



(Translation for reference only)

November 11, 2010

First Half Consolidated Business Results (Under Japanese GAAP) For the fiscal year ending March 2011

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 Stock Listing: Tokyo Stock Exchange
 Stock Code: 8515
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 Scheduled date of submission of quarterly financial report: November 15, 2010
 Scheduled date of commencement of dividend payments : —
 Supplementary materials for the Quarterly Financial results: Yes
 Quarterly Earnings release conference: Yes (For financial analysts and institutional investors)

I. Consolidated Business Results for the Second Quarter of Fiscal 2010 (April 1, 2010 – September 30, 2010)

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 half, FY2010	81,043	(33.5)%	5,203	—%	4,131	—%	3,400	—%
1st half, FY2009	121,813	(26.5)%	(259,110)	—	(258,858)	—	(282,318)	—

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
1st half, FY2010	14.28	—
1st half, FY2009	(1,185.07)	—

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 half, FY2010	949,899	99,492	10.1	401.89
End of FY2009	1,152,945	97,305	8.1	392.30

Reference: Shareholders' equity for: End of 1st half, FY2010: 95,741 million yen
 End of FY2009: 93,456 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
FY2009	—	0.00	—	0.00	0.00
FY2010	—	0.00	—	—	—
FY2010 (Forecast)	—	—	—	0.00	0.00

Note: Revisions to quarterly dividend forecasts: None

III. Consolidated Results Forecasts for Fiscal 2010 (April 1, 2010 – March 31, 2011):

Note: Revisions to quarterly consolidated earnings forecasts: None

Recently, the operating environment of the Japanese consumer finance industry has been increasingly shrouded in a cloud of uncertainty due to such factors as the enforcement of the Money lending business act and anxiety concerning of substantial increase in demand for interest repayment.

AIFUL has decided to withdraw our earnings forecast as announced in our press release dated November 8, 2010, due largely to difficulties in estimating reasonable earnings projections. In the event, during the period under review, that AIFUL is in position to disclose earnings forecast, it undertakes to do so in a timely matter.

IV. Other

(1) Significant changes in scope of consolidation: None

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

(2) Adoption of simplified accounting procedures and specific accounting polices: None

Note: Adoption of simplified accounting procedures and specific accounting polices for the first half.

(3) 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

Note: 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”

(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 first half, 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 first half, FY2010: 457,133 shares

End of FY2009: 457,058 shares

(c) Average number of shares during fiscal period: (year-to-date quarters)

First Half, FY2010: 238,228,489 shares

First Half, FY2009: 238,228,823 shares

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

While this Summary of First Half 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 Regarding Consolidated Business and Other Results

(1) Qualitative Information Regarding Consolidated Operating Results

Despite initial signs of a modest recovery in the domestic economy, underpinned by an upswing in external demand on the back of economic pump-priming measures implemented by the government, there were little or no signs of respite from persistent deflationary conditions or rapid and dramatic appreciation in the value of the yen. As a result, domestic demand was weak, particularly in the areas of capital investment and personal consumption during the first half, the six-month period from April 1, 2010 to September 30, 2010, of fiscal 2010, the fiscal year ending March 31, 2011. Taking the aforementioned into consideration, the future of Japan's economy remained shrouded in a cloud of uncertainty.

In the Japanese consumer finance industry, demand for interest repayment continues to hover at a high level. As a result, one major consumer finance company commenced steps to petition for protection under the Corporate Reorganization Act. Coupled with the introduction of controls on total lending limits and reductions in maximum interest rates under the Capital Subscription Law, small and medium finance companies are withdrawing from the industry at an accelerated pace. For the remaining industry players, recent trends reflect more stringent credit screening processes and financing demand in the context of a contracting market. Against this backdrop, the overall operating environment is characterized by its ongoing and increasingly harsh conditions.

Under these circumstances, and following approval of its Business Revitalization Plan on December 24, 2009, the AIFUL Group has taken positive steps toward revitalizing its businesses utilizing consensual business revitalization alternative dispute resolution procedures ("the ADR process"). Accordingly, the Group is adopting increasingly prudent credit screening measures to enhance the quality of its loan portfolio, and is building a cost structure commensurate with the consolidation of business segments and reduction of operating assets and business scale. Every effort is being made to curtail operating overheads and to improve the Group's financial standing and profitability. As a part of these endeavors, AIFUL's Tokyo branch and the head offices of several Group companies were consolidated and relocated to more appropriately priced premises, and both of the remaining two Life Card branches were closed in August 2010. In the following month, the Life West Japan Call Center (Osaka City, Osaka Prefecture) was relocated to and consolidated with AIFUL's West Japan Contact Center (Kusatsu City, Shiga Prefecture).

