(Translation for reference only)

May 11, 2011

Consolidated Business Results (Under Japanese GAAP)

For the Fiscal year ended in March 31, 2011

Company name: AIFUL Corporation
Stock Listing: Tokyo Stock Exchange
Stock Code: 8515
URL: http://aiful.jp
Representative: Yoshitaka Fukuda, President and Chief Executive Officer
For inquiry: Kohei Takekura, General Manager of Coordination Department TEL (03) 4503 - 6050
Scheduled date of convention of ordinary general meeting of shareholders: June 28, 2011
Scheduled date of commencement of dividend payments : —
Scheduled date of submission of financial report: June 29, 2011
Supplementary materials for the Quarterly Financial results: Yes
Earnings release conference: Yes (For financial analysts and institutional investors)

I. Consolidated Business Results for the Fiscal Year 2010 (April 1, 2010 – March 31, 2011)

1. Consolidated Operating Results

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

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

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
FY ended March 31, 2011	144,961	(33.5)%	(24,137)	–%	(24,945)	– %	(31,935)	– %
FY ended March 31, 2010	218,102	(30.1)%	(265,255)	–	(264,176)	–	(295,141)	–

Reference: Comprehensive income: End of FY2010: (33,724) million yen (- %)
End of FY2009: (294,837) million yen (- %)

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)	Net Income to Shareholders' Equity Ratio (%)	Ordinary Income to Total Assets Ratio (%)	Operating Income to Operating Revenue Ratio (%)
FY ended March 31, 2011	(134.05)	–	(41.4)	(2.5)	(16.7)
FY ended March 31, 2010	(1,238.90)	–	(122.7)	(18.9)	(121.6)

Reference: Equity in earnings of affiliated companies: End of FY2010: (-) million yen
End of FY2009: (-) million yen

2. Consolidated Financial Position

(In millions of yen, except where noted)

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)	Net Assets per Share (Yen)
FY ended March 31, 2011	858,017	63,604	7.1	255.32
FY ended March 31, 2010	1,152,945	97,305	8.1	392.30

Reference: Shareholders' equity for: End of FY2010: 60,823 million yen
End of FY2009: 93,456 million yen

3. Consolidated Cash Flows

(In millions of yen)

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents at the End of the Year
FY ended March 31, 2011	160,099	5,495	(154,347)	139,971
FY ended March 31, 2010	256,675	10,913	(270,476)	128,748

II. Dividend Information

(Record date)	Dividend per share (Yen)					Total dividend payment (full year)	Payout Ratio (Consolidated)	Dividend to equity ratio (Consolidated)
	End of 1st quarter	End of 1st half	End of 3rd quarter	Year-end	Annual			
FY ended March 31, 2011	–	0.00	—	0.00	0.00	—	—	—
FY ended March 31, 2010	–	0.00	—			—	—	—
FY ending March 31, 2012 (Forecast)	–	0.00	–	0.00	0.00		—	

Note: Revisions to quarterly dividend forecasts: None

III. Consolidated Forecast for the Fiscal Year 2011 (April 1, 2011 – March 31, 2012):

Following the recent Great East Japan Earthquake, the future of the Japanese economy is characterized by increased uncertainty. Recognizing the difficulty in ascertaining a reasonable estimate of the impact of the earthquake on local employment and economic conditions, the level of personal consumption decline and cutbacks in corporate-sector production due to insufficient supplies of electricity as well as any resultant effects on the Group's result, the AIFUL Group is not currently in a position to determine consolidated forecasts for fiscal 2011, the fiscal year ending March 31, 2012.

IV. Other

(1) Significant changes in scope of consolidation: None

Note: The scope change related to specified subsidiaries during the FY.

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

(a) Changes accompanying amendments to accounting standards: Yes
(b) Changes other than those in (a): None

(3) Number of shares issued and outstanding (Ordinary shares)

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

End of FY2010: 238,685,568 shares
End of FY2009: 238,685,568 shares

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

End of FY2010: 457,178 shares
End of FY2009: 457,058 shares

(c) Average number of shares during fiscal period:

FY2010: 238,228,461 shares
FY2009: 238,228,688 shares

(Reference) Highlights of Non-Consolidated Business Results

I. Non-Consolidated Business Results for the Fiscal Year Ended March 31, 2011
(April 1, 2010 – March 31, 2011)

1. Non-Consolidated Operating Results

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

	Operating Revenue		Operating Income (loss)		Ordinary Income (loss)		Net Income (loss)	
FY ended March 31, 2011	86,223	(30.9)	3,026	–	5,549	–	(70,169)	–
FY ended March 31, 2010	124,793	(29.6)%	(231,522)	–	(226,933)	—	(261,495)	—

	Net Income (loss) per Share (Yen)	Diluted Net Income per Share (Yen)
FY ended March 31, 2011	(294.55)	—
FY ended March 31, 2010	(1097.67)	—

2. Non-Consolidated Financial Position

(In millions of yen, except where noted)

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)	Net Assets per Share (Yen)
FY ended March 31, 2011	578,152	64,834	11.2	272.05
FY ended March 31, 2010	858,532	135,536	15.8	568.93

Reference: Shareholders' equity for: Fiscal year ended March 31, 2011: 64,810 million yen
Fiscal year ended March 31, 2010: 135,536 million yen

* (Details Concerning the Implementation Status of Audit Procedures)
This Business Results Report is exempt from the audit procedures stipulated under the Financial Instruments and Exchange Act of Japan. As of the date of report disclosure, audit procedures applicable to financial statements stipulated under the aforementioned Act are yet to be completed.

* (Note: Disclaimer concerning the proper use of business results forecasts)
The business results forecasts and other forward-looking statements contained in this Report are based on information currently available to the Company as well as certain assumptions that the AIFUL Group has judged to be reasonable. Accordingly, readers are advised that actual results may vary materially from forecasts due to a variety of factors.

Contents

1. Business Results

(1) Analysis on Business Results

During fiscal 2010, the fiscal year ended March 31, 2011, the future of the Japanese economy remained shrouded in uncertainty. Despite signs of a modest recovery on the back of a positive turnaround in external demand and the underlying strength provided by measures aimed at stimulating business activity, this uncertainty was fueled by persistent appreciation in the value of the yen, the sharp surge in crude oil prices and the impact of the Great Eastern Japan Earthquake that occurred on March 11, 2011.

Turning to Japan’s consumer finance industry, the operating environment continues to become increasingly harsh. Despite ongoing demand for funds, market scale remains in a contraction mode. This is largely attributable to the introduction of controls on total lending limits following full enforcement of the Money lending business act on June 18, 2010, reductions in maximum interest rates pursuant to the Act Regulating the Receipt of Contributions, Receipt of Deposits and Interest Rates (capital subscription law), the failure of a major consumer finance company in September 2010 on the back of claims for interest repayment, which continue to hover at a high level, and other factors.

Under these circumstances, the AIFUL Group is working diligently to adopt prudent credit screening measures that help build a quality loan portfolio, establish a cost structure commensurate with the scale of its operating assets and business and curtail operating overheads by implementing such wide-ranging initiatives as the consolidation of branches. Through these means, the Group is endeavoring to steadily execute its Business Revitalization Plan, approved on December 24, 2009 utilizing consensual business revitalization alternative dispute resolution procedures (“the ADR process”), and to improve its financial standing and profitability.

In addition, recognizing concerns that claims for interest repayment will rise substantially due in part to steps taken by a major consumer finance company to commence corporate reorganization proceedings and the potential for the industry’s operating environment to deteriorate further, the AIFUL Group decided to terminate the LIFE Play card consumer finance service of LIFE Co., Ltd. (“LIFE”) in March 2011, close the Eastern Japan Contact Center (Tama City, Tokyo) at the end of June 2011 and to progressively integrate the Center’s various functions into the Western Japan Contact Center (Kusatsu City, Shiga Prefecture) all with the aim of further reducing costs. For its part, AIFUL Corporation (“AIFUL” or “the Company”) suspended its television commercial campaign from November 2010 and is implementing measures designed to strengthen its operating structure including cutbacks in unstaffed branches.

Moreover, and as outlined in the Company’s press release, “Notice Regarding the AIFUL Group’s Reorganization (Subsidiary Spinoff and Merger),” issued on April 28, 2011, the Group will take steps to consolidate its organization and business as much as possible effective July 1, 2011. These efforts are based on the Group’s basic policy on reorganization, which is consistent with its Business Revitalization Plan, and take into consideration each of the selection and concentration perspectives. The objective in reorganizing the Group is also to channel management resources toward core businesses.

(Overview of the Group Reorganization)

Life’s credit sales (credit card and installment sales finance) business as well as the previously acquired credit guarantee and insurance businesses will be transferred to Life Card Co., Ltd. (“New Life”), a wholly owned Life subsidiary established in July 2010 by way of corporate spinoff and merger. In addition, the policy is in place to merge Life, following the aforementioned corporate spinoff and merger, City’s Corporation (“City’s”), which engages in small business loan operations, City Green Corporation, the holding company for City’s and Marutoh KK, a real estate business, (all four companies recognized as the absorbed companies) with AIFUL as the surviving company.

Following the implementation of this Group reorganization, the Group will consolidate its consumer finance business under the AIFUL brand and the credit sales and credit card business under the Life brand. In this manner, steps will be taken to develop each of these businesses by leveraging their brand recognition value to full advantage. In addition, AIFUL will work tirelessly to improve business efficiencies across the entire Group through such measures as the consolidation of head office operations and back office divisions as well as integration of the credit management and debt collection divisions.

Please refer to “Important Subsequent Events” included in “4. Consolidated Financial Statements (8) Notes to Consolidated Financial Statements” on page 56 and “Important Subsequent Events” included in “6. Non-Consolidated Financial Statements (7) Notes to Non-Consolidated Financial Statements” on page 76 for details regarding the Group’s reorganization.

Results by business segment are presented as follows.

(AIFUL Corporation)

Loan business

In its unsecured loan business, AIFUL is actively marketing low interest rate products to its trusted customers and systematically tightening up its screening procedures in preparation for full enforcement of the Money lending business act. Complementing these endeavors, the Company is developing products that address the finance needs of its customers in a timely fashion.

In the fiscal 2010, the number of new contracts signed in the unsecured loan category surged 8.3% compared with the corresponding period of the previous fiscal year to 56 thousand. This represented a contract rate of 27.3%, up 5.4 percentage point year on year.

As a result, the balance of unsecured loans outstanding as of March 31, 2011 stood at 289,361 million yen, down 31.7% compared with the end of the previous fiscal year.

In its secured and business loan activities, AIFUL has revamped its personal home equity loans for owner proprietors and companies, which it temporarily suspended in September 2010. In additional to recommencing sales, the Company is introducing new business loan products.

As a result, the balance of secured loans fell 31.0% to 83,422 million yen compared to March 31, 2010 and balance of business loans fell 3.8% to 8,584 million yen compared to March 31, 2010..

In addition to these measures, the waiver of claims accompanying demands for interest repayments, which remained at a high level, also had an effect, and the balance of operating loans as of March 31, 2011 stood at 381,368 million yen, down 31.1% compared with the end of the previous fiscal year.

Credit guarantee business

Turning to the Group's credit guarantee business, AIFUL renewed its credit guarantee affiliation product for business operators in Miyazaki Prefecture. Under this scheme prospective customers can lodge applications at any office of the Miyazaki Commerce and Industry Association or the Miyazaki Chamber of Commerce and Industry. Furthermore, AIFUL continued its marketing efforts to expand its guarantee affiliations, proposed new products to existing clients and provided support in sales promotions.

Accounting for the aforementioned factors, the Group secured affiliations with 48 unsecured personal loan companies, and held guarantees for outstanding loans amounting to 22,851 million yen, down 15.8% over the end of FY 2009. The Group commenced affiliations with 85 unsecured business loan companies, and held guarantees for outstanding loans totaling 14,117 million yen, down 22.0% over the end of FY 2009.

Accounting for the aforementioned factors, AIFUL posted operating revenue of 86,223 million yen, operating income of 3,026 million yen and ordinary income of 5,549 million yen. In addition to the impairment on LIFE shares totaling 67,782 million yen as a result of Group reorganization, AIFUL recorded a loss of 3,613 million yen based on estimates of a certain level of impact from the Great Eastern Japan Earthquake. Taking into consideration aggregate extraordinary losses amounting to 77,493 million yen, the Company incurred a net loss of 70,169 million yen for the fiscal year under review.

(LIFE Co., Ltd)

Credit card business

In the credit card business, the Group bolstered its Website marketing channel, strengthened efforts to acquire new customers focusing primarily on the promotion of proper and Aoyama cards. While steps were taken to actively expand the number of proper card business partners, results were negatively impacted by the review of certain partner contracts, a slump in consumption and other factors. On this basis, the number of cardholder members decreased by 5.9million compared with March 31, 2010 to 6.7million. The volume of credit card transactions accordingly contracted 43.5% compared with the corresponding period of the previous fiscal year to 457,545 million yen.

Accounting for the aforementioned factors, the balance of installment receivables stood at 74,676 million yen, down 38.8% compared with the previous fiscal year-end (this included 3,654 million yen of off-balance sheet installment receivables that were securitized).

Loan business

In addition to pursuing measures in preparation for full enforcement of the Money lending business act, the AIFUL Group has decided to terminate the LIFE Play card consumer finance designated service of its loan business taking into consideration its current operating environment.

Accounting for all of the aforementioned factors, the total amount of loans outstanding in the Life's loan business stood at 137,023 million yen as of March 31, 2011. This represented a drop of 35.3% compared with the end of the previous fiscal year.

Credit guarantee business

LIFE Co., Ltd secured affiliations with 131 unsecured personal loan companies, and held guarantees for outstanding loans amounting to 44,801 million yen, down 17.4% over the end of fiscal year 2009. Also commenced affiliations with 15 unsecured business loan companies, and held guarantees for outstanding loans totaling 362 million yen, down 44.6% over the end of fiscal year 2009.

As a result, operating revenue amounted to 44,108 million yen, an operating loss, ordinary loss and net loss were 27,536 million yen, 28,866 million yen and 31,147 million yen, respectively, mainly due to 27,211 million yen provision for interest repayment.

(Other)

The status of business activities not recorded within reporting segments is presented as follows.

BUSINEXT Corporation

Cautious credit screening criteria continue to apply with respect to business loans in light of the current deterioration in economic sentiment among small and medium-sized companies. On this basis, the balance of business loans as of March 31, 2011 stood at 59,474 million yen, down 7.9% compared with the previous fiscal year-end.

AsTry Loan Services Corporations

The loan servicing business continued to confront harsh business conditions due largely to concerns surrounding lengthy delays in collection on the back of deterioration in the economic environment. As a result, the balance of purchased receivables at the end of FY 2010 came to 4,211 million yen, a decline of 24.5% compared with the previous fiscal year-end.

Turning to the aggregate of business activities undertaken by seven consolidated subsidiaries (BUSINEXT Corporation, AsTry Loan Services Corporation, Marutoh KK, City's Corporation, City Green Corporation, New Frontier Partners Co., Ltd., and Life Card Co., Ltd) not included in reported reporting segments, operating revenue amounted to 14,852 million yen. From a profit perspective, operating loss was 1,671 million yen, while ordinary loss and net loss were 1,843 million yen and 3,527 million yen, respectively.

(Overview of the Results)

The AIFUL Group's consolidated operating revenue for the fiscal year 2010 fell 33.5% compared with the previous fiscal year to 144,961 million yen. The principal components and their movements were interest on loans, which contracted 39.2% year on year to 103,784 million yen, revenue from the credit card business, which declined 30.8% to 12,328 million yen and revenue in the credit guarantee business, which decreased 18.1% to 5,758 million yen. In contrast, the collection of purchased receivables climbed 17.0% to 3,751 million yen while the recovery of loans previously charged off edged up 12.3% to 12,631 million yen.

Operating expenses fell 65.0% compared with the previous fiscal year to 169,099 million yen. After accounting for a provision to the loss on interest repayment of 27,211 million yen, down 86.8% and allowance for doubtful accounts of 65,040 million yen, down 60.5% year on year, general administrative expenses including personnel expenses fell 27.8% year on year to 61,880 million yen which was primarily attributable to successful efforts to reform the Group's cost structure as a part of the Group's management rationalization strategy.

After accounting for a loss of 6,602 million yen based on estimates of a certain level of impact from the Great Eastern Japan Earthquake and a loss of 1,277million yen on asset retirement obligation, extraordinary losses amounted to 10,607 million yen.

As a result, the AIFUL Group's consolidated operating loss for the fiscal year 2010 was 24,137 million yen and ordinary loss amounted to 24,945 million yen, while net loss totaled 31,935 million yen.

(Forecast for operations in fiscal 2011)

The business environment in which the AIFUL Group operates is projected to encounter increasingly harsh conditions. In addition to the paramount concern surrounding the financial burden imposed by claims for interest repayment as well as the decline in the balance of loans outstanding owing mainly to controls on total lending limits stipulated under the Money lending business act, this forecast difficult environment is attributable to the effects of such events as the Great Eastern Japan Earthquake.

Under these circumstances, the AIFUL Group is working to improve its financial position and profitability by comprehensively reforming its cost structure. At the same time, the Group is steadily undertaking repayments commensurate with its Business Revitalization Plan. Consistent with its basic policy on business reorganization, the Group is also striving to improve the quality of its loan portfolio, reviewing duplicated businesses from a perspective of selection and focus and channeling management resources toward core business activities. In implementing Group reorganization, AIFUL is endeavoring to enhance operating efficiency.

Following the recent Great Eastern Japan Earthquake, the future of the Japanese economy is characterized by increased uncertainty. Recognizing the difficulty in ascertaining a reasonable estimate of the impact of the earthquake on local employment and economic conditions, the level of personal consumption decline and cutbacks in corporate-sector production due to insufficient supplies of electricity as well as any resultant effects on the Group's result, the AIFUL Group is not currently in a position to determine consolidated forecasts for fiscal 2011, the fiscal year ending March 31, 2012. In the event, during the fiscal 2011, that AIFUL is in a position to disclose earnings forecasts, it undertakes to do so in a timely manner.

(2) Analysis on Financial Position

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

Total assets on a consolidated basis declined 294,927 million yen, or 25.6%, compared to the end of the previous fiscal year to 858,017 million yen at the end of FY 2010. This was primarily due to 241,400 million yen decline in loans outstanding due to stricter lending criteria.

Total liabilities as of March 31, 2011 stood at 794,412 million yen, a decrease of 261,226 million yen, or 24.7%, compared with the previous fiscal year-end. The principal factors contributing to this decline were the repayment of bonds and debts, which led to a drop of 156,147 million yen and the application of allowance for losses on interest repayments for a decrease of 59,139 million yen.

Net assets edged up 33,700 million yen, or 34.6%, compared with the end of the previous fiscal year to 63,604 million yen. This was largely attributable to the posting of net loss.

(Cash Flows)

Cash and cash equivalents ("funds") rise 11,222 million yen, or 8.7%, compared to the end of the previous fiscal year to 139,971 million yen.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 160,099 million yen, a decrease of 37.6% compared with the corresponding period of the previous fiscal year. During the period under review, the increase in funds caused by the decline in operating receivables including loans to customers exceeded the decline in funds due to the drop in the allowance for doubtful accounts and the decrease in allowance for losses on interest payments.

(Cash flows from investing activities)

Net cash provided by investing activities totaled 5,495 million yen, a decrease of 49.6% compared with previous fiscal year. This was mainly attributable to proceeds provided by sales of investment securities as well as proceeds provided by sales of tangible fixed assets.

(Cash flow from financing activities)

Net cash used for financing activities amounted to 154,347 million yen, down 42.9% year-on-year, due to the repayment of borrowings and the redemption of bonds.

