

Qualitative Information and Financial Statements

1. Business Performance

(1) Analysis of business performance

1) Overview of fiscal 2006

During the fiscal year under review, the Japanese economy continued to stage a moderate recovery. Rising capital spending in the private sector was backed by higher corporate earnings, while employment conditions been improved.

Despite these positive factors, the weaker business environment and impact to shareholders' equity have become concerns in the consumer finance industry, given the sharp increase in claims for refunds of overpayments that followed the strict interpretation of the requirements for deemed payment provided in Article 43 of the Moneylending Control Law by the Supreme Court and the need for consumer finance companies to respond to claims for substantial refunds and record allowances for future refunds. Along with the enactment of the amendment to the Moneylending Control Law, etc. in December 2006, a phased implementation has been adopted which over three years will (1) lower the maximum legal lending rate and (2) regulate the total lending amount. This has had a large impact on not only the consumer finance industry, but also on the consumer credit industry as a whole, including consumer credit and credit card companies, and they face a very difficult business environment in which these companies are forced to seek fundamental business reform and restructuring, including a reduction in their workforce.

In this environment, the Takefuji Group has been committed to effective management based on the optimum allocation of management resources, including the elimination and consolidation of branch offices, as well as a reduction in credit costs through measures such as improving credit quality based on stricter credit screening policies designed to prevent multiple debt obligations and protect consumers, and on the continuation of close counseling that takes the standpoint of customers. We have also been striving not only to strengthen and improve our compliance system across the Company by increasing the number of compliance officers and providing training on laws and regulations, but also to upgrade our consumer finance services using IT tools to improve customer convenience. These tools include the introduction of our new "Keitai en-musubi" service, in which customers are able to enter into a contract via their mobile phones, and the launch of an easy cashing application service based on our business alliance with eBank Corporation.

As a result of the above initiatives, the balance of direct cash loans at the end of the year was 1,431,848 million yen (down 7.0% from the previous year-end). The number of customer accounts stood at 2,126 thousand (down 8.5%).

Operating revenues on a consolidated basis for the year amounted to 328,920 million yen, declining 6.4% from the previous year. Operating loss is 165,030 million yen, Ordinary loss is 163,764 million yen and net loss is 481,274 million yen mainly due to the new ruling of accounting standard for the claim for refund of interest received from customers for the amount of 290,449 million yen as operating expenses for 2nd half and for the amount of 272,038 million yen as extraordinary loss for 1st half.

As of March 31, 2007, the Company operates a network of 471 manned branch offices (523 at the end of the previous year), 1,257 unmanned offices (1,374), one internet shop (1), 1,856 owned ATMs (2,025) and 46,216 inter-linked CDs and ATMs (43,425).

2) Forecasts for operations and major issues in fiscal 2007

We anticipate that the economic recovery will continue, supported by robust private-sector demand that reflects the solid corporate sector recoveries. Still, concerns remain, including influences by US economy and the behavior of the yen exchange rate on the Japanese economy. In the consumer finance industry, it is still uncertain when claims for interest refunds will peak, and the lowering of the maximum legal lending rate and the introduction of regulations on the total lending amount among other factors should shake up the management of consumer finance companies. As a consequence, the consumer finance industry is expected to enter an extremely certain stage which will test the ability to survive across sectors and industry peers, and we expect the number of industry players to diminish through a process of reorganization and elimination which will bring the downsizing and closure of some businesses.

Even in this very challenging business environment, the Takefuji Group will be providing its consumer finance services of small, unsecured and non-guaranteed loans, while controlling risks based on the recognition that it is a social commitment of a consumer finance company to appropriately meet the needs of sound borrowers as much as possible. Based on our founding principle of putting the customer first, we will take steps to review our credit screening policy and bolster our counseling capabilities to obtain customer's trust. We will also endeavor to continue consumer loan business by developing new customer bases through the diversification of our product line-up and expanding channels to acquire new customers.

In addition, we will comprehensively reduce costs further while maintaining superior productivity compared with our competitors in order to prepare to the difficult income environment. We will continue to reduce costs by consolidating and eliminating our branch offices and implementing initiatives to improve efficiency and productivity such as restructuring our organization and reassigning personnel and rebuilding IT system networks.

Moreover, to prepare for the impact on our earnings of the lower maximum lending rate and the introduction of regulations on the total lending limit, we will construct new business models based on financial services to individuals, including new products such as secured loans and small business loans also reinforce the effective use of our capital to enter into new businesses and consider mergers and acquisitions. We will strengthen our earnings base as an integrated retail finance company by responding accurately to diversified consumer needs and changes in the socioeconomic environment and providing financial services that are in unsecured, convenient and of high quality.

The Takafuji Group had already created its own strict rules prior to the introduction of the Moneylending Control Law. We will continue to bolster our compliance system to deal with more restriction on our activities including credit collections resulting from the amendment of the laws through measures such as revisions to our manuals and standards as necessary, the full enforcement of education by providing seminars on laws and regulations, and the continuation of follow-up checks and improvements through internal inspections. We will also strive to enhance our corporate governance by developing our internal control system.

The Takefuji Group will respond to the challenges described above with total dedication based on the approach we have always had of showing gratitude for the support we have received from the community. In the meantime, we will improve our corporate value by continuing to actively participate in corporate social responsibility (CSR) activities, centered on social action programs and environmental protection activities, while fulfilling our social responsibility as a good corporate citizen.

The forecasts for the consolidated fiscal year ending March 31, 2008 are as follows. Operating revenues are expected to be 289,700 million yen, decreasing 11.9% from the fiscal year ended March 31, 2007. Operating income is expected to reach 55,700 million yen, recurring profit is expected to reach 54,200million yen and net profit should reach 53,600 million yen.

(2) Financial conditions

Looking at our financing activities for the fiscal year under review, Takefuji borrowed a total of 162 billion yen from financial institutions, including funds of 62 billion yen and commitment lines of 850 million dollars (100 billion yen), by the policy of reducing floating fund required. As a result, total interest-bearing debt after offsetting discount on bonds was 597.8 billion yen (down 118.0 billion yen from the previous fiscal year). We will continue to procure funds, promoting the diversification of financing sources and the stable long-term funds and paying attention to the ratio of direct and indirect financing. Moody's and Standard & Poor's have given the company ratings of Baal and BBB, respectively.

Consolidated Cash Flows

On a consolidated basis, cash and cash equivalents (hereinafter called "the funds") at the end of the current consolidated fiscal year decreased by 10,926 million yen to 96,096 million yen (decreased 10.2% compared with the end of the previous consolidated fiscal year). This was mainly due to a mixed result of loss before income taxes of 436,773 million yen (net income before taxation was 70,402 million yen previously), proceeds from long-term borrowings, redemption of bonds and repayments of income taxes paid. The situation and sources of cash flows by each activity for the current consolidated fiscal year are as follows;

Cash flows from operating activities:

The funds provided by operating activities were 70,455 million yen (90,784 million yen for the previous consolidated fiscal year). The principal sources of these cash flows are as follows; Loss before income taxes of 436,773 million yen (70,402 million yen of Income before income tax), reflecting 466,298 million yen of increase in Allowance for losses for refund of interest received from customers in accordance with "Treatment related auditing as to provision of allowance for losses for re-claimed refund of interest in the accounting of consumer finance companies", 547,751 million yen (651,803 million yen) of direct cash loans to customers, 511,083 million yen (572,036 million yen) of collection of loans from customers and 49,163 million yen (40,591 million yen) of the income taxes paid.

Cash flows from investing activities:

The funds used in investing activities were 1,248 million yen (42,376 million yen for the previous consolidated fiscal year) This was mainly due to 1,090 million yen in acquisition of fixed assets (752 million yen for the previous consolidated fiscal year).

Cash flows from financing activities:

The funds used in financing activities were 80,291 million yen (183,177 million yen for the previous consolidated fiscal year). This was primarily due to redemption of 68,000 million yen of bonds (153,490 million yen for the previous consolidated fiscal year).

(3) Fundamental corporate policy for distributing profits

We view the return of profits to our stockholders is an important part of our capital policy. From this standpoint, we believe that it is our basic policy to distribute long term return to our stockholders.

Based on the above policy, we paid interim dividends for the term ended March 2007 for 115 yen per share (interim dividends for the previous year was 115 yen per share). The final dividend will be the same as the interim dividends, so that the annual dividend forecast will be 230 yen per share (230 yen per share for the previous year), although the results under review showing net loss.

We will use our internal reserves providing for loans to customer in order to strengthen our financial position and also to invest in providing high levels of customer service and make strategic investment to enhance our income base. We believe that this approach will contribute to our profitability over the medium and long term, and assist to provide a greater return to our investors and maximize shareholder value.

(4) Approaches to Business Risk and Other Forms of Risk

This section concerns the major business risks that confront the Takefuji Group and that could potentially have a significant impact on results, the stock price and the Group's financial position. It also includes other risks that are regarded as important to the investment decisions made by investors, for better information disclosure to investors. The Takefuji Group is fully aware of these possible risks and will make its best possible efforts to hedge them or to respond to them if they transpire.

This section contains some future projections, which are based on forecasts as of the date this material was prepared.

1) Legal regulations**1. Registration for the moneylending business**

To engage in its principal business, namely consumer finance, Takefuji is registered as a moneylender as provided by the Money-Lending Business Control and Regulation Law, Regulation for Loan Business in Japan ("Moneylending Control Law"). Takefuji is required to comply with the regulations set out in that law encompassing all consumer finance business.

2. Risks associated with the regulation of loan interest rates

The maximum cash loan interest rate under the Law Concerning the Regulation of Receiving of Capital Subscription, Deposits and Interest on Deposits ("Capital Subscription Law") is set at 29.2%. Since February 1, 1996, Takefuji fixed its maximum loan interest rate at 27.375%.

Although the Interest Rate Restriction Law stipulates that a contract on interest on a loan for consumption that exceeds 20% per annum when the principal is less than 100,000 yen, 18% per annum when the principal is 100,000 yen or more but less than 1,000,000 yen, and 15% per annum when the

principal is 1,000,000 yen or more shall be invalid, the repayment of interest by a debtor that exceeds the interest stipulated in the Interest Rate Restriction Law is regarded as valid if the predetermined requirements provided in Article 43 of the Moneylending Control Law are fulfilled.

However, the registration, operations and revision of the maximum lending rates of money lenders were discussed at a roundtable conference on the money-lending system of the Financial Services Agency that began on March 30, 2005 for the amendment of the Moneylending Control Law and the Capital Subscription Law, etc., and the Bill for the Amendment of the Money-Lending Business Control and Regulation Law passed the 165th extraordinary Diet in 2006 and enacted on December 20, 2006. Although the amended Law will come into effect in four stages (discussed in more detail in “3. Risk relating to business restrictions under the Moneylending Control Law” below), the maximum lending rate under the Capital Subscription Law will be lowered to 20% from the current 29.2% per annum within two and half years after the enforcement of the amended Moneylending Control Law (which will come into effect within a year after it was enacted). Similarly, money lenders will not be able to enter into any contract on interest that exceeds those stipulated in the Interest Rate Restriction Law within two and half years after the enforcement of the amended Moneylending Control Law.

While the current maximum lending rates of 29.2% will be applied in fiscal 2007, the performance of the Takefuji Group could be significantly affected when these regulations on lending rates are enforced.

3. Risk relating to business restrictions under the Moneylending Control Law

Takefuji is subject to the Moneylending Control Law for its direct cash loan business and is therefore subject to a range of business regulations (regarding such matters as the prohibition of excessive lending, the indication of loan terms, the advertising of loan terms, the prohibition of exaggerated advertisements, etc., the delivery of documentation, the delivery of receipts, the provision of books of account, restrictions on acquisition of absolute powers of attorneys, the regulation of debt collection, the return of debt certificates, the display of signs, and transfers of claims). In addition, in the enforcement provisions of the Moneylending Control Law, the company is subject to the application of the Financial Services Agency's administrative guidelines for the moneylending business (Volume III: For Non-Bank Finance Companies), which lay down guidelines for behavior in the conduct of business.

After the revised Moneylending Control Law came into effect on January 1, 2004, the company is subject to more business regulations than hitherto. For example, in Article 21 of the Moneylending Control Law, which prescribes conduct for collections, whereas violations were previously listed only in the form of guidelines, the status of those guidelines has been raised to that of legal regulations. In consequence, even in instances that were previously judged to be violations of the guidelines, the occurrence of a violation presented as an example in Article 21 of the Moneylending Control Law could now potentially lead to such penalties as an enforced suspension of business.

