

(Translation for reference only)

May 13, 2014

## Consolidated Business Results (Under Japanese GAAP) For the Fiscal year ended in March 31, 2014

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: Ikuo Yamauchi, General Manager of Finance Department TEL (075) 201 - 2010  
 Scheduled date of convention of annual general meeting of shareholders: June 27, 2014  
 Scheduled date of commencement of dividend payments : -  
 Scheduled date of submission of financial report: June 27, 2014  
 Supplementary materials for the Financial results: Yes  
 Earnings release conference: Yes (For financial analysts and institutional investors)

### I. Consolidated Business Results for the Fiscal Year 2013 (April 1, 2013 – March 31, 2014)

#### 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, 2014	91,858	(7.8)%	22,498	52.9%	24,752	40.3%	30,461	34.2%
FY ended March 31, 2013	99,619	(12.6)%	14,718	(10.8)%	17,646	4.8 %	22,705	30.6 %

Note: Comprehensive income: End of FY2013: 30,488million yen 30.6 %  
 End of FY2012: 23,353million yen 22.1 %

	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, 2014	63.34	63.00	25.8	4.2	24.5
FY ended March 31, 2013	47.21	47.02	24.9	2.8	14.8

Reference: Equity in earnings of affiliated companies: End of FY2013: (-) million yen  
 End of FY2012: (-) million yen

Note: The Company implemented a stock split of 2 shares for each 1 share of common stock on October 1, 2013. Accordingly, net income per share and diluted income per share have been calculated as though the stock split had occurred at the beginning of the previous year.

#### 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, 2014	577,339	133,541	23.1	276.80
FY ended March 31, 2013	607,181	105,008	16.9	213.41

Reference: Shareholders' equity for: End of FY2013: 133,129 million yen  
 End of FY2012: 102,641 million yen

Note: The Company implemented a stock split of 2 shares for each 1 share of common stock on October 1, 2013. Accordingly, net assets per share has been calculated as though the stock split had occurred at the beginning of the previous year.

#### 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, 2014	55,066	1,524	(50,954)	66,876
FY ended March 31, 2013	21,812	(1,175)	(46,181)	61,198

## 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 2nd quarter	End of 3rd quarter	Year-end	Annual			
FY ended March 31, 2013	—	0.00	-	0.00	0.00	-	-	-
FY ended March 31, 2014	—	0.00	-	0.00	0.00	-	-	-
FY ending March 31, 2015 (Forecast)	—	0.00	—	0.00	0.00		-	

## III. Consolidated Forecast for the Fiscal Year 2014 (April 1, 2014 – March 31, 2015):

As the business environment in which the AIFUL Group operates is extremely uncertain at present, given still unclear developments in claims for interest repayment, the AIFUL Group is not currently in a position to determine results forecasts for fiscal 2014, the fiscal year ending March 31, 2015, recognizing the difficulty in ascertaining the resultant effects on the Group's results. In the event that AIFUL is in a position to disclose earnings forecasts, it undertakes to do so in a timely manner. For matters related results forecasts above, please see the "1.Business Results, (1) Analysis on Business Results (Forecast for operations in fiscal 2014).

## IV. Other

### (1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries resulting changes in scope of consolidation): None

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

(a) Changes accompanying amendments to accounting standards: None

(b) Changes other than those in (a): None

(c) Change in accounting estimates: None

(d) Restatement: 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 FY2013: 481,867,836 shares

End of FY2012: 481,867,836 shares

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

End of FY2013: 916,568 shares

End of FY2012: 915,932 shares

#### (c) Average number of shares during fiscal period:

FY2013: 480,951,620 shares

FY2012: 480,952,008 shares

## (Reference) Highlights of Non-Consolidated Business Results

### I. Non-Consolidated Business Results for the Fiscal Year 2013 (April 1, 2013 – March 31, 2014)

#### 1. Non-Consolidated Operating Results

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

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
FY ended March 31, 2014	59,196	(5.0)	17,865	54.5	22,336	84.7	24,045	125.8
FY ended March 31, 2013	62,310	(13.7)	11,562	12.5	12,095	4.5	10,648	(20.6)

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
FY ended March 31, 2014	50.00	49.73
FY ended March 31, 2013	22.14	22.05

Note: The Company implemented a stock split of 2 shares for each 1 share of common stock on October 1, 2013. Accordingly, net income per share and diluted income per share have been calculated as though the stock split had occurred at the beginning of the previous year.

#### 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, 2014	463,791	114,807	24.7	237.85
FY ended March 31, 2013	466,542	90,410	19.4	187.85

Reference: Shareholders' equity for: Fiscal year ended March 31, 2014: 114,394 million yen  
Fiscal year ended March 31, 2013: 90,349 million yen

Note: The Company implemented a stock split of 2 shares for each 1 share of common stock on October 1, 2013. Accordingly, net assets per share has been calculated as though the stock split had occurred at the beginning of the previous year.

\* (Note: Details Concerning the Implementation Status of Audit Procedures)

As of the date of report disclosure, audit procedures applicable to financial statements stipulated under the Financial Instruments and Exchange Act of Japan are yet to be completed.

\* (Note: Disclaimer concerning the proper use of business results forecasts)

The 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. For matters related results forecasts above, please see the "1. Business Results, (1) Analysis on Business Results (Forecast for operations in fiscal 2014).

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## 1. Business Results and Financial Position

### (1) Analysis on Business Results

The Japanese economy for the consolidated fiscal year under review is on a gradual recovery as can be seen in the improvement in business sentiment as the yen depreciates and stock prices advance in line with the aggressive economic policies of the government.

In the consumer finance industry, signs of improvement are beginning to finally emerge too as the reduction in operating loan balance appears to have bottomed out together with an improvement in the quality of loan portfolios and an increase in the number of new contracts concluded due to aggressive advertising by the major players and an improvement in business sentiment. On the other hand, while the industry's biggest risk, interest repayment claims, is trending downwards, the base is expected to remain almost flat and the situation continues to be unpredictable.

Based on such an environment, in order to steadily execute the Business Revitalization Plan based on the ADR procedure, the Group has strived to improve the quality of its loan portfolio and further increase the number of new contracts concluded through efficient advertising befitting the scale of the business, while reducing costs and making payments according to the Revitalization Plan.

Going forward, AIFUL Group will expend all efforts to realize business revitalization through initiatives to improve profitability and financial structure by further improving its business efficiency throughout the Group while handling the biggest management issue, the interest repayment claims.

The results by business segments are as follows:

#### (AIFUL Corporation)

##### Loan business

In the unsecured loan segment, the Group is working to improve the quality of its loan portfolio and further increase the number of new contracts concluded through efficient advertising mainly on the Internet and television that befits the scale of the business.

In the consolidated fiscal year under review, new contracts signed for unsecured loans were 117,000 (up 33.7% year on year) and the contract rate was 45.0% (an increase of 7.0 points from the same period last year).

However, due to the impact of restrictions on total lending limits and waiver of principals accompanying interest repayment, the amount of unsecured loans outstanding in the consolidated fiscal year under review is 216,072 million yen (down 3.8% year on year). The amount of secured loans outstanding is 37,610 million yen (down 28.6% year on year) and the amount of Small business loans outstanding is 7,093 million (down 20.7% year on year). These add up to a total amount of 260,776 million yen in operating loans outstanding for the loan segment (down 8.9% year on year).

##### Credit guarantee business

For the credit guarantee business, the Group is working to expand the outstanding sum assured by supporting marketing promotions and proposing new products to existing partners in addition to developing new partners.

Accounting for the aforementioned factors, the Group secured affiliations with 74 unsecured personal loan companies, and held guarantees for outstanding loans amounting to 43,838 million yen, up 5.2% year on year. The Group commenced affiliations with 96 unsecured business loan companies, and held guarantees for outstanding loans totaling 36,650 million yen, up 289.7% year on year.

Of the credit guarantee for the unsecured business loan companies, 26,860 million yen comes from guarantees provided to BUSINEXT CORPORATION.

As a result, AIFUL posted operating revenue of 59,196 million yen (down 5.0% year on year), operating income of 17,865 million yen (up 54.5% year on year), ordinary income of 22,336 million yen (up 84.7% year on year) and net income of 24,045 million yen (up 125.8% year on year).

(LIFECARD Co., Ltd)

#### Credit card business

For the credit card business, we have put in place measures to improve convenience for card members and promote card membership through an expansion in mainly through the web marketing channel.

As a result of the above, transactions at the end of the consolidated fiscal year under review were 510,785 million yen, up 9.1% year on year, and the balance of installment receivables stood at 82,382 million yen, up 4.0% year on year.

#### Card Cashing

The total amount of loans outstanding in the LIFECARD's loan business stood at 32,155 million yen, down 8.3% year on year.

#### Credit guarantee business

For the credit guarantee business, the LIFECARD is working to expand the outstanding sum assured by supporting marketing promotions and proposing new products to existing partners in addition to developing new partners.

As a result, at the end of the consolidated fiscal year under review, there were affiliations with 150 unsecured personal loan companies and guarantees for outstanding loans amounting to 21,508 million yen, down 7.7% year on year. Also, there were affiliations with 26 unsecured business loan companies, and guarantees for outstanding loans totaling 423 million yen, up 547.5% year on year.

As a result, LIFECARD Co.,Ltd operating revenue amounted to 27,331 million yen (up 3.9% year on year), operating income was 1,396 million yen (down 47.6% year on year), ordinary income was 3,219 million yen (down 34.6% year on year) and net income was 2,418 million yen (down 27.1% year on year).

#### (New Frontier Partners Co.,Ltd )

A gain on loan extinguishment of 3,840 million yen has been accounted for as extraordinary income together with the dissolution of the joint venture business with BUSINEXT CORPORATION.

Based on the results above, the operating revenue of New Frontier Partners Co., Ltd. in the consolidated fiscal year under review is 306 million yen (up 276.9% year on year). The operating income, ordinary income and net income for the period under review are 48 million yen (compared to an operating loss of 144 million yen in the previous period), 172 million yen (compared to an ordinary loss of 108 million yen in the previous period) and 3,155 million yen (compared to a net loss of 103 million yen in the previous period) respectively.

#### (Other)

In view of changes in the business environment, the joint venture business related to BUSINEXT CORPORATION, in which the Company and Sumitomo-Mitsui Trust Bank has jointly invested in, has been dissolved as of Apr 3, 2013. All the shares held by both companies have been transferred to New Frontier Partners Co. Ltd., a wholly-owned subsidiary of the Company.

There were two consolidated subsidiaries that are not included in reported segments for the consolidated fiscal year under review (BUSINEXT CORPORATION and AsTry Loan Services Corporation) for which operating revenue was 5,380 million yen (down 52.4% year on year), operating loss was 140 million yen (compared to an operating income of 1,524 million yen in the previous period), ordinary loss was 171 million yen (compared to an ordinary income of 1,459 million yen in the previous period) and net loss was 399 million yen (compared to a net income of 1,258 million yen in the previous period).

#### (Overview of the Results)

The AIFUL Group's consolidated operating revenue for the fiscal year 2013 fell 7.8% compared with the previous fiscal year to 91,858 million yen. The principal components and their movements were interest on loans, which contracted 17.9% year on year to 50,577 million yen, revenue from the credit card business, which increased 7.3% to 13,426 million yen and revenue in the credit guarantee business, which increased 72.5% to 7,949 million yen. In contrast, the collection of purchased receivables contracted 22.9% to 3,011 million yen while the recovery of loans previously charged off edged down 10.9% to 9,663 million yen.

Operating expenses fell 18.3% compared with the previous fiscal year to 69,360 million yen after accounting for an allowance for losses on interest repayment of 1,885 million yen which decreased 89.1% year on year.

In addition, a 2,305 million yen gain on negative goodwill and a 3,840 million yen gain on loan extinguishment associated with the dissolution of a joint venture related to BUSINEXT CORPORATION resulted in the posting of 6,398 million yen (up 6.0% year on year) of extraordinary income.

As the result of the above factors, for the consolidated fiscal year under review, the AIFUL Group's operating income was 22,498 million yen (up 52.9% year on year), ordinary income was 24,752 million yen (up 40.3% year on year) and net income was 30,461 million yen (up 34.2% year on year).

(Forecast for operations in fiscal 2014)

The AIFUL Group is improving its financial position and profitability by reforming its cost structure and steadily undertaking repayments commensurate with the Business Revitalization Plan. Consistent with its basic policy on business reorganization, the Group is also acting to improve the quality of its loan portfolio and to further enhance its overall operating efficiency.

