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(Appendix)

Business Report

(April 1, 2010 - March 31, 2011)

1. Overview of Consolidated Business Activities

(1) Developments and Results of Business Activities

During this consolidated fiscal year ended March 31, 2011, Japanese economy turned into recovery phase reflecting recovery in export and production and improving corporate profits. However, it is still in severe condition due to employment condition and deflation.

The consumer finance industry has strengthened the business management. It was urged to revise and improve efficiency of business earning structure, reacting to introduction of cap on total borrowing amount due to full enactment of Money Lending Business Act and requests for interest repayment.

The Great East Japan Earthquake which struck Japan in March, 2011 not only damaged the directly stricken areas, but also tremendously affects economic activities all over Japan with additional problems of electric power supply resulting from nuclear power plants incidents.

The Company immediately established headquarters for disaster control after occurrence of the Great East Japan Earthquake. It swiftly devises and takes measures for customers and outlet management such as gathering damage information. We will continue to react promptly to aid stricken customers as we recognize the damages done to them.

The Group set new management vision of “aiming to become the leading company that gives prime satisfactions to as many customers as possible and trusted in the consumer loan market.” In domestic region, the Group mainly promoted the operations in loan, credit guarantee, and loan servicing business. In overseas region, the Group also promoted operations in loan business in the Kingdom of Thailand and banking business in Republic of Indonesia.

Furthermore, the Group focused on key issues. These include not only taking precise measures in response to the revised Money Lending Business Act and relevant laws but also strengthening the Group's business foundation and earning base, promoting cost structure reform, transforming the business model to center on the loan business and promoting the alliance with the MUFG Group.

As described earlier, the fiscal year under review saw a tough business environment, therefore consolidated operating revenue for this fiscal year declined by 32,964 million yen, compared to the prior fiscal year, to 245,831 million yen (down 11.8% year-on-year), primarily due to a decrease in interest on consumer loans.

Meanwhile, operating expenses increased by 157,885 million yen from the prior fiscal year to 430,617 million yen (up 57.9% year-on-year), although partly offset by a decrease in provision of allowance for doubtful accounts and general administrative expenses, principally as the Group posted a provision for loss on interest repayment of 243,456 million yen in anticipation of a rise in future loss on interest repayments. As a result, the Group posted an operating loss of 184,785 million yen and an ordinary loss of 183,506 million yen.

In addition, the Group posted an extraordinary loss of 16,740 million yen, chiefly comprising a loss on valuation of stocks of parent company, loss on valuation of investment securities, loss on adjustment for changes of accounting standard for asset retirement obligations, etc. As a result, it recorded a net loss of 202,648 million yen for the fiscal year under review.

Details of main financial service businesses are as follows:

1) Loan business and Credit card business

In the loan business, the Group has focused on extensive preparations to response to the full-scale enforcement of the Money Lending Business Act, revised on June 18, 2010, concurrently with an emphasis on the reform of our sales business models to improve credit screening model and management method for loan portfolio, and increase new customers. As a part of value-added service to loan

customers, the Company issued credit card.

For the response to the full-scale enforcement of the Money Lending Business Act, the Company changed the computer system and operations in loan business. The Company also tried to reduce the burden of the customers who cannot make new borrowings due to the revised act. The Company offered the reduction of each payment amounts and extension of each payment date if needed.

Requests for interest repayment that has direct impact on revenue decreased in the first half. However, it increased again and stayed at high level due to the large consumer finance company that filed for bankruptcy.

As a result, during the fiscal year under review, the business segment's operating revenue was 184,272 million yen, but the segment made an operating loss of 196,975 million yen as it posted a provision for loss on interest repayment of 243,456 million yen.

2) Guarantee business

The Company strengthened cooperation with existing business partners and stepped taken to find new business partners. During this fiscal year under review, the Company newly commenced guarantee business for consumer loan provided by The Iyo Bank, Ltd. in July 2010 and The Daisan Bank, Ltd in November, 2010.

Moreover, the company succeeded a part of unsecured card loan guarantee business of Mitsubishi UFJ NICOS Co., Ltd. ("MUN") by means of a company split as part of the business reorganization within the MUFG Group. Consequently, the Company has conducted the succeeded business since October 2010.

As a result, the business segment's operating revenue and operating income for the fiscal year under review were 22,461 million yen and 5,808 million yen, respectively.

3) Loan servicing business

In a tough business environment for the loan servicing industry in general, IR Loan Servicing, Inc. which operates servicing business, worked to maximize the synergy effect to improve the collection capability function within the Group. It also worked to reduce its holdings of purchased claims secured by real estate, to strengthen purchase and collection capability, and to strengthen efficiency and revenue basis.

As a result, the business segment's operating revenue and operating income for the fiscal year under review were 8,966 million yen and 552 million yen, respectively.

To improve the efficiency of its Group assets and strengthen the financial foundations of its subsidiaries, IR Loan Servicing, Inc. merged A B PARTNER CO., LTD., a subsidiary of the Company, by absorption-type merger in August 2010.

4) Financial business conducted overseas

EASY BUY Public Company Limited, which mainly operates loan business in the Kingdom of Thailand, was anxious about an increase in non-performing loan due to the political instability. However, based on sound credit screening measures, it maintained the quality of its loan portfolio and proactively undertook other sales activities.

PT. Bank Nusantara Parahyangan, Tbk., a bank in the Republic of Indonesia that the Company is running as a joint venture with The Bank of Tokyo-Mitsubishi UFJ, Ltd., has assiduously worked on the improvement and expansion of its risk management and compliance systems, as well as implemented various measures to expand its market, with a vision to become a nationwide bank that focuses on retail banking.

As a result, the segment's operating revenue and operating income were 25,801 million yen and 4,018 million yen, respectively.

(2) Transfer of Rights and Obligations of Other Companies by Absorption-type Merger (kyushu-gappei) or Absorption-type Demerger

- 1) As of October 1, 2010, the Company succeeded a part of unsecured card loan guarantee business of MUN by the company split.
- 2) The Company's consolidated subsidiary A B PARTNER CO., LTD. was merged into IR Loan Servicing, Inc., another consolidated subsidiary of the Company, as of August 1, 2010.

(3) Capital Investment, etc.

The total amount spent on capital expenditure for the fiscal year under review was 2,083 million yen, including 1,010 million yen in asset retirement obligations. Segmental capital expenditure is as follows:

1) Loan business and credit card business

The total amount spent on capital expenditure for the fiscal year under review was 597 million yen, primarily for the replacement of automatic contract machines and steps taken to improve aged and deteriorated advertising signs and billboards.

There was no major disposal or sale of important equipment to report.

2) Guarantee business

During the fiscal year under review, there was no major capital investment or disposal or sale of important equipment to report.

3) Loan servicing business

During the fiscal year under review, there was no major capital investment or disposal or sale of important equipment to report.

4) Financial business conducted overseas

The total amount spent on capital expenditure for the fiscal year under review was 351 million yen. Major capital investments include an expenditure of 213 million yen for the building of new operating offices and interior finish work associated with office relocation by EASY BUY Public Company Limited and an expenditure of 138 million yen for the purchase of office appliances by PT. Bank Nusantara Parahyangan, Tbk.

There was no disposal or sale of important equipment to report.

5) Other

The total amount spent on capital expenditure for the fiscal year under review was 101 million yen. The expenditure was primarily for renewal of air-conditioning equipment in the Company's Computer Center.

There was no disposal or sale of important equipment to report.