As described in “2. Risks associated with the regulation of loan interest rates” above, the “Law for the Amendment of the Money-Lending Business Control and Regulation Law” was introduced on December 20, 2006. Although this Law will come into effect in four stages, the first stage that strengthens penalties for an unregistered operation (reinforcement of measures against loan sharking) was introduced a month after the publication. The timing and details of the amendment thereafter are as follows: (1) Within one year after the publication (the enforcement of the amended Moneylending Control Law. Reinforcement of regulations on the collection, etc.), (2) within a year and half after the enforcement of the amended Moneylending Control Law (the development of a credit information agency, etc.), and (3) within two and half years after the enforcement of the amended Moneylending Control Law (lowering the maximum lending rate under the Capital Subscription Law and the introduction of regulations on the total lending amount, etc.). The amended Moneylending Control Law mentioned in (1) above may come into effect during fiscal 2007, and the Company will be subject to more regulations on its businesses, such as the strengthening of regulations on solicitation and collection, and the creation of a business improvement order at that stage. It is therefore expected that the business of the Company could be restricted more than expected at this point, depending on the nature of the amendment of related laws of the Moneylending Control Law, such as enforcement orders, enforcement regulations and administrative guidelines that had yet to be determined as of the time of writing. In this case, the books, business flows, and systems which the Company has used may have to be changed, and this could have an impact on the results of the Company.

4. Impact of the Financial Instruments and Exchange Law (the construction of an internal control, etc.)

The bill for the Amendment of the Securities and Exchange Law” (the name of the Law was changed to the Financial Instruments and Exchange Law) became law on June 7, 2006 and published on June 14, 2006. This amended Law obliges listed companies to submit an Internal Control Report that evaluates the effectiveness of internal controls in each fiscal year to ensure the credibility of financial reporting, and this Report must receive an audit certificate from a certified public accountant or an audit corporation. This system will apply to the fiscal year that will begin on April 1, 2008. The Takefuji Group will also be required to submit this Report from the fiscal year ending March 2009.

Prior to the submission of the Internal Control Report, listed companies will be required to construct an internal control to ensure the credibility of their financial reporting. While the Takefuji Group had carried out work to construct internal controls across the Company as of the day this document was submitted, higher costs than initially expected could arise from the construction, given the possibility that additional operations such as a review of the work flow and documentation could become necessary due, for example, to the fact that the internal control does not work effectively.

Also, in the event that a qualified opinion, etc. is attached because of a defect, etc. in the internal control of the Takefuji Group as a result of an audit of the internal control by a certified public accountant or an audit corporation, the results of the Group could be impacted by a decline in the evaluation or corporate image of the Company in the market, etc.

5. Impact of the Law Concerning the Protection of Personal Information

As the Law Concerning the Protection of Personal Information came into full effect on April 1, 2005, Takefuji may see that the occurrence of a leakage of such information will give rise to risks such as problems in maintaining public confidence, with compensation to individuals, and with penalties affecting business. The group keeps important information received from customers, including their personal and transaction data, to provide its services in the consumer finance and credit businesses. To deal with the risks, the group takes various measures. For example, Takefuji formed a project team before the enforcement of the law to prepare documents on regulations and the necessary documentation and provide education to raise awareness. In February 2006 Takefuji tested all of its employees at the deputy branch manager level and above to gauge their level of understanding on the Law Concerning the Protection of Personal Information in order to ensure the careful treatment of personal information and this year promoted managers to take examination of the personal information protecting officer sponsored by corporate body of monetary and financial affairs research institute to lower the risks regarding treatment of personal information.

6. Impact of other business-related laws

For its card business, Takefuji is subject to the Installment Sales Law and various regulations pursuant to the law, including the representation of terms of business, the delivery of documentation, the furnishing of account ledgers, and the prevention of purchases exceeding the capacity for payment.

In the future strengthening of this law is expected regarding the one factor which exasperates multi-debt problem in connection with credit contract which exceeds payment capacity of customers.

If this business is regulated by amendments to this law, the business performance of the Group may be affected.

Other than the above, the business of Takefuji is subject to various laws, including the Civil Rehabilitation Law, the Bankruptcy Law, the Judicial Scrivener Law, laws related to special conciliation and amendments to any relevant law or the enforcement of a new law may affect earnings of the Group.

2) Risks Associated with Claims for Refunds of Overpayments

Takefuji’s loan interest rates in part exceed the upper limit for interest rates prescribed by Article 1, Paragraph 1 of the Interest Rate Restriction Law

Although this excess portion was regarded as valid in the past if the application requirements provided in Article 43 of the Moneylending Control Law were fulfilled, a defense in a case of a claim for refunds of overpayment has become extremely difficult, since the Supreme Court handed down a decision that rules out the voluntary element, one of the application requirements, on January 13, 2006. As a result, the amount of refunds of overpayments reached approximately 64.1 billion yen for the fiscal year under review.

Takefuji recorded an allowance for interest refund losses from the end of the previous fiscal year following the Research Center Review Information No. 24 published by the Japanese Institute of Certified Public Accountants (JICPA) on March 15, 2006. However, the Company recorded the allowance for interest refund losses of 488.8 billion yen for the fiscal year under review, building up the allowance based on the JICPA Industry Audit Committee Report No. 37, Auditing Treatment on Recording of Allowance for Losses from Claims for Interest Refunds by Consumer Finance Companies, Etc. published on October 13, 2006.

While it is difficult to forecast the trend of claims for refunds of overpayments in the next fiscal year, a provision that the overpayments shall be refunded to the debtors properly and that efforts shall be made to contribute to the reconstruction of the life of debtors by such means as appropriately notifying the debtor of the total amount of overpayment refunds was added to a supplementary resolution when the Bill for the Amendment of the Money-Lending Business Control and Regulation Law was made law on December 13, 2006. This provision could be a factor to increase refunds of overpayments, depending on the content of the Cabinet Office ordinance that is to be published in the future, meaning that the performance of the Company could be significantly affected if the upward trend in refunds of overpayments continues.

3) Fund procurement and interest rates of funds procured

1. Risk relating to reduction of ratings

Takefuji has a Baa1 rating from Moody's and a BBB rating from Standard and Poor's. A future downgrading of these ratings may have an impact on fund procurement.

2. Restrictive financial covenant on fund procurement

Some of Takefuji's funds procured by means of loans and corporate bond issues are subject to certain limits under the restrictive financial covenant. Failure to comply with this would result in the loss of the benefit of time and in an acceleration of repayments as a lump sum. As regards 120.0 billion yen of very long-term Euroyen bonds (42.0 billion yen of cash proceeds) issued in March and May 2004, in certain circumstances, holders of the bonds will have the option to demand redemption prior to maturity.

3. Risk relating to rising interest rates on fund procurement

The Capital Subscription Law prohibits any commercial lending rate higher than 29.2% and Takefuji currently sets its maximum interest rate on loans at 27.375% in its consumer finance business. The interest rates on fund procurement may be subject to fluctuations, depending on market circumstances and other factors. Any increase in the cost of fund procurement may act to reduce operating income and impact business results. Moreover impact could be more when interest rate of The Capital Subscription Law becomes 20% in accordance with enactment of revised Money lending Law.

4) The problem of people with excessive debts

If there is an increase in incidences of personal bankruptcy, personal civil rehabilitation, special conciliation, debt arrangements by attorneys, uncollectible loans such as cases of petitions for refunds of improper profits, or loans overdue for long periods, and the cost of bad debts rises, Takefuji's business results may be impacted.

5) Deregulation

The consumer finance market has not yet reached a saturation point, and revisions to laws and regulations enacted on January 1st 2006 and raising the minimum amount of net assets of moneylender afterwards have made it more difficult for people to qualify to engage in the moneylending business. In view of this, it is difficult to envisage that competition will begin to intensify soon as a result of the entry of entities from other industries, and that that will have a material impact on our business performance. Nevertheless, in circumstances in which the easing of those regulations would make it easy for entities in other industries to enter our market, our business performance may be impacted.

In addition, if new entrants were to accumulate business know-how specific to the consumer finance industry, or if such entities were to adopt a new method of gaining that know-how by switching to a strategy of using their abundant capital resources to make acquisitions or alliances to secure know-how accumulated by specialist moneylending firms, and that strategy proved to be successful, then the entry

of entities from other industries may have an impact on Takefuji's business results.

If mainly internal competition is intensified throughout the consumer finance industry itself, primarily to enhance its own soundness, and financial services for ordinary people are enhanced, then the share of the industry as a whole will increase because the industry will become healthier and will acquire a better image. Given this, if we fail in these efforts and fall behind, then future business performance may be affected.

6) Transition of operating results

To operate efficiently, the company has invested in “¥en Musubi” automatic contract machines and ATMs. To make its services even more convenient, the company has also formed alliances that give its customers access to the ATMs and CDs of other financial institutions. As a result, there was steady growth in operating income, backed by increases in the number of customers and cash loans to customers, through the fiscal year ended in March 2002.

The Japanese economy is now showing some signs of a recovery, including resurgence of employment and an expansion in consumption, as it moves out of the recessionary period following the collapse of the economic bubble. As a result, the company is likely to encounter even more challenging conditions in the consumer finance market due to increasingly intensified competition among established companies and new entrants for the business of creditworthy customers, an increase in refunds of overpayments and bad debt write-off expenses derived from rising personal bankruptcies and growth in the number of multiple debt holders, as an income gap among households and regions tend to be wider.

Changes in the number of customers, cash loans to customers, credit expenses and other items may have an impact on the group's operating results.

1. Risks associated with economic trends

The Japanese economy is now staging a recovery, thanks to such factors as rising exports, which is consistent with the recovery in the world economy, the improvement in corporate profits brought about by advancing corporate restructuring, and a fall in what had been a persistently high unemployment rate. Still, the circumstances surrounding consumers remain difficult given such factors as the widening income gap among households and regions.

2. Risk of growth in bad debts

According to a study by the Supreme Court, the number of personal bankruptcies had been trending upwards, from 160,000 in 2001, to 215,000 in 2002 and to 242,000 in 2003. This has a great impact on the increase of write-offs in the financial industry. The ratio of personal bankruptcies against write-offs was 17.8% at the end of the March 2007 and this is a relatively large portion of all write-offs. In 2006, there were 166,000 cases of bankruptcy, down 10% from 184,000 cases in 2005, 211,000 cases in 2004 and a decline for the three consecutive year on a year-on-year basis, presumably because of the availability of such arrangement options as civil rehabilitation and claims for refunds of overpayments in voluntary liquidation. The trend in the personal bankruptcy toll will remain a concern as long as factors such as the widening income gap among households and regions remain unchanged, despite the signs of economic recovery. These circumstances could have an impact on the group's operating results.

3. Decline in the number of new customers

Japan's recovering economy may be regarded as a positive factor for the players of the consumer finance industry to acquire new customers driven by a more active consumption. However, the widening income gap among households and regions and increasing concerns about the future due to the spread of merit-based salary systems could cause a downturn in consumer demand for loans.

At present, while there are signs of a rebound in corporate earnings and other economic statistics such as employment conditions and personal income, the Japanese economy is struggling with the widening income gap among households and regions. The wider income gap could result in tighter credit standards given reluctance among potential borrowers and growth in bad debts, or other factors like lowering of maximum interest rate in accordance with enactment of Money lending Law, violation of laws and regulation by other Moneylender, deteriorating image of consumer finance industry by the negative propaganda by media exposure. Because of this situation, the number of new customers could decline.

4. Risk concerning market competition

In the consumer finance industry, factors such as the impact of the lower maximum lending rates resulting from the revision of the Capital Subscription Law in 2000 are causing a succession of small and medium moneylenders to change or cease their business activities, and are bringing about progressive oligopolization, as the majors acquire medium-scale firms or absorb them into their corporate groups. The industry is also witnessing investment by major banks in consumer finance companies to forge alliances and acquire customers in the consumer finance industry. The banks are increasing loan balances by establishing a segregated credit extension system, by which banks provide loans to the low-risk customers, the consumer finance companies established by banks extend credit to the middle-risk group, and loans to the high-risk group are provided by consumer finance companies with which banks have forged an alliance. Other entrants are also streaming into the consumer finance industry, including foreign-affiliated companies, which are expanding market share by aggressively acquiring or merging with medium-scale consumer finance firms.

As explained above, it is expected that the consumer finance industry will increasingly resemble an oligopoly through the elimination of smaller companies given factors such as the lowering of the maximum lending rate under the Capital Subscription Law to 20% within two and half years following amendments to the Moneylending Control Law. Large banks, which have been stepping up the balance of loans through “habitat segregation” based on interest rates, are also likely to have to change their business models along with the lower maximum lending rate. In addition, some foreign-affiliated companies that had been expanding market share have now begun to downsize significantly, it is uncertain to forecast movements of the industry in the future.

As can be seen, there will be a battle for market share in an ever more oligopolistic consumer finance market resulting from a fiercely competitive environment among the large traditional consumer finance specialty companies as well as a larger number of participants, including bank-affiliated and foreign-affiliated firms. The results of the Takefuji Group could be affected by this competition.

