

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

Item	Term	First half of Fiscal 2003 (As of Sept. 30, 2003)		First half of Fiscal 2004 (As of Sept. 30, 2004)		Fiscal 2003 (As of Mar. 31, 2004)	
		Value	%	Value	%	Value	
(ASSETS)							
I. Current assets							
Cash and deposits		53,814		56,354		73,421	
Notes and installment accounts receivable		866,443		951,129		921,697	
Other trade receivables		965		727		564	
Merchandise		33,805		38,794		37,765	
Deferred income taxes		12,260		14,001		15,612	
Short-term loans		13,275		9,424		10,518	
Prepaid expenses and other current assets		16,657		18,568		15,307	
Allowance for losses on receivables		(31,952)		(38,067)		(34,612)	
Total current assets		965,270	76.4	1,050,933	76.1	1,040,274	76.9
II. Fixed assets							
Property and equipment, at cost:							
Equipment for lease		117,858		137,775		127,335	
Buildings		19,048		15,576		15,570	
Land		8,903		7,033		7,030	
Construction in progress		1,372		4,998		2,902	
Other tangible fixed assets		11,354		10,559		9,872	
Total property and equipment		158,537	12.5	175,943	12.8	162,710	12.0
Intangible assets:							
Leaseholds		971		971		971	
Software		7,535		11,634		9,435	
Other intangible fixed assets		297		290		290	
Total intangible assets		8,804	0.7	12,896	0.9	10,698	0.8
Investments and other assets:							
Investment securities		58,684		71,888		68,468	
Long-term loans		36,988		34,565		36,987	
Lease deposits		9,769		8,877		8,915	
Deferred income taxes		6,923		7,784		7,807	
Other		21,254		21,527		19,697	
Allowance for losses on receivables		(4,928)		(4,840)		(4,634)	
Total Investments and other assets		128,691	10.2	139,803	10.1	137,241	10.2
Total fixed assets		296,033	23.4	328,643	23.8	310,650	23.0
III. Deferred assets							
Bond issue costs		335		447		383	
Development costs		1,750		1,050		1,400	
Total deferred assets		2,085	0.2	1,497	0.1	1,783	0.1
Total assets		1,263,389	100.0	1,381,074	100.0	1,352,709	100.0

Term Item	First Half of Fiscal 2003 (As of Sept. 30, 2003)		First Half of Fiscal 2004 (As of Sept. 30, 2004)		Fiscal 2003 (As of Mar. 31, 2004)	
	Value	%	Value	%	Value	%
(LIABILITIES)						
I. Current liabilities						
Notes and accounts payable	83,537		92,196		94,228	
Short-term loans	327,891		374,247		377,292	
Current portion of long-term loans	15,740		34,271		22,273	
Current portion of bonds	30,400		31,270		20,460	
Current portion of convertible bonds	-		6,588		6,784	
Commercial paper	108,000		35,000		71,000	
Current portion of payables under securitized lease receivables	4,062		-		3,127	
Accrued taxes on income	9,432		10,783		23,529	
Allowance for bonuses	1,731		1,790		1,733	
Unearned income	3,342		3,283		3,446	
Accrued expenses and other current liabilities	26,279		37,855		33,535	
Total current liabilities	610,416	48.3	627,285	45.4	657,410	48.6
II. Long-term liabilities						
Bonds	127,600		153,800		140,540	
Convertible bonds	7,445		-		-	
Long-term loans	218,405		280,199		247,086	
Payables under securitized lease receivables	35,234		33,000		33,000	
Accrued pension and severance costs	7,024		7,268		7,398	
Retirement allowance for directors and statutory auditors	574		713		644	
Allowance for losses on guarantees	971		1,118		934	
Allowance for losses on warranty of defects	-		57		32	
Consolidation adjustments	691		636		745	
Other long-term liabilities	6,667		5,700		6,233	
Total long-term liabilities	404,613	32.0	482,492	35.0	436,614	32.3
Total liabilities	1,015,029	80.3	1,109,777	80.4	1,094,025	80.9
(MINORITY INTERESTS)						
Minority interests	644	0.1	547	0.0	430	0.0
(SHAREHOLDERS' EQUITY)						
I. Common stock	63,337	5.0	64,292	4.7	63,667	4.7
II. Capital surplus	66,799	5.3	67,917	4.9	67,133	5.0
III. Retained earnings	117,176	9.3	139,179	10.1	126,719	9.4
IV. Unrealized gain (loss) on other securities	1,595	0.1	3,076	0.2	4,685	0.3
V. Treasury stock, at cost	(1,194)	(0.1)	(3,716)	(0.3)	(3,953)	(0.3)
Total shareholders' equity	247,714	19.6	270,749	19.6	258,253	19.1
Total liabilities and shareholders' equity	1,263,389	100.0	1,381,074	100.0	1,352,709	100.0