Moreover, AIFUL actively marketed low interest rate products to its trusted customers, systematically tightened up its credit screening procedures and put together an effective internal framework that encompassed an extensive review of its in-house rules, regulations and systems in preparation for full enforcement of the money lending business law. At the same time, AIFUL took steps to develop new products as part of efforts to respond to customers' financing needs in a timely manner. In this context, AIFUL launched sales of a new product, the Business Support Plan, to owner proprietors and companies from September 1, 2010.

From a management perspective, the most pressing concerns in the consumer finance industry today are the increased expense burden attributable to persistent demand for interest repayment and the drop in profit reflecting the decline in the balance of loans outstanding due largely to structure credit screening processes. As a result, the consumer finance industry is projected to confront ongoing difficult operating conditions. Against this backdrop, the AIFUL Group will pay careful attention to future interest repayment demand and consumer finance market trends and work diligently to improve the quality of its loan portfolio and undertake steady repayments in line with its Business Revitalization Plan. Adopting a selective and focused approach, the Group will place every emphasis on rebuilding its business by completely restructuring its operations. Through these means, AIFUL is committed to realizing its Business Revitalization Plan.

(Overview of the Results)

The AIFUL Group's consolidated operating revenue for the first half of fiscal year 2010 fell 33.5% compared with the corresponding period of the previous fiscal year to 81,043 million yen. The principal components and their movements were interest on loans, which contracted 38.8% year on year to 59,338 million yen, revenue from the credit card business, which declined 26.0% to 6,666 million yen and revenue in the credit guarantee business, which decreased 16.9% to 3,045 million yen. In contrast, the collection of purchased claims climbed 9.2% to 1,866 million yen while the bad debt write-off recovery edged up 11.7% to 6,722 million yen.

Operating expenses fell 80.1% compared with the corresponding period of the previous fiscal year to 75,839 million yen. After accounting for a provision to the loss on interest repayment of 8,999 million yen, down 95.3% and allowance for doubtful accounts of 26,313 million yen, down 79.5% year on year, this was primarily attributable to successful efforts to reform the Group's cost structure as a part of the Group's management rationalization strategy which contributed to a 31.8% fall year on year in general administrative expenses including personnel expenses.

As a result, the AIFUL Group's consolidated operating income for the first half of fiscal year 2010 was 5,203 million yen, and

ordinary income amounted to 4,131 million yen, while net income totaled 3,400 million yen.

Results by business segment are presented as follows.

(AIFUL Corporation)

Loan business

In its unsecured loan business, AIFUL has actively marketed low interest rate products to its trusted customers and systematically tightened up its credit screening procedures in preparation for full enforcement of the money lending business act.

In the first half of fiscal 2010, the number of new contracts signed in the unsecured loan category surged 27.7% compared with the corresponding period of the previous fiscal year to 31,000. This represented a contract rate of 29.2%, up 10.4 percentage points year on year.

As a result, the balance of unsecured loans outstanding as of September 30, 2010 stood at 347,236 million yen, down 18.1% compared with the end of the previous fiscal year.

In its secured and business loan activities, AIFUL revamped and recommenced marketing of its personal home equity loans, which it had temporarily suspended, from September 2010. AIFUL has also introduced new loans for its customers including owner proprietors and companies.

As a result, the balance of secured loans fell 14.2% to 103,713 million yen compared to March 31, 2010 and balance of business loans fell 13.1% to 7,754 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 September 30, 2010 stood at 458,704 million yen, down 17.1% 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 47 unsecured personal loan companies, and held guarantees for outstanding loans amounting to 24,647 million yen, down 9.2% over the end of fiscal year 2009. The Group commenced affiliations with 88 unsecured business loan companies, and held guarantees for outstanding loans totaling 16,028 million yen, down 11.4% over the end of fiscal year 2009.

As a result, AIFUL Corporation posted operating revenue of 46,936 million yen, an operating income of 8,027 million yen, an ordinary income of 9,431 million yen, and a net income amounting to 7,929million yen.