(4) Financing

1) The Company has issued the Domestic Unsecured Straight Bonds for Part of repayment of long-term loans payable and for redemption of bonds as follows:

April 2010	56th Straight Bond	20 billion yen
September 2010	57th Straight Bond	10 billion yen

2) To fund part of the repayment of long-term loans payable, the Company raised 22 billion yen through the liquidation of claims in March 2011.

3) On October 27, 2010, the Group's subsidiary PT. Bank Nusantara Parahyangan, Tbk. raised capital of 99,900 million rupiah through a rights issue.

(5) Issues to be Addressed

The Group aims to step up compliance while enhancing efficiency through the radical reform of its cost structure in order to respond properly to the changes in our operating environment.

We will aggressively focus on measures such as enhancement of service capability, construction of new loan business model fit after the full enactment of revised Money Lending Business Act, and expansion of guarantee business, etc. in order to secure long-term stable profit and establishment of business foundation for future growth.

(6) Changes in Assets and Income of the Company

(Millions of yen, except otherwise stated)

Item	31st fiscal year ended March 31, 2008	32nd fiscal year ended March 31, 2009	33rd fiscal year ended March 31, 2010	34th fiscal year ended March 31, 2011
Operating revenue	379,706	324,396	278,795	245,831
Ordinary income	83,120	32,648	7,917	(183,506)
Net income	35,406	13,662	(7,239)	(202,648)
Net income per share (yen)	225.24	86.91	(46.18)	(1,293.54)
Total assets	1,861,505	1,605,567	1,482,520	1,302,758
Net assets	472,144	452,406	439,269	243,599
Net assets per share (yen)	2,950.01	2,831.36	2,773.59	1,516.95
Loans receivable of consumer loans at fiscal year-end	1,480,917	1,316,166	1,173,545	972,329
Accounts receivable-installment at fiscal year-end	80,922	68,027	58,404	43,951
Capital adequacy ratio (%)	24.91	27.72	29.31	18.24

(Note) Net income per share is calculated based on the average number of shares issued during each fiscal year.
Net assets per share are calculated based on the total number of shares issued as of the end of each fiscal year.

(7) Principal Parent Company and Subsidiaries

1) Relationship with the parent company

Name	Number of shares (Thousand)	Parent company's percentage of voting rights (%)	Remarks
Mitsubishi UFJ Financial Group, Inc.	62,954 (4,082)	40.18 (2.60)	Conclusion of business management agreement Conclusion of business and capital alliance agreement

(Note) The numbers in parentheses in the "Number of shares" and "Parent company's percentage of voting rights" represent the included number of shares indirectly held and the percentage of voting rights indirectly held, respectively.

2) Principal subsidiaries

Subsidiaries with capital exceeding 100 million yen are as follows:

Company name	Capital (Millions of yen)	The Company's percentage of voting rights (%)	Main business
IR Loan Servicing, Inc.	520	100	Loan servicing business
AFRESH CREDIT CO., LTD.	500	100	Installment sales finance business
EASY BUY Public Company Limited	200,000 (Thousands of Thai baht)	49	Unsecured loan business and hire purchase business (installment sales finance business)
PT. Bank Nusantara Parahyangan, Tbk.	2,082 (100 millions of rupiah)	60.31	Banking business
ACOM (U.S.A.) INC.	34,000 (Thousands of US dollars)	100	-

- (Notes)
1. The Company's consolidated subsidiary A B PARTNER CO., LTD. was merged into IR Loan Servicing, Inc., another consolidated subsidiary of the Company, as of August 1, 2010.
 2. The installment sales finance business conducted by AFRESH CREDIT CO., LTD. has suspended acceptance of new contracts as the company is preparing for withdrawal from the business.
 3. ACOM (U.S.A.) INC. is currently suspending its operation.
 4. PT. Bank Nusantara Parahyangan, Tbk. raised its capital through a rights issue on October 27, 2010 to 208,200 million rupiah. As a result, the Company's percentage of voting rights became 60.31%.

(8) Principal Businesses (as of March 31, 2011)

The principal business activity of the Group is financial services, including loan, guarantee, loan servicing, credit card, installment sales finance and banking businesses.

(9) Principal Offices (as of March 31, 2011)

1) Head office: 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo

2) Business outlets

	Loan business outlets	1,141
	Staffed outlets	39
	Unstaffed outlets	1,102
	MUJINKUN corners	1,141 locations (1,148)

(Notes) 1. "Unstaffed outlets" of the loan business outlets represent outlets with automatic contract machines (MUJINKUN corners).

2. In addition to the above staffed and unstaffed outlets, 7 cash dispensers/automated teller machines and 1 local service center are registered as outlets, pursuant to the Money Lending Business Act.

3. Decrease in the number of business outlets (staffed outlets decreased by 6 outlets and unstaffed outlets decreased by 206 outlets compared to the end of the prior fiscal year) is due to implementation of cost structure reform as a part of Strengthening Business Management Policy resolved at the Board of Directors meeting held on November 5, 2009 and other factors.

4. The following are the numbers of cash dispensers/automated teller machines:

	ATMs and CDs	50,593
	Proprietary	1,201
	Tie-up	49,392
	Machines used for settlement under agency agreements	8,973

3) Principal offices of the subsidiaries

Name	Location	Name	Location
IR Loan Servicing, Inc.	Chiyoda-ku, Tokyo	EASY BUY Public Company Limited	Bangkok, Kingdom of Thailand
AFRESH CREDIT CO., LTD.	Chiyoda-ku, Tokyo	PT. Bank Nusantara Parahyangan, Tbk.	Bandung, Republic of Indonesia
AC Ventures Co., Ltd.	Chiyoda-ku, Tokyo	ACOM (U.S.A.) INC.	Delaware, the United States

(Note) Investment partnerships and special purpose companies have been omitted.

(10) Employees (as of March 31, 2011)

1) Number of employees of the consolidated group

Category	Number of employees
Loan business and credit card business	1,502 (160)
Guarantee business	106 (34)
Loan servicing business	185 (7)
Financial business conducted overseas	3,435 (7)
Other businesses	75 (24)
Company-wide (common)	268 (0)
Total	5,571 (232)

(Notes) 1. The number of employees represents the number of employees at work, including 842 temporary workers.

2. The figure in parentheses in the "Number of employees" is the annual average number of temporary employees. (In case of calculation based on working hours being eight hours a day, the annual average number of temporary employees is 211.)

3. The number of employees in the "Company-wide (common)" is the number of employees belonging to the administration departments of the Head Office and thus do not fall into any business segment.

2) Employees of the Company

Category	Number of employees	Year-on-year increase (decrease)	Average age	Average length of service
Male	1,342	(460)	40 years and 8 months	16 years and 0 months
Female	534	(274)	35 years and 0 month	10 years and 1 month
Total	1,876	(734)	39 years and 0 month	14 years and 4 months

- (Notes) 1. The above number of employees does not include the number of employees transferred to subsidiaries (199) and the number of temporary employees (average number of temporary employees during the fiscal year under review is 194, but 176 in calculation based on working hours being eight hours a day).
2. The total number of employees fell by 734 from the prior fiscal year after the Company solicited voluntary retirements as part of its Strengthening Business Management Policy.

