tax assets due to tax-rate changes	— %	8.0%
Withholding income tax relating to dividends from overseas subsidiaries	2.7%	0.5%
Other	1.5%	0.9%
Actual effective tax rate	17.0%	15.7%

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

In accordance with the “Act on Partial Revision of the Income Tax Act, etc.” (Act No. 10 of 2014), promulgated on March 31, 2014, a special restoration surtax will not be imposed effective from the fiscal year beginning on or after April 1, 2014. Accordingly, the normal effective statutory tax rate used for calculating deferred tax assets and liabilities changed from 38.01% for the previous fiscal year to 35.64% for the temporary differences to be eliminated in the fiscal year beginning on April 1, 2014. This tax rate change resulted in a decrease of 1,223 million yen in deferred tax assets (after deducting deferred tax liabilities) and an increase of 1,223 million yen in income taxes-deferred.

(Notes to business combinations, etc.)

(Business combination by means of acquisition)

Based on a resolution at the Board of Directors meeting held on December 24, 2013, MU Credit Guarantee Co., LTD. ("MU Credit Guarantee"), a consolidated subsidiary of the Company, concluded a contract for an absorption-type company split to succeed the guarantee business of Mobit Co., Ltd. ("Mobit") as of December 26, 2013.

Effective March 1, 2014, MU Credit Guarantee succeeded the guarantee business of Mobit through the absorption-type company split. Concurrently, 50% of the common stock newly issued by MU Credit Guarantee and acquired by The Bank of Tokyo-Mitsubishi UFJ, Ltd. ("BTMU"), upon this company split was transferred to the Company, making MU Credit Guarantee a joint venture for which 50.08% of the shares issued and outstanding are owned by the Company and 49.92% by BTMU.

1. Overview of the business combination

(1) Name of the counterparty and description of the business acquired

Name of the counterparty: Mobit Co., Ltd.

Description of the business acquired: Guarantee business

(2) Major reason for the business combination

To utilize the accumulated expertise of the Company Group, which engages in the consumer finance business as a key member of the Mitsubishi UFJ Financial Group, for the operation of the guarantee business for the purpose of maximizing the corporate value of the Company Group.

(3) Date of the business combination

March 1, 2014

(4) Legal form of the business combination

Absorption-type company split and purchase of stocks by cash consideration whereby MU Credit Guarantee is the succeeding company and Mobit is the split company

(5) Name of the company after the combination

MU Credit Guarantee Co., LTD.

2. The period for which results of the acquired business are included in the consolidated financial statements

From March 1, 2014, to March 31, 2014

3. Acquisition costs of the business acquired and the details

Acquisition costs 3,255 million yen (32,550 common stock of MU Credit Guarantee)

4. Amount of goodwill generated, reasons thereof, and method and period of amortization

(1) Amount of goodwill generated: 851 million yen

(2) Reasons for the generation of goodwill

Goodwill was generated due to the future excess earning power expected from future development of the acquired business.

(3) Method and period of amortization: lump sum amortization

5. Assets received and liabilities undertaken on the date of the business combination and the breakdown thereof

	(Millions of yen)
Current assets	5,342
Noncurrent assets	—
Total assets	5,342
Current liabilities	532
Noncurrent liabilities	—
Total liabilities	532

6. The estimated amounts of the impact of this business combination on the consolidated statement of income for the current fiscal year on the assumption that the business combination was completed on the beginning date of the current fiscal year, and method of calculation thereof

(Millions of yen)

Operating revenue	5,316
Operating income	818
Ordinary income	830
Income before income taxes and minority interests	829
Net income	257
Net income per share (yen)	0.16

(Method of calculation of the estimated amounts)

The difference between the amounts of operating revenue and the aforementioned income accounts calculated on the assumption that the business combination was completed on the beginning date of the current fiscal year and the amounts of the corresponding accounts in the consolidated statement of income of the acquirer for the current fiscal year are regarded as the estimated amounts of the impact of this business combination.

The above note information is not audited.

(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, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Balance at beginning of year	4,432	4,496
Additional provisions associated with the acquisition of property, plant and equipment	80	119
Reconciliation associated with passage of time	52	47
Reduction associated with meeting asset retirement obligations	(84)	(127)
Difference due to foreign currency translation	15	18
Balance at end of year	4,496	4,553

(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 reportable segments are "Loan and credit card business," "Guarantee business," "Overseas finance 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.

Effective from the second quarter of the fiscal year ended March 31, 2014, the method of allocating the expenses of back-office sections, etc. of the Company to each reported segment has been partially refined.

Compared with the segment income figures that would have been obtained by the method before it was refined, the segment income for the fiscal year ended March 31, 2014, of the loan and credit card business increased by 2,983 million yen, that of the guarantee business decreased by 2,658 million yen and that of the overseas finance business decreased by 324 million yen.

