

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) 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).

Of the comparative information in consolidated financial statements for the current fiscal year (from April 1, 2018, to March 31, 2019), any information related to Article 15-5, Paragraph 5, Item 2-(2) and Item 3 of Regulations on Consolidated Financial Statements, which has been revised in compliance with the “Cabinet Office Ordinance to Amend the ‘Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements’” (Cabinet Office Ordinance No. 7, March 23, 2018; hereinafter, “Amending Ordinance”), is prepared as per pre-revision Regulations on Consolidated Financial Statements in accordance with Article 3, Item 2 of Amending Ordinance.

- (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) 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).

Of the comparative information in non-consolidated financial statements for the current fiscal year (from April 1, 2018, to March 31, 2019), any information related to Article 8-12, Paragraph 2, Item 3 and Paragraph 3 of Regulations on Financial Statements, which has been revised in compliance with the Amending Ordinance, is prepared as per pre-revision Regulations on Financial Statements in accordance with Article 2, Item 2 of Amending Ordinance.

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, 2018, to March 31, 2019) were audited by Deloitte Touche Tohmatsu LLC.

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

As specific efforts to ensure 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 an appropriate understanding of the corporate accounting standards and prepare to adopt any applicable 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, 2018)		Current fiscal year (As of March 31, 2019)	
Assets				
Current assets				
Cash and deposits	*2	91,884	*2	85,546
Accounts receivable - operating loans	*4, *6, *8	975,116	*4, *6, *8	1,000,428
Loans receivable of banking business	*5	48,808	*5	48,331
Accounts receivable - installment	*9	53,034	*9	63,740
Purchased receivables		10,603		9,435
Securities		904		479
Trading account securities		1,651		—
Raw materials and supplies		60		64
Other		81,342		91,327
Allowance for doubtful accounts		(75,686)		(76,532)
Total current assets		1,187,721		1,222,821
Noncurrent assets				
Property, plant and equipment				
Buildings and structures		28,599		24,545
Accumulated depreciation		(23,755)		(20,753)
Buildings and structures, net		4,844		3,791
Vehicles		14		11
Accumulated depreciation		(13)		(10)
Vehicles, net		0		0
Equipment		21,324		21,245
Accumulated depreciation		(11,129)		(11,638)
Equipment, net		10,195		9,606
Land		6,203		3,196
Lease assets		4,232		4,139
Accumulated depreciation		(2,675)		(2,870)
Lease assets, net		1,556		1,269
Total property, plant and equipment		22,800		17,864
Intangible assets				
Goodwill		4,063		3,250
Leasehold right		4		4
Software		7,103		5,387
Telephone subscription right		37		37
Other		1		9
Total intangible assets		11,210		8,687
Investments and other assets				
Investment securities	*1	4,261	*1	4,247
Net defined benefit asset		4,559		3,898
Deferred tax assets		36,850		36,117
Guarantee deposits		5,259		5,035
Other	*6	4,194	*6	4,266
Allowance for doubtful accounts		(899)		(1,032)
Total investments and other assets		54,224		52,534
Total noncurrent assets		88,235		79,086
Total assets		1,275,957		1,301,908

(Millions of yen)

	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	500	509
Short-term loans payable	*7 10,873	*7 11,547
Commercial papers	29,998	39,998
Current portion of long-term loans payable	*7 160,244	*7 146,714
Current portion of bonds	45,350	41,519
Deposits of banking business	53,074	52,319
Lease obligations	573	523
Income taxes payable	5,112	7,772
Provision for loss on guarantees	*3 10,061	*3 9,661
Asset retirement obligations	89	10
Deferred installment income	*10 53	*10 42
Other	16,063	16,205
Total current liabilities	331,995	326,824
Noncurrent liabilities		
Bonds payable	211,210	202,691
Long-term loans payable	*7 276,841	*7 282,671
Lease obligations	1,150	896
Deferred tax liabilities	0	28
Provision for directors' retirement benefits	22	25
Provision for loss on interest repayment	104,068	102,300
Net defined benefit liability	334	338
Asset retirement obligations	4,320	4,159
Other	1,574	470
Total noncurrent liabilities	599,523	593,581
Total liabilities	931,519	920,406
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus	73,578	73,549
Retained earnings	202,410	237,058
Treasury stock	(19,794)	(19,794)
Total shareholders' equity	320,026	354,646
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Foreign currency translation adjustment	3,412	2,832
Remeasurements of defined benefit plans	(523)	(1,304)
Total accumulated other comprehensive income	2,889	1,528
Non-controlling interests	21,521	25,327
Total net assets	344,437	381,501
Total liabilities and net assets	1,275,957	1,301,908

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

(Millions of yen)

	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Operating revenue		
Interest on operating loans	161,564	169,273
Interest on loans of banking business	6,049	6,135
Revenue from credit card business	6,168	7,773
Revenue from installment sales finance business	74	64
Revenue from credit guarantee	58,401	61,428
Collection from purchased receivable	5,429	4,739
Other financial revenue		
Interest on deposits	61	61
Interest on securities	224	101
Interest on loans	19	87
Interest on deposits with banks	187	126
Other	298	455
Total other financial revenue	792	832
Other operating revenue	24,973	26,822
Total operating revenue	263,453	277,069
Operating expenses		
Financial expenses		
Interest expenses	5,931	5,044
Interest expenses of banking business	2,912	2,615
Interest on bonds	2,851	2,845
Amortization of bond issuance cost	148	143
Other	610	662
Total financial expenses	12,454	11,310
Cost of purchased receivable	2,465	2,087
Other operating expenses		
Advertising expenses	11,734	12,103
Provision of allowance for doubtful accounts	67,519	66,261
Provision for loss on guarantees	10,050	9,728
Provision for loss on interest repayment	—	39,479
Employees' salaries and bonuses	19,534	20,193
Retirement benefit expenses	1,045	954
Provision for directors' retirement benefits	3	3
Welfare expenses	2,723	2,684
Rent expenses	6,599	6,408
Depreciation	4,448	4,749
Commission fee	24,197	22,954
Amortization of goodwill	984	813
Other	18,750	19,728
Total other operating expenses	*1 167,591	*1 206,062
Total operating expenses	182,511	219,461
Operating profit	80,942	57,607

(Millions of yen)

	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Non-operating income		
Interest income	252	209
Dividend income	13	15
Equity in earnings of affiliates	10	7
House rent income	277	282
Settlement received	*2 199	—
Other	212	209
Total non-operating income	965	724
Non-operating expenses		
Interest expenses	28	31
Foreign exchange losses	84	25
Loss on insurance cancellation	16	55
Other	83	13
Total non-operating expenses	213	126
Ordinary profit	81,694	58,205
Extraordinary income		
Gain on sales of noncurrent assets	*3 38	*3 384
Gain on sales of investment securities	25	3
Total extraordinary income	63	388
Extraordinary loss		
Loss on sales of noncurrent assets	*4 10	*4 259
Loss on retirement of noncurrent assets	*5 149	*5 191
Impairment loss	*6 426	*6 2,800
Loss on valuation of investment securities	0	6
Other	*7 2	*7 1
Total extraordinary losses	589	3,259
Profit before income taxes	81,168	55,334
Income taxes-current	8,505	11,126
Income taxes-deferred	(1,571)	1,684
Total income taxes	6,934	12,810
Profit	74,233	42,523
Profit attributable to non-controlling interests	3,661	4,742
Profit attributable to owners of parent	70,572	37,781

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Profit	74,233	42,523
Other comprehensive income		
Valuation difference on available-for-sale securities	(3)	(0)
Foreign currency translation adjustment	3,185	(1,113)
Remeasurements of defined benefit plans, net of tax	45	(766)
Total other comprehensive income	* 3,228	* (1,880)
Comprehensive income	77,461	40,643
Comprehensive income attributable to:		
Owners of parent	72,909	36,420
Non-controlling interests	4,552	4,223

3) Consolidated Statement of Changes in Net Assets
For the prior fiscal year (from April 1, 2017, to March 31, 2018)

(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	73,578	131,837	(19,794)	249,453
Changes of items during the period					
Dividends of surplus					
Profit attributable to owners of parent			70,572		70,572
Purchase of shares of consolidated subsidiaries					
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	–	70,572	–	70,572
Balance at the end of the period	63,832	73,578	202,410	(19,794)	320,026

	Accumulated other comprehensive income				Non-controlling 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	4	1,128	(579)	552	17,219	267,226
Changes of items during the period						
Dividends of surplus						
Profit attributable to owners of parent						70,572
Purchase of shares of consolidated subsidiaries						
Net changes of items other than shareholders' equity	(3)	2,284	56	2,337	4,301	6,638
Total changes of items during the period	(3)	2,284	56	2,337	4,301	77,211
Balance at the end of the period	0	3,412	(523)	2,889	21,521	344,437

For the current fiscal year (from April 1, 2018, to March 31, 2019)

(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	73,578	202,410	(19,794)	320,026
Changes of items during the period					
Dividends of surplus			(3,133)		(3,133)
Profit attributable to owners of parent			37,781		37,781
Purchase of shares of consolidated subsidiaries		(29)			(29)
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	(29)	34,648	–	34,619
Balance at the end of the period	63,832	73,549	237,058	(19,794)	354,646

	Accumulated other comprehensive income				Non-controlling 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	0	3,412	(523)	2,889	21,521	344,437
Changes of items during the period						
Dividends of surplus						(3,133)
Profit attributable to owners of parent						37,781
Purchase of shares of consolidated subsidiaries						(29)
Net changes of items other than shareholders' equity	(0)	(579)	(781)	(1,361)	3,806	2,444
Total changes of items during the period	(0)	(579)	(781)	(1,361)	3,806	37,064
Balance at the end of the period	(0)	2,832	(1,304)	1,528	25,327	381,501

4) Consolidated Statement of Cash Flows

(Millions of yen)

	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Net cash provided by (used in) operating activities		
Profit before income taxes	81,168	55,334
Depreciation and amortization	4,448	4,749
Impairment loss	426	2,800
Amortization of goodwill	984	813
Increase (decrease) in allowance for doubtful accounts	8,496	1,214
Increase (decrease) in provision for loss on guarantees	1,338	(399)
Increase (decrease) in net defined benefit liability	56	48
Increase (decrease) in provision for directors' retirement benefits	(5)	3
Increase (decrease) in provision for loss on interest repayment	(60,831)	(1,768)
Interest and dividends income	(265)	(224)
Interest expenses	28	31
Amortization of bond issuance cost	148	143
Foreign exchange losses (gains)	86	13
Equity in (earnings) losses of affiliates	(10)	(7)
Settlement received	(199)	—
Loss (gain) on sales of property, plant and equipment	(27)	(125)
Loss on retirement of property, plant and equipment	140	191
Loss (gain) on sales of investment securities	(25)	(3)
Loss (gain) on valuation of investment securities	0	6
Decrease (increase) in accounts receivable - operating loans	(34,713)	(27,327)
Decrease (increase) in loans receivable of banking business	(4,518)	(3,637)
Decrease (increase) in accounts receivable - installment	(14,350)	(10,713)
Decrease (increase) in purchased receivables	730	1,167
Decrease (increase) in net defined benefit asset	(425)	(492)
Decrease (increase) in trading account securities	2,589	1,533
Decrease (increase) in inventories	17	(6)
Decrease (increase) in other current assets	(11,489)	(10,430)
Increase (decrease) in notes and accounts payable - trade	85	9
Increase (decrease) in deposits of banking business	(441)	3,714
Increase (decrease) in deferred installment income	(16)	(11)
Increase (decrease) in other current liabilities	1,791	193
Increase (decrease) by other operating activities	(1,266)	(1,178)
Subtotal	(26,049)	15,641
Interest and dividends income received	265	235
Interest expenses paid	(28)	(31)
Settlement package received	199	—
Income taxes paid	(7,022)	(8,516)
Net cash provided by (used in) operating activities	(32,634)	7,329

