

Qualitative Information and Financial Statements

1. Business Performance

(1) Analysis of business performance

1) Overview of the first half of fiscal 2007

During the first half of the current fiscal year, the Japanese economy maintained a moderate recovery, supported by domestic demand in the private sector based on the strength of the corporate sector and its positive influence on the household sector.

However, the consumer finance industry continued to confront very harsh circumstances. With every money lender struggling to find a way to survive the shakeout in preparation for the introduction of the amended Money Lending Business Law, the industry was subject to an ongoing process of consolidation and reorganization involving management integrations, business sales, and petitions for court protection under the Civil Rehabilitation Law.

In this environment, Takefuji Group continued to bolster management efficiency through the optimal allocation of management resources, including mergers and closures of branch offices. We also tightened our credit screening policy to prevent multi-debt and protect consumers, and introduced a ban on the solicitation of those whose total debts exceed one third of their annual incomes, in light of the legislative amendments. These measures improved our loan portfolio and slashed credit costs. In addition, we offered low-interest products to new customers to build a new customer base and conducted a customer satisfaction survey of existing customers to enable us to offer a wide array of new products to appropriately meet customer needs and boost customer services. We also increased the number of officers dedicated to compliance and personal information protection, and provided training on different laws and ordinances to upgrade and strengthen our compliance systems.

As a result of the above initiatives, the balance of direct cash loans at the end of the current interim period was 1,359,314 million yen (down 5.1% from the end of the previous fiscal year). The number of customer accounts stood at 2,037 thousand (down 4.2%).

Herewith, operating revenues on a consolidated basis for the interim period amounted to 144,235 million yen, declining 15.4% from the previous interim period, operating income decreased by 61.3% to 25,876 million yen, ordinary income decreased by 61.3% to 25,962 million yen, and net income of 29,745 million yen (net loss of 144,228 million yen at the previous interim period) was recorded.

At the end of the current interim period, the Company operates a network of 360 manned branch offices (471 at the end of the previous fiscal year), 1,251 unmanned branch offices including quick loan application machines (1,257), one internet shop (1), 1,733 owned ATMs (1,856) and 47,273 inter-linked CDs and ATMs (46,216).

2) Forecast for operations and major issues in fiscal 2007

Although the moderate economic recovery is expected to continue, there are still some uncertainties in the world economy. These include the shakeup of the U.S. economy on the subprime mortgage crisis and soaring prices of oil and other materials.

In the consumer finance industry, the Money Lending Control Law will be renamed the Money Lending Business Law. The new legislation will require money lenders to set up conduct control and internal control systems and to ensure sound management of all business operations. The situation will be extremely challenging, with money lenders require to reform all aspects of their management and business operations and to upgrade their systems in readiness for step-by-step lowering of the maximum lending rate and introduction of total amount control.

Takefuji Group will view these tough conditions as a good opportunity to positively study the ideal style of financial services that can win the trust of the public. Believing that consumer finance companies have a social mission of meeting the needs of healthy borrowers in the most appropriate possible manner, we will be focusing on the strict preservation of loans, planning to develop new products, and modifying our credit screening policy to enable more customers to feel reassured about borrowing. To serve our existing

customers, we will provide a wide array of products and gradually lower lending rates. Takefuji Group will be working to modify its organization, for example by establishing an internal control framework to comply with the amended law, introducing the Examination Department, which will be in charge of making decisions on lending 500,000 yen or more, and integrating branch offices and call centers to step up the efficiency and effectiveness of administrative operations. We will also create a comprehensive internal education program that covers compliance with the amended legislation, to further improve awareness of compliance among all employees.

The forecasts for the consolidated fiscal year ending March 31, 2008 are as follows; Operating revenues are expected to be 280.6 billion yen, decreasing 14.7 % from the fiscal year ended March 31, 2007, operating income will amount to 55.7 billion yen, ordinary income will stand at 54.2 billion yen, and net income is expected to reach 53.6 billion yen.

(2) Financial condition

Looking at our financing activity for the current interim period, the Company implemented in-substance defeasance of the unsecured bond (eighth issuance) with term of 20 years, for the amount of 30,000 million yen, and procured 31,500 million yen stably from the financial institution, under the fundamental policy of “reducing financial expenses and interest bearing debt”. As a result, the total amount of interest-bearing debt after deduction of discount on bonds amounted to 534,408 million yen (81,970 million yen decrease from the previous interim period), and the average current maturity of borrowings is five years and nine months. We will continue to procure funds with better terms and active efficiency concerning liquidity, by closely monitoring interest rate changes to reduce financial expenses.

Moody’s and Standard & Poor’s have given the Company ratings of Baa1 and BBB, respectively.

Consolidated cash and cash equivalents (hereinafter called “the funds”) at the end of the current interim period increased by 8,434 million yen to 104,530 million yen compared to the end of the previous year.

The situation and sources of cash flows by each activity for the current interim period are as follows;
(Cash flows from operating activities)

The funds provided by operating activities were 88,657 million yen (36,896 million yen for the previous interim period). The principal sources of these cash flows are as follows; Income before income taxes of 25,006 million yen (205,075 million yen of loss before income taxes) and 212,427 million yen (266,076 million yen) of collection of loans from customers, though there were decrease factors of 37,364 million yen of decrease in allowance for losses for refund of interest received from customers (247,062 million yen of increase in allowance for losses for refund of interest received from customers) and 202,248 million yen (291,961 million yen) of direct cash loans to customers.

(Cash flows from investing activities)

The funds provided by investing activities were 1,175 million yen (used 1,054 million yen for the previous interim period). This was mainly due to 1,311 million yen (321 million yen) of gain on sales of investments in securities, and acquisition of tangible fixed assets, causing a decrease of 335 million yen (574 million yen), and acquisition of intangible fixed assets, causing a decrease of 542 million yen (474 million yen).

(Cash flows from financing activities)

The funds used in financing activities were 80,914 million yen (44,270 million yen for the previous interim period). This was primarily due to redemption of bonds of 30,000 million yen (38,000 million yen), and repayments of long-term borrowings of 53,233 million yen (61,388 million yen), and the proceeds from long-term borrowings, causing an increase of 18,500 million yen (71,300 million yen).

(3) Fundamental corporate policy for distributing profits

We consider the stable profit returns to shareholders is most important capital policy and it is our basic understanding to provide stable dividend over a long period to shareholders continuously. Based on the above policy, interim dividends for the fiscal year ending March 31, 2008 will be 90 yen per share and dividends for the fiscal year end are also planned to be 90 yen per share totaling 180 yen for full year dividend.

In order to make efficient use of capital, the Company has been distributing stable returns to shareholders, strengthening the operational base to utilize the equity to grow our assets to bolster further financial position, investment in offering high levels of customer service, making strategic investment to enhance our income sources base and also acquisition of treasury stock. We believe that this approach will contribute to increase corporate value and maximize shareholder value over the medium and long term and assist to provide a greater return to our shareholders.

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

This section concerns the major business risks that confront 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. 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. The Money Lending Control Law

To engage in its principal business, namely consumer finance, the Company is registered as a moneylender as provided by the Money Lending Business Control and Regulation Law, regulation for loan business in Japan ("Money Lending Control Law"). Takefuji is required to comply with the regulations set out in that law encompassing all consumer finance business. These regulations include those covering 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, transfers of claims and others. In addition, in the enforcement provisions of the Money Lending Control Law, the Company has to beware of the Financial Services Agency's administrative guidelines for the moneylending business (Volume III: For Non-Bank Finance Companies).

Deeming compliance to be its most important managerial challenge, the Company is working to build a highly effective compliance framework that will bolster its compliance by changing its organizational structure, offering education to employees, and creating a system with a self-correcting effect. However, in case that a part of Takefuji Group fails to comply with the Money Lending Control Law, it will not merely face administrative sanctions or penalties; its financial position and business results may be undermined by the infringement.

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 Money Lending Control Law are fulfilled.

However, the Bill for the Amendment of the Money Lending Business Control and Regulation Law passed the 165th extraordinary session of the Diet in 2006. When the Money Lending Business Law comes into full effect within two and a half years after this legislation is put into force, the maximum lending rate under the Capital Subscription Law will be lowered from the current 29.2% per annum to 20%. Also, money lenders will no longer be allowed to enter into any contract on interest that exceeds those stipulated in the Interest Rate Restriction Law.

