



May 10, 2004

## Year-End Financial Statements (Non-Consolidated)

For the year ended March 31, 2004

**AIFUL Corporation (8515)**

Stock Code: 8515

(URL <http://www.aiful.co.jp>)

Representative:

Inquiries:

Date of the board of directors' meeting:

Date of the annual shareholders' meeting:

Commencement of the interim dividends payment:

The Company adopted the "Tangen" credit unit system:

Stock Exchange: Tokyo, Osaka

Head office: Kyoto City

Yoshitaka Fukuda, President and Chief Executive

Kenichi Kayama, General Manager, Public Relations Department

TEL (03) 3274 - 3560

May 10, 2004

June 25, 2004

Yes

Yes (One Tangen of stock at Aiful Corporation is equivalent to 50 shares)

### 1. Non-Consolidated Business Results for the Year Ended March 31, 2004

(April 1, 2003 - March 31, 2004)

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

(In millions of yen – except where noted)

	Operating Revenue		Operating Income		Ordinary Income	
Fiscal year ended March 31, 2004	334,977	3.2%	95,238	(10.9)%	98,932	(7.6)%
Fiscal year ended March 31, 2003	324,671	5.7%	106,944	(3.2)%	107,100	(0.4)%

(In millions of yen – except where noted)

	Net Income		Net Income per Share	Diluted Net Income per Share (Yen)	Net Income to Shareholders' Equity Ratio	Ordinary Income to Shareholders' Equity Ratio	Operating Revenue to Ordinary Income Ratio
Fiscal year ended March 31, 2004	53,086	(4.0)%	560.82 yen	–	10.7%	5.2%	29.5%
Fiscal year ended March 31, 2003	55,317	44.2%	588.63 yen	–	12.4%	5.9%	33.0%

Notes: 1. Average number of shares during: Fiscal year ended March 31, 2004: 94,467,918 shares

Fiscal year ended March 31, 2003: 93,810,102 shares

2. Changes in accounting policies: No

3. Percentage figures shown for operating revenue, operating income, ordinary income and net income show year-on-year change

#### (2) Dividend Information

	Dividends Distributed (in Yen)			Total Dividends (Million Yen)	Dividend Payout Ratio (%)	Year-End Dividend per Share (%)
		Interim Dividend per Share	Year-end			
Fiscal year ended March 31, 2004	60.00	30.00	30.00	5,668	10.7	1.1
Fiscal year ended March 31, 2003	60.00	30.00	30.00	5,628	10.2	1.2

#### (3) Non-consolidated Financial Position

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

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio (%)	Shareholders' Equity per Share (Yen)
Fiscal year ended March 31, 2004	1,870,075	522,904	28.0	5,534.17
Fiscal year ended March 31, 2003	1,906,211	470,834	24.7	4,983.00

Notes: 1. Number of shares issued and outstanding: Fiscal year ended March 31, 2004: 94,467,134 shares

Fiscal year ended March 31, 2003: 94,468,362 shares

2. Total number of treasury stocks at the end of the fiscal period: Fiscal year ended March 31, 2004: 222,866 shares

Fiscal year ended March 31, 2003: 221,638 shares

## 2. Fiscal Year 2005 Full Year Projections (April 1, 2004 – March 31, 2005)

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

	Operating Revenue	Ordinary Income	Net Income	Annual Dividend per Share		
				Interim Dividend per Share	Year-End	
Interim period ending September 30	169,949	51,471	27,384	30.00 yen	–	–
Fiscal year ending March 31, 2005	341,287	112,000	58,839	–	30.00 yen	60.00 yen

Reference:

Projected earnings per share for fiscal year 2005 (Fiscal year ending March 31, 2005): 622.85 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.

(Supplementary Data)