As the business environment in which the AIFUL Group operates is extremely uncertain at the moment, given still unclear developments in claims for interest repayment, the AIFUL Group is not currently in a position to determine consolidated results forecasts for the fiscal year ending March 31, 2015, recognizing the difficulty in ascertaining the resultant effects on the Group's results. In the event 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 29,841 million yen, or 4.9%, compared to the end of the previous fiscal year to 577,339 million yen at the end of FY 2013. This was primarily due to 69,485 million yen decline in loans outstanding due to stricter lending criteria.

Total liabilities as of March 31, 2014 stood at 443,797 million yen, a decrease of 58,375 million yen, or 11.6%, 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 54,434 million yen and the application of allowance for losses on interest repayments for a decrease of 31,539 million yen.

Net assets edged up 28,533 million yen, or 27.2%, compared with the end of the previous fiscal year to 133,541 million yen. This was largely attributable to the posting of net income.

(Cash Flows)

Cash and cash equivalents ("funds") increased 5,678 million yen, or 9.3%, compared to the end of the previous fiscal year to 66,876 million yen.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 55,066 million yen, an increase of 152.5% 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 payment.

(Cash flows from investing activities)

Net cash provided by investing activities totaled 1,524 million yen (1,175 million yen in previous fiscal year). This was mainly attributable to purchase of tangible fixed assets and proceeds from long term loans.

(Cash flow from financing activities)

Net cash used for financing activities amounted to 50,954 million yen, up 10.3% year-on-year, due to the repayment of borrowings and the redemption of bonds.

(Changes in Cash Flow Related Indicators)

	FY2009	FY2010	FY2011	FY2012	FY2013
Shareholders' Equity Ratio (%)	8.1	7.1	12.0	16.9	23.1
Shareholders' Equity Ratio Based on Market Price (%)	2.8	2.9	6.2	49.6	26.4
Interest Coverage Ratio (times)	-	-	4.2	1.6	6.0

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. The Company implemented a stock split of 2 shares for each 1 share of common stock on October 1, 2013. Accordingly, shareholders' equity ratio based on market price has been calculated as though the stock split had occurred at the beginning of the previous year.

### (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, in the consolidated fiscal year ended March 2010, in preparation for a continued high level of claims for interest repayments, the Group posted a significant net loss. As a result, the surplus available for dividends fell into deficit and the demand for funds for interest repayments, which surrounds the current management environment, is extremely heavy so conditions remain harsh. For this reason, the Company sincerely regrets that it will not pay a dividend for the fiscal year under review and for 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, 2014.

#### (Business Revitalization Plan)

AIFUL Corporation and its subsidiaries at the time 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. 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.

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

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 shall 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. 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 an 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 and the Act on Special Conciliation Proceedings for Expediting Arrangement of Specified Debts, etc., depending on the details of the amendments.

#### (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.

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.

#### (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.

#### (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.

#### (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 fiscal year March, 2010, 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, 2014, the AIFUL Group undertook its repayment of 19,862 million yen to creditors including the ordinary rescheduled repayment on June 10, 2013 in accordance with its Business Revitalization Plan. In the future, 16,500 million yen will be repaid on Jun 10, 2014. As for the remaining outstanding amount of 161,740 million yen after this repayment is expected to be either re-financed before July 10, 2014, or the settlement method thereafter shall be proposed to the applicable creditors for their approval.

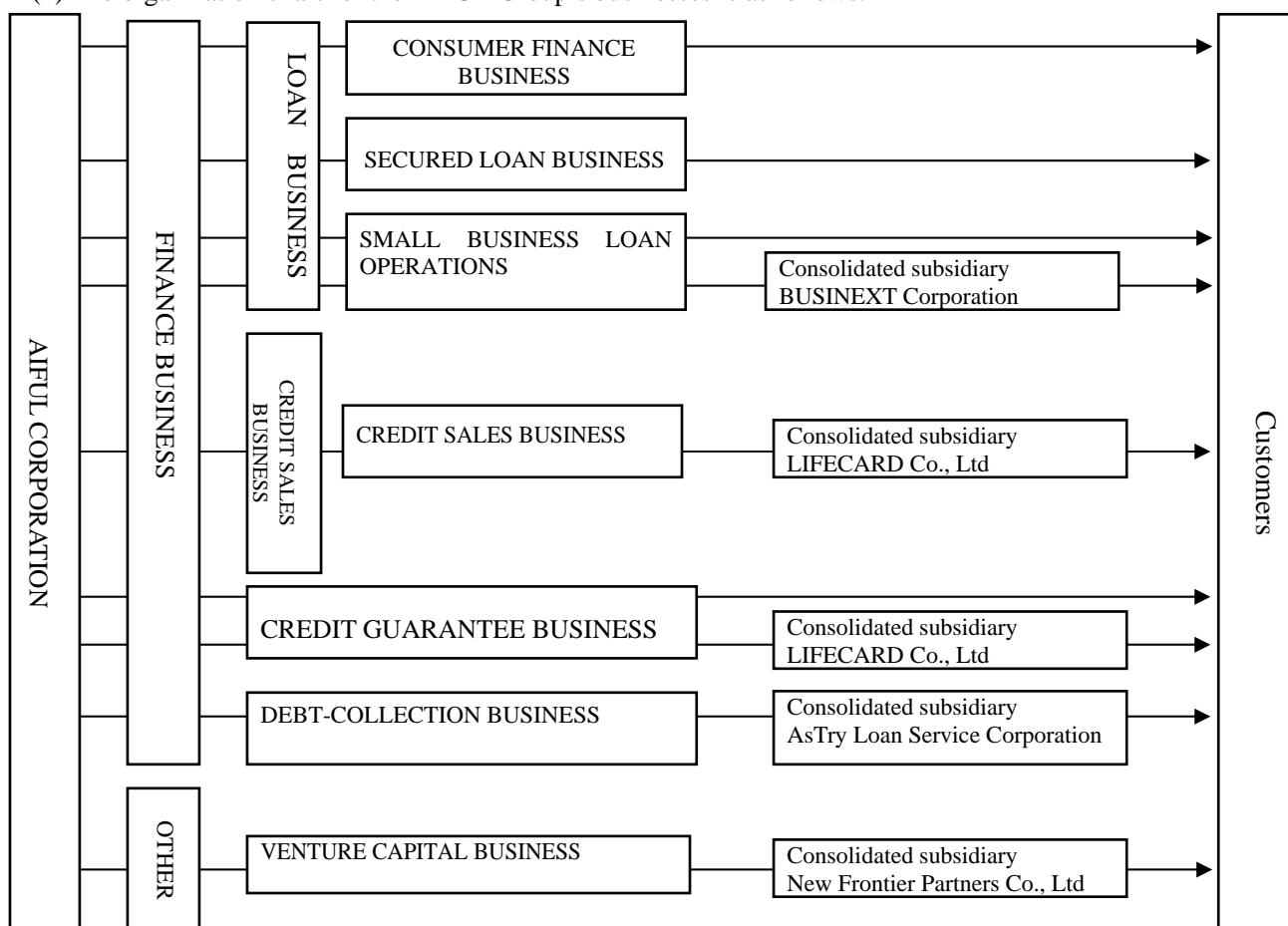
By implementing specific response measures stipulated in the Business Revitalization Plan, and by continuing to hold sincere and open discussions with the creditors, the Group believes that there is no key uncertainty that is observable under the assumption of continuing as a going-concern.

## 2. State of the Group

(1) The AIFUL Group is composed of AIFUL Corporation (“the Company”) and four consolidated subsidiaries and 12 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 provides small, unsecured loans for consumers.
		Secured loan business	AIFUL Corporation	The Company and its subsidiaries provide loans secured by real estate.
		Small business loan operations	AIFUL Corporation BUSINEXT Corporation	The Company and its subsidiaries lend to small and other businesses.
	Credit sales business	Credit card shopping	LIFECARD Co.,Ltd	The Company’s subsidiary offer credit card shopping for consumers.
	Credit Guarantee business		AIFUL Corporation LIFECARD Co.,Ltd	Credit guarantee of loans provided by financial institutions.
	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.

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



Non-consolidated Subsidiary

Company	Business Descriptions
(subsidiary) Sumishin LIFECARD Co., Ltd., 11 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	100	Small business loan operations	100.0 (100.0)	No. of concurrent directors...2
AsTry Loan Services Corporation	Minato-ku, Tokyo	2,500	Debt-collection business	100.0	Receives financial assistance from AIFUL No. of concurrent directors: 3
New Frontier Partners Co., Ltd.	Minato-ku, Tokyo	10	Venture capital business	100.0	Receives financial assistance from AIFUL
LIFECARD Co.,Ltd <sup>1,4</sup>	Aoba-ku, Yokohama City	100	Credit sales business, Credit guarantee business	100.0	Receives financial assistance from AIFUL No. of concurrent directors: 5

Notes:

1. Qualifies as specified subsidiary.
2. The % figure indicated within the parentheses of the proportion of voting rights owned is included in the proportion of voting rights owned indirectly.
3. This company does not file either securities registration statements or securities financial reports.
4. Regarding LIFECARD Co., Ltd., operating revenue (excluding revenue generated from within the Group) exceeds 10% of consolidated operating revenue.

Major profit/loss report (million yen):

- (1) Operating revenue 27,331
- (2) Ordinary income 3,219
- (3) Net income 2,418
- (4) Net assets 32,403
- (5) Total assets 181,813

### 3. Management Policies

#### (1) Basic management policy of the Company

As an “integrated financial corporate group in the retail industry”, we will continue to provide products and services that meet the needs of customers based on the management principle of “Earn the trust of society through corporate activity based in integrity”, with “customer-first”, “compliance readiness” and “manpower development” as our key management pillars.

In addition, we aim to maintain a balance between “profitability”, “stability” and “growth” so as to be able to respond to changes in the business environment. By growing into an attractive corporate group, we aim to continuously grow together with society while earning the trust and fulfilling the expectations of various stakeholders including our customers.

#### (2) Target management indicators

The management aim of the Group is to improve shareholder value from a business profitability and stability perspective with return on assets (ROA) and expansion in shareholders’ equity as its key performance indicators.

#### (3) Company management strategies in the medium-to-long term and issues that need to be tackled

Regarding the business environment in which the Group operates, signs of improvement are beginning to finally emerge as the reduction in operating loan outstanding appears to have bottomed out together with an improvement in the quality of loan portfolios and an increase in the number of new contracts concluded due to aggressive advertising by the major players and an improvement in business sentiment. On the other hand, while the industry’s biggest risk, interest repayment claims, is trending downwards, the base is expected to remain almost flat and the situation continues to be unpredictable.

Under such an environment, the Group has repaid a total of 93,890 million yen to creditors, including 19,862 million yen in the consolidated fiscal year under review, based on the approved Business Revitalization Plan of the ADR procedure. In the future, 16,500 million yen will be repaid on Jun 10, 2014. As for the remaining outstanding amount of 161,740 million yen after this repayment is expected to be either re-financed before July 10, 2014, or the settlement method thereafter shall be proposed to the applicable creditors for their approval.

Besides working to improve the quality of its loan portfolio and accumulate superior loans to improve profitability and the Group’s financial health through cost structure reforms, the Group aims to further improve operating efficiency throughout the entire group.

