

ANNUAL REPORT 2014

The year ended March 31, 2014



AIFUL CORPORATION

Corporate Philosophy

Earn the trust of society through corporate activity based in integrity

AIFUL was founded by President and CEO Yoshitaka Fukuda in 1967 as a sole proprietorship consumer finance business and established as a corporation in 1978 to bolster its creditworthiness. In 1982 the corporate name was changed to the current AIFUL CORPORATION. AIFUL has grown into a comprehensive financial group handling such diverse businesses as credit cards, small business lending, credit guarantees, loan servicing and venture capital in addition to consumer finance.

Based on the corporate philosophy “Earn the trust of society through corporate activity based in integrity” AIFUL aims to be a company that is truly trusted by society.

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Forward-Looking Statements

The figures contained in this Annual Report with respect to AIFUL's plans and strategies and other statements that are not historical facts are forward-looking statements about the future performance of AIFUL, which are based on management's assumptions and beliefs in light of the information currently available to it and involve risks and uncertainties and actual results may differ from those in the forward-looking statements as a result of various factors.

Potential risks and uncertainties include, without limitation, general economic conditions in AIFUL's market and changes in the overall market for consumer loans, the rate of default by customers, and the level of interest rates charged by AIFUL.

Five-Year Summary

AIFUL CORPORATION and Consolidated Subsidiaries
Years Ended March 31, 2014, 2013, 2012, 2011 and 2010

	Millions of Yen					Thousands of U.S. Dollars
	2014	2013	2012	2011	2010	2014
For the Year:						
Total income	¥100,541	¥108,863	¥120,034	¥145,215	¥218,375	\$976,126
Total expenses	69,433	85,082	101,940	178,239	507,805	674,107
Provision for doubtful accounts	10,931	8,177	32,937	65,069	166,259	106,126
Income (loss) before income taxes and minority interests	31,108	23,601	18,094	(33,024)	(289,430)	302,019
Net income (loss)	30,462	22,706	17,392	(31,936)	(295,141)	295,748
At Year-End:						
Loans	¥321,150	¥390,635	¥455,012	¥594,527	¥835,928	\$3,117,961
Nonperforming loans	79,223	98,628	131,807	182,607	256,713	769,155
Loans in legal bankruptcy	35,135	37,598	43,033	44,136	48,849	341,117
Nonaccrual loans	27,290	36,906	55,427	88,221	137,021	264,951
Accruing loans contractually past due three months or more as to principal or interest payments	2,445	2,610	4,475	9,489	15,566	23,738
Restructured loans	14,353	21,514	28,872	40,761	55,277	139,349
Total assets	577,339	607,181	665,185	858,017	1,152,945	5,605,233
Allowance for doubtful accounts	102,522	119,428	156,346	192,434	236,303	995,360
Total liabilities	443,797	502,173	583,541	794,412	1,055,639	4,308,709
Interest-bearing debt	253,953	308,747	360,569	492,610	648,823	2,465,563
Total equity	133,542	105,008	81,644	63,605	97,306	1,296,524
Minority interests	—	2,305	1,854	2,757	3,849	—
Per Share Data (Yen/U.S. dollars)						
Net income (loss), basic	¥63.34	¥47.21	¥72.49	¥(134.05)	¥(1,238.90)	\$0.61
Diluted net income	63.00	47.02	—	—	—	0.61
Total equity	276.80	213.41	331.59	255.32	392.30	2.69
Ratios (%):						
Equity ratio	23.1	16.9	12.0	7.1	8.1	
ROE	25.8	24.9	24.7	(41.4)	(122.7)	
ROA	5.1	3.6	2.3	(3.2)	(21.1)	
Other Data:						
Number of shares outstanding at year-end	481,867,836	481,867,836	240,933,918	238,685,568	238,685,568	
Number of employees at year-end	1,369	1,437	1,898	2,073	2,514	

Notes: 1. Figures in the financial section are based on audited English-language statements.

2. The U.S. dollar amounts have been translated, for convenience only, at ¥103=\$1, the approximate rate of exchange at March 31, 2014.

3. The Company implemented a stock split of 2 shares for each 1 share of common stock on October 1, 2013. Accordingly, "Per Share Data" have been calculated as though the stock split had occurred at the beginning of the previous year.

Message from President and CEO, Yoshitaka Fukuda

I would like to take this opportunity to express my gratitude to our stakeholders for their support. I'm pleased to report our financial results for the fiscal year ended March 31, 2014.

■ Financial Results for the Fiscal Year Ended March 31, 2014

AIFUL Group's consolidated operating revenue for the fiscal year ended March 31, 2014 (fiscal year 2013) fell 8% from the previous fiscal year, to 91.8 billion yen.

In our loan business, the Group worked on increasing the number of new contracts and lending volume through effective advertising campaigns mainly via the Internet and television, on an appropriate scale, and through expansion of unstaffed branches. However, interest on loans to customers fell 18% year on year to 50.5 billion yen due to the reduction in maximum interest rates and a drop in operating loans outstanding owing to restrictions on total lending limits and a waiver of principal accompanying interest repayment claims.

In contrast, credit guarantee tie-ups increased by seven new partners. The Group has been aiming to increase the number of credit guarantee tie-ups and to provide new product proposals and sales promotion support to existing credit guarantee customers, in order to expand credit guarantees outstanding. In addition, due to guarantees on the loan liquidation of BUSINEXT, revenue from the credit guarantee business rose 73%, to 7.9 billion yen.

Operating expenses fell 18% compared with the previous fiscal year, to 69.3 billion yen. This was primarily due to a decline in expenses resulting from a reduction in interest-bearing liabilities and general and administrative expenses, even though the expenses for doubtful accounts rose due to a conservative estimate for its provision. Also, a 1.8 billion yen provision for losses on interest repayment (down 89% year on year) was posted for subsidiary LIFE CARD, due to the uncertain number of expected claims for interest repayment going forward.

As a result, AIFUL Group's consolidated operating income increased 53% year on year, to 22.4 billion yen. In addition, ordinary income increased 40% year on year, to 24.7 billion yen, as a result of posting foreign exchange gains, among others, as non-operating income. Net income increased 34% year on year, to 30.4 billion yen, as a result of posting both a gain on negative goodwill and a gain on loan extinguishment as extraordinary income.

Yoshitaka Fukuda
President and CEO



■ Current Operating Environment

The consumer finance industry has been steadily moving toward recovery, with a solid number of new contracts on the back of an economic turnaround and aggressive advertising by major players, and with clearer signs of the operating loan balance bottoming out.

Although the industry's biggest risk, interest repayment claims, is steadily trending downwards after hitting a peak, the number of claims continues almost unchanged recently, leaving the future outlook still unpredictable.

In this environment, on June 10, 2014, the AIFUL Group made the final repayments related to the Business Revitalization Plan based on the alternative dispute resolution (ADR) process, and fulfilled the Business Revitalization Plan on July 10, 2014.

Moreover, with the agreement of creditors at the meeting of creditors held on June 13, 2014, it was determined that, while some of the debt has been repaid, continued financial assistance will be extended for the outstanding debt as of July 10, 2014.

Going forward, while dealing with the principal management issue of interest repayment claims, the AIFUL Group will steadily carry out the repayment plan set forth in the new business plan. Moreover, the Group will strive to streamline its business efficiency across the Group, work to improve the quality of its credit portfolio by acquiring sound credit, and aim to bolster the top line.

Yoshitaka Fukuda

President and CEO

Representative Director



Important Matters

The AIFUL Group has traditionally raised short-term and long-term funds in a variety of ways, including borrowing from financial institutions, issuing bonds, and securitizing loan receivables. However, the AIFUL Group's fund-raising capacity has been impacted by a difficult market environment that includes higher expenses as the result of increases in the claims for interest refunds in accordance with a ruling by Japan's Supreme Court in 2006 as well as the rapid and sharp deterioration of the fund-raising environment. Accordingly, there have been concerns that the AIFUL Group may have difficulty in raising sufficient new funds to sustain its business.

Consequently, since the fiscal year ended March 31, 2010, conditions have been such as to cast substantial doubt on the AIFUL Group's ability to continue as a going concern.

In order to resolve this situation, the AIFUL Group applied on September 24, 2009 for Business Revitalization Procedures using the Alternative Dispute Resolution (the "ADR") process in order to improve its earning capacity and financial strength with the goal of revitalizing and reinforcing its business. At the meeting of participating creditors held on December 24, 2009, the Group gained approval for its Business Revitalization Plan, which includes a provision for financial support. As a result, Business Revitalization Procedures using the ADR process were adopted. The AIFUL Group has repaid a cumulative amount of ¥93,890 million (\$911,553 thousand) to creditors in accordance with the Business Revitalization Plan since then.

At a meeting of creditors held on June 13, 2014, participating creditors decided to approve the proposal for continued financial assistance, with the provision on the partial repayment of the remaining obligation of ¥161,741 million (\$1,570,301 thousand). By implementing concrete measures under our New Business Plan, the AIFUL Group believes there is little uncertainty about its ability to continue as a going concern.

Summary of financial assistance

The Company has executed the partial repayment on July 10, 2014, by newly borrowing from financial institutions.

Regarding the obligations that remain after the above repayment, the Company will

- (a) reschedule the obligations of ¥52,700 million (\$511,650 thousand);
- (b) immediately pay back the obligations in a lump sum at a discounted rate; and
- (c) switch from obligations to corporate bonds, bearing an interest rate of 8% a year, with maturity on April 30, 2020.

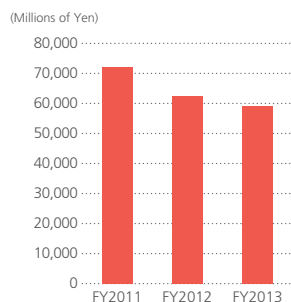
AIFUL Group at a Glance

AIFUL CORPORATION

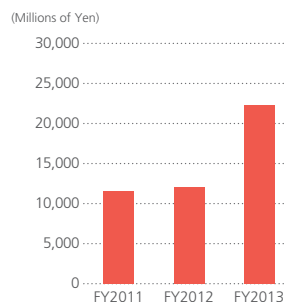


AIFUL CORPORATION provides consumer financing and consumer credit services, which play a central role in the AIFUL Group's overall business. The Company's principal services include unsecured loans, mortgage loans and small business loans. In addition, the Company handles credit guarantee services in tie-ups with commercial banks.

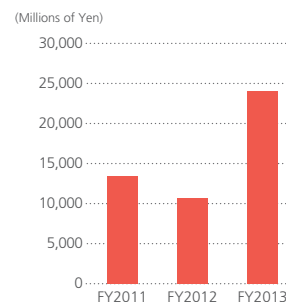
Operating revenue



Ordinary income



Net income

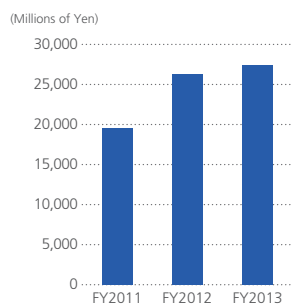


LIFECARD CO., LTD.

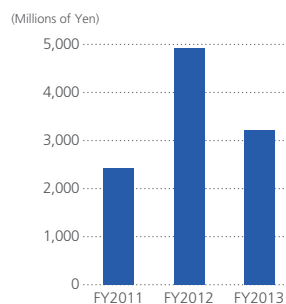


LIFECARD CO., LTD. is primarily engaged in the credit card business. The Company also handles the V-Preca or prepaid Visa card, the first of its kind in Japan, designed exclusively for Internet users. Other services include collection agency services, credit guarantees and insurance services.

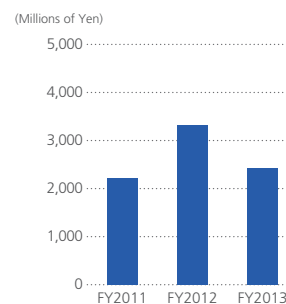
Operating revenue



Ordinary income



Net income

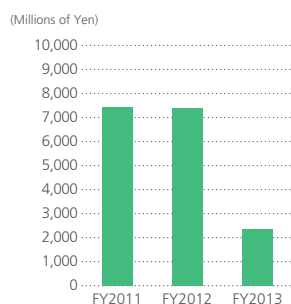


BUSINEXT CORPORATION

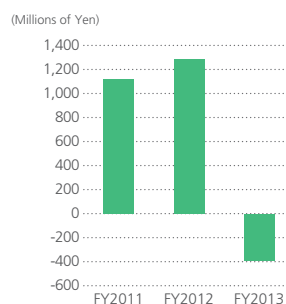


BUSINEXT CORPORATION provides financial services to private business owners and small and medium-sized enterprises (SMEs). The Company handles a wide range of products including card loans, business loans, mortgage loans, and medical institution loans.

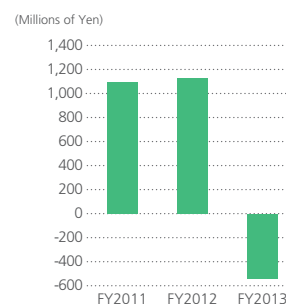
Operating revenue



Ordinary income (loss)



Net income (loss)



Current Business Environment

Trends in the Industry

In light of the interest repayment issue and full implementation of the Money Lending Business Act and Capital Subscription Law in June 2010, restructuring and attrition in the industry have continued, with a rapid shrinking of the consumer finance market. Loans outstanding have decreased by over 70% to 2.7 trillion yen since 2005, while the number of registered lenders has plummeted by over 80% to roughly 2,217.

In the current business environment, visible signs of improvement are finally starting to appear as outstanding business loans seem to be bottoming out together with improving loan portfolios and an increase in the number of new contracts due to an improvement in business sentiment and aggressive advertising by major companies.

With respect to interest repayment claims, the largest business risk, these amounted to roughly 3.3 trillion yen over the last seven years, and waiver of principal came to approximately 2.1 trillion yen. Interest repayments have steadily decreased since hitting a peak, but even in fiscal year 2012, interest repayments were 370.2 billion yen while waiver of principal amounted to 104.6 billion yen, causing major financial strain on lending companies and still posing the greatest risk in the industry.

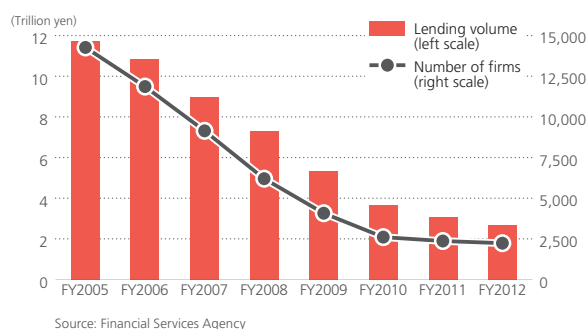
In terms of new contracts for unsecured loans for the top three firms in the industry, extension of credit tightened in anticipation of the full implementation of the Money Lending Business Act, borrowing was restrained, and advertising expenditures for all firms were regulated, resulting in ongoing decreases in new applications and contracts.

However, with improving business sentiment and proactive advertising campaigns by major players, the number of new applications and contracts for loans started to increase after bottoming out in fiscal year 2010, and the business is undergoing a recovery.

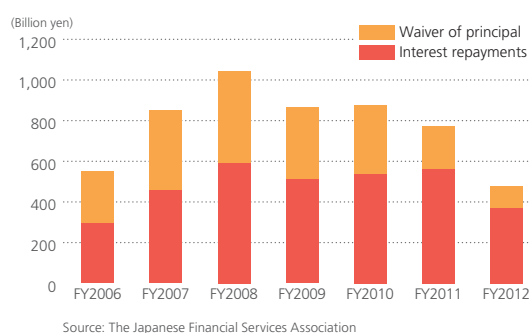
Moreover, although loans outstanding have continued to decline significantly, due to the effects of restrictions on total lending limits and the waiver of principal due to losses on interest repayments, the pace of this decline has been slowing, and the balance has started to rise in certain sectors, indicating the start of an improvement.

