(Translation for reference only)

May 12, 2016

Consolidated Business Results (Under Japanese GAAP)

For the Fiscal year ended in March 31, 2016

Company name: AIFUL Corporation
Stock Listing: Tokyo Stock Exchange
Stock Code: 8515
URL: http://aiful.jp
Representative: Yoshitaka Fukuda, President and Chief Executive Officer
For inquiry: Yuuji Fukada, Executive Officer, General Manager of Finance Department TEL 03-4503-6050
Scheduled date of convention of annual general meeting of shareholders: June 28, 2016
Scheduled date of commencement of dividend payments : —
Scheduled date of submission of financial report: June 29, 2016
Supplementary materials for the Financial results: Yes
Earnings release conference: Yes (For financial analysts and institutional investors)

I. Consolidated Business Results for the Fiscal Year 2015 (April 1, 2015 – March 31, 2016)

Note: Amounts in financial statements and the supplementary data are rounded down.

1. Consolidated Operating Results

(In millions of yen, except where noted; percentage figures show year-on-year change.)

	Operating Revenue		Operating Income		Ordinary Income		Net Income attributable to owners of parent	
FY ended March 31, 2016	87,708	1.6%	6,676	—	6,860	—	7,044	—
FY ended March 31, 2015	86,352	(6.0)%	(39,562)	—	(36,498)	—	(36,499)	—

Note: Comprehensive income: End of FY2015: 6,720 million yen — %
End of FY2014: (36,547) million yen — %

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)	Net Income to Shareholders' Equity Ratio (%)	Ordinary Income to Total Assets Ratio (%)	Operating Income to Operating Revenue Ratio (%)
FY ended March 31, 2016	14.59	14.57	7.0	1.2	7.6
FY ended March 31, 2015	(75.74)	—	(31.8)	(6.4)	(45.8)

Reference: Equity in earnings of affiliated companies: End of FY2015: (-) million yen
End of FY2014: (-) million yen

2. Consolidated Financial Position

(In millions of yen, except where noted)

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)	Net Assets per Share (Yen)
FY ended March 31, 2016	567,514	104,250	18.2	214.16
FY ended March 31, 2015	560,323	97,475	17.3	200.45

Reference: Shareholders' equity: End of FY2015: 103,414 million yen
End of FY2014: 96,737 million yen

3. Consolidated Cash Flows

(In millions of yen)

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents at the End of the Year
FY ended March 31, 2016	(31,674)	(3,043)	22,002	39,906
FY ended March 31, 2015	18,503	(6,385)	(26,588)	52,586

II. Dividend Information

(Record date)	Dividend per share (Yen)					Total dividend payment (full year)	Payout Ratio % (Consolidated)	Dividend to equity ratio % (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual			
FY ended March 31, 2015	–	0.00	—	0.00	0.00	—	—	—
FY ended March 31, 2016	–	0.00	—	0.00	0.00	—	—	—
FY ending March 31, 2017 (Forecast)	–	0.00	–	0.00	0.00		—	

III. Consolidated Forecast for the Fiscal Year 2016 (April 1, 2016 – March 31, 2017):

(In millions of yen, except where noted; percentage figures show year-on-year change.)

	Operating Revenue		Operating Income		Ordinary Income		Net Income		Net Income per Share (Yen)
First Half	45,100	4.7%	2,600	(44.3)%	2,600	(45.8)%	2,600	(46.4)%	5.38
Full Year	92,400	5.3%	7,000	4.9%	7,000	2.0%	6,800	(3.5)%	14.08

IV. Other

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries resulting changes in scope of consolidation): None

(2) Changes in accounting principles, procedures and methods of presentation

(a) Changes accompanying amendments to accounting standards: Yes
(b) Changes other than those in (a): None
(c) Change in accounting estimates: None
(d) Restatement: None

(3) Number of shares issued and outstanding (Ordinary shares)

(a) Number of shares issued and outstanding at end of fiscal period (including treasury stock)

End of FY2015: 483,794,536 shares
End of FY2014: 483,506,536 shares

(b) Number of shares of treasury stock issued and outstanding at end of fiscal period

End of FY2015: 916,890 shares
End of FY2014: 916,722 shares

(c) Average number of shares during fiscal period:

FY2015: 482,741,708 shares
FY2014: 481,898,473 shares

(Reference) Highlights of Non-Consolidated Business Results

I. Non-Consolidated Business Results for the Fiscal Year 2015
(April 1, 2015 – March 31, 2016)

1. Non-Consolidated Operating Results

(In millions of yen, except where noted; percentage figures show year-on-year growth.)

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
FY ended March 31, 2016	55,120	0.4%	3,700	—	5,012	—	5,281	—
FY ended March 31, 2015	54,921	(7.2)%	(44,244)	—	(42,500)	—	(41.434)	—

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
FY ended March 31, 2016	10.94	10.92
FY ended March 31, 2015	(85.98)	—

2. Non-Consolidated Financial Position

(In millions of yen, except where noted)

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)	Net Assets per Share (Yen)
FY ended March 31, 2016	407,139	78,883	19.2	161.63
FY ended March 31, 2015	444,737	73,722	16.4	151.23

Reference: Shareholders' equity: End of FY2015: 78,047 million yen
End of FY2016: 72,983 million yen

II. Non-Consolidated Forecast for the Fiscal Year 2015 (April 1, 2015 – March 31, 2016):

(In millions of yen, except where noted; percentage figures show year-on-year change.)

	Operating Revenue		Operating Income		Ordinary Income		Net Income		Net Income per Share (Yen)
First Half	29,000	6.3%	1,200	(50.3)%	1,500	(55.9)%	1,400	(59.6)%	2.90
Full Year	59,400	7.8%	3,600	(2.7)%	4,200	(16.2)%	4,800	(9.1)%	9.94

* (Note: Details Concerning the Implementation Status of Audit Procedures)
As of the date of report disclosure, audit procedures applicable to financial statements stipulated under the Financial Instruments and Exchange Act of Japan are yet to be completed.

* (Note: Disclaimer concerning the proper use of business results forecasts)
The results forecasts and other forward-looking statements contained in this Report are based on information currently available to the Company as well as certain assumptions that the AIFUL Group has judged to be reasonable. Accordingly, readers are advised that actual results may vary materially from forecasts due to a variety of factors. For matters related results forecasts above, please see the "1.Business Results, (1)Analysis on Business Results (Forecast for operations in fiscal 2016).

Contents

1. Business Results and Financial Position

(1) Analysis on Business Results

In the consolidated fiscal year under review, the Japanese economy experienced a continued recovery in corporate earnings and employment conditions as a result of the positive economic policies adopted by the government, the appreciation of the yen, and various other factors. Nonetheless, the outlook for the economy's future remained uncertain, as reflected in developments such as the clear slowdown of the economies of China and emerging countries, and the impact of the interest hike in the US on foreign exchange.

In the consumer finance industry, the number of new contracts remained solid, mainly because of aggressive advertising by major players, and the operating loan balance recovered steadily.

Although the industry's biggest risk, interest repayment claims, is steadily trending downwards after hitting a peak, the number of claims continues almost unchanged recently, leaving the future outlook still unpredictable.

In this environment, the AIFUL Group will expend all effort to strengthen its revenue base, while handling the biggest management issue, the interest repayment claims.

Also, the financial support which had continued from July 2014, for the AIFUL Group was ended in August 2015 and the Group has been working to strengthen its financial base through further improvement in its business efficiency and diversification of funding sources.

As it addresses interest repayment claims going forward, the AIFUL Group will strive to streamline its business efficiency across the Group, work to further increase the number of new contracts concluded and the operating loan balance, and improve the quality of its loan portfolio. Through these measures, it will seek to bolster the top line.

The results by business segments are as follows:

(AIFUL Corporation)

Loan business

In the unsecured loan segment, the Group is working to improve the quality of its loan portfolio by acquiring sound credit, further increase the number of new contracts concluded, and increase the operating loan balance through the aggressive development of unstaffed branches, extension of business hours and other more convenient services offered, as well as efficient advertising mainly on television and the Internet.

In the consolidated fiscal year under review, new contracts signed for unsecured loans were 180,000 (up 18.0% year on year) and the contract rate was 46.5% (up 1.5pt year on year).

As a result, the amount of unsecured loans outstanding in the consolidated fiscal year under review is 262,655 million yen (up 14.5% year on year). The amount of secured loans outstanding is 21,839 million yen (down 25.4% year on year), the amount of Small business loans outstanding is 5,070 million (down 13.9% year on year) and total amount of289,565 million yen in operating loans outstanding for the loan segment (up 9.5% year on year). (off-balance sheet operating loans from the securitization of receivables (32,645 million yen) have been included.

Credit guarantee business

In the credit guarantee business, the Group is working to expand the guaranteed sum outstanding by conducting business activities that aim to increase the number of guarantee partners, proposing new products, and providing support for marketing promotions. In these efforts, the Group will make the most of its know-how related to credit operations for individuals and corporations and the unique strengths it possesses as an independent organ.

Accounting for the aforementioned factors, the Group secured affiliations with 84 unsecured personal loan companies, and held guarantees for outstanding loans amounting to 55,675 million yen, down 0.1% year on year. The Group commenced affiliations with 97 unsecured business loan companies, and held guarantees for outstanding loans totaling 34,780 million yen, up 1.1% year on year.

Of the credit guarantee for the unsecured business loan companies, 26,232 million yen comes from guarantees provided to BUSINEXT CORPORATION.

As a result, AIFUL posted operating revenue of 55,120 million yen (up 0.4% year on year), operating income of 3,700 million yen (compared with operating loss of 44,244 million yen in the previous period), ordinary income of 5,012 million yen (compared with ordinary loss of 42,500 million yen in the previous period) and net income of 5,281 million yen (compared with net loss of 41,434 million yen in the previous period).

(LIFECARD Co., Ltd)

Credit card business

In the credit card business, we took measures to actively promote affiliate marketing and attract new members through new tie-up cards to help increase the number of applications for new memberships, as well as expedite the increase in the specified maximum amount of use and encourage membership and usage.

As a result of the above, transactions at the end of the consolidated fiscal year under review were 629,301 million yen, up 12.7% year on year, and the balance of installment receivables stood at 88,965 million yen, up 7.8% year on year. (off-balance sheet installment receivable from the securitization of receivables (964 million yen) have been included.

Card Cashing

The total amount of loans outstanding in the LIFECARD's loan business stood at 30,991 million yen, down 0.8% year on year. (off-balance sheet operating loans from the securitization of receivables (1,799 million yen) have been included.

