

AIFUL Announces Earnings Forecast

AIFUL Corporation hereby announces its full fiscal year earnings forecast for the fiscal year 2011, which it had left undetermined in “Consolidated Business Results for the Fiscal Year Ended in March 31, 2011” published on May 11, 2011. Details are as follows.

1. Consolidated Earnings Forecast for the Fiscal Year Ended March 31, 2012 (April 1, 2011- March 31, 2012)

	Operating Revenue (million yen)	Operating Income (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Net Income Per Share (yen)
Previous Forecast (A) (announced on November 8, 2010)	-	-	-	-	-
Revised Forecast (B)	114,000	16,000	17,000	17,000	70.86
Amount of change (B-A)	-	-	-	-	-
Percentage Change (%)	-	-	-	-	-
Reference: Earnings for previous FY ended in March 31, 2010	144,961	(24,137)	(24,945)	(31,935)	(134.05)

2. Reason for Announcement and Qualitative Information Regarding Consolidated Earnings Forecast

AIFUL Corporation had left its earnings forecast for the fiscal year 2011 (April 1, 2011 – March 31, 2012) undetermined due to business conditions in the Japanese consumer finance industry that made it difficult to reasonably estimate earnings projections. That decision was predicated on the large number of uncertain factors that existed at the time, including changes in the operating environment resulting from the restructuring of the industry and the trend towards claims for interest repayment, in addition to restrictions on total lending limits under the Money Lending Business Act and reductions in maximum interest rates. Recognizing its ability to now reasonably estimate earnings projections, the Company announces its full year fiscal earnings forecast briefly as follows.

In its consolidated earnings forecast for the fiscal year 2011, the Company expects operating revenue to decrease to ¥114 billion, reflecting a reduction in interest income associated with the decline in loans to customers. Operating income is expected to be ¥16 billion largely because, under operating expenses, the Company is not making a provision for losses on interest repayments in the current period and general administrative expenses are lower mainly owing to the improvement in business efficiency resulting from Group reorganization.

In addition, the Company expects to incur extraordinary losses consisting mainly of an allowance for business structure improvement in connection with the payment of a special retirement allowance and other expenses relating to a voluntary retirement offer in the fourth quarter. However, these losses are expected to be offset by extraordinary income, including a gain on loan extinguishment corresponding to the Business Revitalization Plan, and net income is expected to amount to ¥17 billion.

The forecasts provided above are based on information that was available as of the date of this announcement. Actual earnings may differ from this forecast due to various factors.