**1. Non-Consolidated Financial Statements****(1) Non-Consolidated Balance Sheets**

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

Category	Note No.	For the previous fiscal year (As of March 31, 2003)		For the current fiscal year (As of March 31, 2004)	
		Amount	%	Amount	%
(Assets)					
I Current assets					
1. Cash and cash equivalents		84,485		60,425	
2. Loans	*1 2.4	1,413,340		1,451,638	
3. Marketable securities		10		–	
4. Property for sale	*1	335		181	
5. Prepaid expenses		3,608		3,687	
6. Deferred tax assets		12,437		13,629	
7. Accrued income		11,021		11,501	
8. Short-term loans	*3	30,183		20,178	
9. Other	*1	28,911		21,150	
10. Allowance for bad debts		(70,479)		(81,693)	
Total current assets		1,513,856	79.4	1,500,700	80.3
II Fixed assets					
1. Tangible fixed assets					
(1) Buildings		18,128		23,302	
Total accumulated depreciation		(9,787)	8,341	(10,893)	12,409
(2) Structures		4,756		4,751	
Total accumulated depreciation		(2,443)	2,312	(2,707)	2,044
(3) Machinery		18		161	
Total accumulated depreciation		(7)	11	(24)	137
(4) Equipment and fixtures		10,750		15,024	
Total accumulated depreciation		(4,437)	6,313	(5,640)	9,383
(5) Land		5,612		5,612	
(6) Construction in process account		3,093		57	
Total tangible fixed assets		25,685	1.4	29,643	1.6
2. Intangible fixed assets					
(1) Software		7,606		10,404	
(2) Telephone rights		592		446	
(3) Other		1		9	
Total intangible fixed assets		8,200	0.4	10,860	0.6
3. Investment and other fixed assets					
(1) Investment in securities	*1	7,538		14,323	
(2) Stock in affiliated companies		114,264		114,864	
(3) Investments in equity other than capital stock		2,346		1,718	
(4) Bankruptcy claims	*4	16,905		22,925	
(5) Long-term loans		16,720		1,120	
(6) Long-term loans to shareholders and employees		32		22	
(7) Long-term loans to affiliated companies		165,380		157,086	
(8) Long-term prepaid expenses		3,519		4,774	
(9) Deferred tax assets		5,166		769	
(10) Lease deposits and guarantees		8,311		8,118	
(11) Loss on deferred hedge		33,674		18,974	
(12) Other		2,421		1,984	
(13) Allowance for bad debts		(18,348)		(18,264)	
Total investment and other fixed assets		357,934	18.8	328,417	17.5
Total fixed assets		391,820	20.6	368,921	19.7
III Deferred assets					
Bond issuing expenses		535		453	
Total deferred assets		535	0.0	453	0.0
Total assets		1,906,211	100.0	1,870,075	100.0

**Non-consolidated Balance Sheet (cont.)**

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

Category	Note No.	For the previous fiscal year (As of March 31, 2003)		For the current fiscal year (As of March 31, 2004)	
		Amount	%	Amount	%
(Liabilities)					
I Current liabilities					
1. Notes payable - trade		4,286		4,161	
2. Accounts payable - trade		2		–	
3. Short-term debt	*1	14,000		8,500	
4. Current portion of bonds		74,500		90,000	
5. Current portion of long-term debt	*1	373,376		327,815	
6. Commercial paper		13,000		–	
7. Trade accounts payable		5,229		5,918	
8. Income taxes payable		37,127		24,660	
9. Accrued expenses payable		4,762		4,669	
10. Deposits		386		387	
11. Income in advance		3		2	
12. Reserve for accrued bonuses		2,266		2,397	
13. Other		314		292	
Total current liabilities		529,254	27.8	468,806	25.0
II Long-term liabilities					
1. Bonds		377,500		355,000	
2. Long term debts	*1	492,949		502,413	
3. Allowance for retirement benefits for employees		2,331		806	
4. Allowance for retirement benefits for directors		1,109		1,220	
5. Interest swaps		32,119		18,832	
6. Other		112		91	
Total long-term liabilities		906,122	47.5	878,365	47.0
Total liabilities		1,435,377	75.3	1,347,171	72.0
(Shareholders' equity)					
I Common stock					
	*5	83,317	4.4	83,317	4.5
II Additional paid-in capital					
Capital reserves		90,225		90,225	
Total additional paid-in capital		90,225	4.7	90,225	4.8
III Retained earnings					
1. Earned surplus reserves		1,566		1,566	
2. Voluntary reserves					
General reserves		240,922		292,322	
3. Unappropriated retained earnings for the period		57,254		53,174	
Total retained earnings		299,743	15.7	347,062	18.6
IV Differences in evaluation of other marketable securities					
		(398)	(0.0)	4,361	0.2
V Treasury stock					
	*7	(2,052)	(0.1)	(2,062)	(0.1)
Total shareholders' equity		470,834	24.7	522,904	28.0
Total liabilities and shareholders' equity		1,906,211	100.0	1,870,075	100.0

