

# Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2006

## AIFUL Corporation

(Securities code: 8515, 1st Section, Tokyo and Osaka Stock Exchanges)

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

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## I. Items Used to Compile Financial Data for the First Three Quarters

- Company adopted simplified accounting methods (yes/no): Yes  
Details:  
Calculation of some tax expenses and reserves are based on estimates that take into account previous performance.
- Any differences between the accounting practices used here and those used in preparing consolidated accounts for the previous business year (yes/no): Yes  
Details:  
The AIFUL Group 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]). As a result net income for the first three quarters before taxes declined 743 million yen.
- Changes in application of consolidated accounting and equity method accounting (yes/no): Yes  
Details:  
Consolidated subsidiaries: (Newly included): 3 companies (Excluded): 0 companies  
Companies accounted for by the equity method: (Newly included): 0 companies (Excluded): 0 companies

## II. Summary of Business Results for the First Three Quarters, Fiscal 2005 (April 1 – December 31, 2005)

### 1. Consolidated Operating Results

(In millions of yen - rounded down, except per share data)

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
First three quarters, FY2005	411,779	6.3%	108,878	6.2%	110,057	6.9%	64,290	13.6%
First three quarters, FY2004	387,287	9.2%	102,487	29.5%	102,923	30.4%	56,604	19.2%
Reference: FY2004	518,416	9.5%	134,716	19.7%	135,294	20.3%	75,723	21.1%

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
First three quarters, FY2005	453.99	453.84
First three quarters, FY2004	599.04	598.96
Reference: FY2004	800.36	800.30

Notes:

- Percentage figures shown for operating revenue, operating income, ordinary income and net income show year-on-year change.
- AIFUL implemented a 1:1.5 stock split on May 23, 2005.

### 2. Qualitative Information on Changes in Consolidated Business Performance

#### A. Overview of Performance

Looking at the Japanese economy during the third quarter of Fiscal 2005, according to the Bank of Japan's Tankan Survey released in December, the business conditions index, which indicates corporate economic sentiment, increased to 21 points on firm domestic demand and an improvement in exports, a rise of two points compared to the previous survey in September, for a third straight quarter of improvement. In addition, the Diffusion Index (DI) for October 1995, released by the Cabinet on December 7, moved up for the third successive month since August, and the Composite Index (CI), which shows the strength of economic trends, is also recording all-time highs during the current expansion phase, after hitting a low in January 2002. Factors such as these show that strong corporate earnings are having a positive effect on household budgets, bringing about a recovery in consumption, although some risks remain, including corporate earnings being forced down by sharp rises in crude oil prices and a sudden slowdown in the US and Chinese economies.

In this economic environment, bad debt expenses in the consumer finance industry are on the decline, with the number of applications for personal bankruptcy as published by the Supreme Court registering year-on-year declines for 25 months in a row since November 2003.

Nevertheless, there is increasingly stiff competition for share in the overall consumer credit market with an expansion in operational tie-ups that transcend industry boundaries, IT companies entering the finance industry, and credit card companies strengthening their cash advance operations.

In this operating environment, the AIFUL Group is seeking to develop its business based primarily on the unsecured loan sector while aggressively expanding into the home equity loan, small business loan and credit card sectors. Further, it is widening its focus from the traditional retail sector, which targets loans for individual customers, to a more broadly defined retail sector that encompasses business loans for small and medium enterprises.

The AIFUL Group has continued to promote diversification of products and sales channels based on its multiple brand strategy to cater to a wider range of customer needs, while securing stable growth potential and profitability into the future and striking a balance between risk diversification and further development. Moreover, each company that belongs to the Group has also been striving to develop efficient operations while working together to generate synergistic effects and strengthen relationships within the Group.

## **B. Operations**

### **(1) AIFUL Corporation**

During the first three quarters, AIFUL's loan business witnessed the Company pursuing product diversification strategies chiefly in unsecured loans as well as home equity loans and small business loans.

A summary by product is as below.

#### **i) Unsecured Loans**

There were 391,000 new applications for unsecured loans in the first three quarters of fiscal 2005, a decrease of 3.9% compared to the same period last year, and new account acquisitions were 249,000, down 4.0% year-on-year. During the quarter beginning in October 2005, there were 129,000 new applications, up 6% year-on-year, and there were 85,000 new account acquisitions, up 4.0% year-on-year, putting the brakes on the decline which had persisted since the year ended March 2003. Moreover, the proportion of new account acquisitions via the Internet has risen steadily to 14.3% (11.2% during the same period last year).

As a result, unsecured loans outstanding stood at 1,118,973 million yen, up 3.5% year-on-year at the end of the third quarter of fiscal 2005.

#### **ii) Home Equity Loans and Small Business Loans**

AIFUL's product diversification strategy involves home equity loans and small business loans. The balance of loans outstanding for these products at the end of the third quarter was 341,531 million yen, down 0.6% year-on-year, for home equity loans and 36,879 million yen, up 17.5% year-on-year, for small business loans.

A summary of business other than loan operations is as follows.

#### **iii) Credit Guarantees**

The credit guarantee business is a fee business in which AIFUL provides guarantees for loan products handled by financial institutions, and the Company handles unsecured personal loans and unsecured small business loans. The entire financial industry is now taking note of this credit guarantee market, especially loans to small businesses, and AIFUL is becoming more active in it.

