(Translation for reference only)

May 15, 2012

Consolidated Business Results (Under Japanese GAAP)

For the Fiscal year ended in March 31, 2012

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: Kohei Takekura, General Manager of Coordination Department TEL (03) 4503 - 6050
Scheduled date of convention of annual general meeting of shareholders: June 26, 2012
Scheduled date of commencement of dividend payments : —
Scheduled date of submission of financial report: June 27, 2012
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 2011 (April 1, 2011 – March 31, 2012)

1. Consolidated Operating Results

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

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

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
FY ended March 31, 2012	114,002	(21.4)%	16,497	–%	16,831	– %	17,391	– %
FY ended March 31, 2011	144,961	(33.5)%	(24,137)	–	(24,945)	–	(31,935)	–

Reference: Comprehensive income: End of FY2011: 19,126 million yen (- %)
End of FY2010: (33,724) 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, 2012	72.49	–	24.7	2.2	14.5
FY ended March 31, 2011	(134.05)	–	(41.4)	(2.5)	(16.7)

Reference: Equity in earnings of affiliated companies: End of FY2011: (-) million yen
End of FY2010: (-) 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, 2012	665,184	81,644	12.0	331.59
FY ended March 31, 2011	858,017	63,604	7.1	255.32

Reference: Shareholders' equity for: End of FY2011: 79,739 million yen
End of FY2010: 60,823 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, 2012	72,739	2,653	(128,676)	86,695
FY ended March 31, 2011	160,099	5,495	(154,347)	139,971

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 1st half	End of 3rd quarter	Year-end	Annual			
FY ended March 31, 2011	–	0.00	—	0.00	0.00	—	—	—
FY ended March 31, 2012	–	0.00	—	0.00	0.00	—	—	—
FY ending March 31, 2013 (Forecast)	–	0.00	–	0.00	0.00		—	

Note: Revisions to quarterly dividend forecasts: None

III. Consolidated Forecast for the Fiscal Year 2012 (April 1, 2012 – March 31, 2013):

As the business environment in which the AIFUL Group operates is extremely uncertain at the moment, given developments in claims for interest repayment, in addition to the effects of changes in the management environment due to the industrial consolidation, restrictions on total lending limits under the Money Lending Business Act, and reductions in maximum interest rates under the Capital Subscription Law, the AIFUL Group is not currently in a position to determine results forecasts for fiscal 2012, the fiscal year ending March 31, 2013, recognizing the difficulty in ascertaining the resultant effects on the Group's results.

IV. Other

(1) Changes in significant subsidiaries during the period:

(Changes in specified subsidiaries resulting changes in scope of consolidation): Yes

Included: 1 company (Life Card Co.,Ltd.)
Excluded: 1 company (LIFE Co.,Ltd.)

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

(a) Changes accompanying amendments to accounting standards: None
(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 FY2011: 240,933,918 shares
End of FY2010: 238,685,568 shares

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

End of FY2011: 457,895 shares
End of FY2010: 457,178 shares

(c) Average number of shares during fiscal period:

FY2011: 239,917,263 shares
FY2010: 238,228,461 shares

(Reference) Highlights of Non-Consolidated Business Results

I. Non-Consolidated Business Results for the Fiscal Year 2011
(April 1, 2011 – March 31, 2012)

1. Non-Consolidated Operating Results

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

	Operating Revenue		Operating Income (loss)		Ordinary Income (loss)		Net Income (loss)	
FY ended March 31, 2012	72,192	(16.3)	10,281	239.7	11,571	108.5	13,407	–
FY ended March 31, 2011	86,223	(30.9)%	3,026	–	5,549	—	(70,169)	—

	Net Income (loss) per Share (Yen)	Diluted Net Income per Share (Yen)
FY ended March 31, 2012	55.88	—
FY ended March 31, 2011	(294.55)	—

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, 2012	533,712	79,760	14.9	331.47
FY ended March 31, 2011	578,152	64,834	11.2	272.05

Reference: Shareholders' equity for: Fiscal year ended March 31, 2012: 79,709 million yen
Fiscal year ended March 31, 2011: 64,810 million yen

* (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.

Contents

1. Business Results

(1) Analysis on Business Results

In the consolidated fiscal year under review the Japanese economy is gradually recovering due to the improvement in domestic demand following the Great East Japan Earthquake, moderation of the strong yen and other factors but higher crude oil prices, the slowdown in emerging countries' economies, etc., leave the future outlook uncertain.

Turning to the consumer finance industry in Japan, the operating environment remains severe, given such factors as the market contraction caused by the introduction of restrictions on total lending limits following the full enforcement of the Money Lending Business Act on June 18, 2010 and the effects of reductions in maximum interest rates pursuant to the Act Regulating the Receipt of Contributions, Receipt of Deposits and Interest Rates (capital subscription law), as well as the response to the persistently high level of claims for interest repayment. Meanwhile, moves to restructure the consumer finance industry are gathering momentum, with one bank deciding to turn a leading consumer finance company into a wholly owned unit and incorporating the consumer finance brand into the bank/parent company.

In this environment, the AIFUL Group, in order to execute its Business Revitalization Plan, approved on December 24, 2009, utilizing a consensual business revitalization alternative dispute resolution (the “ADR process”), based on its fundamental business reorganization plan, has reorganized the Group by consolidating the credit sales and credit card business under the “LifeCard brand” and the consumer finance business under the “AIFUL brand” and is endeavoring to improve the Group's financial position and profitability by slashing operating overheads and improving operating efficiency through structural cost reforms, including the closure and amalgamation of offices, and by building a high quality loan portfolio.

In addition, as announced on March 19, 2012, persistently high level of claims for interest repayment underlie the management environment so, with the aim of further reducing costs, the AIFUL Group is working to strengthen the management system by soliciting early retirements to reduce personnel expenses.

Going forward, the entire AIFUL Group will work to improve operational efficiency and to reform the cost structure while also steadily making repayments commensurate with the Business Revitalization Plan, putting all of our effort into realizing the restructuring of our business.

Segment information is as follows:

From the second consolidated quarter, there has been a change in the business segments noted as reporting segments. The analysis and comparisons for the consolidated fiscal year under review are based upon the segment information following the change.

(AIFUL Corporation)

As of the end of the consolidated fiscal year under review, the operating loans of the four subsidiaries, including LIFE Co., Ltd. that were merged with the Company in an absorption-type merger following a corporate spin-off are included with the Company's operating loans.

Loan business

In the unsecured loan business, the Company is working to develop and sell products that meet our customers' funding needs in a timely manner.

In the consolidated fiscal year under review, new contracts signed for unsecured loans were 61,000 (up 10.3% year-on-year) and the contract rate was 29.9% (an increase of 2.6 points from the same period last year).

Further, the operating loan balance of unsecured loans outstanding at the end of the consolidated fiscal year under review was 265,617 million yen (down 8.2% year-on-year), the operating loan balance of secured loans was 66,606 million yen (down 20.2% year-on-year) and the operating loan balance of business loans was 12,231 million yen (up 42.5% year-on-year).

As a result, the balance of operating loans at the end of the consolidated fiscal year under review was 344,454 million yen (down 9.7% year-on-year) due to the impact of the waiver of principal from the persistently high level of claims for interest repayment.

Credit guarantee business

In the credit guarantee business, guarantee tie-ups were started with four new financial institutions and there were new product proposals and sales promotions support for existing credit guarantee customers.

Accounting for the aforementioned factors, the Group secured affiliations with 56 unsecured personal loan companies, and held guarantees for outstanding loans amounting to 37,138 million yen, up 62.5% over the end of FY 2010. The Group commenced affiliations with 89 unsecured business loan companies, and held guarantees for outstanding loans totaling 11,258 million yen, down 20.3% over the end of FY 2010.

As a result, AIFUL posted operating revenue of 72,192 million yen (down 16.3% year-on-year), operating income of 10,281 million yen (up 239.7%), ordinary income of 11,571 million yen (up 108.5%) and net income of 13,407 billion yen (70,169 billion yen net loss was recorded in FY2010).

(LIFE Co., Ltd)

LIFE Co., Ltd. merged with the Company through an absorption-type merger on July 1, 2011 following a corporate spin-off and the AIFUL Group's credit card business and the credit guarantee business were transferred to Life Card Co., Ltd. For this reason, year-on-year comparisons are omitted.

For the period April 1, 2011 to June 30, 2011, LIFE Co., Ltd. operating revenue was 10,087 million yen, operating income was 1,264 million yen, ordinary income was 780 million yen and net income was 766 million yen.

(Life Card Co., Ltd)

Life Card Co., Ltd. started operations on July 1, 2011 as the successor to LIFE Co., Ltd. and the AIFUL Group's credit card business and credit guarantee business due to a corporate spin-off (absorption-type demerger). For this reason, previous fiscal year results and year-on-year comparisons are omitted.

Credit card business

In the credit card business, the website marketing channel was bolstered, sales campaigns aimed at existing members were implemented and convenience improved to increase the number of cardholder members. There were 6.35 million cardholder members with transactions of 319,682 million yen.

Accounting for the aforementioned factors, the balance of installment receivables stood at 70,795 million yen (this included 1,664 million yen of off-balance sheet installment receivables that were securitized).

Card Cashing

The total amount of loans outstanding in the Life Card's loan business stood at 42,546 million yen.

Credit guarantee business

In the credit guarantee business, sales aimed at increasing the number of credit guarantee tie-ups and new product proposals and sales promotion support for existing credit guarantee customers were implemented.

As a result, at the end of the consolidated fiscal year under review, there were affiliations with 149 unsecured personal loan companies and guarantees for outstanding loans amounting to 25,583 million yen. Also, there were affiliations with 18 unsecured business loan companies, and guarantees for outstanding loans totaling 166 million yen.

As a result, operating revenue amounted to 19,570 million yen, operating income was 2,307 million yen,, ordinary income was 2,426 million yen and net income was 2,206 million yen.

(Other)

There were six consolidated subsidiaries that are not included in reported segments for the consolidated fiscal year under review (BUSINEXT Corporation, AsTry Loan Services Corporation, New Frontier Partners Co., Ltd., Marutoh KK, City's Corporation and City Green Corporation) for which operating revenue was 12,485 million yen (down 15.9% year-on-year), operating income was 1,618 million yen (compared to an operating loss of 1,666 million yen in the previous fiscal year), ordinary income was 1,682 million yen (compared to an ordinary loss of 1,838 million yen in the previous fiscal year) and net income was 1,836 million yen (compared to a net loss of 3,522 million yen in the previous fiscal year).

On July 1, 2011, Marutoh KK, City's Corporation and City Green Corporation were merged with the Company through an absorption-type merger so results are calculated on the basis of the period April 1, 2011 to June 30, 2011.

(Overview of the Results)

The AIFUL Group's consolidated operating revenue for the fiscal year 2011 fell 21.4% compared with the previous fiscal year to 114,002 million yen. The principal components and their movements were interest on loans, which contracted 26.8% year on year to 75,992 million yen, revenue from the credit card business, which declined 8.0% to 11,344 million yen and revenue in the credit guarantee business, which decreased 16.7% to 4,797 million yen. In contrast, the collection of purchased receivables climbed 19.5% to 4,482 million yen while the recovery of loans previously charged off edged down 9.5% to 11,431 million yen.

Operating expenses fell 42.3% compared with the previous fiscal year to 97,504 million yen. After accounting for an allowance for doubtful accounts of 32,880 million yen, down 49.4% year on year, general administrative expenses including personnel expenses fell 16.3% year on year to 51,774 million yen which was primarily attributable to successful efforts to reform the Group's cost structure as a part of the Group's management rationalization strategy.

In addition, based upon the Business Revitalization Plan, a 2,901 million yen gain on loan extinguishment and a 1,114 million yen gain on negative goodwill resulting from the corporate spin-off and merger with subsidiaries and other factors resulted in the posting of 5,173 million yen (up 104.6% year-on-year) of extraordinary income while a 2,064 million yen provision for business structure improvement resulting from the provision for special retirement benefits for voluntary early retirees and other factors resulted in the posting of 3,911 million yen (down 63.1% year-on-year) in extraordinary losses.

As the result of the above factors, for the consolidated fiscal year under review, the AIFUL Group's operating income was 16,497 million yen (compared to an operating loss of 24,137 million yen in the previous fiscal year), ordinary income was 16,831 million yen (compared to an ordinary loss of 24,945 million yen in the previous fiscal year) and net income was 17,391 million yen (compared to a 31,935 million net loss in the previous fiscal year).

(Forecast for operations in fiscal 2012)

The business environment in which the AIFUL Group operates is expected to continue to be harsh given the shrinking of the market due to the impact of the decline of total lending limits stipulated under the Money Lending Business Act and reductions in maximum interest rates pursuant to the capital subscription law, and changes in the management environment due to the restructuring of the industry in addition to the paramount concern surrounding the financial burden imposed by claims for interest repayment.

In this type of environment, the AIFUL Group gives first priority to implementing the Business Revitalization Plan and is steadily undertaking repayments commensurate with the Plan. Furthermore, the Group is working to further increase the number of high quality loans and improve the quality of its loan portfolio and to improve its financial position and profitability through additionally reforming its cost structure, shrinking the size of its assets to a level that is compatible with the Group's current fund raising ability and to improve the entire Group's operational efficiency.

Regarding the AIFUL Group's business results forecast for the fiscal year ending March 2013, given the changing management environment as the result of the restructuring of the industry, the impact of total lending limits under the Money Lending Business Act and the reduction of the maximum annual interest rate under the capital subscription law, at this time the trend of claims for interest repayment that surrounds the Company's operating environment is extremely unclear so, because it is difficult to make a rational calculation of the impact on the Company's business results at this time, business results forecasts are not yet determined. After close examination of the impact on business results, if conditions allow business results forecasts to be made, they will be disclosed in a timely manner.

(2) Analysis on Financial Position

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

Total assets on a consolidated basis declined 192,832 million yen, or 22.5%, compared to the end of the previous fiscal year to 665,184 million yen at the end of FY 2011. This was primarily due to 139,515 million yen decline in loans outstanding due to stricter lending criteria.

Total liabilities as of March 31, 2012 stood at 583,540 million yen, a decrease of 210,871 million yen, or 26.5%, compared with the previous fiscal year-end. The principal factors contributing to this decline were the repayment of bonds and debts, which led to a drop of 131,975 million yen and the application of allowance for losses on interest repayments for a decrease of 70,102 million yen.

Net assets edged up 18,039 million yen, or 28.4%, compared with the end of the previous fiscal year to 81,644 million yen. This was largely attributable to the posting of net income.

(Cash Flows)

Cash and cash equivalents ("funds") decline 53,275 million yen, or 38.1%, compared to the end of the previous fiscal year to 86,695 million yen.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 72,739 million yen, a decrease of 54.6% compared with the corresponding period of the previous fiscal year. During the period under review, the increase in funds caused by the decline in operating receivables including loans to customers exceeded the decline in funds due to the drop in the allowance for doubtful accounts and the decrease in allowance for losses on interest payments.

(Cash flows from investing activities)

Net cash provided by investing activities totaled 2,653 million yen, a decrease of 51.7% compared with previous fiscal year. This was mainly attributable to proceeds provided by sales of investment securities.

(Cash flow from financing activities)

Net cash used for financing activities amounted to 128,676 million yen, down 16.6% year-on-year, due to the repayment of borrowings and the redemption of bonds.

(Changes in Cash Flow Related Indicators)

	FY2007	FY2008	FY2009	FY2010	FY2011
Shareholders' Equity Ratio (%)	15.6	23.6	8.1	7.1	12.0
Shareholders' Equity Ratio Based on Market Price (%)	13.1	2.0	2.8	2.9	6.2
Interest Coverage Ratio (times)	0.5	1.3	—	—	4.2

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) 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, in the consolidated fiscal year ended March 2010, in preparation for a continued high level of claims for interest repayments, the Group posted a significant net loss. As a result, the surplus available for dividends fell into deficit and the demand for funds for interest repayments, which surrounds the current management environment, is extremely heavy so conditions remain harsh. For this reason, the Company sincerely regrets that it will not pay a dividend for the fiscal year under review and for the next fiscal year.

The AIFUL Group will improve its financial position and profitability through the implementation of the Business Revitalization Plan approved by the ADR process and intends to return to the basic policy outlined above.

The AIFUL Group asks all of its shareholders for their understanding of and cooperation with the business revitalization of the Group.

(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, 2012.

(Business Revitalization Plan)

AIFUL Corporation and its subsidiaries at the time LIFE Co., Ltd., Marutoh Co., Ltd., and City's Corporation applied for Business Revitalization Procedures using an alternative dispute resolution (ADR) process on September 24, 2009. At a meeting of creditors on December 24, 2009, the Business Revitalization Plan, which includes financial assistance, was approved and Business Revitalization Procedures were adopted.

However, in the event of a breach of the terms and conditions outlined under the agreement between creditors executed in accordance with the Business Revitalization Plan, the financial position and business performance of the AIFUL Group may be adversely affected.

(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 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 and the Internal Control Department as its secretariat. 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.

In addition, the Compliance and Risk Subcommittee was established as an underlying structure that supports the Risk Management and Compliance committees in October 2010. In principle, this subcommittee meets regularly twice each month. In the event that a risk is uncovered and identified, the Compliance and Risk Subcommittee responds both swiftly and accurately, investigating and analyzing the nature of risk. 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 i. . 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. Increase in Losses 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 a 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.