## (2) Non-Consolidated Statement of Income

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

Category	Note No.	For the previous fiscal year (Apr. 1, 2002 to Mar. 31, 2003)		For the current fiscal year (Apr. 1, 2003 to Mar. 31, 2004)	
		Amount	%	Amount	%
<b>I Operating revenue</b>					
1. Interest on loans to customers		315,600	97.2	326,978	97.6
2. Financial revenue - other					
(1) Interest on bank deposit		10		6	
(2) Interest on marketable securities		0		1	
(3) Interest on loans		267		47	
(4) Other		2	0.1	3	0.0
280				58	
3. Operating revenue - other					
(1) Sales of property		306		50	
(2) Revenue from service business		935		–	
(3) Bad debt recovery write-offs		3,896		3,738	
(4) Other		3,652	2.7	4,150	2.4
8,791				7,940	
Total operating revenue		324,671	100.0	334,977	100.0
<b>II Operating expenses</b>					
1. Financial expenses					
(1) Interest expenses		22,705		21,284	
(2) Interest on bonds		9,985		9,903	
(3) Other		2,487	10.8	2,297	10.0
35,178				33,485	
2. Cost of sales					
(1) Cost of sales of property		296		137	
(2) Cost of sales of service business		266	0.2	–	0.1
562				137	
3. Operating Expenses - other					
(1) Advertising expenses		15,377		13,696	
(2) Commissions		9,624		10,832	
(3) Loan losses		15,892		9,352	
(4) Transfers to allowance for bad debts		70,479		99,871	
(5) Director's salaries and remuneration		425		453	
(6) Salaries for employees		18,916		19,481	
(7) Bonus for employees		2,125		2,448	
(8) Transfers to reserve for accrued bonuses		2,266		2,397	
(9) Transfers to allowance for retirement benefits for directors		74		120	
(10) Welfare expenses		3,234		3,869	
(11) Retirement benefits		2,213		11	
(12) Rent fees		7,539		6,393	
(13) Land rent		7,991		7,531	
(14) Supplies		1,268		1,859	
(15) Repairs		3,412		4,085	
(16) Communication expenses		4,432		4,159	
(17) Insurance premiums		3,673		4,102	
(18) Depreciation expenses		3,511		4,874	
(19) Consumption tax		2,913		3,055	
(20) Other		6,612	56.1	7,519	61.5
181,986				206,117	
Total operating expenses		217,727	67.1	239,739	71.6
Operating income		106,944	32.9	95,238	28.4
<b>III Non-operating income</b>					
1. Interest on loans	*5	4,364		3,839	
2. Cash dividends		76		62	
3. Dividend on insurance		215		192	
4. Investment in anonymous association	*1	143		10	
5. Miscellaneous		462	1.6	471	1.4
5,262				4,576	
<b>IV Non-operating expenses</b>					
1. Transfer to allowance for bad debts		4,387		–	
2. Write-down of property for sale		36		17	
3. Investment in anonymous association	*6	514		747	
4. Miscellaneous		167	1.6	117	0.3
5,106				882	
Ordinary income		107,100	32.9	98,932	29.5

**Non-Consolidated Statement of Income (cont.)**

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

Category	Note No.	For the previous fiscal year (Apr. 1, 2002 to Mar. 31, 2003)		For the current fiscal year (Apr. 1, 2003 to Mar. 31, 2004)	
		Amount	%	Amount	%
V Extraordinary income					
1. Sale of fixed assets	*2	0		–	
2. Sale of investment securities		211		669	
3. Allowance for bad debts from previous year		38	250	2	672
0.2					
VI Extraordinary losses					
1. Loss on sale of fixed assets	*3	2		243	
2. Loss on disposal of fixed assets	*4	302		385	
3. Loss on cancellation of leases		–		31	
4. Transfer allowance for bad debts		4		–	
5. Loss on valuation of investment securities		359		401	
6. Loss on reorganization of affiliates		–		126	
7. Loan on cancellation of real estate deposits		117		88	
8. Loss on valuation of golf club memberships		6		7	
9. Dissolution fees for cancellation of contract		–	793	359	1,643
0.5					
Income before income taxes			106,558		97,961
29.2					
Corporate tax, local and enterprise taxes		56,824		44,918	
Adjustment on corporate tax, etc		(5,584)	51,240	(43)	44,874
13.4					
Net income			55,317		53,086
15.8					
Loss on price differences in disposal of treasury stock			–		0
Retained earnings brought forward			4,731		2,922
Interim dividends			2,794		2,834
Unappropriated retained earnings			57,254		53,174

**(3) Statement on Appropriation of Profits**

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

Date of approval by general meeting of shareholders		For the previous fiscal year (June 26, 2003*)		For the current fiscal year (June 25, 2004*)	
Category	Note No.	Amount		Amount	
I Present term unappropriated profits			57,254		53,174
II Appropriation of profits					
1. Distribution of profits		2,834		2,834	
2. Bonuses for directors		98		106	
(Bonuses for auditors)		(4)		(4)	
3. Voluntary reserves					
Other reserves		51,400	54,332	44,500	47,440
III Deferred profits			2,922		5,733

Note: During the previous fiscal year, AIFUL paid interim dividends amounting to 2,794 million yen (30 yen per share) on December 10, 2002.

During the current fiscal year, AIFUL paid interim dividends amounting to 2,834 million yen (30 yen per share) on December 10, 2003.

The dates with asterisks indicate shareholders' meetings (scheduled).