Credit guarantee business

In the credit guarantee business, the Group is working to expand the guaranteed sum outstanding by conducting business activities that aim to increase the number of guarantee partners, proposing new products, and providing support for marketing promotions. In these efforts, the Group will make the most of its know-how related to credit operations for individuals and corporations and the unique strengths it possesses as an independent organ.

As a result, at the end of the consolidated fiscal year under review, there were affiliations with 156 unsecured personal loan companies and guarantees for outstanding loans amounting to 20,433 million yen, down 1.8% year on year. Also, there were affiliations with 31 unsecured business loan companies, and guarantees for outstanding loans totaling 744 million yen, up 36.3% year on year.

As a result, LIFECARD Co.,Ltd operating revenue amounted to 28,347 million yen (up 3.8% year on year), operating income was 1,102 million yen (down 32.8% year on year), ordinary income was 1,140 million yen (down 75.3% year on year) and net income was 1,858 million yen (down 47.3% year on year).

(Other)

There were three consolidated subsidiaries that are not included in reported segments for the consolidated fiscal year under review (BUSINEXT CORPORATION, AsTry Loan Services Corporation and New Frontier Partners Co. Ltd.) for which operating revenue was 4,701 million yen (up 3.8% year on year), operating income was 624 million yen (down 22.1% year on year), ordinary income was 730 million yen (down 17.7% year on year) and net income was 657 million yen (down 28.4% year on year). New Frontier Partners Co.,Ltd changed its corporate name to AG Capital Corporation as of April 1, 2016.

(Overview of the Results)

The AIFUL Group's consolidated operating revenue for the fiscal year 2015 rise 1.6% compared with the previous fiscal year to 87,708 million yen. The principal components and their movements were interest on loans, which contracted 1.1% year on year to 44,255 million yen, revenue from the credit card business, which increased 7.7% to 14,591 million yen and revenue in the credit guarantee business, which increased 9.7% to 12,491 million yen. In contrast, the collection of purchased receivables contracted 0.3% to 2,142 million yen while the recovery of loans previously charged off edged down 22.2% to 6,021 million yen.

Operating expenses fell 35.6% compared with the previous fiscal year to 81,032 million yen. The main factors for the decrease were an allowance for losses on interest repayments of 2,897 million yen (down 95.5% year on year).

As a result of the above factors, for the consolidated fiscal year under review, the AIFUL Group recorded an operating income of 6,676 million yen (compared with operating loss of 39,562 million yen in the previous period), ordinary income of 6,860 million yen (compared with ordinary loss of 36,498 million yen in the previous period), and net income attributable to owners of parent of 7,044 million yen (compared with net loss attributable to owners of parent 36,499 million yen in the previous period).

(Forecast for operations in fiscal 2016)

In the industry to which the AIFUL Group belongs, the number of new contracts remains solid, mainly attributable to aggressive advertising by major players, and the operating loan balance is recovering steadily.

Although the industry's biggest risk, interest repayment claims, is steadily trending downwards after hitting a peak, the number of claims continues almost unchanged recently, leaving the future outlook still unpredictable.

In this environment, while dealing with interest repayment claims, the AIFUL Group will continue working to further increase the number of new contracts concluded and the operating loan balance. It will also strive to improve the quality of its loan portfolio, thereby bolstering the top line and streamlining business efficiency across the Group.

With regard to its earnings forecasts for the fiscal year ending March 2017, the AIFUL Group expects to record operating revenue of 92,400 million yen (up 5.3% year on year), operating income of 7,000 million yen (up 4.9% year on year), ordinary income of 7,000 million yen (up 2.0% year on year), and net income attributable to owners of parent of 6,800 million yen (down 3.5% year on year). However, in the business environment that surrounds the Company, there are various risks and, in particular, the trends of claims for interest repayments remain uncertain. As a result, the final results may differ from the forecasts.

(2) Analysis on Financial Position

(Analysis on assets, liabilities, net assets and cash flow)

Total assets on a consolidated basis increased 7,190 million yen, or 1.3%, compared to the end of the previous fiscal year to 567,514 million yen at the end of FY 2014. This was primarily due to a 27,896 million yen increase in operating loans.

Total liabilities at the end of FY2015 were 463,263 million yen, an increase of 415 million yen, or 0.1%, compared with the previous fiscal year-end. The principal factors contributing to this increase was an increase of 44,505 million yen in the borrowings (loans payable), offsetting a decline of 29,966 million yen allowance for losses on interest repayments.

Net assets increased 6,774 million yen, or 6.9%, compared with the previous fiscal year-end, to 104,250 million yen. This was largely attributable to the posting of net income attributable to owners of parent.

(Cash Flows)

Cash and cash equivalents ("funds") decline 12,728 million yen, or 24.1%, compared to the end of the previous fiscal year to 39,906 million yen.

(Cash flows from operating activities)

Net cash used for operating activities amounted to 31,674 million yen, compared with net cash provided of 18,503 million yen in the corresponding period of the previous fiscal year. This was mainly attributable to the decline in funds due to the decline in loans to customers exceeded and the decline in funds due to the drop in the allowance for losses on interest repayment.

(Cash flows from investing activities)

Net cash used for investing activities stood at 3,043 million yen, a decrease of 52.3% compared with the corresponding period of the previous fiscal year. This was mainly attributable to the purchase of tangible fixed assets, intangible fixed assets and investment securities.

(Cash flow from financing activities)

Net cash provided by financing activities amounted to 22,002 million yen, compared with net cash provided of 26,588 million yen in the corresponding period of the previous fiscal year. This was mainly attributable to increase in loans payable.

(Changes in Cash Flow Related Indicators)

	FY2011	FY2012	FY2013	FY2014	FY2015
Shareholders' Equity Ratio (%)	12.0	16.9	23.1	17.3	18.2
Shareholders' Equity Ratio Based on Market Price (%)	6.2	49.6	26.4	36.8	33.9
Interest Coverage Ratio (times)	4.2	1.6	6.0	—	5.1

Shareholder's equity ratio: shareholder's equity/total assets

Shareholder's equity ratio based on market price: total market capitalization/total assets

Interest coverage ratio: operating cash flow/interest payments

Notes:

1. All indicators computed using consolidated financial figures.

2. Operating cash flow is the figure obtained by excluding changes in funds due to changes in operating receivables and reserves (allowance for doubtful accounts and allowance for losses on interest repayments) related to operating receivables from cash flow from operating activities on the consolidated statements of cash flows.
3. The Company implemented a stock split of 2 shares for each 1 share of common stock on October 1, 2013. Accordingly, shareholders' equity ratio based on market price has been calculated as though the stock split had occurred at the beginning of the FY2012.

(3) Basic Policies on Profit Distribution and Dividend for the Fiscal Year under Review and Next Fiscal Year

The return of profits to shareholders is a management priority at the AIFUL Group. The Group's basic policy calls for a consistent return of profits in line with business results. The Group aims to maximize shareholder returns and shareholder value while simultaneously securing stable internal reserves through medium to long-term profit growth.

However, the demand for funds for interest repayments remains heavy and severe. For this reason, the Group sincerely regrets that it will not pay a dividend for the fiscal year under review or for the next fiscal year.

The AIFUL Group has been dealing with the principal management issue of interest repayment claims. At the same time, it is taking measures to increase the number of new contracts concluded and the operating loan balance, and expand the operating assets of the entire Group. The Group is also determined to return to the basic policy outlined above by improving its financial position and profitability.

The AIFUL Group asks all of its shareholders for their understanding and cooperation in these endeavors.

(4) Business Risks

The major factors among those related to the state of the business and its finances that could have a significant impact on the decisions of investors are those below. The AIFUL Group acknowledges that these risks may arise and endeavors to avoid their occurrence and to take countermeasures in the event that they do occur. Moreover, the following statement does not cover every business risk of the AIFUL Group, and new business risks may arise in the future due to unforeseen factors.

Forward-looking statements are deemed current as of March 31, 2016.

(Risks Arising from the Business Environment)

The business results and financial position of the AIFUL Group depend on a large number of factors, including the following major anticipated factors.

- Japanese economic conditions and market trends, especially trends in the consumer credit market
- Intensification of competition with competitors in the consumer finance market
- Changes in the number of borrowers with debts to a number of companies
- Changes in the relevant legislation and regulations for the consumer finance market, and especially changes in the legal framework regarding the statutory maximum interest rate, the enforcement status of such changes and judicial decisions relating to relevant legislation, accompanying changes in accounting standards, and incidence of other lawsuits requesting interest repayments
- Changes in the capital procurement ability due to trends in the market interest rate and bonds and securitization markets, change in the Company's creditworthiness, etc.
- Changes in the AIFUL Group's ability to provide credit, the number of accounts, the average balance per account, the average contracted interest rate, and the default ratio
- Changes in expenses, including various commissions, advertising expenses and personnel expenses, and losses
- Negative media coverage of the AIFUL Group and the consumer finance industry, and the incidence of scandals

In April 2007, AIFUL Corporation established a Risk Management Committee that reports directly to the Board of Directors, and gave it the task of performing cross-divisional control and management of risks that arise in all divisions, threatening corporate activities. This step is expected to reinforce systems for proactive measures to prevent risks before they arise and accelerate the response if any incident should occur. Nevertheless, despite these measures, the AIFUL Group’s financial position and business performance could be adversely affected by changes in the operating environment, including the strengthening or loosening of legislation and regulations, and changes in competitive conditions and the economy. The revision of the AIFUL Group’s strategy may also be unavoidable.

(Legal Regulations)

1. Legal Compliance System

In order to prevent misconduct including any infringement of the Money lending business act or leakage of information, AIFUL established the Compliance Committee as a body directly reporting to the Board of Directors. Moving forward, the Company takes steps to gather information on compliance while carrying out an examination and assessment of AIFUL’s Company-wide compliance framework in an effort to prevent legal infringements before they occur. A uniform code of corporate ethics is commonly shared throughout the Group and the AIFUL Group Compliance Committee established with the aim of maintaining a consistent Group-wide compliance stance. In April 2007, AIFUL further strengthened its legal compliance framework by boosting compliance monitoring functions. This included centralizing the compliance hotline (internal whistle-blowing system), bolstering the function for collecting data on compliance, centralizing functions related to rewards and penalties and reinforcing the role and performance of the Internal Control Department.

The subcommittee also formulates detailed measures designed to counter inherent risks. Reports are issued with respect to the status of internal compliance with statutory and regulatory requirements to either the Compliance or Risk Management committees on a periodic basis as and when required.

