AIFUL CORPORATION

Consolidated
Financial Summary

All financial information has been prepared in accordance with generally accepted accounting principles in Japan. Amounts shown in this accounting report and in the attached material have been rounded down to the nearest million yen. This document is an English translation of the Japanese-language original.

FY2003

(Ended March 31, 2003)

AIFUL Corporation (8515)

May 8, 2003

Year-End Financial Statements (Consolidated)

For the year ended March 31, 2003

AIFUL Corporation (8515)

Head office:	Kyoto City
Representative:	Yoshitaka Fukuda President and Chief Executive Officer
Inquiries:	Kenichi Kayama, General Manager Public Relations Department TEL (03)3274-3560

Listing exchanges:	Tokyo, Osaka
Date of the Board of Directors' meeting to approve financial statements:	May 8, 2003
The company adopted G.A.A.P.	No

Note: U.S. accounting standards have not been adopted for the purposes of these statements.

1. Consolidated Business Results for the Year Ended March 31, 2003

(April 1, 2002 – March 31, 2003)

(1) Consolidated Operating Results (Note: Figures have been rounded down to the nearest unit.)

	In millions of yen - except per share data			
	Fiscal Year Ended March 31,			
	2003		2002	
Operating Revenue	449,458	13.2%	397,162	41.5%
Operating Income	115,995	4.2%	111,329	6.7%
Ordinary Income	111,797	6.4%	102,067	1.5%
Net Income	59,910	70.9%	35,063	(27.3)%
Net Income per Share (yen)	637.59 yen		390.00 yen	
Net Income to Shareholders' Equity Ratio	13.2%		9.6%	
Diluted Net Income per Share (yen)	-		-	
Ordinary Income to Shareholders' Equity Ratio	5.2%		5.4%	
Operating Revenue to Ordinary Income Ratio	24.9%		26.5%	

Notes:
1) Equity method investment gain or loss for:
   Fiscal year ended March 31, 2003: - million yen
   Fiscal year ended March 31, 2002: - million yen
2) Average number of shares during:
   Fiscal year ended March 31, 2003: 93,810,102 shares
   Fiscal year ended March 31, 2002: 89,908,062 shares
3) Changes in accounting policies: Yes
4) Percentage figures shown for operating revenue, operating income, ordinary income and net income show year-on-year change

(2) Consolidated Financial Position

	In millions of yen - rounded down, except where noted	
	Fiscal Year Ended March 31, 2003	Fiscal Year Ended March 31, 2002
Total Assets	2,282,113	2,029,633
Shareholders' Equity	485,991	421,343
Shareholders' Equity Ratio (%)	21.3%	20.7%
Shareholders' Equity per Share(Yen)	5,143.45	4,523.01

Note: Number of shares issued and outstanding:

As of March 31, 2003: 94,468,362 shares
As of March 31, 2002: 93,155,415 shares

(3) Consolidated Cash Flows

In millions of yen - rounded down, except where noted

	Fiscal Year Ended March 31, 2003	Fiscal Year Ended March 31, 2002
Cash flow from operating activities................................	(90,062)	(183,755)
Cash flow from investing activities	(57,172)	(11,205)
Cash flow from financing activities................................	131,652	180,511
Cash and cash equivalents at the end of the period.............	131,643	139,126

(4) Consolidated companies and companies to which equity method accounting applies

Number of consolidated subsidiaries:	9 companies
Number of non-consolidated subsidiaries accounted for by the equity method:	0 companies
Number of affiliated companies accounted for by the equity method:	0 companies

(5) Changes to which consolidated accounting and equity method accounting apply

Consolidated subsidiaries	(Newly included): 2 companies	(Excluded): 0 companies
Equity method accounting	(Newly included): 0 companies	(Excluded): 0 companies

2. Fiscal Year 2004 Full Year Projections （April 1, 2003 - March 31, 2004） (In millions of yen, rounded down)

	Interim Period Ending, September 30, 2003	Fiscal Year Ending March 31, 2004
Operating Revenue	241,988	494,522
Ordinary Income	54,384	122,012
Net Income	28,621	65,056

Reference: Projected earnings per share for fiscal year 2004 (Fiscal year ending March 31, 2004):688.65 yen

"Caution Relating to Results Projections"

The above projections are based on the information available to management at the time they were made, and estimates involving uncertain factors thought likely to have an effect on future results. Actual results can differ materially from these projections for a variety of reasons.

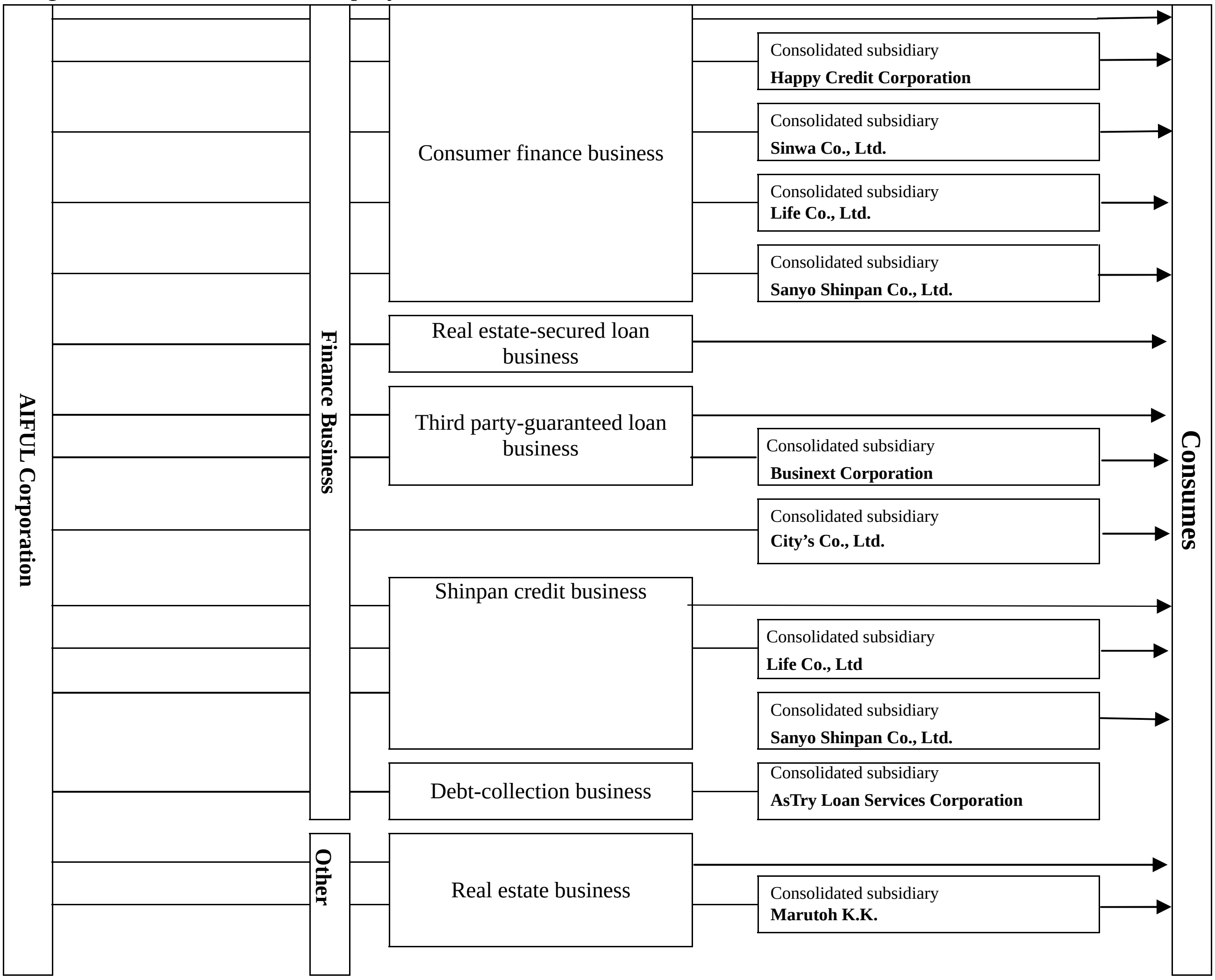
1. State of the Group

The AIFUL Group is composed of AIFUL Corporation and nine related companies, four non-consolidated subsidiaries and one affiliated company. The principal business of the Company is providing consumer finance services. The Company is also developing its secured loan business as well as conducting activities in businesses such as real estate-related financing.

Business Classification		AIFUL & subsidiaries	Business Descriptions
Finance Business	Consumer finance business	Aiful Corporation	The Company, its subsidiary Happy Credit Coroporation and Sinwa Co., Ltd. provide small-unsecured loans for consumers.
		Happy Credit Corporation	
		Sinwa Co., Ltd.	
		Life Co., Ltd	
		Sanyo Shinpan Co., Ltd.	
	Real estate-secured loan business	Aiful Corporation	The Company provides real estate-secured loans.
	Third party-guaranteed loan business	Aiful Corporation	The Company lends to small businesses.
		Businext Corporation	
		City's Co., Ltd.	
	Shinpan credit business	Aiful Corporation	The Company offers card shopping, per-item shopping, loans an guarantees for consumers.
		Life Co., Ltd	
		Sanyo Shinpan Co., Ltd.	
	Debt-collection business	AsTry Loan Services Corporation	The Company manages and collects a full range of receivables and loans.
Other	Real estate business	Marutoh K.K.	The Company buys, sells, leases, brokers and mediates real estate. The business has not been performed since March 31, 2001.
	Restaurant and amusement businesses	City Green Co., Ltd.	Holding company for City's Co., Ltd.

*Due to the transferral of business activities and the closing of stores in the Restaurant and Amusement businesses, AIFUL took the decision to close its service business department as of March 31, 2003.

The organizational chart for the Company's businesses is as follows.



*City Green Co., Ltd. is not listed above, since it is a holding company of City's Co., Ltd. and it's not active in business.

