September 24, 2008

Summary of Financial Results for the Fiscal Year Ended July 2008

Company name:	SFCG Co., Ltd.	Stock Exchange Listing: Tokyo Stock Exchange, First Section	
Stock code:	8597	URL: URL: http://www.sfcg-ir.com/jp/	

Representative: Kenshin Oshima, President and Chairperson of the Board of Directors
Contact: Toshihiro Takeshita, Director, General Manager of Accounting Division (Phone: +81-3-3270-4177)

Regular general meeting of shareholders:	October 24, 2008	Date of commencement of dividend payment:	October 28, 2008
Date of filing securities report:	October 27, 2008	Application of the unit stock system:	Yes (Unit stock: 10 shares)

1. Consolidated Financial Results for the Fiscal Year Ended July 31, 2008 (August 1, 2007 – July 31, 2008)

(1) Results of operations (Consolidated)

Yen in millions, rounded down

	Operating revenue		Operating profit		Recurring profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended July 2008	136,401	24.2	20,261	(43.8)	18,950	(46.8)	6,851	165.1
Fiscal year ended July 2007	109,825	5.6	36,039	34.3	35,620	32.2	2,584	(79.5)

Note: The figures in parentheses accompanying operating revenue, operating profit, recurring profit, and net income represent year-on-year changes.

	Net income per share (basic)	Net income per share (diluted)	Return on equity	Ratio of recurring profit to total assets	Ratio of operating profit to operating revenue
	Yen	Yen	%	%	%
Fiscal year ended July 2008	559.05	--	2.6	2.5	14.9
Fiscal year ended July 2007	211.04	--	1.0	4.9	32.8

Notes: Equity in earnings (losses) of non-consolidated subsidiaries and affiliates

Fiscal year ended July 2008:	(257 million yen)
Fiscal year ended July 2007:	(366 million yen)

(2) Financial positions (Consolidated)

Yen in millions, rounded down

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal year ended July 2008	750,470	282,218	35.5	21,756.79
Fiscal year ended July 2007	847,008	266,299	30.7	21,249.28

Notes: Shareholders' equity

Fiscal year ended July 2008:	266,417 million yen
Fiscal year ended July 2007:	260,203 million yen

(3) Cash flow position (consolidated)

Yen in millions, rounded down

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of fiscal year
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended July 2008	91,275	690	(114,565)	17,858
Fiscal year ended July 2007	(265,522)	(24,538)	268,954	40,350

2. Dividends

	Dividends per common share			Aggregate amount (annual)	Payout ratio (Consolidated)	Dividends/net assets (Consolidated)
	End of the first half	End of fiscal year	Annual			
	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended July 2008	150.00	150.00	300.00	3,673	53.6	1.4
Fiscal year ended July 2007	150.00	150.00	300.00	3,673	142.2	1.4
Fiscal year ended July 2009 (est.)	150.00	150.00	300.00		38.7	

3. Forecast (consolidated) for the Fiscal Year Ending July 2009 (August 1, 2008 − July 31, 2009)

Yen in millions, rounded down

	Operating revenue		Operating profit		Recurring profit		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen
Interim	40,000	(37.7)	8,000	(58.4)	7,600	(56.5)	3,800	(47.4)	310.32
Full year	101,000	(26.0)	20,000	(1.3)	19,000	(0.3)	9,500	38.7	775.81

Note: The figures in parentheses accompanying operating revenue, operating profit, recurring profit, and net income represent year-on-year changes.

4. Others

(1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): Yes

Newly included: 1 (SATO FOODS INDUSTRIES CO., LTD.)

Excluded: 1 (TZCS, Inc.)

(2) Accounting policies, accounting treatment, reclassifications, etc. in the preparation of the consolidated financial statements (See the section on Changes in Significant Accounting Policies in the Preparation of the Consolidated Financial Statements).

(a) Changes due to revision of accounting standards: None

(b) Changes other than in (a): Yes

Note: For details, see the section on Significant Accounting Policies in the Preparation of the Consolidated Financial Statements (Page 24).

(3) Number of shares outstanding at the end of period (common shares)

(a) Shares outstanding (including treasury stock)

As of July 31, 2008:	12,245,470 shares
As of July 31, 2007:	12,245,470 shares

(b) Treasury stock

As of July 31, 2008:	216 shares
As of July 31, 2007 :	183 shares

Note: See the section on Per Share Information (Page 46) for details on the basis (number of shares) of calculating consolidated net income per share.

(For reference)

1. Non-consolidated Financial Results for the Fiscal Year Ended July 31, 2008 (August 1, 2007 − July 31, 2008)

(1) Results of operations (Non-consolidated)

Yen in millions, rounded down

	Operating revenue		Operating profit		Recurring profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended July 2008	83,989	18.4	6,049	(75.4)	7,318	(72.9)	336	(97.7)
Fiscal year ended July 2007	70,910	2.6	24,556	14.9	27,033	21.7	14,607	266.6

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Fiscal year ended July 2008	27.50	--
Fiscal year ended July 2007	1,193.93	--

(2) Financial positions (Non-consolidated)

Yen in millions, rounded down

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal year ended July 2008	651,506	255,086	39.2	20,831.45
Fiscal year ended July 2007	666,199	256,845	38.6	20,975.05

Notes: Shareholders' equity

Fiscal year ended July 2008:	255,086 million yen
Fiscal year ended July 2007:	256,845 million yen

2. Forecast (Non-consolidated) for the Fiscal Year Ending July 2009 (August 1, 2008 − July 31, 2009)

Yen in millions, rounded down

	Operating revenue		Operating profit		Recurring profit		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen
Interim	24,000	(41.2)	1,600	(79.5)	1,800	(81.0)	900	(83.8)	734.98
Full year									

Forward-looking Statements and Other Notes

As announced on September 24, 2008, a holding company is scheduled to be established on February 16, 2009 through an equity transfer. The non-consolidated full-year forecast for the fiscal year ending July 2009 is not presented since it is difficult to reliably forecast the new holding company's operating results at this stage.

1. Results of Operations

(1) Fiscal Year Summary

During the 2008 fiscal year, which ended July 31, 2008, Japan's economy continued to recover at a moderate pace as strength in the corporate sector offset a continuation in sluggish household spending. Companies benefited from consistently strong exports to countries with emerging economies and resource-rich countries as well as from forward-looking capital expenditures. However, there was increasing downward pressure on the economy in the second half of the fiscal year because of several developments. The economy was impacted by financial market turmoil linked to the U.S. subprime loan problem, a rapid increase in the prices of crude oil and other natural resources, and a big drop in construction starts caused by enactment of Japan's amended Building Standards Law.

In the money-lending industry, the SFCG Group's operating environment was extremely difficult because of three major challenges: the risk of a severe credit crunch caused by the subprime loan crisis, as was illustrated by the Lehman Brothers problem; the risk of a steep downturn in Japan's real estate market; and risks associated with the enactment of Japan's amended Money Lending Business Control and Regulation Law.

In response to this difficult operating environment, the SFCG Group adopted an extremely conservative stance by making a substantial addition to the allowance for doubtful accounts. In addition, for the portfolio of SME loans, which is the core component of the SFCG Group's corporate financing business, group companies continue to place emphasis on loans secured by accounts receivable, real estate and other forms of collateral. Replacing existing loans with collateralized loans in order to minimize credit costs is a priority of ours.

The amended Money Lending Business Law was passed in December 2006 and officially announced. The provisions of this law are to become effective in stages over a period of about three and a half years. Amendments to this law will make our operating environment even more challenging. In particular, there will be a reduction in the maximum interest rate on loans that is prescribed by a law for investments, deposits, interest rates and other items.

Due to these factors, consolidated operating revenue was 136,401 million yen.

Performance by business segment was as follows.

①Corporate Financing and investment

In this segment, there was a gain of 19,095 million yen on the sale of investment in securities-operation as we sold a large volume of these securities. As a result, the group's balance of investments in securities-operation was 15,020 million yen at the end of the fiscal year. In the core SME loan business, credit costs increased to 32,187 million yen. This was the result of the adoption of stricter loan approval standards in response to the upcoming enactment of the amended Money Lending Business Law, the decision to switch to a conservative stance regarding additions to the allowance for doubtful accounts, and an addition to the allowance for losses on returned interest.

In the loan servicing business, Justice Servicer Co., Ltd. increased its balance of purchased receivables to about 1,300,000 million yen by purchasing the receivables of financial institutions that do not belong to the SFCG Group. The collection of these receivables is proceeding as planned, resulting in a good performance at this company.

The balance of commercial notes discounted decreased 88.3% to 3,612 million yen and loans to customers decreased 2.9% to 614,517 million yen. In total, the balance decreased 6.8% to 618,130 million yen.

Due to these activities, segment operating revenue increased 35.3% to 102,273 million yen and operating profit was down 45.6% to 17,253 million yen.

② Real Estate

The real estate segment represents mainly the rent guarantee business and the revitalization of existing residential buildings.

Subsidiary MAG, Inc., which is engaged primarily in the rent guarantee business, continued to increase the number of customers by conducting high-profile sales activities. In addition, there was growth in the number of registered real estate companies at MAGnet, the real estate information Web site operated by this company.

Subsidiary e-MAX Co., Ltd., which is engaged primarily in the revitalization of residential buildings, had to cope with challenging market conditions caused by the downturn in the existing housing market and the sharp increase in construction costs.

Segment operating revenue decreased 27.6% to 14,413 million yen and operating profit was down 40.2% to 1,888 million yen.

③Sporting Goods Manufacturing and Sales

The main activities in this segment are the manufacture and sale of golf products, the sale of health food, and the manufacture and sale of food products.

Maruman & Co., Ltd., which sells golf products, performed generally in line with its business plan. Sales growth was due mainly to the success of the Conductor brand, which was introduced during fiscal 2008, and to strong sales in the flagship Majesty brand, where Maruman introduced an entirely remodeled lineup in May 2007. Majesty sales were higher outside Japan, mostly in South Korea, China and Southeast Asia.

At Maruman Bio Co., Ltd., which sells health food products, sales were sluggish because of generally negative conditions in Japan’s health food market.

SATO FOODS INDUSTRIES CO., LTD., which manufactures and sells food products, became a consolidated subsidiary in fiscal 2008. The company was previously an equity-method affiliate. This company performed well in fiscal 2008, meeting the targets in its business plan.

Segment operating revenue increased 72.1% to 16,137 million yen and operating profit was up 223.6% to 1,760 million yen.

④Others

Revenue in the others segment represents mainly the sale of PC-related products, outsourced software development, and outsourced call center operations.

Fiscal 2008 performance was lackluster in all of these businesses.

As a result, segment operating revenue decreased 27.7% to 3,576 million yen and there was an operating loss of 1,343 million yen, representing a 231.7% decline, from fiscal year 2007.

⑤Outlook for Fiscal 2009

The outlook for the SFCG Group’s operating environment is extremely challenging. In particular, there are three significant risks: the risk of a credit crunch caused by financial market turmoil triggered by the U.S. subprime loan problem; the risk of a downturn in Japan’s real estate market; and risks associated with enactment of the provisions of the amended Money Lending Business Law, including a lower maximum lending rate.

We have established a conservative business plan for consolidated performance in fiscal 2009 based on the belief that these three risks will remain. Our forecast is for consolidated operating revenue of 101,000 million yen, operating profit of 20,000 million yen, recurring profit of 19,000 million yen and net income of 9,500 million yen.

(2) Financial Condition

(Assets, liabilities and net assets)

As of July 31, 2008, total assets were 750,470 million yen, 96,538 million yen less than at the end of fiscal 2007. Current assets decreased 59,308 million yen to 716,151 million yen mainly because of a decline in commercial notes bought. Non-current assets decreased 37,229 million yen to 34,319 million yen mainly because of a decline in investments in securities.

Liabilities decreased 112,456 million yen to 468,252 million yen mainly because of a decline in short-term borrowings.

Net assets decreased 15,919 million yen to 282,218 million yen mainly because of an increase in minority interests.

(Cash flows)
Cash flow from operating activities
Net cash provided by operating activities was 91,275 million yen compared with a negative cash flow of 265,522 million yen one year earlier. Cash was provided mainly by a net decrease in loans to customers.

Cash flow from investing activities
Net cash used provided by investing activities was 690 million yen compared with a negative cash flow of 24,538 million yen one year earlier. The positive cash flow was attributable mainly to a decrease in payments for the purchase of investments in affiliates.

Cash flow from financing activities
Net cash used in financing activities was 114,565 million yen compared with a positive cash flow of 268,954 million yen one year earlier. This was mainly the result of increases in repayments of short-term borrowings and long-term debt.

(Reference) Cash flow indicators

Years ended July 31	2004	2005	2006	2007	2008
Equity ratio (%)	54.5	50.5	43.3	30.7	35.5
Market cap equity ratio (%)	54.8	57.5	50.6	26.4	18.7
Cash flow debt repayment ratio (years)	—	—	—	—	—
Interest coverage ratio (times)	—	—	—	—	—

Equity ratio (%): Shareholders' equity/Total assets
Market cap equity ratio (%): Market capitalization/Total assets
Cash flow debt repayment ratio (%): Interest-bearing debt/Cash flow
Interest coverage ratio (times): Cash flow/Interest payments

Notes:
1. Consolidated figures are used to calculate all indicators.
2. Market capitalization is calculated by multiplying the closing stock price at the end of each fiscal year by the number of shares outstanding (net of treasury stock) at the end of that fiscal year.
3. Cash flows are operating cash flows.
4. Interest-bearing liabilities are the sum of all liabilities shown on the consolidated balance sheet that bear interest.

(3) Fundamental Policy for Allocation of Earnings, and current and next FY dividends
SFCG places priority on the distribution of earnings to shareholders. Our policy is to pay a stable dividend that reflects operating results, the need for retained earnings to fund future business activities, and the need to strengthen the operating framework.

In previous years, we made a single dividend payment for each fiscal year. In fiscal 2008, we paid an interim dividend for the purpose of distributing earnings to shareholders with greater flexibility. We plan to pay a dividend of 300 yen per share applicable to fiscal 2008, the sum of interim and year-end payments of 150 yen each.

Retained earnings will be used to reinforce all aspects of operations and meet the expectations of all stakeholders. This includes actions to enhance and strengthen the base of operations and reinvestments in businesses in order to increase corporate value.

(4) Business and Other Risk

Risk factors

(1) Risk concerning lending rate regulations, etc.

1) Risk concerning reduction in maximum lending rate

The maximum lending rate for non-bank lenders in Japan is 29.2% per annum as prescribed in the Acceptance of Contributions, Money Deposits and Interest Law (the “Contributions Law”). In December 2006, Japan passed and announced the amended Money Lending Business Control and Regulation Law (“Money Lending Business Law” hereafter). The maximum lending rate prescribed by the Contributions Law is to fall from 29.2% to 20% about three years after the announcement of the amended law. In addition, tighter restrictions will be imposed, such as the termination of the deemed valid repayment system under the Money Lending Business Law. These revisions, including the reduction in the maximum interest rate for loans, may have a significant negative impact on the Group’s performance.

2) Risk concerning demands for excess interest repayments

Article 1, Paragraph 1 of the Interest Rate Restriction Law makes invalid any portion of contractual interest on consumer loans that exceeds the maximum interest rate prescribed by this law (20% for principal of less than 100,000 yen, 18% for principal of at least 100,000 yen but less than 1 million yen, and 15% for principal of at least 1 million yen). However, Paragraph 2 of this article states that a borrower cannot demand the return of this excess interest (1) if the excess portion was paid voluntarily. Article 43 of the Money Lending Business Law states that if the written documents prescribed in this law’s Article 17 are given to the borrower when the loan is extended and if the borrower voluntarily pays the excess portion as interest, and furthermore that (2) if the written documents prescribed in Article 18 of this law are given to the borrower immediately after a payment and if that payment is recognized as a payment in accordance with a contract with which the written documents prescribed in Article 17 of the law have been provided, that the excess interest portion will be recognized as a valid interest repayment irrespective of the provisions of Article 1, Paragraph 1 of the Interest Rate Restriction Law. Such repayments are called “deemed valid repayments.” (hereafter, “deemed valid repayments” under the above regulations)

The contractual interest rates on loans currently offered by the SFCG Group (except certain loans) include interest rates that exceed the maximum lending rate prescribed by the Interest Rate Restriction Law. With regard to deemed valid repayments, where most litigation involves consumer loans, there has been a large volume of lawsuits in Japan demanding repayment of the portion of interest exceeding the maximum lending rate because of the failure of lenders to include all items required by the Money Lending Business Law in loan contracts and for other reasons. Japan’s judicial system has adopted a strict interpretation when reaching judgments concerning the fulfillment of requirements needed for a deemed valid repayment. SME loans are the primary business of the SFCG Group. Therefore, the number and monetary amounts of demands for repayments of excess interest submitted to the SFCG Group are smaller than in the consumer finance industry. However, the Group has received demands for the return of excess interest and has repaid this interest based on court verdicts and settlements.

Due to the increase in demands for excess interest repayments in the money-lending industry, the Japanese Institute of Certified Public Accountants in October 2006 announced guidelines for the establishment by consumer finance companies of allowances for losses resulting from interest repayment claims. SFCG has established this allowance in accordance with the above guidelines.

Nevertheless, if actual interest repayments exceed the estimates used for determining this allowance, there could be an impact on the Group’s performance.

(2) Risk concerning the allowance for doubtful accounts

The Group maintains an allowance for doubtful accounts with regard to loans to customers. However, actual loan losses may exceed the existing allowance due to a downturn in the economy, deterioration in the financial condition of borrowers, change in standards for posting the allowance, decline in the value of collateral, or other unforeseen events. In this case, the Group may record a loan loss. In addition, if the increase in interest repayment claims explained above causes money-lenders to adopt stricter credit approval standards, these standards could cause a deterioration in the financial condition of borrowers and result in unexpected loan losses. The Group has not established an allowance specifically for such events.