While the current maximum lending rates of 29.2% will be applied in fiscal 2007, the performance of Takefuji Group could be significantly affected after these regulations on lending rates are enforced or if the maximum lending rate is lowered ahead of schedule.

3. Risk relating to business restrictions under the Money Lending Control Law

The Law for the Amendment of the Money Lending Business Control and Regulation Law was passed on December 20, 2006. This Law is designed to come into effect in four stages, ranging from the enforcement of Article 1 to that of Article 4. Providing for stricter penalties for unregistered operation (reinforcement of measures against loan sharking), Article 1 took effect one month after the law was passed, namely on January 20, 2007.

Article 2 is due to come into effect in December 2007. At that time, the Money Lending Control Law will become the Money Lending Business Law. It has provisions for more stringent administrative sanctions, including new operational improvement orders, tightened regulations on solicitation and collection, stricter rules on prohibited acts, the launch of a new association of money lenders, the establishment of self-regulatory rules, and an obligation to offer access to the books of account on request.

In particular, the provision for operational improvement orders authorizes the issuing of an order to take the necessary action to change business methods or to otherwise improve the business operations of money lenders to the extent necessary if such an order is deemed essential to protect borrowers' interests. These orders may be issued in a more flexible manner than conventional orders for business suspension. The new association of money lenders is expected to serve as a powerful self-regulation body. For ensuring the effectiveness of its self-regulatory rules, it will be given the authority to perform inspections and audits on its members and to impose severe sanctions on them.

Article 3 will come into effect no later than one and a half years after the introduction of the Money Lending Business Law to set up a credit information organization and to launch a new system on certified moneylending supervisors. Article 4 will take effect within two and a half years of the enforcement of the Law. The main pillars of the new legislation are to lower the maximum lending rate under the Capital Subscription Law and to introduce regulations on the total lending amount. The first pillar was already discussed in "2. Risks associated with the regulations of loan interest rates". Under the new regulations on the total lending amount, money lenders may in principle extend no new loan to anyone whose outstanding borrowings exceed one third of his or her annual income as any such loan would be seen as surpassing the borrower's repayment capacity.

In view of the amendment described above, the Company is currently reviewing its credit screening policy. This may severely affect the number of newly obtained customer accounts and outstanding loans.

After the Money Lending Business Law comes into force, the business of the Company will be subject to tighter business regulations than it has been in the past. The process of making alteration to its books, business flows, and systems are currently in progress, and they 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. 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 Takefuji Group has been carrying 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 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 (“Personal Information Protection Law”) came into full effect on April 1, 2005, Takefuji has set out and now implements internal rules in accordance with the Personal Information Protection Law, the Guidelines for Personal Information Protection in the Financial Field, and the Practical Guidance on Safety Control Measures and Suchlike under the Guidelines for Personal Information Protection in the Financial Field. However, should any such information be leaked, the Company would be obliged to notify the affected borrowers as well as the competent authorities and make a public announcement. This may result in a loss of public confidence, compensation payable to individuals, and penalties affecting business.

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 Money Lending 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. The amount of refunds of overpayments has increased rapidly.

In light of the above developments, the Company calculated the allowance for interest refund losses in the interim period under review in accordance with the 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 by the Japanese Institute of Certified Public Accountants (JICPA) on October 13, 2006, posting an amount of 451,434 million yen.

Though the trend of claims for refunds of overpayments could seem to settle down toward the second half of the current fiscal year, according to court rulings of the Sapporo High Court in April 2007 and the Osaka High Court in July 2007, any claim stems from the contractual rate is analogous to a claim of fraud on the condition that it is presumed that the money lender was aware that it was very unlikely that the provision for the repayment regarded as being valid would apply and knew that there was no legal grounds for the overpayment when it arose. These rulings have so far had no confirmed impact on business performance. Depending on future judicial decisions, it is possible that they may trigger an increase of overpayment refund claims. If similar court decisions are delivered, it could have a significant impact on the performance of Takefuji Group.

3) Fund procurement and interest rates of funds procured

1. Risk relating to reduction of ratings

The Company 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 the Company'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 billion yen of very long-term Euro yen bonds (42 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 the Company 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 the 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 group's business results may be impacted.

5) Transition of operating results

To operate efficiently, the company has invested in "Yen 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 gaps 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 years 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. Risk concerning market competition

Pursuant to the amended Money Lending Control Law enacted in December 2006, the maximum lending rate under the Capital Subscription Law is set to be lowered within two years after the legislation is enforced and what is called the regulations on the total lending amount will be introduced. It is anticipated that this move will drive the industry from a conventional state of coexistence based on a differentiation of lending rate ranges for borrowers into a state of competition with bank-affiliated money lenders, credit card operators, and credit sales companies within the same interest rate range, and that the race for customers will intensify. As a consequence, the results of Takefuji Group could be influenced by this competition, depending on the actions of its competitors, including not only those specializing in consumer finance business but also bank-affiliated money lenders, credit card operators, and credit sales companies.

4. Risks associated with the concentration of businesses

Most of Takefuji Group's operating revenues come from the consumer finance business, and it accounts for approximately 98.2% 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.

6) 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 7 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, Takefuji Group 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.

The Company 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, The Company 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 the Company's credit control systems by using of illicitly-gathered transaction information and PIN numbers.

7) Asset risk

1. Exchange rate risk

As of September 30, 2007, the domestic companies of the group held US\$128 million in time deposits and property denominated in foreign currency. Because of the recent rise in the value of the yen, a foreign exchange loss of 482 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 September 30, 2007, venture capital investments in securities amounted to 3,043 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.

8) Significant litigation

As of the end of September 2007, there were a total of 14 court cases in which the Company was the defendant. They include eight cases, including one at the second instance, in which former employees are claiming payment of outstanding wages, etc. for service during their employment. In another case, a former employee is demanding payment of remuneration allegedly promised by the Company while in service. In addition, there are two cases of litigation seeking evacuation of office spaces, one seeking compensation for damages, one seeking restitution, and one seeking compensation for mental anguish.

The Company will be consulting with its litigation attorneys to deal appropriately with these cases. 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 Takefuji Group to acquire new customers, sustain its stock price, procure funds and conduct other aspects of its operations.

2. Takefuji Group

Takefuji Group consists of Takefuji Corporation and 9 subsidiaries, which are subject to consolidation as of September 30, 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 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:

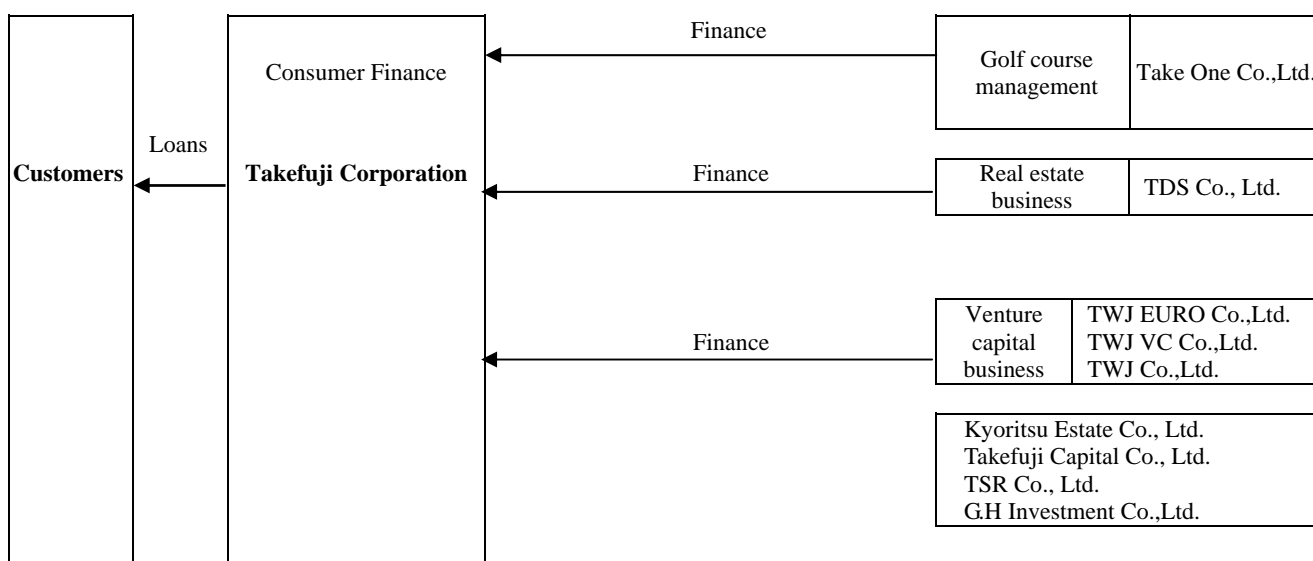
TWJ EURO Co., Ltd. and TWJ VC Co., Ltd. were established in the U.K. and the U.S., respectively, in order to mainly invest in venture businesses in Europe and in the U.S., respectively. TWJ Co., Ltd. was established as a venture capital subsidiary for investments in Japan.