## 2. Significant Accounting Policies Relating to the Financial Statements

Item	For the previous fiscal year (Apr. 1, 2002 to Mar. 31, 2003)	For the current fiscal year (Apr. 1, 2003 to Mar. 31, 2004)
1. Appraisal standards and methods for principal assets	(1) Subsidiaries stock and stock in affiliated companies Cost method, cost being determined by the moving average method (2) 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	(1) Subsidiaries' stock and stock in affiliated companies As on left (2) Other marketable securities Securities valued at market: As on left Securities not valued at market: 同左 As on left
2. Inventories	Real estate for sale Lower-of-cost-or-market method, cost being determined by the specific cost method Warehouse goods Latest purchase cost method	Real estate for sale As on left
3. Depreciation methods for depreciable assets	(1) Tangible fixed assets: Diminishing balance depreciation method Major useful lives are as follows: Buildings and structures 7-50 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	(1) Tangible fixed assets: As on left (2) Intangible fixed assets: As on left
4. Deferred assets	New share issuing expenses New share issuing expenses are accounted for as expenses at the time of expenditure. Bond issuing expenses Depreciated evenly over the period until maturity, or over the longest period allowed by the Commercial Code (3 years), whichever is shorter.	Bond issuing expense Depreciated evenly over the period until maturity, or over the longest period allowed by the Commercial Code (3 years), whichever is shorter.
5. Conversion methods for assets and liabilities in foreign currency	Credits and debts in foreign currency are converted into Japanese yen at the spot exchange rate on the settlement day, and differences in the conversion are treated as profits and losses.	–
6. Accounting standards for allowances and reserves		
(1) Allowance for bad debts	Provision for losses on bad debts is made up to the necessary amount, considering the actual percentage of bad loan write-offs for normal claims and up to the amount forecast to be irrecoverable based on individual assessments of recoverability for doubtful claims.	As on left
(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.	As on left

Item	For the previous fiscal year (Apr. 1, 2002 to Mar. 31, 2003)	For the current fiscal year (Apr. 1, 2003 to Mar. 31, 2004)
(3) Allowance for retirement benefits for employees	<p>In order to provide for retirement benefits for employees, the Company accrues an amount based on forecast retirement benefit liabilities and pension assets at the end of the current fiscal year.</p> <p>Actuarial differences and past service obligations are written off in the fiscal year in which they accrue.</p>	<p>In order to provide for retirement benefits for employees, the Company accrues an amount based on forecast retirement benefit liabilities and pension assets at the end of the current fiscal year.</p> <p>Actuarial differences and past service obligations are written off in the fiscal year in which they accrue.</p> <p>(Supplementary Information) With the enforcement of the Defined Benefit Corporate Pension Law, AIFUL obtained from the Minister of Health, Labour and Welfare an exemption from the obligation to make future payments with respect to the substitutional portion of employees' pension fund.</p> <p>The estimated amount returned (minimum liability) as of the end of the current consolidated fiscal year is 2,509 million yen. If AIFUL were to apply the interim measure set forth in the "Practice Guideline Concerning Retirement Benefit Accounting (Interim Report)" (Report of the Accounting Standards Committee of The Japanese Institute of Certified Public Accountants No. 13, Item 44-2), the amount to be recorded as a profit would be 263 million yen.</p>
(4) Allowance for retirement benefits for directors	<p>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.</p>	<p>As on left</p>
7. Accounting methods for income and expenses	<p>Interest on loans to customers is recorded on an accrual basis.</p> <p>Accrued interest included in loans is recorded at the lower of the interest rates prescribed by the Interest Rate Control Law and the contract interest rate provided by the Company.</p>	<p>As on left</p>
8. Accounting treatment for lease transactions	<p>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, <i>mutatis mutandis</i>.</p>	<p>As on left</p>
9. Hedge accounting methods		
(1) Hedge accounting methods	<p>The Company uses deferred hedge accounting. However, the Company uses special accounting rules for interest swaps where appropriate.</p>	<p>As on left</p>
(2) Hedging methods and hedged transactions Hedging methods Hedged transactions	<p>Interest caps and interest swaps Borrowing that will change the Company's cash flow depending upon changes in market interest rates (floating rate bank borrowing and corporate bonds).</p>	<p>As on left As on left</p>
(3) Hedging policy	<p>The Company uses hedge transactions to keep the percentage of fixed interest rate capital below a specified percentage of total capital funds procured.</p>	<p>As on left</p>
(4) Evaluation of hedge effectiveness	<p>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.</p>	<p>As on left</p>



Item	For the previous fiscal year (Apr. 1, 2002 to Mar. 31, 2003)	For the current fiscal year (Apr. 1, 2003 to Mar. 31, 2004)
10. Other Significant Accounting Policies Relating to the Financial Statements		
(1) Accounting treatment of interest on debt	Interest on debt used to provide consumer loans is accounted for as "interest expenses" in financial expenses. All other interest expenses are accounted for as "interest expenses" in non-operating expenses.	As on left
(2) Accounting Methods for leveraged leases	The Company signed a contract in December 1992 in which it participates in an anonymous association involved in the leasing of aircraft. The contract, which involved an investment of 100 million yen, is due to run for a total of 13 years. This amount is recorded in "investments in equity other than capital stock" under investment and other fixed assets on the balance sheets. AIFUL's portion of the losses incurred through this association have been deducted from the value of the investment as recorded on the financial statements, and losses above and beyond this total recorded in "other" under long-term liabilities as a sum of 85 million yen. Net income of 18 million yen has been recorded in "miscellaneous" under non-operating income in the statement of income.	The Company signed a contract in December 1992 in which it participates in an anonymous association involved in the leasing of aircraft. The contract, which involved an investment of 100 million yen, is due to run for a total of 13 years. This amount is recorded in "investments in equity other than capital stock" under investment and other fixed assets on the balance sheet. AIFUL's portion of the losses incurred through this association have been deducted from the value of the investment as recorded on the financial statements, and losses above and beyond this total recorded in "other" under long-term liabilities as a sum of 62 million yen. Net income of 22 million yen has been recorded in "miscellaneous" under non-operating income in the statement of income.
(3) 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.	As on left