(11) Major Creditors (as of March 31, 2011)

Creditor	Amount borrowed (Millions of yen)
Mitsubishi UFJ Trust and Banking Corporation	156,528
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	60,900
Meiji Yasuda Life Insurance Company	32,584
Aozora Bank, Ltd.	23,419
Shinkin Central Bank	15,147
Shinsei Bank, Limited	14,942

2. Matters concerning Shares of the Company (as of March 31, 2011)

(1) Shares

Total number of shares authorized to be issued	Total number of shares issued	Number of shareholders
532,197,400	159,628,280	13,200

(2) Major Shareholders (Top 10)

Shareholder name	Number of shares held (Thousand)	Percentage of ownership (%)
Mitsubishi UFJ Financial Group, Inc.	58,872	37.5
Maruito Shokusan Co., Ltd.	27,346	17.4
Maruito Co., Ltd.	12,553	8.0
Kinoshita Memorial Foundation	9,219	5.8
Maruito Shoten Co., Ltd.	3,873	2.4
Kyosuke Kinoshita	3,240	2.0
Shigeyoshi Kinoshita	3,220	2.0
Mitsubishi UFJ Trust and Banking Corporation	3,157	2.0
NOBUKA Co., Ltd.	3,000	1.9
Japan Trustee Service Bank, Ltd. (Trust account 4)	2,654	1.6

- (Notes)
1. For the number of shares held, the amount is rounded down to the nearest thousand.
 2. The Company holds 2,966,693 shares of treasury stock but is excluded from the list of major shareholders above.
 3. The percentage of ownership is calculated excluding treasury stock.

3. Matters concerning the Stock Acquisition Rights, etc.

(1) Stock acquisition rights held by the Directors and Company Auditors of the Company and issued in consideration of their execution of duties

None applicable.

(2) Stock acquisition rights issued to employees, etc. in consideration of their execution of duties during this fiscal year

None applicable.

4. Matters concerning Directors and Company Auditors of the Company

(1) Directors and Company Auditors (as of March 31, 2011)

Position	Name	Responsibility within the Company and significant concurrent positions
Deputy Chairman	Yuji Ohashi	In charge of Internal Audit Department
Chairman, President & CEO	Shigeyoshi Kinoshita	Chief Executive Officer Chairman of Japan Consumer Finance Association
Senior Managing Director	Shigeru Akaki	Senior Executive Managing Officer (In charge of System Development & Administration Department and General Affairs Department)
Managing Director	Satoru Tomimatsu	Executive Managing Officer Head of Credit Business Promotion Division (In charge of Credit Marketing Department, East Japan Division, West Japan Division, Credit Business Management Department and Compliance for Credit Business Promotion Office)
Managing Director	Kiyoshi Tachiki	Executive Managing Officer (In charge of Corporate Planning Department, Business Process Planning Department and Public Relations Department)
Managing Director	Shozo Tanaka	Executive Managing Officer Head of Credit Supervision Division (In charge of Credit Supervision Department. I, Credit Supervision Department. II and Compliance for Credit Supervision Office) Director of IR Loan Servicing, Inc.
Managing Director	Shigeru Sato	Executive Managing Officer (In charge of Treasury Department and Human Resources Department) President, ACOM Health Insurance Society
Managing Director	Masahiko Shinshita	Executive Managing Officer (In charge of Overseas Business Development Department and Guarantee Business Department) Chief General Manager of Overseas Business Development Department Director and Chairman of EASY BUY Public Company Limited
Managing Director	Tatsuo Taki	Executive Managing Officer (In charge of Customer Relations Department, Compliance Department and Corporate Management Department) Director of AFRESH CREDIT CO., LTD.
Full-time Company Auditor	Tatsuaki Murata	
Full-time Company Auditor	Satoshi Ito	
Full-time Company Auditor	Minoru Ikeda	
Company Auditor	Norikatsu Takahashi	Attorney at law (Representative of Hokusei Law Firm)

(Notes) 1. Executive officers who do not hold concurrent positions as Directors are as follows:

Executive Officer	Etsuro Tabuchi	Executive Officer	Kazuo Fukumoto
Executive Officer	Teruyuki Sagehashi		

2. Of the Executive officers not holding concurrent positions as Directors, Mr. Tsukasa Ashizuka and Mr. Akihiko Hyodo retired during the fiscal year under review.
3. Company Auditor Satoshi Ito, Minoru Ikeda and Norikatsu Takahashi are Outside Company Auditors.
4. Company Auditor Tatsuaki Murata has held the positions of Chief General Manager of Accounting Dept. and Director and Chief General Manager of Accounting Dept. of the Company, possessing sufficient knowledge regarding finance and accounting.
5. The Company designated Company Auditor Norikatsu Takahashi as an independent director/auditor as required by the rules of the Tokyo Stock Exchange, and reported it to the Exchange.

(2) Directors Who Retired during the Fiscal Year under Review

Name	Date of retirement	Reason for retirement	Position, responsibility within the Company and significant concurrent positions at the time of retirement
Kyosuke Kinoshita	June 24, 2010	Expiration of term	Chairman President of The Institute for Research on Household Economics President of Kinoshita Memorial Foundation
Osamu Moriya	June 24, 2010	Expiration of term	Managing Director Executive Managing Officer (In charge of Customer Relations Department and Compliance Department)
Kyota Omori	December 16, 2010	Resignation	Director Director of Mitsubishi UFJ Financial Group, Inc.

(3) Total Amount of Compensation to Directors and Company Auditors

Category	Number of recipients	Amount paid (Thousands of yen)
Directors	12	249,558
Company Auditors	4	66,750
Total	16	316,308

- (Notes)
1. At the 29th Ordinary General Meeting of Shareholders held on June 22, 2006, it was resolved that compensation paid to Directors per year shall be no more than 420 million yen.
 2. At the 26th Ordinary General Meeting of Shareholders held on June 27, 2003, it was resolved that compensation paid to Company Auditors per month shall be no more than 8 million yen.
 3. There is no employee-director.
 4. The number of directors at the end of the fiscal year under review was nine. The reason for the discrepancy between this number and the above compensation recipients is that the latter number includes two Directors who retired due to the expiration of their terms of office at the close of the 33rd Ordinary General Meeting of Shareholders held on June 24, 2010 and one Director who resigned his post on December 16, 2010.
 5. Total amount of compensation paid to Outside Company Auditors was 45,248 thousand yen (three persons).

(4) Matters concerning Outside Directors and Outside Company Auditors

- 1) Concurrent positions held by Outside Company Auditors (In case of being in the position to perform business or outside director/company auditor of other companies)

Name	Concurrent position at another company
Norikatsu Takahashi	Representative of Hokusei Law Firm

(Note) No conflict of interest exists between the Company and Hokusei Law Firm.

2) Major activities of Outside Company Auditor during this fiscal year

Name	Position	Major activities
Satoshi Ito	Outside Company Auditor	He attended all 19 Board of Directors meetings held during the fiscal year under review and made proposals from a fair standpoint. He also attended all 13 Board of Company Auditors meetings held during the fiscal year under review and actively made proposals to ensure the validity and fairness of matters resolved by the Board of Company Auditors. In addition, he maintained active cooperation with accounting auditors and the internal audit department, etc.
Minoru Ikeda	Outside Company Auditor	He attended all 19 Board of Directors meetings held during the fiscal year under review and made proposals on the basis of his broad knowledge and insight cultivated mainly through research studies on consumer lifestyles. He also attended all 13 Board of Company Auditors meetings held during the fiscal year under review and actively made proposals to ensure the validity and fairness of matters resolved by the Board of Company Auditors. In addition, he maintained active cooperation with accounting auditor and the internal audit department, etc.
Norikatsu Takahashi	Outside Company Auditor	He attended 18 out of 19 Board of Directors meetings held during the fiscal year under review, and made proposals from a fair and technical standpoint as an attorney at law. He also attended all 13 Board of Company Auditors meetings held during the fiscal year under review and actively made proposals to ensure the validity and fairness of matters resolved by the Board of Company Auditors. In addition, he maintained active cooperation with accounting auditors and the internal audit department, etc.