3. Operating revenue, income or loss, assets and other items by reported segments

For the prior fiscal year (from April 1, 2012, to March 31, 2013)

(Millions of yen)

	Reported segments					Others (Note 1)	Total
	Loan and credit card business	Guarantee business	Overseas finance business	Loan servicing business	Subtotal		
Operating revenue							
Operating revenue from external customers	131,083	24,422	29,507	7,078	192,092	935	193,028
Revenues from transactions with other operating segments	—	—	(151)	11	(139)	193	53
Total	131,083	24,422	29,356	7,090	191,952	1,129	193,081
Segment income	1,110	11,305	7,149	604	20,170	308	20,478
Segment assets	724,899	19,108	162,657	7,322	913,988	162,049	1,076,037
Other items							
Depreciation	1,283	29	339	18	1,671	10	1,681
Amortization of goodwill	—	984	440	—	1,425	—	1,425
Provision for bad debts (Note 2)	16,814	9,207	6,840	1,556	34,418	—	34,418
Provision for loss on interest repayment	42,968	—	—	—	42,968	—	42,968
Increase in property, plant and equipment and intangible assets	1,522	547	655	18	2,743	—	2,743

- (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, 2013, to March 31, 2014)

(Millions of yen)

	Reported segments					Others (Note 1)	Total
	Loan and credit card business	Guarantee business	Overseas finance 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.

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	191,952	201,779
Operating revenue of “Others” category	1,129	319
Elimination of intersegment transactions	(17)	(10)
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	(36)	151
Operating revenue in the consolidated financial statements	193,028	202,240



(Millions of yen)

Income	For the prior fiscal year	For the current fiscal year
Total reported segments	20,170	14,321
Income (loss) of “Others” category	308	(19)
Elimination of intersegment transactions	350	252
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	131	(221)
Operating income in the consolidated financial statements	20,961	14,333

(Millions of yen)

Assets	For the prior fiscal year	For the current fiscal year
Total reported segments	913,988	968,569
Assets of “Others” category	162,049	47,943
Elimination of intersegment assets	(27,282)	(35,206)
Corporate assets	117,372	173,035
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	(549)	861
Total assets in the consolidated financial statements	1,165,576	1,155,203

(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	1,671	2,147	10	6	(25)	(27)	1,656	2,126
Amortization of goodwill	1,425	2,118	—	—	—	—	1,425	2,118
Provision for bad debts	34,418	42,296	—	—	(157)	(343)	34,260	41,953
Provision for loss on interest repayment	42,968	45,493	—	—	—	—	42,968	45,493
Increase of property, plant and equipment and intangible assets	2,743	8,161	—	—	213	292	2,957	8,454

(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, 2012, to March 31, 2013)

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
163,508	29,520	193,028

(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, 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.

[Information about impairment loss on noncurrent assets of each reported segment]  
For the prior fiscal year (from April 1, 2012, to March 31, 2013)

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas finance business	Loan servicing business	Others	Corporate/elimination (Note)	Total
Impairment loss	—	—	—	—	—	176	176

(Note) “Corporate/elimination” represents impairment loss of the welfare/leisure facilities of headquarters that are excluded from reported segments.

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

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas finance 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 are excluded from reported segments.

[Information about amortization of goodwill and unamortized balance of each reported segment]  
For the prior fiscal year (from April 1, 2012, to March 31, 2013)

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas finance business	Loan servicing business	Others	Corporate/elimination	Total
Amortization of goodwill	—	984	440	—	—	—	1,425
Goodwill at the end of the fiscal year	—	9,412	2,356	—	—	—	11,769

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

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas finance 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

[Information about gain on negative goodwill of each reported segment]  
For the prior fiscal year (from April 1, 2012, to March 31, 2013)  
Not applicable

For the current fiscal year (from April 1, 2013, to March 31, 2014)  
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, 2012, to March 31, 2013)

(Millions of yen)

Type	Name	Location	Paid-in capital	Business outline or occupation	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 44,630	Short-term loans payable	13,000
				Repayment 44,630	Current portion of long-term loans payable	47,170
					Long-term loans payable	101,358
			Payment of interest	3,951	Other current assets	5
					Other current liabilities	170
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Borrowing	Borrowing of funds	Borrowing 31,064	Short-term loans payable	16,432
				Repayment 31,064	Current portion of long-term loans payable	37,118
					Long-term loans payable	9,850
			Payment of interest	1,506	Other current liabilities	76
		Debt guarantee	Receipt of credit guarantee fees for unsecured loans of the bank	12,017	Other current assets	3,008
			Guarantee obligation for unsecured loans issued by the bank	398,004	—	—

For the current 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)
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	—	—

(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.

