

Summary of First Quarter Consolidated Business Results FY 2004 ending March 2005

July 22, 2004

AIFUL Corporation

(Securities code: 8515, 1st Section, Tokyo and Osaka stock Exchanges)

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I. Items Used to Compile Financial Data for the First Quarter

1. Company adopted simplified accounting methods (yes/no): Yes
2. Any differences between the accounting practices used here and those used in preparing consolidated accounts for the previous business year (yes/no): No
3. Changes in the scope of consolidation and change accounted for by the equity method (yes/no): Yes
Details: Two companies removed from scope of consolidation, Sinwa Co., Ltd., and Sanyo Shinpan Co., Ltd.

II. Summary of Business Results for the First Quarter, FY2004 (April 1 – June 30, 2004)

1. Consolidated Business Performance

(In millions of yen - rounded down, except per share data)

| | Operating Revenue | | Operating Income | | Ordinary Income | | Net income for the quarter (current) | |
|---------------------|-------------------|------|------------------|--------|-----------------|-------|--------------------------------------|-------|
| 1st quarter, FY2004 | 121,047 | 3.4% | 29,339 | 12.7% | 29,553 | 13.1% | 16,088 | 12.8% |
| 1st quarter, FY2003 | 117,068 | — | 26,034 | — | 26,140 | — | 14,264 | — |
| Reference: FY2003 | 473,477 | 5.3% | 112,566 | (3.0%) | 112,446 | 0.6% | 62,548 | 4.4% |

| | Net earnings per share for the quarter (current) (Yen) | Net earnings per share adjusted for latent shares for the quarter (current) (Yen) |
|---------------------|--|---|
| 1st quarter, FY2004 | 170.29 | 170.25 |
| 1st quarter, FY2003 | 151.00 | — |
| Reference: FY2003 | 660.98 | — |

Note: Figures in the percent columns indicate percentage changes in operating revenue, operating income, ordinary income and net income for the quarter (current) compared with the same period of the previous year.

Qualitative Data Concerning Consolidated Business Performance

A. Summary of Results

During the first quarter of the year, Japan's economy continued its recovery. This included an improvement in the effective job vacancy ratio, and in May, the lowest level of unemployment seen for three years and nine months, as well as progress in indicators of economic trends. Personal consumer spending also recorded month-on-month growth in excess of 5% for two successive months in April and May as a result of improvements in employment and income. In terms of share prices, the market has rallied with the recovery in corporate performance.

In this situation, competition to acquire market share in the entire consumer credit market outside the confines of the consumer finance industry is intensifying, and this includes capital alliances between major consumer finance companies and the mega-banks.

Meanwhile, the number of applications for personal bankruptcy (as published by the Supreme Court), which has a major impact on bad debt, has been registering year-on-year decline each month since last November, and the brakes have been applied to rising bad debt expenses.

Based on this business environment, the AIFUL Group is aiming to become a comprehensive retail finance company that targets the entire consumer credit market. The Company has continued to promote diversification of products and sales channels, maintaining growth by catering to a wider range of customer needs.

Moreover, each company that belongs to the Group has been establishing a brand value based on the unified concept of "A Company for Security and Creation." At the same time they have been working in cooperation to display synergistic effects and strengthen the Group, they have also been striving to develop efficient operations.

B. Operations

(1) AIFUL Corporation

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

A summary by product is as below.

i) Unsecured loans

There were 143,000 new applications for unsecured loans during the first quarter, a decrease of 3.1% compared to the same quarter last year. Although the rate of decline has contracted, the number of new customers fell 6.3% compared to the same period last year to 90,000 as a result of continued caution in the granting of credit.

In this situation, AIFUL has been active in web site banner advertising, and the proportion of new customers acquired via the Internet, including personal computers and cellular phones, has expanded steadily to exceed 10.6%.

As a result of the foregoing, unsecured loans outstanding stood at 1,082,576 million yen, up 1.2% year-on-year, at the end of the current first quarter.

ii) Real-estate secured loans and small business loans

AIFUL's diversification strategy involves real-estate secured loans and small business loans, and the Company has positioned these areas as key products in maintaining long term growth potential.

As a result of proactive marketing to cater to a whole range of customer needs, loans outstanding in the current first quarter stood at 340,705 million yen, up 4.6% year-on-year, in real-estate secured loans and 29,218 million yen, up 22.7% year on year, in small business loans.

A summary of business other than loan operations follows.

iii) Credit guarantees

AIFUL has been strengthening its guarantee business as a new source of revenue. In addition to unsecured and unguaranteed personal loans, the Company has also been active in guarantee operations for small business loans using the expertise it has built up in provision and screening of small business loans. At the end of the current first quarter, AIFUL's guarantee partners numbered 33 unsecured personal loan companies and eight small business loan companies, and the balance of guarantees stood at 30,882 million, up 108.7% compared with the first quarter of last year.

iv) Credit cards

With regard to AIFUL's own AIFUL MasterCard credit card operation, the Company has been actively developing a range of co-branded cards with the aim of gaining a wider range of customers. These include the B-1 MasterCard for members of Shiga Prefecture Fishing Boat Cooperative.