### 3. Changes in Accounting Standards

For the previous fiscal year (Apr. 1, 2002 to Mar. 31, 2003)	For the current fiscal year (Apr. 1, 2003 to Mar. 31, 2004)
(Accounting Standards for the elimination of Treasury Stock and Legal Reserves) The company adopted "Accounting Standards Pertaining to the Elimination of Treasury Stock and Legal Reserves" (Corporate Accounting Standards, No. 1) during the current fiscal year. This change had no effect on income or losses for the period. The shareholders' equity section of the balance sheets for the current year has been formulated in line with the new changes.	-
(Accounting Standards Pertaining to Net Income Per Share) 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 fiscal year. The effect of these changes on net income per share was as stated in the note on Per Share Information.	-

### 4. Changes in Labeling Method

For the previous fiscal year (Apr. 1, 2002 to Mar. 31, 2003)	For the current fiscal year (Apr. 1, 2003 to Mar. 31, 2004)
An "investment in anonymous association" exceeded 10% of total non-operating expenses, so it has been recorded as a category. In the previous fiscal year, 435 million yen was included in "miscellaneous" under non-operating expenses.	-

## 5. Notes

### (1) Notes to the Non-Consolidated Balance Sheets

For the previous fiscal year (March 31, 2003)	For the current fiscal year (March 31, 2004)																																																								
<p>*1 Assets pledged as collateral and corresponding liabilities as below:</p> <p>(1) Assets pledged as collateral</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: right;">(In millions of yen)</td> </tr> <tr> <td>Loans</td> <td style="text-align: right;">640,484</td> </tr> <tr> <td>Real estate for sale</td> <td style="text-align: right;">137</td> </tr> <tr> <td><u>Investment securities</u></td> <td style="text-align: right;"><u>145</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">640,767</td> </tr> </table> <p>(2) Corresponding liabilities</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: right;">(In millions of yen)</td> </tr> <tr> <td>Current portion of long-term debt</td> <td style="text-align: right;">218,959</td> </tr> <tr> <td><u>Long-term debt</u></td> <td style="text-align: right;"><u>297,483</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">516,443</td> </tr> </table> <p>The above amounts include items related to the securitization of loans receivables, 203,482 million yen for outstanding loans receivables 27,321 million yen for the current portion of long-term debt, and 96,547 million yen for the long-term debt.</p> <p>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, 61,330 million yen for the current portion of long-term debt, 81,470 million yen for long-term debt, and 144,800 million yen in total. The Company has also offered 15,783 million yen for cash and cash equivalents as collateral for swap transactions. The Company has taken Marutoh K.K.'s tangible fixed assets as a pledge for their borrowings.</p>	(In millions of yen)		Loans	640,484	Real estate for sale	137	<u>Investment securities</u>	<u>145</u>	Total	640,767	(In millions of yen)		Current portion of long-term debt	218,959	<u>Long-term debt</u>	<u>297,483</u>	Total	516,443	<p>*1 Assets pledged as collateral and corresponding liabilities as below:</p> <p>(1) Assets pledged as collateral</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: right;">(In millions of yen)</td> </tr> <tr> <td>Loans</td> <td style="text-align: right;">650,629</td> </tr> <tr> <td><u>Real estate for sale</u></td> <td style="text-align: right;"><u>124</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">650,754</td> </tr> </table> <p>(2) Corresponding liabilities</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: right;">(In millions of yen)</td> </tr> <tr> <td>Current portion of long-term debt</td> <td style="text-align: right;">173,618</td> </tr> <tr> <td><u>Long-term debt</u></td> <td style="text-align: right;"><u>306,023</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">479,641</td> </tr> </table> <p>The above amounts include items related to the securitization of loans receivables, 259,797 million yen for outstanding loans receivables 31,278 million yen for the current portion of long-term debt, and 90,068 million yen for the long-term debt.</p> <p>In addition to the above, the Company has contracted to offer loans as collateral in response to borrowers' requests to the sum of 65,438 million yen for the current portion of long-term debt, 69,702 million yen for long-term debt, and 135,141 million yen in total. The Company has also offered 6,153 million yen for cash and cash equivalents as collateral for swap transactions. The Company has taken Marutoh K.K.'s tangible fixed assets as a pledge for their borrowings.</p>	(In millions of yen)		Loans	650,629	<u>Real estate for sale</u>	<u>124</u>	Total	650,754	(In millions of yen)		Current portion of long-term debt	173,618	<u>Long-term debt</u>	<u>306,023</u>	Total	479,641																						
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<p>(Loans in arrears) “Loans in arrears” refers to loans other than bankruptcy claims 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.</p> <p>(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 more months overdue from the day following the scheduled payment date and that are not regarded as bankruptcy claims or loans in arrears.</p> <p>(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 bankruptcy claims, loans in arrears or loans in arrears longer than 3 months.</p> <p>*5 The total amount of stock to be issued by the Company is 373,500,000 shares of common stock. The total number of shares issued and outstanding is 94,690,000 shares of common stock.</p> <p>*6. Liabilities for guarantee (1) Liabilities for guarantee relating to personal loans provided by business partner financial institutions: 10,491 million yen (2) Liabilities for guarantees related to small business loans provided by business partner financial institutions: 8,535 million yen (3) Liabilities for guarantees of debt of affiliated companies: Marutoh K.K.: 9,500 million yen</p> <p>*7. The number of treasury shares held by the Company is 221,638 shares of common stock.</p>	<p>(Loans in arrears) As on left</p> <p>(Loans in arrears longer than 3 months) As on left</p> <p>(Loans with adjusted terms) As on left</p> <p>*5. The total amount of stock to be issued by the Company is 373,500,000 shares of common stock. The total number of shares issued and outstanding is 94,690,000 shares of common stock.</p> <p>*6. Liabilities for guarantee (1) Liabilities for guarantee relating to personal loans provided by business partner financial institutions: 25,958 million yen (2) Liabilities for guarantees related to small business loans provided by business partner financial institutions: 1,358 million yen (3) Liabilities for guarantees of debt of affiliated companies: Marutoh K.K.: 8,600 million yen</p> <p>*7. The number of treasury shares held by the Company is 222,866 shares of common stock.</p>