As a result of these efforts, at the end of the third quarter, AIFUL's guarantee partners numbered 44 unsecured personal loan companies and 48 small business loan companies, and the balance of guarantees (Customer's liabilities for acceptances and guarantees) for affiliated financial institutions stood at 56,622 million yen, marking steady growth of 44.1% compared with the same period last year.

#### **iv) Credit Cards**

With regard to new co-branded cards, applications for the issue of the JJClub100 Premium Card, a co-branded card with Next Japan Company Limited, which runs JJCLUB100, have been accepted since November 16, 2005. With six million members, JJCLUB100 is the first complex of private member leisure facilities to operate on the principle of timed use in Japan.

#### **v) Expansion of Channels**

To expand customer acquisition channels, AIFUL strengthened the development of branches based on the "Suguwaza" loan application processing machine; 191 machines have been installed, as of the end of the third quarter.

Moreover, the Company opened 217 branches, including branches with only Suguwaza machines, and closed 12 branches, bringing the total number of branches to 1,777, with 515 staffed and 1,262 non-staffed facilities, at the end of the third quarter.

In cash deposit and withdrawal services, the Company had partnerships with 94 banks and 14 companies enabling customers had access to 85,720 CDs/ATMs, including AIFUL's own ATMs.

Apart from this, AIFUL has been working to open up its own nationwide ATMs to other companies in an efficient use of management resources, and it had 16 ATM partner companies at the end of the third quarter.

As a result, AIFUL's loans outstanding at the end of the third quarter stood at 1,497,384 million yen, an increase of 3.1% year-on-year.

## (2) LIFE Co., Ltd.

In the first three quarters, LIFE further increased its focus on the credit card business while continuing to consolidate the foundations of its existing businesses, seeking to establish a high profit structure.

In the credit card business, LIFE has been actively promoting the affinity sector and negotiations on corporate tie-ups in addition to retail industry partnerships, and it has steadily increased its number of cardholders. In terms of customer services, LIFE has commenced Japan's biggest points exchange service, G Point, which allows customers to combine points from pre-paid cards, bonus point cards and other cards, and then use them to gain bonus point services that they requested. LIFE has partnerships with 483 companies in cash advance services, giving access to about 140,000 CDs and ATMs, and the company is steadily improving customer convenience.

Furthermore, in an effort to communicate the company's response to credit card fraud and to promote security awareness in a way that is easy to understand for customers, LIFE, as an issuer of credit cards, produced a television commercial with the aim of raising caution about "phishing," one form of the various credit card fraud scams that have emerged recently, and it began airing the commercial in October 2005. Apart from this, the fourth round of the media mix TV+website commercial, which went on the air in November 2005, has received a big response from customers, including selection for "Japan's Top 10 Commercials of the Year," and the number of hits on LIFE's homepage has increased in leaps and bounds.

As a result, the total number of credit card holders at the end of the third quarter rose 860,000 to 12,770,000.

In its per-item credit business, LIFE is working to accumulate prime assets by strengthening and enhancing the efficiency of its sales organization. In its consumer finance business, LIFE operates the LIFE Cash Plazas, of which 113 are staffed branches and 99 are unstaffed branches. LIFE is continuing to expand its loans outstanding by aggressively acquiring new customers.

In its guarantee business, LIFE had guarantee partnerships with 129 banks, and it will continue its efforts to expand bank loan guarantee products in the future.

As a result of the foregoing, operating loans outstanding at the end of the third quarter totaled 786,808 million yen, up 4.8% year-on-year (including 165,428 million yen in operating loans taken off the balance sheet by securitization.) This total consisted of credit card shopping up 21.6% year-on-year to 105,924 million yen, per-item credit down 1.5% to 192,371 million yen, credit card cash advances up 7.6% to 386,331 million yen, credit guarantee installment receivables down 7.0% to 93,682 million yen, and other businesses down 3.5% to 8,498 million yen.

Meanwhile, the volume of business was up 24.7% year-on-year to 347,578 million yen for credit card shopping, down 18.6% to 96,705 million yen for per-item credit, up 9.3% to 23,540 million yen for credit guarantees, and up 5.1% to 259,957 million yen for credit card cash advances.

## (3) Other Group Companies

### i) Small Business Loans

Businext, a joint venture between AIFUL and Sumitomo Trust & Banking Co., Ltd., has been actively developing its business, which includes the establishment of a new-style of outlet based on door-to-door marketing. It set up a Fukuoka Branch in April 2005 and Niigata and Utsunomiya branches in May the same year. Moreover, the company revised its scoring system in November 2005, further concentrating its energies on acquiring good-quality customers.

As a result, operating loans outstanding stood at 66,366 million yen, up 56.9% year-on-year, at the end of the third quarter.

Operating loans outstanding at City's Corporation also grew steadily to 63,406 million yen, up 53.0% year-on-year, at the end of the third quarter, which was the effect of the new branches opened (the total number of branches at the end of the third quarter stood at 63), and sales of Super Business Loan, a low interest product.