In the event that unlawfulness and scandal, including activities in breach of the law involving the employees of the AIFUL Group, occur despite these reviews and the response made by the Group, this could very likely result in legal punishments such as administrative penalties and other obligations, and could affect confidence in the Group as well as its financial position and business performance.

2. Legal Regulations

i. Operating Regulations under the Money Lending Business Act and the Installment Sales Act

From a legislative perspective, the AIFUL Group’s mainstay consumer finance activities are governed by the Money lending business act. Under this law, the Group’s operations are subject to a variety of regulatory requirements. These include the prohibited acts; restrictions, etc. on interest and guarantee charges, etc.; investigation of repayment capacity; prohibition on excess loans, etc.; posting of the conditions of a loan, etc.; advertising, etc. the conditions of a loan; prohibition, etc. on misleading advertising; delivery of documents prior to the conclusion of a contract; delivery of documents upon the conclusion of a contract; delivery of receipts; keeping of the books; inspection of the books; restrictions on acts of collection; return of claim deeds; posting of signs; restrictions on the assignment, etc. of claims ; duty to disclose transaction history; placement of chiefs of money lending operations; and carrying, etc. of identification cards.

Moreover, the AIFUL Group’s credit card shopping and installment sales finance businesses are subject to a range of regulations based on the application of the Installment Sales Act. These regulations include the publications of terms of business, the issue of documents, the limitation of the amount of compensation for damages accompanying the cancellation of contracts, pleas against installment sales service providers, the prohibition of screening which exceed repayment capacity, and the prevention of consumer problems related to continuous service

ii. Voluntary Regulation by Japan Financial Services Association

The Japan Financial Services Association (JFSA) was established in December 2007 to oversee voluntary regulations applicable to money-lending businesses as stipulated by the Money lending business act. The JFSA formulated the Basic Rules for Voluntary Regulations governing matters related to the prevention of excess loans as well as the regulation of advertising and soliciting. In order to increase the efficacy of voluntary regulations, JFSA has also been given the authority to conduct surveys and inspections of its members and to impose sanctions that include the levying of fines for negligence and/or expulsion of members who fail to comply. AIFUL is a member of JFSA and is thus subject to the aforementioned voluntary regulations.

The AIFUL Group is endeavoring to strengthen its compliance framework by establishing in-house regulations based on the provision stipulated under legislation and the voluntary regulations outlined by JFSA identified in the preceding sub-paragraphs.

In addition, the Group is implementing thoroughgoing compliance education and training for the benefit of its employees.

However, the AIFUL Group's financial position and business performance could be adversely affected by administrative penalties resulting from legal infringements by its employees as well as instances where business regulations have been strengthened by new legislative and regulatory amendments.

3. Lending Rate

Money lending business act came into full force on June 18, 2010. As a result, the maximum annual interest rate under the capital subscription law was reduced from 29.2% to 20%, and the system of deemed payments under the Money lending business act outlined later in this document was abolished.

In response to this, AIFUL has been implementing a reduced interest rate under the Act Regulating the Receipt of Contributions, Receipt of Deposits and Interest Rates for customers who conclude a new loan agreement and customers who qualify for a loan agreement under the new lending criteria since August 1, 2007, and the maximum rate is now 18%. The AIFUL Group's financial position and business performance may be adversely affected in the event that the maximum interest rate under the Interest Rate Restriction Act and the Act Regulating the Receipt of Contributions, Receipt of Deposits and Interest Rates further reductions in the interest rate for customers with an existing loan agreement are unavoidable due to social issues, including economic conditions or an increase in the number of consumers requesting legal protection.

4. Loss on Interest Repayments

In accordance with Article 1, Paragraph 1 of the Interest Rate Restriction Act, an agreement relating to the interest payable on a consumer finance loan shall be considered invalid with respect to the portion that exceeds certain prescribed ceiling limits (20% when the principal is less than ¥100,000, 18% when the principal is ¥100,000 or more but less than ¥1,000,000, and 15% when the principal is ¥1,000,000 or more). However, prior to the aforementioned full enforcement of the amendment to the Money lending business act, the Interest Rate Restriction Act stipulated that a debtor shall not be able to claim repayment when the that debtor has paid the relevant excess portion voluntarily.

In addition, under Article 43 of the Money lending business act prior to the aforementioned amendments and full enforcement, when the document, specified under Article 17 of the law, has been issued to the borrower at the time the loan is made and the borrower has voluntarily paid the excess portion as interest, and when the document specified under Article 18 of the law has been issued immediately at the time of payment and the payment is based on the agreement for which the document specified under Article 17 of the law is issued, this payment is regarded as the repayment of valid interest on the debt, notwithstanding the provision of Article 1, Paragraph 1 of the Interest Rate Restriction Act (hereafter payments under the relevant provision shell be referred to as “deemed payments”).

Nevertheless, the Supreme Court ruling on January 13, 2006 ruled that the payment of the portion exceeding the ceiling on interest set in paragraph 1, Article 1 of the Interest Rate Restriction Act under a covenant requiring the lump sum payment of the outstanding loan in the event that the payment of a loan installment is late is effectively compulsion and cannot be deemed a voluntary payment by a borrower. In addition, the court ruled that paragraph 2, Article 15 of the Money lending business act which the entry of the contract date on the receipt can be substituted with the contract number exceeds the scope of legal authorization and is invalid.

The AIFUL Group earnestly accepts these judicial decisions and intends to respond through such means as changing agreements to reflect the decisions. At present, the contracted interest rate for the loan products (with some exceptions) provided by the AIFUL Group includes the excess portion on the interest ceiling stipulated by the Interest Rate Restriction Act. Thus far, a number of lawsuits have been brought for the repayment of the excess portion on the interest ceilings stipulated by the Interest Rate Restriction Act due to a lack of preparation in the industry of the matters to be entered on the contract document specified in the Money lending business act, and a number of rulings in favor of these suits have been passed down.

A number of lawsuits for the repayment of excess interest have also been lodged against the AIFUL Group. There have been cases in which the plaintiffs’ claims that the Group did not fulfill its obligation as a loan business operator to issue the necessary documents required for the payment to be regarded as “deemed payments” under the Money lending business act have been recognized, as well as cases in which the Group has made repayment of excess interest based on settlements. The AIFUL Group’s financial position and business performance may be adversely affected in the event that demands for interest repayments rise above expectations or that judicial decisions which are disadvantageous to consumer finance companies are handed down in the future.

On October 13, 2006, the Japanese Institute of Certified Public Accountants (JICPA) published Accounting Treatment for Calculation of Reserves Relating to Losses at Consumer Finance Companies, etc., Resulting from Interest Repayment Claims (Industry Audit Committee Report No. 37, “Report No. 37”) to be applicable from the audits of consolidated and non-consolidated accounts for the interim accounting period ending on or after September 1, 2006 (including audits related to the consolidated and non-consolidated accounts for the fiscal year of which the relevant consolidated and non-consolidated accounts for the interim accounting period are each respectively a part).

In accordance with Report No. 37, the AIFUL Group has recorded an allowance for losses on interest repayments which includes forecast repayments included in the bad debt reserve as estimated to receive priority application to operating loans.

Nevertheless, accounting estimates are made on the basis of factors such as historical repayment and recent repayments, and in the event that a level of repayments arises that exceeds the assumptions based on these estimates, this could adversely affect the financial position and business performance of the AIFUL Group.

5. Restrictions on Total Lending

Amendments to the Money lending business act came fully into force on June 18, 2010. As a result, restrictions on total lending were introduced. Under these controls, the total balance of loans outstanding shall not exceed one-third of the total annual income of each individual. In principle, loans that exceed this established capacity to repay shall be prohibited. In preparation for the aforementioned introduction of restrictions on total lending pursuant to full-fledged enforcement of the amended law, AIFUL has provided loans utilizing more rigorous lending criteria. The AIFUL Group’s financial position and business performance may be adversely affected in the event that the decline in interest income or the balance of loans is greater than expected.

6. Other Legislative Issues

i. Act on the Protection of Personal Information and the Handling of Personal Information

On April 1, 2005, the Act on the Protection of Personal Information and the accompanying guidelines on the protection of personal information established by each government ministry came into force. Under the Act, businesses that handle personal information have specific reporting obligations when judged necessary. In addition, the competent Minister can recommend or order that the necessary measures be taken when deemed necessary to protect the interests of individuals in the event that specific obligations under the Act are breached.

Furthermore, in the guidelines, businesses are required to make notification, clearly state and publish the purpose of use of personal information, obtain the consent of debtors where necessary related to the handling of personal information, to supervise subcontractors when subcontracting the handling of personal information, establish a system for security management from the organizational, personnel and technological perspectives, and publish their basic policy on the handling of personal information.

In accordance with this, as well as reviewing its handling of personal information, the AIFUL Group has formulated a Privacy Policy and has also taken measures to prevent the leaking of personal information before it happens. The credibility, financial condition and business performance of the AIFUL Group may be affected in the event of a leakage of personal information for any reason or in the event that the Group is subject to a recommendation or order from the competent Minister.

ii. Effect of Other Legislative Amendments

The AIFUL Group’s financial position and business performance may be adversely affected in the event of amendments to legislation, including the Bankruptcy Act, the Civil Rehabilitation Act and the Act on Special Conciliation Proceedings for Expediting Arrangement of Specified Debts, etc., depending on the details of the amendments.

(Capital Procurement Risk)

The AIFUL Group conducts capital procurement by means such as securing debts from financial institutions, securing syndicate loans, and liquidizing bonds and claims. However, if the Company is unable to procure capital funds due to a decline in its creditworthiness or change in its rating, the AIFUL Group's financial position and business performance may be affected.

In addition, the procurement interest rate applicable to capital procurement may change as a result of market circumstances and other causes, and thus the Group takes measures to reduce the risk of fluctuations in interest. However, depending on the degree to which the interest rate rises, capital procurement by the AIFUL Group and in turn its financial position and business performance may be affected.

(Bad Debt Risk)

The Japanese economy has deteriorated since the subprime loan problem and the “Lehman Shock.” In this environment, the increase in the number of consumers requesting legal protection has become a social issue (AIFUL group customers are included among these consumers).

The AIFUL Group is screening repayment capacity (this includes monitoring credit extended to existing customers) based on data from credit bureaus and its own credit provision systems and tightening up credit criteria.

Nevertheless, in the event that the content of receivables deteriorates due to future economic conditions or the establishment of the legislative system, the financial position and business performance of the AIFUL Group may be adversely affected by a contraction in the size of the market or an increase in credit costs, including bad debt write-offs.