5. Risks associated with the concentration of businesses

Most of the Takefuji Group’s operating revenues come from the consumer finance business, and it accounts for approximately 98.5% of consolidated operating revenues. If operating revenues declines significantly in the future with a legislative amendment, change to accounting standards or other factors in the consumer finance industry, the results of the Takafuji Group could be affected.

7) Disruptions and malfunctions in information network systems, Internet service and other technology-based systems

1. Fires and natural disasters

The company has completed work on its computer system to enable all facilities to withstand a level 5 earthquake tremor. In the event of a natural disaster, the company does not own a back-up center that could take over computer operations.

Consequently, even in the event of a major Tokai region earthquake (level 5 tremor in the Tokyo area), the company believes there would be no major disruption to its computer system. However, the computer system may cease to operate if the computer center building sustains major damage in a fire. In this event, the company would conduct operations in a different manner for a period of up to two to three months. This could have a substantial impact on the level of service.

2. Protection of customer data

The company centralizes the administration of customer data in its main computer. Only a very few number of employees are allowed to operate this computer. Moreover, these individuals must obtain prior approval and authorization to operate the computer and are supervised by others on a daily basis to ensure that they conduct their duties properly.

In addition, equipment for the input and output of data on external storage devices has been removed from PCs and other units. Audits are performed for personal information brought in, added, recorded or placed on external storage devices. Moreover, all incoming and outgoing e-mail messages are inspected.

Consequently, the company believes there is only a very small risk that customer information could be leaked to an external party. If such a leak did occur for whatever reason, there could be a significant impact on the company’s operating results because of the resulting loss in the public’s trust in the company.

3. Damage resulting from computer viruses

To limit and prevent damage from computer viruses, the company installs and updates anti-virus software periodically as well as at other times as necessary. An external company conducts periodic tests to determine susceptibility to hackers and responses are made based on the results of these tests. However, anti-virus software is normally distributed only after a new strain of a virus has been detected, and hacker responses are made only after a problem has been discovered. Consequently, there is a possibility that the company's operations could be damaged before the responses are made.

Even in this case, there is no danger of the core information system being infected. However, the possibility exists of a disruption in head office management operations due to infections that impact the PCs used for Internet-based operations and general administrative tasks.

4. Damage caused by forged cards, etc.

There are increasing cases of fraud in which data on credit and cash cards are obtained by skimming or other illegal methods of using forged cards.

Takefuji introduced credit cards embedded with integrated circuits in October 2002 when it launched its credit and business. The company also takes measures such as only partially displaying the credit card number on receipts. To combat phishing fraud, the company adds electronic certificates to all e-mail that it sends. On March 15, 2005, Takefuji became the first consumer finance business operator to obtain the British standard BS7799-2:2002 certification on the international standard and the ISMS (Ver. 2.0) certification on Japan's domestic standard for information security management systems. The company has shifted its system to the international standards ISO/IEC27001:2005 on April 5, 2006, which were established in October 2005.

Despite these efforts, there remains a risk of losses caused by unauthorized use in fraudulent transactions that bypass Takefuji's credit control systems by using of illicitly-gathered transaction information and PIN numbers.

8) Asset risk

1. Exchange rate risk

As of March 31, 2007, the domestic companies of the group held US\$179million in time deposits and property denominated in foreign currency. Because of the recent decline in the value of the yen, a foreign exchange gain of 158 million yen was recorded. Given the fluctuations in foreign exchange rates, the group may record other significant foreign exchange gain or loss in the future.

2. Risks associated with venture capital investments

The Group has made venture capital investments both directly and indirectly. As of March 31, 2007, venture capital investments in securities amounted to 4,153 million yen. Because of the nature of venture capital investments, significant returns can be expected if a portfolio company conducts an IPO. However, investments may become worthless if a portfolio company encounters serious difficulties.

9) Significant litigation

As of March 31, 2007, there were 14 court cases in which the company was the defendant. There are eight cases in which former employees are asking for the payment of wages allegedly due when they were employed by the company. There is one case in which former employee is asking for the payment of remuneration allegedly promised when he was employed by the company, three cases requesting the evacuation of office space and two cases requesting the payment of damages.

Takefuji will be consulting with its attorneys to deal appropriately with this litigation. However, it is possible that the company may encounter similar cases in the future that could force the payment of substantial damages.

In addition, reports about these court cases in the mass media may create concerns among consumers, investors, financial institutions and other stakeholders that could make it more difficult for the company to acquire new customers, sustain its stock price, procure funds and conduct other aspects of its operations.

2. Takefuji Group

The Takefuji Group consists of Takefuji Corporation and 9 subsidiaries, which are subject to consolidation as of March 31, 2007. Consumer Finance is the core business of the Group while subsidiaries undertake other miscellaneous business operations. The following description explains the positioning and role of each Group company.

Consumer finance:

Direct cash loan business:

Takefuji Corporation, one of the largest scale consumer finance companies in Japan in terms of both the number of accounts and the outstanding loan balance, has concentrated since its establishment on making popular, convenient and on-the-spot small-scale consumer loans that require borrowers to provide neither collateral nor guaranties and has developed a nation-wide branch network through local communities in order to meet various customer needs.

Credit card business:

The Company runs credit card business that is deeply rooted into regional communities by offering opportunities of credit card use as “Useful card for life” to such customers who had few chances to hold credit card and by advancing the development of franchise shops.

Other Businesses:

Golf course management:

Take One Co., Ltd. is engaged in management of golf courses and provides loan facilities to Takefuji Corporation.

Real estate rental business:

As part of group strategy for efficient use of real estate in possession, Takefuji Corporation and TDS Co., Ltd. undertake real estate business such as development, administration and rental to tenants.

Venture capital business:

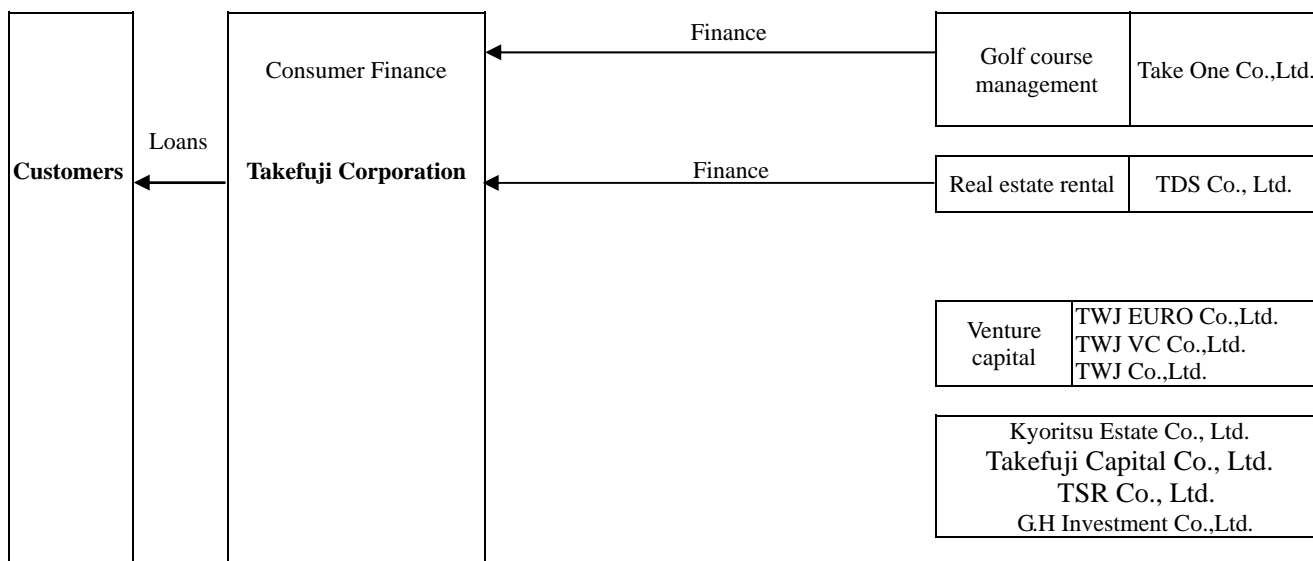
TWJ EURO Co., Ltd. and TWJ VC Co., Ltd. were established in the U.K. and the U.S., respectively, in order to mainly invest in venture businesses in Europe and in the U.S., respectively. TWJ Co., Ltd. was established as a venture capital subsidiary for investments in Japan.

Others:

Kyoritsu Estate Co., Ltd., Takefuji Capital Co., Ltd., TSR Co., Ltd., GH Investment Co., Ltd.

In addition to the above, three related companies deal with managing and leasing of real estate.

The Chart of Takefuji Group



3. Management Policy

(1) Fundamental corporate management policy, (2) Target management indices and (3) Long-term corporate management strategy

Those are not presented since there is no significant change in its contents from the Interim Brief Statement of Financial Results at the Interim for the Fiscal Year Ending March 31, 2007.

“The Interim Brief Statement of Financial Results at the Interim for the Fiscal Year Ending March 31, 2007” is available in the website of <http://www.takefuji.co.jp/> or <http://www.tse.or.jp/listing/compsearch/index.html>

(4) Major issues in fiscal 2007

Stated in 1. Business Performance (1) Analysis of business performance

(5) Basic guidelines regarding relationships with related parties

A portion of our branches rent buildings which are owned by related parties. All of the conditions of these dealings are evaluated in the same manner as general transactions by taking into consideration such factors as market supply and demand conditions and market price trends.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Term Item of accounts	Note	Previous Consolidated Fiscal Year as of March 31, 2006		Current Consolidated Fiscal Year as of March 31, 2007	
		Amount (millions of yen)	Compo- sition Ratio (%)	Amount (millions of yen)	Compo- sition Ratio (%)
Assets:					
I Current assets					
1. Cash in hand and at banks		67,023		68,110	
2. Direct cash loans to customers	*1,2,9	1,540,046		1,431,848	
3. Installment receivables		494		582	
4. Securities		5		-	
5. Inventories		376		282	
6. Accrued interest income on loans to customers		12,305		12,918	
7. Short-term loans receivable		40,000		27,986	
8. Corporate taxes, inhabitants taxes and enterprise taxes refundable		-		11,639	
9. Deferred income tax assets		19,502		20,604	
10. Other current assets		22,936		24,327	
Less: Allowance for credit losses		-150,430		-151,262	
Total current assets		1,552,258	87.7	1,447,034	91.4
II Fixed assets					
1. Tangible fixed assets	*5				
(1) Buildings and structures	*1	9,315		8,197	
(2) Machinery and vehicles		59		45	
(3) Equipment, furniture and fixtures		5,131		4,721	
(4) Land	*1	35,093		35,084	
(5) Golf course		195		195	
Total tangible fixed assets		49,794	2.8	48,242	3.1
2. Intangible fixed assets		5,769	0.3	5,036	0.3

Term Item of accounts	Note	Previous Consolidated Fiscal Year as of March 31, 2006		Current Consolidated Fiscal Year as of March 31, 2007	
		Amount (millions of yen)	Compo- sition Ratio (%)	Amount (millions of yen)	Compo- sition Ratio (%)
3. Investments and other assets					
(1) Investments in securities		32,432		26,577	
(2) Long-term deposits		31,058		46,556	
(3) Deferred income tax assets		17,139		-	
(4) Other investments		9,769		9,726	
Total investments and other assets		90,398	5.1	82,859	5.2
Total fixed assets		145,960	8.2	136,137	8.6
III Deferred charges					
1. Discount on bonds		72,692		-	
Total deferred charges		72,692	4.1	-	-
Total assets		1,770,909	100.0	1,583,172	100.0

Term Item of accounts	Note	Previous Consolidated Fiscal Year as of March 31, 2006		Current Consolidated Fiscal Year as of March 31, 2007	
		Amount (millions of yen)	Compo- sition Ratio (%)	Amount (millions of yen)	Compo- sition Ratio (%)
Liabilities:					
I Current liabilities					
1. Current portion of bonds		68,000		-	
2. Current portion of long-term borrowings	*1	113,986		110,569	
3. Accrued income taxes		27,169		608	
4. Allowance for losses for refund of interest received from customers		22,500		-	
5. Allowance for bonuses		754		749	
6. Other current liabilities		14,615		20,346	
Total current liabilities		247,024	13.9	132,272	8.4
II Fixed liabilities					
1. Bonds		228,567		158,479	
2. Long-term borrowings	*1	305,304		328,791	
3. Deferred income tax liabilities		201		4,937	
4. Allowance for losses for refund of interest received from customers		-		488,798	
5. Allowance for retirement benefits of employees		3,060		3,098	
6. Allowance for retirement benefits of directors and corporate auditors		104		117	
7. Other fixed liabilities		13,024		8,964	
Total fixed liabilities		550,260	31.1	993,185	62.7
Total liabilities		797,283	45.0	1,125,457	71.1
Shareholders' Equity:					
I Common stock					
	*7	30,478	1.7	-	-
II Capital surplus					
		52,263	2.9	-	-
III Retained Earnings					
		921,787	52.1	-	-
IV Net unrealized gains on investments in securities					
		9,767	0.6	-	-
V Foreign currency translation adjustments					
		107	0.0	-	-
VI Treasury stock					
	*8	-40,776	-2.3	-	-
Total shareholders' equity		973,626	55.0	-	-
Total liabilities and shareholders' equity		1,770,909	100.0	-	-

