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82- SUBMISSIONS FACING SHEET

Follow-Up
Materials

MICROFICHE CONTROL LABEL



REGISTRANT'S NAME

Takefiji Corp.

*CURRENT ADDRESS

**FORMER NAME

PROCESSED

**NEW ADDRESS

OCT 30 2006
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FISCAL YEAR

3-31-06

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Annual Report 2006

Always Customer First

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OFFICE OF THE
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Takefuji Corporation Takefuji Corporation



Remaining Always Grateful This Takefuji Spirit Will Never Change

Since our founding in 1966
Takefuji has enjoyed a steady stream of achievements
All leading to the company we have become today.
We are extremely grateful
For all the support we have received.

As we mark our 40th year in business
Every Takefuji employee is recapturing the enthusiasm
We had when we first founded our company
While making further efforts to provide
Quality service that will satisfy every customer.

We want to again ask for your
Continued support and patronage.



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Introduction

This year Takefuji Corporation celebrates its 40th anniversary since its foundation, a remarkable achievement that would not have been possible without the generous support and patronage of our stakeholders such as customers, shareholders, investors, business partners and many others. On behalf of all of our employees and management, we would like to express once again our sincere gratitude.

Since our founding in 1966, Takefuji has helped to nurture and lead Japan's consumer finance industry. In line with our founding principles of "Customer First" and "Management Efficiency," we have made strict adherence to laws and regulations a cornerstone of our activities. At the same time, we have constructed a unique business model by accumulating expertise and developing systems mainly for the unsecured loan business. During this year we expect to accomplish our longstanding goal of one trillion yen in stockholders' equity. This would position Takefuji as one of the most stable and excellent companies, as in Japan there are less than 30 companies that can boast of having such a huge amount of stockholders' equity. This year is seen as something of a "renaissance" for Takefuji, and we are confident that we can capture this opportunity to continue building a stronger management system based on a stable financial foundation.

Current Status of Regulatory Revisions in Consumer Finance Industry and Our Conception

The Japanese economy is about to recover from the struggles of long deflation in recent years, reflecting improvement of corporate earnings and other positive signs. In July 2005 and January 2006, Japan's Supreme Court rulings slightly favored the position of consumers in court cases. Since then consumer finance companies have faced an increase in the refund for claimed overpayments resulted from the so-called "Grey Zone" issue. Currently, we are encountering a mega-trend in regulatory revisions including review of the maximum lending rate and elimination of Grey Zone interest rate. The exact timing and nature of the eventual outcome from these debates is unpredictable, that is, very hard to predict.

Takefuji will continue to carefully monitor these regulatory developments and then establish the best credit standards and product lineup based on the degree of any reduction in the maximum lending rates. We plan to attract new customers and hold onto quality customers by offering a diverse product line. We are even considering changes to our upper limit of loan amount per customer as one of our options. However, we strongly expect that regulatory revisions will take a form that will allow us to continue adequately meeting the strong demands from the general public for small loans. We will continue to improve our management system to satisfy the financing needs of the customers, as is expected of a prominent consumer finance company like Takefuji. We are sure that Takefuji will be able to build a more flexible new business model from various viewpoints including strategy changes and cost savings. Any such business model would be sustained by our unsurpassed management, sales-marketing skills and sound financial base utilizing the valuable experiences that we gained when the Money Lending Business Law became effective in 1983. We believe that mid- to long-term strategy plans that include revisions to our business strategy, capital strategy and group policy are becoming even more significant.

1. Summary of Fiscal Year Ended March 2006

External and Internal Business Environment

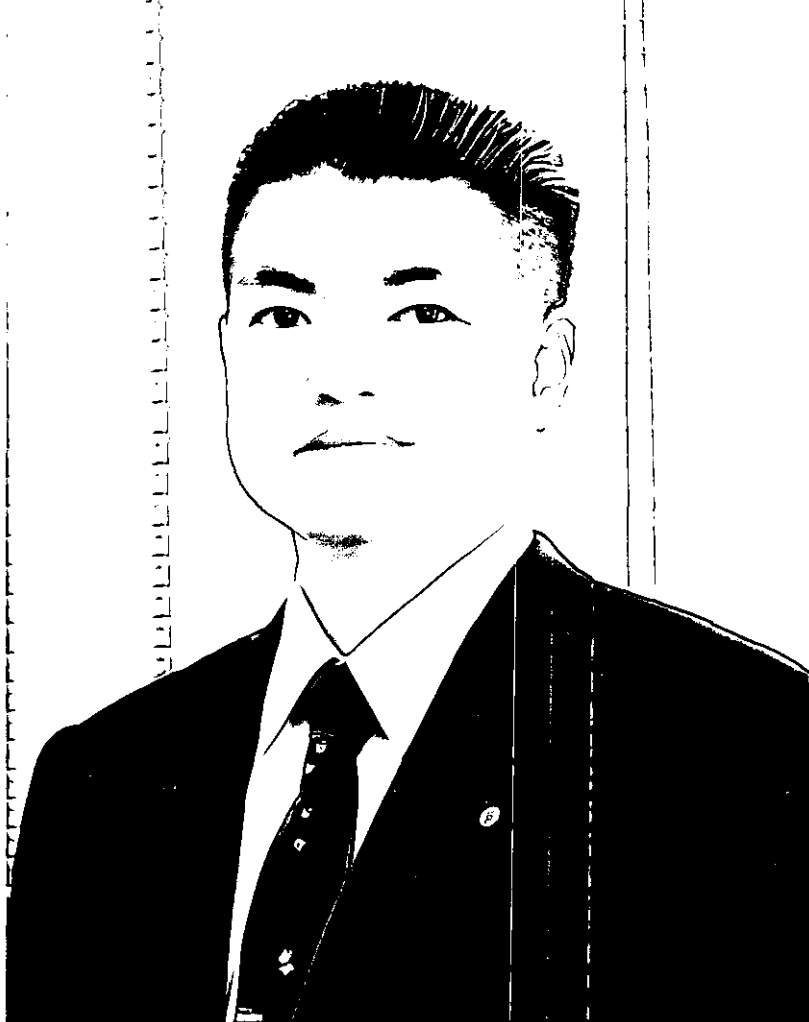
During this period, the Japanese economy had to confront higher crude oil prices and other challenges, but it has managed to strengthen enough to emerge from a prolonged period of deflation. With corporate earnings improving, there was a significant increase in private sector capital expenditures, a better employment situation and booming stock markets, which all contributed to better personal consumption.

These economic conditions lowered the number of personal bankruptcy cases, which in the past had a major impact on the consumer finance industry. However, consumer finance companies saw a sharp increase in the amounts of refund for claimed overpayments after the Supreme Court made strict interpretations of the obligation to disclose full transaction histories and of conditions required by Article 43 of the Money Lending Control Law for the repayment to be regarded as legally valid. Takefuji continued to write off a large portion of bad debts during this year due to adjustment of debts resulting from refunds for claimed overpayment, and we also introduced allowance for interest refund losses to better provide ourselves for any such risks in the future. On the other hand, the consumer finance industry has become much more competitive due to some new market entrants emerging from acquisitions of consumer finance companies by IT firms as well as from capital and business tie-ups with major credit card firms. This competition is expected to be even more intense in the years to come.

Consolidated Results

During this period, management continued to focus more on the quality of loan assets than on quantitative expansion of asset volume, so we maintained stricter credit control. Also, we implemented new steps that give careful consideration to problems such as multiple debtors, personal bankruptcies and bad debt write-offs. In October 2005, we almost fully resumed television advertisement and introduced quick unmanned loan application machines in November. Those helped to turn around the recent slide in the number of new customer applications. As mentioned earlier, the operating environment has become very tough due to such factors as new market entrants from other industries and the impact of consolidated loans. However, Takefuji has continued to work toward expanding financial services for retail customers based on our core business, consumer finance. These efforts have been promoted through the development of the credit card business with MasterCard brand including the issuance of community-based credit cards.

Under these conditions, we recorded the following results for this fiscal period: 1.54 trillion yen in outstanding loans (decreased by 1.8%, year-on-year basis); 2,322,917 accounts (decreased by 4.9%); 263,303 new customer accounts (increased by 6.2%); operating revenues of 351.3 billion yen (decreased by 2.5%); operating expenses of 263.5 billion yen (increased by 8.1%), partially due to introduction of allowance for interest refund losses; and operating income of 87.8 billion yen (decreased by 24.6%). We posted extraordinary losses of 50.3 billion yen accompanied by the introduction of impairment accounting. Overall, net income for this period came to 46.9 billion yen.



Fund Procurement Conditions

In terms of funding conditions during this period, Takefuji focused on reducing financial expenses as well as improving the terms of borrowing. Based on such policy, in April 2005, Takefuji executed defeasance worth 60 billion yen for the domestic bonds due in 2007. In July and September 2005, Takefuji set up a new commitment facility of 3.5 billion dollars (equivalent to approximately 409.5 billion yen) with the introduction of true sale structure including a refinance of the existing commitment facility of 1.93 billion dollars (equivalent to approximately 226 billion yen). This allowed us to remove financial covenants related to the corresponding contract. As a result, the total amount of interest-bearing debts as of the end of March 2006 was down by 165 billion yen from the previous year to 715.9 billion yen (41% from capital market through bond issuance, 59% from financial institutions including banks). Takefuji will continue to diversify funding sources while keeping appropriate balance between long-term and short-term as well as funding directly from capital markets and indirectly from financial institutions while carefully watching market interest rate trends.

CSR (Corporate Social Responsibility) Activities

As of the end of March 2006, Takefuji had 523 manned branch offices and 1,374 unmanned branch offices nationwide, and the Company is listed on stock exchanges in both Tokyo and London. Being a company of this size and status, we naturally feel that it is our responsibility to proactively continue fulfilling our CSR (Corporate Social Responsibilities), both in Japan and overseas. As we all know that strictly adhering to compliance and keeping all relevant laws and regulations is necessary, but at the same time we are also careful to never deviate from social ethics. Compliance has been positioned as a cornerstone of our management policy. Furthermore, we have constructed a decision-making system for continuous corporate growth. In order for us to meet accountability obligations accurately, we aim to gain an even deeper level of trust from society through enhancing corporate governance system, and various CSR and environmental conservation activities.

Compliance System

Improving both compliance and corporate governance is one of the most important issues facing management. Our aim is to establish better transparency and governance, not merely through adherence to the relevant laws and regulations but also to our fundamental principles of "Customer First," "Gratitude" and "Inheritance and Development of Good Corporate Culture and Traditions."

Takefuji makes every effort to strictly adhere to relevant rules and regulations. In December 2003, the Compliance Administrative Office was established, and we invite external experts to attend regular Compliance Committee meetings for further reinforcement of the Company's compliance. We regularly refer to the Financial Inspection Manual prepared by Japan's Financial Services Agency to improve our internal

monitoring system, paying careful attention to the points covered in all the relative laws and regulations from the Money Lending Control Law to the Labor Standards Law. We will make further efforts to create our compliance system stronger by remembering to take small steps day by day.

Social Contribution Activities

More than two years have passed since Takefuji established its Social Contribution Office in April 2004. We express our sincere gratitude to those who have made every effort to support us since our foundation. We would like to put our thanks to them into concrete shape by gradually piling up CSR activities. Since 1984, we have been making donations to guide dog associations. Moreover, we have continued to promote other activities such as raising funds for people who suffer from natural disaster in Japan and abroad, and inviting children who live in social welfare institutions to sport games and entertainment events. Every month we proactively conduct clean-up campaigns for local communities involving all employees, including executives. On April 2005, the Company launched the "Takefuji Volunteer Month" to support employees who want to actively participate in volunteer activities. A national newspaper commented on such initiative, "Takefuji is a financial institution that has energetically developed social contribution activities closely tied to local communities." Inspired by this praise, we will continue making these other contributions to society.

2. Mid-to Long-Term Business Strategy

This year marks the 40th anniversary of Takefuji's foundation. With such significant milestone, we always try to return to our roots and make a careful review of our management policy. As economy recovers in Japan, the overall employment situation is improving and personal consumption trends have moved upward.



Hikaru Kondo

Hikaru Kondo,
Representative Director & President

Generally speaking, we anticipate that the business environment will continue to stabilize and improve over the mid-to-long term. In this environment we will remain true to our founding principles of "Customer First" and "Operational Efficiency," and every employee and all directors will work to improve our business results and to increase our corporate value.

Specifically, we intend to diversify our income sources by developing new businesses such as the secured loan business and venture investments. We will also ensure that we can make even more effective utilization of our capital after achieving our long-term goal of one trillion yen in stockholders' equity. We might consider M&A and enter new investments in the credit card business, catalog/online shopping business and other retail financial service areas where strong synergies with our core business is expected. Furthermore, as of the end of March 2006, the percentage of Takefuji shares held by foreign investors stood at 56%. Keeping this point in mind, we intend to further improve our IR activities both domestically and overseas and provide fair disclosure promptly and continuously, and further increase the level of corporate transparency.

3. Capital Policy

The basic approach for our capital policy is to provide a stable and long-term return of profits to our shareholders. For the fiscal year ended March 2006, the interim dividend was 115 yen and the full year dividend reached 230 yen per share. This is equivalent to dividend yield of more than 3%, which we believe is among some of the highest returns offered by listed companies in Japan. During the year the dividend payout ratio was 69.0% due to special factors such as the introduction of impairment accounting and the posting of reserves to cover excess interest repayments. We will make efforts to maintain the same level of dividend amount by diversifying income sources, making effective use of our capital and maximizing shareholder value.

Closing Remarks

Our 40th anniversary has provided all Takefuji employees with the opportunity to again embrace the feelings when the company was first founded. We will continue to support the lifestyles of our customers as a familiar and beloved financial institution for ordinary people. Since the recent trends in financial sector liberalization have offered some valuable business opportunities, we will enhance further customer convenience and respond to customers' varied needs by providing high-quality services. This will start with the polishing up of our traditional staff training system so that our employees can provide even more detailed counseling. Furthermore, we put our focus on our business model based on unsecured, non-guaranteed small loans so that it is more in step with the times and so that we can better differentiate ourselves from the competitors.

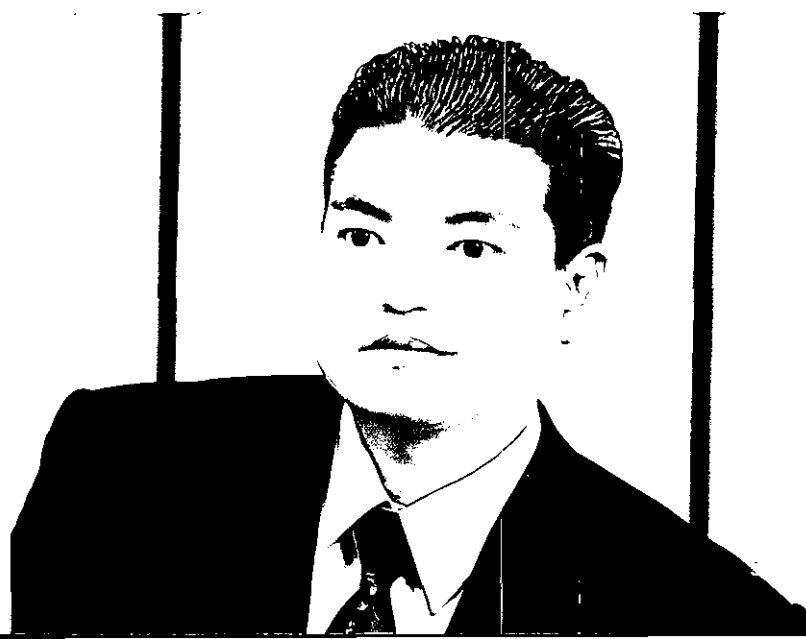
We will proactively adopt the plans and proposals from our employees so that we can harness our intelligence and creativity to improve our results and meet the public's expectations. We will also fulfill our social responsibilities and express our gratitude to society through various CSR activities including social contribution and environmental protection programs.

In order to realize these and many other goals, this year we would like to ask again for your continued support and encouragement.

Thank you.

Taketeru Takei

Taketeru Takei,
Representative Director
& Senior Managing Director





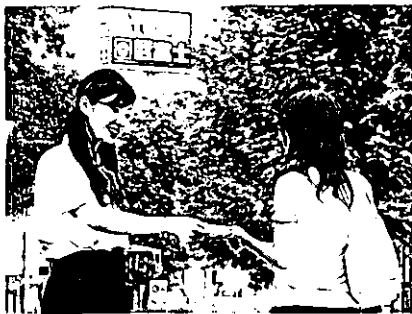
A Reliable Life Partner for Customers

One of our missions is to provide high-quality services that meet customers' satisfaction, and for improving, we should accurately research what customers need.

We have set up automatic Quick Loan Application Machines as well as an application website for customers to use our services when they need, offering immediate access to finance with simple procedures outside branch business hours.

Moreover, since we offer revolving repayments, our customers can borrow the amount they need when they need it and make repayments above a fixed monthly amount, according to their own convenience and plans.

We will continue to develop new products in line with customer preferences and support our customers at all times as a trusted life partner. And, of course, to ensure that customers can use our services in confidence, our system has been developed with full consideration for the privacy of customers' personal information.



Unique Services in a Spirit of Gratitude

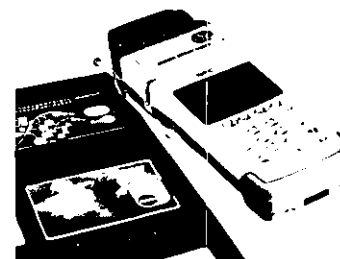
Our eco pocket tissue distributions at street corners are now a familiar sight, with the slogan, "Refreshing tissues pass along our gratitude and taking in-store manners out to the street." Takefuji staff members distribute eco tissues with greetings like "Good morning!" "Have a nice day!" and "Good evening!" in cheerful voices. Takefuji believes gratitude towards our customers is grown from this kind of communication.

Our acclaimed in-store service also has a wholehearted sincerity that is not found in other companies. Even in these days of ATMs and other technological enhancements, customers who visit our branches in person and enjoy conversations with our employees are so impressed by the high level of customer service that they have been known to introduce new customers.

The customer relations office is the place to attend to inquiries from customers in a friendly and quick manner. If we receive a complaint, we conduct a detailed investigation into the cause, take measures to ensure that there can be no repeat occurrence, and send out rigorous instructions to that effect throughout the company. Our call centers, meanwhile, take care of management operations such as sending reminders to customers who have forgotten to make repayment, and thereby take steps to reduce the volume and enhance the efficiency of branch operations.

Improving Convenience and Contributing to the Community

Customers who have entered loan agreements with us might be issued a Take Big Seven MasterCard (TBS Card) by their request, which includes a credit function. This card is accepted in more than 22 million stores worldwide, and credit can be repaid at any time in preferred amounts (completely unrestricted repayment). All cards contain an IC chip for enhanced security.



We also issue a variety of affiliated credit cards for use in member stores. And we will continue to positively develop our credit card strategy and take steps to enhance customer convenience in the future. We are also developing member store schemes for business sectors and trades that until now have not benefited from credit payments. We also aim to assist in the growth of local communities by facilitating next-day settlement, offering gratis use of our wireless terminals for money collection rounds, and so on.

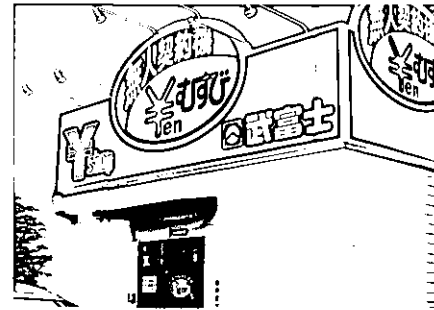


Branch Strategy and Systems, Designed for Customer Convenience

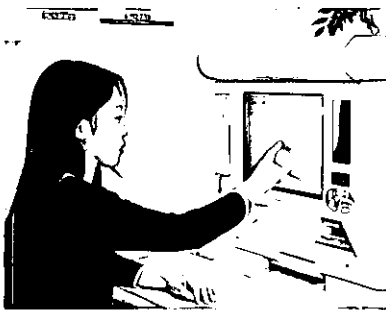
Takefuji is positively developing a strategy for convenient out-of-town branches that can be accessed by car in addition to the conventional branches near railway stations or in other highly convenient locations all over the country.

We have 1,898 branch offices in all, consisting of 523 manned outlets, 1,374 unmanned branch offices and 1 Internet branch office (as of March 31, 2006). All branches are equipped with Automatic Loan Contract Machines and ATMs, which are available on weekends as well as during weekday business hours. A "Yen Card" is basically issued on the same day, so that a customer can use it for repayment or withdrawals at branches and ATMs from the day the application is made.

For customers who cannot easily access branches, we actively engage CD-ATM tie-ups with banks, credit companies and other partners.



Expansion of ATM Tie-ups with Convenience Stores



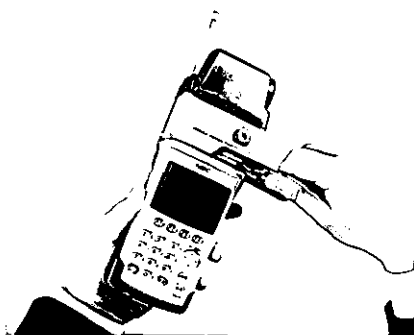
We have developed an automatic repayment service installed in ATMs placed in convenience stores. And in August 2002, Takefuji formed a partnership with the Aiwai Bank (now the Seven Bank). Takefuji cardholders can use those 11,484 ATMs (as of March 31, 2006) in Seven-Eleven or Ito-Yokado stores for repayment or withdrawing at any time.

The total number of ATMs in financial institutions and convenience stores is now 43,425. With the addition of our company's 2,025 ATMs, Takefuji altogether owns a nationwide network of at least 45,450 machines. We will continue to increase the number of ATMs in those convenience stores to provide convenient service to customers.





Introduction of the Latest Information Technology



The primary emphasis of IT systems is enabling customers to use them anytime, as they need. As accessible locations increase, the latest information technology has been employed for customer's requirements. Our super-sized computer uniformly administrates more than 8 million cases of *customer information and processes* 100 million cases every month. The host computer has a transaction-control system that provides all information of transactions conducted across Japan to all branch offices around the country.

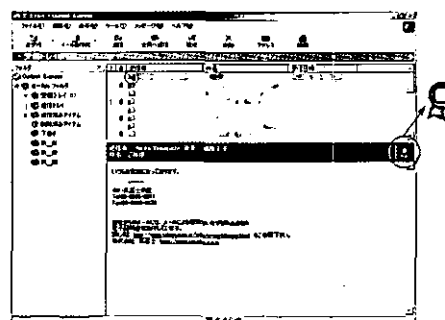
We have developed a system that gives prompt response to applications in both manned and unmanned branch offices, applications via the Internet and mobile phones and repayments by mobile phone to increase customers' convenience.

Fully Prepared Security Measures

An even more important issue is to ensure that our customers' personal information should firmly be protected. By using a host computer, we prevent leakage of our customers' personal information through fingerprint verification when staff members enter and leave restricted computer rooms and through inspection for removal of data-recorded media using magnetic sensors.

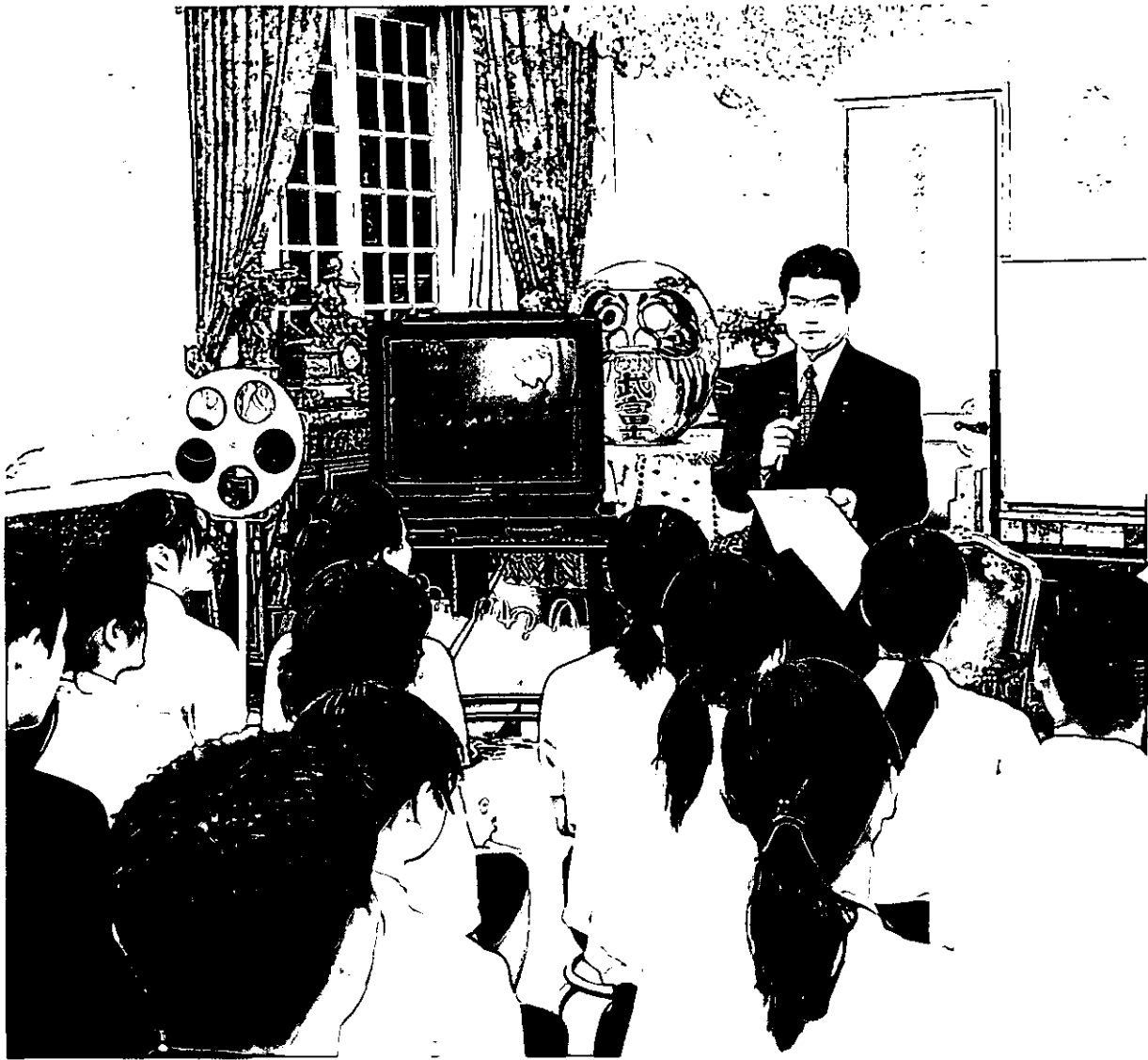
As for disaster-response measures, an earthquake-resistant system is equipped, and we adopt a double backup system that stores important information in two locations, Kanto and Kansai, at once. Besides applying anti-virus measures, we have adopted a complete system for preventing "fishing fraud" or "spoofing" from outside.

Note: As countermeasures against fishing fraud, we have used the CA verification system of VeriSign Managed PKI Service (VeriSign Japan K.K.) since 2004 and now attach electronic certification to all e-mails sent from the company.



Following authentication by BS7799-2:2002, an international standard for information security management systems (ISMS), and the Japanese domestic standard ISMS authentication standard [Ver.2.0] (in March 2005), in April 2006 we became the first consumer finance company in Japan to receive authentication by the ISMS international standard ISO/IEC27001:2005. We see this as international recognition that our information management methods are not only appropriate but also secure.





Cultivating Human Resources is Our Number-One Priority

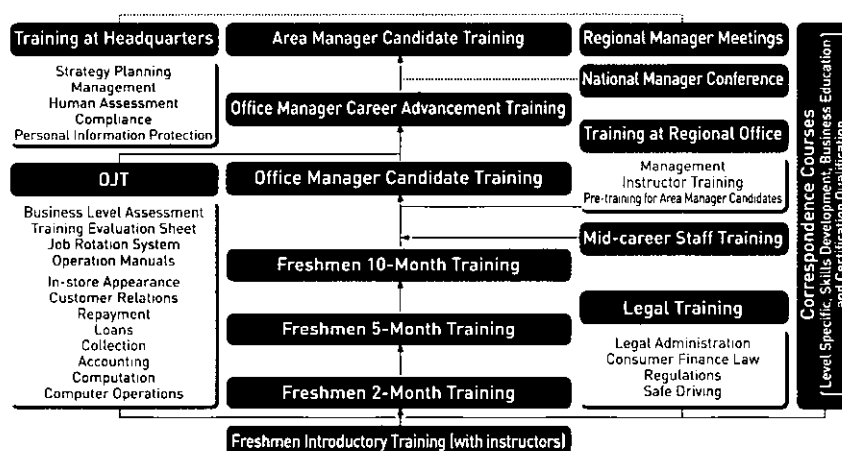
"Customer First" has been the center of the Company's management philosophy since its establishment, and, by instilling it in employees with a one-on-one training system, Takefuji prioritizes and focuses on cultivating human resources as the most important and significant basis for the Company. To reassure customers when using our services, we strive to nurture staff who can give heartfelt advice in good faith. We train each employee to be able to act courteously and with discipline, and always to serve customers with a sense of gratitude expressing the idea that "we owe our jobs to our customers." New recruits are given comprehensive company training sessions prior to being assigned to branch offices so that they can serve customers properly after taking up full employment, with follow-up training sessions held periodically. We also offer one-to-one training sessions on the job for new recruits to ensure that they fully understand their work. Furthermore, in recognition of the importance of compliance as a top management issue, we offer training courses on compliance and various other workshops through an in-depth layered curriculum on a nationwide level. Nationwide training sessions are held at our Head Office and five other training centers around the country (Sapporo, Sendai, Nagoya, Osaka, and Fukuoka), and in total around 1,000 training sessions of various sizes and levels are held every year. In addition, to encourage employees to further their own education, we run 80 correspondence courses covering qualification acquisition, specialized knowledge, liberal learning, languages, and other various subjects. For employees who complete the courses within a prescribed period, their fees will be subsidized by the Company.

