

Consolidated Financial Statements of the Group

(Amounts in millions of Japanese Yen, rounded down to the nearest million except for per share information, unless otherwise stated)

Consolidated Balance Sheets

	Notes	As at 31 March	
		2011 (millions of Yen)	2012 (millions of Yen)
Assets			
Current assets			
Cash and deposits	VI.4	¥ 150,268	¥ 146,055
Notes and accounts receivable—trade	VI.4	10,658	11,106
Leases receivable and lease investment assets		16,166	13,829
Short-term investment securities		292	219
Cash segregated as deposits		347,865	663,065
Operational investment securities	VI.1 & 4	141,881	148,099
Allowance for investment losses		(9,108)	(6,156)
Operational investment securities, net		132,773	141,943
Operational loans receivable	VI.4	27,905	42,281
Real estate inventories	VI.2 & 4	16,812	11,699
Trading instruments	VI.8	2,701	1,763
Loans on margin transactions		229,301	220,270
Cash collateral pledged for securities borrowings on margin transactions		21,098	39,777
Margin transaction assets		250,399	260,048
Short-term guarantee deposits		5,235	16,800
Deferred tax assets		14,243	11,425
Others	VI.4	57,473	75,830
Allowance for doubtful accounts		(4,017)	(3,682)
Total current assets		1,028,779	1,392,386
Non-current assets			
Property and equipment			
Buildings		15,799	16,205
Accumulated depreciation		(3,130)	(3,234)
Buildings, net	VI.4	12,668	12,970
Furniture and fixtures		4,972	4,014
Accumulated depreciation		(3,546)	(2,930)
Furniture and fixtures, net		1,426	1,083
Land	VI.4	10,908	11,787
Others		4,825	5,318
Accumulated depreciation		(1,397)	(2,324)
Others, net		3,427	2,993
Total property and equipment		28,431	28,835
Intangible assets			
Software		13,378	13,511
Goodwill		126,297	122,410
Others		567	1,254
Total intangible assets		140,244	137,176
Investments and other assets			
Investment securities	VI.3 & 4	53,378	61,403
Deferred tax assets		12,830	15,458
Others		36,108	26,013
Allowance for doubtful accounts		(12,066)	(6,535)
Total investments and other assets		90,250	96,338
Total non-current assets		258,926	262,349
Deferred charges			
Stock issuance costs		152	182
Bonds issuance costs		32	142
Deferred operating costs under Article 113 of the Insurance Business Act		5,715	8,752
Total deferred charges		5,900	9,077
Total assets		¥1,293,606	¥1,663,814

	Notes	As at 31 March	
		2011 (millions of Yen)	2012 (millions of Yen)
Liabilities			
Current liabilities			
Short-term loans payable	VI.4	¥ 97,164	¥ 103,915
Current portion of long-term loans payable	VI.4	12,147	19,888
Current portion of bonds payable	VI.4	70,060	60,060
Accrued income taxes		4,574	4,875
Advances received		1,953	1,941
Borrowings on margin transactions	VI.4	70,386	76,007
Cash received for securities lending on margin transactions		73,370	94,792
Margin transaction liabilities		143,757	170,800
Loans payable secured by securities		61,797	76,592
Guarantee deposits received		309,134	289,405
Deposits from customers		37,819	347,952
Accrued expenses		3,202	3,262
Deferred tax liabilities		3,219	4,047
Provision for bonuses		79	95
Other provisions		448	290
Others		35,237	36,930
Total current liabilities		780,597	1,120,059
Non-current liabilities			
Bonds payable	VI.4	540	30,480
Long-term loans payable	VI.4	31,366	16,765
Deferred tax liabilities		424	357
Provision for retirement benefits		69	16
Other provisions		861	1,444
Others		17,567	21,675
Total non-current liabilities		50,828	70,739
Statutory reserves			
Reserve for financial products transaction liabilities		5,196	4,436
Reserve for price fluctuation		0	0
Total statutory reserves	VI.9	5,197	4,436
Total liabilities		836,623	1,195,235
Net assets			
Shareholders' equity			
Capital stock		73,236	81,664
Capital surplus		236,920	249,353
Retained earnings		88,073	88,417
Treasury stock		(246)	(3,179)
Total shareholders' equity		397,983	416,255
Accumulated other comprehensive income (loss)			
Unrealized losses on available-for-sale securities		(3,902)	(2,722)
Deferred gains (losses) on derivatives under hedge accounting		(239)	(1,889)
Foreign currency translation adjustments		(3,012)	(4,711)
Total accumulated other comprehensive income (loss)		(7,155)	(9,323)
Stock acquisition rights		11	10
Minority interests		66,142	61,636
Total net assets		456,982	468,579
Total liabilities and net assets		¥1,293,606	¥1,663,814