*Due to the transferral of business activities and the closing of stores in the Restaurant and Amusement businesses, AIFUL took the decision to close its service business department as of March 31, 2003.

2. Management Policies

(1) Basic Management Policies

AIFUL's primary mission is to earn the support of the general public. The Company's efforts to prioritize customer convenience and become a reliable and creative general financial Group are a reflection of this basic stance. This basic policy motivates the Company's endeavors to expand business and become a source of profit for customers, stakeholders and employees into the future

(2) Basic Policies on Profit Distribution

AIFUL's basic dividend policy is to consistently distribute profits to shareholders on the basis of a comprehensive assessment of the economic and financial situation, industry trends, and the Company's own business performance. On the basis provided by this policy, AIFUL works to distribute profits to shareholders and maximize shareholder value via a medium to long-term perspective.

AIFUL utilizes its retained earnings as a strategic resource for new business growth through a variety of alternatives, such as reinvesting funds in loans and financing mergers and acquisitions. Creating resources for future growth in this way is central to AIFUL's efforts to meet investors' expectations.

Internal reserves are to be used to extend loans, in the making of strategic investments geared to expanding the AIFUL Group's profit base. In this way, they will tie into improving business results, operational efficiency, and allowing AIFUL to continue to meet up to the expectations of its shareholders.

(3) Management Indicator Objectives

AIFUL believes that its position in the financial industry makes it essential for management to raise efficiency in the use of assets and the returns gained on those assets. Consequently, AIFUL's chief management goal is to maximize ROA, with a medium-term goal of consolidated ROA of 3% having been set in this respect.

(4) Medium and Long-Term Business Strategies

Japan's consumer credit market is currently worth approximately 63.6 trillion yen, a total that includes of 15.4 trillion yen in retail credit and 35.9 trillion yen in consumer loans (excluding deposit and savings-secured loans). Consumer finance companies in particular have continued to see high growth in the consumer loan market, expanding from a 9.0% share in 1990 to a 27.0% share, worth some 9.7 trillion yen, in 2001. AIFUL has continued to grow faster than the market for consumer finance companies has expanded for the next three to five years, but AIFUL's medium to long-term market predictions suggest that the market is likely to mature in the near future. Consequently, the Company has established the goal of becoming a general retail-sector financial company as its key management strategy.

In order to realize this goal, AIFUL is promoting management strategies geared towards diversifying product lineups and sales channels. The Company will also secure the brand value of each group company whilst also producing synergistic effects through affiliations and efficient market development. With its three existing product categories of unsecured loans, small real estate-secured loans and small business loans retaining their central role, AIFUL will introduce cash flow credit as part of its product diversification strategy, thus developing and marketing new products designed to satisfy customer needs.

With regards to product diversification, we are currently working to expand our product and service lineups to cater to the ever-widening needs of our customers. At present, we offer consumer-finance products such as unsecured loans, real-estate secured loans, and business loans. At a groupwide level, we also offer such services as credit cards, other credit services, and guarantees. Fundamentally, AIFUL is aiming to put in place a structure, which eliminates overlap losses between group companies, and provides customers with a full selection of products and services. In so doing, the company will cater to each and every need consumers bring to the retail industry.

Moving onto strategies to diversify channels to new customers, AIFUL will form affiliations with companies active in other industries. Establishing new companies, purchasing companies through M&A, and utilizing new infrastructure such as the Internet: all these initiatives and more will tie into offering customers new levels of convenience.

During the current consolidated fiscal year, AIFUL obtained 42.2% of the stock in City's Co., Ltd., a company that extends business loans. At the same time, AIFUL purchased City Green Co., Ltd., the holding company of City's Co., Ltd., through a simple exchange of stock. With the acquisition of this company, which owned the remaining 57.8% of the stock of City's Co., Ltd., AIFUL took a major step in reinforcing the position of the business loan segment of its business activities.

(5) Basic Stance With Regards to Corporate Governance and Current Status of Related Policies

AIFUL takes speed in decision-making, the establishment of appropriate management-supervision functions, and the reinforcement of compliance systems as its basic policies in the important domain of corporate governance.

On the basis of these underlying policies, the AIFUL Board of Directors meets weekly to discuss the management issues and business opportunities facing the company. These meetings allow investigations to be conducted, and appropriate management strategies to be formulated and swiftly implemented.

In management-supervisory functions, the Board of Auditors (which consists of four auditors, including two external auditors) and completely external auditing companies are the chief means by which AIFUL ensures its activities are in line with the law. Management is confident that the existing system serves this purpose adequately, and as such has no plans to relocate the relevant committees to separately established companies, a move which, it is thought, would not yield any significant improvement.

AIFUL places the utmost importance on ensuring full compliance with all applicable laws and regulations, and has had an Investigation Department and Legal Department in place for some time. Other steps taken here include the distribution of a copy of the "AIFUL Group Ethical Code" to each and every employee, and the creation of a hotline, operated under the auspices of the Personnel and Investigation Departments, by means of which possible breaches of this code can be discussed.

Continuing in the same vein, AIFUL has also put in place a new Compliance Committee, composed of lawyers and other external members, with responsibility for questioning the Board of Directors and matters of import. Meeting monthly to gather information relating to business risks, the Committee's responsibilities include the implementation of preventative measures, employee education. In this way, it plays a vital role in supporting and reinforcing compliance systems throughout the whole company.

With regards to disclosure, AIFUL takes as its basic policy the timely delivery of a wide range of company information to investors, shareholders and other interested parties and a commensurate enhancement of external checks of AIFUL's operations. This in turn is intended to give rise to effective corporate governance. AIFUL takes a proactive stance in this important area, not only disclosing all appropriate information, but also presenting the opinions and desires of shareholders and investors periodically at meetings of the Board of Directors and to departmental heads. This system makes clear AIFUL's commitment to making corporate governance a concrete reality.

On the basis of these sorts of highly transparent management policies, AIFUL is taking a proactive stance on all aspects of disclosure operations. The Public Relations and Investor Relations Departments, both of which specialize in this important area, ensure full disclosure of relevant information through a steady stream of press releases, business result data books and similar materials, whilst also maintaining an IR-dedicated website (http://www.ir-aiful.com), and an active presence in the mass media both in Japan and overseas. In addition to all of this, AIFUL regularly holds meetings to introduce the company to investors and analysts, and is vigilant in providing desired information about the company to such parties. This full range of disclosure activities is illustrative of AIFUL's commitment to timely and appropriate disclosure.

This insistence on excellence saw AIFUL singled out by the Tokyo Stock Exchange in January 2003 as a company with outstanding disclosure operations, an achievement that earned the company the 8th Listed Company Disclosure Award. Refusing to rest on its laurels, AIFUL will continue to adopt the dynamic attitude that quality in disclosure operations demands.

(6) Brand Strategy Policies

In October 1999, AIFUL commenced a branding project that cut horizontally across the entire company. To date, this project has been responsible for generating a wide range of proposals related to the company's branding initiatives. From April 2003 onwards, the system has been revitalized by bringing it under the direct control of top management, which has positioned it as its highest priority.

Under the new project, 'A Company for Security and Creation' was selected as the concept to unify the large number of different AIFUL brands. Taking improvement in corporate value, itself based upon progress in customer satisfaction and employee satisfaction, as the primary goal for brand strategies, AIFUL plans to in turn boost investor satisfaction. In this manner, the company will make real 'Prosperity for all', the management ideal outlined in its corporate principles.

On another front, AIFUL will continue to regard its responsibilities as a corporate citizen with the utmost seriousness. Supporting local marathons and other sporting events that allow the company to create ever more intimate bonds with communities will play a key role in this respect.

(7) Challenges

AIFUL has expanded and grown steadily since its establishment as a consumer finance company. As outlined above, however, the consumer credit market is expected to move into a period of stable growth, and consequently competition will become even fiercer, extending beyond the retail credit and consumer finance market segments. To prevail in this competition, AIFUL has added subsidiaries such as Life Co., Ltd., to the Group and prepared the groundwork to becoming a general retail finance company with products and marketing channels that can adapt to any situation. Pursuing synergistic effects derived from the combination of each group company's management assets—reflecting the brand concept of reliability and creativity—and endeavoring to ensure stable revenues, AIFUL will continue to build on this foundation.

3. Results of Operations

(1) Summary of Operations

Business Environment

At the same time, the current consolidated fiscal year witnessed a continued heightening in the fierce competition for market share that had already overtaken the industry. With traditional boundaries between the consumer finance, credit, credit card and banking industries dissolving, banks have made aggressive entries into the consumer finance industry and consumer finance similar entries into the credit card business. Similarly, guarantees on personal loans are now being extended as part of new alliances between consumer finance companies and banks, in yet another sign of the changing face of the industry.

Against this operating backdrop, large consumer finance companies advertised aggressively with commercials and other media. However, the above factors combined to result in continued sluggishness in salaries and borrowing. As a result, the number of new unsecured loan customers showed little growth in the second half of the year, while numbers of new customers for the four major companies were the same as in fiscal 2001.

In this fiscal, large consumer finance companies embarked on a series of new initiatives. These included entering the consumer card and credit card businesses, establishing joint ventures with banks and forming affiliations with security companies, and moving into the service industry. Although strategies differed between companies, it appears that the industry is beginning a reorganization that transcends the traditional boundaries between consumer finance, consumer credit, credit cards and banking services.

Operations

(1. AIFUL Corporation)

During the fiscal year under review, AIFUL's loan business witnessed the company pursuing product diversification strategies in unsecured loans, real-estate secured loans, and business loans to more comprehensively cater to customer needs. These efforts tied into solid progress in loan balances at end of period.

In attempts to boost sales efficiency, AIFUL also brought renewed focus to the 'scrap and build' policy it adopts with regards to its branches. This shift took the numbers of staffed and automated locations at the end of the period to 536 and 1,040 respectively, for a total of 1,580 branches dedicated solely to providing customers with secured loans.