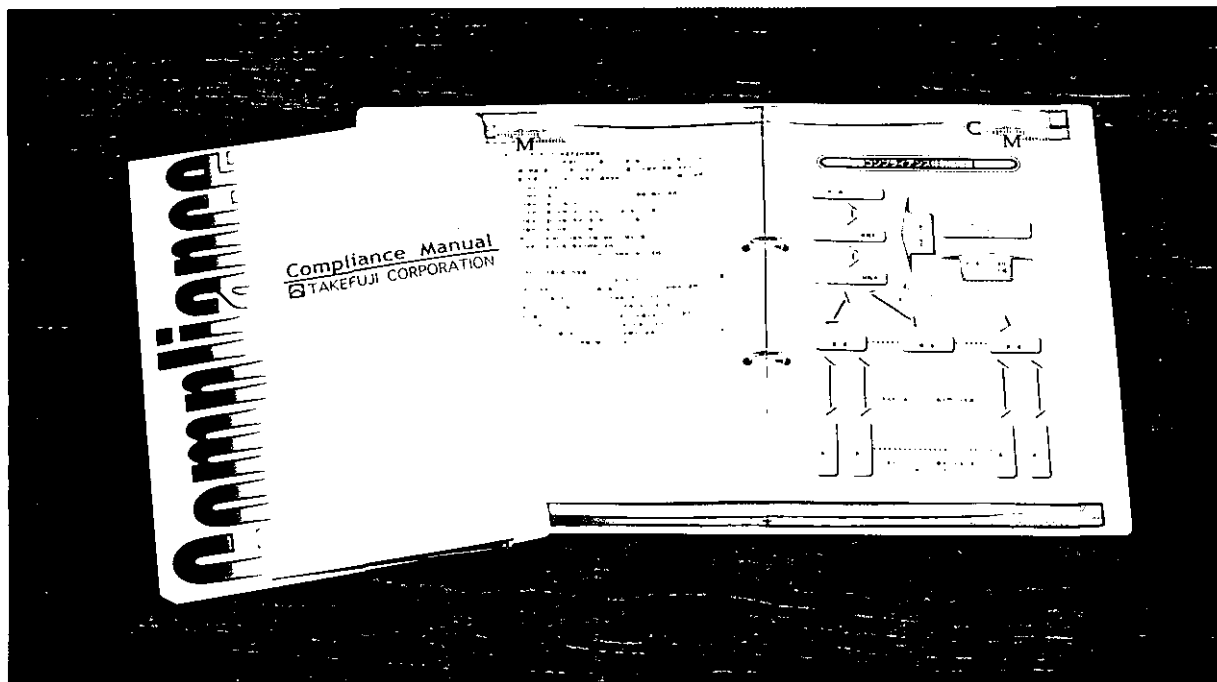
Emphasis on Merit System and Offering Management Positions to Female Employees

Takefuji Corporation highly values its employees' work skills and individual talents regardless of their age, gender, or academic background, and this boosts their motivation and willingness to work. We also actively encourage female employees and are expanding their roles in meeting customer demands to make use of the delicate approach and sensitivity that are generally expected of them. Presently, 6 of our 44 block managers and 71 of our 296 branch office managers are women.

- ★ The Takenoko Manners Committee: Employee-Generated Basic Etiquette Training Sessions
Our Head Office has an organization called the "Takenoko Manners Committee" to improve manners within the Company. Ten committee members (mainly female employees) hold meetings once a month to discuss issues concerning a particular topic such as how to greet customers, use of polite language, personal appearance, and neatness of the workplace and working space. The committee also publishes a monthly newsletter titled "Kaguya-hime," distributed to each branch office and department, which has been brought out in more than 200 issues since its launch in March 1989.

Diagram of
Training
System





In-House Activities Promoting the Understanding and Obeying of Laws

Ensuring proper compliance with all relevant laws is one of the most essential and important factors for any corporation. Takefuji believes "Compliance" is not only observing law and regulations but also establishment and maintenance of corporate transparency and governance system as one of Japanese leading companies. In accordance with our corporate principle "Customer First," we will instill compliance awareness within all employees, into corporate DNA.

The Compliance Administrative Office puts together an annual Compliance Program so that the spirit of compliance will be adopted not only by top management but by every employee. Furthermore, each branch office designates a compliance officer. This officer is expected to hold study meetings using some of the laws closely related to our operations, such as the Privacy Protection Law, the Money Lending Business Control & Regulation Law, and actual case studies.

Takefuji also encourages our managers and compliance officers to have "Compliance Officer" certification. So far, 963 employees have obtained the certification, and we are aiming at 1,550 in total by fall 2006.

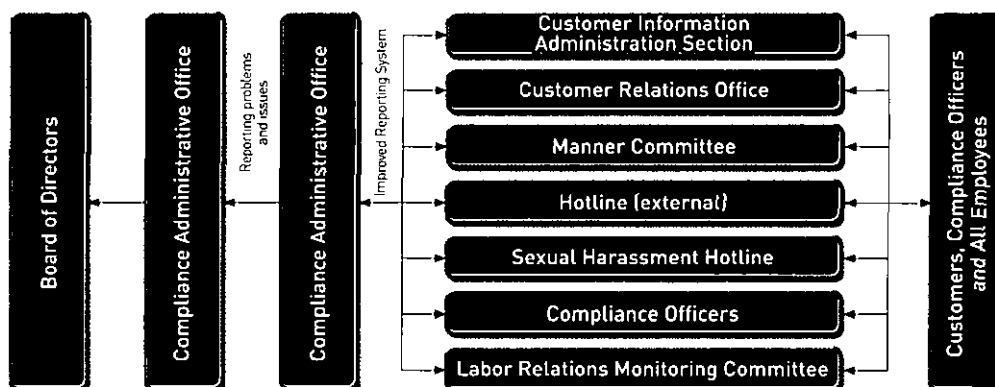


Establishing a Compliance Committee

Outside experts are regularly invited to advise us and give suggestions at the Compliance Committee meetings and to provide consultations for the Board of Directors. This helps develop a more effective compliance system. In order to ensure that compliance takes place at every worksite, the Compliance Administrative Office works closely with the 83 compliance officers assigned to major departments within the Company and the 543 compliance officers stationed at each branch and department to regularly monitor the degree of understanding among employees regarding matters related to compliance. These activities are indispensable for encouraging an even stricter adherence to relevant laws and the establishment of appropriate corporate ethics. We also see these activities as an essential part of the basic services we provide to our customers.

Compliance Hotline

Takefuji has established a Compliance Hotline in the office of an outside legal firm to quickly uncover and resolve potential legal issues. Careful consideration is given to ensure that people reporting any potential illegal or improper action are not put at any disadvantage for coming forward. This system promotes self-regulation by quickly implementing correction measures as problems arise.



Personal Information Protection Regulations

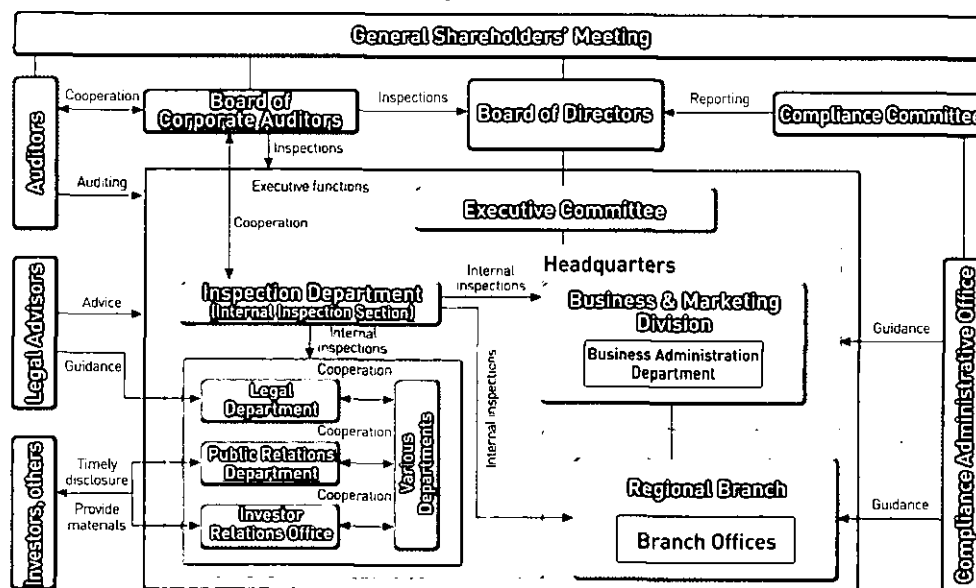
Takefuji considers all personal information obtained from customers as the most entrusted of valuable assets. In order to ensure that this information is never compromised, we made a Personal Information Protection Declaration in April 2005 and enacted a very strict management system with related regulations that have



Enhancement of Corporate Governance

Takefuji Corporation recognizes improving corporate value as a basic management policy and believes that establishing corporate ethics and enhancing corporate governance are essential to achieving this target. For that purpose, we have set forth the "Takefuji Corporation - Ethical Charter" and, by spreading awareness of the Charter, we will further establish corporate ethics; improve the transparency, efficiency and soundness of our business management; reinforce compliance; and promote timely disclosure.

Corporate Governance System



As well as choosing a corporate format that includes a Board of Corporate Auditors and setting up a statutory Board of Directors and Board of Corporate Auditors under the General Meeting of Shareholders, we have also established a Compliance Committee including experts invited from outside the company. Besides these, we have introduced a system of executive officers in June 2004, and are taking steps to enhance and strengthen its executive functions. We have established an Executive Committee in December 2003, and have thereby created a system for conducting full discussion and making prompt decisions on management issues, etc.

The Inspection Department, which takes care of internal auditing, conducts both scheduled and unscheduled audits in compliance with relevant legislation, ensures protection of personal information and other internal management functions throughout the Company, gives guidance and advice for improvement whenever necessary, and reports the results of its auditing to the Board of Directors and the Board of Corporate Auditors.

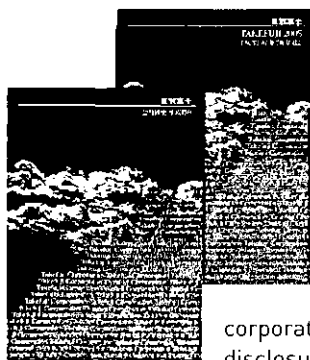
Takefuji Corporation - Ethical Charter

- Our founding spirit of gratitude is the basis of our entire code of conduct.
- We believe that we must be a group of people who are proud to be part of the enterprise that has created a consumer finance business that helps consumers with household financial management and who are therefore needed and trusted by society.
- The objective of our business activities is to provide our financial services based on a customer focus to serve the customer.
- We will strive to ensure that all our corporate activities are compliant with the relevant laws, ordinances, and regulations, and that they are conducted in accordance with fair commercial practices, while enhancing corporate transparency.
- We will remain aware of our position and responsibility as a corporate citizen, increase our ethics to a high level and act in accordance with the conscience of society.



Efforts for Fair Disclosure

We have taken various opportunities to promote timely and continuous fair disclosure under the basic policy of clearly transmitting our corporate message and the current status of our business operations, with the aim of further improving our transparency and corporate governance system.



Disclosure Policy

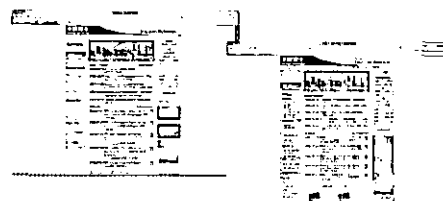
The Company has disclosed information complying with the "Rule on Timely Disclosure of Corporate Information by Issuers of Listed Security" ("Timely Disclosure Rule"). The Company also voluntarily pays attention to information disclosure, which is not covered by the Timely Disclosure Rule, and carries out disclosure activities as fairly as possible in an adequate manner through various media in addition to its IR website (http://www.takefuji.co.jp/corp_e/) when we regard it as useful information for investors and the general public. The Company became listed on the London Stock Exchange ("LSE") in March 2000. Since then we have been disclosing the latest information updates on important corporate and business topics to the LSE in a timely manner within 72 hours since the disclosure on the TDnet.

Disclosure on IR Website

Our IR website presents a wide range of information in both Japanese and English including news releases, corporate and stock information, financial and market data, and so on.

In October 2005, the site was given a significant renewal summarized as follows. As a result of the renewal, we hope that it provides further convenience for users of the site as well as enhancing their understanding of the Company.

- Selectable three font sizes (large, medium and small)
- Optimized for A4 size printing
- "Stock Performance" information shown in almost real time (with a 20-minute delay)
- FAQ and other new contents added for retail investors
- "Annual Report" as well as "Facts and Figures" available in easy-to-view TrueEbook format



Our Main IR Activities

■ Meetings for announcing financial results

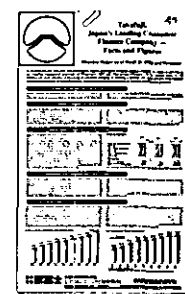
After announcing the interim and full-year results, we regularly hold IR Explanatory Meetings to explain our business performance to institutional investors, analysts and the press.

■ Overseas IR Activities

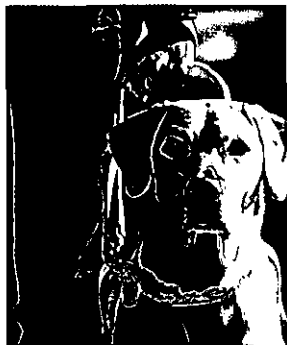
We believe that direct communication with investors and shareholders, both in Japan and abroad, is highly important. We occasionally make overseas IR tours to directly visit overseas institutional investors and shareholders mainly in Europe, the United States and Asia areas, and also actively participate in investor forums held overseas from time to time. We accept not only interviews with foreign investors who visit the Company but also conference calls with them. And from the current fiscal year, we post IR advertisements including our financial results on a quarterly basis in major overseas newspapers such as the Financial Times and the Wall Street Journal.

■ Domestic IR Activities

In Japan, we are committed to creating opportunities for frequent IR meetings with institutional investors and analysts. In May 2006, we held a series of IR Briefings intended for retail investors for the first time. We will continue to develop IR activities more proactively for both retail and institutional investors in Japan and overseas, as well as taking every opportunity for timely and highly transparent disclosure.



Social Contribution Activities Led by the Social Contribution Office



Takefuji has carried out various social contribution activities to express our "Gratitude" to society. For many years, we have raised funds to support the training of guide dog associations and customers who suffer from natural disasters. In addition to these monetary contributions, Takefuji staff members have also been rolling up their sleeves and directly participating in their local clean-up activities and other volunteer activities. We established the Social Contribution Office as a center of coordinating these activities two years ago. The Social Contribution Office set a slogan, "Start from whatever we can do," that describes our attitude to grass-roots volunteer activities. We strongly intend to make such social contributions boosted by the public voices that recognize our activities and encourage us to continue with those contributions.

Social Welfare

Since 1984, we have made donations to Guide Dog Associations that help physically challenged people achieve greater participation in society. We have also invited children in social welfare facilities to special events so that they can experience fantastic and exciting moments. These events include invitations to professional women's volleyball "V-League" games, Japan-USA friendship baseball games and the World Expo in Aichi Prefecture in 2005.



Takefuji Employee Volunteer Activities

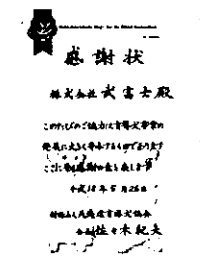
• Takefuji Clean-Up Campaign

The Campaign begun in July 2004 has all Takefuji employees clean around their branch offices for 30 minutes once in a month before the office is opened. It shows our appreciation to local communities where our branch offices are located. These efforts were awarded the "Small Kindness Movement Award," and having such praise from society further motivates our employees.



• Takefuji Volunteer Month

Takefuji has actively participated in various volunteer activities since 2005. During the weekends from late April to late May, many Takefuji employees volunteer for various events sponsored by private volunteer organizations. These include beach clean-up campaigns, forest protection activities, and the "Ashinaga P-Walk," a volunteer walk to raise money for orphans.



Environmental Preservation Activities

• Environmental Preservation Initiatives

Along with the enactment of the Kyoto Protocol in February 2005, Takefuji implemented its Environmental Preservation Initiatives to serve as the basis for our ongoing activities emphasizing environmental protection. For some time now Takefuji has been promoting in-house environmental preservation measures based on the concept of "Just start by doing whatever we can." These measures have included using recycled paper, making copies on both sides of paper sheets, conserving on electricity, and doing away with the use of disposable wooden chopsticks.

• Distribution of Eco Pocket Tissues

Takefuji has been distributing environmentally friendly packets of "Eco Pocket Tissue" on busy street corners as part of its marketing activities. A safe toluene-free, water-soluble ink is used for printing on packaged film. In order to help conserve the world's forests, the tissues are made using tree-free Bagasse paper created from the waste fiber of sugarcane.



Takefuji Group Policy with Respect to Environmental Conservation Efforts

Takefuji Corporation has involved itself in a variety of ongoing CSR activities over the years, such as supporting guide dog associations since 1984 and providing donations to disaster-stricken areas. In addition, as a way of expressing our gratitude to the entire globe and fully acknowledging the fact that the preservation and protection of our environment is a duty shared by all mankind and essential for continued social development, we intend to fulfill our social responsibility through ongoing efforts to promote a harmonious relationship with the environment in our corporate activities and our pursuit of economic growth.

1. We shall observe strict adherence to the Basic Environment Law and other laws and regulations pertaining to the environment.
2. We shall work to lessen the burden placed on the environment by our business activities; and in order to prevent environmental pollution, we shall not only continue with our practice of using recycled paper, photocopying with used paper, which does not contain private information, and conserving electricity, but shall also make continued efforts to promote recycling and other energy- and resource-saving activities. (Since foundation, we have always been, and will continue to be, particularly conscientious with respect to protecting personal data, an issue that has recently gained attention as a social problem.)
3. We shall actively endeavor to deal in and promote the diffusion of products, such as water-based ink for plastic packages of pocket tissues made with bagasse (the pulp remaining in sugar cane after juice has been extracted), that reflect environmental and global-warming concerns.
4. All staff, including the Company directors themselves, shall continue to take part in regional environmental beautification projects, such as the "Clean-up Campaign" held on the third Wednesday of every month, that the Company has worked over the years to foster, taking advantage of the industry's unique strengths.
5. We shall step up our efforts to ensure that all staff and directors, and any work to raise the level of environmental ethics and the awareness of recycling, resource-conservation, and energy saving issues within the Company, strictly observe these policies. In addition to announcing the above policies to the general public, we shall inform the public of any new developments in our activities, as the situation requires.

February 3, 2005

Evaluation by FTSE4Good Global Index

Takefuji Corporation has been registered in the "FTSE4Good Global Index," a leading indicator of the world representative SRI (Social Responsibility Investment) relied on by investors as the standard by which the index is computed by FTSE (Financial Times Stock Exchange) in London. Such fact shows the social evaluation of our CSR activities.

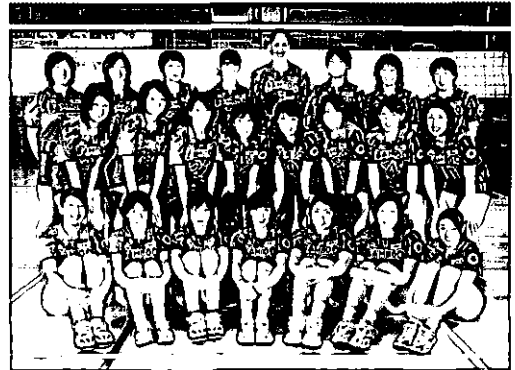


FTSE4Good

Takefuji Bamboo

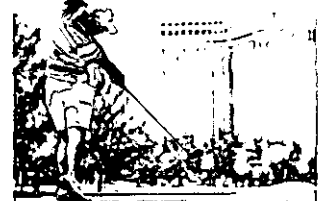
The V-League women's volleyball team, "Takefuji Bamboo," has achieved steady progress since its formation in 2001. The team won second place in the league in 2002, followed by third place last year. And this year, Takefuji Bamboo has been practicing very hard to become a champion. As a social contribution activity, the team helps sitting volleyball teams through training and by having friendly games. Sitting volleyball is a Paralympics sport played while seated on the court by athletes with leg disabilities.

Takefuji Bamboo also cooperates actively in volleyball classes for student, housewife, and other teams nationwide, especially at the team's home ground in Saitama Prefecture. Takefuji Bamboo pursues the goal of being the team that brings dreams and excitements all across Japan.



2006 LPGA 7th Takefuji Classic

The 2006 LPGA Takefuji Classic, 7th leg of the official Ladies Professional Golf Association (LPGA) tournament, was held at the Las Vegas Country Club, Nevada, USA, from April 13 to 15, 2006, and Lorena Ochoa of Mexico took first place.

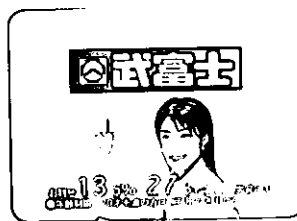
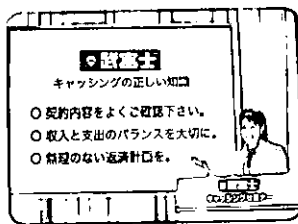
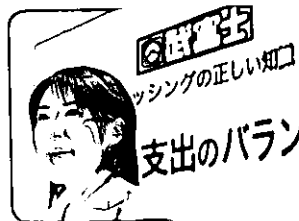
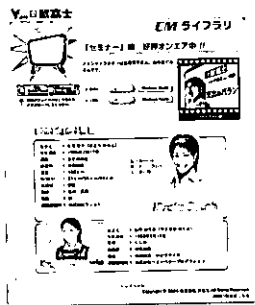


TV Advertisements

In a questionnaire survey of new customers, about half of the respondents, when asked about their image of Takefuji Corporation, replied that they "knew about the company through TV." We are currently broadcasting our "Seminar" TV ad. It shows a

Cashing Seminar being held, with a woman lecturer (played by Ms. Hiroko Satō) imparting to seminar participants adequate knowledge about cashing in a fresh and clear manner. At the end, female employees appear and say, "We are Takefuji" showing the Company's customary smiling face and sincere attitude of customer service.

Besides TV ads, we also place various advertisements in newspapers, weekly magazines, information journals, women's magazines and other types of magazine, as well as on the Internet in order to deepen understanding of our services.



- 契約内容をよくご確認ください。
- 収入と支出のバランスを大切に。
- 無理のない返済計画を。

株式会社取富士

〒100-0001 東京都千代田区千代田1-1-1

Notes: As a part of its activities, the Liaison Group of Consumer Finance Companies - consisting of TAKEFUJI CORPORATION, ACOM CO., LTD., Promise Co., Ltd., AIFUL CORPORATION and Sanyo Shinpan Finance Co., Ltd. - broadcasts commercial films on TV to communicate adequate knowledge and information, and to enlighten consumers.

Takefuji Dancers

The fifth Takefuji Dancers troupe launched new promotions in September 2006. The dancers help convey youth and the positive image of Takefuji Corporation, mainly through the homepage.



FIVE-YEAR SUMMARY

	Millions of yen				Thousands of U.S. dollars*	
	2006	2005	2004	2003	2002	2006
Direct cash loans to customers	¥1,540,046	¥1,568,725	¥1,578,729	¥1,675,625	¥1,766,656	\$13,162,786
Revenues	355,885	361,370	382,915	421,279	428,203	3,041,753
Income before income taxes and minority interests	70,402	115,940	139,483	182,790	123,807	601,726
Net income	46,924	68,726	74,745	95,146	64,486	401,060
Total stockholders' equity	973,626	960,718	893,084	831,616	779,919	8,321,590
Total assets	1,770,909	1,903,991	1,899,140	1,939,530	2,017,067	15,135,974
Number of accounts (thousands).....	2,323	2,443	2,603	2,815	2,937	
Number of manned branches	523	528	528	529	529	
Number of employees	3,184	3,491	3,324	3,375	3,770	

* U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥117=US\$1, a mean telegraphic transfer rate on March 31, 2006 offered by a prime Japanese bank, as described in Note 1 of the Notes to the Consolidated Financial Statements.

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FINANCIAL REVIEW

The balance of direct cash loans at the end of the year was ¥1,540,046 million (down 1.8% from the previous year-end). Although new customer accounts increased by 15,395, or 6.2%, to 263,303, the number of customer accounts at March 31, 2006 decreased by 4.9% to 2,322,917. Operating revenue for the year amounted to ¥355,885 million, declining 1.5% from the previous year. Operating income decreased by 21.5% from the previous year, to ¥92,411 million due to some adverse factors such as payment for the refunds of interest received from customers and the posting of its allowance for possible future losses. Net income decreased by 31.7%, to ¥46,924 million mainly due to an impairment loss of ¥47,525 million by adoption of the new accounting standard for impairment of fixed assets, even we recorded gain of ¥28,264 million from the sale of shares in OMC Card, Inc. as other income. The details of each profit & loss item are as follows:

Revenues

Revenue decreased by 1.5% to ¥355,885 million (US\$3,041.8 million) in the year ended March 31, 2006, compared to the year ended March 31, 2005, reflecting principally a decrease of ¥6,011 million, or 1.7%, in interest income on direct cash loans. This decrease resulted mainly from a decrease of 1.8% in loans outstanding to ¥1,540,046 million (US\$13,162.8 million). The decline in number of customer accounts and decrease in outstanding balances reflected the result primarily from our voluntary restrictions on television advertisement until October 2005 and stricter credit standards after shifting our focus to qualitative improvement from quantitative expansion. The average balance per account increased by 3.3% to ¥663 thousand. Other income increased by 3.8% to ¥14,422 million. The number of manned branch offices decreased by 5 to 523. Takefuji added 10 quick-loan application machines, bringing the total of unmanned branch offices to 1,374. The number of

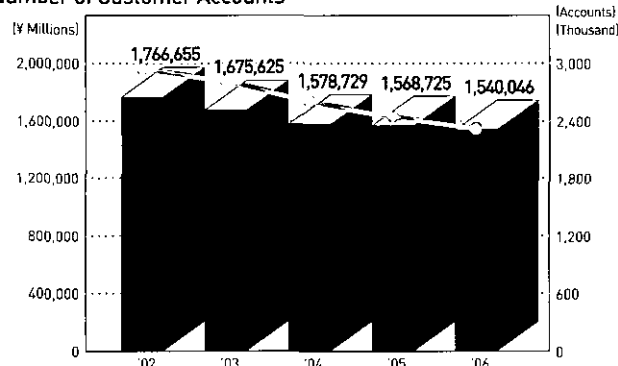
Yen-musubi automated loan contracting machines increased to 1,888. Takefuji reduced its own ATMs to 2,025 compared to 2,029 of the previous year based on our corporate strategy on scrap and built policy for customers' convenience and improving operational efficiency. The number of interlinked cash dispensers and ATMs at banks and other financial institutions increased from 36,191 to 43,425.

Operating Expenses

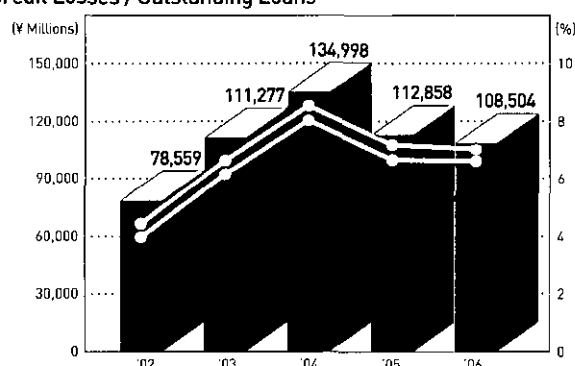
Operating expenses amounted to ¥263,474 million (US\$2,251.9 million), up 8.1% of ¥19,790 million from the previous fiscal year. Within this total, financial expenses declined 11.2%, to ¥20,546 million (US\$175.6 million) mainly due to a reduction in interest-bearing debts by ¥164,956 million from ¥880,813 million to ¥715,857 million and low level of interest rates for the period. Other operating expenses increased to ¥242,928 million (US\$2,076.3 million) from ¥220,548 million a year earlier by ¥22,380 million, or 10.1%, mainly because of significantly increased payment of ¥18,699 million for the refunds of interest received from customers by ¥7,718 million, up 70.3%, and posting of ¥22,500 million for its allowance for possible future losses. The other factors of increase and decrease of operating expenses are as follows:

Total credit costs (consisting of allowance for credit losses and write-offs directly charged to expenses) decreased by 2.4% to ¥121,934 million (US\$1,042.2 million) from ¥124,907 million a year earlier and actual amount of loan write-offs decreased by ¥4,354 million, or 3.9% to ¥108,504 million (US\$927.4 million) due to the decline in personal bankruptcies and stable environment resulting from the expansion of employment. The ratio of write-offs to total outstanding loans decreased by 0.2 percentage points to 7.0%. Collections of previous written-off amounts were ¥6,559 million. The recovery rate as a percentage of the outstanding loan balance was 0.4%. As a

Outstanding Loans
Number of Customer Accounts



Credit Losses
Credit Losses / Outstanding Loans



result, net credit loss ratio was 6.6%. Advertising expenses increased by ¥6,479 million to ¥12,298 million (US\$105.1 million) from ¥5,819 million a year earlier, due to the full-scale of resumption of TV advertisements.

Operating Income

As a result of operating revenues and expenses for the period described above, operating income decreased by ¥25,275 million, or 21.5%, over the previous fiscal year to ¥92,411 million (US\$789.8 million).

