(Translation for reference only)

May 14, 2013

Consolidated Business Results (Under Japanese GAAP)

For the Fiscal year ended in March 31, 2013

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: Ikuo Yamauchi, General Manager of Finance Department TEL (075) 201 - 2010
Scheduled date of convention of annual general meeting of shareholders: June 25, 2013
Scheduled date of commencement of dividend payments : —
Scheduled date of submission of financial report: June 26, 2013
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 2012
(April 1, 2012 – March 31, 2013)

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, 2013	99,619	(12.6)%	14,718	(10.8)%	17,646	4.8 %	22,705	30.6 %
FY ended March 31, 2012	114,002	(21.4)%	16,497	–%	16,831	– %	17,391	– %

Note: Comprehensive income: End of FY2012: 23,353million yen 22.1 %
End of FY2011: 19,126 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, 2013	94.42	94.04	24.9	2.8	14.8
FY ended March 31, 2012	72.49	–	24.7	2.2	14.5

Reference: Equity in earnings of affiliated companies: End of FY2012: (-) million yen
End of FY2011: (-) 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, 2013	607,181	105,008	16.9	426.82
FY ended March 31, 2012	665,184	81,644	12.0	331.59

Reference: Shareholders' equity for: End of FY2012: 102,641 million yen
End of FY2011: 79,739 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, 2013	21,812	(1,175)	(46,181)	61,198
FY ended March 31, 2012	72,739	2,653	(128,676)	86,695

II. Dividend Information

(Record date)	Dividend per share (Yen)					Total dividend payment (full year)	Payout Ratio % (Consolidated)	Dividend to equity ratio % (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual			
FY ended March 31, 2012	–	0.00	—	0.00	0.00	—	—	—
FY ended March 31, 2013	–	0.00	—	0.00	0.00	—	—	—
FY ending March 31, 2014 (Forecast)	–	0.00	–	0.00	0.00		—	

III. Consolidated Forecast for the Fiscal Year 2013 (April 1, 2013 – March 31, 2014):

As the business environment in which the AIFUL Group operates is extremely uncertain at present, given still unclear developments in claims for interest repayment, the AIFUL Group is not currently in a position to determine results forecasts for fiscal 2013, the fiscal year ending March 31, 2014, recognizing the difficulty in ascertaining the resultant effects on the Group's results. In the event that AIFUL is in a position to disclose earnings forecasts, it undertakes to do so in a timely manner. For matters related results forecasts above, please see the "1.Business Results, (1)Analysis on Business Results (Forecast for operations in fiscal 2013).

IV. Other

(1) Changes in significant subsidiaries during the period

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

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

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

Note: These come under article 14-7 of the "Regulation of Consolidated Financial Statements on Terms, Forms and Presentation Method" (Changes in method of accounting that are difficult to distinguish from changes in accounting estimates). Please refer to "(Changes in method of accounting) of (5) Notes on Consolidated Financial Statements of 3.Consolidated Financial Statements" on page 24 for the details.

(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 FY2012: 240,933,918 shares
End of FY2011: 240,933,918 shares

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

End of FY2012: 457,966 shares
End of FY2011: 457,895 shares

(c) Average number of shares during fiscal period:

FY2012: 240,476,004 shares
FY2011: 239,917,263 shares

(Reference) Highlights of Non-Consolidated Business Results

I. Non-Consolidated Business Results for the Fiscal Year 2012
(April 1, 2012 – March 31, 2013)

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, 2013	62,310	(13.7)	11,562	12.5	12,095	4.5	10,648	(20.6)
FY ended March 31, 2012	72,192	(16.3)	10,281	239.7	11,571	108.5	13,407	–

	Net Income (loss) per Share (Yen)	Diluted Net Income per Share (Yen)
FY ended March 31, 2013	44.28	44.11
FY ended March 31, 2012	55.88	—

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, 2013	466,542	90,410	19.4	375.71
FY ended March 31, 2012	533,712	79,760	14.9	331.47

Reference: Shareholders' equity for: Fiscal year ended March 31, 2013: 90,349 million yen
Fiscal year ended March 31, 2012: 79,709 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. For matters related results forecasts above, please see the "1.Business Results, (1)Analysis on Business Results (Forecast for operations in fiscal 2013).

Contents

1. Business Results

(1) Analysis on Business Results

In the consolidated fiscal year under review, the outlook for the Japanese economy remained uncertain, reflecting the European debt crisis, slower growth in emerging economies and prolonged deflation in Japan. However, against a backdrop of the moderate economic recovery linked to reconstruction demand from the earthquake disaster and other factors, some positive signs began to emerge, including the weaker yen and rising share prices, reflecting expectations for aggressive new economic policies from the new government.

Looking at the consumer finance industry in Japan, the operating environment remained severe. Factors for this included a continued market contraction caused by the introduction of restrictions on total lending limits following the full enforcement of the Money Lending Business Act in June 2010 and the effects of reductions in maximum interest rates pursuant to the Act Regulating the Receipt of Contributions, the Receipt of Deposits and Interest Rates (capital subscription law), as well as the response to claims for interest payment.

In this environment, the AIFUL Group, aiming to steadily execute its Business Revitalization Plan approved on December 24, 2009, used the consensual business revitalization alternative dispute resolution (the “ADR” process”). The Group cut costs and improved operating efficiency by downsizing the number of employees by 341 through a call for early retirement, making organizational changes, including the consolidation of credit management departments, and outsourcing its system development and operation business to the systems division of Life Card Co., Ltd.

Going forward, the AIFUL Group will continue working to strengthen its financial position and profitability by improving business efficiency and reforming the cost structure, while also steadily making repayments commensurate with the Business Revitalization Plan, putting all of its effort into restructuring its business.

On March 29, 2013, the AIFUL Group decided to developmentally dissolve Businext Corporation, a joint venture that had been established jointly by AIFUL Corporation and Sumitomo Mitsui Trust Bank, Limited, in light of changes in the operating environment and to transfer all the shares owned by the two companies to New Frontier Partners Co., Ltd., a wholly owned subsidiary of AIFUL Corporation.

For the dissolution of the joint venture, please see the “4 Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements (Important Subsequent Events)” on page 48.

Segment information is as follows:

(AIFUL Corporation)

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 87,000 (up 41.8% year on year) and the contract rate was 38.0% (an increase of 8.1 points from the same period last year).

However, the operating loan balance of unsecured loans at the end of the consolidated fiscal year under review was 224,668 million yen, down 15.4% year on year, the operating loan balance of secured loans was 52,708 million yen, down 20.9% year on year, and the operating loan balance of business loans was 8,939 million yen, down 26.9% year on year, partly due to the effect of restrictions on total lending limits. As a result, the balance of operating loans at the end of the consolidated fiscal year under review totaled 286,316 million yen, down 16.9% year on year.

Credit guarantee business

In the credit guarantee business, guarantee tie-ups were increased by 10 new partners, and marketing, product proposals and sales promotion support were provided in order to increase credit guarantee customers.

Accounting for the aforementioned factors, the Group secured affiliations with 68 unsecured personal loan companies, and held guarantees for outstanding loans amounting to 41,673 million yen, up 12.2% year on year. The Group commenced affiliations with 91 unsecured business loan companies, and held guarantees for outstanding loans totaling 9,404 million yen, down 16.5% year on year.

As a result, AIFUL posted operating revenue of 62,310 million yen (down 13.7% year on year), operating income of 11,562 million yen (up 12.5% year on year), ordinary income of 12,095 million yen (up 4.5% year on year) and net income of 10,648 billion yen (down 20.6% year on year).

(Life Card Co., Ltd)

Life Card Co., Ltd. started operations on July 1, 2011. For this reason, a year-on-year comparison is made using date for a period from July 1, 2011 to March 31, 2012.

Credit card business

In the credit card business, the Group is working to increase convenience for cardholder members and expand transactions mainly through the web marketing channel, by enhancing the homepage function and implementing campaigns for the existing members.

As a result of the above, transactions at the end of the consolidated fiscal year under review were 468,272 million yen, up 46.5% year on year, and the balance of installment receivables stood at 79,216 million yen, up 9.3% year on year.

Card Cashing

The total amount of loans outstanding in the Life Card's loan business stood at 35,053 million yen, down 17.6% year on year..

Credit guarantee business

In the credit guarantee business, guarantee tie-ups were increased by 1 new partner and sales of 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 23,297 million yen, down 8.9% year on year. Also, there were affiliations with 22 unsecured business loan companies, and guarantees for outstanding loans totaling 65 million yen, down 60.8% year on year.

As a result, LifeCard Co.,Ltd operating revenue amounted to 26,314 million yen (up 34.5% year on year), operating income was 2,666 million yen (up 15.6% year on year), ordinary income was 4,926 million yen (up 103.0% year on year) and net income was 3,319 million yen (up 50.4 year on year).

(Other)

There were three consolidated subsidiaries that are not included in reported segments for the consolidated fiscal year under review (BUSINEXT Corporation, AsTry Loan Services Corporation and New Frontier Partners Co., Ltd.) for which operating revenue was 11,381 million yen (down 8.8% year on year), operating income was 1,380 million yen (down 14.7% year on year), ordinary income was 1,351 million yen (down 19.7% year on year) and net income was 1,155 million yen (down 37.1% year on year).

For Marutoh KK, City's Corporation and City Green Corporation, which were merged with the Company through an absorption-type merger on July 1, 2011, data from April 1, 2011 to June 30, 2011 are included in the previous fiscal year.

(Overview of the Results)

The AIFUL Group's consolidated operating revenue for the fiscal year 2012 fell 12.6% compared with the previous fiscal year to 99,619 million yen. The principal components and their movements were interest on loans, which contracted 18.9% year on year to 61,607 million yen, revenue from the credit card business, which declined 10.3% to 12,514 million yen and revenue in the credit guarantee business, which decreased 3.9% to 4,609 million yen. In contrast, the collection of purchased receivables contracted 12.8% to 3,908 million yen while the recovery of loans previously charged off edged down 5.2% to 10,840 million yen.

Operating expenses fell 12.9% compared with the previous fiscal year to 84,900 million yen. After accounting for an allowance for losses on interest repayments of 17,296 million yen and an allowance for doubtful accounts of 8,136 million yen, down 75.3% year on year.

In addition, based upon the Business Revitalization Plan, a 5,948 million yen gain on loan extinguishment resulted in the posting of 6,037 million yen (up 16.7% year on year) of extraordinary income.

As the result of the above factors, for the consolidated fiscal year under review, the AIFUL Group's operating income was 14,718 million yen (down 10.8% year on year), ordinary income was 17,646 million yen (up 4.8%year on year) and net income was 22,705 million yen (up 30.6% year on year).

