

## Brief Statement of Financial Results for the Fiscal Year Ended March 2008

May 8, 2008

### Forward-looking Statement

The statements and figures contained in this Brief Statement of Financial Results for the fiscal year ended March 2008 (the "Brief Statement") with respect to ACOM's plans and strategies and other statements that are not historical facts but are forward-looking statements about the future performance of ACOM which are based on management's assumptions and belief in light of the information currently available to it and involve risks and uncertainties and actual results may differ from those in the forward-looking statements as a results of various facts. Potential risks and uncertainties include, without limitation, general economic conditions in ACOM's market and changes in the size of the overall market for consumer loans, the rate of default by customers, the fluctuations in number of cases of claims from and the amount paid to customers who claim us to reimburse the portion of interest in excess of the interest ceiling as specified in the Interest-Rate Restriction Law, the level of interest rates paid on the ACOM's debt and legal limits on interest rates charged by ACOM.

Name of the company:	ACOM CO., LTD. ("ACOM" or the "Company")
Stock market:	Tokyo Stock Exchange
Code Number:	8572
Location of the head office:	Tokyo
URL:	<a href="http://www.acom.co.jp/ir/englsih/">http://www.acom.co.jp/ir/englsih/</a>
Position of the representative:	President & Chief Executive Officer
Name:	Shigeyoshi Kinoshita
Position of the person in charge:	Chief General Manager of Public Relations Department
Name:	Takashi Kiribuchi
Telephone Number:	(03) 5533-0631
Date of the shareholders' meeting:	June 20, 2008
Payable date of dividend:	June 23, 2008
Registration date of annual securities report:	June 20, 2008

Note: 1. All amounts under minimum units appearing in each of the tables have been disregarded, except for per share amounts throughout this Brief Statement.  
2. The figures in percentage show year-on-year change from the prior fiscal year.

# 1. Consolidated Business Results for the Fiscal Year Ended March 2008 (from April 1, 2007 to March 31, 2008)

## (1) Consolidated Operating Results

(Millions of yen)

	Operating Income		Operating Profit (loss)		Income (loss) Before Extraordinary Items		Net Income (loss)	
3/2008	379,706	(10.4%)	81,651	—	83,120	—	35,406	—
3/2007	423,652	(4.9%)	(85,102)	—	(81,944)	—	(437,972)	—

	Net Income (loss) per Share (Yen)	Net Income per Share Diluted (Yen)	Return on Equity (ROE)	Income (loss) Before Extraordinary Items to Total Assets	Operating Margin
3/2008	225.24	225.23	7.7%	4.3%	21.5%
3/2007	(2,786.19)	—	(63.6%)	(4.0%)	(20.1%)

<Reference> Loss on investment in equity-method: - yen (3/2008)

821 million yen (3/2007)

## (2) Consolidated Financial Status

(Millions of yen)

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share (Yen)
3/2008	1,861,505	472,144	24.9%	2,950.01
3/2007	2,031,829	457,165	22.2%	2,863.16

<Reference> Owners' Equity: 463,725 million yen (3/2008)

450,073 million yen (3/2007)

## (3) Consolidated Cash Flow Status

(Millions of yen)

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Cash Equivalents at the End of Year
3/2008	126,183	8,250	(128,678)	152,221
3/2007	99,944	308	(53,464)	146,383

## 2. Dividend Status

(Report Date)	Dividend per Share					Total Amount of Dividend (Year) (Millions of Yen)	Payout Ratio (Consolidated)	Ratio of Payout to Net Assets (Consolidated)
	1Q (Yen)	2Q (Yen)	3Q (Yen)	4Q (Yen)	Year (Yen)			
3/2007	—	70.00	—	30.00	100.00	15,719	—	2.3%
3/2008	—	50.00	—	50.00	100.00	15,719	44.4%	3.4%
3/2009 (Forecast)	—	50.00	—	50.00	100.00		36.3%	

## 3. Forecasts for the Fiscal Year Ending March 31, 2009 (from April 1, 2008 to March 31, 2009)

(Millions of yen)

	Operating Income		Operating Profit		Income before Extraordinary Items		Net Income		Net Income per Share (Yen)
First Half	169,000	(14.1%)	31,300	(36.6%)	32,000	(36.6%)	21,000	(15.5%)	133.59
Annual	325,000	(14.4%)	54,600	(33.1%)	56,200	(32.4%)	43,300	22.3%	275.45

(The figures in percentage show year-on-year change from the same prior periods.)

## 4. Others

(1) Change in important subsidiaries during the fiscal year ended March 31, 2008 (Change in scope of consolidation): None

(2) Changes on the basis of consolidated financial statements preparation

A) Related to accounting standard revisions etc.: Applicable

B) Other changes: Applicable

[Note] Please refer to "Changes in Significant Items Relating to the Preparation of Consolidated Financial Statements" at page 31 for details.

(3) Outstanding shares (common shares)

A) Number of shares outstanding (including treasury stock)

FY March 31, 2008: 159,628,280 shares

FY March 31, 2007: 159,628,280 shares

B) Number of treasury stock

FY March 31, 2008: 2,433,798 shares

FY March 31, 2007: 2,433,969 shares

[Note] Please refer to "Notes to Statistics per Share" at page 51 for the number of shares which is basis for calculation of net income per share (consolidated).

(Reference)

1. Non-Consolidated Business Results for the Fiscal Year Ended March 2008 (from April 1, 2007 to March 31, 2008)

(1) Non-Consolidated Operating Results

(Millions of yen)

	Operating Income		Operating Profit (loss)		Income Before Extraordinary Items (loss)		Net Income (loss)	
3/2008	317,116	(14.5%)	80,159	—	82,319	—	33,518	—
3/2007	370,769	(6.5%)	(88,992)	—	(86,183)	—	(439,463)	—

	Net Income (loss) per Share (Yen)	Net Income per Share Diluted (Yen)
3/2008	213.23	—
3/2007	(2,795.68)	—

(2) Non-consolidated Financial Status

(Millions of yen)

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share (Yen)
3/2008	1,620,468	451,321	27.9%	2,871.10
3/2007	1,861,285	443,797	23.8%	2,823.24

<Reference> Owners' Equity: 451,321 million yen (3/2008) 443,797 million yen (3/2007)

2. Forecasts for the Fiscal Year Ending March 31, 2009 (from April 1, 2008 to March 31, 2009)

(Millions of yen)

	Operating Income		Operating Profit		Income before Extraordinary Items		Net Income		Net Income per Share (Yen)
First Half	135,800	(18.5%)	28,900	(38.8%)	30,100	(38.3%)	20,200	(21.9%)	128.50
Annual	258,300	(18.5%)	49,600	(38.1%)	52,000	(36.8%)	41,800	24.7%	265.91

(The figures in percentage show year-on-year change from the same prior periods.)

## 1. Business Results

### (1) Analysis on Business Results

#### (A) Business results

Although Japan's economy during this consolidated fiscal year remained on a moderate recovery path mainly in exports and private capital investments, deceleration of overall pace of recovery has progressed by sharp temporary decline in housing investments stemming from revisions made in the Building Standards Law since last fall. Concurrently, Japanese financial market experienced some turbulence such as sharp temporary drop in stock prices due to subprime mortgage crisis in the United States of America. Sharp rises in the prices of crude oil and imported grain have helped produce upturn in living costs. As a result, there was an emergence of a tendency for households to be more set back in their spending and concerns for recessions in American economy, making the future course of the economy and consumption more ambiguous.

The business environment surrounding the ACOM Group (hereinafter, "the Group") continued to be difficult because of factors such as regulations on lending companies being further strict as the revised Money-lending Business Law went into force in December 2007 and an all-out competitive environment transcending industry boundaries being generated as corporate reorganization picks up pace throughout the non-bank industry.

Under such circumstances, the Group has set "establishment of compliance structure", "actualization of putting customers first and establishment of socially-oriented corporate brand", "transformation of business model to enhance our cost competitiveness", "improvement of service by strengthening our marketing systems", "strengthening our ability to attract new customers and improve the quality of assets" and "nurturance of professionals" as management policies for this consolidated fiscal year. At the same time, the Group worked enthusiastically both in domestic and oversea domains.

The business results for this consolidated fiscal year showed a year-on-year decline of 43,945 million yen in operating income, due primarily to a decline in interest on loans receivable. However, a 210,700 million yen fall in operating expenses stemming from a substantial reduction in the amount of the allowance for loss on interest repayments and from reduced allowance for bad debts and decrease in general administrative costs brought about increases of 166,754 million yen in operating profits and 165,065 million yen in income before extraordinary items. Despite higher loss on revaluation of investments in marketable securities, extraordinary losses declined 327,152 million yen due to the fact that the provision for loss on interest payments (317,061 million yen) and management restructuring expense (17,982 million yen) recorded for the previous consolidated fiscal year were not posted this fiscal year, and this, together with a 16,047 million yen decline in corporation tax, inhabitants' tax, and enterprise tax, a 9,093 million yen rise in the prior fiscal year corporate taxes, etc. , a 30,000 million yen increase in deferred income tax and a 484 million yen decrease in gains on minority interests in consolidated subsidiaries, boosted current net income by 473,378 million yen.

As results of above, the operating income was 379,706 million yen (down 10.4% year-on-year), operating expenses was 298,054 million yen (down 41.4% year-on-year),

income before extraordinary items was 83,120 million yen, and net income was 35,406 million yen.

The details of measures taken and situations of each business segment during the current consolidated fiscal year are as follows:

(Organization Reform)

The Group regards further implementation of compliance as the highest priority in the management. Organizational reforms were implemented in order to further improve effectiveness of compliance structure, functions of business/credit supervision departments, and efficiency of head office departments in April and December, 2007 as part of ongoing reform.

With regard to the "Compliance Committee," which changed its name from business ethics committee in December, 2006, ACOM invited and appointed external experts as the chairman and new members of Compliance Committee in May, 2007. Moreover, ACOM has established "ACOM Group Code of Ethics" and "Code of Conduct," which sets behavior standards in business practice in December, 2007. ACOM will strive to promote highly transparent operation and enforce compliance.

The details of the organization reform are as follows:

-Changes in Business Related Departments- (April, 2007)

- Established "Credit Business Promotion Division" which governs Loan and Credit Card businesses.
- Reorganized Business Promotion Department No.1~4, formerly organized by locations, into those organized by functions (listed below) in order to reinforce operation efficiency and strengthen customer services.
  - ◆ "Credit Business Branch Operations Department" which supervises all the staffed/unstaffed outlets.
  - ◆ "ACM Operation Department" which supervises operation centers of automated contract machines.
  - ◆ "Call Center Department" which supervises reception centers for inquiries over phone.
  - ◆ "Credit Counseling Department" which supervises credit counseling centers notifying payment dates and offer counseling on repayment to customers.
- Establishment of "Compliance for Credit Business Promotion Office"
- Changed Credit Card/Installment Business Department to "Affinity Card Promotion Department" due to integration of ACOM's installment sales finance business into a subsidiary.
- Placed Business Promotion Department as the governing staff of Credit Business Promotion Department and changed name into "Credit Business Management Department"

-Changes in Credit Supervision Related Departments- (April, 2007)

- Established "Credit Supervision Division" which governs credit supervision

departments.

- Following the operational expansion of Credit Supervision Department No.2, credit supervision/management function and legal matter function were allotted to “Credit Supervision Department I” and “Credit Supervision Department II”, respectively.
- Established “Compliance for Credit Supervision Office”

-Changes in Head Office Functions Related Departments- (April, 2007)

- Reorganized 6 departments into 4 departments in order to improve organizational efficiency by integration of departments with analogous functions.
- Functions of sales development, business alliance related planning, operation process planning, and those related to credit screening were rearranged while names of 3 departments were changed.

-Changes in Business Related Departments- (December, 2007)

- Credit Counseling Department and Call Center Department were integrated and reorganized into East Japan Contact Center Department and West Japan Contact Center Department in order to improve customer service ability and efficiency of telephone service operation.

(Rearrangement of Group Subsidiaries)

The Group is implementing group-wide management reform which aims to improve management efficiency through drastic cost structure reform.

As part of such reform, rearrangement of business within the Group has been progressed since previous fiscal year. Integration of ACOM's installment sales finance business with JCK CREDIT CO., LTD. as the surviving company was implemented as of April 1, 2007 for rearrangement of installment sales finance business. JCK CREDIT CO., LTD. simultaneously changed corporate name into “AFRESH CREDIT CO., LTD.”

On the same day, merger of 3 subsidiaries which expertise are interior design, construction of service outlets, real estate management, and maintenance of buildings and other properties was conducted, and “JLA INCORPORATED” made its start.

(Reduction of the Maximum Lending Interest Rate)

ACOM has reduced the maximum lending interest rate to 18% (effective annual rate) from June 18<sup>th</sup>, 2007 to realize our prime goal of “contributing to the healthy development of the consumer finance market by building a corporate group that is more focused than it has been in the past on sociality such as consumer protection, and offering financial services that are less expensive yet inspire relief and confidence.” Those customers who entered contracts before the reduction are currently taking procedures to reduce their lending interest rates.

(New Overseas Business)

ACOM and the Bank of Tokyo-Mitsubishi UFJ, Ltd. (hereinafter, “BTMU”) jointly acquired shares of Indonesian bank, “PT. BANK NUSANTARA PARAHYANGAN, Tbk. (hereinafter, “Bank BNP”)” in December, 2007 as one of our initiatives to promote business cooperation.

As a result of the transaction, Bank BNP has become a consolidated subsidiary of ACOM.

Bank BNP will utilize its network and ACOM's expertise to enhance consumer loan services. BTMU will use its risk management expertise to help strengthen Bank BNP's risk management practices.

The investment ratio at the end of the current consolidated fiscal year is 55.68% and 20.00% by ACOM and BTMU respectively.

(Social Contribution Activity)

We are seeking to make ACOM a familiar presence as a corporate citizen working in harmony with society by supporting following: cultural, artistic, and sports activities, consumer enlightenment and financial education, and social welfare through social contribution programs.

One recent step to address the increasingly serious issue of global warming has been to complement the activities of "Team-6%" by acquiring 5,000 tons CO<sub>2</sub>-equivalent in trust beneficiary rights to emission credits in March, 2008. We will make voluntary conveyance of the acquired emissions credits to the Japanese government in next 5-year period.

(Loan Business)

In the loan business which is the Group's core activity, we have endeavored to transform into business model with the maximum lending interest rate of 18% as the base, and restoration of overall soundness of loan portfolio as the first priority. Using the marketing slogan, "Creating a renewed ACOM under new management structure," we have devised credit and interest rate policies responsive to both customer needs and changes in business conditions, focused on transactions with prime customers and worked harder to increase the number of new customer accounts to accelerate this process.

As part of such efforts, since April, 2007 we have dramatically reviewed the credit screening model for new contracts and operated under more strict contract standard. As a result, the number of unsecured consumer loans for the current consolidated fiscal year was 175 thousands (down 34.6% year-on-year). Nevertheless, due to the reduction in the maximum lending interest rate and expansion of internet loan application services through our alliance with eBANK Corporation which was launched in June, 2007, the number of new customer application surpassed that of previous fiscal year.

In addition to provision of loan product with lending interest rate of 7.7%, we will continue to restore the soundness of loan portfolio by further broadening our customer base through efficient and effective marketing and improved cooperation between the sales supervision and head office functions.

DC Cash One Ltd. (hereinafter, "DC Cash One"), one of consolidated subsidiaries, concentrated on efficient operation to improve profitability as well as improvement in credit screening model and enhancement of management structure. DC Cash One opened an SNS (Social Networking Service) site "Chizuru" as part of its brand strategies.

“EASY BUY Public Company Limited (hereinafter “EASY BUY”)", our subsidiary in Kingdom of Thailand, has been working on improvement of quality of assets through improvement of credit screening model. EASY BUY is also working to augment its ability to attract new customers. As a result, the loans receivable showed an year-on-year increase of 49.7% to 74,735 million yen.

However, as voluntary waiver of repayments due to requests for interest repayments stayed at high level, and the number of new contracts fell below that of previous fiscal year, the consolidated loans receivable at the end of this fiscal year decreased by 151,393million yen to 1,480,917 million yen, resulting in interest on loans receivable of 324,249 million yen (down 11.9% year-on-year).

(Credit Card and Installment Sales Finance Business)

In the credit card business, the Group has continued sales promotion of credit cards mainly to its loan customers, as well as putting emphasis on effort to improve profitability of tie-up cards. Due to intensified competition, however, and judging from the factors such as the profitability of tie-up cards, ACOM has been gradually canceling tie-up partnerships with partners. In response to cancellation of tie-ups, those customers with tie-up credit cards are switching to ACOM's credit card. The number of consolidated cardholders at the end of this fiscal year decreased by 308 thousands while the consolidated transaction volume decreased by 11,475 million yen to 28,773 million yen compared to that of previous fiscal year.

In the installment sales finance business, which has been operated under AFRESH CREDIT CO., LTD. since April 1, 2007, we continued to improve both management of the existing member stores and management of assets as well as engaging in stronger sales promotion. As a result, its transaction volume was 22,776 million yen.

At the end of this fiscal year, the balance of consolidated installment accounts receivable fell by 20,906 million yen to 80,922 million yen, resulting in fees from the credit card business of 5,112 million yen (down 12.5% year-on-year) and fees from installment sales finance business of 6,229 million yen (down 26.9% year-on-year).

(Guarantee Business)

In the guarantee business, with prime objectives of expanding operational scale and improving profitability, ACOM has endeavored to expand operational scale through consulting to existing guarantee business partners and cultivating new business partners under close cooperation of its wholly-owned subsidiary, RELATES CO., LTD. During this fiscal year, ACOM entered into personal loan guarantee business in tie-up with BTMU, and commenced the guarantee business for unsecured consumer card loan, “BANQUIC” in November, 2007.

DC Cash One, on the other hand, has focused mainly on guarantee service of Super IC Card “Mitsubishi-Tokyo UFJ VISA” issued by BTMU. In order to enhance this business, DC Cash One has endeavored on improvements of efficiency through rearrangement of

management system and enhancement of collection system.

As results of the above, consolidated guaranteed receivables showed an increase of 14,661 million yen to 120,639 million yen at the end of this fiscal year. This lead to fees from credit guarantee of 6,767 million yen (up 12.3% year-on-year), and operating income from guarantee business, including commissions for credit guarantee, was 10,565 million yen (up 14.3% year-on-year).

(Loan Servicing Business)

The loan servicing market is becoming more difficult. This is due to stronger competition, growing concerns about escalating purchase price for loans as disposal of bad debts by financial institutions entered into final stage, and concerns for prolonging collection periods caused by an increase in secured loans.

During the current consolidated fiscal year we have focused on improvement of profitability and financial standing and expansion of the Company's system for recovering small unsecured debts through "strengthened sales and collection" by reorganizing our collection branch and streamlining operations.

Compared to the previous fiscal year, the amount of consolidated purchased receivables collected increased by 2,240 million yen to 15,568 million yen (up 16.8% year-on-year) while the operating income of loan servicing business including the commissions was 17,026 million yen (up 23.1% year-on-year).

(B) Outlook for next full fiscal year

The business environment surrounding us is expected to continue to be tough for the coming future. Despite the foregoing expectation, we continuously exert our corporate-wide best efforts to realize "Best Partner for Life," a corporate image capable of acquiring great customer confidence and satisfaction through continuous expansion of our business fields and group-wide management reform under management policy of upcoming fiscal year.

With respect to the earnings forecast for next full fiscal year, it is expected that the consolidated operating income will amount to 325,000 million yen (down 14.4% year-on-year), income before extraordinary items 56,200 million yen (down 32.4% year-on-year), and net income to be 43,300 million yen (up 22.3% year-on-year).

(2) Analysis on Financial Position

(A) Assets, liabilities, and net assets

Compared to the end of previous consolidated fiscal year, total assets decreased by 170,324 million yen, while shareholder's equity showed an increase of 13,652 million yen at the end of this fiscal year. The ratio of shareholder's equity increased by 2.7 percentage points to 24.9%. Details of changes in assets, liabilities, and net assets are as follows:

(Assets)

Current assets decreased by 127,622 million yen while fixed assets decreased by 42,701

million yen. Major changes in current assets include: decreases in loans receivable by 151,393 million yen, installment accounts receivable by 20,906 million yen, deferred tax assets by 15,540 million yen, and increase in marketable securities by 39,009 million yen. Major changes in fixed assets include decrease of investment in marketable securities by 42,066 million yen.

(Liabilities)

With regard to the liabilities account, changes in current, fixed, and total liabilities were decreases by 18,997 million yen, 166,305 million yen, and 185,303 million yen respectively. Major changes include decrease of interest-bearing liabilities such as loans and straight bonds by 98,919 million yen, decrease of the allowance for loss on interest repayments by 115,200 million yen, and increase in deposits of banking business by 40,792 million yen.

(Net Assets)

Changes in the net assets account include increase in the shareholders' equity by 21,447 million yen as the earned surplus showed increase of 21,446 million yen, and decrease in securities valuation adjustments by 8,838 million yen. As a result, the net assets increased by 14,979 million yen.

(B) Status of cash flow during the this fiscal year

Cash and cash equivalents (hereinafter, "funds") at the end of this consolidated fiscal year increased by 5,838 million yen to 152,221 million yen. The changes in the respective cash flow and the reasons thereof are as follows:

(Cash flow from operating activities)

Funds from operating activities showed an increase of 126,183 million yen. Primary factors include: 63,376 million yen of net income before income taxes, a decrease of 115,200 million yen in the allowance for loss on interest repayments, 22,000 million yen of loss on revaluation of investments in marketable securities. Decrease in loans receivable and installment sales receivable also account for increase in funds by 157,541 million yen and 22,795 million yen, respectively.

(Cash flow from investing activities)

Funds from investing activities saw an increase of 8,250 million yen. This was primarily due to increase in funds by 9,979 million yen as sale of investment securities surpassed purchase of investment securities.

(Cash flow from financing activities)

Funds from financing activities saw decrease of 128,678 million yen. This was primarily because the total payment amount for repayments of interest-bearing debt and maturation of bonds exceeded the total amount of revenues resulting from proceeds from loans by 105,780 million yen, payments for deposit on redemption of straight bonds of 10,000 million yen, and dividend payments of 12,572 million yen.

(Cash flow forecast for next fiscal year)

With respect to the full-year cash flow for next fiscal year, the annual cash flow from our operating activities is estimated to show an increase of 43.0 billion yen reflecting factors such as management plans centering on loan business. The annual cash flow from investing activities is estimated to show a decrease of 1.0 billion yen due to the purchase of marketable securities. The annual cash flow from our financial activities is estimated to decline by 51.0 billion yen as a result of decreased interest-bearing liabilities. In total, the cash and cash equivalents at the end of the next fiscal year are estimated to show year-on-year decrease of 9.0 billion yen.

### (3) Basic Policy on Profit Distribution and Dividend for this and next fiscal year

With regard to profit distribution to shareholders, it is our basic policy to attempt aggressive and continuous profit distribution with enhanced dividends, taking the economic and financial situation and our own performance into consideration.

Also, as a goal for returns to shareholders, the Group advocates a medium term plan “based on the targeted shareholders’ equity ratio, aims at maintaining no less than 30% net income ratio against the total amount of treasury stock purchased, plus the dividend payments thereon, every fiscal year.”

Based on basic policies mentioned above, the Group intends to pay year-end dividend of 50 yen per share, meaning annual dividend of 100 yen per share with interim dividend of 50 yen.

As for next fiscal year, we plan to pay interim dividend of 50 yen and year-end dividend of 50 yen, meaning 100 yen of annual dividend. Retained earnings will be allocated to strategic investments to enhance our business base, including the optimal relocation of business outlets, improvements to the business structure to achieve a low-cost operation system, and further development of new businesses.

### (4) Business Risks

The following report on “business-related risks” details potential risks to the Group’s operations based on our assumptions and views as of the submission date of this financial statement.

However, the following report does not include all potential risks. With future changes in economic and business conditions affecting the consumer finance industry, there may be new risks that arise from various uncertain factors.

Note, however, that forward-looking statements regarding business-related risks are based on our assumptions and views as of the submission date of this financial statement.

### (A) Financial Results

The business performance of the Group may be influenced by changes, fluctuations and modifications – and the degree of these – in the each of the items (1) to (11) listed below.

(1) Changes in the overall consumer credit market

- (2) Increase or decrease in number of customer accounts and average loan balance per customer accounts
- (3) Reductions in the maximum legal interest rates applicable to the loan industry, as well as changes in judicial rulings and legal regulations applicable to the consumer finance industry
- (4) Changes in average contracted interest rates received from customers
- (5) Changes in number of requests for return of interest repayments, as well as amounts requested
- (6) Competition with other companies
- (7) Rate of default by customers
- (8) The Company's ability to use credit databases to properly screen credit-related information about customers
- (9) Japan's overall economic status
- (10) The Company's ability to procure funds and costs involved
- (11) Advertising and promotional expenses, personnel costs, and other expenses

#### (B) Legal Restrictions

The loan business (consumer finance business), which is the Group's core activity, is governed by the following laws: Money-lending Business Law (MBL) and the Acceptance of Contributions, Money Deposits, and Interest Law (ACMI). Our installment sales (credit card and installment sales finance businesses) are governed by the Law Concerning Installment Sales (LCIS). The aforementioned laws govern all aspects of their respective businesses.

##### (a) MBL and LCIS Regulations

Each Group company engaged in the loan business in Japan is registered as an eligible money lender pursuant to Article 3 of the MBL. The MBL stipulates several restrictions and also defines administrative punishments (suspension of all or part of operations, or revocation of the money lending license) and penalties for money lenders in violation of these provisions.

In addition, the LCIS requires a description of the terms and conditions of the transaction, the issue of a written document, and prevention of excessive purchasing beyond paying capacity, and stipulates penalties in violation of these provisions.