(3) Risk concerning fund procurement environment

The SFCG Group procures funds primarily through loans from financial institutions and by securitizing its assets. The Group may encounter a worsening in market conditions, such as an upturn in interest rates, difficulty in procuring funds due to a loss of confidence in the entire money-lending industry or the SFCG Group, or an increase in the cost of procuring funds. Any of these events could narrow the interest rate margin on the Group's loans to customers or prevent the Group from procuring funds required for its business operations, resulting in an impact on the Group's performance and financial condition.

(4) Risks concerning expansion to new business fields, changes in the product and service portfolio, and M&A and investments in other businesses

The SFCG Group plans to serve a larger number of loan customer segments as well as increase the balance of Shohkoh Revolving Loans to SMEs and the balance of loans secured by real estate and other collateral. In addition, the Group is considering the extension of operations to other business fields through its investment business and in other ways. However, these actions may not necessarily produce earnings as expected because of changes in the operating environment for businesses in which the Group has invested or the emergence of unexpected risks associated with expansion into other business fields. In some cases, the Group may not be able to recover its investments and loans. Furthermore, due to the expansion to other business fields, along with competition with other money lenders in the Group's existing SME loan business, the Group may become exposed to competition from companies in other fields that have more customers and resources than the Group. This may prevent the Group's risk management system and internal controls from functioning as in the past.

With regard to businesses acquired by the SFCG Group, there may be unexpected liabilities, expenses or goodwill amortization , and the Group may be required to post an impairment charge for investment securities.

The SGCG Group has used its investment business and other means to expand its business operations. Since there is no assurance that the Group can continue to grow in this manner, past performance is not necessarily an indication of future growth and earnings.

(5) Risk concerning decline in land prices

Through group member e-MAX and other companies, the Group is involved in the real estate business. In addition, the corporate financing business has a large volume of loans secured by real estate, and the Group plans to continue to extend these loans. If real estate prices in Japan decline, there may be a negative impact on the performance of the Group's real estate business. Furthermore, a decline in the value of real estate used as collateral for loans may have a negative impact on the Group's performance.

(6) Risks concerning the sporting goods manufacturing and sales business

SFCG, through group member Maruman & Co. and other companies, manufactures and sells sporting goods. An increase in competition or litigation resulting from the Group's infringement on the intellectual property of others may have a negative impact on the Group's performance. Moreover, since the Group manufactures and sells sporting goods in other countries, there is exposure to exchange rate risk, country risk and other risks associated with overseas operations.

(7) Risks concerning malfunctions of information or technological systems and networks

The SFCG Group relies on a variety of internal and external information and technological systems and networks to provide products and services to customers and manage its operations. These systems and networks are vulnerable to interruptions, delays, disruptions and other malfunctions due to human error, natural disasters, power interruptions, computer viruses and other events. Such problems could cause a suspension of the Group's business operations, a loss in customer trust or other problems that may have an impact on the Group's performance and financial condition.

(8) Risk concerning recruiting activities

The SFCG Group's business operations require many employees with skills in SME financing and other Group businesses as well as skill in marketing and other fields. However, the Group's employee turnover remains relatively high, partly due to the large number of experienced workers the Group recruits. If the Group is unable to recruit a sufficient number of employees with the proper training, there may be an impact on the Group's performance.

(9) Risk concerning changes in oversight and punishment by regulatory agencies and in laws and regulations

Many of the SFCG Group's businesses are subject to restrictions imposed by the Money Lending Business Law, Personal Information Protection Law and other laws and regulations. To prevent misconduct by its employees and others, the Group has systems to ensure compliance with laws and regulations and a system of internal controls. However, there is no assurance that these systems will function adequately. If the Group or one of its employees violates a law or regulation, the Group may receive an administrative punishment from a regulatory agency. In November 2005, SFCG was ordered to suspend business operations in its loan business.

In addition, a change or tightening in restrictions imposed on the Group due to a future revision or other change in laws may have a negative impact on the Group's performance.

2. The SFCG Group

The SFCG group of companies (SFCG and its associated companies) is made up of SFCG Co., Ltd., its parent company KE Holdings Co., Ltd., 137 subsidiaries and 5 affiliated companies. These companies are engaged mainly in corporate financing, investments, real estate, the manufacture and sale of sporting goods, food products and other items, the manufacture and sale of personal computer products, and IT system development and support services.

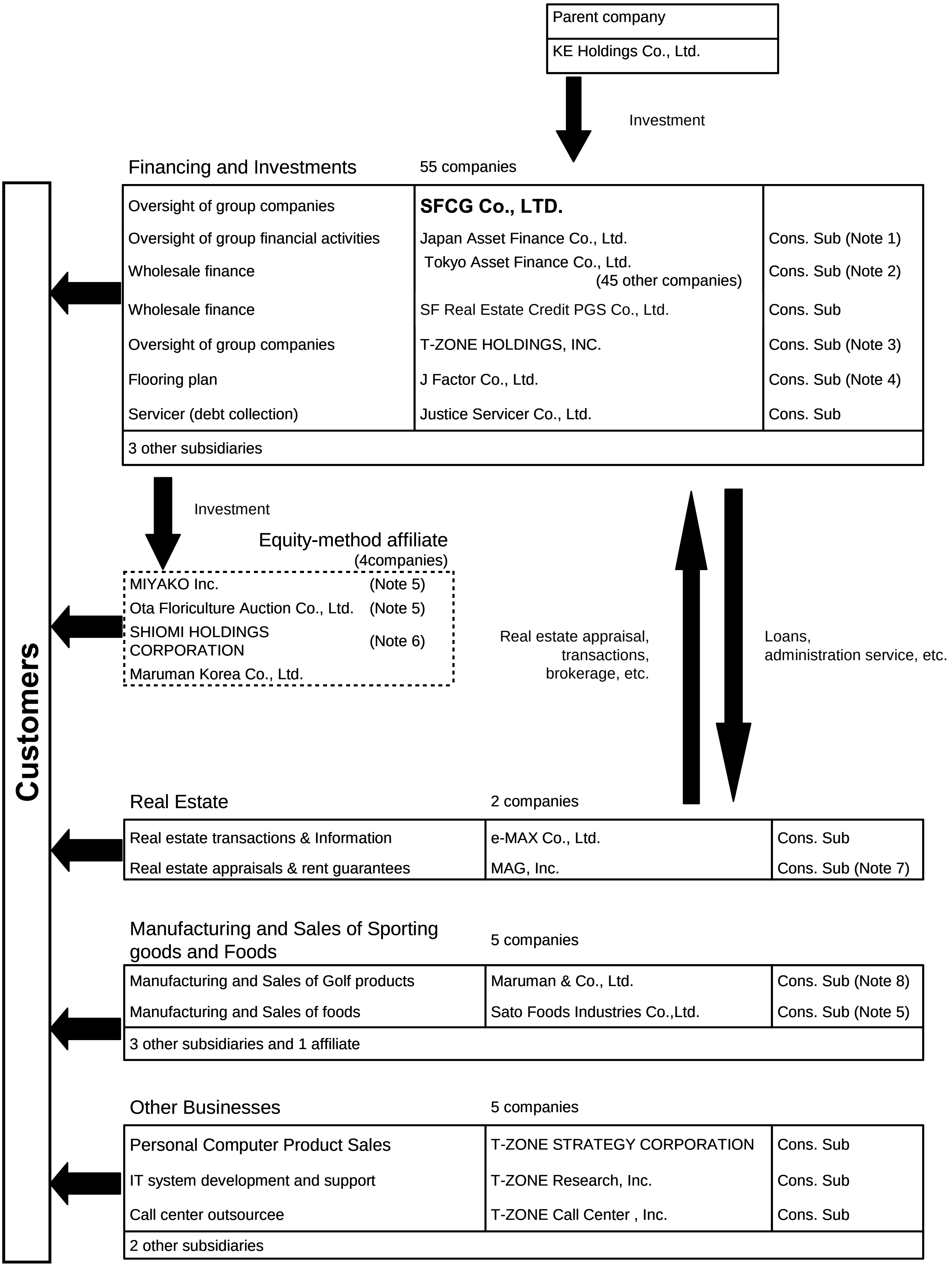
SFCG is engaged primarily in the oversight of group companies. Sales subsidiaries spun off from SFCG are engaged mainly in extending loans and discounting commercial notes for small and medium-sized enterprises (SME).

T-ZONE Holdings, Inc., which is registered on the JASDAQ market, oversees the activities of all affiliated companies engaged in the real estate business, manufacture and sale of sporting goods, food products and other items, and other businesses.

The SFCG Group's business activities and the relationships of SFCG and its associated companies with these activities are as follows.

(1) Corporate Financing and Investment
Business loans, wholesale loans, investments, venture capital, loan servicer business, others
SFCG Co., Ltd., Nippon Asset Finance Co., Ltd., Tokyo Asset Finance Co., Ltd. (and 45 other companies), SF REAL ESTATE CREDIT PGS CO., LTD., T-ZONE Holdings, Inc., J FACTOR CO., LTD., Justice Servicer Co., Ltd., and 3 other companies
(2) Real Estate
Real estate transactions, brokerage and management, provision of real estate information, real estate appraisals, others
e-MAX, Co., Ltd., MAG, Inc.
(3) Sporting Goods and Food Manufacturing and Sales
Manufacture and sale of golf products and food products
Maruman & Co., Ltd., SATO FOODS INDUSTRIES CO., LTD. and 3 other companies
(4) Others
Sale of personal computer parts, development of IT systems, system support, others
T-ZONE Strategy, Inc., T-ZONE Research, Inc., T-ZONE Call Center, Inc., and 2 other companies

A flowchart of business activities is presented below.



Parent company
KE Holdings Co., Ltd.

Investment

Financing and Investments 55 companies

Oversight of group companies	**SFCG Co., LTD.**	
Oversight of group financial activities	Japan Asset Finance Co., Ltd.	Cons. Sub (Note 1)
Wholesale finance	Tokyo Asset Finance Co., Ltd. (45 other companies)	Cons. Sub (Note 2)
Wholesale finance	SF Real Estate Credit PGS Co., Ltd.	Cons. Sub
Oversight of group companies	T-ZONE HOLDINGS, INC.	Cons. Sub (Note 3)
Flooring plan	J Factor Co., Ltd.	Cons. Sub (Note 4)
Servicer (debt collection)	Justice Servicer Co., Ltd.	Cons. Sub
3 other subsidiaries		

Investment

Equity-method affiliate (4companies)

MIYAKO Inc.	(Note 5)
Ota Floriculture Auction Co., Ltd.	(Note 5)
SHIOMI HOLDINGS CORPORATION	(Note 6)
Maruman Korea Co., Ltd.	

Real estate appraisal, transactions, brokerage, etc.

Loans, administration service, etc.

Customers

Real Estate 2 companies

Real estate transactions & Information	e-MAX Co., Ltd.	Cons. Sub
Real estate appraisals & rent guarantees	MAG, Inc.	Cons. Sub (Note 7)

Manufacturing and Sales of Sporting goods and Foods 5 companies

Manufacturing and Sales of Golf products	Maruman & Co., Ltd.	Cons. Sub (Note 8)
Manufacturing and Sales of foods	Sato Foods Industries Co.,Ltd.	Cons. Sub (Note 5)
3 other subsidiaries and 1 affiliate		

Other Businesses 5 companies

Personal Computer Product Sales	T-ZONE STRATEGY CORPORATION	Cons. Sub
IT system development and support	T-ZONE Research, Inc.	Cons. Sub
Call center outsourcee	T-ZONE Call Center , Inc.	Cons. Sub
2 other subsidiaries		

Notes:

1. Nippon Asset Finance Co., Ltd. is a wholly owned subsidiary of SFCG that was established by investing physical assets.
2. Tokyo Asset Finance Co., Ltd. and 45 other companies are wholly owned subsidiaries of SFCG that were established by spinning off SFCG business units.
3. The shares of T-ZONE Holdings are traded on the JASDAQ market. On August 1, 2008, T-ZONE Holdings merged with MAG and changed its name to MAG NET INC.
4. On March 4, 2008, Midas Capital changed its name to J FACTOR CO., LTD.
5. The shares of Miyako, Ota Floriculture Auction and SATO FOODS INDUSTRIES are traded on the JASDAQ market.
6. The shares of Shiomi Holdings are traded on the second section of the Osaka Securities Exchange.
7. The shares of Maruman & Co. are traded on the Hercules Market of the Osaka Securities Exchange.
8. MAG was absorbed by T-ZONE Holdings on August 1, 2008 and dissolved.

3. Management Policies

(1) Fundamental Management Policy

Since starting operations in December 1978, SFCG has been guided by a corporate philosophy of extending financial support to assist in the revitalization of SMEs by meeting their demand for funds. To manage credit quality, our fundamental policy is to extend three types of credit: small loans, short-term loans and retail loans to end users. To translate this corporate philosophy and management policy into concrete actions, we have placed priority on fostering the development of our workforce by using our own training system.

We will continue to pursue innovation and improvements by upgrading expertise in extending credit to SMEs and adhering to our customers-first policy. We are committed to preserving a powerful operating base that can consistently meet the funding needs of SMEs as well as to enlarging the scope of our operations.

(2) Policy Regarding Reduction in Investment Unit

One trading unit (tangen) is 10 shares, a level that management believes is sufficient to enable investors to purchase SFCG shares with ease.

(3) Medium- and Long-Term Management Strategies

SFCG is currently executing a medium-term plan with the goals of raising non-consolidated recurring profit to an all-time high of 42 billion yen and consolidated recurring profit to a record high of 50 billion yen. The plan will end in the fiscal year ending in July 2011.

As was explained in the results of operations section, we believe that the SFCG Group’s operating environment is becoming increasingly difficult. As a result, we established conservative business plans for fiscal 2007 and 2008. In addition, in the corporate financing business, the Group is building a sound loan portfolio, focusing resources on carefully selected business field, and further increasing collaboration among consolidated subsidiaries concerning business activities and human resources. The resulting improvement in the collective strengths of the SFCG Group will contribute to reaching the goals of the medium-term plan.

(4) Important Issues

1) Recruiting activities

SFCG must recruit talented sales personnel and other employees in order to achieve its medium- and long-term goals. We are hiring both new university graduates and experienced professionals, and further enhancing the training system for new employees.

2) Strict management of information

To comply with Japan’s Personal Information Protection Law, which became effective in April 2005, we have conducted employee training and upgraded the security of our information systems. For some time, we have managed the use of personal computers by employees by conducting important operations on the SFCG intranet and restricting the use of computers linked to the Internet. Furthermore, we encrypt data and will further reinforce our information leak prevention systems in order to handle information with even greater safety.

3) The maximum lending rate issue

In December 2009, amendments to several laws governing the money-lending business in Japan are to become effective. Among the laws affected are the Law Concerning Control on Acceptance of Capital Contributions, Deposits and Interest, the Interest Rate Restriction Law and the Money-Lending Business Control and Regulation Law. SFCG will maintain an operating framework capable of complying with these laws and taking appropriate actions.

(5) Other Important Items Concerning Management

None

4. Consolidated Financial Statements

(1) Consolidated balance sheets

Account	Notes	Fiscal year ended July 2007 (As of July 31, 2007)			Fiscal year ended July 2008 (As of July 31, 2008)		
		Amount (million yen)		Vs. Total (%)	Amount (million yen)		Vs. Total (%)
ASSETS							
I. Current assets							
1. Cash and deposits	*2		40,960			18,468	
2. Commercial notes discounted	*2 & *3		30,773			3,612	
3. Trade notes and accounts receivable			3,586			5,758	
4. Loans to customers	*2 & *3		632,594			614,517	
5. Investment securities - operation	*2		6,459			16,519	
6. Inventories	*2		16,856			18,262	
7. Deferred tax assets - current			6,864			11,682	
8. Deposits	*2		33,411			37,587	
9. Other current assets			21,371			25,749	
10. Allowance for doubtful accounts			(17,419)			(36,006)	
Total current assets			775,459	91.6		716,151	95.4
II. Non-current assets							
1. Property and equipment							
1)Buildings and structures	*1	1,014			3,982		
Accumulated amortization		477	537		1,866	2,116	
2)Vehicles and transportation equipment		100			5,625		
Accumulated amortization		27	72		4,491	1,134	
3)Office equipment and fixtures		1,265			1,559		
Accumulated amortization		892	373		1,214	345	
4)Land	*2		947			2,871	
5)Others			--			197	
Total property and equipment			1,931	0.2		6,664	0.9
2. Intangible assets			1,578	0.2		7,206	1.0

Account	Notes	Fiscal year ended July 2007 (As of July 31, 2007)			Fiscal year ended July 2008 (As of July 31, 2008)		
		Amount (million yen)		Vs. Total (%)	Amount (million yen)		Vs. Total (%)
3. Investments and other assets							
1) Investments in securities	*2		56,753			10,522	
2) Deferred tax assets—non-current			2,294			2,320	
3) Other Investment assets	*2		9,853			8,693	
4) Allowance for doubtful accounts			(863)			(1,088)	
Total investments and other assets			68,039	8.0		20,447	2.7
Total non-current assets			71,548	8.4		34,319	4.6
Total Assets			847,008	100.0		750,470	100.0
LIABILITIES							
I. Current liabilities							
1. Trade notes and accounts payable			3,344			2,642	
2. Re-discounted notes bought			16,699			--	
3. Short-term debt	*2		115,798			40,110	
4. Current portion of long-term debt	*2		64,721			56,841	
5. Commercial paper			35,700			4,700	
6. Income taxes payable			2,574			7,912	
7. Deferred tax liabilities - current			293			--	
8. Allowance for performance of loan guarantees			293			869	
9. Allowance for return goods unsold			169			109	
10. Allowance for loss on returned interest			4,921			--	
11. Other current liabilities			10,368			12,280	
Total current Liabilities			254,855	30.1		125,466	16.7