Moreover, the Company has closed seven outlets as part of its store network restructuring, bringing the total number of stores to 1,555, with 548 staffed stores and 1,007 non-staffed stores, at the end of the current first quarter.

In its expansion of deposit and withdrawal channels, the Company entered new partnerships with three banks and one company with 955 ATMs, giving customers access to 63,490 CD/ATMs, including AIFUL's own ATMs.

In June 2004, the Company extended the transaction hours for its ATM partnership with IY Bank, which makes it possible to make deposits and withdrawals until 11:00 pm, increasing convenience for customers.

Bad debt expenses at the end of the current first quarter were 26,276 million yen, down 6.2% compared with the same quarter last year, as a result of factors such as the impact of a slowdown in the rising number of personal bankruptcies and an improvement in the unemployment rate.

As a result of the foregoing, AIFUL's loans outstanding at the end of the current first quarter stood at 1,452,500 million yen, an increase of 2.4% compared with the first quarter of last year.

(2) Life Co., Ltd.

During the current first quarter, Life Co., Ltd. continued to concentrate on making the steady shift in its business portfolio from a low earnings structure to a high earnings structure. This included pouring management resources into credit card shopping, per-item credit, and consumer loan businesses, with the aim of establishing a stable earnings base.

In April 2004, Life moved the responsibility for the overall management of Cash Plaza from the seven nationwide branch offices to the Marketing Division in the Head Office to strengthen marketing capabilities. As a result, information sharing has been strengthened, creating a system that can respond to customers even more rapidly.

In addition, the branch offices have stepped up their collaboration with smaller branches and have been specializing in credit card shopping and per-item credit. Smaller branches have introduced a new system of separated responsibility for credit card shopping and per-item credit to strengthen the marketing system for each business.

In terms of strengthening cardholder services, Life has updated the design and content of customer invoices to turn them into tools of communication with customers. Moreover, it has been improving "Point Premium" into a more attractive point service by introducing a bonus point system that rewards higher spending and a system that automatically carries points over to the following business year, for example.

Moreover, as part of its visual identity (VI), the company made LifeCard its corporate brand and adopted a new brand emblem in April 2004 with the aim of establishing a brand image as a credit card company. The new emblem contains the concept of seeking to be a forward-looking company that goes beyond the existing framework and common sense.

The company has begun a new partnership with one bank in order to expand the channels for its cash advance services, meaning that about 126,000 CD/ATMs at 491 partner financial institutions and credit card companies may be used.

As a result of the foregoing, the number of credit card holders at the end of the current first quarter rose 160,000 to 11,190,000.

In its per-item credit business, the company has concentrated on increasing business volume and accumulating good quality assets as previously described.

In its consumer finance business, Life opened 8 new branches, bringing the total number of Life Cashing Plazas to 206. Life will continue to boost its acquisition of new customers by enhancing its network of stores.

In its guarantees business, Life sought to expand the bank loan guarantee products for which it can ensure a favorable guarantee rate, and commenced new partnerships with five banks, bringing its number of guarantee partners to 98 banks.

As a result of the foregoing, in the current quarter, volume of business increased 18.1% compared to the same period last year to 85,369 million yen for credit card shopping, rose 17.7% year-on-year to 37,335 million yen for per-item credit and was up 5.7% year-on-year to 79,217 million yen for loans, including credit card cash advances and Play Cards.

Furthermore, Life's total balance of loans, installment receivables and credit guarantee installment receivables was 724,756 million yen, up 4.7% compared to the first quarter of last year. This included 198,941 in off-balance sheet receivables resulting from securitization. The breakdown of this figure was as follows: credit card shopping up 11.2% to 82,061 million yen, per-item credit up 5.2% to 183,279 million yen, credit card cash advances up 9.1% to 346,055 million yen, credit guarantee installment receivables down 9.0% to 104,117 million yen, and other business down 25.7% to 9,234 million yen.

(3) Other Group Companies

Business loan company Businext Corporation introduced a new scoring system in April 2004 to further improve the precision of credit provision. In addition, it has made steady progress in gaining new customers as its direct market (DM) campaign and the improvement in business sentiment have coincided. As a result, at the end of the current first quarter, loans outstanding stood at 32,014 million yen, up 88.1% compared with the first quarter last year.

City's Corporation has concentrated on acquiring good quality customers with the improvement in business sentiment at small and medium-sized enterprises and the widening base of economic recovery. At the end of the current first quarter, loans outstanding stood at 32,560 million yen, up 14.1% year-on-year.