(Forecast for operations in fiscal 2013)

The AIFUL Group is improving its financial position and profitability by reforming its cost structure and steadily undertaking repayments commensurate with the Business Revitalization Plan. Consistent with its basic policy on business reorganization, the Group is also acting to improve the quality of its loan portfolio and to further enhance the its overall operating efficiency.

As the business environment in which the AIFUL Group operates is extremely uncertain at the moment, given still unclear developments in claims for interest repayment, the AIFUL Group is not currently in a position to determine consolidated results forecasts for the fiscal year ending March 31, 2014, recognizing the difficulty in ascertaining the resultant effects on the Group's results. In the event that AIFUL is in a position to disclose earnings forecasts, it undertakes to do so 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 58,003 million yen, or 8.7%, compared to the end of the previous fiscal year to 607,181 million yen at the end of FY 2012. This was primarily due to 64,377 million yen decline in loans outstanding due to stricter lending criteria.

Total liabilities as of March 31, 2013 stood at 502,172 million yen, a decrease of 81,367 million yen, or 13.9%, 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 52,094 million yen and the application of allowance for losses on interest repayments for a decrease of 17,246 million yen.

Net assets edged up 23,364 million yen, or 28.6%, compared with the end of the previous fiscal year to 105,008 million yen. This was largely attributable to the posting of net income.

(Cash Flows)

Cash and cash equivalents ("funds") decline 25,497 million yen, or 29.4%, compared to the end of the previous fiscal year to 61,198 million yen.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 21,812 million yen, a decrease of 70.0% 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 1,175 million yen (2,653 million yen in previous fiscal year). This was mainly attributable to purchase of tangible fixed assets and proceeds from long term loans.

(Cash flow from financing activities)

Net cash used for financing activities amounted to 46,181 million yen, down 64.1% year-on-year, due to the repayment of borrowings and the redemption of bonds.

(Changes in Cash Flow Related Indicators)

	FY2008	FY2009	FY2010	FY2011	FY2012
Shareholders' Equity Ratio (%)	23.6	8.1	7.1	12.0	16.9
Shareholders' Equity Ratio Based on Market Price (%)	2.0	2.8	2.9	6.2	24.8
Interest Coverage Ratio (times)	1.3	—	—	4.2	1.6

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, 2013.

(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.

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.

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

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

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

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

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

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

(In Cases of Disaster or Similar Events)

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

(5) Important Events Affecting Premise of Going Concern

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, 2013, the AIFUL Group undertook its repayment of 34,245 million yen to creditors including the ordinary rescheduled repayment on June 10, 2012 in accordance with its Business Revitalization Plan.

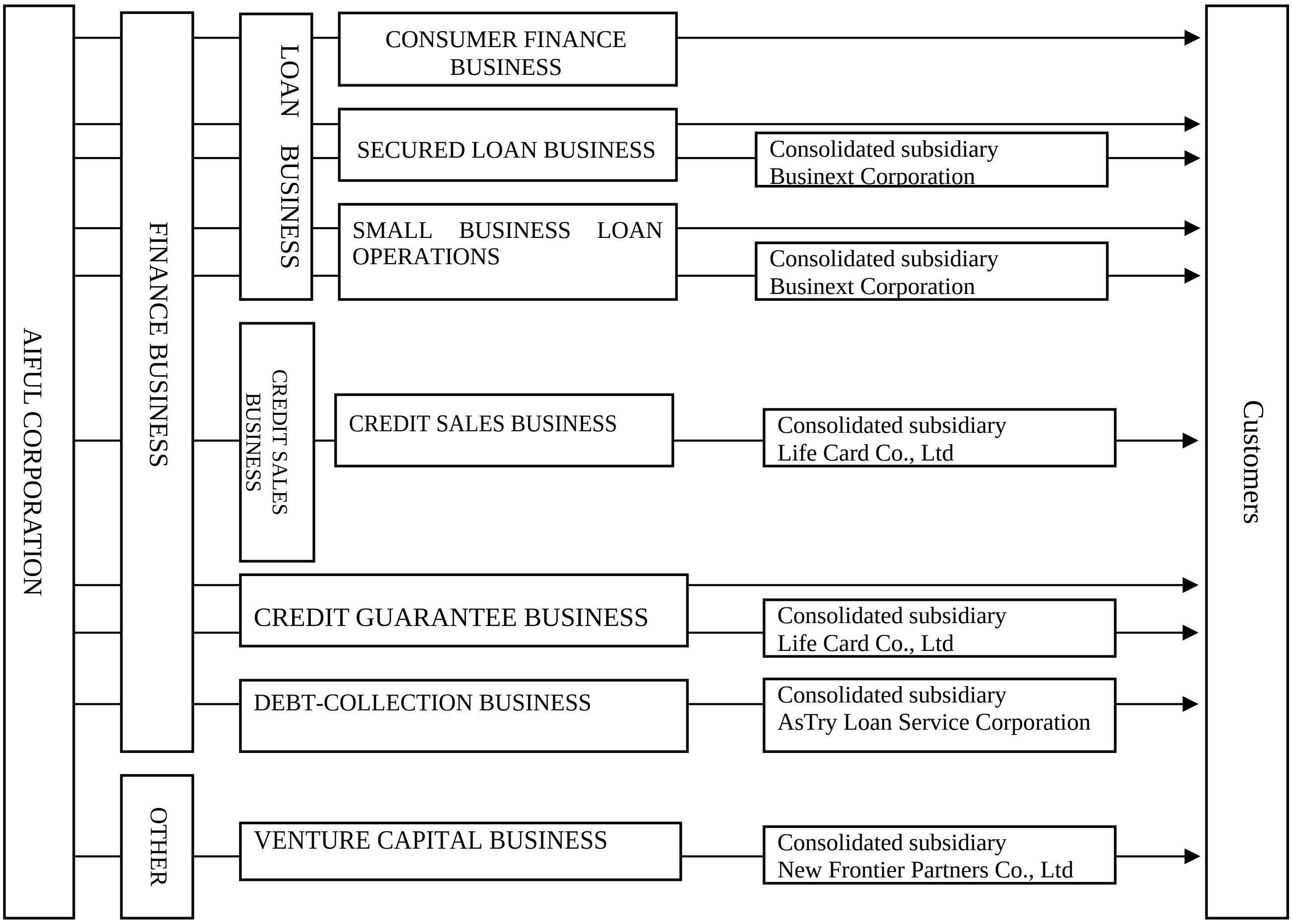
By implementing concrete measures stipulated under the Business Revitalization Plan, the AIFUL Group has determined that any major uncertainty surrounding the premise of its standing as a going concern is not justified.

2. State of the Group

(1) The AIFUL Group is composed of AIFUL Corporation (“the Company”) and four consolidated subsidiaries and 12 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:



Non-consolidated Subsidiary

Company	Business Descriptions
(subsidiary) Sumishin Life Card Co., Ltd., 11 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: 3
New Frontier Partners Co., Ltd.	Minato-ku, Tokyo	10	Venture capital business	100.0	Receives financial assistance from AIFUL
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: 5

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 26,314

(2) Ordinary income 4,926

(3) Net income 3,319

(4) Net assets 90,205

(5) Total assets 185,638

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 not only the impact of total lending limits under the Money Lending Business Act and reductions in maximum interest rates pursuant to the capital subscription law, but also 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, the Group undertook its repayment of 34,245 million yen to creditors, including the ordinary rescheduled repayment on June 11, 2012. 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 shrink the size of its assets to a level that is compatible with its current fund-raising ability and to improve overall operating efficiency by further increasing the number of high quality loans, improving the quality of its loan portfolio and strengthening its financial position and profitability through reforms to its cost structure

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, 2012	As of March 31, 2013
Assets		
Current assets		
Cash and deposits	86,700	61,202
Operating Loans	455,012	390,635
Installment receivables	78,949	83,885
Operational investment securities	661	925
Customers' liabilities for acceptances and guarantees	74,147	74,440
Other operating receivables	8,445	7,070
Purchased receivables	4,585	3,143
Other	17,219	17,309
Allowance for investment loss	(50)	(19)
Allowance for doubtful accounts	(117,604)	(84,714)
Total current assets	608,069	553,878
Fixed assets		
Tangible fixed assets		
Buildings and structures	24,254	23,495
Total accumulated depreciation	(17,268)	(16,857)
Net buildings and structures	6,986	6,638
Machinery and equipment	385	355
Total accumulated depreciation	(224)	(218)
Net machinery and equipment	160	137
Furniture and fixtures	17,165	10,680
Total accumulated depreciation	(14,173)	(8,554)
Net furniture and fixtures	2,992	2,126
Land	8,959	8,895
Lease assets	338	606
Total accumulated depreciation	(218)	(275)
Net lease assets	119	331
Construction in progress	139	672
Total tangible fixed assets	19,358	18,801
Intangible fixed assets		
Software	8,509	4,659
Other	159	104
Total intangible fixed assets	8,668	4,763
Investment and other fixed assets		
Investment securities	2,745	2,042
Claims in bankruptcy	45,231	39,832
Lease and guarantee deposits	17,641	20,182
Other	2,253	2,409
Allowance for investment loss	(41)	(16)
Allowance for doubtful accounts	(38,741)	(34,712)
Total investment and other fixed assets	29,088	29,737
Total fixed assets	57,115	53,302
Total assets	665,184	607,181

(In millions of yen)

	As of March 31, 2012	As of March 31, 2013
Liabilities		
Current liabilities		
Notes & accounts payable-trade	9,387	12,356
Acceptances and guarantees	74,147	74,440
Short-term borrowings	35,000	40,900
Current portion of bonds	17,000	8,700
Current portion of long-term debt	44,748	43,712
Income taxes payable	425	987
Allowance for bonuses	850	902
Allowance for credit card point redemption	2,310	2,830
Allowance for business structure improvement	2,127	—
Deferred installment income	467	446
Other	20,660	6,655
Total current liabilities	207,125	191,931
Long-term liabilities		
Bonds	34,300	25,000
Long-term debt	229,396	190,038
Deferred tax liabilities	123	149
Allowance for losses on interest repayments	108,667	91,421
Negative goodwill	435	217
Other	3,491	3,414
Total long-term liabilities	376,415	310,241
Total liabilities	583,540	502,172
Net Assets		
Shareholders’ equity		
Common stock	143,324	143,324
Capital surplus	164,392	164,392
Retained earnings	(224,820)	(202,114)
Treasury stock	(3,110)	(3,110)
Total shareholders’ equity	79,785	102,491
Accumulated other comprehensive income		
Unrealized gain (loss) on available for sale securities	(46)	149
Total accumulated other comprehensive income	(46)	149
Subscription rights to shares	51	61
Minority interests	1,853	2,305
Total net assets	81,644	105,008
Total net assets and liabilities	665,184	607,181