Account	Notes	Fiscal year ended July 2007 (As of July 31, 2007)		Fiscal year ended July 2008 (As of July 31, 2008)	
		Amount (million yen)	Vs. Total (%)	Amount (million yen)	Vs. Total (%)
II. Non-current liabilities					
1. Bonds		20,000		40,950	
2. Long-term debt	*2	305,311		287,934	
3. Accrued retirement benefits		19		16	
4. Allowance for guarantee obligations		24		26	
5. Allowance for loss on returned interest		--		13,454	
6. Deferred tax liabilities – non-current		36		1	
7. Other non-current liabilities		587		402	
Total non-current liabilities		325,853	38.5	342,785	45.7
Total Liabilities		580,708	68.6	468,252	62.4
NET ASSETS					
I. Shareholders' equity					
1. Common stock		79,149	9.3	79,149	10.5
2. Capital surplus		84,338	10.0	84,338	11.2
3. Retained earnings		97,151	11.5	101,962	13.6
4. Treasury stock		(3)	0.0	(4)	(0.0)
Total shareholders' equity		260,635	30.8	265,445	35.4
II. Valuation and translation adjustments					
1. Valuation difference on available-for-sale securities		63	0.0	1,897	0.3
2. Losses on deferred hedges		(792)	(0.1)	(841)	(0.1)
3. Foreign exchange translation adjustments		296	0.0	(85)	(0.0)
Total valuation and translation adjustments		(432)	(0.1)	971	0.1
III. Minority interests		6,095	0.7	15,801	2.1
Total Net Assets		266,299	31.4	282,218	37.6
Total Liabilities and Net Assets		847,008	100.0	750,470	100.0

(2) Consolidated statements of income

Account	Notes	Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)			Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)		
		Amount (million yen)		Vs. Total (%)	Amount (million yen)		Vs. Total (%)
I. Operating revenue							
1. Discount charges		3,271			2,647		
2. Interest income on loans		67,563			70,408		
3. Fees and commissions		4,410			4,213		
4. Sales		34,327			35,973		
5. Other operating revenue		252	109,825	100.0	23,156	136,401	100.0
II. Operating expenses							
1. Interest expenses		7,565			11,444		
2. Cost of sales		25,167			25,995		
3. Other operating expenses		6,688	39,421	35.9	7,614	45,054	33.0
Gross operating profit			70,403	64.1		91,347	67.0
III. Selling, general and administrative expenses	*1		34,364	31.3		71,085	52.1
Operating Profit			36,039	32.8		20,261	14.9
IV. Non-operating revenue							
1. Interest income		380			429		
2. Dividend income		16			28		
3. Rent received		71			18		
4. Gain on investments in investment associations		454			--		
5. Amortization of negative goodwill		33			--		
6. Other non-operating revenue		252	1,208	1.1	224	701	0.5
V. Non-operating expenses							
1. Interest expenses		1,072			1,269		
2. Loss on investments in equity-method affiliates		366			257		
3. Other non-operating expenses		189	1,612	1.5	485	2,011	1.5
Recurring Profit			35,620	32.4		18,950	13.9

Account	Notes	Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)			Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)		
		Amount (million yen)		Vs. Total (%)	Amount (million yen)		Vs. Total (%)
VI. Extraordinary profit							
1. Gain on sale of investments in affiliates	*2	4,118			238		
2. Prior-year income adjustments		273			258		
3. Gain on sale of property and equipment	*3	46			25		
4. Gain on investments in anonymous associations		134			99		
5. Other extraordinary profit		--	4,573	4.2	125	747	0.5
VII. Extraordinary loss							
1. Loss on disposal of property and equipment		301			98		
2. Prior-year income adjustment		--			196		
3. Bad debt loss	*4	23,502			--		
4. Unrealized loss on revaluation of investment in securities		--			1,356		
5. Loss on changes in interest in non-consolidated subsidiaries		--			979		
6. Provision of allowance for prior-year returned goods unsold		148			--		
7. Provision of allowance for prior-year loss on returned interest		1,759			--		
8. Other extraordinary loss		--	25,711	23.4	41	2,671	2.0
Income before income taxes, and minority interests			14,482	13.2		17,026	12.5
Income taxes (Income Tax, Inhabitant Taxes, Enterprise Tax)		13,383			14,239		
Deferred Tax		(3,343)	10,040	9.1	(5,754)	8,484	6.2
Minority interests			1,857	1.7		1,690	1.2
Net income			2,584	2.4		6,851	5.0

(3) Statement of Changes in Consolidated Shareholders' Equity

Fiscal year ended July 2007 (August 1, 2006 — July 31, 2007)

	Shareholders' equity				
	Common Stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of July 31, 2006 (million yen)	79,149	84,338	95,018	(2)	258,503
Changes in current consolidated fiscal year					
Dividends paid			(5,510)		(5,510)
Net income			2,584		2,584
Acquisition of treasury stock				(0)	(0)
Changes in interest in consolidated subsidiaries			5,142		5,142
Changes due to corporate restructuring			(83)		(83)
Changes due to inclusion of new consolidated subsidiaries			0		0
Net changes in items other than shareholders' equity	--	--	--	--	--
Aggregate change in the current consolidated fiscal year (million yen)	--	--	2,133	(0)	2,133
Balance as of July 31, 2007 (million yen)	79,149	84,338	97,151	(3)	260,635

	Valuation and translation adjustments				Minority interests	Total net assets
	Valuation difference on available-for sale securities	Gains or losses on deferred hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of July 31, 2006 (million yen)	3,723	(652)	162	3,232	7,188	268,924
Changes in current consolidated fiscal year						
Dividends paid						(5,510)
Net income						2,584
Acquisition of treasury stock						(0)
Changes in interest in consolidated subsidiaries						5,142
Changes due to corporate restructuring						(83)
Changes due to inclusion of new consolidated subsidiaries						0
Net changes in items other than shareholders' equity	(3,660)	(139)	134	(3,664)	(1,093)	(4,757)
Aggregate change in the current consolidated fiscal year (million yen)	(3,660)	(139)	134	(3,664)	(1,093)	(2,625)
Balance as of July 31, 2007 (million yen)	63	(792)	296	(432)	6,095	266,299

Fiscal year ended July 2008 (August 1, 2007 — July 31, 2008)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of July 31, 2007 (million yen)	79,149	84,338	97,151	(3)	260,635
Changes in current consolidated fiscal year					
Dividends paid			(3,673)		(3,673)
Net income			6,862		6,862
Acquisition of treasury stock				(1)	(1)
Changes in interest in consolidated subsidiaries			1,190		1,190
Changes due to corporate restructuring			3,767		3,767
Changes due to exclusion of consolidated subsidiaries			(3,324)		(3,324)
Net changes in items other than shareholders' equity					
Aggregate change in the current consolidated fiscal year (million yen)	--	--	4,822	(1)	4,822
Balance as of July 31, 2008 (million yen)	79,149	84,338	101,973	(4)	265,457

	Valuation and translation adjustments				Minority interests	Total net assets
	Valuation difference on available-for sale securities	Gains or losses on deferred hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of July 31, 2007 (million yen)	63	(792)	296	(432)	6,095	266,299
Changes in current consolidated fiscal year						
Dividends paid						(3,673)
Net income						6,862
Acquisition of treasury stock						(1)
Changes in interest in consolidated subsidiaries						1,190
Changes due to corporate restructuring						3,767
Changes due to exclusion of consolidated subsidiaries						(3,324)
Net changes in items other than shareholders' equity	1,834	(49)	(380)	1,405	9,706	11,111
Aggregate change in the current consolidated fiscal year (million yen)	1,834	(49)	(380)	1,405	9,706	15,932
Balance as of July 31, 2008 (million yen)	1,897	(841)	(84)	971	15,801	282,229

(4) Consolidated Statements of Cash Flows

Account	Notes	Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
		Amount (million yen)	Amount (million yen)
I. Cash flows from operating activities			
1. Income before income taxes and minority interests		14,482	17,026
2. Depreciation		1,043	2,347
3. Amortization of consolidation adjusting account		--	180
4. Amortization of negative goodwill		(33)	--
5. Increase/decrease in allowance for doubtful accounts		(14,567)	18,807
6. Increase in allowance for returned interest		3,088	8,533
7. Increase in allowance for returned goods unsold		169	(60)
8. Increase in allowance for performance of loan guarantees		243	576
9. Decrease in accrued retirement benefits		(13)	(3)
10. Interest and dividend income		(397)	(458)
11. Gain on sale of investment in securities		--	184
12. Gain on sale of investment in affiliates		(4,118)	--
13. Gain on sale of fixed assets		(46)	(11)
14. Loss on disposal of fixed assets		301	84
15. Gain on investments in anonymous associations		(134)	--
16. Decrease in commercial notes bought		3,914	10,461
17. Increase in loans to customers		(198,259)	18,077
18. Increase in investments in securities-operation		(850)	31,862
19. Increase in cash deposits		(70,506)	(4,176)
20. Increase in inventories		(5,215)	(243)
21. Increase in re-discounted notes bought		16,699	--
22. Other-net		7,655	(3,336)
Subtotal		(246,548)	99,853
23. Interest and dividend income received		689	1,356
24. Interest paid		(1,142)	(894)
25. Income tax paid		(18,521)	(9,041)
Net cash provided by (used in) operating activities		(265,522)	91,275

Account	Notes	Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
		Amount (million yen)	Amount (million yen)
II. Cash flows from investing activities			
1. Increase in deposits		(165)	(60)
2. Decrease in deposits		320	60
3. Payment for acquisition of property and equipment		(553)	(601)
4. Proceeds from sale of property and equipment		793	550
5. Payment for acquisition of intangible assets		(577)	(953)
6. Proceeds from sale of intangible assets		119	－
7. Payment for acquisition of investments in securities		(53,778)	(3,143)
8. Proceeds from sale of investments in securities		55,349	9,782
9. Payment for acquisition of investments in affiliates		(28,149)	－
10. Proceeds from sale of investments in affiliates		6,787	－
11. Payment for loans		(71,310)	(10,753)
12. Proceeds from collection of loans		66,460	5,300
13. Payment for acquisition of investment in capital		(39)	－
14. Net decrease due to sale of shares of subsidiaries excluded from consolidation		－	131
15. Other-net		204	376
Net cash provided by (used in) investing activities		(24,538)	690
III. Cash flows from financing activities			
1. Proceeds from short-term borrowings		171,519	131,219
2. Repayment of short-term borrowings		(108,774)	(208,187)
3. Proceeds from issuance of commercial paper		44,900	23,400
4. Payment for redemption of commercial paper		(38,500)	(54,400)
5. Proceeds from long-term debt		255,767	238,071
6. Repayment of long-term debt		(50,362)	(261,669)
7. Proceeds from issuance of bond		－	52,960
8. Payment for redemption of bond		－	(32,010)
9. Payment for purchase of treasury stock		(0)	(0)
10. Dividends paid		(5,467)	(3,673)
11. Dividends paid to minority shareholders		(128)	(274)
12. Payment for lease obligations		－	(0)
Net cash provided (used in) by financing activities		268,954	(114,565)
IV. Net increase/decrease in cash and cash equivalents		(21,106)	(22,600)
V. Cash and cash equivalents at beginning of year		61,445	40,350
VI. Cash and cash equivalents at beginning of year of subsidiaries included in consolidation from the fiscal year		11	108
VII. Cash and cash equivalents at end of year		40,350	17,858

Events and situations that may raise any substantial doubt upon the going concern presumption:

None

Significant Accounting Policies in the Preparation of Consolidated Financial Statements

Item	Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
1. Scope of consolidation		
1) Consolidate subsidiaries	The accompanying consolidated financial statements include the accounts of the Company and 60 of its subsidiaries. The principal subsidiaries are as follows: - Tokyo Asset Finance Co., Ltd. (45 other companies) - SF REAL ESTATE CREDIT PGS CO., LTD. - T-ZONE Holdings, Inc. - Midas Capital Co., Ltd. - T-ZONE Capital Inc. - Justice Servicer Co., Ltd. - e-MAX, Co., Ltd. - MAG, Inc. - Maruman & Co., Ltd. - Maruman Bio Co., Ltd. - T-ZONE STRATEGY CORPORATION - T-ZONE Call Center, Inc. - T-ZONE RESEARCH, INC. Effective from the current consolidated fiscal year, T-ZONE RESEARCH, INC. is included in the consolidation in order to bolster the Group's financial position and enhance its business performance. Effective from the current consolidated fiscal year, Tokyo Asset Finance Co., Ltd. and 45 other companies are included in the consolidation due to their establishment. Effective the current consolidated fiscal year, Messiah Investment Co., Ltd. and Venus Fund Holdings Co., Ltd. are excluded from the consolidation due to their merger with SFCG Co., Ltd. through absorption. In the current consolidated fiscal year, Midas Appraiser & Guarantee, Inc. changed its name to MAG, Inc.	The accompanying consolidated financial statements include the accounts of the Company and 65 of its subsidiaries. The principal subsidiaries are as follows: - Japan Asset Finance Co., Ltd - Tokyo Asset Finance Co., Ltd. (45 other companies) - SF REAL ESTATE CREDIT PGS CO., LTD. - T-ZONE Holdings, Inc. - J FACTOR CO. LTD. - Justice Servicer Co., Ltd. - e-MAX, Co., Ltd. - MAG, Inc. - Maruman & Co., Ltd. - Maruman Bio Co., Ltd. - T-ZONE STRATEGY CORPORATION - T-ZONE Call Center, Inc. - T-ZONE RESEARCH, INC. - SATO FOODS INDUSTREIS CO., LTD. Effective from the current consolidated fiscal year, SATO FOODS INDUSTREIS CO., LTD. is included in the consolidation, because the Company's capital interest in the company exceeded 50%. Effective from the current consolidated fiscal year, Japan Asset Finance Co., Ltd. is included in the consolidation, because of its establishment as a holding company to oversee group companies. Effective from the current consolidated fiscal year, TZCS, Inc. is excluded from the consolidation, because it was merged into SFCG Co., Ltd., Effective from the current consolidated fiscal year, Midas Capital Co., Ltd changed its name to J FACTOR CO. LTD.
2) Non-consolidate subsidiaries	(a) Principal non-consolidated subsidiaries - Jack and Betty Trading, Inc. - T-ZONE VI Fund Investment Limited Partnership (b) Reasons for excluding non-consolidated subsidiaries from the consolidation Non-consolidated subsidiaries are excluded from the consolidation since the entities are small-scale businesses whose combined assets, operating profit, interest in net income/loss or interest in retained earnings have no significant effect on the overall results of consolidated financial statements.	(a) Principal non-consolidated subsidiaries - Jack and Betty Trading, Inc. (b) Reasons for excluding non-consolidated subsidiaries from the consolidation Same as on the left.

Item	Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
2. Application of the equity method of accounting	(a) Equity method affiliates: 8 - BIOFERMIN PHARMACEUTICAL CO., LTD - SATO FOODS INDUSTRIES CO., LTD. - Riken Vitamin Co., Ltd. - NIPPON KANZAI Co., Ltd. - MIYAKO, INC. - Ota Floriculture Auction Co., Ltd. - Shiomi Holdings Corporation - Maruman Korea Co., Ltd. Effective from the current consolidated fiscal year, Ota Floriculture Auction Co., Ltd. and Shiomi Holdings Corporation are included in affiliates accounted for by the equity method because the Company increased its capital interest in the companies. Effective from the current consolidated fiscal year, Maruman Korea Co., Ltd. is included in affiliates accounted for by the equity method in consideration of its increased impact on the consolidated financial statements. (b) Principal non-consolidated subsidiaries not accounted for by the equity method - Jack and Betty Trading Co., Ltd. - T-ZONE VI Fund Investment Limited Partnership (c) Reasons for excluding not-consolidated subsidiaries from the scope of application of the equity method: Nineteen non-consolidated subsidiaries are excluded from the application of the equity method since they have no significant impact on the net income/loss (interest in income/loss) or on retained earnings (interest in retained earnings) in the context of the overall results of consolidated financial statements.	(a) Equity method affiliates: 4 - MIYAKO, INC. - Ota Floriculture Auction Co., Ltd. - Shiomi Holdings Corporation - Maruman Korea Co., Ltd. Effective from the current consolidated fiscal year, BIOFERMIN PHARMACEUTICAL CO., LTD., Riken Vitamin Co., Ltd., and NIPPON KANZAI Co., Ltd. were excluded from the affiliates accounted for by the equity method because the Company sold its stakes in those companies to third parties. (b) Principal non-consolidated subsidiaries not accounted for by the equity method - Jack and Betty Trading Co., Ltd. (c) Reasons for excluding not-consolidated subsidiaries from the scope of application of the equity method: Seventy-one non-consolidated subsidiaries are excluded from the application of the equity method since they have no significant impact on the net income/loss (interest in income/loss) or on retained earnings (interest in retained earnings) in the context of the overall results of consolidated financial statements.