(LIFE Co., Ltd)

Credit card business

In the credit card business, the Group bolstered efforts to acquire new customers focusing largely on the promotion of proper and Aoyama cards. While the Group worked diligently to expand the number of proper card business partners and to promote increased use by upgrading and improving their Website, results were negatively impacted by the review of certain partner contracts, a slump in consumption and other factors. As a result, the number of cardholder members decreased by 3,200,000 compared with March 31, 2010 to 9,510,000. The volume of credit card transactions accordingly contracted 38.0% compared with the corresponding period of the previous fiscal year to 258,155 million yen,

Accounting for the aforementioned factors, the balance of installment receivables stood at 89,274 million yen, down 26.8% compared with the previous fiscal year-end (this included 7,286 million yen of off-balance sheet installment receivables that were securitized).

Credit guarantee business

LIFE Co., Ltd secured affiliations with 132 unsecured personal loan companies, and held guarantees for outstanding loans amounting to 49,373 million yen, down 9.0% over the end of fiscal year 2009. Also commenced affiliations with 15 unsecured

business loan companies, and held guarantees for outstanding loans totaling 499 million yen, down 23.7% over the end of fiscal year 2009.

As a result, operating revenue at the end first half amounted to 26,474 million yen, an operating loss was 4,211 million yen and, ordinary loss and net loss were 5,529 million yen and 5,095 million yen.

(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 September 30, 2010 stood at 61,805 million yen, down 4.3% 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 purchase claims at the end of the first half of fiscal 2010 came to 4,943 million yen, a decline of 11.4% compared with the previous fiscal year-end.

Turning to the aggregate of business activities undertaken by six consolidated subsidiaries (BUSINEXT Corporation, AsTry Loan Services Corporation, Marutoh KK, City's Corporation, City Green Corporation and New Frontier Partners Co., Ltd.) not included in reported reporting segments, operating revenue amounted to 7,759 million yen. From a profit perspective, operating income was 230 million yen, while ordinary income and net income were 123 million yen and 46 million yen, respectively.

(2) Qualitative Information Regarding Consolidated Financial Position

Total assets on a consolidated basis declined 203,045 million yen, or 17.6%, compared to the end of the previous fiscal year to 949,899 million yen at the end of the first half. This was primarily due to a 131,006 million yen decline in loans outstanding due to stricter lending criteria.

Total liabilities as of September 30, 2010 stood at 850,406 million yen, a decrease of 205,233 million yen, or 19.4%, 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 137,596 million yen and the application of allowance for losses on interest repayments for a decrease of 39,731 million yen.

Net assets edged up 2,187 million yen, or 2.2%, compared with the end of the previous fiscal year to 99,492 million yen. This was largely attributable to the posting of quarterly net income.

(Cash Flows)

Cash and cash equivalents ("funds") fell 35,592 million yen, or 27.6%, compared to the end of the previous fiscal year to 93,155 million yen.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 99,524 million yen, a decrease of 27.1% 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 2,461 million yen, up 4.0% year on 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 137,553 million yen, up 1.4% year-on-year, due to the repayment of borrowings and the redemption of bonds.

(3) Qualitative Information on Consolidated Earnings Forecasts

The AIFUL Group continues diligently to engage in activities aimed at rebuilding its business including thoroughgoing efforts to reform the Group's cost structure. Based on its Business Revitalization Plan, the Group is working to bolster its business base. Recently, however, the operating environment of the Japanese consumer finance industry has been increasingly shrouded in a cloud of uncertainty due to such factors as the enforcement of the money lending business act. At the same time, the impact of a major consumer finance company to petition for protection under the Corporate Reorganization Act has exacerbated conditions. This has led to anxiety concerning a substantial increase the demand for interest repayment.

Under this backdrop of an operating environment characterized by significant uncertainty, AIFUL has decided to withdraw its consolidated and non-consolidated earnings forecasts for the full fiscal year ending March 2011 (April 1, 2010 – March 30, 2011) as we made a press release on November 8, 2010, due largely to difficulties in estimating reasonable earnings projections. In the event, during the period under review, that AIFUL is in a position to disclose earnings forecasts, it undertakes to do so in a timely manner.

2. Other Information

(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 policies in preparing quarterly consolidated financial statements: None

(3) Changes in accounting principles, procedures and presentation methods:

(Asset retirement obligations)

Effective from the first quarter of fiscal year 2010, the fiscal year ending March 31, 2011, AIFUL has applied the Accounting Standard for Asset Retirement Obligations (Accounting Standards Board of Japan (ASBJ) Statement No. 18 released on March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21 released on March 31, 2008).