Other Expenses (Income)

Over all, other expenses increased by ¥20,263 million to ¥22,009 million (US\$188.1 million) in the year ended March 31, 2006 from ¥1,746 million in the year ended March 31, 2005.

Although the Company recognized a gain on the sales of investments in securities of ¥28,264 million (US\$241.6 million) for OMC Card, Inc. compared to the gain of ¥3,804 million in the previous year, losses on impairment of fixed assets for the amount of ¥47,525 million (US\$406.2 million) and losses on redemption of bonds of ¥2,418 million were recorded. As a result of the foregoing, income before income taxes decreased by 39.3% from the year ended March 31, 2005 to ¥70,402 million.

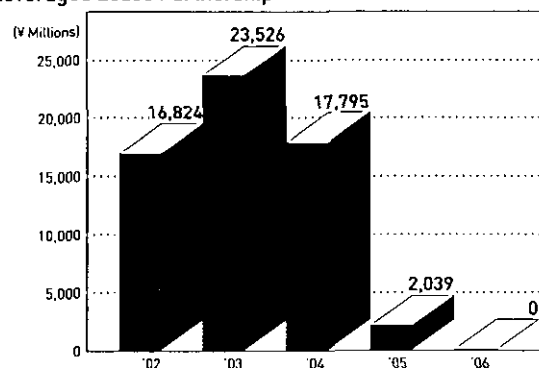
Net Income

Net income amounted to ¥46,924 million (US\$401.1 million), a decrease of ¥21,802 million, or 31.7% from ¥68,726 million of the previous fiscal year. The ratio of net income to revenues decreased to 13.2% from 19.0% of the previous fiscal year. Net income per share decreased to ¥333.2 (US\$2.85) from ¥487.9.

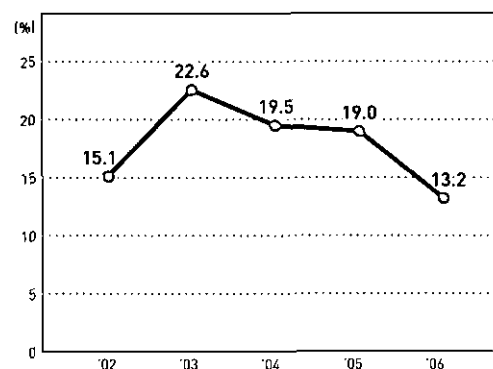
Dividend Increase

The Company increased to ¥115 per share interim dividend and ¥115 year-end dividend. The total dividend for the fiscal year ended March 31, 2006, was increased to ¥230 (US\$1.97) per share and dividend ratio was 69.0%.

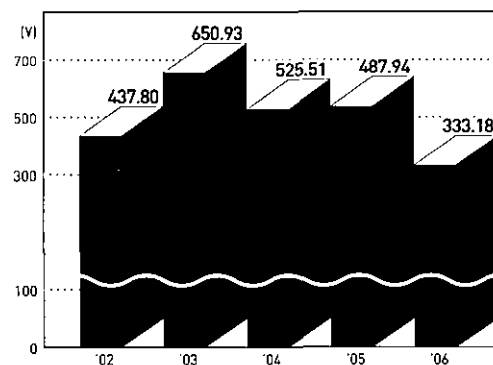
Gain [Loss] on Participation in Leveraged Lease Partnership



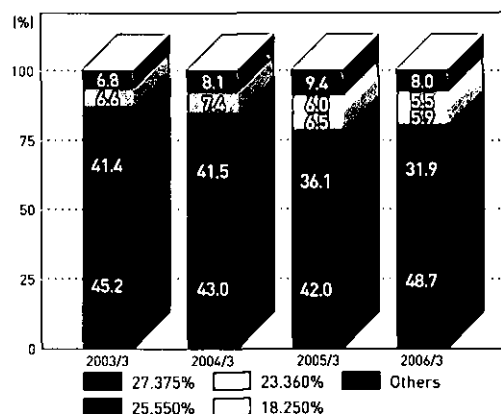
Net Income / Total Revenues



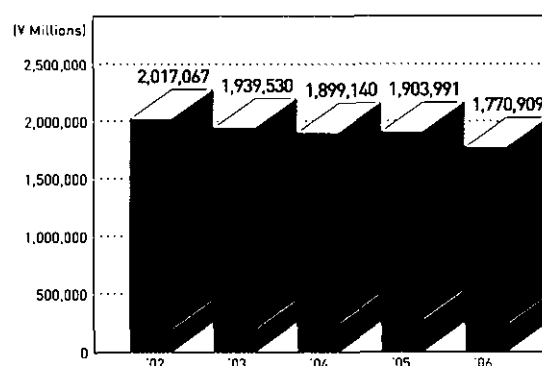
Net Income per Share



Unsecured Loans by Interest Rate



Total Assets



Financial Condition

Balance Sheets

Assets

At the end of March 2006, total assets stood at ¥1,770,909 million (US\$15,135.97 million), down ¥133,082 million from the fiscal year ended March 31, 2005 mainly due to a decrease on short term investment by ¥44,988 million to ¥40,000 million, direct cash loans to customers by ¥28,679 million to ¥1,540,046 million, investments in securities by ¥32,788 million to ¥32,432 million and accumulated depreciation by ¥48,527 million to ¥49,794 million.

Liabilities

Total current liabilities increased to ¥247,023 million (US\$2,111.3 million) by ¥85,427 million, or 52.9%, from ¥161,596 million of the previous fiscal year. This was mainly because of an increase of ¥53,292 million, or 41.4%, to ¥181,986 million (US\$1,555.4 million) from ¥128,694 million a year earlier in the current portion of long-term debt. Long-term debt decreased by ¥218,248 million, or 29.0%, to ¥533,871 million (US\$4,563.0 million) from the previous year. Of this, corporate bonds decreased by ¥158,487 million over the previous term-end, to ¥296,567 million (US\$2,534.8 million) due to the redemption of the bonds.

Stockholders' equity

Total stockholders' equity rose by ¥12,908 million, or 1.3%, to ¥973,626 million (US\$8,321.6 million) from the previous fiscal year. The stockholders' equity ratio increased to 55.0% from 50.5% from the previous fiscal year and stockholders' equity per share increased by 1.3% to ¥6,919.26 (US\$59.14).

Cash Flows

At the end of March 2006, cash and cash equivalents stood at ¥107,022 (US\$914.7 million), down ¥48,414 million compared to ¥155,436 million in the previous consolidated fiscal year. This was mainly due to a mixed result of income before income

taxes of ¥70,402 million (decreased by 39.3% compared with the previous year), proceeds from sales of investments in securities, repayment of long-term borrowings and income taxes paid. The details and sources of cash flows provided and used for the year in review are given below.

Cash flow from operating activities

Net cash provided by operating activities amounted to ¥90,784 million (US\$775.9 million), down ¥12,299 million from previous year. The principal activities contributed to cash flows from operating activities were as follows:

- Income before income taxes reduced by ¥45,538 million to ¥70,402 million (US\$601.7 million) from ¥115,940 million the year before
- Net reduced cash flows reduced by ¥23,038 to ¥79,767 million the year before, the balance between ¥651,803 million (US\$5,571.0 million) in direct cash loans made to customers and ¥572,036 million (US\$4,889.2 million) collected from customers
- Gain on sales of investments in securities reduced by ¥24,460 million to ¥28,264 million (US\$241.6 million)
- Increase of long-term deposits by ¥31,058 million (US\$265.5 million)
- Loss on impairment of fixed assets increased by ¥47,525 million (US\$406.2 million)
- Allowance for losses on refunds of interest received from customers increased by ¥22,500 million (US\$192.3 million)

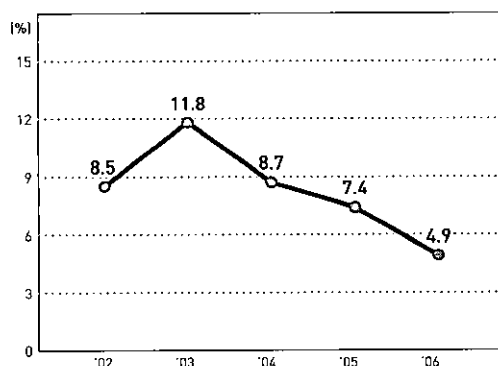
Cash flows from investing activities

Net cash provided by investing activities during the year was ¥42,376 million (US\$362.2 million), up ¥1,337 million from ¥41,039 million a year earlier stemmed from ¥42,126 million (US\$360.1 million) in proceeds from sales of investments in securities, mainly from the sales of shares in OMC Card, Inc.

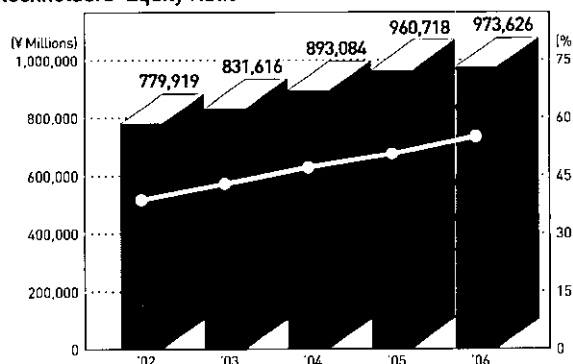
Cash flows from financing activities

Net cash used in financing activities was ¥183,177 million (US\$1,565.6 million), up ¥80,736 million by the redemption of corporate bonds in the amount of ¥153,491 million (US\$1,311.9 million).

Return on Equity (ROE)



Stockholders' Equity
Stockholders' Equity Ratio



Investment Considerations

Forward-Looking and Cautionary statements

This annual report of Takefuji Corporation ("Takefuji" or "the Company") includes statements that are not historical or current facts and are "forward-looking statements."

The word "believe," "anticipate," "project," "plan," "expect," "intend," "will likely result," "looking forward," or "will continue," and similar expressions identify forward-looking statements. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. Takefuji Corporation cautions readers not to place undue reliance on any such forward-looking statements, which speak only to their respective dates. The following are some of the factors that could affect financial performance or could cause actual results to differ materially from estimates contained in or underlying the Company's forward-looking statements.

- general economic conditions in the consumer loan industry
- fluctuations in the economic, credit, interest, rate or foreign currency environment in Japan and abroad
- level of activity within the national and international credit market
- competitive conditions and pricing levels
- legislative or regulatory development
- technological development
- changes in tax laws
- the effects of mergers, acquisitions and divestitures and
- uncertainties that have not been identified at this time

The Company undertakes no obligation to correct or update any forward-looking statement if it later becomes aware that such results are not likely to be achieved.

The ability of the Company to achieve earnings growth in the future is subject to a variety of factors related to the Japanese economy, the consumer finance industry, and management of the Company. These factors primarily involve changes in the market for consumer loans and the default rate of customers, competition from other lenders, legal limits on interest rates charges by the Company, funding availability for the Company operations, and the overall status of the Company.

Operating Environment

During the year under review, the Japanese economy gained upward momentum, and an end to deflation came into sight. Although some concerns, such as rising oil prices, consumer spending remained thanks to an increase in capital spending in the private sector, a recovery of employment conditions, and the increased activity in the stock market backed by improvements in corporate earnings.

Consumer finance market

Despite these circumstances, the consumer finance industry still saw a high level of credit costs due to an increase in legal debt-workout, although the number of personal bankruptcies declined. By contrast, the amount of refunds for claimed overpayments significantly increased on the heels of Supreme Court decisions on the disclosure of transaction histories in July 2005 and the strict interpretation of the requirements for deemed payment provided in Article 43 of the Moneylending Control Law in January 2006. In addition, new entries into the consumer finance industry from other sectors and business segments continued in the form of the capital and business alliances between leading credit card companies and our competitors and the acquisition of competitors by IT companies. Faced with the intensified competition due to the entries of players from other sectors and an acceleration in the decline of the birthrate and the aging of population, the business environment surrounding the consumer finance industry became increasingly tougher.

Self-imposed initiatives for improvement of the soundness of consumer finance market

Under the circumstances, on March 28, 2006, seven leading consumer finance companies, including Takefuji, announced Voluntary Efforts to Improve the Healthiness of the Consumer Finance Market in an effort to deal head on with multiple debt obligations and other issues related to borrowers in light of the Round-Table Conference on the Moneylending System. These companies are working to restore the healthiness of the consumer finance market by supporting such initiatives as healthy household finance management, the transmission of information for the safe utilization of consumer finance, and the construction of a safety net with the aim of preventing trouble and providing protection and relief for borrowers.

Although this is a modest effort, it represents a significant step forward in furthering the soundness of the consumer finance market.

Amendment of Moneylending Control Law and the Company

As the Moneylending Control Law is to be amended in 2007, as of July 2006, activity leading up to the amendment is accelerating. Issues such as the maximum interest rates, abolishment of gray-zone (the difference between interest rate caps specified in the Interest Payment Restriction Law and the Law Concerning the Regulation of Receiving of Capital Subscription, Deposits and Interest on Deposits) and multi-debt obligations are being discussed in the Round-Table Conference on the Moneylending System convened by the Financial

Services Agency, and in the Diet members' caucus on promoting economic revitalization through development of financial systems.

Takefuji's view toward regulatory changes

Although the Japanese economy has begun to turn upward from the level of the past few years, consumer finance companies in Japan are currently facing an uncertain regulatory environment with ongoing discussions regarding the review of maximum interest rates, the grey zone issue and the unpredictable situation with regard to the final plan for the amendment of relevant laws. Takefuji believes that even if changes in relevant laws significantly impact the Company, its excellent management system, strong sales capability, and solid financial foundation should allow us to overcome any difficulties and enable us to respond in a flexible manner to construct a new business model. Furthermore, we will reinforce corporate governance and compliance systems so that we can fully enforce compliance throughout the Company and establish management that has the appropriate corporate ethics and high transparency. *The Company is committed to coping with the issues mentioned above and capturing diversified consumer needs and changes in the economic and social environment under severe business surroundings. We also aim to improve our corporate brand through active involvement in social contribution programs and the environmental protection activities and by providing convenient and high-quality consumer finance services.*

40th Anniversary

The Takefuji Group celebrates its 40th anniversary in 2006, and all our officers and employees are committed to continuing our full efforts to recapture the Company's initial objectives and to maintain a feeling of gratitude towards our customers.

CONSOLIDATED BALANCE SHEETS

TAKEFUJI CORPORATION and Subsidiaries
As of March 31, 2006 and 2005

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2006	2005	2006
ASSETS			
Current Assets:			
Cash on hand and at banks	¥ 52,566	¥ 58,651	\$ 449,282
Time deposits (Note 7)	14,456	15,329	123,556
Marketable securities (Note 3)	5	320	43
Short-term investments (certificates of deposit or commercial papers purchased under resale agreements)	40,000	84,988	341,880
Direct cash loans to customers (Notes 4 and 7):			
Principal	1,540,046	1,568,725	13,162,786
Accrued interest income	12,305	12,113	105,171
Less: Allowance for credit losses (Note 4)	(150,430)	(137,000)	(1,285,726)
Prepaid expenses	901	1,094	7,701
Deferred tax assets (Note 8)	19,502	24,582	166,684
Other current assets	22,907	15,465	195,785
Total Current Assets	¥1,552,258	¥1,644,267	\$13,267,162
Investments:			
Investments in securities (Note 3)	32,432	65,220	277,197
Other investments	1,039	728	8,880
	33,471	65,948	286,077
Property and Equipment, Net of			
Accumulated Depreciation (Notes 5 and 7)	49,794	98,321	425,590
Deferred Tax Assets (Note 8)	17,139	—	146,487
Leasehold Deposits and Other Assets (Note 6)	118,247	95,455	1,010,658
	¥1,770,909	¥1,903,991	\$15,135,974

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2006	2005	2006
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Current portion of long-term debt (Note 7)	¥ 181,986	¥ 128,694	\$ 1,555,436
Accounts payable	5,463	5,073	46,691
Income taxes payable (Note 8)	27,169	16,920	232,214
Accrued expenses	6,663	7,658	56,948
Allowance for losses for refunds of interest received from customers	22,500	—	192,308
Other current liabilities	3,242	3,251	27,710
Total Current Liabilities	247,023	161,596	2,111,307
Long-term Debt (Note 7)	533,871	752,119	4,563,000
Reserve for Retirement Benefits (Note 9)	3,164	2,689	27,043
Deferred Tax Liabilities (Note 8)	201	12,293	1,718
Other Long-term Liabilities (Note 11)	13,024	14,576	111,316
Commitments and Contingent Liabilities (Notes 10 and 12)			
Stockholders' Equity:			
Common stock, no par value:			
Authorized: 430,000,000 Shares			
Issued: 147,295,200 Shares as of March 31, 2006 and 2005	30,478	30,478	260,496
Additional paid-in capital	52,263	52,263	446,692
Retained earnings (Note 14)	921,787	898,141	7,878,521
Net unrealized gains on other investments in securities, net of taxes	9,767	20,858	83,479
Foreign currency translation adjustments	107	{246}	915
Treasury stock, at cost, 6,589,175 shares as of March 31, 2006 and 6,589,145 shares as of March 31, 2005 (Note 14)	{40,776}	{40,776}	{348,513}
Total Stockholders' Equity	973,626	960,718	8,321,590
	¥1,770,909	¥1,903,991	\$15,135,974

CONSOLIDATED STATEMENTS OF INCOME

TAKEFUJI CORPORATION and Subsidiaries
For the years ended March 31, 2006, 2005 and 2004

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2006	2005	2004	2006
Revenue:				
Interest income on direct cash loans.....	¥341,463	¥347,474	¥371,943	\$2,918,487
Other income	14,422	13,896	10,972	123,266
	355,885	361,370	382,915	3,041,753
Costs and Expenses:				
Interest expense.....	19,416	21,944	20,346	165,949
Other expenses associated with financing.....	1,130	1,192	1,041	9,658
Provisions for credit losses (Note 4).....	121,934	124,907	136,286	1,042,171
Provisions for losses for refunds of interest received from customers	22,500	—	—	192,308
Write-offs (Note 4).....	—	—	7,426	—
Losses for refunds of interest received from customers	18,699	10,981	6,940	159,821
Advertising expenses.....	12,298	6,479	11,126	105,111
Other general and administrative expenses.....	67,497	78,181	78,115	576,897
	263,474	243,684	261,280	2,251,915
Operating Income.....	92,411	117,686	121,635	789,838
Other Expenses (Income):				
Loss on devaluation of investments in securities (Note 3)....	29	78	270	248
Loss on sales of marketable securities.....	44	—	—	376
Gain on sales of investments in securities (Note 3).....	(28,264)	(3,804)	(1,253)	(241,573)
Loss on sales of investments in securities (Note 3).....	16	—	79	137
Loss on sales/disposal of property and equipment, net ...	76	249	399	650
Loss on redemption of marketable securities.....	—	7,254	—	—
Loss on redemption of investments in securities.....	—	—	22	—
Gain on participation in partnerships (Note 11).....	—	(2,039)	(17,795)	—
Loss on participation in partnerships (Note 11).....	43	—	—	368
Bond issue costs	—	220	430	—
Gain on redemption of bonds	(188)	—	—	(1,606)
Loss on redemption of bonds.....	2,418	—	—	20,667
Gain on reversal of reserve for retirement benefits for directors and corporate auditors	—	(212)	—	—
Loss on impairment of fixed assets (Note 13).....	47,525	—	—	406,196
Other, net	310	—	—	2,649
	22,009	1,746	(17,848)	188,112
Income before Income Taxes	70,402	115,940	139,483	601,726
Income Taxes (Note 8):				
Current	49,907	40,604	60,368	426,555
Refunds.....	(10,043)	—	—	(85,838)
Deferred	(16,386)	6,610	4,370	(140,051)
	23,478	47,214	64,738	200,666
Net Income	¥ 46,924	¥ 68,726	¥ 74,745	\$ 401.060

	Yen			U.S. dollars (Note 1)
Amounts Per Share (Note 2 (16)):				
Net income—Basic.....	¥333.2	¥487.9	¥525.5	\$2.85
Net income—Diluted.....	324.0	474.5	514.4	2.77
Cash dividends.....	230.0	100.0	100.0	1.97

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

TAKEFUJI CORPORATION and Subsidiaries
For the years ended March 31, 2006, 2005 and 2004

	Number of common shares (thousands)	Millions of yen					
		Common stock	Additional paid-in capital	Retained earnings	Net unrealized gains (losses) on other investments in securities	Foreign currency translation adjustments	Treasury stock, at cost
Balance at March 31, 2003.....	147,295	¥30,478	¥52,263	¥783,132	¥(11,194)	¥ 140	¥(23,203)
Net income	—	—	—	74,745	—	—	—
Cash dividends paid (¥100 per share)	—	—	—	(14,277)	—	—	—
Bonuses to directors	—	—	—	(64)	—	—	—
Net unrealized gains on investments in securities	—	—	—	—	18,180	—	—
Foreign currency translation adjustments	—	—	—	—	—	(306)	—
Change in treasury stock, at cost (net)	—	—	—	—	—	—	(16,810)
Balance at March 31, 2004.....	147,295	30,478	52,263	843,536	6,986	(166)	(40,013)
Net income.....	—	—	—	68,726	—	—	—
Cash dividends paid (¥100 per share)	—	—	—	(14,076)	—	—	—
Bonuses to directors	—	—	—	(45)	—	—	—
Net unrealized gains on investments in securities	—	—	—	—	13,872	—	—
Foreign currency translation adjustments	—	—	—	—	—	(80)	—
Change in treasury stock, at cost (net)	—	—	—	—	—	—	(763)
Balance at March 31, 2005	147,295	30,478	52,263	898,141	20,858	(246)	(40,776)
Net income.....	—	—	—	46,924	—	—	—
Cash dividends paid (¥165 per share)	—	—	—	(23,216)	—	—	—
Bonuses to directors	—	—	—	(62)	—	—	—
Net unrealized losses on investments in securities	—	—	—	—	(11,091)	—	—
Foreign currency translation adjustments	—	—	—	—	—	353	—
Change in treasury stock, at cost (net)	—	—	—	—	—	—	(0)
Balance at March 31, 2006.....	147,295	¥30,478	¥52,263	¥921,787	¥ 9,767	¥ 107	¥(40,776)

	Number of common shares (thousands)	Thousands of U.S. dollars [Note 1]					
		Common stock	Additional paid-in capital	Retained earnings	Net unrealized gains (losses) on other investments in securities	Foreign currency translation adjustments	Treasury stock, at cost
Balance at March 31, 2005.....	147,295	\$260,496	\$446,692	\$7,676,419	\$178,274	\$(2,102)	\$(348,513)
Net income.....	—	—	—	401,060	—	—	—
Cash dividends paid (US\$1.41 per share)	—	—	—	(198,427)	—	—	—
Bonuses to directors	—	—	—	(531)	—	—	—
Net unrealized losses on investments in securities	—	—	—	—	(94,795)	—	—
Foreign currency translation adjustments	—	—	—	—	—	3,017	—
Change in treasury stock, at cost (net)	—	—	—	—	—	—	(0)
Balance at March 31, 2006.....	147,295	\$260,496	\$446,692	\$7,878,521	\$ 83,479	\$ 915	\$(348,513)

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

TAKEFUJI CORPORATION and Subsidiaries
For the years ended March 31, 2006, 2005 and 2004

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2006	2005	2004	2006
Cash Flows from Operating Activities:				
Income before income taxes	¥ 70,402	¥ 115,940	¥ 139,483	\$ 601,726
Depreciation and amortization	3,401	3,598	3,920	29,068
Loss on impairment of fixed assets	47,525	—	—	406,196
Loss on sales/disposal of property and equipment	76	249	399	650
Increase in reserve for retirement benefits	475	90	275	4,060
Gain on participation in partnerships	—	(1,707)	(8,513)	—
Loss on participation in partnerships	369	—	—	3,154
Loss on redemption of marketable securities	—	7,254	—	—
Loss on sales of marketable securities	44	—	—	376
Gain on sales of investments in securities	(28,264)	(3,804)	(1,253)	(241,573)
Loss on sales of investments in securities	—	—	79	—
Loss on redemption of investment in securities	—	—	22	—
Loss on devaluation of investments in securities	29	78	270	248
Gain on redemption of bonds	(188)	—	—	(1,606)
Loss on redemption of bonds	2,418	—	—	20,667
Direct cash loans made to customers	(651,803)	(682,434)	(652,067)	(5,570,966)
Direct cash loans collected from customers	572,036	579,629	614,011	4,889,197
Increase in allowance for credit losses	13,430	714	8,714	114,786
Increase in allowance for losses for refunds of interest received from customers	22,500	—	—	192,308
Write-offs	108,504	112,858	134,998	927,385
(Increase) decrease in accrued interest income	(192)	11,619	(654)	(1,641)
Increase of long-term deposits	(31,058)	—	—	(265,453)
Other, net	(10,104)	3,286	(8,602)	(86,360)
Sub Total	119,600	147,370	231,082	1,022,222
Dividend income received	2,668	258	881	22,803
Income taxes paid	(40,591)	(44,545)	(109,445)	(346,932)
Income taxes refunded	9,107	—	—	77,838
Net cash provided by operating activities	90,784	103,083	122,518	775,931
Cash Flows from Investing Activities:				
Decrease in time deposits (due over three months), net	500	—	13,695	4,273
Decrease (increase) in pledged bank deposits, net	3,032	12,095	(15,127)	25,915
Purchase of property and equipment	(752)	(1,231)	(682)	(6,427)
Purchase of intangible fixed assets	(1,833)	(1,068)	(1,253)	(15,667)
Proceeds from redemption of marketable securities	278	22,746	—	2,376
Purchase of investments in securities	(655)	(3,256)	(1,220)	(5,598)
Proceeds from sales of investments in securities	42,126	10,389	2,924	360,051
Purchase of investments in partnerships	(515)	(195)	(243)	(4,402)
Proceeds from sales of investments in partnerships	103	1,377	2,228	880
Other, net	92	182	202	787
Net cash provided by investing activities	42,376	41,039	524	362,188
Cash Flows from Financing Activities:				
(Decrease) increase in short-term borrowings, net	—	(26,000)	26,000	—
Proceeds from long-term borrowings	265,740	97,500	71,869	2,271,282
Repayments of long-term borrowings	(272,210)	(145,429)	(261,468)	(2,326,581)
Proceeds from issuance of bonds	—	14,080	93,175	—
Repayments for redemption of bonds	(153,491)	(27,753)	(30,867)	(1,311,889)
Acquisition or sales of treasury stock, net	(0)	(763)	(16,810)	(0)
Cash dividends paid	(23,216)	(14,076)	(14,277)	(198,427)
Net cash used in financing activities	(183,177)	(102,441)	(132,378)	(1,565,615)
Effect of exchange rate changes on cash and cash equivalents	1,603	(137)	1,642	13,701
Net (decrease) increase in cash and cash equivalents	(48,414)	41,544	(7,694)	(413,795)
Cash and cash equivalents at beginning of year	155,436	113,892	121,586	1,328,513
Cash and cash equivalents at end of year (Note 2 [15])	¥ 107,022	¥ 155,436	¥ 113,892	\$ 914,718

The accompanying notes are an integral part of these statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

TAKEFUJI CORPORATION and Subsidiaries

1. Basis of Presenting the Consolidated Financial Statements

(1) Accounting principles

The accompanying consolidated financial statements have been prepared from accounts and records maintained by Takefuji Corporation (the "Company") and its consolidated subsidiaries. The Company and its domestic subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Japanese Commercial Code and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The accounts and records of TWJ VC Co., Ltd., which is an overseas subsidiary, are maintained in conformity with accounting principles generally accepted in the United States of America. The accounts and records of other overseas subsidiaries, TSR Co., Ltd., TWJ Euro Co., Ltd., and G.H Investment Co., Ltd., are maintained in accordance with local requirements in their respective country of incorporation. No adjustments have been made to those overseas subsidiaries' financial statements on consolidation, as allowed under accounting principles generally accepted in Japan. Relevant notes have been added, and certain items presented in the consolidated financial statements filed with the Ministry of Finance in Japan have been reclassified for the convenience of readers outside Japan.

(2) Principal shareholder of the Company

Mr. Yasuo Takei, the former chairman of the Board of Directors and the former CEO of the Company, is the principal stockholder of the Company. Mr. Takei (together with his family and certain companies controlled by members of his family (the "Family Companies")) owned approximately 35 million shares or 24.88% of the outstanding shares of common stock with voting rights of the Company as of March 31, 2006 (24.88% as of March 31, 2005).

(3) United States dollar amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The exchange rate of ¥117=US\$1, a mean telegraphic transfer rate on March 31, 2006 offered by a prime Japanese bank, was used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at the rate or any other rate.

2. Summary of Significant Accounting Policies

(1) Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries including overseas subsidiaries (together referred to as the "Group"). As of March 31, 2006, the subsidiaries are as listed below:

	Equity ownership percentage
1. Take One Country Club, Ltd.	100.0%
2. Kyoritsu Estate Co., Ltd.	100.0 [owned by Take One Country Club, Ltd.]
3. TWJ VC Co., Ltd.	100.0
4. Takefuji Capital Co., Ltd.	100.0
5. TSR Co., Ltd.	100.0
6. G.H Investment Co., Ltd.	100.0
7. TWJ Co., Ltd.	100.0
8. TWJ Euro Co., Ltd.	100.0
9. TDS Co., Ltd.	100.0

*Note: The Company sold all the stock of Takefuji Bull Mart Co., Ltd. on July 15, 2005. Therefore its financial statements as of July 15, 2005 are used for consolidation.
The accounts of the subsidiaries which use a fiscal year end other than March 31 are included in the consolidated financial statements after making appropriate adjustments for significant transactions during the periods from their respective fiscal year ends to March 31.*

For the purposes of preparing the consolidated financial statements, all significant intercompany transactions, account balances and unrealized profits within the Group have been eliminated.