## (2) Notes to the Non-Consolidated Income Statement

For the previous fiscal year (Apr. 1, 2002 to Mar. 31, 2003)	For the current fiscal year (Apr. 1, 2003 to Mar. 31, 2004)																		
<p>*1. Gains on investments in anonymous association all refer to product fund operating capital and dividend payments.</p> <p>*2. Breakdown of gains on disposal of tangible fixed assets is as follows. (In millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Buildings</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;"><u>0</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">0</td> </tr> </table> <p>*3. Breakdown of losses on disposal of tangible fixed assets is as follows. (In millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Equipment</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Other</td> <td style="text-align: right;"><u>1</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">2</td> </tr> </table>	Buildings	0	Equipment	<u>0</u>	Total	0	Equipment	0	Other	<u>1</u>	Total	2	<p>*1. Gains on investments in anonymous association all refer to product fund operating capital and dividend payments.</p> <p>*3. Breakdown of losses on disposal of tangible fixed assets is as follows. (In millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Telephone rights</td> <td style="text-align: right;">125</td> </tr> <tr> <td>Other</td> <td style="text-align: right;"><u>117</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">243</td> </tr> </table>	Telephone rights	125	Other	<u>117</u>	Total	243
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<p>*4. The breakdown for the write-off of fixed assets is as follows: (In millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 80%;">Buildings</td><td style="text-align: right;">181</td></tr> <tr><td>Structures</td><td style="text-align: right;">50</td></tr> <tr><td>Equipment</td><td style="text-align: right;">37</td></tr> <tr><td>Other</td><td style="text-align: right;">33</td></tr> <tr><td><u>Total</u></td><td style="text-align: right;"><u>302</u></td></tr> </table>	Buildings	181	Structures	50	Equipment	37	Other	33	<u>Total</u>	<u>302</u>	<p>*4. The breakdown for the write-off of fixed assets is as follows: (In millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 80%;">Buildings</td><td style="text-align: right;">239</td></tr> <tr><td>Structures</td><td style="text-align: right;">39</td></tr> <tr><td>Equipment</td><td style="text-align: right;">35</td></tr> <tr><td>Other</td><td style="text-align: right;">70</td></tr> <tr><td><u>Total</u></td><td style="text-align: right;"><u>385</u></td></tr> </table>	Buildings	239	Structures	39	Equipment	35	Other	70	<u>Total</u>	<u>385</u>
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<p>*5. Matters relating to affiliated companies Interest on loans 4,345 million yen</p>	<p>*5. Matters relating to affiliated companies Interest on loans 3,821 million yen</p>																				
<p>*6. Losses on investments in an anonymous association all refer to valuation losses on commodity funds.</p>	<p>*6 As on left</p>																				

