

I. Summary of Financial Results for the 1st Quarter of the FY ending March 2007

On Friday July 28, 2006, Takefuji Corporation (the Company) announced its first quarter financial results for the fiscal year ending March 2007. A summary of the financial results for the first quarter are as follows:



Key Operational Numbers and Major Profit / Loss Items on Non-consolidated basis

Items	05/06	06/06	Increase / Decrease	07/03 Forecast	Achievement Ratio
Direct cash loan balance (Mil yen)	1,573,831	1,528,282	-2.9	1,555,046	-78.4
No. of loan customer A/Cs	2,420,345	2,296,098	-5.1	2,356,217	-80.5
No. of new customer A/Cs	66,852	59,748	-10.6	355,000	16.8
Amount of bad debts written-off (Mil yen)	20,488	22,534	10.0	102,000	22.1
Ratio of bad debts written-off (%) (Gross credit losses ratio)	1.30	1.47	17bp	6.56	22.4
Amount collected from loans previously written-off (Mil yen)	1,672	1,524	-8.9	6,300	24.2
Net credit losses ratio (%)	1.20	1.37	17bp	6.15	22.3
Operating revenues (Mil yen)	87,629	85,919	-2.0	349,800	24.6
Operating expenses (Mil yen)	62,773	79,618	26.8	233,400	34.1
Operating income (Mil yen)	24,855	6,302	-74.6	116,400	5.4
Ordinary income (Mil yen)	25,898	6,127	-76.3	115,500	5.3
Net income (Mil yen)	-17,383	3,728	-	68,300	5.5

1Q Financial result (consolidated)

1Q Financial report (non-consolidated)

In the consumer finance sector, the amount of refunds of claimed overpayments in the first quarter increased significantly as a result of stricter interpretation of the requirements for the deemed-payment and a full disclosure of transactions history that has effectively become mandatory following the ruling by the Supreme Court in January 2006. In addition, ahead of the revision of the Moneylending Control Law to be introduced in 2007, issues such as the elimination of a so-called grey zone (difference between the interest rates stipulated in the Contribution Law and those set out under the Interest Rate Restriction Law) and the review of the maximum lending rate are being discussed and the situations do not allow us for optimism. There are concerns that a sharp substantial decline in the maximum lending rate could lower the availability of funds for customers, which in turn might have a negative impact on personal consumption as well as the overall economy in Japan. In these circumstances, the Company is **bolstering compliance and corporate governance systems**. We are also focusing on improving the quality of loan assets by maintaining a stricter credit screening policy. Although we will continue to operate based on our **founding spirit**, which is centered on the principle of the Customer First, we will **strengthen our internal regulations and fully enforce the control system once again**, based on the recognition that complaints related collection procedures could cause seriously damage to the industry. And **by way of strong cooperation and solidarity of all employees of the Company**, we will also watch closely multiple debts issues at the same time.

Even operating revenues in the first quarter were almost in line with our forecast, net income were behind the budget. This is primarily due to our conservative provision of 8.4 billion yen to the allowance for interest refund losses. With regard to the forecasts for the Interim and the full year periods, we are in a position of carefully reviewing the circumstances and reexamining the uncertain factors related to laws and regulations governing consumer finance industry. We will comment our forecasts in due course.

II. Monthly Business Results for July 2006

As July is generally a bonus month, there is a strong seasonal tendency in this month for consumer finance customers to repay a larger amount than in other months based on their sound finance plan. Also, as a result of the **"Stop Excessive Borrowing!" campaign**, which has mainly involved release of educational TV advertisements, loan business results for the month of July were a little below our monthly target. However, the Company emphasizes overall industry soundness as mentioned above. As a company that specializes in and appreciates the consumer finance business, we will continue to offer quality services that respond to modern customer needs and provide convenience by evolving and upgrading our business model of **"unsecured, non-guaranteed and small-lot loans"** and to **offer our maximum credit limit of one million yen** for unsecured loans with strict adherence, while keeping in mind the possible introduction of the regulations on the total lending amount of consumer loans per customer in the regulatory revisions.

