

# Summary of First Quarter Consolidated Business Results FY 2004 ending March 2005

July 22, 2004

## AIFUL Corporation

(Securities code: 8515, 1st Section, Tokyo and Osaka stock Exchanges)

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

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

1. Company adopted simplified accounting methods (yes/no): Yes
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 removed from scope of consolidation, Sinwa Co., Ltd., and Sanyo Shinpan Co., Ltd.

### II. Summary of Business Results for the First Quarter, FY2004 (April 1 – June 30, 2004)

#### 1. Consolidated Business Performance

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

	Operating Revenue		Operating Income		Ordinary Income		Net income for the quarter (current)	
1st quarter, FY2004	121,047	3.4%	29,339	12.7%	29,553	13.1%	16,088	12.8%
1st quarter, FY2003	117,068	—	26,034	—	26,140	—	14,264	—
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)
1st quarter, FY2004	170.29	170.25
1st quarter, FY2003	151.00	—
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.

### Qualitative Data Concerning Consolidated Business Performance

#### A. Summary of Results

During the first quarter of the year, Japan's economy continued its recovery. This included an improvement in the effective job vacancy ratio, and in May, the lowest level of unemployment seen for three years and nine months, as well as progress in indicators of economic trends. Personal consumer spending also recorded month-on-month growth in excess of 5% for two successive months in April and May as a result of improvements in employment and income. In terms of share prices, the market has rallied with the recovery in corporate performance.

In this situation, competition to acquire market share in the entire consumer credit market outside the confines of the consumer finance industry is intensifying, and this includes capital alliances between major consumer finance companies and the mega-banks.

Meanwhile, the number of applications for personal bankruptcy (as published by the Supreme Court), which has a major impact on bad debt, has been registering year-on-year decline each month since last November, and the brakes have been applied to rising bad debt expenses.

Based on this business environment, the AIFUL Group is aiming to become a comprehensive retail finance company that targets the entire consumer credit market. The Company has continued to promote diversification of products and sales channels, maintaining growth by catering to a wider range of customer needs.

Moreover, each company that belongs to the Group has been establishing a brand value based on the unified concept of "A Company for Security and Creation." At the same time they have been working in cooperation to display synergistic effects and strengthen the Group, they have also been striving to develop efficient operations.

## B. Operations

### (1) AIFUL Corporation

During the first quarter, AIFUL's loan business witnessed the Company pursuing product diversification strategies in unsecured loans, real-estate 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

There were 143,000 new applications for unsecured loans during the first quarter, a decrease of 3.1% compared to the same quarter last year. Although the rate of decline has contracted, the number of new customers fell 6.3% compared to the same period last year to 90,000 as a result of continued caution in the granting of credit.

In this situation, AIFUL has been active in web site banner advertising, and the proportion of new customers acquired via the Internet, including personal computers and cellular phones, has expanded steadily to exceed 10.6%.

As a result of the foregoing, unsecured loans outstanding stood at 1,082,576 million yen, up 1.2% year-on-year, at the end of the current first quarter.

#### ii) Real-estate secured loans and small business loans

AIFUL's diversification strategy involves real-estate secured 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 first quarter stood at 340,705 million yen, up 4.6% year-on-year, in real-estate secured loans and 29,218 million yen, up 22.7% year on year, in small business loans.

A summary of business other than loan operations follows.

#### iii) Credit guarantees

AIFUL has been strengthening 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 provision and screening of small business loans. At the end of the current first quarter, AIFUL's guarantee partners numbered 33 unsecured personal loan companies and eight small business loan companies, and the balance of guarantees stood at 30,882 million, up 108.7% compared with the first quarter of last year.

#### iv) Credit cards

With regard to AIFUL's own AIFUL MasterCard credit card operation, the Company has been actively developing a range of co-branded cards with the aim of gaining a wider range of customers. These include the B-1 MasterCard for members of Shiga Prefecture Fishing Boat Cooperative.

Moreover, the Company has closed seven outlets as part of its store network restructuring, bringing the total number of stores to 1,555, with 548 staffed stores and 1,007 non-staffed stores, at the end of the current first quarter.