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)

	As of March 31, 2013	As of March 31, 2014
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	61,202	66,880
Operating Loans	390,635	321,149
Installment receivables	83,885	85,264
Operational investment securities	925	825
Customers' liabilities for acceptances and guarantees	74,440	102,419
Other operating receivables	7,070	7,126
Purchased receivables	3,143	2,233
Deferred tax assets	-	147
Other	17,309	11,984
Allowance for investment loss	(19)	(18)
Allowance for doubtful accounts	(84,714)	(69,540)
<b>Total current assets</b>	<b>553,878</b>	<b>528,473</b>
<b>Fixed assets</b>		
<b>Tangible fixed assets</b>		
Buildings and structures	23,495	23,287
Total accumulated depreciation	(16,857)	(16,825)
<b>Net buildings and structures</b>	<b>6,638</b>	<b>6,461</b>
Machinery and equipment	355	404
Total accumulated depreciation	(218)	(238)
<b>Net machinery and equipment</b>	<b>137</b>	<b>165</b>
Furniture and fixtures	10,680	7,487
Total accumulated depreciation	(8,554)	(6,108)
<b>Net furniture and fixtures</b>	<b>2,126</b>	<b>1,378</b>
Land	8,895	8,895
Lease assets	606	334
Total accumulated depreciation	(275)	(166)
<b>Net lease assets</b>	<b>331</b>	<b>168</b>
Construction in progress	672	39
<b>Total tangible fixed assets</b>	<b>18,801</b>	<b>17,108</b>
<b>Intangible fixed assets</b>		
Software	4,659	2,953
Other	104	103
<b>Total intangible fixed assets</b>	<b>4,763</b>	<b>3,057</b>
<b>Investment and other fixed assets</b>		
Investment securities	2,042	1,450
Claims in bankruptcy	39,832	36,853
Lease and guarantee deposits	20,182	21,927
Other	2,409	1,459
Allowance for investment loss	(16)	(8)
Allowance for doubtful accounts	(34,712)	(32,981)
<b>Total investment and other fixed assets</b>	<b>29,737</b>	<b>28,700</b>
<b>Total fixed assets</b>	<b>53,302</b>	<b>48,865</b>
<b>Total assets</b>	<b>607,181</b>	<b>577,339</b>

(In millions of yen)

	As of March 31, 2013	As of March 31, 2014
<b>Liabilities</b>		
Current liabilities		
Notes & accounts payable-trade	12,356	10,261
Acceptances and guarantees	74,440	102,419
Short-term borrowings	40,900	49,250
Current portion of bonds	8,700	-
Current portion of long-term debt	43,712	16,800
Income taxes payable	987	619
Allowance for bonuses	902	898
Allowance for credit card point redemption	2,830	3,200
Deferred installment income	446	373
Other	6,655	8,674
Total current liabilities	191,931	192,498
Long-term liabilities		
Bonds	25,000	25,000
Long-term debt	190,038	162,865
Deferred tax liabilities	149	171
Allowance for losses on interest repayments	91,421	59,881
Negative goodwill	217	-
Other	3,414	3,379
Total long-term liabilities	310,241	251,299
Total liabilities	502,172	443,797
<b>Net Assets</b>		
Shareholders' equity		
Common stock	143,324	143,324
Capital surplus	164,392	164,392
Retained earnings	(202,114)	(171,652)
Treasury stock	(3,110)	(3,110)
Total shareholders' equity	102,491	132,953
Accumulated other comprehensive income		
Unrealized gain (loss) on available for sale securities	149	176
Total accumulated other comprehensive income	149	176
Stock acquisition rights	61	412
Minority interests	2,305	-
Total net assets	105,008	133,541
Total net assets and liabilities	607,181	577,339

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

### i. Consolidated Statements of Income

(In millions of yen)

	For the fiscal year ended March 31, 2013	For the fiscal year ended March 31, 2014
Operating revenue		
Interest on loans to customers	61,607	50,577
Revenue from Credit card business	12,514	13,426
Revenue from Installment sales finance business	231	185
Revenue from Credit guarantee	4,609	7,949
Other financial revenue	16	11
Other operating revenue		
Collection of purchased receivable	3,908	3,011
Recovery of loans previously charged off	10,840	9,663
Other	5,891	7,032
Total other operating revenue	20,639	19,706
Total operating revenue	99,619	91,858
Operating expenses		
Financial expenses		
Interest expenses	5,911	4,700
Interest on bond	966	748
Other	17	395
Total financial expenses	6,895	5,844
Cost of sales		
Cost of sales of operational investment securities	48	80
Cost of purchased receivable	3,152	2,281
Total cost of sales	3,200	2,361
Other operating expenses		
Provision for credit card point redemption	2,347	2,666
Commissions	9,752	10,467
Provision for doubtful accounts	8,136	10,930
Provision for losses on interest repayments	17,296	1,885
Employees' salaries and bonuses	9,911	9,619
Provision for bonuses	875	866
Retirement benefit expenses	517	476
Other	25,965	24,241
Total other operating expenses	74,804	61,153
Total operating expenses	84,900	69,360
Operating income	14,718	22,498

(In millions of yen)

	For the fiscal year ended March 31, 2013	For the fiscal year ended March 31, 2014
Non-operating income		
Foreign exchange income	2,220	1,697
Other	805	586
Total non-operating income	3,026	2,283
Non-operating expenses		
Interest expenses	0	3
Provision for doubtful accounts	40	-
Other	57	27
Total non-operating expenses	98	30
Ordinary income	17,646	24,752
Extraordinary income		
Gain on negative goodwill	-	2,305
Gain on loan extinguishment	5,948	3,840
Other	88	253
Total extraordinary income	6,037	6,398
Extraordinary losses		
Impairment loss	52	-
Loss on sale of investment securities	-	32
Business structure improvement cost	-	9
Other	30	0
Total extraordinary losses	83	42
Income before taxes	23,600	31,108
Income taxes-current	414	764
Income taxes-deferred	28	(117)
Total income taxes	443	646
Income before minority interests	23,157	30,461
Minority interests in income	451	-
Net income	22,705	30,461

ii. Consolidated Statements of Comprehensive Income

(In millions of yen)

	For the fiscal year ended March 31, 2013	For the fiscal year ended March 31, 2014
Income before minority interest	23,157	30,461
Other Comprehensive income		
Unrealized gain (loss) on available-for-sale securities	195	26
Total other comprehensive income	195	26
Comprehensive income	23,353	30,488
Comprehensive income attributable to		
Owners of the parent	22,901	30,488
Minority interests	451	-

(3) Consolidated Statements of Change in Shareholders' Equity

For the fiscal year ended March 31, 2013

(In millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2012	143,324	164,392	(224,820)	3,110	79,785
Changes during the period					
Net income			22,705		22,705
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock					
Net changes in accounts other than shareholders' equity					
Total change during fiscal year			22,705	(0)	22,705
Balance at March 31, 2013	143,324	164,392	(202,114)	(3,110)	102,491

	Accumulated other comprehensive income		Stock acquisition rights	Minority interests	Total net assets
	Unrealized gain (loss) on available-for-sale securities	Total			
Balance at April 1, 2012	(46)	(46)	51	1,853	81,644
Changes during the period					
Net income					22,705
Purchase of treasury stock					(0)
Disposal of treasury stock					
Net changes in accounts other than shareholders' equity	195	195	10	451	658
Total change during fiscal year	195	195	10	451	23,364
Balance at March 31, 2013	149	149	61	2,305	105,008

For the fiscal year ended March 31, 2014

(In millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2013	143,324	164,392	(202,114)	(3,110)	102,491
Changes during the period					
Net income			30,461		30,461
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		(0)		0	0
Net changes in accounts other than shareholders' equity					
Total change during fiscal year		(0)	30,461	(0)	30,461
Balance at March 31, 2014	143,324	164,392	(171,652)	(3,110)	132,953

	Accumulated other comprehensive income		Stock acquisition rights	Minority interests	Total net assets
	Unrealized gain (loss) on available-for-sale securities	Total accumulated other comprehensive income			
Balance at April 1, 2013	149	149	61	2,305	105,008
Changes during the period					
Net income					30,461
Purchase of treasury stock					(0)
Disposal of treasury stock					0
Net changes in accounts other than shareholders' equity	26	26	350	(2,305)	(1,927)
Total change during fiscal year	26	26	350	(2,305)	28,533
Balance at March 31, 2014	176	176	412	-	133,541

## (4) Consolidated Statements of Cash Flows

(In millions of yen)

	For the fiscal year ended March 31, 2013	For the fiscal year ended March 31, 2014
Cash flow from operating activities		
Net income before taxes	23,600	31,108
Depreciation and amortization	6,020	3,761
Impairment loss	52	-
Amortization of negative goodwill	(217)	(2,523)
Gain on loan extinguishment	(5,948)	(3,840)
Increase (decrease) in allowance for investment loss	(55)	(7)
Increase (decrease) in allowance for doubtful accounts	(36,918)	(16,905)
Increase (decrease) in allowance for accrued bonuses	51	(3)
Increase (decrease) in allowance for credit card point redemption	520	370
Increase (decrease) in allowance for losses on interest repayments	(17,246)	(31,539)
Increase (decrease) in allowance for business structure improvement	(2,127)	-
Interest and dividends income	(38)	(24)
Loss (gain) on sales of investment securities	(32)	(131)
Decrease (increase) in loans to customers	64,377	69,485
Decrease (increase) in installment receivables	(4,935)	(1,378)
Decrease (increase) in other operating receivables	1,374	(55)
Decrease (increase) in purchased receivables	1,442	909
Decrease (increase) in claims in bankruptcy	5,399	2,978
Decrease (increase) in business security deposits	(2,639)	(1,837)
Decrease (increase) in other current assets	222	5,619
Increase (decrease) in other current liabilities	(11,366)	33
Other	103	428
Subtotal	21,638	56,447
Interest and dividends income	38	24
Income taxes-refund	423	71
Income taxes-paid	(287)	(1,476)
Cash flow from operating activities	21,812	55,066
Cash flow from investing activities		
Purchase of tangible fixed assets	(1,155)	(621)
Proceeds from sales of tangible fixed assets	220	1,269
Purchase of intangible fixed assets	(450)	(650)
Proceeds from sales of investment securities	532	667
Other	(323)	859
Cash flow from investing activities	(1,175)	1,524



(In millions of yen)

	For the fiscal year ended March 31, 2013	For the fiscal year ended March 31, 2014
Cash flow from financing activities		
Proceeds from short-term borrowings	130,420	542,310
Repayment of short-term borrowings	(124,520)	(533,960)
Proceeds from long-term debt	10,351	1,500
Repayments of long-term debt	(44,797)	(51,744)
Redemption of bonds	(17,571)	(8,700)
Purchase of treasury stock	(0)	(0)
Proceeds from disposal of treasury stock	-	0
Other	(63)	(359)
Cash flow from financing activities	(46,181)	(50,954)
Effect of exchange rate changes on cash and cash equivalents	46	41
Increase (decrease) in cash and cash equivalents	(25,497)	5,678
Balance of cash and cash equivalents at the beginning of the year	86,695	61,198
Balance of cash and cash equivalents at the end of the year	61,198	66,876

(5) Notes to Consolidated Financial Statements

(Notes on premise of going concern)

Fiscal year under review (April 1, 2013 to March 31, 2014): None

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

Item	For the fiscal year ended March 31, 2013	For the fiscal year ended March 31, 2014
1. Matters pertaining to the scope of consolidation	Special-purpose entities Some of the Group's subsidiaries use special-purpose entities (1 company) subject to disclosure requirements for the purpose of diversifying fundraising so as to procure a stable supply of funds. However, descriptions of the transaction summary and transaction amount with the special-purpose entities that are subject to disclosure have been omitted due to their limited importance.	

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, 2013). Accordingly, no mention is made of them.

(Changes in disclosure method)

(Consolidated Statements of Income)

For the "Litigation expense" (- yen in the fiscal year under review) that was presented as a separate item until the previous fiscal year, has been included under "Other" in "Non-operating expenses" in the fiscal year under review as its total amount has become less than 10% of total non-operating expenses.

As a result, litigation expense of 22 million yen that was posted in consolidated statements of income for the previous fiscal year are reclassified into "Other" of 57 million yen in "Non-operating expenses".

For the "Loss on valuation of investment securities" (- yen in the fiscal year under review) that was presented as a separate item until the previous fiscal year, has been included under "Other" in "Extraordinary losses" in the fiscal year under review as its total amount has become less than 10% of total non-operating expenses.

As a result, loss on valuation of investment securities of 27 million yen that was posted in consolidated statements of income for the previous fiscal year are reclassified into "Other" of 30 million yen in "Extraordinary losses".

(Consolidated Statements of Cash Flows)

For the "Loss on valuation of investment securities" (- million yen in the fiscal year under review) that was presented as a separate item until the previous fiscal year, has been included under "Other" in "Cash flow from operating activities" in the fiscal year under review, as the amount is insignificant.

As a result, the Consolidated Statements of Cash Flow have been reclassified so that in "Cash flow from operating activities" the 27 million yen presented as "Loss on valuation of investment securities" was reclassified into 103 million yen of "Other".

(Notes to Consolidated Balance Sheets)

\*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

For the fiscal year ended March 31, 2013		For the fiscal year ended March 31, 2014	
(1) Assets pledged as collateral		(1) Assets pledged as collateral	
	(million yen)		(million yen)
Operating loans	229,910	Operating loans	223,554
Installment receivables	79,694	Installment receivables	89,122
Other operating receivables	138	Other operating receivables	77
Buildings and structures	5,102	Buildings and structures	4,803
Machinery and equipment	49	Machinery and equipment	90
Land	8,523	Land	8,523
Total	323,418	Total	326,170
(2) Corresponding liabilities		(2) Corresponding liabilities	
	(million yen)		(million yen)
Short-term borrowings	35,000	Short-term borrowings	49,250
Current portion of long-term debt	19,862	Current portion of long-term debt	16,800
Long-term debt	178,241	Long-term debt	162,865
Total	233,103	Total	228,916

i) The Company has contracted to offer ¥52,344 million in loans as collateral in response to borrowers' requests to the sum of ¥4,900 million for the short-term borrowings, ¥23,850 million for the current portion of long-term debt, and ¥11,797 million for long term debt, totaling ¥40,547 million.