As a result, operating income and ordinary income decreased by 28 million yen, respectively, and net income before taxes declined by 1,306 million yen in first half.

In addition, the amount of asset retirement obligation change totaled 1,628 million yen following the application of the aforementioned accounting standard and guidance.

(4) Overview of 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 environment has become difficult due to a variety of factors including increased expenses as the result of demands for excess interest repayments and the recent dramatic deterioration in fund-raising markets.

Taking into consideration the aforementioned circumstances, there are concerns that the AIFUL Group will encounter difficulties in producing sufficient funds to sustain its business requirements. On this basis, conditions arose during the fiscal year ended March 31, 2010 that cast significant doubt on the premises that underpin 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 an 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 an ADR process were adopted.

For the second quarter cumulative of the fiscal year under review, AIFUL completed its first scheduled reimbursement on September 30, 2010 to customers totaling 10,000 million yen in accordance with its Business Revitalization Plan.

As a result of the implementation of specific strategies compiled in the Business Revitalization Plan, the AIFUL Group has determined that material uncertainty surrounding the premises that underpin the Group as a going concern is not justified.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

	(In millions of yen)	
	Second Quarter of the current FY (As of September 30, 2010)	Prior fiscal year (condensed) (As of March 31, 2010)
Assets		
Current assets		
Cash and deposits	93,160	128,755
Operating Loans	704,922	835,928
Installment receivables	90,358	125,990
Operational investment securities	761	787
Customers' liabilities for acceptances and guarantees	90,549	100,152
Other operating receivables	11,876	12,288
Purchased receivable	4,943	5,579
Other	42,392	51,715
Allowance for investment loss	(128)	(74)
Allowance for doubtful accounts	(175,096)	(203,478)
Total current assets	863,739	1,057,644
Fixed assets		
Tangible fixed assets	29,555	30,107
Intangible fixed assets	14,147	16,304
Investments and other fixed assets	42,359	48,750
Total fixed assets	86,062	95,161
Deferred assets	97	138
Total assets	949,899	1,152,945
Liabilities		
Current liabilities		
Notes & accounts payable trade	11,252	20,273
Acceptances and guarantees	90,549	100,152
Short-term borrowings	41,490	61,205
Current portion of bonds	18,700	105,610
Current portion of long-term debt	40,477	45,231
Income taxes payable	376	644
Reserves	3,328	4,039
Other	30,657	40,028
Total current liabilities	236,831	377,185
Long-term liabilities		
Bonds	142,600	152,600
Long-term debt	267,704	283,922
Allowance for losses on interest repayments	198,177	237,909
Negative goodwill	761	870
Other	4,330	3,152
Total long-term liabilities	613,574	678,454
Total liabilities	850,406	1,055,639
Net Assets		
Shareholders' equity		
Common stock	143,324	143,324
Capital surplus	164,133	164,133
Retained earnings	(206,875)	(210,275)
Treasury stock	(3110)	(3,110)
Total shareholders' equity	97,472	94,071
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(1,731)	(615)
Total valuation and translation adjustments	(1,731)	(615)
Subscription rights to shares	8	—
Minority interests	3,743	3,849
Total net assets	99,492	97,305
Total net assets and liabilities	949,899	1,152,945

(2) Quarterly Consolidated Statements of Income
[First Half of Fiscal year 2010]

	(In millions of yen)	
	First half of the prior FY (Apr. 1 to Sep. 30, 2009)	First half of the current FY (Apr. 1 to Sep. 30, 2010)
Operating revenue		
Interest on loans to customers	96,947	59,338
Revenue from Credit card business	9,012	6,666
Revenue from Installment sales finance business	1,116	462
Revenue from Credit guarantee	3,664	3,045
Other financial revenue	83	47
Other operating revenue	10,989	11,483
Total operating revenue	121,813	81,043
Operating expenses		
Financial expenses	10,707	6,325
Cost of sales	1,455	1,337
Other operating expenses	368,761	68,176
Total operating expenses	380,924	75,839
Operating income (loss)	(259,110)	5,203
Non-operating income		
Dividends income	113	94
Amortization of negative goodwill	108	108
Other	233	202
Total non-operating income	455	405
Non-operating expenses		
Foreign exchange losses	—	1,424
Provision for investment loss	115	—
Other	86	53
Total non-operating expenses	202	1,477
Ordinary income (loss)	(258,858)	4,131
Extraordinary income		
Gain on sales of investment securities	1,114	538
Reversal of provision for bonuses	579	—
Other	162	388
Total extraordinary income	1,856	926
Extraordinary losses		
Impairment loss	4,662	—
Provision for business structure improvement	7,878	—
Loss on transfer of business	6,141	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	1,277
Other	1,787	473
Total extraordinary losses	20,470	1,750
Income (loss) before taxes	(277,471)	3,307
Income taxes-current	366	76
Income taxes-deferred	5,099	(67)
Total taxes	5,465	8
Income before minority interests	—	3,298
Minority interests in income (loss)	(618)	(101)
Net income (loss)	(282,318)	3,400