Conversely, as a benefit of restrictions on total lending limits, improvement in the quality of our loan portfolio continues, and loan write-offs and non-performing loans (NPL) are steadily decreasing. In fiscal year 2013, loan write-offs decreased 16% compared with the previous period, far above the 1% rate of decline for loans outstanding.

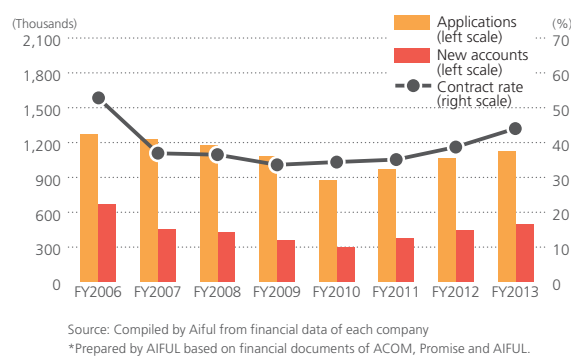
Lending volume and number of registered lenders



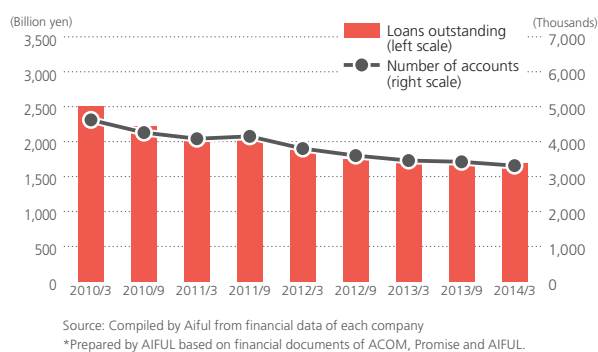
Interest repayments and waiver of principal (for the industry)



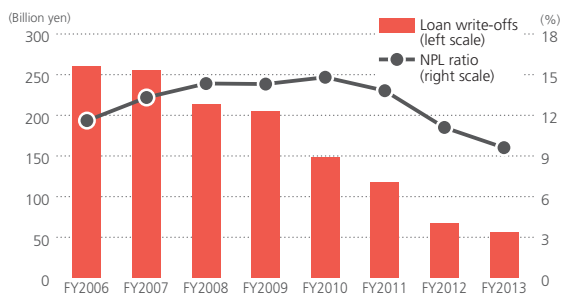
Number of applications and new accounts for top three firms



Loans outstanding for top three firms

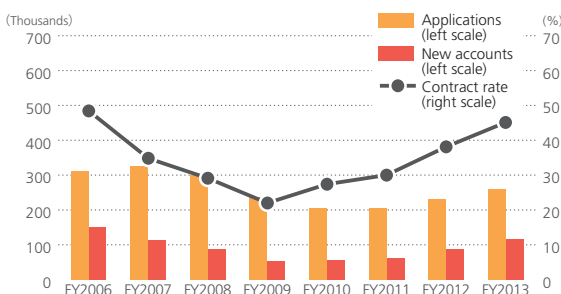


Loan write-offs and NPL ratio for top three firms

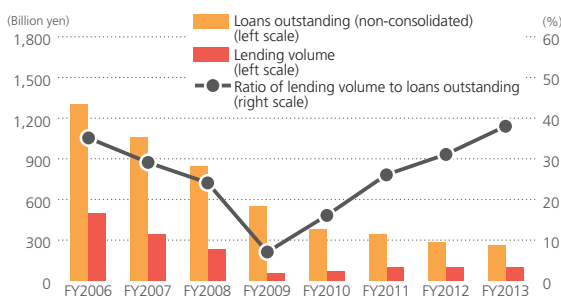


Source: Compiled by Aiful from financial data of each company
*Prepared by AIFUL based on financial documents of ACOM, Promise and AIFUL.

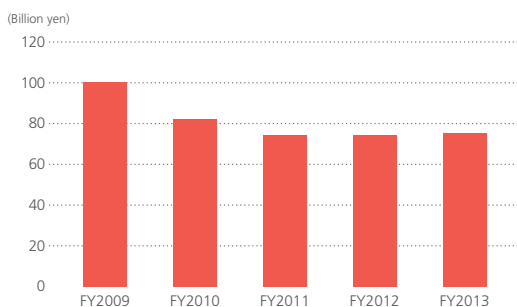
New lending of unsecured loans (non-consolidated)



Lending volume and loans outstanding (non-consolidated)



Credit guarantees outstanding (consolidated)



Moreover, the NPL ratio has now decreased to 10%, which is below the level before the Money Lending Business Act came into full effect.

Consolidated Results of Operations

In fiscal year 2013, the AIFUL Group's consolidated operating revenue fell 7.8% compared with the previous fiscal year, to 91,858 million yen. The principal components were interest on loans, which contracted 17.9% year on year to 50,577 million yen, revenue from the credit card business, which increased 7.3% to 13,426 million yen, and revenue from the credit guarantee business, which increased 72.5% to 7,949 million yen. In contrast, the collection of purchased receivables contracted 22.9% to 3,011 million yen while the recovery of loans previously charged off edged down 10.9% to 9,663 million yen.

Operating expenses fell 18.3% compared with the previous fiscal year, to 69,360 million yen, after accounting for an allowance for losses on interest repayment of 1,885 million yen, which decreased 89.1% year on year.

In addition, a 2,305 million yen gain on negative goodwill and a 3,840 million yen gain on loan extinguishment associated with the dissolution of the joint venture, BUSINEXT CORPORATION, resulted in the posting of 6,398 million yen (up 6.0% 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 22,498 million yen (up 52.9% year on year), ordinary income was 24,752 million yen (up 40.3% year on year) and net income was 30,461 million yen (up 34.2% year on year).

Business Results

The number of new applications and contracts concluded by AIFUL has continued to fall, primarily because of the application of strict credit controls ahead of the full implementation of the Money Lending Business Act, customers' restraint regarding borrowing and tightening of advertising expenditures. However, with an improvement in business sentiment and aggressive advertising by major players, as well as AIFUL's newly launched advertising, mainly on television and the Internet, the number of new applications and contracts concluded started to increase from fiscal year 2010.

In fiscal year 2013, the number of new accounts for unsecured loans was 117,000, up 34% year on year, and the ratio of contracts to applications was 45.0%, an increase of 7.0 points from the same period last year, owing to the aggressive development of unstaffed branches as well as the implementation of effective advertising mainly on the Internet and television, befitting the scale of the business.

Although the operating loan balance has continued to decline due to the effects of restrictions on total lending limits and the waiver of principal due to interest repayments, the pace of this decline has been slowing.

The lending volume also started to increase after bottoming out in fiscal year 2009.

In the credit guarantee business, guarantees for outstanding loans bottomed out in fiscal year 2011 and have been rising year on year since fiscal year 2012. In fiscal year 2013, the Group forged new alliances and commenced sales with seven financial institutions, while it carried out sales promotions to expand guarantee partners and proposed new products and offered support to promote sales. As a result, guarantees for outstanding loans based on operating receivables reached 75,558 million yen, up 2% from the end of the previous fiscal year.

As for the balance of installment receivables, LIFECARD Co., Ltd., a credit card subsidiary, has been leading an initiative mainly through the Internet to improve convenience for cardholders and increase transactions by enhancing the webpage functions as well as by implementing campaigns aimed at existing members and other measures.

As a result, the balance of installment receivables in the credit card business on a consolidated basis started to increase year on year from fiscal year 2012. In fiscal year 2013, the balance of installment receivables stood at 85,264 million yen, up 4% from the end of the previous fiscal year.

As a benefit of the restrictions on total lending limits, the quality of our loan portfolio continues to improve, and write-offs and nonperforming loans (NPL) are steadily decreasing.

The amount of total receivable write-offs for fiscal year 2013 was down 37% year on year, far greater than the 11% reduction in loans outstanding.

In addition, the write-off ratio stood at 5%, down two points year on year, and excluding the portion of the waiver of principal due to interest repayments, the so-called general write-offs improved to 3%.

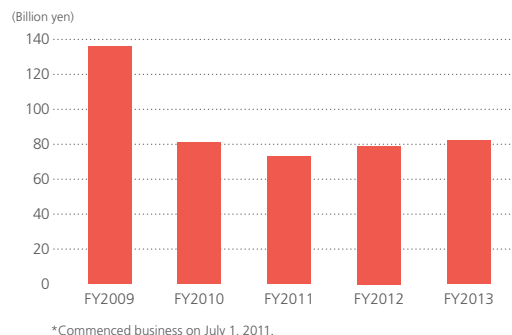
The balance of NPL fell 20% year on year, to 79,222 million yen, and the ratio of unsecured loans was also down three points, to 10%, making for steady improvement.

On the other hand, with regard to interest repayments, where the number of claims and attorney involvements are major indicators, although the number of claims has decreased by 70% since peaking in 2007 and by about half since 2011, when the bankruptcy of a major competitor occurred, the situation remains uncertain, with the current trend remaining flat.

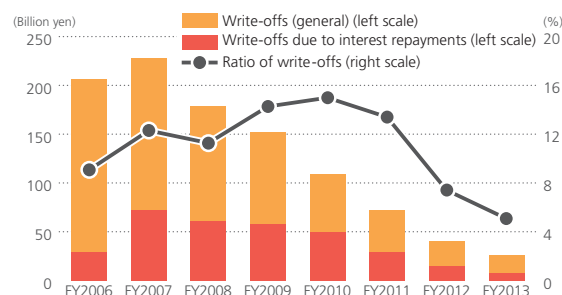
Moreover, cash-out and the amount of debt waived due to interest repayments have decreased by roughly half since their peak, but still continue to exert major financial pressure, amounting to a monthly average of over 2,500 million yen.

In light of this situation, the Group recorded a provision of 1.8 billion yen for LIFECARD in fiscal year 2013. As a result, the allowance related to interest repayments came to 95.1 billion yen at the end of the fiscal year under review.

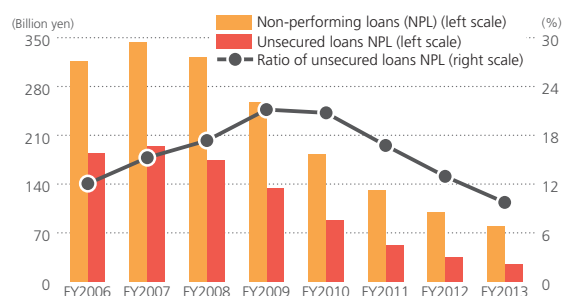
Installment receivables (consolidated)



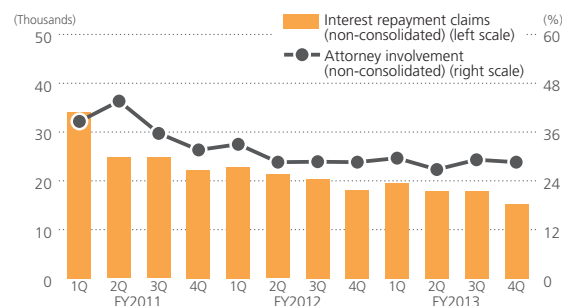
Total receivable write-offs (consolidated)



Non-performing loans (NPL) (consolidated)

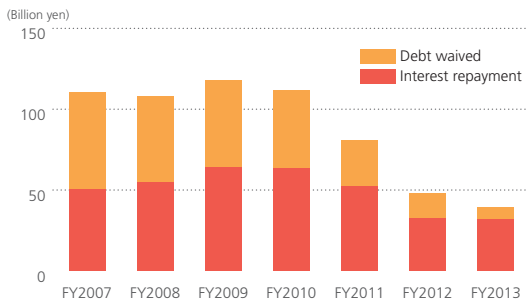


Interest repayment claims and attorney involvement (non-consolidated)

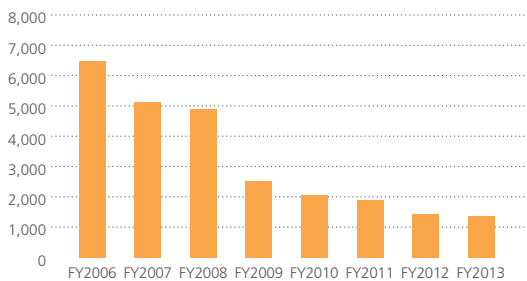


*Attorney involvement is based on comparison with the May 2007 peak value of 100%.
*Since July 1, 2011 portions of former LIFE and the other three firms were absorbed and amalgamated

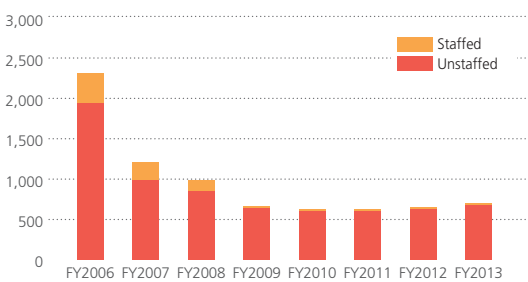
Losses related to interest repayment claims (consolidated)



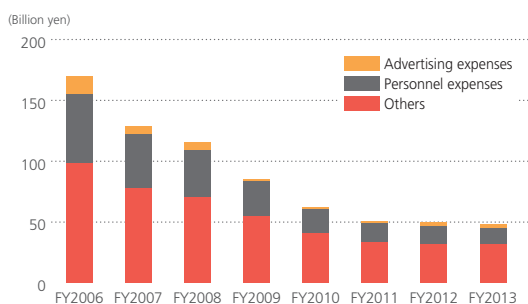
Number of full-time employees (consolidated)



Number of branches (consolidated)



General and administrative expenses (consolidated)



This magnitude of financial pressure related to interest repayment claims resulted in AIFUL implementing voluntary retirement on four occasions in the seven years since fiscal year 2005, and the number of employees was reduced from 6,675 in fiscal year 2005 to 1,369 in fiscal year 2013. In addition, the number of lending outlet locations was reduced from 2,722 in fiscal year 2005 to 704 in fiscal year 2013, as the Company sought to radically reduce costs and streamline operations by consolidating and eliminating bases and departments and restructuring the Group.

Going forward, we will put all of our efforts into improving our financial position and profitability by continuing to pursue increased business efficiency and cost structure reforms across the Group.

With respect to interest-bearing debt, payments, including repayments to ADR creditors and the redemption of corporate bonds, have been made in accordance with our Business Revitalization Plan. As a result, interest-bearing debt amounting to 698.5 billion yen in fiscal year 2009 was reduced over a four-year period by 60% to the remaining interest-bearing debt outstanding of 280.7 billion yen as of March 31, 2014.

The outstanding interest-bearing debt comprises borrowings of 228,916 million yen, corporate bonds of 25,000 million yen and liquidation of receivables of 26,860 million yen.

Cash Flows

Cash and cash equivalents (“funds”) were up 5,678 million yen, or 9.3%, compared with the end of the previous fiscal year, to 66,876 million yen.

Cash flows from operating activities

Net cash provided by operating activities amounted to 55,066 million yen, an increase of 152.5% 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 allowance for doubtful accounts and the decrease in allowance for losses on interest payment.

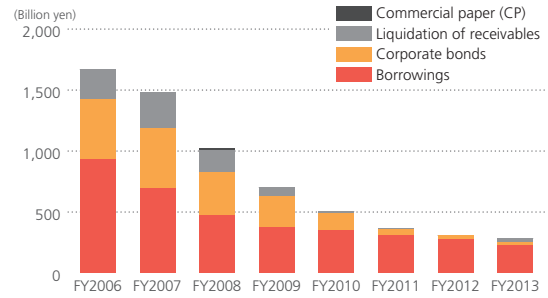
Cash flows from investing activities

Net cash provided by investing activities totaled 1,524 million yen (1,175 million yen in the previous fiscal year). This was mainly attributable to the purchase of tangible fixed assets and proceeds from long-term loans.

