



(Translation for reference only)

November 14, 2016

## Consolidated Business Results (Under Japanese GAAP) For the Second Quarter of Fiscal year ending March 31, 2017

Company name: AIFUL Corporation  
 Stock Listing: Tokyo Stock Exchange  
 Stock Code: 8515  
 URL: <http://aiful.jp>  
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 Scheduled date of commencement of dividend payments : —  
 Scheduled date of submission of financial report: November 14, 2016  
 Supplementary materials for the Quarterly Financial results: Yes  
 Quarterly earnings release conference: Yes

### I. Consolidated Business Results for the Second Quarter of Fiscal Year 2016 (April 1, 2016 – September 30, 2016)

#### 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 Attributable to Owners of Parent	
2nd quarter of FY 2016	45,221	4.9%	2,711	(41.9)%	2,905	(39.4)%	2,900	(40.2)%
2nd quarter of FY 2015	43,093	0.5%	4,667	(22.1)%	4,795	(36.3)%	4,849	(37.8)%

Note: Comprehensive income: 2nd quarter of FY 2016: 2,589 million yen (43.4%)  
 2nd quarter of FY 2015: 4,571 million yen (41.6%)

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
2nd quarter of FY 2016	6.00	6.00
2nd quarter of FY 2015	10.05	10.03

#### 2. Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)
2nd quarter of FY 2016	600,863	106,940	17.7
FY2015	567,514	104,250	18.2

Reference: Shareholders' equity for: 2nd quarter of FY 2016: 106,081 million yen  
 End of FY 2015: 103,414 million yen

### II. Dividend Information

	Dividend per share (Yen)				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total
FY2015	—	0.00	—	0.00	0.00
FY2016	—	0.00	—	—	—
FY2016 (Forecast)	—	—	—	0.00	0.00

Note: Revisions to quarterly dividend forecasts: None

### III. Consolidated Forecast for the Fiscal Year 2016 (April 1, 2016 – March 31, 2017):

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

	Operating Revenue		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		Net Income per Share (Yen)
Full year	92,900	5.9%	7,000	4.9%	7,000	2.0%	6,800	(3.5)%	14.06

Note: Revisions to consolidated earnings forecasts: Yes

### IV. Other

- (1) Significant changes in scope of consolidation in the 6months ended September 30, 2016: None
- (2) Adoption of special accounting methods for quarterly consolidated financial statements: None
- (3) Changes in accounting policies, accounting estimates and restatements
  - (a) Changes in accounting policies due to revisions in accounting standards: None
  - (b) Changes in accounting policies other than those in (a): None
  - (c) Changes in accounting estimates: None
  - (d) Restatements: None

- (4) Number of shares issued (Common stock)

(a) Number of shares issued at the end of the period (including treasury stock)	FY2016 2Q	484,619,136 shares	FY2015	483,794,536 shares
(b) Number of treasury stock at the end of the period	FY2016 2Q	916,890 shares	FY2015	916,890 shares
(c) Average number of shares during the period	FY2016 2Q	483,298,597 shares	FY2015 2Q	482,663,612 shares

\* (Note: Indication regarding the implementation status of quarterly review procedures)

While this Summary of Second Quarter Business Results is not subject to quarterly review procedures under the Financial Instruments and Exchange Act, quarterly review procedures of quarterly consolidated financial statements had in fact been completed in accordance with the Financial Instruments and Exchange Act as of the date this Reports release.

\* (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.

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## 1. Quarterly Qualitative Information on Business Results

### (1) Qualitative Information on Business Results

In the current second quarter on a consolidated basis, Japanese economy experienced a gradual recovery as a result of positive economic policies adopted by the government. However, the outlook for the economy remain uncertain, due to the slowdown of the economy of China and other emerging nation in Asia and the UK's decision to leave the EU.

In the consumer finance industry, the number of new contracts remained solid, mainly because of aggressive advertising by major players, and the operating loan balance recovered steadily.