Others:

Kyoritsu Estate Co., Ltd., Takefuji Capital Co., Ltd., TSR Co., Ltd., G.H Investment Co., Ltd.

In addition to the above, as of September 30, 2007, 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, (3) Long-term corporate management strategy

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

The Brief Statement of Financial Results at the Interim for the Fiscal Year Ended 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

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- (5) Other important factors effecting on corporate management

A portion of our branches rent buildings 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.

Item of accounts	Note	Previous Interim Period as of Sept. 30, 2006		Current Interim Period as of Sept. 30, 2007		Previous Fiscal Year as of Mar. 31, 2007	
		Amount (millions of yen)	Com- position Ratio (%)	Amount (millions of yen)	Com- position Ratio (%)	Amount (millions of yen)	Com- position Ratio (%)
Liabilities:							
I Current liabilities							
1 Current portion of bonds		30,000		-		-	
2 Current portion of long-term borrowings	*1	107,451		109,227		110,569	
3 Accrued income taxes		27,728		4,455		608	
4 Allowance for bonuses		787		857		749	
5 Allowance for bonuses for directors		22		-		-	
6 Other current liabilities		17,091		18,257		20,346	
Total current liabilities		183,079	10.4	132,796	8.9	132,272	8.4
II Fixed Liabilities							
1 Bonds		157,178		129,781		158,479	
2 Long-term borrowings	*1	321,750		295,401		328,791	
3 Deferred income tax liabilities		146		2,991		4,937	
4 Allowance for losses for refund of interest received from customers		269,562		451,434		488,798	
5 Allowance for retirement benefits of employees		3,064		3,166		3,098	
6 Allowance for retirement benefits of directors and corporate auditors		103		118		117	
7 Other fixed liabilities		10,970		7,655		8,964	
Total fixed liabilities		762,772	43.5	890,546	59.7	993,185	62.7
Total liabilities		945,851	53.9	1,023,342	68.6	1,125,457	71.1
Net assets:							
I Shareholders' Equity							
1 Common stock		30,478	1.7	30,478	2.0	30,478	1.9
2 Capital surplus		52,263	3.0	52,263	3.5	52,263	3.3
3 Retained earnings		761,334	43.3	421,671	28.3	408,107	25.8
4 Treasury stock		-40,776	-2.3	-40,776	-2.7	-40,776	-2.6
Total Shareholders' Equity		803,299	45.7	463,636	31.1	450,071	28.4
II Valuation and foreign currency translation adjustment							
1 Net unrealized gains on investments in securities		6,806	0.4	4,598	0.3	6,657	0.4
2 Deferred hedge gains or losses		-419	-0.0	-52	-0.0	861	0.1
3 Foreign currency translation adjustments		50	0.0	172	0.0	125	0.0
Total Valuation and foreign currency translation adjustment		6,437	0.4	4,718	0.3	7,643	0.5
Total net assets		809,736	46.1	468,354	31.4	457,714	28.9
Total liabilities and net assets		1,755,587	100.0	1,491,696	100.0	1,583,172	100.0

(2) Interim Consolidated Statements of Income

Item of accounts	Note	Previous Interim Period from Apr.1 to Sept. 30, 2006		Current Interim Period from Apr. 1 to Sept. 30, 2007		Previous Fiscal Year from Apr. 1, 2006 to Mar. 31, 2007			
		Amount (millions of yen)	Com- position Ratio (%)	Amount (millions of yen)	Com- position Ratio (%)	Amount (millions of yen)	Com- position Ratio (%)		
I Operating revenues									
1 Interest income on direct cash loans		164,877		139,891		318,491			
2 Commissions earned		42		36		86			
3 Other financial income		1,625		1,627		3,249			
4 Other operating income		4,026		2,681		7,095			
Total operating revenues		170,570	100.0	144,235	100.0	328,920	100.0		
II Operating expenses									
1 Financial expenses									
(1) Borrowing interest expenses		4,690		5,245		9,997			
(2) Bond interest expenses		5,048		4,430		9,902			
(3) Other financial expenses		627	10,365	790	10,466	1,397	21,297		
2 Other operating expenses									
(1) Advertising expenses		5,777		2,636		9,826			
(2) Provisions of allowance for credit losses		56,661		41,394		113,642			
(3) Provisions of allowance for losses for refund of interest received from customers		-		37,933		290,449			
(4) Wages and bonuses		7,731		7,285		15,885			
(5) Provisions of allowance for bonuses		787		857		749			
(6) Provisions of allowance for bonuses for directors		22		-		-			
(7) Provisions of allowance for retirement benefits of employees		211		258		422			
(8) Provisions of allowance for retirement benefits of directors and corporate auditors		15		16		29			
(9) Temporary employment cost		699		685		1,386			
(10) Rent		3,556		3,178		6,996			
(11) Depreciation and amortization		1,708		1,618		3,457			
(12) Handling charges		5,212		5,465		10,830			
(13) Other		10,918	93,299	6,567	107,893	18,985	472,654		
Total operating expenses			103,664	60.8		118,359	82.1	493,951	150.2
Operating income			66,906	39.2		25,876	17.9	-	-
Operating loss			-	-		-	-	165,030	-50.2

Item of accounts	Note	Previous Interim Period from Apr.1 to Sept. 30, 2006			Current Interim Period from Apr. 1 to Sept.30, 2007			Previous Fiscal Year from Apr. 1, 2006 to Mar. 31, 2007		
		Amount (millions of yen)		Com- position Ratio (%)	Amount (millions of yen)		Com- position Ratio (%)	Amount (millions of yen)		Com- position Ratio (%)
III Non-operating income										
1 Dividends income received		203			641		1,204			
2 Profit on investments in partnerships		91			305		548			
3 Foreign exchange gains		100			-		158			
4 Interest on income taxes refunds		-			328		-			
5 Other non-operating income		109	503	0.3	71	1,345	0.9	247	2,157	0.7
IV Non-operating expenses										
1 Loss on disposal or sales of fixed assets		30			29		32			
2 Foreign exchange losses		-			482		-			
3 Option fees		316			738		841			
4 Other non-operating expenses		2	348	0.2	10	1,260	0.8	17	890	0.3
Ordinary income			67,061	39.3		25,962	18.0		-	-
Ordinary loss			-	-		-	-		163,764	-49.8
V Extraordinary income										
1 Gain on sales of investments in securities		-			144		-			
2 Gain on sales of fixed assets	*2	-	-	-	-	144	0.1	40	40	0.0
VI Extraordinary losses										
1 Loss on devaluation of investments in securities		99			225		140			
2 Loss on impairment of fixed assets	*3	-			303		160			
3 Provisions of allowance for losses for refund of interest received from customers		272,038			-		272,038			
4 Loss on integration or close of branches	*3	-			563		708			
5 Other extraordinary losses		-	272,137	159.5	9	1,100	0.8	4	273,049	83.0
Income before income taxes			-	-		25,006	17.3		-	-
Loss before income taxes			205,075	-120.2		-	-		436,773	-132.8
Corporate taxes, inhabitants taxes and enterprise taxes		33,423			4,825		22,163			
Deferred income tax expenses		-94,271	-60,847	-35.6	-9,564	-4,739	-3.3	22,338	44,501	13.5
Net income			-	-		29,745	20.6		-	-
Net loss			144,228	-84.6		-	-		481,274	-146.3

(3) Interim Consolidated Statement of Changes in Net Assets

Previous Interim Period (from April 1 to September 30, 2006)

(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 interim period								
Dividends (Note)			-16,181		-16,181			
Bonuses for directors (Note)			-45		-45			
Net loss			-144,228		-144,228			
Acquisition of treasury stock				-0	-0			
Net changes of items other than shareholders' equity						-2,961	-419	-57
Total changes of items during interim period	-	-	-160,454	-0	-160,454	-2,961	-419	-57
Balance as of September 30, 2006	30,478	52,263	761,334	-40,776	803,299	6,806	-419	50