CD-ATM networks benefited from the forging of alliances with eleven new banks, which took the number of CD-ATMs AIFUL customers have access to 42,738 including AIFUL's own ATMs. Furthermore, October of this year saw the creation of an ATM alliance with IY Bank Co., Ltd., as a result of which AIFUL customers will be able to make use of cash withdrawal and paying-in services at the Seven-Eleven convenience store chain. These developments represent major network expansion achievements.

The number of new customers gained during the current consolidated fiscal year fell 12.4% over the previous year to 400,000. The key factor in this decline was the fall in borrowing brought on by such varied factors as a worsening of the income and employment situation and a more general sense of economic uncertainty. However, the new CM service unveiled in August 2002 has started to pay dividends, and there are already signs of a recovery in this important indicator. Additionally, that proportion of new customers who sign up to AIFUL services via Internet, be it in the form of personal computer or mobile phone, has increased to account for more than 6% of the total in a sign of the growing importance of this marketing channel.

Real-estate secured loans and business loans have been positioned as that business area which will support AIFUL's growth after the predicted flattening out of the unsecured loan market. As such, AIFUL continues to adopt aggressive strategies in this area.

In the credit card business, AIFUL was designated a principal member with MasterCard in June 2002. In addition, the systems and infrastructure of New Life Co., Ltd. made possible the issue of a MasterCard credit card under the AIFUL brand.

As a result of the foregoing, loans rose 7.6% over the previous year to come to 1,413,340 million yen at year-end. Expenses for doubtful receivables rose 32.2% to 86.3 billion yen due to the climbing unemployment rate and the rise in personal bankruptcies. In response to this trend, AIFUL has resolved to improve the accuracy of its credit investigation system and reinforce its standards for offering credit. To this end, the company introduced its Seventh Scoring System in April 2002.

Even amidst the difficult operating environment outlined above, AIFUL will strive to maintain focus on the twin goals of providing high-quality customer services and cutting costs through improving efficiency in operations. To this end, the company plans to integrate the marketing operations conducted throughout its 536-strong nationwide network of staffed branches in two contact centers, one each in east and west Japan. Both centers are due to commence operations in October 2003.

Moving onto policies aimed at boosting the operational efficiency of other business areas, AIFUL took the decision to withdraw from the restaurant business in order to concentrate its management resources in retail finance services. All operating assets involved in this business area have been transferred to Bee Bee Restaurant Co., Ltd.

In the guarantees business, positioned as an important new source of revenues, AIFUL is expanding its alliances. The company now offers guarantees for business loans offered by Saitama Resona Bank Co., Ltd. and Kinki Osaka Bank Co., Ltd. At the end of the current consolidated fiscal year, AIFUL had forged such partnerships with a total of 24 banks and two other companies.

(2. Life Co., Ltd.)

During the current consolidated fiscal year, Life Co., Ltd. withdrew from the low-profit auto loan business and poured management resources into such high-profit areas as credit card shopping and cashing loans, and other consumer finance areas in order to construct a more stable profit base. This gradual shift from a low-profit asset portfolio to a high-profit asset portfolio will continue in the years to come.

In the credit card business, number of cardholders is the single most important factor in securing profits. Accordingly, Life built on agreements with men's clothing store Aoyoma Syouji and electric goods chain DeODEO by striking an alliance with Komeri Co., Ltd., a key player in the home center market, a development which has tied directly into the issue of joint credit cards. In terms of proper cards, Life continues to develop new products such as the ATASHIn'CHI credit card. Released in October 2002, this card incorporates characters from the popular cartoon of the same name in original designs. On a different note, August 2002 saw Life introduce an automatic voice-response system at its support centers. Allowing customers to make inquiries regarding their current credit balances and payment details and also gain access to a range of Internet services offered by affiliated stores, this new option made significant contributions to maintaining excellence in customer service.

As a result of the foregoing, the total number of credit card holders at the end of the current consolidated fiscal year rose 1,110,000 over the same time the previous year to 9,830,000.

In the per-item credit business, the current consolidated fiscal year saw Life make aggressive efforts to expand its network of affiliated stores. As a result, the total number of such stores rose to 82,000 at year-end.

In the consumer finance business, similarly proactive network expansion initiatives and the relocation of existing branches to more favorable locations resulted in the addition of a total of 38 new branches. The total number of Life Cashing Plazas at year-end was 164.

In the guarantees business, Life staged a withdrawal from offering auto or home-related loans, whilst also revising its guarantee rates on bank loan guarantees and cultivating alliances with new loan guarantee partners. These efforts resulted in agreements with 24 new banks, taking the total number of partner financial institutions to 70.

Volume of business for the period was as follows. Life's credit card business and the per-item business for this fiscal year were recorded as 276,542 million yen and 144,493 million yen. These factors took Life's total balance of loans to customers and credit guarantee installment receivables at the end of the fiscal year under review up 10.4% over the same time the previous year to 676,093 million yen, a figure which includes 250,936 million yen of off-balance sheet receivables resulting from the liquidization of certain other receivables. The breakdown of this figure was as follows: credit cards down 4.2% to 64,069 million yen, per-item credit up 16.6% to 170,854 million yen, credit card cashing loans up 23.9% to 310,749 million yen, credit guarantee installment receivables down 14.2% to 117,849 million yen, and other businesses down 22.0% to 12,570 million yen.

Synergies Resulting From the Acquisition of Life

Since its purchase by AIFUL, Life has significantly improved its profit base, and is now making valuable contributions to the income of the AIFUL Group. However, the synergies made possible by the acquisition of this company do not stop there.

Life has benefited thanks to access to AIFUL's scoring and credit investigation expertise and its debt collection know-how. These additions are making major contributions to the rapid growth of Life's cashing loan business, and the company's newfound management efficiency.

For its part, Life has provided AIFUL with an enhanced understanding of the credit card business and means of introducing related systems in an affordable manner. Furthermore, Life and AIFUL are also jointly developing IT systems and integrating their back office staff divisions in an attempt to introduce still higher efficiency in the use of capital. In addition, AIFUL and other group companies have acted in unison on a wide variety of fronts in order to enable new cost reductions. Streamlining the group's database of transaction partners and sharing purchasing know-how have been two of the main contributors in this respect.

The addition of Life to the AIFUL Group represents the acquisition of a major credit card brand, an invaluable asset not possessed by any of AIFUL's main competitors. Not only does this asset bring a new strength to brand strategies, it also makes it possible to introduce higher levels of flexibility and expandability to alliances and joint ventures than would be otherwise are possible.

(3. Other Group Companies)

Businext, a joint venture set up in conjunction with the Sumitomo Trust and Banking Co., Ltd., has been focusing its attention on Direct Mail-related operating activities and building up a base of high-quality loan clients. These efforts took the company's total loan balance at the end of the current fiscal year 15,397 million yen.

In October 2002, City's Co., Ltd. became a member of the AIFUL group. Since that time, the company's existing credit investigation know-how and human assets have been augmented by AIFUL's information management systems and management expertise. This combination has resulted in a considerable reinforcement of the company's management base, which in turn played a key role in taking loans at the end of the current consolidated fiscal year to 29,176 million yen. At present, the company is paying careful attention to the shifting economic climate in planning its next moves.

Moving onto other group companies, consumer finance companies Happy Credit Corporation, Sinwa Co., Ltd. and Sanyo Shinpan Co., Ltd. have all now introduced AIFUL's scoring system, an important step towards bolstering credit investigation systems to guard against further increase in expenses for doubtful receivables. Synergies of the type created in this manner are a major goal throughout the AIFUL group. Loans at the end of the year came to 31,587 million yen, 22,263 million yen, and 11,865 million yen (all including balances of installment receivables) at Happy Credit Corporation, Sinwa Co., Ltd. and Sanyo Shinpan Co., Ltd.

Happy Credit Corporation, Sinwa Co., Ltd. and Sanyo Shinpan Co., Ltd. took advantage of synergies with AIFUL to introduce AIFUL's credit scoring knowledge. As a result, Happy Credit's outstanding loans totaled 31,587 million yen at the fiscal year-end, with Sinwa's total of outstanding loans coming to 22,263 million yen and Sanyo Shinpan's outstanding loans totaled 11,865 million yen. Similar synergies look likely to be possible in the future as well. These group companies are all demonstrating solid growth.

AIFUL customers are now able to make use of ATMs belonging to any AIFUL Group company. This development represents a significant boost for customer convenience and is indicative of the operating synergies the group is currently enjoying.

As a result of the above factors, AIFUL and its six subsidiaries had 1,833,702 million yen in outstanding loans, 235,873 million yen in installments receivable, 128,744 million yen in credit guarantee receivables and 12,738 million yen in others. These figures include 250,936 million yen in liquidation of certain other receivables, which itself consists of 162,920 million yen in outstanding loans and 88,015 million yen in installment receivables.

Capital Procurement

AIFUL procured capital during the year in a variety of ways: borrowing 57.5 billion yen through liquidization methods, issuing standard domestic bonds to the sum of 100.5 billion yen, and taking out syndicated loans overseas. These activities constituted a continued diversification of the company's capital procurement avenues.

Financial institutions with which AIFUL conducts transactions also increased by 26 during the year, considerably fleshing out the company's procurement base in another dimension. Additionally, AIFUL moved to guard against the adverse effects of future rises in interest rates by purchasing interest caps, thereby increasing the fixed interest ratio. These efforts will continue into the future as AIFUL continues to diversify the techniques whereby it obtains access to low-price, stable sources of capital.

Operating Results

As a result of the above activities, operating revenue for the year jumped 13.2%, to 449,458 million yen for the consolidated fiscal year.

AIFUL's operating revenue climbed 5.7% to 324,671 million yen, comprising 72.2% of the Group's revenues. Life recorded operating revenue of 102,392 million yen, accounting for 38.3% comprising 22.8% of the Group's revenues. Of the total, 406,483 million yen, or 90.4%, was accounted for by operating interest on loans, 23,056 million yen, or 5.2%, by revenue from installment receivables, 4,132 million yen, or 0.9%, by guarantee revenue, and 15,785 million yen, or 3.5%, by other revenue.