(2) Consolidated Statements of Income

(Millions of yen)

Item	Term	First half of Fiscal 2003 (As of Sept. 30, 2003)		First half of Fiscal 2004 (As of Sept. 30, 2004)		Fiscal 2003 (As of Mar. 31, 2004)			
		Value	%	Value	%				
I. Operating revenues									
Financing and administration fees			86,393		88,787			174,963	
Income from merchandise sales									
Merchandise sales		28,565		-		59,621			
Cost of merchandise sales		23,016	5,549	-	-	47,289	12,332		
Income from travel & entertainment									
Travel & entertainment sales		47,889		-		94,501			
Cost of travel & entertainment sales		39,796	8,092	-	-	78,314	16,187		
Income from entertainment									
Entertainment sales		-		52,511		-			
Cost of entertainment sales		-	-	44,342	8,169	-	-		
Income from real estate									
Real estate sales		-		28,717		-			
Cost of real estate sales		-	-	21,855	6,862	-	-		
Income from leases									
Leases sales		-		27,779		46,331			
Cost of leases sales		-	-	24,516	3,263	40,805	5,525		
Income from other business									
Other sales		25,700		6,027		8,378			
Cost of other sales		20,896	4,804	2,211	3,815	3,626	4,751		
Financial revenues			3,509		6,337		6,570		
Total operating revenues			108,348	100.0	117,234	100.0	220,331	100.0	
II. Operating expenses									
Selling, general and administrative expenses			77,779	71.8	83,059	70.9	156,501	71.0	
Financial cost			5,559	5.1	4,579	3.9	9,824	4.5	
Total operating expenses			83,339	76.9	87,638	74.8	166,326	75.5	
Operating income			25,009	23.1	29,596	25.2	54,005	24.5	
III. Non-operating income			1,036	1.0	1,247	1.1	1,992	0.9	
IV. Non-operating expenses			1,280	1.2	2,835	2.4	3,041	1.4	
Ordinary income			24,766	22.9	28,007	23.9	52,955	24.0	
V. Extraordinary gains									
Gain on sale of investment securities		-		721		-			
Gain on sale of investments		-		638		-			
Gain on changes in pension and severance cost system		-	-	282	1,643	1.4	-	-	-
VI. Extraordinary losses									
Loss from sale of fixed assets		1,299		41		1,630			
Impairment loss of property and equipment, other assets		-		363		7,569			
Loss on evaluation of investment securities		-		450		999			
Loss on sale of investment securities		223		110		323			
Amount revision for change basis of recognition of revenues		-		143		-			
Other		150	1,673	1.6	-	1,110	1.0	1,924	12,446
Income (loss) before income taxes and minority interests			23,092	21.3	28,541	24.3	40,509	18.4	
Income taxes, current		9,539		9,624		23,928			
Income taxes, deferred		374	9,913	9.1	2,906	12,530	10.6	(5,906)	18,022
Minority interests			74	0.1		113	0.1	6	0.0
Net income (loss)			13,103	12.1	15,896	13.6	22,419	10.2	

(3) Consolidated Statements of Retained Earnings

(Millions of yen)

