



January 27, 2005

## Consolidated Financial Results for the First Three Quarters of FY2004

### AIFUL Corporation

Stock Code: 8515

(URL <http://www.aiful.co.jp>)

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### I. Items Used to Compile Financial Data for the Third Quarter

1. Company adopted simplified accounting methods (yes/no): No
  2. Any differences between the accounting practices used here and those used in preparing consolidated accounts for the previous business year (yes/no): No
  3. Changes in the scope of consolidation and change accounted for by the equity method (yes/no): Yes
- Details: Two companies added to scope of consolidation (New Frontier Partners Co., Ltd. and Wide Corporation)  
Two companies removed from scope of consolidation (Sinwa Co., Ltd. and Sanyo Shinpan Co., Ltd.)

### II. Summary of Business Results for the Third Quarter, FY2004 (April 1 – December 31, 2004)

#### 1. Consolidated Operating Results

(In millions of yen - rounded down, except per share data)

	Operating Revenue		Operating Income		Ordinary Income		Net income for the quarter (current)	
3rd quarter, FY2004	387,287	9.2%	102,487	29.5%	102,923	30.4%	56,604	19.2%
3rd quarter, FY2003	354,540	–	79,169	–	78,907	–	47,473	–
Reference: FY2003	473,477	5.3%	112,566	(3.0%)	112,446	0.6%	62,548	4.4%

	Net earnings per share for the quarter (current) (Yen)	Net earnings per share adjusted for latent shares for the quarter (current) (Yen)
3rd quarter, FY2004	599.04	598.96
3rd quarter, FY2003	502.53	–
Reference: FY2003	660.98	–

Note: Figures in the percent columns indicate percentage changes in operating revenue, operating income, ordinary income and net income for the quarter (current) compared with the same period of the previous year.

AIFUL began quarterly disclosure in the first quarter of FY2003, so year-on-year comparisons for the third quarter of FY2003 are not available.

### Qualitative Data Concerning Consolidated Business Performance

#### A. Summary of Results

The Japanese economy continued a modest recovery in the third quarter of FY2004. Though business confidence among large manufacturers fell slightly due to concern about a decline in corporate earnings and exports caused by the rapid rise in crude oil prices and sharp appreciation of the yen, capital expenditures remained robust in all industries and corporate earnings reached all-time highs, especially at major companies.

Although better employment conditions have led to modest improvements in personal spending, the sense of uncertainty about the economy's future has not been completely eliminated. The industry is being increasingly reorganized as banks and foreign-capital companies enter the consumer finance and credit card markets. Credit card companies and mega-banks are involved in business alliances such as capital tie-ups between major consumer finance companies and mega-banks, and foreign-capital banks are buying up credit sales companies. This expansion across industry boundaries has heightened competition for share in the consumer credit market. At the same time, the number of personal bankruptcies (as reported by the Supreme Court), which has a major effect on bad debts, began to show monthly declines year-on-year from November 2003, halting the rise in bad debt expenses.

In this business environment, the AIFUL Group has expanded beyond the consumer finance industry as described earlier, and is aiming to become a comprehensive retail financial services company that targets the entire consumer credit market. The Company has continued to promote diversification of products and sales channels and will sustain its growth by satisfying a wide array of customer needs. Moreover, each company that belongs to the Group has been building brand value based on the unified concept of "A Company for Security and Creation." At the same time, while working together to generate synergistic effects and strengthen the Group, they have also been striving to develop efficient operations.

## B. Operations

### (1. AIFUL Corporation)

During the third quarter under review, AIFUL's loan business witnessed the company pursuing product diversification strategies in unsecured loans, home equity secured loans, and small business loans to more comprehensively cater to customer needs. These efforts tied into solid progress in loan balances at the end of the period.

A summary by product is as below.

#### i) Unsecured loans

AIFUL received a total of 407,000 new applications for unsecured loans in the first three quarters of FY2004, a decrease of 1.6% year-on-year, and it acquired a total of 259,000 new customers, down 2.3% year-on-year. Nevertheless, the number of new applications and customers increased in July 2004, recording the first gains in two years and nine months, and new applications were down 0.8% year-on-year while new customers held flat year-on-year in July-December 2004. Consequently, the market appears to be bottoming and there are expectations for a recovery going forward.

AIFUL has been active in web site banner advertising, and the proportion of new customers acquired via the Internet, including personal computers and mobile phones, has expanded steadily to exceed 11.2%.

As a result, unsecured loans outstanding stood at 1,081,381 million yen, up 0.9% year-on-year, at the end of the current third quarter.

#### ii) Home equity loans and small business loans

AIFUL's diversification strategy involves home equity loans and small business loans, and the Company has positioned these areas as key products in maintaining long term growth potential. As a result of proactive marketing to cater to a whole range of customer needs, loans outstanding in the current third quarter consisted of 339,540 million yen in home equity loans, up 0.6%, and 31,396 million yen in small business loans, up 16.5% year-on-year.