In its expansion of deposit and withdrawal channels, the Company entered new partnerships with three banks and one company with 955 ATMs, giving customers access to 63,490 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 until 11:00 pm, increasing convenience for customers.

Bad debt expenses at the end of the current first quarter were 26,276 million yen, down 6.2% compared with the same quarter last year, as a result of factors such as the impact of a slowdown in the rising number of personal bankruptcies and an improvement in the unemployment rate.

As a result of the foregoing, AIFUL's loans outstanding at the end of the current first quarter stood at 1,452,500 million yen, an increase of 2.4% compared with the first quarter of last year.

## (2) Life Co., Ltd.

During the current first 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 loan 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 Head Office to strengthen marketing capabilities. As a result, information sharing has been strengthened, creating a system that can respond to customers even more rapidly.

In addition, the branch offices have stepped up their collaboration with smaller branches and have been specializing in credit card shopping and per-item credit. Smaller branches have introduced a new system of separated responsibility for credit card shopping and per-item credit to strengthen the marketing system for each business.

In terms of strengthening 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 "Point Premium" into a more attractive point service by introducing a bonus point system that rewards higher spending and a system that automatically carries points over to the following business year, for example.

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 one bank in order to expand the channels for its cash advance services, meaning that about 126,000 CD/ATMs at 491 partner financial institutions and credit card companies may be used.

As a result of the foregoing, the number of credit card holders at the end of the current first quarter rose 160,000 to 11,190,000.

In its per-item credit business, the company has concentrated on increasing business volume and accumulating good quality assets as previously described.

In its consumer finance business, Life opened 8 new branches, bringing the total number of Life Cashing Plazas to 206. Life will continue to boost its acquisition of new customers by enhancing its network of stores.

In its guarantees business, Life sought to expand the bank loan guarantee products for which it can ensure a favorable guarantee rate, and commenced new partnerships with five banks, bringing its number of guarantee partners to 98 banks.

As a result of the foregoing, in the current quarter, volume of business increased 18.1% compared to the same period last year to 85,369 million yen for credit card shopping, rose 17.7% year-on-year to 37,335 million yen for per-item credit and was up 5.7% year-on-year to 79,217 million yen for loans, including credit card cash advances and Play Cards.

Furthermore, Life's total balance of loans, installment receivables and credit guarantee installment receivables was 724,756 million yen, up 4.7% compared to the first quarter of last year. This included 198,941 in off-balance sheet receivables resulting from securitization. The breakdown of this figure was as follows: credit card shopping up 11.2% to 82,061 million yen, per-item credit up 5.2% to 183,279 million yen, credit card cash advances up 9.1% to 346,055 million yen, credit guarantee installment receivables down 9.0% to 104,117 million yen, and other business down 25.7% to 9,234 million yen.

## (3) Other Group Companies

Business loan company Businext Corporation introduced a new scoring system in April 2004 to further improve the precision of credit provision. 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 first quarter, loans outstanding stood at 32,014 million yen, up 88.1% compared with the first quarter last year.

City's Corporation has concentrated on acquiring good quality customers with the improvement in business sentiment at small and medium-sized enterprises and the widening base of economic recovery. At the end of the current first quarter, loans outstanding stood at 32,560 million yen, up 14.1% year-on-year.

In addition to this, consumer finance companies Happy Credit Corporation, Sinwa Co., Ltd., and Sanyo Shinpan Co., Ltd., merged in April 2004 and commenced operation 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 55,640 million yen in the current first quarter. Going forward, Tryto will continue to make optimum allocation of business assets, including Group company outlets and personnel, in order to further improve management efficiency.

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. Wide Corporation, a new member of the Group, and New Frontier Partners Co., Ltd., to which Kokusai Capital changed its name on July 1, 2004, have been pursuing Group synergies in order to accelerate the development of the AIFUL Group as a comprehensive finance company.

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.

AIFUL has now dispatched a business administrator and is in the process of formulating a draft revival plan, and the Company will provide the utmost assistance to allow the early reorganization of DCM in line with the revival plan.