(Millions of yen)

	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Net cash provided by (used in) investing activities		
Purchase of securities	—	(1,365)
Proceeds from redemption of securities	—	1,187
Purchase of property, plant and equipment	(1,060)	(704)
Proceeds from sales of property, plant and equipment	67	917
Purchase of intangible assets	(1,647)	(2,019)
Purchase of investment securities	—	(477)
Proceeds from sales and redemption of investment securities	285	784
Increase (decrease) by other investing activities	644	511
Net cash provided by (used in) investing activities	(1,711)	(1,165)
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	98,729	143,597
Repayments of short-term loans payable	(106,233)	(142,880)
Proceeds from issuance of commercial papers	129,982	159,976
Redemption of commercial papers	(115,000)	(150,000)
Proceeds from issuance of bonds	36,438	33,404
Redemption of bonds	(25,000)	(45,260)
Proceeds from long-term loans payable	127,133	158,191
Repayment of long-term loans payable	(124,045)	(165,436)
Repayments of finance lease obligations	(494)	(591)
Proceeds from share issuance to non-controlling shareholders	221	357
Cash dividends paid	—	(3,131)
Cash dividends paid to non-controlling shareholders	(471)	(790)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(13)
Net cash provided by (used in) financing activities	21,259	(12,573)
Effect of exchange rate change on cash and cash equivalents	(81)	205
Net increase (decrease) in cash and cash equivalents	(13,168)	(6,204)
Cash and cash equivalents at beginning of period	101,719	88,551
Cash and cash equivalents at end of period	* 88,551	* 82,346

[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: 5

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.”

2. Application of the equity-method

Number of equity-method affiliate: 1

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

3. Accounting period of consolidated subsidiaries

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

EASY BUY Public Company Limited

PT. Bank Nusantara Parahyangan, Tbk.

ACOM CONSUMER FINANCE CORPORATION

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

4. Significant accounting policies

(1) Valuation standards and methods for significant assets

1) Marketable and investment securities

Trading securities:

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

Held-to-maturity securities:

Mainly amortization cost method (Interest method)

Available-for-sale securities:

Securities with market quotations:

Stated at market value at the end of the fiscal year

Unrealized gains or losses net of applicable taxes are reported as a component of other comprehensive income 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, etc.

Derivative transactions:

Fair value method

3) Inventories

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: 4 to 8 years

Equipment: 2 to 20 years

- 2) Intangible assets (excluding lease assets)

The Company and its consolidated subsidiaries 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 Company and its consolidated subsidiaries use the equal installment method over the estimated useful life.
 - 5) Deferred assets

Bond issuance cost:
These costs are fully charged to expenses when they are paid.
- (3) Accounting policies for significant allowances and provisions
- 1) Allowance for doubtful accounts

To provide for potential loss on accounts receivable - operating loans and other receivables, the Company and its consolidated subsidiaries recognize 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 and its consolidated subsidiaries consider the likelihood of recovery on an individual basis.
 - 2) Provision for loss on guarantees

To provide for loss on guarantees, the Company and its consolidated subsidiaries recognize a provision for potential losses at the end of the fiscal year.
 - 3) Provision for directors' retirement benefits

Certain domestic consolidated subsidiaries make provisions for a necessary amount of directors' retirement benefits at the end of each fiscal year, in accordance with the Company's internal rules.
 - 4) Provision for loss on interest repayment

To provide for potential loss on interest repayment in the future, the Company estimates and provides a reasonable amount of provision for loss on interest repayment, in consideration of the past actual results and the latest interest repayment situations.
- (4) Accounting method relating to retirement benefits
- 1) Periodic allocation of projected retirement benefit

In calculating retirement benefit obligations, the attribution on a benefit formula basis is applied for allocation of projected benefits to the periods until the end of the current fiscal year.
 - 2) Amortization of actuarial gain or loss 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 gain or loss 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 operating loans
Interest on operating loans is recorded on an accrual basis.
Accrued interest on operating loans is recorded, using the interest rate stipulated in the Interest Rate Restriction Act or the contracted interest rate of the Company, whichever the lower.
- Revenue from credit card business
Fees from customers:
Recorded by the credit balance method
Fees from member stores:
Recorded as fees at the time of transaction
- Revenue from credit guarantee
Recorded by the credit balance method

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

Credit balance method:

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

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

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

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

- (7) Significant hedge accounting method

- 1) Hedge accounting method

The Company and one of its consolidated subsidiaries adopt the deferred hedge accounting method. 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 and forward contracts 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.

- 2) Hedging instruments and hedging items

Interest rate-related items

Hedging instruments:

Interest-rate swap agreements

Hedging items:

Loans payable with variable interest rates and bonds payable with variable interest rates

Currency-related items

Hedging instruments:

Currency swap agreements and forward contracts agreements

Hedging items:

Foreign currency loans payable and foreign currency bonds payable

- 3) Hedging policy

In accordance with the Company's internal rules and those of its consolidated subsidiaries, the Company and one of its consolidated subsidiaries 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 and bonds payable with variable interest rates for the purpose of protecting cash flows, and currency swaps and forward contracts to hedge against the risk of fluctuations in exchange rates relating to loans payable and interest on loans relating to foreign currency loans payable and foreign currency bonds payable for the purpose of protecting cash flows.

- 4) Method for evaluating hedging effectiveness

With regard to interest rate-related hedging, critical requirements concerning hedging instruments and hedging items are closely matched with each other. Also, the Company and one of its consolidated subsidiaries 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 inception of hedging contracts. Therefore, the determination of hedging effectiveness is omitted. On currency-related hedging, currency swap contracts and forward contracts are entered into on the same conditions as hedged items, thus the Company and one of its consolidated subsidiaries can assume that fluctuations in exchange rates or cash flows are fully offset by the fluctuations of hedging instruments. Therefore, the determination 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, goodwill with immaterial value is fully amortized in the fiscal year acquired.

(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

1) 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.

2) Adoption of consolidated taxation system

The Company and its domestic consolidated subsidiaries have adopted the consolidated taxation system.

(Changes in Presentation)

<Changes associated with the application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”>

The Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018), etc. from the beginning of the current fiscal year. Accordingly, deferred tax assets are presented under investments and other assets and deferred tax liabilities are presented under noncurrent liabilities.

Consequently, in the consolidated balance sheet for the prior fiscal year, “Deferred tax assets” under “Current assets” decreased by 41,307 million yen and “Deferred tax assets” under “Investments and other assets” increased by 36,413 million yen, while “Deferred tax liabilities” under “Current liabilities” decreased by 0 million yen and “Deferred tax liabilities” under “Noncurrent liabilities” decreased by 4,893 million yen.

As “Deferred tax assets” and “Deferred tax liabilities” offset each other in the same taxable entity, total assets, total liabilities, and total liabilities and net assets decreased by 4,893 million yen, respectively.

In addition, notes on “Accounting Standard for Tax Effect Accounting” (Note 8) (1) (excluding total of valuation allowance) and (Note 9) provided in Items 3 to 5 of the “Partial Amendments to Accounting Standard for Tax Effect Accounting” have been added to the Notes to the Method of Tax Effect Accounting. However, related matters pertaining to the prior consolidated fiscal year have not been stated under the transitional treatment provided in Item 7 of the “Partial Amendments to Accounting Standard for Tax Effect Accounting.”

<Consolidated statement of income>

In the prior fiscal year, “Loss on insurance cancellation” was included in “Other” under non-operating expenses. As its quantitative materiality became significant, “Loss on insurance cancellation” has been listed separately in the current fiscal year. To reflect this change in presentation, the consolidated financial statements for the prior fiscal year have been reclassified.

As a result, 100 million yen of “Other” under non-operating expenses of the consolidated statement of income for the prior fiscal year has been reclassified into 16 million yen of “Loss on insurance cancellation” and 83 million yen of “Other.”

(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, 2018)	Current fiscal year (As of March 31, 2019)
Investment securities	335	342

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

	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Cash and deposits	3,327	3,092

*3. Contingent liabilities

	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Outstanding guarantee obligation in the guarantee business	1,199,644	1,212,255
Outstanding guarantee obligation in the banking business	568	510
Provision for loss on guarantees	10,061	9,661
Net	1,190,151	1,203,103

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

Prior fiscal year (As of March 31, 2018)

Contracts for accounts receivable - operating loans extended by the Company and some of consolidated subsidiaries primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 456,235 million yen at the end of the fiscal year. This included a total of 275,973 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 being used. Therefore, the amount 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, 2019)

Contracts for accounts receivable - operating loans extended by the Company and some of consolidated subsidiaries primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 496,960 million yen at the end of the fiscal year. This included a total of 314,419 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 being used. Therefore, the amount 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.

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

Prior fiscal year (As of March 31, 2018)

The consolidated subsidiary PT. Bank Nusantara Parahyangan, Tbk. has concluded a savings overdraft agreement pledging to lend funds up to an established limit when such financing is requested by a customer (as long as this lending does not violate conditions stipulated in the agreements) and a commitment line agreement on loans. The balance of undrawn lines of credit based on these agreements is 13,161 million yen as of the end of the fiscal year.

A certain portion of commitment line contracts lapse without being used. Therefore, the amount 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, 2019)

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 10,336 million yen as of the end of the fiscal year.

A certain portion of commitment line contracts lapse without being used. Therefore, the amount 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.

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

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

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Loans to debtors who have petitioned for bankruptcy, but have not yet been declared bankrupt	308	275

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Loans to bankrupt parties	788	769
Loans in arrears	23,821	24,179
Loans overdue by three months or more	4,753	4,753
Restructured loans	31,477	31,990
Total	60,841	61,692

Notes:

- Loans to bankrupt parties refer to loans to bankrupt parties, parties in rehabilitation and reorganization, and others which are loans where interest is not accrued.