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

For the prior fiscal year (from April 1, 2012, to March 31, 2013)

(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	—
	Maruito Co., Ltd.	Naniwa-ku, Osaka City	100	Development and rental of land for housing, buildings and apartments	Direct (8.01%)

(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	215	Guarantee deposits	184
	JLA CO., LTD.	Interior design and construction of service outlets	Purchase of equipment and payment of expenses	956	Other current liabilities	234
		Rental of real estates	Payment of rent	419	—	—
			Repayment of guarantee deposits	6	Guarantee deposits	349
		—	Sale of company-owned houses for employees	Sales proceeds 13 Loss on sale 22	—	—
	Maruito Co., Ltd.	—	Sale of stocks	Sales proceeds 1,681 Gain on sale 500	—	—

For the current 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

- (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. are determined by biennial negotiation with the Company, with reference to local market rates.
    - (3) Transactions with JLA CO., LTD. are determined through negotiations with reference to the prevailing market rates.  
The prices of company-owned houses for employees sold during the prior fiscal year were determined using a bidding process.
    - (4) The prices of stocks (of JLA CO., LTD. and ACOM RENTAL CO., LTD.) sold to Maruito Co., Ltd. during the prior fiscal year were determined in consideration of price evaluation by an independent third party.
    - (5) 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, 2012, to March 31, 2013)

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

For the current 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)
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

(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, 2012, to March 31, 2013)

(Millions of yen)

Type	Name	Location	Paid-in capital	Business outline or occupation	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	35	—	—
			Repayment of guarantee deposits	Repayment 1	Guarantee deposits	28

For the current 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)
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.

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

(1) Information on the parent company

Name of the parent company: Mitsubishi UFJ Financial Group, Inc.

Financial exchanges where securities issued by the parent company are listed:

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, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Net assets per share	178.59 yen	187.92 yen
Net income per share	13.30 yen	6.79 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, 2013.

2. As stated in “Changes in method of accounting,” the Company applies the accounting standard and guidance for retirement benefits and follows the transitional treatment as provided for in Item 37 of the Accounting Standard for Retirement Benefits.

This change increased net assets per share by 1.07 yen for the current fiscal year.

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

4. 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, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Net income	20,839	10,632
Net income not attributable to common shareholders	—	—
Net income related to common stock	20,839	10,632
Weighted average number of common stock during the fiscal year	1,566,615,470 shares	1,566,614,961 shares

5. 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, 2013)	Current fiscal year (As of March 31, 2014)
Total net assets	286,710	306,726
Amount deducted from the total net assets	6,931	12,333
[Minority interests included in the above]	[6,931]	[12,333]
Amounts of net assets related to common stock at the end of the fiscal year	279,778	294,393
Number of common stock used to calculate net assets per share at the end of the fiscal year	1,566,615,470 shares	1,566,614,441 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	10,000 (10,000)	1.660	—	February 10, 2015
	50th Issuance of Domestic Unsecured Bonds (Public Offering)	April 6, 2007	10,000	10,000 (10,000)	2.090	—	April 4, 2014
	51st Issuance of Domestic Unsecured Bonds (Public Offering)	June 4, 2007	20,000	—	—	—	—
	4th Issuance of Domestic Unsecured Bonds (Private Placement)	June 30, 2010	175	—	—	—	—
	57th Issuance of Domestic Unsecured Bonds (Public Offering)	September 17, 2010	10,000	—	—	—	—
	5th Issuance of Domestic Unsecured Bonds (Private Placement)	February 18, 2011	340	—	—	—	—
	58th Issuance of Domestic Unsecured Bonds (Public Offering)	June 3, 2011	20,000	—	—	—	—
	59th Issuance of Domestic Unsecured Bonds (Public Offering)	June 15, 2011	13,000	—	—	—	—
	60th Issuance of Domestic Unsecured Bonds (Public Offering)	July 27, 2011	15,000	—	—	—	—
	6th Issuance of Domestic Unsecured Bonds (Private Placement)	September 13, 2011	303	105 (105)	0.530	—	September 12, 2014
	61st Issuance of Domestic Unsecured Bonds (Public Offering)	March 6, 2012	30,000	30,000 (30,000)	2.620	—	March 6, 2015
	7th Issuance of Domestic Unsecured Bonds (Private Placement)	March 13, 2012	435	221 (221)	0.540	—	March 13, 2015
	62nd Issuance of Domestic Unsecured Bonds (Public Offering)	March 5, 2013	25,000	25,000 (—)	1.070	—	March 4, 2016
	63rd Issuance of Domestic Unsecured Bonds (Public Offering)	June 7, 2013	—	25,000 (—)	0.990	—	June 7, 2017
	64th Issuance of Domestic Unsecured Bonds (Public Offering)	September 5, 2013	—	25,000 (—)	0.880	—	September 5, 2018
	65th Issuance of Domestic Unsecured Bonds (Public Offering)	February 28, 2014	—	18,000 (—)	0.700	—	February 28, 2020
	66th Issuance of Domestic Unsecured Bonds (Public Offering)	February 28, 2014	—	18,000 (—)	0.900	—	February 26, 2021