In addition to this, consumer finance companies Happy Credit Corporation, Sinwa Co., Ltd., and Sanyo Shinpan Co., Ltd., merged in April 2004 and commenced operation as Tryto Corporation. As a result of tightening up the granting of credit to provide for an increase in bad debt expenses, loans outstanding stood at 55,640 million yen in the current first quarter. Going forward, Tryto will continue to make optimum allocation of business assets, including Group company outlets and personnel, in order to further improve management efficiency.

AsTry Loan Services Corporation, a joint venture with Aozora Bank, has concentrated diligently on expanding the claims handled in its management and collection of a range of money claims. Wide Corporation, a new member of the Group, and New Frontier Partners Co., Ltd., to which Kokusai Capital changed its name on July 1, 2004, have been pursuing Group synergies in order to accelerate the development of the AIFUL Group as a comprehensive finance company.

Moreover, AIFUL received approval from the Tokyo District Court on April 26, 2004 to conclude a sponsor agreement with the administrator of TCM Co., Ltd., a company undergoing reorganization.

AIFUL has now dispatched a business administrator and is in the process of formulating a draft revival plan, and the Company will provide the utmost assistance to allow the early reorganization of DCM in line with the revival plan.

As a result of the foregoing, the Group's operating revenue rose 3.4% compared with the first quarter of last year to 121,047 million yen for the current first quarter.

AIFUL's operating revenue grew 1.9% year-on-year to 84,587 million yen, comprising 69.9% of the Group's revenue. Life recorded operating revenue of 29,556 million yen, an increase of 7.6% year-on-year, comprising 24.4% of the Group's revenues. Of consolidated operating revenue, 108,930 million yen, or 90.0%, was accounted for by operating interest on loans, 6,141 million yen or 5.1% by revenue from credit card shopping and per-item credit, 1,642 million yen or 1.4% by guarantees revenue and 4,331 million yen or 3.5% by other revenue.

AIFUL's operating interest on loans accounts for 75.5% of the Group's consolidated operating interest on loans. This figure can be broken down into 81.0% in unsecured loans, 16.8% in real estate-secured loans, and 2.2% in small business loans.

Operating expenses for the AIFUL Group totaled 91,707 million yen, an increase of 0.7% compared with the same period last year. AIFUL's operating expenses accounted for 64.6%, or 59,254 million yen of this total, while Life's operating expenses accounted for 28.9%, or 26,517 million yen. Total Group operating expenses can be broken down into 38,761 million yen, or 42.3%, for bad debt expenses, 9,287 million yen, or 10.1%, for financial expenses, 5,823 million yen, or 6.3% for advertising expenses, 12,146 million yen, or 13.2%, for personnel expenses, and 5,386 million yen, or 5.9%, in commissions paid.