(Complications, Breakdowns or Other Damage to Technology Systems, Including Information Network Systems and Internet Services)

The AIFUL Group depends on internal and external information and technology systems to manage its business, and this dependence on software, hardware and networks to manage the branch network and the diversity of information that makes up the Group’s business, including customer and account data, is growing. The hardware and software used by the AIFUL Group could suffer damage or interruption due to human errors, natural disasters, power outages, computer viruses, and other similar phenomena, or be adversely affected by an interruption in support services provided by a third party, such as a telephone company or an Internet service provider.

Such complications, breakdowns, delays or other damage to information or technology systems could reduce the number of accounts established by new customers, delay the repayment of accrued balances, reduce the trust of consumers in the AIFUL Group’s business, or result in other disadvantageous effects, which in turn could adversely affect the financial position and business performance of the AIFUL Group.

(Holding and Disposal of Stock by Representative Director and Relatives)

As of the end of the fiscal year under review, Yoshitaka Fukuda, the representative director of AIFUL, his relatives, and affiliated companies combined owned about 39% of the Company’s issued shares. As a result, they are able to exercise a controlling influence over the important decisions with an impact on the Company’s business activities which involve important corporate transactions such as the transfer of the Company’s right of control, reorganization and restructuring of the business, investments in other businesses and assets, and terms of future capital procurement. Moreover, these shareholders have thus far maintained a stable shareholding. However, if they dispose of a portion of this shareholding in the future, this could have an impact on the Company’s share price in view of the increase in the supply of the Company’s stock in the market.

(In Cases of Disaster or Similar Events)

In the natural course of its business activities, the AIFUL Group conducts maintenance on its equipment and facilities while implementing all necessary measures to ensure stable uninterrupted operations in the event of an emergency or disaster. In those instances, however, where events and/or disasters exceed expectations, such as the Great Eastern Japan Earthquake that occurred on March 11, 2011, and the Group is impeded in its ability to utilize equipment and facilities, its financial position and business performance may be adversely affected.

(5) Important Events Affecting Premise of Going Concern

Not applicable

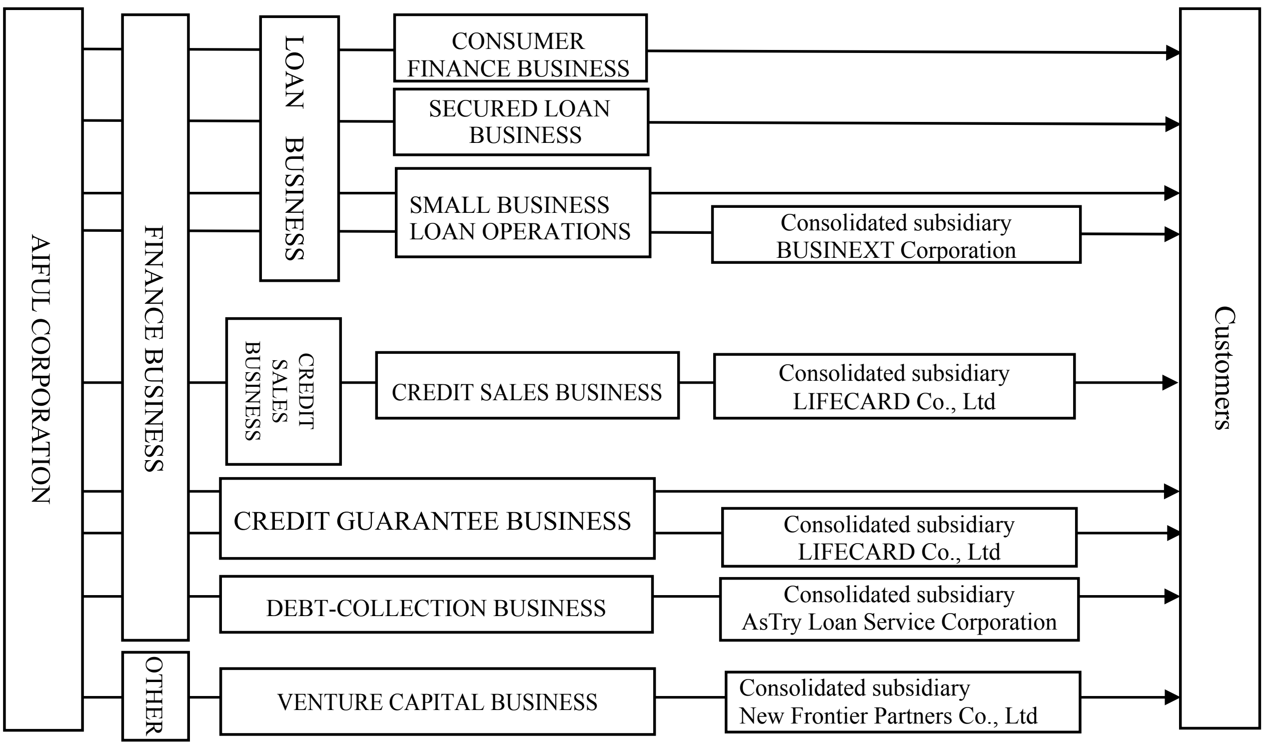
2. State of the Group

(1) The AIFUL Group is composed of AIFUL Corporation ("the Company") and four consolidated subsidiaries and 9 non-consolidated subsidiaries. The Group's main lines of business are consumer finance operations and credit sales. It is also active in the credit guarantee and debt collection and management.

Business Classification			AIFUL & subsidiaries	Business Descriptions
Finance Business	Loan Business	Consumer finance business	AIFUL Corporation	The Company provides small, unsecured loans for consumers.
		Secured loan business	AIFUL Corporation	The Company and its subsidiaries provide loans secured by real estate.
		Small business loan operations	AIFUL Corporation BUSINEXT Corporation	The Company and its subsidiaries lend to small and other businesses.
	Credit sales business	Credit card shopping	LIFECARD Co.,Ltd	The Company's subsidiary offer credit card shopping for consumers.
	Credit Guarantee business		AIFUL Corporation LIFECARD Co.,Ltd	Credit guarantee of loans provided by financial institutions.
	Debt-collection business		AsTry Loan Services Corporation	The company specializes in the management and collection of a full range of receivables and loans.
Other	Venture capital business		New Frontier Partners Co., Ltd.	The company assesses, invests in and supports venture companies.

Notes: New Frontier Partners Co.,Ltd changed its corporate name to AG Capital Corporation as of April 1, 2016.

(2) The organization chart for the AIFUL Group's businesses is as follows:



Notes: New Frontier Partners Co.,Ltd changed its corporate name to AG Capital Corporation as of April 1, 2016.

Non-consolidated Subsidiary

Company	Business Descriptions
(subsidiary) Sumishin LIFECARD Co., Ltd., 8 others	Credit card business and Credit sales business

(3) Affiliated companies are as follows.

Name	Address	Capital (¥ million)	Main Business	Percentage of Voting Rights Held (%)	Details of Relationship
(Consolidated subsidiaries) BUSINEXT Corporation [2]	Minato-ku, Tokyo	100	Small business loan operations	100.0 (100.0)	Provides debt guarantee No. of concurrent directors…1
AsTry Loan Services Corporation	Minato-ku, Tokyo	600	Debt-collection business	100.0	Receives financial assistance from AIFUL No. of concurrent directors: 2
New Frontier Partners Co., Ltd. [5]	Minato-ku, Tokyo	10	Venture capital business	100.0	Receives financial assistance from AIFUL No. of concurrent directors: 1
LIFECARD Co.,Ltd[1,4]	Aoba-ku, Yokohama City	100	Credit sales business, Credit guarantee business	100.0	Receives financial assistance from AIFUL No. of concurrent directors: 6

Notes:

1. Qualifies as specified subsidiary.
2. The % figure indicated within the parentheses of the proportion of voting rights owned is included in the proportion of voting rights owned indirectly.
3. This company does not file either securities registration statements or securities financial reports.
4. Regarding LIFECARD Co., Ltd., operating revenue (excluding revenue generated from within the Group) exceeds 10% of consolidated operating revenue.

Major profit/loss report (million yen):

(1) Operating revenue 28,347

(2) Ordinary income 1,140

(3) Net income 1,858

(4) Net assets 37,792

(5) Total assets 173,085

5. New Frontier Partners Co.,Ltd changed its corporate name to AG Capital Corporation as of April 1, 2016.

3. Management Policies

(1) Basic Corporate Management Policies and Target Management Indicators

This section has been omitted as there are no significant changes from the details published in the summary of business results for the year ended March 2014 released on May 13, 2014.

This summary of business results can be viewed at the following URLs.

(AIFUL website)

http://www.ir-aiful.com/english/finance01.html

(Tokyo Stock Exchange website

http://www.jpx.co.jp/listing/co-search/index.html

(2) Company management strategies in the medium-to-long term and issues that need to be tackled

The financial support for the AIFUL Group that had continued from July 2014 was ended in August 2015. Since then, the Group has been working to strengthen its financial base by further improving its business efficiency and diversifying its funding sources.

As it addresses interest repayment claims going forward, the AIFUL Group will strive to streamline its business efficiency across the Group, work to further increase the number of new contracts concluded and the operating loan balance, and improve the quality of its loan portfolio. Through these measures, it will seek to bolster the top line.

In addition, the AIFUL Group will strive to further enhance the compliance structure mainly by strengthening its in-house regulatory framework and internal control structures in an effort to diversify its funding sources and adequately address changes in its operating environment to strengthen its financial base in the future.