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	4th privately offered unsecured bonds	September 30, 2009	2,820 [1,000 million baht]	—	—	—	—
	2nd publicly offered unsecured bonds	December 23, 2011	4,230 [1,500 million baht]	3,200 (1,600) [1,000 million baht]	5.583	—	December 23, 2015
	3rd publicly offered unsecured bonds	March 30, 2012	5,188 [1,840 million baht]	5,888 (—) [1,840 million baht]	5.210	—	February 29, 2016
	4th publicly offered unsecured bonds	July 13, 2012	9,870 [3,500 million baht]	11,200 (—) [3,500 million baht]	5.330	—	February 12, 2016
	5th privately offered unsecured bonds	March 14, 2013	—	3,200 (—) [1,000 million baht]	4.950	—	March 14, 2016
	5th publicly offered unsecured bonds	December 4, 2013	—	3,200 (—) [1,000 million baht]	4.800	—	December 2, 2016
Total	—	—	176,362	188,014 (51,926)	—	—	—

- (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. The redemption schedule of bonds for 5 years subsequent to March 31, 2014, 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
51,926	34,088	16,000	25,000	25,000

[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	36,259	48,187	1.73	—
Current portion of long-term loans payable	184,346	164,273	2.41	—
Current portion of lease obligations	318	406	1.89	—
Long-term loans payable (excluding current portion)	235,554	219,491	1.67	From April 30, 2015, to March 29, 2019
Lease obligations (excluding current portion)	754	772	1.96	From August 20, 2015, to March 20, 2019
Other interest-bearing debt (Deposits of banking business)	66,725	74,516	5.78	—
Total	523,959	507,648	—	—

- (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, 2014, 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	95,091	60,291	16,120	47,988
Lease obligations	328	234	137	72

[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, 2013)	Second Quarter (Six months ended Sept. 30, 2013)	Third Quarter (Nine months ended Dec. 31, 2013)	Fourth Quarter (Fiscal year ended March 31, 2014)
Operating revenue	49,191	99,741	150,968	202,240
Income before income taxes and minority interests	15,775	31,674	47,547	15,362
Net income	14,165	28,681	43,309	10,632
Net income per share (Yen)	9.04	18.31	27.65	6.79

Each quarter	First Quarter (From April 1, 2013 to June 30, 2013)	Second Quarter (From July 1, 2013 to Sept. 30, 2013)	Third Quarter (From Oct. 1, 2013 to Dec. 31, 2013)	Fourth Quarter (From Jan. 1, 2014 to March 31, 2014)
Net income (loss) per share (Yen)	9.04	9.27	9.34	(20.86)

Note: 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 income per share” and “Net income (loss) per share” were calculated supposing that the stock split was conducted at the beginning of the fiscal year ended March 31, 2013.

## 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, 2013)	Current fiscal year (As of March 31, 2014)
<b>Assets</b>		
Current assets		
Cash and deposits	105,635	111,048
Loans receivable of consumer loans	*1,*4,*5,*7 716,731	*1,*4,*5,*7 726,191
Accounts receivable-installment	*8 16,580	*8 17,281
Short-term investment securities	35,500	17,000
Merchandise and finished goods	325	325
Raw materials and supplies	40	36
Prepaid expenses	1,052	892
Deferred tax assets	17,464	17,878
Accrued income	9,073	10,115
Short-term loans receivable	*3 59,986	*3 9,999
Short-term loans receivable from subsidiaries and affiliates	4,600	3,750
Right to reimbursement	15,985	18,588
Other	3,190	2,567
Allowance for doubtful accounts	(35,110)	(34,260)
Total current assets	951,055	901,415
Noncurrent assets		
Property, plant and equipment		
Buildings	25,164	24,812
Accumulated depreciation	(19,814)	(19,667)
Buildings, net	5,350	5,145
Structures	4,697	4,456
Accumulated depreciation	(3,506)	(3,307)
Structures, net	1,190	1,149
Vehicles	2	2
Accumulated depreciation	(2)	(2)
Vehicles, net	0	0
Equipment	21,085	20,350
Accumulated depreciation	(11,759)	(10,225)
Equipment, net	9,325	10,125
Land	6,159	6,125
Lease assets	1,517	1,935
Accumulated depreciation	(536)	(864)
Lease assets, net	980	1,070
Total property, plant and equipment	23,007	23,615
Intangible assets		
Goodwill	9,412	8,428
Leasehold right	4	4
Software	1,479	4,114
Telephone subscription right	37	37
Other	1	1
Total intangible assets	10,934	12,585
Investments and other assets		
Investment securities	1,134	1,105
Subsidiaries and affiliates' stocks	17,860	23,226
Long-term loans receivable from subsidiaries and affiliates	369	404
Claims provable in bankruptcy, claims provable in rehabilitation and other	*5 1,184	*5 992
Long-term prepaid expenses	234	539
Guarantee deposits	5,524	5,446
Other	2,764	3,743
Allowance for doubtful accounts	(790)	(740)
Total investments and other assets	28,282	34,718
Total noncurrent assets	62,224	70,919
<b>Total assets</b>	<b>1,013,280</b>	<b>972,335</b>



