

November 1, 2005

Interim Financial Statements (Non-Consolidated)

For the fiscal year ending March 31, 2006

AIFUL Corporation

Stock Code: 8515

(URL <http://www.aiful.co.jp>)

Representative:

Inquiries:

Stock Exchange: Tokyo, Osaka

Headquarters: Kyoto City

Yoshitaka Fukuda, President and Chief Executive Officer

Kenichi Kayama, General Manager, Public Relations

Department

TEL (03) 4503 - 6050

November 1, 2005

Date of the Board of Directors' meeting to
approve financial statements:

Interim dividends payment:

Commencement of the interim dividends payment:

The Company adopted the "Tangen" credit unit system:

Yes

December 9, 2005

Yes (One Tangen of stock at AIFUL Corporation is equivalent
to 50 shares)

I. Non-Consolidated Business Results for the Interim Period (April 1, 2005 – September 30, 2005)

1. Non-Consolidated Operating Results (Note: Figures have been rounded down to the nearest unit.)

(In millions of yen – rounded down, except where noted)

	Operating Revenue		Operating Income		Ordinary Income	
Interim Period Ended September 30, 2005	172,607	1.6%	56,376	6.4%	59,663	9.1%
Interim Period Ended September 30, 2004	169,969	1.9%	52,961	28.6%	54,686	28.3%
Fiscal Year Ended March 31, 2005	340,615	1.7%	107,581	13.0%	112,533	13.7%

	Net Income		Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
Interim Period Ended September 30, 2005	35,569	17.8%	251.18	251.12
Interim Period Ended September 30, 2004	30,189	42.0%	319.46	319.40
Fiscal Year Ended March 31, 2005	67,301	26.8%	711.20	711.14

Notes: (1) Average number of shares during: Interim period ended September 30, 2005: 141,608,423 shares

Interim period ended September 30, 2004:

94,502,580 shares

Fiscal year ended March 31, 2005: 94,453,068 shares

(2) Changes in accounting policies: Yes

(3) Percentage figures shown for operating revenue, operating income, etc., show year-on-year growth.

2. Dividend Information

	Dividends per Share (in Yen)	
	Interim	Year-end
Interim Period Ended September 30, 2005	30.00	–
Interim Period Ended September 30, 2004	30.00	–
Fiscal Year Ended March 31, 2005	–	60.00

3. Non-Consolidated Financial Position

(In millions of yen – rounded down, except where noted)

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio (%)	Shareholders' Equity per Share (Yen)
Interim Period Ended September 30, 2005	2,129,976	619,847	29.1	4,377.15
Interim Period Ended September 30, 2004	1,988,406	550,234	27.7	5,820.66
Fiscal Year Ended March 31, 2005	2,033,547	584,308	28.7	6,188.00

- Notes: (1) Number of shares issued and outstanding: Interim period ended September 30, 2005: 141,610,000 shares
 Interim period ended September 30, 2004: 94,531,358 shares
 Fiscal year ended March 31, 2005: 94,405,535 shares
- (2) Total number of treasury stocks at the end of: Interim period ended September 30, 2005: 425,000 shares
 Interim period ended September 30, 2004: 158,642 shares
 Fiscal year ended March 31, 2005: 284,465 shares
- (3) AIFUL implemented a 1:1.5 stock split on May 23, 2005.

II. Full Year Forecast (April 1, 2005 - March 31, 2006)

(In millions of yen – rounded down, except where noted)

	Operating Revenue	Ordinary Income	Net Income	Dividends per Share (in Yen)	
				Interim	Year-end
Fiscal Year Ending March 31, 2006	346,097	121,000	71,934	30.00	60.00

Reference:

Forecast for earnings per share for fiscal year ending March 31, 2006: 507.97 yen

Caution Relating to Results Forecasts

The above forecasts are based on the information available to management at the time they were made, and are estimates involving uncertain factors thought likely to have an effect on future results. Actual results can differ materially from these forecasts for a variety of reasons.

(Supplementary Data)**I. Interim Non-Consolidated Financial Statements**

1. Interim Non-Consolidated Balance Sheets

(In millions of yen – rounded down, %)