4. Basic approach to selection of accounting standards

In preparation for the pending application to the IFRS, the AIFUL Group is developing internal manuals, guidelines and other documents and examining the timing of the application.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	52,590	39,910
Operating Loans	287,650	315,546
Installment receivables	84,332	89,202
Operational investment securities	688	546
Customers' liabilities for acceptances and guarantees	111,472	111,634
Other operating receivables	5,994	5,767
Purchased receivables	2,190	2,854
Deferred tax assets	140	485
Other	13,084	13,267
Allowance for investment loss	(9)	(5)
Allowance for doubtful accounts	(48,757)	(43,188)
Total current assets	509,377	536,021
Fixed assets		
Tangible fixed assets		
Buildings and structures	23,745	24,012
Total accumulated depreciation	(16,891)	(17,282)
Net buildings and structures	6,853	6,730
Machinery and equipment	392	392
Total accumulated depreciation	(244)	(265)
Net machinery and equipment	147	126
Furniture and fixtures	5,991	6,509
Total accumulated depreciation	(4,881)	(5,094)
Net furniture and fixtures	1,110	1,415
Land	8,895	8,907
Lease assets	553	563
Total accumulated depreciation	(13)	(126)
Net lease assets	539	437
Construction in progress	131	72
Total tangible fixed assets	17,678	17,690
Intangible fixed assets		
Software	2,472	3,056
Other	103	104
Total intangible fixed assets	2,575	3,161
Investment and other fixed assets		
Investment securities	5,534	5,419
Claims in bankruptcy	33,983	31,946
Lease and guarantee deposits	20,291	1,628
Other	1,837	1,101
Allowance for investment loss	(4)	—
Allowance for doubtful accounts	(30,950)	(29,455)
Total investment and other fixed assets	30,692	10,641
Total fixed assets	50,946	31,493
Total assets	560,323	567,514

(In millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes & accounts payable-trade	10,158	12,209
Acceptances and guarantees	111,472	111,634
Short-term borrowings	51,460	67,990
Current portion of bonds	25,000	—
Current portion of long-term debt	7,713	22,318
Income taxes payable	555	119
Allowance for bonuses	902	914
Allowance for credit card point redemption	3,360	3,380
Deferred installment income	393	388
Other	11,854	18,197
Total current liabilities	222,869	237,151
Long-term liabilities		
Bonds	28,800	31,400
Long-term debt	113,982	127,351
Deferred tax liabilities	225	281
Allowance for losses on interest repayments	93,405	63,438
Other	3,566	3,640
Total long-term liabilities	239,978	226,112
Total liabilities	462,848	463,263
Net Assets		
Shareholders' equity		
Common stock	143,401	143,415
Capital surplus	164,469	13,914
Retained earnings	(208,152)	(50,609)
Treasury stock	(3,110)	(3,110)
Total shareholders' equity	96,608	103,609
Accumulated other comprehensive income		
Unrealized gain (loss) on available for sale securities	128	(195)
Total accumulated other comprehensive income	128	(195)
Stock acquisition rights	738	836
Total net assets	97,475	104,250
Total net assets and liabilities	560,323	567,514

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

i. Consolidated Statements of Income

(In millions of yen)

	For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
Operating revenue		
Interest on loans to customers	43,761	44,255
Revenue from Credit card business	13,548	14,591
Revenue from Installment sales finance business	128	115
Revenue from Credit guarantee	11,381	12,491
Other financial revenue	14	7
Other operating revenue		
Collection of purchased receivable	2,136	2,142
Recovery of loans previously charged off	7,741	6,021
Other	7,638	8,083
Total other operating revenue	17,516	16,246
Total operating revenue	86,352	87,708
Operating expenses		
Financial expenses		
Interest expenses	4,092	4,333
Interest on bond	2,390	2,550
Other	2,124	896
Total financial expenses	8,606	7,780
Cost of sales		
Cost of purchased receivable	1,534	1,351
Other	197	258
Total cost of sales	1,732	1,609
Other operating expenses		
Provision for credit card point redemption	2,863	3,221
Commissions	10,306	11,182
Provision of allowance for investment loss	—	1
Provision for doubtful accounts	2,234	16,126
Provision for losses on interest repayments	63,733	2,897
Employees’ salaries and bonuses	9,546	9,795
Provision for bonuses	869	898
Retirement benefit expenses	474	471
Other	25,546	27,047
Total other operating expenses	115,575	71,641
Total operating expenses	125,914	81,032
Operating income(loss)	(39,562)	6,676

(In millions of yen)

	For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
Non-operating income		
Rent expenses on real estates	51	51
Other	3,082	168
Total non-operating income	3,133	220
Non-operating expenses		
Provision for doubtful accounts	41	—
Other	28	35
Total non-operating expenses	70	35
Ordinary income(loss)	(36,498)	6,860
Extraordinary income		
Gain on sale of investment securities	325	—
Gain on loan extinguishment	320	—
Total extraordinary income	645	—
Income(loss) before taxes	(35,853)	6,860
Income taxes-current	584	179
Income taxes-deferred	61	(363)
Total income taxes	645	(183)
Net income(loss)	(36,499)	7,044
Net income(loss) attributable to owners of parent	(36,499)	7,044

ii. Consolidated Statements of Comprehensive Income

(In millions of yen)

	For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
Net Income(loss)	(36,499)	7,044
Other Comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(47)	(324)
Total other comprehensive income (loss)	(47)	(324)
Comprehensive income (loss)	(36,547)	6,720
Comprehensive income (loss) attributable to		
Owners of the parent	(36,547)	6,720
Minority interests	—	—

(3) Consolidated Statements of Change in Shareholders' Equity

For the fiscal year ended March 31, 2015

(In millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2014	143,324	164,392	(171,652)	(3,110)	132,953
Changes during the period					
Issuance of new shares-exercise of subscription rights to shares	77	77			154
Net income(loss) attributable to owners of parent			(36,499)		(36,499)
Deficit disposition					—
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock					—
Changes due to the merger of non-consolidated subsidiaries conducted by a consolidated subsidiary					—
Net changes in accounts other than shareholders' equity					—
Total change during fiscal year	77	77	(36,499)	(0)	(36,344)
Balance at March 31, 2015	143,401	164,469	(208,152)	(3,110)	96,608

	Accumulated other comprehensive income		Stock acquisition rights	Total net assets
	Unrealized gain (loss) on available-for-sale securities	Total		
Balance at April 1, 2014	176	176	412	133,541
Changes during the period				
Issuance of new shares-exercise of subscription rights to shares				154
Net income(loss) attributable to owners of parent				(36,499)
Deficit disposition				—
Purchase of treasury stock				(0)
Disposal of treasury stock				—
Changes due to the merger of non-consolidated subsidiaries conducted by a consolidated subsidiary				—
Net changes in accounts other than shareholders' equity	(47)	(47)	326	278
Total change during fiscal year	(47)	(47)	326	(36,066)
Balance at March 31, 2015	128	128	738	97,475

For the fiscal year ended March 31, 2016

(In millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2015	143,401	164,469	(208,152)	(3,110)	96,608
Changes during the period					
Issuance of new shares-exercise of subscription rights to shares	13	13			27
Net income(loss) attributable to owners of parent			7,044		7,044
Deficit disposition		(150,568)	150,568		—
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock			(0)	0	0
Changes due to the merger of non-consolidated subsidiaries conducted by a consolidated subsidiary			(70)		(70)
Net changes in accounts other than shareholders' equity					—
Total change during fiscal year	13	(150,555)	157,542	0	7,001
Balance at March 31, 2016	143,415	13,914	(50,609)	(3,110)	103,609

	Accumulated other comprehensive income		Stock acquisition rights	Total net assets
	Unrealized gain (loss) on available-for-sale securities	Total accumulated other comprehensive income		
Balance at April 1, 2015	128	128	738	97,475
Changes during the period				
Issuance of new shares-exercise of subscription rights to shares				27
Net income(loss) attributable to owners of parent				7,044
Deficit disposition				—
Purchase of treasury stock				(0)
Disposal of treasury stock				0
Changes due to the merger of non-consolidated subsidiaries conducted by a consolidated subsidiary				(70)
Net changes in accounts other than shareholders' equity	(324)	(324)	97	(226)
Total change during fiscal year	(324)	(324)	97	6,774
Balance at March 31, 2016	(195)	(195)	836	104,250

(4) Consolidated Statements of Cash Flows

(In millions of yen)

	For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
Cash flow from operating activities		
Net income(loss) before taxes	(35,853)	6,860
Depreciation and amortization	2,753	2,362
Gain on loan extinguishment	(320)	―
Increase (decrease) in allowance for investment loss	(13)	(8)
Increase (decrease) in allowance for doubtful accounts	(22,814)	(7,097)
Increase (decrease) in allowance for accrued bonuses	3	12
Increase (decrease) in allowance for credit card point redemption	160	20
Increase (decrease) in allowance for losses on interest repayments	33,523	(29,966)
Interest and dividends income	(43)	(36)
Decrease (increase) in loans to customers	33,499	(26,830)
Decrease (increase) in installment receivables	931	(4,869)
Decrease (increase) in other operating receivables	1,131	227
Decrease (increase) in purchased receivables	43	(664)
Decrease (increase) in claims in bankruptcy	2,869	2,037
Decrease (increase) in business security deposits	1,707	18,635
Decrease (increase) in other current assets	(1,346)	(157)
Increase (decrease) in other current liabilities	3,083	8,047
Other	(460)	201
Subtotal	18,855	(31,223)
Interest and dividends income	43	36
Income taxes-refund	369	127
Income taxes-paid	(764)	(614)
Cash flow from operating activities	18,503	(31,674)
Cash flow from investing activities		
Purchase of tangible fixed assets	(1,405)	(989)
Purchase of intangible fixed assets	(813)	(1,644)
Purchase of investment securities	(4,386)	(320)
Other	220	(89)
Cash flow from investing activities	(6,385)	(3,043)

(In millions of yen)

	For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
Cash flow from financing activities		
Proceeds from short-term borrowings	611,820	964,740
Repayment of short-term borrowings	(609,610)	(948,210)
Proceeds from long-term debt	68,100	108,600
Repayment of long-term debt	(125,751)	(80,624)
Proceeds from issuance of bonds	28,800	2,600
Redemption of bonds	—	(25,000)
Proceeds from issuance of common stock	104	18
Purchase of treasury stock	(0)	(0)
Proceeds from disposal of treasury stock	—	0
Other	(52)	(121)
Cash flow from financing activities	(26,588)	22,002
Effect of exchange rate changes on cash and cash equivalents	179	(12)
Increase (decrease) in cash and cash equivalents	(14,290)	(12,728)
Balance of cash and cash equivalents at the beginning of the year	66,876	52,586
Increase in cash and cash equivalents resulting from merger	—	48
Balance of cash and cash equivalents at the end of the year	52,586	39,906

(5) Notes to Consolidated Financial Statements

(Notes on premise of going concern)

Not applicable

(Significant Items Forming the Basis for the Preparation of the Consolidated Financial Statements)

Item	For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
1. Matters pertaining to the scope of consolidation	(2) Names of non-consolidated subsidiaries Sumishin Life Card Co., Ltd., and 11 others (Reason for exclusion from scope of consolidation) The non-consolidated subsidiaries are all small in scale, and the influence of the combined total assets, operating revenues, net incomes (amount proportional to equity) and earned surplus (amount proportional to equity) of the 12 companies on the consolidated balance sheets is minor. As a result, they have been excluded from the scope of consolidation.	(1) Names of non-consolidated subsidiaries Sumishin Life Card Co., Ltd., and 8 others (Reason for exclusion from scope of consolidation) The non-consolidated subsidiaries are all small in scale, and the influence of the combined total assets, operating revenues, net incomes (amount proportional to equity) and earned surplus (amount proportional to equity) of the 9 companies on the consolidated balance sheets is minor. As a result, they have been excluded from the scope of consolidation.
2. Application of equity method	All of the 12 non-consolidated subsidiaries to which the equity method is not applied are small in scale. The influence of the combined net incomes (amount proportional to equity) and earned surplus (amount proportional to equity) of the 12 companies on the consolidated balance sheets is minor. As a result, they have been excluded from the scope of application of the equity method.	All of the 9 non-consolidated subsidiaries and one affiliated company to which the equity method is not applied are small in scale. The influence of the combined net incomes (amount proportional to equity) and earned surplus (amount proportional to equity) of the 10 companies on the consolidated balance sheets is minor. As a result, they have been excluded from the scope of application of the equity method.
4. Accounting principles used for standard accounting treatment (5) Principal hedge accounting methods		(5) Principal hedge accounting methods - Hedge accounting methods The requirements for special treatment relating to interest cap trading are met. Therefore, special treatment is adopted. - Hedging instrument and hedged items Hedging instrument: Interest cap trading Hedged items: Variable rate debt - Hedging policy The ratio of fund-raising at a fixed rate to total fund-raising is meant to be kept at a specified ratio. - Method for evaluating the effectiveness of hedging In regards to interest cap trading subject to special treatment, the effectiveness is not evaluated.

