



MEMBERSHIP

August 7, 2008

First Quarter Business Results

For the fiscal year ending March 2009

AIFUL Corporation Stock Listings: 1st Section of Tokyo and Osaka Stock Exchanges
 Stock Code: 8515 URL <http://www.aiful.co.jp>
 Representative: Yoshitaka Fukuda, President and Chief Executive Officer
 Inquiries: Katsuyuki Komiya, General Manager, Public Relations Department
 TEL (03) 4503 - 6050

Scheduled date of submission of quarterly financial report: August 14, 2008

I. Consolidated Business Results for the First Quarter of Fiscal 2008 (April 1, 2008 – June 30, 2008)

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 | |
|---------------------|-------------------|---------|------------------|---------|-----------------|---------|------------|---------|
| 1st quarter, FY2008 | 85,035 | – | 13,322 | – | 14,333 | – | 18,282 | – |
| 1st quarter, FY2007 | 109,908 | (19.0)% | 11,746 | (54.3)% | 11,974 | (53.8)% | 7,244 | (50.4)% |

| | Net Income per Share (Yen) | Diluted Net Income per Share (Yen) |
|---------------------|-------------------------------|---------------------------------------|
| 1st quarter, FY2008 | 109.46 | 90.23 |
| 1st quarter, FY2007 | 51.16 | – |

2. Consolidated Financial Position

(In millions of yen, except where noted)

| | Total Assets | Net Assets | Shareholders' Equity Ratio (%) | Net Assets per Share (Yen) |
|-------------------------------|--------------|------------|-----------------------------------|-------------------------------|
| End of 1st quarter, FY2008 | 1,918,215 | 341,600 | 17.5 | 2,011.59 |
| End of FY2007 | 2,041,128 | 324,520 | 15.6 | 1,909.46 |

Reference: Shareholders' equity for: End of 1st quarter, FY2008: 335,973 million yen
 End of FY2007: 318,915 million yen

II. Dividend Information

| (Record date) | Dividend per share (Yen) | | | | |
|-------------------|--------------------------|--------------------|-----------------------|----------|--------|
| | End of 1st quarter | End of 1st half | End of 3rd quarter | Year-end | Annual |
| FY2007 | – | 20.00 | – | 20.00 | 40.00 |
| FY2008 | – | | | | 40.00 |
| FY2008 (Forecast) | | 20.00 | – | 20.00 | |

Note: Revisions to quarterly dividend forecasts: None

III. Consolidated Results Forecasts for Fiscal 2008 (April 1, 2008 – March 31, 2009):

(In millions of yen, except where noted; Percentage figures show year-on-year growth for the full year and growth compared to the same period the previous year for the first half.)

| | Operating Revenue | Operating Income | Ordinary Income | Net Income | Net Income per Share (Yen) |
|------------|-------------------|------------------|-----------------|--------------|----------------------------|
| First half | 164,567 – | 16,237 – | 16,200 – | 16,518 – | 98.90 |
| Full year | 312,039 (23.1)% | 32,892 3.7% | 33,000 2.9% | 31,730 15.7% | 189.98 |

Note: Revisions to quarterly consolidated earnings forecasts: None

IV. Other

- (1) Transfers of leading subsidiaries during the fiscal period (transfers of specified subsidiaries accompanied by changes in the scope of consolidation): None
- (2) Application of simplified accounting procedures and specific accounting procedures in preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting principles, procedures and methods of presentation relating to the preparation of quarterly consolidated financial statements (Recorded under Changes to Significant Matters Forming the Basis for the Preparation of Quarterly Consolidated Financial Statements)
 - (a) Changes accompanying amendments to accounting standards: Yes
 - (b) Changes other than those in (a): None
- (4) 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 1st quarter, FY2008: 167,475,000 shares
 - End of FY2007: 167,475,000 shares
 - (b) Number of shares of treasury stock issued and outstanding at end of fiscal period
 - End of 1st quarter, FY2008: 455,819 shares
 - End of FY2007: 455,717 shares
 - (c) Average number of shares during fiscal period: (year-do-date quarters)
 - 1st quarter, FY2008: 167,019,232 shares
 - 1st quarter, FY2007: 141,590,254 shares

* Disclaimer concerning the proper use of business results forecasts

1. The consolidated and non-consolidated forecasts above are based on information available as of the day of the announcement of this material. Actual results may vary materially due to various unknown future factors. Please refer to “III. Qualitative Information on Consolidated Earnings Forecasts” in “Qualitative Information, Financial Statements and Other Information” on page 3 for information on the aforementioned forecasts.
2. Effective from the fiscal period under review, the Company has adopted the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12) and the Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14). In addition, the quarterly consolidated financial report is prepared in accordance with the Regulation for Quarterly Consolidated Financial Statements.