The acquisition cost less the fair value of net assets acquired is charged or credited to the consolidated statement of income, as the case may be, in the year of acquisition.

(2) Income recognition

Interest income on direct cash loans is recognized on an accrual basis. Accrued interest is recognized at either the contracted rate applied to individual loans or the maximum rate permitted by the Interest Rate Restriction Law, whichever is lower.

(3) Allowance for credit losses

The "allowance for credit losses" account provided by the Company is an amount to cover expected credit losses on direct cash loans.

The allowance for credit losses on direct cash loans (including delinquent loans past due 30 days or less) is calculated using an actual percentage of all write-offs, including those arising from personal bankruptcy of customers. The allowance for credit losses on doubtful loans, such as delinquent loans past due for longer periods, is recorded at the estimated uncollectible amounts based on the write-offs of loans with similar credit risk rating over a certain period.

(4) Write-offs of direct cash loans

The write-off of direct cash loans is made on the basis of evidence that clearly demonstrates the uncollectibility of the unpaid balances. Where the balances previously written off are subsequently recovered and collected, the amount is included in "other income" in the year of recovery.

(5) Allowance for losses for refunds of interest received from customers

In providing for possible losses for refunds 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 refunds of interest received from customers based on the anticipated losses for refund claims from customers at the end of the current fiscal year.

Allowance for losses for refunds of interest received from customers was recognized at the beginning of the current fiscal year due to the increased significance of those losses, which were related to the interests received from customers exceeding the upper limit of interest rate prescribed under the Interest Rate Restriction Law, resulting from the supreme court decisions on January 13 and 19, 2006 regarding practical application of the voluntary repayments rules prescribed under Article 43 of the Moneylending Control Law.

This resulted in an increase in other operating expenses by ¥22,500 million (US\$192,308 thousand) and in decreases in operating income and income before income taxes by the same amount, respectively.

(6) Valuation of securities

The Company classifies securities into different categories, each having a different accounting treatment depending on the purposes for which they are held. Trading securities are stated at market value; each market value is based on the quoted price at the end of the fiscal year. Accordingly, net unrealized gains and losses on trading securities are included in net earnings. The cost of securities sold is computed using the weighted average method. Held-to-maturity debt securities are carried at amortized cost. A premium or a discount arising on acquisition is amortized using the straight-line method and recognized as an adjustment to interest. Securities not classified as trading securities or held-to-maturity debt securities are classified as other investments in securities.

Other investments in securities with market quotations are stated at market value; each market value is based on the quoted price at the end of the fiscal year. Net unrealized gains and losses for these other investments in securities are reported as a separate component of the stockholders' equity, net of tax, and the cost of securities sold is computed using the weighted average method. Other investments in securities without market quotations are stated at cost based on the weighted average method.

(7) Property and equipment

Property and equipment are stated at cost. Depreciation is computed based on the declining-balance method while the straight-line method is applied to buildings acquired on or after April 1, 1998.

The range of useful lives is principally from 10 to 50 years for buildings and leasehold improvements, and from 4 to 15 years for equipment, furniture and fixtures.

(8) Software costs

Costs of acquired software are amortized using the straight-line method over 5 years which is the estimated useful life.

(9) Impairment of fixed assets

From the current fiscal year, the Company has adopted the accounting standards for impairment of fixed assets which are prescribed under "Statement of Opinion on the Establishment of Accounting Standards for Impairment of Fixed Assets" issued by the Business Accounting Council of Japan on August 9, 2002 and "Implementation Guidance on Accounting Standards for Impairment of Fixed Assets" (Implementation Guidance No. 6 of Financial Accounting Standards) issued by the Accounting Standards Board of Japan on October 31, 2003. These standards require that certain fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the criterion for impairment recognition is met, an impairment loss as the difference between the carrying amount and the higher of net discounted future cash flows or net market value of the asset shall be recognized in the statement of income.

This resulted in an increase in operating income by ¥208 million (US\$1,778 thousand) and in decrease in income before income taxes by ¥47,317 million (US\$404,419 thousand).

Accumulated losses on impairment of fixed assets are deducted directly from the acquisition cost of each fixed asset.

(10) Accounting for lease transactions

Finance leases, other than those which are deemed to transfer the ownership of the leased assets to lessees, are accounted for by the method similar to that applicable to operating leases.

(11) Translation of foreign currency financial statements (accounts of overseas subsidiaries)

The balance sheets of overseas subsidiaries are translated into Japanese yen at the exchange rates as at the balance sheet date, except for stockholders' equity which is translated at historical rates. Revenues and expenses of overseas subsidiaries are translated into Japanese yen at the average annual exchange rate. Differences arising from such translation are shown as "foreign currency translation adjustments" and included in stockholders' equity.

(12) Income taxes

The Company and its consolidated subsidiaries adopt deferred tax accounting for preparation of consolidated financial statements. Income taxes are determined using the asset and liability method, where deferred tax assets and liabilities are recognized for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements.

(13) Reserve for retirement benefits

The Company and its consolidated subsidiaries record an allowance for retirement benefits to employees, which is determined based on the projected benefit obligations and the 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.

(14) Bond issue costs and discount on bonds

Bond issue costs are expensed as incurred. Discount on bonds are amortized over the period until redemption.

(15) Cash and cash equivalents

All highly liquid investments with original maturities of three months or less are considered to be cash equivalents.

Cash and cash equivalents at March 31, 2006 and 2005 consist of the following items on the balance sheets:

	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
Cash on hand and at banks.....	¥ 52,566	¥ 58,651	\$449,282
Time deposits.....	14,456	15,329	123,556
Short-term investments.....	40,000	84,988	341,880
Less: Time deposits due over three months	—	(500)	—
Less: Pledged bank deposits	—	(3,032)	—
Cash and cash equivalents at end of year	¥107,022	¥155,436	\$914,718

[16] Amounts per share

Basic net income per share is computed based on the weighted average number of shares of common stock outstanding during each fiscal year. Diluted net income per share assumes the dilution that could occur if dilutive convertible bonds were converted into common stock at beginning of the year or at time of issuance (if later). The Company issued the zero coupon convertible bonds in the year ended March 31, 2004, which have a dilutive effect on net income per share. Further, bonuses to directors are excluded from net income available to common stockholders in the computation of net income per share, which is determined through appropriation of retained earnings by resolution at the general stockholders' meeting subsequent to fiscal year end and not reflected in the accounts of the current year.

Basis for calculation of basic net income per share and diluted net income per share is as follows:

	Millions of yen			Thousands of U.S. dollars
	2006	2005	2004	2006
Net income	¥46,924	¥68,726	¥74,745	\$401,059
Less: Bonuses to directors	[44]	[62]	[45]	[376]
Net income for common stockholders	¥46,880	¥68,664	¥74,700	\$400,683

	Thousands of shares		
	2006	2005	2004
Weighted average shares of common stock ..	140,706	140,723	142,149
Effect of dilutive securities	3,989	3,989	3,068
Weighted average shares for diluted net income per share computation	144,695	144,712	145,217

	Yen		U.S. dollars
	2006	2005	2006
Basic net income per share	¥333.2	¥487.9	\$2.85
Diluted net income per share ..	324.0	474.5	2.77

Cash dividends per share presented in the accompanying consolidated financial statements are dividends applicable to the respective years including dividends to be paid after the end of the year.

[17] Reclassifications

Certain reclassifications have been made to the prior years consolidated financial

3. Marketable Securities and Investments in Securities

Marketable securities and investments in securities as of March 31, 2006 and 2005 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
Marketable securities:			
Equities with market quotations	¥ —	¥ 320	\$ —
Investment trust fund	5	—	43
	¥ 5	¥ 320	\$ 43
Investments in securities:			
Equities with market quotations	¥26,106	¥56,178	\$223,128
Equities without market quotation	1,891	1,661	16,162
Investment trust funds and other	4,435	7,381	37,907
	¥32,432	¥65,220	\$277,197

Acquisition cost, book value (market value) and unrealized gain (loss) of marketable securities and investments in securities as of March 31, 2006 and 2005 are summarized as follows:

	Millions of yen		
	2006		
	Acquisition cost	Book value (market value)	Unrealized gain (loss)*
Marketable securities:			
Investment trust fund	¥ 5	¥ 5	—
Investments in securities:			
Equities with market quotations.....	¥ 9,612	¥26,106	¥16,494
Investment trust funds and other.....	25	77	52
	9,637	26,183	16,546
Market value not available	6,291	6,249	(42)
	¥15,928	¥32,432	¥16,504
	Thousands of U.S. dollars		
	2006		
	Acquisition cost	Book value (market value)	Unrealized gain (loss)*
Marketable securities:			
Investment trust fund	\$ 43	\$ 43	—
Investments in securities:			
Equities with market quotations.....	\$ 82,154	\$223,128	\$140,974
Investment trust funds and other.....	214	653	444
	82,368	223,786	141,418
Market value not available	53,769	53,411	(358)
	\$136,137	\$277,197	\$141,060
	Millions of yen		
	2005		
	Acquisition cost	Book value (market value)	Unrealized gain (loss)*
Marketable securities**:			
Equities with market quotations.....	¥ 321	¥ 320	¥ (1)
Investments in securities:			
Equities with market quotations.....	¥20,861	¥56,178	¥35,317
Investment trust funds and other.....	25	48	23
	20,886	56,226	35,340
Market value not available	9,039	8,994	(45)
	¥29,925	¥65,220	¥35,295

* Includes effect of exchange rate changes on investments in securities denominated in foreign currencies.

** Classified as trading securities and the unrealized loss thereon was included in current income.

Information on other investments in securities sold during the fiscal years ended March 31, 2006 and 2005 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
Proceeds on sales.....	¥42,126	¥10,389	\$360,051
Gross realized gains	28,264	3,804	241,573
Gross realized losses.....	(16)	—	(137)

Write-down of investments in securities

The Company writes down the book value of equities when the market value declines by more than 50%, or the market value declines by more than approximately 30% but less than 50%, and the Company's management determines the decline to be other than temporary.

During the fiscal years ended March 31, 2006 and 2005, certain equity without market quotation was written down by nil and ¥78 million, respectively, and equities with market quotations by ¥29 million (US\$248 thousand) and nil, respectively.

4. Direct Cash Loans to Customers and Allowance for Credit Losses

Direct cash loans to customers

Delinquent loans receivable held by the Company as defined under the Law on Issue of Bonds by Moneylenders as of March 31, 2006 and 2005 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
Loans to bankrupt borrowers	¥ 1,115	¥ 520	\$ 9,530
Delinquent loans	64,072	55,961	547,624
Delinquent loans past due three months or more ..	24,890	21,810	212,735
Restructured loans*	105,153	113,287	898,744

* The loans classified as restructured loans as of March 31, 2006 and 2005, include ¥98,819 million (US\$844,607 thousand) and ¥106,163 million, respectively, of loan receivables which were current or less than 31 days past due.

Loans to bankrupt borrowers;

Loans to bankrupt borrowers are loans under declaration of bankruptcy, reorganization and similar proceedings, and 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.

Delinquent loans;

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.

Delinquent loans past due three months or more;

Delinquent loans past due three months or more are loans which are delinquent for three months or more from the date of interest or principal under the terms of the related loan agreements and do not include loans to bankrupt borrowers and other delinquent loans.

Effective from April 1, 2004, interests on delinquent loans past due 180 days or more, which do not include loans to bankrupt borrowers, were no longer accrued as income and consequently, those delinquent loans were separately disclosed as shown above, while those delinquent loans had been included in the delinquent loans past due three months or more prior to April 1, 2004. This had no impact on net income due to the fact that the allowance for credit losses had been fully provided against the accrued interest income on those delinquent loans prior to April 1, 2004.

Restructured loans;

Restructured loans are loans with concessionary interest rates, as well as loans with negotiated terms regarding the timing of interest and principal payment. Restructured loans do not include loans to bankrupt borrowers, delinquent loans and delinquent loans past due three months or more.

Committed lines of credit

A commitment line is normally set up when the Company makes a direct cash loan contract with an individual customer, whereby the Company is obligated to advance funds up to a predetermined amount to an individual customer upon request. At March 31, 2006 and 2005, the total outstanding balance of unused commitment lines was ¥404,304 million (US\$3,455,590 thousand) and ¥426,479 million, including ¥243,407 million (US\$2,080,402 thousand) and ¥259,400 million in commitment lines to customers with no outstanding loan balance, respectively.

The direct cash loan contract contains provisions that allow the Company to refuse advancing funds to customers or reduce the contract amount of the commitment under certain conditions. As such, the total balance of unused commitment does not necessarily impact the Company's future cash flows.

Allowance for credit losses

Changes in the "allowance for credit losses" account during the years ended March 31, 2006 and 2005 are summarized as follows;

	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
Balance at beginning of year.....	¥ 137,000	¥ 136,286	\$1,170,940
Write-offs	(108,504)	(124,193)*	(927,385)
Additions to allowance	121,934	124,907	1,042,171
Balance at end of year	¥ 150,430	¥ 137,000	\$1,285,726

* This includes an offset of allowance for credit losses of ¥11,335 million against accrued interest income on the delinquent loans past due 180 days or more at March 31, 2004, which resulted from non-recognition of accrued interest income on those delinquent loans effective from April 1, 2004 as explained above.

As described in Note 2 (3) above, the "allowance for credit losses" account is provided by the Company as an amount to cover expected credit losses.

5. Property and Equipment

Property and equipment as of March 31, 2006 and 2005 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
Buildings.....	¥ 16,777	¥ 22,837	\$ 143,393
Leasehold improvements.....	15,782	16,119	134,889
Vehicles.....	229	229	1,957
Machinery.....	128	128	1,094
Equipment, furniture and fixtures	17,572	16,896	150,188
	50,488	56,209	431,521
Less: Accumulated depreciation	(35,982)	(34,150)	(307,538)
	14,506	22,059	123,983
Land	35,093	69,523	299,940
Golf course	195	5,592	1,667
Construction in progress.....	—	1,147	—
	¥ 49,794	¥ 98,321	\$ 425,590

6. Leasehold Deposits and Other Assets

Leasehold deposits and other assets as of March 31, 2006 and 2005 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
Leasehold deposits	¥ 6,421	¥ 6,454	\$ 54,880
Intangibles, principally telephone and land leasehold rights	1,555	1,650	13,291
Software	4,214	3,663	36,017
Deferred charges	889	700	7,598
Discount on bonds.....	72,691	82,935	621,291
Long-term deposits	31,058	—	265,453
Other	1,419	53	12,128
	¥118,247	¥95,455	\$1,010,658

In connection with the leases of office space and other, Japanese lessors require a certain amount of leasehold deposits equivalent to several months' rent. The leasehold deposits shown above usually do not bear interest and are generally returnable only when the lease is terminated. The lease terms are generally 3 to 5 years with options for renewal subject to renegotiation of rental fees.

Expenses for rental and leases pertaining to cancelable long-term lease commitments for employee housing and computer equipment are charged to income as incurred.

7. Short-term Borrowings and Long-term Debt

There was no outstanding balance of short-term borrowings as of March 31, 2006 and 2005.

Additional information concerning short-term borrowings for the years ended March 31, 2006 and 2005 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
Maximum month-end balance	¥23,500	¥30,132	\$200,855
Average month-end balance	2,654	12,626	22,684

Long-term debt as of March 31, 2006 and 2005 consists of the following:

	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
Loans from banks and other financial institutions (with interest rates ranging from 1.0% to 4.3% at March 31, 2006, and from 1.0% to 4.3% at March 31, 2005)*	¥419,290	¥425,759	\$3,583,675
8.00% Senior Unsecured Notes due November 1, 2017 with currency swap contract (Note 15)	3,665	3,665	31,325
2.06% Senior Unsecured Notes due March 23, 2007	—	30,000	—
1.52% Senior Unsecured Notes due June 22, 2005	—	30,000	—
2.06% Senior Unsecured Notes due June 22, 2007	—	30,000	—
2.15% Senior Unsecured Notes due October 24, 2006	10,000	10,000	85,470
9.20% Senior Unsecured Notes due April 15, 2011 with currency swap contract (Note 15)	54,902	54,902	469,248
1.30% Senior Unsecured Notes due November 29, 2006	20,000	20,000	170,940
4.00% Senior Unsecured Notes due June 5, 2022	30,000	30,000	256,410
4.50% Senior Unsecured Notes due October 22, 2032	20,000	20,000	170,940
Secured Discount Notes due March 19, 2012 with currency swap contract (Note 15)	—	36,913	—
Zero Coupon Convertible Bonds due July 31, 2006	38,000	38,000	324,786
Secured Discount Notes due May 21, 2012 with currency swap contract (Note 15)	—	31,574	—
Adjustable Coupon Unsecured Bonds due March 1, 2034**	80,000	80,000	683,761
Adjustable Coupon Unsecured Bonds due March 1, 2034**	40,000	40,000	341,881
	715,857	880,813	6,118,436
Less: Portion due within one year	(181,986)	(128,694)	(1,555,436)
	¥533,871	¥752,119	\$4,563,000

* With respect to certain loans from banks and other financial institutions in an aggregate amount of ¥52,836 million and Company bonds in an aggregate amount of ¥58,567 million as of March 31, 2006, respectively, maturity may be accelerated if one or more of the following events occur:

- 1) The amount of net assets falls below ¥250,000 million
- 2) Net assets ratio falls below 20%
- 3) The amount of contingent liabilities exceeds ¥170,000 million
- 4) Annual increase of the amount of contingent liabilities exceeds 75% of annual increase of the retained earnings
- 5) Income before income taxes falls below the amount of interest expense and other expenses associated with financing
- 6) The percentage of cash and cash equivalents plus loans to customers against total assets falls below 40%
- 7) The write-off ratio exceeds 10%
- 8) The percentage of real estate and investments in securities against total assets exceeds 40%
- 9) The percentage of secured borrowings other than those loans secured by real estate against total current assets exceeds 80%
- 10) The total borrowings secured by perfected loans to customers exceeds net assets

** The bondholders are entitled at their option to require the Company to redeem the bonds before the final redemption date if certain event occurs.

The Company borrows long-term funds under committed lines of credit. At March 31, 2006, the Company had available committed lines of credit equal to a yen equivalent of US\$3,500 million. At that time, the Company's outstanding balance under the committed lines of credit was a yen equivalent of US\$1,814 million and remaining unused portion was a yen equivalent of US\$1,686 million. At March 31, 2005, the Company had available committed lines of credit equal to a yen equivalent of US\$2,500 million. At that time, the Company's outstanding balance under the committed lines of credit was a yen equivalent of US\$1,610 million and remaining unused portion was a yen equivalent of US\$890 million.

Group assets pledged as collateral as of March 31, 2006 and 2005 for long-term debt are as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
Time deposits.....	¥ —	¥ 3,032	\$ —
Direct cash loans to customers under the assignment by way of security.....	299,312	395,875	2,558,222
Net book value of property and equipment	16,197	23,887	138,436
	<u>¥315,509</u>	<u>¥422,794</u>	<u>\$2,696,658</u>

Long-term debt covered by the collateral as of March 31, 2006 and 2005 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
Current portion of long-term debt	¥ 39,134	¥38,412	\$ 334,479
Long-term debt	185,723	230,063	1,587,376
	<u>¥224,857</u>	<u>¥268,475</u>	<u>\$1,921,855</u>

The 2006 amounts stated in the above tables include direct cash loans to customers of ¥297,132 million (US\$2,539,590 thousand) and long-term borrowings (including current portion thereof) of ¥217,957 million (US\$1,862,880 thousand) under the direct cash loans-backed securitization transactions.

Besides assets pledged as collateral shown above, at March 31, 2006 and 2005, the Company has been committed to provide, if requested by financial institutions, "direct cash loans to customers" in the aggregate principal value of ¥12,320 million (US\$105,299 thousand) and ¥20,260 million, respectively, for securing the repayments of "long-term debt" of ¥9,000 million (US\$76,923 thousand) and ¥16,763 million, respectively, under the agreement for reserved collateral with the lenders.

The aggregate annual maturities of long-term loans with banks and other financial institutions, and bonds as of March 31, 2006 are as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2006	¥181,986	\$1,555,436
2007	101,858	870,581
2008	62,875	537,393
2009	61,445	525,171
2010 and thereafter	307,693	2,629,855
	<u>¥715,857</u>	<u>\$6,118,436</u>

8. Income Taxes

The Company is subject to a number of different income taxes which, in the aggregate, indicate a statutory income tax rate in Japan of approximately 40.5% for the years ended March 31, 2006 and 2005.

The reconciliation between the statutory income tax rate and the effective income tax rate for the fiscal year ended March 31, 2006 is as follows:

	2006
Statutory income tax rate	40.5%
Increase in taxes resulting from:	
Refunded income taxes	[14.3%]
Reassessment of income taxes in the previous years	9.8%
Other	[2.7%]
Effective income tax rate	33.3%

The reconciliation between the statutory income tax rate and the effective income tax rate for the fiscal year ended March 31, 2005 is not required to be disclosed because the difference between the statutory income tax rate and the effective income tax rate is less than 5% of the statutory tax rate.

The tax effects of temporary differences which give rise to significant portions of the deferred tax assets and liabilities as of March 31, 2006 and 2005 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
Current deferred tax assets:			
Non-deductible portion of write-offs of principal amount	¥ 6,385	¥ 7,739	\$ 54,573
Non-deductible portion of provision for doubtful accrued interest income	3,789	4,142	32,385
Non-deductible portion of provision for doubtful principal amount	5,774	8,867	49,350
Non-deductible portion of provision for losses for refunds of interest received from customers	864	—	7,384
Accrued bonuses	305	359	2,607
Enterprise taxes payable	2,155	3,094	18,419
Other	230	381	1,966
Sub total	¥19,502	¥ 24,582	\$166,684
Long-term deferred tax assets:			
Loss on devaluation of investments in securities	¥ 363	¥408	\$ 3,103
Loss on devaluation of investments in affiliates	14,323	415	122,419
Loss on impairment of fixed assets	7,516	—	64,239
Non-deductible portion of provision for retirement benefits	1,238	1,036	10,581
Other	187	302	1,598
Sub total	¥23,627	¥ 2,161	\$201,940
Total deferred tax assets	¥43,129	¥ 26,743	\$368,624
Long-term deferred tax liabilities:			
Net unrealized gains on other investments in securities	¥ [6,689]	¥[14,454]	\$ [57,171]
Net deferred tax assets	¥36,440	¥ 12,289	\$311,453

9. Retirement Plan and Retirement Benefits

Employees with more than two years of service with the Company are generally entitled to lump-sum retirement benefits determined by reference to their current rate of pay, length of service and conditions under which the termination occurs. In order to provide for such retirement benefits to employees, the Company has a funded noncontributory defined benefit pension plan which covers a portion of the retirement benefits payable to the retiring employees, and the benefits which are not covered by the funded pension plan are paid for by the Company. The Company has recognized accrued costs for such a liability as a reserve for retirement benefits.

The following tables detail the components of pension costs, the funded status of the pension plans and major assumptions used to determine these amounts.

	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
Components of pension costs:			
Service cost	¥507	¥459	\$4,333
Interest cost	71	60	607
Expected return on plan assets	(41)	(36)	(350)
Net amortization	358	213	3,060
Net pension costs	¥895	¥701	\$7,650
Funded status of pension plans:			
Projected benefit obligation	¥(4,991)	¥(4,754)	\$(42,658)
Plan assets, at fair value	2,052	1,781	17,538
Projected benefit obligation in excess of plan assets	(2,939)	(2,973)	(25,120)
Unrecognized net (gains) losses	(121)	358	(1,034)
Reserve for retirement benefits	¥(3,060)	¥(2,615)	\$(26,154)
Major assumptions used:			
Discount rate	1.5%	1.5%	
Expected return on plan assets	2.3%	2.3%	

The Company also provides for lump-sum retirement benefits to directors and corporate auditors, which are paid on a basis similar to that used for employees. While the Company has no legal obligation, it is a customary practice in Japan to make lump-sum payments to a director or corporate auditor upon retirement with the approval of the general meetings of stockholders. Annual provisions are made in the accounts for the estimated costs of this termination plan, which is not funded. The balance of reserve for retirement benefits in the accompanying consolidated balance sheets as of March 31, 2006 and 2005 included such provision, relative to directors and corporate auditors, of ¥104 million (US\$889 thousand) and ¥74 million, respectively.

10. Contingent Liabilities

During the year ended March 31, 2006, the Company derecognized the Senior Unsecured Notes due March 23, 2007 and the Senior Unsecured Notes due June 22, 2007 amounting to ¥60,000 million (US\$512,821 thousand) using debt assumption arrangements, which are considered to be an in-substance defeasance. This accounting treatment is permitted under accounting principles generally accepted in Japan when certain conditions are met. The Company has not been legally released from its primary obligations of those notes, however, the Company believes that repayment requests of those notes by the notes holders might not be made to the Company.

11. Leveraged Lease Partnerships

In the past fiscal years, the Company invested in leveraged lease partnerships specifically set up for the leasing of aircrafts. Such investments were recorded at cost at the time those investments were made. Due to the fact that such partnerships are designed to incur losses in their early years of operation and gains in the subsequent years, the Company has recognized substantial losses or gains on such investments in proportion to its shares in those partnerships.

The Company accounts for such losses (net of any gains from such investments) as nonoperating expenses, which are directly charged to investment cost. The amount of cumulative losses exceeding the amount of investment cost is credited to "other long-term liabilities." In the subsequent years, gains on such investments, which are recorded as non-operating income, are debited to "other long-term liabilities."

Up to March 31, 2005, net cumulative losses amounted to ¥1,222 million, ¥1,030 million of which has been charged against investment cost and a further ¥192 million has been credited to other long-term liabilities. In the fiscal year ended March 31, 2006, the leveraged lease partnerships agreements were expired.

12. Lease Commitments

All finance lease contracts other than those by which the ownership of the leased assets is to be transferred to lessees, are accounted for as operating leases.

Lease expenses on finance lease contracts without ownership-transfer for the years ended March 31, 2006 and 2005 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
Lease expenses	¥802	¥1,319	\$6,855

Assumed data as to acquisition cost, accumulated depreciation and net book value of the leased assets, which included the portion of interest thereon, are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
Acquisition cost.....	¥ 2,585	¥ 5,088	\$ 22,094
Accumulated depreciation	[2,057]	¥[3,754]	(17,581)
Net book value	¥ 528	¥ 1,334	\$ 4,513

The amount of outstanding future lease payments due at March 31, 2006 and 2005, which included the portion of interest thereon, is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
Future lease payments			
Due within one year	¥387	¥ 806	\$3,308
Due over one year	141	528	1,205
Total.....	¥528	¥1,334	\$4,513

No impairment loss is provided for leased assets.

13. Loss on Impairment of Fixed Assets

For purposes of recognition and measurement of an impairment loss, the assets used for business are grouped based on each business, and the assets for rent and those not in use are grouped based on each property.

For the year ended March 31, 2006, due to the continued decline in land prices and other factors for the assets not in use, and due to the serious deterioration of profitability and the continued decline in land prices for a part of the assets for rent and the golf course, the book values of those assets were written down to the value that is estimated to be recoverable, resulting in a loss on impairment of fixed assets amounting to ¥47,525 million (US\$406,196 thousand) included in other expenses account.

Impairment losses by account are as follows:

	Millions of yen	Thousands of U.S. dollars
Buildings	¥ 2,046	\$ 17,487
Structures	4,311	36,846
Land	34,394	293,966
Golf course	5,397	46,128
Construction in progress	1,147	9,803
Investments in land	230	1,966
Total	<u>¥47,525</u>	<u>\$406,196</u>

Impairment losses by assets classification, component of assets and location are as follows:

Assets not in use

Component of assets	Location	Millions of yen	Thousands of U.S. dollars
Land	Karuizawa	¥243	\$2,077
Investments in land	Aomori Rokunohe	230	1,966
Land and buildings	Amamiohshima and other six properties ..	242	2,068
Total		<u>715</u>	<u>6,111</u>

Assets for rent

Component of assets	Location	Millions of yen	Thousands of U.S. dollars
Land	Kobe Sannomiya	¥ 7,002	\$ 59,846
Land and construction in progress	Kojimachi	4,244	36,274
Land	Ikebukuro	2,659	22,726
Land, buildings and structures	Komagome	1,936	16,547
Land, buildings and structures	Chiba	1,331	11,376
Land, buildings and structures	Kanda and other five properties ..	862	7,367
Total		<u>¥18,034</u>	<u>\$154,136</u>

Golf course

Component of assets	Location	Millions of yen	Thousands of U.S. dollars
Land, buildings, structures and capitalized costs on golf course	Yamanashi	<u>¥28,776</u>	<u>\$245,949</u>

Total impairment losses amounted to ¥47,525 million (US\$406,196 thousand).

Recoverable amount is net market value for assets not in use and the golf course and the higher of either net market value or value in use for assets for rent. Net market value is based on the appraisal value by real estate appraiser. Value in use is calculated by discounting estimated future cash flows by 6.1%.

14. Stockholders' Equity

[1] Treasury Stock

The General Meeting of Stockholders held on June 27, 2003 approved that the Company may acquire up to a total not exceeding 13 million outstanding shares of its common stock at an amount in a total not exceeding ¥130,000 million until the conclusion of the general meeting of stockholders to be held for the year ended March 31, 2004. During the fiscal year ended March 31, 2004, the Company has acquired an aggregate of 2,665 thousand shares of its common stock for a total purchase amount of ¥16,810 million.

The General Meeting of Stockholders held on June 29, 2004 approved that the Company amended its statutes of corporation regarding acquisition of treasury stock so that the Company is able to acquire treasury stock upon the resolution at the Board of Directors' meeting in accordance with the revision to the Japanese Commercial Code. During the fiscal year ended March 31, 2005, the Company has acquired an aggregate of 110 thousands shares of its common stock for a total purchase amount of ¥763 million.