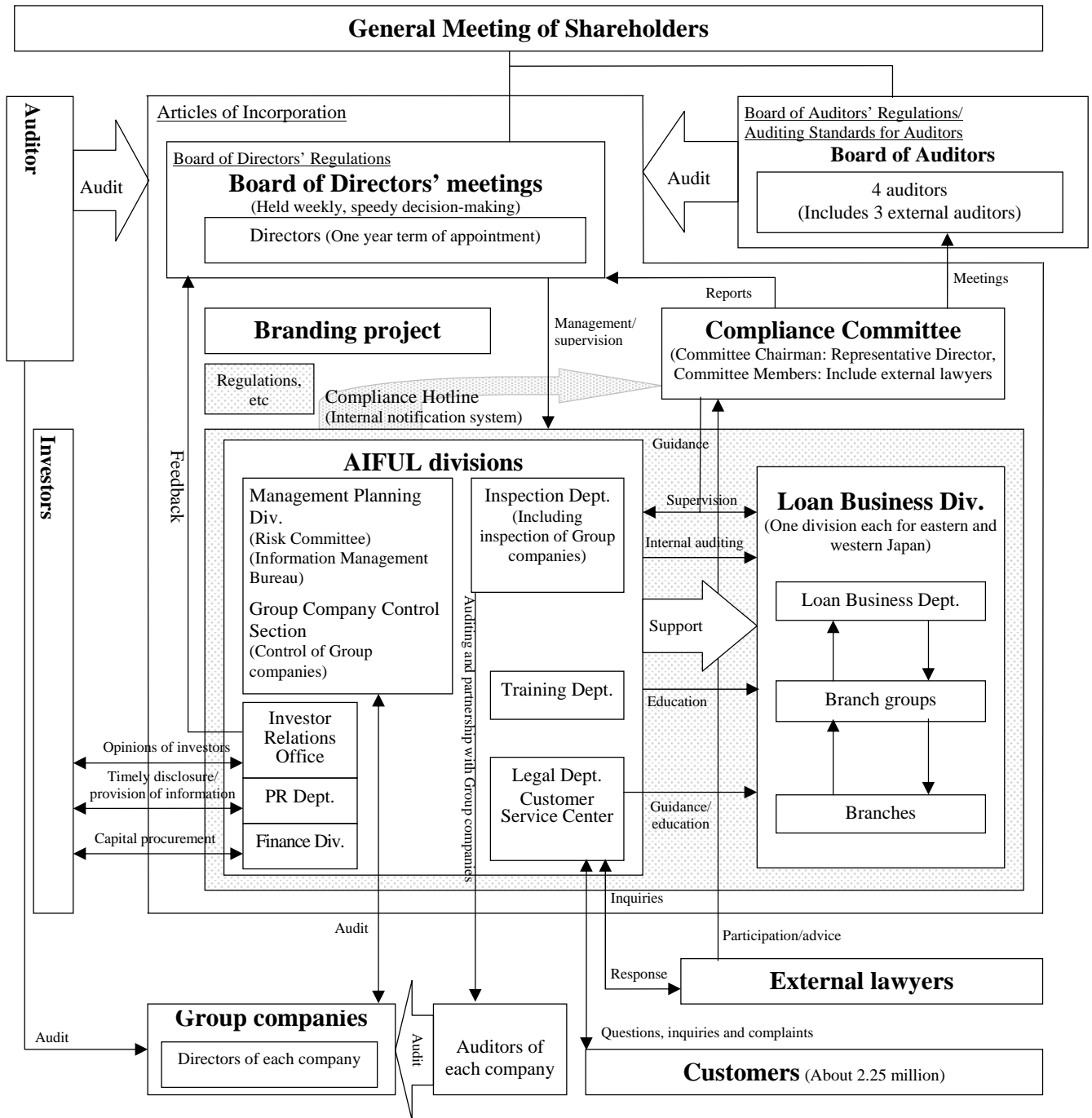
The 515 million yen in write-down of consolidation adjustment account accrued with the purchases of Life Co., Ltd., etc. was recorded as an operating expense.

As a result of the foregoing, AIFUL's consolidated operating income for the first quarter rose 12.7% compared with the same quarter last year to 29,339 million yen, ordinary income increased 13.1% to 29,553 million yen and net income grew 12.8% to 16,088 million yen. Non-consolidated operating income was up 11.2% compared with the same period last year to 25,333 million yen, ordinary income rose 10.6% to 26,429 million yen and net income increased 21.1% to 14,571 million yen.

C. Basic Stance with Regard to Corporate Governance and Current Status of Related Policies

AIFUL considers speed in decision-making, the establishment of management supervisory functions, and the reinforcement of compliance and disclosure to be its basic policies for the enhancement of corporate governance. Our corporate governance, operations, management supervisory and internal controls, and risk management systems are as indicated in the diagram below.

Corporate Governance at AIFUL



Status of Corporate Governance Strategies

(1) Management Control System and Other Corporate Governance Structures Relating to Management Decision Making, Business Execution and Monitoring

i) Details of Company Organizations and Establishment of Internal Control System Management Control System and Other Corporate Governance Structures Relating to Management Decision Making, Business Execution and Monitoring at AIFUL

a. Speedy Management Decision-Making

In a measure aimed at speedy management decision-making, the AIFUL Board of Directors meets weekly to fully discuss and examine management issues and business opportunities facing the Company, as well as strategies to address them. Speedy management decisions follow these discussions.

b. Establishment of Management Supervisory Functions

With regard to the management supervisory function, AIFUL employs an auditor system, which has four auditors, including three external auditors. The auditors not only monitor management through attendance at the weekly Board of Directors meetings, but also attend the Compliance Committee and work in close cooperation with the Inspection Department, the internal audit department, to establish a preventative auditing system. Moreover, the auditors of the Company and each Group company work in conjunction with the Company Control Section and the Inspection Department to establish the auditing system at Group companies as well.

c. Enhancement of Compliance System

In its efforts to enhance legal compliance, AIFUL has had an Inspection Department and Legal Department in place for some time. In addition to this, the Company established a Compliance Committee, which includes lawyers and other external members, with responsibility for questioning the Board of Directors, in April 2002. At monthly meetings, the Compliance Committee gathers risk information, implements preventative measures, and conducts employee education based on the committee guidelines, working to reinforce compliance systems throughout the whole company.

Other steps taken here include the formulation and distribution to each and every Group employee of the “AIFUL Group Ethical Code,” as well as the establishment of a hotline in the Personnel and Inspection Departments for discussion of breaches of the code. In addition to the establishment of a new Compliance Hotline in the Legal Department in June 2003, the Company standardized its internal notification system, establishing a structure that prevents breaches of the law and internal regulations before they happen.

