AIFUL CORPORATION

ANNUAL REPORT 2015

The year ended March 31, 2015

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.

Contents

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, 2015, 2014, 2013, 2012 and 2011

	Millions of Yen					Thousands of U.S. Dollars
	2015	2014	2013	2012	2011	2015
For the Year:						
Total income	¥90,131	¥100,541	¥108,863	¥120,034	¥145,215	¥751,092
Total expenses	125,985	69,433	85,082	101,940	178,239	1,049,875
Charge-offs and provision for doubtful accounts	2,276	10,931	8,177	32,937	65,069	18,967
Income (loss) before income taxes and minority interests	(35,854)	31,108	23,601	18,094	(33,024)	(298,783)
Net income (loss)	(36,500)	30,462	22,706	17,392	(31,936)	(304,167)
At Year-End:						
Loans (Note 2)	¥350,017	¥348,011	¥390,635	¥455,012	¥594,527	¥2,916,808
Nonperforming loans	70,419	79,223	98,628	131,807	182,607	586,825
Loans in legal bankruptcy	32,909	35,135	37,598	43,033	44,136	274,242
Nonaccrual loans	23,819	27,290	36,906	55,427	88,221	198,492
Accruing loans contractually past due three months or more as to principal or interest payments	2,830	2,445	2,610	4,475	9,489	23,583
Restructured loans	10,861	14,353	21,514	28,872	40,761	90,508
Total assets	560,324	577,339	607,181	665,185	858,017	4,669,367
Allowance for doubtful accounts	79,708	102,522	119,428	156,346	192,434	664,233
Total liabilities	462,848	443,797	502,173	583,541	794,412	3,857,067
Interest-bearing debt	227,538	253,953	308,747	360,569	492,610	1,896,149
Total equity	97,476	133,542	105,008	81,644	63,605	812,300
Minority interests	—	—	2,305	1,854	2,757	—
Per Share Data (Yen/U.S. dollars) (Note 3)						
Net income (loss), basic	¥(75.74)	¥63.34	¥47.21	¥72.49	¥(134.05)	¥(0.63)
Diluted net income	—	63.00	47.02	—	—	—
Total equity	200.45	276.80	213.41	331.59	255.32	1.67
Ratios (%):						
Equity ratio	17.3	23.1	16.9	12.0	7.1	—
ROE	(31.8)	25.8	24.9	24.7	(41.4)	—
ROA	(6.4)	5.1	3.6	2.3	(3.2)	—
Other Data:						
Number of shares outstanding at year-end (Note 4)	483,506,536	481,867,836	481,867,836	240,933,918	238,685,568	—
Number of employees at year-end	1,350	1,369	1,437	1,898	2,073	—

Notes: 1. Figures in the financial section are based on audited English-language statements.
2. Managed-asset basis
3. The U.S. dollar amounts have been translated, for convenience only, at ¥120=$1, the approximate rate of exchange at March 31, 2015.
4. The Company implemented a stock split of 2 shares for each 1 share of common stock on October 1, 2013.

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, 2015.

Financial Results for the Fiscal Year Ended March 31, 2015

The AIFUL Group's consolidated operating revenue for the fiscal year ended March 31, 2015 fell 6% from the previous fiscal year, to 86.3 billion yen.

In the loan business, the operating loan balance rose for the first time in nine years on an operating principal basis as a result of increases in the number of new contracts and loans on the back of active transactions through unstaffed branches in addition to effective advertisements, mainly on TV and the Internet. On the other hand, average loan balances during the fiscal year declined year on year, and some loans were posted as off-balance sheet receivables for capital procurement through liquidation. Consequently, interest income on loans to customers decreased 13% from one year ago, to 43.7 billion yen. Operating revenue from the credit guarantee business rose 43% from the previous fiscal year, to 11.3 billion yen, while revenue from the credit card business increased 1% from one year ago, to 13.6 billion yen, due to increased transaction volume.

In terms of operating expenses, in light of claims for interest repayments, which remain at a high level, the Group provided an allowance for losses on interest repayments of 63.7 billion yen, and recorded a reversal of the allowance for doubtful accounts of 11.5 billion yen in relation to the waiver of principal accompanying interest repayments. As a result, operating expenses increased 82% from one year ago, to 125.9 billion yen and operating loss amounted to 39.5 billion yen (compared with operating income of 22.4 billion yen in the previous period).

Although the Group recorded non-operating income of 3.1 billion yen, it posted an ordinary loss of 36.4 billion yen (compared with ordinary income of 24.7 billion yen in the previous period), and recorded a net loss of 36.4 billion yen (compared with net income of 30.4 billion yen in the previous period).

Consolidated Forecast for the Fiscal Year Ending March 31, 2016

Regarding consolidated operating results for the fiscal year ending March 31, 2016, even though there is continued uncertainty concerning claims for interest repayments, the AIFUL Group expects operating revenue to grow by 1.2 billion yen, to 87.6 billion yen. On the other hand, operating expenses are projected to soar to 80.4 billion yen because of anticipated expenditures related to advertising, which is intended to further increase the number of new contracts concluded and the operating loan balance.

As a result, the operating income forecast is 7.1 billion yen, with ordinary income of 7.3 billion yen and net income of 7.1 billion yen.

Current Business Environment

The consumer finance industry’s business environment has been steadily moving toward recovery, demonstrated mainly by the operating loan balance, which has clearly bottomed out. This development is partly the result of the general economic recovery driven by the government’s economic policies, as well as the aggressive advertising campaigns conducted by companies.

On the other hand, although the industry’s biggest risk, interest repayment claims, is steadily trending downwards from the peak period, the number of claims has recently remained almost unchanged, leaving the future outlook still unpredictable.

In this business environment, the Group reached the end of the Business Revitalization Plan period on July 10, 2014. Following the repayment and repurchase of certain relevant loans, along with the exchange of corporate bonds undertaken on the same day, the Group continues to receive financial assistance for the residual debt.

In addition, the Group is steadily restoring the loan business in a similar manner as the overall industry recovers, largely indicated by the operating loan balance returning to positive growth, thanks to the increase in the number of new contracts concluded and the loan volume.

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. The Group will do its best to respond to the support and expectations of all stakeholders.

Yoshitaka Fukuda
President and CEO
Representative Director

Important Matters

The AIFUL Group has traditionally raised short-term and long-term funds through various methods, including borrowings from financial institutions, issuing bonds, and securitizing loan receivables. However, the AIFUL Group’s fund-raising capacity has been confronted by difficult conditions in the market environment due to a variety of reasons including increased expenses as the result of rising demands for interest refunds in accordance with a ruling by Japan’s Supreme Court in 2006 as well as the rapid and sharp deterioration in the fund-raising environment. Accordingly, there have been concerns that the AIFUL Group may have difficulty in raising sufficient new funds to sustain its business.

As a result, since the fiscal year ended March 31, 2010, conditions have arisen to cast a substantial doubt about 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 AIFUL Group obtained an approval for its Business Revitalization Plan, that includes the provision of financial support. As a result, Business Revitalization Procedures using the ADR process were adopted. The AIFUL Group had repaid cumulative amount of ¥110,391 million ($919,925 thousand) to creditors in accordance with its Business Revitalization Plan since adoption of the plan, and the expiration of the ADR had come on July 10, 2014 .

At the meeting of participating creditors held on June 13, 2014, the participating creditors decided to approve the proposal regarding continuous financial assistance, which includes the provision on the partial repayment of the remaining obligations of ¥161,741 million ($1,347,833 thousand) as further detailed below.

By implementing concrete measures stipulated under the New Business Plan, the AIFUL Group considers that there is no substantial uncertainty about its ability to continue as a going concern.

Summary of financial assistance
The Company executed the partial repayment on July 10, 2014, by new borrowing from financial institutions.
Regarding the obligations that were left after the above repayment, the Company advanced to:
(a) reschedule the obligations of ¥52,700 million ($439,167 thousand)
(b) immediately pay back the obligations in a lump sum at a discount
(c) switch from the obligations to the corporate bond, bearing interest of 8% per annum and with maturity date of April 30, 2020.

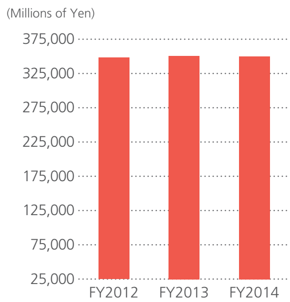
AIFUL Group at a Glance

AIFUL CORPORATION

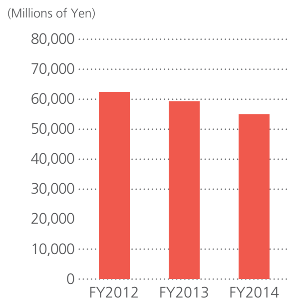
AIFUL CORPORATION

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.

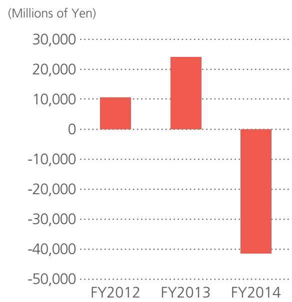
Balance of operating receivables



Operating revenue



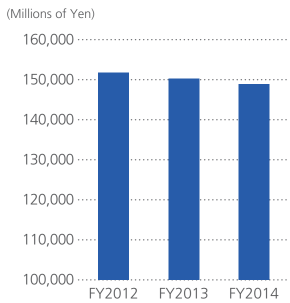
Net income



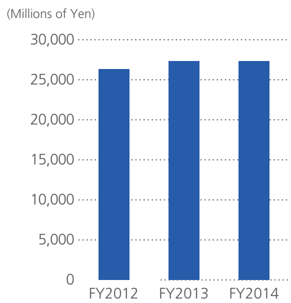
LIFECARD CO., LTD.

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.

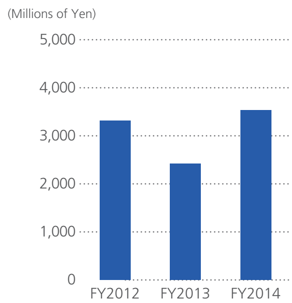
Balance of operating receivables



Operating revenue



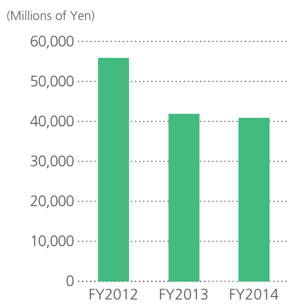
Net income



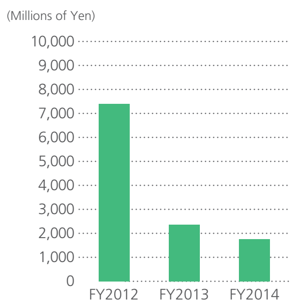
BUSINEXT CORPORATION

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.

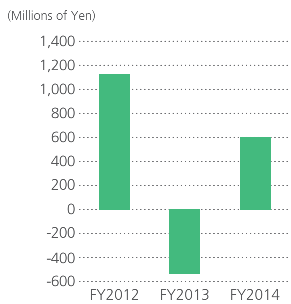
Balance of operating receivables



Operating revenue



Net income



Current Business Environment

Japan's consumer finance industry has undergone a radical restructuring due to the combined impact of interest repayment claims triggered by the 2006 Supreme Court ruling and tighter regulations based on the Money Lending Business Act and Capital Subscription Law implemented in 2010. Interest repayment claims pose the greatest business risk to the industry, adding financial pressure on consumer finance companies. Consumer loans outstanding have decreased 80% from the peak in around 2006 to 2.6 trillion yen, while the number of registered lenders has also diminished by 80% to around 2,000.

In spite of this prolonged unfavorable climate, the decline in the loan balance is coming to an end and there are signs of recovery, thanks to bold economic measures by the government and aggressive advertising and marketing by major companies.

In addition to consumer loans provided by consumer finance companies (loan business), major companies are seeing steady growth in the balance of guarantees for loans provided by financial institutions (credit guarantee business). As a result, the total combined market size for the loan business and credit guarantee business was 8.5 trillion yen at the end of fiscal year 2014.

Meanwhile, interest repayment claims continue to pose the greatest business risk. While the number of claims has peaked, the current trend is still flat and the future remains unpredictable.

