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## Consolidated Financial Statements

(April 1, 2009 - March 31, 2010)

### Consolidated Balance Sheet

(As of March 31, 2010)

		(Millions of yen)	
Description	Amount	Description	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>1,408,356</b>	<b>Current liabilities</b>	<b>309,811</b>
Cash and deposits	83,747	Accounts payable-trade	760
Loans receivable of consumer loans	1,173,545	Short-term loans payable	4,112
Loans receivable of banking business	25,331	Current portion of long-term loans payable	183,976
Accounts receivable-installment	58,404	Current portion of bonds payable	51,654
Purchased receivables	15,310	Deposits of banking business	34,574
Short-term investment securities	21,700	Lease obligations	61
Shares of parent company	5,976	Income taxes payable	792
Operational investment securities	1,966	Deferred tax liabilities	3
Trading account securities	2,421	Provision for loss on guarantees	8,275
Merchandise	1,036	Unearned income	3,809
Supplies	103	Other	21,791
Deferred tax assets	26,589	<b>Noncurrent liabilities</b>	<b>733,439</b>
Short-term loans receivable	29,992	Bonds payable	191,249
Other	31,491	Long-term loans payable	331,577
Allowance for doubtful accounts	(69,262)	Lease obligations	250
<b>Noncurrent assets</b>	<b>74,163</b>	Deferred tax liabilities	2,240
<b>Property, plant and equipment</b>	<b>27,396</b>	Provision for retirement benefits	144
Buildings and structures	9,224	Provision for directors' retirement benefits	33
Vehicles	38	Provision for loss on interest repayment	204,500
Equipment	11,091	Other	3,442
Land	6,535	<b>Total liabilities</b>	<b>1,043,250</b>
Lease assets	506		
<b>Intangible assets</b>	<b>7,697</b>	<b>(Net assets)</b>	
Goodwill	7,469	<b>Shareholders' equity</b>	<b>443,944</b>
Leasehold right	4	<b>Capital stock</b>	<b>63,832</b>
Telephone subscription right	219	<b>Capital surplus</b>	<b>76,010</b>
Other	4	<b>Retained earnings</b>	<b>323,894</b>
<b>Investments and other assets</b>	<b>39,069</b>	<b>Treasury stock</b>	<b>(19,793)</b>
Investment securities	22,085	<b>Valuation and translation adjustments</b>	<b>(9,428)</b>
Deferred tax assets	484	<b>Valuation difference on available-for-sale securities</b>	<b>(6,161)</b>
Guarantee deposits	8,660	<b>Foreign currency translation adjustments</b>	<b>(3,266)</b>
Prepaid pension cost	3,757	<b>Minority interests</b>	<b>4,753</b>
Other	5,268	<b>Total net assets</b>	<b>439,269</b>
Allowance for doubtful accounts	(1,187)	<b>Total liabilities and net assets</b>	<b>1,482,520</b>
<b>Total assets</b>	<b>1,482,520</b>		

## Consolidated Statement of Income

(April 1, 2009 - March 31, 2010)

(Millions of yen)

Description	Amount	
Operating revenue		278,795
Interest on consumer loans	231,839	
Interest on loans of banking business	2,649	
Credit card revenue	3,547	
Per-item revenue	3,485	
Revenue from credit guarantee	12,419	
Collection from purchased receivable	12,273	
Other financial revenue	1,139	
Other operating revenue	11,441	
Operating expenses		272,732
Financial expenses	22,194	
Cost of purchased receivable	6,885	
Other operating expenses	243,652	
<b>Operating income</b>		<b>6,063</b>
Non-operating income		1,984
Interest income	265	
Dividend income	476	
Amortization of negative goodwill	513	
House rent income	396	
Other	331	
Non-operating expenses		130
Interest expenses	0	
Loss on investments in partnership	24	
Rent expenses	24	
Equity in losses of affiliates	17	
Loss on abandonment of supplies	16	
Other	46	
<b>Ordinary income</b>		<b>7,917</b>
Extraordinary income		2,074
Gain on sales of noncurrent assets	113	
Gain on sales of investment securities	628	
Gain on transfer from business divestitures	1,323	
Other	8	
Extraordinary loss		10,929
Loss on sales of noncurrent assets	16	
Loss on retirement of noncurrent assets	467	
Impairment loss	4	
Loss on sales of investment securities	70	
Loss on valuation of investment securities	87	
Business structure improvement expenses	10,167	
Other	116	
<b>Loss before income taxes and minority interests</b>		<b>937</b>
Income taxes-current		797
Income taxes-deferred		4,432
Minority interests in income		1,071
<b>Net loss</b>		<b>7,239</b>

## Consolidated Statement of Changes in Net Assets

(April 1, 2009 - March 31, 2010)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of previous period	63,832	76,010	335,061	(18,507)	456,396
Changes of items during the period					
Dividends from surplus			(3,927)		(3,927)
Net loss			(7,239)		(7,239)
Purchase of treasury stock				(1,285)	(1,285)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	(11,166)	(1,285)	(12,452)
Balance at the end of current period	63,832	76,010	323,894	(19,793)	443,944

	Valuation and translation adjustments			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total valuation and translation adjustments		
Balance at the end of previous period	(7,631)	(3,691)	(11,322)	7,331	452,406
Changes of items during the period					
Dividends from surplus					(3,927)
Net loss					(7,239)
Purchase of treasury stock					(1,285)
Net changes of items other than shareholders' equity	1,469	424	1,893	(2,578)	(684)
Total changes of items during the period	1,469	424	1,893	(2,578)	(13,136)
Balance at the end of current period	(6,161)	(3,266)	(9,428)	4,753	439,269

## Notes to the Consolidated Financial Statements

(From April 1, 2009, to March 31, 2010)

### 1. Significant Matters Providing the Basis for the Preparation of Consolidated Financial Statements

#### (1) Matters concerning the scope of consolidation

Number of consolidated subsidiaries: 14

Names of principal consolidated subsidiaries are referred to in “1. (8) Principal Parent Company and Subsidiaries Information on principal parent company and subsidiaries,” therefore they are omitted here.

RELATES CO., LTD., which was a consolidated subsidiary until the prior fiscal year, is excluded from consolidated subsidiaries as it was merged into MU Communications Co., Ltd. as of April 1, 2009.

DC Cash One Ltd., which was a consolidated subsidiary until the prior fiscal year, is excluded from consolidated subsidiaries as it was merged into the Company by absorption as of May 1, 2009.

#### (2) Matters concerning application of the equity method

Number of equity-method-affiliate: 1

Name of the equity-method-affiliate: MU Communications Co., Ltd.

RELATES CO., LTD., which was a consolidated subsidiary until prior fiscal year, is included in equity-method-affiliates, as it was merged into MU Communications Co., Ltd. on April 1, 2009 and the Company’s percentage of voting rights in RELATES CO., LTD. has decreased.

#### (3) Matters concerning accounting standards

##### 1) Evaluation standards and methods for marketable securities

Trading securities	Market value method (the cost of securities sold is computed using the moving average method)
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Held-to-maturity securities	Amortization cost method (straight-line method)
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Other marketable securities	
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Securities with market quotations	Stated at market value at the end of the fiscal year (Unrealized gains or losses are comprehensively reported as a component of net assets and the cost of securities sold is computed using the moving average method)
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Securities without market quotations	Stated at cost by the moving-average method The investments in limited investment partnerships and other similar partnerships (those deemed as “securities” according to the Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are reported, using the equity method, based on the latest financial statements available as at the closing dates stipulated by the respective partnership contracts.
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##### 2) Evaluation standards and methods for derivatives

Swap transactions	Market value method
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##### 3) Evaluation standards and methods for inventories

Merchandise

Paintings	Stated at cost, on an individual specified cost basis (balance sheet value is computed by the method of devaluing book price to reflect declines in profitability)
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Other merchandise	Stated at cost, on an individual specified cost basis (balance sheet value is computed by the method of devaluing book price to reflect declines in profitability)
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Supplies	Mainly at cost, based on the first-in first-out method
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From this fiscal year, allowance for doubtful accounts for purchased receivables is included in allowance for doubtful accounts for monetary claims. The amount of provision of such allowance for doubtful accounts is 2,440 million yen.