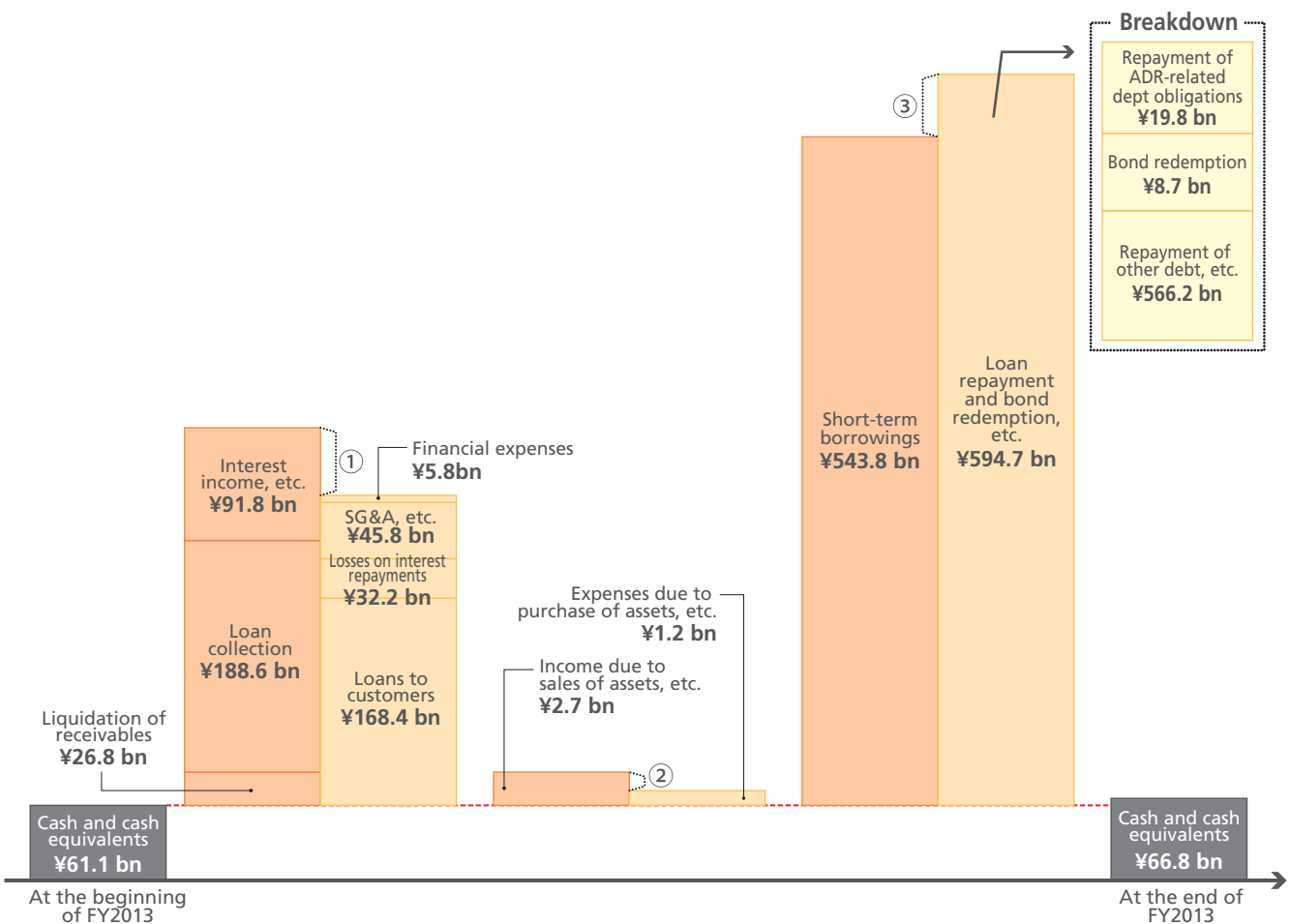
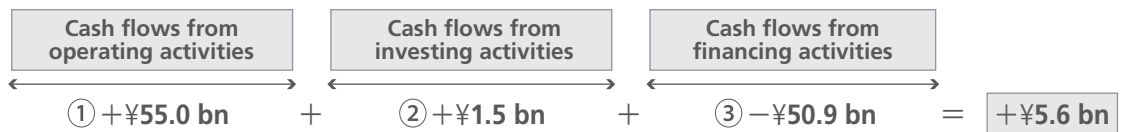
Cash flows from financing activities

Net cash used in financing activities amounted to 50,954 million yen, up 10.3% year on year, due to the repayment of borrowings and the redemption of bonds.

Interest-bearing debt (consolidated)



Cash Flows and Funding (Consolidated)



Business Data

AIFUL GROUP

TOTAL RECEIVABLES OUTSTANDING (Managed Asset Basis) (Millions of Yen)

	2010	2011	2012	2013	2014
Total Receivables Outstanding	1,105,057	768,342	618,220	556,032	515,960
Loans	856,763	594,527	455,012	390,635	348,011
Unsecured	634,249	425,400	318,785	272,980	261,222
Secured	138,650	99,650	77,115	64,345	41,268
Small Business	83,864	69,478	59,112	53,310	45,521
Installment Receivables	135,852	80,990	80,614	83,885	85,264
Credit Guarantees	100,153	82,134	74,148	74,441	75,559
Other	12,289	10,690	8,446	7,071	7,126

TOTAL INCOME/NET INCOME (LOSS) (Millions of Yen)

	2010	2011	2012	2013	2014
Total Income	218,375	145,215	120,034	108,683	100,541
Interest on Loans	170,662	103,784	75,993	61,607	50,578
Unsecured	137,395	79,543	56,886	45,028	40,717
Secured	20,027	13,976	10,581	8,690	7,064
Small Business	13,241	10,265	8,526	7,889	2,797
Installment Receivables	19,550	13,021	11,719	12,746	13,613
Credit Guarantees	7,035	5,759	4,798	4,610	7,950
Other	21,128	22,652	27,524	29,720	28,401
Net Income (Loss)	(295,141)	(31,936)	17,392	22,706	30,462

AVERAGE RATE OF BORROWINGS (%)

	2010	2011	2012	2013	2014
Average Rate of Borrowings	2.01	2.18	2.09	2.05	2.31
Indirect	2.15	2.15	2.07	1.99	1.98
Direct	1.84	2.26	2.19	2.60	3.72
Long-term Prime Rate (Reference)	1.60	1.60	1.35	1.15	1.20

NUMBER OF CUSTOMER ACCOUNTS (Thousands)

	2010	2011	2012	2013	2014
Number of Customer Accounts	1,966	1,515	1,130	888	817
Unsecured	1,867	1,432	1,062	830	769
Secured	46	36	28	23	18
Small Business	54	47	40	36	31
Credit Card Holders	12,719	6,746	6,357	5,811	5,818

TOTAL ASSETS/ROA/TOTAL EQUITY/ROE (Millions of Yen)

	2010	2011	2012	2013	2014
Total Assets	1,152,945	858,017	665,185	607,181	577,339
ROA (%)	(21.1)	(3.2)	2.3	3.6	5.1
Total Equity	97,306	63,605	81,644	105,008	133,542
ROE (%)	(122.7)	(41.4)	24.7	24.9	25.8

AIFUL CORPORATION

LOANS OUTSTANDING (Millions of Yen)

	2010	2011	2012	2013	2014
Total Receivables Outstanding	603,088	422,004	408,167	348,353	350,681
Loans	553,476	381,368	344,455	286,316	260,776
Unsecured	423,733	289,361	265,617	224,669	216,072
Secured	120,821	83,422	66,607	52,708	37,611
Small Business	8,922	8,585	12,231	8,939	7,093
Installment Receivables	–	–	7,202	4,433	2,846
Credit Guarantees	45,249	36,969	48,397	51,078	80,489
Other	4,363	3,667	8,113	6,526	6,570

TOTAL INCOME/NET INCOME (LOSS) (Millions of Yen)

	2010	2011	2012	2013	2014
Total Income	130,278	90,751	79,757	69,655	63,779
Interest on Loans	113,069	74,020	57,657	47,402	42,066
Unsecured	92,854	60,194	46,374	38,126	34,472
Secured	18,353	12,511	9,554	7,655	6,233
Small Business	1,862	1,315	1,729	1,621	1,361
Credit Guarantees	4,136	3,349	3,051	3,215	6,654
Installment Receivables	–	–	316	306	226
Other	13,073	13,382	18,732	18,733	14,834
Net Income (Loss)	(261,496)	(70,169)	13,407	10,649	24,046

NUMBER OF CUSTOMER ACCOUNTS (Thousands)

	2010	2011	2012	2013	2014
Number of Customer Accounts	1,061	815	805	631	590
Unsecured	1,009	772	767	601	565
Secured	44	34	27	22	17
Small Business	7	9	12	9	7

AVERAGE LENDING INTEREST RATE (%)

	2010	2011	2012	2013	2014
Average Lending Interest Rate	16.2	15.8	15.9	15.0	15.4

AMOUNT OF WRITE-OFFS/RATIO OF WRITE-OFFS (Millions of Yen)

	2010	2011	2012	2013	2014
Total Receivables Write-offs	111,651	81,666	68,352	31,591	19,264
Unsecured Loans Write-offs	89,452	63,779	46,333	25,194	14,169
Ratio of Total Receivables Write-offs (%)	20.17	21.41	19.84	11.03	7.39
Ratio of Unsecured Loans Write-offs(%)	21.11	22.04	17.44	11.21	6.56

*On July 1, 2011, Group companies, formerly known as Life Co., Ltd. and Cities Co., Ltd., were absorbed by merger into AIFUL.

NEW ACCOUNTS

(Accounts)

	2010	2011	2012	2013	2014
New Accounts	51,757	60,434	63,296	87,575	117,072
Unsecured Loans	51,757	55,986	61,734	87,515	117,008
Contract Rate of Unsecured Loans (%)	21.9	27.3	29.9	38.0	45.0

TOTAL ASSETS/ROA/TOTAL EQUITY/ROE

(Millions of Yen)

	2010	2011	2012	2013	2014
Total Assets	858,532	578,153	533,713	466,542	463,792
ROA (%)	(24.9)	(9.8)	2.4	2.1	5.2
Total Equity	135,536	64,835	79,761	90,411	114,807
ROE (%)	(98.3)	(70.0)	18.6	12.5	23.5

LIFECARD CO., LTD.**TOTAL RECEIVABLES OUTSTANDING (Managed Asset Basis)**

(Millions of Yen)

	2010	2011	2012	2013	2014
Total Receivables Outstanding	410,315	270,201	152,663	151,736	150,228
Installment Receivables	135,852	80,990	73,412	79,452	82,418
Loans (Cash Advance)	211,632	137,023	53,168	48,375	45,322
Credit Guarantees	54,904	45,165	25,750	23,363	21,931
Other	7,926	7,023	333	545	556

OPERATING REVENUE/NET INCOME (LOSS)

(Millions of Yen)

	2010	2011	2012	2013	2014
Operating Revenue	73,371	44,675	19,711	26,402	27,347
Installment Receivables	19,955	13,267	8,657	12,509	13,387
Loans (Cash Advance)	41,265	19,559	6,084	6,904	6,260
Credit Guarantees	2,899	2,410	1,240	1,395	1,296
Other	9,252	9,439	3,730	5,593	6,403
Net Income (Loss)	(27,750)	(31,148)	2,207	3,320	2,419

AVERAGE YIELD

(%)

	2010	2011	2012	2013	2014
Average Yield	14.6	13.4	17.1	17.5	18.2

PURCHASE RESULTS

(Millions of Yen)

	2010	2011	2012	2013	2014
Credit Card	863,975	491,804	341,491	496,088	539,051
Credit Card Shopping Loans	796,376	446,540	310,754	454,181	498,756
Credit Card Cashing Loans	67,599	45,263	30,737	40,906	40,295

NUMBER OF CARDHOLDERS

(Thousands)

	2010	2011	2012	2013	2014
Number of Cardholders	12,719	6,746	6,357	5,811	5,818
LIFE Proper Card	2,219	2,762	2,489	2,021	1,911
Affinity Cards	10,499	3,984	3,869	3,790	3,907

AMOUNT OF WRITE-OFFS/RATIO OF WRITE-OFFS

(Millions of Yen)

	2010	2011	2012	2013	2014
Total Receivables Write-offs	38,716	30,308	1,665	2,961	3,118
Ratio of Total Receivables Write-offs (%)	9.44	11.22	1.09	1.95	2.08

* LIFECARD CO., LTD. commenced business on July 1, 2011. As a result, performance figures for the fiscal year ended March 31, 2012 are for a nine-month period.

* Figures prior to the fiscal year ended March 31, 2011 are for Life Co., Ltd.

Corporate Governance

Reinforcement of Corporate Governance

The AIFUL Group's basic concept of corporate governance is to improve the transparency of its management based on its management principle of "Earn the trust of society through corporate activity based in integrity." To that end, the Group has developed a management organization structure and implemented the necessary measures to build a trustworthy relationship with all its stakeholders, including customers, shareholders, and investors, and discloses information appropriately.

(1) Overview of the corporate governance structure

Board of Auditors and Corporate Auditors

The Board of Auditors consists of three corporate auditors (including two outside corporate auditors). It determines the audit policy and plan, and discusses and decides on important audit matters based on the reports it receives. A meeting is generally held every month and extraordinary meetings as necessary.

Corporate auditors work with the Internal Auditing Department and accounting auditors to enhance management's supervisory functions and share information with auditors of affiliated companies in an effort to strengthen the auditing structure in the operation of the entire Group.

To improve these audit functions, the Group has established a Corporate Auditor's Office as the exclusive body supporting corporate auditors and taking any other steps necessary to ensure independence, including, for example, the requirement that the auditor's office not follow any directions or orders from directors.

Board of Directors and Directors

The Board of Directors consists of seven directors (as of the date of submission of the Annual Securities Report). It deliberates and decides on matters that cannot be delegated to directors pursuant to the provisions of laws, regulations, and the Articles of Incorporation, as well as important matters such as management strategies, and monitors these matters regularly. In addition to semi-monthly meetings, it holds extraordinary meetings as necessary. The Company's Articles of Incorporation also stipulate that there be no more than eleven directors.

Executive Officers

The Company introduced an executive officer system in June 2007 to speed up the decision-making process and execution of duties, and enhance the separation of supervisory and executive functions. The Board of Directors appoints executive officers and delegates business by assigning responsibilities and authority.

Management Committee

The Management Committee comprises all directors and executive officers. It strives to promote the sharing of information and mutual verification of matters to be submitted to the Board of Directors, and issues and strategies based on the policies resolved at Board of Directors meetings, so that disagreements do not arise regarding decisions or the performance of duties. It holds meetings on a weekly basis, in general.

Compliance Committee

As a consultative body under the direct control of the Board of Directors, a Compliance Committee has been established. It is composed of an executive officer who oversees the Compliance Department as the chairman, outside experts, and executive officers in relevant divisions. It examines compliance issues, designs training programs, and submits reports to the Board of Directors to create a corporate culture that stresses compliance, standards of corporate ethics, and compliance programs. In addition to bimonthly meetings in general, it holds extraordinary meetings as necessary.

Risk Management Committee

As an organization under the direct control of the Board of Directors, a Risk Management Committee has been established. Consisting of all directors, it assesses ongoing risks based on the regular reports it receives on the status of risks, continually reviews the risk management system, and submits reports to the Board of Directors with the aim of preventing risks from occurring and curbing losses in times of crisis by creating an appropriate risk management system. In addition to quarterly meetings in general, it holds extraordinary meetings as necessary.

(2) Reasons for the current structure

As part of the auditor system, we appoint two outside corporate auditors for a total of three corporate auditors. We ensure independent audits with a system that has all corporate auditors attend Board of Directors meetings, other important meetings and committee meetings, including Management Committee meetings, to express their opinions. We have also established a Corporate Auditor's Office as the exclusive body for supporting the work of corporate auditors.