	(Millions of yen)	
	Prior fiscal year (As of March 31, 2013)	Current fiscal year (As of March 31, 2014)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	178	219
Short-term loans payable	29,432	41,600
Current portion of long-term loans payable	*1,*6 178,235	*1,*6 138,985
Current portion of bonds payable	78,927	50,326
Lease obligations	318	406
Accounts payable-other	3,159	3,164
Accrued expenses	7,828	7,030
Income taxes payable	187	183
Deposits received	300	214
Unearned revenue	0	0
Provision for loss on guarantees	*2 5,010	*2 5,540
Asset retirement obligations	34	0
Other	44	54
Total current liabilities	303,657	247,726
Noncurrent liabilities		
Bonds payable	75,326	111,000
Long-term loans payable	*1,*6 207,903	*1,*6 205,029
Lease obligations	754	772
Deferred tax liabilities	6	12
Provision for retirement benefits	303	1,045
Provision for loss on interest repayment	151,000	124,100
Asset retirement obligations	4,284	4,314
Other	183	160
Total noncurrent liabilities	439,762	446,435
<b>Total liabilities</b>	<b>743,419</b>	<b>694,161</b>
<b>Net assets</b>		
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	65,482	73,780
Total retained earnings	149,803	158,101
Treasury stock	(19,793)	(19,793)
<b>Total shareholders' equity</b>	<b>269,852</b>	<b>278,150</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	8	22
Total valuation and translation adjustments	8	22
<b>Total net assets</b>	<b>269,861</b>	<b>278,173</b>
<b>Total liabilities and net assets</b>	<b>1,013,280</b>	<b>972,335</b>

## 2) Non-consolidated Statement of Income

(Millions of yen)

	Prior fiscal year (From April 1, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Operating revenue		
Interest on consumer loans	118,968	113,480
Revenue from credit card business	2,231	2,217
Revenue from credit guarantee	21,726	25,886
Other financial revenue		
Interest on deposits	26	25
Interest on securities	50	32
Interest on loans	36	9
Foreign exchange gains	307	—
Total other financial revenue	421	67
Other operating revenue	12,580	14,007
Total operating revenue	155,927	155,659
Operating expenses		
Financial expenses		
Interest expenses	10,004	8,611
Interest on bonds	4,756	2,559
Amortization of bond issuance costs	117	445
Other	1,432	1,601
Total financial expenses	16,311	13,217
Cost of sales		
Beginning goods	334	325
Cost of purchased goods	—	—
Total	334	325
Ending goods	334	325
Valuation loss on goods	8	—
Cost of goods sold	8	—
Other operating expenses		
Advertising expenses	7,571	9,725
Provision of allowance for doubtful accounts	21,489	25,642
Provision for loss on guarantees	4,532	5,540
Provision for loss on interest repayment	42,968	45,493
Employees' salaries and bonuses	11,283	11,377
Retirement benefit expenses	2,771	1,702
Welfare expenses	1,878	1,876
Rent expenses	5,747	5,636
Depreciation	1,312	1,612
Commission fee	17,606	18,422
Amortization of goodwill	984	984
Other	8,623	9,646
Total other operating expenses	126,770	137,660
Total operating expenses	143,090	150,878
Operating income	12,837	4,780

	(Millions of yen)			
	Prior fiscal year (From April 1, 2012 to March 31, 2013)		Current fiscal year (From April 1, 2013 to March 31, 2014)	
Non-operating income				
Interest income	*1	197	*1	117
Interest on securities		0		0
Dividends income	*1	5,075	*1	2,379
Other	*1	617	*1	972
Total non-operating income		5,890		3,470
Non-operating expenses				
Interest expenses		18		20
Loss on investments in partnerships	*2	230		14
Loss on insurance cancellation		14		20
Other		8		3
Total non-operating expenses		271		58
Ordinary income		18,456		8,192
Extraordinary income				
Gain on sales of noncurrent assets	*3	36	*3	10
Gain on sales of shares of parent company		1,815		—
Gain on sales of investment securities		1,083		0
Gain on sales of subsidiaries and affiliates' stocks		877		—
Gain on transfer from business divestitures		2,900		—
Other	*4	1	*4	0
Total extraordinary income		6,715		10
Extraordinary loss				
Loss on sales of noncurrent assets	*5	31	*5	12
Loss on retirement of noncurrent assets	*6	76	*6	162
Impairment loss		175		—
Loss on sales of investment securities		128		0
Loss on valuation of investment securities		91		7
Other	*7	16	*7	3
Total extraordinary losses		521		187
Income before income taxes		24,650		8,016
Income taxes-current		802		132
Income taxes-deferred		1,895		(413)
Total income taxes		2,698		(281)
Net income		21,952		8,297