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

*7. Agreements for overdraft and commitment facilities

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

	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Amount of agreement for overdraft and commitment line	125,922	123,458
Amount of borrowing	47,207	39,579
Net	78,715	83,879

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

	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Unsecured consumer loans in accounts receivable - operating loans	969,035	995,223

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

	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Fees from the credit card business	52,445	63,137
Fees from installment sales finance business	588	603
Total	53,034	63,740

*10. 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: (Millions of yen)

	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Balance at the beginning of period	66 [8]	53 [15]
Accrued during the period	62 [26]	53 [34]
Realized during the period	74 [18]	64 [25]
Balance at the end of period	53 [15]	42 [24]

Figures in brackets “[]” represent fees from member outlets.

(Notes to Consolidated Statement of Income)

*1. Research and development expenses included in “Other operating expenses” are as follows.

(Millions of yen)

	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Research and development expenses	31	111

*2. The Company recorded settlement money pertaining to the suspension of system development as “settlement received” under non-operating income.

*3. Breakdown of gain on sales of noncurrent assets

(Millions of yen)

	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Buildings and structures	33	383
Vehicles	0	0
Equipment	4	1
Lease assets	0	—
Total	38	384

*4. Breakdown of loss on sales of noncurrent assets

(Millions of yen)

	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Buildings and structures	—	1
Equipment	4	7
Land	6	250
Total	10	259

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

(Millions of yen)

	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Buildings and structures	124	178
Equipment	15	13
Telephone subscription right	0	—
Software	9	0
Total	149	191

*6. Impairment loss

The following losses on impairment of noncurrent assets are recorded.

Prior fiscal year (from April 1, 2017, to March 31, 2018)

(1) Assets recognized as having suffered impairment

Location	Usage	Type
—	Other	Goodwill

(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 and credit card business 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

An impairment loss was recognized because there is no longer any possibility of acquiring the revenues initially expected with respect to a part of the business that the Company succeeded by corporate separation under the guarantee business.

(4) Amount of impairment loss

Goodwill 426 million yen

(5) Calculation method of recoverable amount

The recoverable amount of goodwill is measured by utility value determined by discounting future cash flows at 7.8%.

Current fiscal year (from April 1, 2018, to March 31, 2019)

(1) Assets recognized as having suffered impairment

Location	Usage	Type
Kashiwa City, Chiba and other	Properties to be sold	Land, buildings and structures, and equipment

(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 and credit card business 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

An impairment loss was recognized on properties to be sold because the expected sale prices were significantly lower than the carrying amounts of the assets.

(4) Amount of impairment loss

	(Millions of yen)
Land	2,337
Buildings and structures	462
Equipment	0
Total	2,800

(5) Calculation method of recoverable amount

The recoverable amount of the properties to be sold is measured by the net selling price and evaluated based on the minimum limit of the appraised selling price.

*7. Breakdown of other extraordinary loss

	(Millions of yen)	
	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Lump sum amortization of long-term prepaid expenses	—	0
Losses on retirement, including amortization of lease and guarantee deposits	2	1
Loss on sales of golf club memberships	0	0
Total	2	1

8. 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 which 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 which 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 adjustments and tax effects relating to other comprehensive income:

	(Millions of yen)	
	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Valuation difference on available-for-sale securities		
Gains arising during the year	(3)	(0)
Reclassification adjustments	(1)	—
Amount before income tax effect	(5)	(0)
Income tax effect	1	0
Valuation difference on available-for-sale securities	(3)	(0)
Foreign currency translation adjustment		
Gains arising during the year	3,185	(1,730)
Reclassification adjustments	—	—
Amount before income tax effect	3,185	(1,730)
Income tax effect	—	617
Foreign currency translation adjustment	3,185	(1,113)
Remeasurements of defined benefit plans, net of tax		
Gains arising during the year	174	(1,020)
Reclassification adjustments	(105)	(92)
Amount before income tax effect	68	(1,112)
Income tax effect	(22)	346
Remeasurements of defined benefit plans, net of tax	45	(766)
Total other comprehensive income	3,228	(1,880)

(Notes to Consolidated Statement of Changes in Net Assets)
 For the prior fiscal year (from April 1, 2017, to March 31, 2018)

1. Matters related to outstanding shares

(Shares)

Class of shares	As of April 1, 2017	Increase	Decrease	As of March 31, 2018
Common stock	1,596,282,800	—	—	1,596,282,800

2. Matters related to treasury stock

(Shares)

Class of shares	As of April 1, 2017	Increase	Decrease	As of March 31, 2018
Common stock	29,668,592	—	—	29,668,592

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 is after March 31, 2018

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

For the current fiscal year (from April 1, 2018, to March 31, 2019)

1. Matters related to outstanding shares

(Shares)

Class of shares	As of April 1, 2018	Increase	Decrease	As of March 31, 2019
Common stock	1,596,282,800	—	—	1,596,282,800

2. Matters related to treasury stock

(Shares)

Class of shares	As of April 1, 2018	Increase	Decrease	As of March 31, 2019
Common stock	29,668,592	—	—	29,668,592

3. Matters related to stock acquisition rights, etc.

Not applicable

4. Matters related to dividends

(1) Dividends paid

Resolution	Class of shares	Total amount (Millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 22, 2018	Common stock	1,566	1.00	March 31, 2018	June 25, 2018
Board of Directors meeting held on November 1, 2018	Common stock	1,566	1.00	September 30, 2018	December 6, 2018

(2) Dividends whose record date fell in the fiscal year, but whose effective date is after March 31, 2019

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

(Notes to Consolidated Statement of Cash Flows)

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

	(Millions of yen)	
	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Cash and deposits	91,884	85,546
Short-term investment securities	904	479
Time deposits with original maturities of more than three months	(5)	(106)
Cash reserved for banking business	(3,327)	(3,092)
Bonds with maturities of more than three months	(904)	(479)
Cash and cash equivalents	88,551	82,346

(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 mainly servers.

2) Depreciation of lease assets

Same depreciation method as that applied 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 servers, automatic contract machines, etc.

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, 2018)	Current fiscal year (As of March 31, 2019)
Due within 1 year	99	101
Due after 1 year	103	26
Total	203	127

(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, 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, etc., in light of the market situation and balance between variable interest rates and fixed interest rates. The Group conducts derivative transactions primarily for the purpose of avoiding the risk of fluctuations in interest rates and exchange rates associated with these financing operations, and has a policy not to conduct speculative trading.

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

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

Financial liabilities including loans payable, bonds and commercial papers 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 mitigated through currency swap agreements and forward contracts.

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

(3) Risk management for financial instruments

1) Credit risk management

According to internal rules, the Company incorporates and operates a structure to manage 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 monitoring 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 one 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 primarily enter into currency swap agreements and forward contracts 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 of the accounts receivable - operating loans, which are the Group's major financial assets, have fixed interest rates, and loans payable and bonds, which are the Group's major financial liabilities, have mainly fixed interest rates. Thus, the Group has low sensitivity to fluctuations in interest rates. Therefore, 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, 2018	As of March 31, 2019
If the market interest rate had been:		
higher by 1 basis point	(139)	71
lower by 1 basis point	139	(71)

3) Liquidity risk management associated with financing activities

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

(4) Supplementary explanations on fair value of financial instruments

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

2. Fair value of financial instruments

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

For the prior fiscal year (As of March 31, 2018)

	(Millions of yen)		
	Carrying amount	Fair value	Unrealized gain/loss
(1) Cash and deposits	91,884	91,884	—
(2) Accounts receivable - operating loans	975,116		
Allowance for doubtful accounts	(39,504)		
Provision for loss on interest repayment (Write-off of receivables)	(10,839)		
	924,772	1,207,312	282,539
(3) Loans receivable of banking business	48,808		
Allowance for doubtful accounts	(1,315)		
	47,493	53,881	6,387
(4) Accounts receivable - installment	53,034		
Allowance for doubtful accounts	(3,082)		
Deferred installment income	(53)		
	49,898	64,165	14,267
(5) Purchased receivables	10,603		
Allowance for doubtful accounts	(3,099)		
	7,503	7,503	—
(6) Marketable securities, trading account securities and investment securities			
1) Trading securities	1,651	1,651	—
2) Held-to-maturity securities	3,941	4,200	258
3) Available-for-sale securities	58	58	—
Total assets	1,127,204	1,430,658	303,453
(1) Short-term loans payable	10,873	10,873	—
(2) Commercial papers	29,998	29,998	—
(3) Deposits of banking business	53,074	53,074	—
(4) Current portion of bonds and bonds payable	256,560	258,977	2,417
(5) Current portion of long-term loans payable and long-term loans payable	437,086	437,610	524
Total liabilities	787,593	790,535	2,941
Derivative transactions*			
(1) not subject to the application of hedge accounting	—	—	—
(2) subject to the application of hedge accounting	—	—	—
Total derivative transactions	—	—	—

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

For the current fiscal year (As of March 31, 2019)

(Millions of yen)

	Carrying amount	Fair value	Unrealized gain/loss
(1) Cash and deposits	85,546	85,546	—
(2) Accounts receivable - operating loans	1,000,428		
Allowance for doubtful accounts	(40,191)		
Provision for loss on interest repayment (Write-off of receivables)	(10,300)		
	949,936	1,241,228	291,291
(3) Loans receivable of banking business	48,331		
Allowance for doubtful accounts	(724)		
	47,606	51,591	3,984
(4) Accounts receivable - installment	63,740		
Allowance for doubtful accounts	(3,632)		
Deferred installment income	(42)		
	60,066	76,257	16,190
(5) Purchased receivables	9,435		
Allowance for doubtful accounts	(3,081)		
	6,354	6,354	—
(6) Marketable securities, trading account securities and investment securities			
1) Trading securities	—	—	—
2) Held-to-maturity securities	3,560	3,560	0
3) Available-for-sale securities	0	0	—
Total assets	1,153,071	1,464,538	311,467
(1) Short-term loans payable	11,547	11,547	—
(2) Commercial papers	39,998	39,998	—
(3) Deposits of banking business	52,319	52,319	—
(4) Current portion of bonds and bonds payable	244,211	246,440	2,229
(5) Current portion of long-term loans payable and long-term loans payable	429,386	428,761	(624)
Total liabilities	777,461	779,066	1,605
Derivative transactions*			
(1) not subject to the application of hedge accounting	—	—	—
(2) subject to the application of hedge accounting	—	—	—
Total derivative transactions	—	—	—

* The receivables and payables attributable to derivative transactions are shown in their net amounts. If the aggregate balance 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 transactions

Assets

(1) Cash and deposits

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

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

The fiscal year-end outstanding balances are stated at their net present value, which are calculated by discounting expected future cash flows of the potentially recoverable principal and interest by the current market interest rate. These exclude secured loans which are stated at adjusted carrying amount; the expected amount of loan losses on these assets are calculated based on the expected recoverable amount of their collateral securities, hence their fair value approximates their carrying amount at the closing date, less the current expected amount of loan losses. Meanwhile, accounts receivable - operating loans and 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.

For notes to securities according to holding purposes, please refer to "Notes to Securities."