(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, 2012	For the fiscal year ended March 31, 2013
Operating revenue		
Interest on loans to customers	75,992	61,607
Revenue from Credit card business	11,344	12,514
Revenue from Installment sales finance business	375	231
Revenue from Credit guarantee	4,797	4,609
Other financial revenue	34	16
Other operating revenue		
Collection of purchased receivable	4,482	3,908
Recovery of loans previously charged off	11,431	10,840
Other	5,544	5,891
Total other operating revenue	21,457	20,639
Total operating revenue	114,002	99,619
Operating expenses		
Financial expenses		
Interest expenses	6,770	5,911
Interest on bond	2,582	966
Other	99	17
Total financial expenses	9,452	6,895
Cost of sales		
Cost of sales of operational investment securities	42	48
Cost of sales of real estate	11	—
Cost of purchased receivable	3,342	3,152
Total cost of sales	3,396	3,200
Other operating expenses		
Provision for credit card point redemption	1,391	2,347
Commissions	9,999	9,752
Provision for investment loss	13	—
Provision for doubtful accounts	32,880	8,136
Provision for losses on interest repayments	—	17,296
Employees’ salaries and bonuses	11,704	9,911
Provision for bonuses	832	875
Retirement benefit expenses	617	517
Other	27,215	25,965
Total other operating expenses	84,655	74,804
Total operating expenses	97,504	84,900
Operating income	16,497	14,718

(In millions of yen)

	For the fiscal year ended March 31, 2012	For the fiscal year ended March 31, 2013
Non-operating income		
Foreign exchange income	—	2,220
Other	857	805
Total non-operating income	857	3,026
Non-operating expenses		
Provision for doubtful accounts	56	40
Foreign exchange losses	347	—
Business structure improvement expenses	91	—
Litigation expense	0	22
Other	29	35
Total non-operating expenses	524	98
Ordinary income	16,831	17,646
Extraordinary income		
Gain on negative goodwill	1,114	—
Gain on loan extinguishment	2,901	5,948
Other	1,156	88
Total extraordinary income	5,173	6,037
Extraordinary losses		
Impairment loss	322	52
Loss on sale of investment securities	1,452	—
Loss on valuation of investment securities	32	27
Provision for business structure improvement	2,064	—
Other	39	2
Total extraordinary losses	3,911	83
Income before taxes	18,092	23,600
Income taxes-current	240	414
Income taxes-deferred	(9)	28
Total income taxes	231	443
Income before minority interests	17,861	23,157
Minority interests in income	469	451
Net income	17,391	22,705

ii. Consolidated Statements of Comprehensive Income

(In millions of yen)

	For the fiscal year ended March 31, 2012	For the fiscal year ended March 31, 2013
Income before minority interest	17,861	23,157
Other Comprehensive income		
Unrealized gain (loss) on available-for-sale securities	1,265	195
Total other comprehensive income	1,265	195
Comprehensive income	19,126	23,353
Comprehensive income attributable to		
Owners of the parent	18,657	22,901
Minority interests	469	451

(3) Consolidated Statements of Change in Shareholders' Equity

(In millions of yen)

	For the fiscal year ended March 31, 2012	For the fiscal year ended March 31, 2013
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	164,392
Change during fiscal year		
Issuance of new shares	258	—
Total change during fiscal year	258	—
Balance at end of fiscal year	164,392	164,392
Retained earnings		
Balance at the beginning of fiscal year	(242,211)	(224,820)
Change during fiscal year		
Net income	17,391	22,705
Total change during fiscal year	17,391	22,705
Balance at the end of fiscal year	(224,820)	(202,114)
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	62,136	79,785
Change during fiscal year		
Issuance of new shares	258	—
Net income	17,391	22,705
Purchase of treasury stock	(0)	(0)
Total change during fiscal year	17,649	22,705
Balance at the end of fiscal year	79,785	102,491
Accumulated other comprehensive income		
Unrealized gain (loss) on available-for-sale securities		
Balance at the beginning of fiscal year	(1,312)	(46)
Change during the fiscal year		
Net change in items other than shareholders' equity during fiscal year	1,266	195
Total change during fiscal year	1,266	195
Balance at the end of fiscal year	(46)	149
Total accumulated other comprehensive income		
Balance at the beginning of fiscal year	(1,312)	(46)
Change during current fiscal year		
Net change in items other than shareholders' equity during fiscal year	1,266	195
Total change during fiscal year	1,266	195
Balance at the end of fiscal year	(46)	149

(In millions of yen)

	For the fiscal year ended March 31, 2012	For the fiscal year ended March 31, 2013
Subscription rights to shares		
Balance at the beginning of fiscal year	23	51
Change during fiscal year		
Net change in items other than shareholders' equity during fiscal year	27	10
Total change during fiscal year	27	10
Balance at end of fiscal year	51	61
Minority interests		
Balance at the beginning of fiscal year	2,757	1,853
Change during fiscal year		
Net change in items other than shareholders' equity during fiscal year	(903)	451
Total change during fiscal year	(903)	451
Balance at end of fiscal year	1,853	2,305
Total net assets		
Balance at the beginning of fiscal year	63,604	81,644
Change during current fiscal year		
Issuance of new shares	258	—
Net income	17,391	22,705
Purchase of treasury stock	(0)	(0)
Net changes in items other than shareholders' equity during fiscal year	389	658
Total change during fiscal year	18,039	23,364
Balance at end of fiscal year	81,644	105,008

(4) Consolidated Statements of Cash Flows

(In millions of yen)

	For the fiscal year ended March 31, 2012	For the fiscal year ended March 31, 2013
Cash flow from operating activities		
Net income before taxes	18,092	23,600
Depreciation and amortization	6,902	6,020
Impairment loss	322	52
Amortization of negative goodwill	(1,332)	(217)
Gain on loan extinguishment	(2,901)	(5,948)
Increase (decrease) in allowance for investment loss	(357)	(55)
Increase (decrease) in allowance for doubtful accounts	(36,088)	(36,918)
Increase (decrease) in allowance for accrued bonuses	(343)	51
Increase (decrease) in allowance for credit card point redemption	304	520
Increase (decrease) in allowance for losses on interest repayments	(70,102)	(17,246)
Increase (decrease) in allowance for business structure improvement	1,930	(2,127)
Interest and dividends income	(133)	(38)
Loss (gain) on sales of investment securities	1,398	(32)
Loss on valuation of investment securities	32	27
Decrease (increase) in loans to customers	139,515	64,377
Decrease (increase) in installment receivables	(1,614)	(4,935)
Decrease (increase) in other operating receivables	2,244	1,374
Decrease (increase) in purchased receivables	(374)	1,442
Decrease (increase) in claims in bankruptcy	1,606	5,399
Decrease (increase) in business security deposits	86	(2,639)
Decrease (increase) in other current assets	16,161	222
Increase (decrease) in other current liabilities	(2,082)	(11,366)
Other	(574)	75
Subtotal	72,690	21,638
Interest and dividends income	133	38
Income taxes-refund	48	423
Income taxes-paid	(132)	(287)
Cash flow from operating activities	72,739	21,812
Cash flow from investing activities		
Purchase of tangible fixed assets	(560)	(1,155)
Proceeds from sales of tangible fixed assets	1,741	220
Purchase of intangible fixed assets	(1,781)	(450)
Proceeds from sales of investment securities	3,775	532
Other	(520)	(323)
Cash flow from investing activities	2,653	(1,175)

(In millions of yen)

	For the fiscal year ended March 31, 2012	For the fiscal year ended March 31, 2013
Cash flow from financing activities		
Proceeds from short-term borrowings	109,147	130,420
Repayment of short-term borrowings	(116,727)	(124,520)
Proceeds from long-term debt	21,556	10,351
Repayments of long-term debt	(47,949)	(44,797)
Redemption of bonds	(94,636)	(17,571)
Purchase of treasury stock	(0)	(0)
Other	(65)	(63)
Cash flow from financing activities	(128,676)	(46,181)
Effect of exchange rate changes on cash and cash equivalents	7	46
Increase (decrease) in cash and cash equivalents	(53,275)	(25,497)
Balance of cash and cash equivalents at the beginning of the year	139,971	86,695
Balance of cash and cash equivalents at the end of the year	86,695	61,198

(5) Notes to Consolidated Financial Statements

(Notes on premise of going concern)

Fiscal year under review (April 1, 2012 to March 31, 2013): None

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

Item	For the fiscal year ended March 31, 2012	For the fiscal year ended March 31, 2013
1. Matters pertaining to the scope of consolidation	(1) 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.	(1) Names of non-consolidated subsidiaries Sumishin Life Card Co., Ltd., and 11 others (Reason for exclusion from scope of consolidation) The non-consolidated subsidiaries are all small in scale, and the influence of the combined total assets, operating revenues, net incomes (amount proportional to equity) and earned surplus (amount proportional to equity) of the 12 companies on the consolidated balance sheets is minor. As a result, they have been excluded from the scope of consolidation.
2. Application of 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.	All of the 12 non-consolidated subsidiaries to which the equity method is not applied are small in scale. The influence of the combined net incomes (amount proportional to equity) and earned surplus (amount proportional to equity) of the 12 companies on the consolidated balance sheets is minor. As a result, they have been excluded from the scope of application of the equity method.
3. Accounting principles used for standard accounting treatment		
(1) Depreciation method for depreciable assets	(1) Tangible fixed assets (excluding lease assets) Depreciation of Tangible fixed assets of AIFUL Corporation and its consolidated subsidiaries is computed under the declining balance method. Depreciation of buildings purchased after April 1, 1998 of consolidated subsidiaries is computed primarily under the straight-line method. Major useful lives are as follows: Buildings and structures 2 - 62 years Machinery and equipment 3 – 17 years Furniture and fixtures 2 - 20 years (2) Lease assets ——————	(1) Tangible fixed assets (excluding lease assets) As on left Major useful lives are as follows: Buildings and structures 2 - 62 years Machinery and equipment 4 – 17 years Furniture and fixtures 2 – 20 year (2) Lease assets Lease assets pertaining to finance lease transactions in which the ownership of lease assets is deemed to transfer to the lessee The depreciation method applied to fixed assets that are owned is used.