3) Non-consolidated Statement of Changes in Net Assets  
For the prior fiscal year (from April 1, 2012, to March 31, 2013)

(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	43,530	127,851	(19,793)	247,900
Changes of items during the period										
Net income							21,952	21,952		21,952
Purchase of treasury stock									—	—
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	—	—	—	—	21,952	21,952	—	21,952
Balance at the end of the period	63,832	72,322	3,687	76,010	4,320	80,000	65,482	149,803	(19,793)	269,852

	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	705	705	248,606
Changes of items during the period			
Net income			21,952
Purchase of treasury stock			—
Net changes of items other than shareholders' equity	(697)	(697)	(697)
Total changes of items during the period	(697)	(697)	21,255
Balance at the end of the period	8	8	269,861

For the current 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
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
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

[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 income 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 loans receivable of consumer 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 pension assets as of the end of the current fiscal year.

1) Periodic allocation of projected retirement benefits

In calculating retirement benefit obligations, the straight-line attribution 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 presentation)

<Non-consolidated statement of income>

“Loss on insurance cancellation” was included in “Other” in non-operating expenses for the prior fiscal year. As it currently exceeds 10% of total non-operating expenses, “Loss on insurance cancellation” has been separately listed as an item within non-operating expenses effective from the current fiscal year.

To reflect this change in the non-consolidated statement of income for the prior fiscal year, 22 million yen of “Other” in non-operating expenses for the prior fiscal year has been reclassified into 14 million yen of “Loss on insurance cancellation” and 8 million yen of “Other.”

<Change in presentation according to revised regulations to simplify the disclosure of non-consolidated financial statements>

Disclosure of the following notes has been omitted.

- Notes to lease transactions prescribed in Article 8-6 of the Regulations for Non-Consolidated Financial Statements are omitted in accordance with Paragraph 4 of said Article.
- Notes to asset retirement obligations prescribed in Article 8-28 of the Regulations for Non-Consolidated Financial Statements are omitted in accordance with Paragraph 2 of said Article.
- Notes to net assets per share prescribed in Article 68-4 of the Regulations for Non-Consolidated Financial Statements are omitted in accordance with Paragraph 3 of said Article.
- Notes to impairment losses prescribed in Article 95-3-2 of the Regulations for Non-Consolidated Financial Statements are omitted in accordance with Paragraph 2 of said Article.
- Notes to net income or loss per share prescribed in Article 95-5-2 of the Regulations for Non-Consolidated Financial Statements are omitted in accordance with Paragraph 3 of said Article.
- Notes to treasury stock prescribed in Article 107 of the Regulations for Non-Consolidated Financial Statements are omitted in accordance with Paragraph 2 of said Article.

(Notes to Non-consolidated Balance Sheet)

\*1. Pledged assets

(1) Assets pledged as collateral

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2013)	Current fiscal year (As of March 31, 2014)
Loans receivable of consumer loans	59,240 [59,240]	55,529 [55,529]

(2) Secured obligations

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2013)	Current fiscal year (As of March 31, 2014)
Current portion of long-term loans payable	10,500 [10,500]	6,754 [6,754]
Long-term loans payable	11,791 [11,791]	5,036 [5,036]
Total	22,291 [22,291]	11,791 [11,791]

Figures in brackets “[ ]” represent amount concerning liquidation of receivables. In addition, loans receivable of consumer 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, 2013)	Current fiscal year (As of March 31, 2014)
Guarantee obligation	586,521	678,739
Provision for loss on guarantees	5,010	5,540
Net	581,511	673,199

(2) Outstanding guarantee obligation of affiliated companies

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2013)	Current fiscal year (As of March 31, 2014)
EASY BUY Public Company Limited	62,592	55,613

\*3. Financial assets received as freely disposable securities

Prior fiscal year (As of March 31, 2013)

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 59,990 million yen.

Current 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.

\*4. Commitment line contracts for loans receivable of consumer loans

Prior fiscal year (As of March 31, 2013)

Contracts for loans receivable of consumer 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 251,205 million yen at the end of the accounting period. This included a total of 123,037 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, 2014)

Contracts for loans receivable of consumer 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.