### ii) Consumer Finance

Tryto Corporation has begun opening branches in the Kyushu area since setting up the Hakata Eki-mae Branch in June 2005, and it established a branch in Kagoshima in July, Oita in September and Nagasaki in December as it endeavored to further expand its area of operations and efficiently develop its business.

As a result of the above, operating loans outstanding at the end of the third quarter stood at 63,589 million yen, up 11.5% year-on-year.

Wide Corporation is continuing to actively expand its business in eastern Japan and has also recommenced TV commercials. As a result, loans outstanding totaled 100,025 million yen (including 7,000 million yen in off-balance sheet receivables resulting from securitization) at the end of the third quarter, topping 100 billion yen in loans outstanding. The company also began handling home equity loans in October 2005.

Apart from this, the balance of operating loans outstanding at TCM Co., Ltd., and Passkey Co, Ltd., was 9,337 million yen and 7,226 million yen respectively at the end of the third quarter. The companies will continue to pursue even greater management efficiency and synergies in the future as members of the AIFUL Group.

### iii) Servicer

AsTry Loan Services Corporation, a joint venture with Aozora Bank, has concentrated diligently on expanding claims handled by widening the range of claims managed and collected, while carefully assessing the environment. As a result, the balance of claims purchased totaled 9,605 million yen, up 436.5% year-on-year, at the end of the third quarter.

### iv) Venture Capital

New Frontier Partners Co., Ltd., a venture capital business, has been active mainly in investing in new ventures as well as secondary investment. Moreover, the company invested in the production of a movie, *Beruna no Shippo* (Berna's Tail), scheduled to open this summer as its first content investment in June 2005.

As a result, its investments outstanding stood at 4,434 million yen (including investments through funds), down 2.4% year-on-year, at the end of the third quarter.

As a result, AIFUL and its subsidiaries held 2,193,668 million yen in loans outstanding, up 7.1% year-on-year, 298,337 million yen in installment receivables, up 5.6%, 150,308 million yen in credit guarantee installment receivables, up 7.3%, and 10,419 million yen in other business, up 4.5%, at the end of the first three quarters. The amounts above include 172,424 million yen in off-balance sheet loans due to securitization (including 117,381 million yen in loans outstanding and 55,042 million yen in installment receivables.)

As a result of the factors described above, the AIFUL Group's operating revenue for the first three quarters increased by 6.3%, to 411,779 million yen.

AIFUL's non-consolidated operating revenue grew 1.3% year-on-year to 259,140 million yen, comprising 62.9% of the Group's revenue. LIFE recorded operating revenue of 98,579 million yen, an increase of 8.5% year-on-year, comprising 23.9% of the Group's revenues.

The main breakdown of consolidated operating revenue shows 369,341 million yen, or 89.7%, was accounted for by operating interest on loans, 21,225 million yen or 5.1% by revenue from credit card shopping and per-item credit, 6,367 million yen or 1.6% by credit guarantee revenue.

Operating expenses for the AIFUL Group totaled 302,901 million yen, up 6.4% year-on-year. Of this amount, AIFUL's non-consolidated operating expenses accounted for 59.7%, or 180,828 million yen, of this total, up 3.3% year-on-year, while LIFE's operating expenses accounted for 26.3%, or 79,694 million yen, up 2.4% year-on-year.

Total Group operating expenses can be broken down into 117,310 million yen (or 38.7%) for bad debt-related expenses, 28,394 million yen (or 9.4%) in financial expenses, 21,228 million yen (or 7.0%) in advertising expenses, 43,969 million yen (or 14.5%) in personnel expenses, and 21,184 million yen (or 7.0%) in commissions paid.

The 1,621 million yen in write-down of consolidation adjustment account accrued with the purchase of consolidated companies was recorded as an operating expense.

