

# Flash Report for the 6-Month Term ended January 31, 2005

March 24, 2005

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.)

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Date of meeting of the Board of Directors for approval of the interim-term settlement: March 24, 2005

U.S. accounting standards: Not adopted

## 1. Consolidated Results for the 6-Month term (August 1, 2004—January 31, 2005)

\* 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 interim term	41,495 (7.3%)	9,729 (28.7%)	9,676 (26.8%)
For previous interim term	38,685 (32.9%)	7,562 (18.2%)	7,629 (19.3%)
For previous term ended July 31, 2004	77,704 (23.5%)	15,935 (8.7%)	15,912 (8.7%)

	Net income	Earnings per share (¥)	Diluted earnings per share (¥)
For reporting interim term	5,160 (38.0%)	456.32	-
For previous interim term	3,740 (9.8%)	330.82	-
For previous term ended July 31, 2004	8,321 (12.0%)	735.99	729.62

(Notes) 1. Equity in earnings (losses) of unconsolidated subsidiaries and affiliates

For reporting interim term : — ; For previous interim term : — ; For previous term ended July 31, 2004 : —

2. Average number of shares for the term

For reporting interim term: 11,309,738; For previous interim term: 11,305,734; For previous term ended July 31, 2003: 11,306,063

3. Change in accounting policy: none

4. The percentage figures accompanying operating revenue, operating profit, ordinary profit and net income represent year-on-year change.

## (2) Financial position (¥ million)

	Total assets	Shareholders' equity	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
As of reporting interim term-end	464,804	236,642	50.9	20,976.81
As of previous interim term-end	380,890	228,449	60.0	20,206.49
As of term-end (July 31, 2004)	432,028	235,476	54.5	20,795.82

(Note) Number of shares issued and outstanding at term end

As of reporting interim term-end : 11,281,135; As of previous interim term-end : 11,305,724; As of previous term-end (July 31, 2004) : 11,323,240

## (3) Cash flows (¥ million)

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash used in financing activities	Cash and cash equivalents at term-end
For reporting interim term	(28,422)	(3,664)	24,939	51,341
For previous interim term	(16,420)	(6,850)	2,592	22,606
For previous term ended July 31, 2004	28,801	(4,922)	48,927	58,488

## (4) Scope of consolidation and equity method affiliates

Number of consolidated subsidiaries: 11

Number of equity method unconsolidated subsidiaries: —

Number of equity method affiliated companies: 1

## (5) Change in scope of consolidation and equity method applied affiliates

New consolidated subsidiaries: 1

Exclusion of consolidated subsidiaries: 2

New equity method affiliates: —

Exclusion of equity method applied affiliates: —

## 2. Business Forecast for the Year ending July 31, 2004 (August 1, 2004—July 31, 2005)

(¥ million)

	Operating revenue	Ordinary profit	Net income
Full term ending July 31, 2005	80,000	18,700	9,700

(Reference) Estimated net income per share (for full term): ¥859.84

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.

## The SFCG Group

The SFCG Group, consisting of the parent company (SFCG), 16 subsidiaries, and 2 affiliates, is engaged in various business fields, including: corporate financing; real estate; the manufacture and sale of sports goods and personal computer peripheral products; and computer system development, support and maintenance.

The parent company engages principally in loan provision and commercial bill discounting for small and medium-sized companies, including sole proprietorships. T-ZONE Holdings, whose stock is registered for trading on the JASDAQ over-the-counter market, is responsible for overseeing the operations of the member companies of the SFCG Group. Below, Group companies are classified according to business type and according to relationship with the parent company.

(1) Corporate financing: corporate loans and financial services for other financial companies; venture capital operations; claim collection agency ;

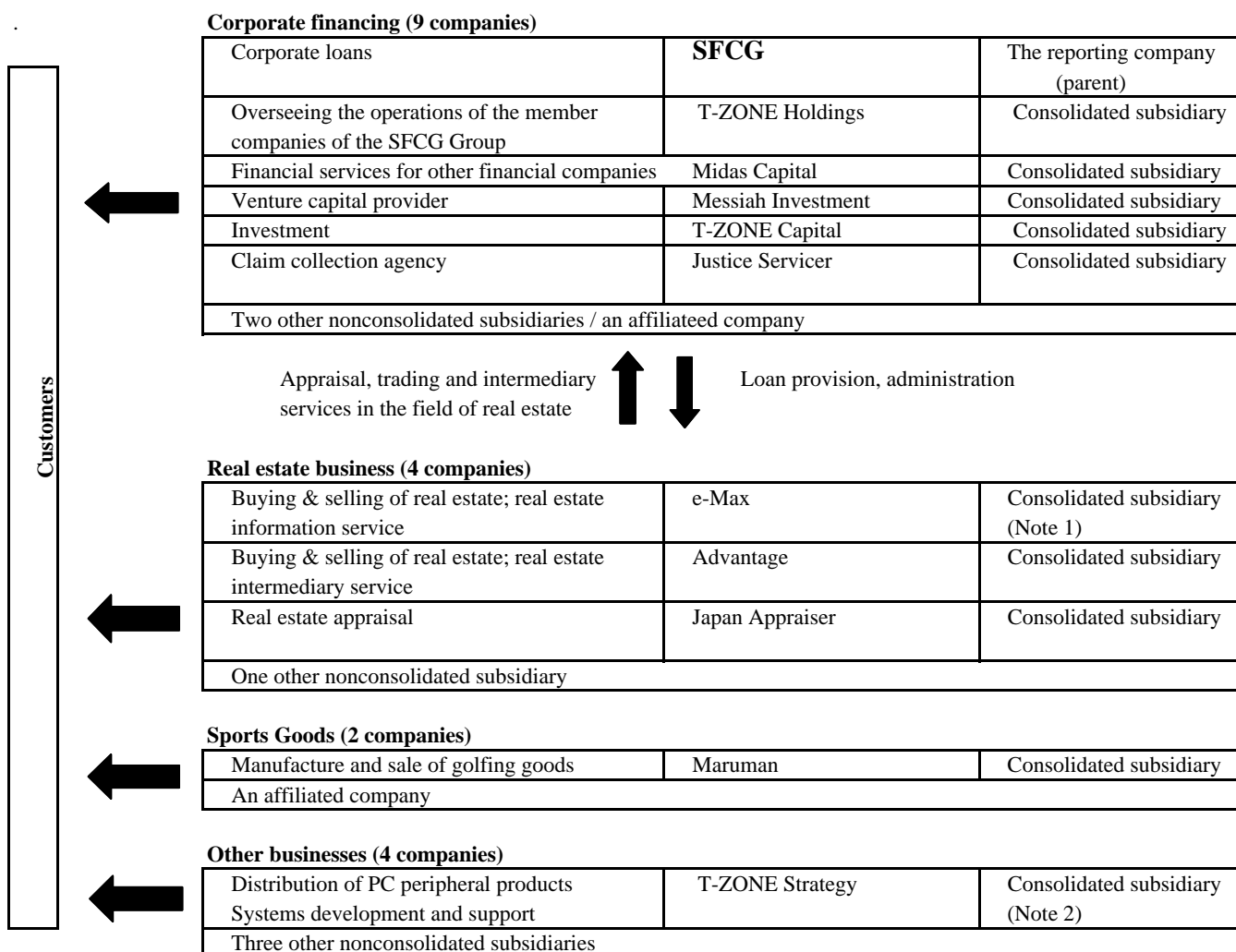
SFCG ; T-ZONE Holdings; Midas Capital ; Messiah Investment ;  
T-ZONE Capital ; Justice Servicer ; three other companies

(2) Real estate businesses: Purchase, sale, and management of real estate; intermediary agency services for real estate transactions; provision of information on real estate; real estate appraisal;  
e-Max ; Advantage ; Japan Appraiser ; one other company

(3) Manufacture and sale of sports goods: Maruman; one other company

(4) Others: Sale of personal computer components, computer system development, computer system maintenance and support services:  
T-ZONE Strategy ; three other companies

The following chart illustrates the categorizations of the Group companies according to business line, and their status within the Group.