(Changes in Cash Flow Related Indicators)

	FY2006	FY2007	FY2008	FY2009	FY2010
Shareholders' Equity Ratio (%)	11.4	15.6	23.6	8.1	7.1
Shareholders' Equity Ratio Based on Market Price (%)	23.3	13.1	2.0	2.8	2.9
Interest Coverage Ratio (times)	—	0.5	1.3	—	—

Shareholder's equity ratio: shareholder's equity/total assets
Shareholder's equity ratio based on market price: total market capitalization/total assets
Interest coverage ratio: operating cash flow/interest payments
Notes:
1. All indicators computed using consolidated financial figures.
2. Operating cash flow is the figure obtained by excluding changes in funds due to changes in operating receivables and

reserves (allowance for doubtful accounts and allowance for losses on interest repayments) related to operating receivables from cash flow from operating activities on the consolidated statements of cash flows.

(3) Basic Policies on Profit Distribution and Dividend for the Fiscal Year Under Review and Next Fiscal Year

The return of profits to shareholders is a management priority at the AIFUL Group. The Group's basic policy calls for a consistent return of profits in line with business results. The Group aims to maximize shareholder returns and shareholder value while simultaneously securing stable internal reserves through medium to long-term profit growth.

However, the AIFUL Group has recorded a substantial loss in its previous fiscal year in order to provide for demands for interest repayments, which have remained at a high level. As a result, there is no surplus available for distribution. Thus, the AIFUL Group sincerely regrets that it will not be able to pay a dividend for the current fiscal year and the next fiscal year.

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

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

(4) Business Risks

The major factors among those related to the state of the business and its finances that could have a significant impact on the decisions of investors are those below. The AIFUL Group acknowledges that these risks may arise and endeavors to avoid their occurrence and to take countermeasures in the event that they do occur. Moreover, the following statement does not cover every business risk of the AIFUL Group, and new business risks may arise in the future due to unforeseen factors.

Forward-looking statements are deemed current as of March 31, 2011.

(Business Revitalization Plan)

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

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

(Risks Arising from the Business Environment)

The business results and financial position of the AIFUL Group depend on a large number of factors, including the following major anticipated factors.

- Japanese economic conditions and market trends, especially trends in the consumer credit market
- Intensification of competition with competitors in the consumer finance market
- Changes in the number of borrowers with debts to a number of companies
- Changes in the relevant legislation and regulations for the consumer finance market, and especially changes in the legal framework regarding the statutory maximum interest rate, the enforcement status of such changes and judicial decisions relating to relevant legislation, accompanying changes in accounting standards, and incidence of other lawsuits requesting interest repayments
- Changes in the AIFUL Group's ability to provide credit, the number of accounts, the average balance per account, the average contracted interest rate, and the default ratio
- Changes in expenses, including various commissions, advertising expenses and personnel expenses, and losses
- Negative media coverage of the AIFUL Group and the consumer finance industry, and the incidence of scandals

In April 2007, AIFUL Corporation established a Risk Management Committee that reports directly to the Board of Directors, and gave it the task of performing cross-divisional control and management of risks that arise in all divisions, threatening corporate activities. This step is expected to reinforce systems for proactive measures to prevent risks before they arise and accelerate the response if any incident should occur. Nevertheless, despite these measures, the AIFUL Group's financial position and business performance could be adversely affected by changes in the operating environment, including the strengthening or loosening of legislation and regulations, and changes in competitive conditions and the economy. The revision of the AIFUL Group's strategy may also be unavoidable.

(Legal Regulations)

1. Legal Compliance System

In order to prevent misconduct including any infringement of the Money lending business act or leakage of information, AIFUL established the Compliance Committee as a body directly reporting to the Board of Directors and the Internal Control Department as its secretariat. Moving forward, the Company takes steps to gather information on compliance while carrying out an examination and assessment of AIFUL's Company-wide compliance framework in an effort to prevent legal infringements before they occur. A uniform code of corporate ethics is commonly shared throughout the Group and the AIFUL Group Compliance Committee established with the aim of maintaining a consistent Group-wide compliance stance. In April 2007, AIFUL further strengthened its legal compliance framework by boosting compliance monitoring functions. This included centralizing the compliance hotline (internal whistle-blowing system), bolstering the function for collecting data on compliance, centralizing functions related to rewards and penalties and reinforcing the role and performance of the Internal Control Department.

In addition, the Compliance and Risk Subcommittee was established as an underlying structure that supports the Risk Management and Compliance committees in October 2010. In principle, this subcommittee meets regularly twice each month. In the event that a risk is uncovered and identified, the Compliance and Risk Subcommittee responds both swiftly and accurately, investigating and analyzing the nature of risk. The subcommittee also formulates detailed measures designed to counter inherent risks. Reports are issued with respect to the status of internal compliance with statutory and regulatory requirements to either the Compliance or Risk Management committees on a periodic basis as and when required.

In the event that unlawfulness and scandal, including activities in breach of the law involving the employees of the AIFUL Group, occur despite these reviews and the response made by the Group, this could very likely result in legal punishments such as administrative penalties and other obligations, and could affect confidence in the Group as well as its financial position and business performance.

2. Legal Regulations

i. Operating Regulations under the Money Lending Business Act and the Installment Sales Act

From a legislative perspective, the AIFUL Group's mainstay consumer finance activities are governed by the Money lending business act. Under this law, the Group's operations are subject to a variety of regulatory requirements. These include the prohibited acts; restrictions, etc. on interest and guarantee charges, etc.; investigation of repayment capacity; prohibition on excess loans, etc.; posting of the conditions of a loan, etc.; advertising, etc. the conditions of a loan; prohibition, etc. on misleading advertising; delivery of documents prior to the conclusion of a contract; delivery of documents upon the conclusion of a contract; delivery of receipts; keeping of the books; inspection of the books; restrictions on acts of collection; return of claim deeds; posting of signs; restrictions on the assignment, etc. of claims ; duty to disclose transaction history; placement of chiefs of money lending operations; and carrying, etc. of identification cards.

Moreover, the AIFUL Group's credit card shopping and installment sales finance businesses are subject to a range of regulations based on the application of the Installment Sales Act. These regulations include the publications of terms of business, the issue of documents, the limitation of the amount of compensation for damages accompanying the cancellation of contracts, pleas against installment sales service providers, the prohibition of screening which exceed repayment capacity, and the prevention of consumer problems related to continuous service

ii. Voluntary Regulation by Japan Financial Services Association

The Japan Financial Services Association (JFSA) was established in December 2007 to oversee voluntary regulations applicable to money-lending businesses as stipulated by the Money lending business act. The JFSA formulated the Basic Rules for Voluntary Regulations governing matters related to the prevention of excess loans as well as the regulation of advertising and soliciting. In order to increase the efficacy of voluntary regulations, JFSA has also been given the authority to conduct surveys and inspections of its members and to impose sanctions that include the levying of fines for negligence and/or expulsion of members who fail to comply. AIFUL is a member of JFSA and is thus subject to the aforementioned voluntary regulations.

The AIFUL Group is endeavoring to strengthen its compliance framework by establishing in-house regulations based on the provision stipulated under legislation and the voluntary regulations outlined by JFSA identified in the preceding sub-paragraphs i. and ii. In addition, the Group is implementing thoroughgoing compliance education and training for the benefit of its employees.

However, the AIFUL Group's financial position and business performance could be adversely affected by administrative penalties resulting from legal infringements by its employees as well as instances where business regulations have been strengthened by new legislative and regulatory amendments.

3. Lending Rate

Amendments to the Money lending business act came into full force on June 18, 2010. As a result, the maximum annual interest rate under the capital subscription law was reduced from 29.2% to 20%, and the system of deemed payments under the Money lending business act outlined later in this document was abolished.

In response to this, AIFUL has been implementing a reduced interest rate under the Act Regulating the Receipt of Contributions, Receipt of Deposits and Interest Rates for customers who conclude a new loan agreement and customers who qualify for a loan agreement under the new lending criteria since August 1, 2007, and the maximum rate is now 18%. The AIFUL Group's financial position and business performance may be adversely affected in the event that the maximum interest rate under the Interest Rate Restriction Act and the Act Regulating the Receipt of Contributions, Receipt of Deposits and Interest Rates further reductions in the interest rate for customers with an existing loan agreement are unavoidable due to social issues, including economic conditions or an increase in the number of consumers requesting legal protection.

4. Increase in Losses on Interest Repayments

In accordance with Article 1, Paragraph 1 of the Interest Rate Restriction Act, an agreement relating to the interest payable on a consumer finance loan shall be considered invalid with respect to the portion that exceeds certain prescribed ceiling limits (20% when the principal is less than ¥100,000, 18% when the principal is ¥100,000 or more but less than ¥1,000,000, and 15% when the principal is ¥1,000,000 or more). However, prior to the aforementioned full enforcement of the amendment to the Money lending business act, the Interest Rate Restriction Act stipulated that a debtor shall not be able to claim repayment when the that debtor has paid the relevant excess portion voluntarily.

In addition, under Article 43 of the Money lending business act prior to the aforementioned amendments and full enforcement, when the document, specified under Article 17 of the law, has been issued to the borrower at the time the loan is made and the borrower has voluntarily paid the excess portion as interest, and when the document specified under Article 18 of the law has been issued immediately at the time of payment and the payment is based on the agreement for which the document specified under Article 17 of the law is issued, this payment is regarded as the repayment of valid interest on the debt, notwithstanding the provision of Article 1, Paragraph 1 of the Interest Rate Restriction Act (hereafter payments under the relevant provision shell be referred to as “deemed payments”).

Nevertheless, the Supreme Court ruling on January 13, 2006 ruled that the payment of the portion exceeding the ceiling on interest set in paragraph 1, Article 1 of the Interest Rate Restriction Act under a covenant requiring the lump sum payment of the outstanding loan in the event that the payment of a loan installment is late is effectively compulsion and cannot be deemed a voluntary payment by a borrower. In addition, the court ruled that paragraph 2, Article 15 of the Money lending business act which the entry of the contract date on the receipt can be substituted with the contract number exceeds the scope of legal authorization and is invalid.

The AIFUL Group earnestly accepts these judicial decisions and intends to respond through such means as changing agreements to reflect the decisions. At present, the contracted interest rate for the loan products (with some exceptions) provided by the AIFUL Group includes the excess portion on the interest ceiling stipulated by the Interest Rate Restriction Act. Thus far, a number of lawsuits have been brought for the repayment of the excess portion on the interest ceilings stipulated by the Interest Rate Restriction Act due to a lack of preparation in the industry of the matters to be entered on the contract document specified in the Money lending business act, and a number of rulings in favor of these suits have been passed down.

A number of lawsuits for the repayment of excess interest have also been lodged against the AIFUL Group. There have been cases in which the plaintiffs’ claims that the Group did not fulfill its obligation as a loan business operator to issue the necessary documents required for the payment to be regarded as “deemed payments” under the Money lending business act have been recognized, as well as cases in which the Group has made repayment of excess interest based on settlements. As a result, repayment of excess interest amounted to ¥77,701 million on a consolidated basis during the fiscal year under review. The AIFUL Group’s financial position and business performance may be adversely affected in the event that demands for interest repayments rise above expectations or that judicial decisions which are disadvantageous to consumer finance companies are handed down in the future.

On October 13, 2006, the Japanese Institute of Certified Public Accountants (JICPA) published Accounting Treatment for Calculation of Reserves Relating to Losses at Consumer Finance Companies, etc., Resulting from Interest Repayment Claims (Industry Audit Committee Report No. 37, “Report No. 37”) to be applicable from the audits of consolidated and non-consolidated accounts for the interim accounting period ending on or after September 1, 2006 (including audits related to the consolidated and non-consolidated accounts for the fiscal year of which the relevant consolidated and non-consolidated accounts for the interim accounting period are each respectively a part).

In accordance with Report No. 37, the AIFUL Group has recorded a allowance for losses on interest repayments which includes forecast repayments included in the bad debt reserve as estimated to receive priority application to operating loans.

Nevertheless, accounting estimates are made on the basis of factors such as historical repayment and recent repayments, and in the event that a level of repayments arises that exceeds the assumptions based on these estimates, this could adversely affect the financial position and business performance of the AIFUL Group.

5. Restrictions on Total Lending

Amendments to the Money lending business act came fully into force on June 18, 2010. As a result, restrictions on total lending were introduced. Under these controls, the total balance of loans outstanding shall not exceed one-third of the total annual income of each individual. In principle, loans that exceed this established capacity to repay shall be prohibited. In preparation for the aforementioned introduction of restrictions on total lending pursuant to full-fledged enforcement of the amended law, AIFUL has provided loans utilizing more rigorous lending criteria. The AIFUL Group’s financial position and business performance may be adversely affected in the event that the decline in interest income or the balance of loans is greater than expected.

6. Other Legislative Issues

i. Act on the Protection of Personal Information and the Handling of Personal Information

On April 1, 2005, the Act on the Protection of Personal Information and the accompanying guidelines on the protection of personal information established by each government ministry came into force. Under the Act, businesses that handle personal information have specific reporting obligations when judged necessary. In addition, the competent Minister can recommend or order that the necessary measures be taken when deemed necessary to protect the interests of individuals in the event that specific obligations under the Act are breached.

Furthermore, in the guidelines, businesses are required to make notification, clearly state and publish the purpose of use of personal information, obtain the consent of debtors where necessary related to the handling of personal information, to supervise subcontractors when subcontracting the handling of personal information, establish a system for security management from the organizational, personnel and technological perspectives, and publish their basic policy on the handling of personal information.

In accordance with this, as well as reviewing its handling of personal information, the AIFUL Group has formulated a Privacy Policy and has also taken measures to prevent the leaking of personal information before it happens. The credibility, financial condition and business performance of the AIFUL Group may be affected in the event of a leakage of personal information for any reason or in the event that the Group is subject to a recommendation or order from the competent Minister.

ii. Effect of Other Legislative Amendments

The AIFUL Group's financial position and business performance may be adversely affected in the event of amendments to legislation, including the Bankruptcy Act, the Civil Rehabilitation Act, the Act on Special Conciliation Proceedings for Expediting Arrangement of Specified Debts, etc., and the Judicial Scriveners Act, depending on the details of the amendments.

7. Bad Debt Risk

The Japanese economy has deteriorated since the subprime loan problem and the "Lehman Shock." In this environment, the increase in the number of consumers requesting legal protection has become a social issue (AIFUL group customers are included among these consumers).

The AIFUL Group is screening repayment capacity (this includes monitoring credit extended to existing customers) based on data from credit bureaus and its own credit provision systems and tightening up credit criteria. At the same time, AIFUL is reviewing its products to make the maximum repayment term five years in order to promote systematic repayment in revolving credit agreements.

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

8. Complications, Breakdowns or Other Damage to Technology Systems, Including Information Network Systems and Internet Services

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

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

9. Holding and Disposal of Stock by Representative Director and Relatives

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

10. Significant Lawsuits

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

11. In Cases of Disaster or Similar Events

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

(5) Important Events Affecting Premise of Going Concern

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

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

In the fiscal year ended March 31, 2011, the AIFUL Group undertook its first repayment of ¥10,000 million to creditors on September 30, 2010 in accordance with its Business Revitalization Plan.

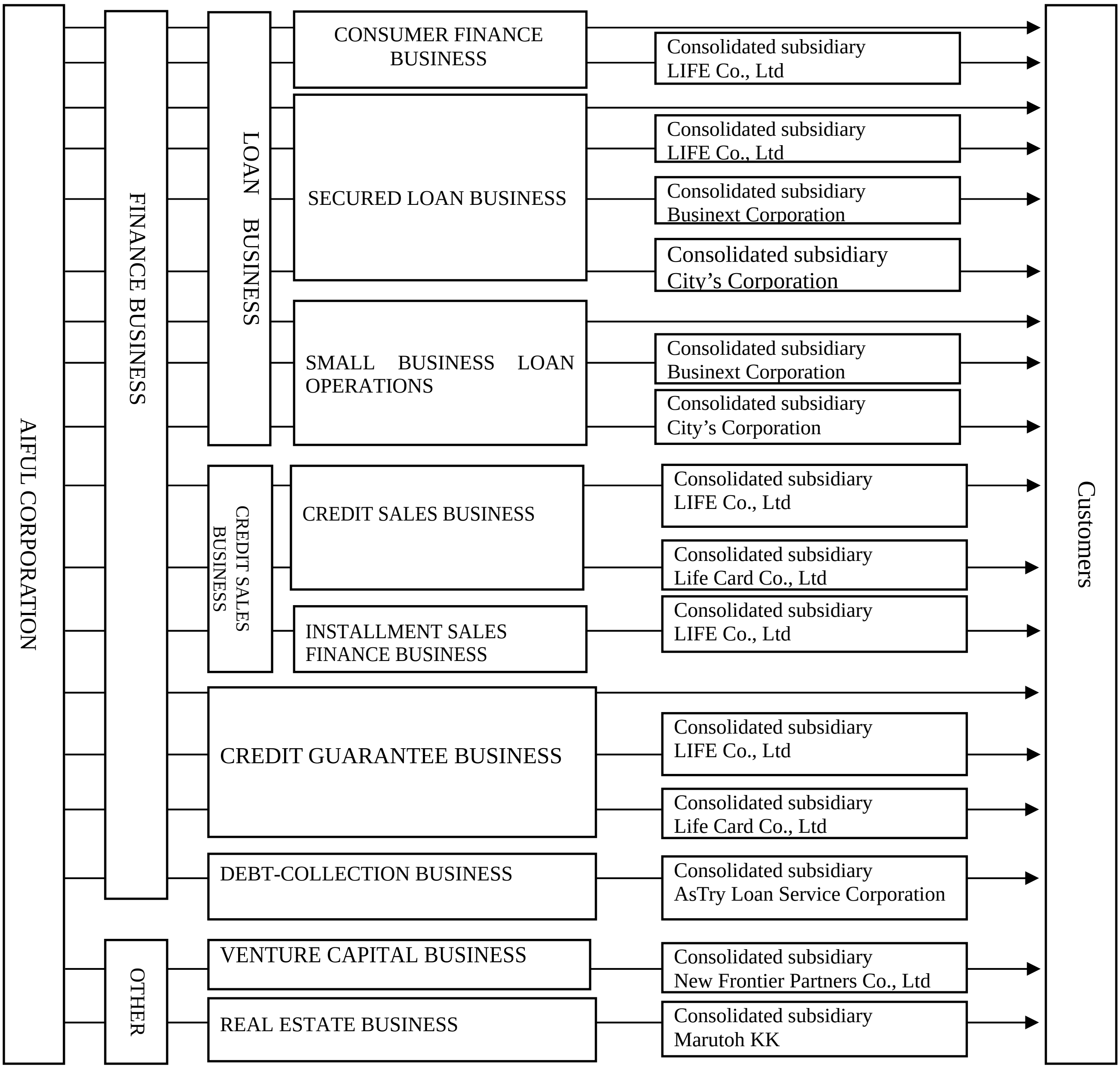
By implementing concrete measures stipulated under the Business Revitalization Plan, the AIFUL Group has determined that any major uncertainty surrounding the premise of its standing as a going concern is not justified.

2. State of the Group

(1) The AIFUL Group is composed of AIFUL Corporation ("the Company") and eight consolidated subsidiaries and 14 non-consolidated subsidiaries. The Group's main lines of business are consumer finance operations and credit sales. It is also active in the credit guarantee and debt collection and management.