A summary of business other than loan operations follows.

#### iii) Credit guarantees

The guarantee business is a fee business in which financial institutions guarantee loan products. AIFUL is reinforcing its guarantee business as a new source of revenue. In addition to unsecured and unguaranteed personal loans, the Company has also been active in guarantee operations for small business loans using the expertise it has built up in the provision and screening of small business loans. The entire financial industry is now taking note of the market for loans to small businesses, and AIFUL is becoming more active in it.

As a result of these efforts, at the end of the current third quarter AIFUL's guarantee partners numbered 39 unsecured personal loan companies and 24 small business loan companies, and the balance of guarantees stood at 39,298 million yen, marking steady growth of 62.9% compared with the end of the third quarter last year.

#### iv) Credit cards

In its independent AIFUL MasterCard credit card business, the Company continues to focus on co-branded cards and is actively striving to acquire new customers, especially younger customers in their 20s.

#### v) Expansion of channels

The Company has opened 12 stores and closed 14 stores as part of its store network restructuring, bringing the total number of stores to 1,561, with 549 staffed stores and 1,012 non-staffed facilities, at the end of third quarter. In its expansion of deposit and withdrawal channels, the Company entered new partnerships with nine banks including UFJ Bank Limited and two companies with 11,827 ATMs, giving customers access to 75,133 CD/ATMs, including AIFUL's own ATMs. In June 2004, the Company extended the transaction hours for its ATM partnership with IY Bank, which makes it possible to make deposits and withdrawals 23-hours-a-day, increasing convenience for customers.

Bad debt expenses, which rose for a prolonged period, were 74,102 million yen at the end of the current third quarter, down 13.6% compared with the same period last year, as a result of factors such as the impact of a slowdown in the number of personal bankruptcies and an improvement in the unemployment rate. This indicates that bad debt expenses have peaked.

As a result, AIFUL's loans outstanding at the end of the current third quarter stood at 1,452,319 million yen, an increase of 1.1% compared to the third quarter of last year.

### (2. LIFE Co., Ltd.)

In the consolidated third quarter, LIFE Co., Ltd. continued to concentrate on making the steady shift in its business portfolio from a low earnings structure to a high earnings structure. This included pouring management resources into credit card shopping, per-item credit,

and consumer finance businesses, with the aim of establishing a stable earnings base.

In April 2004, LIFE moved the responsibility for the overall management of Cash Plaza from the seven nationwide branch offices to the Marketing Division in the Headquarters to strengthen marketing capabilities. This change reinforced information coordination between branch offices and the Headquarters and enabled LIFE to meet customer needs quickly. In addition, the branch offices have created a new system putting one person in charge of promoting credit cards and per-item credit at the individual branch office level in order to strengthen marketing.

In its credit card business, LIFE has begun issuing co-branded cards with supermarkets and menswear chains and plans to steadily expand the number of members. To strengthen cardholder services, LIFE has updated the design and content of customer invoices to turn them into tools of communication with customers. Moreover, it has been improving its point services into a more active service by introducing a bonus point system that rewards higher spending and a system that automatically carries points over to the following business year.

Moreover, as part of its visual identity (VI), the company made LifeCard its corporate brand and adopted a new brand emblem in April 2004 with the aim of establishing a brand image as a credit card company. The new emblem contains the concept of seeking to be a forward-looking company that goes beyond the existing framework and common sense.

The company has begun a new partnership with three banks in order to expand the channels for its cash advance services, meaning that 127,687 CD/ATMs at 495 partner financial institutions and credit card companies may be used.

As a result, the total number of credit card holders at the end of the third quarter rose 680,000 to 11,720,000. The effective use of advertising and the effect of acquiring cards with higher activity rates resulted in a steady rise in card shopping activity rates.

In its per-item credit business, LIFE is working to increase business volume and accumulate prime assets by strengthening and enhancing the efficiency of its sales organization.

In its consumer finance business, LIFE opened eight new branches, bringing the total number of LIFE Cash Plazas to 201. Also, LIFE followed up its LIFE Card Shinjuku Store, a new concept store that showcases the LIFE Card brand, with four new stores in Umeda, Takadanobaba, Shibuya and Matsuyama in its efforts to accelerate acquisition of new customers.

In its guarantee business, LIFE sought to expand bank loan guarantee products, and commenced new partnerships with 22 banks, bringing its number of guarantee partners to 116 banks.

Moreover, Rating and Investment Information, Inc. boosted LIFE's senior long-term debt rating from BBB+ to A- and its short-term debt rating from a-2 to a-1 in view of the company's favorable earnings and increased financial stability.