(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. At the same time, AIFUL is reviewing its products to make the maximum repayment term five years in order to promote systematic repayment in revolving credit agreements.

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.

(Significant Lawsuits)

The AIFUL Group is aware that a number of lawsuits have been initiated by groups for reasons such as the Group's debt collection practices. As a result, if further lawsuits arise, new, unforeseen expenses could be incurred, and media coverage of such lawsuits could damage the Group's credibility. This may result in an impact on customers' use of the AIFUL Group's products and services, stock price formation and borrowing of funds, which may adversely affect the financial position and business performance of the AIFUL Group.

(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

The AIFUL Group has traditionally raised short-term and long-term funds through various methods, including borrowing from financial institutions, issuing bonds, and securitizing loan receivables. However, the AIFUL Group's fund-raising capacity has been confronted by difficult conditions in the current market environment due to a variety of reasons including increased expenses as the result of rising demands for excess interest repayments in accordance with a ruling by Japan's Supreme Court in 2006 as well as the rapid and sharp deterioration in the fund-raising environment. Since the fiscal year March, 2010, there have accordingly been concerns that the AIFUL Group may have difficulty in raising sufficient new funds to sustain its business. As a result, conditions have arisen to cast significant doubt on the premise of the AIFUL Group as a going concern.

In order to resolve this situation, the AIFUL Group applied on September 24, 2009 for Business Revitalization Procedures using the ADR process in order to improve its earning capacity and financial strength with the goal of revitalizing and reinforcing its business. At a meeting of participating creditors held on December 24, 2009, the AIFUL Group received approval to its application and Business Revitalization Plan, which includes the provision of financial support. As a result, Business Revitalization Procedures using the ADR process were adopted.

In the fiscal year ended March 31, 2012, the AIFUL Group undertook its repayment of 27,301 million yen to creditors including the ordinary rescheduled repayment on June 10, 2011 in accordance with its Business Revitalization Plan.

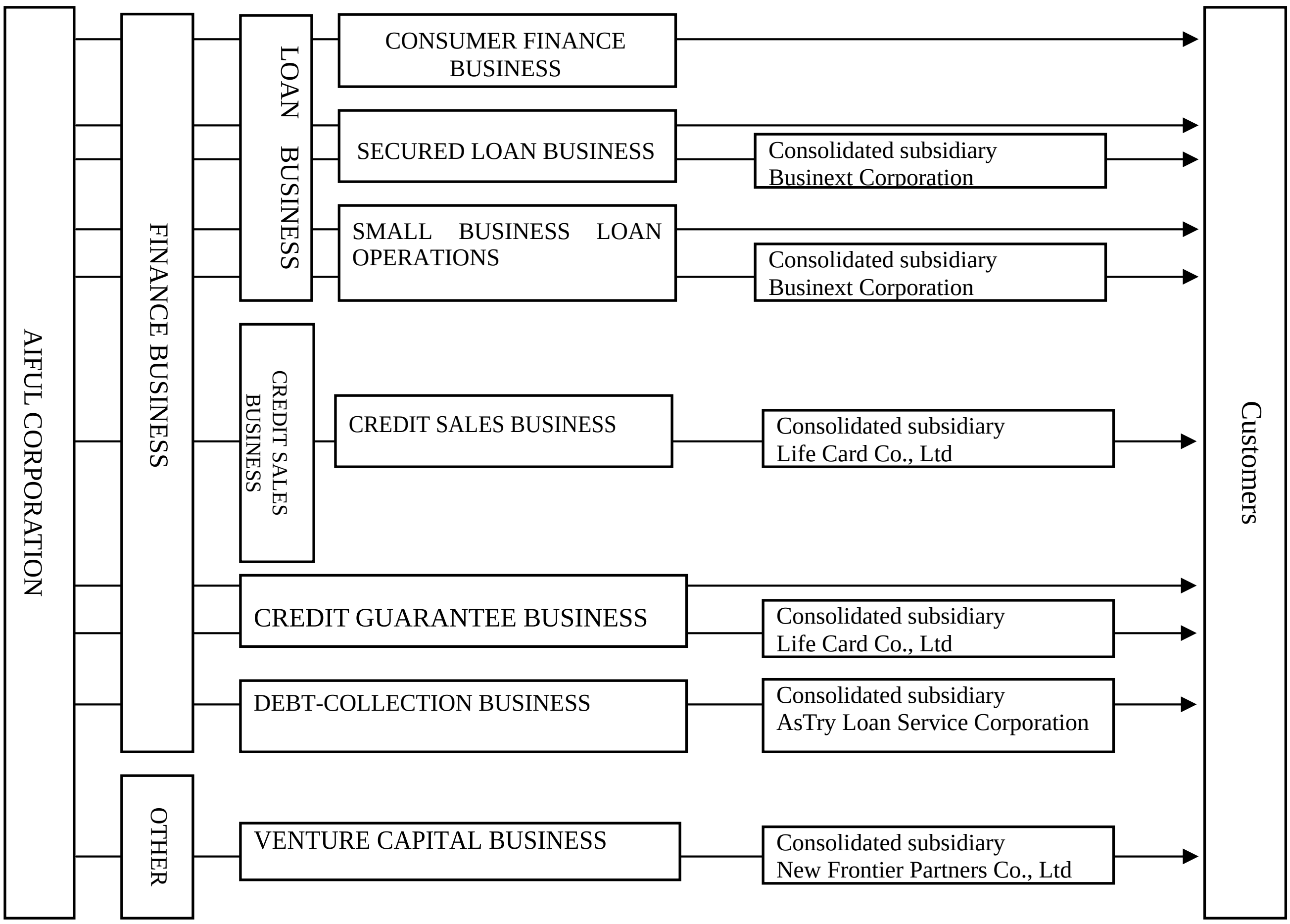
By implementing concrete measures stipulated under the Business Revitalization Plan, the AIFUL Group has determined that any major uncertainty surrounding the premise of its standing as a going concern is not justified.

2. State of the Group

(1) The AIFUL Group is composed of AIFUL Corporation (“the Company”) and four consolidated subsidiaries and 13 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 provide small, unsecured loans for consumers.
		Secured loan business	AIFUL Corporation Businext 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	Life Card Co.,Ltd	The Company’s subsidiary offer credit card shopping for consumers.
	Credit Guarantee business		AIFUL Corporation Life Card 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.

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



1. On July 1, 2011, Life Card Co., Ltd. succeeded to the credit card business and the credit guarantee business of LIFE Co., Ltd. through a corporate spin-off (absorption-type demerger).
2. On July 1, 2011, following a corporate spin-off, the Company merged with and absorbed LIFE Co., Ltd., City’s Corporation, City Green Corporation and Marutoh KK through an absorption-type merger.

Non-consolidated Subsidiary

Company	Business Descriptions
(subsidiary) Sumishin Life Card Co., Ltd., 12 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	Minato-ku, Tokyo	9,000	Small business loan operations	60.0	No. of concurrent directors…1
AsTry Loan Services Corporation	Minato-ku, Tokyo	2,500	Debt-collection business	100.0	Receives financial assistance from AIFUL No. of concurrent directors: 1
New Frontier Partners Co., Ltd.	Minato-ku, Tokyo	10	Venture capital business	100.0	Receives financial assistance from AIFUL No. of concurrent directors: 1
Life Card Co.,Ltd[1,3]	Aoba-ku, Yokohama City	100	Credit sales business, Credit guarantee business	100.0	Receives financial assistance from AIFUL No. of concurrent directors: 3

Notes:

1. Qualifies as specified subsidiary.
2. This company does not file either securities registration statements or securities financial reports.
3. Regarding Life Card 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 19,570

(2) Ordinary income 2,426

(3) Net income 2,206

(4) Net assets 86,873

(5) Total assets 181,829

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 2009 released on May 12, 2009.
This summary of business results can be viewed at the following URLs.
(AIFUL website)
http://www.ir-aiful.com/english/finance01.cfm
(Tokyo Stock Exchange website)
http://www.tse.or.jp/listing/compsearch/index.html

(2) Medium- and Long-Term Business Strategies and Challenges to Be Addressed

The AIFUL Group’s management environment is expected to remain harsh given the shrinking of the market due to the impact of total lending limits under the Money Lending Business Act and reductions in maximum interest rates pursuant to the capital subscription law, and, additionally, the changing management environment due to industry restructuring and the predominant concern of the burden of funding claims for repayment of interest.

Based on the Business Revitalization Plan that allowed the Company to continue under the ADR process of business revitalization, during the consolidated fiscal year under review, 27,301 million yen and, since beginning the ADR process, a cumulative 39,783 million yen has been repaid to creditors. Going forward, the execution of the Business Revitalization Plan is the most important issue and repayments commensurate with the Business Revitalization Plan will be made steadily. The Group is working to further increase the number of high quality loans and improve the quality of its loan portfolio and to improve its financial position and profitability through additionally reforming its cost structure, shrinking the size of its assets to a level that is compatible with the Group’s current fund raising ability and to improve the entire Group’s operational efficiency.

In addition to the aforementioned, the AIFUL Group will strengthen its in-house regulatory framework and internal control structures while further enhancing compliance in an effort to appropriately address future changes in its operating environment.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In millions of yen)

	As of March 31, 2011	As of March 31, 2012
Assets		
Current assets		
Cash and deposits	139,976	86,700
Operating Loans	594,527	455,012
Installment receivables	77,335	78,949
Operational investment securities	724	661
Customers' liabilities for acceptances and guarantees	82,133	74,147
Other operating receivables	10,690	8,445
Purchased receivables	4,211	4,585
Other	33,402	17,219
Allowance for investment loss	(65)	(50)
Allowance for doubtful accounts	(160,191)	(117,604)
Total current assets	782,744	608,069
Fixed assets		
Tangible fixed assets		
Buildings and structures	26,414	24,254
Total accumulated depreciation	(17,800)	(17,268)
Net buildings and structures	8,614	6,986
Machinery and equipment	330	385
Total accumulated depreciation	(210)	(224)
Net machinery and equipment	119	160
Furniture and fixtures	17,522	17,165
Total accumulated depreciation	(13,671)	(14,173)
Net furniture and fixtures	3,850	2,992
Land	9,540	8,959
Lease assets	340	338
Total accumulated depreciation	(155)	(218)
Net lease assets	185	119
Construction in progress	255	139
Total tangible fixed assets	22,566	19,358
Intangible fixed assets		
Software	11,588	8,509
Other	163	159
Total intangible fixed assets	11,752	8,668
Investment and other fixed assets		
Investment securities	7,370	2,745
Claims in bankruptcy	46,838	45,231
Lease and guarantee deposits	17,849	17,641
Other	1,716	2,253
Allowance for investment loss	(638)	(41)
Allowance for doubtful accounts	(32,243)	(38,741)
Total investment and other fixed assets	40,893	29,088
Total fixed assets	75,212	57,115
Deferred assets		
Pre-operating expenses	5	—
Bond issuing expenses	54	—
Total deferred assets	60	—
Total assets	858,017	665,184

(In millions of yen)

	As of March 31, 2011	As of March 31, 2012
Liabilities		
Current liabilities		
Notes & accounts payable-trade	8,081	9,387
Acceptances and guarantees	82,133	74,147
Short-term borrowings	42,580	35,000
Current portion of bonds	91,900	17,000
Current portion of long-term debt	40,738	44,748
Income taxes payable	411	425
Allowance for bonuses	1,194	850
Allowance for credit card point redemption	2,006	2,310
Allowance for business structure improvement	196	2,127
Allowance for losses attributable to disaster	51	—
Deferred installment income	724	467
Other	23,954	20,660
Total current liabilities	293,972	207,125
Long-term liabilities		
Bonds	54,500	34,300
Long-term debt	262,702	229,396
Deferred tax liabilities	128	123
Allowance for losses on interest repayments	178,769	108,667
Negative goodwill	653	435
Other	3,686	3,491
Total long-term liabilities	500,440	376,415
Total liabilities	794,412	583,540
Net Assets		
Shareholders' equity		
Common stock	143,324	143,324
Capital surplus	164,133	164,392
Retained earnings	(242,211)	(224,820)
Treasury stock	(3,110)	(3,110)
Total shareholders' equity	62,136	79,785
Accumulated other comprehensive income		
Unrealized gain (loss) on available for sale securities	(1,312)	(46)
Total accumulated other comprehensive income	(1,312)	(46)
Subscription rights to shares	23	51
Minority interests	2,757	1,853
Total net assets	63,604	81,644
Total net assets and liabilities	858,017	665,184

(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, 2011	For the fiscal year ended March 31, 2012
Operating revenue		
Interest on loans to customers	103,784	75,992
Revenue from Credit card business	12,328	11,344
Revenue from Installment sales finance business	692	375
Revenue from Credit guarantee	5,758	4,797
Other financial revenue	74	34
Other operating revenue		
Collection of purchased receivable	3,751	4,482
Recovery of loans previously charged off	12,631	11,431
Other	5,939	5,544
Total other operating revenue	22,323	21,457
Total operating revenue	144,961	114,002
Operating expenses		
Financial expenses		
Interest expenses	7,744	6,770
Interest on bond	3,803	2,582
Other	280	99
Total financial expenses	11,828	9,452
Cost of sales		
Cost of sales of operational investment securities	37	42
Cost of sales of real estate	45	11
Cost of purchased receivable	3,056	3,342
Total cost of sales	3,138	3,396
Other operating expenses		
Provision for credit card point redemption	2,006	1,391
Commissions	12,514	9,999
Provision for investment loss	26	13
Provision for doubtful accounts	65,040	32,880
Provision for losses on interest repayments	27,211	—
Employees’ salaries and bonuses	13,988	11,704
Provision for bonuses	1,194	832
Retirement benefit expenses	628	617
Other	31,522	27,215
Total other operating expenses	154,132	84,655
Total operating expenses	169,099	97,504
Operating income (loss)	(24,137)	16,497

(In millions of yen)

	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
Non-operating income		
Dividends received	198	128
Negative goodwill write-off	217	217
Reversal provision for investment loss	—	167
Other	401	344
Total non-operating income	817	857
Non-operating expenses		
Provision for doubtful accounts	—	56
Foreign exchange losses	1,548	347
Business structure improvement expenses	—	91
Other	76	29
Total non-operating expenses	1,624	524
Ordinary income (loss)	(24,945)	16,831
Extraordinary income		
Gain on negative goodwill	—	1,114
Gain on retirement of bond	1,537	814
Gain on loan extinguishment	—	2,901
Other	991	341
Total extraordinary income	2,528	5,173
Extraordinary losses		
Loss on sale of investment securities	63	1,452
Provision for business structure improvement	194	2,064
Loss attributable to disaster	6,602	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,277	—
Other	2,468	393
Total extraordinary losses	10,607	3,911
Income (loss) before taxes	(33,023)	18,092
Income taxes-current	78	240
Income taxes-deferred	(78)	(9)
Total income taxes	(0)	231
Income (loss) before minority interests	(33,022)	17,861
Minority interests in income (loss)	(1,087)	469
Net income (loss)	(31,935)	17,391

ii. Consolidated Statements of Comprehensive Income

(In millions of yen)

	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
Income (loss) before minority interest	(33,022)	17,861
Other Comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(701)	1,265
Total other comprehensive income	(701)	1,265
Comprehensive income	(33,724)	19,126
Comprehensive income attributable to		
Owners of the parent	(32,632)	18,657
Minority interests	(1,091)	469

(3) Consolidated Statements of Change in Shareholders' Equity

(In millions of yen)

	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
Shareholders' equity		
Common stock		
Balance at the beginning of fiscal year	143,324	143,324
Balance at the end of fiscal year	143,324	143,324
Capital surplus		
Balance at the beginning of fiscal year	164,133	164,133
Change during fiscal year		
Issuance of new shares	—	258
Total change during fiscal year	—	258
Balance at end of fiscal year	164,133	164,392
Retained earnings		
Balance at the beginning of fiscal year	(210,275)	(242,211)
Change during fiscal year		
Net income (loss)	(31,935)	17,391
Total change during fiscal year	(31,935)	17,391
Balance at the end of fiscal year	(242,211)	(224,820)
Treasury stock		
Balance at the beginning of fiscal year	(3,110)	(3,110)
Change during fiscal year		
Purchase of treasury stock	(0)	(0)
Total change during fiscal year	(0)	(0)
Balance at the end of fiscal year	(3,110)	(3,110)
Total shareholders' equity		
Balance at the beginning of fiscal year	94,071	62,136
Change during fiscal year		
Issuance of new shares	—	258
Net income (loss)	(31,935)	17,391
Purchase of treasury stock	(0)	(0)
Total change during fiscal year	(31,935)	17,649
Balance at the end of fiscal year	62,136	79,785
Accumulated other comprehensive income		
Unrealized gain (loss) on available-for-sale securities		
Balance at the beginning of fiscal year	(615)	(1,312)
Change during the fiscal year		
Net change in items other than shareholders' equity during fiscal year	(697)	1,266
Total change during fiscal year	(697)	1,266
Balance at the end of fiscal year	(1,312)	(46)
Total accumulated other comprehensive income		
Balance at the beginning of fiscal year	(615)	(1,312)
Change during current fiscal year		
Net change in items other than shareholders' equity during fiscal year	(697)	1,266
Total change during fiscal year	(697)	1,266
Balance at the end of fiscal year	(1,312)	(46)

(In millions of yen)