\*3. Unsecured personal loans included in operating receivables

For the fiscal year ended March 31, 2013	For the fiscal year ended March 31, 2014
¥272,980 million	¥261,221 million

\*4. Shares of non-consolidated subsidiaries and affiliated companies and other securities issued by non-consolidated subsidiaries and affiliated companies included in investment securities

For the fiscal year ended March 31, 2013	For the fiscal year ended March 31, 2014
¥905 million	¥650 million

\*5. Installment receivables

For the fiscal year ended March 31, 2013	For the fiscal year ended March 31, 2014	
	(million yen)	(million yen)
Revenue from Credit card business	82,438	84,381
Installment sales finance	1,446	882
Total	83,885	85,264

\*6. Deferred installment income

For the fiscal year ended March 31, 2013					For the fiscal year ended March 31, 2014				
(million yen)					(million yen)				
	Balance at the end of Mar, 2012	Current fiscal year receipts	Actual current fiscal year balance	Balance at end of Mar, 2013		Balance at the end of Mar, 2013	Current fiscal year receipts	Actual current fiscal year balance	Balance at end of Mar, 2014
Credit card shopping	364	12,355	12,322	398 (44)	Credit card shopping	398	13,163	13,220	340 (35)
Installment sales finance	54	-0	45	8 (0)	Installment sales finance	8	-0	7	0 (0)
Credit guarantee	48	1,456	1,465	39 (—)	Credit guarantee	39	1,344	1,351	32 (—)
Loans	—	10,764	10,764	— (—)	Loans	—	8,598	8,598	— (—)
Total	467	24,575	24,596	446 (45)	Total	446	23,105	23,178	373 (35)

Note: Figures in parenthesis indicate member store commissions

\*7. Securitization of claims removed from the balance sheet

For the fiscal year ended March 31, 2013		For the fiscal year ended March 31, 2014	
Operating loans outstanding	¥ - million	¥26,860 million	

\*8. Non-performing loans

Non-performing loans (NPL) from out of operating loans and claims in bankruptcy are as follows

For the fiscal year ended March 31, 2013				For the fiscal year ended March 31, 2014			
(million yen)				(million yen)			
	Unsecured loans	Other than unsecured loans	Total		Unsecured loans	Other than unsecured loans	Total
Loans in legal bankruptcy	160	37,437	37,598	Loans in legal bankruptcy	171	34,963	35,134
Nonaccrual loans	15,958	20,947	36,905	Nonaccrual loans	12,167	15,121	27,289
Loans in 3-months+ in arrears	1,630	980	2,610	Loans in 3-months+ in arrears	1,741	703	2,445
Restructured loans	17,511	4,002	21,513	Restructured loans	11,278	3,074	14,352
Total	35,259	63,368	98,627	Total	25,359	53,863	79,222

The loan categories in the table above are as follows.

(Loans in legal bankruptcy)

Loans in legal bankruptcy are 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. Allowances for claims in bankruptcy are stated at such amount less net realizable value of collateral.

(Nonaccrual loans)

Nonaccrual loans are loans in which accruals of interest is discontinued, other than loans in legal bankruptcy, as well as loans receiving regular payments in the case of granting deferral of interest payment to the debtors in financial difficulties to assist them in their recovery.

(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 nonaccrual loans are excluded from loans three months or more in arrears.

(Restructured loans)

Restructured loans are loans on which creditors grant concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, waiver of the face amount, or other concessive measures) to the debtors in financial difficulties to assist them in their recovery and eventually enable them to pay creditors. Loans classified as loans in legal

bankruptcy, nonaccrual loans and loans three months or more in arrears are excluded.

\*9. Of the allowances for doubtful accounts, following amount in estimated interest repayment is expected to have priority application in operating loans.

For the fiscal year ended March 31, 2012	For the fiscal year ended March 31, 2013
¥42,825	¥35,290

\*10. The Company is receiving financial support under the business revitalization ADR procedure. Among the loans that qualify for financial support, 16,500 million yen is scheduled to be repaid on Jun 10, 2014 but the remaining 161,740 million yen after the repayment concerned is made will either be refinanced by Jul 10, 2014, or the repayment method will be proposed to the applicable creditors thereafter to obtain their consent. Therefore these loans have been classified as long-term loans.

(Notes to Consolidated Statements of Income)

\*1. The profit (loss) on investments in anonymous associations that is included in non-operating income or non-operating expenses is the evaluation profit (loss) based on the financial statements of investment partnerships, etc.

\*2. Impairment losses

The breakdown of the impairment losses included in other special losses is as follows

For the fiscal year ended March 31, 2013		For the fiscal year ended March 31, 2014	
(1) Assets with recognized impairment losses (million yen)			
Use	Category	Location	Impairment loss
Assets expected to sell	“Other” of Intangible fixed assets (telephone subscription rights)	Kyoto pref	52

(2) Method of asset grouping

The AIFUL Group considers each operating company in finance business as the smallest unit for asset grouping. The Group considers certain telephone subscription rights as a single unit for asset grouping, as the Group decided to sell them in the consolidated fiscal year under review.

(3) Background to recognition of non-recurrent losses

With respect to telephone subscription rights to be sold, an impairment loss is recognized as the expected sales amount is lower than the book value.

(4) Amount of impairment loss

Intangible fixed assets “other”	(million yen) 52
Total	52

(5) Method of calculation for recoverable amount

The recoverable value of telephone subscription rights to be sold is determined with the expected sales amount.

\*3. The details of the business structure improvement cost are as follows

	For the fiscal year ended March 31, 2013	For the fiscal year ended March 31, 2014
	(million yen)	(million yen)
Special retirement expenses	-	9
Other	-	0
Total	-	9

## (Notes to Consolidated Statements of Comprehensive Income)

\*1 Reclassification adjustment and the related tax effects pertaining to Other comprehensive income

	For the fiscal year ended March 31, 2013	For the fiscal year ended March 31, 2014
Unrealized gain (loss) on available for sale securities		(million yen)
Amount accrued this fiscal year	135	310
Reclassification adjustment amount	56	(291)
Pre-adjustment for tax effects	192	19
Amount of tax effect	3	7
Other unrealized gain (loss) on available for sale securities	195	26
Total other comprehensive income	195	26

## (Notes to Consolidated Statements of Change in Shareholders' Equity)

For the fiscal year ended March 31, 2013

## 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	240,933,918	–	–	240,933,918
Total	240,933,918	–	–	240,933,918
Treasury stock				
Common stock *	457,895	71	–	457,966
Total	457,895	71	–	457,966

Note. 1. The increase of 71 common stock held as treasury stock is due to the purchase of odd lot shares.

## 2. Matters pertaining to new stock acquisition rights

Category	Breakdown of new stock acquisition rights	Class of shares to be issued or transferred upon exercise of new stock acquisition rights	Number of shares to be issued or transferred upon exercise of new stock acquisition rights				New stock acquisition rights outstanding as of March 31, 2013 (millions of yen)
			End of previous fiscal year	Increase	Decrease	End of fiscal year under review	
Submitting company	New stock acquisition rights issued as stock options in 2010		- (-)	- (-)	- (-)	- (-)	61 (28)
Total			- (-)	- (-)	- (-)	- (-)	61 (28)

Note: 1. The first day of the exercise period for the new stock acquisition rights has yet to arrive.

2. Treasury stock acquisition rights are indicated outside within parentheses.

## 3. Matters pertaining to dividends

No relevant matters

For the fiscal year ended March 31, 2014

## 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	240,933,918	240,933,918	–	481,867,836
Total	240,933,918	240,933,918	–	481,867,836
Treasury stock				
Common stock *	457,966	458,607	5	916,568
Total	457,966	458,607	5	916,568

- Note. 1. The Company implemented a stock split of 2 shares for each 1 share of common stock on October 1, 2013. Accordingly, the number of common stocks issued increased to 240,933,918 while the number of common stocks held as treasury stock rose to 458,051.
2. The increase of 556 common stocks held as treasury stock is due to the purchase of odd lot shares. The decrease of 5 common stocks held as treasury stock is due to the sale of odd lot shares.

## 2. Matters pertaining to new stock acquisition rights

Category	Breakdown of new stock acquisition rights	Class of shares to be issued or transferred upon exercise of new stock acquisition rights	Number of shares to be issued or transferred upon exercise of new stock acquisition rights				New stock acquisition rights outstanding as of March 31, 2013 (million yen)
			End of previous fiscal year	Increase	Decrease	End of fiscal year under review	
Submitting company	New stock acquisition rights issued as stock options in 2010	-	- (-)	- (-)	- (-)	- (-)	81 (41)
Submitting company	New stock acquisition rights issued as stock options in 2013	-	- (-)	- (-)	- (-)	- (-)	331 (-)
Total			- (-)	- (-)	- (-)	- (-)	412 (41)

Note: 1. The first day of the exercise period for the new stock acquisition rights has yet to arrive.

2. Treasury stock acquisition rights are indicated outside within parentheses.

## 3. Matters pertaining to dividends

No relevant matters

### (Notes to Consolidated Statements of Cash Flows)

\*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

	For the fiscal year ended March 31, 2013		For the fiscal year ended March 31, 2014	
Cash and deposits	(million yen)	61,202	(million yen)	66,880
Time deposits with maturities exceeding three months		-3		-3
Cash and cash equivalents		61,198		66,876

### (Notes to Financial Instruments)

For fiscal year ended March 31, 2013

#### 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, credit guarantee 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 the AIFUL Group engages in derivative transactions to avoid the disadvantageous effects of fluctuations in interest. 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. This assets involves 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 which is subject to the risk of fluctuations in interest rates.

Derivative transactions include interest caps that are excluded from the application of hedge accounting. These derivative transactions involve fluctuations in interest rates and counterparty risk.

### (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 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 cap to hedge against the risk of fluctuation in interest 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 Fair value of Financial Instruments

The fair 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 Fair value of Financial Instruments

The value on the consolidated balance sheets as of March 31, 2013, the fair value and the difference between these two values is as follows. Financial instruments for which it is extremely difficult to obtain a fair value are not included. (See Note 2)

(Million yen)	Value on the Consolidated Balance Sheets	Fair value	Difference
(1) Cash and cash equivalents	61,202	61,202	—
(2) Loans	390,635		
Allowance for doubtful account and allowance for losses on interest repayments <sup>1</sup>	(73,522)		
	317,112	378,170	61,057
(3) Installment receivables	83,885		
Deferred installment income <sup>2</sup>	(361)		
Allowance for doubtful account <sup>3</sup>	(5,166)		
	78,356	79,468	1,111
(4) Operational investment securities and investment securities	649	649	—
(5) Claims in bankruptcy	39,832		
Allowance for doubtful account <sup>3</sup>	(34,573)		
	5,258	5,258	—
Total assets	462,579	524,749	62,169
(1) Short-term borrowings	40,900	40,900	—
(2) Bonds	33,700	23,708	(9,991)
(3) Long term debt <sup>4</sup>	35,647	35,647	—
Total liabilities	110,247	100,255	(9,991)
Derivative transactions			
(1) Transactions to which hedge accounting is applied	—	—	—
(2) Transactions to which hedge accounting is not applied	—	—	—
Total derivative transactions	—	—	—

1. Excludes the amount of estimated allowance for doubtful account and allowance for losses on 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.

\*Notes on the Method of Computation of Fair value for Financial Instruments

#### Assets

##### (1) Cash and deposits

As all deposits are short term, the fair value is very similar to the book value, so fair value is computed based on the relevant book value.

##### (2) Loans

Fair 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

Fair 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 fair 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 fair value of stocks and securities are based on quoted market price.
- (5) Claims in bankruptcy  
For claims in bankruptcy, the estimated amount of Non Performing Loans is computed based on the amount expected to be recovered from security. Therefore, the fair value is very similar to the amount calculated by subtracting the current estimated amount of Non Performing Loans from the amount on the balance sheet on the consolidated settlement date, and the fair value of Non Performing Loans is computed based on the relevant value.

### Liabilities

- (1) Short-term borrowings  
As short-term debts will be settled in the near future, the fair value is very similar to the book value and is computed based on the relevant book value.
- (2) Bonds  
The fair 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 fair 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.
- (3) Long term debt  
Of the long-term debts for which a fair value is computed, the fair 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 fair 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 fair 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 Fair value

(Million yen)	
Category	Value on the Consolidated Balance Sheets
Operational investment securities and investment securities <sup>1</sup>	
(1) Unlisted shares	1,843
(2) Investments in investment associations, etc.	475
Long term debts <sup>2</sup>	198,103
Total	200,422

As it is extremely difficult to obtain a fair 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 fair value, and they are not covered by disclosure of fair 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 fair value. As it is not possible to rationally calculate the fair value, these long-term debts are not covered by the disclosure of fair value.