Qualitative Information, Financial Statements and Other Information

I. Qualitative Information Regarding Consolidated Operating Results

In the quarter under review, the effects of Japan's revised Money Lending Business Control Law and the high level of demands for reimbursement of excess interest payments, despite signs that demands are beginning to drop off, resulted in a credit crunch and an industry reorganization accomplished through mergers and closures.

In this environment, the AIFUL Group continued to reform its cost structure, and strived to clarify management responsibility by discontinuing its system of retirement benefits for directors in June 2008 and adopting in its place a director compensation system that reflects earnings and results in each term in office. The Group also carried out initiatives to reinforce its internal management systems and strengthen its management foundation, such as establishing regulations and rules to strengthen compliance and mandating that Group company employees obtain qualifications from outside authorities.

In the loan business, in addition to revising its screening criteria and lowering its maximum lending rate in 2007, beginning in June 2008 the Group reduced its minimum lending rate from 12.775% to 6.8%, making this the lowest rate in the industry in Japan. This will meet the needs of a broader range of customers and improve convenience, and is one of the Group's efforts to reinforce its business foundation.

In the credit card business, the Group began to issue affiliated credit cards with rental car companies and signed a contract with major electricity companies with the aim of introducing a service whereby customers can use their credit cards to pay electricity charges. As a result of these efforts to improve customer convenience, the number of credit card holders stood at 14.94 million, up 125,000 compared with the end of the previous fiscal year, and transaction volume amounted to 181,276 million yen, up 20.1% year-on-year.

In the per-item credit business, transaction volume fell 24.1% year-on-year to 2,614 million yen as the Group continued to conduct this business under more rigorous screening criteria.

In the credit guarantee business, Aiful Corporation initiated new affiliations with two companies, and LIFE Co., Ltd., formed affiliations with three companies. As a result, the Group had product-specific guarantee affiliations with 180 unsecured personal loan companies and 86 unsecured business loan companies.

As a result of these measures, at the end of the first quarter the AIFUL Group had 1,599,173 million in loans outstanding, down 4.0% compared to the end of the previous fiscal year, 190,447 million yen in installment receivables, unchanged compared to the end of the previous fiscal year, and 127,510 million yen in customers' liabilities for acceptances and guarantees, down 1.7% compared to the end of the previous fiscal year (these amounts include 87,268 million yen removed from the balance sheet due to securitization, consisting of 60,977 million yen in loans outstanding and 26,291 million yen in installment receivables).

Accordingly, the Group's consolidated operating revenue stood at 85,035 million yen, operating income amounted to 13,322 million yen, ordinary income totaled 14,333 million yen and net income was 18,282 million in the first quarter.

On a non-consolidated basis, operating revenue was 48,226 million yen, operating income stood at 9,230 million yen, ordinary income was 11,284 million yen and net income for the quarter totaled 18,047 million yen.

The AIFUL Group will remain committed to compliance, reform its cost structure and aggressively pursue business activities to earn the trust of all of its stakeholders and realize its corporate philosophy, which is "Earn the support of the public with sincerity and hard work."

II. Qualitative Information Regarding Consolidated Financial Position

Total assets on a consolidated basis declined 122,912 million yen, or 6.0%, compared to the end of the previous fiscal year to 1,918,215 million yen at the end of the first quarter. This was primarily due to a 73,887 million yen reduction in cash and cash equivalents resulting from the repayment of interest-bearing liabilities and a 60,510 million yen fall in loans outstanding attributable to more rigorous credit screening.

Total liabilities fell 139,993 million yen, or 8.2%, compared to the end of the previous fiscal year to 1,576,614 million yen. This can be attributed to a 143,326 million yen decline in interest-bearing debts resulting from repayment and redemption.