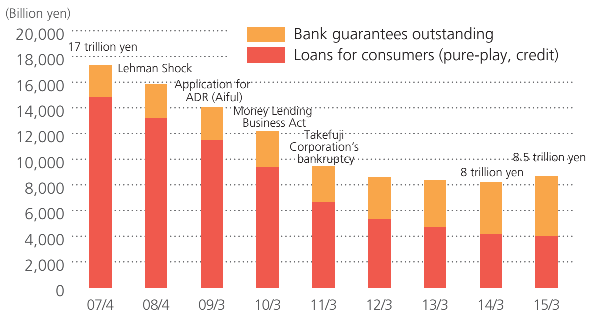
The same trend applies to all three major companies in the industry, and the future of interest repayment claims remains unclear. However, the loan business is recovering steadily, with the total number of unsecured loan applications for the three companies at the end of fiscal year 2014 increasing 13% year on year to 1,260,000, and the total number of new contracts concluded increasing 14% year on year to 560,000. The balance of operating loans bottomed out in fiscal year 2013 at 1.7 trillion yen, increasing 2% year on year, clearly indicating that the three major companies are experiencing a recovery.

The loan business is at the core of AIFUL Group's business, and the Group is working to develop and introduce products that can quickly meet customers' funding needs.

The Group has supplemented these efforts with effective advertisements run mainly on television and the Internet, and the active development of branches with an emphasis on unstaffed branches.

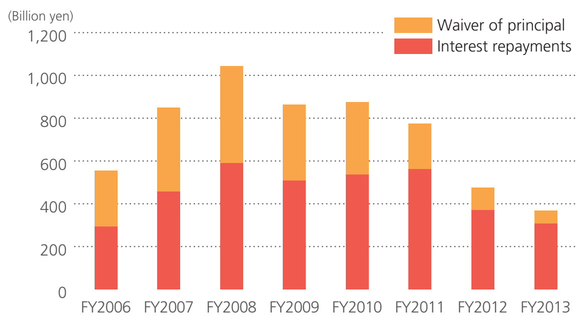
As a result, in fiscal year 2014 the number of new applications was 340,000 (up 31% year on year), and the number of new contracts concluded was 153,000 (up 31% year on year). The increase in the number of new contracts concluded led to a rise in the amount of loans, and along with

Trends in market scale



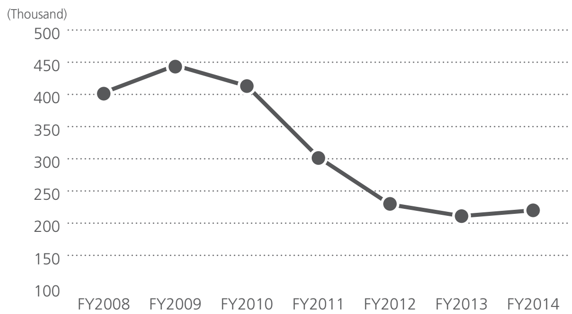
Source : Monthly market survey by the Japan Financial Services Association

Interest repayments and waiver of principal (for the industry)



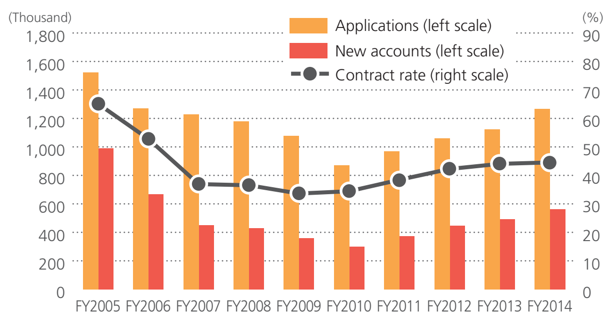
Source: Survey on Business Conditions, etc., of Money Lenders by the Japan Financial Services

Number of interest repayments for top three firms



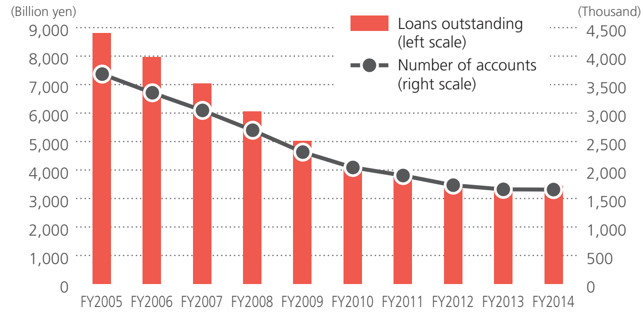
Source: Compiled by Aiful from financial data of each company
*Prepared by AIFUL based on financial documents of ACOM, Promise and AIFUL.

Number of applications and new accounts for top three firms



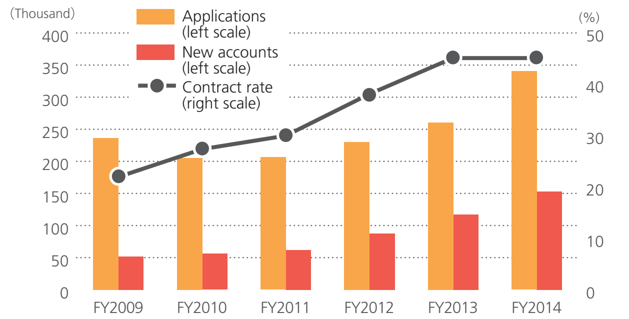
Source: Compiled by Aiful from financial data of each company
*Prepared by AIFUL based on financial documents of ACOM, Promise and AIFUL.

Loans outstanding for top three firms

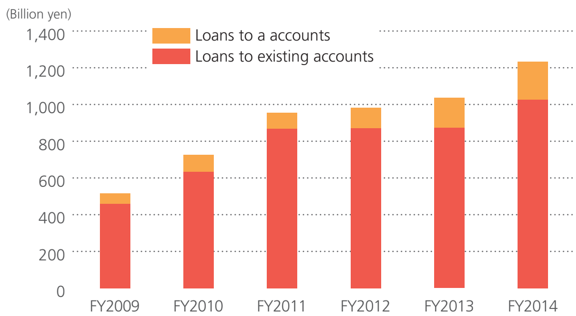


Source: Compiled by Aiful from financial data of each company
*Prepared by AIFUL based on financial documents of ACOM, Promise and AIFUL.

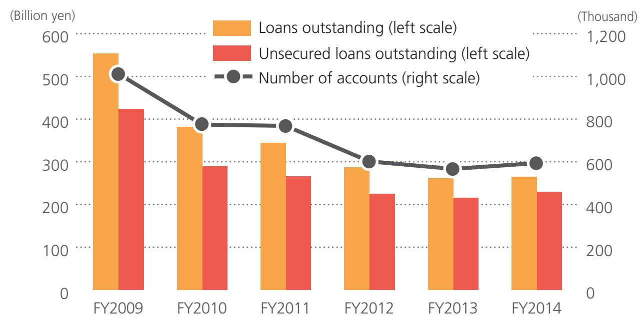
Number of applications and new accounts (AIFUL)



Loan volume (AIFUL)



Loans outstanding (AIFUL)



a rise in the amount of loans to existing customers, resulted in an increase in the operating loan balance. The total amount of loans was 123,451 million yen (up 19% year on year), and the operating loan balance for fiscal year 2014 was 264,557 million yen (up 1% from the end of the previous fiscal year). This marked the first increase in nine terms since fiscal year 2005.

In the credit guarantee business, we aim to increase the guarantee balance by utilizing our strengths, such as our know-how in private and business-related credit, the strengths of our two guarantee-business brands AIFUL and LIFECARD, and our flexibility and speed as an independent company. We are also working to extend our sales activities to potential guarantee partners, as well as proposing new products and offering support to promote sales.

In fiscal year 2014, AIFUL and LIFECARD began partnerships with four and six financial institutions, respectively, and commenced sales. However, due to the highly competitive market, among other factors, guarantees for outstanding loans based on operating receivables were 73,874 million yen, decreasing 2% from the end of the previous fiscal year.

In the credit card business, we promoted card membership mainly for LIFECARD by expanding the card lineup through the addition of cards for female customers and limited-edition designs for the web-marketing channel. We also undertook initiatives to improve convenience for card members, focusing mainly on improving the functions of the web-marketing channel and providing anti-phishing software for improved security.

As a result of the above efforts, card membership increased 4% year on year to 6,020,000 members, transactions increased to 584,733 million yen (up 9% year on year), and the balance of installment receivables decreased 1% year on year to 84,332 million yen.

As a benefit of the restrictions on total lending limits, the quality of our credit portfolio continued to improve, and the non-performing loan (NPL) ratio and write-off ratio continued to decrease.

In fiscal year 2014, the balance of NPL decreased 11% year on year to 70,418 million yen, and the ratio of unsecured loans also fell one point year on year to 8.7%, making for steady improvement.

In addition, the write-off ratio stood at 4.5%, down 0.6 point year on year. The so-called general write-offs, which exclude the waiver of principal due to interest repayment claims, were 3.2%, showing continued improvement.

While the primary management issue continues to be interest repayment claims, the number of claims has already peaked. However, the decrease was marginal in fiscal year 2014, with repaid interest falling 10% year on year to 29,903 million yen, and debt waived due to interest repayment falling 16% to 6,612 million yen, totaling 36,515 million yen, or an 11% fall year on year.

In light of this situation, we recalculated our estimate of all expected interest repayments in the future and provided an allowance for losses on interest repayments of 63,733 million yen. We also recorded a reversal of the allowance for doubtful accounts of 11,597 million yen in relation to the waiver of principal accompanying interest repayments. Thus, we posted 52,100 million yen as expenses related to interest repayments.

As a result, the balance of allowance for losses on interest repayments for fiscal year 2014 increased 33,524 million yen year on year to 93,405 million yen, and the balance of allowance for doubtful accounts in relation to the waiver of principal accompanying interest repayments was 17,388 million yen. The total allowance related to interest repayments increased 15,621 million yen from the end of the previous fiscal year to 110,793 million yen.

The 2006 Supreme Court ruling triggered a rise in interest repayment claims, leading to increased cash-outs, while the global financial crisis caused the financing market to rapidly deteriorate. These developments and other factors led to financial difficulties for the AIFUL Group. To resolve the situation, a Business Revitalization Plan that included financial support was approved in 2009, and the alternative dispute resolution (ADR) process for business revitalization was formalized.

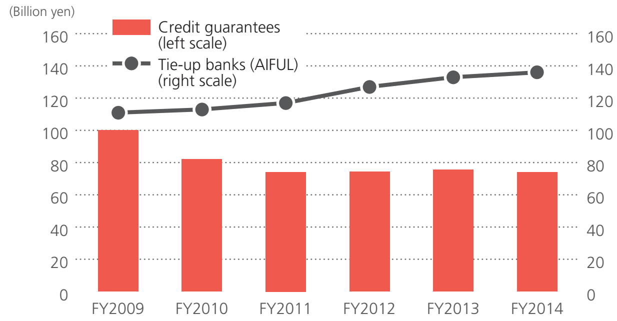
Based on the basic policy of restructuring our business in accordance with the Business Revitalization Plan, in this process we closed and integrated offices and divisions, as well as revised the Group's organizational structure to streamline business operations throughout the Group. Of the 272,100 million yen debt included in the Business Revitalization Plan, we have repaid 110,300 million yen, exceeding our initial plan to repay 76,000 million yen.

In regard to the debt of 161,700 million yen as of July 2014, which marked the end of the Business Revitalization Plan period, we made partial repayments or purchased the claims for the debt and swapped them with corporate bonds. Financial assistance has been extended for the outstanding 52,700 million yen.

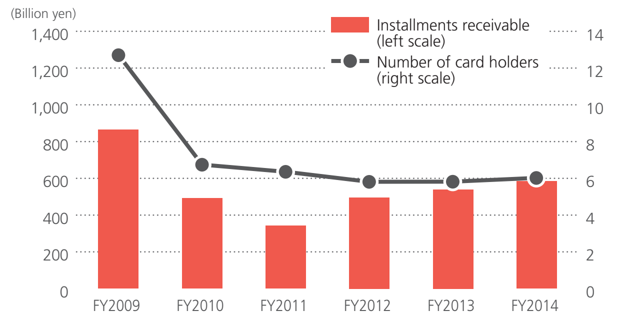
As stated in the "Notice Concerning Agreement for Completion of Payment of Debts Pertaining to Credit under Financial Support" released on July 10, 2015, we have agreed with the creditors to change the final payment date of the debt and to borrow funds from major banks and other financial institutions to fully repay the debt.