##### 4) Depreciation methods for noncurrent assets

Property, plant and equipment (excluding lease assets)

The Company and its domestic consolidated subsidiaries	Mainly computed using the declining balance method
Overseas consolidated subsidiaries	Straight-line method
Intangible assets (excluding lease assets)	Straight-line method
Lease assets	
Lease assets concerning transfer ownership finance lease transactions	Depreciated by the same depreciation method applied to noncurrent assets owned by the Company.
Lease assets concerning non-transfer ownership finance lease transactions	Depreciated by the straight-line method, defining the lease term of respective assets as their useful lives, with residual value equaling zero
	Non-transfer ownership finance lease transactions that commenced prior to the first year in which the revised accounting standards were applied to operating lease transactions continue to be reported by the same method applied to standard lease and rental contracts.
Long-term prepaid expenses	Depreciated by the equal installment method
5) Accounting method for deferred assets	
Bond issuance cost	These costs are fully charged to income when they are paid.
6) Accounting standards for the translation of foreign currency-denominated assets and liabilities into Japanese yen	
	Foreign currency-denominated monetary claims and obligations are translated into Japanese yen, using the spot exchange rates on the closing date of consolidated accounting and the resulting translation gains and losses are recognized as income and expenses.
	Assets and liabilities and income and expenses of overseas subsidiaries are translated into Japanese yen at the spot exchange rates on the account closing date and average exchange rates respectively. The resulting translation gains and losses are recorded as foreign currency translation adjustments and minority interests under the net assets section.
7) Accounting standards for allowances and provisions	
Allowance for doubtful accounts	To provide for potential loss on consumer loans and other loans, the Company and its consolidated subsidiaries make an allowance for the expected amount of irrecoverable loans. Allowances for ordinary bad debts are computed, 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.
Provision for loss on guarantees	To provide for loss on guarantees, the Company and part of its consolidated subsidiaries make an allowance for potential losses at the end of the fiscal year.
Provision for retirement benefits	To provide for employees' retirement benefits, the Company and its domestic consolidated subsidiaries make a provision for estimated retirement benefits for this fiscal year, based on the projected retirement benefit obligations and related pension assets as of the end of this fiscal year.
	Past service liabilities are charged to expenses, using the straight-line method, over the determined years (5 years) that are no longer than average remaining service years of the employees at the time of occurrence.
	Actuarial differences are amortized evenly using the straight-line method over the determined years (5 years) that are no longer than the average remaining service

	years of employees, beginning from the fiscal year following the time of occurrence.
	Certain overseas consolidated subsidiaries make provisions for estimated retirement benefits at the end of this fiscal year, based on projected retirement obligations at the end of the fiscal year.
Provision for directors' retirement benefits	Certain domestic consolidated subsidiaries make provisions for a necessary amount of directors' retirement benefits at the end of each fiscal year, in accordance with the Company's internal rules.
Provision for loss on interest repayment	To prepare for potential loss on interest repayment in the future, the Company estimates and provides a reasonable amount of provision for loss on interest repayment, in consideration of the past actual results and the latest interest repayment situations.
8) Accounting standards for revenue and expenses	
Interest on consumer loans	Interest is recorded on an accrual basis. Accrued interest on consumer loans is recorded, using the interest rate stipulated in the Interest Rate Restriction Act or the contracted interest rate of the Company, whichever the lower.
Credit card revenue	
Fees from customers	Recorded by the credit balance method
Fees from member stores	Recorded as fees at the time of transaction
Per-item revenue	
Fees from customers and member stores	Recorded mainly by the sum-of-digits method on a due date basis.
Revenue from credit guarantee	Recorded by the credit balance method
(Note) Details of each recording method are as follows:	
Credit balance method	Fees to be recorded as an income are calculated pursuant to the prescribed rates applicable to the relevant credit balance.
Sum-of-digits method	Total fees are proportionally divided by the total sum of the number of installment payments. Each divided amount is recorded as an income at every due date.
9) Significant hedge accounting method	
(a) Hedge accounting method	The Company adopts the deferred hedge accounting. However, exceptional accounting treatments are applied to certain interest-rate swaps which meet specific conditions and designation transactions are applied to those that conform to the requirements of designated currency swap transactions.
(b) Hedging instruments and hedging items	
Interest rate-related items	
Hedging instruments	Interest-rate swap agreements
Hedging items	Loans payable and bonds with variable interest rates Bonds with fixed interest rates
Currency-related items	
Hedging instruments	Currency swap agreements
Hedging items	Foreign currency-denominated loans payable
(c) Hedging policy	The Company and its subsidiaries enter into derivatives contracts to hedge against various risks. These contracts include the following: Interest-rate swaps to hedge against the risk of fluctuations in interest rates relating to their loans payable and bonds with variable interest rates for the purpose of protecting cash flows. Interest rate swaps to hedge against the risk of fluctuations in fair market values, relating to loans payable and bonds with fixed interest rates. Currency swaps to hedge against the risk of fluctuations in exchange rates relating to loans payable and interest on loans. Currency swap contracts to hedge against the risk of fluctuations in exchanges rates relating to foreign currency-denominated loans payable for the purpose of protecting cash flows.

(d) Method for evaluating hedging effectiveness

With regard to interest rate-related hedging, important requirements concerning hedging instruments and hedging items are closely matched with each other. Also, the Company can assume that fluctuations in interest rates and cash flows are fully offset by the fluctuations in hedging instruments on an ongoing basis since the implementation of hedging contracts. Therefore, the judgment of hedging effectiveness is omitted. On currency-related hedging, currency swap contracts are entered into on the same conditions as hedging items, thus the Company can assume that fluctuations in exchange rates or cash flows are fully offset by the fluctuations of hedge instruments. Therefore, the judgment of hedging effectiveness is omitted.

10) Accounting method for consumption tax

Transactions subject to consumption tax are recorded at the amount exclusive of consumption tax.

However, consumer tax and other taxes imposed on non tax-deductible assets are recorded as an expense for the fiscal year they were incurred.

(4) Matters concerning the valuation of assets and liabilities of consolidated subsidiaries

Assets and liabilities of consolidated subsidiaries are valued using the full market value method.

(5) Matters concerning amortization of goodwill and negative goodwill

Goodwill and negative goodwill are amortized by the equal installments method over a 15 year period. However, goodwill and negative goodwill amounts that are not significantly large are amortized in full in the fiscal year in which they arise.

(6) Change in accounting procedures

<Accounting standards for retirement benefits>

The Company adopted "Partial Amendments to Accounting Standard for Retirement Benefits (Part3)" (ASBJ Statement No. 19, issued on July 31, 2008) from this fiscal year.

As actuarial differences will be amortized from the next fiscal year, this change has had no effect on operating income, ordinary income and loss before income taxes and minority interests.

In addition, as the new discount rate for the computation of retirement benefit obligations, amended as a result of the adoption of this accounting standard, is the same as that used before, it has had no effect on the difference to retirement benefit obligations.

(7) Changes in disclosure method

<Consolidated Statement of Income >

Effective from the current fiscal year, "Credit card revenue (*sogo-assen-syueki*)" and "per-item revenue (*kohin-assen-syueki*)" have been presented as "Credit card revenue (*hokatsu-shinyokonyu-assen-syueki*)" and "per-item revenue (*kobetsu-shinyokonyu-assen-syueki*)," respectively, due to the revision to the Installment Sales Act.

"Net sales" in operating revenue and "cost of sales" in operating expenses had been separately listed up to the prior fiscal year. However, their relative importance decreased due to the exclusion in the prior fiscal year of JLA CO., LTD. (engaged in real estate-related business as well as shop design, construction and building maintenance businesses) and ACOM RENTAL CO., LTD. (engaged in rental business) from the scope of consolidation. Therefore, effective from for the current fiscal year, "net sales" in operating revenue has been included in "other operating revenue," and "cost of sales" in operating expenses has been included in "other operating expenses."