Operating interest on loans accounts for 77.6% of AIFUL's revenues. This figure can be broken down into 83.4% in unsecured loans, 15.1% in real estate-secured loans and 1.5% in business loans.

Operating expenses for the AIFUL Group totaled 333,462 million yen. AIFUL's operating expenses accounted for 65.3%, or 217,727 million yen, of this total, while Life's operating expenses accounted for 28.3%, or 94,534 million yen. Of total group operating expenses 134,125 million yen, or 40.2%, consisted of expenses for doubtful receivables, 38,479 million yen, or 11.5%, of financing expenses, 21,747 million yen or 6.5%, of advertising expenses, 48,099 million yen, or 14.4%, of personnel expenses, and 19,291 million yen, or 5.8%, of commissions paid.

The 2,638 million yen in write-down of consolidation adjustment account accrued with the purchases of Life Co., Ltd. and Sinwa Co., Ltd. was recorded as an operating expense.

As a result, consolidated operating income for this fiscal year rose 4.2% to 115,995 million yen, and AIFUL's operating income increased 3.2% to 106,944 million yen, net income jumped 70.9% to 59,910 for the fiscal year. Consolidated ordinary income for the fiscal year rose 6.4% to 111,797 million yen, while AIFUL's ordinary income rose 0.4% to 107,100 million yen and net income this fiscal year rose 44.2% to 55,317 million yen.

(2) Fiscal 2004 Outlook

As the slowdown of the global economy comes to be seen as increasingly certain, the Japanese economy too continues to suffer from stagnation in corporate profits, employment-related uncertainties, and other factors. Accordingly, predictions about how economic environments will develop in the near future are rendered extremely difficult.

The finance industry is not removed from these problems, struggling as it is with high levels of unemployment. Bankruptcy rates look set to keep rising, forcing management to conclude that improvements in the AIFUL Group's business conditions cannot be hoped for yet.

In response to these challenges, AIFUL will continue to set itself unambiguous goals as it commits the energies of the entire group to pushing up its balances for high-quality loans. Working for maximal cost reductions and all-round improvements in management performance, the company will maintain steady flows of income.

After consideration of the issues described above, we predict a 10.0% increase to 494,522 million yen on the part of the AIFUL Group's consolidated operating revenue, and a 6.2% increase to 344,849 million yen in AIFUL's operating revenue.

Consolidated ordinary income is expected to jump 9.1% to 122,012 million yen, with a 6.2% rise to 344,849 million yen in AIFUL's non-consolidated ordinary income. Consolidated net income is expected to climb 8.6% to 65,056 million yen, while AIFUL's net income is expected to jump 2.2% to 56,532 million yen.

4. Financial Situation

Assets

Loans totaled 1,670,781 million yen, an increase of 12.7% over the previous year. This was primarily due to steady increases in group loans. AIFUL's loans rose 7.6% to 1,413,340 million yen, Life's loans rose 51.2% to 147,828 million yen; Businext's loans increased 89.7% to 15,397 million yen.

Installment receivables rose 22.4% over the same time the previous year to 147,857 million yen due to the steady progress made by the credit card shopping and per-item credit businesses at Life Co., Ltd.

Credit guarantee receivables fell 8.1% to 128,744 million yen, as Life ended its involvement in the low-revenue guarantee business. Allowance for bad debt was increased 20.0% to 132,130 million yen, in consideration of economic conditions in fiscal 2003. (Consolidated loans and installment receivables do not include 162,920 million yen, rose 6.4%, in Life's liquidation of certain other receivables and loans and fell 1.7% to 88,015 million yen in installment receivables.)

Adjustment for consolidated accounts fell 5.1%, to 22,046 million yen.

Liabilities

Total capital procured, including debt, commercial paper and bonds rose 12.0% to 1,504,968 million yen. This was due to an increase in financing to correspond with the steady increase in AIFUL, Life and Sinwa's operating receivables.

Shareholders' Equity

Consolidated shareholders' equity at the end of fiscal year rose 15.3% over the previous year to 485,991 million yen, and the equity ratio stood at 21.3％. AIFUL's non-consolidated shareholders' equity rose 12.0%, to 470,834 million yen, AIFUL's shareholders' equity ratio is 24.7%.

Cash Flows

Despite procuring considerable amounts of capital through the issuance of new stock and bonds, consolidated cash and cash equivalents stood at 131,643 million yen at the end of fiscal year, a 7,482 million yen gain over the previous year. This was primarily due to an increase in outstanding loans through operating activities.

Net cash used in operating activities was minus 90,062 million yen, compared to 183,755 million yen in the same period of the previous year, due to an increase in loans.

Net cash used in investing activities totaled minus 57,172 million yen, compared to minus 11,205 million yen in the same period of the previous year, due to the acquisition of fixed assets.

Net cash provided by financing activities came to 131,652 million yen due to the liquidation of certain other receivables and the issuance of new stock along with the expansion of operating activities and investment activities. The figure for the previous year was 180,511 million yen.

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets

In millions of yen - rounded down, except where noted

(Assets)	For the current fiscal year (As of March 31, 2003) Amount	%	For the previous fiscal year (As of March 31, 2002) Amount	%	Increase (Decrease) Amount	%
Current Assets:						
Cash and cash equivalents	132,296		140,757		(8,461)	
Loans	1,670,781		1,482,796		187,985	
Installment receivables	147,857		120,756		27,101	
Credit guarantee receivables	128,744		140,142		(11,397)	
Other operating receivables	12,738		16,113		(3,374)	
Marketable Securities	510		268		241	
Property and stored goods	723		1,214		(491)	
Deferred tax assets	25,582		9,970		15,611	
Short-term loans	30,183		7,183		22,999	
Other	61,487		44,312		17,174	
Allowance for bad debts	(113,438)		(92,117)		(21,321)	
Total current assets	**2,097,467**	**91.9**	**1,871,399**	**92.2**	**226,067**	**12.1**
Fixed Assets:						
Tangible Fixed Assets:						
Buildings and structures	17,449		19,630		(2,181)	
Machinery and vehicles	38		49		(11)	
Equipment and fixtures	6,626		6,255		371	
Rental assets	2		9		(7)	
Land	14,801		15,162		(360)	
Construction in process account	3,093		-		3,093	
Tangible fixed assets	**42,012**	**1.8**	**41,108**	**2.0**	**903**	**2.2**
Intangible Fixed Assets:						
Software	16,346		7,429		8,917	
Telephone rights	811		777		34	
Consolidation adjustment account	22,046		23,239		(11,93)	
Other	39		813		(774)	
Total intangible fixed assets	**39,243**	**1.8**	**32,259**	**1.6**	**6,984**	**21.6**
Investment and Other Fixed Assets:						
Investment in securities	11,285		9,056		2,228	
Claims in bankruptcy	17,363		14,267		3,095	
Long-term loans	20,395		12,987		7,408	
Lease deposits and guarantees	10,850		10,898		(47)	
Deferred tax assets	16,591		21,264		(4,673)	
Loss on deferred hedge	33,674		22,930		10,743	
Other	11,384		9,890		1,493	
Allowance for bad debts	(18,691)		(17,220)		(1,470)	
Total investment and other fixed assets	**102,854**	**4.5**	**84,075**	**4.1**	**18,778**	**22.3**
Total fixed assets:	**184,110**	**8.1**	**157,443**	**7.7**	**26,666**	**16.9**
Deferred Assets:						
Bond issuing expenses	535		790		**(255)**	
Total deferred assets	**535**	**0.0**	**790**	**0.1**	**(255)**	**(32.3)**
Total Assets:	**2,282,113**	**100.0**	**2,029,633**	**100.0**	**252,479**	**12.4**

Consolidated Balance Sheet (cont.):

In millions of yen - rounded down, except where noted

(Liabilities)	For the current fiscal year (As of March 31, 2003) Amount	%	For the previous fiscal year (As of March 31, 2002) Amount	%	Increase (Decrease) Amount	%
Current Liabilities:						
Notes & accounts payable - trade	22,932		24,056		(1,124)	
Credit guarantees payable	128,744		140,142		(11,397)	
Short –term loans debt	55,365		37,491		17,873	
Current portion of bonds	74,500		71,000		3,500	
Current portion of long-term debt	416,152		375,271		40,881	
Commercial paper	13,500		15,000		(1,500)	
Income taxes payable	37,627		16,891		20,735	
Accrued bonuses	3,759		3,990		(231)	
Gains on deferred installments	11,089		8,878		2,210	
Other	41,174		36,390		4,783	
Total Current Liabilities	**804,845**	**35.3**	**729,114**	**35.9**	**75,731**	**10.4**
Long-term Liabilities:						
Bonds	377,500		351,500		26,000	
Long term debts	567,950		494,009		73,940	
Allowance for retirement benefits for employees	7,636		5,958		1,677	
Allowance for retirement benefits for directors	1,150		1,067		82	
Interest swaps	32,119		22,304		9,814	
Other	890		824		65	
Total Long-term Liabilities	**987,247**	**43.2**	**875,665**	**43.1**	**111,581**	**12.7**
Minority interests:						
Minority Interests	**4,028**	**0.2**	**3,510**	**0.2**	**517**	**14.7**
Shareholders equity:						
Common stock	83,317	3.6	83,317	4.1		
Additional paid-in capital	104,125	4.6	94,047	4.6		
Consolidated retained earnings	300,924	13.2	246,239	12.1		
Differences in evaluation of other marketable securities	(323)	(0.0)	(215)	(0.0)		
Treasury stock	(2,052)	(0.1)	(2,045)	(0.1)		
Total Shareholders' Equity	**485,991**	**21.3**	**421,343**	**20.7**	**64,648**	**15.3**
Total Liabilities, Minority Interests and Shareholders' Equity	**2,282,113**	**100.0**	**2,029,633**	**100.0**	**252,479**	**12.4**