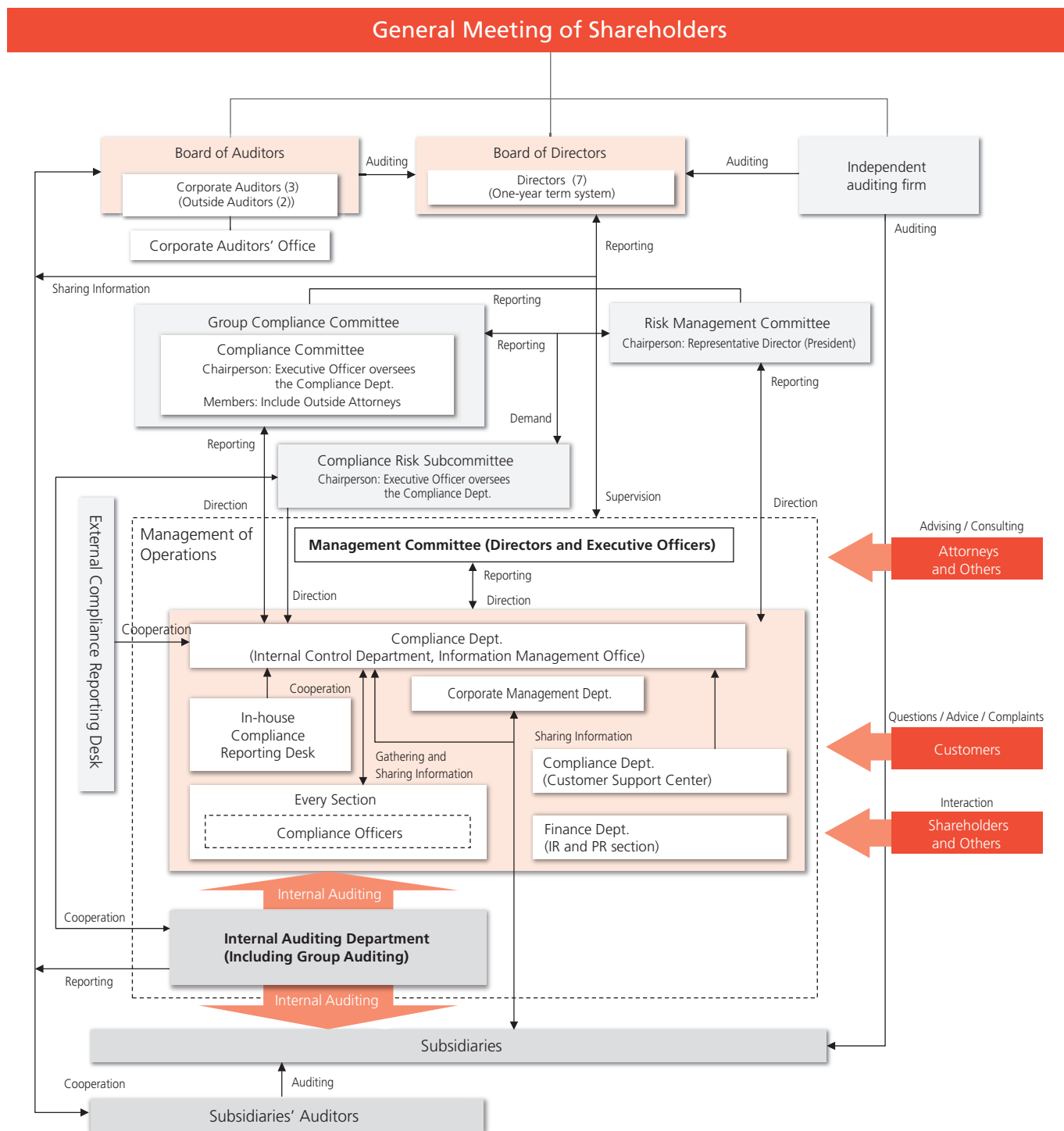
Some of our directors are from companies other than financial institutions, although they do not fall into the category of outside directors stipulated in Article 2, item (xv) of the Companies Act. This ensures a business administration that incorporates independent perspectives.

Further, we separate management's supervisory functions and business execution functions by implementing an executive officer system and strengthening supervisory

functions with the establishment of a Compliance Committee that includes outside experts and a Risk Management Committee, among others.

We have adopted the current structure to achieve corporate management that is transparent, fair, and efficient.

The diagram below illustrates the Group's structures for business execution, management supervision, internal control and risk management as of the date of submission of the Annual Securities Report.



Enhancement of Corporate Governance

(1) Development of a compliance framework

A Compliance Committee (meeting on a regular basis), with an outside member (a lawyer), has been set up to establish and manage compliance programs, conduct ongoing management led by the person responsible for compliance in each division, collect information and implement other preventative measures, and determine policies for employee training. In addition, the AIFUL Group Compliance Committee has been established to disseminate a set of unified corporate ethics throughout the entire Group and form a compliance framework for the Group as a whole. In addition, the Group has launched both internal and external hotlines offering consultations on any violations of the Group's management principles, norms and other standards, as well as an internal whistleblowing system, in an effort to develop a corporate environment that encourages reporting and discussion of violations.

(2) Development of a risk management framework

A Risk Management Committee has been set up to gain an understanding of the Group's risk factors and hold discussions to determine responses. The Risk Management Committee has a system in place whereby it collects risk information from the Compliance Committee and other divisions on a regular basis and conducts crisis management in coordination with directors, corporate auditors, and other relevant divisions. AIFUL CORPORATION and AIFUL Group have established an action plan and manual in preparation for large-scale disasters, issues relating to personal or corporate information, and other risk events so as to be able to respond to potential emergencies appropriately and promptly.

(3) Maintenance of accuracy in disclosure of financial information and status of internal controls

As a system for maintaining the accuracy of financial information, the AIFUL Group has developed an effective mutual check system where the division in charge of institutional accounting (the Accounting Department) and the division in charge of management accounting (the Management Planning Department) are separate, in addition to a system of checks established by the Accounting Department and accounting audits by independent auditors in accordance with the Companies Act and the Financial Instruments and Exchange Act. The Group also implements initiatives for maintaining the accuracy of information disclosure in the preparation and announcement of financial reports by having the Accounting Department, the IR Section of the Finance Department, and other relevant divisions (including certain affiliated companies). apply a process of checks.

(4) Improvement of disclosure and status of internal controls

To enhance the transparency of management and achieve effective corporate governance through the activation of external checking functions, the Group endeavors to make timely and straightforward disclosures in news releases, account settlement data, annual reports, and other materials, and holds briefing sessions for domestic and overseas investors, analysts, and so forth, as appropriate. In addition, we have a system in place whereby investors' opinions and inquiries about management can be relayed back to the president, the Board of Directors, and the head of each division on a regular basis.

Board of Directors, Corporate Auditors and Executive Officers

(As of June 27, 2014)

Directors

Yoshitaka Fukuda

President and Representative Director

Chief Executive Officer

Apr. 1967: Founded Matsubara Sangyo as a sole proprietorship consumer finance company
Apr. 1980: Director of Marutaka, Inc. (established in 1978, now AIFUL CORPORATION)
May 1982: President and Representative Director after merger of three related companies
Jun. 2011: Chairman and Representative Director of LIFECARD Co., Ltd (Current)
Apr. 2014: President, Representative Director and Chief Executive Officer
Chairperson of the Risk Management Committee, Overseeing the Internal Auditing Department (Current)

Masayuki Sato

Representative Director

Senior Managing Executive Officer

Aug.1982: Joined AIFUL CORPORATION
Jun. 1999: Director
Assistant General Manager of the Loan Business Division and General Manager of the Promotion Department
Jun. 2008: Director and Managing Executive Officer
In charge of the Business Development Department
Jun. 2011: Director and Senior Managing Executive Officer
Senior General Manager of the Management Planning Division, Overseeing the Personnel Department and General Manager of the Personnel Department
Jun. 2014: Representative Director and Senior Managing Executive Officer
Senior General Manager of the Management Planning Division, overseeing the Personnel Department (Current)

Nobuyuki Wakuta

Director

Managing Executive Officer

Apr. 1975: Joined The Sumitomo Trust & Banking Co., Ltd. (now Sumitomo Mitsui Trust Bank, Limited)
Jun. 2004: Executive Officer
Sales Manager at the Main Branch of The Sumitomo Trust & Banking Co., Ltd.
Jun. 2006: Managing Director
Senior General Manager of the Management Planning Division, in charge of the IT Planning Division
Jun. 2007: Director and Managing Executive Officer
Apr. 2014: Director and Managing Executive Officer
Chairperson of the Compliance Committee, Senior General Manager of the Accounting Division, supervising the General Affairs Department, Overseeing the Compliance Department, the Credit Assessment Department and the Information Systems Department (Current)

Kazumitsu Oishi

Director

Managing Executive Officer

Mar. 1979: Joined Marutaka, Inc. (now AIFUL CORPORATION)
Jun. 2001: Director
Jun. 2005: Executive Officer
Senior General Manager of the Loan Business Division
Jun. 2011: Managing Executive Officer
Senior General Manager of the Loan Business Division
Jun. 2012: Director and Managing Executive Officer
Senior General Manager of the Loan Business Division (Current)

Tsuguo Nakagawa

Director

Managing Executive Officer

Mar. 1976: Joined Oasa Inc. (Yoshitaka Fukuda's sole proprietorship)
Jun. 2004: Director
In charge of the Inspection Department and the Credit Assessment Department
Jun. 2005: Executive Officer
Senior General Manager of the Credit Management Division
Jun. 2011: Managing Executive Officer
Senior General Manager of the Credit Management Division
Jun. 2012: Director and Managing Executive Officer
Senior General Manager of the Credit Management Division (Current)
Apr. 2014: President of Astry Loan Services Corporation (Current)

Toshikazu Moriwaki

Director

Managing Executive Officer

Apr. 1977: Joined The Nippon Fudosan Bank, Limited (now Aozora Bank, Ltd.)
Apr. 2002: General Manager of the Main Branch's Sixth Division of Aozora Bank, Ltd.
Oct. 2007: Director and Assistant Senior General Manager of the Sales Department of Astry Loan Services Corporation
Jun. 2009: President of Astry Loan Services Corporation
Jun. 2012: Director and Managing Executive Officer
In charge of the Finance Department (Current)

Mitsuhide Fukuda

Director

Managing Executive Officer

Apr. 2003: Joined Daiwa Securities Co. Ltd.
Apr. 2009: Joined OGI Capital Partners, Ltd.
Jun. 2011: Executive Officer
In charge of the Corporate Management Department
Jun. 2012: Director and Executive Officer
In charge of the Corporate Management Department
Apr. 2014: President of BUSINEXT CORPORATION (Current)
Jun. 2014: Director and Managing Executive Officer (Current)

Corporate Auditors

Masanobu Hidaka

Full-time Corporate Auditor (outside)

Minoru Kobayashi

Full-time Corporate Auditor

Masanori Nagasawa

Corporate Auditor (outside)

Executive Officers

Shinichiro Okuyama

Executive Officer
In charge of the Marketing Department, General Manager of the Marketing Department

Kazuhiko Tsuda

Executive Officer
In charge of the Accounting Department and the General Affairs Department, General Manager of the Accounting Department

Keiji Masui

Executive Officer
In charge of Secure Rent Guarantor Service Co., Ltd.

Consolidated Balance Sheet

March 31, 2014

AIFUL CORPORATION and Consolidated Subsidiaries

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
CURRENT ASSETS:			
Cash and cash equivalents (Note 15)	¥ 66,877	¥ 61,198	\$ 649,291
Time deposits (Note 15)	4	4	39
Operational investment securities (Notes 6 and 15)	825	926	8,010
Allowance for investment losses	(19)	(19)	(184)
Loans, credit guarantees and receivables:			
Loans (Notes 3, 8 and 15)	321,150	390,635	3,117,961
Installment accounts receivable (Notes 4, 8 and 15)	85,264	83,885	827,806
Credit guarantees (Note 5)	102,420	74,441	994,369
Other receivables	9,360	10,215	90,874
Allowance for doubtful accounts (Notes 2.I and 15)	(69,540)	(84,715)	(675,146)
Deferred tax assets (Note 13)	148		1,437
Other current assets (Note 8)	11,985	17,309	116,359
Total current assets	528,474	553,879	5,130,816
PROPERTY AND EQUIPMENT:			
Land (Note 8)	8,895	8,895	86,359
Buildings and structures (Note 8)	23,287	23,496	226,087
Machinery and equipment (Note 8)	404	356	3,922
Furniture and fixtures	7,487	10,680	72,689
Lease assets	335	607	3,253
Construction in progress	40	673	389
Total	40,448	44,707	392,699
Accumulated depreciation	(23,340)	(25,906)	(226,602)
Net property and equipment	17,108	18,801	166,097
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 6 and 15)	779	1,136	7,563
Allowance for investment losses	(9)	(16)	(87)
Investments in and advances to unconsolidated subsidiaries (Note 15)	1,349	2,402	13,097
Claims in bankruptcy (Notes 3 and 15)	36,854	39,832	357,806
Software, net	2,953	4,659	28,670
Lease and guarantee deposits	21,927	20,182	212,883
Other assets (Note 7)	886	1,019	8,602
Allowance for doubtful accounts (Note 15)	(32,982)	(34,713)	(320,214)
Total investments and other assets	31,757	34,501	308,320
TOTAL	¥ 577,339	¥ 607,181	\$ 5,605,233

* Shares have been restated, as appropriate, to reflect a two-for-one stock split effected October 1, 2013.

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
CURRENT LIABILITIES:			
Short-term borrowings (Notes 8 and 15)	¥ 49,250	¥ 40,900	\$ 478,155
Current portion of long-term debt (Notes 8, 14 and 15)	16,837	52,772	163,466
Trade notes payable	46	124	447
Trade accounts payable	14,734	14,307	143,049
Obligation under credit guarantees (Note 5)	102,420	74,441	994,369
Income taxes payable	619	987	6,010
Accrued expenses	1,612	1,756	15,650
Allowance for credit card point redemption	3,200	2,830	31,068
Other current liabilities (Notes 4, 5 and 19)	3,780	3,814	36,699
Total current liabilities	192,498	191,931	1,868,913
LONG-TERM LIABILITIES:			
Long-term debt (less current portion) (Notes 8 and 15)	187,866	215,075	1,823,942
Allowance for losses on interest refunds (Note 2.I)	59,882	91,422	581,379
Negative goodwill, net (Note 21)		218	
Deferred tax liabilities (Note 13)	172	149	1,670
Other long-term liabilities	3,379	3,378	32,805
Total long-term liabilities	251,299	310,242	2,439,796
EQUITY (Notes 10 and 11):			
Common stock - authorized, 1,136,280,000 shares; issued, 481,867,836 shares in 2014 and in 2013*	143,325	143,325	1,391,505
Capital surplus	164,392	164,392	1,596,039
Stock acquisition rights	413	62	4,010
Retained earnings	(171,652)	(202,114)	(1,666,524)
Treasury stock - at cost 916,568 shares in 2014 and 915,932 shares in 2013*	(3,110)	(3,110)	(30,194)
Accumulated other comprehensive income (loss):			
Unrealized gain on available-for-sale securities	174	148	1,688
Total	133,542	102,703	1,296,524
Minority interests		2,305	
Total equity	133,542	105,008	1,296,524
TOTAL	¥ 577,339	¥ 607,181	\$ 5,605,233

Consolidated Statement of Income

Year Ended March 31, 2014

AIFUL CORPORATION and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
INCOME:			
Operating revenue:			
Interest on loans	¥ 50,578	¥ 61,607	\$ 491,049
Revenue from credit card business	13,427	12,514	130,359
Revenue from credit guarantee	7,950	4,610	77,184
Recovery of loans previously charged off	9,663	10,840	93,816
Other operating revenue	10,241	10,048	99,427
Total operating revenue	91,859	99,619	891,835
Amortization of negative goodwill (Note 21)	218	218	2,117
Gain on purchase of borrowings (Note 21)	3,840	5,948	37,282
Gain on negative goodwill (Notes 20 and 21)	2,305		22,379
Other income (Note 19)	2,319	2,898	22,513
Total income	100,541	108,683	976,126
EXPENSES:			
Interest on borrowings and bonds	5,449	6,878	52,903
Provision for doubtful accounts (Note 21)	10,931	8,177	106,126
Provision for losses on interest refunds (Note 21)	1,885	17,297	18,301
Salaries and other employees' benefits	13,041	13,129	126,612
Net periodic benefit costs (Note 9)	477	518	4,631
Advertising expenses	3,294	3,814	31,981
Provision for credit card point redemption (Note 21)	2,666	2,347	25,883
Rental expenses (Note 14)	2,260	2,448	21,942
Commissions and fees	10,468	9,753	101,631
Depreciation and amortization (Note 21)	3,761	6,021	36,515
Loss on impairment of long-lived assets (Note 7)		52	
Loss on sale of investment securities (Note 21)	33		320
Loss from business restructuring (Notes 12 and 21)	10		97
Other expenses	15,158	14,648	147,165
Total expenses	69,433	85,082	674,107
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	31,108	23,601	302,019
INCOME TAXES (Notes 13 and 21):			
Current	764	414	7,417
Deferred	(118)	30	(1,146)
Total income taxes	646	444	6,271
NET INCOME BEFORE MINORITY INTERESTS	30,462	23,157	295,748
MINORITY INTERESTS IN NET INCOME		451	
NET INCOME	¥ 30,462	¥ 22,706	\$ 295,748
		Yen	U.S. Dollars (Note 1)
AMOUNTS PER COMMON SHARE (Notes 2.u and 18):			
Basic net income	¥ 63.34	¥ 47.21 *	\$0.61
Diluted net income	63.00	47.02 *	0.61
Cash dividends applicable to the year	nil	nil	nil

* Per share figures have been restated, as appropriate, to reflect a two-for-one stock split effected October 1, 2013.

