

Flash Report for the 1st Quarter (August - October) of the business term ending July 2005 (consolidated)

December 10, 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)

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1. Matters concerning preparation of quarterly report

- Accounting methods employed: standard method, with the exception of the recognition and measurement of the corporation tax amount, to which a simplified accounting method is applied.
- Accounting standards employed: same as those employed for the previous term
- Changes in scope of consolidation and application of equity-method accounting
Number of newly consolidated subsidiaries: 1

2. Consolidated Results for the 3 Months (August 1, 2004 - October 31, 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 3 months	20,572	(8.5 %)	4,676	(— %)	4,643	(— %)
For previous first quarter	18,967	(— %)	—		—	
For previous term ended July 31, 2004	77,704		15,935		15,912	

	Net income		Earnings per share (¥)	Diluted earnings per share (¥)
For reporting 3 months	2,287	(— %)	202.01	189.90
For previous term ended July 31, 2004	8,321		735.99	729.62

(Note) Except for operating revenue, no year-on-year comparisons are made, as figures on a quarterly basis are not available for the previous term.

(Supplemental explanation)

For the reporting first quarter, both operating revenue and earnings are roughly in line with the initial expectations, against the backdrop of a recovery of the economy reflected in corporate earnings and capital investments.

(2) Financial position

(¥ million)

	Total assets	Shareholders' equity	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
As of October 31, 2004	438,403	234,904	53.6	20,745.07
As of previous term-end (July 31, 2004)	432,028	235,476	54.5	20,795.82

(Supplemental explanation)

During the reporting quarter, total assets increased ¥6,375 million to stand at ¥438,403 million at the end of October 2004. This is mainly attributable to increases in loans to customers of ¥16,009 million and money deposited of ¥9,307 million. On the other hand, cash and deposits decreased ¥19,858 million.

Total liabilities also increased by ¥4,915 million over the same period to ¥197,321 million, due to an increase of ¥5,245 million in borrowings.

Shareholders' equity came to ¥234,904 million, with an equity ratio of 53.6% at the end of October.

3. Business Forecast for the Year ending July 31, 2005 (August 1, 2004 - July 31, 2005)

No revisions have been made to initial forecasts released on September 24, 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)

	Reporting quarter (as of October 31, 2004)		Previous term (as of July 31, 2004)	
	Amounts	Ratio to total assets	Amounts	Ratio to total assets
Assets		%		%
Current assets	419,879	95.8	416,244	96.3
Cash and deposits	32,702		52,560	
Commercial bills discounted	44,351		47,276	
Trade notes and accounts receivable	2,406		2,347	
Loans to customers	321,763		305,754	
Investment securities	13,945		13,014	
Marketable securities	6,001		6,001	
Inventories	10,512		10,039	
Deferred tax assets	2,835		3,001	
Money deposited	19,639		10,332	
Other current assets	4,527		4,815	
Allowance for doubtful accounts	(38,806)		(38,899)	
Noncurrent assets	18,524	4.2	15,784	3.7
Tangible fixed assets	2,659	0.5	2,631	0.6
Intangible assets	2,137	0.5	2,156	0.5
Investments and other noncurrent assets	13,727	3.2	10,996	2.6
Investment in securities	419		421	
Other investments assets	13,640		10,913	
Allowance for doubtful accounts	(332)		(338)	
Total assets	438,403	100.0	432,028	100.0
Liabilities				
Current liabilities	29,164	6.6	26,134	6.0
Trade notes and accounts payable	2,084		1,434	
Short-term borrowings	19,160		15,915	
Income taxes payable	2,518		3,643	
Deferred tax liabilities	800		784	
Accrued bonuses to employees	42		27	
Other current liabilities	4,558		4,328	
Long-term debt	168,156	38.4	166,272	38.5
Bonds	20,400		20,600	
Long-term borrowings	146,294		144,294	
Accrued retirement benefits	70		75	
Allowance for guarantee obligations	44		46	
Consolidation adjustments	44		47	
Other long-term liabilities	1,302		1,209	
Total liabilities	197,321	45.0	192,406	44.5
Minority interests				
Minority interests	6,178	1.4	4,146	1.0
Shareholders' equity				
Common stock	79,149	18.1	79,149	18.3
Capital surplus	79,047	18.0	79,047	18.3
Retained earnings	76,550	17.5	76,773	17.8
Unrealized gain on available-for-securities	834	0.2	1,183	0.3
Treasury stock	(677)	(0.2)	(677)	(0.2)
Total shareholders' equity	234,904	53.6	235,476	54.5
Total liabilities, minority interests and Shareholders' equity	438,403	100.0	432,028	100.0

Consolidated Statement of Income

(¥ million)

	Reporting quarter (ended October 31, 2004)		Previous term (ended July 31, 2004)	
	Amounts	Ratio to operating revenues	Amounts	Ratio to operating revenues
Ordinary profit/loss		%		%
Operating revenues	20,572	100.0	77,704	100.0
Discount charges	1,180		4,871	
Interest on loans	13,245		47,337	
Fees and commissions	415		1,890	
Revenue from real estate and other operations	5,665		23,382	
Other operating revenues	65		222	
Operating expenses	5,630	27.4	22,545	29.0
Interest on borrowings	955		3,223	
Cost of sales	4,303		18,231	
Other operating expenses	371		1,090	
Gross operating profit	14,941	72.6	55,159	71.0
Selling, general and administrative expenses	10,265	49.9	39,223	50.5
Operating profit	4,676	22.7	15,935	20.5
Non-operating revenues	60	0.3	264	0.4
Interest income	17		102	
Rent received	7		28	
Other non-operating revenues	35		133	
Non-operating expenses	93	0.4	287	0.4
Interest expenses	41		82	
Share issuance expenses	28		32	
Bond issuance expenses	—		39	
Other non-operating expenses	23		133	
Ordinary profit	4,643	22.6	15,912	20.5
Extraordinary profit	40	0.1	750	0.9
Gain on sale of fixed assets	0		2	
Gain on sale of investment securities	—		223	
Prior year's adjustment	39		413	
Gain on investment in partnership	—		111	
Extraordinary losses	13	0.1	1,340	1.7
Loss on disposal of fixed assets	13		141	
Loss on sale of investments in affiliates	—		200	
Loss on valuation of investment securities	—		168	
Loss on valuation of investments in affiliates	—		36	
Loss on cancellation of contracts resulting from changes in asset securitization program	—		793	
Income before income taxes and minority interests	4,669	22.6	15,322	19.7
Income taxes:				
Current	1,953	9.5	6,665	8.6
Deferred	327	1.5	(324)	(0.4)
Minority interests	101	0.5	660	0.8
Net income	2,287	11.1	8,321	10.7