Liabilities

(1) Short-term loans payable and (2) commercial papers

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

(3) 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.

(4) Current portion of bonds and bonds payable

Bonds with market value are stated at market price. Bonds without market value and privately offered bonds are stated at the net present value, which is calculated by discounting the compound value (for bonds involved in an interest-rate swap that meet the conditions for exceptional accounting treatment or a 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 taking credit risk into consideration).

(5) 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 an interest-rate swap that meet the conditions for exceptional accounting treatment or a 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 taking credit risk into consideration).

Derivative transactions

Please refer to “Notes to Derivative Transactions.”

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

Item	As of March 31, 2018	As of March 31, 2019
1) Unlisted shares (*1) (*2)	1,163	1,164
2) Investments in investment partnerships (*1) (*3)	2	1
Total	1,165	1,166

(*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) Scheduled redemption amount of monetary claims and marketable securities with maturity

For the prior fiscal year (As of March 31, 2018)

	(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	91,884	—	—	—	—	—
Accounts receivable - operating loans (*1) (*2)	182,534	177,582	173,494	170,120	167,335	65,252
Loans receivable of banking business	29,134	2,892	3,287	5,926	3,258	4,310
Accounts receivable - installment (*1) (*2)	10,636	10,048	10,048	10,048	10,048	195
Marketable securities and Investment securities						
1) Held-to-maturity securities (Government bond)	846	293	139	—	475	2,187
2) Available-for-sale securities with maturities						
Government bond	58	—	—	—	—	—
Other	—	—	—	—	—	—
Total	315,095	190,817	186,969	186,095	181,117	71,945

For the current fiscal year (As of March 31, 2019)

	(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	85,546	—	—	—	—	—
Accounts receivable - operating loans (*1) (*2)	187,900	182,437	178,074	174,248	171,125	67,483
Loans receivable of banking business	30,474	3,251	5,039	3,580	2,448	3,537
Accounts receivable - installment (*1) (*2)	12,624	12,021	12,021	12,021	12,021	458
Marketable securities and Investment securities						
1) Held-to-maturity securities (Government bond)	479	598	—	448	223	1,809
2) Available-for-sale securities with maturities						
Government bond	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total	317,025	198,308	195,135	190,298	185,820	73,288

(*1) Accounts receivable - operating loans and accounts receivable - installment do not include loans whose recovery is doubtful because their redemption schedule is unclear (amounts: 35,955 million yen for the prior fiscal year and 37,621 million yen for the current fiscal year).

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

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

For the prior fiscal year (As of March 31, 2018)

(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	10,873	—	—	—	—	—
Commercial papers	29,998	—	—	—	—	—
Deposits of banking business	53,074	—	—	—	—	—
Current portion of bonds and bonds payable	45,350	41,678	42,106	40,350	50,175	36,900
Current portion of long-term loans payable and long-term loans payable	160,244	140,855	77,539	39,181	15,525	3,740
Lease obligations	573	456	314	281	97	—
Total	300,115	182,991	119,960	79,813	65,797	40,640

For the current fiscal year (As of March 31, 2019)

(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	11,547	—	—	—	—	—
Commercial papers	39,998	—	—	—	—	—
Deposits of banking business	52,319	—	—	—	—	—
Current portion of bonds and bonds payable	41,519	47,116	53,640	50,115	28,410	23,410
Current portion of long-term loans payable and long-term loans payable	146,714	84,967	55,350	66,833	45,020	30,500
Lease obligations	523	370	336	150	39	—
Total	292,623	132,453	109,326	117,098	73,470	53,910

(Notes to Securities)

1. Held-to-maturity securities

For the prior fiscal year (As of March 31, 2018)

(Millions of yen)

Category	Carrying amount	Market value	Unrealized gain (loss)
Market value greater than carrying amount			
(1) Government/municipal bonds	3,941	4,200	258
(2) Corporate bonds	—	—	—
(3) Other	—	—	—
Subtotal	3,941	4,200	258
Market value not greater than carrying amount			
(1) Government/municipal bonds	—	—	—
(2) Corporate bonds	—	—	—
(3) Other	—	—	—
Subtotal	—	—	—
Total	3,941	4,200	258

For the current fiscal year (As of March 31, 2019)

(Millions of yen)

Category	Carrying amount	Market value	Unrealized gain (loss)
Market value greater than carrying amount			
(1) Government/municipal bonds	2,047	2,072	24
(2) Corporate bonds	—	—	—
(3) Other	—	—	—
Subtotal	2,047	2,072	24
Market value not greater than carrying amount			
(1) Government/municipal bonds	1,512	1,487	(24)
(2) Corporate bonds	—	—	—
(3) Other	—	—	—
Subtotal	1,512	1,487	(24)
Total	3,560	3,560	0

2. Available-for-sale securities

For the prior fiscal year (As of March 31, 2018)

(Millions of yen)

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

For the current fiscal year (As of March 31, 2019)

(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	—	—	—
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	0	0	0
Acquisition cost greater than carrying amount			
(1) Stocks	—	—	—
(2) Bonds			
Government/municipal	—	—	—
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	—	—	—
Total	0	0	0

3. Available-for-sale securities sold during the fiscal year
 For the prior fiscal year (from April 1, 2017, to March 31, 2018)

(Millions of yen)

Category	Amount of proceeds	Total gains on sales	Total losses on sales
(1) Stocks	33	25	—
(2) Bonds			
Government/municipal	—	—	—
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Total	33	25	—

For the current fiscal year (from April 1, 2018, to March 31, 2019)

(Millions of yen)

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

4. Impaired securities written down to their fair values

(Millions of yen)

	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Loss on impairment of securities (shares classified as “Available-for-sale securities”)	0	6

(Notes to Derivative Transactions)

1. Derivative transactions not subject to hedge accounting

For the prior fiscal year (As of March 31, 2018)

Not applicable

For the current fiscal year (As of March 31, 2019)

Not applicable

2. Derivative transactions subject to hedge accounting

(1) Interest rate-related derivatives

For the prior fiscal year (As of March 31, 2018)

(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 and bonds payable	162,459	78,381	(Note)

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

For the current fiscal year (As of March 31, 2019)

(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 and bonds payable	81,715	32,455	(Note)

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

(2) Currency-related derivatives

For the prior fiscal year (As of March 31, 2018)

(Millions of yen)

Hedge accounting method	Type of derivatives	Major hedging items	Contract amount	Contract amount due after 1 year-period	Fair value
Currency swaps which qualify for hedge accounting and meet specific matching criteria	Currency swap	Long-term loans payable and bonds payable	27,614	25,186	(Note)
	Forward contracts Buy US dollars	Short-term loans payable	1,838	—	
Total			29,452	25,186	

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

For the current fiscal year (As of March 31, 2019)

(Millions of yen)

Hedge accounting method	Type of derivatives	Major hedging items	Contract amount	Contract amount due after 1 year-period	Fair value
Currency swaps which qualify for hedge accounting and meet specific matching criteria	Currency swap	Long-term loans payable and bonds payable	21,197	8,980	(Note)

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

(Notes to Retirement Benefits)

1. Overview of retirement benefit plans

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

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

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

2. Defined-benefit plans

(1) Changes in retirement benefit obligations

	(Millions of yen)	
	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Balance at the beginning of the year	22,030	22,631
Service cost	1,449	1,452
Interest cost	93	70
Actuarial differences generated	203	311
Retirement benefits paid	(1,083)	(1,014)
Other	(63)	(74)
Balance at the end of year	22,631	23,377

(2) Changes in plan assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Balance at the beginning of the year	25,831	26,856
Expected return on plan assets	780	830
Actuarial differences generated	378	(709)
Contribution from employers	973	1,027
Retirement benefits paid	(1,083)	(1,014)
Other	(25)	(54)
Balance at the end of the year	26,856	26,937

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

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Retirement benefit obligations for funded type plans	22,296	23,038
Plan assets	(26,856)	(26,937)
	(4,559)	(3,898)
Retirement benefit obligations for unfunded type plans	334	338
Net asset and liability reported on the consolidated balance sheet	(4,224)	(3,559)
Net defined benefit liability	334	338
Net defined benefit asset	(4,559)	(3,898)
Net asset and liability reported on the consolidated balance sheet	(4,224)	(3,559)

(4) Breakdown of retirement benefit expenses

	(Millions of yen)	
	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Service cost	1,449	1,452
Interest cost	93	70
Expected return on plan assets	(780)	(830)
Recognized actuarial gain or loss	(103)	(103)
Special severance pay premium	103	74
Retirement benefit expenses for defined benefit plans	762	663

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

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

	(Millions of yen)	
	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Actuarial gain or loss	68	(1,112)

(6) Remeasurements of defined benefit plans

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

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Unrecognized actuarial gain or loss	(803)	(1,916)

(7) Plan assets

1) Components of plan assets

Plan assets consist of the following:

	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Domestic stocks	23%	21%
Domestic bonds	23%	22%
Foreign stocks	16%	16%
Foreign bonds	8%	8%
Alternative investments	18%	18%
Insurer's general accounts	5%	4%
Other	7%	11%
Total	100%	100%

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

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

(8) Assumptions used in actuarial calculations

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

	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Discount rates	Primarily 0.09%	Primarily 0.00%
Long-term expected rates of return on plan assets	Primarily 3.00%	Primarily 3.00%
Expected rates of salary raises	Primarily 6.50%	Primarily 6.50%

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

3. Defined-contribution plans

The required amounts of contribution to the defined-contribution plans of the Company and its consolidated subsidiaries were 282 million yen for the prior fiscal year and 290 million yen for the current fiscal year.

(Notes to Stock Options, etc.)

For the prior fiscal year (from April 1, 2017, to March 31, 2018)

Not applicable

For the current fiscal year (from April 1, 2018, to March 31, 2019)

Not applicable

(Notes to the Method of Tax Effect Accounting)

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

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Deferred tax assets		
Bad debt expenses	17,979	20,791
Allowance for doubtful accounts	10,374	10,432
Provision for loss on guarantees	3,080	2,958
Provision for loss on interest repayment	31,865	31,324
Accrued bonuses	534	488
Accrued directors' retirement benefits	51	52
Unrecognized accrued interest	487	501
Software	3,250	3,676
Deferred assets	349	282
Deferred consumption taxes	378	363
Loss on valuation of securities	170	163
Loss on valuation of golf club memberships	14	13
Impairment loss	255	255
Asset adjustment	21	—
Asset retirement obligations	1,211	1,153
Stock dividends	3,493	3,493
Net defined benefit liability	66	67
Retained tax loss (Note 2)	126,354	100,090
Other	934	989
Deferred tax assets (subtotal)	200,877	177,100
Valuation allowance pertaining to retained tax loss (Note 2)	—	(93,764)
Valuation allowance pertaining to total deductible temporary difference	—	(41,382)
Valuation allowance (subtotal) (Note 1)	(158,899)	(135,146)
Total deferred tax assets	41,977	41,953
Deferred tax liabilities		
Retained earnings of subsidiaries	3,709	4,655
Valuation difference on available-for-sale securities	0	—
Net defined benefit asset	1,395	1,190
Other	21	18
Total deferred tax liabilities	5,127	5,864
Balance of net deferred tax assets	36,850	36,089

(Notes) 1. Valuation allowance showed a decrease of 23,752 million yen composed mainly of a 27,746 million yen decrease in valuation allowance pertaining to retained tax loss and a 1,907 million yen increase in valuation allowance pertaining to provision for loss on interest repayment.