	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
Subscription rights to shares		
Balance at the beginning of fiscal year	—	23
Change during fiscal year		
Net change in items other than shareholders' equity during fiscal year	23	27
Total change during fiscal year	23	27
Balance at end of fiscal year	23	51
Minority interests		
Balance at the beginning of fiscal year	3,849	2,757
Change during fiscal year		
Net change in items other than shareholders' equity during fiscal year	(1,091)	(903)
Total change during fiscal year	(1,091)	(903)
Balance at end of fiscal year	2,757	1,853
Total net assets		
Balance at the beginning of fiscal year	97,305	63,604
Change during current fiscal year		
Issuance of new shares	—	258
Net income (loss)	(31,935)	17,391
Purchase of treasury stock	(0)	(0)
Net changes in items other than shareholders' equity during fiscal year	(1,765)	389
Total change during fiscal year	(33,700)	18,039
Balance at end of fiscal year	63,604	81,644

(4) Consolidated Statements of Cash Flows

(In millions of yen)

	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
Cash flow from operating activities		
Net income (loss) before taxes	(33,023)	18,092
Depreciation and amortization	7,807	6,902
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,277	—
Amortization of negative goodwill	(217)	(1,332)
Gain on loan extinguishment	—	(2,901)
Increase (decrease) in allowance for investment loss	0	(357)
Increase (decrease) in allowance for doubtful accounts	(43,868)	(36,088)
Increase (decrease) in allowance for accrued bonuses	(65)	(343)
Increase (decrease) in allowance for credit card point redemption	550	304
Increase (decrease) in allowance for losses on interest repayments	(59,139)	(70,102)
Increase (decrease) in allowance for business structure improvement	(1,127)	1,930
Gain on retirement of bonds	(1,537)	(814)
Interest and dividends income	(208)	(133)
Loss (gain) on sales of investment securities	(484)	1,398
Decrease (increase) in loans to customers	241,400	139,515
Decrease (increase) in installment receivables	48,654	(1,614)
Decrease (increase) in other operating receivables	1,598	2,244
Decrease (increase) in purchased receivables	1,368	(374)
Decrease (increase) in claims in bankruptcy	3,562	1,606
Decrease (increase) in business security deposits	1,090	86
Decrease (increase) in other current assets	18,097	16,161
Increase (decrease) in other current liabilities	(27,762)	(2,082)
Other	2,129	594
Subtotal	160,103	72,690
Interest and dividends income	208	133
Income taxes-refund	154	48
Income taxes-paid	(366)	(132)
Cash flow from operating activities	160,099	72,739
Cash flow from investing activities		
Purchase of tangible fixed assets	(1,722)	(560)
Proceeds from sales of tangible fixed assets	6,138	1,741
Purchase of intangible fixed assets	(1,508)	(1,781)
Proceeds from sales of investment securities	1,327	3,775
Other	1,260	(520)
Cash flow from investing activities	5,495	2,653

(In millions of yen)

	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
Cash flow from financing activities		
Proceeds from short-term borrowings	161,120	109,147
Repayment of short-term borrowings	(179,745)	(116,727)
Proceeds from long-term debt	23,100	21,556
Repayments of long-term debt	(48,812)	(47,949)
Redemption of bonds	(109,930)	(94,636)
Purchase of treasury stock	(0)	(0)
Other	(79)	(65)
Cash flow from financing activities	(154,347)	(128,676)
Effect of exchange rate changes on cash and cash equivalents	(24)	7
Increase (decrease) in cash and cash equivalents	11,222	(53,275)
Balance of cash and cash equivalents at the beginning of the year	128,748	139,971
Balance of cash and cash equivalents at the end of the year	139,971	86,695

(5) Notes on premise of going concern

Fiscal year under review (April 1, 2011 to March 31, 2012): None

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

Item	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
1. Matters pertaining to the scope of consolidation	(1) Number of consolidated subsidiaries: 8 Names of the subsidiaries LIFE Co., Ltd, Businext Corporation, AsTry loan services Corporations, City's Corporation and 4 other subsidiaries Life Card Co., Ltd. was newly established and included in the scope of consolidation from the fiscal year under review.	(1) Number of consolidated subsidiaries: 4 Names of the subsidiaries LifeCard Co., Ltd, Businext Corporation, AsTry loan services Corporations and 1 other subsidiaries On July 1, 2011, LIFE Co., Ltd., City's Corporation, City Green Corporation and Marutoh KK, which were subsidiaries of the Company, were combined into the Company through an absorption-type merger, with the Company as the surviving entity, and extinguished and so have been excluded from consolidation. These were included in consolidated accounts up to the day before the effective date of the merger (June 30, 2011).
	(2) Names of non-consolidated subsidiaries Sumishin Life Card Co., Ltd., and 13 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 14 companies on the consolidated balance sheets is minor. As a result, they have been excluded from the scope of consolidation.	(2) Names of non-consolidated subsidiaries Sumishin Life Card Co., Ltd., and 12 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 13 companies on the consolidated balance sheets is minor. As a result, they have been excluded from the scope of consolidation.
	(3) Disclosed Special Purpose Companies Certain consolidated subsidiaries use disclosed special purpose companies (two companies) to diversify their funding sources and ensure stable funding, but information about disclosed special purpose companies, such as a summary of disclosed special purpose companies, a summary of transactions with disclosed special purpose companies, and the value of transactions with disclosed special purpose companies, is not stated considering their immateriality.	(3) Disclosed Special Purpose Companies Certain consolidated subsidiaries use disclosed special purpose companies (one companies) to diversify their funding sources and ensure stable funding, but information about disclosed special purpose companies, such as a summary of disclosed special purpose companies, a summary of transactions with disclosed special purpose companies, and the value of transactions with disclosed special purpose companies, is not stated considering their immateriality.
2. Application of equity method	All of the 14 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 14 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 13 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 13 companies on the consolidated balance sheets is minor. As a result, they have been excluded from the scope of application of the equity method.

Item	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
3. Accounting principles used for standard accounting treatment (1) Accounting standards for allowances	i. Allowance for losses attributable to disaster The allowance for losses attributable to disaster is provided at an estimated amount of costs expected to be incurred next fiscal year related to the removal and restoration of assets affected by the Great East Japan Earthquake.	——————
(2) Principal hedge accounting methods	i) Method of hedge accounting Designation (furiate shori) is applied to exchange rate fluctuation risk hedges that meet the requirements for designation, and exceptional accounting is applied to interest swap contracts that meet the requirements for exceptional accounting.	——————
	ii) Hedging instruments and targets a. Hedging instrument…currency swap contracts Hedging target…foreign currency denominated bonds b. Hedging instrument…interest swap contracts Hedging target…bonds with floating interest rates that have fluctuating cash flow depending on changes in market interest rates, etc.	——————
	iii) Hedging policy In its currency swap contracts, the AIFUL Group hedges against the risk of currency fluctuations related to the payment of principal and interest on foreign currency denominated bonds. In its interest swap contracts the AIFUL Group keeps fixed interest fund raising at a certain level as a proportion of all fund raising.	——————
	iv) Method of evaluating effectiveness of hedging The AIFUL Group judges the effectiveness of hedging using a proportional analysis of the cumulative fluctuation of hedging targets and hedging instruments over the previous ten years. However, the effectiveness of hedging is not evaluated for interest swap contracts to which exceptional accounting is applied.	——————

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 29, 2011). Accordingly, no mention is made of them.

Changes in disclosure method

(Consolidated Statements of Income)

"Gain on sale of investment securities" (¥54 million for the fiscal year under review), which was presented as a separate item until the previous fiscal year, has been included under "Other" in "Extraordinary income" as it accounts for less than 10% of total extraordinary income.
As a result, the consolidated statements of income for the last consolidated fiscal year has been reclassified so that the 548 million yen presented as "Gain on sale of investment securities" is recalculated into "Other" 991 million yen.
"Impairment loss" (¥322 million for the fiscal year under review), which was presented as a separate item until the previous fiscal year, has been included under "Other" in "Extraordinary losses" as it accounts for less than 10% of total extraordinary loss.
In the last consolidated fiscal year, the "Other" item of "Extraordinary losses" included "Loss on sale of investment securities" and "Provision for business structure improvement" but, as these items have exceeded 10% of total Extraordinary losses, from the consolidated fiscal year under review, they have 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 1,242 million yen presented as "Impairment loss" and the 1,484 million yen presented as the "Other" item of "Extraordinary losses" are recalculated into "Loss on sale of investment securities" 63 million yen, "Provision for business structure improvement" 194 million yen and "Other" 2,468 million yen.

(Consolidated Statements of Cash Flows)

Items that were noted independently through the last consolidated fiscal year, "Impairment loss" (322 million yen in the consolidated fiscal year under review), "Loss on disposal of fixed assets" (12 million yen in the consolidated fiscal year under review) and "Decrease (increase) in operational investment securities" (74 million yen in the consolidated fiscal year under review) are of small importance in terms of value so, from the consolidated fiscal year under review, they are included in "Other".
In the last consolidated fiscal year, "Increase (decrease) in allowance for accrued bonuses", which was included in the "Other" item of "Cash flow from operating activities" has increased in importance and so is 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 Cash Flow have been reclassified so that in "Cash flow from operating activities" the 1,242 million yen presented as "Impairment loss", the 604 million yen presented as "Loss on disposal of fixed assets", the 71 million yen presented as "Decrease (increase) in operational investment securities" and the 144 million yen presented as "Other" were reclassified into -65 million yen of "Increase (decrease) in allowance for accrued bonuses" and 2,129 million yen of "Other".

Additional Information

Accounting changes and error corrections from the beginning of the consolidated fiscal year under review began to use the *Accounting Standard for Accounting Changes and Error Corrections* (ASBJ Statement No. 24, December 4, 2009) and the *Guidance on Accounting Changes and Error Corrections* (ASBJ Guidance No.24, December 4, 2009).

(7) Notes to Consolidated Financial Statements

(Notes to Consolidated Balance Sheets)

<table>
<tr><th>For the fiscal year ended March 31, 2011</th><th>For the fiscal year ended March 31, 2012</th></tr>
<tr><td>*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.</td><td>*1. As on left</td></tr>
<tr><td>*2. Assets pledged as collateral and corresponding liabilities
(1) Assets pledged as collateral
(million yen)
Operating loans 325,631
Installment receivables 49,073
Other current assets 37
Buildings and structures 7,203
Machinery, equipment and vehicles 62
Land 8,923
Investment securities 3,927
Total 394,860
(2) Corresponding liabilities
(million yen)
Short-term borrowings 42,580
Current portion of long-term debt 18,068
Long-term debt 241,582
Total 302,230
i) The Company has contracted to offer ¥53,032 million in loans as collateral in response to borrowers’ requests to the sum of ¥22,670 million for the current portion of long-term debt, and ¥21,144 million for long term debt, totaling ¥43,814 million, which includes ¥24 million in long-term debt (includes current portion of long-term debt) included in (2) Corresponding liabilities above.
ii) The Company has offered ¥17,660 million in cash (Other in Current assets) as collateral for swap transactions, which is not included in the above figures.</td><td>*2. Assets pledged as collateral and corresponding liabilities
(1) Assets pledged as collateral
(million yen)
Operating loans 276,426
Installment receivables 68,725
Other operating receivables 276
Buildings and structures 5,589
Machinery, equipment and vehicles 50
Land 8,576
Total 359,643
(2) Corresponding liabilities
(million yen)
Short-term borrowings 35,000
Current portion of long-term debt 23,098
Long-term debt 209,250
Total 267,349
i) The Company has contracted to offer ¥52,731 million in loans as collateral in response to borrowers’ requests to the sum of ¥21,650 million for the current portion of long-term debt, and ¥20,169 million for long term debt, totaling ¥41,849 million, which includes ¥23 million in long-term debt (includes current portion of long-term debt) included in (2) Corresponding liabilities above.
ii) ――――――</td></tr>
<tr><td>*3. Includes ¥425,400 million in unsecured personal loans.</td><td>*3. Includes ¥318,785 million in unsecured personal loans.</td></tr>
<tr><td>*4. Shares of non-consolidated subsidiaries and affiliated companies and other securities issued by non-consolidated subsidiaries and affiliated companies included in investment securities ¥1,952 million
*5. Installment receivables
(million yen)
Revenue from Credit card business 71,021
Installment sales finance 6,313
Total 77,335</td><td>*4. Shares of non-consolidated subsidiaries and affiliated companies and other securities issued by non-consolidated subsidiaries and affiliated companies included in investment securities ¥1,255 million
*5. Installment receivables
(million yen)
Revenue from Credit card business 76,090
Installment sales finance 2,859
Total 78,949</td></tr>
</table>

For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012

For the fiscal year ended March 31, 2011

*6. Deferred installment income

(million yen)

	Balance at the end of Mar, 2010	Current fiscal year receipts	Actual current fiscal year balance	Balance at end of Mar, 2011
Credit card shopping	789	11,749	12,097	441 (54)
Installment sales finance	503	162	445	219 (17)
Credit guarantee	79	2,311	2,328	63 (—)
Loans	0	19,028	19,028	— (—)
Total	1,372	33,251	33,899	724 (71)

Note: Figures in parenthesis indicate member store commissions.

*7. Securitization of claims

As of the end of the fiscal year, ¥3,654 million in installment receivables was removed from the balance sheet through securitization.

*8. Bad debts

Bad debts from out of operating loans and claims in bankruptcy are as follows.

(million yen)

	Unsecured loans	Other than unsecured loans	Total
Loans in legal bankruptcy	979	43,156	44,135
Loans in arrears	44,122	44,098	88,220
Loans in 3-months+ in arrears	6,961	2,527	9,488
Restructured loans	35,824	4,937	40,761
Total	87,887	94,719	182,606

The loan categories in the table above are as follows.

(Loans in legal bankruptcy)

Loans in legal bankruptcy are those 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. Bad debt allowances for claims in bankruptcy are stated at the amount estimated to be non-recoverable based on individual assessment of claims.

(Loans in arrears)

Loans in arrears are loans in which accruals of interest are discontinued, other than loans in legal bankruptcy, excluding those loans receiving regular payments in the case of reduction, waiver or deferral of interest payments for debtors in financial difficulties to assist them in business restructuring.

For the fiscal year ended March 31, 2012

*6. Deferred installment income

(million yen)

	Balance at the end of Mar, 2011	Current fiscal year receipts	Actual current fiscal year balance	Balance at end of Mar, 2012
Credit card shopping	441	11,076	11,152	364 (40)
Installment sales finance	219	-5	160	54 (3)
Credit guarantee	63	1,787	1,802	48 (—)
Loans	—	17,250	17,250	— (—)
Total	724	30,109	30,366	467 (44)

Note: Figures in parenthesis indicate member store commissions.

*7. Securitization of claims

As of the end of the fiscal year, ¥1,664 million in installment receivables was removed from the balance sheet through securitization.

*8. Bad debts

Bad debts from out of operating loans and claims in bankruptcy are as follows.

(million yen)

	Unsecured loans	Other than unsecured loans	Total
Loans in legal bankruptcy	280	42,752	43,033
Loans in arrears	25,983	29,443	55,426
Loans in 3-months+ in arrears	2,847	1,627	4,475
Restructured loans	24,243	4,628	28,871
Total	53,354	78,452	131,806

The loan categories in the table above are as follows.

(Loans in legal bankruptcy)

As on left

(Loans in arrears)

As on left

For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
(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 loans in arrears are excluded from loans three months or more in arrears. (Restructured loans) Restructured loans are loans in which regular payments are being received on loans with concessions such as reduction, waiver, or deferral of interest granted to debtors in order to assist in business restructuring. Loans classified as loans in legal bankruptcy and loans in arrears are excluded from restructured loans. *9. ¥77,012 million in estimated interest repayments forecast to have priority application is included in operating loans.	(Loans three months or more in arrears) As on left (Restructured loans) As on left *9. ¥58,112 million in estimated interest repayments forecast to have priority application is included in operating loans.

(Notes to Consolidated Statements of Income)

For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
*1. The profit (loss) on investments in anonymous associations that is included in non-operating income or non-operating expenses is the evaluation profit (loss) based on the financial statements of investment partnerships, etc.	*1. As on left
*2. The details of impairment losses included in the Other item of Extraordinary losses are as follows The AIFUL Group recorded the following impairment losses during the fiscal year under review. (1) Assets with recognized impairment losses (million yen)	*2. The details of impairment losses included in the Other item of Extraordinary losses are as follows The AIFUL Group recorded the following impairment losses during the fiscal year under review. (1) Assets with recognized impairment losses

For the fiscal year ended March 31, 2011 (million yen):

Use	Category	Location	Impairment loss
Real estate for lease	Buildings and structures, land, etc.	Kyoto pref. etc.,	1,019
Business offices scheduled for closure	Buildings and structures, equipment and fixtures,	Tokyo etc.,	121
System related equipment	Equipment and fixtures	Kyoto pref.	93
Transfer plan of business office etc	Buildings and structures, equipment and fixtures, software	Tokyo Kyoto pref. etc.,	8

For the fiscal year ended March 31, 2012:

Use	Category	Location	Impairment loss
Business offices scheduled for closure	Buildings and structures, equipment and fixtures,	Miyagi pref. etc.,	4
Contact Center scheduled for closure	Buildings and structures, Machinery and equipment Furniture and fixtures,	Tokyo etc.,	317

For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
(2) Method of asset grouping The AIFUL Group considers each operating company in finance business and each real estate property for lease in real estate lease business as the smallest unit for asset grouping. With respect to system-related equipment, etc., following the Group's decision to adopt a transfer plan and new accounting system from the fiscal year under review, each asset is considered as the smallest unit for asset grouping. As regards assets relating to business reconstruction, the Group considers each business office to be closed and each head office, etc, to be transferred at each company as a single unit for asset grouping.	(2) Method of asset grouping The AIFUL Group considers each operating company in finance business as the smallest unit for asset grouping. As regards assets relating to business reconstruction, the Group considers each business office and contact center to be closed as a single unit for asset grouping.