Category (Assets)	Note No.	End of previous interim period (As of September 30, 2004)		End of current interim period (As of September 30, 2005)		Condensed balance sheets for previous fiscal year (As of March 31, 2005)	
		Amount	%	Amount	%	Amount	%
I. Current assets							
1. Cash and cash equivalents		95,767		80,166		67,535	
2. Loans	*2.3.5	1,459,310		1,492,898		1,471,767	
3. Customers' liabilities for acceptances and guarantees		–		52,668		–	
4. Property for sale	*2	174		163		168	
5. Deferred tax assets		10,051		9,444		8,203	
6. Short-term loans	*4	5,915		139		5,187	
7. Other	*2	32,825		31,784		33,114	
8. Allowance for bad debts		(81,750)		(78,392)		(81,928)	
Total current assets		1,522,294	76.6	1,588,874	74.6	1,504,048	74.0
II. Fixed assets							
1. Tangible fixed assets							
(1) Land		5,612		6,762		5,612	
(2) Other	*1	23,417		23,380		22,882	
Total tangible fixed assets		29,030		30,143		28,495	
2. Intangible fixed assets		11,646		10,945		11,484	
3. Investment and other fixed assets							
(1) Stock in affiliated companies		131,704		135,255		131,754	
(2) Claims in bankruptcy	*5	26,877		28,315		25,278	
(3) Long-term loans to affiliated companies		237,853		302,864		298,223	
(4) Deferred tax assets		975		–		14	
(5) Loss on deferred hedge	*7	18,151		15,888		18,970	
(6) Other		29,095		37,247		33,782	
(7) Allowance for bad debts		(19,674)		(20,483)		(19,124)	
Total investment and other fixed assets		424,983		499,088		488,898	
Total fixed assets		465,660	23.4	540,176	25.4	528,877	26.0
III. Deferred assets							
Bond issuing expenses		451		925		621	
Total deferred assets		451	0.0	925	0.0	621	0.0
Total assets		1,988,406	100.0	2,129,976	100.0	2,033,547	100.0

(In millions of yen – rounded down, %)

Category	Note No.	End of previous interim period (As of September 30, 2004)		End of current interim period (As of September 30, 2005)		Condensed balance sheets for previous fiscal year (As of March 31, 2005)		
		Amount	%	Amount	%	Amount	%	
(Liabilities)								
I. Current liabilities								
1. Notes payable - trade		4,869		5,063		4,598		
2. Acceptance and guarantees		–		52,668		–		
3. Short-term debts		12,000		10,000		15,000		
4. Current portion of bonds		124,000		92,500		94,000		
5. Current portion of long-term debts	*2	347,555		354,428		348,065		
6. Income taxes payable		20,800		25,573		22,544		
7. Reserve for accrued bonuses		2,327		2,379		2,386		
8. Other		11,640		12,750		11,689		
Total current liabilities			523,193	26.3	555,364	26.1	498,285	24.5
II. Long-term liabilities								
1. Bonds		321,000		408,000		374,890		
2. Long term debts	*2	575,054		528,370		556,659		
3. Deferred tax liabilities		–		2,105		–		
4. Allowance for retirement benefits for employees		214		–		319		
5. Allowance for retirement benefits for directors		1,170		1,262		1,209		
6. Interest swaps		17,509		14,843		17,834		
7. Other		29		182		41		
Total long-term liabilities			914,978	46.0	954,764	44.8	950,954	46.8
Total liabilities			1,438,172	72.3	1,510,129	70.9	1,449,239	71.3
(Shareholders' equity)								
I. Common stock			83,317	4.2	83,317	3.9	83,317	4.1
II. Capital surplus								
1. Capital reserves		90,225		90,225		90,225		
2. Other capital surplus		21		–		–		
Total capital surplus			90,246	4.6	90,225	4.2	90,225	4.4
III. Retained earnings								
1. Earned surplus reserves		1,566		1,566		1,566		
2. Voluntary reserves		336,822		395,496		336,822		
3. Unappropriated retained earnings for the period		35,923		44,088		70,156		
Total retained earnings			374,311	18.8	441,150	20.7	408,545	20.1
IV. Differences in evaluation of other marketable securities			3,828	0.2	8,210	0.4	5,284	0.3
V. Treasury stock			(1,468)	(0.1)	(3,056)	(0.1)	(3,063)	(0.2)
Total shareholders' equity			550,234	27.7	619,847	29.1	584,308	28.7
Total liabilities and shareholders' equity			1,988,406	100.0	2,129,976	100.0	2,033,547	100.0

2. Interim Non-Consolidated Statement of Income

(In millions of yen – rounded down, %)

Category	Note No.	Previous interim period (Apr. 1 to Sep. 30, 2004)		Current interim period (Apr. 1 to Sep. 30, 2005)		Condensed statement of income for previous fiscal year (Apr. 1, 2004 to Mar. 31, 2005)	
		Amount	%	Amount	%	Amount	%
I. Operating revenue							
1. Interest on loans to customers		165,084	97.1	167,521	97.1	330,528	97.0
2. Financial revenue - other		57	0.0	1	0.0	113	0.0
3. Operating revenue - other		4,826	2.9	5,085	2.9	9,973	3.0
Total operating revenue		169,969	100.0	172,607	100.0	340,615	100.0
II. Operating expenses							
1. Financial expenses		16,299	9.6	15,771	9.1	32,593	9.6
2. Operating expenses - other		100,708	59.2	100,459	58.2	200,441	58.8
Total operating expenses		117,007	68.8	116,231	67.3	233,034	68.4
Operating income		52,961	31.2	56,376	32.7	107,581	31.6
III. Non-operating income	*1	2,352	1.4	3,406	2.0	5,647	1.6
IV. Non-operating expenses	*2	627	0.4	119	0.1	694	0.2
Ordinary income		54,686	32.2	59,663	34.6	112,533	33.0
V. Extraordinary income		559	0.3	286	0.1	894	0.3
VI. Extraordinary losses		384	0.2	224	0.1	662	0.2
Net income before taxes for interim period		54,861	32.3	59,726	34.6	112,765	33.1
Corporate tax, local and enterprise taxes		20,937		25,277		39,913	
Adjustment on corporate tax, etc.		3,734	14.5	(1,120)	14.0	5,550	13.3
Net income for interim period		30,189	17.8	35,569	20.6	67,301	19.8
Retained earnings brought forward		5,733		8,523		5,733	
Loss on price differences in disposal of treasury stock		–		4		42	
Interim dividends		–		–		2,835	
Unappropriated retained earnings for the period		35,923		44,088		70,156	