\*5. Status of non-performing loans in loans receivable of consumer 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, 2013)	Current fiscal year (As of March 31, 2014)
Loans to debtors who have petitioned for bankruptcy, but have not yet been declared bankrupt	232	247

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2013)	Current fiscal year (As of March 31, 2014)
Loans to bankrupt parties	1,007	812
Loans in arrears	22,680	20,404
Loans overdue by three months or more	1,304	1,503
Restructured loans	34,910	28,586
Total	59,902	51,306

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. As of the end of the prior and current fiscal years, the unexercised portion of facilities based on these contracts is as follows. (Millions of yen)

	Prior fiscal year (As of March 31, 2013)	Current fiscal year (As of March 31, 2014)
Amount of agreement for overdraft and commitment line	124,032	116,632
Amount of borrowing	29,432	41,600
Net	94,600	75,032

\*7. Amount of unsecured consumer loans in loans receivable of consumer loans (Millions of yen)

	Prior fiscal year (As of March 31, 2013)	Current fiscal year (As of March 31, 2014)
Unsecured consumer loans in loans receivable of consumer loans	700,823	713,142

\*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, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Interest income	189	110
Dividends income	4,954	2,370
Guarantee commission received	113	119
Gain on investments in partnerships	5	—
Part-time director's bonus	3	2
Total	5,266	2,603

- \*2. The business operation results with subsidiaries and affiliates are included into non-operating expenses as follows:

	(Millions of yen)	
	Prior fiscal year (From April 1, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Loss on investments in partnerships	204	—

- \*3. Breakdown of gain on sales of noncurrent assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Buildings	21	10
Land	15	0
Total	36	10

- \*4. Other extraordinary income results from sales of golf club memberships.

- \*5. Breakdown of loss on sales of noncurrent assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Buildings	9	—
Equipment	0	10
Land	22	1
Total	31	12

\*6. 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, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Buildings	37	65
Structures	34	90
Equipment	4	6
Total	76	162

\*7. Breakdown of other extraordinary loss

	(Millions of yen)	
	Prior fiscal year (From April 1, 2012 to March 31, 2013)	Current fiscal year (From April 1, 2013 to March 31, 2014)
Loss on sales of golf club memberships	15	3
Lump sum amortization of long-term prepaid expenses	1	0
Total	16	3

8. 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, 2013)

(Millions of yen)

Category	Carrying amount	Market value	Difference
Subsidiaries' stocks	2,861	3,200	338
Affiliates' stocks	—	—	—
Total	2,861	3,200	338

For the current 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

(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, 2013)	Current fiscal year (As of March 31, 2014)
Subsidiaries' stocks	14,499	17,360
Affiliates' stocks	500	500
Total	14,999	17,860

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, 2013)	Current fiscal year (As of March 31, 2014)
Deferred tax assets		
Bad debt expenses	5,783	5,258
Allowance for doubtful accounts	466	524
Provision for loss on guarantees	1,904	1,974
Provision for loss on interest repayment	56,328	44,229
Accrued bonuses	484	459
Unrecognized accrued interest	455	390
Software	3,264	2,732
Deferred assets	451	277
Deferred consumption taxes	160	157
Loss on valuation of securities	376	331
Loss on valuation of shares of subsidiaries and affiliates	1,204	1,204
Valuation loss on goods	180	180
Impairment loss	309	257
Asset adjustment	1,052	326
Asset retirement obligations	1,341	1,351
Stock dividends	2,359	2,359
Provision for retirement benefits	108	372
Retained loss	176,473	184,570
Other	408	524
Deferred tax assets (subtotal)	253,114	247,482
Valuation allowance	(235,649)	(229,604)
Deferred tax assets (total)	17,464	17,878
Deferred tax liabilities		
Valuation difference on available-for-sale securities	6	12
Total deferred tax liabilities	6	12
Balance of net deferred tax assets	17,458	17,865

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, 2013)	Current fiscal year (As of March 31, 2014)
Normal effective statutory tax rate	38.0%	38.0%
(Adjustment)		
Changes in valuation allowance	(14.8%)	(50.3%)
Amortization of goodwill	1.5%	4.7%
Dividends income and other items not counted for tax purposes	(17.0%)	(12.7%)
Reduction in year-end deferred tax assets due to tax-rate changes	—%	14.8%
Withholding income tax relating to dividends from overseas subsidiaries	3.0%	1.0%
Other	0.2%	1.1%
Actual effective tax rate	10.9%	(3.5%)

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

In accordance with the “Act on Partial Revision of the Income Tax Act, etc.” (Act No. 10 of 2014), promulgated on March 31, 2014, a special restoration surtax will not be imposed effective from the fiscal year beginning on or after April 1, 2014. Accordingly, the normal effective statutory tax rate used for calculating deferred tax assets and liabilities changed from 38.01% for the previous fiscal year to 35.64% for the temporary differences to be eliminated in the fiscal year beginning on April 1, 2014. This tax rate change resulted in a decrease of 1,188 million yen in deferred tax assets (after deducting deferred tax liabilities) and an increase of 1,188 million yen in income taxes-deferred.