Business Classification			AIFUL & subsidiaries	Business Descriptions
Finance Business	Loan Business	Consumer finance business	AIFUL Corporation	The Company and its subsidiaries provide small, unsecured loans for consumers.
			LIFE Co., Ltd	
		Secured loan business	AIFUL Corporation	The Company and its subsidiaries provide loans secured by real estate.
			LIFE Co., Ltd	
			Businext Corporation	
			City's Corporation	
		Small business loan operations	AIFUL Corporation	The Company and its subsidiaries lend to small and other businesses.
			Businext Corporation	
			City's Corporation	
	Credit sales business	Credit card shopping	LIFE Co., Ltd	The Company and its subsidiary offer credit card shopping for consumers.
			Life Card Co.,Ltd	
		Installment sales finance	LIFE Co., Ltd	The Company and its subsidiary offer installment sales finance for consumers.
	Credit Guarantee business		AIFUL Corporation	Credit guarantee of loans provided by financial institutions.
			LIFE Co., Ltd	
			Life Card Co.,Ltd	
	Debt-collection business		AsTry Loan Services Corporation	The company specializes in the management and collection of a full range of receivables and loans.
Other	Venture capital business		New Frontier Partners Co., Ltd.	The company assesses, invests in and supports venture companies.
	Real estate business		Marutoh KK	The company leases real estate.
			City Green Corporation	Holding company for City's Corporation.

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



* 1. City Green Corporation is not listed above, since it is a holding company of City's Corporation, and is not active in business.
2. As of the date of this report, Life Card Co., Ltd. is not currently engaged in business activities. Preparations are being made for the company to commence operations following the scheduled reorganization of the Group.

Non-consolidated Subsidiary

Company	Business Descriptions
(subsidiary) Sumishin Life Card Co., Ltd., 13 others	Credit card business and Credit sales business

(3) Affiliated companies are as follows.

Name	Address	Capital (¥ million)	Main Business	Percentage of Voting Rights Held (%)	Details of Relationship
(Consolidated subsidiaries) Businext Corporation	Minato-ku, Tokyo	9,000	Small business loan operations	60.0	No. of concurrent directors…1
LIFE Co., Ltd.[1,2]	Aoba-ku, Yokohama City	70,000	Credit sales business, consumer finance business	95.9	Receives financial assistance from AIFUL Mutual joint and several guarantees have been provided to the Agreement Claim Creditors (lending financial institutions, etc.,) of AIFUL and LIFE Co., Ltd. in accordance with the Business Revitalization Plan and the agreement with creditors. No. of concurrent directors: 3
AsTry Loan Services Corporation	Minato-ku, Tokyo	2,500	Debt-collection business	100.0	Receives financial assistance from AIFUL No. of concurrent directors: 1
Marutoh KK	Shimogyo-ku, Kyoto City	70	Real estate business	100.0	Leases real estate to AIFUL Receives financial assistance from AIFUL Guarantees of liabilities as well as land, buildings and other assets have been pledged as collateral for bank debt No. of concurrent directors: 1
City's Corporation[4]	Kusatsu City, Shiga Pref.	700	Small business loan operations	100.0 (57.8)	Receives financial assistance from AIFUL Guarantees of liabilities as well as loan outstanding have been pledged as collateral for bank debt No. of concurrent directors: 1
City Green Corporation	Kusatsu City Shiga Pref.	100	Holding company for City's Corporation	100.0	No. of concurrent directors: 1
New Frontier Partners Co., Ltd.	Minato-ku, Tokyo	10	Venture capital business	100.0	Receives financial assistance from AIFUL No. of concurrent directors: 1
Life Card Co.,Ltd[3,4]	Aoba-ku, Yokohama City	50	Credit sales business	95.9 (95.9)	-

Notes:

1. Qualifies as specified subsidiary.
2. A financial report has been submitted. Accordingly, while the operating revenue (excluding intersegment transactions between consolidated companies) of LIFE Co., Ltd. exceeds 10% of consolidated operating revenue, major profit and loss information has been omitted.
3. Preparations are currently in progress for the company to commence operations following the scheduled reorganization of the Group.
4. The percentage of voting rights held in parenthesis shows the percentage of those held which are held indirectly.

3. Management Policies

(1) Basic Corporate Management Policies and Target Management Indicators

This section has been omitted as there are no significant changes from the details published in the summary of business results for the year ended March 2009 released on May 12, 2009.
This summary of business results can be viewed at the following URLs.
(AIFUL website)
http://www.ir-aiful.com/english/finance01.cfm
(Tokyo Stock Exchange website)
http://www.tse.or.jp/listing/compsearch/index.html

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

The business environment of the AIFUL Group is expected to remain difficult. Several factors are projected to place considerable downward pressure on the Group's operating activities. The most pressing concern is the increased expense burden imposed by claims for interest repayment. At the same time, further contractions in credit due to controls on total lending limits stipulated under the Money lending business act, industry reorganization and increasingly intense competition from both within and outside the industry are anticipated to make matters worse.

Having received approval to its Business Revitalization Plan submitted in accordance with Business Revitalization Procedures using the ADR process, the AIFUL Group undertook its first repayment of ¥10,000 million to creditors on September 30, 2010. Looking ahead, every effort will be made to ensure ongoing and steady repayment pursuant to the Business Revitalization Plan. At the same time, the AIFUL Group will continue to pursue its basic policies aimed at reconstructing its businesses. This will include steps to improve the quality of its loan portfolio, review duplicated business from the perspective of selection and focus, rationalize business by way of Group reorganization outlined in "1. Qualitative Information, Financial Statements and Other Information (1) Qualitative Information Regarding Consolidated Operating Results," reduce asset scale to a level commensurate with its current capacity to raise funds and implement thorough cost structure reforms. Through these means, the AIFUL Group will work diligently to improve its financial position and profitability.

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

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In millions of yen)

	End of the prior FY (As of March 31, 2010)	End of the current FY (As of March 31, 2011)
Assets		
Current assets		
Cash and deposits	128,755	139,976
Operating Loans	835,928	594,527
Installment receivables	125,990	77,335
Operational investment securities	787	724
Customers’ liabilities for acceptances and guarantees	100,152	82,133
Other operating receivables	12,288	10,690
Purchased receivables	5,579	4,211
Other	51,715	33,402
Allowance for investment loss	(74)	(65)
Allowance for doubtful accounts	(203,478)	(160,191)
Total current assets	1,057,644	782,744
Fixed assets		
Tangible fixed assets		
Buildings and structures	32,605	26,414
Total accumulated depreciation	(20,300)	(17,800)
Net buildings and structures	12,304	8,614
Machinery, equipment and vehicles	338	330
Total accumulated depreciation	(195)	(210)
Net machinery, equipment and vehicles	142	119
Furniture and fixtures	17,229	17,522
Total accumulated depreciation	(13,158)	(13,671)
Net furniture and fixtures	4,071	3,850
Lease assets	340	340
Total accumulated depreciation	(89)	(155)
Net lease assets	251	185
Land	13,311	9,540
Construction in process account	25	255
Total tangible fixed assets	30,107	22,566
Intangible fixed assets		
Software	16,137	11,588
Other	166	163
Total intangible fixed assets	16,304	11,752
Investment and other fixed assets		
Investment securities	9,704	7,370
Claims in bankruptcy	50,400	46,838
Lease and guarantee deposits	20,219	17,849
Other	1,879	1,716
Allowance for investment loss	(628)	(638)
Allowance for doubtful accounts	(32,824)	(32,243)
Total investment and other fixed assets	48,750	40,893
Total fixed assets	95,161	75,212
Deferred assets		
Pre-operating expenses	—	5
Bond issuing expenses	138	54
Total deferred assets	138	60
Total assets	1,152,945	858,017

(In millions of yen)

	End of the prior FY (As of March 31, 2010)	End of the current FY (As of March 31, 2011)
Liabilities		
Current liabilities		
Notes & accounts payable-trade	20,273	8,081
Acceptances and guarantees	100,152	82,133
Short-term borrowings	61,205	42,580
Current portion of bonds	105,610	91,900
Current portion of long-term debt	45,231	40,738
Income taxes payable	644	411
Allowance for bonuses	1,260	1,194
Allowance for credit card point redemption	1,456	2,006
Allowance for business structure improvement	1,323	196
Allowance for losses attributable to disaster	—	51
Deferred installment income	1,372	724
Other	38,656	23,954
Total current liabilities	377,185	293,972
Long-term liabilities		
Bonds	152,600	54,500
Long-term debt	283,922	262,702
Deferred tax liabilities	276	128
Allowance for losses on interest repayments	237,909	178,769
Negative goodwill	870	653
Other	2,876	3,686
Total long-term liabilities	678,454	500,440
Total liabilities	1,055,639	794,412
Net Assets		
Shareholders' equity		
Common stock	143,324	143,324
Capital surplus	164,133	164,133
Retained earnings	(210,275)	(242,211)
Treasury stock	(3,110)	(3,110)
Total shareholders' equity	94,071	62,136
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(615)	(1,312)
Total accumulated other comprehensive income	(615)	(1,312)
Subscription rights to shares	—	23
Minority interests	3,849	2,757
Total net assets	97,305	63,604
Total net assets and liabilities	1,152,945	858,017

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

i. Consolidated Statements of Income

(In millions of yen)

	End of the prior FY (Apr. 1 , 2009 to Mar. 31, 2010)	End of the current FY (Apr. 1, 2010 to Mar. 31, 2011)
Operating revenue		
Interest on loans to customers	170,662	103,784
Revenue from Credit card business	17,824	12,328
Revenue from Installment sales finance business	1,726	692
Revenue from Credit guarantee	7,034	5,758
Other financial revenue	143	74
Other operating revenue		
Collection of purchased receivable	3,205	3,751
Recovery of loans previously charged off	11,252	12,631
Other	6,252	5,939
Total other operating revenue	20,711	22,323
Total operating revenue	218,102	144,961
Operating expenses		
Financial expenses		
Interest expenses	11,743	7,744
Interest on bond	5,807	3,803
Other	826	280
Total financial expenses	18,376	11,828
Cost of sales		
Cost of sales of operational investment securities	61	37
Cost of sales of real estate	—	45
Cost of purchased receivable	6,060	3,056
Total cost of sales	6,121	3,138
Other operating expenses		
Provision for credit card point redemption	1,456	2,006
Commissions	16,441	12,514
Loan losses	1,642	—
Provision for investment loss	638	26
Provision for doubtful accounts	164,610	65,040
Provision for losses on interest repayments	206,886	27,211
Employees’ salaries and bonuses	21,410	13,988
Provision for bonuses	1,323	1,194
Retirement benefit expenses	1,095	628
Other	43,354	31,522
Total other operating expenses	458,859	154,132
Total operating expenses	483,358	169,099
Operating income (loss)	(265,255)	(24,137)

(In millions of yen)

	End of the prior FY (Apr 1, 2009– Mar 31, 2010)	End of the current FY (Apr. 1, 2010 to Mar. 31, 2011)
Non-operating income		
Dividends received	154	198
Dividends on insurance	143	—
Foreign exchange gain	529	—
Negative goodwill write-off	147	217
Other	389	401
Total non-operating income	1,364	817
Non-operating expenses		
Loss on investment in anonymous association	85	—
Foreign exchange losses	—	1,548
Provision for investment loss	64	—
Other	134	76
Total non-operating expenses	284	1,624
Ordinary income (loss)	(264,176)	(24,945)
Extraordinary income		
Gain on sale of investment securities	1,161	548
Reversal of provision for bonuses	579	—
Gain on retirement of bond	—	1,537
Other	397	443
Total extraordinary income	2,138	2,528
Extraordinary losses		
Impairment loss	4,860	1,242
Business structure improvement cost	11,826	—
Loss on transfer of business	6,141	—
Loss attributable to disaster	—	6,602
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	1,277
Other	4,563	1,484
Total extraordinary losses	27,392	10,607
Income (loss) before taxes	(289,430)	(33,023)
Income taxes-current	159	78
Income taxes for prior periods	103	—
Income taxes-deferred	7,368	(78)
Total income taxes	7,631	(0)
Income (loss) before minority interests	—	(33,022)
Minority interests in income (loss)	(1,920)	(1,087)
Net income (loss)	(295,141)	(31,935)

ii. Consolidated Statements of Comprehensive Income

(In millions of yen)

	End of the prior FY (Apr. 1 , 2009 to Mar. 31, 2010)	End of the current FY (Apr. 1, 2010 to Mar. 31, 2011)
Income (loss) before minority interest	—	(33,022)
Other Comprehensive income		
Valuation difference on available-for-sale securities	—	(701)
Total other comprehensive income	—	(701)
Comprehensive income	—	(33,724)
(Breakdown)		
Comprehensive income attributable to parent company shareholders	—	(32,632)
Comprehensive income attributable to minority interests	—	(1,091)

(3) Consolidated Statements of Change in Shareholders' Equity

(In millions of yen)

	End of the prior FY (Apr. 1 , 2009 to Mar. 31, 2010)	End of the current FY (Apr. 1, 2010 to Mar. 31, 2011)
Shareholders' equity		
Common stock		
Balance at the end of previous fiscal year	143,324	143,324
Balance at the end of fiscal year	143,324	143,324
Capital surplus		
Balance at the end of previous fiscal year	164,133	164,133
Balance at end of fiscal year	164,133	164,133
Retained earnings		
Balance at the end of previous fiscal year	86,056	(210,275)
Change during fiscal year		
Distribution of retained earnings	(1,191)	—
Net income (loss)	(295,141)	(31,935)
Total change during fiscal year	(296,332)	(31,935)
Balance at end of fiscal year	(210,275)	(242,211)
Treasury stock		
Balance at the end of previous fiscal year	(3,110)	(3,110)
Change during fiscal year		
Purchase of treasury stock	(0)	(0)
Total change during fiscal year	(0)	(0)
Balance at the end of fiscal year	(3,110)	(3,110)
Total shareholders' equity		
Balance at end of previous fiscal year	390,404	94,071
Change during fiscal year		
Distribution of retained earnings	(1,191)	—
Net income (loss)	(295,141)	(31,935)
Purchase of treasury stock	(0)	(0)
Total change during fiscal year	(296,332)	(31,935)
Balance at end of fiscal year	94,071	62,136
Accumulated other comprehensive income		
Valuation difference on other marketable securities		
Balance at the end of previous fiscal year	(732)	(615)
Change during the fiscal year		
Net change in items other than shareholders' equity during fiscal year	117	(697)
Total change during fiscal year	117	(697)
Balance at end of fiscal year	(615)	(1,312)
Gain (loss) on deferred hedge		
Balance at end of previous fiscal year	(2,098)	—
Change during current fiscal year		
Net change in items other than shareholders' equity during fiscal year	2,098	—
Total change during fiscal year	2,098	—
Balance at end of fiscal year	—	—

(In millions of yen)

	End of the prior FY (Apr. 1 , 2009 to Mar. 31, 2010)	End of the current FY (Apr. 1, 2010 to Mar. 31, 2011)
Total accumulated other comprehensive income		
Balance at end of previous fiscal year	(2,831)	615
Change during fiscal year		
Net change in items other than shareholders' equity during fiscal year	2,215	697
Total change during fiscal year	2,215	697
Balance at end of fiscal year	(615)	1,312
Subscription rights to shares		
Balance at end of previous fiscal year	—	—
Change during fiscal year		
Net change in items other than shareholders' equity during fiscal year	—	23
Total change during fiscal year	—	23
Balance at end of fiscal year	—	23
Minority interests		
Balance at end of previous fiscal year	5,761	3,849
Change during fiscal year		
Net change in items other than shareholders' equity during fiscal year	(1,912)	1,091
Total change during fiscal year	(1,912)	1,091
Balance at end of fiscal year	3,849	2,757
Total net assets		
Balance at end of previous fiscal year	393,334	97,305
Change during current fiscal year		
Distribution of retained earnings	(1,191)	—
Net income (loss)	(295,141)	(31,935)
Purchase of treasury stock	(0)	(0)
Net changes in items other than shareholders' equity during fiscal year	303	(1,765)
Total change during fiscal year	(296,028)	(33,700)
Balance at end of fiscal year	97,305	63,604

(4) Consolidated Statements of Cash Flows

(In millions of yen)

	End of the prior FY (Apr. 1 , 2009 to Mar. 31, 2010)	End of the current FY (Apr. 1, 2010 to Mar. 31, 2011)
Cash flow from operating activities		
Net income (loss) before taxes	(289,430)	(33,023)
Depreciation and amortization	9,210	7,807
Loss on adjustment for changes of accounting standard for asset retirement obligations	―	1,277
Impairment loss	4,860	1,242
Amortization of goodwill	(147)	(217)
Increase (decrease) in allowance for investment loss	703	0
Increase (decrease) in allowance for doubtful accounts	9,990	(43,868)
Increase (decrease) in allowance for credit card point redemption	353	550
Increase (decrease) in allowance for losses on interest repayments	121,178	(59,139)
Increase (decrease) in allowance for business structure improvement	979	(1,127)
Interest and dividends income	(259)	(208)
Gain on retirement of bond	―	(1,537)
Loss on disposal of fixed assets	639	604
Loss (gain) on sale of investment securities	(1,161)	(484)
Loss (gain) on transfer of business	6,141	―
Decrease (increase) in loans to customers	423,149	241,400
Decrease (increase) in installment receivables	16,027	48,654
Decrease (increase) in operational investment securities	136	71
Decrease (increase) in other operating receivables	1,074	1,598
Decrease (increase) in purchased receivables	5,357	1,368
Decrease (increase) in claims in bankruptcy	(9,937)	3,562
Decrease (increase) in guarantee deposits	(17,070)	1,090
Decrease (increase) in other current assets	(8,722)	18,097
Increase (decrease) in other current liabilities	(17,695)	(27,762)
Other	1,076	144
Subtotal	256,452	160,103
Interest and dividends income	259	208
Income taxes-refund	568	154
Income taxes-paid	(604)	(366)
Cash flow from operating activities	256,675	160,099
Cash flow from investing activities		
Purchase of tangible fixed assets	(697)	(1,722)
Proceeds from sales of tangible fixed assets	―	6,138
Purchase of intangible fixed assets	(3,115)	(1,508)
Proceeds from sales of investment securities	1,391	1,327
Proceeds from transfer of loan to affiliated companies	9,627	―
Payment for sales of investments in resulting in change in scope of consolidation	(432)	―
Other	4,138	1,260
Cash flow from investing activities	10,913	5,495

(In millions of yen)

	End of the prior FY (Apr. 1 , 2009 to Mar. 31, 2010)	End of the current FY (Apr. 1, 2010 to Mar. 31, 2011)
Cash flow from financing activities		
Proceeds from short-term borrowings	259,050	161,120
Repayment of short-term borrowings	(299,094)	(179,745)
Increase (decrease) in commercial paper	(10,000)	—
Proceeds from long-term debt	24,200	23,100
Repayments of long-term debt	(148,529)	(48,812)
Redemption of bonds	(94,849)	(109,930)
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(1,191)	—
Other	(62)	(79)
Cash flow from financing activities	(270,476)	(154,347)
Effect of exchange rate changes on cash and cash equivalents	39	(24)
Increase (decrease) in cash and cash equivalents	(2,849)	11,222
Balance of cash and cash equivalents at the beginning of the year	131,597	128,748
Balance of cash and cash equivalents at the end of the year	128,748	139,971

(5) Notes on premise of going concern

Fiscal year under review (April 1, 2010 to March 31, 2011): None

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

Item	Previous Fiscal year (April 1, 2009 – March 31, 2010)	Fiscal year under review (April 1, 2010 – March 31, 2011)
1. Matters pertaining to the scope of consolidation	(1) Number of consolidated subsidiaries: 7 Names of the subsidiaries LIFE Co., Ltd, Businext Corporation, AsTry loan services Corporations, City's Corporation and 3 other subsidiaries On September 30, 2009, AIFUL sold all its shares in its former subsidiaries Wide Corporation, Tryto Corporation, TCM Co., Ltd., and Passkey Co., Ltd. Consequently, these companies have been excluded from the scope of consolidation since the second half of the consolidated fiscal year. The statements of income are consolidated until the date of sale of the shares (September 30, 2009).	(1) Number of consolidated subsidiaries: 8 Names of the subsidiaries LIFE Co., Ltd, Businext Corporation, AsTry loan services Corporations, City's Corporation and 4 other subsidiaries Life Card Co., Ltd. was newly established and included in the scope of consolidation from the fiscal year under review.
	(2) Names of non-consolidated subsidiaries Sumishin Life Card Co., Ltd., and 15 others (Reason for exclusion from scope of consolidation) The non-consolidated subsidiaries are all small in scale, and the influence of the combined total assets, operating revenues, net incomes (amount proportional to equity) and earned surplus (amount proportional to equity) of the 16 companies on the consolidated balance sheets is minor. As a result, they have been excluded from the scope of consolidation.	(2) Names of non-consolidated subsidiaries Sumishin Life Card Co., Ltd., and 13 others (Reason for exclusion from scope of consolidation) The non-consolidated subsidiaries are all small in scale, and the influence of the combined total assets, operating revenues, net incomes (amount proportional to equity) and earned surplus (amount proportional to equity) of the 14 companies on the consolidated balance sheets is minor. As a result, they have been excluded from the scope of consolidation.
	(3) Disclosed Special Purpose Companies Information about disclosed special purpose companies, such as a summary of disclosed special purpose companies, a summary of transactions using disclosed special purpose companies, and the value of transactions with disclosed special purpose companies, is included in the section "Disclosed Special Purpose Companies".	(3) Disclosed Special Purpose Companies Certain consolidated subsidiaries use disclosed special purpose companies (two companies) to diversify their funding sources and ensure stable funding, but information about disclosed special purpose companies, such as a summary of disclosed special purpose companies, a summary of transactions with disclosed special purpose companies, and the value of transactions with disclosed special purpose companies, is not stated considering their immateriality.
2. Application of equity method	All of the 16 non-consolidated subsidiaries to which the equity method is not applied are small in scale. The influence of the combined net incomes (amount proportional to equity) and earned surplus (amount proportional to equity) of the 16 companies on the consolidated balance sheets is minor. As a result, they have been excluded from the scope of application of the equity method.	All of the 14 non-consolidated subsidiaries to which the equity method is not applied are small in scale. The influence of the combined net incomes (amount proportional to equity) and earned surplus (amount proportional to equity) of the 14 companies on the consolidated balance sheets is minor. As a result, they have been excluded from the scope of application of the equity method.