### (3) Notes to Lease Transactions

For the previous fiscal year (Apr. 1, 2002 to Mar. 31, 2003)	For the current fiscal year (Apr. 1, 2003 to Mar. 31, 2004)																																
<p>Notes to finance lease transactions except leases under which the title of the leased asset is deemed to be transferred to the lessee.</p> <p>(1) Acquisition cost, accumulated depreciation and period ending balance of lease assets</p> <p style="text-align: right;">(In millions of yen)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Acquisition cost</th> <th style="text-align: center;">Accumulated depreciation</th> <th style="text-align: center;">Period ending balance</th> </tr> </thead> <tbody> <tr> <td>Vehicles</td> <td style="text-align: center;">259</td> <td style="text-align: center;">191</td> <td style="text-align: center;">68</td> </tr> <tr> <td>Equipment and fittings</td> <td style="text-align: center;">22,234</td> <td style="text-align: center;">17,172</td> <td style="text-align: center;">5,062</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: center;"><u>22,493</u></td> <td style="text-align: center;"><u>17,363</u></td> <td style="text-align: center;"><u>5,130</u></td> </tr> </tbody> </table>		Acquisition cost	Accumulated depreciation	Period ending balance	Vehicles	259	191	68	Equipment and fittings	22,234	17,172	5,062	<u>Total</u>	<u>22,493</u>	<u>17,363</u>	<u>5,130</u>	<p>Notes to finance lease transactions except leases under which the title of the leased asset is deemed to be transferred to the lessee.</p> <p>(1) Acquisition cost, accumulated depreciation and period ending balance of lease assets</p> <p style="text-align: right;">(In millions of yen)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Acquisition cost</th> <th style="text-align: center;">Accumulated depreciation</th> <th style="text-align: center;">Period ending balance</th> </tr> </thead> <tbody> <tr> <td>Vehicles</td> <td style="text-align: center;">259</td> <td style="text-align: center;">206</td> <td style="text-align: center;">53</td> </tr> <tr> <td>Equipment and fittings</td> <td style="text-align: center;">17,641</td> <td style="text-align: center;">14,131</td> <td style="text-align: center;">3,509</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: center;"><u>17,900</u></td> <td style="text-align: center;"><u>14,337</u></td> <td style="text-align: center;"><u>3,562</u></td> </tr> </tbody> </table>		Acquisition cost	Accumulated depreciation	Period ending balance	Vehicles	259	206	53	Equipment and fittings	17,641	14,131	3,509	<u>Total</u>	<u>17,900</u>	<u>14,337</u>	<u>3,562</u>
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<p>(2) Outstanding balance of future lease payments at the end of the period</p> <p style="text-align: right;">(In millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 80%;">Within one year</td><td style="text-align: right;">3,918</td></tr> <tr><td>Over one year</td><td style="text-align: right;">3,631</td></tr> <tr><td><u>Total</u></td><td style="text-align: right;"><u>7,549</u></td></tr> </table>	Within one year	3,918	Over one year	3,631	<u>Total</u>	<u>7,549</u>	<p>(2) Outstanding balance of future lease payments at the end of the period</p> <p style="text-align: right;">(In millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 80%;">Within one year</td><td style="text-align: right;">2,498</td></tr> <tr><td>Over one year</td><td style="text-align: right;">1,101</td></tr> <tr><td><u>Total</u></td><td style="text-align: right;"><u>3,600</u></td></tr> </table>	Within one year	2,498	Over one year	1,101	<u>Total</u>	<u>3,600</u>																				
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<p>(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.</p>	<p>(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 fixed amount method. The method for calculating the amount equivalent to depreciation expenses was changed from the sum-of-the-years-digits method to the fixed amount method in the current consolidated fiscal year. As a result, the amount equivalent to cumulative depreciation expenses is 1,588 million yen less, and the amount equivalent to depreciation expenses is 757 million yen more.</p>																																
<p>(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.</p>	<p>(5) Accounting method for the amount equivalent to interest expenses  As on left</p>																																

#### (4) Marketable securities

For the previous fiscal year (March 31, 2003)	For the current fiscal year (March 31, 2004)
Subsidiaries' shares and the shares of affiliated companies do not have a market price.	As on left

#### (5) Tax effect accounting

For the previous fiscal year (March 31, 2003)	For the current fiscal year (March 31, 2004)																																																																				
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<p>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 the legal effective tax rates themselves based upon post-revision tax rates with respect to temporary discrepancies to be eliminated from April 2004 onwards.</p> <p>In line with this revision, deferred tax assets fell 179 million yen, and the total adjustment to corporate taxes dealt with as expenses during the current year came to 168 million yen.</p>																																																																					