Moreover, AIFUL has also established a Customer Service Center within the Legal Department to respond promptly to customer inquiries and complaints, with the aim of increasing customer satisfaction and reinforcing the legal compliance system, which includes guidance and education for the Marketing Department in cooperation with the Compliance Committee.

d. Enhancing Disclosure

With regard to enhancing disclosure, AIFUL works to give concrete form to corporate governance not only by publishing information outside of the company, but also by providing regular feedback to Board of Directors’ meetings and departmental managers on the opinions and desires of shareholders and investors.

Based on this management policy aiming for highly transparent management, the Public Relations Department and Investor Relations Office specialize in the area of disclosure. The department and the office consistently work on full disclosure that is easy to understand. Their activities include the disclosure of information through press releases, settlement data books and similar materials, as well as providing information and briefings for the domestic and foreign mass media, investors and analysts.

ii) Establishment Status of Risk Management System

With regard to its risk management system, AIFUL has established a system in which the Risk Management Committee within the Management Planning Division primarily gathers information on latent and apparent risk within the Company, and conducts crisis management in cooperation with related departments, including the Investor Relations Office, Public Relations Department and Legal Department. Moreover, the Company has launched a personal information disclosure project to address this problem, establishing a comprehensive system to prevent the disclosure of personal information.

(2) Existence of Personal, Financial, Business or Any Other Beneficial Relationship Between the Company, and the External Directors, External Auditors and the Auditors of the Company

There is no business or other beneficial relationship between the Company and its external auditors. There is no special beneficial relationship between the Company and its auditing firm, which is the auditor, or its employees who take part in auditing.

2. Consolidated Financial Position

(In millions of yen - rounded down, except where noted)

| | Total Assets | Shareholders' Equity | Shareholders' Equity Ratio (%) | Shareholders' Equity per Share (Yen) |
|---------------------|--------------|----------------------|--------------------------------|--------------------------------------|
| 1st quarter, FY2004 | 2,451,691 | 561,821 | 22.9 | 5,933.27 |
| 1st quarter, FY2003 | 2,319,017 | 498,217 | 21.5 | 5,273.92 |
| Reference: FY2003 | 2,332,761 | 547,503 | 23.5 | 5,794.58 |

Consolidated Cash Flows

(In millions of yen - rounded down, except where noted)

| | Cash Flow from Operating Activities | Cash Flow from Investing Activities | Cash Flow from Financing Activities | Cash and Cash Equivalents at the End of the Period |
|---------------------|-------------------------------------|-------------------------------------|-------------------------------------|--|
| 1st quarter, FY2004 | (31,006) | (7,708) | 117,011 | 176,624 |
| 1st quarter, FY2003 | (17,435) | 41,163 | 47,516 | 202,876 |
| Reference: FY2003 | (42,734) | 6,370 | 3,097 | 98,329 |

Qualitative Data Concerning Changes in Consolidated Financial Position

A. Assets

Loans totaled 1,807,851 million yen, an increase of 6.9% compared with the same quarter last year. This was due to a steady increase in loans at Group companies. Loans totaled 1,452,500 million yen at AIFUL, 235,136 million yen at Life, 32,014 million yen at Businext and 32,560 million yen at City's.

Installment receivables rose 24.9% year-on-year to 177,496 million yen, due to the steady progress made by the credit card shopping and per-item credit businesses at Life Co., Ltd.

Meanwhile credit guarantee installment receivables stood at 135,002 million yen, up 4.5% year-on-year, due to the expansion of credit guarantee operations for loan products handled at financial institutions by AIFUL and Life. The bad debt reserve was 147,547 million yen, up 6.8% year-on-year, and bad debt appears to have peaked.

Consolidated loans and installment receivables do not include 110,918 million yen in loans and 88,023 million yen in installment receivables taken off the balance sheet by Life's securitization of receivables.

The consolidation adjustment account stood at 13,855 million yen.

B. Liabilities

Total capital procured, including debt, commercial paper and bonds, came to 1,633,342 million yen. This was due to the increase in financing to correspond with the steady increase in operating receivables at AIFUL, Life, Businext and City's.

C. Shareholders' Equity

Shareholders' equity in the current first quarter was 561,821 million yen, and the equity ratio stood at 22.9%. AIFUL's non-consolidated shareholders' equity stood at 535,653 million yen and the equity ratio was 27.3%.

D. Cash Flows

Despite the decline in cash and cash equivalents in the current first quarter due to the rise in loans outstanding, there was an increase of 78,294 million yen compared to the first quarter of last year to 176,624 million yen as a result of financing activities and issuing of corporate bonds.

(1) Cash flow from operating activities

Despite net income before tax of 29,677 million yen, net cash used in operating activities was minus 31,006 million yen, compared with minus 17,435 million yen in the previous year, due to factors that included an increase in operating receivables, including loans and the payment of corporation tax.