Item of accounts	Note	Previous fiscal year as of March 31, 2006		Current fiscal year as of March 31, 2007	
		Amount (millions of yen)	Compos- ition Ratio (%)	Amount (millions of yen)	Compos- ition Ratio (%)
Net assets :					
I Shareholders' Equity					
1 Common stock		-	-	30,478	1.9
2 Capital surplus		-	-	52,263	3.3
3 Retained earnings		-	-	408,107	25.8
4 Treasury stock		-	-	-40,776	-2.6
Total Shareholders' Equity		-	-	450,071	28.4
II Valuation and foreign currency translation adjustment					
1 Net unrealized gains on investments in securities		-	-	6,657	0.4
2 Deferred hedge gains or losses		-	-	861	0.1
3 Foreign currency translation adjustments		-	-	125	0.0
Total Valuation and foreign currency translation adjustment		-	-	7,643	0.5
Total net assets		-	-	457,714	28.9
Total liabilities and net assets		-	-	1,583,172	100.0

(2) Consolidated Statements of Income

Term Item of accounts	Note	Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006)		Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)	
		Amount (millions of yen)	Compo- sition Ratio (%)	Amount (millions of yen)	Compo- sition Ratio (%)
I Operating revenues					
1. Interest income on direct cash loans			341,463		318,491
2. Commissions earned			65		86
3. Other financial income			736		3,249
4. Other operating income			8,995		7,095
Total operating revenues			351,259	100.0	328,920
II Operating expenses					
1. Financial expenses					
(1) Borrowing interest expenses		8,750		9,997	
(2) Bond interest expenses		10,665		9,902	
(3) Other financial expenses		1,130	20,546	1,397	21,297
2. Other operating expenses					
(1) Advertising expenses		12,298		9,826	
(2) Provision of allowance for credit losses		121,934		113,642	
(3) Provision of allowance for losses for refund of interest received from customers		22,500		290,449	
(4) Losses for refund of interest received from customers		18,699		-	
(5) Wages and bonuses		16,848		15,885	
(6) Provision of allowance for bonuses		754		749	
(7) Provision of allowance for retirement benefits of employees		895		422	
(8) Provision of allowance for retirement benefits of directors and corporate auditors		30		29	
(9) Temporary employment cost		1,202		1,386	
(10) Rent		7,331		6,996	
(11) Depreciation and amortization		3,401		3,457	
(12) Handling charges		10,615		10,830	
(13) Others		26,421	242,928	18,985	472,654
Total operating expenses			263,474	75.0	493,951
Operating income			87,785	25.0	-
Operating loss			-	-	165,030
					-50.2

Term Item of accounts	Note	Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006)		Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)		
		Amount (millions of yen)	Compo- sition Ratio (%)	Amount (millions of yen)	Compo- sition Ratio (%)	
III Non-operating income						
1. Dividends income received		2,668		1,204		
2. Insurance dividends received		129		-		
3. Profit on investments in partnerships		-		548		
4. Foreign exchange gain		1,602		158		
5. Other non-operating income		278	4,678	247	2,157	0.7
IV Non-operating expenses						
1. Loss on sales of securities		44		-		
2. Loss on disposal or sales of fixed assets		76		32		
3. Loss on investments in partnerships		43		-		
4. Option fees		47		841		
5. Other non-operating expenses		6	215	17	890	0.3
Ordinary income			92,248		-	-
Ordinary loss			-		163,764	-49.8
V Extraordinary income						
1. Gain on sales of investments in securities		28,264		-		
2. Gain on redemption of bonds		189		-		
3. Gain on sales of fixed assets	*2	-	28,452	40	40	0.0
VI Extraordinary losses						
1. Loss on devaluation of investments in securities		29		140		
2. Loss on redemption of bonds		2,418		-		
3. Loss on impairment of fixed assets	*3,4	47,525		160		
4. Provision of allowance for losses for refund of interest received from customers		-		272,038		
5. Loss on integration or close of branches	*4	-		708		
6. Other non-operating expenses		327	50,298	4	273,049	83.0
Income before income taxes			70,402		-	-
Loss before income taxes			-		436,773	-132.8
Corporate taxes, inhabitants taxes and enterprise taxes		49,907		22,163		
Income taxes refunded		-10,043		-		
Deferred income tax expenses		-16,386	23,478	22,338	44,501	13.5
Net income			46,924		-	-
Net Loss			-		481,274	-146.3

(3) Consolidated Statements of Retained Earnings

Term Item of accounts	Note	Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006)	
		Amount (millions of yen)	
(Capital surplus)			
I Capital surplus at the beginning of the fiscal year			52,263
II Capital surplus at the end of the fiscal year			52,263
(Retained earnings)			
I Retained earnings at the beginning of the fiscal year			898,141
II Increase in retained earnings			
1. Net income		46,924	46,924
III Decrease in retained earnings			
1 Dividends		23,216	
2 Bonuses to directors and corporate auditors		62	23,278
IV Retained earnings at the end of the fiscal year			921,787

Consolidated Statement of Changes in Net Assets
 Current Period (from April 1, 2006 to March 31, 2007)

(millions of yen)

	Shareholders' Equity					Valuation and foreign currency translation adjustment		
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' Equity	Net unrealized gains on Investments in securities	Deferred hedge gains or losses	Foreign currency translation adjustments
Balance as of March 31, 2006	30,478	52,263	921,787	-40,776	963,753	9,767	-	107
Changes of items during current fiscal year								
Dividends (Note)			-16,181		-16,181			
Bonuses for directors (Note)			-45		-45			
Interim dividends			-16,181		-16,181			
Net loss			-481,274		-481,274			
Acquisition of treasury stock				-0	-0			
Net changes of items other than shareholders' equity						-3,110	861	18
Total changes of items during current fiscal year			-513,681	-0	-513,681	-3,110	861	18
Balance as of March 31, 2007	30,478	52,263	408,107	-40,776	450,071	6,657	861	125

Note: Items represent disposal of retained earnings at the General meeting in June 2006.

(4) Consolidated Statements of Cash Flows

Term Item of accounts	Note	Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)
		Amount (millions of yen)	Amount (millions of yen)
I Cash flows from operating activities			
Income before income taxes		70,402	-
Loss before income taxes		-	-436,773
Depreciation and amortization		3,401	3,457
Loss on impairment of fixed assets		47,525	160
Gain on participation in leveraged lease partnerships		369	-226
Increase or decrease in allowance for employees' retirement benefits		445	38
Increase or decrease in allowance for retirement benefits of directors and corporate auditors		30	12
Increase or decrease in allowance for credit losses		13,430	832
Increase or decrease of allowance for losses for refund of interest received from customers		22,500	466,298
Write-offs		108,504	100,279
Interest repaid (Portion of principal impaired)		-	44,669
Non-operating interest income and dividend income		-2,668	-1,204
Loss on sales of securities		44	-
Loss on integration or close of branches		-	708
Loss on disposal or sales of tangible fixed assets		76	35
Gain on sales of investments in securities		-28,264	-
Loss on devaluation of investments in securities		29	140
Gain on redemption of bonds		-189	-
Loss on redemption of bonds		2,418	-
Increase or decrease in accrued interest income on loans to customers		-192	-613
Direct cash loans made to customers		-651,803	-547,751
Direct cash loans collected from customers		572,036	511,083
Increase or decrease of long-term deposit		-31,058	-15,499
Others		-7,434	-8,135
Sub total		119,600	117,510
Non-operating interest income and dividend income received		2,668	1,204
Income taxes paid		-40,591	-49,163
Refund of income taxes		9,107	905
Net cash provided by operating activities		90,784	70,455

Term Item of accounts	Note	Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)
		Amount (millions of yen)	Amount (millions of yen)
II Cash flows from investing activities			
Net increase or decrease in time deposits		500	-
Net increase or decrease in pledged bank deposits		3,032	-
Payments for purchase of tangible fixed assets		-752	-1,090
Payments for purchase of securities		-1,833	-911
Proceeds from redemption of securities		278	4
Payments for purchase of investments in securities		-655	-315
Proceeds from sales of investments in securities		42,126	795
Payments for acquisition of investments in partnerships		-515	-105
Proceeds from collection of investments in partnerships		103	34
Others		93	342
Net cash provided by investing activities		42,376	-1,248
III Cash flows from financing activities			
Proceeds from long-term borrowings		265,740	131,500
Repayments of long-term borrowings		-272,209	-111,429
Repayments for redemption of bonds		-153,490	-68,000
Acquisition or sales of treasury stock, net		-0	-0
Cash dividends paid		-23,216	-32,362
Net cash used in financing activities		-183,177	-80,291

Term Item of accounts	Note	Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)
		Amount (millions of yen)	Amount (millions of yen)
IV Effect of exchange rate changes on cash and cash equivalents		1,603	157
V Increase or decrease in cash and cash equivalents		-48,414	-10,926
VI Cash and cash equivalents at the beginning of the fiscal year		155,436	107,022
VII Cash and cash equivalents at the end of the fiscal year	*	107,022	96,096

Significant Accounting Policies for Consolidated Financial Statements

Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)								
<p>1 Scope of consolidation As of March 31, 2006, the number of consolidated subsidiaries were 9 as listed below;</p> <p>Kyoritsu Estate Co., Ltd. TWJ VC Co., Ltd. Takefuji Capital Co., Ltd. Take One Co., Ltd. TSR Co., Ltd. G.H Investment Co., Ltd. TWJ Co., Ltd. TWJ EURO Co., Ltd. TDS Co., Ltd. The Company sold all the stock of Takefuji Bull Mart Co.,Ltd on July 15, 2005. Therefore its financial statements as of July 15, 2005 are used for consolidation.</p> <p>2 Application of the equity method No entities are subject to the equity method of accounting.</p> <p>3 The fiscal year of consolidated subsidiaries The fiscal year-end date of each subsidiary listed hereunder is as follows;</p> <table data-bbox="279 929 694 1041"> <tr> <td>TWJ Co., Ltd.</td> <td>February 28</td> </tr> <tr> <td>Take One Co., Ltd.</td> <td>January 31</td> </tr> <tr> <td>TSR Co., Ltd.</td> <td>December 31</td> </tr> <tr> <td>G.H Investment Co., Ltd.</td> <td>December 31</td> </tr> </table> <p>For these consolidated subsidiaries, their financial statements at the above-mentioned fiscal year-end date are used respectively in the preparation of consolidated financial statements of Takefuji Corporation. Adjustments are made in the consolidated accounts for any significant transactions that occur between these dates and the consolidated balance sheet date.</p> <p>4 Significant accounting policies</p> <p>(1) Basis and method of valuation of significant assets</p> <p>A Securities Other securities: Where there is a market quotation; Market value as determined by the quoted price at the end of the fiscal year. The difference between the acquisition cost and the market value, netted of the related income taxes, is included directly in shareholders' equity, and the cost of securities sold is computed using the moving average method. Where there is no market quotation; Cost as determined by the moving average method.</p> <p>B Inventories Cost based on the last purchase price method.</p>	TWJ Co., Ltd.	February 28	Take One Co., Ltd.	January 31	TSR Co., Ltd.	December 31	G.H Investment Co., Ltd.	December 31	<p>1 Scope of consolidation As of March 31, 2007, the number of consolidated subsidiaries were 9 as listed below;</p> <p>Kyoritsu Estate Co., Ltd. TWJ VC Co., Ltd. Takefuji Capital Co., Ltd. Take One Co., Ltd. TSR Co., Ltd. G.H Investment Co., Ltd. TWJ Co., Ltd. TWJ EURO Co., Ltd. TDS Co., Ltd.</p> <p>2 Application of the equity method The same as the previous fiscal year.</p> <p>3 The fiscal year of consolidated subsidiaries The same as the previous fiscal year</p> <p>4 Significant accounting policies</p> <p>(1) Basis and method of valuation of significant assets</p> <p>A Securities Other securities: Where there is a market quotation; Market value as determined by the quoted price at the end of the fiscal year. The difference between the acquisition cost and the market value, netted of the related income taxes, is included directly in net assets, and the cost of securities sold is computed using the moving average method. Where there is no market quotation; The same as the previous fiscal year.</p> <p>B Inventories The same as the previous fiscal year.</p>
TWJ Co., Ltd.	February 28								
Take One Co., Ltd.	January 31								
TSR Co., Ltd.	December 31								
G.H Investment Co., Ltd.	December 31								

Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)
<p>(2) Depreciation of the fixed assets</p> <p>A Tangible fixed assets Depreciation is mainly computed on the declining-balance method at rates based on the estimated useful lives of assets, except that the depreciation method for buildings (excluding auxiliary facilities attached to buildings), which were acquired on or after April 1, 1998, is the straight-line method. The range of useful lives is from 10 to 50 years for buildings and structures and from 4 to 15 years for equipment, furniture and fixtures.</p> <p>B Intangible fixed assets Software costs for internal use are amortized on the straight-line method over 5 years which is the estimated useful life. Other intangible fixed assets are amortized on the straight-line method.</p> <p>(3) Accounting for deferred charges Discount on bonds is amortized over the period until redemption.</p> <p>(4) Basis of calculating allowances</p> <p>A Allowance for credit losses In providing for possible credit losses on direct cash loans, the Company records an allowance for loans (including delinquent loans past due 30 days or less) based on an actual percentage based on all write-offs, including those arising from personal bankruptcy of customers. With respect to specific loans classified as doubtful such as delinquent loans past due for longer periods, the Company records an allowance for credit losses thereon at the estimated uncollectible amounts based on the write-offs of such loans with similar credit risk ratings over a certain period.</p>	<p>(2) Depreciation of the fixed assets</p> <p>A Tangible fixed assets The same as the previous fiscal year.</p> <p>B Intangible fixed assets The same as the previous fiscal year.</p> <p>(3) -</p> <p>(4) Basis of calculating allowances</p> <p>A Allowance for credit losses In providing for possible credit losses on direct cash loans, the Company records an allowance for loans (including delinquent loans past due 30 days or less) based on an actual percentage based on all write-offs, including those arising from personal bankruptcy of customers. With respect to specific loans classified as doubtful such as delinquent loans past due for longer periods, the Company records an allowance for credit losses thereon at the estimated uncollectible amounts based on the write-offs of such loans with similar credit risk ratings over a certain period.</p> <p>(Additional Information) From the current fiscal year, the Company records allowance for losses for refund of interest received from customers for expected portion of loss for refund of interest that should be deducted from direct cash loans to customers in accordance with "Application of auditing for provision of allowance for losses for re-claimed refund of interest in the accounting of consumer finance companies" of the industry audit practice committee report No.37 by the Japanese institute of certified public accountants. With this change, the portion of expected losses for refund of interest of 12,531 million yen that was included in allowance for credit losses at the beginning of the fiscal year is converted to allowance for losses for refund of interest received from customers.</p>

<p>B Allowance for losses for refund of interest received from customers</p> <p>In providing for possible losses for refund of interest received from customers exceeding the upper limit of interest rate prescribed under the Interest Rate Restriction Law, the Company records an allowance for losses for refund of interest received from customers based on the anticipated losses for refund reclaim from customers at the end of the current fiscal year.</p> <p>(Additional Information) Allowance for losses for refund of interest received from customers was recorded from the current fiscal year due to the increased significance of those reclaimed losses on the financial statements, which were related to the interests received from customers exceeding the upper limit of interest rate prescribed under the Interest Rate Restriction Law, resulting from the supreme court decisions on January 13 and 19, 2006 about practical application of the voluntary repayments rules prescribed under Article 43 of the Moneylending Control Law. This resulted in an increase of other operating expenses by 22,500 million yen and in decreases of operating income, ordinary income and income before income taxes by the same amount, respectively.</p> <p>C Allowance for bonuses</p> <p>In providing for bonuses payable to employees, the Company records an allowance for current fiscal year portion thereof based on the expected payment of bonuses for employees.</p>	<p>B Allowance for losses for refund of interest received from customers</p> <p>From the current fiscal year, the Company records allowance for losses for refund of interest received from customers in accordance with “Application of auditing for provision of allowance for losses for re-claimed refund of interest in the accounting of consumer finance companies” of the industry audit practice committee report No.37 by the Japanese institute of certified public accountants. With this change, the Company recorded 290,449 million yen and 272,038 million yen as provision of allowance for losses for refund of interest received from customers in the section of operating expenses and extraordinary losses respectively, which is the difference between 307,069 million yen that is calculated as the allowance for losses for refund of interest received from customers in accordance with the report above stated at the beginning of the fiscal year and 35,031 (including 12,531 million yen converted from allowance for credit losses at the beginning of the fiscal year) million yen that was calculated in accordance with the previous standard. As a result, provision of credit loss in operating expenses decreased 51,026 million yen, provision of allowance for losses for refund of interest received from customers increased 162,098 million yen, operating loss and ordinary loss increased by 111,072 million yen respectively and loss before income taxes increased 383,110 million yen compared with the previous period.</p> <p>C Allowance for bonuses</p> <p>The same as the previous fiscal year.</p>
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Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)
<p>D Allowance for retirement benefits of employees The Company records an allowance for retirement benefits based on projected benefit obligations and pension fund assets as at the balance sheet date. Actuarial gain or loss is charged or credited to income in the fiscal year next to the year when that was incurred.</p> <p>E Allowance for directors' and corporate auditors' retirement benefits The Company records an allowance for directors' and corporate auditors' retirement benefits at the amount that would be payable if directors and corporate auditors retired at the end of the fiscal year in accordance with the Company's internal rules.</p> <p>(5) Accounting for lease transactions Financial leases, other than those which are deemed to transfer the ownership of the leased assets to the lessees, are accounted for by the method similar to that applicable to operating leases.</p> <p>(6) Accounting for hedging activities The Company uses financial derivative transactions to reduce its exposure to market risks from fluctuations in interest rates and foreign currency exchange rates related to borrowings, bonds and interest expenses. Interest swap transactions and bond option transaction were accounted for using the deferred hedge method prescribed under the Japanese GAAP. Currencies and interest swap transactions were accounted for using the special treatment of hedge accounting for interest swaps allowed under the Japanese GAAP. The Company evaluates the effectiveness of hedging activities by comparison between accumulated fluctuations in accumulated market quotations and accumulated cash flows of the hedged items and those of the related hedging activities and the resulting ratios in those fluctuations between the hedged items and the related hedging activities. Note that evaluation of the effectiveness about interest swaps accounted for using the special treatment of hedge accounting is omitted due to no requirements under the Japanese GAAP.</p> <p>(7) Other significant accounting policies for the preparation of consolidated financial statements A Basis of recognition of interest income on direct cash loans Interest income on direct cash loans is recognized on an accrual basis. Accrued interest income is recognized at either the contracted rate applied to individual loan or the maximum rate permitted by the Interest Rate Restriction Law in Japan, whichever is lower.</p> <p>B Accounting treatment of consumption tax Transactions subject to consumption tax for the Company and its one domestic subsidiary are stated at the amount which includes the related consumption tax. Those for other four domestic subsidiaries are stated at the amount which is net of the related consumption tax.</p>	<p>D Allowance for retirement benefits of employees The same as the previous fiscal year.</p> <p>E Allowance for directors' and corporate auditors' retirement benefits The same as the previous fiscal year.</p> <p>(5) Accounting for lease transactions The same as the previous fiscal year.</p> <p>(6) Accounting for hedging activities The same as the previous fiscal year.</p> <p>(7) Other significant accounting policies for the preparation of consolidated financial statements A Basis of recognition of interest income on direct cash loans The same as the previous fiscal year.</p> <p>B Accounting treatment of consumption tax The same as the previous fiscal year.</p>

Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)
<p>5 Revaluation of assets and liabilities of consolidated subsidiaries</p> <p>The market method is fully applied to revaluation of assets and liabilities of consolidated subsidiaries.</p> <p>6 Amortization of goodwill</p> <p>Goodwill is charged or credited to income when incurred.</p> <p>7 Accounting treatment of appropriation items of retained earnings</p> <p>Retained earnings appropriation items or accumulated loss disposition items of the Company and consolidated subsidiaries applicable to the immediately preceding consolidated fiscal year as approved at their shareholders' meeting and effected in the relevant consolidated fiscal year are reflected in the accompanying consolidated financial statements.</p> <p>8 Cash and cash equivalents as stated in consolidated statements of cash flows</p> <p>Cash and cash equivalents include cash in hand, bank deposits able to be withdrawn on demand and short-term investments with negligible risk of fluctuations in value and original maturity of three months or less.</p>	<p>5 Revaluation of assets and liabilities of consolidated subsidiaries</p> <p>The same as the previous fiscal year.</p> <p>6 -</p> <p>7 -</p> <p>8 Cash and cash equivalents as stated in consolidated statements of cash flows</p> <p>The same as the previous fiscal year.</p>

Changes in Significant Accounting Policies for Consolidated Financial Statements

Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)
<p>(Accounting standard for impairment of fixed assets) From current fiscal year, the company has adopted the accounting standard for impairment of fixed assets (“Opinion on establishment of asset-impairment accounting standards”) (by Business Accounting Council on August 9, 2002) and “Implementation guidance for accounting standard for impairment of fixed assets” (Implementation guidance No.6 of corporate accounting standard on October 31, 2003). This adoption resulted in increase of operating revenues and ordinary income by 208 million yen and a decrease of income before income taxes by 47,317 million yen. Accumulated loss on impairment of fixed assets is deducted directly from the book value of each asset in accordance with the revised disclosure rules of consolidated financial statements.</p> <p style="text-align: center;">-</p>	<p style="text-align: center;">-</p> <p>(Accounting standard for financial services) From current fiscal year, the company has adopted “Accounting standard for financial instruments” (Statement No.10 of Accounting standards board of Japan on August 11, 2006) and “Tentative solution on accounting for deferred assets” (PITF No.19 on August 11, 2006). As a result discount on bonds amounting to 70,088 million yen which were previously recorded as deferred charges is now recorded as deduction from bonds on the balance sheets.</p> <p>(Accounting standard for presentation of net assets in the balance sheet) From current fiscal year, the company has adopted “Accounting standard for presentation of net assets in the balance sheet” (Statement No.5 on December 9, 2005) and “Guidance on accounting standard for presentation of net assets in the balance sheet” (Guidance No.8 on December 9, 2005) of the accounting standards board of Japan. Shareholders’ equity under the previous presentation method amounted to 456,854 million yen. Net assets in the balance sheets for the current fiscal year have been presented in accordance with the revised disclosure rules of consolidated financial statements in accordance with the revision of disclosure rules of consolidated financial statements.</p>

Reclassification

Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)
<p data-bbox="485 271 496 286">-</p> <p data-bbox="181 595 563 622">(Consolidated Statements of Income)</p> <p data-bbox="181 624 794 909">Losses for refund of interest received from customers, which had been included in "others " in other operating expenses in the previous fiscal year, was shown separately as " Losses for refund of interest received from customers " from the current fiscal year due to the increased significance of those losses on the financial statements. Losses for refund of interest received from customers, which was included in "others" in other operating expenses in the previous fiscal year, amounted to 10,981 million yen.</p>	<p data-bbox="815 271 1118 297">(Consolidated Balance Sheet)</p> <p data-bbox="815 300 1426 573">“Corporate taxes, inhabitants taxes and enterprise taxes refundable”, which had been classified in “Other current assets” in current assets in the previous consolidated fiscal year, was recorded separately as “Corporate taxes, inhabitants taxes and enterprise taxes refundable” from current fiscal year due to the increased significance of impact on the financial statement. The amount of “Corporate taxes, inhabitants taxes and enterprise taxes refundable” in “Other current assets” in current assets recorded in the previous fiscal year was 1,287 million yen.</p> <p data-bbox="1118 595 1129 611">-</p>