(2) Consolidated Statement of Income

In millions of yen - rounded down, except where noted

	For the current fiscal year (Apr. 1, 2002 to Mar. 31, 2003)		For the previous fiscal year (Apr. 1, 2001 to Mar. 31, 2002)		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
Operating Revenue	**449,458**	**100.0**	**397,162**	**100.0**	**52,296**	**13.2**
Interest on loans to customers	406,483	90.4	359,318	90.5	47,165	13.1
Credit card revenue	7,877	1.8	6,742	1.7	1,135	16.8
Per-item credit revenue	15,178	3.4	10,353	2.6	4,825	46.6
Credit guarantee revenue	4,132	0.9	4,076	1.0	56	1.4
Financial revenue - other	321	0.1	525	0.1	(203)	(38.8)
Interest on bank deposit	18		86		(68)	
Interest on marketable securities	1		1		(0)	
Interest on loans	267		199		67	
Other	35		237		(202)	
Operating Revenue - other	15,463	3.4	16,146	4.1	(682)	(4.2)
Sales of property	306		2,823		(2,517)	
Revenue from service business	935		1,246		(311)	
Bad debts write-off recovery	6,431		5,715		715	
Other	7,790		6,360		1,430	
Operating Expenses	**333,462**	**74.2**	**285,832**	**72.0**	**47,630**	**16.7**
Financial expenses	38,479	8.6	34,615	8.7	3,864	11.2
Interest expense	25,126		21,987		3,139	
Interest on bond	9,985		9,704		281	
Other	3,367		2,923		444	
Cost of sales	562	0.1	3,025	0.8	(2,463)	(81.4)
Cost of sales of property	296		2,677		(2,381)	
Cost of sales of restaurant business	266		348		(81)	
Operating Expenses - other	294,420	65.5	248,191	62.5	46,228	18.6
Advertising expenses	21,747		26,845		(5,097)	
Commissions	19,291		19,667		(376)	
Loan losses	20,963		7,925		13,037	
Transfers to allowance for bad debts	113,162		82,020		31,141	
Employee salaries and bonuses	35,614		33,166		2,448	
Transfers to accrued bonuses	3,759		3,990		(231)	
Retirement benefit expenses	3,186		1,353		1,833	
Transfers allowance to directors' retirement bonuses	104		114		(9)	
Rent fees	24,353		22,959		1,394	
Depreciation expense	6,672		6,929		(257)	
Consolidation adjustment account write-off	2,638		3,178		(540)	
Other	42,926		40,041		2,885	
Operating Income	**115,995**	**25.8**	**111,329**	**28.0**	**4,665**	**4.2**

Consolidated Income Statement (cont.):

In millions of yen - rounded down, except where noted

	For the current fiscal year (Apr. 1, 2002 to Mar. 31, 2003)		For the previous fiscal year (Apr. 1, 2001 to Mar. 31, 2002)		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
Non-operating income	**1,303**	**0.3**	**1,333**	**0.3**	**(29)**	**(2.2)**
Interest on loans	52		24		27	
Dividends received	99		31		68	
Insurance dividends received	325		530		(204)	
Other	825		746		78	
Non-operating expenses	**5,501**	**1.2**	**7,595**	**1.9**	**(2,093)**	**(27.6)**
Transfer allowance for bad debts	4,387		2,371		2,016	
New share issuing expenses	-		4,234		(4,234)	
Amortization of bond issuing expenses	-		72		(72)	
Other	1,114		916		197	
Ordinary income	**111,797**	**24.9**	**105,067**	**26.5**	**6,729**	**6.4**
Extraordinary income	444	0.1	1,729	0.4	(1,284)	(74.3)
Allowance for bad debts from previous year	38		210		(171)	
Gain on sale of investment securities	212		140		71	
Liquidation on lease deposits and guarantees	135		1,057		(922)	
Other	58		320		(262)	
Extraordinary losses	**4,788**	**1.1**	**44,948**	**11.3**	**(40,160)**	**(89.3)**
Loss on valuation of fixed assets	540		31,240		(30,700)	
Loss on sale of fixed assets	374		121		253	
Amount equivalent to previous year loss on valuation of real estate for sale	-		2,147		(2,147)	
Loss on valuation of investment securities	858		706		151	
Transfer allowance for bad debts	-		118		(118)	
Loan losses	4		351		(346)	
Differences of change in retirement benefit accounting	1,238		-		1,238	
Consolidation adjustment account write-off	1,048		9,130		(8,082)	
Other	724		1,131		(407)	
Income before taxes	**107,453**	**23.9**	**61,848**	**15.6**	**45,605**	**73.7**
Corporate tax, local and enterprise taxes	**57,555**	**12.8**	**36,292**	**9.1**	**21,262**	**58.6**
Adjustment on corporate tax, etc.	**(10,129)**	**(2.2)**	**(8,907)**	**(2.2)**	**(1,221)**	**13.7**
Loss of Minority Interests	**116**	**0.0**	**(601)**	**0.2**	**717**	**119.4**
Net Income	**59,910**	**13.3**	**35,063**	**8.8**	**24,847**	**70.9**

(3) Consolidated Statement of Retained Earnings

	In millions of yen - rounded down, except where noted		
	For the current fiscal year Ended March 31, 2003	**For the previous fiscal year Ended March 31, 2002**	**Increase (Decrease)**
Consolidated retained earnings at the beginning of the year	**-**	**215,978**	
Increase in consolidated retained earnings	-	165	
Decrease in consolidated retained earnings	-	**4,967**	
Cash dividends	-	4,880	
Bonues to officers	-	87	
Net income	-	**35,063**	
Consolidated Capital Surplus at the end of the year	**-**	**246,239**	
(Capital Surplus)			
Capital Surplus at the beginning of the year	**94,047**	**-**	
Increase in consolidated retained earnings:			
Increase in retained earnings by exercise of rights to subscribe for new shares	**10,078**	**-**	
Capital Surplus at the end of the year	**104,125**	**-**	
(Earned Surplus)			
Consolidated earning surplus at the beginning of the year	**246,239**	**-**	
Increase in earned surplus:			
Net income	**59,910**	**-**	
Decrease in earned surplus:	**5,226**	**-**	
Cash dividends	5,123	-	
Bonues to officers	103	-	
Consolidated retained earnings at the end of the period	**300,924**		

(4) Consolidated Statement of Cash Flows

	For the current fiscal year Ended March 31, 2003	For the previous fiscal year Ended March 31, 2002	Increase (Decrease)
In millions of yen - rounded down, except where noted	Amount	Amount	Amount
I. Cash flow from operating activities:			
Net income before taxes	107,453	61,848	45,605
Depreciation and amortization	6,676	6,958	(282)
Write-down of consolidation adjustment account	3,686	12,309	(8,622)
Loss on valuation of investment securities	858	706	151
Loss on valuation of inventories	-	2,195	(2,195)
Increase in allowance for bad debts	20,908	10,639	10,268
Increase in accrued bonues	(260)	251	(512)
Increase in allowance for retirement benefits for employees	1,545	(231)	1,777
Increase in allowance for retirement benefits for directors	82	113	(30)
Non-operating interest on loans and cash dividends	(152)	(56)	(96)
New shares issuing expense	-	4,234	(4,234)
Amortization of bond issuing expenses	829	975	(145)
Loss on sale of tangible fixed assets	374	121	253
Loss on disposal of tangible fixed assets	409	900	(491)
Loss on valuation of fixed assets	540	31,240	(30,700)
Increase on liquidation of lease deposits and guarantees	(135)	(1,057)	922
Bonuses paid to directors	(103)	(87)	(16)
Increase in loans to customers	(160,195)	(221,754)	61,558
Installment receivables	(27,101)	(34,113)	7,012
Other gain (loss) on trade receivables	3,374	7,024	(3,649)
Decrease in claims in bankruptcy	(1,015)	(2,408)	1,393
Increase in stored goods	491	2,155	(1,663)
Decrease in prepaid expenses	(116)	528	(644)
Decrease in long-term prepaid expenses	(3,147)	(1,614)	(1,533)
Increase in other current assets	(14,359)	(12,828)	(1,530)
Increase in other current liabilities	5,008	(7,022)	12,031
Other	957	427	529
Subtotal	**(53,389)**	**(138,542)**	**85,153**
Non-operating interest on loans and cash dividends	152	56	96
Payments for corporate and other taxes	(36,826)	(45,268)	8,442
Cash flow from operating activities	**(90,062)**	**(183,755)**	**93,692**

	For the current fiscal year Ended March 31, 2003	For the previous fiscal year Ended March 31, 2002	Increase (Decrease)
In millions of yen - rounded down, except where noted			
	Amount	**Amount**	**Amount**
II. Cash flow from investing activities:			
Disbursements for investments in term deposits	(474)	(5,484)	5,010
Revenue from payments of term deposits	1,621	6,010	(4,389)
Funds provided by sales of investment securities	303	-	303
Increase in beneficial interest in trusts	(1,744)	(0)	(1,743)
Funds used for purchase of new subsidiaries	(7,566)	-	(7,556)
Funds used for purchase of tangible fixed assets	(5,501)	(3,516)	(1,984)
Gain on sale of tangible fixed assets	596	199	397
Funds used for purchase of intangible fixed assets	(11,819)	(4,757)	(7,062)
Funds used for purchase of investment securities	(3,459)	(3,665)	206
Funds provided by sales of investment securities	1,345	1,526	(180)
Funds provided by sales of subsidiaries' stock	-	4,199	(4,199)
Funds used for acquisition of paid-in capital	-	(250)	250
Funds provided by sale of paid-in capital	336	68	268
Gain on short-term loans receivables	(22,999)	-	(22,999)
Funds used in collections of long-term loans receivables	(8,140)	(7,293)	(846)
Gain on collection of long-term loans receivables	173	265	(91)
Funds used for purchases of investments and other assets	(400)	(256)	(143)
Funds provided from sales of investments and other assets	505	638	(132)
Others	40	1,113	(1,072)
Cash flow from investing activities	**(57,172)**	**(11,205)**	**(45,967)**
III. Cash flow from financing activities:			
Increase in short-term debts	420,365	196,725	223,640
Payments for repayment of short-term debt	(413,452)	(191,557)	(221,895)
Decrease in commercial paper	(1,500)	-	(1,500)
Increase in long-term debt	553,965	444,945	109,020
Repayments of long-term debt	(451,921)	(390,105)	(61,815)
Cash from issue of corporate bonds	99,925	80,546	19,379
Loss on redemption of bonds	(71,000)	(36,000)	(35,000)
Cash on issue of stock	-	82,813	(82,813)
Increase in common stock	(6)	(2,045)	2,038
Gain on payments from minor shareholders for establishment of subsidiaries/affiliates	400	70	330
Cash dividends paid	(5,123)	(4,880)	(242)
Cash flow from financing activities	**131,652**	**180,511**	**(48,858)**
IV. Effect of exchange rate changes on cash and cash equivalents	**35**	**15**	**19**
V. Increase (Decrease) in cash and cash equivalents	**(15,547)**	**(14,433)**	**(1,114)**
VI. Balance of cash and cash equivalents at the beginning of period	**139,126**	**153,435**	**(14,309)**
VII. Increase in cash and cash equivalents from new consolidations	**8,064**	**124**	**7,940**
VIII. Balance of cash and cash equivalents at the end of period	**131,643**	**139,126**	**(7,482)**