### 3. Scheduled Repayment Amounts of Money Claims and securities with contractual maturity 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	61,202	—	—
Loans	156,616	208,856	25,161
Installment receivables	79,734	4,150	—
Available-for-sale securities (Japanese government bond)	151	—	—
Total	297,552	213,007	25,161

Note: ¥39,832 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
Bonds	8,700	—	25,000
Finance lease claims	359	36	—
Long term debts	23,850	9,906	1,891
Long term debts <sup>1</sup>	19,862	16,500	—
Total	52,771	26,442	26,891

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 ¥161,741 million, including debts remaining with undetermined repayment scheduled, is not shown.

For fiscal year ended March 31, 2014

#### 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, credit guarantee 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 the AIFUL Group engages in derivative transactions to avoid the disadvantageous effects of fluctuations in interest. 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. This assets involves 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 which is subject to the risk of fluctuations in interest rates.

Derivative transactions include interest caps that are excluded from the application of hedge accounting. These derivative transactions involve fluctuations in interest rates and counterparty risk.

### (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 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 cap to hedge against the risk of fluctuation in interest 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-installment, 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 Fair value of Financial Instruments

The fair 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 Fair value of Financial Instruments

The value on the consolidated balance sheets as of March 31, 2014, the fair value and the difference between these two values is as follows. Financial instruments for which it is extremely difficult to obtain a fair value are not included. (See Note 2)

(Million yen)	Value on the Consolidated Balance Sheets	Fair value	Difference
(1) Cash and cash equivalents	66,880	66,880	—
(2) Loans	321,149		
Allowance for doubtful account and allowance for losses on interest repayments <sup>1</sup>	(56,541)		
	264,608	317,142	52,534
(3) Installment receivables	85,264		
Deferred installment income <sup>2</sup>	(305)		
Allowance for doubtful account <sup>3</sup>	(4,946)		
	80,011	81,120	1,108
(4) Operational investment securities and investment securities	311	311	—
(5) Claims in bankruptcy	36,853		
Allowance for doubtful account <sup>3</sup>	(32,885)		
	3,968	3,968	—
<b>Total assets</b>	<b>415,781</b>	<b>469,423</b>	<b>53,642</b>
(1) Short-term borrowings	49,250	49,250	
(2) Bonds	25,000	24,302	(697)
(3) Long term debt <sup>4</sup>	1,425	1,425	
<b>Total liabilities</b>	<b>75,675</b>	<b>74,977</b>	<b>(697)</b>
Derivative transactions			
(1) Transactions to which hedge accounting is applied	—	—	—
(2) Transactions to which hedge accounting is not applied	—	—	—
<b>Total derivative transactions</b>	<b>—</b>	<b>—</b>	<b>—</b>

1. Excludes the amount of estimated allowance for doubtful account and allowance for losses on 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.

### \*Notes on the Method of Computation of Fair value for Financial Instruments

#### Assets

- (1) Cash and deposits  
As all deposits are short term, the fair value is very similar to the book value, so fair value is computed based on the relevant book value.
- (2) Loans  
Fair 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  
Fair 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 fair 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  
Fair value of stocks and securities are based on quoted market price.

(5) Claims in bankruptcy

For claims in bankruptcy, the estimated amount of Non Performing Loans is computed based on the amount expected to be recovered from security. Therefore, the fair value is very similar to the amount calculated by subtracting the current estimated amount of Non Performing Loans from the amount on the balance sheet on the consolidated settlement date, and the fair value of Non Performing Loans is computed based on the relevant value.

**Liabilities**

(1) Short-term borrowings

As short-term debts will be settled in the near future, the fair value is very similar to the book value and is computed based on the relevant book value.

(2) Bonds

The fair 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 fair 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.

(3) Long term debt

Of the long-term debts for which a fair value is computed, the fair 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 fair 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 fair 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 Fair value

(Million yen)

Category	Value on the Consolidated Balance Sheets
Operational investment securities and investment securities <sup>1</sup>	
(1) Unlisted shares	1,692
(2) Investments in investment associations, etc.	271
Long term debts <sup>2</sup>	178,241
Total	180,205

As it is extremely difficult to obtain a fair 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 fair value, and they are not covered by disclosure of fair 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 fair value. As it is not possible to rationally calculate the fair value, these long-term debts are not covered by the disclosure of fair 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	66,880	—	—
Loans	131,696	176,910	12,542
Installment receivables	82,131	3,132	0
Total	280,708	180,043	12,542

Note: ¥36,853 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	—	25,000	—	—	—
Finance lease claims	37	—	—	—	—
Long term debts	300	300	300	300	225
Long term debts <sup>1</sup>	16,500	—	—	—	—
Total	16,837	25,300	300	300	225

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 ¥161,740 million, including debts remaining with undetermined repayment scheduled, is not shown.

## (Notes to Segment information)

### Segment Information

#### (1) Overview of reportable segments

##### i) Determination of reportable segments

The Company's reportable segments are the Group's structural units, for which separate financial information is available. The financial results for all business segments are periodically reviewed by the Company's Board of Directors in order to make decisions on the proper allocation of business resources and to evaluate the business performance of the respective segments.

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

As a result, the AIFUL Group has three reporting segments, the core company AIFUL Co., Ltd., LIFECARD Co., Ltd and New Frontier Partners Co., Ltd.

##### ii) Type of products and services belonging to each reportable segments

"AIFUL Corporation" is mainly involved in the loan business and credit guarantee business while "LIFECARD Co., Ltd." is mainly involved in the credit sales business and the credit guarantee business. "New Frontier Partners Co., Ltd" is mainly involved in the venture capital business.

##### iii) Matters related to changes in reportable segments

Starting from the consolidated fiscal year under review, "New Frontier Partners Co., Ltd.", which used to be included in "Others" in the past, will be reported as a separate reporting segment due to its growing importance in quantitative terms. (Before the change, the reported segments were two major business companies of AIFUL Corporation, LIFECARD Co., Ltd.)

The segment information reported in the previous year has been re-written based on the new classification method after the change and restated in the statement for the previous consolidated fiscal year under "3. Information relating to operating revenue, profit or loss, assets, liabilities and other amounts for each reportable segment".

#### (2) Calculation of operating revenue, profit or 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. Income for reportable segments are net income.

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



(3) Information relating to operating revenue, profit or loss, assets, liabilities and other amounts for each reportable segment

For the fiscal year ended March 31, 2013

(million yen)

	Reportable segments				Other *1	Total
	AIFUL	LIFE CARD	New Frontier Partners	Total		
Operating revenue						
Operating revenue from third parties	62,298	25,939	81	88,319	11,300	99,619
Inter-segment sales	11	374	—	386		386
Total	62,310	26,314	81	88,705	11,300	100,005
Segment profits	10,648	3,319	-103	13,865	1,258	15,123
Segment assets	466,542	185,638	1,479	653,659	61,586	715,246
Segment liabilities	376,131	95,433	4,049	475,614	44,906	520,520
Other items						
Provision for credit card point redemption	—	2,347	—	2,347	—	2,347
Provision for investment loss	762	—	—	762	—	762
Provision for doubtful accounts *2	571	2,615	—	3,187	3,342	6,530
Provision for loss on interest repayment	15,877	1,419	—	17,296	—	17,296
Provision for bonuses	583	4	—	587	28	616
Depreciation	3,620	2,386	0	6,007	13	6,020
Interest on loans to customers	455	—	—	455	0	455
Dividends received	15	18	0	34	—	34
Reversal provision for doubtful accounts	59	—	—	59	—	59
Reversal provision for investment loss	2	—	37	40	—	40
Amortization of negative goodwill	—	—	—	—	—	—
Interest expenses *3	0	—	—	0	71	71
Extraordinary income	6,004	32	—	6,037	—	6,037
(Gain on loan extinguishment )	(5,948)	(—)	(—)	(5,948)	(—)	(5,948)
Extraordinary losses	8,815	27	—	8,843	—	8,843
( Impairment loss )	(52)	(—)	(—)	(52)	(—)	(52)
(Loss on sale of investment securities)	(—)	(—)	(—)	(—)	(—)	(—)
(Loss on valuation of investment securities)	(0)	(27)	(—)	(27)	(—)	(27)
( Loss on valuation of stocks of subsidiaries and affiliates )	(8,760)	(—)	(—)	(8,760)	(—)	(8,760)
(Business structure improvement cost)	(—)	(—)	(—)	(—)	(—)	(—)
Income taxes- current	-1,393	1,611	-4	213	201	414
Income taxes- deferred	28	—	—	28	-0	28
Increase/decrease in tangible and intangible assets	1,648	448	—	2,097	5	2,103

\*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 doubtful accounts is the sum total of operating expenses, non-operating expenses.

3. Interest paid is the amount that is not included in operating expenses but is noted as non-operating expenses.

For the fiscal year ended March 31, 2014

(million yen)

	Reportable segments				Other *1	Total
	AIFUL	LIFE CARD	New Frontier Partners	Total		
Operating revenue						
Operating revenue from third parties	59,186	26,985	306	86,478	5,379	91,858
Inter-segment sales	9	345	0	355	0	356
Total	59,196	27,331	306	86,834	5,380	92,214
Segment profits	24,045	2,418	3,155	29,619	-399	29,219
Segment assets	463,791	181,813	5,549	651,154	20,831	671,985
Segment liabilities	348,984	149,409	4,926	503,320	4,577	507,898
Other items						
Provision for credit card point redemption	—	2,666	—	2,666	—	2,666
Provision for investment loss	—	—	—	—	—	—
Provision for doubtful accounts *2	8,579	2,997	—	11,576	960	12,536
Provision for loss on interest repayment	—	1,885	—	1,885	—	1,885
Provision for bonuses	546	5	—	552	17	569
Depreciation	2,098	1,640	0	3,739	21	3,761
Interest on loans to customers	1,345	—	117	1,463	0	1,463
Dividends received	5	15	0	20	0	21
Reversal provision for doubtful accounts	2,636	—	—	2,636	—	2,636
Reversal provision for investment loss	0	—	4	4	—	4
Amortization of negative goodwill	—	—	—	—	—	—
Interest expenses *3	2	—	—	2	38	40
Extraordinary income	90	28	3,974	4,093	—	4,093
(Gain on loan extinguishment )	(—)	(—)	(3,840)	(3,840)	—	(3,840)
Extraordinary losses	25	4	0	30	9	40
( Impairment loss )	(—)	(—)	(—)	(—)	(—)	(—)
(Loss on sale of investment securities)	(25)	(4)	0	(30)	(—)	(30)
(Loss on valuation of investment securities)	(0)	(—)	(—)	(0)	(—)	(0)
( Loss on valuation of stocks of subsidiaries and affiliates )	(—)	(—)	(—)	(—)	(—)	(—)
(Business structure improvement cost)	(—)	(—)	(—)	(—)	(9)	(9)
Income taxes- current	-1,677	1,228	991	543	220	764
Income taxes- deferred	32	-404	—	-372	-2	-374
Increase/decrease in tangible and intangible assets	839	701	—	1,540	3	1,544

\*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. Interest paid is the amount that is not included in operating expenses but is noted as non-operating expenses.