(2) Retained earnings

The Japanese Commercial Code provided that an amount equivalent to at least 10% of cash dividends and bonuses to directors and corporate auditors must be appropriated as a legal reserve until the reserve balance reaches 25% of common stock. The Company's legal reserve amount included in "retained earnings" was ¥7,619 million (US\$65,120 thousand) as of March 31, 2006 and 2005. Under the Japanese Commercial Code, companies are allowed to draw down a portion of the statutory reserve (additional paid-in capital and legal reserve) amount in excess of 25% of common stock. The excess portion may be available for dividends, provided that certain procedures required under the Japanese Commercial Code have been taken, and stockholders' approval was obtained at the stockholders' meeting.

15. Derivative Financial Instruments

The Company uses derivative financial instruments, which comprise interest rate and currency swap, interest rate swap and bond option agreements, to reduce its exposure to market risks from fluctuations in interest rate, foreign currency exchange and market price of bonds against bonds and loans. The Company does not hold or issue derivative financial instruments for trading purposes.

The Company considers that there is no significant credit risk arising from default by counter-parties, as they are major financial institutions in the international financial market.

All derivative transactions that the Company enters into are approved by the board of directors and under administration of the finance department of the Company. The conditions and results of such transactions are reported timely to the board of directors.

With regard to interest rate and currency swap, and interest rate swap agreements, the Company uses the deferral method based on the short-cut method assuming that there is no ineffectiveness in the hedging relationship between hedged items and hedging instruments. For the years ended March 31, 2006 and 2005, contractual values or notional amounts, fair value and unrealized gains/losses of derivative transactions related to foreign currency and interest rate are not required to be presented, because those derivative transactions are accounted for as a hedge.

For the years ended March 31, 2006 and 2005, contract amounts, fair values and unrealized gains/losses of derivative transactions related to bonds prices are as follows:

Millions of yen				
2006				
	Contract amounts	Contract amounts over one year	Fair values	Unrealized gains/losses
Bond option contract				
Buy				
Call option	¥80,800 *	¥80,800 *	—	¥(47)
	(47)	(47)		
Total	¥80,800	¥80,800	—	¥(47)
Thousands of U.S. dollars				
2006				
	Contract amounts	Contract amounts over one year	Fair values	Unrealized gains/losses
Bond option contract				
Buy				
Call option	\$690,598 *	\$690,598 *	—	\$(402)
	(402)	(402)		
Total	\$690,598	\$690,598	—	\$(402)

	Millions of yen			
	2005			
	Contract amounts	Contract amounts over one year	Fair values	Unrealized gains/losses
Bond option contract				
Buy				
Call option	—	—	—	—
Total	—	—	—	—

* Option fees are shown in the parenthesis below the contract amounts.

16. Subsequent Events

The appropriation of retained earnings of the Company for the year ended March 31, 2006, which was proposed by the Board of Directors and approved at the General Meeting of Stockholders held on June 29, 2006 is as follows:

	Millions of yen	Thousands of U.S. dollars
Appropriations:		
Cash dividends (¥115 per share)	¥16,181	\$138,299
Bonuses to directors	44	376
Transfer to general reserve	1,000	8,547
Total	¥17,225	\$147,222

REPORT OF INDEPENDENT AUDITORS

ChuoAoyama PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS 

Kasumigaseki Bldg. 32nd Floor
3-2-5, Kasumigaseki, Chiyoda-ku,
Tokyo 100-6088, Japan

To the Board of Directors of
Takefuji Corporation

We have audited the accompanying consolidated balance sheets of Takefuji Corporation and its consolidated subsidiaries as of March 31, 2006 and 2005, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended March 31, 2006, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Takefuji Corporation and its consolidated subsidiaries as of March 31, 2006 and 2005, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2006 in conformity with accounting principles generally accepted in Japan.

As described in Note 2 (9) to the consolidated financial statements, effective from the year ended March 31, 2006, Takefuji Corporation and its consolidated subsidiaries have adopted the new accounting standards for impairment of fixed assets.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 (3) to the accompanying consolidated financial statements.

ChuoAoyama PricewaterhouseCoopers

June 29, 2006



Representative Director & President
Hikaru Kondo



Representative Director &
Senior Managing Director
Taketeru Takei



Director & Executive Officer
Katsunori Aita



Director & Executive Officer
Kengo Sato



Director & Executive Officer
Usao Kamano



Director & Executive Officer
Michio Kondo



Director & Executive Officer
Tsunefumi Shindo



Director & Executive Officer
Satoru Shishido



Independent Director
Akiyuki Nagase



Executive Officer
Mikio Yamamoto



Executive Officer
Yoshiyuki Shouji



Corporate Auditor
Masakuni Saito



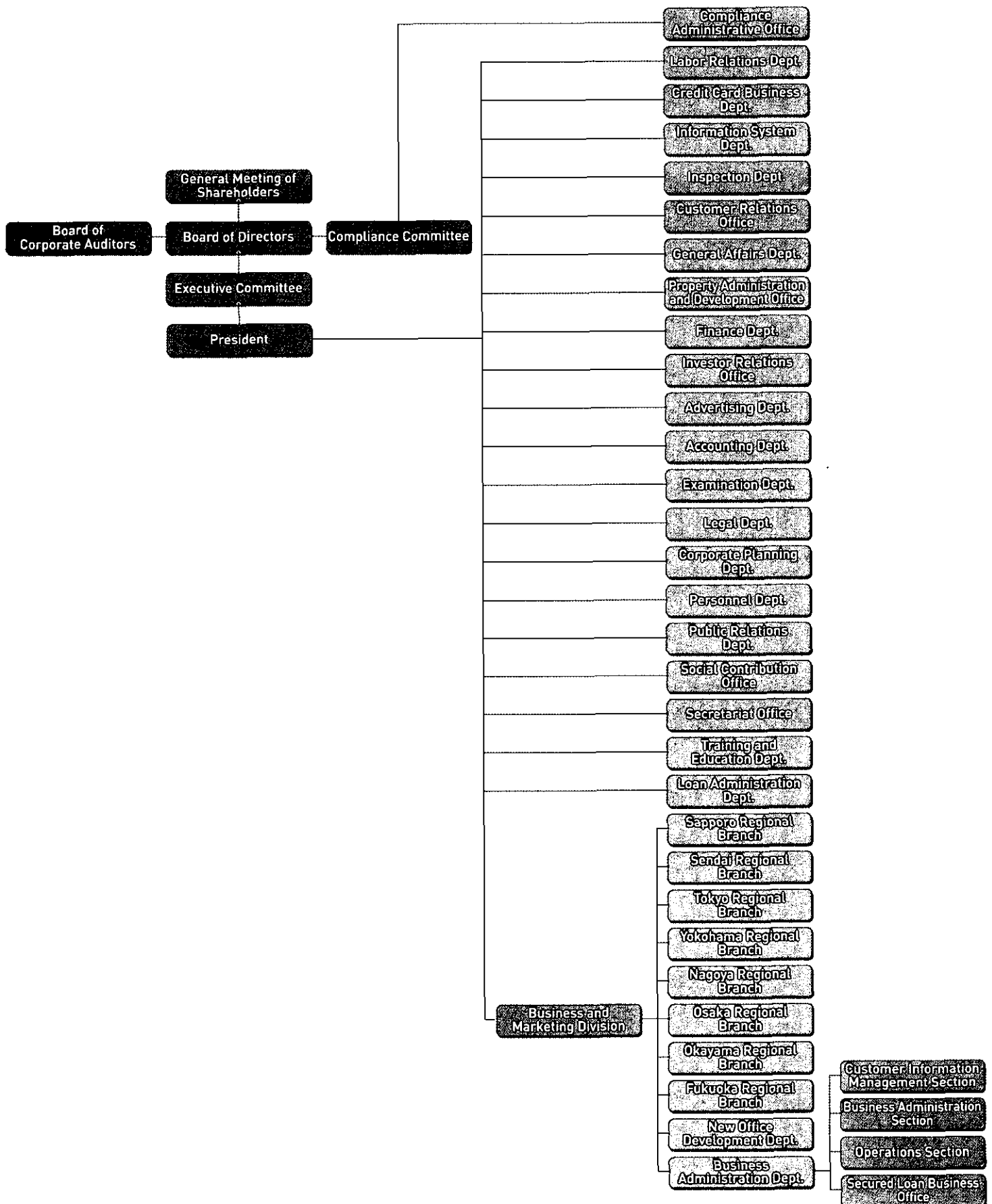
Corporate Auditor
Toshiyuki Tsuchiya



Corporate Auditor
Takeshi Kasai



Auditor
Yoshihiro Ogura

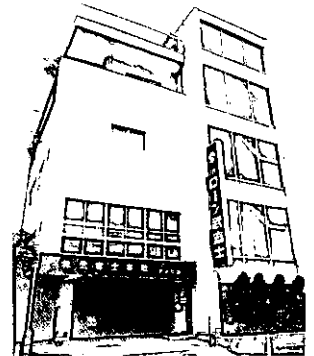


Takefuji Head Office:	15-1, Nishi-Shinjuku 8-chome Shinjuku-ku, Tokyo 163-8654
Date of Establishment:	January 1966
Capital Stock:	¥30,478 million
Business:	Consumer Finance
Number of Manned Branch Offices:	523 (as of March 31, 2006)
Number of Employees:	3,184 (as of March 31, 2006)
Consolidated Subsidiaries:	Take One Country Club, Ltd. Kyoritsu Estate Co., Ltd. TWJ VC Co., Ltd. Takefuji Capital Co., Ltd. TSR Co., Ltd. G.H. Investment Co., Ltd. TWJ Co., Ltd. TWJ Euro Co., Ltd. TDS Co., Ltd.
Internet Website:	http://www.takefuji.co.jp/corp_e/
Transfer Agent for Shares:	Mizuho Trust and Banking Co., Ltd. 5-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8240

Takefuji's 40-Year History

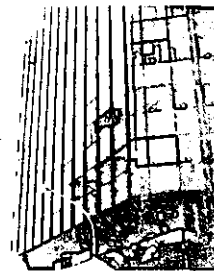
Takefuji has celebrated the 40th anniversary of its founding this year. This 40-year history also represents the history of changes in its head office location. In September 1971, five years after the Company's foundation, Takefuji's four-story ferroconcrete head office building was completed in Itabashi, where the Company originally had been established. Following that, in 1974, Takefuji moved the Business & Marketing Division and the Loan Administration Office to the Kanda branch office and for a while adopted a two-headed operation system. However, in March 1977, it moved into the Taishu Shinjuku Building in Shinjuku to streamline its head office functions. Then a year later, in May 1978, Takefuji relocated its head office to the just-completed Ikebukuro Sunshine 60 Building. In September 1984, Takefuji built its head office building in front of the Yaesu Exit of Tokyo Station. It was a truly eye-catching structure, nine stories tall and with a mirrored-glass exterior. Thereafter, in May 1992, Takefuji's present head office building was constructed in Nishi Shinjuku, a 14-floor structure.

- 1** Itabashi (established in January 1966; the head office building inaugurated in September 1971) 3-1-15 Hasune, Itabashi-ku, Tokyo
The location of the present Hasune branch office is where Takefuji was originally established. For 10 years following its foundation, this was the location of Takefuji's headquarters.



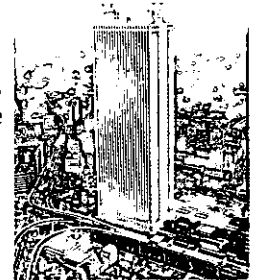
Itabashi

- 2** Shinjuku (March 1977)
4-2-23 Shinjuku, Shinjuku-ku, Tokyo
As the head office location, Takefuji used the 3rd floor of this large building consisting of one floor underground and 10 floors aboveground.



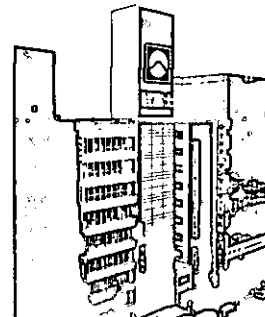
Shinjuku

- 3** Ikebukuro (May 1978)
3-1 Higashi Ikebukuro, Toshima-ku, Tokyo
Takefuji moved to occupy the 17th and 18th floors of the Sunshine 60 Building, which at the time had the proud position of being the tallest skyscraper in the Orient, at a height of 240 meters.



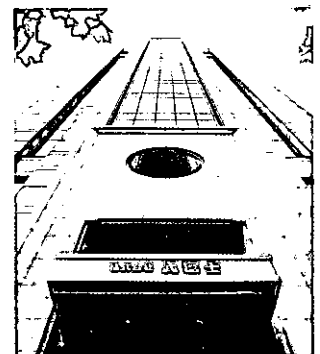
Ikebukuro

- 4** Yaesu (September 1984)
2-1-4 Yaesu, Chuo-ku, Tokyo
Takefuji built its head office building with a mirrored-glass exterior situated one-minute on foot from Tokyo Station on Yaesu Dori Boulevard. It is currently the location of the Yaesu-guchi branch office.



Yaesu

- 5** Nishi Shinjuku (May 1992)
8-15-1 Nishi Shinjuku, Shinjuku-ku, Tokyo
The present head office building is on the thoroughfare Ome Kaido in Nishi Shinjuku. The structure consists of 14 floors aboveground and 2 floors underground, and the ground floor lobby is a gallery.



Nishi Shinjuku

Takefuji's History

- 1966 JAN. Mr. Yasuo Takei, company founder, established the private company, Fuji Shoji
- 1968 JUNE Company incorporated under the name of Takefuji Shoji, Ltd.
- 1971 SEP. New office headquarters completed in Itabashi, Tokyo
- 1972 SEP. Shift of original business of providing loans for residents of housing complexes to a full-fledged entry into the consumer finance business field
- 1974 DEC. Company name changed to Takefuji Corporation
- 1977 OCT. Outstanding loans reached ¥10 billion
- 1978 FEB. "Yen Shop Takefuji" adopted as corporate nickname
- MAY Headquarters moved to Sunshine 60 Building in Ikebukuro, Tokyo; Tokyo and Osaka regional branches established
- 1981 JUNE Outstanding loans reached ¥100 billion
- 1983 DEC. Company registered as consumer finance company in accordance with Moneylending Control Law. Registration number: (1)-00020 (renewable every three years)
- 1984 SEP. Main Headquarters Building completed in Yaesu, Tokyo
- OCT. Company began making contributions to the Association for the Promotion of Seeing Eye Dogs in Japan
- 1986 APR. Private placement of SFr20 million in bonds made overseas, the first in the consumer finance industry
- 1987 JAN. Company took out a syndicated loan of US\$150 million from 15 foreign banks
- 1991 FEB. Outstanding loans reached ¥500 billion
- 1992 MAY Completion of and move to new Main Headquarters Building, in Nishi Shinjuku, Tokyo
- 1995 OCT. Introduction of "Yen-musubi" automated loan contracting machines
- 1996 AUG. Registration of the Company's shares for OTC trading with capital of ¥30.48 billion
- SEP. Outstanding loans reached ¥1 trillion
- 1998 DEC. Takefuji shares listed on the First Section of the Tokyo Stock Exchange
- 1999 OCT. First issuance of ¥30 billion senior unsecured notes, Takefuji New Research Institute established
- 2000 MAR. Takefuji shares listed on the London Stock Exchange
- 2001 FEB. Start of ATM tie-up operations with convenience stores (18,592 locations by year's end)
- 2002 MAR. Acquisition of MasterCard International Principal Membership license
- OCT. Launch of credit card business through offering TAKE BIG SEVEN MASTERCARD
- NOV. Accession to the Japan Federation of Economic Organizations
- 2003 DEC. Establishment of Compliance Administrative Office
- 2004 APR. Launch of Social Contribution Office
- SEP. Start of call center operations
- Registered with the FTSE 4 Good Japan Index
- 2006 AUG. Demise of Mr. Yasuo Takei, Takefuji founder, chairman, and former representative executive

1966: The Beatles performed in Japan



1978: The Sumida River Fireworks Night was revived for the first time in 17 years



1987: The Japan National Railways was divided and privatized



1998: Nagano hosted the Winter Olympic Games



2003: Shiretoko Peninsula was registered as a World Heritage Site



Above photographs provided by THE MAINICHI NEWSPAPERS

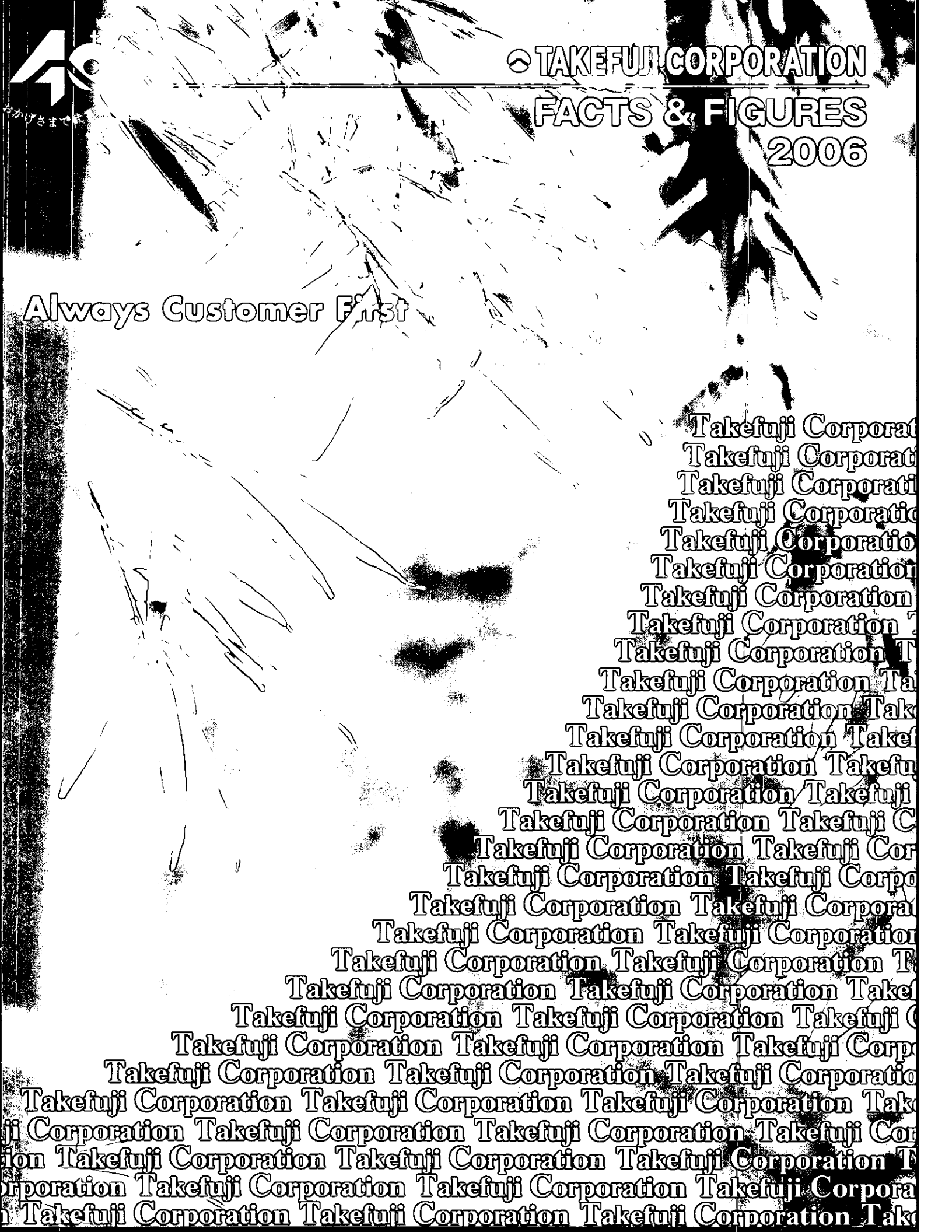
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Facts & Figures 2006

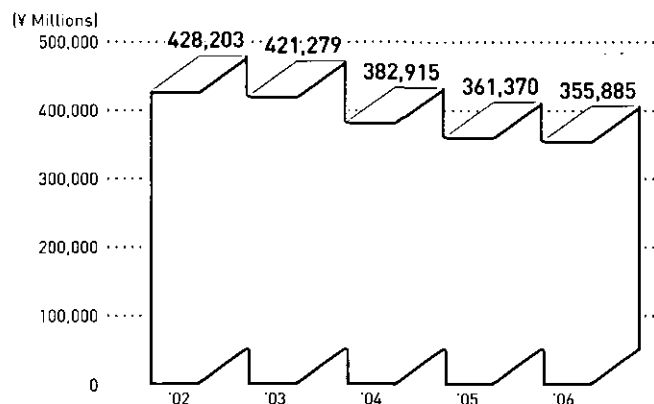
Major Managerial Indicators & Business Process

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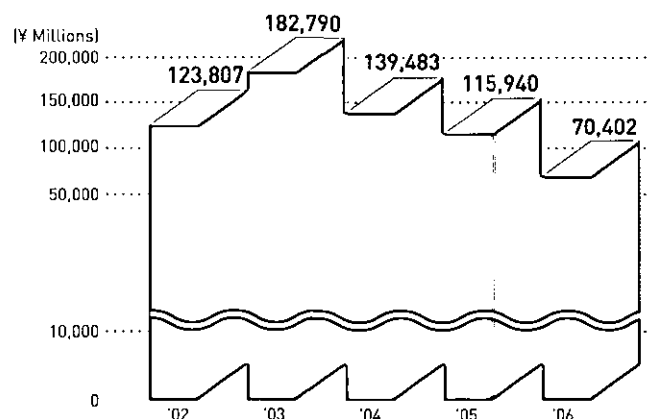
REVENUES / INCOME (CONSOLIDATED)

Total Revenues



	[¥ Millions/%]				
Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
Revenues	428,203	421,279	382,915	361,370	355,885
Interest on Loans	413,153	409,716	371,943	347,474	341,463
Other Income	15,050	11,563	10,972	13,896	14,422
Revenue Growth Rate [%]	6.6	-1.6	-9.1	-5.6	-1.5

Income Before Income Taxes

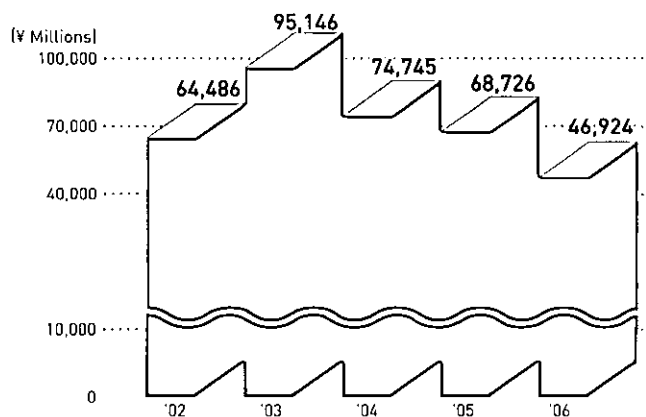


	[¥ Millions]				
Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
Income Before Income Taxes	123,807 ⁽⁺¹⁾	182,790	139,483	115,940	70,402 ⁽⁺²⁾

Notes: (+1) During the year 2002/3, the extraordinary loss of ¥119,860 million on sale of property to subsidiary company "TDS Co., Ltd." was accounted for.

(+2) The extraordinary loss of ¥47,525 million was recorded due to the adoption of accounting standard for impairment of fixed assets.

Net Income



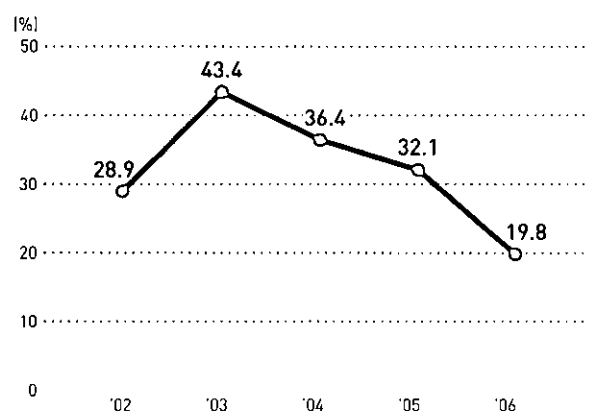
	[¥ Millions]				
Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
Net Income	64,486 ⁽⁺¹⁾	95,146	74,745	68,726	46,924 ⁽⁺²⁾

Notes: (+1) During the year 2002/3, the extraordinary loss of ¥119,860 million on sale of property to subsidiary company "TDS Co., Ltd." was accounted for.

(+2) The extraordinary loss of ¥47,525 million was recorded due to the adoption of accounting standard for impairment of fixed assets.

PROFITABILITY (CONSOLIDATED)

Income Before Income Taxes / Total Revenues

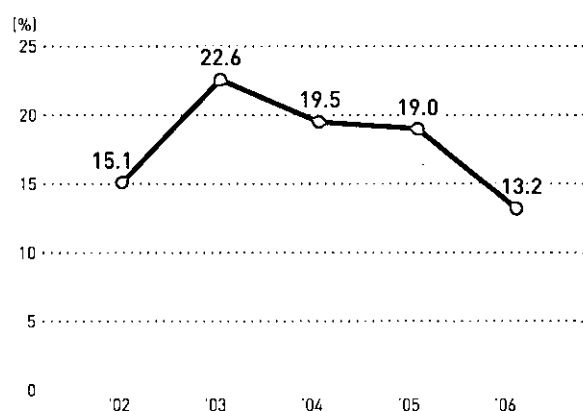


Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
Income before Income Taxes / Revenues (%)	28.9 ⁽⁺¹⁾	43.4	36.4	32.1	19.8 ⁽⁺²⁾

Notes: (+1) During the year 2002/3, the extraordinary loss of ¥119,860 million on sale of property to subsidiary company "TDS Co., Ltd." was accounted for.

(+2) The extraordinary loss of ¥47,525 million was recorded due to the adoption of accounting standard for impairment of fixed assets.

Net Income / Total Revenues



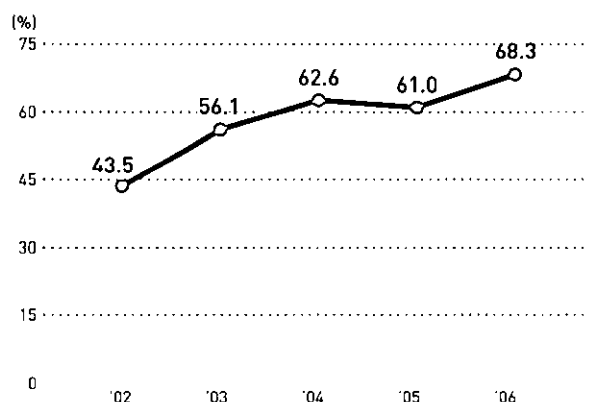
Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
Net Income / Revenues (%)	15.1 ⁽⁺¹⁾	22.6	19.5	19.0	13.2 ⁽⁺²⁾

Notes: (+1) During the year 2002/3, the extraordinary loss of ¥119,860 million on sale of property to subsidiary company "TDS Co., Ltd." was accounted for.

(+2) The extraordinary loss of ¥47,525 million was recorded due to the adoption of accounting standard for impairment of fixed assets.

REVENUES / COSTS (CONSOLIDATED)

General and Administrative Expenses / Total Revenues

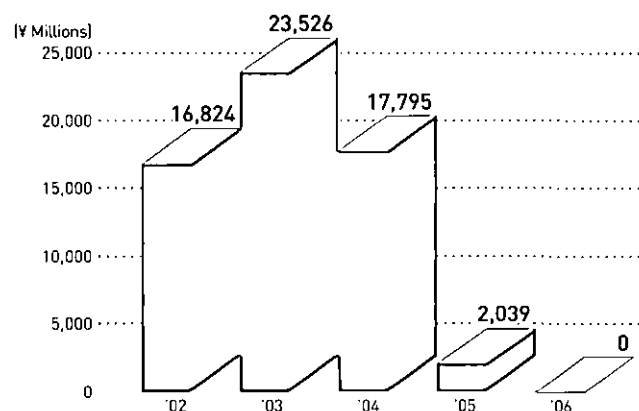


Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
General and Administrative Expenses / Revenues (%)	43.5	56.1	62.6	61.0	68.3
Summary of Operating Costs:					
Financial Expenses	25,743	24,742	21,387	23,136	20,546
General and Administrative Expenses	186,463	236,158	239,893	220,548	242,928

Notes: 1. Financial expenses consist of interest expenses and other expenses associated with financing.

2. General and administrative expenses consist of credit costs, advertising expenses, and general and administrative expenses.