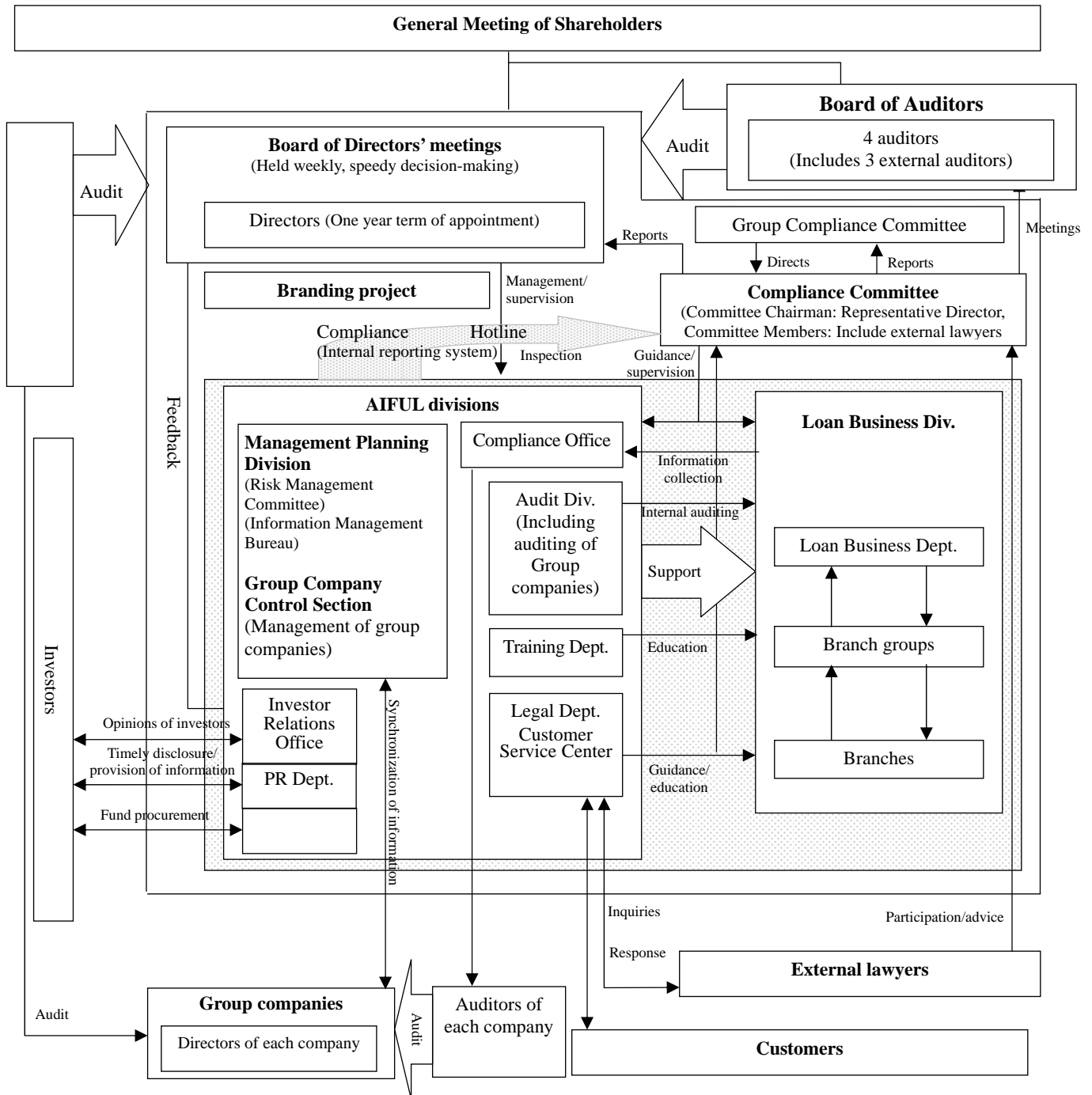
As a result of the foregoing, consolidated operating income for the first three quarters rose 6.2% to 108,878 million yen, ordinary income was up 6.9% to 110,057 million yen, and net income increased 13.6% to 64,290 million yen. AIFUL's non-consolidated operating income decreased 3.1% to 78,311 million yen, ordinary income decreased 1.5% to 83,261 million yen, and net income decreased 0.7% to 49,718 million yen.

### 3. Basic Stance with Regard to Corporate Governance and Current Status of Related Policies

#### A. Basic Stance with Regard to Corporate Governance

The AIFUL Group considers speed in decision-making, the establishment of management supervisory functions, and the reinforcement of compliance and disclosure to be its basic policies for the enhancement of corporate governance.

Its corporate governance, business execution, management supervisory and internal controls, and risk management systems are as indicated in the diagram below.



## B. AIFUL's Business Execution, Management Supervisory and Internal Controls, and Risk Management Systems

In a measure aimed at speedy management decision-making, the AIFUL and LIFE Boards of Directors meet weekly (Boards of Directors meet monthly at other group companies) to fully discuss and examine management issues and business opportunities facing the companies, as well as strategies to address them. Speedy management decisions follow these discussions.

In its efforts to enhance legal compliance, AIFUL has had an Inspection Department, an Internal Audit Department, and Legal Department, in charge of preventative legal affairs, in place for some time. In addition to this, the Company established a Compliance Committee, which includes lawyers and other external members and serves as a consultative body for the Board of Directors, in April 2002. At monthly meetings, the Compliance Committee gathers risk information, implements preventative measures, and conducts employee education based on the committee guidelines, working to reinforce compliance systems throughout the whole Company.

In addition, AIFUL has established a new Compliance Office, an organization dedicated to conducting ongoing examination and assessment of these issues on a company-wide basis to ensure that the compliance system continues to improve and that appropriate corporate ethics take root group-wide.

With these efforts, AIFUL is appropriately synchronizing information with other group companies and working to enhance the group's overall compliance system.

On October 1, 2005, the Company established the AIFUL Group Compliance Committee as the apex organization for the Compliance Committees at each Group company, aiming to ensure common corporate ethics for the Group overall and the establishment of an overall compliance system.

## C. Current Status of Corporate Governance Policies

### (1) Management Control System and Other Corporate Governance Structures Relating to Management Decision Making, Business Execution and Monitoring

#### i) **Details of Company Organizations and Establishment of Internal Control System**

##### a. *Details of Company Organizations*

In order to properly comply with regulations and legislation that profoundly affect AIFUL's operations, such as the Personal Information Protection Act, as well as to ensure further enhancement of its compliance system and the establishment of appropriate corporate ethics, the Company has established a Compliance Office as a specialist division to conduct ongoing examination and assessment of these issues on a company-wide basis.