"Net sales" and "cost of sales" for the current fiscal year were 334 million yen and 1,578 million yen, respectively.

"Foreign exchange losses" had been separately listed as an item of non-operating expenses up to the prior fiscal year. However, currently it does not account for more than 10 percent of total non-operating expenses. Therefore, it has been included in "other" in non-operating expenses effective from the current fiscal year.

Foreign exchange losses for the current fiscal year were 11 million yen.

"Loss on investments in partnership," which had been included in "other" of non-operating expenses up to the prior fiscal year, has exceeded 10 percent of total non-operating expenses. For that reason, it is separately listed effective from the current fiscal year.

Loss on investments in partnership for the prior fiscal year was 3 million yen.

"Loss on abandonment of supplies," which had been included in "other" in non-operating expenses up to the prior fiscal year, has exceeded 10 percent of total non-operating expenses. For that reason, it is separately listed effective from the current fiscal year.

Loss on abandonment of supplies for the prior fiscal year was 5 million yen.

(8) Additional Information

<Accounting standard for financial instruments>

The Company adopted the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, issued on March 10, 2008) and “Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, issued on March 10, 2008) from this fiscal year.

2. Notes to Consolidated Balance Sheet

(1) Assets pledged as collateral and secured liabilities

	(Millions of yen)
Assets pledged as collateral	
Loans receivable of consumer loans	45,678
	[37,878]
Secured obligations	
Current portion of long-term loans payable	9,209
	[3,749]
Long-term loans payable	18,588
	[16,250]

Figures in brackets “[ ]” represent amounts of receivable concerning liquidation of receivables. Loans receivable of consumer loans of 37,878 million yen have been transferred by trust for the purpose of liquidation, whose right of ownership has been transferred to the trust bank (trustees), accordingly.

(2) Accumulated depreciation of property, plant and equipment 39,996 million yen

(3) Guaranteed liabilities (Millions of yen)

Outstanding guarantee obligation in the guarantee business	317,240
Outstanding guarantee obligation in the banking business	574
Provision for loss on guarantees	8,275
Net	309,539

(4) Cash and deposits include 1,711 million yen of reserve for deposit of a consolidated subsidiary pursuant to the regulations of Bank Indonesia.

3. Notes to Consolidated Statement of Changes in Net Assets

(1) Class and total number of shares issued as of the end of the current fiscal year

Common stock	159,628,280
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(2) Matters concerning dividends from surplus

1) Dividends paid

The following resolutions were approved at the Ordinary General Meeting of Shareholders held on June 25, 2009.

Class of shares	Common stock
Total amount of dividends	3,143 million yen
Dividend per share	20 yen
Record date	March 31, 2009
Effective date	June 26, 2009

The following resolutions were approved at the Board of Directors meeting held on November 5, 2009.

Class of shares	Common stock
Total amount of dividends	783 million yen
Dividend per share	5 yen
Record date	September 30, 2009
Effective date	December 7, 2009

2) Dividends whose record date falls in the current fiscal year, but whose effective date comes after March 31, 2010

The following resolutions are to be approved at the Ordinary General Meeting of Shareholders held on June 24, 2010.

Class of shares	Common stock
Total amount of dividends	783 million yen

Source of dividends	Retained earnings
Dividend per share	5 yen
Record date	March 31, 2010
Effective date	July 25, 2010

- (3) Class and number of shares to be issued upon the exercise of the stock acquisition rights as of the end of the current fiscal year
- |              |         |
|--------------|---------|
| Common stock | 119,110 |
|--------------|---------|

#### 4. Notes to financial instruments

##### (1) Matters concerning the financial instruments

###### 1) The Group's policy for financial instruments

The Group conducts financial service businesses. These include loan business, credit card business, installment sales finance business, guarantee business, loan servicing business and banking business. To finance the operation of these businesses, the Group raises funds through indirect financing, i.e. borrowings from financial institutions, as well as direct financing, such as issuing bonds, liquidation of receivables, etc., in light of the market situation and balance between variable interest rates and fixed interest rates. The Group conducts derivative transactions primarily for the purpose of avoiding the risk of fluctuations in interest rates and exchange rates associated with these financing operations, and does not have a policy to conduct speculative trading.

###### 2) Details of financial instruments and associated risks

Major financial assets held by the Group are loans receivable of consumer loans, loans receivable of banking business and accounts receivable-installment; these assets are exposed to credit risk resulting from customers' default of payments. In addition, the Group holds shares, bonds, investment trusts, investments in partnership, etc. either on a held-to-maturity or portfolio investment basis, while some consolidated subsidiaries hold them for trading purposes. These assets are exposed to the risk of market value fluctuations and some are open to the risks of issuer's credit and interest rate fluctuations.

Financial liabilities including loans payable, bonds and liquid receivables are exposed to liquidity risk, giving some indication of the possibility that the Company Group may not be able to make payment at the due date as a result of a change in the Group's credit standings or the market environment. Likewise, liabilities with variable interest rates have a certain degree of interest-rate risk, but the Group mitigates this risk through interest rate swap transactions. On the other hand, foreign-currency-denominated liabilities are exposed to the risk of fluctuations in foreign currency exchange rates, which is averted with the help of currency swap agreements.

Derivative transactions include interest rate swap agreements for the purpose of hedging against the risk of fluctuations in interest rates associated with loans payable and bonds; and currency swap agreements that aim to hedge against the risk of fluctuations in exchange rates concerning foreign-currency-denominated loans payable. For details of hedging instruments, hedging items, hedging policy and the method for evaluating hedging effectiveness concerning hedge accounting, please refer to aforementioned "1. Significant Matters Providing the Basis for the Preparation of Consolidated Financial Statements, (3) Matters concerning accounting standards, 9) Significant hedge accounting method."

###### 3) Risk management system for financial instruments

###### (a) Credit risk management

According to internal rules, the Company incorporates and operates a structure to cope with individual transaction-based credit administration, credit information management, a credit rating system, a self-assessment system, problem loans and to regularly monitor its credit portfolios. The credit management and credit business promotion divisions separately conduct individual transaction-based screening and credit management, designed to facilitate a mutual surveillance function. In addition, the Company holds a regular management meeting to report and discuss important matters on credit risk management and operations. Separately it has a system under which the internal audit department reviews the appropriateness of the Company's credit business operations, ensuring that the Company engages in a proper credit business. Consolidated subsidiaries also have similar management systems in place.

###### (b) Market risk management

The Company and some of its consolidated subsidiaries utilize interest rate swap agreements to mitigate the risk of fluctuations in interest payments on their financial liabilities, such as loans payable and bonds. Also, they basically enter into currency swap agreements to hedge against the risk of fluctuations in exchange rate related to their foreign-currency-denominated liabilities.

With regard to marketable securities, such as shares and bonds, managements receive regular monitoring report regarding market trends, market values, issuers' financial standings, etc., in order to constantly review their asset holdings.

The Company Group conducts derivative transactions primarily with the aim of optimizing financing costs and adjustment of the fixed/variable interest rates proportion. It does not have a policy of conducting derivatives trading for speculative purposes. Further, execution and administration of derivatives transactions are conducted in accordance with the Company's internal rules that stipulate the trading authority, trading limits, etc., under the basic policy approved at meetings of management.

Consolidated subsidiaries also have similar market risk management systems in place.

(c) Management of liquidity risk associated with financing activities

The Company manages the liquidity risk by reviewing its financing plan on a timely basis according to past financing results, change in market conditions or interest rate situations, etc., based on the financing plan approved at meetings of management. Also for that purpose, it maintains a certain amount of liquidity at all times, secures commitment lines, seeking diversity and appropriate balance of financing methods in light of the market environment. Consolidated subsidiaries also have similar financing systems in place.