Net assets increased 17,080 million yen, or 5.3%, compared to the end of the previous fiscal year, as a result of 18,282 million yen in net income for the quarter. This offset a 3,340 million yen decrease from the distribution of retained earnings.

Cash Flows

Cash and cash equivalents (“funds”) fell 95,865 million yen, or 37.3%, from the end of the previous fiscal year to 161,445 million yen on a consolidated basis.

Net cash provided by operating activities increased 52,257 million yen as the increase in funds resulting from a decline in loans outstanding exceeded the decline in funds resulting from the decrease in allowance for bad debts.

Net cash provided by investing activities decreased 1,483 million yen due to the acquisition of tangible and intangible fixed assets.

Net cash provided by financing activities decreased 146,666 million yen due to debt repayments and the redemption of bonds.

III. Qualitative Information on Consolidated Earnings Forecasts

The Company has not changed its earnings forecasts, as operating results during the first quarter have been in line with the forecasts previously announced (May 15, 2008).

IV. Other

- (1) Transfers of leading subsidiaries during the fiscal period (transfers of specified subsidiaries accompanied by changes in the scope of consolidation):

None

- (2) Application of simplified accounting procedures and specific accounting procedures in preparing quarterly consolidated financial statements

Future earnings forecasts used in the previous fiscal year are used to determine recoverability of deferred tax assets as there were no significant changes in the operating environment or temporary discrepancies since the end of the previous consolidated fiscal year.

- (3) Changes in accounting principles, procedures and methods of presentation relating to the preparation of quarterly consolidated financial statements

Changes in accounting principles

Effective from the fiscal period under review, the Company has adopted the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12) and the Guidance on Accounting Standards for Quarterly Financial Reporting (ASBJ Guidance No. 14). In addition, the quarterly consolidated financial report is prepared in accordance with the Regulation for Quarterly Consolidated Financial Statements.

V. Consolidated Financial Statements for the First Quarter of Fiscal 2008

1. Consolidated Balance Sheets for the First Quarter of Fiscal 2008

| | End of current quarter (As of June 30, 2008) | Condensed consolidated balance sheets for previous fiscal year (As of March 31, 2008) |
|---|---|---|
| (In millions of yen) | | |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 154,534 | 228,422 |
| Loans | 1,538,195 | 1,598,705 |
| Installment receivables | 164,156 | 148,490 |
| Operational investment securities | 1,124 | 1,174 |
| Customers' liabilities for acceptances and guarantees | 127,510 | 129,712 |
| Marketable securities | | 2,000 |
| Purchased claims | 12,055 | 12,847 |
| Other current assets | 80,119 | 105,232 |
| Allowance for bad debts | (272,460) | (297,383) |
| Total current assets | 1,805,237 | 1,929,201 |
| Fixed assets | | |
| Tangible fixed assets | 42,009 | 42,413 |
| Intangible fixed assets | 24,459 | 25,400 |
| Investment and other fixed assets | 46,146 | 43,718 |
| Total fixed assets | 112,616 | 111,532 |
| Deferred assets | 361 | 393 |
| Total assets | 1,918,215 | 2,041,128 |
| Liabilities | | |
| Current liabilities | | |
| Notes & accounts payable - trade | 26,581 | 24,892 |
| Acceptances and guarantees | 127,510 | 129,712 |
| Short-term debts | 77,560 | 158,930 |
| Commercial paper | 13,000 | 5,000 |
| Current portion of bonds | 60,000 | 55,000 |
| Current portion of long-term debts | 291,978 | 303,818 |
| Income taxes payable | 711 | 2,204 |
| Reserves | 1,943 | 3,851 |
| Other current liabilities | 68,592 | 48,420 |
| Total current liabilities | 667,878 | 731,830 |
| Long-term liabilities | | |
| Bonds | 349,100 | 369,100 |
| Bonds with warrants | 70,000 | 70,000 |
| Long term debts | 349,124 | 392,240 |
| Reserve for losses on interest repayments | 132,296 | 143,750 |
| Allowance for retirement benefits for directors | | 1,063 |
| Other long-term liabilities | 8,215 | 8,623 |
| Total long-term liabilities | 908,736 | 984,777 |
| Total liabilities | 1,576,614 | 1,716,607 |