##### (b) Amendment of the MBL and the LCIS

With the "Law to Partially Amend the Regulations Governing Money Lending Business Law" going into effect on December 19, 2007, stronger regulations on actions, solicitations and collections were imposed on our industry. Within two and a half years from this date, subsequent amendments to the MBL will prohibit agreements on interest rates exceeding those stipulated in the Interest Rate Restriction Law (IRRL) and place restrictions on loans exceeding one-third of the annual income of customers. The lower yield from enforcement of these provisions is expected to reduce interest revenue and the stricter regulations on lending to decrease the Company's loans receivable.

Amendments are scheduled to be made to the LCIS that will require lenders to be more stringent in confirming customers' ability to make repayments and oblige them to exercise control over affiliated merchants. These amendments could have an impact on the business

results of Group companies engaged domestically in credit card and installment sales finance businesses.

#### (C) Increase in Loss on Interest Repayments

The interest rates charged on some loan products by ACOM, in which customers entered into contracts before June 17, 2007, exceed the interest rate ceilings specified in the IRRL. In addition, several consumers have taken legal action against consumer finance companies, including ACOM, calling for a reimbursement of payments made, asserting that such payments do not meet a part of the requirements set forth in Article 43 of the MBL. In some recent court precedents, the plaintiffs' demands were accepted.

There are cases in which our customers (including agents, such as lawyers) request a reduction in the loan amount or reimbursement of excess interest paid, citing obligations for maximum interest rates under the IRRL. In such cases, ACOM is obliged to release the customer from the loan or reimburse payments. The costs of releasing customers from loans and reimbursing repayments (hereinafter referred to as "loss on interest repayments") have remained at high level as of the end of this consolidated fiscal year.

Due to the future potential for losses on interest repayments, further booking of the allowance for loss on interest repayments, and court rulings from lawsuits demanding refunds of interest paid that put the Company and other finance companies at a clear disadvantage, could have an impact on the Group's business performance.

#### (D) Fund Procurement

##### (a) Fund Procurement

The Group primarily secures the necessary funds for its operations and liabilities repayments through cash provided by operating activities, as well as financing activities such as borrowings from financial institutions, including banks and insurance companies, and direct financing from capital markets, including via bond issues. At the end of the year under review, 43.4% of the Group's outstanding interest-bearing liabilities had been resourced mainly from 10 banks and other financial institutions (excluding those from syndicate loans). While the Group has steadily diversified its funding resources in recent years, there is no assurance that its existing main banks and lenders will not change their current lending policy due to a potential reorganization of the financial industry in Japan or other factors. Furthermore, there is no assurance that capital markets will always be available as a reliable financing resource in the future.

The Group has not experienced significant difficulties in raising funds in recent years. However, if our credit rating was to be downgraded by a credit rating agency, this may cause an increase in interest costs and have a negative effect on our fund procurement capabilities in both the public and private placement bond markets. Such events would consequently have an influence on our business performance.

##### (b) Interest Rate on Fund Procurement

While interest rates on our fund procurement may fluctuate due to the market environment or other factors, our maximum lending interest rate is limited to 29.2%, according to rules

stipulated by the ACMI, irrespective of fluctuations in interest rates on fund procurement.

In order to minimize interest-rate risks, the Group takes various measures, including the use of interest rate caps and swap contracts, and observes a policy of maintaining fixed-interest borrowings as a ratio of total borrowings at 80% or higher, to mitigate the influence of factors such as interest fluctuations. However, possible increases in interest rates may have a negative impact on our business performance in the future.

#### (E) Allowance for Bad Debts

Loans receivable and installment sales receivable constitute the majority of total assets of the Group. For this reason, we book an allowance for bad debts, based on the conditions of customers and the estimates of pledged collateral value at the end of the fiscal year.

An increase of payment delays and uncollected loans receivable might occur due to future changes in economic conditions, the market environment, and the social structure in Japan. There may also be increases in the number of individuals (including loan customers of the Group) pursuing remedies under legal guardianship pursuant to revisions in legislation, including the Bankruptcy Act, the Law Concerning Specific Conciliation, the Civil Rehabilitation Law, and the Judicial Scrivener Law. Such events may require further increases in the allowance for bad debts, which may have a negative effect on the business performance of the Group.

#### (F) Problem of Multiple Debtors

To address the problem of debtors who take out excessive loans or credit-card loans from multiple consumer credit companies, the Group is taking serious approaches. These approaches mainly consist of "Promotion of more effective consumer enlightenment activities," "Improvement of counseling functions for consumer loan customers," "Implementation of more rigorous credit administration," "Review of the content of advertisement," and "Disclosure of information."

Nevertheless, business performance of the Group may be negatively influenced in cases where the number of multiple debtors increases due to factors such as economic, employment, and market conditions in Japan or other external factors, which leads to an increase in the allowance for bad debts due to increase in uncollectible loans.

#### (G) Information Systems

For the purpose of creating new business, offering services to customers, and implementing effective business management, the Group is dependent on, and has increased its reliance on, internal and external information and technical systems. Many new customers have opened loan accounts through our MUJINKUN automatic contract machines, and many prefer to access their loan accounts through ATMs installed by ACOM and those of affiliated companies, to take advantage of the convenience of such facilities.

The Group is further increasing its reliance on cuttingedge software, systems, and networks for managing its retail outlet network, customers, and account data. We are also diversifying our IT systems in order to avoid the negative impact from potential damage or service interruption of communication networks, hardware and software arising from errors, natural disasters, power blackouts, computer viruses and similar events, as well as disruptions to support services from third parties, including telecommunications carriers and Internet providers. However, such disruptions, breakdowns, delays, or other interruptions to information or technical systems may result in a decline in the number of customers opening new accounts or payment delays on unpaid balances. These and other factors may lower the trust that consumers place in the Group and also disrupt its provision of services, which may have a negative effect on its business performance.

In addition, the Group has a backup center for general ledger system, in order to avoid the possibility of business interruptions. However, it is possible that the Group's business may be suspended in the event of a large scale natural disaster, such as earthquake or flood.

#### (H) Management of Personal Information

The Group, including the parent company and its main subsidiaries, are now regarded as businesses handling personal information as defined by the "Act on the Protection of Personal Information".

In the management of personal information, including customer information within the Group, we have ensured management and control structure under "Regulation for Protection of Personal Information" which includes policy for protection of personal information. ACOM was granted the "Privacy Mark" authorized by Japan Information Processing Development Corporation (JIPDEC).

As for the management of Computer Center, we have formulated rigorous safety measures for physical security, including controls on entering and leaving the Computer Center, and for information security, such as controlling access to computer systems. Moreover, we have acquired Information Security Management System (ISMS) certification for the operation and maintenance of the Computer Center.

However, if personal information is leaked to other people for any reason whatsoever, the negative effects may not be limited to a worsening of business performance arising from a decline in the reputation of the Group or compensation for damages. In the case of a violation of regulations concerning the handling of personal information, the Group may be also subjected to administrative recommendations, and orders.

#### (I) Business and Capital Alliance with Mitsubishi UFJ Financial Group, Inc.

In March, 2004, ACOM entered into a capital alliance agreement with Mitsubishi Tokyo Financial Group, Inc. (present, Mitsubishi UFJ Financial Group, Inc., hereinafter "MUFG"). In the event of future changes in the legal system governing banks, including a change in the Banking Law, it is possible that restrictions may be applied to certain business areas currently available to ACOM, its subsidiaries, or affiliate companies when a certain ratio or more of ACOM's total outstanding shares is held by the bank.

Moreover, if a competitor concludes a similar business and capital alliance agreement with a bank or financial institution, the Group may face more intense competition depending on the nature of such alliance.

(J) Investments

To date, the ACOM Group has stepped up its entry into new markets and broadened the scale of its involvement in the consumer credit market, including through the formation of joint ventures. Since the prospect of obtaining profits from such investments is uncertain, there is no assurance that the Group will be able to set up or expand new joint businesses successfully. The Group regularly reviews the profitability and growth potential of each business. It is possible that such reviews may prompt us withdraw from new joint businesses or reduce allocation of human and other resources to such businesses in the future. In the case where a joint business falls short of its profit target, there is a risk that the Group may not be able to recoup its existing investments.

In addition, in the event that the price of equity securities held by the Group drops substantially, there is a possibility that losses may be incurred, which could potentially affect the Group's business results and perhaps reduce its owner's equity ratio.

(K) Sale of ACOM Shares Held by the Chairman, President & CEO, and Family Members  
Kyosuke Kinoshita, Chairman of ACOM, and Shigeyoshi Kinoshita, President & CEO of ACOM, in conjunction with other family members and associated companies, own approximately 40% of the total outstanding shares of the Company. If these shareholders sell part of their holdings in the future, there is the possibility that the share price of ACOM will be negatively affected due to increased supply of Company shares in the market.

(L) ACOM Shares Held by the Chairman, President & CEO, and Family Members

Since the Kinoshita family and relatives own or control approximately 40% of the total outstanding shares of ACOM, they may assert a dominant influence on important decision-making that will impact the business activities of the Company. These include significant business transactions, such as transfer of the controlling stake in the Company, restructuring of business operations, investment in other businesses or assets, and the terms and conditions of future fund procurement activities.

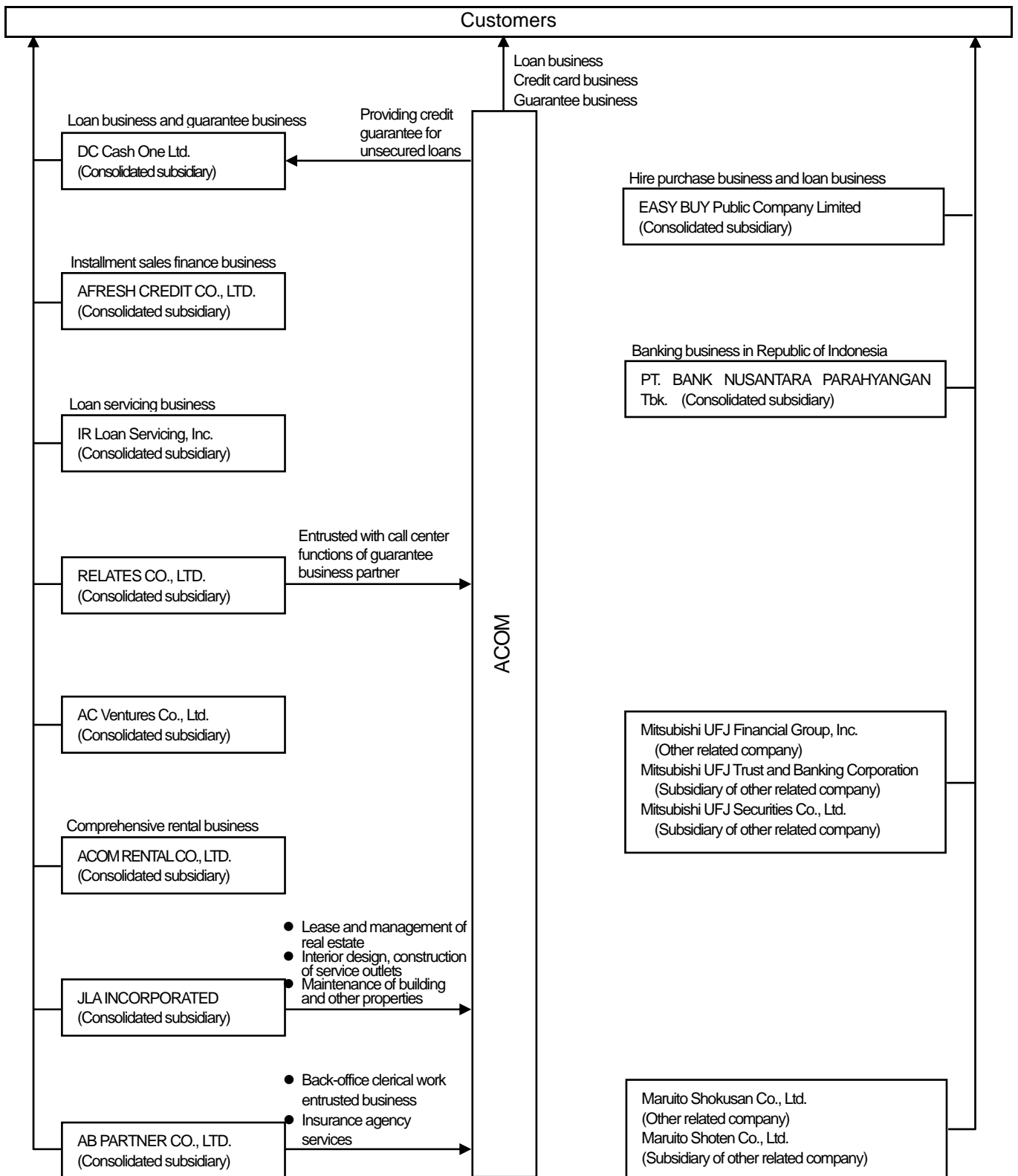
## 2. State of Business Group

The ACOM Group consists of ACOM CO., LTD., 19 subsidiaries (including investment partnerships), and 2 other related companies as well as 3 subsidiaries of other related company. The Group's main line of business is financial services such as loan business, credit card business, installment sales finance business, guarantee business, loan servicing business and banking business. Other business lines include rental business, real estate-related business, back-office clerical work entrusted business, and insurance agency business. The following table explains the positioning of each group company.

Segment	Company Name	Business Outline	Classification	
Financial Service Businesses	Loan Business	ACOM CO., LTD.	Loan business including unsecured loan and secured loan	—
		DC Cash One Ltd.	Unsecured loan business	Consolidated subsidiary
		EASY BUY Public Company Limited	Unsecured loan business in Thailand	
	Credit Card Business	ACOM CO., LTD.	Credit card business of which the principal commodity is MasterCard®	—
	Installment Sales Finance Business	AFRESH CREDIT CO., LTD.	Installment sales finance business	Consolidated subsidiary
		EASY BUY Public Company Limited	Hire purchase business in Thailand	
	Guarantee Business	ACOM CO., LTD.	Guarantee business for personal loan of banks, etc.	—
		DC Cash One Ltd.		
	Loan Servicing Business	IR Loan Servicing, Inc.	Loan recovery (servicing) business	Consolidated subsidiary
		Yugensekinin-Chukanhojin Mirai Capital	Loan recovery (servicing) business (Special Purpose Company)	
		Power Investments LLC		
	Banking Business	PT. BANK NUSANTARA PARAHYANGAN Tbk.	Banking business in Republic of Indonesia	
	Others	RELATES CO., LTD.	Entrusted with call center functions of banks, etc.	
AC Ventures Co., Ltd.		Development, investment, promotion and support of venture companies		
Other Businesses	Rental Business	ACOM RENTAL CO., LTD.	Comprehensive rental business	
	Others	JLA INCORPORATED	Real estate-related, interior design, construction of service outlets, and maintenance of buildings and other properties	
		AB PARTNER CO., LTD.	Back-office clerical work services and insurance agency services	
		ACOM (U.S.A.) INC.	—	
Other Related Company	Mitsubishi UFJ Financial Group, Inc.	Bank holding company	Other related company	
	Mitsubishi UFJ Trust and Banking Corporation	Trust bank business	Subsidiary of other related company	
	Mitsubishi UFJ Securities Co., Ltd.	Securities business		
	Maruito Shokusan Co., Ltd.	Real estate leasing	Other related company	
	Maruito Shoten Co., Ltd.		Subsidiary of other related company	

- Notes: 1. ACOM CO., LTD. has split up its installment sales finance business, and JCK CREDIT CO., LTD. succeeded to the business as well as changed the name to AFRESH CREDIT CO., LTD. on April 1, 2007.
2. ACOM CO., LTD. acquired 2,160 shares of IR Loan Servicing, Inc. (ratio of total voting right: 20%) from RISA Partners, Inc. on February 21, 2008 and made IR Loan Servicing, Inc. a wholly owned subsidiary. Concurrently, Yugensekinin-Chukanhojin Mirai Capital and Power Investments LLC, which are subsidiaries of IR Loan Servicing, Inc., also became wholly owned subsidiaries.
3. ACOM CO., LTD. acquired 55.41% of issued shares of PT. BANK NUSANTARA PARAHYANGAN Tbk., and made it a consolidated subsidiary on December 17, 2007. The ownership ratio at the end of March 2008 is 55.68%.
4. ACOM ESTATE CO., LTD. merged with JLA INCORPORATED as well as ABS CO., LTD. and changed its corporate name into JLA INCORPORATED on April 1, 2007.
5. AC Ventures Sixth Investment Partnership was established on July 25, 2007 as a investment partnership.
6. Due to the merger with UFJ NICOS Co., Ltd., (present, Mitsubishi UFJ Nicos Co., Ltd.) as of April 1, 2007, DC Card Co., Ltd. is no longer equity-method affiliate of ACOM CO., LTD.; for a reason of drop in possessed proportion of right to vote.
7. ACOM (U.S.A.) INC. suspended its operation; therefore, outline of its business is omitted above.

Diagram of Business of ACOM Group



Note: 1. ACOM (USA) INC. suspended its operation, therefore, it is eliminated from the diagram.  
 2. Investment Partnerships are omitted as they operate funds.  
 3. This diagram doesn't include both Yugensekinin-Chukanhojin Mirai Capital and Power Investments LLC, established as Special Purpose Companies.

### 3. Management Policy

#### (1) Basic management policy

The Group was founded under the motto “Extending the feeling of confidence from person to person,” in which we place our corporate philosophy of “Serving humanity,” “Putting the customer first,” and “Creative and innovative management,” to deepen mutual trust between all stakeholders and achieve growth in concert with society in accordance with the following basic policy:

(A) Provide services that customers really demand, and establish a corporate brand image that inspires confidence and trust, through a society-oriented approach to business characterized by rigorous compliance.

(B) Comply faithfully with the revised MBL, and rebuild the foundations of our business to ensure stable, long-term growth under the new legal framework.

(C) Transform our business model into one that facilitates sweeping cost reductions, and enhance our cost competitiveness.

Management Policy for the fiscal year March 2008 (ACOM, for reference purposes)

- Ensure compliance structure
- Put the customer first
- Reinforcement of sales strength
- Accelerating the improvement of loan portfolio
- Promotion of efficiency
- Enhancement of nurturing personnel and materialization of individual growth

#### (2) Target indicators

The Group has adopted a series of target indicators intended to guide it toward the achievement of higher shareholder value and the continuation of stable business management. In this context, special emphasis is placed on return on equity (ROE), return on assets (ROA) and shareholders' equity ratio. Similarly, the Group is also intent on improving other indicators such as the ratio of income before extraordinary items to total assets, the ratio of income before extraordinary items to operating income, and net income per share.

#### (3) Medium-to-long-term corporate management strategies

The business environment surrounding the Group is expected to continue to be harsh due to structural changes in our society as represented by the declining birthrate and the aging population, intensifying competition, amendment to applicable laws and regulations, etc. Under these circumstances, the Group has set up its corporate image for the medium term as the “Best Partner for Life,” and will be aiming to develop its operations across the entire retail finance market, and establish itself as a corporate group that gains the highest satisfaction and confidence from its customers through advanced comprehensive financial services.

The Group also intends to broaden and develop its diversified financial business lines, such as new financial business generated from business alliances with MUFG Group, business expansion toward other Asian countries, and call center operation business. Its accumulated

technologies and expertise concerning consumer finance, IT technologies for channel development and cost saving methods through centralization of businesses will work as effective weapons for the accomplishment of the aforementioned objectives and will serve for the development of the Group's medium-term growth potential.

(4) Problems to be tackled

In order to respond properly to the changes in the law and our operating environment, the Group aims to step up compliance, enhance efficiency through the radical reform of its cost structure, and strengthen its marketing and service. To achieve these goals, we will reform our operations to build a new loan business model that reflects conditions after the revisions to the law relating to money-lending, work to secure stable profits over the long term, and build a foundation for growth in this new era.

#### 4. Consolidated Financial Statements

##### (1) Consolidated Balance Sheets

(Millions of yen)

Term Subject	Prior consolidated fiscal year (As of March 31, 2007)		This consolidated fiscal year (As of March 31, 2008)		Change	
	Amount	Composition Ratio	Amount	Composition Ratio	Amount	Percentage
(Assets)		%		%		%
I. Current Assets	1,878,763	92.5	1,751,141	94.1	(127,622)	(6.8)
Cash and time deposits	93,418		85,916		(7,502)	(8.0)
Trade notes and accounts receivable	398		381		(16)	(4.2)
Loans receivable	1,632,310		1,480,917		(151,393)	(9.3)
Loans receivable of banking business	—		20,078		20,078	—
Installment accounts receivable	101,829		80,922		(20,906)	(20.5)
Marketable securities	35		39,044		39,009	—
Operational investment securities	3,641		3,641		(0)	(0.0)
Trading securities	—		1,103		1,103	—
Inventories	2,330		1,388		(942)	(40.4)
Purchased receivables	25,788		30,638		4,850	18.8
Deferred tax assets	60,597		45,056		(15,540)	(25.6)
Short-term loans	52,965		45,465		(7,499)	(14.2)
Other current assets	32,120		34,518		2,397	7.5
Allowance for bad debts	(126,671)		(117,932)		8,738	(6.9)
II. Fixed Assets	153,065	7.5	110,364	5.9	(42,701)	(27.9)
Tangible fixed assets	49,208	2.4	46,342	2.5	(2,865)	(5.8)
Buildings and structures	17,079		15,272		(1,807)	(10.6)
Vehicles and delivery equipment	7		27		19	247.4
Equipment and furniture	15,230		14,072		(1,158)	(7.6)
Land	16,890		16,970		80	0.5
Intangible fixed assets	1,204	0.1	4,393	0.2	3,188	264.8
Goodwill	—		3,439		3,439	—
Leasehold	216		216		—	—
Telephone rights	983		732		(250)	(25.5)
Other intangible fixed assets	5		4		(0)	(1.7)
Investments and other assets	102,653	5.0	59,628	3.2	(43,024)	(41.9)
Investments in securities	81,930		39,864		(42,066)	(51.3)
Long-term loans	1,000		—		(1,000)	—
Deferred tax assets	1,147		1,340		192	16.8
Guaranty money deposited	9,874		9,492		(381)	(3.9)
Prepaid pension expenses	2,310		3,849		1,538	66.6
Other investments	8,517		7,032		(1,484)	(17.4)
Allowance for bad debts	(2,126)		(1,950)		176	(8.3)
Total Assets	2,031,829	100.0	1,861,505	100.0	(170,324)	(8.4)

(Millions of yen)

Term Subject	Prior consolidated fiscal year (As of March 31, 2007)		This consolidated fiscal year (As of March 31, 2008)		Change	
	Amount	Composition Ratio	Amount	Composition Ratio	Amount	Percentage
		%		%		%
(Liabilities)						
I. Current liabilities	375,037	18.5	356,040	19.1	(18,997)	(5.1)
Notes and accounts payable	4,003		1,908		(2,094)	(52.3)
Short-term loans	73,717		55,669		(18,048)	(24.5)
Current portion of long-term loans	197,410		192,368		(5,042)	(2.6)
Commercial paper	40,000		—		(40,000)	—
Current portion of bonds and notes	30,000		40,000		10,000	33.3
Deposits of banking business	—		40,792		40,792	—
Accrued income taxes	502		1,099		597	119.1
Allowance for loss on debt guarantees	1,961		2,192		230	11.7
Deferred income on installment sales	7,519		5,344		(2,174)	(28.9)
Other current liabilities	19,924		16,664		(3,259)	(16.4)
II. Fixed liabilities	1,199,626	59.0	1,033,321	55.5	(166,305)	(13.9)
Straight bonds	240,230		243,956		3,726	1.6
Long-term loans	450,037		400,481		(49,555)	(11.0)
Deferred tax liabilities	14,730		10,509		(4,220)	(28.7)
Allowance for employees' retirement benefits	116		197		80	69.5
Allowance for directors' and corporate auditors' retirement benefits	831		771		(59)	(7.1)
Allowance for loss on interest repayments	490,000		374,800		(115,200)	(23.5)
Other fixed liabilities	3,681		2,603		(1,078)	(29.3)
Total liabilities	1,574,664	77.5	1,389,361	74.6	(185,303)	(11.8)
(Net assets)						
I. Shareholders' equity	437,342	21.5	458,789	24.6	21,447	4.9
Common stock	63,832	3.1	63,832	3.4	—	—
Capital surplus	76,010	3.7	76,010	4.1	(0)	(0.0)
Earned surplus	316,007	15.6	337,454	18.1	21,446	6.8
Treasury stock	(18,508)	(0.9)	(18,507)	(1.0)	1	(0.0)
II. Valuation and translation adjustments	12,730	0.7	4,935	0.3	(7,795)	(61.2)
Securities valuation adjustment	13,338	0.7	4,500	0.3	(8,838)	(66.3)
Deferred gains (losses) on hedges	(0)	(0.0)	—	0.0	0	—
Foreign currency translation adjustments	(607)	(0.0)	435	0.0	1,043	—
III. Minority interests	7,091	0.3	8,419	0.5	1,327	18.7
Total net assets	457,165	22.5	472,144	25.4	14,979	3.3
Total liabilities and net assets	2,031,829	100.0	1,861,505	100.0	(170,324)	(8.4)

## (2) Consolidated Income Statements

(Millions of yen)