For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
(3) Background to recognition of non-recurrent losses In the third quarter of the fiscal year under review, the Company recognized impairment losses with respect to certain real estate properties for lease it planned to sell because the sale contract value, etc. was less than their book value. It also recognized impairment losses for certain system-related equipment, etc. it planned to transfer because their estimated transfer value was less than their book value. Also, in the fiscal year under review, the Company recognized impairment losses with respect to system-related equipment, etc. due to the introduction of a new accounting system, with respect to business offices to be closed due to the implementation of further capability enhancement measures, and with respect to head offices, etc. due to decision-making based on the Group's restructuring plan.	(3) Background to recognition of non-recurrent losses In the fiscal year under review, the Company recognized impairment losses with respect to business offices to be closed due to the implementation of further capability enhancement measures, and with respect to contact center to be closed etc. due to decision-making based on the Group's restructuring plan.
(4) Amount of impairment loss Buildings and structures (million yen) 515 Machinery and equipment 0 Furniture and fixture 145 Land 568 Other 13 Total 1,242	(4) Amount of impairment loss Buildings and structures (million yen) 312 Machinery and equipment 0 Furniture and fixture 8 Total 322
(5) Method of calculation for recoverable amount Recoverable value is determined based on the contract value of real estate for lease scheduled for sale and the estimated transfer value of certain system-related equipment, etc., scheduled for sale. Recoverable value of business offices scheduled for closure is determined with an amount corresponding to depreciation and amortization at the time of closure as the use value.	(5) Method of calculation for recoverable amount Recoverable value of business offices and contact center scheduled for closure is determined with an amount corresponding to depreciation and amortization at the time of closure as the use value.
*3. The details of the Provision for business structure improvement are as follows (million yen) Contact centers, etc. 193 Loss on store closures, etc. 1 Early retirements - Total 194	*3. The details of the Provision for business structure improvement are as follows (million yen) Contact centers, etc. - Loss on store closures, etc. - Early retirements 2,064 Total 2,064
*4. Loss attributable to disaster included in Other of Extraordinary losses are losses associated with the Great Eastern Japan Earthquake on March 11, 2011, and can be itemized as follows. Allowance for doubtful accounts (million yen) 6,544 Loss attributable to disaster 51 Other 7 Total 6,602	*4. ——————

(Notes to Consolidated Statements of Comprehensive Income)
End of the current FY (Apr 1,2011 to Mar 31, 2012)

	Million yen
Unrealized gain (loss) on available for sale securities	
Amount accrued this fiscal year	(140)
Reclassification adjustment amount	1,410
Pre-adjustment for tax effects	1,270
Amount of tax effect	4
Other unrealized gain (loss) on available for sale securities	1,265
Total other comprehensive income	1,265

(Notes to Consolidated Statements of Change in Shareholders' Equity)
For the fiscal year ended March 31, 2011

1. Matters pertaining to class and number of issued shares and class and number of treasury stock

	No. of shares at end of previous consolidated fiscal year	Increase in no. of shares during current fiscal year	Decrease in no. of shares during current fiscal year	No. of shares at end of current fiscal year
No. of issued shares				
Common stock	238,685,568	–	–	238,685,568
Total	238,685,568	–	–	238,685,568
Treasury stock				
Common stock *	457,058	120	–	457,178
Total	457,058	120	–	457,178

Note. The increase of 120 in the number of shares of common treasury stock is due to the purchase of less than a unit shares.

2. Matters pertaining to new share subscription rights

Category	Breakdown of new share subscription rights	Class of shares to be issued or transferred upon exercise of new share subscription rights	Number of shares to be issued or transferred upon exercise of new share subscription rights				New share subscription rights outstanding as of March 31, 2011 (millions of yen)
			End of previous fiscal year	Increase	Decrease	End of fiscal year under review	
Submitting company	New share subscription rights issued as stock options in 2010	-	-	-	-	-	23
Total			-	-	-	-	23

Note: The first day of the exercise period for the new share subscription rights has yet to arrive.

3. Matters pertaining to dividends
No relevant matters

For the fiscal year ended March 31, 2012

1. Matters pertaining to class and number of issued shares and class and number of treasury stock

	No. of shares at end of previous consolidated fiscal year	Increase in no. of shares during current fiscal year	Decrease in no. of shares during current fiscal year	No. of shares at end of current fiscal year
No. of issued shares				
Common stock	238,685,568	2,248,350	–	240,933,918
Total	238,685,568	2,248,350	–	240,933,918
Treasury stock				
Common stock *	457,178	717	–	457,895
Total	457,178	717	–	457,895

Note. 1. The increase of 2,248,350 shares of common stock outstanding is due to the absorption-type merger with LIFE Co., Ltd. The merger ratio was 39 shares of the Company for every 1 share of LIFE Co., Ltd
2. The increase of 717 common shares held as treasury stock is due to the purchase of odd lot shares.

2. Matters pertaining to new share subscription rights

Category	Breakdown of new share subscription rights	Class of shares to be issued or transferred upon exercise of new share subscription rights	Number of shares to be issued or transferred upon exercise of new share subscription rights				New share subscription rights outstanding as of March 31, 2011 (millions of yen)
			End of previous fiscal year	Increase	Decrease	End of fiscal year under review	
Submitting company	New share subscription rights issued as stock options in 2010	-	-	-	-	-	51
			-	-	-	-	51

Note: The first day of the exercise period for the new share subscription rights has yet to arrive.

3. Matters pertaining to dividends
No relevant matters

(Notes to Consolidated Statements of Cash Flows)

<table>
<tr><th>For the fiscal year ended March 31, 2011</th><th>For the fiscal year ended March 31, 2012</th></tr>
<tr><td>*1. Connection between balance of cash and cash equivalents at the end of the consolidated fiscal year and the amount of items recorded in the consolidated balance sheets
Cash and deposits (million yen) 139,976
Time deposits with maturities exceeding three months (4)
Cash and cash equivalents 139,971</td><td>*1. Connection between balance of cash and cash equivalents at the end of the consolidated fiscal year and the amount of items recorded in the consolidated balance sheets
Cash and deposits (million yen) 86,700
Time deposits with maturities exceeding three months (4)
Cash and cash equivalents 86,695</td></tr>
</table>

(Notes to Financial Instruments)

For the fiscal year ended March 31, 2011

1. Notes Pertaining to Financial Instruments

(1) Policy for Dealing in Financial Instruments

The primary business of the AIFUL Group is finance, and the Group engages in the consumer finance, real estate secured loan, business loan, installment sales and claim management and collection businesses. In order to engage in these businesses, the AIFUL Group raises funds from Japan and overseas, procuring funds directly through bonds in addition to indirect procurement based on borrowing from banks, all the while making adjustments for market conditions and maintaining a balance between long-term and short-term borrowing. This fund raising involves financial liabilities accompanying fluctuations in interest and exchange rates, and the AIFUL Group engages in derivative transactions to avoid the disadvantageous effects of fluctuations in interest and exchange rates. When engaging in derivative transactions, such transactions are, as a rule, limited to actual requirements. The AIFUL Group does not engage in individual derivative transactions for the purpose of obtaining short-term gains on sales and purchases.

(2) Details and Risks of Financial Instruments

The financial assets owned by the AIFUL Group are primarily the operating loans and installment receivables of domestic individuals and corporations, and they are exposed to the risk of nonperformance of contract by customers. In addition, the Group also holds operational investment securities and investment securities, which are primarily shares and investments in anonymous associations, for the purpose of business promotion. These assets involve the credit risk of the respective issuer and the risk of fluctuation in market prices.

The AIFUL Group primarily raise funds by loans and bonds. These liabilities are subject to liquidity risk involving the inability to make payments on the due date in the event that the Group is unable to utilize the market under certain circumstances. In addition, the AIFUL Group also raises funds that include floating interest rates and foreign currency denominated bonds. These are subject to the risk of fluctuations in interest rates and exchange rates.

Derivative transactions include interest swaps to which the Group applies hedge accounting as well as interest swaps and interest caps that are excluded from the application of hedge accounting. These derivative transactions involve the risk of fluctuations in exchange rates, fluctuations in interest rates and counterparty risk. See the earlier Significant Accounting Policies Relating to the Financial Statements, 4. Notes on Accounting Standards, (5) Principal hedge accounting methods for instruments and targets of hedging, hedging policy and method of evaluating effectiveness of hedging.

(3) Risk Management System for Financial Instruments

a. Credit Risk Management

AIFUL and its Group companies manage credit risk in accordance with the Company's management regulations. The Company has established credit management structures for operating loans, installment receivables and customers' liabilities for acceptance and guarantee, its primary financial assets, that include credit screening based on data from credit bureaus and the Group's own credit systems, the adjustment of credit limits, and the setting of guarantees and collateral. Moreover, the AIFUL Group manages the credit risk of issuers of negotiable securities through regular assessment of credit data and market prices.

The AIFUL Group contracts with reliable domestic and overseas leading financial institutions that have a low credit risk when assessing counterparty risk for derivative transactions. Each department in charge carries out assessments, analysis, and investigates countermeasures in the management of credit risk, reporting to the board of directors when appropriate.

b. Market Risk Management

(i) Management of Interest and Exchange Rate Risk

The AIFUL Group manages interest and exchange rate risk based on the *Risk Management Manual* formulated with the approval of the Risk Management Committee, which reports directly to the board of directors. The Finance Department reports such risks to the Internal Control Office, which assesses the risks, examines the appropriateness and suitability of countermeasures, and reports the board of directors when appropriate. The AIFUL Group uses interest swaps to hedge against the risk of fluctuation in interest rates and currency swaps to hedge against the risk of fluctuation in exchange rates.

(ii) Management of Price Fluctuation Risk

Many of the shares owned by the AIFUL Group are held for the purpose of business promotion, including operational and capital tie-ups, and the department responsible monitors the market environment and financial position of the business partner and examines countermeasures, reporting to the board of directors when appropriate.

The AIFUL Group does not hold financial instruments for trading purposes.

(iii) Derivative Transactions

The AIFUL Group manages derivative transactions in accordance with the Company's management regulations.

The Group implements an internal checking system in which each department that executes transactions evaluates the effectiveness of hedging, conducts the proper administrative management, and reports to the Accounting Department.

(iv) Quantitative information about market risk

The AIFUL Group does not perform a quantitative analysis of market risk.

(Interest rate risk)

The Group's main financial products whose fair value fluctuates due to the important risk variable of fluctuations in interest rates are commercial loans receivable, accounts receivable-instalment, loans payable and corporate bonds. The Group does not disclose increases or decreases in fair value at the balance sheet date using reasonable assumptions of fluctuations in the risk variable or other related information, because it is unable to provide a reasonable estimate based on risk variable fluctuations for corporate bonds, and because it is unable to provide a reasonable estimate based on risk variable fluctuations for loans payable that fall within the scope of financial assistance under the business revitalization ADR process, which account for the majority of loans payable.

c. Management of Liquidity Risk Related to Fund Raising

The AIFUL Group manages liquidity risk by implementing timely management of the Group's overall funds in addition to diversifying fund raising methods and adjusting the balance of short-term and long-term fund raising, taking account of the market environment.

(4) Supplementary Information on Notes Concerning Current Value of Financial Instruments

The current value of financial instruments includes a value based on the market price and a value calculated rationally when there is no market price. The AIFUL Group adopts certain assumptions in the calculation of the relevant value, so the relevant value may vary when different assumptions are used.

2. Notes Concerning the Current Value of Financial Instruments

The value on the consolidated balance sheets as of March 31, 2011, the current value and the difference between these two values is as follows. Financial instruments for which it is extremely difficult to obtain a current value are not included. (See Note 2.)

(Million yen)	Value on the Consolidated Balance Sheets	Current Value	Difference
(1) Cash and cash equivalents	139,976	139,976	—
(2) Loans	594,527		
Allowance for doubtful account and allowance for losses on interest repayments[1]	(158,249)		
	436,278	513,978	77,700
(3) Installment receivables	77,335		
Deferred installment income[2]	(589)		
Allowance for doubtful account [3]	(6,665)		
	70,080	71,164	1,084
(4) Operational investment securities and investment securities	4,122	4,122	—
(5) Claims in bankruptcy	46,838		
Allowance for doubtful account [3]	(32,177)		
	14,660	14,660	—
Total assets	665,117	743,902	78,784
(1) Short-term borrowings	42,580	42,580	—
(2) Bonds[5]	146,400	101,987	(44,412)
(3) Long term debt[4]	43,790	43,790	—
Total liabilities	232,770	188,357	(44,412)
Derivative transactions[5]			
(1) Transactions to which hedge accounting is applied	—	—	—
(2) Transactions to which hedge accounting is not applied	0	0	—
Total derivative transactions	0	0	—

1. Excludes the amount of estimated interest repayments expected to be preferentially allocated to operating loans.
2. Excludes deferred gain on installment sales (liabilities).
3. Excludes respective Allowance for doubtful account corresponding to installment receivables and claims in bankruptcy.
4. Excludes debts covered by financial assistance under the ADR process.
5. Net claims and liabilities arising from derivative transactions are shown as a net amount. Under the totals, net liabilities are shown in parentheses. Derivative transactions to which hedge accounting is applied are accounted for with bonds that are the target of hedging. Therefore, these transactions are included in the current value of the relevant bonds.

*Notes on the Method of Computation of Current Value for Financial Instruments

Assets

(1) Cash and deposits
As all deposits are short term, the current value is very similar to the book value, so current value is computed based on the relevant book value.

(2) Loans
The current value of loans is computed based on the present value of the amount of principal and interest forecast to be received reflecting the possibility of recovery minus the amount of forecast collection expenses discounted by the stable interest rate corresponding to the remaining period of the loan.

(3) Installment receivables
The current value of credit card shopping is very similar to the book value and is computed based on the book value, as lump sum payments in the following month account for the majority of credit card shopping. The current value for per-item credit is computed based on the present value of the amount of principal and commissions forecast to be received reflecting the possibility of recovery minus the amount of forecast collection expenses discounted by the stable interest rate corresponding to the remaining period of the loan.

(4) Operational investment securities and investment securities
The current value of operational investment securities and investment securities is computed based on the price of shares on the stock exchange.

(5) Claims in bankruptcy
For claims in bankruptcy, the estimated amount of bad debts is computed based on the amount expected to be recovered from security. Therefore, the current value is very similar to the amount calculated by subtracting the current estimated amount of bad debts from the amount on the balance sheet on the consolidated settlement date, and the current value of bad debts is computed based on the relevant value.

Liabilities

(1) Short-term borrowings
As short-term debts will be settled in the near future, the current value is very similar to the book value and is computed based on the relevant book value.

(2) Bonds
The current value of the bonds that the Company issues is computed based on the market price for bonds that have a market price. For bonds without a market price, the current value is computed based on the amount of total principal and interest discounted by an interest rate calculated from remaining period of the relevant bonds and the credit risk. In addition, some bonds, which qualify for designation (*furiate shori*) of exchange contracts and exceptional accounting for interest swaps, are treated as yen-denominated fixed interest bonds in the computation of current value.

(3) Long term debt
Of the long-term debts for which a current value is computed, the current value of long-term debts due within one year is very similar to the book value and is computed based on the relevant book value. Other debt is recorded at the relevant book value because the current value is considered to be similar to the book value for debt with floating interest rates which reflect the market rate in the short term. In addition, the debt is the borrowing of subsidiaries and the financial position of the relevant subsidiary does not change significantly following execution of borrowing.

Derivatives

All derivatives are off-market transactions, so the current value is computed based on the price indicated by the partner financial institution.

2. Financial Instruments for Which It Is Extremely Difficult to Obtain a Current Value

(Million yen)

Category	Value on the Consolidated Balance Sheets
Operational investment securities and investment securities[1]	
(1) Unlisted shares	2,675
(2) Investments in investment associations, etc.	1,297
Long term debts[2]	259,650
Total	263,623

As it is extremely difficult to obtain a current value for these financial instruments, they were not included in Assets (4) Operational investment securities and investment securities and Liabilities (3) Long-term debts.

Notes: 1. As there is no market price for unlisted shares, it is extremely difficult to obtain a current value, and they are not covered by disclosure of current value.

2. AIFUL and some of its subsidiaries are receiving financial assistance under the ADR process. The details of the rescheduling under the financial assistance are that partial repayment will be made by June 10, 2014, and that debts remaining after this will be refinanced no later than July 10, 2014 or a proposal will be made to the Participating Creditors by this date regarding the method of repayment and agreement reached.

In light of this, there is a high level of uncertainty in the estimated future repayment plans for long-term debts that are covered by the financial assistance as well as an increase in credit risk and a prolonged collection period. This has a substantial impact on the discounted current value. As it is not possible to rationally calculate the current value, these long-term debts are not covered by the disclosure of current value.

3. Scheduled Repayment Amounts of Money Claims after Consolidated Settlement Date

(Million yen)

Category	Within One Year	More Than One Year and Within Five Years	More Than Five Years
Cash and deposits	139,976	—	—
Loans[1]	238,717	332,071	23,738
Installment receivables	72,814	4,519	1
Total	451,507	336,590	23,739

Note: 1. ¥46,838 million for which the amount of scheduled repayments is not expected, including claims in bankruptcy, is not included in loans.