2. Amounts classified by the deadline for retention of retained tax loss and related deferred tax assets

Current fiscal year (As of March 31, 2019)

(Millions of yen)

	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Retained tax loss (a)	40,609	29,782	18,206	6,824	4,667	—	100,090
Valuation allowance	(34,283)	(29,782)	(18,206)	(6,824)	(4,667)	—	(93,764)
Deferred tax assets	6,326	—	—	—	—	—	(b) 6,326

(a) Retained tax loss is shown as an amount multiplied by the effective tax rate.

(b) The Company recorded deferred tax assets of 6,326 million yen for a retained tax loss of 100,090 million yen (an amount multiplied by the effective tax rate). The deferred tax assets of 6,326 million yen were recognized for the balance of a retained tax loss (an amount multiplied by the effective tax rate) of 99,976 million yen in the Company. We believe that the above retained tax loss will be recoverable mainly by the estimated future taxable income.

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, 2018)	Current fiscal year (As of March 31, 2019)
Normal effective statutory tax rate	30.9%	30.6%
(Adjustment)		
Changes in valuation allowance	(41.1%)	(43.7%)
Amortization of goodwill	0.4%	0.5%
Dividends income and other items not counted for tax purposes	(1.2%)	0.0%
Retained earnings of subsidiaries	0.8%	2.8%
Difference in tax rates for consolidated subsidiaries	(2.2%)	(3.9%)
Withholding income tax relating to dividends from overseas subsidiaries	0.5%	0.4%
Expiration of retained loss	19.5%	36.2%
Other	0.9%	0.3%
Actual effective tax rate	8.5%	23.2%

(Notes to Asset Retirement Obligations)

Asset retirement obligations reported in the consolidated balance sheet

(1) Description of relevant asset retirement obligations

Asset retirement obligations are recognized 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 used for calculation of asset retirement obligations.

(3) Changes in asset retirement obligations

	(Millions of yen)	
	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Balance at the beginning of the year	4,499	4,410
Additional provisions associated with the acquisition of property, plant and equipment	42	33
Accretion with passage of time	29	20
Reduction associated with meeting asset retirement obligations	(174)	(282)
Reduction associated with changes in estimates	—	(9)
Foreign currency translation adjustment	14	(2)
Balance at the end of the year	4,410	4,170

(Segments of an Enterprise and Related Information)

[Segment information]

1. Summary 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. In overseas, the Company also conducts finance businesses in Asia.

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

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

The accounting treatment regarding the reported business segments are the same as described in the "Significant matters providing the basis for the preparation of consolidated financial statements." The profit of business segments is based on operating profit. Intersegment operating revenue is based on trading prices in the market.

The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the current fiscal year. Segment assets in the prior fiscal year are presented in figures to which the above accounting standard has been retrospectively applied.

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

For the prior fiscal year (from April 1, 2017, to March 31, 2018)

(Millions of yen)

	Reported segments					Others (Note 1)	Total
	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Subtotal		
Operating revenue							
Operating revenue from external customers	139,826	65,171	51,895	6,560	263,453	0	263,453
Revenues from transactions with other operating segments	0	124	8	—	133	81	214
Total	139,826	65,295	51,904	6,560	263,586	81	263,668
Segment profit	46,864	17,808	15,478	615	80,766	81	80,848
Segment assets	853,532	36,143	239,492	8,788	1,137,957	49,793	1,187,751
Other items							
Depreciation	2,648	1,117	672	11	4,449	—	4,449
Amortization of goodwill	—	984	—	—	984	—	984
Provision for bad debts (Note 2)	28,633	33,361	14,171	1,404	77,570	—	77,570
Provision for loss on interest repayment	—	—	—	—	—	—	—
Increase in property, plant and equipment and intangible assets	1,069	100	586	8	1,765	—	1,765

(Notes) 1. The "Others" category represents operating revenue, profit, assets, and other items which are not included in the reported segments.

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

3. The standard for the distribution of noncurrent assets to segments differs from the standard for the distribution of the relevant depreciation.

For the current fiscal year (from April 1, 2018, to March 31, 2019)

(Millions of yen)

	Reported segments					Others (Note 1)	Total
	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Subtotal		
Operating revenue							
Operating revenue from external customers	144,826	69,341	56,984	5,893	277,045	23	277,069
Revenues from transactions with other operating segments	2	—	11	—	14	54	69
Total	144,829	69,341	56,995	5,893	277,060	78	277,138
Segment profit	11,804	25,241	19,802	390	57,239	78	57,317
Segment assets	882,241	42,163	245,352	7,713	1,177,471	6,987	1,184,458
Other items							
Depreciation	2,824	1,282	631	10	4,749	—	4,749
Amortization of goodwill	—	813	—	—	813	—	813
Provision for bad debts (Note 2)	29,761	30,245	14,634	1,406	76,048	—	76,048
Provision for loss on interest repayment	39,479	—	—	—	39,479	—	39,479
Increase in property, plant and equipment and intangible assets	677	175	245	62	1,160	—	1,160

(Notes) 1. The “Others” category represents operating revenue, profit, assets, and other items which are not included in the reported segments.

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

3. The standard for the distribution of noncurrent assets to segments differs from the standard for the distribution of the relevant depreciation.

4. Reconciliation between the total amounts of reported segments and amounts in the consolidated financial statements

(Millions of yen)

Operating revenue	For the prior fiscal year	For the current fiscal year
Total reported segments	263,586	277,060
Operating revenue of “Others” category	81	78
Elimination of intersegment transactions	(206)	(69)
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	(8)	0
Operating revenue in the consolidated financial statements	263,453	277,069

(Millions of yen)

Profit	For the prior fiscal year	For the current fiscal year
Total reported segments	80,766	57,239
Profit of "Others" category	81	78
Elimination of intersegment transactions	(48)	48
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	141	241
Operating profit in the consolidated financial statements	80,942	57,607

(Millions of yen)

Assets	For the prior fiscal year	For the current fiscal year
Total reported segments	1,137,957	1,177,471
Assets of "Others" category	49,793	6,987
Elimination of intersegment assets	(24,452)	(23,828)
Corporate assets	117,322	148,843
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	(4,664)	(7,565)
Total assets in the consolidated financial statements	1,275,957	1,301,908

(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	4,449	4,749	—	—	(1)	—	4,448	4,749
Amortization of goodwill	984	813	—	—	—	—	984	813
Provision for bad debts	77,570	76,048	—	—	(0)	(58)	77,570	75,989
Provision for loss on interest repayment	—	39,479	—	—	—	—	—	39,479
Increase of property, plant and equipment and intangible assets	1,765	1,160	—	—	4,898	597	6,663	1,758

(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, 2017, to March 31, 2018)

1. Information about products and services

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

2. Information about geographic areas

(1) Operating revenue

(Millions of yen)

Japan	Overseas	Total
211,474	51,979	263,453

(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 the consolidated balance sheet.

3. Information about major customers

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

For the current fiscal year (from April 1, 2018, to March 31, 2019)

1. Information about products and services

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

2. Information about geographic areas

(1) Operating revenue

(Millions of yen)

Japan	Overseas	Total
219,995	57,073	277,069

(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 the consolidated balance sheet.

3. Information about major customers

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

[Information about impairment loss on noncurrent assets of each reported segment]
For the prior fiscal year (from April 1, 2017, to March 31, 2018)

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Others	Corporate/elimination	Total
Impairment loss	—	426	—	—	—	—	426

For the current fiscal year (from April 1, 2018, to March 31, 2019)

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Others	Corporate/elimination (Note)	Total
Impairment loss	—	—	—	—	—	2,800	2,800

(Note) Represents impairment loss of our headquarters' welfare/leisure facilities for our employees that is not allocated to reported segments.

[Information about amortization of goodwill and unamortized balance of each reported segment]
For the prior fiscal year (from April 1, 2017, to March 31, 2018)

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Others	Corporate/elimination	Total
Amortization of goodwill	—	984	—	—	—	—	984
Goodwill at the end of the fiscal year	—	4,063	—	—	—	—	4,063

For the current fiscal year (from April 1, 2018, to March 31, 2019)

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Others	Corporate/elimination	Total
Amortization of goodwill	—	813	—	—	—	—	813
Goodwill at the end of the fiscal year	—	3,250	—	—	—	—	3,250

[Information about gain on negative goodwill of each reported segment]
For the prior fiscal year (from April 1, 2017, to March 31, 2018)

Not applicable

For the current fiscal year (from April 1, 2018, to March 31, 2019)

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, 2017, to March 31, 2018)

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

							(Millions of yen)
Type	Name	Relationship	Summary of transactions	Amount of transaction	Item	Outstanding amount at the end of the fiscal year	
Companies of the same parent company	Mitsubishi UFJ Trust and Banking Corporation	Borrowing	Borrowing of funds	Borrowing 94,171	Commercial papers	8,999	
				Repayment 80,676	Current portion of long-term loans payable	61,694	
				Long-term loans payable	96,864		
			Payment of interest	2,034	Other current liabilities	9	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Borrowing	Borrowing of funds	Borrowing 40,295	Commercial papers	8,999	
					Repayment 32,000	Current portion of long-term loans payable	32,618
					Long-term loans payable	19,600	
				Payment of interest	903	Other current liabilities	2
		Debt guarantee	Receipt of credit guarantee fees for unsecured loans of the bank	24,684	Other current assets	6,565	
					Guarantee obligation for unsecured loans issued by the bank	629,008	—

(Notes) Terms and conditions of the transactions and their 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 guarantee commission market into consideration. If a debtor with outstanding consumer loans from the bank encounters difficulty in repaying the loans, the Company subrogates the performance of the loans in accordance with an agreement with the bank. The terms and conditions of the subrogated performance are determined through mutual consultation.
3. The Bank of Tokyo-Mitsubishi UFJ, Ltd. has changed its name to MUFG Bank, Ltd. effective on April 1, 2018.