Term Subject	Prior consolidated fiscal year ( From April 1, 2006 ) ( to March 31, 2007 )		This consolidated fiscal year ( From April 1, 2007 ) ( to March 31, 2008 )		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
I. Operating income	423,652	100.0	379,706	100.0	(43,945)	(10.4)
Interest on loans receivable	367,923		324,249		(43,673)	(11.9)
Fees from credit card business	5,845		5,112		(732)	(12.5)
Fees from installment sales finance business	8,515		6,229		(2,286)	(26.9)
Fees on guaranteed loans receivable	6,028		6,767		738	12.3
Collection of purchased loans receivable	13,328		15,568		2,240	16.8
Other financial income	174		477		302	173.4
Sales	10,513		9,134		(1,378)	(13.1)
Other operating income	11,322		12,167		844	7.5
II. Operating expenses	508,755	120.1	298,054	78.5	(210,700)	(41.4)
Financial expenses	20,705	4.9	20,892	5.5	187	0.9
Cost of purchased loans receivable	8,114	1.9	9,769	2.6	1,655	20.4
Cost of sales	7,497	1.8	6,269	1.6	(1,228)	(16.4)
Other operating expenses	472,438	111.5	261,123	68.8	(211,314)	(44.7)
Operating profit	(85,102)	(20.1)	81,651	21.5	166,754	—
III. Non-operating income	3,346	0.8	1,753	0.5	(1,592)	(47.6)
Interest income	342		84		(258)	(75.3)
Dividends received	965		690		(274)	(28.5)
Net gain in affiliates by the equity method	821		—		(821)	—
Rent from Company's residence	508		410		(97)	(19.3)
Other non-operating income	708		568		(140)	(19.8)
IV. Non-operating expenses	187	0.0	284	0.1	97	51.9
Interest expenses	0		—		(0)	—
Loss on investments in investing business association	49		42		(6)	(14.2)
Foreign currency loss	48		155		107	223.0
Other non-operating expenses	90		87		(2)	(3.2)
Income before extraordinary items	(81,944)	(19.3)	83,120	21.9	165,065	—
V. Extraordinary income	252	0.0	3,975	1.0	3,722	—
Gains on sale of fixed assets	5		26		21	374.8
Gains on sales of investment in marketable securities	210		3,944		3,733	—
Gains on maturity of investment trusts	35		—		(35)	—
Other extraordinary income	0		4		3	—
VI. Extraordinary losses	350,871	82.8	23,719	6.2	(327,152)	(93.2)
Loss on sale of fixed assets	78		133		54	69.5
Loss on disposal of fixed assets	364		847		482	132.5
Impairment loss	8		162		154	—
Loss on sale of investments in securities	18		124		105	562.6
Loss on revaluation of investments in marketable securities	14,794		22,000		7,206	48.7
Loss on liquidation of investments in securities	—		59		59	—
Special provision for loss on interest repayments	317,061		—		(317,061)	—
Group management restructuring expenses	17,982		—		(17,982)	—
Other extraordinary losses	562		390		(171)	(30.5)
Income before income taxes	(432,563)	(102.1)	63,376	16.7	495,939	—
Income taxes(corporation tax, inhabitants' tax, and enterprise tax)	17,388		1,340		(16,047)	
Prior fiscal year corporate taxes, etc.	—	1.1	9,093	7.3	9,093	484.8
Deferred income taxes	(12,635)		17,365		30,000	
Gains on minority interests in consolidated subsidiaries	655	0.2	170	0.1	(484)	(74.0)
Net income	(437,972)	(103.4)	35,406	9.3	473,378	—

(3) Summarized Consolidated Statement of Changes in Net Assets  
 Prior Consolidated Accounting Period (From April 1, 2006 to March 31, 2007)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Earned surplus	Treasury stock	
Balance as of March 31, 2006	63,832	76,020	776,021	(18,538)	897,334
Changes during the accounting period					
Dividends from surplus (note)			(11,003)		(11,003)
Dividends from surplus			(11,003)		(11,003)
Bonuses to directors (note)			(34)		(34)
Net income (loss) for the accounting period			(437,972)		(437,972)
Acquisition of treasury stock				(0)	(0)
Disposal of treasury stock		(9)		30	21
Total changes during the accounting period	—	(9)	(460,013)	30	(459,992)
Balance as of March 31, 2007	63,832	76,010	316,007	(18,508)	437,342

	Valuation and translation adjustments				Minority interest	Total net assets
	Securities valuation adjustment	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2006	31,886	—	(1,498)	30,387	4,873	932,595
Changes during the accounting period						
Dividends from surplus (note)						(11,003)
Dividends from surplus						(11,003)
Bonuses to directors (note)						(34)
Net income (loss) for the the accounting period						(437,972)
Acquisition of treasury stock						(0)
Disposal of treasury stock						21
Net changes of items other than shareholders' equity during the accounting period	(18,547)	(0)	891	(17,656)	2,218	(15,437)
Total changes during the accounting period	(18,547)	(0)	891	(17,656)	2,218	(475,430)
Balance as of March 31, 2007	13,338	(0)	(607)	12,730	7,091	457,165

Note: Items represent disposal of retained earnings at the Annual Shareholders' Meeting in June 2006.

This Consolidated Accounting Period (From April 1, 2007 to March 31, 2008)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Earned surplus	Treasury stock	
Balance as of March 31, 2007	63,832	76,010	316,007	(18,508)	437,342
Changes during the accounting period					
Dividends from surplus			(12,575)		(12,575)
Net income for the accounting period			35,406		35,406
Acquisition of treasury stock				(0)	(0)
Disposal of treasury stock		(0)		1	0
Decrease in the earned surplus amount due to a decrease in the number of unconsolidated affiliates accounted for under equity method			(1,384)		(1,384)
Total changes during the accounting period	—	(0)	21,446	1	21,447
Balance as of March 31, 2008	63,832	76,010	337,454	(18,507)	458,789

	Valuation and translation adjustments				Minority interest	Total net assets
	Securities valuation adjustment	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2007	13,338	(0)	(607)	12,730	7,091	457,165
Changes during the accounting period						
Dividends from surplus						(12,575)
Net income for the accounting period						35,406
Acquisition of treasury stock						(0)
Disposal of treasury stock						0
Decrease in the earned surplus amount due to a decrease in the number of unconsolidated affiliates accounted for under equity method						(1,384)
Net changes of items other than shareholders' equity during the accounting period	(8,838)	0	1,043	(7,795)	1,327	(6,467)
Total changes during the accounting period	(8,838)	0	1,043	(7,795)	1,327	14,979
Balance as of March 31, 2008	4,500	—	435	4,935	8,419	472,144

## (4) Consolidated statements of cash flows

(Millions of yen)

Subject	Term	Prior consolidated fiscal year	This consolidated fiscal year	Change
		( From April 1, 2006 to March 31, 2007 )	( From April 1, 2007 to March 31, 2008 )	Amount
		Amount	Amount	Amount
I. Operating activities:				
Income before income taxes		(432,563)	63,376	495,939
Depreciation and amortization		4,085	3,641	(444)
Impairment loss		8	162	154
Amortization of goodwill		—	838	838
(Decrease) increase in allowance for bad debts		(3,802)	(9,774)	(5,972)
(Decrease) increase in allowance for loss on guaranteed receivables		314	230	(83)
(Decrease) increase in allowance for loss on interest repayments		466,300	(115,200)	(581,500)
(Decrease) increase in allowance for employees' retirement benefits		(234)	38	273
(Decrease) increase in allowance for directors' and statutory auditors' retirement benefits		(20)	(59)	(38)
Non-operating interest and dividends income		(1,308)	(775)	532
Non-operating interest expense		0	—	(0)
Bond issuance expenses		331	255	(75)
(Gain) loss on foreign currency exchanges		(17)	101	119
(Gain) loss on investments in equity-method		(821)	—	821
(Gain) loss on sales of tangible fixed assets		11	(21)	(33)
Loss on disposal of tangible fixed assets		364	847	482
(Gain) loss on sales of investments in securities		(191)	(3,819)	(3,627)
Loss on revaluation of investments in marketable securities		14,794	22,000	7,206
Loss on liquidation of investments in marketable securities		—	59	59
Decrease (increase) in notes and accounts receivable		34	88	54
Decrease (increase) in loans outstanding		76,428	157,541	81,112
Decrease (increase) in installment sales receivables		33,433	22,795	(10,638)
Decrease (increase) in operational investment securities		(708)	0	708
Decrease (increase) in inventories		1,779	658	(1,120)
Decrease (increase) in purchased receivables		(8,364)	(4,850)	3,513
Decrease (increase) in other current assets		(1,050)	2,428	3,479
Decrease (increase) in prepaid pension expenses		(643)	(1,538)	(894)
(Decrease) increase in notes and accounts payable		(807)	(2,193)	(1,386)
(Decrease) increase in deferred income on installment sales		(4,810)	(2,518)	2,292
(Decrease) increase in other current liabilities		5,105	(4,529)	(9,634)
Bonus paid to directors		(34)	—	34
(Decrease) increase in other operating activities		(195)	(374)	(178)
Subtotal		147,416	129,411	(18,004)
Non-operating interest and dividends received		1,393	775	(617)
Non-operating interest paid		(0)	—	0
Income taxes refunded		—	6,128	6,128
Income taxes paid		(48,864)	(1,075)	47,788
Prior fiscal year corporate taxes, etc. paid		—	(9,055)	(9,055)
Net cash provided by operating activities		99,944	126,183	26,239

(Millions of yen)

Subject	Term	Prior consolidated fiscal year	This consolidated fiscal year	Change
		( From April 1, 2006 to March 31, 2007 )	( From April 1, 2007 to March 31, 2008 )	Amount
		Amount	Amount	Amount
II. Investing activities:				
Additions to time deposit		—	(623)	(623)
Maturity of time deposit		—	200	200
Purchase of marketable securities		—	(600)	(600)
Proceeds from sale of marketable securities		595	200	(395)
Purchase of tangible fixed assets		(2,211)	(1,128)	(1,083)
Proceeds from sale of tangible fixed assets		166	62	(103)
Purchase of investment securities		(257)	(3,032)	(2,775)
Proceeds from sale of investment securities		1,218	13,012	11,793
Net proceeds (payments) for acquisition of consolidated subsidiaries		—	(1,298)	(1,298)
Acquisition of additional shares of consolidated subsidiaries		—	(1,257)	(1,257)
Proceeds from collection of loans		—	1,000	1,000
Increase in other investments		(659)	(355)	304
Decrease in other investments		1,454	2,067	612
Increase (decrease) in other investment activities		1	3	1
Net cash provided by (used in) investing activities		308	8,250	7,941
III. Financing activities:				
Proceeds from short-term loans		343,712	280,530	(63,182)
Repayments of short-term loans		(324,177)	(300,132)	24,045
Proceeds from issue of commercial paper		210,000	—	(210,000)
Payments for redemption of commercial paper		(220,000)	(40,000)	180,000
Proceeds from issue of straight bonds		59,898	42,210	(17,687)
Payments for redemption of straight bonds		(55,000)	(30,000)	25,000
Payments for deposit on redemption of straight bonds		—	(10,000)	(10,000)
Proceeds from deposit on redemption of straight bonds		10,000	—	(10,000)
Proceeds from long-term debt		174,732	143,132	(31,599)
Repayments of long-term debt		(230,310)	(201,521)	28,789
Gains on disposal of treasury stock		21	0	(20)
Payments for purchase of treasury stock		(0)	(0)	0
Cash dividends paid by the Company		(22,012)	(12,572)	9,439
Increase (decrease) in other financing activities		(328)	(325)	2
Net cash used in financing activities		(53,464)	(128,678)	(75,214)
IV. Effect of exchange rate change on cash and cash equivalents		744	82	(662)
V. Increase (decrease) in cash and cash equivalents		47,533	5,838	(41,695)
VI. Cash and cash equivalents at the beginning of the year		97,399	146,383	48,984
VII. Increase in cash and cash equivalents due to inclusion of new consolidated subsidiaries		1,450	—	(1,450)
VIII. Cash and cash equivalents at the end of the year		146,383	152,221	5,838

## (5) Significant Items Relating to the Preparation of Consolidated Financial Statements

### (A) Extent of consolidation

Number of consolidated subsidiaries: 19

For the names of consolidated subsidiaries, please refer to the section entitled "2. State of Business Group."

AC Ventures Sixth Investment Partnership became consolidated subsidiary in this consolidated fiscal year as it was newly composed on July 25, 2007.

PT. BANK NUSANTARA PARAHYANGAN Tbk. became a consolidated subsidiary in this consolidated fiscal year as we acquired its shares on December 17, 2007. As the deemed stock-purchase date is the same date of its settlement date and a difference of the end of our consolidated fiscal year does not exceed three months, only its balance sheet was for consolidated financial results.

JLA INCORPORATED and ABS CO., LTD., which were consolidated subsidiaries until the prior consolidated fiscal year, merged with ACOM ESTATE CO., LTD. as of April 1, 2007. ACOM ESTATE CO., LTD. changed its corporate name into JLA INCORPORATED.

ACOM FUNDING CO., LTD. which was a consolidated subsidiary until the prior consolidated fiscal year, is excluded from consolidated subsidiaries as it was dissolved during the prior consolidated fiscal year.

### (B) Application of the equity-method

There is no equity-method-affiliate.

DC Card Co., Ltd., which was an equity-method-affiliate in prior consolidated fiscal year, merged with Mitsubishi UFJ NICOS Co., Ltd. as of April 1, 2007. This merger resulted in decrease of ACOM's ownership of voting rights to the point where DC Card Co., Ltd. was not qualified as an affiliate any longer. Therefore it is no longer accounted under equity method.

### (C) Matters relating to fiscal year, etc. of consolidated subsidiaries

Settlement date of the following consolidated subsidiaries ends on December 31:

ACOM (U.S.A.) INC.  
EASY BUY Public Company Limited  
PT. BANK NUSANTARA PARAHYANGAN Tbk.  
Yugensekinin-Chukanhojin Mirai Capital  
Power Investments LLC  
MTBC First Investment Partnership  
MTBC Second Investment Partnership  
MTBC Third Investment Partnership  
AC Ventures Fourth Investment Partnership  
AC Ventures Sixth Investment Partnership

Settlement date of the following consolidated subsidiaries ends on February 29:

AC Ventures Fifth Investment Partnership

Consolidated financial statements hereof are prepared by using financial statements as of the above mentioned settlement date and important matters that occurred between the settlement date and the consolidated settlement date are subject to the adjustment necessary for consolidation.

### (D) Significant accounting policies

#### (a) Valuation and computation of significant assets

##### (1) Marketable securities

Marketable securities for trading purposes ... Market value (Cost of securities sold is computed using the moving average method.)

Securities held to maturity ... Amortized cost method (straight-line method)

Other securities

Where there is a market price

Market value as determined by the quoted price at the end of the fiscal year

(The difference between the carrying value and the market value is included in equity)

(Cost of securities sold is computed using the moving average method)

Where there is no market price

Cost determined by the moving average method

The equity in limited investment partnership and other similar partnership (deemed as securities by the Article 2, Section 2 of the Securities and Exchange Law) is accounted for by the equity method, based on its latest financial statements available considering the closing dates stipulated by the respective partnership contracts.

##### (2) Derivative transactions

Swap transaction ... Market value

(3) Inventories

Purchased receivables ... Cost on an individual specified cost basis

Merchandise

Paintings ... Cost on an individual specified cost basis

Others merchandise ... Mainly cost based on the last purchase price method

Miscellaneous items ... Mainly cost based on the first-in first-out method

(b) Depreciation of significant property, plant and equipment

(1) Tangible fixed assets

At the Company and its domestic consolidated subsidiaries ... Mainly declining balance method

At overseas consolidated subsidiaries ... Straight-line method

(Depreciable life)

Buildings and structures ... 2 to 49 years

Vehicles and delivery equipment ... 6 to 8 years

Equipment and furniture ... 2 to 20 years

(Additional information)

In association with the reform of the corporation tax law, tangible fixed assets of which depreciation had been completed up to the allowable limit of 5% from among fixed assets acquired before March 31, 2007 based on the former corporation tax law, residual values have been amortized in equal installments over the five-year period in depreciation expenses from the next consolidated fiscal year when amortization of each assets was completed.

Due to such change, our operating profit, income before extraordinary items and net income before income tax each decreased by 123 million yen.

(2) Intangible fixed assets ... Straight-line method

(3) Long-term prepaid expenses ... Amortized in equal installments

(4) Deferred assets

Bond issue expenses ... Amortized over the redemption period

(c) Basis for calculating allowances

(1) Allowance for bad debts

In providing for bad debts, the Company and its consolidated subsidiaries make an allowance for ordinary bad debts based on the historical rate of default. For specific debts where recovery is doubtful, the Company considers the likelihood of recovery on an individual basis, making an allowance for the amount regarded as irrecoverable.

(2) Allowance for loss on guaranteed receivables

In providing allowance for loss on guaranteed receivables, the Company and its consolidated subsidiaries make an allowance as necessary having considered the likelihood of losses at the end of this consolidated fiscal year.

(3) Allowance for retirement benefits

The Company and its domestic consolidated subsidiaries make provisions for retirement benefits based on projected retirement obligations and pension fund asset at the balance sheet date. Adjustments are made to determine the amounts applicable to the end of this consolidated fiscal year.

Past service liabilities have been recognized evenly over the five years (a period not exceeding the expected average remaining working lives of the employee) from the time of occurrence.

Actuarial losses have been recognized evenly over the five years (a period not exceeding the expected average remaining working lives of the employees) following the respective fiscal years when such losses are identified.

An overseas consolidated subsidiary makes provisions for retirement benefits based on projected retirement obligations at the end of the fiscal year. Adjustments are made to determine the amounts applicable to the end of this fiscal year.

(4) Allowance for directors' and statutory auditors' retirement benefits

The Company and its domestic consolidated subsidiaries make provisions for directors' and corporate auditors' retirement benefits at the end of the fiscal year in accordance with the Company's internal rules.

(5) Allowance for loss on interest repayments

In order to prepare for potential loss on interest repayments in the future, The Company estimates and provides a reasonable amount of allowance for loss on interest repayments in consideration of the past actual results and the latest conditions of such interest repayments.

(d) Currency translation standards for significant foreign-currency-denominated assets or liabilities used in preparing the financial statements of consolidated companies on which consolidated financial statements are based

Foreign-currency-denominated monetary claims and liabilities are converted into yen using the spot market rate for the consolidated accounting date, and differences in currency translation are added up as profit or loss.

The assets and liabilities, and profit and expenses of overseas subsidiaries and others are converted into yen using the spot market rate for the consolidated accounting date, and differences in currency translation are added up as minority shareholders' interest and as currency translation adjustment accounts under shareholders' equity.

(e) Accounting for significant lease transactions

The Company and its domestic consolidated subsidiaries account for finance leases where ownership of the leased asset is not transferred to the lessee as operating leases.

(f) Accounting for significant hedging activities

(1) Accounting for hedging activities

Deferred hedge accounting has been adopted. Interest-rate swaps and currency swaps which meet certain conditions are accounted for according to exceptional treatments.

(2) Hedging instruments and items hedged

Interest related derivatives

Hedging instruments ... Interest-rate swaps agreements

Items hedged ... Loans with variable interest rates and straight bonds

Currency related derivatives

Hedging instruments ... Currency swaps agreements

Items hedged ... Loans denominated in foreign currency

(3) Hedging policy

The Company and its consolidated subsidiaries enter into derivative contracts such as interest-rate swap agreements in order to hedge against the risk of fluctuations in interest rates relating to its variable-rate loans and straight bonds. The Company and consolidated subsidiaries enter into derivative contracts such as currency swap agreements in order to hedge against the risk of fluctuations in foreign currency exchange rates relating to its foreign currency loans. Derivative transactions are entered into in compliance with the Companies' internal rules.

(4) Evaluating the efficacy of hedging activities

The performance of the hedging instruments and the items hedged is monitored primarily using the same criteria. As it can be assumed that changes in interest rates and foreign currency exchange rates are fully offset by changes in cash flows from hedging instruments, further evaluation is not required.

(g) Other significant accounting policies for the preparation of consolidated financial statements

(1) Basis of recognition of income and expenses

Interest on loans receivable

Interest on loans receivable is recognized on an accrual basis.

Accrued interest on loans receivable is recognized at the lower of the interest rate stipulated in the Interest Rate Restriction Law of Japan or the contracted interest rate of the Company.

Income from credit card business

Fees from customers ... Recognized mainly by credit-balance method

Fees from member outlets ... Recognized as fees when treated

Income from installment sales finance business

Fees from customers and member outlets ... Recognized by sum-of-the months' digits method on a due date basis

Fees on guaranteed receivables ... Recognized by credit-balance method

(2) Treatment of consumption tax, etc

Consumption tax is treated outside of the financial statements.

However, non-deductible consumption tax and others relating to assets is recognized as an expense during the year in which it is incurred.

(E) Matters relating to evaluation of consolidated subsidiaries' assets and liabilities

The market value method applies to the evaluation of consolidated subsidiaries' assets and liabilities, over-all.

(F) (Amortization of goodwill and negative goodwill)

Goodwill and negative goodwill are amortized in equal installments over the 5 year period. However, those goodwill and negative goodwill which are fairly immaterial are amortized in full in the consolidated fiscal year in which they arise.

(G) Matters relating to treatment of profit appropriation, etc.

Cash and cash equivalents include cash at hand, highly liquid deposits at banks and short-term investments with negligible risk of fluctuation in value and maturities of less than three months.

(6) Changes in Significant Items Relating to the Preparation of Consolidated Financial Statements

(Change in accounting policies)

<Changes in the depreciation method>

In association with the reform of the corporation tax law, since this consolidated fiscal year the depreciation method based on the amended corporation tax law has been applied to the tangible fixed assets acquired after April 1, 2007.

Due to such change, our consolidated operating income, income before extraordinary items and net income before income tax each decreased by 21 million yen.

(Changes in disclosure method)

<Consolidated balance sheet>

Certificate of deposit, which were included in "Cash and time deposits" in the prior consolidated fiscal year is now included in "Marketable securities" based on "The Practical Standard for the Accounting related to Financial Products (Accounting Practice Committee Report No.14, July 4, 2007.)"

Incidentally, the balance of certificate of deposit for prior consolidated fiscal year and this consolidated fiscal year were 21,740 million yen and 25,170 million yen respectively.

## (7) Notes to Consolidated Financial Statements

## Notes to Consolidated Balance Sheets

Prior consolidated fiscal year (As of March 31, 2007)	This consolidated fiscal year (As of March 31, 2008)
1. Cumulative depreciation of tangible fixed assets (Millions of yen) 46,508	1. Cumulative depreciation of tangible fixed assets (Millions of yen) 47,997
2. Value of affiliated company stock in investment securities (Millions of yen) 10,340	2. ---
3. Assets pledged as security (Millions of yen)	3. Assets pledged as security (Millions of yen)
(1) Pledged assets	(1) Pledged assets
Loans receivable	Loans receivable
211,371	96,964
<21,257>	<6,660>
[21,934]	
(2) Secured liabilities	(2) Secured liabilities
Current portion of long-term loans	Current portion of long-term loans
105,432	67,993
<14,597>	<5,727>
[7,960]	Long-term loans
Long-term loans	28,958
91,951	<930>
<6,657>	<u>Total</u>
[—]	96,951
<u>Total</u>	<6,657>
197,383	Figures in brackets "<>" represent amounts engaged in transferring assignment of claims.
<21,254>	
[7,960]	
Figures in brackets "<>" represent amounts engaged in transferring assignment of claims and figures in the brackets "[ ]" represent amounts relating to securitization.	
4.---	4. Cash and time deposits includes 3,523 million yen of reserve for deposit of consolidated subsidiary based on regulations of Bank Indonesia.
5. Bills matured on the last day of the consolidated accounting period As to accounting procedures for bills matured on the last day of the consolidated accounting period, they were settled on the date of clearance. However, the last day of the current consolidated accounting period fell on a banking holiday, therefore, 4 million yen of trade note receivables that matured on the last day of the consolidated accounting period are included in the balance at the end of the consolidated accounting period.	5. ---
6. Contingent liabilities	6. Contingent liabilities
Amount of guaranteed receivables of guarantee business (Millions of yen)	(1) Amount of guaranteed receivables of guarantee business (Millions of yen)
Guaranteed receivables	Guaranteed receivables
105,977	120,639
Allowance for loss on guaranteed receivables	Allowance for loss on guaranteed receivables
1,961	2,192
<u>Net</u>	<u>Net</u>
104,015	118,446
	(2) Guarantees given of banking business (Millions of yen)
	279

Prior consolidated fiscal year (As of March 31, 2007)	This consolidated fiscal year (As of March 31, 2008)
<p>7. Commitment line contracts for loans receivables Loans extended by the Company and some of consolidated subsidiaries primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 905,420 million yen at the end of the accounting period. This included a total of 653,978 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the accounting period. A certain portion of revolving credit line contracts lapse without ever being used. Therefore, the amount itself of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company and consolidated subsidiaries.</p> <p>Contracts contain provisions allowing the Company and consolidated subsidiaries to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.</p>	<p>7. Commitment line contracts for loans receivables Loans extended by the Company and some of consolidated subsidiaries primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 906,575 million yen at the end of the accounting period. This included a total of 640,446 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the accounting period. A certain portion of revolving credit line contracts lapse without ever being used. Therefore, the amount itself of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company and consolidated subsidiaries.</p> <p>Contracts contain provisions allowing the Company and consolidated subsidiaries to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.</p>
<p>8. ---</p>	<p>8. Commitment line contracts for loans receivable of banking business The consolidated subsidiary PT.BANK NUSANTARA PARAHYANGAN Tbk. has concluded a savings overdraft agreement pledging to lend funds up to an established limit when such financing is requested by a customer (as long as this lending does not violate conditions stipulated in the agreements) and a commitment line agreement on loans. The balance of undrawn lines of credit based on these agreements is 7,889 million yen as of the end of this consolidated fiscal year.</p> <p>A certain portion of revolving credit line contracts lapse without ever being used. Therefore, the amount itself of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company and consolidated subsidiaries.</p> <p>Contracts contain provisions allowing the Company and consolidated subsidiaries to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.</p>