Consolidated Statements of Operations

	Notes	Year ended 31 March	
		2011 (millions of Yen)	2012 (millions of Yen)
Net sales	VII.1	¥141,081	¥145,074
Cost of sales	VII.2	67,535	74,750
Gross profit		73,546	70,323
Selling, general and administrative expenses	VII.3 & 4	64,613	62,747
Operating income		8,932	7,575
Non-operating income			
Interest income		402	473
Dividend income		191	208
Share of results of affiliates		163	2,546
Others		429	567
Total non-operating income		1,186	3,796
Non-operating expense			
Interest expense		2,705	2,303
Amortization of deferred operating costs under Article 113 of the Insurance Business Act		952	1,750
Foreign exchange losses		1,349	509
Others		1,586	1,948
Total non-operating expense		6,593	6,511
Ordinary income		3,525	4,860
Extraordinary income			
Gains on sales of investment securities		7,584	14,353
Reversal of statutory reserves		2,022	760
Others		411	406
Total extraordinary income		10,018	15,520
Extraordinary expense			
Impairment loss	VII.5	861	233
Provision of allowance for doubtful accounts		3,848	—
Provision of statutory reserves		0	0
Losses on sales of investment securities		66	1,104
Losses on valuation of investment securities		556	80
Losses on disposal of subsidiaries and affiliates		635	812
Impact from applying the Accounting Standard of Asset Retirement Obligation		501	—
Others		1,642	598
Total extraordinary expense		8,113	2,828
Income before income taxes		5,430	17,552
Income taxes—current		(10,120)	(9,381)
Income taxes—deferred		3,028	(2,537)
Total income taxes		(7,092)	(11,918)
Net income (loss) before minority interests		(1,661)	5,633
Minority interests in income (loss)		(6,196)	2,432
Net income		¥ 4,534	¥ 3,200

Consolidated Statements of Comprehensive Income

	Notes	Year ended 31 March	
		2011 (millions of Yen)	2012 (millions of Yen)
Net income (loss) before minority interests		¥(1,661)	¥ 5,633
Other comprehensive income (loss)			
Unrealized gains (losses) on available-for-sale securities		(3,042)	1,389
Deferred gains (losses) on derivatives under hedge accounting		(14)	5
Foreign currency translation adjustments		(1,219)	(1,283)
Share of other comprehensive loss of equity method affiliates		(533)	(1,981)
Total other comprehensive loss for the year	VIII	(4,809)	(1,869)
Total comprehensive income (loss) for the year		¥(6,471)	¥ 3,764
Total comprehensive income (loss) for the year attributable to:			
–Owners of the parent		¥ (364)	¥ 1,083
–Minority interests		(6,106)	2,681