Item	For the fiscal year ended March 31, 2012	For the fiscal year ended March 31, 2013
(2) Accounting standards for allowances	(1) Allowance for business structure improvement To prepare for losses arising from business restructuring, an expected amount of loss is recorded.	——————
(3) Application of consolidated taxation system	——————	The consolidated taxation system 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 27, 2012). Accordingly, no mention is made of them.

(Changes in Accounting Polices)

For the fiscal year ended March 31, 2013
(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates) Following the revision of the Corporate Tax Act, AIFUL Corporation and its consolidated subsidiaries have changed their depreciation method for tangible fixed assets (excluding buildings in AIFUL Corporation) that were acquired on or after April 1, 2012 to one based on the revised Corporate Tax Act from the first quarter of the consolidated fiscal year under review. The effect of this change is minor.

(Changes in disclosure method)

(Consolidated Statements of Income)

For dividends received (34 million yen in the fiscal year under review), negative goodwill write-off (217 million yen in the fiscal year under review) and reversal provision for investment loss (40 million yen in the fiscal year under review) that were presented as a separate item until the previous fiscal year, have been included under “Other” in “Non-operating income” in the fiscal year under review as their total amount has become less than 10% of total non-operating income.
As a result, dividends received of 128 million yen, negative goodwill write-off of 217 million yen, and reversal of provision for investment loss of 167 million yen that were posted in consolidated statements of income for the previous fiscal year are reclassified into “Other” of 857 million yen in “Non-operating income.”

In the last consolidated fiscal year, the “Other” item of “Non-operating expenses” included “Litigation expense” but, as this item has exceeded 10% of total Non-operating expenses, from the consolidated fiscal year under review, it has been noted independently. To reflect this change in presentation, the consolidated financial statements for the last consolidated fiscal year have been reclassified.
As a result, the consolidated statements of income for the last consolidated fiscal year has been reclassified so that the 29 million yen presented as the “Other” item of “Non-operating expenses” is recalculated into “Litigation expense” 0 million yen and “Other” 29 million yen.

“Gain on retirement of bond” (¥29 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 814 million yen presented as “Gain on retirement of bond” is recalculated into “Other” 1,156 million yen.

In the last consolidated fiscal year, the “Other” item of “Extraordinary losses” included “Impairment loss” and “Loss on valuation of investment securities” but, as this item has exceeded 10% of total Extraordinary losses, from the consolidated fiscal year under review, it has been noted independently. To reflect this change in presentation, the consolidated financial statements for the last consolidated fiscal year have been reclassified.
As a result, the consolidated statements of income for the last consolidated fiscal year has been reclassified so that the 393 million yen presented as the “Other” item of “Extraordinary losses” is recalculated into “Impairment loss” 322 million yen, “Loss on valuation of investment securities” 32 million yen and “Other” 39 million yen.

(Consolidated Statements of Cash Flows)

For the "Gain on retirement of bonds" (29 million yen in the fiscal year under review) that were presented as a separate item until the previous fiscal year, have been included under "Other" in "Cash flow from operating activities" in the fiscal year under review, as the amount is insignificant.

In the last consolidated fiscal year, "Impairment loss" and "Loss on valuation of investment securities", which were 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 -814 million yen presented as "Gain on the retirement of bonds" and the 594 million yen presented as "Other" were reclassified into 322 million yen of "Impairment loss", 32 million yen of "Loss on valuation of investment securities" and -574 million yen of "Other".

(Notes to Consolidated Balance Sheets)

For the fiscal year ended March 31, 2012	For the fiscal year ended March 31, 2013
*1. An increase of ¥18, 693 million (includes ¥13, 900 million in recognized evaluation differences for shares of subsidiaries during the process of capital consolidation) in capital reserves resulting from a simple exchange of shares is included under capital surplus. *2. Assets pledged as collateral and corresponding liabilities (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. *3. ¥318,785 million unsecured personal loans included in operating receivables.. *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	*1. As on left *2. Assets pledged as collateral and corresponding liabilities (1) Assets pledged as collateral (million yen) Operating loans 229,910 Installment receivables 79,694 Other operating receivables 138 Buildings and structures 5,102 Machinery, equipment and vehicles 49 Land 8,523 Total 323,418 (2) Corresponding liabilities (million yen) Short-term borrowings 35,000 Current portion of long-term debt 19,862 Long-term debt 178,241 Total 233,103 i) The Company has contracted to offer ¥52,344 million in loans as collateral in response to borrowers' requests to the sum of ¥4,900 million for the short-term borrowings, ¥23,850 million for the current portion of long-term debt, and ¥11,797 million for long term debt, totaling ¥40,547 million. *3. ¥272,980 million unsecured personal loans included in operating receivables.. *4. Shares of non-consolidated subsidiaries and affiliated companies and other securities issued by non-consolidated subsidiaries and affiliated companies included in investment securities ¥905 million *5. Installment receivables (million yen) Revenue from Credit card business 82,438 Installment sales finance 1,446 Total 83,885

For the fiscal year ended March 31, 2012	For the fiscal year ended March 31, 2013

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)

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, 2013

*6. Deferred installment income

(million yen)

	Balance at the end of Mar, 2012	Current fiscal year receipts	Actual current fiscal year balance	Balance at end of Mar, 2013
Credit card shopping	364	12,355	12,322	398 (44)
Installment sales finance	54	-0	45	8 (0)
Credit guarantee	48	1,456	1,465	39 (—)
Loans	—	10,764	10,764	— (—)
Total	467	24,575	24,596	446 (45)

Note: Figures in parenthesis indicate member store commissions.

*7. Securitization of claims

As of the end of the fiscal year, ¥— 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	160	37,437	37,598
Loans in arrears	15,958	20,947	36,905
Loans in 3-months+ in arrears	1,630	980	2,610
Restructured loans	17,511	4,002	21,513
Total	35,259	63,368	98,627

The loan categories in the table above are as follows.

(Loans in legal bankruptcy)

As on left

(Loans in arrears)

As on left

<table>
<tr><th>For the fiscal year ended March 31, 2012</th><th>For the fiscal year ended March 31, 2013</th></tr>
<tr><td>(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. Of allowance of doubtful accounts, ¥58,112 million in estimated interest repayments expected to have priority application in operating loans.</td><td>(Loans three months or more in arrears)
As on left
(Restructured loans)
As on left
*9. Of allowance of doubtful accounts, ¥42,825 million in estimated interest repayments expected to have priority application in operating loans.</td></tr>
</table>

(Notes to Consolidated Statements of Income)

<table>
<tr><th>For the fiscal year ended March 31, 2012</th><th>For the fiscal year ended March 31, 2013</th></tr>
<tr><td>*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.
*2. The details of impairment 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)
<table>
<tr><th>Use</th><th>Category</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</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</td></tr>
</table>
(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.</td><td>*1. As on left
*2. The details of impairment 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)
<table>
<tr><th>Use</th><th>Category</th><th>Location</th><th>Impairment loss</th></tr>
<tr><td>Assets expected to sell</td><td>“Other” of Intangible fixed assets (telephone subscription rights)</td><td>Kyoto pref</td><td>52</td></tr>
</table>
(2) Method of asset grouping
The AIFUL Group considers each operating company in finance business as the smallest unit for asset grouping. The Group considers certain telephone subscription rights as a single unit for asset grouping, as the Group decided to sell them in the consolidated fiscal year under review.</td></tr>
</table>

<table>
<tr><th>For the fiscal year ended March 31, 2012</th><th>For the fiscal year ended March 31, 2013</th></tr>
<tr><td>(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.</td><td>(3) Background to recognition of non-recurrent losses
With respect to telephone subscription rights to be sold, an impairment loss is recognized as the expected sales amount is lower than the book value.</td></tr>
<tr><td>(4) Amount of impairment loss
Buildings and structures (million yen) 312
Machinery and equipment 0
Furniture and fixture 8
Total 322</td><td>(4) Amount of impairment loss
Intangible fixed assets "other" (million yen) 52
Total 52</td></tr>
<tr><td>(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.</td><td>(5) Method of calculation for recoverable amount
The recoverable value of telephone subscription rights to be sold is determined with the expected sales amount.</td></tr>
<tr><td>*3. The details of the Provision for business structure improvement are as follows (million yen)
Early retirements 2,064
Total 2,064</td><td>*3. The details of the Provision for business structure improvement are as follows (million yen)
Early retirements -
Total -</td></tr>
</table>

(Notes to Consolidated Statements of Comprehensive Income)

	For the fiscal year ended March 31, 2012	For the fiscal year ended March 31, 2013
Unrealized gain (loss) on available for sale securities		(million yen)
Amount accrued this fiscal year	(140)	187
Reclassification adjustment amount	1,410	4
Pre-adjustment for tax effects	1,270	192
Amount of tax effect	4	(3)
Other unrealized gain (loss) on available for sale securities	1,265	195
Total other comprehensive income	1,265	195

(Notes to Consolidated Statements of Change in Shareholders' Equity)

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 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, 2012 (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
Total			-	-	-	-	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

For the fiscal year ended March 31, 2013

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	240,933,918	–	–	240,933,918
Total	240,933,918	–	–	240,933,918
Treasury stock				
Common stock *	457,895	71	–	457,966
Total	457,895	71	–	457,966

Note. 1. The increase of 71 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, 2013 (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	-	-	-	-	-	61
Total			-	-	-	-	61

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)

For the fiscal year ended March 31, 2012	For the fiscal year ended March 31, 2013
*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	*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) 61,202 Time deposits with maturities exceeding three months -3 Cash and cash equivalents 61,198

(Notes to Financial Instruments)

For the 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 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	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	193,350	236,971	24,689
Installment receivables	75,253	3,695	0
Total	355,303	240,666	24,690

Note: ¥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.

For fiscal year ended March 31, 2013

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	61,202	61,202	—
(2) Loans	390,635		
Allowance for doubtful account and allowance for losses on interest repayments[1]	(73,522)		
	317,112	378,170	61,057
(3) Installment receivables	83,885		
Deferred installment income[2]	(361)		
Allowance for doubtful account[3]	(5,166)		
	78,356	79,468	1,111
(4) Operational investment securities and investment securities	649	649	—
(5) Claims in bankruptcy	39,832		
Allowance for doubtful account[3]	(34,573)		
	5,258	5,258	—
Total assets	462,579	524,749	62,169
(1) Short-term borrowings	40,900	40,900	—
(2) Bonds	33,700	23,708	(9,991)
(3) Long term debt[4]	35,647	35,647	—
Total liabilities	110,247	100,255	(9,991)
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	1,843
(2) Investments in investment associations, etc.	475
Long term debts[2]	198,103
Total	200,422

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	61,202	—	—
Loans	156,616	208,856	25,161
Installment receivables	79,734	4,150	—
Total	297,552	213,007	25,161

Note: ¥39,832 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
Bonds	8,700	—	25,000
Finance lease claims	359	36	—
Long term debts	23,850	9,906	1,891
Long term debts[1]	19,862	16,500	—
Total	52,771	26,442	26,891

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 ¥161,741 million, including debts remaining with undetermined repayment scheduled, is not shown.