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year Ended March 31, 2014

AIFUL CORPORATION and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
NET INCOME BEFORE MINORITY INTERESTS	¥ 30,462	¥ 23,157	\$ 295,748
OTHER COMPREHENSIVE INCOME (Note 17):			
Unrealized gain on available-for-sale securities	26	196	251
Total other comprehensive income	26	196	251
COMPREHENSIVE INCOME	¥ 30,488	¥ 23,353	\$ 295,999
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 30,488	¥ 22,902	\$ 295,999
Minority interests	nil	451	nil

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Year Ended March 31, 2014

AIFUL CORPORATION and Consolidated Subsidiaries

	Thousands	Millions of Yen								
	Number of Shares of Common Stock Issued*	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss) Unrealized Gain (Loss) on Available-for-sale Securities	Total	Minority Interests	Total Equity
BALANCE AT APRIL 1, 2012	481,868	¥ 143,325	¥ 164,392	¥ 51	¥(224,820)	¥ (3,110)	¥(48)	¥ 79,790	¥ 1,854	¥ 81,644
Net income					22,706			22,706		22,706
Net increase in treasury stock (142 shares)*						(0)		(0)		(0)
Net change in the year				11			196	207	451	658
BALANCE AT MARCH 31, 2013	481,868	143,325	164,392	62	(202,114)	(3,110)	148	102,703	2,305	105,008
Net income					30,462			30,462		30,462
Net increase in treasury stock (636 shares)			(0)			(0)		(0)		(0)
Net change in the year				351			26	377	(2,305)	(1,928)
BALANCE AT MARCH 31, 2014	481,868	¥ 143,325	¥ 164,392	¥ 413	¥(171,652)	¥ (3,110)	¥ 174	¥ 133,542	¥ nil	¥ 133,542

	Thousands of U.S. Dollars (Note 1)									
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss) Unrealized Gain (Loss) on Available-for-sale Securities	Total	Minority Interests	Total Equity	
BALANCE AT MARCH 31, 2013	\$1,391,505	\$1,596,039	\$602	\$(1,962,272)	\$(30,194)	\$1,437	\$997,117	\$22,379	\$1,019,496	
Net income				295,748			295,748		295,748	
Net increase in treasury stock (636 shares)		(0)			(0)		(0)		(0)	
Net change in the year			3,408			251	3,659	(22,379)	(18,720)	
BALANCE AT MARCH 31, 2014	\$1,391,505	\$1,596,039	\$4,010	\$(1,666,524)	\$(30,194)	\$1,688	\$1,296,524	\$ nil	\$1,296,524	

* Shares and per share figures have been restated, as appropriate, to reflect a two-for-one stock split effected October 1, 2013.

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year Ended March 31, 2014

AIFUL CORPORATION and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 31,108	¥ 23,601	\$ 302,019
Adjustments for:			
Income taxes - paid	(1,476)	(288)	(14,330)
Income taxes - refund	71	423	689
Depreciation and amortization	3,761	6,021	36,515
Amortization of negative goodwill	(218)	(218)	(2,117)
Gain on negative goodwill	(2,305)		(22,379)
Loss on impairment of long-lived assets		52	
Decrease in allowance for investment losses	(8)	(55)	(78)
Decrease in allowance for doubtful accounts	(16,906)	(36,919)	(164,136)
(Decrease) increase in allowance for bonuses	(4)	52	(39)
Increase in allowance for credit card point redemption	370	520	3,592
Decrease in allowance for losses on interest refunds	(31,540)	(17,246)	(306,214)
Decrease in allowance for losses from business restructuring		(2,127)	
Gain on purchase of borrowings	(3,840)	(5,948)	(37,282)
Changes in assets and liabilities:			
Decrease in loans	69,485	64,377	674,612
Increase in installment accounts receivable	(1,379)	(4,935)	(13,388)
Decrease in purchased receivables	910	1,442	8,835
(Increase) decrease in other operating receivables	(55)	1,375	(534)
Decrease in claims in bankruptcy	2,978	5,400	28,913
Increase in lease and guarantee deposits	(1,745)	(2,540)	(16,942)
Decrease in other current assets	5,620	223	54,563
Increase (decrease) in other current liabilities	34	(11,367)	330
Other, net	206	(30)	2,002
Total adjustments	23,959	(1,788)	232,612
Net cash provided by operating activities	55,067	21,813	534,631
INVESTING ACTIVITIES:			
Capital expenditures	(1,272)	(1,606)	(12,350)
Proceeds from sales of property, plant and equipment	1,270	221	12,330
Proceeds from sales of investment securities	667	532	6,476
Other, net	860	(323)	8,350
Net cash provided by (used in) investing activities	1,525	(1,176)	14,806
FORWARD	¥ 56,592	¥ 20,637	\$ 549,437

(Continued)

Consolidated Statement of Cash Flows

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
FORWARD	¥ 56,592	20,637	\$ 549,437
FINANCING ACTIVITIES:			
Net increase in short-term borrowings	8,350	5,900	81,068
Proceeds from long-term debt	1,500	10,351	14,563
Repayments of long-term debt	(60,804)	(62,432)	(590,330)
Net cash used in financing activities	(50,954)	(46,181)	(494,699)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	41	46	398
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,679	(25,498)	55,136
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	61,198	86,696	594,155
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 66,877	¥ 61,198	\$ 649,291

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Year Ended March 31, 2014

AIFUL CORPORATION and Consolidated Subsidiaries

1 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than Japan.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside

Japan. In addition, certain reclassifications have been made in the 2013 consolidated financial statements to conform to the classifications used in 2014.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥103 to \$1, the approximate rate of exchange at March 31, 2014. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation — The consolidated financial statements as of March 31, 2014, include the accounts of AIFUL CORPORATION (the “Company”) and its four (four in 2013) significant subsidiaries (together, the “Group”). Consolidation of the remaining 12 (12 in 2013) unconsolidated subsidiaries would not have a material effect on the accompanying consolidated financial statements.

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in six unconsolidated subsidiaries (six in 2013) are stated at cost. Investments in the remaining six unconsolidated subsidiaries (six in 2013), which are limited liability investment partnerships and similar partnerships, are initially recorded at cost, and the carrying amount is adjusted to recognize the Company’s interests in earnings or losses in such partnerships based on the most recent available financial statements of the partnerships.

The difference between the cost of an acquisition and the fair value of the net assets of the acquired subsidiary at the date of acquisition is reported as goodwill or negative goodwill in the accompanying consolidated balance sheet.

Goodwill on acquisition of subsidiaries is amortized using the straight-line method over the estimated period (not to exceed 20 years) in which economic benefits are expected to be realized. However, when the excess of cost over net assets of subsidiaries acquired is not material, it is charged to income when incurred. Negative goodwill on acquisition of subsidiaries prior to March 31, 2010 is amortized using the straight-line

method over 10 years. See Note 2.b for the new accounting standard of business combinations undertaken on or after April 1, 2010.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. Business Combinations — In October 2003, the Business Accounting Council (the “BAC”) issued a Statement of Opinion, “Accounting for Business Combinations”, and in December 2005, the ASBJ issued ASBJ Statement No. 7, “Accounting Standard for Business Divestitures” and ASBJ Guidance No. 10, “Guidance for Accounting Standard for Business Combinations and Business Divestitures”. The accounting standard for business combinations allowed companies to apply the pooling-of-interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, “Accounting Standard for Business Combinations”. Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling of interests method of accounting is no longer allowed. (2) The previous accounting standard accounts

for research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development costs (IPR&D) acquired in the business combination are capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. This standard was applicable to business combinations undertaken on or after April 1, 2010.

As discussed in Note 20 to the consolidated financial statements, effective March 29, 2013, the Company entered into the agreement with Sumitomo Mitsui Trust Bank, Limited to dissolve their joint venture business of BUSINEXT CORPORATION (“BN”) by transferring all shares and borrowings of BN to its consolidated subsidiary of NEW FRONTIER PARTNERS Co., Ltd. (“NFP”), which was completed on April 3, 2013.

c. Cash Equivalents — Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits that mature or become due within three months of the date of acquisition.

d. Operational Investment Securities Held by Venture Capital Subsidiary and Investment Securities — Operational investment securities held by a venture capital company and investment securities, all of which are classified as available-for-sale securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-average cost method. Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, operational investment securities and investment securities are reduced to net realizable value by a charge to income.

Investments in limited liability investment partnerships and similar partnerships are initially recorded at cost, and the carrying amount is adjusted to recognize the Company’s interests in earnings or losses in such partnerships based on the most recent available financial statements of the partnerships.

e. Property and Equipment — Property and equipment are stated at cost. Depreciation of property and equipment of the Company and its consolidated subsidiaries is computed by the declining-balance method except that the straight-line method is applied to the buildings of the Company’s consolidated subsidiaries acquired on or after April 1, 1998. The range of useful lives is principally from 2 to 62 years for buildings and structures, from 4 to 17 years for machinery and equipment, and from 2 to 20 years for furniture and fixtures.

f. Long-lived Assets — The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may

not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

g. Software — Expenditures for the purchase of software, which meet certain future tests, are capitalized as software and amortized by the straight-line method over the estimated useful lives of five years.

h. Allowance for Doubtful Accounts — The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group’s past credit loss experience and an evaluation of potential losses in the accounts outstanding.

i. Allowance for Investment Losses — The allowance for investment losses is stated in amounts considered to be appropriate based on the financial position of the investment destination and an evaluation of potential losses on nonmarketable investment securities.

j. Allowance for Credit Card Point Redemption — The allowance for credit card point redemption is provided at an estimated amount of future costs related to credit card point redemption. These points are granted to card members according to the point system that is intended to promote the usage of cards.

k. Allowance for Losses from Business Restructuring — The allowance for losses from business restructuring is provided at an estimated amount of future costs related to closure of outlets and other restructuring activities.

l. Allowance for Losses on Interest Refunds — The limit of interest rates in Japan is regulated by two laws - “Capital Subscription Law” and “Interest Rate Restriction Act”. Under the former law, interest rates on loans should not exceed 29.2% (20.0% for customers who originate loans after June 18, 2010) and the violation of law is considered to be a criminal penalty. The latter law stipulates that interest payments for interest rates that exceed the legal limit (20.0% for principal amounts under ¥100 thousand, 18.0% for principal amounts not less than ¥100 thousand and under ¥1 million and 15.0% for principal amounts not less than ¥1 million) are void. However, under the “Moneylending Business Control and Regulation Law”, such interest payments are nonetheless considered to be valid if moneylenders issue notices as prescribed by the law to debtors and debtors pay the interests voluntarily (For customers who originate loans after June 18, 2010, such system is abolished.). Strict judgment by the Supreme Court of these requirements has led to decisions against moneylenders and resulted in more debtors claiming for the return of excess interest payments.

The Company and its certain consolidated subsidiaries have loaned money at rates between the limits set by the two laws. Allowance for losses on interest refunds is stated in amounts considered to be appropriate based on the Company’s and its

certain consolidated subsidiaries' past refund loss experience, the recent situation regarding interest refunds and other factors.

At March 31, 2014 and 2013, the Group recorded an allowance of ¥59,882 million (\$581,379 thousand) and ¥91,422 million, respectively, as "Allowance for losses on interest refunds". In addition, the estimated amount of interest refunds of ¥35,291 million (\$342,631 thousand) and ¥42,826 million which were expected to be preferentially set off against loans was recorded as "Allowance for doubtful accounts" for the Company and its certain consolidated subsidiaries at March 31, 2014 and 2013, respectively.

m. Asset Retirement Obligations — In March 2008, the ASBJ published ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

n. Stock Options — ASBJ Statement No. 8, "Accounting Standard for Stock Options" and related guidance are applicable to stock options granted on and after May 1, 2006. This standard requires companies to measure the cost of employee stock options based on the fair value at the date of grant and recognize compensation expense over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate

fair value.

o. Leases — In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the balance sheet.

The Group applied the revised accounting standard effective April 1, 2008.

Lease assets related to finance lease transactions with ownership transfer are depreciated on the methods which are applied to the assets owned by the Group. Lease assets related to finance lease transactions without ownership transfer are depreciated over the leased periods on a straight-line basis, with no residual value.

All other leases are accounted for as operating leases.

p. Income Taxes — The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

The Group files a tax return under the consolidated corporate tax system, which allows companies to base tax payments on the combined profits or losses of the parent company and its wholly owned domestic subsidiaries.

q. Foreign Currency Transactions — All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

r. Revenue Recognition:

Interest on Loans — Interest on loans is recorded on an accrual basis. In accordance with the practice prevailing in the industry, the Company records accrued interest at either the interest rate stipulated in the Interest Rate Restriction Act or the contracted interest rate, whichever is lower.

Revenue from Credit Card Business, Revenue from Installment Sales Finance Business — Fees from customers and member stores applying the add-on method are generally recorded collectively as unearned income when credit contracts become effective and are recognized in equal installments over the lives of contracts. Fees from customers applying the

remaining principal method or revolving method are generally recognized in equal installments over the lives of contracts.

Revenue from Credit Guarantees — Revenue from credit guarantees is recorded by the remaining principal method.

s. Interest on Borrowings — Interest on financial liabilities is accounted for as operating expenses while other interest is included in other expenses.

t. Derivatives and Hedging Activities — The Group uses derivative financial instruments to manage its exposures to fluctuations in interest rates and foreign exchange. Interest rate swaps, interest rate caps and currency swaps contracts are utilized by the Group to reduce interest rate and foreign currency exchange risks. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income; and b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Currency swaps contracts are utilized to hedge foreign currency exposure in principal and interest payments of foreign-currency-denominated straight bonds. Foreign-currency-denominated straight bonds are translated at the contracted rates.

The interest rate swaps and caps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap or cap contracts is recognized and included in interest expenses or income.

u. Per Share Information — Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share of common stock reflects the potential dilution that could occur if securities were converted into common stock and assumes full exercise of outstanding stock options.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

On October 1, 2013, the Company effected a two-for-one stock split by way of a free share distribution based on the resolution of the Board of Directors meeting held on July 8, 2013. All prior year share and per share figures have been restated

to reflect the impact of the stock split, and to provide data on a basis comparable to the year ended March 31, 2014. Such restatements include calculations regarding the Company's weighted-average number of common shares, basic net income per share, diluted net income per share, and stock option data of the Company's common stock.

v. Accounting Changes and Error Corrections — In December 2009, ASBJ issued ASBJ Statement No. 24 "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24 "Guidance on Accounting Standard for Accounting Changes and Error Corrections". Accounting treatments under this standard and guidance are as follows:

(1) Changes in Accounting Policies - When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation - When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates - A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors - When an error in prior-period financial statements is discovered, those statements are restated.