In general, the business environment for the AIFUL Group is steadily improving in line with the consumer finance

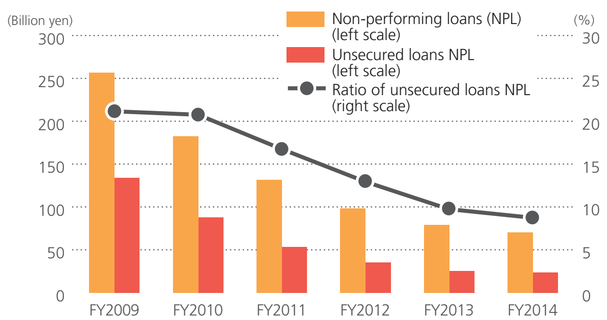
Credit guarantees (Consolidated)



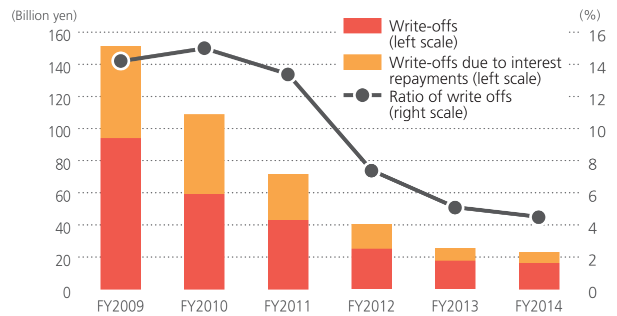
Credit card (LIFECARD)



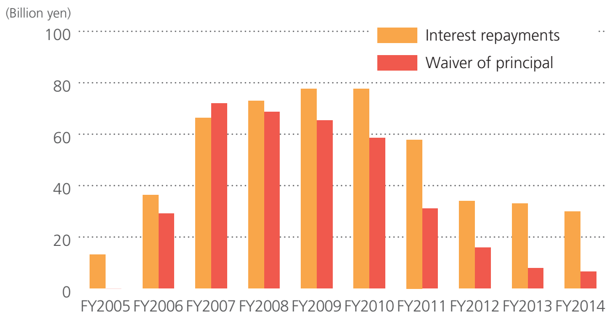
Non-performing loans (NPL) (Consolidated)



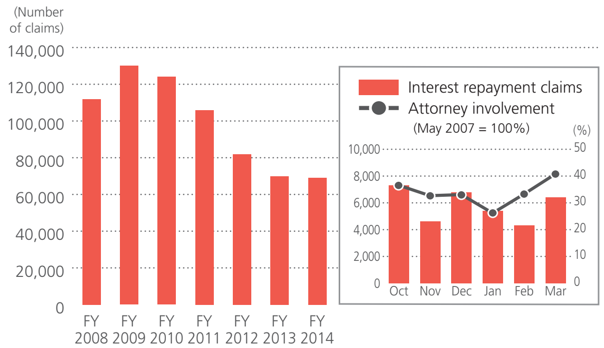
Total receivables write-offs (Consolidated)



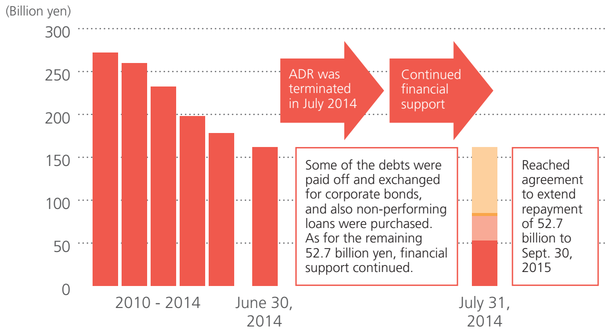
Interest repayments and waiver of principal (Consolidated)



Interest repayment claims



Trends in interest bearing liabilities and ADR



*As of March 31

industry, with increases in both the number of new contracts concluded and the amount of operational loans.

Looking forward, we will continue to place primary emphasis on responding to interest repayment claims, while working to improve our credit portfolio through the acquisition of sound credit and aiming to build up our top line through Groupwide efforts to expand our sales assets. We will also strive to do our part toward a healthy consumer finance market and contribute to society as a consumer finance company.

Total assets on a consolidated basis declined 17,015 million yen, or 3%, compared to the end of the previous fiscal year to 560,323 million yen at the end of fiscal year 2014. The result was primarily due to a 33,499 million yen decline in operating loans. (This included a decline in operating loans that became off-balance as a result of the securitization of claims.)

Total liabilities at the end of fiscal year 2014 were 462,848 million yen, an increase of 19,051 million yen, or 4%, compared with the end of the previous fiscal year. The principal factors contributing to this increase were an increase of 33,523 million yen in the allowance for losses on interest repayments due to the additional provision of an allowance for losses on interest repayments and an increase of 28,800 million yen in bonds, offsetting a decline of 55,761 million yen in debts.

Net assets edged down 36,066 million yen, or 27%, compared with the end of the previous fiscal year to 97,475 million yen. This was primarily due to the posting of net loss.

Cash Flows

Cash and cash equivalents (“funds”) declined 14,290 million yen, or 21%, compared with the end of the previous fiscal year, to 52,586 million yen.

Cash flows from operating activities

Net cash provided by operating activities amounted to 18,503 million yen, a decrease of 66% compared with the corresponding period of the previous fiscal year. This mainly reflected the fact that an increase in funds, an increase in the allowance for losses on interest repayments and a decline in operating receivables, including loans to customers, exceeded a decline in funds due to the recording of a loss before taxes.

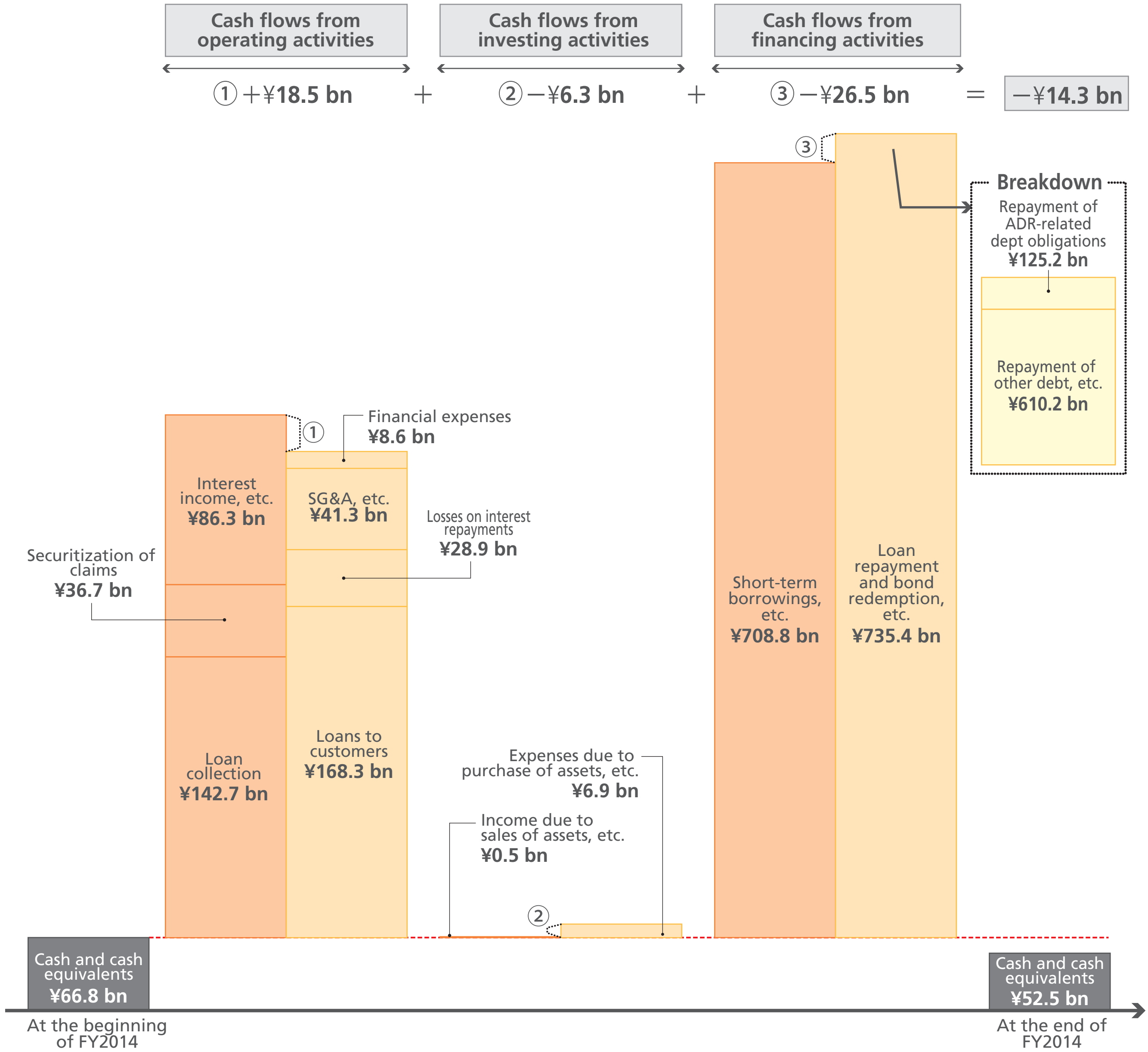
Cash flows from investing activities

Net cash used in investing activities stood at 6,385 million yen, compared with net cash provided of 1,524 million yen in the corresponding period of the previous fiscal year. This was mainly attributable to the purchase of tangible fixed assets and intangible fixed assets.

Cash flows from financing activities

Net cash used in financing activities amounted to 26,588 million yen, down 48% year on year, primarily due to the repayment of borrowings.

Cash Flows and Funding (Consolidated)



Business Data

AIFUL GROUP

TOTAL RECEIVABLES OUTSTANDING (Managed Asset Basis)

(Millions of Yen)

	2011	2012	2013	2014	2015
Total Receivables Outstanding	768,342	618,220	556,032	515,960	**514,220**
Loans	594,527	455,012	390,635	348,011	**350,018**
Unsecured	425,400	318,758	272,980	261,222	**273,628**
Secured	99,650	77,115	64,345	41,268	**34,904**
Small Business	69,478	59,112	53,310	45,521	**41,485**
Installment Receivables	80,990	80,614	83,885	85,264	**84,333**
Credit Guarantees	82,134	74,148	74,441	75,559	**73,875**
Other	10,690	8,446	7,071	7,126	**5,995**

TOTAL INCOME/NET INCOME (LOSS)

(Millions of Yen)

	2011	2012	2013	2014	2015
Total Income	145,215	120,034	108,683	100,541	**90,131**
Interest on Loans	103,784	75,993	61,607	50,578	**43,762**
Unsecured	79,543	56,886	45,028	40,717	**35,855**
Secured	13,976	10,581	8,690	7,064	**5,567**
Small Business	10,265	8,526	7,889	2,797	**2,339**
Installment Receivables	13,021	11,719	12,746	13,613	**13,678**
Credit Guarantees	5,759	4,798	4,610	7,950	**11,382**
Other	22,652	21,493	20,656	19,719	**17,531**
Net Income (Loss)	(31,936)	17,392	22,706	30,462	**(36,500)**

AVERAGE RATE OF BORROWINGS

(%)

	2011	2012	2013	2014	2015
Average Rate of Borrowings	2.18	2.09	2.05	2.31	**3.20**
Indirect	2.15	2.07	1.99	1.98	**2.32**
Direct	2.26	2.19	2.60	3.72	**4.47**
Long-term Prime Rate (Reference)	1.60	1.35	1.15	1.20	**1.15**

NUMBER OF CUSTOMER ACCOUNTS

(Thousands)

	2011	2012	2013	2014	2015
Number of Customer Accounts	1,515	1,130	888	817	**824**
Unsecured	1,432	1,062	830	769	**782**
Secured	36	28	23	18	**14**
Small Business	47	40	36	31	**28**
Credit Card Holders	6,746	6,357	5,811	5,818	**6,023**

TOTAL ASSETS/ROA/TOTAL EQUITY/ROE

(Millions of Yen)

	2011	2012	2013	2014	2015
Total Assets	858,017	665,185	607,181	577,339	**560,324**
ROA (%)	(3.2)	2.3	3.6	5.1	**(6.4)**
Total Equity	63,605	81,644	105,008	133,542	**97,476**
ROE (%)	(41.4)	24.7	24.9	25.8	**(31.8)**

AIFUL CORPORATION

LOANS OUTSTANDING

(Millions of Yen)

	2011	2012	2013	2014	2015
Total Receivables Outstanding	422,004	408,167	348,353	350,681	**349,952**
Loans	381,368	344,455	286,316	260,776	**264,557**
Unsecured	289,361	265,617	224,669	216,072	**229,392**
Secured	83,422	66,607	52,708	37,611	**29,275**
Small Business	8,585	12,231	8,939	7,093	**5,890**
Installment Receivables	–	7,202	4,433	2,846	**1,821**
Credit Guarantees	36,969	48,397	51,078	80,489	**78,134**
Other	3,667	8,113	6,526	6,570	**5,441**