Item	Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
3. Fiscal year of consolidated subsidiary	The consolidated subsidiaries' fiscal year, except the following subsidiaries, ends on the closing date for consolidated financial statements. The balance sheet dates of consolidated subsidiaries are as follows: March 31 - T-ZONE Holdings, Inc. - T-ZONE STRATEGY CORPORATION - T-ZONE Capital Inc. - MAG, Inc. - T-ZONE RESEARCH, INC. September 30 - Maruman & Co., Ltd. - Maruman Bio Co., Ltd. - MI TRADING CORPORATION - Maruman Enterprise & Co., Ltd. In case the period between the fiscal year-end of a consolidated subsidiary and July 31 exceeds three months, provisional financial statements of the consolidated subsidiary are used for the preparation of the consolidated financial statements. T-ZONE Holdings, Inc., T-ZONE STRATEGY CORPORATION, T-ZONE Capital Inc., MAG, Inc, T-ZONE RESEARCH, INC., Maruman & Co., Ltd., Maruman Bio Co., Ltd., MI TRADING CORPORATION and Maruman Enterprise & Co., Ltd. provisionally close their accounts on June 30. Appropriate adjustments are made for significant transactions in the period from the provisional fiscal year-end of the consolidated subsidiary and July 31.	The consolidated subsidiaries' fiscal year, except the following subsidiaries, ends on the closing date for consolidated financial statements. The balance sheet dates of consolidated subsidiaries are as follows: March 31 - T-ZONE Holdings, Inc. - T-ZONE STRATEGY CORPORATION - MAG, Inc. - T-ZONE RESEARCH, INC. - SATO FOODS INDUSTREIS CO., LTD. September 30 - Maruman & Co., Ltd. - Maruman Bio Co., Ltd. - Maruman Golf Co. Ltd. - MI TRADING CORPORATION In case the period between the fiscal year-end of a consolidated subsidiary and July 31 exceeds three months, provisional financial statements of the consolidated subsidiary are used for the preparation of the consolidated financial statements. T-ZONE Holdings, Inc., T-ZONE STRATEGY CORPORATION, MAG, Inc, T-ZONE RESEARCH, INC., SATO FOODS INDUSTREIS CO., LTD., Maruman & Co., Ltd., Maruman Golf Co. Ltd., Maruman Bio Co., Ltd., and MI TRADING CORPORATION provisionally close their accounts on June 30. Appropriate adjustments are made for significant transactions in the period from the provisional fiscal year-end of the consolidated subsidiary and July 31.
4. Summary of significant accounting policies		
1) Valuation basis and methods for significant assets	(a) Securities Other securities (Including certain Investments in Securities-Operation) Securities with market quotations Securities with market quotations are carried at air value on the balance sheet date. Unrealized gains or losses are included in net assets. Cost of securities sold is determined by the moving-average method Securities without market quotations Securities without market quotations are stated at cost, which is determined by the moving-average method. (b) Inventories Inventories are valued at cost, which is determined by the specific identification-method. (c) Derivatives Derivatives are measured at fair value.	(a) Securities Other securities (Including certain Investments in Securities-Operation) Securities with market quotations Same as on the left. Securities without market quotations Same as on the left. (b) Inventories Same as on the left. (c) Derivatives Same as on the left.

Item	Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
2) Depreciation of principal assets	(a) Property and equipment Depreciation of property and equipment is computed primarily by the declining-balance method. Depreciation on buildings (excluding leasehold improvements and auxiliary facilities attached to buildings) that have been acquired on and after April 1, 1998 is computed by the straight-line method. Estimated useful lives and residual value of property and equipment are computed as prescribed by the Japanese Corporation Tax law.	(a) Property and equipment Same as on the left.
	(b) Intangible assets (Software) The development costs of software intended for internal use are amortized over an expected useful life of five years by the straight-line method.	(b) Intangible assets (Software) Same as on the left.
3) Recognition of significant allowances	(a) Allowance for doubtful accounts To prepare for credit losses on accounts receivable, allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio, and bad receivables based on a case-by-case determination of collectibility.	(a) Allowance for doubtful accounts Same as on the left.
	(b) Accrued retirement benefits To provide for employee retirement benefits, an allowance for retirement benefits is provided based on the estimated retirement benefit obligations at the balance sheet date (calculated based on employees eligible for retirement benefits as of July 31, 2002).	(b) Accrued retirement benefits Same as on the left.
	(c) Allowance for performance of loan guarantees To prepare for losses in the rental guarantee business, allowances equal to the estimated amount of losses are provided based on the historical loss ratio.	(c) Allowance for performance of loan guarantees To prepare for losses in the rental guarantee business, allowances equal to the estimated amount of losses are provided based on the historical loss ratio. Effective from the current consolidated fiscal year, to prepare for potential losses caused by performance loan guarantees associated with asset liquidations, allowances equal to the estimated amount of losses are recognized.
	(d) Reserve for returned goods unsold An allowance is provided to prepare for possible future losses on returned goods unsold on the basis of historical returned goods unsold ratio.	(d) Reserve for returned goods unsold Same as on the left.

Item	Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
	(e) Allowance for loss on returned interest To reasonably prepare for loss on return of interest, allowances equal to the estimated amount of interest returned based on historical data and recent trends in the level of interest returned are provided. (Supplementary Information) In prior periods, the Company applied the Japanese Institute of Certified Public Accountants recommendation No. 24 (“Guidelines on Audit of Consumer Finance Companies to Comply with the Supreme Court Decisions about Practical Application of the Voluntary Repayment Rules Prescribed the Money Lending Control Law,” March 15, 2006). Accordingly, an “Allowance for Loss on Returned Interest “ was provided in view of the significance of those losses in the context of the consolidated financial statements. Effective from the current consolidated fiscal year, the Company changed the basis for calculating the allowance for loss on returned interest to conform with the “Application of Auditing for Provision of Allowance for Losses on Returned Interest in the Accounting of Consumer Finance Companies” of the Industry Practice Committee Report No. 37 (October 13, 2006) by the Japanese Institute of Certified Public Accountants. The Company recorded ¥1,759 million in “Provision for Losses on Returned Interest” as an extraordinary loss for the difference between the amount that was calculated in accordance with the above report (as of August 1, 2006) and the amount that was calculated in accordance with the standard applied in the previous fiscal year.	(e) Allowance for loss on returned interest To reasonably prepare for loss on return of interest, allowances equal to the estimated amount of interest returned based on historical data and recent trends in the level of interest returned are provided.
4) Accounting for leases	Finance leases, other than those where the ownership of the leased assets transfers to the lessee, are accounted for as operating leases in conformity with the prevailing accounting principles and practices generally accepted in Japan.	Same as on the left.
5) Accounting for hedge transactions	(a) Accounting for hedges Deferred hedge accounting has been adopted. Interest rate swaps that meet the conditions for special treatment are accounted for by the special treatment method. Hedges used to reduce foreign exchange fluctuation risk, which meet the specific identification criteria, are accounted by the specific identification method. (b) Hedging instruments and risks hedged Hedging instruments: Interest rate caps, interest rate swaps, interest rate swap options, and forward foreign exchange contracts. Risks hedged: Loans with variable interest rates, foreign currency-denominated sales receivables resulting from merchandise exports, and foreign currency-denominated payables resulting from raw material imports.	(a) Accounting for hedges Same as on the left. (b) Hedging instruments and risks hedged Hedging instruments: Interest rate caps, interest rate swaps, and interest rate swap options. Risks hedged: Same as on the left.

Item	Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
	(c) Hedging policy The Group enters into derivative financial transactions in accordance with the Group's internal rules to reduce its exposure to market risks from fluctuations in interest rates and foreign currency exchange rates.	(c) Hedging policy Same as on the left.
	(d) Assessing the effectiveness of hedge transactions Hedge effectiveness is determined by comparing cumulative changes in cash flows from the hedging instrument with those from risks hedged	(d) Assessing the effectiveness of hedge transactions Same as on the left.
6) Other significant policies in the preparation of financial statements	(a) Revenue recognition The Company recognizes interest income and fees from commercial notes bought and loans to customers on an accrual basis.	(a) Revenue recognition Same as on the left.
	(b) Accounting for consumption tax All amounts stated are exclusive of consumption and local taxes. The difference of suspense consumption tax paid less suspense consumption tax received is recorded in "other current liabilities," under "Current Liabilities."	(b) Accounting for consumption tax Same as on the left.
	(c) Application of the consolidated tax system Certain consolidated subsidiaries use the Consolidated Tax System.	(c) Application of the consolidated tax system Same as on the left.
5. Valuation of assets and liabilities of consolidated subsidiary	The full portion of assets and liabilities of consolidated subsidiaries is marked to fair value.	Same as on the left.
6. Amortization of goodwill	Goodwill is amortized over five years by the straight-line method. Small amounts are amortized lump sum in the year in which they are recognized.	Same as on the left.
7. Scope of cash and cash equivalents in consolidated statements of cash flows	For the purpose of consolidated statements of cash flows, cash and cash equivalents consist of vault cash, deposits that can be withdrawn on demand, and short-term investments with original maturities of three months or less, that are readily convertible to known amounts of cash and present insignificant risk of change in value.	Same as on the left.

Changes in Significant Accounting Policies in the Preparation of Consolidated Financial Statements

Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
Allowance for loss on returned goods unsold Effective from the current consolidated fiscal year, consolidated subsidiaries provide an allowance for returned goods unsold. In prior periods, consolidated subsidiaries deducted returned goods unsold as accrued from gross sales. However, following the spin off of the International Division and Special Products Division on October 1, 2006, it became possible to reasonably estimate future returned goods unsold based on customer profiles, and the shortening of the new products cycle. Accordingly, in view of the increasing importance of returned goods unsold, and to more precisely account for period profit/loss, effective from the current consolidated fiscal year, consolidated subsidiaries provide an allowance equal to the gross profit on the estimated amount of returned goods unsold. The effect of the adoption of the new method was to increase gross profit, operating profit and recurring profit by ¥20 million each and to reduce income before income taxes by ¥169 million, compared to the amounts that would have been reported if the previous method had been applied consistently.	―――――
Accounting Standards for Business Combinations and Divestitures Effective from the current consolidated fiscal year, the Company has adopted the “Accounting Standard for Business Combinations” (BAC Statement of Opinion, October 31, 2003), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, December 27, 2005), and “Guidance on Accounting Standards for Business Combinations and Divestitures” (ASBJ Guidance No. 10, December 27, 2005) of the Accounting Standards Board of Japan.	―――――
Change in method of depreciation of property and equipment In compliance with the fiscal 2007 revision of the Corporation Tax Law (Partial Revision of Income Tax Law, Law No. 6, March 30, 2007) and the Cabinet Order (Cabinet Order No. 83 of March 30, 2007) for the partial revision of the Corporation Tax Law Enforcement Guidance, depreciation on property and equipment acquired on and after April 1, 2007 is computed in accordance with the revised Corporation Tax Law. The adoption of the new depreciation method will have insignificant effect on the Company’s profit/loss.	―――――

Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
Revision of Practical Guidelines on Accounting Standards for Financial Instruments Effective from the current consolidated fiscal year, the Company has adopted the revised “Practical Guidelines on Accounting Standards for Financial Instruments” (Accounting Practice Committee Statement No.14 lastly modified on October 20, 2006). Accordingly, the company has reversed certain amounts, which were previously recognized in Valuation Difference on Other Securities, Minority Interests, and Current and Non-current Deferred Tax Liabilities in accordance with the Practical Guidelines prior to this revision. As a result, the balances have been reduced by ¥6,666 million in Valuation Difference on Available-for-sale Securities, ¥3,349 in Valuation Difference on Other Securities, ¥519 million in Minority Interests, ¥571 million in Current Deferred Tax Liabilities, and ¥2,225 million in Non-current Deferred Tax Liabilities.	――――――――
――――――――	Amortization of Goodwill and Adjusting Account for Investments in Equity-method Affiliates. In prior periods, goodwill and adjusting account for investments in equity-method affiliates were amortized over a period of five years using the straight-line method. Effective from the current consolidated fiscal year, the Company amortizes goodwill over a reasonable period not exceeding 20 years. The method of amortization was changed because the realization of benefits of investments, etc. often takes more than five years. The effect of this change was to increase operating profit by ¥248 million and increase ordinary profit and income before taxes by ¥408 million each, compared with the amounts that would have been reported if the previous method had been applied consistently.

Reclassifications

Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
Notes to Statements of Income Effective from the current consolidated fiscal year, “Amortization of Consolidation Adjusting Account” is reclassified and presented as “Amortization of Negative Goodwill”.	――――――――
Notes to Statements of Cash Flows Effective from the current consolidated fiscal year, “Amortization of Consolidation Adjusting Account” is reclassified and presented as “Amortization of Negative Goodwill.”	――――――――

Supplementary Information

None.

Notes to Consolidated Financial Statements

Notes to Consolidated Balance Sheets

Fiscal year ended July 2007
(as of July 31, 2007)

*1. Accumulated depreciation of plant and equipment:

¥1,397 million

*2. Assets pledged as collateral

Liabilities corresponding to assets pledged as collateral consisted of the following: Short-term borrowings (¥107,758 million), current portion of long-term debt (¥48,807 million), and long-term debt (¥267,299 million)

Assets Pledged as collate	Amount (¥mn)
Time deposits	530
Commercial notes bought	4,335
Loans to customers	531,718
Investment in securities-operation	5,731
Inventories	12,147
Property and equipment	172
Land	167
Investment in other securities	32,825
Total	587,627

The Company has entered into an agreement with certain banks and financial institutions under which the Company is required, at the lenders request, to furnish its “loans to customers” and “other trading credits” amounting to ¥14,468 million and ¥5,968 million respectively as collateral for debts to lenders. The balance of such debt, as of July 31, 2007 was ¥17,367 million, which was composed of short-term borrowings amounting to ¥450 million, the current portion of long-term debt amounting to ¥11,951 million and long-term debt amounting to ¥4,965 million.

Furthermore, the Company has entered into agreements with financial institutions to transfer their commercial notes bought and loans to customers, on an ongoing basis, and have accounted for these transactions as “loans with assets collateralized.” The balances of loans to customers and commercial notes bought reported in the accompanying balance sheet as of July 31, 2007 include those collateralized under this securitization scheme, amounting to ¥410,508 and ¥3,835 million, respectively.

In addition to the above, cash deposits related to securitization of commercial notes amounted to ¥33,411 million and ¥2,410 million were included in “other assets” under “investments and other assets.”

Fiscal year ended July 2008
(as of July 31, 2008)

*1. Accumulated depreciation of plant and equipment:

¥7,573 million

*2. Assets pledged as collateral

Liabilities corresponding to assets pledged as collateral consisted of the following: Short-term borrowings (¥33,083 million), current portion of long-term debt (¥48,842 million), and long-term debt (¥198,826million)

Assets Pledged as collate	Amount (¥mn)
Time deposits	530
Commercial notes bought	259
Loans to customers	401,298
Inventories	13,270
Property and equipment	295
Investment in other securities	4,981
Total	420,636

The Company has entered into an agreement with certain banks and financial institutions under which the Company is required, at the lenders request, to furnish its “loans to customers” amounting to ¥2,252 million as collateral for debts to lenders. The balance of such debt, as of July 31, 2008 was ¥3,086 million, which was composed of the current portion of long-term debt amounting to ¥3,056 million and long-term debt amounting to ¥30 million.

Furthermore, the Company has entered into agreements with financial institutions to transfer their commercial notes bought and loans to customers, on an ongoing basis, and have accounted for these transactions as “loans with assets collateralized.” The balances of loans to customers reported in the accompanying balance sheet as of July 31, 2008 include those collateralized under this securitization scheme, amounting to ¥353,561.

In addition to the above, cash deposits related to securitization of commercial notes amounted to ¥33,004 million and ¥2,410 million were included in “other assets” under “investments and other assets.”

Fiscal year ended July 2007 (as of July 31, 2007)	Fiscal year ended July 2008 (as of July 31, 2008)
*3. ————————	*3: The following assets were taken off the balance-sheet through asset liquidation: Commercial Notes: ¥16,407 million Loans to customers: ¥30,000 million
4: Items applicable to non-consolidated subsidiaries and affiliates consisted of the following: Commercial Notes: ¥54,623 million	4. ————————
5: Contingent liabilities Maximum guarantee related to rent guarantee business: ¥68,141 million	5: Contingent liabilities 1) Maximum guarantee related to rent guarantee business: ¥53,654 million 2) Guarantee obligations associated with asset liquidations: ¥27,081 million

Notes to Consolidated Statements of Income

Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)		Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)	
*1. Significant components of SG&A expenses		*1. Significant components of SG&A expenses	
Employee salary and bonuses:	¥6,253 million	Employee salary and bonuses:	¥6,327 million
Provision of allowance for doubtful accounts:	¥7,854 million	Provision of allowance for doubtful accounts:	¥29,951 million
Provision of allowance for loss on returned interest:	¥4,921 million	Provision of allowance for loss on returned interest:	¥13,454 million
*2: The gain on collection of written-off receivables is a significant component of the account.			
*3: Significant components of loss on sale of property and equipment are as follows:			
Loss on sale of property and equipment:	¥163 million		
Land:	¥123 million		
Building:	¥39 million		
Loss on removal of fixed assets:	¥135 million		
Buildings and structures:	¥34 million		
Office equipment and fixtures:	¥92 million		
Intangible assets (Telephone rights):	¥8 million		
Vehicles and transportation equipment:	¥0 million		
Loss on sale of investments in securities	¥ 2 million		
*4: Significant components of bad debt loss			
Represents the difference between the proceeds from the sale of certain loans to customers to Justice Servicer Co., Ltd., a consolidated subsidiary, and the book value of such loans as a result of the review of the system of collecting loans to customers and the book value.			

Notes to Changes in Consolidated Shareholders' Equity
Fiscal year ended July 2007 (August 1, 2006 — July 31, 2007)

1. Type and total number of shares issued and outstanding and type and total number of treasury stock

	Number of shares as of July 31, 2006	Increase in number of shares during the fiscal year	Decrease in number of shares during the fiscal year	Number of shares as of July 31, 2007
Shares issued and outstanding				
Common shares	12,245,470	--	--	12,245,470
Total	12,245,470	--	--	12,245,470
Treasury stock				
Common shares (see Note 1)	130	53	--	183
Total	130	53	--	183

Note 1: The increase in treasury stock (common shares) is due to the purchase of odd lot shares.