3. Significant Accounting Policies Relating to the Interim Financial Statements

Item	Previous interim period (Apr. 1, 2003 to Sep. 30, 2004)	Current interim period (Apr. 1, 2004 to Sep. 30, 2005)	Previous fiscal year (Apr. 1, 2004 to Mar. 31, 2005)
<p>1. Appraisal standards and methods for principal assets</p> <p>2. Depreciation methods for depreciable assets</p>	<p>(1) Marketable securities Subsidiaries stock and stock in affiliated companies Cost method, cost being determined by the moving average method Other marketable securities - Securities valued at market: Market value method based on the market price on the settlement date of the interim period All valuation differences are reflected directly in shareholders' equity, the sale price being computed using the moving average method. - Securities not valued at market: Cost method, cost being determined by the moving average method</p> <p>(2) Inventories Real estate for sale Lower-of-cost-or-market method, cost being determined by the specific cost method</p> <p>(1) Tangible fixed assets: Diminishing balance depreciation method Major useful lives are as follows: Buildings and structures 3-50 years Machinery and vehicles 13-15 years Equipment and fittings 3-20 years</p> <p>(2) Intangible fixed assets: Software: Straight-line method based on the assumed useful life for internal use (5 years) Other: Straight-line method</p>	<p>(1) Marketable securities Subsidiaries stock and stock in affiliated companies As on left</p> <p>Other marketable securities - Securities valued at market: As on left</p> <p>- Securities not valued at market: Cost method, cost being determined by the moving average method Investments in limited liability investment partnerships and other similar partnerships (regarded as marketable securities under paragraph 2, Article 2 of the Securities Exchange Law) take the net holding based on the most recent available report depending on the date for the statement of accounts specified in the partnership agreement.</p> <p>(2) Inventories As on left</p> <p>(1) Tangible fixed assets: As on left</p> <p>(2) Intangible fixed assets: As on left</p>	<p>(1) Marketable securities Subsidiaries stock and stock in affiliated companies As on left</p> <p>Other marketable securities - Securities valued at market: Market value method based on the market prices on the settlement date of the interim period All valuation differences are reflected directly in shareholders' equity, the sale price being computed using the moving average method. - Securities not valued at market: As on left</p> <p>(2) Inventories As on left</p> <p>(1) Tangible fixed assets: As on left</p> <p>(2) Intangible fixed assets: As on left</p>