TOTAL INCOME/NET INCOME (LOSS)

(Millions of Yen)

	2011	2012	2013	2014	2015
Total Income	90,751	79,757	69,655	63,779	**57,577**
Interest on Loans	74,020	57,657	47,402	42,066	**36,150**
Unsecured	60,194	46,374	38,126	34,472	**29,938**
Secured	12,511	9,554	7,655	6,233	**5,148**
Small Business	1,315	1,729	1,621	1,361	**1,065**
Credit Guarantees	3,349	3,051	3,215	6,654	**10,136**
Installment Receivables	–	316	306	226	**143**
Other	13,382	18,732	18,733	14,834	**11,148**
Net Income (Loss)	(70,169)	13,407	10,649	24,046	**(41,434)**

NUMBER OF CUSTOMER ACCOUNTS

(Thousands)

	2011	2012	2013	2014	2015
Number of Customer Accounts	815	805	631	590	**613**
Unsecured	772	767	601	565	**593**
Secured	34	27	22	17	**14**
Small Business	9	12	9	7	**6**

AVERAGE LENDING INTEREST RATE

(%)

	2011	2012	2013	2014	2015
Average Lending Interest Rate	15.8	15.9	15.0	15.4	**14.8**

AMOUNT OF WRITE-OFFS/RATIO OF WRITE-OFFS

(Millions of Yen)

	2011	2012	2013	2014	2015
Total Receivables Write-offs	81,666	68,352	31,591	19,264	**15,374**
Unsecured Loans Write-offs	63,779	46,374	25,464	14,933	**12,616**
Ratio of Total Receivables Write-offs (%)	21.41	19.84	11.03	7.39	**5.81**
Ratio of Unsecured Loans Write-offs (%)	22.04	17.46	11.33	6.91	**5.50**

*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)

	2011	2012	2013	2014	2015
New Accounts	60,434	63,296	87,575	117,072	153,197
Unsecured Loans	55,986	61,734	87,515	117,008	153,135
Contract Rate of Unsecured Loans (%)	27.3	29.9	38.0	45.0	45.0

TOTAL ASSETS/ROA/TOTAL EQUITY/ROE

(Millions of Yen)

	2011	2012	2013	2014	2015
Total Assets	578,153	533,713	466,542	463,792	444,737
ROA (%)	(9.8)	2.4	2.1	5.2	(9.1)
Total Equity	64,835	79,761	90,411	114,807	73,722
ROE (%)	(70.0)	18.6	12.5	23.5	(44.2)

LIFECARD CO., LTD.

TOTAL RECEIVABLES OUTSTANDING (Managed Asset Basis)

(Millions of Yen)

	2011	2012	2013	2014	2015
Total Receivables Outstanding	270,201	152,663	151,736	150,228	148,933
Installment Receivables	80,990	73,412	79,452	82,418	82,512
Loans (Cash Advance)	137,023	53,168	48,375	45,322	44,518
Credit Guarantees	45,165	25,750	23,363	21,931	21,349
Other	7,023	333	545	556	554

PURCHASE RESULTS

(Millions of Yen)

	2011	2012	2013	2014	2015
Credit Card	491,804	341,491	496,088	539,051	584,734
Credit Card Shopping Loans	446,540	310,754	454,181	498,756	543,710
Credit Card Cashing Loans	45,263	30,737	40,906	40,295	41,023

OPERATING REVENUE/NET INCOME (LOSS)

(Millions of Yen)

	2011	2012	2013	2014	2015
Operating Revenue	44,675	19,711	26,402	27,347	27,314
Installment Receivables	13,267	8,657	12,509	13,387	13,534
Loans (Cash Advance)	19,559	6,084	6,904	6,260	5,944
Credit Guarantees	2,410	1,240	1,395	1,296	1,246
Other	9,439	3,730	5,593	6,403	6,590
Net Income (Loss)	(31,148)	2,207	3,320	2,419	3,530

NUMBER OF CARDHOLDERS

(Thousands)

	2011	2012	2013	2014	2015
Number of Cardholders	6,746	6,357	5,811	5,818	6,023
LIFE Proper Card	2,762	2,489	2,021	1,911	1,855
Affinity Cards	3,984	3,869	3,790	3,907	4,169

AVERAGE YIELD

(%)

	2011	2012	2013	2014	2015
Average Yield	13.4	17.1	17.5	18.2	18.5

AMOUNT OF WRITE-OFFS/RATIO OF WRITE-OFFS

(Millions of Yen)

	2011	2012	2013	2014	2015
Total Receivables Write-offs	30,308	1,665	2,961	3,178	3,042
Ratio of Total Receivables Write-offs (%)	11.22	1.09	1.95	2.08	2.04

* 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 for 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 organizational structure and implemented the necessary measures to build a trustworthy relationship with all of its stakeholders, including customers, shareholders, and investors, and discloses information appropriately.

(i) Overview of the corporate governance structure

In order to strengthen the supervisory function of the Board of Directors and to enhance corporate governance, we have made the change from a company with a Board of Auditors to a company with an Audit and Supervisory Committee. This change went into effect on June 23, 2015.

Audit and Supervisory Committee and Directors on the Committee

The Audit and Supervisory Committee consists of three directors (including two who are outside directors). The committee determines items such as the audit policy and plan, and discusses and decides on important audit matters based on the reports it receives. In addition to these duties, the committee also audits for legitimacy and appropriateness through the use of the internal control system. A meeting will generally be held every month, with extraordinary meetings held when necessary.

Directors who are members of the Audit and Supervisory Committee cooperate with the Internal Auditing Department and accounting auditors to enhance management's supervisory functions. They also share information with the auditors of affiliated companies in an effort to strengthen the auditing structure in the operations of the entire Group.

To improve audit functions, the Group will establish an Audit and Supervisory Committee Office (Audit Office) as the exclusive body for supporting the duties of directors who are on the Audit and Supervisory Committee. The Group will also take the necessary steps to secure independence, such as by requiring that the Audi Office does not follow any directives or orders from directors (other than directors on the Audit and Supervisory Committee) when carrying out its duties.

Board of Directors and Directors

The Board of Directors consists of eleven directors in total (as of the date of submission of the Annual Securities Report), with eight directors (directors who are not on the Audit and Supervisory Committee) and three directors who are on the Audit and Supervisory Committee. 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. It generally holds semimonthly meetings and extraordinary meetings when necessary. The Company's Articles of Incorporation also stipulate that there be no more than fifteen directors (excluding directors on the Audit and Supervisory Committee) and no more than five directors on the Audit and Supervisory Committee.

Outside Directors

Two of the three directors on the Audit and Supervisory Committee are outside directors (as of the date the Annual Securities Report was submitted). A structure is in place whereby outside directors can attend management meetings and other important meetings and committees to express their views.

Executive Officers

The Company introduced an executive officer system in June 2007 to speed up the decision-making process and the execution of duties, and to enhance the separation of supervisory and executive functions. The Board of Directors appoints executive officers and delegates tasks according to a division of duties 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, among others, based on the policies agreed upon at Board of Directors' meetings, so that disagreements do not arise regarding decisions or the execution of duties. It holds meetings on a weekly basis, in general.

Compliance Committee

A Compliance Committee has been established as a consultative body under the direct control of the Board of Directors. It is composed of the executive officer who oversees the compliance department as 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, sets rules of corporate ethics, and creates compliance programs. In addition to bimonthly meetings in general, it holds extraordinary meetings as necessary.

Risk Management Committee

A Risk Management Committee has been established as an organization under the direct control of the Board of Directors. Consisting of all directors, it determines 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 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.

(ii) Reasons for the current structure

As we have an auditor system, we appoint two outside corporate auditors for a total of three corporate auditors.

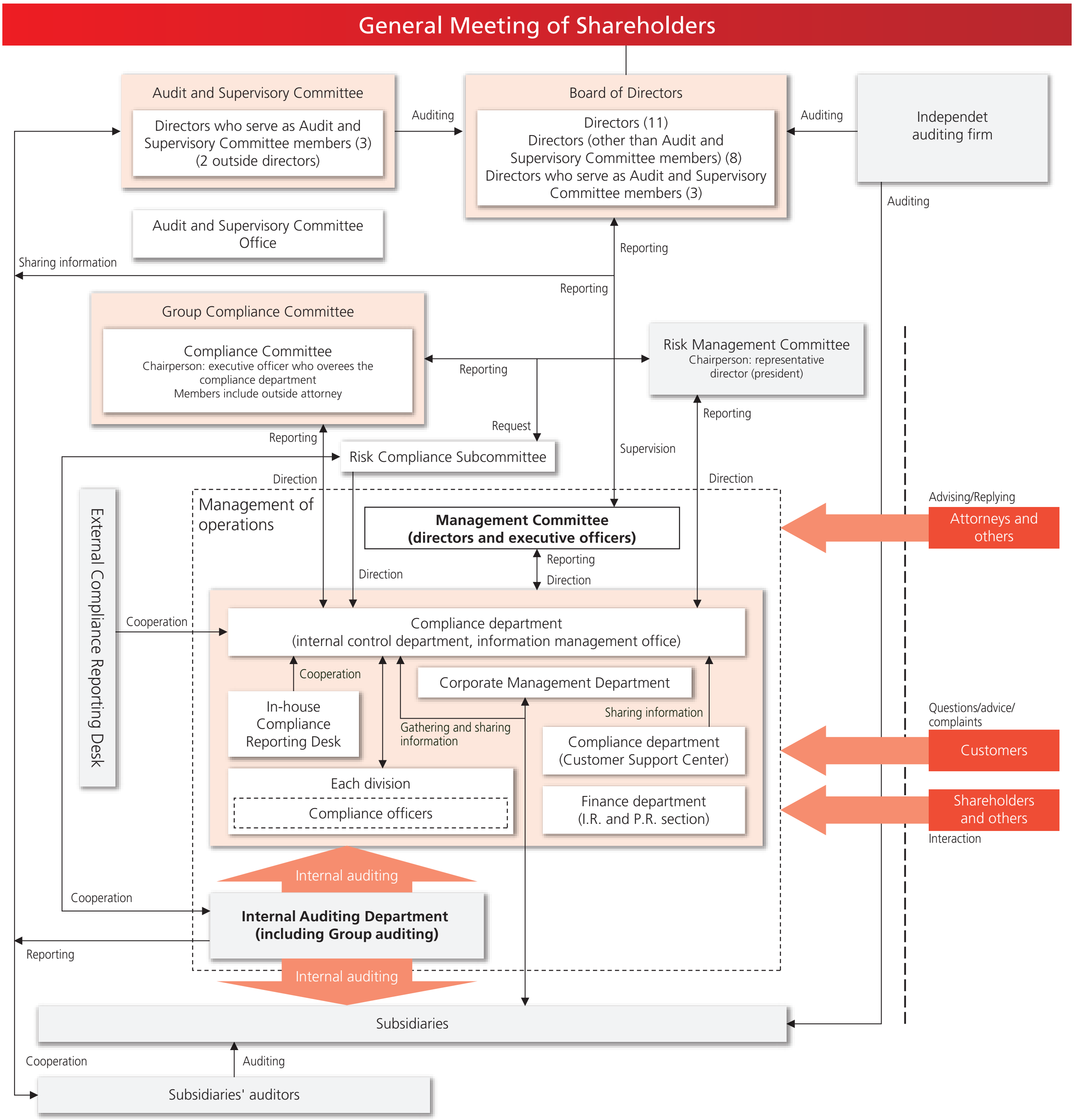
We ensure independent audits with a system whereby all corporate auditors attend Board of Directors meetings and other important meetings and committee meetings, including Management Committee meetings, to express their opinions. We also ensure audits by having an Audit Office as the exclusive body for supporting the duties of corporate auditors.

Some of our directors (excluding directors who are Audit and Supervisory Committee members) are from other companies, including 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 the perspectives of outsiders.

Furthermore, we separate management's supervisory functions and business execution functions by implementing an executive officer system and strengthen supervisory functions by establishing a Compliance Committee, which includes outside experts, and a Risk Management Committee, among others.

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

The diagram below illustrates our Group's structure 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

(i) 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's 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.

(ii) 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 to 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 and other relevant divisions. AIFUL CORPORATION and the 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.

(iii) 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 disclosed 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.

(iv) 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.

Relationships Between Outside Directors and the Company

(i) Functions and roles of outside directors

The Company has two outside directors and maintains a system that enables the constant and full implementation of management surveillance from an external perspective. It also endeavors to invite directors (excluding directors who are members of the Audit and Supervisory Committee) from outside the Company, and three of the eight directors (excluding directors who are members of the Audit and Supervisory Committee) fall under this category. The Company strives to strengthen its corporate governance by developing a system that ensures objective and neutral supervisory functions based on an external perspective.