Item	Previous Fiscal year (April 1, 2009 – March 31, 2010)	Fiscal year under review (April 1, 2010 – March 31, 2011)
3. Accounting principles used for standard accounting treatment (1) Accounting standards for allowances	——————	i. Allowance for losses attributable to disaster The allowance for losses attributable to disaster is provided at an estimated amount of costs expected to be incurred next fiscal year related to the removal and restoration of assets affected by the Great Eastern Japan Earthquake.
(2) Principal hedge accounting methods	i) Method of hedge accounting Deferral hedge accounting is applied. Moreover, designation (furiate shori) is applied to exchange rate fluctuation risk hedges that meet the requirements for designation, and exceptional accounting is applied to interest swap contracts that meet the requirements for exceptional accounting. ii) Hedging instruments and targets a. Hedging instrument…currency swap contracts Hedging target…foreign currency denominated bonds b. Hedging instrument…interest swap contracts Hedging target…bonds with floating interest rates that have fluctuating cash flow depending on changes in market interest rates, etc. iii) Hedging policy In its currency swap contracts, the AIFUL Group hedges against the risk of currency fluctuations related to the payment of principal and interest on foreign currency denominated bonds. In its interest swap contracts the AIFUL Group keeps fixed interest fund raising at a certain level as a proportion of all fund raising. iv) Method of evaluating effectiveness of hedging The AIFUL Group judges the effectiveness of hedging using a proportional analysis of the cumulative fluctuation of hedging targets and hedging instruments over the previous ten years. However, the effectiveness of hedging is not evaluated for interest swap contracts to which exceptional accounting is applied.	i) Method of hedge accounting Designation (furiate shori) is applied to exchange rate fluctuation risk hedges that meet the requirements for designation, and exceptional accounting is applied to interest swap contracts that meet the requirements for exceptional accounting. ii) Hedging instruments and targets a. Hedging instrument…as on left Hedging target…as on left b. Hedging instrument…as on left Hedging target…as on left iii) Hedging policy As on left iv) Method of evaluating effectiveness of hedging As on left

Note: With the exception of the above-described items, there have been no significant changes since those listed in the most recent financial report (submitted June 28, 2009). Accordingly, no mention is made of them.

(7) Changes on Significant Items Relating to the Preparation of Consolidated Financial Statements

Previous Fiscal year (April 1, 2009 – March 31, 2010)	Fiscal year under review (April 1, 2010 – March 31, 2011)
――――――	(Accounting Standard for Asset Retirement Obligation) From the fiscal year under review, the Company has been applying the "Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18, issued on March 31, 2008)" and "Implementation Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Implementation Guidance No. 21, issued on March 31, 2008)". The adoption of this accounting standard decreased operating loss and ordinary loss for the fiscal year under review by 28 million yen respectively and increased loss before taxes by 1,265 million yen. As a result of adoption of this accounting standard, the opening balance of asset retirement obligations was 1,628 million yen.

Changes in disclosure method

Previous Fiscal year (April 1, 2009 – March 31, 2010)	Fiscal year under review (April 1, 2010 – March 31, 2011)
(Consolidated Balance Sheets) 1. Allowance for credit card point redemption, which was included under Other in Current liabilities until the previous fiscal year, has been presented as a separate item due to its increase in significance. Allowance for credit card point redemption was ¥1,103 million at the end of the previous fiscal year.	――――――
(Consolidated Statements of Income) 1. Provision for credit card point redemption, which was included under Advertising expenses until the previous fiscal year, has been presented as a separate item due to its increase in significance. Provision for credit card point redemption was ¥1,103 million at the end of the previous fiscal year. 2. Advertising expenses (¥2,211 million for the fiscal year under review), which was presented as a separate item until the previous fiscal year, has been included under Other in Operating expenses due to its lack of financial significance. 3. Dividends on insurance, which was included under Other in Non-operating income until the previous fiscal year, has been presented as a separate item as it exceeds 10% of total non-operating income. Dividends on insurance were ¥104 million at the end of the previous fiscal year. 4. Foreign exchange gain, which was included under Other in Non-operating income until the previous fiscal year, has been presented as a separate item as it exceeds 10% of total non-operating income. Foreign exchange gain was ¥72 million at the end of the previous fiscal year. 5. Refunds on corporate income tax (¥0 for the fiscal year under review), which was presented as a separate item until the previous fiscal year, has been included under Other in Non-operating income as it accounts for less than 10% of total operating revenue. 6. Loss on disposal of fixed assets (¥639 million for the fiscal year under review), which was presented as a separate item until the previous fiscal year, has been included under Other in Extraordinary losses as it accounts for less than 10% of total extraordinary losses. 7. Impairment loss, which was included under Other in Extraordinary losses until the previous fiscal year, has been presented as a separate item as it exceeds 10% of total extraordinary losses. Impairment loss were ¥648 million at the end of the previous fiscal year.	(Consolidated Statements of Income) 1. Loss on investment in anonymous association (¥25 million for the fiscal year under review), which was presented as a separate item until the previous fiscal year, has been included under Other in Non-operating expenses as it accounts for less than 10% of total non-operating expense. 2. Provision for investment loss (¥1 million for the fiscal year under review), which was presented as a separate item until the previous fiscal year, has been included under Other in Non-operating expenses as it accounts for less than 10% of total non-operating expense. 3. Business structure improvement cost (¥193 million for the fiscal year under review), which was presented as a separate item until the previous fiscal year, has been included under Other in extraordinary losses as it accounts for less than 10% of total extraordinary losses. 4. From the fiscal year under review, the Company has been applying the “Cabinet Ordinance for Partial Revision of the Regulation for Terminology, Forms and Preparation of Financial Statements (Cabinet Office Ordinance No. 5, issued March 24, 2009)” based on the “Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, issued on December 26, 2008), and “Income before minority interests” is included in the income statements.

Previous Fiscal year (April 1, 2009 – March 31, 2010)	Fiscal year under review (April 1, 2010 – March 31, 2011)
(Consolidated Statements of Cash Flows) 1. Impairment loss in Cash flow from operating activities, which was included under Other until the previous fiscal year, has been presented as a separate item due to its increase in financial significance. Impairment loss were ¥648 million in the previous fiscal year. 2. Increase (decrease) in allowance for credit card point redemption in Cash flow from operating activities, which was included under Increase (decrease) in other current liabilities until the previous fiscal year, has been presented as a separate item due to its increase in significance. Increase in reserve for losses on point program was ¥439 million in the previous fiscal year. 3. Increase (decrease) in allowance for business structure improvement in Cash flow from operating activities, which was included under Other until the previous fiscal year, has been presented as a separate item due to its increase in financial significance. Increase in allowance for business structure improvement was ¥171 million in the previous fiscal year. 4. Funds used for purchase of investment securities in Cash flow from investing activities (¥51 million in the previous fiscal year) has been included under Other due to its lack of financial significance.	(Consolidated Statements of Cash Flows) 1. Proceeds from sales of tangible fixed assets in Cash flow from investing activities, which was included under Other until the previous fiscal year, has been presented as a separate item due to its increase in financial significance. Proceeds from sales of tangible fixed assets were ¥4 million in the previous fiscal year.

Additional Information

Previous Fiscal year (April 1, 2009 – March 31, 2010)	Fiscal year under review (April 1, 2010 – March 31, 2011)
――――――	From the fiscal year under review, the Company has been applying the “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, issued on June 30, 2010). However, the amounts of “Accumulated other comprehensive income” and “Total accumulated other comprehensive income” of the previous fiscal year are shown as the amounts of “Valuation and translation adjustments” and “Total valuation and translation adjustments.”

(8) Notes to Consolidated Financial Statements

(Notes to Consolidated Balance Sheets)

<table>
<tr><th>Previous Fiscal year
(As of March 31, 2010)</th><th>Fiscal year under review
(As of March 31, 2011)</th></tr>
<tr><td>*1. An increase of ¥18, 693 million (includes ¥13, 900 million in recognized evaluation differences for shares of subsidiaries during the process of capital consolidation) in capital reserves resulting from a simple exchange of shares is included under capital surplus.

*2. Assets pledged as collateral and corresponding liabilities

(1) Assets pledged as collateral
(million yen)
Operating loans 488,669
Installment receivables 50,900
Other current assets 82
Buildings and structures 9,528
Machinery, equipment and vehicles 79
Land 9,814
Investment securities 4,742
Total 563,817
(2) Corresponding liabilities
(million yen)
Short-term borrowings 61,205
Current portion of long-term debt 17,723
Long-term debt 262,132
Total 341,060
i) The above amounts include figures related to securitized claims (¥146,462 million for operating loans, ¥11,125 million for short-term borrowings, and ¥7,723 million for the current portion of long-term debt) at the end of the fiscal year.
ii) The Company has contracted to offer ¥58,470 million in loans as collateral in response to borrowers' requests to the sum of ¥27,320 million for the current portion of long-term debt, and ¥24,246 million for long term debt, totaling ¥51,566 million, which includes ¥2,456 million in long-term debt (includes current portion of long-term debt) included in (2) Corresponding liabilities above.
iii) The Company has offered ¥20,859 million in cash (Other in Current assets) as collateral for swap transactions, which is not included in the above figures.

*3. Includes ¥613,414 million in unsecured personal loans.

*4. Shares of non-consolidated subsidiaries and affiliated companies and other securities issued by non-consolidated subsidiaries and affiliated companies included in investment securities ¥2,617 million</td><td>*1. As on left

*2. Assets pledged as collateral and corresponding liabilities

(1) Assets pledged as collateral
(million yen)
Operating loans 325,631
Installment receivables 49,073
Other current assets 37
Buildings and structures 7,203
Machinery, equipment and vehicles 62
Land 8,923
Investment securities 3,927
Total 394,860
(2) Corresponding liabilities
(million yen)
Short-term borrowings 42,580
Current portion of long-term debt 18,068
Long-term debt 241,582
Total 302,230
i) The Company has contracted to offer ¥53,032 million in loans as collateral in response to borrowers' requests to the sum of ¥22,670 million for the current portion of long-term debt, and ¥21,144 million for long term debt, totaling ¥43,814 million, which includes ¥24 million in long-term debt (includes current portion of long-term debt) included in (2) Corresponding liabilities above.
ii) The Company has offered ¥17,660 million in cash (Other in Current assets) as collateral for swap transactions, which is not included in the above figures.

*3. Includes ¥425,400 million in unsecured personal loans.

*4. Shares of non-consolidated subsidiaries and affiliated companies and other securities issued by non-consolidated subsidiaries and affiliated companies included in investment securities ¥1,952 million</td></tr>
</table>

Previous Fiscal year (As of March 31, 2010)	Fiscal year under review (As of March 31, 2011)

Previous Fiscal year (As of March 31, 2010)

*5. Installment receivables

(million yen)

Revenue from Credit card business	113,729
Installment sales finance	12,260
Total	125,990

*6. Deferred installment income

(million yen)

	Balance at the end of previous fiscal year	Current fiscal year receipts	Actual current fiscal year balance	Balance at end of current fiscal year
Credit card shopping	681	17,747	17,639	789 (151)
Installment sales finance	1,772	203	1,472	503 (42)
Credit guarantee	105	2,799	2,824	79 (—)
Loans	0	40,795	40,795	0 (—)
Total	2,558	61,545	62,732	1,372 (194)

Note: Figures in parenthesis indicate member store commissions.

*7. Securitization of claims

As of the end of the fiscal year, ¥30,696 million in operating loans and installment receivables was removed from the balance sheet through securitization. The breakdown is as follows

(million yen)

Operating loans	20,834
Installment receivables	9,862
Total	30,696

*8. Contingent Liabilities

Guaranty of liabilities

AIFUL has provided guaranty of liabilities related to credit card settlement operations, etc., at Sumishin Life Card Co., Ltd., which is a non-consolidated subsidiary.

Name of guaranteed	Amount(million yen)
Sumishin Life Card Co., Ltd.	470
Total	470

*9. Bad debts

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

(million yen)

	Unsecured loans	Other than unsecured loans	Total
Loans in legal bankruptcy	2,026	46,823	48,849
Loans in arrears	71,328	65,692	137,021
Loans in 3-months+ in arrears	11,691	3,874	15,566
Restructured loans	48,891	6,384	55,276
Total	133,937	122,775	256,713

Fiscal year under review (As of March 31, 2011)

*5. Installment receivables

(million yen)

Revenue from Credit card business	71,021
Installment sales finance	6,313
Total	77,335

*6. Deferred installment income

(million yen)

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

Note: Figures in parenthesis indicate member store commissions.

*7. Securitization of claims

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

*8 ――――――

*9. Bad debts

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

(million yen)

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

Previous Fiscal year (As of March 31, 2010)	Fiscal year under review (As of March 31, 2011)
(Loans in legal bankruptcy) Loans in legal bankruptcy are those loans in which payment of principal or interest remain past due for a considerable period and accruals of interest are discontinued, with the conditions stipulated under (a) through (e) of sub-paragraph 3, paragraph 1, Article 96 or sub-paragraph 4 of the same paragraph of the Corporation Tax Law Enforcement Ordinance (Enforcement Ordinance No. 97 of 1965) arise. Bad debt allowances for claims in bankruptcy are stated at the amount estimated to be non-recoverable based on individual assessment of claims.	The loan categories in the table above are as follows. (Loans in legal bankruptcy) As on left
(Loans in arrears) Loans in arrears are loans in which accruals of interest are discontinued, other than loans in legal bankruptcy, excluding those loans receiving regular payments in the case of reduction, waiver or deferral of interest payments for debtors in financial difficulties to assist them in business restructuring.	(Loans in arrears) As on left
(Loans three months or more in arrears) Loans three months or more in arrears are loans for which payments of principal or interest have not been received for a period of three months or more beginning with the next business day following the last due date for such payments. Loans classified as loans in legal bankruptcy and loans in arrears are excluded from loans three months or more in arrears.	(Loans three months or more in arrears) As on left
(Restructured loans) Restructured loans are loans in which regular payments are being received on loans with concessions such as reduction, waiver, or deferral of interest granted to debtors in order to assist in business restructuring. Loans classified as loans in legal bankruptcy and loans in arrears are excluded from restructured loans.	(Restructured loans) As on left
*10. ¥76,990 million in estimated interest repayments forecast to have priority application is included in operating loans.	*10. ¥77,012 million in estimated interest repayments forecast to have priority application is included in operating loans.

(Notes to Consolidated Statements of Income)

Previous Fiscal year (April 1, 2009 – March 31, 2010)	Fiscal year under review (April 1, 2010 – March 31, 2011)
*1. Gain (loss) on investment in anonymous associations is the evaluation gain (loss) based on the financial statements of investment partnerships, etc.	*1. As on left
*2. Impairment loss The AIFUL Group recorded the following impairment losses during the fiscal year under review. (1) Assets with recognized impairment losses	*2. Impairment loss The AIFUL Group recorded the following impairment losses during the fiscal year under review. (1) Assets with recognized impairment losses

Previous Fiscal year

1. As recognized in the first half of FY2009

Use	Category	Impairment loss
Real estate for lease	Buildings and structures, land, etc.	¥ 448 million
Business offices scheduled for closure	Buildings and structures, equipment and fixtures, etc	¥ 816 million
Paintings, etc	Equipment and fixtures	¥3,397 million

2. As recognized in FY2009

Use	Category	Impairment loss
Transfer plan of business office etc	Buildings and structures etc.	¥197 million

Fiscal year under review

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

Previous Fiscal year

(2) Method of asset grouping

The AIFUL Group uses each operating company in the financial and venture capital businesses, each property for rental in the real estate business, and each asset with regard to paintings, etc., because of the adoption of a plan for sale from the second quarter of the fiscal year as the smallest unit for asset grouping. For assets involved in business reorganization, all of the business offices scheduled for closure at each operating company are used as a single unit for asset grouping.

(3) Background to recognition of non-recurrent losses

The AIFUL Group recognizes the respective non-recurrent losses when there is a marked decline in the appraisal value of some real estate for lease scheduled for sale and the third party valuation of some paintings, etc., scheduled for sale compared to the book value, and on business offices scheduled for closure accompanying the announcement of the business reorganization plan.

(4) Amount of impairment loss

	(million yen)
Buildings and structures	990
Machinery, equipment and vehicles	3
Furniture and fixture	3,614
Land	214
Other	37
Total	4,860

Fiscal year under review

(2) Method of asset grouping

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

(3) Background to recognition of non-recurrent losses

In the third quarter of the fiscal year under review, the Company recognized impairment losses with respect to certain real estate properties for lease it planned to sell because the sale contract value, etc. was less than their book value. It also recognized impairment losses for certain system-related equipment, etc. it planned to transfer because their estimated transfer value was less than their book value.

Also, in the fiscal year under review, the Company recognized impairment losses with respect to system-related equipment, etc. due to the introduction of a new accounting system, with respect to business offices to be closed due to the implementation of further capability enhancement measures, and with respect to head offices, etc. due to decision-making based on the Group's restructuring plan.