[Second Quarter of Fiscal year 2010]

(In millions of yen)

	Second quarter of the prior FY (Jul. 1 to Sep. 30, 2009)	Second quarter of the current FY (Jul. 1 to Sep. 30, 2010)
Operating revenue		
Interest on loans to customers	45,202	28,049
Revenue from Credit card business	4,592	3,146
Revenue from Installment sales finance business	485	203
Revenue from Credit guarantee	1,798	1,476
Other financial revenue	47	34
Other operating revenue	5,220	5,287
Total operating revenue	57,347	38,196
Operating expenses		
Financial expenses	5,099	2,999
Cost of sales	834	439
Other operating expenses	314,205	32,969
Total operating expenses	320,139	36,408
Operating income (loss)	(262,791)	1,788
Non-operating income		
Amortization of negative goodwill	54	54
Others	127	91
Total non-operating income	182	145
Non-operating expenses		
Foreign exchange losses	—	717
Provision for investment loss	115	—
Others	83	32
Total non-operating expenses	198	750
Ordinary income (loss)	(262,808)	1,184
Extraordinary income		
Gain on sales of investment securities	—	74
Loss on sales of golf club memberships	—	49
Others	54	25
Total extraordinary income	54	148
Extraordinary losses		
Impairment loss	4,662	—
Business structure improvement expenses	—	105
Provision for business structure improvement	7,878	—
Loss on transfer of business	6,141	—
Others	1,390	57
Total extraordinary losses	20,073	163
Income (loss) before taxes	(282,826)	1,170
Income taxes-current	205	36
Income taxes-deferred	4,837	(5)
Total taxes	5,043	30
Income before minority interest	—	1,139
Minority interests in income (loss)	(611)	(134)
Net income (loss)	(287,259)	1,273

(3) Quarterly Consolidated Statements of Cash Flows

(In millions of yen)

	First half of the prior FY (Apr. 1 to Sep. 30, 2009)	First half of the current FY (Apr. 1 to Sep. 30, 2010)
Cash flow from operating activities		
Income (loss) before taxes	(277,471)	3,307
Depreciation and amortization	4,635	4,015
Impairment loss	4,662	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	1,277
Amortization of goodwill	(108)	(108)
Increase (decrease) in allowance for doubtful accounts	55,200	(30,768)
Increase (decrease) in allowance for losses on interest repayments	149,202	(39,731)
Increase (decrease) in allowance for investment loss	1,534	227
Increase (decrease) in allowance for credit card point redemption	—	406
Increase (decrease) in allowance for business structure improvement	7,565	(1,126)
Loss on disposal of fixed assets	484	—
Interest and dividends income	(192)	(99)
Loss (gain) on sales of investment securities	(1,114)	(538)
Loss (gain) on transfer of business	6,141	—
Decrease (increase) in loans to customers	217,267	131,006
Decrease (increase) in installment receivables	(231)	35,632
Decrease (increase) in other operating receivables	1,379	1,048
Decrease (increase) in claims in bankruptcy	964	4,373
Decrease (increase) in business security deposits	—	898
Decrease (increase) in other current assets	(21,504)	9,145
Increase (decrease) in other current liabilities	(11,139)	(19,506)
Increase (decrease) in other operating activities	(928)	144
Subtotal	136,347	99,603
Interest and dividends income	192	99
Income taxes refund	568	154
Income taxes paid	(503)	(333)
Cash flow from operating activities	136,605	99,524
Cash flow from investing activities		
Proceeds from withdrawal of time deposits	514	—
Purchase of tangible fixed assets	(451)	(195)
Proceeds from sales of tangible fixed assets	—	1,130
Purchase of intangible fixed assets	(1,585)	(793)
Proceeds from sales of investment securities	1,221	1,174
Payment for sales of investments in subsidiaries resulting in change in scope of consolidation	(432)	—
Proceeds from transfer of loan to affiliated companies	2,000	—
Other	1,101	1,146
Cash flow from investing activities	2,367	2,461

