

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets

(¥ million)

Account title	Term	As of previous term-end (July 31, 2003)		As of reporting term-end (July 31, 2004)		Increase (decrease)	
		Amounts	Ratio of the amounts to total assets	Amounts	Ratio of the amounts to total assets	Amounts	Year-on- year
Assets			%		%		%
Current assets		347,824	95.7	389,356	95.6	41,532	11.9
Cash and deposits		39,361		48,689		9,328	
Commercial bills discounted		36,025		38,771		2,745	
Loans to customers		283,104		304,764		21,659	
Marketable securities		1		6,001		6,000	
Supplies		4		4		0	
Prepaid expenses		241		196		(44)	
Deferred tax assets		2,469		2,581		112	
Short-term loans to affiliated companies		11,747		14,395		2,648	
Accrued interest income		1,866		1,539		(327)	
Deposited money		8,480		8,851		371	
Guarantee money deposited		1,864		1,127		(736)	
Other current assets		410		1,304		894	
Allowance for doubtful accounts		(37,752)		(38,869)		(1,116)	
Noncurrent assets		15,760	4.3	18,039	4.4	2,279	14.5
Tangible fixed assets		1,345	0.4	1,427	0.3	82	6.1
Buildings		299		260		(38)	
Structures		6		5		(1)	
Automobiles		0		0		(0)	
Furniture and fixtures		244		425		181	
Land		794		735		(59)	
Intangible assets		1,462	0.4	1,980	0.5	517	35.4
Leasehold		112		112		—	
Software		1,294		1,812		517	
Telephone subscription rights		55		55		—	
Investments and other noncurrent assets		12,952	3.6	14,631	3.6	1,679	13.0
Investment in securities		25		43		17	
Investment in affiliates		5,049		4,589		(460)	
Long-term loans to affiliated companies		3,446		1,134		(2,312)	
Specified money in trust		1,827		2,180		352	
Long-term prepaid expenses		1,397		1,465		68	
Deferred tax assets		262		191		(71)	
Leasehold deposits		800		795		(4)	
Other investments		190		4,293		4,102	
Allowance for doubtful accounts		(45)		(59)		(14)	
Total assets		363,584	100.0	407,396	100.0	43,812	12.1

(¥ million)

Account title	Term	As of previous term-end (July 31, 2003)		As of reporting term-end (July 31, 2004)		Increase (decrease)	
		Amounts	Ratio of the amounts to total assets	Amounts	Ratio of the amounts to total assets	Amounts	Year-on- year
Liabilities			%		%		%
Current liabilities		19,927	5.5	20,713	5.1	786	3.9
Short-term borrowings		3,550		6,000		2,450	
Current portion of long-term debt		7,528		7,373		(154)	
Accounts payable – other		21		33		12	
Accrued income taxes		5,109		3,529		(1,579)	
Accrued expenses		1,434		1,497		63	
Deposits received		91		103		12	
Deferred income		1,793		1,888		94	
Accrued bonuses to employees		103		19		(84)	
Other current liabilities		296		268		(27)	
Long-term liabilities		117,608	32.3	154,942	38.0	37,334	31.7
Bonds		—		20,000		20,000	
Long-term debt		117,262		134,439		17,176	
Accrued retirement benefits		247		74		(173)	
Other long-term liabilities		97		428		330	
Total liabilities		137,535	37.8	175,656	43.1	38,120	27.7
Common stock		79,149	21.8	79,149	19.4	—	—
Capital surplus		78,969	21.7	79,035	19.4	65	0.1
Appropriation for legal reserve		78,969		78,969		—	
Gain on sale of shares in treasury		—		65		65	
Retained earnings		68,857	18.9	74,224	18.2	5,367	7.8
Appropriation for legal reserve		1,318		1,318		—	
Voluntary reserve		58,800		62,800		4,000	
Unappropriated retained earnings		8,739		10,106		1,367	
Unrealized gain (loss) on available-for-sale securities		(1)	(0.0)	8	0.0	10	(585.6)
Treasury stock		(926)	(0.2)	(677)	(0.1)	249	(26.9)
Total shareholders' equity		226,048	62.2	231,740	56.9	5,692	2.5
Total liabilities and shareholders' equity		363,584	100.0	407,396	100.0	43,812	12.1

Non-Consolidated Statements of Income

(¥ million)