(4) Amount of impairment loss

	(million yen)
Buildings and structures	515
Machinery, equipment and vehicles	0
Furniture and fixture	145
Land	568
Other	13
Total	1,242

Previous Fiscal year (April 1, 2009 – March 31, 2010)	Fiscal year under review (April 1, 2010 – March 31, 2011)
(5) Method of calculation for recoverable amount Recoverable value is determined based on the appraisal value of real estate for lease scheduled for sale and the third party valuation of paintings, etc., scheduled for sale. Recoverable value of business offices scheduled for closure is determined with an amount corresponding to depreciation and amortization at the time of closure as the use value.	(5) Method of calculation for recoverable amount Recoverable value is determined based on the contract value of real estate for lease scheduled for sale and the estimated transfer value of certain system-related equipment, etc., scheduled for sale. Recoverable value of business offices scheduled for closure is determined with an amount corresponding to depreciation and amortization at the time of closure as the use value.
*3. The components of business structure improvement cost are as follows. Losses on branch reorganization (million yen) 1,585 Special retirement benefits 8,887 Other 1,353 Total 11,826	*3 ――――――
*4. The components of transfer to reserve for business structure improvement included under Other in Extraordinary losses are as follows. Head office related (million yen) 302 Losses on branch reorganization 18 Voluntary retirement related 217 Contract cancellation related 771 Other 14 Total 1,323	*4 ――――――
*5 ――――――	*5. Loss attributable to disaster included in Other of Extraordinary losses are losses associated with the Great Eastern Japan Earthquake on March 11, 2011, and can be itemized as follows. Allowance for doubtful accounts (million yen) 6,544 Loss attributable to disaster 51 Other 7 Total 6,602

(Notes to Consolidated Statements of Comprehensive Income)

End of the current FY (Apr 1,2010 to Mar 31, 2011)

*1 Comprehensive income	(million yen)
Attributable to parent company shareholders	-292,925
Attributable to minority interest	-1,912
Total	-294,837

*2 Other Comprehensive income	(million yen)
Valuation difference on available-for-sale securities	125
Loss on deferred hedge	2,098
Total	2,224

(Notes to Consolidated Statements of Change in Shareholders' Equity)
Previous Fiscal year (April 1, 2009 – March 31, 2010)

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

	No. of shares at end of previous consolidated fiscal year	Increase in no. of shares during current fiscal year	Decrease in no. of shares during current fiscal year	No. of shares at end of current fiscal year
No. of issued shares				
Common stock	238,685,568	–	–	238,685,568
Total	238,685,568	–	–	238,685,568
Treasury stock				
Common stock *	456,724	334	–	457,058
Total	456,724	334	–	457,058

Note. The increase of 334 in the number of shares of common treasury stock is due to the purchase of less than a unit shares.

2. Matters pertaining to new stock subscription rights
No relevant matters

3. Matters pertaining to dividends
Dividend payments

Resolution	Class of shares	Aggregate amount of dividend (Millions of yen)	Dividend per share (Yen)	Date of record	Effective date
Board of directors' meeting, May 18, 2009	Common stock	1,191	5	March 31, 2009	June 4, 2009

Fiscal year under review (April 1, 2010 – March 31, 2011)

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

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

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

2. Matters pertaining to new share subscription rights

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

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

3. Matters pertaining to dividends
No relevant matters

(Notes to Consolidated Statements of Cash Flows)

Previous fiscal year (April 1, 2009 – March 31, 2010)	Fiscal year under review (April 1, 2010 – March 31, 2011)
*1. Connection between balance of cash and cash equivalents at the end of the consolidated fiscal year and the amount of items recorded in the consolidated balance sheets Cash and deposits (millions of yen) 128,755 Time deposits with maturities exceeding three months (6) Cash and cash equivalents 128,748	*1. Connection between balance of cash and cash equivalents at the end of the consolidated fiscal year and the amount of items recorded in the consolidated balance sheets Cash and deposits (millions of yen) 139,976 Time deposits with maturities exceeding three months (4) Cash and cash equivalents 139,971
*2. Main component assets and liabilities of companies that are no longer consolidated subsidiaries due to the sale of shares during the fiscal year under review. Wide Corporation, Tryto Corporation, TCM Co., Ltd., and Passkey Co., Ltd., are no longer consolidated subsidiaries due to the sale of shares. The component assets and liabilities at the time of the sale, the sale price of the relevant company shares and its relationship to the income from the sale are as follows. (1) Wide corporation (Millions of yen) Current assets 11,250 Fixed assets 507 Current liabilities 295 Long-term liabilities 22,696 Gain on sale of shares (11,233) Sale price of shares of Wide Corporation 0 Wide Corporation Cash and cash equivalents (265) Deduction: expenditure on sale (265) (2) TRYTO corporation Current assets 9,376 Fixed assets 438 Current liabilities 2,405 Long-term liabilities 19,535 Gain on sale of shares (12,126) Sale price of shares of Tryto Corporation 0 Tryto Corporation Cash and cash equivalents (116) Deduction: expenditure on sale (116) (3) TCM Co., Ltd. Current assets 1,645 Fixed assets 133 Current liabilities 152 Long-term liabilities 6,927 Gain on sale of shares (5,301) Sale price of shares of TCM Co., Ltd. 0 TCM Co., Ltd Corporation Cash and cash equivalents (46) Deduction: expenditure on sale (46) (4) PASSKEY Co., Ltd. Current assets 716 Fixed assets 19 Current liabilities 29 Long-term liabilities 3,883 Gain on sale of shares (3,177) Sale price of shares of PASSKEY Co., Ltd. 0 PASSKEY Co., Ltd Corporation Cash and cash equivalents (4) Deduction: expenditure on sale (4)	—

(Notes to Financial Instruments)

Previous Consolidated Fiscal Year (April 1, 2009 – March 31, 2010)

1. Notes Pertaining to Financial Instruments

(1) Policy for Dealing in Financial Instruments

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

(2) Details and Risks of Financial Instruments

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

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

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

(3) Risk Management System for Financial Instruments

a. Credit Risk Management

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

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

b. Market Risk Management

(i) Management of Interest and Exchange Rate Risk

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

(ii) Management of Price Fluctuation Risk

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

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

(iii) Derivative Transactions

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

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

c. Management of Liquidity Risk Related to Fund Raising

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

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

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

2. Notes Concerning the Current Value of Financial Instruments

The value on the consolidated balance sheets as of March 31, 2010, the current value and the difference between these two values is as follows. Financial instruments for which it is extremely difficult to obtain a current value are not included. (See Note 2.)

(million yen)	Value on the Consolidated Balance Sheets	Current Value	Difference
(1) Cash and deposits	128,755	128,755	—
(2) Loans	835,928		
Allowance for doubtful accounts and allowance for losses on interest repayments[1]	(200,335)		
	635,592	758,107	122,515
(3) Installment receivables	125,990		
Deferred installment income[2]	(1,098)		
Allowance for doubtful accounts[3]	(7,333)		
	117,558	120,185	2,627
(4) Operational investment securities and investment securities	5,631	5,631	—
(5) Claims in bankruptcy	50,400		
Allowance for doubtful accounts[3]	(32,797)		
	17,603	17,603	—
Total assets	905,141	1,030,283	125,142
(1) Short-term borrowings	61,205	61,205	—
(2) Bonds[5]	258,210	192,317	(65,892)
(3) Long-term debt[4]	57,021	57,021	—
Total liabilities	376,436	310,543	(65,892)
Derivative transactions[5]			
(1) Transactions to which hedge accounting is applied	—	—	—
(2) Transactions to which hedge accounting is not applied	(9)	(9)	—
Total derivative transactions	(9)	(9)	—

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

5. Net claims and liabilities arising from derivative transactions are shown as a net amount. Under the totals, net liabilities are shown in parentheses. Derivative transactions to which hedge accounting is applied are accounted for with bonds that are the target of hedging. Therefore, these transactions are included in the current value of the relevant bonds.

Notes

1. Notes on the Method of Computation of Current Value for Financial Instruments

Assets

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

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

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

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

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

Liabilities

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

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

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

Derivatives

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

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

(Million yen)

Category	Value on the Consolidated Balance Sheets
Operational investment securities and investment securities[1]	
(1) Unlisted shares	2,804
(2) Investments in investment associations, etc.	2,057
Long term debt [2]	272,132
Total	276,993

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

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

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

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

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

(Million yen)

Category	Within One Year	More Than One Year and Within Five Years	More Than Five Years
Cash and deposits	128,755	—	—
Loans[1]	288,231	532,879	14,817
Installment receivables	118,216	7,770	2
Total	535,202	540,649	14,819

Note: 1. ¥50,400 million for which the amount of scheduled repayments is not expected, including claims in bankruptcy, is not included in loans.

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

(Million yen)

Category	Within One Year	More Than One Year and Within Two Years	More Than Two Years and Within Three Years	More Than Three Years and Within Four Years	More Than Four Years and Within Five Years	More Than Five Years
Bonds	105,610	97,600	20,000	10,000	—	25,000
Finance lease claims	65	65	64	51	9	—
Long term debt	35,231	15,270	6,520	—	—	—
Long term debt[1]	10,000	16,500	16,500	16,500	16,500	—
Total	150,906	129,435	43,084	26,551	16,509	25,000

Note: 1. AIFUL and some of its subsidiaries are receiving financial assistance under the ADR process. The details of the rescheduling under the financial assistance are that partial repayment will be made by June 10, 2014, and that debts remaining after this will be refinanced no later than July 10, 2014 or a proposal will be made to the Participating Creditors by this date regarding the method of repayment and agreement reached. In view of this, only debt for which a scheduled repayment date has been set as of the end of the relevant fiscal year are shown for the relevant period, and ¥196,132 million, including debts remaining with undetermined repayment scheduled, is not shown.

Current Consolidated Fiscal Year (April 1, 2010 – March 31, 2011)

1. Notes Pertaining to Financial Instruments

(1) Policy for Dealing in Financial Instruments

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

(2) Details and Risks of Financial Instruments

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

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

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

(3) Risk Management System for Financial Instruments

a. Credit Risk Management

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

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

b. Market Risk Management

(i) Management of Interest and Exchange Rate Risk

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

(ii) Management of Price Fluctuation Risk

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

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

(iii) Derivative Transactions

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

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

(iv) Quantitative information about market risk

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

(Interest rate risk)

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

c. Management of Liquidity Risk Related to Fund Raising

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

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

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

2. Notes Concerning the Current Value of Financial Instruments

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

(Million yen)	Value on the Consolidated Balance Sheets	Current Value	Difference
(1) Cash and cash equivalents	139,976	139,976	—
(2) Loans	594,527		
Allowance for doubtful account and allowance for losses on interest repayments[1]	(158,249)		
	436,278	513,473	77,194
(3) Installment receivables	77,335		
Deferred installment income[2]	(589)		
Allowance for doubtful account [3]	(6,665)		
	70,080	71,164	1,084
(4) Operational investment securities and investment securities	4,122	4,122	—
(5) Claims in bankruptcy	46,838		
Allowance for doubtful account [3]	(32,177)		
	14,660	14,660	—
Total assets	665,117	743,396	78,279
(1) Short-term borrowings	42,580	42,580	—
(2) Bonds[5]	146,400	101,987	(44,412)
(3) Long term debt[4]	43,790	43,790	—
Total liabilities	232,770	188,357	(44,412)
Derivative transactions[5]			
(1) Transactions to which hedge accounting is applied	—	—	—
(2) Transactions to which hedge accounting is not applied	0	0	—
Total derivative transactions	0	0	—

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

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

Assets

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

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

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

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

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

Liabilities

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

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

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

Derivatives

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

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

(Million yen)

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

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

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

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

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

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

(Million yen)

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

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

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

(Million yen)

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

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

(Note to real estate properties for rent etc)

Previous fiscal year (April 1,2009 to March 31, 2010)
Note of real estate properties for rent etc have been omitted due to small amount.

Current fiscal year (April 1,2010 to March 31, 2011)
Note of real estate properties for rent etc have been omitted due to small amount.

(Notes to Tax Effect Accounting)

Previous fiscal year (As of March 31, 2010)		Fiscal year under review (As of March 31, 2011)	
1. Breakdown of major components in deferred tax assets and deferred tax liabilities		1. Breakdown of major components in deferred tax assets and deferred tax liabilities	
	(Million yen)		(Million yen)
Deferred tax assets		Deferred tax assets	
Allowance for doubtful account	57,268	Allowance for doubtful account	47,338
Allowance for losses on interest repayments	97,226	Allowance for losses on interest repayments	72,539
Loan losses	19,502	Loan losses	16,863
Accrued revenue	4,044	Accrued revenue	4,536
Tax loss carry forwards	109,990	Tax loss carry forwards	156,622
Accrued interest repayment losses	3,338	Accrued interest repayment losses	4,536
Other	10,326	Other	9,978
Subtotal deferred tax assets	301,696	Deferred tax assets subtotal	312,441
Valuation allowance	(301,696)	Valuation allowance	(312,441)
Total deferred tax assets	-	Deferred tax assets total	-
Deferred tax liabilities		Deferred tax liabilities	
Valuation difference on available-for-sale securities	(76)	Valuation difference on available-for-sale securities	(7)
Foreign currency translation differences related to long-term claims	(200)	Loss on asset retirement obligation	(121)
Deferred tax liabilities total	(276)	Deferred tax liabilities total	(128)
Net deferred tax liabilities	(276)	Net deferred tax liabilities	(128)
Net deferred tax assets are included in the consolidated balance sheet items below.		Net deferred tax assets are included in the consolidated balance sheet items below.	
Long-term liabilities – deferred tax liabilities	(276)	Long-term liabilities – deferred tax liabilities	(128)
2. Breakdown of major components of disparity when a significant disparity arises between the effective statutory tax rate and the actual effective tax rate after the application of tax effect accounting. Omitted because the Company recorded a net loss before taxes.		2. Breakdown of major components of disparity when a significant disparity arises between the effective statutory tax rate and the actual effective tax rate after the application of tax effect accounting. As on left	

(Notes to Business combinations)

Previous Consolidated Fiscal Year (April 1, 2009 – March 31, 2010)

Business Separation

1. Outline of Business Separation, Including Name of Company Receiving Separated Businesses, Details of Separated Businesses, Rationale for Business Separation, Date of Business Separation, and Legal Form of Separation

(1) Name of company receiving separated businesses

Neoline Capital Co., Ltd.

(2) Details of separated businesses

1) Name of separated subsidiaries

Wide Corporation, Tryto Corporation, TCM Co., Ltd., Passkey Co., Ltd., ("Target Companies" below)

2) Details of separated businesses

The target companies transferred some operating loans to LIFE Co., Ltd., an AIFUL subsidiary, in November 2007 and ceased all lending in December 2007. Since subsequently winding up the loan business by March 2009, the target companies have been engaged in the management and collection of their remaining personal loans.

(3) Rationale for business separation

At present, the business environment for the loan business has become even more difficult. Factors behind this trend include the undermining of the business base caused by the continuing high level of demands for interest repayments and the deterioration in the fund procurement environment, as well as the severe contraction in market size as a result of more rigorous credit screening ahead of the full enforcement of Japan's Money Lending Business Law. In this environment, AIFUL is pushing forward with exhaustive cost structure reforms while also implementing a review of duplicated operations from the perspective of selection and focus as the company concentrates on streamlining its business through group restructuring. It has resolved that the sale of the target companies is necessary as part of these efforts.

(4) Date of business separation

September 30, 2009

(5) Outline of separation including legal form

The transfer of all shares in the target companies and loans to the target companies to the company receiving the separated companies

2. Outline of Accounting Treatment Applied

The difference of ¥31,839 million between the book value of the shares in the target companies and the sale price based on the share transfer agreement that AIFUL concluded with Neoline Capital was recorded a gain on the sale of shares in affiliated companies.

The difference of ¥37,981 million between the value of claims in loans to the target companies and the transfer price based on the claim assignment agreement that AIFUL concluded with Neoline Capital was recorded as a loss on business transfer.

AIFUL's consolidated statements of profit and loss offset the gain on the sale of shares in affiliated companies and the loss on business transfer, recording ¥6,141 million as a loss on the sales of business under Extraordinary losses.

(In millions of yen)

	Wide Corporation	TRYTO Corporation	TCM Co. Ltd.	Passkey Co., Ltd.
Transfer price of discontinued businesses	0	0	0	0
Net assets of discontinued businesses	(11,233)	(12,126)	(5,301)	(3,177)
Total	(11,233)	(12,126)	(5,301)	(3,177)

3. Name of Business Category That Separated Businesses Were Included in Under Business Segments

Finance business

4. Estimate of Profit and Loss Related to Separated Businesses Recorded on Consolidated Statement of Profit and Loss Related to the Consolidated Fiscal Year under Review

	Wide Corporation	TRYTO Corporation	TCM Co. Ltd.	Passkey Co., Ltd.
Operating revenue	1,940	1,571	301	147
Operating income (loss)	1,043	892	(31)	44
Ordinary income (loss)	1,068	894	(28)	44

Current Consolidated Fiscal Year (April 1, 2010 – March 31, 2011)

No relevant matter

(Notes to Segment information)

Segment information by type of business

Previous fiscal year (April 1, 2009 to March 31, 2010)

The Company has omitted segment information by type of business, as the consumer loan business accounts for more than 90% of total operating revenues and operating income of the aggregate total of all of the Company's business segments.

Segment information by region

Previous fiscal year (April 1, 2009 to March 31, 2010)

This item is not applicable as the Company does not maintain any consolidated subsidiary of important office in countries or regions outside of Japan.

Overseas sales

Previous fiscal year (April 1, 2009 to March 31, 2010)

This item is not applicable as the Company does have any overseas sales.

Segment Information

(1) Overview of reportable segments

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

The Group draws up strategies for the Company and each of its consolidated subsidiaries and conducts business activities accordingly.

Therefore, the Group has two reporting segments which are its core operating companies AIFUL Corporation and Life Co., Ltd.

AIFUL Corporation is mainly engaged in the loan business and credit guarantee business. Life Co., Ltd. is mainly engaged in loan business, credit card business and credit guarantee business.

(2) Calculation of operating revenue, loss, assets, liabilities, etc. by reporting segment

The accounting methods applied to reporting segments are the same as those described in Significant Items Forming the Basis for the Preparation of the Consolidated Financial Statements. Losses for reportable segments are net losses.

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

(3)Information relating to operating revenues as well as profit and loss by reporting segment
Previous fiscal year (April 1, 2009 to March 31, 2010)

(Million yen)

	Reportable segments			Other*	Total
	AIFUL	LIFE	Total		
Operating revenue					
Operating income from third parties	124,745	72,537	197,282	20,820	218,102
Inter-segment sales	48	140	188	169	358
Total	124,793	72,677	197,471	20,989	218,461
Segment profits (loss)	-261,495	-27,749	-289,245	-18,313	-307,559
Segment assets	858,532	414,231	1,272,764	101,066	1,373,830
Segment liabilities	722,995	350,373	1,073,369	91,915	1,165,284
Other items					
Provision for credit card point redemption	—	1,456	1,456	—	1,456
Credit loss	—	—	—	1,642	1,642
Provision for investment loss	1,674	—	1,674	638	2,313
Provision for doubtful accounts	128,383	25,815	154,199	13,720	167,920
Provision for loss on interest repayment	176,866	25,927	202,793	4,093	206,886
Provision for bonuses	743	407	1,150	172	1,323
Depreciation	5,311	3,722	9,033	176	9,210
Dividends received	115	29	145	9	154
Amortization of negative goodwill	—	—	—	—	—
Interest expenses	—	—	—	372	372
Extraordinary income	681	1,302	1,983	311	2,295
（Gain on sale of investment securities）	(12)	(1,140)	(1,153)	(8)	(1,161)
(Reversal provision for bonuses）	(407)	(112)	(519)	(59)	(579)
Extraordinary losses	31,859	5,237	37,097	723	37,820
（Impairment loss）	(4,205)	(204)	(4,409)	(450)	(4,860)
（Business structure improvement cost）	(8,141)	(3,766)	(11,908)	(0)	(11,909)
（Loss on transfer of business）	(4,081)	(—)	(4,081)	(—)	(4,081)
Income taxes- current	74	31	105	54	159
Income taxes for previous period	—	163	163	-59	103
Income taxes- deferred	3,310	1,470	4,780	2,588	7,368
Increase/decrease in tangible and intangible assets	1,078	2,406	3,484	48	3,532

*1. The other classification comprises businesses not included in reporting segments and encompasses the activities of Businext Corporation, AsTry Loan Services Corporation and related companies.