(Notes to Tax Effect Accounting)

	As of March 31, 2012	As of March 31, 2013
1. Breakdown of major components in deferred tax assets and deferred tax liabilities	(Million yen)	
Deferred tax assets		
Allowance for doubtful account	39,579	24,410
Allowance for losses on interest repayments	42,663	32,546
Loan losses	11,564	8,798
Accrued revenue	3,257	2,459
Tax loss carry forwards	166,421	181,891
Accrued interest repayment losses	3,649	326
Other	11,723	7,815
Deferred tax assets subtotal	278,860	258,248
Valuation allowance	(278,860)	(258,248)
Deferred tax assets total	-	-
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(11)	(8)
Loss on asset retirement obligation	(111)	(140)
Deferred tax liabilities total	(123)	(149)
Net deferred tax liabilities	(123)	(149)
Net deferred tax assets are included in the consolidated balance sheet items below.		
Long-term liabilities – deferred tax liabilities	(123)	(149)

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.	As of March 31, 2012 (%)	As of March 31, 2013 (%)
Statutory corporate tax rate	40.6	35.5
(Adjustments)		
Equal payments of residence tax	0.3	0.3
Entertainment expenses and other items that are perpetually excluded from expenses	12.6	0.1
Dividends received and other items that are perpetually excluded from revenue	(1.7)	(0.0)
Valuation allowance	(258.2)	(33.0)
Reversal of deferred tax assets at the end of the fiscal year due to changes in the tax rate	210.3	
Income taxes for prior periods		(1.7)
Other	(2.6)	0.7
Effective corporate tax rate after applying tax effect accounting	1.3	1.9

(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 two reporting segments, the core company AIFUL Co., Ltd. and Life Card Co., Ltd.
As we conducted an organizational restructuring on July 1, 2011, we have changed the business segments that are stated as reported segments from the second quarter of the 35th consolidated fiscal year.
(Before the change, the reported segments were three major business companies of AIFUL Corporation, LIFE Co., Ltd. (during the period before the merger by the Company) and Life Card Co., Ltd.)
AIFUL Co., Ltd. is mainly in the loan business and the credit guarantee business. 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. Income for reportable segments are net income.

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, 2012 (Million yen)

	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	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 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)
(Loss on valuation of investment securities)	(32)	(—)	(—)	(32)	(—)	(32)
(Loss on valuation of stocks of subsidiaries and affiliates)	(—)	(—)	(—)	(—)	(—)	(—)
(Provision for business structure improvement)	(2,008)	(—)	(35)	(2,044)	(20)	(2,064)
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 and non-operating expenses.

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 expenses.

For the fiscal year ended March 31, 2013

	Reportable segments			Other *1	Total
	AIFUL	Life Card	Total		
Operating revenue					
Operating revenue from third parties	62,298	25,939	88,237	11,381	99,619
Inter-segment sales	11	374	386		386
Total	62,310	26,314	88,624	11,381	100,005
Segment profits	10,648	3,319	13,968	1,155	15,123
Segment assets	466,542	185,638	652,180	63,066	715,246
Segment liabilities	376,131	95,433	471,564	48,956	520,520
Other items					
Provision for credit card point redemption	—	2,347	2,347	—	2,347
Provision for investment loss	762	—	762	—	762
Provision for doubtful accounts *2	571	2,615	3,187	3,342	6,530
Provision for loss on interest repayment	15,877	1,419	17,296	—	17,296
Provision for bonuses	583	4	587	28	616
Depreciation	3,620	2,386	6,007	13	6,020
Interest on loans to customers	455	—	455	0	455
Dividends received	15	18	34	0	34
Reversal provision for doubtful accounts	59	—	59	—	59
Reversal provision for investment loss	2	—	2	37	40
Amortization of negative goodwill	—	—	—	—	—
Interest expenses *3	0	—	0	71	71
Extraordinary income	6,004	32	6,037	—	6,037
(Gain on loan extinguishment)	(5,948)	(—)	(5,948)	(—)	(5,948)
Extraordinary losses	8,815	27	8,843	—	8,843
(Impairment loss)	(52)	(—)	(52)	(—)	(52)
(Loss on sale of investment securities)	(—)	(—)	(—)	(—)	(—)
(Loss on valuation of investment securities)	(0)	(27)	(27)	(—)	(27)
(Loss on valuation of stocks of subsidiaries and affiliates)	(8,760)	(—)	(8,760)	(—)	(8,760)
(Provision for business structure improvement)	(—)	(—)	(—)	(—)	(—)
Income taxes- current	-1,393	1,611	218	196	414
Income taxes- deferred	28	—	28	-0	28
Increase/decrease in tangible and intangible assets	1,648	448	2,097	5	2,103

*1. The other classification comprises businesses not included in reporting segments and encompasses the activities of Businext Corporation, AsTry Loan Services Corporation and related companies.
2. Provision for doubtful accounts is the sum total of operating expenses, non-operating expenses.
3. Interest paid is the amount that is not included in operating expenses but is noted as non-operating expenses.

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

(Million yen)

Operating revenue	FY2011	FY2012
Reportable segment total	101,850	88,624
Profit categorized in "Other"	12,485	11,381
Inter-segment eliminations	-333	-386
Operating revenue posted in consolidated financial statements	114,002	99,619

Profit / Loss	FY2011	FY2012
Reportable segment total	16,380	13,968
Profit(loss) categorized in "Other"	1,836	1,155
Inter-segment eliminations	-2,157	7,364
Amortization of goodwill	1,332	217
Net income(loss) posted in consolidated financial statements	17,391	22,705

Assets	FY2011	FY2012
Reportable segment total	715,542	652,180
Profit categorized in "Other"	63,247	63,066
Inter-segment eliminations	-113,605	-108,065
Total assets posted in consolidated financial statements	665,184	607,181

Liabilities	FY2011	FY2012
Reportable segment total	548,908	471,564
Profit categorized in "Other"	50,486	48,956
Inter-segment eliminations	-15,854	-18,347
Total liabilities posted in consolidated financial statements	583,540	502,172

(Million yen)

	Total of reportable segment		Other		Adjustment*4		Amount posted in Consolidated Financial statements	
	FY2011	FY2012	FY2011	FY2012	FY2011	FY2012	FY2011	FY2012
Other items								
Provision for credit card point redemption	1,392	2,347	—	—	-0	—	1,391	2,347
Provision for investment loss*1	543	762	13	—	-543	-762	13	—
Provision for doubtful accounts*1	29,439	3,187	3,452	3,342	45	1,646	32,937	8,176
Provision for loss on interest repayment	—	17,296	—	—	—	—	—	17,296
Provision for bonuses	779	587	50	28	1	259	832	875
Depreciation	6,882	6,007	20	13	—	—	6,902	6,020
Interest on loans to customers	612	455	2	0	-609	-451	5	4
Dividends received	118	34	10	0	—	—	128	34
Reversal provision for doubtful accounts	331	59	—	—	-331	-59	—	—
Reversal provision for investment loss	22	2	144	37	—	—	167	40
Amortization of negative goodwill*2	1,115	—	—	—	217	217	1,332	217
Interest expenses*3	—	0	102	71	-102	-70	—	0
Extraordinary income	5,709	6,037	187	—	-724	—	5,173	6,037
(Gain on loan extinguishment)	(2,901)	(5,948)	(—)	(—)	(—)	(—)	(2,901)	(5,948)
Extraordinary losses	3,888	8,843	22	—	—	-8,760	3,911	83
(Impairment loss)	(322)	(52)	(—)	(—)	(—)	(—)	(322)	(52)
(Loss on sale of investment securities)	(1,452)	(—)	(—)	(—)	(—)	(—)	(1,452)	(—)
(Loss on valuation of investment securities)	(—)	(27)	(—)	(—)	(—)	(—)	(—)	(27)
(Loss on valuation of stocks of subsidiaries and affiliates)	(—)	(8,760)	(—)	(—)	(—)	(-8,761)	(—)	(—)
(Provision for business structure improvement)	(2,044)	(—)	20	(—)	(—)	(—)	(2,064)	(—)
Income taxes- current	230	218	10	196	—	—	240	414
Income taxes- deferred	-9	28	0	-0	—	—	-9	28
Increase/decrease in tangible and intangible assets	2,388	2,097	20	5	—	—	2,408	2,103

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

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 loss on valuation of stocks of related companies 8,760 million yen.

Further, details of the major adjustments during the previous consolidated fiscal year were adjustment to gain extinguishment of tie-in shares 724 million yen.

(Related information)

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.

For the fiscal year ended March 31, 2013

1. Information by product/service

	Loan business	Other	Total
Operating revenue from third parties	61,607	38,012	99,619

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, 2012
Information not stated, as the Company discloses the same information in segment information.

For the fiscal year ended March 31, 2013
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, 2012

	Reporting segment				Others (Note)	Total
	AIFUL	LIFE	Life Card	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.

For the fiscal year ended March 31, 2013

	Reporting segment			Others (Note)	Total
	AIFUL	Life Card	Total		
Balance at beginning of the fiscal year	-	-	-	217	217

(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, 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.

For the fiscal year ended March 31, 2013: No relevant matters

(Per Share Information)

For the fiscal year ended March 31, 2012	For the fiscal year ended March 31, 2013
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.	Net assets per share 426.82 yen Net income per share 94.42 yen Diluted net income per share 94.04 yen

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

	As of March 31, 2012	As of March 31, 2013
Total net assets	81,644	105,008
Amount deducted from total net assets	1,904	2,367
(Of which subscription rights to shares)	(51)	(61)
(Of which minority interests)	(1,853)	(2,305)
Net assets related to common stock at end of fiscal year	79,739	102,641
Number of shares of common stock at the end of the fiscal year used in the calculation of net assets per share	240,476,023 shares	240,475,952 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, 2012	For the fiscal year ended March 31, 2013
Net income (loss) per share		
Net income (loss)	17,391 million yen	22,705 million yen
Amount not attributable to common stock shareholders	—	—
Net income (loss) related to common stock	17,391 million yen	22,705 million yen
Average number of shares of common stock during the period	239,917,263 shares	240,476,004 shares
Diluted net income per share		
Adjusted net income	—	—
Increase in number of common stock	—	963,269
(of which subscription rights to share)	(—)	(963,269)
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: 1,944,600) decided upon at the meeting of Board of directors (June 7, 2010)	New share subscription-type stock options (No. of shares: 1,496,450) decided upon at the meeting of Board of directors (June 7, 2010)

(Important subsequent Events)

(Matters relating to important consolidated subsidiaries)

The Company has decided to developmentally dissolve Businext Corporation.(hereinafter “Businext”), a joint venture that had been established jointly by the Company and Sumitomo Mitsui Trust Bank, Limited (hereinafter “Sumitomo Mitsui Trust Bank”) based on the joint venture agreement concluded with Sumitomo Mitsui Trust Bank on November 27, 2000. On March 29, 2013, the Company entered into an agreement in which the Company would transfer all the shares in Businext it owns to New Frontier Partners Co., Ltd. (hereinafter “NFP”), a wholly-owned subsidiary of the Company, while NFP would receive all the shares in Businext owned by Sumitomo Mitsui Trust Bank and all loan claims based on the loan agreement, and executed the agreement on April 3, 2013.