Account title	For previous term (August 1, 2002 to July 31, 2003)		For reporting term (August 1, 2003 to July 31, 2004)		Increase (decrease)	
	Amounts	Ratio to operating revenues	Amounts	Ratio to operating revenues	Amounts	Year-on- year
Operating revenues	47,789	100.0	53,412	100.0	5,622	11.8
Discount charges	4,526		4,391		(134)	
Interest on loans	40,077		47,241		7,163	
Fees and commissions	3,184		1,778		(1,406)	
Other operating revenues	0		0		0	
Operating expenses	3,313	6.9	4,090	7.7	776	23.4
Interest on borrowings	2,491		3,046		554	
Other operating expenses	821		1,043		221	
Gross operating profit	44,476	93.1	49,322	92.3	4,845	10.9
Selling, general and administrative expenses	31,906	66.8	35,561	66.6	3,654	11.5
Operating profit	12,569	26.3	13,760	25.7	1,190	9.5
Non-operating revenues	491	1.0	668	1.3	177	36.2
Interest income	392		561		168	
Dividends received	15		0		(15)	
Others	83		107		24	
Non-operating expenses	25	0.1	75	0.1	49	191.4
Bond issuance expenses	—		35		35	
Interest on bonds	9		—		(9)	
Others	16		40		23	
Ordinary profit	13,034	27.3	14,353	26.9	1,318	10.1
Extraordinary profit	368	0.7	267	0.4	(101)	(27.6)
Prior year's adjustment	337		265		(72)	
Gain on sale of investment securities	26		—		(26)	
Gain on sale of noncurrent assets	5		1		(3)	
Extraordinary loss	103	0.2	929	1.7	825	794.1
Loss on disposal of tangible fixed assets	101		135		33	
Loss on valuation on investment securities	2		—		(2)	
Loss resulting from cancellation of asset securitization programs	—		793		793	
Income before income taxes	13,299	27.8	13,691	25.6	391	2.9
Income taxes:						
Current	6,424	13.4	6,111	11.4	(313)	(4.9)
Deferred	43	0.1	(48)	(0.1)	(91)	(211.6)
Net income	6,832	14.3	7,628	14.3	796	11.7
Retained earnings carried forward	1,907		2,477			
Unappropriated retained earnings	8,739		10,106			

Non-consolidated Statements of Appropriation of Retained Earnings

(¥ million)

Account title	Term	For previous term (August 1, 2002 to July 31, 2003)	For reporting term (August 1, 2003 to July 31, 2004)	Increase (decrease)
Unappropriated retained earnings at term-end		8,739	10,106	1,367
Total		8,739	10,106	1,367

Appropriation of retained earnings

Cash dividends	2,261 (Ordinary dividend of ¥100 per share, and extraordinary dividend of ¥100 per share)	2,264 (Ordinary dividend of ¥100 per share, and extraordinary dividend of ¥100 per share)	3
Voluntary reserve	4,000	6,000	2,000
Retained earnings carried forward	2,477	1,841	(636)

(Note) Dividend amounts exclude dividends for treasury stock.

Basis of Presentation of Non-Consolidated Financial Statements

Item \ Term	For previous term (Aug. 1, 2002 - Jul. 31, 2003)	For reporting term (Aug. 1, 2003 - Jul. 31, 2004)
1. Valuation standards and methods of securities	<p>(1) Securities</p> <p>1) Equity shares of subsidiaries and affiliates Valued at cost using the moving average method</p> <p>2) Available-for-sale securities Securities for which market quotations are available: Stated at fair market value based on the market prices on the Balance Sheet date (Net unrealized gains/losses are directly charged to income and the cost of sales is computed using the moving average method.) Securities for which market quotations are unavailable: Valued at cost using the moving average method</p> <p>(2) Derivatives Valued at fair market value</p>	<p>(1) Securities</p> <p>1) Equity shares of subsidiaries and affiliates As at left</p> <p>2) Available-for-sale securities Securities for which market quotations are available: As at left</p> <p>Securities for which market quotations are unavailable: As at left</p> <p>(2) Derivatives As at left</p>
2. Depreciation and amortization		
(1) Tangible fixed assets	Tangible fixed assets are depreciated by the declining balance method in compliance with the stipulations of the Corporation Tax Law. However, buildings (excluding connected fixed installations) acquired on or after April 1, 1998, are depreciated by the straight-line method. Useful lives and residual value of the assets are determined in accordance with the stipulations of the Corporation Tax Law.	As at left
(2) Intangible assets	Intangible assets in the form of software for in-house use are amortized by the straight-line method based on an estimated useful life of 5 years.	As at left
(3) Noncurrent prepaid expenses	Noncurrent prepaid expenses are amortized periodically.	As at left
3. Deferred assets	_____	Bond issuance expenses are fully charged to income for the term of issuance.
4. Allowances and provisions		
(1) Allowances for doubtful accounts	Allowances for doubtful accounts for non-specific purposes are provided in amounts based on the actual loss rates, and further provisions for specific claims, including Loans to Borrowers with High Possibility of Business Failure, are made in the amounts deemed uncollectible considering the status of the relevant claims.	As at left
(2) Provisions for employee bonuses	Provisions for future employee bonus payments are recognized in the amount payable in the reporting period.	As at left