4) Supplementary explanations on market value of financial instruments

Market value of financial instruments are measured based on the quoted market price, if available, or reasonably assessed value if a quoted market price is not available. Market value of financial instruments which quoted market price is not available is calculated based on certain assumptions, and the value might differ if different assumptions are used. In addition, the contract amount of the derivative transactions described below in "(2) Matters concerning the market value of financial instruments" does not represent the market risk of the derivative transactions.

(2) Matters concerning the market value of financial instruments

The book value on the consolidated balance sheet and market value of financial instruments as of March 31, 2010 as well as the differences between these values are described below. Financial instruments whose market values appear to be extremely difficult to determine are not included in the table. (See (Note 2))

(Millions of yen)

	Book Value	Market Value	Difference
1) Cash and deposits	83,747	83,747	-
2) Loans receivable of consumer loans Allowance for doubtful accounts Provision for loss on interest repayment (Write-off of receivables)	1,173,545 (52,745) (88,700)		
	1,032,099	1,226,231	194,132
3) Loans receivable of banking business Allowance for doubtful accounts	25,331 (227)		
	25,104	27,031	1,927
4) Accounts receivable-installment Allowance for doubtful accounts Unearned income	58,404 (5,846) (3,603)		
	48,954	56,711	7,756
5) Purchased receivables Allowance for doubtful accounts	15,310 (2,440)		
	12,869	12,869	-
6) Marketable securities, shares of parent company, trading account securities and investment securities			
(a) Trading securities	2,421	2,421	-
(b) Held-to-maturity securities	2,400	2,597	196
(c) Other securities	44,847	44,847	-
7) Short-term loans receivable	29,992	29,993	0
Total assets	1,282,437	1,486,451	204,013
1) Short-term loans payable	4,112	4,112	-
2) Deposits of banking business	34,574	34,574	-
3) Current portion of bonds payable and bonds payable	242,903	237,213	(5,690)
4) Current portion of long-term loans payable and long-term loans payable	515,553	507,915	(7,637)
Total liabilities	797,144	783,816	(13,327)
Derivative transaction	[358]	[358]	-

Note 1: Matters concerning the calculation method for the market value of financial instruments, marketable securities and derivatives trading

#### Assets

##### 1) Cash and deposits

Deposits without maturity are stated at their book values, as their market values approximate book values. Deposits with maturity are stated at their book values, as their remaining periods are short (within a year) and their market values approximate book values.

##### 2) Loans receivable of consumer loans, 3) loans receivable of banking business and 4) accounts receivable-installment

The fiscal year-end outstanding balances are stated at their current values, which are calculated by discounting expected future cash flows of the potentially recoverable principal and interest by the current market interest rate. These exclude secured loans and accounts receivable-installment, which are stated at adjusted book value; the expected amount of loan losses on these assets are calculated based on the expected recoverable amount of their collateral securities, hence their market values approximate their balance sheet values at the closing date, less the current expected amount of loan losses. Meanwhile, the assets related to the installment sales finance business at certain consolidated subsidiaries are stated at adjusted book value, as their average remaining periods are roughly one year and their market values approximate their balance sheet values net of an allowance for doubtful accounts.

##### 5) Purchased receivables

These are stated at adjusted book value. The expected amount of loan losses on these assets are calculated based on either the present value of expected future cash flows or expected recoverable amount of their collateral securities or guarantees; hence their market values approximate their balance sheet values at the

closing date, less the current expected amount of loan losses.

- 6) Marketable securities, shares of the parent company, trading account securities and investment securities  
 Shares are stated at the stock exchange quoted price, bonds are stated at either the stock exchange quoted price or the price presented by transacting financial institutions and investment trusts are stated at the official reference price. Certain bonds are stated at book value using the amortized cost method, as they are redeemed in the short term and their market values approximate book values. Negotiable deposits are stated at book value, as they are short-term assets and their market values approximate book values.

Notes to securities according to holding purposes are as follows.

- (a) Trading securities

Unrealized gain or loss reported as an income or loss for the current fiscal year 116 million yen

- (b) Held-to-maturity securities

The book values on the consolidated balance sheet and market values of held-to-maturity securities by type, as well as differences between these values are as follows. No held-to-maturity securities were sold during the current fiscal year.

(Millions of yen)

Type	Book Value	Market Value	Difference
Market value greater than book value on the consolidated balance sheet			
(a) Government/municipal	2,400	2,597	196
(b) Corporate	-	-	-
(c) Other	-	-	-
Subtotal	2,400	2,597	196
Market value not greater than book value on the consolidated balance sheet			
(a) Government/municipal	-	-	-
(b) Corporate	-	-	-
(c) Other	-	-	-
Subtotal	-	-	-
Total	2,400	2,597	196

- (c) Other securities

Sale value for other securities during the current fiscal year is 756 million yen; the total gain on sales is 628 million yen and loss on sales is 70 million yen. The acquisition costs of other securities, their value on the consolidated balance sheet and differences by type are as follows.

(Millions of yen)

Type	Book Value	Acquisition cost	Difference
Acquisition cost not greater than book value on the consolidated balance sheet			
(a) Stocks	9,252	4,872	4,379
(b) Bonds			
Government/municipal	52	51	0
Corporate	-	-	-
Other	-	-	-
(c) Other	34	30	4
Subtotal	9,339	4,954	4,385
Acquisition cost greater than book value on the consolidated balance sheet			
(a) Stocks	13,083	21,750	(8,666)
(b) Bonds			
Government/municipal	-	-	-
Corporate	-	-	-
Other	-	-	-
(c) Other	724	889	(165)
Subtotal	13,808	22,640	(8,832)
Total	23,147	27,594	(4,447)

- 7) Short-term loans receivable

All short-term loans receivable are related to repurchase agreement transactions, and they are stated at the price presented by financial institutions.

#### Liabilities

1) Short-term loans payable and 2) Deposits of banking business

These assets are stated at book value as they are settled in the short-term and their market values approximate their book values.

3) Current portion of bonds payable and bonds payable

Bonds with market value are stated at market price. Bonds without market value and privately offered bonds are stated at the current value, which is calculated by discounting the compound value (for bonds involved in the interest-rate swaps that meet conditions for exceptional accounting treatments, a principal with interest income at a post-swap interest rate is applied) by the discount rate (i.e. the current market interest rate in consideration of credit risk).

4) Current portion of long-term loans payable and long-term loans payable

Long-term loans payable are stated at the current value, which is calculated by discounting the compound value (for loans involved in the interest-rate swap that meet conditions for exceptional accounting treatments and the currency swap that conforms to the requirements of designated transactions, a principal with interest income at a post-swap interest rate is applied) by the discount rate (i.e. the current market interest rate in consideration of credit risk).

#### Derivatives transactions

1) Derivatives transactions not subject to the application of hedge accounting

With regard to derivatives transactions which are not subject to the application of hedge accounting, the contract amount or equivalent of the principal amount prescribed by the contract, market value, valuation gain (or loss) and the calculation method for the market value as of the closing date of consolidated accounting according to the type of hedging items are as follows.

(a) Currency related derivatives

The currency-related derivative transactions used by part of the consolidated subsidiaries are currency swap agreements which fix the value of foreign-currency-denominated borrowings in yen. Because these borrowings include transactions between consolidated companies that are eliminated in consolidation, they are not treated as hedging transactions in the consolidated accounts.

(Millions of yen)

Category	Transaction type	Contract amount	Amount of more than 1 year-period contracts	Market value	Valuation gain (loss)
Transactions out of the market	Currency swap agreements	9,070	9,070	(358)	(358)

(Note) Calculation method for market value

Calculated based on the price presented by counterparty financial institutions

2) Derivatives transactions subject to the application of hedge accounting

With regard to derivatives transactions which are subject to the application of hedge accounting, the contract amount or equivalent of the principal amount prescribed by the contract as of the closing date of consolidated accounting according to hedge accounting methods are as follows.