As a result of the foregoing, LIFE's total balance of loans at the current third quarter, installment receivables and credit guarantee installment receivables was 751,049 million yen, up 7.2% with the previous year. This included 178,007 million yen in off-balance sheet receivables resulting from securitization. The breakdown of this figure was as follows: credit card shopping up 10.7% to 87,083 million yen, per-item credit up 13.3% to 195,328 million yen, credit card cash advances up 9.2% to 359,084 million yen, credit guarantee installment receivables down 7.3% to 100,750 million yen, and other businesses down 27.0% to 8,803 million yen.

Meanwhile, volume of business was up 17.5% to 278,685 million yen for credit card shopping, up 20.3% to 118,774 million yen for per-item credit, up 9.1% to 247,338 million yen for loans, including credit card cash advances and Play Cards, and down 3.4% to 21,534 million yen for the guarantees business.

### **(3. Other Group Companies)**

#### **i) Small business loans**

Businext was formed jointly by AIFUL and Sumitomo Trust & Banking Co., Ltd., and in April 2004 it constructed a scoring system based on data accumulated thus far to enhance the accuracy of its credit screening. In addition, it has made steady progress in gaining new customers as its direct market (DM) campaign and the improvement in business sentiment have coincided. As a result, at the end of the current consolidated third quarter, loans outstanding stood at 42,293 million yen, up 76.2% compared with the end of the third quarter last year.

Businext's Nagoya branch was opened in October 2004 to better meet the capital needs of sole-proprietors and small and medium-sized businesses in the Chubu area.

City's Corporation has concentrated on acquiring good quality customers by making the most of its human resources and marketing expertise. The company opened 13 new outlets, primarily in the Tohoku region, in response to improved business confidence at small and medium-sized firms and to a broader-based economic recovery. As a result, loans outstanding totaled 41,443 million yen at the end of the third quarter, a strong increase of 39.0% year-on-year.

#### **ii) Consumer finance**

Consumer finance companies Happy Credit Corporation, Sinwa Co., Ltd., and Sanyo Shinpan Co., Ltd., merged in April 2004 and commenced operations as Tryto Corporation. As a result of tightening up the granting of credit to provide for an increase in bad debt expenses, loans outstanding stood at 57,033 million yen in the current third quarter.

Tryto Corporation began to offer home equity loans in October 2004, taking advantage of AIFUL's accumulated knowledge to better

meet customer needs.

Also, Wide Corporation, a business concentrated in eastern Japan, was made a subsidiary of AIFUL on June 30, 2004. Wide Corporation is a consumer finance company with a network of 293 branches and a loan balance totaling 95,395 million yen (including 17,000 million yen in off-balance sheet receivables resulting from securitization). With the addition of this company to the AIFUL Group, AIFUL intends to enhance earnings and profitability by pursuing greater business efficiency and synergistic effects.

### iii) Servicer

AsTry Loan Services Corporation, a joint venture with Aozora Bank, has concentrated diligently on expanding the claims handled in its management and collection of a range of money claims.

### iv) Venture capital

Kokusai Capital Co., Ltd. was renamed New Frontier Partners Co., Ltd. on July 1, 2004. In the company's first deal since it became a subsidiary of AIFUL in August 2004, New Frontier Partners established the "NFP: Strategic Partners Fund" worth 2.21 billion yen with a joint capital injection from the Organization for Small & Medium Enterprises and Regional Innovation and Hitachi Ltd. New Frontier Partners will continue to pursue Group synergies in order to accelerate the development of the AIFUL Group as a comprehensive retail financial services company.

As a result, AIFUL and its subsidiaries had 2,047,569 million yen in outstanding loans, up 9.0% year-on-year, 282,539 million yen in installment receivables, up 12.3%, 140,050 million yen in credit guarantee installment receivables, up 5.5%, and 9,970 million yen in other business, down 20.4%, at the end of the current third quarter. The amounts above include 195,007 million yen in off-balance sheet loans due to securitization (including 111,271 million yen in outstanding loans and 83,736 million yen in installment receivables).

Moreover, AIFUL received approval from the Tokyo District Court on April 26, 2004 to conclude a sponsor agreement with the administrator of TCM Co., Ltd., a company undergoing reorganization, and AIFUL has dispatched a business administrator to the firm. The Tokyo District Court approved a reorganization plan on December 31, 2004, and AIFUL will continue to lend its full support in hastening TCM's reorganization according to this plan.

As a result of the above activities, operating revenue for the current third quarter jumped 9.2%, to 387,287 million yen. Of this amount, AIFUL's non-consolidated operating revenue climbed 1.9% to 255,811 million yen, making up 66.1% of the Group's revenues. LIFE recorded operating revenue of 90,845 million yen, an increase of 8.7% year-on-year, for 23.5% of the Group's revenues. Of that total, 349,316 million yen, or 90.2%, was accounted for by operating interest on loans, 19,278 million yen, or 5.0%, by revenue from installment receivables, 5,178 million yen, or 1.3%, by guarantees revenue, and 13,513 million yen, or 3.5%, by other revenue.