(ii) Relationships between outside directors and the Company

The Company has appointed two outside directors. Mr. Masanobu Hidaka, who is a member of the Audit and Supervisory Committee, has worked for the National Tax Agency in the field of taxation, and has extensive knowledge of finance and accounting. Accordingly, the Company believes that he is suitable to serve as outside director of the Company. The Company has registered Mr. Hidaka as an Independent Officer with the Tokyo Stock Exchange.

The Company also believes that Mr. Haruichi Suzuki, who is a member of the Audit and Supervisory Committee, is suitable to serve as outside director of the Company based on his record of audit implementations from a fair and neutral standpoint, leveraging a wide range of knowledge, extensive insight, and abundant experience as a lawyer. The Company has registered Mr. Suzuki as an Independent Officer with the Tokyo Stock Exchange. The Company has concluded a contract on the limitation of liability for damages with Mr. Suzuki concerning the liability for damages under Article 423, Paragraph 1, of the Companies Act. The maximum amount of liability for damages in accordance with said contract is the minimum amount stipulated in Article 425, Paragraph 1, of the Companies Act.

There are no special financial relationships between the outside directors named above and the Company. Although, in appointing outside directors, the Company currently does not have a detailed standard or policy regarding their independence from the Company, it uses the Guidelines Concerning Listing Examination, etc., of the Tokyo Stock Exchange as a reference.

Board of Directors and Executive Officers

(As of June 23, 2015)

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, currently 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. (currently Sumitomo Mitsui Trust Bank, Limited)
Jun. 2004: Executive Officer
Sales Manager, Division 1, 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. 2015: Director and Managing Executive Officer
Chairperson of the Compliance Committee Senior General Manager of the Accounting Division, overseeing the Compliance Department and the Information Systems Department, supervising the General Affairs Department and the Credit Assessment Department (Current)

Directors, Audit and Supervisory Committee members

Masanobu Hidaka

Director (outside)
Audit and Supervisory Committee member

Jul. 1969: Joined the Ministry of Finance
Jul. 1996: President of the National Tax College
Jun. 2002: Full-time Corporate Auditor
Jun. 2015: Director (Audit and Supervisory Committee member) (Current)

Minoru Kobayashi

Director
Audit and Supervisory Committee member

Oct. 1981: Joined Marutaka, Inc. (currently AIFUL CORPORATION)
Apr. 2010: Corporate Advisor
Jun. 2012: Full-time Corporate Auditor
Jun. 2015: Director (Audit and Supervisory Committee member) (Current)

Haruichi Suzuki

Director (outside)
Audit and Supervisory Committee member

Apr. 1997: Joined the SHIGEKAZU UEMATSU Law Office (currently UEMATSU/ SUZUKI Law Office)
Sep. 1999: Lecturer at Ritsumeikan University Graduate School of Law
Jan. 2008: Director of UEMATSU/ SUZUKI Law Office (Current)
Jun. 2015: Director (Audit and Supervisory Committee member) (Current)

Kazumitsu Oishi

Director
Managing Executive Officer

Mar. 1979: Joined Marutaka, Inc. (currently AIFUL CORPORATION)
Jun. 2001: Director
Jun. 2007: Executive Officer
Senior General Manager of the Loan Business Division
Jun. 2011: Managing Executive Officer
Senior General Manager of the Loan Business Division
Apr. 2015: Director and Managing Executive Officer
Senior General Manager of the Credit Management Division, overseeing the Guarantee Business Department 1 and the Guarantee Business Department 2 (Current)
Apr. 2015: President of Astry Loan Services Corporation (Current)

Tsuguo Nakagawa

Director
Managing Executive Officer

Mar. 1976: Joined Oasa Inc. (Yoshitaka Fukuda's sole proprietorship)
Jun. 2006: Director
In charge of the Inspection Department and the Credit Assessment Department
Jun. 2007: 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. 2015: Director and Managing Executive Officer
Senior general manager of the Loan Business Division (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)

Yoshiaki Tanaka

Director
Executive Officer

Apr. 1983: Joined The Sumitomo Trust & Banking Co., Ltd. (currently Sumitomo Mitsui Trust Bank, Limited)
Sep. 2006: Sales Manager, Division 6, Tokyo Branch of The Sumitomo Trust & Banking Co., Ltd.
Apr. 2012: Sales Manager, Division 6, the Main Branch of The Sumitomo Trust & Banking Co., Ltd.
Apr. 2015: Executive Officer
In charge of the Management Planning Department, General Manager of Management Planning Department
Jun. 2015: Director and Executive Officer
In charge of the Management Planning Department, General Manager of Management Planning Department (Current)

Hiroshi Uemura

Director
Executive Officer

Apr. 1985: Joined The Nippon Credit Bank, Limited. (currently Aozora Bank, Ltd.)
Oct. 2007: Senior Relationship Manager of Group 11 of Corporate Business Division 1 of the Corporate Banking Division of Aozora Bank, Ltd.
Aug. 2010: General Manager of the Workout Division of Aozora Bank, Ltd.
Apr. 2015: Executive Officer
In charge of the Finance Department
Jun. 2015: Director and Executive Officer
In charge of the Finance Department (Current)

Executive Officers

Kazuyoshi Wakamatsu
Executive Officer
In charge of the Credit Assessment Department

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

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

Keiji Masui
Executive Officer
In charge of LIFECARD CO., LTD.

Consolidated Balance Sheet

March 31, 2015

AIFUL CORPORATION and Consolidated Subsidiaries

ASSETS	Millions of Yen 2015	Millions of Yen 2014	Thousands of U.S. Dollars (Note 1) 2015
CURRENT ASSETS:			
Cash and cash equivalents (Note 13)	¥ 52,586	¥ 66,877	$ 438,217
Time deposits (Note 13)	4	4	33
Operational investment securities (Notes 6 and 13)	688	825	5,733
Allowance for investment losses	(10)	(19)	(83)
Loans, credit guarantees and receivables:			
Loans (Notes 3, 7 and 13)	287,651	321,150	2,397,092
Installment accounts receivable (Notes 4, 7 and 13)	84,333	85,264	702,775
Credit guarantees (Note 5)	111,472	102,420	928,933
Other receivables	8,185	9,360	68,208
Allowance for doubtful accounts (Notes 2.h, 2.k and 13)	(48,757)	(69,540)	(406,308)
Deferred tax assets (Note 11)	141	148	1,175
Other current assets (Note 7)	13,085	11,985	109,042
Total current assets	509,378	528,474	4,244,817
PROPERTY AND EQUIPMENT:			
Land (Note 7)	8,895	8,895	74,125
Buildings and structures (Note 7)	23,745	23,287	197,875
Machinery and equipment (Note 7)	392	404	3,267
Furniture and fixtures	5,992	7,487	49,933
Lease assets	554	335	4,617
Construction in progress	131	40	1,091
Total	39,709	40,448	330,908
Accumulated depreciation	(22,031)	(23,340)	(183,591)
Net property and equipment	17,678	17,108	147,317
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 6 and 13)	1,657	779	13,808
Allowance for investment losses	(4)	(9)	(33)
Investments in and advances to unconsolidated subsidiaries (Note 13)	4,722	1,349	39,350
Claims in bankruptcy (Notes 3 and 13)	33,984	36,854	283,200
Software, net	2,472	2,953	20,600
Lease and guarantee deposits	20,291	21,927	169,092
Other assets	1,097	886	9,141
Allowance for doubtful accounts (Note 13)	(30,951)	(32,982)	(257,925)
Total investments and other assets	33,268	31,757	277,233
TOTAL	¥ 560,324	¥ 577,339	$ 4,669,367

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2015	Millions of Yen 2014	Thousands of U.S. Dollars (Note 1) 2015
CURRENT LIABILITIES:			
Short-term borrowings (Notes 7 and 13)	¥ 51,460	¥ 49,250	$ 428,833
Current portion of long-term debt (Notes 7, 12 and 13)	32,833	16,837	273,608
Trade notes payable	30	46	250
Trade accounts payable	17,412	14,734	145,100
Obligation under credit guarantees (Note 5)	111,472	102,420	928,933
Income taxes payable	556	619	4,633
Accrued expenses	2,561	1,612	21,342
Allowance for credit card point redemption	3,360	3,200	28,000
Other current liabilities (Notes 4 and 5)	3,186	3,780	26,551
Total current liabilities	222,870	192,498	1,857,250
LONG-TERM LIABILITIES:			
Long-term debt (less current portion) (Notes 7 and 13)	143,245	187,866	1,193,708
Allowance for losses on interest refunds (Note 2.k)	93,405	59,882	778,375
Deferred tax liabilities (Note 11)	225	172	1,875
Other long-term liabilities	3,103	3,379	25,859
Total long-term liabilities	239,978	251,299	1,999,817
EQUITY (Notes 9 and 10):			
Common stock - authorized, 1,136,280,000 shares;			
issued, 483,506,536 shares in 2015 and 481,867,836 shares in 2014	143,402	143,325	1,195,017
Capital surplus	164,469	164,392	1,370,575
Stock acquisition rights	739	413	6,158
Retained earnings	(208,152)	(171,652)	(1,734,600)
Treasury stock - at cost 916,722 shares in 2015 and 916,568 shares in 2014	(3,111)	(3,110)	(25,925)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	129	174	1,075
Total	97,476	133,542	812,300
Total equity	97,476	133,542	812,300
TOTAL	¥ 560,324	¥ 577,339	$ 4,669,367

Consolidated Statement of Operations

Year Ended March 31, 2015

AIFUL CORPORATION and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
INCOME:			
Operating revenue:			
Interest on loans	¥ 43,762	¥ 50,578	$ 364,683
Revenue from credit card business	13,549	13,427	112,908
Revenue from credit guarantee	11,382	7,950	94,850
Recovery of loans previously charged off	7,741	9,663	64,508
Other operating revenue (Note 6)	9,918	10,241	82,651
Total operating revenue	86,352	91,859	719,600
Amortization of negative goodwill (Note 18)		218	
Foreign exchange gain (Note 18)	2,885	1,697	24,042
Gain on sale of investment securities (Note 6)	325	165	2,708
Gain on purchase of borrowings (Note 18)	320	3,840	2,667
Gain on negative goodwill (Note 18)		2,305	
Other income (Note 16)	249	457	2,075
Total income	90,131	100,541	751,092
EXPENSES:			
Interest on borrowings and bonds	6,483	5,449	54,025
Provision for credit card point redemption (Note 18)	2,863	2,666	23,858
Provision for doubtful accounts (Note 18)	2,276	10,931	18,967
Provision for losses on interest refunds (Note 18)	63,734	1,885	531,117
Salaries and other employees' benefits	12,943	13,041	107,858
Net periodic benefit costs (Note 8)	474	477	3,950
Advertising expenses	3,464	3,294	28,867
Rental expenses (Note 12)	2,212	2,260	18,433
Commissions and fees	10,306	10,468	85,883
Depreciation and amortization (Note 18)	2,753	3,761	22,942
Loss on sale of investment securities (Note 18)		33	
Loss from business restructuring (Note 18)		10	
Other expenses (Note 6)	18,477	15,158	153,975
Total expenses	125,985	69,433	1,049,875
(LOSS) INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	(35,854)	31,108	(298,783)
INCOME TAXES (Notes 11 and 18):			
Current	584	764	4,867
Deferred	62	(118)	517
Total income taxes	646	646	5,384
NET (LOSS) INCOME BEFORE MINORITY INTERESTS	(36,500)	30,462	(304,167)
NET (LOSS) INCOME	¥ (36,500)	¥ 30,462	$ (304,167)

	Yen		U.S. Dollars (Note 1)
AMOUNTS PER COMMON SHARE (Notes 2.s and 15):			
Basic net (loss) income	¥ (75.74)	¥ 63.34	($0.63)
Diluted net (loss) income	-	63.00	-
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 (Note 2.s).