Term Item	First half of Fiscal 2003 (As of Sept. 30, 2003)		First half of Fiscal 2004 (As of Sept. 30, 2004)		Fiscal 2003 (As of Mar. 31, 2004)	
	Value		Value			
(Capital Surplus)						
I. Capital surplus at the beginning of period		66,788		67,133		66,788
II. Increase in capital surplus						
Conversion of convertible bonds	-		624		330	
Gain on disposal of treasury stock	11	11	159	783	15	345
III. Capital surplus at the end of period		66,799		67,917		67,133
(Retained Earnings)						
I. Retained earnings at the beginning of period		107,686		126,719		107,686
II. Increase in retained earnings						
Net Income	13,103	13,103	15,896	15,896	22,419	22,419
III. Decrease in retained earnings						
Cash dividends	3,075		3,058		3,075	
Bonuses to directors and statutory auditors'	157		171		160	
Resulting from addition of subsidiaries to the scope of consolidation	381		-		151	
Resulting from addition of affiliated companies to the scope of application of equity method	-	3,614	207	3,436	-	3,387
IV. Unappropriated retained earnings at the end of period		117,176		139,179		126,719

(4) Consolidated Statements of Cash Flows

(Millions of yen)

Item	Term	First Half of Fiscal 2003 (As of Sept. 30, 2003)	First Half of Fiscal 2004 (As of Sept. 30, 2004)	Fiscal 2003 (As of Mar. 31, 2004)
		Value	Value	Value
I. Cash flows from operating activities				
Income (loss) before income taxes		23,092	28,541	40,509
Adjustments to reconcile income (loss) before income taxes to net cash provided by (used in) operating activities:				
Depreciation and amortization		17,702	20,319	36,680
Amortization of consolidation adjustments		(47)	(107)	(179)
Amortization of deferred assets		459	497	1,000
Allowance for losses on accounts receivables		1,202	3,660	3,509
Accrued pension and severance costs		554	(130)	929
Allowance for other reserves		2	333	43
Interest and dividend income		(3,165)	(4,826)	(5,978)
Interest expenses		5,210	4,884	9,892
Equity in(earnings) losses of affiliated companies		442	1,814	1,068
Foreign exchange (gain) loss		13	(55)	(21)
Realized (gain) loss on sale of investment securities		136	(895)	91
Loss on evaluation of investment securities		-	450	999
Impairment loss of property and equipment, other assets		-	363	7,569
Loss on disposal of property and equipment, other assets		6,887	8,648	13,920
Changes in operating assets and liabilities				
(Increase) decrease in trade receivable		(57,148)	(59,508)	(88,979)
Proceeds from liquidation of trade receivable		50,000	30,000	30,000
(Increase) decrease in inventories		(2,317)	(1,029)	(6,064)
(Increase) decrease in other assets		11,151	(2,644)	10,944
Increase (decrease) in payables		(12,911)	(1,950)	(2,305)
Increase (decrease) in other liabilities		641	3,646	6,738
Directors' and statutory auditors' bonuses		(160)	(173)	(163)
Subtotal		41,747	31,837	60,204
Interest and dividends received		3,207	4,611	5,961
Interest paid		(5,428)	(4,674)	(10,025)
Income taxes paid		(549)	(22,754)	(1,094)
Net cash provided by (used in) operating activities		38,976	9,020	55,045
II. Cash flows from investing activities				
Payments for purchases of investment securities		(471)	(11,358)	(7,965)
Proceeds from sales of investment securities		20,287	3,228	22,617
Payments for purchases of fixed assets		(37,047)	(44,889)	(74,046)
Proceeds from sales of fixed assets		1,933	31	1,937
Payment for long-term loans		(8,952)	(74)	(9,761)
Proceeds from short-term and long-term loans		-	3,590	679
(Increase) decrease in other assets		(2,784)	(1,875)	(2,164)
Net cash provided by (used in) investing activities		(27,034)	(51,347)	(68,703)