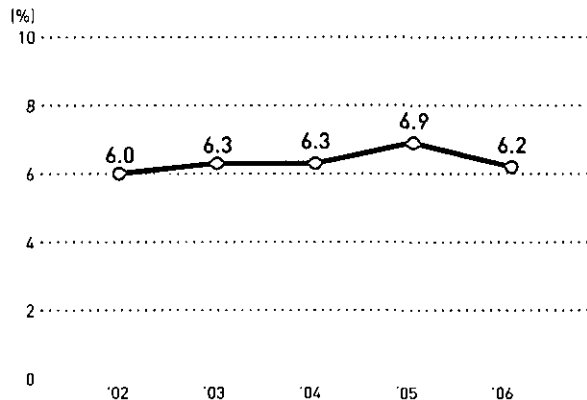
Gain (Loss) on Participation in Leveraged Lease Partnership



Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
Gain (Loss) on Participation in Leveraged Lease Partnership (¥ Millions)	16,824	23,526	17,795	2,039	0

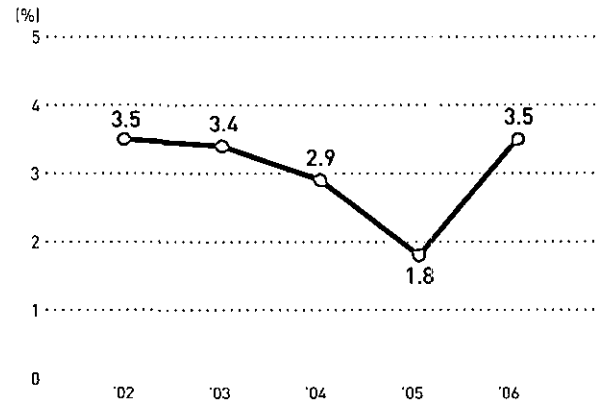
REVENUES / COSTS (CONSOLIDATED)

Personnel Costs / Total Revenues



[¥ Millions/%]					
Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
Personnel Costs	25,671	26,600	24,354	24,924	22,034
Revenues	428,203	421,279	382,915	361,370	355,885
Personnel Costs / Revenues	6.0	6.3	6.3	6.9	6.2

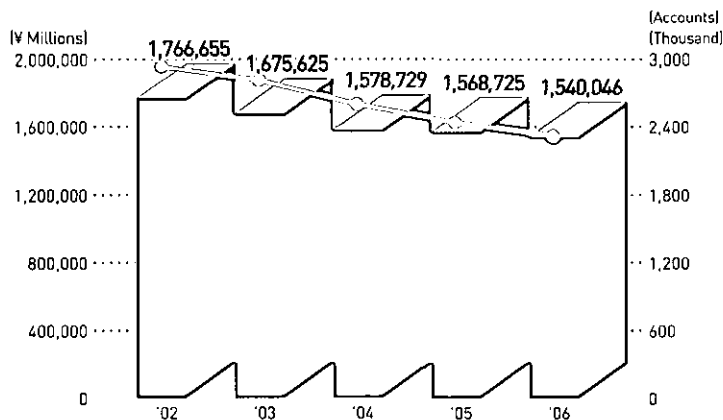
Advertising Expenses / Total Revenues



[¥ Millions/%]					
Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
Advertising Expenses	15,157	14,266	11,216	6,479	12,298
Revenues	428,203	421,279	382,915	361,370	355,885
Advertising Expenses / Revenues	3.5	3.4	2.9	1.8	3.5

OUTSTANDING LOANS / CUSTOMER ACCOUNTS (NON-CONSOLIDATED)

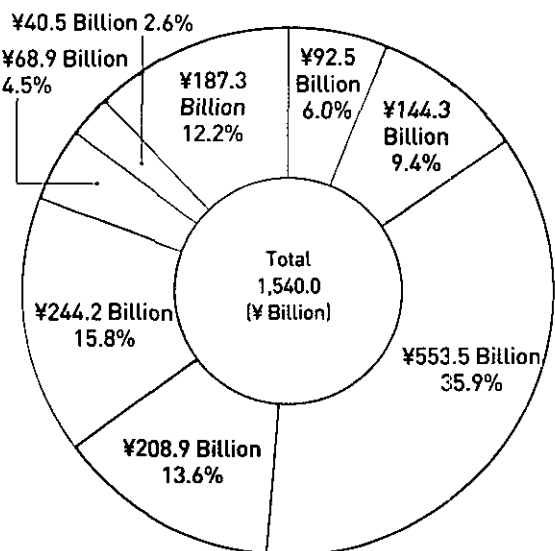
Outstanding Loans Number of Customer Accounts



[¥ Millions]					
Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
Unsecured Outstanding Loans	1,766,655	1,675,625	1,578,729	1,568,725	1,540,046
Growth Rate (%)	7.4	-5.2	-5.8	-0.6	-1.8
Number of Unsecured Loans Accounts	2,937,953	2,814,665	2,602,964	2,442,560	2,322,917
Number of Credit Cardholders Accounts	—	64,014	158,941	218,957	254,665
Average Balance Outstanding per Account (¥ Thousand)	601	595	607	642	663

Note: Average balance outstanding per account data is based on unsecured loans only.

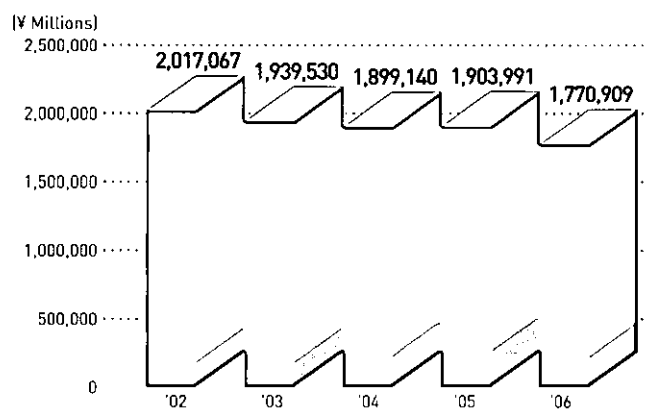
Loan Balance by Region (As of March 31, 2006)



Hokkaido
 Tohoku
 Kanto
 Chubu

ASSETS (CONSOLIDATED)

Total Assets



[¥ Millions/%]					
Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
Total Assets	2,017,067	1,939,530	1,899,140	1,903,991	1,770,909
Current Assets	1,838,175	1,760,769	1,670,900	1,644,267	1,552,258
Other Assets	178,892	178,761	228,240	259,724	218,651
Current Ratio (%)	557.5	465.9	719.1	1,017.5	628.4
Other Assets Ratio (%)	22.9	21.5	25.6	27.0	22.5

Notes: 1. Current Ratio=Current Assets (Fiscal year-end)/Current Liabilities (Fiscal year-end)x100
 2. Other Assets Ratio=Other Assets (Fiscal year-end)/Stockholders' Equity (Fiscal year-end)x100

Income Before Income Taxes / Total Assets

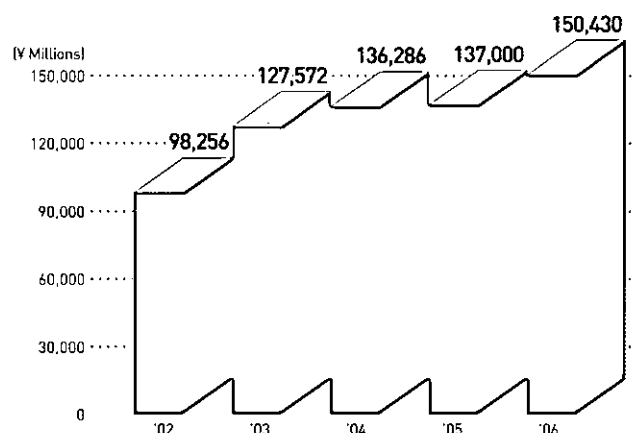


[¥ Millions/%]					
Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
Income Before Income Taxes / Total Assets	6.1	9.2	7.3	6.1	4.0
Net Income / Total Assets (ROA)	3.2 ⁽¹⁾	4.8	3.9	3.6	2.6 ⁽²⁾

Notes: 1. Income before Income Taxes/Total Assets (Yearly Average)x100
 2. Net Income/Total Assets (Yearly Average)x100
 (1) During the year 2002/3, the extraordinary loss of ¥119,860 million on sale of property to subsidiary company "TDS Co., Ltd." was accounted for.
 (2) The extraordinary loss of ¥47,525 million was recorded due to the adoption of accounting standard for impairment of fixed assets.

CREDIT LOSSES (CONSOLIDATED)

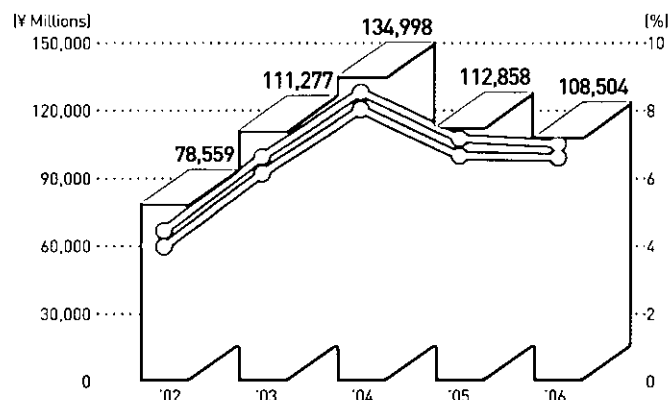
Allowance for Credit Losses



[¥ Millions]					
Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
Allowance for Credit Losses	98,256	127,572	136,286	137,000	150,430

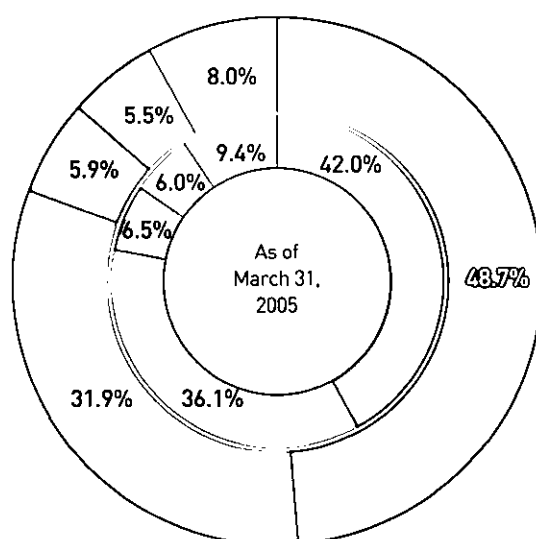
Credit Losses

Credit Losses / Outstanding Loans

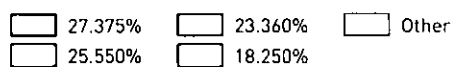


[¥ Millions/%]					
Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
Credit Losses	78,559	111,277	134,998	112,858	108,504
Credit Losses / Outstanding Loans (%)	4.45	6.64	8.55	7.19	7.04
Total Bad Debt Recovery	8,301	8,282	8,113	8,213	6,559
Net Credit Losses	70,258	102,995	126,885	104,645	101,945
Net Credit Loss Ratio (%)	3.98	6.15	8.04	6.67	6.62

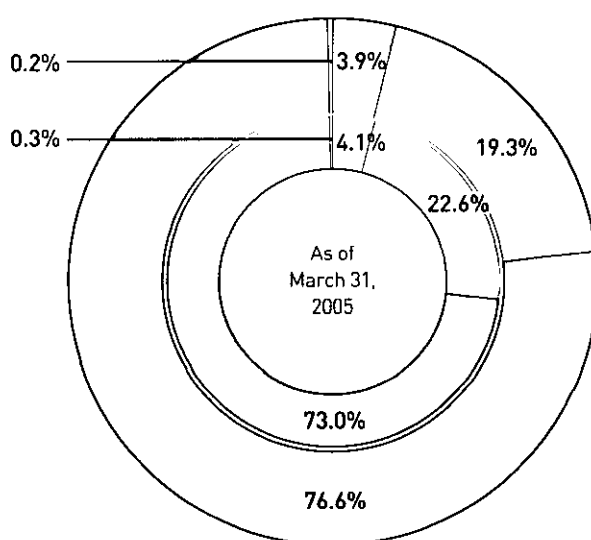
OUTSTANDING LOANS BY INTEREST RATE



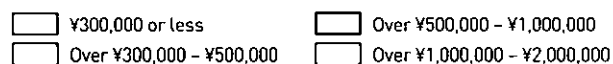
As of March 31,
2006



OUTSTANDING LOANS BY AMOUNT

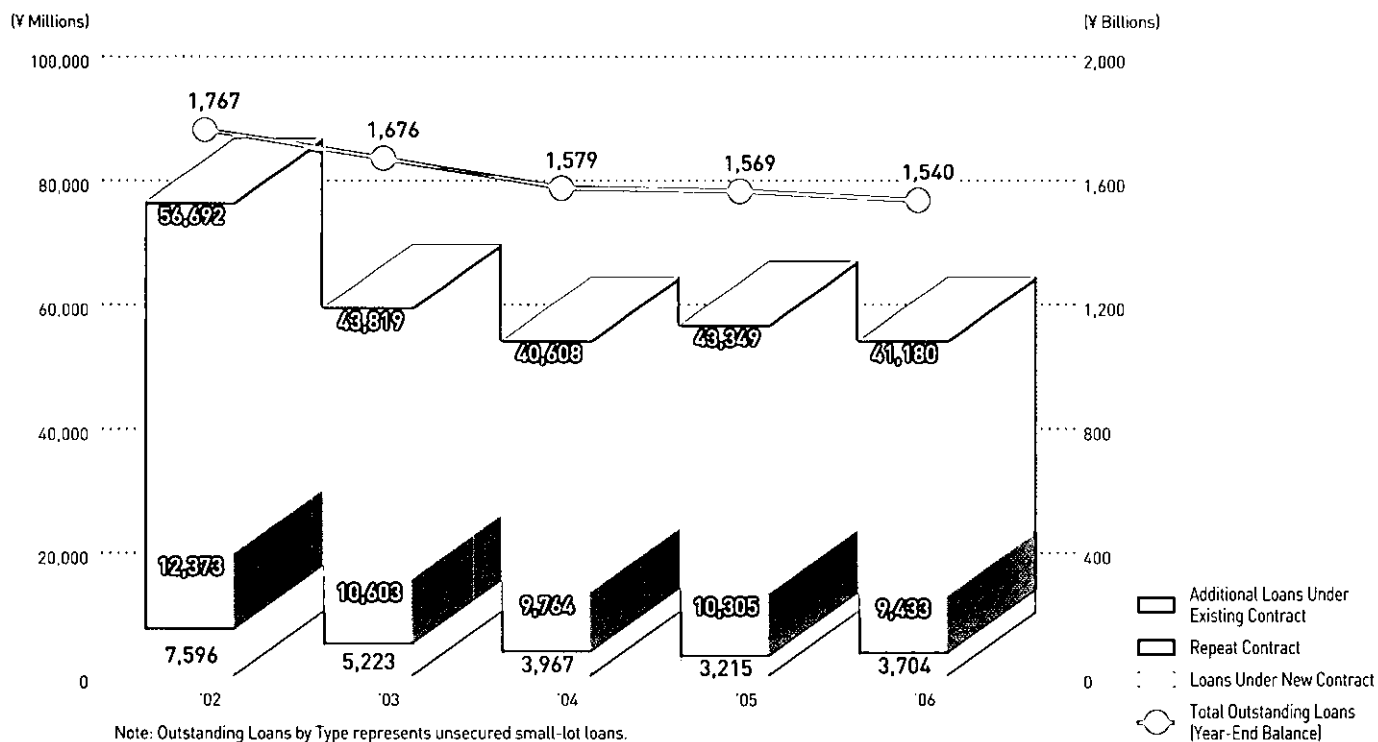


As of March 31,
2006

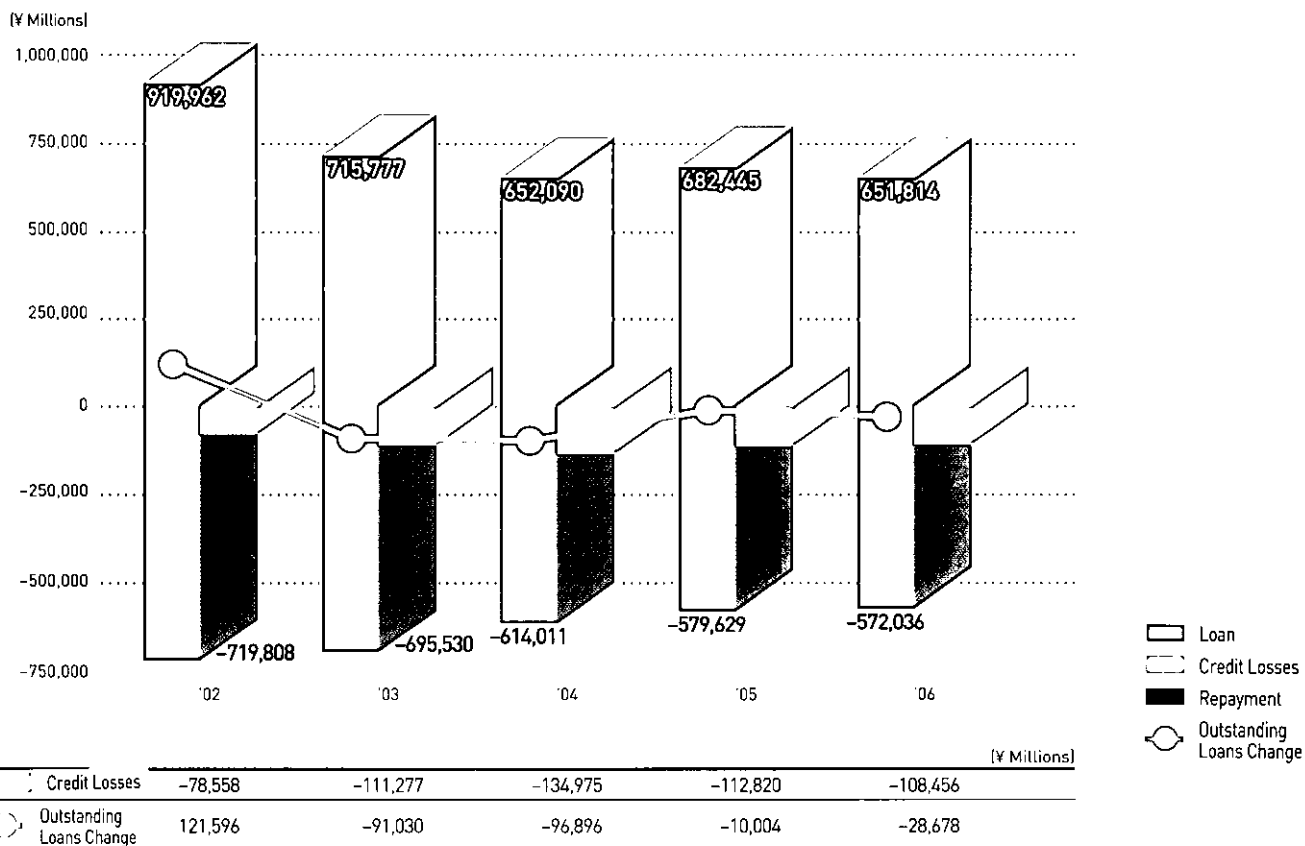


ANALYSIS OF LOANS PORTFOLIO (NON-CONSOLIDATED)

Outstanding Loans by Type (Monthly Average)

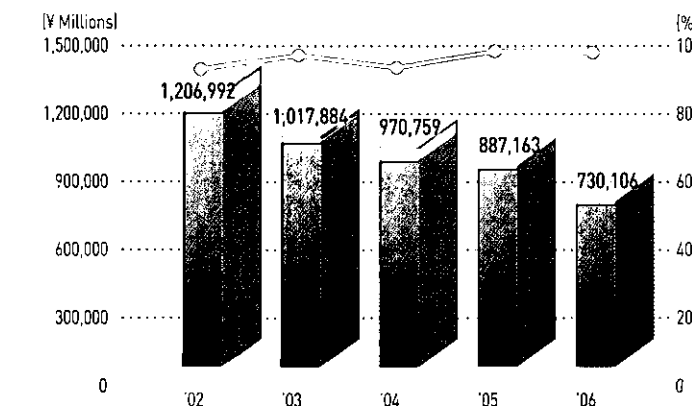


New Loans and Net Increase



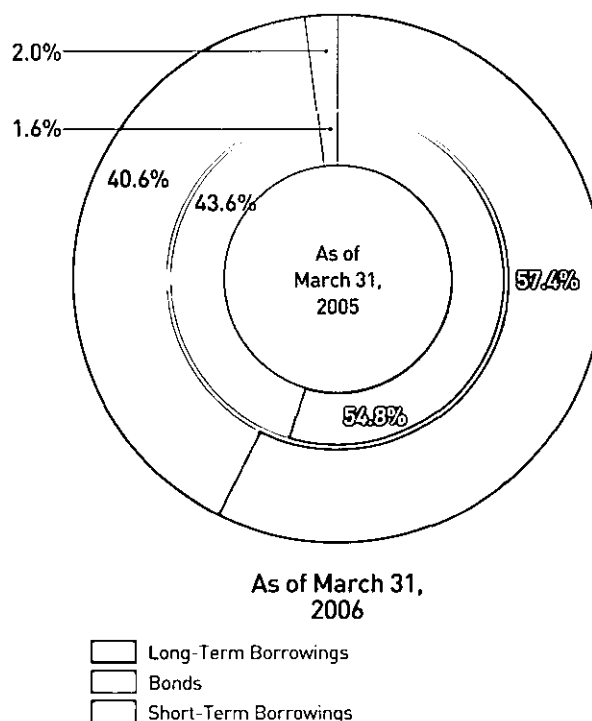
FUNDING (NON-CONSOLIDATED)

Interest-Bearing Debt Ratio of Long-Term Debt

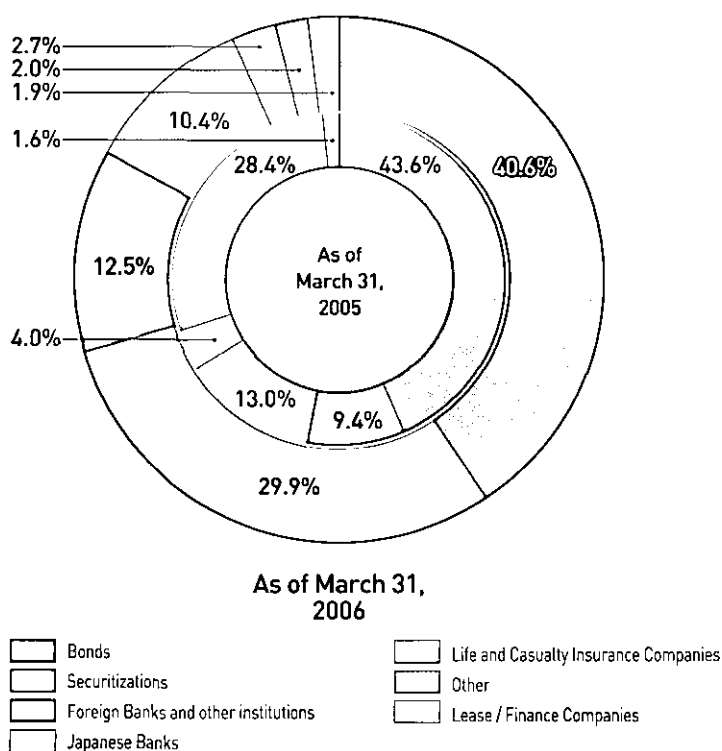


[¥ Millions/%]					
Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
Debt	1,206,992	1,017,884	970,759	887,163	730,106
Short-Term Debt	86,120	28,750	63,550	14,250	14,250
Long-Term Debt	1,120,872	989,134	907,209	872,913	715,856
Ratio of Long-Term Debt	92.9	97.2	93.5	98.4	98.0

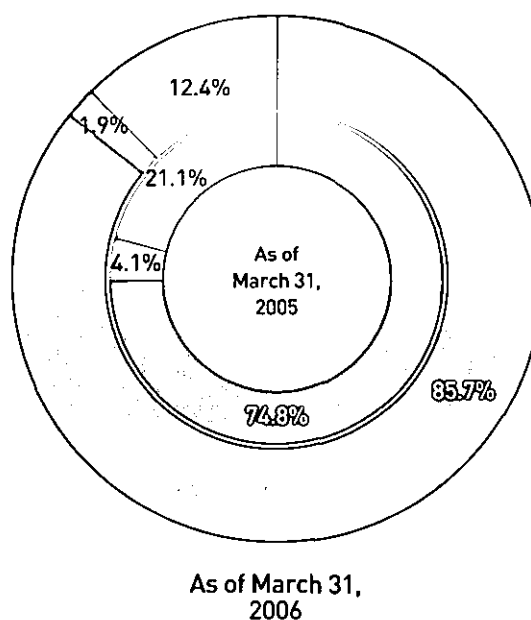
Funding Structure by Maturity



Funding Sources

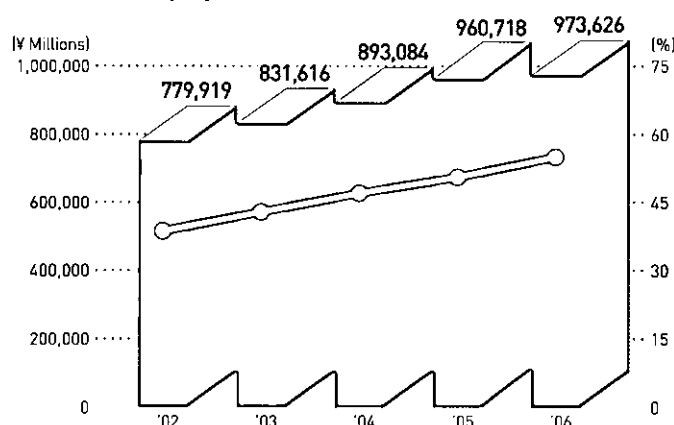


Funding Structure by Key Interest Rates



STOCKHOLDERS' EQUITY (CONSOLIDATED)

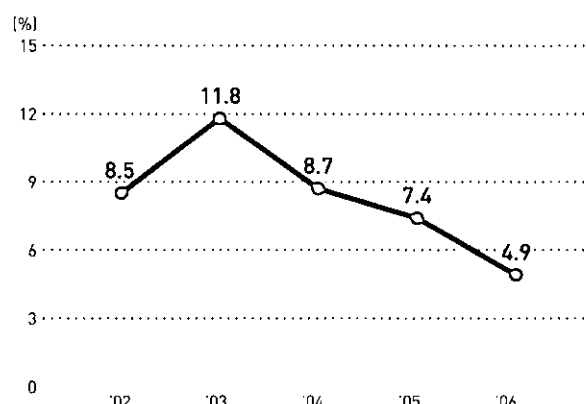
Stockholders' Equity Stockholders' Equity Ratio



Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
Stockholders' Equity	779,919	831,616 ^(*)	893,084 ^(*)	960,718 ^(*)	973,626 ^(*)
Stockholders' Equity Ratio (%)	38.7	42.9	47.0	50.5	55.0

(*) Note: Including acquisition of the treasury stock.

Return on Equity (ROE)



Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
Return on Equity	8.5 ^(*)	11.8	8.7	7.4	4.9 ^(*)

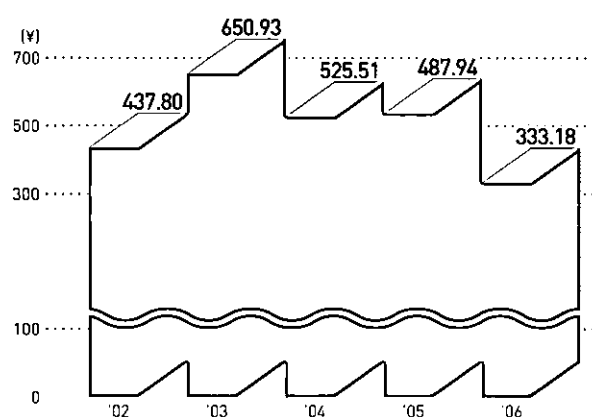
Notes: Return on Equity = Net Income/Stockholders' Equity (Yearly average) × 100

(*) During the year 2002/3, the extraordinary loss of ¥119,860 million on sale of property to subsidiary company "TDS Co., Ltd." was accounted for.

(*) The extraordinary loss of ¥47,525 million was recorded due to the adoption of accounting standard for impairment of fixed assets.

PER SHARE DATA (CONSOLIDATED)

Net Income per Share

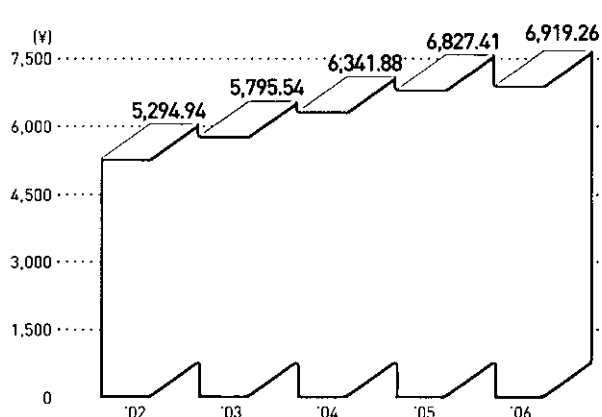


Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
Net Income per Share	437.80 ^(*)	650.93	525.51	487.94	333.18 ^(*)
Number of Shares Outstanding at Fiscal Year-end (Thousand)	147,295	143,481	140,816	140,706	140,706
Adjusted Yearly Weighted Average Number of Shares Outstanding (Thousand)	147,295	146,070	142,149	140,723	140,706

Notes: (*) During the year 2002/3, the extraordinary loss of ¥119,860 million on sale of property to subsidiary company "TDS Co., Ltd." was accounted for.

(*) The extraordinary loss of ¥47,525 million was recorded due to the adoption of accounting standard for impairment of fixed assets.