3) Summary of limited liability agreement

Based on the provisions in Article 427, paragraph 1 of the Companies Act, the Company has concluded a limited liability agreement under Article 423, Paragraph 1 of the Companies Act with each Outside Company Auditor. In addition, liability for damage under such agreement will be limited to the minimum amount stipulated in the law.

5. Accounting Auditor

(1) Name of the Accounting Auditor

Deloitte Touche Tohmatsu LLC

(2) Amount of Compensation to Accounting Auditor for the Fiscal Year under Review

- | | |
|---|----------------------|
| 1) Compensation to the accounting auditor for the fiscal year under review | 110,000 thousand yen |
| 2) Total amount of monetary and other financial benefits payable to the accounting auditor by the Company and its consolidated subsidiaries | 135,800 thousand yen |

- (Notes)
1. The audit agreement entered into by the Company and the accounting auditor does not clearly distinguish the amount of compensation for audits prescribed in the Companies Act and those prescribed in the Financial Instruments and Exchange Act, and practically it cannot be distinguished. Therefore, 1) above shows the total amount of such compensation.
 2. Among the Company's principle subsidiaries, EASY BUY Public Company limited and PT. Bank Nusantara Parahyangan, Tbk. have been subject to statutory audit by accounting auditors other than the Company's accounting auditor.

(3) Policy on Determination of Dismissal or Non-Reappointment of the Accounting Auditor

In case the Board of Directors determines that the accounting auditor has difficulty in appropriate execution of duties, or dismissal or non-reappointment of the accounting auditor is appropriate, the Board of Directors will, subject to approval of, or by request of the Board of Company Auditors, make it an item on the agenda for the General Meeting of Shareholders to dismiss or not to reappoint the accounting auditor.

In case the Board of Company Auditors determines that the accounting auditor falls under the provisions specified in each item, Paragraph 1, Article 340 of the Companies Act, the Board of Company Auditors shall dismiss the accounting auditor conditional upon its unanimous approval. In this instance, details of the dismissal including reasons for it shall be reported by the Company Auditor selected by the Board of Company Auditors at the General Meeting of Shareholders held immediately after the dismissal.

6. The Company's System and Policy

(1) System to ensure that execution of duties by the Directors complies with the laws, regulations and the Articles of Incorporation of the Company and any other systems to ensure proper execution of business

- 1) System to ensure that execution of duties by the Directors and employees complies with laws, regulations and the Articles of Incorporation of the Company
 - (a) The Company regards compliance as the highest priority in the corporate management, and establishes the ACOM Group Code of Ethics and Code of Conduct, while developing the rules for compliance and various internal rules and making employees fully aware of them.
 - (b) The President & CEO of the Company is committed to taking leadership in acting in accordance with the ACOM Group Code of Ethics and the Code of Conduct in order to create a corporate culture that emphasizes compliance.
 - (c) The Company establishes a committee on compliance, personnel and departments with across-the-board responsibilities for compliance, and a department which exclusively conducts verifications and assistance for compliance in major departments. In addition, personnel responsible for promoting compliance and personnel in charge of compliance are placed in each department.
 - (d) The Company formulates and promotes compliance initiatives based on company-wide and division/department-specific compliance plans, while managing its progress.
 - (e) The Company establishes contact points for reporting and inquiry by employees concerning the act of violations or possible violations of compliance in order to prevent, detect early and correct misconduct. Based on the rules for protecting whistleblowers, the Company will make efforts to protect employees who made such report or advice.
 - (f) In accordance with the basic policy and related rules with respect to antisocial forces, the Company develops a system to prevent relations with antisocial forces and ensure appropriate business operations.
 - (g) In accordance with the Group's basic policy and related rules for the internal control over financial reporting, the Company develops a system to ensure the accuracy and reliability of financial reporting. The Company also establishes a system to disclose financial information by setting up a committee on disclosure of financial information.
 - (h) The Company establishes an internal audit department and ensures its independence and specialties. It also develops an internal audit system in accordance with the rules on internal audit. The internal audit division verifies and evaluates the appropriateness and effectiveness of internal controls, reports the results to the Board of Directors and Company Auditors, and provides information, advice and recommendations to related departments.
- 2) System concerning storage and management of information on the execution of duties by Directors
 - (a) In accordance with the rules for confidential information management and related rules, the Company establishes procedures for managing documents related to the execution of duties by the Directors (including electromagnetic records), stores and manages such information in an appropriate manner, ensuring that such documents are available for inspection by directors when necessary.
 - (b) In order to maintain the appropriateness of information storage and management, the Company appoints personnel responsible for information security management, determines the roles of respective organizations, officers and employees, and stores and manages information in a systematic manner. The Company regularly verifies the status of information storage and management.
- 3) Rules concerning loss risk management and other systems
 - (a) The Company establishes a system for proper and efficient risk management in accordance with the rules for risk management.
 - (b) In order to manage risks in an integrated manner, the Company establishes a committee on risk management, and personnel and departments with across-the-board responsibilities for risk management. It also establishes departments for risk management by risk category, develops systems for managing each risk, and implements management and operations based on the intensive risk management measures.
 - (c) The internal audit department audits the status of risk management in each department and reports

- the results to the Board of Directors and Company Auditors.
- (d) The Company establishes a system to minimize economic losses and loss of credibility and to continue or swiftly resume business operations in cases where risks that may have significant internal or external impacts arise.
- 4) System to ensure efficient execution of duties by the Directors
- (a) The Company formulates management policies and management plans and carries out business management based on appropriate methods.
- (b) The Company establishes the Executive Officer's meeting and various committees so as to conduct decision making concerning the execution of duties delegated from the Board of Directors and prior deliberations on matters to be discussed in the meetings of the Board of the Directors.
- (c) The Company introduces an executive officer system and, based on internal rules, determines the division of duties by each organization and the criteria of decision making for each position so as to make decisions more quickly and execute duties more efficiently.
- 5) System to ensure the propriety of business carried out by the group consisting of the Company, parent company and subsidiaries
- (a) While maintaining independence as a publicly-traded company, the Company coordinates with the parent company through reporting or consultation on the Group's business management in accordance with the rules for consultation and reporting with the parent company. The Company also establishes the Group's business management systems in accordance with the parent company's policy for its group management so as to contribute to the appropriate business operations of both of the groups.
- (b) The Company makes the ACOM Group Code of Ethics the entire Group's basic compliance policy. In accordance with the rules for compliance and related rules, the Company provides assistance for the promotion of compliance to subsidiaries, etc. within the Group (hereinafter referred to as "Affiliated Companies").
- (c) The Company holds regular meetings with Affiliated Companies, establishes departments for managing Affiliated Companies, and manages and supports Affiliated Companies in accordance with the rules for management of Affiliated Companies, while respecting the independence of each company.
- (d) The internal audit department implements audits of Affiliated Companies or supports their audits and contributes to development of the internal control systems of Affiliated Companies.
- 6) Matters concerning employees to assist Company Auditors' duties and matters concerning their independence from Directors, in the case where Company Auditors request appointment of such employees
- (a) The Administration for Board of Company Auditors will be established to assist in the Company Auditors' duties, and assistants for Company Auditors will be appointed.
- (b) The number of employees to assist Company Auditors and their requirements will be decided after discussion with the Board of Company Auditors.
- (c) Employees to assist Company Auditors will be exclusively in charge of work that assists Company Auditors, and will not be subject to instructions and orders from the Directors and other operational organizations.
- (d) Assignment, transfer, evaluation and disciplinary action of employees who assist Company Auditors will be decided after discussion with the Board of Company Auditors.
- 7) System for reporting to Company Auditors by the Directors and employees, and other systems for reporting to Company Auditors
- (a) In compliance with laws and regulations and the rules regarding reporting to Company Auditors, the Directors and Chief General Managers of each department will promptly report to Company Auditors such matters as facts which may significantly damage the Company and Affiliated Companies. In addition, they will report matters concerning the execution of duties periodically and when necessary.
- (b) Documents used in the decision making provided for in internal rules will be made available for inspection by Company Auditors promptly after making the decision.
- (c) Company Auditors may ask Directors and employees to report matters other than the above-mentioned ones if needed.