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

Current Interim Period (from April 1 to September 30, 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, 2007	30,478	52,263	408,107	-40,776	450,071	6,657	861	125
Changes of items during interim period								
Dividends			-16,181		-16,181			
Net income			29,745		29,745			
Acquisition of treasury stock				-0	-0			
Net changes of items other than shareholders' equity						-2,059	-913	47
Total changes of items during interim period	-	-	13,564	-0	13,564	-2,059	-913	47
Balance as of September 30, 2007	30,478	52,263	421,671	-40,776	463,636	4,598	-52	172

Previous Fiscal Year (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) Interim Consolidated Statements of Cash Flows

		Previous Interim Period from Apr. 1 to Sept. 30, 2006	Current Interim Period from Apr. 1 to Sept. 30, 2007	Previous Fiscal Year from Apr. 1, 2006 to Mar. 31, 2007
Item of accounts	Note	Amount (millions of yen)	Amount (millions of yen)	Amount (millions of yen)
I Cash flows from operating activities				
Income before income taxes		-	25,006	-
Loss before income taxes		-205,075	-	-436,773
Depreciation and amortization		1,708	1,618	3,457
Loss on impairment of fixed assets		-	303	160
Gain or loss on investment in partnerships		-17	-133	-226
Increase or decrease in allowance for employees' retirement benefits		4	68	38
Increase or decrease in allowance for retirement benefits of directors and corporate auditors		-1	1	12
Increase or decrease in allowance for credit losses		12,289	8,817	832
Increase or decrease in allowance for losses for refund of interest received from customers		247,062	-37,364	466,298
Write-offs		31,841	32,577	100,279
Interest refunded to customers (portion of damaged principal)		15,328	29,804	44,669
Non-operating interest income and dividend income		-203	-641	-1,204
Loss on integration or close of branches		-	563	708
Loss on disposal or sales of tangible fixed assets		30	29	35
Gain on sales of investments in securities		-	-144	-
Loss on devaluation of investments in securities		99	225	140
Increase or decrease in accrued interest income on loans to customers		-1,090	556	-613
Direct cash loans made to customers		-291,961	-202,248	-547,751
Direct cash loans collected from customers		266,076	212,427	511,083
Increase or decrease in long-term deposit		-11,772	-	-15,499
Other		4,717	6,078	-8,135
Sub total		69,034	77,542	117,510
Non-operating interest income and dividend income received		203	641	1,204
Income taxes paid		-33,235	-1,115	-49,163
Income taxes refunds		894	11,589	905
Net cash provided by operating activities		36,896	88,657	70,455

		Previous Interim Period from Apr. 1 to Sept. 30, 2006	Current Interim Period from Apr. 1 to Sept. 30, 2007	Previous Fiscal Year from Apr. 1, 2006 to Mar. 31, 2007
Item of accounts	Note	Amount (millions of yen)	Amount (millions of yen)	Amount (millions of yen)
II Cash flows from investing activities				
Payments for purchase of tangible fixed assets		-574	-335	-1,090
Payments for purchase of intangible fixed assets		-474	-542	-911
Proceeds from sales and redemption of securities		-	-	4
Payments for purchase of investments in securities		-315	-4	-315
Proceeds from sales and redemption of investments in securities		321	1,311	795
Payments for acquisition of investments in partnerships		-43	-	-105
Proceeds from collection of investments in partnerships		20	24	34
Other		11	720	342
Net cash provided by investing activities		-1,054	1,175	-1,248
III Cash flows from financing activities				
Proceeds from long-term borrowings		71,300	18,500	131,500
Repayments of long-term borrowings		-61,388	-53,233	-111,429
Repayments for redemption of bonds		-38,000	-30,000	-68,000
Acquisition or sales of treasury stock, net		-0	-0	-0
Cash dividends paid		-16,181	-16,181	-32,362
Net cash used in financing activities		-44,270	-80,914	-80,291
IV Effect of exchange rate changes on cash and cash equivalents		100	-484	157
V Increase or decrease in cash and cash equivalents		-8,328	8,434	-10,926
VI Cash and cash equivalents at the beginning of the interim period (fiscal year)		107,022	96,096	107,022
VII Cash and cash equivalents at the end of the interim period (fiscal year)	*	98,694	104,530	96,096

Significant Accounting Policies for Interim Consolidated Financial Statements

Previous Interim Period from Apr. 1 to Sept. 30, 2006	Current Interim Period from Apr. 1 to Sept. 30, 2007	Previous Fiscal Year from Apr. 1, 2006 to Mar. 31, 2007
<p>1. Scope of consolidation As of September 30, 2006, the number of consolidated subsidiaries were 9 as listed below; 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 No entities are subject to the equity method of accounting.</p> <p>3. The interim period - end of consolidated subsidiaries The interim period - end date of each subsidiary listed hereunder is as follows; TWJ Co., Ltd.: August 31 Take One Co., Ltd.: July 31 TSR Co., Ltd.: June 30 G.H Investment Co., Ltd.: June 30</p> <p>For these consolidated subsidiaries, their financial statements at the above-mentioned interim period-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>1. Scope of consolidation As of September 30, 2007, the number of consolidated subsidiaries were 9 as listed below; 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>(Additional Information) Outlines of the special purpose entities with disclosure requirements along with outlines of transactions with these special purpose entities are described in "Footnotes to the special purpose entities with disclosure requirements". From the current interim period, the Company has adopted "Implementation Guidance on Disclosures about Certain Special Purpose Entities" (Accounting Standards Board of Japan Guidance No.15 March 29, 2007).</p> <p>2. Application of the equity method The same as the previous interim period.</p> <p>3. The interim period - end of consolidated subsidiaries The same as the previous interim period.</p>	<p>1. Scope of consolidation As of March 31, 2007, the number of consolidated subsidiaries were 9 as listed below; 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 No entities are subject to the equity method of accounting.</p> <p>3. The fiscal year - end of consolidated subsidiaries The fiscal year-end date of each subsidiary listed hereunder is as follows; TWJ Co., Ltd.: February 28 Take One Co., Ltd.: January 31 TSR Co., Ltd.: December 31 G.H Investment Co., Ltd. : December 31</p> <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>

Previous Interim Period from Apr. 1 to Sept. 30, 2006	Current Interim Period from Apr. 1 to Sept. 30, 2007	Previous Fiscal Year from Apr. 1, 2006 to Mar. 31, 2007
<p>4. Significant accounting policies (1) Valuation and computation of significant assets A Securities Other securities: Where there is a market quotation- Market value as determined by the quoted price at the end of the interim period. 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.</p> <p>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> <p>(2) Depreciation of the fixed assets A Tangible fixed assets Depreciation is 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>4. Significant accounting policies (1) Valuation and computation of significant assets A Securities Other securities: Where there is a market quotation- The same as the previous interim period.</p> <p>Where there is no market quotation- The same as the previous interim period.</p> <p>B Inventories The same as the previous interim period.</p> <p>(2) Depreciation of the fixed assets A Tangible fixed assets Depreciation is 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>(Changes in accounting policy) In accordance with the revision of the corporate tax laws, the Company has changed from the current interim period the method of depreciation for fixed tangible assets acquired after April 1, 2007.</p> <p>As a result, operating income, ordinary income and income before income taxes decreased by 9 million yen, and net income decreased by 5 million yen respectively.</p> <p>(Additional Information) In accordance with the revision of the corporate tax laws, the residual value (excluding the memorandum price) for properties acquired before March 31, 2007 is depreciated on a straight line over 5 years from the next fiscal year the book value of these properties reaches the residual value calculated on the method before the revision of the tax laws, and is included in the depreciation costs.</p> <p>As a result, operating income, ordinary income and income before income taxes decreased by 41 million yen, and net income decreased by 25 million yen respectively.</p>	<p>4. Significant accounting policies (1) Valuation and computation of significant assets 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.</p> <p>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> <p>(2) Depreciation of the fixed assets A Tangible fixed assets Depreciation is 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>