Term	First Half of Fiscal 2003 (As of Sept. 30, 2003)	First Half of Fiscal 2004 (As of Sept. 30, 2004)	Fiscal 2003 (As of Mar. 31, 2004)
Item	Value	Value	Value
III. Cash flows from financing activities			
Increase (decrease) in short-term loans	(18,714)	(2,994)	30,763
Increase (decrease) in commercial paper	(36,000)	(36,000)	(73,000)
Proceeds from long-term debts	27,635	56,000	68,795
Repayments of long-term debts	(20,113)	(10,889)	(26,059)
Proceeds from issuance of bonds	31,762	24,088	64,723
Repayment of bonds	(10,000)	(230)	(40,200)
Repayment of payables under securitized lease receivables	(5,048)	(3,127)	(8,217)
Proceeds from payments from minority shareholders	-	-	62
Sales of treasury stock	85	427	110
Purchase of treasury stock	(396)	(8)	(3,088)
Proceeds from stock issuance	-	1,052	-
Cash dividends paid	(3,075)	(3,058)	(3,075)
Dividends paid to minorities	-	(4)	-
Net cash provided by (used in) financing activities	(33,865)	25,256	10,813
IV. Translation Gain on cash and cash equivalents	(48)	3	(90)
V. Increases (decrease) in cash and cash equivalents	(21,973)	(17,066)	(2,933)
VI. Cash and cash equivalents, at the beginning of year	75,725	73,421	75,725
VII. Increases in cash and cash equivalents resulting from addition of subsidiaries to the scope of consolidation	60	-	630
VIII. Cash and cash equivalents, at the end of year	53,812	56,354	73,421

Non-Consolidated Balance Sheets

(Millions of yen)

Item	Term	First half of Fiscal 2003 (As of Sept. 30, 2003)		First half of Fiscal 2004 (As of Sept. 30, 2004)		Fiscal 2004 (As of Mar. 31, 2004)	
		Value	%	Value	%	Value	%
(ASSETS)							
I. Current assets							
Cash and deposits		38,733		36,295		43,928	
Accounts receivable		347		-		-	
Installment accounts receivable		796,004		857,498		838,629	
Inventory		2,320		1,759		1,935	
Other current assets		21,285		24,189		21,786	
Allowance for losses on receivables		(29,346)		(34,253)		(31,241)	
Total Current assets		829,343	76.0	885,490	74.4	875,038	75.7
II. Fixed assets							
Property and equipment , at cost:							
Equipment for lease		118,183		137,927		127,552	
Buildings		2,153		2,123		2,165	
Fixtures and equipment		4,069		3,716		3,649	
Land		4,294		3,654		3,654	
Other property and equipment		1,196		4,958		2,494	
Total Property and equipment		129,897	11.9	152,380	12.8	139,516	12.1
Intangible assets:		7,172	0.7	11,235	1.0	9,052	0.8
Investments and other assets:							
Investment in securities		75,369		91,929		86,030	
Investment in capital		571		2,538		559	
Long-term loans		35,707		35,587		35,647	
Lease deposits		3,794		3,206		3,210	
Other long-term investments		9,321		7,170		6,275	
Allowance for losses on receivable		(2,709)		(1,265)		(1,182)	
Total investments and other assets		122,054	11.2	139,167	11.7	130,538	11.3
Total fixed assets		259,123	23.8	302,784	25.5	279,107	24.2
III. Deferred assets							
Bond issue costs		188		258		229	
Development costs		1,750		1,050		1,400	
Total deferred assets		1,938	0.2	1,308	0.1	1,629	0.1
Total assets		1,090,405	100.0	1,189,583	100.0	1,155,776	100.0