Unit of amount: millions of yen)	2005/07	2006/03	2006/07	Ratio/ No. of YoY change	Ratio/ No. of change from March 06
Direct Cash Loans	1,578,667	1,540,046	1,532,283	-2.9%	-0.5%
Installment Receivable	391	494	526	34.5%	6.5%
No of customer accounts	2,424,550	2,322,917	2,300,388	-5.1%	-1.0%
No of New accounts	20,944	21,894	18,242	-12.9%	-

Unit of amount: millions of yen)	2005/07	2006/03	2006/07	Ratio/ No. of YoY change	Ratio/ No. of change from March 06
No of branch office	1,890	1,898	1,896	(+6)	(-2)
Manned	526	523	523	(-3)	(0)
Unmanned	1,363	1,374	1,372	(+9)	(-2)
Internet	1	1	1	(0)	(0)
No. of unmanned loan contract machines (Yen-musubi machines)	1,890	1,888	1,886	(-4)	(-2)

III. Issuance of CSR Report 2006

On July 27, 2006, Takefuji Group issued **CSR Report 2006** containing various aspects and latest activities of the Company's Corporate Social Responsibility initiatives as well as releasing it on official web-site. The Compliance Administrative Department was established in December 2003 and Social Contribution Office in April 2004, and first CSR Report 2005 was issued in April 2005. The new edition of CSR Report 2006 covers our policies and activity for corporate governance, compliance, fair disclosure, and the Security system for information technology as social contribution and environmental preservation activities mainly carried out during the year ended March 2006. We intend to provide highly transparent disclosure with regard to our CSR policy, its actual achievement and conception to the public including our stakeholders to materialize more Openhearted Takefuji Corporation.



IV. Social Contribution Activities

Monetary Donation for areas suffered from terrible torrential rainfall in July 2006

Takefuji Corporation made donations of 1.5 million yen in total (0.5 million for each community chests for Nagano, Kagoshima and Miyazaki), where had devastating damage by torrential heavy rainfall occurred between July 17 to 24, 2006. Also, the nearest branch office, Kawauchi branch office in Kagoshima Pref. forwarded 2,000 packets of pocket tissues to shelters in Idemizu-shi and Satsuma-cho in Kagoshima. We are pleased to learn that our eco-tissues distributed everyday on the street did a little help to assist people evacuated from such torrential heavy rainfall. We will proactively continue our social contribution activities within our capacity and capability.



V. IR Announcement in major international newspapers

We have published results and policies occasionally through international media in order to convey corporate messages clearly and the current status of our business performance. On May 8, 2006, we placed public announcement in full-color page of Final Results for the FY ended March 2006 in The Financial Times as well as The Wall Street Journal, subsequently on August 7, 2006, we placed results announcement for current 1st Quarter ending March 2007 in both papers. We hope that disclosing financial results on such major international papers, which globally have a huge number of readers especially specialized in financial sector, provides precious opportunities for a wide range of investors to deepen the understanding toward Takefuji. We intend to pursue fair disclosure in a timely manner.



Announcement: News of the founder's demise

Mr. Yasuo Takei, the founder and the former chairman of Takefuji Corporation, passed away on August 10 due to his illness. We would like to express our sincere condolences with deep regret as remembering his impressive achievement and great contributions not only in the consumer finance industry but also for the economy in Japan.

BAMBOO NEWS



Sitting Volleyball Class

On July 17, Takefuji Bamboo held Volleyball Classes and Exchange of Sitting Volleyball (by athletes with leg disabilities play sitting down on the volleyball court) in the Takefuji Bamboo gymnasium in their home ground city, Sugito-cho in Saitama Pref. As Takefuji Bamboo has been long supporting sitting volleyball for training cooperation, there were 19 members from Chiba Pirates and 7 members from Fukushima Brickers attended to the class. 16 Bamboo players and 8 Bamboo staffs including Mr. Ishihara (the head coach) and Mr. Abo (the coach) participated in the class and a friendly match held in the afternoon. After exchanging heated rally, the Bamboo team lost to the armature team and we believe that this event deepened relationship with great success.