- 8) Other systems to ensure that audits are effectively implemented by Company Auditors
- (a) Directors will ensure a system that allows Company Auditors to: attend the Board of Directors meetings, the Executive Officers' meetings, and other important meetings and committees; and have access to the important documents concerning the execution of duties, such as statutory documents.
 - (b) Directors will have regular meetings with the Board of Company Auditors to exchange opinions on issues with which the Company should deal, issues concerning the execution of duties, and primary issues on audits. They will also take actions regarding the matters that the Board of Company Auditors deems necessary to be addressed.
 - (c) Directors and employees will esteem the rules of the Board of Company Auditors and other rules, including audit policies, and cooperate with Company Auditors for inspection and consultation requests.
 - (d) The internal audit department will establish a cooperation system for exchanging information with Company Auditors as needed in order to contribute to ensuring the effectiveness of audits.

(2) Development of internal control system

With regard to the system stated in (1) above, the Company is making efforts to periodically evaluate the status of improvement of the internal control system, take remedial measures as necessary, review the policies to respond to changes in the business environment, etc. and improve the effectiveness of the internal control system.

(3) Basic policy concerning control of the Company

Although the Company has not specifically defined a basic policy concerning the persons who take control of decisions on financial and business policies, under the present legal system, it has conducted research and surveys on possible countermeasures against mergers and acquisitions that could lower corporate assets and shareholder value.

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Consolidated Financial Statements

(April 1, 2010 - March 31, 2011)

Consolidated Balance Sheet

(As of March 31, 2011)

(Millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	1,231,841	Current liabilities	321,727
Cash and deposits	100,074	Accounts payable-trade	221
Loans receivable of consumer loans	972,329	Short-term loans payable	3,375
Loans receivable of banking business	33,405	Current portion of long-term loans payable	168,514
Accounts receivable-installment	43,951	Current portion of bonds payable	81,155
Purchased receivables	11,931	Deposits of banking business	43,200
Short-term investment securities	26,190	Lease obligations	157
Shares of parent company	4,683	Income taxes payable	1,334
Operational investment securities	1,216	Provision for loss on guarantees	8,822
Trading account securities	414	Asset retirement obligations	7
Merchandise	334	Unearned income	2,482
Supplies	72	Other	12,456
Deferred tax assets	27,906	Noncurrent liabilities	737,431
Short-term loans receivable	39,991	Bonds payable	141,489
Other	39,622	Long-term loans payable	302,613
Allowance for doubtful accounts	(70,283)	Lease obligations	561
Noncurrent assets	70,916	Deferred tax liabilities	1,745
Property, plant and equipment	25,952	Provision for retirement benefits	49
Buildings and structures	8,385	Provision for directors' retirement benefits	18
Vehicles	24	Provision for loss on interest repayment	283,300
Equipment	10,277	Asset retirement obligations	4,468
Land	6,529	Other	3,184
Lease assets	736	Total liabilities	1,059,159
Intangible assets	11,451	(Net assets)	
Goodwill	11,381	Shareholders' equity	240,512
Leasehold right	4	Capital stock	63,832
Telephone subscription right	62	Capital surplus	76,010
Other	3	Retained earnings	120,463
Investments and other assets	33,512	Treasury stock	(19,793)
Investment securities	18,895	Accumulated other comprehensive income	(2,865)
Deferred tax assets	444	Valuation difference on available-for-sale securities	1,235
Guarantee deposits	6,874	Foreign currency translation adjustments	(4,100)
Prepaid pension cost	3,237	Minority interests	5,951
Other	5,147	Total net assets	243,599
Allowance for doubtful accounts	(1,086)	Total liabilities and net assets	1,302,758
Total assets	1,302,758		

Consolidated Statement of Income

(April 1, 2010 - March 31, 2011)

(Millions of yen)

Description	Amount	
Operating revenue		245,831
Interest on consumer loans	192,654	
Interest on loans of banking business	3,464	
Credit card revenue	2,893	
Per-item revenue	2,926	
Revenue from credit guarantee	20,477	
Collection from purchased receivable	8,278	
Other financial revenue	1,034	
Other operating revenue	14,101	
Operating expenses		430,617
Financial expenses	22,534	
Cost of purchased receivable	3,401	
Other operating expenses	404,681	
Operating loss		184,785
Non-operating income		1,369
Interest income	269	
Dividend income	371	
Equity in earnings of affiliates	19	
House rent income	304	
Other	405	
Non-operating expenses		90
Interest expenses	6	
Loss on investments in partnership	26	
Loss on insurance cancellation	24	
Loss on abandonment of supplies	11	
Other	23	
Ordinary loss		183,506
Extraordinary income		608
Gain on sales of noncurrent assets	219	
Gain on sales of investment securities	345	
Other	43	
Extraordinary loss		16,740
Loss on sales of noncurrent assets	27	
Loss on retirement of noncurrent assets	179	
Impairment loss	381	
Loss on valuation of stocks of parent company	5,481	
Loss on sales of investment securities	255	
Loss on valuation of investment securities	4,700	
Business structure improvement expenses	1,528	
Loss on adjustment for changes of accounting standard for asset retirement obligations	4,050	
Other	133	
Loss before income taxes and minority interests		199,638
Income taxes-current		2,053
Income taxes-deferred		(530)
Loss before minority interests		201,161
Minority interests in income		1,486
Net loss		202,648

Consolidated Statement of Changes in Shareholders Equity

(April 1, 2010 - March 31, 2011)

(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	323,894	(19,793)	443,944
Changes of items during the period					
Dividends from surplus			(783)		(783)
Net loss			(202,648)		(202,648)
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	(203,431)	(0)	(203,431)
Balance at the end of current period	63,832	76,010	120,463	(19,793)	240,512

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the end of previous period	(6,161)	(3,266)	(9,428)	4,753	439,269
Changes of items during the period					
Dividends from surplus					(783)
Net loss					(202,648)
Purchase of treasury stock					(0)
Net changes of items other than shareholders' equity	7,397	(834)	6,563	1,198	7,761
Total changes of items during the period	7,397	(834)	6,563	1,198	(195,670)
Balance at the end of current period	1,235	(4,100)	(2,865)	5,951	243,599

Notes to the Consolidated Financial Statements

(From April 1, 2010, to March 31, 2011)

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

(1) Matters concerning the scope of consolidation

Number of consolidated subsidiaries: 12

Names of principal consolidated subsidiaries are referred to in “(7) Principal Parent Company and Subsidiaries of 1. Overview of Consolidated Business Activities,” therefore they are omitted here.