Operating expenses for the AIFUL Group totaled 284,800 million yen, up 3.4% compared to the previous year. Of this amount, AIFUL's non-consolidated operating expenses accounted for 61.4%, or 174,987 million yen, of this total, while LIFE's operating expenses accounted for 27.3%, or 77,798 million yen. Total Group operating expenses can be broken down into 115,913 million yen, or 40.7%, for bad debt expenses, 30,204 million yen, or 10.6%, in financial expenses, 17,311 million yen, or 6.1%, in advertising expenses, 40,561 million yen, or 14.2%, in personnel expenses, and 17,800 million yen, or 6.3%, in commissions paid.

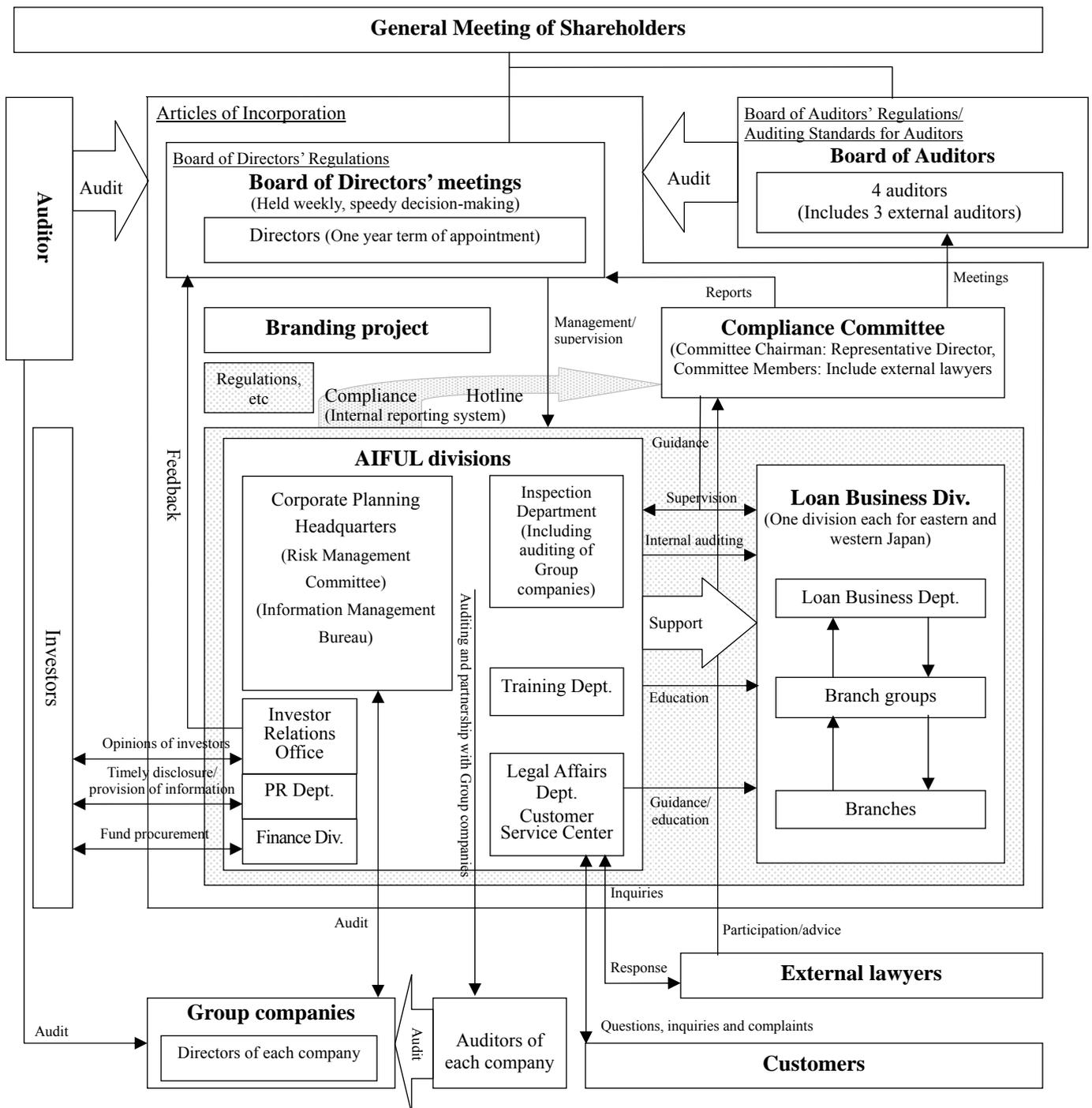
The 1,300 million yen in write-down of consolidation adjustment account accrued with the purchases of LIFE Co., Ltd. was recorded as an operating expense.