4. Scheduled Repayment of Bonds, Long-Term Debt and Other Interest Bearing Debt after the Consolidated Settlement Date

(Million yen)

Category	Within One Year	More Than One Year and Within Two Years	More Than Two Years and Within Three Years	More Than Three Years and Within Four Years	More Than Four Years and Within Five Years
Bonds	91,900	19,500	10,000	—	25,000
Finance lease claims	65	64	51	9	—
Long term debts	22,670	14,920	6,200	—	—
Long term debts[1]	18,068	16,500	16,500	16,500	—
Total	132,703	50,984	32,751	16,509	25,000

Note: 1. AIFUL and some of its subsidiaries are receiving financial assistance under the ADR process. The details of the rescheduling under the financial assistance are that partial repayment will be made by June 10, 2014, and that debts remaining after this will be refinanced no later than July 10, 2014 or a proposal will be made to the Participating Creditors by this date regarding the method of repayment and agreement reached. In view of this, only debt for which a scheduled repayment date has been set as of the end of the relevant fiscal year are shown for the relevant period, and ¥192,082 million, including debts remaining with undetermined repayment scheduled, is not shown.

For fiscal year ended March 31, 2012

1. Notes Pertaining to Financial Instruments

(1) Policy for Dealing in Financial Instruments

The primary business of the AIFUL Group is finance, and the Group engages in the consumer finance, real estate secured loan, business loan, installment sales, credit guarantee and claim management and collection businesses. In order to engage in these businesses, the AIFUL Group raises funds from Japan and overseas, procuring funds directly through bonds in addition to indirect procurement based on borrowing from banks, all the while making adjustments for market conditions and maintaining a balance between long-term and short-term borrowing. This fund raising involves financial liabilities accompanying fluctuations in interest, and the AIFUL Group engages in derivative transactions to avoid the disadvantageous effects of fluctuations in interest. When engaging in derivative transactions, such transactions are, as a rule, limited to actual requirements. The AIFUL Group does not engage in individual derivative transactions for the purpose of obtaining short-term gains on sales and purchases.

(2) Details and Risks of Financial Instruments

The financial assets owned by the AIFUL Group are primarily the operating loans and installment receivables of domestic individuals and corporations, and they are exposed to the risk of nonperformance of contract by customers. In addition, the Group also holds operational investment securities and investment securities, which are primarily shares and investments in anonymous associations, for the purpose of business promotion. This assets involves the risk of fluctuation in market prices.

The AIFUL Group primarily raise funds by loans and bonds. These liabilities are subject to liquidity risk involving the inability to make payments on the due date in the event that the Group is unable to utilize the market under certain circumstances. In addition, the AIFUL Group also raises funds that include floating interest rates which is subject to the risk of fluctuations in interest rates.

Derivative transactions include interest caps that are excluded from the application of hedge accounting. These derivative transactions involve fluctuations in interest rates and counterparty risk.

(3) Risk Management System for Financial Instruments

a. Credit Risk Management

AIFUL and its Group companies manage credit risk in accordance with the Company's management regulations. The Company has established credit management structures for operating loans, installment receivables and customers' liabilities for acceptance and guarantee, its primary financial assets, that include credit screening based on data from credit bureaus and the Group's own credit systems, the adjustment of credit limits, and the setting of guarantees and collateral. Moreover, the AIFUL Group manages the credit risk of issuers of negotiable securities through regular assessment of credit data and market prices.

The AIFUL Group contracts with reliable domestic and overseas leading financial institutions that have a low credit risk when assessing counterparty risk for derivative transactions. Each department in charge carries out assessments, analysis, and investigates countermeasures in the management of credit risk, reporting to the board of directors when appropriate.

b. Market Risk Management

(i) Management of Interest and Exchange Rate Risk

The AIFUL Group manages interest rate risk based on the *Risk Management Manual* formulated with the approval of the Risk Management Committee, which reports directly to the board of directors. The Finance Department reports such risks to the Internal Control Office, which assesses the risks, examines the appropriateness and suitability of countermeasures, and reports the board of directors when appropriate. The AIFUL Group uses interest cap to hedge against the risk of fluctuation in interest rates.

(ii) Management of Price Fluctuation Risk

Many of the shares owned by the AIFUL Group are held for the purpose of business promotion, including operational and capital tie-ups, and the department responsible monitors the market environment and financial position of the business partner and examines countermeasures, reporting to the board of directors when appropriate.

The AIFUL Group does not hold financial instruments for trading purposes.

(iii) Derivative Transactions

The AIFUL Group manages derivative transactions in accordance with the Company's management regulations.

The Group implements an internal checking system in which each department that executes transactions evaluates the effectiveness of hedging, conducts the proper administrative management, and reports to the Accounting Department.

(iv) Quantitative information about market risk

The AIFUL Group does not perform a quantitative analysis of market risk.

(Interest rate risk)

The Group's main financial products whose fair value fluctuates due to the important risk variable of fluctuations in interest rates are commercial loans receivable, accounts receivable-instalment, loans payable and corporate bonds. The Group does not disclose increases or decreases in fair value at the balance sheet date using reasonable assumptions of fluctuations in the risk variable or other related information, because it is unable to provide a reasonable estimate based on risk variable fluctuations for corporate bonds, and because it is unable to provide a reasonable estimate based on risk variable fluctuations for loans payable that fall within the scope of financial assistance under the business revitalization ADR process, which account for the majority of loans payable.

c. Management of Liquidity Risk Related to Fund Raising

The AIFUL Group manages liquidity risk by implementing timely management of the Group's overall funds in addition to diversifying fund raising methods and adjusting the balance of short-term and long-term fund raising, taking account of the market environment.

(4) Supplementary Information on Notes Concerning Current Value of Financial Instruments

The current value of financial instruments includes a value based on the market price and a value calculated rationally when there is no market price. The AIFUL Group adopts certain assumptions in the calculation of the relevant value, so the relevant value may vary when different assumptions are used.

2. Notes Concerning the Current Value of Financial Instruments

The value on the consolidated balance sheets as of March 31, 2012, the current value and the difference between these two values is as follows. Financial instruments for which it is extremely difficult to obtain a current value are not included. (See Note 2)

(Million yen)	Value on the Consolidated Balance Sheets	Current Value	Difference
(1) Cash and cash equivalents	86,700	86,700	—
(2) Loans	455,012		
Allowance for doubtful account and allowance for losses on interest repayments[1]	(106,373)		
	348,638	413,319	64,681
(3) Installment receivables	78,949		
Deferred installment income[2]	(374)		
Allowance for doubtful account [3]	(6,202)		
	72,372	74,157	1,784
(4) Operational investment securities and investment securities	246	246	—
(5) Claims in bankruptcy	45,231		
Allowance for doubtful account [3]	(38,642)		
	6,588	6,588	—
Total assets	514,547	581,014	66,466
(1) Short-term borrowings	35,000	35,000	—
(2) Bonds	51,300	36,157	(15,142)
(3) Long term debt[4]	41,796	41,796	—
Total liabilities	128,096	112,953	(15,142)
Derivative transactions			
(1) Transactions to which hedge accounting is applied	—	—	—
(2) Transactions to which hedge accounting is not applied	—	—	—
Total derivative transactions	—	—	—

1. Excludes the amount of estimated allowance for doubtful account and allowance for losses on interest repayments expected to be preferentially allocated to operating loans.
2. Excludes deferred gain on installment sales (liabilities).
3. Excludes respective allowance for doubtful account corresponding to installment receivables and claims in bankruptcy.
4. Excludes debts covered by financial assistance under the ADR process.

*Notes on the Method of Computation of Current Value for Financial Instruments

Assets

(1) Cash and deposits
As all deposits are short term, the current value is very similar to the book value, so current value is computed based on the relevant book value.

(2) Loans
The current value of loans is computed based on the present value of the amount of principal and interest forecast to be received reflecting the possibility of recovery minus the amount of forecast collection expenses discounted by the stable interest rate corresponding to the remaining period of the loan.

(3) Installment receivables
The current value of credit card shopping is very similar to the book value and is computed based on the book value, as lump sum payments in the following month account for the majority of credit card shopping. The current value for per-item credit is computed based on the present value of the amount of principal and commissions forecast to be received reflecting the possibility of recovery minus the amount of forecast collection expenses discounted by the stable interest rate corresponding to the remaining period of the loan.

(4) Operational investment securities and investment securities
The current value of operational investment securities and investment securities is computed based on the price of shares on the stock exchange.

(5) Claims in bankruptcy
For claims in bankruptcy, the estimated amount of bad debts is computed based on the amount expected to be recovered from security. Therefore, the current value is very similar to the amount calculated by subtracting the current estimated amount of bad debts from the amount on the balance sheet on the consolidated settlement date, and the current value of bad debts is computed based on the relevant value.

Liabilities

(1) Short-term borrowings
As short-term debts will be settled in the near future, the current value is very similar to the book value and is computed based on the relevant book value.

(2) Bonds
The current value of the bonds that the Company issues is computed based on the market price for bonds that have a market price. For bonds without a market price, the current value is computed based on the amount of total principal and interest discounted by an interest rate calculated from remaining period of the relevant bonds and the credit risk.

(3) Long term debt
Of the long-term debts for which a current value is computed, the current value of long-term debts due within one year is very similar to the book value and is computed based on the relevant book value. Other debt is recorded at the relevant book value because the current value is considered to be similar to the book value for debt with floating interest rates which reflect the market rate in the short term. In addition, the debt is the borrowing of subsidiaries and the financial position of the relevant subsidiary does not change significantly following execution of borrowing.

Derivatives

All derivatives are off-market transactions, so the current value is computed based on the price indicated by the partner financial institution.

2. Financial Instruments for Which It Is Extremely Difficult to Obtain a Current Value

(Million yen)

Category	Value on the Consolidated Balance Sheets
Operational investment securities and investment securities[1]	
(1) Unlisted shares	2,332
(2) Investments in investment associations, etc.	827
Long term debts[2]	232,349
Total	235,509

As it is extremely difficult to obtain a current value for these financial instruments, they were not included in Assets (4) Operational investment securities and investment securities and Liabilities (3) Long-term debts.

Notes: 1. As there is no market price for unlisted shares, it is extremely difficult to obtain a current value, and they are not covered by disclosure of current value.

2. AIFUL and some of its subsidiaries are receiving financial assistance under the ADR process. The details of the rescheduling under the financial assistance are that partial repayment will be made by June 10, 2014, and that debts remaining after this will be refinanced no later than July 10, 2014 or a proposal will be made to the Participating Creditors by this date regarding the method of repayment and agreement reached.

In light of this, there is a high level of uncertainty in the estimated future repayment plans for long-term debts that are covered by the financial assistance as well as an increase in credit risk and a prolonged collection period. This has a substantial impact on the discounted current value. As it is not possible to rationally calculate the current value, these long-term debts are not covered by the disclosure of current value.

3. Scheduled Repayment Amounts of Money Claims after Consolidated Settlement Date

(Million yen)

Category	Within One Year	More Than One Year and Within Five Years	More Than Five Years
Cash and deposits	86,700	—	—
Loans[1]	193,350	236,971	24,689
Installment receivables	75,253	3,695	0
Total	355,303	240,666	24,690

Note: 1. ¥45,231 million for which the amount of scheduled repayments is not expected, including claims in bankruptcy, is not included in loans.

4. Scheduled Repayment of Bonds, Long-Term Debt and Other Interest Bearing Debt after the Consolidated Settlement Date

(Million yen)

Category	Within One Year	More Than One Year and Within Two Years	More Than Two Years and Within Three Years	More Than Three Years and Within Four Years
Bonds	17,000	9,300	—	25,000
Finance lease claims	63	51	9	—
Long term debts	21,650	14,000	6,146	—
Long term debts[1]	23,098	16,500	16,500	—
Total	61,811	39,851	22,655	25,000

Note: 1. AIFUL and some of its subsidiaries are receiving financial assistance under the ADR process. The details of the rescheduling under the financial assistance are that partial repayment will be made by June 10, 2014, and that debts remaining after this will be refinanced no later than July 10, 2014 or a proposal will be made to the Participating Creditors by this date regarding the method of repayment and agreement reached. In view of this, only debt for which a scheduled repayment date has been set as of the end of the relevant fiscal year are shown for the relevant period, and ¥176,250 million, including debts remaining with undetermined repayment scheduled, is not shown.

(Notes to Tax Effect Accounting)

As of March 31, 2011

1. Breakdown of major components in deferred tax assets and deferred tax liabilities

	(Million yen)
Deferred tax assets	
Allowance for doubtful account	47,338
Allowance for losses on interest repayments	72,539
Loan losses	16,863
Accrued revenue	4,536
Tax loss carry forwards	156,622
Accrued interest repayment losses	4,563
Other	9,978
Deferred tax assets subtotal	312,441
Valuation allowance	(312,441)
Deferred tax assets total	-
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(7)
Loss on asset retirement obligation	(121)
Deferred tax liabilities total	(128)
Net deferred tax liabilities	(128)

Net deferred tax assets are included in the consolidated balance sheet items below.

	Millions of yen
Long-term liabilities – deferred tax liabilities	(128)

2. Breakdown of major components of disparity when a significant disparity arises between the effective statutory tax rate and the actual effective tax rate after the application of tax effect accounting.

Omitted because the Company recorded a net loss before taxes.

As of March 31, 2012

1. Breakdown of major components in deferred tax assets and deferred tax liabilities

Deferred tax assets	
Allowance for doubtful account	39,579
Allowance for losses on interest repayments	42,663
Loan losses	11,564
Accrued revenue	3,257
Tax loss carry forwards	166,421
Accrued interest repayment losses	3,649
Other	11,723
Deferred tax assets subtotal	278,860
Valuation allowance	(278,860)
Deferred tax assets total	-
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(11)
Loss on asset retirement obligation	(111)
Deferred tax liabilities total	(123)
Net deferred tax liabilities	(123)

Net deferred tax assets are included in the consolidated balance sheet items below.

Long-term liabilities – deferred tax liabilities	(123)

2. Breakdown of major components of disparity when a significant disparity arises between the effective statutory tax rate and the actual effective tax rate after the application of tax effect accounting.

	(%)
Statutory corporate tax rate	40.6
(Adjustments)	
Equal payments of residence tax	0.3
Entertainment expenses and other items that are perpetually excluded from expenses	12.6
Dividends received and other items that are perpetually excluded from revenue	(1.7)
Valuation allowance	(258.2)
Reversal of deferred tax assets at the end of the fiscal year due to changes in the tax rate	210.3
Other	(2.6)
Effective corporate tax rate after applying tax effect accounting	1.3

As of March 31, 2011	As of March 31, 2012
―――――	3.Adjustments to deferred tax assets and deferred tax liabilities due to changes in the statutory corporate tax rate In order to build a tax system that can respond to structural changes in the social economy, portions of the Income Tax Act, etc. were amended and, the Act on Special Measures was promulgated on December 2, 2011 to secure the necessary funding in order to implement policies for the recovery from the Great East Japan Earthquake. Because of this, the statutory corporate tax rate used in the calculation of deferred tax assets and deferred tax liabilities for the consolidated fiscal year under review (however, this is limited to reversals on or after April 1, 2012) changed from 40.6% for the previous fiscal year to 37.9% for assets that are expected to be recovered or paid between April 1, 2012 and March 31, 2015 and to 35.5% for assets that are expected to be recovered or paid on or after April 1, 2015. The impact of changes in the statutory corporate tax rate is minor.

(Notes to Business combinations)

For the fiscal year ended March 31, 2012

1. Objectives of corporate spin-off and merger

Confronted by a very challenging operating environment due largely to such factors as an increase in interest refund claims following a ruling of the Japanese Supreme Court in January 2006, financial turmoil triggered by the sub-prime loan crisis, and controls on the total amount an individual can borrow following comprehensive implementation of amendments to Japan's Money lending business act in June 2010, the AIFUL Group is undertaking steps to restructure its business. These steps include a full-fledged reform of the Group's cost structure encompassing cutbacks in personnel and other measures in line with organizational integration and the elimination and consolidation of bases, and are complemented by the sale of consumer finance subsidiaries and the application of financial support entailing the consensual business revitalization alternative dispute resolution procedures ("the ADR process").

While implementing these drastic structural changes, based on the business reconstruction policy in the Business Revitalization Plan granted under the Business Revitalization ADR procedures, the organization and the business of the AIFUL Group is being consolidated to the extent possible from the perspective of selection and concentration and, by concentrating management resources on core businesses, the reorganization of the Group is being implemented.

By implementing the reorganization of the Group, business can be developed through the aggregation of consumer finance under the "AIFUL" brand and credit cards under the "Life Card" brand, and leveraging the name recognition of each.

2. Corporate Spin-off

(1) Outline

i. Outline of company spun off

	Absorption-type demerger company	Absorption-type demerger surviving company
Name	LIFE Co.,Ltd	Life Card Co., Ltd
Business details	Consumer Credit business Consumer Finance business	Consumer Credit business Credit Guarantee business

ii. Date of corporate combination: July 1, 2011

iii. Legal form of corporate combination

On July 1, 2011, through a corporate spin-off method (absorption-type demerger), LIFE Co., Ltd. (hereinafter " LIFE ") spun off its credit card business (credit card business and installment sales finance business) and its completed credit guarantee business and insurance business to Life Card Co., Ltd., a 100% owned subsidiary established in July 2010, as the surviving company.

iv. Corporate name following combination: Life Card Co., Ltd.

v. Outline of accounting treatment implemented

Based on *Accounting Standard for Business Combinations* (ASBJ Accounting Standard No. 21, December 26, 2008) and *Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures* (ASBJ Guidance No. 10, December 26, 2008) it was treated as a transaction under common control.