Prior consolidated fiscal year (As of March 31, 2007)	This consolidated fiscal year (As of March 31, 2008)																																				
<p><b>9. Status of bad debts of loans receivable</b> Losses on unsecured consumer loans to bankrupt parties are written off at the time bankrupt is declared. For this reason, loans to borrowers in bankruptcy include 3,246 millions of yen for debtors who have petitioned for bankruptcy as of the end of the fiscal year, but not yet declared bankrupt. This entire amount is charged to the allowance for bad debts.</p> <p>In addition, from the point of view of maintaining the soundness of the Company's assets, loans where repayment is doubtful are stated exclusive of accrued interest, and the loans in question are classified as loans in arrears. The Company's policy differs from that set forth in Japan's tax laws, under which accrued interest is charged on loans less than six months in arrears. As a result of the Company's policy, loans in arrears included additional 65,333 million yen. Under the policies stipulated in Japan's tax laws, 20,705 million yen of this amount would be classified as loans overdue by three months or more, 9,571 million yen as restructured loans and 35,057 million yen as loans no longer in arrears.</p> <p>Accrued interest on the loans of consolidated subsidiaries is added up according to the policies stipulated in Japan's corporation tax law.</p> <p>That of overseas consolidated subsidiaries is added up according to the policies stipulated in accounting standards applicable in countries where they operate.</p> <p style="text-align: right;">(Millions of yen)</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Amount</th> <th>Classification criteria</th> </tr> </thead> <tbody> <tr> <td>Loans to bankrupt parties</td> <td style="text-align: right;">(7,050) 7,050</td> <td>Loans exclusive of accrued interest to bankrupt parties, parties in rehabilitation and reorganization, and others.</td> </tr> <tr> <td>Loans in arrears</td> <td style="text-align: right;">(21,034) 86,368</td> <td>Other loans stated exclusive of accrued interest, excluding loans that have been restructured or on which interest is reduced in the interest of rehabilitating the debtor.</td> </tr> <tr> <td>Loans overdue by three months or more</td> <td style="text-align: right;">(22,351) 1,645</td> <td>Loans other than the above that are overdue by three months or more.</td> </tr> <tr> <td>Restructured loans</td> <td style="text-align: right;">(63,959) 54,388</td> <td>Loans other than above on which favorable terms have been granted, such as the waiving of interest.</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">(114,396) 149,453</td> <td></td> </tr> </tbody> </table> <p>Figures in brackets refer to the balance of delinquent loans computed according to the policies set forth in Japanese tax laws.</p>	Category	Amount	Classification criteria	Loans to bankrupt parties	(7,050) 7,050	Loans exclusive of accrued interest to bankrupt parties, parties in rehabilitation and reorganization, and others.	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This entire amount is charged to the allowance for bad debts.</p> <p>In addition, from the point of view of maintaining the soundness of the Company's assets, loans where repayment is doubtful are stated exclusive of accrued interest, and the loans in question are classified as loans in arrears. The Company's policy differs from that set forth in Japan's tax laws, under which accrued interest is charged on loans less than six months in arrears. As a result of the Company's policy, loans in arrears included additional 61,644 million yen. Under the policies stipulated in Japan's tax laws, 18,615 million yen of this amount would be classified as loans overdue by three months or more, 12,072 million yen as restructured loans and 30,956 million yen as loans no longer in arrears.</p> <p>Accrued interest on the loans of consolidated subsidiaries is added up according to the policies stipulated in Japan's corporation tax law.</p> <p>That of overseas consolidated subsidiaries is added up according to the policies stipulated in accounting standards applicable in countries where they operate.</p> <p style="text-align: right;">(Millions of yen)</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Amount</th> <th>Classification criteria</th> </tr> </thead> <tbody> <tr> <td>Loans to bankrupt parties</td> <td style="text-align: right;">(5,806) 5,806</td> <td>Loans exclusive of accrued interest to bankrupt parties, parties in rehabilitation and reorganization, and others.</td> </tr> <tr> <td>Loans in arrears</td> <td style="text-align: right;">(19,866) 81,511</td> <td>Other loans stated exclusive of accrued interest, excluding loans that have been restructured or on which interest is reduced in the interest of rehabilitating the debtor.</td> </tr> <tr> <td>Loans overdue by three months or more</td> <td style="text-align: right;">(22,042) 3,426</td> <td>Loans other than the above that are overdue by three months or more.</td> </tr> <tr> <td>Restructured loans</td> <td style="text-align: right;">(57,724) 45,652</td> <td>Loans other than above on which favorable terms have been granted, such as the waiving of interest.</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">(105,439) 136,396</td> <td></td> </tr> </tbody> </table> <p>Figures in brackets refer to the balance of delinquent loans computed according to the policies set forth in Japanese tax laws.</p>	Category	Amount	Classification criteria	Loans to bankrupt parties	(5,806) 5,806	Loans exclusive of accrued interest to bankrupt parties, parties in rehabilitation and reorganization, and others.	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Category	Amount	Classification criteria																																			
Loans to bankrupt parties	(7,050) 7,050	Loans exclusive of accrued interest to bankrupt parties, parties in rehabilitation and reorganization, and others.																																			
Loans in arrears	(21,034) 86,368	Other loans stated exclusive of accrued interest, excluding loans that have been restructured or on which interest is reduced in the interest of rehabilitating the debtor.																																			
Loans overdue by three months or more	(22,351) 1,645	Loans other than the above that are overdue by three months or more.																																			
Restructured loans	(63,959) 54,388	Loans other than above on which favorable terms have been granted, such as the waiving of interest.																																			
Total	(114,396) 149,453																																				
Category	Amount	Classification criteria																																			
Loans to bankrupt parties	(5,806) 5,806	Loans exclusive of accrued interest to bankrupt parties, parties in rehabilitation and reorganization, and others.																																			
Loans in arrears	(19,866) 81,511	Other loans stated exclusive of accrued interest, excluding loans that have been restructured or on which interest is reduced in the interest of rehabilitating the debtor.																																			
Loans overdue by three months or more	(22,042) 3,426	Loans other than the above that are overdue by three months or more.																																			
Restructured loans	(57,724) 45,652	Loans other than above on which favorable terms have been granted, such as the waiving of interest.																																			
Total	(105,439) 136,396																																				

Prior consolidated fiscal year (As of March 31, 2007)	This consolidated fiscal year (As of March 31, 2008)												
<p>10. Financial assets received as freely disposable securities The Company and some of its consolidated subsidiaries entered into "Gensaki" transactions (to purchase debt securities under resale agreements) and received marketable securities as securities for the money repayable from the sellers.</p> <p>Amount of marketable securities purchased (Stated as short-term loans) <span style="float: right;">52,965 million yen</span></p> <p>Market value of marketable securities purchased at the end of the consolidated accounting period <span style="float: right;">52,930 million yen</span></p>	<p>10. Financial assets received as freely disposable securities The Company and some of its consolidated subsidiaries entered into "Gensaki" transactions (to purchase debt securities under resale agreements) and received marketable securities as securities for the money repayable from the sellers.</p> <p>Amount of marketable securities purchased (Stated as short-term loans) <span style="float: right;">45,465 million yen</span></p> <p>Market value of marketable securities purchased at the end of the consolidated accounting period <span style="float: right;">45,475 million yen</span></p>												
<p>11. Agreements for overdraft and commitment facilities For efficient procurement of working capital, the Company and some of its consolidated subsidiaries maintain overdraft contracts with 6 financial institutions and designated commitment line contracts with 18 financial institutions. As of the end of this consolidated accounting period, the unexercised portion of facilities based on these contracts was as follows.</p> <p style="text-align: right;">(Millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Agreed amount of agreement for overdraft and commitment line</td> <td style="text-align: right;">332,087</td> </tr> <tr> <td>Amount of borrowing</td> <td style="text-align: right;">107,888</td> </tr> <tr> <td style="border-top: 1px solid black;">Unused amount</td> <td style="text-align: right; border-top: 1px solid black;">224,199</td> </tr> </table>	Agreed amount of agreement for overdraft and commitment line	332,087	Amount of borrowing	107,888	Unused amount	224,199	<p>11. Agreements for overdraft and commitment facilities For efficient procurement of working capital, the Company and some of its consolidated subsidiaries maintain overdraft contracts with 6 financial institutions and designated commitment line contracts with 17 financial institutions. As of the end of this consolidated accounting period, the unexercised portion of facilities based on these contracts was as follows.</p> <p style="text-align: right;">(Millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Agreed amount of agreement for overdraft and commitment line</td> <td style="text-align: right;">275,387</td> </tr> <tr> <td>Amount of borrowing</td> <td style="text-align: right;">92,707</td> </tr> <tr> <td style="border-top: 1px solid black;">Unused amount</td> <td style="text-align: right; border-top: 1px solid black;">182,680</td> </tr> </table>	Agreed amount of agreement for overdraft and commitment line	275,387	Amount of borrowing	92,707	Unused amount	182,680
Agreed amount of agreement for overdraft and commitment line	332,087												
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## Notes to Consolidated Financial Statements of Income

Prior consolidated fiscal year (From April 1, 2006 to March 31, 2007)	This consolidated fiscal year (From April 1, 2007 to March 31, 2008)																																																
<p>1. Principal items of other financial income (Millions of yen)</p> <table> <tr><td>Interest on deposits</td><td style="text-align: right;">75</td></tr> <tr><td>Interest on loans</td><td style="text-align: right;">79</td></tr> <tr><td>Effect of currency exchange</td><td style="text-align: right;">17</td></tr> </table>	Interest on deposits	75	Interest on loans	79	Effect of currency exchange	17	<p>1. Principal items of other financial income (Millions of yen)</p> <table> <tr><td>Interest on deposits</td><td style="text-align: right;">101</td></tr> <tr><td>Interest on securities</td><td style="text-align: right;">89</td></tr> <tr><td>Interest on loans</td><td style="text-align: right;">284</td></tr> </table>	Interest on deposits	101	Interest on securities	89	Interest on loans	284																																				
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<p>2. Principal financial expenses (Millions of yen)</p> <table> <tr><td>Interest paid</td><td style="text-align: right;">14,047</td></tr> <tr><td>Interest on straight bonds</td><td style="text-align: right;">4,889</td></tr> <tr><td>Bond issue expenses</td><td style="text-align: right;">331</td></tr> </table>	Interest paid	14,047	Interest on straight bonds	4,889	Bond issue expenses	331	<p>2. Principal financial expenses (Millions of yen)</p> <table> <tr><td>Interest paid</td><td style="text-align: right;">13,782</td></tr> <tr><td>Interest on straight bonds</td><td style="text-align: right;">5,753</td></tr> <tr><td>Bond issue expenses</td><td style="text-align: right;">255</td></tr> <tr><td>Effect of currency exchange</td><td style="text-align: right;">101</td></tr> </table>	Interest paid	13,782	Interest on straight bonds	5,753	Bond issue expenses	255	Effect of currency exchange	101																																		
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<p>3. Principal items of operational expenses (Millions of yen)</p> <table> <tr><td>Advertising expenses</td><td style="text-align: right;">13,491</td></tr> <tr><td>Provision for bad debts</td><td style="text-align: right;">130,596</td></tr> <tr><td>Provision for loss on guaranteed receivables</td><td style="text-align: right;">1,960</td></tr> <tr><td>Bad debt write-offs</td><td style="text-align: right;">5,039</td></tr> <tr><td>Provision for loss on interest repayments</td><td style="text-align: right;">200,147</td></tr> <tr><td>Salaries</td><td style="text-align: right;">31,892</td></tr> <tr><td>Retirement benefit expenses</td><td style="text-align: right;">1,269</td></tr> <tr><td>Provision for directors' and corporate auditors' retirement benefits</td><td style="text-align: right;">93</td></tr> <tr><td>Welfare expenses</td><td style="text-align: right;">4,113</td></tr> <tr><td>Leases</td><td style="text-align: right;">13,341</td></tr> <tr><td>Depreciation expenses</td><td style="text-align: right;">3,772</td></tr> <tr><td>Fees</td><td style="text-align: right;">36,111</td></tr> </table>	Advertising expenses	13,491	Provision for bad debts	130,596	Provision for loss on guaranteed receivables	1,960	Bad debt write-offs	5,039	Provision for loss on interest repayments	200,147	Salaries	31,892	Retirement benefit expenses	1,269	Provision for directors' and corporate auditors' retirement benefits	93	Welfare expenses	4,113	Leases	13,341	Depreciation expenses	3,772	Fees	36,111	<p>3. Principal items of operational expenses (Millions of yen)</p> <table> <tr><td>Advertising expenses</td><td style="text-align: right;">12,547</td></tr> <tr><td>Provision for bad debts</td><td style="text-align: right;">113,655</td></tr> <tr><td>Provision for loss on guaranteed receivables</td><td style="text-align: right;">2,192</td></tr> <tr><td>Provision for loss on interest repayments</td><td style="text-align: right;">19,620</td></tr> <tr><td>Salaries</td><td style="text-align: right;">26,349</td></tr> <tr><td>Retirement benefit expenses</td><td style="text-align: right;">227</td></tr> <tr><td>Provision for directors' and corporate auditors' retirement benefits</td><td style="text-align: right;">60</td></tr> <tr><td>Welfare expenses</td><td style="text-align: right;">3,440</td></tr> <tr><td>Leases</td><td style="text-align: right;">11,822</td></tr> <tr><td>Depreciation expenses</td><td style="text-align: right;">3,356</td></tr> <tr><td>Fees</td><td style="text-align: right;">35,625</td></tr> <tr><td>Amortization of goodwill</td><td style="text-align: right;">838</td></tr> </table>	Advertising expenses	12,547	Provision for bad debts	113,655	Provision for loss on guaranteed receivables	2,192	Provision for loss on interest repayments	19,620	Salaries	26,349	Retirement benefit expenses	227	Provision for directors' and corporate auditors' retirement benefits	60	Welfare expenses	3,440	Leases	11,822	Depreciation expenses	3,356	Fees	35,625	Amortization of goodwill	838
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<p>4. Breakdown of gains on sales of fixed assets (Millions of yen)</p> <table> <tr><td>Buildings and structures</td><td style="text-align: right;">2</td></tr> <tr><td>Vehicles and delivery equipment</td><td style="text-align: right;">0</td></tr> <tr><td>Equipment and furniture</td><td style="text-align: right;">0</td></tr> <tr><td>Land</td><td style="text-align: right;">2</td></tr> <tr><td>Total</td><td style="text-align: right;">5</td></tr> </table>	Buildings and structures	2	Vehicles and delivery equipment	0	Equipment and furniture	0	Land	2	Total	5	<p>4. Breakdown of gains on sales of fixed assets (Millions of yen)</p> <table> <tr><td>Buildings and structures</td><td style="text-align: right;">10</td></tr> <tr><td>Equipment and furniture</td><td style="text-align: right;">0</td></tr> <tr><td>Land</td><td style="text-align: right;">16</td></tr> <tr><td>Total</td><td style="text-align: right;">26</td></tr> </table>	Buildings and structures	10	Equipment and furniture	0	Land	16	Total	26																														
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<p>5. Other extraordinary income results from sales of golf club membership.</p>	<p>5. Breakdown of other extraordinary income (Millions of yen)</p> <table> <tr><td>Gains on sales of golf club membership</td><td style="text-align: right;">2</td></tr> <tr><td>Gains on reversal of allowance for golf club membership</td><td style="text-align: right;">1</td></tr> <tr><td>Total</td><td style="text-align: right;">4</td></tr> </table>	Gains on sales of golf club membership	2	Gains on reversal of allowance for golf club membership	1	Total	4																																										
Gains on sales of golf club membership	2																																																
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<p>6. Breakdown of loss on sale of fixed assets (Millions of yen)</p> <table> <tr><td>Buildings and structures</td><td style="text-align: right;">0</td></tr> <tr><td>Equipment and furniture</td><td style="text-align: right;">4</td></tr> <tr><td>Land</td><td style="text-align: right;">12</td></tr> <tr><td>Telephone rights</td><td style="text-align: right;">61</td></tr> <tr><td>Total</td><td style="text-align: right;">78</td></tr> </table>	Buildings and structures	0	Equipment and furniture	4	Land	12	Telephone rights	61	Total	78	<p>6. Breakdown of loss on sale of fixed assets (Millions of yen)</p> <table> <tr><td>Buildings and structures</td><td style="text-align: right;">0</td></tr> <tr><td>Equipment and furniture</td><td style="text-align: right;">2</td></tr> <tr><td>Land</td><td style="text-align: right;">2</td></tr> <tr><td>Telephone rights</td><td style="text-align: right;">128</td></tr> <tr><td>Total</td><td style="text-align: right;">133</td></tr> </table>	Buildings and structures	0	Equipment and furniture	2	Land	2	Telephone rights	128	Total	133																												
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<p>7. Loss on disposal of fixed assets mainly consists of transfer of operating outlets, remodeling of interior and change of signboards. The breakdown thereof is set out below: (Millions of yen)</p> <table> <tr><td>Buildings and structures</td><td style="text-align: right;">324</td></tr> <tr><td>Vehicles and delivery equipment</td><td style="text-align: right;">0</td></tr> <tr><td>Equipment and furniture</td><td style="text-align: right;">40</td></tr> <tr><td>Total</td><td style="text-align: right;">364</td></tr> </table>	Buildings and structures	324	Vehicles and delivery equipment	0	Equipment and furniture	40	Total	364	<p>7. Loss on disposal of fixed assets mainly consists of transfer of operating outlets, remodeling of interior and change of signboards. The breakdown thereof is set out below: (Millions of yen)</p> <table> <tr><td>Buildings and structures</td><td style="text-align: right;">662</td></tr> <tr><td>Equipment and furniture</td><td style="text-align: right;">184</td></tr> <tr><td>Total</td><td style="text-align: right;">847</td></tr> </table>	Buildings and structures	662	Equipment and furniture	184	Total	847																																		
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<p><b>8. Impairment loss</b> Our Group has reported impairment loss for this accounting period as below:</p> <p>(1) Assets recognized as having suffered impairment</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Usage</th> <th>Type</th> </tr> </thead> <tbody> <tr> <td>Iwate Hachimantai City</td> <td>Welfare/Leisure Facility</td> <td>Land and Buildings etc.</td> </tr> <tr> <td>Shizuoka Hamamatsu City</td> <td>Welfare/Leisure Facility</td> <td>Land and Buildings etc.</td> </tr> <tr> <td>Mie Toba City</td> <td>Welfare/Leisure Facility</td> <td>Land and Buildings etc.</td> </tr> </tbody> </table> <p>(2) Method of grouping assets The smallest units our Group has adopted for the grouping of fixed assets are as below:</p> <p>(a) For the loan business (part of our financial services business): regional business departments</p> <p>(b) For the installment sales finance business (part of our financial services business): business offices</p> <p>(c) For other financial or non-financial businesses: departments etc. For leasehold estate and property to be sold, the smallest units are the individual assets themselves. Our head office and welfare/leisure facilities for our employees are treated as common assets because they do not generate their own cash flows.</p> <p>(3) Process through which impairment loss was recognized We recognized impairment loss on property to be sold because the sale prices were significantly lower than the assets' carrying values. No indications of impairment were observed in units comprising groups of assets, such as business departments and business offices.</p> <p>(4) Amounts of impairment loss</p> <table style="width: 100%;"> <thead> <tr> <th></th> <th style="text-align: right;">(Millions of yen)</th> </tr> </thead> <tbody> <tr> <td>Buildings and structures</td> <td style="text-align: right;">6</td> </tr> <tr> <td>Equipment and furniture</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">1</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>8</u></td> </tr> </tbody> </table> <p>(5) Calculation of recovery price The recovery price is measured by either the higher of the sum of the expected future net cash flows or net realizable value. The sum of the expected future net cash flows is calculated by discounting at a rate of 7% the cash flows that the asset will generate in the future, while net realizable value is assessed by, for example, a real estate appraiser.</p>	Location	Usage	Type	Iwate Hachimantai City	Welfare/Leisure Facility	Land and Buildings etc.	Shizuoka Hamamatsu City	Welfare/Leisure Facility	Land and Buildings etc.	Mie Toba City	Welfare/Leisure Facility	Land and Buildings etc.		(Millions of yen)	Buildings and structures	6	Equipment and furniture	0	Land	1	<u>Total</u>	<u>8</u>	<p><b>8. Impairment loss</b> Our Group has reported impairment loss for this accounting period as below:</p> <p>(1) Assets recognized as having suffered impairment</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Usage</th> <th>Type</th> </tr> </thead> <tbody> <tr> <td>Hiroshima Hiroshima City</td> <td>Leasehold Building</td> <td>Land</td> </tr> <tr> <td>Tokyo Chiyoda-ku, etc.</td> <td>Business Property</td> <td>Telephone rights</td> </tr> </tbody> </table> <p>(2) Method of grouping assets With respect to business properties, the Group has adopted for the business segment unit of "financial services business" and "other businesses" as the smallest unit for the grouping. For leasehold estate and property to be sold, the smallest units are the individual assets themselves. Our head office and welfare/leisure facilities for our employees are treated as common assets because they do not generate their own cash flows.</p> <p>(3) Process through which impairment loss was recognized We recognized impairment loss on some of leasehold estate where there had been a significant decline in the asset's profitability. We also recognized impairment loss on property to be sold because the expected sale prices were significantly lower than the assets' carrying values.</p> <p>(4) Amounts of impairment loss</p> <table style="width: 100%;"> <thead> <tr> <th></th> <th style="text-align: right;">(Millions of yen)</th> </tr> </thead> <tbody> <tr> <td>Land</td> <td style="text-align: right;">43</td> </tr> <tr> <td>Telephone rights</td> <td style="text-align: right;">118</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>162</u></td> </tr> </tbody> </table> <p>(5) Calculation of recovery price The recovery price excluding the property to be sold is measured by either the higher of the sum of the expected future net cash flows or net realizable value. The sum of the expected future net cash flows is calculated by discounting at a rate of 7% the cash flows that the asset will generate in the future, while net realizable value is assessed by, for example, a real estate appraiser. The recovery price of the property to be sold is measured by net realizable value. Net realizable value is assessed by price based on the recent sales result.</p>	Location	Usage	Type	Hiroshima Hiroshima City	Leasehold Building	Land	Tokyo Chiyoda-ku, etc.	Business Property	Telephone rights		(Millions of yen)	Land	43	Telephone rights	118	<u>Total</u>	<u>162</u>
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<p><b>9. Management restructuring expenses were expenses incurred in the reform of our cost structure, which was conducted in order to enhance business efficiency. A description of them is as follows:</b></p> <table style="width: 100%;"> <thead> <tr> <th></th> <th style="text-align: right;">(Millions of yen)</th> </tr> </thead> <tbody> <tr> <td>Special retirement benefit expenses</td> <td style="text-align: right;">14,312</td> </tr> <tr> <td>Outplacement expenses</td> <td style="text-align: right;">818</td> </tr> <tr> <td>Business promotion restructuring expenses</td> <td style="text-align: right;">2,851</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>17,982</u></td> </tr> </tbody> </table>		(Millions of yen)	Special retirement benefit expenses	14,312	Outplacement expenses	818	Business promotion restructuring expenses	2,851	<u>Total</u>	<u>17,982</u>	<p>9. ---</p>																													
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<b>10. Breakdown of other extraordinary losses</b> (Millions of yen) <table border="0" style="width: 100%;"> <tr><td>Loss on revaluation of inventories</td><td style="text-align: right;">535</td></tr> <tr><td>Valuation loss of golf club memberships</td><td style="text-align: right;">2</td></tr> <tr><td>Provision for loss on golf club memberships</td><td style="text-align: right;">3</td></tr> <tr><td>Loss on maturity of golf club memberships</td><td style="text-align: right;">1</td></tr> <tr><td>Temporary amortization of long-term prepaid expenses</td><td style="text-align: right;">20</td></tr> <tr><td><b>Total</b></td><td style="text-align: right; border-top: 1px solid black;"><b>562</b></td></tr> </table>	Loss on revaluation of inventories	535	Valuation loss of golf club memberships	2	Provision for loss on golf club memberships	3	Loss on maturity of golf club memberships	1	Temporary amortization of long-term prepaid expenses	20	<b>Total</b>	<b>562</b>	<b>10. Breakdown of other extraordinary losses</b> (Millions of yen) <table border="0" style="width: 100%;"> <tr><td>Loss on revaluation of inventories</td><td style="text-align: right;">316</td></tr> <tr><td>Loss on sale of golf club memberships</td><td style="text-align: right;">0</td></tr> <tr><td>Valuation loss of golf club memberships</td><td style="text-align: right;">2</td></tr> <tr><td>Provision for loss on golf club memberships</td><td style="text-align: right;">0</td></tr> <tr><td>Loss on maturity of golf club memberships</td><td style="text-align: right;">0</td></tr> <tr><td>Temporary amortization of long-term prepaid expenses</td><td style="text-align: right;">70</td></tr> <tr><td><b>Total</b></td><td style="text-align: right; border-top: 1px solid black;"><b>390</b></td></tr> </table>	Loss on revaluation of inventories	316	Loss on sale of golf club memberships	0	Valuation loss of golf club memberships	2	Provision for loss on golf club memberships	0	Loss on maturity of golf club memberships	0	Temporary amortization of long-term prepaid expenses	70	<b>Total</b>	<b>390</b>
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Loss on maturity of golf club memberships	1																										
Temporary amortization of long-term prepaid expenses	20																										
<b>Total</b>	<b>562</b>																										
Loss on revaluation of inventories	316																										
Loss on sale of golf club memberships	0																										
Valuation loss of golf club memberships	2																										
Provision for loss on golf club memberships	0																										
Loss on maturity of golf club memberships	0																										
Temporary amortization of long-term prepaid expenses	70																										
<b>Total</b>	<b>390</b>																										
<b>11. Basis for classification of financial income and expenditure on the statements of income</b> (1) Financial income stated as operating income Include all financial income other than dividends and interest on investments in securities made by the Company and subsidiaries engaged in the financial service business. (2) Financial expenditure stated as operating expenses Include all financial expenditure by the Company and subsidiaries engaged in financial services, other than interest payable which has no relationship to operating income.	<b>11. Basis for classification of financial income and expenditure on the statements of income</b> (1) Financial income stated as operating income Include all financial income other than dividends and interest on investments in securities made by the Company and subsidiaries engaged in the financial service business. (2) Financial expenditure stated as operating expenses Include all financial expenditure by the Company and subsidiaries engaged in financial services, other than interest payable which has no relationship to operating income.																										