Note: With the exception of the above-described items, there have been no significant changes since those listed in the most recent financial report (submitted June 23, 2015). Accordingly, no mention is made of them.

(Changes in accounting policies)

Starting the Fiscal year 2015 under review, the Company is applying the Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21; September 13, 2013), the Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22; September 13, 2013), and the Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7; September 13, 2013). Under these accounting standards, the Company shall post a gain or loss on change in the Company's equity in subsidiaries that the Company continues to control in capital surplus and shall post expenses related to acquisitions as expenses in a consolidated fiscal year when they are incurred. Any review of the allocation of the acquisition cost in provisional accounting of a business combination from the beginning of the first quarter under review shall be reflected in quarterly consolidated financial statements for the quarter in which the date of the business combination belongs. In addition, the Company changed the presentation of the net income as well as the presentation from the minority interests to the non-controlling interests. To reflect these changes in presentations, the Company reclassified the quarterly consolidated financial statements for the previous fiscal year and the consolidated financial statements for the previous fiscal year. In the consolidated statements of cash flows for the current third quarter under review, the Company stated cash flows associated with the acquisition or sale of shares in subsidiaries which cause no change in the scope of consolidation in the category of cash flows from financing activities. It also stated cash flows associated with expenses related to the acquisition of shares in subsidiaries which cause a change in the scope of consolidation or expenses that arose in connection with the acquisition or sale of shares in subsidiaries that cause no change in the scope of consolidation in the category of cash flows from operating activities.

The application of the Accounting Standard for Business Combinations, etc. follows the transitional treatment set force in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures, and the accounting standards are applied from the beginning of the first quarter under review.

The application of the accounting standards has no impact on the consolidated financial statements for the third quarter under review.

(Changes in disclosure method)

(Consolidated Statements of Income)

For the "Cost of sales of operational investment securities" (47 million yen in the fiscal year under review) that was presented as a separate item until the previous fiscal year, has been included under "Other" in "Cost of sales" in the fiscal year under review, as the amount is insignificant. To reflect this change in presentation, the consolidated financial statements for the last consolidated fiscal year have been reclassified.

As a result, the Consolidated Statements of Income for the last consolidated fiscal year have been reclassified so that the 197 million yen presented as "Cost of sales of operational investment securities" in "Cost of sales" was reclassified into 197 million yen of "Other".

For the “Foreign exchange income” (15 million yen in the fiscal year under review) that was presented as separate item until the previous fiscal year, has been included under “Other” in “Non-operating income” in the fiscal year under review as its total amount has become less than 10% of total non-operating income.

In the last consolidated fiscal year, the “Other” item of “Non-operating income” included “Rent expenses on real estates” but, as this item has exceeded 10% of total Non-operating income, from the consolidated fiscal year under review, it has been noted independently. To reflect this change in presentation, the consolidated financial statements for the last consolidated fiscal year have been reclassified.

As a result, the Consolidated Statements of Income for the last consolidated fiscal year has been reclassified so that the 2,885 million yen presented as "Foreign exchange income" and the 248 million yen presented as the "Other" item of "Non-operating income" are recalculated into "Rent expenses on real estates" 51 million yen and "Other" 3,082 million yen.

(Consolidated Statements of Cash Flows)

For the “Loss (gain) on sales of investment securities” ((0) million yen in the fiscal year under review) that was presented as a separate item until the previous fiscal year, has been included under “Other” in “Cash flow from operating activities” in the fiscal year under review, as the amount is insignificant. To reflect this change in presentation, the consolidated financial statements for the last consolidated fiscal year have been reclassified.

As a result, the Consolidated Statements of Cash Flow have been reclassified so that the 325 million yen presented as “Loss (gain) on sales of investment securities” in “Cash flow from operating activities” was reclassified into 460 million yen of “Other”.

For the “Proceeds from sales of tangible fixed assets” (9 million yen in the fiscal year under review) and “Proceeds from sales of investment securities” (0 million yen in the fiscal year under review) that were presented as a separate item until the previous fiscal year, has been included under “Other” in “Cash flow from investing activities” in the fiscal year under review, as the amount is insignificant. To reflect this change in presentation, the consolidated financial statements for the last consolidated fiscal year have been reclassified.

As a result, the Consolidated Statements of Cash Flow have been reclassified so that the 141 million yen presented as “Proceeds from sales of tangible fixed assets” and the 375 million yen presented as “Proceeds from sales of investment securities” in “Cash flow from investing activities” were reclassified into 220 million yen of “Other”.

(Notes to Consolidated Balance Sheets)

*1. An increase of ¥18, 693 million (includes ¥13, 900 million in recognized evaluation differences for shares of subsidiaries during the process of capital consolidation) in capital reserves resulting from a simple exchange of shares is included under capital surplus.

*2. Assets pledged as collateral and corresponding liabilities

For the fiscal year ended March 31, 2015

(1) Assets pledged as collateral

	(million yen)
Operating loans	225,453
Installment receivables	64,439
Other operating receivables	47
Buildings and structures	4,763
Machinery and equipment	86
Land	8,523
Total	303,313

(2) Corresponding liabilities

	(million yen)
Short-term borrowings	51,460
Current portion of long-term debt	6,445
Long-term debt	111,250
Total	169,155

i) The amounts above at the end of the fiscal year under review include amounts associated with the securitization of receivables (operating loans of 14,895 million yen and short-term borrowings of 3,000 million yen).

ii) Parts of operating loans and installment receivables are amounts at the time of registration of the transfer of receivables.

For the fiscal year ended March 31, 2016

(1) Assets pledged as collateral

	(million yen)
Operating loans	235,424
Installment receivables	79,517
Buildings and structures	4,525
Machinery and equipment	53
Land	8,523
Total	328,045

(2) Corresponding liabilities

	(million yen)
Short-term borrowings	65,690
Current portion of long-term debt	18,829
Long-term debt	122,109
Total	206,629

i) The amounts above at the end of the fiscal year under review include amounts associated with the securitization of receivables (operating loans of 61,683 million yen and short-term borrowings of 40,000 million yen).

ii) Parts of operating loans and installment receivables are amounts at the time of registration of the transfer of receivables.

*3. Unsecured personal loans included in operating receivables

For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
¥236,869 million	¥272,157 million

*4. Shares of non-consolidated subsidiaries and affiliated companies and other securities issued by non-consolidated subsidiaries and affiliated companies included in investment securities

For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
¥3,877 million	¥3,773 million

*5. Installment receivables

For the fiscal year ended March 31, 2015		For the fiscal year ended March 31, 2016
	(million yen)	(million yen)
Revenue from Credit card business	83,680	88,677
Installment sales finance	651	524
Total	84,332	89,202

*6. Deferred installment income

For the fiscal year ended March 31, 2015

(million yen)

	Balance at the end of Mar, 2014	Current fiscal year receipts	Actual current fiscal year balance	Balance at end of Mar, 2015
Credit card shopping	340	13,323	13,297	366 (37)
Installment sales finance	0	-0	0	0 (—)
Credit guarantee	32	1,279	1,285	26 (—)
Loans	—	7,311	7,311	— (—)
Total	373	21.915	21,895	393 (37)

For the fiscal year ended March 31, 2016

(million yen)

	Balance at the end of Mar, 2015	Current fiscal year receipts	Actual current fiscal year balance	Balance at end of Mar, 2016
Credit card shopping	366	14,272	14,271	367 (31)
Installment sales finance	0	—	0	0 (—)
Credit guarantee	26	1,293	1,298	20 (—)
Loans	—	6,480	6,480	— (—)
Total	393	22,045	22,050	388 (31)

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Note: Figures in parenthesis indicate member store commissions

*7. Securitization of claims removed from the balance sheet

For the fiscal year ended March 31, 2015		For the fiscal year ended March 31, 2016
Operating loans outstanding	¥62,367 million	¥60,677 million
Installment receivables	— million	¥964 million

*8. Contingent liability

Guarantee obligation

The Company's consolidated subsidiary, Life Card Co., Ltd., guarantees obligations related to the credit card payment operations, etc. for the Company's non-consolidated subsidiary, Sumishin Life Card Company, Limited.

For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016	
—	Sumishin Life Card Company, Limited	¥3,400 million
	Total	3,400 million

*9. Non-performing loans

Non-performing loans (NPL) from out of operating loans and claims in bankruptcy are as follows

For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016

(million yen)

	Unsecured loans	Other than unsecured loans	Total
Loans in legal bankruptcy	243	32,665	32,908
Nonaccrual loans	12,236	11,582	23,819
Loans in 3-months+ in arrears	2,517	311	2,829
Restructured loans	8,724	2,136	10,861
Total	23,721	46,697	70,418

(million yen)

	Unsecured loans	Other than unsecured loans	Total
Loans in legal bankruptcy	283	30,821	31,105
Nonaccrual loans	13,892	8,371	22,263
Loans in 3-months+ in arrears	3,095	253	3,349
Restructured loans	8,054	1,385	9,439
Total	25,326	40,832	66,158

The loan categories in the table above are as follows.

(Loans in legal bankruptcy)

Loans in legal bankruptcy are loans in which payment of principal or interest remain past due for a considerable period and accruals of interest are discontinued, with the conditions stipulated under (a) through (e) of sub-paragraph 3, paragraph 1, Article 96 or sub-paragraph 4 of the same paragraph of the Corporation Tax Law Enforcement Ordinance (Enforcement Ordinance No. 97 of 1965) arise. Allowances for claims in bankruptcy are stated at such amount less net realizable value of collateral.