Previous Interim Period from Apr. 1 to Sept. 30, 2006	Current Interim Period from Apr. 1 to Sept. 30, 2007	Previous Fiscal Year from Apr. 1, 2006 to Mar. 31, 2007
<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) Basis of calculating allowances 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 interim period, 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.</p> <p>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 Intangible fixed assets The same as the previous interim period.</p> <p>(3) Basis of calculating allowances 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) In the previous period, allowance for credit losses was calculated based upon the total amount of direct cash loans including loans which were subject to “allowance for losses for refund of interest received from customers” and the letter portion deducted afterwards. As data were accumulated for losses incurred from the refunds of interest to the total write-offs, it became possible to understand these estimated losses separately from the others. Therefore, from the current interim period, allowance for credit losses is calculated excluding the amount of loans which were subject to “allowance for losses for refund of interest received from customers”.</p> <p>As a result, provisions of allowance for credit losses in operating expenses decreased by 14,951 million yen, operating income, ordinary income and income before income taxes increased by 14,951 million yen, and net income increased by 8,896 million yen respectively.</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) Basis of calculating allowances 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.</p> <p>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>

Previous Interim Period from Apr. 1 to Sept. 30, 2006	Current Interim Period from Apr. 1 to Sept. 30, 2007	Previous Fiscal Year from Apr. 1, 2006 to Mar. 31, 2007
<p>B Allowance for losses for refund of interest received from customers 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 interim period.</p> <p>(Additional Information) From the current interim period, 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.</p> <p>With this change, the Company recorded 272,038 million yen as provisions of allowance for losses for refund of interest received from customers in the section of extra ordinary losses 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 as the allowance for losses for refund of interest received from customers in accordance with the previous standard.</p> <p>As a result provisions of allowance for credit losses included in the section of operating expenses decreased 22,644 million yen, provisions of allowance for losses for refund of interest received from customers decreased 42,778 million yen, operating income and ordinary income increased 65,423 million yen respectively and loss before income taxes increased 206,615 million yen compared with the previous period.</p>	<p>B Allowance for losses for refund of interest received from customers 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 interim period.</p>	<p>B Allowance for losses for refund of interest received from customers 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) 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.</p> <p>With this change, the Company recorded 290,449 million yen and 272,038 million yen as provisions 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.</p> <p>As a result, provisions of credit loss in operating expenses decreased 51,026 million yen, provisions 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, loss before income taxes increased 383,110 million yen and net loss increased 390,817 million yen respectively compared with the previous period.</p>

Previous Interim Period from Apr. 1 to Sept. 30, 2006	Current Interim Period from Apr. 1 to Sept. 30, 2007	Previous Fiscal Year from Apr. 1, 2006 to Mar. 31, 2007
<p>C Allowance for bonuses In providing for bonuses payable to employees, the Company records an allowance for current interim period portion thereof based on the expected payment of bonuses for employees.</p> <p>D Allowance for bonuses for directors In providing for bonuses payable to directors, the Company records an allowance for current interim period portion thereof based on the expected payment of bonuses for directors.</p> <p>(Changes in accounting policy) The Company applied "Accounting standard for Directors' Bonus" (Statement No.4 of Accounting standards board of Japan on November 29, 2005).</p> <p>As a result operating income and ordinary income decreased 22 million yen respectively and loss before income taxes increased by the same amount compared with the previous period.</p> <p>E 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>F Allowance for retirement benefits of directors and corporate auditors 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 interim period in accordance with the Company's internal rules.</p> <p>(4) Accounting for lease transactions Finance 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>C Allowance for bonuses The same as the previous interim period.</p> <p>D -</p> <p>E Allowance for retirement benefits of employees The same as the previous interim period.</p> <p>F Allowance for retirement benefits of directors and corporate auditors The same as the previous interim period.</p> <p>(4) Accounting for lease transactions The same as the previous interim period.</p>	<p>C Allowance for bonuses 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>D -</p> <p>E 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>F Allowance for retirement benefits of directors and corporate auditors 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>(4) Accounting for lease transactions Finance 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>

Previous Interim Period from Apr. 1 to Sept. 30, 2006	Current Interim Period from Apr. 1 to Sept. 30, 2007	Previous Fiscal Year from Apr. 1, 2006 to Mar. 31, 2007
<p>(5) 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 Currencies and interest swap transactions 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>(6) Other significant accounting policies for the preparation of interim 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 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>5. Cash and cash equivalents as stated in interim consolidated statements of cash flows 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) Accounting for hedging activities The same as the previous interim period.</p> <p>(6) Other significant accounting policies for the preparation of interim consolidated financial statements A Basis of recognition of interest income on direct cash loans The same as the previous interim period.</p> <p>B Accounting treatment of consumption tax The same as the previous interim period.</p> <p>5. Cash and cash equivalents as stated in interim consolidated statements of cash flows The same as the previous interim period.</p>	<p>(5) 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>(6) 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 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>5. Cash and cash equivalents as stated in consolidated statements of cash flows 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>

Changes in Significant Accounting Policies for Interim Consolidated Financial Statements

Previous Interim Period from Apr. 1 to Sept. 30, 2006	Current Interim Period from Apr. 1 to Sept. 30, 2007	Previous Fiscal Year from Apr. 1, 2006 to Mar. 31, 2007
<p>(Accounting standard for financial services) From interim period, 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 71,389 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 interim period, 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 810,155 million yen.</p> <p>Net assets in the balance sheets for the current interim period have been presented in accordance with the revised disclosure rules of interim consolidated financial statements in accordance with the revision of disclosure rules of interim consolidated financial statements.</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.</p> <p>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 Interim Period From Apr. 1 to Sept. 30, 2006	Current Interim Period from Apr. 1 to Sept. 30, 2007
-	<p>(Interim Consolidated Statements of Income) Interest on income taxes refunds which had been included in "Other non-operating income" until previous interim period, was disclosed separately as such from the current interim period as it exceeds more than 10% of the total non-operating income. Interest on income taxes refunds included in "Other non-operating income" in previous interim period was 4 million yen.</p>

Footnotes to Interim Consolidated Balance Sheets

Previous Interim Period as of Sept. 30, 2006	Current Interim Period as of Sept. 30, 2007	Previous Fiscal Year as of Mar. 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;"> <tr> <td style="width: 60%;">Pledged assets (millions of yen)</td> <td style="width: 40%;"></td> </tr> <tr> <td>Direct cash loans to customers</td> <td style="text-align: right;">355,670</td> </tr> <tr> <td>Buildings and structures</td> <td style="text-align: right;">3,394</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;">371,751</td> </tr> </table> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Secured liabilities (millions of yen)</td> <td style="width: 40%;"></td> </tr> <tr> <td>Current portion of long-term borrowings</td> <td style="text-align: right;">45,190</td> </tr> <tr> <td>Long-term borrowings</td> <td style="text-align: right;">208,084</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">253,273</td> </tr> </table> <p>Amounts stated above include the portion is related to the financing scheme by way of trusts of direct cash loans to customers (Direct cash loans to customers; 355,670 million yen, long-term borrowings (including current portion thereof); 248,873 million yen).</p> <p>In addition to the above, direct cash loans to customers of 7,480 million yen may be pledged as collateral for the long-term borrowings of 4,500 million yen, including the current portion thereof, upon requests from financial institutions under agreements.</p>	Pledged assets (millions of yen)		Direct cash loans to customers	355,670	Buildings and structures	3,394	Land	12,688	Total	371,751	Secured liabilities (millions of yen)		Current portion of long-term borrowings	45,190	Long-term borrowings	208,084	Total	253,273	<p>*1. The assets pledged as security and the corresponding secured liabilities are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Pledged assets (millions of yen)</td> <td style="width: 40%;"></td> </tr> <tr> <td>Direct cash loans to customers</td> <td style="text-align: right;">591,884</td> </tr> <tr> <td>Buildings and structures</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">878</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">592,763</td> </tr> </table> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Secured liabilities (millions of yen)</td> <td style="width: 40%;"></td> </tr> <tr> <td>Current portion of long-term borrowings</td> <td style="text-align: right;">60,185</td> </tr> <tr> <td>Long-term borrowings</td> <td style="text-align: right;">201,512</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">261,698</td> </tr> </table> <p>Amounts stated above include the portion is related to the financing scheme by way of trusts of direct cash loans to customers (Direct cash loans to customers; 591,884 million yen, long-term borrowings (including current portion thereof); 259,698 million yen).</p>	Pledged assets (millions of yen)		Direct cash loans to customers	591,884	Buildings and structures	0	Land	878	Total	592,763	Secured liabilities (millions of yen)		Current portion of long-term borrowings	60,185	Long-term borrowings	201,512	Total	261,698	<p>*1. The assets pledged as security and the corresponding secured liabilities are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Pledged assets (millions of yen)</td> <td style="width: 40%;"></td> </tr> <tr> <td>Direct cash loans to customers</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> </table> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Secured liabilities (millions of yen)</td> <td style="width: 40%;"></td> </tr> <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> </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>	Pledged assets (millions of yen)		Direct cash loans to customers	453,172	Buildings and structures	3,279	Land	12,688	Total	469,138	Secured liabilities (millions of yen)		Current portion of long-term borrowings	55,402	Long-term borrowings	231,529	Total	286,931
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<p>*2. The total outstanding balance 1,518,789 million yen of direct cash loans to customers is only for unsecured loans to individuals.</p>	<p>*2. The total outstanding balance 1,359,314 million yen of direct cash loans to customers is only for unsecured loans to individuals.</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 to customers, 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 interim period was 396,215 million yen which included 239,074 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>3. Regarding direct cash loans to customers, 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 at the end of the current interim period was 379,272 million yen which included 226,133 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>3. Regarding Direct cash loans to customers, 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 interim period, the Company's outstanding balance under the committed line of credit was yen equivalent of US\$2,098 million and remaining unused portion was yen equivalent of \$1,402 million.</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 interim period, the Company's outstanding balance under the committed line of credit was yen equivalent of US\$2,218 million and remaining unused portion was yen equivalent of \$1,282 million.</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>																																																						