(2) Cash flow from investing activities

Net cash used in investing activities was minus 7,708 million yen compared with 41,163 million yen for the same period last year as a result of the acquisition of fixed assets and non-operating loans.

(3) Cash flow from financing activities

Net cash provided by financing activities came to 117,011 compared with 47,516 million in the previous year due to direct and indirect procurement.

III. Consolidated Results Forecasts for FY2004 (April 1, 2004 – March 31, 2005)

Qualitative Data Concerning Results Forecasts

Results in the current first quarter have made steady progress in line with the full-year forecasts previously announced on May 10, 2004.

Appendix

1. Summary of Consolidated Balance Sheet for the First Quarter

(In millions of yen, %)

| Category | Current quarter (End of first quarter, FY2004) | Same quarter last year (End of first quarter, FY2003) | Change | | Reference: FY2003 |
|--|--|---|----------|--------|----------------------|
| | Amount | Amount | Amount | % | Amount |
| (Assets) | | | | | |
| I Current assets | | | | | |
| Cash and cash equivalents | 176,725 | 203,722 | (26,996) | (13.3) | 99,163 |
| Loans | 1,807,851 | 1,690,500 | 117,351 | 6.9 | 1,786,940 |
| Installment receivables | 177,496 | 142,165 | 35,331 | 24.9 | 154,285 |
| Credit guarantee installment receivables | 135,002 | 129,161 | 5,841 | 4.5 | 133,610 |
| Deferred tax assets | 25,894 | 24,693 | 1,200 | 4.9 | 29,311 |
| Other | 70,329 | 75,688 | (5,359) | (7.1) | 87,676 |
| Allowance for bad debts | (127,463) | (117,661) | (9,801) | 8.3 | (126,918) |
| Total current assets | 2,265,836 | 2,148,269 | 117,566 | 5.5 | 2,164,068 |
| II Fixed assets | | | | | |
| Tangible fixed assets | 46,179 | 43,590 | 2,588 | 5.9 | 45,479 |
| Intangible fixed assets | 35,219 | 39,277 | (4,058) | (10.3) | 36,131 |
| Consolidation adjustment account | 13,855 | 21,355 | (7,500) | (35.1) | 14,370 |
| Other | 21,363 | 17,922 | 3,441 | 19.2 | 21,760 |
| Investment and other fixed assets | 103,868 | 87,178 | 16,689 | 19.1 | 86,582 |
| Bankruptcy claims | 26,296 | 20,772 | 5,524 | 26.6 | 23,660 |
| Deferred tax assets | 14,816 | 16,518 | (1,701) | (10.3) | 14,782 |
| Other | 82,838 | 70,330 | 12,507 | 17.8 | 66,978 |
| Allowance for bad debts | (20,083) | (20,442) | 358 | (1.8) | (18,838) |
| Total fixed assets | 185,266 | 170,046 | 15,220 | 9.0 | 168,193 |
| III Deferred assets | 588 | 700 | (112) | (16.1) | 499 |
| Total assets | 2,451,691 | 2,319,017 | 132,674 | 5.7 | 2,332,761 |
| (Liabilities) | | | | | |
| I Current liabilities | | | | | |
| Credit guarantees payable | 135,002 | 129,161 | 5,841 | 4.5 | 133,610 |
| Short-term debt | 99,692 | 84,741 | 14,950 | 17.6 | 57,034 |
| Current portion of bonds | 114,000 | 74,500 | 39,500 | 53.0 | 90,000 |
| Current portion of long-term debt | 414,601 | 395,761 | 18,839 | 4.8 | 408,204 |
| Reserve for accrued bonuses | 1,977 | 1,887 | 90 | 4.8 | 3,878 |
| Gains on deferred installments | 12,389 | 9,182 | 3,207 | 34.9 | 10,826 |
| Other | 94,001 | 94,106 | (105) | (0.1) | 99,778 |
| Total current liabilities | 871,663 | 789,339 | 82,323 | 10.4 | 803,332 |
| II Long-term liabilities | | | | | |
| Bonds | 371,000 | 425,000 | (54,000) | (12.7) | 365,000 |
| Long term debts | 623,548 | 564,091 | 59,457 | 10.5 | 588,572 |
| Allowance for retirement benefits for employees | 2,284 | 7,775 | (5,491) | (70.6) | 2,417 |
| Allowance for retirement benefits for directors | 1,199 | 1,115 | 83 | 7.5 | 1,262 |
| Other | 15,407 | 29,452 | (14,044) | (47.7) | 19,989 |
| Total long-term liabilities | 1,013,440 | 1,027,436 | (13,995) | (1.4) | 977,243 |
| Total liabilities | 1,885,104 | 1,816,776 | 68,327 | 3.8 | 1,780,575 |
| (Minority interests) | | | | | |
| Minority interests | 4,765 | 4,023 | 742 | 18.5 | 4,681 |
| (Shareholders equity) | | | | | |
| I Common stock | 83,317 | 83,317 | – | – | 83,317 |
| II Additional paid-in capital | 104,143 | 104,125 | 17 | 0.0 | 104,125 |
| III Consolidated retained earnings | 370,852 | 312,256 | 58,596 | 18.8 | 357,705 |
| IV Differences in evaluation of other marketable securities | 5,083 | 571 | 4,511 | 788.9 | 4,417 |
| V Treasury stock | (1,575) | (2,053) | 478 | (23.3) | (2,062) |
| Total shareholders' equity | 561,821 | 498,217 | 63,603 | 12.8 | 547,503 |
| Total Liabilities, minority interests and shareholders' equity | 2,451,691 | 2,319,017 | 132,674 | 5.7 | 2,332,761 |