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

Current fiscal year (April 1, 2010 to March 31, 2011)

	Reportable segments			Other	Total
	AIFUL	LIFE	Total		
Operating revenue					
Operating income from third parties	86,203	44,032	130,236	14,725	144,961
Inter-segment sales	19	75	95	127	223
Total	86,223	44,108	130,331	14,852	145,184
Segment profits (loss)	-70,169	-31,147	-101,316	-3,527	-104,844
Segment assets	578,152	281,340	859,493	73,960	933,453
Segment liabilities	513,318	248,735	762,053	68,273	830,327
Other items					
Provision for credit card point redemption	—	2,006	2,006	—	2,006
Provision for investment loss	244	—	244	26	270
Provision for doubtful accounts	48,538	13,106	61,644	7,245	68,889
Provision for loss on interest repayment	—	27,211	27,211	—	27,211
Provision for bonuses	735	373	1,108	85	1,194
Depreciation	4,218	3,468	7,686	120	7,807
Dividends received	158	35	194	4	198
Amortization of negative goodwill	—	—	—	—	—
Interest expenses	—	—	—	268	268
Extraordinary income	1,937	501	2,439	86	2,525
(Gain on sale of investment securities)	(371)	(173)	(545)	(0)	(545)
(Gain on retirement of bond)	(1,537)	(—)	(1,537)	(—)	(1,537)
Extraordinary losses	77,493	2,967	80,461	1,749	82,210
(Impairment loss)	(211)	(—)	(211)	(1,031)	(1,242)
(Loss attributable to disaster)	(3,613)	(2,483)	(6,097)	(505)	(6,602)
(Loss on adjustment for changes of accounting standard for asset retirement obligation)	(1,277)	(—)	(1,277)	(0)	(1,277)
Income taxes- current	43	15	58	19	78
Income taxes- deferred	119	-200	-80	2	-78
Increase/decrease in tangible and intangible assets	2,206	2,073	4,279	27	4,307

*1. The other classification comprises businesses not included in reporting segments and encompasses the activities of Businext Corporation, AsTry Loan Services Corporation and related companies.

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

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

(Million yen)

Operating revenue	FY2009	FY2010
Reportable segment total	197,471	130,331
Profit categorized in "Other"	20,989	14,852
Inter-segment eliminations	(358)	(223)
consolidated financial statements in ating revenue postedOper	218,102	144,961

Loss	FY2009	FY2010
Reportable segment total	(289,245)	(101,316)
Profit categorized in "Other"	(18,313)	(3,527)
Inter-segment eliminations	12,270	72,691
Amortization of goodwill	147	217
Net income posted in consolidated financial statements	(295,141)	(31,935)

Assets	FY2009	FY2010
Reportable segment total	1,272,764	859,493
Profit categorized in "Other"	101,066	73,960
Inter-segment eliminations	(220,885)	(75,436)
Total assets posted in consolidated financial statements	1,152,945	858,017

Liabilities	FY2009	FY2010
Reportable segment total	1,073,369	762,053
Profit categorized in "Other"	91,915	68,273
Inter-segment eliminations	(109,645)	(35,914)
Total liabilities posted in consolidated financial statements	1,055,639	794,412

(Million yen)

	Total of reportable segment		Adjustment		Amount posted in Consolidated Financial statements	
	FY2009	FY2010	FY2009	FY2010	FY2009	FY2010
Other items						
Provision for credit card point redemption	1,456	2,006	—	—	1,456	2,006
Credit loss	—	—	1,642	—	1,642	—
Provision for investment loss	1,674	244	-971	26	703	270
Provision for doubtful accounts	154,199	61,644	10,416	3,424	164,616	65,068
Provision for loss on interest repayment	202,793	27,211	4,093	—	206,886	27,211
Provision for bonuses	1,150	1,108	172	85	1,323	1,194
Depreciation	9,033	7,686	176	120	9,210	7,807
Dividends received	145	194	9	4	154	198
Amortization of negative goodwill	—	—	147	217	147	217
Interest expenses	—	—	—	—	—	—
Extraordinary income	1,983	2,439	154	89	2,138	2,528
(Gain on sale of investment securities)	(1,153)	(545)	(8)	(2)	(1,161)	(548)
(Reversal provision for bonuses)	(519)	(—)	(59)	(—)	(579)	(—)
(Gain on retirement of bond)	(—)	(1,537)	(—)	(—)	(—)	(1,537)
Extraordinary losses	37,097	80,461	-9,704	-69,854	27,392	10,607
(Impairment loss)	(4,409)	(211)	(450)	(1,031)	(4,860)	(1,242)
(Business structure improvement cost)	(11,908)	(—)	-82	(—)	(11,826)	(—)
(Loss on transfer of business)	(4,081)	(—)	(2,060)	(—)	(6,141)	(—)
(Loss attributable to disaster)	(—)	(6,097)	(—)	(505)	(—)	(6,602)
(Loss on adjustment for changes of accounting standard for asset retirement obligation)	(—)	(1,277)	(—)	(0)	(—)	(1,277)
Income taxes- current	105	58	54	19	159	78
Income taxes for prior period	163	—	-59	—	103	—
Income taxes- deferred	4,780	-80	2,588	2	7,368	(-78)
Increase/decrease in tangible and intangible assets	3,484	4,279	48	27	3,532	4,307

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

(Additional information)

Effective from the fiscal year ended March 31, 2011, the Company has adopted the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ statement No.17 released in March 27,2009) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information(ASBJ Guidance No.20 released on March 21, 2008).

(Related information)

Fiscal year under review (from April 1, 2010 to March 31, 2011)

1. Information by product/service

Information omitted, as the Company discloses the same information in segment information.

2. Geographic segment information

(1) Operating revenue

Information not stated, as the Company has no operating revenue attributable to external customers outside of Japan.

(2) Tangible fixed assets

Information not stated as the Company has no tangible fixed assets located outside of Japan.

3. Information about major customers

Information not stated, as the Company has no customers included in operating revenue attributable to external customers that account for 10% or more of the operating revenue in its consolidated income statement.

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

Previous fiscal year (from April 1, 2009 to March 31, 2010)
Information not stated, as the Company discloses the same information in segment information.

Fiscal year under review (from April 1, 2010 to March 31, 2011)
Information not stated, as the Company discloses the same information in segment information.

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

Previous fiscal year (from April 1, 2009 to March 31, 2010)

	Reporting segment			Others (Note)	Total
	AIFUL	LIFE	Total		
Balance at end of previous fiscal year	-	-	-	-870	-870

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

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

Fiscal year under review (from April 1, 2010 to March 31, 2011)

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

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

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

(Information about gain on negative goodwill by reporting segment)

Previous fiscal year (from April 1, 2009 to March 31, 2010): No relevant matters

Fiscal year under review (from April 1, 2010 to March 31, 2011): No relevant matters

(Notes to Disclosed Special Purpose Companies)

Previous fiscal year (April 1, 2009 – March 31, 2010)

1. Outline of disclosed special purpose companies and outline of transactions using disclosed special purpose transactions

Some subsidiaries have securitized trust beneficiary rights backed by installment receivables and operating loans with the aim of diversifying fund procurement and raising stable funds. Such securitization utilizes special purpose companies, which are special purpose companies under the Asset Securitization Law. On securitization, the subsidiaries firstly establish entrusted assets for installment receivables and operating loans respectively before dividing the beneficiary rights into preferred and subordinate portions. Subsequently, the preferred trust beneficiary rights, excluding the seller's holding, are transferred to a special purpose company, and the subsidiaries receive the funds that the special purpose company raises through the issue of bonds backed by the transferred preferred trust beneficiary rights as its sale fee.
In addition, some subsidiaries carry out collection servicing operations, holding the subordinated beneficiary rights of entrusted assets. The bad debt allowance is established for trust assets for which recovery was inadequate.

As a result of securitization, there were five special purpose companies with a balance of transactions as of March 31, 2010. On the most recent date for financial results at the special purpose companies total assets (net total) stood at ¥63,849 million and total liabilities (net total) stood at ¥63, 827 million. The subsidiaries did not own any shares with voting rights, etc., in any of the special purpose companies, and did not second any officers or employees to any of the special purpose companies.

Fiscal year under review (from April 1, 2010 to March 31, 2011): No relevant matters

(Per Share Information)

Previous fiscal year (April 1, 2009 – March 31, 2010)	Fiscal year under review (April 1, 2010 – March 31, 2011)
Net assets per share 392.30 yen Net loss per share 1,238.90 yen Diluted net income per share omitted because the Company recorded a net loss per share and because there were no latent shares with a dilutive effect.	Net assets per share 255.32 yen Net loss per share 134.05 yen Diluted net income per share omitted because the Company recorded a net loss per share and because there were no latent shares with a dilutive effect.

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

	Previous fiscal year (As of March 31, 2010)	Fiscal year under review (As of March 31, 2011)
Total net assets	97,305	63,604
Amount deducted from total net assets	3,849	2,781
(Of which minority interests)	(3,849)	(2,757)
Net assets related to common stock at end of fiscal year	93,456	60,823
Number of shares of common stock at the end of the fiscal year used in the calculation of net assets per share	238,228,510 shares	238,228,390 shares

Note 2: Basis for calculation of net income (loss) per share and diluted net income per share is as follows.

Item	Previous fiscal year (April 1, 2009 – March 31, 2010)	Fiscal year under review (April 1, 2010 – Mar 31, 2011)
Net income (loss) per share		
Net income (loss)	(295,141) million yen	(31,935) million yen
Amount not attributable to common stock shareholders	—	—
Net income (loss) related to common stock	(295,141) million yen	(31,935) million yen
Average number of shares of common stock during the period	238,228,688 shares	238,228,461 shares
Diluted net income per share		
Adjusted net income	—	—
Increase in number of common stock	—	—
(of which warrants)	(—)	(—)
Outline of stock not included in diluted net income per share due to lack of dilutive effect	New share subscription-type stock options (No. of shares: 263,400) decided upon at the 28th ordinary general meeting of shareholders (June 24, 2005)	New share subscription-type stock options (No. of shares: 2,095,600) decided upon at the meeting of Board of directors (June 7, 2010)

(Omissions from Disclosure)

Notes pertaining to lease transactions, marketable securities, derivative transactions, retirement benefits, stock options, transactions with related parties, etc., and business combinations have been omitted due to lack of strong necessity for disclosure in these brief financial statements.

(Important Subsequent Events)

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

Following a Board of Directors' meeting held on April 28, 2011, the Company set an effective date of July 1, 2011 for the spinoff and merger of its consolidated subsidiary LIFE Co., Ltd.. Consistent with the Group's reorganization and with an effective date of July 1, 2011, the decision was made for Life Card Co., Ltd. to acquire by way of corporate spinoff and merger LIFE's credit sales (credit card and installment sales finance) business as well as the credit guarantee and insurance businesses previously transferred to LIFE. This decision to pursue Group reorganization also entails the business integration of four consolidated subsidiaries comprising LIFE, following its corporate spinoff, City's Corporation, City Green Corporation and Marutoh KK by way of merger with AIFUL as the surviving company. Consistent with the aforementioned, a corporate spinoff and merger agreement was executed on April 28, 2011.

1. Objectives of the Group Reorganization

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

In addition to implementing this full-fledged cost structure reform, the Group is also maximizing efforts to consolidate its organization and business by implementing this subsidiary spinoff and merger. These efforts take into consideration each of the selection and concentration perspectives and are based on a business reorganization policy consistent with the Group's Business Revitalization Plan approved under the ADR process.

By implementing Group reorganization, the Group will consolidate its consumer finance businesses to AIFUL and credit sales and credit card businesses to Life to take full advantage of each brand's recognition across their business activities and operations. In addition, steps will be taken to consolidate head office operations, back office divisions and credit management as well as debt collection divisions, and to further improve business efficiencies across the entire Group.

2. Overview of the Spinoff

(1)Spinoff Schedule

Date of spinoff approval at meetings of the boards of directors (LIFE and Life Card)	April 28, 2011
Date of spinoff agreement execution (LIFE and Life Card)	April 28, 2011
Scheduled date of extraordinary shareholders meetings (LIFE and Life Card)	May 30, 2011
Scheduled effective date of the spinoff	July 1, 2011

The extraordinary shareholders meetings of LIFE and Life Card are scheduled to be held in the case where resolution of a general shareholders meeting is deemed to exist pursuant to the provisions of Article 319, Paragraph 1 of the Company Act of Japan.

(2) The Method of Spinoff

LIFE will transfer by way of corporate spinoff (absorption-type corporate spinoff method) its credit sales (credit card and installment sales finance) business as well as the credit guarantee and insurance businesses previously transferred to LIFE to Life Card, a wholly owned LIFE subsidiary established in July 2010, on the scheduled effective date of July 1, 2011.

(3) Details of the Allocation Relating to the Corporate Spinoff

At the time of the corporate spinoff, Life Card will allocate and deliver one share of its common stock to LIFE.

(4) Profiles of the Companies Involved in the Corporate Spinoff

	Splitting company	Successor Company
Trade Name	LIFE Co.,Ltd	Life Card Co.,Ltd.
Principal business	Consumer credit business Consumer finance business	Consumer credit business

(5) Details of the Businesses Being Spun Off

Credit sales, credit guarantee, insurance, and other businesses

(6) Summary of Accounting Procedures

This corporate spinoff is classified as a transaction under common control in accordance with standards relating to accounting for business combinations.

3. Summary of the Merger

(1) Merger Schedule

Date of Merger approval by the boards of directors (AIFUL, LIFE, City's, City Green and Marutoh)	April 28, 2011
Date of Merger agreement execution (AIFUL, LIFE, City's, City Green and Marutoh)	April 28, 2011
Scheduled effective date of the Merger	July 1, 2011

Plans are for the Merger to be conducted without AIFUL obtaining approval at a general meeting of its shareholders in accordance with the simplified merger procedures set forth in Article 796, Paragraph 3 of the Companies Act of Japan and without LIFE, City's, City Green, and Marutoh obtaining approvals at general meetings of their shareholders in accordance with the short form merger procedures set forth in Article 784, Paragraph 1 of the Companies Act of Japan.

(2) The Method of the Merger

The absorption-type merger shall be undertaken with AIFUL as the surviving company and the four companies comprising LIFE, following its corporate spinoff, identified in II. above, City's, City Green, and Marutoh, as the absorbed companies.

(3) Details of the Allocation Relating to the Merger

With respect to the Merger, at the time each merger of City's, City Green, and Marutoh takes effect, AIFUL shall not make any payment upon the merger of City's, City Green, and Marutoh reflecting that nature of each absorbed company as AIFUL wholly owned subsidiaries.

With respect to the Merger, details of the allocation relating to the merger with LIFE are presented as follows.

Company Name	AIFUL Corporation (The Absorption-Type Merger Surviving Company)	LIFE Co., Ltd. (The Absorption-Type Merger Absorbed Company)
Details of the Allocation Relating to the Merger	1	39
Number of Shares to be Delivered as a Result of the Merger	Common Stock: 2,248,350 shares (scheduled)	

Note: At the time of the Merger with LIFE, plans are in place for AIFUL to issue and allocate 39 shares of its common stock for each share of LIFE common stock. However, no shares will be allocated for the 1,342,418 shares of LIFE common stock currently held by AIFUL in the course of the Merger.

(4) Profiles of the Merging Companies

	The Absorption-Type Merger Absorbed Company			
1. Trade Name	LIFE Co.,Ltd.	Marutoh KK	City's Corporation	City Green Corporation
2. Principal business	Consumer credit business Consumer finance business	Real estate business	Small business loan	Holding Company for City's Corporation

(5)Summary of Accounting Procedures

The Merger is classified as a transaction under common control in accordance with standards relating to accounting for business combinations.

5. Consolidated Results of Operations

(1) Operating Revenue

(Million yen, %)

Item \ Period		Previous fiscal year (April 1, 2008 – March 31, 2009)	
		Amount	%
Interest on loans to customers		170,662	78.2
	Unsecured loans	137,394	63.0
	Secured loans	20,026	9.2
	Small business loans	13,240	6.0
Revenue from Credit card		17,824	8.2
Revenue from Installment sales finance business		1,726	0.8
Revenue from Credit guarantee		7,034	3.2
Other financial revenue		143	0.1
Other operating revenue		20,711	9.5
	Collection of purchased receivables	3,205	1.5
	Revenue from operational investment securities	24	0.0
	Other	17,481	8.0
Total		218,102	100.0

Note 1: "Other" included in other operating revenue includes recovery of loans previously charged off and card membership fees.

Note 2: The ioned amounts are exclusive of consumption and related taxesaforement

(Million yen; %)

Item		Period: End of the current FY (Apr. 1, 2010 to Mar. 31, 2011) Amount	%
AIFUL CCORPORATION	Interest on loans to customers	74,020	51.0
	Unsecured loans	60,194	41.5
	Secured loans	12,511	8.6
	Small business loans	1,314	0.9
	Revenue from Installment sales finance business	166	0.1
	Revenue from Credit guarantee	3,349	2.3
	Other financial revenue	31	0.0
	Other operating revenue	8,636	6.0
	Recovery of loans previously charged off	8,370	5.8
	Other	266	0.2
	Subtotal	86,203	59.4
LIFE Co., LTD	Interest on loans to customers	19,441	13.4
	Unsecured loans	19,324	13.3
	Secured loans	116	0.1
	Revenue from Credit card	12,328	8.5
	Revenue from Installment sales finance business	526	0.4
	Revenue from Credit guarantee	2,409	1.7
	Other financial revenue	41	0.0
	Other operating revenue	9,285	6.4
	Recovery of loans previously charged off	4,203	2.9
	Other	5,081	3.5
	Subtotal	44,032	30.4
OTHER	Interest on loans to customers	10,323	7.1
	Unsecured loans	24	0.0
	Secured loans	1,347	0.9
	Small business loans	8,950	6.2
	Other financial revenue	1	0.0
	Other operating revenue	4,400	3.1
	Revenue from operational investment securities	50	0.0
	Collection of purchased receivables	3,751	2.6
	Recovery of loans previously charged off	57	0.1
	Other	541	0.4
	Subtotal	14,725	10.2
Total		144,961	100.0

Notes: 1. Segment classifications are consistent with segment information classifications.
2. Included in the "Other" category of "Other operating revenue" for LIFE Co.,Ltd. are card membership revenue and related items
3. The aforementioned amounts are exclusive of consumption and related taxes

(2) Other Operating Indicators

Item \ Period	End of previous fiscal year (As of Mar. 31, 2010)	End of fiscal year under review (As of Mar. 31, 2011)
Total amount of loans outstanding (millions of yen)	856,762	594,527
Unsecured loans	634,249	425,400
Secured loans	138,649	99,649
Small business loans	83,864	69,477
Number of customer accounts	1,966,402	1,515,011
Unsecured loans	1,866,809	1,432,422
Secured loans	46,075	36,053
Small business loans	53,518	46,536
Number of branches	670	631
Staffed branches	33	30
Unstaffed branches	637	601
Number of automatic loan-contracting machines	669	632
Number of ATMs	154,781	167,235
Company-owned	670	633
Partner-owned	154,111	166,602
Number of employees	2,514	2,073
Recovery of loans previously charged off (millions of yen)	151,440	108,803
Allowance for doubtful accounts (millions of yen)	236,303	192,434
Net income (loss) per share (yen)	(1,238.90)	(134.05)
Net assets per share (yen)	392.30	255.32

Notes: 1. Total amount of loans outstanding and the number of customer accounts do not include loans and customer accounts related to claims in bankruptcy. Furthermore, off-balance sheet operating loans of 20,834 million yen at the end of the previous fiscal year from the securitization of receivables have been included.