A B PARTNER CO., LTD., which had been a consolidated subsidiary until the prior fiscal year, is excluded from consolidated subsidiaries as it was merged into IR Loan Servicing, Inc. as of August 1, 2010.

In addition, MTBC Second Investment Partnership, which had been a consolidated subsidiary until the prior fiscal year, is excluded from consolidated subsidiaries as it went into liquidation effective on December 29, 2010 due to the expiration of the partnership term as specified by the contract of partnership.

(2) Matters concerning application of the equity method

Number of equity-method-affiliate: 1

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

(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)

Held-to-maturity securities

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)

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.

2) Evaluation standards and methods for derivatives

Swap transactions

Market value method

3) Evaluation standards and methods for inventories

Merchandise

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)

Supplies

Mainly at cost, based on the first-in first-out method

4) Depreciation methods for noncurrent assets

Property, plant and equipment (excluding lease assets)

The Company and its domestic consolidated subsidiaries

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 on or prior to March 31, 2008 are recorded 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. (Additional information) The Great East Japan Earthquake of March 11, 2011 will likely raise risks of incurring losses on loans, such as loans receivable of consumer loans, and therefore the Company and its consolidated subsidiaries make additional provision of allowance for doubtful accounts related to the claims on customers who live in disaster-affected areas. These claims are classified by region and business conditions, and then the amount of anticipated uncollectable claims is determined in consideration of the collectability of each group.
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.
Provision for directors' retirement benefits	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 loss on interest repayment	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.
	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 exchange 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) Method and period for amortization of goodwill

Goodwill is amortized by the equal installments method over a period of 10 to 15 years.

11) 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) Change in accounting procedures

<Accounting standard for asset retirement obligations>

The Company adopted “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, issued on March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, issued on March 31, 2008) from the fiscal year under review.

As a result, operating loss and ordinary loss for this fiscal year under review increased by 162 million yen, and loss before income taxes and minority interests increased by 3,719 million yen.

<Accounting standard for equity method of accounting for investments>

The Company adopted “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, issued on March 10, 2008) and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (PITF No. 24, issued on March 10, 2008) from the fiscal year under review.

These changes had no effect on the consolidated financial statements.

<Accounting standard for business combinations>

The Company adopted “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, issued on December 26, 2008), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, issued on December 26, 2008), “Partial Amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23, issued on December 26, 2008), “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, issued on December 26, 2008), “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, issued on December 26, 2008) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, issued on December 26, 2008) from the fiscal year under review.

(5) Changes in disclosure method

<Consolidated Statement of Income >

The Company adopted “Ministerial Ordinance for Partial Amendment of Ordinance for Enforcement of the Companies Act and Ordinance for Corporate Accounting” (Ministry of Justice Ordinance No.7 of 2009, issued on March 27, 2009) in accordance with “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, issued on December 26, 2008) from the fiscal year under review, and “Loss before minority interests” has started to be presented.

From this fiscal year under review, “rent expenses,” which had been separately listed up to the prior fiscal year, is included in “other” in non-operating expenses, since it has accounted for less than 10 percent of the total non-operating expenses.

“Rent expenses” for this fiscal year under review was 9 million yen.

“Loss on insurance cancellation,” 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 insurance cancellation” for the prior fiscal year was 4 million yen.

(6) Additional Information

<Accounting standard for presentation of comprehensive income>

The Company adopted “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, issued on June 30, 2010) from the fiscal year under review.

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	73,613
	[71,273]
Secured obligations	
Current portion of long-term loans payable	7,795
	[5,457]
Long-term loans payable	32,792
	[32,792]

Figures in brackets “[]” represent amounts of receivable concerning liquidation of receivables. Loans receivable of consumer loans of 71,273 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 38,784 million yen

	(Millions of yen)
(3) Guaranteed liabilities	
Outstanding guarantee obligation in the guarantee business	443,460
Outstanding guarantee obligation in the banking business	1,034
Provision for loss on guarantees	8,822
Net	435,672

(4) Cash and deposits include 2,971 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 24, 2010.

Class of shares	Common stock
Total amount of dividends	783 million yen
Dividend per share	5 yen
Record date	March 31, 2010
Effective date	June 25, 2010

2) Dividends whose record date falls in the current fiscal year, but whose effective date comes after March 31, 2011

None applicable.

(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

None applicable.

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.

In addition, all the loans receivable of consumer loans, which are the Group's principal financial assets, are fixed interest rates, and large part of loans payable and bonds, which are the Group's principal financial liabilities, are also fixed interest rates, therefore they have low sensitivity to fluctuations in interest rates. That is why the Group does not conduct a quantitative analysis on the market risk.

With regards to the items of which market values are determined using the market interest rate, if the interest rate as of March 31, 2011 had been 1 basis point (0.01%) lower, the market value of their net

amount (asset side) - relevant financial assets after deduction of financial liabilities - would increase by 95 million yen on the condition that all risk variables other than interest rate are constant. To the contrary, if the interest rate had been higher by 1 basis point (0.01%), the net amount would decrease by 95 million yen.

(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, 2011 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	100,074	100,074	-
2) Loans receivable of consumer loans Allowance for doubtful accounts Provision for loss on interest repayment (Write-off of receivables)	972,329 (53,711) (80,600)		
	838,017	1,040,272	202,254
3) Loans receivable of banking business Allowance for doubtful accounts	33,405 (323)		
	33,081	35,764	2,682
4) Accounts receivable-installment Allowance for doubtful accounts Unearned income	43,951 (4,534) (2,367)		
	37,050	44,248	7,198
5) Purchased receivables Allowance for doubtful accounts	11,931 (2,164)		
	9,767	9,767	-
6) Marketable securities, shares of parent company, trading account securities and investment securities			
(a) Trading securities	414	414	-
(b) Held-to-maturity securities	2,203	2,457	253
(c) Other securities	45,223	45,223	-
7) Short-term loans receivable	39,991	39,992	1
Total assets	1,105,824	1,318,215	212,390
1) Short-term loans payable	3,375	3,375	-
2) Deposits of banking business	43,200	43,200	-
3) Current portion of bonds payable and bonds payable	222,644	217,597	(5,047)
4) Current portion of long-term loans payable and long-term loans payable	471,128	470,394	(734)
Total liabilities	740,348	734,567	(5,781)
Derivative transaction	[651]	[651]	-

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 present 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 21 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	2,203	2,457	253
(b) Corporate	-	-	-
(c) Other	-	-	-
Subtotal	2,203	2,457	253
Market value not greater than book value on the consolidated balance sheet			
(a) Government/municipal	-	-	-
(b) Corporate	-	-	-
(c) Other	-	-	-
Subtotal	-	-	-
Total	2,203	2,457	253

(c) Other securities

Sale value for other securities during the current fiscal year is 900 million yen; the total gain on sales is 345 million yen and loss on sales is 255 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	6,909	3,680	3,229
(b) Bonds			
Government/municipal	54	52	2
Corporate	-	-	-
Other	-	-	-
(c) Other	32	30	1
Subtotal	6,996	3,763	3,233
Acquisition cost greater than book value on the consolidated balance sheet			
(a) Stocks	11,740	12,238	(498)
(b) Bonds			
Government/municipal	-	-	-
Corporate	-	-	-
Other	-	-	-
(c) Other	666	894	(228)
Subtotal	12,406	13,133	(726)
Total	19,403	16,896	2,506

(d) Impaired securities that were written down to their fair values

During the fiscal year under review, the Group reported a loss of 10,182 million yen arising from a

write-down of impaired securities (shares classified as “available-for-sale securities”).

