

Flash Report for the 3 Quarters (9 Months ended April 30, 2004)

June 23, 2004

Name of the listed company: SFCG CO., LTD. (formerly Shohkoh Fund & Co., Ltd.)

Listing stock exchange: Tokyo Stock Exchange (First section)

Code No.: 8597

Location of principal office: Tokyo

URL <http://www.sfcg-ir.com/>

Representative: Kenshin Oshima (President)

Contact: Wataru Kikuchi (Director and General Manager of Business Planning Dept.)

Tel. +81-(0)-3-3270-4177

1. Matters concerning preparation of quarterly report

- a) Accounting standards employed: same as those employed for the preparation of the consolidated financial statements for the latest term
- b) Changes in the scope of consolidation and application of equity-method accounting
 - Number of consolidated subsidiaries: 13
 - Number of nonconsolidated subsidiaries accounted for using the equity-method: none
 - Number of affiliates accounted for using the equity-method: 1
 - Changes from January 1, 2004
 - Consolidated subsidiaries: none
 - Equity-method affiliates: (inclusion) 1

2. Consolidated Results for the 9 Months (August 1, 2003 - April 30, 2004)

* Amounts are shown in millions with fractions omitted except for per-share data. Figures less than ¥0.01 for per-share data are omitted.

(1) Operating results

(¥ million)

	Operating revenue		Operating profit		Ordinary profit	
For reporting 9 months	58,000	(— %)	11,288	(— %)	11,439	(— %)
For previous term ended July 31, 2003	62,932	(6.1%)	14,655	(10.3%)	14,641	(9.7%)

	Net income		Earnings per share (¥)		Diluted earnings per share (¥)	
For reporting 9 months	5,851	(— %)	517.57		—	
For previous term ended July 31, 2003	7,428	(1.7%)	657.03		—	

(Note) No year-on-year comparisons are made, as the Company did not disclose results on a quarterly basis for the previous term.

(Supplemental information)

The Company generally achieved its management goals for the reporting nine months in terms of both operating revenues and profit, reflecting the recovery of Japan's economy.

(2) Financial position

(¥ million)

	Total assets	Shareholders' equity	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
As of April 30, 2004	409,119	232,039	56.7	20,524.07
As of previous term-end (July 31, 2003)	376,448	227,296	60.4	20,104.50

(Supplemental information)

Total assets as of the end of the 3rd quarter (April 30, 2004) increased ¥32,671 million over the previous term-end. Shareholders' equity increased ¥4,743 million and the equity ratio stood at 56.7%.

On May 27, 2004, the board of directors of the Company passed a resolution on the issuance of Euro-yen denominated corporate bonds with non-detachable share subscription warrants ("corporate bonds") due 2011 worth ¥17.5 billion (¥20 billion including optional purchasing rights), for which payments were made by June 15, 2004.

3. Business Forecast for the Year ending July 31, 2004 (August 1, 2003 - July 31, 2004)

(¥ million)

	Operating revenue	Ordinary profit	Net income
Full term ending July 31, 2004	75,000	15,500	8,000

(Reference) Estimated earnings per share (for full term): ¥707.60

(Supplemental information)

Performance of the Company so far was as expected in our latest estimates made available on March 25, 2004

The above figures are based on information available at the time of disclosure. Unforeseen and uncontrollable factors may cause future performance to differ substantially from forecasts.

Consolidated Financial Statements

Consolidated Balance Sheet

(¥ million)