(Nonaccrual loans)

Nonaccrual loans are loans in which accruals of interest is discontinued, other than loans in legal bankruptcy, as well as loans receiving regular payments in the case of granting deferral of interest payment to the debtors in financial difficulties to assist them in their recovery.

(Loans three months or more in arrears)

Loans three months or more in arrears are loans for which payments of principal or interest have not been received for a period of three months or more beginning with the next business day following the last due date for such payments. Loans classified as loans in legal bankruptcy and nonaccrual loans are excluded from loans three months or more in arrears.

(Restructured loans)

Restructured loans are loans on which creditors grant concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, waiver of the face amount, or other concessive measures) to the debtors in financial difficulties to assist them in their recovery and eventually enable them to pay creditors. Loans classified as loans in legal bankruptcy, nonaccrual loans and loans three months or more in arrears are excluded.

*10. Loan commitments related to operating loans

(Previous fiscal year)

Of operating loans including off-balance sheet loans resulting from securitization, 268,315 million yen is loans under revolving credit agreements. Under revolving credit agreements, customers may get additional loans up to a specified maximum amount that does not exceed an amount requested by them.

Outstanding loan commitments under revolving credit agreements were 697,572 million yen (including 8,521 million

yen under secured revolving credit agreements and revolving credit agreements with businesses).
The Group reviews revolving credit agreements and takes steps to preserve credit after the conclusion of revolving credit agreements if it considers that taking steps are necessary due to changes in customers' credit standing and other reasons.
Outstanding loan commitments include commitments to customers who do not have any outstanding loan commitments and who have not requested any loans after the conclusion of credit agreements. Many revolving credit agreements expire with no loans being given. Outstanding loan commitments themselves therefore do not necessarily affect the Group's future cash flows.

(Fiscal year under review)
Of operating loans including off-balance sheet loans resulting from securitization, 287,989 million yen is loans under revolving credit agreements. Under revolving credit agreements, customers may get additional loans up to a specified maximum amount that does not exceed an amount requested by them.
Outstanding loan commitments under revolving credit agreements were 721,183 million yen (including 9,138 million yen under secured revolving credit agreements and revolving credit agreements with businesses).
The Group reviews revolving credit agreements and takes steps to preserve credit after the conclusion of revolving credit agreements if it considers that taking steps are necessary due to changes in customers' credit standing and other reasons.
The outstanding loan commitments include commitments to customers who do not have any outstanding loan commitments and who have not requested any loans after the conclusion of credit agreements. Many revolving credit agreements expire with no loans being given. Outstanding loan commitments themselves therefore do not necessarily affect the Group's future cash flows.

*11. Of the allowances for doubtful accounts, following amount in estimated interest repayment is expected to have priority application in operating loans.

For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
¥17,388 million	¥12,434 million

(Notes to Segment information)

Segment Information

(1) Overview of reportable segments

i) Determination of reportable segments

The Company’s reportable segments are the Group’s structural units, for which separate financial information is available. The financial results for all business segments are periodically reviewed by the Company’s Board of Directors in order to make decisions on the proper allocation of business resources and to evaluate the business performance of the respective segments.

The Group draws up strategies for the Company and each of its consolidated subsidiaries and conducts business activities accordingly.

As a result, the AIFUL Group has two reporting segments, the core company AIFUL Co., Ltd., and LIFECARD Co., Ltd.

ii) Type of products and services belonging to each reportable segments

“AIFUL Corporation” is mainly involved in the loan business and credit guarantee business while “LIFECARD Co., Ltd.” is mainly involved in the credit sales business and the credit guarantee business.

(2) Calculation of operating revenue, profit or loss, assets, liabilities, etc. by reporting segment

The accounting methods applied to reporting segments are the same as those described in Significant Items Forming the Basis for the Preparation of the Consolidated Financial Statements. Income(Loss) for reportable segments are net income(loss).

Inter-segment sales and transfers are calculated based on the amount equal to cost to the submitting company.

(3) Information relating to operating revenue, profit or loss, assets, liabilities and other amounts for each reportable segment

For the fiscal year ended March 31, 2015

(million yen)

	Reportable segments			Other *1	Total
	AIFUL	LIFE CARD	Total		
Operating revenue					
Operating revenue from third parties	54,913	26,908	81,822	4,529	86,352
Inter-segment sales	8	393	401	1	402
Total	54,921	27,301	82,223	4,531	86,755
Segment profits	-41,434	3,530	-37,903	918	-36,985
Segment assets	444,737	177,180	621,917	28,008	649,926
Segment liabilities	371,015	141,246	512,261	10,125	522,387
Other items					
Provision for credit card point redemption	—	2,863	2,863	—	2,863
Provision for investment loss	489	—	489	—	489
Provision for doubtful accounts *2	-840	3,150	2,309	-33	2,276
Provision for loss on interest repayment	63,733	—	63,733	—	63,733
Provision for bonuses	541	6	548	18	566
Depreciation	1,532	1,213	2,745	7	2,753
Interest on loans to customers	1,891	—	1,891	96	1,987
Dividends received	4	12	16	0	17
Reversal provision for doubtful accounts	—	—	—	—	—
Reversal provision for investment loss	—	—	—	10	10
Rent expenses on real estates	127	—	127	—	127
Interest expenses *3	0	—	0	29	30
Extraordinary income	320	322	642	2	645
(Gain on sale of investment securities)	(—)	(322)	(322)	(2)	(325)
(Gain on loan extinguishment)	(320)	(—)	(320)	(—)	(320)
Income taxes- current	-800	1,413	612	-27	584
Income taxes- deferred	54	0	55	—	55
Increase/decrease in tangible and intangible assets	1,935	1,045	2,981	0	2,982

*1. The other classification comprises businesses not included in reporting segments and encompasses the activities of BUSINEXT CORPORATION, AsTry Loan Services Corporation and related companies.

2. Provision for doubtful accounts is the sum total of operating expenses and non-operating expenses.

3. Interest paid is the amount that is not included in operating expenses but is noted as non-operating expenses.

For the fiscal year ended March 31, 2016

(million yen)

	Reportable segments			Other *1	Total
	AIFUL	LIFE CARD	Total		
Operating revenue					
Operating revenue from third parties	55,110	27,974	83,084	4,623	87,708
Inter-segment sales	10	373	384	77	461
Total	55,120	28,347	83,468	4,701	88,169
Segment profits or loss	5,281	1,858	7,140	657	7,797
Segment assets	407,139	173,085	580,224	28,961	609,186
Segment liabilities	328,256	135,292	463,548	10,380	473,928
Other items					
Provision for credit card point redemption	—	3,221	3,221	—	3,221
Provision for investment loss	—	—	—	1	1
Provision for doubtful accounts	14,171	1,939	16,110	39	16,150
Provision for loss on interest repayment	—	2,897	2,987	—	2,897
Provision for bonuses	565	12	577	18	595
Depreciation	1,391	966	2,357	4	2,362
Interest on loans to customers	917	—	917	135	1,053
Dividends received	6	10	17	0	18
Reversal provision for doubtful accounts	9	—	9	—	9
Reversal provision for investment loss	—	—	—	—	—
Rent expenses on real estates	128	—	128	—	128
Interest expenses *2	—	—	—	40	40
Extraordinary income	—	—	—	—	—
(Gain on sale of investment securities)	(—)	(—)	(—)	(—)	(—)
(Gain on loan extinguishment)	(—)	(—)	(—)	(—)	(—)
Income taxes- current	-249	356	106	73	179
Income taxes- deferred	-18	-1,074	-1,093	—	-1,093
Increase/decrease in tangible and intangible assets	1,004	1,967	2,972	0	2,972

*1. The other classification comprises businesses not included in reporting segments and encompasses the activities of BUSINEXT CORPORATION, AsTry Loan Services Corporation and related companies.

2. Interest paid is the amount that is not included in operating expenses but is noted as non-operating expenses.

(4) The amount and principal details of the difference between the total amount of reporting segments and amounts posted on the Company's financial statements

(million yen)

Operating revenue	FY2014	FY2015
Reportable segment total	82,223	83,468
Profit categorized in "Other"	4,531	4,701
Inter-segment eliminations	-402	-461
Operating revenue posted in consolidated financial statements	86,352	87,708

Profit / Loss	FY2014	FY2015
Reportable segment total	-37,903	7,140
Profit(loss) categorized in "Other"	918	657
Inter-segment eliminations	485	-752
Net income(loss) posted in consolidated financial statements	-36,499	7,044

Assets	FY2014	FY2015
Reportable segment total	621,917	580,224
Profit categorized in "Other"	28,008	28,961
Inter-segment eliminations	-89,602	-41,672
Total assets posted in consolidated financial statements	560,323	567,514

Liabilities	FY2014	FY2015
Reportable segment total	512,261	463,548
Profit categorized in "Other"	10,125	10,380
Inter-segment eliminations	-59,539	-10,664
Total liabilities posted in consolidated financial statements	462,848	463,263

(million yen)

	Total of reportable segment		Other		Adjustment		Amount posted in Consolidated Financial statements	
	FY2014	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014	FY2015
Other items								
Provision for credit card point redemption	2,863	3,221	—	—	—	—	2,863	3,221
Provision for investment loss	489	—	—	1	-489	—	—	1
Provision for doubtful accounts*1	2,309	16,110	-33	39	—	-23	2,276	16,126
Provision for loss on interest repayment	63,733	2,897	—	—	—	—	63,733	2,897
Provision for bonuses	548	577	18	18	303	302	869	898
Depreciation	2,745	2,357	7	4	—	—	2,753	2,362
Interest on loans to customers	1,891	917	96	135	-1,962	-1,035	25	18
Dividends received	16	17	0	0	—	—	17	18
Reversal provision for doubtful accounts	—	9	—	—	—	—	—	9
Reversal provision for investment loss	—	—	10	—	—	—	10	—
Rent expenses on real estates	127	128	—	—	-76	-76	51	51
Interest expenses *2	0	—	29	40	-29	-40	0	—
Extraordinary income	642	—	2	—	-0	—	645	—
(Gain on sale of investment securities)	(322)	(—)	(2)	(—)	(-0)	(—)	(325)	(—)
(Gain on loan extinguishment)	(320)	(—)	(—)	(—)	(—)	(—)	(320)	(—)
Income taxes- current	612	106	-27	73	—	—	584	179
Income taxes- deferred	55	-1,093	—	—	6	730	61	-363
Increase/decrease in tangible and intangible assets	2,981	2,972	0	0	—	—	2,982	2,972

*1 Provision for doubtful accounts is the sum total of operating expenses and non-operating expenses.