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 present 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 present 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 local-currency. 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	8,872	5,780	(651)	(651)

(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	2,700	2,700	41
		Long-term loans payable Bonds payable	254,486	175,478	(4,142)
Total			257,186	178,178	(4,100)

(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	4,935	2,691	402
Total			4,935	2,691	402

(Note) Currency swap agreements subject to the application of designation transactions 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)	2,319
2) Investments in investment partnerships (*1) (*3)	23
3) Operational investment securities (*1)	1,216
Total	3,559

(*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	100,074	-	-	-	-	-
Loans receivable of consumer loans (*1) (*2)	181,134	164,499	164,832	161,909	160,443	51,785
Loans receivable of banking business	20,145	1,508	2,399	1,840	3,063	4,447
Accounts receivable-installment (*1) (*2)	16,428	8,763	5,834	4,443	3,919	1,158
Marketable securities and Investment securities						
1) Held-to-maturity securities						
Government bond	370	1,104	466	-	-	262
2) Other marketable securities with maturities						
Government bond	-	-	-	-	-	54
Other	25,820	-	-	-	-	-
Short-term loans receivable	39,991	-	-	-	-	-
Total	383,965	175,875	173,532	168,193	167,426	57,706

(*1) Loans receivables of consumer loans and accounts receivable-installment do not include loans with potential defaults whose redemption schedule is unclear (amount: 72,762 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	3,375	-	-	-	-	-
Deposits of banking business	43,200	-	-	-	-	-
Current portion of bonds payable and bonds payable	81,155	88,274	33,215	20,000	-	-
Current portion of long-term loans payable and long-term loans payable	168,514	145,471	97,920	47,264	11,956	-
Lease obligations	157	158	160	161	80	-
Total	296,403	233,903	131,296	67,426	12,036	-

5. Notes to business combinations etc.

<Succession of unsecured card loan guarantee business>

Based on the resolution of the Board of Directors meeting held on August 23, 2010, the Company succeeded a part of the unsecured card loan guarantee business from Mitsubishi UFJ NICOS Co., Ltd. by company split on October 1, 2010. 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
Mitsubishi UFJ NICOS 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 Mitsubishi UFJ NICOS 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: 4,650 million yen
- (3) Amount of goodwill generated, reason thereof, and method and period of amortization
 - 1) Amount of goodwill generated: 4,662 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 10 years
- (4) Outline of the applied accounting method
In accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, issued on December 26, 2008) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ revised Implementation Guideline No. 10, issued on December 26, 2008), 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	109,859 million yen
Provision for loss on guarantees	903 million yen

6. Notes to Per Share Information

Net assets per share	1,516.95 yen
Net loss per share	1,293.54 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, 2010 - March 31, 2011)

Non-consolidated Balance Sheet

(As of March 31, 2011)

(Millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	1,091,894	Current liabilities	259,761
Cash and deposits	89,032	Accounts payable-trade	138
Loans receivable of consumer loans	902,200	Current portion of long-term loans payable	159,153
Accounts receivable-installment	21,625	Current portion of bonds payable	81,155
Short-term investment securities	25,000	Lease obligations	157
Shares of parent company	4,683	Accounts payable-other	1,039
Merchandise	334	Accrued expenses	8,710
Supplies	42	Income taxes payable	211
Prepaid expenses	1,727	Deposits received	233
Deferred tax assets	25,992	Unearned revenue	37
Accrued income	8,853	Provision for loss on guarantees	8,770
Short-term loans receivable	39,991	Asset retirement obligations	7
Current portion of long-term loans receivable from subsidiaries and affiliates	14,897	Other	148
Right to reimbursement	15,128	Noncurrent liabilities	693,017
Other	4,254	Bonds payable	121,685
Allowance for doubtful accounts	(61,870)	Long-term loans payable	281,658
Noncurrent assets	89,168	Lease obligations	561
Property, plant and equipment	24,876	Deferred tax liabilities	1,265
Buildings	6,771	Provision for loss on interest repayment	283,300
Structures	1,399	Asset retirement obligations	4,316
Equipment	9,627	Other	230
Land	6,411	Total liabilities	952,779
Lease assets	666		
Intangible assets	11,446	(Net assets)	
Goodwill	11,381	Shareholders' equity	227,047
Leasehold right	4	Capital stock	63,832
Telephone subscription right	58	Capital surplus	76,010
Other	1	Legal capital surplus	72,322
Investments and other assets	52,846	Other capital surplus	3,687
Investment securities	16,722	Retained earnings	106,998
Stocks of subsidiaries and affiliates	12,248	Legal retained earnings	4,320
Investments in other stocks and securities of subsidiaries and affiliates	2,564	Other retained earnings	102,677
Long-term loans receivable from subsidiaries and affiliates	7,596	General reserve	285,000
Claims provable in bankruptcy, claims provable in rehabilitation and other	1,812	Retained earnings brought forward	(182,322)
Long-term prepaid expenses	401	Treasury stock	(19,793)
Guarantee deposits	6,534	Valuation and translation adjustments	1,236
Prepaid pension cost	3,240	Valuation difference on available-for-sale securities	1,236
Other	2,756	Total net assets	228,283
Allowance for doubtful accounts	(1,030)	Total liabilities and net assets	1,181,063
Total assets	1,181,063		

Non-consolidated Statement of Income

(April 1, 2010 - March 31, 2011)

(Millions of yen)

Description	Amount	
Operating revenue		207,767
Interest on consumer loans	173,209	
Credit card revenue	2,889	
Revenue from credit guarantee	20,477	
Other financial revenue	81	
Net sales of goods	952	
Other operating revenue	10,157	
Operating expenses		398,600
Financial expenses	17,340	
Cost of goods sold	700	
Other operating expenses	380,559	
Operating loss		190,832
Non-operating income		1,832
Interest income	676	
Interest on securities	5	
Dividend income	371	
House rent income	311	
Other	467	
Non-operating expenses		552
Interest expenses	6	
Loss on investments in partnership	492	
Other	52	
Ordinary loss		189,551
Extraordinary income		561
Gain on sales of noncurrent assets	216	
Gain on sales of investment securities	345	
Other	0	
Extraordinary loss		16,079
Loss on sales of noncurrent assets	27	
Loss on retirement of noncurrent assets	165	
Impairment loss	381	
Loss on valuation of stocks of parent company	5,481	
Loss on sales of investment securities	255	
Loss on valuation of investment securities	4,696	
Business structure improvement expenses	1,007	
Loss on adjustment for changes of accounting standard for asset retirement obligations	3,941	
Other	122	
Loss before income taxes		205,069
Income taxes-current		70
Income taxes-deferred		(210)
Net loss		204,929

Non-consolidated Statement of Changes in Shareholders Equity

(April 1, 2010 - March 31, 2011)

(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	23,390	312,710	(19,793)	432,760
Changes of items during the period										
Dividends from surplus							(783)	(783)		(783)
Net loss							(204,929)	(204,929)		(204,929)
Purchase of treasury stock									(0)	(0)
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	—	—	—	—	(205,712)	(205,712)	(0)	(205,712)
Balance at the end of current period	63,832	72,322	3,687	76,010	4,320	285,000	(182,322)	106,998	(19,793)	227,047

	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	(6,162)	(6,162)	426,597
Changes of items during the period			
Dividends from surplus			(783)
Net loss			(204,929)
Purchase of treasury stock			(0)
Net changes of items other than shareholders' equity	7,398	7,398	7,398
Total changes of items during the period	7,398	7,398	(198,313)
Balance at the end of current period	1,236	1,236	228,283

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
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)
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.