For the current fiscal year (from April 1, 2018, to March 31, 2019)

(Millions of yen)					
Type	Name	Location	Paid-in capital	Business outline	Ratio of voting rights holding (held)
Companies of the same parent company	Mitsubishi UFJ Trust and Banking Corporation	Chiyoda-ku, Tokyo	324,279	Trust banking business	Direct (2.01 %)
	MUFG Bank, 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	Repayment 167,558	—	—
			Payment of interest	73	—	—
	MUFG Bank, Ltd.	Borrowing	Borrowing of funds	Borrowing 340,859	Commercial papers	21,999
				Repayment 169,312	Current portion of long-term loans payable	63,454
			Payment of interest	2,412	Long-term loans payable	147,322
			Other current liabilities	13		
	Debt guarantee	Receipt of credit guarantee fees for unsecured loans of the bank	24,545	Other current assets	6,249	
		Guarantee obligation for unsecured loans issued by the bank	618,836	—	—	

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

1. The interest rates of borrowing from Mitsubishi UFJ Trust and Banking Corporation and MUFG Bank, Ltd., are the money market rates.
2. Guarantee commission rates on the debt guarantees for consumer loans by MUFG Bank, Ltd. are determined after negotiation by taking the guarantee commission market into consideration. If a debtor with outstanding consumer loans from the bank encounters difficulty in repaying the loans, the Company subrogates the performance of the loans in accordance with an agreement with the bank. The terms and conditions of the subrogated performance are determined through mutual consultation.
3. Borrowing from Mitsubishi UFJ Trust and Banking Corporation was transferred to MUFG Bank, Ltd. as of April 16, 2018, as a result of a functional reorganization of Mitsubishi UFJ Financial Group, Inc. The repayment amount for the above-stated transaction with Mitsubishi UFJ Trust and Banking Corporation corresponds to borrowing of the capital transferred to MUFG Bank, Ltd. The same amount is included in the amount of borrowing in the transaction amount with MUFG Bank, Ltd.

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

For the prior fiscal year (from April 1, 2017, to March 31, 2018)

(Millions of yen)

Type	Name	Location	Paid-in capital	Business description or occupation	Ratio of voting rights holding (held)
Directors and their close relatives	Kazuo Fukumoto	—	—	Trustee of The Institute for Research on Household Economics	—

(Millions of yen)

Type	Name	Relationship	Summary of transactions	Amount of transaction	Item	Outstanding amount at the end of the fiscal year
Directors and their close relatives	Kazuo Fukumoto	—	Donation	16	—	—

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

2. Terms and conditions of the transactions and its policies

The Institute for Research on Household Economics conducts research on household income and expenditure. The Company determines the terms and conditions of transactions by comprehensively considering the Institute's business plans and business performance.

For the current fiscal year (from April 1, 2018, to March 31, 2019)

Not applicable

(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, 2017, to March 31, 2018)

Type	Name	Location	Paid-in capital	Business outline	Ratio of voting rights holding (held)
Companies of the same parent company	Bank of Ayudhya Public Company Limited	Bangkok, Kingdom of Thailand	(Million THB) 73,557	Banking business	—

Type	Name	Relationship	Summary of transactions	Amount of transaction (Million yen)	Item	Outstanding amount at the end of the fiscal year (Million yen)
Companies of the same parent company	Bank of Ayudhya Public Company Limited	Borrowing	Borrowing of funds	Borrowing 11,916	Short-term loans payable	172
					Current portion of long-term loans payable	1,725
				Repayment 10,592	Long-term loans payable	9,260
			Payment of interest	356	Other current liabilities	88

(Note) Terms and conditions of transactions and their policies

The interest rates of borrowing from Bank of Ayudhya Public Company Limited are the money market rates.

For the current fiscal year (from April 1, 2018, to March 31, 2019)

Type	Name	Location	Paid-in capital	Business outline	Ratio of voting rights holding (held)
Companies of the same parent company	Bank of Ayudhya Public Company Limited	Bangkok, Kingdom of Thailand	(Million THB) 73,557	Banking business	—

Type	Name	Relationship	Summary of transactions	Amount of transaction (Million yen)	Item	Outstanding amount at the end of the fiscal year (Million yen)
Companies of the same parent company	Bank of Ayudhya Public Company Limited	Borrowing	Borrowing of funds	Borrowing 10,410	Short-term loans payable	1,125
					Current portion of long-term loans payable	1,023
				Repayment 7,743	Long-term loans payable	11,539
			Payment of interest	388	Other current liabilities	72

(Note) Terms and conditions of transactions and their policies

The interest rates of borrowing from Bank of Ayudhya Public Company Limited are the money market rates.

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

For the prior fiscal year (from April 1, 2017, to March 31, 2018)

Not applicable

For the current fiscal year (from April 1, 2018, to March 31, 2019)

Not applicable

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

(1) Information on the parent company

Mitsubishi UFJ Financial Group, Inc.

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

(2) Financial statements of other significant 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, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Net assets per share	206.12 yen	227.35 yen
Basic earnings per share	45.05 yen	24.12 yen

Notes: 1. Diluted earnings per share is not stated because there is no dilutive security.

2. The basis for calculation of Basic earnings per share is as follows.

(Millions of yen unless otherwise stated)

Item	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Profit attributable to owners of parent	70,572	37,781
Profit not attributable to common shareholders	—	—
Profit attributable to owners of parent in relation to common stock	70,572	37,781
Weighted average number of common stock during the fiscal year	1,566,614,208 shares	1,566,614,208 shares

3. 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, 2018)	Current fiscal year (As of March 31, 2019)
Total net assets	344,437	381,501
Amount deducted from total net assets	21,521	25,327
[Non-controlling interests included in the above]	[21,521]	[25,327]
Amounts of net assets related to common stock at the end of the fiscal year	322,916	356,174
Number of common stock used to calculate net assets per share at the end of the fiscal year	1,566,614,208 shares	1,566,614,208 shares

(Significant Subsequent Events)

<Sales of shares of a consolidated subsidiary>

The Company accepted cash offer from MUFG Bank, Ltd. (“MUFG Bank”) and sold all holding shares of PT. Bank Nusantara Parahyangan, Tbk. (“Bank BNP”), a consolidated subsidiary, on April 29, 2019 based on a resolution at the Board of Directors meeting held on March 15, 2019. Bank BNP will be excluded from the scope of consolidation of the Company following the above sales of shares.

1. Overview of sales of shares

(1) Name of counterpart to sales of shares

MUFG Bank

(2) Reasons for sales of shares

Since Indonesia has the largest populations in Southeast Asia and is expected to grow in the market of the retail financial field, the Company ventured into Indonesia in the form of a bank for which an unsecured personal loans business is licensed. But, as a result of MUFG Bank’s strategic investment in PT Bank Danamon Indonesia, Tbk. (“Bank Danamon”), we have sold all holding shares of Bank BNP because we expect various synergistic effects in the MUFG Group, such as providing comprehensive services of Bank Danamon to Bank BNP’s customers at Bandung, the Republic of Indonesia.

(3) Date of sales of shares

April 29, 2019

(4) Overview of transactions including legal form

Sales of shares in consideration of cash

2. Overview of a consolidated subsidiary

(1) Line of business

Banking business in the Republic of Indonesia

(2) Scale of business

i) Amounts of assets and liabilities (as of December 31, 2018)

Total assets	63,206 million yen
Liabilities	52,871 million yen
Net assets	10,334 million yen

* Translated at the spot rate of JPY 0.0077 to IDR 1.00 as of December 31, 2018

ii) Amounts of profit or loss (from January 1, 2018 to December 31, 2018)

Operating revenue	7,354 million yen
Operating profit	94 million yen
Ordinary profit	136 million yen
Profit	62 million yen

* Translated at the average exchange rate of JPY 0.0078 to IDR 1.00 for a period from January 1, 2018 to December 31, 2018

3. Number of shares sold, sale value, and the rate of equity interest after sale

Number of shares sold	540,619,195 shares
Sale value	4,088 rupiah per share
Rate of equity interest after sale	—%

4. Reported segment in which a consolidated subsidiary was included

Overseas financial business

5. Overview of accounting

We plan to record the difference between book value and sale value of the relevant assets sold as gain on sales of subsidiaries and affiliates' stocks in extraordinary income. With regard to the amount of extraordinary income, we plan to calculate it based on financial statements as of the deemed date of the sale of Bank BNP. Because the above financial statements are still not available, the amount of gain on sales of subsidiaries and affiliates' stocks is pending.

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	64th Issuance of Domestic Unsecured Bonds (Public Offering)	September 5, 2013	25,000	—	—	—	—
	65th Issuance of Domestic Unsecured Bonds (Public Offering)	February 28, 2014	18,000	18,000 (18,000)	0.700	—	February 28, 2020
	66th Issuance of Domestic Unsecured Bonds (Public Offering)	February 28, 2014	18,000	18,000 (—)	0.900	—	February 26, 2021
	67th Issuance of Domestic Unsecured Bonds (Public Offering)	June 6, 2014	10,000	10,000 (10,000)	0.500	—	June 6, 2019
	68th Issuance of Domestic Unsecured Bonds (Public Offering)	June 6, 2014	20,000	20,000 (—)	0.950	—	June 6, 2022
	69th Issuance of Domestic Unsecured Bonds (Public Offering)	September 26, 2014	20,000	20,000 (—)	1.210	—	September 26, 2024
	8th Issuance of Domestic Unsecured Bonds (Private Placement)	March 31, 2015	10,000	10,000 (—)	0.369 (Note 3)	—	March 31, 2022
	70th Issuance of Domestic Unsecured Bonds (Public Offering)	May 29, 2015	10,000	—	—	—	—
	71st Issuance of Domestic Unsecured Bonds (Public Offering)	May 29, 2015	15,000	15,000 (—)	0.560	—	May 29, 2020
	72nd Issuance of Domestic Unsecured Bonds (Public Offering)	June 3, 2016	10,000	10,000 (—)	0.370	—	June 3, 2021
	73rd Issuance of Domestic Unsecured Bonds (Public Offering)	February 28, 2017	10,000	10,000 (—)	0.369	—	February 28, 2022
	74th Issuance of Domestic Unsecured Bonds (Public Offering)	February 28, 2017	10,000	10,000 (—)	0.590	—	February 28, 2024
	75th Issuance of Domestic Unsecured Bonds (Public Offering)	February 28, 2018	25,000	25,000 (—)	0.309	—	February 28, 2023
	76th Issuance of Domestic Unsecured Bonds (Public Offering)	August 30, 2018	—	10,000 (—)	0.140	—	August 30, 2021
	77th Issuance of Domestic Unsecured Bonds (Public Offering)	August 30, 2018	—	15,000 (—)	0.274	—	August 30, 2023