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

In this environment, while dealing with principal management issue interest repayment claims, the AIFUL Group is making Group-wide efforts to increase the number of new contracts and the operating loan balance to strengthen its revenue base.

Going forward, while dealing with interest repayment claims, the AIFUL Group will continue working to further increase the number of new contracts concluded and the operating loan balance. It will also strive to improve the quality of its loan portfolio, thereby bolstering the top line and streamlining business efficiency across the Group.

### (Overview of the Results)

The AIFUL Group's consolidated operating revenue for the second quarter of fiscal year 2016 rose 4.9% compared with the corresponding period of the previous fiscal year, to 45,221 million yen. The principal components were 23,327 million yen in interest on loans (up 7.3% year on year), 7,511 million yen in revenue from the credit card business (up 6.6% year on year) and 6,236 million yen in revenue from the credit guarantee business (down 1.0% year on year). Also, the collection of purchased receivables were 1,386 million yen (up 40.3% year on year) and the recovery of loans previously charged off were 2,907 million yen (down 7.0% year on year).

Operating expenses increased 10.6% compared with the corresponding period of the previous fiscal year, to 42,509 million yen, chiefly due to increase in provision for doubtful accounts, which increased to 10,642 million yen (up 34.0% year on year).

As a result, for the second quarter of fiscal year 2016 the AIFUL Group posted operating income of 2,711 million yen (down 41.9% year on year), ordinary income of 2,905 million yen (down 39.4% year on year) and net income attributable to owners of parent of 2,900 million yen (down 40.2% year on year).

## (2) Qualitative Information on Financial Position

### (Analysis of the Status of Assets, Liabilities, Net Assets and Cash Flows)

Total assets on a consolidated basis increased 33,349 million yen, or 5.9%, compared with the previous fiscal year-end, to 600,863 million yen. This increase was primarily due to 18,432 million yen growth in operating loans resulting from rising unsecured loans outstanding.

Total liabilities increased 30,659 million yen, or 6.6%, compared with the previous fiscal year-end, to 493,923 million yen. The principal factors contributing to this increase was 36,775 million yen rise in the borrowings (loans payable) which is offsetting the 15,124 million yen decline in allowance for losses on interest repayments.

Net assets increased 2,689 million yen, or 2.6%, compared with the previous fiscal year-end, to 106,940 million yen. This was largely attributable to the posting a net income attributable to owners of parent.

### (Cash Flows)

Cash and cash equivalents (“funds”) for the second quarter of the current fiscal year, increased by 10,430 million yen, or 26.1%, compared with the previous fiscal year-end to 50,366 million yen.

### (Cash flows from operating activities)

Net cash used for operating activities stood at 21,720 million yen, compared with net cash used of 910 million yen in the corresponding period of the previous fiscal year. This was mainly attributable to the decline in funds due to the increase in operating loans and the decline in funds due to the drop in the allowance for losses on interest repayment.

### (Cash flows from investing activities)

Net cash used for investing activities stood at 4,546 million yen, increased 137.1% compared with the corresponding period of the previous fiscal year. This was mainly attributable to the purchase of tangible fixed assets, intangible fixed assets and investment securities.

### (Cash flow from financing activities)

Net cash provided by financing activities amounted to 36,759 million yen, compared with net cash used of 16,578 million yen in the corresponding period of the previous fiscal year. This was mainly attributable to increase in loans payable.

## (3) Qualitative Information on the Forecasts for the Consolidated Business Results

In the industry to which the AIFUL Group belongs, the number of new contracts remains solid, mainly attributable to aggressive advertising by major players, and the operating loan balance is recovering steadily.

Although the industry’s biggest risk, interest repayment claims, is steadily trending downwards after hitting a peak, leaving the future outlook still unpredictable.

In this environment, while dealing with interest repayment claims, the AIFUL Group will continue working to further increase the number of new contracts concluded and the operating loan balance. It will also strive to improve the quality of its loan portfolio, thereby bolstering the top line and streamlining business efficiency across the Group.