2. Summary of Consolidated Income Statement for the First Quarter

(In millions of yen, %)

| Category | Current quarter (End of first quarter, FY2004) | Same quarter last year (End of first quarter, FY2003) | Change | | Reference: FY2003 |
|---|--|---|--------|--------|----------------------|
| | Amount | Amount | Amount | % | Amount |
| I Operating revenue | 121,047 | 117,068 | 3,978 | 3.4 | 473,477 |
| Interest on loans to customers | 108,930 | 105,888 | 3,041 | 2.9 | 429,512 |
| Credit card revenue | 2,078 | 1,914 | 164 | 8.6 | 8,140 |
| Per-item credit revenue | 4,063 | 4,093 | (30) | (0.7) | 15,508 |
| Credit guarantee revenue | 1,642 | 1,250 | 392 | 31.4 | 5,562 |
| Other | 4,331 | 3,921 | 409 | 10.4 | 14,754 |
| II Operating expenses | 91,707 | 91,033 | 673 | 0.7 | 360,911 |
| Financial expenses | 9,287 | 9,523 | (236) | (2.5) | 38,164 |
| Cost of sales | - | - | - | - | 137 |
| Operating expenses - other | 82,419 | 81,510 | 909 | 1.1 | 322,610 |
| Operating income | 29,339 | 26,034 | 3,305 | 12.7 | 112,566 |
| III Non-operating income | 333 | 196 | 136 | 69.3 | 1,040 |
| IV Non-operating expenses | 119 | 91 | 28 | 30.8 | 1,160 |
| Ordinary income | 29,553 | 26,140 | 3,413 | 13.1 | 112,446 |
| V Extraordinary income | 360 | 48 | 311 | 646.0 | 4,957 |
| VI Extraordinary losses | 236 | 351 | (115) | (32.9) | 13,589 |
| Net income for the quarter (current) before taxes, etc. | 29,677 | 25,836 | 3,841 | 14.9 | 103,814 |
| Tax expenses | 13,505 | 11,577 | 1,928 | 16.7 | 41,016 |
| Gain (loss) on minority interests | 83 | (5) | 89 | - | 250 |
| Net income for the quarter (current) | 16,088 | 14,264 | 1,823 | 12.8 | 62,548 |

3. Summary of Consolidated Cash Flow Statement for the First Quarter

(In millions of yen)

| Category | Current quarter (End of first quarter, FY2004) | Same quarter last year (End of first quarter, FY2003) | Reference: FY2003 |
|--|--|---|----------------------|
| | Amount | Amount | Amount |
| I Cash flow from operating activities | | | |
| Net income for the quarter (current) before taxes, etc. | 29,677 | 25,836 | 103,814 |
| Depreciation and amortization | 2,466 | 1,414 | 7,863 |
| Increase (decrease) in allowance for bad debts | 1,790 | 5,974 | 13,626 |
| Decrease (increase) in loans to customers | (20,911) | (19,718) | (116,158) |
| Decrease (increase) in installment receivables | (23,211) | 5,691 | (6,428) |
| Other | 5,104 | 957 | 12,364 |
| Subtotal | (5,083) | 20,156 | 15,081 |
| Payments for corporate and other taxes | (26,039) | (37,633) | (57,955) |
| Other | 116 | 42 | 139 |
| Cash flow from operating activities | (31,006) | (17,435) | (42,734) |
| II Cash flow from investing activities | | | |
| Funds used for purchase of intangible fixed assets | (1,147) | (1,474) | (8,921) |
| Other | (6,560) | 42,638 | 15,291 |
| Cash flow from investing activities | (7,708) | 41,163 | 6,370 |
| III Cash flow from financing activities | | | |
| Increase in short-term debts | 238,281 | 148,097 | 657,558 |
| Repayment of short-term debt | (195,624) | (118,721) | (655,888) |
| Increase in long-term debt | 145,485 | 146,814 | 541,283 |
| Repayments of long-term debt | (104,112) | (171,064) | (528,609) |
| Cash from issue of corporate bonds | 29,811 | 49,724 | 79,531 |
| Loss on redemption of bonds | - | (2,500) | (77,000) |
| Other | 3,170 | (4,834) | (13,777) |
| Cash flow from financing activities | 117,011 | 47,516 | 3,097 |
| IV Effect of exchange rate changes on cash and cash equivalents | (2) | (12) | (47) |
| V Increase (decrease) in cash and cash equivalents | 78,294 | 71,232 | (33,313) |
| VI Balance of cash and cash equivalents at the beginning of period | 98,329 | 131,643 | 131,643 |
| VII Balance of cash and cash equivalents at the end of period | 176,624 | 202,876 | 98,329 |