## (6) Per Share Information

Item	Previous fiscal year	Current fiscal year
Net assets per share	4,983.00 yen	5,534.17 yen
Net income per share	588.63 yen	560.82 yen
Diluted net income per share	Diluted net income per share for the fiscal year under review has not been included here, as there was no dilutory 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 dilutory effect on income at the end of the period.
	The “Accounting Standard for Per Share Net Income” (Corporate Accounting Standard No. 2) and the “Application Plan for the Accounting Standard for Per Share Net Income” (Corporate Accounting Standard Application Plan No. 4) have been applied beginning this consolidated fiscal year.	
	The effect of application of the above accounting standard and plan on Per Share Information for the previous fiscal year is as below:	
	(In yen)	
	Net assets per share 4,512.78	
	Net income per share 425.39	
	Diluted net income per share —	

Note: Basis for calculation of net income per share and diluted income per share

Item	For the previous fiscal year (Apr. 1, 2002 to Mar. 31, 2003)	For the current fiscal year (Apr. 1, 2003 to Mar. 31, 2004)
Net income	55,317 million yen	53,086 million yen
Amount not returned to common stock shareholders	98 million yen	106 million yen
Includes directors' bonuses distribution of profit	98 million yen	106 million yen
Net income relating to common stock	55,219 million yen	52,979 million yen
Average number of shares of common stock during the period	93,810,102 shares	94,467,918 shares
Outline of stock not included in diluted net income per share due to lack of dilutory effect	Stock options relating to treasury stock acquisition methods 209,000 shares	Stock options relating to treasury stock acquisition methods 204,000 shares

## 6. Results of Operations

### (1) Operating Revenue

(In millions of yen)

Item		For the previous fiscal year (Apr. 1, 2002 to Mar. 31, 2003)		For the current fiscal year (Apr. 1, 2003 to Mar. 31, 2004)	
		Amount	%	Amount	%
Interest on loans to customers	Unsecured loans	263,262	81.1	265,959	79.4
	Secured loans	47,483	14.6	54,663	16.3
	Small business loans	4,854	1.5	6,355	1.9
	Sub-total	315,600	97.2	326,978	97.6
Other financial revenue	Interest on deposits	10	0.0	6	0.0
	Interest on marketable securities	0	0.0	1	0.0
	Interest on loans	267	0.1	47	0.0
	Other	2	0.0	3	0.0
Sub-total	280	0.1	58	0.0	
Other operating revenue	Sales of property	306	0.1	50	0.0
	Service business sales	935	0.3	—	0.0
	Bad debt recovery write-off	3,896	1.2	3,738	1.1
	Other	3,652	1.1	4,150	1.3
Sub-total	8,791	2.7	7,940	2.4	
Total		324,671	100.0	334,977	100.0

Note: "Other" included in "Other operating revenue" consists of clerical fees and property rents.

### (2) Other Operating Indicators

(In millions of yen – except per share data)

Item		End of previous fiscal year (As of March 31, 2003)	End of current fiscal year (As of March 31, 2004)
Total amount of loans outstanding		1,413,340	1,451,638
	Unsecured loans	1,068,151	1,081,057
	Secured loans	322,840	342,637
	Small business loans	22,348	27,943
Number of customer accounts		2,284,539	2,246,179
	Unsecured loans	2,180,114	2,131,054
	Secured loans	87,029	93,935
	Small business loans	17,396	21,190
Number of branches		1,580	1,563
	Staffed branches	536	544
	Unstaffed branches	1,040	1,018
	Branches for secured loans	4	1
Number of "Ojidosan" loan-contracting machines		1,573	1,557
Number of ATMs		42,738	59,717
	Company-owned	1,676	1,661
	Partner-owned	41,062	58,056
Number of employees		3,502	3,397
Bad debt write-off		74,721	91,549
Allowance for bad debts		88,827	99,958
Net income per share (yen)		588.63	560.82
Net assets per share (yen)		4,983.00	5,534.17

Notes 1. Total amount of loans outstanding and the number of customer accounts do not include loans and customer accounts related to bankruptcy claims.

2. Furthermore, bad debt write-off, which came to 2,498 million yen at the end of the previous fiscal year and 2,781 million yen at the end of the current fiscal year, has not been included.

## 7. Changes to the Board of Directors

### (1) Director scheduled to be appointed

Name	Scheduled date of appointment
Kazuyoshi Wakamatsu	June 25, 2004

### (2) Directors scheduled to retire

Name	Scheduled date of retirement
Yuji Kataoka	June 25, 2004
Takashi Noda	June 25, 2004

### (3) Changes to the Directors' Positions

Effective June 25, 2004

Name	New post	Former post
Sadatoshi Kobayashi	Senior Managing Director, Head of Information Systems Department Administration Office Head of Inspection Department	Senior Managing Director, Head of Information Systems Department Administration Office
Shindaro Hashima	Managing Director, Head of Personnel Division Head of General Affairs Department Head of Legal Department	Managing Director, Head of General Affairs Department Head of Legal Department

### (4) Auditor scheduled to retire

Name	Scheduled date of retirement
Tadao Mushiake	June 25, 2004