As a result of the foregoing, consolidated operating income for the current third quarter rose 29.5% to 102,487 million yen, ordinary income was up 30.4% to 102,923 million yen, and net income increased 19.2% to 56,604 million yen. AIFUL's non-consolidated operating income rose 19.3% to 80,823 million yen, ordinary income climbed 20.0% to 84,494 million yen, and net income rose 37.8% to 50,060 million yen.

## C. Basic Stance with Regard to Corporate Governance and Current Status of Related Policies

AIFUL considers speed in decision-making, the establishment of management supervisory functions, and the reinforcement of compliance and disclosure to be its basic policies for the enhancement of corporate governance. Our corporate governance, operations, management supervisory and internal controls, and risk management systems are as indicated in the diagram below.

## Corporate Governance at AIFUL



### Status of Corporate Governance Strategies

1. Management Control System and Other Corporate Governance Structures Relating to Management Decision Making, Business Execution and Monitoring
- i) Details of Company Organizations and Establishment of Internal Control System, Management Control System and Other Corporate Governance Structures Relating to Management Decision Making, Business Execution and Monitoring at AIFUL

#### a. Speedy Management Decision-Making

In a measure aimed at speedy management decision-making, the AIFUL Board of Directors meets weekly to fully discuss and examine management issues and business opportunities facing the Company, as well as strategies to address them. Speedy management decisions follow these discussions.

#### *b. Establishment of Management Supervisory Functions*

With regard to the management supervisory function, AIFUL employs an auditor system, which has four auditors, including three external auditors. The auditors not only monitor management through attendance at the weekly Board of Directors meetings, but also attend the Compliance Committee and work in close cooperation with the Audit Division, the company internal auditing unit, to establish a preventative auditing system. Moreover, the auditors of the Company and each Group company work in conjunction with the Group Management Department and the Audit Division to establish the auditing system at Group companies as well.

#### *c. Enhancement of Compliance System*

In its efforts to enhance legal compliance, AIFUL has had an Inspection Department and Legal Department in place for some time. In addition to this, the Company established a Compliance Committee, which includes lawyers and other external members, with responsibility for questioning the Board of Directors, in April 2002. At monthly meetings, the Compliance Committee gathers risk information, implements preventative measures, and conducts employee education based on the committee guidelines, working to reinforce compliance systems throughout the whole company.

Other steps taken here include the formulation and distribution to each and every Group employee of the "AIFUL Group Ethical Guidelines," as well as the establishment of a hotline in the Personnel and Inspection Departments for discussion of breaches of the guidelines. In addition to the establishment of a new Compliance Hotline in the Legal Department in June 2003, the Company standardized its internal reporting system, establishing a structure that prevents breaches of the law and internal regulations before they happen.

Moreover, AIFUL has also established a Customer Service Center within the Legal Department to respond promptly to customer inquiries and complaints, with the aim of increasing customer satisfaction and reinforcing the legal compliance system, which includes guidance and education for the Marketing Department in cooperation with the Compliance Committee.

#### *d. Enhancing Disclosure*

AIFUL believes that appropriate disclosure of business information will allow external stakeholders to more effectively exercise their role in monitoring management and will make corporate governance more efficient. Based on this principle of aiming for highly transparent management, AIFUL strives to provide full disclosure that is timely and easy to understand. Its activities include maintaining an investor relations web site, disclosing information through press releases, settlement data books and similar materials, as well as providing information and briefings for the domestic and foreign mass media, investors and analysts. AIFUL also provides regular feedback to Board of Directors' meetings and departmental managers on the opinions and desires of investors.

#### ii) Establishment Status of Risk Management System

With regard to its risk management system, AIFUL has established a system in which the Risk Management Committee within the Corporate Planning Headquarters primarily gathers information on latent and apparent risk within the Company, and conducts crisis management in cooperation with related departments, including the Investor Relations Office, Public Relations Department and Legal Department. Moreover, the Company has launched a personal information disclosure project to address this problem, establishing a comprehensive system to prevent the disclosure of personal information.

#### 2. Existence of Personal, Financial, Business or Any Other Beneficial Relationship Between the Company, and the External Directors, External Auditors and the Auditors of the Company

There is no business or other beneficial relationship between the Company and its external auditors. There is no special beneficial relationship between the Company and its auditing firm, which is the auditor, or its employees who take part in auditing.