##### b. *Training and Establishment of Hotlines*

Other steps taken here include the formulation and distribution to each and every Group employee of the "AIFUL Group Ethical Code," as well as the establishment of hotlines in the Personnel and Inspection Departments for discussion of breaches of the code. AIFUL has also established a Customer Service Center within the Legal Department to respond promptly to customer inquiries and complaints, with the aim of increasing customer satisfaction and reinforcing the legal compliance system, which includes guidance and education for the sales and marketing staff in cooperation with the Compliance Committee.

In addition to the establishment of a Compliance Hotline in June 2003, the Company standardized its internal reporting system, establishing a structure in which any breach of the law or internal regulations is exhaustively reported.

##### c. *Ensuring Appropriate Disclosure of Financial Information and Internal Control*

The AIFUL Group's system for ensuring the appropriateness of financial information consists of the prescribed checking procedures in the Accounting Department and audits based on the Commercial Code and the Securities and Exchange Law. Apart from this, AIFUL has long maintained an organizational structure based on the separation of the division in charge of financial accounting (Accounting Department) and the division in charge of management accounting (Management Planning Department), which provides a system of checks and balances.

Moreover, the Company's efforts to ensure appropriateness in financial reporting include additional checks made in advance of the disclosure of financial reports by related departments, including the Investor Relations Office, the Public Relations Department, the Legal Department, and the Management Planning Department.

##### d. *Enhancing Disclosure and Internal Control*

AIFUL believes that appropriate disclosure of business information will make external monitoring of management more effective. Based on the principle of aiming for transparent management and effective corporate governance, AIFUL constantly strives to provide full disclosure that is timely and easy to understand. Its activities include maintaining an investor relations web site, disclosing information through press releases, settlement data books, annual reports and similar materials, as well as providing information and briefings for the domestic and foreign mass media, investors and analysts.

AIFUL also provides regular feedback to the president, Board of Directors' meetings and departmental managers on the opinions and desires of investors in its efforts to enhance disclosure.

## ii) Establishment Status of Risk Management System

With regard to its risk management system, AIFUL has established a system in which the Risk Management Committee within the Management Planning Division primarily gathers information on latent and apparent risk factors within the Company, and conducts crisis management in cooperation with related departments, including the Investor Relations Office, Public Relations Department and Legal Department.

Moreover, in response to the Personal Information Protection Law, which came into force on April 1, 2005, the Company launched a project in April 2004 to prevent the leaking of information, carrying out a review of the proper handling of personal information and company-wide security management measures to prevent the leakage of personal information before it happens in terms of the human, organizational and technical aspects and establishing a system to prevent the disclosure of personal information.

Moreover, AIFUL has prepared an action plan for when problems relating to personal information or corporate information arise at the Company or at Group companies, and has set up a new Information Management Contingency Plan, for which the Information Management and Administration Office within the Management Planning Department is responsible, with the aim of addressing emergencies properly and promptly, thus establishing a strong system for responding to emergencies.

## iii) Internal Auditing and Auditing System and Status of Auditing

### a. Internal Auditing and Auditing System

AIFUL established the Inspection Department with the aim of monitoring the appropriateness and legality of business processes, including at Group companies. It works on a day-to-day basis to detect and curb deviations by conducting regular inspections, primarily at the business offices of AIFUL and its Group companies.

With regard to the management supervisory function, AIFUL employs an auditor system, which has four auditors, including three external auditors. The auditors not only supervise management through attendance at the weekly Board of Directors meetings at AIFUL and LIFE, but also attend the Compliance Committee and work in close cooperation with the Inspection Department, the internal audit department, to firmly implement the auditing system. Moreover, the auditors of the Company and each group company work in conjunction with the Group Company Control Section and the Inspection Department to provide the auditing system for Group company audits, as well.

### b. Auditing

AIFUL employs Deloitte Touche Tohmatsu and Shimbashi & Co. as auditors based on the Commercial Code and for audits based on the Securities and Exchange Law. There are no beneficial relationships between these audit corporations and the employees engaged in conducting audits at AIFUL and AIFUL.

### (2) Existence of Personal, Financial, Business or Any Other Beneficial Relationship Between the Company, and the External Directors and External Auditors

There is no business or other beneficial relationship between the Company and its external auditors.

## 4. Consolidated Financial Position

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

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio (%)	Shareholders' Equity per Share (Yen)
3rd quarter, FY2005	2,728,375	680,295	24.9	4,803.67
3rd quarter, FY2004	2,539,649	597,015	23.5	6,327.37
Reference: FY2004	2,574,286	617,352	24.0	6,538.03

Note: AIFUL implemented a 1:1.5 stock split on May 23, 2005.

## Consolidated Cash Flows

(In millions of yen - rounded down)

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents at the End of the Period
First three quarters, FY2005	(48,925)	(2,479)	70,081	127,837
First three quarters, FY2004	(44,665)	(3,793)	83,417	138,217
Reference: FY2004	(63,408)	(11,211)	80,318	108,965

## 5. Qualitative Information on Changes in Consolidated Financial Position

### A. Assets

Loans totaled 2,076,286 million yen, an increase of 7.2% year-on-year. This was primarily due to steady increases in Group loans. Wide Corporation's loans amounted to 93,025 million yen, Businext's loans totaled 66,366 million yen, and City's loans were 63,406 million yen.