3 LOANS

Loans at March 31, 2014 and 2013, consisted of the following (before allowance for doubtful accounts):

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Unsecured	¥ 261,222	¥ 272,980	\$ 2,536,136
Secured	41,268	64,345	400,660
Small-business loans	45,521	53,310	441,951
Total	348,011	390,635	3,378,747
Off-balance-sheet securitized loans	(26,861)		(260,786)
Net	¥ 321,150	¥ 390,635	\$ 3,117,961

Registered moneylenders are required to disclose the following information under the Non-Bank Bond Issuing Law:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Loans in legal bankruptcy	¥ 35,135	¥ 37,598	\$ 341,117
Nonaccrual loans	27,290	36,906	264,951
Accruing loans contractually past due three months or more as to principal or interest payments	2,445	2,610	23,738
Restructured loans	14,353	21,514	139,349
Total	¥ 79,223	¥ 98,628	\$769,155

Loans in legal bankruptcy are loans in which accrual of interest is discontinued (excluding the portion recognized as bad debts), based on management's judgment as to the collectability of principal or interest resulting from the past-due payment of interest or principal and other factors. Allowances for claims in bankruptcy are stated at such amount less net realizable value of collateral.

Nonaccrual loans are loans in which accrual of interest is discontinued, other than loans in legal bankruptcy as well as loans receiving regular payments in the case of granting deferral of interest payment to the debtors in financial difficulties to assist them in their recovery.

Accruing loans contractually past due three months or more as to principal or interest payments 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 nonaccrual loans are excluded from accruing loans contractually past due three months or more.

Restructured loans are loans on which creditors grant concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, waiver of the face amount, or other concessive measures) to the debtors in financial difficulties to assist them in their recovery and eventually enable them to pay creditors. Loans classified as loans in legal bankruptcy, nonaccrual loans and accruing loans contractually past due three months or more are excluded.

At March 31, 2014 and 2013, including securitized loans, the Group had balances related to revolving loan contracts aggregating ¥267,679 million (\$2,598,825 thousand) and ¥301,487 million, respectively, whereby the Group is obligated to advance funds up to a predetermined amount upon request. At March 31, 2014 and 2013, the balances of unadvanced commitments were ¥682,314 million (\$6,624,408 thousand) and ¥678,908 million, respectively. The loan contract contains provisions that allow the Group to reduce the contract amount of the commitment or refuse to advance funds to loan customers under certain conditions.

4 INSTALLMENT ACCOUNTS RECEIVABLE

Installment accounts receivable and unearned income, included in other current liabilities, at March 31, 2014 and 2013, consisted of the following:

	Millions of Yen				Thousands of U.S. Dollars	
	2014		2013		2014	
	Receivables	Unearned Income	Receivables	Unearned Income	Receivables	Unearned Income
Credit card business	¥ 84,382	¥ 341	¥ 82,439	¥ 399	\$ 819,243	\$ 3,311
Installment sales finance business	882	1	1,446	8	8,563	9
Total	¥ 85,264	¥ 342	¥ 83,885	¥ 407	\$ 827,806	\$ 3,320

In addition, the Group had unearned income of immaterial amounts at March 31, 2014 and 2013, which was included in other current liabilities, related to loans other than those shown in the above table.

5 CREDIT GUARANTEES AND OBLIGATION UNDER CREDIT GUARANTEES

The Group, as guarantor, recorded credit guarantees as a contra account of obligations under credit guarantees. Unearned income relating to credit guarantees was ¥32 million (\$311 thousand) and ¥40 million at March 31, 2014 and 2013, respectively, which was included in other current liabilities.

6 OPERATIONAL INVESTMENT SECURITIES HELD BY VENTURE CAPITAL SUBSIDIARY AND INVESTMENT SECURITIES

Operational investment and investment securities at March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Current: Equity securities	¥ 825	¥ 926	\$ 8,010
Non-current:			
Equity securities	¥ 603	¥ 840	\$ 5,854
Government and corporate bonds		152	
Other	176	144	1,709
Total	¥ 779	¥ 1,136	\$ 7,563

The costs and aggregate fair values of available-for-sale securities included in investment securities with reliable determined fair value at March 31, 2014 and 2013, were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as: Available-for-sale securities	¥ 111	¥ 203	¥ 3	¥ 311
	Millions of Yen			
	2013			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as: Available-for-sale securities	¥ 427	¥ 234	¥ 12	¥ 649
	Thousands of U.S. Dollars			
	2014			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as: Available-for-sale securities	\$ 1,078	\$ 1,971	\$ 29	\$ 3,020

Proceeds from sales of available-for-sale securities for the years ended March 31, 2014 and 2013, were ¥750 million (\$7,282 thousand) and ¥84 million, respectively. Gross realized gains on these sales, computed on the moving-average cost basis, were ¥325 million (\$3,155 thousand) and ¥38 million for the years ended March 31, 2014 and 2013, respectively, and gross realized losses were ¥39 million (\$379 thousand) for the year ended March 31, 2014.

The impairment losses on available-for-sale securities for the years ended March 31, 2014 and 2013, were ¥41 million (\$398 thousand) and ¥31 million, respectively.

7 LONG-LIVED ASSETS

Year ended March 31, 2014

There was no impairment loss for the year ended March 31, 2014.

Year ended March 31, 2013

The following table summarizes the Group's asset grouping:

Business Classification	Asset Grouping
Financial services and venture capital	Each business entity is the minimum unit. For assets related to business restructuring, each outlet and department which each company has decided to close is the minimum unit.
Right of telephone	Each right of telephone which each company has decided to sell is the minimum unit.

The Group reviewed its long-lived assets for impairment for the year ended March 31, 2013. As a result, the Group recognized an impairment loss for right of telephone which the Group decided to sell. The carrying amount of the relevant assets was written down to the estimated recoverable amount. The estimated recoverable amount of each asset grouping was measured at the expected amount of sale.

Description	Classification	Location	Impairment Loss Millions of Yen
The assets of expected sale	Other assets (Right of telephone)	Kyoto Prefecture	¥ 52

The following table summarizes the components of the Group's loss on impairment of long-lived assets for the year ended March 31, 2013:

	Millions of Yen
Other assets	¥ 52

8 SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Borrowings principally from certain credit card company, 1.40% to 2.95% (1.35% to 2.95% at March 31, 2013)	¥ 49,250	¥ 40,900	\$ 478,155

Long-term debt at March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Loans from banks, 1.90% to 2.975%*	¥ 106,197	¥ 155,926	\$1,031,039
Loans from other financial institutions, 1.90% to 3.75%*	20,986	24,928	203,748
Unsecured 1.74% yen straight bonds, due 2013		8,700	
Unsecured 1.99% yen straight bonds, due 2015	10,000	10,000	97,087
Unsecured 3.50% medium-term notes, due 2015	15,000	15,000	145,631
Other debt (principally from securities companies), 1.90% to 2.475%*	52,483	52,896	509,544
Obligations under finance leases	37	397	359
Total	204,703	267,847	1,987,408
Less current portion	(16,837)	(52,772)	(163,466)
Long-term debt, less current portion	¥ 187,866	¥ 215,075	\$1,823,942

* The final due dates for long-term debts subject to financial assistance cannot be identified.

At March 31, 2014 and 2013, long-term debts subject to the financial assistance of ¥106,197 million (\$1,031,039 thousand) and ¥120,280 million, respectively, were included in "Loans from banks", ¥19,561 million (\$189,913 thousand) and ¥24,928 million, respectively, were included in "Loans from other financial institutions", and ¥52,483 million (\$509,544 thousand) and ¥52,896 million, respectively, were included in "Other debt" in the table above.

The final due date for "Loans from banks" other than those subject to financial assistance is 2018 (2015 at March 31, 2013).

The Company and its certain consolidated subsidiaries had received financial assistance based on the Business Revitalization Plan subsequent to March 31, 2014. The participating creditors decided to approve the proposal regarding the continuous financial assistance, which includes the provision on the partial repayment of the remaining obligations of ¥161,741 million (\$1,570,301 thousand), at the meeting of participating creditors held on June 13, 2014. But the repayment schedule and method still remain undefined.

Annual maturities of long-term debt, excluding finance leases (see Note 14) at March 31, 2014, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2015	¥ 16,800	\$ 163,107
2016	25,300	245,631
2017	300	2,913
2018	300	2,913
2019	225	2,184
Total	¥ 42,925	\$ 416,748

Long-term debt whose repayment schedule is determined is included in the table above.

Long-term debt of ¥161,741 million (\$1,570,301 thousand) whose repayment schedule is undetermined, such as obligations remaining subject to the financial assistance, is not included in the table above.

At March 31, 2014, the following assets were pledged as collateral for short-term borrowings and long-term debt (including current portion of long-term debt):

	Millions of Yen	Thousands of U.S. Dollars
Loans	¥ 223,555	\$2,170,437
Installment accounts receivable	89,122	865,262
Other current assets	78	757
Land	8,523	82,748
Buildings and structures	4,803	46,631
Machinery and equipment	90	874
Total	¥ 326,171	\$3,166,709

Related liabilities:

Short-term borrowings	¥ 49,250	\$478,155
Long-term debt (including current portion of long-term debt)	179,666	1,744,330
Total	¥ 228,916	\$2,222,485

The portion of the amount of "Loans" and "Installment accounts receivable" in the above table is the amount which the Company reserved at the time of the registration of assignment of accounts receivable.

9 RETIREMENT AND PENSION PLANS

The Company and its certain consolidated subsidiaries have a defined contribution pension plan and a prepaid retirement benefits plan. Contributions to the defined contribution plan and payments to the prepaid retirement benefits plan are charged to income when made.

The components of net periodic benefit costs for the years ended March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Payments for the prepaid retirement benefits plan	¥ 206	¥ 223	\$ 2,000
Premiums for the defined contribution pension plan	271	292	2,631
Other		3	
Net periodic benefit costs	¥ 477	¥ 518	\$ 4,631

10 EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

On October 1, 2013, the Company effected a two-for-one stock split by way of a free share distribution based on the resolution of the Board of Directors meeting held on July 8, 2013.

11 STOCK OPTION

The stock options outstanding as of March 31, 2014, are as follows:

Stock Option	Persons Granted	Number of Options Granted*	Date of Grant	Exercise Price*	Exercise Period
2010 Stock Option	2,206 Company's and Subsidiaries' key employees	4,385,300 shares	July 1, 2010	¥64 (\$0.62)	From August 1, 2014 to July 31, 2016
2013 Stock Option	1,480 Company's and Subsidiaries' key employees	2,947,100 shares	May 27, 2013	¥501 (\$4.86)	From May 1, 2015 to April 30, 2017

* Number of options granted and exercise price have been restated, as appropriate, to reflect a two-for-one stock split effected October 1, 2013.

The stock option activity is as follows:

	2010 Stock Option (shares)	2013 Stock Option (shares)
For the year ended March 31, 2013*		
Non-vested		
March 31, 2012 - Outstanding	4,385,300	
Granted		
Canceled		
Vested		
March 31, 2013 - Outstanding	4,385,300	
Vested		
March 31, 2012 - Outstanding		
Vested		
Exercised		
Canceled		
March 31, 2013 - Outstanding		
Exercise price	¥ 64	
Fair value price at grant date	¥ 31	
	2010 Stock Option (shares)	2013 Stock Option (shares)
For the year ended March 31, 2014*		
Non-vested		
March 31, 2013 - Outstanding	4,385,300	
Granted		2,947,100
Canceled		
Vested		
March 31, 2014 - Outstanding	4,385,300	2,947,100
Vested		
March 31, 2013 - Outstanding		
Vested		
Exercised		
Canceled		
March 31, 2014 - Outstanding		
Exercise price	¥ 64 (\$ 0.62)	¥ 501 (\$ 4.86)
Fair value price at grant date	¥ 31 (\$ 0.30)	¥ 261 (\$ 2.53)

* Shares and prices have been restated, as appropriate, to reflect a two-for-one stock split effected October 1, 2013.

The assumptions used to measure fair value of 2010 Stock Option

Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	77.936%
Estimated remaining outstanding period:	5.08 years
Estimated dividend:	¥0 per share
Risk free interest rate:	0.3577%

The assumptions used to measure fair value of 2013 Stock Option

Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	82.512%
Estimated remaining outstanding period:	2.93 years
Estimated dividend:	¥0 per share
Risk free interest rate:	0.171%

12 LOSS FROM BUSINESS RESTRUCTURING

The following table summarizes the components of the Group's loss from business restructuring for the year ended March 31, 2014:

	Millions of Yen	Thousands of U.S. Dollars
Loss from business restructuring: Voluntary retirement cost and other	¥ 10	\$ 97

13 INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 36% for the years ended March 31, 2014 and 2013, respectively.

The tax effects of significant temporary differences and tax loss carry forward which resulted in deferred tax assets and liabilities at March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Deferred tax assets:			
Allowance for doubtful accounts	¥ 23,563	¥ 24,410	\$ 228,767
Allowance for losses on interest refunds	21,339	32,547	207,175
Charge-offs for doubtful accounts	7,026	8,798	68,214
Accrued interest on loans	1,968	2,459	19,107
Tax loss carry forwards	189,241	182,348	1,837,291
Interest refunds payable	357	326	3,466
Other	5,960	7,360	57,863
Total	249,454	258,248	2,421,883
Less valuation allowance	(249,306)	(258,248)	(2,420,446)
Total deferred tax assets	¥ 148	¥ Nil	¥ 1,437
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	¥ (1)	¥ (9)	\$ (10)
Costs of removal related to asset retirement obligations	(171)	(140)	(1,660)
Total deferred tax liabilities	¥ (172)	¥ (149)	\$ (1,670)
Net deferred tax liabilities	¥ (24)	¥ (149)	\$ (233)

A valuation allowance is established to reduce certain deferred tax assets with respect to deductible temporary differences and net operating loss carry forwards where it is more likely than not that they will not be realized.

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the years ended March 31, 2014 and 2013, is as follows:

	2014	2013
Normal effective statutory tax rate	36%	36%
Less valuation allowance	(32)	(33)
Income not taxable for income tax purposes	(2)	(0)
Others, net	0	(1)
Actual effective tax rate	2%	2%

At March 31, 2014, the Company and its wholly owned domestic subsidiaries had tax loss carry forwards aggregating approximately ¥527,383 million (\$5,120,223 thousand) which were available for offset against taxable income of the Company and such subsidiaries in future years. These tax loss carry forwards, if not utilized, will expire as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2015	¥ 39,866	\$387,049
2016		
2017		
2018	59,408	576,777
2019	155,254	1,507,320
2020 and thereafter	272,855	2,649,077
Total	¥ 527,383	\$5,120,223

14 LEASES

The Group leases furniture and fixtures.

Total rental expenses including lease payments under finance leases for the years ended March 31, 2014 and 2013, were ¥2,260 million (\$21,942 thousand) and ¥2,448 million, respectively.

Obligations under finance leases at March 31, 2014 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥ 37	\$ 359
Total	¥ 37	\$ 359

15 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group policy for financial instruments

The main business of the Group is finance. The Group is engaged in the provision of unsecured loans for individual consumers, secured loans, small business loans, shopping loans, credit guarantee, debt collection and so on. To run these businesses, the Group raises funds domestically and internationally. Indirect financing by loans from banks and direct financing by bond issue are used. The Group enters into derivative transactions as means of managing its interest rate exposures and foreign currency exposures on certain liabilities. Such derivative transactions are entered into to hedge interest exposures and foreign currency exposures inherent within its business. The Group does not hold or issue derivatives for trading or speculative purposes.

(2) Nature and extent of risks arising from financial instruments

Loans and installment accounts receivable for domestic consumers and small businesses are the main financial assets of the Group and are exposed to credit risk through default of contract by customers. Other financial assets such as operational investment securities and investment securities are mainly stock and investments in limited liability investment partnerships. The Group holds these securities to develop these businesses. The securities are exposed to the issuer's credit risk and the risk of market price fluctuations.