Previous Interim Period as of Sept. 30, 2006	Current Interim Period as of Sept. 30, 2007	Previous Fiscal Year as of Mar. 31, 2007
<p>*5. The amount of 36,830 million yen of accumulated depreciation for tangible fixed assets was netted against acquisition cost on the consolidated balance sheets.</p> <p>6. Contingent liabilities Contingent liabilities related to the contracts assuming the obligation of bonds</p> <p style="padding-left: 40px;">The unsecured bond (second issuance) with term of 7 years 30,000 million yen</p> <p style="padding-left: 40px;">The unsecured bond (fourth issuance) with term of 7 years 30,000 million yen</p> <p>*7. Delinquent loans receivable Loans to bankrupt borrowers; 1,011 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; 84,393 million yen 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; 38,572 million yen 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; 99,231million yen (92,403million yen) 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 3 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>*5. The amount of 35,956 million yen of accumulated depreciation for tangible fixed assets was netted against acquisition cost on the consolidated balance sheets.</p> <p>6. Contingent liabilities Contingent liabilities related to the contracts assuming the obligation of bonds</p> <p style="padding-left: 40px;">The unsecured bond (eighth issuance) with term of 20 years 30,000 million yen</p> <p>*7. Delinquent loans receivable Loans to bankrupt borrowers; 1,006 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; 105,060 million yen 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; 40,243 million yen 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; 101,812million yen (94,745million yen) 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 3 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>*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 Contingent liabilities related to the contracts assuming the obligation of bonds</p> <p style="padding-left: 40px;">The unsecured bond (fourth issuance) with term of 7 years 30,000 million yen</p> <p>*7. Delinquent loans receivable 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 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 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; 99,245million yen (92,857million yen) 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 3 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 Interim Period as of Sept. 30, 2006	Current Interim Period as of Sept. 30, 2007	Previous Fiscal Year as of Mar. 31, 2007
<p>8. 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 only are listed.)</p> <p>(1) in case of the balance of consolidated shareholders' equity being less than 250,000 million yen;</p> <p>(2) in case of the ratio of consolidated shareholders' equity against consolidated total assets being less than 10%;</p> <p>(3) 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;</p> <p>(4) in case of the total balance of direct cash loans to customers and cash and cash equivalents against the total assets being less than 40%;</p> <p>(5) in case of the ratio of credit losses write-offs being more than 20%;</p> <p>(6) in case of the total balance of real estate and investments in securities against the total assets being more than 40%;</p> <p>(7) in case of the balance of secured borrowings excluding those with collateral of real estate against total current assets being more than 80%;</p> <p>(8) in case of the total balance of borrowings with the security of direct cash loans to customers, the security being in perfection of interests against third parties, exceeding the balance of shareholders' equity.</p>	<p>8. Certain covenants Certain covenants were applied to 45,210 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 only are listed.)</p> <p>(1) in case of the balance of consolidated shareholders' equity being less than 250,000 million yen;</p> <p>(2) in case of the ratio of consolidated shareholders' equity against consolidated total assets being less than 10%;</p> <p>(3) in case of the amount of income before income taxes and financial expenses against financial expenses being less than 100%;</p> <p>(4) in case of the total balance of direct cash loans to customers and cash and cash equivalents against the total assets being less than 40%;</p> <p>(5) in case of the ratio of credit losses write-offs being more than 20%;</p> <p>(6) in case of the total balance of real estate and investments in securities against the total assets being more than 40%;</p> <p>(7) in case of the balance of secured borrowings excluding those with collateral of real estate against total current assets being more than 80%;</p> <p>(8) in case of the total balance of borrowings with the security of direct cash loans to customers, the security being in perfection of interests against third parties, exceeding the balance of shareholders' equity.</p>	<p>8. 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> <p>(1) in case of the balance of consolidated shareholders' equity being less than 250,000 million yen;</p> <p>(2) in case of the ratio of consolidated shareholders' equity against consolidated total assets being less than 10%;</p> <p>(3) in case of the amount of income before income taxes and financial expenses against financial expenses being less than 100%;</p> <p>(4) in case of the total balance of direct cash loans to customers and cash and cash equivalents against the total assets being less than 40%;</p> <p>(5) in case of the ratio of credit losses write-offs being more than 20%;</p> <p>(6) in case of the total balance of real estate and investments in securities against the total assets being more than 40%;</p> <p>(7) in case of the balance of secured borrowings excluding those with collateral of real estate against total current assets being more than 80%;</p> <p>(8) in case of the total balance of borrowings with the security of direct cash loans to customers, the security being in perfection of interests against third parties, exceeding the balance of shareholders' equity.</p>

Footnotes to Interim Consolidated Statements of Income

Previous Interim Period from Apr. 1 to Sept. 30, 2006	Current Interim Period from Apr. 1 to Sept. 30, 2007	Previous Fiscal Year from Apr. 1, 2006 to Mar. 31, 2007
<p>1. Basis for classification of financial income and expenses on the interim 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 which has no relationship with operating revenues.</p>	<p>1. Basis for classification of financial income and expenses on the interim consolidated statements of income</p> <p>(1) Financial income stated as operating revenues The same as the previous interim period.</p> <p>(2) Financial expenses stated as operating expenses The same as the previous interim period.</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 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 which has no relationship with operating revenues.</p>
<p>*2. -</p>	<p>*2. -</p>	<p>*2. Gain on sales of fixed assets 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. -</p>	<p>*3. Loss on impairment of fixed assets and integration or close of branches During the current interim period, loss on branch closure of 563 million yen was recorded due to the cease of 69 manned branches. Additionally, loss on impairment of fixed assets for branch closure was accrued for the amount of 141 million yen. Due to the serious deterioration of profitability and the consecutive decline of land price for a part of assets held for rent and etc., the carrying amount of those assets were written down to the value that is estimated to be recoverable, resulting in recognition of loss on impairment of fixed assets amounting to 162 million yen</p>	<p>*3. 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.</p>

Footnotes to Interim Consolidated Statement of Changes in Net Assets

Current Interim Period (from April 1 to September 30, 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 interim period (thousand shares)	The number decreased during current interim period (thousand shares)	The number at the end of current interim period (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 (millions of yen)	Dividends per share (yen)	Basic date	Effective date
General meeting at June 28, 2007	Common stocks	16,181	115	March 31, 2007	June 29, 2007

(2) Dividends after the end of current interim period of which basic date belongs to current interim period

Resolution	Type of stocks	Total amount of dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Basic date	Effective date
Board of directors at November 8, 2007	Common stocks	12,664	Retained earnings	90	September 30, 2007	December 5, 2007