(3) Accrued retirement benefits	<p>Accrued retirement benefits for employees (eligible employees as of the term end to whom lump-sum retirement money shall be paid) are posted in the amount of 100% of the sum for voluntary retirement, assuming that all eligible employees terminate their service on July 31, 2002.</p> <p>On July 31, 2002 the Company revised its retirement benefit system, such that eligible voluntary retirees as of the date are entitled to receive lump-sum retirement money at the time of retirement in the amount required for retirement expenditure as of July 31, 2002.</p>	<p>Accrued retirement benefits for employees (eligible employees as of July 31, 2002 to whom retirement money shall be paid in lump-sum) are posted in the amount of 100% of the sum for voluntary retirement, assuming that all eligible employees terminate their service on July 31, 2004.</p>
5. Leases	<p>Finance leases other than those deemed to transfer the ownership of the leased assets to the lessee are accounted for by methods similar to those applicable to ordinary operating leases.</p>	As at left
6. Hedge accounting	<p>(1) Hedge accounting method Deferred hedge accounting is used.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: interest rate swaps and interest rate caps Hedged items: loans payable with floating interest rates</p> <p>(3) Hedging policy In compliance with the regulations of the Company, the Company conducts cash flow hedging against interest rate fluctuation risk.</p> <p>(4) Valuation of effectiveness of hedge accounting The Company assesses hedging effectiveness through comparison of accumulated cash flow changes in hedging instruments and relevant hedged items.</p>	As at left
7. Other significant accounting principles	<p>(1) Operating revenue recognition Income received from customers in the form of discount charges and interest is, at the end of the maturity period or due date, recognized as part of the operating revenue.</p>	<p>(1) Operating revenue recognition As at left</p>

	<p>(2) Consumption tax accounting Consumption taxes are excluded from the amounts in the non-consolidated income statements. Suspense receipts and payment of consumption taxes offset each other, and the net amounts are posted under other current liabilities.</p> <p>(3) Accounting standards for treasury stock and reversal of statutory reserves Effective the reporting term, the Company has adopted new accounting standards for treasury stock and reversal of statutory reserves (Corporate Accounting Standards No. 1).</p> <p>(4) Accounting standards for calculation of earnings per share Effective the reporting term, the Company has adopted new accounting standards for calculation of earnings per share (Corporate Accounting Standards No. 2) and the related practical guidelines (Practical Guidelines for Corporate Accounting Standards No. 4).</p>	<p>(2) Consumption tax accounting As at left</p> <p>(3) Accounting standards for treasury stock and reversal of statutory reserves _____</p> <p>(4) Accounting standards for calculation of earnings per share _____</p>
--	---	--