3. Merger

(1) Outline

i. Outline of acquired company

	The absorption-type merger absorbed company			
Trade Name	LIFE Co.,Ltd	City ' s Corporation	City Green Corporation	Marutoh KK
Principal Business	Consumer Credit business Consumer Finance busines	Small business loan	Holding company for City ' s Corporation	Real estate business

ii. Date of corporate combination: July 1, 2011

iii. Legal form of corporate combination: The absorption-type merger

iv. Corporate name following combination: AIFUL Corporation

v. Outline of accounting treatment implemented

Based on *Accounting Standard for Business Combinations* (ASBJ Accounting Standard No. 21, December 26, 2008) and *Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures* (ASBJ Guidance No. 10, December 26, 2008) it was treated as a transaction under common control.

(2) Acquisition cost of acquired company and details

Cost of acquisition	Market price of AIFUL Co., Ltd. shares on the date of the corporate combination	258 million yen
Expenses directly related to the acquisition	Advisory fees, etc.	5 million yen
Acquisition cost		263 million yen

(3) Exchange ratio by class of share, method of calculation and the number of shares exchanged

i. Exchange ratio by class of share

1 common share of LIFE Co., Ltd. : 39 common shares of AIFUL Co. Ltd.

ii. Calculation method of share exchange ratio

AIFUL Co., Ltd. and LIFE Co., Ltd. each engaged outside, independent financial advisors to calculate the share exchange ratio and, based on their reports and following consultations between the two parties, arrived at this calculation.

iii. Number of shares exchanged

2,248,350 shares

(4) Value of accrued negative goodwill and reason for accrual

i. Value of accrued negative goodwill: 1,114 million yen

ii. Reason for accrual

There is a difference in the amount equivalent to the stake held by minority interests in LIFE Co., Ltd. and the market price of AIFUL Co., Ltd. shares.

(Notes to Segment information)

Segment Information

(1) Overview of reportable segments

The Company's reportable segments are the Group's structural units, for which separate financial information is available, and which are subject to periodic review by the Board of Directors in order to assist decision-making on the allocation of managerial resources and assessment of business performance.

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 three reporting segments, the core company AIFUL Co., Ltd., LIFE Co., Ltd. (up until the time that it was absorbed in a merger by the Company), and Life Card Co., Ltd.
On July 1, 2011, an organizational restructuring was implemented which resulted in a change in reported segments from the segments reported at the second quarter of the consolidated fiscal year under review.
(Prior to the change, there were two reporting segments, the core company AIFUL Co., Ltd. and LIFE Co., Ltd.)
For this reason, figures for the last consolidated fiscal year have been prepared using the segment reporting of the consolidated fiscal year under review.
AIFUL Co., Ltd. is mainly in the loan business and the credit guarantee business. LIFE Co., Ltd. was in the loan business, the credit card business and the credit guarantee business and Life Card Co., Ltd. is mainly in the credit card business and the credit guarantee business.

(2) Calculation of operating revenue, 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. Losses for reportable segments are net losses.

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

(3) Information relating to operating revenues as well as profit and loss by reporting segment
For the fiscal year ended March 31, 2011

(Million yen)

	Reportable segments				Other *1	Total
	AIFUL	LIFE	Life Card	Total		
Operating revenue						
Operating revenue from third parties	86,203	44,032	0	130,236	14,725	144,961
Inter-segment sales	19	75	—	95	127	223
Total	86,223	44,108	0	130,331	14,852	145,184
Segment profits (loss)	-70,169	-31,147	-5	-101,322	-3,522	-104,844
Segment assets	578,152	281,340	191	859,684	73,768	933,453
Segment liabilities	513,318	248,735	96	762,150	68,176	830,327
Other items						
Provision for credit card point redemption	—	2,006	—	2,006	—	2,006
Provision for investment loss *2	244	—	—	244	26	270
Provision for doubtful accounts *2	48,538	13,106	—	61,644	7,245	68,889
Provision for loss on interest repayment	—	27,211	—	27,211	—	27,211
Provision for bonuses	735	373	—	1,108	85	1,194
Depreciation	4,218	3,468	—	7,686	120	7,807
Interest on loans to customers	1,677	4	—	1,681	8	1,690
Dividends received	158	35	—	194	4	198
Reversal provision for doubtful accounts	—	—	—	—	—	—
Reversal provision for investment loss	—	—	—	—	—	—
Amortization of negative goodwill	—	—	—	—	—	—
Interest expenses *3	—	—	—	—	268	268
Extraordinary income	1,937	501	—	2,439	86	2,525
(Gain on retirement of bond)	(1,537)	(—)	(—)	(1,537)	(—)	(1,537)
(Gain on loan extinguishment)	(—)	(—)	(—)	(—)	(—)	(—)
Extraordinary losses	77,493	2,967	—	80,461	1,749	82,210
(Impairment loss)	(211)	(—)	(—)	(211)	(1,031)	(1,242)
(Loss on sale of investment securities)	(53)	10	(—)	(63)	(—)	(63)
(Provision for business structure improvement)	(150)	(—)	(—)	(150)	(44)	(194)
(Loss attributable to disaster)	(3,613)	(2,483)	(—)	(6,097)	(505)	(6,602)
(Loss on adjustment for changes of accounting standard for asset retirement obligation)	(1,277)	(—)	(—)	(1,277)	(0)	(1,277)
Income taxes- current	43	15	0	58	19	78
Income taxes- deferred	119	-200	—	-80	2	-78
Increase/decrease in tangible and intangible assets	2,437	1,959	—	4,396	27	4,424

*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 investment loss and provision for doubtful accounts is the sum total of operating expenses, non-operating expenses and extraordinary losses.
3. Interest paid is the amount that is not included in operating expenses but is noted as a non-operating expense.

For the fiscal year ended March 31, 2012

	Reportable segments				Other *1	Total
	AIFUL	LIFE	Life Card	Total		
Operating revenue						
Operating revenue from third parties	72,180	10,079	19,276	101,536	12,465	114,002
Inter-segment sales	11	8	293	313	19	333
Total	72,192	10,087	19,570	101,850	12,485	114,335
Segment profits (loss)	13,407	766	2,206	16,380	1,836	18,216
Segment assets	533,712	—	181,829	715,542	63,247	778,789
Segment liabilities	453,952	—	94,956	548,908	50,486	599,394
Other items						
Provision for credit card point redemption	—	—	1,392	1,392	—	1,392
Provision for investment loss *2	543	—	—	543	13	556
Provision for doubtful accounts *2	24,267	2,642	2,528	29,439	3,452	32,891
Provision for loss on interest repayment	—	—	—	—	—	—
Provision for bonuses	591	183	4	779	50	830
Depreciation	3,668	804	2,409	6,882	20	6,902
Interest on loans to customers	612	0	—	612	2	614
Dividends received	98	8	11	118	10	128
Reversal provision for doubtful accounts	331	—	—	331	—	331
Reversal provision for investment loss	22	—	—	22	144	167
Amortization of negative goodwill*3	1,115	—	—	1,115	—	1,115
Interest expenses *4	—	—	—	—	102	102
Extraordinary income	5,705	2	1	5,709	187	5,897
(Gain on retirement of bond)	(814)	(—)	(—)	(814)	(—)	(814)
(Gain on loan extinguishment)	(2,901)	(—)	(—)	(2,901)	(—)	(2,901)
Extraordinary losses	3,838	14	35	3,888	22	3,911
(Impairment loss)	(322)	(—)	(—)	(322)	(—)	(322)
(Loss on sale of investment securities)	(1,452)	(—)	(—)	(1,452)	(—)	(1,452)
(Provision for business structure improvement)	(2,008)	(—)	(35)	(2,044)	(20)	(2,064)
(Loss attributable to disaster)	(—)	(—)	(—)	(—)	(—)	(—)
(Loss on adjustment for changes of accounting standard for asset retirement obligation)	(—)	(—)	(—)	(—)	(—)	(—)
Income taxes- current	41	2	186	230	10	240
Income taxes- deferred	-9	—	—	-9	0	-9
Increase/decrease in tangible and intangible assets	1,352	37	998	2,388	20	2,408

*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 investment loss and provision for doubtful accounts is the sum total of operating expenses, non-operating expenses and extraordinary losses.
3. The amortization of negative goodwill is combined in non-operating income and in extraordinary income.
4. Interest paid is the amount that is not included in operating expenses but is noted as a non-operating expense.

(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	FY2010	FY2011
Reportable segment total	130,331	101,850
Profit categorized in "Other"	14,852	12,485
Inter-segment eliminations	-223	-333
Operating revenue posted in consolidated financial statements	144,961	114,002

Profit / Loss	FY2010	FY2011
Reportable segment total	-101,322	16,380
Profit(loss) categorized in "Other"	-3,522	1,836
Inter-segment eliminations	72,691	-2,157
Amortization of goodwill	217	1,332
Net income(loss) posted in consolidated financial statements	-31,935	17,391

Assets	FY2010	FY2011
Reportable segment total	859,684	715,542
Profit categorized in "Other"	73,768	63,247
Inter-segment eliminations	-75,436	-113,605
Total assets posted in consolidated financial statements	858,017	665,184

Liabilities	FY2010	FY2011
Reportable segment total	762,150	548,908
Profit categorized in "Other"	68,176	50,486
Inter-segment eliminations	-35,914	-15,854
Total liabilities posted in consolidated financial statements	794,412	583,540

(Million yen)

	Total of reportable segment		Other		Adjustment*4		Amount posted in Consolidated Financial statements	
	FY2010	FY2011	FY2010	FY2011	FY2010	FY2011	FY2010	FY2011
Other items								
Provision for credit card point redemption	2,006	1,392	—	—	—	-0	2,006	1,391
Provision for investment loss*1	244	543	26	13	—	-543	270	13
Provision for doubtful accounts*1	61,644	29,439	7,245	3,452	-3,821	45	65,068	32,937
Provision for loss on interest repayment	27,211	—	—	—	—	—	27,211	—
Provision for bonuses	1,108	779	85	50	—	1	1,194	832
Depreciation	7,686	6,882	120	20	—	—	7,807	6,902
Interest on loans to customers	1,681	612	8	2	-1,680	-609	9	5
Dividends received	194	118	4	10	—	—	198	128
Reversal provision for doubtful accounts	—	331	—	—	—	-331	—	—
Reversal provision for investment loss	—	22	—	144	—	—	—	167
Amortization of negative goodwill*2	—	1,115	—	—	217	217	217	1,332
Interest expenses*3	—	—	268	102	-268	-102	—	—
Extraordinary income	2,439	5,709	86	187	2	-724	2,528	5,173
(Gain on retirement of bond)	(1,537)	(814)	(—)	(—)	(—)	(—)	(1,537)	(814)
(Gain on loan extinguishment)	(—)	(2,901)	(—)	(—)	(—)	(—)	(—)	(2,901)
Extraordinary losses	80,461	3,888	1,749	22	-71,603	—	10,607	3,911
(Impairment loss)	(211)	(322)	(1,031)	(—)	(—)	(—)	(1,242)	(322)
(Loss on sale of investment securities)	(63)	(1,452)	(—)	(—)	(—)	(—)	(63)	(1,452)
(Provision for business structure improvement)	(150)	(2,044)	(44)	20	(0)	(—)	(194)	(2,064)
(Loss attributable to disaster)	(6,097)	(—)	(505)	(—)	(—)	(—)	(6,602)	(—)
(Loss on adjustment for changes of accounting standard for asset retirement obligation)	(1,277)	(—)	(0)	(—)	(—)	(—)	(1,277)	(—)
Income taxes- current	58	230	19	10	—	—	78	240
Income taxes- deferred	-80	-9	2	0	—	—	(-78)	-9
Increase/decrease in tangible and intangible assets	4,396	2,388	27	20	—	—	4,424	2,408

*1 Provision for investment loss and provision for doubtful accounts is the sum total of operating expenses, non-operating expenses and extraordinary losses.

2. The amortization of negative goodwill is combined in non-operating income and in extraordinary losses income.

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

4. Details of the major adjustment during the consolidated fiscal year under review are adjustment to provision for investment loss 543 million yen.
Further, details of the major adjustments during the previous consolidated fiscal year were adjustment to evaluation loss on shares of related companies 67,782 million yen and adjustment to provision for doubtful accounts of 3,821 million yen.

(Related information)

For the fiscal year ended March 31, 2011

1. Information by product/service

	Loan business	Other	Total
Operating revenue from third parties	103,784	41,177	144,961

2. Geographic segment information
   (1) Operating revenue
   Information not stated, as the Company has no operating revenue attributable to external customers outside of Japan.
   (2) Tangible fixed assets
   Information not stated as the Company has no tangible fixed assets located outside of Japan.
3. Information about major customers
   Information not stated, as the Company has no customers included in operating revenue attributable to external customers that account for 10% or more of the operating revenue in its consolidated income statement.

For the fiscal year ended March 31, 2012

1. Information by product/service

	Loan business	Other	Total
Operating revenue from third parties	75,992	38,009	114,002

2. Geographic segment information
   (1) Operating revenue
   Information not stated, as the Company has no operating revenue attributable to external customers outside of Japan.
   (2) Tangible fixed assets
   Information not stated as the Company has no tangible fixed assets located outside of Japan.
3. Information about major customers
   Information not stated, as the Company has no customers included in operating revenue attributable to external customers that account for 10% or more of the operating revenue in its consolidated income statement.

(Information about impairment loss of fixed assets in reportable segments)

For the fiscal year ended March 31, 2011

Information not stated, as the Company discloses the same information in segment information.

For the fiscal year ended March 31, 2012

Information not stated, as the Company discloses the same information in segment information.

(Information about amortized amount and unamortized balance of goodwill in reportable segments)

For the fiscal year ended March 31, 2011

	Reporting segment			Others (Note)	Total
	AIFUL	LIFE	Total		
Balance at beginning of the fiscal year	-	-	-	653	653

(Note) 1. The “Others” segment indicates businesses not included in the reported segments, and is “negative goodwill” relating to New Frontier Partners Co., Ltd.

2. The amortized amount of negative goodwill is omitted, as the Company discloses the same information in segment information.

For the fiscal year ended March 31, 2012

	Reporting segment			Others (Note)	Total
	AIFUL	LIFE	Total		
Balance at beginning of the fiscal year	-	-	-	435	435

(Note) 1. The “Others” segment indicates businesses not included in the reported segments, and is “negative goodwill” relating to New Frontier Partners Co., Ltd.

2. The amortized amount of negative goodwill is omitted, as the Company discloses the same information in segment information.

(Information about gain on negative goodwill by reporting segment)

For the fiscal year ended March 31, 2011: No relevant matters

For the fiscal year ended March 31, 2012:
AIFUL Co., Ltd. absorbed LIFE Co., Ltd. in a merger following a corporate spin-off with an effective date of July 1, 2011. As a result, 1,114 million yen of negative goodwill was accrued and posted during the consolidated fiscal year under review.

(Per Share Information)

For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
Net assets per share 255.32 yen Net loss per share 134.05 yen Diluted net income per share omitted because the Company recorded a net loss per share and because there were no latent shares with a dilutive effect.	Net assets per share 331.59 yen Net income per share 72.49 yen Diluted net income per share omitted because there were no latent shares with a dilutive effect.