In the fiscal year ending March 31, 2017, the AIFUL Group expects operating revenue to be 92,900 million yen (up 5.9% year on year), operating income to be 7,000 million yen (up 4.9% year on year), ordinary income to be 7,000 million yen (up 2.0%

year on year), and net income attributable to owners of parent to be 6,800 million yen (down 3.5% year on year), in light of the business results in the current second quarter, on a consolidated basis.

However, in the business environment that surrounds the Company, there are various risks and, in particular, the trends of claims for interest repayments remain uncertain. As a result, the final results may differ from the forecasts.

## **2. Summary Information**

(1) Changes in leading subsidiaries during the fiscal period

Not applicable

(2) Additional Information

Effective from the First quarter of the current fiscal year, the Company has adopted the “Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016).

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets for the Second Quarter of Fiscal 2016

(In millions of yen)

	Prior fiscal year (condensed) (As of March 31, 2016)	Current Second Quarter (As of September 30, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	39,910	50,420
Operating Loans	315,546	333,979
Installment receivables	89,202	87,159
Operational investment securities	546	515
Customers' liabilities for acceptances and guarantees	111,634	112,149
Other operating receivables	5,767	5,856
Purchased receivables	2,854	2,602
Other	13,752	16,216
Allowance for investment loss	(5)	(5)
Allowance for doubtful accounts	(43,188)	(42,360)
Total current assets	536,021	566,534
Fixed assets		
Tangible fixed assets	17,690	17,747
Intangible fixed assets	3,161	3,180
Investments and other fixed assets	10,641	13,400
Total fixed assets	31,493	34,328
Total assets	567,514	600,863
<b>Liabilities</b>		
Current liabilities		
Notes & accounts payable trade	12,209	12,412
Acceptances and guarantees	111,634	112,149
Short-term borrowings	67,990	68,720
Current portion of bonds	—	2,600
Current portion of long-term debt	22,318	29,645
Income taxes payable	119	377
Reserves	4,294	4,392
Other	18,585	26,638
Total current liabilities	237,151	256,935
Long-term liabilities		
Bonds	31,400	28,800
Long-term debt	127,351	156,069
Allowance for losses on interest repayment	63,438	48,314
Other	3,921	3,803
Total long-term liabilities	226,112	236,987
Total liabilities	463,263	493,923

(In millions of yen)

	Prior fiscal year (condensed) (As of March 31, 2016)	Current Second Quarter (As of September 30, 2016)
Net Assets		
Shareholders' equity		
Common stock	143,415	143,454
Capital surplus	13,914	13,953
Retained earnings	(50,609)	(47,708)
Treasury stock	(3,110)	(3,110)
Total shareholders' equity	103,609	106,588
Accumulated other comprehensive income		
Unrealized gain (loss) on available for sale securities	(195)	(507)
Total accumulated other comprehensive income	(195)	(507)
Subscription rights to shares	836	858
Total net assets	104,250	106,940
Total liabilities and net assets	567,514	600,863



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

## i. Quarterly Consolidated Statements of Income for the Second Quarter of Fiscal 2016

	(In millions of yen)	
	Prior Second Quarter (Apr. 1 to Sep. 30, 2015)	Current Second Quarter (Apr. 1 to Sep. 30, 2016)
Operating revenue		
Interest on loans to customers	21,745	23,327
Revenue from Credit card business	7,044	7,511
Revenue from Installment sales finance business	59	53
Revenue from Credit guarantee	6,301	6,236
Other financial revenue	4	1
Other operating revenue	7,937	8,091
Total operating revenue	43,093	45,221
Operating expenses		
Financial expenses	3,686	3,959
Cost of sales	658	1,092
Other operating expenses	34,081	37,457
Total operating expenses	38,426	42,509
Operating income	4,667	2,711
Non-operating income		
Gains on reversal of guarantee deposits received	—	247
Other	143	108
Total non-operating income	143	356
Non-operating expenses		
Foreign exchange losses	—	149
Other	15	13
Total non-operating expenses	15	162
Ordinary income	4,795	2,905
Income before taxes	4,795	2,905
Income taxes-current	27	150
Income taxes-deferred	(82)	(145)
Total income taxes	(54)	4
Net income	4,849	2,900
Net income attributable to owners of parent	4,849	2,900