Note:

1. With effect from August 2, 2004, Uchida House has been merged by e-Max

2. With effect from October 22, 2004, Strategy and T-ZONE DIY has merged into T-ZONE Strategy

# Management Policies

## 1. Basic Operating Policies

Since its establishment in December 1978, the Company has constantly worked to support small and medium-sized enterprises through the provision of operating funds. In these activities, which embody the concept under which the Company was founded, we follow three basic retail lending policies: loan extension in small lots, over short periods, and exclusively to end-users. To realize the concept under which the Company was founded and the aforementioned operating policies, we have designed a proprietary personnel development system, and we continue to devote considerable efforts to staff training. We will continue to refine our expertise as a lender to smaller companies, and will constantly seek out innovation and improvements in the conviction that the customer comes first. We will continue to push forward with innovative practices and improved products so as to ensure the stability of our business base as a provider of funds to small and medium-sized enterprises, and broaden our sphere of business operations.

## 2. Distribution of Profit to Shareholders

The distribution of profit to shareholders is an issue of high priority for the management of the Company, and we have been following a policy of making stable dividend payments within the constraints of the need to retain an adequate proportion of earnings to allow for future business development and maintain a sufficiently strong financial position. It is the policy of the management of the Company to pay a dividend, consisting of a minimum of ¥100 per share, at term-end only, and we will once again be adhering to this policy for the term under review. Retained earnings not distributed to shareholders will be employed in strengthening the Company's financial position. At the same time, the Company will take the opportunity to implement reinvestment with the aim of increasing its enterprise value. The entire management of SFCG will remain committed to meeting the expectations of the Company's shareholders.

## 3. Basic policy relating to the possible lowering of the minimum investment amount

With regard to the possible lowering of the minimum investment amount of the Company's common stock, the Company considers existing 10-share minimum investment amount appropriately facilitating investment activities of all stakeholders.

## 4. Medium term management strategy

The Company aims to achieve ¥41 billion no-consolidated recurring profit for medium term business objective target, or historical high profit record since inception, as well as ¥100 billion consolidated recurring profit for long term goal. In order to attain above objectives, the Company focuses on further recruiting effort and internal education, which is requisite to enhance outstanding loan balance without any sacrifice of asset quality, and securing stable source of financial procurement. In addition, the Company further encourages interaction of human resources with subsidiaries, which contributes to the accomplishment of business objectives through multiplying overall capabilities of human resources as a group.

## 5. Issues facing the Company

### (1) Preservation of human resources

In pursuit of medium and long-term business plan, the Company requires highly capable employee, including account executives and staffs. The Company promotes recruiting activities of both undergraduates and mid-careers, with backbone of well established internal education system including

### (2) Strict information management

In preparation for personal information protecting law to be effective on April 2005, the Company enforces employee education program and security guard of information network systems. Although the Company has already established security control of intranet information network, or platform system of daily business structure, the Company makes thorough effort to ensure information safety by reinforcing technological adaption to prevent any unintended use of information, including data encryption.

## 6. Measures to Strengthen Corporate Governance

### (1) Basic Approaches

Understanding corporate governance to mean the strict adherence to, and promotion of, transparency of management and high standards of legal and regulatory compliance, we ensure thorough adherence to all laws and regulations by all our staff and are creating a corporate organization fully worthy of the trust of shareholders, investors, business partners, customers, employees and many other interested parties.

### (2) Basic Policies

We have chosen to continue to employ the existing auditor-based system of corporate governance rather than adopt the new system under the Commercial Code, in which designated subcommittees under the authority Board are authorized to deal with specific aspects of corporate governance. Three auditors, all from outside the Company, attend meetings of the Board and other important meetings to effectively supervise the implementation of Board policy. Under the system, decisions are made swiftly by the Board of Directors on issues of management-level importance, including business opportunities and related strategy. Separately, regular meetings of Board members and department/section chiefs are held at least once a week, to monitor concrete progress in plan implementation and thoroughly instill in executives a sense of individual responsibility with regard to corporate governance. The Company has reorganized existing ethical committee into compliance committee of alternate month, which provides awareness of compliance with accurate guidance by external professional lawyers.

## Business Performance

### 1. Overview of consolidated business performance for the reporting six-month period (Aug. 1, 2004 to Jan.31,2005)

During the reporting first-half period, in spite of some positive signs in personal spendings stimulated by Athens 2004 Olympic Games and Korean-culture boom, overall economy of Japan remain rather weak without evidence of full recovery, due to oil price hike, multiple natural disasters, uncertainty of pension fund issue, and continual restructuring in corporate sector.

Under such environment, the Company has made continual stick-with-the-basics marketing effort in every business segments, through strengthening of sales force. In real estate segment and other business segment, the Company has reorganization by merger and acquisition between subsidiaries, in pursuit of business concentration in respective business segments.

For the six-month first-half period under review, the Company posted another year-on-year increases on a consolidated accounts basis in both revenue and earnings. Specifically, operating revenues increased 7.3% over corresponding six-month period of previous year, to ¥41,495 million; recurring profit posted a 26.8% year-on-year increase, to ¥9,676 million; and net income for the six-month period registered a year-on-year increase of 38.0%, to ¥5,160 million. The following is a segmental breakdown of business performance:

With regard to SCFG's corporate financing services, we have continued strict credit control to minimize credit exposures implied by steady increase in outstanding loan balance. The Company has successfully maintained loan asset in terms of both qualitative and quantitative perspective, with cashflow profit as key performance evaluation measurement which enables profit/loss management by each division. Regarding investment, the Company has continued long term investment through T-ZONE Capital and T-ZONE VI Fund or investment partnership. As a result of above, outstanding loan balance has grew 9.1% year-on-year to ¥378,654 million, where bill discounting has a decrease of 5.9% to ¥44,909 million, operating loan has an increase of 11.5% to ¥333,744 million, and balance of operating securities held has become ¥15,808 million. Operating revenue for the 6-month term grew 14.6% to ¥30,512 million, and operating profit was up 29.7% to ¥8,707 million.

In real estate operations, e-Max as a core company in the segment, has merged Uchida House which enhances playing field of e-Max to more comprehensive position, where e-Max focused on marketing especially on existing real estate transaction. Although net sales has decreased 5.3% to ¥5,359 million, for one deal has been postponed to second half of current fiscal year, operating profit has shown progress of 27.9% to ¥687 million, with continual cost reduction effort.

Regarding manufacturing and distribution of sporting goods, Maruman has made a steady growth as a result of aggressive marketing activity, with sales was up 11.8% to ¥3,766 million, with operating profit growth of 37.7% to ¥481 million.