As a result of the foregoing, the Group's operating revenue rose 3.4% compared with the first quarter of last year to 121,047 million yen for the current first quarter.

AIFUL's operating revenue grew 1.9% year-on-year to 84,587 million yen, comprising 69.9% of the Group's revenue. Life recorded operating revenue of 29,556 million yen, an increase of 7.6% year-on-year, comprising 24.4% of the Group's revenues. Of consolidated operating revenue, 108,930 million yen, or 90.0%, was accounted for by operating interest on loans, 6,141 million yen or 5.1% by revenue from credit card shopping and per-item credit, 1,642 million yen or 1.4% by guarantees revenue and 4,331 million yen or 3.5% by other revenue.

AIFUL's operating interest on loans accounts for 75.5% of the Group's consolidated operating interest on loans. This figure can be broken down into 81.0% in unsecured loans, 16.8% in real estate-secured loans, and 2.2% in small business loans.

Operating expenses for the AIFUL Group totaled 91,707 million yen, an increase of 0.7% compared with the same period last year. AIFUL's operating expenses accounted for 64.6%, or 59,254 million yen of this total, while Life's operating expenses accounted for 28.9%, or 26,517 million yen. Total Group operating expenses can be broken down into 38,761 million yen, or 42.3%, for bad debt expenses, 9,287 million yen, or 10.1%, for financial expenses, 5,823 million yen, or 6.3% for advertising expenses, 12,146 million yen, or 13.2%, for personnel expenses, and 5,386 million yen, or 5.9%, in commissions paid.

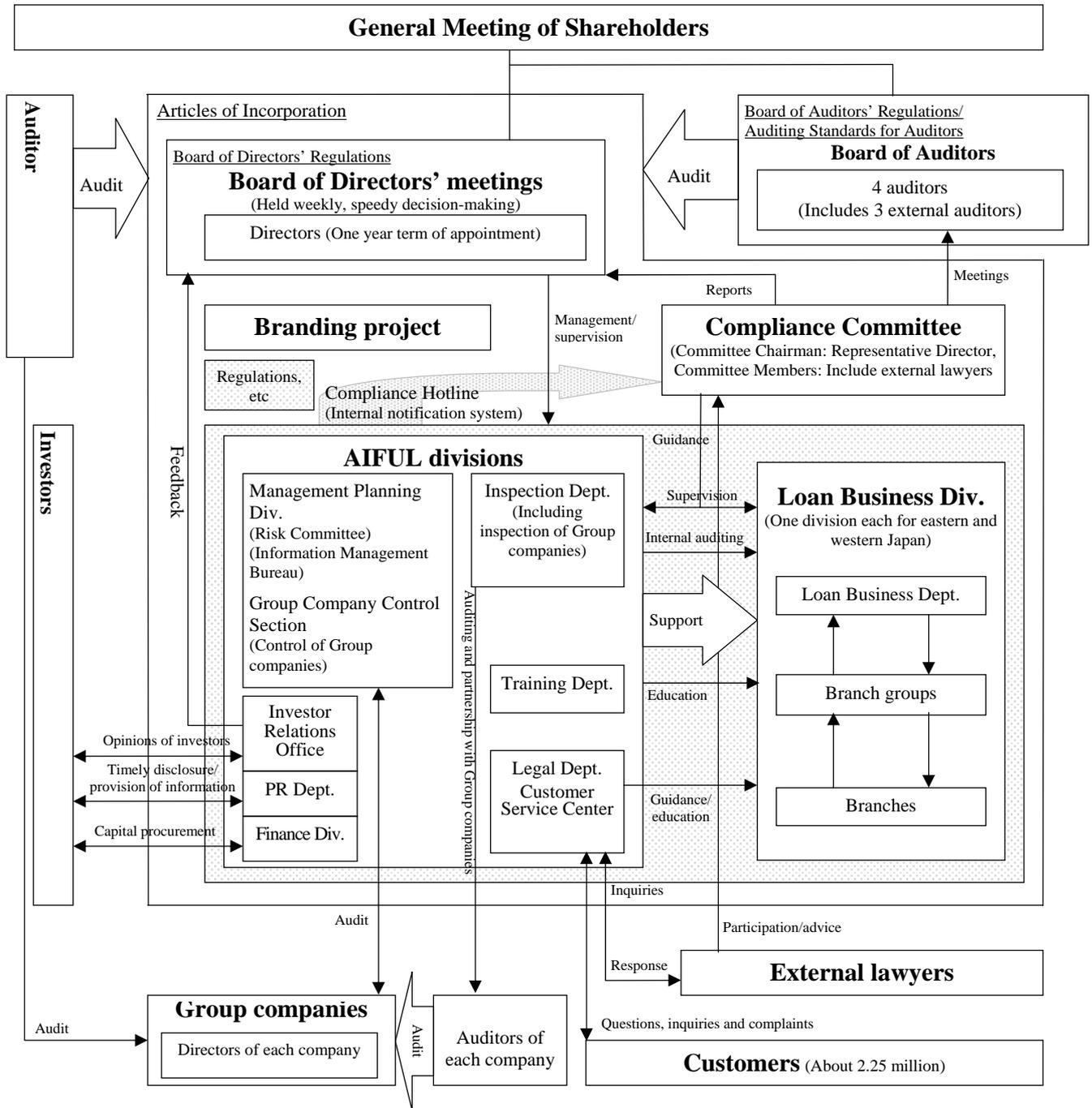
The 515 million yen in write-down of consolidation adjustment account accrued with the purchases of Life Co., Ltd., etc. was recorded as an operating expense.