Item	Previous interim period (Apr. 1, 2003 to Sep. 30, 2004)	Current interim period (Apr. 1, 2004 to Sep. 30, 2005)	Previous fiscal year (Apr. 1, 2004 to Mar. 31, 2005)
3. Accounting standards for allowances and reserves	<p>(1) Allowance for bad debts Provision for losses on bad debts is made up to the necessary amount considering the actual percentage of bad loan write-offs for normal claims, and up to the amount forecast to be irrecoverable based on individual assessments of recoverability for doubtful claims.</p> <p>(2) Reserve for accrued bonuses Provision for accrued bonuses to employees is made by appropriating an amount based on the estimated total bonuses that will be paid during the interim period.</p> <p>(3) Allowance for retirement benefits for employees Provision for employees' retirement benefits occurring at the end of the current interim period is made on the basis of forecast retirement benefit obligations and pension assets at the end of the current fiscal year. Actuarial differences and past service obligations are generally written off as lump sum expenses in the fiscal year in which they arise. (Supplementary Information) With the enforcement of the Defined Benefit Corporate Pension Law, AIFUL received authorization from the Minister of Health, Labour and Welfare on September 20, 2004 to return the past portion of the substitutional portion of the employees' pension fund. The impact on profit and loss in the interim period is 207 million yen recorded as extraordinary income.</p>	<p>(1) Allowance for bad debts As on left</p> <p>(2) Reserve for accrued bonuses As on left</p> <p>(3) Allowance for retirement benefits for employees —</p> <p>(Supplementary Information) AIFUL obtained authorization on September 30, 2004 from the Minister of Health, Welfare and Labour to dissolve the AIFUL employees' pension fund and to introduce defined contribution pensions, and a new defined contribution pension system and advance retirement benefit system were adopted on October 1, 2004. However, the amount of assets under management per individual to be transferred to the defined contribution pension system with respect to the portion relating to past service, which had not been determined as of March 31, 2005, has been determined during the current interim period. With the determination of the amount, AIFUL has applied the accounting rules in Accounting for Transfers among Retirement Benefit Plans (Financial Accounting Standard Implementation Guidance No. 1). The impact of these transfers on profit and loss in the interim period is 283 million yen recorded as "Gain on transfer to defined contribution pension system" under extraordinary income.</p>	<p>(1) Allowance for bad debts As on left</p> <p>(2) Reserve for accrued bonuses Provision for accrued bonuses to employees is made by appropriating an amount based on the estimated total bonuses that will be paid during the fiscal year.</p> <p>(3) Allowance for retirement benefits for employees Provision for employees' retirement benefits is made on the basis of forecast retirement benefit obligations and pension assets at the end of the current fiscal year. Actuarial differences and past service obligations are generally written off as lump sum expenses in the fiscal year in which they arise. (Supplementary Information) With the enforcement of the Defined Benefit Corporate Pension Law, AIFUL obtained from the Minister of Health, Labour and Welfare an exemption from the obligation on September 25, 2003 to make future payments with respect to the agency portion of employees' pension fund. The amount returned was confirmed on March 16, 2005. The impact on profit and loss in the fiscal year under review is 207 million yen recorded as extraordinary income. AIFUL obtained authorization on September 30, 2004 from the Minister of Health, Welfare and Labour to dissolve the AIFUL employees' pension fund and to introduce defined contribution pensions, and a new defined contribution pension system and advance retirement benefit system were adopted on October 1, 2004. However, the amount of assets under management per individual to be transferred to the defined contribution pension system with respect to the portion relating to past service had not been determined as of March 31, 2005.</p>

Item	Previous interim period (Apr. 1, 2003 to Sep. 30, 2004)	Current interim period (Apr. 1, 2004 to Sep. 30, 2005)	Previous fiscal year (Apr. 1, 2004 to Mar. 31, 2005)
4. Accounting treatment of lease transactions	<p>(4) Allowance for retirement benefits for directors The Company provides for retirement benefits for directors by determining the amount to be paid at the end of the interim period based on the regulation for the payment of directors' retirement benefits.</p> <p>In finance lease transactions, other than those in which the title of the leased asset is deemed to be transferred to the lessee, finance leases are treated according to the method used for ordinary loan transactions, <i>mutatis mutandis</i>.</p>	<p>(4) Allowance for retirement benefits for directors As on left</p> <p>As on left</p>	<p>(4) Allowance for retirement benefits for directors The Company provides for retirement benefits for directors by determining the amount to be paid at the end of the fiscal year based on the regulation for the payment of directors' retirement benefits.</p> <p>As on left</p>
5. Hedge accounting methods	<p>(1) Hedge accounting methods The Company uses deferred hedge accounting. However, the Company uses special accounting rules for interest swaps that meet the requirements for special treatment as interest swaps and interest swaps</p> <p>(2) Hedging methods and hedged transactions Hedging methods: Interest caps and interest swaps Hedged transactions: Borrowing that will change the Company's cash flow depending upon changes in market interest rates (floating rate bank borrowing and corporate bonds)</p> <p>(3) Hedging policy The Company uses hedge transactions to keep the percentage of fixed interest rate capital at a specified percentage of total capital funds procured.</p>	<p>(1) Hedge accounting methods The Company uses deferred hedge accounting. The Company also applies appropriation treatment to exchange rate fluctuation risk hedge transactions that meet the requirements for appropriation treatment, and exceptional accounting rules for interest swaps that meet the requirements for exceptional treatment as interest swaps and interest caps.</p> <p>(2) Hedging methods and hedged transactions a. Hedging methods: Currency swaps Hedged transactions: Foreign currency-denominated bonds</p> <p>b. Hedging methods: Interest caps and interest swaps Hedged transactions: Borrowing that will change the Company's cash flow depending upon changes in market interest rates (floating rate bank borrowing and corporate bonds)</p> <p>(3) Hedging policy The Company uses currency swaps as hedge transactions for exchange rate fluctuation risk related to the payment of principal and interest on foreign currency denominated corporate bonds. The Company uses hedge transactions for interest caps and interest swaps to keep the percentage of fixed interest rate capital at a specified percentage of total capital funds procured.</p>	<p>(1) Hedge accounting methods As on left</p> <p>(2) Hedging methods and hedged transactions As on left</p> <p>(3) Hedging policy As on left</p>