- (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	FY2012	FY2013
Reportable segment total	88,705	86,834
Profit categorized in "Other"	11,300	5,380
Inter-segment eliminations	-386	-356
Operating revenue posted in consolidated financial statements	99,619	91,858

Profit / Loss	FY2012	FY2013
Reportable segment total	13,865	29,619
Profit(loss) categorized in "Other"	1,258	-399
Inter-segment eliminations	7,364	-1,281
Amortization of goodwill	217	2,523
Net income(loss) posted in consolidated financial statements	22,705	30,461

Assets	FY2012	FY2013
Reportable segment total	653,659	651,154
Profit categorized in "Other"	61,586	20,831
Inter-segment eliminations	-108,065	-94,646
Total assets posted in consolidated financial statements	607,181	577,339

Liabilities	FY2012	FY2013
Reportable segment total	475,614	503,320
Profit categorized in "Other"	44,906	4,577
Inter-segment eliminations	-18,347	-64,101
Total liabilities posted in consolidated financial statements	502,172	443,797

(Million yen)

	Total of reportable segment		Other		Adjustment*4		Amount posted in Consolidated Financial statements	
	FY2012	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012	FY2013
Other items								
Provision for credit card point redemption	2,347	2,666	—	—	—	—	2,347	2,666
Provision for investment loss*1	762	—	—	—	-762	—	—	—
Provision for doubtful accounts*1	3,187	11,576	3,342	960	1,646	-1,606	8,176	10,930
Provision for loss on interest repayment	17,296	1,885	—	—	—	—	17,296	1,885
Provision for bonuses	587	552	28	17	259	296	875	866
Depreciation	6,007	3,739	13	21	—	—	6,020	3,761
Interest on loans to customers	455	1,463	0	0	-451	-1,460	4	3
Dividends received	34	20	—	0	—	—	34	21
Reversal provision for doubtful accounts	59	2,636	—	—	-59	-2,600	—	36
Reversal provision for investment loss	40	4	—	—	—	—	40	4
Amortization of negative goodwill*2	—	—	—	—	217	2,523	217	2,523
Interest expenses*3	0	2	71	38	-70	-37	0	3
Extraordinary income	6,037	4,093	—	—	—	2,304	6,037	6,398
(Gain on loan extinguishment)	(5,948)	(3,840)	(—)	(—)	(—)	(—)	(5,948)	(3,840)
Extraordinary losses	8,843	30	—	9	-8,760	2	83	42
( Impairment loss )	(52)	(—)	(—)	(—)	(—)	(—)	52	(—)
(Loss on sale of investment securities)	(—)	(30)	(—)	(—)	(—)	(2)	(—)	(32)
( Loss on valuation of investment securities )	(27)	(0)	(—)	(—)	(—)	(—)	27	(0)
( Loss on valuation of stocks of subsidiaries and affiliates )	(8,760)	(—)	(—)	(—)	(-8,760)	(—)	(—)	(—)
( Business structure improvement cost )	(—)	(—)	(—)	(9)	(—)	(—)	(—)	(9)
Income taxes- current	213	543	201	220	—	—	414	764
Income taxes- deferred	28	-372	-0	-2	—	256	28	-117
Increase/decrease in tangible and intangible assets	2,097	1,540	5	3	—	—	2,103	1,544

\*1 Provision for doubtful accounts is the sum total of operating expenses and non-operating expenses.

2. The amortization of negative goodwill is combined in non-operating income and in extraordinary losses income.

3. Interest paid is the amount that is not included in operating expenses but is noted as a non-operating expenses.

4. Details of the major adjustment for the consolidated fiscal year under review is adjustment to reversal provision for doubtful accounts and loss on valuation of stocks of related companies 2,600 million yen. Further, details of the major adjustments during the previous consolidated fiscal year were adjustment to loss on valuation of stocks of subsidiaries and affiliates 8,760 million yen.

(Related information)

For the fiscal year ended March 31, 2013

1. Information by product/service

	Loan business	Installment business	Other	Total
Operating revenue from third parties	71,289	12,928	15,400	99,619

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.

For the fiscal year ended March 31, 2014

1. Information by product/service

	Loan business	Installment business	Other	Total
Operating revenue from third parties	59,031	13,930	18,896	91,858

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)

For the fiscal year ended March 31, 2013

Information not stated, as the Company discloses the same information in segment information.

For the fiscal year ended March 31, 2014

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)

For the fiscal year ended March 31, 2013

	Reporting segment				Others (Note)	Total
	AIFUL	LIFECARD	New Frontier Partners	Total		
Balance at beginning of the fiscal year	-	-	217	217	-	217

(Note) 1. The amortized amount of negative goodwill is omitted, as the Company discloses the same information in segment information.

For the fiscal year ended March 31, 2014

	Reporting segment				Others (Note)	Total
	AIFUL	LIFECARD	New Frontier Partners	Total		
Balance at beginning of the fiscal year	-	-	217	217	2,305	2,523

(Note) 1. The "Others" segment indicates businesses not included in the reported segments, and is "negative goodwill" relating to BUSINEXT CORPORATION.

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

(Information about gain on negative goodwill by reporting segment)

For the fiscal year ended March 31, 2013: No relevant matters

For the fiscal year ended March 31, 2014:

Regarding the joint venture business pertaining to BUSINEXT CORPORATION, in which the Company and Sumitomo-Mitsui Trust Bank has jointly invested based on the “Joint Venture Agreement” concluded on Nov 27, 2000, this has been dissolved with all shares held by both companies being transferred to New Frontier Partners Co. Ltd., a wholly-owned subsidiary of the Company. As a result, a loss of 2,305 million yen in negative goodwill has been provided for in the current consolidated fiscal year.

(Per Share Information)

For the fiscal year ended March 31, 2013		For the fiscal year ended March 31, 2014	
Net assets per share	213.41 yen	Net assets per share	276.80 yen
Net income per share	47.21 yen	Net income per share	63.34 yen
Diluted net income per share	47.02 yen	Diluted net income per share	63.00 yen

Note 1: Basis of calculation of net assets per share is as follows

(Million yen, share)

	As of March 31, 2013	As of March 31, 2014
Total net assets	105,008	133,541
Amount deducted from total net assets	2,367	412
(Of which subscription rights to shares)	(61)	(412)
(Of which minority interests)	(2,305)	(—)
Net assets related to common stock at end of fiscal year	102,641	133,129
Number of shares of common stock at the end of the fiscal year used in the calculation of net assets per share	480,951,904 shares	480,951,268 shares

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

Item	For the fiscal year ended March 31, 2013	For the fiscal year ended March 31, 2014
Net income (loss) per share		
Net income (loss)	22,705 million yen	30,461 million yen
Amount not attributable to common stock shareholders	—	—
Net income (loss) related to common stock	22,705 million yen	30,461 million yen
Average number of shares of common stock during the period	480,951,008 shares	480,951,620 shares
Diluted net income per share		
Adjusted net income	—	—
Increase in number of common stock	963,269	2,550,274
(of which subscription rights to share)	(963,269)	(2,550,274)
Outline of stock not included in diluted net income per share due to lack of dilutive effect	—	—

Note: The Company implemented a stock split of 2 shares for each 1 share of common stock on October 1, 2013. Accordingly, net asset per share, net income per share and diluted income per share have been calculated as though the stock split had occurred at the beginning of the previous year.

(Important Subsequent Events)

No relevant matters.

## 5. Consolidated Results of Operations

### (1) Operating Revenue

(Million yen; %)

Item	Period	End of the current FY (Apr. 1, 2012 to Mar. 31, 2013)		End of the current FY (Apr. 1, 2013 to Mar. 31, 2014)	
		Amount	%	Amount	%
AIFUL CORPORATION	Interest on loans to customers	47,402	47.6	42,066	45.8
	Unsecured loans	38,125	38.3	34,472	37.5
	Secured loans	7,654	7.7	6,232	6.8
	Small business loans	1,621	1.6	1,360	1.5
	Revenue from credit card business	115	0.1	47	0.1
	Revenue from Installment sales finance business	189	0.2	178	0.2
	Revenue from Credit guarantee	3,214	3.2	6,654	7.2
	Other financial revenue	11	0.0	9	0.0
	Other operating revenue	11,364	11.4	10,231	11.1
	Recovery of loans previously charged off	10,788	10.8	9,536	10.4
	Other	575	0.6	695	0.7
	Subtotal	62,298	62.5	59,186	64.4
LIFECARD Co., Ltd	Interest on loans to customers	6,904	6.9	6,260	6.8
	Unsecured loans	6,901	6.9	6,244	6.8
	Secured loans	0	0.0	9	0.0
	Small business loans	1	0.0	6	0.0
	Revenue from credit card	12,398	12.5	13,379	14.6
	Revenue from Installment sales finance business	42	0.1	7	0.0
	Revenue from Credit guarantee	1,394	1.4	1,295	1.4
	Other financial revenue	4	0.0	0	0.0
	Other operating revenue	5,195	5.2	6,041	6.6
	Recovery of loans previously charged off	22	0.0	99	0.1
	Other	5,173	5.2	5,941	6.5
	Subtotal	25,939	26.1	26,985	29.4
New Frontier Partners	Other financial revenue	0	0.0	0	0.0
	Other operating revenue	81	0.1	306	0.3
	Revenue from operational investment securities	59	0.1	248	0.3
	Other	21	0.0	57	0.0
Subtotal	81	0.1	306	0.3	

Item	Period	End of the current FY (Apr. 1, 2012 to Mar. 31, 2013)		End of the current FY (Apr. 1, 2013 to Mar. 31, 2014)	
		Amount	%	Amount	%
OTHER	Interest on loans to customers	7,301	7.3	2,251	2.5
	Secured loans	1,034	1.0	821	0.9
	Small business loans	6,266	6.3	1,429	1.6
	Other financial revenue	0	0.0	1	0.0
	Other operating revenue	3,998	4.0	3,126	3.4
	Collection of purchased receivables	3,908	3.9	3,011	3.3
	Recovery of loans previously charged off	29	0.0	26	0.0
	Other	61	0.1	88	0.1
	Subtotal	11,300	11.3	5,379	5.9
	Total	99,619	100.0	91,858	100.0

Notes: 1. Segment classifications are consistent with segment information classifications.

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

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

4. In the consolidated fiscal year under review, "New Frontier Partners Co., Ltd.", which used to be included in "Others" in the past, will be reported as a separate reporting segment due to its growing importance in quantitative terms. The results for the previous year after the change in classification method are stated



(2) Other operating indicators

Item	Period	As of Mar. 31, 2013	As of Mar. 31, 2014
Total amount of loans outstanding (millions of yen)		390,635	321,149
Unsecured loans		272,980	261,221
Secured loans		64,344	41,267
Small business loans		53,310	18,660
Number of customer accounts		887,662	817,039
Unsecured loans		829,561	768,700
Secured loans		22,526	17,592
Small business loans		35,575	30,747
Number of branches		651	704
Staffed branches		27	26
Unstaffed branches		624	678
Number of automatic loan-contracting machines		664	716
Number of ATMs		158,404	162,629
Company-owned		570	482
Partner-owned		157,834	162,147
Number of employees		1,437	1,369
Write-offs (millions of yen)		40,419	25,570
Allowance for doubtful accounts (millions of yen)		119,427	102,522
Net income per share (yen)		47.21	63.34
Net assets per share (yen)		213.41	276.80

- 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. Write-offs does not include losses on claims in bankruptcy, which came to 4,677 million yen in the previous fiscal year, and 2,229 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 (42,825 million yen at the end of the previous fiscal year and 35,290 million yen at the end of the fiscal year under review)
4. The Company implemented a stock split of 2 shares for each 1 share of common stock on October 1, 2013. Accordingly, net income per share and net asset per share have been calculated as though the stock split had occurred at the beginning of the previous year.

## 6. Non-Consolidated Financial Statements

### (1) Non-Consolidated Balance Sheets

(In millions of yen)

	As of March 31, 2013	As of March 31, 2014
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	46,162	53,483
Operating loans	286,316	260,776
Installment receivables	4,432	2,845
Customers' liabilities for acceptances and guarantees	51,077	80,488
Other operating receivables	6,525	6,569
Prepaid expenses	1,571	735
Accrued income	1,850	1,697
Other	11,105	6,918
Allowance for doubtful accounts	(72,949)	(59,234)
<b>Total current assets</b>	<b>336,092</b>	<b>354,280</b>
<b>Fixed assets</b>		
<b>Tangible fixed assets</b>		
Buildings	12,663	12,515
Total accumulated depreciation	(7,567)	(7,470)
Net buildings	5,096	5,044
Structures	1,514	1,421
Total accumulated depreciation	(1,246)	(1,163)
Net structures	268	257
Machinery and equipment	146	146
Total accumulated depreciation	(114)	(119)
Net machinery and equipment	32	27
Furniture and fixtures	8,341	4,999
Total accumulated depreciation	(6,584)	(4,002)
Net furniture and fixtures	1,756	4,997
Land	6,805	6,805
Net lease assets	275	161
Construction in process	672	39
<b>Total tangible fixed assets</b>	<b>14,906</b>	<b>13,333</b>
<b>Intangible fixed assets</b>		
Software	2,022	1,156
Other	25	25
<b>Total intangible fixed assets</b>	<b>2,048</b>	<b>1,181</b>
<b>Investment and other fixed assets</b>		
Investment securities	574	318
Stock in affiliated companies	93,810	29,365
Other marketable securities of affiliated companies	0	—
Long-term loans to affiliated companies	17,465	62,405
Claims in bankruptcy	38,673	35,988
Long-term prepaid expenses	39	83
Lease and guarantee deposits	1,787	1,712
Other	365	250
Allowance for investment loss	(2,915)	(2,915)
Allowance for doubtful accounts	(36,306)	(32,211)
<b>Total investment and other fixed assets</b>	<b>113,494</b>	<b>94,996</b>
<b>Total fixed assets</b>	<b>130,449</b>	<b>109,510</b>
<b>Total Assets</b>	<b>466,542</b>	<b>463,791</b>