Notes to Non-Consolidated Financial Statements

Balance sheet items

Previous term-end (As of July 31, 2003)	Reporting term-end (As of July 31, 2004)																								
<p>1. Accumulated amounts of depreciation for tangible fixed assets ¥597 million</p> <p>2. Assets pledged as collateral See the table below for an overview of assets pledged as collateral in regard to ¥50 million in short-term borrowings, ¥2,112 million in current portion of long-term debt, and the remaining portion of ¥107,936 million.</p> <table style="width: 100%; margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"></th> <th style="text-align: right;">(Millions of yen)</th> </tr> <tr> <th style="text-align: left;">Assets pledged as collateral</th> <th style="text-align: right;">Amount</th> </tr> </thead> <tbody> <tr> <td>Deposits</td> <td style="text-align: right;">2</td> </tr> <tr> <td>Commercial bills discounted</td> <td style="text-align: right;">27,581</td> </tr> <tr> <td>Loans to customers</td> <td style="text-align: right;">119,732</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">147,316</td> </tr> </tbody> </table> <p>In addition, the Company received debt guarantees in regard to ¥50 million of a total ¥3,550 million in short-term borrowings from Kenshin Oshima, Company president during the period in question. In addition to the aforementioned, the Company has concluded future contracts for the transfer of receivables in regard to ¥16,921 million in loans to customers. The total debt corresponding to this figure is ¥16,570 million, consisting of ¥2,500 million in short-term borrowings, ¥5,220 million in current portion of long-term debt, and the remaining portion of ¥8,850 million. Moreover, the Company has employed securitization schemes under which a portion of commercial bills discounted and loans secured by real estate are treated as negotiable collateral loans. The balance of commercial bills discounted falling into the category of negotiable collateral loans (negotiable notes) amounts to ¥27,073 million and the relevant balance of loans to customers comes to ¥8,367 million. Beginning with the period in question, the balance of negotiable collateral loans is included in the assets pledged as collateral amount. In connection with the securitization of commercial bills discounted, and loans secured by real estate collateral mentioned above, ¥8,480 million was included in “deposited money.”</p> <p>3.</p> <p style="text-align: center;">_____</p> <p>4.</p> <p style="text-align: center;">_____</p>		(Millions of yen)	Assets pledged as collateral	Amount	Deposits	2	Commercial bills discounted	27,581	Loans to customers	119,732	Total	147,316	<p>1. Accumulated amounts of depreciation for tangible fixed assets ¥596 million</p> <p>2. Assets pledged as collateral See the table below for an overview of assets pledged as collateral in regard to ¥2,000 million in short-term borrowings, ¥112 million in current portion of long-term debt, and the remaining portion of ¥124,611 million.</p> <table style="width: 100%; margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"></th> <th style="text-align: right;">(Millions of yen)</th> </tr> <tr> <th style="text-align: left;">Assets pledged as collateral</th> <th style="text-align: right;">Amount</th> </tr> </thead> <tbody> <tr> <td>Deposits</td> <td style="text-align: right;">238</td> </tr> <tr> <td>Commercial bills discounted</td> <td style="text-align: right;">26,748</td> </tr> <tr> <td>Loans to customers</td> <td style="text-align: right;">154,307</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">181,295</td> </tr> </tbody> </table> <p>In addition, the Company has concluded future contracts for the transfer of receivables in regard to ¥22,241 million in loans to customers. The total debt corresponding to this figure is ¥21,648 million, consisting of ¥5,400 million in short-term borrowings, ¥6,776 million in current portion of long-term debt, and the remaining portion of ¥9,472 million. Moreover, the Company has employed securitization schemes under which a portion of commercial bills discounted and loans to customers are treated as negotiable collateral loans. The balance of commercial bills discounted falling into the category of negotiable collateral loans (negotiable notes) amounts to ¥23,586 million and the relevant balance of loans to customers comes to ¥148,706 million. In connection with the securitization of commercial bills discounted and loans to customers mentioned above, ¥8,851 million was included in “deposited money” and ¥2,180 million is reserved in “specified money trust.”</p> <p>3. Guarantee obligations The Company’s guarantee obligations are as follows. (Bank loans) Midas Capital Co., Ltd. ¥1,762 million</p> <p>4. Trade notes whose date of maturity falls on the balance sheet date The balance sheet date for the reporting term fell on a bank holiday. The term-end balance of commercial bills discounted, however, is calculated assuming that trade notes with date of maturity falling on the balance sheet date are settled on the said date. For the reporting term, relevant trade notes are as follows. Commercial bills: ¥4,013 million</p>		(Millions of yen)	Assets pledged as collateral	Amount	Deposits	238	Commercial bills discounted	26,748	Loans to customers	154,307	Total	181,295
	(Millions of yen)																								
Assets pledged as collateral	Amount																								
Deposits	2																								
Commercial bills discounted	27,581																								
Loans to customers	119,732																								
Total	147,316																								
	(Millions of yen)																								
Assets pledged as collateral	Amount																								
Deposits	238																								
Commercial bills discounted	26,748																								
Loans to customers	154,307																								
Total	181,295																								