In other business segment, T-ZONE DIY a distributor of PC peripherals, and Strategy has merged into T-ZONE Strategy with effect as of October, 2004, enhancing customer support capabilities. Consequently, sales was down 38.6% to ¥1,856 million, and operating profit has decreased 22.4% to ¥157 million, mainly with downside impact of sales loss of subsidiary stocks.

### 2.Outlook for the Full-year term (Fiscal year ending July 31, 2005 )

Regarding our outlook for 12-month fiscal year ending July 31, 2005, economical environment surrounding our 4 major business segments are expected to have uncertainty and changeable, due to stagnated growth in overseas including united stated, price hike of crude oil and other materials, and inventory adjustment of IT products. Our forecast of 12-month figures in consolidation basis is ¥80 billion operating revenue, ¥18.7 billion recurring profit, and ¥9.7 billion net profit.

### 3. Financial Position

Cash and cash equivalents on a consolidated basis at the end of the six-month reporting period amounted to ¥51,341 million, a decline of ¥7,147 million compared with the end of the previous fiscal year end.

#### Cash Flows

##### ( Operating activities)

Net cash used in operating activities for the six-month reporting period amounted to ¥28,422 million, compared with net cash decrease in operating activities of ¥16,420 million for the previous first-half period. This is largely attributable to an increased net cash outflow from commercial notes and operating loans.

##### ( Investment activities)

Net cash used in investing activities increased to ¥3,664 million for the six-month reporting period from ¥6,850 million for the previous first-half period. This was mainly the result of the acquisition of investment securities.

##### ( Financial activities)

Net cash provided by financing activities amounted to ¥24,939 million, compared with net cash provided in financing activities of ¥2,592 million for the previous first-half term. This is mainly attributable to an increase in long-term borrowings.

# Consolidated Financial Statements

## Consolidated Balance Sheet

(¥ million)

Account title	As of January 31, 2004		As of January 31, 2005		As of July 31, 2004	
	Amounts	Ratio to total assets	Amounts	Ratio to total assets	Amounts	Ratio to total assets
<b>Assets</b>		%		%		%
Current assets	362,782	95.2	444,984	95.7	416,244	96.3
Cash and deposits	22,705		51,423		52,560	
Commercial bills discounted	47,733		44,909		47,276	
Trade notes and accounts receivable	2,676		2,394		2,347	
Loans to customers	299,188		333,744		305,754	
Securities held for investments	-		15,808		13,014	
Marketable securities	1		1		6,001	
Inventories	11,099		10,591		10,039	
Deferred tax assets	2,904		3,233		3,001	
Other current assets	-		18,657		10,332	
Deposits	14,653		4,027		4,815	
Allowance for doubtful accounts	(38,180)		(39,807)		(38,899)	
Noncurrent assets	18,107	4.8	19,820	4.3	15,784	3.7
Tangible fixed assets	2,551	0.7	2,408	0.5	2,631	0.6
Intangible assets	2,009	0.5	2,163	0.5	2,156	0.5
Investments and other noncurrent assets	13,546	3.6	15,248	3.3	10,996	2.6
Investment in securities	5,776		5,079		421	
Other investments assets	7,995		10,481		10,913	
Allowance for doubtful accounts	( 225)		( 312)		( 338)	
<b>Total assets</b>	<b>380,890</b>	<b>100.0</b>	<b>464,804</b>	<b>100.0</b>	<b>432,028</b>	<b>100.0</b>
<b>Liabilities</b>						
Current liabilities	27,803	7.3	32,974	7.1	26,134	6.0
Trade notes and accounts payable	2,574		2,090		1,434	
Short-term borrowings	17,280		20,524		15,915	
Income taxes payable	3,586		5,012		3,643	
Deffered tax payable	-		1,136		784	
Accrued bonuses to employees	94		0		27	
Other current liabilities	4,267		4,209		4,328	
Long-term debt	122,001	32.0	187,585	40.4	166,272	38.5
Bond	-		20,000		20,600	
Long-term borrowings	120,661		166,189		144,294	
Accrued retirement benefits	216		68		75	
Allowance for guarantee obligations	39		32		46	
Consolidation adjustments	51		-		47	
Other long-term liabilities	1,032		1,295		1,209	
<b>Total liabilities</b>	<b>149,804</b>	<b>39.3</b>	<b>220,559</b>	<b>47.5</b>	<b>192,406</b>	<b>44.5</b>
<b>Minority interests</b>						
Minority interests	2,636	0.7	7,602	1.6	4,146	1.0
<b>Shareholders' equity</b>						
Common stock	79,149	20.8	79,149	17.0	79,149	18.3
Capital surplus	78,981	20.7	79,047	17.0	79,047	18.3
Retained earnings	71,483	18.8	78,901	17.0	76,773	17.8
Unrealized loss on available-for-securities	( 238)	(0.1)	1,287	0.3	1,183	0.3
Treasury stock	( 927)	(0.2)	( 1,742)	(0.4)	( 677)	(0.2)
<b>Total shareholders' equity</b>	<b>228,449</b>	<b>60.0</b>	<b>236,642</b>	<b>50.9</b>	<b>235,476</b>	<b>54.5</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>380,890</b>	<b>100.0</b>	<b>464,804</b>	<b>100.0</b>	<b>432,028</b>	<b>100.0</b>

# Consolidated Statement of Income

(¥ million)

Account title	Term Previous interim term (August 1, 2003 – January 31, 2004)		Interim term (August 1, 2004 – January 31, 2005)		Reference:Fiscal 2003 term (August 1, 2003 – July 31, 2004)	
	Amounts	Ratio to operating revenues	Amounts	Ratio to operating revenues	Amounts	Ratio to operating revenues
Operating profit/loss		%		%		%
Operating revenues	38,685	100.0	41,495	100.0	77,704	100.0
Discount charges	2,330		2,404		4,871	
Interest on loans	22,850		27,259		47,337	
Fees and commissions	1,082		766		1,890	
Revenue from real estate and other operations	12,399		11,015		23,382	
Other operating revenues	22		49		222	
Operating expenses	11,751	30.4	11,040	26.6	22,545	29.0
Interest on borrowings	1,408		1,936		3,223	
Cost of sales	9,804		8,298		18,231	
Other operating expenses	538		806		1,090	
Gross operating profit	26,934	69.6	30,454	73.4	55,159	71.0
Selling, general and administrative expenses	19,371	50.1	20,725	50.0	39,223	50.5
Operating profit	7,562	19.5	9,729	23.4	15,935	20.5
Non-operating revenues	149	0.4	156	0.4	264	0.4
Interest income	56		39		102	
Dividends received	31		0		-	
Rent received	15		16		28	
Profit on foreign exchange translation	-		22		-	
Other non-operating revenues	45		77		133	
Non-operating expenses	82	0.2	209	0.5	287	0.4
Interest expenses	36		86		82	
Share issuance expenses	-		84		32	
-	-		-		39	
Loss on foreign exchange translation	16		-		-	
Other non-operating expenses	29		38		133	
Recurring profit	7,629	19.7	9,676	23.3	15,912	20.5
Extraordinary profit	408	1.1	144	0.4	750	0.9
Gain on sale of fixed assets	4		-		223	
Gain on sale of investment securities	309		123		413	
Prior year's adjustment	1		0		2	
Gain on investment in partnership	92		20		111	
Extraordinary loss	932	2.4	36	0.1	1,340	1.7
Loss on disposal of fixed assets	40		36		141	
Loss on sale of investments in affiliates	196		-		200	
Loss on valuation of investment securities	161		-		168	
Loss on valuation of investments in affiliates	-		-		36	
Loss on cancellation of contracts resulting from changes in asset securitization program	534		-		793	
Loss on valuation of golf club membership	-		-		-	
Loss on investment in partnership	-		-		-	
Income before income taxes and minority interests	7,105	18.4	9,784	23.6	15,322	19.7
Income taxes:						
Current	3,385	8.7	4,442	10.7	6,665	8.6
Deferred	( 125)	( 0.3)	( 78)	( 0.2)	( 324)	( 0.4)
Minority interests	104	0.3	258	0.7	660	0.8
Net income	3,740	9.7	5,160	12.4	8,321	10.7