Notes to Consolidated Statement of Changes in Net Assets

Prior Consolidated Accounting Period (From April 1, 2006 to March 31, 2007)

(A) Matters related to issued shares

Type of shares	Prior consolidated fiscal year	Increase	Decrease	This consolidated accounting period
Common shares	159,628,280	—	—	159,628,280

(B) Matters related to treasury shares

Type of shares	Prior consolidated fiscal year	Increase	Decrease	This consolidated accounting period
Common shares	2,438,225	44	4,300	2,433,969

(Outline for the change)

44 shares of increase is owing to purchase of shares in units of less than 10.

4,300 shares of decrease is owing to exercising rights of stock options.

(C) Matters related to stock acquisition rights, etc

None

(D) Matters related to dividends

(a) Dividends paid

Resolution	Type of shares	Total amount of dividends (millions of yen)	Dividends per share (yen)	Basic date	Effective date
Annual shareholders' meeting as of June 22, 2006	Common shares	11,003	70.00	March 31, 2006	June 23, 2006
Board of Directors' as of November 8, 2006	Common shares	11,003	70.00	September 30, 2006	December 8, 2006

(b) Dividends after the end of this consolidated accounting period of which basic date belongs to this consolidated accounting period

Resolution	Type of shares	Source of dividends	Total amount of dividends (million of yen)	Dividends per share (yen)	Basic date	Effective date
Annual shareholders meeting as of June 27, 2007	Common shares	Earned surplus	4,715	30.00	March 31, 2007	June 28, 2007

This Consolidated Accounting Period (From April 1, 2007 to March 31, 2008)

(A) Matters related to issued shares

Type of shares	Prior consolidated fiscal year	Increase	Decrease	This consolidated accounting period
Common shares	159,628,280	—	—	159,628,280

(B) Matters related to treasury shares

Type of shares	Prior consolidated fiscal year	Increase	Decrease	This consolidated accounting period
Common shares	2,433,969	29	200	2,433,798

(Outline for the change)

29 shares of increase is owing to purchase of shares in units of less than 10.

200 shares of decrease is owing to exercising rights of stock options.

(C) Matters related to stock acquisition rights, etc

None

(D) Matters related to dividends

(a) Dividends paid

Resolution	Type of shares	Total amount of dividends (millions of yen)	Dividends per share (yen)	Basic date	Effective date
Annual shareholders' meeting as of June 27, 2007	Common shares	4,715	30.00	March 31, 2007	June 28, 2007
Board of Directors' as of November 8, 2007	Common shares	7,859	50.00	September 30, 2007	December 5, 2007

(b) Dividends after the end of this consolidated accounting period of which basic date belongs to this consolidated accounting period

Resolution	Type of shares	Source of dividends	Total amount of dividends (million of yen)	Dividends per share (yen)	Basic date	Effective date
Annual shareholders meeting as of June 20, 2008	Common shares	Earned surplus	7,859	50.00	March 31, 2008	June 23, 2008

## Notes to Consolidated Statements of Cash Flows

Prior consolidated fiscal year (From April 1, 2006 to March 31, 2007)	This consolidated fiscal year (From April 1, 2007 to March 31, 2008)																																																		
<p>1. Relationship between cash and cash equivalents at the end of the year and consolidated balance sheet items as of March 31, 2007.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right;">(Millions of yen)</th> </tr> </thead> <tbody> <tr> <td>Cash and time deposits</td> <td style="text-align: right;">93,418</td> </tr> <tr> <td>Marketable securities</td> <td style="text-align: right;">35</td> </tr> <tr> <td>Short-term loans</td> <td style="text-align: right;">52,965</td> </tr> <tr> <td>Shares, bonds and stock investment trusts, maturing more than three months after the date of purchase</td> <td style="text-align: right;">(35)</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">146,383</td> </tr> </tbody> </table> <p>2. ---</p>		(Millions of yen)	Cash and time deposits	93,418	Marketable securities	35	Short-term loans	52,965	Shares, bonds and stock investment trusts, maturing more than three months after the date of purchase	(35)	Cash and cash equivalents	146,383	<p>1. Relationship between cash and cash equivalents at the end of the year and consolidated balance sheet items as of March 31, 2008.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right;">(Millions of yen)</th> </tr> </thead> <tbody> <tr> <td>Cash and time deposits</td> <td style="text-align: right;">85,916</td> </tr> <tr> <td>Marketable securities</td> <td style="text-align: right;">39,044</td> </tr> <tr> <td>Short-term loans</td> <td style="text-align: right;">45,465</td> </tr> <tr> <td>Time deposits which term of deposit is more than three months</td> <td style="text-align: right;">(405)</td> </tr> <tr> <td>Certificates of deposit which term of deposit is more than three months</td> <td style="text-align: right;">(400)</td> </tr> <tr> <td>Cash reserved for deposit of banking business</td> <td style="text-align: right;">(3,523)</td> </tr> <tr> <td>Shares, bonds and stock investment trusts, maturing more than three months after the date of purchase</td> <td style="text-align: right;">(13,874)</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">152,221</td> </tr> </tbody> </table> <p>2. Breakdown of assets and liabilities of new consolidated subsidiaries by acquisition of stocks PT. BANK NUSANTARA PARAHYANGAN Tbk. (As of March 31, 2008)</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right;">(Millions of yen)</th> </tr> </thead> <tbody> <tr> <td>Current assets</td> <td style="text-align: right;">42,318</td> </tr> <tr> <td>Fixed assets</td> <td style="text-align: right;">3,369</td> </tr> <tr> <td>Goodwill</td> <td style="text-align: right;">3,439</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">(41,916)</td> </tr> <tr> <td>Fixed liabilities</td> <td style="text-align: right;">(39)</td> </tr> <tr> <td>Minority interests in consolidated subsidiaries</td> <td style="text-align: right;">(1,653)</td> </tr> <tr> <td>Acquisition price of stocks</td> <td style="text-align: right;">5,517</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">(4,218)</td> </tr> <tr> <td style="border-top: 1px solid black;">Balance: Net payments for acquisition</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">1,298</td> </tr> </tbody> </table>		(Millions of yen)	Cash and time deposits	85,916	Marketable securities	39,044	Short-term loans	45,465	Time deposits which term of deposit is more than three months	(405)	Certificates of deposit which term of deposit is more than three months	(400)	Cash reserved for deposit of banking business	(3,523)	Shares, bonds and stock investment trusts, maturing more than three months after the date of purchase	(13,874)	Cash and cash equivalents	152,221		(Millions of yen)	Current assets	42,318	Fixed assets	3,369	Goodwill	3,439	Current liabilities	(41,916)	Fixed liabilities	(39)	Minority interests in consolidated subsidiaries	(1,653)	Acquisition price of stocks	5,517	Cash and cash equivalents	(4,218)	Balance: Net payments for acquisition	1,298
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## Segment Information

## (A) Business segment information

Prior consolidated fiscal year (from April 1, 2006 to March 31, 2007) and this consolidated fiscal year (from April 1, 2007 to March 31, 2008)

Detailed business segment information is omitted as operating income, operating profit and assets in financial service business account for more than 90% of total consolidated operating income, consolidated operating profit and total assets across all segments.

## (B) Geographical segment information

Prior consolidated fiscal year (from April 1, 2006 to March 31, 2007) and this consolidated fiscal year (from April 1, 2007 to March 31, 2008)

Geographical segment information is omitted as sales and assets in Japan account for more than 90% of total consolidated sales and total consolidated assets across all segments.

## (C) Overseas sales

Prior consolidated fiscal year (from April 1, 2006 to March 31, 2007) and this consolidated fiscal year (from April 1, 2007 to March 31, 2008)

Overseas sales information is omitted as overseas sales account for less than 10% of total consolidated sales.

Note to Lease Transactions

Prior consolidated fiscal year (From April 1, 2006 to March 31, 2007)	This consolidated fiscal year (From April 1, 2007 to March 31, 2008)																																		
1. Finance lease transactions other than those where ownership of the leased asset is transferred to the lessee	1. Finance lease transactions other than those where ownership of the leased asset is transferred to the lessee																																		
(1) Equivalent of acquisition cost, accumulated depreciation and residual value of the leased assets (Millions of yen)	(1) Equivalent of acquisition cost, accumulated depreciation and residual value of the leased assets (Millions of yen)																																		
<table border="1"> <thead> <tr> <th></th> <th>Equivalent of acquisition cost</th> <th>Equivalent of depreciation</th> <th>Equivalent of residual value</th> </tr> </thead> <tbody> <tr> <td>Vehicles and delivery equipment</td> <td style="text-align: right;">124</td> <td style="text-align: right;">81</td> <td style="text-align: right;">42</td> </tr> <tr> <td>Equipment and furniture</td> <td style="text-align: right;">2,049</td> <td style="text-align: right;">1,394</td> <td style="text-align: right;">655</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">2,173</td> <td style="text-align: right;">1,476</td> <td style="text-align: right;">697</td> </tr> </tbody> </table>		Equivalent of acquisition cost	Equivalent of depreciation	Equivalent of residual value	Vehicles and delivery equipment	124	81	42	Equipment and furniture	2,049	1,394	655	Total	2,173	1,476	697	<table border="1"> <thead> <tr> <th></th> <th>Equivalent of acquisition cost</th> <th>Equivalent of depreciation</th> <th>Equivalent of residual value</th> </tr> </thead> <tbody> <tr> <td>Vehicles and delivery equipment</td> <td style="text-align: right;">64</td> <td style="text-align: right;">46</td> <td style="text-align: right;">17</td> </tr> <tr> <td>Equipment and furniture</td> <td style="text-align: right;">1,025</td> <td style="text-align: right;">491</td> <td style="text-align: right;">533</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">1,090</td> <td style="text-align: right;">538</td> <td style="text-align: right;">551</td> </tr> </tbody> </table>				Equivalent of acquisition cost	Equivalent of depreciation	Equivalent of residual value	Vehicles and delivery equipment	64	46	17	Equipment and furniture	1,025	491	533	Total	1,090	538	551
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(2) Equivalent balance of the unaccrued lease fees (Millions of yen)	(2) Equivalent balance of the unaccrued lease fees (Millions of yen)																																		
<table> <tbody> <tr> <td>Within a year</td> <td style="text-align: right;">409</td> </tr> <tr> <td>More than one year</td> <td style="text-align: right;">302</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>711</u></td> </tr> </tbody> </table>	Within a year	409	More than one year	302	<u>Total</u>	<u>711</u>	<table> <tbody> <tr> <td>Within a year</td> <td style="text-align: right;">240</td> </tr> <tr> <td>More than one year</td> <td style="text-align: right;">320</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>560</u></td> </tr> </tbody> </table>			Within a year	240	More than one year	320	<u>Total</u>	<u>560</u>																				
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(3) Lease fee payable, equivalent of depreciation and equivalent of interest payable (Millions of yen)	(3) Lease fee payable, equivalent of depreciation and equivalent of interest payable (Millions of yen)																																		
<table> <tbody> <tr> <td>Lease fees payable</td> <td style="text-align: right;">794</td> </tr> <tr> <td>Equivalent of depreciation</td> <td style="text-align: right;">758</td> </tr> <tr> <td>Equivalent of interest payable</td> <td style="text-align: right;">22</td> </tr> </tbody> </table>	Lease fees payable	794	Equivalent of depreciation	758	Equivalent of interest payable	22	<table> <tbody> <tr> <td>Lease fees payable</td> <td style="text-align: right;">433</td> </tr> <tr> <td>Equivalent of depreciation</td> <td style="text-align: right;">411</td> </tr> <tr> <td>Equivalent of interest payable</td> <td style="text-align: right;">12</td> </tr> </tbody> </table>			Lease fees payable	433	Equivalent of depreciation	411	Equivalent of interest payable	12																				
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(5) Method of calculation of equivalent of interest The equivalent of interest is regarded as the difference between the total lease payments and the amount equivalent to acquisition cost of the asset. The interest method is used to calculate the portion applicable to each accounting period.	(5) Method of calculation of equivalent of interest The equivalent of interest is regarded as the difference between the total lease payments and the amount equivalent to acquisition cost of the asset. The interest method is used to calculate the portion applicable to each accounting period.																																		
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Transactions between related parties

This consolidated fiscal year (from April 1, 2007 to March 31, 2008)

(A) Directors and primary individual shareholders, etc.

(Millions of yen)

Attribute	Name	Address	Paid-in Capital	Business outline/Occupation	Ratio of voting rights holding (held)	Relationship		Summary of transactions	Amount transacted	Subject	Outstanding amount at the end of the fiscal year
						Directors involved in other business	Business				
Director	Kyosuke Kinoshita	—	—	Chairman of the Company and also chief director of The Institute for Research on Household Economics	—	—	—	Donation	200	—	—
Company owned by the directors and their close relative holding the majority of ratio of voting rights	Itoko Co., Ltd.	Osaka City, Kita-ku	400	Rental of real estates	Direct (1.21%)	—	Rental of real estates	Guaranty money refunded for premises	6	—	—
	HOTEL MONTEREY CO., LTD.	Osaka City, Kita-ku	1,000	Hotel Business	—	—	Use of facilities (corporate members)	Initial membership fees Guaranty money	—	Other investments	2
								Annual membership fees etc.	21	Other current liabilities	0

Notes: 1. Amount transacted above does not include consumption tax, etc.

2. Terms and conditions of the transaction and its policies

The Institute for Research on Household Economics conducts research on household economy. We determine the terms and conditions of transactions by taking its business plans and business performance into consideration.

Transaction with Itoko Co., Ltd. is that the guaranty money for premises was refunded due to the cancellation of real estate lease contract.

Transactions with HOTEL MONTEREY CO., LTD. are the same as transactions with ordinary parties with which we have dealings.

(B) Subsidiaries of parent and other related companies

(Millions of yen)

Attribute	Name	Address	Paid-in Capital	Business outline	Ratio of voting rights holding (held)	Relationship		Summary of transactions	Amount transacted	Subject	Outstanding amount at the end of the fiscal year
						Directors involved in other business	Business				
Subsidiary of other related company	Mitsubishi UFJ Trust and Banking Corporation	Chiyoda-ku, Tokyo	324,279	Trust banking business	Direct (2.01%)	—	Borrowing	Borrowing of the capital	Borrowing : 11,000 Repayment : 81,068	Current portion of long-term loans	59,546
								Payment of interest	3,782	Long-term loans	80,028
										Other current assets	177
	Other current liabilities	226									
	Mitsubishi UFJ Securities Co., Ltd.	Chiyoda-ku, Tokyo	65,518	Securities business	Direct (0.00%)	—	Gensaki transaction	Gensaki transaction	Purchase: 135,888 Sale: 145,885	—	—
								Interest received	29	—	—

Note: Terms and conditions of the transaction and its policies

Interest rates of the borrowing by Mitsubishi UFJ Trust and Banking Corporation are the money market rates.

Interest rates of Gensaki transaction by Mitsubishi UFJ Securities Co., Ltd. are the money market rates.

## Notes to the Method of Tax Effect Accounting

Prior consolidated fiscal year (As of March 31, 2007)	This consolidated fiscal year (As of March 31, 2008)
<p>1. The tax effects of temporary differences which give rise to a significant portion of the deferred tax assets and liabilities</p> <p>Deferred tax assets:</p> <p style="text-align: right;">(Millions of yen)</p> <p>Bad debt write-offs 15,183</p> <p>Allowance for bad debts 8,664</p> <p>Allowance for loss on guaranteed receivables 1,610</p> <p>Allowance for loss on interest repayments 199,381</p> <p>Accrued bonuses 1,177</p> <p>Allowance for directors' and corporate auditors' retirement benefits 338</p> <p>Unrecognized accrued interest income 1,869</p> <p>Small capital expenditures 118</p> <p>Software application 6,382</p> <p>Deferred consumption tax and other 309</p> <p>Loss on revaluation of marketable securities 6,247</p> <p>Valuation loss of golf club memberships 141</p> <p>Loss on revaluation of inventories 349</p> <p>Depreciation and amortization 160</p> <p>Elimination of unrealized inter-company profit 1,160</p> <p>Tax loss carry forwards of subsidiaries 11,201</p> <p>Others 1,546</p> <p style="text-align: right;">Sub total deferred tax assets 255,843</p> <p style="text-align: right;">Valuation allowance (192,175)</p> <p style="text-align: right;">Total deferred tax assets <u>63,668</u></p> <p>Deferred tax liabilities:</p> <p>Retained earnings of subsidiaries 6,110</p> <p>Charge for prepaid pension expenses 940</p> <p>Change in valuation of other marketable securities 9,018</p> <p>Others 585</p> <p style="text-align: right;">Total deferred tax liabilities 16,653</p> <p style="text-align: right;">Balance of deferred tax assets <u>47,014</u></p>	<p>1. The tax effects of temporary differences which give rise to a significant portion of the deferred tax assets and liabilities</p> <p>Deferred tax assets:</p> <p style="text-align: right;">(Millions of yen)</p> <p>Bad debt write-offs 15,813</p> <p>Allowance for bad debts 15,494</p> <p>Allowance for loss on guaranteed receivables 1,638</p> <p>Allowance for loss on interest repayments 152,506</p> <p>Accrued bonuses 1,164</p> <p>Allowance for directors' and corporate auditors' retirement benefits 314</p> <p>Unrecognized accrued interest income 1,509</p> <p>Software application 6,755</p> <p>Deferred assets 432</p> <p>Deferred consumption tax and other 316</p> <p>Loss on revaluation of marketable securities 15,156</p> <p>Valuation loss of golf club memberships 124</p> <p>Loss on revaluation of inventories 248</p> <p>Depreciation and amortization 174</p> <p>Impairment loss 196</p> <p>Amortization of purchased receivables 354</p> <p>Elimination of unrealized inter-company profit 1,046</p> <p>Tax loss carry forwards 25,243</p> <p>Others 1,042</p> <p style="text-align: right;">Sub total deferred tax assets 239,534</p> <p style="text-align: right;">Valuation allowance (190,946)</p> <p style="text-align: right;">Total deferred tax assets <u>48,587</u></p> <p>Deferred tax liabilities:</p> <p>Retained earnings of subsidiaries 7,874</p> <p>Charge for prepaid pension expenses 1,566</p> <p>Change in valuation of other marketable securities 3,035</p> <p>Others 223</p> <p style="text-align: right;">Total deferred tax liabilities 12,700</p> <p style="text-align: right;">Balance of deferred tax assets <u>35,887</u></p>
<p>2. Reconciliation between the statutory tax rate and the effective tax rate as a percentage of income before income taxes (%)</p> <p>The statutory tax rate 40.7</p> <p>(Adjustment)</p> <p>Net gain in affiliates by the equity method 0.1</p> <p>Retained earnings of subsidiaries (0.2)</p> <p>Expenses not deductible for income tax purposes (0.0)</p> <p>Inhabitants' per capita taxes (0.0)</p> <p>Valuation allowance (41.7)</p> <p>Others 0.0</p> <p style="text-align: right;">The effective tax rate <u>(1.1)</u></p>	<p>2. Reconciliation between the statutory tax rate and the effective tax rate as a percentage of income before income taxes (%)</p> <p>The statutory tax rate 40.7</p> <p>(Adjustment)</p> <p>Goodwill amortization 0.5</p> <p>Retained earnings of subsidiaries 2.8</p> <p>Expenses not deductible for income tax purposes 0.1</p> <p>Income not deductible for income tax purposes (0.1)</p> <p>Inhabitants' per capita taxes 0.2</p> <p>Valuation allowance (1.9)</p> <p>Prior fiscal years corporate taxes, etc. 14.4</p> <p>Adjustments attributed to correction of tax liability (12.8)</p> <p>Others 0.0</p> <p style="text-align: right;">The effective tax rate <u>43.9</u></p>

Note to Marketable Securities

(A) Marketable securities for trading purposes

(Millions of yen)

Type	Prior consolidated fiscal year (As of March 31, 2007)	This consolidated fiscal year (As of March 31, 2008)
Book values at the end of consolidated accounting period	—	1,103
Valuation adjustments for the consolidated accounting period	—	—

(B) Bonds held to maturity with market quotations

(Millions of yen)

Type	Prior consolidated fiscal year (As of March 31, 2007)			This consolidated fiscal year (As of March 31, 2008)		
	Book Value	Market Price	Unrealized gain (loss)	Book Value	Market Price	Unrealized gain (loss)
Market price greater than book value						
(a) Government/municipal	—	—	—	2,960	3,209	249
(b) Corporate	—	—	—	—	—	—
(c) Miscellaneous	4,000	4,022	22	—	—	—
Subtotal	4,000	4,022	22	2,960	3,209	249
Book value greater than market price						
(a) Government/municipal	—	—	—	—	—	—
(b) Corporate	—	—	—	—	—	—
(c) Miscellaneous	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—
Total	4,000	4,022	22	2,960	3,209	249

(C) Other marketable securities with market quotation

(Millions of yen)

Type	Prior consolidated fiscal year (As of March 31, 2007)			This consolidated fiscal year (As of March 31, 2008)		
	Acquisition price	Book value	Unrealized gain (loss)	Acquisition price	Book value	Unrealized gain (loss)
Market price greater than book value						
(a) Stocks	41,949	63,919	21,969	7,919	17,646	9,726
(b) Bonds						
Government/municipal	83	84	1	83	84	0
Corporate	—	—	—	—	—	—
Miscellaneous	—	—	—	—	—	—
(c) Other	905	1,229	323	545	589	43
Subtotal	42,938	65,233	22,294	8,549	18,319	9,770
Book value greater than market price						
(a) Stocks	889	772	(117)	19,598	17,438	(2,159)
(b) Bonds						
Government/municipal	—	—	—	—	—	—
Corporate	—	—	—	—	—	—
Miscellaneous	—	—	—	—	—	—
(c) Other	673	641	(31)	1,041	966	(75)
Subtotal	1,563	1,414	(148)	20,640	18,405	(2,235)
Total	44,501	66,647	22,146	29,190	36,725	7,535

Note: In prior consolidated accounting period, among other securities, those with market prices were treated with an impairment loss of 14,773 millions of yen.

In this consolidated accounting period, among other securities, those with market prices were treated with an impairment loss of 21,949 millions of yen.

Impairment losses on stocks are written off when the market price of a given stock fell more than 50% of original cost and the market price is deemed unlikely to recover the level of the original cost. Impairment losses on stocks are also written off when the market price did not recover the fall out ratio of 30% for one year after the market price of a given stock fell more than 30% to below 50% of original cost and the market price is deemed unlikely to recover the level of the original cost considering financial condition, financial results, and trends of market price.