Item	Previous interim period (Apr. 1, 2003 to Sep. 30, 2004)	Current interim period (Apr. 1, 2004 to Sep. 30, 2005)	Previous fiscal year (Apr. 1, 2004 to Mar. 31, 2005)
6. Other significant accounting policies relating to the interim financial statements	<p>(4) Evaluation of hedge effectiveness The Company determines the effectiveness of its hedging transactions based on a method of ratio analysis covering cumulative changes over a ten-year period. However, no evaluation of the effectiveness of interest swaps based on exceptional accounting rules is conducted.</p> <p>(1) Accounting methods for income and expenses Interest on loans to customers is recorded in accordance with accrual standards. Uncollected interest is recorded at the lower of the maximum legal interest rate and the pertinent Company interest rate.</p> <p>(2) Accounting treatment of interest on debt Interest on debt used to provide consumer loans is accounted for as “financial expenses” and included in operating expenses. All other interest expenses are accounted for as “interest expenses” in non-operating expenses.</p> <p>(3) Disposal method for deferred assets Bond issuing expenses Deferred assets are amortized uniformly within the shorter period of either the bonds’ redemption period or the longest period (three years) mandated by the Commercial Code.</p> <p>(4) Accounting treatment of consumption taxes Consumption taxes are taken out of all Statement of Income items and Balance Sheet items. Consumption taxes for fixed assets that are not subject to the exclusion, however, are included in “other” under investment and other fixed assets, and are written off using the straight-line method over a five-year period.</p>	<p>(4) Evaluation of hedge effectiveness As on left</p> <p>(1) Accounting methods for income and expenses As on left</p> <p>(2) Accounting treatment of interest on debt As on left</p> <p>(3) Disposal method for deferred assets Bond issuing expenses As on left</p> <p>(4) Accounting treatment of consumption taxes As on left</p>	<p>(4) Evaluation of hedge effectiveness As on left</p> <p>(1) Accounting methods for income and expenses As on left</p> <p>(2) Accounting treatment of interest on debt As on left</p> <p>(3) Disposal method for deferred assets Bond issuing expenses As on left</p> <p>(4) Accounting treatment of consumption taxes As on left</p>

4. Changes to Significant Matters Forming the Basis for the Preparation of Interim Financial Statements

Previous interim period (Apr. 1, 2003 to Sep. 30, 2004)	Current interim period (Apr. 1, 2004 to Sep. 30, 2005)	Previous fiscal year (Apr. 1, 2004 to Mar. 31, 2005)
—	<p>(Accounting Standard for Impairment of Fixed Assets) AIFUL adopted the Accounting Standard for Impairment of Fixed Assets (Opinion Concerning Establishment of Accounting Standard for the Impairment of Fixed Assets, Business Accounting Council, August 9, 2002 and Implementation Guidance for the Accounting Standard for Impairment of Fixed Assets (Financial Accounting Standard Implementation Guidance No. 6) Accounting Standards Board of Japan, October 31, 2003) from the current interim period. There has been no effect on income as a result.</p> <p>(Guarantee Obligations) The balances of guarantee obligations related to guarantee operations were hitherto recorded in Notes to the Non-Consolidated Balance Sheets for Interim Period (Liabilities for guarantee). However, the method of recording has been changed to record Customers' liabilities for acceptance and guarantees under Current Assets and Acceptance and guarantees under Current Liabilities on the interim balance sheets from the current interim period. The change is due to consideration of the linkage between the balance of Customers' liabilities for acceptance and guarantees and the amount recorded as Operating revenue for the credit guarantee business. As a result of the change, current assets and liabilities have each increased by 52,668 million yen.</p>	—