As a result of the foregoing, AIFUL's consolidated operating income for the first quarter rose 12.7% compared with the same quarter last year to 29,339 million yen, ordinary income increased 13.1% to 29,553 million yen and net income grew 12.8% to 16,088 million yen. Non-consolidated operating income was up 11.2% compared with the same period last year to 25,333 million yen, ordinary income rose 10.6% to 26,429 million yen and net income increased 21.1% to 14,571 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 Inspection Department, the internal audit department, to establish a preventative auditing system. Moreover, the auditors of the Company and each Group company work in conjunction with the Company Control Section and the Inspection Department 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 Code,” as well as the establishment of a hotline in the Personnel and Inspection Departments for discussion of breaches of the code. In addition to the establishment of a new Compliance Hotline in the Legal Department in June 2003, the Company standardized its internal notification 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*

With regard to enhancing disclosure, AIFUL works to give concrete form to corporate governance not only by publishing information outside of the company, but also by providing regular feedback to Board of Directors’ meetings and departmental managers on the opinions and desires of shareholders and investors.

Based on this management policy aiming for highly transparent management, the Public Relations Department and Investor Relations Office specialize in the area of disclosure. The department and the office consistently work on full disclosure that is easy to understand. Their activities include the disclosure of 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.

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 Management Planning Division 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)
1st quarter, FY2004	2,451,691	561,821	22.9	5,933.27
1st quarter, FY2003	2,319,017	498,217	21.5	5,273.92
Reference: FY2003	2,332,761	547,503	23.5	5,794.58

### 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
1st quarter, FY2004	(31,006)	(7,708)	117,011	176,624
1st quarter, FY2003	(17,435)	41,163	47,516	202,876
Reference: FY2003	(42,734)	6,370	3,097	98,329

### Qualitative Data Concerning Changes in Consolidated Financial Position

#### A. Assets

Loans totaled 1,807,851 million yen, an increase of 6.9% compared with the same quarter last year. This was due to a steady increase in loans at Group companies. Loans totaled 1,452,500 million yen at AIFUL, 235,136 million yen at Life, 32,014 million yen at Businext and 32,560 million yen at City's.

Installment receivables rose 24.9% year-on-year to 177,496 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 stood at 135,002 million yen, up 4.5% year-on-year, due to the expansion of credit guarantee operations for loan products handled at financial institutions by AIFUL and Life. The bad debt reserve was 147,547 million yen, up 6.8% year-on-year, and bad debt appears to have peaked.

Consolidated loans and installment receivables do not include 110,918 million yen in loans and 88,023 million yen in installment receivables taken off the balance sheet by Life's securitization of receivables.