## Consolidated Statements of Retained Earnings

(¥ million)

Account title	Term	Previous interim term (August 1, 2003 – January 31, 2004)		Interim term (August 1, 2004 – January 31, 2005)		Reference:Fiscal 2003 term (August 1, 2003 – July 31, 2004)	
		Amounts		Amounts		Amounts	
Capital surplus							
Capital surplus at beginning of term			78,981		79,047		78,981
Increase in capital surplus							
Increase in capital surplus through disposal of own shares			-		-	65	65
Reduction in capital surplus			-		-		-
Capital surplus at end of term			78,981		79,047		79,047
Retained earnings							
Retained earnings at beginning of term			70,033		76,773		70,033
Increase in retained earnings							
Net income	3,740			5,160		8,321	
Increase in retained earnings resulting from widened scope of consolidation	-	3,740		-	5,160	710	9,031
Reduction in retained earnings							
Cash dividend	2,261			2,264		2,261	
Decrease in appropriation to legal reserve of retained earnings resulting from widened scope of consolidation	29			38		29	
Transfer to capital surplus through exclusion of consolidated subsidiary	-			-		1	
Decrease due to change in equity ratio of consolidated subsidiaries	-	2,290		729	3,032	-	2,291
Retained earnings at end of term			71,483		78,901		76,773

## Consolidated Statements of Cash Flows

(¥ million)

Account title	Term	Previous interim term (August 1, 2003 – January 31, 2004)		Interim term (August 1, 2004 – January 31, 2005)		Reference:Fiscal 2003 term (August 1, 2003 – July 31, 2004)	
		Amounts		Amounts		Amounts	

I. Cash flows from operating activities			
Income before income taxes	7,105	9,784	15,322
Depreciation	1,035	431	781
Amortization of consolidation adjustment	57	(5)	77
Reversal of reserve for retirement allowance	394	882	1,233
Reversal of accrued retirement benefits	(95)	(6)	(236)
Interest and dividend income	(87)	(39)	(103)
Loss on valuation of investment securities	161	-	168
Increase in capital surplus through disposal of own shares	196	-	200
Loss on disposal of fixed assets	39	35	138
Increase in commercial bills discounted	(5,480)	2,266	(5,022)
Decrease (increase) in loans to customers	(13,858)	(28,095)	(20,441)
Increase in purchase of trade receivables	-	(1,978)	(10,225)
Increase in inventories	(665)	(552)	304
Increase in money deposited	-	(8,904)	(2,865)
Others, net	(84)	879	256
Subtotal	(11,281)	(25,302)	(20,411)
Interest and dividends received	87	40	87
Interest expenses paid	(36)	(86)	(80)
Income taxes paid	(5,189)	(3,073)	(8,397)
Net cash provided by (used in) operating activities	(16,420)	(28,422)	(28,801)
II. Cash flows from investing activities			
Increase in time deposits	-	(9)	-
Proceeds from maturity of time deposits	146	-	173
Purchase of tangible fixed assets	(139)	(136)	(503)
Proceeds from sale of tangible fixed assets	6	208	90
Increase in intangible assets	(579)	(264)	(1,068)
Decrease in intangible assets	-	0	-
Purchase of investment securities	(4,558)	-	-
Proceeds from sale of investment securities	13	20	257
Purchase of affiliates' shares	(138)	(6)	(180)
Proceeds from sale of affiliates' shares	4	-	5
Proceeds from termination of investment in capital	-	(2,567)	-
Expenditure for sale of subsidiary shares resulting from changes in scope of consolidation	(146)	-	(193)
Gain on acquisition of subsidiary shares resulting from changes in scope of consolidation	-	-	(1,744)
Others, net	(1,458)	(909)	(1,758)
Net cash used in investing activities	(6,850)	(3,664)	(4,922)
III. Cash flows from financing activities			
Proceeds from short-term borrowings	5,575	4,713	11,983
Repayment of short-term borrowings	(4,031)	(1,333)	(7,689)
Proceeds from long-term borrowings	65,900	28,317	105,765
Repayment of long-term borrowings	(62,595)	(4,570)	(81,210)
Redemption of corporate bonds	-	-	22,020
Payments by minority shareholders	-	1,142	-
Sales of Treasury stocks	-	-	314
Purchase of Treasury stocks	(0)	(1,065)	(0)
Cash dividend paid	(2,255)	(2,265)	(2,255)
Others, net	-	0	-
Net cash provided by (used in) financing activities	2,592	24,939	48,927
IV. Increase (decrease) in cash and cash equivalents	(20,678)	(7,147)	15,203
V. Cash and cash equivalents at beginning of term	43,004	58,488	43,004
VI. Cash and cash equivalents belonging to newly consolidated subsidiaries at beginning of term	280	0	280
VII. Cash and cash equivalents at end of term	22,606	51,341	58,488