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
The Annual General Meeting of Shareholders (Oct. 27, 2006)	Common shares	3,673	300	July 31, 2006	Oct. 28, 2006
Meeting of Board of Directors (March 19, 2007)	Common shares	1,836	150	Jan 31, 2007	April 6, 2007

(2) Of the dividends for which the record date is in the consolidated fiscal year under review, dividends for which the effective date falls after the end of the consolidated fiscal year under review

Resolution	Type of shares	Aggregate amount of dividend (million yen)	Type of shares	Dividend per share (yen)	Record date	Effective date
The Annual General Meeting of Shareholders (Oct. 26, 2007)	Common shares	1,836	Retained earnings	150	July 31, 2007	Oct. 25, 2007

Fiscal year ended July 2008 (August 1, 2007 — July 31, 2008)

1. Type and total number of shares issued and outstanding and type and total number of treasury stock

	Number of shares as of July 31, 2007	Increase in number of shares during the fiscal year	Decrease in number of shares during the fiscal year	Number of shares as of July 31, 2008
Shares issued and outstanding				
Common shares	12,245,470	--	--	12,245,470
Total	12,245,470	--	--	12,245,470
Treasury stock				
Common shares (see Note 1)	183	33	--	216
Total	183	33	--	216

Note 1: The increase in treasury stock (common shares) is due to the purchase of odd lot shares.

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Meeting of Board of Directors (March 29, 2008)	Common shares	31,836	150	Jan 31, 2008	April 8, 2008

(2) Of the dividends for which the record date is in the consolidated fiscal year under review, dividends for which the effective date falls after the end of the consolidated fiscal year under review

Resolution	Type of shares	Aggregate amount of dividend (million yen)	Type of shares	Dividend per share (yen)	Record date	Effective date
The Annual General Meeting of Shareholders (Oct. 24, 2008, tentative)	Common shares	1,836	Retained earnings	150	July 31, 2008	Oct. 27, 2008 (tentative)

Notes to Consolidated Statements of Cash Flows

Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
1. Reconciliation of balance sheet items to cash and cash equivalents in the consolidated statements of cash flows Cash and cash equivalents: ¥40,960 million Time deposits with maturities longer than three months: (¥610 million) Total ¥40,350 million 2. Significant non-cash transactions The amount eliminated by netting of "guarantee deposits" and "long-term debt" during the current consolidated fiscal year: ¥50,291 million	1. Reconciliation of balance sheet items to cash and cash equivalents in the consolidated statements of cash flows Cash and cash equivalents: ¥18,468 million Time deposits with maturities longer than three months: (¥610 million) Total ¥17,858 million

Accounting for Leases

Fiscal year ended July 2007
(August 1, 2006－July 31, 2007)

1. Finance leases other than those where the ownership of the leased assets transfers to the lessee

(1) Acquisition costs, accumulated depreciation, and net book value for the leased assets as of the consolidated fiscal-year balance date:

(million yen)

	Estimated Acquisition costs	Accumulated Depreciation	Net book value
Office equipment & fixtures	3,098	1,282	1,815
Intangible Assets	815	299	516
Total	3,914	1,582	2,331

(2) The present value of future lease expenses

Within one year:	¥1,020 million
More than one year:	¥1,747 million
Total future lease expenses:	¥2,767 million

(3) Lease expenses paid, depreciation expenses recognized, and interests expenses recognized

Lease expenses:	¥952 million
Depreciation equivalents:	¥911 million
Interest equivalents:	¥60 million

(4) Recognition of depreciation

Depreciation is calculated using the straight-line method over the contract term of the leased assets (with no residual value).

(5) Recognition of interest expenses

Difference between the total lease fees and the estimated acquisition costs are allocated to each period as interest expenses under the interest method.

Fiscal year ended July 2008
(August 1, 2007－July 31, 2008)

1. Finance leases other than those where the ownership of the leased assets transfers to the lessee

(1) Acquisition costs, accumulated depreciation, and net book value for the leased assets as of the consolidated fiscal-year balance date:

(million yen)

	Estimated Acquisition costs	Accumulated Depreciation	Net book value
Office equipment & fixtures	2,979	1,837	1,142
Intangible Assets	1,038	526	511
Total	4,018	2,364	1,653

(2) The present value of future lease expenses

Within one year:	¥1,008 million
More than one year:	¥972 million
Total future lease expenses:	¥1,981 million

(3) Lease expenses paid, depreciation expenses recognized, and interests expenses recognized

Lease expenses:	¥939 million
Depreciation equivalents:	¥864 million
Interest equivalents:	¥70 million

(4) Recognition of depreciation

Same as on the left.

(5) Recognition of interest expenses

Same as on the left.

Securities

1. Securities with market quotations classified as "Other Securities"

	Fiscal year ended July 2007 (As of July 31, 2007)			Fiscal year ended July 2008 (As of July 31, 2008)		
	Acquisition cost (million yen)	Carrying value (million yen)	Unrealized gain/loss (million yen)	Acquisition cost (million yen)	Carrying value (million yen)	Unrealized gain/loss (million yen)
(1) Equity securities	5,765	6,474	709	1,693	1,487	(205)
(2) Debt securities	--	--	--	--	--	--
(3) Others	14	30	15	117	114	(2)
Total	5,779	6,504	725	1,810	1,601	(207)

2. Securities without market quotations classified as "Other Securities"

	Fiscal year ended July 2007 (As of July 31, 2007)	Fiscal year ended July 2008 (As of July 31, 2008)
	Carrying Value (million yen)	Carrying Value (million yen)
Securities classified as "Other"		
Money management funds etc	--	--
Equity securities without market quotations	284	894

Derivatives

1. Transaction status

Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
1) Description and purpose of transactions The Company and its consolidated subsidiaries are using interest rate caps, interest rate swaps, and interest rate swap options for the purpose of fixing the impact on interest expenses by an increase of the interest rate in future. Accompanying such derivative transactions, the Company applies the accounting for hedges. See the Section of Significant Accounting Policies in the Preparation of Consolidated Financial Statements for details about the accounting for hedges, hedging instruments, and risks hedged.	1) Description and purpose of transactions Same as on the left.
2) Policy of transactions As a policy of the Company and its consolidated subsidiaries, using of derivative transactions should be limited to the purpose of hedging the volatility risk in the interest rates or foreign currency rates, while no derivative dealing for speculation purposes is allowed.	2) Policy of transactions Same as on the left.
3) Risks regarding transactions In general, derivative transactions may mainly involve market risks regarding losses caused by fluctuations of the interest rates or foreign currency rates, and credit risks regarding losses caused by contractual defaults due to bankruptcy or other difficulties of a related party of the transactions. In the case of the Company and its consolidated subsidiaries, there is no exposure to such credit risks, since we have dealings only with financial institutions and securities companies with a high credit rating. With regard to interest rates caps, our risk is limited to the premium paid at the time of closing.	3) Risks regarding transactions Same as on the left.
4) Risk management systems With regard to the management of derivative transactions, the Company's treasury department and, partially, some subsidiaries' administration departments are responsible to this. Though there is no specific internal regulation regarding such transactions, every transaction including closings and renewal of contracts is executed in accordance with the general approval and authority regulations.	4) Risk management systems Same as on the left.
5) Supplemental information on fair value of the transactions Any amounts such as derivative contracts do not present a magnitude of risks involved in derivative transactions.	5) Supplemental information on fair value of the transactions Same as on the left.

2. Contract value, fair market value, and revaluation gain/loss for derivatives

Derivatives related to interest rates

	Fiscal year ended July 2007 (As of July 31, 2007)			Fiscal year ended July 2008 (As of July 31, 2008)		
	Amount of contract (million yen)	Fair market value (million yen)	Revaluation gain/loss (million yen)	Amount of contract (million yen)	Fair market value (million yen)	Revaluation gain/loss (million yen)
Interest rate cap	10,000	84	(112)	10,000	51	(96)
Interest rate swap						
Fixed payment/ variable receipt	3,000	(50)	13	3,000	(24)	26
Total	13,000	34	(99)	13,000	27	(70)

Notes

Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
1) Fair market value is based on quotations posted by the contracting financial institutions. 2) Policy of transactions As a policy of the Company and its consolidated subsidiaries, using of derivative transactions should be limited to the purpose of hedging the volatility risk in the interest rates or foreign currency rates, while no derivative dealing for speculation purposes is allowed.	1) Same as on the left. 2) Policy of transactions Same as on the left.

Retirement allowance

Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
1. Description of the retirement allowance systems The Company and some of its consolidated subsidiaries have retirement allowance systems based on defined benefit plans. The Company revised its retirement allowance system on July 31, 2002 and the amounts calculated at the time of the revision will be paid when retiring.	1. Description of the retirement allowance systems Same as on the left.
2. Liabilities for the retirement allowance 1) Liabilities for the retirement allowance: (¥19 million) 2) Retirement allowance reserve: (¥19 million)	2. Liability for the retirement allowance 1) Liability for the retirement allowance: (¥16 million) 2) Retirement allowance reserve: (¥16 million)
3. Retirement allowance expenses 1) Service costs: -- 2) Interest expenses: -- 3) Amortization of actuarial calculation adjustments: -- 4) Total --	3. Retirement allowance expenses 1) Service costs: -- 2) Interest expenses: -- 3) Amortization of actuarial calculation adjustments: -- 4) Total --
4. Calculation basis for the liabilities for the retirement allowance	4. Calculation basis for the liabilities for the retirement allowance

Stock options

None

Tax Effect Accounting

Information on tax effect accounting is not presented here because this information is not significant in the context of the summary of the consolidated financial results.

Business combination

Transaction of the business combination under fully controlled entities

Consolidated fiscal year ended July 31, 2007 (August 1, 2006 – July 31, 2007)

Merger by absorption

1. Name and business of companies involved in the business combination, legal structure of the business combination, name of the surviving company, and outline and purpose of the business combination	
(1) Name and business of companies involved in the business combination	Messiah Investment Co., Ltd. Investment business Venus Fund Holdings Ltd. Investment business
(2) Legal structure of the business combination	Merger by absorption
(3) Name of the surviving company	SFCG Co., Ltd.
(4) Outline and purpose of the business combination	a. Purpose of the merger To respond immediately to the rapid changes of the business environment in the lending industry and to streamline and simplify the group business structure. b. Effective date of the merger January 16, 2007
2. Accounting for the business combination	
The merger has been accounted as a transaction of the business combination of fully controlled entities in accordance with “Accounting Standard for Business Combinations” (BAC Statement of Opinion, October 31, 2003) and “Guidance on Accounting Standards for Business Combinations and Divestitures” (ASBJ Guidance No. 10, December 27, 2005) of the Accounting Standards Board of Japan.	

Consolidated fiscal year ended July 31, 2008 (August 1, 2007 – July 31, 2008)

Merger by absorption

1. Name and business of companies involved in the business combination, legal structure of the business combination, name of the surviving company, and outline and purpose of the business combination	
(1) Name and business of companies involved in the business combination	TZCS, Inc Investment management and real estate consulting
(2) Legal structure of the business combination	Merger by absorption
(3) Name of the surviving company	SFCG Co., Ltd.
(4) Outline and purpose of the business combination	a. Purpose of the merger To consolidate the whole group’s securities investment-related businesses at the parent company and to establish more dynamic management of the Group’s investment businesses. b. Effective date of the merger March 26, 2008
2. Accounting for the business combination	
The merger has been accounted as a transaction of the business combination of fully controlled entities in accordance with “Accounting Standard for Business Combinations” (BAC Statement of Opinion, October 31, 2003) and “Guidance on Accounting Standards for Business Combinations and Divestitures” (ASBJ Guidance No. 10, December 27, 2005) of the Accounting Standards Board of Japan.	

Segment information

a. Industry segment information

Consolidated fiscal year ended July 31, 2007 (August 1, 2006 – July 31, 2007)

Yen in millions

	Financing and investment	Real estate	Sales and manufacturing of sporting and other goods	Other businesses	Total	Eliminations or Corporate	Consolidated
I. Sales and operating profit/loss							
Sales							
1) Sales to external customers	75,601	19,898	9,376	4,949	109,825	--	109,825
2) Inter-segment sales and transfers	1,152	103	36	4,691	5,984	(5,984)	--
Total	76,753	20,002	9,413	9,640	115,809	(5,984)	109,825
Operating expenses	45,042	16,844	8,869	8,619	79,376	(5,589)	73,786
Operating profit	31,711	3,157	543	1,020	36,433	(394)	36,039
II. Assets, depreciation expenses and capital expenditure							
Assets	828,411	19,223	7,310	4,269	859,245	(12,237)	847,008
Depreciation expenses	741	29	102	170	1,043	--	1,043
Capital expenditure	535	176	391	224	1,329	--	1,329

Notes:

1. Basis of segmentation

The Company's businesses are classified with respect to the type, nature and similarity of business transactions.

2. Major products and activities of each segment

1) Financing and investments: Loans, investments, loan servicer business, and others
2) Real estate: Real estate transactions, brokerage, management, and others
3) Sales and manufacturing of sporting and other products: Manufacture and sale of golfing and other products
4) Other businesses: Sale of PC peripherals, IT systems development, and others

Consolidated fiscal year ended July 31, 2008 (August 1, 2007 – July 31, 2008)

Yen in millions

	Financing and investment	Real estate	Sales and manufacturing of sporting and other goods	Other businesses	Total	Eliminations or Corporate	Consolidated
I. Sales and operating profit/loss							
Sales							
1) Sales to external customers	102,273	14,413	16,137	3,576	136,401	--	136,401
2) Inter-segment sales and transfers	995	90	6	3,708	4,799	(4,799)	--
Total	103,268	14,503	16,143	7,285	141,200	(4,799)	136,401
Operating expenses	86,015	12,615	14,382	8,628	121,642	(5,503)	116,139
Operating profit	17,253	1,888	1,760	(1,343)	19,558	(703)	20,261
II. Assets, depreciation expenses and capital expenditure							
Assets	735,897	18,875	26,989	4,894	786,657	(36,186)	750,470
Depreciation expenses	524	17	525	45	1,113	--	1,113
Capital expenditure	158	42	478	875	1,555	--	1,555

Notes:

1. Basis of segmentation

The Company's businesses are classified with respect to the type, nature and similarity of business transactions.

2. Major products and activities of each segment

1) Financing and investments: Loans, investments, loan servicer business, and others
2) Real estate: Real estate transactions, brokerage, management, and others
3) Sales and manufacturing of sporting and other products: Manufacture and sale of golfing and other products
4) Other businesses: Sale of PC peripherals, IT systems development, and others

b. Geographical Segment Information

Geographical segment information is not presented for the current and previous consolidated fiscal years, since the Company and its consolidated subsidiaries did not have consolidated subsidiaries or branch offices in countries and regions outside Japan.

c. Overseas Sales

Overseas sales information is not presented for the current and previous consolidated fiscal years, since overseas sales represented less than 10% of total consolidated sales.

Related Party Transactions

Consolidated fiscal year ended July 31, 2007 (August 1, 2006 – July 31, 2007)

a. Directors and major individual shareholders

Relationship	Name of company	Address	Capital (million yen)	Business	Voting rights held	Connection with the Company		Description of transactions	Transaction amount (¥mn)	Account	Year-end balance (¥mn)
						Joint directors	Business				
A company in which a director of the Company or his/her family member owns a majority of the voting rights	Full House Co. Ltd.	Shinagawa-ku, Tokyo	10	Consulting	--	Directors concurrently on board: 1	--	Payment of consignment fees (Note 3)	22	--	--

Notes:

1. The transaction amount above does not include consumption taxes.
2. Descriptions and basic policy about terms and conditions of the transactions:
   Terms and conditions of the transaction including prices are decided as same as those of other general transactions.
3. Wataru Kikuchi, a director of the Company, owns 80% of the voting rights in the company.

Consolidated fiscal year ended July 31, 2008 (August 1, 2007 – July 31, 2008)

a. Directors and major individual shareholders

Relationship	Name of company	Address	Capital (million yen)	Business	Voting rights held	Connection with the Company		Description of transactions	Transaction amount (¥mn)	Account	Year-end balance (¥mn)
						Joint directors	Business				
A company in which a director of the Company or his/her family member owns a majority of the voting rights	Full House Co. Ltd.	Shinagawa-ku, Tokyo	10	Consulting	--	Directors concurrently on board: 1	--	Payment of consignment fees (Note 3)	15	--	--

Notes:

1. The transaction amount above does not include consumption taxes.
2. Descriptions and basic policy about terms and conditions of the transactions:
   Terms and conditions of the transaction including prices are decided as same as those of other general transactions.
3. Wataru Kikuchi, a director of the Company, owns 80% of the voting rights in the company.

Per share information

Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
Net assets per share: ¥21,249.28 Net income per share (basic): ¥211.04 Net income per share (diluted) is not presented, since there was no outstanding potential stock with dilution effects.	Net assets per share: ¥21,756.79 Net income per share (basic): ¥559.49 Net income per share (diluted) is not presented, since there was no outstanding potential stock.

Note: The following is a reconciliation of basic net income per share to diluted net income per share.

	Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
Net income per share (basic)		
Net income (¥mn)	2,584	6,851
Net income not available to common shareholders (¥mn)	--	--
Net income available to common shareholders (¥mn)	2,584	6,851
Weighted average number of shares outstanding (thousand)	12,245	12,245
Diluted net income per share		
Adjustments to net income (¥mn)	--	--
(of which interest paid, net of tax)	--	--
Increase in number of common shares (thousand)	--	--
Description about potential stocks that are not taken into account in the calculation of net income per share (diluted) since they have no dilution effect.	Bonds with subscription warrants issued in 2004 (the total face amount: ¥20,000 million) and a class of subscription warrants (the number of warrants: 20,000).	Bonds with subscription warrants issued in 2004 (the total face amount: ¥950 million), a class of subscription warrants (the number of warrants: 9,500), and bonds with subscription warrants issued in 2008 (the total face amount: ¥40,000 million) , a class of subscription warrants (the number of warrants: 40,000),

Subsequent Events

Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
The board of directors of KE Holdings Co., Ltd., the privately owned parent company of SFCG Co., Ltd., approved a resolution on September 27, 2007 to cancel the planned merger with SFCG subsidiary TZONE Holdings, Inc. (that was announced on May 24, 2007) and the merger with Bluebird Co., Ltd. (that was announced on August 22, 2007).	Direct Holding of e-MAX Stock, a Consolidate Subsidiary On August 26, 2008, the Company's board of directors approved a resolution to purchase all shares of subsidiary e-MAX, Co., Ltd. (privately owned) from MAG NET, INC. (previously called T-Zone Holdings, Inc). 1. Profile of the consolidated subsidiary to be sold 1) Name: e-MAX Co., Ltd. 2) Representative: Ken Miyachi, Representative Director 3) Head office: 3-2-15, Nihonbashi-Muromachi, Chuo-ku, Tokyo 4) Date of establishment: December 27, 1996 5) Principal activities: Purchase and sale of real estate, and auction information services 6) Fiscal year end: July 31 7) Number of Employees: 43 (as of July 31, 2008) 8) Locations of principal activities: Head office 9) Capital: ¥1,864,400,000 (as of July 31, 2008)

Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
	10) Shares issued: 184,110 shares 11) Major shareholders and % of shares held: Shares held / Pct of shares held MAG NET, INC 149,110 100% 12) Financial highlights for the recent fiscal years:

(Yen in thousands)

	Fiscal year ended July 2007	Fiscal year ended July 2008
Net sales	16,355,378	10,266,608
Operating income	1,383,929	541,118
Recurring profit	1,128,447	176,919
Net income	709,590	139,163
Total assets	16,501,560	16,050,195
Net assets	5,161,621	5,829,934

2. Profile of seller

1) Name:	MAG NET, Inc.
2) Representative:	Naoki Yoshida, Representative Director
3) Head office:	3-2-15, Nihonbashi-Muromachi, Chuo-ku, Tokyo
4) Principal activities:	Investments and real estate rent guarantees
5) Relationship with SFCG:	Subsidiary company. Two of SFCG’s directors sit on MAG NET’s board. Transactions include sale of stock.

3. Changes in ownership of stock

Before sale

Shareholder	Shares held	Pct of voting rights held
MAG NET, Inc.	149,110	100%
SFCG Co. Ltd.	0	0%

After sale

Shareholder	Shares held	Pct of voting rights held
MAG NET, Inc.	0	0%
SFCG Co. Ltd.	149,110	100%

4. Shares and price

Number of shares:	149,110 shares
Price:	¥5,829,389,188 (¥39,095 per share)

5. Timetable

August 26, 2008:	Approval of resolution by directors, and signing of sales contract
August 26, 2008:	Transfer of stock

	Direct Holding of Shiomi Holding Stock, an Equity-method Subsidiary On August 28, 2008, the Company’s board of directors approved a resolution to purchase all shares of Shiomi Holdings, Co., Ltd. (listed on Second Section of Osaka Securities Exchange) from its subsidiary MAG NET, INC. 1. Profile of the equity-method subsidiary to be sold

Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)

1) Name:	Shiomi Holdings Co., Ltd.
2) Representative:	Nobutaka Shiomi, President, Representative Director
3) Head office:	1-8 Nishikojin-machi, Minami-ku, Hiroshima City, Hiroshima Prefecture
4) Date of establishment:	September 28, 2004
5) Principal activities:	Planning, design, supervision, and execution of architectural and civil engineering construction projects
6) Fiscal year end:	March 31
7) Number of Employees:	1,266 (as of March 31, 2008)
8) Locations of principal activities:	Head office
9) Capital:	¥2,534,105,000 (As of March 31, 2008)
10) Shares issued:	27,276,701 shares

11) Major shareholders and % of shares held:

	Shares held	PCT of shares held
MAG NET, INC	8,757,100	32.17%
Nobutaka Shiomi	2,805,600	10.30%

12) Financial highlights for the recent fiscal years:

(Yen in thousands)

	Fiscal year ended March 2007	Fiscal year ended March 2008
Net sales	35,175,745	36,965,379
Operating income	631,314	745,358
Ordinary profit	744,674	594,075
Net income	1,089,127	211,774
Total assets	32,880,169	33,877,330
Net assets	6,831,409	6,999,008

2. Profile of seller

1) Name:	MAG NET, Inc.
2) Representative:	Naoki Yoshida, Representative Director
3) Head office:	3-2-15, Nihonbashi-Muromachi, Chuo-ku, Tokyo
4) Principal activities:	Investments and real estate rent guarantees
5) Relationship with SFCG:	Subsidiary company. Two of SFCG's directors sit on MAG NET's board. Transactions include sale of stock.

3. Changes in ownership of stock

Before sale

Shareholder	Shares held	Pct of voting rights held
MAG NET, Inc.	8,757,100	32.17%
Nobutaka Shiomi	2,805,600	10.30%
SFCG Co. Ltd.	0	0%

Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)

After sale

Shareholder	Shares held	Pct of voting rights held
MAG NET, Inc.	0	0%
Nobutaka Shiomi	2,805,600	10.30%
SFCG Co. Ltd.	8,757,100	32.17%

4. Shares and price

Number of shares: 8,757,100 shares

Price: ¥875,710,000 (¥100 per share)

Note: the price above was calculated based on the closing price of Shiomi Holdings' shares as of August 27, 2008 at the Osaka Stock Exchange.

5. Timetable

August 28, 2008:	Approval of resolution by directors, and signing of sales contract
August 29, 2008:	Transfer of stock

Transfer of SF Real Estate Credit PGS Co., Ltd., a Consolidated Subsidiary of a SFCG's subsidiary

On September 22, 2008, the Company's board of directors approved a resolution to transfer SF Real Estate Credit PGS Co., Ltd. to Pegasus Funding Co., Ltd.

1. Profile of the company to be transferred

1) Name:	SF Real Estate Credit PGS Co., Ltd.
2) Representative:	Kunio Kobayashi
3) Head office:	1-5-7 Nihonbashi Horidome-cho, Chuo-ku, Tokyo
4) Date of establishment:	July 3, 2006
5) Principal activities:	Real estate-secured loans
6) Fiscal year end:	July 31
7) Number of Employees:	0
8) Locations of principal activities:	Head office
9) Capital:	¥5,000,001
10) Shares issued:	400,001 shares

11) Major shareholders and % of shares held:

	PCT of shares held
SFREC Co., Ltd.	99%

12) Financial highlights for the recent fiscal years:

Yen in millions

	Fiscal year ended July 2007	Fiscal year ended July 2008
Net sales	5,366	10,949
Operating income	2,659	4,311
Ordinary profit	87	4,333
Net income	30	(591)
Total assets	116,096	111,106
Net assets	7,523	6,932

2. Profile of transferee

1) Name:	Pegasus Funding Co., Ltd.
2) Representative:	Masaki Awakuni

Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
	3) Head office: 3-15-8-603 Nishi-Shimbashi, Minato-ku, Tokyo 4) Principal activities: Money lending business 5) Relationship with SFCG: Fund procurement using securitization of real estate-backed loans and other activities 3. Changes in ownership of stock Before transfer

Shareholder	Shares held	Pct of voting rights held
SFREC Co., Ltd.	400,000	100.00%
Pegasus Funding Co., Ltd.	0	0.00%

After transfer

Shareholder	Shares held	Pct of voting rights held
SFREC Co., Ltd.	0	0.00%
Pegasus Funding Co., Ltd.	400,000	100.00%

Establishment of Holding Company by Transfer of Stock

On September 24, 2008, the Company's board of directors approved a resolution to use the stock transfer method to establish a holding company to be called Q and Company Co., Ltd. (tentative) following the receipt of approval by shareholders and completion of other required formalities.

1. Scheme for establishing the holding company

If approval is received at the shareholders meeting to be held in late October 2008, SGCG will use the transfer of stock to establish a Holding Company on February 16, 2009.

When the stock transfer takes place, shareholders listed in the shareholders register at the close of business on January 31, 2009, the last business day before the stock transfer date, will receive 10 share of common stock of the holding company for each share of SFCG stock.

2. Timetable for stock transfer

September 24, 2008:	Board of Directors resolution to transfer stock
October 24, 2008 (tentative):	Approval of stock transfer at shareholders meeting
February 9, 2009 (tentative):	Termination of exchange listing of SFCG stock
February 16, 2009 (tentative):	Transfer of stock (listing of the holding company)
Same day:	Transfer of stock (registration of establishment of the holding company)

This timetable may be revised if required by events that occur during the procedures for establishing the Holding Company.

3. Stock transfer ratio

	Q and Company Co., Ltd.	SFCG Co., Ltd.
Stock transfer ratio	10	1

1) Shareholders will receive 10 shares of the holding company common stock for each SFCG share.

2) The Holding Company will use the tangen (trading unit)

Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)

system with 100 shares as one trading unit.

3) Basis for determining stock transfer ratio.

This stock transfer will use the transfer of only the stock of SFCG to create a single parent company that will own all SFCG stock. Consequently, the shareholder composition of the holding company will be the same as for SFCG immediately prior to the transfer. In addition, the holding company will have a trading unit of 100 shares compared with the current trading unit of 10 shares at SFCG. Since the highest priority of SFCG is to protect the interests of its shareholders, SFCG shareholders will receive 10 shares of holding company stock for each share of SFCG stock.

4) Third-party calculation results and methods

There was no third-party calculation for the reason explained in item 3) above.

4. Payment upon transfer of shares

There will be no transfer payment associated with the transfer of shares.

5. Item concerning exchange listing of Holding Company

The holding company plans to apply for a listing on the Tokyo Stock Exchange. Although the listing date will be determined in accordance with Tokyo Stock Exchange rules and other items, the holding company plans to list its shares on February 16, 2009, the planned date of the stock transfer. Due to the stock transfer, SFCG plans to terminate the Tokyo Stock Exchange listing for its common stock after the close of trading on February 9, 2009.

6. Profile of the new holding company

1) Name:	Q and Company Co., Ltd.	
2) Principal activities:	Strategic planning and administration for SFCG Group and associated activities	
3) Head office:	3-2-15 Nihonbashi-Muromachi, Chuo-ku, Tokyo	
4) Directors and corporate auditors (candidates):	Kenshin Oshima	Chairman and CEO
	Wataru Kikuchi	Director
	Ryo Sakuma	Director
	Seiichi Ogino	Director
	Nobuyoshi Goto	Director
	Toshihiro Takeshita	Director
	Mitsuteru Nagaya	Director
	Tomoyuki Yamamura	Director
	Ryuji Yabe	Corporate Auditor
	Kenji Horinouchi	Corporate Auditor
	Tadayuki Noro	Corporate Auditor
	Kaoru Shibasaki	Corporate Auditor (full-time)
	Hiromasa Nakamura	Corporate Auditor (alternates)
5) Capital:	¥79,149 million	
6) Shares to be issued:	12,245,470 shares	
5) Fiscal year end:	July 31	

5. Non-consolidated Financial Statements

(1) Balance sheets

Account	Notes	Fiscal year ended July 2007 (As of July 31, 2007)			Fiscal year ended July 2008 (As of July 31, 2008)		
		Amount (million yen)		Vs. Total (%)	Amount (million yen)		Vs. Total (%)
ASSETS							
I. Current assets							
1. Cash and deposits			23,002			7,838	
2. Commercial notes discounted	*1		25,281			2,604	
3. Loans to customers	*1		506,279			470,703	
4. Investment securities - operation			--			13,953	
5. Supplies			0			0	
6. Prepaid expenses			701			1,838	
7. Deferred tax assets - current			6,215			6,088	
8. Loans to affiliates			49,639			13,710	
9. Accrued income			1,734			2,762	
10. Deposits	*1		26,301			22,748	
11. Guarantee deposits			673			611	
12. Other current assets			1,349			82,155	
13. Allowance for doubtful accounts			(16,397)			(22,815)	
Total current assets			624,780	93.8		602,201	92.4
II. Non-current assets							
1. Property and equipment							
1) Buildings		441			441		
Accumulated amortization		257	183		295	146	
2) Structures		36			36		
Accumulated amortization		12	24		17	19	
3) Vehicles & transport equipment		56			56		
Accumulated amortization		7	49		23	33	
4) Office equipment and fixtures		879			862		
Accumulated amortization		646	233		716	146	
5) Land			361			272	
Total property and equipment			851	0.1		619	0.1

Account	Notes	Fiscal year ended July 2007 (As of July 31, 2007)			Fiscal year ended July 2008 (As of July 31, 2008)		
		Amount (million yen)		Vs. Total (%)	Amount (million yen)		Vs. Total (%)
2. Intangible assets							
1) Land leasehold			--			--	
2) Software			708			372	
3) Telephone rights			55			55	
4) Goodwill			--			3,605	
Total intangible assets			763	0.1		4,033	0.6
3. Investments and other assets							
1) Investments in securities			214			23,855	
2) Investments in affiliates			13,131			14,465	
3) Investments in other affiliates			18,160			--	
4) Long-term loans to affiliates			--			--	
5) Specified money trusts	*1		2,410			2,410	
6) Long-term prepaid expenses			4,162			2,377	
7) Deferred tax assets—non-current			870			770	
8) Leasehold and security deposits			346			334	
9) Other Investment assets			858			851	
10) Allowance for doubtful accounts			(350)			(411)	
Total investments and other assets			39,803	6.0		44,652	6.9
Total non-current assets			41,419	6.2		49,305	7.6
Total Assets			666,199	100.0		651,506	100.0

Account	Notes	Fiscal year ended July 2007 (As of July 31, 2007)			Fiscal year ended July 2008 (As of July 31, 2008)		
		Amount (million yen)		Vs. Total (%)	Amount (million yen)		Vs. Total (%)
LIABILITIES							
I. Current liabilities							
1. Re-discounted notes bought			16,699			--	
2. Short-term debt	*1		82,183			22,626	
3. Current portion of long-term debt	*1		60,771			51,393	
4. Loans from affiliates			26,488			28,080	
5. Commercial paper			18,300			4,700	
6. Current portion of bonds			1,100			1,100	
7. Accounts payable other			735			15,799	
8. Income taxes payable			1,325			5,062	
9. Accrued expenses			1,475			2,250	
10. Deposits			59			32	
11. Unearned income			2,305			5	
12. Allowance for loss on returned interest			4,921			--	
13. Allowance for performance of loan guarantees			--			694	
14. Other current liabilities			1,324			2,065	
Total current Liabilities			217,688	32.7		133,809	20.5
II. Non-current liabilities							
1. Bonds			20,000			40,950	
2. Long-term debt	*1		171,538			198,792	
3. Long-term debt from affiliates			--			9,300	
4. Accrued retirement benefits			19			16	
5. Allowance for loss on returned interest			--			13,454	
6. Other non-current liabilities			108			97	
Total non-current liabilities			191,666	28.8		262,610	40.3
Total Liabilities			409,354	61.5		396,419	60.8

Account	Notes	Fiscal year ended July 2007 (As of July 31, 2007)			Fiscal year ended July 2008 (As of July 31, 2008)		
		Amount (million yen)		Vs. Total (%)	Amount (million yen)		Vs. Total (%)
NET ASSETS							
I. Shareholders’ equity							
1. Common stock			79,149	11.9		79,149	12.1
2. Capital surplus							
1) Capital legal reserve		80,004			80,004		
2) Other capital surplus							
Gain from treasury stock sold		65			65		
Total capital surplus			80,069	12.0		80,069	12.3
3. Retained earnings							
1) Earned legal reserve		1,318			1,318		
2) Other retained earnings							
Contingency reserve		81,800			81,800		
Retained earnings brought forward		15,095			11,758		
Total retained earnings			98,213	14.7		94,876	14.6
4. Treasury stock			(3)	0.0		(4)	0.0
Total shareholders’ equity			257,428	38.6		254,091	39.0
II. Valuation and translation adjustments							
1. Valuation difference on available-for-sale securities			212	0.0		1,841	0.3
2. Losses on deferred hedges			(796)	(0.1)		(846)	(0.1)
Total valuation and translation adjustments			(583)	(0.1)		994	0.2
Total Net Assets			256,845	38.5		255,086	39.2
Total Liabilities and Net Assets			666,199	100.0		651,506	100.0

(2) Statements of income

Account	Notes	Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)			Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)		
		Amount (million yen)		Vs. Total (%)	Amount (million yen)		Vs. Total (%)
I. Operating revenue							
1. Discount charges		2,901			2,351		
2. Interest on loans		62,375			59,218		
3. Fees and commissions		2,955			3,074		
4. Other operating revenue		2,677	70,910	100.0	19,345	83,989	100.0
II. Operating expenses							
1. Interest expenses		6,439			7,431		
2. Deposit as security for dealing		3,064			12,285		
3. Other operating expenses		4,580	14,085	19.9	6,290	26,008	31.0
Gross operating profit			56,825	80.1		57,980	69.0
III. Selling, general and administrative expenses							
1. Remuneration for directors		283			298		
2. Salaries for employees		4,223			2,004		
3. Fringe benefits		534			204		
4. Recruiting and training		224			316		
5. Research expenses		292			132		
6. Traveling expenses		338			127		
7. Communication expenses		910			506		
8. Costs of credit controlling		4,632			4,968		
9. Provision of allowance for doubtful accounts		6,833			17,666		
10. Provision of allowance for loss on returned interest		4,921			13,454		
11. Losses on returned interest		--			3,085		
12. Provision of allowance for performance of loan guarantees		--			694		
13. Computing costs		1,940			2,716		
14. Office supplies		419			407		
15. Commission fees		1,058			1,045		
16. Rent		2,448			2,310		
17. Depreciation and amortization expenses		160			128		
18. Tax and dues		1,218			1,014		
19. Others		1,280	31,721	44.7	849	51,931	61.8
Operating Profit			25,103	35.4		6,049	7.2