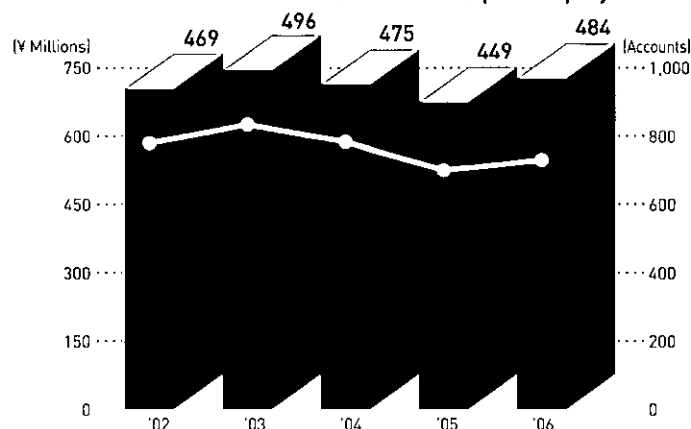
Stockholders' Equity per Share



Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
Stockholders' Equity per Share	5,294.94	5,795.54	6,341.88	6,827.41	6,919.26
Cash Dividends per Share	100.00	100.00	100.00	100.00	230.00
Adjusted Number of Shares Outstanding at Fiscal Year-End (Thousand)	147,295	143,481	140,816	140,706	140,706

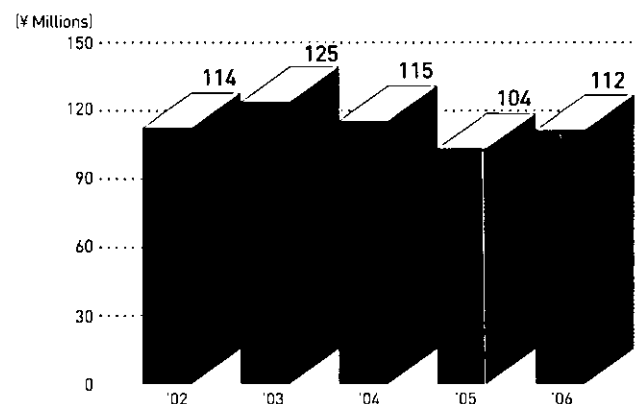
PER EMPLOYEE DATA (CONSOLIDATED)

Outstanding Loans (Unsecured) per Employee Number of Customer Accounts (Unsecured) per Employee



Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
Outstanding Loans per Employee	469	496	475	449	484
Number of Customer Accounts per Employee	779	834	783	700	730
Number of Employee at Fiscal Year-End	3,770	3,375	3,324	3,491	3,184

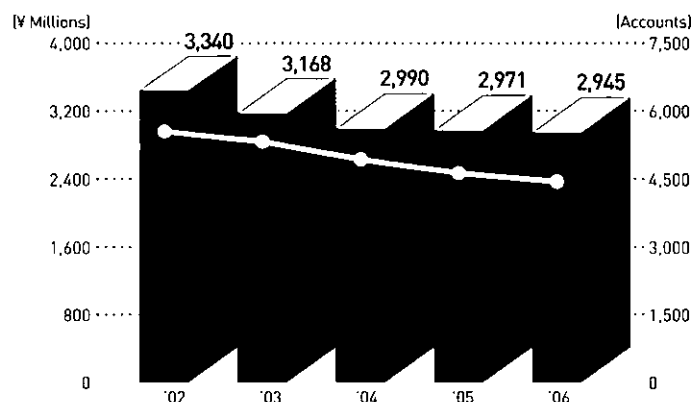
Revenue per Employee



Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
Revenue per Employee	114	125	115	104	112
Income before Income Taxes per Employee	33	54	42	33	22
Net Income per Employee	17	28	22	20	15

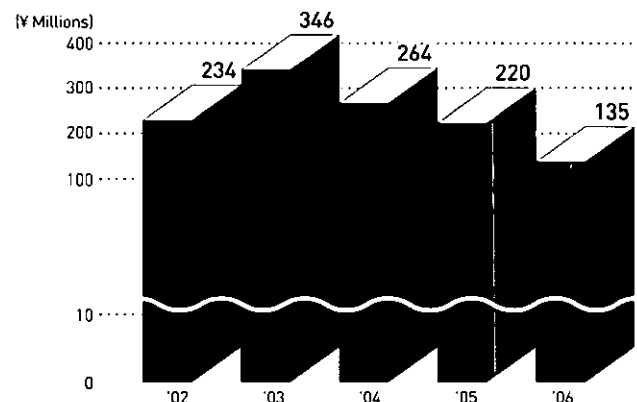
PER OFFICE DATA (CONSOLIDATED, MANNED OFFICE BASIS)

Outstanding Loans (Unsecured) per Manned Office Number of Customer Accounts (Unsecured) per Manned Office



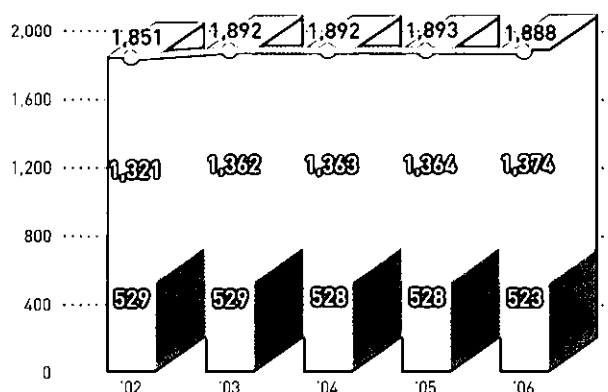
Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
Outstanding Loans per Manned Office	3,340	3,168	2,990	2,971	2,945
Number of Customer Accounts per Manned Office	5,553	5,321	4,930	4,626	4,442
Number of Manned Offices at the Year-End	529	529	528	528	523

Income before Income Taxes per Manned Office



Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
Revenue per Manned Office	809	796	725	684	680
Income before Income Taxes per Manned Office	234	346	264	220	135
Net Income per Manned Office	122	180	142	130	90

Number of Offices

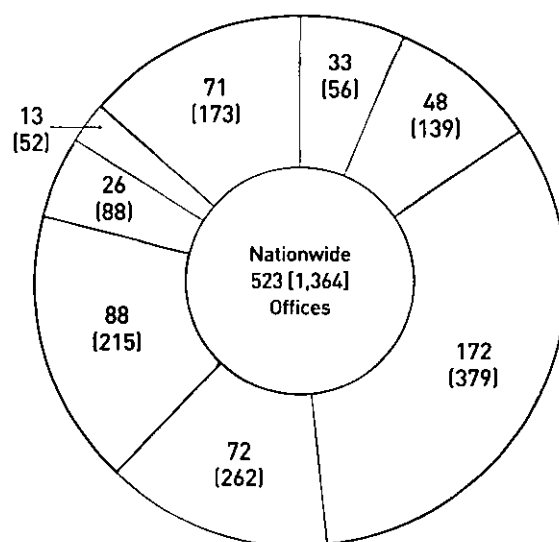


Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
Number of Manned Office	529	529	528	528	523
Number of Unmanned Office	1,321	1,362	1,363	1,364	1,374 ^(*)
Number of Yen musubi	1,851	1,892	1,892	1,893	1,888

Notes: In addition, there has been one Internet branch office since 2000/3.

(*) Unmanned loan branch offices including automatic quick loan application

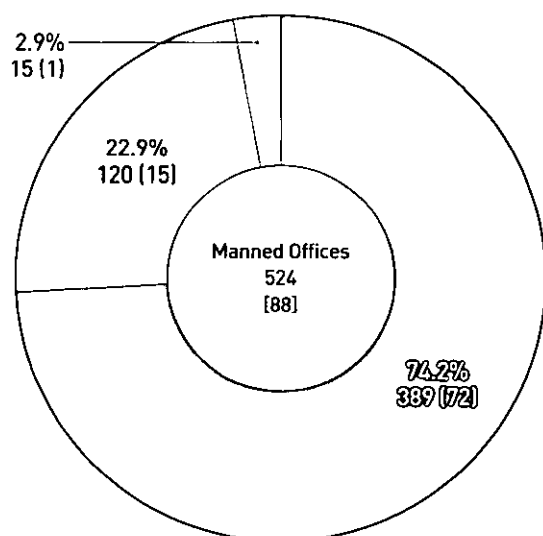
Number of Offices by Region [As of March 31, 2006]



Legend: Hokkaido, Tohoku, Kanto, Chubu, Kinki, Chugoku, Shikoku, Kyushu

Note: Numbers in parentheses indicate unmanned offices excluding internet office.

Offices by Number of Employees [As of March 31, 2006]

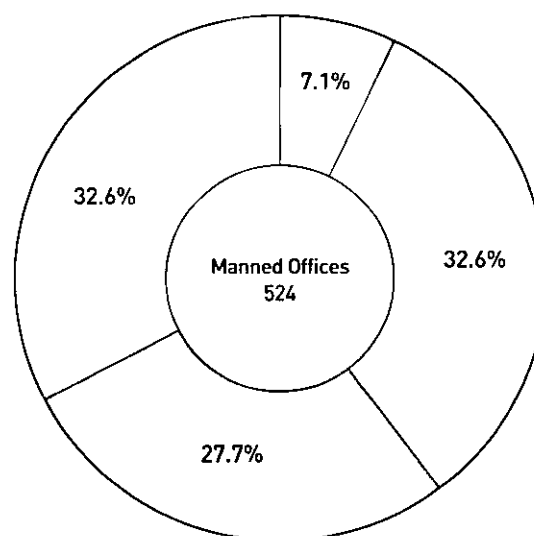


Legend: Number: 5 or less, Number: 6 - 9, Number: 10 and over

Note: Numbers in parentheses indicate female office managers.

Total number of manned offices includes one Internet branch office.

Manned Offices by Outstanding Loans [As of March 31, 2006]

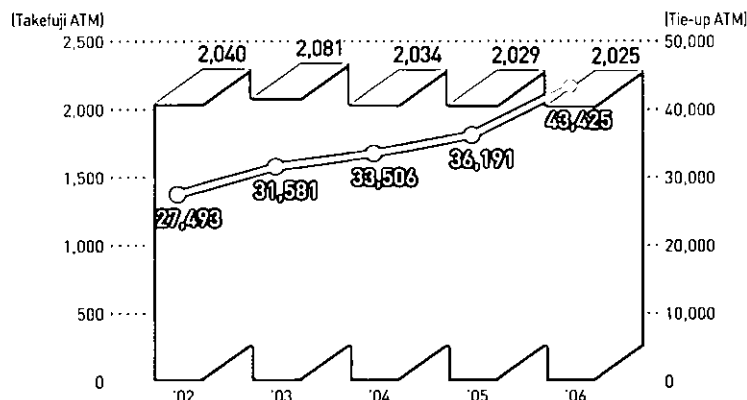


Legend: Outstanding Loans: less than ¥1 billion, Outstanding Loans: ¥1 billion - ¥2 billion, Outstanding Loans: ¥2 billion - ¥3 billion, Outstanding Loans: over ¥3 billion

Note: Total number of manned offices includes one Internet branch office.

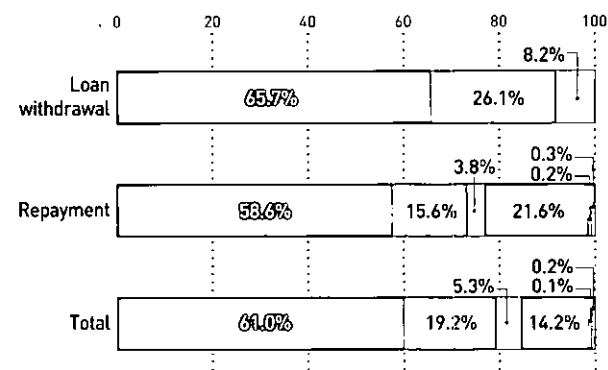
ATM-RELATED DATA (NON-CONSOLIDATED)

Number of ATMs



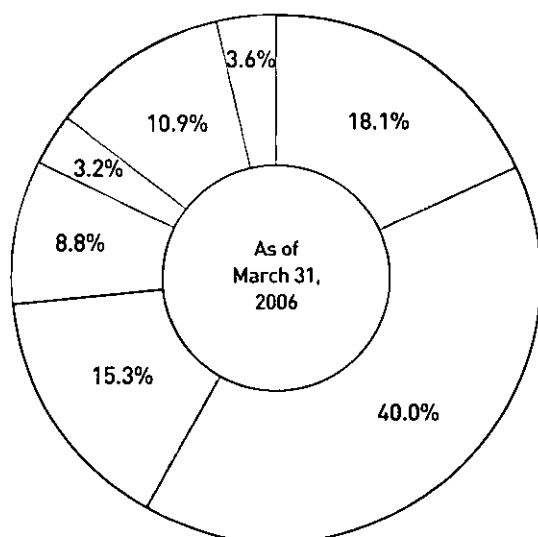
Fiscal Year Ended	2002/3	2003/3	2004/3	2005/3	2006/3
Number of Takefuji ATMs	2,040	2,081	2,034	2,029	2,025
Number of Tie-up CDs and ATMs	27,493	31,581	33,506	36,191	43,425
Total	29,533	33,662	35,540	38,220	45,450

Composition of Transactions by Type (Year ended March 31, 2006)



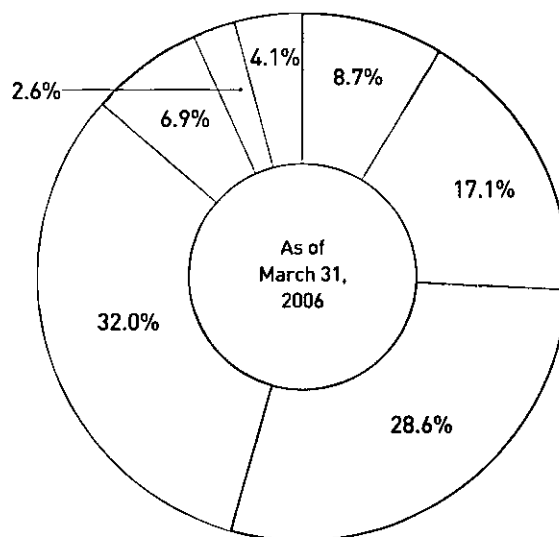
	Takefuji ATM		Bank Account Transfer
	Tie-up ATM		Registered Mail
	Office		Collection Visit

Loan Amount per ATM Transaction



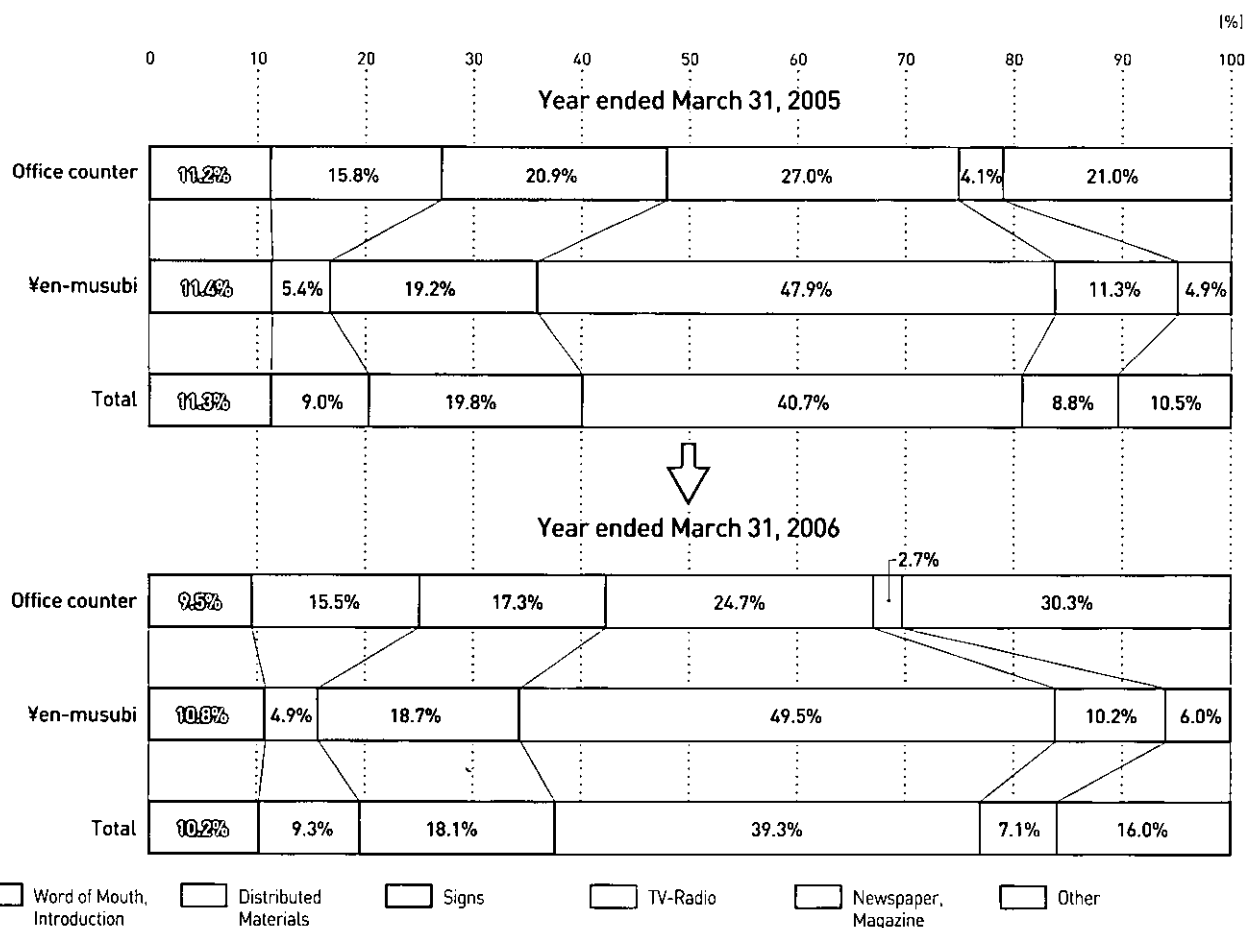
	Under ¥10 thousand		¥40 – ¥49 thousand
	¥10 – ¥19 thousand		¥50 – ¥100 thousand
	¥20 – ¥29 thousand		Over ¥100 thousand
	¥30 – ¥39 thousand		

Repayment Amount per ATM Transaction

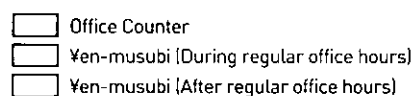
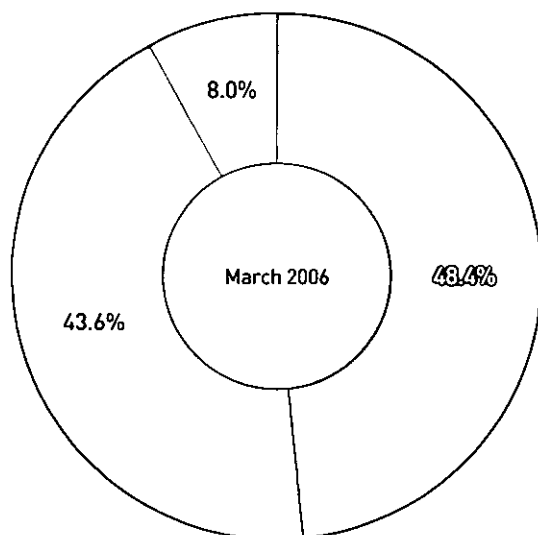


	Under ¥10 thousand		¥40 – ¥49 thousand
	¥10 – ¥19 thousand		¥50 – ¥59 thousand
	¥20 – ¥29 thousand		Over ¥60 thousand
	¥30 – ¥39 thousand		

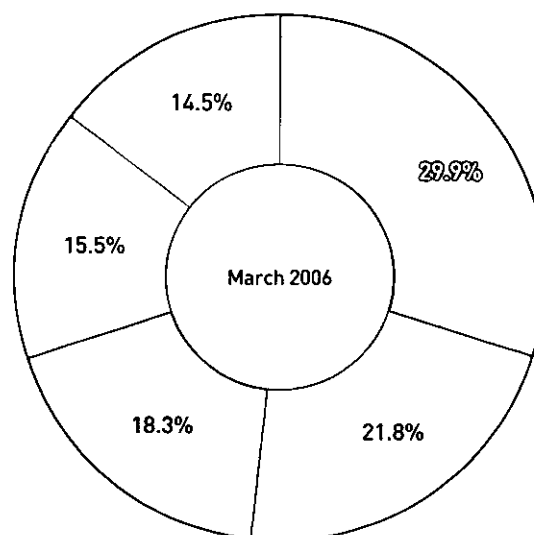
NEW CUSTOMER ACQUISITION BY MEDIA



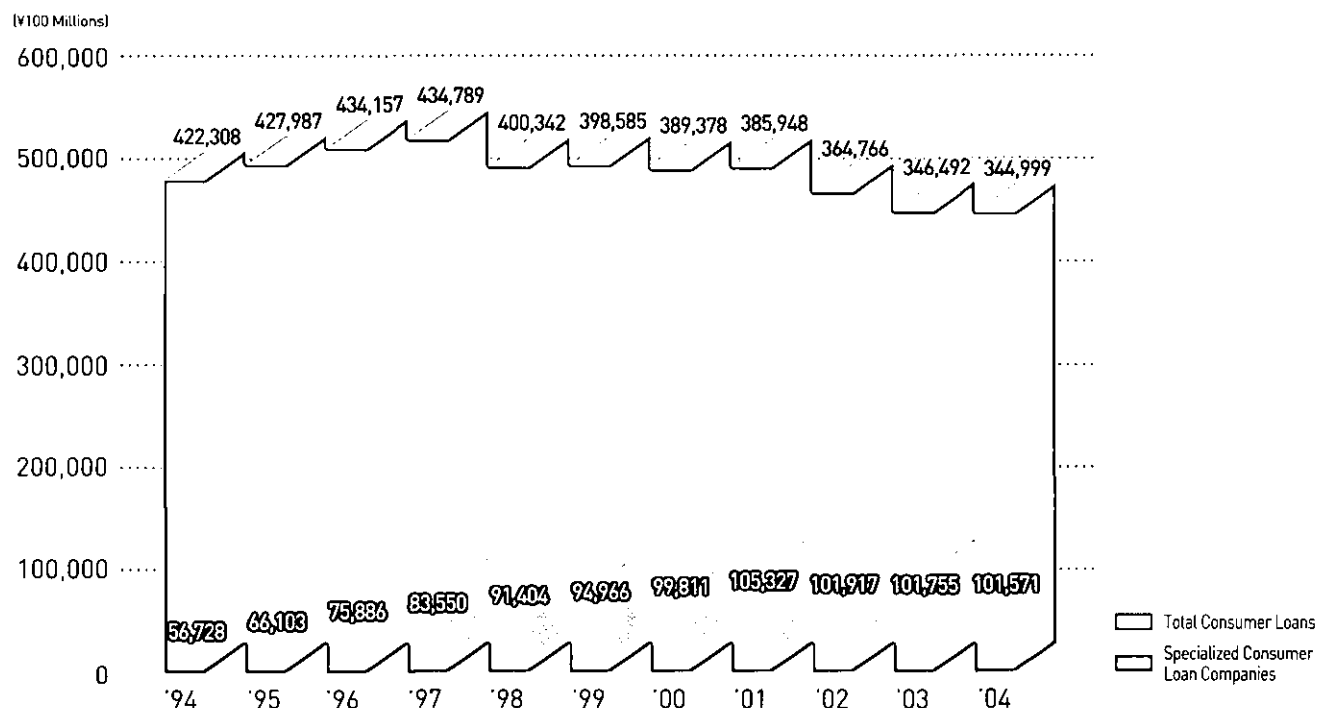
The Place of Contract
(New Accounts)



Number of Borrowings at Other Consumer
Finance Companies — New Customers

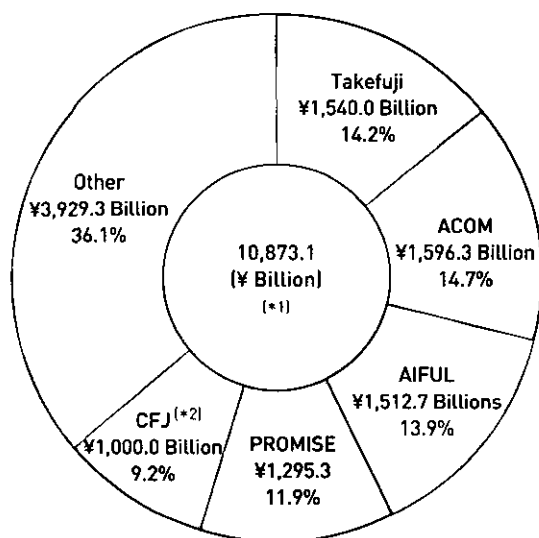


Outstanding Consumer Loans



Source: Japan Consumer Credit Association

Market Share Information (Consolidated Basis)



As of March 31, 2006

Source: The Japan Finance Newspaper

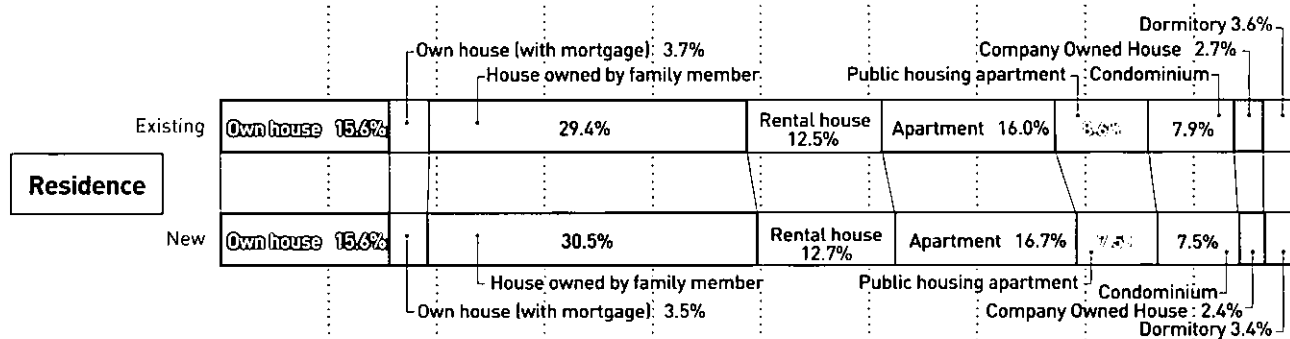
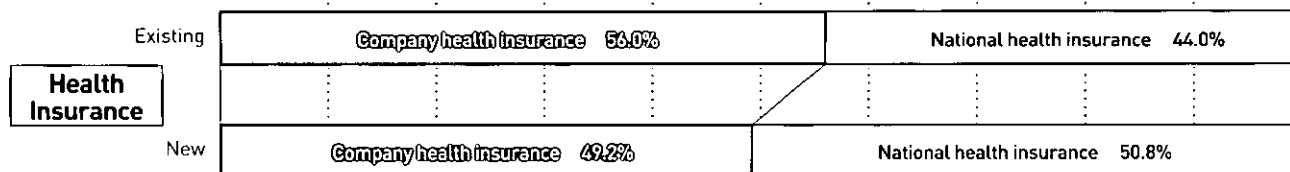
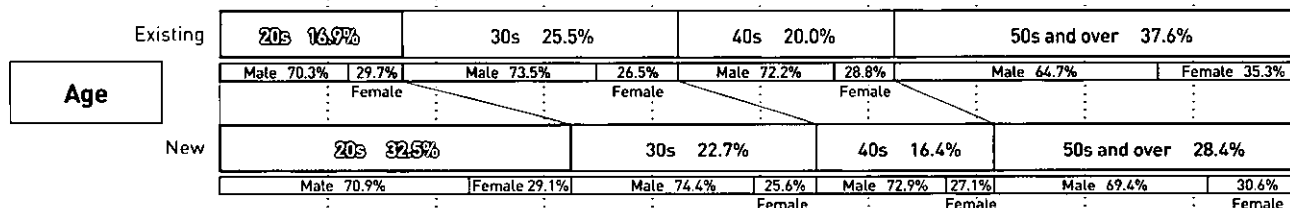
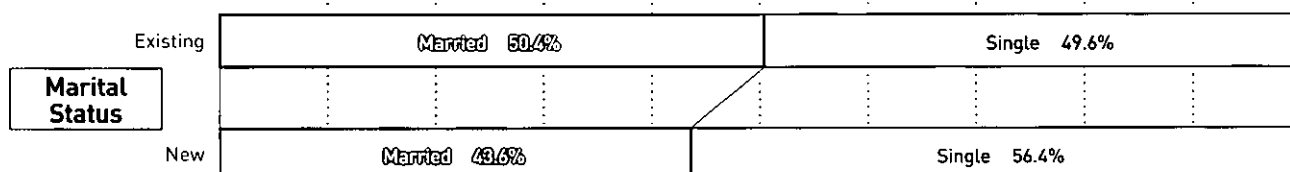
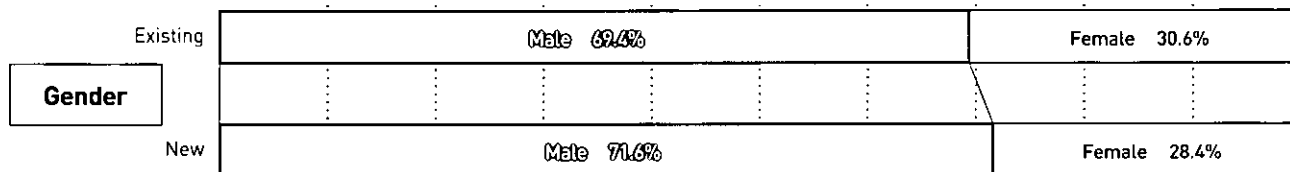
Notes: (*1) The aggregate companies total with outstanding loans over ¥10 billion.

(*2) The total of CFJ Co., Ltd. consists of two companies, Dick and Unimat Ladies.