The consolidation adjustment account stood at 13,855 million yen.

#### B. Liabilities

Total capital procured, including debt, commercial paper and bonds, came to 1,633,342 million yen. This was due to the increase in financing to correspond with the steady increase in operating receivables at AIFUL, Life, Businext and City's.

#### C. Shareholders' Equity

Shareholders' equity in the current first quarter was 561,821 million yen, and the equity ratio stood at 22.9%. AIFUL's non-consolidated shareholders' equity stood at 535,653 million yen and the equity ratio was 27.3%.

#### D. Cash Flows

Despite the decline in cash and cash equivalents in the current first quarter due to the rise in loans outstanding, there was an increase of 78,294 million yen compared to the first quarter of last year to 176,624 million yen as a result of financing activities and issuing of corporate bonds.

(1) Cash flow from operating activities

Despite net income before tax of 29,677 million yen, net cash used in operating activities was minus 31,006 million yen, compared with minus 17,435 million yen in the previous year, due to factors that included an increase in operating receivables, including loans and the payment of corporation tax.

(2) Cash flow from investing activities

Net cash used in investing activities was minus 7,708 million yen compared with 41,163 million yen for the same period last year as a result of the acquisition of fixed assets and non-operating loans.

(3) Cash flow from financing activities

Net cash provided by financing activities came to 117,011 compared with 47,516 million in the previous year due to direct and indirect procurement.

### III. Consolidated Results Forecasts for FY2004 (April 1, 2004 – March 31, 2005)

#### **Qualitative Data Concerning Results Forecasts**

Results in the current first quarter have made steady progress in line with the full-year forecasts previously announced on May 10, 2004.

## Appendix

## 1. Summary of Consolidated Balance Sheet for the First Quarter

(In millions of yen, %)

Category	Current quarter (End of first quarter, FY2004)	Same quarter last year (End of first quarter, FY2003)	Change		Reference: FY2003
	Amount	Amount	Amount	%	Amount
(Assets)					
I Current assets					
Cash and cash equivalents	176,725	203,722	(26,996)	(13.3)	99,163
Loans	1,807,851	1,690,500	117,351	6.9	1,786,940
Installment receivables	177,496	142,165	35,331	24.9	154,285
Credit guarantee installment receivables	135,002	129,161	5,841	4.5	133,610
Deferred tax assets	25,894	24,693	1,200	4.9	29,311
Other	70,329	75,688	(5,359)	(7.1)	87,676
Allowance for bad debts	(127,463)	(117,661)	(9,801)	8.3	(126,918)
Total current assets	2,265,836	2,148,269	117,566	5.5	2,164,068
II Fixed assets					
Tangible fixed assets	46,179	43,590	2,588	5.9	45,479
Intangible fixed assets	35,219	39,277	(4,058)	(10.3)	36,131
Consolidation adjustment account	13,855	21,355	(7,500)	(35.1)	14,370
Other	21,363	17,922	3,441	19.2	21,760
Investment and other fixed assets	103,868	87,178	16,689	19.1	86,582
Bankruptcy claims	26,296	20,772	5,524	26.6	23,660
Deferred tax assets	14,816	16,518	(1,701)	(10.3)	14,782
Other	82,838	70,330	12,507	17.8	66,978
Allowance for bad debts	(20,083)	(20,442)	358	(1.8)	(18,838)
Total fixed assets	185,266	170,046	15,220	9.0	168,193
III Deferred assets	588	700	(112)	(16.1)	499
Total assets	2,451,691	2,319,017	132,674	5.7	2,332,761
(Liabilities)					
I Current liabilities					
Credit guarantees payable	135,002	129,161	5,841	4.5	133,610
Short-term debt	99,692	84,741	14,950	17.6	57,034
Current portion of bonds	114,000	74,500	39,500	53.0	90,000
Current portion of long-term debt	414,601	395,761	18,839	4.8	408,204
Reserve for accrued bonuses	1,977	1,887	90	4.8	3,878
Gains on deferred installments	12,389	9,182	3,207	34.9	10,826
Other	94,001	94,106	(105)	(0.1)	99,778
Total current liabilities	871,663	789,339	82,323	10.4	803,332
II Long-term liabilities					
Bonds	371,000	425,000	(54,000)	(12.7)	365,000
Long term debts	623,548	564,091	59,457	10.5	588,572
Allowance for retirement benefits for employees	2,284	7,775	(5,491)	(70.6)	2,417
Allowance for retirement benefits for directors	1,199	1,115	83	7.5	1,262
Other	15,407	29,452	(14,044)	(47.7)	19,989
Total long-term liabilities	1,013,440	1,027,436	(13,995)	(1.4)	977,243
Total liabilities	1,885,104	1,816,776	68,327	3.8	1,780,575
(Minority interests)					
Minority interests	4,765	4,023	742	18.5	4,681
(Shareholders equity)					
I Common stock	83,317	83,317	–	–	83,317
II Additional paid-in capital	104,143	104,125	17	0.0	104,125
III Consolidated retained earnings	370,852	312,256	58,596	18.8	357,705
IV Differences in evaluation of other marketable securities	5,083	571	4,511	788.9	4,417
V Treasury stock	(1,575)	(2,053)	478	(23.3)	(2,062)
Total shareholders' equity	561,821	498,217	63,603	12.8	547,503
Total Liabilities, minority interests and shareholders' equity	2,451,691	2,319,017	132,674	5.7	2,332,761