<p>5. Number of shares Authorized number of shares to be issued: (ordinary shares) 25,100,000 Number of shares issued: (ordinary shares) 11,370,800</p> <p>6. The Company holds 65,063 of its own ordinary shares in treasury.</p> <p>7. Net assets, as defined in Article 124, Clause 3 of the Enforcement Regulations for the Commercial Code, amount to ¥115 million.</p>	<p>5. Number of shares Authorized number of shares to be issued: (ordinary shares) 25,100,000 Number of shares issued: (ordinary shares) 11,370,800</p> <p>6. The Company holds 47,560 of its own ordinary shares in treasury.</p> <p>7. _____</p>
--	--

Income statement items

For previous term (Aug. 1, 2002 - Jul. 31, 2003)	For reporting term (Aug. 1, 2003 - Jul. 31, 2004)
<p>1. Items related to affiliates other than items separately posted Interest income: ¥388 million</p> <p>2. Prior year's adjustment: gain on collection of receivables written off</p> <p>3. Gain on sale of tangible fixed assets: Land ¥5 million</p> <p>4. Loss on disposal of noncurrent assets: Buildings ¥1 million Telephone subscription rights ¥23 million Loss on disposal of noncurrent assets: Buildings ¥15 million Furniture and fixtures ¥61 million</p>	<p>1. Items related to affiliates other than items separately posted Interest income: ¥492 million</p> <p>2. Prior year's adjustment: gain on collection of receivables written off</p> <p>3. Gain on sale of tangible fixed assets: Land ¥1 million</p> <p>4. Loss on disposal of noncurrent assets: Land ¥1 million Loss on disposal of noncurrent assets: Buildings ¥28 million Furniture and fixtures ¥36 million Software ¥22 million Cost of dismantlement ¥46 million</p>

Investment Securities

Subsidiary shares with market quotations

Reporting term (August 1, 2003 to July 31, 2004)

(Millions of yen)

	Balance Sheet Amount	Book value	Unrealized gain
Subsidiary shares	1,389	4,694	3,305

Previous term (August 1, 2002 to July 31, 2003)

(Millions of yen)

	Balance Sheet Amount	Book value	Unrealized gain
Subsidiary shares	180	405	225

Tax-effect accounting

For previous term (Aug. 1, 2002 - Jul. 31, 2003)	For reporting term (Aug. 1, 2003 - Jul. 31, 2004)
1. Deferred tax assets and their breakdown by cause	1. Deferred tax assets and their breakdown by cause
Deferred tax assets	Deferred tax assets
Excess reserve for possible loan losses ¥790 million	Excess reserve for possible loan losses ¥977 million
Excess provision for accrued retirement benefits ¥73 million	Accrued interest income ¥1,058 million
Accrued interest income ¥1,170 million	Accrued enterprise tax ¥449 million
Accrued enterprise tax ¥449 million	Expenses not deductible for valuation loss on noncurrent assets ¥130 million
Expenses not deductible for valuation loss on noncurrent assets ¥130 million	Others ¥112 million
Others ¥117 million	Total deferred tax assets ¥2,778 million
Net deferred tax assets ¥2,731 million	Deferred tax liabilities
	Unrealized gain on available-for-securities ¥(5) million
	Total deferred tax liabilities ¥(5) million
	Net deferred tax assets ¥2,772 million
2. Major components of difference between statutory income tax rate and effective income tax rate under tax-effect accounting	2. Major components of difference between statutory income tax rate and effective income tax rate under tax-effect accounting
Statutory income tax rate 41.8%	Statutory income tax rate 41.8%
(Reconciliation)	(Reconciliation)
Per-capita residential income tax 0.7	Per-capita residential income tax 0.7
Prior year corporate income tax 5.3	Taxation on retained earnings held by family-owned companies 2.2
Others 0.8	Others (0.4)
Effective tax rate 48.6	Effective tax rate 44.3
3. Due to enactment of revision of local tax laws on March 31, 2003, statutory income tax rate used for calculation of deferred tax assets and liabilities (limited to those which shall be subject to elimination on or after August 1, 2004) for the reporting term fell from 41.8% to 40.4%. As a result, deferred tax assets decreased ¥10 million and deferred income taxes increased ¥10 million. Unrealized loss on available-to-sale securities, however, remained unchanged.	3.