(D) Other marketable securities sold during the consolidated fiscal year

(Millions of yen)

Type	Prior consolidated fiscal year (From April 1, 2006 to March 31, 2007)	This consolidated fiscal year (From April 1, 2007 to March 31, 2008)
Amount of sales	1,055	8,985
Total gains on sales	210	3,944
Total losses on sales	13	133

(E) Principal marketable securities where there is no market quotation

(Millions of yen)

Type	Prior consolidated fiscal year (As of March 31, 2007)	This consolidated fiscal year (As of March 31, 2008)
	Amount recorded on consolidated balance sheet	Amount recorded on consolidated balance sheet
Bonds held to maturity		
Unlisted foreign bonds	—	13,276
Other marketable securities		
Unlisted securities (excluding OTC securities)	686	636
Investments in investing business association	255	140
Certificates of deposit	—	25,170

(F) Redemption schedule for other marketable securities with maturities and bonds held to maturity

(Millions of yen)

Type	Prior consolidated fiscal year (As of March 31, 2007)				This consolidated fiscal year (As of March 31, 2008)			
	Up to 1 year	More than 1 year and up to 5 years	More than 5 year and up to 10 years	More than 10 years	Up to 1 year	More than 1 year and up to 5 years	More than 5 year and up to 10 years	More than 10 years
(a) Bonds								
Government/municipal, etc.	—	84	—	—	84	1,831	1,129	—
Corporate	35	—	—	—	—	—	—	—
Miscellaneous	—	—	4,000	—	13,276	—	—	—
(b) Other	—	510	9	—	513	6	—	—
Total	35	595	4,009	—	13,874	1,837	1,129	—

Note to Derivative Transaction

(A) Transaction information

<p>Prior consolidated fiscal year (From April 1, 2006 to March 31, 2007)</p>	<p>This consolidated fiscal year (From April 1, 2007 to March 31, 2008)</p>
<p>1. Derivative transactions The Company and its consolidated subsidiaries enter into derivative transactions for interest-rate swap, interest-rate caps, and currency swaps.</p> <p>2. Derivative transaction principles The Company and its consolidated subsidiaries are not intended to use derivative transactions for investment or trading purposes.</p> <p>3. Purpose for using derivative transactions The Company and its consolidated subsidiaries enter into contracts such as interest-rate swap agreements in order to hedge derivative against the risk of fluctuations in interest-rates relating to fixed interest payments and floating interest receivables, and currency swaps agreements in order to hedge against the risk of fluctuation in currencies relating to payments made in Japanese Yen and receivables in foreign currency. The Companies hold only long positions in interest rate caps in order to hedge against the risk of fluctuation in market interest rates. The Companies' derivative transactions are accounted for as hedging transactions.</p> <p>(1) Hedging instruments and items hedged Interest related derivatives Hedging instruments Derivative transaction (Interest-rate swaps agreements and interest-rate caps) Items hedged Loans with variable interest rates and straight bonds Currency related derivatives Hedging instruments Currency swaps agreements Items hedged Loans denominated in foreign currency</p> <p>(2) Hedging policy The Company and consolidated subsidiaries enter into derivative contracts such as interest-rate swap agreements, etc. in order to hedge against the risk of fluctuations in interest rates relating to its variable-rate loans and straight bonds, and currency swaps agreements in order to hedge against the risk of fluctuations in foreign currency exchange rates relating to its loans denominated in foreign currency. Derivative transactions are entered into in compliance with the Companies' internal rules.</p> <p>(3) Evaluating the efficacy of hedging activities In regard to interest related derivatives, the performance of the hedging instruments and the items hedged is monitored primarily using the same criteria. As it can be assumed that changes in interest rates and cash flows are fully offset by hedging instruments, further evaluation is not required.</p>	<p>1. Derivative transactions The Company and its consolidated subsidiaries enter into derivative transactions for interest-rate swap, interest-rate caps, and currency swaps.</p> <p>2. Derivative transaction principles The Company and its consolidated subsidiaries are not intended to use derivative transactions for investment or trading purposes.</p> <p>3. Purpose for using derivative transactions The Company and its consolidated subsidiaries enter into contracts such as interest-rate swap agreements in order to hedge derivative against the risk of fluctuations in interest-rates relating to fixed interest payments and floating interest receivables, and currency swaps agreements in order to hedge against the risk of fluctuation in currencies relating to payments made in Japanese Yen and receivables in foreign currency. The Companies hold only long positions in interest rate caps in order to hedge against the risk of fluctuation in market interest rates. The Companies' derivative transactions are accounted for as hedging transactions.</p> <p>(1) Hedging instruments and items hedged Interest related derivatives Hedging instruments Derivative transaction (Interest-rate swaps agreements) Items hedged Loans with variable interest rates and straight bonds Currency related derivatives Hedging instruments Currency swaps agreements Items hedged Loans denominated in foreign currency</p> <p>(2) Hedging policy The Company and consolidated subsidiaries enter into derivative contracts such as interest-rate swap agreements in order to hedge against the risk of fluctuations in interest rates relating to its variable-rate loans and straight bonds, and currency swaps agreements in order to hedge against the risk of fluctuations in foreign currency exchange rates relating to its loans denominated in foreign currency. Derivative transactions are entered into in compliance with the Companies' internal rules.</p> <p>(3) Evaluating the efficacy of hedging activities In regard to interest related derivatives, the performance of the hedging instruments and the items hedged is monitored primarily using the same criteria. As it can be assumed that changes in interest rates and cash flows are fully offset by hedging instruments, further evaluation is not required.</p>

Prior consolidated fiscal year (From April 1, 2006 to March 31, 2007)	This consolidated fiscal year (From April 1, 2007 to March 31, 2008)
<p>4. Risk relating to transactions</p> <p>(1) Market risk</p> <p>Although the Company and its consolidated subsidiaries are engaged in interest rate swap and currency swap agreements, no market risk is anticipated as such derivatives have been entered into in order to offset or mitigate gains or losses resulting from the hedged loan transactions, even though interest rate swap and currency swap agreements are exposed to changes in interest rates and foreign currency exchange rates. In addition, the Companies are not exposed to risk on interest rate caps, as the maximum interest rate is capped at the cap rates.</p> <p>(2) Credit risk</p> <p>The Company and its consolidated subsidiaries do not anticipate nonperformance by any of the counterparties to the above transactions, all of whom are financial institutions which are deemed highly creditworthy.</p> <p>5. Management of risk relating to transactions</p> <p>The Company and its consolidated subsidiaries have established rules for the authorization of derivative transactions and related risk management rules which stipulate the limits on derivative transactions. All derivative transactions have been entered into in compliance with these rules.</p> <p>Risk management for derivative transactions has been under the control of the Treasury Department of the Company which establishes the position limit for each derivative transaction and monitors the limits. The position limit permissible for each derivative transaction is authorized at the executive officers meeting when the Company's annual business plan is established. In addition, same criteria are used to monitor consolidated subsidiaries, and important transactions have been under the control of the Treasury Department of the Company.</p>	<p>4. Risk relating to transactions</p> <p>(1) Market risk</p> <p>Although the Company and its consolidated subsidiaries are engaged in interest rate swap and currency swap agreements, no market risk is anticipated as such derivatives have been entered into in order to offset or mitigate gains or losses resulting from the hedged loan transactions, even though interest rate swap and currency swap agreements are exposed to changes in interest rates and foreign currency exchange rates.</p> <p>(2) Credit risk</p> <p>The Company and its consolidated subsidiaries do not anticipate nonperformance by any of the counterparties to the above transactions, all of whom are financial institutions which are deemed highly creditworthy.</p> <p>5. Management of risk relating to transactions</p> <p>The Company and its consolidated subsidiaries have established rules for the authorization of derivative transactions and related risk management rules which stipulate the limits on derivative transactions. All derivative transactions have been entered into in compliance with these rules.</p> <p>Risk management for derivative transactions has been under the control of the Treasury Department of the Company which establishes the position limit for each derivative transaction and monitors the limits. The position limit permissible for each derivative transaction is authorized at the executive officers meeting when the Company's annual business plan is established. In addition, same criteria are used to monitor consolidated subsidiaries, and important transactions have been under the control of the Treasury Department of the Company.</p>

(B) Matter related to market value, etc. of the derivative transaction

Prior consolidated fiscal year (as of March 31, 2007) and this consolidated fiscal year (as of March 31, 2008)

Market value information is not required as all of the Company and its consolidated subsidiaries' derivative transactions are accounted for as hedging transactions.

Note to Retirement Benefits Accounting

Prior consolidated fiscal year (From April 1, 2006 to March 31, 2007)	This consolidated fiscal year (From April 1, 2007 to March 31, 2008)																																												
<p><b>1. Overview of retirement benefit plans</b>                      The Company and domestic consolidated subsidiaries have three types of defined-benefits retirement plans: tax-qualified retirement annuity plan, retirement lump sum payment plan, and prepaid money retirement plan. There are also cases when an employee is given a severance pay premium on leaving the company.                      4 companies within the consolidated ACOM Group have retirement lump sum payment plan and 1 company has prepaid money retirement plan. In addition, as to the tax-qualified retirement annuity plan, the Group has a jointly managed annuity plan and 1 consolidated subsidiary has a separately managed plan.</p>	<p><b>1. Overview of retirement benefit plans</b>                      The Company and domestic consolidated subsidiaries have three types of defined-benefits retirement plans: defined benefit pension plan, retirement lump sum payment plan, and prepaid money retirement plan. There are also cases when an employee is given a severance pay premium on leaving the company.                      Prepaid retirement pension plan switched over to the defined benefit pension plan on April 1, 2007.                      3 companies within the consolidated ACOM Group have retirement lump sum payment plan and 1 company has prepaid money retirement plan. In addition, as to the defined benefit pension plan, the Group has a jointly managed annuity plan.</p>																																												
<p><b>2. Retirement benefit liabilities as of March 31, 2007</b>                      (Millions of yen)</p> <table border="0"> <tr> <td>(1) Retirement benefit liabilities</td> <td style="text-align: right;">(18,939)</td> </tr> <tr> <td>(2) Pension assets</td> <td style="text-align: right;">27,043</td> </tr> <tr> <td><hr/></td> <td></td> </tr> <tr> <td>(3) Unfunded retirement benefit liabilities (1 + 2)</td> <td style="text-align: right;">8,103</td> </tr> <tr> <td>(4) Unrecognized past service liabilities</td> <td style="text-align: right;">4</td> </tr> <tr> <td>(5) Unrecognized difference with actuarial liability</td> <td style="text-align: right;">(5,913)</td> </tr> <tr> <td><hr/></td> <td></td> </tr> <tr> <td>(6) Difference (3 + 4 + 5)</td> <td style="text-align: right;">2,194</td> </tr> <tr> <td>(7) Prepaid pension expenses</td> <td style="text-align: right;">2,310</td> </tr> <tr> <td><hr/></td> <td></td> </tr> <tr> <td><b>(8) Allowance for retirement benefits (6 - 7)</b></td> <td style="text-align: right;"><b>(116)</b></td> </tr> </table> <p>Notes: Some consolidated subsidiaries use the simplified method for calculating retirement benefit liabilities.</p>	(1) Retirement benefit liabilities	(18,939)	(2) Pension assets	27,043	<hr/>		(3) Unfunded retirement benefit liabilities (1 + 2)	8,103	(4) Unrecognized past service liabilities	4	(5) Unrecognized difference with actuarial liability	(5,913)	<hr/>		(6) Difference (3 + 4 + 5)	2,194	(7) Prepaid pension expenses	2,310	<hr/>		<b>(8) Allowance for retirement benefits (6 - 7)</b>	<b>(116)</b>	<p><b>2. Retirement benefit liabilities as of March 31, 2008</b>                      (Millions of yen)</p> <table border="0"> <tr> <td>(1) Retirement benefit liabilities</td> <td style="text-align: right;">(19,675)</td> </tr> <tr> <td>(2) Pension assets</td> <td style="text-align: right;">23,160</td> </tr> <tr> <td><hr/></td> <td></td> </tr> <tr> <td>(3) Unfunded retirement benefit liabilities (1 + 2)</td> <td style="text-align: right;">3,484</td> </tr> <tr> <td>(4) Unrecognized past service liabilities</td> <td style="text-align: right;">(30)</td> </tr> <tr> <td>(5) Unrecognized difference with actuarial liability</td> <td style="text-align: right;">198</td> </tr> <tr> <td><hr/></td> <td></td> </tr> <tr> <td>(6) Difference (3 + 4 + 5)</td> <td style="text-align: right;">3,652</td> </tr> <tr> <td>(7) Prepaid pension expenses</td> <td style="text-align: right;">3,849</td> </tr> <tr> <td><hr/></td> <td></td> </tr> <tr> <td><b>(8) Allowance for retirement benefits (6 - 7)</b></td> <td style="text-align: right;"><b>(197)</b></td> </tr> </table> <p>Notes: Some consolidated subsidiaries use the simplified method for calculating retirement benefit liabilities.</p>	(1) Retirement benefit liabilities	(19,675)	(2) Pension assets	23,160	<hr/>		(3) Unfunded retirement benefit liabilities (1 + 2)	3,484	(4) Unrecognized past service liabilities	(30)	(5) Unrecognized difference with actuarial liability	198	<hr/>		(6) Difference (3 + 4 + 5)	3,652	(7) Prepaid pension expenses	3,849	<hr/>		<b>(8) Allowance for retirement benefits (6 - 7)</b>	<b>(197)</b>
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Prior consolidated fiscal year (From April 1, 2006 to March 31, 2007)	This consolidated fiscal year (From April 1, 2007 to March 31, 2008)
<p>4. Assumptions in calculating retirement benefit liabilities</p> <p>(1) Discount rate 2.0%</p> <p>(2) Expected rate of return on investments 3.0%</p> <p>(3) Allocation of projected benefit liabilities Straight-line method</p> <p>(4) Years for amortizing past service liabilities 5 years</p> <p>Past service liabilities have been recognized evenly over the five years (a period not exceeding the expected average remaining working lives of the employee) from the time of occurrence.</p> <p>(5) Years for amortizing actuarial losses 5 years</p> <p>Actuarial losses have been recognized evenly over the five years (a period not exceeding the expected average remaining working lives of the employees) following the respective fiscal years when such losses are identified.</p>	<p>4. Assumptions in calculating retirement benefit liabilities</p> <p>(1) Discount rate 2.0%</p> <p>(2) Expected rate of return on investments 3.0%</p> <p>(3) Allocation of projected benefit liabilities Straight-line method</p> <p>(4) Years for amortizing past service liabilities 5 years</p> <p>Past service liabilities have been recognized evenly over the five years (a period not exceeding the expected average remaining working lives of the employee) from the time of occurrence.</p> <p>(5) Years for amortizing actuarial losses 5 years</p> <p>Actuarial losses have been recognized evenly over the five years (a period not exceeding the expected average remaining working lives of the employees) following the respective fiscal years when such losses are identified.</p>

Note to Stock Options etc.

This consolidated fiscal year (from April 1, 2007 to March 31, 2008)

(A) Details of stock options

Company Name	Filing company	Filing company	(Consolidated subsidiary) IR Loan Servicing, Inc.
Date of resolution	June 28, 2001	June 27, 2003	August 6, 2004
Type and number of persons awarded options	19 director(s) of this company 1,740 employee(s) of this company	10 director(s) of this company 1,739 employee(s) of this company	5 director(s) of the company concerned 30 employee(s) of the company concerned
Type of stock and number of options awarded	Common shares 351,800 shares	Common shares 349,800 shares	Common shares 133 shares
Award date	August 1, 2001	August 1, 2003	October 1, 2004
Conditions for rights determination	Continuously employed from the award date (August 1, 2001) to the rights-determination date (June 30, 2003)	Continuously employed from the award date (August 1, 2003) to the rights-determination date (June 30, 2005)	An employee on the rights-determination date (the date the company has listed)
Period of employment covered	From August 1, 2001 to June 30, 2003	From August 1, 2003 to June 30, 2005	From October 1, 2004 to August 31, 2007
Period of handling exercise of options	From July 1, 2003 to June 30, 2008	From July 1, 2005 to June 30, 2010	From the date the company has listed to August 31, 2010

(B) Amount of stock options and changes in this amount

(a) Number of stock options

Company Name	Filing company	Filing company	(Consolidated subsidiary) IR Loan Servicing, Inc.
Date of resolution	June 28, 2001	June 27, 2003	August 6, 2004
Before rights determination			
At end of the prior consolidated fiscal year	—	—	65
Award	—	—	—
Expiry	—	—	6
Rights determination	—	—	—
Undetermined balance	—	—	59
After rights determination			
At end of the prior consolidated fiscal year	303,800	124,110	—
Rights determination	—	—	—
Rights exercised	—	200	—
Expiry	6,200	1,400	—
Unexercised balance	297,600	122,510	—

(b) Price information

Exercise price (yen)	10,682	4,931	67,900
Average stock price at exercise (yen)	—	4,940	—
Fair appraised price on award date (yen)	—	—	—

## Notes to Statistics per Share

Prior consolidated fiscal year (From April 1, 2006 to March 31, 2007)	This consolidated fiscal year (From April 1, 2007 to March 31, 2008)
(Yen)	(Yen)
Net assets per share 2,863.16	Net assets per share 2,950.01
Net loss per share 2,786.19	Net income per share 225.24
Net income per share diluted is not presented since net loss is recorded.	Net income per share diluted 225.23
(Additional information)	
“ASBJ Statement No. 2 (revised on January 31, 2006) Accounting Standard for Earnings per Share”, and its “Implementation Guidance - ASBJ Guidance No. 4 (revised on January 31, 2006), Guidance on Accounting Standard for Earnings per Share” have been applied from the current consolidated accounting period. Net asset value per share of the current consolidated accounting period computed in accordance with the traditional method is 2,863.16 yen.	

(Note)

1. Net assets per share is calculated based on the following data.

	Prior consolidated fiscal year (As of March 31, 2007)	This consolidated fiscal year (As of March 31, 2008)
Total net assets (millions of yen)	457,165	472,144
The amounts deducted from total net assets (millions of yen) [ Minority interests included in the above] (millions of yen)	7,091 [7,091]	8,419 [8,419]
Amounts of net assets related to common shares at the end of accounting period (millions of yen)	450,073	463,725
Number of shares issued within common shares	159,628,280 shares	159,628,280 shares
Number of treasury shares within common shares	2,433,969 shares	2,433,798 shares
Number of common shares to calculate net assets per share at the end of accounting period	157,194,311 shares	157,194,482 shares

2. Net income (loss) per share and net income (loss) per share diluted are calculated based on the following data.

	Prior consolidated fiscal year From April 1, 2006 to March 31, 2007	This consolidated fiscal year From April 1, 2007 to March 31, 2008
Net income (loss) per share		
Net income (loss) (millions of yen)	(437,972)	35,406
Net income not available to common shareholders (millions of yen)	—	—
Net income (loss) related to common shares (millions of yen)	(437,972)	35,406
Weighted average number of common shares during accounting period	157,193,966 shares	157,194,491 shares
Net income (loss) per share diluted		
Net income effect of dilutive securities (millions of yen)	—	(1)
Number of increase of common shares [ Stock options (stock acquisition rights) included in the above ]	— [—]	— [—]
Residual securities which do not dilute net income per share	Stock options of filing company (treasury stock method) 303,800 shares Stock options of filing company (stock acquisition rights) 124,110 shares Stock options of consolidated subsidiary (stock acquisition rights) 65 shares	Stock options of filing company (treasury stock method) 297,600 shares Stock options of filing company (stock acquisition rights) 122,510 shares

## 5. Actual Results

### (1) Operating income by segment

(Millions of yen)

Term Subject	Prior consolidated fiscal year ( From April 1, 2006 to March 31, 2007 )		This consolidated fiscal year ( From April 1, 2007 to March 31, 2008 )		Change	
	Amount	Composition Ratio	Amount	Composition Ratio	Amount	Percentage
Financial business	416,479	98.3	373,182	98.3	(43,296)	(10.4)
Loan business	374,590	88.4	331,476	87.3	(43,114)	(11.5)
Credit card business	6,128	1.4	5,437	1.4	(691)	(11.3)
Installment sales finance business	10,106	2.4	7,682	2.0	(2,423)	(24.0)
Guarantee business	9,244	2.2	10,565	2.8	1,321	14.3
Loan servicing business	13,827	3.3	17,026	4.5	3,198	23.1
Others	2,581	0.6	993	0.3	(1,587)	(61.5)
Other business	7,173	1.7	6,523	1.7	(649)	(9.1)
Rental business	4,489	1.1	4,600	1.2	111	2.5
Others	2,684	0.6	1,923	0.5	(760)	(28.3)
Total	423,652	100.0	379,706	100.0	(43,945)	(10.4)

### (2) Other statistics

#### (A) Receivables outstanding

(Millions of yen)

Term Subject	Prior consolidated fiscal year (As of March 31, 2007)	This consolidated fiscal year (As of March 31, 2008)	Amount of change	Percentage
				%
Loan business	1,632,310	1,480,917	(151,393)	(9.3)
Credit card business	44,842	38,126	(6,715)	(15.0)
Credit card	44,268	37,682	(6,585)	(14.9)
Others	574	444	(130)	(22.7)
Installment sales finance business	56,986	42,795	(14,190)	(24.9)
Loan servicing business	25,788	30,638	4,850	18.8
Banking business	—	20,078	20,078	—
Total	1,759,927	1,612,556	(147,370)	(8.4)

#### (B) Number of customer accounts

Term Subject	Prior consolidated fiscal year (As of March 31, 2007)	This consolidated fiscal year (As of March 31, 2008)	Amount of change	Percentage
				%
Loan business	3,435,586	3,208,872	(226,714)	(6.6)
Credit card business	1,181,806	871,773	(310,033)	(26.2)
Credit card	1,175,910	866,958	(308,952)	(26.3)
Others	5,896	4,815	(1,081)	(18.3)
Installment sales finance business	421,554	313,664	(107,890)	(25.6)
Loan servicing business	226,271	227,587	1,316	0.6
Banking business	—	4,001	4,001	—
Rental Business	7,629	6,986	(643)	(8.4)

Notes: The definition of number of customer accounts is as follows,

- (1) Loan business: The number of loan accounts with loan balance outstanding
- (2) Credit card business: Cardholder of MasterCard®
- (3) Installment sales finance business: Number of contracts with receivables outstanding
- (4) Servicing business: Number of accounts with purchased loans
- (5) Banking business: Number of accounts with loans receivables of banking business
- (6) Rental business: Number of users during the fiscal year

## (C)Others

Item	Term	Prior consolidated fiscal year (As of March 31, 2007)	This consolidated fiscal year (As of March 31, 2008)	Amount of change	
				Amount of change	Percentage
Number of outlets		1,915	1,840	(75)	(3.9)
Number of employees		5,907	6,277	370	6.3
Allowance for bad debts (Millions of yen)		128,798	119,883	(8,915)	(6.9)
Allowance for loss on guaranteed receivables (Millions of yen)		1,961	2,192	230	11.7
Allowance for loss on interest repayments (Millions of yen)		490,000	374,800	(115,200)	(23.5)
Bad debt write-offs (Millionf of yen)		107,765	125,375	17,610	16.3
Interest repayments (Millions of yen)		84,147	134,821	50,673	60.2

## 6. Non-consolidated Financial Statements

### (1) Non-Consolidated Balance Sheets

(Millions of yen)

Term Subject	Prior fiscal year (As of March 31, 2007)		This fiscal year (As of March 31, 2008)		Change	
	Amount	Composition Ratio	Amount	Composition Ratio	Amount	Percentage
(Assets)		%		%		%
I. Current Assets	1,676,443	90.1	1,456,951	89.9	(219,492)	(13.1)
Cash and time deposits	78,836		61,696		(17,139)	(21.7)
Loans receivable	1,494,399		1,318,781		(175,617)	(11.8)
Installment accounts receivable	76,423		37,683		(38,740)	(50.7)
Marketable securities	35		23,598		23,563	—
Merchandise	1,963		1,040		(922)	(47.0)
Prepaid expenses	1,868		1,255		(613)	(32.8)
Deferred tax assets	58,198		42,325		(15,872)	(27.3)
Accrued income	11,379		9,959		(1,419)	(12.5)
Short-term loans	52,965		44,965		(7,999)	(15.1)
Short-term loans to affiliates	100		—		(100)	—
Other current assets	19,153		22,244		3,090	16.1
Allowances for bad debts	(118,880)		(106,600)		12,280	(10.3)
II. Fixed Assets	184,841	9.9	163,517	10.1	(21,323)	(11.5)
Tangible fixed assets	34,964	1.9	31,967	2.0	(2,996)	(8.6)
Buildings	11,667		10,162		(1,505)	(12.9)
Structures	3,222		2,824		(398)	(12.4)
Vehicles and delivery equipment	7		5		(2)	(31.9)
Equipment and furniture	13,624		12,561		(1,063)	(7.8)
Land	6,441		6,413		(27)	(0.4)
Intangible fixed assets	965	0.0	708	0.0	(257)	(26.6)
Leasehold	4		4		—	—
Telephone rights	960		703		(257)	(26.8)
Other intangible fixed assets	0		0		(0)	(18.3)
Investments and other assets	148,911	8.0	130,842	8.1	(18,069)	(12.1)
Investments in marketable securities	67,126		33,945		(33,180)	(49.4)
Investments in shares of affiliates	36,998		29,449		(7,549)	(20.4)
Other investments in affiliates	3,791		5,107		1,316	34.7
Investments in equity other than capital stock	75		41		(34)	(45.2)
Long-term loans	1,000		—		(1,000)	—
Long-term loans to affiliates	22,260		44,916		22,656	101.8
Loans to borrowers in bankruptcy or under reorganization	3,206		—		(3,206)	—
Loans to borrowers in bankruptcy or under reorganization	—		3,214		3,214	—
Long-term prepaid expenses	817		1,125		307	37.7
Guaranty money deposited	9,780		9,272		(508)	(5.2)
Prepaid pension expenses	2,259		3,734		1,475	65.3
Other investments	3,716		1,934		(1,781)	(47.9)
Allowance for bad debts	(2,120)		(1,900)		220	(10.4)
Total Assets	1,861,285	100.0	1,620,468	100.0	(240,816)	(12.9)

(Millions of yen)

Term Subject	Prior fiscal year (As of March 31, 2007)		This fiscal year (As of March 31, 2008)		Change	
	Amount	Composition Ratio	Amount	Composition Ratio	Amount	Percentage
		%		%		%
(Liabilities)						
I. Current liabilities	281,426	15.1	225,540	13.9	(55,886)	(19.9)
Notes and accounts payable	1,131		437		(694)	(61.4)
Short-term loans	20,000		—		(20,000)	—
Current portion of long-term loans	164,382		169,343		4,961	3.0
Commercial paper	40,000		—		(40,000)	—
Current portion of bonds and notes	30,000		40,000		10,000	33.3
Amount payable	4,869		599		(4,269)	(87.7)
Accrued expenses	11,110		10,775		(335)	(3.0)
Deferred tax liabilities	72		265		192	264.8
Deposit received	2,021		430		(1,591)	(78.7)
Unearned income	68		84		16	24.0
Allowance for loss on debt guarantees	3,670		3,490		(180)	(4.9)
Deferred income on installment sales	3,893		—		(3,893)	—
Other current liabilities	206		114		(91)	(44.4)
II. Fixed liabilities	1,136,060	61.1	943,606	58.2	(192,454)	(16.9)
Straight bonds	230,000		220,000		(10,000)	(4.3)
Long-term loans	404,205		345,064		(59,141)	(14.6)
Deferred tax liabilities	9,008		3,036		(5,972)	(66.3)
Allowance for directors' and corporate auditors' retirement benefits	764		678		(85)	(11.2)
Allowance for loss on interest repayments	490,000		374,800		(115,200)	(23.5)
Other fixed liabilities	2,082		27		(2,055)	(98.7)
Total liabilities	1,417,487	76.2	1,169,147	72.1	(248,340)	(17.5)
(Net assets)						
I. Shareholders' equity	430,666	23.1	446,821	27.6	16,155	3.8
Common stock	63,832	3.4	63,832	3.9	—	—
Capital surplus	76,010	4.1	76,010	4.7	(0)	(0.0)
Additional paid-in capital	72,322		72,322		—	—
Other capital surplus	3,688		3,687		(0)	(0.0)
Earned surplus	309,331	16.6	325,485	20.1	16,154	5.2
Legal reserve	4,320		4,320		—	—
Other earned surplus	305,010		321,165		16,154	5.3
Reserve fund	720,000		285,000		(435,000)	(60.4)
Earned surplus brought forward	(414,989)		36,165		451,154	—
Treasury stock	(18,508)	(1.0)	(18,507)	(1.1)	1	(0.0)
II. Valuation and translation adjustments	13,131	0.7	4,500	0.3	(8,630)	(65.7)
Securities valuation adjustment	13,131	0.7	4,500	0.3	(8,630)	(65.7)
Total net assets	443,797	23.8	451,321	27.9	7,524	1.7
Total liabilities and net assets	1,861,285	100.0	1,620,468	100.0	(240,816)	(12.9)