Footnotes to Consolidated Balance Sheets

Previous Consolidated Fiscal Year (as of March 31, 2006)	Current Consolidated Fiscal Year (as of March 31, 2007)																																				
<p>*1 The assets pledged as security and the corresponding secured liabilities are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Pledged assets</th> <th style="text-align: right;">(millions of yen)</th> </tr> </thead> <tbody> <tr> <td>Direct cash loans</td> <td style="text-align: right;">299,312</td> </tr> <tr> <td>Buildings and structures</td> <td style="text-align: right;">3,509</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">12,688</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">315,509</td> </tr> </tbody> </table> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Secured liabilities</th> <th></th> </tr> </thead> <tbody> <tr> <td>Current portion of long-term borrowings</td> <td style="text-align: right;">39,134</td> </tr> <tr> <td>Long-term borrowings</td> <td style="text-align: right;">185,723</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">224,857</td> </tr> </tbody> </table> <p>Amounts stated above include the portion which is related to the financing scheme by way of trusts of direct cash loans to customers (Direct cash loans to customers; 297,132 million yen, long-term borrowings (including current portion thereof); 217,957 million yen).</p> <p>In addition to the above, direct cash loans to customers of 12,320 million yen may be pledged as collateral for the long-term borrowings of 9,000 million yen, including the current portion thereof, upon requests from financial institutions under agreements.</p> <p>*2 The total outstanding balance 1,540,046 million yen of direct cash loans to customers is only for unsecured loans to individuals.</p> <p>3 Regarding Direct cash loans, once a credit limit has been established for a customer, the customer may access his or her credit line on a revolving basis. The unused portion of each customer's credit line as of the end of fiscal year was 404,304 million yen which included 243,407 million yen of the unused portion of credit line for customers who did not have any loan balance. The credit line of a customer is either increased or decreased by the Company at its discretion based on the credit capacity of the customer. The Company believes that the total unused balance of each customer's credit line does not significantly affect the Company's cash flows in the future.</p> <p>4 The Company borrows long-term funds under committed lines of credit. The Company has available committed lines of credit equal to Yen equivalent of US\$3,500 million. At the end of the current consolidated fiscal year, the Company's outstanding balance under the committed line of credit was Yen equivalent of US\$1,814 million and remaining unused portion was Yen equivalent of US\$1,686 million.</p>	Pledged assets	(millions of yen)	Direct cash loans	299,312	Buildings and structures	3,509	Land	12,688	Total	315,509	Secured liabilities		Current portion of long-term borrowings	39,134	Long-term borrowings	185,723	Total	224,857	<p>*1 The assets pledged as security and the corresponding secured liabilities are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Pledged assets</th> <th style="text-align: right;">(millions of yen)</th> </tr> </thead> <tbody> <tr> <td>Direct cash loans</td> <td style="text-align: right;">453,172</td> </tr> <tr> <td>Buildings and structures</td> <td style="text-align: right;">3,279</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">12,688</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">469,138</td> </tr> </tbody> </table> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Secured liabilities</th> <th></th> </tr> </thead> <tbody> <tr> <td>Current portion of long-term borrowings</td> <td style="text-align: right;">55,402</td> </tr> <tr> <td>Long-term borrowings</td> <td style="text-align: right;">231,529</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">286,931</td> </tr> </tbody> </table> <p>Amounts stated above include the portion which is related to the financing scheme by way of trusts of direct cash loans to customers (Direct cash loans to customers; 453,172 million yen, long-term borrowings (including current portion thereof); 284,231 million yen).</p> <p>In addition to the above, direct cash loans to customers of 2,531 million yen may be pledged as collateral for the long-term borrowings of 2,300 million yen, including the current portion thereof, upon requests from financial institutions under agreements.</p> <p>*2 The total outstanding balance 1,431,848 million yen of direct cash loans to customers is only for unsecured loans to individuals.</p> <p>3 Regarding Direct cash loans, once a credit limit has been established for a customer, the customer may access his or her credit line on a revolving basis. The unused portion of each customer's credit line as of the end of fiscal year was 411,392 million yen which included 241,388 million yen of the unused portion of credit line for customers who did not have any loan balance. The credit line of a customer is either increased or decreased by the Company at its discretion based on the credit capacity of the customer. The Company believes that the total unused balance of each customer's credit line does not significantly affect the Company's cash flows in the future.</p> <p>4 The Company borrows long-term funds under committed lines of credit. The Company has available committed lines of credit equal to Yen equivalent of US\$3,500 million. At the end of the current consolidated fiscal year, the Company's outstanding balance under the committed line of credit was Yen equivalent of US\$2,414 million and remaining unused portion was Yen equivalent of US\$1,086 million.</p>	Pledged assets	(millions of yen)	Direct cash loans	453,172	Buildings and structures	3,279	Land	12,688	Total	469,138	Secured liabilities		Current portion of long-term borrowings	55,402	Long-term borrowings	231,529	Total	286,931
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Previous Consolidated Fiscal Year (as of March 31, 2006)	Current Consolidated Fiscal Year (as of March 31, 2007)				
<p>*5 The amount of 35,982 million yen of accumulated depreciation for tangible fixed assets was netted against acquisition cost.</p> <p>6 Contingent liabilities related to the contracts assuming the obligation of bonds</p> <p>The unsecured bond (second issuance) with term of 7 years</p> <p style="padding-left: 40px;">30,000 million yen</p> <p>The unsecured bond (fourth issuance) with term of 7 years</p> <p style="padding-left: 40px;">30,000 million yen</p> <p>*7 The total number of outstanding stocks the Company has issued:</p> <table style="margin-left: 40px;"> <tr> <td>Common stocks</td> <td>147,295,200 (shares)</td> </tr> </table> <p>*8 The number of the treasury stocks the Company holds:</p> <table style="margin-left: 40px;"> <tr> <td>Common stocks</td> <td>6,589,175 (shares)</td> </tr> </table>	Common stocks	147,295,200 (shares)	Common stocks	6,589,175 (shares)	<p>*5 The amount of 36,784 million yen of accumulated depreciation for tangible fixed assets was netted against acquisition cost.</p> <p>6 Contingent liabilities</p> <p>Contingent liabilities related to the contracts assuming the obligation of bonds</p> <p>The unsecured bond (fourth issuance) with term of 7 years</p> <p style="padding-left: 40px;">30,000 million yen</p> <p>*7 -</p> <p>*8 -</p>
Common stocks	147,295,200 (shares)				
Common stocks	6,589,175 (shares)				

Previous Consolidated Fiscal Year (as of March 31, 2006)	Current Consolidated Fiscal Year (as of March 31, 2007)
<p>*9 Delinquent loans receivable</p> <p>Loans to bankrupt borrowers; 1,115 million yen</p> <p>Loans to bankrupt borrowers are loans under declaration of bankruptcy, reconstruction and similar proceedings and in addition, whose interest is no longer accrued as income since the principal or interest on such loans is unlikely to be repaid in view of the considerable period of delinquencies of the principal and interest, or other circumstances.</p> <p>Delinquent loans; 64,072 million yen</p> <p>Delinquent loans are loans whose interest is no longer accrued as income since the principal or interest on such loans is unlikely to be repaid in view of the considerable period of delinquencies of the principal and interest, or other circumstances, and do not include loans to bankrupt borrowers.</p> <p>Delinquent loans past due three months or more; 24,890 million yen</p> <p>Delinquent loans past due three months or more are loans which are delinquent for three months or more from the due date of interest or principal under the term of related loan agreements and do not include loans to bankrupt borrowers and delinquent loans.</p> <p>Restructured loans; 105,153 million yen (98,819 million yen)</p> <p>Restructured loans are loans with concessionary interest rates, as well as loans with negotiated terms regarding the timing of interest and principal payment. Restructured loans do not include loans to bankrupt borrowers, delinquent loans and delinquent loans past due three months or more. The loans classified as restructured loans include loan receivables current or less than 31 days past due, the amount of which is indicated in the parenthesis as above.</p>	<p>*9 Delinquent loans receivable</p> <p>Loans to bankrupt borrowers; 862 million yen</p> <p>Loans to bankrupt borrowers are loans under declaration of bankruptcy, reconstruction and similar proceedings and in addition, whose interest is no longer accrued as income since the principal or interest on such loans is unlikely to be repaid in view of the considerable period of delinquencies of the principal and interest, or other circumstances.</p> <p>Delinquent loans; 79,846 million yen</p> <p>Delinquent loans are loans whose interest is no longer accrued as income since the principal or interest on such loans is unlikely to be repaid in view of the considerable period of delinquencies of the principal and interest, or other circumstances, and do not include loans to bankrupt borrowers.</p> <p>Delinquent loans past due three months or more; 35,120 million yen</p> <p>Delinquent loans past due three months or more are loans which are delinquent for three months or more from the due date of interest or principal under the term of related loan agreements and do not include loans to bankrupt borrowers and delinquent loans.</p> <p>Restructured loans; 99,245 million yen (92,857 million yen)</p> <p>Restructured loans are loans with concessionary interest rates, as well as loans with negotiated terms regarding the timing of interest and principal payment. Restructured loans do not include loans to bankrupt borrowers, delinquent loans and delinquent loans past due three months or more. The loans classified as restructured loans include loan receivables current or less than 31 days past due, the amount of which is indicated in the parenthesis as above.</p>

Previous Consolidated Fiscal Year (as of March 31, 2006)	Current Consolidated Fiscal Year (as of March 31, 2007)
<p>10 Certain covenants Certain covenants were applied to 52,836 million yen of borrowings and 58,567 million yen of bonds. The Company should repay or redeem the outstanding balance in a lump-sum by acceleration to creditors if the Company could not comply with such covenants as mentioned below: (The strictest conditions are listed.)</p> <ol style="list-style-type: none"> (1) in case of the balance of consolidated shareholders' equity being less than 250,000 million yen; (2) in case of the ratio of consolidated shareholders' equity against consolidated total assets being less than 20%; (3) in case of the balance of contingent liabilities being more than 170,000 million yen; (4) in case of the ratio of annual increase amount of contingent liabilities against net income deducting both dividends and bonus to directors being more than 75%. (5) in case of the amount of income before income taxes and extraordinary items being less than the total amount of borrowing interest and bond interest; (6) in case of the total balance of direct cash loans and cash and cash equivalents against the total assets being less than 40%; (7) in case of the ratio of credit losses written off being more than 10%; (8) in case of the total balance of real estate and investments in securities against the total assets being more than 40%; (9) in case of the balance of secured borrowings excluding those secured by real estate against total current assets being more than 80%; (10) in case of the total balance of borrowings with the security of direct cash loans, the security being in perfection of interests against third parties, exceeding the balance of shareholders' equity; 	<p>10 Certain covenants Certain covenants were applied to 47,114 million yen of borrowings and 58,567 million yen of bonds. The Company should repay or redeem the outstanding balance in a lump-sum by acceleration to creditors if the Company could not comply with such covenants as mentioned below: (The strictest conditions are listed.)</p> <ol style="list-style-type: none"> (1) in case of the balance of consolidated shareholders' equity being less than 250,000 million yen; (2) in case of the ratio of consolidated shareholders' equity against consolidated total assets being less than 10%; (3) - (4) - (5) in case of the amount of income before income taxes and financial expenses against financial expenses being less than 100%; (6) in case of the total balance of direct cash loans and cash and cash equivalents against the total assets being less than 40%; (7) in case of the ratio of credit losses written off being more than 20%; (8) in case of the total balance of real estate and investments in securities against the total assets being more than 40%; (9) in case of the balance of secured borrowings excluding those secured by real estate against total current assets being more than 80%; (10) in case of the total balance of borrowings with the security of direct cash loans, the security being in perfection of interests against third parties, exceeding the balance of shareholders' equity;

Footnotes to Consolidated Statements of Income

Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)																											
<p>1 Basis for classification of financial income and expenses on the consolidated statements of income</p> <p>(1) Financial income stated as operating revenues; Include all financial income excluding dividends and interest and so forth received on investments in securities.</p> <p>(2) Financial expenses stated as operating expenses; Include all financial expenses excluding interest payable and so forth which has no relationship with operating revenues.</p>	<p>1 Basis for classification of financial income and expenses on the consolidated statements of income</p> <p>(1) Financial income stated as operating revenues; The same as the previous fiscal year.</p> <p>(2) Financial expenses stated as operating expenses; The same as the previous fiscal year.</p>																											
<p>*2 -</p>	<p>*2 Gain on sales of fixed assets</p> <p>Gain on sales of fixed assets consists of 33 million yen from sales of land and 7 million yen from sales of buildings.</p>																											
<p>*3 Loss on impairment of fixed assets</p> <p>For purposes of recognition and measurement of an impairment loss, the assets used for business are grouped based on each business, and the assets for rent and those not in use are grouped based on each property.</p> <p>Due to the consecutive decline of land price and other factors for the assets not in use, and due to the serious deterioration of profitability and the consecutive decline of land price for a part of the assets for rent and golf course, the book values of those assets were written down to the value that is estimated to be collectible, resulting in recognition of loss on impairment of fixed assets amounting to 47,525 million yen as an extraordinary loss item.</p> <p>Impairment losses by account are as follows: (millions of yen)</p> <table border="1"> <tr><td>Buildings</td><td style="text-align: right;">2,045</td></tr> <tr><td>Structures</td><td style="text-align: right;">4,311</td></tr> <tr><td>Land</td><td style="text-align: right;">34,394</td></tr> <tr><td>Golf course</td><td style="text-align: right;">5,397</td></tr> <tr><td>Construction in progress</td><td style="text-align: right;">1,147</td></tr> <tr><td>Investment in lands</td><td style="text-align: right;">230</td></tr> </table> <p>Impairment losses by classification and location are as follows: Assets not in use (millions of yen)</p> <table border="1"> <thead> <tr><th>Classification</th><th>Location</th><th>Amount</th></tr> </thead> <tbody> <tr><td>Land</td><td>Karuzawa</td><td style="text-align: right;">243</td></tr> <tr><td>Investment in land</td><td>Aomori rokunohe</td><td style="text-align: right;">230</td></tr> <tr><td>Land and buildings</td><td>Amamiyohshima and other six items</td><td style="text-align: right;">242</td></tr> <tr><td>Total</td><td></td><td style="text-align: right;">715</td></tr> </tbody> </table>	Buildings	2,045	Structures	4,311	Land	34,394	Golf course	5,397	Construction in progress	1,147	Investment in lands	230	Classification	Location	Amount	Land	Karuzawa	243	Investment in land	Aomori rokunohe	230	Land and buildings	Amamiyohshima and other six items	242	Total		715	<p>*3 -</p>
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Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006)			Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)		
Assets for rent (millions of yen)			-		
Classification	Location	Amount			
Land	Kobe sannomiya	7,002			
Land and Construction in progress	Koujimachi	4,244			
Land	Ikebukuro	2,659			
Land, buildings and structures	Komagome	1,936			
Land, buildings and structures	Chiba	1,331			
Land, buildings and structures	Kanda and other five items	861			
Total		18,034			
Golf course (millions of yen)					
Classification	Location	Amount			
Land, buildings, structures and course account	Yamanashi	28,775			
The total impairment losses ; 47,525 million yen					
Collectible amount is net market value for assets not in use and golf course and the higher of either net market value or value in use for assets for rent. Net market value is based on the appraisal value by real estate appraiser. Value in use is calculated by discounting future cash flow by 6.1%.					
*4	-		*4 Loss on impairment of fixed assets and integration or close of branches		
			During the current consolidated fiscal year, loss on branch closure of 708 million yen was recorded due to the cease of 111 unmanned branches and 92 manned branches. Additionally, loss on impairment of fixed assets for branch closure was accrued for the amount of 113 million yen.		