**Basis of Presentation of Consolidated Financial Statements**

Item	For Previous interim term (Aug. 1, 2003 - Jan. 31, 2004)	For Reporting Interim term (Aug. 1, 2004 - Jan. 31, 2005)	For Previous term (Aug. 1, 2003 - Jul. 31, 2004)
<p>I. Scope of consolidation</p> <p>(1) Consolidated subsidiaries</p>	<p>Consolidated subsidiaries: 13</p> <p>Major subsidiaries: T-Zone Holdings, Inc. Midas Capital Co., Ltd. Messiah Investment Co., Ltd. T-Zone Capital Co., Ltd. Justice Co., Ltd. e-Max Co., Ltd., Uchida House Co., Ltd. Advantage Co., Ltd. Japan Appraiser Co., Ltd. Maruman &amp; Co., Ltd. T-Zone DIY Corporation Strategy Co., Ltd. J-NODE Co., Ltd.</p> <p>Effective the reporting first-half period, Justice Co., Ltd. and T-Zone Capital Co., Ltd. Were included in the scope of consolidation to better reflect the performance and financial position of the Group.</p> <p>T-Zone Corporation was renamed T-Zone Holdings, Inc. and T-Zone DIY Corporation was established to take over computer peripheral sales previously carried out by T-Zone Corporation.</p> <p>S.V.I. Co., Ltd. was excluded from the scope of consolidation with effect from the reporting period, due to a reduction in the Company's equity stake.</p>	<p>Consolidated subsidiaries: 11</p> <p>Major subsidiaries: T-Zone Holdings, Inc. Midas Capital Co., Ltd. Messiah Investment Co., Ltd. Venus Fund Holdings, Inc. T-Zone Capital Co., Ltd. Justice Co., Ltd. e-Max Co., Ltd., Advantage Co., Ltd. Japan Appraiser Co., Ltd. Maruman &amp; Co., Ltd. T-ZONE Strategy</p> <p>Effective the reporting first-half period, Venus Fund Holdings, Inc. Capital Co., Ltd. Were included in the scope of consolidation to better reflect the performance and financial position of the Group.</p> <p>Uchida House was merged into e-Max during reporting interim term.</p> <p>T-ZONE DIY and Strategy were merged into T-ZONE DIY Strategy during reporting interim term.</p>	<p>Consolidated subsidiaries: 12</p> <p>Major subsidiaries: T-Zone Holdings, Inc. Midas Capital Co., Ltd. Messiah Investment Co., Ltd. T-Zone Capital Co., Ltd. Justice Co., Ltd. e-Max Co., Ltd., Uchida House Co.,Ltd., Advantage Co., Ltd. Japan Appraiser Co., Ltd. Maruman &amp; Co., Ltd. T-Zone DIY Corporation Strategy Co., Ltd.</p> <p>Justice Servicer Co., Ltd. and T-Zone Capital Co., Ltd. were also included within the scope of consolidation with the aim of better reflecting the Group's financial position and business results.</p> <p>With effect from August 1, 2003, T-Zone Corporation was reorganized as a holding company, changing its name to T-Zone Holdings, Inc., while T-Zone DIY, Corp., a wholly owned subsidiary of this holding company, took over the business of selling personal computer peripheral equipment. S.V.I. Co., Ltd. and J-NODE Co., Ltd. were excluded from the scope of consolidation due to sell-off of equity stakes.</p>
<p>(2) Non-consolidated subsidiaries</p>	<p>1) Non-consolidated subsidiaries</p> <p>Major non-consolidated subsidiaries: Tactics Co., Ltd.</p> <p>2) Reasons for exclusion from the scope of consolidated subsidiaries</p> <p>Non-consolidated subsidiaries are not included within the scope of consolidation as they are all small-scale companies and their total assets, operating income, net income, and/or retained earnings on a consolidated basis would not have a significant effect on the Company's consolidated financial statements.</p>	<p>1) Non-consolidated subsidiaries</p> <p>Major non-consolidated subsidiaries: Tactics Co., Ltd. T-ZoneVI Fund Investment Partnership</p> <p>2) Reasons for exclusion from the scope of consolidated subsidiaries</p> <p>As of left</p>	<p>1) Non-consolidated subsidiaries</p> <p>Major non-consolidated subsidiaries: Tactics Co., Ltd. T-ZoneVI Fund Investment Partnership</p> <p>2) Reasons for exclusion from the scope of consolidated subsidiaries</p> <p>Non-consolidated subsidiaries are not included within the scope of consolidation as they are small-scale companies and their total assets, operating income, net income (amount calculated by equity- method), and retained earnings (amount calculated by equity- method) would not have a significant effect on the reporting company's consolidated financial statements.</p>

Item	For Previous interim term (Aug. 1, 2003 - Jan. 31, 2004)	For Reporting Interim term (Aug. 1, 2004 - Jan. 31, 2005)	For Previous term (Aug. 1, 2003 - Jul. 31, 2004)
2. Application of equity method	<p>The equity method was not applied to any companies.</p> <p>The equity method was not applied to the Company's six non-consolidated subsidiaries and three affiliated companies due to their insignificant effect on consolidated net income and/or retained earnings as well as their immaterial effect on the Group's performance.</p>	<p>1) Major affiliate accounted for using the equity method: Biofermin pharmaceutical Co., Ltd.</p> <p>2) Major non-consolidated subsidiary not accounted for using the equity method: Tactics Co., Ltd., T-Zone VI Fund Investment Partnership</p> <p>3) Reason for exclusion from the scope of application of the equity method The equity method was not applied to five non-consolidated subsidiaries and one affiliate due to their insignificant effect on consolidated net income and/or retained earnings as well as their immaterial effect on the Group's performance.</p>	<p>1) Major affiliate accounted for using the equity method: Biofermin pharmaceutical Co., Ltd.</p> <p>2) Major non-consolidated subsidiary not accounted for using the equity method: Tactics Co., Ltd., T-Zone VI Fund Investment Partnership</p> <p>3) Reason for exclusion from the scope of application of the equity method The equity method was not applied to seven non-consolidated subsidiaries and one affiliate due to their insignificant effect on consolidated net income and/or retained earnings as well as their immaterial effect on the Group's performance.</p>
3. Balance sheet dates of consolidated subsidiaries	<p>Interim balance sheet dates of consolidated subsidiaries are identical to that of the reporting company (January 31), excluding the following companies.</p> <p>September 30: T-Zone Holdings, Inc. T-Zone DIY T-Zone Capital Co., Ltd. J-NODE Co., Ltd. Strategy Co., Ltd. Japan Appraiser Co., Ltd.</p> <p>March 31: Maruman &amp; Co.,Ltd.</p> <p>May 31: Advantage Co., Ltd. Provisional account settlements are made for subsidiaries whose interim balance sheet dates differ by more than 3 months from that of the reporting company for the preparation of consolidated financial statements.</p> <p>A provisional interim balance sheet date of December 31 was adopted for T-Zone Holdings, T-Zone DIY, T-Zone Capital, Strategy, Japan Appraiser and Maruman. The relevant date for Advantage is November 30. Consolidation adjustments deemed necessary on material transactions were also made for the periods between the interim balance sheet date and the provisional interim balance sheet dates.</p>	<p>Interim balance sheet dates of consolidated subsidiaries are identical to that of the reporting company (January 31), excluding the following companies.</p> <p>September 30: T-Zone Holdings, Inc. T-Zone Strategy, T-Zone Capital Co., Ltd. Japan Appraiser Co., Ltd.</p> <p>March 31: Maruman &amp; Co.,Ltd.</p> <p>May 31: Advantage Co., Ltd. Provisional</p> <p>June 30: Venus Holdings</p> <p>account settlements are made for subsidiaries whose interim balance sheet dates differ by more than 3 months from that of the reporting company for the preparation of consolidated financial statements.</p> <p>A provisional interim balance sheet date of December 31 was adopted for T-Zone Holdings, T-Zone Strategy, T-Zone Capital, Japan Appraiser and Maruman. The relevant date for Advantage and Venus Holdings are November 30 and January 31 respectively. Consolidation adjustments deemed necessary on material transactions were also made for the periods between the interim balance sheet date and the</p>	<p>Balance sheet dates of consolidated subsidiaries are identical to that of the reporting company, excluding the following companies.</p> <p>March 31: T-Zone Holdings, Inc., T-Zone DIY, Corp., T-Zone Capital Co., Ltd., Strategy Co., Ltd., Japan Appraiser Co., Ltd.</p> <p>September 30: Maruman &amp; Co., Ltd.</p> <p>November 30: Advantage Co., Ltd.</p> <p>Provisional account settlements are made for subsidiaries whose balance sheet dates differ by more than 3 months from that of the reporting company for the preparation of consolidated financial statements. In accordance with Article 12-1 of the Regulations for Preparation of Consolidated Financial Statements, a provisional balance sheet date of June 30 was adopted for T-Zone Holdings, Inc., T-Zone DIY, Corp., T-Zone Capital Co., Ltd., Strategy, Japan Appraiser and Maruman &amp; Co. For Advantage, the relevant date was May 31. Consolidation adjustments deemed necessary on material transactions were also made for the periods between the balance sheet date and the</p>