2. Summary of Consolidated Income Statement for the First Quarter

(In millions of yen, %)

Category	Current quarter (End of first quarter, FY2004)	Same quarter last year (End of first quarter, FY2003)	Change		Reference: FY2003
	Amount	Amount	Amount	%	Amount
I Operating revenue	121,047	117,068	3,978	3.4	473,477
Interest on loans to customers	108,930	105,888	3,041	2.9	429,512
Credit card revenue	2,078	1,914	164	8.6	8,140
Per-item credit revenue	4,063	4,093	(30)	(0.7)	15,508
Credit guarantee revenue	1,642	1,250	392	31.4	5,562
Other	4,331	3,921	409	10.4	14,754
II Operating expenses	91,707	91,033	673	0.7	360,911
Financial expenses	9,287	9,523	(236)	(2.5)	38,164
Cost of sales	-	-	-	-	137
Operating expenses - other	82,419	81,510	909	1.1	322,610
Operating income	29,339	26,034	3,305	12.7	112,566
III Non-operating income	333	196	136	69.3	1,040
IV Non-operating expenses	119	91	28	30.8	1,160
Ordinary income	29,553	26,140	3,413	13.1	112,446
V Extraordinary income	360	48	311	646.0	4,957
VI Extraordinary losses	236	351	(115)	(32.9)	13,589
Net income for the quarter (current) before taxes, etc.	29,677	25,836	3,841	14.9	103,814
Tax expenses	13,505	11,577	1,928	16.7	41,016
Gain (loss) on minority interests	83	(5)	89	-	250
Net income for the quarter (current)	16,088	14,264	1,823	12.8	62,548

3. Summary of Consolidated Cash Flow Statement for the First Quarter

(In millions of yen)