5. Significant Accounting Policies Relating to the Financial Statements

1. Matters pertaining to consolidation

(1) No. of consolidated subsidiaries: 9

Names of consolidated subsidiaries: Happy Credit Corporation, Sinwa Corporation, Businext Corporation, Life Co., Ltd., Sanyo Shinpan Co., Ltd., AsTry Loan Services Corporation Marutoh K.K., City's Co., Ltd., City Green Co., Ltd.

(2) No. of non-consolidated subsidiaries: 4

Reasons the companies are excluded from consolidation:

Non-consolidated subsidiaries (Life Stock Center Co., Ltd. and three others) have not been included in the scope of consolidation. This is due to the fact that they are small in size and the total assets, operating income, net profit/loss and retained earnings represented in the Company's share of their equity has a small effect on the consolidated financial statements.

2. Matters concerning the application of equity method accounting

Four non-consolidated subsidiaries and an affiliated company, Hakata Daimaru Card Services Co., Ltd., have not adopted the equity method. This is due to the fact that they are small in size, and the sums of AIFUL's share of their consolidated net profit or loss and retained earnings would have a negligible effect on the consolidated financial statements.

3. Matters pertaining to the settlement dates of consolidated subsidiaries

The fiscal year-end of consolidated subsidiary, Marutoh K.K., is February 28. Financial statements as of this date are used in the preparation of the consolidated financial statements, with significant events taking place between balance sheet dates adjusted for as necessary.

4. Accounting principles used for standard accounting treatment

(1) Appraisal standards and methods for principal assets

① Marketable securities

Other marketable securities

Securities valued at market	Market value method based on the market prices on the settlement date. All valuation differences are reflected directly in shareholders' equity, the sale price being computed using the moving average method.
Securities not valued at market	Cost method, cost being determined by the moving average method
② Purchased receivables:	Lower-of-cost-or-market method, cost being determined by the lowest cost accounting method
Real estate for sale	Lower-of-cost-or-market method, cost being determined by the specific cost method Property currently being leased out is depreciated as a tangible fixed asset.
Currently leased real estate	Lower-of-cost-or-market method, cost being determined by the cost method
Warehouse goods	Latest purchase cost method

(2) Depreciation methods for depreciable assets

① Tangible fixed assets: Decline balance depreciation method

Major useful lives are as follows:

Buildings and structures	3 -50 years
Machinery and vehicles	2 -15 years
Equipment and fittings	2 -20 years

② Intangible fixed assets

Software	Straight-line method based on the assumed useful life for internal use (5 years)
Other	Straight-line method

(3) Accounting standards for allowances and reserves

①	Allowance for bad debts	Provision for losses on bad debts is made up to the maximum allowable based on individual assessments and the actual percentage of bad loan write-offs, as prescribed in the Corporate Income Tax Law. If that amount is deemed to be insufficient, additional provision is made.
②	Reserve for accrued bonuses	Provision for accrued bonuses to employees is made by appropriating an amount based on the estimated total bonuses that will be paid during the fiscal year.
③	Allowance for retirement benefits for employees	In order to provide for retirement allowances the company accrues an amount equivalent to the amount that would be paid if the payment occurred at the end of the current consolidated accounting period, based on the projected amount of retirement allowance liabilities and pension assets at the end of the consolidated accounting fiscal year.
④	Allowance for retirement benefits for directors	The Company provides for retirement benefits for directors by determining the estimated amount that would be paid if all directors retired on the balance sheet date, based upon the pertinent rules of the Commercial Code.

(4) Other Significant Accounting Policies Relating to the Financial Statements

①	Interest on loans to customers	Interest on loans to customers is recorded in accordance with accrual standards. Uncollected interest is recorded at the lower of the maximum legal interest rate and the pertinent Company interest rate.
②	Accounting standards for credit revenue	Commission charges from customers and franchised stores based upon add-on systems are treated as deferred credit profits in a lump sum at the time the credit contract is concluded, and transferred to revenues at the time the bill is made. However, customer commission charges based upon the reserve-on-balance or revolving styles are treated as revenues at the time the bill is made. The segment revenue distribution method, based on the add-on system, is the 7:8 method.
③	Loan guarantee revenues	Loan guarantee revenues are accounted for with the declining-balance method.
④	Accounting treatment of interest on debt	Interest on debt used to provide consumer loans is accounted for as financial expenses and included in operating expenses. All other interest expenses are accounted for as interest payments in non-operating expenses.

(5) Conversion standards for assets and liabilities in foreign currency

Assets and liabilities in foreign currency are converted directly into yen using exchange rates valid on March 31, 2003. Conversion disparities are recorded as profits and losses.

(6) Accounting treatment for lease transactions

In finance lease transactions, other than those in which the title of the leased asset is deemed to be transferred to the lessee, finance leases are treated according to the method used for ordinary loan transactions, mutatis mutandis.

(7) Hedge accounting methods

①	Hedge accounting methods	The Company uses deferred hedge accounting. However, the Company uses special accounting rules for interest swaps where appropriate.
②	Hedging methods and hedged transactions	
	Hedging methods	Interest caps and interest swaps
	Hedged transactions	Borrowing that will change the Company's cash flow depending upon changes in market interest rates (floating rate bank borrowing and corporate bonds).
③	Hedging policy	The Company uses hedge transactions to keep the percentage of fixed interest rate capital below a specified percentage of total capital funds procured.
④	Evaluation of hedge effectiveness	The Company determines the effectiveness of its hedging transactions based on a method of ratio analysis covering cumulative changes over the past ten-year period.
(8)	Accounting treatment of consumption taxes	Consumption taxes are taken out of all Statement of Income items and Balance Sheet items. Consumption taxes for fixed assets that are not subject to the exclusion, however, are included in "Other" under Investment and Other Assets and are written off using the straight-line method over a five-year period.

5. Matters pertaining to the valuation of consolidated subsidiaries' assets and liabilities
Assets and liabilities of consolidated subsidiaries are all evaluated using the market value method.

6. Write-off of the consolidation adjustment account
The Company writes off the consolidation adjustment account using the straight-line method over a ten-year period. Items that do not have a significant effect on the consolidated financial statements, however, are written off completely in the year in which the adjustment is made.

7. Matters pertaining to appropriation of profit-related items
Consolidated statements of retained earnings are based upon appropriated profit settled during the consolidated fiscal year.

8. Scope of Cash and Cash Equivalents in the Consolidated Statements of Cash Flows
Cash and cash equivalents include cash on hand, deposits on demand, and short-term, highly liquid investments with maturities of three months or less at the date of acquisition that are readily convertible to cash and cash equivalents and are subject to only insignificant risk of changes in value.

（Changes in Accounting Standards）

１．Accounting Standards for the Elimination of Treasury Stock and Legal Reserve

The company adopted 'Accounting Standards Pertaining to the Elimination of Treasury Stock and Legal Reserve' (Corporate Accounting Standards, No. 1) during the current consolidated fiscal year. This change had no effect on income or losses for the period. Consolidated balance sheets and consolidated statements of appropriated earnings for the current year have been formulated in line with the new changes.

2. Per Share Information

The company adopted 'Accounting Standards Pertaining to Net Income Per Share' (Corporate Accounting Standards, No. 2), and 'Guidelines Relating to Accounting Standards Pertaining to Net Income Per Share' (Corporate Accounting Standards, No. 4) during the current consolidated fiscal year. The effect of these changes on net income per share was negligible.

Notes

Notes to the Consolidated Balance Sheets

1. Additional paid-in capital includes an increase of 18,693 million yen in a simple equity swap. This includes a difference of 13,900 million yen recorded in the valuation of subsidiary's stock incurred in capital consolidation methods.

	In millions of yen As of March 31, 2003	In millions of yen As of March 31, 2002
2. Total accumulated depreciation for tangible fixed assets:	28,808	27,248

3. Assets pledged as collateral and corresponding liabilities:

(1) Assets pledged as collateral:

	In millions of yen As of March 31, 2003	In millions of yen As of March 31, 2002
Deposits	642	350
Loans	707,843	559,827
Installment receivables	44,758	50,918
Buildings and structures	1,021	1,092
Machinery and vehicle	24	32
Land	1,618	1,619
Real estate for sale	137	153
Investment securities	265	413
Investment in other assets(other)	1	1
Total	756,313	614,408

(2) Corresponding liabilities:

	In millions of yen As of March 31, 2003	In millions of yen As of March 31, 2002
Short-term debt	37,265	20,210
Current portion of long-term debt	250,231	201,752
Long-term debt	338,991	295,330
Other	218	273
Total	626,707	517,566

Above amounts include items related to the liquidization of loans receivables, 203,482 million yen for outstanding loans receivables 27,321 million yen for the current portion of long-term debt, 96,547 million yen for the long-term debt.
In addition to the above, the Company has contracted to offer loans as collateral in response to borrowers' requests to the sum of 2,000 million yen for short-term debt, 66,235 million yen for current portion of long-term debt, 167,797 million yen in total.
The Company has also offered 15,783 million yen for cash and cash equivalents as collateral for swap transactions.