Item	For Previous interim term (Aug. 1, 2003 - Jan. 31, 2004)	For Reporting Interim term (Aug. 1, 2004 - Jan. 31, 2005)	For Previous term (Aug. 1, 2003 - Jul. 31, 2004)
<p>4. Accounting principles (1) Valuation standards and methods of securities</p>	<p>1) Securities Available-for-sale securities with market quotations Securities for which market quotations are available: Stated at fair market value based on the market prices on the Interim 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. 2) Inventories: valued at cost using the specific identification method 3) Derivatives: valued at fair market value</p>	<p>1) Securities Available-for-sale securities with market quotations Securities for which market quotations are available: As of left  Securities for which market quotations are unavailable: As of left 2) Inventories: As of left 3) Derivatives: As of left</p>	<p>1) Securities Available-for-sale securities with market quotations Securities for which market quotations are available: Stated at fair market value based on the market prices on the Interim 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: As of left 2) Inventories: As of left 3) Derivatives: As of left</p>
<p>(2) Depreciation and amortization</p>	<p>1) Tangible fixed assets Depreciated by the declining balance method except for buildings (excluding connected fixed installations) acquired on or after April 1, 1998, which are depreciated by the straight-line method. Useful life and residual value are determined in accordance with stipulations in the Corporation Tax Law. 2) Intangible assets (software) Software for internal use is amortized by the straight-line method based on an estimated useful life of 5 years.</p>	<p>1) Tangible fixed assets As of left  2) Intangible assets (software) As of left</p>	<p>1) Tangible fixed assets As of left  2) Intangible assets (software) As of left</p>
<p>(3) Allowances and provisions</p>	<p>1) Allowance for doubtful accounts In order to provide for losses arising from bad debts such as loans to customers, allowances for doubtful accounts for non-specific purposes are provided in the 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. 2) Accrued bonuses to employees In order to provide for payment of bonuses to employees, the amount payable for the reporting term is stated based on the estimated payable amount in the future.</p>	<p>1) Allowance for doubtful accounts As of left  2) Accrued bonuses to employees As of left</p>	<p>1) Allowance for doubtful accounts As of left  2) Accrued bonuses to employees As of left</p>

Item	For Previous interim term (Aug. 1, 2003 - Jan. 31, 2004)	For Reporting Interim term (Aug. 1, 2004 - Jan. 31, 2005)	For Previous term (Aug. 1, 2003 - Jul. 31, 2004)
	<p>3) Accrued retirement benefits Accrued retirement benefits for employees (eligible employees as of July 31, 2002 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 that date. Some subsidiaries abolished their retirement benefit systems (lump-sum retirement money payments and qualified pension plans) and eliminated relevant liabilities. These changes had little effect on income statements of the Company.</p>	<p>3) Accrued retirement benefits Accrued retirement benefits for employees (eligible employees as of July 31, 2002 to whom lump-sum retirement money shall be paid) are posted in the amount deemed necessary for payment of accrued retirement benefit obligations as of the reporting interim balance sheet date. As of left</p>	<p>3) Accrued retirement benefits Accrued retirement benefits for employees (eligible employees as of July 31, 2002 to whom lump-sum retirement money shall be paid) are posted in the amount deemed necessary for payment of accrued retirement benefit obligations as of the balance sheet date. As of left</p>
(4) 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>	<p>As of left</p>	<p>As of left</p>
(5) Hedge accounting	<p>1) Hedge accounting method Deferred hedge accounting is used. 2) Hedging instruments and hedged items Hedging instruments: interest rate swaps and interest rate caps Hedged items: loans payable with floating interest rates 3) Hedging policy In compliance with the regulations of the Company, the Company conducts cash flow hedging against interest rate fluctuation risk. 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>	<p>As of left</p>	<p>As of left</p>
(6) 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. 2) Consumption tax Consumption taxes are excluded from the amounts in the consolidated income statements. Suspense receipts and payment of consumption taxes offset each other, and the net amounts are posted under other current liabilities. 3) Consolidated tax payment system Some subsidiaries was applied for the consolidated tax payment system.</p>	<p>1) Operating revenue recognition As of left  2) Consumption tax As of left  3) Consolidated tax payment system As of left</p>	<p>1) Operating revenue recognition As of left  2) Consumption tax As of left  3) Consolidated tax payment system As of left</p>

Item	For Previous interim term (Aug. 1, 2003 - Jan. 31, 2004)	For Reporting Interim term (Aug. 1, 2004 - Jan. 31, 2005)	For Previous term (Aug. 1, 2003 - Jul. 31, 2004)
5. Cash and cash equivalents	For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less which are highly liquid and have a slight risk of of value changes.	As of left	As of left