Associated with this, the Company will post negative goodwill of 2,305 million yen and a gain on loan extinguishment of 3,840 million yen under extraordinary income in the subsequent fiscal year

5. Consolidated Results of Operations

(1) Operating Revenue (Million yen; %)

Item		End of the current FY (Apr. 1, 2011 to Mar. 31, 2012) Amount	%	End of the current FY (Apr. 1, 2012 to Mar. 31, 2013) Amount	%
AIFUL CCORPORATION	Interest on loans to customers	57,657	50.6	47,402	47.6
	Unsecured loans	46,373	40.7	38,125	38.3
	Secured loans	9,554	8.4	7,654	7.7
	Small business loans	1,729	1.5	1,621	1.6
	Revenue from credit card business	104	0.1	115	0.1
	Revenue from Installment sales finance business	211	0.2	189	0.2
	Revenue from Credit guarantee	3,051	2.7	3,214	3.2
	Other financial revenue	29	0.0	11	0.0
	Other operating revenue	11,125	9.8	11,364	11.4
	Recovery of loans previously charged off	10,522	9.2	10,788	10.8
	Other	603	0.6	575	0.6
	Subtotal	72,180	63.4	62,298	62.5
LIFE Co., Ltd	Interest on loans to customers	4,435	3.8	—	—
	Unsecured loans	4,424	3.8	—	—
	Secured loans	10	0.0	—	—
	Revenue from Credit card	2,802	2.5	—	—
	Revenue from Installment sales finance business	72	0.1	—	—
	Revenue from Credit guarantee	507	0.4	—	—
	Other financial revenue	0	0.0	—	—
	Other operating revenue	2,260	2.0	—	—
	Recovery of loans previously charged off	873	0.8	—	—
	Other	1,387	1.2	—	—
	Subtotal	10,079	8.8	—	—
Life Card Co., Ltd	Interest on loans to customers	6,084	5.3	6,904	6.9
	Unsecured loans	6,084	5.3	6,901	6.9
	Secured loans	—	—	0	0.0
	Small business loans	—	—	1	0.0
	Revenue from credit card	8,436	7.4	12,398	12.5
	Revenue from Installment sales finance business	91	0.1	42	0.1
	Revenue from Credit guarantee	1,239	1.1	1,394	1.4
	Other financial revenue	3	0.0	4	0.0
	Other operating revenue	3,421	3.0	5,195	5.2
	Recovery of loans previously charged off	4	0.0	22	0.0
	Other	3,416	3.0	5,173	5.2
	Subtotal	19,276	16.9	25,939	26.1

Item \ Period			End of the current FY (Apr. 1, 2011 to Mar. 31, 2012)		End of the current FY (Apr. 1, 2012 to Mar. 31, 2013)	
			Amount	%	Amount	%
OTHER	Interest on loans to customers		7,815	6.9	7,301	7.3
		Unsecured loans	3	0.0	—	—
		Secured loans	1,015	0.9	1,034	1.0
		Small business loans	6,796	6.0	6,266	6.3
	Other financial revenue		0	0.0	0	0.0
	Other operating revenue		4,649	4.0	4,080	4.1
		Revenue from operational investment securities	34	0.0	59	0.1
		Collection of purchased receivables	4,482	3.9	3,908	3.9
		Recovery of loans previously charged off	31	0.0	29	0.0
		Other	101	0.1	82	0.1
	Subtotal		12,465	10.9	11,381	11.4
Total			114,002	100.0	99,619	100.0

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

2. From the Second quarter of consolidated fiscal year 2011, the Group will have two reporting segments which are its core operating companies AIFUL Corporation and Life Card Co., Ltd. (Prior to the change, there were three reporting segments, the core company AIFUL Co., Ltd., LIFE Co., Ltd (until its merger with AIFUL Corporation) and Life Card Co,. Ltd.)

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, 2012	As of Mar. 31, 2013
Total amount of loans outstanding (millions of yen)		455,012	390,635
	Unsecured loans	318,785	272,980
	Secured loans	77,115	64,344
	Small business loans	59,111	53,310
Number of customer accounts		1,130,329	887,662
	Unsecured loans	1,062,335	829,561
	Secured loans	27,869	22,526
	Small business loans	40,125	35,575
Number of branches		625	651
	Staffed branches	30	27
	Unstaffed branches	595	624
Number of automatic loan-contracting machines		632	664
Number of ATMs		155,157	158,404
	Company-owned	603	570
	Partner-owned	154,554	157,834
Number of employees		1,898	1,437
Write-offs (millions of yen)		71,557	40,419
Allowance for doubtful accounts (millions of yen)		156,346	119,427
Net income per share (yen)		72.49	94.42
Net assets per share (yen)		331.59	426.82

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 4,552 million yen in the previous fiscal year, and 4,677 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 (58,112 million yen at the end of the previous fiscal year and 42,825 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, 2012	As of March 31, 2013
Assets		
Current assets		
Cash and deposits	75,775	46,162
Operating loans	344,454	286,316
Installment receivables	7,202	4,432
Customers’ liabilities for acceptances and guarantees	48,397	51,077
Other operating receivables	8,113	6,525
Prepaid expenses	2,742	1,571
Accrued income	2,356	1,850
Suspense payment	3,669	5,473
Other	4,410	5,632
Allowance for doubtful accounts	(107,400)	(72,949)
Total current assets	389,722	336,092
Fixed assets		
Tangible fixed assets		
Buildings	13,360	12,663
Total accumulated depreciation	(8,059)	(7,567)
Net buildings	5,301	5,096
Structures	1,605	1,514
Total accumulated depreciation	(1,340)	(1,246)
Net structures	264	268
Machinery and equipment	175	146
Total accumulated depreciation	(138)	(114)
Net machinery and equipment	37	32
Furniture and fixtures	14,832	8,341
Total accumulated depreciation	(12,500)	(6,584)
Net furniture and fixtures	2,332	1,756
Land	6,869	6,805
Lease assets	—	275
Construction in process account	139	672
Total tangible fixed assets	14,944	14,906
Intangible fixed assets		
Software	4,446	2,022
Other	80	25
Total intangible fixed assets	4,527	2,048
Investment and other fixed assets		
Investment securities	1,072	574
Stock in affiliated companies	102,569	93,810
Other marketable securities of affiliated companies	220	0
Long-term loans to affiliated companies	16,779	17,465
Claims in bankruptcy	43,809	38,673
Long-term prepaid expenses	51	39
Lease and guarantee deposits	1,889	1,787
Other	506	365
Allowance for investment loss	(2,156)	(2,915)
Allowance for doubtful accounts	(40,224)	(36,306)
Total investment and other fixed assets	124,518	113,494
Total fixed assets	143,990	130,449
Total Assets	533,712	466,542

(In millions of yen)

	As of March 31, 2012	As of March 31, 2013
Liabilities		
Current liabilities		
Acceptances and guarantees	48,397	51,077
Current portion of bonds	17,000	8,700
Current portion of long-term debt	23,908	19,862
Lease obligations	—	308
Trade accounts payable	11,723	1,912
Accrued expenses	714	667
Income taxes payable	204	243
Allowance for bonuses	820	869
Allowance for business structure improvement	2,057	—
Deferred installment income	56	40
Asset retirement obligation	48	13
Other	1,000	667
Total current liabilities	105,121	84,363
Long-term liabilities		
Bonds	34,300	25,000
Long-term debt	209,250	178,241
Lease obligations	—	27
Deferred tax liabilities	115	138
Allowance for losses on interest repayments	102,395	85,565
Asset retirement obligation	1,535	1,563
Other	1,233	1,231
Total long-term liabilities	348,830	291,767
Total liabilities	453,952	376,131
Net Assets		
Shareholders' equity		
Common stock	143,324	143,324
Capital surplus		
Capital reserves	150,232	150,232
Other capital surplus	258	258
Total capital surplus	150,491	150,491
Retained earnings		
Earned surplus reserves	1,566	1,566
Other retained earnings		
General reserve	102,230	102,230
Retained earnings carried forward	(314,802)	(304,154)
Total retained earnings	(211,006)	(200,357)
Treasury stock	(3,110)	(3,110)
Total shareholders' equity	79,699	90,347
Valuation and translation adjustments		
Unrealized gain (loss) on available for sale securities	10	1
Total valuation and translation adjustments	10	1
Subscription rights to shares	51	61
Total net assets	79,760	90,410
Total net assets and liabilities	533,712	466,542

(2) Non-Consolidated Statements of Income

(In millions of yen)

	For the fiscal year ended March 31, 2012	For the fiscal year ended March 31, 2013
Operating revenue		
Interest on loans to customers	57,657	47,402
Other financial revenue	29	11
Other operating revenue		
Revenue from Credit guarantee	3,051	3,214
Recovery of loans previously charged off	10,522	10,788
Other	931	892
Total other operating revenue	14,504	14,896
Total operating revenue	72,192	62,310
Operating expenses		
Financial expenses		
Interest expenses	4,770	4,438
Interest on bond	2,582	966
Other	64	2
Total financial expenses	7,417	5,407
Cost of sales		
Cost of sales of real estate	42	—
Total cost of sales	42	—
Other operating expenses		
Advertising expense	1,730	2,615
Commissions	5,620	5,031
Provision for doubtful accounts	24,267	571
Provision for losses on interest repayments	—	15,877
Director’s salaries and remuneration	145	182
Salaries for employees	7,055	6,209
Bonus for employees	414	436
Provision for bonuses	591	583
Welfare expenses	1,857	1,514
Expenses for retirement benefits for employees	546	504
Rent fees	809	463
Land rent	1,785	1,768
Repairs	1,407	1,014
Depreciation expenses	3,668	3,620
Other	4,548	4,945
Total other operating expenses	54,451	45,340
Total operating expenses	61,910	50,747
Operating income	10,281	11,562