### **(2) Consolidated Financial Position**

(In millions of yen - rounded down, except where noted)

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio (%)	Shareholders' Equity per Share (Yen)
3rd quarter, FY2004	2,539,649	597,015	23.5	6,327.37
3rd quarter, FY2003	2,361,971	530,654	22.5	5,617.31
Reference: FY2003	2,332,761	547,503	23.5	5,794.58

### **(3) Consolidated Cash Flows**

(In millions of yen - rounded down, except where noted)

	Cash flow from Operating Activities	Cash flow from Investing Activities	Cash flow from Financing Activities	Cash and Cash Equivalents at the End of the Period
3rd quarter, FY2004	(44,665)	3,793	83,417	138,217
3rd quarter, FY2003	(41,783)	36,985	47,237	174,035
Reference: FY2003	(42,734)	6,370	3,097	98,329

## **Qualitative Information on Changes in Consolidated Finances**

### **Assets**

Loans totaled 1,936,297 million yen, an increase of 10.8% over the previous year. This was primarily due to steady increases in Group loans. AIFUL's loans amounted to 1,452,319 million yen, LIFE's loans stood at 264,812 million yen, Businext's loans totaled 42,293 million yen, and City's loans were 41,443 million yen. Installment receivables rose 17.2% year-on-year to 198,802 million yen, due to the steady progress made by the credit card shopping and per-item credit businesses at LIFE Co., Ltd.

Meanwhile, credit guarantee installment receivables rose 5.5% to 140,050 million yen as a result of AIFUL and LIFE's active promotion of its guarantees business for loan products handled by financial institutions. While allowance for bad debt decreased due to signs that bad debt had peaked, the acquisition of new consolidated subsidiaries increased allowance for bad debt 5.6%, to 156,808 million yen. (Consolidated loans and installment receivables do not include 111,271 million yen in loans and receivables and 83,736 million yen in installment receivables taken off the balance sheet by LIFE's and Wide Corporation's securitization of receivables.) Adjustment for consolidated accounts was 11,440 million yen.

### **Liabilities**

Total capital procured, including debt, commercial paper and bonds, was 1,666,674 million yen. This was due to an increase in financing to correspond with the steady increase in AIFUL, LIFE, Businext and City's operating receivables.

### **Shareholders' Equity**

Consolidated shareholders' equity at the end of the current third quarter was 597,015 million yen, and the equity ratio stood at 23.5%. AIFUL's non-consolidated shareholders' equity was 565,842 million yen, and AIFUL's shareholders' equity ratio is 28.7%.

### **Cash Flows**

Despite a decrease in outstanding loans, consolidated cash and cash equivalents stood at 138,217 million yen at the end of the current third quarter, an increase of 39,887 million yen compared with the previous year, due to capital procurement through the issuance of bonds.

#### **Cash flow from operating activities**

Despite net income before income taxes of 97,369 million yen, operating activities used net cash of 44,665 million yen, compared to 41,783 million yen a year earlier, due to an increase in loans and other operating receivables and to the payment of income taxes.

#### **Cash flow from investing activities**

Net cash provided by investing activities totaled 3,793 million yen, compared to 36,985 million yen in the previous period, due to the acquisition of fixed assets and new consolidated subsidiaries as well as the collection of loans.

#### **Cash flow from financing activities**

Cash flow from financing activities came to 83,417 million yen, compared with 47,237 million yen a year earlier, due to direct and indirect procurement.

## **3. FY2004 consolidated earnings forecasts (April 1, 2004 - March 31, 2005)**

### **Qualitative information about earnings forecasts**

AIFUL made favorable progress in the third quarter toward its FY2004 earnings forecasts announced on November 4, 2004. Further, the Company now expects consolidated net income to grow 14.6% year-on-year to 71,661 million yen, representing an 8.0% upward revision of its previous forecast of a 6.1% increase to 66,337 million yen, as a result of tax exemptions on reserves with a change in the equity interest of a principal shareholder in AIFUL.

## Supplemental material

### 1. Consolidated balance sheets

(Unit: ¥million, %)