Item	Term	First half of Fiscal 2003 (As of Sept. 30, 2003)		First half of Fiscal 2004 (As of Sept. 30, 2004)		Fiscal 2004 (As of Mar. 31, 2004)	
		Value	%	Value	%	Value	%
(LIABILITIES)							
I. Current liabilities							
Notes payable		2,091		1,549		1,320	
Accounts payable		80,041		89,174		91,220	
Short-term loans		217,050		251,344		246,348	
Current portion of long-term loans		5,702		26,455		13,455	
Current portion of bonds		30,000		30,000		20,000	
Current portion of convertible bonds		-		6,588		6,784	
Commercial paper		108,000		35,000		71,000	
Current portion of payables under securitized lease receivables		4,062		-		3,127	
Accrued taxes on income		9,007		9,036		22,192	
Allowance for bonuses		1,338		1,364		1,340	
Unearned income		3,342		3,283		3,446	
Other current liabilities		21,695		32,033		27,795	
Total current liabilities		482,331	44.2	485,829	40.8	508,030	43.9
II. Long-term liabilities							
Bonds		120,000		140,000		130,000	
Convertible bonds		7,445		-		-	
Long-term loans		188,729		250,274		214,924	
Payables under securitized lease receivables		35,234		33,000		33,000	
Accrued pension and severance cost		5,732		5,916		6,030	
Retirement allowance for directors and statutory auditors		403		492		439	
Allowance for losses on guarantees		971		1,118		934	
Other long-term liabilities		640		596		624	
Total Long-term liabilities		359,155	33.0	431,397	36.3	385,952	33.4
Total liabilities		841,486	77.2	917,227	77.1	893,983	77.3
(SHAREHOLDERS' EQUITY)							
I. Common stock							
		63,337	5.8	64,292	5.4	63,667	5.5
II. Capital surplus							
Additional paid-in capital		66,748		67,703		67,078	
Other additional paid-in capital		-		0		-	
Total capital surplus		66,748	6.1	67,703	5.7	67,078	5.8
III. Retained earnings							
Legal reserve		3,020		3,020		3,020	
Voluntary reserves		99,756		114,455		99,756	
Unappropriated retained earnings at the end of period		14,775		23,260		26,920	
Total retained earnings		117,551	10.8	140,735	11.8	129,696	11.3
IV. Unrealized gain (loss) on investment securities							
		1,697	0.1	3,030	0.3	4,679	0.4
V. Treasury stock							
		(416)	(0.0)	(3,405)	(0.3)	(3,329)	(0.3)
Total shareholders' equity		248,918	22.8	272,355	22.9	261,792	22.7
Total liabilities and shareholders' equity		1,090,405	100.0	1,189,583	100.0	1,155,776	100.0

(2) Non-Consolidated Statements of Income

(Millions of yen)

Item	Term		First half of Fiscal 2003 (As of Sept. 30, 2003)		First half of Fiscal 2004 (As of Sept. 30, 2004)		Fiscal 2004 (As of Mar. 31, 2004)		
	Value	%	Value	%	Value	%			
I. Operating revenues									
Financing and administration fees									
Credit cards		29,109		30,097		59,324			
Shopping loans		678		538		1,275			
Guarantees		1,623		1,593		3,229			
Loans		45,144		44,001		90,892			
Agency services		3,298		4,846		6,531			
Income from leases									
Lease sales	21,977		27,943		46,771				
Cost of lease sales	19,388	2,589	24,639	3,303	41,162	5,609			
Income from merchandise sales									
Merchandise sales	2,623		-		2,763				
Cost of merchandise sold	2,275	348	-	-	2,359	403			
Income Other sales									
Other sales	1,571		2,713		3,392				
Cost of other sales	28	1,542	446	2,267	255	3,136			
Financial revenues		2,675		6,177		5,321			
Total operating revenues		87,010	100.0	92,824	100.0	175,725	100.0		
II. Operating expenses									
Selling, general and administrative expenses		67,780	72.2	66,443	71.6	123,746	70.4		
Financial cost									
Interest expense	3,271		3,571		6,612				
Other expenses	244	3,516	4.0	272	3,843	4.1	541	7,154	4.1
Total operating expenses		66,296	76.2	70,287	75.7	130,900	74.5		
Operating income		20,713	23.8	22,537	24.3	44,824	25.5		
III. Non-operating income		739	0.9	679	0.7	975	0.5		
IV. Non-operating expenses		333	0.4	252	0.3	748	0.4		
Ordinary income		21,118	24.3	22,963	24.7	45,051	25.6		
V. Extraordinary gains		-	-	770	0.9	-	-		
VI. Extraordinary losses		163	0.2	198	0.2	2,702			
Net income (loss) before income taxes		20,955	24.1	23,536	25.4	42,349	24.1		
Income taxes, current	9,133		7,972		22,322				
Income taxes, deferred	(428)	8,704	10.0	1,329	9,301	10.1	(4,368)	17,953	10.2
Net income (loss)		12,251	14.1	14,235	15.3	24,396	13.9		
Loss on treasury stock		0		-		0			
Retained earnings carried forward from preceding year		2,524		9,025		2,524			
Unappropriated retained earnings at the end of the year		14,775		23,260		26,920			