(In millions of yen)

| | End of current quarter (As of June 30, 2008) | Condensed consolidated balance sheets for previous fiscal year (As of March 31, 2008) |
|---|---|---|
| Net Assets | | |
| Shareholders' equity | | |
| Common stock | 108,324 | 108,324 |
| Capital surplus | 129,133 | 129,133 |
| Retained earnings | 101,761 | 86,819 |
| Treasury stock | (3,110) | (3,110) |
| Total shareholders' equity | 336,109 | 321,167 |
| Evaluation and foreign currency translation adjustments | | |
| Differences in evaluation of other marketable securities | 3,101 | 2,080 |
| Gain (loss) on deferred hedge | (3,236) | (4,332) |
| Total evaluation and foreign currency translation adjustments | (135) | (2,251) |
| Minority interests | 5,626 | 5,604 |
| Total net assets | 341,600 | 324,520 |
| Total net assets and liabilities | 1,918,215 | 2,041,128 |

2. Consolidated Statements of Income for the First Quarter of Fiscal 2008

(In millions of yen)

| | Current quarter (Apr. 1 to June 30, 2008) |
|---|--|
| Operating revenue | |
| Interest on loans to customers | 72,552 |
| Credit card revenue | 3,843 |
| Per-item credit revenue | 1,212 |
| Credit guarantee revenue | 2,059 |
| Financial revenue - other | 193 |
| Operating revenue - other | 5,174 |
| Total operating revenue | 85,035 |
| Operating expenses | |
| Financial expenses | 7,248 |
| Cost of sales | 1,111 |
| Operating expenses - other | 63,353 |
| Total operating expenses | 71,712 |
| Operating income | 13,322 |
| Non-operating income | |
| Dividends received | 610 |
| Interest on refund of corporate taxes and other taxes | 328 |
| Non-operating income - other | 85 |
| Total non-operating income | 1,024 |
| Non-operating expenses | |
| Miscellaneous | 14 |
| Total non-operating expenses | 14 |
| Ordinary income | 14,333 |
| Extraordinary losses | |
| Non-recurrent losses | 202 |
| Other | 123 |
| Total extraordinary losses | 326 |
| Net income before taxes | 14,006 |
| Corporate tax, local and enterprise taxes | 155 |
| Refunds on corporate and other taxes | (4,847) |
| Adjustment on corporate tax, etc. | 393 |
| Total corporate and other taxes | (4,298) |
| Gain on minority interests | 22 |
| Net income | 18,282 |

3. Consolidated Statements of Cash Flows for the First Quarter of Fiscal 2008

(In millions of yen)

| | Current quarter (Apr. 1 to June 30, 2008) |
|--|--|
| Cash flow from operating activities | |
| Net income before taxes | 14,006 |
| Depreciation expenses | 2,389 |
| Goodwill write-offs | 213 |
| Increase (decrease) in allowance for bad debts | (24,975) |
| Increase (decrease) in reserve for losses on interest repayments | (11,454) |
| Interest on loans and cash dividends | (616) |
| Decrease (increase) in loans to customers | 60,510 |
| Decrease (increase) in installment receivables | (15,666) |
| Decrease (increase) in operational investment securities | 73 |
| Decrease (increase) in operating receivables | 519 |
| Decrease (increase) in claims in bankruptcy | (1,872) |
| Decrease (increase) in other current assets | 4,873 |
| Increase (decrease) in other current liabilities | 21,933 |
| Increase (decrease) due to other operating activities | (1,494) |
| Subtotal | <u>48,441</u> |
| Interest on loans and cash dividends | 616 |
| Payments for corporate and other taxes | (1,647) |
| Refunds on corporate and other taxes | 4,847 |
| Cash flow from operating activities | <u>52,257</u> |
| Cash flow from investing activities | |
| Funds used for purchase of tangible fixed assets | (402) |
| Funds used for purchase of intangible fixed assets | (960) |
| Funds used for purchase of investment securities | (274) |
| Funds provided by sales of investment securities | 78 |
| Funds used for long-term loan receivables | (205) |
| Increase (decrease) due to other investment activities | 280 |
| Cash flow from investing activities | <u>(1,483)</u> |
| Cash flow from financing activities | |
| Proceeds from short-term debts | 87,350 |
| Repayment of short-term debts | (168,720) |
| Increase (decrease) in commercial paper | 8,000 |
| Proceeds from long-term debts | 18,303 |
| Repayments of long-term debts | (73,259) |
| Redemption of bonds | (15,000) |
| Payment for acquisition of treasury stock | (0) |
| Cash dividends paid | (3,340) |
| Cash flow from financing activities | <u>(146,666)</u> |
| Effect of exchange rate changes on cash and cash equivalents | <u>27</u> |
| Increase (decrease) in cash and cash equivalents | <u>(95,865)</u> |
| Balance of cash and cash equivalents at the beginning of period | <u>257,310</u> |
| Balance of cash and cash equivalents at the end of period | <u>161,445</u> |