2. Recovery of loans previously charged off does not include losses on claims in bankruptcy, which came to 5,037 million yen in the previous fiscal year, and 6,675 million yen in the fiscal year under review.

3. The allowance for doubtful accounts includes the expected amount of interest repayments estimated to have priority application to loans outstanding (76,990 million yen at the end of the previous fiscal year and 77,012 million yen at the end of the fiscal year under review).

6. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(In millions of yen)

	End of the prior FY (As of March 31, 2010)	End of the current FY (As of March 31, 2011)
Assets		
Current assets		
Cash and deposits	105,836	128,157
Operating loans	553,476	381,368
Customers' liabilities for acceptances and guarantees	45,248	36,969
Prepaid expenses	1,110	1,478
Accrued income	4,130	2,891
Funds deposited as collateral for derivative transactions	20,859	17,660
Other	9,189	8,445
Allowance for doubtful accounts	(154,143)	(118,180)
Total current assets	585,708	458,789
Fixed assets		
Tangible fixed assets		
Buildings	13,705	14,462
Total accumulated depreciation	(7,105)	(7,991)
Net buildings	6,599	6,471
Structures	1,781	1,643
Total accumulated depreciation	(1,423)	(1,348)
Net structures	357	294
Machinery and equipment	161	157
Total accumulated depreciation	(106)	(110)
Net machinery and equipment	54	46
Vehicles	1	—
Total accumulated depreciation	(0)	—
Net vehicles	1	—
Furniture and fixtures	15,749	15,034
Total accumulated depreciation	(12,092)	(12,384)
Net furniture and fixtures	3,657	2,649
Land	6,762	6,762
Construction in process account	25	255
Total tangible fixed assets	17,458	16,479
Intangible fixed assets		
Software	8,322	6,069
Other	79	78
Total intangible fixed assets	8,401	6,148
Investment and other fixed assets		
Investment securities	5,827	4,927
Stock in affiliated companies	117,408	49,625
Other marketable securities of affiliated companies	287	232
Claims in bankruptcy	45,399	42,471
Long-term loans to affiliated companies	109,402	36,128
Long-term prepaid expenses	115	50
Lease and guarantee deposits	3,228	1,961
Other	827	717
Allowance for investment loss	(1,674)	(1,890)
Allowance for doubtful accounts	(33,997)	(37,544)
Total investment and other fixed assets	246,825	96,679
Total fixed assets	272,685	119,308

	End of the prior FY (As of March 31, 2010)	End of the current FY (As of March 31, 2011)
		(In millions of yen)
Deferred assets		
Bond issuing expenses	138	54
Total deferred assets	138	54
Total assets	858,532	578,152
Liabilities		
Current liabilities		
Acceptances and guarantees	45,248	36,969
Short-term borrowings	11,125	—
Current portion of bonds	105,610	91,900
Current portion of long-term debt	7,723	—
Trade accounts payable	9,945	12,220
Accrued expenses	1,780	1,404
Income taxes payable	269	263
Allowance for bonuses	743	735
Allowance for business structure improvement	328	169
Allowance for losses attributable to disaster	—	51
Other	556	395
Total current liabilities	183,330	144,109
Long-term liabilities		
Bonds	152,600	54,500
Long-term debt	188,696	177,964
Allowance for losses on interest repayments	197,160	133,951
Other	1,208	2,793
Total long-term liabilities	539,665	369,208
Total liabilities	722,995	513,318
Net Assets		
Shareholders' equity		
Common stock	143,324	143,324
Capital surplus		
Capital reserves	150,232	150,232
Total capital surplus	150,232	150,232
Retained earnings		
Earned surplus reserves	1,566	1,566
Other retained earnings		
General reserve	102,230	102,230
Retained earnings carried forward	(258,040)	(328,210)
Total retained earnings	(154,243)	(224,413)
Treasury stock	(3,110)	(3,110)
Total shareholders' equity	136,203	66,033
Valuation and translation adjustments		
Valuation differences on available-for-sale securities	(666)	(1,222)
Total valuation and translation adjustments	(666)	(1,222)
Subscription rights to shares	—	23
Total net assets	135,536	64,834
Total net assets and liabilities	858,532	578,152

(2) Non-Consolidated Statements of Income

(In millions of yen)

	End of the prior FY (Apr. 1, 2009 to Mar. 31, 2010)	End of the current FY (Apr. 1, 2010 to Mar. 31, 2011))
Operating revenue		
Interest on loans to customers	113,069	74,020
Other financial revenue	72	31
Other operating revenue		
Revenue from Credit guarantee	4,135	3,349
Recovery of loans previously charged off	7,175	8,370
Other	340	452
Total other operating revenue	11,652	12,171
Total operating revenue	124,793	86,223
Operating expenses		
Financial expenses		
Interest expenses	7,451	4,163
Interest on bond	5,807	3,803
Other	540	170
Total financial expenses	13,799	8,137
Cost of sales		
Cost of sales of real estate	—	45
Total cost of sales	—	45
Other operating expenses		
Commissions	5,871	5,078
Provision for doubtful accounts	125,177	44,812
Provision for losses on interest repayments	176,866	—
Director’s salaries and remuneration	284	198
Salaries for employees	10,514	6,791
Bonus for employees	856	794
Provision for bonuses	743	735
Welfare expenses	2,470	1,553
Expenses for retirement benefits for employees	658	387
Rent fees	1,786	1,326
Land rent	3,142	2,104
Repairs	2,460	2,018
Depreciation expenses	5,311	4,218
Other	6,374	4,993
Total other operating expenses	342,516	75,014
Total operating expenses	356,316	83,197
Operating income (loss)	(231,522)	3,026

	End of the prior FY (Apr. 1, 2009 to Mar. 31, 2010)	End of the current FY (Apr. 1, 2010 to Mar. 31, 2011))
Non-operating income		
Interest on loans	3,739	1,677
Fiduciary obligation fee	—	332
Other	1,063	579
Total non-operating income	4,802	2,589
Non-operating expenses		
Loss on investment in anonymous association	85	25
Foreign exchange loss	—	12
Provision for investment loss	64	—
Other	63	28
Total non-operating expenses	213	66
Ordinary income (loss)	(226,933)	5,549
Extraordinary income		
Gain on sales of investment securities	—	371
Reversal provision for bonuses	407	—
Gain on liquidation of derivatives	100	—
Liquidation dividends	84	—
Gain on retirement of bond	—	1,537
Other	89	28
Total extraordinary income	681	1,937
Extraordinary losses		
Impairment loss	4,205	—
Loss on valuation of investment securities	—	67,782
Loss on valuation of securities of affiliated companies	7,383	—
Provision for doubtful accounts	3,206	—
Business structure improvement cost	8,141	—
Loss on transfer of business	4,081	—
Other	4,841	9,711
Total extraordinary losses	31,859	77,493
Income (loss) before taxes	(258,111)	(70,007)
Income taxes-current	74	43
Income taxes-deferred	3,310	119
Total income taxes	3,384	162
Net income (loss)	(261,495)	(70,169)

(3) Statements of Change in Shareholders' Equity

(In millions of yen)

	End of the prior FY (Apr. 1, 2009 to Mar. 31, 2010)	End of the current FY (Apr. 1, 2010 to Mar. 31, 2011)
Shareholders' equity		
Common stock		
Balance at the end of previous fiscal year	143,324	143,324
Balance at the end of fiscal year	143,324	143,324
Capital surplus		
Capital reserve		
Balance at the end of previous fiscal year	150,232	150,232
Balance at the end of fiscal year	150,232	150,232
Total capital surplus		
Balance at the end of previous fiscal year	150,232	150,232
Balance at the end of fiscal year	150,232	150,232
Retained earnings		
Earned surplus reserve		
Balance at the end of previous fiscal year	1,566	1,566
Balance at the end of fiscal year	1,566	1,566
Other retained earnings		
General reserve		
Balance at the end of previous fiscal year	102,230	102,230
Balance at the end of fiscal year	102,230	102,230
Retained earnings carried forward		
Balance at the end of previous year	4,646	(258,040)
Change during fiscal year		
Distribution of retained earnings	(1,191)	—
Net income (loss)	(261,495)	(70,169)
Total change during fiscal year	(262,686)	(70,169)
Balance at the end of fiscal year	(258,040)	(328,210)
Retained earnings		
Balance at the end of previous fiscal year	108,442	(154,243)
Change during fiscal year		
Distribution of retained earnings	(1,191)	—
Net income (loss)	(261,495)	(70,169)
Total change during fiscal year	(262,686)	(70,169)
Balance at the end of fiscal year	(154,243)	(224,413)
Treasury stock		
Balance at the end of previous fiscal year	(3,110)	(3,110)
Change during fiscal year		
Purchase of treasury stock	(0)	(0)
Total change during fiscal year	(0)	(0)
Balance at end of fiscal year	(3,110)	(3,110)
Total shareholders' equity		
Balance at end of previous fiscal year	398,889	136,203
Change during fiscal year		
Distribution of retained earnings	(1,191)	—
Net income (loss)	(261,495)	(70,169)
Purchase of treasury stock	(0)	(0)
Total change during fiscal year	(262,686)	(70,169)
Balance at the end of fiscal year	136,203	66,033

(In millions of yen)

	End of the prior FY (Apr. 1, 2009 to Mar. 31, 2010)	End of the current FY (Apr. 1, 2010 to Mar. 31, 2011))
Valuation and translation adjustments		
Valuation differences on other marketable securities		
Balance at the end of previous fiscal year	(558)	(666)
Change during fiscal year		
Net change in items other than shareholders' equity during fiscal year	(107)	(556)
Total change during fiscal year	(107)	(556)
Balance at the end of fiscal year	(666)	(1,222)
Gain (loss) on deferred hedge		
Balance at the end of previous fiscal year	(2,098)	—
Change during current fiscal year		
Net change in items other than shareholders' equity during fiscal year	2,098	—
Total change during fiscal year	2,098	—
Balance at the end of fiscal year	—	—
Total valuation and translation adjustments		
Balance at the end of previous fiscal year	(2,657)	(666)
Change during fiscal year		
Net change in items other than shareholders' equity during fiscal year	1,990	(556)
Total change during fiscal year	1,990	(556)
Balance at end of fiscal year	(666)	(1,222)
Subscription rights to shares		
Balance at the end of previous fiscal year	—	—
Change during current fiscal year		
Net change in items other than shareholders' equity during fiscal year	—	23
Total change during fiscal year	—	23
Balance at the end of fiscal year	—	23
Total net assets		
Balance at the end of previous fiscal year	396,232	135,536
Change during current fiscal year		
Distribution of retained earnings	(1,191)	—
Net income (loss)	(261,495)	(70,169)
Purchase of treasury stock	(0)	(0)
Net changes in items other than shareholders' equity during fiscal year	1,990	(532)
Total change during fiscal year	(260,695)	(70,701)
Balance at the end of fiscal year	135,536	64,834

(4) Notes on premise of going concern

No relevant matter

(5) Important accountant principle

Item	Previous Fiscal year (April 1, 2009 – March 31, 2010)	Fiscal year under review (April 1, 2010 – March 31, 2011)
1. Accounting standard for allowances	——————	i. Allowance for losses attributable to disaster The allowance for losses attributable to disaster is provided at an estimated amount of costs to the removal and restoration of assets affected by the Great Eastern Japan Earthquake.
2. Principal hedge accounting methods	i) Method of hedge accounting Deferral hedge accounting is applied. Moreover, designation (furiate shori) is applied to exchange rate fluctuation risk hedges that meet the requirements for designation, and exceptional accounting is applied to interest swap contracts that meet the requirements for exceptional accounting. ii) Hedging instruments and targets a. Hedging instrument…currency swap contracts Hedging target…foreign currency denominated bonds b. Hedging instrument…interest swap contracts Hedging target…bonds with floating interest rates that have fluctuating cash flow depending on changes in market interest rates, etc. iii) Hedging policy In its currency swap contracts, the AIFUL Group hedges against the risk of currency fluctuations related to the payment of principal and interest on foreign currency denominated bonds. In its interest swap contracts the AIFUL Group keeps fixed interest fund raising at a certain level as a proportion of all fund raising. iv) Method of evaluating effectiveness of hedging The AIFUL Group judges the effectiveness of hedging using a proportional analysis of the cumulative fluctuation of hedging targets and hedging instruments over the previous ten years. However, the effectiveness of hedging is not evaluated for interest swap contracts to which exceptional accounting is applied.	i) Method of hedge accounting Designation (furiate shori) is applied to exchange rate fluctuation risk hedges that meet the requirements for designation, and exceptional accounting is applied to interest swap contracts that meet the requirements for exceptional accounting. ii) Hedging instruments and targets a. Hedging instrument…as on left Hedging target…as on left b. Hedging instrument…as on left Hedging target…as on left iii) Hedging policy As on left iv) Method of evaluating effectiveness of hedging As on left

Note: With the exception of the above-described items, there have been no significant changes since those listed in the most recent financial report (submitted June 26, 2009). Accordingly, no mention is made of them.

(6) Changes on significant items related to the preparation of Non-consolidated Financial Statements

Previous Fiscal year (April 1, 2009 – March 31, 2010)	Fiscal year under review (April 1, 2010 – March 31, 2011)
――――――	(Accounting Standard for Asset Retirement Obligation) From the fiscal year under review, the Company has been applying the "Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18, issued on March 31, 2008)" and "Implementation Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Implementation Guidance No. 21, issued on March 31, 2008)". The adoption of this accounting standard decreased operating loss and ordinary loss for the fiscal year under review by 29 million yen respectively and increased loss before taxes by 1,264 million yen. As a result of adoption of this accounting standard, the opening balance of asset retirement obligations was 1,624 million yen.

Changes in disclosure method

Previous Fiscal year (April 1, 2009 – March 31, 2010)	Fiscal year under review (April 1, 2010 – March 31, 2011)
(Balance Sheet) 1. Funds deposited as collateral for derivative transactions, which was included under Other in Current assets until the previous fiscal year, has been presented as a separate item due to its increase in significance. Funds deposited as collateral for derivative transactions was ¥418 million at the end of the previous fiscal year.	——————
(Statements of income) 1. Advertising expenses (¥1,224 million for the fiscal year under review), which was presented as a separate item until the previous fiscal year, has been included under Other in Operating expenses due to its lack of financial significance.	(Statements of Income) 1. Fiduciary obligation fee included in "Other" of "Non-Operating Income" in previous fiscal years are shown separately because they exceeded 10% of total non-operating income. Fiduciary obligation fee in the previous fiscal year were 373 million yen.
2. Dividends received (¥115 million for the fiscal year under review), which was presented as a separate item until the previous fiscal year, has been included under Other in Non-operating income as it accounts for less than 10% of total non-operating income.	2. Foreign exchange loss included in "Other" of "Non-Operating Income" in previous fiscal years are shown separately because they exceeded 10% of total non-operating income. Foreign exchange loss in the previous fiscal year were 0 million yen.
3. Loss on disposal of fixed assets (¥383 million for the fiscal year under review), which was presented as a separate item until the previous fiscal year, has been included under Other in Extraordinary losses as it accounts for less than 10% of total extraordinary losses.	3. Provision for investment loss (¥1million for the fiscal year under review), which was presented as a separate item until the previous fiscal year, has been included under Other in Non-operating loss as it accounts for less than 10% of total non-operating loss.
4. Loss on valuation of securities of affiliated companies, which was included under Other in Extraordinary losses until the previous fiscal year, has been presented as a separate item as it exceeds 10% of total extraordinary losses. Loss on valuation of securities of affiliated companies was ¥10 million in the previous fiscal year.	4. Gain on sales of investment securities, which was included under Other in Extraordinary income until the previous fiscal year, has been presented as a separate item as it exceeds 10% of total extraordinary losses. Loss on valuation of securities of affiliated companies was ¥12 million in the previous fiscal year.
5. Provision for doubtful accounts, which was included under Other in Extraordinary losses until the previous fiscal year, has been presented as a separate item as it exceeds 10% of total extraordinary losses. Transfer to allowance for bad debts was ¥18 million in the previous fiscal year.	5. Impairment loss (¥211 million for the fiscal year under review), which was presented as a separate item until the previous fiscal year, has been included under Other in Extraordinary losses as it accounts for less than 10% of total extraordinary losses.
6. Business structure improvement cost, which was included under Other in Extraordinary losses until the previous fiscal year, has been presented as a separate item as it exceeds 10% of total extraordinary losses. Business structure improvement cost were ¥1 million at the end of the previous fiscal year.	6. Loss on valuation of investment securities, which was included under Other in Extraordinary losses until the previous fiscal year, has been presented as a separate item as it exceeds 10% of total extraordinary losses. Loss on valuation of investment securities was ¥7,465 million in the previous fiscal year.
7. Impairment loss (¥576 million for the fiscal year under review), which was presented as a separate item until the previous fiscal year, has been included under Other in Extraordinary losses as it accounts for less than 10% of total extraordinary losses.	7. Provision for doubtful accounts (¥3,726 million for the fiscal year under review), which was presented as a separate item until the previous fiscal year, has been included under Other in Extraordinary losses as it accounts for less than 10% of total extraordinary losses. 8. Business structure improvement cost (¥22 million for the fiscal year under review), which was presented as a separate item until the previous fiscal year, has been included under Other in Extraordinary losses as it accounts for less than 10% of total extraordinary losses.

(7) Notes to Non-consolidated financial statements

(Notes to non-consolidated Balance sheets)

Previous Fiscal year (As of March 31, 2010)	Fiscal year under review (As of March 31, 2011)
*1. Assets pledged as collateral and corresponding liabilities (1) Assets pledged as collateral (Million yen) Operating loans 383,310 Other current assets 82 Buildings 5,912 Land 6,762 Investment securities 4,742 Total 400,810 (2) Corresponding liabilities Short-term borrowings 11,125 Current portion of long-term debt 7,723 Long-term debt 188,696 Total 207,545 i) The above amounts include figures related to securitized claims (¥146,462 million for operating loans, ¥11,125 million for short-term borrowings, and ¥7,723 million for the current portion of long-term debt) at the end of the fiscal year. ii) ¥124,773 million in operating loans is included as joint collateral of AIFUL and its subsidiaries under the ADR process, and collateral has also been provided for ¥83,435 million in the long-term debt of subsidiaries. iii) The Company has contracted to offer ¥2,701 million in loans as collateral in response to borrowers' requests to the sum of ¥2,456 million long-term debt which is included in (2) Corresponding liabilities above. iv) The Company has offered ¥20,859 million in cash (Other in Current assets) as collateral for swap transactions, which is not included in the above figures. v) The Company has taken Marutoh KK's land and other tangible fixed assets as a pledge for its above debts.	*1. Assets pledged as collateral and corresponding liabilities (1) Assets pledged as collateral (Million yen) Operating loans 233,140 Other current assets 37 Buildings 5,567 Land 6,762 Investment securities 3,927 Total 249,434 (2) Corresponding liabilities Long term debt 177,964 i) ¥127,759 million in operating loans is included as joint collateral of AIFUL and its subsidiaries under the ADR process, and collateral has also been provided for ¥81,686 million in the long-term debt of subsidiaries ii) AIFUL has contracted to offer ¥27 million in loans as collateral in response to borrowers' requests to the sum of ¥24 million long-term debt which is included in (2) Corresponding liabilities above. iii) AIFUL has offered ¥17,660 million in cash (Other in Current assets) as collateral for swap transactions, which is not included in the above figures. iv) AIFUL has taken Marutoh KK's land and other tangible fixed assets as a pledge for its above debts.
*2. AIFUL and some of its consolidated subsidiaries are receiving financial assistance under the ADR process. Of the debts that are covered by financial assistance, repayment of a total ¥10 billion by AIFUL and some of its consolidated subsidiaries is scheduled for September 30, 2010. However, for repayments to the same creditors, the priority of allocation between the relevant companies will vary depending on the applicable interest rate on the repayment date. As a result, it is difficult to specify an amount for the current portion of long-term debts. As a result, the relevant debts have all been included under long-term debts.	*2. AIFUL and certain consolidated subsidiaries are receiving financial assistance under the business revitalization ADR process. Of loans payable that fall within the scope of financial assistance, AIFUL and certain consolidated subsidiaries plan to make repayments totalling 17,829 million yen on June 10, 2011 and 238 million yen on December 10, 2011, but since the order of priority of repayments to the same creditors changes depending on applicable interest rates on the payment date, as of the current settlement date it is difficult to specify the current portion of loans repayable. As a result, it is difficult to specify an amount for the current portion of long-term debts. As a result, the relevant debts have all been included under long-term debts.
*3. Includes ¥423,733 million in unsecured personal loans.	*3. Includes ¥289,361 million in unsecured personal loans.