Borrowings and debt including bonds are the main financial liabilities of the Group. These liabilities are exposed to liquidity risks, or risk that liabilities cannot be met when they fall due if the Group is unable to participate in fund-raising markets in certain circumstances. In addition, the Group raises funds at variable interest rates or by bonds in foreign currency, and these are exposed to the market risks of fluctuation in interest rates and foreign currency exchange rates.

Derivatives include interest rate swaps and currency swaps which are applicable to hedge accounting, and interest rate swaps and caps which are not applicable to hedge accounting. These derivatives are exposed to the market risks of fluctuation in interest rates and foreign currency exchange rates, and counterparty risks. See Note 16 for more details about derivatives and hedging activities.

(3) Risk management for financial instruments

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risks according to internal guidelines. In relation to loans, installments accounts receivable and credit guarantees which are the Group's major financial assets, the Group conducts credit checks for each contract based on data of the consumer data industry and its own credit standards, maintaining its system to modify credit ceilings, set guarantees or collateral. The Group manages its credit risks of issuers of

securities by checking credit information and market prices periodically.

Because the counterparties to derivatives are limited to major financial institutions, the Group does not anticipate any losses arising from credit risk. The Group manages such credit risks by relevant sections evaluating, analyzing and deliberating countermeasures and reporting to the board of directors accordingly.

See Note 16 for more details about derivatives.

Market risk management (foreign exchange risk and interest rate risk)

The Group manages foreign exchange risk and interest rate risk based on a "risk management manual" which was endorsed by the Group's risk management committee. The risk management committee is directly controlled by the board of directors. The finance department reports the conditions of foreign exchange risk and interest rate risk to the internal control department. The internal control department examines the reasonability and adequacy of the finance department's risk evaluation and countermeasures, and reports to the board of directors. Also, the Group utilizes interest rate swaps in order to hedge exposure to risks from changes in interest rates and currency swaps to manage exposure to risks from changes in foreign currency.

Market risk management (stock price volatility risk)

Most of the operational investment securities and investment securities the Group holds are intended to develop business including business alliances and capital alliances. Relevant sections monitor the market environment and the financial situation of the issuers, deliberate countermeasures and report to the board of directors accordingly. The Group does not hold trading securities, which are held for the purpose of earning capital gains in the near term.

Market risk management (derivatives)

The Group manages market risk of derivatives according to internal guidelines. Relevant sections conduct internal checks to make sure that transactions, valuations of effectiveness of hedging and management of affairs are performed in accordance with internal guidelines.

Liquidity risk management regarding fund-raising

The Group manages liquidity risk by adequate financial planning of the Group on a timely basis, diversifying means of fund-raising and adjusting the ratio of long-term and short-term debt in the light of market environment.

(4) Fair value of financial instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used. There are possibilities that fair value calculation results may differ when different assumptions are used.

(a) Fair value of financial instruments

March 31, 2014	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain
Cash and cash equivalents	¥ 66,877	¥ 66,877	
Time deposits	4	4	
Loans	321,150		
Allowance for doubtful accounts	(56,541)		
	264,609	317,143	¥ 52,534
Installment accounts receivable	85,264		
Unearned income	(306)		
Allowance for doubtful accounts	(4,946)		
	80,012	81,121	1,109
Operational investment securities, investment securities and investments in unconsolidated subsidiaries	311	311	
Claims in bankruptcy	36,854		
Allowance for doubtful accounts	(32,886)		
	3,968	3,968	
Total	¥ 415,781	¥ 469,424	¥ 53,643
Short-term borrowings	¥ 49,250	¥ 49,250	
Long-term debt	26,425	25,728	¥ 697
Total	¥ 75,675	¥ 74,978	¥ 697

March 31, 2013	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain
Cash and cash equivalents	¥ 61,198	¥ 61,198	
Time deposits	4	4	
Loans	390,635		
Allowance for doubtful accounts	(73,522)		
	317,113	378,171	¥ 61,058
Installment accounts receivable	83,885		
Unearned income	(361)		
Allowance for doubtful accounts	(5,167)		
	78,357	79,469	1,112
Operational investment securities, investment securities and investments in unconsolidated subsidiaries	649	649	
Claims in bankruptcy	39,832		
Allowance for doubtful accounts	(34,573)		
	5,259	5,259	
Total	¥ 462,580	¥ 524,750	¥ 62,170
Short-term borrowings	¥ 40,900	¥ 40,900	
Long-term debt	69,347	59,355	¥ 9,992
Total	¥ 110,247	¥ 100,255	¥ 9,992

March 31, 2014	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain
Cash and cash equivalents	\$ 649,291	\$ 649,291	
Time deposits	39	39	
Loans	3,117,961		
Allowance for doubtful accounts	(548,942)		
	2,569,019	3,079,058	\$ 510,039
Installment accounts receivable	827,806		
Unearned income	(2,971)		
Allowance for doubtful accounts	(48,019)		
	776,816	787,583	10,767
Operational investment securities, investment securities and investments in unconsolidated subsidiaries	3,020	3,020	
Claims in bankruptcy	357,806		
Allowance for doubtful accounts	(319,282)		
	38,524	38,524	
Total	\$ 4,036,709	\$ 4,557,515	\$520,806
Short-term borrowings	\$ 478,155	\$ 478,155	
Long-term debt	256,553	249,786	\$ 6,767
Total	\$ 734,708	\$ 727,941	\$ 6,767

Cash and cash equivalents

The carrying values of cash and cash equivalents approximate fair value because of their short maturities.

Time deposits

The carrying values of time deposits approximate fair value because of their short maturities.

Loans

The fair value of loans is determined based on the present value of expected future cash flow, which consists of expected inflows of principal and interest which is adjusted to reflect collectability and outflows of costs of collection. The expected future cash flow is discounted at a low-risk interest rate based on maturity length.

Installment accounts receivable

The carrying values of installment accounts receivable related to the credit card business approximate fair value because most transactions are single payments in the following month. The fair value of installment accounts receivable related to installment sales finance business is determined based on the present value of expected future cash flow, which consists of expected inflows of principal and fees which is adjusted to reflect collectability and outflows of costs of collection. The expected future cash flow is discounted at a low-risk interest rate based on maturity length.

Operational investment securities, investment securities and investments in unconsolidated subsidiaries

The fair value of operational investment securities, investment securities and investments in unconsolidated subsidiaries are

measured at the quoted market price of the stock exchange.

Claims in bankruptcy

The carrying values of claims in bankruptcy less allowances for claims in bankruptcy approximate fair value because allowances for claims in bankruptcy are stated taking net realizable value of collateral into account.

Short-term borrowings

The carrying values of short-term borrowings approximate fair value because of their short maturities.

Long-term debt

The fair values of marketable bonds issued by the Company are measured at the quoted market price and those of nonmarketable bonds issued by the Company are determined by discounting cash flows of principal and interest, discounted at the rate that reflects credit risk and the maturities of the bond. The carrying values of long-term borrowings approximate fair value because the variable rate reflects the market interest rate in a short period of time and also all of the borrowings are those of a consolidated subsidiary whose credit condition has not significantly changed since the initial date of borrowing.

Derivatives

The fair values of derivatives are measured at prices indicated by the correspondent financial institution because all derivative transactions are nonmarketable. The information regarding the fair value for derivatives is included in Note 16.

(b) Financial instruments whose fair value cannot be reliably determined

Since the fair values of the items in the table below cannot be reliably determined, they are not included in operational investment securities, investment securities and investments in unconsolidated subsidiaries and long-term debt in (4) (a).

March 31, 2014	Carrying Amount	
	Millions of Yen	Thousands of U.S. Dollars
Operational investment securities, investment securities and investments in unconsolidated subsidiaries: *1		
Unlisted stocks	¥ 1,693	\$ 16,437
Investments in limited liability investment partnerships	272	2,641
Long-term debt *2	178,241	1,730,495

March 31, 2013	Carrying Amount
	Millions of Yen
Operational investment securities, investment securities and investments in unconsolidated subsidiaries: *1	
Unlisted stocks	¥ 1,843
Investments in limited liability investment partnerships	475
Long-term debt *2	198,104

*1. Since unlisted stocks and investments in limited liability investment partnerships do not have a quoted market price in an active market and their fair values cannot be reliably determined, they are not subject to fair value disclosure.

*2. The Company and its certain consolidated subsidiaries had received financial assistance based on the Business Revitalization Plan subsequent to March 31, 2014. The participating creditors decided to approve the proposal regarding the continuous financial assistance, which includes the provision on the partial repayment of the remaining obligations of ¥161,741 million (\$1,570,301 thousand), at the meeting of participating creditors held on June 13, 2014. But the repayment schedule and method partially remain undefined. Under such circumstances, long-term debt which is subject to the financial assistance has significant uncertainties in estimates of future repayment plans. Also, increased credit risks of the Company and long repayment periods have substantial impact on discounted cash flows. Since it is difficult to make reasonable fair value calculations for such long-term debt, it is not subject to fair value disclosure.

(5) Maturity analysis for financial assets with contractual maturities

March 31, 2014	Millions of Yen		
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years
Cash and cash equivalents	¥ 66,877		
Time deposits	4		
Loans	131,697	¥ 176,911	¥ 12,542
Installment accounts receivable	82,131	3,132	1
Total	¥ 280,709	¥ 180,043	¥ 12,543

March 31, 2014	Thousands of U.S. Dollars		
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years
Cash and cash equivalents	\$ 649,291		
Time deposits	39		
Loans	1,278,612	\$ 1,717,582	\$ 121,767
Installment accounts receivable	797,388	30,408	10
Total	\$ 2,725,330	\$ 1,747,990	\$ 121,777

Claims in bankruptcy of ¥36,854 million (\$357,806 thousand) whose amount of redemption cannot be determined are not included in the table above.

Please see Note 8 for annual maturities of long-term debt and Note 14 for obligations under finance leases, respectively.

16 DERIVATIVES

The Group enters into interest rate swap and cap, and currency swap contracts as a means of managing its principal and interest rate exposures and foreign currency exposures on certain liabilities.

Such derivative transactions are entered into to hedge interest exposures and foreign currency exposures inherent within its business. Accordingly, market and foreign exchange risks in these derivatives are offset by opposite movements in the value of hedged liabilities. The Group does not hold or issue derivatives for trading or speculative purposes.

Because the counterparties to these derivatives are limited to major financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies, which regulate the authorization process and credit limit amount.

There were no derivative transactions to which hedge accounting is not applied at March 31, 2014 and 2013.

17 COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Unrealized gain (loss) on available-for-sale securities:			
Gains arising during the year	¥ 311	¥ 136	\$3,019
Reclassification adjustments to profit or loss	(293)	57	(2,845)
Amount before income tax effect	18	193	174
Income tax effect	8	3	77
Total	¥ 26	¥ 196	\$ 251
Total other comprehensive income	¥ 26	¥ 196	\$ 251

18 NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2014 and 2013, is as follows:

	Millions of Yen	Thousands of Shares	Yen	Dollars
	Net Income	Weighted-Average Shares	EPS	
Year ended March 31, 2014				
Basic EPS - Net income available to common shareholders	¥ 30,462	480,952	¥ 63.34	\$ 0.61
Effect of dilutive securities: Stock acquisition rights		2,550		
Diluted EPS - Net income for computation	¥ 30,462	483,502	¥ 63.00	\$ 0.61
Year ended March 31, 2013*				
Basic EPS - Net income available to common shareholders	¥ 22,706	480,952	¥ 47.21	
Effect of dilutive securities: Stock acquisition rights		1,927		
Diluted EPS - Net income for computation	¥ 22,706	¥ 482,879	¥ 47.02	

* Shares and per share figures have been restated, as appropriate, to reflect a two-for-one stock split effected October 1, 2013.

19 RELATED PARTY DISCLOSURES

Year ended March 31, 2014

The related party represents "AMG Co., Ltd." which is wholly owned by directors of the Company and their family members. Transactions of the Company with a related party for the year ended March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Fine art sales	¥ 1,272	\$ 12,350

The income from a related party at March 31, 2014, was as follows:

	Millions of Yen	Thousands of U.S. Dollars
Other income	¥ 88	\$ 854

Year ended March 31, 2013

The related party represents "AMG Co., Ltd." which is wholly owned by directors of the Company and their family members. Transactions of the Company with a related party for the year ended March 31, 2013, were as follows:

	Millions of Yen
Fine art sales	¥ 60

The balances due to a related party at March 31, 2013, were as follows:

	Millions of Yen
Other current liabilities	¥ 60

20 BUSINESS COMBINATIONS

(1) Objectives of the Business Combination

The Company entered into the agreement with Sumitomo Mitsui Trust Bank, Limited ("SMTB") to dissolve their joint venture business of BN by transferring all shares of BN to its consolidated subsidiary of NFP, which was completed on April 3, 2013.

(2) Summary of Accounting Treatments

This business combination is accounted for as a transaction with minority shareholders included in transactions under common control, in accordance with accounting standards, "Accounting Standard for Business Combinations (ASBJ Statement No. 21 December 26, 2008)" and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10 December 26, 2008)".

(3) Detail of Acquisition Costs

The cost taken to additionally acquire shares of BN from SMTB was ¥0 million (\$0 thousand) in cash.

(4) Detail of Gain on Negative Goodwill

(a) Amount of gain on negative goodwill

¥2,305 million (\$22,379 thousand)

(b) Cause of occurrence

The cost taken to additionally acquire shares of BN from SMTB was less than the amount equivalent to minority interests of BN.

21 SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures", an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

1. Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group consists of the Group's major operating companies, "AIFUL CORPORATION" and "LIFECARD Co., Ltd." and "NFP". AIFUL CORPORATION engages mainly in the loan business and the credit guarantee business. LIFECARD Co., Ltd. engages mainly in the credit card business and the credit guarantee business. NFP engages mainly in the venture capital business.

Effective April 1, 2013, the Group changed its operating segments from "AIFUL CORPORATION" and "LIFECARD Co., Ltd." to "AIFUL CORPORATION", "LIFECARD Co., Ltd." and "NFP" because quantitative materiality of NFP to segment profit (loss) increased. The segment information for the year ended March 31, 2013, is also disclosed using the new operating segments.

2. Methods of measurement for the amounts of sales, profit (loss), assets, liabilities and other items for each reportable segment

The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies".

3. Information about sales, profit (loss), assets, liabilities and other items is as follows.

	Millions of Yen							
	2014							
	Reportable Segment				Other *1	Total	Reconciliations	Consolidated
AIFUL	LIFECARD	NFP	Total					
Operating revenue:								
Interest on loans	¥ 42,066	¥ 6,260		¥ 48,326	¥ 2,252	¥ 50,578		¥ 50,578
Revenue from credit card business	47	13,380		13,427		13,427		13,427
Revenue from credit guarantee	6,654	1,296		7,950		7,950		7,950
Recovery of loans previously charged off	9,536	100		9,636	27	9,663		9,663
Other operating revenue	884	5,950	306	7,140	3,101	10,241		10,241
Operating revenue from external customers	59,187	26,986	306	86,479	5,380	91,859		91,859
Intersegment operating revenue or transfers	10	346		356		356	¥ (356)	
Total	¥ 59,197	¥ 27,332	¥ 306	¥ 86,835	¥ 5,380	¥ 92,215	¥ (356)	¥ 91,859
Segment profit (loss)	¥ 24,046	¥ 2,419	¥ 3,155	¥ 29,620	¥ (400)	¥ 29,220	¥ 1,242*2	¥ 30,462
Segment assets	463,792	181,814	5,549	651,155	20,831	671,986	(94,647)*3	577,339
Segment liabilities	348,984	149,410	4,926	503,320	4,578	507,898	(64,101)*4	443,797
Other:								
Provision for credit card point redemption		2,666		2,666		2,666		2,666
Reversal of allowance for investment losses			4	4		4		4
Provision for doubtful accounts	8,579	2,997		11,576	960	12,536	(1,605)	10,931
Provision for losses on interest refunds		1,885		1,885		1,885		1,885
Provision for accrued bonuses	547	5		552	18	570	297	867
Depreciation and amortization	2,099	1,641		3,740	21	3,761		3,761
Interest on advances to subsidiaries and other	1,346		118	1,464		1,464	(1,461)	3
Dividend income	6	15		21		21		21
Reversal of allowance for doubtful accounts	2,636			2,636		2,636	(2,600)	36
Amortization of negative goodwill							218	218
Gain on negative goodwill							2,305	2,305
Interest on advances from parent company and other	2			2	39	41	(38)	3
Gain on purchase of borrowings			3,840	3,840		3,840		3,840
Loss on sale of investment securities	26	5		31		31	2	33
Loss from business restructuring					10	10		10
Income taxes:								
Current	(1,677)	1,229	991	543	221	764		764
Deferred	33	(405)		(372)	(2)	(374)	256	(118)
Increase in property, plant and equipment and intangible assets	839	701		1,540	4	1,544		1,544

*1 "Other" items are business segments excluded from reportable segments, which include BN and AsTry Loan Services Corporation.