## Notes to Consolidated Financial Statements

### Balance sheet items

For Previous interim term (Aug. 1, 2003 - Jan. 31, 2004)	For Reporting Interim term (Aug. 1, 2004 - Jan. 31, 2005)	For Previous term (Aug. 1, 2003 - Jul. 31, 2004)																																																								
<p>1. Accumulated amounts of depreciation for tangible fixed assets ¥811 million</p> <p>2. Assets pledged as collateral See the table below for an overview of assets pledged as collateral in regard to ¥5,839 million in short-term loans and ¥105,717 million in long-term loans.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right;">(Millions of yen)</th> </tr> <tr> <th style="border-bottom: 1px solid black;">Assets pledged as collateral</th> <th style="border-bottom: 1px solid black;">Amount</th> </tr> </thead> <tbody> <tr> <td>Deposits</td> <td style="text-align: right;">138</td> </tr> <tr> <td>Commercial bills discounted</td> <td style="text-align: right;">31,551</td> </tr> <tr> <td>Loans to customers</td> <td style="text-align: right;">133,116</td> </tr> <tr> <td>Trade notes and accounts receivable</td> <td style="text-align: right;">68</td> </tr> <tr> <td>Inventories</td> <td style="text-align: right;">551</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">1,053</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">166,479</td> </tr> </tbody> </table> <p>The Company has concluded futures contracts for the transfer of receivables in regard to ¥18,568 million in loans to customers. The total debt corresponding to this figure is ¥17,964 million, consisting of ¥9,592 million in short-term borrowings, and ¥8,372 million in long-term debt.</p> <p>In addition, the Company has employed securitization schemes for trade receivables including commercial bills and loans secured by real estate, and these receivables are treated as negotiable collateral loans. Assets pledged as collateral under the securitization schemes are as follows.</p> <p>The trade receivables included in the balance of commercial bills and that of loans to customers amounted to ¥30,452 million and ¥8,135 million. In connection with the securitization of trade receivables mentioned above, ¥10,207 million is reserved in "other current assets."</p> <p>3. 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.</p> <p>Commercial bills: ¥4,294 million</p>		(Millions of yen)	Assets pledged as collateral	Amount	Deposits	138	Commercial bills discounted	31,551	Loans to customers	133,116	Trade notes and accounts receivable	68	Inventories	551	Land	1,053	Total	166,479	<p>1. Accumulated amounts of depreciation for tangible fixed assets ¥917 million</p> <p>2. Assets pledged as collateral See the table below for an overview of assets pledged as collateral in regard to ¥5,908 million in short-term loans and ¥147,969 million in long-term loans.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right;">(Millions of yen)</th> </tr> <tr> <th style="border-bottom: 1px solid black;">Assets pledged as collateral</th> <th style="border-bottom: 1px solid black;">Amount</th> </tr> </thead> <tbody> <tr> <td>Deposits</td> <td style="text-align: right;">334</td> </tr> <tr> <td>Commercial bills discounted</td> <td style="text-align: right;">31,391</td> </tr> <tr> <td>Loans to customers</td> <td style="text-align: right;">176,512</td> </tr> <tr> <td>Trade notes and accounts receivable</td> <td style="text-align: right;">4,560</td> </tr> <tr> <td>Inventories</td> <td style="text-align: right;">3,669</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">558</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">217,026</td> </tr> </tbody> </table> <p>In addition to the aforementioned, the Company has concluded futures contracts for the transfer of receivables in regard to ¥28,589 million in loans to customers. The total debt corresponding to this figure is ¥26,170 million, consisting of ¥12,535 million in short-term borrowings, ¥13,634 million in long-term debt.</p> <p>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 ¥28,141 million and the relevant balance of loans to customers comes to ¥170,909 million.</p> <p>In connection with the securitization mentioned above, ¥18,657 million is included in "deposited money" and ¥2,180 million is reserved in "others" under investments and other assets.</p> <p>3. _____</p>		(Millions of yen)	Assets pledged as collateral	Amount	Deposits	334	Commercial bills discounted	31,391	Loans to customers	176,512	Trade notes and accounts receivable	4,560	Inventories	3,669	Land	558	Total	217,026	<p>1. Accumulated amounts of depreciation for tangible fixed assets ¥856 million</p> <p>2. Assets pledged as collateral See the table below for an overview of assets pledged as collateral in regard to ¥5,217 million in short-term borrowings, ¥145 million in current portion of long-term debt and the remaining portion of ¥131,703 million.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right;">(Millions of yen)</th> </tr> <tr> <th style="border-bottom: 1px solid black;">Assets pledged as collateral</th> <th style="border-bottom: 1px solid black;">Amount</th> </tr> </thead> <tbody> <tr> <td>Deposits</td> <td style="text-align: right;">287</td> </tr> <tr> <td>Commercial bills discounted</td> <td style="text-align: right;">31,882</td> </tr> <tr> <td>Loans to customers</td> <td style="text-align: right;">154,307</td> </tr> <tr> <td>Investment securities</td> <td style="text-align: right;">4,262</td> </tr> <tr> <td>Inventories</td> <td style="text-align: right;">3,135</td> </tr> <tr> <td>Buildings and structures</td> <td style="text-align: right;">286</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">759</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">194,922</td> </tr> </tbody> </table> <p>In addition to the aforementioned, the Company has concluded futures contracts for the transfer of receivables in regard to ¥22,823 million in loans to customers. The total debt corresponding to this figure is ¥22,148 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 ¥9,972 million.</p> <p>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 ¥28,720 million and the relevant balance of loans to customers comes to ¥148,706 million.</p> <p>In connection with the securitization mentioned above, ¥10,332 million is included in "deposited money" and ¥2,180 million is reserved in "others" under investments and other assets.</p> <p>3. 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.</p> <p>Commercial bills: ¥4,803 million</p>		(Millions of yen)	Assets pledged as collateral	Amount	Deposits	287	Commercial bills discounted	31,882	Loans to customers	154,307	Investment securities	4,262	Inventories	3,135	Buildings and structures	286	Land	759	Total	194,922
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### Income statement items

For Previous interim term (Aug. 1, 2003 - Jan. 31, 2004)	For Reporting Interim term (Aug. 1, 2004 - Jan. 31, 2005)	For Previous term (Aug. 1, 2003 - Jul. 31, 2004)
1. Main items of selling, general and administrative expenses	1. Main items of selling, general and administrative expenses	1. Main items of selling, general and administrative expenses
Employees' salary and bonus: ¥3,588 million	Employees' salary and bonus: ¥3,311 million	Employees' salary and bonus: ¥7,209 million
Provision to reserves for doubtful accounts: ¥10,050 million	Provision to reserves for doubtful accounts: ¥11,336 million	Provision to reserves for doubtful accounts: ¥20,305 million

### Cash flow items

For Previous interim term (Aug. 1, 2003 - Jan. 31, 2004)	For Reporting Interim term (Aug. 1, 2004 - Jan. 31, 2005)	For Previous term (Aug. 1, 2003 - Jul. 31, 2004)
1. Relationship between term-end balance of cash and cash equivalents and amounts stated in the consolidated balance sheets	1. Relationship between term-end balance of cash and cash equivalents and amounts stated in the consolidated balance sheets	1. Relationship between term-end balance of cash and cash equivalents and amounts stated in the consolidated balance sheets
Cash and deposits: ¥22,705 million	Cash and deposits: ¥51,423 million	Cash and deposits: ¥52,560 million
Time deposits with maturity date longer than 3 months: (¥100 million)	Time deposits with maturity date longer than 3 months: (¥82 million)	Time deposits with maturity date longer than 3 months: (¥73 million)
Marketable securities: ¥1 million	Marketable securities: ¥1 million	Marketable securities: ¥6,001 million
Cash and cash equivalents: ¥22,606 million	Cash and cash equivalents: ¥51,341 million	Cash and cash equivalents: ¥58,488 million

### Securities

#### 1. Available-for-sale securities with market quotations

(Millions of yen)

	For Previous interim term (Aug. 1, 2003 - Jan. 31, 2004)			For Reporting Interim term (Aug. 1, 2004 - Jan. 31, 2005)			For Previous term (Aug. 1, 2003 - Jul. 31, 2004)		
	Acquisition cost	Balance-sheet value	Net unrealized loss	Acquisition cost	Balance-sheet value	Net unrealized loss	Acquisition cost	Balance-sheet value	Net unrealized loss
(1) Equity shares	5,441	5,338	(103)	8,940	11,664	2,724	6,943	8,852	1,909
(2) Bonds	—	—	—	—	—	—	—	—	—
(3) Others	14	18	3	14	27	12	14	24	10
Total	5,456	5,357	(99)	8,954	11,691	2,736	6,958	8,877	1,919

#### 2. Available-for-sale securities without market quotations

(Millions of yen)

	For Previous interim term (Aug. 1, 2003 - Jan. 31, 2004)	For Reporting Interim term (Aug. 1, 2004 - Jan. 31, 2005)	For Previous term (Aug. 1, 2003 - Jul. 31, 2004)
	Balance-sheet value	Balance-sheet value	Balance-sheet value
Available-for-sale securities			
Money management funds	1	1	6,001
Unlisted corporate shares, excluding stocks traded over the counter	133	274	274

## Derivatives transactions

Available-for-sale securities with market quotations

(Millions of yen)

	For Previous interim term (Aug. 1, 2003 - Jan. 31, 2004)			For Reporting Interim term (Aug. 1, 2004 - Jan. 31, 2005)			For Previous term (Aug. 1, 2003 - Jul. 31, 2004)		
	Contract amount	Market value	Appraisal gain (loss)	Contract amount	Market value	Appraisal gain (loss)	Contract amount	Market value	Appraisal gain (loss)
Interest-related derivatives									
Interest rate option:									
Call option	6,000	0	0	—	—	—			
Interest rate swap:									
Fixed rate payment, floating rate receipt	33,000	(242)	(159)	13,300	(212)	(81)	13,300	(154)	(137)
Total	39,000	(242)	(159)	13,300	(212)	(81)	13,300	(154)	(137)

(Notes) 1. Market value is calculated based on prices notified by counter party to financial institutions.