4. Assets Pledged as Collateral and Corresponding Market Values （In millions of yen）

Transferred accounts	8,001	-
Commercial paper	19,998	6,998
Trust received rights	2,000	-
Total	29,999	6,998

5. Value of stock of non-consolidated subsidiaries and affiliates included in investments in securities: （In millions of yen）

As of March 31, 2003	As of March 31, 2002
29 million yen	29 million yen

6. Installment receivables:

	In millions of yen As of March 31, 2003	In millions of yen As of March 31, 2002
Card shopping	42,029	50,365
Per item shopping	105,826	70,362
Guarantees	-	-
Leases	-	24
Other	1	2
Total	147,857	120,756

7. Installment deferred profit: (In millions of yen)

	End of current fiscal year				End of previous fiscal year			
	Balance at end of prior period	Gains during period	Gains Amounts enacted during period	Balance at end of period	Balance at end of prior period	Gains during period	Gains Amounts enacted during period	Balance at end of period
Credit card shopping	1,043	7,252	7,758	538 (109)	163	7,392	6,512	1,043 (256)
Per item shopping	6,283	18,247	14,869	9,661 (955)	1,967	14,329	10,013	6,283 (633)
Guarantees	1,293	2,995	3,619	670 (0)	2,949	2,334	3,990	1,293 (0)
Loans	258	68,422	68,460	219 (-)	200	47,761	47,703	258 (-)
Total	8,878	96,918	94,708	11,089 (1,065)	5,281	71,817	68,220	8,878 (890)

Note: Amounts in parenthesis are merchant fees.

8. Liquidation of receivables

Loans and installment receivables include an off-balance amount by the liquidation of the claim contents shown below:

(In millions of Yen)

	End of current fiscal year As of March 31, 2003	End of current fiscal year As of March 31, 2002
Loans	162,920	153,158
Installment receivables	88,015	89,550
Total	250,936	242,708

9. Bad Debts

The bad debts included in Loans and Claims in Bankruptcy are shown below:

	End of current fiscal year			End of previous fiscal year		
	Unsecured loans	Other loans	Total	Unsecured loans	Other loans	Total
Claims in bankruptcy	2,850	17,979	20,830	1,410	15,046	16,457
Loans in arrears	22,171	17,725	39,896	14,922	13,800	28,722
Loans in arrears longer than 3 months	12,130	4,371	16,502	9,418	2,526	11,945
Loans with adjusted terms	42,247	920	43,168	37,706	22	37,729
Total	79,401	40,997	120,398	63,458	31,395	94,854

Explanations each of the above items follow.

Claims in bankruptcy

"Claims in bankruptcy" refers to loans that are included in loans on which principal or interest payments have been continuously late for a considerable period of time for the reasons cited in Article 96 Paragraph 1 Number 3 Items B through E of the Corporate Income Tax Law Execution Ordinance (1965, Ordinance No. 97) or for the reasons set forth in Number 4 of the same paragraph. The Company sets aside a reserve for bad debts that is equivalent to the amount the Company believes it will be unable to recover based on an evaluation of each loan.

Loans in arrears

"Loans in arrears" refers to loans other than claims in bankruptcy for which unpaid interest is not accrued. This excludes loans, however, that are included in loans for which the Company has made arrangements convenient to the borrower for the purpose of reorganization or support of the borrower such as reduction or exemption of interest or extension of the repayment period, on which the Company is periodically receiving payments.

Loans in arrears longer than 3 months

"Loans in arrears longer than 3 months" refers to loans for which the principal or interest payment is three or months overdue from the day following the scheduled payment date and that are not regarded as claims in bankruptcy or loans in arrears.

Loans with adjusted terms

"Loans with adjusted terms" refers to loans for which the Company has made arrangements convenient to the borrower for the purpose of reorganization or support of the borrower such as reduction or exemption of interest or extension of the repayment period, on which the Company is periodically receiving payments and that are not regarded as claims in bankruptcy, loans in arrears or loans in arrears longer than 3 months.

Note to the Consolidated Statement of Cash Flows

1. Relationship between the balance of cash and cash equivalents at the end of the period and the amounts recorded in the categories shown on the consolidated balance sheets: (In millions of Yen)

	End of current fiscal year	End of previous fiscal year
Cash and cash equivalents account	132,296	140,757
Term deposits with maturity greater than 3 months	(653)	(1,631)
Cash and cash equivalents	131,643	139,126

2. Details of the assets and liabilities of City Greens Co., Ltd. and City's Co., Ltd., which became consolidated subsidiaries through an exchange of capital: (In millions of yen)

Current assets	37,189	-
Fixed assets	2,808	-
Consolidation adjustment account	2,493	-
Current liabilities	(20,072)	-
Long-term liabilities	(4,784)	-
Price of acquisition of City Greens Co., Ltd. and City's Co., Ltd.	17,634	-
Price of new shares issued through the exchange of stock	(10,078)	-
Difference: Expenditures accompanying purchase of stock in City Greens Co., Ltd. and City's Co., Ltd.	7,556	-

3. Other non-cash transactions

In accordance with the regulations laid down in Article 358 of the Commercial Code, the Company issued 1,314,000 new shares through an exchange of stock in order to make City Green Co., Ltd. a wholly owned subsidiary. The following increases were recorded as a result. (In millions of yen)

Increase in legal reserves (paid-in capital) due to the issue of new shares	10,078	-

Segment Information

(1) Segment information by type of business

For the current consolidated accounting period (From April 1, 2002 to March 31, 2003) and the previous consolidated accounting year (From April 1, 2001 to March 31, 2002)

The Company has omitted segment information by type of business, as the consumer loan business accounts for more than 90% of total operating revenues and operating expenses in all of the Company's business segments.

(2) Segment information by region

For the current consolidated accounting period (From April 1, 2002 to March 31, 2003) and the previous consolidated accounting year (From April 1, 2001 to March 31, 2002)

The Company does not report segment information by location, as the Company does not have any consolidated subsidiaries or important offices located in countries or regions outside of Japan.

(3) Foreign sales

For the current consolidated accounting period (From April 1, 2002 to March 31, 2003) and the previous consolidated accounting year (From April 1, 2001 to March 31, 2002)

The Company did not have any foreign sales during the current fiscal year.

6. Notes to Lease Transactions

1. Finance lease transactions except leases under which the title of the leased asset is deemed to be transferred to the lessee

(1) Acquisition cost, accumulated depreciation and period ending balance of lease assets

(In millions of yen)

	Current fiscal year			Previous fiscal year		
	Acquisition cost	Accumulated depreciation	Period ending balance	Acquisition cost	Accumulated depreciation	Period ending balance
Equipment attached to buildings	0	0	6	9	2	6
Vehicles	388	249	139	282	169	113
Equipment and fittings	33,096	22,756	10,340	32,854	21,749	11,105
Total	33,486	23,006	10,479	33,146	21,921	11,224

(2) Outstanding balance of future lease payments at the end of the period: (In millions of yen)

Within one year	6,124	6,085
Over one year	7,751	8,181
Total	13,876	14,267

(3) Amount of lease fee payments, depreciation expense and interest expense: (In millions of yen)

Lease fee payments	7,721	7,014
Depreciation expenses	7,038	6,704
Interest expenses	361	488

(4) Accounting method for the amount equivalent to depreciation expenses
Calculated by assuming the lease term is the depreciable life and depreciating the remaining amount to zero using the sum-of-the-years-digits method.

(5) Accounting method for the amount equivalent to interest expenses
Interest expense for lease assets is calculated as the difference between the total lease payments and the acquisition price of the leased assets, with the amount allocated to each accounting period using the interest method.

2. Operating lease transactions

(1) Leases in progress: (In millions of yen)

Within one year	110	15
Over one year	324	16
Total	435	31

7. Transactions with concerned parties

(Consolidated accounting period from April 1, 2002 to March 31, 2003)

(1) Directors and major individual shareholders:

Property:	Director
Name:	Yoshitaka Fukuda
Address:	-
Capital or investment in capital (In millions of yen): -	
Operating activities or occupation:	President of the Company, and Kyoto Data Center Co., Ltd.
Ratio of ownership of voting rights (%):	26.14% of direct voting rights; 0.00% of indirect rights
Transactions:	Land lease, payment of fees relating to the provision of personal credit information
Transaction amounts:	14 million yen (Land leases),
	69 million yen (payment of fees relating to the provision of personal credit information)
Item:	-
Balance at period-end:	-

Business terms and related decision-making policies:

Lease transactions on land owned by Yoshitaka Fukuda, the Company's representative director, are based upon values given by real estate appraisers. Business terms and related decision-making policies are similar to those with companies that do not have a specific relationship with the Company.

Notes: 1: Transactions with Kyoto Data Center are so-called third-party transaction.
2: Transaction amounts shown above do not include consumption tax.