Effective from the fiscal period under review, the Company has adopted the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12) and the Guidance on Accounting Standards for Quarterly Financial Reporting (ASBJ Guidance No. 14). In addition, the quarterly consolidated financial report is prepared in accordance with the Regulation for Quarterly Consolidated Financial Statements.

4. Notes on premise of going concern

None

5. Segment Information

By type of business

Current quarter (Apr. 1 to June 30, 2008)

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

By region

Current quarter (Apr. 1 to June 30, 2008)

The Company did not report segment information by location, as the Company did not have any consolidated subsidiaries or important offices located in countries or regions outside of Japan during the fiscal period.

Foreign sales

Current quarter (Apr. 1 to June 30, 2008)

The Company did not have any foreign sales during the fiscal period.

6. Notes in event of significant changes in shareholders' equity

None

7. Results of Operations (Consolidated)

Operating Revenue

(In millions of yen, %)

| Item | Period | 1st quarter, FY2007 (Apr. 1 to June 30, 2007) | | Current quarter (Apr. 1 to June 30, 2008) | | Reference: FY2007 (Apr. 1, 2007 to Mar. 31, 2008) | |
|--|--------|--|--------------|--|--------------|---|--------------|
| | | Amount | % | Amount | % | Amount | % |
| Interest on loans to customers | | 97,508 | 88.7 | 72,552 | 85.3 | 356,435 | 87.9 |
| Unsecured loans | | 82,341 | 74.9 | 60,727 | 71.4 | 300,886 | 74.2 |
| Secured loans | | 8,884 | 8.1 | 6,733 | 7.9 | 31,958 | 7.9 |
| Small business loans | | 6,281 | 5.7 | 5,091 | 6.0 | 23,590 | 5.8 |
| Credit card revenue | | 3,540 | 3.2 | 3,843 | 4.5 | 14,948 | 3.7 |
| Per-item credit revenue | | 2,083 | 1.9 | 1,212 | 1.4 | 6,912 | 1.7 |
| Credit guarantee revenue | | 2,202 | 2.0 | 2,059 | 2.4 | 8,547 | 2.1 |
| Other financial revenue | | 72 | 0.1 | 193 | 0.3 | 561 | 0.1 |
| Other operating revenue | | 4,499 | 4.1 | 5,174 | 6.1 | 18,378 | 4.5 |
| Collection of purchased claims | | 1,139 | 1.0 | 1,464 | 1.7 | 6,633 | 1.6 |
| Revenue from operational investment securities | | 260 | 0.3 | 57 | 0.1 | 515 | 0.1 |
| Other | | 3,100 | 2.8 | 3,652 | 4.3 | 11,229 | 2.8 |
| Total | | 109,908 | 100.0 | 85,035 | 100.0 | 405,784 | 100.0 |

Note: "Other" included in other operating revenue includes bad debt write-off recovery and card membership fees.

Other Operating Indicators

| Item | Period | End of 1st quarter, FY2007 (As of June 30, 2007) | End of current quarter (As of June 30, 2008) | Reference: End of FY2007 (As of Mar. 31, 2008) |
|--|--------|--|---|--|
| | | Total amount of loans outstanding (millions of yen) | | 1,891,276 |
| Unsecured loans | | 1,464,097 | 1,226,299 | 1,278,001 |
| Secured loans | | 276,535 | 238,179 | 246,001 |
| Small business loans | | 150,642 | 134,694 | 141,161 |
| Number of customer accounts | | 3,412,359 | 2,951,701 | 3,067,440 |
| Unsecured loans | | 3,238,449 | 2,802,409 | 2,911,227 |
| Secured loans | | 83,421 | 69,483 | 73,039 |
| Small business loans | | 90,489 | 79,809 | 83,174 |
| Number of branches | | 1,265 | 1,165 | 1,205 |
| Staffed branches | | 249 | 224 | 223 |
| Unstaffed branches | | 1,016 | 941 | 982 |
| Number of automatic loan-contracting machines | | 1,104 | 1,055 | 1,096 |
| Number of loan application processing machines | | 41 | 37 | 38 |
| Number of ATMs | | 168,444 | 151,864 | 151,392 |
| Company-owned | | 1,256 | 1,132 | 1,174 |
| Partner-owned | | 167,188 | 150,732 | 150,218 |
| Number of employees | | 5,458 | 5,231 | 5,138 |