	(In millions of yen)	
	First half of the prior FY (Apr. 1 to Sep. 30, 2009)	First half of the current FY (Apr. 1 to Sep. 30, 2010)
Cash flow from financing activities		
Proceeds from short-term borrowings	181,620	82,590
Repayment of short-term borrowings	(202,802)	(102,305)
Increase (decrease) in commercial paper	(10,000)	—
Proceeds from long-term debt	12,700	12,100
Repayments of long-term debt	(99,202)	(33,071)
Redemption of bonds	(16,800)	(96,820)
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(1,191)	—
Repayment of finance lease	(30)	(32)
Other	—	(14)
Cash flow from financing activities	(135,706)	(137,553)
Effect of exchange rate changes on cash and cash equivalents	(10)	(25)
Increase (decrease) in cash and cash equivalents	3,254	(35,592)
Balance of cash and cash equivalents at the beginning of period	131,597	128,748
Balance of cash and cash equivalents at the end of period	134,852	93,155

(4) Notes on premise of going concern

The first half of the fiscal year under review (April 1, 2010 to September 30, 2010): None

(5) Segment information

Segment information by type of business

First half of the previous fiscal year (April 1, 2009 to September 30, 2009)

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

First half of the previous fiscal year (April 1, 2009 to September 30, 2009)

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

First half of the previous fiscal year (April 1, 2009 to September 30, 2009)

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

Segment Information

(1) Overview of reporting segments

The Company's reporting segments are constituent units of the AIFUL Group for which separate financial information is available. The Company's Board of Directors periodically examines these segments for the purpose of deciding the allocation of management resources and evaluating operating performance.

As a result, the principal operating companies AIFUL Corporation and LIFE Co., Ltd. have been positioned as the reporting segments of the AIFUL Group.

AIFUL Corporation is primarily engaged in the loan and credit guarantee businesses. LIFE Co., Ltd. is mainly conducts credit card and credit guarantee activities.

(2) Information relating to operating revenues as well as profit and loss by reporting segment

First half of the fiscal year under review (April 1, 2010 to September 30, 2010)

(In millions of yen)

	Reportable segments			Other	Total
	AIFUL	LIFE	Total		
Operating Revenue					
Operating income from third parties	46,923	26,425	73,348	7,694	81,043
Inter-segment sales	13	49	62	65	128
Total	46,936	26,474	73,411	7,759	81,171
Segment profits (loss)	7,929	(5,095)	2,834	46	2,881

The "Other" classification comprises businesses not included in reporting segments and encompasses the activities of BUSINEXT Corporation, AsTry Loan Services Corporation and related companies.

(3) The amount and principal details of the difference between the total profit or loss of reporting segments and amounts posted on the Company's quarterly consolidated statement of income

(Matters relating to difference adjustment)

First half of the fiscal year under review (April 1, 2010 to September 30, 2010)

(In millions of yen)

Income	Amount
Reporting segment total	2,834
Profit categorized in "Other"	46
Inter-segment eliminations	410
Amortization of goodwill	108
Quarterly net income posted to quarterly consolidated statement of income	3,400

(Additional information)

Effective from the first quarter of the fiscal year ending 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 on 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).

(6) Notes in event of significant changes in shareholders' equity

First half of the fiscal year under review (April 1, 2010 to September 30, 2010): None

4. (Reference) Non-Consolidated Financial Statements

Note: Quarterly non-consolidated financial statements have been prepared by the Company on a voluntary basis and are in accordance with the regulations regarding quarterly financial statement.