(In millions of yen)

	As of March 31, 2013	As of March 31, 2014
<b>Liabilities</b>		
Current liabilities		
Acceptances and guarantees	51,077	80,488
Short-term borrowings	—	3,000
Current portion of bonds	8,700	—
Current portion of long-term debt	19,862	16,500
Lease obligations	308	27
Trade accounts payable	1,912	3,044
Accrued expenses	667	618
Income taxes payable	243	242
Allowance for bonuses	869	875
Deferred installment income	40	32
Asset retirement obligations	13	16
Other	667	509
Total current liabilities	84,363	105,356
Long-term liabilities		
Bonds	25,000	25,000
Long-term debt	178,241	161,740
Lease obligations	27	—
Deferred tax liabilities	138	171
Allowance for losses on interest repayments	85,565	53,879
Asset retirement obligation	1,563	1,603
Other	1,231	1,231
Total long-term liabilities	291,767	243,627
Total liabilities	376,131	348,984
<b>Net Assets</b>		
Shareholders' equity		
Common stock	143,324	143,324
Capital surplus		
Capital reserves	150,232	150,232
Other capital surplus	258	258
Total capital surplus	150,491	150,491
Retained earnings		
Earned surplus reserves	1,566	1,566
Other retained earnings		
General reserve	102,230	102,230
Retained earnings carried forward	(304,154)	(280,108)
Total retained earnings	(200,357)	(176,311)
Treasury stock	(3,110)	(3,110)
Total shareholders' equity	90,347	114,393
Valuation and translation adjustments		
Unrealized gain (loss) on available for sale securities	1	1
Total valuation and translation adjustments	1	1
Stock acquisition rights	61	412
Total net assets	90,410	114,807
Total net assets and liabilities	466,542	463,791

## (2) Non-Consolidated Statements of Income

(In millions of yen)

	For the fiscal year ended March 31, 2013	For the fiscal year ended March 31, 2014
Operating revenue		
Interest on loans to customers	47,402	42,066
Other financial revenue	11	9
Other operating revenue		
Revenue from Credit guarantee	3,214	6,654
Recovery of loans previously charged off	10,788	9,536
Other	892	930
Total other operating revenue	14,896	17,121
Total operating revenue	62,310	59,196
Operating expenses		
Financial expenses		
Interest expenses	4,438	3,869
Interest on bond	966	748
Other	2	33
Total financial expenses	5,407	4,652
Other operating expenses		
Commissions	5,031	4,718
Provision for doubtful accounts	571	8,579
Provision for losses on interest repayments	15,877	—
Salaries for employees	6,209	5,7960
Provision for bonuses	583	546
Depreciation expenses	3,620	2,098
Other	13,445	14,975
Total other operating expenses	45,340	36,679
Total operating expenses	50,747	41,331
Operating income	11,562	17,865

	For the fiscal year ended March 31, 2013	For the fiscal year ended March 31, 2014
Non-operating income		
Interest on loans	455	1,345
Reversal provision for doubtful accounts	59	2,636
Other	825	510
Total non-operating income	1,340	4,492
Non-operating expenses		
Provision for investment loss	762	—
Loss on sales of golf club memberships	—	2
Other	45	18
Total non-operating expenses	807	21
Ordinary income	12,095	22,336
Extraordinary income		
Gain on loan extinguishment	5,948	—
Gain on sale of fixed assets	7	88
Other	49	1
Total extraordinary income	6,004	90
Extraordinary losses		
Loss on sale of investment securities	—	25
Loss on valuation of stocks of affiliated companies	8,760	—
Other	55	0
Total extraordinary losses	8,815	25
Income before taxes	9,284	22,400
Income taxes-current	(1,393)	(1,677)
Income taxes-deferred	28	32
Total income taxes	(1,364)	(1,644)
Net income	10,648	24,045

(3) Non-Consolidated Statements of Change in Shareholders' Equity

For the fiscal year ended March 31, 2013

(In millions of yen)

	Shareholders' equity							
	Common stock	Capital surplus			Retained earnings			
		Capital reserve	Other capital surplus	Total capital surplus	Earned surplus reserve	Other retained earnings		Total retained earnings
					General reserve	Retained earnings carried forward		
Balance at April 1, 2012	143,324	150,232	258	150,491	1,566	102,230	(314,802)	(211,006)
Changes during the period								
Net income							10,648	10,648
Purchase of treasury stock								
Disposal of treasury stock								
Net changes in accounts other than shareholders' equity								
Total change during fiscal year							10,648	10,648
Balance at March 31, 2013	143,324	150,232	258	150,491	1,566	102,230	(304,145)	(200,357)

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gain (loss) in available-for-sale securities	Total valuation and translation adjustments		
Balance at April 1, 2012	(3,110)	79,699	10	10	51	79,760
Changes during the period						
Net income		10,648				10,648
Purchase of treasury stock	(0)	(0)				(0)
Disposal of treasury stock						
Net changes in accounts other than shareholders' equity			(9)	(9)	10	1
Total change during fiscal year	(0)	10,648	(9)	(9)	10	10,650
Balance at March 31, 2013	(3,110)	90,347	1	1	61	90,410

For the fiscal year ended March 31, 2014

(In millions of yen)

	Shareholders' equity							
	Common stock	Capital surplus			Retained earnings			
		Capital reserve	Other capital surplus	Total capital surplus	Earned surplus reserve	Other retained earnings		Total retained earnings
					General reserve	Retained earnings carried forward		
Balance at April 1, 2013	143,324	150,232	258	150,491	1,566	102,230	(304,145)	(200,357)
Changes during the period								
Net income							24,045	24,045
Purchase of treasury stock								
Disposal of treasury stock			(0)	(0)				
Net changes in accounts other than shareholders' equity								
Total change during fiscal year			(0)	(0)			24,045	24,045
Balance at March 31, 2014	143,324	150,232	258	150,491	1,566	102,230	(280,108)	(176,311)

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gain (loss) in available-for-sale securities	Total valuation and translation adjustments		
Balance at April 1, 2013	(3,110)	90,347	1	1	61	90,410
Changes during the period						
Net income		24,045				24,045
Purchase of treasury stock	(0)	(0)				(0)
Disposal of treasury stock	0	0				0
Net changes in accounts other than shareholders' equity			0	0	350	351
Total change during fiscal year	(0)	24,045	0	0	350	24,396
Balance at March 31, 2014	(3,110)	114,393	1	1	412	114,807

#### (4) Notes to Non-consolidated financial statements

##### (Notes on premise of going concern)

No relevant matter

##### (Important accounting principle)

Disclosure omitted since there are no major changes from the descriptions in the latest Financial Information (Yukashoken-Hokokusho) (submitted on Jun 26, 2013).

##### (Changes in disclosure method)

###### (Balance Sheets)

In the last fiscal year, "Suspense payment" which was presented as a separate item until the previous fiscal year, has been included under "Other" in "Current Assets" in the fiscal year under review as the amount is insignificant. As a result, the 5,473 million yen presented as "Suspense payment" was reclassified into the "Other" item of "Current assets".

###### (Statements of Income)

"Advertising expense" (¥2,924 million for the fiscal year under review), "Director's salaries and remuneration" (¥187 million for the fiscal year under review), "Bonus for employees" (¥562 million for the fiscal year under review) "Welfare expenses" (¥1,524 million for the fiscal year under review), "Expenses for retirement benefits for employees" (¥465 million for the fiscal year under review), "Rent fees" (¥371 million for the fiscal year under review), "Land rent" (¥1,719 million for the fiscal year under review) and "Repairs" (¥1,103 million for the fiscal year under review) which were presented as a separate item until the previous fiscal year, have been included under "Other" in "Operating expenses" as it accounts for less than 10% of total extraordinary income

As a result, "Advertising expense" of ¥2,615 million, "Director's salaries and remuneration" of ¥182 million, "Bonus for employees" of ¥436 million, "Welfare expenses" of ¥1,514 million, "Expenses for retirement benefits for employees" of ¥504 million, "Rent fees" of ¥463 million, "Land rent" of ¥1,768 million and "Repairs" of ¥1,014 million which were posted in Statements of Income for the previous fiscal year are reclassified into "Other" item of "Operating expenses" 13,445 million yen.

"Fiduciary obligation fee" (¥283 million for the fiscal year under review) and "Interest on refund" (¥2 million for the fiscal year under review) which were presented as a separate item until the previous fiscal year, have been included under "Other" in "Non- operating income" as it accounts for less than 10% of total extraordinary income

As a result, "Fiduciary obligation fee" of ¥309 million and "Interest on refund" of ¥144 million which were posted in Statements of Income for the previous fiscal year are reclassified into "Other" item of "Non-operating income" 825 million yen.



## (Notes to non-consolidated Balance sheets)

## \*1. Assets pledged as collateral and corresponding liabilities

As of March 31, 2013		As of March 31, 2014	
(1) Assets pledged as collateral	(Million yen)	(1) Assets pledged as collateral	(Million yen)
Operating loans	182,998	Operating loans	175,593
Installment receivables	963	Installment receivables	550
Other operating receivables	138	Other operating receivables	77
Buildings	3,923	Buildings	3,766
Lands	6,433	Lands	6,433
<u>Total</u>	<u>194,457</u>	<u>Total</u>	<u>186,421</u>
(2) Corresponding liabilities		(2) Corresponding liabilities	
Current portion of long-term debt	19,862	Short-term borrowings	3,000
<u>Long term debt</u>	<u>178,241</u>	Current portion of long-term debt	16,500
<u>Total</u>	<u>198,103</u>	<u>Long term debt</u>	<u>161,740</u>
		<u>Total</u>	<u>181,241</u>
i) ¥90,670 million in operating loans, ¥500 million in installment receivables and ¥138 million in other operating receivables, are included as joint collateral of AIFUL and its subsidiaries under the ADR process.		i) ¥87,727 million in operating loans, ¥280 million in installment receivables and ¥77 million in other operating receivables, are included as joint collateral of AIFUL and its subsidiaries under the ADR process.	
ii) Within the assets noted above, 1,639 million yen of operating loans and 462 million yen of installment receivables are being used as collateral for borrowing by LIFECARD Co., Ltd.		ii) Within the assets noted above, 807 million yen of operating loans and 269 million yen of installment receivables are being used as collateral for borrowing by LIFECARD Co., Ltd.	

## \*2. Unsecured personal loans

As of March 31, 2013	As of March 31, 2014
¥224,668 million	¥216,072 million

\*3. Non-performing loans from out of operating loans and claims in bankruptcy are as follows

As of March 31, 2013				As of March 31, 2014			
(million yen)				(million yen)			
	Unsecured loans	Other than unsecured loans	Total		Unsecured loans	Other than unsecured loans	Total
Loans in legal bankruptcy	148	37,367	37,516	Loans in legal bankruptcy	158	34,942	35,100
Nonaccrual loans	15,528	18,980	34,509	Nonaccruals loans	11,764	13,491	25,255
Loans in 3-months+ in arrears	1,404	514	1,918	Loans in 3-months+ in arrears	1,561	339	1,900
Restructured loans	16,404	2,690	19,094	Restructured loans	9,941	2,112	12,053
Total	33,486	59,552	93,039	Total	23,425	50,885	74,310

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. Allowances for claims in bankruptcy are stated at the amount estimated to be non-recoverable based on individual assessment of claims

(Nonaccrual loans)

Nonaccrual 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 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 nonaccrual loans are excluded from loans three months or more in arrears.

(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 nonaccrual loans are excluded from restructured loans.

\*4. Estimated interest repayment of allowance of doubtful accounts expected to have priority application in operating loans

As of March 31, 2013	As of March 31, 2014
¥42,825 million	¥35,290 million

\*5. Allowance for doubtful accounts for affiliated companies

As of March 31, 2013	As of March 31, 2014
¥2,600 million	¥- million

(Notes to Non-consolidated Statements of Income)

\*1. Notes related to relevant subsidiaries

	For the fiscal year ended March 31, 2013	For the fiscal year ended March 31, 2014
		(million yen)
Interest on loans	451	1,342
Fiduciary obligation fee	309	283

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

(Important Subsequent Events)

No relevant matters.