Notes: 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 from the securitization of receivables (92,985 million yen at the end of the first quarter of the previous fiscal year, 60,977 million yen at the end of the current quarter, and 66,976 million yen at the end of the previous fiscal year) have been included.

Reference Materials

Financial Statements for the First Quarter of the Previous Fiscal Year

1. Summary of Consolidated Statements of Income for the First Quarter of Fiscal 2007

(In millions of yen)

| Category | 1st quarter, FY2007 (Apr. 1 to June 30, 2007) |
|---|--|
| | Amount |
| I. Operating revenue | |
| Interest on loans to customers | 97,508 |
| Credit card revenue | 3,540 |
| Per-item credit revenue | 2,083 |
| Credit guarantee revenue | 2,202 |
| Other | 4,572 |
| Total operating revenue | 109,908 |
| II. Operating expenses | |
| Financial expenses | 8,573 |
| Cost of sales | 891 |
| Operating expenses - other | 88,695 |
| Total operating expenses | 98,161 |
| Operating income | 11,746 |
| III. Non-operating income | 249 |
| IV. Non-operating expenses | 22 |
| Ordinary income | 11,974 |
| V. Extraordinary income | 107 |
| VI. Extraordinary losses | |
| Other | 292 |
| Total extraordinary losses | 292 |
| Net income for the quarter before taxes | 11,789 |
| Tax expenses | 4,511 |
| Gain (loss) on minority interests | 34 |
| Net income for the quarter | 7,244 |

2. Summary of Consolidated Statements of Cash Flows for the First Quarter of Fiscal 2007

(In millions of yen)

| | 1st quarter, FY2007 (Apr. 1 to June 30, 2007) |
|--|--|
| Category | Amount |
| I. Cash flow from operating activities | |
| Net income for the quarter before taxes | 11,789 |
| Depreciation expenses | 2,761 |
| Increase (decrease) in allowance for bad debts | (18,685) |
| Increase (decrease) in reserve for losses on interest repayments | (12,372) |
| Decrease (increase) in loans to customers | 114,397 |
| Decrease (increase) in installment receivables | 6,480 |
| Other | (12,238) |
| Subtotal | 92,132 |
| Payments for corporate and other taxes | (11,351) |
| Other | 138 |
| Cash flow from operating activities | 80,920 |
| II. Cash flow from investing activities | |
| Decrease (increase) in short-term receivables | 29,992 |
| Other | (3,129) |
| Cash flow from investing activities | 26,863 |
| III. Cash flow from financing activities | |
| Proceeds from short-term debts | 114,560 |
| Repayment of short-term debts | (108,180) |
| Proceeds from long-term debts | 52,526 |
| Repayments of long-term debts | (130,838) |
| Redemption of bonds | (30,000) |
| Other | (4,390) |
| Cash flow from financing activities | (106,321) |
| IV. Effect of exchange rate changes on cash and cash equivalents | 33 |
| V. Increase (decrease) in cash and cash equivalents | 1,494 |
| VI. Balance of cash and cash equivalents at the beginning of period | 127,089 |
| VII. Balance of cash and cash equivalents at the end of period | 128,583 |