(1) [Reference] Quarterly Non-Consolidated Balance Sheets

	(In millions of yen)	
	Second Quarter of the current FY (As of September 30, 2010)	Prior fiscal year (condensed) (As of March 31, 2010)
Assets		
Current assets		
Cash and deposits	80,895	105,836
Operating loans	458,704	553,476
Customers' liabilities for acceptances and guarantees	40,676	45,248
Other	26,231	35,289
Allowance for doubtful accounts	(126,956)	(154,143)
Total current assets	479,551	585,708
Fixed assets		
Tangible fixed assets	17,081	17,458
Intangible fixed assets	7,339	8,401
Investment and other fixed assets	197,754	246,825
Total fixed assets	222,176	272,685
Deferred assets	97	138
Total assets	701,825	858,532
Liabilities		
Current liabilities		
Acceptances and guarantees	40,676	45,248
Short-term borrowings	—	11,125
Current portion of bonds	18,700	105,610
Current portion of long-term debt	—	7,723
Income taxes payable	217	269
Reserves	795	1,072
Other	11,689	12,281
Total current liabilities	72,079	183,330
Long-term liabilities		
Bonds	142,600	152,600
Long-term debt	180,428	188,696
Allowance for losses on interest repayments	161,349	197,160
Other	2,869	1,208
Total long-term liabilities	487,247	539,665
Total liabilities	559,326	722,995
Net Assets		
Shareholders' equity		
Common stock	143,324	143,324
Capital surplus	150,232	150,232
Retained earnings	(146,313)	(154,243)
Treasury stock	(3,110)	(3,110)
Total shareholders' equity	144,132	136,203
Valuation and translation adjustments		
Valuation differences on available-for-sale securities	(1,642)	(666)
Total valuation and translation adjustments	(1,642)	(666)
Subscription rights to shares	8	—
Total net assets	142,498	135,536
Total net assets and liabilities	701,825	858,532

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) Quarterly Non-Consolidated Statements of Income
[First half of the Fiscal year 2010]

(In millions of yen)

	First half of the prior FY (Apr. 1 to Sep. 30, 2009)	First half of the current FY (Apr. 1 to Sep. 30, 2010)
Operating revenue		
Interest on loans to customers	62,909	40,671
Other financial revenue	42	21
Other operating revenue	6,031	6,243
Total operating revenue	68,983	46,936
Operating expenses		
Financial expenses	8,233	4,430
Other operating expenses	307,499	34,478
Total operating expenses	315,732	38,908
Operating income (loss)	(246,748)	8,027
Non-operating income		
Interest on loans	2,205	991
Other	555	456
Total non-operating income	2,761	1,447
Non-operating expenses		
Foreign exchange losses	—	9
Loss on investment in anonymous association	—	13
Provision for investment loss	115	11
Other	64	9
Total non-operating expenses	180	43
Ordinary income (loss)	(244,167)	9,431
Extraordinary income		
Gain on sales of investment securities	—	371
Reversal of provision for bonuses	407	—
Other	141	94
Total extraordinary income	548	466
Extraordinary losses		
Loss on valuation of investment securities	5,595	—
Provision for business structure improvement	7,451	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	1,277
Other	11,899	538
Total extraordinary losses	24,946	1,815
Income (loss) before taxes	(268,565)	8,081
Income taxes-current	45	21
Income taxes-deferred	3,310	130
Total taxes	3,356	151
Net income (loss)	(271,922)	7,929

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.

[Second Quarter of the Fiscal year 2010]

(In millions of yen)

	Second quarter of the prior FY (Jul. 1 to Sep. 30, 2009)	Second quarter of the current FY (Jul. 1 to Sep. 30, 2010)
Operating revenue		
Interest on loans to customers	29,585	19,201
Other financial revenue	27	21
Other operating revenue	2,974	3,084
Total operating revenue	32,586	22,306
Operating expenses		
Financial expenses	3,935	2,070
Other operating expenses	276,297	14,642
Total operating expenses	280,232	16,713
Operating income (loss)	(247,646)	5,593
Non-operating income		
Interest on loans	1,066	426
Other	234	159
Total non-operating income	1,300	585
Non-operating expenses		
Loss on investment in anonymous association	—	13
Provision for investment loss	115	10
Other	57	11
Total non-operating expenses	173	35
Ordinary income (loss)	(246,518)	6,144
Extraordinary income		
Gain on sales of fixed assets	—	4
Other	46	0
Total extraordinary income	46	5
Extraordinary losses		
Provision for doubtful accounts	—	103
Loss on valuation of investment securities	5,593	—
Provision for business structure improvement	7,451	—
Other	12,573	30
Total extraordinary losses	25,618	134
Income (loss) before taxes	(272,090)	6,015
Income taxes-current	22	10
Income taxes-deferred	3,310	(7)
Total taxes	3,332	3
Net income (loss)	(275,423)	6,011

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.