	For the fiscal year ended March 31, 2012	For the fiscal year ended March 31, 2013
Non-operating income		
Interest on loans	612	455
Fiduciary obligation fee	398	309
Interest on refund	1	144
Other	846	430
Total non-operating income	1,859	1,340
Non-operating expenses		
Provision for investment loss	543	762
Other	25	45
Total non-operating expenses	568	807
Ordinary income	11,571	12,095
Extraordinary income		
Gain on negative goodwill	1,115	—
Gain on valuation of tie-in shares	724	—
Gain on loan extinguishment	2,901	5,948
Other	964	56
Total extraordinary income	5,705	6,004
Extraordinary losses		
Loss on sale of investment securities	1,452	—
Loss on valuation of stocks of affiliated companies	—	8,760
Provision for business structure improvement	2,008	—
Other	377	55
Total extraordinary losses	3,838	8,815
Income before taxes	13,438	9,284
Income taxes-current	41	(1,393)
Income taxes-deferred	(9)	28
Total income taxes	31	(1,364)
Net income	13,407	10,648

(3) Statements of Change in Shareholders' Equity

(In millions of yen)

	For the fiscal year ended March 31, 2012	For the fiscal year ended March 31, 2013
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	—	258
Change during current fiscal year		
Issuance of new shares	258	—
Total change during fiscal year	258	—
Balance at the end of fiscal year	258	258
Total capital surplus		
Balance at the beginning of fiscal year	150,232	150,491
Change during current fiscal year		
Issuance of new shares	258	—
Total change during fiscal year	258	—
Balance at the end of fiscal year	150,491	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	(328,210)	(314,802)
Change during fiscal year		
Net income	13,407	10,648
Total change during fiscal year	13,407	10,648
Balance at the end of fiscal year	(314,802)	(304,154)
Retained earnings		
Balance at the beginning of fiscal year	(224,413)	(211,006)
Change during fiscal year		
Net income	13,407	10,648
Total change during fiscal year	13,407	10,648
Balance at the end of fiscal year	(211,006)	(200,357)
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	66,033	79,699
Change during fiscal year		
Issuance of new shares	258	—
Net income	13,407	10,648
Purchase of treasury stock	(0)	(0)
Total change during fiscal year	13,665	10,648
Balance at the end of fiscal year	79,699	90,347

(In millions of yen)

	For the fiscal year ended March 31, 2012	For the fiscal year ended March 31, 2013
Valuation and translation adjustments		
Unrealized gain (loss) on available-for-sale-securities		
Balance at the beginning of fiscal year	(1,222)	10
Change during fiscal year		
Net change in items other than shareholders' equity during fiscal year	1,233	(9)
Total change during fiscal year	1,233	(9)
Balance at the end of fiscal year	10	1
Total valuation and translation adjustments		
Balance at the beginning of fiscal year	(1,222)	10
Change during fiscal year		
Net change in items other than shareholders' equity during fiscal year	1,233	(9)
Total change during fiscal year	1,233	(9)
Balance at the end of fiscal year	10	1
Subscription rights to shares		
Balance at the beginning of fiscal year	23	51
Change during current fiscal year		
Net change in items other than shareholders' equity during fiscal year	27	10
Total change during fiscal year	27	10
Balance at the end of fiscal year	51	61
Total net assets		
Balance at the beginning of fiscal year	64,834	79,760
Change during current fiscal year		
Issuance of new shares	258	—
Net income	13,407	10,648
Purchase of treasury stock	(0)	(0)
Net changes in items other than shareholders' equity during fiscal year	1,260	1
Total change during fiscal year	14,926	10,650
Balance at the end of fiscal year	79,760	90,410

(4) Notes to Non-consolidated financial statements

(Notes on premise of going concern)
No relevant matter

(Important accountant principle)

Item	For the fiscal year ended March 31, 2012	For the fiscal year ended March 31, 2013
1. Accounting principles used for standard accounting treatment (1) Depreciation method for depreciable assets	i Tangible fixed assets (excluding lease assets) Declining balance method Major useful lives are as follows: Buildings and structures 3 - 50 years Machinery and equipment 15 years Furniture and fixtures 2 - 20 years ii Lease assets ――――――― Lease assets pertaining to finance lease transactions other than those in which the ownership of lease assets is deemed to transfer to the lessee Straight-line method, taking the lease period to be the useful life and the residual value to be zero, is used. For finance lease transactions other than those in which ownership rights of the lease assets are deemed to transfer to the lessee whose date of commencing the lease transaction is on or before March 31, 2008, an accounting method similar to that used for ordinary rental transactions is used.	i Tangible fixed assets (excluding lease assets) As in Left Major useful lives are as follows: Buildings and structures 2 - 50 years Machinery and equipment 15 years Furniture and fixtures 2 - 20 years ii Lease assets Lease assets pertaining to finance lease transactions in which the ownership of lease assets is deemed to transfer to the lessee The depreciation method applied to fixed assets that are owned is used. ―――――――
(2) Accounting standards for allowances	i Allowance for business structure improvement To prepare for losses arising from business restructuring, an expected amount of loss is recorded.	―――――――
(3) Application of consolidated taxation system	―――――――	The consolidated taxation system 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 27, 2012). Accordingly, no mention is made of them.

(Changes in Accounting Polices)

For the fiscal year ended March 31, 2013
(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates) Following the revision of the Corporate Tax Act, AIFUL Corporation and its consolidated subsidiaries have changed their depreciation method for tangible fixed assets (excluding buildings in AIFUL Corporation) that were acquired on or after April 1, 2012 to one based on the revised Corporate Tax Act from the first quarter of the consolidated fiscal year under review. The effect of this change is minor.

(Changes in disclosure method)

(Balance Sheets)

In the last fiscal year, the "Other" item of "Current assets" included "Suspense payment" 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 8,080 million yen in the "Other" item of "Current assets" has been reclassified as 3,669 million yen in "Suspense payment" and 4,410 million yen in "Other".

(Consolidated Statements of Income)

In the previous fiscal year, the "Other" item of "Operating expenses" included "Advertising expense" but, as this item has exceeded 5% of total operating expenses, from the fiscal year under review, it has 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 6,279 million yen presented as the "Other" item of "Operating expenses" are recalculated into "Advertising expense" 1,730 million yen, and "Other" 4,548 million yen.

In the previous fiscal year, the "Other" item of "Non-operating income" included "Interest on refund" but, as this item has exceeded 10% of total non-operating income, from the fiscal year under review, it has been noted independently. To reflect this change in presentation, the financial statements for the last year have been reclassified.
"Reversal provision for doubtful accounts" (¥59 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 "Non-operating income" as it accounts for less than 10% of total non-operating income.
As a result, Statements of income for the previous fiscal year has been reclassified so that the 331 million yen presented as "Reversal provision for doubtful accounts" and "Other" 517 million yen are recalculated into "Interest on refund" 1 million yen and "Other" 846 million yen.

"Gain on retirement of bond" (¥29 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 814 million yen presented as the "Gain on retirement of bond" is recalculated into "Other" item of "Extraordinary income" 964 million yen.

(Notes to non-consolidated Balance sheets)

As of March 31, 2012	As of March 31, 2013
*1. Assets pledged as collateral and corresponding liabilities (1) Assets pledged as collateral (Million yen) Operating loans 214,088 Other current assets 2,127 Buildings 276 Land 4,248 Investment securities 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. *2. Includes ¥265,617 million in unsecured personal loans.	*1. Assets pledged as collateral and corresponding liabilities (1) Assets pledged as collateral (Million yen) Operating loans 182,998 Installment receivables 963 Other operating receivables 138 Buildings 3,923 Lands 6,433 Total 194,457 (2) Corresponding liabilities Current portion of long-term debt 19,862 Long term debt 178,241 Total 198,103 i) ¥90,670 million in operating loans, ¥500 million in installment receivables and ¥138 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, 1,639 million yen of operating loans and 462 million yen of installment receivables are being used as collateral for borrowing by Life Card Co., Ltd. *2. Includes ¥224,668 million in unsecured personal loans.

As of March 31, 2012	As of March 31, 2013

As of March 31, 2012

*4. 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)

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.

(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.

*5. Of allowance of doubtful accounts, ¥58,112 million in estimated interest repayments expected to have priority application is in operating loans.

*6. Includes ¥2,700 million of allowance for doubtful accounts to affiliated companies.

As of March 31, 2013

*4. 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	148	37,367	37,516
Loans in arrears	15,528	18,980	34,509
Loans in 3-months+ in arrears	1,404	514	1,918
Restructured loans	16,404	2,690	19,094
Total	33,486	59,552	93,039

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

(Restructured loans)

As on left

*5. Of allowance of doubtful accounts, ¥42,825 million in estimated interest repayments expected to have priority application is in operating loans.

*6. Includes ¥2,600 million of allowance for doubtful accounts to affiliated companies.

(Notes to Non-consolidated Statements of Income)

For the fiscal year ended March 31, 2012

*1. Notes related to relevant subsidiaries

(million yen)

Interest on loans	608
Fiduciary obligation fee	398

*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

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

(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

For the fiscal year ended March 31, 2013

*1. Notes related to relevant subsidiaries

(million yen)

Interest on loans	451
Fiduciary obligation fee	309

*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

Use	Category	Location	Impairment loss
Assets expected to sell	"Other" of Intangible fixed assets (telephone subscription rights)	Kyoto pref	52

(2) Method of asset grouping

AIFUL uses the finance business as the smallest unit of grouping.

AIFUL considers certain telephone subscription rights as a single unit for asset grouping, as AIFUL decided to sell them in the fiscal year under review.

(3) Background to recognition of impairment loss

With respect to telephone subscription rights to be sold, an impairment loss is recognized as the expected sales amount is lower than the book value.