*2 "Reconciliations" are elimination of intersegment transactions.

*3 "Reconciliations" are elimination of intersegment assets.

*4 "Reconciliations" are elimination of intersegment liabilities.

	Millions of Yen							
	2013							
	Reportable Segment				Other *1	Total	Reconciliations	Consolidated
AIFUL	LIFECARD	NFP	Total					
Operating revenue:								
Interest on loans	¥ 47,402	¥ 6,904		¥ 54,306	¥ 7,301	¥ 61,607		¥ 61,607
Revenue from credit card business	116	12,398		12,514		12,514		12,514
Revenue from credit guarantee	3,215	1,395		4,610		4,610		4,610
Recovery of loans previously charged off	10,789	22		10,811	29	10,840		10,840
Other operating revenue	776	5,221	¥ 81	6,078	3,970	10,048		10,048
Operating revenue from external customers	62,298	25,940	81	88,319	11,300	99,619		99,619
Intersegment operating revenue or transfers	12	375		387		387	¥ (387)	
Total	¥ 62,310	¥ 26,315	¥ 81	¥ 88,706	¥ 11,300	¥ 100,006	¥ (387)	¥ 99,619
Segment profit (loss)	¥ 10,649	¥ 3,319	¥ (103)	¥ 13,865	¥ 1,259	¥ 15,124	¥ 7,582*2	¥ 22,706
Segment assets	466,542	185,639	1,479	653,660	61,587	715,247	(108,066)*3	607,181
Segment liabilities	376,131	95,434	4,049	475,614	44,907	520,521	(18,348)*4	502,173
Other:								
Provision for credit card point redemption		2,347		2,347		2,347		2,347
Reversal of allowance (provision) for investment losses	(760)		38	(722)		(722)	762	40
Provision for doubtful accounts	513	2,616		3,129	3,343	6,472	1,705	8,177
Provision for losses on interest refunds	15,877	1,420		17,297		17,297		17,297
Provision for accrued bonuses	584	4		588	28	616	260	876
Depreciation and amortization	3,621	2,387		6,008	13	6,021		6,021
Interest on advances to subsidiaries and other	456			456		456	(452)	4
Dividend income	16	19		35		35		35
Amortization of negative goodwill							218	218
Interest on advances from parent company and other					71	71	(71)	
Gain on purchase of borrowings	5,948			5,948		5,948		5,948
Loss on impairment of investment securities		28		28		28		28
Loss on impairment of long-lived assets	52			52		52		52
Loss on write-down of investments in subsidiaries	8,760			8,760		8,760	(8,760)	
Income taxes:								
Current	(1,393)	1,611	(6)	212	202	414		414
Deferred	30			30		30		30
Increase in property, plant and equipment and intangible assets	1,648	449		2,097	6	2,103		2,103

*1 "Other" items are business segments excluded from reportable segments, which include BN and AsTry Loan Services Corporation.

*2 "Reconciliations" are elimination of intersegment transactions.

*3 "Reconciliations" are elimination of intersegment assets.

*4 "Reconciliations" are elimination of intersegment liabilities.

	Thousands of U.S. Dollars							
	2014							
	Reportable Segment			Total	Other *1	Total	Reconciliations	Consolidated
AIFUL	LIFECARD	NFP						
Operating revenue:								
Interest on loans	\$ 408,407	\$ 60,777		\$ 469,184	\$ 21,865	\$ 491,049		\$ 491,049
Revenue from credit card business	456	129,903		130,359		130,359		130,359
Revenue from credit guarantee	64,602	12,582		77,184		77,184		77,184
Recovery of loans previously charged off	92,582	971		93,553	263	93,816		93,816
Other operating revenue	8,583	57,767	\$ 2,970	69,320	30,107	99,427		99,427
Operating revenue from external customers	574,630	262,000	2,970	839,600	52,235	891,835		891,835
Intersegment operating revenue or transfers	98	3,359		3,457		3,457	\$ (3,457)	
Total	\$ 574,728	\$ 265,359	\$ 2,970	\$ 843,057	\$ 52,235	\$ 895,292	\$ (3,457)	\$ 891,835
Segment profit (loss)	\$ 233,456	\$ 23,485	\$ 30,632	\$ 287,573	\$ (3,884)	\$ 283,689	\$ 12,059*2	\$ 295,748
Segment assets	4,502,835	1,765,184	53,874	6,321,893	202,243	6,524,136	(918,903)*3	5,605,233
Segment liabilities	3,388,194	1,450,583	47,825	4,886,602	44,447	4,931,049	(622,340)*4	4,308,709
Other:								
Provision for credit card point redemption		25,883		25,883		25,883		25,883
Reversal of allowance for investment losses			39	39		39		39
Provision for doubtful accounts	83,291	29,097		112,388	9,321	121,709	(15,583)	106,126
Provision for losses on interest refunds		18,301		18,301		18,301		18,301
Provision for accrued bonuses	5,310	49		5,359	175	5,534	2,883	8,417
Depreciation and amortization	20,379	15,932		36,311	204	36,515		36,515
Interest on advances to subsidiaries and other	13,068		1,146	14,214		14,214	(14,185)	29
Dividend income	58	146		204		204		204
Reversal of allowance for doubtful accounts	25,592			25,592		25,592	(25,242)	350
Amortization of negative goodwill							2,117	2,117
Gain on negative goodwill							22,379	22,379
Interest on advances from parent company and other	19			19	379	398	(369)	29
Gain on purchase of borrowings			37,282	37,282		37,282		37,282
Loss on sale of investment securities	252	49		301		301	19	320
Loss from business restructuring					97	97		97
Income taxes:								
Current	(16,282)	11,932	9,622	5,272	2,145	7,417		7,417
Deferred	320	(3,932)		(3,612)	(19)	(3,631)	2,485	(1,146)
Increase in property, plant and equipment and intangible assets	8,145	6,806		14,951	39	14,990		14,990

*1 "Other" items are business segments excluded from reportable segments, which include BN and AsTry Loan Services Corporation.

*2 "Reconciliations" are elimination of intersegment transactions.

*3 "Reconciliations" are elimination of intersegment assets.

*4 "Reconciliations" are elimination of intersegment liabilities.

Related Information

1. Information about products and services

	Millions of Yen			
	2014			
	Loan Business	Credit Card Business	Other	Total
Operating revenue from external customers	¥ 59,032	¥ 13,930	¥ 18,897	¥ 91,859

	Millions of Yen			
	2013			
	Loan Business	Credit Card Business	Other	Total
Operating revenue from external customers	¥ 71,290	¥ 12,929	¥ 15,400	¥ 99,619

	Thousands of U.S. Dollars			
	2014			
	Loan Business	Credit Card Business	Other	Total
Operating revenue from external customers	\$ 573,126	\$ 135,243	\$ 183,466	\$ 891,835

2. Information about geographical areas

(1) Operating revenue

Information about geographic area is omitted, as the Group did not operate outside Japan for the years ended March 31, 2014 and 2013.

(2) Property, plant and equipment

Information about geographic area is omitted, as no property, plant and equipment were located outside Japan for the years ended March 31, 2014 and 2013.

3. Information about major customers

Information about major customers is omitted, as no single external customer accounted for more than 10% of operating revenue for the years ended March 31, 2014 and 2013.

4. Information regarding amortization of negative goodwill and unamortized amount of each reportable segment.

	Millions of Yen					
	2014					
	AIFUL	LIFECARD	NFP	Other	Elimination/ Corporate	Total
Amortization of negative goodwill					¥ 218	¥ 218
Gain on negative goodwill *1					2,305	2,305
Negative goodwill at March 31, 2014						

	Millions of Yen					
	2013					
	AIFUL	LIFECARD	NFP	Other	Elimination/ Corporate	Total
Amortization of negative goodwill					¥ 218	¥ 218
Negative goodwill at March 31, 2013					218	218

	Thousands of U.S. Dollars					
	2014					
	AIFUL	LIFECARD	NFP	Other	Elimination/ Corporate	Total
Amortization of negative goodwill					\$ 2,117	\$ 2,117
Gain on negative goodwill *1					22,379	22,379
Negative goodwill at March 31, 2014						

*1 Gain on negative goodwill arose when the Company handed over BN securities to NFP on April 3, 2013.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of AIFUL CORPORATION:

We have audited the accompanying consolidated balance sheet of AIFUL CORPORATION (the "Company") and its consolidated subsidiaries as of March 31, 2014, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of AIFUL CORPORATION and its consolidated subsidiaries as of March 31, 2014, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC













June 27, 2014

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than Japan.

The standards used to audit such financial statements are those which are generally accepted in Japan.

Member of
Deloitte Touche Tohmatsu Limited

History

1967 Apr	Yoshitaka Fukuda, AIFUL CORPORATION's current president, established sole proprietorship as a consumer finance company	
1978 Feb	Established Marutaka, Inc. (now AIFUL CORPORATION) with capital of 9.0 million yen, in Sakyo-ku, Kyoto Began unsecured consumer loan business	
1982 May	Marutaka, Inc. absorbs three related companies (Oasa, Inc., Yamakatsu Sangyo, Inc., and Maruto, Inc.) and increases its equity capital to 500.0 million yen Name simultaneously changed to AIFUL CORPORATION 	
Jul	Began providing unsecured loans to sole proprietors	
1984 Feb	Start of ATM operations	
Mar	Registration of money lenders based on enactment of the Money-Lending Business Control Law	
Oct	Began sales of real estate-secured loans	
1994 Nov	Opened Heartful Center	
1995 Mar	Installed automatic contract acceptance machine, "Ojido-san"	
Nov	Started a website 	
1997 Jul	Over-the-counter registration of company's stock with the Japan Securities Dealers Association	
Oct	Began full-scale sales of commercial loans to consumers	
1999 May	Registered as certified finance corporation based on the Law Concerning the Issuance of Corporate Bonds in the Financial Industry Loan Business	
2000 Mar	Listed on the First Section of the Tokyo Stock Exchange, and the First Section of the Osaka Securities Exchange	
2001 Jan	Established business finance company BUSINEXT CORPORATION through a joint venture with Sumitomo Trust and Banking Co., Ltd. 	
Feb	Completed new headquarters building	
Mar	Converted LIFE Co., Ltd. into 100% subsidiary	
Jul	Issued LIFE ETC CARD 	
Nov	Established servicer company AsTry Loan Services Corporation in joint venture with Aozora Bank, Ltd. 	
Nov	Changed the form of invoicing (statement of charges) sent to cardholders to electronic and launched the LIFE-Web Desk 	
2002 Apr	Established Compliance Committee	
Sep	Opened a contact center	
Oct	Converted business finance company, City's Co. Ltd., into 100% subsidiary 	
2003 Jan	Received Listed Company Disclosure Commendation from the Tokyo Stock Exchange	
2004 Mar	Converted KOKUSAI Capital Co., Ltd. into 100% subsidiary	
Jul	KOKUSAI Capital Corporation changed its name to New Frontier Partners Co., Ltd. 	
2006 Apr	Issued LIFECARD GOLD  ; issued LIFECARD exclusively for students 	
2007 Apr	Revised management philosophy. The new management philosophy becomes "Earn the trust of society through corporate activity based in integrity"	
Apr	Established Risk Management Committee	
2009 Aug	Opened a shopping mall for members, L-Mall 	
2010 Jul	Established LIFE CARD Co., Ltd. (now a consolidated subsidiary) to operate credit card and credit guarantee businesses, wholly funded by AIFUL subsidiary LIFE Co., Ltd. (now a consolidated subsidiary)	
2011 Jun	Issued V-Preca, Japan's first prepaid Visa card available exclusively online 	
Jul	Under the Group's reorganization, the credit sales business and the credit guarantee and insurance businesses of LIFE Co., Ltd., were transferred to LIFE CARD Co., Ltd. by way of corporate spinoff and merger. Also, four consolidated subsidiaries (LIFE Co., Ltd. (following its spin-off), City's Corporation, City Green Corporation and Marutoh KK) were merged with AIFUL	
2013 Apr	New Frontier Partners Co., Ltd. (currently a consolidated subsidiary), a wholly owned subsidiary of the Company, acquired all shares of BUSINEXT CORPORATION (currently a consolidated subsidiary) owned by the Company and Sumitomo Mitsui Trust Bank Limited and made it a wholly owned subsidiary	

AIFUL CORPORATION

<http://aiful.jp> (Japanese only)

■ Business Classification

- Unsecured loans
- Secured loans
- Small business loans
- Credit guarantees

■ Investor Relations Website

<http://www.ir-aiful.com/english>



LIFECARD CO., LTD.

<http://www.lifecard.co.jp> (Japanese only)

■ Business Classification

- Credit card shopping
- Credit guarantees



BUSINEXT CORPORATION

<http://www.businext.co.jp> (Japanese only)

■ Business Classification

- Secured loans
- Small business loans



Astry Loan Services Corporation

<http://www.astry-s.co.jp> (Japanese only)

■ Business Classification

- Debt collection (Servicer)



New Frontier Partners Co., Ltd.

<http://www.nf-partners.co.jp> (Japanese only)

■ Business Classification

- Venture capital



Investor Information (As of March 31, 2014)

■ Corporate Data

Corporate Name	AIFUL CORPORATION
Address of Head Office	381-1, Takasago-cho, Gojo-Agaru, Karasuma-Dori, Shimogyo-ku, Kyoto 600-8420, Japan
Date of Establishment	April 1967
Common Stock	¥143,324 million
Number of Employees	Non-consolidated: 924 Consolidated: 1,369

■ Stock Listing

Tokyo Stock Exchange	The First Section
Securities Code	8515

■ Shareholder Information

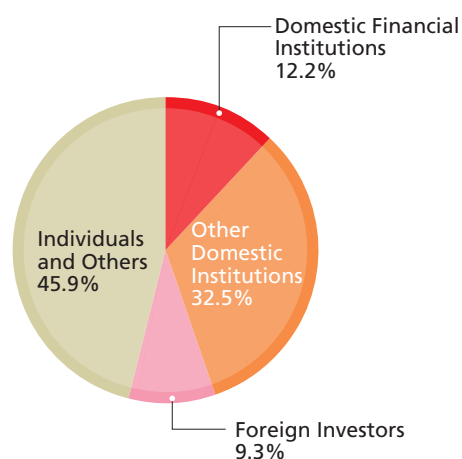
Number of Shares of Common Stock	
Authorized	1,136,280,000 shares
Issued and Outstanding	481,867,836 shares
Number of Shareholders	44,856
Independent Auditors	Deloitte Touche Tohmatsu LLC
Transfer Agent and Registrar	Sumitomo Mitsui Trust Bank, Limited

*The Company split each share of common stock into 2 shares effective on October 1, 2013.

■ Principal Shareholders

	Number of Shares (Thousands)	Percentage of Total Shares Outstanding
AMG Co., Ltd.	94,814	19.68
Mitsuhide Fukuda	62,153	12.90
Marutaka Co., Ltd.	24,543	5.09
Japan Trustee Services Bank, Ltd. (trust account)	13,756	2.85
The Master Trust Bank of Japan, Ltd. (trust account)	10,258	2.13

■ Composition of Shareholders



■ Contact Address

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