8. Tax effect accounting:

(1) Principal cause of deferred tax assets and deferred tax liabilities:

(In millions of yen)

	End of current fiscal year	End of previous fiscal year
Deferred tax assets:		
Loss carried forward	23,874	32,657
Excess amount transferred to allowance for bad debts accounts	10,956	8,624
Transfer allowance for retirement benefits	3,063	2,462
Excess amount of depreciation and amortization	1,758	2,488
Accrued income tax	2,106	940
Unrecorded interest payments due	1,427	-
Excess amount transferred to accrued bonus	1,336	1,145
Denied amount of bad debts depreciation	8,344	1,057
Other deferred tax assets	2,719	2,030
Sub-total of deferred tax assets	55,588	51,406
Valuation allowance	(13,394)	(20,171)
Total deferred tax assets	42,194	31,235
Deferred liabilities:		
Other deferred tax liabilities	20	-
Total deferred tax liabilities	20	-
Net deferred tax assets	42,174	31,235

Note 1: Net deferred tax assets during the current fiscal year is included in the consolidated balance sheets as follows:

Current assets — Deferred tax assets	25,582	9,970
Fixed assets — Deferred tax assets	16,591	21,264

Note 2: Others at the end of the previous year-end includes an unrecognized valuation loss of 297 million yen due to property evaluation regulations.

(2) Principal items which caused differences between statutory effective tax rate and income tax charge rate after adoption of tax effect accounting:

Statutory effective tariff	41.9%	41.9%
(Adjusted)		
Tax on reserves	5.9%	5.9%
Per capita inhabitant tax	0.3%	0.5%
Depreciation of goodwill not included in losses	1.4%	8.3%
Change in valuation reserve	(5.9)%	(12.6)%
Other	(0.0)%	0.3%
Charge rate of income tax after adoption of tax effect accounting	44.1%	44.3%

(3) On March 31, 2003, 'Partial Revisions of Regional Tax Laws' was published, as a result of which, external standard tax systems will be incorporated into corporate taxes from the fiscal year commencing April 1, 2004. With this change, the company has revised deferred tax assets on the basis of legal effective tax rates themselves based upon post-revision tax rates with respect to temporary discrepancies to be eliminated from April 2004 onwards. In line with this revision, deferred tax assets fell 580 million yen, and total adjustment to corporate taxes dealt with as expenses during the current year came to 568 million yen.

9. Marketable securities:

(1). Other marketable securities with market value:

(In millions of yen)

	At the End of Current Consolidated Accounting Period As of March 31, 2003			At the End of Previous Consolidated Accounting Period As of March 31, 2002		
	Acquisition	Value state on consolidated balance sheet on consolidated settlement date	Difference	Acquisition	Value state on consolidated balance sheet on consolidated settlement date	Difference
1. Market value exceeding amount stated on the consolidated balance sheet:						
①Stocks	1,665	1,831	165	2,201	2,468	267
②Bonds	130	130	0	270	270	0
Sub total	1,795	1,961	165	2,471	2,738	267
2. Market value not exceeding amount stated on the consolidated balance sheet:						
①Stocks	5,445	4,490	(954)	4,478	3,635	(842)
②Bonds	-	-	-	0	0	-
Sub total	5,445	4,490	(954)	4,478	3,635	(842)
Total	7,241	6,452	(789)	6,949	6,374	(575)

(2) Other marketable securities sold during the current fiscal year:

(In millions of yen)

	Current Consolidated Accounting Period From March 31, 2002 to March 31, 2003	Previous Consolidated Accounting Period From March 31, 2002 to March 31, 2003
Sales price	1,605	1,517
Total gain on sale	212	140
Total loss on sale	5	2

(3) Marketable securities without market price and value stated on consolidated balance sheet:

(In millions of yen)

	End of current fiscal year As of March 31, 2003	End of previous fiscal year As of March 31, 2002
	Value stated on consolidated balance sheet	Value stated on consolidated balance sheet
Bond in purpose of ownership by expiration period:		
① National bonds not publicly traded	-	-
② Discount bank debentures	-	-
Total	-	-
Other marketable securities		
① Non-listed stocks (excluding OTC stocks)	3,654	2,413
② National bonds not publicly traded	-	8
③ Preferred stocks	1,660	500
Total	5,314	2,921
Stock of subsidiaries and affiliated companies		
Stock of subsidiaries and affiliated companies	29	29
Total	29	29

(4) Other marketable securities with expiration period and depreciation amount of bonds in purpose of ownership by expiration period scheduled after consolidated settlement date:

(In millions of yen)

Segment:	End of current fiscal year				End of previous fiscal year			
	As of March 31, 2003				As of March 31, 2002			
	Within one year	One year to five years	Five years to ten years	Over ten years	Within one year	One year to five years	Five years to ten years	Over ten years
Bonds								
National and local bonds	510	120	-	-	260	-	-	-
Corporate bonds	-	-	-	-	8	10	-	-
Other	-	-	-	-	0	-	-	-
Total	510	120	-	-	268	10	-	-

Per Share Information:

Current Fiscal Year	**Previous Fiscal Year**
Net assets per share 5,143.45 yen Net income per share 637.59 yen	Net assets per share 4,523.01 yen Net income per share 390.00 yen
Diluted net income per share for the fiscal year under review has not been included here as there was no dilutary effect on income at the end of the period.	Diluted net income per share for the fiscal year under review has not been included here as there was no dilutary effect on income at the end of the period.
• Net income per share as recorded in the Statements of Income: 59,910 million yen • Net income relating to common stock used in the calculation of net income per share: 59,812 million yen • Amount not returned to common stock shareholders: 98 million yen • Breakdown by type of the average number of shares of common stock used in the calculation of net income per share and equivalent stock outstanding during the period Common stock: 93,810,102 shares • Outline of stock not included in diluted net income per share due to lack of dilutary effect Stock options relating to treasury stock acquisition methods: 209,000 shares	

10. Retirement benefits

1. The Company and its consolidated subsidiaries have established welfare pension funds, approved retirement annuities and retirement lump sum grant systems as regular benefit plans.

2. Retirement benefit liabilities:

(In millions of yen)

	As of March 31, 2003	As of March 31, 2002
(1) Retirement benefit liabilities	(22,411)	(19,542)
(2) Pension assets	13,661	12,350
(3) Unreserved retirement benefit liabilities	(1,231)	(1.394)
(4) Difference between provisional and actual calculations	2,357	2,627
(5) Net balance sheet amounts	(7,632)	(5,958)
(6) Advance pension assets	12	-
(7) Retirement benefit allowance	(7,636)	(5,958)

3. Retirement benefit expenses:

(In millions of yen)

	As of March 31, 2003	As of March 31, 2002
(1) Service expense (Note 1)	1,486	1,373
(2) Interest expense	503	528
(3) Expected investment income	(264)	(291)
(4) Number of years to treat past service liability:	(162)	(573)
(5) Difference between provisional and actuarial calculations	1,623	316
(6) Retirement benefit expenses	3,186	1,353

Note : Employees' contributions to welfare pension funds have been deducted.

4. Calculation standards for retirement benefit liabilities:

(1) Predicted retirement benefit periodical distribution method:	Fixed amount standard
(2) Discount rate:	1.5% - 2.5%
(3) Expected investment income rate:	1.5%
(4) Number of years to treat difference between provisional and actuarial	Collective treatment in fiscal year of accrual
(5) Number of years to treat past service liability:	Mainly collective treatment in fiscal year of accrual
(6) Difference between provisional and actuarial calculations	Mainly collective treatment in fiscal year of accrual

12. Results of Operations

(1) Operating Revenue

(In millions of yen)

		Current fiscal year From April 1,2002 to March 31, 2003		Current fiscal year From April 1,2001 to March 31, 2002	
		Amount	%	Amount	%
Interest on loans to customers	Unsecured loans	348,887	77.6	311,910	78.5
	Secured loans	47,650	10.6	43,150	10.9
	Small business loans	9,945	2.2	4,257	1.1
	Sub-total	406,483	90.4	359,318	90.5
Credit card revenue		7,877	1.8	6,742	1.7
Per-item credit revenue		15,178	3.4	10,353	2.6
Guarantees revenue		4,132	0.9	4,076	1.0
Other financial revenue	Interest on deposits	18	0.0	86	0.0
	Interest on marketable securities	1	0.0	1	0.0
	Interest on loans	267	0.1	199	0.0
	Other	35	0.0	237	0.1
	Sub-total	321	0.1	525	0.1
Other operating revenue	Sales of property	306	0.1	2,823	0.7
	Cost of sales of service business	935	0.2	1,246	0.3
	Bad debt write-off recovery	6,431	1.4	5,715	1.5
	Other	7,790	1.7	6,360	1.6
	Sub-total	15,463	3.4	16,146	4.1
Total		449,458	100.0	397,162	100.0

Note: “Other” included in “Other operating revenue” consists of guarantee revenues from guarantee contracts and card membership fees.

(2) Other Operating Indicators

(In millions of yen・except per share data)

	End of current fiscal year (As of March 31, 2003)	End of current fiscal year (As of March 31, 2002)
Total amount of loans outstanding	1,833,702	1,635,954
Unsecured loans	1,442,980	1,332,218
Secured loans	325,436	278,893
Small business loans	65,284	24,843
Number of customer accounts	3,521,857	3,336,340
Unsecured loans	3,389,159	3,241,575
Secured loans	87,459	75,175
Small business loans	45,239	19,590
Number of branches	1,963	1,914
Staffed branches	796	752
Unstaffed branches	1,163	1,147
Branches for secured loans	4	4
Restaurants	-	9
Karaoke parlors	-	2
Number of “Ojidosan” loan-contracting machines	1,837	1,808
Number of ATMs	124,084	93,306
Company-owned	2,037	2,076
Partner-owned	122,047	91,230
Number of employees	6,123	5,810
Bad debt write-off	114,485	80,707
Allowance for bad debts	132,130	109,338
Net income per share (yen)	637.59	390.00
Net assets per share (yen)	5,143.45	4,523.01

Notes1. Total amount of loans outstanding and the number of customer accounts do not include loans and customer accounts related to claims in bankruptcy. Furthermore, off-balance sheet operating loans from the liquidation of receivables, which came to 162,920 million yen at the end of the current consolidated fiscal year and 153,158 million yen at the end of the previous consolidated fiscal year, have been included.

2. Bad debt write-off does not include claims in bankruptcy and claims in correction, which came to 2,498 million yen in the current consolidated fiscal year, 1,422 million in the previous consolidated fiscal year.