Reference

Non-Consolidated Financial Statements for the First Quarter of Fiscal 2008

1. Non-Consolidated Balance Sheets for the First Quarter of Fiscal 2008

(In millions of yen)

| | End of current quarter (As of June 30, 2008) | Condensed non-consolidated balance sheets for previous fiscal year (As of March 31, 2008) |
|---|---|--|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 103,240 | 171,563 |
| Loans | 1,012,173 | 1,058,879 |
| Customers' liabilities for acceptances and guarantees | 56,003 | 56,224 |
| Marketable securities | — | 2,000 |
| Other current assets | 39,036 | 65,331 |
| Allowance for bad debts | (180,905) | (201,897) |
| Total current assets | 1,029,549 | 1,152,101 |
| Fixed assets | | |
| Tangible fixed assets | 26,629 | 26,963 |
| Intangible fixed assets | 13,184 | 13,633 |
| Investment and other fixed assets | 340,376 | 342,864 |
| Total fixed assets | 380,191 | 383,462 |
| Deferred assets | 361 | 393 |
| Total assets | 1,410,101 | 1,535,957 |
| Liabilities | | |
| Current liabilities | | |
| Acceptances and guarantees | 56,003 | 56,224 |
| Short-term debts | 10,000 | 90,000 |
| Current portion of bonds | 50,000 | 45,000 |
| Current portion of long-term debts | 186,793 | 195,207 |
| Income taxes payable | 105 | 236 |
| Reserves | 1,109 | 2,069 |
| Other current liabilities | 9,679 | 9,999 |
| Total current liabilities | 313,690 | 398,736 |
| Long-term liabilities | | |
| Bonds | 349,100 | 369,100 |
| Bonds with warrants | 70,000 | 70,000 |
| Long term debts | 242,231 | 268,984 |
| Reserve for losses on interest repayments | 90,093 | 99,467 |
| Allowance for retirement benefits for directors | | 969 |
| Other long-term liabilities | 6,176 | 6,684 |
| Total long-term liabilities | 757,600 | 815,205 |
| Total liabilities | 1,071,290 | 1,213,942 |

| | (In millions of yen) | |
|---|---|--|
| | End of current quarter (As of June 30, 2008) | Condensed non-consolidated balance sheets for previous fiscal year (As of March 31, 2008) |
| Net Assets | | |
| Shareholders' equity | | |
| Common stock | 108,324 | 108,324 |
| Capital surplus | 115,232 | 115,232 |
| Retained earnings | 118,504 | 103,796 |
| Treasury stock | (3,110) | (3,110) |
| Total shareholders' equity | 338,950 | 324,243 |
| Evaluation and foreign currency translation adjustments | | |
| Differences in evaluation of other marketable securities | 3,097 | 2,104 |
| Gain (loss) on deferred hedge | (3,236) | (4,332) |
| Total evaluation and foreign currency translation adjustments | (139) | (2,227) |
| Total net assets | 338,811 | 322,015 |
| Total net assets and liabilities | 1,410,101 | 1,535,957 |

Note: These quarterly balance sheets were prepared in accordance with the Regulation for Quarterly Financial Statements but are not reviewed as part of legally mandated disclosure.

2. Non-Consolidated Statements of Income for the First Quarter of Fiscal 2008

(In millions of yen)

| | Current quarter (Apr. 1 to June 30, 2008) |
|--|--|
| Operating revenue | |
| Interest on loans to customers | 45,793 |
| Financial revenue - other | 163 |
| Operating revenue - other | 2,269 |
| Total operating revenue | 48,226 |
| Operating expenses | |
| Financial expenses | 5,303 |
| Operating expenses - other | 33,692 |
| Total operating expenses | 38,996 |
| Operating income | 9,230 |
| Non-operating income | |
| Interest on loans | 1,015 |
| Dividends received | 562 |
| Non-operating income - other | 486 |
| Total non-operating income | 2,064 |
| Non-operating expenses | |
| Miscellaneous | 10 |
| Total non-operating expenses | 10 |
| Ordinary income | 11,284 |
| Extraordinary income | |
| Allowance for bad debts from previous year | 2,200 |
| Total extraordinary income | 2,200 |
| Extraordinary losses | |
| Non-recurrent losses | 202 |
| Other | 52 |
| Total extraordinary losses | 255 |
| Net income before taxes | 13,228 |
| Corporate tax, local and enterprise taxes | 24 |
| Refunds on corporate and other taxes | (4,843) |
| Total corporate and other taxes | (4,818) |
| Net income | 18,047 |

Note: These quarterly statements of income were prepared in accordance with the Regulation for Quarterly Financial Statements but are not reviewed as part of legally mandated disclosure.