5. Other Information

(1) Results of Operations (Consolidated) Operating Revenue

(In millions of yen, %)

Item	Period	First half of the prior FY (Apr. 1 to Sep. 30, 2009)		Reference: FY2009 (Apr. 1, 2009 to Mar. 31, 2010)	
		Amount	%	Amount	%
Interest on loans to customers		96,947	79.6	170,662	78.2
Unsecured loans		78,982	64.8	137,394	63.0
Secured loans		10,826	8.9	20,026	9.2
Small business loans		7,138	5.9	13,240	6.0
Revenue from Credit card		9,012	7.4	17,824	8.2
Revenue from Installment sales finance business		1,116	0.9	1,726	0.8
Revenue from Credit guarantee		3,664	3.0	7,034	3.2
Other financial revenue		83	0.1	143	0.1
Other operating revenue		10,989	9.0	20,711	9.5
Revenue from operational investment securities		16	0.0	24	0.0
Collection of purchased receivable		1,709	1.4	3,205	1.5
Recovery of loans previously charged off		6,020	4.9	11,252	5.2
Other		3,243	2.7	6,228	2.8
Total		121,813	100.0	218,102	100.0

Note 1 Included in the "Other" category of "Operating revenue — other" are card membership revenue and related items

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

(Unit: million yen, %)

Item	Period	First half of the current FY (Apr. 1 to Sep. 30, 2010)	
		Amount	%
AIFUL CCORPORATION	Interest on loans to customers	40,671	50.2
	Unsecured loans	33,306	41.1
	Secured loans	6,712	8.3
	Small business loans	653	0.8
	Revenue from Installment sales finance business	80	0.1
	Revenue from Credit guarantee	1,763	2.2
	Other financial revenue	21	0.0
	Other operating revenue	4,386	5.4
	Recovery of loans previously charged off	4,352	5.4
	Other	34	0.0
	Subtotal	46,923	57.9
LIFE Co., LTD	Interest on loans to customers	13,222	16.3
	Unsecured loans	13,154	16.2
	Secured loans	68	0.1
	Revenue from Credit card	6,666	8.2
	Revenue from Installment sales finance business	382	0.5
	Revenue from Credit guarantee	1,282	1.6
	Other financial revenue	24	0.0
	Other operating revenue	4,847	6.0
	Recovery of loans previously charged off	2,333	2.9
	Other	2,514	3.1
	Subtotal	26,425	32.6
OTHER	Interest on loans to customers	5,444	6.7
	Unsecured loans	13	0.0
	Secured loans	691	0.9
	Small business loans	4,740	5.8
	Other financial revenue	0	0.0
	Other operating revenue	2,248	2.8
	Revenue from operational investment securities	35	0.0
	Collection of purchased receivable	1,866	2.3
	Recovery of loans previously charged off	37	0.1
	Other	309	0.4
	Subtotal	7,694	9.5
Total		81,043	100.0

Note 1 Segment classifications are consistent with segment information classifications

Note 2 Included in the "Other" category of "Operating revenue — other" for LIFE Co., Ltd. are card membership revenue and related items

Note 3 The aforementioned amounts are exclusive of consumption and related taxes

Other Operating indicator

Item	Period	Second quarter of the previous FY (As of Sep 30, 2009)	Second Quarter of the current FY (As of Sep 30, 2010)	Reference: End of FY2009 (As of Mar. 31, 2010)
Total amount of loans outstanding (millions of yen)		1,072,843	715,979	856,762
Unsecured loans		796,671	520,243	634,249
Secured loans		179,489	120,619	138,649
Small business loans		96,682	75,116	83,864
Number of customer accounts		2,222,168	1,730,691	1,966,402
Unsecured loans		2,105,604	1,640,669	1,866,809
Secured loans		55,769	41,098	46,075
Small business loans		60,795	48,924	53,518
Number of branches		945	664	670
Staffed branches		126	30	33
Unstaffed branches		819	634	637
Number of automatic loan-contracting machines		918	666	669
Number of ATMs		164,370	165,549	154,781
Company-owned		997	666	670
Partner-owned		163,373	164,883	154,111
Number of employees		4,300	2,163	2,514

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 (31,033 million yen at the end of the second quarter of the previous fiscal year, 11,057 million yen at the end of the current quarter, and 20,834 million yen at the end of the previous fiscal year) have been included.