(a) Interest-related derivatives

(Millions of yen)

Hedge accounting method	Transaction type	Major hedging items	Contract amount	Amount of more than 1 year-period contracts	Market value
Interest rate swap agreements subject to the application of exceptional accounting treatments	Interest rate swap agreements Fixed interest receivables and floating interest payments	Bonds payable	2,760	2,760	14
		Long-term loans payable Bonds payable	260,319	204,858	(5,534)
Total			263,079	207,618	(5,520)

(Note) Interest rate swap agreements subject to the application of exceptional treatments are recognized together with hedging items (i.e. bonds payable and long-term loans payable), therefore their market values are included in the market value of the relevant long-term loans payable.

(b) Currency-related derivatives

(Millions of yen)

Hedge accounting method	Transaction type	Major hedging items	Contract amount	Amount of more than 1 year-period contracts	Market value
Exchange contracts subject to the application of designation transactions	Currency swap agreements	Long-term loans payable	6,136	3,341	734
Total			6,136	3,341	734

(Note) Currency swap agreements subject to the application of exceptional treatments are recognized together with hedging items (i.e. long-term loans payable), therefore their market values are included in the market value of the relevant long-term loans payable.

Note 2: Financial instruments whose market values appear to be extremely difficult to determine are as follows.

(Millions of yen)

Item	Book value
1) Unlisted shares (*1) (*2)	2,458
2) Investments in investment partnerships (*1) (*3)	54
3) Operational investment securities (*1)	1,966
Total	4,480

(\*1) These shares are not included in “Asset 6) Marketable securities, shares of the parent company, trading account securities and investment securities” which contain information about the market value of financial instruments.

(\*2) The market value of unlisted shares is not disclosed, as they are not quoted on a stock exchange and it appears to be extremely difficult to determine their market values.

(\*3) The market value of investments in investment partnerships is not disclosed, as partnerships’ assets comprise unlisted shares and other investment instruments whose market values appear to be extremely difficult to determine.

Note 3: The scheduled redemption amount of monetary claims and marketable securities with maturity  
(Millions of yen)

	Up to 1 year	More than 1 year and up to 2 years	More than 2 years and up to 3 years	More than 3 years and up to 4 years	More than 4 years and up to 5 years	More than 5 years
Cash and deposits	83,747	-	-	-	-	-
Loans receivable of consumer loans (*1) (*2)	204,472	194,299	198,582	195,698	193,743	79,531
Loans receivable of banking business	16,151	1,041	1,574	1,717	1,805	3,041
Accounts receivable-installment (*1) (*2)	22,319	11,692	7,669	5,735	5,006	1,772
Marketable securities and Investment securities						
1) Held-to-maturity securities						
Government bond	-	391	1,198	529	-	281
Other marketable securities with maturities						
Government bond	-	-	-	-	-	52
Other	21,700	-	-	-	-	-
Short-term loans receivable	29,992	-	-	-	-	-
<b>Total</b>	<b>378,384</b>	<b>207,424</b>	<b>209,024</b>	<b>203,681</b>	<b>200,555</b>	<b>84,678</b>

(\*1) Loans receivables of consumer loans and accounts receivable-installment do not include loans with potential defaults whose redemption schedule is unclear (amount: 88,067 million yen).

(\*2) The amounts of loans receivable of consumer loans and accounts receivable-installment in the credit card business are the expected amounts assuming that average minimum payments are to be made on a fixed date in each month.

Note 4: Scheduled repayment amount of bonds payable, long-term loans payable, lease obligations and other interest-bearing liabilities after the consolidated closing date  
(Millions of yen)

	Up to 1 year	More than 1 year and up to 2 years	More than 2 years and up to 3 years	More than 3 years and up to 4 years	More than 4 years and up to 5 years	More than 5 years
Short-term loans payable	4,112	-	-	-	-	-
Deposits of banking business	34,574	-	-	-	-	-
Current portion of bonds payable and bonds payable	51,654	80,495	67,994	22,760	20,000	-
Current portion of long-term loans payable and long-term loans payable	183,976	141,693	98,856	68,823	22,203	-
Lease obligations	61	62	62	63	62	-
<b>Total</b>	<b>274,378</b>	<b>222,251</b>	<b>166,914</b>	<b>91,646</b>	<b>42,265</b>	<b>-</b>

5. Notes to business combinations etc.

<Merger of the Company and its consolidated subsidiary, DC Cash One Ltd.>

Based on a resolution at the Board of Directors held on February 19, 2009, the Company made its consolidated subsidiary, DC Cash One Ltd., a wholly owned subsidiary on April 1, 2009, and DC Cash One Ltd. was merged into the Company on May 1, 2009. The summary of the transaction is as follows:

(1) Names and businesses of the entities involved, legal form of the business combination, name of entity after the business combination, and outline and objectives of the transaction

1) Names and businesses of the entities involved

(a) Surviving company

Name: ACOM CO., LTD.

Business: Loan business

(b) Dissolved company

Name: DC Cash One Ltd.

Business: Loan business

2) Legal form of the business combination

Absorption-type merger, with the Company being the surviving company and DC Cash One Ltd. being the dissolved company.

3) Name of entity after the business combination

ACOM CO., LTD.

4) Outline and objectives of the transaction

On September 8, 2008, the Company, Mitsubishi UFJ Financial Group, Inc. and The Bank of Tokyo-Mitsubishi UFJ, Ltd. reached an agreement to further strengthen business and capital alliance. This merger was a part of this agreement to increase the competitiveness of the consumer finance segment and reorganize the business function of the MUFG Group.

(2) Outline of the applied accounting method

In accordance with the “Accounting Standard for Business Combinations” (the Business Accounting Council, October 31, 2003) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ revised Implementation Guideline No. 10, November 15, 2007), the merger was accounted for as a transaction between entities under common control.

(3) Details of assets and liabilities transferred from the subsidiary

(As of April 30, 2009; Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Cash and deposits	5,153	Long-term loans payable	73,500
Accounts receivable-operating loans	77,304	Income taxes payable	33
Investment securities	237	Other	1,161
Other	798	Total liabilities	74,695
Total assets	83,494	Net balance of assets	8,799

<Split for credit guarantee business of DC Cash One Ltd., a consolidated subsidiary of the Company>

Based on the resolution of the Board of Directors held on January 27, 2009, a consolidated subsidiary of the Company, DC Cash One Ltd., split its guarantee business and transferred it to Mitsubishi UFJ NICOS Co., Ltd. on April 1, 2009. The summary of the transaction is as follows:

- (1) Name of the company to which the business was transferred, the content of the transferred business, major reason for the business split and outline of the transaction, including the legal form of the split
  - 1) Name of the company to which the business was transferred  
Mitsubishi UFJ NICOS Co., Ltd.
  - 2) Content of the transferred business  
Guarantee business
  - 3) Major reason for the business split  
On September 8, 2008, the Company, Mitsubishi UFJ Financial Group, Inc. and The Bank of Tokyo-Mitsubishi UFJ, Ltd. reached an agreement to further strengthen business and capital alliance. This business split was a part of this agreement to increase the competitiveness of the consumer finance segment and reorganize the business function of the MUFG Group.
  - 4) Outline of the transaction, including the legal form of the split  
Absorption-type company split, with DC Cash One Ltd. being the splitting company and Mitsubishi UFJ NICOS Co., Ltd. being the succeeding company
- (2) Outline of the applied accounting method  
In accordance with the “Accounting Standard for Business Combinations” (the Business Accounting Council, October 31, 2003) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ revised Implementation Guideline No. 10, November 15, 2007), the business split was accounted for as a transaction between entities under common control.
- (3) Details of assets and liabilities of the transferred business:

Guarantee obligation concerning guarantee business	28,628 million yen
Provision for loss on guarantees	643 million yen

<Succession of unsecured card loan guarantee business by the Company>

Based on the resolution of the Board of Directors held on July 21, 2009, the Company succeeded the unsecured card loan guarantee business from The Mitsubishi UFJ Home Loan Credit Co., Ltd. by company split on September 1, 2009. The summary of the transaction is as follows:

- (1) Name and business of the counterparty, legal form of the business combination, and outline and objectives of the transaction
  - 1) Name of the counterparty  
The Mitsubishi UFJ Home Loan Credit Co., Ltd.
  - 2) Description of the businesses acquired  
Guarantee business consigned by customers of the unsecured card loan offered by The Bank of Tokyo-Mitsubishi UFJ, Ltd.
  - 3) Legal form of the business combination  
Absorption-type company split with the Company being the succeeding company and The Mitsubishi UFJ Home Loan Credit Co., Ltd. being the splitting company
  - 4) Outline and objectives of the transaction  
On September 8, 2008, the Company, Mitsubishi UFJ Financial Group, Inc. and The Bank of Tokyo-Mitsubishi UFJ, Ltd. reached an agreement to further strengthen business and capital alliance. This company split was a part of this agreement to increase the competitiveness of the consumer finance segment and reorganize the business function of the MUFG Group.
- (2) Acquisition cost of the business acquired: 5,200 million yen
- (3) Amount of goodwill generated, reason thereof, and method and period of amortization
  - 1) Amount of goodwill generated: 7,772 million yen
  - 2) Reason for the goodwill: excess earnings power anticipated in the future business development of the acquired business
  - 3) Method and period of amortization: equal amortization over 15 years
- (4) Outline of the applied accounting method  
In accordance with the “Accounting Standard for Business Combinations” (the Business Accounting Council, October 31, 2003) and “Guidance on Accounting Standard for Business Combinations and Business Divestitures” (the Accounting Standards Board of Japan (“ASBJ”) revised Implementation Guideline No. 10, November 15, 2007), the company split was accounted for as a transaction between entities under common control.
- (5) Details of assets and liabilities of the acquired business:

Guarantee obligation concerning guarantee business	188,234 million yen
Provision for loss on guarantees	6,161 million yen

6. Notes to Per Share Information

Net assets per share	2,773.59 yen
Net loss per share	46.18 yen

7. Significant Subsequent Events

None applicable.

8. Other

Figures less than one million yen are rounded down to the nearest one million yen.

## Non-consolidated Financial Statements

(April 1, 2009 - March 31, 2010)

### Non-consolidated Balance Sheet

(As of March 31, 2010)

(Millions of yen)

Description	Amount	Description	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>1,248,816</b>	<b>Current liabilities</b>	<b>250,659</b>
Cash and deposits	66,768	Accounts payable-trade	212
Loans receivable of consumer loans	1,103,969	Current portion of long-term loans payable	171,243
Accounts receivable-installment	26,485	Current portion of bonds payable	50,495
Short-term investment securities	20,900	Lease obligations	61
Shares of parent company	5,976	Accounts payable-other	11,050
Merchandise	1,034	Accrued expenses	8,674
Supplies	56	Income taxes payable	236
Prepaid expenses	1,620	Deposits received	302
Deferred tax assets	24,959	Unearned revenue	57
Accrued income	9,280	Provision for loss on guarantees	8,270
Short-term loans receivable	29,992	Other	57
Other	18,302	<b>Noncurrent liabilities</b>	<b>690,772</b>
Allowance for doubtful accounts	(60,530)	Bonds payable	171,005
<b>Noncurrent assets</b>	<b>119,212</b>	Long-term loans payable	312,644
<b>Property, plant and equipment</b>	<b>26,076</b>	Lease obligations	250
Buildings	7,119	Deferred tax liabilities	1,730
Structures	1,763	Provision for loss on interest repayment	204,500
Equipment	10,492	Other	641
Land	6,411	<b>Total liabilities</b>	<b>941,431</b>
Lease assets	290		
<b>Intangible assets</b>	<b>7,686</b>	<b>(Net assets)</b>	
Goodwill	7,469	<b>Shareholders' equity</b>	<b>432,760</b>
Leasehold right	4	<b>Capital stock</b>	<b>63,832</b>
Telephone subscription right	210	<b>Capital surplus</b>	<b>76,010</b>
Other	1	Legal capital surplus	72,322
<b>Investments and other assets</b>	<b>85,449</b>	Other capital surplus	3,687
Investment securities	19,358	<b>Retained earnings</b>	<b>312,710</b>
Stocks of subsidiaries and affiliates	11,524	Legal retained earnings	4,320
Investments in other stocks and securities of subsidiaries and affiliates	3,163	Other retained earnings	308,390
Investments in capital	0	General reserve	285,000
Long-term loans receivable from subsidiaries and affiliates	35,425	Retained earnings brought forward	23,390
Claims provable in bankruptcy, claims provable in rehabilitation and other	2,123	<b>Treasury stock</b>	<b>(19,793)</b>
Long-term prepaid expenses	635	<b>Valuation and translation adjustments</b>	<b>(6,162)</b>
Guarantee deposits	8,223	<b>Valuation difference on available-for-sale securities</b>	<b>(6,162)</b>
Prepaid pension cost	3,766	<b>Total net assets</b>	<b>426,597</b>
Other	2,397	<b>Total liabilities and net assets</b>	<b>1,368,028</b>
Allowance for doubtful accounts	(1,170)		
<b>Total assets</b>	<b>1,368,028</b>		

## Non-consolidated Statement of Income

(April 1, 2009 - March 31, 2010)

(Millions of yen)

Description	Amount	
Operating revenue		238,215
Interest on consumer loans	212,839	
Credit card revenue	3,529	
Revenue from credit guarantee	12,736	
Other financial revenue	85	
Other operating revenue	9,024	
Operating expenses		232,526
Financial expenses	16,639	
Other operating expenses	215,886	
<b>Operating income</b>		<b>5,689</b>
Non-operating income		2,128
Interest income	900	
Interest on securities	5	
Dividend income	476	
House rent income	418	
Other	328	
Non-operating expenses		1,323
Interest expenses	0	
Loss on investments in partnership	1,247	
Other	75	
<b>Ordinary income</b>		<b>6,495</b>
Extraordinary income		2,350
Gain on sales of noncurrent assets	109	
Gain on sales of investment securities	628	
Gain on sales of subsidiaries and affiliates' stocks	154	
Gain on extinguishment of tie-in shares	1,453	
Other	4	
Extraordinary loss		10,800
Loss on sales of noncurrent assets	8	
Loss on retirement of noncurrent assets	437	
Loss on sales of investment securities	70	
Loss on valuation of investment securities	87	
Business structure improvement expenses	10,167	
Other	29	
<b>Loss before income taxes</b>		<b>1,954</b>
Income taxes-current		100
Income taxes-deferred		8,002
<b>Net loss</b>		<b>10,056</b>

## Non-consolidated Statement of Changes in Net Assets

(April 1, 2009 - March 31, 2010)

(Millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Legal retained earnings	Other retained earnings		Total legal retained earnings	Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus		General reserve	Retained earnings brought forward			
Balance at the end of previous period	63,832	72,322	3,687	76,010	4,320	285,000	37,374	326,694	(18,507)	448,030
Changes of items during the period										
Dividends from surplus							(3,927)	(3,927)		(3,927)
Net loss							(10,056)	(10,056)		(10,056)
Purchase of treasury stock									(1,285)	(1,285)
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	—	—	—	—	(13,983)	(13,983)	(1,285)	(15,269)
Balance at the end of current period	63,832	72,322	3,687	76,010	4,320	285,000	23,390	312,710	(19,793)	432,760

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the end of previous period	(7,631)	(7,631)	440,398
Changes of items during the period			
Dividends from surplus			(3,927)
Net loss			(10,056)
Purchase of treasury stock			(1,285)
Net changes of items other than shareholders' equity	1,468	1,468	1,468
Total changes of items during the period	1,468	1,468	(13,801)
Balance at the end of current period	(6,162)	(6,162)	426,597