## 7. Non-Consolidated Results of Operations

### (1) Operating Revenue

(Million yen, %)

Item	Period	For the fiscal year ended March 31, 2013		For the fiscal year ended March 31, 2014	
		Amount	%	Amount	%
Interest on loans to customers		47,402	76.1	42,066	71.1
Unsecured loans		38,125	61.2	34,472	58.2
Secured loans		7,654	12.3	6,232	10.6
Small business loans		1,621	2.6	1,360	2.3
Other financial revenue		11	0.0	9	0.0
Other operating revenue		14,896	23.9	17,121	28.9
Credit guarantee revenue		3,214	5.2	6,654	11.2
Other		11,681	18.7	10,467	17.7
<b>Total</b>		<b>62,310</b>	<b>100.0</b>	<b>59,196</b>	<b>100.0</b>

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

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

### (2) Other Operating Indicators

Item	Period	As of March 31, 2013	As of March 31, 2014
Total amount of loans outstanding (millions of yen)		286,316	260,776
Unsecured loans		224,668	216,072
Secured loans		52,708	37,610
Small business loans		8,939	7,093
Number of customer accounts		631,233	589,915
Unsecured loans		600,963	565,172
Secured loans		21,541	17,324
Small business loans		8,729	7,419
Number of branches		649	703
Staffed branches		25	25
Unstaffed branches		624	678
Number of automatic loan-contracting machines		664	716
Number of ATMs		55,506	59,808
Company-owned		570	482
Partner-owned		54,936	59,326
Number of employees		972	924
Write-offs (millions of yen)		34,542	21,805
Allowance for doubtful accounts (millions of yen)		109,256	91,446
Net income per share (yen)		22.14	50.00
Net assets per share (yen)		187.85	237.85

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. Write-offs does not include losses on claims in bankruptcy, which came to 4,338 million yen in the previous fiscal year, and 1,947 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 (42,825 million yen at the end of the previous fiscal year and 35,290 million yen at the end of the fiscal year under review).

4. The Company implemented a stock split of 2 shares for each 1 share of common stock on October 1, 2013.

Accordingly, net income per share and net asset per share have been calculated as though the stock split had occurred at the beginning of the previous year.

## 8. Other

### (1) Transfers of Directors

To be published when the information is available.

**AIFUL Corporation**

Press Release

June 23, 2014

**Corrections to Consolidated Financial Results  
For The Fiscal Year Ended March 2014**

AIFUL Corporation (“AIFUL” or “Company”) made the following corrections to the consolidated financial results announced on May 13, 2014, for the fiscal year ended March 31, 2014.  
No correction is posted for Financial Statements.

**I. Correction content**

Corrected sections are underlined&gt;.

## 1. “2. State of the Group” (Page 12)

[Before correction]

(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	100	Small business loan operations	100.0 (100.0)	No. of concurrent directors...2
AsTry Loan Services Corporation	Minato-ku, Tokyo	2,500	Debt-collection business	100.0	Receives financial assistance from AIFUL No. of concurrent directors: <u>3</u>
New Frontier Partners Co., Ltd.	Minato-ku, Tokyo	10	Venture capital business	100.0	Receives financial assistance from AIFUL
LIFECARD Co.,Ltd <sup>1,4</sup>	Aoba-ku, Yokohama City	100	Credit sales business, Credit guarantee business	100.0	Receives financial assistance from AIFUL No. of concurrent directors: 5

[After correction]

(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	100	Small business loan operations	100.0 (100.0)	No. of concurrent directors...2
AsTry Loan Services Corporation	Minato-ku, Tokyo	2,500	Debt-collection business	100.0	Receives financial assistance from AIFUL No. of concurrent directors: <u>4</u>
New Frontier Partners Co., Ltd.	Minato-ku, Tokyo	10	Venture capital business	100.0	Receives financial assistance from AIFUL
LIFECARD Co.,Ltd <sup>1,4</sup>	Aoba-ku, Yokohama City	100	Credit sales business, Credit guarantee business	100.0	Receives financial assistance from AIFUL No. of concurrent directors: 5

2. “4.Consolidated Financial Statements  
 (5) Notes to Consolidated Financial Statements”  
 (Notes to Consolidated Balance Sheets) (Page 24)

[Before corrections]

2. Assets pledged as collateral and corresponding liabilities

For the fiscal year ended March 31, 2013		For the fiscal year ended March 31, 2014	
(1) Assets pledged as collateral		(1) Assets pledged as collateral	
	(million yen)		(million yen)
Operating loans	229,910	Operating loans	223,554
Installment receivables	79,694	Installment receivables	89,122
Other operating receivables	138	Other operating receivables	77
Buildings and structures	5,102	Buildings and structures	4,803
Machinery and equipment	49	Machinery and equipment	90
Land	8,523	Land	8,523
<u>Total</u>	<u>323,418</u>	<u>Total</u>	<u>326,170</u>
(2) Corresponding liabilities		(2) Corresponding liabilities	
	(million yen)		(million yen)
Short-term borrowings	35,000	Short-term borrowings	49,250
Current portion of long-term debt	19,862	Current portion of long-term debt	16,800
<u>Long-term debt</u>	<u>178,241</u>	<u>Long-term debt</u>	<u>162,865</u>
<u>Total</u>	<u>233,103</u>	<u>Total</u>	<u>228,916</u>

i) The Company has contracted to offer ¥52,344 million in loans as collateral in response to borrowers' requests to the sum of ¥4,900 million for the short-term borrowings, ¥23,850 million for the current portion of long-term debt, and ¥11,797 million for long term debt, totaling ¥40,547 million.

[After corrections]

2. Assets pledged as collateral and corresponding liabilities

For the fiscal year ended March 31, 2013		For the fiscal year ended March 31, 2014	
(1) Assets pledged as collateral		(1) Assets pledged as collateral	
	(million yen)		(million yen)
Operating loans	229,910	Operating loans	223,554
Installment receivables	79,694	Installment receivables	89,122
Other operating receivables	138	Other operating receivables	77
Buildings and structures	5,102	Buildings and structures	4,803
Machinery and equipment	49	Machinery and equipment	90
Land	8,523	Land	8,523
<u>Total</u>	<u>323,418</u>	<u>Total</u>	<u>326,170</u>
(2) Corresponding liabilities		(2) Corresponding liabilities	
	(million yen)		(million yen)
Short-term borrowings	35,000	Short-term borrowings	49,250
Current portion of long-term debt	19,862	Current portion of long-term debt	16,800
<u>Long-term debt</u>	<u>178,241</u>	<u>Long-term debt</u>	<u>162,865</u>
<u>Total</u>	<u>233,103</u>	<u>Total</u>	<u>228,916</u>

i) The Company has contracted to offer ¥52,344 million in loans as collateral in response to borrowers' requests to the sum of ¥4,900 million for the short-term borrowings, ¥23,850 million for the current portion of long-term debt, and ¥11,797 million for long term debt, totaling ¥40,547 million.

i) Partial of Operating loans and Installment receivables are amount at the time of Registration of Assignment of Claims.

3. “4.Consolidated Financial Statements  
 (5) Notes to Consolidated Financial Statements”  
 (Notes to Consolidated Balance Sheets) (Page 24)

[Before correction]

\*4. Shares of non-consolidated subsidiaries and affiliated companies and other securities issued by non-consolidated subsidiaries and affiliated companies included in investment securities

	For the fiscal year ended March 31, 2013	For the fiscal year ended March 31, 2014
Investment Securities (stocks)	¥905 million	¥650 million

[After correction]

\*4. Shares of non-consolidated subsidiaries and affiliated companies and other securities issued by non-consolidated subsidiaries and affiliated companies included in investment securities

	For the fiscal year ended March 31, 2013	For the fiscal year ended March 31, 2014
Investment Securities (stocks)	¥905 million	¥671 million

4. “4.Consolidated Financial Statements  
 (5) Notes to Consolidated Financial Statements”  
 (Notes to Consolidated Statements of Change in Shareholders’ Equity) (Page 28)

[Before correction]

2. Matters pertaining to new stock acquisition rights

Category	Breakdown of new stock acquisition rights	Class of shares to be issued or transferred upon exercise of new stock acquisition rights	Number of shares to be issued or transferred upon exercise of new stock acquisition rights				New stock acquisition rights outstanding as of March 31, 2013 (million yen)
			End of previous fiscal year	Increase	Decrease	End of fiscal year under review	
Submitting company	New stock acquisition rights issued as stock options in 2010	-	- (-)	- (-)	- (-)	- (-)	81 (41)
Submitting company	New stock acquisition rights issued as stock options in 2013	-	- (-)	- (-)	- (-)	- (-)	331 (-)
Total			- (-)	- (-)	- (-)	- (-)	412 (41)

Note: 1.The first day of the exercise period for the new stock acquisition rights has yet to arrive.

2. Treasury stock acquisition rights are indicated outside within parentheses.

[After correction]

2. Matters pertaining to new stock acquisition rights

Category	Breakdown of new stock acquisition rights	Class of shares to be issued or transferred upon exercise of new stock acquisition rights	Number of shares to be issued or transferred upon exercise of new stock acquisition rights				New stock acquisition rights outstanding as of March 31, 2013 (million yen)
			End of previous fiscal year	Increase	Decrease	End of fiscal year under review	
Submitting company	New stock acquisition rights issued as stock options in 2010	-	- (-)	- (-)	- (-)	- (-)	81 (41)
Submitting company	New stock acquisition rights issued as stock options in 2013	-	- (-)	- (-)	- (-)	- (-)	331 (3)
Total			- (-)	- (-)	- (-)	- (-)	412 (45)

Note: 1. The first day of the exercise period for the new stock acquisition rights has yet to arrive.

2. Treasury stock acquisition rights are indicated outside within parentheses.

5. “4. Consolidated Financial Statements

(5) Notes to Consolidated Financial Statements”

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

(Page 42)

[Before correction]

For the fiscal year ended March 31, 2013

	Reporting segment				Others (Note)	Total
	AIFUL	LIFECARD	New Frontier Partners	Total		
Balance at beginning of the fiscal year	-	-	<u>217</u>	<u>217</u>	=	217

(Note) 1. The amortized amount of negative goodwill is omitted, as the Company discloses the same information in segment information.

For the fiscal year ended March 31, 2014

	Reporting segment				Others (Note)	Total
	AIFUL	LIFECARD	New Frontier Partners	Total		
Balance at beginning of the fiscal year	-	-	<u>217</u>	<u>217</u>	<u>2,305</u>	<u>2,523</u>

(Note) 1. The “Others” segment indicates businesses not included in the reported segments, and is “negative goodwill” relating to BUSINEXT CORPORATION.

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

[After correction]

For the fiscal year ended March 31, 2013

	Reporting segment				Others (Note)	Total
	AIFUL	LIFECARD	New Frontier Partners	Total		
Balance at beginning of the fiscal year	-	-	=	=	<u>217</u>	217

(Note) 1. The “Others” segment indicates adjusted amount of “negative goodwill” relating to New Frontier Partners Co.,Ltd.

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



For the fiscal year ended March 31, 2014

	Reporting segment				Others	Total
	AIFUL	LIFECARD	New Frontier Partners	Total		
Balance at beginning of the fiscal year	-	-	=	=	=	=

(Note)1. The amortized amount of negative goodwill is omitted, as the Company discloses the same information in segment information.

6. “6. Non-Consolidated Financial Statements  
 (4) Notes to Non-consolidated financial statements”  
 (Changes in disclosure method) (Page 53)

[Before correction]  
 (Balance Sheets)

In the last fiscal year, “Suspense payment” (¥2,914 million for the previous fiscal year) which was presented as a separate item until the previous fiscal year, has been included under “Other” in “Current Assets” in the fiscal year under review as the amount is insignificant.

As a result, the 5,473 million yen presented as “Suspense payment” was reclassified into the 11,104 million yen in “Other” item.

[After correction]  
 (Balance Sheets)

In the last fiscal year, “Suspense payment” (¥2,914 million for the previous fiscal year) which was presented as a separate item until the previous fiscal year, has been included under “Other” in “Current Assets” in the fiscal year under review as the amount is insignificant.

As a result, the 5,473 million yen presented as “Suspense payment” was reclassified into the 11,105 million yen in “Other” item.

7. “6. Non-Consolidated Financial Statements  
 (4) Notes to Non-consolidated financial statements”  
 (Notes to Non-consolidated Statements of Income) (Page 56)

[Before correction]

\*1. Notes related to relevant subsidiaries

	For the fiscal year ended March 31, 2013	For the fiscal year ended March 31, 2014
		(million yen)
Interest on loans	451	1,342
Fiduciary obligation fee	309	283

[After correction]

\*1. Notes related to relevant subsidiaries

	For the fiscal year ended March 31, 2013	For the fiscal year ended March 31, 2014
		(million yen)
Interest on loans	451	1,342
<u>Reversal provision for doubtful account</u>	<u>100</u>	<u>2,600</u>
Fiduciary obligation fee	309	283

## II. Reason for the Correction

Some errors were found after the company disclosed the Financial Results and corrections have been made accordingly.