5. Notes

A. Notes to the Non-Consolidated Balance Sheets for Interim Period

Previous interim period (As of September 30, 2004)	Current interim period (As of September 30, 2005)	Previous fiscal year (As of March 31, 2005)																																																		
<p>*1. Accumulated depreciation of tangible fixed assets 20,494 million yen</p> <p>*2. Assets pledged as collateral and corresponding liabilities as below:</p> <p>(1) Assets pledged as collateral</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(In millions of yen)</td> </tr> <tr> <td style="padding-left: 20px;">Loans</td> <td style="text-align: right;">756,079</td> </tr> <tr> <td style="padding-left: 20px;">Real estate for sale</td> <td style="text-align: right;">117</td> </tr> <tr> <td style="padding-left: 20px;"><u>Total</u></td> <td style="text-align: right;"><u>756,197</u></td> </tr> </table> <p>(2) Corresponding liabilities</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(In millions of yen)</td> </tr> <tr> <td style="padding-left: 20px;">Current portion of long-term debt</td> <td style="text-align: right;">182,871</td> </tr> <tr> <td style="padding-left: 20px;"><u>Long-term debt</u></td> <td style="text-align: right;"><u>318,761</u></td> </tr> <tr> <td style="padding-left: 20px;"><u>Total</u></td> <td style="text-align: right;"><u>501,633</u></td> </tr> </table> <p>Above amounts include items related to the securitization of loans receivables, 356,743 million yen for outstanding loans receivables, 34,403 million yen for the current portion of long-term debt, and 101,702 million yen for the long-term debt.</p> <p>The items below are not included in the above amounts.</p> <ul style="list-style-type: none"> • The Company has contracted to offer loans as collateral in response to borrowers' requests to the sum of 63,650 million yen for the current portion of long-term debt, and 60,763 million yen in long-term debt, totaling 124,414 million yen. • The Company has also offered 4,332 million yen in cash and cash equivalents as collateral for swap transactions. • Marutoh K.K. has offered its land, etc., as collateral for AIFUL's loans. <p>*3. Includes 1,085,579 million yen in personal unsecured loans.</p> <p>—</p>		(In millions of yen)	Loans	756,079	Real estate for sale	117	<u>Total</u>	<u>756,197</u>		(In millions of yen)	Current portion of long-term debt	182,871	<u>Long-term debt</u>	<u>318,761</u>	<u>Total</u>	<u>501,633</u>	<p>*1. Accumulated depreciation of tangible fixed assets 22,558 million yen</p> <p>*2. 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Includes 1,115,158 million yen in personal unsecured loans.</p> <p>—</p>		(In millions of yen)	Loans	523,530	Real estate for sale	109	<u>Total</u>	<u>523,639</u>		(In millions of yen)	Current portion of long-term debt	129,707	<u>Long-term debt</u>	<u>182,402</u>	<u>Total</u>	<u>312,109</u>	<p>*1. Accumulated depreciation of tangible fixed assets 21,685 million yen</p> <p>*2. 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Includes 1,093,662 million yen in personal unsecured loans.</p> <p>*4. Assets pledged as collateral and corresponding market values</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Commercial paper</td> <td style="text-align: right;">4,998 million yen</td> </tr> </table>		(In millions of yen)	Loans	712,804	Real estate for sale	113	<u>Total</u>	<u>712,918</u>		(In millions of yen)	Current portion of long-term debt	172,399	<u>Long-term debt</u>	<u>300,670</u>	<u>Total</u>	<u>473,070</u>	Commercial paper	4,998 million yen
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The Company sets aside a reserve for bad debts that is equivalent to the amount the Company believes it will be unable to recover based on an evaluation of each loan. (Loans in arrears) “Loans in arrears” refers to loans other than claims in bankruptcy for which unpaid interest is not accrued. This excludes loans, however, that are included in loans for which the Company has made arrangements convenient to the borrower for the purpose of reorganization or support of the borrower, such as reduction or exemption of interest or extension of the repayment period on which the Company is periodically receiving payments. (Loans in arrears longer than 3 months) “Loans in arrears longer than 3 months” refers to loans for which the principal or interest payment is three or more months overdue from the day following the scheduled payment date and that are not regarded as claims in bankruptcy or loans in arrears. (Loans with adjusted terms) “Loans with adjusted terms” refers to loans for which the Company has made arrangements convenient to the borrower for the purpose of reorganization or support of the borrower, such as reduction or exemption of interest or extension of the repayment period on which the Company is periodically receiving payments, and that are not regarded as claims in bankruptcy, loans in arrears or loans in arrears longer than 3 months.</p>		Unsecured loans	Other loans	Total	Claims in bankruptcy	4,745	24,699	29,444	Loans in arrears	19,832	26,183	46,015	Loans in arrears longer than 3 months	9,477	3,440	12,918	Loans with adjusted terms	38,830	207	39,037	計	72,885	54,531	127,416	<p>*5. 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<p>*6. Liabilities for guarantee</p> <p>(1) Liabilities for guarantee relating to personal loans provided by business partner financial institutions: 31,440 million yen</p> <p>(2) Liabilities for guarantees related to small business loans provided by business partner financial institutions: 2,128 million yen</p> <p>(3) Liabilities for guarantees of debt of affiliated companies: Marutoh K.K.: 8,600 million yen</p> <p>*7. Gains and losses related to hedging methods are recorded as deferred hedge loss on a net basis. The total deferred hedge loss before being netted out was 18,298 million yen. Total deferred hedge gains were 147 million yen.</p>	<p>—</p> <p>*7. Gains and losses related to hedging methods are recorded as deferred hedge loss on a net basis. The total deferred hedge loss before being netted out was 15,926 million yen. Total deferred hedge gains were 38 million yen.</p>	<p>*6. Liabilities for guarantee</p> <p>(1) Liabilities for guarantee relating to personal loans provided by business partner financial institutions: 35,267 million yen</p> <p>(2) Liabilities for guarantees related to small business loans provided by business partner financial institutions: 7,912 million yen</p> <p>*7. Gains and losses related to hedging methods are recorded as deferred hedge loss on a net basis. The total deferred hedge loss before being netted out was 19,001 million yen. Total deferred hedge gains were 31 million yen.</p>