(4) Amount of impairment loss

(million yen)

"Other" of Intangible fixed assets	52
Total	52

For the fiscal year ended March 31, 2012	For the fiscal year ended March 31, 2013
(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) Early retirements 2,008 Total 2,008	(5) Calculation of recoverable amount The recoverable value of telephone subscription rights to be sold is determined with the expected sales amount *4. The details of the Provision for business structure improvement are as follows (million yen) Early retirements - Total -

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

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 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, 2013

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)	457,895	71	–	457,966
Total	457,895	71	–	457,966

Note. The increase of 71 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)

For the fiscal year ended March 31, 2012

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

(million yen)

Deferred tax assets	
Allowance for doubtful accounts	33,388
Allowance for losses on interest repayments	36,391
Losses carried forward	163,772
Loan losses	11,368
Shares in affiliated companies	101
Accrued interest repayment losses	3,648
Other	8,535
Subtotal of deferred tax assets	257,205
Valuation allowance	(257,205)
Total deferred tax assets	—
Deferred tax liabilities	
Loss on asset retirement obligation	109
Other unrealized gain (loss) on available for sale securities	6
Total deferred tax liabilities	115
Net deferred tax assets (liabilities)	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.

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, 2013

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

Deferred tax assets	
Allowance for doubtful accounts	22,272
Allowance for losses on interest repayments	30,409
Losses carried forward	180,462
Loan losses	9,124
Shares in affiliated companies	3,214
Accrued interest repayment losses	325
Other	7,004
Subtotal of deferred tax assets	252,814
Valuation allowance	(252,814)
Total deferred tax assets	—
Deferred tax liabilities	
Loss on asset retirement obligation	138
Other unrealized gain (loss) on available for sale securities	0
Total deferred tax liabilities	138
Net deferred tax assets (liabilities)	138

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	35.5
(Adjustments)	
Equal payments of residence tax	0.4
Entertainment expenses and other items that are perpetually excluded from expenses	0.1
Dividends received and other items that are perpetually excluded from revenue	0.0
Valuation allowance	(36.9)
Income taxes for prior periods	(4.3)
Influence of consolidated tax payment	(11.1)
Other	1.6
Effective corporate tax rate after applying tax effect accounting	(14.7)

(Per Share Information)

For the fiscal year ended March 31, 2012	For the fiscal year ended March 31, 2013
Net assets per share 331.47 yen Net loss per share 55.88 yen Diluted net income per share omitted because there were no latent shares with a dilutive effect.	Net assets per share 375.71 yen Net income per share 44.28 yen Diluted net income per share 44.11 yen

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

	As of March 31, 2012	As of March 31, 2013
Total net assets	79,760	90,410
Amount deducted from total net assets	51	61
(Of which subscription rights to shares)	(51)	(61)
Net assets related to common stock at end of fiscal year	79,709	90,349
Number of shares of common stock at the end of the fiscal year used in the calculation of net assets per share	240,476,023 shares	240,475,952 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, 2012	For the fiscal year ended March 31, 2013
Net income (loss) per share		
Net income (loss)	13,407 million yen	10,648 million yen
Amount not attributable to common stock shareholders	—	—
Net income (loss) related to common stock	13,407 million yen	10,648 million yen
Average number of shares of common stock during the period	239,917,263 shares	240,476,004 shares
Diluted net income per share		
Adjusted net income	—	—
Increase in number of common stock	—	963,269
(of which subscription rights to shares)	(—)	(963,269)
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: 1,944,600) decided upon at the meeting of Board of directors (June 7, 2010)	New share subscription-type stock options (No. of shares: 1,496,450) 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, 2012		For the fiscal year ended March 31, 2013	
	Amount	%	Amount	%
Interest on loans to customers	57,657	79.9	47,402	76.1
Unsecured loans	46,373	64.3	38,125	61.2
Secured loans	9,554	13.2	7,654	12.3
Small business loans	1,729	2.4	1,621	2.6
Other financial revenue	29	0.0	11	0.0
Other operating revenue	14,504	20.1	14,896	23.9
Credit guarantee revenue	3,051	4.2	3,214	5.2
Other	11,453	15.9	11,681	18.7
Total	72,192	100.0	62,310	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, 2012	As of March 31, 2013
Total amount of loans outstanding (millions of yen)	344,454	286,316
Unsecured loans	265,617	224,668
Secured loans	66,606	52,708
Small business loans	12,231	8,939
Number of customer accounts	805,318	631,233
Unsecured loans	766,741	600,963
Secured loans	26,915	21,541
Small business loans	11,662	8,729
Number of branches	623	649
Staffed branches	28	25
Unstaffed branches	595	624
Number of automatic loan-contracting machines	632	664
Number of ATMs	50,273	55,506
Company-owned	603	570
Partner-owned	49,670	54,936
Number of employees	1,340	972
Write-offs (millions of yen)	64,552	34,542
Allowance for doubtful accounts (millions of yen)	147,624	109,256
Net income (loss) per share (yen)	55.88	44.28
Net assets per share (yen)	331.47	375.71

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 4,161 million yen in the previous fiscal year, and 4,338 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 (58,112 million yen at the end of the previous fiscal year and 42,825 million yen at the end of the fiscal year under review).

8. Other

(1) Transfers of Directors

To be published when the information is available.

AIFUL Corporation

Press Release

June 18, 2013

Corrections to Consolidated Financial Results For The Fiscal Year Ended March 2013

AIFUL Corporation ("AIFUL" or "Company") made the following corrections to the consolidated financial results announced on May 14, 2013, for the fiscal year ended March 31, 2013.
No correction is posted for Financial Statements.

1. Correction content
   Corrected sections are underlined.

(Sections Requiring Corrections)

i) "1. Business Results (1) Analysis on Business Results"

Page 4

Life Card Co., Ltd. Credit Guarantee Business
First line of the second paragraph

"As a result, at the end of the consolidated fiscal year under review, there were affiliations with <u>149</u> unsecured personal loan companies"

ii) "4. Consolidated Financial Statements (5)Notes to Consolidated Financial Statements"

Page 29

(Notes to Consolidated Statements of Comprehensive Income)

	For the fiscal year ended March 31, 2012	For the fiscal year ended March 31, 2013
Unrealized gain (loss) on available for sale securities		(million yen)
Amount accrued this fiscal year	(140)	<u>187</u>
Reclassification adjustment amount	1,410	<u>4</u>
Pre-adjustment for tax effects	1,270	192
Amount of tax effect	<u>4</u>	<u>(3)</u>
Other unrealized gain (loss) on available for sale securities	1,265	195
Total other comprehensive income	1,265	195

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

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

Page 38

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	61,202	—	—
Loans	156,616	208,856	25,161
Installment receivables	79,734	4,150	—
Total	297,552	213,007	25,161

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(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, 2012	For the fiscal year ended March 31, 2013
Deferred tax assets		
Allowance for doubtful account	39,579	24,410
Allowance for losses on interest repayments	42,663	32,546
Loan losses	11,564	8,798
Accrued revenue	3,257	2,459
Tax loss carry forwards	166,421	181,891
Accrued interest repayment losses	3,649	326
Other	11,723	7,815
Deferred tax assets subtotal	278,860	258,248
Valuation allowance	(278,860)	(258,248)

iii) "6. Non-consolidated Financial Statements (4)Notes to Non-consolidated Financial Statements"

Page 64

(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, 2012	For the fiscal year ended March 31, 2013
Deferred tax assets		
Allowance for doubtful account	33,388	22,272
Allowance for losses on interest repayments	36,391	30,409
Losses carried forward	163,772	180,462
Loan losses	11,368	9,124
Shares in affiliated companies	—	3,214
Accrued interest repayment losses	3,648	325
Other	8,636	7,004
Deferred tax assets subtotal	257,205	252,814
Valuation allowance	(257,205)	(252,814)

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 under review)

Statutory corporate tax rate	35.5%
(Adjustments)	
Equal payments of residence tax	0.4
Entertainment expenses and other items that are perpetually excluded from expenses	0.1
Dividends received and other items that are perpetually excluded from revenue	0.0
Valuation allowance	(36.9)
Income taxes for prior periods	(4.3)
Influence of consolidated tax payment	(11.1)
Other	1.6
Effective corporate tax rate after applying tax effect accounting	(14.7)

(Corrected Sections)

i) "1. Business Results (1) Analysis on Business Result"

Page 4
Life Card Co., Ltd. Credit Guarantee Business
First line of the second paragraph

"As a result, at the end of the consolidated fiscal year under review, there were affiliations with 148 unsecured personal loan companies"

ii) "4. Consolidated Financial Statements (5)Notes to Consolidated Financial Statements"

Page 29
(Notes to Consolidated Statements of Comprehensive Income)

	For the fiscal year ended March 31, 2012	For the fiscal year ended March 31, 2013
Unrealized gain (loss) on available for sale securities		(million yen)
Amount accrued this fiscal year	(140)	135
Reclassification adjustment amount	1,410	56
Pre-adjustment for tax effects	1,270	192
Amount of tax effect	(4)	3
Other unrealized gain (loss) on available for sale securities	1,265	195
Total other comprehensive income	1,265	195

Page 37
*Notes on the Method of Computation of Current Value for Financial Instruments

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

Page 38
3. Scheduled repayment amounts of money claims and securities with contractual maturity 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	61,202	—	—
Loans	156,616	208,856	25,161
Installment receivables	79,734	4,150	—
Available-for-sale securities (Japanese government bonds)	151	—	—
Total	297,552	213,007	25,161

Page 40
(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, 2012	For the fiscal year ended March 31, 2013
Deferred tax assets		
Allowance for doubtful account	39,579	24,410
Allowance for losses on interest repayments	42,663	32,546
Loan losses	11,564	8,798
Accrued revenue	3,257	2,459
Tax loss carry forwards	166,421	182,347
Accrued interest repayment losses	3,649	326
Other	11,723	7,359
Deferred tax assets subtotal	278,860	258,248
Valuation allowance	(278,860)	(258,248)

2. “6 Non-consolidated Financial Statements (4)Notes to Non-consolidated Financial Statements”
Page 64
(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, 2012	For the fiscal year ended March 31, 2013
Deferred tax assets		
Allowance for doubtful account	33,388	22,883
Allowance for losses on interest repayments	36,391	30,409
Losses carried forward	163,772	180,462
Loan losses	11,368	8,518
Shares in affiliated companies	—	3,214
Accrued interest repayment losses	3,648	325
Other	8,636	6,999
Deferred tax assets subtotal	257,205	252,814
Valuation allowance	(257,205)	(252,814)

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 under review)

Statutory corporate tax rate	35.5%
(Adjustments)	
Equal payments of residence tax	0.4
Entertainment expenses and other items that are perpetually excluded from expenses	0.1
Dividends received and other items that are perpetually excluded from revenue	(0.0)
Valuation allowance	(36.9)
Income taxes for prior periods	(4.3)
Influence of consolidated tax payment	(11.1)
Other	1.6
Effective corporate tax rate after applying tax effect accounting	(14.7)

2. Reason for the Correction

Some errors were found after the company disclosed the Financial Results and corrections have been made accordingly.