Installment receivables rose 22.4% year-on-year to 243,294 million yen, due to the steady progress made by the credit card shopping and per-item credit businesses at LIFE Co., Ltd.

Customers' liabilities for acceptances and guarantees rose 7.3% to 150,308 million yen as a result of AIFUL's active promotion of their guarantee businesses.

The allowance for bad debts rose 2.9% year-on-year to 161,323 million yen. Consolidated loans and installment receivables at the end of the quarter do not include 172,424 million yen in receivables (117,381 million yen in loans and receivables and 55,042 million yen in installment receivables) taken off the balance sheet by securitization of receivables.

The consolidated adjustment account was 9,706 million yen, down 15.2% year-on-year.

## B. Liabilities

Total capital procured at the end of the third quarter rose 5.1% year-on-year to 1,751,659 million yen. This was mainly due to an increase in the demand for funds corresponding with the steady increase in operating receivables.

## C. Shareholders' Equity

Consolidated shareholders' equity at the end of the third quarter was 680,295 million yen, and the shareholders' equity ratio stood at 24.9%. AIFUL's non-consolidated shareholders' equity was 632,372 million yen, and the shareholders' equity ratio stood at 29.4%.

## D. Cash Flows

Despite a decline due to the growth in loans outstanding, and the acquisition of fixed assets, cash and cash equivalents ("cash" below) at the end of the third quarter stood at 127,837 million yen, up 18,872 million yen compared with the end of fiscal 2004. This increase was a result of financing activities that included the issuance of corporate bonds.

### (1) Cash flow from operating activities

With net income before taxes for the first three quarters at 109,433 million yen, net cash used by operating activities stood at 48,925 million yen, compared to 44,665 million yen for the same period last year, due to an increase in loans and to the payment of corporate tax.

### (2) Cash flow from investing activities

As a result of the acquisition of fixed assets, net cash used by investing activities stood at 2,479 million yen compared with 3,793 million yen in cash used in the same period for the previous year despite an increase from the sale of investment securities and the collection of loans.

### (3) Cash flow from financing activities

Financing activities generated net cash of 70,081 million yen, compared with 83,417 million yen for the same period a year earlier, due to implementation of direct procurement, including the issuance of corporate bonds and commercial paper.

## **III. Full Year Forecast (April 1, 2005 - March 31, 2006)** **Qualitative Data Concerning Results Forecasts**

AIFUL made favorable progress in the third quarter toward its full year earnings forecasts announced on November 1, 2005. Financial results forecasts are prepared based on the information available at the time of the release of this material. As a result, actual result may differ from forecasts for a variety of reasons.



**Supplemental material**
**I. Summary of Consolidated Balance Sheet for the First Three Quarters, Fiscal 2005**

(In millions of yen - rounded down, %)