B. Notes to the Non-Consolidated Interim Income Statement

Previous interim period (Apr. 1, 2004 to Sep. 30, 2004)	Current interim period (Apr. 1, 2005 to Sep. 30, 2005)	Previous fiscal year (Apr. 1, 2004 to Mar. 31, 2005)
<p>*1. Primary item for non-operating income</p> <p>Interest on loans 1,830 million yen</p> <p>*2. Primary item for non-operating expenses</p> <p>Loss on investment in anonymous association 592 million yen</p> <p>3. Depreciation expenses</p> <p>Tangible fixed assets 1,777 million yen</p> <p>Intangible fixed assets 1,483</p>	<p>*1. Primary item for non-operating income</p> <p>Interest on loans 2,506 million yen</p> <p>*2. Primary item for non-operating expenses</p> <p>Loss on investment in anonymous association 78 million yen</p> <p>3. Depreciation expenses</p> <p>Tangible fixed assets 1,611 million yen</p> <p>Intangible fixed assets 1,606</p>	<p>*1. Primary item for non-operating income</p> <p>Interest on loans 4,095 million yen</p> <p>*2. Primary item for non-operating expenses</p> <p>Loss on investment in anonymous association 610 million yen</p> <p>3. Depreciation expenses</p> <p>Tangible fixed assets 3,637 million yen</p> <p>Intangible fixed assets 3,113</p>

C. Notes to Lease Transactions

Previous interim period (Apr. 1, 2004 to Sep. 30, 2004)	Current interim period (Apr. 1, 2005 to Sep. 30, 2005)	Previous fiscal year (Apr. 1, 2004 to Mar. 31, 2005)																																								
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(1) Acquisition cost, accumulated depreciation and period ending balance of lease assets (In millions of yen)	(1) Acquisition cost, accumulated depreciation and period ending balance of lease assets (In millions of yen)	(1) Acquisition cost, accumulated depreciation and period ending balance of lease assets (In millions of yen)																																								
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<table> <tbody> <tr> <td>Lease fee payments</td> <td>1,455</td> </tr> <tr> <td>Depreciation expenses</td> <td>1,391</td> </tr> <tr> <td>Interest expenses</td> <td>32</td> </tr> </tbody> </table>	Lease fee payments	1,455	Depreciation expenses	1,391	Interest expenses	32	<table> <tbody> <tr> <td>Lease fee payments</td> <td>622</td> </tr> <tr> <td>Depreciation expenses</td> <td>600</td> </tr> <tr> <td>Interest expenses</td> <td>6</td> </tr> </tbody> </table>	Lease fee payments	622	Depreciation expenses	600	Interest expenses	6	<table> <tbody> <tr> <td>Lease fee payments</td> <td>2,565</td> </tr> <tr> <td>Depreciation expenses</td> <td>2,455</td> </tr> <tr> <td>Interest expenses</td> <td>49</td> </tr> </tbody> </table>	Lease fee payments	2,565	Depreciation expenses	2,455	Interest expenses	49																						
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(4) Accounting method for the amount equivalent to depreciation expenses Calculated by assuming the lease term is the depreciable life and depreciating the remaining amount to zero using the sum-of-the-years-digits method.	(4) Accounting method for the amount equivalent to depreciation expenses As on left	(4) Accounting method for the amount equivalent to depreciation expenses As on left																																								
(5) Accounting method for the amount equivalent to interest expenses Interest expense for lease assets is calculated as the difference between the total lease payments and the acquisition price of the leased assets, with the amount allocated to each accounting period using the interest method.	(5) Accounting method for the amount equivalent to interest expenses As on left	(5) Accounting method for the amount equivalent to interest expenses As on left																																								
	2 Operating lease transactions (1) Future lease payments (In millions of yen)																																									
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D. Marketable Securities

Subsidiaries' shares and the shares of affiliated companies at the end of the previous interim period or at the end of the current interim period do not have a market price.

E. Details of Increase in Number of Shares Issued and Outstanding during the Current Interim Period (Current Fiscal Year)

Previous interim period (Apr. 1, 2004 to Sep. 30, 2004)	Current interim period (Apr. 1, 2005 to Sep. 30, 2005)	Previous fiscal year (Apr. 1, 2004 to Mar. 31, 2005)
-	Issue of new shares due to stock split dated May 23, 2005 1. Ratio of split 1:1.5 2. No. of shares issued 47,345,000 shares	-