Footnote to Consolidated Statement of Changes in Net Assets

Current fiscal year (from April 1 to March 31, 2007)

1.Type and the total number of issued stocks and type and the number of treasury stocks

	The number at the end of previous fiscal year (thousand shares)	The number increased during current fiscal year (thousand shares)	The number decreased during current fiscal year (thousand shares)	The number at the end of current fiscal year (thousand shares)
Issued stocks				
Common stocks	147,295	-	-	147,295
Total	147,295	-	-	147,295
Treasury stocks				
Common stocks (Note)	6,589	0	-	6,589
Total	6,589	0	-	6,589

Note: 0 thousand shares of increased common stocks represent purchase of under unit stocks.

2. Items regarding dividends

(1) Dividends paid

Resolution	Type of stocks	Total amount of dividends (million yen)	Dividends per share (yen)	Basic date	Effective date
General meeting at June 29, 2006	Common stocks	16,181	115	March 31, 2006	June 29, 2006
Board of directors at November 1, 2006	Common stocks	16,181	115	September 30, 2006	December 4, 2006

(2) Dividends after the end of current fiscal year of which basic date belongs to current fiscal year

Resolution	Type of stocks	Total amount of dividends (million yen)	Source of dividends	Dividends per share (yen)	Basic date	Effective date
General meeting at June 28, 2007	Common stocks	16,181	Retained earnings	115	March 31, 2007	June 28, 2007

Footnotes to Consolidated Statements of Cash Flows

Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)
*Relationship between cash and cash equivalents at the end of the consolidated fiscal year and consolidated balance sheets items as of March 31, 2006; (millions of yen)	*Relationship between cash and cash equivalents at the end of the consolidated fiscal year and consolidated balance sheets items as of March 31, 2007; (millions of yen)
Cash in hand and at banks 67,023	Cash in hand and at banks 68,110
Short-term loans receivable (CD·CP under agreements to resell) 40,000	Short-term loans receivable (CD under agreements to resell) 27,986
Cash and cash equivalents 107,022	Cash and cash equivalents 96,096

Footnotes to Lease Transactions

Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)																																				
<p>Finance lease transactions other than those where ownership of the leased asset is transferred to the lessee.</p> <p>1 Equivalent of acquisition cost, accumulated depreciation and net book value of the leased assets at the end of the fiscal year</p> <p style="text-align: center;">(millions of yen)</p> <table border="1"> <thead> <tr> <th></th> <th>Equivalent of acquisition cost</th> <th>Equivalent of accumulated depreciation</th> <th>Equivalent of net book value</th> </tr> </thead> <tbody> <tr> <td>Equipment and furniture</td> <td style="text-align: right;">2,586</td> <td style="text-align: right;">2,057</td> <td style="text-align: right;">528</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right;">2,586</td> <td style="text-align: right;">2,057</td> <td style="text-align: right;">528</td> </tr> </tbody> </table> <p>Note: Equivalent of acquisition cost included the portion of interest thereon, as the outstanding lease fee payable is insignificant compared to the balances of tangible fixed assets.</p> <p>2 Outstanding lease fee payable at the end of the fiscal year</p> <p style="text-align: center;">(millions of yen)</p> <table border="1"> <tbody> <tr> <td>Due within one year</td> <td style="text-align: right;">387</td> </tr> <tr> <td>Due over one year</td> <td style="text-align: right;">141</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right;">528</td> </tr> </tbody> </table> <p>Note: As the outstanding lease fee payable at the end of the fiscal year is insignificant compared to the balances of tangible fixed assets at the end of the fiscal year, the outstanding lease fee payable included the portion of interest thereon.</p> <p>3 Lease fee, a reversal of accumulated impairment loss on leased assets account, equivalent of depreciation and impairment loss</p> <p>Lease fee and equivalent of depreciation: 802 million yen</p> <p>4 Method of calculation of equivalent of depreciation</p> <p style="padding-left: 40px;">Calculated by using the straight-line method, assuming that the lease period is the useful life of the asset and a residual value is zero.</p> <p>(Impairment loss) No impairment loss is recorded for leased assets.</p>		Equivalent of acquisition cost	Equivalent of accumulated depreciation	Equivalent of net book value	Equipment and furniture	2,586	2,057	528	Total	2,586	2,057	528	Due within one year	387	Due over one year	141	Total	528	<p>Finance lease transactions other than those where ownership of the leased asset is transferred to the lessee.</p> <p>1 Equivalent of acquisition cost, accumulated depreciation and net book value of the leased assets at the end of the fiscal year</p> <p style="text-align: center;">(millions of yen)</p> <table border="1"> <thead> <tr> <th></th> <th>Equivalent of acquisition cost</th> <th>Equivalent of accumulated depreciation</th> <th>Equivalent of net book value</th> </tr> </thead> <tbody> <tr> <td>Equipment and furniture</td> <td style="text-align: right;">1,140</td> <td style="text-align: right;">996</td> <td style="text-align: right;">144</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right;">1,140</td> <td style="text-align: right;">996</td> <td style="text-align: right;">144</td> </tr> </tbody> </table> <p>Note: The same as the previous fiscal year.</p> <p>2 Outstanding lease fee payable at the end of the fiscal year</p> <p style="text-align: center;">(millions of yen)</p> <table border="1"> <tbody> <tr> <td>Due within one year</td> <td style="text-align: right;">141</td> </tr> <tr> <td>Due over one year</td> <td style="text-align: right;">3</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right;">144</td> </tr> </tbody> </table> <p>Note: The same as the previous fiscal year.</p> <p>3 Lease fee, a reversal of accumulated impairment loss on leased assets account, equivalent of depreciation and impairment loss</p> <p>Lease fee and equivalent of depreciation: 386 million yen</p> <p>4 Method of calculation of equivalent of depreciation</p> <p style="padding-left: 40px;">The same as the previous fiscal year.</p> <p>(Impairment loss) The same as the previous fiscal year.</p>		Equivalent of acquisition cost	Equivalent of accumulated depreciation	Equivalent of net book value	Equipment and furniture	1,140	996	144	Total	1,140	996	144	Due within one year	141	Due over one year	3	Total	144
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Footnotes to Investments in securities

1 Other securities with market quotations

(millions of yen)

Term Value		Previous Consolidated Fiscal Year (as of March 31, 2006)			Current Consolidated Fiscal Year (as of March 31, 2007)		
		Acquisition Cost	Book value on consolidated balance sheets	Unrealized gain or loss	Acquisition cost	Book value on consolidated balance sheets	Unrealized gain or loss
Securities	(1) Stocks	8,718	25,359	16,641	7,676	19,137	11,460
	(2) Bonds						
	National or local government bonds	-	-	-	-	-	-
	Corporate bonds	-	-	-	-	-	-
	Others	-	-	-	-	-	-
	(3) Others	25	77	52	25	67	42
	Sub total	8,743	25,436	16,693	7,701	19,203	11,502
Book value greater than acquisition cost	(1) Stocks	894	747	-147	1,906	1,541	-365
	(2) Bonds						
	National or local government bonds	-	-	-	-	-	-
	Corporate bonds	-	-	-	-	-	-
	Others	-	-	-	-	-	-
	(3) Others	-	-	-	-	-	-
	Sub total	894	747	-147	1,906	1,541	-365
Total		9,637	26,183	16,546	9,607	20,745	11,138

2 Other securities sold during the consolidated fiscal year

(millions of yen)

Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006)			Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)		
Proceeds	Realized gains on sales	Realized losses on sales	Proceeds	Realized gains on sales	Realized losses on sales
42,126	28,264	-16	798	-	-1

3 Details of principal securities which are not stated at market quotations

(millions of yen)

Term Securities	Previous Consolidated Fiscal Year (as of March 31, 2006)			Current Consolidated Fiscal Year (as of March 31, 2007)		
	Acquisition cost	Book value on consolidated balance sheets	Unrealized gain or loss	Acquisition cost	Book value on consolidated balance sheets	Unrealized gain or loss
Other securities						
Unlisted stocks excluding those traded over-the-counter	4,494	4,389	-104	4,617	4,421	-196
Unlisted foreign mutual funds	5	5	-	-	-	-
Others	1,797	1,860	62	1,237	1,411	174

Notes: A; Difference between acquisition cost and book value is unrealized gain or loss resulting from foreign currency translation on the securities denominated in foreign currencies at the end of the consolidated fiscal year.

B; "Others" of other securities are stocks held through investments in partnerships.

4 Redemption schedule for other debt securities with maturity and held-to-maturity debt securities

(millions of yen)

Term Securities	Previous Consolidated Fiscal Year (as of March 31, 2006)				Current Consolidated Fiscal Year (as of March 31, 2007)			
	Up to 1 year	More than 1 year and up to 5 years	More than 5 years and up to 10 years	More than 10 years	Up to 1 year	More than 1 year and up to 5 years	More than 5 years and up to 10 years	More than 10 years
(1) Bonds								
National or local government bonds	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
(2) Others	5	-	-	-	-	-	-	-
Total	5	-	-	-	-	-	-	-

5 Investments in securities subject to impairment

In the previous consolidated fiscal year, 29 million yen for other securities with no market quotations was recognized as impairment losses. In the current consolidated fiscal year, 33 million yen for other securities with market quotations and 107 million yen for other securities with no market quotations were recognized as impairment losses. Except for other securities where the market quotations declined by greater than 50% or those where the market quotations declined by between 30% to less than 50% and the market quotations are considered to be recoverable, impairment losses were recognized on those securities.

Footnotes to Derivative Transactions

1 The conditions of Derivative Transactions

Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)
<p>1 Transactions The Company uses financial derivative transactions, which comprise interest swap transactions, currency and interest swap transactions and bond option transaction.</p> <p>2 Company's policy The Company uses financial derivative transactions in order to reduce its exposure to market risks from fluctuations in interest rate, foreign currency exchange rate and price and does not hold or issue financial derivative instruments for speculative or any trading purposes.</p> <p>3 Purposes The Company makes use of interest swap transactions, currency and interest swap transactions and bond option transactions to hedge its exposure of interest rate and foreign currency exchange rate fluctuations against floating-rate borrowings and bonds and borrowings denominated in foreign currencies for the purpose of stabilizing the Company's income.</p> <p>4 Risk of transactions The Company considers that there is no significant credit risk arising from default by counter-parties, as they are major financial institutions in the international financial market.</p> <p>5 Risk management Derivative transactions for fluctuations in interest rate of borrowings, exchange rate and price the Company enters into are approved by the board of directors and executed and controlled under administration of finance department of the Company. The conditions and results of such transactions are reported timely to the board of directors.</p>	<p>1 Transactions The same as the previous year.</p> <p>2 Company's policy The same as the previous year.</p> <p>3 Purposes The same as the previous year.</p> <p>4 Risk of transactions The same as the previous fiscal year.</p> <p>5 Risk management The same as the previous year.</p>

2 Fair Value of Financial Derivatives

Contract amount, quotation and gain and loss on evaluation

(1) Currency

Data for all derivative transactions related to foreign currency is not required to be disclosed as hedge accounting is applied.

(2) Interest

Data for all derivative transactions related to interests is not required to be disclosed as hedge accounting is applied.