2. Interest paid is the amount that is not included in operating expenses but is noted as a non-operating expenses.

(Per Share Information)

For the fiscal year ended March 31, 2015		For the fiscal year ended March 31, 2016	
Net assets per share	200.45 yen	Net assets per share	214.16 yen
Net income per share	75.74 yen	Net income per share	14.59 yen
Diluted net income per share omitted because there were no latent shares with a dilutive effect.		Diluted net income per share	14.57 yen

Note 1: Basis of calculation of net assets per share is as follows (million yen)

	As of March 31, 2015	As of March 31, 2016
Total net assets	97,475	104,250
Amount deducted from total net assets	738	836
(Of which subscription rights to shares)	(738)	(836)
Net assets related to common stock at end of fiscal year	96,737	103,414
Number of shares of common stock at the end of the fiscal year used in the calculation of net assets per share	482,589,814 shares	482,877,646 shares

Note 2: Basis for calculation of net income (loss) per share and diluted net income per share is as follows.

Item	For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
Net income (loss) per share		
Net income (loss) attributable to owners of parent	(36,499) million yen	7,044 million yen
Amount not attributable to common stock shareholders		
Net income (loss) attributable to owners of parent related to common stock	(36,499) million yen	7,044 million yen
Average number of shares of common stock during the period	481,898,473 shares	482,741,708 shares
Diluted net income per share		
Adjusted net income	—	—
Increase in number of common stock	—	—
(of which subscription rights to share)	(—)	(—)
Outline of stock not included in diluted net income per share due to lack of dilutive effect	Stock options issued in 2010 and in 2013. The details are described in Status of new stock acquisition rights etc.	Stock options issued in 2010 and in 2013. The details are described in Status of new stock acquisition rights etc.

(Important Subsequent Events)

Not applicable

7. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(In millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	44,681	26,569
Operating loans	227,797	256,920
Installment receivables	1,820	1,194
Customers' liabilities for acceptances and guarantees	90,123	90,456
Other operating receivables	5,440	5,136
Prepaid expenses	337	187
Accrued income	1,548	2,040
Other	7,818	4,084
Allowance for doubtful accounts	(38,765)	(34,549)
Total current assets	340,802	352,039
Fixed assets		
Tangible fixed assets		
Buildings	12,954	13,152
Total accumulated depreciation	(7,698)	(7,958)
Net buildings	5,255	5,193
Structures	1,426	1,392
Total accumulated depreciation	(1,135)	(1,091)
Net structures	291	300
Machinery and equipment	146	146
Total accumulated depreciation	(123)	(126)
Net machinery and equipment	23	20
Furniture and fixtures	3,496	3,492
Total accumulated depreciation	(2,597)	(2,720)
Net furniture and fixtures	898	772
Land	6,805	6,817
Lease assets	553	563
Total accumulated depreciation	(13)	(126)
Net lease assets	539	437
Construction in process	131	72
Total tangible fixed assets	13,945	13,614
Intangible fixed assets		
Software	806	747
Other	24	26
Total intangible fixed assets	831	774
Investment and other fixed assets		
Investment securities	1,332	1,268
Stock in affiliated companies	27,927	28,067
Long-term loans to affiliated companies	54,798	7,021
Claims in bankruptcy	33,398	31,581
Long-term prepaid expenses	141	193
Lease and guarantee deposits	1,720	1,467
Other	258	233
Allowance for doubtful accounts	(30,419)	(29,122)
Total investment and other fixed assets	89,157	40,711
Total fixed assets	103,934	55,100
Total Assets	444,737	407,139

(In millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Acceptances and guarantees	90,123	90,456
Short-term borrowings	3,000	2,300
Current portion of bonds	25,000	—
Current portion of long-term debt	7,053	14,927
Lease obligations	119	121
Trade accounts payable	5,477	8,806
Accrued expenses	1,531	1,293
Income taxes payable	242	104
Allowance for bonuses	876	883
Deferred installment income	26	20
Asset retirement obligations	24	3
Other	530	467
Total current liabilities	134,004	119,385
Long-term liabilities		
Bonds	28,800	31,400
Long-term debt	111,747	113,290
Long-term debt to affiliated companies	4,000	2,800
Lease obligations	463	350
Deferred tax liabilities	225	206
Allowance for losses on interest repayments	89,088	58,000
Asset retirement obligation	1,804	1,939
Other	881	883
Total long-term liabilities	237,010	208,871
Total liabilities	371,015	328,256
Net Assets		
Shareholders' equity		
Common stock	143,401	143,415
Capital surplus		
Capital reserves	150,310	13
Other capital surplus	258	—
Total capital surplus	150,568	13
Retained earnings		
Earned surplus reserves	1,566	—
Other retained earnings		
General reserve	102,230	—
Retained earnings carried forward	(321,542)	(61,896)
Total retained earnings	(217,745)	(61,896)
Treasury stock	(3,110)	(3,110)
Total shareholders' equity	73,114	78,422
Valuation and translation adjustments		
Unrealized gain (loss) on available for sale securities	(130)	(374)
Total valuation and translation adjustments	(130)	(374)
Stock acquisition rights	738	836
Total net assets	73,722	78,883
Total net assets and liabilities	444,737	407,139

(2) Non-Consolidated Statements of Income

(In millions of yen)

	For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
Operating revenue		
Interest on loans to customers	36,150	36,856
Other financial revenue	8	6
Other operating revenue		
Revenue from Credit guarantee	10,136	11,221
Recovery of loans previously charged off	7,542	5,789
Other	1,084	1,246
Total other operating revenue	18,763	18,257
Total operating revenue	54,921	55,120
Operating expenses		
Financial expenses		
Interest expenses	3,255	2,983
Interest on bond	2,390	2,550
Other	1,629	756
Total financial expenses	7,275	6,290
Other operating expenses		
Provision for doubtful accounts	(881)	14,171
Provision for losses on interest repayments	63,733	—
Salaries for employees	5,528	5,543
Provision for bonuses	541	565
Sales promotion expenses	4,202	6,039
Depreciation expenses	1,532	1,391
Other	17,233	17,419
Total other operating expenses	91,890	45,129
Total operating expenses	99,166	51,420
Operating income(loss)	(44,244)	3,700

	For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
Non-operating income		
Interest on loans	1,891	917
Fiduciary obligation fee	262	203
Other	181	222
Total non-operating income	2,335	1,343
Non-operating expenses		
Provision for investment loss	489	—
Other	102	31
Total non-operating expenses	591	31
Ordinary income(loss)	(42,500)	5,012
Extraordinary income		
Gain on loan extinguishment	320	—
Total extraordinary income	320	—
Income(loss) before taxes	(42,180)	5,012
Income taxes-current	(800)	(249)
Income taxes-deferred	54	(18)
Total income taxes	(746)	(268)
Net income(loss)	(41,434)	5,281

(3) Non-Consolidated Statements of Change in Shareholders' Equity

For the fiscal year ended March 31, 2015

(In millions of yen)

	Shareholders' equity							
		Common stock			Common stock			
						Other retained earnings		
	Common stock	Capital reserve	Other capital surplus	Total capital surplus	Earned surplus reserve	General reserve	Retained earnings carried forward	Total retained earnings
Balance at April 1, 2014	143,324	150,232	258	150,491	1,566	102,230	(280,108)	(176,311)
Changes during the period								
Issuance of new shares-exercise of subscription rights to shares	77	77		77				
Net income(loss)							(41,434)	(41,434)
Transfer to other capital surplus form legal capital surplus								
Deficit disposition								
Purchase of treasury stock								
Disposal of treasury stock								
Net changes in accounts other than shareholders' equity								
Total change during fiscal year	77	77	―	77	―	―	(41,434)	(41,434)
Balance at March 31, 2015	143,401	150,310	258	150,568	1,566	102,230	(321,542)	(217,745)

	Shareholders' equity		Valuation and translation adjustments			
	Treasury stock	Total shareholders' equity	Unrealized gain (loss) in available-on-sale securities	Total valuation and translation adjustments	Stock acquisition rights	Total net assets
Balance at April 1, 2014	(3,110)	114,393	1	1	412	114,807
Changes during the period						
Issuance of new shares-exercise of subscription rights to shares		154				154
Net income(loss)		(41,434)				(41,434)
Transfer to other capital surplus form legal capital surplus						
Deficit disposition						
Purchase of treasury stock	(0)	(0)				(0)
Disposal of treasury stock		―				―
Net changes in accounts other than shareholders' equity			(132)	(132)	326	193
Total change during fiscal year	(0)	(41,279)	(132)	(132)	326	(41,085)
Balance at March 31, 2015	(3,110)	73,114	(130)	(130)	738	73,722

For the fiscal year ended March 31, 2016

(In millions of yen)

	Shareholders' equity							
	Common stock	Capital surplus			Capital surplus			
		Capital reserve	Other capital surplus	Total capital surplus	Earned surplus reserve	Other retained earnings		Total retained earnings General reserve
						General reserve	Retained earnings carried forward	
Balance at April 1, 2015	143,401	150,310	258	150,568	1,566	102,230	(321,542)	(217,745)
Changes during the period								
Issuance of new shares-exercise of subscription rights to shares	13	13		13				
Net income(loss)							5,281	5,281
Transfer to other capital surplus form legal capital surplus		(150,310)	150,310					
Deficit disposition			(150,568)	(150,568)	(1,566)	(102,230)	254,365	150,568
Purchase of treasury stock								
Disposal of treasury stock							(0)	(0)
Net changes in accounts other than shareholders' equity								
Total change during fiscal year	13	(150,296)	(258)	(150,555)	(1,566)	(102,230)	259,646	155,849
Balance at March 31, 2016	143,415	13	—	13	—	—	(61,896)	(61,896)

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gain (loss) in available-on-sale securities	Total valuation and translation adjustments		
Balance at April 1, 2015	(3,110)	73,114	(130)	(130)	738	73,722
Changes during the period						
Issuance of new shares-exercise of subscription rights to shares		27				27
Net income(loss)		5,281				5,281
Transfer to other capital surplus form legal capital surplus		—				—
Deficit disposition		—				—
Purchase of treasury stock	(0)	(0)				(0)
Disposal of treasury stock	0	0				0
Net changes in accounts other than shareholders' equity		—	(244)	(244)	97	(146)
Total change during fiscal year	0	5,308	(244)	(244)	97	5,161
Balance at March 31, 2016	(3,110)	78,422	(374)	(374)	836	78,883