## Notes to Non-consolidated Financial Statements

### 1. Notes to Matters concerning Significant Accounting Policies

#### (1) Evaluation standards and methods for assets

##### 1) Evaluation standards and methods for marketable securities

Stocks of subsidiaries and affiliates	Stated at cost by the moving-average method
Held-to-maturity bonds	Amortization cost method (straight-line method)

##### Other marketable securities

Securities with market quotations	Stated at market value at the end of the fiscal year (Unrealized gains or losses are comprehensively reported as a component of net assets and the cost of securities sold is computed using the moving average method)
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Securities without market quotations	Stated at cost by the moving-average method The investments in limited investment partnerships and other similar partnerships (those deemed as “securities” according to the Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are reported, using the equity method, based on the latest financial statements available as at the closing dates stipulated by the respective partnership contracts.
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##### 2) Evaluation standards and methods for derivatives

Swap transactions	Market value method
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##### 3) Evaluation standards and methods for inventories

Merchandise	Stated at cost, on an individual specified cost basis (balance sheet value is computed by the method of devaluing book price to reflect declines in profitability)
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Supplies	Mainly at cost, based on the first-in first-out method
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#### (2) Depreciation methods for noncurrent assets

##### Property, plant and equipment (excluding lease assets)

	Declining balance method
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Intangible assets (excluding lease assets)	Straight-line method
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##### Lease assets

##### Lease assets concerning non-transfer ownership finance lease transactions

Depreciated by the straight-line method, defining the lease term of respective assets as their useful lives, with residual value equaling zero

Non-transfer ownership finance lease transactions that commenced prior to the first year in which the revised accounting standards were applied to operating lease transactions continue to be reported by the same method applied to standard lease and rental contracts.

Long-term prepaid expenses	Depreciated by the equal installment method
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#### (3) Accounting method for deferred assets

##### Bond issuance cost

These costs are fully charged to income when they are paid.

#### (4) Accounting standards for allowances and provisions

##### Allowance for doubtful accounts

To provide for potential loss on consumer loans and other loans, the Company makes an allowance for the expected amount of irrecoverable loans. Allowances for ordinary bad debts are computed, 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.

Provision for loss on guarantees	To provide for loss on guarantees, the Company makes an allowance for potential losses at the end of the fiscal year.
Provision for retirement benefits	To provide for employees' retirement benefits, the Company makes a provision for estimated retirement benefits for this fiscal year, based on the projected retirement benefit obligations and related pension assets as of the end of this fiscal year. Past service liabilities are charged to expenses, using the straight-line method, over the determined years (5 years) that are no longer than average remaining service years of the employees at the time of occurrence. Actuarial differences are amortized evenly using the straight-line method over the determined years (5 years) that are no longer than the average remaining service years of employees, beginning from the fiscal year following the time of occurrence. As the projected amount of pension fund assets exceeds the amount of projected retirement benefit obligations adjusted by unrecognized past service liabilities and unrecognized actuarial gains or losses, the surplus is recorded as a prepaid pension cost.
Provision for loss on interest repayment	To prepare for potential loss on interest repayment in the future, the Company estimates and provides a reasonable amount of provision for loss on interest repayment, in consideration of the past actual results and the latest interest repayment situations.
 (5) Accounting standards for revenue and expenses	
Interest on consumer loans	Interest is recorded on an accrual basis. Accrued interest on consumer loans is recorded, using the interest rate stipulated in the Interest Rate Restriction Act or the contracted interest rate of the Company, whichever the lower.
Credit card revenue	
Fees from customers	Recorded by the credit balance method
Fees from member stores	Recorded as fees at the time of transaction
Revenue from credit guarantee	Recorded by the credit balance method
(Note) Details of each recording method are as follows:	
Credit balance method	Fees to be recorded as an income are calculated pursuant to the prescribed rates applicable to the relevant credit balance.
 (6) Hedge accounting method	
1) Hedge accounting method	The Company adopts the deferred hedge accounting. However, exceptional accounting treatments are applied to certain interest-rate swaps which meet specific conditions
2) Hedging instruments and hedging items	
Hedging instruments	Interest-rate swap agreements
Hedging items	Loans payable with variable interest rates
3) Hedging policy	The Company enters into interest-rate swaps to hedge against the risk of fluctuations in interest rates relating to the loans payable with variable interest rates for the purpose of protecting cash flows.
4) Method for evaluating hedging effectiveness	Important requirements concerning hedging instruments and hedging items are closely matched with each other. Also, the Company can assume that fluctuations in interest rates and cash flows are fully offset by the fluctuations in hedging instruments on an ongoing basis since the implementation of hedging contracts. Therefore, the judgment of hedging effectiveness is omitted.
 (7) Accounting method for consumption tax	

Transactions subject to consumption tax are recorded at the amount exclusive of consumption tax. However, consumer tax and other taxes imposed on non tax-deductible assets are recorded as an expense when incurred.

(8) Change in Significant Accounting Policies

<Accounting standards for retirement benefits>

The Company adopted “Partial Amendments to Accounting Standard for Retirement Benefits (Part3)” (ASBJ Statement No.19, issued on July 31, 2008) from this fiscal year.

As actuarial differences will be amortized from the next fiscal year, this change has had no effect on operating income, ordinary income and loss before income taxes and minority interests.

In addition, as the new discount rate for the computation of retirement benefit obligations, amended as a result of the adoption of this accounting standard, is the same as that used before, it has had no effect on the difference to retirement benefit obligations.

(9) Changes in disclosure method

<Non-consolidated statement of income>

Effective from the current fiscal year, “Credit card revenue (*sogo-assen-syueki*)” has been presented as “Credit card revenue (*hokatsu-shinyokonyu-assen-syueki*)” due to the revision to the Installment Sales Act.

“Guarantee fees,” which was presented in non-operating income up to the prior fiscal year, has been included and reported in “other” of non-operating income since this fiscal year as it does not account for more than 10 percent of the total non-operating income.

Guarantee fees for this fiscal year were 129 million yen.

2. Notes to Non-consolidated Balance Sheet

(1) Assets pledged as collateral and secured liabilities

	(Millions of yen)
Assets pledged as collateral	
Loans receivable of consumer loans	45,678 [37,878]
Secured obligations	
Current portion of long-term loans payable	9,209 [3,749]
Long-term loans payable	18,588 [16,250]

Figures in brackets “[ ]” represent amounts of receivable concerning liquidation of receivables. Loans receivable of consumer loans of 37,878 million yen have been transferred by trust for the purpose of liquidation, whose right of ownership has been transferred to the trust bank (trustees), accordingly.

(2) Accumulated depreciation of property, plant and equipment 36,711 million yen

(3) Guaranteed liabilities (Millions of yen)

Outstanding guarantee obligation for liabilities of subsidiaries and affiliates	59,158
Outstanding guarantee obligation in the guarantee business	317,240
Provision for loss on guarantees	8,270
Net	308,970

(4) Monetary claims and liabilities to subsidiaries and affiliates (Millions of yen)

Short-term monetary claims	45
Short-term monetary liabilities	87
Long-term monetary liabilities	10

3. Notes to Non-consolidated Statement of Income

	(Millions of yen)
Transactions with subsidiaries and affiliates	
Operating transactions	
Operating revenue	374
Operating expenses	5,613
Transactions other than operating transactions	1,159

4. Notes to Non-consolidated Statement of Changes in Net Assets

Class and number of shares of treasury stock as of March 31, 2010

Common stock 2,966,676

5. Notes to tax effect accounting

Breakdown of major factors that caused deferred tax assets and liabilities (Millions of yen)

Deferred tax assets	
Bad debts expenses	15,872
Allowance for doubtful accounts	981
Provision for loss on guarantees	3,365
Provision for loss on interest repayment	83,211
Asset adjustment	1,524
Accrued bonuses	683
Accrued directors' retirement benefits	256
Unrecognized accrued interest	1,214
Software	7,397
Deferred assets	781
Deferred consumption taxes	304
Loss on valuation of securities	15,324
Loss on capital contribution to partnership	527
Loss on valuation of stocks of subsidiaries and affiliates	1,375
Loss on valuation of merchandise	202
Impairment loss	281
Business structure improvement expenses	806
Retained loss	88,832
Other	442
Deferred tax assets (subtotal)	223,385
Valuation allowance	(196,893)
Total deferred tax assets	26,491
Deferred tax liabilities	
Valuation difference on available-for-sale securities	1,730
Prepaid pension cost	1,532
Total deferred tax liabilities	3,263
Net deferred tax assets	23,228

6. Notes to Leased Noncurrent Assets

Other than the noncurrent assets recorded on the balance sheet, the Company uses certain vehicles for the loan business and automated teller machines under a non-transfer ownership finance lease contract.