Consolidated Statements of Changes in Net Assets

	Notes	Year ended 31 March	
		2011 (millions of Yen)	2012 (millions of Yen)
Shareholders' equity	IX		
Capital stock			
Balance at the end of previous year		¥ 55,284	¥ 73,236
Changes during the year			
Issuance of new stock		17,952	8,428
Total changes during the year		17,952	8,428
Balance at the end of current year		73,236	81,664
Capital surplus			
Balance at the end of previous year		218,968	236,920
Changes during the year			
Issuance of new stock		17,952	8,428
Decrease through share exchanges		—	4,004
Disposal of treasury stock		(0)	—
Total changes during the year		17,951	12,432
Balance at the end of current year		236,920	249,353
Retained earnings			
Balance at the end of previous year		87,276	88,073
Changes during the year			
Dividends	IX.3	(1,676)	(2,391)
Net income		4,534	3,200
Decrease through a merger		(224)	(2)
Adjustments due to change of scope of consolidation		(1,798)	(571)
Adjustments due to change of scope of equity method		(37)	108
Total changes during the year		797	343
Balance at the end of current year		88,073	88,417
Treasury stock			
Balance at the end of previous year		(246)	(246)
Changes during the year			
Purchases of treasury stock		—	(2,938)
Disposal of treasury stock		—	5
Total changes during the year		—	(2,932)
Balance at the end of current year		(246)	(3,179)
Total shareholders' equity			
Balance at the end of previous year		361,282	397,983
Changes during the year			
Issuance of new stock		35,904	16,856
Increase through share exchanges		—	4,004
Dividends	IX.3	(1,676)	(2,391)
Net income		4,534	3,200
Decrease through a merger		(224)	(2)
Adjustments due to change of scope of consolidation		(1,798)	(571)
Adjustments due to change of scope of equity method		(37)	108
Purchases of treasury stock		—	(2,938)
Disposal of treasury stock		(0)	5
Total changes during the year		36,701	18,271
Balance at the end of current year		¥397,983	¥416,255

	Year ended 31 March	
	2011	2012
Notes	(millions of Yen)	(millions of Yen)
Accumulated other comprehensive (income) loss		
Unrealized losses on available-for-sale securities		
Balance at the end of previous year	¥ (559)	¥ (3,902)
Changes during the year		
Net changes other than shareholders' equity	(3,343)	1,180
Total changes during the year	(3,343)	1,180
Balance at the end of current year	(3,902)	(2,722)
Deferred gains (losses) on derivatives under hedge accounting		
Balance at the end of previous year	14	(239)
Changes during the year		
Net changes other than shareholders' equity	(254)	(1,649)
Total changes during the year	(254)	(1,649)
Balance at the end of current year	(239)	(1,889)
Foreign currency translation adjustments		
Balance at the end of previous year	(1,506)	(3,012)
Changes during the year		
Net changes other than shareholders' equity	(1,505)	(1,698)
Total changes during the year	(1,505)	(1,698)
Balance at the end of current year	(3,012)	(4,711)
Total accumulated other comprehensive (income) loss		
Balance at the end of previous year	(2,051)	(7,155)
Changes during the year		
Net changes other than shareholders' equity	(5,104)	(2,167)
Total changes during the year	(5,104)	(2,167)
Balance at the end of current year	(7,155)	(9,323)
Stock acquisition rights		
Balance at the end of previous year	11	11
Changes during the year		
Net changes other than shareholders' equity	(0)	(1)
Total changes during the year	(0)	(1)
Balance at the end of current year	11	10
Minority interests		
Balance at the end of previous year	69,372	66,142
Changes during the year		
Net changes other than shareholders' equity	(3,229)	(4,506)
Total changes during the year	(3,229)	(4,506)
Balance at the end of current year	66,142	61,636
Total net assets		
Balance at the end of previous year	428,615	456,982
Changes during the year		
Issuance of new stock	35,904	16,856
Increase through share exchanges	—	4,004
Dividends	IX.3 (1,676)	(2,391)
Net income	4,534	3,200
Decrease through a merger	(224)	(2)
Adjustments due to change of scope of consolidation	(1,798)	(571)
Adjustments due to change of scope of equity method	(37)	108
Purchase of treasury stock	—	(2,938)
Disposal of treasury stock	(0)	5
Net changes other than shareholders' equity	(8,333)	(6,675)
Total changes during the year	28,367	11,596
Balance at the end of current year	¥456,982	¥468,579