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)
Supplies	Mainly at cost, based on the first-in first-out method

(2) Depreciation methods for noncurrent assets

Property, plant and equipment (excluding lease assets)	Declining balance method
Intangible assets (excluding lease assets)	Straight-line method
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 on or prior to March 31, 2008 are reported by the same method applied to standard lease and rental contracts.
Long-term prepaid expenses	Depreciated by the equal installment method

(3) Accounting method for deferred assets

Bond issuance cost	These costs are fully charged to income when they are paid.
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(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. (Additional information) The Great East Japan Earthquake of March 11, 2011
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	will likely raise risks of incurring losses on loans, such as loans receivable of consumer loans, and therefore the Company makes additional provision of allowance for doubtful accounts related to the claims on customers who live in disaster-affected areas. These claims are classified by region and business conditions, and then the amount of anticipated uncollectable claims is determined in consideration of the collectability of each group.
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 standard for asset retirement obligations, etc.>

The Company adopted “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, issued on March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, issued on March 31, 2008) from the fiscal year under review.

As a result, operating loss and ordinary loss for this fiscal year under review increased by 136 million yen, and loss before income taxes increased by 3,590 million yen.

<Accounting standard for business combinations>

The Company adopted “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, issued on December 26, 2008), “Partial Amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23, issued on December 26, 2008), “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, issued on December 26, 2008) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, issued on December 26, 2008) from the fiscal year under review.

(9) Changes in disclosure method

<Non-consolidated balance sheet>

“Current portion of long-term loans receivable from subsidiaries and affiliates,” which had been included and reported in “long-term loans receivable from subsidiaries and affiliates” in non-current assets up to the prior fiscal year, has been presented separately since this fiscal year, as it has accounted for more than 1 percent of the total assets.

“Current portion of long-term loans receivable from subsidiaries and affiliates” for the prior fiscal year was 10,632 million yen.

“Right to reimbursement,” which had been included and reported in “other” in current assets up to the prior fiscal year, has been presented separately since this fiscal year, as it has accounted for more than 1 percent of total assets.

“Right to reimbursement” for the prior fiscal year was 13,379 million yen.

“Investments in capital,” which had been separately reported up to the prior fiscal year, has been included and reported in “other” in investments and other assets since this fiscal year, as it has not been significant.

“Investments in capital” for the fiscal year under review was 0 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	73,613
	[71,273]
Secured obligations	
Current portion of long-term loans payable	7,795
	[5,457]
Long-term loans payable	32,792
	[32,792]

Figures in brackets “[]” represent amounts of receivable concerning liquidation of receivables. Loans receivable of consumer loans of 71,273 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 35,411 million yen

(3) Guaranteed liabilities	(Millions of yen)
Outstanding guarantee obligation for liabilities of subsidiaries and affiliates	53,060
Outstanding guarantee obligation in the guarantee business	443,460
Provision for loss on guarantees	8,770
Net	<u>434,690</u>
(4) Monetary claims and liabilities to subsidiaries and affiliates	(Millions of yen)
Short-term monetary claims	35
Short-term monetary liabilities	51
3. Notes to Non-consolidated Statement of Income	
Transactions with subsidiaries and affiliates	(Millions of yen)
Operating transactions	
Operating revenue	90
Operating expenses	3,704
Transactions other than operating transactions	943
4. Notes to Non-consolidated Statement of Changes in Net Assets	
Class and number of shares of treasury stock as of March 31, 2011	
Common stock	2,966,693
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	11,801
Allowance for doubtful accounts	957
Provision for loss on guarantees	3,568
Provision for loss on interest repayment	115,274
Asset adjustment	2,635
Accrued bonuses	520
Accrued directors' retirement benefits	93
Unrecognized accrued interest	962
Software	4,665
Asset retirement obligations	1,461
Deferred assets	754
Deferred consumption taxes	259
Loss on valuation of stocks of parent company	2,230
Loss on valuation of securities	17,117
Loss on investments in partnership	508
Loss on valuation of stocks of subsidiaries and affiliates	1,375
Loss on valuation of merchandise	202
Impairment loss	437
Business structure improvement expenses	393
Retained loss	139,811
Other	<u>547</u>
Deferred tax assets (subtotal)	305,579
Valuation allowance	<u>(278,256)</u>
Total deferred tax assets	<u>27,322</u>
Deferred tax liabilities	
Valuation difference on available-for-sale securities	1,265
Prepaid pension cost	1,318
Other	<u>11</u>
Total deferred tax liabilities	<u>2,595</u>
Net deferred tax assets	<u><u>24,726</u></u>

6. Notes to Leased Noncurrent Assets

Other than the noncurrent assets recorded on the balance sheet, the Company uses automatic contract machines for the loan business 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
Equipment	118	92	26

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

Within 1 year	26
More than 1 year	-
Total	26

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

Lease payment	42
Equivalent amount of depreciation	41
Interest expenses	0

- (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 and other close relative	Kyosuke Kinoshita	-	-	President 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 and other close relative	Kyosuke Kinoshita	-	Donation	100	-	-
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	212	Guarantee deposits	184
	JLA CO., LTD.	Interior design and construction of service outlets	Purchase equipment and payment of expenses	1,223	Accounts payable	60
					Accrued expenses	456
		Rental of real estates	Payment of rents	436	-	-
Payment of lease and guarantee deposits	Payment: 3		Guarantee deposits	342		

(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	Collection 9,500	Current portion of long-term loans receivable from subsidiaries and affiliates	5,600
					Long-term loans payable to affiliates	2,900
			Interest received	325	Income in advance	10
	EASY BUY Public Company Limited	Guarantee of liabilities	Loan guarantee fees receivables	112	Accrued income	8
			Outstanding guarantee obligation	53,060	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.

(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 Morgan Stanley 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 39,920	Current portion of long-term loans payable	52,308
				Repayment 39,920	Long-term loans payable	109,220
			Payment of interest	3,753	Prepaid expenses	79
					Accrued expenses	293
			Assignment of accounts receivable-operating loans for the borrowings from the bank	2,338	-	-
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Borrowing	Borrowing of the capital	Borrowing 15,716	Current portion of long-term loans payable	9,182
				Repayment 17,716	Long-term loans payable	54,218
			Payment of interest	1,581	Accrued expenses	112
		Debt guarantee	Credit guarantee fees for unsecured loan of the Company the bank received	14,319	Accrued income	2,012
			Outstanding guarantee obligation	338,158	-	-
	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	Repurchase agreement transaction	Repurchase agreement transaction	Purchase 74,977 Sale 84,972	Short-term loans receivable	-
			Interest received	3	-	-

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

1. 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 Morgan Stanley Securities Co., Ltd. are the money market rates.

8. Notes to Per Share Information

(1) Net assets per share	1,457.18 yen
(2) Net loss per share	1,308.10 yen

9. Other

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