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive (Loss) Income

Year Ended March 31, 2015

AIFUL CORPORATION and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
NET (LOSS) INCOME BEFORE MINORITY INTERESTS	¥ (36,500)	¥ 30,462	**$ (304,167)**
OTHER COMPREHENSIVE INCOME (Note 14):			
Unrealized (loss) gain on available-for-sale securities	(45)	26	**(375)**
Total other comprehensive (loss) income	(45)	26	**(375)**
COMPREHENSIVE (LOSS) INCOME	¥ (36,545)	¥ 30,488	**$ (304,542)**
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ (36,545)	¥ 30,488	**$(304,542)**
Minority interests	-	-	**-**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Year Ended March 31, 2015

AIFUL CORPORATION and Consolidated Subsidiaries

	Thousands	Millions of Yen								
							Accumulated Other Comprehensive Income (Loss)			
	Number of Shares of Common Stock Issued*	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-sale Securities	Total	Minority Interests	Total Equity
BALANCE AT APRIL 1, 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
Purchases of 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	-	133,542
Net loss					(36,500)			(36,500)		(36,500)
Purchases of treasury stock (154 shares)						(1)		(1)		(1)
Exercise of stock options	1,639	77	77					154		154
Net change in the year				326			(45)	281		281
BALANCE AT MARCH 31, 2015	483,507	¥ 143,402	¥ 164,469	¥ 739	¥(208,152)	¥ (3,111)	¥ 129	¥ 97,476	-	¥ 97,476

	Thousands of U.S. Dollars (Note 1)								
						Accumulated Other Comprehensive Income (Loss)			
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-sale Securities	Total	Minority Interests	Total Equity
BALANCE AT MARCH 31, 2014	$1,194,375	$1,369,933	$3,442	$ (1,430,433)	$ (25,917)	$ 1,450	$1,112,850	-	$1,112,850
Net loss				(304,167)			(304,167)		(304,167)
Purchases of treasury stock (154 shares)					(8)		(8)		(8)
Exercise of stock options	642	642					1,284		1,284
Net change in the year			2,716			(375)	2,341		2,341
BALANCE AT MARCH 31, 2015	$1,195,017	$1,370,575	$6,158	$ (1,734,600)	$ (25,925)	$ 1,075	$812,300	-	$812,300

*Shares and per share figures have been restated, as appropriate, to reflect a two-for-one stock split effected October 1, 2013 (Note 2.s).

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year Ended March 31, 2015

AIFUL CORPORATION and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
OPERATING ACTIVITIES:			
(Loss) income before income taxes and minority interests	¥ (35,854)	¥ 31,108	$ (298,783)
Adjustments for:			
Income taxes - paid	(764)	(1,476)	(6,367)
Income taxes - refund	369	71	3,075
Depreciation and amortization	2,753	3,761	22,942
Amortization of negative goodwill		(218)	
Gain on negative goodwill		(2,305)	
Decrease in allowance for investment losses	(14)	(8)	(117)
Decrease in allowance for doubtful accounts	(22,814)	(16,906)	(190,117)
Increase (decrease) in allowance for bonuses	3	(4)	25
Increase in allowance for credit card point redemption	160	370	1,333
Increase (decrease) in allowance for losses on interest refunds	33,523	(31,540)	279,358
Gain on sale of investments in securities, net	(325)		(2,708)
Gain on purchase of borrowings	(320)	(3,840)	(2,667)
Changes in assets and liabilities:			
Decrease in loans	33,499	69,485	279,158
Decrease (increase) in installment accounts receivable	931	(1,379)	7,758
Decrease in purchased receivables	43	910	358
Decrease (increase) in other operating receivables	1,132	(55)	9,433
Decrease in claims in bankruptcy	2,870	2,978	23,917
Decrease (increase) in lease and guarantee deposits	1,636	(1,745)	13,633
(Increase) decrease in other current assets	(1,346)	5,620	(11,217)
Increase in other current liabilities	3,083	34	25,692
Other, net	(62)	206	(514)
Total adjustments	54,357	23,959	452,975
Net cash provided by operating activities	18,503	55,067	154,192
INVESTING ACTIVITIES:			
Capital expenditures	(2,219)	(1,272)	(18,492)
Proceeds from sales of property, and equipment	141	1,270	1,175
Purchases of investment securities	(4,386)		(36,550)
Proceeds from sales of investment securities	376	667	3,133
Other, net	(297)	860	(2,474)
Net cash (used in) provided by investing activities	(6,385)	1,525	(53,208)
FORWARD	¥ 12,118	¥ 56,592	$ 100,984

(Continued)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
FORWARD	¥ 12,118	¥ 56,592	$100,984
FINANCING ACTIVITIES:			
Net increase in short-term borrowings	2,210	8,350	18,417
Proceeds from long-term debt	96,900	1,500	807,500
Repayments of long-term debt	(125,803)	(60,804)	(1,048,358)
Other, net	104		866
Net cash used in financing activities	(26,589)	(50,954)	(221,575)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	180	41	1,500
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(14,291)	5,679	(119,091)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	66,877	61,198	557,308
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 52,586	¥ 66,877	$438,217

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Year Ended March 31, 2015

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, 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 that is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2014 consolidated financial statements to conform to the classifications used in 2015.

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 ¥120 to $1, the approximate rate of exchange at March 31, 2015. 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, 2015, include the accounts of AIFUL CORPORATION (the "Company") and its four (four in 2014) significant subsidiaries (together, the "Group").

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 2014) are stated at cost. Investments in the remaining six unconsolidated subsidiaries (six in 2014), 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.

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

b. Business Combinations — In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations", and in December 2005, the Accounting Standards Board of Japan (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-interest. 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 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.

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 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 on Interest Refunds — The limit on 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 violation of the law is subject to 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 certain of its consolidated subsidiaries have loaned money at rates between the limits set by the two laws. Allowance for losses on interest refunds is stated at amounts considered to be appropriate based on the Company's and respective consolidated subsidiaries' past refund loss experience, the recent situation regarding interest refunds and other factors.

At March 31, 2015 and 2014, the Group recorded an allowance of ¥93,405 million ($778,375 thousand) and ¥59,882 million, respectively, as "Allowance for losses on interest refunds". In addition, the estimated amount of interest refunds of ¥17,388 million ($144,900 thousand) and ¥35,291 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, 2015 and 2014, respectively.

l. 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.

m. 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.

n. 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 that 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.

o. Income Taxes — The provision for income taxes is computed based on the pretax income included in the consolidated statement of operations. 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.

p. 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 operations to the extent that they are not hedged by forward exchange contracts.

q. 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 and 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.

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

s. 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 operations 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, 2015. 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.

t. 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, in 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.

u. New Accounting Pronouncements

Accounting Standards for Business Combinations and Consolidated Financial Statements - In September 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations", revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures", and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements". Major accounting changes are as follows:

(a) Transactions with noncontrolling interest - A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of minority interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the current accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the minority interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of operations. Under the revised accounting standard, such difference shall be accounted for as capital surplus as long as the parent retains control over its subsidiary.

(b) Presentation of the consolidated balance sheet - In the consolidated balance sheet, "minority interest" under the current accounting standard will be changed to "noncontrolling interest" under the revised accounting standard.

(c) Presentation of the consolidated statement of operations - In the consolidated statement of operations, "income before minority interest" under the current accounting standard will be changed to "net income" under the revised accounting standard, and "net income" under the current accounting standard will be changed to "net income attributable to owners of the parent" under the revised accounting standard.

(d) Provisional accounting treatments for a business combination - If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the current accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

(e) Acquisition-related costs - Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the current accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for (a) transactions with noncontrolling interest, (b) presentation of the consolidated balance sheet, (c) presentation of the consolidated statement of operations, and (e) acquisition-related costs are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of operations. In the case of earlier application, all accounting standards and guidance above, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of operations, should be applied simultaneously.

Either retrospective or prospective application of the revised accounting standards and guidance for (a) transactions with noncontrolling interest and (e) acquisition-related costs is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all (a) transactions with noncontrolling interest and (e) acquisition-related costs that occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application. In prospective application, the new standards and guidance shall be applied prospectively from the beginning of the year of the first-time application.

The revised accounting standards and guidance for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of operations shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for (d) provisional accounting treatments for a business combination are effective for a business combination that occurs on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination that occurs on or after the beginning of annual periods beginning on or after April 1, 2014.

The Company expects to apply the revised accounting standards and guidance for (a), (b), (c) and (e) above from April 1, 2015, and for (d) above for a business combination that will occur on or after April 1, 2015, and is in the process of measuring the effects of applying the revised accounting standards and guidance in future applicable periods.

3 LOANS

Loans at March 31, 2015 and 2014, consisted of the following (before allowance for doubtful accounts):

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unsecured	¥ 273,628	¥ 261,222	$ 2,280,233
Secured	34,904	41,268	290,867
Small-business loans	41,485	45,521	345,708
Total	350,017	348,011	2,916,808
Off-balance-sheet securitized loans	(62,366)	(26,861)	(519,716)
Net	¥ 287,651	¥ 321,150	$ 2,397,092

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Loans in legal bankruptcy	¥ 32,909	¥ 35,135	$ 274,242
Nonaccrual loans	23,819	27,290	198,492
Accruing loans contractually past due three months or more as to principal or interest payments	2,830	2,445	23,583
Restructured loans	10,861	14,353	90,508
Total	¥ 70,419	¥ 79,223	$ 586,825

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 collectibility 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, 2015 and 2014, including securitized loans, the Group had balances related to revolving loan contracts aggregating ¥268,315 million ($2,235,958 thousand) and ¥267,679 million, respectively, whereby the Group is obligated to advance funds up to a predetermined amount upon request. At March 31, 2015 and 2014, the balances of unadvanced commitments were ¥697,573 million ($5,813,108 thousand) and ¥682,314 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, 2015 and 2014, consisted of the following:

	Millions of Yen				Thousands of U.S. Dollars	
	2015		2014		2015	
	Receivables	Unearned Income	Receivables	Unearned Income	Receivables	Unearned Income
Credit card business	¥ 83,681	¥ 367	¥ 84,382	¥ 341	$697,342	$3,058
Installment sales finance business	652		882	1	5,433	
Total	¥ 84,333	¥ 367	¥ 85,264	¥ 342	$702,775	$3,058

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 ¥26 million ($217 thousand) and ¥32 million at March 31, 2015 and 2014, 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, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Current: Equity securities	¥ 688	¥ 825	$5,733
Non-current:			
Equity securities	¥ 1,508	¥ 603	$12,567
Other	149	176	1,241
Total	¥ 1,657	¥ 779	$13,808

The costs and aggregate fair values of available-for-sale securities included in investment securities with reliably determinable fair value at March 31, 2015 and 2014, were as follows:

	Millions of Yen			
	2015			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as: Available-for-sale securities	¥ 1,270	¥ 225	¥ 142	¥ 1,353

	Millions of Yen			
	2014			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as: Available-for-sale securities	¥ 111	¥ 203	¥ 3	¥ 311

	Thousands of U.S. Dollars			
	2015			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as: Available-for-sale securities	$ 10,583	$ 1,875	$ 1,183	$ 11,275

Proceeds from sales of available-for-sale securities for the years ended March 31, 2015 and 2014, were ¥1,004 million ($8,367 thousand) and ¥750 million, respectively. Gross realized gains on these sales, computed on the moving-average cost basis, were ¥760 million ($6,333 thousand) and ¥325 million for the years ended March 31, 2015 and 2014, respectively, and gross realized losses were ¥7 million ($58 thousand) and ¥39 million for the years ended March 31, 2015 and 2014, respectively.

The impairment losses on available-for-sale securities, included in other expense, for the years ended March 31, 2015 and 2014, were ¥15 million ($125 thousand) and ¥41 million, respectively.

7 SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Borrowings principally from a certain credit card company, 1.23% to 2.95% (1.40% to 2.95% at March 31, 2014)	¥ 51,460	¥ 49,250	$ 428,833

Long-term debt at March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Loans from banks, 1.90% to 3.30%[1]	¥ 53,975	¥ 106,197	$449,792
Loans from other financial institutions, 1.90% to 3.75%[1]	12,495	20,986	104,125
Unsecured 1.99% yen straight bonds, due 2015	10,000	10,000	83,333
Unsecured 8.00% yen straight bonds, due 2020	28,800		240,000
Unsecured 3.50% medium-term notes, due 2015	15,000	15,000	125,000
Other debt (principally by syndicated loan), 2.575% to 3.417%[1, 2]	55,225	52,483	460,208
Obligations under finance leases	583	37	4,858
Total	176,078	204,703	1,467,316
Less current portion	(32,833)	(16,837)	(273,608)
Long-term debt, less current portion	¥ 143,245	¥ 187,866	$1,193,708

1. The final due dates for long-term debts subject to financial assistance cannot be determined.
Long-term debts subject to the financial assistance of ¥45,100 million ($375,833 thousand) and ¥106,197 million, at March 31, 2015 and 2014, respectively, were included in "Loans from banks", ¥7,600 million ($63,333 thousand) and ¥19,561 million, at March 31, 2015 and 2014, respectively, were included in "Loans from other financial institutions", and nil and ¥52,483 million at March 31, 2015 and 2014, 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 2020 (2018 at March 31, 2014).
The Company has continued to receive financial assistance, and the repayment schedule and method of some long-term debt remain partially undefined. Therefore, long-term debt of ¥39,525 million ($329,375 thousand) is excluded from the annual maturity table below.
2. The Company has an outstanding syndicated loan which is subject to a financial covenant requiring maintenance of a minimum net asset balance.
Although the required minimum was not met as of March 31, 2015, the Company obtained from the relevant financial institutions consents to waive the covenant requirement for March 31, 2015. Therefore repayments were not accelerated and the debt agreement was maintained.