Category	3rd quarter, FY2004	3rd quarter, FY2003	Change		Reference: End-FY2003 (As of March 31, 2004)
	(As of December 31, 2004)	(As of December 31, 2003)	Amount	%	Amount
<b>(Assets)</b>					
I Current assets					
Cash and cash equivalents	138,401	174,623	(36,222)	(20.7)	99,163
Loans	1,936,297	1,748,151	188,146	10.8	1,786,940
Installment receivables	198,802	169,661	29,141	17.2	154,285
Credit guarantee installment receivables	140,050	132,799	7,250	5.5	133,610
Deferred tax assets	24,431	26,966	(2,534)	(9.4)	29,311
Other	74,984	69,554	5,429	7.8	87,676
Allowance for bad debts	(136,229)	(126,789)	(9,439)	7.4	(126,918)
Total current assets	2,376,739	2,194,968	181,771	8.3	2,164,068
II Fixed assets					
Tangible fixed assets	48,095	46,073	2,022	4.4	45,479
Intangible fixed assets	32,668	39,777	(7,108)	(17.9)	36,131
Consolidation adjustment account	11,440	19,346	(7,905)	(40.9)	14,370
Other	21,227	20,431	796	3.9	21,760
Investment and other fixed assets	81,658	80,622	1,036	1.3	86,582
Bankruptcy claims	28,241	23,899	4,341	18.2	23,660
Deferred tax assets	11,508	16,690	(5,182)	(31.1)	14,782
Other	62,489	61,764	724	1.2	66,978
Allowance for bad debts	(20,579)	(21,732)	1,152	(5.3)	(18,838)
Total fixed assets	162,423	166,472	(4,049)	(2.4)	168,193
III Deferred assets	486	530	(43)	(8.2)	499
Total assets	2,539,649	2,361,971	177,678	7.5	2,332,761
<b>(Liabilities)</b>					
I Current liabilities					
Credit guarantees payable	140,050	132,799	7,250	5.5	133,610
Short-term debt	99,143	83,811	15,332	18.3	57,034
Current portion of bonds	84,000	135,000	(51,000)	(37.8)	90,000
Current portion of long-term debt	439,085	396,476	42,609	10.7	408,204
Reserve for accrued bonuses	2,093	1,884	208	11.1	3,878
Gains on deferred installments	13,722	12,169	1,552	12.8	10,826
Other	112,707	109,429	3,278	3.0	99,778
Total current liabilities	890,802	871,570	19,232	2.2	803,332
II Long-term liabilities					
Bonds	331,000	345,000	(14,000)	(4.1)	365,000
Long term debts	693,444	585,928	107,516	18.3	588,572
Allowance for retirement benefits for employees	2,212	2,764	(551)	(20.0)	2,417
Allowance for retirement benefits for directors	1,402	1,254	148	11.8	1,262
Other	18,563	20,479	(1,915)	(9.4)	19,989

Total long-term liabilities	1,046,624	955,427	91,197	9.5	977,243
Total liabilities	1,937,427	1,826,997	110,429	6.0	1,780,575
(Minority interests)					
Minority interests	5,206	4,319	887	20.5	4,681
(Shareholders equity)					
I Common stock	83,317	83,317	—	—	83,317
II Additional paid-in capital	104,144	104,125	18	0.0	104,125
III Consolidated retained earnings	408,533	342,630	65,903	19.2	357,705
IV Differences in evaluation of other marketable securities	4,632	2,637	1,994	75.6	4,417
V Treasury stock	(3,612)	(2,056)	(1,555)	75.6	(2,062)
Total shareholders' equity	597,015	530,654	66,361	12.5	547,503
Total Liabilities, minority interests and shareholders' equity	2,539,649	2,361,971	177,678	7.5	2,332,761

## 2. Consolidated statements of income

(Unit: ¥million, %)

Item	3rd quarter, FY2004	3rd quarter, FY2003	Change		Reference: End-FY2003 (As of March 31, 2004)
	(As of December 31, 2004)	(As of December 31, 2003)	Amount	%	Amount
I Operating revenue	387,287	354,540	32,747	9.2	473,477
Interest on loans to customers	349,316	321,395	27,921	8.7	429,512
Credit card revenue	6,635	6,122	513	8.4	8,140
Per-item credit revenue	12,643	12,114	528	4.4	15,508
Credit guarantee revenue	5,178	4,045	1,132	28.0	5,562
Other	13,513	10,861	2,652	24.4	14,754
II Operating expenses	284,800	275,370	9,429	3.4	360,911
Financial expenses	30,204	28,776	1,428	5.0	38,164
Cost of sales	116	137	(20)	(15.0)	137
Other operating expenses	254,479	246,457	8,021	3.3	322,610
Operating income	102,487	79,169	23,317	29.5	112,566
III Non-operating income	1,331	747	584	78.2	1,040
IV Non-operating expenses	894	1,008	(114)	(11.3)	1,160
Ordinary income	102,923	78,907	24,016	30.4	112,446
V Extraordinary income	594	4,824	(4,230)	(87.7)	4,957
VI Extraordinary losses	6,149	3,379	2,769	81.9	13,589
Net income before income taxes	97,369	80,352	17,016	21.2	103,814
Taxes	40,239	32,586	7,653	23.5	41,016
Minority interest income/loss	524	292	231	79.2	250
Net income	56,604	47,473	9,131	19.2	62,548

3. Consolidated statements of cash flows

(Unit: ¥million, %)