	As of April 30, 2004		As of July 31, 2003	
	Amounts	Ratio to operating revenues	Amounts	Ratio to operating revenues
Assets		%		%
Current assets	381,150	93.2	363,279	96.5
Cash and deposits	39,830		43,249	
Commercial bills discounted	47,038		42,260	
Trade notes and accounts receivable	2,681		2,075	
Loans to customers	296,497		285,110	
Marketable securities	1		1	
Inventories	10,923		11,790	
Deferred tax assets	3,260		2,735	
Other current assets	18,925		13,870	
Allowance for doubtful accounts	(38,008)		(37,814)	
Noncurrent assets	27,968	6.8	13,168	3.5
Tangible fixed assets	2,694	0.6	2,612	0.7
Intangible assets	2,089	0.5	1,769	0.5
Investments and other noncurrent assets	23,185	5.7	8,785	2.3
Investment in securities	12,167		2,099	
Other investments assets	11,246		6,883	
Allowance for doubtful accounts	(229)		(197)	
Total assets	409,119	100.0	376,448	100.0
Liabilities				
Current liabilities	27,530	6.7	24,278	6.4
Trade notes and accounts payable	2,492		2,161	
Short-term borrowings	18,432		11,883	
Income taxes payable	2,074		5,510	
Accrued bonuses to employees	89		106	
Other current liabilities	4,442		4,616	
Long-term debt	145,939	35.7	122,020	32.4
Bonds	1,400		—	
Long-term borrowings	143,009		120,728	
Accrued retirement benefits	207		311	
Allowance for guarantee obligations	45		38	
Consolidation adjustments	48		57	
Other long-term liabilities	1,228		883	
Total liabilities	173,470	42.4	146,299	38.8
Minority interests				
Minority interests	3,610	0.9	2,852	0.8
Shareholders' equity				
Common stock	79,149	19.3	79,149	21.0
Capital surplus	78,981	19.3	78,981	21.0
Retained earnings	73,909	18.1	70,033	18.6
Unrealized gain on available-for-securities	927	0.2	57	0.0
Treasury stock	(928)	(0.2)	(926)	(0.2)
Total shareholders' equity	232,039	56.7	227,296	60.4
Total liabilities, minority interests and Shareholders' equity	409,119	100.0	376,448	100.0

Consolidated Statement of Income

(¥ million)

	Period	9 months (August 1, 2003 - April 30, 2004)		Previous term (August 1, 2002 - July 31, 2003)	
		Amounts	Ratio to operating revenues	Amounts	Ratio to operating revenues
Ordinary profit/loss			%		%
Operating revenues		58,000	100.0	62,932	100.0
Discount charges		3,605		4,894	
Interest on loans		34,807		40,235	
Fees and commissions		1,520		3,232	
Revenue from real estate and other operations		17,975		14,538	
Other operating revenues		91		31	
Operating expenses		17,157	29.6	14,770	23.5
Interest on borrowings		2,267		2,545	
Cost of sales		14,104		11,372	
Other operating expenses		785		852	
Gross operating profit		40,842	70.4	48,161	76.5
Selling, general and administrative expenses		29,554	51.0	33,505	53.2
Operating profit		11,288	19.5	14,655	23.3
Non-operating revenues		327	0.6	116	0.2
Interest income		90		6	
Dividends received		137		—	
Rent received		22		36	
Other non-operating revenues		76		74	
Non-operating expenses		175	0.3	131	0.2
Interest expenses		49		39	
Share issuance expenses		31		28	
Bond issuance expenses		3		—	
Loss on foreign exchange translation		17		—	
Other non-operating expenses		72		63	
Ordinary profit		11,439	19.7	14,641	23.3
Extraordinary profit		678	1.1	428	0.7
Gain on sale of fixed assets		1		7	
Gain on sale of investment securities		223		—	
Prior year's adjustment		357		420	
Gain on investment in partnership		96		—	
Extraordinary loss		1,291	2.2	189	0.3
Loss on disposal of fixed assets		104		101	
Loss on sale of investments in affiliates		196		28	
Loss on valuation of investment securities		160		3	
Loss on valuation of investments in affiliates		36		17	
Loss on cancellation of contracts resulting from changes in asset securitization program		793		—	
Loss on valuation of golf club membership		—		3	
Loss on investment in partnership		—		36	
Income before income taxes		10,827	18.6	14,879	23.7
Income taxes:					
Current		4,892	8.4	7,235	11.5
Deferred		(570)	(1.0)	(257)	(0.4)
Minority interests		653	1.1	473	0.8
Net income		5,851	10.1	7,428	11.8