Footnotes to Interim Consolidated Statements of Cash Flows

Previous Interim Period from Apr.1 to Sept. 30, 2006	Current Interim Period from Apr. 1 to Sept. 30, 2007	Previous Fiscal Year from Apr. 1, 2006 to Mar. 31, 2007
Relationship between cash and cash equivalents at the end of the interim period and interim consolidated balance sheets items as of September 30, 2006; (millions of yen)	Relationship between cash and cash equivalents at the end of the interim period and interim consolidated balance sheets items as of September 30, 2007; (millions of yen)	Relationship between cash and cash equivalents at the end of the fiscal year and consolidated balance sheets items as of March 31, 2007; (millions of yen)
Cash in hand and at banks 68,695	Cash in hand and at banks 57,028	Cash in hand and at banks 68,110
Short-term loans receivable (CD under agreements to resell) 29,998	Short-term loans receivable (CD under agreements to resell) 47,502	Short-term loans receivable (CD under agreements to resell) 27,986
Cash and cash equivalents 98,694	Cash and cash equivalents 104,530	Cash and cash equivalents 96,096

Footnotes to Lease Transaction

Previous Interim Period from Apr.1 to Sept. 30, 2006	Current Interim Period from Apr. 1 to Sept. 30, 2007	Previous Fiscal Year from Apr. 1, 2006 to Mar. 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, accumulated impairment loss and net book value of the leased assets at the end of the interim period (millions of yen)</p> <p>Other tangible fixed assets</p> <table> <tr> <td>Acquisition cost</td> <td>1,856</td> </tr> <tr> <td>Accumulated depreciation</td> <td>1,553</td> </tr> <tr> <td>Net book value of the leased assets</td> <td>303</td> </tr> </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 interim period</p> <p>Outstanding lease fee payable at the end of the interim period (millions of yen)</p> <table> <tr> <td>Due within one year</td> <td>266</td> </tr> <tr> <td>Due over one year</td> <td>37</td> </tr> </table> <p>Total 303</p> <p>Note: As the outstanding lease fee payable at the end of the interim period is insignificant compared to the balances of tangible fixed assets at the end of the interim period, 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 (millions of yen) 226</p> <p>4. Method of calculation of equivalent of depreciation 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>	Acquisition cost	1,856	Accumulated depreciation	1,553	Net book value of the leased assets	303	Due within one year	266	Due over one year	37	<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, accumulated impairment loss and net book value of the leased assets at the end of the interim period (millions of yen)</p> <p>Other tangible fixed assets</p> <table> <tr> <td>Acquisition cost</td> <td>764</td> </tr> <tr> <td>Accumulated depreciation</td> <td>727</td> </tr> <tr> <td>Net book value of the leased assets</td> <td>37</td> </tr> </table> <p>Note: The same as the previous interim period.</p> <p>2. Outstanding lease fee payable at the end of the interim period</p> <p>Outstanding lease fee payable at the end of the interim period (millions of yen)</p> <table> <tr> <td>Due within one year</td> <td>37</td> </tr> <tr> <td>Due over one year</td> <td>-</td> </tr> </table> <p>Total 37</p> <p>Note: The same as the previous interim period.</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 (millions of yen) 105</p> <p>4. Method of calculation of equivalent of depreciation The same as the previous interim period.</p> <p>(Impairment loss) The same as the previous interim period.</p>	Acquisition cost	764	Accumulated depreciation	727	Net book value of the leased assets	37	Due within one year	37	Due over one year	-	<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, accumulated impairment loss and net book value of the leased assets at the end of the fiscal year (millions of yen)</p> <p>Other tangible fixed assets</p> <table> <tr> <td>Acquisition cost</td> <td>1,140</td> </tr> <tr> <td>Accumulated depreciation</td> <td>996</td> </tr> <tr> <td>Net book value of the leased assets</td> <td>144</td> </tr> </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>Outstanding lease fee payable at the end of the fiscal year (millions of yen)</p> <table> <tr> <td>Due within one year</td> <td>141</td> </tr> <tr> <td>Due over one year</td> <td>3</td> </tr> </table> <p>Total 144</p> <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 (millions of yen) 386</p> <p>4. Method of calculation of equivalent of depreciation 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>	Acquisition cost	1,140	Accumulated depreciation	996	Net book value of the leased assets	144	Due within one year	141	Due over one year	3
Acquisition cost	1,856																															
Accumulated depreciation	1,553																															
Net book value of the leased assets	303																															
Due within one year	266																															
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Acquisition cost	764																															
Accumulated depreciation	727																															
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Accumulated depreciation	996																															
Net book value of the leased assets	144																															
Due within one year	141																															
Due over one year	3																															

Footnotes to Investments in Securities

Previous Interim Period (as of September 30, 2006)

1. Other securities with market quotations

(millions of yen)

	Acquisition cost	Book value on interim consolidated balance sheets	Unrealized gain or loss
(1) Stock	9,595	21,016	11,421
(2) Bonds			
National or local government bonds	-	-	-
Corporate bonds	-	-	-
Other	-	-	-
(3) Other	25	64	39
Total	9,619	21,079	11,460

2. Details of principal securities which are not stated at market quotations

(millions of yen)

	Acquisition cost	Book value on interim consolidated balance sheets	Unrealized gain or loss
Other securities			
Unlisted stocks excluding those traded over-the-counter	4,725	4,651	-75
Unlisted foreign mutual funds	5	6	1
Other	1,469	1,559	89

Notes: 1. Difference between acquisition cost and book value on interim consolidated balance sheets is unrealized gain or loss resulting from foreign currency translation on the securities denominated in foreign currencies at the end of current interim period.

2. "Other" of other securities are securities held through investments in partnerships.

3. In the current interim period, 21 million yen for other securities with market quotations and 78 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 other securities.

Current Interim Period (as of September 30, 2007)

1. Other securities with market quotations

(millions of yen)

	Acquisition cost	Book value on interim consolidated balance sheets	Unrealized gain or loss
(1) Stock	9,683	17,420	7,737
(2) Bonds			
National or local government bonds	-	-	-
Corporate bonds	-	-	-
Other	-	-	-
(3) Other	25	63	38
Total	9,708	17,483	7,775

2. Details of principal securities which are not stated at market quotations

(millions of yen)

	Acquisition cost	Book value on interim consolidated balance sheets	Unrealized gain or loss
Other securities			
Unlisted stocks excluding those traded over-the-counter	3,760	3,673	-87
Other	662	722	60

Notes: 1. Difference between acquisition cost and book value on interim consolidated balance sheets is unrealized gain or loss resulting from foreign currency translation on the securities denominated in foreign currencies at the end of current interim period.

2. "Other" of other securities are securities held through investments in partnerships.

3. In the current interim period, 225 million yen for other securities with 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 other securities.

Previous Fiscal Year (as of March 31, 2007)

1. Other securities with market quotations

(millions of yen)

	Acquisition cost	Book value on consolidated balance sheets	Unrealized gain or loss
(1) Stock	9,582	20,678	11,095
(2) Bonds			
National or local government bonds	-	-	-
Corporate bonds	-	-	-
Other	-	-	-
(3) Other	25	67	42
Total	9,607	20,745	11,138

2. Details of principal securities which are not stated at market quotations

(millions of yen)

	Acquisition cost	Book value on consolidated balance sheets	Unrealized gain or loss
Other securities			
Unlisted stocks excluding those traded over-the-counter	4,617	4,421	-196
Other	1,237	1,411	174

Notes: 1. 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 fiscal year.

2. "Other" of other securities are securities held through investments in partnerships.

3. 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 other securities.

Footnotes to Derivative Transactions

Contract amount of derivative transaction, quotation and gain or loss on evaluation

Type of objects: Bonds

Type of transaction	Previous Interim Period from Apr. 1, to Sept. 30, 2006			Current Interim Period from Apr. 1, to Sept. 30, 2007			Previous Fiscal Year from Apr. 1, 2006 to Mar. 31, 2007		
	Contract amount	Quotation	Gain or Loss on evaluation	Contract amount	Quotation	Gain or Loss on evaluation	Contract amount	Quotation	Gain or Loss on evaluation
Bond option Buy Call	110,800 (316)	-	-316	120,000 (738)	-	-738	120,000 (841)	-	-841

Notes: 1. Option fees are shown in the parenthesis below the contract amount.

2. Derivative transactions to which hedge accounting is applied are excluded.

Footnotes to Stock Options

There is no applicable item.