2. Derivatives transactions to which hedge accounting was applied were excluded from the above table.

## Segment information

1. Segment information by business category

Interim term (Aug. 1, 2004 - Jan. 31, 2005)

(Millions of yen)

	Corporate financing & investments	Real estate businesses	Sports goods	Other businesses	Total	Elimination or non-allocable	Consolidation
Sales and operating profit							
Sales							
(1) Sales to external customers	30,512	5,359	3,766	1,856	41,495	—	41,495
(2) Inter-segment transaction	346	62	—	1,038	1,447	(1,447)	—
Total	30,859	5,422	3,766	2,894	42,942	(1,447)	41,495
Operating expenses	22,151	4,735	3,285	2,737	32,909	(1,143)	31,765
Operating profit	8,707	687	481	157	10,033	(303)	9,729

Previous interim term (Aug. 1, 2003 - Jan. 31, 2004)

(Millions of yen)

	Corporate financing & investments	Real estate businesses	Sports goods	Other businesses	Total	Elimination or non-allocable	Consolidation
Sales and operating profit							
Sales							
(1) Sales to external customers	26,634	5,657	3,368	3,025	38,685	—	38,685
(2) Inter-segment transaction	231	8	—	1,473	1,713	(1,713)	—
Total	26,865	5,665	3,368	4,499	40,399	(1,713)	38,685
Operating expenses	20,151	5,128	3,019	4,296	32,595	(1,472)	31,123
Operating profit	6,714	537	349	202	7,803	(241)	7,562

Previous term (Aug. 1, 2003 - Jul. 31, 2004)

(Millions of yen)

	Corporate financing & investments	Real estate businesses	Sports goods	Other businesses	Total	Elimination or non-allocable	Consolidation
Sales and operating profit							
Sales							
(1) Sales to external customers	54,631	10,684	7,042	5,346	77,704	—	77,704
(2) Inter-segment transaction	398	79	—	3,282	3,760	3,760	—
Total	55,029	10,764	7,042	8,628	81,464	3,760	77,704
Operating expenses	40,620	9,758	6,361	8,331	65,071	3,302	61,769
Operating profit	14,409	1,005	680	297	16,393	457	15,935

Notes:

(1) Method of classifying business categories

Business categories are determined according to of business types and traits as well as similarity in business transactions.

(2) Contents of each business category

- 1) Corporate financing & investments: corporate loans, investments, claim collection agency
- 2) Real estate businesses: trading, brokerage and administration of real estate.
- 3) Sports goods: manufacture and sale of golfing goods
- 4) Other businesses: sale of personal computer peripheral products, systems development

2. Segment information by location

During the period between the beginning of the previous term to the end of the reporting interim term (August 1, 2001 to January 31, 2003), there were no consolidated subsidiaries, branch offices, or other types of business presence outside Japan.

3. Revenues from overseas operations

Description is omitted as revenues from overseas operations have not exceeded 10% of total operating revenues for the reporting 18-month period.

**Per-share data**

For Previous interim term (Aug. 1, 2003 - Jan. 31, 2004)	For Reporting Interim term (Aug. 1, 2004 - Jan. 31, 2005)	For Previous term (Aug. 1, 2003 - Jul. 31, 2004)
Equity per share: ¥20,206.49	Equity per share: ¥20,976.81	Equity per share: ¥20,795.82
EPS: ¥330.82	EPS: ¥456.32	EPS: ¥735.99
Diluted earnings per share —	Diluted earnings per share ¥428.98	Diluted earnings per share ¥729.62
Description of diluted earnings per share is omitted as the Company has no balance of warrants with potential dilution effects.		

(Note) Basis for calculation of net income per share and diluted earnings per share is as follows.

	For Previous interim term (Aug. 1, 2003 - Jan. 31, 2004)	For Reporting Interim term (Aug. 1, 2004 - Jan. 31, 2005)	For Previous term (Aug. 1, 2003 - Jul. 31, 2004)
Net income per share			
Net income (¥ million)	3,740	5,160	8,321
Amounts excluded from the scope of control of ordinary shareholders (¥ million)	—	—	—
Net income under the control of ordinary shareholders (¥ million)	3,740	5,160	8,321
Average number of shares outstanding during period	11,305	11,309	11,306
Diluted net income per share			
Net income (¥ million)	—	(2)	(6)
Amounts excluded from the scope of control of ordinary shareholders (¥ million)	—	(—)	(—)
Net income under the control of ordinary shareholders (¥ million)	—	714	90
Average number of shares outstanding during period	—	(714)	(90)

**Subsequent Events**

Nothing particular to report

## Consolidated Loan Assets

(¥ million)

		Term	Previous interim term (Aug. 1, 2003 - Jan. 31, 2004)		Interim term (Aug. 1, 2004 - Jan. 31, 2005)		Previous term (Aug. 1, 2003 - Jul. 31, 2004)		
			Amount	Ratio(%)	Amount	Ratio(%)	Amount	Ratio(%)	
Operating revenues	Corporate financing	Discount charges	2,330	6.0	2,404	5.8	4,871	6.3	
		Interest on loans	Revolving loans to commercial and industrial companies	20,418	52.8	25,020	60.3	42,662	54.9
			Real-estate-secured loans	2,319	6.0	2,160	5.2	4,495	5.8
			Other secured loans	112	0.3	77	0.2	179	0.2
			Subtotal	22,850	59.1	27,259	65.7	47,337	60.9
		Sales	358	0.9	88	0.2	362	0.5	
		Feeds and commissions	1,072	2.8	712	1.7	1,836	2.3	
		Other financial revenues	22	0.1	49	0.1	222	0.3	
	Total	26,634	68.9	30,512	73.5	54,631	70.3		
	Real estate business	Sales	5,647	14.6	5,304	12.8	10,630	13.7	
		Feeds and commissions	9	0.0	54	0.1	53	0.1	
		Subtotal	5,657	14.6	5,359	12.9	10,684	13.8	
	Sports goods	3,368	8.7	3,766	9.1	7,042	9.0		
	Other businesses	3,025	7.8	1,856	4.5	5,346	6.9		
Grand total	38,685	100.0	41,495	100.0	77,704	100.0			
Loan balance	Commercial bills discounted		47,733	13.8	44,909	11.9	47,276	13.4	
	Loans to customers	Revolving loans to commercial and industrial companies	244,126	70.4	273,266	72.1	258,342	73.2	
		Real-estate-secured loans	50,917	14.7	57,534	15.2	43,733	12.4	
		Other secured loans	4,144	1.2	2,942	0.8	3,678	1.0	
		Subtotal	299,188	86.2	333,744	88.1	305,754	86.6	
		Total	346,922	100.0	378,654	100.0	353,031	100.0	