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

	As of March 31, 2011	As of March 31, 2012
Total net assets	63,604	81,644
Amount deducted from total net assets	2,781	1,904
(Of which subscription rights to shares)	(23)	(51)
(Of which minority interests)	(2,757)	(1,853)
Net assets related to common stock at end of fiscal year	60,823	79,739
Number of shares of common stock at the end of the fiscal year used in the calculation of net assets per share	238,228,390 shares	240,476,023 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, 2011	For the fiscal year ended March 31, 2012
Net income (loss) per share		
Net income (loss)	-31,935 million yen	17,391 million yen
Amount not attributable to common stock shareholders	—	—
Net income (loss) related to common stock	-31,935 million yen	17,391 million yen
Average number of shares of common stock during the period	238,228,461 shares	239,917,263 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	New share subscription-type stock options (No. of shares: 2,095,600) decided upon at the meeting of Board of directors (June 7, 2010)	New share subscription-type stock options (No. of shares: 1,944,600) decided upon at the meeting of Board of directors (June 7, 2010)

5. Consolidated Results of Operations

(1) Operating Revenue (Million yen; %)

Company	Item		End of the current FY (Apr. 1, 2010 to Mar. 31, 2011) Amount	%	End of the current FY (Apr. 1, 2011 to Mar. 31, 2012) Amount	%
AIFUL CCORPORATION	Interest on loans to customers		74,020	51.0	57,657	50.6
		Unsecured loans	60,194	41.5	46,373	40.7
		Secured loans	12,511	8.6	9,554	8.4
		Small business loans	1,314	0.9	1,729	1.5
	Revenue from credit card business		—	—	104	0.1
	Revenue from Installment sales finance business		166	0.1	211	0.2
	Revenue from Credit guarantee		3,349	2.3	3,051	2.7
	Other financial revenue		31	0.0	29	0.0
	Other operating revenue		8,636	6.0	11,125	9.8
		Recovery of loans previously charged off	8,370	5.8	10,522	9.2
		Other	266	0.2	603	0.6
	Subtotal		86,203	59.4	72,180	63.4
LIFE Co., Ltd	Interest on loans to customers		19,441	13.4	4,435	3.8
		Unsecured loans	19,324	13.3	4,424	3.8
		Secured loans	116	0.1	10	0.0
	Revenue from Credit card		12,328	8.5	2,802	2.5
	Revenue from Installment sales finance business		526	0.4	72	0.1
	Revenue from Credit guarantee		2,409	1.7	507	0.4
	Other financial revenue		41	0.0	0	0.0
	Other operating revenue		9,285	6.4	2,260	2.0
		Recovery of loans previously charged off	4,203	2.9	873	0.8
		Other	5,081	3.5	1,387	1.2
	Subtotal		44,032	30.4	10,079	8.8
Life Card Co., Ltd	Interest on loans to customers		—	—	6,084	5.3
		Unsecured loans	—	—	6,084	5.3
	Revenue from credit card		—	—	8,436	7.4
	Revenue from Installment sales finance business		—	—	91	0.1
	Revenue from Credit guarantee		—	—	1,239	1.1
	Other financial revenue		0	0.0	3	0.0
	Other operating revenue		—	—	3,421	3.0
		Recovery of loans previously charged off	—	—	4	0.0
		Other	—	—	3,416	3.0
	Subtotal		0	0.0	19,276	16.9

Item \ Period			End of the current FY (Apr. 1, 2010 to Mar. 31, 2011)		End of the current FY (Apr. 1, 2011 to Mar. 31, 2012)	
			Amount	%	Amount	%
OTHER	Interest on loans to customers		10,323	7.1	7,815	6.9
		Unsecured loans	24	0.0	3	0.0
		Secured loans	1,347	0.9	1,015	0.9
		Small business loans	8,950	6.2	6,796	6.0
	Other financial revenue		1	0.0	0	0.0
	Other operating revenue		4,400	3.1	4,649	4.0
		Revenue from operational investment securities	50	0.0	34	0.0
		Collection of purchased receivables	3,751	2.6	4,482	3.9
		Recovery of loans previously charged off	57	0.1	31	0.0
		Other	541	0.4	101	0.1
	Subtotal		14,725	10.2	12,465	10.9
Total			144,961	100.0	114,002	100.0

Notes: 1. Segment classifications are consistent with segment information classifications.

2. From the consolidated fiscal year under review, the Group will have three reporting segments which are its core operating companies AIFUL Corporation, LIFE Co., Ltd. (until its merger with AIFUL Corporation) and Life Card Co., Ltd.
On July 1, 2011, an organizational restructuring was implemented which resulted in a change in reporting segments from the segments reported at the second quarter of the consolidated fiscal year under review.
(Prior to the change, there were two reporting segments, the core company AIFUL Co., Ltd. and LIFE Co., Ltd.)
For this reason, figures for the last consolidated fiscal year have been prepared using the reporting segment of the consolidated fiscal year under review

3. Figures for Life Co., Ltd. are figures for the period from April 1, 2011 to June 30, 2011.

4. Included in the “Other” category of “Operating revenue ― other” for LIFE Co., Ltd. and Life Card Co.,Ltd. are card membership revenue and related items

5. The aforementioned amounts are exclusive of consumption and related taxes

(2) Other operating indicator

Item / Period		As of Mar. 31, 2011	As of Mar. 31, 2012
Total amount of loans outstanding (millions of yen)		594,527	455,012
	Unsecured loans	425,400	318,785
	Secured loans	99,649	77,115
	Small business loans	69,477	59,111
Number of customer accounts		1,515,011	1,130,329
	Unsecured loans	1,432,422	1,062,335
	Secured loans	36,053	27,869
	Small business loans	46,536	40,125
Number of branches		631	625
	Staffed branches	30	30
	Unstaffed branches	601	595
Number of automatic loan-contracting machines		632	632
Number of ATMs		167,235	155,157
	Company-owned	633	603
	Partner-owned	166,602	154,554
Number of employees		2,073	1,898
Write-offs (millions of yen)		108,803	71,557
Allowance for doubtful accounts (millions of yen)		192,434	156,346
Net income (loss) per share (yen)		-134.05	72.49
Net assets per share (yen)		255.32	331.59

Notes: 1. Total amount of loans outstanding and the number of customer accounts do not include loans and customer accounts related to claims in bankruptcy.

2. Write- offs does not include losses on claims in bankruptcy, which came to 6,675 million yen in the previous fiscal year, and 4,552 million yen in the fiscal year under review.

3. The allowance for doubtful accounts includes the expected amount of interest repayments estimated to have priority application to loans outstanding (77,012 million yen at the end of the previous fiscal year and 58,112 million yen at the end of the fiscal year under review)

6. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(In millions of yen)

	As of March 31, 2011	As of March 31, 2012
Assets		
Current assets		
Cash and deposits	128,157	75,775
Operating loans	381,368	344,454
Installment receivables	—	7,202
Customers' liabilities for acceptances and guarantees	36,969	48,397
Other operating receivables	3,667	8,113
Prepaid expenses	1,478	2,742
Accrued income	2,891	2,356
Funds deposited as collateral for derivative transactions	17,660	—
Other	4,778	8,080
Allowance for doubtful accounts	(118,180)	(107,400)
Total current assets	458,789	389,722
Fixed assets		
Tangible fixed assets		
Buildings	14,462	13,360
Total accumulated depreciation	(7,991)	(8,059)
Net buildings	6,471	5,301
Structures	1,643	1,605
Total accumulated depreciation	(1,348)	(1,340)
Net structures	294	264
Machinery and equipment	157	175
Total accumulated depreciation	(110)	(138)
Net machinery and equipment	46	37
Furniture and fixtures	15,034	14,832
Total accumulated depreciation	(12,384)	(12,500)
Net furniture and fixtures	2,649	2,332
Land	6,762	6,869
Construction in process account	255	139
Total tangible fixed assets	16,479	14,944
Intangible fixed assets		
Software	6,069	4,446
Other	78	80
Total intangible fixed assets	6,148	4,527
Investment and other fixed assets		
Investment securities	4,927	1,072
Stock in affiliated companies	49,625	102,569
Other marketable securities of affiliated companies	232	220
Long-term loans to affiliated companies	36,128	16,779
Claims in bankruptcy	42,471	43,809
Long-term prepaid expenses	50	51
Lease and guarantee deposits	1,961	1,889
Other	717	506
Allowance for investment loss	(1,890)	(2,156)
Allowance for doubtful accounts	(37,544)	(40,224)
Total investment and other fixed assets	96,679	124,518
Total fixed assets	119,308	143,990

(In millions of yen)

	As of March 31, 2011	As of March 31, 2012
Deferred assets		
Bond issuing expenses	54	—
Total deferred assets	54	—
Total assets	578,152	533,712
Liabilities		
Current liabilities		
Acceptances and guarantees	36,969	48,397
Current portion of bonds	91,900	17,000
Current portion of long-term debt	—	23,908
Trade accounts payable	12,220	11,723
Accrued expenses	1,404	714
Income taxes payable	263	204
Allowance for bonuses	735	820
Allowance for business structure improvement	169	2,057
Allowance for losses attributable to disaster	51	—
Deferred installment income	—	56
Asset retirement obligation	30	48
Other	364	1,000
Total current liabilities	144,109	105,121
Long-term liabilities		
Bonds	54,500	34,300
Long-term debt	177,964	209,250
Deferred tax liabilities	119	115
Allowance for losses on interest repayments	133,951	102,395
Asset retirement obligation	1,526	1,535
Other	1,147	1,233
Total long-term liabilities	369,208	348,830
Total liabilities	513,318	453,952
Net Assets		
Shareholders' equity		
Common stock	143,324	143,324
Capital surplus		
Capital reserves	150,232	150,232
Other capital surplus	—	258
Total capital surplus	150,232	150,491
Retained earnings		
Earned surplus reserves	1,566	1,566
Other retained earnings		
General reserve	102,230	102,230
Retained earnings carried forward	(328,210)	(314,802)
Total retained earnings	(224,413)	(211,006)
Treasury stock	(3,110)	(3,110)
Total shareholders' equity	66,033	79,699
Valuation and translation adjustments		
Unrealized gain (loss) on available for sale securities	(1,222)	10
Total valuation and translation adjustments	(1,222)	10
Subscription rights to shares	23	51
Total net assets	64,834	79,760
Total net assets and liabilities	578,152	533,712

(2) Non-Consolidated Statements of Income

(In millions of yen)

	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
Operating revenue		
Interest on loans to customers	74,020	57,657
Other financial revenue	31	29
Other operating revenue		
Revenue from Credit guarantee	3,349	3,051
Recovery of loans previously charged off	8,370	10,522
Other	452	931
Total other operating revenue	12,171	14,504
Total operating revenue	86,223	72,192
Operating expenses		
Financial expenses		
Interest expenses	4,163	4,770
Interest on bond	3,803	2,582
Other	170	64
Total financial expenses	8,137	7,417
Cost of sales		
Cost of sales of real estate	45	42
Total cost of sales	45	42
Other operating expenses		
Commissions	5,078	5,620
Provision for doubtful accounts	44,812	24,267
Director's salaries and remuneration	198	145
Salaries for employees	6,791	7,055
Bonus for employees	794	414
Provision for bonuses	735	591
Welfare expenses	1,553	1,857
Expenses for retirement benefits for employees	387	546
Rent fees	1,326	809
Land rent	2,104	1,785
Repairs	2,018	1,407
Depreciation expenses	4,218	3,668
Other	4,993	6,279
Total other operating expenses	75,014	54,451
Total operating expenses	83,197	61,910
Operating income (loss)	3,026	10,281

	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
Non-operating income		
Interest on loans	1,677	612
Fiduciary obligation fee	332	398
Reversal provision for doubtful accounts	—	331
Other	579	517
Total non-operating income	2,589	1,859
Non-operating expenses		
Loss on investment in anonymous association	25	—
Foreign exchange losses	12	—
Provision for investment loss	—	543
Other	28	25
Total non-operating expenses	66	568
Ordinary income (loss)	5,549	11,571
Extraordinary income		
Gain on negative goodwill	—	1,115
Gain on valuation of tie-in shares	—	724
Gain on retirement of bond	1,537	814
Gain on loan extinguishment	—	2,901
Other	400	149
Total extraordinary income	1,937	5,705
Extraordinary losses		
Loss on sale of investment securities	53	1,452
Loss on valuation of stocks of affiliated companies	67,782	—
Provision for business structure improvement	150	2,008
Other	9,507	377
Total extraordinary losses	77,493	3,838
Income (loss) before taxes	(70,007)	13,438
Income taxes-current	43	41
Income taxes-deferred	119	(9)
Total income taxes	162	31
Net income (loss)	(70,169)	13,407

(3) Statements of Change in Shareholders' Equity

(In millions of yen)

	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
Shareholders' equity		
Common stock		
Balance at the beginning of fiscal year	143,324	143,324
Balance at the end of fiscal year	143,324	143,324
Capital surplus		
Capital reserve		
Balance at the beginning of fiscal year	150,232	150,232
Balance at the end of fiscal year	150,232	150,232
Other capital surplus		
Balance at the beginning of fiscal year	—	—
Change during current fiscal year		
Issuance of new shares	—	258
Total change during fiscal year	—	258
Balance at the end of fiscal year	—	258
Total capital surplus		
Balance at the beginning of fiscal year	150,232	150,232
Change during current fiscal year		
Issuance of new shares	—	258
Total change during fiscal year	—	258
Balance at the end of fiscal year	150,232	150,491
Retained earnings		
Earned surplus reserve		
Balance at the beginning of fiscal year	1,566	1,566
Balance at the end of fiscal year	1,566	1,566
Other retained earnings		
General reserve		
Balance at the beginning of fiscal year	102,230	102,230
Balance at the end of fiscal year	102,230	102,230
Retained earnings carried forward		
Balance at the beginning of fiscal year	(258,040)	(328,210)
Change during fiscal year		
Net income (loss)	(70,169)	13,407
Total change during fiscal year	(70,169)	13,407
Balance at the end of fiscal year	(328,210)	(314,802)
Retained earnings		
Balance at the beginning of fiscal year	(154,243)	(224,413)
Change during fiscal year		
Net income (loss)	(70,169)	13,407
Total change during fiscal year	(70,169)	13,407
Balance at the end of fiscal year	(224,413)	(211,006)
Treasury stock		
Balance at the beginning of fiscal year	(3,110)	(3,110)
Change during fiscal year		
Purchase of treasury stock	(0)	(0)
Total change during fiscal year	(0)	(0)
Balance at end of fiscal year	(3,110)	(3,110)
Total shareholders' equity		
Balance at the beginning of fiscal year	136,203	66,033
Change during fiscal year		
Issuance of new shares	—	258
Net income (loss)	(70,169)	13,407
Purchase of treasury stock	(0)	(0)
Total change during fiscal year	(70,169)	13,665
Balance at the end of fiscal year	66,033	79,699

(In millions of yen)

	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
Valuation and translation adjustments		
Unrealized gain (loss) on available-for-sale-securities		
Balance at the beginning of fiscal year	(666)	(1,222)
Change during fiscal year		
Net change in items other than shareholders' equity during fiscal year	(556)	1,233
Total change during fiscal year	(556)	1,233
Balance at the end of fiscal year	(1,222)	10
Total valuation and translation adjustments		
Balance at the beginning of fiscal year	(666)	1,222
Change during fiscal year		
Net change in items other than shareholders' equity during fiscal year	(556)	1,233
Total change during fiscal year	(556)	1,233
Balance at the end of fiscal year	(1,222)	10
Subscription rights to shares		
Balance at the beginning of fiscal year	—	23
Change during current fiscal year		
Net change in items other than shareholders' equity during fiscal year	23	27
Total change during fiscal year	23	27
Balance at the end of fiscal year	23	51
Total net assets		
Balance at the beginning of fiscal year	135,536	64,834
Change during current fiscal year		
Issuance of new shares	—	258
Net income (loss)	(70,169)	13,407
Purchase of treasury stock	(0)	(0)
Net changes in items other than shareholders' equity during fiscal year	(532)	1,260
Total change during fiscal year	(70,701)	14,926
Balance at the end of fiscal year	64,834	79,760

(4) Notes on premise of going concern

No relevant matter

(5) Important accountant principle

Item	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
1. Accounting standard for allowances	i) Allowance for losses attributable to disaster The allowance for losses attributable to disaster is provided at an estimated amount of costs to the removal and restoration of assets affected by the Great Eastern Japan Earthquake.	——————
2. Principal hedge accounting methods	i) Method of hedge accounting Designation (furiate shori) is applied to exchange rate fluctuation risk hedges that meet the requirements for designation, and exceptional accounting is applied to interest swap contracts that meet the requirements for exceptional accounting.	——————
	ii) Hedging instruments and targets a. Hedging instrument…currency swap contracts Hedging target…foreign currency denominated bonds b. Hedging instrument…interest swap contracts Hedging target…bonds with floating interest rates that have fluctuating cash flow depending on changes in market interest rates, etc.	——————
	iii) Hedging policy In its currency swap contracts, the AIFUL Group hedges against the risk of currency fluctuations related to the payment of principal and interest on foreign currency denominated bonds. In its interest swap contracts the AIFUL Group keeps fixed interest fund raising at a certain level as a proportion of all fund raising.	——————
	iv) Method of evaluating effectiveness of hedging The AIFUL Group judges the effectiveness of hedging using a proportional analysis of the cumulative fluctuation of hedging targets and hedging instruments over the previous ten years. However, the effectiveness of hedging is not evaluated for interest swap contracts to which exceptional accounting is applied.	——————
3. Deferred assets amortization method	(1) Bond issuing expenses Amortized using the straight line method until the corporate bond is redeemed.	——————

Item	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
4. Accounting standards for posting revenue and expenses	——————	(1) Standards for posting revenue from installment sales Using the add-on method, customer commissions and merchant fees are posted in their entirety at the time of contract as “deferred profit on installment sales” and revenue is posted at each billing period. For declining balance method or revolving method customer commissions, revenue is posted at each billing period. For the add-on method, the periodic allocation of revenue uses the rule of seventy eight.
	——————	(2) Credit guarantee revenues Revenues are posted using the declining balance method.

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 29, 2011). Accordingly, no mention is made of them.

Changes in disclosure method

(Balance Sheets)

In the last fiscal year, the “Other” item of “Current assets” included “Other operating receivables” but, because its importance has increased, it is noted independently in the current fiscal year. Financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.
As a result, the 8,445 million yen in the “Other” item of “Current assets” has been reclassified as 3,667 million yen in “Other operating receivables” and 4,778 million yen in “Other”.

(Consolidated Statements of Income)

“Gain on sale of investment securities” (¥52 million for the fiscal year under review), which was presented as a separate item until the previous fiscal year, has been included under “Other” in “Extraordinary income” as it accounts for less than 10% of total extraordinary income.
As a result, Statements of income for the previous fiscal year has been reclassified so that the 371 million yen presented as “Gain on sale of investment securities” is recalculated into “Other” 400 million yen.
In the previous fiscal year, the “Other” item of “Extraordinary losses” included “Loss on sale of investment securities” and “Provision for business structure improvement” but, as these items have exceeded 10% of total Extraordinary losses, from the fiscal year under review, they have been noted independently. To reflect this change in presentation, the financial statements for the last year have been reclassified.
As a result, the statements of income for the last fiscal year has been reclassified so that the 9,711 million yen presented as the “Other” item of “Extraordinary losses” are recalculated into “Loss on sale of investment securities” 53 million yen, “Provision for business structure improvement” 150 million yen and “Other” 9,507 million yen.