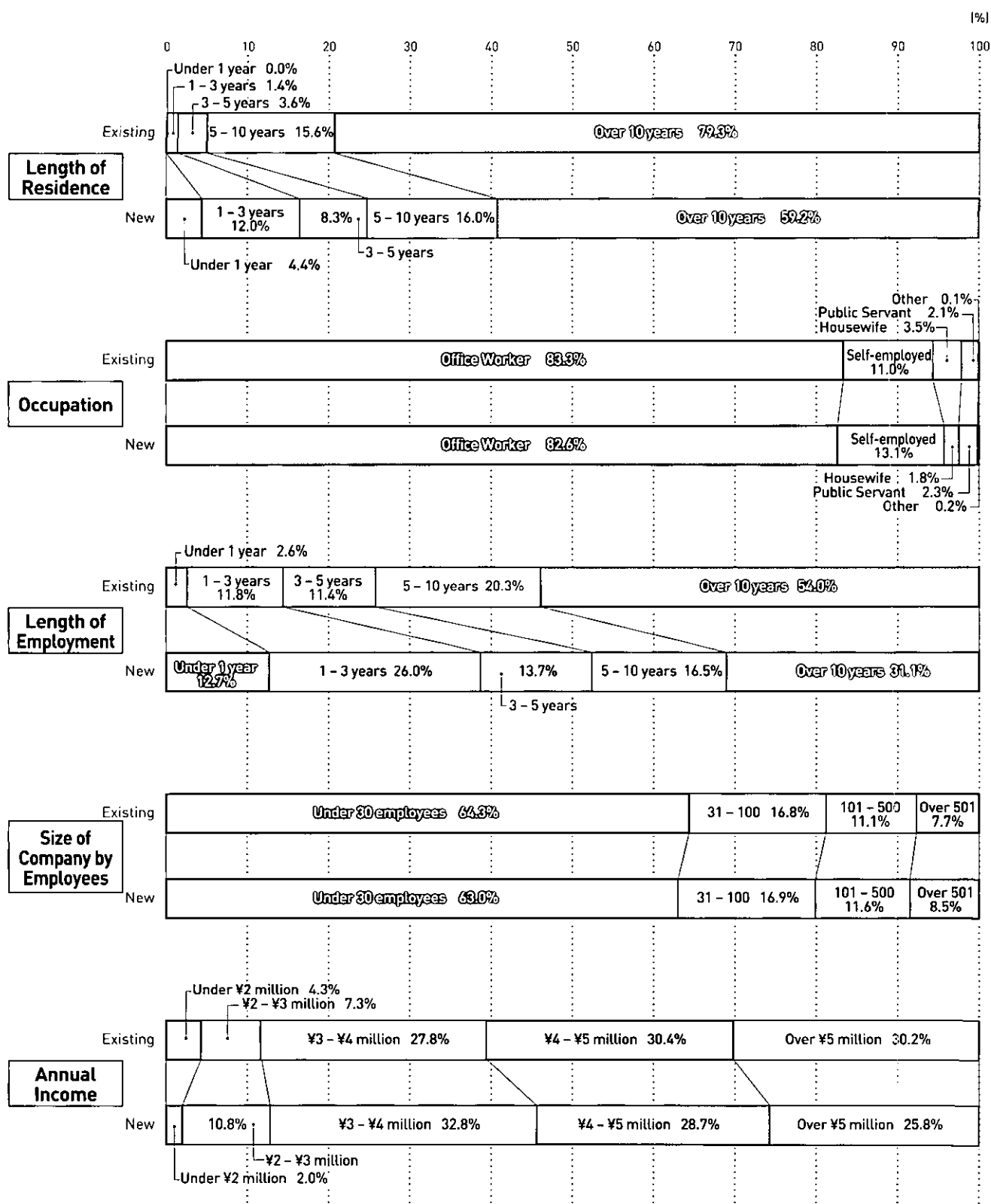
CUSTOMER PROFILE

(%)

0 10 20 30 40 50 60 70 80 90 100



CUSTOMER PROFILE

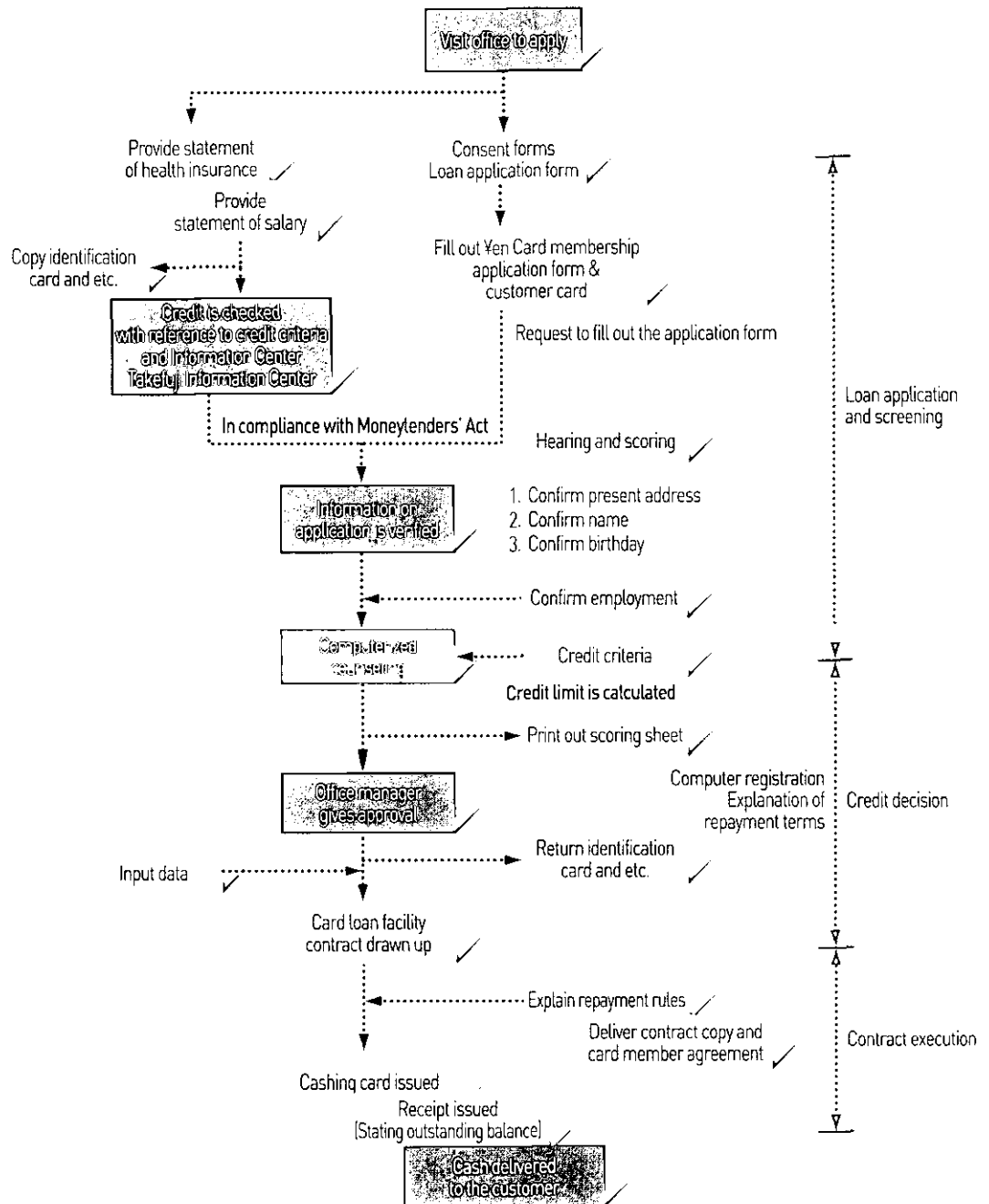


BUSINESS PROCESS

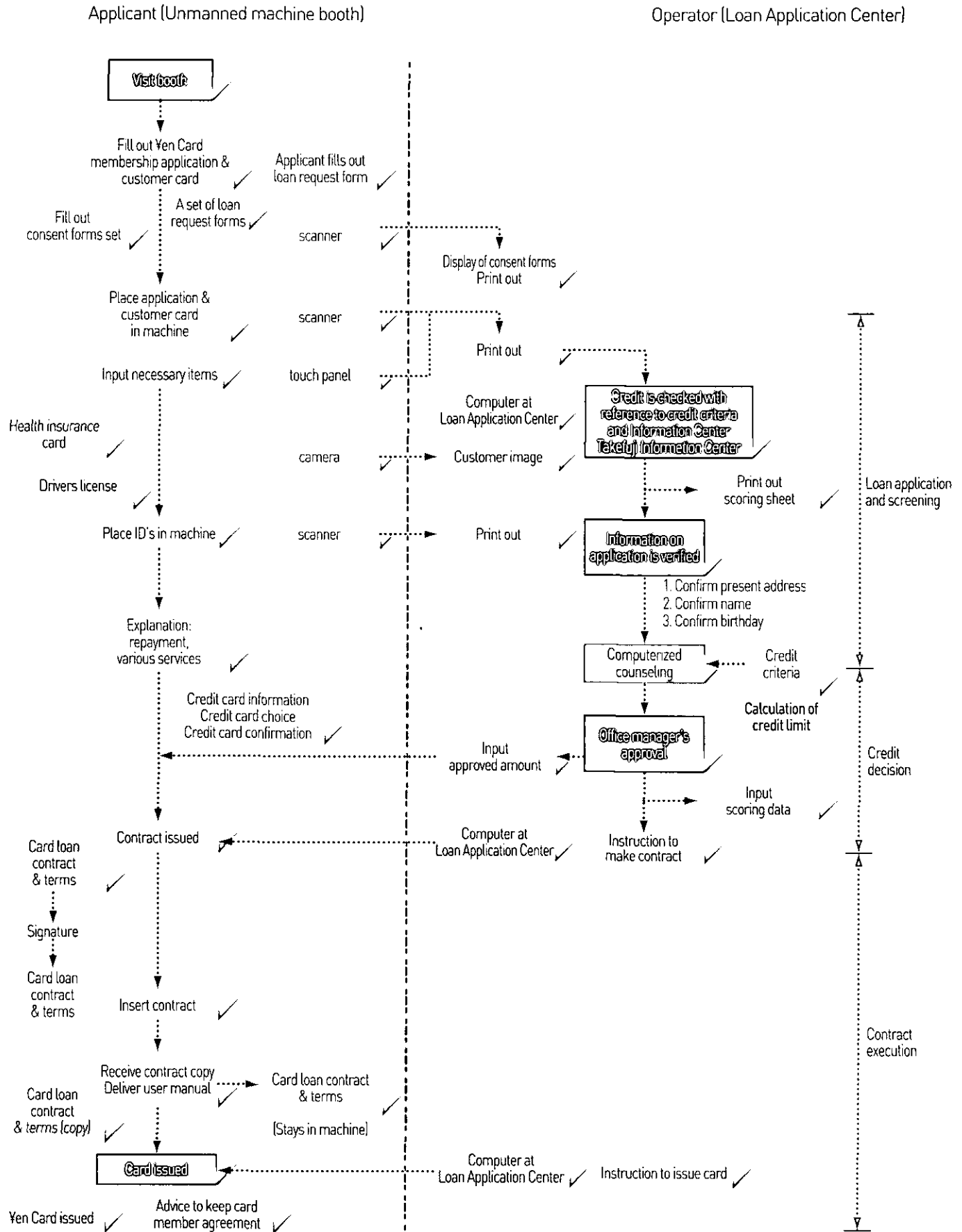
1. Features of Products Offered

1. Speedy procedures
2. Small size, unsecured (no collateral) and unguaranteed loans
3. Confidentiality strictly upheld
4. Interest calculated daily
5. Revolving loan method
6. Loans granted regardless of purpose

2. Loan Application Procedures (Over the Office Counter)



3. Loan Application Procedures (Yen-musubi)



4. Loan Review Procedures

The consumer finance industry is built around convenience, achieved with quick loans which require neither security nor guarantees. In order to offer such loans, the Company has developed the following standards and procedures drawing on experience accumulated during its years in the field.

- (1) Credit limits and conditions vary by occupation, age and other relevant factors, based on extensive data on past repayment histories.
- (2) Identity, employment, address and other key items of information are carefully confirmed.
- (3) The prospective customer's creditworthiness is determined at the time of loan application, in part by running checks with Takefuji Information Center, which manages a database on Takefuji customers, and the individual credit information center of the Allied Nationwide Credit Information Center. Loans are not extended to individuals who are found to have previously defaulted or who already hold a large number of loans. In March 1987, the exchange of personal information on customers was initiated between the banking, credit sales and consumer finance industries in order to further reduce the risk of non-performing loans.
- (4) The yen limit of the loans is calculated based on both the customer's demonstrated creditworthiness and by reference to standards set according to yearly income. The average amount of a new loan on first application currently stands at around ¥231 thousand. The credit limit may be increased depending on the customer's payment records. The average balance of loans outstanding per customer was around ¥663 thousand as of March 2006.

5. Payment

The Company employs a fixed payment date system.

- (1) Fixed payment date
For the customer's convenience, the payment date is established as one of the three days following his or her monthly payday. Thus the customer can always make the monthly payment on the same convenient date.
- (2) Payment amount
Minimum-payment amounts are determined and fixed according to amount of loan and number of payment.
- (3) Administration of receivables
 - a. Delinquency
The day following the agreed payment date is considered the date when delinquency occurs, and the days of delinquency are calculated accordingly.
 - b. Renewal of payment date
The payment date is revised to the next payment date when
 - 1) payment of the monthly principal and interest due is received or
 - 2) payment of an amount greater than the interest due by the following payment date is received.

6. Individual Credit Information Organizations

(1) Overview of Takefuji's comprehensive credit checks (As of March 31, 2006)

Organization Items	Takefuji Information Center	Allied Nationwide Credit Information Center	Japanese Bankers Association Personal Credit Information Center	Credit Information Center Corp.
Type of organization	Takefuji's independent information center (Began operations in July 1983)	Association of 33 independent credit information centers including companies and cooperative associations (Began operation in September 1976)	Center for the collection of personal credit information (Began operation in 1988)	Agency for the collection of consumer credit information (The Shinpan and the credit card industry) (Began operation in September 1984)
Number of members	524 offices in Japan including Internet offices	3,406 Companies and 7,326 offices (Total of 33 centers)	1,502 Companies	751 Companies
Users	Purposes 1. Established to fill a need for communication between credit information centers, which did not exist previously 2. To avoid setting up Takefuji accounts at more than one branch for the same individual	(Membership) Consumer finance companies, local credit sales companies, and others	(Membership) Primarily banks, financial institutions, credit card companies and other financing institutions and companies	(Membership)
Accumulated data (Approximate)	9,790,000 listings	22,240,000 listings	79,400,000 listings	437,090,000 listings
Inquiries and responses per month from consumer finance industry (Approximate)	275,000	9,830,000	850,000	2,500,000
Method of inquiry and response	Online inquiries and responses through computer network	① Dedicated terminals ② CPU connection ③ Magnetic media	① Online inquiries ② Batch inquiries via magnetic tape	① Online inquiries and responses via computer network ② Batch inquiries and responses via CMT

(2) Purpose

In order to prevent the increase of individuals who take on excessive borrowings from multiple sources, the Company utilizes four credit information organizations to make meticulous identification of problem credit risks and to protect consumers. Careful observance of these basic premises helps the Company to maintain sound operations.

1. Takefuji Information Center

Real-time information on customer accounts eliminates the possibility that an individual may open multiple accounts by visiting more than one Takefuji office.

2. Allied Nationwide Credit Information Center

This center, which supplies real-time information to consumer finance companies, comprises 33 independent credit information centers linked by an online computer network throughout Japan.

3. Personal Credit Information Center of the Japanese Bankers Association (JBA).

This is a banking information center under the umbrella of the JBA, securing consumer personal credit information on a nationwide level.

4. Credit Information Center Corp.

This center is an installment credit and credit card industry information center aiming at being the most reliable and most user friendly personal credit information organization as social infrastructure that supports the sound development of consumer credit.

7. Debt Collection

(1) Three basic strategies minimize the risk of non-payment (delinquency).

- Appropriate credit lines are established based on the Company's accumulated data and know-how.
- Payment dates are set to maximize customer convenience.
- In the event of non-payment, debt collection efforts are made promptly and efficiently.

(2) Debt collection operations

Type of delinquent account	Before payment date (Excluding delinquencies involving attorneys)	1-120 days in arrears [*]	Over 120 days in arrears	Voluntarily and legally administered delinquencies	Court-led rehabilitation delinquencies	Written off accounts
Responsible unit	Branch office /Regional loan collection office / Loan Administration Dept. at Head office	Branch office	Regional loan collection office	Loan Administration Dept. at Head office	Loan Administration Dept. at Head office	Loan Administration Dept. at Head office
Description	- Written notice of repayment date five days prior - Telephone reminder on repayment date	- Contact by telephone and mail - Collection by visit	- Contact by telephone and mail - Collection by visit - Payment request and legal proceedings	Collection and administration of delinquencies involving attorneys and judicial scriveners	Collection and administration of court-led rehabilitation delinquencies	Contact by telephone and mail

Note: [*] Collection of loans overdue by one to ten days is primarily conducted by call centers.

(3) Internal restrictions on collection activities

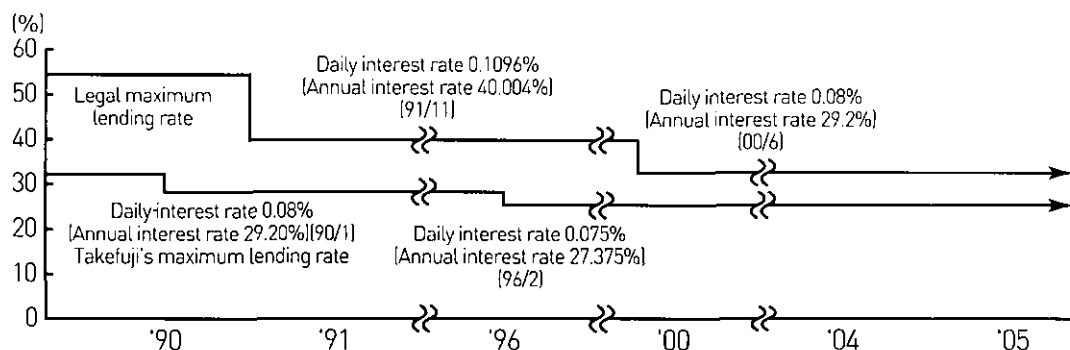
a. Telephone contacts

- Frequency: total of three calls per day (per customer).
- Time: from 8:10 a.m. to 8:50 p.m., but:
First contact for 1 day-repayment delay should be made after 8:30 a.m. and
Morning calls are prohibited when the customer's working hours are at night.

b. Written notice

- Frequency: up to twice per week, but mailing notices on consecutive days is prohibited. Not allowed to contact customer asking for repayment other than home address without proper reasons.

8. Maximum Lending Rate



9. Average Yield on Outstanding Loans (Interest Income/ Average Outstanding Balance)

Item \ FY ended	2002/3	2003/3	2004/3	2005/3	2006/3
Actual yield per annum (%)	23.98	23.37	22.50	21.74	21.66

Note: Figures for actual yield on loans outstanding reflect unsecured loans only.

CONSOLIDATED BALANCE SHEETS FOR FIVE YEARS

Fiscal Year Ended Item	2006/3			2005/3		
	¥ Millions	Proportion (%)	Change (%)	¥ Millions	Proportion (%)	Change (%)
ASSETS						
Current assets:						
Cash in hand and at banks	52,566		-10.4	58,651		28.2
Time deposits	14,456		-5.7	15,329		-18.3
Marketable securities	5		-98.4	320		-98.6
Short-term investments	40,000		-52.9	84,988		30.8
Direct cash loans to customers:						
Principal	1,540,046		-1.8	1,568,725		-0.6
Accrued interest income	12,305		1.6	12,113		-49.0
Less: allowance for credit losses	-150,430		9.8	-137,000		0.5
Prepaid expenses	901		-17.6	1,094		-18.3
Deferred tax assets	19,502		-20.7	24,582		-29.3
Other current assets	22,907		48.1	15,465		-7.9
Total current assets	1,552,258	87.7	-5.6	1,644,267	86.4	-1.6
Investments:						
Investments in securities	32,432		-50.3	65,220		35.9
Investments in partnerships	—		—	—		—
Other investments	1,039		42.7	728		—
Total investments and advances	33,471	1.9	-49.2	65,948	3.4	21.0
Property and equipment, net of accumulated depreciation	49,794	2.8	-49.4	98,321	5.2	-1.5
Deferred tax assets	17,139	0.9	—	—	—	—
Leasehold deposits and other assets	118,247	6.7	23.9	95,455	5.0	29.0
Foreign currency translation adjustments	—		—	—		—
Total assets	1,770,909	100.0	-7.0	1,903,991	100.0	0.3
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current liabilities:						
Short-term borrowings	—		—	—		—
Current portion of long-term debt	181,986		41.4	128,694		-24.3
Accounts payable	5,463		7.7	5,073		22.9
Income taxes payable	27,169		60.6	16,920		-18.9
Accrued expenses	6,663		-13.0	7,658		-5.1
Allowance for losses for refund of interest received from customers	22,500		—	—		—
Other current liabilities	3,242		-0.3	3,251		-0.1
Total current liabilities	247,023	13.9	52.9	161,596	8.5	-30.5
Long-term debt	547,096	30.9	-29.8	778,988	40.9	1.0
Allowance for retirement benefits	3,164	0.2	17.7	2,689	0.1	3.4
Minority interest	—		—	—		—
Stockholders' equity:						
Common stock	30,478	1.7	—	30,478	1.6	—
Additional paid-in capital	52,263	2.9	—	52,263	2.7	—
Retained earnings	921,787	52.1	2.6	898,141	47.2	6.5
Net unrealized losses on other investments in securities, net of taxes	9,767	0.6	-53.2	20,858	1.1	198.6
Foreign currency translation adjustments	107		—	-246		48.2
Treasury stock	-40,776	-2.3	—	-40,776	-2.1	1.9
Total stockholders' equity	973,626	55.0	1.3	960,718	50.5	7.6
Total liabilities and stockholders' equity	1,770,909	100.0	-7.0	1,903,991	100.0	0.3

2004/3			2003/3			2002/3		
¥ Millions	Proportion [%]	Change [%]	¥ Millions	Proportion [%]	Change [%]	¥ Millions	Proportion [%]	Change [%]
45,752		21.3	37,704		-12.5	43,097		69.9
18,770		-10.6	20,991		-24.6	27,835		24.9
22,284		67,427.3	33		—	—		—
64,997		-15.7	77,086		263.3	21,221		-15.1
1,578,729		-5.8	1,675,625		-5.2	1,766,656		7.4
23,732		2.8	23,078		6.3	21,715		19.5
-136,286		6.8	-127,572		29.8	-98,256		19.0
1,339		-3.7	1,390		-35.6	2,158		-6.1
34,785		-3.8	36,167		36.5	26,498		15.0
16,798		3.3	16,267		-40.3	27,251		121.8
1,670,900	88.0	-5.1	1,760,769	90.8	-4.2	1,838,175	91.1	8.7
47,978		17.8	40,731		-15.6	48,252		-37.8
5,784		-22.0	7,418		0.2	7,402		-18.5
728		-3.2	752		-6.6	805		-11.4
54,490	2.9	11.4	48,901	2.5	-13.4	56,459	2.8	-35.5
99,768	5.2	-2.4	102,270	5.3	-1.3	103,633	5.1	-53.9
—	—	—	9,340	0.5	15.2	8,111	0.4	151.5
73,982	3.9	305.4	18,250	0.9	70.7	10,689	0.5	-7.8
—	—	—	—	—	—	—	—	—
1,899,140	100.0	-2.1	1,939,530	100.0	-3.8	2,017,067	100.0	-0.0
26,000		—	—		—	51,200		123.1
170,053		-41.1	288,697		13.7	253,989		-28.3
4,128		-35.9	6,437		2.6	6,275		-12.7
20,861		-70.2	69,938		1,163.8	5,534		-89.0
8,067		-14.5	9,436		-2.8	9,707		45.5
—		—	—		—	—		—
3,254		-5.2	3,433		14.1	3,008		437.1
232,363	12.2	-38.5	377,941	19.5	14.6	329,713	16.3	-25.4
771,093	40.6	6.0	727,648	37.5	-19.6	904,995	44.9	8.5
2,600	0.2	11.8	2,325	0.1	-4.7	2,440	0.1	5.5
—	—	—	—	—	—	—	—	—
30,478	1.6	—	30,478	1.6	—	30,478	1.5	—
52,263	2.7	—	52,263	2.7	—	52,263	2.6	—
843,536	44.4	7.7	783,132	40.4	11.3	703,466	34.9	7.1
6,986	0.4	—	-11,194	-0.6	65.6	-6,759	-0.3	—
-166	—	—	140	—	-70.3	471	—	1,048.8
-40,013	-2.1	72.4	-23,203	-1.2	—	-0	-0.0	—
893,084	47.0	7.4	831,616	42.9	6.6	779,919	38.7	5.5
1,899,140	100.0	-2.1	1,939,530	100.0	-3.8	2,017,067	100.0	-0.0

CONSOLIDATED STATEMENTS OF INCOME FOR FIVE YEARS

Fiscal Year Ended Item	2006/3			2005/3		
	¥ Millions	Proportion [%]	Change [%]	¥ Millions	Proportion [%]	Change [%]
Revenues:						
Interest income on direct cash loans	341,463		-1.7	347,474		-6.6
Other income	14,422		3.8	13,896		26.6
Total Revenues	355,885	100.0	-1.5	361,370	100.0	-5.6
Costs and expenses:						
Interest expenses	19,416		-11.5	21,944		7.9
Other expenses associated with financing	1,130		-5.2	1,192		14.5
Provision for credit losses	121,934		-2.4	124,907		-8.3
Losses for refund of interest received from customers	18,699		70.3	10,981		58.2
Write-offs	—		—	—		—
Provisions for losses for refund of interest received from customers	22,500		—	—		—
Advertising expenses	12,298		89.8	6,479		-41.8
Other general and administrative expenses	67,497		-13.7	78,181		0.1
Loss on devaluation of investments in securities	29		-62.8	78		-71.1
Loss on devaluation of land	—		—	—		—
Gain on sales of investments in securities	-28,264		643.0	-3,804		203.6
Loss on sales of investments in partnership	—		—	—		—
Loss on sale/disposal of property and equipment, net	76		-69.5	249		-37.6
Gain on liquidation of a subsidiary	—		—	—		—
Gain on participation in partnerships	—		—	-2,039		-88.5
Loss on impairment of fixed assets	47,525		—	—		—
Other losses	2,643		-63.6	7,262		1267.6
Total costs and expenses	285,483	80.2	16.3	245,430	67.9	0.8
Income before income taxes and minority interests	70,402	19.8	-39.3	115,940	32.1	-16.9
Income taxes: Current	49,907	14.0	22.9	40,604	11.3	-32.7
Refunded	-10,043	-2.8	—	—	—	—
Deferred	-16,386	-4.6	—	6,610	1.8	51.3
Minority Interests	—			—		
Net income	46,924	13.2	-31.7	68,726	19.0	-8.1
Retained earnings:						
Balance at beginning of the year	898,141			843,536		
Appropriation:						
Cash dividends	-23,216			-14,076		
Officers' bonuses	-62			-45		
Decrease due to deconsolidation of subsidiaries	—			—		
Balance at end of the year	921,787			898,141		

2004/3			2003/3			2002/3		
¥ Millions	Proportion [%]	Change [%]	¥ Millions	Proportion [%]	Change [%]	¥ Millions	Proportion [%]	Change [%]
371,943		-9.2	409,716		-0.8	413,153		6.7
10,972		-5.1	11,563		-23.2	15,050		4.4
382,915	100.0	-9.1	421,279	100.0	-1.6	428,203	100.0	6.6
20,346		-12.8	23,328		-6.3	24,887		-3.2
1,041		-26.4	1,414		65.2	856		-62.1
136,286		6.8	127,572		35.4	94,215		64.5
6,940		212.2	2,223		183.9	783		218.3
7,426		-43.0	13,021		—	—		—
—		—	—		—	—		—
11,126		-22.0	14,266		-5.9	15,157 ^(*)		-5.9
78,115		-1.2	79,076		3.6	76,308		-5.8
270		-79.9	1,341		-37.0	2,129		-75.2
—		—	—		—	119,860		—
-1,253		175.4	-455		-97.0	-14,990		—
—		—	—		—	784		—
399		57.1	254		-41.7	436		128.3
—		—	-539		—	—		—
-17,795		-24.4	-23,526		39.8	-16,824		-20.1
—		—	—		—	—		—
531		3.3	514		-35.3	795		—
243,432	63.6	2.1	238,489	56.6	-21.7	304,396	71.1	79.8
139,483	36.4	-23.7	182,790	43.4	47.6	123,807	28.9	-46.7
60,368	15.8	-37.1	95,912	22.8	53.1	62,642	14.6	-38.4
—	—	—	—	—	—	—	—	—
4,370	1.1	—	-8,268	-2.0	148.7	-3,324	-0.8	—
—			—			-3		
74,745	19.5	-21.4	95,146	22.6	47.5	64,486	15.1	-49.3
783,132			703,466			656,708		
-14,277			-14,725			-17,675		
-64			-57			-53		
—			-698			—		
843,536			783,132			703,466		

Note: [*] During the year 2002/03, the extraordinary loss of ¥119,860 million on sale of property to subsidiary company "TDS Co., Ltd." was accounted for.

Corporate Name	Takefuji Corporation
Head Office	15-1, Nishi-Shinjuku 8-chome, Shinjuku-ku, Tokyo 163-8654 Phone: 81-3-3365-8000 Fax: 81-3-3365-8070 Internet Web Site: http://www.takefuji.co.jp
Date of Establishment	January 1966
Business	Consumer Finance
Capital Stock	¥30,477,900,000
Number of Shares Issued	147,295,200
Fiscal Year-End	March 31
Number of Employees	3,184 (As of March 31, 2006)
Board of Directors, Corporate Auditors and Officers	
Representative Director & President	Hikaru Kondo
Representative Director & Senior Managing Director	Taketeru Takei
Director & Executive Officer	Katsunori Aita
Director & Executive Officer	Kengo Sato
Director & Executive Officer	Usao Kamano
Director & Executive Officer	Michio Kondo
Director & Executive Officer	Tsunefumi Shindo
Director & Executive Officer	Satoru Shishido
Independent Director	Akiyuki Nagase
Executive Officer	Mikio Yamamoto
Executive Officer	Yoshiyuki Shoji
Standing Corporate Auditor	Masakuni Saito
Standing Corporate Auditor	Toshiyuki Tsuchiya
Standing Corporate Auditor	Takeshi Kasai
Corporate Auditor	Yoshihiro Ogura



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