Previous Fiscal year (As of March 31, 2010)	Fiscal year under review (As of March 31, 2011)
*4. Contingent Liabilities Guaranty of liabilities AIFUL has provided joint and several guarantee to LIFE Co., Ltd., a consolidated subsidiary for Agreement Claim Creditors (lending financial institutions, etc.,) under the Business Revitalization Plan and the agreement with creditors.	*4. Contingent Liabilities Guaranty of liabilities As on left

Previous Fiscal year (As of March 31, 2010):

Name of guaranteed	Amount (million yen)
Life Co., Ltd.	83,435
Total	83,435

Fiscal year under review (As of March 31, 2011):

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

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

Previous Fiscal year (As of March 31, 2010):

(million yen)

	Unsecured loans	Other than unsecured loans	Total
Loans in legal bankruptcy	1,736	44,834	46,571
Loans in arrears	53,963	44,348	98,311
Loans in 3-months+ in arrears	7,087	1,524	8,611
Restructured loans	21,463	1,051	22,515
Total	84,251	91,759	176,010

Fiscal year under review (As of March 31, 2011):

(million yen)

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

Previous Fiscal year (As of March 31, 2010)	Fiscal year under review (As of March 31, 2011)
The loan categories in the table above are as follows.	The loan categories in the table above are as follows.
(Loans in legal bankruptcy) Loans in legal bankruptcy are those loans in which payment of principal or interest remain past due for a considerable period and accruals of interest are discontinued, with the conditions stipulated under (a) through (e) of sub-paragraph 3, paragraph 1, Article 96 or sub-paragraph 4 of the same paragraph of the Corporation Tax Law Enforcement Ordinance (Enforcement Ordinance No. 97 of 1965) arise. Bad debt allowances for claims in bankruptcy are stated at the amount estimated to be non-recoverable based on individual assessment of claims	(Loans in legal bankruptcy) As on left
(Loans in arrears) Loans in arrears are loans in which accruals of interest are discontinued, other than loans in legal bankruptcy, excluding those loans receiving regular payments in the case of reduction, waiver or deferral of interest payments for debtors in financial difficulties to assist them in business restructuring.	(Loans in arrears) As on left
(Loans three months or more in arrears) Loans three months or more in arrears are loans for which payments of principal or interest have not been received for a period of three months or more beginning with the next business day following the last due date for such payments. Loans classified as loans in legal bankruptcy and loans in arrears are excluded from loans three months or more in arrears.	(Loans three months or more in arrears) As on left

Previous Fiscal year (As of March 31, 2010)	Fiscal year under review (As of March 31, 2011)
(Restructured loans) Restructured loans are loans in which regular payments are being received on loans with concessions such as reduction, waiver, or deferral of interest granted to debtors in order to assist in business restructuring. Loans classified as loans in legal bankruptcy and loans in arrears are excluded from restructured loans. *6. ¥74,094 million in estimated interest repayments forecast to have priority application is included in operating loans. *7. Includes ¥4,800 million of allowance for doubtful accounts to affiliated companies.	(Restructured loans) As on left *6. ¥75,227 million in estimated interest repayments forecast to have priority application is included in operating loans. *7. Includes ¥8,500 million of allowance for doubtful accounts to affiliated companies.

(Notes to Non-consolidated Statements of Income)

Previous Fiscal year (April 1, 2009 – March 31, 2010)

*1. Notes related to relevant subsidiaries

	(million yen)
Interest on loans	3,729
Others	403

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

*3. Impairment loss

AIFUL recorded the following impairment loss during the fiscal year under review.

(1) Assets with recognized impairment loss

1. As recognized in the first half of FY2009

Use	Type	Impairment loss
Business offices scheduled for closure	Buildings, structures, equipment and fixtures etc.,	¥ 612 million
Paintings, etc.	Equipment and fixtures etc.,	¥3,397 million

2. As recognized in the FY2009

Use	Type	Impairment loss
Business offices scheduled for transfer, etc	Buildings etc.	¥195 million

(2) Method of asset grouping

For the finance business and paintings, etc., which it decided to sell in the second half of the fiscal year, AIFUL uses each asset as the smallest unit for asset grouping. Moreover, for assets involved in business restructuring, AIFUL uses all business offices scheduled for closure as a single unit for asset grouping.

(3) Background to recognition of impairment loss

AIFUL recognizes impairment loss for some paintings, etc., which the Company has decided to sell, because the third party valuation is lower than the book value, and for business offices scheduled for closure in conjunction with the Business Revitalization Plan.

(4) Amount of impairment loss

	(million yen)
Buildings	501
Structures	80
Machinery	0
Equipment and fixture	3,585
Other	37
Total	4,205

Fiscal year under review (April 1, 2010 – March 31, 2011)

*1. Notes related to relevant subsidiaries

	(million yen)
Interest on loans	1,673
Fiduciary obligation fee	332
Other	12

*2 As on left

*3. Impairment loss

AIFUL recorded the following impairment loss during the fiscal year under review.

(1) Assets with recognized impairment loss

Use	Type	Impairment loss
Business offices scheduled for closure	Buildings, structures, equipment and fixtures etc.,	¥118 million
System related equipment, etc	Equipment and fixtures, software	¥93 million

(2) Method of asset grouping

With respect to finance business and system-related equipment, etc., due to the introduction of the transfer plan and new accounting system from the fiscal year under review, the Company considers each asset as the smallest unit for asset grouping. Moreover, for assets involved in business restructuring, AIFUL uses all business offices scheduled for closure as a single unit for asset grouping.

(3) Background to recognition of impairment loss

AIFUL recognized impairment loss with respect to certain system-related equipment, etc. it planned to transfer because their estimated transfer value was less than their book value.

Also, in the fiscal year under review, the Company has recognized impairment loss for system-related equipment, etc. due to the introduction of a new accounting system, and it has also recognized impairment loss for business offices to be closed as a result of the implementation of further capability enhancement measures.

(4) Amount of impairment loss

	(million yen)
Buildings	45
Structures	12
Equipment and fixture	145
Other	9
Total	211

Previous Fiscal year (April 1, 2009 – March 31, 2010)	Fiscal year under review (April 1, 2010 – March 31, 2011)
(5) Calculation of recoverable amount The recoverable value of paintings that the Company has decided to sell is estimated based on a valuation obtained from a third party. The recoverable value of business offices scheduled for closure is estimated with the amount corresponding to depreciation and amortization expenses up to the time of closure as the use value.	(5) Calculation of recoverable amount The Company measures the recoverable amount with respect to system-related equipment it plans to transfer based on the estimated transfer amount. It measures the recoverable amount with respect to the introduction of the new accounting system and business offices to be closed by taking the amount equal to depreciation and amortization prior to closure as their use value.
*4. The components of business structure improvement cost are as follows. (Million yen) Losses on branch reorganization 1,298 Special retirement benefits 5,884 Other 959 Total 8,141	*4. ――――――
*5. The components of transfer to reserve for business structure improvement included under Other in Extraordinary losses are as follows. (Million yen) Head office related 216 Losses on branch reorganization 18 Voluntary retirement related 14 Contract cancellation related 65 Other 14 Total 328	*5. ――――――
*6 ――――――	*6. Loss attributable to disaster included in Other of Extraordinary losses are losses associated with the Great Eastern Japan Earthquake on March 11, 2011, and can be itemized as follows. (Million yen) Allowance for doubtful accounts 3,559 Loss attributable to disaster 51 Other 3 Total 3,613

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

Previous fiscal year under review (April 1, 2009 – March 31, 2010)
1. Matters pertaining to class and number of issued shares and class and number of treasury stock

	No. of shares at end of previous fiscal year	Increase in no. of shares during current fiscal year	Decrease in no. of shares during current fiscal year	No. of shares at end of current fiscal year
Common stock (Note)	456,724	334	–	457,058
Total	456,724	334	–	457,058

Note. The increase of 334 in the number of shares of common treasury stock is due to the purchase of less than a unit shares.

Fiscal year under review (April 1, 2010 – March 31, 2011)
1. Matters pertaining to class and number of issued shares and class and number of treasury stock

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

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

(Notes to Tax Effect Accounting)

Previous fiscal year (As of March 31, 2010)

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

	(million yen)
Deferred tax assets	
Allowance for doubtful accounts	48,674
Allowance for losses on interest repayments	80,579
Losses carried forward	99,048
Loan losses	9,621
Shares in affiliated companies	3,050
Accrued revenue	3,427
Other	8,549
Subtotal of deferred tax assets	252,952
Valuation allowance	(252,952)
Total deferred tax assets	—
Total deferred tax liabilities	—
Net deferred tax assets (liabilities)	—

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

Omitted because the Company recorded a net loss before taxes.

Fiscal year under review (As of March 31, 2011)

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

	(million yen)
Deferred tax assets	
Allowance for doubtful accounts	41,504
Allowance for losses on interest repayments	54,343
Losses carried forward	131,320
Loan losses	7,591
Shares in affiliated companies	30,527
Accrued interest repayment losses	4,539
Other	8,338
Subtotal of deferred tax assets	278,166
Valuation allowance	(278,166)
Total deferred tax assets	—
Deferred tax liabilities	
Loss on asset retirement obligation	(119)
Total deferred tax liabilities	(119)
Net deferred tax assets (liabilities)	(119)

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

As on left

(Per Share Information)

Previous fiscal year (April 1, 2009 – March 31, 2010)	Fiscal year under review (April 1, 2010 – March 31, 2011)
Net assets per share 568.93 yen Net loss per share 1,097.67 yen Diluted net income per share omitted because the Company recorded a net loss per share and because there were no latent shares with a dilutive effect.	Net assets per share 272.05 yen Net loss per share 294.55 yen Diluted net income per share omitted because the Company recorded a net loss per share and because there were no latent shares with a dilutive effect.

Note 1: Basis for calculation of net income (loss) per share and diluted net income per share is as follows.

Item	Previous fiscal year (April 1, 2009 – March 31, 2010)	Fiscal year under review (April 1, 2010 – Mar 31, 2011)
Net income (loss) per share		
Net income (loss)	(261,495) million yen	(70,169) million yen
Amount not attributable to common stock shareholders	—	—
Net income (loss) related to common stock	(261,495) million yen	(70,169) million yen
Average number of shares of common stock during the period	238,228,688 shares	238,228,461 shares
Diluted net income per share		
Adjusted net income	—	—
Increase in number of common stock	—	—
(of which warrants)	—	—
Outline of stock not included in diluted net income per share due to lack of dilutive effect	New share subscription-type stock options (No. of shares: 263,400) decided upon at the 28th ordinary general meeting of shareholders (June 24, 2005)	New share subscription-type stock options (No. of shares: 2,095,600) decided upon at the meeting of Board of directors (June 7, 2010)

(Important Subsequent Events)

The fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

Following a Board of Directors' meeting held on April 28, 2011, the Company set an effective date of July 1, 2011 for the spinoff and merger of its consolidated subsidiary LIFE Co., Ltd.. Consistent with the Group's reorganization and with an effective date of July 1, 2011, the decision was made for Life Card Co., Ltd. to acquire by way of corporate spinoff and merger LIFE's credit sales (credit card and installment sales finance) business as well as the credit guarantee and insurance businesses previously transferred to LIFE. This decision to pursue Group reorganization also entails the business integration of four consolidated subsidiaries comprising LIFE, following its corporate spinoff, City's Corporation, City Green Corporation and Marutoh KK by way of merger with AIFUL as the surviving company. Consistent with the aforementioned, a corporate spinoff and merger agreement was executed on April 28, 2011.

1. Objectives of the Group Reorganization

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

In addition to implementing this full-fledged cost structure reform, the Group is also maximizing efforts to consolidate its organization and business by implementing this subsidiary spinoff and merger. These efforts take into consideration each of the selection and concentration perspectives and are based on a business reorganization policy consistent with the Group's Business Revitalization Plan approved under the ADR process.

By implementing Group reorganization, the Group will consolidate its consumer finance businesses to AIFUL and credit sales and credit card businesses to Life to take full advantage of each brand's recognition across their business activities and operations. In addition, steps will be taken to consolidate head office operations, back office divisions and credit management as well as debt collection divisions, and to further improve business efficiencies across the entire Group.

2. Overview of the Spinoff

(1)Spinoff Schedule

Date of spinoff approval at meetings of the boards of directors (LIFE and Life Card)	April 28, 2011
Date of spinoff agreement execution (LIFE and Life Card)	April 28, 2011
Scheduled date of extraordinary shareholders meetings (LIFE and Life Card)	May 30, 2011
Scheduled effective date of the spinoff	July 1, 2011

The extraordinary shareholders meetings of LIFE and Life Card are scheduled to be held in the case where resolution of a general shareholders meeting is deemed to exist pursuant to the provisions of Article 319, Paragraph 1 of the Company Act of Japan.

(2) The Method of Spinoff

LIFE will transfer by way of corporate spinoff (absorption-type corporate spinoff method) its credit sales (credit card and installment sales finance) business as well as the credit guarantee and insurance businesses previously transferred to LIFE to Life Card, a wholly owned LIFE subsidiary established in July 2010, on the scheduled effective date of July 1, 2011.

(3) Details of the Allocation Relating to the Corporate Spinoff

At the time of the corporate spinoff, Life Card will allocate and deliver one share of its common stock to LIFE.

(4) Profiles of the Companies Involved in the Corporate Spinoff

	Splitting company	Successor Company
Trade Name	LIFE Co.,Ltd	Life Card Co.,Ltd.
Principal business	Consumer credit business Consumer finance business	Consumer credit business

(5) Details of the Businesses Being Spun Off

Credit sales, credit guarantee, insurance, and other businesses

(6) Summary of Accounting Procedures

This corporate spinoff is classified as a transaction under common control in accordance with standards relating to accounting for business combinations.

3. Summary of the Merger

(1) Merger Schedule

Date of Merger approval by the boards of directors (AIFUL, LIFE, City's, City Green and Marutoh)	April 28, 2011
Date of Merger agreement execution (AIFUL, LIFE, City's, City Green and Marutoh)	April 28, 2011
Scheduled effective date of the Merger	July 1, 2011

Plans are for the Merger to be conducted without AIFUL obtaining approval at a general meeting of its shareholders in accordance with the simplified merger procedures set forth in Article 796, Paragraph 3 of the Companies Act of Japan and without LIFE, City's, City Green, and Marutoh obtaining approvals at general meetings of their shareholders in accordance with the short form merger procedures set forth in Article 784, Paragraph 1 of the Companies Act of Japan.

(2) The Method of the Merger

The absorption-type merger shall be undertaken with AIFUL as the surviving company and the four companies comprising LIFE, following its corporate spinoff, identified in II. above, City's, City Green, and Marutoh, as the absorbed companies.

(3) Details of the Allocation Relating to the Merger

With respect to the Merger, at the time each merger of City's, City Green, and Marutoh takes effect, AIFUL shall not make any payment upon the merger of City's, City Green, and Marutoh reflecting that nature of each absorbed company as AIFUL wholly owned subsidiaries.

With respect to the Merger, details of the allocation relating to the merger with LIFE are presented as follows.

Company Name	AIFUL Corporation (The Absorption-Type Merger Surviving Company)	LIFE Co., Ltd. (The Absorption-Type Merger Absorbed Company)
Details of the Allocation Relating to the Merger	1	39
Number of Shares to be Delivered as a Result of the Merger	Common Stock: 2,248,350 shares (scheduled)	

Note: At the time of the Merger with LIFE, plans are in place for AIFUL to issue and allocate 39 shares of its common stock for each share of LIFE common stock. However, no shares will be allocated for the 1,342,418 shares of LIFE common stock currently held by AIFUL in the course of the Merger.

(4) Profiles of the Merging Companies

	The Absorption-Type Merger Absorbed Company			
1. Trade Name	LIFE Co.,Ltd.	Marutoh KK	City's Corporation	City Green Corporation
2. Principal business	Consumer credit business Consumer finance business	Real estate business	Small business loan	Holding Company for City's Corporation

(5)Summary of Accounting Procedures

The Merger is classified as a transaction under common control in accordance with standards relating to accounting for business combinations.

7. Other

(1) Transfers of Directors

To be published when the information is available

8. Non-Consolidated Results of Operations

(1) Operating Revenue

(Million yen, %)

Item / Period	Previous fiscal year (April 1, 2009 – March 31, 2010)		Fiscal year under review (April 1, 2010 – March 31, 2011)	
	Amount	%	Amount	%
Interest on loans to customers	113,069	90.6	74,020	85.9
Unsecured loans	92,854	74.4	60,194	69.8
Secured loans	18,353	14.7	12,511	14.5
Small business loans	1,861	1.5	1,314	1.6
Other financial revenue	72	0.1	31	0.0
Other operating revenue	11,652	9.3	12,171	14.1
Credit guarantee revenue	4,135	3.3	3,349	3.9
Other	7,516	6.0	8,822	10.2
Total	124,793	100.0	86,223	100.0

Note 1: "Other" included in other operating revenue includes recovery of loans previously charged off and card membership fees.

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

(2) Other Operating Indicators

Item / Period	End of previous fiscal year (As of Mar. 31, 2010)	End of fiscal year under review (As of Mar. 31, 2011)
Total amount of loans outstanding (millions of yen)	553,476	381,368
Unsecured loans	423,733	289,361
Secured loans	120,821	83,422
Small business loans	8,921	8,584
Number of customer accounts	1,060,693	814,947
Unsecured loans	1,009,469	772,220
Secured loans	43,753	34,166
Small business loans	7,471	8,561
Number of branches	665	629
Staffed branches	28	28
Unstaffed branches	637	601
Number of automatic loan-contracting machines	669	-
Number of ATMs	91,824	46,406
Company-owned	665	629
Partner-owned	91,159	45,777
Number of employees	1,191	1,164
Recovery of loans previously charged off (millions of yen)	105,783	78,641
Allowance for doubtful accounts (millions of yen)	188,140	155,725
Net income (loss) per share (yen)	(1,097.67)	(294.55)
Net assets per share (yen)	568.93	272.05

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

2. Recovery of loans previously charged off does not include losses on claims in bankruptcy, which came to 3,888 million yen in the previous fiscal year, and 5,869 million yen in the fiscal year under review.

3. The allowance for doubtful accounts includes the expected amount of interest repayments estimated to have priority application to loans outstanding (74,094 million yen at the end of the previous fiscal year and 75,227 million yen at the end of the fiscal year under review).