Category	End of current quarter (As of Dec. 31, 2005)	End of same quarter last year (As of Dec. 31, 2004)	Change		Reference: FY2004 (As of Mar. 31, 2005)
	Amount	Amount	Amount	%	Amount
<b>(Assets)</b>					
<b>I. Current assets</b>					
Cash and cash equivalents	128,140	138,401	(10,261)	(7.4)	109,575
Loans	2,076,286	1,936,297	139,989	7.2	1,995,621
Installment receivables	243,294	198,802	44,491	22.4	192,401
Customers' liabilities for acceptances and guarantees	150,308	–	150,308	–	–
Credit guarantee installment receivables	–	140,050	(140,050)	(100.0)	141,407
Deferred tax assets	23,615	24,431	(816)	(3.3)	30,809
Other	82,123	74,984	7,138	9.5	79,241
Allowance for bad debts	(137,633)	(136,229)	(1,404)	1.0	(137,935)
<b>Total current assets</b>	<b>2,566,134</b>	<b>2,376,739</b>	<b>189,395</b>	<b>8.0</b>	<b>2,411,119</b>
<b>II. Fixed assets</b>					
Tangible fixed assets	52,982	48,095	4,886	10.2	48,252
Intangible fixed assets	30,883	32,668	(1,785)	(5.5)	31,816
Consolidation adjustment account	9,706	11,440	(1,734)	(15.2)	11,007
Other	21,177	21,227	(50)	(0.2)	20,809
Investment and other fixed assets	77,434	81,658	(4,224)	(5.2)	82,453
Claims in bankruptcy	32,512	28,241	4,270	15.1	28,535
Deferred tax assets	3,136	11,508	(8,371)	(72.7)	4,288
Other	65,475	62,489	2,986	4.8	71,177
Allowance for bad debts	(23,689)	(20,579)	(3,110)	15.1	(21,547)
<b>Total fixed assets</b>	<b>161,300</b>	<b>162,423</b>	<b>(1,122)</b>	<b>(0.7)</b>	<b>162,522</b>
<b>III. Deferred assets</b>	<b>940</b>	<b>486</b>	<b>453</b>	<b>93.2</b>	<b>643</b>
<b>Total assets</b>	<b>2,728,375</b>	<b>2,539,649</b>	<b>188,725</b>	<b>7.4</b>	<b>2,574,286</b>
<b>(Liabilities)</b>					
<b>I. Current liabilities</b>					
Acceptances and guarantees	150,308	–	150,308	–	–
Credit guarantees payable	–	140,050	(140,050)	(100.0)	141,407
Short-term debt	93,385	99,143	(5,758)	(5.8)	71,695
Current portion of bonds	91,000	84,000	7,000	8.3	94,000
Current portion of long-term debt	473,507	439,085	34,421	7.8	436,661
Reserve for accrued bonuses	2,162	2,093	69	3.3	4,243
Gains on deferred installments	17,984	13,722	4,262	31.1	14,523
Other	115,730	112,707	3,023	2.7	96,335
<b>Total current liabilities</b>	<b>944,079</b>	<b>890,802</b>	<b>53,276</b>	<b>6.0</b>	<b>858,865</b>
<b>II. Long-term liabilities</b>					
Bonds	429,500	331,000	98,500	29.8	384,890
Long term debts	647,267	693,444	(46,177)	(6.7)	686,212
Deferred tax liabilities	3,787	–	3,787	–	–
Allowance for retirement benefits for employees	9	2,212	(2,203)	(99.6)	687
Allowance for retirement benefits for directors	1,494	1,402	92	6.6	1,419
Other	15,201	18,563	(3,362)	(18.1)	19,474
<b>Total long-term liabilities</b>	<b>1,097,260</b>	<b>1,046,624</b>	<b>50,636</b>	<b>4.8</b>	<b>1,092,683</b>
<b>Total liabilities</b>	<b>2,041,339</b>	<b>1,937,427</b>	<b>103,912</b>	<b>5.4</b>	<b>1,951,548</b>
<b>(Minority interests)</b>					
Minority interests	6,740	5,206	1,534	29.5	5,384
<b>(Shareholders equity)</b>					
<b>I. Common stock</b>	<b>83,317</b>	<b>83,317</b>	<b>–</b>	<b>–</b>	<b>83,317</b>
<b>II. Capital surplus</b>	<b>104,125</b>	<b>104,144</b>	<b>(18)</b>	<b>(0.0)</b>	<b>104,125</b>
<b>III. Retained earnings</b>	<b>484,680</b>	<b>408,533</b>	<b>76,146</b>	<b>18.6</b>	<b>427,609</b>
<b>IV. Differences in evaluation of other marketable securities</b>	<b>11,158</b>	<b>4,632</b>	<b>6,525</b>	<b>140.9</b>	<b>5,363</b>
<b>V. Treasury stock</b>	<b>(2,986)</b>	<b>(3,612)</b>	<b>625</b>	<b>(17.3)</b>	<b>(3,063)</b>
<b>Total shareholders' equity</b>	<b>680,295</b>	<b>597,015</b>	<b>83,279</b>	<b>13.9</b>	<b>617,352</b>
<b>Total Liabilities, minority interests and shareholders' equity</b>	<b>2,728,375</b>	<b>2,539,649</b>	<b>188,725</b>	<b>7.4</b>	<b>2,574,286</b>

## II. Summary of Consolidated Income Statement for the First Three Quarters, Fiscal 2005

(In millions of yen - rounded down, %)

Item	Three quarters (Apr. 1 - Dec. 31, 2005)	Same period last year (Apr. 1 - Dec. 31, 2004)	Change		Reference: FY2004 (Apr. 1 - Mar. 31, 2005)
	Amount	Amount	Amount	%	Amount
I. Operating revenue	411,779	387,287	24,492	6.3	518,416
Interest on loans to customers	369,341	349,316	20,024	5.7	466,429
Credit card revenue	8,005	6,635	1,369	20.6	9,090
Per-item credit revenue	13,220	12,643	577	4.6	17,200
Credit guarantee revenue	6,367	5,178	1,188	23.0	7,087
Other	14,845	13,513	1,332	9.9	18,607
II. Operating expenses	302,901	284,800	18,100	6.4	383,700
Financial expenses	28,394	30,204	(1,810)	(6.0)	39,682
Cost of sales	92	116	(23)	(20.5)	357
Operating expenses - other	274,414	254,479	19,935	7.8	343,660
Operating income	108,878	102,487	6,391	6.2	134,716
III. Non-operating income	1,344	1,331	13	1.0	1,493
IV. Non-operating expenses	165	894	(729)	(81.5)	914
Ordinary income	110,057	102,923	7,133	6.9	135,294
V. Extraordinary income	795	594	200	33.8	1,184
VI. Extraordinary losses	1,419	6,149	(4,729)	(76.9)	7,037
Net income before income taxes	109,433	97,369	12,064	12.4	129,441
Taxes	43,794	40,239	3,555	8.8	53,015
Gain on minority interests	1,348	524	823	157.0	702
Net income	64,290	56,604	7,685	13.6	75,723

## III. Summary of Consolidated Cash Flow Statement for the First Three Quarters, Fiscal 2005

(In millions of yen - rounded down)