Account	Notes	Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)			Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)		
		Amount (million yen)		Vs. Total (%)	Amount (million yen)		Vs. Total (%)
IV. Non-operating revenue							
1. Interest income		839			917		
2. Dividend received		77			2		
3. Gain on sale of investment in securities		--			--		
4. Gain on investments in investment associations		210			--		
5. Miscellaneous revenues		394			426		
6. Business consignment income		983			--		
7. Other non-operating revenue		--	2,505	3.5	74	1,420	1.6
V. Non-operating expenses							
1. Miscellaneous losses		29			114		
2. Interest expenses		--			33		
3. Other non-operating expenses		--	29	0.0	4	151	0.1
Recurring Profit			27,580	38.9		7,318	8.7
VI. Extraordinary profit							
1. Prior-year income adjustment	*1 & *2	248			258		
2. Gain on sale of property and equipment		3			25		
3. Gain on sale of investments in affiliates		20,167	20,419	28.8	250	533	0.6
VII. Extraordinary loss							
1. Loss on disposal of property and equipment	*2	280			67		
2. Provision of allowance for prior-year returned goods unsold		1,759			--		
3. Loss on disposal of loans	*3	23,502			--		
4. Loss on write-down of investments in affiliates		749			--		
5. Loss on liquidation of investments due to absorption of a subsidiary		--			2,887		
6. Other extraordinary loss		--	26,290	37.1	293	3,248	3.9
Income before income taxes, and minority interests			21,708	30.6		4,603	5.4
Income taxes (Income Tax, Inhabitant Taxes, Enterprise Tax)		10,943			4,905		
Deferred Tax		(3,842)	7,100	10.0	(638)	4,266	5.0
Net income			14,607	20.6		336	0.4

(3) Statement of Changes in Shareholders' Equity

Fiscal year ended July 2007 (August 1, 2006 — July 31, 2007)

	Shareholders' equity									
	Common stock	Capital surplus			Retained earnings				Treasury stock	Total shareholders' equity
		Capital legal reserve	Other capital surplus	Retained earnings	Earned legal reserve	Other retained earnings		Total Retained earnings		
						Contingency reserve	Retained earnings brought forward			
Balance as of July 31, 2006 (million yen)	79,149	80,004	65	80,069	1,318	76,800	10,997	89,116	(2)	248,332
Changes in current fiscal year										
Reclassification						5,000	(5,000)	--		--
Dividends paid							(5,510)	(5,510)		(5,510)
Net income							14,607	14,607		14,607
Acquisition of treasury stock									(0)	(0)
Net changes in items other than shareholders' equity										
Aggregate change in the current fiscal year (million yen)	--	--	--	--	--	5,000	4,097	9,097	(0)	9,096
Balance as of July 31, 2007 (million yen)	79,149	80,004	65	80,069	1,318	81,800	15,095	98,213	(3)	257,428

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Gains or losses on deferred hedges	Total valuation and translation adjustments	
Balance as of July 31, 2006 (million yen)	419	(652)	(233)	248,098
Changes in current fiscal year				
Reclassification				--
Dividends paid				(5,510)
Net income				14,607
Acquisition of treasury stock				(0)
Net changes in items other than shareholders' equity	(206)	(143)	(349)	(349)
Aggregate change in the current fiscal year (million yen)	(206)	(143)	(349)	8,747
Balance as of July 31, 2007 (million yen)	212	(796)	(583)	256,845

Fiscal year ended July 2008 (August 1, 2007 — July 31, 2008)

	Shareholders' equity									
		Capital surplus			Retained earnings					
						Other retained earnings				
	Common stock	Capital legal reserve	Other capital surplus	Retained earnings	Earned legal reserve	Contingency reserve	Retained earnings brought forward	Total Retained earnings	Treasury stock	Total shareholders' equity
Balance as of July 31, 2007 (million yen)	79,149	80,004	65	80,069	1,318	81,800	15,095	98,213	(3)	257,428
Changes in current fiscal year										
Reclassification										
Dividends paid							(3,673)	(3,673)		(3,673)
Net income							336	336		336
Acquisition of treasury stock									(0)	(0)
Net changes in items other than shareholders' equity										
Aggregate change in the current fiscal year (million yen)							(3,337)	(3,337)	(0)	(3,337)
Balance as of July 31, 2008 (million yen)	79,149	80,004	65	80,069	1,318	81,800	11,758	94,876	(4)	254,091

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Gains or losses on deferred hedges	Total valuation and translation adjustments	
Balance as of July 31, 2007 (million yen)	212	(796)	(583)	256,845
Changes in current fiscal year				
Reclassification				
Dividends paid				(3,673)
Net income				336
Acquisition of treasury stock				(0)
Net changes in items other than shareholders' equity	1,629	(50)	1,577	1,577
Aggregate change in the current fiscal year (million yen)	1,629	(50)	1,577	1,749
Balance as of July 31, 2008 (million yen)	1,841	(846)	994	255,086

Events and situations that may raise any substantial doubt upon the going concern presumption:

None

Significant Accounting Policies

Item	Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
1. Valuation basis and methods for significant assets	(1) Securities Subsidiary and affiliate stock Subsidiary and affiliate stock is stated at cost, which is determined by the moving-average method. Investments in investment partnerships etc. are carried at amounts proportionate to the Company's percentage ownership of the investment partnership based on the fair value of the investment partnership's assets. Other securities Securities with market quotations Securities with market quotations are carried at fair value on the balance sheet date. Unrealized gains or losses are included in net assets. Cost of securities sold is determined by the moving-average method. Securities without market quotations Securities without market quotations are stated at cost, which is determined by the moving-average method. (2) Derivatives Derivatives are measured at fair value.	(1) Securities Subsidiary and affiliate stock Subsidiary and affiliate stock is stated at cost, which is determined by the moving-average method. Investments in investment partnerships, anonymous associations, etc. are carried at amounts proportionate to the Company's percentage ownership of the investment partnership based on the fair value of the investment partnership's assets. Other securities Securities with market quotations Securities with market quotations are carried at fair value on the balance sheet date. Unrealized gains or losses are included in net assets. Cost of securities sold is determined by the moving-average method. Securities without market quotations Same as on the left. (2) Derivatives Same as on the left.
2. Depreciation of principal assets	(1) Property and equipment Depreciation of property and equipment is computed primarily by the declining-balance method. Depreciation on buildings (excluding leasehold improvements and auxiliary facilities attached to buildings) that have been acquired on and after April 1, 1998 is computed by the straight-line method. Estimated useful lives and residual value of property and equipment are computed as prescribed by the Japanese Corporation Tax law. (2) Intangible assets (Software) The development costs of software intended for internal use are amortized over an expected useful life of five years by the straight-line method. (3) Long-term prepaid expenses Long-term pre-paid expenses are amortized on an accrual basis.	(1) Property and equipment Same as on the left. (2) Intangible assets (Software) Same as on the left. (3) Long-term prepaid expenses Same as on the left.

Item	Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
3. Recognition of significant allowances	(1) Allowance for doubtful accounts To prepare for credit losses on accounts receivable, allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio, and bad receivables based on a case-by-case determination of collectibility.	(1) Allowance for doubtful accounts Same as on the left.
	(2) Accrued retirement benefits To provide for employee retirement benefits, an allowance for retirement benefits is provided based on the estimated retirement benefit obligations at the balance sheet date (calculated based on employees eligible for retirement benefits as of July 31, 2002).	(2) Accrued retirement benefits Same as on the left.
	(3) Allowance for loss on returned interest To reasonably prepare for loss on return of interest, allowances equal to the estimated amount of interest returned based on historical data and recent trends in the level of interest returned are provided. (Supplementary Information) In prior periods, the Company applied the Japanese Institute of Certified Public Accountants recommendation No. 24 (“Guidelines on Audit of Consumer Finance Companies to Comply with the Supreme Court Decisions about Practical Application of the Voluntary Repayment Rules Prescribed the Money Lending Control Law,” March 15, 2006). Accordingly, an “Allowance for Loss on Returned Interest “ was provided in view of the significance of those losses in the context of the consolidated financial statements. Effective from the current consolidated fiscal year, the Company changed the basis for calculating the allowance for loss on returned interest to conform with the “Application of Auditing for Provision of Allowance for Losses on Returned Interest in the Accounting of Consumer Finance Companies” of the Industry Practice Committee Report No. 37 (October 13, 2006) by the Japanese Institute of Certified Public Accountants. The Company recorded ¥1,759 million in “Provision for Losses on Returned Interest” as an extraordinary loss for the difference between the amount that was calculated in accordance with the above report (as of August 1, 2006) and the amount that was calculated in accordance with the standard applied in the previous fiscal year.	(3) Allowance for loss on returned interest To reasonably prepare for loss on return of interest, allowances equal to the estimated amount of interest returned based on historical data and recent trends in the level of interest returned are provided.
		(4) Allowance for performance of loan guarantees Effective from the current consolidated fiscal year, to prepare for potential losses caused by performance loan guarantees associated with asset liquidations, allowances equal to the estimated amount of losses are recognized.

Item	Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
4. Accounting for leases	Finance leases, other than those where the ownership of the leased assets transfers to the lessee, are accounted for as operating leases in conformity with the prevailing accounting principles and practices generally accepted in Japan.	Same as on the left.
5. Accounting for hedge transactions	(1) Accounting for hedges Deferred hedge accounting has been adopted.	(1) Accounting for hedges Deferred hedge accounting has been adopted. Interest rate swaps that meet the conditions for special treatment are accounted for by the special treatment method.
	(2) Hedging instruments and risks hedged Hedging instruments: Interest rate caps, interest rate swaps, and interest rate swap options. Risks hedged: Loans with variable interest rates.	(2) Hedging instruments and risks hedged Hedging instruments: Same as on the left. Risks hedged: Same as on the left.
	(3) Hedging policy The Company enters into derivative financial transactions in accordance with its internal rules to reduce its exposure to market risks from fluctuations in interest rates.	(3) Hedging policy Same as on the left.
	(4) Assessing the effectiveness of hedge transactions Hedge effectiveness is determined by comparing cumulative changes in cash flows from the hedging instrument with those from risks hedged	(4) Assessing the effectiveness of hedge transactions Same as on the left.
6. Other significant policies in the preparation of financial statements	(1) Revenue recognition The Company recognizes interest income and fees from commercial notes bought and loans to customers on an accrual basis.	(1) Revenue recognition Same as on the left.
	(2) Accounting for consumption tax All amounts stated are exclusive of consumption and local taxes.	(2) Accounting for consumption tax Same as on the left.

Changes in Significant Accounting Policies

Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
Accounting Standards for Business Combinations and Divestitures Effective from the current consolidated fiscal year, the Company has adopted the "Accounting Standard for Business Combinations" (BAC Statement of Opinion, October 31, 2003), "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, December 27, 2005), and "Guidance on Accounting Standards for Business Combinations and Divestitures" (ASBJ Guidance No. 10, December 27, 2005) of the Accounting Standards Board of Japan.	―――――――
Change in method of depreciation of property and equipment In compliance with the fiscal 2007 revision of the Corporation Tax Law (Partial Revision of Income Tax Law, Law No. 6, March 30, 2007) and the Cabinet Order (Cabinet Order No. 83 of March 30, 2007) for the partial revision of the Corporation Tax Law Enforcement Guidance, depreciation on property and equipment acquired on and after April 1, 2007 is computed in accordance with the revised Corporation Tax Law. The adoption of the new depreciation method will have insignificant effect on the Company's profit/loss.	―――――――

Reclassifications

Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
―――――――	Notes to Statements of Income Effective from the current consolidated fiscal year, "Losses on returned interest" is presented as a separate account, which was included in "Others" under "Selling, general and administration expenses" in prior years and the amount was ¥162 million.

Notes to Non-consolidated Financial Statements

Notes to Non-consolidated Balance Sheets

<table>
<tr><th>Fiscal year ended July 2007
(as of July 31, 2007)</th><th>Fiscal year ended July 2008
(as of July 31, 2008)</th></tr>
<tr><td>
*1. Assets pledged as collateral
Liabilities corresponding to assets pledged as collateral consisted of the following: Short-term borrowings (¥76,233 million), current portion of long-term debt (¥47,420 million), and long-term debt (¥165,463 million)
<table>
<tr><th>Assets Pledged as collate</th><th>Amount (¥mn)</th></tr>
<tr><td>Loans to customers</td><td>421,591</td></tr>
<tr><td>Total</td><td>421,591</td></tr>
</table>
The Company has entered into an agreement with certain banks and financial institutions under which the Company is required, at the lenders request, to furnish its “loans to customers” amounting to ¥14,377 million respectively as collateral for debts to lenders. The balance of such debt, as of July 31, 2007 was ¥14,327 million, which was composed of short-term borrowings amounting to ¥450 million, the current portion of long-term debt amounting to ¥10,477 million and long-term debt amounting to ¥3,400 million.
Furthermore, the Company has entered into agreements with financial institutions to transfer their commercial notes bought and loans to customers, on an ongoing basis, and have accounted for these transactions as “loans with assets collateralized.” The balances of loans to customers reported in the accompanying balance sheet as of July 31, 2007 include those collateralized under this securitization scheme, amounting to ¥302,601.
In addition to the above, cash deposits related to securitization of commercial notes amounted to ¥26,301 million and ¥2,410 million were included in “cash deposits” under “specified money trusts.”
</td><td>
*1. Assets pledged as collateral
Liabilities corresponding to assets pledged as collateral consisted of the following: Short-term borrowings (¥14,826 million), current portion of long-term debt (¥45,918 million), and long-term debt (¥197,112 million)
<table>
<tr><th>Assets Pledged as collate</th><th>Amount (¥mn)</th></tr>
<tr><td>Loans to customers</td><td>398,058</td></tr>
<tr><td>Total</td><td>398,058</td></tr>
</table>
The Company has entered into an agreement with certain banks and financial institutions under which the Company is required, at the lenders request, to furnish its “loans to customers” amounting to ¥2,252 million respectively as collateral for debts to lenders. As of July 31, 2008, the current portion of long-term debt amounting to ¥2,150 million falls into such debt.
Furthermore, the Company has entered into agreements with financial institutions to transfer their commercial notes bought and loans to customers, on an ongoing basis, and have accounted for these transactions as “loans with assets collateralized.” The balances of loans to customers reported in the accompanying balance sheet as of July 31, 2008 include those collateralized under this securitization scheme, amounting to ¥353,561.
In addition to the above, cash deposits related to securitization of commercial notes amounted to ¥31,922 million and ¥2,410 million were included in “cash deposits” under “specified money trusts.”
</td></tr>
<tr><td>
*2. Loan guarantees
Loan guarantees consisted of the following:
Bank borrowings and other liabilities
<table>
<tr><td>Justice Servicer Co., Ltd.
(Commercial paper)</td><td>¥3,000 million</td></tr>
<tr><td>T-ZONE Capital Inc.</td><td>¥17,400 million</td></tr>
</table>
</td><td>
*2. Loan guarantees
Loan guarantees consisted of the following:
Bank borrowings and other liabilities
<table>
<tr><td>Justice Servicer Co., Ltd.</td><td>¥3,000 million</td></tr>
</table>
</td></tr>
<tr><td>
*3
</td><td>
*3. Debts and credits to affiliates
Debts and credits to affiliates other than separately presented in the balance sheet include the following:
Current liabilities
<table>
<tr><td>Other accounts payable:</td><td>¥15,799 million</td></tr>
</table>
</td></tr>
</table>

Notes to Non-consolidated Statements of Income

Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
*1. Items applicable to affiliates included in line items Interest expenses: ¥836 million Gain on sale of investments in affiliates: ¥20,167 million	*1. Items applicable to affiliates included in line items Prior-year income adjustment: ¥204 million
*2: The gain on collection of written-off receivables is a significant component of the account.	*2. Same as on the left.
*3: Significant components of loss on sale of property and equipment are as follows: Loss on sale of property and equipment: ¥163 million Land: ¥123 million Building: ¥39 million Loss on removal of fixed assets: ¥117 million Buildings and structures: ¥24 million Office equipment and fixtures: ¥91 million Vehicles and transportation equipment: ¥0 million	*3: Significant components of loss on sale of property and equipment are as follows: Loss on sale of property and equipment: ¥2 million Land: ¥0 million Building: ¥2 million Loss on removal of fixed assets: ¥64 million Buildings and structures: ¥22 million Office equipment and fixtures: ¥41 million Vehicles and transportation equipment: ¥0 million
*4: Loss on sale of loans Loss on sale of loans to customers was due to the sale of certain loans to customers held by the Company to Justice Servicer Co., Ltd. as a part of the review of our system of collecting loans to customers.	*4: ―――――――

Notes to Changes in Non-consolidated Shareholders' Equity

Fiscal year ended July 2007 (August 1, 2006 — July 31, 2007)

1. Type and total number of shares issued and outstanding and type and total number of treasury stock

	Number of shares as of July 31, 2006	Increase in number of shares during the fiscal year	Decrease in number of shares during the fiscal year	Number of shares as of July 31, 2007
Treasury stock				
Common shares (see Note 1)	130	53	--	183
Total	130	53	--	183

Note 1: The increase in treasury stock (common shares) is due to the purchase of odd lot shares.

Fiscal year ended July 2008 (August 1, 2007 — July 31, 2008)

1. Type and total number of shares issued and outstanding and type and total number of treasury stock

	Number of shares as of July 31, 2007	Increase in number of shares during the fiscal year	Decrease in number of shares during the fiscal year	Number of shares as of July 31, 2008
Treasury stock				
Common shares (see Note 1)	183	33	--	216
Total	183	33	--	216

Note 1: The increase in treasury stock (common shares) is due to the purchase of odd lot shares.

Accounting for Leases

Fiscal year ended July 2007
(August 1, 2006－July 31, 2007)

1. Finance leases other than those where the ownership of the leased assets transfers to the lessee

(1) Acquisition costs, accumulated depreciation, and net book value for the leased assets as of the consolidated fiscal-year balance date:

(million yen)

	Estimated Acquisition costs	Accumulated Depreciation	Net book value
Office equipment & fixtures	2,640	1,291	1,349
Intangible Assets	627	258	369
Total	3,267	1,549	1,718

(2) The present value of future lease expenses

Within one year:	¥721 million
More than one year:	¥1,032 million
Total future lease expenses:	¥1,753 million

(3) Lease expenses paid, depreciation expenses recognized, and interests expenses recognized

Lease expenses:	¥869 million
Depreciation equivalents:	¥843 million
Interest equivalents:	¥37 million

(4) Recognition of depreciation

Depreciation is calculated using the straight-line method over the contract term of the leased assets (with no residual value).