Category	Current quarter (End of first quarter, FY2004)	Same quarter last year (End of first quarter, FY2003)	Reference: FY2003
	Amount	Amount	Amount
I Cash flow from operating activities			
Net income for the quarter (current) before taxes, etc.	29,677	25,836	103,814
Depreciation and amortization	2,466	1,414	7,863
Increase (decrease) in allowance for bad debts	1,790	5,974	13,626
Decrease (increase) in loans to customers	(20,911)	(19,718)	(116,158)
Decrease (increase) in installment receivables	(23,211)	5,691	(6,428)
Other	5,104	957	12,364
Subtotal	(5,083)	20,156	15,081
Payments for corporate and other taxes	(26,039)	(37,633)	(57,955)
Other	116	42	139
Cash flow from operating activities	(31,006)	(17,435)	(42,734)
II Cash flow from investing activities			
Funds used for purchase of intangible fixed assets	(1,147)	(1,474)	(8,921)
Other	(6,560)	42,638	15,291
Cash flow from investing activities	(7,708)	41,163	6,370
III Cash flow from financing activities			
Increase in short-term debts	238,281	148,097	657,558
Repayment of short-term debt	(195,624)	(118,721)	(655,888)
Increase in long-term debt	145,485	146,814	541,283
Repayments of long-term debt	(104,112)	(171,064)	(528,609)
Cash from issue of corporate bonds	29,811	49,724	79,531
Loss on redemption of bonds	-	(2,500)	(77,000)
Other	3,170	(4,834)	(13,777)
Cash flow from financing activities	117,011	47,516	3,097
IV Effect of exchange rate changes on cash and cash equivalents	(2)	(12)	(47)
V Increase (decrease) in cash and cash equivalents	78,294	71,232	(33,313)
VI Balance of cash and cash equivalents at the beginning of period	98,329	131,643	131,643
VII Balance of cash and cash equivalents at the end of period	176,624	202,876	98,329

4. Results of Operations (consolidated)

A. Operating Revenue

(In millions of yen, %)

Item	Current quarter (End of first quarter, FY2004)		Same quarter last year (End of first quarter, FY2003)		Reference: FY2003	
	Amount	%	Amount	%	Amount	Amount
Interest on loans to customers	108,930	90.0	105,888	90.5	429,512	90.7
Unsecured loans	90,237	74.6	88,772	75.8	358,142	75.6
Secured loans	13,915	11.5	13,333	11.4	55,022	11.6
Small business loans	4,778	3.9	3,783	3.3	16,348	3.5
Credit card revenue	2,078	1.7	1,914	1.6	8,140	1.7
Per-item credit revenue	4,063	3.4	4,093	3.5	15,508	3.3
Guarantees revenues	1,642	1.4	1,250	1.1	5,562	1.2
Other financial revenue	30	0.0	42	0.0	95	0.0
Interest on deposits	0	0.0	3	0.0	7	0.0
Interest on marketable securities	0	0.0	0	0.0	1	0.0
Interest on loans	22	0.0	27	0.0	47	0.0
Other	8	0.0	10	0.0	39	0.0
Other operating revenue	4,300	3.5	3,879	3.3	14,658	3.1
Sales of property	-	-	-	-	50	0.0
Bad debt write-off recovery	2,061	1.7	1,838	1.6	6,778	1.4
Other	2,239	1.8	2,041	1.7	7,830	1.7
<b>Total</b>	<b>121,047</b>	<b>100.0</b>	<b>117,068</b>	<b>100.0</b>	<b>473,477</b>	<b>100.0</b>

Note: "Other" included in other operating revenue is card membership fees.

B. Other Operating Indicators

Item	Current quarter (End of first quarter, FY2004)	Same quarter last year (End of first quarter, FY2003)	Reference: FY2003
Total amount of loans outstanding (In millions of yen)	1,918,770	1,845,229	1,907,655
Unsecured loans	1,483,551	1,449,097	1,477,430
Secured loans	344,439	328,166	346,183
Small business loans	90,779	67,966	84,041
Number of customer accounts	3,523,773	3,523,636	3,520,240
Unsecured loans	3,366,124	3,387,056	3,366,615
Secured loans	94,956	88,584	94,474
Small business loans	62,693	47,996	59,151
Number of branches	1,975	1,963	1,978
Staffed branches	828	793	813
Non-staffed branches	1,147	1,166	1,164
Branches for secured loans	-	4	1
Number of "Ojidosan" loan-contracting machines	1,850	1,838	1,855
Number of ATMs	134,306	127,017	132,148
Company-owned	2,037	2,035	2,046
Partner-owned	132,269	124,982	130,102
Number of employees	6,237	6,526	5,969

Note: Total amount of loans outstanding and the number of customer accounts do not include loans and customer accounts related to bankruptcy claims. Furthermore, off-balance sheet operating loans from the securitization of receivables, which came to 110,918 million yen at the end of the current quarter (154,729 million yen at the end of same quarter last year and 120,715 million at the end of the previous consolidated fiscal year) have been included.