Item	Three quarters (Apr. 1 to Dec. 31, 2005)	Same period last year (Apr. 1 to Dec. 31, 2004)	Reference: FY2004 (Apr. 1, 2004 to Mar. 31, 2005)
	Amount	Amount	Amount
I. Cash flow from operating activities			
Net income before taxes	109,433	97,369	129,441
Depreciation expenses	8,254	9,144	11,188
Increase (decrease) in allowance for bad debts	1,169	3,131	5,002
Decrease (increase) in loans to customers	(73,269)	(84,323)	(134,434)
Decrease (increase) in installment receivables	(50,891)	(44,518)	(38,116)
Other	464	18,955	7,584
Subtotal	(4,839)	(242)	(19,335)
Payments for corporate and other taxes	(44,381)	(44,587)	(44,256)
Other	295	164	182
Cash flow from operating activities	(48,925)	(44,665)	(63,408)
II. Cash flow from investing activities			
Funds used for purchase of intangible fixed assets	(5,094)	(4,583)	(5,014)
Other	2,614	789	(6,197)
Cash flow from investing activities	(2,479)	(3,793)	(11,211)
III. Cash flow from financing activities			
Increase in short-term debts	713,240	661,494	875,186
Repayment of short-term debt	(691,550)	(628,210)	(869,351)
Increase in long-term debt	343,093	475,904	629,726
Repayments of long-term debt	(345,545)	(393,254)	(566,683)
Cash from issue of corporate bonds	124,860	49,685	113,153
Cash used for redemption of bonds	(84,000)	(90,000)	(90,000)
Other	9,983	7,798	(11,713)
Cash flow from financing activities	70,081	83,417	80,318
IV. Effect of exchange rate changes on cash and cash equivalents	22	(13)	(5)
V. Increase (decrease) in cash and cash equivalents	18,698	34,944	5,692
VI. Balance of cash and cash equivalents at the beginning of period	108,965	98,329	98,329
VII. Increase in cash and cash equivalents from new consolidations	173	4,943	4,943
VIII. Balance of cash and cash equivalents at the end of the third quarter	127,837	138,217	108,965

## IV. Results of Operations (Consolidated) for the First Three Quarters, Fiscal 2005

### 1. Operating Revenue

(In millions of yen - rounded down)

Item	Three quarters (Apr. 1 to Dec. 31, 2005)		Same period last year (Apr. 1 to Dec. 31, 2004)		Reference: FY2004 (Apr. 1, 2004 to Mar. 31, 2005)	
	Amount	%	Amount	%	Amount	%
Interest on loans to customers	369,341	89.7	349,316	90.2	466,429	90.0
Unsecured loans	304,763	74.0	291,308	75.2	387,839	74.8
Secured loan	42,485	10.3	42,181	10.9	56,531	10.9
Small business loans	22,091	5.4	15,827	4.1	22,059	4.3
Credit card revenue	8,005	1.9	6,635	1.7	9,090	1.7
Per-item credit revenue	13,220	3.2	12,643	3.3	17,200	3.3
Credit guarantee revenue	6,367	1.6	5,178	1.3	7,087	1.4
Other financial revenue	26	0.0	115	0.0	144	0.0
Interest on deposit	1	0.0	1	0.0	2	0.0
Interest on marketable securities	0	0.0	0	0.0	0	0.0
Interest on loans	–	–	89	0.0	111	0.0
Other	24	0.0	23	0.0	31	0.0
Other operating revenue	14,819	3.6	13,398	3.5	18,462	3.6
Revenue from operational investment securities	206	0.1	305	0.1	664	0.1
Bad debt write-off recovery	6,670	1.6	5,867	1.5	7,719	1.5
Other	7,942	1.9	7,225	1.9	10,077	2.0
Total operating revenue	411,779	100.0	387,287	100.0	518,416	100.0

Note: The “Other” component of “Other operating revenue” includes collection of purchased claims and card membership fees.

### 2. Other Operating Indicators

(In millions of yen)

Item	End of current quarter (As of Dec. 31, 2005)	End of same quarter last year (As of Dec. 31, 2004)	Reference: FY2004 (As of Mar. 31, 2005)
Loans outstanding	2,193,668	2,047,569	2,095,201
Unsecured loans	1,682,539	1,590,740	1,622,032
Secured loans	355,489	345,276	352,213
Small business loans	155,639	111,552	120,955
Number of accounts	3,869,561	3,742,856	3,796,141
Unsecured loans	3,671,770	3,572,728	3,618,577
Secured loans	103,761	97,286	99,827
Small business loans	94,030	72,842	77,737
Number of branches	2,584	2,282	2,326
Staffed branches	871	873	884
Unstaffed branches	1,713	1,409	1,442
Number of loan-contracting machines	2,222	2,130	2,170
Number of Automatic processing machines for loan applications	191	–	7
Number of ATMs	158,258	138,332	148,705
Company-owned	2,330	2,274	2,292
Partner-owned	155,928	136,058	146,413
Number of employees	6,793	6,588	6,510

Total amount of loans outstanding and the number of customer accounts do not include loans and customer accounts related to claims in bankruptcy. Furthermore, off-balance sheet operating loans from the securitization of receivables, which came to 117,381 million yen at the end of the third quarter, 111,271 million yen at the end of the third quarter last year, and 99,580 million yen at the end of the previous consolidated fiscal year have been included.