F. Significant Subsequent Events

Previous interim period (Apr. 1, 2004 to Sep. 30, 2004)	Current interim period (Apr. 1, 2005 to Sep. 30, 2005)	Previous fiscal year (Apr. 1, 2004 to Mar. 31, 2005)																	
-	-	<p>Based on the resolution of the Board of Directors' meeting on February 21, 2005, the Company is issuing new stock through the stock split as follows.</p> <p>1. A 1:1.5 split as of May 23, 2005.</p> <p>(1) Increase in number of shares due to stock split</p> <table style="margin-left: 40px;"> <tr> <td>Ordinary shares</td> <td style="text-align: right;">47,345,000</td> </tr> </table> <p>(2) Method of split A 1:1.5 stock split will be applied to the number of shares owned by shareholders listed in the register of shareholders and the register of beneficial shareholders at the close of March 31, 2005.</p> <p>2. Initial date in reckoning for dividend April 1, 2005.</p> <p>Per share information for the previous fiscal year assuming that the stock split had been conducted at the beginning of the previous fiscal year and per share information for the current fiscal year assuming that the stock split had been conducted at the beginning of the current fiscal year are as below.</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th colspan="2" style="text-align: right;">(Yen)</th> </tr> <tr> <th></th> <th style="text-align: center;">Previous fiscal year</th> <th style="text-align: center;">Current fiscal year</th> </tr> </thead> <tbody> <tr> <td>Net assets per share</td> <td style="text-align: right;">3,689.45</td> <td style="text-align: right;">4,125.33</td> </tr> <tr> <td>Net income per share</td> <td style="text-align: right;">373.88</td> <td style="text-align: right;">474.13</td> </tr> <tr> <td>Diluted net income per share</td> <td style="text-align: center;">-</td> <td style="text-align: right;">474.09</td> </tr> </tbody> </table>	Ordinary shares	47,345,000		(Yen)			Previous fiscal year	Current fiscal year	Net assets per share	3,689.45	4,125.33	Net income per share	373.88	474.13	Diluted net income per share	-	474.09
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II. Results of Operations

1. Operating Revenue

(In millions of yen)

Item		Previous interim period (Apr. 1, 2004 to Sep. 30, 2004)		Current interim period (Apr. 1, 2005 to Sep. 30, 2005)		Previous fiscal year (Apr. 1, 2004 to Mar. 31, 2005)	
		Amount	%	Amount	%	Amount	%
Interest on loans to customers	Unsecured loans	133,668	78.7	135,306	78.4	266,930	78.3
	Secured loans	27,740	16.3	27,826	16.1	55,875	16.4
	Small business loans	3,676	2.1	4,388	2.6	7,722	2.3
	Sub-total	165,084	97.1	167,521	97.1	330,528	97.0
Other financial revenue	Interest on deposits	0	0.0	0	0.0	1	0.0
	Interest on marketable securities	0	0.0	0	0.0	0	0.0
	Interest on loans	56	0.0	–	–	111	0.0
	Other	0	0.0	0	0.0	0	0.0
Sub-total	57	0.0	1	0.0	113	0.0	
Other operating revenue	Bad debt write-off recovery	2,084	1.3	2,492	1.4	4,090	1.2
	Other	2,741	1.6	2,592	1.5	5,883	1.8
	Sub-total	4,826	2.9	5,085	2.9	9,973	3.0
Total		169,969	100.0	172,607	100.0	340,615	100.0

Note: “Other” included in “Other operating revenue” consists of clerical fees and guarantee fees.

2. Other Operating Indicators

(In millions of yen)

Item		Previous interim period (As of Sep. 30, 2004)	Current interim period (As of Sep. 30, 2005)	Previous fiscal year (As of Mar. 31, 2005)
Total amount of loans outstanding	Unsecured loans	1,085,579	1,115,158	1,093,662
	Secured loans	343,560	342,265	345,180
	Small business loans	30,170	35,474	32,924
	Sub-total	1,459,310	1,492,898	1,471,767
Number of customer accounts	Unsecured loans	2,113,687	2,068,002	2,091,244
	Secured loans	96,083	100,298	98,625
	Small business loans	23,031	26,452	24,879
	Sub-total	2,232,801	2,194,752	2,214,748
Number of branches	Staffed branches	549	541	549
	Unstaffed branches	1,010	1,126	1,023
	Sub-total	1,559	1,667	1,572
Number of “Ojidosan” loan-contracting machines		1,554	1,562	1,561
Number of Automatic processing machines for loan applications		–	100	7
Number of ATMs	Company-owned	1,757	1,760	1,761
	Partner-owned	62,494	82,714	74,577
	Sub-total	64,251	84,474	76,338
Number of employees		3,331	3,202	3,184
Bad debt write-off		45,051	45,264	91,243
Allowance for bad debts		101,425	98,875	101,053
Net income per share (yen)		319.46	251.18	711.20
Net assets per share (yen)		5,820.66	4,377.15	6,188.00

Notes: Total amount of loans outstanding and the number of customer accounts do not include loans and customer accounts related to claims in bankruptcy.

Bad debt write-off does not include losses on claims in bankruptcy, which came to 2,078 million yen in the current interim period, 3,352 million yen in previous interim period, and 5,012 million yen in the previous fiscal year.

III. Changes to the Board of Directors (Retirement)

Name	Retirement date
Tetsuo Ninomiya	June 24, 2005