Consolidated Statements of Cash Flows

	Year ended 31 March	
	2011	2012
	(millions of Yen)	(millions of Yen)
Net cash from (used in) operating activities		
Income before income taxes	¥ 5,430	¥ 17,552
Adjustments for:		
Depreciation and amortization	6,588	8,456
Amortization of goodwill	8,563	7,866
Increase in provision	11,451	6,117
Share of results of affiliates	(163)	(2,546)
Write-down of operational investment securities	1,618	3,952
Equity in earnings of funds	(2,793)	606
Gains on sales of investment securities	(7,517)	(13,248)
Losses on valuation of investment securities	556	80
Foreign exchange losses	3,333	1,429
Interest and dividend income	(16,587)	(15,502)
Interest expense	6,730	6,077
Changes in assets and liabilities:		
Increase in operational investment securities	(35,988)	(12,460)
Decrease (increase) in operational loans receivable	5,755	(11,610)
Decrease in real estate inventories	2,617	3,198
Decrease in notes and accounts receivable-trade	823	1,082
Increase (decrease) in notes and accounts payable-trade	102	(726)
Increase in cash segregated as deposits	(18,000)	(301,000)
(Increase) decrease in trading instruments	(2,326)	1,541
(Increase) decrease in margin transaction assets/liabilities	4,962	17,394
Increase in deposits from customers	6,341	312,052
Increase (decrease) in guarantee deposits received	26,760	(19,729)
(Decrease) increase in loans payable secured by securities	(1,997)	14,807
Decrease in advances received	(890)	(2,682)
Others, net	(4,127)	(28,333)
Subtotal	1,242	(5,625)
Interest and dividend income received	17,168	14,852
Interest expense paid	(6,885)	(5,967)
Income taxes paid	(12,267)	(8,232)
Net cash used in operating activities	¥ (742)	¥ (4,972)

	Notes	Year ended 31 March	
		2011 (millions of Yen)	2012 (millions of Yen)
Net cash from (used in) investing activities			
Purchases of intangible assets		¥ (4,767)	¥ (5,327)
Purchases of investment securities		(13,621)	(12,169)
Proceeds from sales of investment securities		11,212	1,996
Proceeds from sales of investments in subsidiaries		249	524
Purchases of (proceeds from) investments in subsidiaries resulting in change in scope of consolidation	X.2	(99)	37
Payments for sales of investments in subsidiaries resulting in change of scope of consolidation	X.2	—	(7,758)
Purchases of investments in subsidiaries		(177)	(6,235)
Payments of loans receivable		(22,069)	(22,652)
Collection of loans receivable		15,496	23,957
Payments for lease and guarantee deposits		(1,172)	(986)
Proceeds from collection of lease and guarantee deposits		483	392
Others, net		(2,175)	1,185
Net cash used in investing activities		(16,642)	(27,035)
Net cash from (used in) financing activities			
Increase in short-term loans payable		39,259	10,009
Proceeds from long-term loans payable		9,000	6,020
Repayment of long-term loans payable		(15,849)	(12,879)
Proceeds from issuance of bonds payable		71,019	89,816
Redemption of bonds payable		(113,100)	(70,060)
Proceeds from stock issuance		35,698	16,716
Proceeds from stock issuance to minority interests		1,797	109
Contributions from minority shareholders in consolidated investment funds		4,083	1,790
Cash dividend paid		(1,673)	(2,383)
Cash dividend paid to minority shareholders		(225)	(183)
Distributions to minority shareholders in consolidated investment funds		(3,864)	(5,434)
Proceeds from disposal of treasury stock		—	38
Purchases of treasury stock		(4)	(2,940)
Others, net		(985)	(1,089)
Net cash from financing activities		25,154	29,529
Effect of changes in exchange rate on cash and cash equivalents		(2,893)	(1,655)
Net increase (decrease) in cash and cash equivalents		4,876	(4,133)
Increase in cash and cash equivalents from newly consolidated subsidiaries		1,337	961
Decrease in cash and cash equivalents resulting from deconsolidation of subsidiaries		(28)	(20)
Increase in cash and cash equivalents resulting from merger		19	0
Cash and cash equivalents at beginning of year		142,581	148,786
Cash and cash equivalents at end of year	X.1	¥ 148,786	¥145,594