4. Results of Operations (consolidated)

A. Operating Revenue

(In millions of yen, %)

| Item | Current quarter (End of first quarter, FY2004) | | Same quarter last year (End of first quarter, FY2003) | | Reference: FY2003 | |
|-----------------------------------|---|--------------|--|--------------|-------------------|--------------|
| | Amount | % | Amount | % | Amount | Amount |
| Interest on loans to customers | 108,930 | 90.0 | 105,888 | 90.5 | 429,512 | 90.7 |
| Unsecured loans | 90,237 | 74.6 | 88,772 | 75.8 | 358,142 | 75.6 |
| Secured loans | 13,915 | 11.5 | 13,333 | 11.4 | 55,022 | 11.6 |
| Small business loans | 4,778 | 3.9 | 3,783 | 3.3 | 16,348 | 3.5 |
| Credit card revenue | 2,078 | 1.7 | 1,914 | 1.6 | 8,140 | 1.7 |
| Per-item credit revenue | 4,063 | 3.4 | 4,093 | 3.5 | 15,508 | 3.3 |
| Guarantees revenues | 1,642 | 1.4 | 1,250 | 1.1 | 5,562 | 1.2 |
| Other financial revenue | 30 | 0.0 | 42 | 0.0 | 95 | 0.0 |
| Interest on deposits | 0 | 0.0 | 3 | 0.0 | 7 | 0.0 |
| Interest on marketable securities | 0 | 0.0 | 0 | 0.0 | 1 | 0.0 |
| Interest on loans | 22 | 0.0 | 27 | 0.0 | 47 | 0.0 |
| Other | 8 | 0.0 | 10 | 0.0 | 39 | 0.0 |
| Other operating revenue | 4,300 | 3.5 | 3,879 | 3.3 | 14,658 | 3.1 |
| Sales of property | - | - | - | - | 50 | 0.0 |
| Bad debt write-off recovery | 2,061 | 1.7 | 1,838 | 1.6 | 6,778 | 1.4 |
| Other | 2,239 | 1.8 | 2,041 | 1.7 | 7,830 | 1.7 |
| Total | 121,047 | 100.0 | 117,068 | 100.0 | 473,477 | 100.0 |

Note: "Other" included in other operating revenue is card membership fees.

B. Other Operating Indicators

| Item | Current quarter (End of first quarter, FY2004) | Same quarter last year (End of first quarter, FY2003) | Reference: FY2003 |
|---|--|---|-------------------|
| Total amount of loans outstanding (In millions of yen) | 1,918,770 | 1,845,229 | 1,907,655 |
| Unsecured loans | 1,483,551 | 1,449,097 | 1,477,430 |
| Secured loans | 344,439 | 328,166 | 346,183 |
| Small business loans | 90,779 | 67,966 | 84,041 |
| Number of customer accounts | 3,523,773 | 3,523,636 | 3,520,240 |
| Unsecured loans | 3,366,124 | 3,387,056 | 3,366,615 |
| Secured loans | 94,956 | 88,584 | 94,474 |
| Small business loans | 62,693 | 47,996 | 59,151 |
| Number of branches | 1,975 | 1,963 | 1,978 |
| Staffed branches | 828 | 793 | 813 |
| Non-staffed branches | 1,147 | 1,166 | 1,164 |
| Branches for secured loans | - | 4 | 1 |
| Number of "Ojidosan" loan-contracting machines | 1,850 | 1,838 | 1,855 |
| Number of ATMs | 134,306 | 127,017 | 132,148 |
| Company-owned | 2,037 | 2,035 | 2,046 |
| Partner-owned | 132,269 | 124,982 | 130,102 |
| Number of employees | 6,237 | 6,526 | 5,969 |

Note: Total amount of loans outstanding and the number of customer accounts do not include loans and customer accounts related to bankruptcy claims. Furthermore, off-balance sheet operating loans from the securitization of receivables, which came to 110,918 million yen at the end of the current quarter (154,729 million yen at the end of same quarter last year and 120,715 million at the end of the previous consolidated fiscal year) have been included.