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	6th privately offered unsecured bonds	September 26, 2014	3,328 [964 million baht]	3,289 (3,289) [964 million baht]	3.880	—	September 26, 2019	
	7th privately offered unsecured bonds	February 24, 2015	3,931 [1,139 million baht]	3,886 (—) [1,139 million baht]	3.491	—	February 24, 2020	
	8th privately offered unsecured bonds	March 12, 2015	5,175 [1,500 million baht]	—	—	—	—	
	9th privately offered unsecured bonds	March 12, 2015	3,450 [1,000 million baht]	3,410 (—) [1,000 million baht]	4.100	—	March 12, 2020	
	10th privately offered unsecured bonds	September 30, 2015	5,175 [1,500 million baht]	—	—	—	—	
	11th privately offered unsecured bonds	September 30, 2015	1,725 [500 million baht]	1,705 (—) [500 million baht]	3.080	—	September 30, 2020	
	12th privately offered unsecured bonds	February 25, 2016	6,900 [2,000 million baht]	6,820 (6,820) [2,000 million baht]	2.070	—	February 25, 2019	
	13th privately offered unsecured bonds	February 25, 2016	6,900 [2,000 million baht]	6,820 (—) [2,000 million baht]	2.560	—	February 25, 2021	
	14th privately offered unsecured bonds	September 15, 2016	3,450 [1,000 million baht]	3,410 (—) [1,000 million baht]	2.990	—	September 15, 2023	
	15th privately offered unsecured bonds	September 15, 2016	3,450 [1,000 million baht]	3,410 (3,410) [1,000 million baht]	2.140	—	September 16, 2019	
	16th privately offered unsecured bonds	March 30, 2017	5,175 [1,500 million baht]	5,115 (—) [1,500 million baht]	3.020	—	March 30, 2022	
	17th privately offered unsecured bonds	June 7, 2017	3,450 [1,000 million baht]	3,410 (—) [1,000 million baht]	3.370	—	June 7, 2024	
	18th privately offered unsecured bonds	November 24, 2017	3,450 [1,000 million baht]	3,410 (—) [1,000 million baht]	2.220	—	November 24, 2021	
	19th privately offered unsecured bonds	April 27, 2018	—	3,410 (—) [1,000 million baht]	1.990	—	April 27, 2021	
	20th privately offered unsecured bonds	October 22, 2018	—	5,115 (—) [1,500 million baht]	2.500	—	October 22, 2020	
	Total	—	—	256,560	244,211 (41,519)	—	—	—

- (Notes) 1. Figures in parentheses “()” in the columns of “Balance at the end of current fiscal year” represent the current portions.
2. Figures in brackets “[]” in the columns of “Balance at the beginning of current fiscal year” and “Balance at the end of current fiscal year” are stated in a foreign currency.
3. Because of the bond with the variable interest rate, the applicable interest rate as of the end of March 2019 is stated.
4. The redemption schedule of bonds for 5 years subsequent to March 31, 2019, 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
41,519	47,116	53,640	50,115	28,410

[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	10,873	11,547	1.87	—
Commercial papers	29,998	39,998	0.05	—
Current portion of long-term loans payable	160,244	146,714	1.16	—
Current portion of lease obligations	573	523	1.83	—
Long-term loans payable (excluding current portion)	276,841	282,671	0.82	From March 31, 2020 to December 30, 2024
Lease obligations (excluding current portion)	1,150	896	2.16	From April 20, 2020 to December 29, 2023
Other interest-bearing debt (Deposits of banking business)	53,074	52,319	5.33	—
Total	532,757	534,670	—	—

- (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, 2019, is summarized as follows:

Category	(Millions of yen)			
	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	84,967	55,350	66,833	45,020
Lease obligations	370	336	150	39

[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, 2018)	Second Quarter (Six months ended Sept. 30, 2018)	Third Quarter (Nine months ended Dec. 31, 2018)	Fourth Quarter (Fiscal year ended March 31, 2019)
Operating revenue	68,049	137,323	206,933	277,069
Profit before income taxes	23,205	48,192	71,128	55,334
Profit attributable to owners of parent	18,965	39,839	57,826	37,781
Basic earnings per share (Yen)	12.11	25.43	36.91	24.12

Each quarter	First Quarter (From April 1, 2018 to June 30, 2018)	Second Quarter (From July 1, 2018 to Sept. 30, 2018)	Third Quarter (From Oct. 1, 2018 to Dec. 31, 2018)	Fourth Quarter (From Jan. 1, 2019 to March 31, 2019)
Basic earnings (loss) per share (Yen)	12.11	13.32	11.48	(12.79)

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, 2018)	Current fiscal year (As of March 31, 2019)
Assets		
Current assets		
Cash and deposits	78,196	72,826
Accounts receivable - operating loans	*2, *3, *5 803,365	*2, *3, *5 821,943
Accounts receivable - installment	*6 52,445	*6 63,137
Securities	58	—
Raw materials and supplies	25	34
Prepaid expenses	612	763
Accrued income	15,529	15,833
Short-term loans receivable from subsidiaries and affiliates	2,600	1,300
Current portion of long-term loans receivable from subsidiaries and affiliates	630	—
Right to reimbursement	47,852	52,608
Other	2,564	3,483
Allowance for doubtful accounts	(57,230)	(58,410)
Total current assets	946,651	973,522
Noncurrent assets		
Property, plant and equipment		
Buildings	23,147	19,561
Accumulated depreciation	(19,369)	(16,713)
Buildings, net	3,778	2,847
Structures	3,848	3,411
Accumulated depreciation	(3,085)	(2,744)
Structures, net	763	667
Vehicles	2	—
Accumulated depreciation	(2)	—
Vehicles, net	0	—
Equipment	18,351	18,109
Accumulated depreciation	(8,996)	(9,139)
Equipment, net	9,355	8,969
Land	6,109	3,123
Lease assets	3,992	4,130
Accumulated depreciation	(2,435)	(2,868)
Lease assets, net	1,556	1,261
Total property, plant and equipment	21,563	16,869
Intangible assets		
Goodwill	4,063	3,250
Leasehold right	4	4
Software	5,895	4,593
Telephone subscription right	36	36
Other	1	1
Total intangible assets	10,001	7,886
Investments and other assets		
Investment securities	830	823
Subsidiaries and affiliates' stocks	20,231	21,437
Claims provable in bankruptcy, claims provable in rehabilitation and other	*3 1,375	*3 1,589
Long-term prepaid expenses	1,418	1,920
Deferred tax assets	36,068	36,919
Guarantee deposits	4,812	4,598
Prepaid pension costs	5,064	5,458
Other	1,201	483
Allowance for doubtful accounts	(870)	(990)
Total investments and other assets	70,132	72,240
Total noncurrent assets	101,697	96,996
Total assets	1,048,349	1,070,518

(Millions of yen)

	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Liabilities		
Current liabilities		
Accounts payable - trade	489	494
Commercial papers	29,998	39,998
Current portion of long-term loans payable	*4 150,572	*4 134,718
Current portion of bonds	35,000	28,000
Lease obligations	573	521
Accounts payable - other	4,791	3,270
Accrued expenses	7,462	8,419
Income taxes payable	2,582	5,348
Deposits received	329	350
Provision for loss on guarantees	*1 9,360	*1 8,850
Asset retirement obligations	85	10
Other	142	337
Total current liabilities	241,385	230,319
Noncurrent liabilities		
Bonds payable	166,000	163,000
Long-term loans payable	*4 246,150	*4 258,876
Lease obligations	1,150	890
Provision for loss on interest repayment	104,068	102,300
Asset retirement obligations	4,052	3,901
Other	1,542	438
Total noncurrent liabilities	522,965	529,406
Total liabilities	764,351	759,726
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus		
Legal capital surplus	72,322	72,322
Other capital surplus	3,687	3,687
Total capital surpluses	76,010	76,010
Retained earnings		
Legal retained earnings	4,320	4,320
Other retained earnings		
General reserve	80,000	80,000
Retained earnings brought forward	79,627	106,422
Total retained earnings	163,948	190,743
Treasury stock	(19,794)	(19,794)
Total shareholders' equity	283,997	310,792
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	0	(0)
Total valuation and translation adjustments	0	(0)
Total net assets	283,997	310,792
Total liabilities and net assets	1,048,349	1,070,518

2) Non-consolidated Statement of Income

(Millions of yen)

	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Operating revenue		
Interest on operating loans	120,405	123,474
Revenue from credit card business	6,168	7,773
Revenue from credit guarantee	48,892	51,231
Other financial revenue		
Interest on deposits	0	0
Foreign exchange gains	—	10
Total other financial revenue	0	11
Other operating revenue	19,843	21,145
Total operating revenue	195,310	203,636
Operating expenses		
Financial expenses		
Interest expenses	4,263	3,652
Interest on bonds	1,448	1,349
Amortization of bond issuance cost	127	130
Other	601	487
Total financial expenses	6,442	5,619
Other operating expenses		
Advertising expenses	11,299	11,800
Provision of allowance for doubtful accounts	49,893	48,057
Provision for loss on guarantees	9,360	8,850
Provision for loss on interest repayment	—	39,479
Employees' salaries and bonuses	12,042	12,300
Retirement benefit expenses	718	644
Welfare expenses	2,006	1,997
Rent expenses	5,087	4,940
Depreciation	3,263	3,629
Commission fee	20,804	19,476
Amortization of goodwill	984	813
Other	11,639	12,391
Total other operating expenses	127,100	164,381
Total operating expenses	133,542	170,000
Operating profit	61,767	33,635

(Millions of yen)

	Prior fiscal year (From April 1, 2017 to March 31, 2018)		Current fiscal year (From April 1, 2018 to March 31, 2019)	
Non-operating income				
Interest income	*1	68	*1	42
Interest on securities		0		0
Dividend income	*1	3,167	*1	3,449
Other	*1	662	*1	467
Total non-operating income		3,899		3,960
Non-operating expenses				
Interest expenses		28		30
Foreign exchange losses		71		31
Loss on insurance cancellation		16		55
Other		79		6
Total non-operating expenses		195		124
Ordinary profit		65,471		37,472
Extraordinary income				
Gain on sales of noncurrent assets	*2	4	*2	345
Gain on sales of investment securities		25		3
Total extraordinary income		29		348
Extraordinary loss				
Loss on sales of noncurrent assets	*3	6	*3	258
Loss on retirement of noncurrent assets	*4	138	*4	185
Impairment loss		426		2,800
Loss on valuation of investment securities		0		6
Other	*5	2	*5	1
Total extraordinary losses		574		3,252
Profit before income taxes		64,926		34,568
Income taxes-current		2,759		5,492
Income taxes-deferred		(1,018)		(851)
Total income taxes		1,741		4,640
Profit		63,184		29,927

3) Non-consolidated Statement of Changes in Net Assets
For the prior fiscal year (from April 1, 2017, to March 31, 2018)

(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	16,443	100,763	(19,794)	220,812
Changes of items during the period										
Dividends of surplus										
Profit							63,184	63,184		63,184
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	—	—	—	—	63,184	63,184	—	63,184
Balance at the end of the period	63,832	72,322	3,687	76,010	4,320	80,000	79,627	163,948	(19,794)	283,997

	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	4	4	220,816
Changes of items during the period			
Dividends of surplus			
Profit			63,184
Net changes of items other than shareholders' equity	(3)	(3)	(3)
Total changes of items during the period	(3)	(3)	63,181
Balance at the end of the period	0	0	283,997

For the current fiscal year (from April 1, 2018, to March 31, 2019)

(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	79,627	163,948	(19,794)	283,997
Changes of items during the period										
Dividends of surplus							(3,133)	(3,133)		(3,133)
Profit							29,927	29,927		29,927
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	—	—	—	—	26,794	26,794	—	26,794
Balance at the end of the period	63,832	72,322	3,687	76,010	4,320	80,000	106,422	190,743	(19,794)	310,792

	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	0	0	283,997
Changes of items during the period			
Dividends of surplus			(3,133)
Profit			29,927
Net changes of items other than shareholders' equity	(0)	(0)	(0)
Total changes of items during the period	(0)	(0)	26,794
Balance at the end of the period	(0)	(0)	310,792

[Notes]

(Significant accounting policies)

1. Valuation 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. Valuation methods for inventories

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

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 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: Equal installment method

5. Accounting method for deferred assets

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

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

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

7. Accounting policies for allowances and provisions

(1) Allowance for doubtful accounts

To provide for potential loss on accounts receivable - operating loans and other receivables, the Company recognizes 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 recognizes a provision for potential losses at the end of the fiscal year.