ii. Quarterly Consolidated Statements of Comprehensive Income for the Second Quarter of Fiscal 2016

(In millions of yen)

	Prior Second Quarter (Apr. 1 to Sep. 30, 2015)	Current Second Quarter (Apr. 1 to Sep. 30, 2016)
Net income	4,849	2,900
Other Comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(277)	(311)
Total other comprehensive income	(277)	(311)
Comprehensive income	4,571	2,589
Comprehensive income attributable to		
Owners of the parent	4,571	2,589
Non-controlling interests	—	—

## (3) Quarterly Consolidated Statements of Cash Flows for the Second Quarter of Fiscal 2016

(In millions of yen)

	Prior Second Quarter (Apr. 1 to Sep. 30, 2015)	Current Second Quarter (Apr. 1 to Sep. 30, 2016)
Cash flow from operating activities		
Net income before taxes	4,795	2,905
Depreciation and amortization	1,121	1,108
Increase (decrease) in allowance for investment loss	(9)	—
Increase (decrease) in allowance for doubtful accounts	(4,458)	(1,976)
Increase (decrease) in allowance for bonus	(8)	17
Increase (decrease) in allowance for credit card point redemption	70	80
Increase (decrease) in allowance for losses on interest repayment	(16,552)	(15,124)
Interest and dividends income	(31)	(22)
Decrease (increase) in loans to customers	(11,776)	(18,432)
Decrease (increase) in installment receivables	1,239	2,042
Decrease (increase) in other operating receivables	178	(89)
Decrease (increase) in purchased receivables	(630)	251
Decrease (increase) in claims in bankruptcy	1,011	1,405
Decrease (increase) in business security deposits	17,944	21
Decrease (increase) in other current assets	1,571	(2,430)
Increase (decrease) in other current liabilities	4,759	8,527
Other	63	(81)
Subtotal	(713)	(21,798)
Interest and dividends income	31	22
Income taxes refund	127	118
Income taxes paid	(356)	(63)
Cash flow from operating activities	(910)	(21,720)
Cash flow from investing activities		
Purchase of tangible fixed assets	(470)	(605)
Purchase of intangible fixed assets	(1,013)	(562)
Purchase of investment securities	(320)	(2,175)
Other	(113)	(1,204)
Cash flow from investing activities	(1,917)	(4,546)
Cash flow from financing activities		
Proceeds from short-term borrowings	415,920	500,940
Repayments of short-term borrowings	(396,210)	(500,210)
Proceeds from long-term debts	49,400	46,650
Repayments of long-term debt	(73,239)	(10,604)
Proceeds from issue of bonds	2,600	—
Redemption of bonds	(15,000)	—
Proceeds from issuance of common stock	11	52
Purchase of treasury stock	(0)	—
Repayments of finance lease obligation	(60)	(68)
Cash flow from financing activities	(16,578)	36,759

(In millions of yen)

	Prior Second Quarter (Apr. 1 to Sep. 30, 2015)	Current Second Quarter (Apr. 1 to Sep. 30, 2016)
Effect of exchange rate changes on cash and cash equivalents	16	(61)
Increase (decrease) in cash and cash equivalents	(19,389)	10,430
Balance of cash and cash equivalents at the beginning of the year	52,586	39,906
Balance of cash and cash equivalents at the end of the period	33,196	50,336

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on premise of going concern)

Not applicable

(Important Subsequent Events)

Not applicable