Non-transfer ownership finance lease transactions that commenced prior to March 31, 2008 are recorded by the same method applied to standard lease and rental contracts. Details of these transactions are as follows.

(1) Equivalent amount of acquisition cost, accumulated depreciation and fiscal year-end residual value of leased assets

	Equivalent amount of acquisition cost	Equivalent amount of accumulated depreciation	Year-end residual value
Vehicles	8	7	0
Equipment	232	166	66
Total	241	174	67

(2) Equivalent of year-end balance of future lease payment (Millions of yen)

Within 1 year	41
More than 1 year	26
Total	68

(3) Lease payment, equivalent amount of depreciation and interest expenses

Lease payment	85
Equivalent amount of depreciation	79
Interest expenses	2

## (4) Calculation method for equivalent amount of depreciation

The equivalent amount of depreciation is calculated by the straight-line method, defining the lease term of respective assets as their useful lives, with residual value equaling zero.

## (5) Calculation method for equivalent amount of interest expenses

The equivalent amount of interest expenses is regarded as the difference between the total lease payment and the equivalent amount of the acquisition cost of the lease asset. The method of calculating the portion of the interest expenses for each fiscal year is based on the interest method.

## 7. Notes to Transactions between Related Parties

## (1) Directors and major individual shareholders, etc.

(Millions of Yen)

Type	Name	Location	Paid-in Capital	Business outline or Occupation	Ratio of voting rights holding (held)
Director	Kyosuke Kinoshita	-	-	Chairman of the Company and also chief director of The Institute for Research on Household Economics	-
Company owned by the directors and their close relative holding the majority of ratio of voting rights (including its subsidiaries)	Maruito Shokusan Co., Ltd.	Naniwa-ku, Osaka City	68	Management of land, buildings, as well as trading, leasing, and mediation	Direct (17.45%) Indirect (2.47%)
	JLA CO., LTD.	Chiyoda-ku, Tokyo	100	Real estate related, interior design, construction of service outlets, and maintenance of buildings and other properties	Direct (14.9%)

(Millions of Yen)

Type	Name	Relationship	Summary of transactions	Amount of transaction	Item	Outstanding amount at the end of the fiscal year
Director	Kyosuke Kinoshita	-	Donation	140	-	-
Company owned by the directors and their close relative holding the majority of ratio of voting rights (including its subsidiaries)	Maruito Shokusan Co., Ltd.	Rental of real estates	Payment of rents	215	Guarantee deposits	184
	JLA CO., LTD.	Interior design and construction of service outlets	Purchase equipment and payment of expenses	2,462	Accounts payable	1,308
					Accrued expenses	129
	JLA CO., LTD.	Rental of real estates	Payment of rents	452	-	-
Payment of lease and guarantee deposits			Payment: 18	Guarantee deposits	346	

(Notes) 1. Above transaction amounts do not include consumption tax, etc.

2. Terms and conditions of transactions and their policies

- (1) The Institute for Research on Household Economics conducts research on household economy. The Company determines the terms and conditions of transactions by comprehensively considering the Institute's business plans and business performance.
- (2) Rents for the real estate of Maruito Shokusan Co., Ltd are determined by biennial negotiation with the Company, with reference to local market rates.
- (3) Transactions with JLA CO., LTD are determined through negotiations with reference to the prevailing market rates.

## (2) Subsidiaries

(Millions of Yen)

Type	Name	Location	Paid-in Capital	Business outline	Ratio of voting rights holding (held)
Subsidiaries	AFRESH CREDIT CO., LTD.	Chiyoda-ku, Tokyo	500	Installment sales finance business	Direct (100%)
	EASY BUY Public Company Limited	Bangkok, the Kingdom of Thailand	200,000 (Thousands of Baht)	Unsecured loan business and hire purchase business	Direct (49%)

(Millions of Yen)

Type	Name	Relationship	Summary of transactions	Amount of transaction	Subject	Outstanding amount at the end of the fiscal year
Subsidiaries	AFRESH CREDIT CO., LTD.	Financial assistance	Loan of funds	Loans 5,700 Collection 9,200	Long-term loans payable to affiliates	18,000
			Interest received	467	Income in advance	22
	EASY BUY Public Company Limited	Guarantee of liabilities	Loan guarantee fees receivables	114	Accrued income	9
			Outstanding guarantee obligation	57,658	Income in advance	4

(Note) Terms and conditions of transactions and their policies

- Interest rates on loans to AFRESH CREDIT CO., LTD are reasonably determined in consideration of the money market rates.
- The commission rate on the debt guarantee, associated with the borrowings of EASY BUY Public Company Limited from banks is determined on similar terms and conditions applied to general transactions, in consideration of the prevailing market rates.
- DC Cash One Ltd. was absorbed by the Company on May 1, 2009. Transferred assets and liabilities from the company are described in the "Business combinations" section.

## (3) Companies etc. with the same parent company

(Millions of Yen)

Type	Name	Location	Paid-in Capital	Business outline	Ratio of voting rights holding (held)
Companies of the same parent company	Mitsubishi UFJ Trust and Banking Corporation	Chiyoda-ku, Tokyo	324,279	Trust banking business	Direct (2.01 %)
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Chiyoda-ku, Tokyo	1,711,958	Banking business	-
	Mitsubishi UFJ Securities Co., Ltd.	Chiyoda-ku, Tokyo	65,518	Securities business	Direct (0.00 %)

(Millions of Yen)

Type	Name	Relationship	Summary of transactions	Amount of transaction	Subject	Outstanding amount at the end of the fiscal year
Companies of the same parent company	Mitsubishi UFJ Trust and Banking Corporation	Borrowing	Borrowing of the capital	Borrowing 66,080	Current portion of long-term loans payable	39,920
				Repayment 39,580	Long-term loans payable	121,608
			Payment of interest	3,769	Prepaid expenses	121
					Accrued expenses	304
			Assignment of accounts receivable-operating loans for the borrowings from the bank	7,798	-	-
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Borrowing	Borrowing of the capital	Borrowing 57,250	Current portion of long-term loans payable	17,300
				Repayment 6,250	Long-term loans payable	48,100
			Payment of interest	1,433	Accrued expenses	124
		Debt guarantee	Credit guarantee fees for unsecured loan of the Company the bank received	6,496	Accrued income	1,220
					Outstanding guarantee obligation	219,538
	Mitsubishi UFJ Securities Co., Ltd.	Repurchase agreement transaction	Repurchase agreement transaction	Purchase 104,954 Sale 94,959	Short-term loans receivable	9,994
			Interest received	3	-	-

(Note) Terms and conditions of the transaction and its policies

- Interest rates of the borrowing by Mitsubishi UFJ Trust and Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd. are the money market rates.

2. Guarantee commission rates on the debt guarantees for consumer loan by The Bank of Tokyo-Mitsubishi UFJ, Ltd. is determined after negotiation by taking the market of guarantee commission into consideration.
3. Interest rates on the repurchase agreements with Mitsubishi UFJ Securities Co., Ltd. are the money market rates. Mitsubishi UFJ Securities Co., Ltd. changed its name to Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. on May 1, 2010.

#### 8. Notes to Per Share Information

(1) Net assets per share	2,723.05 yen
(2) Net loss per share	64.15 yen

#### 9. Other

Figures less than one million yen are rounded down to the nearest one million yen.