(3) Provision for retirement benefits

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

1) Periodic allocation of projected retirement benefits

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

2) Amortization of actuarial gain or loss 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 gain or loss 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 the employees, beginning from the fiscal year following the time of occurrence.

(4) Provision for loss on interest repayment

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

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 method. 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.

(2) Hedging instruments and hedging items

Hedging instruments:

Interest-rate swap agreements

Hedging items:

Loans payable with variable interest rates and bonds payable with variable interest rates

(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 and bonds payable with variable interest rates for the purpose of protecting cash flows.

(4) Method for evaluating hedging effectiveness

Critical 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 inception of hedging contracts. Therefore, the determination 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 gain or loss 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 liabilities on the balance sheet.

(3) Adoption of consolidated taxation system

The Company has adopted the consolidated taxation system.

(Changes in Presentation)

<Changes associated with the application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”>

The Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018), etc. from the beginning of the current fiscal year. Accordingly, deferred tax assets are presented under investments and other assets and deferred tax liabilities are presented under noncurrent liabilities.

Consequently, in the non-consolidated balance sheet for the prior fiscal year, “Deferred tax assets” under “Current assets” decreased by 37,632 million yen and “Deferred tax assets” under “Investments and other assets” increased by 36,068 million yen, while “Deferred tax liabilities” under “Noncurrent liabilities” decreased by 1,564 million yen.

As “Deferred tax assets” and “Deferred tax liabilities” offset each other in the same taxable entity, total assets, total liabilities, and total liabilities and net assets decreased by 1,564 million yen, respectively.

In addition, notes on “Accounting Standard for Tax Effect Accounting” (Note 8) (1) (excluding total of valuation allowance) provided in Item 4 of the “Partial Amendments to Accounting Standard for Tax Effect Accounting” have been added to the Notes to the Method of Tax Effect Accounting. However, related matters pertaining to the prior fiscal year have not been stated under the transitional treatment provided in Item 7 of the “Partial Amendments to Accounting Standard for Tax Effect Accounting.”

<Non-consolidated statement of income>

In the prior fiscal year, “Loss on insurance cancellation” was included in “Other” under non-operating expenses. As its quantitative materiality became significant, “Loss on insurance cancellation” has been listed separately in the current fiscal year. To reflect this change in presentation, the financial statements for the prior fiscal year have been reclassified.

As a result, 95 million yen of “Other” under non-operating expenses of the non-consolidated statement of income for the prior fiscal year has been reclassified into 16 million yen of “Loss on insurance cancellation” and 79 million yen of “Other.”

(Notes to Non-consolidated Balance Sheet)

*1. Contingent liabilities

(1) Outstanding guarantee obligation in the guarantee business

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Guarantee obligation	1,056,532	1,058,760
Provision for loss on guarantees	9,360	8,850
Net	1,047,172	1,049,910

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

Prior fiscal year (As of March 31, 2018)

Contracts for accounts receivable - operating loans primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 359,685 million yen at the end of the fiscal year. This included a total of 193,858 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 being used. Therefore, the amount 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, 2019)

Contracts for accounts receivable - operating loans primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 386,385 million yen at the end of the fiscal year. This included a total of 217,588 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 being used. Therefore, the amount 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.

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

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

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Loans to debtors who have petitioned for bankruptcy, but have not yet been declared bankrupt	308	275

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Loans to bankrupt parties	788	769
Loans in arrears	23,774	24,140
Loans overdue by three months or more	1,767	1,839
Restructured loans	30,582	31,302
Total	56,912	58,052

Notes:

- 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.
- 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.
- Loans overdue by three months or more refer to loans other than the above that are overdue by three months or more.
- 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.

*4. Agreements for overdraft and commitment facilities

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

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Amount of agreement for overdraft and commitment line	44,600	44,600
Amount of borrowing	—	—
Net	44,600	44,600

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

	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Unsecured consumer loans in accounts receivable - operating loans	797,284	816,738

*6. 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, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Interest income	63	38
Dividends income	3,154	3,433
Guarantee commission received	3	—
Part-time director's bonus	3	3
Total	3,224	3,475

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

	(Millions of yen)	
	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Buildings	4	344
Vehicles	—	0
Equipment	—	0
Total	4	345

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

	(Millions of yen)	
	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Structures	—	1
Equipment	0	6
Land	6	250
Total	6	258

- *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, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Buildings	79	107
Structures	44	63
Equipment	14	13
Telephone subscription right	0	—
Total	138	185

*5. Breakdown of other extraordinary loss

	(Millions of yen)	
	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Lump sum amortization of long-term prepaid expenses	—	0
Losses on retirement, including amortization of lease and guarantee deposits	2	1
Loss on sales of golf club memberships	0	0
Total	2	1

6. 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, 2018)

(Millions of yen)

Category	Carrying amount	Market value	Difference
Subsidiaries' stocks	5,365	7,682	2,316
Affiliates' stocks	—	—	—
Total	5,365	7,682	2,316

For the current fiscal year (As of March 31, 2019)

(Millions of yen)

Category	Carrying amount	Market value	Difference
Subsidiaries' stocks	6,572	9,277	2,704
Affiliates' stocks	—	—	—
Total	6,572	9,277	2,704

(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, 2018)	Current fiscal year (As of March 31, 2019)
Subsidiaries' stocks	14,365	14,365
Affiliates' stocks	500	500
Total	14,865	14,865

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 resulted in deferred tax assets and liabilities

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Deferred tax assets		
Bad debt expenses	16,880	19,499
Allowance for doubtful accounts	7,491	7,280
Provision for loss on guarantees	2,866	2,709
Provision for loss on interest repayment	31,865	31,324
Accrued bonuses	481	437
Unrecognized accrued interest	485	499
Software	3,168	3,604
Deferred assets	349	282
Deferred consumption taxes	362	353
Loss on valuation of securities	170	163
Loss on valuation of shares of subsidiaries and affiliates	1,034	1,034
Enterprise tax payable	269	391
Impairment loss	255	255
Asset retirement obligations	1,156	1,099
Stock dividends	3,493	3,493
Retained tax loss	126,226	99,976
Other	385	395
Deferred tax assets (subtotal)	196,946	172,802
Valuation allowance pertaining to retained tax loss	—	(93,650)
Valuation allowance pertaining to total deductible temporary difference	—	(40,560)
Valuation allowance (subtotal)	(159,313)	(134,211)
Deferred tax assets (total)	37,632	38,591
Deferred tax liabilities		
Prepaid pension costs	1,550	1,671
Other	13	—
Total deferred tax liabilities	1,564	1,671
Balance of net deferred tax assets	36,068	36,919

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, 2018)	Current fiscal year (As of March 31, 2019)
Normal effective statutory tax rate	30.9%	30.6%
(Adjustment)		
Changes in valuation allowance	(51.5%)	(73.9%)
Amortization of goodwill	0.4%	0.7%
Dividends income and other items not counted for tax purposes	(3.0%)	(3.0%)
Withholding income tax relating to dividends from overseas subsidiaries	0.7%	0.6%
Expiration of retained loss	24.4%	57.9%
Other	0.8%	0.5%
Actual effective tax rate	2.7%	13.4%

(Significant Subsequent Events)

<Sales of shares of a consolidated subsidiary>

The Company accepted cash offer from MUFG Bank, Ltd. and sold all holding shares of PT. Bank Nusantara Parahyangan, Tbk., a consolidated subsidiary, on April 29, 2019 based on a resolution at the Board of Directors meeting held on March 15, 2019.

We expect to record gain on sales of subsidiaries and affiliates' stocks of 10,824 million yen in extraordinary income in the fiscal year ending March 31, 2020, following the above sale of shares.

Details are described in (Significant Subsequent Events) in [Notes] of (1) Consolidated Financial Statements under 1. Consolidated Financial Statements, etc. of V. Financial Information.

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 (22 brands)	1,122,454	43
Total			1,146,689	821

[Others]

Classification and name			Number of units invested, etc.	Carrying amount (Millions of yen)
Investment securities	Other securities	Equity in limited investment partnership (one brand)	5	1
Total			5	1

[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, net of accumulated depreciation or amortization
Property, plant and equipment							
Buildings	23,147	178	3,764 (457)	19,561	16,713	424	2,847
Structures	3,848	60	497 (5)	3,411	2,744	86	667
Vehicles	2	—	2	—	—	—	—
Equipment	18,351	228	470 (0)	18,109	9,139	592	8,969
Land	6,109	—	2,986 (2,337)	3,123	—	—	3,123
Lease assets	3,992	257	119	4,130	2,868	552	1,261
Total property, plant and equipment	55,453	725	7,842 (2,800)	48,336	31,466	1,656	16,869
Intangible assets							
Goodwill	12,008	—	—	12,008	8,758	813	3,250
Leasehold right	4	—	—	4	—	—	4
Software	11,209	654	—	11,863	7,270	1,956	4,593
Telephone subscription right	36	—	—	36	—	—	36
Other (right to use specific communication channel, etc.)	13	—	—	13	12	—	1
Total intangible assets	23,272	654	—	23,926	16,040	2,770	7,886
Long-term prepaid expenses	3,492	995	584	3,903	1,983	30	1,920

(Note) Figures in brackets “()” in the column of “Decrease during the period” represents the amounts of impairment losses for the current fiscal year.

[Schedule of allowances]

(Millions of yen)

Category	Balance at the beginning of current fiscal year	Increase during the period	Decrease during the period		Balance at the end of current fiscal year
			Used for primary purposes	Others	
Allowance for doubtful accounts	58,100	57,434	56,116	17	59,400
Provision for loss on guarantees	9,360	8,850	9,360	—	8,850
Provision for loss on interest repayment	104,068	39,479	41,248	—	102,300

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

Reversal due to payment	17 million yen
Gain on reversal of allowance for doubtful accounts of golf club memberships	0 million yen

(2) Details of major assets and liabilities

This information is omitted because the Company prepares consolidated financial statements.

(3) Others

Not applicable