Footnotes to Segment Information

Segment by industry

Previous interim period (from Apr. 1 to Sept. 30, 2006), current interim period (from Apr. 1 to Sept. 30, 2007) and previous fiscal year (from Apr. 1, 2006 to Mar. 31, 2007)

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

Segment by geographic area

Previous interim period (from Apr. 1 to Sept. 30, 2006), current interim period (from Apr. 1 to Sept. 30, 2007) and previous fiscal year (from Apr. 1, 2006 to Mar. 31, 2007)

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

Overseas operating revenues

Previous interim period (from Apr. 1 to Sept. 30, 2006), current interim period (from Apr. 1 to Sept. 30, 2007) and previous fiscal year (from Apr. 1, 2006 to Mar. 31, 2007)

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

Footnotes to the special purpose entities with disclosure requirements

1. Outlines of the special purpose entities with disclosure requirements along with outlines of transactions with these special purpose entities

The Company is funding by utilizing trust beneficiary backed by the direct cash loans to customers originated by the company, aiming to secure access to stable funding. Regarding this securitized funding activity, the Company uses a special purpose entity in the form of a limited company. Firstly the Company transfers the preferred portion of the trust beneficiary to the special purpose entity and then receives the fund from the special purpose entity which raises their funds by the issuance of the corporate bond, backed by the said transferred preferred assets as proceeds of the sale of the assets.

The Company conducts the loan collection service and retains the subordinated portion of the trust beneficiary.

As a result of the funding, as of September 30, 2007, there are two special purpose entities with which the Company has transactions and the total assets and liabilities owned by these special purpose entities as of the most recent closing date is 295,182 million yen and 295,162 million yen, respectively. The Company retains no stocks with shareholder voting rights of the both special purpose entities nor dispatches directors or employees.

2. Amount of transaction with the special purpose entities in the current interim period

Outline of transaction with the special purpose entities have been omitted as the transfer of these assets to the special purpose entity is treated as financial transactions.

Footnotes to Statistics per Share

Previous Interim Period from Apr. 1 to Sept. 30, 2006	Current Interim Period from Apr. 1 to Sept. 30, 2007	Previous Fiscal Year from Apr. 1, 2006 to Mar. 31, 2007
Net assets per share; 5,754.81 yen Net loss per share; 1,025.03 yen	Net assets per share; 3,328.60 yen Net income per share; 211.40 yen	Net assets per share; 3,252.98 yen Net loss per share; 3,420.42 yen
Net income per share-diluted is not presented since net loss is recorded and there are no potential stocks.	Net income per share-diluted is not presented since there are no potential stocks.	Net income per share-diluted is not presented since net loss is recorded and there are no potential stocks.

Note: Basis for calculating net income or loss per share is as follows;

	Previous Interim Period from Apr. 1 to Sept. 30, 2006	Current Interim Period from Apr. 1 to Sept. 30, 2007	(millions of yen) Previous Fiscal Year from Apr. 1, 2006 to Mar. 31, 2007
Net income and loss per share			
Net income for the interim period	-	29,745	-
Net loss for the interim period (fiscal year)	144,228	-	481,274
Net income not available to common shareholders	-	-	-
Net income for common stock	-	29,745	-
Net loss for common stock	144,228	-	481,274
Average number of shares outstanding during the current interim period (fiscal year) (thousand shares)	140,706	140,706	140,706

Subsequent events

Previous Interim Period from Apr. 1 to Sept. 30, 2006	Current Interim Period from Apr. 1 to Sept. 30, 2007	Previous Fiscal Year from Apr. 1, 2006 to Mar. 31, 2007
<p>(Use of commitment facility) The Company has borrowed US\$450 million on November 15, 2006 as a part of the commitment facility, set on July 15, 2005, at the amount of yen equivalent to US\$1,500 million. Thus the Company's balance of fundraising is yen equivalent to US\$2,489 million and the remaining unused portion is yen equivalent to US\$1,011 million, under the facility of yen equivalent to US\$3,500 million in the long-term commitment contract as of the day the interim financial report is issued. The outline of the funding concerned is as follows; (1)Date: November 15, 2006 (2)Amount: 53,100 million yen (equivalent to US\$450 million) (3)Borrowing Institution: Bull Capitol Co., Ltd. (4)Interest: 3.015% per year (5)Term: 5 years (after the 2-year unredeemable period, payment in installments for 3 years) (6)Collateral: 89,347 million yen of direct cash loans to customers (7)Use of funds: operating fund</p>	<p>(Issuance of share subscription rights) On November 8, 2007, in accordance with Article 236, 238 and 240 of Companies Act, the Board of Directors of the Company resolved to issue share subscription rights to the employees of the Company as stock options. A summary of these share subscription rights is as follows; (1) Type and number of share subscription rights to be issued: Ten shares of common stock for one unit of share subscription rights (2) Type and number of recipients expected to be eligible for the allocation of share subscription rights: 2,749 employees of the Company (3) Aggregate number of units of share subscription rights to be issued: 57,160 units (If the actual total number of units to be allocated does not reach 57,160, the actual total number shall be the total number of share subscription rights issued.) (4) Allocation date of share subscription rights: November 29, 2007 (5) Issue price of each share subscription rights: Free (6) Exercise price: The exercise price is calculated by multiplying the average price of closing prices of the Company's common stock traded regularly on the Tokyo Stock Exchange during the month prior to the month of allocation (the closing price of the allocation date, if the average price is lower than the closing price of the allocation date) by the number of shares to be issued for a unit of share subscription rights on the exercise of the share subscription rights described in (1). (7) Exercise period of share subscription rights: From November 9, 2009 to November 8, 2011 (8) Matters related to the transfer of share subscription rights: The approval of the Board of Directors is required for the transfer of share subscription rights.</p>	<p>-</p>

5. Actual Operating Results

(1) Break-down of Operating Revenues

Sources of revenues		Previous Interim Period from Apr. 1 to Sept. 30, 2006		Current Interim Period from Apr.1 to Sept. 30, 2007		Previous Fiscal Year from Apr. 1, 2006 to Mar. 31, 2007	
		Amount (millions of yen)	Composition Ratio(%)	Amount (millions of yen)	Composition Ratio(%)	Amount (millions of yen)	Composition Ratio(%)
Interest income on direct cash loans	Unsecured loans	164,877	96.7	139,891	97.0	318,491	96.8
Commissions earned	Credit card	42	0.0	36	0.0	86	0.0
Other financial income	Interest on bank deposits	414	0.2	526	0.4	889	0.3
	Interest on loans other than direct cash loans	21	0.0	69	0.0	44	0.0
	Other	1,190	0.7	1,032	0.7	2,317	0.7
	Sub total	1,625	0.9	1,627	1.1	3,249	1.0
Other operating income	Collection from bad debts previously written-off	3,147	1.8	1,699	1.2	5,284	1.6
	Real estate rent	438	0.3	468	0.3	877	0.3
	Other	442	0.3	514	0.4	935	0.3
	Sub-total	4,026	2.4	2,681	1.9	7,095	2.2
Total		170,570	100.0	144,235	100.0	328,920	100.0

Notes :1. "Other" in other financial income consist mainly of interest received from interest swap transaction.

2. "Other" in other operating income consist mainly of parking lots fee income and golf-course play fee.

(2) Other Highlights Data

Items	Previous Interim Period as of Sept. 30, 2006	Current Interim Period as of Sept. 30, 2007	Previous Fiscal Year as of Mar. 31, 2007
Direct cash loans to customers outstanding (millions of yen)	1,518,789	1,359,314	1,431,848
Unsecured loans	1,518,789	1,359,314	1,431,848
Secured loans	-	-	-
Installment receivables outstanding (millions of yen)	577	595	582
Number of loan customer accounts	2,268,706	2,036,554	2,125,599
Unsecured loans	2,268,706	2,036,554	2,125,599
Secured loans	-	-	-
Number of credit card membership	271,326	295,685	284,825
Number of branches	1,896	1,612	1,729
Manned	523	360	471
Unmanned (included Quick loan application machine)	1,372	1,251	1,257
Internet Yen shop	1	1	1
Number of unmanned loan contract machines (included Quick loan application machine)	1,896	1,612	1,729
Number of cash dispensers and ATMs	46,008	49,006	48,072
Owned	2,023	1,733	1,856
Inter-linked	43,985	47,273	46,216
Number of employees	3,147	2,855	2,938
Write-offs (millions of yen)	31,841	32,577	100,279
Write-offs related to the refund of overpayment interest (millions of yen)	15,328	29,804	44,669
Allowance for credit losses (millions of yen)	162,719	160,079	151,262