## (2) Non-Consolidated Income Statements

(Millions of yen)

Term Subject	Prior fiscal year From April 1, 2006 to March 31, 2007		This fiscal year From April 1, 2007 to March 31, 2008		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
I. Operating income	370,769	100.0	317,116	100.0	(53,653)	(14.5)
Interest on loans receivable	342,908		292,860		(50,048)	(14.6)
Fees from credit card business	5,770		5,043		(727)	(12.6)
Fees from installment sales finance business	3,492		—		(3,492)	—
Fees on guaranteed loans receivable	9,746		10,099		353	3.6
Other financial income	166		465		299	180.3
Sales	722		654		(67)	(9.4)
Other operating income	7,962		7,991		29	0.4
II. Operating expenses	459,762	124.0	236,956	74.7	(222,805)	(48.5)
Financial expenses	16,928	4.6	15,944	5.0	(984)	(5.8)
Cost of sales	1,223	0.3	606	0.2	(617)	(50.5)
Other operating expenses	441,610	119.1	220,406	69.5	(221,204)	(50.1)
Operating profit	(88,992)	(24.0)	80,159	25.3	169,152	—
III. Non-operating income	3,046	0.8	2,804	0.9	(241)	(7.9)
Interest income	510		833		323	63.3
Interest on securities	106		54		(52)	(49.4)
Dividends received	1,089		705		(383)	(35.2)
Insurance payment received	66		39		(27)	(41.3)
Rent from Company's residence	506		409		(97)	(19.2)
Guarantee fees	—		311		311	—
Other non-operating income	765		451		(314)	(41.1)
IV. Non-operating expenses	236	0.0	645	0.2	408	172.5
Loss on investments in investing business association	163		515		352	215.9
Other non-operating expenses	73		129		56	76.3
Income before extraordinary items	(86,183)	(23.2)	82,319	26.0	168,502	—
V. Extraordinary income	269	0.0	3,973	1.2	3,703	—
Gain on sale of fixed assets	5		24		19	379.1
Gain on sale of investment in marketable securities	206		3,944		3,738	—
Gain on sale of investments in affiliates	21		—		(21)	—
Gain on maturity of investment trusts	35		—		(35)	—
Other extraordinary income	0		4		3	—
VI. Extraordinary Losses	350,835	94.6	27,690	8.7	(323,144)	(92.1)
Loss on sale of fixed assets	63		120		56	90.3
Loss on disposal of fixed assets	358		881		522	145.7
Impairment loss	8		118		110	—
Loss on sale of investments in marketable securities	—		105		105	—
Loss on revaluation of investments in marketable securities	14,784		22,000		7,216	48.8
Loss on liquidation of investments in marketable securities	—		59		59	—
Loss on revaluation of investments in a subsidiary	—		4,013		4,013	—
Special provision for loss on interest repayments	317,061		—		(317,061)	—
Management restructuring expense	17,997		—		(17,997)	—
Other extraordinary losses	562		391		(171)	(30.4)
Income before income taxes	(436,749)	(117.8)	58,601	18.5	495,350	—
Income taxes (corporation tax, inhabitants' tax, and enterprise Prior fiscal year corporate taxes, etc.	16,353	0.7	150	7.9	(16,203)	824.0
Deferred income taxes	(13,638)		15,873		29,512	—
Net income	(439,463)	(118.5)	33,518	10.6	472,982	—

(3) Summarized Non-Consolidated Statement of Changes in Net Assets  
 Prior Accounting Period (From April 1, 2006 to March 31, 2007)

(Millions of yen)

	Shareholders' Equity			
	Common Stock	Capital Surplus		
		Additional paid-in capital	Other capital surplus	Total capital surplus
Balance as of March 31, 2006	63,832	72,322	3,697	76,020
Changes during the accounting period				
Dividends from surplus (Note)				
Dividends from surplus				
Bonuses to directors (Note)				
Additions to voluntary reserve (Note)				
Net income (loss) for the accounting period				
Acquisition of treasury stock				
Disposal of treasury stock			(9)	(9)
Total changes during the accounting period	—	—	(9)	(9)
Balance as of March 31, 2007	63,832	72,322	3,688	76,010

	Shareholders' Equity					
	Legal reserve	Retained earnings			Treasury stock	Total shareholders' equity
		General reserve	Retained earnings brought forward	Total retained earnings		
Balance as of March 31, 2006	4,320	690,000	76,515	770,836	(18,538)	892,150
Changes during the accounting period						
Dividends from surplus (Note)			(11,003)	(11,003)		(11,003)
Dividends from surplus			(11,003)	(11,003)		(11,003)
Bonuses to directors (Note)			(34)	(34)		(34)
Additions to voluntary reserve (Note)		30,000	(30,000)	—		—
Net income (loss) for the accounting period			(439,463)	(439,463)		(439,463)
Acquisition of treasury stock					(0)	(0)
Disposal of treasury stock					30	21
Total changes during the accounting period	—	30,000	(491,504)	(461,504)	30	(461,483)
Balance as of March 31, 2007	4,320	720,000	(414,989)	309,331	(18,508)	430,666

	Valuation and translation adjustments		Total net assets
	Securities valuation adjustment	Total valuation and translation adjustments	
Balance as of March 31, 2006	31,258	31,258	923,408
Changes during the accounting period			
Dividends from surplus (Note)			(11,003)
Dividends from surplus			(11,003)
Bonuses to directors (Note)			(34)
Additions to voluntary reserve (Note)			—
Net income (loss) for the the accounting period			(439,463)
Acquisition of treasury stock			(0)
Disposal of treasury stock			21
Net changes of items other than shareholders' equity during the accounting period	(18,127)	(18,127)	(18,127)
Total changes during the accounting period	(18,127)	(18,127)	(479,611)
Balance as of March 31, 2007	13,131	13,131	443,797

Note: Items represent disposal of retained earnings at the Annual Shareholders Meeting in June 2006.

This Accounting Period (From April 1, 2007 to March 31, 2008)

(Millions of yen)

	Shareholders' Equity			
	Common Stock	Capital Surplus		
		Additional paid-in capital	Other capital surplus	Total capital surplus
Balance as of March 31, 2007	63,832	72,322	3,688	76,010
Changes during the accounting period				
Dividends from surplus				
Reversal of reserve fund				
Net income (loss) for the accounting period				
Acquisition of treasury stock				
Disposal of treasury stock			(0)	(0)
Decrease in the earned surplus amount due to a decrease in the number of unconsolidated affiliates accounted for under equity method				
Total changes during the accounting period	—	—	(0)	(0)
Balance as of March 31, 2008	63,832	72,322	3,687	76,010

	Shareholders' Equity						
	Retained earnings					Treasury stock	Total shareholders' equity
	Legal reserve	Other earned surplus		Total retained earnings			
General reserve		Retained earnings brought forward					
Balance as of March 31, 2007	4,320	720,000	(414,989)	309,331	(18,508)	430,666	
Changes during the accounting period							
Dividends from surplus			(12,575)	(12,575)		(12,575)	
Reversal of reserve fund		(435,000)	435,000	—		—	
Net income (loss) for the accounting period			33,518	33,518		33,518	
Acquisition of treasury stock					(0)	(0)	
Disposal of treasury stock					1	0	
Decrease in the earned surplus amount due to a decrease in the number of unconsolidated affiliates accounted for under equity method			(4,788)	(4,788)		(4,788)	
Total changes during the accounting period	—	(435,000)	451,154	16,154	1	16,155	
Balance as of March 31, 2008	4,320	285,000	36,165	325,485	(18,507)	446,821	

	Valuation and translation adjustments		Total net assets
	Securities valuation adjustment	Total valuation and translation adjustments	
Balance as of March 31, 2007	13,131	13,131	443,797
Changes during the accounting period			
Dividends from surplus			(12,575)
Reversal of reserve fund			—
Net income (loss) for the the accounting period			33,518
Acquisition of treasury stock			(0)
Disposal of treasury stock			0
Decrease in the earned surplus amount due to a decrease in the number of unconsolidated affiliates accounted for under equity method			(4,788)
Net changes of items other than shareholders' equity during the accounting period	(8,630)	(8,630)	(8,630)
Total changes during the accounting period	(8,630)	(8,630)	7,524
Balance as of March 31, 2008	4,500	4,500	451,321

- (4) Significant Items Relating to the Preparation of Non-Consolidated Financial Statements
- (A) Valuation and computation of marketable securities
- (a) Securities of subsidiaries and affiliates ... Cost as determined by the moving average method
- (b) Securities held to maturity...Amortized cost method (straight-line method)
- (c) Other marketable securities
- Where there is a market price
- Market value as determined by the quoted price at the end of the fiscal year  
(The difference between the carrying value and the market value is included in equity.)  
(Cost of securities sold is computed using the moving average method.)
- Where there is no market price
- Cost determined by the moving average method
- The equity in limited investment partnership and other similar partnership (deemed as securities by the Article 2, Section 2 of the Securities and Exchange Law) is accounted for by the equity method, based on its latest financial statements available considering the closing dates stipulated by the respective partnership contracts.
- (B) Valuation and computation of derivative transactions
- Swap transaction ... Market value
- (C) Valuation and computation of the inventories
- Merchandise ... Cost on an individual specified cost basis
- (D) Depreciation of the fixed assets
- (a) Tangible fixed assets and building and structures in trust ... Declining balance method  
(Depreciable life)
- Buildings ... 3 to 47 years
- Structure ... 3 to 45 years
- Vehicles and delivery equipment ... 6 years
- Equipment and furniture ... 2 to 20 years
- (Additional information)
- In association with the reform of the corporation tax law, tangible fixed assets of which depreciation had been completed up to the allowable limit of 5% from among fixed assets acquired before March 31, 2007 based on the former corporation tax law, residual values have been amortized in equal installments over the five-year period in depreciation expenses from the next fiscal year when amortization of each assets was completed.
- Due to such change, our operating profit, income before extraordinary items and net income before income tax each decreased by 120 million yen.
- (b) Intangible fixed assets ... Straight-line method
- (c) Long-term prepaid expenses ... Amortized in equal installments
- (E) Method of treatment of deferred assets
- Bond issue expenses ... Entire amount expensed as incurred
- (F) Currency translation standards for foreign-currency-denominated assets or liabilities into yen
- Foreign-currency-denominated monetary claims and liabilities are converted into yen using the spot market rate for the accounting date, and differences in currency translation are added up as profit or loss.
- (G) Basis for calculating allowances
- (a) Allowance for bad debts
- In providing for bad debts, the Company makes an allowance for ordinary bad debts based on the historical rate of default. For specific debts where recovery is doubtful, the Company considers the likelihood of recovery on an individual basis, making an allowance for the amount regarded as irrecoverable.
- (b) Allowance for loss on guaranteed receivables
- In providing allowance for loss on guaranteed receivables, the Company makes an allowance as necessary having considered the likelihood of losses at the end of the this fiscal year.
- (c) Allowance for retirement benefits
- The Company makes provisions for retirement benefits based on projected retirement obligations and pension fund asset at the balance sheet date. Adjustments are made to determine the amounts applicable to the end of this fiscal year.
- As projected pension fund asset exceeds the adjusted amounts of projected benefit obligation by unrecognized projected past service liabilities and unrecognized actuarial gains or losses, the surplus is included in the balance of prepaid pension expenses.
- (d) Allowance for directors' and statutory auditors' retirement benefits
- The Company makes provisions for directors' and statutory auditors' retirement benefits at the end of the fiscal year in accordance with the Company's internal rules.
- (e) Allowance for loss on interest repayments
- In order to prepare for potential loss on interest repayments in the future, the Company estimates and provides a reasonable amount of allowance for loss on interest repayments in consideration of the past actual results and the latest conditions of such interest repayments.
- (H) Basis of recognition of income and expenses

- (a) Interest on loans receivable  
Interest on loans receivable is recognized on an accrual basis.  
Accrued interest on loans receivable is recognized at the lower of the interest rate stipulated in the Interest Restriction Law of Japan or the contracted interest rate of the Company.
- (b) Income from credit card business  
Customer fees ... Recognized mainly by credit balance method.  
Merchant fees ... Recognized as fees when treated.
- (c) Fees on guaranteed receivables ... Recognized by credit-balance method

(I) Accounting for lease transactions  
The Company accounts for finance leases where ownership of the leased asset is not transferred to the lessee as operating leases.

- (J) Accounting for hedging activities
- (a) Accounting for hedging activities  
Deferred hedge accounting has been adopted.  
Interest-rate swaps which meet certain conditions are accounted for according to exceptional treatments.
  - (b) Hedging instruments and items hedged  
Hedging instruments ... Interest-rate swaps agreements  
Items hedged ... Loans with variable interest rates
  - (c) Hedging policy  
The Company enters into derivative contracts such as interest-rate swap agreements in order to hedge against the risk of fluctuations in interest rates relating to its variable-rate loans.
  - (d) Evaluating the efficacy of hedging activities  
The performance of the hedging instruments and the items hedged is monitored primarily using the same criteria.  
As it can be assumed that changes in interest rates are fully offset by changes in cash flows from hedging instruments, further evaluation is not required.

(K) Other significant accounting policies for the preparation of non-consolidated financial statements

- (a) Treatment of consumption tax  
Consumption tax is treated outside of the financial statements  
However, non-deductible consumption tax and others relating to assets are recognized as an expense during the year in which it is incurred.

(5) Change in Important Accounting Policies

(Change in accounting policies)

<Changes in the depreciation method>

In association with the reform of the corporation tax law, since the current accounting period the depreciation method based on the amended corporation tax law has been applied to the tangible fixed assets acquired after April 1, 2007.

Due to such change, our operating income, income before extraordinary items and net income before income tax each decreased by 13 million yen.

(Changes in disclosure method)

<Non-consolidated balance sheet>

Certificate of deposit, which were included in "Cash and time deposits" in the prior accounting period is now included in "Marketable securities" based on "The Practical Standard for the Accounting related to Financial Products (Accounting Practice Committee Report No.14, July 4, 2007.)"

Incidentally, the balance of certificate of deposit for prior fiscal year and this fiscal year were 21,000 million yen and 23,000 million yen respectively.

<Non-consolidated income statement>

"Guarantee fees", which was included and reported in "other non-operating income" of non-operating income up to the prior accounting period, has been separately presented since this accounting period, as it exceeded ten-hundredths of the total non-operating income. For the prior accounting period, "Guarantee fees" was 253 million yen.

(6) Notes to Consolidated Financial Statements  
Notes to Non-Consolidated Balance Sheets

Prior fiscal year (As of March 31, 2007)	This fiscal year (As of March 31, 2008)
<p>1. Cumulative depreciation of tangible fixed assets (Millions of yen) 44,063</p>	<p>1. Cumulative depreciation of tangible fixed assets (Millions of yen) 44,208</p>
<p>2. Assets pledged as security (Millions of yen)</p> <p>(1) Pledged assets</p> <p style="padding-left: 20px;">Loans receivable</p> <p style="padding-left: 20px;">211,371 &lt;21,257&gt; [21,934]</p> <p>(2) Secured liabilities</p> <p style="padding-left: 20px;">Current portion of Long-term loans</p> <p style="padding-left: 20px;">105,432 &lt;14,597&gt; [7,960] 91,951</p> <p style="padding-left: 20px;">Long-term loans</p> <p style="padding-left: 20px;">&lt;6,657&gt; [-]</p> <hr style="width: 20%; margin-left: 0;"/> <p style="padding-left: 20px;">Total</p> <p style="padding-left: 20px;">197,383 &lt;21,254&gt; [7,960]</p> <p>Figures in the brackets "&lt; &gt;" represent amounts engaged in transferring of assignment of claims and figures in the brackets "[ ]" represent amounts relating to securitization.</p>	<p>2. Assets pledged as security (Millions of yen)</p> <p>(1) Pledged assets</p> <p style="padding-left: 20px;">Loans receivable</p> <p style="padding-left: 20px;">96,964 &lt;6,660&gt;</p> <p>(2) Secured liabilities</p> <p style="padding-left: 20px;">Current portion of long-term loans</p> <p style="padding-left: 20px;">67,993 &lt;5,727&gt; 28,958</p> <p style="padding-left: 20px;">Long-term loans</p> <p style="padding-left: 20px;">&lt;930&gt;</p> <hr style="width: 20%; margin-left: 0;"/> <p style="padding-left: 20px;">Total</p> <p style="padding-left: 20px;">96,951 &lt;6,657&gt;</p> <p>Figures in the brackets "&lt; &gt;" represent amounts engaged in transferring of assignment of claims.</p>
<p>3. Guaranteed liabilities (Millions of yen)</p> <p>(1) Amount of guaranteed receivables of guarantee business</p> <p style="padding-left: 20px;">Guaranteed receivables</p> <p style="padding-left: 20px;">179,549</p> <p style="padding-left: 20px;">Allowance for loss on guaranteed receivables</p> <p style="padding-left: 20px;">3,670</p> <hr style="width: 20%; margin-left: 0;"/> <p style="padding-left: 20px;">Net</p> <p style="padding-left: 20px;">175,879</p> <p>(2) Amount of guaranteed liabilities of affiliated companies</p> <p style="padding-left: 20px;">JLA INCORPORATED</p> <p style="padding-left: 20px;">675</p> <p style="padding-left: 20px;">IR Loan Servicing, Inc.</p> <p style="padding-left: 20px;">7,108</p> <p style="padding-left: 20px;">DC Cash One Ltd.</p> <p style="padding-left: 20px;">80,473</p> <p style="padding-left: 20px;">EASY BUY Public Company Limited</p> <p style="padding-left: 20px;">57,732</p>	<p>3. Guaranteed liabilities (Millions of yen)</p> <p>(1) Amount of guaranteed receivables of guarantee business</p> <p style="padding-left: 20px;">Guaranteed receivables</p> <p style="padding-left: 20px;">181,795</p> <p style="padding-left: 20px;">Allowance for loss on guaranteed receivables</p> <p style="padding-left: 20px;">3,490</p> <hr style="width: 20%; margin-left: 0;"/> <p style="padding-left: 20px;">Net</p> <p style="padding-left: 20px;">178,305</p> <p>(2) Amount of guaranteed liabilities of affiliated companies</p> <p style="padding-left: 20px;">IR Loan Servicing, Inc.</p> <p style="padding-left: 20px;">5,240</p> <p style="padding-left: 20px;">DC Cash One Ltd.</p> <p style="padding-left: 20px;">78,298</p> <p style="padding-left: 20px;">EASY BUY Public Company Limited</p> <p style="padding-left: 20px;">61,897</p>

Prior fiscal year (As of March 31, 2007)	This fiscal year (As of March 31, 2008)
<p>4. Commitment line contracts for loans receivables Loans extended by the Company primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 845,045 million yen at the end of the accounting period. This included a total of 619,603 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the accounting period.</p> <p>A certain portion of revolving credit-line contracts lapse without ever being used. Therefore, the amount itself of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company.</p> <p>Contracts contain provisions allowing the Company to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.</p>	<p>4. Commitment line contracts for loans receivables Loans extended by the Company primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 797,078 million yen at the end of the accounting period. This included a total of 602,890 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the accounting period.</p> <p>A certain portion of revolving credit-line contracts lapse without ever being used. Therefore, the amount itself of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company.</p> <p>Contracts contain provisions allowing the Company to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.</p>
<p>5. Status of bad debts included in loans receivable Losses on unsecured consumer loans to bankrupt parties are written off at the time bankruptcy is declared. For this reason, loans to borrowers in bankruptcy include 3,244 millions of yen for debtors who have petitioned for bankruptcy as of the end of the fiscal year, but not yet declared bankrupt. This entire amount is charged to the allowance for bad debts.</p> <p>In addition, from the point of view of maintaining the soundness of the Company's assets, loans where repayment is doubtful are stated exclusive of accrued interest, and the loans in question are classified as loans in arrears. The Company's policy differs from that set forth in Japan's tax laws, under which accrued interest is charged on loans less than six months in arrears. As a result of the Company's policy, loans in arrears included additional 61,373 millions of yen. Under the policies stipulated in Japan's tax laws, 19,452 millions of yen of this amount would be classified as loans overdue by three months or more, 8,466 million yen as restructured loans and 33,453 million yen as loans no longer in arrears.</p>	<p>5. Status of bad debts included in loans receivable Losses on unsecured consumer loans to bankrupt parties are written off at the time bankruptcy is declared. For this reason, loans to borrowers in bankruptcy include 2,037 millions of yen for debtors who have petitioned for bankruptcy as of the end of the fiscal year, but not yet declared bankrupt. This entire amount is charged to the allowance for bad debts.</p> <p>In addition, from the point of view of maintaining the soundness of the Company's assets, loans where repayment is doubtful are stated exclusive of accrued interest, and the loans in question are classified as loans in arrears. The Company's policy differs from that set forth in Japan's tax laws, under which accrued interest is charged on loans less than six months in arrears. As a result of the Company's policy, loans in arrears included additional 57,106 millions of yen. Under the policies stipulated in Japan's tax laws, 17,271 millions of yen of this amount would be classified as loans overdue by three months or more, 10,312 million yen as restructured loans and 29,522 million yen as loans no longer in arrears.</p>

Prior fiscal year (As of March 31, 2007)			This fiscal year (As of March 31, 2008)		
(Millions of yen)			(Millions of yen)		
Category	Amount	Classification criteria	Category	Amount	Classification criteria
Loans to bankrupt parties	(6,120) 6,120	Loans exclusive of accrued interest to bankrupt parties, parties in rehabilitation and reorganization, and others.	Loans to bankrupt parties	(4,824) 4,824	Loans exclusive of accrued interest to bankrupt parties, parties in rehabilitation and reorganization, and others.
Loans in arrears	(19,603) 80,976	Other loans stated exclusive of accrued interest, excluding loans that have been restructured or on which interest is reduced in the interest of rehabilitating the debtor.	Loans in arrears	(18,584) 75,690	Other loans stated exclusive of accrued interest, excluding loans that have been restructured or on which interest is reduced in the interest of rehabilitating the debtor.
Loans overdue by three months or more	(19,952) 499	Loans other than the above that are overdue by three months or more.	Loans overdue by three months or more	(17,999) 727	Loans other than the above that are overdue by three months or more.
Restructured loans	(62,177) 53,711	Loans other than above on which favorable terms have been granted, such as the waiving of interest.	Restructured loans	(53,836) 43,524	Loans other than above on which favorable terms have been granted, such as the waiving of interest.
Total	(107,853) 141,307		Total	(95,244) 124,767	

Figures in brackets refer to the balance of delinquent loans computed according to the policies set forth in Japanese tax laws.

6. Financial assets received as freely disposable securities  
The Company and some of its subsidiaries entered into "Gensaki" transactions (to purchase debt securities under resale agreements) and received marketable securities as securities for the money repayable from the sellers.

Amount of marketable securities purchased  
(Stated as short-term loans) 52,965 million yen

Market value of marketable securities purchased at the end of the fiscal year. 52,930 million yen

7. Agreements for overdraft and commitment facilities  
For efficient procurement of working capital, the Company maintains overdraft contract with one financial institution and designated commitment line contracts with three financial institutions. As of the end of the current non-consolidated accounting period, the unexercised portion of facilities based on these contracts was as follows.

	(Millions of yen)	
Agreed amount of agreement for overdraft and commitment line	228,140	
Amount of borrowing	22,960	
Unused amount	205,180	

Figures in brackets refer to the balance of delinquent loans computed according to the policies set forth in Japanese tax laws.

6. Financial assets received as freely disposable securities  
The Company and some of its subsidiaries entered into "Gensaki" transactions (to purchase debt securities under resale agreements) and received marketable securities as securities for the money repayable from the sellers.

Amount of marketable securities purchased  
(Stated as short-term loans) 44,965 million yen

Market value of marketable securities purchased at the end of the fiscal year. 44,976 million yen

7. Agreements for overdraft and commitment facilities  
For efficient procurement of working capital, the Company maintains overdraft contract with one financial institution and designated commitment line contracts with two financial institutions. As of the end of the current non-consolidated accounting period, the unexercised portion of facilities based on these contracts was as follows.