(5) Recognition of interest expenses

Difference between the total lease fees and the estimated acquisition costs are allocated to each period as interest expenses under the interest method.

Fiscal year ended July 2008
(August 1, 2007－July 31, 2008)

1. Finance leases other than those where the ownership of the leased assets transfers to the lessee

(1) Acquisition costs, accumulated depreciation, and net book value for the leased assets as of the consolidated fiscal-year balance date:

(million yen)

	Estimated Acquisition costs	Accumulated Depreciation	Net book value
Office equipment & fixtures	2,537	1,875	662
Intangible Assets	682	422	260
Total	3,219	2,297	922

(2) The present value of future lease expenses

Within one year:	¥644 million
More than one year:	¥304 million
Total future lease expenses:	¥949 million

(3) Lease expenses paid, depreciation expenses recognized, and interests expenses recognized

Lease expenses:	¥785 million
Depreciation equivalents:	¥739 million
Interest equivalents:	¥31 million

(4) Recognition of depreciation

Same as on the left.

(5) Recognition of interest expenses

Same as on the left.

Securities

Subsidiary and affiliate stock with market quotations

	Fiscal year ended July 2007 (As of July 31, 2007)			Fiscal year ended July 2008 (As of July 31, 2008)		
	Acquisition cost (million yen)	Carrying value (million yen)	Unrealized gain/loss (million yen)	Acquisition cost (million yen)	Carrying value (million yen)	Unrealized gain/loss (million yen)
Subsidiary Stock	3,939	27,501	23,562	3,939	8,661	4,721

Tax Effect Accounting

Fiscal year ended July 2007
(As of July 31, 2007)

1. Significant components of deferred tax assets and liabilities

Deferred tax assets	
Bad debt losses disallowed by the tax office:	¥1,481 million
Provision of allowance for loss on returned interest:	¥2,100 million
Accrued interest income:	¥316 million
Accrued enterprise tax:	¥177 million
Loss on revaluation of property and equipment, not tax deductible:	¥111 million
Profit/loss on deferred hedges:	¥526 million
Loss on sale of credits disallowed by the tax office:	¥2,098 million
Loss on revaluation of investments in affiliates:	¥303 million
Other:	¥117 million
Total deferred tax assets:	¥7,229 million
Deferred tax liabilities	
Valuation difference on available-for-sale securities:	(¥144 million)
Total deferred tax liabilities:	(¥144 million)
Net deferred tax assets:	¥7,085 million

2: The effective tax rate reflected in the consolidated statements of income differs from the statutory tax rate for the following reasons:

Statutory tax rate:	40.5%
Adjustments	
Per-capita Inhabitant Tax:	0.3%
Tax against retained earnings in affiliated companies:	4.9%
Entertainment expenses, not tax deductible:	0.2%
Elimination of dividends received:	(14.6%)
Others:	1.4%
Effective tax rate:	32.7%

Fiscal year ended July 2008
(As of July 31, 2008)

1. Significant components of deferred tax assets and liabilities

Deferred tax assets	
Bad debt losses, disallowed by the tax office:	¥736 million
Provision of allowance for loss on returned interest:	¥5,442 million
Accrued interest income:	¥195 million
Accrued enterprise tax:	¥628 million
Loss on revaluation of property and equipment, not tax deductible:	¥111 million
Profit/loss on deferred hedges:	¥568 million
Provision of allowance for performance of loan guarantees, disallowed by the tax office:	¥281 million
Loss on sale of investments in affiliates:	¥17 million
Loss on revaluation of investment in securities	¥41 million
Other:	¥82 million
Total deferred tax assets:	¥8,101 million
Deferred tax liabilities	
Valuation difference on available-for-sale securities:	(¥1,243 million)
Total deferred tax liabilities:	(¥1,243 million)
Net deferred tax assets:	¥6,858 million

2: The effective tax rate reflected in the consolidated statements of income differs from the statutory tax rate for the following reasons:

Statutory tax rate:	40.5%
Adjustments	
Per-capita Inhabitant Tax:	2.2%
Entertainment expenses, not tax deductible:	0.1%
Elimination of dividends received:	(0.9%)
Loss on liquidation of investments due to absorption of a subsidiary, disallowed by the tax office:	25.3%
Penalty taxes, etc.:	7.2%
Income tax for the previous years:	10.2%
Other:	8.0%
Effective tax rate:	92.6%

Per share information

Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
Net assets per share: ¥20,975.05 Net income per share (basic): ¥1,192.93 Net income per share (diluted) is not presented, since there was no outstanding potential stock with dilution effects.	Net assets per share: ¥20,831.45 Net income per share (basic): ¥27.50 Net income per share (diluted) is not presented, since there was no outstanding potential stock.

Note: The following is a reconciliation of basic net income per share to diluted net income per share.

	Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
Net income per share (basic)		
Net income (¥mn)	14,607	336
Net income not available to common shareholders (¥mn)	--	--
Net income available to common shareholders (¥mn)	14,607	336
Weighted average number of shares outstanding (thousand)	12,245	12,245
Diluted net income per share		
Adjustments to net income (¥mn)	--	--
(of which interest paid, net of tax)	--	--
Increase in number of common shares (thousand)	--	--
Description about potential stocks that are not taken into account in the calculation of net income per share (diluted) since they have no dilution effect.	Bonds with subscription warrants issued in 2004 (the total face amount: ¥20,000 million) and a class of subscription warrants (the number of warrants: 20,000).	Bonds with subscription warrants issued in 2004 (the total face amount: ¥950 million), a class of subscription warrants (the number of warrants: 9,500), and bonds with subscription warrants issued in 2008 (the total face amount: ¥40,000 million) , a class of subscription warrants (the number of warrants: 40,000),

Subsequent Events

Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
	Direct Holding of e-MAX Stock, a Consolidate Subsidiary On August 26, 2008, the Company's board of directors approved a resolution to purchase all shares of subsidiary e-MAX, Co., Ltd. (privately owned) from MAG NET, INC. (previously called T-Zone Holdings, Inc). 1. Profile of the consolidated subsidiary to be sold 1) Name: e-MAX Co., Ltd. 2) Representative: Ken Miyachi, Representative Director 3) Head office: 3-2-15, Nihonbashi-Muromachi, Chuo-ku, Tokyo 4) Date of establishment: December 27, 1996 5) Principal activities: Purchase and sale of real estate, and auction information services 6) Fiscal year end: July 31 7) Number of Employees: 43 (as of July 31, 2008) 8) Locations of principal activities: Head office 9) Capital: ¥1,864,400,000 (as of July 31, 2008)

Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)
	See below

10) Shares issued: 184,110 shares

11) Major shareholders and % of shares held:

	Shares held	Pct of shares held
MAG NET, INC	149,100	100%

12) Financial highlights for the recent fiscal years:

(Yen in thousands)

	Fiscal year ended July 2007	Fiscal year ended July 2008
Net sales	16,355,378	10,266,608
Operating income	1,383,929	541,118
Recurring profit	1,128,447	176,919
Net income	709,590	139,163
Total assets	16,501,560	16,050,195
Net assets	5,161,621	5,829,934

2. Profile of seller

1) Name:	MAG NET, Inc.
2) Representative:	Naoki Yoshida, Representative Director
3) Head office:	3-2-15, Nihonbashi-Muromachi, Chuo-ku, Tokyo
4) Principal activities:	Investments and real estate rent guarantees
5) Relationship with SFCG:	Subsidiary company. Two of SFCG's directors sit on MAG NET's board. Transactions include sale of stock.

3. Changes in ownership of stock

Before sale

Shareholder	Shares held	Pct of voting rights held
MAG NET, Inc.	149,110	100%
SFCG Co. Ltd.	0	0%

After sale

Shareholder	Shares held	Pct of voting rights held
MAG NET, Inc.	0	0%
SFCG Co. Ltd.	149,110	100%

4. Shares and price

Number of shares:	149,110 shares
Price:	¥5,829,389,188 (¥39,095 per share)

5. Timetable

August 26, 2008:	Approval of resolution by directors, and signing of sales contract
August 26, 2008:	Transfer of stock

Direct Holding of Shiomi Holding Stock, an Equity-method Subsidiary

On August 28, 2008, the Company's board of directors approved a resolution to purchase all shares of Shiomi Holdings, Co., Ltd. (listed on Second Section of Osaka Securities Exchange) from its subsidiary MAG NET, INC.

1. Profile of the equity-method subsidiary to be sold

Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)

1) Name: Shiomi Holdings Co., Ltd.
2) Representative: Nobutaka Shiomi, President, Representative Director
3) Head office: 1-8 Nishikojin-machi, Minami-ku, Hiroshima City, Hiroshima Prefecture
4) Date of establishment: September 28, 2004
5) Principal activities: Planning, design, supervision, and execution of architectural and civil engineering construction projects
6) Fiscal year end: March 31
7) Number of Employees: 1,266 (as of March 31, 2008)
8) Locations of principal activities: Head office
9) Capital: ¥2,534,105,000 (As of March 31, 2008)
10) Shares issued: 27,276,701 shares
11) Major shareholders and % of shares held:

	Shares held	PCT of shares held
MAG NET, INC	8,757,100	32.17%
Nobutaka Shiomi	2,805,600	10.30%

12) Financial highlights for the recent fiscal years:

(Yen in thousands)

	Fiscal year ended March 2007	Fiscal year ended March 2008
Net sales	35,175,745	36,965,379
Operating income	631,314	745,358
Ordinary profit	744,674	594,075
Net income	1,089,127	211,774
Total assets	32,880,169	33,877,330
Net assets	6,831,409	6,999,008

2. Profile of seller

1) Name: MAG NET, Inc.
2) Representative: Naoki Yoshida, Representative Director
3) Head office: 3-2-15, Nihonbashi-Muromachi, Chuo-ku, Tokyo
4) Principal activities: Investments and real estate rent guarantees
5) Relationship with SFCG: Subsidiary company. Two of SFCG’s directors sit on MAG NET’s board. Transactions include sale of stock.

3. Changes in ownership of stock

Before sale

Shareholder	Shares held	Pct of voting rights held
MAG NET, Inc.	8,757,100	32.17%
Nobutaka Shiomi	2,805,600	10.30%
SFCG Co. Ltd.	0	0%

Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)

After sale

Shareholder	Shares held	Pct of voting rights held
MAG NET, Inc.	0	0%
Nobutaka Shiomi	2,805,600	10.30%
SFCG Co. Ltd.	8,757,100	32.17%

4. Shares and price

Number of shares:	8,757,100 shares
Price:	¥875,710,000 (¥100 per share)
	Note: the price above was calculated based on the closing price of Shiomi Holdings' shares as of August 27, 2008 at the Osaka Stock Exchange.

5. Timetable

August 28, 2008:	Approval of resolution by directors, and signing of sales contract
August 29, 2008:	Transfer of stock

Transfer of SF Real Estate Credit PGS Co., Ltd., a Consolidated Subsidiary of a SFCG's subsidiary

On September 22, 2008, the Company's board of directors approved a resolution to transfer SF Real Estate Credit PGS Co., Ltd. to Pegasus Funding Co., Ltd.

1. Profile of the company to be transferred

1) Name:	SF Real Estate Credit PGS Co., Ltd.
2) Representative:	Kunio Kobayashi
3) Head office:	1-5-7 Nihonbashi Horidome-cho, Chuo-ku, Tokyo
4) Date of establishment:	July 3, 2006
5) Principal activities:	Real estate-secured loans
6) Fiscal year end:	July 31
7) Number of Employees:	0
8) Locations of principal activities:	Head office
9) Capital:	¥5,000,001
10) Shares issued:	400,001 shares

11) Major shareholders and % of shares held:

	PCT of shares held
SFREC Co., Ltd.	99%

12) Financial highlights for the recent fiscal years:

(Yen in millions)

	Fiscal year ended July 2007	Fiscal year ended July 2008
Net sales	5,366	10,949
Operating income	2,659	4,311
Ordinary profit	87	4,333
Net income	30	(591)
Total assets	116,096	111,106
Net assets	7,523	6,932

2. Profile of transferee

1) Name:	Pegasus Funding Co., Ltd.
2) Representative:	Masaki Awakuni

Fiscal year ended July 2007 (August 1, 2006－July 31, 2007)	Fiscal year ended July 2008 (August 1, 2007－July 31, 2008)

3) Head office: 3-15-8-603 Nishi-Shimbashi, Minato-ku, Tokyo

4) Principal activities: Money lending business

5) Relationship with SFCG: Fund procurement using securitization of real estate-backed loans and other activities

3. Changes in ownership of stock

Before transfer

Shareholder	Shares held	Pct of voting rights held
SFREC Co., Ltd.	400,000	100.00%
Pegasus Funding Co., Ltd.	0	0.00%

After transfer

Shareholder	Shares held	Pct of voting rights held
SFREC Co., Ltd.	0	0.00%
Pegasus Funding Co., Ltd.	400,000	100.00%

Establishment of Holding Company by Transfer of Stock

On September 24, 2008, the Company’s board of directors approved a resolution to use the stock transfer method to establish a holding company to be called Q and Company Co., Ltd. (tentative) following the receipt of approval by shareholders and completion of other required formalities.

1. Scheme for establishing the holding company

If approval is received at the shareholders meeting to be held in late October 2008, SGCG will use the transfer of stock to establish a Holding Company on February 16, 2009.

When the stock transfer takes place, shareholders listed in the shareholders register at the close of business on January 31, 2009 the last business day before the stock transfer date, will receive 10 share of common stock of the holding company for each share of SFCG stock.

2. Timetable for stock transfer

September 24, 2008:	Board of Directors resolution to transfer stock
October 24, 2008 (tentative):	Approval of stock transfer at shareholders meeting
February 9, 2009 (tentative):	Termination of exchange listing of SFCG stock
February 16, 2009 (tentative):	Transfer of stock (listing of the holding company)
Same day:	Transfer of stock (registration of establishment of the holding company)

This timetable may be revised if required by events that occur during the procedures for establishing the Holding Company.

3. Stock transfer ratio

	Q and Company Co., Ltd.	SFCG Co., Ltd.
Stock transfer ratio	10	1

1) Shareholders will receive 10 shares of the holding company common stock for each SFCG share.

2) The Holding Company will use the tangen (trading unit)

<table>
<tr><th>Fiscal year ended July 2007
(August 1, 2006－July 31, 2007)</th><th>Fiscal year ended July 2008
(August 1, 2007－July 31, 2008)</th></tr>
<tr><td></td><td>
system with 100 shares as one trading unit.
3) Basis for determining stock transfer ratio.
This stock transfer will use the transfer of only the stock of SFCG to create a single parent company that will own all SFCG stock. Consequently, the shareholder composition of the holding company will be the same as for SFCG immediately prior to the transfer. In addition, the holding company will have a trading unit of 100 shares compared with the current trading unit of 10 shares at SFCG. Since the highest priority of SFCG is to protect the interests of its shareholders, SFCG shareholders will receive 10 shares of holding company stock for each share of SFCG stock.
4) Third-party calculation results and methods
There was no third-party calculation for the reason explained in item 3) above.
4. Payment upon transfer of shares
There will be no transfer payment associated with the transfer of shares.
5. Item concerning exchange listing of Holding Company
The holding company plans to apply for a listing on the Tokyo Stock Exchange. Although the listing date will be determined in accordance with Tokyo Stock Exchange rules and other items, the holding company plans to list its shares on February 16, 2009, the planned date of the stock transfer. Due to the stock transfer, SFCG plans to terminate the Tokyo Stock Exchange listing for its common stock after the close of trading on February 9, 2009.
6. Profile of the new holding company
<table>
<tr><td>1) Name:</td><td colspan="2">Q and Company Co., Ltd.</td></tr>
<tr><td>2) Principal activities:</td><td colspan="2">Strategic planning and administration for SFCG Group and associated activities</td></tr>
<tr><td>3) Head office:</td><td colspan="2">3-2-15 Nihonbashi-Muromachi, Chuo-ku, Tokyo</td></tr>
<tr><td>4) Directors and corporate auditors (candidates):</td><td>Kenshin Oshima</td><td>Chairman and CEO</td></tr>
<tr><td></td><td>Wataru Kikuchi</td><td>Director</td></tr>
<tr><td></td><td>Ryo Sakuma</td><td>Director</td></tr>
<tr><td></td><td>Seiichi Ogino</td><td>Director</td></tr>
<tr><td></td><td>Nobuyoshi Goto</td><td>Director</td></tr>
<tr><td></td><td>Toshihiro Takeshita</td><td>Director</td></tr>
<tr><td></td><td>Mitsuteru Nagaya</td><td>Director</td></tr>
<tr><td></td><td>Tomoyuki Yamamura</td><td>Director</td></tr>
<tr><td></td><td>Ryuji Yabe</td><td>Corporate Auditor</td></tr>
<tr><td></td><td>Kenji Horinouchi</td><td>Corporate Auditor</td></tr>
<tr><td></td><td>Tadayuki Noro</td><td>Corporate Auditor</td></tr>
<tr><td></td><td>Kaoru Shibasaki</td><td>Corporate Auditor (full-time)</td></tr>
<tr><td></td><td>Hiromasa Nakamura</td><td>Corporate Auditor (alternates)</td></tr>
<tr><td>5) Capital:</td><td colspan="2">¥79,149 million</td></tr>
<tr><td>6) Shares to be issued:</td><td colspan="2">12,245,470 shares</td></tr>
<tr><td>5) Fiscal year end:</td><td colspan="2">July 31</td></tr>
</table>
</td></tr>
</table>

6. Others

(1) Other

None