Category	3rd quarter, FY2004	3rd quarter, FY2003	Reference: End-FY2003
	( As of December 31, 2004 )	( As of December 31, 2003 )	(As of March 31, 2004)
	Amount	Amount	Amount
I Cash flow from operating activities			
Net income before taxes for previous quarter	97,369	80,352	103,814
Depreciation and amortization	9,144	5,477	7,863
Increase (decrease) in allowance for bad debts	3,131	16,391	13,626
Decrease (increase) in loans to customers	(84,323)	(77,370)	(116,158)
Decrease (increase) in installment receivables	(44,518)	(21,804)	(6,428)
Other	18,955	12,968	12,364
Subtotal	(242)	16,015	15,081
Payments for corporate and other taxes	(44,587)	(57,918)	(57,955)
Other	164	119	139
Cash flow from operating activities	(44,665)	(41,783)	(42,734)
II Cash flow from investing activities			
Funds used for purchase of intangible fixed assets	(4,583)	(6,097)	(8,921)
Other	789	43,083	15,291
Cash flow from investing activities	(3,793)	36,985	6,370
III Cash flow from financing activities			
Increase in short-term debts	661,494	468,138	657,558
Repayment of short-term debt	(628,210)	(439,691)	(655,888)
Increase in long-term debt	475,904	389,743	541,283
Repayments of long-term debt	(393,254)	(391,442)	(528,609)
Cash from issue of corporate bonds	49,685	59,662	79,531
Loss on redemption of bonds	(90,000)	(32,000)	(77,000)
Other	7,798	(7,172)	(13,777)
Cash flow from financing activities	83,417	47,237	3,097
IV Effect of exchange rate changes on cash and cash equivalents	(13)	(47)	(47)
V Increase (decrease) in cash and cash equivalents	34,944	42,391	(33,313)
VI Balance of cash and cash equivalents at the beginning of period	98,329	131,643	131,643
VII Increase in cash and cash equivalents from new consolidations	4,943	-	-
VIII Balance of cash and cash equivalents at the end of the third quarter	138,217	174,035	98,329

#### 4. Results of operations (Consolidated)

##### (1) Operating revenue

(Unit: ¥million, %)

Item	3rd quarter, FY2004 (As of December 31, 2004)		3rd quarter, FY2003 (As of December 31, 2003)		Reference: End-FY2003 (As of March 31, 2004)	
	Amount	%	Amount	%	Amount	%
Interest on loans to customers	349,316	90.2	321,395	90.7	429,512	90.7
Unsecured loans	291,308	75.2	268,432	75.7	358,142	75.6
Secured loan	42,181	10.9	41,009	11.6	55,022	11.6
Small business loans	15,827	4.1	11,953	3.4	16,348	3.5
Credit card revenue	6,635	1.7	6,122	1.7	8,140	1.7
Per-item credit revenue	12,643	3.3	12,114	3.4	15,508	3.3
Credit guarantee revenue	5,178	1.3	4,045	1.2	5,562	1.2
Financial revenue - other	115	0.0	78	0.0	95	0.0
Interest on deposit	1	0.0	6	0.0	7	0.0
Interest on securities	0	0.0	1	0.0	1	0.0
Interest on loans	89	0.0	41	0.0	47	0.0
Other	23	0.0	29	0.0	39	0.0
Operating revenue - other	13,398	3.5	10,782	3.0	14,658	3.1
Sales of property	-	-	50	0.0	50	0.0
Revenue from operational investment securities	5,867	1.5	5,108	1.5	6,778	1.4
Other	7,530	2.0	5,623	1.6	7,830	1.7
Total operating revenue	387,287	100.0	354,540	100.0	473,477	100.0

Note: "Other" within "Other operating revenue" is comprised of card membership fees, etc.

##### (2) Other information

Item	3rd quarter, FY2004 (As of December 31, 2004)		3rd quarter, FY2003 (As of December 31, 2003)		Reference: End-FY2003 (As of March 31, 2004)	
	Amount	%	Amount	%	Amount	%
Loans outstanding (Unit: ¥million)	2,047,569		1,879,182		1,907,655	
Unsecured loans	1,590,740		1,459,830		1,477,430	
Secured loans	345,276		340,937		346,183	
Small business loans	111,552		78,414		84,041	
Number of accounts	3,742,856		3,506,370		3,520,240	
Unsecured loans	3,572,728		3,358,332		3,366,615	
Secured loans	97,286		92,441		94,474	
Small business loans	72,842		55,597		59,151	
Number of branches	2,282		1,974		1,978	
Staffed branches	873		812		813	
Unstaffed branches	1,409		1,160		1,164	
Branches for secured loans	0		2		1	
Number of automated loan machines	2,130		1,851		1,855	
Number of ATMs	138,331		130,747		132,148	
AIFUL ATMs	2,274		2,045		2,046	
Partnering ATMs	136,058		128,702		130,102	
Number of employees	6,588		6,129		5,969	

Note: Figures for loans outstanding and number of accounts do not include claims in bankruptcy, etc. However, figures do include off-balance-sheet loans outstanding from receivables factoring worth 111,271 million yen at the end of the third quarter of FY2004, 131,030 million yen at the end of the third quarter of FY2003, and 120,715 million yen at the end of FY2003.