Annual maturities of long-term debt, excluding finance leases (see Note 12) at March 31, 2015, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year Ending March 31		
2016	¥ 32,713	$272,608
2017	9,638	80,317
2018	7,559	62,992
2019	6,420	53,500
2020	9,590	79,916
2021 and thereafter	70,050	583,750
Total	¥ 135,970	$1,133,083

At March 31, 2015, 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	¥ 225,453	$ 1,878,775
Installment accounts receivable	64,439	536,992
Other current assets	47	392
Land	8,523	71,025
Buildings and structures	4,764	39,700
Machinery and equipment	87	725
Total	¥ 303,313	$ 2,527,609
Related liabilities:		
Short-term borrowings	¥ 51,460	$428,833
Long-term debt (including current portion of long-term debt)	117,695	980,792
Total	¥ 169,155	$ 1,409,625

The above table includes loans related to securitized loans of ¥14,896 million ($124,133 thousand), and related liabilities of ¥3,000 million ($25,000 thousand).

8 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 periodic benefit costs for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Payments for the prepaid retirement benefits plan	¥ 207	¥ 206	$ 1,725
Premiums for the defined contribution pension plan	267	271	2,225
Periodic benefit costs	¥ 474	¥ 477	$ 3,950

9 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 being prescribed as one year rather than the normal two-years 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 within equity 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.

10 STOCK OPTIONS

The stock options outstanding as of March 31, 2015, 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 ($0.53)	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 ($4.18)	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, 2014*		
Non-vested		
April 1, 2013 - Outstanding	4,385,300	
Granted		2,947,100
Canceled		
Vested		
March 31, 2014 - Outstanding	4,385,300	2,947,100
Vested		
April 1, 2013 - Outstanding		
Vested		
Exercised		
Canceled		
March 31, 2014 - Outstanding		
Exercise price	¥ 64	¥ 501
Option fair value at grant date	¥ 31	¥ 261

	2010 Stock Option (shares)	2013 Stock Option (shares)
For the year ended March 31, 2015*		
Non-vested		
March 31, 2014 - Outstanding	4,385,300	2,947,100
Granted		
Canceled		
Vested	4,385,300	
March 31, 2015 - Outstanding		2,947,100
Vested		
March 31, 2014 - Outstanding		
Vested	4,385,300	
Exercised	1,638,700	
Canceled		
March 31, 2015 - Outstanding	2,746,600	
Exercise price	¥ 64 ($ 0.53)	¥ 501 ($ 4.18)
Average stock price at exercise	¥ 479 ($ 3.99)	
Option fair value at grant date	¥ 31 ($0.26)	¥ 261 ($2.18)

*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%

11 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, 2015 and 2014, respectively.

The tax effects of significant temporary differences and tax loss carry forwards that resulted in deferred tax assets and liabilities at March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Deferred tax assets:			
Allowance for doubtful accounts	¥ 17,849	¥ 23,563	$148,742
Allowance for losses on interest refunds	30,196	21,339	251,633
Charge-offs for doubtful accounts	5,508	7,026	45,900
Accrued interest on loans	1,489	1,968	12,408
Tax loss carry forwards	164,775	189,241	1,373,125
Interest refunds payable	844	357	7,033
Other	4,778	5,960	39,817
Total	225,439	249,454	1,878,658
Less valuation allowance	(225,298)	(249,306)	(1,877,483)
Total deferred tax assets	¥ 141	¥ 148	$1,175
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities		¥ (1)	
Costs of removal related to asset retirement obligations	¥ (225)	(171)	$ (1,875)
Total deferred tax liabilities	¥ (225)	¥ (172)	$ (1,875)
Net deferred tax liabilities	¥ (84)	¥ (24)	$ (700)

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 operations for the year ended March 31, 2014 is as follow:

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

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of operations for the year ended March 31, 2015 has not been disclosed because of the Group's net loss position.

On March 31, 2015, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from approximately 36% to approximately 33% for the fiscal year beginning on or after April 1, 2015, and to approximately 32% for the fiscal year beginning on or after April 1, 2016. The effect of this change on deferred taxes in the consolidated financial statements for the year ended March 31, 2015 is immaterial.

At March 31, 2015, the Company and its wholly owned domestic subsidiaries had tax loss carry forwards aggregating approximately ¥506,453 million ($4,420,442 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
2018	¥ 59,408	$ 495,067
2019	155,254	1,293,783
2020	113,429	945,242
2021	95,484	795,700
2022	45,392	378,267
2023 and thereafter	37,486	312,383
Total	¥ 506,453	$ 4,220,442

12 LEASES

The Group leases furniture and fixtures.

Total rental expenses including lease payments under finance leases for the years ended March 31, 2015 and 2014, were ¥2,212 million ($18,433 thousand) and ¥2,260 million, respectively.

Obligations under finance leases at March 31, 2015 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥ 120	$ 1,000
Due after one year	463	3,858
Total	¥ 583	$ 4,858

13 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.

(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.

(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.

The Group manages such credit risks by relevant sections evaluating, analyzing and deliberating countermeasures and reporting to the board of directors accordingly.

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" that 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.

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.

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, 2015	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain
Cash and cash equivalents	¥ 52,586	¥ 52,586	
Time deposits	4	4	
Loans	287,651		
Allowance for doubtful accounts	(37,012)		
	250,639	298,811	¥ 48,172
Installment accounts receivable	84,333		
Unearned income	(327)		
Allowance for doubtful accounts	(4,691)		
	79,315	80,919	1,604
Operational investment securities, investment securities and investments in unconsolidated subsidiaries	1,353	1,353	
Claims in bankruptcy	33,984		
Allowance for doubtful accounts	(30,821)		
	3,163	3,163	
Total	¥ 387,060	¥ 436,836	¥ 49,776
Short-term borrowings	¥ 51,460	¥ 51,460	
Long-term debt	122,795	122,776	¥ 19
Total	¥ 174,255	¥ 174,236	¥ 19

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)

	Thousands of U.S. Dollars		
March 31, 2015	Carrying Amount	Fair Value	Unrealized Gain
Cash and cash equivalents	$ 438,217	$ 438,217	
Time deposits	33	33	
Loans	2,397,092		
Allowance for doubtful accounts	(308,433)		
	2,088,659	2,490,092	$ 401,433
Installment accounts receivable	702,775		
Unearned income	(2,725)		
Allowance for doubtful accounts	(39,092)		
	660,958	674,325	13,367
Operational investment securities, investment securities and investments in unconsolidated subsidiaries	11,275	11,275	
Claims in bankruptcy	283,200		
Allowance for doubtful accounts	(256,842)		
	26,358	26,358	
Total	$ 3,225,500	$ 3,640,300	$ 414,800
Short-term borrowings	$ 428,833	$ 428,833	
Long-term debt	1,023,292	1,023,133	$ 159
Total	$ 1,452,125	$ 1,451,966	$ 159

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 that is adjusted to reflect collectibility 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 that is adjusted to reflect collectibility 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 carrying values of current portion of long-term debt approximate fair value because of their short maturities.

The fair values of nonmarketable bonds (issued by the Company) and fixed-rate long-term debt are determined by discounting cash flows of principal and interest, discounted at the rate that reflects credit risk and the maturities. The carrying values of variable-rate long-term debt approximate fair value because the variable rate reflects the market interest rate and credit risk in a short period of time.

(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, 2015	Carrying Amount Millions of Yen	Carrying Amount Thousands of U.S. Dollars
Operational investment securities, investment securities and investments in unconsolidated subsidiaries:1		
Unlisted stocks	¥ 3,386	$ 28,217
Investments in limited liability investment partnerships	1,484	12,367
Long-term debt2	52,700	439,167

March 31, 2014	Carrying Amount Millions of Yen
Operational investment securities, investment securities and investments in unconsolidated subsidiaries:1	
Unlisted stocks	¥ 1,693
Investments in limited liability investment partnerships	272
Long-term debt2	178,241

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. Long-term debt which continues to be subject to financial assistance after the end of the Business Revitalization Plan has significant uncertainties in estimates of future repayment plans. Since it is difficult to make reasonable fair value calculations for such long-term debt, they are not subject to fair value disclosure.
3. The Company and certain of its 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 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. However, the repayment schedule and method remain partially 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

	Millions of Yen		
March 31, 2015	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years
Cash and cash equivalents	¥ 52,586		
Time deposits	4		
Loans	105,838	¥ 166,677	¥ 15,136
Installment accounts receivable	81,575	2,758	
Total	¥ 240,003	¥ 169,435	¥ 15,136

	Thousands of U.S. Dollars		
March 31, 2015	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years
Cash and cash equivalents	$ 438,217		
Time deposits	33		
Loans	881,983	$ 1,388,975	$ 126,134
Installment accounts receivable	679,792	22,983	
Total	$ 2,000,025	$ 1,411,958	$ 126,134

Claims in bankruptcy of ¥ 33,984 million ($283,200 thousand) whose amount of redemption cannot be determined are not included in the table above.

Please see Note 7 for annual maturities of long-term debt and Note 12 for obligations under finance leases.

14 OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrealized (loss) gain on available-for-sale securities:			
Gains arising during the year	¥ 308	¥ 311	$2,567
Reclassification adjustments to profit or loss	(354)	(293)	(2,950)
Amount before income tax effect	(46)	18	(383)
Income tax effect	1	8	8
Total	¥ (45)	¥ 26	$ (375)
Total other comprehensive (loss) income	¥ (45)	¥ 26	$ (375)

15 NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2015 and 2014, is as follows:

	Millions of Yen	Thousands of Shares	Yen	Dollars
	Net Income	Weighted-Average Shares	EPS	
Year ended March 31, 2015				
Basic EPS - Net loss available to common shareholders	¥ (36,500)	481,898	¥ (75.74)	$ (0.63)
Year ended March 31, 2014				
Basic EPS - Net income available to common shareholders	¥ 30,462	480,952	¥ 63.34	
Effect of dilutive securities - Stock acquisition rights		2,550		
Diluted EPS - Net income for computation	¥ 30,462	483,502	¥ 63.00	

Diluted net income per share for the year ended March 31, 2015 is not disclosed because of the Company's net loss position.
*Shares and per share figures have been restated, as appropriate, to reflect a two-for-one stock split effected October 1, 2013.

16 RELATED PARTY DISCLOSURES

Year ended March 31, 2015

There were no transactions with related parties for the year ended March 31, 2015.

Year ended March 31, 2014

The Company's related party consists of "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
Fine art sales	¥ 1,272

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

	Millions of Yen
Other income	¥ 88

17 SUBSEQUENT EVENTS

Reduction of additional paid-in capital and legal reserve, and appropriation of general reserve[1], etc.

The Company' resolution for reduction of additional paid-in capital and legal reserve, and appropriation of general reserve, etc., has been approved by the Board of Directors on May 18, 2015.

(1) The purpose of the reduction of additional paid-in capital and legal reserve, and appropriation of general reserve, etc.

For the purpose of bringing about a faster restoration of the Company's financial standing by covering for the loss in retained earnings, the Company reduced additional paid-in capital and legal reserve, and appropriation of general reserve, etc.

(2) Overview of reduction of additional paid-in capital and legal reserve

Pursuant to provisions of Article 448, Paragraph 1, of the Companies Act, the Company will reduce the total amount of additional paid-in capital and transfer these funds to other capital surplus, and reduce the total amount of legal reserves and transfer these funds to retained earnings.

❶ Items and the amount of the reserve to be reduced

Additional paid-in capital:	¥150,310 million ($1,252,583 thousand)
Legal reserve:	¥1,566 million ($13,050 thousand)

❷ Items and the amount of the reserve to be increased

Other capital surplus:	¥150,310 million ($1,252,583 thousand)
Retained earnings:	¥1,566 million ($13,050 thousand)

(3) Overview of appropriation of general reserve, etc.

Pursuant to provisions of Article 452, of the Companies Act, the total amount of other capital surplus and general reserve transfer these funds to retained earnings.