(Notes to business combinations, etc.)

This information is provided in “Notes to business combinations, etc.” for the Consolidated Financial Statements and is therefore omitted here.

(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 (37 brands)	1,063,318	56
Total			1,087,553	834

[Bonds]

Name			Total face value (Millions of yen)	Carrying amount (Millions of yen)
Investment securities	Other securities	National government bond (one issue)	58	57
Total			58	57

[Others]

Classification and name			Number of units invested, etc.	Carrying amount (Millions of yen)
Securities	Other securities	Certificate of deposit	—	17,000
		Subtotal	—	17,000
Investment securities	Other securities	Equity in limited investment partnership, etc. (8 brands)	60	212
		Subtotal	60	212
Total			60	17,212

[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	25,164	529	881	24,812	19,667	619	5,145
Structures	4,697	188	429	4,456	3,307	139	1,149
Vehicles	2	—	—	2	2	—	0
Equipment	21,085	1,068	1,802	20,350	10,225	250	10,125
Land	6,159	—	34	6,125	—	—	6,125
Lease assets	1,517	417	—	1,935	864	328	1,070
Total property, plant and equipment	58,627	2,204	3,148	57,683	34,067	1,337	23,615
Intangible assets							
Goodwill	12,435	—	—	12,435	4,006	984	8,428
Leasehold right	4	—	—	4	—	—	4
Software	1,505	2,867	—	4,373	258	232	4,114
Telephone subscription right	37	—	—	37	—	—	37
Other (right to use specific communication channel, etc.)	13	—	—	13	12	—	1
Total intangible assets	13,995	2,867	—	16,863	4,277	1,217	12,585
Long-term prepaid expenses	2,387	671	370	2,688	2,149	38	539

[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	35,900	30,648	31,429	119	35,000
Provision for loss on guarantees	5,010	5,540	5,010	—	5,540
Provision for loss on interest repayment	151,000	45,493	72,393	—	124,100

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

Reversal due to payment 115 million yen  
Gain on reversal of allowance for doubtful accounts of golf club memberships 3 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, 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: <a href="http://www.acom.co.jp">http://www.acom.co.jp</a>
Shareholders' privileges	None

- (Notes) 1. Pursuant to a resolution at a Board of Directors meeting held on June 21, 2013, the Company changed the number of shares constituting one unit from 10 shares to 100 shares with October 1, 2013, as the effective date.
2. 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 upheld in the following:
- (1) The rights upheld 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 for 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 Statement

Submitted to the Director-General of the Kanto Local Finance Bureau on July 2, 2013

#### (2) Shelf Registration Supplement (straight bond) and documents attached thereto

Submitted to the Director-General of the Kanto Local Finance Bureau on August 29, 2013

Submitted to the Director-General of the Kanto Local Finance Bureau on February 21, 2014

Submitted to the Director-General of the Kanto Local Finance Bureau on May 30, 2014

#### (3) Amended Shelf Registration Statements (straight bond)

Submitted to the Director-General of the Kanto Local Finance Bureau on August 14, 2013

Submitted to the Director-General of the Kanto Local Finance Bureau on August 27, 2013

Submitted to the Director-General of the Kanto Local Finance Bureau on November 14, 2013

Submitted to the Director-General of the Kanto Local Finance Bureau on February 14, 2014

#### (4) Annual Securities Report and documents attached thereto, and Confirmation Letter thereof

The Annual Securities Report for the 36th fiscal year (from April 1, 2012, to March 31, 2013) and documents attached thereto, and Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on June 25, 2013.

#### (5) Internal Control Report

The Internal Control Report was submitted to the Director-General of the Kanto Local Finance Bureau on June 25, 2013.

#### (6) Quarterly Securities Report and Confirmation Letter thereof

The Quarterly Securities Report for the 1st Quarter (from April 1, 2013, to June 30, 2013) of the 37th fiscal year and the Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on August 14, 2013.

The Quarterly Securities Report for the 2nd Quarter (from July 1, 2013, to September 30, 2013) of the 37th fiscal year and the Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on November 14, 2013.

The Quarterly Securities Report for the 3rd Quarter (from October 1, 2013, to December 31, 2013) of the 37th fiscal year and the Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on February 14, 2014.

#### (7) 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 26, 2013.

Part II Information on Guarantors for the Filing Company

Not applicable