(3) Bonds

(millions of yen)

Classification	Type of transaction	Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006)				Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)			
		Contract amount	Contract amount over one year	Quotation	Gain and Loss on evaluation	Contract amount	Contract amount over one year	Quotation	Gain and Loss on evaluation
Transaction other than market	Bond option Buy Call	80,800 (47)	80,800 (47)	-	-47	120,000 (841)	120,000 (841)	-	-841
Sub total		80,800	80,800	-	-47	120,000	120,000	-	-841

Note. Option fees are shown in the parenthesis below the contract amount.

Footnotes to Retirement Plan and Retirement Benefits

Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)																																																
<p>1 Outline of retirement benefits plans</p> <p>Employees with more than two years of service for the Company are generally entitled to lump-sum retirement benefits determined by reference to their current rate of pay, length of service and conditions under which the termination occur. In order to provide for such retirement benefits to employees, the Company has a funded non-contributory pension plan which covers a portion of the retirement benefits payable to the retiring employees. The benefits which are not covered by the funded pension plan are paid by the Company, having recognized accrued costs for such a liability as an allowance for retirement benefits.</p>	<p>1 Outline of retirement benefits plans</p> <p>The same as the previous fiscal year.</p>																																																
<p>2 Retirement benefits liabilities as of March 31, 2006</p> <p style="text-align: right;">(millions of yen)</p>	<p>2 Retirement benefits liabilities as of March 31, 2007</p> <p style="text-align: right;">(millions of yen)</p>																																																
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<p>(4) Years for amortizing actuarial gain or loss; Expensed fully in the fiscal year next to the year when that was incurred.</p>	<p>(4) Years for amortizing actuarial gain or loss; Expensed fully in the fiscal year next to the year when that was incurred.</p>																																																

Footnotes to the Deferred Tax Accounting

Previous Consolidated Fiscal Year (as of March 31, 2006)	Current Consolidated Fiscal Year (as of March 31, 2007)
<p>1 The tax effects of temporary differences which give rise to significant portions of the deferred tax assets and liabilities are as follows:</p> <p style="text-align: right;">(millions of yen)</p> <p>Current deferred tax assets;</p> <p>Direct cash loans to customers 6,386</p> <p>Accrued interest income on direct cash loans 3,789</p> <p>Allowance for credit losses 5,774</p> <p>Allowance for losses for refund of interest received from customers 864</p> <p>Accrued enterprise tax 2,155</p> <p>Allowance for bonuses 305</p> <p>Others 230</p> <hr/> <p>Total 19,502</p> <p>Non-current deferred tax assets;</p> <p>Tangible fixed assets 7,516</p> <p>Investments in securities 363</p> <p>Investments in affiliates 14,323</p> <p>Allowance for retirement benefits 1,238</p> <p>Others 187</p> <hr/> <p>Total 23,627</p> <p>Non-current deferred tax liabilities;</p> <p>Net unrealized gains on investments in securities -6,689</p> <hr/> <p>Net deferred tax assets 36,440</p>	<p>1 The tax effects of temporary differences which give rise to significant portions of the deferred tax assets and liabilities are as follows:</p> <p style="text-align: right;">(millions of yen)</p> <p>Current deferred tax assets;</p> <p>Direct cash loans to customers 4,773</p> <p>Accrued interest income on direct cash Loans 2,428</p> <p>Allowance for credit losses 13,623</p> <p>Allowance for bonuses 303</p> <p>Others 277</p> <hr/> <p>Total 21,403</p> <p>Current deferred tax liabilities</p> <p>Enterprise tax refundable -799</p> <hr/> <p>Net deferred tax assets 20,604</p> <p>Non-current deferred tax assets;</p> <p>Tangible fixed assets 7,576</p> <p>Investments in securities 259</p> <p>Investments in affiliates 14,323</p> <p>Allowance for losses for refund of interest received from customers 197,963</p> <p>Allowance for retirement benefits 1,253</p> <p>Others 257</p> <hr/> <p>Sub total 221,632</p> <p>Valuation allowance -221,444</p> <hr/> <p>Total 187</p> <p>Non-current deferred tax liabilities;</p> <p>Net unrealized gains on investments in securities -4,539</p> <p>Deferred hedge gains or losses -586</p> <hr/> <p>Total -5,124</p> <hr/> <p>Net deferred tax assets -4,937</p>
<p>2 A reconciliation between the statutory tax rate and the effective tax rate is as follow;</p> <p>Statutory tax rate 40.5%</p> <p>(Reconciling items)</p> <p>Refunded income taxes -14.3%</p> <p>Reassessment of income taxes in the previous years 9.8%</p> <p>Others -2.7%</p> <hr/> <p>Effective tax rate after adopting deferred tax accounting 33.3%</p>	<p>2 A reconciliation between the statutory tax rate and the effective tax rate is as follow;</p> <p>Items have been omitted as they are not required for companies resulting in a loss before income taxes.</p>

Segment Information

Segment by operation

Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006) and Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)

The Takefuji Corporation Group's principal business is providing consumer finance. As consumer finance business represents more than 90% of the Group's combined operating revenues, operating income and assets, industry segment information is not required to be disclosed.

Segment by geographic areas

Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006) and Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)

As operating revenues and assets in Japan represent more than 90% of the Group's combined operating revenues and assets, geographical segment information is not required to be disclosed.

Overseas operating revenues

Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006) and Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)

As overseas operating revenues are less than 10% of consolidated operating revenues, those are not required to be disclosed.

Related Party Transactions

Transactions between related parties during the previous consolidated fiscal year from April 1, 2005 to March 31, 2006; Directors and primary individual shareholders, etc.

Attribution: Companies of which directors and their relatives have the majority of the voting rights, including their subsidiaries										
Name	Address	Capital (millions of yen)	Business	Ratio of voting rights held	Relationship		Transactions	Amount transacted (millions of yen)	Account	Outstanding balance at the end of the fiscal year (millions of yen)
					Directors involved	Business				
Daio	Tokyo Suginami-ku	10	Real estate rent	Direct 5.4% Indirect 0.0%	Addition al post 1	Use of facility	Payment for use of facility	51	Prepaid expense	4
									Account payable	0
Safeman	Tokyo Shinjuku-ku	10	Real estate rent	Direct 0.1%	Addition al post 1	Rent	Rent	2	Prepaid expense	0
						Guarantee money	Guarantee money	-	Guarantee money deposited	2
Kyoei	Tokyo Suginami-ku	10	Real estate rent	Direct 0.0%	Addition al post 1	Rent	Rent	4	Prepaid expense	0
						Guarantee money	Guarantee money	-	Guarantee money deposited	7

Note: 1. Consumption taxes are included in the transactions.

2. All conditions and methods of the transactions mentioned above are determined by the same way as general transactions in consideration of market supply and demand as well as the trend of market prices and others.

3. Toa was merged into Safeman and renamed as Safeman April 30, 2005.

4. Taketeru Takei a director of the Company and his relatives have 100% of voting rights of Safeman indirectly through Marutakesangyo.

5. Taketeru Takei a director of the Company and his relatives have 100% of voting rights of Kyoei indirectly through Daio and Marutakesangyo.

6. Taketeru Takei a director of the Company and his relatives have 100% of voting rights of Daio and Marutakesangyo directly or indirectly.

Transactions between related parties during the current consolidated fiscal year from April 1, 2006 to March 31, 2007;
Directors and primary individual shareholders, etc.

Attribution: Companies of which directors and their relatives have the majority of the voting rights, including their subsidiaries										
Name	Address	Capital (millions of yen)	Business	Ratio of voting rights held	Relationship		Transactions	Amount transacted (millions of yen)	Account	Outstanding balance at the end of the fiscal year (millions of yen)
					Directors involved	Business				
Daio	Tokyo Suginami-ku	10	Real estate rent	Direct 5.5% Indirect 0.0%	Additional post 1	Use of facility	Payment for use of facility	51	Prepaid expense	4
									Account payable	1
Safeman	Tokyo Shinjuku-ku	10	Real estate rent	Direct 0.1%	-	Rent	Rent	2	Prepaid expense	0
						Guarantee money	Guarantee money	-	Guarantee money deposited	2
Kyoiei	Tokyo Suginami-ku	10	Real estate rent	Direct 0.0%	-	Rent	Rent	4	Prepaid expense	0
						Guarantee money	Guarantee money	-	Guarantee money deposited	7

Note: 1. Consumption taxes are included in the transactions.

2. All conditions and methods of the transactions mentioned above are determined by the same way as general transactions in consideration of market supply and demand as well as the trend of market prices and others.

3. Taketeru Takei a director of the Company and his relatives have 100% of voting rights of Safeman indirectly through Marutakesangyo.

4. Taketeru Takei a director of the Company and his relatives have 100% of voting rights of Kyoiei indirectly through Daio and Marutakesangyo.

5. Taketeru Takei a director of the Company and his relatives have 100% of voting rights of Daio and Marutakesangyo directly or indirectly.

Footnotes to Statistics per Share

Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006)		Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)	
Net assets per share;	6,919.26 yen	Net assets per share;	3,252.98 yen
Net income per share;	333.18 yen	Net loss per share;	3,420.42 yen
Net income per share –diluted;	323.99 yen	Net income per share after dilution has been omitted as the company resulted in a net loss.	

Note: Basis for calculating net income and net loss per share, net income per share –diluted is as follows;

(millions of yen)

	Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006)	Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)
Net income and net loss per share		
Net income for the fiscal year	46,924	-
Net loss for the fiscal year	-	481,274
Net income not available to common shareholders	45	-
(Bonuses to directors and corporate auditors included in above)	(45)	(-)
Net income for common stock	46,880	-
Net loss for common stock	-	481,274
Average number of shares outstanding during the current fiscal year (thousand shares)	140,706	140,706
Net income per share -diluted		
Net income effect of dilutive securities	-	-
Incremental shares of common stocks from dilutive securities (thousand shares)	3,989	-
(Incremental shares from assumed conversions of convertible bonds included in above)	(3,989)	(-)

Subsequent Events

None

5. Actual Operating Results

(1) Break-down of Operating Revenues

Term Source of revenues		Previous Consolidated Fiscal Year (from April 1, 2005 to March 31, 2006)		Current Consolidated Fiscal Year (from April 1, 2006 to March 31, 2007)		Change	
		Amount (millions of yen)	Composition Ratio (%)	Amount (millions of yen)	Composition Ratio (%)	Amount (millions of yen)	Change Ratio (%)
Interest on direct cash loans	Unsecured loans	341,463	97.2	318,491	96.8	-22,972	-6.7
Commissions earned	Credit card	65	0.0	86	0.0	21	33.0
Other financial income	Interest on bank deposits	547	0.2	889	0.3	341	62.4
	Interest on loans other than direct cash loans	5	0.0	44	0.0	38	713.0
	Others	184	0.0	2,317	0.1	2,133	1,162.3
	Sub-total	736	0.2	3,249	1.0	2,513	341.4
Other operating income	Collection of credit losses previously written-off	6,559	1.9	5,284	1.6	-1,275	-19.4
	Real estate rent	848	0.2	877	0.3	29	3.4
	Others	1,589	0.5	935	0.3	-654	-41.2
	Sub-total	8,995	2.6	7,095	2.2	-1,900	-21.1
Total		351,259	100.0	328,920	100.0	-22,338	-6.4

Note: 1. "Others" in other operating income consist mainly of parking lots fees and golf course play fees.

2. "Others" in other financial income consist mainly of interest received from interest swap transaction.

(2) Other Statistics

Term Items	Previous Consolidated Fiscal Year (as of March 31, 2006)	Current Consolidated Fiscal Year (as of March 31, 2007)	Change	Change
				Ratio(%)
Direct cash loans outstanding (millions of yen)	1,540,046	1,431,848	-108,198	-7.0
Unsecured loans	1,540,046	1,431,848	-108,198	-7.0
Secured loans	-	-	-	-
Installment receivables outstanding (millions of yen)	494	582	88	17.8
Number of loan customer accounts	2,322,917	2,125,599	-197,318	-8.5
Unsecured loans	2,322,917	2,125,599	-197,318	-8.5
Secured loans	-	-	-	-
The number of credit card membership	254,665	284,825	30,160	11.8
Number of branches	1,898	1,729	-169	-8.9
Manned	523	471	-52	-9.9
Unmanned (included Quick loan application machine)	1,374	1,257	-117	-8.5
Internet Yen shop	1	1	-	-
Number of unmanned loan contract machines (included Quick loan application machine)	1,898	1,729	-169	-8.9
Number of cash dispensers and ATMs	45,450	48,072	2,622	5.8
Owned	2,025	1,856	-169	-8.3
Inter-linked	43,425	46,216	2,791	6.4
Number of employees	3,184	2,938	-246	-7.7
Write-offs (millions of yen)	108,504	100,279	-8,225	-7.6
Write-offs related to the refund of overpayment interest	-	44,669	-	-
Allowance for credit losses (millions of yen)	150,430	151,262	832	0.6