❶ Items and the amount of the reserve to be reduced

Other capital surplus:	¥150,569 million ($1,254,742 thousand)
General reserve:	¥102,230 million ($851,917 thousand)

❷ Items and the amount of the reserve to be increased

Retained earnings:	¥252,799 million ($2,106,658 thousand)

(4) The date of reduction of additional paid-in capital and legal reserve, and appropriation of general reserve, etc.

Board of Directors' resolution:	May 18, 2015
Effective date:	May 18, 2015

1 The general reserve consists of the Company's discretionary appropriations from retained earnings, as internal reserve funds which cannot be used for dividend payments.

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." 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.

Effective April 1, 2014, the Group changed its operating segments from "AIFUL CORPORATION" and "LIFECARD Co., Ltd." and "NEW FRONTIER PARTNERS Co., Ltd." to "AIFUL CORPORATION" and "LIFECARD Co., Ltd." because quantitative materiality of NEW FRONTIER PARTNERS Co., Ltd. to segment profit (loss) decreased.

The segment information for the year ended March 31, 2014, 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						
	2015						
	Reportable Segment						
	AIFUL	LIFECARD	Total	Other[1]	Total	Reconciliations	Consolidated
Operating revenue:							
Interest on loans	¥ 36,151	¥ 5,944	¥ 42,095	¥ 1,667	¥ 43,762		¥ 43,762
Revenue from credit card business	17	13,532	13,549		13,549		13,549
Revenue from credit guarantee	10,136	1,246	11,382		11,382		11,382
Recovery of loans previously charged off	7,542	181	7,723	18	7,741		7,741
Other operating revenue	1,068	6,006	7,074	2,844	9,918		9,918
Operating revenue from external customers	54,914	26,909	81,823	4,529	86,352		86,352
Intersegment operating revenue or transfers	8	393	401	2	403	¥ (403)	
Total	¥ 54,922	¥ 27,302	¥ 82,224	¥ 4,531	¥ 86,755	¥ (403)	¥ 86,352
Segment profit (loss)	¥ (41,434)	¥ 3,530	¥ (37,904)	¥ 919	¥ (36,985)	¥ 485[2]	(¥ 36,500)
Segment assets	444,737	177,181	621,918	28,009	649,927	(89,603)[3]	560,324
Segment liabilities	371,015	141,247	512,262	10,126	522,388	(59,540)[4]	462,848
Other:							
Provision for credit card point redemption		2,863	2,863		2,863		2,863
Provision of allowance for investment losses	489		489		489	(489)	
Provision for doubtful accounts	(841)	3,151	2,310	(34)	2,276		2,276
Provision for losses on interest refunds	63,734		63,734		63,734		63,734
Provision for accrued bonuses	541	7	548	18	566	304	870
Depreciation and amortization	1,532	1,214	2,746	7	2,753		2,753
Interest on advances to subsidiaries and other	1,892		1,892	96	1,988	(1,963)	25
Dividend income	5	12	17	1	18		18
Reversal of allowance for investment losses				10	10		10
Foreign exchange gain		2,921	2,921		2,921	(36)	2,885
Interest on advances from parent company and other	1		1	29	30	(29)	1
Gain on sale of investment securities		322	322	3	325		325
Gain on purchase of borrowings	320		320		320		320
Income taxes:							
Current	(801)	1,413	612	(28)	584		584
Deferred	55		55		55	7	62
Increase in property and equipment and intangible assets	1,936	1,046	2,982	1	2,983		2,983

1 "Other" items are business segments excluded from reportable segments, which include BUSINEXT CORPORATION and AsTry Loan Services Corporation.
2 "Reconciliations" are eliminations of intersegment transactions.
3 "Reconciliations" are eliminations of intersegment assets.
4 "Reconciliations" are eliminations of intersegment liabilities.

	Millions of Yen						
	2014						
	Reportable Segment						
	AIFUL	LIFECARD	Total	Other[1]	Total	Reconciliations	Consolidated
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	6,834	3,407	10,241		10,241
Operating revenue from external customers	59,187	26,986	86,173	5,686	91,859		91,859
Intersegment operating revenue or transfers	10	346	356		356	¥ (356)	
Total	¥ 59,197	¥ 27,332	¥ 86,529	¥ 5,686	¥ 92,215	¥ (356)	¥ 91,859
Segment profit (loss)							
Segment assets	¥ 24,046	¥ 2,419	¥ 26,465	¥ 2,755	¥ 29,220	¥ 1,242[2]	¥ 30,462
Segment liabilities	463,792	181,814	645,606	26,380	671,986	(94,647)[3]	577,339
Other:	348,984	149,410	498,394	9,504	507,898	(64,101)[4]	443,797
Provision for credit card point redemption							
Reversal of allowance for investment losses		2,666	2,666		2,666		2,666
Provision for doubtful accounts				4	4		4
Provision for losses on interest refunds	8,579	2,997	11,576	960	12,536	(1,605)	10,931
Provision for accrued bonuses		1,885	1,885		1,885		1,885
Depreciation and amortization	547	5	552	18	570	297	867
Interest on advances to subsidiaries and other	2,099	1,641	3,740	21	3,761		3,761
Dividend income	1,346		1,346	118	1,464	(1,461)	3
Reversal of allowance for doubtful accounts	6	15	21		21		21
Amortization of negative goodwill	2,636		2,636		2,636	(2,600)	36
Gain on negative goodwill						218	218
Foreign exchange gain						2,305	2,305
Interest on advances from parent company and other		1,697	1,697		1,697		1,697
Gain on sale of investment securities	2		2	39	41	(38)	3
Gain on purchase of borrowings	2	28	30	135	165		165
Loss on sale of investment securities				3,840	3,840		3,840
Loss from business restructuring	26	5	31		31	2	33
Income taxes:				10	10		10
Current	(1,677)	1,229	(448)	1,212	764		764
Deferred	33	(405)	(372)	(2)	(374)	256	(118)
Increase in property 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 BUSINEXT CORPORATION and AsTry Loan Services Corporation.
2 "Reconciliations" are eliminations of intersegment transactions.
3 "Reconciliations" are eliminations of intersegment assets.
4 "Reconciliations" are eliminations of intersegment liabilities.

	Thousands of U.S. Dollars						
	2015						
	Reportable Segment						
	AIFUL	LIFECARD	Total	Other[1]	Total	Reconciliations	Consolidated
Operating revenue:							
Interest on loans	$ 301,258	$ 49,534	$ 350,792	$ 13,891	$ 364,683		$ 364,683
Revenue from credit card business	142	112,766	112,908		112,908		112,908
Revenue from credit guarantee	84,467	10,383	94,850		94,850		94,850
Recovery of loans previously charged off	62,850	1,508	64,358	150	64,508		64,508
Other operating revenue	8,900	50,051	58,951	23,700	82,651		82,651
Operating revenue from external customers	457,617	224,242	681,859	37,741	719,600		719,600
Intersegment operating revenue or transfers	66	3,275	3,341	17	3,358	$ (3,358)	
Total	$ 457,683	$ 227,517	$ 685,200	$ 37,758	$ 722,958	$ (3,358)	$ 716,600
Segment profit (loss)	$ (345,284)	$ 29,417	$ (315,867)	$ 7,659	$ (308,208)	$ 4,041[2]	$ (304,167)
Segment assets	3,706,142	1,476,508	5,182,650	233,408	5,416,058	(746,691)[3]	4,669,367
Segment liabilities	3,091,792	1,177,058	4,268,850	84,383	4,353,233	(496,166)[4]	3,857,067
Other:							
Provision for credit card point redemption		23,858	23,858		23,858		23,858
Provision of allowance for investment losses	4,075		4,075		4,075	(4,075)	
Provision for doubtful accounts	(7,008)	26,258	19,250	(283)	18,967		18,967
Provision for losses on interest refunds	531,117		531,117		531,117		531,117
Provision for accrued bonuses	4,509	58	4,567	150	4,717	2,533	7,250
Depreciation and amortization	12,766	10,117	22,883	59	22,942		22,942
Interest on advances to subsidiaries and other	15,767		15,767	800	16,567	(16,359)	208
Dividend income	42	100	142	8	150		150
Reversal of allowance for investment losses				83	83		83
Foreign exchange gain		24,342	24,342		24,342	(300)	24,042
Interest on advances from parent company and other	8		8	242	250	(242)	8
Gain on sale of investment securities		2,683	2,683	25	2,708		2,708
Gain on purchase of borrowings	2,667		2,667		2,667		2,667
Income taxes:							
Current	(6,675)	11,775	5,100	(233)	4,867		4,867
Deferred	458		458		458	59	517
Increase in property and equipment and intangible assets	16,133	8,717	24,850	8	24,858		24,858

1 "Other" items are business segments excluded from reportable segments, which include BUSINEXT CORPORATION 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				
	2015				
	Loan Business	Credit Card Business	Credit Guarantee Business	Other	Total
Operating revenue from external customers	**¥ 50,268**	**¥ 13,997**	**¥ 11,824**	**¥ 10,263**	**¥ 86,352**

	Millions of Yen				
	2014				
	Loan Business	Credit Card Business	Credit Guarantee Business	Other	Total
Operating revenue from external customers	¥ 59,032	¥ 13,930	¥ 8,327	¥ 10,570	¥ 91,859

	Thousands of U.S. Dollars				
	2015				
	Loan Business	Credit Card Business	Credit Guarantee Business	Other	Total
Operating revenue from external customers	**$ 418,900**	**$ 116,642**	**$ 98,533**	**$ 85,525**	**$ 719,600**

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, 2015 and 2014.

(2) Property, and equipment

Information about geographic area is omitted, as no property, and equipment were located outside Japan for the years ended March 31, 2015 and 2014.

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, 2015 and 2014.

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

Year ended March 31, 2015

There was no amortization of negative goodwill or gain on negative goodwill for the year ended March 31, 2015.

Year ended March 31, 2014

	Millions of Yen				
	2014				
	AIFUL	LIFECARD	Other	Elimination/ Corporate	Total
Amortization of negative goodwill				¥ 218	¥ 218
Gain on negative goodwill[1]				2,305	2,305

1 Gain on negative goodwill arose when the Company transferred BUSINEXT CORPORATION securities to NEW FRONTIER PARTNERS Co., Ltd. on April 3, 2013.

Deloitte.

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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, 2015, and the related consolidated statements of operations, comprehensive (loss) 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 the Company and its consolidated subsidiaries as of March 31, 2015, 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 23, 2015

The accompanying 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.
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 service for card holders

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

Group Network

(As of March 31, 2015)

AIFUL CORPORATION

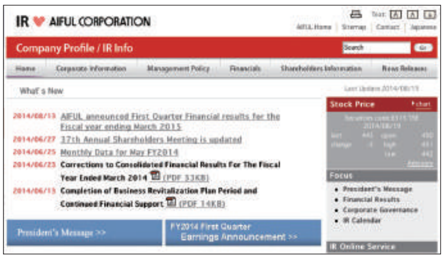
http://aiful.jp (Japanese only)

■ 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, 2015)

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	¥143,401 million
Number of Employees	Non-consolidated: 903 Consolidated: 1,350

Stock Listing

Tokyo Stock Exchange	The First Section
Securities Code	8515

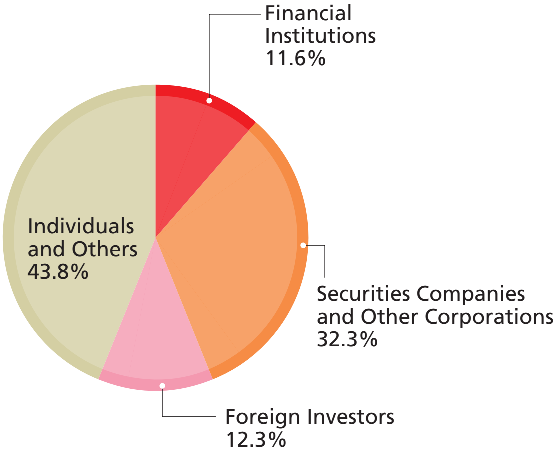
Shareholder Information

Number of Shares of Common Stock	
Authorized	1,136,280,000 shares
Issued and Outstanding	483,506,536 shares
Number of Shareholders	42,863
Independent Auditors	Deloitte Touche Tohmatsu LLC
Transfer Agent and Registrar	Sumitomo Mitsui Trust Bank, Limited

Principal Shareholders

	Number of Shares (Thousands)	Percentage of Total Shares Outstanding
AMG Co., Ltd.	94,814	19.61
Mitsuhide Fukuda	62,155	12.86
Marutaka Co., Ltd.	24,543	5.09
Japan Trustee Services Bank, Ltd. (trust account)	17,486	3.62
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	12,459	2.58

Composition of Shareholders



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AIFUL CORPORATION