	(Millions of yen)	
Agreed amount of agreement for overdraft and commitment line	160,190	
Amount of borrowing	—	
Unused amount	160,190	

## Notes to Non-Consolidated Statements of Income

Prior fiscal year (From April 1, 2006 to March 31, 2007)	This fiscal year (From April 1, 2007 to March 31, 2008)
<p>1. Other principal financial income</p> <p style="text-align: right;">(Millions of yen)</p> <p>Interest on deposits 70</p> <p>Interest on loans 79</p> <p>Effect of currency exchange 17</p>	<p>1. Other principal financial income</p> <p style="text-align: right;">(Millions of yen)</p> <p>Interest on deposits 98</p> <p>Interest on securities 83</p> <p>Interest on loans 284</p>
<p>2. Principal financial expenses</p> <p style="text-align: right;">(Millions of yen)</p> <p>Interest paid 10,905</p> <p>Interest on straight bonds 4,367</p> <p>Bond issue expenses 282</p>	<p>2. Principal financial expenses</p> <p style="text-align: right;">(Millions of yen)</p> <p>Interest paid 9,919</p> <p>Interest on straight bonds 4,784</p> <p>Bond issue expenses 183</p> <p>Effect of currency exchange 101</p>
<p>3. Principal items of operating expenses</p> <p style="text-align: right;">(Millions of yen)</p> <p>Advertising expenses 10,875</p> <p>Provision for bad debts 120,352</p> <p>Provision for loss on guaranteed receivables 3,670</p> <p>Bad debt write-offs 5,033</p> <p>Provision for loss on interest repayments 200,147</p> <p>Salaries 24,787</p> <p>Retirement benefit expenses 1,294</p> <p>Provision for directors' and corporate auditors' retirement benefits 60</p> <p>Welfare expenses 3,412</p> <p>Leases 12,045</p> <p>Depreciation expenses 3,493</p> <p>Fees 31,398</p>	<p>3. Principal items of operating expenses</p> <p style="text-align: right;">(Millions of yen)</p> <p>Advertising expenses 9,717</p> <p>Provision for bad debts 97,270</p> <p>Provision for loss on guaranteed receivables 3,490</p> <p>Provision for loss on interest repayments 19,620</p> <p>Salaries 19,384</p> <p>Retirement benefit expenses 102</p> <p>Provision for directors' and corporate auditors' retirement benefits 23</p> <p>Welfare expenses 2,724</p> <p>Leases 10,378</p> <p>Depreciation expenses 2,744</p> <p>Fees 30,243</p>
<p>4. The business operation results with subsidiaries and affiliates are included into non-operating income as follows;</p> <p style="text-align: right;">(Millions of yen)</p> <p>Interest income 459</p> <p>Dividends received 155</p> <p>Other non-operating expenses 326</p> <hr/> <p>Total 941</p>	<p>4. The business operation results with subsidiaries and affiliates are included into non-operating income as follows;</p> <p style="text-align: right;">(Millions of yen)</p> <p>Interest income 818</p> <p>Dividends received 59</p> <p>Guarantee fees 311</p> <p>Other non-operating expenses 31</p> <hr/> <p>Total 1,220</p>
<p>5. The business operation results with subsidiaries and affiliates are included into non-operating expenses as follows;</p> <p style="text-align: right;">(Millions of yen)</p> <p>Loss on investments in investing business association 114</p> <p>Other non-operating expenses 5</p> <hr/> <p>Total 119</p>	<p>5. The business operation results with subsidiaries and affiliates are included into non-operating expenses as follows;</p> <p style="text-align: right;">(Millions of yen)</p> <p>Loss on investments in investing business association 473</p> <p>Other non-operating expenses 5</p> <hr/> <p>Total 479</p>
<p>6. Breakdown of gains on sales of fixed assets</p> <p style="text-align: right;">(Millions of yen)</p> <p>Buildings 2</p> <p>Structures 0</p> <p>Vehicles and delivery equipment 0</p> <p>Equipment and furniture 0</p> <p>Lands 2</p> <hr/> <p>Total 5</p>	<p>6. Breakdown of gains on sales of fixed assets</p> <p style="text-align: right;">(Millions of yen)</p> <p>Buildings 9</p> <p>Equipment and furniture 0</p> <p>Lands 14</p> <hr/> <p>Total 24</p>
<p>7. Gains on sales of investments in shares in affiliates results from sales of shares of A B PARTNER CO., LTD.</p>	<p>7. ---</p>

Prior fiscal year (From April 1, 2006 to March 31, 2007)	This fiscal year (From April 1, 2007 to March 31, 2008)																		
8. Other extraordinary income results from sales of golf club membership.	8. Breakdown of other extraordinary income (Millions of yen) Gains on sales of golf club membership 2 Gains on reversal of provision for golf club membership 1 <hr/> Total 4																		
9. Breakdown of loss on sales of fixed assets (Millions of yen) Buildings 1 Structures 0 Equipment and fixture 0 Land 13 Telephone rights 48 <hr/> Total 63	9. Breakdown of loss on sales of fixed assets (Millions of yen) Buildings 0 Land 2 Telephone rights 116 <hr/> Total 120																		
10. Loss on disposal of fixed assets mainly consists of transfer of operating outlets, remodeling of interior and change of signboards. The breakdown thereof is set out below. (Millions of yen) Buildings 265 Structures 62 Equipment and fixture 31 <hr/> Total 358	10. Loss on disposal of fixed assets mainly consists of transfer of operating outlets, remodeling of interior and change of signboards. The breakdown thereof is set out below. (Millions of yen) Buildings 561 Structures 131 Equipment and fixture 188 <hr/> Total 881																		
11. Impairment loss The Company has reported impairment loss for this accounting period as below: (1) Assets recognized as having suffered impairment	11. Impairment loss The Company has reported impairment loss for this accounting period as below: (1) Assets recognized as having suffered impairment																		
<table border="1"> <thead> <tr> <th>Location</th> <th>Usage</th> <th>Type</th> </tr> </thead> <tbody> <tr> <td>Iwate Hachimantai City</td> <td>Welfare/ Leisure Facilities</td> <td>Land and Buildings etc.</td> </tr> <tr> <td>Shizuoka Hamamatsu City</td> <td>Welfare/ Leisure Facilities</td> <td>Land and Buildings etc.</td> </tr> <tr> <td>Mie Toba City</td> <td>Welfare/ Leisure Facilities</td> <td>Land and Buildings etc.</td> </tr> </tbody> </table>	Location	Usage	Type	Iwate Hachimantai City	Welfare/ Leisure Facilities	Land and Buildings etc.	Shizuoka Hamamatsu City	Welfare/ Leisure Facilities	Land and Buildings etc.	Mie Toba City	Welfare/ Leisure Facilities	Land and Buildings etc.	<table border="1"> <thead> <tr> <th>Location</th> <th>Usage</th> <th>Type</th> </tr> </thead> <tbody> <tr> <td>Tokyo Chiyoda-ku, etc.</td> <td>Business Property</td> <td>Telephone rights</td> </tr> </tbody> </table>	Location	Usage	Type	Tokyo Chiyoda-ku, etc.	Business Property	Telephone rights
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Mie Toba City	Welfare/ Leisure Facilities	Land and Buildings etc.																	
Location	Usage	Type																	
Tokyo Chiyoda-ku, etc.	Business Property	Telephone rights																	
(2) Method of grouping assets The smallest units the Company has adopted for the grouping of fixed assets are as below: (a) For the loan business (part of our financial services business): regional business departments (b) For the installment sales finance business (part of our financial services business): business offices (c) For other financial businesses: department etc. For property to be sold, the smallest units are the individual assets themselves. Our head office and welfare/leisure facilities for our employees are treated as common assets because they do not generate their own cash flows.	(2) Method of grouping assets With respect to business properties, the Company has adopted for the business segment unit of "financial services business" and "other businesses" as the smallest unit for the grouping. For property to be sold, the smallest units are the individual assets themselves. Our head office and welfare/leisure facilities for our employees are treated as common assets because they do not generate their own cash flows.																		
(3) Process through which impairment was recognized We recognized impairment loss on property to be sold because the expected sale prices were significantly lower than the assets' book values. No indications of impairment were observed in units comprising groups of assets, such as business departments and business offices.	(3) Process through which impairment was recognized We recognized impairment loss on property to be sold because the expected sale prices were significantly lower than the assets' book values.																		

Prior fiscal year (From April 1, 2006 to March 31, 2007)	This fiscal year (From April 1, 2007 to March 31, 2008)																														
<p>(4) Calculation of impairment loss</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(Millions of yen)</td> </tr> <tr> <td>Buildings</td> <td style="text-align: right;">6</td> </tr> <tr> <td>Equipment and furniture</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">1</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">8</td> </tr> </table>		(Millions of yen)	Buildings	6	Equipment and furniture	0	Land	1	Total	8	<p>(4) Calculation of impairment loss</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(Millions of yen)</td> </tr> <tr> <td>Telephone rights</td> <td style="text-align: right;">118</td> </tr> </table>		(Millions of yen)	Telephone rights	118																
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<p>(5) Calculation of recovery price The recovery price is estimated by net realizable value and is estimated by, for example, a real estate appraiser.</p>	<p>(5) Calculation of recovery price The recovery price is estimated by net realizable value and is estimated by, for example, a real estate appraiser.</p>																														
12. ---	12. Loss on revaluation of investments in a subsidiary companies results from revaluation of shares of DC Cash One Ltd.																														
<p>13. Management restructuring expenses were expenses incurred in the reform of our cost structure, which was conducted in order to enhance business efficiency. A description of them is as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(Millions of yen)</td> </tr> <tr> <td>Special retirement benefit expenses</td> <td style="text-align: right;">14,098</td> </tr> <tr> <td>Outplacement expenses</td> <td style="text-align: right;">806</td> </tr> <tr> <td>Business promotion restructuring expenses</td> <td style="text-align: right;">3,092</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">17,997</td> </tr> </table>		(Millions of yen)	Special retirement benefit expenses	14,098	Outplacement expenses	806	Business promotion restructuring expenses	3,092	Total	17,997	13.---																				
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<p>14. Breakdown of other extraordinary losses</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(Millions of yen)</td> </tr> <tr> <td>Loss on revaluation of merchandise</td> <td style="text-align: right;">535</td> </tr> <tr> <td>Valuation loss of golf club memberships</td> <td style="text-align: right;">2</td> </tr> <tr> <td>Provision for default of golf club memberships</td> <td style="text-align: right;">3</td> </tr> <tr> <td>Loss on maturity of golf club memberships</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Temporary amortization of long-term prepaid expenses</td> <td style="text-align: right;">20</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">562</td> </tr> </table>		(Millions of yen)	Loss on revaluation of merchandise	535	Valuation loss of golf club memberships	2	Provision for default of golf club memberships	3	Loss on maturity of golf club memberships	1	Temporary amortization of long-term prepaid expenses	20	Total	562	<p>14. Breakdown of other extraordinary losses</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(Millions of yen)</td> </tr> <tr> <td>Loss on revaluation of merchandise</td> <td style="text-align: right;">316</td> </tr> <tr> <td>Loss on sales of golf club memberships</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Valuation loss of golf club memberships</td> <td style="text-align: right;">2</td> </tr> <tr> <td>Provision for default of golf club memberships</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Loss on maturity of golf club memberships</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Temporary amortization of long-term prepaid expenses</td> <td style="text-align: right;">70</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">391</td> </tr> </table>		(Millions of yen)	Loss on revaluation of merchandise	316	Loss on sales of golf club memberships	0	Valuation loss of golf club memberships	2	Provision for default of golf club memberships	0	Loss on maturity of golf club memberships	0	Temporary amortization of long-term prepaid expenses	70	Total	391
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<p>15. Basis for classification of financial income and expenditure on the statements of income</p> <p>(1) Financial income stated as operating income Include all financial income excluding dividends and interest related to affiliated companies and excluding dividends and interest, etc., received on investment securities.</p> <p>(2) Financial expenditure stated as operating expenses Include all financial expenditure by the Company engaged in financial services, other than interest payable which has no relationship to operating income.</p>	<p>15. Basis for classification of financial income and expenditure on the statements of income</p> <p>(1) Financial income stated as operating income Include all financial income excluding dividends and interest related to affiliated companies and excluding dividends and interest, etc., received on investment securities.</p> <p>(2) Financial expenditure stated as operating expenses Include all financial expenditure by the Company engaged in financial services, other than interest payable which has no relationship to operating income.</p>																														

Notes to Non-Consolidated Statement of Changes in Net Assets  
 Prior Accounting Period (From April 1, 2006 to March 31, 2007)

(A)Matters for treasury shares

Type of shares	Prior fiscal year (As of March 31, 2006)	Increase	Decrease	This fiscal year (As of March 31, 2007)
Common shares	2,438,225	44	4,300	2,433,969

(Outline for the change)

44 shares of increase is owing to purchase of shares in units of less than 10.

4,300 shares of decrease is owing to exercising rights of stock options.

This Accounting Period (From April, 2007 to March 31, 2008)

(A)Matters for treasury shares

Type of shares	Prior fiscal year (As of March 31, 2007)	Increase	Decrease	This fiscal year (As of March 31, 2008)
Common shares	2,433,969	29	200	2,433,798

(Outline for the change)

29 shares of increase is owing to purchase of shares in units of less than 10.

200 shares of decrease is owing to exercising rights of stock options.

Notes to Lease Transactions

Prior fiscal year (From April 1, 2006 to March 31, 2007)				This fiscal year (From April 1, 2007 to March 31, 2008)			
Finance lease transactions other than those where ownership of the leased asset is transferred to the lessee				Finance lease transactions other than those where ownership of the leased asset is transferred to the lessee			
1. Equivalent of acquisition cost, accumulated depreciation and residual value of the leased assets				1. Equivalent of acquisition cost, accumulated depreciation and residual value of the leased assets			
(Millions of yen)				(Millions of yen)			
	Equivalent of acquisition cost	Equivalent of depreciation	Equivalent of residual value		Equivalent of acquisition cost	Equivalent of depreciation	Equivalent of residual value
Vehicles and delivery equipment	103	73	30	Vehicles and delivery equipment	43	33	10
Equipment and furniture	1,692	1,219	472	Equipment and furniture	587	307	280
Total	1,795	1,292	502	Total	631	340	290
2. Equivalent of balance of the unaccrued lease fee				2. Equivalent of balance of the unaccrued lease fee			
	Within 1 year	332			Within 1 year	145	
	More than 1 year	179			More than 1 year	148	
	Total	512			Total	293	
3. Lease fee payable, equivalent of depreciation and equivalent of interest payable				3. Lease fee payable, equivalent of depreciation and equivalent of interest payable			
	Lease fee payable	659			Lease fee payable	335	
	Equivalent of depreciation	634			Equivalent of depreciation	324	
	Equivalent of interest payable	14			Equivalent of interest payable	5	
4. Method of calculation of equivalent of depreciation				4. Method of calculation of equivalent of depreciation			
Calculated by using the straight-line method, assuming that the lease period corresponds to the useful life of the asset and a residual value of zero.				Calculated by using the straight-line method, assuming that the lease period corresponds to the useful life of the asset and a residual value of zero.			
5. Method of calculation of equivalent of interest				5. Method of calculation of equivalent of interest			
The equivalent of interest is regarded as the difference between the total lease payments and the amount equivalent to acquisition cost of the asset. The interest method is used to calculate the portion applicable to each accounting period.				The equivalent of interest is regarded as the difference between the total lease payments and the amount equivalent to acquisition cost of the asset. The interest method is used to calculate the portion applicable to each accounting period.			

Notes to Marketable Securities (Subsidiary and affiliate stock)

Subsidiary and affiliate stock with market quotations

(Millions of yen)

Type	Prior fiscal year (As of March 31, 2007)			This fiscal year (As of March 31, 2008)		
	Book Value	Market Price	Unrealized gain (loss)	Book Value	Market Price	Unrealized gain (loss)
Subsidiary stock	—	—	—	5,517	2,901	(2,616)
Affiliate stock	—	—	—	—	—	—
Subtotal	—	—	—	5,517	2,901	(2,616)

Note: There is no subsidiary and affiliate stock with market quotations in prior fiscal year.

## Notes to the Method of Tax Effect Accounting

Prior fiscal year (As of March 31, 2007)	This fiscal year (As of March 31, 2008)
1. The tax effects of temporary differences which give rise to a significant portion of the deferred tax assets and liabilities	1. The tax effects of temporary differences which give rise to a significant portion of the deferred tax assets and liabilities
(Millions of yen)	(Millions of yen)
Deferred tax assets	Deferred tax assets
Bad debt write-offs	Bad debt write-offs
15,180	15,764
Allowance for bad debts	Allowance for bad debts
6,965	12,939
Allowance for loss on guaranteed receivables	Allowance for loss on guaranteed receivables
1,493	1,420
Allowance for loss on interest repayments	Allowance for loss on interest repayments
199,381	152,506
Accrued bonuses	Accrued bonuses
980	960
Allowance for directors' and corporate auditors' retirement benefits	Allowance for directors' and corporate auditors' retirement benefits
310	276
Unrecognized accrued interest income	Unrecognized accrued interest income
1,869	1,509
Small capital expenditures	Software application
91	6,362
Software application	Deferred assets
6,246	426
Deferred consumption tax and other	Deferred consumption tax and other
280	289
Loss on revaluation of marketable securities	Loss on revaluation of marketable securities
6,247	15,156
Valuation loss of golf club memberships	Loss on revaluation of investments in a subsidiary
141	1,632
Loss on revaluation of merchandise	Valuation loss of golf club memberships
218	124
Others	Loss on revaluation of merchandise
855	202
Subtotal deferred tax assets	Impairment loss
240,263	133
Valuation allowance	Tax loss carry forwards
(180,797)	14,785
Total deferred tax assets	Others
59,466	376
Deferred tax liabilities	Subtotal deferred tax assets
Change in valuation of other marketable securities	224,868
9,008	Valuation allowance
Charge for prepaid pension expenses	(181,023)
918	Total deferred tax assets
Tax return receivable	43,844
348	Deferred tax liabilities
Total deferred tax liabilities	Change in valuation of other marketable securities
10,276	3,035
Balance of deferred tax assets	Charge for prepaid pension expenses
49,189	1,519
	Total deferred tax liabilities
	4,555
	Balance of deferred tax assets
	39,288
2. Reconciliation between the statutory tax rate and the effective tax rate as a percentage of income before income taxes (%)	2. Reconciliation between the statutory tax rate and the effective tax rate as a percentage of income before income taxes (%)
Statutory income tax rate	Statutory income tax rate
40.7	40.7
(Adjustment)	(Adjustment)
Expenses not deductible for income	Expenses not deductible for income
(0.0)	0.1
Inhabitants' per capita taxes	Incomes not deductible for income tax purposes
(0.0)	(0.1)
Valuation allowance	Inhabitants' per capita taxes
(41.3)	0.2
Others	Valuation allowance
0.0	0.4
The effective tax rate	Prior fiscal years corporate taxes, etc.
(0.6)	15.5
	Adjustments attributed to correction of tax liability
	(13.9)
	Others
	(0.1)
	The effective tax rate
	42.8

Notes to Statistics per Share

Prior fiscal year (From April 1, 2006 to March 31, 2007)		This fiscal year (From April 1, 2007 to March 31, 2008)	
	(Yen)		
Net assets per share	2,823.24	Net assets per share	2,871.10
Net loss per share	2,795.68	Net income per share	213.23
Net income per share diluted is not presented since net loss is recorded.		Net income per share diluted is not presented since there is no residual securities which do not dilute net income per share.	

(Note) 1. Net assets per share is calculated based on the following data.

	Prior fiscal year (As of March 31, 2007)	This fiscal year (As of March 31, 2008)
Total net assets (millions of yen)	443,797	451,321
The amounts deducted from total net assets (millions of yen)	—	—
Amounts of net assets related to common shares at the end of accounting period (millions of yen)	443,797	451,321
Number of shares issued within common shares	159,628,280 shares	159,628,280 shares
Number of treasury shares within common shares	2,433,969 shares	2,433,798 shares
Number of common shares to calculate net assets per share at the end of accounting period	157,194,311 shares	157,194,482 shares

2. Net income (loss) per share and net income (loss) per share diluted are calculated based on the following data.

	Prior fiscal year (As of March 31, 2007)	This fiscal year (As of March 31, 2008)
Net income (loss) per share		
Net income (loss) (millions of yen)	(439,463)	33,518
Net income not available to common shareholders (millions of yen)	—	—
Net income (loss) related to common shares (millions of yen)	(439,463)	33,518
Weighted average number of common shares during accounting period	157,193,966 shares	157,194,491 shares
Net income (loss) per share diluted		
Net income effect of dilutive securities	—	—
Number of increase of common shares	—	—
Residual securities which do not dilute net income per share	Stock options (treasury stock method) 303,800 shares  Stock options (stock acquisition rights) 124,110 shares	Stock options (treasury stock method) 297,600 shares  Stock options (stock acquisition rights) 122,510 shares

## 7. Actual Results

### (1) Operating income by segments

(Millions of yen)

Division	Segment	Term		Prior fiscal year From April 1, 2006 to March 31, 2007		This fiscal year From April 1, 2007 to March 31, 2008		Change	
		Amount	Composition Ratio	Amount	Composition Ratio	Amount	Percentage		
Financial business	Interest on loans receivable	342,908	92.5	292,860	92.4	(50,048)	(14.6)		
	Unsecured loans	336,615	90.8	287,657	90.7	(48,957)	(14.5)		
	Consumers	336,597	90.8	287,645	90.7	(48,951)	(14.5)		
	Commercials	18	0.0	12	0.0	(6)	(33.2)		
	Secured loans	6,292	1.7	5,202	1.7	(1,090)	(17.3)		
	Fees from Installments	9,263	2.5	5,043	1.6	(4,220)	(45.6)		
	Credit card	5,770	1.6	5,043	1.6	(727)	(12.6)		
	Installment sales finance	3,492	0.9	—	—	(3,492)	—		
	Fees from guarantee business	9,746	2.6	10,099	3.2	353	3.6		
	Other business	Sales	722	0.2	654	0.2	(67)	(9.4)	
Other segments	Other financial income	166	0.0	465	0.1	299	180.3		
	Other operating income	7,962	2.2	7,991	2.5	29	0.4		
	Collection of bad debts deducted	5,908	1.6	5,977	1.9	69	1.2		
	Others	2,053	0.6	2,014	0.6	(39)	(1.9)		
Total		370,769	100.0	317,116	100.0	(53,653)	14.5		

Note: Sales amount of "MasterCard®" is included in the "Credit card."

### (2) Other statistics

#### (A) Receivables outstanding at year-end

(Millions of yen)

Segment	Term	Prior fiscal year (As of March 31, 2007)	This fiscal year (As of March 31, 2008)	Amount of Change	
				Amount	Percentage
Loan business		1,494,399	1,318,781	(175,617)	(11.8)
Unsecured loans		1,446,209	1,277,944	(168,264)	(11.6)
Consumers		1,446,117	1,277,879	(168,238)	(11.6)
Commercials		91	64	(26)	(29.5)
Secured loans		48,190	40,837	(7,352)	(15.3)
Installment receivable outstanding		44,276	37,683	(6,593)	(14.9)
Credit card		44,268	37,682	(6,585)	(14.9)
Other		7	0	(7)	(98.9)
Installment sales finance business		32,147	—	(32,147)	—

## (B) Number of customer accounts

Segment	Term	Prior fiscal year (As of March 31, 2007)	This fiscal year (As of March 31, 2008)	Amount of Change	
				Amount of Change	Percentage
					%
Loan business		2,682,160	2,374,759	(307,401)	(11.5)
Unsecured loans		2,670,707	2,364,727	(305,980)	(11.5)
Consumers		2,670,606	2,364,664	(305,942)	(11.5)
Commercials		101	63	(38)	(37.6)
Secured loans		11,453	10,032	(1,421)	(12.4)
Credit card business		1,176,105	866,959	(309,146)	(26.3)
Credit card		1,175,910	866,958	(308,952)	(26.3)
Other		195	1	(194)	(99.5)
Installment sales finance business		147,433	—	(147,433)	—

Note: 1. Loan business: The number of loan accounts with loan balance outstanding

2. Credit card business:

Credit card: Cardholder of MasterCard®

3. Installment sales finance business: Number of contracts with receivables outstanding

## (C) Number of outlets, MUJINKUN, and CD/ATM

Item	Term	Prior fiscal year (As of March 31, 2007)	This fiscal year (As of March 31, 2008)	Amount of Change	
				Amount of Change	Percentage
					%
Number of outlets		1,817	1,689	(128)	(7.0)
Loan business outlets		1,812	1,689	(123)	(6.8)
Staffed		142	137	(5)	(3.5)
Unstaffed		1,670	1,552	(118)	(7.1)
QUICK MUJIN		119	—	(119)	—
Installment sales finance business		5	—	(5)	—
Number of MUJINKUN outlets <machines>		<1,820> 1,820	<1,688> 1,688	(132)	(7.3)
QUICK MUJIN Machines		<128> 128	<—> —	(128)	—
Number of CD/ATM		87,773	92,063	4,290	4.9
Proprietary		1,841	1,820	(21)	(1.1)
Open 365 days / year		1,841	1,820	(21)	(1.1)
Open 24 hours / day		1,632	1,615	(17)	(1.0)
Tie-up		85,932	90,243	4,311	5.0
Others		8,464	8,537	73	0.9

## (D) Others

(Millions of yen)

Item	Term	Prior fiscal year (As of March 31, 2007)	This fiscal year (As of March 31, 2008)	Amount of Change	
				Amount of Change	Percentage
					%
Number of employees		2,956	2,774	(182)	(6.2)
Allowance for bad debts		121,000	108,500	(12,500)	(10.3)
Allowance for loss on guaranteed receivables		3,670	3,490	(180)	(4.9)
Allowance for loss on interest repayments		490,000	374,800	(115,200)	(23.5)
Bad debt write-off		97,097	111,667	14,570	15.0
Interest repayments and voluntary waiver of repayments		84,147	134,820	50,673	60.2

## 8. Change in Officers

### (1) Change in representative directors

None

### (2) Changes in other officers (as of June 20, 2008)

#### (A) Candidates for Directors

Director Shigeru Sato (Currently: Executive Managing Officer)

Director Masahiko Shinshita (Currently: Executive Officer and Chief General Manager of Guarantee Business Department)

Director Tatsuo Taki (Currently: Executive Officer, Chief General Manager of Corporate Management Department)

Director Kyota Omori (Currently: Senior Managing Officer of Mitsubishi UFJ Financial Group, Inc.)

#### (B) Directors scheduled for retirement (as of June 20, 2008)

Senior Managing Director Kazuhiro Shimada (Currently: Chairman of EASY BUY Public Company Limited and  
President of DC Cash One Ltd.)

Managing Director Junya Fukuda (Scheduled to be Advisor of ACOM CO., LTD.)

Director Katsunori Nagayasu (Currently: Director of Mitsubishi UFJ Financial Group, Inc. and  
President of The Bank of Tokyo-Mitsubishi UFJ, Ltd.)