Additional Information

Accounting changes and error corrections from the beginning of the fiscal year under review began to use the *Accounting Standard for Accounting Changes and Error Corrections* (ASBJ Statement No. 24, December 4, 2009) and the *Guidance on Accounting Changes and Error Corrections* (ASBJ Guidance No.24, December 4, 2009).

(6) Notes to Non-consolidated financial statements

(Notes to non-consolidated Balance sheets)

<table>
<tr><th>As of March 31, 2011</th><th>As of March 31, 2012</th></tr>
<tr><td>*1. Assets pledged as collateral and corresponding liabilities

(1) Assets pledged as collateral
(Million yen)
Operating loans 233,140
Other current assets 37
Buildings 5,567
Land 6,762
Investment securities 3,927
Total 249,434
(2) Corresponding liabilities
Long term debt 177,964
Total 177,964

i) ¥127,759 million in operating loans is included as joint collateral of AIFUL and its subsidiaries under the ADR process, and collateral has also been provided for ¥81,686 million in the long-term debt of subsidiaries
ii) AIFUL has contracted to offer ¥27 million in loans as collateral in response to borrowers’ requests to the sum of ¥24 million long-term debt which is included in (2) Corresponding liabilities above.
iii) AIFUL has offered ¥17,660 million in cash (Other in Current assets) as collateral for swap transactions, which is not included in the above figures.

iv) AIFUL has taken Marutoh KK’s land and other tangible fixed assets as a pledge for its above debts.</td><td>*1. Assets pledged as collateral and corresponding liabilities

(1) Assets pledged as collateral
(Million yen)
Operating loans 214,088
Installment receivables 2,127
Other operating receivables 276
Buildings 4,248
Lands 6,486
Total 227,226
(2) Corresponding liabilities
Current portion of long-term debt 23,098
Long term debt 209,250
Total 232,349
i) ¥109,179 million in operating loans, ¥938 million in installment receivables and ¥276 million in other operating receivables, are included as joint collateral of AIFUL and its subsidiaries under the ADR process.
ii) Within the assets noted above, 3,573 million yen of operating loans and 1,189 million yen of installment receivables are being used as collateral for borrowing by Life Card Co., Ltd.
iii) AIFUL has contracted to offer 25 million yen of operating loans as collateral in response to borrowers’ requests for long-term loans of 23 million yen which is included in (2) Corresponding liabilities above.</td></tr>
<tr><td>*2. AIFUL and certain consolidated subsidiaries are receiving financial assistance under the business revitalization ADR process. Of loans payable that fall within the scope of financial assistance, AIFUL and certain consolidated subsidiaries plan to make repayments totalling 17,829 million yen on June 10, 2011 and 238 million yen on December 10, 2011, but since the order of priority of repayments to the same creditors changes depending on applicable interest rates on the payment date, as of the current settlement date it is difficult to specify the current portion of loans repayable. As a result, it is difficult to specify an amount for the current portion of long-term debts. As a result, the relevant debts have all been included under long-term debts.</td><td>――――――</td></tr>
<tr><td>*3. Includes ¥289,361 million in unsecured personal loans.</td><td>*3. Includes ¥265,617 million in unsecured personal loans.</td></tr>
</table>

As of March 31, 2011

*4. Contingent Liabilities

Guaranty of liabilities

AIFUL has provided joint and several guarantee to LIFE Co., Ltd., a consolidated subsidiary for Agreement Claim Creditors (lending financial institutions, etc.,) under the Business Revitalization Plan and the agreement with creditors.

Name of guaranteed	Amount (million yen)
Life Co., Ltd.	81,686
Total	81,686

*5. Bad debts from out of operating loans and claims in bankruptcy are as follows.

(million yen)

	Unsecured loans	Other than unsecured loans	Total
Loans in legal bankruptcy	850	41,944	42,794
Loans in arrears	33,489	28,038	61,527
Loans in 3-months+ in arrears	4,684	1,211	5,895
Restructured loans	13,659	697	14,356
Total	52,683	71,890	124,574

The loan categories in the table above are as follows.

(Loans in legal bankruptcy)

Loans in legal bankruptcy are those 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. Bad debt allowances for claims in bankruptcy are stated at the amount estimated to be non-recoverable based on individual assessment of claims

(Loans in arrears)

Loans in arrears are loans in which accruals of interest are discontinued, other than loans in legal bankruptcy, excluding those loans receiving regular payments in the case of reduction, waiver or deferral of interest payments for debtors in financial difficulties to assist them in business restructuring.

(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 loans in arrears are excluded from loans three months or more in arrears.

As of March 31, 2012

*4. Contingent Liabilities

――――――

*5. Bad debts from out of operating loans and claims in bankruptcy are as follows.

(million yen)

	Unsecured loans	Other than unsecured loans	Total
Loans in legal bankruptcy	273	42,648	42,921
Loans in arrears	25,648	24,720	50,369
Loans in 3-months+ in arrears	2,599	926	3,525
Restructured loans	23,418	3,110	26,528
Total	51,938	71,405	123,344

The loan categories in the table above are as follows.

(Loans in legal bankruptcy)

As on left

(Loans in arrears)

As on left

(Loans three months or more in arrears)

As on left

As of March 31, 2011	As of March 31, 2012
(Restructured loans) Restructured loans are loans in which regular payments are being received on loans with concessions such as reduction, waiver, or deferral of interest granted to debtors in order to assist in business restructuring. Loans classified as loans in legal bankruptcy and loans in arrears are excluded from restructured loans. *6. ¥75,227 million in estimated interest repayments forecast to have priority application is included in operating loans. *7. Includes ¥8,500 million of allowance for doubtful accounts to affiliated companies.	(Restructured loans) As on left *6. ¥58,112 million in estimated interest repayments forecast to have priority application is included in operating loans. *7. Includes ¥2,700 million of allowance for doubtful accounts to affiliated companies.

(Notes to Non-consolidated Statements of Income)

<table>
<tr><th>For the fiscal year ended March 31, 2011</th><th>For the fiscal year ended March 31, 2012</th></tr>
<tr><td>
*1. Notes related to relevant subsidiaries
(million yen)
Interest on loans 1,673
Fiduciary obligation fee 332

*2. Gain (loss) on investment in anonymous associations is the evaluation gain (loss) based on the financial statements of investment partnerships, etc.

*3. Impairment loss
AIFUL recorded the following impairment loss during the fiscal year under review.
(1) Assets with recognized impairment loss
<table>
<tr><th>Use</th><th>Type</th><th>Location</th><th>Impairment loss</th></tr>
<tr><td>Business offices scheduled for closure</td><td>Buildings, structures, equipment and fixtures etc.,</td><td>Tokyo etc.,</td><td>¥118 million</td></tr>
<tr><td>System related equipment, etc</td><td>Equipment and fixtures, software</td><td>Kyoto pref.</td><td>¥93 million</td></tr>
</table>
(2) Method of asset grouping
With respect to finance business and system-related equipment, etc., due to the introduction of the transfer plan and new accounting system from the fiscal year under review, the Company considers each asset as the smallest unit for asset grouping. Moreover, for assets involved in business restructuring, AIFUL uses all business offices scheduled for closure as a single unit for asset grouping.

(3) Background to recognition of impairment loss
AIFUL recognized impairment loss with respect to certain system-related equipment, etc. it planned to transfer because their estimated transfer value was less than their book value.
Also, in the fiscal year under review, the Company has recognized impairment loss for system-related equipment, etc. due to the introduction of a new accounting system, and it has also recognized impairment loss for business offices to be closed as a result of the implementation of further capability enhancement measures
(4) Amount of impairment loss
(million yen)
Buildings 45
Structures 12
Furniture and fixture 145
Software 9
Total 211
</td><td>
*1. Notes related to relevant subsidiaries
(million yen)
Interest on loans 608
Fiduciary obligation fee 398

*2 As on left

*3. Impairment loss
AIFUL recorded the following impairment loss during the fiscal year under review.
(1) Assets with recognized impairment loss
<table>
<tr><th>Use</th><th>Type</th><th>Location</th><th>Impairment loss</th></tr>
<tr><td>Business offices scheduled for closure</td><td>Buildings and structures, equipment and fixtures,</td><td>Miyagi pref. etc.,</td><td>¥4 million</td></tr>
<tr><td>Contact Center scheduled for closure</td><td>Buildings and structures, Machinery and equipment Furniture and fixtures,</td><td>Tokyo etc.,</td><td>¥317 million</td></tr>
</table>
(2) Method of asset grouping
AIFUL uses the finance business as the smallest unit of grouping.
For assets involved in the restructuring of the business, stores that are scheduled to be eliminated and stores that are scheduled to be moved are the smallest unit of grouping.

(3) Background to recognition of impairment loss
Impairment losses are recognized for stores that are scheduled for closure due to the implemented plan to strengthen the quality of management and for stores that are scheduled to be moved as a part of the business reorganization plan determined.

(4) Amount of impairment loss
(million yen)
Buildings 310
Structures 1
Machinery and equipment 0
Furniture and fixture 8
Total 322
</td></tr>
</table>

For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
(5) Calculation of recoverable amount The Company measures the recoverable amount with respect to system-related equipment it plans to transfer based on the estimated transfer amount. It measures the recoverable amount with respect to the introduction of the new accounting system and business offices to be closed by taking the amount equal to depreciation and amortization prior to closure as their use value.	(5) Calculation of recoverable amount The Company measures the recoverable amount with respect business offices and contact center to be closed by taking the amount equal to depreciation and amortization prior to closure as their use value.
*4. The details of the Provision for business structure improvement are as follows (million yen) Contact centers, etc. 149 Loss on store closures, etc. 1 Early retirements - Total 150	*4. The details of the Provision for business structure improvement are as follows (million yen) Contact centers, etc. - Loss on store closures, etc. - Early retirements 2,008 Total 2,008
*5. Loss attributable to disaster included in Other of Extraordinary losses are losses associated with the Great Eastern Japan Earthquake on March 11, 2011, and can be itemized as follows. (Million yen) Allowance for doubtful accounts 3,559 Loss attributable to disaster 51 Other 3 Total 3,613	*5. ――――――

(Notes to Statements of Non-consolidated Change in Shareholders' equity)

For the fiscal year ended March 31, 2011

1. Matters pertaining to class and number of issued shares and class and number of treasury stock

	No. of shares at end of previous fiscal year	Increase in no. of shares during current fiscal year	Decrease in no. of shares during current fiscal year	No. of shares at end of current fiscal year
Common stock (Note)	457,058	120	–	457,178
Total	457,058	120	–	457,178

Note. The increase of 120 in the number of shares of common treasury stock is due to the purchase of less than a unit shares.

For the fiscal year ended March 31, 2012

1. Matters pertaining to class and number of issued shares and class and number of treasury stock

	No. of shares at end of previous fiscal year	Increase in no. of shares during current fiscal year	Decrease in no. of shares during current fiscal year	No. of shares at end of current fiscal year
Common stock (Note)	457,178	717	–	457,895
Total	457,178	717	–	457,895

Note. The increase of 717 in the number of shares of common treasury stock is due to the purchase of less than a unit shares.

(Notes to Tax Effect Accounting)

1. Breakdown of major components in deferred tax assets and deferred tax liabilities

(million yen)

	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
Deferred tax assets		
Allowance for doubtful accounts	41,504	33,388
Allowance for losses on interest repayments	54,343	36,391
Losses carried forward	131,320	163,772
Loan losses	7,591	11,368
Shares in affiliated companies	30,527	101
Accrued interest repayment losses	4,539	3,648
Other	8,338	8,535
Subtotal of deferred tax assets	278,166	257,205
Valuation allowance	(278,166)	(257,205)
Total deferred tax assets	—	—
Deferred tax liabilities		
Loss on asset retirement obligation	(119)	109
Other unrealized gain (loss) on available for sale securities	—	6
Total deferred tax liabilities	(119)	115
Net deferred tax assets (liabilities)	(119)	115

2. Breakdown of major components of disparity when a significant disparity arises between the effective statutory tax rate and the actual effective tax rate after the application of tax effect accounting.

For the fiscal year ended March 31, 2011:

Omitted because the Company recorded a net loss before taxes.

For the fiscal year ended March 31, 2012:

Statutory corporate tax rate	40.6
(Adjustments)	
Equal payments of residence tax	0.3
Entertainment expenses and other items that are perpetually excluded from expenses	16.9
Dividends received and other items that are perpetually excluded from revenue	(2.3)
Valuation allowance	(326.1)
Reversal of deferred tax assets at the end of the fiscal year due to changes in the tax rate	270.8
Other	0.0
Effective corporate tax rate after applying tax effect accounting	0.2

For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
—————	3.Adjustments to deferred tax assets and deferred tax liabilities due to changes in the statutory corporate tax rate In order to build a tax system that can respond to structural changes in the social economy, portions of the Income Tax Act, etc. were amended and, the Act on Special Measures was promulgated on December 2, 2011 to secure the necessary funding in order to implement policies for the recovery from the Great East Japan Earthquake. Because of this, the statutory corporate tax rate used in the calculation of deferred tax assets and deferred tax liabilities for the fiscal year under review (however, this is limited to reversals on or after April 1, 2012) changed from 40.6% for the previous fiscal year to 37.9% for assets that are expected to be recovered or paid between April 1, 2012 and March 31, 2015 and to 35.5% for assets that are expected to be recovered or paid on or after April 1, 2015. The impact of changes in the statutory corporate tax rate is minor.

(Per Share Information)

For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012
Net assets per share 272.05 yen Net loss per share 294.55 yen Diluted net income per share omitted because the Company recorded a net loss per share and because there were no latent shares with a dilutive effect.	Net assets per share 331.47 yen Net income per share 55.88 yen Diluted net income per share omitted because there were no latent shares with a dilutive effect.

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

	As of March 31, 2011	As of March 31, 2012
Total net assets	64,834	79,760
Amount deducted from total net assets	23	51
(Of which subscription rights to shares)	(23)	(51)
Net assets related to common stock at end of fiscal year	64,810	79,709
Number of shares of common stock at the end of the fiscal year used in the calculation of net assets per share	238,228,390 shares	240,476,023 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, 2011	For the fiscal year ended March 31, 2012
Net income (loss) per share		
Net income (loss)	(70,169) million yen	13,407 million yen
Amount not attributable to common stock shareholders	—	—
Net income (loss) related to common stock	(70,169) million yen	13,407 million yen
Average number of shares of common stock during the period	238,228,461 shares	239,917,263 shares
Diluted net income per share		
Adjusted net income	—	—
Increase in number of common stock	—	—
(of which subscription rights to shares)	(—)	(—)
Outline of stock not included in diluted net income per share due to lack of dilutive effect	New share subscription-type stock options (No. of shares: 2,095,600) decided upon at the meeting of Board of directors (June 7, 2010)	New share subscription-type stock options (No. of shares: 1,944,600) decided upon at the meeting of Board of directors (June 7, 2010)

7. Non-Consolidated Results of Operations

(1) Operating Revenue

(Million yen, %)

Item \ Period	For the fiscal year ended March 31, 2011		For the fiscal year ended March 31, 2012	
	Amount	%	Amount	%
Interest on loans to customers	74,020	85.9	57,657	79.9
Unsecured loans	60,194	69.8	46,373	64.3
Secured loans	12,511	14.5	9,554	13.2
Small business loans	1,314	1.6	1,729	2.4
Other financial revenue	31	0.0	29	0.0
Other operating revenue	12,171	14.1	14,504	20.1
Credit guarantee revenue	3,349	3.9	3,051	4.2
Other	8,822	10.2	11,453	15.9
Total	86,223	100.0	72,192	100.0

Note 1: “Other” included in other operating revenue includes recovery of loans previously charged off.

2: The aforementioned amounts are exclusive of consumption and related taxes

(2) Other Operating Indicators

Item \ Period	As of March 31, 2011	As of March 31, 2012
Total amount of loans outstanding (millions of yen)	381,368	344,454
Unsecured loans	289,361	265,617
Secured loans	83,422	66,606
Small business loans	8,584	12,231
Number of customer accounts	814,947	805,318
Unsecured loans	772,220	766,741
Secured loans	34,166	26,915
Small business loans	8,561	11,662
Number of branches	629	623
Staffed branches	28	28
Unstaffed branches	601	595
Number of automatic loan-contracting machines	632	632
Number of ATMs	46,406	50,273
Company-owned	629	603
Partner-owned	45,777	49,670
Number of employees	1,164	1,340
Write-offs (millions of yen)	78,641	64,552
Allowance for doubtful accounts (millions of yen)	155,725	147,624
Net income (loss) per share (yen)	(294.55)	55.88
Net assets per share (yen)	272.05	331.47

Notes: 1. Total amount of loans outstanding and the number of customer accounts do not include loans and customer accounts related to claims in bankruptcy.

2. Write-offs does not include losses on claims in bankruptcy, which came to 5,869 million yen in the previous fiscal year, and 4,161 million yen in the fiscal year under review.

3. The allowance for doubtful accounts includes the expected amount of interest repayments estimated to have priority application to loans outstanding (75,227 million yen at the end of the previous fiscal year and 58,112 million yen at the end of the fiscal year under review).

8. Other

(1) Transfers of Directors

Please refer to today’s announcement “AIFUL Announces Organizational Restructuring, Changes to Executives and Department Heads”.